New World Explorer

ANNUAL REPORT 2021

SK telecom

SK Telecom accelerates innovation based on ICT technology and takes the lead in creating ESG value. We have used our ICT capabilities to help overcome the COVID-19 crisis, gained social recognition through our various activities that fulfill our social responsibilities, and further expanded our social impact. Despite the challenging business environment, we build solid growth and evolve into an AI & Digital Infrastructure based service company. SK Telecom is preparing for the Next Normal. As an innovation leader that brings positive changes for humanity, SK Telecom will further expand ESG management, open up the era of SKT 2.0 that grows with stakeholders.

Hyper-Digital Era

CONTENTS

Spin-off into SK Telecom and SK Square

We are Exploring on Two Bases.

We spread our wings to fly higher and further.

SK Telecom has separated into 'SK Telecom' and 'SK Square' and spread its sturdy wings wide towards greater vision and higher value.

SK telecom

AI & Digital Infrastructure Service Company

+

SK square

Semiconductor & ICT Investment Specialist
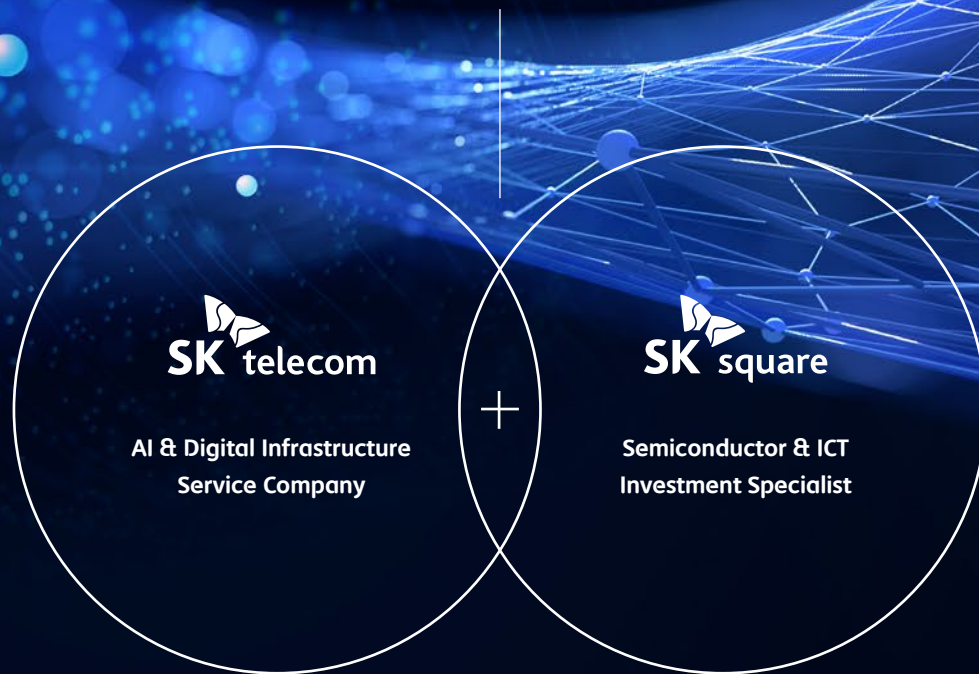
Transparency and Stability in Governance

Two axes of expertise and competitiveness

With business domains that can synergize with fixed and wireless communications, such as AI, subscription-based marketing, media and data centers, SK Telecom pursues continuous and robust growth through stable ICT technologies and services based on 5G technology, while uncovering new growth engines based on AI and digital infrastructure. SK Telecom will evolve into a company that is trusted and loved by customers with a focus on customers, technologies, and services.

SK Square has portfolio assets with high growth potential and proven investment capabilities in the semiconductor and platform areas. We will write a differentiated growth story that maximizes shareholder value as the investment firm Identity.

With these changes, by promoting a business strategy that is suitable for the characteristics of each business unit and establishing a governance structure that enables quick and professional decision-making, SK Telecom is maximizing the growth potential of each business area and establishing foundations for sustainable growth. By receiving meaningful valuation in the market through efficient allocation of management resources, and increasing the transparency of corporate governance and management stability, we ultimately increase corporate value and shareholder value.

Creating sustainable revenue
momentum based on 5G

Identifying new growth drivers
in relevant AI & digital infrastructure

Active Portfolio Management
based on proven investment capabilities

Creating shareholder value
by corporate value maximization

SK telecom

SK square

Opening of the Era of SK Telecom 2.0

Here is
an Innovative Land!

2.99005

1.00582

0.8253

4.66085

2.88345

1.55039

The new beginning to a future where imagination becomes a reality

In the beginning, SK Telecom started connecting people in distance. Now,
the company wants to start a new journey of "SKT 2.0,"
where it will expand the dimensions of time and space to help customers live a "new life."
On the solid foundation of mobile and fixed communication business, we will develop innovative
AI-based services that expand time and space from reality to virtuality, and from the earth to space,
building a future where imagination becomes a reality and customers enjoy a whole new life.

The World of SKT 2.0

Connected Intelligence

SKY

UAM

Virtual space economy

Metaverse

AI Agent

Real world economy

Subscription

Robot   Autonomous driving

Mobile and fixed communications business

Dimension

AIVERSE

SKT 1.0

SKT 2.0

Distance
Connecting people to people
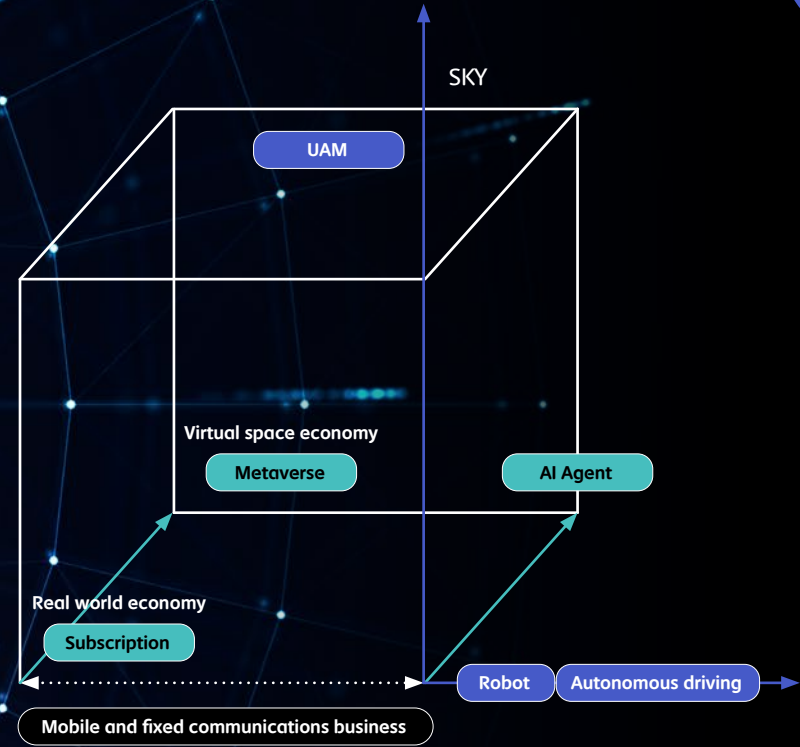
Dimension
Time and space Expansion

The Five Business Groups of SK Telecom

AI & Digital Infra
Service Company

Five Business Groups
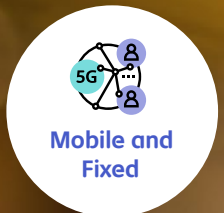
Mobile and Fixed
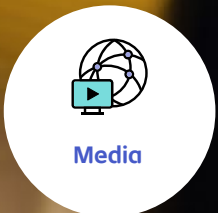
Media
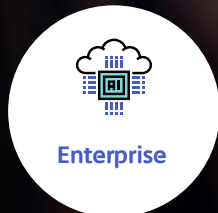
Enterprise
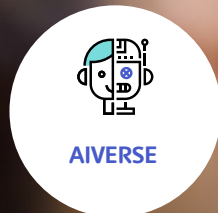
AIVERSE

Connected Intelligence

Customers	Technology	Services

3 key elements

Customer, Technology, and
Service-Oriented AI & Digital Infra Service Company

SK Telecom, which has begun a day of change towards a bigger leap, is evolving into an AI & digital service company based on mobile and fixed communications. Focusing on the 5 business groups such as Mobile and Fixed communications, Media, Enterprise, AIVERSE, and Connected Intelligence, SK Telecom is opening the era of SK Telecom 2.0, which redefines the company and maximizes corporate value through growth by business group.

Business 1 | MNO · Broadband · IPTV

Mobile & Fixed Telecommunications

Advancing 5G-based infrastructure to make customers' lives newer and richer

SK Telecom, which has become the epicenter of the hyper-connected era, puts its customers at the center of all its services and makes their lives new and enriching with differentiated technology. With 5G cumulative customers surpassing 10 million, we have reaffirmed our 5G leadership, and we are laying a stable revenue base based on differentiated competitiveness, such as realizing the super-gap with the largest 5G coverage and speed advantage in Korea. We are also continuing solid growth in the fixed line business by increasing IPTV and broadband subscribers through the focus of the 1-person household and second TV markets. SK Telecom will further refine the mobile and fixed communication network, which is the main infrastructure of Core ICT, and solidify its position as an ICT leader through stable revenue generation based on solid fundamentals.

SKT 5GX

Solidifying mobile market leadership

· Expanding 5G coverage
· Advancing 5G network infrastructure

SK 브로드밴드

Fixed-line business revenue growth

· Increasing IPTV & broadband users

No. 1 market share with 31.9 million SKT subscribers as of December 2021

No. **1**

Accumulative 5G users as of January 2022

10,189,560 people

SK Broadband, yoy increase in operating profits

19.4 % ↑

Business 2 · Content/OTT · T-commerce · Advertisement

Media

SK stoa, an average annual growth rate in GMV since 2018

48 %

Launching 'Apple TV' 4K

First in Korea
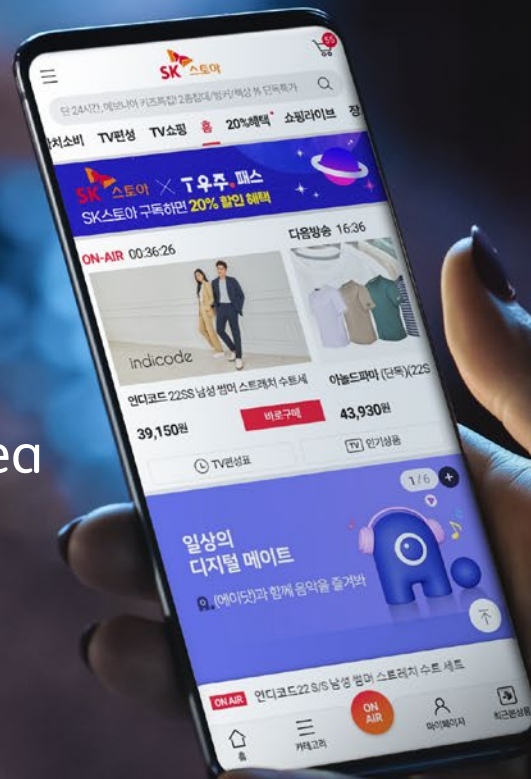
A media leader that brings new value and joy

In the media and content market, where newness is fiercely competing as a weapon, SK Telecom is firmly established as a media leader who brings new value and joy. SK Stoa is firmly in the No. 1 position in the T-commerce market by revenue and total merchandise sales have continued to grow at a steep CAGR of 48% since 2018. In addition, the company is accelerating the growth of its media business by providing customized advertisements through the wired and wireless integrated advertising platform. In 2022, based on SK Telecom's unique content and platform competitiveness, we aim to build a strong media value chain in the content, PP, OTT, T-commerce and advertising areas, and through our expanded media business, we aim to secure more than KRW 1.8 trillion in revenue in the media business by 2025. We will expand global hyper-collaboration to strengthen content and PP capabilities, and foster T-commerce and advertising platforms as a new engine to drive new growth.

Content/OTT

· Original content
· Content partnership
· Integrated OTT platform
· Content provider

Enhance content competitiveness and expand OTT business

T-commerce

· Interactive service
· Live commerce
· PB

Enhance customer experience and strengthen product line-up

Advertisement

· Mobile ads
· Addressable TV

Create new growth engine based on mobile and fixed integrated advertising platforms

Business 3   **Data center · Cloud · AIoT**

Enterprise

Commercialization of 5G Edge
Cloud Service '5GX Edge'

First in Korea

5G mobile edge computing(MEC)
integration platform technology
as an international standardization project

Challenge for global standardization

A hyper-connected ecosystem where everyone is connected anytime, anywhere

With its innovative approach and services, SK Telecom is creating a business ecosystem where anyone can enjoy a hyper-connected network anytime, anywhere. Based on AI technology and digital infrastructure such as 5G and IoT, we are enhancing our position as a partner to provide an ultra-low-latency environment in the data center, cloud, and AIoT areas and increase the productivity and competitiveness of enterprises. In the future, based on 5G MEC, MSP and global hyper-collaboration, we will expand our stride to various industries such as smart factories, finance, and security, and leapfrog beyond Korea to become a leading operator in the global market.

Data center
· Increase data centers in response to surges in demands
· Expand global markets
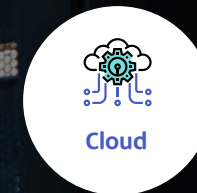
Cloud
· Accelerate growth based on MSP cooperation
· Provide differentiated cloud services adopting 5G MEC and AI
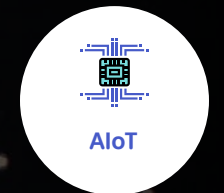
AIoT
· Expand the business with digital infrastructure and AI convergence
· Create new growth drivers within the industry such as smart factories, finance, and security

Business 4   Subscription services · Metaverse · AI agent

AIVERSE

Gross merchandise volume
in 4 months after the T Universe launch
350,000,000,000 KRW

ifland monthly active users
as of March 2022
1,350,000 people

Make life new with an experience that has never been seen

Based on unique AI technologies such as subscription services, metaverse, and AI agents, SK Telecom's unique range of services is brought together to create an experience that has never been seen in the world, crossing between real and virtual. In 2021, T Universe achieved a total merchandise sales of KRW 350 billion in just four months after launch, recorded a three-fold increase in overseas direct purchase on 11th Street. Surpassed 135 million monthly active users as of March 2022, ifland has settled in the market with more than 1,500 collaboration requests. SK Telecom will continue to make endless possibilities a reality as a new digital mate for your daily life.

· Partnership
· Product lineup
· Customer convenience

Subscription services with unique value proposition

· Open platform
· Economy system
· Global expansion

A metaverse platform that offers new virtual experience

· Interactive AI
· Personalization service
· Multi-domain

Personalized AI services based on personal preferences and interest

Business 5   UAM · Robots · Autonomous driving

Connected Intelligence

Secured the UAM take-off platform site

Largest in Korea

Year of Korea's first
commercial UAM

2025

Urban Air Mobility

Infrastructure
Locate the position
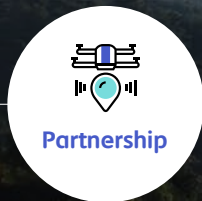
Partnership
eVTOL
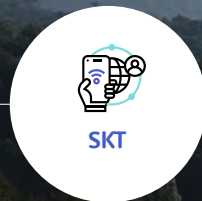
SKT
Network/Mobility Platform

**End-to-end
Integrated UAM service**

Opening new era of mobility
by enabling innovative way of
transportation

Meta-connectivity completed
by hyper-connectivity value and intelligence convergence

SK Telecom is adding the value of hyperconnectivity and intelligence to a variety of future devices, transcending the constraints of space from the ground to the sky to speed up future innovation and growth. Based on SK Telecom's unique capabilities, such as top-notch networks and mobility platforms, we are building innovative services in areas that will become the protagonists of the future, such as UAM, robots, and autonomous vehicles. As a UAM service provider, we will pursue hyper-cooperation with global players, and accelerate future innovation and implement meta-connectivity through the deployment of end-to-end integrated services for booking, boarding, flight, and ground transportation.

1

DIMENSION

BUSINESS OVERVIEW

Company Overview

CEO Message

Business Model

Direction for Sustainable Management

Company Overview

Based on 5G communication and AI technology, SK Telecom has opened a new era of 'SKT 2.0' through its Mobile and Fixed communication, Media, Enterprise, AIVERSE, and Connected Intelligence business groups.

In addition, based on the wired and wireless communication infrastructure, artificial intelligence(AI) and ICT competitiveness, we are evolving into an 'AI & Digital Infra Service Company' that creates sustainable future value for customers, members and stakeholders, and makes customers' lives new and rich. We will contribute to the social and economic development and the happiness of mankind through constant innovation in the new era, and lead the future as a Global ICT Leader.

Company overview

Company Name	SK Telecom
Date of Establishment	March 29 1984
No. of employees.	5,339
No. of subsidiaries	23
Address of Headquarters	SKT Tower, 65 Ulji-ro, Jung-gu, Seoul
Corporate website	Korean — https://www.sktelecom.com English — https://www.sktelecom.com/index_en.html

* As of December 31 2021

Information for Investors

Paid-in Capital		KRW 30,493 million
Number of Shares Issued[1]		218,833,144 shares
Stock Exchange Registration Status		Korea Stock Exchange 017670.KS(Common Stocks)
		New York Stock Exchange SKM(Depository Receipts)
		London Stock Exchange SKMD(Depository Receipts)
Transfer agent		Securities Agency Department KB Kookmin Bank Securities Trading Agency 26 Gukjegeumyungro8-gil, Yeungdeungpo-gu, Seoul T. 02-2073-8110, F. 02-2073-8111
38th Annual General Shareholders Meeting		Friday, March 25 2022 SKT Tower, 65 Ulji-ro, Jung-gu, Seoul
Contact Information		Email: skt.ir@sk.com T. 02-6100-2114
Available Filings	Korean	Financial Supervisory Board e-disclosure system http://dart.fss.or.kr → Search 'SK Telecom'
		KRX corporate disclosure channel http://kind.krx.co.kr → Search 'SK Telecom'
	English	New York Stock Exchange www.sec.gov/edgar/searchedgar/companysearch.html → Company Name: Search 'SK Telecom'
		London Stock Exchange www.londonstockexchange.com

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

Global Network

USA

SK Telecom Americas, Inc.

4151 Burton Drive,
Santa Clara, CA 95054 USA
T. +1 (408) 328 2900
F. +1 (408) 328 2931

China

SK Telecom(China) Holding Co., Ltd

27F, SK Tower, No. 6 Jia,
Jianguomenwai Avenue,
Chaoyang District,
Beijing 100022, China
T. 86-10-5920-7777
F. 86-10-5920-7724

Japan

SK Telecom Japan Inc.

32F, Tokyo Midtown Hibiya, 1-1-2,
Yurakucho, Chiyoda-ku,
Tokyo 100-0006, Japan
T. 81-3-3591-3800

USA

CHINA   JAPAN

MALAYSIA

Malaysia

SK Malaysia Representative Office

Suite 53A, Level 53, Vista Tower,
The Intermark, 348 Jalan Tun Razak,
50400 Kuala Lumpur, Malaysia
T. 603-2166-9011

* As of December 31 2021

Customer, Technology, and Service-oriented AI & Digital Infra Service Company
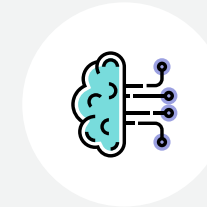
Constant technological innovation

We establish a stable communication infrastructure by upgrading fixed and wireless communication networks, and continue to innovate in new areas such as AI, subscription, metaverse, Digital Infra.
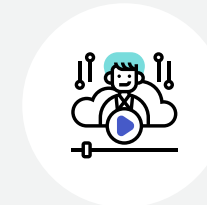
Differentiated customer experience

At the heart of all services are customers. We bring out customer satisfaction and provide them quality services through differentiated ICT Technology.
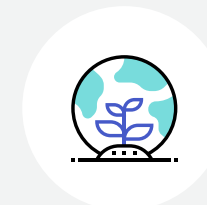
Social value creation

Based on ICT technology, we continue our efforts for a sustainable society such as reducing carbon emissions and the use of plastics, and building a safety net for the weak in society.

SK Telecom Business Areas and Affiliated Companies

SK 브로드밴드
Fixed communication services such as
high-speed internet, VOIP, and IPTV

SK 텔링크
International calling and
MVNO services

NETWORK O&S
SK Telecom network
management

SK 스토어
Lifestyle curation platform

SERVICE ACE   SERVICE TOP
SK Telecom/SK Broadband
customer service

PS&Marketing
ICT distribution specialist

SK telecom   **SK square**
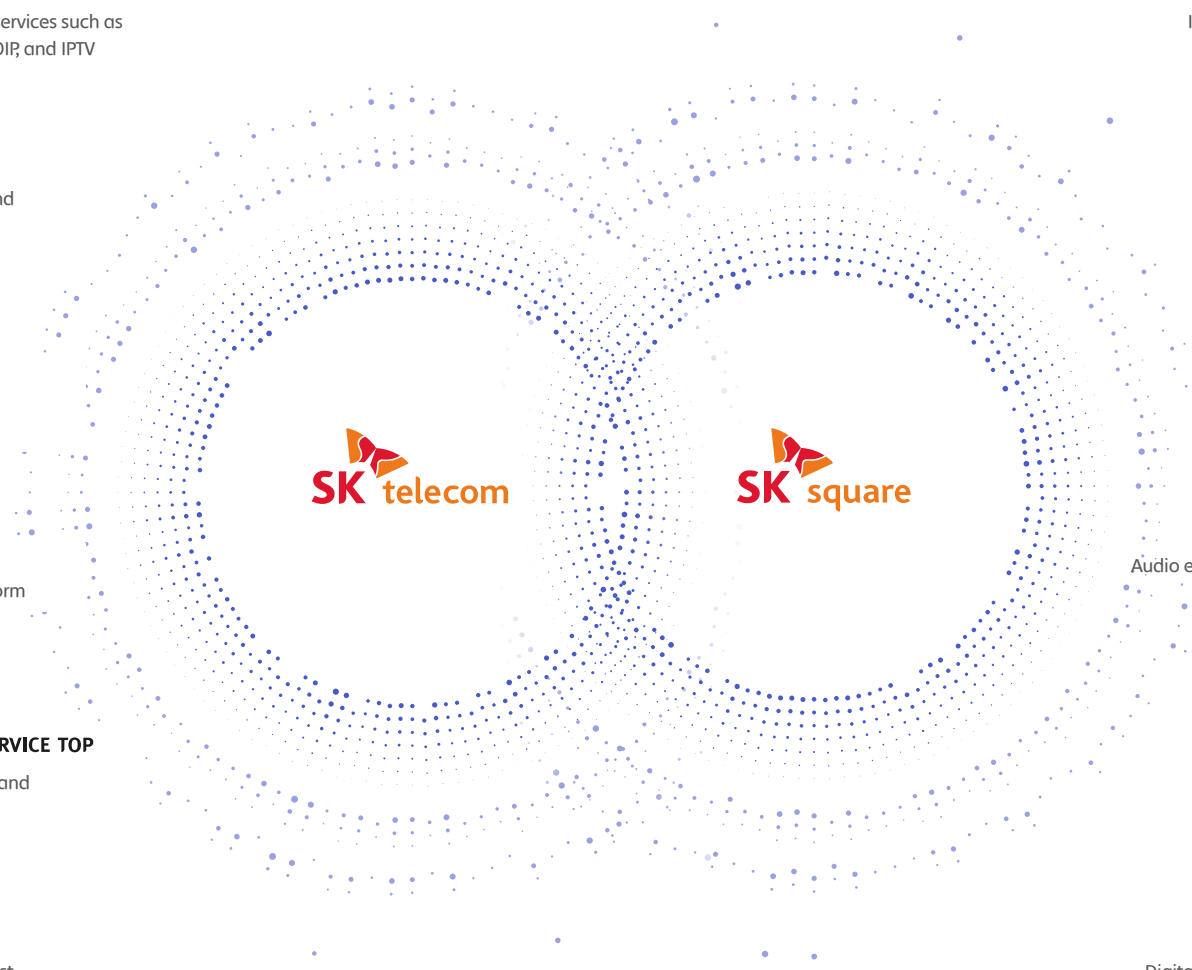
SK hynix
Integrated semiconductor
manufacturer

SK shieldus
Convergent security
specialist

11
Online commerce portal

SK 플래닛
Data and tech

Dreamus
Audio equipment manufacturing
and digital music

wavve
Premium content portal

TMAP MOBILITY
Innovation in mobility

incross
Digital advertisement specialist

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

Through its continuous efforts to innovate customer value, SK Telecom has been ranked No. 1 in the top 3 customer satisfaction surveys in Korea, including NCSI, KCSI, KS- SQI, for the longest consecutive time.

NCSI
NCSI
24 years

KCSI
KCSI
24 years

KS-SQI
KS-SQI
22 years

CEO Message

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

The COVID-19 pandemic that started in 2020 posed grave challenges to our economy and society as well as our daily lives.

Amid the unprecedented crisis, SK Telecom implemented the biggest transformation in the company's history with a spin-off and embraced a new identity on November 1st, 2021, opening an era of SKT 2.0.

With that, I would like to report to the stakeholders the business highlights of 2021 and future direction of SK Telecom.

Strong earnings and growth momentum proven in 2021

SK Telecom has further solidified its 5G leadership amid a massive transformation galvanized by the spin-off.

Globally, 176 telecom companies provide 5G services but their 5G penetration rate is less than 10%. As the world's first company to commercialize 5G, SK Telecom has acquired more than 10 million 5G subscribers, accounting for 43% of the total subscribers. Pay-tv subscribers centered on IPTV continued to increase, reaching 9 million at the end of last year.

Boosted by strong competitiveness in Fixed and Mobile, revenue in 2021 recorded KRW 16 trillion 738.6 billion, up 4.1%; operating income KRW 1 trillion 387.2 billion, up 11.1%; and net income KRW 2 trillion 419 billion, up 61.2% yoy.

We also continued to build growth momentum.

Launched in July, 'ifland' offers fun and effective virtual spaces where people can 'meet' online. The platform has been recognized as an innovative metaverse platform with more than 1.35 million MAUs and more than 1,500 requests for partnerships as of March 2022.

SK Telecom also launched 'T Universe' in September, which among our growth businesses has the potential to be parlayed into early financial results. Through its sophisticated billing system and diverse online and offline points of connection with customers, the differentiated infrastructure of 'T Universe' has raised user satisfaction, thereby producing tangible result including a GMV of KRW 350 billion in the first year.

SK Telecom's business re-defined

Last year, I met with many stakeholders to listen to their thoughts about the company, which gave me insight about the future of the new SK Telecom. We would like to transform the company's business and operational structure in 2022, which marks a new starting line.

SK Telecom 2.0 aspires to be an AI-based service company.

To achieve this vision, we have re-organized our business into five business groups: (1) Mobile and Fixed, a core and fundamental business of SK Telecom, and four businesses with high growth potential, which are (2) Media, (3) Enterprise, (4) Service(AIVERSE), and (5) Connected Intelligence, to execute strategies optimized for each business group.

Moving beyond managing the existing businesses and the growth businesses separately, we will pool all the resources, including human resources, and optimally distribute them for customers, services, and technology, the three core pillars of business management, in a 5 by 3 metrics management structure.

Starting with UAM(Urban Air Mobility), we will continue to explore new business opportunities for the next decade including autonomous driving and robotics. I have been contemplating what SK Telecom can add to the value of connectivity. In the next decade, we expect that telecommunications will continue to evolve, and that new devices which transcend the smartphone will be created thanks to developments in AI, robotics and mobility.

SKT 2.0 will become a Connected Intelligence provider that adds connectivity and intelligence to future AI-based devices.

ESG structure established for sustainable growth

As the only telecom company in Korea to join RE100, SK Telecom has been implementing eco-friendly business practices utilizing ICT as a leader in greenhouse gas emissions reduction and resources saving. They include reducing electricity consumption through the integration of 3G and LTE network equipment(single LAN technology), developing and introducing highly efficient telecom equipment, developing highly functional AI semiconductor, signing a green premium agreement, and carrying out a Happy Habit project to reduce single-use plastics. Through these efforts, SK Telecom aims to achieve net zero before 2050.

SK Telecom's ICT technology has helped strengthen the social safety net. For instance, to address the problems of an aging society, 12,000 senior citizens have received care through the AI Care Service as of November 2021. AI-based NUGU Care Call and NUGU Vaccine Care Call reduced the burden of disease control and prevention work by 85%, thus contributing to the containment of Covid-19. Also, a digital capacity building project for citizens contributed to strengthening the digital capabilities of vulnerable classes.

In terms of governance, SK Telecom improved its Board composition and operation. Specifically, through deliberation and proactivity, the Board aims to enhance corporate value based on the principles of transparency, expertise and independence. Last year, the Board's role and organization expanded with respect to the Strategy Committee, Compensation Committee, and ESG Committee.

SK Telecom has created differentiated value in each domain of ESG by utilizing its ICT technology and infrastructure and contributed to creating a sustainable society through collaboration with various stakeholders. In recognition of these efforts and achievements, SK Telecom received high scores in all areas of ESG in 2021 in the Korean Government Awards for Merits in Sustainable Management and was accredited with the Presidential Citation in the comprehensive ESG category, which is the highest award.

A new start for SKT 2.0

Dear Stakeholders,

The external circumstances surrounding us may still be challenging this year. The impact of the pandemic, global fiscal tightening, and the situation in Ukraine on the economy is extremely difficult to predict. Internally, we have an important mission to properly build a new SK Telecom.

However, we have a successful history of being at the forefront of technological developments and transforming our business fundamentals despite numerous challenges. Based on this strength, the management and employees of SK Telecom are confident that we can lead changes in the market in a rapidly changing environment, build trust and affection of our stakeholders, and lead new growth.

We are also committed to enhancing shareholder value. Last year, SK Telecom implemented a series of shareholder friendly policies, including quarterly dividend, cancellation of treasury stocks worth KRW 2.7 trillion, and a 5:1 stock split to increase the accessibility of shareholders. We will continue to pursue shareholder-friendly policies.

We kindly ask for your continued support as SK Telecom moves toward a new era.

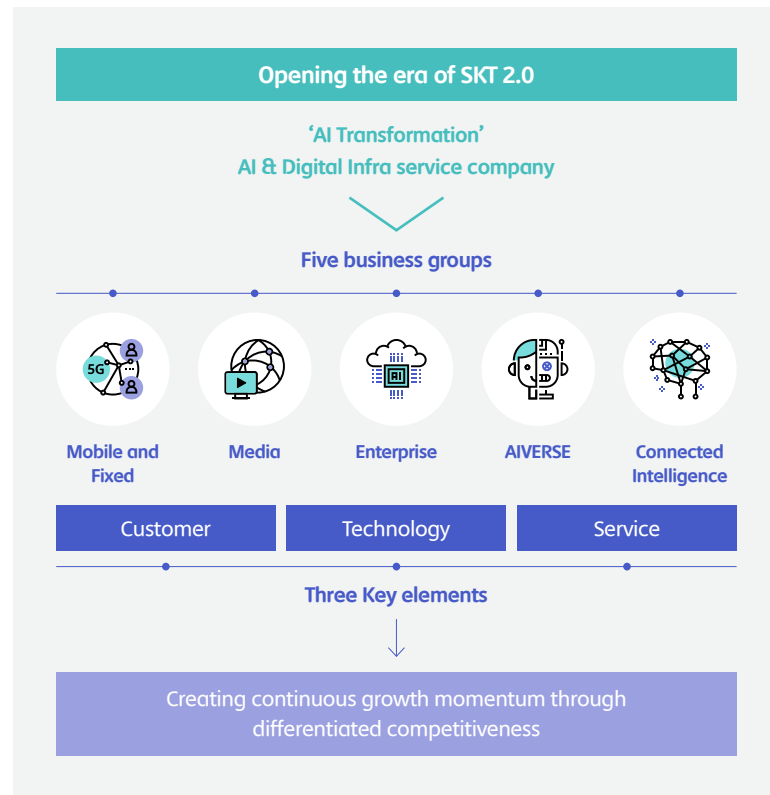**Young Sang Ryu**
President & CEO, SK Telecom

Business Model

SK Telecom is making a leap forward to an AI and digital infrastructure service company based on fixed and wireless communications infrastructure and competitiveness in AI and ICT. We are solidifying the foundation for sustainable growth and creating new growth engines through innovation by promoting business strategies suitable for the characteristics of the 5 business groups of 'Mobile and Fixed, Media, Enterprise, AIVERSE, and Connected Intelligence' with a focus on optimizing customers, technologies, and services. SK Telecom will maximize corporate value through the 'SKT 2.0 era' with the focus on the new industries of the future, and at the same time achieve win-win relations with stakeholders by creating social value.

Capital Input

Financial
· Listed on Korea Exchange, New York Stock Exchange and London Stock Exchange
· A virtuous cycle of investments in growth businesses and shareholder return
· Maximizing value for stakeholders

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

Intellectual
· Using intangible assets, based on organization's knowledge, such as technical licenses and know-how, as a main capital
· Building shared ICT infrastructure ecosystem to enhance the value of social intellectual assets and efficiency

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

Social
· Building cooperative relationship with stakeholders, such as business partners, local communities, government, customers and NGOs, based on trust
· Creating social values based on ICT capabilities

Environmental
· Providing ICT-based environmental solutions to minimize environmental impact arising from the operation of nationwide networks and offices
· Seeking to boost environmental capital efficiency for providing products and services

Value Creation Activities & Mid-to Long-term Strategy

Mobile & Fixed
· Accelerating 5G-based mobile business growth
· Continuous improvement of profitability with network efficiency and stabilized market competition
· Maintaining solid growth of fixed line with continuous expansion of target markets

Media
· Strengthening the media value chain of content, PP, OTT, T-commerce, and advertisement
· Securing new growth momentum by strengthening content competitiveness based on hyper cooperation and enhancing OTT business
· Creating new values with T-commerce and advertising platform

Enterprise
· Leading innovation in data centers, cloud, and AIoT
· Accelerating entry into the global D/C market based on global hyper cooperation, 5G MEC and MSP technologies
· Expanding new industries such as smart factories, finance, and security by converging AI and digital infrastructure

AIVERSE
· Enhance customer experience to create outcomes in earnest
· Scaling up of business through building an open platform and economic system, and expanding strategic alliances and investment
· Provide personalized AI services with interactions never been before

Connected Intelligence
· Accelerating innovation in UAM, robotics, and autonomous driving based on strengths in connectivity
· Strengthening partnerships with global players such as Joby, Hanwha System, and Korea Airport Corporation to preempt the UAM market
· Continued growth of eco-friendly bases such as low carbon, low noise

SKT 2.0
ICT ecosystem advancement focusing on customers, technologies, and services based on AI and digital infrastructure

Capital Output

Financial
· Building a base for sustainable growth through creation of revenue and profit
· Contributing to growth of GDP (indirect economic value)

Human
· Direct and indirect job creation
· Nurturing ICT specialists and developing human resources

Intellectual
· Technology development and ecosystem creation through R&D
· Social development through innovative technology Manufactured

Infrastructure
· Improving individual and corporate customers' productivity
· Leading the Fourth Industrial Revolution based on core ICT, AI, and digital infrastructure

Social
· Resolving social issues based on shared infrastructure
· Improving people's quality of life through products and services

Environmental
· Reducing social greenhouse gas emissions using ICT technology
· Responding to climate change by providing ICT technology based solutions

Direction for Sustainable Management

SK Telecom creates sustainable growth momentum with customer, technology and service optimization in the five business groups to open the era of SKT 2.0. Also, pursuing ESG 2.0 including Net Zero, digital inclusion, strengthening ICT ecosystem and win-win growth, and board-centered management contributes to building foundations for sustainable growth. The advancement of ESG management has led to notable achievements in both local and international ESG evaluations. Now SK Telecom aims to improve corporate value and social impact to sharpen its competitiven edge.

Management Strategy

SK Telecom successfully carried out the spin-off to maximize its future growth potential and clarified our identity as an 'AI and Digital Infra service company'. Now we are aiming to open the era of 'SKT 2.0' by continuously creating growth momentum in the new era.

Opening the era of SKT 2.0

'AI Transformation'
AI & Digital Infra service company

Five business groups

- Mobile and Fixed
- Media
- Enterprise
- AIVERSE
- Connected Intelligence

Customer	Technology	Service

Three Key elements

Creating continuous growth momentum through differentiated competitiveness

ESG Direction

SK Telecom is striving to further expand its social impact and pursue sustainable growth with customers by promoting 'ESG 2.0' in conjunction with its main business such as AI and ICT technology in ESG(Environmental, Social and Governance) management.

Expanding the eco-friendly and social impact of SK Telecom's AI and ICT technologies/infrastructure/solutions to pursue sustainable growth with customers

ESG 2.0

Green Network
AI technology-based Transforming to Green ICT infrastructure Pursuit of Net Zero

Safe Society
AI-based improvement of the quality of life Digital inclusion/ polarization mitigation Strengthening ICT ecosystem and win-win growth

Governance Advancement
BOD-centered management Protecting and enhancing shareholder value Improving the transparency of customer information

Expanding the ESG alliance
ESG funds, start-up accelerating, etc.

External ESG Assessment

The only domestic telecommunications company in DJSI World Index

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

'A' rated in 2021 ESG evaluations

MSCI

MSCI ESG RATINGS **A**

Overall rating 'A' in 2021
(Environmental A, social A+, governance A)

KCGS

CDP Leadership 'A'
(top 1.5% in the world)

CDP DRIVING SUSTAINABLE ECONOMIES

CDP A LIST 2021 CLIMATE

Presidential Citation for Sustainable Management

First private company to win the Korea Awards for the Rights of People with Disabilities

Winner of the 1st ESG Business of the Year Award

2

DIMENSION

EVOLUTION OF NEW SKT

Creating Economic Value

Materiality Assessment

Stakeholder Engagement

Achieving Net Zero with 3 Green Strategies

Social Value Creation

AI & Digital Infra Expansion

Creating Economic Value

Financial Highlights & Outlook

2021 Financial Highlights

Based on the consolidated financial statements prepared following the Korean International Financial Reporting Standards(K-IFRS), SK Telecom achieved annual revenues of KRW 16 trillion and 748.6 billion and operating profits of KRW 1 trillion and 387.2 billion in 2021. While maintaining the leadership in the domestic mobile service market and offering innovative products and services through IoT solutions, platform services, cloud computing, data centers, smart factories, subscription services, metaverse, and media, revenue increased 4% yoy to reach the record high for a year. The operating profits increased by 11% compared to the previous year, and the net income was KRW 2 trillion and 419 billion, a 61% yoy increase. SK Telecom will continue to develop state-of-the-art 5G technology and utilize 5G infrastructure and capabilities to explore ways to create innovative new products and services tailored to the evolving needs of customers to maximize future corporate value.

2022 Outlook

In 2022, SK Telecom is redefining its business into the five business groups of Mobile and Fixed, Media, Enterprise, AIVERSE, and Connected Intelligence through a spin-off, and is preparing for a full-fledged move as an 'AI & Digital Infra Service Company' centered on customer, service and technology. We will also operate transparent and sound governance in line with global standards, and will continue to make efforts to further expand our social impact by linking ESG with our business. Based on this, we expect to achieve revenue of 17.4 trillion in 2022, and we will successfully open the era of 'SKT 2.0' through advanced technology and ESG management.

Strategy 1
Continued shareholder-friendly return policy based on solid income growth

Strategy 2
Optimize growth strategies and operating systems for the five business groups as an AI and Digital Infra company

Strategy 3
Expand social impact by linking ESG with main business

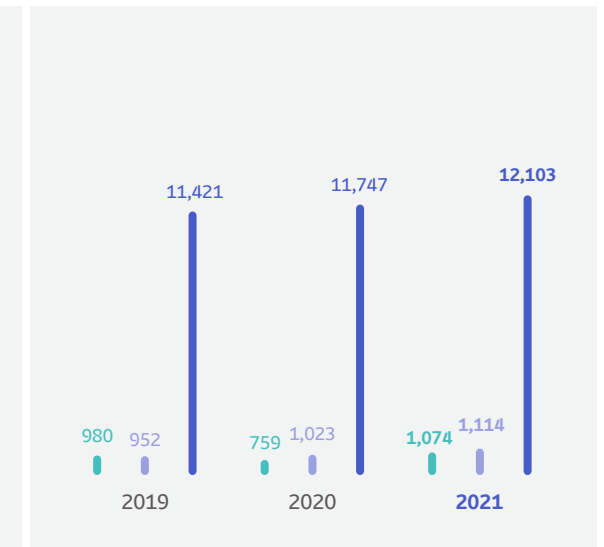**Based on consolidated financial statements**   **Based on separate financial statements**   (Unit: KRW billion)

- Operating revenue
- Operating profit
- Net income
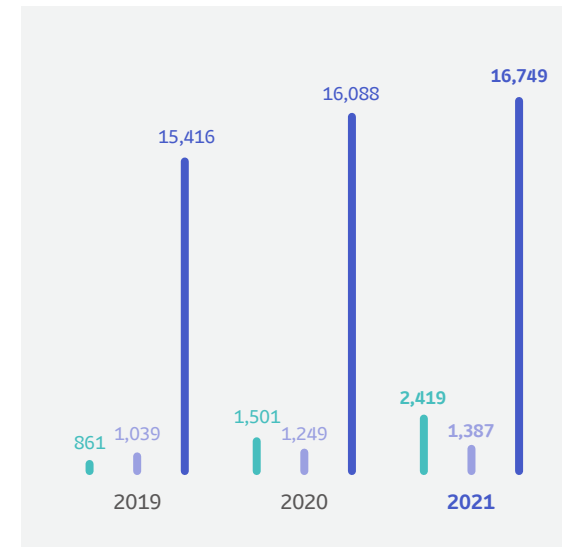
* Restatement of Financial statements to reflect change following spin-off

Based on consolidated financial statements:
- 2019: 861, 1,039, 15,416
- 2020: 1,501, 1,249, 16,088
- 2021: 2,419, 1,387, 16,749

Based on separate financial statements:
- 2019: 980, 952, 11,421
- 2020: 759, 1,023, 11,747
- 2021: 1,074, 1,114, 12,103

Business-specific result(revenue)   **Business-specific result(operating profit)**   (Unit: KRW billion)
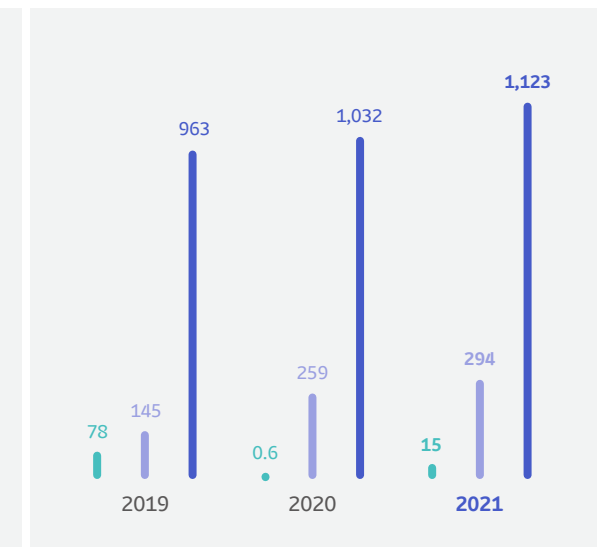
- Mobile business
- Fixed-line business
- Others
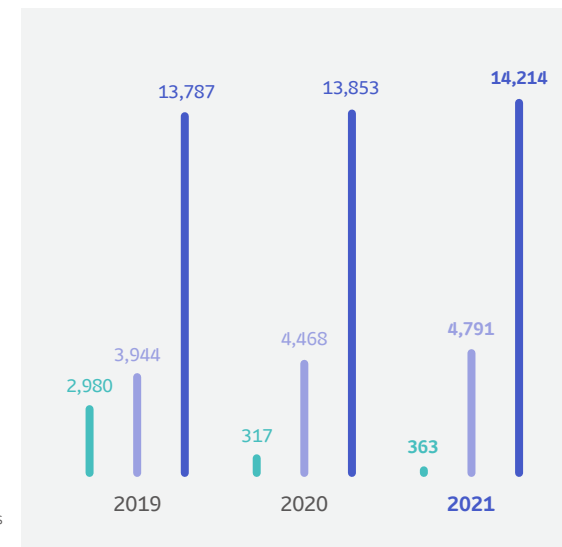
* Business reclassification following spin-off led to figures of past two years recomposed.

Business-specific result(revenue):
- 2019: 2,980, 3,944, 13,787
- 2020: 317, 4,468, 13,853
- 2021: 363, 4,791, 14,214

Business-specific result(operating profit):
- 2019: 78, 145, 963
- 2020: 0.6, 259, 1,032
- 2021: 15, 294, 1,123

Materiality Assessment

Each year, SK telecom reviews material economic, social and environmental issues related value creation and sustainability, and discloses its responses and achievements in each area.

SK Telecom defines 'material issues' as those with 'relevance' to the company's business and sustainability, as well as the actual extent of its 'impact' on creating sustainable value for the company's stakeholders. To select and prioritize its material issues, SK Telecom operates a materiality assessment and response process based on stakeholder participation. We also comply with the international standards by following the recommendations outlined in the GRI(Global Reporting Initiative) Sustainability Reporting Guidelines and the <IR> Framework set by International Integrated Reporting Council(IIRC) when making decisions on materiality and the scope of the issues.

We manage our corporate issues as a pool of issues according to stakeholder engagement process. The pool of issues includes the UN SDGs(UN Sustainable Development Goals), which deal with economic, environmental and social topics; topics raised by international organizations and NGOs; global political, economic, environmental and social topics; global regulations; mid- to long-term social changes; and externalities caused by business.

Based on the IIRC's recommendations, SK Telecom incorporates the following five aspects into its materiality assessment process - 1) issues that may have a continuous impact on SK Telecom's value creation; 2) issues related to the company's strategy, governance and performance; 3) issues that have a significant impact on key stakeholders; 4) issues that can provide the grounds for BOD discussions; and 5) issues that may lead to the loss of opportunities and the generation of risks if not adequately managed.

Materiality Assessment Process

Analyze internal and external environment
Step 1

Reported topics of same/ similar companies in the industry
· 18 global leading companies

Research and analysis of media
· 3,590 articles in total(excluding articles related to personnel, stock, etc.)

Survey on stakeholder issues
· ESG awareness survey of investors, ESG experts, customers, etc.

Review of internal documents
· Company magazine, New Year's messages, etc.

Analysis of international standards
· 8 global initiatives including GRI Standards, SDGs, SASB, and TCFD

Identify issues and form a pool
Step 2

Forming a pool of 29 issues that reflects the industry's characteristics
· 7 issues on management/economy, 4 issues on customers, 5 issues on society, 6 issues on employees, 3 issues on supply chains, and 4 issues on environment

Conduct materiality assessment
Step 3

· Business relevance assessment
· Stakeholder impact assessment
· Business(financial) impact assessment

Select material issues to be reported
Step 4

· Final prioritization of material issues.
· Review by the BOD(ESG Committee)
· Performance management and reporting of material issues

Materiality Assessment Results

Based on the findings from the materiality assessment, SK Telecom selected 29 major issues including core ICT portfolio advancement, AI and digital infrastructure building(new growth driver development), strengthening personal information management, and climate change response, from which four core issues and eleven reporting issues were identified. Major achievements, targets, and business cases related to the selected issues are reported in detail in this report.
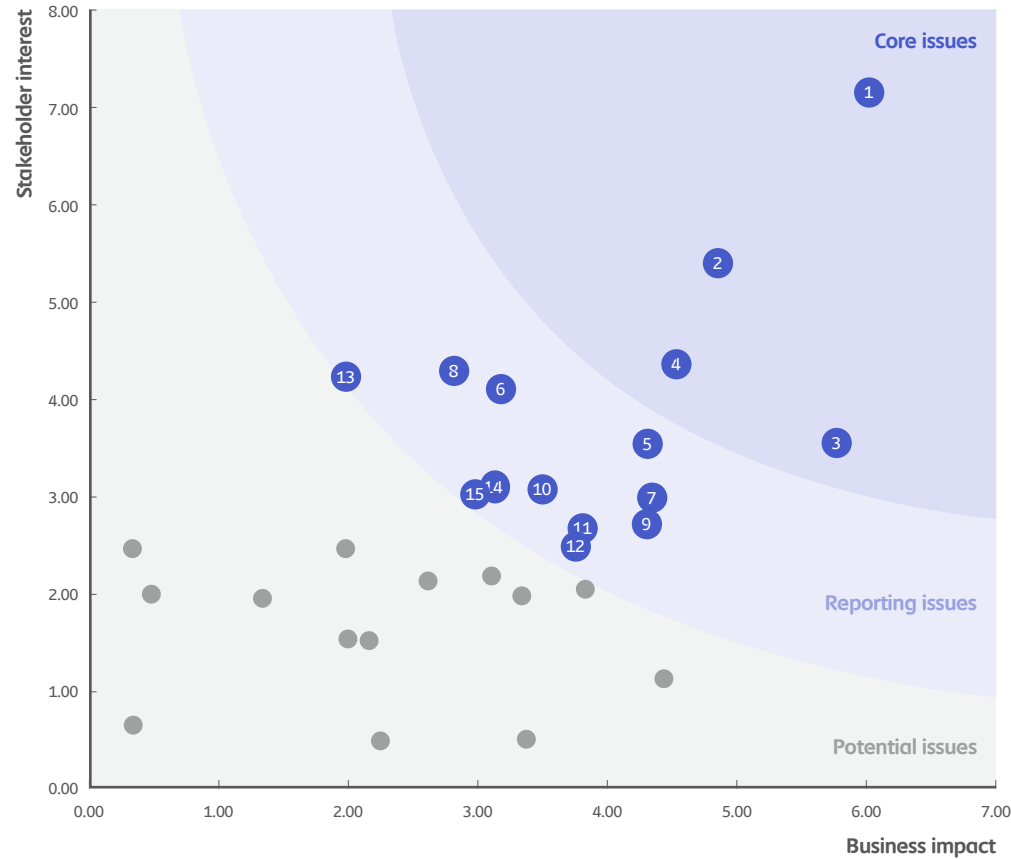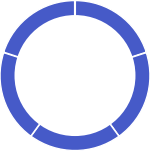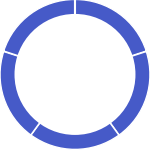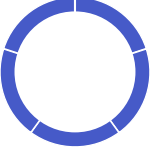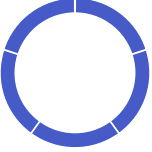

No.	Topics	Stakeholder						Financial Materiality			Page
		Employee	Customer	Partner	Govern-ment	Local comm-unity	Share-holder	Cost	Revenue	Risk	
①	Core ICT portfolio advancement	●					●	●	●	●	p.8-13
②	AI and digital infrastructure building(new growth driver development)	●					●	●	●	●	p.38-41
③	Strengthening personal information management		●					◐	◐	●	p.43-48
④	Climate change response*			●	●	●		◐	○	●	p.58-63
⑤	Environmental management strategy and system advancement			●	●	●		◐	○	●	p.33-35, 57-66
⑥	Shareholder value enhancement						●	●	●	●	p.101
⑦	Strengthening occupational health and safety management	●		●				◐	○	●	p.49-54
⑧	Social value creation	●	●	●	●	●	●	●	●	●	p.36-37
⑨	Customer experience advancement		●					●	●	●	p.86-88
⑩	Ethical management practice	●		●				◐	○	●	p.118-120
⑪	Ensuring sound governance						●	◐	◐	●	p.99-112
⑫	Expanding community engagement and contributions	●	●	●	●	●	●	●	●	●	p.90-97
⑬	Risk management system advancement	●		●	●		●	◐	●	●	p.113-117
⑭	Strengthening 5G leadership	●					●	●	●	●	p.86-89
⑮	Talent recruitment and competency development	●						●	●	●	p.68-69

* Core issue that is newly included

Material Issue Management

Topic	Context	Our Approach	Activities	Long Term Target	KPI and compensation	Recent Progress

Core ICT portfolio advancement	All of SK Telecom's services take customers to the beginning and the end, and we are constantly looking for ways to provide differentiated technologies and quality services to achieve customer satisfaction. Following the SK Square spin-off, we will focus on the core ICT business capabilities and strive to create synergies between the businesses. In particular, as the No. 1 telecommunications operator with the second to none competitiveness based on 5G, we will be able to establish a stable national telecommunications infrastructure.	SK Telecom has built solid foundation for sustainable growth based on differentiated competitiveness such as the largest domestic 5G coverage and superiority in transmission speed. In addition, SK Telecom will establish a strong media value chain based on its unique content and platform competitiveness, and drive new growth such as strengthening contents and PP capacity and cultivating the new strength of the advertising platform.	· No. 1 market share: 31.9 million SK Telecom subscribers as of December 2021
			· 10.19 million accumulative 5G customers as of January 2022
			· Based on non-consolidated Financial Statements, operating profit of KRW 1 trillion and 114.3 billion, a 8.7% yoy increase, based on non-consolidated
			· SK Broadband achieved operating profits of KRW 275.6 billion, a 19.4% yoy increase
			· Largest net increases in IPTV subscribers for three consecutive quarters since Q2 2021
			· KRW 1.8 trillion revenue in media business by building a media value chain based on content and platform competitiveness(by 2025)
			  - Pursue OTT aggregator 'Play Z' business and expand cooperation for content competitiveness development
			  - Accelerate the growth of T-commerce(annual averge GMV growth 48%) and integrated fixed/mobile advertising platform
				Revenue of separate basis
				KRW 14.3 trillion
				by 2025
					Corporate value improvement	

AI and digital infrastructure building (new growth driver development)	Pursuing sustainable development of the enterprise requires strengthening existing business areas as well as developing new growth drivers that fit the changes of business environment. At present, ICT-based technologies such as artificial intelligence, metaverse, UAM, etc. are influencing our society in many ways and transforming society. Therefore, in the context of corporate growth, it is also becoming an important issue to develop related technical capabilities.	Based on a solid mobile and fixed business, SK Telecom is creating a hyper-connected business ecosystem that extends time and space. With the customer at the heart of every service, we are making their lives new and enriching with differentiated technology. In addition, as the core infrastructure in the era of new ICT, we aim to grow as an 'AI and Digital Infra service company' that satisfies customers with AI-based personalized services.	· Global standardization
			  - Platform technologies related to 5G mobile edge computing(MEC) adopted as an international standardization project
			· Commercialization of SKT 5GX Edge, the first 5G edge cloud service in Korea
			· Launch of the metaverse service 'ifland'
			  - 1,350,000 monthly active users as of March 2022
			· Launch of the 'T Universe' subscription service
			  - GMV in four months after launch KRW 350billion
			· UAM
			  - 2025 declared as the first year of UAM commercialization in Korea
			  - Secured the largest UAM airfield platform(Vertiport) site
				Surpass revenue milestone
				KRW 8 trillion
				by 2025
					Corporate value improvement	

Strengthening personal information management	In the process of enjoying a variety of products and services utilizing digital technology, the importance of IT security and privacy has also increased. Recognizing the importance of information security and privacy, it is necessary to manage them at the enterprise level, from the setting of relevant goals to the implementation of the plan.	SK Telecom is always making every effort to protect the privacy of its customers. We comply with all relevant personal information laws, including the 'Personal Information Protection Act', and disclose the 'personal information processing policy' on our homepage so that customers can easily view it at all times in accordance with relevant laws. In addition, we are enhancing information security core competencies through the upgrading of the information security platform and security infrastructure that combine 5G and AI technologies.	· 3rd party transfer occurs only if the customer agrees or is prescribed by a separate law, when entrusting the processing of personal information, the contents are disclosed through the personal information processing policy.
			· Compliance with the Personal Information Protection Act and relevant regulations
			  - Personal information to be collected, purposes of collection, retention periods, etc., are clearly notified, and no information is used out of the scope of use.
			  - Information collection from children under 14 years of age and use thereof requires their legal representative's consent
			  - Necessary information may be provided to government agencies on request, and statistical data are reported to competent authorities on a quarterly basis.
				Information leakage and security breach
				Zero
				by 2025
					Customer information leakage
					0
					Security breach
					0	

Climate change response	With the global consensus on climate change, the efforts for climate change responses including greenhouse gas reductions and investment in decarbonization are emphasized. These efforts for greenhouse gas reductions become an important requirement for corporates to build on trust with customers and the market and ensure sustainable growth.	SK Telecom spares no efforts and continues generous investment to practice environmental management. Based on the RCP scenario, we are periodically monitoring climate change scenarios. Then, we are analyzing the business and financial impacts over a period of time on the identified climate change risks and opportunities. We will also strive to provide ICT-based environmental management solutions.	· Strengthen corporate-wide environmental management practice
			  - Final decisions being made at the ESG Committee
			· Join SBTi in 2020, and set reduction target based on its methodologies and guidelines
			· Building a system for climate change risk/opportunity monitoring, decision making, and response
			· First RE100 membership in Korea, annual CDP reviews to develop a renewable energy transition plan of 100% of electricity usage by 2050
			· Green premium contract signed with KEPCO in 2022 to procure 120.1 GWh of electricity from renewable power sources annually
			· 1.29 million tons of additional CER will be secured by 2027
			· ICT-based eco-friendly solutions
			  - Building and gradually expanding the environmental ecosystem through 'Happy habit'
				RE100
				by 2050
				
				Net Zero
				by 2050
					Carbon emissions reduction
					12%	

Topic	Context	Our Approach	Activities	Long Term Target	KPI and compensation	Recent Progress

Environmental management strategy and system advancement	The Renewable Energy 100%(RE100) Initiative is a global initiative launched by the 'Climate Group', global non-profit organization, and the 'Carbon Disclosure Project', global environmental management certification body, with the aim to make the transition to 100% renewable energy by 2050. The sense of responsibility for environmental conservation, such as the use of renewable energy, is strengthened, and naturally environmental factors are also taken into account in the management of the company. To this end, finding practical solutions requires building more concrete and systemized environmental management strategies.	With a clear understanding of the severity of the climate crisis, SK Telecom is faithfully fulfilling its corporate social responsibilities by establishing a systematic and practical environmental management strategy system. We face concrete requests for climate crisis response primarily from institutional investors. Thus, our CEO declared the '2050 Net Zero' environmental management goals and efforts for reductions at the 38th annual general meeting, according to which Net Zero key performance indicators(KPIs) were introduced to the CEO and relevant organizations for performance evaluation and performance-based compensation	[Environmental management]
			· Declaration of '2050 Net Zero' environmental management goals and reduction efforts
			  - Net Zero KPIs introduced to the CEO and relevant organizations for performance evaluation and performance-based compensation
			
			[Achieving Net Zero based on the 3 green strategies]
			· Developing 3 green strategies
			  - Green Operation: Reducing power usage by 25%
			  - Green Energy: 100% renewable energy
			  - Green Forest: Residual greenhouse gas emissions offset and biodiversity conservation
			· Developed a SingleRAN technology-based greenhouse gas reduction methodology, recognized more than 10,000 tons of carbon credit
				RE100 by 2050
				
				Net Zero by 2050
					Carbon emissions reduction **12**%	

Shareholder value enhancement	Careful considerations of shareholders' interest and building reliable partnerships with them is essential for the establishment of a sound corporate culture. Presenting new growth stories to shareholders will allow us to build foundations to enhance corporate value.	In November 2021, SK Telecom conducted a spin-off into 'SK Telecom', which is in charge of the telecommunications sector, and 'SK Square', which is responsible for the semiconductor and ICT investment. Since then, by focusing on AI and digital infrastructure business development, we have been able to lay the foundation for securing new growth engines. In addition, the cancellation of 8.69 million treasury stocks has created the largest case of treasury stock cancellation in terms of volume compared to issued shares, among the nation's 4 largest groups. This move demonstrates SK Telecom's unwavering commitment to enhancing shareholder value.	· 99.9% shareholders approved spin off and stock split
			  - Recognized as an successful spin off example
			· BoD meeting on May 4, 2021
			  - Decision to cancel treasury stocks worth KRW 2.6 trillion(10.8% of the total shares issued)
			  - Evaluated as practicing a genuine way to enhance shareholders' value by a bold move for shareholders return
			· Presented plans to use the remaining 900,000 treasury stocks for employee share ownership programs and pre-granted stock options in the mid- and long-term
				EBITDA - CapEx **30~40**% dividend	Corporate value improvement	

Strengthening occupational safety and health management	As technology in industrial sites becomes more advanced, the frequency and scale of occupational accidents are also increasing. Accordingly, a global atmosphere has been formed to raise stakeholder awareness of occupational safety and strengthen relevant regulations. In Korea, the enforcement of the Serious Accidents Punishment Act in January 2022 highlighted the need to improve safety and health environments. Safety issues are becoming more important as they lead to another corporate competitiveness and a trust factor.	SK Telecom put the highest value on protecting the safety and lives of customers, citizens, employees, and all those involved. That is why we continuously declare our commitment to safety and health management and spare no efforts to care, invest in and support occupational safety. Following the enforcement of the Serious Accidents Punishment Act, we set the goal of 'Zero Serious Accidents' by complying with the safety and health requirements and building a safety and health management system.	· Building and executing a safety and health management system
			  - Incorporated 15 matters provided in the Enforcement Decree of the Serious Accidents Punishment Act
			· Documenting a safety and health management policy consisting of the Zero Serious Accidents goal and five action agenda
			  - Integrated operation to incorporate them in our and ICT family companies' KPIs
			· Making detailed instructions of the safety and health management system as a company rule
			· Establishing a dedicated team for safety and health to ensure execution
			· Activities to establish a safety culture
			· Safety environment inspections
			  - Regular safety inspections, risk evaluations for all offices, operations, and stores in 2021
			· Lost time incident rate(LTIR) in 2021: 0
			· Support programs for employee health improvement and management
				Serious accident **Zero** by 2025	Loss Time Incidents Rate (LTIR) **0**%
					
					Occupational Illness Frequency Rate (OIFR) **0**%	

Social value creation	The social demand for ESG is steadily increasing. In particular, since the pandemic of COVID-19, interest in and investment in eco-friendly and social companies has also increased, and in line with these social trends, companies are also showing efforts to strengthen ESG as well as financial performance. It will be necessary to develop a concrete management policy that takes sustainability and ESG values as management performances to find a constructive direction of pursuit.	SK Telecom has been measuring social value(SV) as a monetary value since 2018 on the basis of SK Group's 'Double Bottom Line(DBL) management' and publishing the results to the public every year. SK Telecom is the only telecommunications company in Korea that has joined RE100, plays a leading role in the practice of eco-friendly management with ICT and contributes to building a social safety net based on ICT technology. SK Telecom will leverage ICT technology and infrastructure to create discriminatory value in each area of ESG and collaborate with stakeholders to contribute to the creation of a sustainable society.	· Establishing social contribution strategies to realize DBL management
			  - Three key aspects: AI-based quality of life improvement, digital inclusion business model innovation, and ICT cooperation ecosystem expansion
			· Providing services using AI speaker 'NUGU'
			· 'Barrier free AI' initiative
			  - Official adoption and operation of the 'Good Shuttle' in 2022
			· ICT education to eliminate information divide
			· Promoting innovative startups specializing in 5G
			  - Gross corporate value of the startups: KRW 31 trillion as of December 2021
			· 'AI Curriculum Live' on the metaverse platform 'ifland'
				SV creation equivalent to **10**% of revenue by 2025	SV creation KRW **2.05** trillion	

Hyper-Digital Era | Dimension : Business Overview | **DIMENSION : EVOLUTION OF NEW SKT** | Dimension : Special Report | Dimension : Sustainability Management | Dimension : Appendix

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Topic	Context	Our Approach	Activities	Long Term Target	KPI and compensation	Recent Progress
Customer experience advancement	Customers are at the heart of the technologies and services that make SK Telecom an AI and digital service company. With state-of-the-art ICT technology, we continue our efforts to provide satisfactory services to our customers and create differentiated experiences with authentic customer value innovation.	SK Telecom is carrying out various activities to help customers experience various services and build long-term trust relationships. Every month, we hold a 'Customer Value Innovation Meeting' in which CEOs and key members participate, and we strengthen the verification of products and services from the customer's point of view through the operation of the 'In-house Evaluation Group' system. We are also maximizing customer satisfaction by providing a variety of 5G-based customer experiences, such as the metaverse platform ifland.	· No. 1 in Korea's three major customer satisfaction Indices(NCSI, KCSI, KS-SQI) · Launching metaverse platform 'ifland' and subscription service 'T Universe' · Upgrading membership and segment services · Customer experience diagnosis and insight delivery through customer value innovation meetings · Operating in-house evaluation group and junior board system to check the service quality and inconvenience from the customer's point of view	**Longest title holder in Korea's top 3 MNO customer satisfaction surveys** **1**st Holder	**Competitive advantage in top 3 external CSI surveys**	
Ethical management practice	With the implementation of the Workplace Harassment Prevention Act in July 2019, the internal and external management environment of companies has begun to gradually change, and the importance of ethical management has also emerged. This calls us to explore ways to address potential unethical practices that may be present relating to issues of increasing social interest. Improving employees' understanding of ethical management and establishing guidelines to ethical norms to present proactive responsive measures will show us ways to practice ethical management.	SK Telecom practices ethical management and pursues the formation of a fair trade culture as a top priority. We operate an ethical management education and ethics counseling center to promote the ethics awareness of all members, and we build strong trust relationships with stakeholders such as customers, shareholders, business partners and local communities. We will continue taking the lead in establishing a healthy and sound corporate culture.	· Presenting the SK Telecom Code of Conduct Framework as the basis for ethical management, applying the principle of zero tolerance in case of violation - Guideline for business partner/manner/fraudulent solicitation/bribery handling developed in July 2021 and a practical guideline commentary manual published in September 2021 · Ethical management training completion rate over 90% · Operating Ethics counseling center	**Strengthening stakeholders' trust and achieving 'zero unethical risks' by preventive activities**	**Awareness building for ethical management**	
Ensuring sound governance	Establishing and running a balanced and sound governance leads to shareholders' rights protection and solid trust with stakeholders. Such relationships have positive influence on enhancing future corporate values and achieving sustainable growth.	SK Telecom is committed to establishing a transparent and sound governance to enhancing corporate credibility and future values. Based on the Governance Charter established in February 2018, we are pursuing the interests of stakeholders including shareholders and realizing the sustainable growth and development of the company through responsible management. In May 2021, the Board of Directors made a resolution to strengthen 'Board-centric Management' and raise the corporate governance to the level of global standard.	· Rated 'A' on corporate governance in Korea Corporate Governance Service Assessment - Independent directors account for 62.5% of the board(average of large enterprises in Korea 51.0%) - Independent directors' independence and transparency criteria specified in the articles of incorporation in accordance with the Commercial Act and other relevant laws and regulations. - The proportions of independent directors in Committees of the BOD specified in the committee operation guidelines to ensure independence.	**Complete a global top level Governance Story(board-centered management)** by 2025	**Development and implementation of governance advancement**	
Expanding Community engagement and contributions	The creation of sustainable value through corporate social responsibility management is constantly required, and the willingness of companies to actively participate in solving social issues on their own has also increased. Companies are continuing their strategic activities to build a better society by solidarizing with the members of society, paving the way for them to grow together.	SK Telecom continues its innovative challenge of using ICT technology and distribution infrastructure to solve social problems and create social value. Through our ICT capabilities, we are taking the lead in creating social value as well as economic performance by caring for the socially disadvantaged and providing quality education. In addition, we will establish a social contribution strategy around the vision of 'Creating Social Value Based on ICT in 2050' so that we can provide a better life for our customers.	· Developing donation platforms - Vitalizing the 'Happy Credit', and 'Give U' donation programs - 33 NGOs participated in the GiveU service in 2021, raising a donation of KRW 410 million · Social responsibility campaigns - The official blood donation application 'Red Connect' is operated and the blood donation campaign is actively carried out, together with the Korean Red Cross - Cooperation with Holt Children's Services for year-end donation campaigns, the 'Happy Companion Campaign' to help youths stand their own feet, and more	**SV creation equivalent to** **10**% of revenue by 2025	**SV creation** KRW **2.05**trillion	

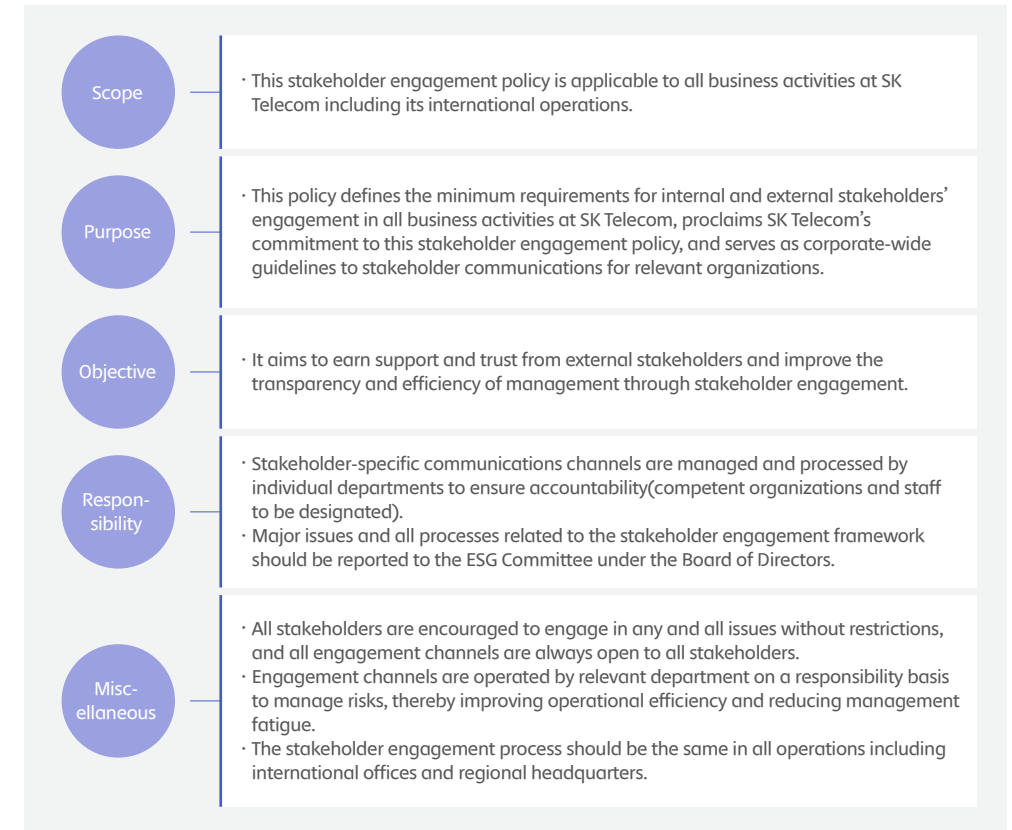| Topic	Context	Our Approach	Activities	Long Term Target	KPI and compensation	Recent Progress
Risk management system advancement	The ability to proactively identify and respond to internal and external risks that are prevalent throughout the company's business environment is important. In particular, minimizing risks in response to economic volatility affected by COVID-19 and the Ukraine war requires systemized and advanced risk management.	SK Telecom has an integrated risk management system that can proactively identify and respond to risks. We also operated an company-wide risk management response system and a contingency response system, and reinforced the risk management structure. We will internalize risk management culture, expand the corporate risk management system to all SK ICT family companies, and make efforts to minimize the impact of the risks.	· ESG committees and management(CEOs, CLOs) make decisions on climate change risks/ opportunities to strengthen climate change risk management, and upgrade climate change response systems through climate change risk/opportunity identification and continuous monitoring · Segment the risk management area into business, employees, customer value, business partners, governance, disaster disasters, and major disasters to expand the strategic response system that reflects the focus factors of each area and changes in the internal and external environment. · Strengthen the risk management system by operating an corporate-wide risk management response system and a contingency response system, and establishing an autonomous risk response system for each CIC/Chief Office.	**Corporate-wide risk management internalization**	**RM-related issues** **Zero**	

Strengthening 5G leadership	Featuring hyper-speed, hyper-connection, and ultra-low latency, 5G is a cutting-edge technology that will bring innovation to the telecommunications industry. Meaning the fifth generation of mobile communications, 5G will make both the mobile and offline domains wireless and seek to change the structure of the business. In the process, flexible response directions to traffic and the preparation of measures for problems such as network failures are also emerging as major issues.	SK Telecom responds flexibly to data traffic based on demand forecasting and monitoring derived from the results of annual data processing analysis. In addition, we are establishing an emergency network recovery system to minimize the inconvenience to people's lives and the social and economic impact caused by network failures. In addition, by faithfully fulfilling the obligations and responsibilities of measuring electromagnetic wave intensity, we are committed to the safety of our customers.	· Commercialization of the 5G core that supports both Stand Alone(SA) and Non Stand Alone(NSA) modes in 2021
			  - Securing a foundation to respond to technological changes
			  - In 2021, wireless line capacity and annual data traffic increased by 19% and 20.5% yoy, respectively
			· Dual configuration of critical communication facilities for enhanced network stability
			  - Zero major communications failure for three consecutive years
			· Year 3 study of the impact of electromagnetic waves on the human body in cooperation with the Korean Institute of Electromagnetic Engineering and Science in 2022
				Maintaining
				No. 1
				in 5G subscriber
					the Ministry of Science and ICT 5G network quality evaluation
					No. 1	

Talent recruitment and competency development	Playing pivotal roles in innovation and performance creation in the company, human capital is considered an important asset for business growth. Therefore, the entire process of human capital development, from recruiting talent to developing the competency of its members, will be essential for corporate growth and long-term competitiveness.	SK Telecom is strengthening the leadership needed in the new era with a focus on cultivating business-specific professionals, while establishing a culture where employees take the initiative in teaching themselves. To this end, we have organized in-house training courses, synergy programs with SK affiliates, and degree programs linked to an external leading universities.	· Enhance the practical skills needed through year-round programs - 5,379 people took the MNO training program in business area and 873 took the AI and cloud program in technology area, and 566 took the program related to new portfolio · Developed and launched an AI-based learning curator(Smart Learning Assistant Manager, SAM) with SK Telecom's own technology.	**Strengthen employee diversity, develop ICT-related capabilities**	**Design and implement growth portfolio promotion programs**	

Stakeholder Engagement

SK Telecom contributes to the development of the economy and pursues the satisfaction of stakeholders, the creation of social value, and the happiness of mankind in accordance with SKMS, the management system revised by SK Group in 2016.

