

Road to Global AI Company






ANNUAL REPORT 2023



CONTENTS

Interactive PDF User Guide

This report is created in an Interactive PDF format, allowing navigation to related web pages for better understanding.

-  Go to cover page
-  Go to table of contents
-  Click to see more details
-  Go to related page
-  Go to related webpage

Road to Global AI Company

Global AI Company through AI Pyramid Strategy	03
SKT's AI Pyramid Strategy	04
Low Hanging Fruit	05
No Regret Move	06
Break New Ground	07
ESG Frontier on AI	08

Business Overview

About Us	10
CEO Message	12
Business Introduction	16
Business Model	17
Direction for Sustainable Management	18
Creating Economic Value	19

Special Report

Big Future beyond Challenge and Success	21
AI Governance	25

Interaction Movement

Stakeholder Engagement	30
Double Materiality Assessment	33
Issue 1. Diversification of Customer Experience (AI-based Technology and Service Innovation)	39
Issue 2. Response to Climate Change (Carbon Neutrality)	42
Issue 3. Service Quality Management and Responsibility	45

Sustainable Management

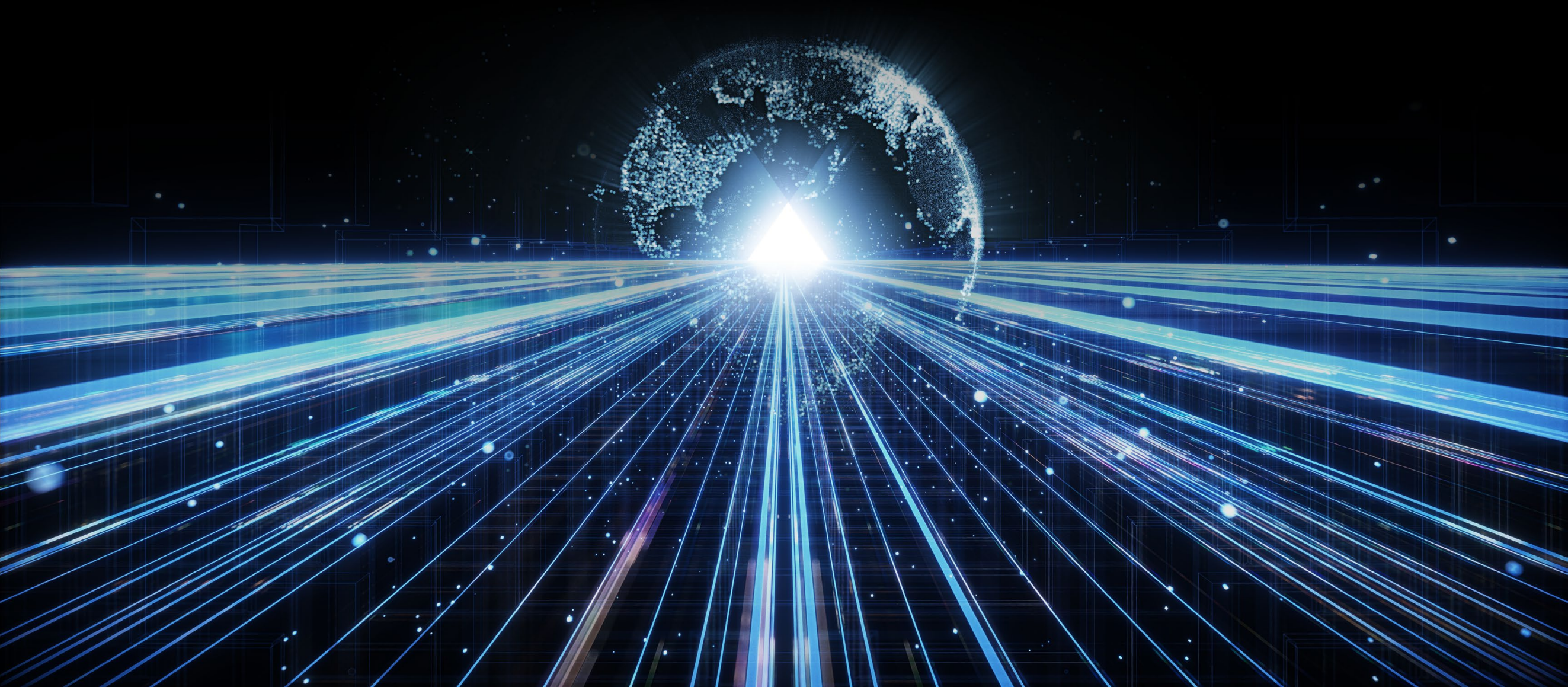
Environmental	49
Environmental Management	50
Social	75
Employees	76
Occupational Safety and Health	82
Human Rights Management	89
Customers	92
Cyber Security	97
Privacy Protection	99
Supply Chain Management	102
Social Contribution	111
Governance	121
Governance	122
Risk Management	138
Ethical Management	145
Compliance	150

Appendix

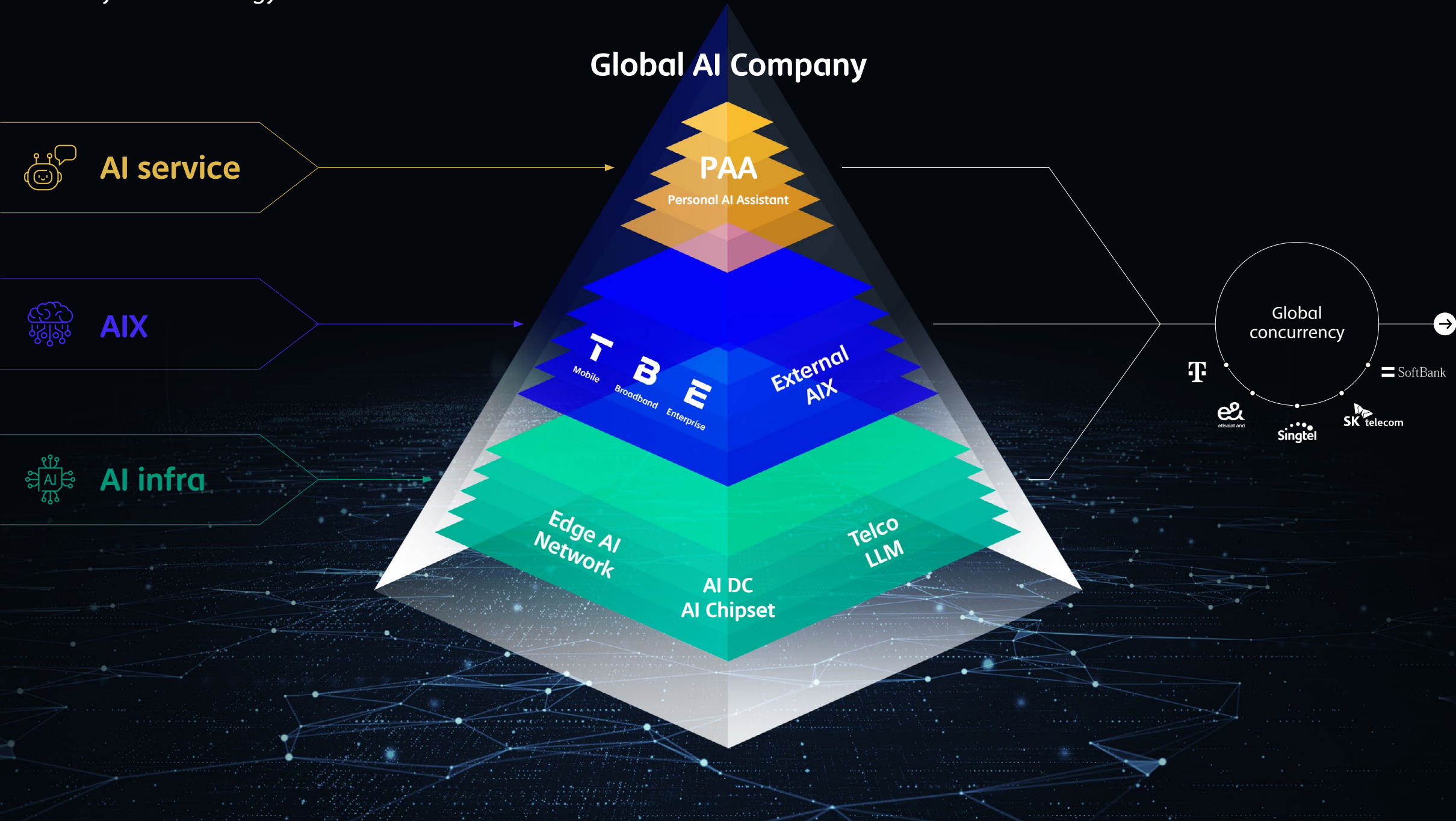
Financial Statement	155
Non-financial Statement	178
Index	197
GRI Standard Index	
SASB	
TCFD	
Stakeholder engagement in respond to climate change	
UN Global Compact	
UN SDGs	
About This Report	209

Global AI Company through AI Pyramid Strategy

SK Telecom is taking a major leap forward to becoming a leading global AI company in the new era of artificial intelligence. We aim to achieve this vision by adopting the 'AI Pyramid' strategy, which involves integrating the AI infrastructure into core businesses seeking to target the global market with AI services.



SKT's AI Pyramid Strategy



Low Hanging Fruit

We are laying the foundations of AI with advanced technologies concentrated within our AI infrastructure.

SK Telecom intends to lead the transition to artificial intelligence based on an AI infrastructure that consolidates its capabilities in edge AI networks, AI data centers, AI chipsets, and Telco LLM. We are confident that the edge AI network, which links GPUs to wired/wireless networks, will revolutionize productivity and stability and enhance the value of SK Telecom's infrastructure in the long term. As domestic AI data centers will double in size by 2030 to meet the exploding demand, we will provide the 'AI Data Center Solutions Package' by leveraging SK Group's capabilities. Meanwhile, AI chipsets are expanding to data centers, autonomous driving, and others, centered on SAPEON X330, the next-generation inference AI chip. Lastly, through 'self-reliance' and 'cooperation', the advanced Telco LLM will serve as the foundational technology for providing high-quality AI services. AI infrastructure will serve as the fundamental technology and platform for the AI company, playing a key role in leading the transition to AI.

1
AI infra



Edge AI
Network



AI DC
AI Chipset



Telco LLM



No Regret Move

Innovating the Customer Experience by Adding AI to Our Core Business

SK Telecom is revolutionizing the customer experience and expanding its business domains by integrating AI into its core businesses. In the mobile business, customer centers are being upgraded to AI customer centers to enhance customer convenience and satisfaction. In the broadband business, Btv is evolving into AI tv to offer hyper-personalized services. In the enterprise domain, we are expanding our business centered on six areas, namely, generative AI, AI robots, AI vision, AI contact centers(AICC), AI marketing, and AI data, and providing optimal solutions to corporate clients through the Enterprise AI Market. We will continue to inspire customers and create daily opportunities for growth and innovation through these AI-integrated core businesses.

2

AIX

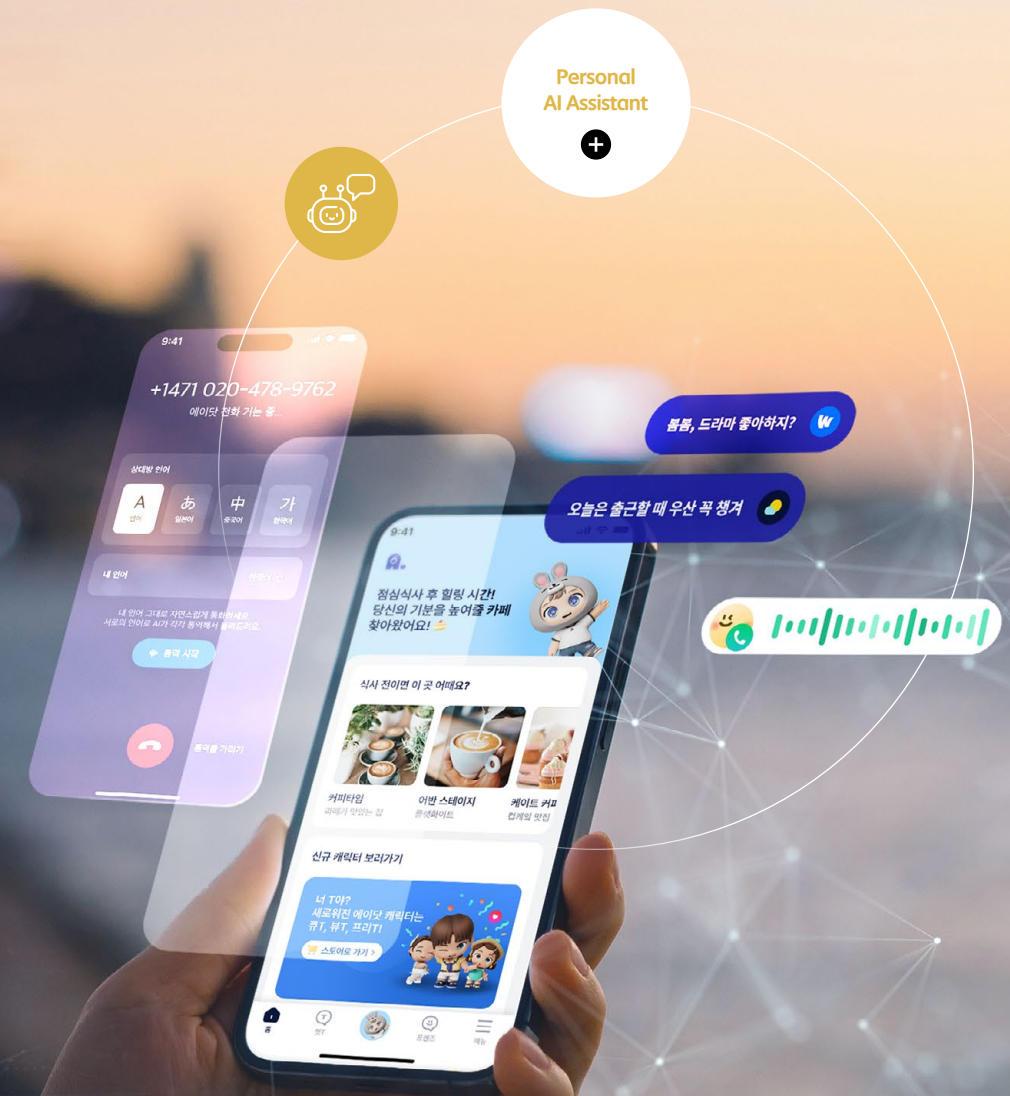


Break New Ground

Pursuing Daily Innovations with My Own Personal AI Assistant

In 2023, SK Telecom officially launched A.(A-DoT), the world's first Korean language LLM service. A.(A-DoT) combines AI throughout daily life, providing services such as call recording and summarization, translation, music, and sleep analysis, while gradually evolving into a Personal AI Assistant(PAA). We will continue to add killer contents that innovate the overall customer experience with AI, and are rapidly expanding into the global market with the development of global PAA. Attracting considerable attention as the next-generation modes of commerce, our subscription service T Universe, our curation service T Deal, and our widely accessible metaverse platform ifland have also enabled us to offer exciting new AI experiences.

3
AI service



ESG Frontier on AI

Laying the Foundations for ESG Management Suitable for the AI Era

SK Telecom is practicing AI-based ESG management to grow together with its customers and wider society. We are performing ESG best-suited for AI company by expanding the application of AI-integrated eco-friendly solutions, creating social values based on AI technology, and engaging in AI governance advancement activities that secure AI reliability and safety. Going forward, SK Telecom will strengthen its competitiveness as a global AI company by implementing various attempts related to AI governance. With the completion of our AI governance strategy, we promise to further secure the safety and reliability of AI, making the AI Pyramid strategy even more effective.

4
AI
Governance

AI
Environment

AI
Social

AI
Governance



BUSINESS OVERVIEW

About Us

CEO Message

Business Introduction

Business Model

Direction for Sustainable
Management

Creating Economic Value

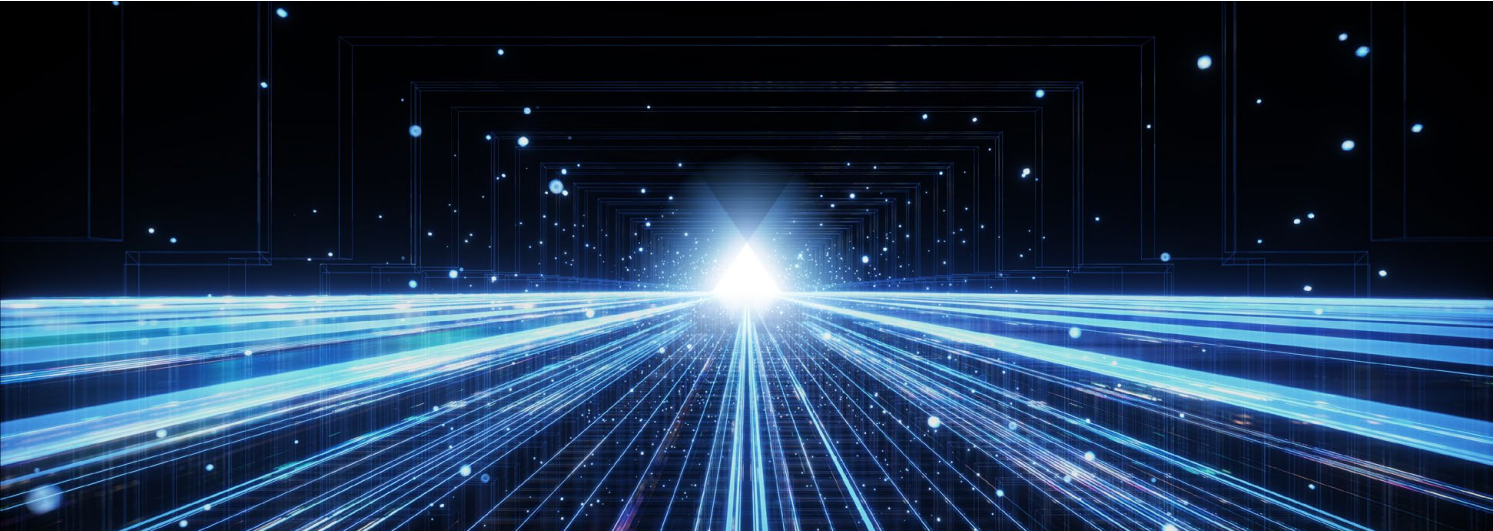
About Us

With its differentiated technological leadership driving the advancement of the ICT industry, SK Telecom is evolving into a global AI company that connects AI technology with every part of the world. We will become a leader of new AI era by expanding our business around the three main areas of AI infrastructure, AIX, and AI service and actively pursuing AI Pyramid strategy that spreads out into the world. With our unprecedented AI technology and services, we aim to transform South Korea and emerge as a global AI leader that contributes to the happiness of humanity.

Company Overview

Company name	SK TELECOM(SK Telecom Co., Ltd.)
Date of establishment	1984.3.29
No. of employees	5,579
No. of subsidiaries	25
Address of Headquarters	SKT Tower, 65 Eulji-ro, Jung-gu, Seoul(04539)
Corporate Website	Korean www.sktelecom.com English www.sktelecom.com/index_en.html

* As of December 31, 2023

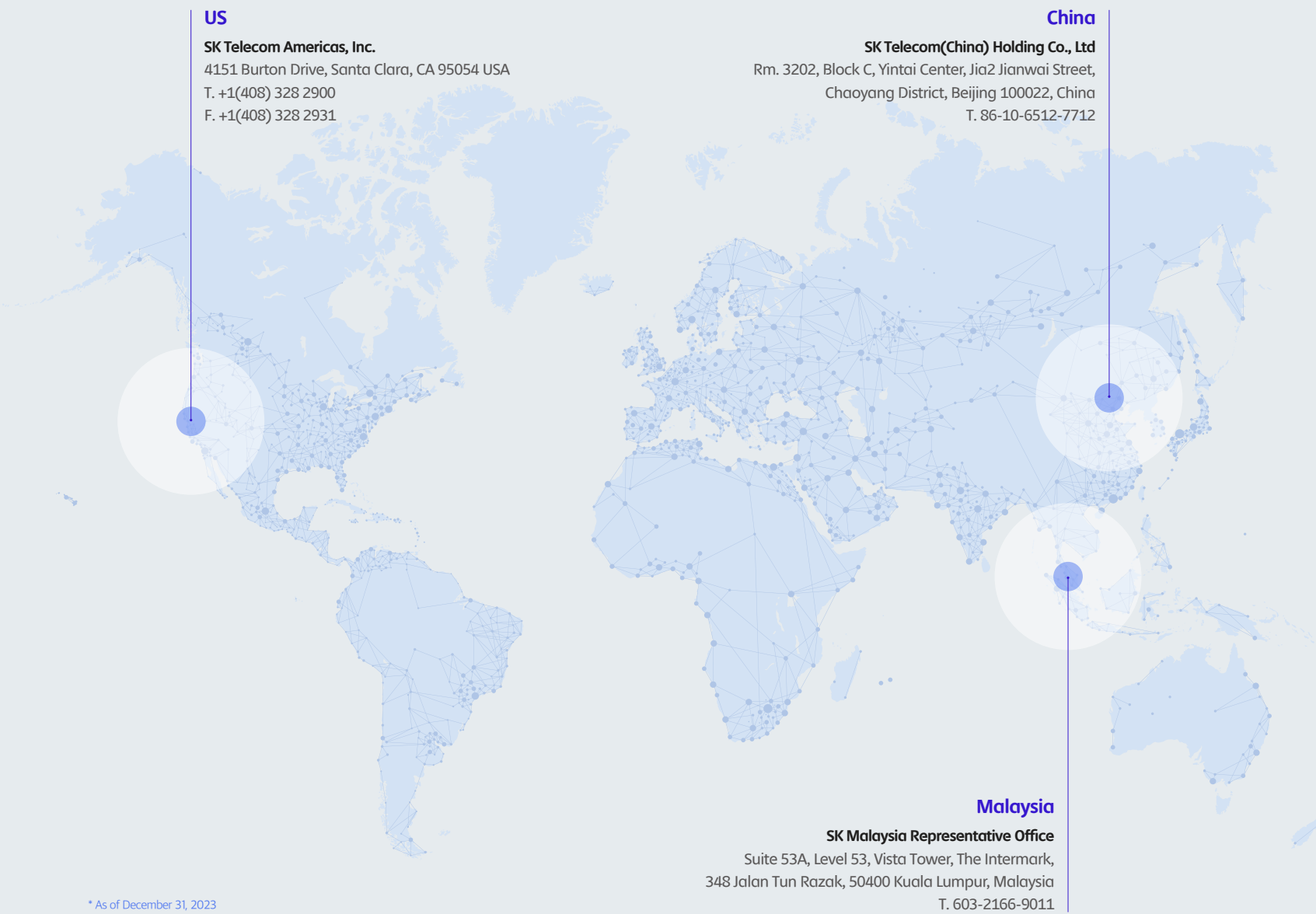


Information for Investors

Paid-in capital	KRW 30,493 million
Number of shares issued ¹⁾	218,833,144
Listed stock exchange status	Korea Stock Exchange 017670.KS(Common share) New York Stock Exchange SKM(Depository receipt)
Transfer agent	KB Kookmin Bank Securities Trading Agency 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul T. +82-2-2073-8110 F. +82-2-2073-8111
40 th General Shareholders Meeting	March 26, 2024(Tuesday) SKT Tower, 65 Eulji-ro, Jung-gu, Seoul(04539)
Contact Information	Email: skt.ir@sk.com T. +82-2-6100-2114
Available Filings	Korean Financial Supervisory Board e-disclosure system http://dart.fss.or.kr → SK Telecom inquiry KRX Corporate Disclosure Channel http://kind.krx.co.kr → SK Telecom inquiry English New York Stock Exchange www.sec.gov/edgar/searchedgar/companysearch.html → Company Name: SK Telecom inquiry

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

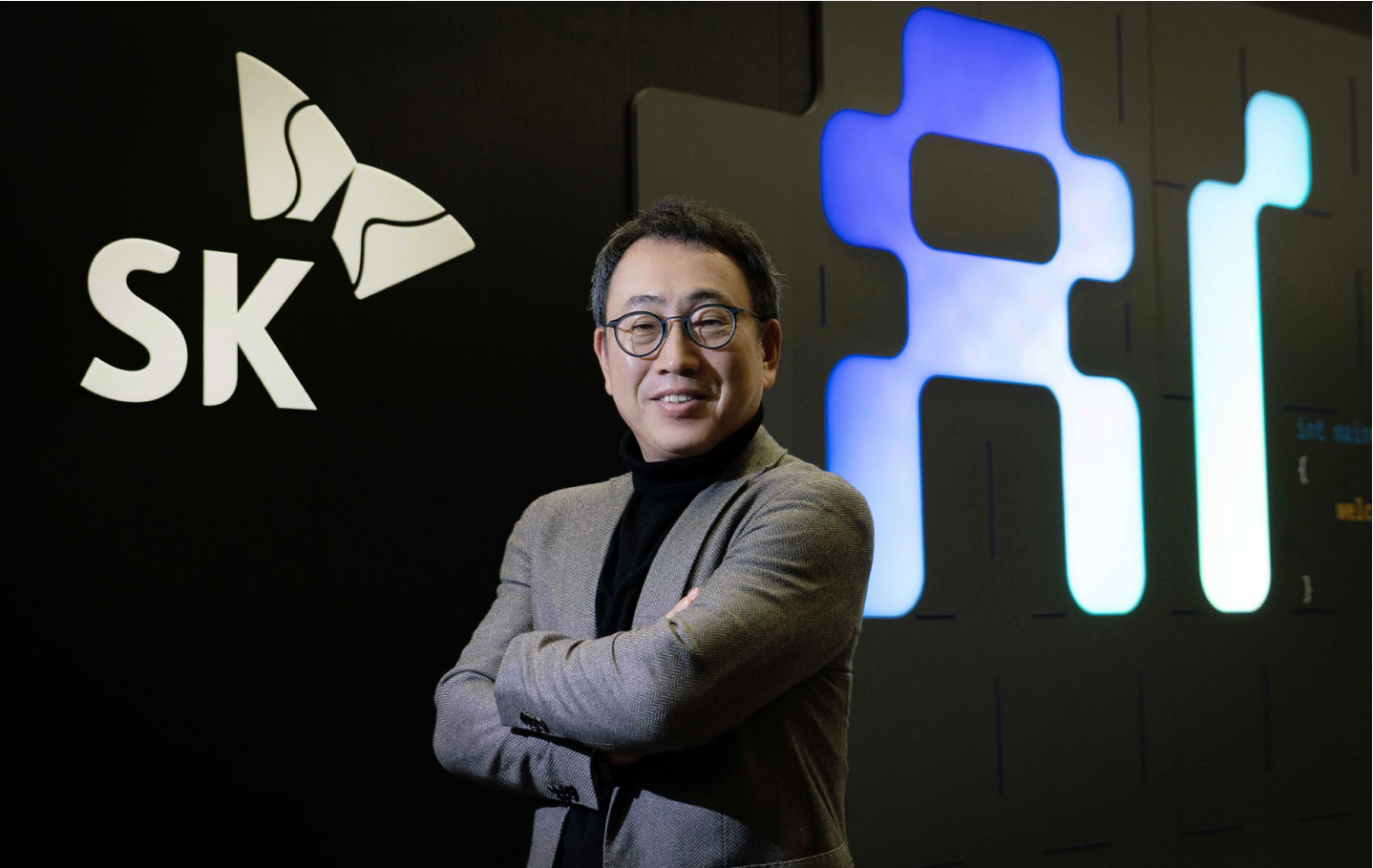
Global network



SK Telecom Affiliates



CEO Message



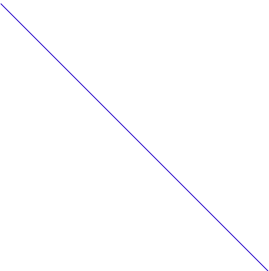
Dear Stakeholders,

The year 2024, year of the Blue Dragon, is a significant year for SK Telecom as it celebrates its 40th anniversary.

The company started its business in 1984 as a car phone service and opened the era of mobile phones in 1988 when the Seoul Olympic Games were held. In the following year in 1989, SK Telecom met Stakeholders through an initial public offering. Since then, we have been growing together with our Stakeholders.

Over the past 40 years when mobile communications services have evolved from generation to generation, SK Telecom has always been at the forefront, driving progress of the industry. We commercialized the world’s first CDMA digital mobile phone in 1996, the world’s first 3Band LTE-A in 2014, and the world’s first 5G service in 2019. Like this, we have created many world firsts and provided world-class MNO service. In 2024, SK Telecom will soar once again like a blue dragon, a symbol of success and prosperity. AI is changing the world, and we are determined to be at the center of it.

In 2023, completed the AI Pyramid Strategy and the foundation for AI Transformation



In November 2021, I took office as CEO with the vision of transforming SK Telecom into an AI company. Since then, I have focused on re-defining our core businesses around AI, accumulating AI technology and service capabilities, and building a common understanding with stakeholders on why we need to become an AI company.

As AI fever hit the world in 2023, there is no more questioning on why SK Telecom must become an AI company. As the transition to the AI era became more visible, many companies, including big tech players, jumped into AI and started making intensive investments. SK Telecom also moved quickly to increase the speed and execution of its AI transformation.

To keep up with the changing times, SK Telecom established an AI Pyramid Strategy that encompasses all of our AI strategies and businesses.

SK Telecom’s AI Pyramid consists of three layers depending on business domains and timelines of when certain AI services will become reality. The AI Infrastructure is the foundation of the AI company where we can immediately enjoy the benefits of AI. AIX(AI Transformation) is an area where we streamline and innovate our core businesses through AI and expand SK Telecom’s AI technology to adjacent areas. In the medium and long term, we are diligently preparing for telco-specific AI Services that can create additional revenue streams by proactively securing customer engagement.

First, in the AI Infrastructure domain, the Data Center business continued to grow revenue by more than 20% in 2023 as well as the previous year thanks to continued demand growth, establishing itself as a stable source of income.

The AI semiconductor market is witnessing high growth, and we are pursuing full-fledged market entry centered on Sapeon. For LLM(Large Language Model) business, we focus on utilizing our own capabilities and external partnerships. Specifically, we advanced A. X(A dot X), our own LLM, and created the Intelligence Platform that offers telco-specific LLMs through partnerships and integration with LLMs of big tech companies such as Anthropic and OpenAI.

SK Telecom has established and operated world-class fixed and mobile networks for the past 40 years. Now in the AI era, we are actively utilizing our excellent networks in conducting AI businesses to improve CapEx efficiency while using AI to reduce OpEx.

The AIX domain is also solid. As of the end of 2023, 5G subscribers reached 15.67 million. The fixed line business achieved overwhelming No. 1 in net adds, with 9.55 million pay tv subscribers and 6.93 million broadband subscribers. The Enterprise business recorded a revenue growth of more than 8% and maintained a stable volume growth trend.

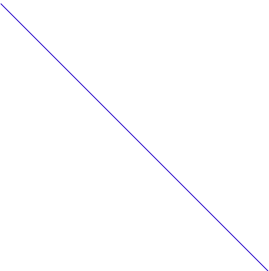
Evaluated as a well-prepared leading consortium on the back of our exclusive partnership with Joby Aviation, the UAM(Urban Air Mobility) business has secured the necessary foundation for commercialization. X Caliber, a veterinary X-ray AI analytics solution, is used in approximately 500 animal clinics around Korea and has been exported to other countries such as Japan, Australia, and Singapore.

As a key service of PAA(Personal AI Assistant), our personal AI assistant called A.(A-DoT) was officially launched in September 2023. Equipped with killer services such as iPhone call recording, summarization, and simultaneous interpretation, it has been highly appreciated by users, ranking high in two major app markets.

As illustrated above, SK Telecom strived to capture opportunities in the growing AI infrastructure market, pursue growth through maximum synergies between SK Telecom and SK Broadband in the fixed and mobile market as well as the B2B market, and enhance operational efficiency through AI. Thanks to these efforts, the consolidated revenue posted 17 trillion 608.5 billion won in 2023, up 1.8% YoY, and the consolidated operating income recorded 1 trillion 753.2 billion won, up 8.8% YoY.

We have confirmed that the strength of our main businesses and our AI strategy can create synergy and lead to new growth drivers. Now, based on the achievements of AI Company 1.0, we are ready to write the next chapter.

In 2024,
Towards a Global AI Company



The core of AI Company 2.0 is to create tangible results as an AI company through the full-scale implementation of the AI Pyramid Strategy and improve our business fundamentals.

For Data Center, we will utilize AI DC(Data Center) capabilities such as AI-based operating system and liquid immersion cooling technology to bundle them as solution packages. We will also continue to scale up the Data Center business actively based on demand and accessibility.

For LLM, we will secure global commercial use cases of telco-specific LLMs. At the Mobile World Congress in February, we added Softbank as a new partner to the list of partners including Deutsche Telekom, e& and Singtel to officially launch the Global Telco AI Alliance(GTAA) and hosted the Global Telco AI Roundtable(GTAR) together with 20 telcos around the world to discuss common challenges and ways to cooperate in AI business. We will continue to expand partnerships to build a larger customer base for telco-specific LLMs and turn them into business models.

For fixed and mobile business, we will strengthen competitiveness through AI technology innovations such as AI customer centers and evolution into hyperpersonalized AI media. Enterprise AI business will be pursued in earnest, focused on AICC(AI Contact Centers), AI vision, and AI marketing. In particular, we opened the Enterprise AI Market in January 2024 to provide a diverse range of LLMs, including A.X, Anthropic and OpenAI, offering more choices to companies and public institutions. The platform is expected to contribute to productivity enhancement of businesses and public agencies. Furthermore, we will strive to secure UAM business rights by successfully completing the demonstration project and increase the scale of X Caliber business by actively entering foreign markets and expanding the scope of diagnosis.

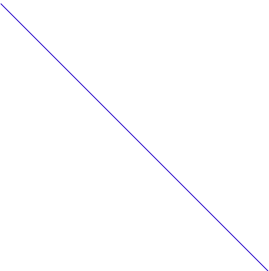
For A.(A-DoT), we will strengthen AI communication functions and develop new services and use cases to improve quality indicators. At the same time, we will pursue global expansion based on cooperation with global big tech companies and foreign telcos.

Through the full-scale implementation of the AI Strategy, we will become a “Game changer on a Global scale” and produce concrete results as an AI company. We will prepare to show you the actual progress of our AI businesses by announcing quantitative financial results in addition to the existing user-related indicators.

SK Telecom wants to pioneer a path that no one has ever travelled before to become a global AI company. While we have a strong foundation of the fixed and mobile business, it will take time for the AI businesses to achieve economies of scale and become profitable.

During this time, we are committed to improving our business fundamentals. We will establish a cycle where we use AI to improve cost efficiency dramatically and invest the accumulated resources back into AI. By carefully executing investments based on practicality and synergy, we will maintain optimal capital allocation between investment, shareholder return, and financial structure.

The ultimate goal of enhancing corporate value



As President and CEO of SK Telecom, what I think about the most is corporate value.

Based on solid earnings and strong financial strength, we will enhance corporate value by pursuing transformation into a global AI company, producing results at each layer of the AI Pyramid. We will create a virtuous cycle of business expansion and earnings growth.

At the same time, we will do our utmost to promote ESG practices driven by AI and shareholder return.

We are seeking sustainable growth through ESG activities optimized for an AI company, including the expansion of ‘E’co-friendly solutions through AI, creation of ‘S’ocial value based on AI, and advancement of AI ‘G’overnance.

We will pay particular attention to the establishment of innovation-oriented AI governance to support the transformation into a global AI company. We will establish an AI Charter and decision-making processes to accelerate the implementation of the AI Pyramid Strategy and preemptively secure the reliability and stability of AI technology and services.

SK Telecom’s total dividends and DPS increased steadily between 2021 and 2023. In 2023, we purchased 300 billion won worth of treasury shares, of which 200 billion won worth of shares were cancelled. I promise that SK Telecom’s respect for shareholders and commitment to enhancing corporate value will not change in the future.

In this new year, we will take action and produce results with the philosophy that we dream of ideals in our heads, sympathize with each other in our hearts, and put our feet on the ground.

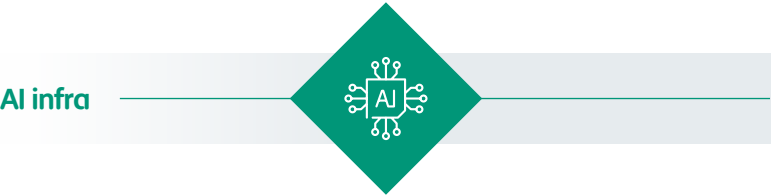
We will soar, embracing the sweat we have shed together, the technological strengths we have built, and the footsteps we have taken over the past 40 years as stepping stones.

As we open a new chapter of AI Company 2.0, we invite our Stakeholders to take on this journey together. We ask for your kind encouragement and strong support.



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

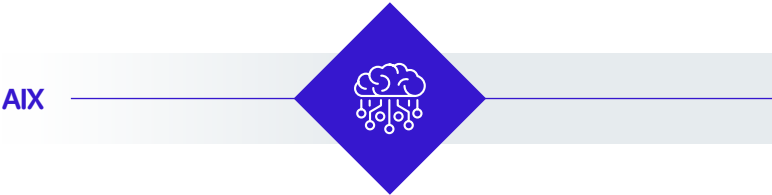
Business Introduction



The AI infrastructure business, a concentration of SK Telecom's advanced technological capabilities, is driving AI technology innovation, centered on edge AI networks, AI data centers, AI chipsets, and Telco LLM.

The wired and wireless infrastructure is being upgraded into an AI-assisted infrastructure by applying AI to both wired and wireless networks in order to improve productivity and stability, with the ultimate aim of evolving it into an AI infrastructure in the long term. Korea's AI data centers are planning to double the size of domestic data centers by 2030 in response to the rapidly increasing demand spurred by the spread of AI, and are preparing an 'AI DC Global Package' that combined SK Group's capabilities. We are introducing differentiated energy solutions like immersion cooling systems and hydrogen fuel cells, and actively pursuing entry into the global market based on the capabilities we have accumulated domestically. The AI semiconductor business has launched the next-generation inference AI chip, X330, which features excellent computational performance and energy efficiency, through SAPEON, SK Telecom's dedicated AI semiconductor subsidiary. We also plan to secure differentiated software competitiveness through cooperation with diverse companies. Furthermore, we will continue to enhance our proprietary LLM technology by launching our own mega-scale language model, AX LLM, based on decades of accumulated quality data. We are also pursuing cooperation with domestic and international AI companies such as Anthropic, OpenAI, and Konan Technology, Furthermore, together with GTAA, we are consolidating business cooperation by jointly developing telco-specific LLM, etc.

SK Telecom is establishing the AI Pyramid strategy and expanding its business in three main areas—AI infrastructure, AIX, and AI services—in order to make the leap to becoming a global AI company. In the AI infrastructure business, we are creating a solid foundation for growth as a global AI company through advanced technologies such as edge AI networks, AI data centers, AI chipsets, and Telco LLM. As regards the AIX business, we are integrating AI into our core businesses, such as mobile, broadband, and enterprise, and expanding AI into such areas as mobility and AI healthcare, thereby achieving continuous growth. Furthermore, in the AI services business, we are targeting domestic and international markets with our 'My Own Personal AI Assistant,' A.(A-DoT), and global PAA.



In the AIX business, we are innovating the customer experience and discovering new growth engines by integrating AI with core businesses like mobile, broadband, and enterprise.

In the mobile sector, we are transforming our traditional customer centers into AI-powered centers by applying Telco LLM, while also advancing AI-based network construction and operational efficiency to reduce costs and enhance efficiency. Additionally, SK Broadband's Btv will evolve into AI TV, providing hyper-personalized services with advanced features like AI Curation and AI Home. In the enterprise business, we are expanding our business areas centered on six domains: generative AI, AI robots, AI vision, AI contact centers(AICC), AI marketing, and AI data. Furthermore, we have opened 'Enterprise AI Market', an innovative AI platform specialized for corporate customers, to help build optimal solutions through various LLMs.

Furthermore, by pursuing continuous innovations in AI, we are pioneering new AI business areas such as UAM(Urban Air Mobility) and AI healthcare. In the UAM business, we have secured comprehensive technologies based on AI and data, sought out application cases with local governments, and secured the exclusive right to use the world's top-level UAM aircraft through collaborating with a solid partner, , with the aim of commercializing UAM by the end of 2025. AI healthcare is accelerating its global expansion by enhancing the competitiveness of 'X Caliber', a fast and accurate AI-based veterinary image diagnosis support service, and expanding partnerships with hospitals.

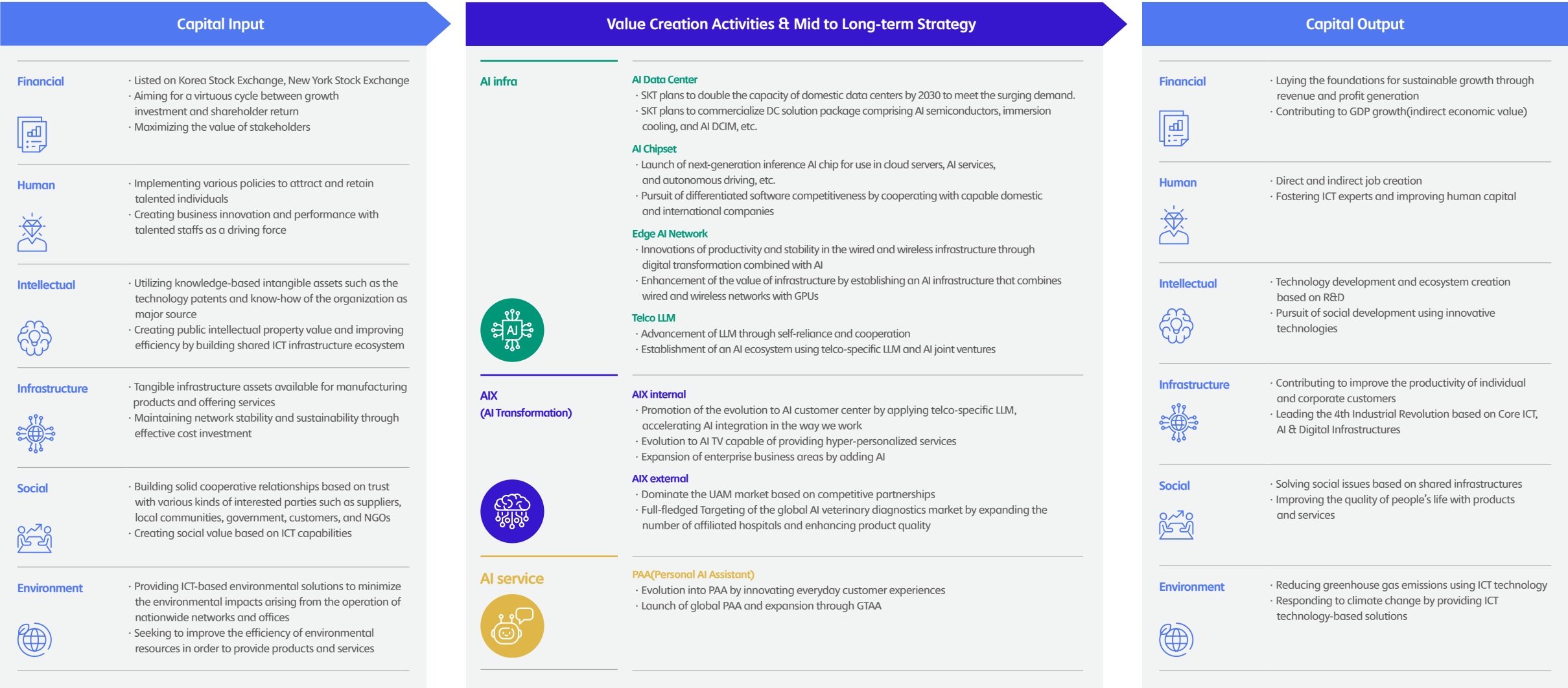


A., officially launched as the world's first Korean language LLM service in 2023, now integrates AI into everyday life, providing services such as AI phone calls, AI music, and AI sleep management, while evolving into "My Own Personal AI Assistant." A. will keep adding killer contents that will continue to revolutionize customers' everyday experience with AI, consolidating its position as a leading AI agent. Moreover, next-generation commerce, such as T Universe and T Deal, is also being actively fostered as a key area of the AI service business. The subscription service T Universe and the curation service T Deal are enjoying a continuous increase in both the number of their subscribers and their transaction amount amid strong demand from customers. The metaverse platform ifland has also recorded a cumulative total of 67 million users(As of March 2024) since its launch, maintaining rapid growth while expanding into the global market in collaboration with global telecommunications companies.A., officially launched as the world's first Korean language LLM service in 2023, now combines AI in everyday life, providing services such as AI phone calls, AI music, and AI sleep management, while evolving into 'My Own Personal AI Assistant.' A. will keep adding killer contents that will continue to innovate customers' everyday experience with AI, consolidating its position as a leading AI agent. Moreover, next-generation commerce such as T Universe and T Deal is also being actively fostered as a key area of the AI service business. The subscription service T Universe and the curation service T Deal are enjoying a continuous increase in the number of subscribers and transaction amount amid a strong demand from customers. The metaverse platform ifland has also recorded a cumulative total of 67 million users(As of March 2024) since its launch, maintaining rapid growth while expanding into the global market in collaboration with global telecommunications companies.