SK Telecom incorporated the SKMS in the Articles of Incorporation in March 2017 and in the Governance Charter in February 2018 for crystal-clear goal setting. SK Telecom defines its stakeholders as customers, employees, suppliers, local communities, NGOs, shareholders, and governments, and included clauses emphasizing the pursuit of stakeholders' happiness in the Articles of Incorporation as amended in 2020.

We encourage our stakeholders' engagement to earn their trust and support and improve the transparency and efficiency of management. To this end, we have established our stakeholder engagement policies and announced our commitment to stakeholder engagement both internally and externally. The stakeholder engagement policy clearly states company-wide guidelines for stakeholder communication, including the conditions for the participation of both internal and external stakeholders in our management activities and processes to resolve issues.

Stakeholder engagement policy

Scope
· This stakeholder engagement policy is applicable to all business activities at SK Telecom including its international operations.

Purpose
· This policy defines the minimum requirements for internal and external stakeholders' engagement in all business activities at SK Telecom, proclaims SK Telecom's commitment to this stakeholder engagement policy, and serves as corporate-wide guidelines to stakeholder communications for relevant organizations.

Objective
· It aims to earn support and trust from external stakeholders and improve the transparency and efficiency of management through stakeholder engagement.

Respon-sibility
· Stakeholder-specific communications channels are managed and processed by individual departments to ensure accountability(competent organizations and staff to be designated).
· Major issues and all processes related to the stakeholder engagement framework should be reported to the ESG Committee under the Board of Directors.

Misc-ellaneous
· All stakeholders are encouraged to engage in any and all issues without restrictions, and all engagement channels are always open to all stakeholders.
· Engagement channels are operated by relevant department on a responsibility basis to manage risks, thereby improving operational efficiency and reducing management fatigue.
· The stakeholder engagement process should be the same in all operations including international offices and regional headquarters.

SK Telecom also runs an online channel for stakeholders to voice ESG-related challenges and complaints, for example labor, human rights, ethics, and environment, on its website. This allows stakeholders to freely share their thoughts and opinions about business activities, damage cases, social responsibility violations, etc., and resolve relevant issues. Opinions and reports received through the ESG grievance channel are to be actively resolved through monitoring, due diligence, etc. by SK Telecom's working department after checking the facts. For matters considered important ESG issues, details, measures taken, and results are reported to the ESG Committee under the Board of Directors and lessons learned are reflected in overall business activities to prevent recurrence.
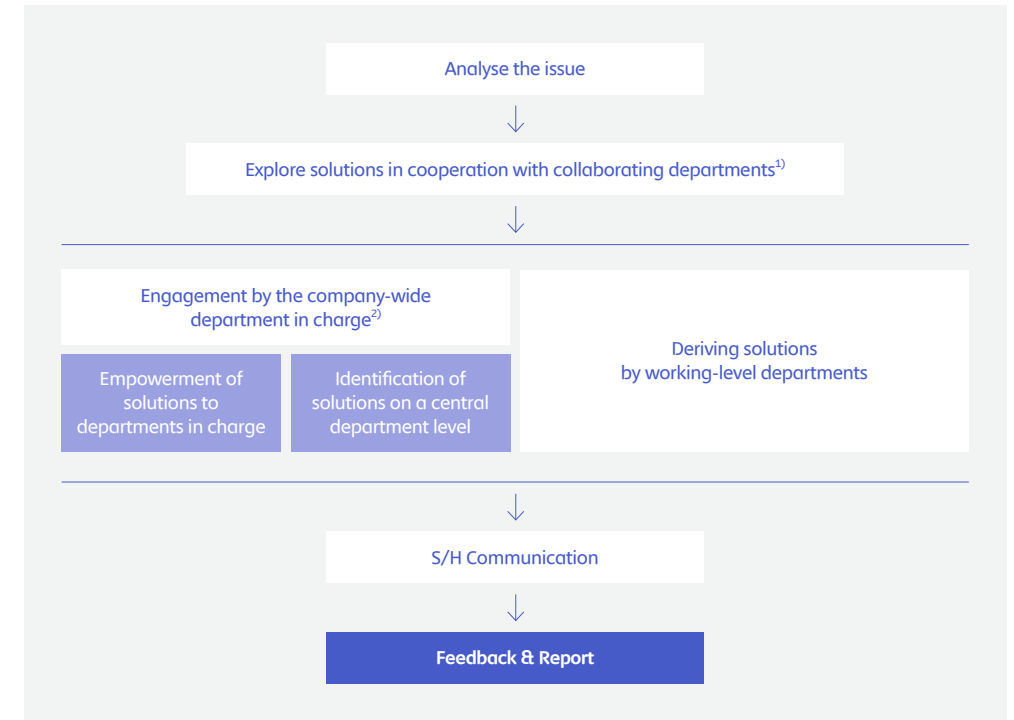
In line with the 'Double Bottom Line' management policy, which takes not only economic value but also the social value created through corporate operations as one of the pillars of its management performance, SK Telecom will upgrade its existing communication channels and expand the frequency of communication with potential and key stakeholders by 2023. In 2025, the company will develop and apply a methodology to incorporate potential and key stakeholders' social value needs in new products and services from the planning stage.

1) If the responsible department that first encounters the issue deems that it is unable to derive a solution in terms of the issue's urgency, significance, impact, and solution methods, it asks for engagement of the central department.

2) If it is deemed possible to resolve the issue through the additional involvement of R&C and delegation of rights, the department in charge is empowered for issue resolution. If it is judged that a company-wide response is required, the company's central department in charge solves the issue.

Process Upon the Occurrence of an Issue

Analyse the issue

↓

Explore solutions in cooperation with collaborating departments[1]

↓

Engagement by the company-wide department in charge[2]

Empowerment of solutions to departments in charge

Identification of solutions on a central department level

Deriving solutions by working-level departments

↓

S/H Communication

↓

Feedback & Report

Stakeholder Engagement on Material Issues & Communication Channels

· Labor union(website for labor unions)
· Letter to HR(in-house intranet)
· My Counselor(in-house intranet)

HR-related issues such as changes in management environment, salary negotiations, etc.

· Corporate Day
· Annual General Meeting(AGM)
· Quarterly earnings results and NDR

Issues on stock price changes and dividend fluctuations, changes in the management environment and management performance, annual general meetings, etc.

· Hosting the Business Partner Council
· Conducting business partner satisfaction surveys

Mutual cooperation-related issues such as fair contract, unfair trading, etc.

· T world(online customer center), customer centers
· Blogs, Facebook, and other social media channels
· Hosting annual conferences and events

Inquiries, suggestions, and other comments on products and services

Employees   **Shareholders**   **Business partners**   ESG grievance/ complaint channel   **Customers**   **Governments**   **NGOs and communities**

· Hosting regular meetings and discussions
Concerning telecommunications regulations, business opportunities and risks, etc.

· Hosting semi-annual meetings with NGOs
Customer complaints, communications tariff policies, environmental protection, and other issues
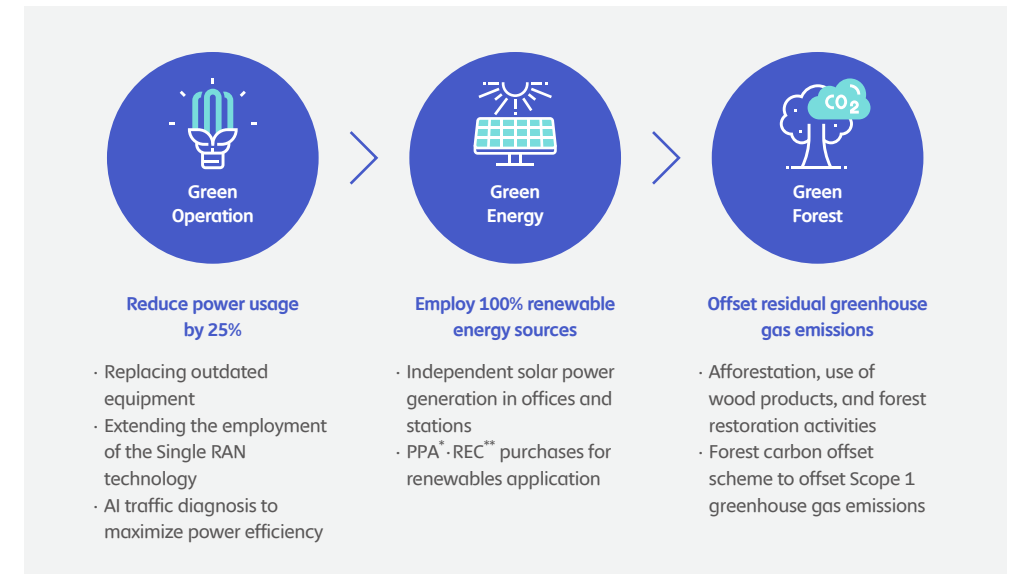
Achieving Net Zero with 3 Green Strategies

Climate change caused by global warming is a serious threat to humanity. The whole world shares the same view to the severity of climate change, and since the 26th General Assembly of the Parties to the United Nations Convention on Climate Change(COP26) worldwide efforts for climate change response such as greenhouse gas reductions and investment in decarbonization have been emphasized. Efforts to reduce greenhouse gas emissions is a necessity to solidify customers' and markets' trust and ensure sustainable growth.

SK Telecom is agile in responding to demand from international community and changes in climate policies. SK Telecom is carrying out various greenhouse gas reduction activities around the 3 Green strategies, including the development of green ICT technologies and the application of renewable energy, in order to achieve '2050 Net-Zero'. In particular, the company is contributing to the reduction of greenhouse gases through cutting electricity usage by introducing 3G and LTE integrated network 'Single RAN' technology. It is also the first domestic IT company to join RE100 to implement the introduction of renewable energy throughout the company through introducing green premium, installing independent solar power generation system in office buildings and telecommunication stations.

SK Telecom's 3 green strategies

Green Operation

Reduce power usage by 25%

· Replacing outdated equipment
· Extending the employment of the Single RAN technology
· AI traffic diagnosis to maximize power efficiency

Green Energy

Employ 100% renewable energy sources

· Independent solar power generation in offices and stations
· PPA* · REC** purchases for renewables application

Green Forest

Offset residual greenhouse gas emissions

· Afforestation, use of wood products, and forest restoration activities
· Forest carbon offset scheme to offset Scope 1 greenhouse gas emissions

* Power Purchase Agreement, ** Renewable Energy Certificate

Green Operation

Improving energy efficiency and minimizing power usage to reduce greenhouse gas emissions is the most proactive strategy for SK Telecom as an ICT leader. With 'Green ICT' technology, which leverages ICT and AI to drastically reduce power usage compared to conventional ones, the company aims to reduce its expected power usage by 25% by 2050. To do so, we are replacing malfunctional, low-efficiency equipment and aging infrastructure and expanding the application of the Single RAN technology that integrates 3G and LTE equipment operations.

CASE
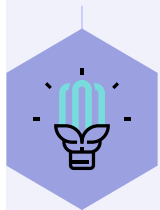
**Securing carbon credits
through greenhouse gas reductions based on SingleRAN technology**

Since 2019, SK Telecom has introduced SingleRAN technology, a method of integrating and upgrading 3G and LTE network equipment, and has applied it to all of our base stations and repeaters in 78 cities across the country, including Seoul. This has resulted in a reduction in power usage of approximately 53% compared to the previous one. Our internal measurements of the quality of SingleRAN-enabled devices demonstrated improved service quality with an average download speed improvement of 36% compared to older 3G equipment, and a 55% reduction in the failure rate due to the replacement of aging 3G equipment. SK Telecom has developed and completed the GHG reduction methodology with the approval of the government to be recognized for its track record of reducing greenhouse gases, and on this basis, it is recognized for its carbon emission rights of more than 10,000 tons per year.

Green Energy

SK Telecom is pursuing a corporate-wide transition to renewable energy to fulfil RE100. In February 2021, we signed a green premium agreement with KEPCO and supplied 44.6 GWh of renewable energy to the Bundang and Seongsu ICT infrastructure centers. In 2021, 65 solar facilities generated 861 MWh of power, and the company obtained a renewable energy use certificate from the Korea Energy Corporation. In 2022, we have plans to build around 100 solar power generation facilities, and further upscaling is slated in 2023. Other major power procurement methods include power purchase agreements(PPAs) and renewable energy supply certificates(RECs) are also being promoted. Offices supplied with high-voltage electricity will primarily focus on PPAs, while communication equipments

running on low-voltage will primarily tap into RECs as major means of implementation. SK Telecom will make a decision on a comprehensive review of domestic renewable energy-related policies, the flow of electricity prices, and the comparative advantage between the means of implementation.

CASE

Green premium agreements

SK Telecom signed green premium agreements with KEPCO for 44.6. GWh of renewable energy supply in 2021 and 120.1 GWh in February 2022, which is equivalent to 5% of the total expected power usage in 2022. The Green Premium is a scheme that allows domestic companies to certify the use of renewable energy and prove the implementation of 'RE100(Renewable Energy 100%)' as the global green trend increases. Profits generated therefrom are contributed to the Korea Energy Corporation to further facilitate the dissemination of renewable energy sources.

Green Forest

To reduce greenhouse gases to achieve 2050 Net-Zero, residual emissions are being approached with 'carbon offsetting activities'. the remaining greenhouse gases despite energy efficiency and renewable energy use will be absorbed through forests. To do so, SK Telecom is considering forest restoration, afforestation(new or reforestation), and use of wood products as major implementation tasks. This will allow us to further offset direct greenhouse gas emissions, thereby proactively responding to climate change.
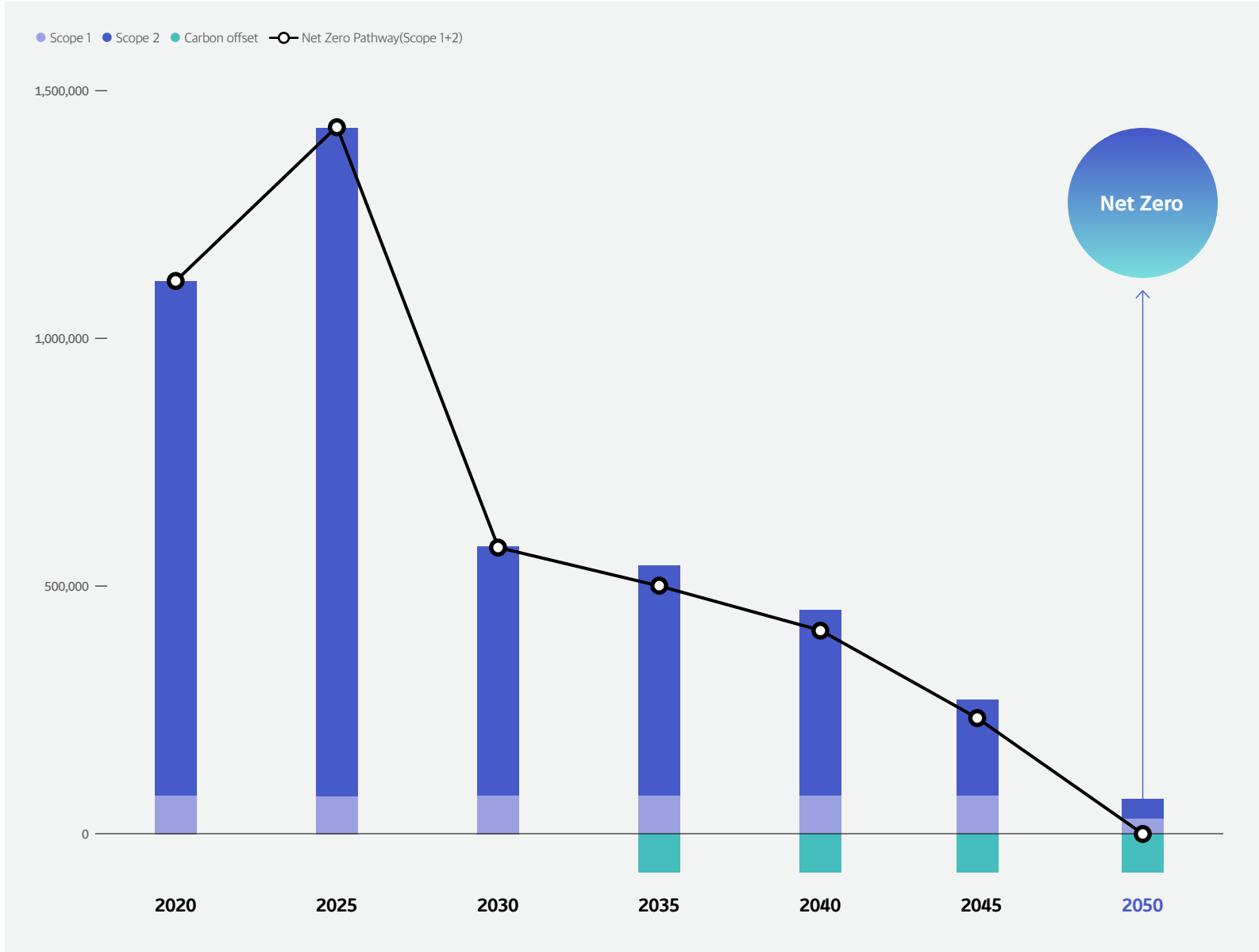
CASE
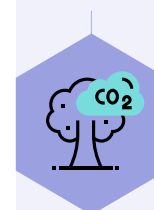
Good consumption to secure absorption sources

SK Telecom worked with Tree Planet, a social enterprise that aims at afforestation to supply pet trees and eco-friendly pots during the T Membership 'T-Day Week'(April 4 ~8). When customers buy Goldcrest Wilma, table palm, or fishbone as their pet trees, Tree Planet used part of the profits and external funds to grow forests. The area where the forest is created is Hongcheon Mindung Mountain, Gangwon Province, coniferous and broadleaf trees are planted to help prevent forest fires. The afforestation project will be completed within the year are also being promoted.

SK Telecom's 2050 Net Zero Target

(Unit: tCO$_2$e)

- Scope 1
- Scope 2
- Carbon offset
- Net Zero Pathway(Scope 1+2)

2020 2025 2030 2035 2040 2045 2050

Net Zero

GHG reduction

| 2030 | **47.7** % reduction(compared to 2020) |
| 2050 | **Net Zero** |

Zero

Renewable Energy

Renewable energy usage rate

| 2030 | **65** % |
| 2050 | **100** % |

100%

* as of 2020

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Setting reduction target and management of Scope 3 based on SBTi

CDP

Disclosure of transparent climate-related information based on CDP

RE 100

Scope 2 reduction through the introduction of renewable energy

TCFD

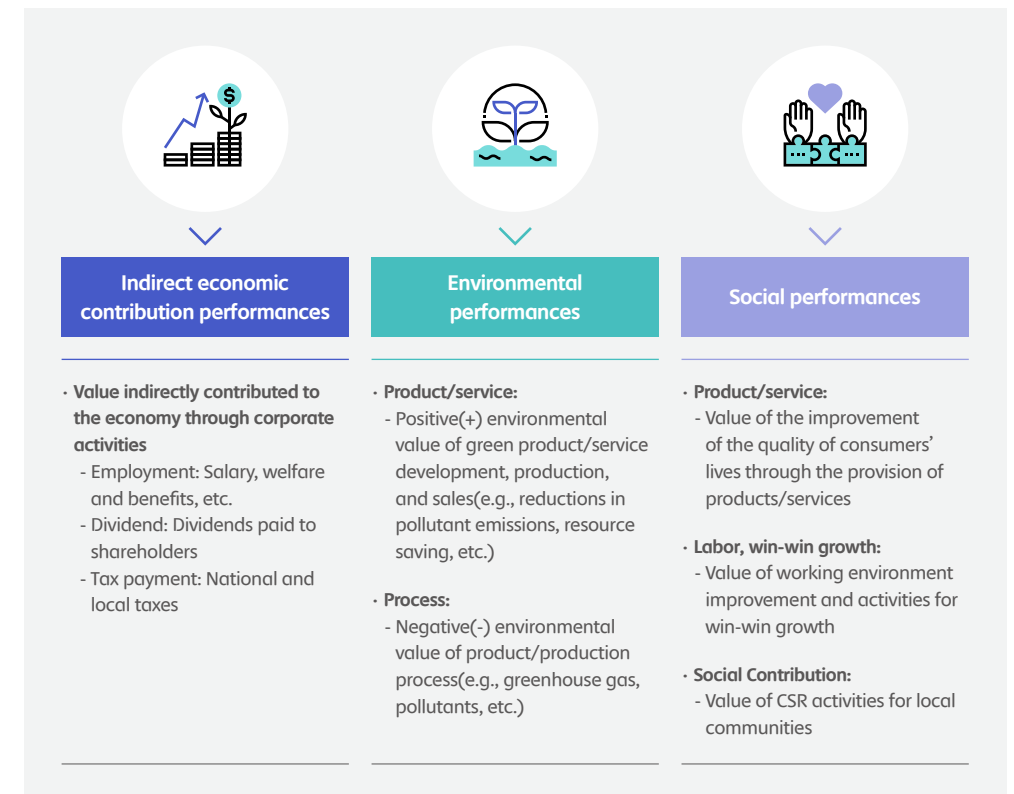Climate change risk and opportunity response based on TCFD

Social Value Creation

SK Telecom pursues the management of the Double Bottom Line(DBL), which creates economic and social value at the same time based on the SK Group's management philosophy, SKMS(SK Management System) and aims to create sovial value equivalent to at least 10% of its revenue.

For systematic measurements of DBL management, SK Telecom has been managing social value creation performance in monetary value according to SK's social value(SV) measurement methodology since 2018. Social values created from overall business activities including product development, production, sales, personnel, and business partner cooperation are measured in monetary value by applying objective and conservative criteria to improve external validity and reliability.

SV measurement areas

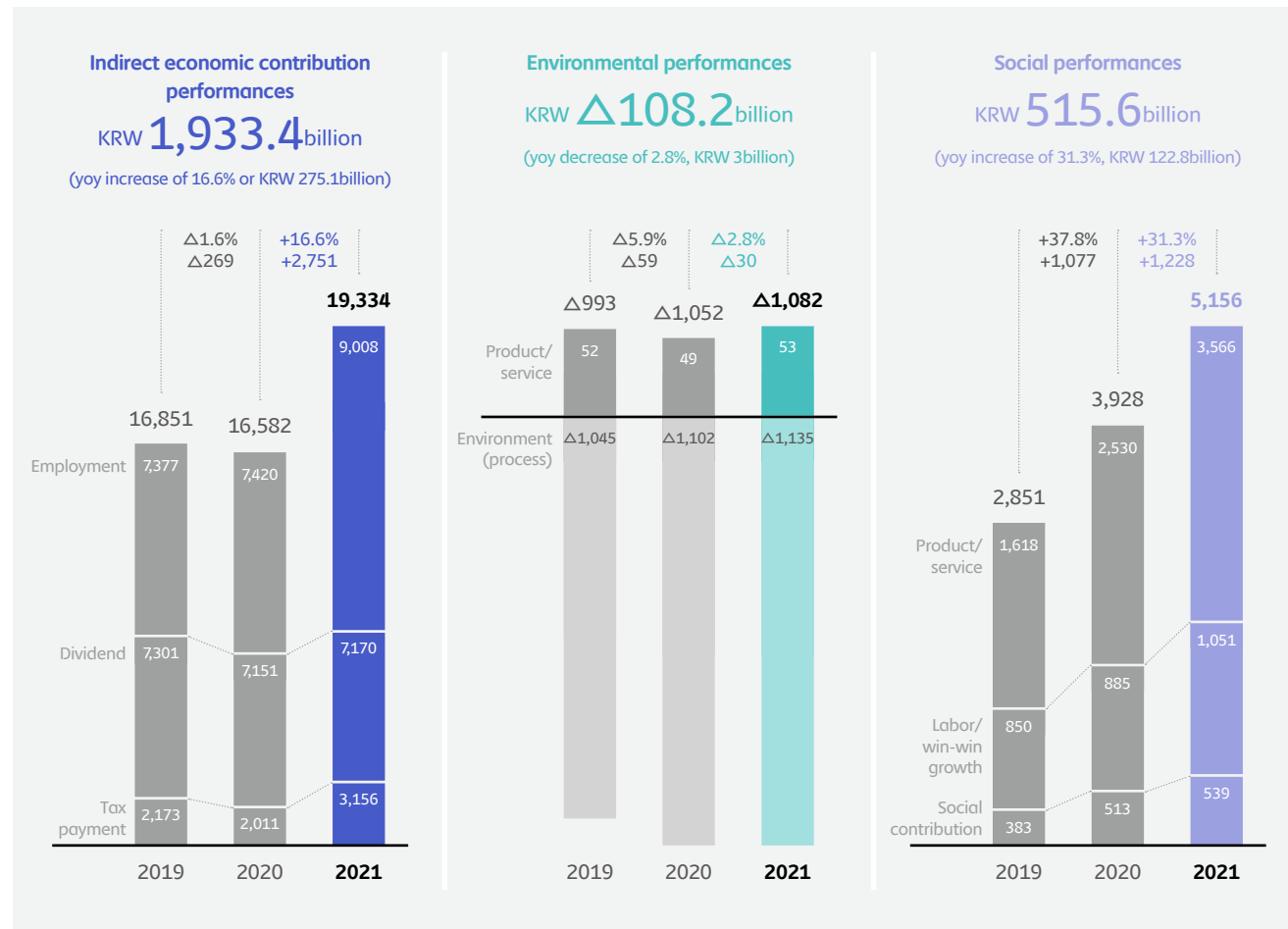| Indirect economic contribution performances	Environmental performances	Social performances
· **Value indirectly contributed to the economy through corporate activities** - Employment: Salary, welfare and benefits, etc. - Dividend: Dividends paid to shareholders - Tax payment: National and local taxes	· **Product/service:** - Positive(+) environmental value of green product/service development, production, and sales(e.g., reductions in pollutant emissions, resource saving, etc.) · **Process:** - Negative(-) environmental value of product/production process(e.g., greenhouse gas, pollutants, etc.)	· **Product/service:** - Value of the improvement of the quality of consumers' lives through the provision of products/services · **Labor, win-win growth:** - Value of working environment improvement and activities for win-win growth · **Social Contribution:** - Value of CSR activities for local communities

* Governance indicators to be disclosed as non-monetary performances(e.g., stock exchange disclosures and core ESG indicators)

In 2021, SK Telecom created social value worth KRW 2 trillion and 340.8 billion. This is a yoy increase of 20.3%, continuing with the upward trend since 2018 when the SV measurements started in earnest.

In order to enhance the stakeholder understanding and credibility in the measurement of social value, SK Telecom is publishing the 2021 measurement results and the calculation formula of the measurement of key product and service indicators in detail in the SK Telecom newsroom(https://news.sktelecom.com/).

(unit: KRW 100 million)

Indirect economic contribution performances

KRW 1,933.4 billion

(yoy increase of 16.6% or KRW 275.1 billion)

	2019	2020	2021
	16,851	16,582	**19,334**
Employment	7,377	7,420	9,008
Dividend	7,301	7,151	7,170
Tax payment	2,173	2,011	3,156

△1.6% △269   +16.6% +2,751

Environmental performances

KRW △108.2 billion

(yoy decrease of 2.8%, KRW 3 billion)

	2019	2020	2021
	△993	△1,052	**△1,082**
Product/service	52	49	53
Environment (process)	△1,045	△1,102	△1,135

△5.9% △59   △2.8% △30

Social performances

KRW 515.6 billion

(yoy increase of 31.3%, KRW 122.8 billion)

	2019	2020	2021
	2,851	3,928	**5,156**
Product/service	1,618	2,530	3,566
Labor/win-win growth	850	885	1,051
Social contribution	383	513	539

+37.8% +1,077   +31.3% +1,228

Employment

- Salary increases leading to 11.6% yoy increases in employment, achieve mandatory employment rate for persons with disabilities(3.1% of total employees for private businesses with 50 or more standing employees)
- Welfare and benefit indicators for employees added in 2021

Dividend

- 0.3% yoy increases due to slightly increased year-end dividends for shareholders' value enhancement

Environment

- Gross minus volume slightly increased due to increases in investment in 5G networks but the volume of power usage increase was minimized by 3G and LTE network equipment integration(SingleRAN) and developing and introducing high-efficiency telecommunication equipments, and establishing new solar energy facilities in office buildings and telecommunication stations.

Product/service(ICT based social value creation model contributes to the creation of a safe society)

- Through the continuous discovery and expansion of social-related products·services, we have created a high performance of KRW 356.6 billion, a growth of 41% yoy.
- 'TMAP Driving Habits' and 'V2X Real-Time Traffic Safety Notification' services prevent damage from traffic accidents
- Prevention of voice phishing damage through blocking the transmission to the crime number
- Establish an AI-based social safety net such as 'AI care' and 'NUGU corona/vaccine care call'

Labor and win-win growth

- Work environment innovation by establishing shared·hub offices in connection with the 'Work from Anywhere' scheme
- Promoting win-win cooperation in all directions through the management of KRW 133 billion Win-win Growth Fund, 'Immediate Payment' program for SMEs, industry innovation consulting, the operation of the Win-win Growth Academy and the online recruitment center of business partners.
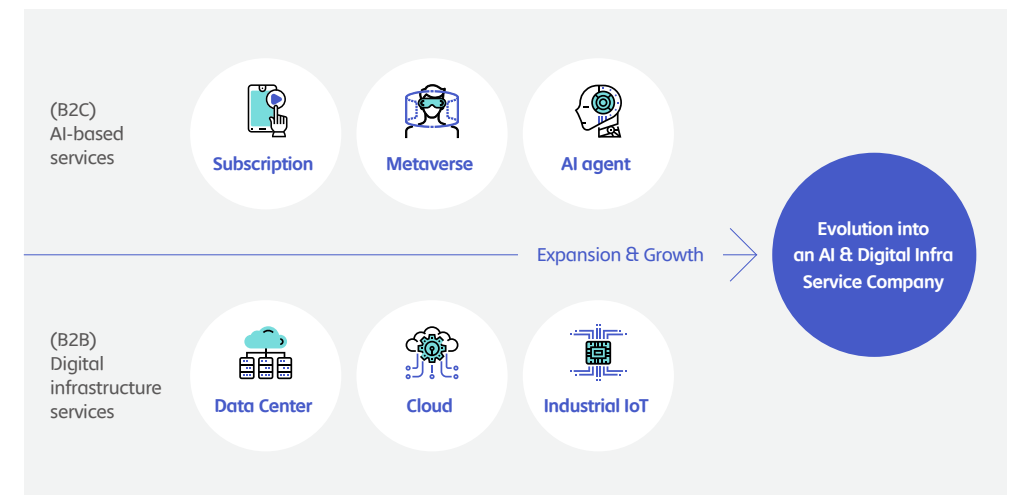
Social Contribution

- Played leading roles in building ICT-based social safety nets including advancement in disaster response text messages, disaster mobile communication roaming networks, and earthquake detection safe-net building.

AI & Digital Infrastructure Expansion

With the shortening of the innovation period of the technology and the increasing number of customers who are rapidly adapting to new technologies, SK Telecom is preparing for the 'Next Normal' by continuously providing new innovative services to customers through the development of innovative AI technologies and the advancement of Digital Infra, building on the solid foundation of the existing mobile and fixed communication business of connecting people to people.

Since launching the first Korean AI assistant 'NUGU' in Korea, SK Telecom is aiming for 'NUGU everywhere' with 'NUGU' at every moment of customers' lives, and is expanding to various services by combining services such as TMAP, B tv, kids phone, T phone, etc. with 'NUGU'. In addition, we are trying to provide the benefits of AI innovation continuously by developing the AI semiconductor 'SAPEON' in-house. SAPEON offers 1.5 times faster deep learning calculation speed than existing GPUs with similar specifications, its data processing capacity increases 1.5 times with 80% of power consumption when applied to data centers, making it a core technology in the future industries. As a leader in mobile edge computing(MEC), a core technology in the 5G era, SKT 5GX Edge has reduced latency by up to 60%, hence building infrastructure to provide optimized services in various areas including AR, VR, autonomous driving, and robots. Based on these technologies, we aim to contribute to the expansion of time and space to help customers experience new lives by providing innovative services by adding connectivity and intelligence to future devices such as metaverse, urban air mobility(UAM), and robots with the AI transformation of existing services.
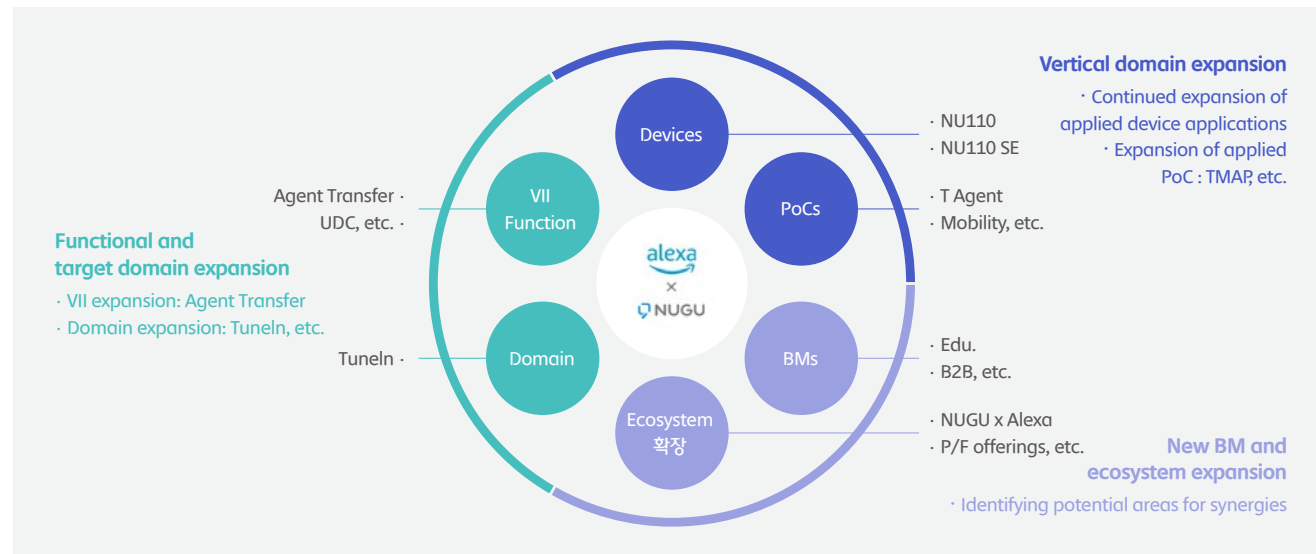

(B2C)
AI-based services

Subscription   Metaverse   AI agent

Expansion & Growth

Evolution into an AI & Digital Infra Service Company

(B2B)
Digital infrastructure services

Data Center   Cloud   Industrial IoT

AI Technology in Customers' Daily Lives

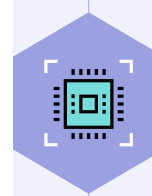1) AVS SDK: Alexa Voice Service Software Development Kit

SK Telecom has expanded the customer contact points of its AI platform NUGU. Under the banner of 'NUGU everywhere', the platform has penetrated into their homes(B tv x NUGU, NUGU Speaker, etc.), cars(T map x NUGU, NUGU Auto, etc.), and communications(T Telephone x NUGU, NUGU Buzz, NUGU Care Call, etc.). Thanks to these efforts, NUGU reached the 10 million monthly active user(MAU) milestone and shared every moment of our customers' lives. In addition, in December 2021, SK Telecom worked with Amazon to launch the NUGU Multi-Agent service with Alexa first in Korea, maximizing user convenience by supporting both Korean and English. which supports both the Korean and English languages for greater user convenience. The NUGU Multi-Agent combines the existing NUGU Candle with AVS SDK[1] and the Alex word engine for multi-agent services. This will allow customers to receive services they want with just one speech. Alexa will be employed in upcoming NUGU devices. The application will be further extended to NUGU-powered PoCs including T map and T phone. We will continue exploring areas where these multi-agent services can be applied and expanding the business model and the AI ecosystem, thereby providing more customers with newer and greater convenience in their daily lives.

Future of the NUGU Multi-Agent

Functional and target domain expansion
· VII expansion: Agent Transfer
· Domain expansion: TuneIn, etc.

Agent Transfer ·
UDC, etc. ·

TuneIn ·

VII Function
Devices
PoCs
Domain
BMs
Ecosystem 확장

alexa × NUGU

· NU110
· NU110 SE

· T Agent
· Mobility, etc.

· Edu.
· B2B, etc.

· NUGU x Alexa
· P/F offerings, etc.

Vertical domain expansion
· Continued expansion of applied device applications
· Expansion of applied PoC : TMAP, etc.

New BM and ecosystem expansion
· Identifying potential areas for synergies

CASE

Development of Ultra-high-speed, ultra-low-power AI semiconductor 'SAPEON'

SK Telecom has developed its own AI semiconductor 'SAPEON' and is becoming a leading company in AI service area. AI semiconductors are non-memory semiconductors specialized for efficiency in large-scale computing for AI services at a very high speed with very low power consumption, hence considered the core brain of AI. AI semiconductors are tailormade semiconductors to implement efficient AI systems that suit the characteristics of applications. They specialize in image, video, and language processing at a high speed with a high energy efficiency and are employed by a range of applications. In particular, they have a competitive edge over costly GPUs price-wise and feature low power consumption, hence allowing for building efficient systems in terms of CAPEX and OPEX.

Based on the experience earned from the commercialization of the X220 that has competitive advantages over GPUs in terms of high performance and low power consumption in reasoning, we are ready to launch a succeeding model that also offers real-time learning fuction, the X330. We are also planning to advance into the global market by pursuing the AIaaS(AI as a Service) strategy to provide integrated solutions for AI service provision from AI semiconductor chip-based hardware to software such as AI algorithms, application program interfaces(APIs).

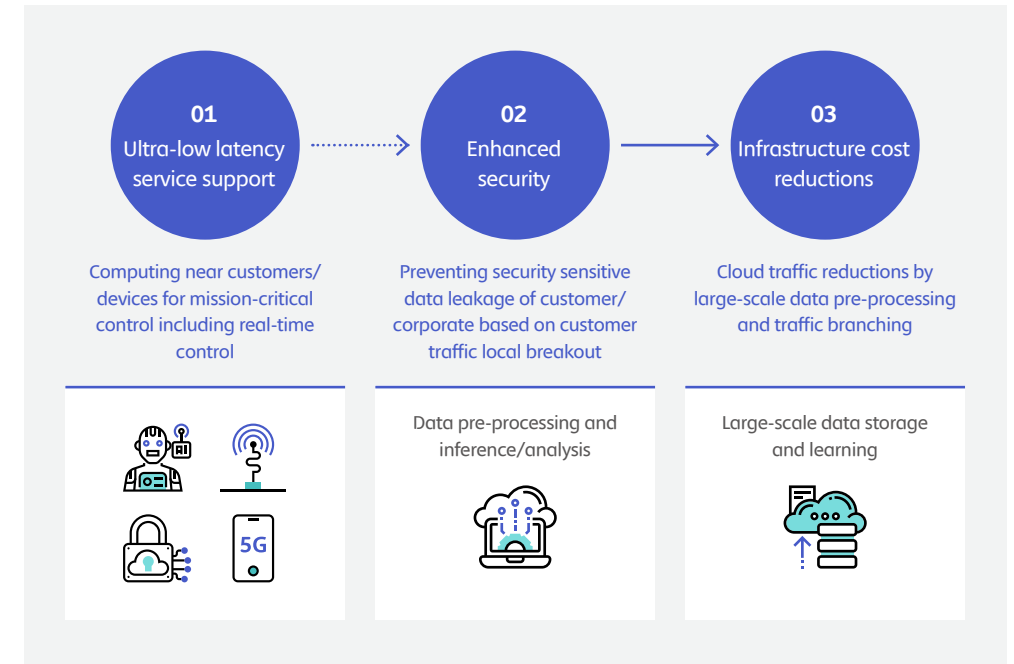## Digital Infrastructure Leading Industry Innovations

SK Telecom is driving the digital infra innovation based on Multi-access Edge Computing(MEC) technology, which combines wired and wireless communication with cloud technology. Combining AWS', a global top cloud service provider(CSP), Wavelength with a 5G network that ensures ultra-high-speed, low-latency, and a high level of security, we launched the MEC service. We are leveraging this to support our customers' Digital Transformation, such as game streaming, terrestrial broadcast service innovation, combining healthcare services, and implementing smart factories in semiconductor factories, while at the same time creating an industrial innovation model together. In addition, in cooperation with Start-ups, we are expanding the MEC-based ecosystem to apply it to AI-based patient monitoring, autonomous delivery robots, metaverse services, and more.

SK Telecom is taking the lead in accelerating the cloud transformation of domestic enterprises based on its hyper collaboration with global top CSPs such as MS Azure and GCP, as well as AWS, and is working closely together with Bespin Global, a leading MSP company in Korea, through equity investment to provide customers with stable cloud-based Managed Services.

In addition, we are expanding industrial innovation model by incorporating voice AI and vision AI technology into the cloud business. Based on the natural language processing and speech recognition technology of the AI service 'NUGU', we are increasing productivity by applying Voicebot and Chatbot to the consultation work of the call center, and are contributing to the prevention of safety accidents in the industrial field by providing CCTV with AI-based intelligent image analysis solutions.

* Technique for installing and using software directly on a server

Expected effects of MEC

01 Ultra-low latency service support	02 Enhanced security	03 Infrastructure cost reductions
Computing near customers/devices for mission-critical control including real-time control	Preventing security sensitive data leakage of customer/corporate based on customer traffic local breakout	Cloud traffic reductions by large-scale data pre-processing and traffic branching
	Data pre-processing and inference/analysis	Large-scale data storage and learning

Moving from On-premise* to Cloud

SK Telecom is moving away from the traditional On-premise based Infra deployment method and continuously adopting and expanding the transformation of the IT environment to the cloud in order to bring services to market quickly and respond to the turbulent market conditions. While many global ICT companies are also trying to adopt the cloud, it is also a challenging journey that has not yet established a stable foundation. SK Telecom has completed the milestone of the cloud adoption of our IT Infra through the cloud technology capabilities it has accumulated over the years and recent close cooperation with Global Cloud Providers and is now actively implementing cloud adoption for SK Telecom's core Biz domains and services at a faster pace than in the past.
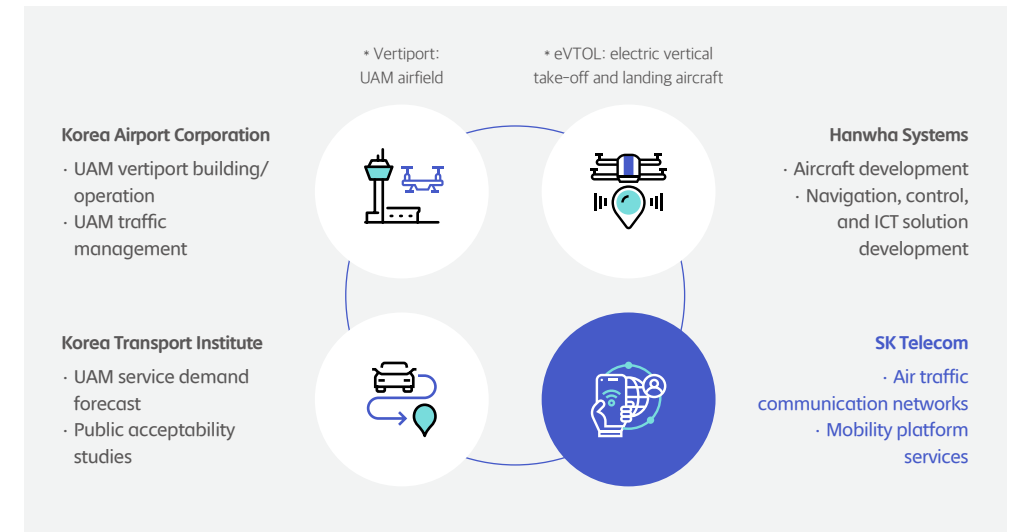
Cloud adoption will provide a flexible utilization environment for IT resources that traditional on-premise based Infra has not been able to provide, enabling not only increased usability for IT resources, but also cost-effective savings to ensure a more efficient IT resource operating environment. Strengthening cloud adoption will not only enhance the competitiveness of our services, such as making our key services more agile to the market and customers, but will also effectively link and integrate with new technologies such as AI/Data, which will continue to enhance the value of our services and contribute to the creation of new opportunities at the same time. We also expect that the introduction of a new cloud environment will bring about significant changes in the existing Legacy Infra-centric operations workforce, providing members with the opportunity to learn about the newly demanded cloud technologies and operational capabilities, creating a virtuous cycle of positive change for innovation and new challenges in our IT Infra.

Creating New Growth Drivers to shape the future

SK Telecom continues to uncover new growth engines by expanding the scope of its business into time and space in the era of SKT 2.0. SK Telecom's metaverse platform ifland, which means 'a space where the many possibilities(if) that anyone wants to be, want to do, want to meet, and want to go to become a reality', is greatly enhanced with service functions tailored to the needs of the MZ generation, creating a surreal future world full of new possibilities. Through customer-friendly access through a variety of content, such as cultivating 'ifriends', an influencer group in ifland, running a consultation corner for new recruits, and holding non-face-to-face events, it is growing as the nation's leading metaverse platform with 5.54 million subscribers and 1.35 million monthly active users(MAU) as of March 2022

In addition, we are actively cultivating UAM(Urban Air Transportation) as a core business in the coming decade. SK Telecom has signed a 'UAM Commercialization Work Agreement' with the Korea Airport Corporation, Hanwha Systems and Korea Transport Institute, and is advancing the construction of an air traffic communication network model and the development of a mobility platform to lead the successful commercialization of K-UAM. Through this, we have succeeded in demonstrating the UAM-based metropolitan airport shuttle, and we are leading the way in building the world's leading mobility infrastructure, making the K-UAM roadmap a reality around collaboration with competent operators.

1) Sum of pure R&D expenses (network infrastructure, marketing infrastructure, new growth business), R&D investment(AI business/device, etc., equity investment), growth business investment(CAPEX, OPEX), and related organizations' costs
* Reflect R&D expenses and manpower transfer results according to T map mobility split-off

K-UAM alliance structure

* Vertiport: UAM airfield
* eVTOL: electric vertical take-off and landing aircraft

Korea Airport Corporation
· UAM vertiport building/ operation
· UAM traffic management

Hanwha Systems
· Aircraft development
· Navigation, control, and ICT solution development

Korea Transport Institute
· UAM service demand forecast
· Public acceptability studies

SK Telecom
· Air traffic communication networks
· Mobility platform services

R&D Investment

	unit	2019	2020	2021
R&D expenses[1]	KRW billion	582.5	597.2	583.9
R&D staff	Persons	1,538	1,572	1,305

CAPEX

	unit	2019	2020	2021
CAPEX Total		2.9	2.2	2.2
Network CAPEX	KRW trillion	2.5	1.9	1.9
Non-Network CAPEX		0.4	0.3	0.3

3

DIMENSION

SPECIAL REPORT

Digital Responsibility

Physical Responsibility

Digital Responsibility

Businesses have new responsibilities in the digital era. We must use digital technology to create new value, but we must fulfill our responsibility to provide technology, goods and services to ensure the rights of our customers, so that everyone can enjoy the benefits of digital technology and bring greater good to society. In particular, we must be committed to IT security and industrial security, which can have an impact not only on businesses but also overall society, economy, and the world. SK Telecom strengthens accountability for these digital processes, looks deep into ethical aspects of applying digital technologies, and does its utmost efforts to earn trust from customers and markets. We recognize the importance of information security and privacy protection and take corporate-wide measures for information security and privacy protection, ranging from goal setting to concrete action planning and execution.

SK Telecom has the Chief Information Security Officer(CISO) and the Chief Privacy Officer(CPO) responsible for customer information security, thereby building a unified information security and privacy protection governance and exerting itself for information security.

We apply the latest security systems and processes above statutory requirements to prevent information and security breaches and run communications infrastructure and services in a way that customers can use with confidence.

SK Telecom places the protection of personal information and human rights as its top priority. All employees take a privacy protection training course designed to raise awareness and internalize it to ensure execution. On information requests from government agencies, etc., we follow procedures and restrictions provided in laws in force while carefully considering if doing so might infringe users' rights. We also combine 5G and AI technologies to advance information security platforms and security infrastructure, thereby further developing core capabilities for information protection.

Key Highlights

Designating Information Security Officers

Chief Information Security Officer(CISO) and Chief Privacy Officer(CPO)

Education on Personal Information security

4,322 people took the course

Information security system certification

ISMS, ISMS-P certified

Cybersecurity

SK Telecom has a clear understanding of the importance of information security for social responsibility and sustainability and reflect it in our system to ensure thorough control.
In compliance with relevant legislation including the amended Communications Network Act, we have a unified information and privacy protection governance in place. We also conduct systemized training to help all employees understand information security and develop practical skills, and we proactively respond to security threats through breach prevention systems, etc.

Information Security Organization

Information security and privacy protection organization in charge

Following amendments to relevant laws in 2021, including the Communications Network Act, under the supervision of the Board of Directors, SK Telecom designates personnel with more than 20 years of experience in the field of information security and information technology as the Chief Information Security Officer(CISO) and Chief Privacy Officer(CPO), oversees the company's customer information Security work through the executive-level execution organization and establishes and operates a unified information security and privacy governance.

Organization chart
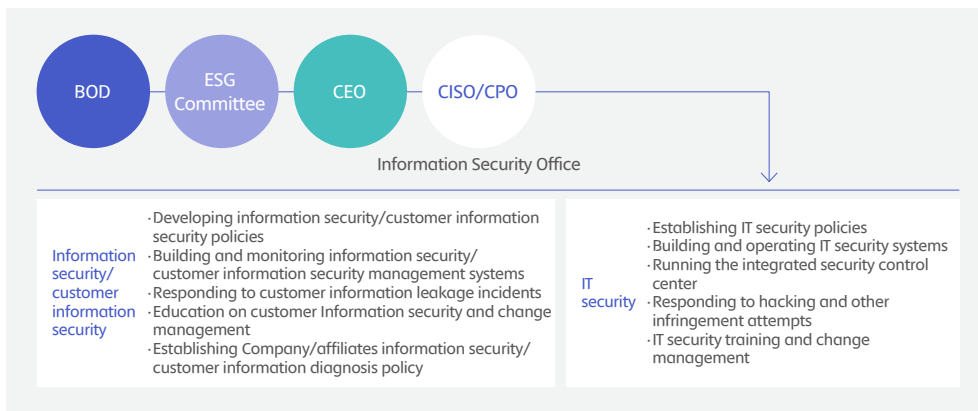
1) Effectively all employees took the privacy protection training course except for spin-off, retirements, leave of absence, dispatch, long-term leave personnel, etc.

Security Awareness Raising Activities

Education on Personal Information security and cybersecurity

SK Telecom offers Education on Personal Information security to all employees and professional training to key position holders such as those handling personal/location information and information security managers to promote information security/privacy awareness and culture spread, enhance information security practices, and strengthen security capabilities.

Education on Personal Information security and cybersecurity status

Course name	SK Telecom 2021 Education on Personal Information security
Schedule	May 25 – Jun 14 2021(round 1), Jun 24 – Jul 7 2021(round 2)
Method	Non-face-to-face training on the company's online training platform
Results	4,322 out of 4,927 employees completed the course(88.3% completion rate)[1]

Information Security Management System

Information security management process

SK Telecom applies and runs the latest and best security systems and processes that go beyond the statutory requirements for network infrastructure, data, and services.

Information security management

N/W infrastructure security

· Annual national information and communications infrastructure inspections for core information and communication infrastructure such as mobile telephone operation.
· Annual ISMS certification(corporate information security certification system managed by the Ministry of Science and ICT)
· Technical and managerial vulnerability checkups for major servers and network equipment

Data security

· ISMS and ISMS-P certified(corporate personal information security certification system managed by the Ministry of Science and ICT and the Personal Information security Committee)
· Important data encryption to fundamentally block unauthorized access
· Server/DB access control and logging through the access control solution only by the pre-authorized person
· Applying the latest vaccine/security patches and network separation

Service security

· New and changed services maintain a safe service environment by checking security vulnerabilities, simulation hacking and drills, etc.
· Access control mechanisms in place including intrusion blocking systems and intrusion detection systems

Information security system certification

SK Telecom is committed to operating infrastructure and services that customers can use with confidence by obtaining official information security system certifications such as ISMS certification and ISMS-P certification.

ISMS certification obtained and renewed annually
(Corporate information security certification system managed by the Ministry of Science and ICT)

ISMS-P certification obtained and renewed annually
(Corporate personal information security certification system managed by the Personal Information Protection Committee)

Information security breach prevention

SK Telecom has developed security control and information security breach prevention systems in response to cybersecurity threats.

Number of Data Breaches and DDoS Attacks

	Unit	2019	2020	2021
Customer information leakage	Cases	0	0	0
System hacking	Cases	0	0	0
DDoS attack	Cases	0	0	0

CASE

SK Telecom signed an MOU to develop a voice phishing number sharing system

SK Telecom launched the voice phishing number blocking service in 2021 and signed an MOU with the Financial Security Institute and the Seoul Metropolitan Police to develop a voice phishing number sharing system. The system allows for the instant sharing of voice phishing numbers used by malignant apps and reported to the police, hence preventing SKT customers from receiving or making calls from/to them. As a result, approximately 30,000 voice phishing attempts were blocked in 2021, protecting 14,000 customers.

In response to advertising spam messages and malignant Smishing texts, SK Telecom runs an intelligent blocking system based on multiple filtering and deep-learning and an AI-based voice spam blocking system. As a result, last year we committed to providing a secure communication environment by blocking approximately 602 million spam messages, about 5 million smishing, and about 60 million voice spam in 2021.

Kim received a phone call impersonating her child

Moon received a loan fraud call

Jang received a call impersonating a prosecutor

Filing a police report

Victim

1 Report voice phishing damage

POLICE

2 Reported voice phishing number blocking request

Voice phishing criminal

3 Call attempt

SK telecom

4 Calling/receiving blocked on the network side

SKT customer

Privacy Protection

SK Telecom recognizes the importance of personal information as unique features of individuals. To this end, it developed technical and administrative protection systems that go beyond the statutory requirements to ensure safety and protection. The entire process from the collection, use, management and to disposal of personal information necessary for providing our services is based on the consent of the customer. To minimize human rights risks, we apply internal procedures, on top of statutory procedures, to information requests from government agencies.

Privacy Protection Management Process

SK Telecom collects personal information to the extent necessary for service provision and as agreed by the customer. Such information is used for only customers, for example service provision and quality improvement, and technical and administrative protection measures that are above the statutory requirements are applied. Any personal information will be immediately discarded as soon as its purpose has been fulfilled. Personal information may be provided to a third party only on customers' consent or as provided by law, and details about the entrustment of the processing of personal information are disclosed in the personal information processing policy. SK Telecom values customers' privacy protection and puts forth its utmost efforts to protect their privacy. The company complies with all privacy-related laws including the Personal Information Protection Act and makes the personal information processing policy publicly available on its website as per the legal requirements to allow customers to read the policy as needed.

Consent to receive information/advertisement[1]　　　　　　(As of December 31 2021)

Consent 16,819,691	+	Disagree 11,438,971	=	Total 28,258,662
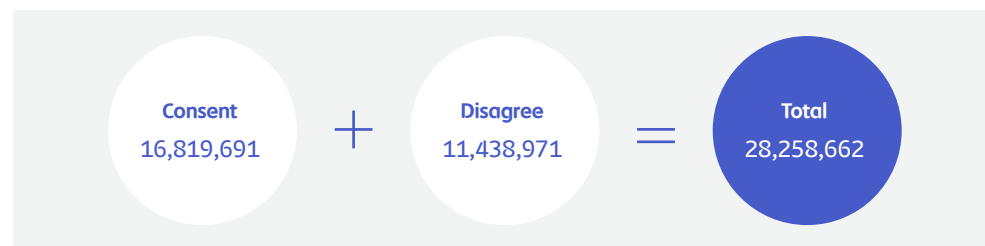
1) Wireless and mobile phone services currently in use/suspended
2) Users' name, resident registration number, address, phone number, ID, and sign-up and withdrawal dates. Under the Telecommunications Act, courts, prosecutors, and investigators may request communications data if needed for crime investigations, execution of sentences, trials, etc.
3) Counterparty user numbers and log records(date, time, etc.) are categorized as communications confirmation data under the Protection of Communications Secrets Act. Investigators may request such information with an official note(specifying reasons for the request, relevance with the user, and the scope of data needed) and the court's approval.

Personal information collection

SK Telecom collects customers' personal information on their prior consent(opt-in). In accordance with privacy protection laws, all customers are notified of personal information to be collected, purpose of collection, and retention periods, etc., and collected personal information is used only within the scope of the specified purpose. When customers' information should be provided to a third party, such provision requires customers' opt-in consent. These represent how the company cares for and works to protect customers' personal information.

Response to data requests from government agencies

SK Telecom provides relevant information following the statutory criteria and methods on information requests from government agencies under the Telecommunications Act(Article 83 No.6) and the Protection of Communications Secrets Act(Article 13), and statutory data are reported to the competent authority(Ministry of Science and ICT) quarterly. Such cooperation and reporting is done according to the procedures and limitations provided by current law, but we pay due attention to ensure if doing so may not potentially infringe users' rights and conduct internal due diligence to minimize human rights risks.

Response to data requests from government agencies

	Unit	2019	2020	2021
No. of 'communications data' requests [2]	Case	313,220	298,818	288,527
No. of 'communications verification data' requests [3]	Case	55,343	49,776	44,226

SK Telecom informs customers of the following privacy protection issues:

- The possibility for customers to decide how their personal data is collected, used, retained and processed
  - Opt-out option available
  - Opt-in consent required
  - Request for access to data retained by the company
  - Request for data transfer to other service providers
  - Data modification request
  - Deletion request

- Properties of the captured information
- Use of collected information
- Duration of information storage in the company's file
- Information protection method
- Third party disclosure policy (private and public enterprises)

Personal Information Security by Partner Companies

To protect customers' personal information and privacy and prevent information leakage, in-depth audits of business partner risks are conducted on a regular basis at least once a year. Other efforts includes strengthening regular distribution network audits, strengthening data analysis-based targeted audits, reviewing and improving work processes handling customer information, and training to build awareness of customer information security. SK Telecom conducts sampling audits and in-depth distribution network customer information security audits for all business partners including the distribution network to identify potentially overlooked risks and take corrective measures accordingly. From 2015, the company has conducted thorough audits of 3,800 dealerships for personal information security. It also screens approximately 20,000 computers through remote diagnosis annually. Weekly remote diagnosis is conducted for 10,000 computers processing personal information. For objectivity and independence, the distribution network customer information audit was completed by third parties such as SK Shieldus, and improvement measures were taken to 66 risks derived from sampling diagnosis.

Aiming at zero information leakage, SK Telecom conducts the following activities:

· Continued efforts for the strengthening of information security governance and control including strengthening integrated security control and new security threat response, security drill and security audits, and strengthening the operation of security council
· Continuous information security/privacy protection management system certification/evaluations by internal and external stakeholders including ISMS/ISMS-P, major ICT infrastructure security inspection, cross-check activities to further advance the information security/personal information security management system.
· Strengthening information security change management and training for key position holders and employees such as security change management for leaders, security training for developers and operators, information security courses for affiliates' capacity building
· Strengthening the proactive detection/measure taking of information security issues by strengthening remote diagnostics taking into account the untact environment
· Continuously building personal information security environments in line with the enforcement of three data laws, including running anonymous and pseudonymous data management systems and taking measures to ensure the safety of anonymous data.
· Building relevant platforms and posting related contents guarantee the rights of information subjects and enhance transparency in the processing of personal information
· Continued improvement of security solutions for proactive response to increasingly intelligent and sophisticated security threats and strengthening investment and operations for proactive response to new security issues such as AI and public cloud.

1) Regular audit by sampling shops in each region after listing all the offline distributors

Sampling Diagnosis of Customer Information Security Level in the Distribution Channel(2021)

Type	Number of diagnosis(cases)	Improvement and mitigation cases	Notes
Audit of the customer information management status in the distribution channel[1]	1,250	66	Identify risks in distribution channel blind spots and implement improvement measures

Detailed Audit of Customer Information Security Level in the Distribution Channel

	Unit	2019	2020	2021
Rate of inspection to the entire distribution network	%	100	100	100
Cases requiring improved security measure	cases	196	108	66
Rate of corrective measures taken	%	100	100	100
Short-term measures taken	cases	196	108	66
Long-term measures taken	cases	0	0	0

Privacy Protection for Children and Youths

SK Telecom contributes to the sound development of children and youths who are the future of humanity. We apply even stricter standards to the protection of children's and youths' privacy, and use ICT technology to ensure that they can enjoy our services safely and soundly.

Enhanced Privacy Protection for Children and Youths

In accordance with relevant laws such as the Personal Information Protection Act, when consent such as the collection and use of customer information from a child under the age of 14 is required, we receive consent from the legal representative of the child. We also immediately process requests from their legal representatives for viewing, receiving, or modifying children's information.

Safe Service Provision Using ICT Technology

SK Telecom puts forth multifaceted efforts to ensure that children and youths can use its services in a safe and healthy way in the data-centered communications service environment. SK Telecom's children-only service 'ZEM' is an app service designed to help children under 12 years of age, who are new to their smartphones, develop the right usage habit. Their guardians use various safe functions for free through the ZEM, including smartphone using time management, app management, real-time location tracking, Smombie[1] prevention, and harmful website blocking. If a child is an SK Telecom customer, his/her guardians can download the ZEM app from the app market and use it for free regardless of their carrier, and no data charges are applied to the use of the ZEM app by the child. SK Telecom also sells the ZEM Kids Phone with a factory-loaded ZEM service to children.

1) A compound word of 'smartphone' and 'zombie', referring to people walking on the street with their eyes fixed on the smartphone screen. This leads to poorer surrounding environment awareness, hence greater risks for accidents.

We also offer various value add services for free as safeguards to prevent youths' smartphone addiction and exposure to harmful content. The 'T Youth Safety Pack' is a service that helps guardians control their kids' sound smartphone use by blocking harmful content and controlling smartphone using time. The service also offers real-time location tracking, and it automatically detects messages indicial of school violence and forward them to guardians. Service guides and contents for the prevention of smartphone addiction and cyber-violence prevention are available on the SK Telecom customer service website T World(http://www.tworld.co.kr).

SK Telecom incorporates child and youth protection measures in the rate plan design. At SK Telecom, rate plans for children and youths are mostly designed to completely block data use or throttle at a limited speed once the defined data allowance is exhausted, hence preventing excessive data charges. If using rate plans without such limits, 'the kids phone bill notification' service gives their legal guardians real-time notifications as soon as additional charges are applicable, hence preventing overly excessive billing and charging. The 'O Teen 5G', the latest 5G plan for youths at SK Telecom, comes with value added services such as T youth harmful content blocking, T youth safety service, international call blocking, and international SMS blocking as default, free-of-charge services. This represents the company's efforts to further protect youths by preventing them from being exposed to unexpected harmful content or receiving excessive bills from the use of international calls. The 'Data Gift between T' that allows users to give and receive data allowances is by default set to allow children and youths under 19 years of age to only receive allowances, which as a safeguard measure to help them not be victimized by school violence.

In addition to these mobile services, we also offer plans that come with malware/virus and harmful website blocking for internet services, thereby helping customers protect their family's personal information and guide their children to the proper use of the internet.

Physical Responsibility

Key Highlights

Achieving the Zero Serious Accident Goal

Amendments to the Safety and Health Management System and the Safety Health Management Policy

Safety Awareness Building Activities

Safety Training for All Employees

Promoting employees' health

4,251 People Took Health Examinations

1,138 People Received Flu and Hep B Vaccination

Technological advancement is accompanied by increases in the frequency and scale of industrial disasters. It is a global trend that safety and environment policies and regulations are being tightened and stakeholders are increasingly aware and alert of industrial safety, hence the demand for corporate implementation responsibility is also increasing. Safety is no longer an issue that one may overlook. Rather, it has become a corporate ethic that leads to corporate competitiveness and social trust. SK Telecom sees it the top priority to protect the lives and safety of customers, citizens, employees, and all those involved in its business. That is why we keep declaring our willingness for safety and health management and spare no care for, investment in and support for industrial safety. Protecting the lives and safety of our members and employees is our top priority and we put forth corporate-wide efforts throughout our products, services, and activities.

To improve the safety and health of employees, we do our utmost to set industrial safety goals and directions and create safe work environments to prevent safety failure that may arise from products and services.
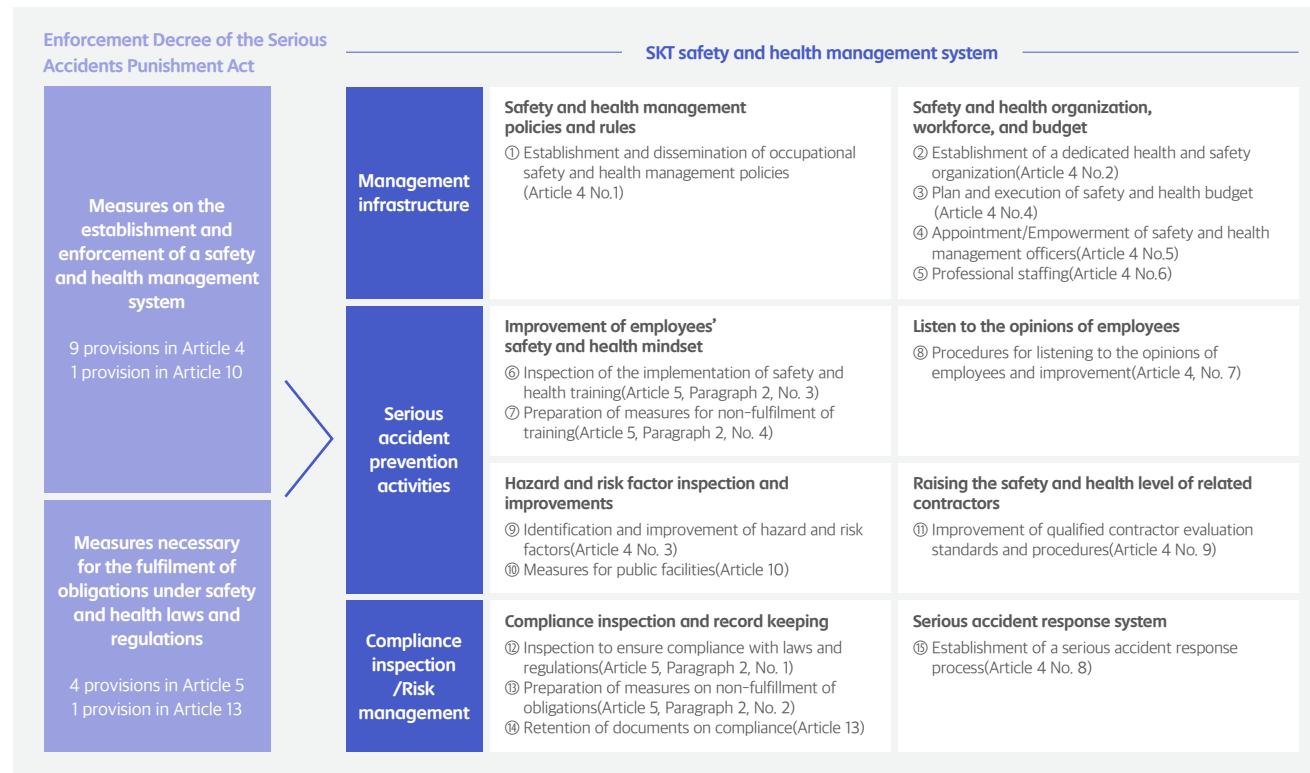
Following the enforcement of the Serious Accident Punishment Act in January 2022, we have established a safety and health management system to ensure full compliance with the safety and health requirements envisaged in the law and prevent serious accidents. With the aim to achieve zero serious accidents, we expect all employees, ICT family companies, and business partners to establish and practice stricter safety management systems.

SK Telecom moves proactively to identify hazards and risks in workplace to reduce accidents and requires all employees take a safety training course annually to prevent potential accidents and ensure their safety awareness. In addition, employees and their family members are eligible for annual health examinations and vaccinations for their health management, and we also offer a range of programs for employees' mental and emotional health.

Occupational Safety and Health

Aiming to achieve zero serious accidents, SK Telecom built a safety and health management system and is working to ensure its effectiveness to protect the lives and safety of its employees and workers. It also conducts safety training to prevent possible accidents in workplace and improve employees' safety awareness and is committed to encourages a digital work culture to create safe work environments and improve employees' health.

Safety and Health Management System

Enforcement Decree of the Serious Accidents Punishment Act	SKT safety and health management system		
Measures on the establishment and enforcement of a safety and health management system 9 provisions in Article 4 1 provision in Article 10	**Management infrastructure**	**Safety and health management policies and rules** ① Establishment and dissemination of occupational safety and health management policies (Article 4 No.1)	**Safety and health organization, workforce, and budget** ② Establishment of a dedicated health and safety organization(Article 4 No.2) ③ Plan and execution of safety and health budget (Article 4 No.4) ④ Appointment/Empowerment of safety and health management officers(Article 4 No.5) ⑤ Professional staffing(Article 4 No.6)
Measures necessary for the fulfilment of obligations under safety and health laws and regulations 4 provisions in Article 5 1 provision in Article 13	**Serious accident prevention activities**	**Improvement of employees' safety and health mindset** ⑥ Inspection of the implementation of safety and health training(Article 5, Paragraph 2, No. 3) ⑦ Preparation of measures for non-fulfilment of training(Article 5, Paragraph 2, No. 4)	**Listen to the opinions of employees** ⑧ Procedures for listening to the opinions of employees and improvement(Article 4, No. 7)
		Hazard and risk factor inspection and improvements ⑨ Identification and improvement of hazard and risk factors(Article 4 No. 3) ⑩ Measures for public facilities(Article 10)	**Raising the safety and health level of related contractors** ⑪ Improvement of qualified contractor evaluation standards and procedures(Article 4 No. 9)
	Compliance inspection /Risk management	**Compliance inspection and record keeping** ⑫ Inspection to ensure compliance with laws and regulations(Article 5, Paragraph 2, No. 1) ⑬ Preparation of measures on non-fulfillment of obligations(Article 5, Paragraph 2, No. 2) ⑭ Retention of documents on compliance(Article 13)	**Serious accident response system** ⑮ Establishment of a serious accident response process(Article 4 No. 8)

With the clear understanding that protecting the lives and safety of customers, citizens, employees, and all those involved in its business is the highest priority and the fundamental guide to its business conduct, SK Telecom has built and operated a well-organized safety and health management system. The Serious Accidents Punishment Act was enacted in 2021 and came into force in January 2022. Accordingly, the company established a safety and health management system that reflects the 15 requirements in the Enforcement Decree of the Serious Accidents Punishment Act to ensure compliance with the corporate safety and health requirements envisaged in the law and prevent serious accidents. Based on the safety and health management system, SK Telecom also established a safety and health management policy that aims to achieve zero serious accidents and protect the lives and safety of customers, citizens, employees, and all those involved in its business and continuously communicates its willingness for safety and health management to all members and stakeholders. The Serious-accident Prevention Office plays leading roles in developing annual safety and health plans, identifying hazard and risk factors and making improvements, building serious accident response processes, developing and improving processes to listen to employees, and other proactive measures to prevent safety failure and accidents.

Safety and health management policy

SK Telecom continues declaring its willingness for safety and health management, leads by example, and concentrates corporate-wide efforts to protect the lives and safety of employees and workers throughout products, services, and activities. The company stipulated a safety and health management policy that consists of the zero serious accident goal and five practices, which is uniformly incorporated in key performance indicators of the company itself and its ICT family companies and applied to the management evaluation and compensation process. To reiterate its willingness to ensure the highest level of safety and health, safety and health management system guidelines are set in the company's internal rules.

Safety and Health Management Policy

SK Telecom Co., Ltd.(hereinafter referred to as the 'Company') recognizes that protecting the lives and safety of customers, citizens, employees, and those involved in its business is the highest priority and the fundamental guide to its business conduct. It shall practice the following for the establishment and operation of the safety and health management system and continued accident prevention activities.

1. The Company's management shall consistently declare its willingness for safety and health management and lead by example in practice.
2. The company shall establish management standards by reflecting the requirements of safety and health related laws in the safety and health management system and strictly complies with them.
3. The Company shall identify hazard and risk factors that may be present in processes and business activities related to its products, facilities, and services, find their fundamental causes, and do its utmost to constantly take improvement measures and ensure that essential resources are provided in a timely manner.
4. The Company shall guarantee the participation of and consultation with its employees and those involved to ensure their safety and health and improve the effectiveness of accident prevention.
5. The company shall enhance safety awareness through continuous education and training that takes into account the eye level of its members and employees.

Guided by this safety and health management policy, the Company shall ensure the safety and health of customers, citizens, employees, and those involved in its business and achieve the zero serious accident goal through proactive engagement and practice.

January 25 2022
Kang Jong Ryeol, CSPO

Safety and health organization

To fulfil its safety and health obligations and pursue serious accident prevention activities in a more organized way, SK Telecom appointed the Chief Serious Accident Prevention Officer(CSPO) and established an organization exclusively responsible for serious-accident prevention to provide organized and efficient safety and health management support. The CSPO is an executive director of the company, who discusses important safety and health agenda brought to the ESG Committee. Serious-accident Prevention Office consists of the corporate-wide control tower and CIC-specific management teams, based on which the company continues strengthening the effectiveness of its safety and health management.
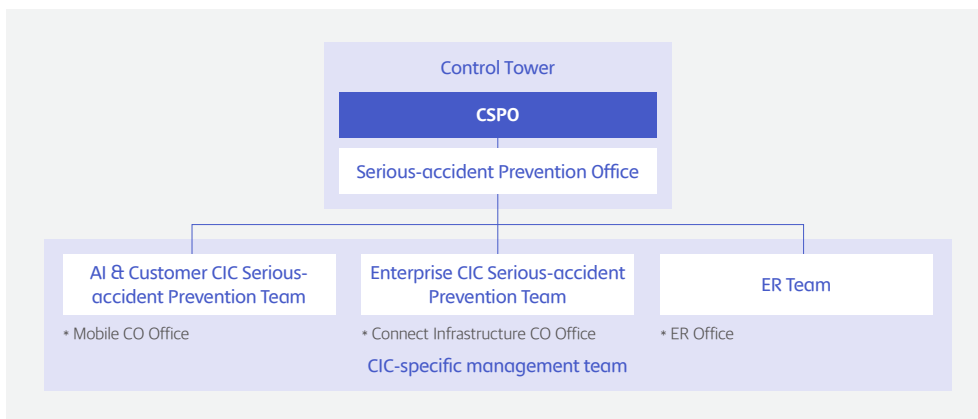
Workplace safety and health management

Pursuant to the Occupational Safety and Health Act, SK Telecom runs separate safety and health management systems in all of its operations in consideration of operation-specific size and nature. In each operation, the safety and health management system is managed and led by the chief safety manager who directs safety managers and health managers as safety and health specialist staff. In addition, leaders of field organizations are designated as supervisors to bring on-site safety management to perfection.

Network operators' safety and work hours

SK Telecom manages the issue of workers' human rights in network construction and operation, such as computational work for network maintenance and repair, and physical maintenance. As these works accompany human rights risks such as safety failure and work hours, SKons, a SK Telecom subsidiary, is building a company-wide safety and health management system and strengthening field applicability with the aim of zero serious occupational accidents. It runs the occupational safety and health committee for field audits and monitoring and conducts company-wide activities including management of safety accidents status, surveys on safety equipment(safety helmet, safety harness, safety shoes) supply and use, and safe driving campaigns. It also abides by the reduced work hours policy to avoid human rights violations arising from excessive work. In 2022, the company established an organization exclusively dedicated to safety and health to build a healthy and safe work environment and strengthen the safety management system. Abiding by the reduced work hours policy to avoid human rights violations arising from excessive work is one of the company's goals. Accordingly, SKons has pursued innovation in how they work, resulting in gradual decreases in work hours per person to 43.9 hours a week. To this end, the company has institutionalized the prior permission of the team leader during the holiday/night shift, and the registration of the working status in the attendance management system, to manage the working hours of the employees and prevent overtime. In addition, we are continuously improving field efficiency through accelerating AI/DT-based work processing innovations,

such as reducing the 0.6 working hour per day compared to 2020 through system improvements such as improving iteration/formal tasks through the introduction of RPA, and improving the efficiency of preparation and emergency time.

Network operator safety and work hours

	2018	2019	2020	2021
Work hours per person(hours/week)	50.8	46.6	44.5	43.9
Measures for resolution	Requiring prior approval from the team leader for the holiday/night shift, Mandatory registering of work status on the attendance management system			

Protection for customer service representatives

Customer service representatives are constantly exposed to the risk of emotional labor in the course of client consultations. For customer service representative protection and treatment management, SK Telecom, in cooperation with its customer service subsidiaries, developed a system to protect them. The staff protection program allows customer service representatives to ask to be excused(warn) and end the call or escalate the case to the supervisor if they are exposed to unfair language or behavior or unreasonable demands. The ex-ante and ex-post management program 'Mind Care' examines job stress with a mind health assessment at least once a year and provide high-risk groups with intensive stress management with 100% mitigation being a SUPEX goal. Since April 2018, all service calls are paused during lunchtime(one hour), except for emergency service calls such as lost and found, etc., to guarantee customer service representatives' breaktime. The number of group counselling sessions organized under the Mind Care program decreased compared to the previous year due to changes in environments such as the ban on gatherings and work-from-home settings in the COVID-19 situation. Since October 2020, the program started offering video mental health check-up and counselling and added psychological support services and healing/education programs to its offerings where individual and group counselling sessions are complemented by video or telephone advice. This allowed customer service representatives to provide quality services, demonstrated by being ranked no. 1 in the 2021 KMAC Korean Service Quality Index-Call for the 17th time and named as the Best Call Center of Korea for nine years in a row.

Mind Care Program Diagnosis/Counselling Status

(Unit: people)

Partner company		2019	2020	2021
Service Ace	No. of program participants(% to total)	2,708(61.6%)	2,255(75.8%)	1,736(63.9%)
	Measures for resolution - Personal counselling	129	130	247
	Measures for resolution - Group counselling	571	9	22
	Measures for resolution - Psychological advice			12
	Measures for resolution - Healing P/G			476
Service Top	No. of program participants(% to total)	3,638(100%)	2,963(82%)	2,911(91%)
	Measures for resolution - Personal counselling	724	784	643
	Measures for resolution - Group counselling	1,450	312	267
	Measures for resolution - Psychological advice			64
	Measures for resolution - Healing P/G			273

Safety culture creation activities

SK Telecom requires all employees complete annual safety training. This helps prevent accidents in workplace and improve their safety awareness. In addition, we also thoroughly examine the status of safety training conducted by business partners and offer venues and materials for training on their request to practice our safety-first management.

Category	Training Contents	Time
Regular safety training	Occupational safety and accident prevention, etc.	Office workers 3 hours/quarter, field workers 6 hours/quarter
Onboarding safety training	Occupational safety and health act, general safety management, etc.	8 hours onboarding
Supervisor training	Work process hazard and risk, accident prevention measures, etc.	16 hours/year
On-the-job training	OJT for chief safety and health managers	6 hours/2 years
	OJT for safety and health managers	Initially 34 hours, 24 hours/2 years afterwards

Safety Management

Safety environment inspections

Regular safety inspections for facilities and equipment — SK Telecom conducts regular safety inspections for office facilities, building structures, power facilities, fire facilities, HVAC systems, air quality measurement, and other sanitary facilities.

Workplace risk evaluations — Under Article 36 of the Occupational Safety and Health Act, SK Telecom carries out risk evaluations to proactively identify hazards and risks in its operations. For each operation, the likelihood and materiality of potential injuries and diseases that may be caused by the hazard and risk factors is estimated and measures to reduce the risks are developed accordingly. Conducting inhouse workplace risk evaluations annually helps create safe and pleasant work environments and contributes to reducing occupational accidents. In 2021, we conducted risk evaluations for our nation-wide offices, ICT infrastructure facilities and equipment, enterprise information and communications construction sites, and AI & customer stores to identify site-specific hazard and risk factors and take improvement and prevention measures.

Occupational disease management — SK Telecom conducts mandatory annual health check-ups for the early detection/prevention of occupational diseases and accidents of its members and supports various programs(Mind Forest, etc.) to promote the voluntary health and emotional management of its members. If occupational diseases or accidents happen despite these efforts, we conduct occupational safety and risk evaluations for the diseases or accidents to identify causes and remove the root causes to prevent recurrence. In particular, due to the nature of the industry where there is a lot of outdoor work, such as base station maintenance, heat stroke due to heatwave work is selected as the focus management area and prevention and response guides are published to prevent these occupational diseases. In addition, the company has provided medicines for the prevention and treatment of heat stroke in the workplace, and has introduced a safety and health management system that is suitable for the characteristics of the workplace, so that instant measures can be taken in the event of occupational diseases such as heat stroke.

Occupational Safety and Health(OSH) Committee — SK Telecom has the OSH Committee consisting of labor and management members to discuss and make resolutions on important matters related to workplace safety and health under Article 24(OSH Committee) of the Occupational Safety and Health Act. The OSH Committee requires that any operations of SK Telecom with 100 or more employees engaging in field work hold regular meetings on a quarterly basis. This ensures that matters related to maintaining and improving the safety and health of employees are discussed and resolved.

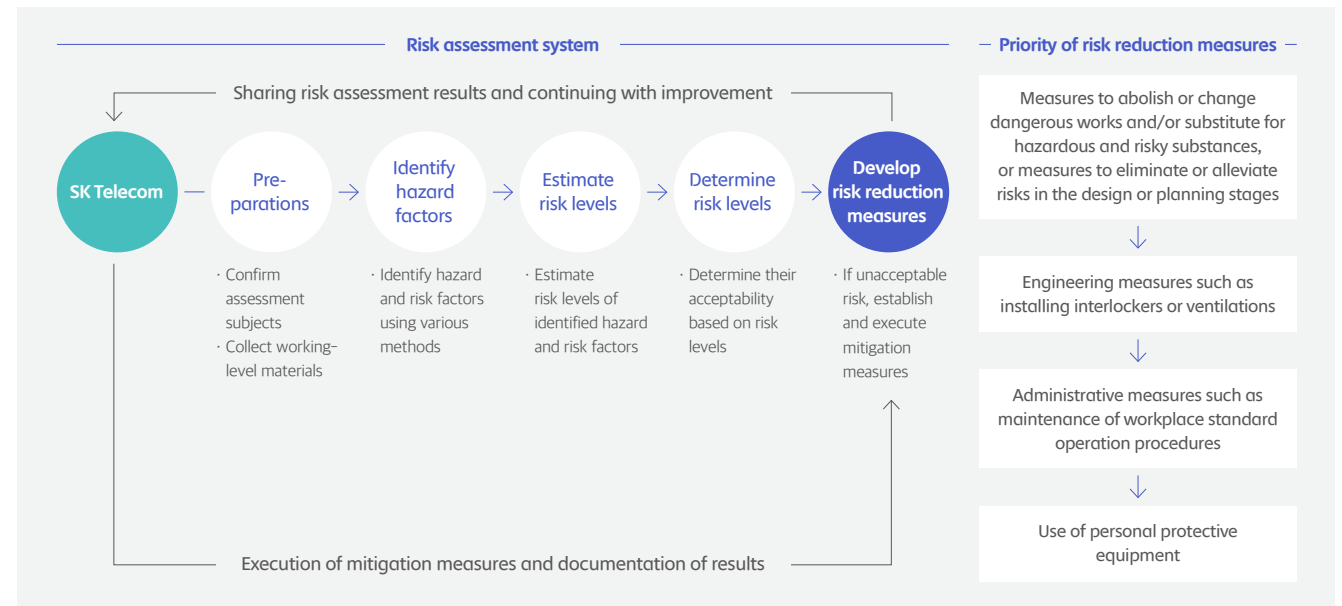• 2021 LTIR
(lost time incident rate) - 0

SK Telecom uses regular council meetings with partner companies and anonymous bulletin boards to listen to employees' opinions about safety and health improvement, based on which the company plays leading roles in creating safe work environments for partner companies. In the first half of 2022, 36 opinions were received from the partner company employees' opinion channel and 30 of them, or 83%, have been processed.

Occupational accidents

Lost time incident rate(LTIR)

0%	0%	0%
2019	2020	**2021**

Occupational illness frequency rate(OIFR)

0%	0%	0%
2019	2020	**2021**

Risk assessment system and activities

Risk assessment system

Sharing risk assessment results and continuing with improvement

SK Telecom → **Pre-parations** → **Identify hazard factors** → **Estimate risk levels** → **Determine risk levels** → **Develop risk reduction measures**

- Pre-parations: · Confirm assessment subjects · Collect working-level materials
- Identify hazard factors: · Identify hazard and risk factors using various methods
- Estimate risk levels: · Estimate risk levels of identified hazard and risk factors
- Determine risk levels: · Determine their acceptability based on risk levels
- Develop risk reduction measures: · If unacceptable risk, establish and execute mitigation measures

Execution of mitigation measures and documentation of results

— **Priority of risk reduction measures** —

Measures to abolish or change dangerous works and/or substitute for hazardous and risky substances, or measures to eliminate or alleviate risks in the design or planning stages

↓

Engineering measures such as installing interlockers or ventilations

↓

Administrative measures such as maintenance of workplace standard operation procedures

↓

Use of personal protective equipment

Employee Health Management

Corporate-wide health improvement activities

Proactive response to COVID-19 — Amidst the COVID-19 pandemic, SK Telecom took proactive measures to prevent the spread of the disease with the top priority given to employees' health. We have built an all- time response system and operated emergency response system by developing a COVID-19 response policy, and prepared a response manuals for monitoring employees' health status and taking stage-specific measures. In addition, as a pre-emptive anti-epidemic measure to ensure the safety of our members, we carried out regular anti-epidemic disinfection, double-fever check at the time of entry, restriction of the number of passengers in the elevator, operation of the 3-part restaurant system, installation of partitions, and regular pre-emptive inspection of shift workers. Since February, we have created a culture of always-on digital work through proactive work-from-home practices, and we have proactively acquired and distributed anti-epidemic items such as masks, protective clothing, goggles, and disinfectants. In addition, COVID-19 self-testing kits were furnished inhouse(infirmaries and admin offices) to prevent the virus from spreading in workplace.

Health examinations and vaccination — With the zero Occupational Illness Frequency Rate(OIFR) goal, SK Telecom strives to build internal processes and support systems for health management for employees. The company offers all members including executives, regular employees, contract-based employees, and ones on parental leaves and their families annual general/special health examinations and promotions, as well as influenza and hepatitis B vaccination. Last year 4,251 people underwent health examinations and 1,138 people received influenza and hepatitis B vaccinations. It has set a goal to encourage all employees to undergo general or special health examinations by 2023 and nudge them to do so by providing notices on the intranet and sending emails, and it also plans to develop and deploy a system to automatically payout medical expenses for employees using data retrieved from the National Health Insurance Corporation and expand the scope of support. By 2025, additional support will be available for those with signs of illness found from the health examination on their request.

Employee health and emotional management — SK Telecom is committed to the health and emotional care of its employees through various programs. These include 'Actium', an employee fitness facility in the house, 'Healthcare', an in-house massage service provided in collaboration with the company's Standard Workplace for People with Disabilities 'Happy Hanool', and the 'Refresh Zone', single rooms furnished on each floor of the offices to help employees recover from fatigue and stay fit. In particular, the 'Healthcare' service is a program that can achieve the social virtuous cycle effect of promoting the employment of persons with disabilities along with the health care of its employees. SK Telecom also runs the personal psychological counselling program 'Mind Forest', which contribute to providing all-around support for employees' physical and mental health.

Employee health management programs

Mind Forest(personal counseling)
· Run by an external specialist agency
· 2,040 counsellors in 284 centers nationwide, offering counselling services 365 days a year
· Track records(past 3 years)

Category	Unit	2019	2020	2021
No. of people	People	139	133	115
No. of sessions	Sessions	720	672	697

Healthcare(in-house massage service)
· Massage services for employees in collaboration with Happy Hanool(a Standard Workplace for People with Disabilities established by SK Telecom)
· Pursuit of a socially virtuous cycle of employee health management and job creation for people with disabilities

Category	Unit	2019	2020	2021
No. of sessions	Sessions	3,399	4,662	5,053

4

DIMENSION

SUSTAINABILITY MANAGEMENT

Environment

Society

Governance

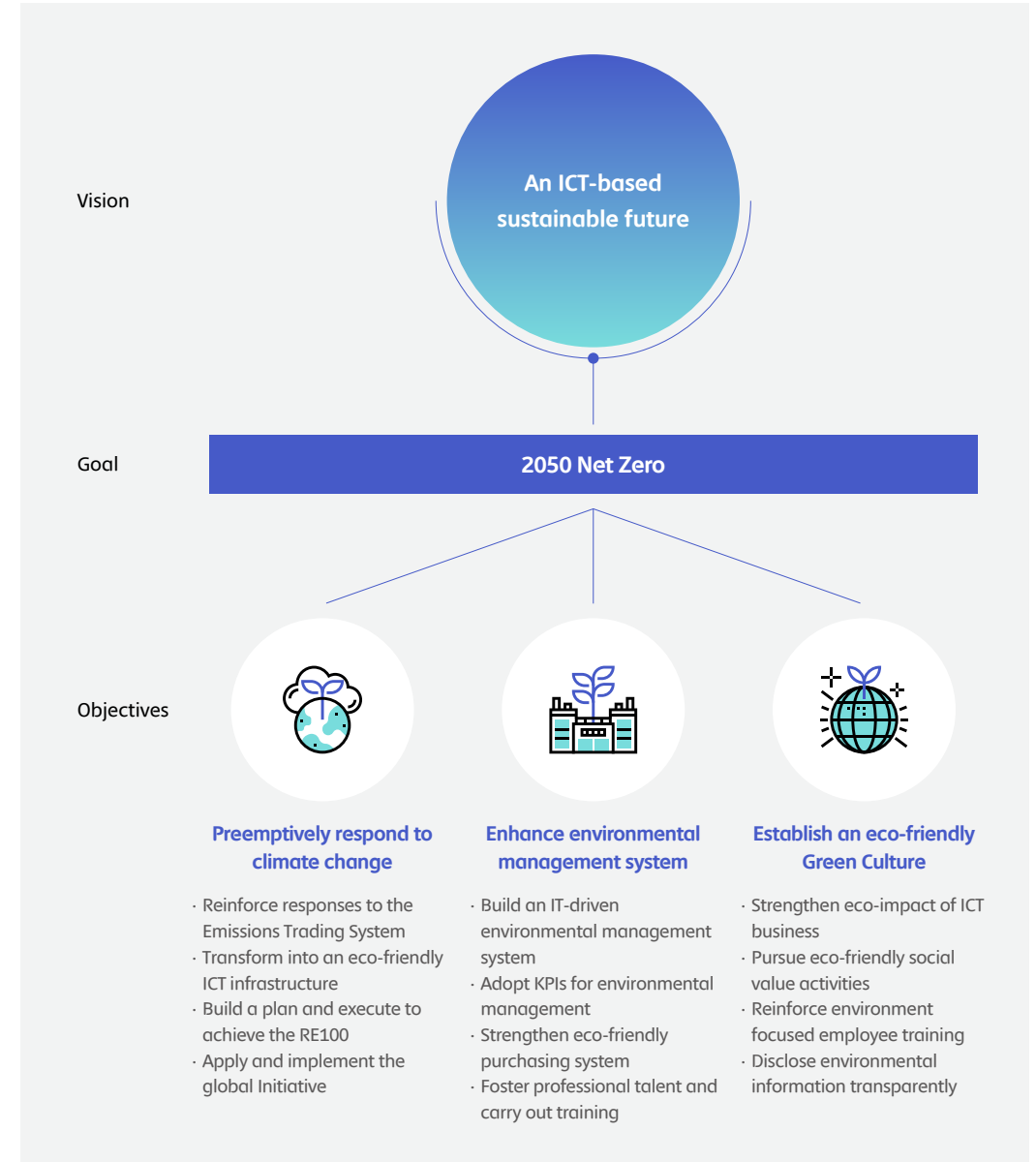# Environment

Environmental Management

With a clear understanding of the severity of the climate crisis, SK Telecom has built a systemized and practical environmental management strategy system to be faithfully fulfilling our corporate social responsibilities. With continued efforts and investment in environmental management including greenhouse gas emissions reductions and management, resource saving, and increased use of renewable energy sources, we will take the initiative in keeping the planet clean and beautiful.

Environmental Management System and Strategy Advancement

SK Telecom considers climate change and other environmental problems as matters of major interest among investors, customers and other stakeholders and critical issues that are decisive for corporate value. We are facing concrete requests for climate crisis response primarily from institutional investors, and the CEO declared the 2050 Net Zero environmental management goal and promised efforts for reductions at the 38th annual general meeting. To faithfully fulfil this promise, SK Telecom has developed an environmental management strategy system and detailed action plans, and conducts performance evaluations and provides performance-based compensation by introducing Net Zero KPIs to the CEO and relevant organizations. We will continue endeavoring to practice environmental management in response to climate change, including greenhouse emissions management and resources saving.

SK Telecom is putting forth corporate-wide efforts to realize the green transition for the future guided by the 2050 Net Zero environmental management goal. We are actively responding to environmental regulations so that we can implement a resource circular economy through eco-friendly management, and we are faithfully fulfilling our corporate social responsibilities by continuously practicing environmental energy system certification, developing eco-friendly products and services, and carrying out various environmental management activities.

Environmental management strategy system

Vision	An ICT-based sustainable future
Goal	2050 Net Zero

Objectives

Preemptively respond to climate change
- Reinforce responses to the Emissions Trading System
- Transform into an eco-friendly ICT infrastructure
- Build a plan and execute to achieve the RE100
- Apply and implement the global Initiative

Enhance environmental management system
- Build an IT-driven environmental management system
- Adopt KPIs for environmental management
- Strengthen eco-friendly purchasing system
- Foster professional talent and carry out training

Establish an eco-friendly Green Culture
- Strengthen eco-impact of ICT business
- Pursue eco-friendly social value activities
- Reinforce environment focused employee training
- Disclose environmental information transparently

Climate Change Response

Roles of the BOD and management on climate change risks and opportunities

To strengthen ESG management, SK Telecom drastically extended the function of the Corporate Citizenship Committee under the BOD and reorganized it as the ESG Committee in May 2021. The ESG Committee is responsible for all ESG aspects including environment, society, customers, and information security. For climate change risks and opportunities, the ESG Committee plays the supervision and final decision making roles. The ESG Committee considers major environmental agenda such as mid- and long-term climate change response and makes decisions.

Climate change response process
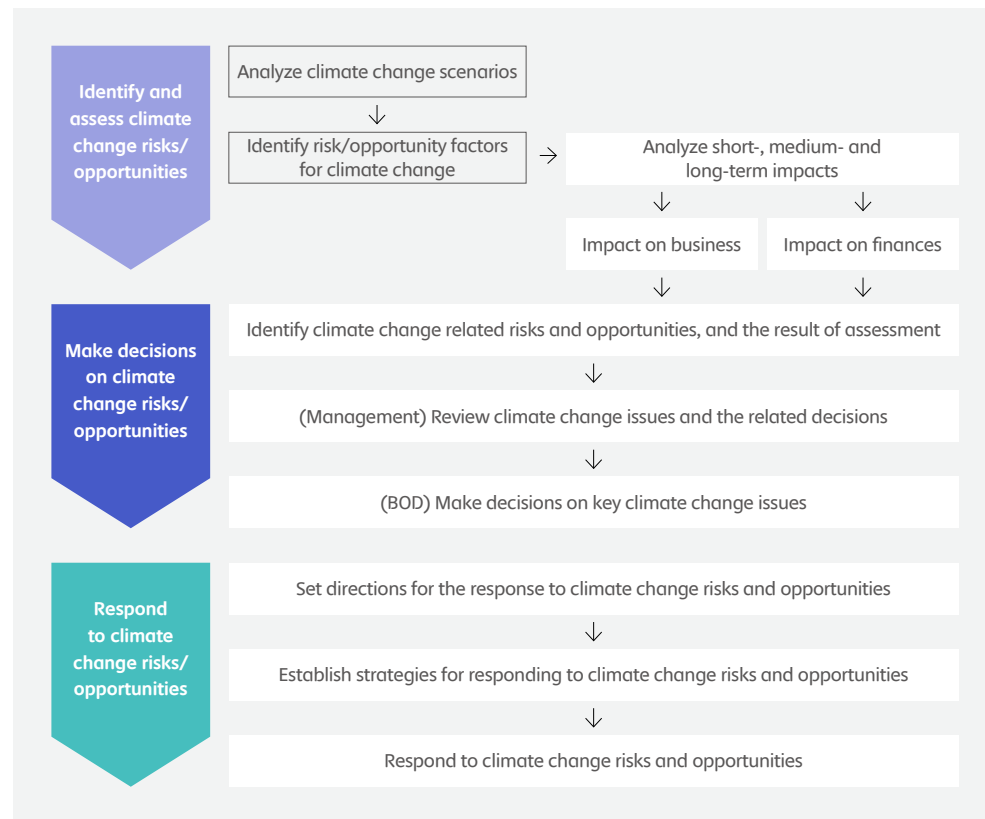
1) Climate change scenario to predict greenhouse gas concentration
2) A joint initiative of WWF, CDP, and UNGC to establish scientific measures to achieve the 1.5℃ reduction goal and declare action plans. Reduction goals and action plans should be submitted and approved within 24 months from the submission of a commitment letter.

3) SK Telecom defines short-, mid-, and long-terms as 0-1 year, 1-10 years, and 10+ years, respectively.
4) See the risk management section in the annual report
5) See the materiality assessment section in the annual report

Issues related to climate change and environmental management are managed by the CLO and major issues are reported to the CEO. The CEO makes decisions on the major issues and reports core issues to the ESG Committee as the final decision-making body to assist the decision making.

Climate change response scenario

SK Telecom analyzed the climate change scenario based on the RCP scenario[1]. For RCP scenario analysis, RCP 4.5 and RCP 8.5 were used to analyze the impact of physical environment changes driven by RCP on the company's products and services. The results were suggestive of the audacious reduction goal of carbon neutrality by 2050. To play our role in carbon neutrality, SK Telecom applied internationally recognized methodologies to set carbon neutrality goals. Accordingly, the company joined the SBTi[2] in 2020 and set reduction goals based on the SBTi methodologies and guidelines.

Climate change risks and opportunities

SK Telecom regularly monitors climate change risks and opportunities. Climate change risks and opportunities are considered from various perspectives including policies and laws, technical, market, reputation, and physical(acute/chronic). Then, for the climate change risks and opportunities identified, we analyze the impact on business and finance based on short-, mid-, and long-term[3] impacts.

The impact on the business is comprehensively analyzed on production activities and business facilities, products and services, supply chain and value chain, R&D investment, workplace, adaptation and mitigation activities. The financial impact is analyzed by considering the income statements and balance sheets. For income statements, profit and cost aspects are taken into consideration, and assets and liabilities, capital and capital raising for balance sheets. The findings from these analyses are managed by the risk management process[4] and the materiality assessment process[5] is applied when determining the risk levels.

Climate change risks

Risk type	Category	Identified risk
Transition risk	Policy and law	· Stricter emissions reporting requirements leading to heavier burden[short-term] · Increases in tradable permit prices leading to increased financial risks[mid-term]
	Technology	· Incuring costs for the transition to low-carbon IoT technologies[short-term] · Substitution of low-emissions alternatives for existing products and services[mid-term]
	Market	· Changes in customer behavior patterns such as increases in climate awareness[mid-term] · Sudden and unexpected changes in energy and power market structure[mid-term] · Increases in costs for response due to changes in input prices(energy, water, etc.) and output requirements (waste treatment, etc.)[mid-term]
	Reputation	· Increased concerns and negative feedback from stakeholders on climate change[short-term] · Deterioration of reputation if passively responding to climate change[long-term]
Physical risks	Acute	· Damages to communications equipment, base stations, etc., due to extreme climate events (forest fire, landslide, Typhoon)[mid-term]
	Chronic	· Abnormal operation of facilities due to average temperature rise[mid-term] · Negative impact of drastic changes in precipitation and weather patterns on workforce (e.g., health, safety, absence)[long-term] · Flooding of communication facilities due to rising sea level[long-term]

Climate change opportunities

Opportunity type	Identified opportunity
Resource efficiency	· Active recycling leading to savings on waste treatment[short-term] · Reduced water use and consumption[mid-term]
Energy source	· Transition to renewable energy self-generation and consumption[short-term] · Decreased exposure to fossil fuel price rises with the use of low-carbon energy sources and renewable energy[mid-term] · Decreases in costs for carbon regulation response by fulfilling Net Zero and RE100[mid-term] · Reductions in operation costs from the use of new technologies[mid-term]
Product and service	· Development and expansion of low-carbon products and services leading to an expanded business domain[short-term] · New product and service development with R&D and innovation[mid-term] · Securing a better competitive position by incorporating changing customer preferences[mid-term]
Market	· Creation of new and emerging climate-related markets leading to an expanded business domain[mid-term] · Expansion of climate-related infrastructure[mid-term]
Resilience	· Greater supply chain reliability and abilities to respond to various factors by engaging in renewable energy programs and adopting energy efficiency measures[short-term] · Improvement in market value from climate-flexible planning(infrastructure, building, new product, and service)[long-term]

Climate Change Risk Scenario Analysis

Transition risks

1. GHG emissions rights trading system — The national greenhouse gas reduction goal(NDCs) implementation and an increasingly stricter GHG emissions rights trading system in Korea imply that it would not be avoidable for SK Telecom to face increases in carbon costs. The emission trading system of Korea(K-ETS) includes indirect emissions(Scope 2) in its regulatory framework, and SK Telecom is part of the system. In an environment where smartphone users and mobile service subscribers are increasing, greenhouse gas emissions are bound to increase continuously, as more infrastructure must be built to maintain services and improve service quality, but the greenhouse gas regulations being increasingly stricter following the rise of the NDCs. Since K-ETS is applicable to carbon costs over time, especially in the paid-allocated sector, the burden of greenhouse gas reduction targets will increase even further. In this regard, we see the K-ETS as a major risk that may have significant impact on our finance.

Under the K-ETS, failure to achieve the goals incurs penalties against excessive greenhouse gas emission, which are up to triple the amount of the prices in the emission trading market. Therefore, in order to achieve the goal, the shortfall is being covered by buying from the emission trading market, which increases the risk of financial costs.
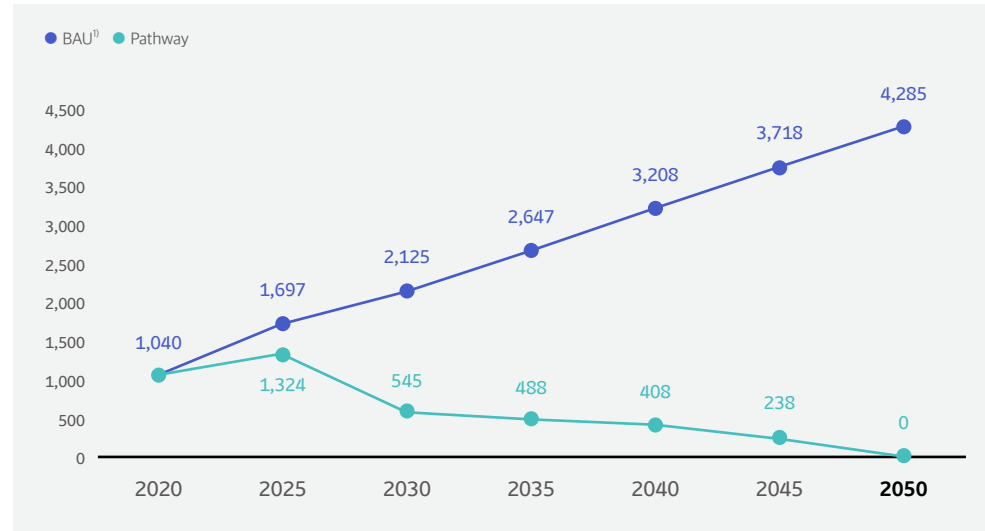
2. RE100 fulfillment and Net Zero achievement — SK Telecom joined RE100 in 2020 and submitted the RE100 implementation plan in 2021. We plan to increase the share of renewable energy use to 65% by 2030, and 100% by 2050. However, the renewable energy sector in Korea has not reached the grid parity, hence the unit cost of renewable energy is expensive, and the number of renewable energy items available is limited, which incurs additional costs. As we declare that we will achieve RE100 by 2050, we will recognise the issue as a climate change risk that falls under the 'new regulations' and plan to manage it continuously.

We are also pursuing to reach Net Zero to achieve the 1.5°C goal under the Paris Agreement. Net Zero is an important environmental goal for SK Telecom and the company's important promise for the future. We aim to reduce direct and indirect emissions(Scope 1+2) by 47.7% by 2030 compared to that of 2020, and indirect emissions(Scope 3) by 22.3%. As a long-term goal, we aim to achieve Net Zero by 2050. As power consumption accounts for 99% of our total greenhouse gas emissions, achieving the

RE100 goal is on the same path towards Net Zero. We are committed to achieving the Net Zero goal based on the three major green strategies.

Greenhouse gas emission pathways to achieve Net Zero

(Unit: 1,000 TCO$_2$e)

● BAU[1]   ● Pathway

						4,285
					3,718	
				3,208		
			2,647			
		2,125				
	1,697					
1,040						
	1,324	545	488	408	238	0

2020   2025   2030   2035   2040   2045   **2050**

Physical risks

SK Telecom is a national telecommunications service provider that has wired and wireless communications infrastructure across the country. As climate change intensifies, dry weather poses a serious threat to our business. Due to the geographical characteristics of Korea, there are many mountains and forests, and the atmosphere is getting drier as temperatures rise year after year. The dry air leads to higher risks for forest fire, which affects communications equipment. Likewise, due to worsening extreme weather conditions such as heatwaves, heavy snow, and heavy rain, physical climate risks affecting our communications infrastructure is gradually increasing.

SK Telecom evaluated these physical risks arising from climate change, including forest fire, landslide, heavy rain, heatwave, and heavy snow based on the RCP scenario in the present time, 2030, 2040, and 2050 to develop the SKT Climate Change Physical Risk Map and simulate their impact on communications equipment. The results suggested that the increasing frequency and intensity of

extreme weather conditions following climate change would lead to surges in economic losses caused by natural disasters. Accordingly, we developed adaptation strategies to hedge the climate change risks and established response strategies to minimize economic losses arising from natural disasters.

SKT Climate Change Physical Risk Map

Climate factor	RCP	Present	2030	2050
Forest fire	RCP4.5			
	RCP8.5			
Landslide	RCP4.5			
	RCP8.5			
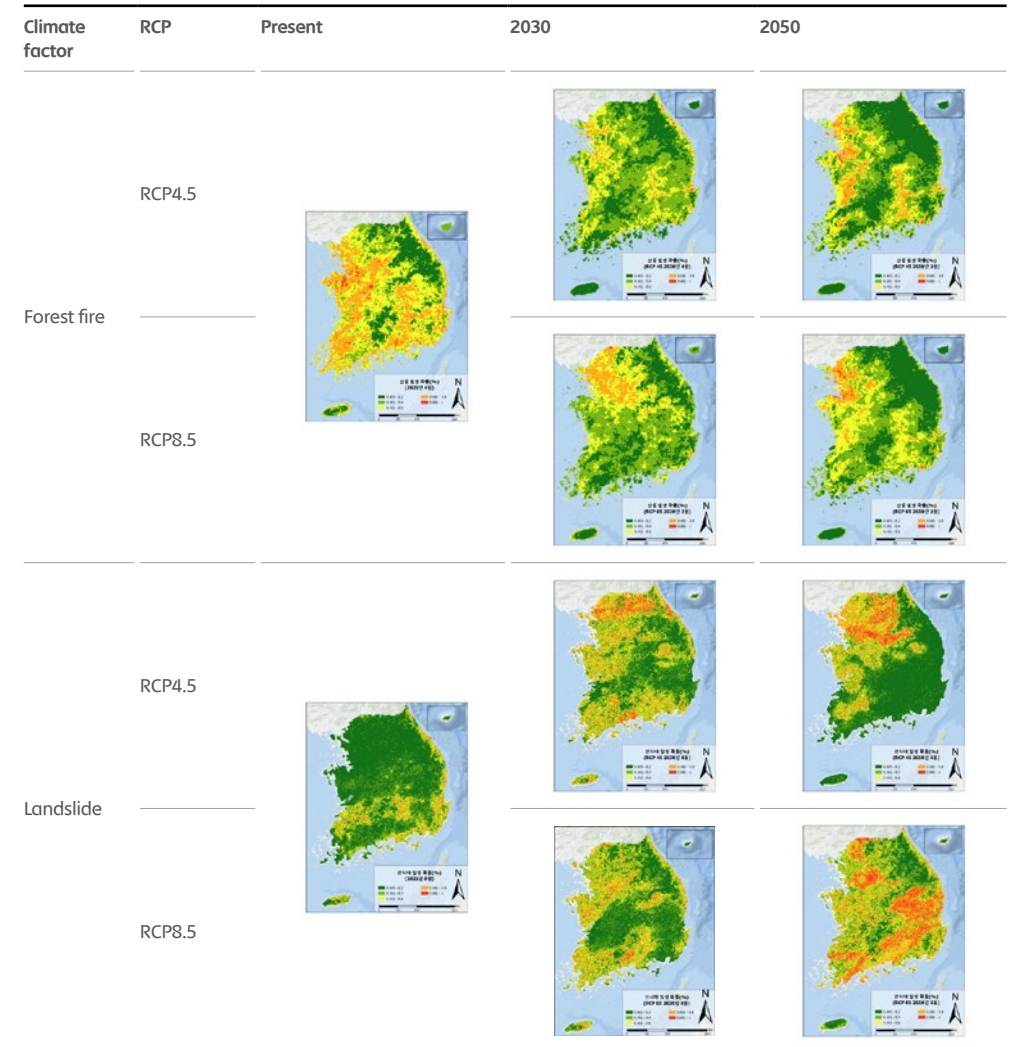
Organizational process to manage climate risks and opportunities

SK Telecom recognizes climate-related risks as significant risks. Various climate-related risks considered within the organization are prioritized along with other risks through the materiality assessment process. The materiality assessment process consists of internal and external environment analysis, issue identification and pooling, materiality assessment, and key reporting issue identification.

At SK Telecom, climate change risks and opportunities are immediately reported to the CLO, and decisions are made on organizational performance goal setting, implementation and performance monitoring, and whether to take major measures in consideration of the impact of the climate change risks and opportunities on the company and the results of the materiality assessment. For non-major issues, the CLO directly makes decisions, and major issues are reported to the CEO as needed. The CEO makes decisions on major issues, and core issues are reported to the Board of Directors and the ESG Committee for decision making.

Climate change risk/opportunity decision making process

BOD

ESG Committee

Climate change risk/opportunity decision making for core issues
· Decisions on climate change risks and opportunities that have grave impact on the company.

↑ As needed

Manage-ment

CEO

Climate change risk/opportunity decision making for major issues
· Decisions in response to climate change risks and opportunities
· Core issues that have grave impact on business and finance to be reported to the ESG Committee

↑ As needed

Manage-ment

CLO

Climate change risk/opportunity review and decision making
· Issues that have serious impact on business and finance to be reported to the CEO
· Decisions on response to climate change risks and opportunities without serious impact

↑ As needed

Working-level staff

ESG offfice

Climate change risk/opportunity identification and evaluation
· Monitoring climate change risk and opportunity factors
· Analyzing the impact of identified climate change risks and opportunities on the company(materiality assessment)

* ESG Committee meetings for progress monitoring and supervision: 6 meetings in 2021

** ESG reporting to the management: monthly

Linking climate change risk to corporate risk management process

Once decisions are made on the identified climate change risks and opportunities, ESG and relevant departments at SK Telecom work to set dirction for response. Once the response direction is established, a response strategy is formulated taking into account the short-term, medium-term, and long-term aspects, and on this basis, the necessary budget is reflected in the financial plan each year to secure and respond to the budget and measures are taken to repond to them. If cooperation with the supply chain is needed, communications are pursued to develop improvement measures and resolve, and supply chain management ensures regular monitoring of climate change issues and improvements. At SK Telecom, climate change risk response is interlinked with its corporate risks management process, thereby ensuring the corporate risk management and response system covers climate change response.

Indicators and targets related to climate change risks and opportunities

The following are major indicators for climate risk and opportunity evaluations. More details can be found from the environmental data section. The environmental data section covers greenhouse gas emissions, energy usage, indirect(Scope 3) greenhouse gas emissions, renewable energy use, environmental costs, and carbon credit purchases.

	Unit	2019	2020	2021	2021 goal
Total greenhouse gas emissions		1,005,576	1,039,979	1,051,380	1,073,990
Direct(Scope 1)		6,604	6,133	6,286	6,045
Indirect(Scope 2)	tCO$_2$e	998,989	1,033,846	1,045,114	1,067,944
Indirect(Scope 3)		-	6,918,286	4,384,495	6,763,894

Greenhouse gas emissions

SK Telecom is committed to corporate social responsibilities through eco-friendly management. Greenhouse gas emissions from total 40 operations are calculated based on the emissions traiding statement guidelines. The scope of the calculation includes all nationwide network emissions but excludes greenhouse gas emissions by subsidiaries and supply chains. In 2021, greenhouse gas emissions by SK Telecom were 1,051,380tCO$_2$e, a 1.1% increase compared to that of the previous year. The market-based total greenhouse gas emissions with green premium purchases taken into consideration were 1,030,890 tCO$_2$e. The greenhouse gas concentration is calculated by dividing the total greenhouse gas emissions by non-consolidated revenue.

Greenhouse gas reductions

SK Telecom is making various efforts to reduce greenhouse gas emissions and energy consumption, including the integration of network equipment, the development and introduction of high-efficiency communication equipment, the replacement of aging air conditioning equipment, and the control of air conditioning and heating in its premises. In addition, we are actively participating in the reduction of greenhouse gases by receiving the government's recognition of the methodology for greenhouse gas reduction technology in the telecommunications sector for the first time in Korea. Despite these efforts, due to the nature of the industry, greenhouse gas emissions increase year by year, and SK Telecom spares no efforts to invest in various reduction technologies including energy efficiency improvement and renewables energy introduction to reduce power usage that accounts for 99% of the emission. In line with the international trend, SK Telecom joined RE100 for the first time in Korea and has its progress reviewed by CDP annually. The company aims to make 100% renewables transition by 2050.

Securing domestic and foreign carbon credits

SK Telecom is carrying out overseas projects to earn carbon credits(certified emission reduction, CER) based on the UNFCCC Clean Development Mechanism(CDM). Since 2018, the company carried out cook stove distribution to residents of underdeveloped countries in Southeast Asia, and in 2021 we have received a CER of 260,000 tons certified by UNFCCC. The project is ongoing, and the company aims to earn additional CER equivalent to 1.29 million tons by 2027.

In addition, we conducted a demonstration project of domestic greenhouse gas reduction registration for 61 electric vehicles of SK Rent-A-Car in Jeju Island, and it was approved and registered as an external reduction project by the Ministry of Environment in December 2021. This is an ICT technology-based reduction project that uses Cat.M1-based monitoring technology, SK Telecom's dedicated IoT communication network, to quantify greenhouse gas reductions compared to internal combustion engine vehicles in its class by installing the On-Board Diagnostics(OBD) that transmits vehicle gross mileage and battery cumulative charge data to 61 electric vehicles such as Kona and Niro in SK Rent-a-Car's Jeju site. SK Telecom plans to consider carrying out a final carbon credit securing demonstration project and expanding the project.

* In 2021, 16 companies that fall under Category 15 in Scope 3 were spin-off into SK Square, hence the re-estimation of 2020 Category 15.
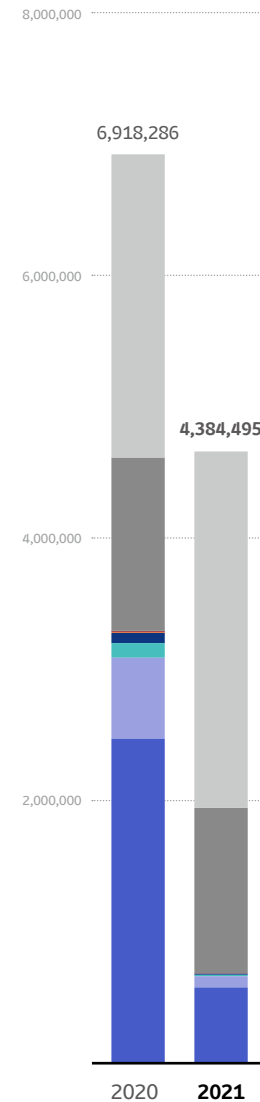
Indirect greenhouse gas emissions(Scope 3)

There are strong demands from society for corporates' genuine response to climate change, and demands from external evaluators(DJSI, CDP, etc.) for reporting indirect greenhouse gas emissions are increasing. Indirect(Scope 3) emissions refer to greenhouse gas emissions from value chains outside the business other than direct(Scope 1) emissions from the business activities and indirect(Scope 2) emissions from externally procedure power and heat. Notable examples include greenhouse gas emissions from suppliers and greenhouse gas emissions arising from disposal or transportation. Calculating indirect greenhouse gas emissions involves managing greenhouse gas emissions management within the business as well as reporting and managing greenhouse gas emissions across the value chain. To faithfully fulfill its responsibility for greenhouse gas emissions, SK Telecom started calculating indirect emissions in 2019. The company uses the WRI indirect emissions calculation standards(corporate value chain accounting and reporting) for indirect emission estimation, looks into all of the 15 categories - eight upstream and seven downstream activities - presented therein, and reports emissions that fall under nine categories available for calculation and evaluation.
The following are the scope of reporting and results.

Total Scope 3 GHG emissions

(Unit: tCO$_2$e)

	2020	2021
Total Scope 3 GHG emissions	6,918,286	4,384,495
● 1. Purchased goods and services	2,645,868	2,543,897
● 2. Capital goods	1,183,439	1,186,700
● 3. Fuel and energy consumed	739	455
● 5. Wastes	600	461
● 6. Business travels	768	1,411
● 7. Commuting	9,369	9,015
● 8. Leased assets	13,480	13,058
● 14. Franchises	74,271	81,013
● 15. Investments	2,989,751	548,485

SK Telecom's Scope 3 emissions in 2021 were 4,384,495 tons, a 36.6% decrease from 2020. This was a result from the advancement of emissions calculation in investment(Category 15). To improve the accuracy and reliability of the report, greenhouse gas emissions from 20 investees were calculated based on their actual energy usage, rather than revenue-based estimation. Also, because of SK Telecom's spin-off into the surviving company SK Telecom and the investment specialist SK Square in 2021, and the company's 2020 emissions were recalculated for the surviving company SK Telecom. The Category 15 companies spun off to SK Square include SK Hynix that is a major greenhouse gas emission source.

To present these results in a reasonable and transparent manner, SK Telecom is striving to continue advancing calculation of indirect greenhouse gas emissions based on accurate grounds by, for example, improving greenhouse gas emissions measurement, reporting, and verification(MRV) systems. Notably, we calculated greenhouse gas emissions in consideration of the actual energy usage by 20 investee companies falling under Category 15, thereby further improving the accuracy and reliability of reporting. In addition, the company's Net Zero vision and greenhouse gas reduction methods and cases were shared with these companies to help them improve their environmental awareness and build a cooperation system. SK Telecom will expand this to a full extent to manage emissions across the value chain.

Energy reductions

As part of its efforts to build a future energy industry ecosystem, SK Telecom is practicing energy consumption reduction through the expansion and activities of renewable facilities. We calculate energy usage for 40 major operations excluding subsidiaries and supply chain based on the emissions calculation guidelines under the domestic emissions trading system. The figures are calculated based on the energy bills generated by energy suppliers. Energy intensity is calculated by dividing the total energy usage by non-consolidated revenue. Energy reduction results such as natural air conditioning systems and renewable power generation were prepared based on actual measurements and renewable energy purchase records. The company's efforts to reduce energy consumption include reducing energy usage for colling by resolving heat issues in main and auxiliary equipment, integrating network equipment such as base stations and repeaters, and replacing old air conditioning systems. Given the characteristics of the industry, indirect energy use from power accounts for 99.3% of the company's total energy use. For continued energy efficiency improvement, we continue to make efforts to manage facilities on the basis of network structure innovation and network slimming and the power production of renewable energy facilities.

However, the telecommunications industry is a basic industry that is essential for economic development and is subject to direct and indirect regulation by the government. While the amount of network equipment required for stable network operations is continuoulsy increasing, we are not allowed to arbitrarily discontinue services, hence continued increases in energy usage is inevitable. Furthermore, the recent rapid expansion of network equipment for 5G deployment has led to further increases in energy usage. As a result, despite various energy reduction activities in 2021, energy consumption increased by 1.1% year-on-year.

Increases in the use of renewable energy

To use eco-friendly electricity, SK Telecom installed and utilized self-consuming solar power plants in idle space such as roofs of offices and base stations, and parking lots nationwide. In 2021, 65 solar facilities generated 861 MWh of power and received a renewable energy use certificate from the Korea Energy Corporation. In 2022, we plan to build 100 solar power facilities and continue increasing the facilities. SK Telecom also signed green premium contracts to purchase power from renewable sources, 44.6 GWh in 2021 and 120.1 GWh in 2022, approximately 5% of the total estimated energy usage in 2022. Given the insufficiency of policy support for renewable energy procurement and market immaturity, we see green premium as the most cost effective short-term measure that would offer competitive advantages over other RE100 fulfillment measures such as PPA and REC. Also, we will continue to monitor the policy and market conditions to achieve the RE100 Implementation Declaration through a combination of various implementation measures such as PPA, REC, etc.

Partner solar equipment installation support

The government uses funds raised from green premium to support green premium payers' partners for private solar panel installation. SK Telecom guides its partners through such support projects and assists them to be selected for support projects. To date, four partners have been selected to apply for business support with a total size of 220KW, and each partner will install and operate solar equipment at their own expense of only 30% of the investment cost of the facility. Partners expect to reduce electricity bills through solar power generation and use, while also contributing to the reduction of greenhouse gas.

Water and Waste Management

Water use

Water usage is calculated based on water bills for 27 operations(offices). It does not include data from subsidiaries and supply chains, and water intensity is calculated by dividing the total water usage by non-consolidated revenue. In 2021, water usage decreased by 8.6% yoy, owing to the company's water saving goal setting and various activities to reduce water usage. For example, we made adjustments to water supply, discharge, and evaporation for cooling tower operations, installed water-saving valves in restrooms and showers, applied limitations to headcounts for meal supply and stopped gym operations in association with COVID-19. The company's annual water usage in 2021 was 604,870 m^3.

Waste and recycling

Waste discharge was calculated for 27 major operations(offices) and did not include data from subsidiaries and supply chains. Waste discharge intensity was calculated by dividing the total waste discharge by non-consolidated revenue. Waste discharge used to be on the decline owing to improvement in internal operations, but recent statutory cleaning of wastewater treatment facilities in our facilities resulted in surges in sludge. In addition, the number of employees who returned to the office following the stabilization of the COVID situation led to increases in food waste. Since 2020, SK Telecom had waste discharge verified by a third party, and it is making ceaseless efforts to reduce waste discharge. In 2021, waste discharge was 1,740 tons, a 12% increase from the previous year, and the recycling rate decreased to 24% due to the surge in sludge.

Reductions in resource use

Resource use

SK Telecom is committed to preventing resources from being wasted and providing environmentally friendly products and services. Using electronic bills helps prevent personal information leaks and reduce resource waste from paper bills. At the end of 2021, 25.75 million users opted for electronic bills, constantly increasing since the introduction of the app billing function in 2010. In 2021, 92.6% of new customers chose electronic bills, a 1.5%p increase from the previous year. Also, plastic cards issued for T Membership were completely replaced with mobile eco-cards, resulting in reducing more than 24 tons of plastic use and approximately 55 tons of carbon emissions annually. This converts to 4.88 g of plastic and 12g of carbon reductions per customer, equivalent to four sheets of A4 paper or the breathing capacity of 40 pine trees. As of 2021, the accumulated T Membership mobile card issuance rate is 71%, increased by 1%p from the previous year. In particular, 99% of new customers opted for the mobile T Membership card in 2021, hence continued reductions in carbon emissions. SK Telecom applies its advanced ICT technology, for example big data analysis-based project area selection and cup recognition using vision AI technologies, to the 'Happy Habit' campaign, a convenient and efficient eco-friendly reusable cup circulation service, to expand the campaign nationwide including major commercial districts in Seoul and Incheon in collaboration with more than 50 alliance member companies.

Number of disposable plastic cups saved with the Happy Habit   (Unit: 10,000 cups)

90
2021 results

3,000
2022 target
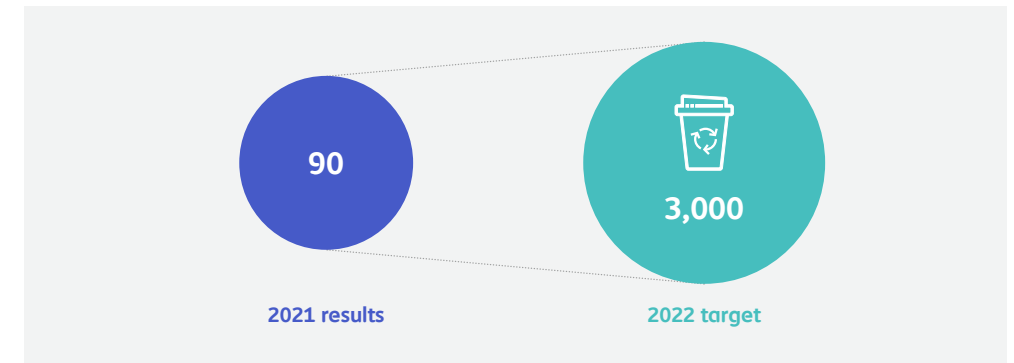
CASE

A world without disposable cups made with the ICT-based reusable cup circulation system 'Happy Habit'

SK Telecom works with the Ministry of Environment, Seoul Metropolitan City, Incheon Metropolitan City, Jeju Special Self-governing Province, the Happy Connect foundation, and Starbucks for the ICT-based reusable cup circulation system 'Happy Habit'. As the issue of the abuse of disposable plastic cups is becoming serious and relevant regulations are getting increasingly tighter both home and abroad, SK Telecom initiated this project with the aim to address environmental problems caused by the use of disposable plastic cups. The Happy Habit is an eco-friendly platform project based on SK Telecom's ICT to supply, lend, collect, clean, and resupply reusable cups to create a resource cycling ecosystem. We provide convenient and efficient eco-friendly services by utilizing advanced ICT technologies such as selecting project areas and the location for cup collector installing using SK Telecom's big data analysis technology, and recognizing cups using Vision AI technology. In cafes participating in the Happy Habit, customers pay a deposit(KRW 1,000), and the beverage is served in a reusable cup. When they return the used cup to a collector, the deposit is refunded immediately. The collected cups are supplied to the store after thorough cleaning, sterilization, disinfection, and repackaging at a professional cleaning station.

The project started in November 2020 when the government, local governments, and businesses organized the 'ha:bit eco alliance'. Beginning with the Alliance's new member agreement ceremony in November 2021, to date, more than 50 members including the Ministry of Environment, Seoul Metropolitan City, Jeju Province, Happy Connect, Starbucks, Oyster Able, and Bbodek are working together to resolve the disposable plastic problem. A pilot project was launched in Jeju in July 2021 to set the standard model for the reusable cup system, followed by another pilot project in Jung-gu, Seoul in November 2021 to demonstrate the scalability of the reusable cup system. From July 2021 to June 2022, more than three million disposable cups have been saved, and the experience and lessons learned from the projects in Jeju and Seoul are utilized to scale up the ICT-based reusable cup circulation system to all core commercial districts in Seoul, Incheon, and other places nationwide. In the future, we will strengthen partner collaboration and participant benefits, so that more consumers can join us in reducing the use of disposable plastics and building a sustainable environmental ecosystem.

Happy Habit reusable cup system structure

Mobile membership Usage

	Unit	2017	2018	2019	2020	2021
Rate of mobile T membership card issuance for new members	%	99	99	99	99	99
No. of mobile T membership cards issued(new for the year)	cases	2,014,292	1,932,624	1,874,621	1,499,922	1,063,984
No. of plastic T membership cards issued(new for the year)	cases	15,990	11,495	3,502	1,248	559
Cumulative rate of mobile T membership card issuance	%	60	64	68	70	71
No. of mobile T membership cards issued(cumulative for the year)	cases	7,555,355	8,469,377	9,573,654	10,063,031	10,159,147
No. of plastic T membership cards issued(cumulative for the year)	cases	4,964,415	4,740,145	4,453,423	4,247,897	4,094,700

Environmental spending and investment

SK Telecom spares no efforts to spend for and invest in environmental protection including green purchase and greenhouse gas reduction projects. Environmental protection expenditures and investments have been calculated on non-consolidated financial statement basis. Environmental costs are calculated by items such as energy saving and climate change response costs, waste and recycling service costs, education and training costs, external environmental conservation activity costs, charges, and fees. The environmental costs did not include green purchase costs but did include energy efficiency rating, high-efficiency energy device certification, good recyclability product quality certification, environment mark certification, environmental footprint certification, carbon footprint certification, and low-carbon product purchases, among others. In 2021, SK Telecom's total environmental costs were KRW 3,483 million.

Biodiversity Protection

SK Telecom takes the disruption of biodiversity and deforestation caused by global climate change as a serious problem. Thus, the company incorporated biodiversity protection and deforestation prevention in its environmental management policy and guidelines.

Biodiversity protection policies

SK Telecom implements its environmental policy in accordance with the principle of investment and activities(Net Positive Impact) for the protection, restoration and expansion of biodiversity. To protect biodiversity, SK Telecom has been participating in the Korea Business Council for Sustainable Development(KBCSD) since 2007 and the Business and Biodiversity Platform(BNBP) established in 2016 by the KBCSD and the Ministry of Environment. The company uses its ICT capabilities for the biodiversity protection policy. For example, we developed the world's first control system to prevent marine pollution and protect fishery resources by utilizing a base station–based underwater communication network in 2017. And through the ICT–based reusable cup circulation system Happy Habit project, we aim to reduce the use of disposable plastics and protect the marine ecosystem.

Deforestation prevention policies

SK Telecom develops policies to prevent deforestation and promote afforestation with the aim to curb climate change. Forest fires caused by climate change are an important climate risk that has significant financial implications in the short-, medium-, and long-term. Notably, the forest fire in Gangwon Province in 2019 and the Gangwon and Gyeongbuk forest fire in March 2021 directly damaged SK Telecom's communications equipment. SK Telecom built an emergency communications network for early detection and monitoring of forest fires in cooperation with local governments and Korea Forest Service. In preparation for potential communication network disruptions due to base station burn out, the company is also establishing a mobile phone wireless relay system in cooperation with the National Fire Agency. We are also preparing a new afforestation project. The major axis of our three major green strategies for 2050 carbon neutrality is the Green Forest. This is a strategy to promote afforestation projects to offset residual greenhouse gas emissions that cannot be achieved through energy efficiency improvements and renewable energy use, and SK Telecom will pursue policies to offset greenhouse gas emissions and protect forests through the Forest Carbon Offsetting Scheme.

Hyper-Digital Era   Dimension : Business Overview   Dimension : Evolution of New SKT   Dimension : Special Report   **DIMENSION : SUSTAINABILITY MANAGEMENT**   Dimension : Appendix

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Society

Employees

SK Telecom actively pursues activities to develop capabilities and establish a growth-oriented culture to grow as a big tech company. To do so, it has established and pursued goals to newly design and implement annual capacity building programs in existing telecommunications(MNO) business, AI/DT as fundamental capabilities for ICT business, all areas of its growth portfolio such as media, security, commerce, and mobility. In addition, to create an environment for the acquisition of newly required competencies, and allows employees to establish plans on their own and invest their time, we set the aim that each employee spends at least 80 hours in taking these capacity building programs annually. And we are also committed to making a workplace that ensures employees' health, safety, and happiness.

Establishing a Direction for Corporate Capacity Building in Connection with Business Strategies

SK Telecom develops and executes capacity building policies and direction in connection with its business strategies every year in order to secure workforce essential to ensure substantial performances in each business portfolio.

First, the domain of the capacity building policy was extended to the entire business portfolio of SK Telecom, which aspires to grow as a big tech company and focuses on fostering experts in core businesses and technologies. In addition to in-house courses, we also work with leading universities to run degree programs with the aim to foster professionals. Facing the COVID-19 pandemic, we have built and operated a platform to support leaders in strengthening their always-on performance management competency programs and addressing leadership issues.
Second, we also pursue changes for the establishment of both company-led capacity building and employee-led learning culture. In 2021, we developed and launched an AI-based learning curator(Smart Learning Assistant Manager: SAM). The Learning-Mate platform allows employees to organize groups and pursue mutual learning in areas of common interest. Finally, we run the in-house venture program 'Start@' that encourages all employees to propose and dive in what they want to do.

Third, we are also pursuing activities to build an ecosystem to foster ICT experts by strengthening internal and external collaboration. Started in 2017, the annual SK ICT Tech Summit has been established as a comprehensive tech-exhibition representing the SK Group, and we are continuously expanding competency exchanges and cooperation with universities/companies with differentiated AI capabilities through programs such as the AI curriculum and fellowship.

Capacity Building Goal Setting and Activities in Consideration of Organizational Characteristics

In each organization at SK Telecom, leaders are interested in employees' capacity building and establish and implement employee development goals and capacity building action plans in consideration of organization-specific characteristics and capabilities required. Details about core competence needed to work in each department, recommended courses, and organization-level support are shared with employees, thereby building the culture in which employees are continuously challenging and focusing on further developing their capabilities. To facilitate execution and achievement in each organization's capacity building activities, corporate-level support is provided including monthly learning reports and best practices sharing.

Building and Development of Business-Specific Capacity including AI and Digital

Big Tech Academy is the leading job competence training brand at SK Telecom that offers around-the-year programs. So far 5,379 people have taken the MNO training program in the business track, 873 people have taken the AI and Cloud program in the tech track, and 566 people have taken new portfolio-related programs, thereby developing essential business capabilities and field-ready skills that are essential at work. We also offer an online degree course in collaboration with leading universities(On-the-Job Degree), through which employees can pursue degrees in six majors in the ICT Track and Business Track, including computer science, data science, and MBA at eight global universities. Since 2019, 38 people have been working and studying through the program, and 11 have earned their degrees.
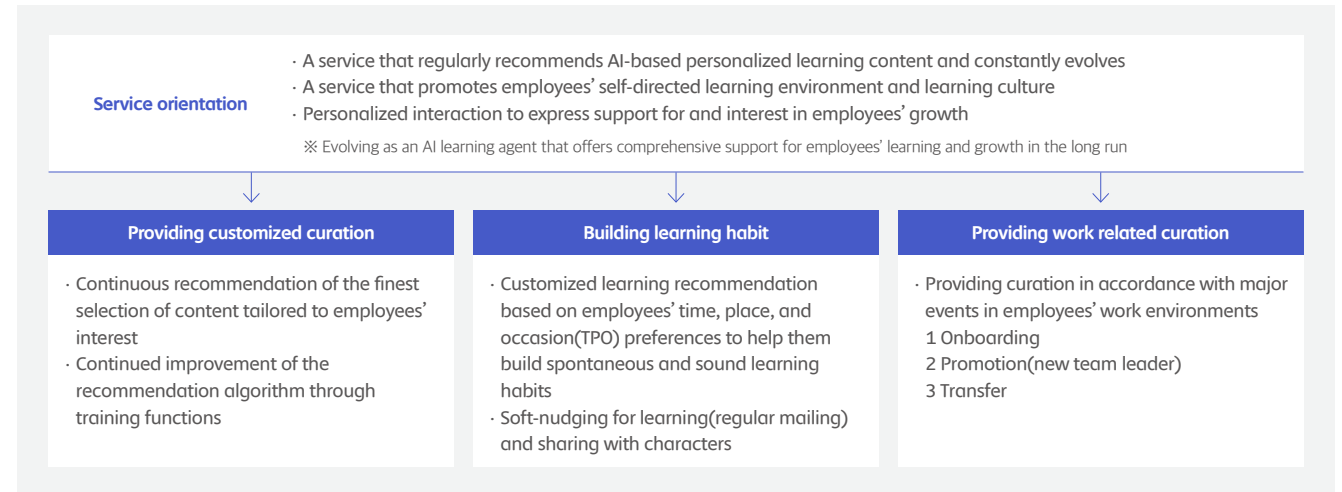
Big Tech Academy

Develop core technologies across SKT business areas
Big Tech Academy

[Biz] MNO	[Tech] AI & Cloud	[New ICT Company] Family
Intensive capacity building for the shift from a line BM to the no. 1 subscription company & Presenting career vision for marketer	Building biz and tech capabilities tailored to SKT for products and services transformation based on AI and cloud	ICT Family's core technology development and enhancing synergies(with ICT Family)

| Sub-scription | Perfor-mance Consult-ing | Enter-prise Biz. | 5G | SKT specific AI | RPA | Cloud | Media | Security | Com-merce | Mobility |

SAM service overview

Service orientation
· A service that regularly recommends AI-based personalized learning content and constantly evolves
· A service that promotes employees' self-directed learning environment and learning culture
· Personalized interaction to express support for and interest in employees' growth

※ Evolving as an AI learning agent that offers comprehensive support for employees' learning and growth in the long run

Providing customized curation	Building learning habit	Providing work related curation
· Continuous recommendation of the finest selection of content tailored to employees' interest · Continued improvement of the recommendation algorithm through training functions	· Customized learning recommendation based on employees' time, place, and occasion(TPO) preferences to help them build spontaneous and sound learning habits · Soft-nudging for learning(regular mailing) and sharing with characters	· Providing curation in accordance with major events in employees' work environments 1 Onboarding 2 Promotion(new team leader) 3 Transfer

Creating Self-directed Learning Culture

The AI technology-based learning curator(SAM) offers unique learning content curation services to employees weekly and in 2022, it will evolve into a Chatbot-based Learning Agent, as well as providing certifications and conference information. Employees' spontaneous mutual learning platform Study-mate has about 70 learning groups as of 2021, and the in-house venture program Start@ has produced 882 ideas since the program launch, resulting in 55 of them materialized and 7 commercialized.

* With the online course-centered operations due to the Covid-19 issue and massive expansion of mySUNI VOD content(short videos), the number of courses being opened and the number of participants(multiple counts) increased rapidly.

Creating ICT Capacity Building Ecosystem

As a forum to integrate the group's technical capabilities and create synergies, the 2021 SK ICT Tech Summit was attended by 6,213 people from 22 SK group companies. In addition, the AI curriculum was developed as an industry-university cooperation program and offered to 21 universities including Seoul National University, Yonsei University, and Korea University. The AI Fellowship received 174 applications from outstanding undergraduate/graduate students teams and 11 teams out of them were selected for AI projects. In this way, SK Telecom fulfils our responsibility for fostering talents that the nation needs and build foundations to ensure that SK Telecom attracts these outstanding talents.

Employee Training Status

	Unit	2019	2020	2021
Training expense per person	KRW million	1.7	3.1	3.1
Average annual training hours per person	Hours	51	79	87
Number of training courses for the year	Courses	289	2,240	10,148
Number of training participants for the year	Persons	13,962	129,657	499,001

Anti-discrimination and Respect for Diversity

Anti-discrimination

SK Telecom prohibits discrimination on the grounds of personal conditions that are not necessary for the performance of the job at the time of recruitment, and provides all employees with equal opportunities without discrimination on the basis of reasons other than personal competence and objective performance in providing promotions, rewards, educational opportunities, etc. In addition, the company has established and implemented a preemptive system for maternal protection and work-family balance, such as reduced work hours for pregnant employees and leaves for school-aged childcare, and operates Happy Hanool, an SK Telecom subsidiary and Standard Workplace for the Disabled, to expand the number of jobs where people with disabilities can work happily. Recognized for these activities, SK Telecom was named the Best Employer of Korea in 2021, and is making continuous efforts to build an anti-discriminatory organizational culture.

Respect for diversity

SK Telecom is actively recruiting female talent with the aim to facilitate women's social engagement. In 2021, 22.9% of the company's employees were women, a 3.6%p increase from 19.3% in 2020 and a 2.9%p increase from the 2021 target of 20%. Female employees accounted for 8.5% of all manager positions, 0.5%p increase. Female talents had a significant share in new hires, 40.2%. In addition, we spare no efforts to foster female leaders by building women role models and offering organized leadership training. SK Telecom is evolving and developing into a company that actively creates social value beyond respecting diversity.

Ratio of employees' performance evaluations (Unit: %)

2019	2020	2021
99	99	99
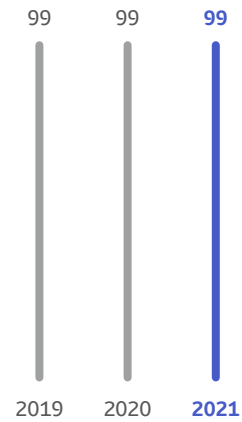
Employee engagement score (Unit: point)

2019	2020	2021
80	85	85
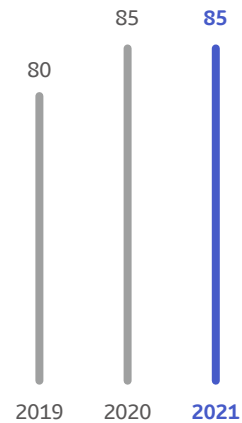
1) 'Overall response to COVID-19' included in the 2020 engagement survey questionnaire was replaced by 'pursuit of stakeholders' happiness' in the 2021 questionnaire as the former was considered completed during the year.

Fair Performance Evaluations

To gauge employees' performances and competence level, SK Telecom conducts annual performance evaluations based on fair procedures. SK Telecom's performance evaluation avoids internal competition and encourages sharing and collaboration through No Rating absolute evaluation, and in order to enhance transparency and fairness, SK Telecom's performance evaluation actively reflects the opinions of not only leaders but also colleagues who work together throughout the entire evaluation process. The results of performance evaluations serve as the basis for compensation, promotion, and core talent selection. Organization-specific talent review sessions are the forum to discuss and confirm the results. In 2021, 99% of SK Telecom employees were subject to the performance evaluations(employees on leave or dispatched to external organizations were excluded).

Employee Shareholding Program

To allow employees, being a major player in the fulfillment of our Financial Story, we have a program to encourage them to spontaneously take part in the improvement of corporate value, where employees are offered an option to receive their performance-based bonus as the treasury stocks. This program was launched in early 2021. Approximately 40% of the employees chose to become shareholders of the company by receiving company shares within the limit of performance-based bonus they were entitled with. Being both employees and shareholders, the participating employees will be able to benefit from the company's long-term growth.

Employee Engagement

SK Telecom conducts annual(at the end of September) employee engagement survey[1] to measure their 'sense of belonging as SK Telecom employees', 'pursuit of happiness through work', 'pursuit of stakeholder's happiness'. The results are measured as the proportion of positive answers to these questions. To this end, we organized a range of activities to encourage employees to feel the sense of belonging at work and promote positive awareness both internally and externally, hence making them happier by pursuing innovation in overall corporate culture. In the last survey, the overall employee engagement score was high at 85 points. The 2021 engagement survey was carried out with all employees, and 3,005 people responded.

Health, Safety, and Wellbeing

SK Telecom has a range of support and health programs for its employees and creates a working environment with the safety of its employees as a top priority. In-office environments are kept in ideal conditions including temperature, humidity, brightness, and noise, and there are various programs designed to help employees improve their physical strength and mental health. Happy Friday, which used to be the third Friday of the month, has been extended to a biweekly program, hence effectively making four-day work weeks in every two weeks. For work-life balance, we offer childbirth and childcare programs including reduced work hours for pregnant employees and leaves for school-aged childcare.

Facing the COVID-19 crisis, we were among the first in Korea to introduce work-from-home settings and paid strong attention to building infrastructure to minimize the infection and spread of the virus including the establishment of an automatic body temperature check system. In addition, we pursue ICT-based innovation at work, most notably Work from Anywhere that allows employees to work without the time and space limitation, Design Your Work and Time(DYWT) for employees to organize their own work hours to adjust commute times, and measures suchs as myDesk[1](Cloud PC), Meetus(group video conference service), and Teams(in-house collaboration program) in response to the proliferation of non-face-to-face work culture, thereby improving work efficiency and work-life balance.

Childbirth and parental leaves

SK Telecom has policies to provide active support to reduce employees' childbirth and childcare burden. From 2020, we have expanded the system to allow both male and female members to use parental leave for up to two years, strengthening the institutional foundation for employees' work-life balance. We also have holidays, leaves, and reduced work hour schemes(reduced work hours for pregnant employees, prenatal checkup leaves, childbirth leaves, and leaves for school-aged childcare, among others) for important occasions in employees' lives such as pregnancy, childbirth, and childcare. Other parenting support programs available at SK Telecom include nursing rooms, cash gifts for childbirth, children's tuition support, in-house day care centers, flexible working hours, and kids camp programs.

1) Allows employees to access the same work environment as their office computers on their personal computers or other smart devices.

Work Systems

Happy Friday

SK Telecom operates a 'Happy Friday' scheme that allows you to spend 2 working days per month to recharge yourself and to have time for your family instead of work. Happy Friday is based on every other Friday, but operates on a flexible schedule based on the monthly holiday schedule to increase the satisfaction of employees. With this in mind, employees plan their work schedule and use the time for their personal preferences. Measurements and analysis of employees' satisfaction with Happy Friday showed that the degree of happiness of employees on a Happy Friday was 114% of that on other days, meaning this program is highly appreciated and supported by them.