Additionally, our company is developing global PAA services with the aim of entering the global market. This service is provided on a shared telco platform established at the first level of the AI Pyramid, equipped with multiLLM models such as Anthropic and OpenAI, and will offer various services including AI search in collaboration with Perplexity. GPAA's vision is to create new customer experiences by providing localized services for telco in each country through GTAA, which is currently being established as a corporation, and to regain the initiative in the AI era.

Business Model

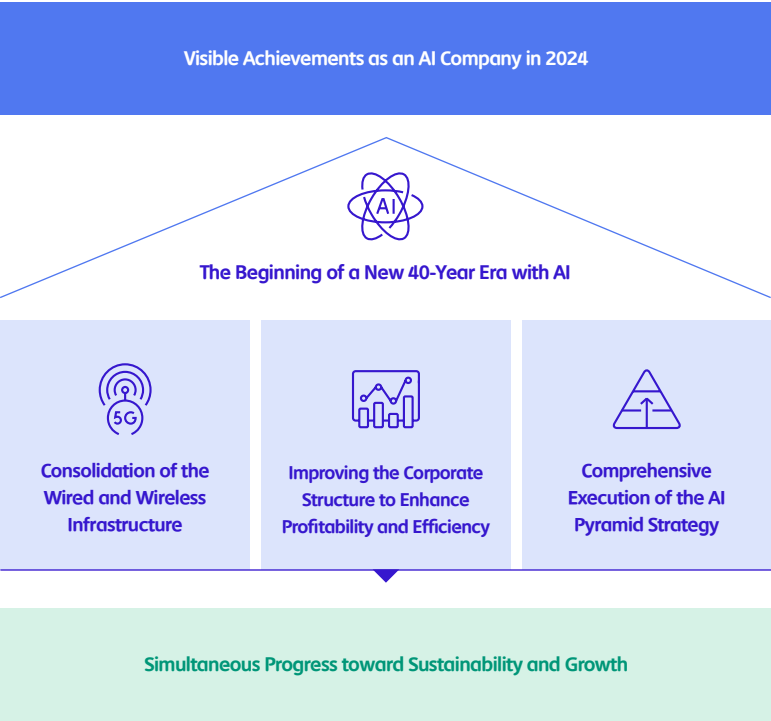
SK Telecom is advancing the AI Pyramid strategy, which promote innovations across all industries and aspects of life, centering on three areas: AI infrastructure, AIX, and AI services, in order to leap forward as a global AI company leading the new AI era. We aim to execute the AI Pyramid strategy based on “self-strengthening” by enhancing our proprietary AI technology and creating AI services that closely connect with customers, and “cooperation” with global telecommunication companies and AI specialty companies. Furthermore, we are committed to creating social value by using the latest AI technologies and services, growing together and thriving with all our stakeholders.



Direction for Sustainable Management

Management Strategy

SK Telecom is strengthening its wired and wireless business and transforming its corporate structure, while preparing for a new 40-year era with AI by executing a detailed AI Pyramid strategy. Through this strategy, we aim to further enhance our AI competitiveness and strengthen our cooperation with AI leaders both domestically and internationally, as we advance toward our goal of becoming a 'Global AI Company.'

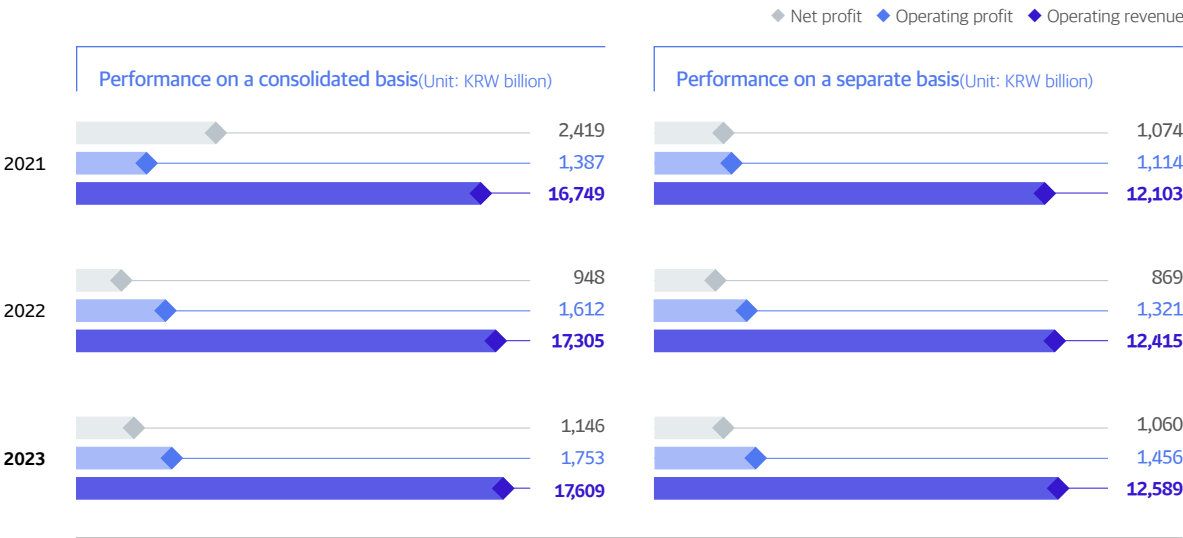


Creating Economic Value

Financial Highlights & Outlook

2023 Financial Highlights

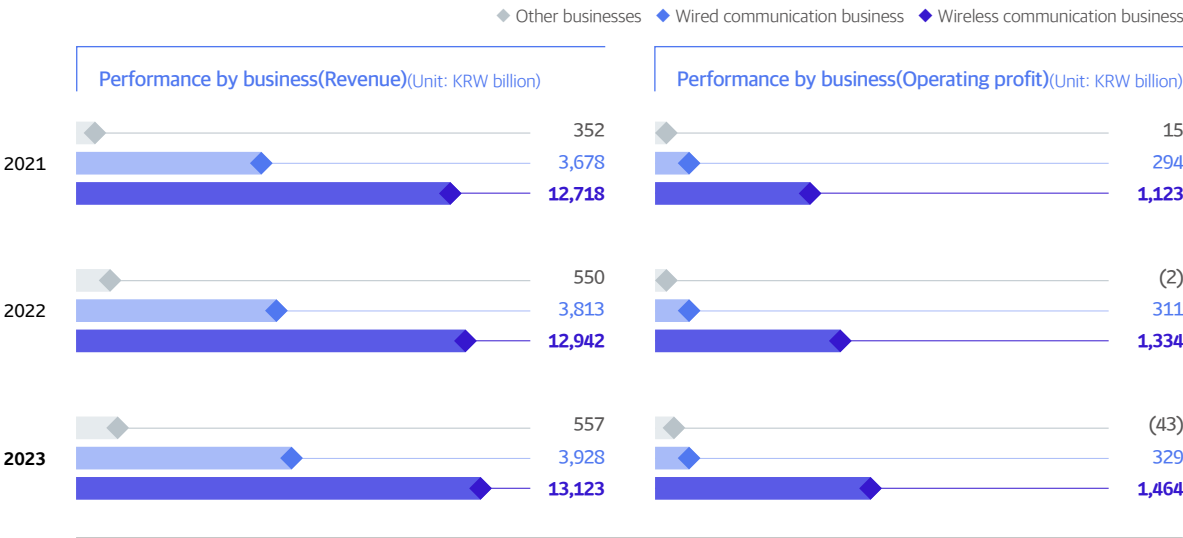
SK Telecom has sought growth in the wired and wireless communication and B2B market by securing opportunities in the growing AI infrastructure market and maximizing synergy with SK Broadband, while striving to improve operational efficiency with AI. As a result, based on the consolidated financial statements of the Korean International Financial Reporting Standards(K-IFRS), sales rose to KRW 17.6085 trillion, up 1.8% YoY, while operating profit rose to KRW 1.7532 trillion, up 8.8% YoY.



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

2024 Outlook

In 2024, SK Telecom is going to embark on a new 40-year journey with AI by visualizing the AI company's performance to enhance sustainability and secure a growth engine. We plan to reorganize the existing five major business groups into AI infrastructure, AIX, and AI service under the AI pyramid strategy, and further refine the implementation strategies in the three areas to realize growth in each area and promote synergy between them. Through these efforts, we will achieve sales of KRW 17.9 trillion in 2024, completing the transition to a global AI company.



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

** Business performance is pre-adjusted



SPECIAL REPORT

Big Future beyond Challenge and Success

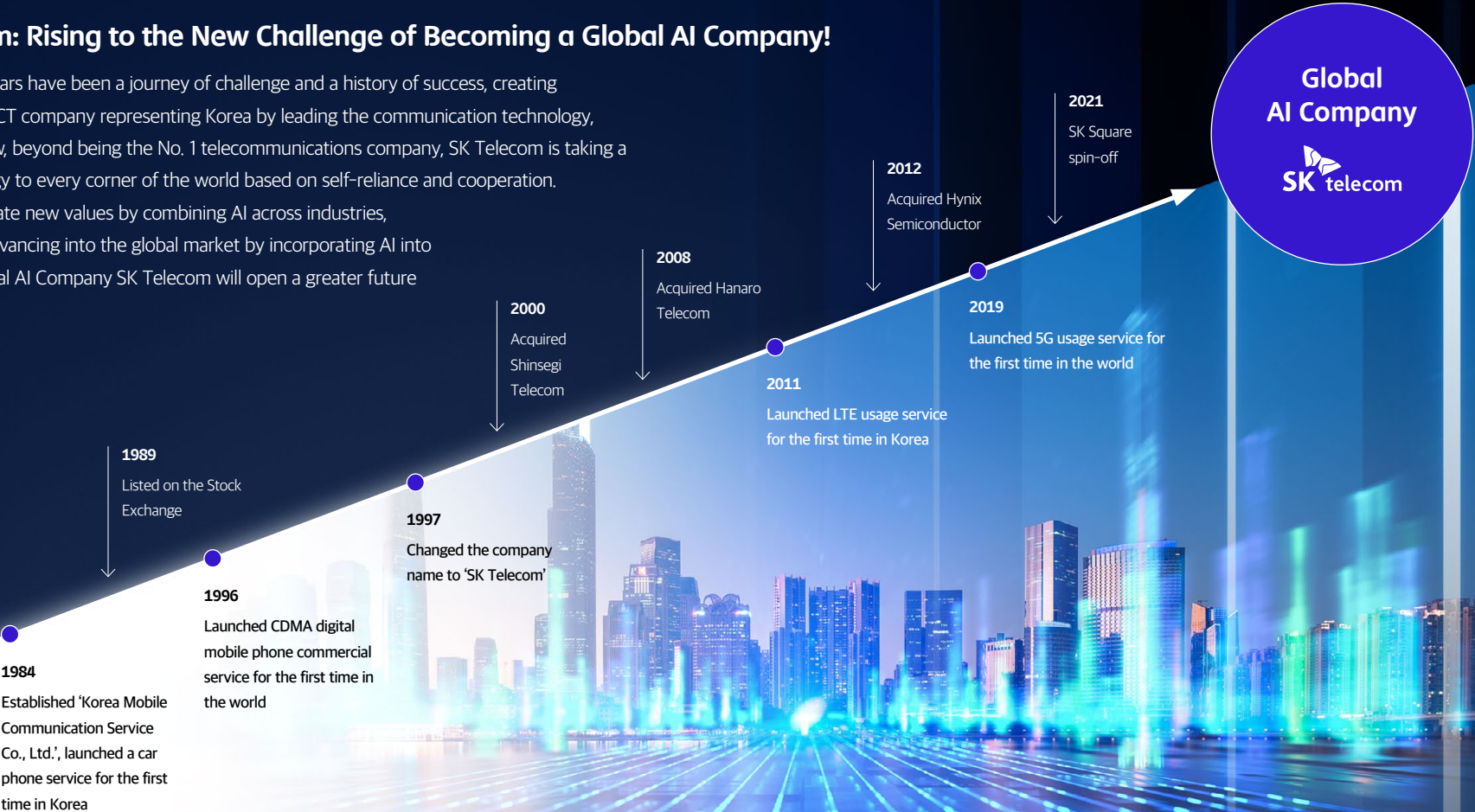
AI Governance

SPECIAL REPORT 1

Big Future beyond Challenge and Success

40 Years of Challenges and Success at SK Telecom: Rising to the New Challenge of Becoming a Global AI Company!

In 2024, SK Telecom celebrates its 40th anniversary. SK Telecom's past 40 years have been a journey of challenge and a history of success, creating a new world that no one has ever experienced. We have grown into a global ICT company representing Korea by leading the communication technology, pioneering the mobile industry with the world's first and best technology. Now, beyond being the No. 1 telecommunications company, SK Telecom is taking a new leap forward to become a Global AI Company that connects AI technology to every corner of the world based on self-reliance and cooperation. We are going to create new time and space with advanced AI technology, create new values by combining AI across industries, and make a better world by solving social conundrums. To this end, we are advancing into the global market by incorporating AI into our core business and expanding cooperation with global AI leaders. The Global AI Company SK Telecom will open a greater future where more people will be convenient, beneficial, and happy.



1980s(1984~1989)

Opened the era of mobile communications in Korea

On March 29, 1984, the history of SK Telecom began with the launch of ‘Korea Mobile Communications Service Co., Ltd.’, which was responsible for mobile communications business in Korea. Korea Mobile Communications Service Co., Ltd. provided car phone and wireless calling services immediately after its establishment and achieved a rapid increase in the number of subscribers by focusing on improving the quality of calls. In 1988, the year of Seoul Olympics, Korea Mobile Communications Service converted into an independent corporation and changed its name to ‘Korea Mobile Communications Co., Ltd.’ In addition, the company introduced Korea’s first portable wireless phone service, opening the era of mobile communication in earnest.

1984



- 1984
- Established Korea Mobile Communication Service Co., Ltd. and launched car phone service



- 1988
- Launched mobile phone service
 - Changed the company name to Korea Mobile Communications Co., Ltd.
 - Supported Seoul Olympics communication service
- 1989
- IPO of Korea Mobile Communications Co., Ltd.

- 1992
- Sunkyung Group voluntarily returned 2nd mobile communications business license
- 1994
- SK Group acquired management rights of Korea Mobile Communications



1990

- 1996
- Launched the world’s first CDMA digital mobile phone commercial service
- 1997
- Changed company name to SK Telecom
 - Launched ‘Speed011’, a mobile phone brand
 - Launched ‘Netsgo’, Internet PC communication service



- 1999
- Launched ‘TTL’, a mobile phone brand for the new generation
 - Launched ‘n.TOP’, a wireless data service



1990s(1990~1999)

Wrote a new history in the mobile communications industry

The era of popularization of mobile communication began in 1991 as the number of subscribers of mobile communication exceeded 1 million. In 1994, SK Group acquired Korea Mobile Communications with a firm commitment to the information and communications business, laying the foundation for a new leap forward. After being acquired by SK Group, Korea Mobile Communications, which has devoted more efforts to technology development, went down in history in the global mobile communications by commercializing the world’s first CDMA digital mobile phone in 1996. In 1997, the company changed its name from Korea Mobile Communications to ‘SK Telecom’ and started a new leap. In addition, it launched ‘Speed 011’, a powerful mobile phone brand that guaranteed quality, benefits, and services based on advanced technological leadership following the existing ‘Digital 011’ and led the market. In 1999, it opened the era of mobile data communication by launching the industry’s first new-generation mobile phone brand ‘TTL’ and the wireless data service ‘n.TOP’.

2000s(2000~2009)

Stood at the center of smart innovation that will change the world


SK Telecom was the first in the world to commercialize CDMA2000 1X in 2000, launching 2.5G mobile communication service in 2000, and took a step ahead in 3G technology by commercializing CDMA2000 1X EV-DO(synchronous IMT-2000) for the first time in the world in 2002. In 2002, it officially merged with Shinsegi Telecom to lay the foundation for growth as a global business operator and opened the door to the data era by launching ‘NATE’, a wired and wireless integrated Internet service, and ‘June’, a wired and wireless video service. In 2004, the company also actively pioneered the mobile media content service market, including ‘Melon’, a wired and wireless music portal and ‘Sizzle’, a movie portal. In 2006, the company preemptively opened the 3.5G era by launching a mobile phone-based HSDPA service, and also introduced ‘T’, a brand that aggregates the core values of the smartphone era. ‘Nate Drive’, the world’s first mobile navigation service, has evolved into ‘T Map’ in 2007. In 2008, the company acquired Hanaro Telecom and changed the acquired company’s name to SK Broadband, further improving our competitiveness in combined wired and wireless services.

2010s(2010~2019)

Took a strong leap toward a New ICT company

In the 2010s, SK Telecom had focused on expanding the distribution of smartphones, including launching the first Android smartphone in Korea. Through constant technology development, we commercialized 4G LTE service for the first time in Korea in 2011 and introduced LTE-A in 2013 and 3Band LTE-A in 2014 for the first time in the world, opening the world of high-speed wireless internet. In 2012, we conducted a bold M&A to acquire SK Hynix, a global memory semiconductor company, and supported SK Hynix to grow into a global semiconductor company representing Korea. In 2016, we launched ‘NUGU’, a self-learning voice recognition-based AI service, for the first time in Korea, accelerating the era of popularization of AI. In 2017, we launched the world’s first 5band CA commercial service, opening the 4.5G era, and in 2019, we succeeded in commercializing 5G for the first time in the world, laying the foundation for various 5G convergence businesses such as cloud, metaverse, and next-generation media. As a result, SK Telecom was recognized as a leading company in the global mobile communications industry by demonstrating technological leadership from 1st to 5th generations based on the world’s best communications technology.

2000




2000

- Succeeded in IMT-2000 test call for the first time in the world
- Launched the world's first CDMA2000 1X commercial service 2001

2001

- Opened 'NATE', a wired and wireless integrated portal

2002



2002

- Obtained approval for merger with Shinsegi Telecom
- 'Be the Reds' joint campaign with Red Devils
- Launched 'June', a mobile multimedia service


2004

- Successfully launched the world's first DMB satellite

2005

- Launched the satellite DMB broadcasting service

2006



2006

- Commercialized the mobile phone-based HSDPA commercialization for the first time in the world


2007

- Launched 'TMAP', a location-based service brand

2008

- The first domestic telecommunications company to be selected for the Dow Jones Sustainability Index(DJSI)
- Launched 11th Street
- Acquired SK Broadband (formerly Hanaro Telecom)

2010



2010

- Launched Korea's first Android smartphone

2011

- Commercialized 4G LTE for the first time in Korea

2012

- Acquired SK Hynix

NUGU

2014

- Commercialized 3Band LTE-A for the first time in the world


2016

- Launched 'NUGU', Korea's first voice recognition AI assistant

2018

- Launched Korea's first 1Gbps LTE service
- Acquired SK Shieldus(formerly ADT Caps)
- Acquired Swiss IDQ, the world's No. 1 company in quantum cryptography
- Launched 'FLO', a music platform

2019



2019

- Commercialized 5G service for the first time in the world Launched OTT service 'Wavve' along with terrestrial broadcasting

2020s(2020~2023)

Evolved into a Global AI Company

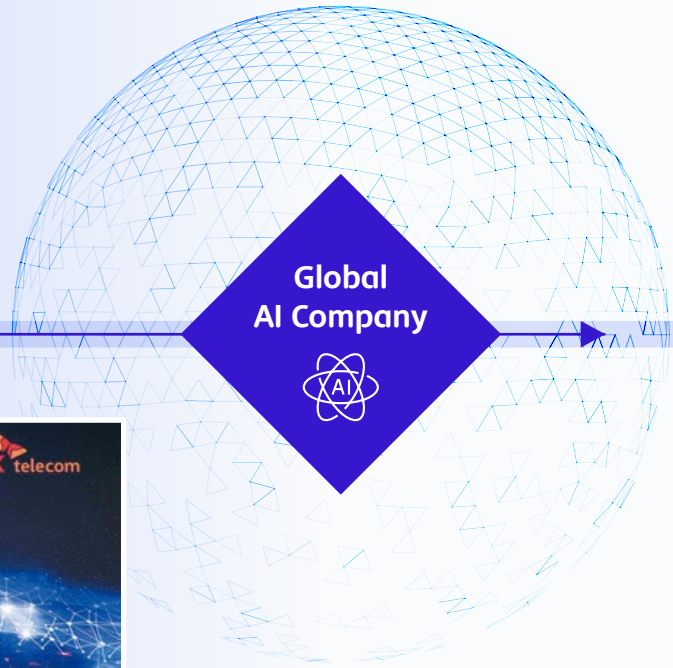
SK Telecom has taken bigsteps toward a great transformation of AI in the 2020s. Following SK Square spin-off in 2021, the company announced the beginning of the SKT 2.0 era in 2022, and redefined five major business groups as AI technology-centered business models and declared that we would leap forward to be a 'Global AI Company' that adds AI to communication-based connection technology. The Global AI Company that SK Telecom pursues is a company that benefits customers through technology and services, increases industrial productivity, and solves social challenges.