Work from Anywhere

SK Telecom operates a 'Work from Anywhere'(WfA) scheme that allows employees to work freely in a variety of working locations, including home, hub offices, as well as existing offices. To ensure smooth work environments for WfA, we have developed and distributed a cloud work system, tools for non-face-to-face work, and WfA guidelines. WfA allows employees to choose work place that suits best for personal or work situations, thereby ensuring both work efficiency and work-life balance. In particular, amidst the COVID-19 pandemic, WfA played active roles in proactive transformation to work-from-home arrangements for all employees, contributing to protecting safety and health of employees and their families and ensuring uninterrupted business(in 2021, 49.5% of all workdays were run in the work-from-home settings).

To further strengthen the WfA system and provide work experience same as offices, SK Telecom operates hub office space 'Sphere' in Shindorim, Ilsan, and Bundang. Unlike traditional offices, Sphere offers a wide variety of work seating for members to choose from, and is equipped with a 1-person conference room and a variety of IT equipment such as in-room camera, a sound bar, and more, taking into account the type of work and non-face-to-face situations, to facilitate collaboration and performance creation.

DYWT selective work hour system

SK Telecom considered the introduction of a selective work hour system, a form of flexible work hour systems, and introduced Design Your Work and Time(DYWT) in April 2018. DYWT is a system that sets a predetermined working time for a period of 4 weeks, and allows employees to freely plan and work on their own daily work schedules, such as the start/end time of work, within the prescribed working hours. This allows them to work in hours when they can be the most productive in consideration of their personal circumstances, etc., leading to positive effects including greater job satisfaction, improved work immersion, and reduced work hours.

Building an Organization Culture for Employees' Happiness

SK Telecom sees the happiness of employees as the supreme value and is committed to creating a workplace for their happiness by pursuing innovation in its organizational culture. The happiness management philosophy, a guiding principle for us to pursue happiness for all stakeholders, is reflected in the company's articles of incorporation.

Communications and engagement, horizontal relationships, sharing and collaboration

SK Telecom set communications and engagement, horizontal relationships, and sharing and collaboration as three orientations for organizational culture innovation and pursued systemized changes. For a transition from vertical to interactive communications, we have regular townhall meetings and share information on major managerial issues with employees to gather their opinions. In 2018, we set the rule to call each other among colleagues, whether they be employees or executives, with the suffix of 'Nim'(a form of honorifics in Korean) and unified the executive ranking system, which used to consist of vice presidents, executive directors, and managing directors, to further flexiblize organization culture. We also introduced a four-week selective work hour system(160-hour four-week work on their own), allowing employees to design their own work schedules in consideration of their work characteristic and needs. Furthermore, we have the Career Development Challenge(CDC) in place, which is an internal scout system that encourages employees to challenge themselves for what they want to do according to their specialty, competency, and career vision. We also developed infrastructure for document preparation and sharing and video conferences to facilitate sharing and collaboration, and the hub office space 'Sphere' provides work environments without time and space limitations.

Evolved and developed management philosophy	· 'Sustainable happiness of employees' clearly declared as a managerial orientation · Emphasizing the pursuit of 'stakeholders' happiness' along with 'employees' happiness' · Stakeholders happiness clearly defined as a 'social value' · Emphasis on the roles and practice of 'employees' as the main body of management philosophy practice

Redefining SUPEX COMPANY

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

Three Duties of SUPEX COMPANY

Creating economic value

Creating social value

Creating our happiness
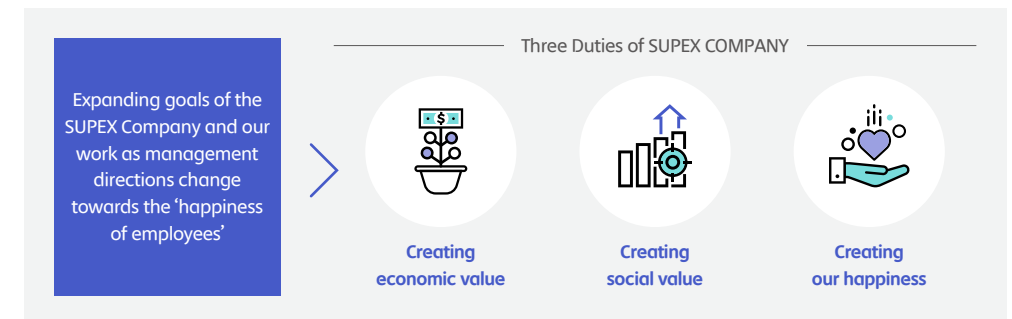
Employees' Happiness

IM HAPPY and emotion management programs

In the pursuit of data-based happiness, SK Telecom runs the IM HAPPY platform, on which employees voluntarily record their happiness data to enhance the happiness factors. Employees can record their emotions, situations, and happiness levels throughout their company and personal lives in the IM HAPPY app or web. Personalized happiness reports are provided monthly, containing the results of analysis of their accumulated happiness data, and every happiness card they post comes with Happy Nut mileage points, which can be surrendered for reward programs they want. IM HAPPY is not only a platform for employees' happiness records but also a tool for constant communications to listen to employees' thoughts for system improvements to maximize their happiness. In addition, we operate 'Thanks Letter' through which employees praise or encourage each other, and a 'Mind Forest' program that provides professional mental counseling to members who are experiencing psychological difficulties from family and interpersonal relationships and stress.

Human Rights Management

SK Telecom advocates for the human right principles presented by the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights(Ruggie Framework), and established a human rights charter that embodies the commitment of human rights management. Through the establishment of human rights management governance and the implementation of human rights impact assessments, we systematically manage human rights risks and take the lead in respecting the human rights of stakeholders.

Human Rights Charter

As a company that practices a high level of global citizenship, SK Telecom respects the fundamental rights of all stakeholders including customers, employees, business partners, and local communities and endeavors to practice human rights management. The company openly declares support for the human rights principles presented in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights(Ruggie Framework) and fulfils its responsibility for human rights respect. It has a transparent management structure for accountable organizations, operation structures, monitoring processes, and response to and communication about events following the UN Global Compact's human rights and labor principles, based on which its Human Rights Charter was developed and presented. Topics covered by the charter include the prohibition of forced labor, the prohibition of child labor, compliance with working conditions, humane treatment, anti-discrimination, freedom of association, and workers' safety and health, among others.

Human Rights Management Governance

As a company that practices a high level of global citizenship, SK Telecom respects the fundamental rights of not only its employees but also all stakeholders involved in its business activities including products, services, contracts, and purchases. The human rights management governance at SK Telecom consists of the Board of Directors, top management, the Human Rights Management Task Force, and relevant departments. The Board of Directors and the ESG Committee thereunder are the final decision-making body on human rights related issues. Human rights issues are reported to the CEO, who then makes decisions thereon and reviews human rights management performances. The Human Rights Management Task Force is under the direct supervision of the Chief Human Resources Officer(CHRO) and consists of working-level staff in departments related to human rights management. Relevant departments include ethical management, safety and health, information security, supply chain management, ESG, HR, and employee relations departments. They are responsible for identifying human rights risk management and improvement tasks and monitoring human rights issue in relevant areas.

Strengthening human rights management accountability and roles

Guided by the DBL principle, SK Telecom sets ESG KPIs including ESG activities which includes human rights management, environmental performances, and social contribution performances. The company's management is evaluated for these indicators and compensation is provided accordingly. To strengthen expertise and roles in human rights management, we also made changes in the ownership of human rights management from the ESG to HR organization.

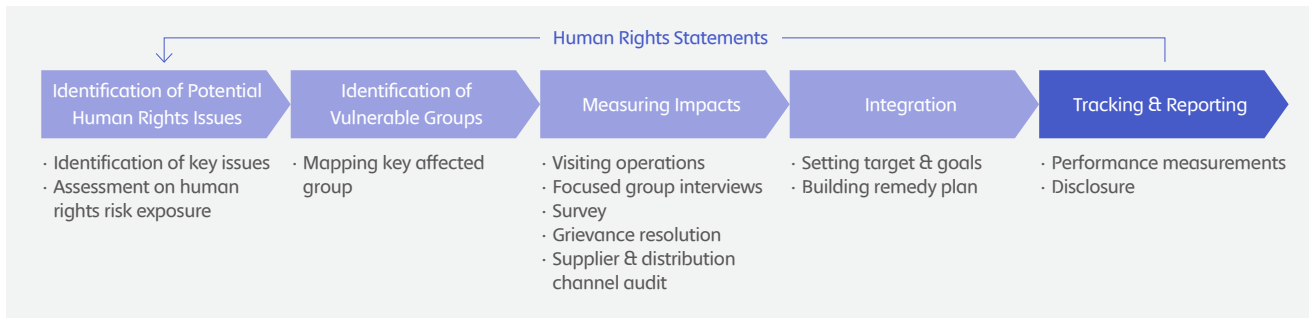### Pursuit of a standing organization for human rights management

With the aim to establish a human rights management system including management indicator development, due diligence, and risk improvement, the Human Rights Management Task Force was installed directly under the CHRO in 2022, which is anticipated to be established as a standing organization responsible for human rights management within the year.

Human rights management organizations	Roles and responsibility
Board of Directors(ESG Committee)	Final decision making for human rights
CEO	Decision making on major human rights management issues and performance review
Human Rights Management Task Force(directly under the CHRO)	Establishing and operating human rights management systems

Ethical management	Safety and health	Information security	SCM	Management indicator development and due diligence for relevant areas
ESG promotion	HR	ER	…	Human rights risk identification and improvement task development Internal and external reporting and disclosure Human rights education

Human Rights Risk Management System

Human rights due diligence process

To review the company's policies, procedures, and systems related to human rights issues and ensure the effective management of risk, SK Telecom conducts annual human rights impact assessments with all employees. This helps the company identify potential human rights issues, measure the impact of the issues on vulnerable groups, and establish improvement tasks accordingly. The human rights impact assessment uses a checklist developed in-house. We are strengthening our response to human rights issues through goal setting and performance measurement, and the results of human rights impact assessments are reported to the ESG Committee annually.

Human Rights Statements

Identification of Potential Human Rights Issues	Identification of Vulnerable Groups	Measuring Impacts	Integration	Tracking & Reporting
· Identification of key issues · Assessment on human rights risk exposure	· Mapping key affected group	· Visiting operations · Focused group interviews · Survey · Grievance resolution · Supplier & distribution channel audit	· Setting target & goals · Building remedy plan	· Performance measurements · Disclosure

Scope of the human rights due diligence

SK Telecom conducts human rights due diligence for all suppliers and partner companies that have contractual relations with the company, in addition to all of its own business activities. In addition, in the course of new business(acquisitions, mergers, joint ventures, etc.), we also carry out human rights due diligence processes to fulfill our commitment to respect human rights.

Human rights survey

To understand the status of human rights management and identify potential human rights risks, SK Telecom conducted a human rights survey of all employees. The survey was structured around identifying employees' awareness of the importance to human rights issues, human rights risk management systems, and human rights experiences, and the survey was conducted through external online to ensure anonymity. The results suggested that they found workplace sexual harassment and bullying to be the most important issues, and they also put an emphasis on personal information management. Based on the results of the human rights survey, SK Telecom will do its best to proactively respond to possible human rights issues so that the lives of its members can be happier.

Results of the human rights survey   * %: 'Ratio of respondents that found the issue important ● 80% or more answered

Question		Key issue Top 1	Key issue Top 2	Key issue Top 3
Human rights issue	Objects of anti-discrimination	Gender(71.3%*)	Age(64.7%)	Disability(64.3%)
	Items of anti-discrimination	Performance evaluation and compensation(81.1%)	Promotion(79.7%)	Hiring process(74.4%)
	Work environment improvement	Stress and mental health(81.2%)	Employee health management(80.2%)	Reduced work hours for pregnant women(74.3%)
	Information security	Consent to customers' personal information collection(85.3%)	Legitimate use of personal information(83.5%)	Personal information leakage control(81.7%)
	Local community	Negative impact on local communities(71.8%)	Stakeholder communications(67.3%)	-
Human rights risk management	Human rights risk management system	Grievance settlement measures(82.0%)	Grievance process(78.9%)	Regular human rights risk monitoring(72.5%)
	Identifying groups affected by human rights issues	Elderly people(74.3%)	Children(72.5%)	Women(70.4%)
Human rights experience	Workplace sexual harassment	Physical sexual harassment(83.9%)	Verbal sexual harassment(81.1%)	Forcing uncomfortable situations(81.0%*)
	Workplace bullying	Bullying(83.6%)	Violent language or insult(83.2%)	Unreasonable work order(80.9%)

Management Status by Human Rights Issue

In order to realize human rights management, SK Telecom has established standards for proactively identifying and managing issues that may arise with stakeholders, such as safety, hygine and health guarantee, guarantee of three labor rights, respect for diversity and anti-discrimination, protection of privacy, respect for workers and protection against harassment. By carrying out various activities such as system building, policy and plan development, and program operation around issue-specific KPIs, we do our best to let the employees of all business sites and partner companies to pursue happiness while respecting dignity and value as human beings.

Area	Issue	Key stakeholder			Management status	Management criteria
		Employee	Supply chain	Customer		
① Safety, hygiene, and health assurance	Safety and health management	●			· Developing Safety and health management plan and getting BOD approval annually · Establishing safety and health management policy and company-wide sharing	· BOD approval
	Organizing and operating safety and health organizations	●			· Establishing a basic safety plan and management organization · Appointing safety and health managers and supervisors in accordance with safety management guidelines	· Whether to form a dedicated organization · Adequacy of appointment of OSH Management Officer, Supervisor
	Safety and health budget	●			· Developing safety and health budget plan · Executing budget plan	· Checking the occupational safety and health budget plan · Safety and health implementation performance analysis
	Safety and health training management	●			· Office workers 3 hours/quarter, field workers 6 hours/quarter, supervisors 16 hours/year · New hiring 8 hours, temporary worker 1 hour · Chief safety and health managers initially 6 hours/2year, 6 hours afterwards safety and health managers initially 24 hours, 24 hours/2 years afterwards	· Manage the status of training participation
	Risk assessment and management	●	●		· Whether to conduct a regular and frequent risk assessment · The number of improvements to hazards and risk factors uncovered after the risk assessment · Regular and frequent safety inspection	· Whether to conduct a regular and frequent risk assessment · The number of harzard and risk factor improvements · Safety inspection status of each workplace
	Listening to employees' opinions	●			· Occupational safety and health committee by workplace(quarterly)	· Occupational safety and health committee operational results
	Developing contingency response procedure	●			· Checking and supplementing response manual to critical disaster(quarterly) · Conducting at least one major disaster response simulation drill per year	· Serious disaster response manual formulation and revision · Simulation training implementation status for each workplace
	Implementation inspection	●			· Diagnosis and improvement of the proper implementation of the occupational health and safety management system(semi-annual) · Analysis of the causes of industrial accidents and evaluation of the results of the implementation of measures to improve the prevention of recurrence(if they occur) · Monitoring the implementation of safety and health administrative dispositions (improvement and corrective orders), Improvement and reporting(if they occur)	· Whether to conduct implementation check and improvement · Check whether improvement measures are established and implemented if disaster occurs · Check the status of the implementation of the relevant department when improvement or correction order occurs
	Safety assurance	●	●		· Industrial Accident Rate = (Number of the injured/Number of Wage Workers) × 100 · LTIR = Number of labor loss industrial accidents / (Number of people × 50 weeks/year × 40 hours/week) × 200,000	· Calculate annual performance

Area	Issue	Key stakeholder			Management status	Management criteria
		Employee	Supply chain	Customer		
② Guaranteeing three labor rights	Guaranteeing the collective bargaining right	●			· Quarterly labor-management council meetings(four times a year) · Annual wage negotiations, collective agreements signed every two years	Proper implementation of the labor-management council, wage negotiations and collective bargaining
	Right of organization	●			· Process to unify the negotiation window for collective bargaining · Guaranteeing collective action under the collective agreement	Implementation of the process to unify the negotiation window Managing collective actions by the labor union annually
	Guaranteeing the right of collective action	●				
③ Work-life balance	Compensation	●				Appropriateness of wage and benefits - Appropriateness of the ranges of ordinary wage and average wage - Additional payment for overtime and work on holidays and at night - Payment over the minimum wage
	Welfare and benefits	●				
	Work hours	●			Flexible work hour system in place (employees to plan their own work schedules every four weeks)	Managing employees' weekly average hour works
					Reduced work hours for pregnant or child-upbringing employees	Actual status of reduced work hours for pregnant or child-upbringing employees and hours
					Leader-employee agreement for overtime	Overtime status and trends
					30-minute break for 4+ hours of work, 1-hour break for 8+ hours of work, 30-minute break every 4 hours of work	Appropriateness of break time - Trends in the use of leaves - Break time guaranteed
④ Respect for diversity and anti-discrimination	Gender Equality	●			Eliminating gender-side discrimination - Prohibition of discrimination based on reasons irrelevant to the performance of duties in the hiring process - Equal wage for men and women for equal work - Prohibition of discrimination in transfer, assignment, promotion, and retirement programs - Marriage, pregnancy, and childbirth not considered reasons to resign - Relevant education for all employees	Talent pipeline management - Proportion of female employees, overall and position/role/job group-specific
					Developing and practicing programs for maternity protection and work-life balance - Support programs above relevant statutory requirements(childbirth leaves, parental leaves, restrictions on overtime work, etc.) - Increased support for marriage, pregnancy, and childbirth - Maternity protection facilities in operations - Women's opinions incorporated in maternity protection support program operations - Inhouse childcare centers - Vitalizing the self-led time utilization program 'Happy Friday' - Various support programs including congratulatory money for childbirth, children's tuition support, and kids camp support	Maternity protection and work-life balance support programs - Female employees' resignation rate - Use of childbirth and parental leaves and duration - Use of Happy Friday - Other efforts of the company
	Work environment for minorities such as people with disabilities	●			Eradicating unfair treatment and discrimination against people with disabilities, people from multicultural backgrounds, etc. - Creating an 'environment' where they can make the full use of their abilities - Creating a 'culture' of working together through awareness building education - Creating an environment where everyone works happily together	- Employment rate of people with disabilities - Proportion of employees from multicultural backgrounds (foreign employee hiring rate) - Considerations to efforts to improve work environments for minorities
	Employee survey	●			Subject/item-specific survey of employees on anti-discrimination	- Annual survey for cumulative trend management

Area	Issue	Key stakeholder			Management status	Management criteria
		Employee	**Supply chain**	**Customer**		
⑤ Information security and privacy	Personal information security policy	●		●	· Policy review in consideration of laws and regulations, connections with relevant agencies' policies, and changes in internal and external environments(annually) · History management for establishment and amendments	History management for establishment and amendments
	Personal information risk management process	●	●	●	· Evaluation on information security and personal information management status - Subjects: SKT, supply chain, subsidiaries, and investees - Internal: Annually - Evaluation: Diagnosis plan establishment and inspection status	Corporate-wide security evaluation · ISMS-P certification and retention · Improvement measures · No. of measures taken Supply chain evaluation · Offline checkup rates - No. of stores that underwent offline evaluations - No. of stores in violation(violation rate) - No. of stores for which measures were taken Subsidiary and investee evaluations · Security evaluations conducted by subsidiaries and investees
	Council for personal information security	●		●	· CISO and working-level councils for information security and personal information security	CISO council · Council meetings held at least once a year
	No. of customer information leakage			●	· No. of customer information leakage incidences	· Annual customer information leakage incidences
	Education on Personal Information security	●			· Education on Personal Information security · Awareness building among all employees and establishing information security and personal information security as a corporate culture, improving the effectiveness of information security practices	· Training participating rate(no. of employees that took the training compared to the total employees)
⑥ Supply chain management	Human rights		●		· Subjects selected from among suppliers in consideration of the volume of transactions and strategic importance · Performing supply chain ESG evaluations · On-site inspections and improvement measures for suppliers whose evaluation results are lower in rank	· Presence of human rights policy(prohibition of forced/child labor, etc.) · Written employment agreements with executives and employees · Proportion of female workers, etc.
	Labor		●			· Compliance with the statutory wage and 4 compulsory insurances · Implementation of training as part of human resources development · Presence of grievance settlement and opinion collection processes, etc.
	Safety and health		●			· Presence of an occupational accident and illness prevention management system · Implementation of safety and health education and training · Presence of safety and health prevention facilities and equipment, etc.
	Ethical management		●			· Presence of ethical management policy · Implementation of ethical management training · Presence of a reporting channel for ethical issues, etc.
	Information security		●			· Presence of personal information security policy · Implementation of personal information security monitoring, etc.
⑦ ICT industry human rights issue management	Harmful content			●	· Child-only app services and youth safety services to prevent them from being exposed to harmful content	
	Smartphone addiction and cyberbullying			●	· Service guides and content for smartphone addiction and cyberbullying prevention	
	Land and asset acquisition				· Process for consultation with the local community · Channels to receive reports on residents' rights infringement	

Conflict minerals

Conflict minerals refer to four minerals - tin, tantal, tungsten, and gold - collected in ten conflict countries in Africa such as the Democratic Republic of the Congo. Causing human rights issues such as the spread of conflict and labor exploitation, the use of conflict minerals has become an important human rights issue in the telecommunications and electronic industries. SK Telecom constantly monitors the inclusion of conflict minerals in materials, parts, equipment, etc., supplied to us. We conduct origin tracking and due diligence based on the Conflict Minerals Reporting Template(CMRT) of the Responsible Business Alliance(RBA, formerly EICC) and the Global e-Sustainability Initiative(GeSI). The 2021 supply chain due diligence demonstrated that SK Telecom directly purchased no conflict minerals, nor did it have direct contractual relations with any smelting factories in conflict areas, hence no minerals produced in conflict areas that would justify additional supply chain due diligence. SK Telecom conducts constant monitoring with the aim to maintain the zero conflict mineral goal.

Category	2019	2020	2021
Conflict minerals used by SK Telecom	0	0	0
Mitigation measures	Constant monitoring of the use of conflict minerals in major operations		

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

To identify vulnerable groups, SK Telecom structured a value chain to determine the likelihood of human rights issues arising from each process. Accordingly, SK Telecom identified vulnerable groups in the categories of networks, products and services, and devices, which include internal members of SK Telecom and its subsidiaries and joint ventures, minors under 18 years of age, indigenous landlords involved in the construction of base stations, members of suppliers such as device materials suppliers and network equipment manufacturers, migrant workers at device materials suppliers and network equipment manufacturers, all business partners in SK Telecom's value chain, and existing and prospect customers of SK Telecom, among others. The company proactively identifies key human right issues related to the vulnerable groups identified from the risk mapping, analyzes the nature of the issues, and then decides whether to conduct due diligence based on the level of risk. Improvement measures are taken for 100% of issues identified from the due diligence.

- ● Own employees
- ● Children
- ● Supplier employees
- ● Migrant workers (foreign workers)
- ● Suppliers
- ● Local communities

1) The average issue identification rate for conflict minerals, humane treatment, work hours and safety is 11.3%, and measures have been taken for all of them.
2) 19.9% when calculating the existing mitigation measures item based on the reflection of new mitigation measures items(mental counselling, healing P/G)

Risk mapping for vulnerable group identification
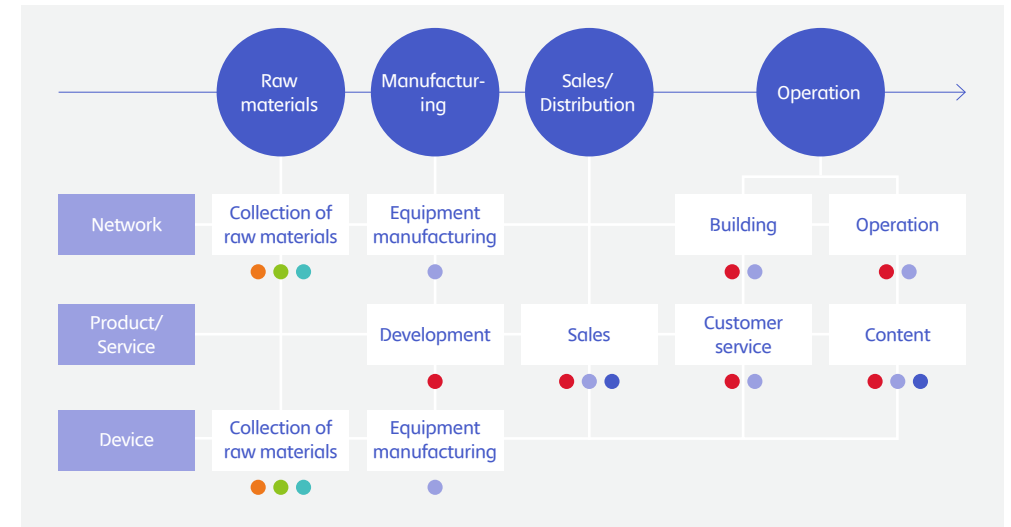
2021 due diligence results

Key Human Rights Issues	Vulnerable Groups	Subjects for Review	Nature of Issues	Risk Level	Survey scope	Issues identified[1]	Measures Taken
Conflict minerals	Supplier employees, Children	Raw material suppliers	Use of tin, tungsten, and tantalum produced in the DRC or neighboring countries in manufacturing electronic devices that may lead to continued conflict in the areas and child labor	Subject to due diligence	100%	0%	100%
Humane treatment	Suppliers	Subsidiaries (SERVICE TOP, SERVICE ACE)	Protection of consultants exposed to customers' irrational words and/or behavior(profanity, verbal abuse, threats, insults, sexual harassment, etc.) or unreasonable demands	Subject to due diligence	78.6%	33.9[2]	100%
Working hours / safety	Installers & operators	Subsidiary(SKons)	Compliance with working hours in the network operation process and resolution of safety issues that can result in physical harm	Subject to due diligence	100%	0%	100%
Personal information security	General public	Subsidiaries, partners	personal information security and privacy protection that are considered as important human rights in the information age	Subject to due diligence	100%	5.3%	100%
Working hours	Own employees	SK Telecom	Issues related to forced labor, child labor and other human rights violations	Precautions required	100%	0%	100%
Indigenous rights	Supplier employees	Local communities	Direct violations of indigenous peoples' rights, such as the use of land and property for business expansion	Precautions required			
Information accessibility	Children, general public	SK Telecom	Protecting the accessibility to the universal information and taking content responsibility toward children	Precautions required			

Supply Chain

SK Telecom spares no effort to support the capacity building of its suppliers and establishes a responsible management system to realize sustainable and stable supply chain management. We pre-screen the supply chain based on ESG elements such as human rights, environment, ethics, and social aspects, provide suppliers with our business partner ESG code of conduct and support their compliance to prevent risks. In addition, based on trust and fair trade culture, we continue to communicate and collaborate with our suppliers and take the lead in sustainable win-win growth.

Supply Chain Status

SK Telecom designates critical supplier groups in consideration of their impact on our business and dependence such as 1) relevance with the company's core business and reliability, 2) high transaction value, and 3) irreplaceable, proprietary technologies. In 2021, 160 suppliers out of 1,189 registered suppliers were classified as Tier 1 critical suppliers, and 52 as non-Tier 1 critical suppliers.

2021 supply chain purchase analysis

Supplier classification		No. of suppliers	Portion of purchase (%)
	Total registered	1,189	100
Tier 1 Supplier	Equipment(network and infrastructure)	153	31
	Service(software and solution development)	781	44
	Goods	108	5
	Construction	147	20
Critical supplier	Tier 1	160	88
	Non-Tier 1	52	5

Responsible supply chain management process
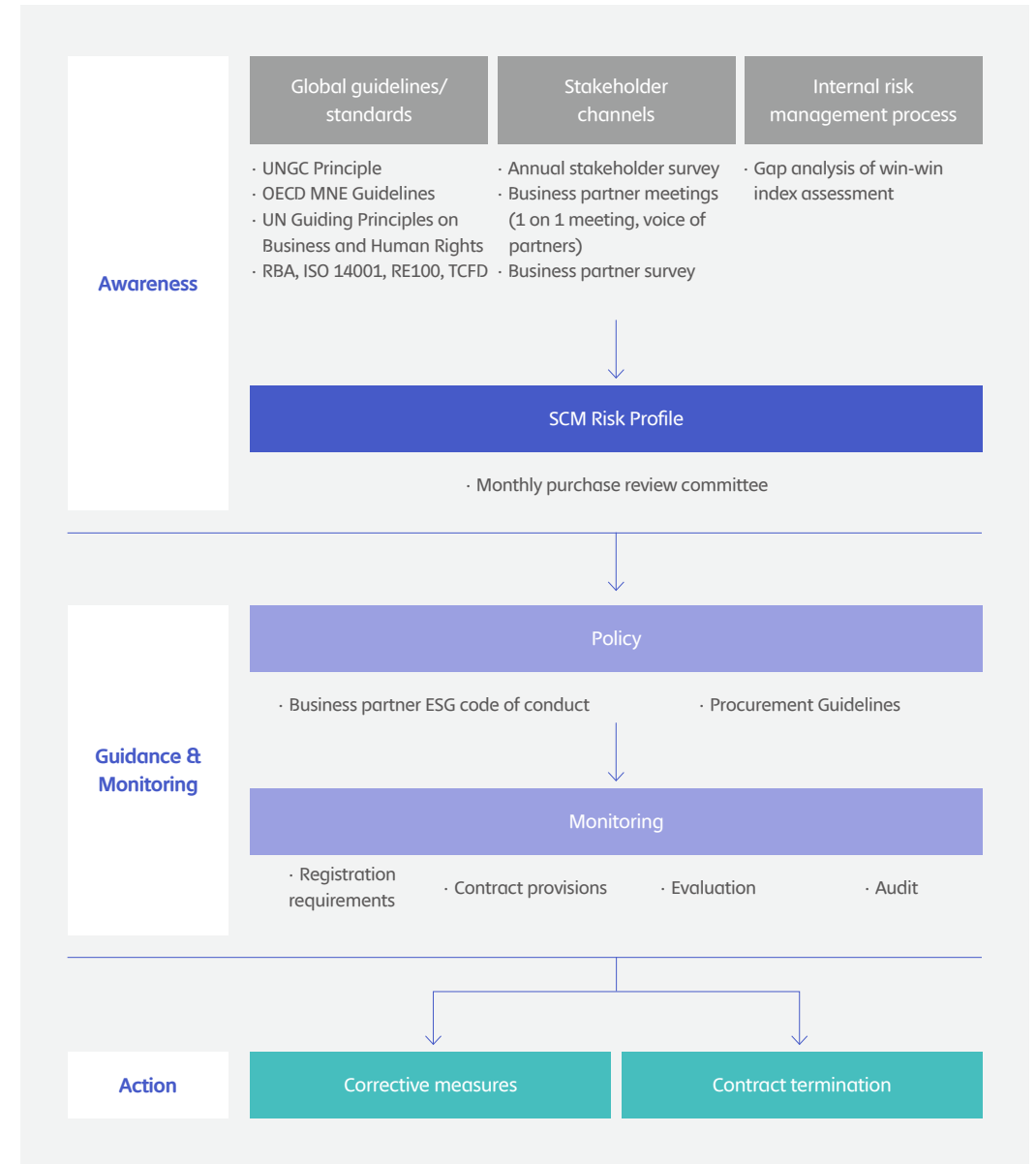
Sustainable Supply Chain Selection and Evaluation

Supplier ESG risk management policy

SK Telecom establishes the supplier ESG code of conduct based on the UNGC Principle, OECD MNE Guidelines, and GeSi JAC(Joint Audit Cooperation) Guidelines, defines the requirements for the social responsibility compliance of its partners, and requests the practice and compliance of its partners. In addition, based on the ESG risk diagnosis guidelines of partner companies proposed by SK Group, we designate various ESG risks that may arise in the process of collaboration with partners as our core management areas reflecting the characteristics of the communication industry, and systematically manage the ESG risks of our partners through detailed procedures such as pre-diagnosis - evaluation - due diligence - improvement planning and monitoring. At the beginning of each year, we oblige all our partners to take the 'Supplier ESG Code of Conduct Agreement' and 'Supplier Ethical Practice Agreement' which focus on the core ESG risk management area as an online pledge of partner companies through the purchasing system.

Suppliers are categorized in consideration of the volume of transaction, the continuity of trade, the characteristics of goods and services, and strategic importance, and category-specific ESG diagnosis indicators, methods, and cycles are applied to support the gradual improvement of suppliers' ESG levels. Also, suppliers are offered ESG training, consulting, and other improvement programs based on the results of the supplier ESG diagnosis for organized follow-up and support.

Supplier ESG risk management goal and implementation roadmap

SK Telecom uses many different ways to gauge the level of ESG aspects across the supply chain by, for example, conducting document investigations, self-diagnosis, and site visits for registered suppliers and conducts systemized supply chain ESG risk management focusing on major matters that require improvement. In particular, we have implemented periodic feedback programs for partner companies that need support based on the results of supply chain risk diagnosis and assessments, requiring the establishment of corrective action plans and the improvement of ESG performance according to the plan. Based on the company's track records in supplier ESG risk management, it is preparing to introduce an ESG risk in-depth diagnosis program, an updated version of the existing ESG diagnosis, based on the group's supplier ESG diagnosis guidelines and in consideration of the characteristics of the telecommunications industry in 2022.

1) For more information, visit the SK Telecom website(www.sktelecom.com/supplychain).

- By 2023, the 'ESG Risk In-Depth Diagnostics Program' will be completed with a focus on our critical partners including tier 2 partners, and tier 1 partners with a high volume of transactions. Based on the results of the in-depth diagnosis, we will provide customized improvement support education programs and supplier site visits to offer ESG level improvement consulting programs.
- The ESG risk in-depth diagnosis program will be done with all suppliers by 2025. This will allow us to raise the ESG risk management level of the company's entire supply chain up to that presented in guidelines from leading global institutions including the UNGC.

Supplier ESG code of conduct

SK Telecom defines suppliers' social responsibility requirements in the supplier ESG code of conduct. The company fulfils sustainable supply chain management based on its supply chain policy[1] that consists of environmental management, health and safety, labor and human rights, anti-corruption, fair trade, and information protection. This serves as the basis for the supplier ESG code of conduct the company provides suppliers with, and all business partners and secondary business partners involved in contractual relationships with the company are recommended to comply with the rules. As an UNGC LEAD company, SK Telecom has incorporated UNGC principles into its supply chain guidelines and is working on the recommendations of GeSI's Joint Audit Cooperation(JAC) guidelines, a global e-Sustainability initiative. In contract process, the company requires that suppliers abide by these principles and conducts regular monitoring to prevent risks related to business partners.

Details of the supplier code of conduct

Category	Details
Environmental management	Compliance with environment-related laws and regulations including energy consumption and greenhouse gas emissions, harmful substances discharge, water management, resource saving, biodiversity conservation, deforestation prevention, etc.
Health and safety management	Compliance with health and safety laws and regulations including occupational safety, occupational accidents and illness prevention, hygiene, food and housing, health and safety communications, etc.
Labor and human rights management	Compliance with labor and human rights laws and regulations including prohibition of forced and child labor, work hour compliance, prohibition of discrimination and bullying, wage and benefits, humane treatment, freedom of association, etc.
Ethical management	Compliance with ethics-related laws and regulations including business integrity, information disclosure, intellectual properties, fair trade and advertising practice, whistleblowing protection, responsible minerals procurement, privacy protection, etc.

Supply chain anti-corruption policy and audit

In order to prevent corruptive conduct in the supply chain, SK Telecom obtains consent to cooperate on the practice of fair trade through the 'Business Partner Ethical Practice Agreement' every year in addition to the 'Business Partner ESG Code of Conduct'. These are intended to engage in the fulfillment of corporate social responsibilities including ethical management and establish a fair and transparent trade culture. Major provisions include the prohibition of offering money and valuables, entertainment, or conveniences, the obligation to report to the ethical counselling center if being solicited to offer money and valuables, entertainment, or conveniences from an employee, prohibition of use or leakage of management information, and the prohibition of unfair trade. Corruptive conducts are subject to sanctions imposed by the purchase review committee. No violations were reported in 2021.

Supply chain preliminary screening

Based on the 'Business Partner Ethical Practice Agreement' uploaded to its electronic contract system(OPEN2U), SK Telecom screens all of newly registered suppliers. We require partner companies to comply with the requirements regarding SK Telecom's supply chain policy in a written contract and the 'Supplier ESG Code of Conduct Compliance Agreement', an official document requesting compliance and consent to the supply chain ESG policy. In the case of the non-tier 1 partner company, we are also asking 100% of the partner companies to implement the Code of Conduct, throughout the contract and business practice. Business partners may be disqualified for supplier registration and the contractual relation with them may be terminated depending on the findings from the screening. SK Telecom conducts preliminary screening based on ESG aspects including human rights, environment, ethics, and social aspects for new supplier registration and pursues continued expansion of the supply chain ESG diagnosis. All partners newly registered in 2021 underwent the preliminary screening. To ensure 100% preliminary screening, the company has advanced the financial and non-financial risk evaluation items and processes for contracting with newly registered partner companies up to international ESG standards and manages pools of supplier candidates that meet these standards to minimize supplier ESG risks.

Supply chain ESG assessment(preliminary screening)

Type of supplier	2019	2020	2021	2023 goal	Remarks
Number of newly registered suppliers	568	336	325	-	Service/ Construction/ equipment/ goods supplier
Number of human rights, environmental, ethical, and social screenings conducted	568	336	325	-	
Rate of preliminary screening(%)	100	100	100	100	

1) Ratio of supplier found high risk level or worse from the risk analysis
2) Counted only if subcontracting for network facility construction and general goods supply rather than direct contracts with small suppliers

Major risk identification and analysis in the supply chain

Along with annual win-win growth satisfaction survey, SK Telecom conducts supplier surveys(business partner surveys), partner meetings, voice of partners, and risk management working groups, among others, for proactive management of major risks in the supply chain. Risks identified therefrom are reflected in risk gap analysis and risk mapping by supplier groups and reviewed at the monthly purchase performance analysis and improvement meeting. SK Telecom defined major risks in the supply chain as follows and reflects the definition in the supplier sustainability process. Major risks are incorporated in the 'Supplier ESG Code of Conduct and Business Partner Ethical Practice Agreement', which are 100% applicable to future partner diagnosis. In 2021, risk identification and analysis was conducted for all tier 1 partners(1,189 companies) and non-tier 1 partners(52 companies). To prevent potential risks, supply chain audits were pursued for suppliers identified to be exposed to high risk through site visits or third-party audits.

Supply chain risk identification and analysis results in 2021

Major risk				Assessed Sourcing Group			High risk ratio[1]
				Risk Level	Assessed Group	Ratio (no. of companies)	Ratio (no. of companies)
Tier 1	Overall		Overall risk	-	-	100%(1,189)	0.8%(9)
	Economic risk		Ethical and anti-corruption principle violation in the contract process	High	All suppliers	100%(1,189)	0%(0)
			Collusion and other unfair trade practices	High	All suppliers	100%(1,189)	0%(0)
			Delayed payment to subcontractors	High	All suppliers	100%(1,189)	0%(0)
			Unsound financial structure(low credit rating)	High	All suppliers	100%(1,189)	0.8%(9)
	Social risks		Violation of ILO standards and reasonable labor practices(compliance with work hours, wage payment, and other labor rights)	Moderate	Service/construction suppliers	78%(928)	0%(0)
			Conflict minerals	Low	Equipment suppliers	13%(153)	0%(0)
	Environmental risk		Violations of environmental regulations	Moderate	Equipment suppliers	13%(153)	0%(0)
			High GHG emissions	Moderate	Equipment suppliers	13%(153)	0%(0)
			Failure to adopt an environmental management system	Low	Construction/ equipment suppliers	25%(300)	0%(0)
Non-Tier 1			Overall risk	-	Subcontractors[2]	100%(52)	0%(0)

Supply chain ESG assessment

The proportion of registered suppliers that undergo document and on-site investigations serves as the core indicator for the supply chain ESG assessment. In 2021, 1,147 companies out of 1,189 Tier 1 suppliers, or 96% of the total registered suppliers, underwent document investigations. In the same year, 175 companies that signed a win-win growth agreement with SK Telecom participated in the win-win growth index assessment conducted by the Korea Commission for Corporate Partnership. The company applies these policies and performance indicators to all domestic and global suppliers. SK Telecom makes only 0.3%(KRW 12.7 billion) of its total purchases(KRW 3,837.7 billion) overseas, and regional performance indicators are focused on Korea.

Supply chain ESG assessment(by tier)

	Supplier type	2019	2020	2021	2023 goal
Tier 1	Nnumber of registered suppliers[1]	1,074	1,179	1,189	
	Number of suppliers assessed	1,072	1,133	1,147	-
	Number of suppliers that underwent document audits	1,072	1,133	1,147	-
	Rate of suppliers assessed(%)	99	96	96	100
Non-Tier 1	Number of critical suppliers[2]	36	44	52	-
	Number of critical suppliers assessed	31	39	52	-
	Rate of critical suppliers assessed(%)	86	89	100	100

2021 supply chain ESG risk assessment(by type)[3]

Category	Number of companies	Number of companies assessed	Ratio(%)	Remarks
Critical suppliers	212	212	100	
High risk level suppliers	9	9	100	

1) Numbers inclusive of suppliers with no transaction history in the past three years
2) Counted only if subcontracting for network facility works and general goods supply rather than direct contracts with small suppliers

3) SK Telecom conducts annual supply chain ESG risk assessment, and the ratio is based on the number of suppliers assessed annually

Corrective measures and incentives

SK Telecom requires partner companies that need improvement based on the results of the supply chain risk diagnosis and assessment to develop a corrective action plan and improve ESG performance according to the plan. Partners that need improvement are subject to special management, receiving improvement plan validity review, resources essential for the corrective measures, and expert support from external organizations as needed for expedited ESG performance improvement. The outcomes from these improvement activities are categorized, analyzed, and reflected in supply chain preliminary screening, ESG risk diagnosis, and support policy development processes. No sanctions were taken against companies based on the supplier diagnosis and assessments in 2021. Suppliers that excel in the diagnosis and assessment are offered incentives such as capacity building programs and risk reduction training support. The capacity building programs include free technical and patent transfers, technical support and protection programs through Open Collaboration, Win-win Growth Academy, CEO seminars and MBA programs for suppliers. The risk reduction programs include win-win growth agreements, guide to purchasing policies and policy compliance for partners, supply price adjustments, funding(financial) support, and welfare assistance.
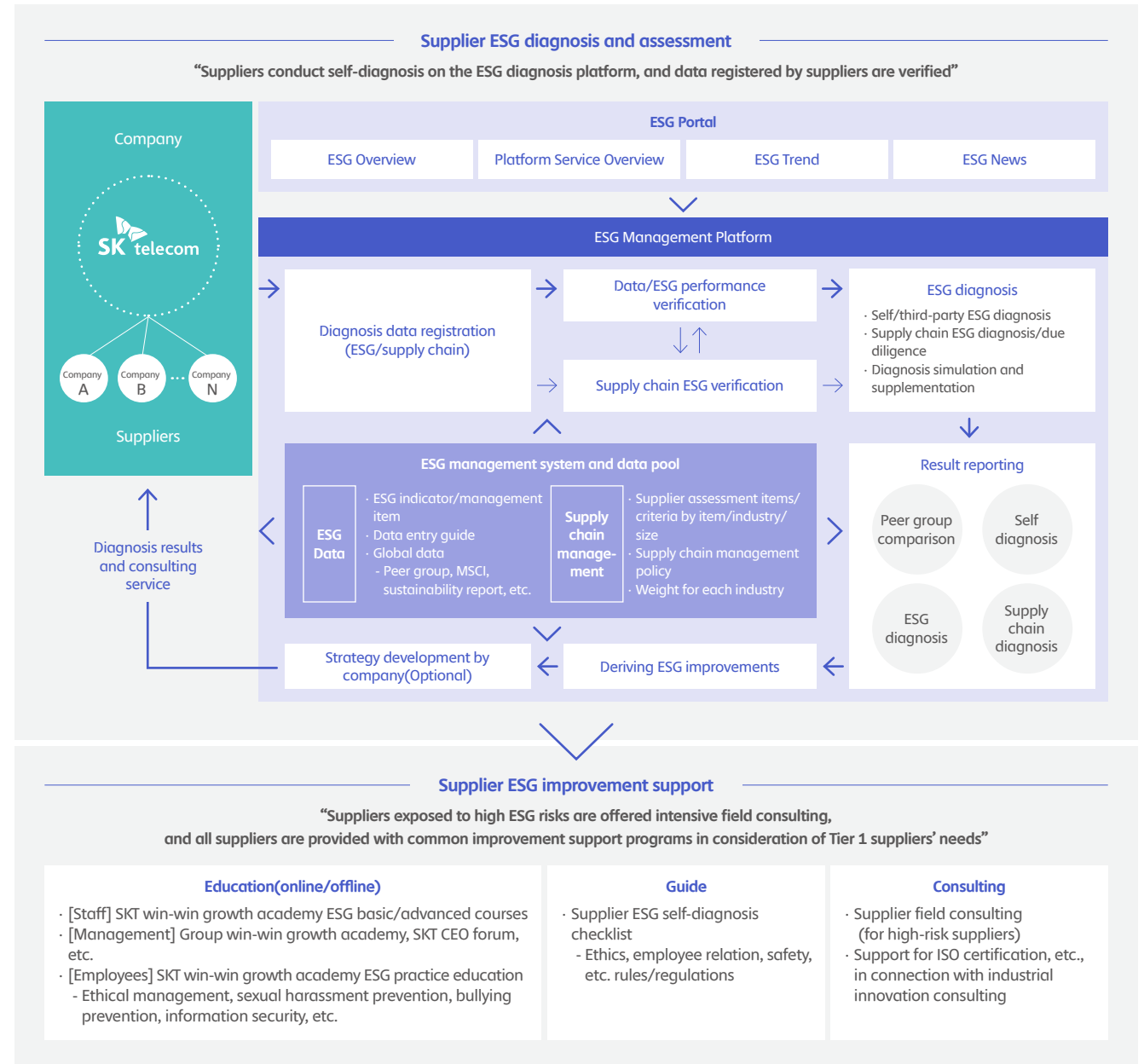
Risk-related Corrective Measures for Partner Companies

Category	2019	2020	2021	Goal for 2023	Remarks
Rate of high risk level partners with established plans for improvement(%)	100	100	100	100	
Rate of partners with improved ESG Performance within 12 months of establishing plans for improvement(%)	90	90	90	90	
Number of partners that received corrective suspension	0	0	0		Reviewed by the Purchase Review Committee
Banned temporarily	0	0	0		One year suspension
Banned permanently	2	0	0		Permanent suspension

Purchase strategy and supply chain sustainability

SK Telecom has prioritized the following five purchase strategies: 1) Improving the purchasing structure from the perspective of Total Cost Ownership(TCO) to secure the funadamental competitiveness in purchase, 2) zero-base review of cost composition to improve cost effectiveness, 3) optimization and improvement towards business-friendly purchase processes, 4) creating environments for proactive risk management and compliance, and 5) supply chain sustainability management goals to expand joint development, support exports, and create environment for fair trade.

Supply chain ESG risk management in-depth diagnosis

For supply chain ESG risk management advancement, SK Telecom conducted ESG assessment improvement pilot-tests twice in 2021. The company aims to apply the newly developed ESG assessment to critical suppliers in 2022 and further expand the program in 2023. In order to improve the risk management system, we have incorporated the current group ESG diagnostic guide for partner into our ESG risk management policy, and based on this, we have established the ESG Code of Conduct for the partner companies and completed the compliance signatures for the tier 1 and tier 2 partners. For voluntary management by suppliers and data verification, the results of the diagnosis and consulting services will be provided through the supplier ESG diagnosis platform in the form of an in-depth diagnosis. To ensure that substantial improvements are made, improvement support programs will be developed, and suppliers exposed to high ESG risks will receive intensive field consulting.

Supplier ESG diagnosis and assessment

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

ESG Portal

ESG Overview | Platform Service Overview | ESG Trend | ESG News

ESG Management Platform

Diagnosis data registration (ESG/supply chain)

Data/ESG performance verification

Supply chain ESG verification

ESG diagnosis
· Self/third-party ESG diagnosis
· Supply chain ESG diagnosis/due diligence
· Diagnosis simulation and supplementation

ESG management system and data pool

ESG Data
· ESG indicator/management item
· Data entry guide
· Global data
  - Peer group, MSCI, sustainability report, etc.

Supply chain management
· Supplier assessment items/criteria by item/industry/size
· Supply chain management policy
· Weight for each industry

Result reporting
- Peer group comparison
- Self diagnosis
- ESG diagnosis
- Supply chain diagnosis

Strategy development by company(Optional)

Deriving ESG improvements

Company

SK telecom

Suppliers

Company A | Company B | ... | Company N

Diagnosis results and consulting service

Supplier ESG improvement support

"Suppliers exposed to high ESG risks are offered intensive field consulting, and all suppliers are provided with common improvement support programs in consideration of Tier 1 suppliers' needs"

Education(online/offline)
· [Staff] SKT win-win growth academy ESG basic/advanced courses
· [Management] Group win-win growth academy, SKT CEO forum, etc.
· [Employees] SKT win-win growth academy ESG practice education
  - Ethical management, sexual harassment prevention, bullying prevention, information security, etc.

Guide
· Supplier ESG self-diagnosis checklist
  - Ethics, employee relation, safety, etc. rules/regulations

Consulting
· Supplier field consulting (for high-risk suppliers)
· Support for ISO certification, etc., in connection with industrial innovation consulting

Win-win Growth with Business Partners

SK Telecom pursues win-win growth with business partners to create a healthy ICT industrial ecosystem and sustainable value. To do so, the company installed a department dedicated to win-win growth and win-win cooperation for the first time in the industry in 2003, thereby clearly demonstrating its willingness to pursue win-win management. Being recognized for its efforts to establish a fair trade culture with partners and genuine win-win growth, SK Telecom has been top-rated in the Win-win Growth Index for nine consecutive years as of the end of 2021.

SK Telecom concludes fair trade agreements with around 150 partners annually. To strengthen partners' competitiveness, the company has extended the domain of its win-win growth programs from Tier 1 partners to secondary partners. Furthermore, in an effort to vitalize the startup ecosystem, it is also opening support programs to new businesses with no previous trade records. These programs range from new technology development to commercialization support, competitiveness building support, and market development support.

SK Telecom's win-win growth is based on the creation of trust and a fair trade culture, and we intend to expand cooperation with partner companies to respond together to various environmental changes such as the post-pandemic era, to practice the future we create together, and to practice sustainable win-win cooperation. Aiming to practice the highest level of win-win growth in Korea, the company is pursuing the following three key win-win growth initiatives by 2025.

- · Establishment of fair and transparent trade environment with partners, continued compliance with the Fair Trade Commission's major recommendations(contracting, supplier selection and operations, internal review committee, document retention and issuance, etc.) and self-improvement activities: to be completed for Tier 1 suppliers by 2023

- · Partners support for win-win cooperation: quantitative and qualitative expansion of win-win growth programs for Tier 1 partners to secondary partners by 2025

- · Expanding collaboration projects to help partners sharpen their competitive edge and take the lead in markets(joint development of new technologies such as 5G and AI, ESG promotion, collaboration projects for future preparation, etc.): to be completed with Tier 1 partners by 2023

At SK Telecom, win-win growth activity plans and performances are reported to the Board of Director's ESG Committee, which reviews on major agenda. The ESG Committee is the final decision-making body of SK Telecom in terms of sustainable management that aims to practice global-level social responsibility management. To ensure the progress of systemized win-win growth and win-win with partners, corporate-wide purchase review committee meetings are held monthly. The purchase review committee is attended by key executives to discuss major issues related to fair trade and win-win growth and check detail activities. In addition, the legal compliance organization is responsible for partner fair trade risk management and key issue support. The company also have a range of arrangements to listen to the voices of the field related to the win-win growth felt by partner companies.

- · Partner happiness survey: an anonymous survey of partners on business relations, decision making, etc., in transactions and collaboration with SK Telecom, of which results are reflected in feedback to operation departments and win-win growth policies

- · In-depth meetings with partners: one-on-one informal meetings to listen to partners' voice about contracts and win-win growth activities with SK Telecom and incorporate the lessons in policies

Decision making organizations for win-win growth

At SK Telecom, win-win growth activity plans and performances are reported to the Board of Directors' ESG Committee for review on major agenda.

ESG Committee

SK Telecom's final decision-making body for sustainable management established to practice global-level social responsibility management

Purchase review committee (held monthly)

Engaging key executives to review key issues related to fair trade and win-win growth and check concrete activities

Legal compliance office

Partner fair trade risk management and key issue support

Major Accomplishments for Win-win Growth

Category	Major program	Details
Training and recruitment	Win-win growth academy	· Free customized education for partner employees' capacity building · 70 online and offline courses including ICT technology, leadership, and managent innovation · 20,000 annual course-takers including tier 2 partners in 2021
	Recruitment support for partners	· Free hiring portal and advertisements support to help partners resolve challenges in talent attraction · Conducted annually since 2018. 180 people hired by 48 participating partners in 2021
Financial support	Win-win growth fund	· Low-rate loans of up to KRW 3 billion for partners' stable business operations · Extend the program to tier 2 partners recommended by Tier 1 partners · Initiated in 2010, total funds worth KRW 136 billion as of 2021. Interest-free ESG loans worth KRW 35 billion newly introduced in 2021
	Payment terms	· Immediate payment program introduced to support small partners' liquidity in 2004, where payment is made within three days regardless of the amount · Payables to small partners paid 100% in cash since 2005
Technical support and protection	Patent support	· Free transfer and grant of 1,500 SK Telecom patents to enhance SMEs' technical competitiveness · Annual guides and patent consulting including tier 2 partners
	Technical support infrastructure	· The company's infrastructure such as testbed and APIs and SDKs offered for free to small partners and single-person developers to support their new thecnology development and communication network integration
	Technical protection support	· Covering costs for technical data deposit by the Korea Foundation for Cooperation of Large and Small Business, Rural Affairs and the Korean Intellectual Property Office trade secret certification program to protect partners' technologies since 2010 · Technical protection program support including tier 2 partners
	Purchase-tied technology development projects by the Ministry of SMEs and Startups	· Support for small and medium partners to facilitate technology development and expand their sales channels · 24 cases supported since 2010
Management support	Partners' welfare support	· Welfare points provided to partners' employees(personal development, children's tuitions, etc.)
	Productivity improvement consulting support	· Participating Industrial innovation campaign promoted by the Ministry of Trade, Industry and Energy since 2013 · Free productivity improvement consulting for accumulated 215 companies as of 2021
	Sales channel expansion support	· Support for suppliers participating in local exhibitions such as the World IT Show and international showcases such as the Mobile World Congress including covering booth installation expenses · Support seven accumulated joint overseas advancement partnership projects promoted by the Ministry of SMEs and Startups
ESG support	Support for partners' ESG capacity building education	· Providing level-specific training programs for ESG understanding to employees of partner companies · 489 people from 120 partners took three ESG capacity building programs as of 2021
	Support for partners' safety and health capacity building education	· Free education for partners such as NW construction on safety and health precautions that members of partner companies should observe in communication facility construction, etc. · 586 people from 54 partners took six safety education programs as of 2021

CASE

Open communications in the contactless era

SK Telecom offers a range of partner support programs to achieve win-win growth in the contactless era. In 2021, we worked with partners to organize a non-face-to-face job fair to help partners resolve challenges in hiring talents due to COVID-19. We also organized a non-face-to-face win-win growth CEO forum for the CEOs of partners, where partners' CEOs obtained insights for their business management including prospects for digital industries in the post-COVID era. In addition, the Win-win Growth Happiness Camp went online to listen to partners' honest thoughts about the challenges they faced amidst COVID-19 and find ways to ensure substantial collaboration. Facing COVID-19, SK Telecom will continue supporting win-win cooperation through open communications with partners primarily with non-face-to-face channels.

Win-win growth milestones at SK Telecom

2003~2007

Heart to be together

2003
Installed an organization dedicated to win-win growth

2004
Installed the immediate payment program to support small businesses' liquidity

2005
100% cash payment to small businesses

2006
SK win-win Academy (organized by SKT)

2007
No. 1 internet communications training institution designated by the Ministry of Labor
First in industry to obtain the Fair Trade Commission CCMS certification

2008~2011

Spreading fair trade culture

2008
Built a purchase management system for fair trade(Open2U)

2009
Launched a whole new concept 'pro-bono' social contribution program

2010
Established win-win growth funds worth KRW 150 billion
Introduced a technical data deposit program to protect SME's technologies(Small and Medium Business Administration)

2011
Signed a Fair trade agreements (Fair Trade Commission)
First in industry to introduce a win-win welfare program

2012~2016

Establishing a culture of win-win growth with genuine cooperation

2012
First in industry to obtain the highest rating in the win-win growth index
Opened the T open lab for development environment support

2013
Announced the Happy Companion action plan; launched SME/venture investment funds

2014
Opened the Daejeon Creative Economy Innovation Center

2015
Opened the Sejong Creative Economy Innovation Center

2016
Supported industrial innovation consulting
Reorganized the free technical support infrastructure (T developers, IoT Portal, etc.)

2017~2021

New leap forward for win-win growth to lead the new ICT ecosystem

2017
Selected as an excellent agreement implementation case(establishment of an open ecosystem for IoT)

2018
Opened the True Innovation Portal for new ICT ecosystem cooperation
Opened Win-win Growth Center

2020
Expanded support for business partners to help overcome the COVID-19 crisis
- Early payment, quarantine goods supply, etc.

2021
First in industry to obtain the highest rating for 9 consecutive years
Presidential Citation for win-win growth

Customer

SK Telecom's eyes are always on its customers. We practice customer-centered management by providing differentiated services from the customer's point of view, and we will continue to maintain a strong relationship of trust with our customers through continuous customer value innovation centered on AI&Digital infrastructure.
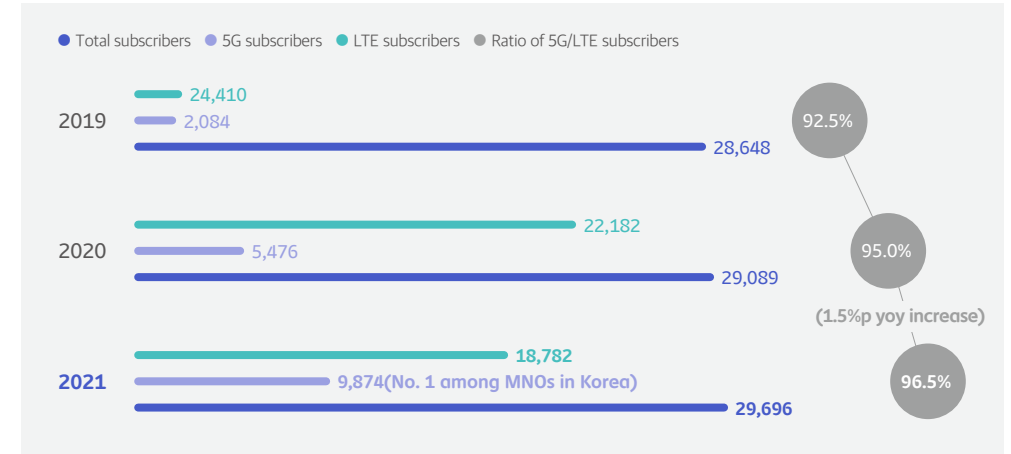
Service Accessibility

SK Telecom is expanding options for customers to choose from primarily in 5G by, for example, attracting more subscribers and pursuing service integration and is exerting to maximize accessibility to mobile communications services. Service accessibility improvement has positive influence on profit-making in mobile business by improving customer satisfaction and contributes to SK Telecom's brand loyalty.

Number of subscribers

LTE and 5G subscriber ratio and numbers are key indicators that demonstrate mobile service accessibility. Since the world's first 5G service commercialization in April 2019, the number of subscribers has surged primarily driven by diverse product and service offerings and 5G ecosystem improvements. As of the end of 2021, SK Telecom has 9.87 million 5G subscribers, firmly solidifying its leadership in 5G in Korea. At the end of 2021, 96.5% of SK Telecom subscribers were using LTE or 5G services, a 1.5%p yoy increase.

LTE and 5G service penetration

(unit: 1,000 people)

● Total subscribers ● 5G subscribers ● LTE subscribers ● Ratio of 5G/LTE subscribers

2019
24,410
2,084
28,648
92.5%

2020
22,182
5,476
29,089
95.0%
(1.5%p yoy increase)

2021
18,782
9,874(No. 1 among MNOs in Korea)
29,696
96.5%

Customer Experience Advancement

SK Telecom pursues a range of activities to allow customers to experience various services and build long-term trust relationships with them by offering satisfactory experience. These activities have earned strong customer trust, demonstrated by being ranked top at all three major customer satisfaction surveys in Korea including the National Customer Satisfaction Index(NCSI). SK Telecom will continue providing high-quality customer management and innovative services, always being by customers' side.

Customer value innovation

SK Telecom is continuously innovating customer value through the enhancement of the customer service experience. In 2021, SK Telecom was ranked top among MNOs in the three major customer satisfaction surveys(NCSI, KCSI, and KS-SQI). In particular, being ranked top in the NCSI for 24 consecutive years firmly demonstrated its pole position in mobile customer satisfaction. Also, efforts to improve customer service quality, including applying ICT technology to customer services and promoting work-from-home settings for customer service staff, have been rewarded by being appointed as the 'Best Call Center of Korea' for nine years in a row. In 2021, the company got a high score of 80 points in the regular own customer satisfaction survey.

Grievance Handling Channels and Methods

Grievance Channels	Filing Methods
Face-to-face channel (sales agencies, branches)	Customer complaints can be filed by visiting SK Telecom's officially certified agencies and branches
Non-face-to-face channel (Customer Center)	Customer complaints can be filed with a customer center by dialing 114 or 080-011-6000, free of charge
Website(Online/Mobile)	Complaints can be filed with Customer Center → Customer Feedback Channel on SK Telecom's service website(http://www.tworld.co.kr).
Mobile App	Customer complaints can be filed through the exclusive app of the SK Telecom website (Mobile T World)
Mail	Complaints can be submitted by mail(addressee: SK Telecom headquarters)- registered mail or certification of contents
Social Media	Customer complaints can be filed through SK Telecom's official social media accounts - Twitter, Facebook, Instagram, Google+, Kakao Story
Fax	If it is necessary to submit documentary proof following initial contact with the customer center, it can be faxed to the relevant customer center

Customer satisfaction index(CSI)[1]
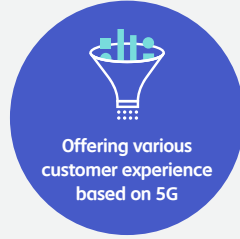
	2019	2020	2021	
National Customer Satisfaction Index(NCSI)	77	79	79	No. 1 for 24 consecutive years
Korea Customer Satisfaction Index(KCSI)	80.1	83.9	85.1	No. 1 for 24 consecutive years
Korean Standard-Service Quality Index(KS-SQI)	74.8	75.4	75.8	No. 1 for 22 consecutive years
Telecommunication User Protection Evaluation (Korea Communications Commission)	Excellent	Excellent	Good	
SK Telecom regular CSI results[2]		78	80	80

With the goal of applying AI to the entire consultation area, the customer center is also enhancing the ease of use by introducing chatbots, voice bots, and call data analysis systems(CAS) that analyze customer center consultation data. Through T phone, mobile T-world, etc., we applied a chatbot service that enables AI consultation without time constraints, and the first AI consultation voicebot in the telecommunications industry, so that customers can receive consultations about their questions faster and more conveniently without the hassle of selecting a consultation menu. We also have a dedicated age-specific counselor system for older adults and children under the age of 13.

1) Based on a 100 point
2) Annual average score from SK Telecom's own CSI surveys conducted twice a year(first and second half)

Customer experience advancement program
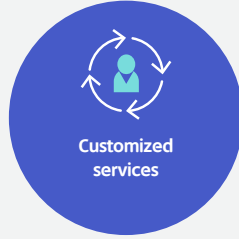
To advance customer experience, SK Telecom holds monthly Customer Value Innovation Meetings attended by the CEO and key personnel. Collaboration between operation department and relevant department is pursued to gauge and evaluate customer experience with products and services and make improvements for any problems identified, and an 'in-house evaluation team' system is operated to strengthen the verification of products and services from the customer's point of view, and to identify and improve inconveniences. We are also providing differentiated customer experiences through a variety of 5G-based services. The metaverse platform 'ifland' provides a multitude of content in virtual space and with avatars, including seminars and concerts, to expand customers' virtual world experience.

Offering various customer experience based on 5G

Customized services

Customer benefits and experience enhancement

5G exclusive services
· Multiple services are being launched and operated to enable customers to have a variety of experiences based on 5G
· Metaverse platform ifland launched to maximize users' metaverse experience through a variety of virtual space and avatars, attracting 5.54 million cumulative users(as of March 2022)
· Metaverse content production such as BTS volumetric music videos, XR live content, K-pop idol volumetric content, etc., to expand customers' virtual world experience

Segment services
· Operating segment services to meet various customer needs
· 5G/LTE plans tailored to customer characteristics such as people with visual/hearing impairment, children under 12, youths under 18, etc.
· Launch of '0 Hero Discount' which offers 20% discount on monthly subscription and dedicated data for military customers
· Collaborative marketing between the 1020 brand 0 and Mobetterworks, promotions for college entrance examinees 'Sugo 0 Festival,' and '0 Teen Week' promotions providing data allowances to middle and high school students

Service product diversification
· Launch of LTE/5G Untact plan that can be used for a reasonable monthly fee without lock-in through official online channels
· Diversification of plans to meet various data needs from 5G customers(Regular and Regular Plus)

Membership service
· Reorganization of the membership system to enhance customer usage benefits, such as launching a mileage-earning T membership and expanding usable partnerships
· Enhancing the service experience by expanding TDay benefits more than 2 times, and launching various customer engaging missions

Subscription services
· Launching the subscription service 'T Universe' that provides lifestyle benefit packages including commerce and delivery in collaboration with more than 40 partners
· Greatly expand customer experience benefits by linking T membership

Also, tailored plans such as '0 Hero Discounts' and '0 Teen Week' further contribute to improving customers' accessibility, and T Membership features newly launched customer engage missions to strengthen customers' service experience. T membership is strengthening its usability through its connection with the subscription service 'T Universe', which provides benefits across the entire area of daily life such as commerce and delivery as a package. We are committed to maximizing customer satisfaction by pursuing a range of customer experience improvement activities.

Mobile payment VOC rates

The mobile payment VOC rate is a major customer safety indicator as it indicates the number of mobile payment complaints compared to the number of mobile payments per year. Mobile payment VOC rates were on the decline until the slight rise in 2020, followed by a downward trend in 2021 to 0.0081%.

Network reliability and stability

SK Telecom's stable network quality and wide coverage contribute to strengthening customer trust, and we are striving to continue investing in networks and further advancing technologies. Aiming at zero major accidents, we have incorporated proactive risk elimination activities in the KPIs to ensure absolute safety and stability in the communication services. In 2021, our annual wireless communications line capacity was 48.2 million lines, 151% of the total subscribers including MVNO subscribers, 31.9 million people. The annual data traffic has been on the strong rise, increasing by 21% compared to 2020.

Data traffic processing

SK Telecom has flexibility in responding to data traffic based on demand forecasting and monitoring reflecting annual data traffic analysis. In 2021, the company commercialized a 5G core that supports both Stand Alone(SA) and Non Stand Alone(NSA) modes to ensure flexibility in response to technical changes and succeeded in developing next generation cloud-based 5G data equipment, which empower the company to provide stable customer service by instantly securing traffic capacity.

Mobile payment VOC rate (Unit: %)

	2019	2020	2021
	0.0076	0.0082	**0.0081**
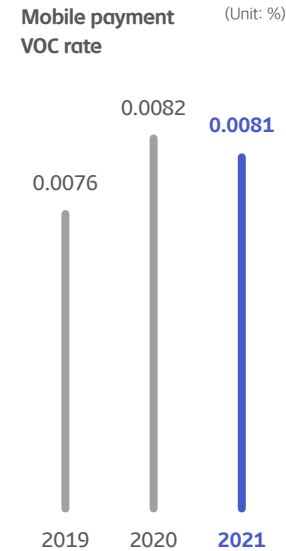
1) Failures subject to communication disaster 'warning' stage defined by the ministry of science and ict or those of a similar scale.

Wireless Network Capacity and Annual Data Traffic Processing

	Unit	2019	2020	2021
Wireless network capacity (No. of wireless lines)	Thousand	43,310	40,500	48,200
Annual data traffic processing	Terabyte	2,552,071	3,391,192	4,086,680

Network failures

To minimize inconvenience for citizens and social and economic impact that may be caused by network disruptions, SK Telecom has an emergency network failure recovery system in place. The network abnormality detection system constantly monitors signs of abnormal operations, and efforts are being made to further strengthen activities to ensure emergency recovery in the event of failure. In order to prevent failures caused by network defects, the company conducts regular system check-ups to improve the reliability of the network, and operates a system that can test it in advance when hardware expansion or software changes. We also have a work control system to prevent human errors. In order to enhance network stability, the main network connection paths and critical communication facilities are configured in double, and the network is operated separately between layers and regions to prevent errors that occurred in one place from spreading to another. In addition, we are preparing for the contingency by establishing a disaster roaming system between 3 MNOs so that we can maintain a minimum service in the event of an emergency. For periods with heavy network traffic, such as national holidays, year-end and New Year seasons, and major events, special communication measures are taken to ensure stable communication services. Putting the supreme importance on network stability, we implement various preventive policies to achieve the zero major failure goal. By 2023, we will establish and improve the joint communication failure response process through the establishment of a system of close cooperation between the three telecom companies, and carry out capacity expansion and system upgrade as the number of subscribers to disaster roaming increases. Beginning with existing DDoS attack blocking system advancement, we plan to further develop network operation intelligence and response capabilities using big data and AI analysis techniques by 2025. We will also pursue processing capacity extension and system upgrades in response to potential surges in traffic in emergency situations.

Number of network failures

	2019	2020	2021
Number of large-scale network failures[1]	0	0	0

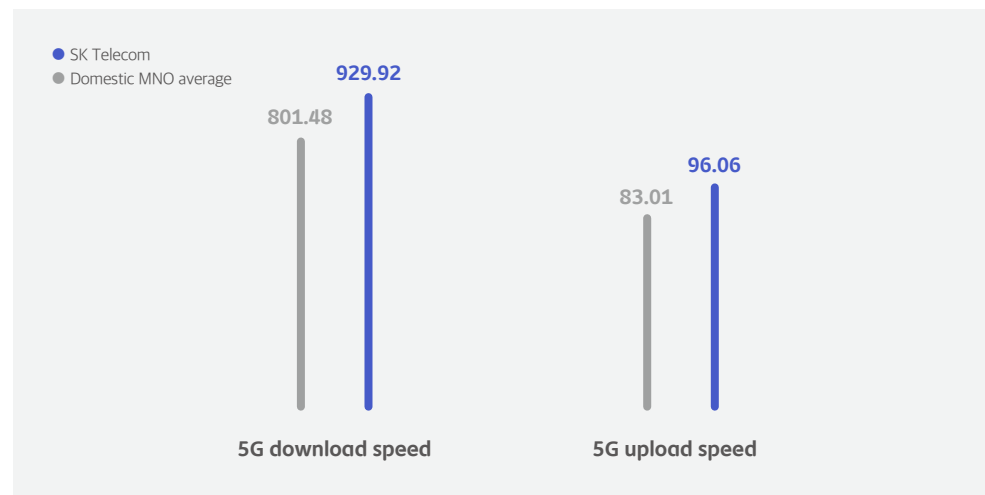## 5G service speed

SK Telecom achieved the overwhelming No. 1 in the 5G quality evaluation conducted by the Ministry of Science and ICT in the second half of 2021 in terms of the most important indicators for 5G network quality, i.e., download speed and latency, among others. In particular, the download speed was 17% faster than the previous year's test results, demonstrating the company's endeavors for network quality improvement.

In 2016, we acquired technologies such as 5 Band Carrier Aggregation(CA) and 4T4R(4-antenna technology), commercialized LTE-A Pro services with 500Mbps speeds for the first time in Korea, and provided 900Mbps LTE in 2017. LTE Cat.M1 was launched in 2018, and the company reached the one million Low-Power-Wide-Area(LPWA) network subscriber milestone for the first time in Korea in 2019. In January 2020, it completed the ultra-high-speed and ultra-low-latency communications environment by succeeding in 5G SA communications based on 5G base stations deployed in the real world settings, and in December it was the world's first to develop the application/service-specific network slicing technology and demonstrate in a commercial 5G network. SK Telecom also worked with AWS to commercialize Korea's first 5G Edge Cloud service 'SKT 5GX Edge'. In 2021, it conducted a '5G MEC service demonstration(PoC)' project for MEC service extension, playing leading roles in 5G MEC ecosystem development.

5G service speed

(Unit: Mbps)

- ● SK Telecom
- ● Domestic MNO average

801.48
929.92
83.01
96.06

5G download speed   5G upload speed

Electromagnetic waves

SK Telecom values customer safety more than anything. Since the introduction of compulsory electromagnetic wave measurements in June 2007, the company has been faithfully fulfilling the obligation to measure electromagnetic wave intensity and relevant responsibilities. As a result, more than 99.9% of its mobile stations obtained the first grade under the electromagnetic wave rating system, confirming that customers' safety is assured. In 2021, electromagnetic wave measurements were conducted for 32,616 mobile stations, and the results showed that the actual electromagnetic wave intensity from the mobile stations was less than 10% of the standard level for human body protection. Taking one step further, SK Telecom is supporting the Korean Institute of Electromagnetic Engineering and Science's five-year research project initiated in September 2019 to investigate the influence of electromagnetic waves on the human body, covering 50% of the total research project funding of KRW 1.5 billion. As of June 2022, the project is ongoing in its third year.