In order to evolve into a Global AI Company through self-reliance and cooperation, we formulated an 'AI Pyramid Strategy' in 2023, which consists of three areas: AI infrastructure, AIX, and AI service. In the AI infrastructure domain, cutting-edge technological capabilities such as AI data centers, AI semiconductors, and multi-LLM(Large Language Model) are gathered, and in the AIX domain, we plan to integrate AI into key businesses such as mobile, broadband, and enterprise to innovate productivity and customer experience, while also expanding our AI business areas into mobility and AI healthcare. Additionally, in the AI service domain, we will expand our global

PAA(Personal AI Assistant) with a focus on the AI personal assistant A(A-DoT) to target the global market.

In addition, to lead the global AI market, we are taking the initiative in creating a global AI ecosystem by forming alliances such as the 'K-AI Alliance' and the 'Global Telco AI Alliance', thereby expanding cooperation with AI leaders both domestically and internationally. On top of this, we are focusing more on upgrading our network infrastructure based on advanced 5G technology and preparing for the 6G era one step ahead. We are making efforts to solve social problems and create social value

everywhere in society using AI technology. Just as we have grown and changed the world in the past 40 years, SK Telecom will continue to open a greater future as a Global AI Company through bold challenges and constant innovation.



2020



- 2020
- Awarded 'Best 5G Commercialization' prize at the 5G World Awards 2020
 - The first company in Korea to launch V-coloring



- 2021
- Opened SKT 2.0 era with SK Telecom(existing company) - SK Square(new company) spin-off
 - Launched 'T Universe', a new subscription brand
 - Launched 'ifland', a metaverse platform



- 2022
- Launched A(A-DoT), an AI agent service
 - SKT signed MOU with Joby Aviation, US aircraft manufacturer
 - Launched 'X Caliber', an AI-based animal imaging diagnosis assistance service



- 2023
- Launched 'Global Telco AI Alliance(GTAA)' connecting Asia-Europe-Middle East
 - Opened '6G White Paper' that suggests the direction for 6G future network evolution
 - Promoted AI pyramid strategy to leap forward as a 'global AI company'

SPECIAL REPORT 2

AI Governance

Decision-making system to secure reliability and safety of AI

In 2024, SK Telecom established AI governance to ensure that the AI pyramid strategy, which will lead the evolution into a Global AI Company, can have strong execution power. AI governance is a decision-making system for developing AI technology and providing services that guarantee reliability and safety in each domain of the AI pyramid strategy. In a situation where the need for regulation of AI technology is being raised around the world, we have preemptively introduced an AI decision-making system and started to operate it. At the general shareholders' meeting held in March 2024, we unveiled the 'T.H.E. AI', the principle of AI governance, which consists of the characteristics, goals, and values of SK Telecom's AI. We also established an organization dedicated to AI governance and AI governance process, and set internal standards for employees to comply with in the process of developing and operating AI technologies and services. SK Telecom will leap forward as a Global AI Company by successfully implementing the AI pyramid strategy while securing the AI reliability and safety based in AI governance.



Responses to changes in the AI era

AI technology has made a significant contribution to innovation and created new economic value, but its responsibilities and risks are also significantly increasing. In response to these, SK Telecom has prepared essential measures to protect its businesses, enhance customer value, and expand globally by proactively establishing and operating an AI governance system.

In terms of business protection for customers, SK Telecom's AI governance ensures protection of corporate data and privacy. In addition, we support AI systems to operate in a responsible manner as its ability to predict and make decisions is strengthened. To this end, we strengthen transparency and accountability, prevent bias in the decision-making process, and provide sufficient explanation and basis for the operation method and results of the AI system to help SK Telecom's decision-makers understand and trust them.

To enhance customer value, it is important to improve customer experience by effectively utilizing AI technology. SK Telecom's AI governance focuses on providing customized services by carefully utilizing customer data and protecting customer privacy. It also utilizes AI technology to secure a stable customer base and maintain continuous customer relationships to gain customer trust and improve brand value.

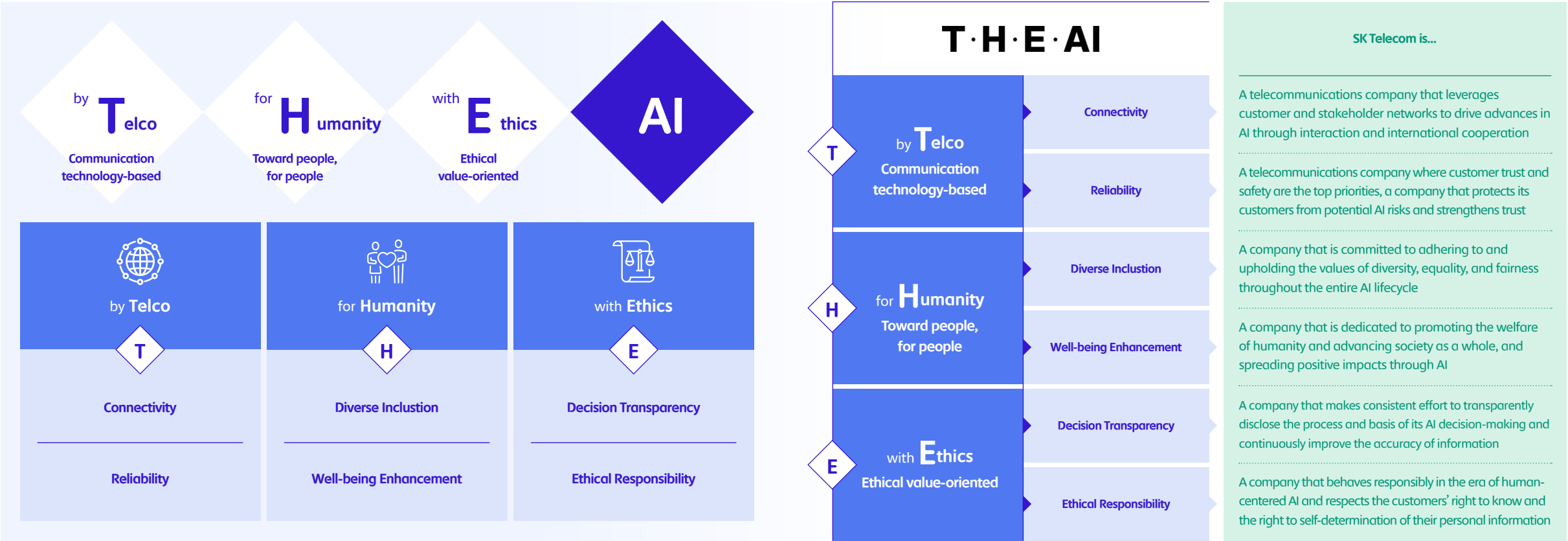
To support global expansion, SK Telecom's AI governance adheres to regulations and laws of various countries and regions, enabling the promotion and operation of AI businesses within the global environment. We support success in the global market by strictly complying with data protection laws and privacy policies of each country, and by developing and operating AI systems in consideration of cultural and linguistic differences.

Ultimately, SK Telecom's AI governance aims to protect business for its customers, provide customer value, and expand globally. For this, the AI governance system ensures the safety and transparency of AI technology and supports SK Telecom to achieve continuous growth and development. In addition, AI governance not only serves as a means for corporate innovation and growth, but also fulfills social responsibility and serves as a key element for sustainable development.



SK Telecom’s basic AI principles

SK Telecom decided to introduce AI governance into company management in January 2024 to ensure the reliability and safety of AI. In addition, we unveiled ‘T.H.E. AI’, SK Telecom’s AI governance principle, at the general shareholders’ meeting in March. This is an abbreviation of ‘by Telco. for Humanity. with Ethics AI’, and symbolizes the characteristics(Telco, communication technology-based), goals(Humanity, toward people, for people), values(Ethics, ethical value-oriented), and AI governance principles that follow.



AI Pyramid Strategy Linkage Implementation

Based on basic principles of AI and AI pyramid strategy, SK Telecom has established and has been operating a management system to comprehensively respond to risks and opportunities in AI business. The AI governance management system is largely composed of AI governance framework management, AI business management, and issue management.

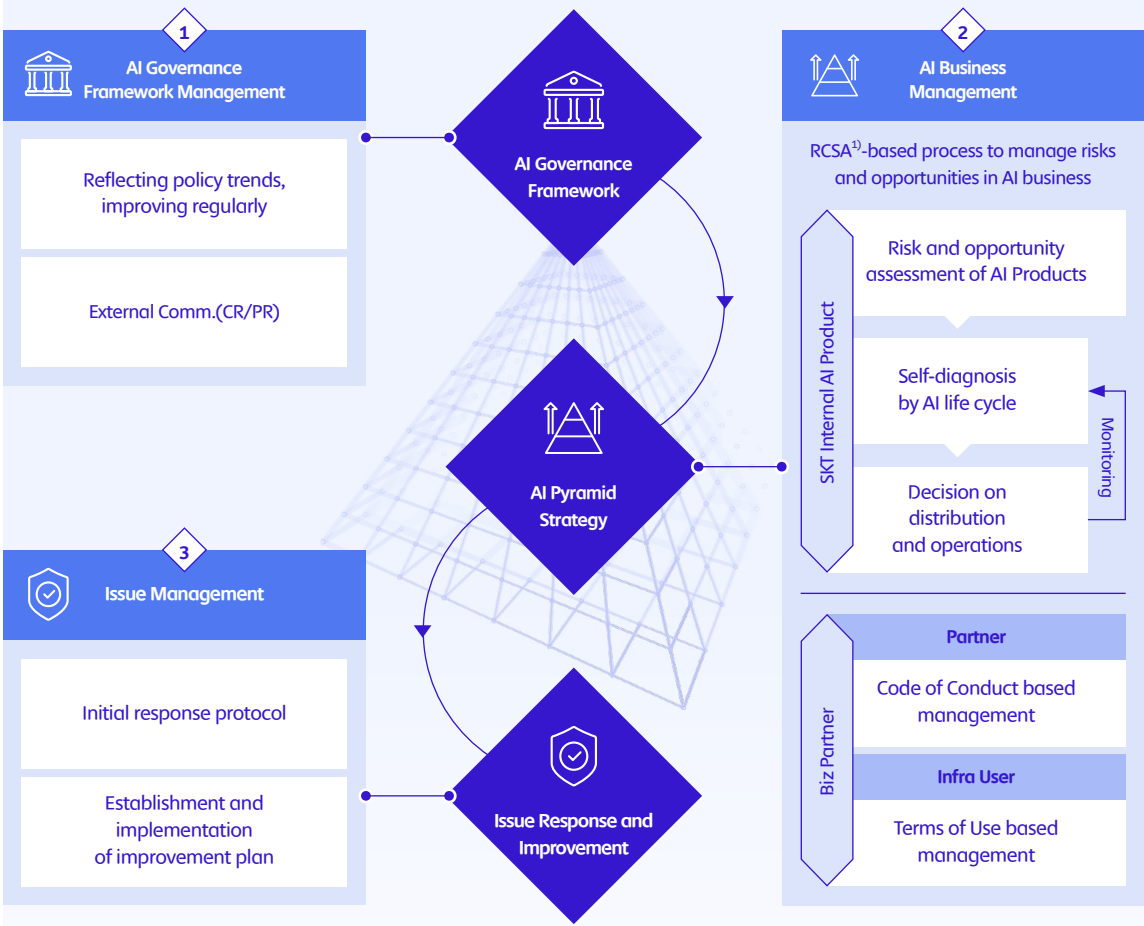
AI governance framework management involves continuously managing and improving the overall AI governance system through external monitoring of domestic and international regulatory and policy trends, as well as technology trend analysis. We also communicate with the government and media about the improvement results and provide training to employees to spread the information within the company.

AI business management refers to management of AI product and business partner that according to each area of the AI pyramid strategy. AI product management involves managing lifecycle risks and opportunities for AI services and businesses, which includes planning, risk and opportunity identification, self-assessment, review and decision-making, and deployment and operation. Business partner management is a process that corresponds to AIX and AI infrastructure among within the AI pyramid strategy and manages partners and users who use SK Telecom's AI products.

Issue management is the process of responding quickly to issues such as service failures and major VOCs, establishing responses and compensation plans for customers, organizations, and the media, and making improvements through analysis of the causes.

To operate this AI governance management system smoothly, we have established an organization dedicated to AI governance under the control of the "Governance & External Affairs"(Chief Governance Officer) to promote the creation of synergy between support organizations, professional organizations, etc. throughout AI governance management. In addition, we report key AI governance issues to the ESG Committee, the highest decision-making body, to support appropriate decision-making.

In April 2024, SK Telecom obtained ISO/IEC 42001 certification, the international standard for artificial intelligence management systems, for the first time as a domestic carrier. This is the result of international recognition for effectively implementing AI risk management by establishing and operating an AI system based on reliability and safety. SK Telecom will continue to provide new values to all stakeholders, including customers, by appropriately utilizing and effectively managing AI technology based on AI governance.



1) RCSA(Risk and Control Self-Assessment): A methodology used by an organization to identify, evaluate, manage, and control its own risks, being used in various industries such as finance, technology, manufacturing, and healthcare.

INTERACTION MOVEMENT

Stakeholder Engagement

Double Materiality Assessment

Issue 1.
Diversification Of Customer Experience
(AI-based Technology And Service Innovation)

Issue 2.
Response To Climate Change(Carbon Neutrality)

Issue 3.
Service Quality Management And Responsibility

Stakeholder Engagement

Status and Key Issues of Stakeholder Communication

SK Telecom not only contributes to economic development by creating economic values but also ultimately pursues the happiness of mankind by satisfying its stakeholders and creating social value, according to the SKMS, a business management system revised by the SK Group in 2016. SK Telecom reflected the SKMS in its Articles of Incorporation in March 2017 and in its Corporate Governance Charter in February 2018, expressing clear goals. Moreover, we classified the company's stakeholders into customers, employees, partners, local communities and NGOs, shareholders, and the government, and reflected the contents emphasizing the pursuit of stakeholders' happiness in the Articles of Incorporation in 2020.

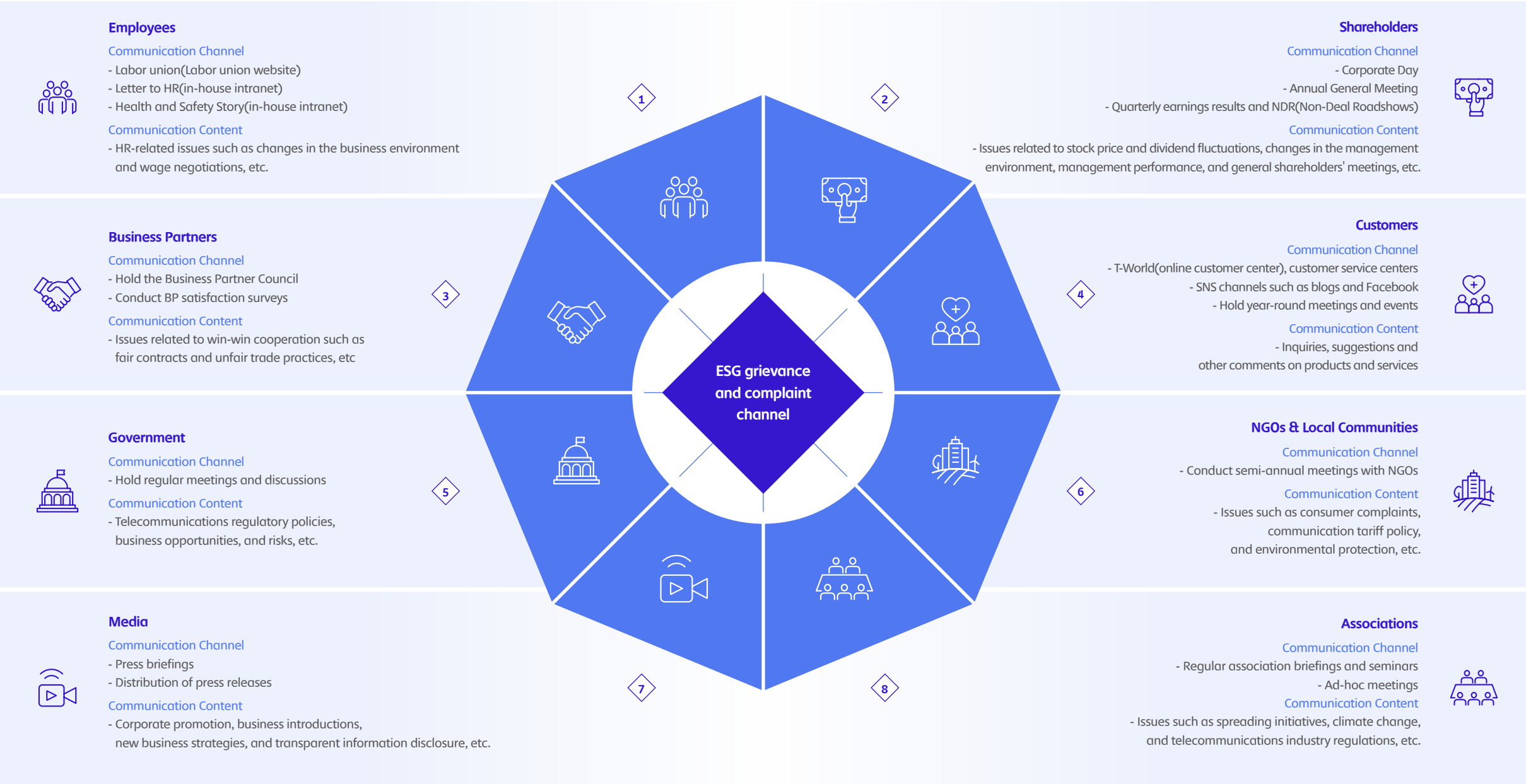
SK Telecom has completely revised its Stakeholder Engagement Policy in 2024 to strengthen stakeholder engagement and enhance transparency and efficiency in management, and publicly declared its commitment to stakeholder engagement. Based on the AA1000SES(Stakeholder Engagement Standard), the revised Stakeholder Engagement Policy specifies company-wide guidelines for stakeholder communication, including principles and systems for implementing stakeholder engagement strategies, identification and impact assessment processes, review and improvement procedures, and problem resolution processes.

SK Telecom will continue to embrace the 'Double Bottom Line'(DBL) management policy, which considers not only economic value but also the social value created through corporate operations as a key component of its performance metrics. The company plans to enhance existing communication channels and continuously increase the frequency of communication with both potential and key stakeholders.

Stakeholder Engagement Policy






Scope	This Stakeholder Engagement Policy applies uniformly to all stakeholders and affected communities involved in SK Telecom's business activities, including its own operations and overseas subsidiaries, as well as supply chains throughout the business.
Purpose	SK Telecom establishes and discloses requirements for internal and external stakeholders to participate in and communicate in management activities, thereby reaffirming SK Telecom's commitment to stakeholder engagement internally and externally and providing group-wide guidance to relevant internal departments.
Objective	The goal is to enhance the transparency and efficiency of management through stakeholder engagement and communication, and to gain the support and trust of stakeholders.
Responsibility	<ul style="list-style-type: none">• Communication channels and participation methods for each stakeholder are managed and supervised by the company-wide stakeholder management organization, with each responsible department operating under an accountability system(designated responsible department and individuals).• Policies and key issues related to stakeholder engagement are reported to the ESG Committee under the Board of Directors.
Issue Management	<ul style="list-style-type: none">• If potential or actual negative impacts are identified through stakeholder engagement and communication, measures are developed to mitigate or eliminate these impacts and are actively implemented.• The results of handling stakeholder complaints and grievances are tracked and disclosed publicly to enhance transparency.• To strengthen stakeholders' participation capabilities and improve their access to information, capacity-building programs are operated.

Stakeholder Engagement and Communication on Material Issues

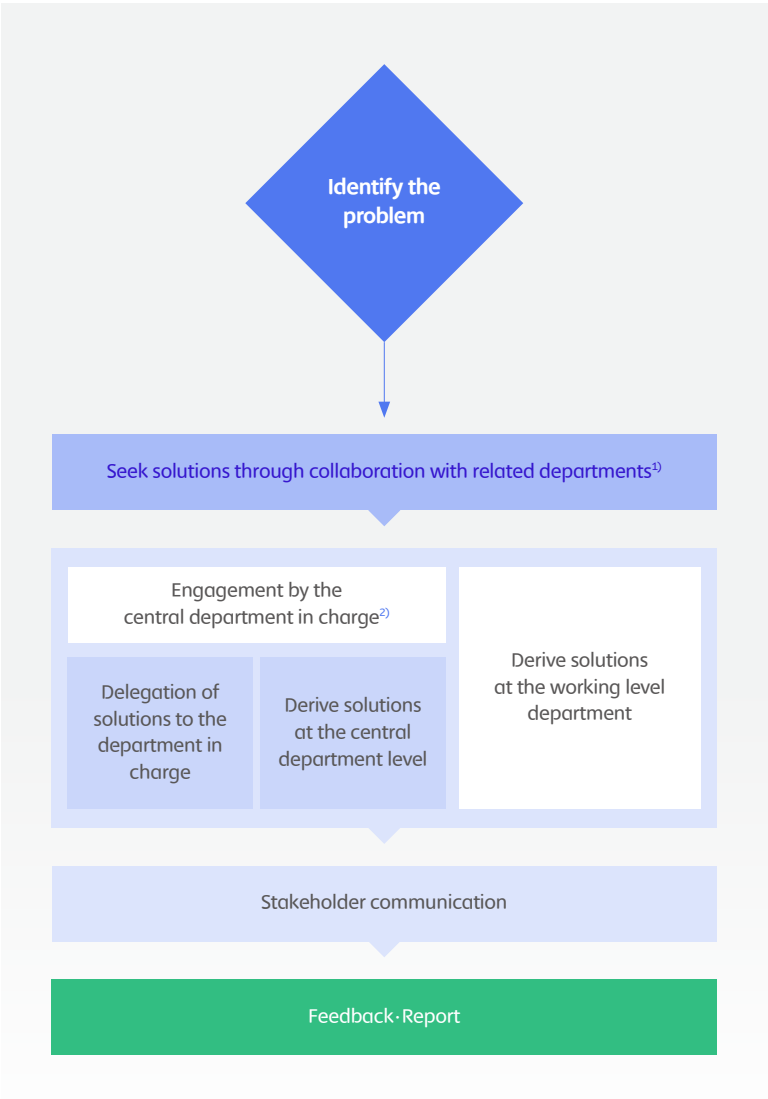


Stakeholder Engagement Program

SK Telecom operates stakeholder engagement programs to gain trust and support while enhancing transparency and efficiency in management. These programs apply to all stakeholders and communities influenced by SK Telecom’s management activities(including all local business operations and supply chains) both domestically and internationally. SK Telecom’s stakeholder engagement programs consist of impact assessments on local stakeholders, operation of clear communication channels, capacity building support, regular surveys and meetings, grievance mechanisms, and monitoring.