Mobile station electromagnetic wave intensity measurement

(Unit: %)

- ● Mobile station electromagnetic wave intensity measurements conducted
- ● Ratio of mobile stations that obtained the first grade under the electromagnetic wave rating system

35,267
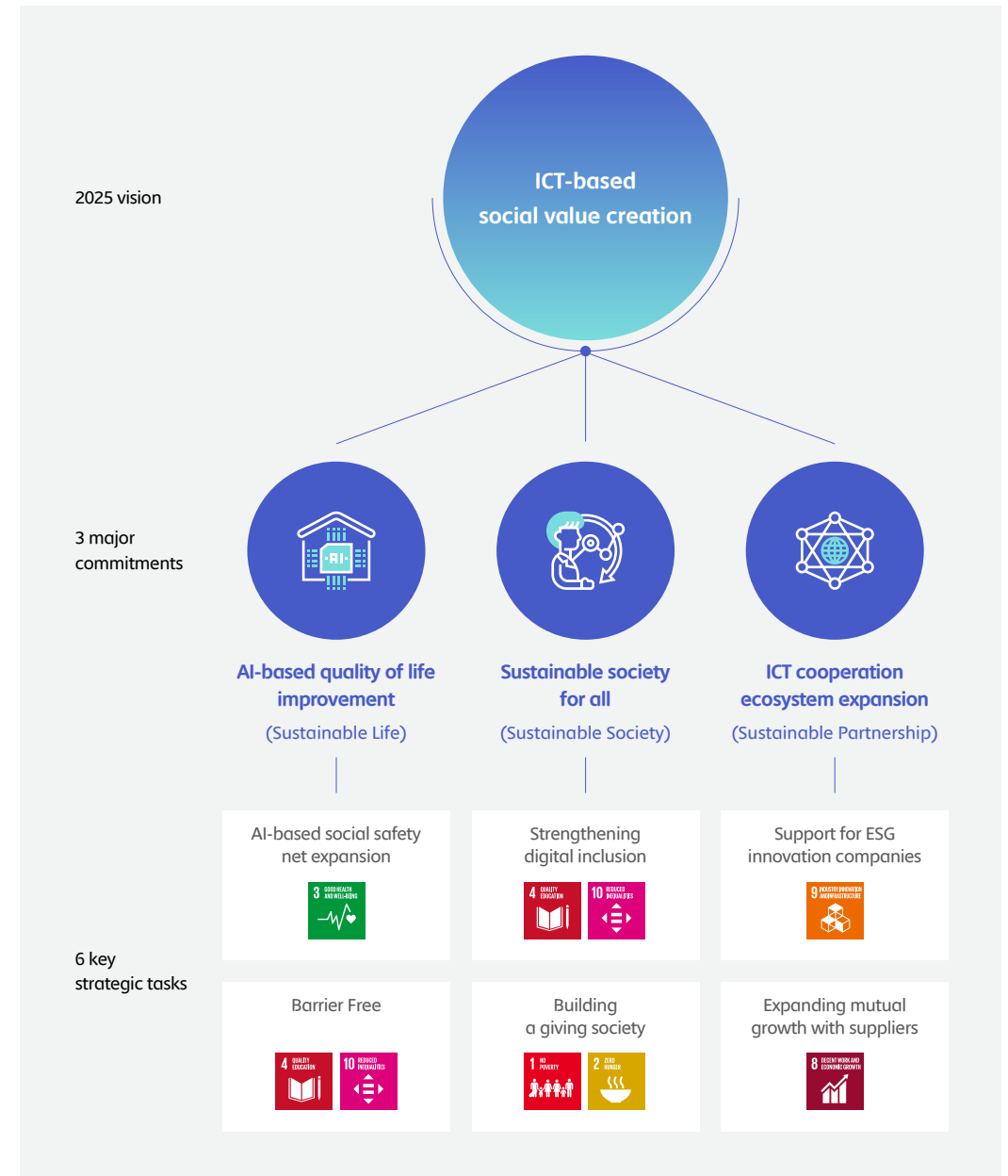41,517
32,616
99.9%   99.9%   99.9%
2019   2020   2021
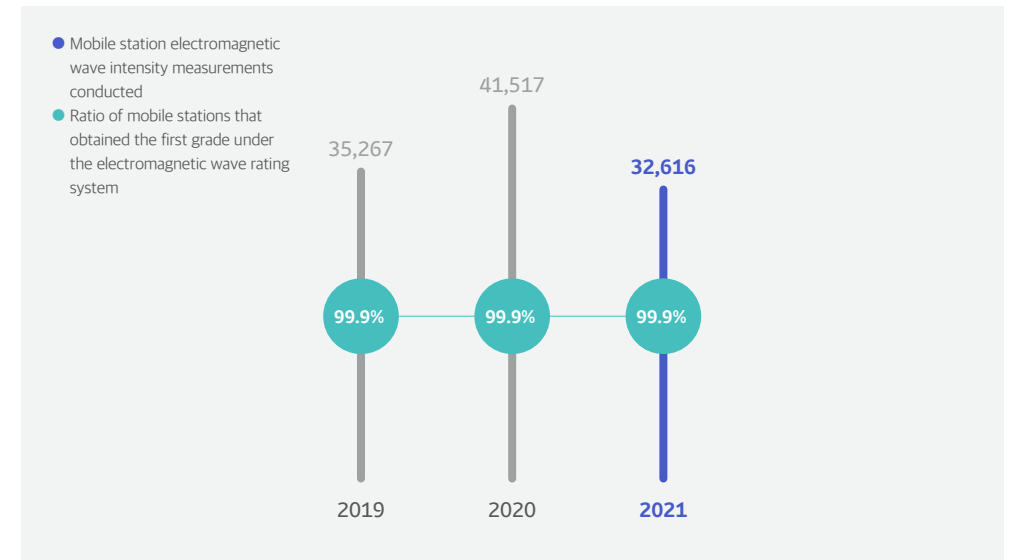
Social Contribution

SK Telecom uses its ICT technology and distribution infrastructure to pursue innovative challenges to resolve social problems and create social value. Through our ICT capabilities, we are taking the lead in creating social value as well as economic outcomes by caring for the socially disadvantaged and providing quality education.

Social Contribution Strategy

With the acceleration of digital transition in all areas of life since COVID-19, including work, consumption, and education, ICT is becoming the whole of life in the post-COVID 19 era. These changes in the environment are enhancing digital divide and causing side effects such as privacy breaches and cybercrime, especially highlighting the role of the ICT company as a social safety net.

As the No. 1 AI and Digital Infrastructure Service Company, SK Telecom established a social contribution strategy centering on the vision of '2025 ICT-based social value creation' to make customers' lives better with ICT infrastructure. SK Telecom pursues various activities in three aspects - AI-based quality of life improvement, sustainable society for all, and ICT cooperation ecosystem expansion - to contribute to the sustainable development of society and create social value in the same level as economic value, thereby practicing DBL management that SK Telecom seeks to ensure mutual growth between business and society.

2025 vision

ICT-based social value creation

3 major commitments

AI-based quality of life improvement
(Sustainable Life)

Sustainable society for all
(Sustainable Society)

ICT cooperation ecosystem expansion
(Sustainable Partnership)

6 key strategic tasks

AI-based social safety net expansion

Strengthening digital inclusion

Support for ESG innovation companies

Barrier Free

Building a giving society

Expanding mutual growth with suppliers

AI-based Social Safety Net Expansion

Elderly care service using the AI speaker 'NUGU'

At SK Telecom, we endeavor to resolve challenges for socially disadvantaged classes such as elderly people living alone and expand the social safety net with our expertise in AI and ICT. In April 2019, we launched the AI Care service for elderly people living alone in cooperation with local governments and a social enterprise(Happy Connect)[1]. As of the end of 2021, 12,000 households looked after by 70 local governments and welfare services nationwide benefit from this service. In this service, the ICT Care Center monitors data collected from the AI speaker NUGU and takes action in real time when signs of abnormality are detected by, for example, organizing mental counselling, arranging home visits, and arranging emergency sending through emergency SOS calls.

[1] Established by SK Group, Happy Connect is a social enterprise, working together with SK Telecom, that operates supporting programs to helps the socially disadvantaged by using IT equipment

[2] Happiness: 7% increase when setting the previous level at 100%(12.57 points → 13.48 points)

[3] Loneliness: a 4% decrease when setting the previous level at 100%(2.53 points → 2.41 points)

Use of the AI Care Service

(Unit: %)

- Every day
- 3-4 times per week
- Others

4.5
21.9
73.6

How often use the AI speaker

Benefits of using the service

7% up
Happiness[2]

4% down
Lonliness[3]

Key functions for use

Listen to music — 95.1
Search for information — 83.9
Have a dialogue — 64.4
Listen to radio — 43.9
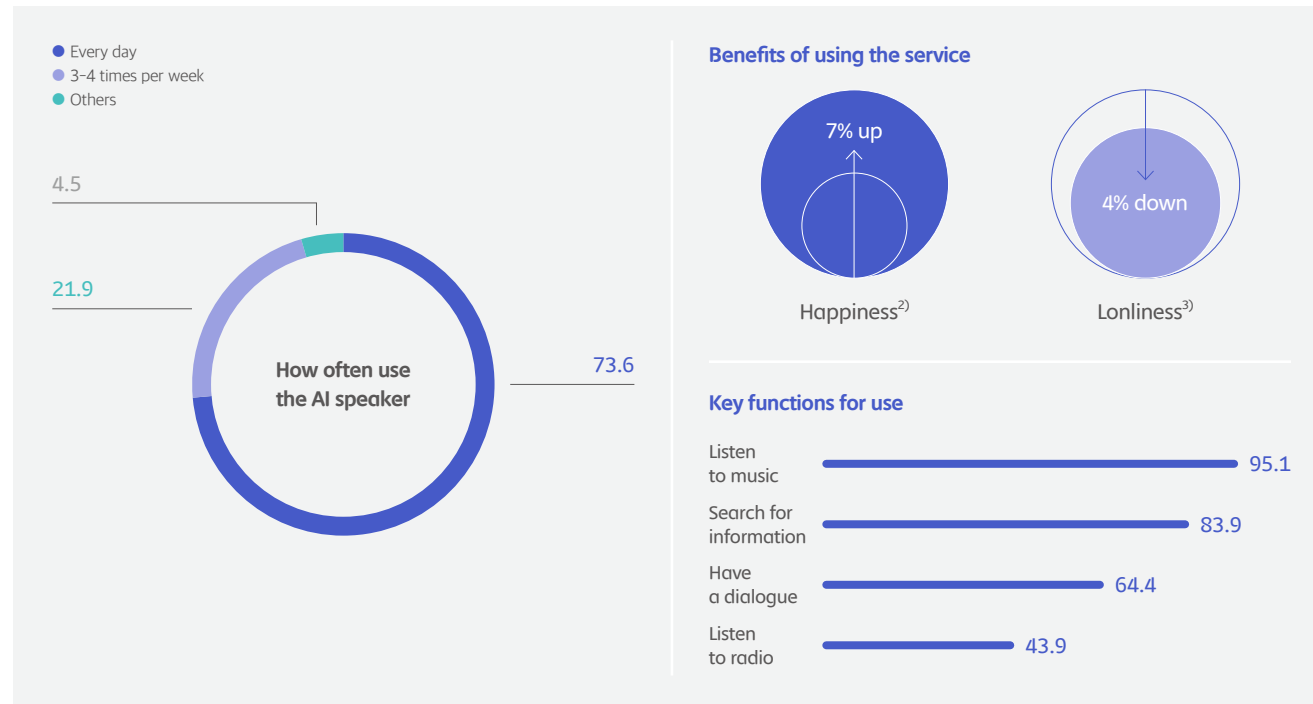
Recognized as an ICT-based social safety net in the contactless era, the AI Care service was included as a policy program for elderly care in the government's Digital New Deal policy announced in the second half of 2020. As of the end of 2021, 2,660 elderly people living alone are benefiting from this service, and the service coverage will be further extended in 2022. The Ministry of Health and Welfare plans to provide the AI Care service to more than 120,000 people in 2022. SK Telecom will work with various partners to advance the AI Care and, as an AI-based service company, contribute to making the social safety net dense and flawless by providing a range of AI-based services.

NUGU Care Call COVID/Vaccine Service

In 2020, SK Telecom launched the NUGU Care Call service with the aim to alleviate burden on the public health system and healthcare professionals amidst the COVID-19 pandemic. The NUGU Care Call is an AI outbound call service, where the SK Telecom AI NUGU makes phone calls, instead of service personnel, to ask and answer questions. The NUGU COVID Care Call was developed to asks people in self-isolation and/or subject to active monitoring about potential COVID-19 symptoms such as fever, temperature rise, cough, or sore throat. The NUGU Vaccine Care Call was used to inform vaccine-takers of their vaccination schedules, ask them if their immune response is normal, and provide information about possible side effects.

The NUGU COVID Care Call was launched in May 2020 and lasted until February 2022. During the one year and nine months, 8,269,000 outbound calls were made to 783,300 people in self-isolation or subject to active monitoring. The total call time of 79,580 hours shows how much this service contributed to public health. Recognized for these efforts, SK Telecom won the Social Problem Solving Award at the 2021 AI Korea Awards organized by E-Daily and the Artificial Intelligence Industry Association.

Launched in June 2021, the NUGU Vaccine Care Call is still ongoing. As of March 2022, the total call time of the NUGU Vaccine Care Call is 19,337 hours. The NUGU COVID Care Call and the NUGU Vaccine Care Call took part of the burden from public health personnel facing the disaster of COVID-19, creating social value worth KRW 1.2 billion. Now SK Telecom is expanding these services into the NUGU Care Call to ask after elderly people, the NUGU Biz Call to substitute for third-party call services, and more. SK Telecom will continue developing AI outbound call services applicable to various areas and creating social value.

Building social safety nets

SK Telecom, in cooperation with the Korea Meteorological Administration and Kyungpook National University, built an earthquake surveillance network interlinked with the earthquake detection and early warning systems in the Korean Peninsula. Running 338 earthquake surveillance stations, the Korea Meteorological Administration installed earthquake sensors in 8,000 spots nationwide including SK Telecom's base stations and distribution networks, as well as public agencies such as post offices, fire stations, and maritime police stations for faster and more precise earthquake research. This integrated analysis system does not only help secure the golden time to respond to earthquakes and but also enables providing tailored warnings depending on distance from the seismic center. This will also contribute to improving earthquake safety for citizens and effectively protecting earthquake-prone facilities and important national facilities such as power stations, railways, and semiconductor plants

Barrier Free

Strengthening support for people with disabilities based on ICT solutions

Transforming itself as an AI service company, SK Telecom uses its AI capabilities to make the lives of people with disabilities more convenient and create jobs for them under the 'Barrier Free AI'. In January 2022, we applied voice-recognition AI to the 'Sullivan Plus', an assistant service for visually impaired people using smart phone cameras. The users of this service can simply call out 'Aria'(One of wake-up words of the service), instead of trying to touch the screen to find the menu, and use various functions the Sullivan Plus has in plain conversations, for example "read the text message for me." In recognition of its innovative efforts to leverage AI, SK Telecom won the 'Best Use of Mobile for Accessibility & Inclusion' Award at the Global Mobile(GLOMO) Awards at MWC22 Barcelona in February 2022.

The 'Good Shuttle' project for people with severe disabilities suffering from challenges in commuting is now in full swing. A pilot project was carried out in cooperation with four businesses and institutions including Seongnam City in October 2020, and Seongnam city adopted it as an official project in April 2022. The Good Shuttle uses idle min-buses and has a contingency response structure underpinned by professional boarding assistants and a hotline connecting to their guardians and workplace. In addition, SK Telecom's facial recognition technology NUGU Facecan is applied to notify guardians as soon as users get in the vehicle. Standard Workplaces for People with Disabilities run by major companies such

as SK Hynix and Coupang have introduced to the Good Shuttle, and SK Telecom is seeking the project's nationwide expansion through local government-private sector collaboration.

Since 2018, SK Telecom has been supporting 'Silent M', a taxi service driven by people with hearing impairment. Silent M was initiated by Coactus to help people with hearing impairment find jobs. SK Telecom added blinker notification function, dispatch notification popups, and messaging functions to the T map taxi app for people with hearing impairment, which contributes to improving conveniences for both drivers and passengers. As of the end of 2021, total 111 people with hearing impairment have been employed as taxi drivers. Silent M won the Best Use of Mobile for Accessibility & Inclusion Award at the Global Mobile(GLOMO) Awards at MWC20 in February 2020, the Presidential Award for ICT and Information Culture in June 2021, and the Special Award at the Human City Design Awards presented by the Seoul Design Foundation in March 2022.

In 2020, the company signed a memorandum of understanding for the development of an ICT-based job platform for people with disabilities in cooperation with the Korea Employment Agency for the Disabled, under which it provides support for people with disabilities to grow as professionals in ICT fields, hence strengthening the employment safety net. In collaboration with the Korea Employment Agency for the Disabled, we are supporting the establishment of start-ups and holding competition for ICT assistive engineering devices for people with disabilities, and we are contributing to the creation of ICT jobs for people with disabilities by supporting business founding through the operation of e-commerce start-up courses for people with disabilities. We also implemented the assistive engineering devices payment process for people with disabilities within 11th Street of the open market to help improve web accessibility for people with disabilities. The company's efforts to create ICT jobs for vulnerable classes such as people with disabilities were recognized by receiving a citation from the Presidential Committee on Jobs as a best practice for job creation in Korea in 2021.

ICT education to eliminate information gaps for youths with disabilities

To help youths with disabilities develop ICT skills and eliminate information gaps they face, SK Telecom runs the Happy Coding School and the Coding Challenge events. The Happy Coding School is a social value creation program that aims to contribute to the happiness and talent development of youths with disabilities through software education. The company developed 14 education modules for sustainable coding education categorized by disability type(physical, development, visual, hearing, and special class) and age, which were distributed to special schools nationwide from 2019 to 2021. The numbers

of participating special schools were 40 in 2019, 14 in 2020, and 51 in 2021. In addition, the company organized a coding challenge for youths with disabilities, centering on the topic of environment, in five studios across the county in contactless settings in 2021. The process through which environment, the most important issue in the future society, was addressed with digital, coding, and AI contributed to building consensus that youths with disabilities, too, could play leading roles in solving future society problems. SK Telecom will continue using ICT to find ways to provide youths with disabilities with new opportunities.

Strengthening Digital Inclusion

To make a rebound from the economic recession caused by COVID-19, the government launched the Korean New Deal policy and is actively pursuing digital inclusion policies. SK Telecom practices digital inclusion by offering a range of educational programs and discounts for vulnerable classes. In addition, we are expanding the scope of communication to support the smooth service of the socially vulnerable groups and building trust relationships through active communication.

Digital divide elimination programs

SK Telecom runs various ICT education programs to eliminate the digital divide among the vulnerable. In 2021, the company organized an industry-university-research consortium to promote a national digital capacity building project to eliminate the digital divide. As part of the Korean New Deal, this project aimed to eliminate the digital divide for the information-isolated in the COVID-19 era and create jobs. The project lasted from April 2021 to December 2021 and contributed to digital capacity building among vulnerable classes through, for example, coding classes for children left in blind spots of welfare, ICT instructor employment courses for career-interrupted women, digital device education for elderly people, and software coding education tailored for people with different types of disability.

1) Smart phone education for elderly people integrated with digital literacy education in 2020.

Participation in ICT digital divide elimination programs (Unit: person)

Category	2019	2020	2021
Digital literacy education	24,483	36,548	101,027
Smart phone education for elderly people[1]	830	-	-
ICT Makerthon(coding challenge)	112	-	76
Happy Coding School	450	142	464

Tariff discounts for the vulnerable

SK Telecom offers discounts to vulnerable classes to ease their communications cost burden and continue improving accessibility to information services. In 2021, the company offered discounts worth KRW 479.8 billion to people with disabilities, low-income classes, and basic pension recipients, a 14.2% yoy increase.

Tariff discounts (Unit: KRW million)

Category	2019	2020	2021
Total bill reduction for the underprivileged	360,201	420,152	479,755
Disabled	128,177	133,901	139,382
Low-income	121,174	136,689	156,014
Veterans	11,596	12,521	13,324
Basic pension recipients	97,534	135,164	169,071
Others	1,720	1,945	1,964

Expanding communication services in vulnerable areas

To improve service accessibility for citizens, the Ministry of Science and ICT and the three MNOs including SK Telecom worked together to build a joint 5G network in rural areas to allow residents to 5G services in remote areas. The communication service coverage is being further extended for people living in areas with poor communications service accessibility, such as mountains, islands, and other remote areas. With this technology, SK Telecom was globally recognized by winning the 5G Industry Partnership Award at the MWC GLOMO Awards 2021.

Service Installation in Underserved Areas   (Unit: Places)

Network type	Category	2019	2020	2021
5G	Remote mountainous areas	524	312	1,290
	Hiking trails	379	231	1,054
	Island areas	48	11	89
LTE	Remote mountainous areas	1,015	741	521
	Hiking trails	136	192	269
	Island areas	89	56	26

CASE

Changdeok Arirang, Using ICT technology to eliminate barriers in cultural heritage appreciation

SK Telecom worked with the Cultural Heritage Administration and Google to develop Changdeok Arirang, an AR app service to have firsthand experience in Changdeokgung Palace, which was named the winner of the Best Use of Mobile for Accessibility & Inclusion at the GLOMO Awards 2021. This award is awarded to the company being recognized for the efforts to improve accessibility for users and prevent isolation from society with innovative mobile services featuring new functions and content. SK Telecom uses ICT technologies such as 5G, Mobile Edge Computing(MEC), AR and Virtual Reality(VR) to provide anyone with disabilities or foreigners on the other side of the world with the opportunity to experience Changdeok Palace, a UNESCO World Heritage Site, from anywhere. The panel highly acclaimed that the service lowered the barrier for cultural heritage appreciation. Also, the company's second-to-none AR and VR technologies enabled realistic representation of the inside of the palace with the vivid appearance and texture including Heejeongdang and the back garden, were highly appreciated.

Building a Giving Society

To play its role in making our society a better place, SK Telecom is committed to increasing support for social enterprises and socially disadvantaged people. SK Telecom uses its technologies to walk and communicate with society.

Developing donation platforms

SK Telecom carries out social contribution projects through various donation platforms such as 'Happy Credit' and 'GiveU'. Happy Credit is a whole-new ESG point donation program organized by SK Telecom. If a customer practices a good life, such as purchasing eco-friendly courier packaging products, purchasing from social enterprises or small businesses, or using services that create social value, they are offered Happy Credits as donation points, and SK Telecom donates instead the equivalent amount of the credits they earn. In the last year(Nov.2020~Oct.2021), customers participated in this program through 11st, SK Stoa, PASS, T Membership, T Direct Shop, TMAP, and Red Connect, leading to the donation of KRW 830 million. This is a 142% yoy increase, and the number of customers who participated in the program increased by 337% to 2.55 million people. Funds raised through the Happy Credit program were used to address social issues such as AI care for elderly people living alone, disposable plastic reductions, and ICT education for digitally isolated classes. GiveU is a service on the online donation platform T Together(ttogether.sktelecom.com), with which SK Telecom supports various NGOs' fund-raising activities including Good Neighbors, Holt Children's Services, and UNICEF. In 2021, 33 NGOs participated in the GiveU service, where KRW 410 million were raised including SK Telecom's fund-raising campaigns such as the T Direct Shop Good Gift event for these NGOs.

Social contribution campaigns

SK Telecom takes the leading role in addressing social problems through social contribution campaigns using its ICT and distribution infrastructure. The company launched the SK Pro Bono Happy Tester campaign in 2020 where employees use their ICT capabilities to test app and web services developed by social enterprises to resolve social problems and find room for improvement, thereby helping social enterprises more effectively addressing social issues. To provide the ICT vulnerable with ICT capacity building and learning opportunities, SK Telecom donates smart devices to children from vulnerable classes and organizes the Happy Coding Challenge to help youths with disabilities develop their creativity. Red Connect is the official blood donation app developed in cooperation with Korean Red Cross, on which the company also encourages employees to engage in blood donation. In 2021, 497 SK

Telecom employees participated in the April Red Cross blood donation campaign to help overcome the blood shortages caused by COVID-19, and 502 employees donated blood through the Life Sharing On-tact Blood Donation campaign in December. In addition to the blood donation campaigns, SK Telecom also works with Holt Children's Services for year-end donation campaigns and the Happy Companion Campaign that helps youths stand on their own feet.
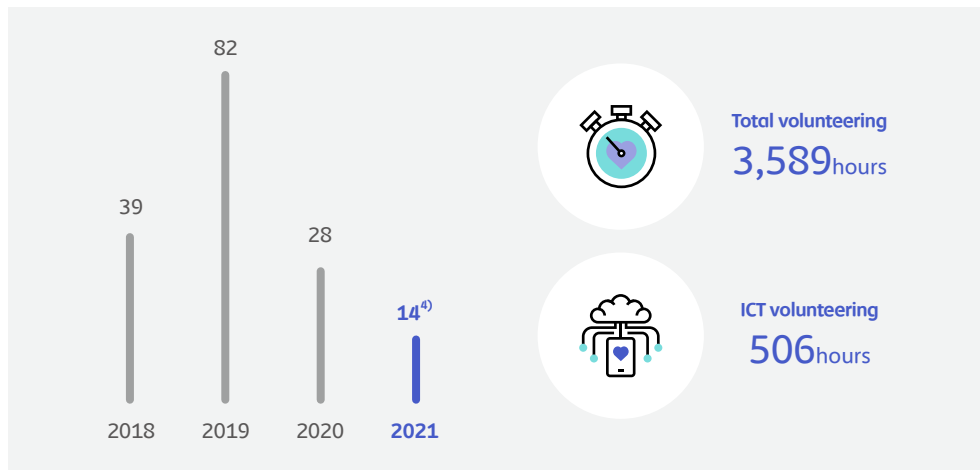
Spending on charities by donation type   (Unit: KRW million)

Cash donation	Value of hours employees spent for volunteering during work hours	In-kind contributions[1]	Indirect costs[2]
11,116	149	14,442	2,053

Ratio of employees involved in professional volunteering[3]   (Unit: %)

2018	2019	2020	2021
39	82	28	14[4]

Total volunteering
3,589 hours

ICT volunteering
506 hours

1) In-kind contributions: Products, services, projects, commodities, and other cash equivalents
2) Indirect costs: Costs spent for program administrations other than costs directly spent for social contribution programs
* SK Telecom's anti-corruption policy provides that donations and sponsorships with political purposes shall be refrained.

3) Ratio of professional volunteering: Volunteering hours by ICT volunteers and pro-bono volunteers divided by the total volunteering hours
4) Share of ICT volunteering declined due to employees taking part in blood donation.

Support for ESG Innovation Companies

ESG Innovation Fund Raising

To support ESG innovation companies' sustainable growth, SK Telecom and Kakao contributed KRW 10 billion, respectively, to build the ICT industry's first ESG fund in August 2021, worth KRW 20 billion. SK Telecom and Kakao intend to use this ESG fund as priming water to foster ESG innovation companies with the aim to create a virtuous cycle where many ESG innovation companies grow, and they in turn exercise good influence on society. The ESG fund invests in companies that have innovative technologies in ICT and convergence industries and at the same time have outstanding ESG management environments. Since the establishment of the fund in 2021, KRW 3 billion have been invested in three companies - 'Coactus' that runs taxi services with people with hearing impairment as a driver, 'Sensee' that provides braille content for people with visual impairment, 'Marvrus' that provides metaverse-based educational content for infants and children. These three investees have already had previous collaboration experience with SK Telecom through SK Telecom's startup support program ESG KOREA 2021 and IMPACTUPs. This investment will give them opportunities to pursue mutual growth through business cooperation with SK Telecom and Kakao. SK Telecom will use the ESG fund to continue discovering and investing in innovative startups in ESG-related areas such as environment, the socially disadvantaged, and the education divide. In particular, we plan to combine the ESG fund and our accelerator programs ESG Korea Alliance and 5GX True Innovation Accelerator to support ESG innovation companies and find connections to SK Telecom's own ICT business, hence a virtuous cycle.

In addition, SK Telecom pursued industry-wide collaboration with KT and LGU+ and signed a memorandum of understanding to establish an ESG fund worth KRW 40 billion with them in March 2022. This fund will be 100% invested in outstanding ESG startups taking advantage of ICT technology, with a particular focus given to promising environmental startups such as green ICT-based carbon neutrality and low-carbon clean technologies. SK Telecom aims to build a virtuous cycle across the process of discovery, acceleration, investment, and growth by providing investees with opportunities for business alliance and cooperation and support ESG innovation companies to grow and exert good influence on society.

ESG Innovation Fund Raising

SK Telecom and Kakao jointly established the ESG Startup Fund in August 2021 to invest in startups seeking ESG innovation.

SK telecom
kakao

Invest in ICT-based ESG innovation startups in the bridge ~ series A stage

CO:ACTUS　　MARVRUS　　SENSEE
...

+

The 3 MNOs established the 3 MNOs ESG Fund in the first half of 2022 with the aim to combine their ESG capabilities to invest in and promote ICT-based ESG ventures.

SK telecom
kt
LG U+

Invest in innovative tech companies with satisfactory ESG capabilities in the bridge ~ series A stage

Ventures collaborating with 3 MNOs	Newly discovered ventures
GP portfolio companies	Green ICT infrastructure, clean tech companies, etc.

Fostering innovative startups specializing in 5G

SK Telecom runs the ESG Korea program, with which it discovers startups in the ESG field and provides them with tailored and systemized accelerating from goal setting and service development to market entry and global advancement. ESG Korea is the nation's leading startup accelerator program specializing in ESG, built by the ESG Korea Alliance organized by ten top-tier partners home and abroad, including global enterprises such as Microsoft and SAP, local social entrepreneurship academies and investors, and universities. In 2021, 14 startups seeking solutions to social problems such as renewable energy, recycling, inclusion of people with disabilities, and the educational divide was selected and received mentoring and support for six months, resulting in 23 awards won at major contests organized by the government, six teams attracting investment worth KRW 10 billion, and business collaborations with SK Telecom and SK affiliates. SK Telecom will continue engaging more investors, institutions, businesses, and SK affiliates in the alliance, thereby contributing the continued growth of ESG innovation startups and the vitalization of the startup ecosystem.

SK Telecom also organized the True Innovation YOUNG Accelerator program that focused on the business growth of early startups and business alliance with SK Telecom. The program is designed to select promising early startups in 5G fields such as AI, metaverse, IoT, smart factories, cloud, and MEC and provide them with intensive support for their market development. In 2021, 12 startups underwent six-month accelerating, leading to winning five government projects and seven teams attracting investment worth KRW 17.4 billion. Taking one step further from supporting early startup's market advancement, we plan to expand this program as an accelerating program that also supports startups in growth stages seeking business growth through business alliance with us.

Since 2013, SK Telecom has discovered 343 startups and has help them grow through the startup accelerating program. The total business value of startups that have benefitted therefrom amounts to more than KRW 3.1 trillion as of December 2021(based on 127 companies with corporate valuation data available). In addition, seven unicorn, pre-unicorn, and baby-unicorn companies have grown among them, and many have won authoritative awards both home and abroad including CES Innovation Awards and MWC GLOMO Awards, among others. SK Telecom will continue discover and support innovative and promising startups to create social value in various aspects.

Selection and operation of AI fellowships with practical capabilities

SK Telecom runs the 'SKT AI Fellowship' program, which allows students to directly perform technical tasks in the industry field and receive a variety of support and mentoring, to pass on to college students the experience and know-how of our technology development as we are transforming into an AI-centric company, and to help students with less hands-on experience grow up in the actual assignments. Providing the data and assets held by SK Telecom, a total of 32 students experienced the design and development of 11 business projects over a period of 5 months, and in the process, they were also provided with close mentoring from senior developers to help them become hands-on talents. The SKT AI Fellowship recipients have not only developed technologies commercially applicable to actual services run by SK Telecom and produced achievements including intellectual property rights listing, exhibits at international fairs, and papers published in academic journals. The program participants' satisfaction with the program was over 4.8 points out of 5.

SK Telecom will expand this program from AI to the ecosystem in various ICT technology fields, for example 5G, media, and security, to enhance social value by fostering talents.

Supporting Win-win Growth with Partners

Support for SME

SK Telecom is pursuing various support projects that have integrated ICT technology to support small and medium-sized enterprises(SME) across the country who are struggling with the spread of COVID-19. SK Telecom's big-data text marketing service 'T deal' helps with their marketing activities, and the store operation solution package 'Safe Management Pack for CEOs' provides self-employed people and small businesses with management support. SK Telecom also works with SK ICT Family to support small businesses' and social enterprises' marketing and sales channel development.

T deal sends customers likely to purchase certain products text messages that contain links to T deal's exclusive online pages where they can check product details and buy products. Participating SMEs can take advantage of T deal's highly effective marketing resources for free, including discount coupons, targeting text advertisements, banners, and special promotions. As of the first quarter of 2022, 94% of sellers on T deal are SMEs, accounting for 96% of the total sales generated through T deal. Many brands achieved significant revenue increases through T deal. For example, DonPang achieved revenue growth of 3,300% from March 2021 to March 2022.

'Bizit' is SK's online platform for small businesses, which provides one-stop services that small businesses need, including a range of information, administration, and financial benefits. Here, small business owners can check start-up and management information such as taxation, market anlysis, policy funding information, sales management. In addition, SK Telecom works with the Small and Medium Business Distribution Center and social enterprise 'Five Seconds' to support live commerce sales of 150 products sold by small businesses.

AI curriculum for talent development

Clearly recognizing the necessity to foster AI experts in the 5G era, SK Telecom works with leading universities in Korea for talent development. Starting with Seoul National University and Korea University in 2017, we are expanding our cooperative universities every year, and in 2021, we signed MOUs with 21 universities in Korea, including Yonsei University, Hanyang University, Sogang University, and Sungkyunkwan University, to carry out various educational cooperation programs necessary for the development of curricula in the field of AI technology and the cultivation of outstanding AI talents. In particular, with the aim of continuously sharing our AI technology capabilities and practitioners' experiences with universities, we have created the 'SKT Artificial Intelligence(AI) Curriculum', in which our AI experts directly teach technical theories and business cases, and provide high-quality learning content to students in related majors. Total 1,030 students have completed the SKT AI Curriculum that consists of 83 videos, and they gave 4.7 out of 5 points for their satisfaction with the course. In addition, SK Telecom uses its metaverse platform ifland for AI Curriculum Live, where mentors in the field counsel students about their career concerns and questions about careers in related fields.

SK Telecom will provide constant support to software talents that will play leading roles in future society, helping them obtain practical knowledge and experience and seek advice on their career through the SKT AI Curriculum and mentoring in addition to AI theories they learn from school.

Governance

Corporate Governance

SK Telecom is committed to establishing a transparent and sound governance to improve the reliability of business and future value. The company is guided by the Governance Charter established in February 2018 to pursue the interest of stakeholders, including shareholders, and practice responsible management to realize sustainable growth and development.

At the 37th general meeting of shareholders held in March 2021, SK Telecom amended the articles of incorporation to proclaim its willingness for the establishment of a transparent and sound governance and build grounds for the Governance Charter in the articles of incorporation. In May 2021, the Governance Charter was amended including the reorganization of the board of directors to advance corporate governance and strengthen board-centered management. SK Telecom will protect the rights and interests of shareholders and enhance future corporate value by establishing and operating a balanced governance structure. The Governance Charter of SK Telecom is in compliance with the Korea Corporate Governance Service(KCGS)'s standard. The full text of the charter can be found from the company's website.

On May 27 2021, the Board of Directors made a resolution to strengthen 'board-centered management' with the aim to raise the level of the corporate governance to a global standard level. As the company's final decision-making body, The Board of Directors has taken on the forefront of overall business management and played critical roles such as appointing the CEO, determining the size of the compensation, approving and evaluating management plans and KPIs(key performance indicators). To accomplish this, the board has five independent expert committees(Future Strategy Committee, HR/Compensation Committee, Independent Director Nomination Committee, ESG Committee, and Audit Committee)

Governance Structure
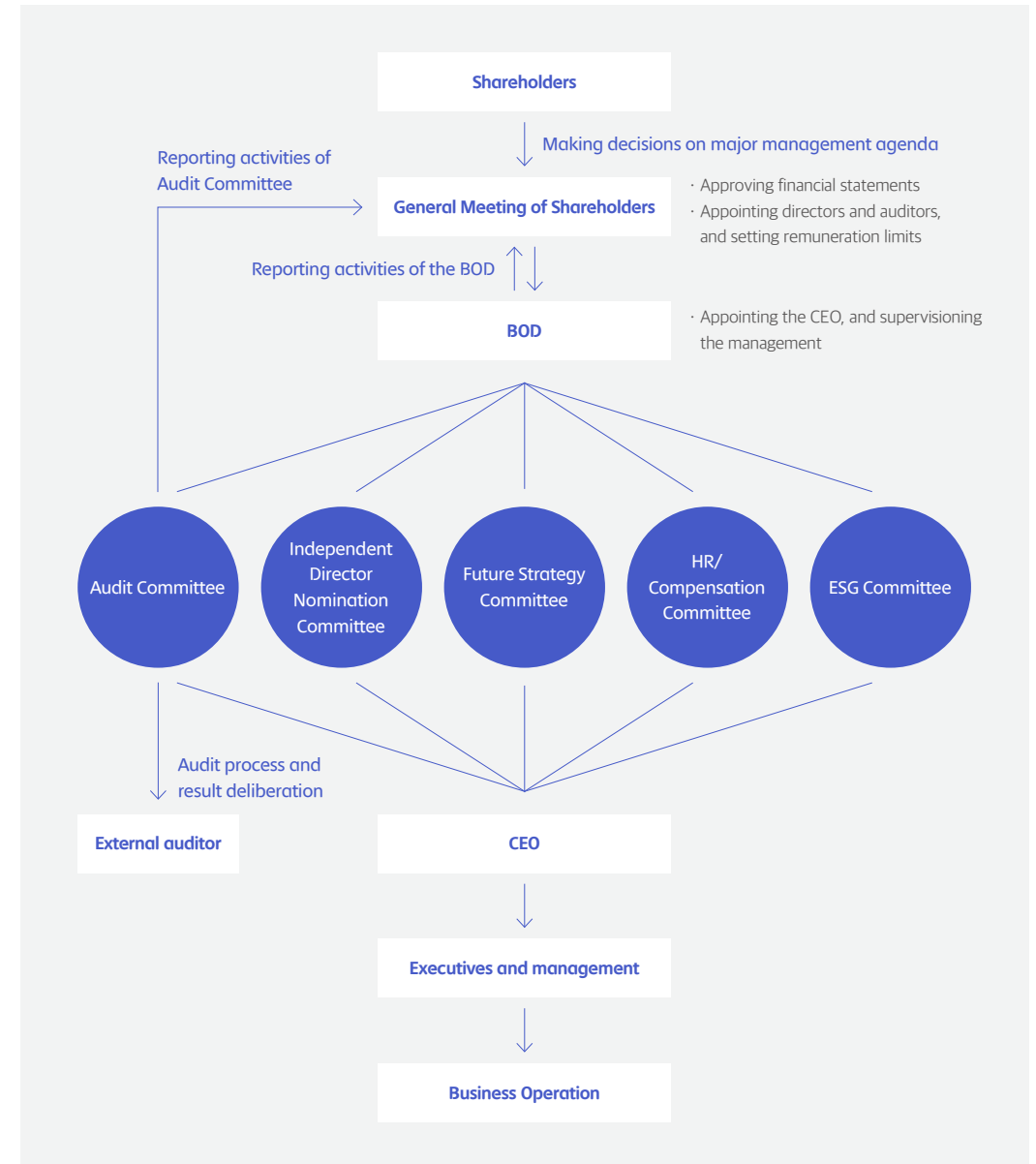
Shares and Ownership Structure

SK Telecom has no dual class share system where specific shares have multiple voting rights and follows the one-vote-per-share principle. A total number of treasury stock with limited voting rights under the Commercial Act is 1,250,992. As of December 31, 2021, the number of shares with exercisable voting rights is 217,582,152(99.43% of total issued shares).

Shareholders

(Unit: %) (As of December 31 2021)

- SK Holdings
- National Pension Service
- Institutional investors and minority shareholders
- Kakao
- Own stock

0.57
1.76
30.01
58.03
9.63
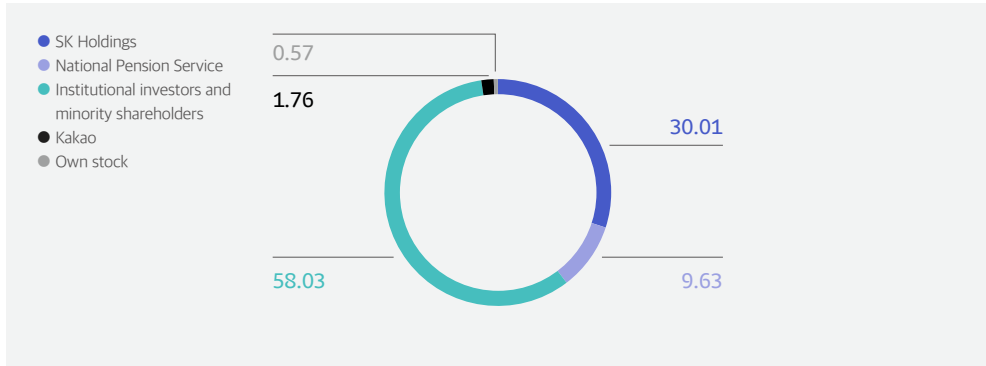
Category	Number of shares issued	Proportion(%)
SK Holdings	65,668,397	30.01
National Pension Service	21,076,493	9.63
Institutional investors and minority shareholders	126,990,775	58.03
Kakao	3,846,487	1.76
Own stock	1,250,992	0.57

1) The total number of shares issued changed from 72,060,143(value per share: KRW 500) to 218,833,144 (value per share: KRW 100) by the stock split, effective on October 28 2021, and spin-off.
※ 'Treasury stock' includes 54,032 treasury stocks obtained as odd-lot stocks resulting from the spin-off.

2) Only the equity of registered executives is indicated.

Type of Shares and Voting Rights

(As of December 31 2021)

Category	Number of shares issued	Proportion(%)	Remarks
Preferred shares	-	-	
Common shares – with voting rights	217,582,152	99.428	
Common shares – Treasury shares	1,250,992	0.572	
Total	218,833,144[1]	100.0	

SK Telecom encourages its CEO and executives to own stocks and pursues responsible management activities based on mid- to long-term performance while granting them stock options with a view to aligning the management's interests with those of the shareholders. As of the end of December 2021, the government of the Republic of Korea does not have government ownership to SK Telecom. In terms of founder and founding family ownership, 303 shares of SK Telecom are directly owned by Chairman Chey Tae-won, the CEO of SK Holdings that is the largest shareholder of SK Telecom. Chairman Chey holds 17.50% of SK Holdings' shares, and SK Holdings holds 30.01% of SK Telecom's shares.

Ownership by Executives[2] and Special Interest Groups

	Name	Shares	Stock options	Total(shares)
Publishing company executives	Ryu Young Sang	3,340	34,723	38,063
	Kang Jong-Ryeol	2,684	13,355	16,039
	Choi Kyu-Nam	455	-	455
	Kim Yong-Hak	303	-	303
	Kim Seok-Dong	303	-	303
	Ahn Jung-Ho	303	-	303
	Yoon Young Min	303	-	303
	Kim Junmo	303	-	303

FY2021-FY2023 Dividend Policy and Shareholder Returns

The basic shareholder return policy of SK Telecom is stable cash dividends based on business performances and long-term shareholder returns through rises in corporate value based on sustainable growth. To do so, the company strive to improve corporate value based on the capital management principle to maintain the balance between investment for growth and shareholder return. The company allocates 30-40% of EBITDA - CapEx as the total dividend based on non-consolidated financial statement, in consideration of the business environment and market conditions in a given financial year. The exact amount of dividends is finally decided by the Board of Directors and approved by the annual general meeting.

At SK Telecom, shareholder returns are determined in comprehensive consideration of business performances, investment plans, financial status and outlook. Under the company's articles of incorporation, dividends may be paid to shareholders in the monetary or stock form. Cash dividends are determined in consideration of investment for the sustainable growth of the company, annual business performances, and the company's cash flow. If providing stock dividends, the type of new stocks to be provided as dividends is determined by a resolution at the annual general meeting.

At the end of each fiscal year, the company pays dividends to shareholders or registered pledgees listed in the shareholders' register, and has paid interim dividends as of June 30th of the business year as a resolution of the board of directors. To further develop its shareholder return policy in line with the global trend of stable dividends, the company's articles of incorporation were amended at the 37th annual general meeting held in March 2021 to substitute quarterly dividends for the existing interim dividends, and the resolution on the first quarterly dividends was made by the Board of Directors on July 22 2021.

From time to time, the company repurchases treasury stock, in consideration of the company's share price and capital flexibility, to further improve corporate value. From 2020 to 2021, treasury stock worth KRW 500 billion was repurchased through trusts. In May 2021, the company cancelled 8,686,568 treasury stocks, 10.76% of the total shares issued, to improve value for shareholders. In 2021, the total annual dividends were KRW 717 billion, KRW 3,295 per share, with the dividend yield of 5.7%.

Annual General Meeting

SK Telecom protects the exercise of all shareholders' rights under laws and regulations and the company's articles of incorporation, and guarantees equal treatment for all shareholders including minority shareholders and foreigners.
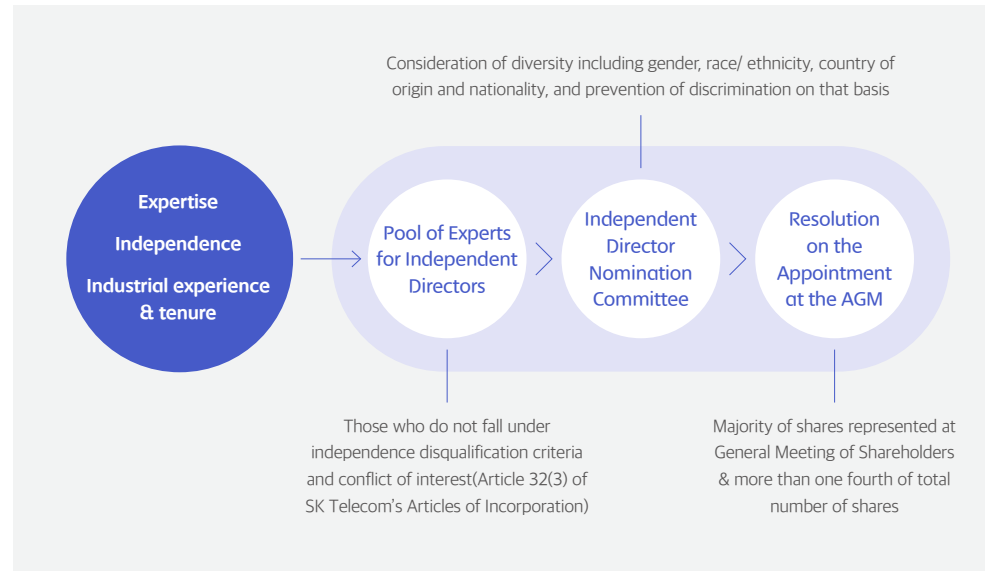
Function of management oversight

At the 38th annual general meeting held on March 25 2022, Kang Jong-Ryeol was appointed as an executive director, and Kim Seok-Dong was appointed as an independent director and a member of the Audit Committee. Also, resolutions were made to approve the executives' compensation limit and grant stock options to the management.

Shareholder-friendly management

SK Telecom adopted the cumulative voting system to encourage minority shareholders, rather than controlling shareholders, to exercise their voting rights. Efforts to ensure convenience in the exercise of shareholders' rights include the introduction of an electronic voting system and avoiding the last Friday of March, which is often filled with many companies' annual general meeting, in scheduling the annual general meeting. In particular, the company have greatly expanded shareholder-friendly elements since 2019. For example, annual general meeting notices were sent to provide detailed information on SK Telecom's key business performances, vision, and financial status, and at the annual general meeting the company's CEO and executives presented the management plan and vision. Shareholders were offered time to ask questions themselves for direct communications between the management and shareholders. To minimize the risk of COVID-19 infections at the annual general meeting venue while strengthening communications with shareholders, the 36th annual general meeting in 2020 was livestreamed on PC and mobile, making it the first online annual general meeting in Korea. Since then, the online shareholders meeting has been continuously employed until the 38th regular shareholders' meeting held in March 2022. To facilitate shareholders' attendance to the online shareholders meeting, the online meeting notice was posted on the stock exchange and the company's website, and the company organized pre-registration to encourage attendance. Meanwhile, SK Telecom introduced online dividend inquiry services in March 2022 to allow shareholders to check dividends they are entitled with more easily compared to the existing notices send by post. This will lead to reductions in carbon emissions by 4.27 tons annually and save paper used for sending written notices, equivalent to 125.9 30-year-old trees. At the same time, when shareholders use this service, they earn 'Happy Credits', mileage points for the company's donation program, which they can donate for social contribution activities. This allows us to practice shareholder-friendly management and ESG management simultaneously.

Board of Directors

Director nomination process

Consideration of diversity including gender, race/ ethnicity, country of origin and nationality, and prevention of discrimination on that basis

Expertise
Independence
Industrial experience & tenure

Pool of Experts for Independent Directors

Independent Director Nomination Committee

Resolution on the Appointment at the AGM

Those who do not fall under independence disqualification criteria and conflict of interest(Article 32(3) of SK Telecom's Articles of Incorporation)

Majority of shares represented at General Meeting of Shareholders & more than one fourth of total number of shares

Composition and operation

The Board of Directors is the final decision-making body that coordinates interest between stakeholders and approves decisions on management. Pursuant to laws and regulations and the company's articles of incorporation, the board is entrusted with the final decision-making authority for business management by shareholders and takes its responsibility and roles in decision making. To protect corporate value in the long run, the board also fulfils its responsibility for independently consider positive and negative impact of the company's decisions on stakeholders. To do so, it deliberates on and approves issues with conflicting interests such as investment plans, internal transactions, and compensation, and it also considers and takes responsibility for corporate risk management. The Board of Directors and committees thereunder put forth efforts to give full details on agenda brought thereto and answers questions, thereby establishing expertise in business management. In 2021, 17 board meetings were convened, and the attendance rate was 98.11%. SK Telecom requires that all members of the Board of Directors attend at least 75% of Board of Directors meetings.

Composition of BOD

(Unit : %)

Expertise
25.0
12.5
37.5
25.0

- Business strategy, Business development, M&A
- Communications, Media
- Finance, economics, accounting
- ICT convergence, growth business

Experience
37.5
50.0
12.5

- Research/Scholar
- Government
- Corporate

Tenure
12.5
62.5
25.0

- 0-1 year
- 2-4 years
- 5-7 years

Age
25.0
25.0
50.0

- 41-50 years
- 51-60 years
- 61 or older

Gender
12.5
87.5

- Male
- Female

BOD characteristics

Independence	· Have increased the proportion of independent directors to ensure independence · Proportion of independent directors: 62.5%(Korean conglomerates: 51.0%[1]) on average) · Provide the judgement criteria for independent directors' independence and transparency in the BOD regulations in keeping with the Commercial Act, Monopoly Regulation and Fair Trade Act, and other relevant laws · Appoint the BOD chair among independent directors
Expertise	· Have established the procedure for appointment of directors aimed at securing directors with professional competence in mobile communication[2] · Form the BOD composed of directors with in-depth knowledge and experience in communication, media, security, AI, and cloud · Recommend and appoint experts who can fill the existing BOD's skills gap as new directors · Maintain the percentage of directors with experience in mobile communication at a certain level · No. of ICT experts among the 8 industry experts in the BOD: 5
Efficiency	· Set the limit for the number of concurrent positions held by independent directors and auditors to a maximum of two · Have established and operate various committees to perform the BOD's responsibilities and roles efficiently and professionally
Diversity	· Pursue diversity without discrimination in terms of gender, race/ethnicity, country/national origin, religion, disability, etc.

Education for Independent directors(2021)

Date	Organizer	Participants	Contents
February 1 2021	Office of the BOD	Kim Yong-Hak, Kim Seok-Dong, Ahn Jung-Ho, Yoon Young Min, Kim Junmo	· Sharing and discussing corporate business performance evaluation and compensation standards · Achievements of mySUNI, the capacity building platform to accomplish the SK Group's Deep Change goal, and future plans
March 25 2021			· Metaverse service and avatar platform progress and demonstrations
April 28 2021			· SKT AI ethics status and plans
July 21 2021			· Discussions over Amazon Global Store launching
July 22 2021			· Subscription business plans · Discussions over the Governance Story Workshop
October 29 2021			· Use of integrated data of ICT family
November 30 2021			· Discussions over the Financial Story · Apollo progress and demonstrations · Discussions over CEO evaluation and compensation · Discussions over the Governance Story(board-centered management)

1) Announcement by the Korea Fair Trade Commission of the status of corporate governance of group companies as of December 2021
2) Telecommunication Services (GICS Tier-1)

Independence and conflicts of interest statement

Independence

Reasons for disqualification in the BOD regulations (based on Commercial Act, Monopoly Regulation and Fair Trade Act, etc.)	1. Current executives, executive officers, and employees involved in the business affairs of the company or former executives, executive officers and employees who have been involved in the business affairs of the company in the past two years 2. The largest shareholder of the company, and his/her spouse and lineal descendants and ascendants 3. If the largest shareholder is a corporate body, its directors, auditors, executive officers and employees 4. Spouses and lineal descendants and ascendants of the directors, auditors and executive officers of the company 5. The directors, auditors, executive officers and employees of the parent company or subsidiaries 6. The directors, auditors, executive officers and employees of corporate bodies who are major stakeholders 7. The directors, auditors, executive officers and employees of other companies at which a director, executive officer or employee of the company is serving as a director or executive officer

Transparency

Conflict of interest criteria in the articles of incorporation	1. A person who controls a company having a competitive relationship with the Company, or anyone related to that person, under the Monopoly Regulation and Fair Trade Act 2. A person who is, or who has been-within the last two years-an officer or an employee of a company having a competitive relationship with the Company, or a company which belongs to the same enterprise group as such competitor under the Monopoly Regulation and Fair Trade Act 3. A person who is an executive/ employee of a company that is the largest or second largest shareholder of a company in competition with the Company or a company belonging to the same corporate group under the Monopoly Regulation and Fair Trade Act, or who has been an executive/employee of such company within the last two years

Board of Directors assessment

The Board of Directors of SK Telecom undergo regular assessments for the board and committee activities with the aim to improve the trustworthiness of the governance and the efficiency of board operations. The annual assessment is conducted by all board members with quantitative evaluations and area-specific descriptions of the board and committee compositions, roles, and responsibilities, among others. The results are reported to and discussed at the Board of Directors to establish an advanced governance.

Board of Directors

Kim Yong-Hak
Independent Director,
Chairman of the Board

Tenure
2020.03~2023.03

Career highlight
· Bachelors in Social Sciences, Yonsei University
· Master's and Ph. D in Social Sciences, University of Chicago
· Current Professor Emeritus, Yonsei University
· Former President of Yonsei University
· Former Member of BK Planning Committee, Ministry of Education
· Former Member of the Presidential Commission on Policy Planning

Expertise
Social value creation, risk management

Committee
Future Strategy Committee, HR/Compensation Committee, Audit Committee

Ryu Young Sang
Executive Director

2018.03~2024.03

· Bachelor's & Master's Degrees in Industrial Engineering, Seoul National University
· Master of Business Administration(MBA), University of Washington
· Current President of MNO, SK Telecom
· Former Head of Corporate Center, SK Telecom
· Former EVP of Business Development Group, SK C&C
· Former SVP of Business Development Office, SK Telecom
· Former SVP of Project Promotion Center, SK Telecom

M&A/business development, finance, investment, management of company-wide information security

Independent Director Nomination Committee, Future Strategy Committee

Kim Seok-Dong
Independent Director

2019.03~2025.03

· Bachelor's Degree in Business Administration, Seoul National University
· Passed the 23rd Public Administration Examination
· Current Chairman, Jipyong Institute of Humanities & Society
· Former Chairman, Financial Services Commission
· Former Vice Minister, Ministry of Finance & Economy
· Former Vice Chairman, Financial Supervisory Commission

Financial policy, finance, accounting, risk management

Independent Director Nomination Committee, HR/Compensation Committee, Future Strategy Committee, Audit Committee

Ahn Jung-Ho
Independent Director

2017.03~2023.03

· Bachelor's Degree in Electrical Engineering, Seoul National University
· Master's & Ph. D in Electrical Engineering, Stanford University
· Current Professor, Graduate School of Convergence Science and Technology, Seoul National University
· Former Visiting Scholar, Google Inc.
· Former Senior Research Scientist, Exascale Computing Lab, HP Labs

Convergence science, growth strategy, telecommunication

Future Strategy Committee, ESG Committee, Audit Committee

Yoon Young Min
Independent Director

Tenure
2018.03~2024.03

Career highlight
· Bachelor's Degree in English, Korea University
· Master's Degree in Advertising, Syracuse University
· Ph. D in Mass Communication, Syracuse University
· Current Professor, School of Media & Communication, Korea University
· Former Dean, Media & Communication and Graduate School of Journalism & Mass Communication
· Former Vice-Chairwoman, Korean Academic Society for Public Relations
· Former Advisor, Ministry of Land, Infrastructure and Transport

Expertise
Media industry policy and strategy, communications, risk management

Committee
Independent Director Nomination Committee, Future Strategy Committee, ESG Committee, Audit Committee

Kim Junmo
Independent Director

2020.03~2023.03

· Bachelor's Degree in Electrical Engineering, Seoul National University
· Master's and Ph. D, MIT EECS
· Current Associate Professor, Electrical & Electronic Engineering, KAIST
· Former Assistant Professor, Electrical & Electronic Engineering, KAIST
· Former Professional Research Fellow, Samsung Advanced Institute of Technology

AI, data, growth strategy, telecommunication

HR/Compensation Committee, Future Strategy Committee, ESG Committee

Choi Kyu-Nam
Non-executive Director

2021.10~2024.03

· Bachelor's Degree in Resources Engineering, Seoul National University
· Master's in Industrial Business Management, Stanford University
· MBA, New York University Graduate School of Business
· Current SK SUPEX Committee Investment Team 1 Head and Environmental TF Head
· Former SK SUPEX Committee Future Business Team Head
· Former SK SUPEX Committee Global Business Development Manager

Finance, business development, business strategy, risk management

HR/Compensation Committee, Future Strategy Committee

Kang Jong-Ryeol
Executive Director

2022.3~2025.03

· Bachelor's Degree in Electrical Engineering, Seoul National University
· Current SK Telecom ICT Infrastructure Head(CSPO)
· Former SK Telecom ICT Infrastructure Center Director
· Former SK Telecom Corporate Culture Division Head

Infrastructure, business development, occupational safety, corporate information security management

Future Strategy Committee, ESG Committee

Board of Directors activities(2021)

Session	Date	Key agenda	Attendance rate
444	2021.02.02	· The 37th financial statements · The 37th business reports · Delegation of long-term borrowing · Disposal of treasury stock · Contribution for ESG management(SV creation) · Amendment to the Audit Committee rules · Evaluation of Internal accounting management system operations · Ex-post report on Q4 2020	100%
445	2021.02.25	· The 37th annual general meeting plan · Investment in T Map Mobility and Mobility asset acquisition and transfer · Trade with SK pinx in 2021 · Asset acquisition and transfer including SK Futures Park · Internal accounting management system operations evaluation results	100%
446	2021.03.25	· Board chairperson appointment · Compliance Officer reappointment · Trade with SK Holdings in Q2 2021 · Contribution for Contents Wave competitiveness · 2021 OSH(Occupational Safety and Health) plans · Additional trade with SK pinx in 2021	100%
447	2021.04.29	· Termination of trust agreement for acquisition of treasury stock · Contribution to SK Telecom TMT Investment Corp · SUPEX Committee operating expense payment in 2021 · Trade with SK Hynix in 2021 · Ex-post report on Q1 2021	100%
448	2021.05.04	· Treasury stock cancellation	87.5%
449	2021.05.27	· Establishment/amendment to Board of Directors/Committee rules · Committee member appointment · Amendment to the Corporate Governance Charter · 2021 KPIs	100%
450	2021.06.10	· Disposal of treasury stock · Stock split and partial amendment to the articles of incorporation · spin-off plan approval · The 1st extraordinary shareholders meeting in 2021 · Designation of the reference date	100%
451	2021.06.24	· Trade with SK Holdings in Q3 2021	100%
452	2021.06.28	· Amendment to the spin-off plan	100%
453	2021.07.22	· Q2 dividends · 1H 2021 settlement report · Ex-post report on Q2 2021	100%
454	2021.08.18	· Contributions to the Korea Fencing Association in 2021 · Report on permit application plans for the My Data project (credit information self-management service)	100%
455	2021.08.27	· Amendment to the 1st extraordinary shareholders meeting in 2021	100%
456	2021.09.29	· Trade with SK Holdings in Q4 2021	100%
457	2021.10.12	· Disposal of treasury stock	100%
458	2021.11.01	· CEO appointment · Substitution for committee members · Approval of notice substituting for a spin-off reporting annual general meeting · Q3 dividends · Ex-post report on Q3 2021	87.5%
459	2021.11.30	· Lease agreement for the SUPEX Center in Mt. Indeung in possession of SK Holdings from 2022 to 2024 · Landscape and management service agreement with SK Forest from 2022 to 2024 · 2022 SK Academy operating expenses contribution · Compliance and validity assessment results	100%
460	2021.12.21	· Trade with IT SM(System Maintenance) in 2022 · Trade with SK Holdings in Q1 2022 · 2022 business plan · 2022 business aircraft operating cost contribution · Trade with SK pinx in 2022 · Approval of electronic asset backed short-term bond limit · Substitution for committee members · AI semiconductor incorporation and commercialization	100%

Committees of the BOD

The five committees under the Board of Directors ensure that the Board of Directors' roles and responsibilities are fulfilled in efficient and professional ways. Each committee abides by committee rules to ensure transparency in its operations, and the proportion of independent directors in the committee is specified in the committee operation guidelines to guarantee independence.

(As of May 2022)

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

Audit Committee

The Audit Committee conducts accounting and business audits including financial statements and supplementary schedules, external auditors' audit process and result deliberation, review of the company's key agenda, internal accounting management system operations reported by internal accounting management and the external auditor, among others. Under the Commercial Act, the committee deliberates on and approves certain transactions such as private contracts with affiliates of a certain scale or larger, and reserves the right to inspect and audit directors' execution of duties and their financial and property conditions, inspect the BOD's activities, call for the cessation of any illegal actions, and convene extraordinary meetings of shareholders. The Audit Committee shall report its activities and audit results to the annual general meeting, and disclose them in business reports.

Audit Committee activities(2021)

Date	Agenda	Attendance Rate
2021.2.1	· Internal accounting management system operations · 2020 management diagnosis/audit results and 2021 plans · Auditor's opinion on the internal monitoring mechanisms · 2021 external auditor service approval	100%
2021.2.24	· FY2020 financial audit results · FY2020 internal accounting management system audit results · Evaluation of Internal accounting management system operations · The 37th annual general meeting agenda and document survey opinions confirmation · The 37th audit report · Real estate lease agreement with SK Broadband · Agreement for the provision of gifts to wired service customers in 2021 · Product/service trade with 11ST in 2021	100%
2021.3.24	· 2021 Employee Welfare Fund contributions · 2021 optical network maintenance service · 2021 transmission equipment maintenance service	100%
2021.4.28	· 2021 financial audit plan	100%
2021.6.23	· 2021 financial audit plan · FY2020 external auditor service evaluation results	75%
2021.7.21	· Chairperson appointment · FY2021 external auditor's half-annual review results	100%
2021.8.17	· Results of spin-off financial statements by external auditors · Agenda and document survey opinions for the 1st extraordinary shareholders meeting in 2021 · Audit report for the 1st extraordinary shareholders meeting in 2021	100%
2021.8.27	· Amendment to the agenda and document survey opinions for the 1st extraordinary shareholders meeting in 2021	100%
2021.9.28	· Management diagnosis results	100%
2021.11.29	· Wired product reselling with SK Broadband in 2022	100%
2021.12.20	· Leaders' exemplary conduct review results · 2021 financial report internal control test process and year-end audit plans · Report on external auditor designation · External audit agreement approval · 2022 PS&M customer device bond purchase · 2022 11ST product/service trade · 2022 DreamUs Company product/service trade	100%

Date	Agenda	Attendance Rate
2021.12.20	· 2022 Contents Wave product/service trade · 2022 SK Planet product/service trade · 2022 SK Shieldus product/service trade · 2022 SK Hynix product/service trade · 2022 customer contact point channel service operations · 2022 overdue bill consulting and receivables collection entrustment · 2022 base station maintenance service · 2022 switching equipment operation support service · 2022 telecommunication equipment lease transaction · 2022 wired and wireless infrastructure building contract · 2022 Happy Narae communication materials/general goods purchase · 2022 One Store affiliated trade	100%

Independent Director Nomination Committee

The Independent Director Nomination Committee is intended to fair candidate recommendation for independent directors. Its roles include building transparent processes for independent director appointment and taking responsibility for candidate recommendation and appointment processes. The Independent Director Nomination Committee is required to have a majority of its members as independent directors and recommend candidates with independence and expertise.

Independent Director Nomination Committee(2021)

Date	Agenda	Attendance Rate
February 25 2021	The 37th annual general meeting independent director candidate Nomination	100%
July 21 2021	Chairperson appointment(postponed to the next meeting)	66.67%
September 28 2021	Chairperson appointment(Kim Yong-Hak)	66.67%

HR/Compensation Committee(formerly Compensation Committee)

To ensure the objectivity and transparency of overall process for determining CEO remuneration, the Compensation Committee has been expanded into the HR/Compensation Committee that also has authorities to deliberate on the reappointment of the CEO, CEO appointment proposals, and candidate recommendation, thereby strengthening board-centered management. The HR/Compensation Committee consists of at least three directors with independent directors being the majority.

HR/Compensation Committee activities(2021)

Date	Agenda	Attendance Rate
2021.02.10	CEO compensation(Compensation Committee)	100%
2021.07.21	Chairperson appointment(postponed to the next meeting)	100%
2021.09.28	Chairperson appointment(Kim Seok-Dong)	100%

Future Strategy Committee(formerly CAPEX Review Committee)

The CAPEX Review Committee, of which primary role was to deliberate on investment plans for the following year, has been expanded to the Future Strategy Committee that also takes charge of discussions over mid/long-term strategic directions, annual management plans, and corporate-wide KPIs setting and evaluation. The Future Strategy Committee consists of at least three directors with independent directors being the majority.

Future Strategy Committee activities(2021)

Date	Agenda	Attendance Rate
July 21 2021	Chairperson appointment(postponed to the next meeting) 1H 2021 KPI performance report	100%
September 28 2021	Chairperson appointment(Yoon Young Min)	83.3%
November 29 2021	2021 KPI evaluation 2022 management plans 2022 investment plans	100%

ESG Committee(formerly Corporate Citizenship Committee)

The Corporate Citizenship Committee was established in May 2008 as the final decision-making body for sustainable management at SK Telecom to practice socially responsible management. In May 2021, the committee was expanded to the ESG Committee, with the aim to strengthen ESG management in line with the global trend. The ESG Committee deliberates on directions and accomplishments in key ESG areas such as environment, society, customer, and information security, compulsory ESG disclosure, and ESG-related stakeholder communications. To further extend the Board of Directors' roles and responsibilities for sustainable management and improve corporate value in the long term, discussions over key ESG agenda will be continuously expanded. The ESG Committee consists of at least three directors with independent directors being the majority.
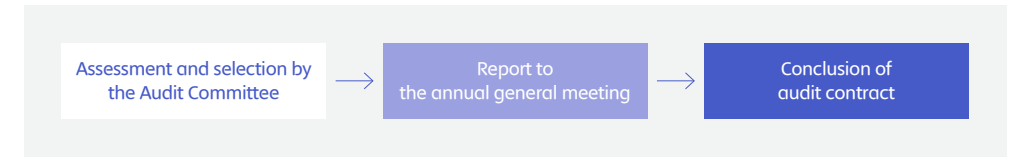
ESG Committee activities(2021)

Date	Agenda	Attendance Rate
May 26 2021	FY220 Annual Report deliberation(Corporate Citizen Committee)	66.67%
June 14 2021	Chairperson appointment(Ahn Jung-Ho) SK Telecom ESG direction deliberation	100%
July 21 2021	2020 SV measurement results deliberation ESG startup growth support direction deliberation	100%
September 28 2021	SKT 2050 Net Zero Roadmap	100%
October 29 2021	2021 win-win growth highlights and 2022 directions 2021 customer value innovation progress and customer information transparency improvement	100%
November 29 2021	2021 SV performance 2021 ESG evaluation results and plans	100%

External Auditor

An independent external auditing firm audits SK Telecom's financial statements and supplementary schedules based on fairness and transparency. Following the external audit, the Audit Committee reviews the adequacy of the audit procedures and results. In accordance with Article 10 of the Act on External Audit of Corporations, we appoint auditors for three consecutive business years as the same auditor. KPMG Samjong Accounting Corporation served as the external auditor from 2018 to 2021. The audit opinion for the 38th fiscal year was 'unqualified' with no other issues.

External auditor selection process

Assessment and selection by the Audit Committee → Report to the annual general meeting → Conclusion of audit contract

Auditor's opinion

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

Auditing Contract

Financial year	Auditor	Details	Audit contracted		Actual audit performed	
			Fee	Hours of Services	Fee	Hours of Services
The 38th (current term)	KPMG Samjong Accounting Corp.	Quarterly/semi-annual audits Audits of non-consolidated financial statements Audits of Consolidated financial statements English financial statements review and other audits Audits on Internal accounting system	KRW 2,450 million	24,500 hours	KRW 2,450 million	24,500 hours

Fair Performance Evaluation and Compensation

Performance evaluation of the management

The evaluation of management performance, including that of the CEO, is undertaken in a comprehensive manner in consideration of both financial and nonfinancial performance. Annual performance assessments are self-evaluations that look into board and committee meeting attendance rates, expertise in areas related to the company's business and technology, contributions, and active board activities, among others. The performance assessment results of executive and independent director are reflected for reappointment after the expiration of their term and for recommendations by the Independent Director Nomination Committee. In particular, since 2019, the ESG(SV) KPI has included in the CEO KPI, and the results of ESG stretagic tasks have been reported to the ESG committee for assessment. The ESG KPI is also considered in evaluations for the entire management. This is to strengthen the management's accountability for ESG management, seeking the improvement of long-term corporate value by pursuing business model innovation based on ESG management, rather than merely producing non-financial performances in terms of social contribution and corporate risk prevention. Given the continued increases in demands for ESG management from financial societies both home and abroad and their increasing impact on business sustainability, SK Telecom plans to gradually expand the portion of the ESG KPIs in management KPIs by 2025 to meet the global level, and to upgrade relevant strategic tasks.

Remuneration of executives

The remuneration of our management, including the CEO, is calculated within the limits approved by the AGM based on their business performance and the value of the job they perform. Each director's salary and severance pay are approved by a resolution at an AGM. Performance remuneration consists of target incentives and profit sharing; in calculating the performance remuneration, we consider measurable indicators, including revenue, operating profit, and economic value added (EVA), as well as non-measurable indicators, including leadership, strategic task achievement, expertise and other company management performances. Meanwhile, we provide stock options to ensure that the interests of management and shareholders are aligned and to pay compensation in a responsible manner in consideration of their mid- to long-term performance. We have set the vesting period for stock options at a maximum of four years in a bid to pursue the creation of long-term values. Since 2014, we have disclosed the details of individual director's and auditor's remuneration exceeding KRW 500 million per year in our business reports in order to improve our transparency in terms of payment to executives including the CEO.

1) Excluding independent directors and Audit Committee members
2) Excluding Audit Committee members
* The number of registered directors includes Park Jung-Ho, who resigns from a registered director effective on November 1 2021 following the spin off.
* The number of registered directors includes one non-executive director that receives no remuneration.
* The non-executive director that receives no remuneration was excluded in the calculation of the average remuneration for registered directors.

3) Total CEO remuneration divided by the average remuneration for employees
4) Pre-spin off CEO(Park Jung-Ho)
5) Post-spin off CEO(Ryu Young Sang)

Remuneration standards for directors and auditors

· Registered directors: Base salary was determined within the 2021 director remuneration limit in consideration of their duties, expertise, contribution to the company, etc. In addition, performance-based pay can be paied in comprehensively consideration of quantitative evaluation such as the revnue and operating profit, and qualitative evaluation such as strategic goal achievement and leadership.
· Independent directors and independent directors that are members of the Audit Committee: Base salary was determined within the 2021 director remuneration limit in consideration of their duties, expertise, the company's business environment, etc.

Remuneration Payment for Directors(2021)

Category	No. of people	Total amount paid (KRW million)	Average remuneration per person(KRW million)
Registered directors[1]	3	5,380	2,690
Independent diretors[2]	1	122	122
Audit Committee members	4	489	122

CEO-employee remuneration ratio(2021)

Total remuneration for the CEO (KRW million)	Average remuneration for employees (KRW million)	Ratio[3]
3,827[4]	162	23.62
1,553[5]	162	9.59

Stock options for executives

Date		Name	Base exercise price[1]	Shares	Cancelled Options	Remaining shares	Exercise period
2017	March 24	Park Jung-Ho	49,350	67,320	0	67,320[2]	2019.3.25~2022.3.24
			53,298	67,320	0	67,320	2020.3.25~2023.3.24
			57,562	67,320	0	67,320	2021.3.25~2024.3.24
		Sub total		201,960	0	201,960	
2018	February 20	Ryu Young Sang	50,824	4,123	0	4,123	2020.2.21~2023.2.20
		Sub total		4,123	0	4,123	
2019	February 22	Hah Seong-Ho	53,052	4,157	0	4,157	2021.2.23~2024.2.22
		Ha Hyung-Il		4,749	4,749	0	
		Yoon Pung-Yeong		3,777	0	3,777	
		Sub total		12,683	4,749	7,934	
	March 26	Ryu Young Sang	50,862	5,265	0	5,265	2021.3.27~2024.3.26
		Sub total		5,265	0	5,265	
2020	March 26	Park Jung-Ho	38,452	337,408	0	337,408	2023.3.27~2027.3.26
		Ryu Young Sang		7,145	0	7,145	
		Ha Hyung-Il		5,955	5,955	0	
		Kim Yoon		5,690	5,690	0	
		Huh Seok-Jun		5,624	0	5,624	
		Yoon Pung-Yeong		5,293	0	5,293	
		Hah Seong-Ho		5,028	0	5,028	
		Cho Dong-Hwan		4,631	0	4,631	
		Lee Hyeon-Ah		4,631	0	4,631	
		Sub total		381,405	11,645	369,760	

*   No. of shares and prices after the stock split effective on October 28 2021 and the spin-off on November 1 2021
** Including stock options granted to non-registered executives
1) The base exercise price was calculated based on actual value (the arithmetic average price of a trading volume-weighted average closing price for two months, one month, and one week before granting stock options) based on a stock option grant date.
2) Exercised

Date		Name	Base exercise price	Shares	Cancelled Options	Remaining shares	Exercise period
2021	March 25	Ryu Young Sang	50,276	18,190	0	18,190	2023.3.26~2026.3.25
		Kang Jong-Ryeol		7,136	0	7,136	
		Ha Hyung-Il		11,418	11,418	0	
		Huh Seok-Jun		6,863	0	6,863	
		Yoon Pung-Yeong		10,203	0	10,203	
		Hah Seong-Ho		5,830	0	5,830	
		Cho Dong-Hwan		5,375	0	5,375	
		Lee Hyeon-Ah		8,746	0	8,746	
		Shin Sang-Gyu		4,646	0	4,646	
		Song Jae-Seung		8,047	0	8,047	
		Han Myeong-Jin		4,403	0	4,403	
		Ryu Byeong-Hun		3,796	0	3,796	
		Kim Yoon		6,407	6,407	0	
		Sub total		101,060	17,825	83,235	
		Total		**706,496**	**34,219**	**672,277**	

Remuneration payment for individual directors/executives

Recipient	Total amount (KRW million)	Category	Amount (KRW million)	Results
Park Jung-Ho	3,827	Salary	1,625	**Calculation criteria and method** · The annual salary of KRW 1,950 million was determined within the 2021 director remuneration limit in consideration of the role/position, leadership/expertise, contribution to the company and managerial performances according to the company's director remuneration payment criteria, and one twelfth of that amount, KRW 162.5 million, was paid monthly. **Roles/position** · Leading SK ICT Family's growth as the CEO of SK Telecom · Creating synergies among ICT business companies such as SK Telecom and SK Hynix, and supporing spread of AI/DT within SK group as the chairman of ICT Committee of the SK Group SUPEX Counsil
		Bonus	2,170	**Calculation criteria and Basis** · Determined in comprehensive consideration of measurable indicators such as revenue and operating income and non-measurable indicators such as leadership for managerial performances based on the roles, position, leadership, and the remuneration payment criteria. · In 2020, revenue, operating income, and net income in MNO and new ICT business areas showed overall growth. The five major business areas were established, the global cooperative network was expanded, and growth momentum to be a big tech company was further solidified. · SK Telecom's 2020 revenue increased by 5.0% compared to the previous year to KRW 18 trillion and 624.7 billion(based on the consolidated financial statements) with operating income of KRW 1 trillion and 349.3 billion, a 21.8% increase. · Based on non-consolidated financial statement, revenue increased by 2.8% compared to the previous year to KRW 11 trillion and 746.6 billion with operating income of KRW 1 trillion and 23.1 billion, a 7.5% increase, to make a turnaround. As of the end of 2020, secured 5.48 million 5G subscribers. · In the MNO business, operating income continued growing owing to accelerated 5G deployment and innovation in distribution. The company retained its 5G leadership with innovative business model development, launching of ICT multiplex 'T Factory', 24/7 contactless self-served service opening, and customer-friendly marketing amidst the pandemic situation. · The company's longest leadership in the three major customer satisfaction surveys(NCSI, KCSI, and KS-SQI) remained unshaken in 2020, being ranked top in the NCSI for 23 years in a row. · In the new ICT business, operating income increased by 27.5% compared to the previous year underpinned by increases in media subscribers, growth in new security businesses including home and parking service area and commerce transactions, and its share in the overall operating income significantly grew to 24%(※ 14% in 2019).

※ For the 2020 bonus paid out in early 2021, the Shareholder Engagement Program was introduced where part of the bonus was paid in the form of SK Telecom's treasury stock with the aim to align the interest of the company and employees with that of shareholders, which was approved by the Board of Directors and implemented pursuant to Article 342 of the Commercial Act. Thus, KRW 245 million from the bonus were paid with treasury stocks.

※ Park Jung-Ho, the CEO and Vice Chairman, also held the position of the CEO of SK Hynix in 2021, hence salary shared between SK Telecom and SK Hynix based on a mutually agreed operation standard(settlement period: March 30 2021 - October 31 2021). Vice Chairman Park Jung-Ho held concurrent positions as the CEO of SK Square and the CEO of SK Hynix in 2021, hence salary shared between SK Telecom, SK Square, and SK Hynix based on a mutually agreed operation standard(settlement period: November 1 2021 - December 31 2021).

Recipient	Total amount (KRW million)	Category	Amount (KRW million)	Results
		Bonus	2,170	· SK Broadband successfully closed the merger deal with T Broad in April 2020 and attracted more IPTV subscribers, leading to a 1.72 revenue increase to KRW 3 trillion and 713.5 billion with operating income of KRW 230.9 billion, a 59.2% increase. · In the security business, a decision was made to merge ADT Caps and SK Infosec to take the lead in the convergent security market and accelerate growth(the merged entity launched on March 4 2021), and overall growth was observed in both core business areas of dispatch and information security and new business areas such as home, parking, and contactless solutions, leading to a 12.2% yoy increase in revenue to KRW 1 trillion and 338.6 billion. · In the commerce business such as 11ST and SK Stoa, the vitalization of online shopping and increases in transaction value drove a 12.1% yoy increase in revenue to KRW 814.2 billion with operating income of KRW 11 billion, having a surplus for two years in a row. · In December 2020, the mobility specialist 'T Map Mobility' was established in an effort to prepare the company as a mobility-as-a-service(MaaS) business covering public transportation, rent-a-car, ride sharing, and taxi services. · Continued cooperation with global giants such as Microsoft, Amazon, and Uber solidified foundations for new tech-based services such as 5GX cloud games and 5G edge cloud. · One Store, a leader in the K-app market, marked increases in transaction volume for 10 consecutive quarters and turned into profit-making in 2020.
		Others	32	· Executive welfare, etc. · Following the spin-off, a decision was made to offer all executives and employees SK Telecom's treasury stocks to improve the corporate value of both SK Telecom and SK Square and maximize synergies between them, which was approved by the Board of Directors and implemented pursuant to Article 342 of the Commercial Act. Thus, KRW 30.9 million were paid with treasury stocks.

Remuneration payment for individual directors/executives

Recipient	Total amount (KRW million)	Category	Amount (KRW million)	Results
Ryu Young Sang	1,553	Salary	792	Calculation criteria and method · The remuneration amount was determined within the 2021 director limit in consideration of the role/position, leadership/expertise, contribution to the company and managerial performances according to the company's director remuneration payment criteria. · One twelfth of the annual salary of KRW 750 million, KRW 62.5 million, was paid monthly for ten months. After being appointed as the CEO, the annual salary rose to KRW 1,000 million, hence monthly payment of KRW 83.3 million for two months. Roles/position · January – November 2021: Leading MNO business growth as President of MNO and Executive Director of SK Telecom · November – December 2021: Developing growth strategy and vision after spin-off and presenting new growth stories to stakeholders including customers and shareholders to improve corporate value as CEO of SK Telecom.
		Bonus	730	Calculation criteria and basis · Determined in comprehensive consideration of measurable indicators such as revenue and operating income and non-measurable indicators such as leadership for managerial performances based on the roles, position, leadership, and the remuneration payment criteria. · In 2020, the MNO business achieved sustained growth of operating income through 5G deployment acceleration and distribution innovation. SK Telecom also maintained leadership in 5G by providing distinctive customer experience - Driven by increases in 5G subscribers, MNO revenue increased by 2.7% from the previous year to KRW 10 trillion to make a turnaround. - Operating income also grew based on continued innovation in distribution, and the company retained 5G leadership with launching of ICT multiplex 'T Factory', 24/7 contactless self-served service opening, and customer-friendly marketing amidst the pandemic situation. - The company's longest leadership in the three major customer satisfaction surveys(NCSI, KCSI, and KS-SQI) remained unshaken in 2020, being ranked top in the NCSI for 23 years in a row. · Special bonus was paid during the year in recognition of his leading roles in the launch of the subscription platform 'T Universe' and demonstrating the potential of subscription-type business model as a new growth driver for MNO.
		Others	31	· Executive welfare, etc. · Following the spin-off, a decision was made to offer all executives and employees SK Telecom's treasury stocks to improve the corporate value of both SK Telecom and SK Square and maximize synergies between them, which was approved by the Board of Directors and implemented pursuant to Article 342 of the Commercial Act. Thus, KRW 30.9 million were paid with treasury stocks.

* For the 2020 bonus paid out in early 2021, the Shareholder Engagement Program was introduced where part of the bonus was paid in the form of SK Telecom's treasury stock with the aim to align the interest of the company and employees with that of shareholders, which was approved by the Board of Directors and implemented pursuant to Article 342 of the Commercial Act. Thus, KRW 122.5 million from the bonus were paid with treasury stocks.
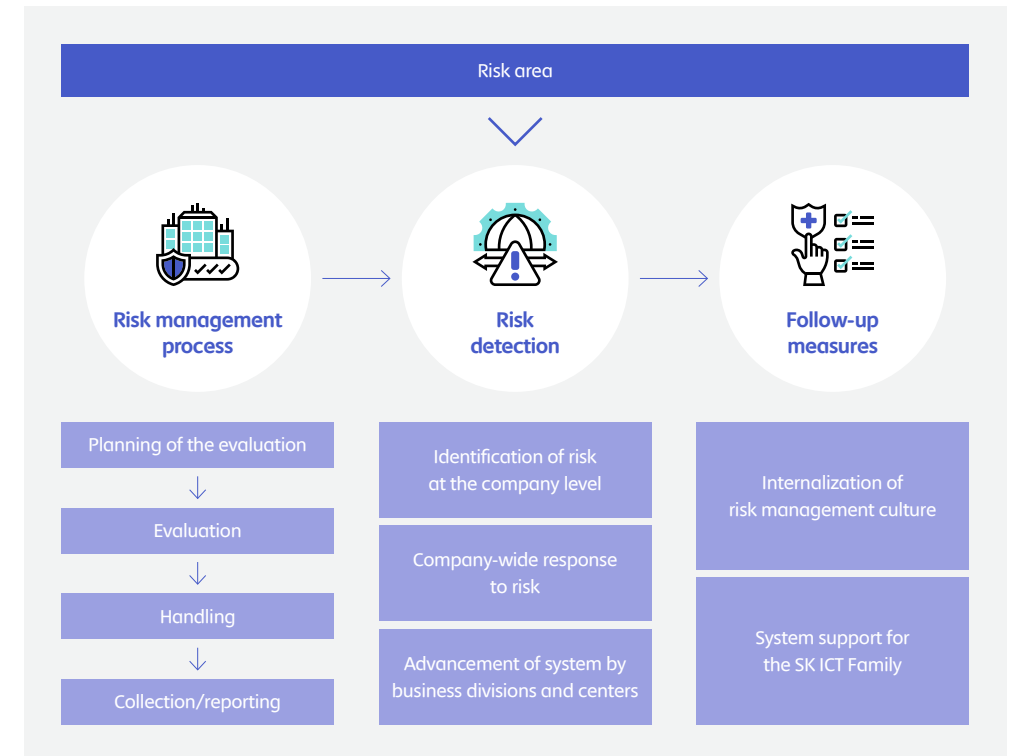
Risk Management

SK Telecom built an integrated risk management system to proactively identify and respond to risks, and works to continue reinforcing the system in response to rapidly-changing internal and external environments. Efforts are also made to internalize risk management culture, disseminate the corporate-wide risk management system to all SK ICT Family, and minimize the impact of the risks.

Integrated Risk Management System

The risk management process covers both financial and non-financial factors and the system is designed to proactively assess annual risks according to risk identification processes. When detecting and/or facing risks, the company responds to them with the corporate-wide risk management and contingency systems centering on Change Management Office 2, and endeavors to further solidify the risk management system include establishing CIC/Chief Office-specific risk management systems. SK Telecom seeks further advancement in risk management by internalizing risk management as a corporate culture and extending the corporate-wide risk management system to all SK ICT Family.

Structure

Range of Risk Management

SK Telecom manages a wide range of potential risks in terms of financial and non-financial espects. The scope of risk management ranges from strategic risks to financial risks(market, interest rate, tax, FX rate), regulatory risks and business operation risks(major customer complaints, customer information leakage, network failures, etc.), and reputation/social responsibility risks(unfair trade, bribery, entertainment, etc.). The risk management areas are segregated to business, employees, customer values, business partner, governance relationship, disaster, serious accident, and climate change, for which strategic response systems are developed in consideration of area-specific focal points and changes in internal and external environments.

Risk management areas and factors

Business	· Strategic: Prediction of customer needs and demands, business decision-making, changes in technology and industry environment, etc. · Regulatory: Changes in regulations and policies in the ICT industry related to telecommunication, media and platforms · Financial: Exchange rates, changes in interest rates, liquidity, credit, assets, debt management · Operational : Appropriateness of organizational design, performing incorrect processes
Employees	· Corruption at the individual level: Leaks of company information, financial dealings with employees and stakeholders, illicit profits/usage, embezzlement, violation of the prohibition on the holding of concurrent positions/outside work, etc. · Sexual ethics: Sexual harassment, gender discrimination, etc. · Employee conflicts: Conflicts between employees, leaders or companies · Employee incidents/accidents: Death/serious injuries, job-related accidents, public criticism including assault · Company losses due to job-related negligence: Loss of sales opportunities, neglectful asset management · Other forms of misconduct by employees
Customer Values	· Customers'(collective) actions · Customer information leaks: Leaks of subscribers' personal data, leaks of device information and call records · Serious customer complaints: Service failures, computational errors, etc. · Spread of negative public opinions via media coverage and/or through social media
Business Partner	· Giving/receiving money, valuables or entertainment · Business partners' illegal actions: Customer fraud at authorized dealers and retail stores · Business partners' data privacy violations: External leakages of confidential business information, unfair usage of business information, etc. · Unfair trade: Transactions with relatives/borrowed-name companies, illicit transactions, special favors for companies including overlooking their defects, etc. · Conflicts with partner companies: Violence, sexual harassment, legal disputes due to changes in the business environment, etc.
Governance Relationship	· Violation of fair trade practices: Illegal subsidies, violations of the Protection of the Communications Act, collusion, etc. · Accounting fraud: Creation of slush funds, fraudulent accounting, disclosure violations, etc. · Inappropriate entertainment: Offering of bribes and other forms of special treatment, etc. · Search/Investigation by state institutions: Search/investigations of violations of laws and the company's business policies
Disaster	· Casualties and property damage caused by fire, typhoon, infectious diseases, etc.
Serious Accident	· Serious occupational accidents: Death of employees in SKT's business operation or workplace, etc. · Serious citizen accidents: Death of citizens arising from defects in the design, installation, or management of articles or public facilities produced, manufactured, sold, or distributed by SKT, etc.
Climate Change	· Regulatory risks: Changes in regulations and policies due to the reinforcement of climate change policies · Technology and market: Changes in technologies and markets due to climate change, increasing demand for eco-friendly products · Reputation: Impact of investment institutions according to company's ESG activities · Physical environment: Effects of extreme weather caused by climate change

Risk Management Process

SK Telecom built a risk management process consisting of evaluation planning, risk evaluation, risk handling and reporting, reflecting major internal and external issues and stakeholders' requirements. Risk management is conducted through organic collaboration between the Risk Management Officer responsible for overall annual risk&opportunity assessment and procedure monitoring, and Process Owners who takes charge of overall management of risks&opportunities and reporting management reviews based on the approved annual risk evaluation plan.

Advance management

Change Management Office 2 plays central roles in designating risk managers for each CIC/Chief Office and running the annual risk management(RM) working group. The RM working group is run all year around, taking responsibility for area-specific risk prevention, early intervention to curb risks, and proactively identifying risk areas calling for attention following changes in business environments.
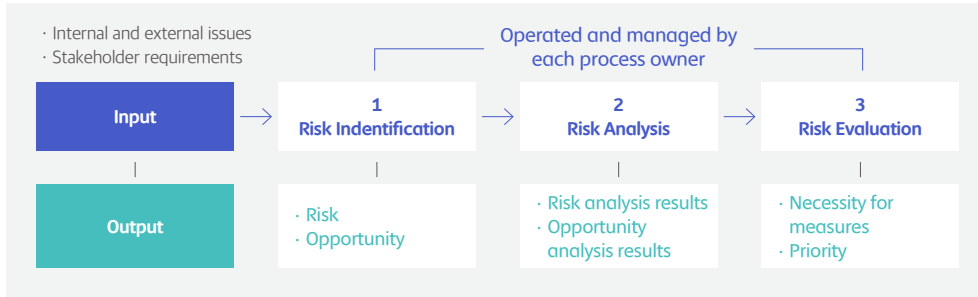
Risk evaluation

① Risk identification — A process to seek, identify and describe factors causing risks. This process considers internal and external issues and stakeholders' requests relevant to the organization's purpose and strategic directions. When necessary, this process involves identifying a wide range of risks&opportunities that have impact on the achievement of managerial goals. The number of risks and opportunities identified is managed as the key performance indicator.

② Risk analysis — A process to understand the characteristics of the risks identified, where the impact and likelihood of the risks&opportunities are classified high, medium, or low.

③ Risk evaluation — A process to analyze the risk criteria and compare the results to determine the acceptability and level of risks, followed by decisions on the necessity of measures to be taken and priorities depending on the risks' potential impacts and likelihood of occurrence.

Risk management process

· Internal and external issues
· Stakeholder requirements

Operated and managed by each process owner

| Input	1 Risk Indentification	2 Risk Analysis	3 Risk Evaluation
Output	· Risk	· Risk analysis results	· Necessity for measures
	· Opportunity	· Opportunity analysis results	· Priority

Follow-up management

When risks are identified, the risk management process is applied to establish proper risk management measures and action plans. After the risk evaluation and management, the risks are collected, summarized and reported for management review reports, etc., and records are retained in the data-sharing database Twiki system for five years, used as effective assets for risk management and response strategies at SK Telecom.

Corporate-wide Risk Management and Response System

SK Telecom has a corporate-wide risk mornitoring and response system to ensure proactive response to risks and strengthen follow-up management. Also, it runs an online channel through appointing more than one person-in-charge for each function to make sure the risks are managed and shared swiftly. Directly under the CEO's supervision, Change Management Office 2 reports urgent risks to the CEO and has the authority to open the corporate-wide contingency room chaired by the CSPO. Its roles also include risk profile management, competent department mapping for major risks, risk-specific response definition and monitoring in accordance with pre-defined risk criteria, risk recognition and dissemination, and response. The CSPO convenes the corporate-wide contingency room to ensure instant response to risks that have material impact on the company's organization and/or business operations. Upon detecting signs of risks, the RM working group runs standing online and offline channels. The Board of Directors make decisions on the tolerance of exposure of the company to risks such as strategy, finance, investment, information security(including privacy protection), operations including environmental and social aspects, tax, and reputation risks, as well as response strategies. The board is also the final decision maker for risk management including corporate-wide risk profiles and risk-specific tolerance levels.

Risk management and dissemination system
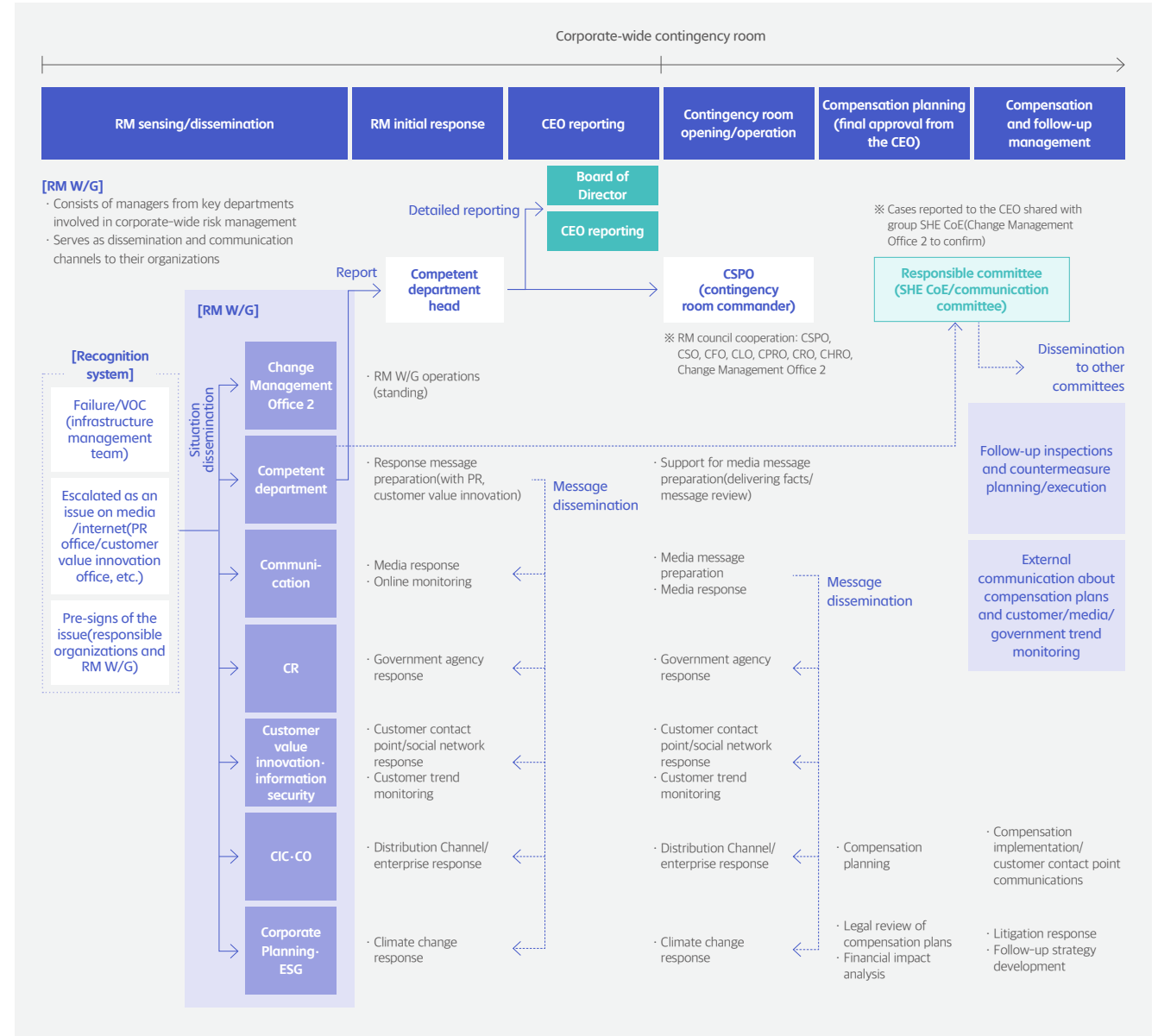
Supporting the Risk Management System of SK ICT FAMILY[1]

SK Telecom runs a corporate-wide risk management working group where the whole SK ICT Family is involved. They are guided by the SK ICT Family risk situation dissemination standard to share intelligence in the event of a crisis and facilitate swift decision making. Also, risk management meetings attended by SK ICT Family are held on a regular basis, hence proactively recognizing and responding to potential risks. SK Telecom will build on the well-organized close cooperative system for short-, mid-, and long-term risk management and process operations, thereby ensuring business stability.

Risk management and dissemination system of SK ICT Family[2]

*Managed by the CSPO
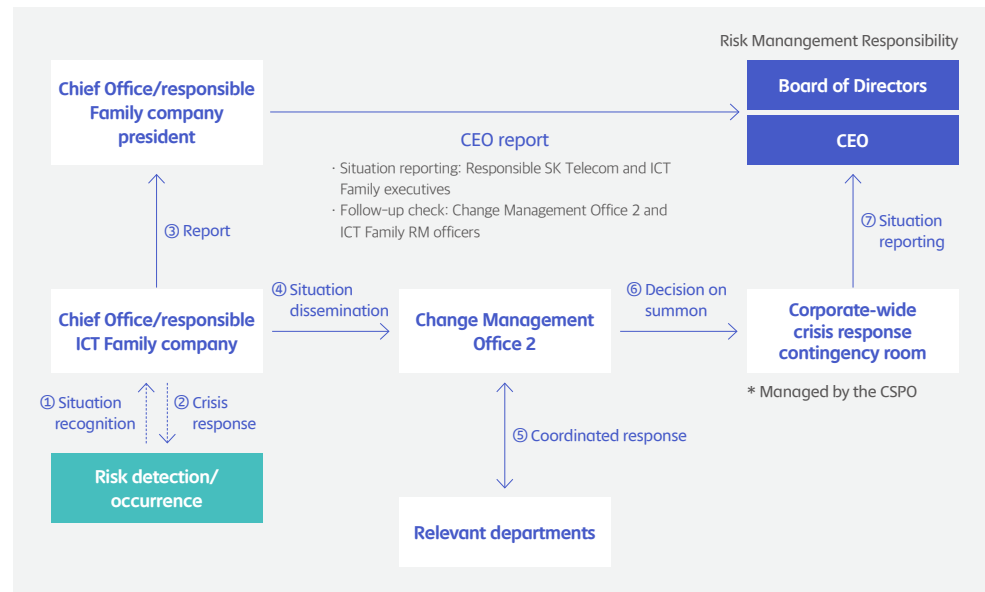
Advancement of CIC/Chief Office-specific systems

At SK Telecom, each CIC/Chief Office establishes its own risk response system. By building risk response systems that best fit each organization's and business' characteristics and situations, we advanced the system to proactively check potential risks. In particular, security policy compliance levels are constantly monitored for proactive response to information security risks, and efforts are made to find and eliminate physical and technical vulnerabilities.

1) SK ICT Family: SK Telecom, its subsidiaries, and SK Group's ICT affiliates

2) Applicable to SK Broadband, SK Telink, SK ONS, Service Ace, Service Top, F&U, PS&M, SK Comms, SK M&Service, SK Stoa

3) The company's major services where the VOC standards are not sufficient to ensure RM response (T World, T World Direct, T Membership, MoVIOS, ZEM, T ID, T Phone, NUGU, PASS, Jump AR, ifland, RCS, Bill Letter, B tv, xCloud Game, vColoring, T Universe)

Internalization of Risk Management

SK Telecom is committed to internalizing risk management as a corporate culture across the company including employees, management, and the Board of Directors. We create environments to ensure instant reporting and escalation of risks to encourage members to spontaneously take responsibility for risks and improve transparency. To facilitate their risk awareness, we identify increasingly important mid- and long-term risks and proactively conduct regular training and drill. Also, risk analysis data collected from the risk management process are published on the system to continuously improve risk management practices. Being true to the principle of proactive risk prevention, we also include risks that are unpredictable and may have material impact in the long run such as climate change and natural disasters in the risk management areas and run response systems accordingly.

Type-specific CEO reporting criteria

Risk type	CEO reporting criteria
Service Failures	· Telco service(voice/data) and B tv service VOC > 1,000 cases · Roaming VOC > 100 cases · Complete Failure of Core service[3] > 3 hours · Failure of SWING and in-house business system > 1 hour
Other company reputation-related issues including information security, BR, GR, etc.	· News coverage on terrestrial TV channels, daily newspapers/portals · Issues on the internet - Issues raised by IT/economy influencers home and abroad - Online news articles, viral on social networks
ICT Family company issues	· Follow ICT Family company-specific CEO reporting criteria, but SK Telecom CEO reporting criteria is applied to major media coverage and online social network issues - Nationwide core service Failures and surging customer complaints - Customer information leakages or other issues covered by media

Emerging Risk

SK Telecom identifies potential risk factors that may have material impact on its business environment, and analyses the impact of the risks for proactive response thereto.
Risk management in the short-, mid-, and long-term minimizes uncertainties in business environments and improves the sustainability of the business.

Risk	Background	Business Impact	Mitigation Action
Response to Climate change	· In line with major countries' Net Zero declarations, the government declared carbon neutrality by 2050 and launched the Presidential Committee on 2050 Carbon Neutrality, hence extensive supervision and increasingly tightening regulations are anticipated. · As importance of climate change response disclosures are increase from investors' perspectives, there are growing needs to disclose their concrete financial impact in financial statements in a transparent manner based on the TCFD recommendations. · Needs of External reduction projects due to limitations in internal reduction potential as increasing energy consumption by 5G and 4G network infrastructure.	· Analysis of the costs to achieve Net Zero and RE100 by 2050 in compliance with the SBTi standards suggested additional costs of KRW 200 billion by 2030, and KRW 1.7 trillion by 2050. · Based on the RCP scenarios, 16,000 network infrastructure installations nationwide have been analyzed to gauge the impact of physical climate change such as forest fire, landslide, heavy snow, heatwave, and downpour on business.	· Efforts are made to increase the use of renewable energy. For example, generating 861 MWh of power from 65 solar facilities in 2021, which is certified by the Korea Energy Corporation for renewable energy use, building more than 300 solar base stations by 2023, and concluding green premium contracts. · Energy efficiency and resources saving activities using the SingleRAN technology contributed to the negative growth(△3.0%) of total emissions despite of the increase in infrastructure equipment(8.5%). SK Telecom earned carbon credits in telecommunications in March 2021 based on the technology. · A project to distribute cook stoves to residents in underdeveloped countries in Southeast Asia was launched in 2018. In 2021, the company obtained 260,000 tons of CER from UNFCCC, and additional 1.29 million tons of CER are anticipated from the project that will be ongoing until 2027. · A local greenhouse gas reduction registration demonstration project was conducted with 61 EVs run by SK Rent-a-Car in Jeju, leading to external reduction project approval and registration by the Ministry of Environment in December 2021.
Increases in security breaches following communications technology innovation	· Increases in user damages suffering from increasingly crafty voice phishing crime. · Surges in personal monetary damages from voice phishing (damage per person: KRW 6.54 million -> KRW 25 million)	· Smishing, phishing, and other personal information hijacking and financial fraud cause more harm to users, affecting the reliability and stability of the service. · Personal information hijacking or leaks may cause secondary damage to users. · Insufficient prevention and response to voice phishing may cause annual damage of KRW 28,237 million	· Voice phishing number sharing system was built in cooperation with public agencies such as the National Police Agency to block phishing numbers. · An intelligent blocking system using multi-filtering and deep learning and an AI-based voice spam blocking system are in place to counteract against spamming and smishing(620 million spam texts, 5 million smishing, and 60 million voice spams blocked in 2021).
Ethical risks related to the introduction of new technologies such as AI and metaverse	· The advancement of the AI technology led to various social problems, resulting in increasingly fierce debates over AI ethics risks. · Concerns about cyberviolence and cyber-sexual crime such as verbal sexual harassment and stalking on metaverse platforms. · The promotion of new industries has led to increased interest in AI and metaverse ethics, hence efforts has been made to establish relevant norms and strengthen safety both locally and internationally. - The establishment of the 'AI Education Act' and ethical standards is anticipated in the second half of 2022 in preparation for organized and safe use of AI. - The Metaverse Industry Promotion Act was proposed to provide rules surrounding business development such as damage prevention and relief for the establishment of a healthy metaverse culture. - Europe enacted the AI directive in April, suggesting regulations centering around high-risk AI and imposing obligations on suppliers.	· At SK Telecom, AI-based new business is the company's key growth driver. AI ethics risks may stir in negative recognition for new business among customers and cause obstacles against the vitalization of the new business. · The advancement of the AI technology and resulting increases in concerns about the 'black box' phenomenon serve as hindrance against the acceptance of new AI services. · Cybercrime on SK Telecom's metaverse platform 'ifland' may be detrimental to the service reliability.	· Efforts are made to attract human resources and build on capacity to consider ethical issues across business and ensure stable operations, for example internal experts specializing in AI ethics and establishing relevant departments. · 'The AI Pursuit Values' for human-centric AI have been established and incorporated in the company rules. - Stipulation to ensure that customers benefit from stable and safety AI services anytime, anywhere based on the seven values of AI development: social value, harmlessness, technical stability, fairness, transparency, privacy, and continued innovation. · Developing and running AI services for mutual prosperity with humans. - In the learning process of the AI agent 'A.', elements that might infringe privacy or might be biased were all filtered and excluded from the learning data. · The community guidelines for the use of the 'ifland' service prohibit posting harmful content or interfering with service operations. Breachers are subject to sanctions such as account blocked from logging in.
Surges in network traffic caused by internal and external factors	· Mobile network demands and traffic increased following lockdown measures imposed by the government against COVID-19. · There are discords with international content platform operators concerning network charges and increased traffic burden. - Global OTT services present in the local market led to 24-fold traffic increases without paying for network use. There are efforts in the political level to regulate them by, for example, proposing a network free-rider prevention act.	· 5G traffic per person is 2.5 times higher than 4G traffic. - Surges in 5G network traffic, leading to increases in costs to allocate additional bands and expand infrastructure. · Increases in the consumption of video content and resulting surges in network traffic lead to increased costs for infrastructure expansion and management.	· SK Telecom succeeded in 5G SA services based on 5G base stations, thereby building communication environments with ultra-high speed and ultra-low latency. · The company was the first in the world to develop an application/service-specific network slice technology and demonstrate it on a commercial 5G network. - Discussions over improvements concerning network charges in terms of network neutrality between MNOs and OTT platforms.

Ethical Management

SK Telecom practices ethical management and puts the greatest emphasis on establishing fair trade culture. We endeavor to fulfil our economic and legal responsibilities in the development of business activities, and encourage all employees' ethical awareness by ethical management training and running an ethical counselling center. It is our commitment that we build strong trust relationships with stakeholders including customers, shareholders, suppliers, and local communities and play leading roles in establishing healthy and sound corporate culture.

Ethical Management Framework

SK Telecom's Code of Conduct framework is the backbone of its fair trade and ethical management, providing responsibilities in the company's business activities and ethical policies, rules, attitudes, and directions for employees. We apply 'Zero Tolerance Rule' to violations and stand firm against them. Decisions and actions made in our business activities are guided by the ethical code and the ethical management guidelines.

The ethical code clarifies what the right ethical principles are to customers, business partners, employees, and ourselves. The ethical management guidelines provide concrete guides to the ethical code to help employees better understand the code. The guidelines are kept up-to-date in response to changes in internal and external business environments. In 2020, the guidelines were updated for workplace bullying prevention laws and ethical rules related to social media activities. In July 2021, clear guidelines to business partners, business manners, unfair solicitation, accepting bribery, etc., were presented in order to prevent unethical situations surrounding issues that attract strong attention from society, thereby ensuring proactive risk management. In September 2021, a guideline handbook was published and distributed, which gives concrete descriptions about the ethical guidelines with case studies and applicable laws, thereby further strengthening the understanding of the guidelines and the willingness to put them into practice.

1) Business Partner

SK Telecom code of conduct framework

| All employees | | | | BP[1] |

Code of Ethics	HR Policy	CP Guidelines	Customer Information Security Policy	Fair Trade Agreement
Code of Ethics and Practice Guidelines	Employment, evaluation, and compensation regulations	Prevention of money laundering and insider trading	Detailed pledge and practice guidelines for customer information security	Anti-bribery and customer information security
Practice Guidelines for the Code of Ethics				
Practice pledge	Detailed regulations on anti-discrimination	Anti-monopoly and anti-competition behavior prevention	Personal information security policy	Compliance with SK Telecom's standard for social and environmental responsibility

COMMITMENT

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

Ethical Management Process

SK Telecom has a three-stage(prevention, detection, and response) ethical management process underpinned by the ethical code and management support system. In 2021, the company further solidified the virtuous cycle of the ethical management process by strengthening prevention and training for proactive response to external environments, ethical counselling, whistleblowing center operations, and systemized follow-up measures.

SK Telecom ethical management process
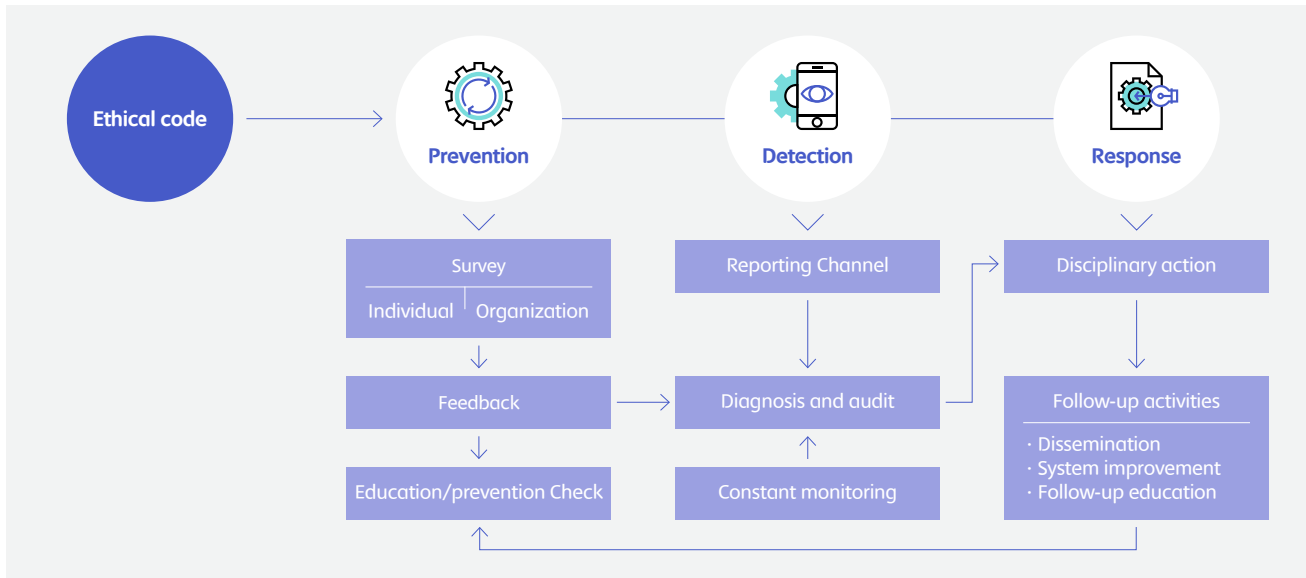
· ESG Committee, Ethics Management Office, Ethical Management Agent, etc.
· Main activities

- Monitoring of ethical risks in unit organizations
- Once ethics issues are detected in unit, proceeds primary consultation/counseling
- Verification of facts of consultation
- Communication channel of the company's ethical management policies and future action plans
- Collect opinions/feedbacks of unit organizations related to establishment of ethical management infrastructure
- Sending of official letters of cooperation to stakeholders involved regarding return or donation of received monetary goods (sent directly if needed)
- Collaboration with local community volunteer groups within the company

Prevention

SK Telecom conducts annual ethics education including collecting ethical practice pledges and sexual harassment prevention training. It also organizes ethical management workshops to encourage employees' ethical awareness. In 2021, 13 ethical practice letters were sent to all employees for expanding constant communications, and 4 kinds of YouTube video content was used as a communication channel to deliver the message more effectively. We also provide ethical management education support to suppliers, distribution networks, and investees to build on ethical management culture and disseminate manuals and other materials for ethical management practice. In addition, education and workshops are followed by regular ethical management diagnoses to gauge the level of the company's ethical management. Feedback from unit organizations are colledcted to create environments for effective practice. Matters that require corporate-wide attention are designated as improvement tasks to proactively respond to potential ethics issues.

Ethical management education for employees

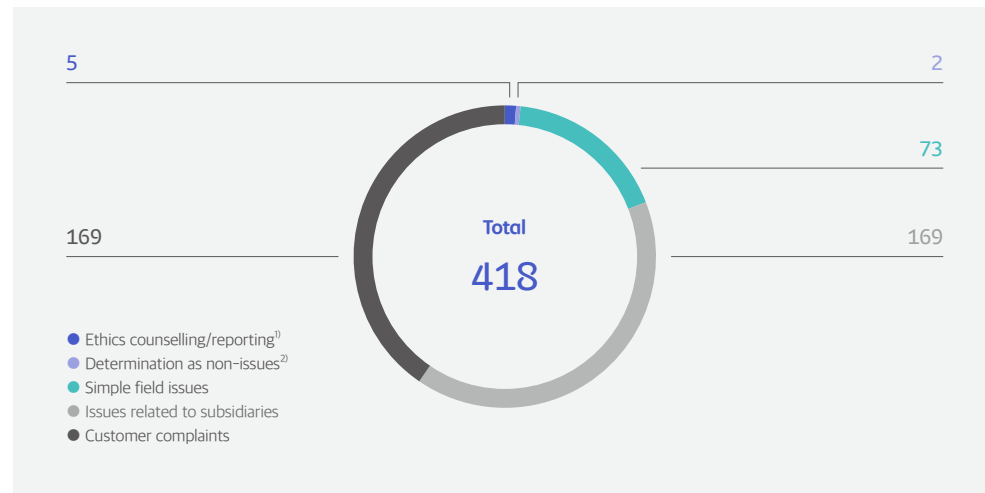| Category	Unit	2019	2020	2021
Online practice pledge		99.3	99.3	99.1
Online education on ethical management	%	99.1	98.4	93.0
Online education on sexual harassment prevention		99.1	97.7	94.4

Detection

At SK Telecom, the ethical counselling and whistleblowing center has various online and offline channels, including web, in-person, post, etc., to encourage all stakeholders to report and seek assistance. 'My Counselor', 'Letter to HR', female counsellors to report sexual harassment, intranet channels, and anonymous bulletin boards are windows for them to report corruption and dishonesty and to seek advice on various issues related to ethics. By law, whistleblowers are entitled with the right to request confidentiality, protective custody, personnel transfer, protection, and prohibition of disadvantage. Guided by the Whistleblower Protection Act, SK Telecom puts forth efforts to protect whistleblowers reporting unfair or fraudulent conduct against the ethical code. Counseling and whistleblower protection programs are in place to protect the identity of the reporter and the details of the report, thereby ensuring that counselors, reporters, and assistants face no disadvantages. To proactively prevent business/managerial/ethical risks in field organizations, SK Telecom conducts inspections based on the 27 internal control and audit support scenarios provided in the 'SK Group Ethical Management Policy(2015)'. Also, diagnoses and audits for leaders' ethical management are carried out on a regular basis. In 2021, a particular focus was on providing practical support for the improvement of value of Service Ace, Service Top, and overseas corporations including SKTA(USA) and SKTJ(Japan). Unnecessary business practices were eliminated through B2B line sales process inspection, and the efficiency of operations is inhenced by potential risk management and assessments.

2021 ethical counselling center operations   (Unit: Cases)

- Ethics counselling/reporting[1]
- Determination as non-issues[2]
- Simple field issues
- Issues related to subsidiaries
- Customer complaints

5

2

73

169

169

Total

418

Disciplinary actions against discriminatory acts·bullying

Zero

(2019~2021)

1) Internal inquiries are conducted for ethics counselling and reports; Other cases are transferred to relevant departments.
2) No inquiries conducted due to reports lacking details or withdrawn.

Response

SK Telecom categorizes ethical code violations and takes actions against violations. If needed, additional confirmation and inquiries are conducted to clarify facts and respond accordingly based on relevant company rules. In the event of an ethical code violation by a partner company, sanctions may include limiting transaction volume with the partner company and/ or terminating the contract. Relevant records are retained for ethical management process checkups and improvement task development.

Actions taken against ethical code violations in 2021

Category	Cases	Actions
Negligence of duties	-	
Code violation	3	Severe disciplinary action 3
Non-compliance with workplace etiquette	2	Severe disciplinary action 2
Total	5	Severe disciplinary action 5

The 'SK Telecom Human Rights Statement' clearly bans discrimination and bullying on the ground of gender, race, religion, disability, origin, etc., and provides stern actions for violations with zero tolerance. The ethical management guidelines provide that no employees may engage in inappropriate money transactions, private solicitation or instructions irrelevant with work, any conducts hindering the establishment of sound relationships, and workplace bullying, among others, in accordance with the Code of Conduct framework and the ethical management process. Particularly to ensure fairness, all reports and inquiries are underpinned by inhouse legal counsel services. In addition, ethical management education is offered to all employees to help them rise the level of their awareness of discrimination and bullying in workplace.

Compliance

SK Telecom exerts a multitude of efforts to proactively respond to rapidly-changing business environments and minimize accompanying fair trade-related risks. Living up to expectations from society, we will realign our vision and further extend the scope of compliance management to social risk-related activities, thereby further solidifying our future value as a company loved and trusted by society.

In April 2002, SK Telecom introduced the first fair trade voluntary compliance program, and ever since it has pursued a range of activities to proactively respond to changes in business environments and minimize accompanying fair trade-related risks. Now SK Telecom is advancing from existing mobile and fixed communications business to AI, media, enterprise, and many other business domains. Accordingly, its business relations are increasingly complicated, and as ESG is increasingly highlighted, expectations from society and regulatory bodies for the compliance level of SK Telecom is rapidly rising and diversifying. Keeping pace with these changes in business environments, the scope of compliance activities at SK Telecom goes beyond existing legal risk response to the entire area of compliance control. Thereby SK Telecom aims to meet the strict demands from society and fulfil its corporate social responsibility by putting forth various efforts.
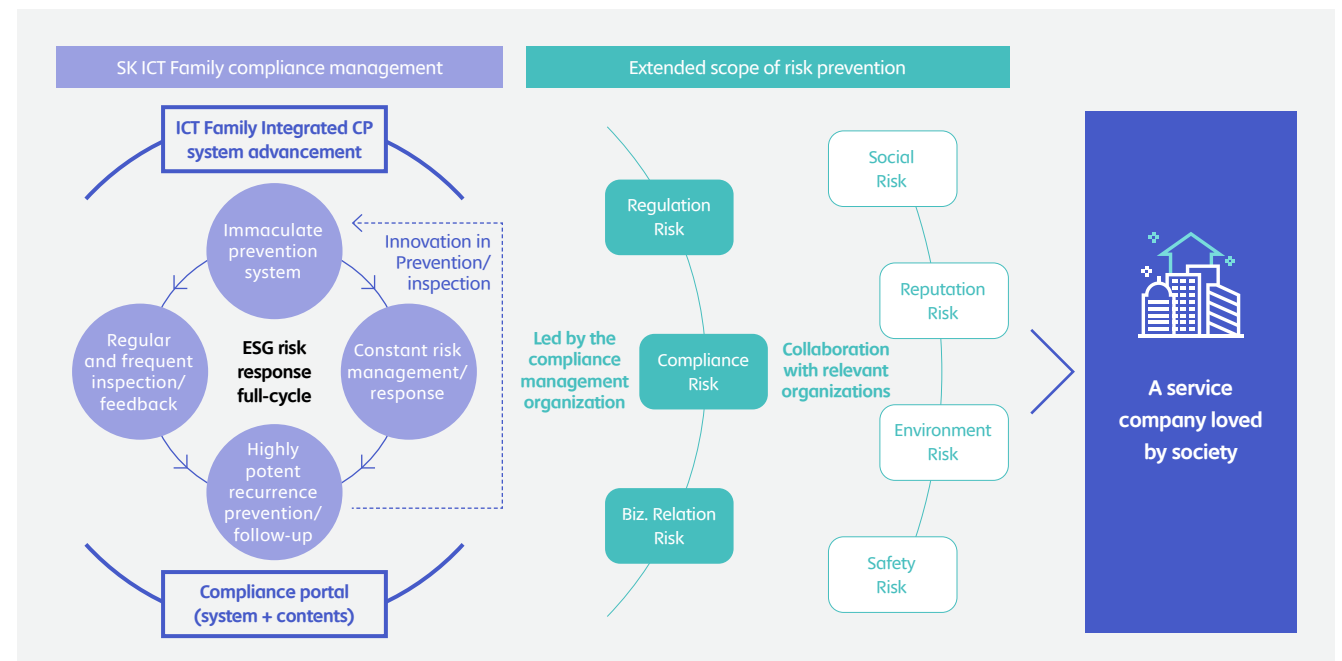
Policy and Vision

At SK Telecom, compliance activities foremost aim to build on systems to proactively respond to changes in business environments and expand and fulfil the company's vision. Doing so requires further raising the bar for compliance and developing an array of profound risk response capabilities, rather than merely conducting compliance review and taking risk response activities as it used to.

**Compliance management portal:
T Compliance Net**

First, we aim to make sure that the ICT Family integrated CP system launched in 2021 becomes firmly rooted in each ICT family company and build a system to accumulate accomplishments and experience. More concretely, SK Telecom, working with SK Square, will build a compliance management portal for more than 20 family companies both home and abroad, and develop new compliance management content for the portal. This will ensure that highly effective manuals and guidelines are shared among the ICT family companies, and field organizations' spontaneous compliance activities and performances based thereon are accumulated, shared, and communicated through this system. Second, whereas the existing risk prevention/inspection and response activities were primarily focused on individual cases, now the new structure will enhance organic interconnections between activities and put them on an integrated cycle of 'intensive prevention/inspection → family company-level response → highly potent measures for recurrence prevention and follow-up'. This will allow for comprehensive response to fair trade, regulatory, and BR risks and facilitate internal collaboration to build on robust business foundations in consideration of corporate images, social issues, safety issues, and environmental issues.

SK ICT Family compliance management

Extended scope of risk prevention

ICT Family Integrated CP system advancement

ESG risk response full-cycle
- Immaculate prevention system
- Innovation in Prevention/inspection
- Constant risk management/response
- Highly potent recurrence prevention/follow-up
- Regular and frequent inspection/feedback

Compliance portal (system + contents)

Regulation Risk

Led by the compliance management organization

Compliance Risk

Biz. Relation Risk

Collaboration with relevant organizations

Social Risk

Reputation Risk

Environment Risk

Safety Risk

A service company loved by society

Based on these efforts for the expansion of the ICT Family-level compliance management system and innovations in the risk response cycle, we aim to prevent potential risks arising from markets and regulations and proactively respond to competition issues, thereby solidifying the leadership in the ICT market. Also, we will strive in many ways to create favorable business environments for sustainable value creation from new growth driver businesses and reinforce our leadership position in compliance, thereby achieving the SKT 2.0 Vision.

Key Accomplishments in 2021

ICT Family integrated compliance program(CP) establishment

In November 2020, SKT developed an ICT Family integrated CP system and framework in consideration of the 23 ICT family companies' compliance competence and business characteristics to strengthen well-orchestrated response to the changing business environments. The ICT Family share guidelines to individual tasks for compliance and take their own responsibility in establishing and fulfilling highly effective annual tasks that suit their own circumstances and incorporate them in company-specific KPIs and executive evaluation systems. Doing so allowed the whole ICT Family to boost compliance awareness, capacity building, and tailored task execution and cooperation.

Results of CP tasks by ICT Family in 2021

Task type	CP-level improvement tasks	Company-specific tasks
No. of tasks	44	40
Key examples	· Strengthening education for employees (All employees or certain organizations/groups) · Preliminary risk review, process improvement · Customer information protection inspection, document inspection, etc.	· Strengthening risk management in business areas including subcontracting, internal trade, e-commerce, etc. · Building preventive systems in preparation for the enforcement of the Serious Accidents Punishment Act, etc.

For continued compliance practice and capacity building by ICT Family, SK Telecom will systemize the CP task establishment, operation, and evaluation processes through the 'T Compliance Net' as part of the measures to further strengthen the integrated CP structure in 2022 with the aim to achieve even greater compliance levels.

Enhancing preliminary compliance review and preventive inspection

SK Telecom conducts preliminary compliance review for all business activities including business transactions, business cooperation, and marketing activities, which are processed on the system(T Legalnet) and used for database building. The company has also built an efficient and immaculate preliminary review system interlinked with the company's relevant systems, i.e., procurement, technical data cooperation, and commissioned project management systems. Such a systemized review process and systemization allows for the pursuit of zero regulatory risks and underpins the stable progress of existing and growth businesses. The company has continuously developed this system-based processing to a level to harness the power of AI/DT-based digital technologies to constantly collect, analyze, and share regulatory trends, case laws, decisions, etc., related to its business. The system-based preliminary review and the ICT Family integrated CP system are prerequisites to substantially and significantly strengthening the compliance capabilities of the whole ICT Family. In particular, company-specific intensive risk checkups were conducted and highly effective feedback was provided in 2021, on top of the existing subcontracting/e-commerce risk checkups, thereby raising their risk awareness and driving substantial actions to improve their practice(conducted on 40 business organizations and seven family companies).

This feedback process ensures that business guidelines for various compliance areas are combined with the checkup results for continued updates and dissemination, keeping the voluntary compliance handbook up-to-date (labelling/advertising business guidelines(April), line sales policy sampling checkups and guidelines(May), 2H document management guidelines(July), subcontracting checkups and guidelines(September-October), etc.).

Compliance capability enhancement programs

To help all employees understand the necessity of compliance and practice it in their actual work, SK Telecom conducts compliance education for all executives/leaders and employees on a regular basis(about Fair Trade Act/Unfair Solicitation Prevention Act). In 2021, 84.7% of the subjects for education took the training from April to May(compared to 83.8% in 2020). In addition to regular education, tailored courses for each business organization and compliance area is offered as needed. On top of these direct education programs, efforts are made to make sure compliance is constantly practiced in actual fields by updating CP area-specific guidelines and checklists with new regulatory cases and trends on a regular basis. These show the company's endeavors to raise employees' awareness and ensure fundamental risk prevention in the field level. In particular, intensive risk checkups

are accompanied by detailed feedback and practical guidelines on top of risk detection and elimination activities, in the pursuit of field organizations' compliance awareness and capability enhancement. SK Telecom plans to facilitate self-led compliance activities of field organizations by revamping the educational content and developing manuals and guidelines readily applicable to field organizations.

Establishing fair trade culture with business partners

For win-win growth with business partners, SK Telecom has continued putting forth efforts on the compliance side such as preliminary review and institutional improvements and focused on supporting win-win cooperation with partner companies. As an ICT leader, the company exerted its utmost efforts to establish fair trade culture and create a virtuous cycle with business partners by running a variety of effective programs for mutual cooperation. As a result of these efforts, SK Telecom was top-rated and selected as the 'Best Honored Company' in the 2021 Evaluation of the Win-win Growth Index(organized by the Korea Commission for Business Partnership/Fair Trade Commission) for nine consecutive years. Of the 200 companies subject to evaluation result disclosure, winning the best rating for more than 9 years is a very outstanding achievement, with only 3 companies in Korea. As such, SK Telecom clearly understands that strong compliance is essential for business growth and shareholders' value improvement. Not settling in where it stands now, SK Telecom aims to further reinforce its position as a global compliance leader. As cooperation and win-win growth with business partners are increasingly highlighted, the company will build an advanced BR cooperation system based on an organization exclusively dedicated thereto and strive to establish fair trade culture.

Long-term Target

Based on the 2021 compliance performances, SK Telecom has established concrete targets for 2022 and mid/long-term targets for 2023 and onwards as presented below.

First, keeping pace with the dissemination of ESG, we aim to establish system-based compliance activities and reestablish relevant content(company rules, manuals, guidelines, etc.) to pursue compliance management system advancement aligned to the ESG environment and disseminate the system to ICT Family. Second, we plan to interweave existing compliance risk prevention/check activities, responses to issues, follow-up, and other area-specific activities into a consistent cycle. By building a consistent

process of proactive prevention/checkup → ICT family company-level response to current issues → highly potent recurrence prevention/follow-up → feedback for prevention/checkup improvement, we will improve the effectiveness of compliance management. Third, to promote fair trade culture with business partners, we aim to establish a standing BR management system managed by an exclusively dedicated organization and build a response system. Lastly, we will continue with enhancing compliance awareness and capabilities, for example updating compliance education contents to new environments and disseminating them to family companies.

	2022 target	Mid/long-term target(2023 and onwards)
Compliance management system advancement aligned to the ESG environment	· Compliance management systemization: Opened the compliance management system(May) · Prepared contents aligned to the ESG environment(May) – Company rules, business guidelines, field toolkits establishments and amendments · ICT Family integrated CP system advancement and field compliance management/BR awareness enhancing activities(year-round)	· Promote Compliance management system public opening(2H 2023)
Building a full-cycle of prevention-response-follow-up	· Improving the effectiveness of prevention/checkup and developing proactive solutions for growth business – Narrow and deep-dive checkups(at least 3 times annually) · ICT Family-based response system rebuilding(May) and BR risk management system launching(October) · Effective and potent recurrence prevention and follow-up measures	· Minimizing new critical compliance issues from 2023 and onwards
Disseminating fair trade culture with business partners	· Building a standing system for BR risk management/response based on an exclusively dedicated organization(September) · Rated 'Best' in the Win-win Growth Index for 10 years in a row	· Achieving critical BR risk prevention and early closure · Maintaining the top rating in the Win-win Growth Index
Continued advancement in CP competence	· Corporate-wide compliance education content revision and Training(June) – Extending the scope of content utilization to all executives, directors, regular employees, professional contract workers, non-regular employees, ICT Family executives and employees · Supporting self-led education by field organizations and ICT Family companies	· Continuously expand the proportion of ICT Family's self-led education(at least twice annually on average across ICT Family)

· Target-specific KPIs and compensation are applied to executives
· CP task performances incorporated in company-level KPIs and compensation for ICT Family(introduced in 2021)

Transparent Public Policy Engagement and Association Fees Execution

Antitrust compliance

SK Group established the SK Compliance System Guidelines in 2008, driven by the growing importance of ethical management and fair trade responsibility. Based on these guidelines, SK Telecom pursues reinforcing its fair trade structure. As a result, SK Telecom paid no penalties for fair trade violations. SK Telecom will establish the compliance structure for the entire ICT industry by promoting fair trade culture across society and building environments for voluntary fair competition, thereby we move toward a company with sustainable competitiveness. SK Telecom abides by the Political Funds Act of Korea, and to prevent corruption related to political funds, it does not provide political or election campaign funds, nor does it offer certain political parties or groups lobby funds. Still, we regularly support institutions that contribute to the development of the public interest of which political independence is guaranteed, and the amount of funds offered and relevant details are thoroughly disclosed annually. To further improve the fairness of contributions, a decision was made to require that contributions worth KRW 1 billion or more obtain prior approval from the Board of Directors from February 2017 and onwards. By doing so, SK Telecom prevents corruption related to political funds to influence public policy building and faithfully fulfils its responsibilities as a corporate citizen. It also complies with anti-corruption and ethical management requirements and strives to fulfil its social responsibilities including social value and job creation, and contribute to the sound development of society.

Policy-related expenditure

(Unit: KRW million)

	2019	2020	2021
Political donations	0	0	0
Lobbying funds	0	0	0
Dues for relevant associations	573	574	578
Others	0	0	0

Top 5 Expenditure to Relevant Associations in 2021

(Unit: KRW million, round off to the nearest million)

Association	Position	Amount
Korea Telecommunications Operations Association	Vice Chair	206
Korea Association for ICT Promotion	Chair	200
Seoul Chamber of Commerce and Industry	Presidential Group	103
ITU-R	Member	41
Korea Radio Promotion Association	Vice Chair	29

5

DIMENSION

APPENDIX

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Financial Statement

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(KRW million)

	2021	2020	2019		2021	2020	2019
Assets				Long-term contract assets	41,580	47,675	64,359
Current assets	6,352,665	8,775,086	8,088,507	Long-term loans, net	21,979	40,233	33,760
Cash and cash equivalents	872,731	1,369,653	1,270,824	Long-term accounts receivable	275,238	332,803	351,663
Short-term financial instruments	508,677	1,426,952	830,647	Long-term prepaid expenses	1,069,148	1,063,711	1,239,865
Short-term investment securities	5,010	150,392	166,666	Long-term guarantee deposits	186,713	172,474	164,652
Accounts receivables - trade, net	1,913,511	2,188,893	2,230,979	Derivative financial assets	187,484	155,991	124,707
Short-term loans, net	70,817	97,464	66,123	Deferred tax assets	128	105,088	109,057
Accounts receivable - other, net	548,362	979,044	903,509	Defined benefit assets	18,427	3,557	1,125
Contract assets	76,698	100,606	127,499	Other non-current assets	8,556	35,701	32,122
Accrued revenue	762	3,252	3,811	Total assets	30,911,277	47,906,957	45,202,368
Advanced payments	23,383	33,858	34,556	**Liabilities and Equity**			
Prepaid expenses	1,987,503	2,128,349	2,018,690	Current Liabilities	6,960,435	8,177,967	7,851,673
Current tax assets	77	1,984	63,748	Accounts payable – trade	190,559	372,909	438,297
Derivative financial assets	30,110	8,704	26,253	Accounts payable – other	2,071,870	2,484,466	2,521,474
Inventories, net	204,637	171,443	162,882	Withholdings	790,489	1,410,239	1,350,244
Assets held for sale	8,734			Contract liabilities	166,436	229,892	191,225
Other current assets	101,653	114,492	182,320	Accrued expenses	1,295,404	1,554,889	1,424,833
Non-Current Assets	24,558,612	39,131,871	37,113,861	Income tax payable	192,221	219,766	5,450
Long-term financial instruments	375	893	990	Short-term derivative financial liabilities	52	77	0
Long-term investment securities	1,715,078	1,648,837	857,215	Short-term Provisions	61,656	69,363	86,320
Investments in associate and joint ventures	2,197,351	14,354,113	13,385,264	Short-term borrowings	12,998	109,998	20,603
Investment property, net	23,034			Current installments of long-term debt, net	1,430,324	939,237	1,017,327
Property and equipment, net	12,871,259	13,377,077	12,933,460	Current installments of long-term payables– other	398,823	424,600	423,839
Goodwill	2,072,493	3,357,524	2,949,530	Lease liabilities	349,568	359,936	371,742
Intangible assets	3,869,769	4,436,194	4,866,092	Other current liabilities	35	2,595	319

Consolidated statement of financial position

(KRW million)

	2021	2020	2019
Non-Current Liabilities	11,615,704	15,332,747	14,533,761
Debentures	7,037,424	7,690,169	7,253,894
Long-term borrowing	353,122	1,979,261	1,972,149
Long-term account payables	1,611,010	1,142,354	1,550,167
Long-term accrued expense	31	6,379	8,995
Long-term lease liabilities	1,184,714	1,076,841	919,265
Long-term contract liabilities	36,531	30,704	32,231
Defined benefit liabilities	13,157	154,944	172,258
Long-term derivative financial liabilities	321,084	375,083	1,043
Long-term provisions	65,339	81,514	78,841
Deferred tax liabilities	941,301	2,709,075	2,463,861
Other non-current liabilities	51,991	86,423	81,057
Total Liabilities	18,576,139	23,510,714	22,385,434
Equity			
Equity attributable to owners of the Parent Company	11,579,346	23,743,894	22,950,227
Share capital	30,493	44,639	44,639
Capital surplus and others	(11,623,726)	677,203	1,006,481
Retained earnings	22,437,341	22,981,913	22,228,683
Reserves	735,238	40,139	(329,576)
Non-controlling interests	755,792	652,349	(133,293)
Total Shareholders' Equity	12,335,138	24,396,243	22,816,934
Total Liabilities and Shareholder's Equity	30,911,277	47,906,957	45,202,368

Consolidated Statement of Income

(KRW million)

	2021	2020	2019
Operating revenue	16,748,585	16,087,747	15,416,431
Revenue	16,748,585	16,087,747	15,416,431
Operating expenses	15,361,423	14,839,169	14,377,763
Labor cost	2,300,754	2,108,496	1,981,864
Commissions	5,426,114	5,103,012	4,766,682
Depreciation and amortization	3,672,555	3,664,665	3,540,984
Network interconnection	749,599	770,712	752,334
Leased lines	310,141	293,960	262,268
Advertising	233,401	272,091	279,846
Rent	140,418	171,179	152,589
Cost of goods sold	1,167,417	1,106,001	1,378,105
Others	1,361,024	1,349,053	1,263,091
Operating profit(loss)	1,387,162	1,248,578	1,038,668
Finance income	155,133	140,685	121,692
Finance costs	315,604	322,943	334,912
Gain relating to investments in subsidiaries, associates and joint ventures, net	446,300	52,456	33,199
Other non-operating income	114,553	95,154	95,493
Other non-operating expenses	69,353	308,712	147,107
Profit before income tax	1,718,191	905,218	807,033
Income tax expense	446,796	221,262	262,940
Profit(loss) from continuing operations	1,271,395	683,956	544,093
Profit(loss) from discontinued operations, net of taxes	1,147,594	816,582	316,640
Profit(loss) for the year	2,418,989	1,500,538	860,733

	2021	2020	2019
Attributable to:			
Owners of the Parent Company	2,407,523	1,504,352	888,698
Non-controlling interests	11,466	(3,814)	(27,965)
Earnings per share			
Basic earnings per share(in won)	7,191	4,093	2,425
Basic earnings per share - continuing operations(in won)	3,614	1,741	1,470
Diluted earnings per share(in won)	7,187	4,092	2,425
Diluted earnings per share – continuing operations(in won)	3,613	1,741	1,470

Consolidated Statement of Comprehensive Income

(KRW million)

	2021	2020	2019
Profit(loss) for the year	2,418,989	1,500,538	860,733
Other comprehensive income(loss)	1,362,192	461,822	1,009
Items that will never be reclassified to profit or loss	942,041	577,312	(109,817)
Remeasurement of defined benefit liabilities	16,374	(2,637)	(72,605)
Net change in other comprehensive income of investments in associates and joint ventures	4,796	271	(19,269)
Valuation gain on financial assets at fair value through other comprehensive income	920,871	579,678	(17,943)
Items reclassified as profit or loss during the follow-up periods	420,151	(115,490)	110,826
Net change in other comprehensive income(loss) of investments in associates and joint ventures	356,503	(114,478)	75,763
Net change in unrealized fair value of derivatives	16,133	19,138	40,681
Foreign currency translation differences for overseas operations	47,515	(20,150)	(5,618)
Total comprehensive income(loss) for the year	3,781,181	1,962,360	861,742
Total comprehensive income(loss) attributable to:			
Owners of the Parent Company	3,473,445	1,869,075	891,051
Non-controlling interests	307,736	93,285	(29,309)

Consolidated Statement of Changes in Equity

(KRW million)

		Equity						
		Controlling Interest of Parent Company					Non-Controlling Interest	Total equity
		Share Capital	Capital Surplus	Retained-earnings	Reserves	Sub-total		
Increase(Decrease) due to changes in accounting policies		0	0	(5,393)	0	(5,393)	0	(5,393)
January 1,2019(Basic Capital))		44,639	655,084	22,114,962	(373,442)	22,441,243	(122,075)	22,319,168
Total comprehensive income	Profit(loss) for the year	0	0	888,698	0	888,698	(27,965)	860,733
	Other comprehensive income(loss)	0	0	(41,513)	43,866	2,353	(1,344)	1,009
Transactions with owners	Annual dividends	0	0	(646,828)	0	(646,828)	(21,150)	(667,978)
	Interim dividends	0	0	(71,870)	0	(71,870)	(8,650)	(80,520)
	Stock option	0	295	0	0	295	764	1,059
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	0	0	0	0	0	0
	Disposal of treasury shares	0	300,000	0	0	300,000	0	300,000
	Retirement of treasury shares	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0
	Changes in ownership in subsidiaries	0	51,102	0	0	51,102	47,127	98,229
December 31, 2019 (End of term capital)		44,639	1,006,481	22,228,683	(329,576)	22,950,227	(133,293)	22,816,934

Consolidated Statement of Changes in Equity

(KRW million)

		Equity						
		Controlling Interest of Parent Company					Interests	Total equity
		Share Capital	Capital Surplus	Retained-earnings	Reserves	Sub-total		
Increase(Decrease) due to changes in accounting policies		0	0	0	0	0	0	0
January 1,2020(Basic Capital))		44,639	1,006,481	22,228,683	(329,576)	22,950,227	(133,293)	22,816,934
Total comprehensive income	Profit(loss) for the year	0	0	1,504,352	0	1,504,352	(3,814)	1,500,538
	Other comprehensive income(loss)	0	0	(4,992)	369,715	364,723	97,099	461,822
Transaction with owners	Annual dividends	0	0	(658,228)	0	(658,228)	(5,771)	(663,999)
	Interim dividends	0	0	(73,136)	0	(73,136)	0	(73,136)
	Share option	0	179	0	0	179	1,256	1,435
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	(426,664)	0	0	(426,664)	0	(426,664)
	Disposal of treasury shares	0	0	0	0	0	0	0
	Retirement of treasury shares	0	0	0	0	0	0	0
	Changes from spin-off	0	0	0	0	0	0	0
	Changes in ownership in subsidiaries	0	97,207	0	0	97,207	696,872	794,079
December 31, 2020 (End of term capital		44,639	677,203	22,981,913	40,139	23,743,894	652,349	24,396,243

		Equity						
		Controlling Interest of Parent Company					Non-Controlling Interest	Total equity
		Share Capital	Capital Surplus	Retained-earnings	Reserves	Sub-total		
Increase(Decrease) due to changes in accounting policies		0	0	0	0	0	0	0
January 1,2021(Basic Capital)		44,639	677,203	22,981,913	40,139	23,743,894	652,349	24,396,243
Total comprehensive income	Profit(loss) for the year	0	0	2,407,523	0	2,407,523	11,466	2,418,989
	Other comprehensive income(loss)	0	0	26,371	1,039,551	1,065,922	296,270	1,362,192
Transaction with owners	Annual dividends	0	0	(641,944)	0	(641,944)	(25,771)	(667,715)
	Interim dividends	0	0	(355,804)	0	(355,804)		(355,804)
	Share option	0	75,498	0	0	75,498	12,124	87,622
	Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
	Acquisition of treasury shares	0	(76,111)	0	0	(76,111)	0	(76,111)
	Disposal of treasury shares	0	57,017	0	0	57,017	0	57,017
	Retirement of treasury shares	0	1,965,952	(1,965,952)	0	0	0	0
	Changes from spin-off	(14,146)	(14,460,588)	0	(344,452)	(14,819,186)	(186,211)	(15,005,397)
	Changes in ownership in subsidiaries	0	137,303	0	0	137,303	(4,435)	132,868
December 31, 2021 (End of term capital)		30,493	(11,623,726)	22,437,341	735,238	11,579,346	755,792	12,335,138

Consolidated Statement of Cash Flow

(KRW million)

	2021	2020	2019
Cash flows from operating activities	5,031,279	5,821,876	4,034,984
Cash generated from operating activities	5,324,073	6,059,650	4,439,642
Profit for the year	2,418,989	1,500,538	860,733
Adjustments for income and expenses	3,473,779	4,256,654	4,435,039
Changes in assets and liabilities related to operating activities	(568,695)	302,458	(856,130)
Interest received	37,403	41,832	56,392
Dividends received	327,906	166,019	241,117
Interest paid	(306,634)	(397,351)	(360,439)
Income tax paid	(351,469)	(48,274)	(341,728)
Cash flows from investing activities	(3,486,189)	(4,250,402)	(3,581,584)
Cash inflows from investing activities	600,188	428,948	755,162
Decrease in short-term financial instruments, net	162,565	0	253,971
Decrease in short-term investment securities, net	32,544	17,684	29,503
Collection of short-term loans	137,196	77,114	113,345
Decrease in long-term financial instruments	343	99	231
Proceeds from disposals of long-term investment securities	78,261	46,065	234,683
Proceeds from disposals of investments in associates and joint ventures	100,634	2,715	220
Proceeds from disposals of property and equipment	61,425	102,526	18,478
Proceeds from disposals of intangible assets	14,618	39,654	7,327
Collection of long-term loans	4,166	4,608	4,435
Decrease in deposits	6,941	16,244	9,180
Cash inflows from derivative transactions	1,495	845	601
Collection of lease bonds	0	0	27,712
Proceeds from disposals of subsidiaries	0	165	4,802
Cash inflow from business combinations, net	0	115,834	5,016

	2021	2020	2019
Cash inflow from transfers of business, net	0	5,395	45,658
Cash outflows for investing activities	(4,086,377)	(4,679,350)	(4,336,746)
Increase in short-term financial instruments, net	0	596,025	0
Increase in short-term loans	100,209	103,604	116,320
Increase in long-term loans	9,877	11,044	11,541
Increase in long-term financial instruments	21	2	0
Acquisitions of long-term investment securities	286,566	95,474	383,976
Acquisitions of investments in associates and joint ventures	222,765	170,292	264,015
Acquisitions of property and equipment	2,915,851	3,557,800	3,375,883
Acquisitions of intangible assets	392,588	129,976	141,010
Increase in deposits	51,274	12,175	6,164
Cash outflow for business combinations, net	107,226	2,958	36,910
Cash outflow for disposal of subsidiaries	0	0	927
Cash flows from financing activities	(2,053,611)	(1,457,579)	(686,674)
Cash inflows from financing activities	1,796,824	3,499,642	2,047,268
Proceeds from short-term borrowings, net	0	76,375	0
Issuance of debentures	873,245	1,420,962	1,633,444
Proceeds from long-term borrowings	350,000	1,947,848	0
Increase in financial liabilities at FVTPL	129,123	0	0
Cash inflows from settlement of derivatives	332	36,691	12,426
Disposal of treasury stocks	0	0	300,000
Transactions with non-controlling shareholders	444,124	17,766	101,398
Cash outflows for financing activities	(3,850,435)	(4,957,221)	(2,733,942)
Repayments of short-term borrowings, net	50,823	0	59,860
Repayments of long-term payables – other	426,267	428,100	428,153

Consolidated Statement of Cash Flow

(KRW million)

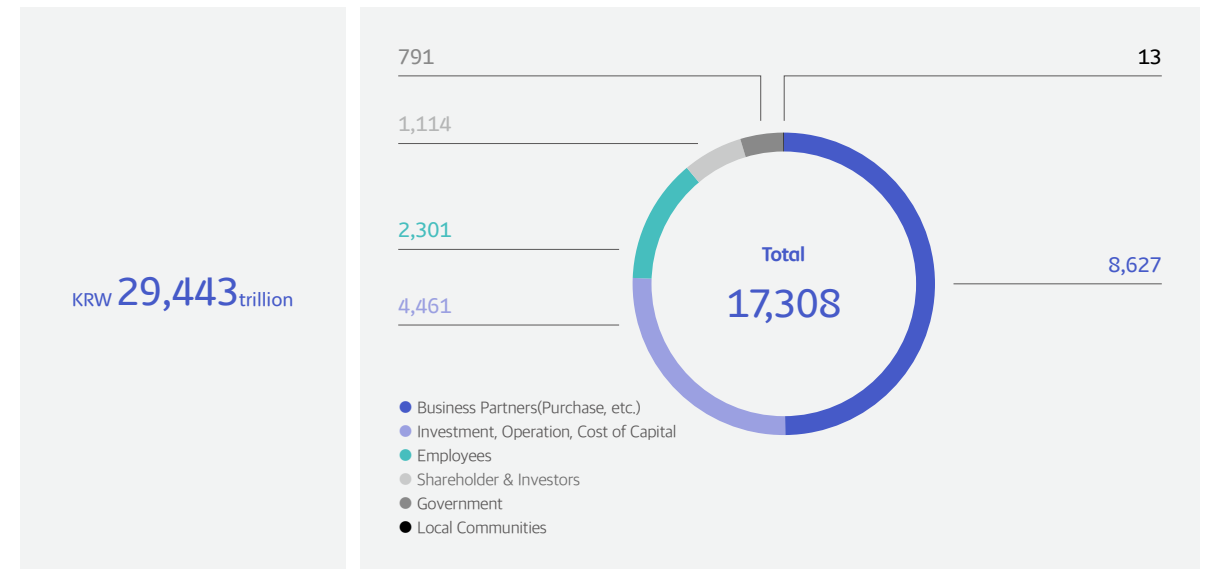|	2021	2020	2019
Repayments of debentures	890,000	975,500	940,000
Repayments of long-term borrowings	286,868	1,950,874	89,882
Payments of dividends	1,028,520	742,136	718,698
Payments of interest on hybrid bonds	14,766	14,766	14,766
Repayments of lease liabilities	431,674	412,666	443,238
Acquisition of treasury shares	76,111	426,664	0
Cash outflows resulting from spin-off	626,000	0	0
Transactions with non-controlling shareholders	19,406	6,515	39,345
Net increase(decrease) in cash and cash equivalents	(508,521)	113,895	(233,274)
Cash and cash equivalents at beginning of the year	1,369,653	1,270,824	1,506,699
Effects of exchange rate changes on cash and cash equivalents	11,599	(15,066)	(2,601)
Cash and cash equivalents at end of the year	872,731	1,369,653	1,270,824

Creation and Distribution of Economic Value

SK Telecom generated a total KRW 20,251.9 billion in economic value including KRW 16,748.6 billion of operating income, financial investment income, asset sales income, and other profits in 2021 on a consolidated basis. Out of those values generated, the company distributed a total of KRW 17,307.6 billion to the stakeholders considering the future value and investment efficiency of the company, and added the total economic value of KRW 2,944.3 billion, which was reserved after all the distributions, to the total amount of capital.