Impact Assessment		Conducting an annual stakeholder impact assessment(surveys, interviews, meetings, etc.) to identify potential impacts of business activities on local stakeholders, including local communities, and reflecting the results in the company’s mid-to long-term sustainability strategy and stakeholder engagement strategy.
Operation and Participation of Clear Communication Channels		Efforts are made to establish clear communication channels according to the characteristics and needs of stakeholders for efficient and close communication. Information gathered through these channels is quickly relayed to relevant departments for prompt response.
Capacity Building		Continuous online and offline communication and capacity-building channels are maintained to enhance stakeholders' communication and participation capabilities and access to information. This includes providing stakeholders with the latest information on projects that may impact them, conflict of interest information, and training on communication channels and participation methods.
Stakeholder Surveys and Meetings		Regular and ad-hoc surveys and meetings are conducted with stakeholders from all sectors, including the community, to gather their opinions on the understanding of and improvement directions for the stakeholder engagement policy. The results are reflected in the stakeholder engagement strategy and the mid-to-long-term sustainable management strategy.
Grievance Mechanism		Processes for handling stakeholder complaints and grievances are operated in various domains such as business, ethical management, customer support, and industrial safety. Issues received are processed by the company-wide organization and responsible departments, followed by post-monitoring procedures to track significant issues that may impact stakeholders.

Problem Solving Process



1) Seek solutions through collaboration with related departments: If the responsible department that first encounters the issue determines that it is unable to derive a solution in terms of the issue's urgency, significance, impact, and solution methods, it asks for engagement of the central department

2) Engagement by the central department in charge: If it is determined that a problem can be solved through additional R&C input and the delegation of authority, the solution is delegated to the department in charge. If it is determined that it is necessary to respond from a company-wide perspective, the central departments resolve it directly

Double Materiality Assessment

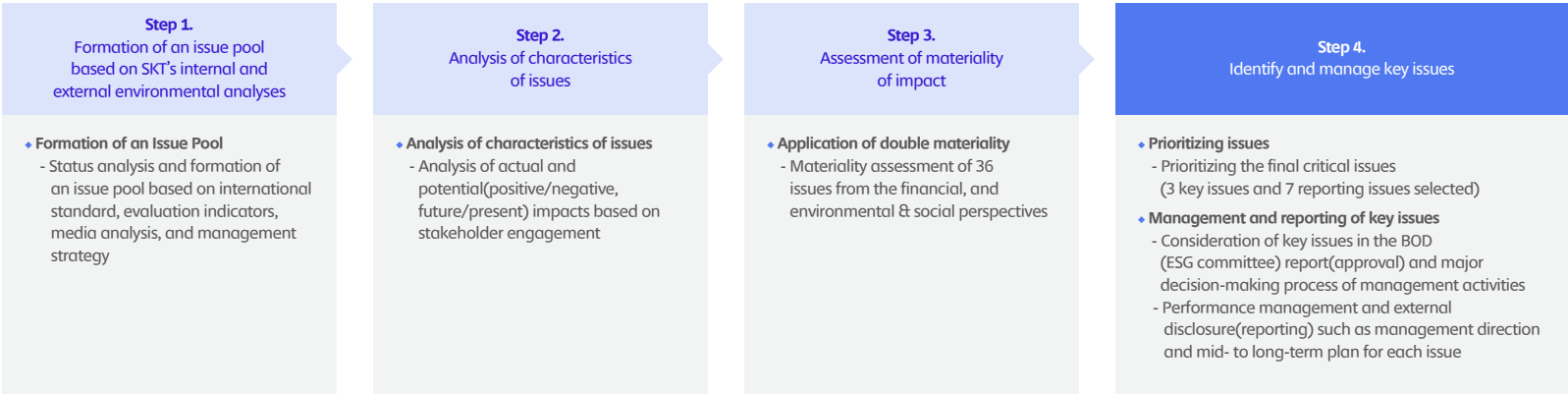
Double Materiality Assessment Process

SK Telecom conducts an annual materiality assessment with the participation of internal and external stakeholders to select and prioritize critical topics necessary for advancing ESG management. The selected critical issues undergo Board review and approval and independent third-party verification before final selection. The term 'materiality' represents critical topics, which are categorized into financial impacts and environmental & social impacts, based on their effect on the company and its value chain. This process identifies potential risks and opportunities related to ESG issues. Furthermore, to comply with international standards, SK Telecom adheres to the guidelines for determining reporting topics and content composition recommended by the GRI Standards and the <IR> Framework of the International Integrated Reporting Council(IIRC). The double materiality assessment is conducted from a comprehensive risk management perspective linked to SK Telecom's overall risk management processes concerning environment, social, and governance. It continuously monitors the risks and opportunities of critical issues and their impact on the sustainability of the company.

Application of Double Materiality

Environmental & Social Materiality		Financial Materiality	
International standards & evaluation indicators	<ul style="list-style-type: none">♦ Analysis of GRI Standards, ISO 26000, UN SDGs, UNGC indicators♦ Review of external stakeholders ESG information disclosure requirements<ul style="list-style-type: none">- Analysis and reflection of disclosure requirements of government, NGOs, and relevant entities	International standards & evaluation indicators	<ul style="list-style-type: none">♦ Application of major investment institutions' index requirements such as DJSI, MSCI, and CDP♦ Review of the utilization and impact by investment institutions such as TCFD and SASB<ul style="list-style-type: none">- Analysis of international standards from the perspective of financial materiality
Benchmarking & Media Analysis	<ul style="list-style-type: none">♦ Analysis of disclosed data of global advanced companies and industry initiatives/trends♦ Analysis of news that may have a non-financial impact<ul style="list-style-type: none">- Impact on environmental and social issues such as corporate reputation, branding, and social value	SKT management strategy & media analysis	<ul style="list-style-type: none">♦ Analysis of SK Telecom's ESG strategy and business portfolio♦ Analysis of media articles that may have a financial impact<ul style="list-style-type: none">- Financial impact applied to shareholders, investors, etc.
Stakeholder Engagement	<ul style="list-style-type: none">♦ Environmental and social issues affected by SK Telecom's business activities<ul style="list-style-type: none">- Analysis of impact characteristics: ① positive/negative, ② present/future♦ Identification of stakeholder expectations and concerns regarding the impact of business activities on ESG issues	Stakeholder Engagement	<ul style="list-style-type: none">♦ ESG issues that may affect SK Telecom's financial performance<ul style="list-style-type: none">- Analysis of impact characteristics: ① positive/negative, ② cost/revenue/risk♦ Reflect the stakeholders'(shareholders, etc.) expectations and concerns about non-financial activities

Process of the Dual Materiality Assessment



Results of the Materiality Assessment

Strengthen External Stakeholder Engagement

- **Step 1~2:** Regular operation of communication channels with external stakeholders such as suppliers, customers, and investors, incorporating feedback from the materiality assessment.
- **Step 3:** Conduct surveys with external stakeholders in Korea, incorporating assessments of materiality and feedback on ESG from major investment institutions such as DJSI and MSCI.
- **Collect opinions through media analysis and incorporate them into the materiality assessment**(As of January to December 2023)



Results of the Double Materiality Assessment




The materiality assessment prioritized 36 issues, from which 3 key issues and 7 reporting issues were derived.

		Importance		Nature of Impact		Stakeholders						Page
		Financial	Environmental /social	Positive	negative	Employees	Customers	Partners	Government	Local communities	Shareholders	
Classification	Issues											
① Customers	Diversification of Customer Experience(AI-based technology and service innovation)*	●	●	○	○		●	●		●		39-41
② Environment	Response to Climate Change (Carbon Neutrality)	●	●	●	●			●	●	●		42-44
③ Customers	Service Quality Management and Accountability*	●	●	●	●	●	●	●				45-47
④ Environment	Advancement of Environmental Management Strategy and System	●	○	●	○			●	●	●		50
⑤ Management /Economy	Enhancement of Governance Integrity and Transparency*	○	●	○	○							122-137
⑥ Environment	Strengthening of Resource Circulation System for Circular Economy*	●	○	○	○				●	●		71-72
⑦ Supply chain	Sustainable supply chain selection and assessment	○	○	●	●			●	●			106-108
⑧ Supply chain	Strengthening of Mutually Beneficial Cooperation Activities*	○	○	●	●			●	●			108-110
⑨ Customers	Improvement of Network Quality*	○	○	●	●		●			●		45-47,95
⑩ Employees	Recruiting and fostering talents	○	○	●	●	●						76-78

* Newly included issues

Key issues




Analysis of key issues to create corporate value

Key issues	Identification of risks/opportunities	Business Case	Impact on business	Business strategy (direction of response)	Mid-to-long-term plans (Target year)	Key performance (Current status)	Executive compensation(linked to KPI)		
							Corporate value	Stock price linked	ESG
<div>1</div> <div>Diversification of customer experience (Innovation of AI-based technology and services)</div> <div></div>	<ul style="list-style-type: none">Strengthening the competitiveness of services and products through AI transformationEnhancing customer satisfaction by providing differentiated services and products to customers through AI	<ul style="list-style-type: none">As the growth of the telecommunications industry is expected to stagnate due to saturation of the 5G market and population decline, strengthening business competitiveness through AI and utilizing as a new growth engine by enhancing customer satisfaction	<ul style="list-style-type: none">CostRevenue	<ul style="list-style-type: none">Visualize the performance of each layer by realizing the AI pyramid strategy that incorporates AI to all of SK Telecom's technologies and businessesAI infra: Scale up AI DC, upgrade wired and wireless infra to AI infra, secure LLM through self-reliance and cooperationAIX: Applying AI to MNO to improve efficiency to evolve into AI TV, strengthening AI EnterpriseAI service: Evolving PAA, and promoting Global PAA	<div>[AI infra]</div> <ul style="list-style-type: none">(by 2024) Realizing AI monetization through Telco-specialized LLM(by 2030) Expansion of DC to 200MW in Korea <div>[AIX]</div> <ul style="list-style-type: none">(by 2025) Commercialization of UAM service in Korea <div>[AI service]</div> <ul style="list-style-type: none">(by 2024) Providing a subscription platform with AI technology(by 2024) Providing metaverse service with added AI virtual human based on generative AI technology	<div>[Expansion of AI infra]</div> <ul style="list-style-type: none">Equity investment in Antropic to secure Telco-specific LLM that can be linked to monetizationUnder development of TelClaude through cooperationUnder technical cooperation to provide high-quality AI servicesEquity investment in Lambda for evolution into AI DCUnder development of a business model to respond to AI computing demand in KoreaUnder preparation of cooperation to build Edge AI <div>[Expansion of AI service]</div> <ul style="list-style-type: none">Innovation in customers' daily lives with AI through the official launch of the world's first Korean LLM service, A(A-DoT)Cumulative subscribers exceed 4 millionExpansion of service areas such as call recording/summary, interpretation, music, and sleep analysisProviding new AI experiences by launching new services /solutions using AI technologyLaunch of new services such as SKT AI CCaaS, Enterprise AI market, and AI interpretation solution, Trans Talker	<ul style="list-style-type: none">Increased sales by 1.8% and operating profit by 8.8% compared to 2022Set according to the standards for payment of directors' remuneration considering role/ position, leadership/ expertise, contribution to the company, and management performancePayment of salary/ bonus depending on the establishment of an AI Pyramid strategy and contribution to accelerating leap forward to a Global AI company		
<div>2</div> <div>Response to climate change (carbon neutrality)</div> <div></div>	<ul style="list-style-type: none">Analysis of various social/economic change impacts(transition risks and opportunities) based on IEA¹⁾ NGFS scenarios²⁾Establishment of SSP scenario³⁾ - based physical risks and response strategies for climate changes such as heat waves, heavy rain(flooding), and forest fires	<ul style="list-style-type: none">Possible to increase the major infra operating costs, such as base stations, and to hinder price competitivenessCost increase due to increased power costsIn the event of a natural disaster, communication paralysis(network failure) may occur due to loss (damage) of wired and wireless communication facilities/equipment nationwideTrend of strengthening climate change-related regulations and continuing to increase carbon trading prices	<ul style="list-style-type: none">CostRisk	<div>[Three Green Strategies for Net Zero]</div> <ul style="list-style-type: none">Green Operation: Reduction of power usage by 25%<ul style="list-style-type: none">Replacement of old equipmentIncreasing the adoption rate of Single RAN our own networkExpansion of application of AI-based cutting-edge cooling /low-power design solutionsGreen Energy: Application of renewable energy for 100%<ul style="list-style-type: none">Self-generated solar power for office buildings and communications officesApply renewable energy by purchasing PPA-RECGreen Forest: Offsetting remaining greenhouse gas emissions<ul style="list-style-type: none">Offsetting direct greenhouse gas emissions through the forest carbon offset system	<ul style="list-style-type: none">Greenhouse gas⁴⁾<ul style="list-style-type: none">(By 2030) Reducing by 47.7%(By 2050) Achieving Net Zero * Compared to 2020Percentage of using renewable energy<ul style="list-style-type: none">(By 2030) Achieve 65%(By 2050) Achieve 100%Securing domestic and overseas carbon credits<ul style="list-style-type: none">(By 2030) 2.39 million tons	<div>[Achieving Net Zero based on green strategy]</div> <ul style="list-style-type: none">(Green Operation)<ul style="list-style-type: none">Office buildings: Reduction of 1,143 tCO₂e by replacing to high-efficiency equipmentCommunication equipment: Reduction of 172,760tCO₂e such as single RAN project, Power Saving, 5G public network, replacement of high-efficiency equipment(Green Energy)<ul style="list-style-type: none">Office buildings: Green premium, reduction of 96,098 tCO₂e (market-based), solar power generation, reduction of 208 tCO₂eCommunication equipment: Reduction of 2,034 tCO₂e through solar power generation(Green Forest)<ul style="list-style-type: none">External project forest damage prevention; 3,425,415 trees		<div>Carbon emissions</div> <div>1.12 million tons</div> <div>(market-based)</div>	
<div>3</div> <div>Service quality management and responsibility</div> <div></div>	<ul style="list-style-type: none">Laying the foundation for communications business through stable network quality management and operation<ul style="list-style-type: none">Securing a quality monitoring system and promoting quality improvement activitiesStrengthening RM(Risk Management) system to prevent failuresIn the event of a failure, minimize service interruption time by securing a rapid response and recovery system<ul style="list-style-type: none">Minimizing customer quality complaints and compensation issues in the event of service interruption due to failures, etc.	<ul style="list-style-type: none">In the event of a communication failure due to system failure, disaster/calamity, etc., customers' daily lives stop and the company suffers significant financial losses<ul style="list-style-type: none">Customers(external stakeholders): Related damage may occur caused by unavailability of communication servicesCompany(internal business impact): Monetary compensation for damage caused by unavailability of customer serviceIn case of customer dissatisfaction due to a decrease in service quality, customers may leave<ul style="list-style-type: none">Company(internal business impact): Decrease in sales caused by customer withdrawal, increase in market maintenance costs to defend against decline in sales	<ul style="list-style-type: none">CostRevenueRisk	<ul style="list-style-type: none">Increased quality sensitivity, expansion of new services, increased network complexity, and providing services in environments such as major failures/disasters/calamitiesPromote strengthening of stable operation to provide continuityInspection of service DR(Disaster Recovery) system to respond to failures/disasters and establishment of protection measuresEstablishment of work control system and strengthening training for work principleDiagnosis and improvement of stability in all areas of the network, control and sensing using AIConstructing a cooperative system for responding to failures/ disasters in connection with other companies and the governmentAdvancement of defense solutions to eliminate risks of external security attacks(hacking/DDoS) and personal information infringement(SIM duplication, etc.)	<ul style="list-style-type: none">(By 2030) Zero major failures through absolutely stable operation	<ul style="list-style-type: none">Strengthening stability: Promoting DR(Disaster Recovery) TF, conducting diagnosis/inspection of service failure risk<ul style="list-style-type: none">Completion of improvement identification/inspection measures for 60 potential risks in 2023(100%)Work system improvement: Deriving and improving mid- to long-term tasks, analyzing/improving work tools<ul style="list-style-type: none">Under Derivation and improvement of 41 tasksExpansion of AI Assisted Infra: Expanding the introduction AI technology for Telco Infra for rapid diagnosis/analysis of failures		<div>Zero major failures</div>	

1) IEA(International Energy Agency): International Energy Agency / 2) NGFS(Network for Greening the Financial System): Green Finance Council

3) SSP(Shared Socioeconomic Pathways): Common Socioeconomic Pathways 4) Our company's emissions/reduction figures are calculated based on market-based emissions, and for emission calculation standards and details, refer to p43, p187, and p188

Key issues

Analysis of Material Issues of External Stakeholders							
Key issues	Value chain (Range of impact, %)	Stakeholders	Type of impact	External Stakeholder Relevance and Materialit	Output indicator(Output Metric)	Impact assessment	Impact indicator
<div>1</div> <div>Diversification of customer experience (Innovation of AI-based technology and services)</div> <div></div>	Products/Services(100%)	Environment, society, customers(end users), external members	Positive	<ul style="list-style-type: none">Discovering/cultivating various AI business projects to improve the satisfaction of our customers1) Creating an AI cooperation ecosystem<ul style="list-style-type: none">- Establishment of a diverse spectrum of cooperation systems, from overseas big tech to domestic startups- Promoting shared growth through AI technology convergence/support2) Expanding AI services to diversify customer experience<ul style="list-style-type: none">- Expanding AI-based social safety net and providing services to support vulnerable groups> Relieve the loneliness of the elderly living alone by providing AI care/call service and connecting to 119 in case of emergency	<div>[Expansion of AI ecosystem and social safety net]</div> <ul style="list-style-type: none">Creating social value due to the increase in start-ups related to the AI ecosystem- Expanding AI startups(expanding support companies) <div>[Diversifying customer experience and improving satisfaction]</div> <ul style="list-style-type: none">Improving customer satisfaction through differentiated services from the customer's perspective and support for vulnerable groups- Expanding AI-based support for socially vulnerable groups- Improving customer satisfaction<ul style="list-style-type: none">> Ranked No.1 in the National Customer Satisfaction Index (NCSI) for 26 consecutive years> Ranked No.1 in the Korea Customer Satisfaction Index(KCSI) for 26 consecutive years> Ranked No.1 in the Korea Service Quality Index(KS-SQI) for 24 consecutive years"	<ul style="list-style-type: none">Creating social value based on AI ecosystemSecuring brand loyalty/soundness and potential customers	<div>[Creating social value based on AI ecosystem]</div> <ul style="list-style-type: none">Discovering and fostering start-ups: Support for 432 startups since 2013 (Corporate value grew to KRW 7.8 trillion, based on 185 companies that disclosed their corporate values) <div>[Increasing brand loyalty through AI-based support services for vulnerable groups]</div> <ul style="list-style-type: none">Provision of services to approximately 157,000 households and emergency rescue to 778 peopleCreating EV of KRW 4.8 billion, SV of KRW 12.7 billion
<div>2</div> <div>Response to climate change (carbon neutrality)</div> <div></div>	Products/Services(100%)	Environment, society, customers(end users), external members	Positive/negative (neutral)	<ul style="list-style-type: none">Strengthening the demand for responses such as reducing greenhouse gas and investing in decarbonizationPromoting the expansion of eco-friendly energy investment activities to respond to climate changeProviding a positive role to the local community and industry, such as establishing a resource circulation ecosystem near the business site	<ul style="list-style-type: none">Greenhouse gas reductionCost of investing in Eco-friendly energySecuring carbon credits	<ul style="list-style-type: none">Social costs incurred	<div>[Greenhouse gas emissions reduction]¹⁾</div> <ul style="list-style-type: none">Energy efficiency: 174,000 tonsRenewable energy: 99,000 tons(market-based) <div>[Cook stove project for the poorest countries]</div> <ul style="list-style-type: none">Carbon credits:(cumulative) secured 260,000 tonsSocial value: Cumulative KRW 95.2 billion over 4 years from 2020"
<div>3</div> <div>Service quality management and responsibility</div> <div></div>	Products/Services(100%)	Environment, society, customers(end users)	Positive/negative (neutral)	<div>[Prevention of financial loss to external stakeholders due to system failure]</div> <ul style="list-style-type: none">Reducing financial losses that may occur in the event of network communication failures in various industries utilizing network-based servicesUser inconvenience may be caused by the unavailability of related services during times when communication services, including voice and data services, are unavailable <div>[Reducing customer damage/loss by establishing a disaster/safety accident prevention system]</div> <ul style="list-style-type: none">AI-based earthquake detection/identificationElaboration of disaster textPrevention of traffic safety accidents	<div>[Securing system stability]</div> <ul style="list-style-type: none">Prevention of subscribers/potential customers from leaving through communication disaster response strategies and operations- Establishment of network traffic, traffic utilization, backup infrastructure for failures at stations, etc. <div>[Establishment of disaster/safety accident prevention system]</div> <ul style="list-style-type: none">Reducing customer damage/loss by implementing various disaster/accident prevention systems - AI-based earthquake detection/identification, refinement of disaster text, and advancement of traffic safety accident prevention services	<ul style="list-style-type: none">Social costs incurred due to network failuresCreating social value by advancing the operation of disaster and safety accident response systems	<div>[Securing system stability]</div> <ul style="list-style-type: none">Sales impact due to wireless subscriber chun due to telecommunication disaster: SKT average revenue per wireless subscriber(ARPU): KRW 30,210 <div>[Establishment of disaster/safety accident prevention system]</div> <ul style="list-style-type: none">AI analysis for earthquake detection/identification<ul style="list-style-type: none">- Total number of households in Korea, public willingness to pay for the advancement of earthquake detection system: SV 38.9 billionRefinement of disaster text messages: refinement of bulk sending to customers and text sending range<ul style="list-style-type: none">- Wireless communication service subscribers, customer willingness to pay for elaborated disaster text messages: SV 155 billionPrevention of traffic safety incidents: Providing Tmap sudden stop notification service<ul style="list-style-type: none">- Percentage of sudden stop notification users, the value of traffic accident prevention in real-time traffic safety information notification: SV 44.3 billion, EV 25.7 billion

1) Figures related to reduction are calculated based on market-based emissions, and for emission calculation standards and details, refer to p43, p187, and p188

Report Issue

No.	Classification	Issues	Context	Our Approach	Activities	Long Term Target	Linked KPI
4	Environment	Advancement of environmental management strategies and systems 	Environmental issues such as climate change, environmental pollution, and resource circulation are important issues of interest to major stakeholders such as customers and investors and are very important issues that determine the existence and value of a company. Environmental regulations are being strengthened further, especially in developed countries, and the demands of stakeholders for social responsibility are gradually increasing. Accordingly, companies are pursuing sustainable growth by actively establishing environmental goals and strategies in accordance with the characteristics of the industry and practicing active environmental management such as responding to climate change, preventing environmental pollution, and expanding resource circulation.	To achieve 2050 Net Zero, SK Telecom has established an environmental management strategy system with the initiatives of proactive response to climate change, advancement of our environmental management system, and creation of eco-friendly green culture. We are proactively responding to climate change by developing eco-friendly AI infrastructure, implementing RE100, and joining global initiatives. We are not only establishing an AI-based environmental management system and introducing environmental management KPIs, but also focusing on strengthening the eco-friendly purchasing system and advancing the environmental management system. In addition, we are striving to establish and spread green culture by actively carrying out eco-friendly social contribution activities in which our members participate.	<ul style="list-style-type: none">Establishment of an environmental management strategy system to achieve 2050 Net Zero<ul style="list-style-type: none">Three major initiatives are preemptive response to climate change, advancement of environmental management system, creation of an eco-friendly green cultureIntroduction of Net Zero KPIs by key executives such as CEO and CLO and managers of related business sectorsReduction of greenhouse gases to respond to climate change<ul style="list-style-type: none">Analysis of climate change response scenarios, risk and opportunity responseExpanding the use of renewable energy through RE100 implementationApplication and implementation of global initiativesSecuring overseas carbon creditsConservation of biodiversity<ul style="list-style-type: none">Operation of biodiversity risk and opportunity management systemMitigation activities to conserve biodiversity, such as preventing forest damage	RE100 (by 2050) Net Zero (by 2050)	Greenhouse gas reduction¹⁾ (market-based) 272,489 tCO₂e
5	Management / Economy	Strengthening soundness and transparency of governance 	As ESG, a non-financial indicator, has become an important factor in the decision-making process of shareholders and investors for companies, the demand for a sound and transparent governance structure is gradually increasing. Recently, the government's value-up program that is in operation to enhance corporate value has further emphasized the importance of corporate governance, with opaque governance being pointed out as a cause of the undervaluation of corporate value in the domestic stock market. In response to these environmental changes, companies are actively promoting governance structure improvements, including strengthening the responsibility of the BOD, independence of auditors, and protecting shareholder rights.	SK Telecom has strived to strengthen the soundness and transparency of its governance structure through the operation of an advanced governance structure centered on the BOD. As part of this, in March 2021, we changed the Articles of Incorporation to declare the company's will and action plan to establish a sound and transparent governance structure, and in May 2022, we revised the Corporate Governance Charter to provide a basis for the Articles of Incorporation. In addition, we are expanding communication and collecting opinions on the governance structure with internal and external stakeholders by disclosing the Corporate Governance Charter. We will continue to protect the rights and interests of shareholders and enhance corporate value based on the establishment of a sound and transparent governance structure.	<ul style="list-style-type: none">Declaration of action plan to establish sound governance structure in March 2021Efforts to advance corporate governance to the level of global standards and strengthen board-centered management in May 2021Reorganization of the BOD and revision of the corporate governance charter* Conform to the best corporate governance standards of the Korea ESG Standards Institute	Completion of board-centered independent management and optimal decision-making structure that meets global standards	Securing stakeholders' recognition and support for SK Telecom's governance structure
6	Environment	Strengthening resource circulation system for circular economy 	As the transition to a circular economy is being promoted globally to respond to climate change and protect the global environment, corporate responsibility for the entire product process is being increasingly emphasized. In particular, in Korea, as the Act on Promotion of Circular Economy and Social Transformation will take effect in January 2024, resource circulation is emerging as an important element of corporate environmental policy. Companies have established and implemented various resource circulation policies to transform from the existing linear structure of production-consumption-disposal to the circular structure of production-consumption-regeneration.	SK Telecom is not only establishing an environmental management strategy system to achieve 2050 Net Zero, but is also actively responding to environmental regulations to realize a resource circulation economy. As part of this, we are focusing on developing eco-friendly products and services that reduce the use of resources. In addition, we are carrying out various eco-friendly social contribution activities in which members and customers participate, including the eco-friendly project 'Happy Habit, to create happy habits for the environment, and to internalize and spread green culture.	<ul style="list-style-type: none">Reduction of using resources through electronic bills and mobile membership operation<ul style="list-style-type: none">Prevention of personal information leakage and reduction of paper waste by using electronic bills instead of paper billsReplacing plastic cards issued to T membership customers with mobile eco cards.* Reduce plastic use by approximately 24 tons per year and reduce carbon emissions by approximately 55 tons'Happy Habit' project, a happy habit for the environment<ul style="list-style-type: none">Carrying out eco-friendly projects such as solving the problem of disposable plastic abuse' and activating resource circulation	Zero plastic card issuance by 2030	Continuous improvement of user experience through optimization of app service
7	Supply chain	Selection and assessment of sustainable supply chain 	As the instability of the supply chain acts as a major risk to the entire industry due to fluctuations in the international situation, building a sustainable supply chain has emerged as the most important task. In addition, as the scope of ESG management expands to all areas of the value chain, the ESG management capabilities of partners in the supply chain are directly linked to the company's competitiveness. In order for a company to build a sustainable supply chain, efforts must be made to prevent risks in advance by assessing and managing ESG risks such as ethics, environment, labor and human rights, and safety and health that occur throughout the supply chain.	SK Telecom is seeking sustainable supply chain management, including partner ESG risk management, based on its supply chain policy. We ask all partner companies to comply with the Partner ESG Code of Conduct and strive to prevent supply chain risks in advance by checking ESG risks such as human rights, environment, ethics, and society. In addition, for responsible supply chain management, we establish ESG standards for partner companies and pre-screen suppliers during the purchasing process and conduct ESG assessments by independent third-party organizations. Based on this, we are building a sustainable supply chain by identifying and analyzing major risks in the supply chain and taking corrective actions, as well as operating an incentive system for excellent partner companies.	<ul style="list-style-type: none">Strengthening ESG code of conduct for partner companies<ul style="list-style-type: none">Purpose of establishing the code of conduct, subjects for implementing the code of conduct, roles, and responsibilities of partner companiesResponsible supply chain management program<ul style="list-style-type: none">Partner ESG risk management process and roadmapEstablishment of ESG standards in the purchasing process and pre-screening of the supply chainPurchasing strategy to improve supply chain sustainabilitySupply chain ESG assessment<ul style="list-style-type: none">Inspecting and identifying ESG risks through online and on-site surveysConducting in-depth diagnosis of supply chain ESG risk management<ul style="list-style-type: none">Maintaining and strengthening ESG training in the existing trainingNew ESG training	Expansion of partner ESG risk in-depth diagnosis program to all partner companies	100% implementation of ESG code of conduct for partner companies and diagnosis of ESG for strategically important partners Achieved 100% coverage

1) Figures related to reduction amount are calculated based on market-based emissions, for emission calculation standards and details, refer to p43, p187 and p188

Report Issue

No.	Classification	Issues	Context	Our Approach	Activities	Long Term Target	Linked KPI
8	Supply chain	Strengthening win-win cooperation activities <div></div>	As the global economic recession is prolonged, uncertainty and volatility in corporate management are increasing. SMEs with relatively insufficient financial power, technology, and human resources, are bound to find it difficult to overcome the ongoing recession, and social demands for the role of large corporations are also increasing. Under the recognition that shared growth with small and medium-sized partner companies is an essential element in strengthening competitiveness, we are striving to fulfill our social responsibilities by implementing various win-win cooperation activities such as funding and technical support, support for market development, strengthening communication, and supporting ESG management.	SK Telecom is actively pursuing shared growth with its partner companies to create a sound ICT industry ecosystem and create sustainable value. We are supporting the improvement of the ESG level of the entire supply chain by advancing the identification, diagnosis, and evaluation of ESG risks of our partner companies. In addition, we are establishing three major shared growth implementation tasks and practicing sustainable win-win cooperation with our partner companies through various shared growth programs, such as supporting technology development for partner companies and operating a technology protection program.	<ul style="list-style-type: none">Shared growth with partner companies<ul style="list-style-type: none">Establishment and implementation of three major tasks for implementing shared growthOperating a partner support programFinancial support for partner companies through a shared growth fundOperating communication with partner companies, such as partner happiness survey, partner meeting, SCM mailbox, etc.Received the highest rating in the Win-win Growth Index(hosted by the Win-Win Growth Committee and the Fair Trade Commission; 234 large companies subject to evaluation)"	Establishment of a sustainable shared growth culture and system	Acquired the highest level of win-win growth index evaluation for 11 consecutive years and enhanced social value
9	Customers	Improvement of network quality <div></div>	As the development of the ICT industry, including AI, accelerates and digital technology spreads in our daily lives, consumer demands and expectations for ultra-high-speed, ultra-low-latency communication services are growing. Corporate responsibility and the capability to quickly respond to communication service failures caused by natural disasters or increased cyber threats are also becoming more important. In this environment, telecommunication companies are focusing on developing high-quality communication technologies, building the latest wired and wireless infrastructure, improving network quality and expanding coverage, and responding to failures to stably provide high-quality communication services to customers.	SK Telecom is making various efforts to improve network quality by maximizing mobile accessibility to communication services. To ensure reliability and stability of communication services, we are focusing on network investment and technology advancement to maintain stable network quality and extensive coverage. We are operating the network with the goal of 'zero major failures' based on safe operation of the network and securing stability of communication services, and provide the highest quality communication service by applying the latest communication technology and expanding data traffic processing capabilities.	<ul style="list-style-type: none">Data traffic processing<ul style="list-style-type: none">Commercialization of 5G core that provides standalone mode(SA) and non-standalone mode(NSA) simultaneously in 2021.Success in developing next-generation cloud-based 5G data equipmentLeading communication technology<ul style="list-style-type: none">Securing technologies such as 5 Band CA(Carrier Aggregation) and 4T4R(4 antenna technology)) in 2016, commercialized LTE-A Pro service with a speed of 500Mbps for the first time in KoreaProvided 900Mbps LTE service in 2017Launched LTE Cat.M1 in 2018In 2019, the number of subscription lines to the Low-Power-Wide-Area(LPWA) network exceeded 1 million for the first time in KoreaSuccess in 5G standalone mode(SA) communication in 2020, creating an ultra-high-speed, ultra-low-latency communication environment Developed the world's first network slice application technology for each application and serviceWorld's first verification of Option 4 technology, a next-generation 5G SA that connects 5G base stations and LTE base stations to the 5G core in 2022Developed 5G IoT technology RedCap(Reduced capability) in 2023 and completed verification of the commercial pilot networkElectromagnetic waves<ul style="list-style-type: none">Since the mandatory measurement of electromagnetic waves in June 2007, efforts to ensure customer safety by measuring the intensity of electromagnetic waves every year"	Improving network quality and minimizing failures	Excellent external quality evaluation and zero major failures
10	Members	Securing and training talents <div></div>	Talents who are the main subject of organizational innovation and performance creation is the most important asset of a company. Therefore, it can be said that the entire process of human capital development, from recruitment to securing optimal talent to fostering activities to strengthen the capabilities of optimal talents, is an essential requirement for the growth of a company. Companies around the world that are pursuing sustainable growth clearly recognize the importance of talented individuals, compete to recruit those top talents and continue to invest generously to foster the talents we've procured.	SK Telecom focuses on fostering the human resources necessary for each business to achieve practical results by establishing fostering policies and directions in connection with its business strategies. In particular, to achieve the vision of a Global AI Company, we are pursuing the fostering of the best talents in the industry, focusing on core AI/DT capabilities and service planning and development capabilities. In addition, it is creating a self-directed learning culture by operating a leader-led unit organization development program and providing differentiated learning content curation services through SAM(Smart-learning Assistant Manager), an AI technology-based learning curator.	<ul style="list-style-type: none">Establishment of development direction in connection with business strategy<ul style="list-style-type: none">AI literacy and global capabilities of members to achieve the vision of Global AI CompanyxContinued operation of reinforcement programsEstablishment and support of AI Literacy Comprehensive Development SystemOpened AI Basic course and AI Advanced' courseBased on AI Market Top course and AI master's degree acquisition program(OJD, On the Job Degree) Supporting the growth of AI development expertsEfforts to strengthen global capabilitiesOperation of study-mate program<ul style="list-style-type: none">Operation of Study Mate, a member study group program(84 study groups formed in 2023)Establishment of a leadership system to achieve the vision<ul style="list-style-type: none">Operation of leadership workshops and AI literacy courses for company-wide team leadersInternalization of organizational development programCreation of culture and ecosystem for AI Company<ul style="list-style-type: none">Implementation of AI Challenge' to develop AI-utilized servicesLaunched AI-based Learning Curator that recommends personalized learning contentCreation of an AI ecosystem based on SK Tech Summit"	Developing all members into AI talents and fostering experts for global business performance	Establishment and implementation of AI/ Global fostering system

Diversification of Customer Experience

(AI-based Technology and Service Innovation)

Issue 1.

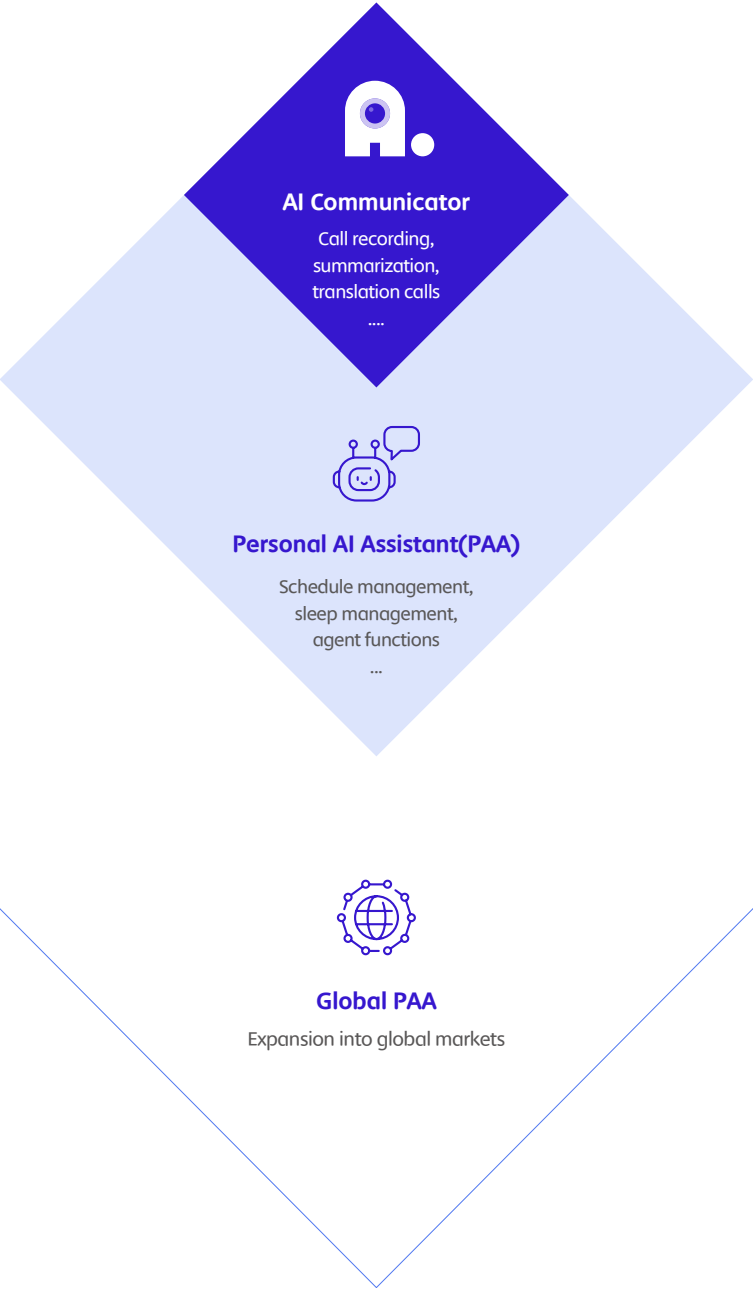
IMPORTANCE

With the advancement of AI technology spurred by generative AI, including ChatGPT, the adoption of AI services across industries and daily life is accelerating. Global telecommunications companies are actively adopting AI as a future growth engine to innovate existing businesses and expand into new ones. Competition is intensifying as companies increasingly focus on developing AI-based technologies and services to secure technology leadership and swiftly capture market share. In particular, efforts are concentrated on providing killer services that enable everyone to use AI conveniently and effectively, thereby creating new customer experiences.

APPROACH

SK Telecom is leveraging AI infrastructure to integrate AI into its core business, introducing technologies and services that innovate customer experiences and position the company as a leader in the AI era. The company has launched a series of killer services for both individual and corporate customers, including the Korean language LLM service ‘A.(A-DoT)’, the AI subscription commerce platform ‘T Universe’, the AI metaverse platform ‘ifland’, the highly personalized media service ‘AI B tv’, and the generative AI platform ‘Enterprise AI Market.’ Plans are in place to continue enhancing our AI technology competitiveness and to expand collaborations with domestic and international AI companies, aiming to provide customers with increasingly diversified experiences..





Personal AI Assistant ‘A.(A-DoT)’

First introduced in 2022, the Korean large language model(LLM) service ‘A.(A-DoT)’ was officially launched in September 2023 and has been growing by revolutionizing customers’ AI experiences.It has established a unique position as an AI communicator by offering a variety of services closely related to daily life, including call recording and summarization, photo, translate call, music, sleep analysis. In particular, the iPhone call recording and summarization, real-time translation services launched in October caused a significant market impact, and from April 2024, the Android call recording and summarization, translation services also began, satisfying customer demands. Boosted by the popularity of its killer services, A.(A-DoT) has seen exponential growth, surpassing 4 million subscribers by the end of March 2024. A.(A-DoT) is rapidly evolving from a communication AI to a Personal AI Assistant(PAA) that connects daily life with AI services. It will continue to innovate the overall daily experiences of customers by efficiently handling big and small tasks and proactively making suggestions as a personal AI assistant. Based on the proven AI agent services and operational know-how in Korea, we plan to develop localized PAAs in collaboration with telco companies in various countries and expand the service worldwide.



AI Subscription Commerce Platform ‘T Universe’

‘T Universe’ is a commerce subscription service that provides various partnership benefits including free overseas shipping from Amazon, various online and offline shopping discount coupons, and OTT services, all for a fixed monthly fee. Since its launch in 2021, the product line has expanded to include various forms of subscriptions such as annual and regular subscriptions, thereby broadening customer choices. It offers subscription benefits that cover all aspects of customers’ lives, from shopping, content, cafes, delivery, to pets, in collaboration with over 100 partners ranging from global companies to startups. In 2023, the subscription package products ‘Universe Pass all’, ‘Universe Pass Life’, and the newly introduced ‘Universe Pass with YouTube Premium’ were launched, providing distinctive partnership benefits and gaining popularity among customers in their 20s and 30s. Thanks to the popularity of new products, as of the end of March 2024, the number of monthly active users(MAU) has exceeded 2.6 million. In 2024, T Universe plans to evolve into an AI-based subscription commerce platform, adding partnership products such as Netflix and providing customers with more diverse benefits and enjoyable experiences.



AI Metaverse Platform ‘ifland’

ifland is a metaverse social communication service where users interact in various virtual spaces using unique avatars. Since its launch in 2021, it has expanded into 50 countries across North America, Europe, the Middle East, and Asia, and has consistently increased its user base, reaching 67 million cumulative users as of the end of March 2024. ifland has introduced personalized virtual spaces ‘if home’, social meetup spaces ‘if square’, and a ‘Market place’ where users can trade 3D items and content, providing over 20,000 types of premium content to allow users to create virtual spaces tailored to their personalities and preferences and enjoy fun interactions with friends. Furthermore, by establishing publishing partnerships with leading telecommunications/IT companies in the Philippines and Malaysia, ifland has activated local services including specialized content development, marketing, and customer support, thereby creating new success stories in the global metaverse market. In 2024, we aim to introduce “AI virtual humans” using generative AI, providing customers with even more differentiated experiences, and grow into a global AI metaverse platform.



Highly Personalized Media Service ‘AI B tv’

In December 2023, SK Broadband launched AI B tv, a highly personalized service enhanced with AI technology. This service features an industry-first automatic user recognition function that provides a personalized home screen for TV viewers. It also introduced personalized content recommendation service ‘AI Curation’, ‘AI Shopping’ that allows immediate purchase of products featured in popular dramas and variety VODs analyzed by AI, and ‘AI Human’, a service where AI virtual humans based on AI character creation technology explain the latest useful information in an easy-to-understand video format. Additionally, through the AI-based digital platform ‘B World’, customers can book services online without a consultant and handle everything from product subscriptions to after-sales service 24/7. In 2024, AI Btv plans to introduce a new dimension of search services utilizing LLM technology, further enhancing its features to offer a completely different and highly personalized media portal experience, standing apart from traditional TV.