Retained Economic Value (change in total capital)

KRW **29,443** trillion

Distribution of Economic Value

(Unit: KRW billion)

791
1,114
2,301
4,461

Total
17,308

13
8,627

- ● Business Partners(Purchase, etc.)
- ● Investment, Operation, Cost of Capital
- ● Employees
- ● Shareholder & Investors
- ● Government
- ● Local Communities

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

Tax Policy

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

Tax Management Principles

1. Tax law compliance

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

2. Tax authorities cooperation

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

3. Transaction transparency

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

4. Arm's length principle

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

5. International trade obligations enforcement

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

Compliance Principles

1. Risk management

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

2. Management organization

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

3. Process

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

Effective Tax Rate

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

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

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

In 2021, SK Telecom's earnings before tax were KRW 3,070.9 billion, and nominal taxes amounted to KRW 834.1 billion at a nominal tax rate of 27.16%. Meanwhile, the company's effective taxes amounted to KRW 651.9 billion at an effective tax rate of 21.23%. For the past two years, the company's average nominal tax rate stood at 27.06% and the effective tax rate was 20.64%. The effective tax rate in 2021 was 5.93%p lower than the nominal tax rate, the main reasons for which include the effects stemming from tax-exempt income, non-deductible expenses, and tax deductions and exemptions. This result is also attributable to changes in deferred income taxes that are not feasible, refunded income taxes from past periods, and the effect of tax rate fluctuations.

Tax and Tax Rates	Unit	2019	2020	2021
Earnings before tax*		1,161,001	1,877,040	3,070,937
Nominal taxes		308,913	505,824	834,146
Adjustments	KRW million	(8,645)	(129,322)	(182,198)
Income tax paid		300,268	376,502	651,948
Effective tax rate	%	25.86%	20.06%	21.23%
Cash tax paid	KRW million	99,004	301,253	320,244
Cash tax rate (Cash tax paid/Earnings before tax)	%	8.53%	16.05%	10.43%

Reason for the Difference	Unit	2020	2021
Tax exempt income		(41,084)	(13,924)
Non-deductible expenses		31,882	15,329
Tax deductions and exemptions		(48,774)	(62,075)
Changes in deferred corporate tax that cannot be made	KRW million	(69,776)	(68,589)
Effects of changes in tax rates		24,537	(36,193)
Refund of corporate tax in past, etc.		(26,107)	(16,746)

* Earnings before tax is the sum of profit before income tax of continuing operations and discontinued operations in accordance with the consolidated financial statement 'note 32 Income Tax Expense' in 38th business report.

Tax by place of business[1]

Reason for the Difference	Employees (Persons)	Revenue	Profit before tax	Income tax accrued (current year)	Income tax paid[3]
Domestic	5,201	16,733,746	1,725,543	192,310	446,659
International[2]	44	14,839	(7,352)	(89)	137
Total	5,245	16,748,585	1,718,191	192,221	446,796

1) 99.91% of SK Telecom's sales are made in Korea, 0.05% in the US and 0.02% in China.
2) Our major overseas subsidiaries operate investment business(China, Cayman Islands) and consulting business(Japan, USA).
3) Income tax expenses according to K-IFRS(limited to continuing operations)

Internal Accounting Control System

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

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

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

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

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

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

Management's Discussion & Analysis

The Management's Discussion & Analysis('MD&A') is provided to enable readers to assess the results of operations and financial condition for the fiscal year ending December 31, 2021, compared to the preceding year

The MD&A section should be read in conjunction with our audited consolidated financial statements included in this annual report. Unless otherwise specified, all amounts are presented on a consolidated basis and are based on our audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by Korea. All amounts are in Korean won(KRW). All references to 'we,' 'us' or 'our' shall mean SK Telecom Co., Ltd. and, unless the context otherwise requires, its consolidated subsidiaries. References to 'SK Telecom' shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries.

This MD&A section contains 'forward-looking statements,' as defined in the U.S. Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are subject to various risks and uncertainties. We caution that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-

looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business are more fully described in our latest annual report on Form 20-F and other filings with the U.S. Securities and Exchange Commission. In light of these and other uncertainties, it should not be concluded that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

1. 2021 OVERVIEW

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

to the Spin-off Businesses have been accounted for as discontinued operations in our consolidated financial statements as of and for the year ended December 31, 2021 included in this annual report. Similarly, our consolidated statement of income for the year ended December 31, 2020 included in this annual report has been restated to present such businesses as discontinued operations. However, our consolidated statement of financial position as of December 31, 2020 included in this annual report has not been so restated. Accordingly, in general, our financial information as of December 31, 2021 appearing in this annual report does not include financial data with respect to such discontinued operations, while our financial information as of December 31, 2020 appearing in this annual report does include financial data with respect to such discontinued operations.

In the wireless telecommunication business that has transitioned to the current 5G network, we have launched innovative products and services that meet the changing preferences and needs of the customers, thus enabling us to emerge as a leader in the ICT era. While maintaining our leading position in the domestic wireless telecommunication services market, we aim to continue to develop our next-generation growth business by offering innovative products including IoT solutions, platform services, cloud computing, data centers, smart factories, subscription services, metaverse and media. We also plan to use our Big Data analytics technology to develop

products and services that meet the changing needs of our customers and plan to provide a large number of products and services integrated with AI technology. In addition, we will continue to develop state-of-the-art 5G technology and utilize 5G infrastructure and capabilities to explore unique product and service creation measures tailored to evolving customer needs. Our operations are reported in three segments: (1) cellular services, (2) fixed-line telecommunication services and (3) other businesses.

Cellular Services

We offer wireless voice and data transmission services, sell wireless devices and provide IoT solutions and innovative platform services through our cellular services segment. Our wireless voice and data transmission services are offered through our backbone networks that collectively can be accessed by approximately 99% of the Korean population. We maintained our leadership position in the wireless sector in 2021 with 31.9 million subscribers(including subscribers of mobile virtual network operators('MVNOs') that lease our networks) as of December 31, 2021, of which approximately 9.9 million subscribed to our 5G service, 20.2 million subscribed to our LTE service and 24.5 million used smartphones. Our share of the Korean wireless market based on the number of subscribers(including subscribers of MVNOs) was approximately 44.3% as of December 31, 2021 compared to 45.1% as of December 31, 2020.

The Korean wireless telecommunication industry is considered to have reached its maturation stage with more than a 100% penetration rate. However, with continued advancements in network related technology, there are further opportunities to expand market size and revenue of cellular services through increasing the quality of cellular services we provide to our subscribers. By continuing to be innovative in developing core competencies, we have firmly established our position as the market leader in wireless telecommunications.

Through innovative 5G services that provide subscribers differentiated experiences, we will seek to maintain our business leadership in the wireless service market. We also plan to speed up the expansion of 5G services by offering services and content specialized for the 5G environment such as Cloud gaming, practical experiencing services, metaverse platform-based services and e-Sports. Furthermore, we will utilize AI technology to continuously analyze the needs of our customers and provide products and services that fulfill these needs. In 2021, our cellular services segment revenue was KRW 12.72 trillion, representing 75.9% of our consolidated operating revenue

Fixed-line Telecommunication Services

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

As of December 31, 2021, we had approximately 3.6 million fixed-line telephone subscribers(including subscribers to VoIP services of SK Broadband), approximately 6.6 million broadband Internet access subscribers and approximately 9.0 million pay TV subscribers, with market shares of 15.7%, 28.7% and 25.0%(of the overall pay TV market including IPTV, cable TV and satellite TV), respectively, based on the number of subscribers.

In April 2020, we completed the merger of Tbroad Co., Ltd., a former leading cable television and other fixed-line telecommunications services provider in Korea, and two of its subsidiaries(collectively, 'Tbroad'), with and into SK Broadband, as a result of which we owned approximately 74.3% of SK Broadband's total outstanding shares as of December 31, 2021. In the same month, SK Telecom acquired a 55.0% equity interest in Broadband Nowon Co., Ltd.(formerly known as Tbroad Nowon Broadcasting Co., Ltd.), another subsidiary of Tbroad Co., Ltd., for a purchase price of Won 10.4 billion in cash. As a result of such transactions(the 'Tbroad merger'), we became the third-largest pay TV provider in Korea in terms of number of subscribers as of December 31, 2021.

As part of our initiative to be the leading next-generation platform provider, we provide an advanced media platform with various media content and service offerings. We currently offer IPTV services under the brand name 'Btv' with access to 267 live high definition channels depending on the subscription service as of December 31, 2021, as well as pay-per-view and subscription-based video-on-demand services providing a wide range of media content, including recent box office movie releases, popular U.S.

and other foreign TV shows and various children's TV programs. We also offer 'B tv UHD,' an ultra-high definition IPTV service whose resolution is four times as high as the standard high definition broadcasting service in the IPTV industry, and 'Apple TV 4K' set top box in collaboration with Apple, which offers a convenient solution for customers to experience our high definition IPTV services as well as other types of Apple iOS-based entertainment services(such as the Apple TV+ video streaming service). Following the Tbroad merger, we also offer cable TV services under the 'B tv Cable' brand with access to as many as 220 channels

In 2021, our fixed-line telecommunications services segment revenue was KRW 3.68 trillion, representing 22.0% of our consolidated operating revenue

Other Businesses

We strive to diversify our products and services and develop new businesses that we believe are complementary to our existing products and services, which we include in our other businesses segment. We operate a T-commerce network, 'SK stoa', through our consolidated subsidiary SK Stoa, which offers a broad assortment of goods and services through pre-recorded television programming. The goods and services promoted on SK stoa's T-commerce programming can be purchased on the television screen using the viewer's remote controller. In addition, we offer a portal service under the 'Nate' brand name through SK communications that can be accessed through its website, www.nate.com, or through its mobile application. In 2021, our other businesses segment revenue was KRW 0.35 trillion, representing 2.1% of our consolidated operating revenue.

2. EXECUTIVE SUMMARY

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

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

In our others segment, we principally earn revenue from the T-commerce business of SK Stoa, which derives revenue through third-party seller fees earned(including commissions) for transactions in which it acts as a selling agent on SK stoa, its T-commerce network, and our 'Nate' portal service operated by SK Communications.

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

Our operating revenue increased by 4.1% from KRW 16.088 trillion in 2020 to KRW 16.749 trillion in 2021. This is due to growth across all of our business sectors. Our operating expenses increased by 3.5% from KRW 14.839 trillion in 2020 to KRW 15.361 trillion in 2021. This is primarily due to increases in commissions and labor costs. As the increase in operating revenue outpaced the increase in operating expenses, operating profit in 2021 amounted to KRW 1.387 trillion, representing an increase of 11.1%, while the EBITDA margin was 31.1%, a decrease of 0.5%p, and operating margin was 8.3%, an increase of 0.5%p. Profit for the year in 2021 was KRW 2.419 trillion, a 61.2% increase from KRW 1.501 trillion in 2020.

Total assets decreased by 35.5% to KRW 30.911 trillion as of December 31, 2021 from KRW 47.907 trillion as of December 31, 2020, primarily as a result of the Spin-off. Total liabilities decreased to KRW 18.576 trillion as of December 31, 2021, compared to KRW 23.511 trillion as of December 31, 2020, also primarily as a result of the Spin-off.

Selected Financial Information

(Consolidated, KRW billion)

	2021	2020	Change
Statement of Income Data			
Operating revenue	16,749	16,088	4.1%
EBITDA[1]	5,207	5,083	2.4%
Operating expenses	15,361	14,839	3.5%
Operating profit	1,387	1,249	11.1%
Profit for the year	2,419	1,501	61.2%
Statement of Financial Position Data			
Total assets	30,911	47,907	-35.5%
Cash & marketable securities[2]	1,381	2,797	-50.6%
Total liabilities	18,576	23,511	-21.0%
Interest-bearing financial debt[3]	8,833	10,718	-17.6%
Total equity	12,335	24,396	-49.4%
Financial Ratios(%)			
EBITDA margin	31.1	31.6	-0.5%p
Operating margin	8.3	7.8	0.5%p
Net margin	14.4	9.3	5.1%p
Debt-to-equity ratio[4]	71.6	43.9	27.7%p

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

3. REVENUE

Our operating revenue increased by 4.1% from KRW 16.088 trillion in 2020 to KRW 16.749 trillion in 2021. The increase was primarily due to an increase in the proportion of 5G subscribers and the continued growth in the number of IPTV subscribers.

Consolidated Operating Revenue   (Consolidated, KRW billion))

2020	16,088
2021	**16,749**
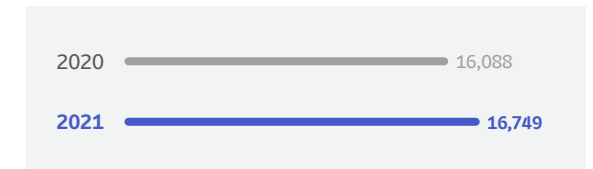
Subscribers & Market Share

Total equity was KRW 12.335 trillion as of December 31, 2021, representing a 49.4% year-on-year decrease, also mainly attributable to the effects of the Spin-off. Our debt-to-equity ratio as of December 31, 2021 was 71.6%, compared to 43.9% as of December 31, 2020. The total number of wireless subscribers in Korea was approximately 71.9 million as of December 31, 2021 with a wireless telecommunications service penetration rate of 139.3%. SK Telecom ended the year 2021 with approximately 31.9 million subscribers(including subscribers of MVNOs that lease SK Telecom's networks). SK Telecom's wireless market share based on the number of subscribers(including subscribers of MVNOs) decreased by 0.8%p to 44.3% as of December 31, 2021 from 45.1% as of December 31, 2020. The number of 5G, which was launched in April 2019, subscribers reached 9.9 million as of December 31, 2021, compared to 5.5 million as of December 31, 2020. The number of SK Telecom's LTE subscribers decreased to 20.2 million as of December 31, 2021, compared to 22.8 million as of December 31, 2020.

Subscribers & Market Share in 2021

(Subs: in thousands, Market share: %)

- ● Subscribers ● Market Share

	Subscribers	Market Share
1Q	31,520	44.9%
2Q	31,626	44.7%
3Q	31,595	44.5%
4Q	31,884	44.3%

APRU

SK Telecom's average monthly revenue per subscriber excluding MVNO subscribers leasing SK Telecom's networks('ARPU') increased by 0.7% to KRW 30,517 in 2021 from KRW 30,314 in 2020. SK Telecom's average monthly revenue per subscriber including such MVNO subscribers('ARPU including MVNO') increased by 2.1% to KRW 28,485 in 2021 from KRW 27,895 in 2020. The increases in SK Telecom's ARPU and its ARPU including MVNO in 2021 were primarily due to an increase in the number of subscribers who subscribe to our higher-priced 5G plans.

ARPU IN 2021

(Non-consolidated, APRU: in KRW)

- ● ARPU ● ARPU including MVNO

	ARPU	ARPU including MVNO
2020	30,314	27,895
2021	30,517	28,485
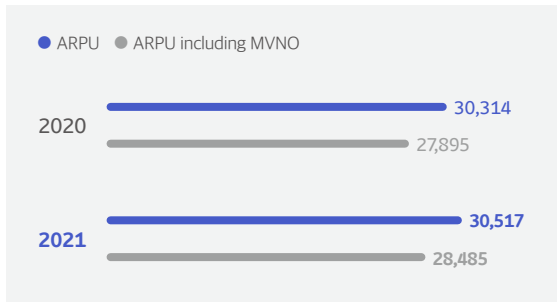
Subsidiaries

The consolidated revenue of SK Broadband, which is mostly generated from its fixed-line telecommunication services, increased by 9.4% to KRW 4.06 trillion in 2021 up from KRW 3.7135 trillion in 2020, primarily due to an increase in revenue from IPTV services attributable to growth in the number of IPTV subscribers and platform platform sales.

PS&Marketing's revenue, which is mostly derived from sales of handsets, increased by 1.4% to KRW 1.4455 trillion in 2021 from KRW 1.4272 trillion in 2020, primarily due to an increase in commission income despite a decrease in device sales.

Statement of Income

(Consolidated, KRW billion))

	2021	% of Revenue	2020	% of Revenue
Operating revenue	**16,749**	**100.0%**	**16,088**	**100.0%**
Operating expenses	**15,361**	**91.7%**	**14,839**	**92.2%**
Labor[1]	2,301	13.7%	2,108	13.1%
Commissions[2]	5,426	32.4%	5,103	31.7%
Depreciation and amortization[3]	3,673	21.9%	3,665	22.8%
Network interconnection	750	4.5%	771	4.8%
Leased line	310	1.9%	294	1.8%
Advertising	233	1.4%	272	1.7%
Rent	140	0.8%	171	1.1%
Cost of goods sold	1,167	7.0%	1,106	6.9%
Others	1,361	8.1%	1,349	8.4%
Operating profit	**1,387**	**8.3%**	**1,249**	**7.8%**
Finance income	155	0.9%	141	0.9%
Finance costs	316	1.9%	323	2.0%
Gain(loss) relating to investments in subsidiaries, associates and joint ventures, net	446	2.7%	52	0.3%
Other non-operating income	115	0.7%	95	0.6%
Other non-operating expenses	69	0.4%	309	1.9%
Profit before income tax	**1,718**	**10.3%**	**905**	**5.6%**
Income tax expense	447	2.7%	221	1.4%
Profit for the year	**2,419**	**14.4%**	**1,501**	**9.3%**
EBITDA[4]	**5,207**	**31.1%**	**5,083**	**31.6%**

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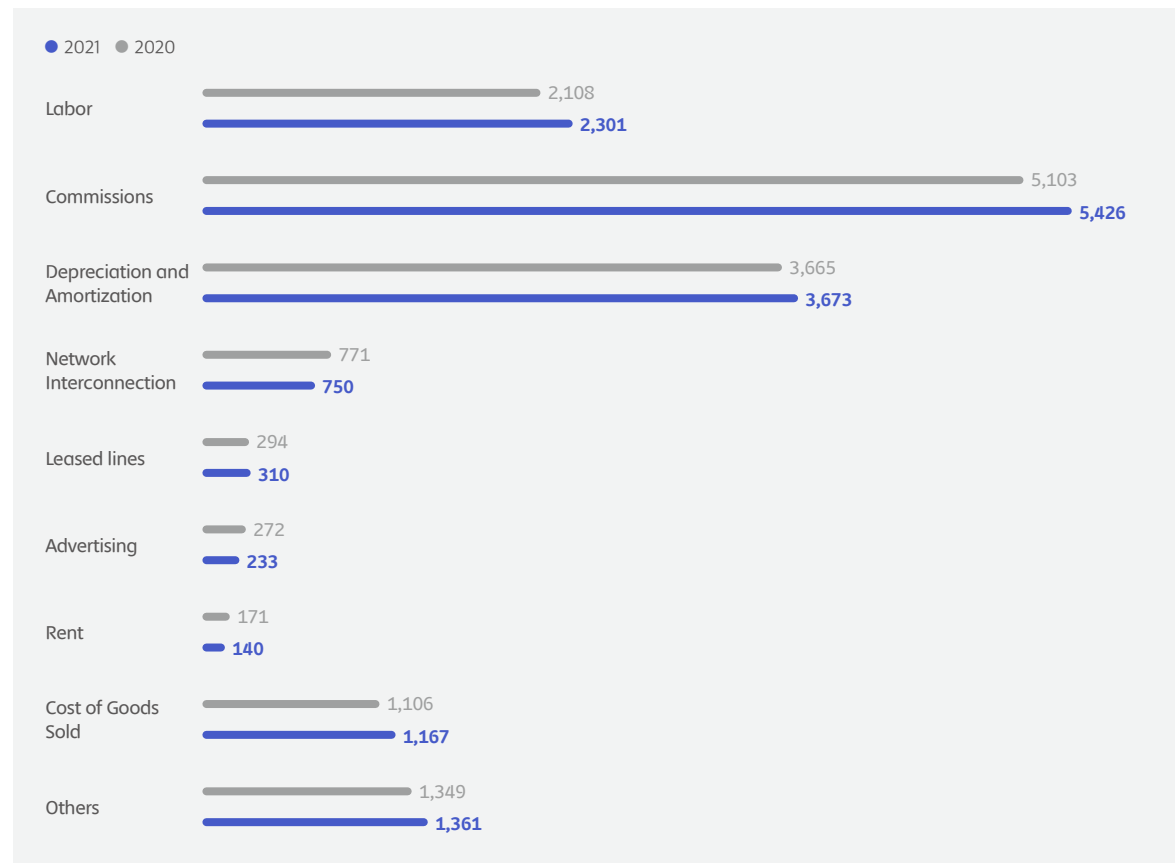
Operating Expense

Our operating expense for 2021 amounted to KRW 15.361 trillion, representing a 3.5% increase from KRW 14.839 trillion in 2020. The increase results primarily from a 6.3% increase in commissions, a 9.2% increase in labor costs and a 5.5% increase in cost of goods sold. The increase in commissions was primarily due to increases in the sales of our 5G wireless service and IPTV service subscriptions through our authorized dealers and independent retailers. The increase in labor costs was primarily due to the transfer or our treasury shares to certain of our officers and employees as bonus payment sin 2021, the fair value of which was recognized as part of our labor costs. The increase in cost of goods sold was primarily due to an increase in the volume of merchandise sold by SK Stoa's T-commerce business.

Operating Expense

(KRW billion)

	2021	2020
Labor	2,301	2,108
Commissions	5,426	5,103
Depreciation and Amortization	3,673	3,665
Network Interconnection	750	771
Leased lines	310	294
Advertising	233	272
Rent	140	171
Cost of Goods Sold	1,167	1,106
Others	1,361	1,349

Operating Profit and EBITDA

Our operating profit increased by 11.1% to KRW 1.387 trillion in 2021 as the increase in our operating revenue outpaced the increase in our operating expenses in 2021. Our EBITDA margin decreased by 0.5%p to 31.1% in 2021, while operating margin increased by 0.5%p to 8.3% in 2021.

Non-Operating Income and Expenses

Our finance income increased by 9.9% to KRW 155 billion in 2021 from KRW 141 billion in 2020, primarily due to an increase in dividends to KRW 12 billion in 2021(which mainly related to shares of PanAsia Semiconductor Materials LLC) from Won 1 billion in 2020. Our finance costs decreased by 2.2% to KRW 316 billion in 2021 from KRW 323 billion in 2020, primarily due to a 3.1% decrease in interest expense to Won 280 billion in 2021 from Won 289 billion in 2020, which primarily reflected lower market interest rates. The effect of such decrease was partially offset by a 21.4% increase in loss relating to financial instruments at fair value through profit or loss to Won 17 billion in 2021 from Won 14 billion in 2020, mainly related to our investments in certain fund products. Gain relating to investments in subsidiaries, associates and joint ventures increased by 757.7% to KRW 446 billion in 2021 from KRW 52 billion in 2020, which can be attributed to an increase in our share of profits of SK China Company Ltd., as well as gain from disposal of our equity interest in SK Wyverns Co., Ltd.

Other non-operating income increased by 21.1% to KRW 115 billion in 2021 from KRW 95 billion in 2020, primarily due to the difference in the previously estimated and actual amounts of certain regulatory fines.

Our non-operating expenses decreased by 77.7% to KRW 69 billion in 2021 from KRW 309 billion in 2020, which mainly reflected a significant decrease in impairment loss on property and equipment and intangible assets to KRW 3 billion in 2021 from KRW 201 billion in 2020, which amount mainly reflected impairment losses we recognized on frequency usage rights in 2020.

Income Tax

Income tax expense increased by 102.3% to KRW 447 billion in 2021 from KRW 221 billion in 2020 primarily due to a 89.8% increase in profit before income tax. Our effective tax rate in 2021 increased to 26.0% from 24.4% in 2020.

Profit for the Year

Principally as a result of the factors discussed above, our profit for the year increased by 61.2% to KRW 2.42 trillion in 2021 from KRW 1.50 trillion in 2020. Net margin was 14.4% in 2021 compared to 9.3% in 2020.

4. FINANCIAL STRUCTURE

Current Assets

We had current assets of KRW 6.353 trillion as of December 31, 2021, representing a 27.6% year-on-year decrease from KRW 8.78 trillion as of December 31, 2020. Our cash and marketable securities(including short-term financial instruments) decreased by 50.6% to KRW 1.3810 trillion as of December 31, 2021 from KRW 2.7966 trillion as of December 31, 2020, mainly attributable to the Spin-ff. Our accounts receivable(trade and other) decreased by 22.3% to KRW 2.462 trillion as of December 31, 2021,

compared to KRW 3.1679 trillion as of December 31, 2020, also primarily as a result of the Spin-off.

Non-current Assets

As of December 31, 2021, our non-current assets decreased by 37.2% from KRW 39.132 trillion as of December 31, 2020, to KRW 24.559 trillion, primarily due to a decrease in investment assets in light of the Spin-off. Our investment assets decreased by 75.4% to KRW 3.936 trillion as of December 31, 2021 from KRW 16.004 trillion as of December 31, 2020, primarily attributable to a decrease in investments in associates and joint ventures in light of the Spin-off.

Liabilities

We had KRW 18.576 trillion of total liabilities as of December 31, 2021, representing a 21.0% decrease from KRW 23.511 trillion of total liabilities as of December 31, 2020. This decrease was primarily due to the Spin-off.

Our total interest-bearing financial debt decreased by 17.6% to KRW 8.833 trillion as of December 31, 2021 from KRW 10.72 trillion as of December 31, 2020. Our debt-to-equity ratio as of December 31, 2021 was 71.6%, compared to 43.9% as of December 31, 2020.
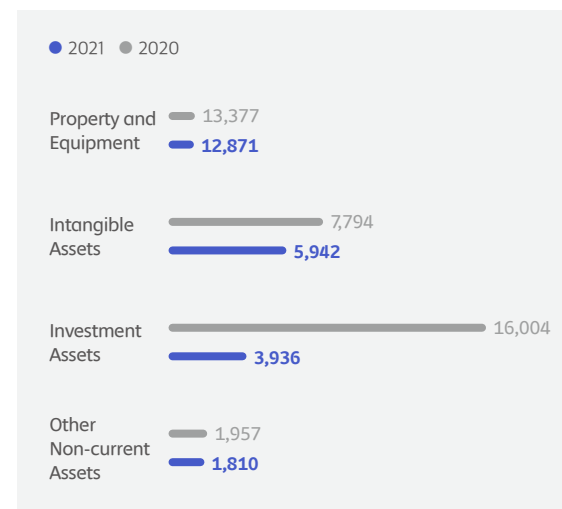
Equity

Our total equity as of December 31, 2021 amounted to KRW 12.335 trillion, which decreased by 49.4% from December 31, 2020, primarily due to a decrease in capital surplus and other capital adjustments mainly as a result of the Spin-off.
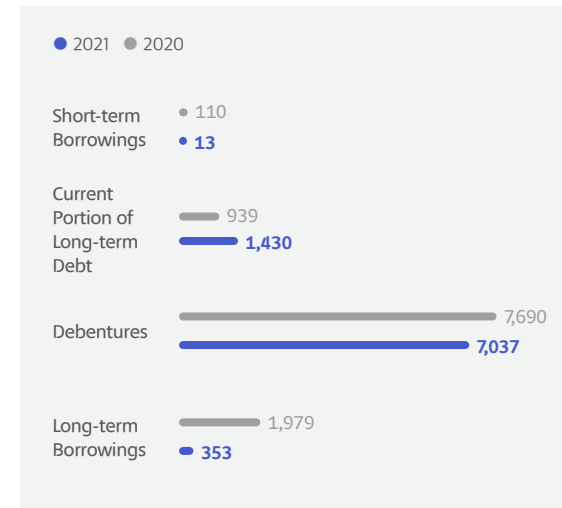
Current Assets
(KRW billion)

- 2021 - 2020

	2021	2020
Cash & Cash Equivalents	1,381	2,797
Accounts Receivable (trade and other)	2,462	3,168
Short-term Loans	71	97
Inventories	205	171
Other Current Assets	2,234	2,542

Non-current Assets
(KRW billion)

- 2021 - 2020

	2021	2020
Property and Equipment	12,871	13,377
Intangible Assets	5,942	7,794
Investment Assets	3,936	16,004
Other Non-current Assets	1,810	1,957

Interest-Bearing Financial Debt
(KRW billion)

- 2021 - 2020

	2021	2020
Short-term Borrowings	13	110
Current Portion of Long-term Debt	1,430	939
Debentures	7,037	7,690
Long-term Borrowings	353	1,979

Equity
(KRW billion)

- 2021 - 2020

	2021	2020
Share Capital	30	45
Capital Surplus	(11,624)	677
Retained Earnings	22,437	22,982
Reserves	735	40
Non-controlling interests	756	652
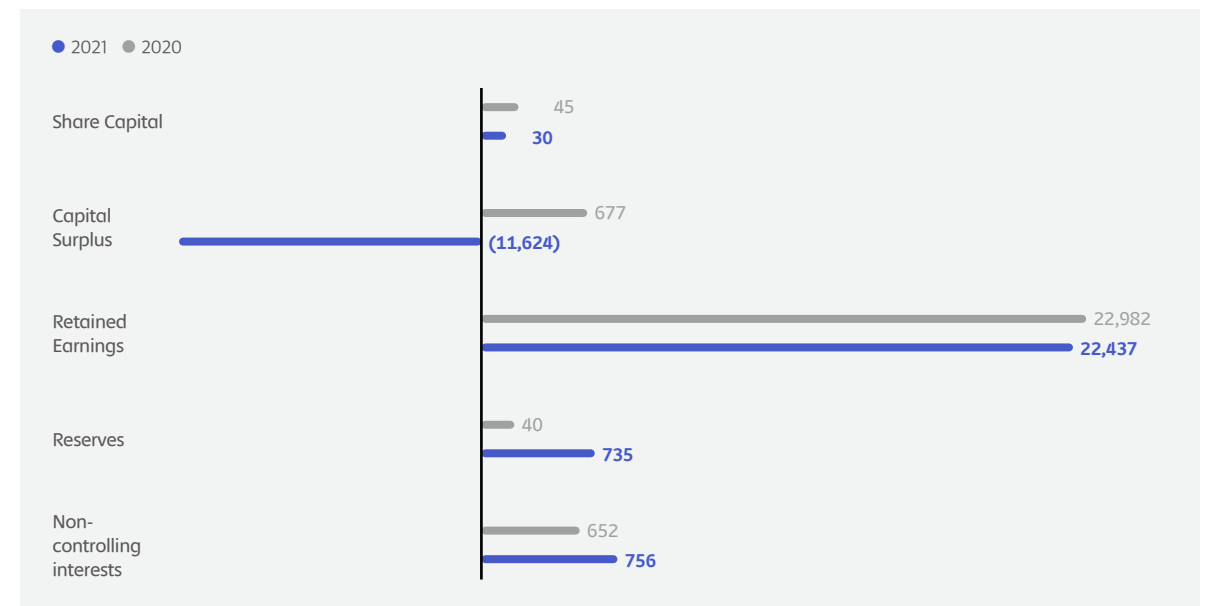
6. CAPITAL EXPENDITURES(SEPARATE BASIS)

SK Telecom spent approximately KRW 2.18 trillion on capital expenditures in 2021 compared to KRW 2.21 trillion for capital expenditures in 2020, each on a separate basis. Of the total amount spent in 2021, SK Telecom spent approximately KRW 1.85 trillion KRW, or 84.9% on establishing and enhancing wireless networks(including new 5G networks), while SK Telecom spent KRW 328 billion on other investments, including development of new products and information technology systems and equipment upgrades

Non-consolidated Financial Statement

Non-consolidated Statement of Financial Position

(KRW million)

	2021	2020	2019
Assets			
Current Assets	4,681,493	5,047,115	4,998,465
Cash and cash equivalents	158,823	329,208	497,282
Short-term financial instruments	379,000	516,000	234,000
Short-term investment securities	0	31,854	31,920
Account receivable - trade	1,514,260	1,503,552	1,479,971
Short-term loans	62,724	89,280	57,751
Account receivable - other	520,956	434,713	506,642
Accrued revenue	331	518	336
Contract assets	10,078	8,388	7,173
Advance payment	15,773	16,127	14,610
Prepaid expenses	1,913,419	2,052,515	1,959,122
Security deposit	51,739	51,069	73,345
Current tax assets			70,528
Derivative financial assets	25,428	8,704	26,253
inventories, net	8,962	5,181	11,125
Assets held for sale	20,000	0	0
Other current assets	0	6	28,407
Non-current assets	21,707,572	26,939,336	26,619,167
Long-term financial instruments	354	354	382
Long-term investment securities	1,476,361	983,688	510,633
Investments in subsidiaries and associates	4,841,139	11,357,504	10,578,158
Property and equipment, net	9,318,408	9,157,548	9,052,709
Investment property	45,100	0	
Goodwill	1,306,236	1,306,236	1,306,236

	2021	2020	2019
Intangible assets	3,203,330	2,665,083	3,461,152
Long-term loans	201	6,518	7,474
Long-term accounts receivable	287,179	348,335	335,574
Long-term contract assets	19,399	22,844	23,724
Long-term prepaid expenses	951,441	903,961	1,134,737
Long-term guarantee deposits	106,091	110,555	108,141
Long-term derivative financial assets	152,084	76,461	99,998
Other non-current assets	249	249	249
Total Assets	26,389,065	31,986,451	31,617,632
Liabilities and Equity			
Current Liabilities	5,426,477	5,076,404	5,165,744
Account payables	2,072,195	1,955,472	2,266,958
Contract liabilities	72,624	83,216	88,257
Withholdings	608,069	659,181	685,822
Accrued expenses	764,863	724,992	793,252
Current tax liabilities	158,837	154,144	0
Short-term Provisions	54,137	43,437	47,786
Short-term borrowings	976,195	712,105	520,292
Current bonds and long-term borrowings	316,169	313,422	319,519
Lease liabilities	398,823	424,600	423,839
Current long-term account payables	4,565	5,835	20,019
Other current liabilities	10,099,732	9,560,189	9,067,989
Non-current liabilities	5,835,400	6,175,576	5,900,829
Debentures	300,000	6,167	19,777
Long-term borrowings	1,611,010	1,141,723	1,544,699

Non-consolidated Statement of Financial Position

(KRW million)

	2021	2020	2019
Long-term account payables	9,149	8,110	11,342
Long-term contract liabilities	321,025	362,002	0
Derivative financial liabilities	1,045,926	999,776	856,385
Long-term lease liabilities	42,432	55,953	41,145
Non-current liabilities	883,311	756,873	642,601
Deferred tax liabilities	6,902	7,421	25,093
Defined benefit liabilities	44,577	46,588	26,118
Other non-current liabilities	15,526,209	14,636,593	14,233,733
Total Liabilities			
Equity	30,493	44,639	44,639
Share capital	(4,576,271)	289,134	715,619
Capital surplus and others	14,770,618	16,684,640	16,672,947
Retained earnings	638,016	331,445	(49,306)
Reserves	10,862,856	17,349,858	17,383,899
Total Shareholders' Equity	26,389,065	31,986,451	31,617,632
Total Liabilities and Shareholders' Equity	30,911,277	47,906,957	45,202,368

Non-consolidated Statement of Income

(KRW million)

	2021	2020	2019
Operating revenue	12,102,830	11,746,630	11,421,342
Revenue	12,102,830	11,746,630	11,421,342
Operating expense	10,988,507	10,723,563	10,469,539
Labor cost	953,849	804,982	783,124
Commissions	4,817,920	4,647,773	4,419,845
Depreciation and amortization	2,766,981	2,841,755	2,776,140
Network interconnection	561,321	555,846	565,084
Leased line	206,499	215,878	213,673
Advertising	117,969	114,794	154,124
Rent	115,271	121,032	123,517
Cost of goods sold	470,565	436,013	479,605
Other operating expense	978,132	985,490	954,427
Operating income(loss)	1,114,323	1,023,067	951,803
Finance income	435,635	377,947	615,571
Finance cost	254,835	256,737	280,247
Other non-operating income	69,662	82,673	76,928
Other non-operating expense	49,489	273,655	110,627
Gain(loss) related to investments in subsidiaries, associates and joint ventures	54,051	(11,840)	(68,550)
Profit before income tax	1,369,347	941,455	1,184,878
Corporate tax	295,524	182,663	204,987
Net profit(loss) for the term	1,073,823	758,792	979,891
Earnings per share			
Basic earnings per share(in won)	3,183	2,044	2,679
Diluted earnings per share(in won)	3,183	2,044	2,679

Non-consolidated Statement of Changes in Equity

(KRW million)

	2021	2020	2019
Annual profit(loss)	1,073,823	758,792	979,891
Other Inclusive gains and losses	297,192	379,782	(19,688)
Items not reclassified as a profit or loss during the follow-up periods	280,385	364,275	(54,692)
Remeasurement factors of defined benefit systems	(9,379)	(2,325)	(40,720)
Valuation loss on financial assets at fair value through other comprehensive income	289,764	366,600	(13,972)
Items reclassified as a profit or loss during the follow-up periods	16,807	15,507	35,004
Net change in unrealized fair value or derivatives	16,807	15,507	35,004
Total inclusive gains and losses for the term	1,371,015	1,138,574	960,203

Non-consolidated Statement of Changes in Equity

(KRW million)

		Equity									
		Share Capital	Other Paid up Capital						Retained Earnings	Reserves	Total Equity
			Capital Excess of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total			
Increase(Decrease) due to changes in accounting policies											
January 1, 2019 (Basic capital)		44,639	2,915,887	(1,979,475)	398,759	1,007	(920,854)	415,324	16,437,167	(40,265)	16,856,865
Total Comprehensive income	Annual profit (loss)								979,891		979,891
	Other comprehensive income(loss)								(10,647)	(9,041)	(19,688)
	Annual dividends								(646,828)		(646,828)
	Interim dividends								(71,870)		(71,870)
	Stock option					295		295			295
	Interest on hybrid bonds								(14,766)		(14,766)
Transactions with owners	Acquisition of treasury shares										
	Transactions with owners			282,478			17,522	300,000			300,000
	Retirement of treasury shares										
	Changes from spin-off										
	Changes in ownership in subsidiaries										
December 31, 2019 (End of term capital)		44,639	2,915,887	(1,696,997)	398,759	1,302	(903,332)	715,619	16,672,947	(49,306)	17,383,899

Non-consolidated Statement of Changes in Equity

(KRW million)

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

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

Non-consolidated Statement of Cash Flows

(KRW million)

	2021	2020	2019
Cash flows from operating activities	3,919,829	4,387,809	3,190,741
Cash generated from operating activities	4,021,672	4,289,499	3,175,640
Net Profit for the term	1,073,823	758,792	979,891
Adjustment for income and expenses	3,128,696	3,361,118	2,898,842
Changes in assets and liabilities related to operating activities	(180,847)	169,589	(703,093)
Interest received	23,109	20,283	28,388
Dividends received	326,759	285,040	525,045
Interest paid	(202,547)	(212,921)	(226,652)
Income tax paid(refund)	(249,164)	5,908	(311,680)
Cash flows from investing activities	(2,251,647)	(3,178,152)	(2,992,673)
Cash inflows from investing activities	485,118	165,628	369,323
Decrease in short-term investment securities, net			16,217
decrease in short-term financial instruments	137,000	0	
Collection of short-term loans	130,833	69,754	107,996
Decrease in long-term financial instruments	0	28	0
Proceeds from disposal of long-term investment securities	17,116	790	223,619
Proceeds from disposal of investments in associates and joint ventures	139,668	659	0
Proceeds from disposal of property and equipment	55,658	89,922	10,767
Proceeds from disposal of intangible assets	4,843	4,475	3,843
Collection of lease receivables			6,881
Cash outflows for investment activities	(2,736,765)	(3,343,780)	(3,361,996)
Increase in short-term financial instruments	0	282,000	135,000
Increase in short-term loans	97,628	100,739	111,686
Acquisition of long-term investment securities	24,912	827	321,124
Acquisition of investments in associates and joint ventures	414,467	277,465	379,821

	2021	2020	2019
Acquisition of property and equipment	1,863,200	2,480,297	2,304,512
Acquisition of intangible assets	336,558	81,352	109,853
Cash outflows resulting from split-off		121,100	0
Cash flows from financing activities	(1,838,576)	(1,377,732)	(578,609)
Cash inflows from financing activities	808,208	1,099,191	1,507,700
Proceeds from long-term borrowings	300,000	0	
Issuance of debentures	507,876	1,062,500	1,195,274
Cash inflows due to transaction of derivative products	332	36,691	12,426
Disposal of treasury stocks			300,000
Transactions with non-controlling shareholders	(2,646,784)	(2,476,923)	(2,086,309)
Cash outflows for financing activities	12,824	13,624	12,882
Repayment of long-term borrowings	425,349	425,349	425,349
Repayment of long-term account payables	700,000	515,500	550,000
Repayment of debentures	997,748	731,364	718,698
Payment of dividends	14,766	14,766	14,766
Interest on hybrid bond	341,186	349,656	364,614
Repayment of lease liabilities	76,111	426,664	0
Repurchase of treasury stock	78,800	0	
Cash outflows resulting from spin-off	(170,394)	(168,075)	(380,541)
Net increase(decrease) in cash and cash equivalents	329,208	497,282	877,823
Cash and cash equivalent at beginning of the year	9	1	0
Effects of exchange rate changes on cash and cash equivalents	158,823	329,208	497
Cash and cash equivalents at end of the year	872,731	1,369,653	1,270,824

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of SK Telecom Co., Ltd. and its subsidiaries(the "Group") which comprise the consolidated statements of financial position as of December 31, 2021 and 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards("K-IFRS").

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

As described in Note 3 and Note 42, pursuant to the resolution of shareholders' meeting held on October 12, 2021, the SK Telecom Co., Ltd. completed the spin-off of certain businesses on November 1, 2021. The spin-off company will engage in managing investments in semiconductor, New Information and Communication Technologies("ICT") and other businesses and making new investments and the surviving company will continue to engage in the remaining businesses of SK Telecom Co., Ltd. and certain subsidiaries, primarily cellular and fixed-line telecommunications businesses. The spin-off businesses are presented as discontinued operations, and the comparative consolidated statements of income and comprehensive income have been re-presented to show the discontinued operations separately from continuing operations.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

As described in note 3(23) and 4(2) of the consolidated financial statements, the Group's revenue from cellular services is primarily generated from the provision of a variety of telecommunications services at various rate plans and products. Revenue from wireless service amounted to W10,100,368 million in 2021. It is recognized based on data from complex information technology systems that process large volume of transactions with subscribers. Therefore, we have identified revenue recognition related to the Group's wireless service as a key audit matter due to the complexity of information technology systems involved and the revenue recognition standard applied.

The primary procedures we performed to address this key audit matter included:

· Testing certain internal controls relating to the Group's revenue recognition process, including information technology(IT) systems used for the purposes of revenue recognition. Specifically, we assessed the IT system environment for data records, rating and billing systems, which aggregate data used for revenue recognition for voice usage, text and mobile data services, generate customer bills and support measurement of revenue.

· Comparing a sample of revenue transactions to supporting evidence, such as customer billing statements, rating system information, subscriber contracts, and cash received, where applicable.

· Inspecting major contracts with subscribers to assess the Group's revenue recognition policies based on the terms and conditions as set out in the contracts, with reference to the requirements of K-IFRS No. 1115.

2. Evaluation of goodwill impairment for the fixed-line telecommunication services cash generating unit

As described in notes 3(12) and 16 of the consolidated financial statements, the Group performs impairment test for goodwill at least annually or when there is an indication of possible impairment by comparing the recoverable amount and the carrying amount of a cash generating unit("CGU") to which goodwill is allocated. In the Group's impairment test as of December 31, 2021, the Group does not expect the total carrying amount of the CGU will exceed the value in use("VIU") due to reasonably possible changes in certain assumptions. The amount of goodwill that is allocated to the fixed-line telecommunication services CGU is W764,082 million as of December 31, 2021.

In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on the value in use("VIU"). Determining the VIU of the fixed-line telecommunication services CGU involves significant judgments in estimating the expected future cash flows including the estimates of future operating revenue, perpetual growth rate and discount rate. We have identified the evaluation of goodwill impairment in the fixed-line telecommunication services CGU as a key audit matter due to the uncertainty of and the significance of the impact of assumptions applied in determining the recoverable amount.

The primary procedures we performed to address this key audit matter included:

· Involving our internal valuation professionals to assist us in evaluating estimated future operating revenue and perpetual growth rate by comparison with industry reports as well as historical performance and evaluating the discount rate by

comparing with the discount rate that was independently developed using publicly available market data for comparable entities.

· Performing sensitivity analysis for both the discount rate and the perpetual growth rate applied to the discounted cash flow forecasts to assess the impact of changes in these key assumptions on the conclusion reached in management's impairment assessment.

· Evaluating estimated operating revenue by comparison with the financial budgets approved by the Group and comparing the cash flow forecasts prepared in prior year with the actual results to assess the Group's ability to accurately forecast.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

· Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

· Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is In Hye Kang.

KPMG Samjong Accounting Corp. Seoul, Korea
March 10, 2022

KPMG Samjong Accounting Corp.

This report is effective as of March 10, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Non-Financial Statements

Non-financial Management Discussion & Analysis

Reporting Standards and Principles

The purpose of this non-financial management discussion & analysis(MD&A) is to present management's analysis opinion on the company's key management performances from non-financial aspects, such as human capital, social capital, and environmental capital, for the reporting period from January 1, 2021 to December 31, 2021. The following international reporting standards and principles apply to this non-financial MD&A:

1. International Integrated Reporting Council's <IR> Framework

The <IR> Framework of the International Integrated Reporting Council(IIRC) requires concise reporting on the organization's strategy, governance, and how the performance and future prospects are connected to the short-, mid-, and long-term value creation of the organization under the economic, social, and environmental contexts. Please refer to P. 21 for the business model required to implement the integrated reporting principles of the IIRC and P. 25-26 for materiality assessment to determine important topics depending on the impact on value creation.

2. Global Reporting Initiatives's Sustainability Reporting Standards - GRI Standards

The Global Reporting Initiatives(GRI) provides information on the topics and disclosures of reporting from economic, social, and environmental perspectives so that stakeholders can discern the organization's performance. It demands that the topics be determined according to the correlation of each aspect from stakeholder impact and organization's economic, social, and environmental perspectives. Please refer to P. 25-26 for the results of the materiality assessment conducted in accordance with the GRI requirements.

3. Accountability AA1000

The AA1000 series identifies and prioritizes sustainability issues related to the organization and defines its framework and principles. The information in this report is verified by a third party according to the Assurance Standard(AA1000AS) V3. Please refer to P. 157-158 for the result of the third-party assurance performed by an independent institute.

References

1. UNGC COP

UN Global Compact Communication on Progress - a guideline for reporting the status of compliance with the Ten Principles of the UNGC by its members

2. ISO 26000

An international standard of the responsible management system released in November 2010 by the International Organization for Standardization(ISO)

3. CDSB Reporting Framework

A standard for carbon information disclosure put forth by the Climate Disclosure Standard Board(CDSB) in September 2010

4. SASB - Telecommunication Standards

Core issues and key performance indicators in the telecommunications industry released in April 2014 by the U.S. Sustainability Accounting Standard Board(SASB)

5. TCFD

Take Force on Climate-related Financial Disclosures. Designated group for financial information disclosure related to climate change

Scope of Data

The non-financial information presented in this non-financial MD&A is limited to the data of "SK Telecom" which does not include subsidiaries and supply chains unless otherwise specified. Over 99% of SK Telecom's revenues are generated in Korea, and thus the data coverage included meets the criterion of 99% or more of the revenue. This coincides with the scope of non-consolidated revenues of SK Telecom, which is the controlling company under the Korean International Financial Reporting Standards(K-IFRS). Environmental data such as energy, greenhouse gases(Scope 1, 2, 3), waste, and water and social data such as total employment, competency development, and social contribution are calculated based on 27 major business sites of SK Telecom(including networks such as base stations, repeaters, and central stations).

Social Data

Total Employment

The total number of employees includes permanent and temporary(contract-based) employees who have an employment contract with SK Telecom, and excludes employees and executives of SK Telecom's affiliated companies and subsidiaries. We made continuous efforts to secure AI & Digital Infra growth engines, nevertheless COVID-19 led to reduced employment, resulting in a reduction of around 0.32% from 2020 to record 5,245 employees. By age, employees aged 30 or more and under 50 account for the highest percentage, while the ratio of permanent employees is 94.6%, which is similar to and a slight decrease from the previous year's level. The number of overseas personnel decreased compared to the previous year due to shutdown of Hong Kong office and transfer of New York office to SK Square Co., Ltd., spin-off company. The total number of overseas personnel, including expatriates and locally hired employees, is 44, indicating that the percentage of overseas personnel against the total number of employees is relatively low.

Number of Employees   (As of December 31, 2021)

		Unit	2019	2020	2021
Total number of employees[1]			5,336	5,262	5,245
By employment type	Permanent		5,090	5,042	4,961
	Temporary workers		246	220	284
	Agency workers		272	226	225
By gender[2]	Male		4,338	4,246	4,170
	Female		998	1,016	1,075
By age	Under 30		505	459	413
	Over 30 – Under 50	People	3,990	3,681	3,379
	Over 50		841	1,122	1,453
Overseas employment	Expatriates		19	17	17
	Locally-hired employees[3]		37	39	27
	Total number of overseas employees		56	56	44
	Total number of overseas managers		22	33	20
	Total number of local managers[3]		8	18	11
	Percentage of local managers[4]	%	36	55	55

1) No. of employees(managers) among total 5,245(manager 685), excluding unregistered executives and temporary workers by nationality: U.S. 10(4) / China 6 / Canada 5(2) / New Zealand 2(1) / Others 14, 2) Number of LGBTQI+(lesbian, gay, bisexual, transgender, queer, and intersex): 0, 3) All locally-hired employees and managers are Asians, 4) Percentage of local managers = total number of local managers / total number of overseas managers

Recruitment and Turnover

The number of new employees and the number of turnover employees by age and gender includes the number of permanent and temporary(contract-based) employees who have an employment contract directly with SK Telecom, and excludes employees and executives of SK Telecom's affiliated companies and subsidiaries. The ratio of SK Telecom's recruitment of technology-related employees(permanent employee basis) to total new recruitment recorded 63% in 2019, 70% in 2020 and 75.7% in 2021. This is an outcome of increasing recruitment of technology personnel for key R&D in new ICT areas, including AI and digital infrastructure for the second straight year. The turnover rate in 2021 stood at 3.1% which is a 1.4%p decrease from the previous year. SK Telecom does not discriminate employees in the process of recruitment, evaluation, compensation, and education, and contributes to expanding and maintaining employment by continually implementing various welfare systems, such as flexible working hours, support for childbirth and childcare, sabbatical leaves(Refresh) for long-service employees, as well as single-detached house employee dormitories.

Recruitment and Turnover

			Unit	2019	2020	2021
Newly-employed	Total number of new employees			440	405	112
	By gender	Male		328	204	67
		Female		112	201	45
	By age	Under 30		106	218	58
		Over 30 – Under 50		324	187	54
		Over 50		10		
Turnover	Total number of turnover employees		People	144	226	164
	By gender	Male		119	184	139
		Female		25	42	25
	By age	Under 30		7	6	13
		Over 30 – Under 50		123	207	149
		Over 50		14	13	2
Voluntary turnover				79	77	98
Internal announcement rate for candidate			%	45.1	57.2	59.8

Employee Salary

SK Telecom transparently discloses the wage status of all employees through its quarterly, semi-annual, business reports. Differences in the total salary amount and average salary between male and female employees are based on the average continuous years of service of male and female employees. We do not discriminate wages according to gender within the same position.

Male-Female Salary Difference (As of December 31, 2021)

	Unit	Non-managers	Managers	Executives
Base pay	%	0.86	0.94	1.05
Base pay + Other cash incentives		0.87	0.96	1.00

* Male-female salary ratio: Average salary of female employees / Average salary of male employees

Diversity

		Unit	2019	2020	2021
Female talent	Ratio of female employees(No.)	%(People)	18.7(998)	19.3(1,023)	22.9(1,252)
	Ratio of female managers(No.)		7.4(40)	8.0(51)	8.5(58)
	Ratio of female junior managers (No.)		11.0(308)	11.1(275)	11.2(287)
	Ratio of female executives(No.)		8(7)	8(7)	8(7)
	Ratio of female managers of profit generating departments(No.)		9(16)	9(30)	9.4(27)
	Female STEM[1] ratio(No.)			19(186)	24(248)
Special employment and minorities	Employment of the disabled	People	64	62	59
	- Happy Hanool[2]		48	53	54
	Employment of veterans		161	170	169

* A total of 174 persons(SK Telecom: 52(midly disabled) and 7(severely disabled), Happy Hanool: 54(severely disabled)), reflecting double the number of the severely disabled persons based on the Act on the Employee Promotion and Vocational Rehabilitations of Persons with Disabilities. It represents 3.22% of employment rate of disabled exceeding the 3.1% goal for year 2021.
1)STEM: Employees using science, technology, engineering, and mathematics(STEM) knowledge for their work
2)Happy Hanool: Standard workplaces for the disabled that provides business support services, car wash, bath & massage, and other physical care services

Maternity/Paternity Leave and Parental Leave

	Unit	2019	2020	2021
Maternity/Paternity Leave and Parental Leave		156	163	162
Number of female employees who used maternity leave	People	31	31	37
Number of male employees who used maternity leave		125	118	125
Rate of return after childbirth	%	98.7	100	98.8
Number of employees on parental leave		88	74	81
Number of female employees who used parental leave	People	55	50	60
Number of male employees who used parental leave		33	24	21
Rate of return after parental leave	%	98.9	97.3	97.5
Turnover rate within 12 months after return		0.7	2.7	6.2

Labor-Management Relations

SK Telecom actively protects employees' freedom of association pursuant to ILO Conventions No. 87 and No. 98 as well as labor laws in Korea. SK Telecom employees can voluntarily form a labor union based on freedom of association and can join a labor union according to an individual's free will. As of the end of 2021, the rate of employees who are a labor union member from among employees who are eligible to join a labor union is 91.8%. SK Telecom and the labor union raised wages 3.0% in 2021 based on the spirit of mutual respect and cooperation, and agreed to improve benefits for employees such as providing paid COVID-19 vaccination leave.

Labor Union Membership

	Unit	2019	2020	2021
Number of employees eligible for labor union membership	People	2,940	2,911	2,670
Labor union members		2,612	2,591	2,453
Labor union membership rate	%	88.8	89.0	91.8
Collective bargaining application rate[1]		100	100	100

1) A collective agreement signed with a majority labor union is applied to all employees eligible to join a labor union

Occupational Safety and Health

SK Telecom recognizes that protecting the lives and safety of customers, citizens, members and employees is the top priority and the basic principle behind all actions. With its goal of 'Zero Serious Accidents', the company requires all stakeholders including its employees, the SK ICT Family and partners to observe the safety and health management policy and is making a company-wide effort to create safe workplaces.

Topic	Category	Unit	2019	2020	2021
Safety management	· Lost Time Incident Rate(LTIR)[1]	per 20,000 working hours	0%	0%	0%
	· LTIR by member type - SK Telecom and business partners		0%	0%	0%
	· Lost Time Incident(LTI) - SK Telecom and business partners	No. of cases	0	0	0
	· Fatality rate	%	0	0	0
	· Fatalities(work-related)	Persons	0	0	0
Employee Healthcare	· Occupational Illness Frequency Rate(OIFR)[2]	per 20,000 working hours	0%	0%	0%
	· Occupational Illnesses	Persons	0	0	0%

1) Loss Time Incidents Rate / 2) Occupational Illness Frequency Rate

Programs to Enhance Employee Happiness and Well-being

Type	Key Programs and Guidelines
Creating a Healthy Work Environment	· Building an automated temperature and humidity control system and measuring them twice per day. Operation of air-conditioning and exhaust fan and management of internal dust/CO_2 through batch ventilation before the start of working hours. Management of light intensity and noise standards · Planning to provide and expand ergonomic work environment(height adjustable desks, ergonomic chairs, and open standing conference rooms)
Fitness	· Operation of in-house physical training center, Actium, and provision of massage service, Health Care' to improve and manage physical strength of employees
Nutrition	· Supporting balanced eating habits by operating an in-house cafeteria(The Table)
Stress Management	· Operation of employee counseling service program 'Mind Forest'(provide counseling on stress reduction and dealing with difficulties in the workplace, health, personal matters, etc.) · Operation of the Actium mental health program (mental health letter, health lectures, smiling exercise, healing yoga, etc.)
Flexible Work Hours work	· Operation of the flexible work hour system so that employees can decide when they come to and leave · Adopted the DYWT program(registering 80 working hours for a period of two weeks or 160 working hours for a period of four weeks, and immersive work)
Childcare and Child Education	· Providing a wide range of childcare support programs, including operation of in-house daycare centers, support for children's educational expenses(kindergarten, elementary, middle, and high school, university), support for camps for employees' children
Maternity/Paternity Leave	· Reduced work hours during pregnancy: 6-hour workday throughout pregnancy period · Maternity leave: Offer 90 days of leave before and after childbirth and 120 days of leave in case of twins, and 5 days of paid leave when an employee's spouse gives birth · Parental Leave: Offer 1 year of paid leave for employees with a child 8 years old or younger. If a female employee uses maternity and parental leave consecutively, she can apply to use one additional year of parental leave(up to 2 years) · Automatic transfer for parental leave: When a maternity leave is about to expire, an employee can automatically begin to use a parental leave consecutively without applying separately · Care leave for children schooling: 90-day leave for employees with children who entered elementary school, once for the entering year
Employee/Family Care System	· Operation of an individual/family care system that enables an employee to provide care without any career discontinuation in the event of a disease or accident of the employee or family member, and a system that enables an employee to engage in self-development and to prepare for life after retirement · Operation of a startup support program to help employees begin a new life after retirement, for which the company provides an outside expert coaching-consulting program and next career leave
Refresh leave system for long service	· Provision of a long-term vacation from 10 days to 45 days once every five years after joining the company to help employees have sufficient time to recharge

Environmental Data

List of Major Contributions in 2021

(Unit: KRW)

Program	Amount	Organization
ESG businesses	3,000,000,000	Happy Connect Federation
Sponsorship for the Korean Fencing Federation	1,300,000,000	Korean Fencing Federation
Barun ICT Research Center	980,000,000	Yonsei University
International academic exchange and research	900,000,000	Chey Institute for Advanced Studies
Scholarship program	900,000,000	Korea Foundation for Advanced Studies
Development of a social value measurement system	900,000,000	Center for Social value Enhancement Studies
Promotion of the social enterprise ecosystem	800,000,000	The Happiness Foundation
Projects to support for Korean War veterans	570,000,000	Korean War Veterans
Support for industrial innovation campaign	430,000,000	Korea Foundation for Cooperation of Large & Small Business, Rural Affairs
School-based violence prevention programs	200,000,000	Korean Association against Violence and Abuse
Underprivileged scholarship program	158,000,000	KJ Choi Foundation
Social contribution through ICT	150,000,000	The Happy ICT Foundation
Support projects to protect socially vulnerable	130,000,000	Community Chest of Korea
Development of Jurisprudence	50,000,000	Seoul National University
Support for research on IFRS	50,000,000	Korea Accounting Institute
Seoul Peace Prize	30,000,000	Seoul Peace Prize Cultural Foundation
Support for information have-nots	30,000,000	Korea Welfare Info-Communications Association
Support for welfare of vulnerable women	24,000,000	Anna's House
Scholarship program	20,000,000	ICT Polytech Institute of Korea
Support vulnerable children and youths	20,000,000	WE START
Support for welfare of vulnerable senior citizens	19,990,600	Korean Foundation for Support of the Senior Citizen in need
Support for academic research in accounting	10,000,000	Korean Accounting Association
Support for arts and culture	10,000,000	Korea Mecenat Association
School entrance gifts for vulnerable children	5,000,000	Save the Children Korea

Greenhouse Gas Emissions

	Unit	2019	2020	2021	2021 Goal
Total GHG emissions		1,005,576	1,039,979	1,051,380(102.2%)	1,073,990
GHG intensity		88.1	88.5	86.9(105.2%)	91.4
Direct GHG emissions		6,604	6,133	6,286(96.2%)	6,045
Stationary combustion		4,606	4,065	4,351(91.9%)	4,000
Mobile combustion	tCO_2e	1,998	2,068	1,935(103.4%)	2,000
Indirect GHG emissions		998,989	1,033,846	1,045,114(102.2%)	1,067,944
Electricity(local)		998,899	1,033,575	1,044,583(102.2%)	1,067,658
Steam		90	271	531(53.9%)	286

* GHG emissions and energy consumption have been calculated in accordance with the guidelines on the operation of GHG ETS. See p.159 for Greenhouse Gas Emissions
** Market based emissions is 1,030,890 tCO_2e
*** GHG intensity measures emissions per 1 billion won of sales(tCO_2e/KRW billion)

Energy Consumption

	Unit	2019	2020	2021	2021 Goal
Total energy consumption	TJ	20,664.0	21,371.0	21,952.6(102.1%)	22,423.5
		2,142,441	2,216,812	2,275,684(102.2%)	2,325,607
Direct	Mwh	31	29	30(98.8%)	29
Indirect electricity		2,142,409	2,216,781	2,275,650(102.2%)	2,325,575
Indirect steam		1	2	4(54.2%)	2
Energy intensity		1.80	1.82	1.81(102.1%)	1.85
Direct energy consumption		112.7	103.7	106.8(98.8%)	105.5
Natural gas		60.5	53.0	56.9(96.7%)	55.0
Diesel		11.0	12.1	8.9(112.4%)	10.0
Kerosene		16.7	12.4	15.0(99.7%)	15.0
Jet fuel	TJ	1.5	5.0	4.0(99.7%)	4.0
Gasoline		21.6	19.8	20.3(98.3%)	20.0
LPG		1.4	1.5	1.6(93.5%)	1.5
Indirect energy consumption		20,569.6	21,267.3	21,845.8(102.2%)	22,318.0
Electricity		20,567.0	21,258.9	21,831.1(102.2%)	22,310.0
Steam		2.6	8.4	14.8(54.2%)	8.0

* Indirect electricity consumption is location-based, and direct energy consumption and indirect steam consumption have been converted using a conversion factor (0.2777778TJ/Mwh).

** The above sum of greenhouse gas emissions and energy consumption may differ from the sum of each direct and indirect energy consumption by source by applying the rule that emissions should be summed after truncating decimal places at the business site level.

*** GHG emissions and energy consumption have been calculated in accordance with the guidelines on the operation of GHG ETS. See p.159 for Greenhouse Gas Emissions Assurance Statement

**** Energy intensity measures emissions per 1 billion won of sales(TJ/KRW billion)

Reduction of Energy Consumption

	Unit	2019	2020	2021	2021 Goal
Total power consumption reduction		46,227	47,029	49,514(95.3%)	51,973
Reduction from building management		3,883	4,632	3,879(97.0%)	4,000
Reduction from natural air-conditioning system		39,587	39,587	174(8.7%)	2,000
Renewable energy consumption		2,757	2,810	45,461(98.9%)	45,973
Green Premium[1]	MWh	0	0	44,600(100.0%)	44,600
Solar panels on buildings[2]		28	81	522(104.4%)	500
Solar power for telecommunication systems[3]		2,729	2,729	338(38.8%)	873
Total power consumption		2,142,409	2,216,781	2,275,650(97.9%)	2,323,974
Renewable energy ratio		0.1%	0.1%	2.0%(100.0%)	2.0%

1) Green Premium used in Bundang Building and Seongsu Building
2) Power generated by solar panels installed on company buildings
3) Solar power generated for operation of telecommunication systems at stations.

Indirect GHG emissions(Scope 3)

	Unit	2019	2020	2021	2021 Goals
Total indirect GHG emissions		10,924,765	6,918,286	4,384,495(154.3%)	6,763,894
1. Purchased goods and services		2,875,881	2,645,868	2,543,897(102.1%)	2,597,502
2. Capital goods		1,878,075	1,183,439	1,186,700(97.1%)	1,151,979
3. Fuel and energy consumed		828	739	455(162.4%)	739
5. Wastes		641	600	461(130.2%)	600
6. Business trips	tCO_2e	1,756	768	1,411(54.4%)	768
7. Commuting		17,485	9,369	9,015(103.9%)	9,369
8. Rental property		12,939	13,480	13,058(103.2%)	13,480
14. Merchants		70,384	74,271	81,013(91.7%)	74,271
15. Investment		6,066,775	2,989,751	548,485(531.5%)	2,915,186

* In 2021, 16 companies that fell into the category 15 of SK Telecom's Scope3 were spun off into SK Square. For this reason, the category 15 for year 2020 has been re-calculated. For the category 15 in 2021, it was confirmed that the emissions were reduced as the emission calculation logic based on actual activity data for 20 companies was improved.

Waste and Recycling

	Unit	2019	2020	2021	2021 Goals
Total waste discharged		1,705	1,553	1,740(83.6%)	1,455
Domestic waste		532	512	383(117.5%)	450
Large-sized waste		177	219	176(113.6%)	200
Food waste		441	360	232(129.5%)	300
Waste cooking oil	ton	-	-	3(187.3%)	5
Designated waste		21	45	530(9.4%)	50
Recyclable waste		535	417	417(108.0%)	450
Waste discharge intensity		0.149	0.132	0.144(83.6%)	0.120
Recycling rate	%	30.0	26.9	23.9(77.4%)	30.9
Total Waste Disposed	ton	1,170	1,136	1,323(75.9%)	1,005

* Designated waste increased due to sludge generated(484 tons) from waste water treatment plant within Boramae Building during cleaning in 2021.
** 100% consignment of waste disposal and recycling
*** Waste discharge intensity measures Waste discharge per 1 billion won of sales.(Tons/KRW billion)

Water Consumption

	Unit	2019	2020	2021	2021 Goals
Volume of water consumed		719,552	662,034	604,870(107.5%)	650,000
Waterworks	㎥	668,513	630,297	591,396(104.8%)	620,000
Groundwater		51,039	31,737	13,474(222.7%)	30,000
Water consumption intensity	㎥/KRW billion	63.0	56.4	50.0(107.5%)	53.7

* The amount of water intake and consumption are the same

Environmental Costs

	Unit	2019	2020	2021
Total environmental costs[1]		4,013	947	3,483
Energy saving and climate change response cost		3,365	470	2,559
Waste disposal/recycling service	KRW million	165	161	293
Education/training cost		34	34	0
Charges & taxes		449	282	631
Others		0	0	0

1) Excluding green procurement, GHG emission credits

Purchase of GHG Emissions Credits

	Unit	2019	2020	2021
Annual cost for purchasing GHG emissions credits	KRW million	0	0	1,091[1]

• GHG emissions credits purchased in 2021 to offset a shortage in credits(68,471 tons) for year 2020

Green Procurement Costs

	Unit	2019	2020	2021
Green procurement costs	KRW million	73,700	33,700	38,100

Independent Assurance Statement

To: The Stakeholders of SK Telecom Co., Ltd.

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify SK Telecom Annual Report 2021 (hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance. SK Telecom is solely responsible for all information and assertion contained in the report. The responsibility of the assurance is to provide independent assurance statement with expert opinions to SK Telecom by applying the verification methodology and to provide this information to all stakeholders of SK Telecom.

Assurance Standards and Levels

This assurance was based on the AA1000AS v3 (2020) Assurance Standard and confirmed that the report was prepared in accordance with the Comprehensive Option of GRI Standards, the international standards guidelines of sustainability reports. The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS.

Scope of Assurance

The scope of assurance applied to this report is as follows;

· Based on the period from January 1st to December 31st 2021 included in the report
· Major assertion included in the report such as sustainability management policies, strategies, objectives, business and performance
· Information related to material issues determined as a result of materiality assessment
· Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

· Financial information
· Disclosures in the international standards and initiatives index excluding GRI
· Other related additional information such as the website presented in the report

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

· To determine verification priorities, review of materiality issue analysis process and verification of the results
· System review for sustainability strategy process and implementation

· Review the evidence to support the material issues through interviews with senior managers with responsibility for them
· Verification of data generation, collection and reporting for each performance index

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

· The information and data included in the report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
· The report was prepared according to the comprehensive option of the GRI Standards.
· The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion
SK Telecom defined employees, customers, partner, governments, local community and shareholder as key stakeholder groups, and operates communication channels for each group for stakeholder engagement. SK Telecom conducted a survey on internal and external stakeholders and collected various opinions and expectations of stakeholders based on the response results, and reflect the derived material issues in decision-making on sustainability management.