Generative AI Platform ‘Enterprise AI Market’

In January 2024, SK Telecom launched the Enterprise AI Market, a platform that enables businesses and public institutions to easily create and use generative AI services. The Enterprise AI Market allows company administrators to create generative AI apps without any coding knowledge by simply entering commands. Once created, all employees of the company can use these apps to receive responses, such as from chatbots, making it a corporate AI service that operates as a specialized platform exclusively for the business’s clients. A significant advantage of this platform is that documents can be uploaded to a specific server without the need for additional training; the system then analyzes the documents and provides the most accurate answers to questions. The Enterprise AI Market is divided into cloud-based and on-premises versions, allowing customers to choose multiple LLMs such as SK Telecom’s ‘A.X’, Anthropic, OpenAI, and Allganize, making it even more useful. With the launch of the Enterprise AI Market, SK Telecom plans to release a wider variety of AI products and services based on LLM technology, aiming to enhance the productivity of businesses and public institutions.



Response to Climate Change

(Carbon Neutrality)

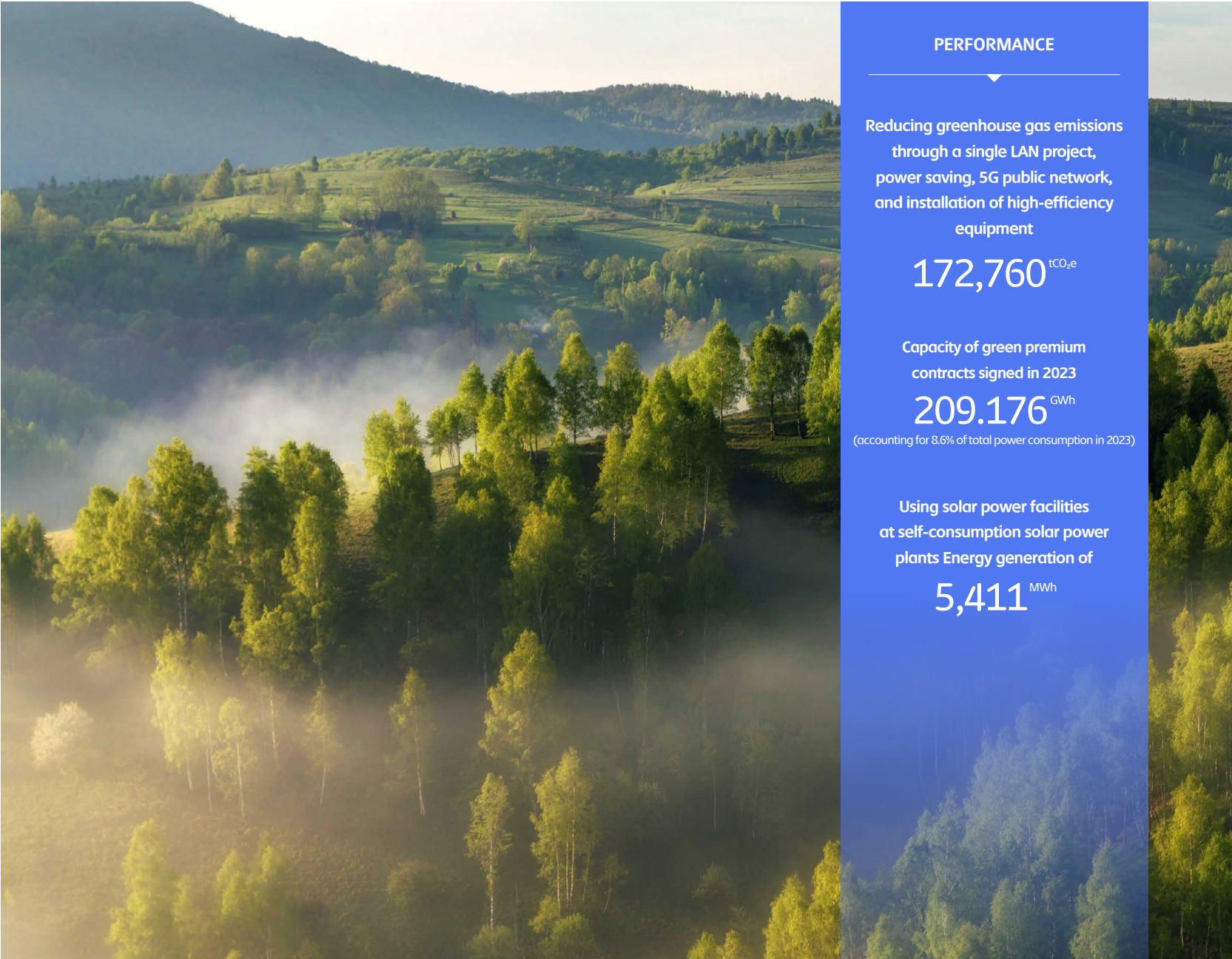
Issue 2.

IMPORTANCE

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

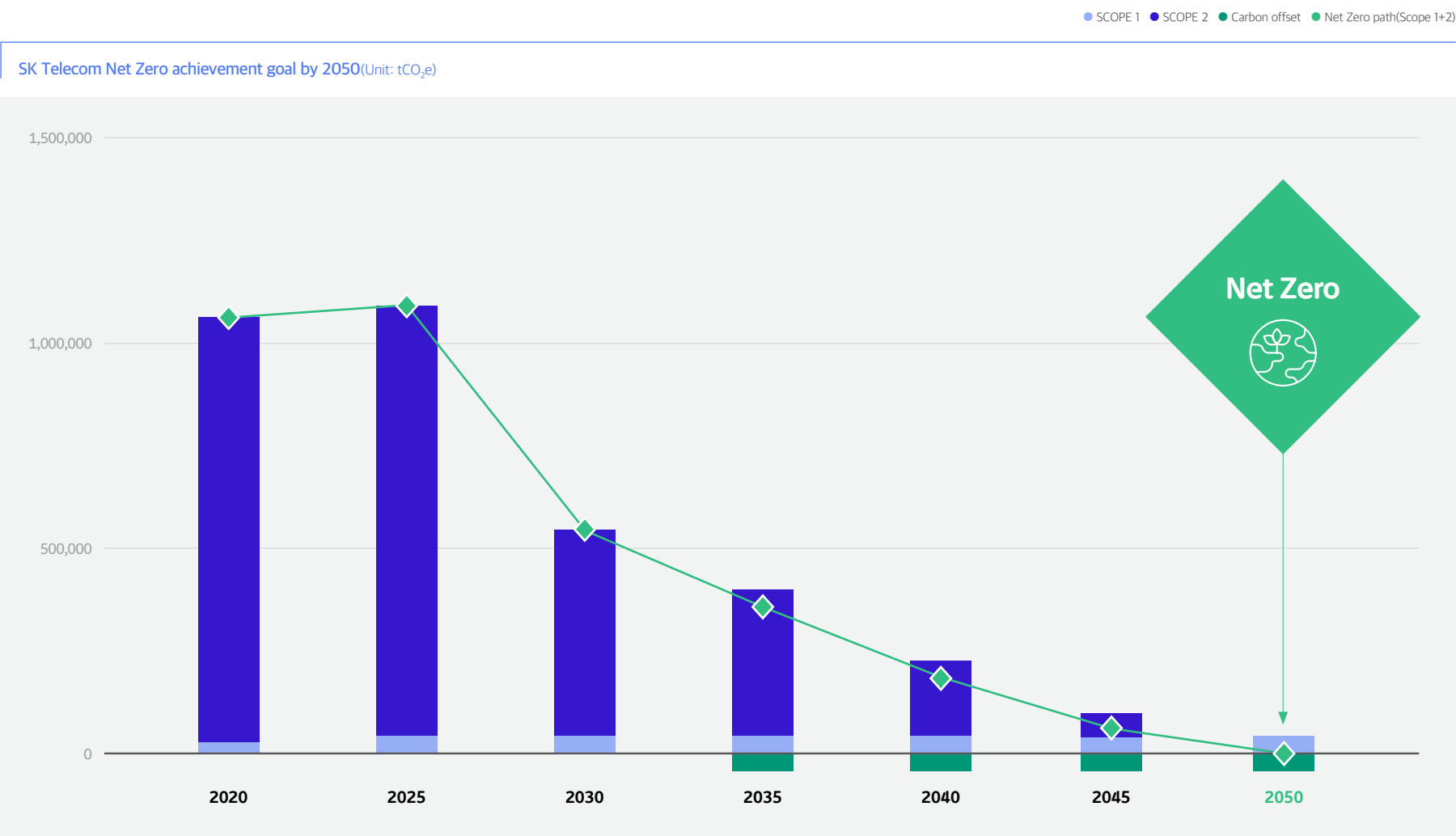
APPROACH

To proactively respond to climate change, SK Telecom announced its environmental management goal of ‘2050 Net Zero’ in 2022 and established an environmental management strategy system with ‘preemptive response to climate change’, ‘advancement of the environmental management system’, and ‘creation of an eco-friendly green culture’ as the main tasks. In addition, various greenhouse gas reduction activities are being carried out to develop eco-friendly ICT technologies, use renewable energy, and offset greenhouse gas emissions, focusing on the three green strategies. Furthermore, we have introduced Net Zero-related KPIs for all business unit managers, including the CEO and senior management, to evaluate performance and provide rewards based on achievements, thereby enhancing our commitment to these initiatives.



Establishing ‘2050 Net Zero’ Goal

SK Telecom announced its 'Net Zero 2050' environmental management goal in 2022 in order to commit to carbon neutrality and join the fight against climate change. Starting with a reduction of its direct and indirect emissions(Scope 1+2) by 47.7% and other indirect emissions(Scope 3) by 22.3% by 2030 compared to the levels recorded in 2020, SK Telecom plans to reduce its carbon emissions each year. Through these efforts, the goal for 2050 is to achieve Zero(0) indirect emissions(Scope 2), which account for 99% of total emissions, through energy consumption reduction activities and the use of renewable energy(RE100). For the remaining 1% of direct emissions(Scope 1), the aim is to achieve Zero(0) emissions through carbon offset initiatives such as reforestation projects. This comprehensive approach aims to achieve Net Zero by 2050 for both direct and indirect emissions(Scope 1+2). Additionally, SK Telecom aims to reduce other indirect emissions(Scope 3) by 66.9% by 2050 compared to 2020.



SK Telecom calculates, manages, and discloses its greenhouse gas emissions according to international standards and domestic laws, distinguishing between market-based and location-based emissions.

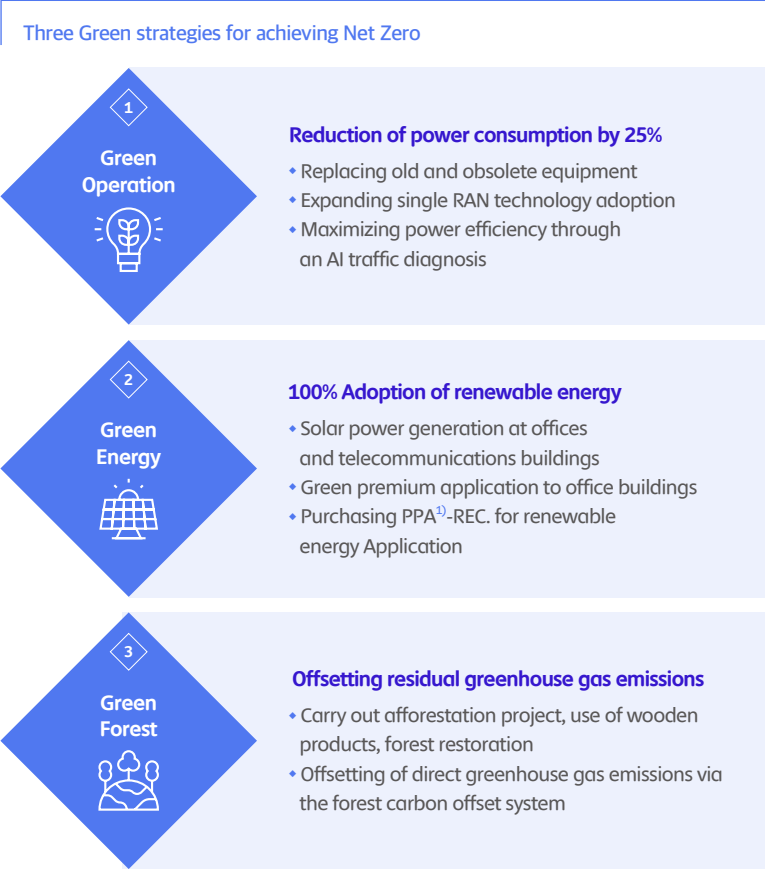
- Market-based emissions: include Scope 2 greenhouse gas emissions that reflect the purchase of renewable energy powered by the “green premium” according to the Greenhouse Gas Protocol. These are used for setting and managing the company’s Net Zero 2050 targets.
- Location-based emissions: include greenhouse gas emissions reported as Scope 2 emissions based on national power grid usage according to the guidelines related to Korea’s emissions trading scheme. These emissions form the basis for implementing the emissions trading scheme.

The difference between location-based and market-based emissions lies in whether reductions from the purchase of renewable energy through the green premium are recognized. Reductions are not recognized in location-based emissions, but they are recognized in market-based emissions. In this report, primary data are disclosed based on market-based emissions, and if necessary, location-based emissions are disclosed with “location-based” label.

1) The Guidelines on the Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme”(Ministry of Environment Announcement No. 2023-221) and the “Verification Guidelines for Operating the Greenhouse Gas Emissions Trading Scheme” (Ministry of Environment Announcement No. 2021-112).

Three Green Strategies for Achieving Net Zero

SK Telecom is advancing the ‘2050 Net Zero’ strategy based on three main Green strategies. SK Telecom is implementing the Green Operation strategy, which reduces power consumption by 25% through low-carbon ICT technology, the Green Energy strategy to achieve RE100, and the Green Forest strategy, which offsets remaining greenhouse gases through afforestation, with the aim of achieving Net Zero by 2050.



1) PPA(Power Purchase Agreement): A contract in which producers and consumers trade electricity under certain conditions (duration and price)

Green Operation

anticipated power usage by 25% by 2050 through green low-carbon ICT technologies. It involves replacing outdated infrastructure and inefficient or obsolete equipment, and maximizing power efficiency through AI-powered traffic diagnostics. Specifically, Single-RAN technology integrates 3G and LTE equipment to reduce power consumption. Since its full-scale introduction in 2019, it has been applied to base stations and repeaters in 78 cities nationwide, reducing power consumption by approximately 53% compared to previous levels.

Green Energy

Green Energy is a strategy to achieve RE100. Since power consumption accounts for 99% of SK Telecom’s total greenhouse gas emissions, achieving RE100 target is on the same path as approaching Net Zero. SK Telecom joined RE100(100% renewable energy use) in 2020 and submitted an RE100 implementation plan in 2021 to achieve 65% renewable energy usage by 2030 and 100% by 2050. Between 2021 and 2022, SK Telecom installed 3.606MW of solar power facilities at its telecommunications buildings and offices. In 2023, it signed a green premium contract with Korea Electric Power Corporation(KEPCO) to procure approximately 209GWh of renewable energy electricity, which corresponds to about 9% of the total projected power consumption for the year. This enabled SK Telecom to achieve its 2023 renewable energy procurement goal of 9%. Additionally, from 2024 onwards, SK Telecom plans to further increase the proportion of renewable energy usage through PPA(Power Purchase Agreements) and REC(Renewable Energy Certificates) purchases.



Green Forest

Green Forest is a strategy aimed at offsetting remaining greenhouse gases despite efforts in energy efficiency and renewable energy, as well as preserving sustainable forest resources. SK Telecom is exploring initiatives such as vegetation restoration using forests, new afforestation or reforestation, and the use of wood products. Additionally, SKT is conducting forest conservation activities, such as expanding the use of electronic bill.

Service Quality Management and Responsibility

Issue 3.

IMPORTANCE

As the advancement of ICT industry, including AI, accelerates and digital technology spreads throughout everyday life, the importance of wired and wireless networks that underpin communication services is increasing. Particularly, as natural disasters are increasing worldwide due to the climate crisis, the frequency of communication service disruptions caused by disasters is also continuously increasing. Consequently, telecommunications companies worldwide are focusing on building state-of-the-art wired and wireless infrastructure, developing advanced communication technologies, and managing network quality and disaster response to provide customers with stable, high-quality communication services.

APPROACH

SK Telecom is continuously investing and driving bold innovations to build a world-class communication infrastructure that serves as the foundation for a Global AI Company. The company maintains a competitive edge in speed and quality through the development of future communication technologies and early commercialization, leading global communication technology. Moreover, by utilizing AI, SK Telecom meticulously manages network quality and operates a systematic disaster response system, while enhancing responsibilities such as information security and customer information protection, providing customers with reliable and stable communication services.



PERFORMANCE

Development of AI solutions to
manage wireless network
quality called

‘A-STAR’

Winner of the ‘Global Telecom Awards’

7 consecutive years
(2017–2023)

2023
‘Ministry of Science
and ICT 5G Quality Evaluation’

No. 1 in transmission speed
and access time

2023
‘8th Korea Crime Prevention Awards’
Winner of the
Presidential
Award

Leading Capabilities in Global Telecommunications Technology

SK Telecom has led global communication technology through continuous research and development and successful commercialization based on advanced technology. Beyond 2G and 3G, SKT commercialized the first 4G LTE service in South Korea in 2011, and was the first in the world to launch a 5band CA commercial service in 2017. In 2019, it was also the first in the world to successfully commercialize 5G, ushering in the era of full-scale 5G.



Following the commercialization of 5G, in 2020, SK Telecom successfully implemented 5G Standalone(SA) communication based on operational 5G base stations, creating an ultra-high-speed, ultra-low-latency communication environment, and was the first in the world to develop and demonstrate network slicing technology for different applications and services in a 5G commercial network. In collaboration with AWS, SK Telecom commercialized South Korea's first 5G edge cloud service, 'SKT 5GX Edge.' In 2022, the company also became the first in the world to validate the next-generation 5G SA technology, 'Option 4,' which connects both 5G and LTE base stations to the 5G core.

In 2023, SK Telecom developed the 5G IoT technology RedCap(Reduced capability) and completed commercial pilot network validation. Furthermore, to address the increasing volume of communication data traffic and prepare for the network expansion required by future 5G advancements and 6G commercialization, SK Telecom has introduced the country's first 400Gbps wired network in its proprietary 5G backbone. The company has also successfully developed next-generation virtualized base station technology to support 5G evolution and 6G readiness.It is also actively continuing efforts to lead the global standardization of 6G and the development of a technology ecosystem.

As a result of these continuous efforts, SK Telecom has been recognized for its advanced technology in areas such as 5G commercialization, research and development, cloud-native technology, network virtualization, IoT solutions, VR services, and security solutions, winning 'Global Telecom Awards' held annually in the UK for seven consecutive years(2017-2023). SK Telecom plans to continue to lead the evolution of future communication infrastructure through the preemptive introduction of next-generation network technologies beyond the advancement of 5G. Furthermore, it will evolve into an AI network that can offer superior quality and new value by applying AI technology to wired and wireless networks.

Improving the Quality of Wired and Wireless Network Services

SK Telecom's mobile communication service quality boasts the highest levels globally in terms of coverage and data speed. It maintains stable network quality and extensive coverage through continuous network investment and technological advancement. Additionally, it flexibly responds to data traffic based on comprehensive demand forecasting and monitoring derived from annual data analysis results. It has developed and is providing more stable customer services by securing immediate traffic capacity through the development of a standalone(SA) and non-standalone(NSA) supportive 5G core and next-generation cloud-based 5G data equipment.

In 2023, SK Telecom developed a system to inspect the safety of communication towers using drones and image analysis AI. Additionally, the company developed the wireless network quality management AI solution 'A-STAR,' which was applied to base stations nationwide. Subsequently, it became possible to provide high-quality 5G services to remote and mountainous areas difficult for cable laying, by combining super dual band frequency combination technology and intelligent antennas for 5G microwave communications. Thanks to bold investments and consistent performance improvements for enhancing network quality, SK Telecom achieved first place in the most critical metrics of 5G network quality, such as transmission speed and connection time, in the 2023 Ministry of Science and ICT 5G Quality Evaluation'. In 2024, SK Telecom continues to enhance network efficiency and stability by becoming the first domestic telecom company to develop and commercialize the 'AI Orchestrator' for automated management of wired networks.



Systematic Network Glitch Response

SK Telecom is establishing a network emergency recovery system to minimize the inconvenience of the public and socio-economic impacts caused by network failures. It intensively monitors for anomalies through a network anomaly detection system and strengthens response activities for emergency recovery upon failure occurrence. To prevent network malfunctions, regular system checks are conducted to enhance network reliability, and a system is operated to test hardware expansions or software changes in advance. Efforts are also made to prevent human errors through a work control system.

To further enhance network stability, SK Telecom has implemented multiple configurations for key network access routes and critical communication facilities. The network is operated with separation across different layers and regions to prevent errors in one area from spreading to others. Since 2020, a disaster roaming system has been established among the three major mobile carriers to maintain minimal services even during emergencies, preparing for any unforeseen circumstances. During peak network traffic times such as holidays, year-end, and major events, a 'Special Communication Plan' is implemented to provide stable communication services.

By 2024, a close cooperative system among the three telecom companies will be established to build and improve a joint response process to communication failures, and capacity expansions and system advancements will be conducted due to increased disaster roaming subscribers. Starting with the enhancement of the existing DDoS attack blocking system, by 2025, big data and AI analysis techniques will be used to intelligently operate the network and enhance responsiveness, as well as continuously pursue capacity expansions and system upgrades to handle surging traffic in emergency situations. Through these efforts, the network will be operated more stably, and the goal is to achieve zero major failures.

Number of network failures(Unit: Case)			
	2021	2022	2023
Number of major network failures ¹⁾	0	0	0

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

Enhancing Information Security and Privacy Protection

As a telecommunications service provider, SK Telecom upholds its security responsibilities by operating state-of-the-art security systems and processes that exceed legal requirements across network infrastructure, data, and service domains. Part of this includes building a hacking attack detection, analysis, and blocking system and operating a 24/7, 365 integrated security control centers to respond to various cyber threats. Moreover, to maintain the highest level of information protection that customers can trust, SK Telecom has obtained both domestic and international information security system certifications such as ISMS, ISMS-P, and ISO/IEC 27001, 27017, 27018.