Materiality: Identification and reporting of material sustainability topics
SK Telecom derived the issue pool of 29 major topics through the materiality assessment process and communication with stakeholders, based on a the results of media research, benchmarking global advanced companies, analysis of major global initiatives related to sustainability, and opinions collected from communication channels of each stakeholder group. SK Telecom conducted the materiality assessment that comprehensively considered stakeholder interest and business impact, and selected the 4 core issues and 11 reporting issues identified.

Responsiveness: Responding to material sustainability topics and related impacts
SK Telecom reflected the expectations of stakeholders on material topics derived through the materiality assessment and reflected them in the strategies and long-term plans to respond. The effectiveness of their ESG management and performance are kept under continuous review and monitoring through ESG management units, and key issues are reported to the ESG Committee. Their policy and activities in respect to each of the material topics were then disclosed to stakeholders through the sustainability report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SK Telecom implemented the process to identify and evaluate the impact on organizations and stakeholders related to material issues. SK Telecom make decisions on operations and management of impacts that could arise from each material issue by identifying and assessing the impacts, risks, and opportunities regarding selected material issues, and manages social value creation performance based on the SK Group social value (SV) measurement methodology, and the results of impact, risk, and opportunity factors analysis on material issues are used for decision-making to respond to each issue, and the process is disclosed in the sustainability report.

Key areas for ongoing development

· It may be helpful to conduct internal verification processes such as SV measurements related to sustainability data for reporting data quality and reliability management disclosed in the report.

· It may be helpful to increase the proportion of external stakeholders in the process of conducting materiality assessment and deriving material issues can help reflect sustainability issues that have a substantial impact.

· Each section of the report describes the positive aspects and expresses efforts to further develop them. However, at the same time, identifying issues with poor performance and specifying specific plans and mid-to/long term plans/goals for resolving them will help improve the balance of reporting.

Statement of independence and competence

The assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK Telecom. The assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report was prepared in accordance with the GRI Standards Comprehensive Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by SK Telecom.

[Universal Standards]

Organizational Profile 102-1~13 / Strategy 102-14~15 / Ethics and Integrity 102-16~17 / Governance 102-18~39 / Stakeholder Engagement 102-40~44 / Reporting practice 102-45~56 / Management Approach 103-1~3

[Topic-specific Standards]

· Economic: 201-1~4, 202-1~2, 203-1~2, 204-1, 205-1~3, 206-1, 207-1~4
· Environmental: 302-1~5, 303-1~4, 303-3, 303-5, 305-1~5, 306-1~5, 307-1, 308-1~2
· Social: 401-1~3, 402-1, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 411-1, 412-1~3, 413-1~2, 414-1~2, 415-1, 416-1~2, 417-1~3, 418-1, 419-1

27 June 2022
S. H. Lim
BSI Group Korea, Managing Director

Greenhouse Gas Emissions Assurance Statement

Introduction

DNV Business Assurance Korea Ltd.("DNV") was commissioned by SK Telecom Co., Ltd.("SK Telecom") to verify the SK Telecom's Greenhouse Gas Inventory Report for the calendar year 2021("the report") based upon a reasonable level of assurance. SK Telecom is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within the guidelines on the operation of GHG emission trading scheme("ETS")(Notification No. 2021-278 of Ministry of Environment)'. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The GHG emissions and energy consumption data covered by our examination comprise Direct emissions(Scope 1 emissions) and Energy indirect emissions(Scope 2 emissions) from SK Telecom boundary of the report;

· GHG emissions under verification: GHG emissions from 2021
· Organizational boundary for reporting: SK Telecom Co., Ltd.(in Korea)

Verification Approach

The verification has been conducted by DNV on March 2022 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS(Notification No.2021-278, Korean Ministry of Environment) and the verification guideline for GHG ETS(Notification No. 2021-115, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process;

· We have reviewed the GHG emissions and energy consumption report for the calendar year 2021
· We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions set out in SK Telecom's report are not fairly stated. The GHG emissions of SK Telecom for the year 2021 were confirmed as below;

April 2022
Seoul, Korea

Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance 27 April 2022). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of SK Telecom is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

Greenhouse Gas Emissions of SK Telecom Co., Ltd. for Yr 2021   (Unit: ton CO_2 equivalent.)

SK Telecom	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Total emissions
KOREA(Location-based)*	6,286	1,045,114	1,051,380
KOREA(Market-based)**		1,024,624	1,030,890

※ Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.
* The 'Location-based' emissions are GHG emissions reported as Scope 2 based of local-grid under GHG ETS.
** The 'Market-based' emission are GHG emissions reflected as Scope 2 by purchasing of REC(Renewable Energy Certificates) in 2021.

Water Consumption and Waste Generation

Introduction

DNV Business Assurance Korea Ltd.("DNV") was commissioned by SK Telecom Co., Ltd.("SK Telecom") to verify the SK Telecom's Water Consumption and Waste Generation Inventory Report for the calendar year 2021("the report") based upon a limited level of assurance. SK Telecom is responsible for the preparation of the Water Consumption and Waste Generation data. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement. The verification is based on the assumption that the data and information provided to DNV are complete, sufficient and true.

Scope of Assurance

The water consumption and waste generation data covered by our examination comprise water consumption (waterworks, groundwater) and waste generation(domestic waste, large-sized waste, food waste, designated waste, recyclable waste) from SK Telecom boundary of the report;

· Organizational boundary for reporting: 27 office buildings of SK Telecom – SK T-Tower, Namsan Building, Knights Gym, Jaan Building, Future Management Institute, Bundang Building, Seongsu Building, Boramae Building, Suyu Building, Incheon Building, Dunsan Dunsan Building, Daejoen Busa Building, Wonju Building, Cheongju Building, Myeongnyun Building, Gwangju Songeong Building, Gwangju Usan Building, Jeonju Building, Jeju Building, Daegu Taepyeong Building, Daegu Bolli Building, Daegu Sincheon, Daegu Jungdong Building, Busan Datacenter, Busan Buam Building, Busan Allak Building, Pangyo Building

Verification Approach

The verification has been conducted in May 2022 at SK Telecom's headquarters and major business sites. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion, concerning the completeness of the water consumption and waste generation. As part of the verification process;

· We have reviewed and verified the SK Telecom's water consumption and waste generation inventory report (Excel based)
· We have reviewed and verified the process to generate, aggregate and report the water consumption and waste generation data

Conclusions

Based on the process and procedures conducted, there is no evidence that the water consumption and waste generation assertion is not materially correct and is not a fair representation of data and information. The water consumption and waste generation of SK Telecom for the year 2021 were confirmed as below;

3rd June 2022
Seoul, Korea

Jang-Sub Lee
Country Manager
DNV Business Assurance Korea Ltd

Water Consumption of SK Telecom's 27 office buildings for Yr 2021   (Unit: ㎥)

SK Telecom	Waterworks	Groundwater	Total Water Consumption
27 office buildings	591,396	13,474	604,870

Waste Generation of SK Telecom's 27 office buildings for Yr 2021   (Unit: ton)

SK Telecom	Domestic waste	Large-sized waste	Food waste	Waste cooking oil	Designated waste	Recyclable waste	Total Waste Generation
27 office buildings	383	176	232	3	530	417	1,740

Environmental Management System Certificate

GRI Standards Index

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
GENERAL DISCLOSURES					
Organizational Profile	102-1	Name of the organization	Business Overview > About Company	p.15	V
	102-2	Activities, brands, products, and services	Hyper-Digital Era > 5 Businesses Business Overview > Our Business Model	p.8~13 p.21	V
	102-3	Location of the headquarters	Business Overview > About Company	p.15	V
	102-4	Location of operations	Business Overview > About Company	p.15-17	V
	102-5	Ownership and legal form	Business Overview > About Company Sustainability Management > Governance > Corporate Governance > Shares and Ownership Structure, Annual General Meeting	p.15-17 p.99-101	V
	102-6	Markets served	Business Overview > About Company Business Overview > Our Business Model	p.16 p.21	V
	102-7	Scale of the organization	Business Overview > About Company Evolution of New SKT > Creating Economic Value Appendix > Management's Discussion & Analysis	p.16-18 p.24 p.136-138	V
	102-8	Information on employees and other workers	Appendix > Social Data	p.150-153	V
	102-9	Supply chain	Sustainability Management > Society > Supply Chain	p.79-83	V
	102-10	Significant changes to the organization and its supply chain	Hyper-Digital-Era > Spin-off into SK Telecom and SK Square Evolution of New SKT > Creating Economic Value	p.4-5 p.24	V
	102-11	Precautionary Principle or approach	Sustainability Management > Governance > Risk Management	p.113-117	V
	102-12	External initiatives	Appendix > Non-financial statement Appendix > About This Report	p.149 p.184	V
	102-13	Membership of associations	Appendix > About This Report	p.184	V
Strategy	102-14	Statement from senior decision-maker	Business Overview > CEO Message	p.18-20	V
	102-15	Key impacts, risks, and opportunities	Evolution of New SKT > Materiality assessment Evolution of New SKT > Social Value Creation	p.25-30 p.36-37	V
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	Sustainability Management > Governance > Ethical Management	p.118-120	V
	102-17	Mechanisms for advice and concerns about ethics	Sustainability Management > Governance > Ethical Management, Compliance	p.118-124	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
GENERAL DISCLOSURES					
Governance	102-18	Governance structure	Sustainability Management > Governance > Corporate governance > Board of Directors	p.102-105	V
	102-19	Delegating authority	Sustainability Management > Governance > Corporate governance > Board of Directors, Committees of the BOD, ESG Committee	p.102-108	V
	102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Management > Governance > Corporate governance > Board of Directors, Committees of the BOD, ESG Committee	p.102-108	V
	102-21	Consulting stakeholders on economic, environmental, and social topics	Evolution of New SKT > Stakeholder Engagement Sustainability Management > Governance > Corporate governance > Board of Directors, Committees of the BOD, ESG Committee	p.31-32 p.102-108	V
	102-22	Composition of the highest governance body and its committees	Sustainability Management > Governance > Corporate governance > Board of Directors, Committees of the BOD, ESG Committee	p.102-108	V
	102-23	Chair of the highest governance body	Sustainability Management > Governance > Corporate governance > Board of Directors	p.102-105	V
	102-24	Nominating and selecting the highest governance body	Sustainability Management > Governance > Corporate governance > Board of Directors	p.102-105	V
	102-25	Conflicts of interest	Sustainability Management > Governance > Corporate governance > Board of Directors	p.102-105	V
	102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Management > Governance > Corporate governance > Board of Directors, Committees of the BOD, ESG Committee	p.102-108	V
	102-27	Collective knowledge of highest governance body	Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee	p.106-108	V
	102-28	Evaluating the highest governance body's performance	Sustainability Management > Governance > Corporate governance > Fair Performance Evaluation and Compensation	p.109-112	V
	102-29	Identifying and managing economic, environmental, and social impacts	Evolution of New SKT > Stakeholder Engagement Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee • Referance to governance report in details	p.31-32 p.106-108	V
	102-30	Effectiveness of risk management processes	Sustainability Management > Governance > Corporate governance > Committees of the BOD	p.106-108	V
	102-31	Review of economic, environmental, and social topics	Evolution of New SKT> Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee	p.26 p.106-108	V
	102-32	Highest governance body's role in sustainability reporting	Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee	p.106-108	V
	102-33	Communicating critical concerns	Evolution of New SKT> Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee	p.26 p.106-108	V
	102-34	Nature and total number of critical concerns	Sustainability Management > Governance > Corporate governance > Committees of the BOD, ESG Committee • Referance to governance report in details	p.106-108	V
	102-35	Remuneration policies	Sustainability Management > Governance > Corporate governance > Fair Performance Evaluation and Compensation	p.109-112	V
	102-36	Process for determining remuneration	Sustainability Management > Governance > Corporate governance > Committees of the BOD	p.106-108	V
	102-37	Stakeholders' involvement in remuneration	Sustainability Management > Governance > Corporate governance > Fair Performance Evaluation and Compensation • Referance to governance report in details	p.109-112	V
	102-38	Annual total compensation ratio	Sustainability Management > Governance > Corporate governance > Fair Performance Evaluation and Compensation	p.109-112	V
	102-39	Percentage increase in annual total compensation ratio		[Confidentiality Constraints] No further details can be divulged due to the company policy on information disclosure.	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
GENERAL DISCLOSURES					
Stakeholder Engagement	102-40	List of stakeholder groups	Evolution of New SKT > Stakeholder Engagement	p.31-32	V
	102-41	Collective bargaining agreements	Appendix > Social Data	p.150-153	V
	102-42	Identifying and selecting stakeholders	Evolution of New SKT > Stakeholder Engagement	p.31-32	V
	102-43	Approach to stakeholder engagement	Evolution of New SKT > Materiality Assessment > Materiality Assessment Process Evlolution of New SKT > Stakeholder Engagement	p.25 p.31-32	V
	102-44	Key topics and concerns raised	Evolution of New SKT > Materiality Assessment > Materiality Assessment Process	p.25	V
Reporting Practice	102-45	Entities included in the consolidated financial statements	Business Overview > Company Overview	p.17	V
	102-46	Defining report content and topic Boundaries	Evolution of New SKT > Materiality Assessment > Materiality Assessment Process	p.25	V
	102-47	List of material topics	Evolution of New SKT > Materiality Assessment > Materiality Assessment Results, Material Issue Management	p.26-30	V
	102-48	Restatements of information	Appendix > About This Report	p.184	V
	102-49	Changes in reporting	-	Any change requiring special attention is presented as a footnote in the report.	V
	102-50	Reporting period	Appendix > About This Report	p.184	V
	102-51	Date of most recent report	Appendix > About This Report	p.184	V
	102-52	Reporting cycle	Appendix > About This Report	p.184	V
	102-53	Contact point for questions regarding the report	Appendix > About This Report	p.185	V
	102-54	Claims of reporting in accordance with the GRI Standards	Appendix > About This Report	p.184	V
	102-55	GRI content index	Appendix > GRI Standards Index	p.162-170	V
	102-56	External assurance	Appendix > Independent Assurance Report	p.157-158	V
Management Approach	103-1	Explanation of the material topic and its Boundary	Evolution of New SKT> Materiality Assessment	p.25-30	V
	103-2	The management approach and its components	Evolution of New SKT > Materiality Assessment > Material Issue Management Sustainability Management > Governance > Compliance > Long-Term Target Sustainability Management > Society > Social Contribution Evolution of New SKT > Social Value Creation	p.27-30 p.123 p.90-97 p.36-37	V
	103-3	Evaluation of the management approach	Evolution of New SKT> Materiality Assessment > Material Issue Management	p.27-30	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
ECONOMY					
Stakeholder Engagement	201-1	Direct economic value generated and distributed	Appendix > Financial Statement	p.126-135	V
	201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Management > Society > Risk Management Sustainability Management > Environment > Environmental Management > Climate Change Response Appendix > TCFD	p.113-117 p.58-63 p.175-179	V
	201-3	Defined benefit plan obligations and other retirement plans	-	All of SK Telecom's full-time employees are covered by SK Telecom's defined contribution/benefit plan obligations during the reporting period.	V
	201-4	Financial assistance received from government	Sustainability Management > Governance > Corporate governance > Shares and Ownership Structure	p.100-101	V
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	[Confidentiality Constraints] SK Telecom provides entry level wages that are higher than the local minimum wage in all its regional operations, and does not discriminate on the basis of gender at all. No further details can be divulged due to the company policy on information disclosure.	V
	202-2	Proportion of senior management hired from the local community	Appendix > Social Data	p.150-153	V
Indirect Economic	203-1	Infrastructure investments and services supported	Sustainability Management > Society > Social Contribution Evolution of New SKT > Social Value Creation	p.90-97 p.36-37	V
	203-2	Significant indirect economic impacts	Evolution of New SKT > Social Value Creation	p.36-37	V
Procurement Practices	204-1	Proportion of spending on local suppliers	Sustainability Management > Society > Supply Chain > Supply Chain Status	p.79	V
Anti-corruption	205-1	Operations assessed for risks related to corruption	Sustainability Management > Society > Risk Management	p.113-116	V
	205-2	Communication and training about anti-corruption policies and procedures	Sustainability Management > Governance > Ethical Management > Ethical Management Process > Prevention Sustainability Management > Governance > Compliance	p.119 p.121-122	V
	205-3	Confirmed incidents of corruption and actions taken	Sustainability Management > Governance > Ethical Management > Ethical Management Process > Detection, Response	p.120	V
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices		SK Telecom is reporting related sanctions and measures through business report.	V
Tax	207-1	Approach to tax(whether the organization has a tax strategy; the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; and how the approach to tax is linked to the business and sustainable development strategies of the organization)	Appendix > Financial Statement > Tax Policy	p.133	V
	207-2	Tax governance, control, and risk management(mechanisms for reporting concerns about the organization's integrity in relation to tax, etc.)	Appendix > Financial Statement > Tax Policy	p.133	V
	207-3	Stakeholder engagement and management of concerns related to tax(engagement with tax authorities; public policy advocacy on tax; and collecting the views and concerns of stakeholders)	Appendix > Financial Statement > Tax Policy	p.133	V
	207-4	Country-by-country reporting(ax jurisdictions where the entities included in the organization's audited consolidated financial statements; tax jurisdiction ; and time period covered by the information reported)	Appendix > Financial Statement > Tax Policy	p.133	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
ENVIRONMENT					
Materials	301-1	Energy consumption within the organization		[N/A] Due to the nature of our industry, the volume/weight of the raw materials manufactured, processed or used by SK Telecom is negligible.	V
	301-2	Energy consumption outside of the organization			V
	301-3	Energy intensity			V
Energy	302-1	Energy consumption within the organization	Appendix > Environmental Data	p.153-156	V
	302-2	Energy consumption outside of the organization	Appendix > Environmental Data	p.153-156	V
	302-3	Energy intensity	Appendix > Environmental Data	p.153-156	V
	302-4	Reduction of energy consumption	Appendix > Environmental Data	p.153-156	V
	302-5	Reductions in energy requirements of products and services	-	[N/A] There was no requirement for additional energy consumption for SK Telecom's product usage during the reporting period, and the reduction of energy consumption that the company's services have indirectly contributed to was included in p.153.	V
Water	303-1	Water withdrawal by source	-	[Information Unavailable] Due to the nature of our business, we do not have any significant impact on the water supply, so we do not separately manage the volume of our water withdrawal/discharge, although we do track our water consumption and strive to minimize it.	V
	303-2	Water sources significantly affected by withdrawal of water	-		V
	303-3	Water recycled and reused	Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p.153-156 p.160	V
	303-4	Water discharge	-	[Information Unavailable] Due to the nature of our business, we do not have any significant impact on the water supply, so we do not separately manage the volume of our water withdrawal/discharge, although we do track our water consumption and strive to minimize it.	V
	303-5	Water consumption	Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p.153-156 p.160	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
ENVIRONMENT					
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	SK Telecom is unaware of any significant impacts on biodiversity in protected areas resulting directly from its activities during the reporting period	V
	304-2	Significant impacts of activities, products, and services on biodiversity	-		V
	304-3	Habitats protected or restored	-		V
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	[Information unavailable] No significant impact on endangered species was identified due to SK Telecom's business operations during the reporting period. We manage the environmental impact of our business sites through the measurement of SK Group's social performance.	V
Emissions	305-1	Direct(Scope 1) GHG emissions	Appendix > Environmental Data Appendix > Greenhouse Gas Emissions Assurance Statement	p.153-156 p.159	V
	305-2	Energy indirect(Scope 2) GHG emissions	Appendix > Environmental Data Appendix > Greenhouse Gas Emissions Assurance Statement	p.153-156 p.159	V
	305-3	Other indirect(Scope 3) GHG emissions	Sustainability Management > Environment > Environmental Management > Climate Change response > Indirect greenhouse gas emissions Appendix > Environmental Data	p.62-63 p.153-156	V
	305-4	GHG emissions intensity	Appendix > Environmental Data	p.153-156	V
	305-5	Reduction of GHG emissions	Sustainability Management > Environment > Environmental Management > Climate Change response Appendix > Environmental Data	p.58-63 p.153-156	V
	305-6	Emissions of ozone-depleting substances(ODS)	-	[N/A] Due to the nature of our industry, SK Telecom's emissions of ozone-depleting substances(ODS) are negligible.	V
	305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	-	[N/A] Due to the nature of our industry, SK Telecom's emissions of nitrogen oxides and sulfur oxides are negligible.	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
ENVIRONMENT					
Effluents and Waste	306-1	Water discharge by quality and destination	Sustainability Management > Environment > Environmental Management > Reductions in resource use	p.64-65	V
	306-2	Waste by type and disposal method	Sustainability Management > Environment > Environmental Management > Reductions in resource use	p.64-65	V
	306-3	Significant spills	Sustainability Management > Environment > Environmental Management > Reductions in resource use Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p.64-65 p.153-156 p.160	V
	306-4	Transport of hazardous waste	Sustainability Management > Environment > Environmental Management > Reductions in resource use Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p.64-65 p.153-156 p.160	V
	306-5	Water bodies affected by water discharges and/or runoff	Sustainability Management > Environment > Environmental Management > Reductions in resource use Appendix > Environmental Data	p.64-65 p.153-156	V
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	There were zero violations of environmental laws and regulations, and no fines or penalties were imposed on the company in the last three years	V
Supplier Environmental assessment	308-1	New suppliers that were screened using environmental criteria	Sustainability Management > Gorvernance > Supply Chain > Supply Chain Status	p.79	V
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Management > Gorvernance > Supply Chain > Corrective measures and incentives	p.82	V
SOCIAL					
Employment	401-1	New employee hires and employee turnover	Appendix > Social Data > Total Employment, Recruitment and Turnover	p.150	V
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix > Social Data	p.150-153	V
	401-3	Parental leave	Appendix > Social Data > Maternity/Paternity Leave and Parental Leave	p.151	V
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	-	SK Telecom discloses operational changes immediately through the labor union website (www.sktunion.com) and the labor-management council meetings.	V
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	Special Report > Physical Responsibility > Occupational Safety and Health	p.50-54	V
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Special Report > Physical Responsibility > Occupational Safety and Health > Safety Management	p.53	V
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Special Report > Physical Responsibility > Occupational Safety and Health > Employee Health Management	p.54	V
	403-4	Health and safety topics covered in formal agreements with trade unions	Special Report > Physical Responsibility > Occupational Safety and Health	p.50-54	V
	403-5	Worker training on occupational health and safety	Special Report > Physical Responsibility > Occupational Safety and Health	p.50-54	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
SOCIAL					
Occupational Health and Safety	403-6	Promotion of worker health	Special Report > Physical Responsibility > Occupational Safety and Health > Employee Health Management	p.54	V
	403-7	Prevention and mitigation of occupational health and impacts directly linked by business relationships	Special Report > Physical Responsibility > Occupational Safety and Health Appendix > Social Data	p.50-54 p.150-153	V
	403-8	Workers covered by an occupational health and safety management system	Appendix > Social Data	p.150-153	V
	403-9	Work-related injuries	Special Report > Physical Responsibility > Occupational Safety and Health > Safety Management	p.53	V
	403-10	Work-related ill health	-	During the reporting period, no cases of work related diseases were identified in SK Telecom's premises.	V
Training and Education	404-1	Average hours of training per year per employee	Sustainability Management > Society > Employees	p.69	V
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Management > Society > Employees > Health, Safety, and Wellbeing Appendix > Social Data > Labor-Management Relations	p.71 p.151	V
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Management > Society > Employees	p.68-72	V
Environmental Compliance	405-1	Diversity of governance bodies and employees	Appendix > Social Data	p.150-153	V
	405-2	Ratio of basic salary and remuneration of women to men	Appendix > Social Data	p.150-153	V
Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	-	There was no discrimination reported in the last three years.	V
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	As of the end of the reporting period, SK Telecom's union membership rate is 89.0%. There are no operational sites that have been found to possibly violate freedom of association and collective bargaining seriously during the reporting period.	V
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Management > Society > Human Rights Management	p.73-78	V
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Management > Society > Human Rights Management	p.73-78	V
Security Practices	410-1	Security personnel trained in human rights policies or procedures	-	[Information Unavailable] SK Telecom does not currently track the percentage of its security personnel who have received human rights training.	V
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Sustainability Management > Society > Human Rights Management	p.73-78	V
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Management > Society > Human Rights Management	p.73-78	V
	412-2	Employee training on human rights policies or procedures	Sustainability Management > Governance > Ethical Management > Ethical Management Process > Ethical management education for employees	p.119	V
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	[Information Unavailable] SK Telecom is currently unaware of contracts that include human rights clauses or that undergo a human rights screening process.	V

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
SOCIAL					
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Management > Society > Social Contribution	p.90-97	V
	413-2	Operations with significant actual and potential negative impacts on local communities	-	SK Telecom tracks any positive/negative impacts it has on its local communities by measuring social performance at the group level. During the reporting period, no significant actual or potential negative impacts on the company's local communities were detected.	V
Supplier Social Assessmen	414-1	New suppliers that were screened using social criteria	Sustainability Management > Society > Supply Chain > Sustainable Supply Chain Selection and Evaluation	p.80-83	V
	414-2	Negative social impacts in the supply chain and actions taken	Sustainability Management > Society > Supply Chain > Sustainable Supply Chain Selection and Evaluation	p.80-83	V
Public Policy	415-1	Political contributions	Sustainability Management > Compliance > Transparent Public Policy Engagement and Association Fees Execution	p.124	V
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	[Information Unavailable] Although we do not conduct any assessments of the impact of our products and services on public health and safety, we manage the health and safety impact of our products and services on our customers based on the results of our groupwide social performance.	V
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	SK Telecom manages the impacts of its products and services on public health and safety based on the groupwide measurement of social performance. During the reporting period, we recorded no incidents of non-compliance with the regulations concerning the impacts of our products and services on public health and safety.	V
Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	[Information Unavailable] SK Telecom is unaware of the percentage of its products and services that are subject to information and labeling requirements. However, SK Telecom manages the status of provision of appropriate information on its products and services to its customers through the measurement of our groupwide social performance.	V
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	During the reporting period, SK Telecom recorded no cases of non-compliance with the laws on product/service information and labelling.	V
	417-3	Incidents of non-compliance concerning marketing communications	-	During the reporting period, SK Telecom recorded no cases of non-compliance with the regulations and/or voluntary codes concerning marketing communications, promotion and sponsorship.	V
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Special Report > Digital Responsibility > Cybersecurity > Information Security Management System Special Report > Digital Responsibility > Privacy Protection	p.44-45 p.46-47	V
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	SK Telecom has not paid any penalties due to a fair trade-related violation during the reporting period.	V

SASB*

* SASB: Sustainability Accounting Standards Board

SK Telecom understands the importance of corporate sustainability and impact on stakeholders, and strives to have management indexes in various areas satisfy international sustainability standards, including the environment, information security, corporate ethics, circular economy, and risk management.

In addition, to enable each stakeholder to precisely understand our sustainability-related activities, we aim to manage each item's qualitative and quantitative indexes and to thoroughly disclose them according to the SASB recommendations. SASB measurement indexes are disclosed after reviews and deliberations by the BOD and management. Regarding indexes that do not satisfy SASB standards, we will establish goals and make continued improvements through additional reviews.

ACTIVITY METRIC
(As of December 31, 2021)

Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Wireless subscribers	Quantitative	Persons (No. of subscribers)	TC-TL-000.A	A total of 31.9 million wireless subscribers	p.136-141
Wireline subscribers			TC-TL-000.B	About 3.6 million including SK Broadband and SK telink VoIP service subscribers	p.136-141
Broadband subscribers			TC-TL-000.C	About 6.6 million broadband Internet subscribers and 9 million paying TV subscribers	p.136-141
Network traffic and proportions of mobile communication networks and fixed networks		Petabytes, %	TC-TL-000.D	48,200,000 lines capacity(151%) Annual data traffic processed in 2021: 4,086,680(TB)	p.88

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Environmental Footprint of Operations	(1) Total consumed energy, (2) percentage of grid electricity, (3) percentage of renewable energy,	Quantitative	GJ / %	TC-TL-130a.1	Total energy consumption 21,949,500GJ	p.154
Data Privacy	Ads, policies and practices relating to the retention of customers' personal information	Discussion and Analysis	n/a	TC-TL-220a.1	4,322 people completed Education on Personal Information security in 2021	p.44-47
	Number of customers whose customer information is collected for secondary purpose	Quantitative	Persons (No. of customers)	TC-TL-220a.2	A total of 28,258,662 (Subscribers who consented to receive information/ads: 16,819,691; disagree: 11,438,971)	p.46
	Amount of legal and regulatory fines associated with customer privacy	Quantitative	KRW	TC-TL-220a.3	n/a	
	(1) Number of legal punishments related to customer information (2) number of customers whose information was requested by government or law enforcement agencies percentage resulting in disclosure (3) percentage of disclosures	Quantitative	Cases / %	TC-TL-220a.4	288,527 communications data requests from government agencies 44,226 communications verification data requests from government agencies	p.46
Data Security	(1) Number of data security breaches (2) percentage of breaches of personally identifiable information(PII) security (3) number of customers who suffered from such breaches	Quantitative	Cases / %	TC-TL-230a.1	n/a	
	Management approach to identifying data security risks including security risk related to utilization of third parties' information security risk	Discussion and Analysis	n/a	TC-TL-230a.2	SKT's Personal Information Handling Policy is published on the website in accordance with the Personal Information Protection Act.(Customers' personal information is collected only upon obtaining the subscriber's prior consent(opt-in), and the information is used only within the scope of the stated purpose; personal information can only be supplied to any third party after obtaining the customer's consent)	p.46

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Topic	Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Product End-of-Life Management	(1) Materials recycled through take- back programs (2) percentage of recycled materials (3) recycling rate (4) landfill rate	Quantitative	Tons and % by weight	TC-TL-440a.1	Recycling rate: 23.9% Device recycling rate:4.9% in 2021	p.64-65
Fair Competition	Financial damage such as fines caused by violations of fair trade-related acts	Quantitative	KRW	TC-TL-520a.1	SKT incurred no penalties for unfair competition	
	(1) Contents owned by company and commercially related contents, (2) average download speed of unrelated contents	Quantitative	Mbps	TC-TL-520a.2	SK Telecom does not disclose the download speed by content types(contents owned by the company, commercial contents, contents not commercially related). However, there is no difference in the download speed between diverse contents.	p.88-89
	Explanations about risks and opportunities related to net neutrality, paid peering, and zero rating	Discussion and Analysis	n/a	TC-TL-520a.3	SK Telecom complies with the Guidelines on Network Neutrality and Internet Traffic Management established by the Ministry of Science and ICT.	
Managing Systemic Risks from Technology Disruptions	(1) Telecommunication interruption frequency, (2) average interruption duration per customer	Quantitative	Frequency per customers, hours per customer	TC-TL-550a.1	SK Telecom experienced no major communication failure.	p.88
Technology Disruption and Analysis	System for normal service operation/provision against service interruptions and other similar situation	Discussion and Analysis	n/a	TC-TL-550a.2	SK Telecom has established a network failure and emergency recovery system to minimize network failures and the service impacts caused by such failures. SK Telecom operates an integrated risk management system in order to preemptively respond to and manages risks related to business, employees, customer value, business partners, governance, and climate change.	p.88 p.113-117

Industry-specific Indicators

SK Telecom discloses industry–specific indicators in environmental/social/governance areas in consideration of the nature of the telecommunication industry to reflect changes and needs of major external stakeholders.
SK Telecom will continue to make improvements to satisfy international sustainability standards..

No.	Topic	Category	Item	Unit	SK Telecom's Status	Cross Reference / Direct Answer
1	Environmental efficiency of the product	Execution/ Outcome	· Proportion of products restored/reused through product retrieval programs (1) reusable products, (2) recycled products, (3) landfilled products → The proportion of products collected by its manufacturers or third-party was also recognized	tons, %	· SK Telecom strives to prevent waste of resources and provide eco-friendly products and services. At the end of 2021, the total number of electronic bill users was 25.75 million, which has been continuously increasing since the introduction of the app bill in 2010. In 2021, the comapny's electronic bill subscription rate also recorded 92.6%, up 1.5%p from the previous year. · The plastic T-Membership Cards were replaced with Mobile T-membership Eco Cards, reducing the use of more than 24 tons of plastic per year and reducing carbon emissions by about 55 tons. In 2021, an accumulated T Membership Mobile card issuance rate is 71%, an increase of about 1%p from the previous year, and has steadily increased year by year. · We are reducing unnecessary resource waste by collecting device. The device retrieval rate, is calculated by dividing the number of devices collected by the total number of terminals sold annually. The device retrieval rate in 2021 was 4.9%, an increase from the previous year.	p.64-65
2		Execution/ Outcome	· Measure average download speed of contents (1) Contents owned by company or commercially related contents, (2) Unrelated contents	Mbps	· SK Telecom took the first place in download speed and latency, which are the most important indicators of 5G network quality, in the 5G quality evaluation in the second half of 2021 by the Ministry of Science and ICT. In particular, the download speed increased by 17% compared to the previous year, and we are focusing on improving the network quality.	p.89
3		Policy	· Explanations about risks and opportunities (network neutrality, paid peering, zero rating etc.)	n/a	· SK Telecom complies with the Ministry of Science and ICT's 'Guidelines on the Network Neutrality and Internet Traffic Management'.	-
4			· Operation of direct or fully owned subsidiaries in emerging markets	No. of cases	· SK Telecom does not operate direct or fully owned subsidiaries in emerging markets.	-
5			· Ownership interest in local business operators	No. of cases / %	· SK Telecom does not hold any ownership interest in local business operators.	-
6	Communication Accessibility	Execution/ Outcome	· Provision of services for the underprivileged (including activities in developed markets) - senior citizens	n/a	· SK Telecom strives to solve the difficulties of socially vulnerable groups such as the elderly living alone and to expand the social safety net using artificial intelligence technology and ICT expertise. · SK Telecom runs a program to teach elderly how to use digital device to reduce the information gap.	p.91 p.93
7			· Provision of services for the underprivileged (including activities in developed markets) - children		· SK Telecom runs 'Coding Classes for vulnerable children' to reduce the information gap. · To provide the ICT vulnerable with ICT capacity building and learning opportunities, SK Telecom donates smart devices to children from vulnerable classes and organizes the 'Happy Coding Challenge' to help youths with disabilities develop their creativity.	p.93 p.94
8			· Provision of services for the underprivileged (including activities in developed markets) - the disabled		· SK Telecom, which is transforming into an AI service company, is promoting 'Barrier Free AI', which utilizes its AI technology capabilities to enhance the convenience of people with disabilities and to create jobs. · SK Telecom operates the 'Software Coding Education tailored to Disability Type' program to bridge the information gap among people with disabilities.	p.92 p.93
9			· Provision of services for the underprivileged (including activities in developed markets) - low-income households		· SK Telecom operates tariff discount program for vulnerable classes to reduce information gap among low income households. · In 2021, the total amount of provided for the disabled, low-income households, and basic pension recipients was KRW 479.8 billion, an increase of 14.2% from the previous year.	p.93

No.	Topic	Category	Item	Unit	SK Telecom's Status	Cross Reference / Direct Answer
10	Communication Accessibility	Execution/ Outcome	· Provision of services for the underprivileged (including activities in developed markets) - mountainous areas	n/a	· In order to reduce the information gap, SK Telecom established a common 5G network in cooperation with the Ministry of Science and ICT and the other two telecommunication companies to provide 5G services to remote areas including islands and mountainous areas where it is difficult to access the existing telecommunication network and continue to expand the communication service coverage.	p.93
11		Execution/ Outcome	· Participate in philantrophic activities that explicitly support communication accessibility in developing countries	n/a	· SK Telecom does not participate in charitable activities that explicitly support communication accessibility in developing countries.	-
12		Goal	· Goals for communication accessibility or implementation of digital division strategy	n/a	· Plans to provide a digital competency-building program for a cumulative 300,000 people by 2025 to spread SKT Telecom's goodhearted influence by reducing the informatization gap for the digitally vulnerable and sharing advanced ICT technology capabilities.	p.86, p.182
13	Product/ Service Safety	Execution/ Outcome	(1) Average system failure time (2) Average system failure time by customer	Frequency per customers, hours per customer	· SK Telecom has established a network failure and emergency recovery system to minimize network failures and the service impacts caused by such failures There was no major network failure in 2021.	p.88
14		Policy	· Discuss how to provide sustainable service during period of service interruption(Identify risk factors, estimate extent of damage, set up to recovery plans, follow-up measures, etc.)	n/a	· SK Telecom has a risk management process consisting of evaluation plan establishment, risk evaluation, risk handling and aggregate reporting by reflecting major internal and external issues and demands from stakeholders. · Service failures are included in the risk types reported to CEO.	p.113-116
15	Labor Practices	Execution/ Outcome	· Provide stock options to employees	n/a	· SK Telecom has a program to encourage employees to spontaneously take part in the improvement of corporate value, where employees are offered an option to receive their performance-based bonus as the treasury stocks.	p.70
16		Execution/ Outcome	· Variable performance-based compensation	n/a	· SK Telecom is avoiding internal competition through the No rating absolute evaluation, and is implementing individualized performance management for each task.	p.70
17	Data Privacy and Data Security	Execution/ Outcome	· Number of customers whose customer information is collected for secondary purpose	persons(No. of customers)	· Total 28,258,662(Consent 16,819,691 / Disagree 11,438,971)	p.46
18		Execution/ Outcome	· Amount of legal and regulatory fines associated with customer privacy	KRW	· There are zero cases of customer information leakage, hence no legal and regulatory fines	p.45
19		Execution/ Outcome	· (1) Number of customers whose information was requested by government or law enforcement agencies percentage, (2) Number of customers who requested information, (3) percentage of disclosed information	No. of cases / %	· Communications data requests 288,527 / Communications verification data requests 44,226	p.46
20		Execution/ Outcome	· (1) Number of data security breaches, (2) percentage of breaches of personally identifiable information(PII) security, (3) number of customers who suffered from such breaches	No. of cases / %	· There is no case of customer information leakage, system hacking, and DDos attack.	p.45
21	Anti-corruption	Execution/ Outcome	· (1) Bribery or corruption, (2) Financial damage such as fines caused by anti-competitive practices	KRW	· SK Telecom complies with the Political Funds Act and do not provide any political or election funds or lobbying funds to any political parties or groups so as to prevent corrupt acts related to political funds.	p.124

TCFD*

* TCFD: Task Force on Climate-related Financial Disclosures

Climate risks increases due to frequent extreme weather events. SK Telecom aims to transparently disclose its climate change-related activities to brace for financial risks caused by climate change that major stakeholders are concerned about by preemptively managing potential financial risks triggered by climate change risks. In accordance with the TCFD Recommendations, SK Telecom's relevant response activities will be disclosed, divided into governance, management strategy, risk management, metrics nad targets, and we intend to cover all of the recommended disclosures of the TCFD Recommendations as well as information on the guidelines for the detailed sectors. For areas that require improvement, we will set goals and make continued improvements through additional reviews.

To this end, SK Telecom periodically monitors climate change risks and opportunities, with the ESG Committee performing central roles and under management by the ESG Group. We review climate change risks and opportunities in multiple areas, in consideration of five aspects, which are the 'regulatory aspect, technological aspect, market aspect, reputation aspect, and physical environment'.
The climate change risks and opportunities that are identified through this process and our response plan are systematically disclosed in accordance with TCFD standards after reviews and approval from the BOD and management.

TCFD Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Processes and frequency by which the board and/ or Committees of the BOD(e.g., audit, risk, or other committees) are informed about climate-related issues,	SK Telecom's ESG committee under the board of directors is the final decision making authority on climate change issues and implement its decisions through working level employee>CLO>CEO.	Environmental Management > Climate Change Response > Climate change response process	p.61	
		Whether the board and/or Committees of the BOD consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures,	The ESG group identifies climate change risks and report to the CLO immediately. The results of the materiality assessment are taken into account in setting performance goals, implementation and performance monitoring, and major action plans. Major issues are reported to and reviewed by the ESG committee.	Environmental Management > Climate Change Response > Climate change response process	p.61	C1.1a,b
		How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	The ESG committee monitors climate-related goals and progress through the monthly management ESG reporting and the ESG committee is held to supervise climate-related goals and progress. • ESG committee was held 6 times in 2021.	Environmental Management > Climate Change Response > Climate change response process > Make decisions on climate change risks/ opportunities(Flowchart)	p.61	
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Whether the organization has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues	The CLO, the management, reviews all identified and evaluated climate change risks and opportunities, and then the CEO, who is the top management, makes additional decisions according to the materiality, and final decisions on key issues are made through the ESG committee.	Environmental Management > Climate Change Response > Climate change response process	p.61	C1.2a
		How management is informed about climate-related issues and how management(through specific positions and/or management committees) monitors climate-related issues	The management monitors climate-related goals and progress through monthly management ESG reporting and monitors climate-related goals and progress by holding the ESG committee. • ESG committee was held 6 times in 2021.	Environmental Management > Climate Change Response > Climate change response process	p.61	

TCFD Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms	SK Telecom reviews the risks and opportunities for climate change in consideration of various aspects such as 'policy and law, technology, market, reputation, acute/chronic', and then we identified the short-, medium- and long-term impacts of the risks and opportunities	Environmental Management > Climate Change Response > Climate change risks and opportunities > Risks(table), Opportunities(table)	p.59	C2.1a, C2.2, C2.3a
		A description of the specific climate-related issues for each time horizon(short, medium, and long term) that could have a material financial impact on the organization	Base stations, some of which are also installed in mountains, are assets of SK Telecom, and an important element in business activities for maintaining communication networks. Wildfires caused by climate change are a major climate-related risk that can potentially occur in all time ranges, including short-term, medium-term, and long-term. We are seeking and practicing various ways to preemptively respond to wildfires and prevent them in advance.	Environmental Management > Biodiversity Protection > Deforestation prevention policies	p.66	
		A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization	The financial risks and opportunities related to climate change are analyzed in consideration of the 'income statement and statement of financial position', and the analyzed results are managed by the risk management process, and the level of risk is determined by the materiality assessment process.	Environmental Management > Climate Change Response > Climate change risks and opportunities	p.59	
Strategy	b) Describe the impact of climate-related risks and opportunities	Organizations should consider including the impact on their businesses and strategy in the following areas: · Products and services · Supply chain and/or value chain· · Adaptation and mitigation activities · Investment in research and development · Operations(including types of operations and location of facilities) · Access to capital, acquisition, or disposal of capital	SK Telecom's business strategies and financial plans are reflecting climate change related risks and opportunities in accordance with the company-wide risk management process and climate risk management process. SK Telecom promotes projects to enhance environmental efficiency such as ICT-based smart/green solutions, which are major products and services, and calculate and manage indirect emissions(Scope 3) throughout the value chain. In addition, as a way to alleviate the burden of the emission trading system, we are considering climate change throughout our business and financial plans, including mitigating price risk through the purchase of distributed emissions, purchasing renewable energy, participating in reduction initiatives related to climate change, creating economic value through energy reduction projects R&D and carbon reduction through overseas reduction projects, and preemptive measures to deal with the loss of base stations due to climate change.	Risk Management > Integrated Risk Management System	p.113	C3.3 C3.4
				Environmental Management > Climate Change Response	p.58-63	
				Materiality Assessment > Material Issue Management > Environmental management strategy and system advancement	p.27-28	
				Achieving Net Zero with 3 Green Strategies	p.33-35	
		Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized.	Climate change issues are included in the materiality assessment that considers relevance with SK Telecom's businesses, stakeholder impact, and financial impact, and materiality of climate change-related risks and opportunities is determined along with those of other issues. The materiality test is reviewed annually and performance management and reporting are conducted for each material issue.	Materiality Assessment > Materiality Assessment Process> Materiality Assessment Results	p.25-26	
		A description of how climate-related issues affect financial performance(e.g. revenues, costs) and financial position(e.g. assets, liabilities)	The risks and opportunities related to climate change are key risk management factors and identified by the impact of each type and the possible impact, including financial as well as business impact and the established response strategies are reflected in financial planning every year. Actual environmental costs are also disclosed through quantitative data and indicators.	Environmental Management > Climate Change Response > Climate change risks and opportunities > Risks(table), Opportunities(table)	p.59	
				Environmental Management > Climate Change Response > Linking climate change risk to corporate risk management process	p.61	
				Environmental Data > Environmental Costs, Purchase of GHG emission credits, Green Procurement Costs	p.156	

TCFD Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Organizations committed to reducing GHG emissions should describe their transition plan to a low-carbon economy, which may include GHG emission targets and specific details(activities to reduce GHG emissions in their operations and value chains, or activities to support the transition).	SK Telecom declared SBTi-based Net Zero last year, and at the 38th annual general meeting, the CEO presented '2050 Net Zero' environmental management goals and reduction commitments. In order to faithfully fulfill the commitments of zero GHG emissions by 2050, we established an environmental management strategy system and set proactively responding to climate change, upgrading the environmental management system, and creating an eco-friendly green culture as a task. Relevant implementation details are disclosed. SK Telecom does not stop at internal reduction activities but calculates and discloses indirect emissions(Scope 3) across the value chain. The company also provides calculation guidelines and tools for the 20 closest companies in the value chain so that they can directly calculate/manage/reduce their emissions.	Achieving Net Zero with 3 Green Strategies	p.33-35	C3.1b
				Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis > 2. RE100 fulfillment and Net Zero achievement	p.59-60	
				Environmental Management > Climate Change Response > Indirect GHG emissions(Scope 3)	p.62-63	
Strategy	c) Describe ther esilience of the organization'sstrategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Describe how a company's strategy can be changed to address potential climate-related risks and opportunities	SK Telecom regularly monitors risks and opportunities for climate change and brace for potential risks. Risks and opportunities identified through monitoring and impact analysis are frequently reported to the management and the board of directors according to the level of issues to make decisions and secure the flexibility of management strategies.	Environmental Management > Climate Change Response > Climate change response process	p.61	C2.3a
		Potential impacts of climate change risks and opportunities identified as key factors in risk management on finance as well as financial position(e.g. assets, liabilities)	The risks and opportunities related to climate change are key risk management factors and identified by the impact of each type and the possible impact, including financial as well as business impact, and the established response strategies are reflected in financial planning every year.	Environmental Management > Climate Change Response > Climate change risks and opportunities > Risks(table), Opportunities(table)	p.59	
				Environmental Management > Climate Change Response > Linking climate change risk to corporate risk management process	p.61	
		Describe climate-related scenarios for each time horizon	SK Telecom analyzes the climate change scenario based on the RCP scenario,and establishes climate change response strategies for short-term, medium-term, and long-term with the goal of achieving Net Zero by 2050.	Environmental Management > Climate Change Response > Climate change response scenario	p 58	C3.2a C4.2
				Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis > 2. RE100 fulfillment and Net Zero achievement	p.59-60	
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks(how to determine the relative importance of climate-related risks in relation to other risks in an organization).	SK Telecom identifies and evaluates climate change-related risks through the risk management process taking into account various aspects such as 'policy and law, technology, market, reputation, and acute/chronic'. The risk level of identified climate risks, along with other risks in the organization, are determined by a materiality assessment process.	Environmental Management > Climate Change Response > Climate change risks and opportunities	p.58	C2.2
		Describe whether existing and emerging regulatory requirements related to climate change and other relevant factors are taken into account in the risk management process.	SK Telecom analyzed scenarios of climate-change risks and considered the greenhouse gas emission trading system and the Net Zero goal as the most important factors in the risk management process and is implementing relevant strategies.	Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis	p.59-60	
		Process for evaluating the potential size and scope of identified climate change-related risks and disclosure of definitions of risk terms used or references to existing risk classification frameworks used.	The risk level of identified climate change-related risks and that of other risks to the organization, are determined through a materiality assessment process. The process and result of materiality test and management of material issues are disclosed in this report.	Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results, Material Issue Management	p.27-30	
				Environmental Management > Climate Change Response > Climate change risks and opportunities	p.58	

TCFD

Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
Risk Management	b) Describe the organization's processes for managing climate-related risks	Describe the process of managing climate-related risks, including decision-making methods for mitigating, transferring, accepting or controlling climate-related risks.	The climate-related risks and opportunities are identified through regular monitoring and assessed by SK Telecom's ESG department. When the management and the board of directors make relevant decisions, the ESG and related department establish responses. If cooperate with the supply chain is necessary, we do so through communication.	Environmental Management > Climate Change Response > Climate change response process	p.58	C2.2, C2.2a
		Describe the process for determining priority for climate-related risks, including how materiality is determined within the organization.	SK Telecom recognizes climate-related risks as significant risks. The various climate change-related risks reviewed are prioritized by a materiality assessment process along with other risks within the organization. The materiality assessment process proceeds in the order of internal/external environment analysis, issue identification and pool formation, materiality assessment, and selection of material issues to report.	Materiality Assessment > Materiality Assessment Process	p.25	
	c) Describe how processes for identifying assessing, and managing climate-related risks are integrated into the organization's overall risk management	How processes for identifying, assessing and managing climate change-related risks are integrated into an organization's overall risk management system.	At SK Telecom, risks related to climate change are included in the company-wide risk management area, and it can be confirmed through the company-wide risk management response system.	Risk Management > Integrated Risk Management System	p.113	C2.2
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Provide indicators that match the categories of climate-related indicators used across industries with key indicators used to measure and manage climate-related risks and opportunities	Key indicators used to measure and manage climate-related risks are disclosed in this report's environmental data. Key indicators include the current status of GHG emissions, energy use, indirect(Scope 3) GHG emissions, renewable energy usage, environmental costs, and purchase of emission rights.	Appendix > Environmental Data	p.153-156	C1.3a C5.1 C6.1 C6.3 C6.5 C7.9a C8.2a C11.3a
		If appropriate and applicable, when and how performance indicators for managing climate change risks linked to water, energy, land use and waste management are incorporated into remuneration policies	SK Telecom report environmental data include indicators on water use, energy use, waste discharge and recycling. To manage climate-related risks, the intensity of each indicator is also disclosed when necessary, and land use does not fall under the organization's climate change-related risks.	Appendix > Environmental Data	p.153-156	
		Provides metrics for past periods and forward-looking indicators for trend analysis of climate-related opportunity indicators, such as internal carbon pricing as well as revenue from products and services designed for low-carbon economies	SK Telecom applies Net Zero-related KPIs to the CEO and relevant organizations to evaluate performance and provide rewards based on performance.	Environmental Management > Environmental Management System and Strategy Advancement	p.57	
				Governance > Corporate governance > Fair Performance Evaluation and Compensation	p.109	
		Describe whether time frame of business or strategic plans indicators are aligned and the methodology used to calculate or estimate climate-related indicators	The internal carbon price disclosed through the CDP is KRW 35,000, and the development of the mobile Eco Card is reducing carbon emissions by about 55 tons per year.	Environmental Management > Reductions in resource use	p.64-65	
		Provides metrics for past periods and forward-looking indicators for trend analysis of climate-related opportunity indicators, such as internal carbon pricing as well as revenue from products and services designed for low-carbon economies	The environmental data in this report includes data from the past two years for trend analysis for all indicators, and targets for the following year are also disclosed for key indicators.	Appendix > Environmental Data	p.153-156	
		Describe whether time frame of business or strategic plans indicators are aligned and the methodology used to calculate or estimate climate-related indicators	All indicators of SK Telecom were reported in the same fiscal year period as other information disclosed were reported. The standards used in the calculation of each indicator are described in the main text of each indicator in the environmental management report or at the bottom of each indicator in environmental data. Greenhouse gas emissions and energy consumption, which are major environmental indicators, follow the guidelines on the operation of GHG emission trading scheme(ETS).	Appendix > Environmental Data	p.153-156	

TCFD		Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
Category	**TCFD Recommendation**					
Metrics and Targets	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions, and the related risks	Disclose Scope 1, Scope 2, and Scope 3 greenhouse gas(GHG) emissions(if applicable, recommended)	Scope 1, Scope 2, and Scope 3 GHG emissions are disclosed in the environmental data section of this report. In Scope 3, all 15 categories, including 8 upstream activities and 7 downstream activities are covered and emissions in 9 categories SK Telecom can currently estimate and evaluate are reported.	Appendix >Environmental Data Greenhouse Gas Emissions, Indirect greenhouse gas(GHG) emissions(Scope 3)	p.153, 155	
		GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions. As appropriate, organizations should consider providing related, generally accepted and industry-specific GHG efficiency ratios.	SK Telecom discloses all of the Scope 1, 2, and 3 defined by the GHG Protocol, and also emissions under subcategories of Scope 3 classified according to the categories presented in the GHG Protocol.	Appendix >Environmental Data Greenhouse Gas Emissions, Indirect greenhouse gas(GHG) emissions(Scope 3)	p.153, 155 p.153	C5.1 C6.1 C6.3 C6.5
		Provides generally accepted GHG efficiency ratios for relevant industries	SK Telecom secures comparability by disclosing intensity in terms of GHG emissions per sales, which is commonly used in all industries as well as in the telecommunication industry.	Appendix >Environmental Data Greenhouse Gas Emissions, Indirect greenhouse gas(GHG) emissions(Scope 3)	p.153, 155	
		GHG emissions and related indicators are provided over past periods for trend analysis.	Scope 1 and Scope 2 GHG emissions are disclosed every three year and thus include data from the past two years, and Scope 3 includes the data from the previous year.	Appendix >Environmental Data Greenhouse Gas Emissions, Indirect greenhouse gas(GHG) emissions(Scope 3)	p.153, 155	
	c) Describe the targets used by the organization to manage climate-related	Describe key climate-related targets related to GHG emissions, water usage, energy usage, etc.(must be consistent with anticipated regulatory requirements or market constraints or other targets, if applicable)	SK Telecom has declared zero greenhouse gas emissions(Net Zero) by 2050. Since Net Zero cannot be achieved through simple energy saving activities, we are striving to achieve the goal through various investments and efforts such as renewable energy purchase, renewable energy production through solar power generation, and development of reduction technology. Net Zero is a global trend and a preemptive activity that supports national reduction efforts.	Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis > 2. RE100 fulfillment and Net Zero achievement	p.59-60	
		Efficiency or financial targets, potential financial loss, avoiding GHG emissions throughout the product lifecycle, or net profit argets for products and services designed for a low-carbon economy.	SK Telecom is promoting the 'happy habit' project, an ICT-based multi-use cup circulation system, along with Seoul City, Jeju Island, social enterprise Happy Connect, and Starbucks for a low-carbon economy. The issue of increasing disposable plastic cups is serious and relevant regulations are being strengthened home and abroad. SK Telecom participated in this service business to solve the environmental problems caused by use of disposable plastic cups using ICT solutions. As of 2021, the number of single-use plastic cups saved by Happy Habit is 900,000, and we are aiming for 30 million by 2022.	Environmental Management > A world without disposable cups made with the ICT-based reusable cup circulation system Happy Habit	p.64-65	C4.1a C4.5
		When describing climate-related goals, include: · Whether the goal is absolute or intensity-based · time frame for goals · Base year for measuring progress · Key performance indicators used to evaluate progress against goals	SK Telecom's Net Zero is the absolute goal of achieving zero greenhouse gas emissions. The base year for measuring Net Zero's progress is 2020, and we aim to achieve it by 2050. The performance indicators used to evaluate progress against the target are greenhouse gas emissions and reductions.	Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis > 2. RE100 fulfillment and Net Zero achievement	p.59-60	
		Organizations disclosing mid- to long-term goals should disclose relevant interim goals, if possible, either in aggregate or by business unit.	SK Telecom discloses reduction targets for the mid-five-year period from 2020 to 2050 in relation to the company-wide goal of Net Zero by 2050.	Environmental Management > Climate Change Response > Climate Change Risk Scenario Analysis > 2. RE100 fulfillment and Net Zero achievement	p.59-60	
		Provides a description of the methodology used to calculate the goals and measures.	SK Telecom came up with a Net Zero reduction target scenario based on the SBTi methodologies and guidelines, and emissions are measured in accordance with the guidelines on the operation of GHG emission trading system(ETS).	Environmental Management > Climate Change Response	p.58	C4.3a, C4.3b

UN Global Compact(UNGC)

The United Nations requests Corporates, by supporting the 10 principles of the United Nations Global Compact(UNGC), advocates the 10 universal principles including those related to human rights, the environment, labor and anti-corruption, and support for a wide range of the UN's development plans including the Sustainable Development Goals(SDGs). SK Telecom joined the UN Global Compact(UNGC), a UN organization that collaborates with businesses, in 2007. As a founding member of UNGC Korea, a local association of UNGC, SK Telecom not only adheres to the 10 principles but also broadly supports the UN's development plans such as the SDGs. In April 2013, SK Telecom publicly declared its support for the Universal Declaration of Human Rights and the human rights principles in the UN Guiding Principles on Business and Human Rights: Ruggie Framework, and SK Telecom's CEO affirmed that the company would fulfill its responsibility related to respecting human rights. By complying with and supporting the UNGC principles, SK Telecom will undertake a variety of activities to solve domestic and international social issues and to spread global CSR trends in the future as well.

UNGC Activities

Associations/Initiatives	Joining date	Purpose/Remarks
UNGC Headquarters	May 2007	Involvement in the global CSR initiative activities has helped advance the internal CSR system and gain a better reputation for CSR both at home and abroad.
UNGC Korea	Sept. 2007	
UNGC LEAD	Jan. 2011	

UNGC ADVANCED CRITERIA

			Location	Cross Reference / Direct Answer
Fulfillment of the UNGC's Ten Principles in Strategy and Operation	Criterion 1	Commitment to integrate the UNGC 10 principles into business function and units	Appendix > About This Report	p.184
	Criterion 2	Practicing the UNGC 10 principles across the value chain	Sustainability Management > Governance > Ethical Management	p.118-124
Definite Human Rights Policy and Procedure	Criterion 3	Human rights commitment, strategy, and policy	Sustainability Management > Society > Human Right Management	p.73-78
	Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures	Sustainability Management > Society > Human Right Management	p.73-78
	Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human right principles in business and management procedures	Sustainability Management > Society > Human Right Management	p.73-78
Definite Labor Policy and Procedure	Criterion 6	Labor commitment, strategy, and policy	Sustainability Management > Society > Human Right Management Appendix > Social Data	p.73-78 p.150-153
	Criterion 7	Effective management system to incorporate the labor principles into business and management procedures	Appendix > Social Data	p.150-153
	Criterion 8	mechanism to ensure compliance with the labor principles in business and management procedures	Evolution of New SKT > Stakeholder Engagement	p.31-32

UNGC ADVANCED CRITERIA

			Location	Cross Reference / Direct Answer
Definite Environmental Policy and Procedure	Criterion 9	Environment commitment, strategy, and policy	Sustainability Management > Environment > Environmental Management Evolution of New SKT > Social Value Creation Appendix > Environmental Data	p.57-66 p.36-37 p.153-156
	Criterion 10	Effective management to incorporate the environmental principles into business and management procedures	Sustainability Management > Environment > Environmental Management Evolution of New SKT > Social Value Creation Appendix > Environmental Data	p.57-66 p.36-37 p.153-156
	Criterion 11	Monitoring and evaluation mechanism to ensure compliance with the environmental principles in business and management procedures	Sustainability Management > Environment > Environmental Management Evolution of New SKT > Social Value Creation Appendix > Environmental Data	p.57-66 p.36-37 p.153-156
Definite Ethics and Compliance Policy and Procedure	Criterion 12	Anti-corruption commitment, strategy, and policy	Sustainability Management > Governance > Ethical Management Sustainability Management > Governance > Compliance	p.118-120 p.121-124
	Criterion 13	Effective management system to incorporate the anti-corruption principles into business and management procedures	Sustainability Management > Governance > Ethical Management Sustainability Management > Governance > Compliance	p.118-120 p.121-124
	Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the anticorruption principles in business and management procedures	Sustainability Management > Governance > Ethical Management Sustainability Management > Governance > Compliance	p.118-120 p.121-124
Activities to Support Broader and More Comprehensive UN Objectives and Goals	Criterion 15	Contribution through key businesses to help achieve the UN objectives and goals	Sustainability Management > Society > Social Contributions Appendix > Social Data	p.90-97 p.150-153
	Criterion 16	Strategic community investment and charity work to help achieve the UN objectives and goals	Sustainability Management > Society > Social Contributions Appendix > Social Data Appendix > UN Sustainable Development Goals(SDGs)	p.90-97 p.150-153 p.182-183
	Criterion 17	Public engagement and communication to help achieve the UN objectives and goals	Appendix > UN Sustainable Development Goals(SDGs)	p.182-183
	Criterion 18	Partnerships and external initiatives to help achieve the UN objectives and goals	Appendix > About This Report	p.184
Governance and Leadership for Sustainability	Criterion 19	CEO's sustainability commitment and leadership	Business Overview > CEO Message	p.18-20
	Criterion 20	Board of Directors' selection and oversight of sustainability agenda items	Sustainability Management > Governance > Corporate governance > Committees of the BOD > ESG Committee	p.108
	Criterion 21	Stakeholder engagement	Evolution of New SKT > Stakeholder Engagement	p.31-32

UN SUSTAINABLE DEVELOPMENT GOALS(SDGS)

In September 2015, 193 UN member nations and leaders of countries established 17 goals and 169 detailed tasks in economic, environmental, and social areas for the sustainable development of humankind.
SK Telecom supports the UN Sustainable Development Goals(SDGs), and set seven SDGs as key areas in connection with the Double Bottom Line, which is our future value creation strategy.
By executing and implementing goals that consider financial impact as well as social impact, we will achieve sustainable value creation.

Goal	SDG Context	SK Telecom's Contribution	DBL(Double Bottom Line)		Mid- and long-term goals
			Social Impact	Business	
3 GOOD HEALTH AND WELL-BEING	**Enhancement of healthy lives and welfare for all ages** 3.7 Ensure universal access to health services	· Developed and offered an AI speaker based service that provides medication and hospital alerts to seniors · Offered safety/health check-up service by phone call based on AI technology(NUGU care call)	· Reduce national organization personnel and social costs by providing a simple medical examination service by interview through AI · Improve the health blind spot by using a highly accessible method for seniors · Guarantee a healthy life to members of society by providing individual customer-tailored health management services	· Expand AI care business EV, and expand and reproduce SV by developing Happy Connect, a social enterprise that runs field services · Expand the healthcare market through the advancement of dementia prevention services(brain talk) and the development of senile inspection management services for AI care only.	· Spread a universal social safety net for self-reliant old age, such as the elimination of loneliness among vulnerable groups such as the elderly living alone in the contactless era, prevention of solitary death, and health management. · Offer the AI Care Service using AI speaker 'NUGU' to 50,000 households by 2025
4 QUALITY EDUCATION	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** 4.4 Promote ICT skills for senior citizens and teenagers 4.5 Provide equal education to marginalized groups such as individuals with disabilities and indigenous people	· Supported the strengthening ICT competencies of all citizens so that anyone can enjoy digital benefits from the digital transformation centered on unmanned/non-face-to-face · Established a 'Digital Convergence Training Platform' where SKT's innovative technologies such as 5G, AI, Metaverse, and immersive media are concentrated, and support for nurturing core practical talents in the AI field · Operated Happy Coding School and hosted Coding Challenge providing disabled youth with SW education · Shared our technology development experience and know-how with college students through 'SKT AI Fellowship' program · Signed MOUs with 21 universities to develop educational courses in the field of AI technology and carry out various educational cooperation programs necessary to nurture excellent AI talents.	· Spread positive influence through providing opportunities to resolve the digital divide · Create social and national values by strengthening AI capabilities based on the digital convergence training platform and nurturing professional talents · Promote happiness and discover talents among disabled youth through SW education.	· Disseminate and promote SK Telecom's advanced ICT prowess through opening and sharing of SKT's innovative technology-related resources related to innovative technology · Contribute to providing positive customer experience and enhancing brand value through various educational opportunities and experience services for innovative technologies SK Telecom pursues	· Continue to spread positive influence by bridging the informatization gap for the digitally vulnerable group and sharing advanced ICT tech capabilities. · Strengthen ICT capacity of 300,000 by 2025
8 DECENT WORK AND ECONOMIC GROWTH	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** 8.3 Promote creative and innovative policies for job creation and growth of SMEs	· Transferred technology and patent, provided technical support and protection programs through Open Collaboration and enhanced capacity of partner companies through Win-Win Growth Academy, CEO seminars, and MBA courses. · Supported the growth of SMEs through joint technology development and big data-based text marketing service(T deal). · Hired hearing-impaired drivers through Quiet Mobility(Quiet M) · Used the 'Happy Credit' ESG points program to promote win-win partnership marketing for social enterprises and small business owners with T Membership, 11th Street, SK Stoa and others · Supported the growth of excellent ICT startups based on 5G and AI that tackle various social problems(ESG KOREA, True Innovation, etc.).	· Establish a win-win growth system by providing support for partner companies' infrastructure and technology · Create quality jobs for the underprivileged such as the disabled · Support online commerce for social enterprises and small businesses; Contribute to revitalization of local businesses, etc. · Tackle social problems by providing accelerating programs to startups, aim to solve social problems.	· Gain stakeholders' support for SKT ICT's goodhearted influence, such as Quiet M and Good Shuttle, and enhance brand reputation · Support and nurture innovative companies in ESG by linking their businesses with SK Telecom's ICT businesses · Enhance business competitiveness through projects that connect startups and SK Telecom's businesses	**Goals for 2025** · Nurture 300 hearing-impaired taxi drivers · Annual usage of 3,000 disabled persons for Good Shuttle · Continuous support for social enterprises and small businesses through 'Happy Credit' · Support a cumulative total of 500 startup by 2025

Goal	SDG Context	SK Telecom's Contribution	DBL(Double Bottom Line)		Mid- and long-term goals
			Social Impact	Business	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation** 9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with focus on affordable and equitable access for all	· Ranked first in the 5G communication service quality evaluation · Developed the network slicing technology that provides a customized 5G network according to the application and service · Commercialized Korea's first 5G edge cloud service 'SKT 5GX Edge' in cooperation with AWS, · 5G MEC service demonstration' project was conducted to expand MEC service,	· Build quality network infrastructures by improving communication service and communication network quality · Provide differentiated customer experience through various 5G-based services	· Lead the creation of 5G MEC ecosystem · Create new business opportunities, such as autonomous driving and smart factory, based on key infrastructure, including 5G and AI	Secure 5G leadership
11 SUSTAINABLE CITIES AND COMMUNITIES	**Make cities and human settlements inclusive, safe, resilient and sustainable** 11.7 Build a safe and pleasant city, in particular for women, children, seniors, and persons with disabilities 11.A Support positive economic, social and environmental links between urban, suburban and rural areas by strengthening national and regional development planning	· Offered the AI Care Service to reduce the sense of loneliness of seniors living alone and enable them to be contacted to 119 for emergency situations · Offered the AI system NUGU Care Call which monitors the symptoms of persons who are quarantining at home and persons designated as actively monitored persons in relation to COVID-19 · Through cooperation with public institutions, as well as our base stations and distribution networks, we establish an 'earthquake observation network' and improve earthquake disaster safety for the people.	· Establish a social safety net with care service equipped with emergency rescue system using AI · Make efforts to enhance citizen safety and minimize damages by providing a natural disaster forecasting and detection service that uses ICT infrastructure	· Strengthen market competitiveness through the advancement of emergency SOS service-119 connection system(signed an MOU with the Korean National Fire Agency, June 2021)	Advance and expand the universal social safety net for senior safety, including prevention of seniors dying alone
13 CLIMATE ACTION	**Take urgent action to combat climate change and its impacts** 13.2 Integrate climate change measures into national policies, strategies, and planning	· Joined RE100 and presented the company's roadmap. · Declared a goal of 'Net Zero by 2050' and submit a science-based greenhouse gas reduction target(SBTi). · Applied single LAN technology(integration and upgrade of 3G and LTE equipment)' and AI-based power saving technology to minimize the increase in GHG emissions. · Implemented electric vehicle greenhouse gas reduction business model using communication technology(Cat.M1). · Contributed to the national greenhouse gas reduction goal by expanding ICT-based high-efficiency low-carbon energy management technologies(BEMS, FEMS, LEMS) · Established GHG(Scope 3) management process and GHG emission management throughout the value chain. · Promoted a campaign to reduce the use of disposable plastic cups in daily life through Habit Eco Alliance's Happy Habit Project	· Contribute to reducing GHG emissions by taking part in GHG reduction programs and projects. · Respond to climate change by recycling resources and reducing use of resources · Contribute to the creation of new jobs in the field of washing and delivering reusable cups	· Expand ICT-based energy and environmental solution market opportunities · Use the company's key technologies, including Vision AI, as a solution for solving environmental issues · Connect the points of 'Happy Habit' participants to the sales of the SK ICT Family, and provide communication and additional services necessary for service operation.	· 2050 Net Zero · Replace 1/4 of total disposable plastic cups with reusable cups by 2025
17 PARTNERSHIPS FOR THE GOALS	**Strengthen the means of implementation and revitalize the global partnership for sustainable development** 17.16 Strengthen global partnership with stakeholders by sharing knowledge, expertise, technology and resources	**[UN Global Compact]** · Selected as an Anti-Corruption Excellence Company(4 domestic companies, including us) in 2022 · Chosen for the LEAD Group that is participated in by top ten ESG leading companies in Korea · Participated in UNGC SDG Ambition	· Securing status of ESG leading company and influence among Korean companies on UNGC Network	· Secure the foundation for cooperation in ESG with global partners.	· Continue to be chosen for the UNGC LEAD group and establish/implement a cooperative system for fields related to 5 SDG areas.
		· Participated in TCFD Consortium hosted by Korea Adaptaion Center for Climate Change. · Participated in Business N Biodiversity Platform(BNBP), a platform established by the Ministry of Environment and KBCSD. · Declared preservation of biodiversity and no deforestation.	· Enhance environment-friendly internal and external activities · Contributing to preserving biodiversity, which have recently become increasingly important	· Expand new business opportunities through carbon emission reduction with eco-friendly activities	· Join TCFD for respond to climate change by 2022 · Join global initiative(TNFD etc.) for biodiversity by 2025

About This Report

As SK Telecom's <Integrated Annual Report>, this report has been prepared for investors and stakeholders to provide an overview of SK Telecom's annual performance. This Report comprises not only the financial performance records of SK Telecom, but also comprehensive information on value creation including non-financial performance, future prospects and efforts to improve company value(Value Creation Story). The Board of Directors granted its final approval for this Report in June 2022.

Integrated Reporting According to International Guidelines

This Report was prepared in accordance with the guiding principles and report content as suggested in the <IR> Framework. The International Integrated Reporting Council(IIRC) provides the <IR> Framework, a standard framework for the integrated reporting of both financial and non-financial performances. This Report was also prepared in accordance with the comprehensive option of the 'GRI Standards', the global standard for sustainability reporting provided by the Global Reporting Initiative(GRI). SK Telecom joined the UN Global Compact(UNGC), the world's largest corporate citizenship initiative under the UN for corporate social responsibility and sustainability improvement in 2007 and has been providing support to implement the ten major principles in the areas of human rights, labor, the environment, and anti-corruption and to achieve the Sustainable Development Goals(SDGs).

Scope and Boundary of the Report

In this Report, the term 'SK Telecom' refers to SK Telecom, excluding its subsidiaries that are subject to consolidated financial statements in accordance with the Korean International Financial Reporting Standards(K-IFRS). In this Report, the term 'SK Telecom' refers to SK Telecom, excluding its subsidiaries that are subject to consolidated financial statements in accordance with the Korean International Financial Reporting Standards(K-IFRS). The financial data is based on consolidated financials. The K-IFRS 16 standard has been applied since 2019. The non-financial data on the environmental performance and fulfillment of the corporate social responsibility is based on a non-consolidated basis. The data presented in this Report exclude those of SK Telecom's overseas branches, subsidiaries and invested companies unless otherwise indicated in the general descriptions and information. If there is any change in the previously reported data due to the spin-off as of Nov. 2011, the change is reported separately. however, were included on a separate indication basis in cases in which they are likely to have a significant impact on the stakeholders' decisions, in consideration of SK Telecom's financial and operational control and the actual business influence and effects. As for the geographical boundaries, this Report covers data for the company's major places of business where over 99% of revenue is generated, which is in the Republic of Korea, while the temporal scope is between January 1 and December 31, 2021. This Report, however, may disclose a portion of the qualitative data generated until May 2022. In case of any changes in the previously reported data requiring attention, such data were recalculated based on the 2021 data. The reporting period of this Report is one fiscal year, and the preceding report is <SK Telecom Annual Report 2020>, which was published in July 2021.

Third Party Assurance and Disclaimer

Financial data in this Report have been audited by an independent audit corporation, and non-financial data have been assured independently by a third-party entity to secure the credibility of the Report. Greenhouse gas data have been separately assured as well. This Report contains predictive statements regarding SK Telecom's and subsidiaries' financial conditions, operating and sales performances, and plans and goals of management. Despite external assurances, there might be gaps between the future performance specified or inferred through predictive statements and the company's actual performance due to political, economic, and circumstantial uncertainties in business management.

lobal Initiatives and Partnerships

In 2007, SK Telecom became a member of the UN Global Compact(UNGC), which was initiated by the cooperation between UN organizations and global businesses to improve social ethics and the international environment. Furthermore, SK Telecom complies with the management system standard for social responsibility, ISO 26000, and participates in the Carbon Disclosure Project(CDP) as well as the business network program of the International Integrated Reporting Council(IIRC). In recognition of its efforts to achieve excellence in sustainability management, SK Telecom was listed in the Dow Jones Sustainability Indices(DJSI) World Index in 2021.

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