Additionally, it operates a privacy protection management system that exceed the legally required level, and the entire process of collecting, using, managing, and destroying personal information necessary for service provision can only be done with customer consent. SK Telecom actively responds to the increasing cyber threats against customers, establishing a dedicated cyber threat task forces and expanding the security domain from traditional areas such as system hacking and customer information leakage response to social engineering crimes such as smishing, voice phishing, and ransomware to perform customer protection activities. Moreover, using various ICT technologies including AI, it effectively blocks voice phishing calls, suspected crime numbers, text and voice spam, and smishing texts, contributing to the protection of customers' property and information.

Thanks to these efforts, in 2023, SK Telecom received the Presidential Award, the highest honor, at the 8th Korea Crime Prevention Awards, co-hosted by the National Police Agency and JoongAng Daily. This recognition was for the development of technology to detect and block phishing messages and the promotion of initiatives to prevent telecommunications and financial fraud. Additionally, at the 'Global Telecoms Awards 2023' held in London, SK Telecom won the 'Security Solution of the Year' award for its use of AI in developing impersonation text detection and blocking technology to protect customer personal information.

SUSTAINABILITY MANAGEMENT

Environmental

Social

Governance

Environmental



Environmental Management

SK Telecom is committed to overcoming the climate crisis, a challenge common to humanity, by establishing an environmental management strategy and pursuing the '2050 Net Zero' goal. Based on climate scenario analysis, the company identifies, evaluates, and assesses the potential financial impacts of climate change risks and opportunities, and responds in a systematic manner. Additionally, SK Telecom contributes to creating a sustainable global environment by practicing various climate change response tasks such as reducing greenhouse gas emissions, expanding the use of renewable energy, managing water resources and waste, and reducing resource usage.

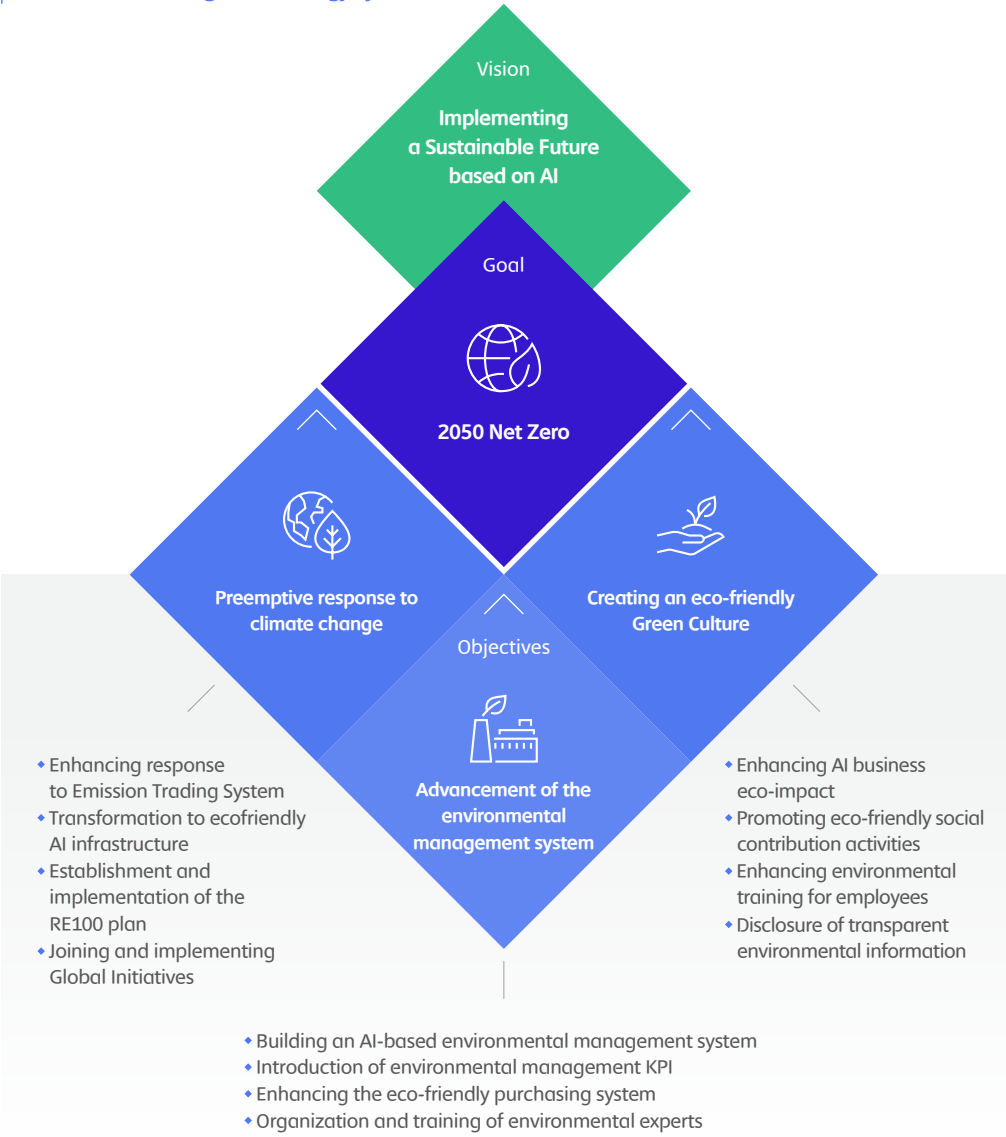
1) Net Zero: Achieving a net emission level of 'zero' by balancing the amount of greenhouse gases emitted with the amount reduced

Environmental Management System and Strategy

SK Telecom recognizes environmental issues, including climate change, as critical concerns for customers and investors, and significant issues that determine corporate value. Specifically, stakeholders, including institutional investors, are requesting concrete responses to the climate crisis. In response to these demands, the CEO announced the '2050 Net Zero'¹⁾ environmental management goal at the 2022 annual general meeting and committed to carbon reduction efforts. Based on the newly established environmental management goal, the company is making company-wide efforts to achieve a green transition for the future. Additionally, SK Telecom is raising awareness of its environmental management activities and the impact on the environment among internal and external stakeholders through its website and social media.

The environmental management strategy system was established with a proactive response to climate change, advancement of the environmental management system, and the creation of an eco-friendly green culture as the main tasks for achieving '2050 Net Zero'. The strategy involves actively responding to environmental regulations to not only manage greenhouse gas emissions and reduce resource usage, but also to realize a circular economy. The environmental management system has been certified, and efforts are focused on developing eco-friendly products and services. Additionally, Net Zero-related KPIs have been applied to top management including the CEO and CLO(Chief Legal Officer, Head of ESG Division), and related business division heads. We set KPIs for climate change and SVs, evaluated KPI performance, and provided monetary rewards based on performance to further enhance our implementation capability. We are also participating in various eco-friendly activities such as using reusable cups, which involve all employees, in order to establish a company-wide Green Culture.

Environmental Management Strategy System



Environmental Management Education

SK Telecom conducts annual environmental management training(online) for all its internal members, including executives and staff, educating them on how our company’s activities impact the environment(Impact) in such areas as climate, water, waste, and biodiversity, and how our company is dependent on the environment(Dependency). In 2023, 88% of the targeted employees completed this training.

Key Topics of Environmental Management Training in 2023

• SK Telecom’s Environmental Management System and Strategy

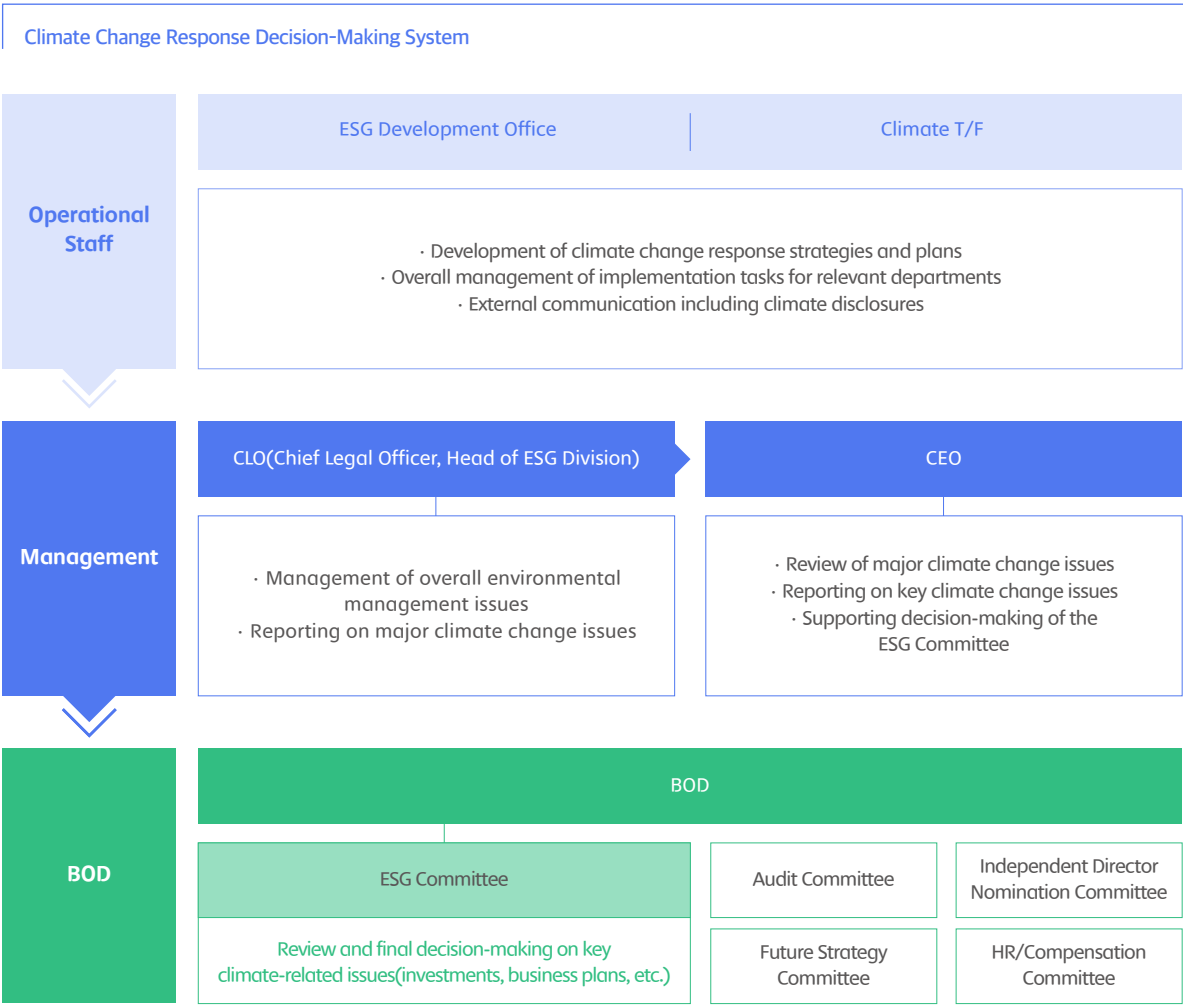
• Response to Climate Change

- Our company’s carbon emissions, energy consumption status, and targets
- Disclosure and reporting of external information on climate change response efforts
- Emphasizing the importance of improving energy efficiency and spreading a culture of energy consumption reduction through a code of conduct

Response to Climate Change

Climate Change Response Governance

SK Telecom declared the '2050 Net Zero' environmental management goal at its 2022 annual general meeting and is making company-wide efforts to ensure organic operation of the climate change response governance system. The decision-making system consists of the board of directors, management, and operational staff. The members involved collaborate and use their expertise to facilitate in-depth discussions on major climate change issues. Within the board, the ESG Committee serves as the highest decision-making body and I responsible for managing key issues related to climate change, while at the management level, the CEO and CLO(Chief Legal Officer, Head of ESG Division) play a role in managing major climate issues and supporting the decision-making of the ESG Committee. SK Telecom clearly defines the roles and responsibilities of its members in addressing climate change. Additionally, the company identifies potential climate risks and opportunities through effective internal communication and is working to reflect these in its financial planning and overall environmental management.



BOD and ESG Committee




Role and Responsibility of the BOD

SK Telecom's board of directors includes the Audit Committee, Independent Director Nomination Committee, Future Strategy Committee, and HR/Compensation Committee, in addition to the ESG Committee. As the highest decision-making body, the board deliberates on major issues and makes decisions, thereby laying the foundation for building and expanding a sustainable business model.

Role and Responsibility of the ESG Committee

SK Telecom formed the ESG Committee in 2021, significantly enhancing the functions of the existing Corporate Citizenship Committee. The ESG Committee is composed of the chairman, three independent directors, and one executive director who is an expert in network and energy consumption and management. The committee regularly receives and deliberates on reports on the company's direction and performance related to ESG initiatives. In 2023, seven meetings were held, and seven climate-related items were addressed. The key issues dealt with included setting and approving the ESG KPIs(including carbon emissions) for our major executives and our organization, reviewing the progress and plans for Net Zero, and discussing the main contents of the SKT TCFD Report. The ESG Committee intends to further strengthen its activities, such as operating a consultation body to support the climate change response, thereby expanding its role and responsibility in realizing sustainable management.

Overview of the ESG Committee

Composition 	Purpose 	Duties 
<ul style="list-style-type: none">Independent Directors: Haeyun Oh(Chairperson), Junmo Kim , Mi Kyung NohExecutive Director: Jong Ryeol Kang	<ul style="list-style-type: none">Deliberation and decision-making on the overall direction, objectives, and implementation of ESG	<ul style="list-style-type: none">Deliberation and performance evaluation of major ESG issues such as environment, society, customers, and information securityDeliberation of mandatory disclosure items related to ESGDeliberation of stakeholder communications related to ESG

Major Climate-Related Issues of the ESG Committee in 2023

Date	Major Issues
Apr. 19, 2023	Major ESG tasks and plans for 2023
May 24, 2023	Performance of social value creation in 2022
June 21, 2023	Results and key contents of the materiality assessment of the FY2022 Annual Report
Sep. 19, 2023	Current status and plans for Net Zero implementation
Oct. 25, 2023	Key contents of the SKT TCFD Report
Nov. 22, 2023	2023 ESG Performance Results and plans for ESG assessment in 2023

Executives and Operational Staff

Roles and Responsibilities of top Executives

At SK Telecom, the CEO and CLO are top executives with major responsibility for responding to climate change, listening to the demands of internal and external stakeholders, including customers, investors, and the government. The CEO receives regular reports on the implementation status of the '2050 Net Zero' goal, climate risk assessments, and response measures, and supports the ESG Committee in facilitating rapid discussions and appropriate decision-making on key issues. The CLO oversees all ESG-related activities, ensuring that related business units and the organization can respond effectively. Additionally, if significant risks or opportunities related to climate change are identified, the CLO reports them immediately to the CEO to support swift decision-making.

Roles and Responsibilities of Operational Staff

SK Telecom's staff supports the management's decision-making on key issues related to our climate change response. The department responsible for ESG initiatives plans major strategies and projects for responding to climate change and implements specific tasks such as 2050 Net Zero and RE100. Additionally, to provide sufficient information to stakeholders, SK Telecom actively participates in domestic and international climate disclosures such as TCFD, CDP, and DJSI. In 2023, SK Telecom established the "SK Telecom Climate T/F" for the inaugural publication of the "SK Telecom TCFD Separate Report." At regular meetings involving practitioners from the relevant departments, discussions are held on identifying major risks and opportunities due to climate change, the potential financial impacts of these risks, and mitigation and adaptation measures. The results of the Task Force's(T/F) activities are disclosed in the "SK Telecom TCFD Report 2023," thereby enhancing the company's capacity to respond to climate change.

1) Group ESG Core Indicators: Essential ESG items that all affiliates of SK Group must commonly manage, based on the demands of internal and external stakeholders

2) SK Telecom defines and manages the short term as 0-3 years, the medium term as 4-10(over 3 to 10) years, and the long term as over 10 years

3) This can be verified by consulting the "Risk Management" section on page 138 of the Annual Report

4) This can be verified by consulting the "Materiality Assessment" section on page 33 of the Annual Report

5) IEA: International Energy Agency

6) WEO(World Energy Outlook): presenting long-term energy outlook based on baseline scenario according to annual report, published by IEA

7) NZE(Net Zero Emission by 2050 scenario): A scenario that assumes '0' net emissions and average temperature rise of no more than 1.5°C by 2050

8) APS(Announced Pledges Scenario): A scenario that considers the implementation of countries' carbon neutrality and reduction targets(NDCs)

9) STEPS(Stated Policies Scenario): A scenario that reflects the reduction plans that countries are currently implementing or have finalized

10) NGFS: Network for Greening the Financial System

11) GCAM(Global Change Analysis Model): One of the integrated assessment models of NGFS, providing scenarios based on 32 detailed model regions, reflecting energy, commodities, and other flows

12) NDCs(Nationally Determined Contributions): Climate change response and greenhouse gas reduction targets set by individual countries to achieve future target temperatures, submitted to the international community

13) Below 2°C: A scenario that aims to limit the average temperature increase to below 2°C compared to pre-industrial levels by 2100

14) NZE2050(Net Zero 2050): A scenario based on achieving Net Zero by 2050



Climate Scenario Analysis

SK Telecom analyses climate scenarios in order to identify the transition risks, physical risks, and opportunity factors caused by climate change, and to distinguish and understand the impacts and potential financial effects these risks and opportunities may have on our business in the short, medium, and long term²⁾. SK Telecom's analysis of climate scenarios consists in incorporating the recommendations and guidelines of the TCFD, and in analyzing possible future environments using scenarios provided by credible institutions such as the IEA, NGFS, and the IPCC SSPs.

During scenario analysis, the potential financial impacts are analyzed by considering the profit and loss statement and the balance sheet. For the profit and loss statement, revenue and expense aspects are considered, whereas, for the balance sheet, assets, liabilities, equity, and capital financing are taken into account. The results of this analysis are managed in connection with the company-wide risk management process³⁾, and the level of risk is determined by the materiality assessment process⁴⁾.

SK Telecom is using climate scenario analysis to proactively prevent risks that may arise in the future and to respond to them effectively, thereby making efforts to enhance resilience against future climate changes.

Transition Risks	
Transition Risks	
<div>IEA Scenario</div> <div>♦ The International Energy Agency(IEA)⁵⁾ provides various pricing information, including carbon prices, through its World Energy Outlook(WEO)⁶⁾. SK Telecom used the NZE⁷⁾, APS⁸⁾, and STEPS⁹⁾ scenarios from the IEA WEO 2022 as baseline scenarios, and developed its own scenarios based on changes in domestic greenhouse gas policies(such as paid allocations) for analysis.</div>	<div>NGFS Scenario</div> <div>♦ The Network for Greening the Financial System (NGFS)¹⁰⁾ provides detailed information on carbon prices and electricity costs by region based on its integrated assessment model. SK Telecom analyzed additional costs associated with electricity price increases and the implementation of RE100, using scenarios provided by NGFS's GCAM¹¹⁾ 5.3 model, including NDCs¹²⁾, Below 2°C¹³⁾, and NZE2050¹⁴⁾.</div>

1) SSP: Shared Socioeconomic Pathways
2) RCP: Representative Concentration Pathways

Physical Risks

Physical Risks



▶ IPCC SSP¹⁾ Scenario

◆ In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on RCP²⁾ scenarios(RCP4.5, RCP8.5). To reflect more diverse societal and economic changes, physical risk assessments were performed based on SSP scenarios(SSP1, SSP2, SSP3, SSP5) presented in the IPCC's Sixth Assessment Report. Future prediction models targeting key physical risk factors(wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the possibility of exposure of company buildings and communication equipment to major risks by 2050.

Climate-Related Materiality Assessment Subjects

SK Telecom has selected the subjects for materiality assessment to evaluate various factors that could impact the company due to climate change. The assessment references both the transition and physical risks, as well as opportunities outlined in the TCFD recommendations, and incorporates ICT industry trends and climate-related policies. The climate-related materiality assessment factors at SK Telecom are categorized into transition risks, physical risks, and opportunities. The evaluation covers ten sectors, further divided into 36 risk and opportunity elements. These subjects were finalized through interviews with relevant departments and internal and external experts. In analyzing the impact on our business, SK Telecom has comprehensively analyzed the company's operations, including upstream and downstream production activities, business facilities, products and services, supply chain and value chain, R&D investment, business locations, and adaptation and mitigation activities.

SK Telecom conducts assessments based on the short-term and long-term likelihood and impact of each subject. The assessments consider the impacts on the company at short(0-3 years), medium(3-10 years), and long(10-30 years) term intervals based on scenarios for evaluating transition and physical risks. For key management subjects, potential financial impacts are also analyzed. In 2024, the plan includes a preliminary review of various future issues, including the materiality assessment factors. Additionally, by preemptively checking the level of climate change response, the company aims to systematically manage the key elements needed to achieve the 2050 Net Zero goal.

Climate Change Risks

Transition Risks	Policy and Legal	① Increase in greenhouse gas emission prices, ② Strengthened emission reporting requirements, ③ Regulatory changes related to energy efficiency of communication infrastructure, ④ Climate-related litigation occurrences
	Technology	⑤ Replacement with low-carbon products and services, ⑥ Costs of transitioning to low-carbon IoT technologies.
	Market	⑦ Departure of existing and new customers, ⑧ Rise in electricity prices
	Reputation	⑨ Increase in negative perception among shareholders, ⑩ Increase in negative public perception, ⑪ Increase in activities of organizations like NGOs
Physical Risks	Acute	① Wildfires, ② Landslides, ③ Heatwaves, ④ Heavy rains(flooding), ⑤ Heavy snowfall, ⑥ Lightning, ⑦ Strong winds(typhoons), ⑧ Earthquakes, ⑨ Cold waves(severe cold)
	Chronic	⑩ Average temperature rise, ⑪ Sea level rise

Climate Change Opportunities

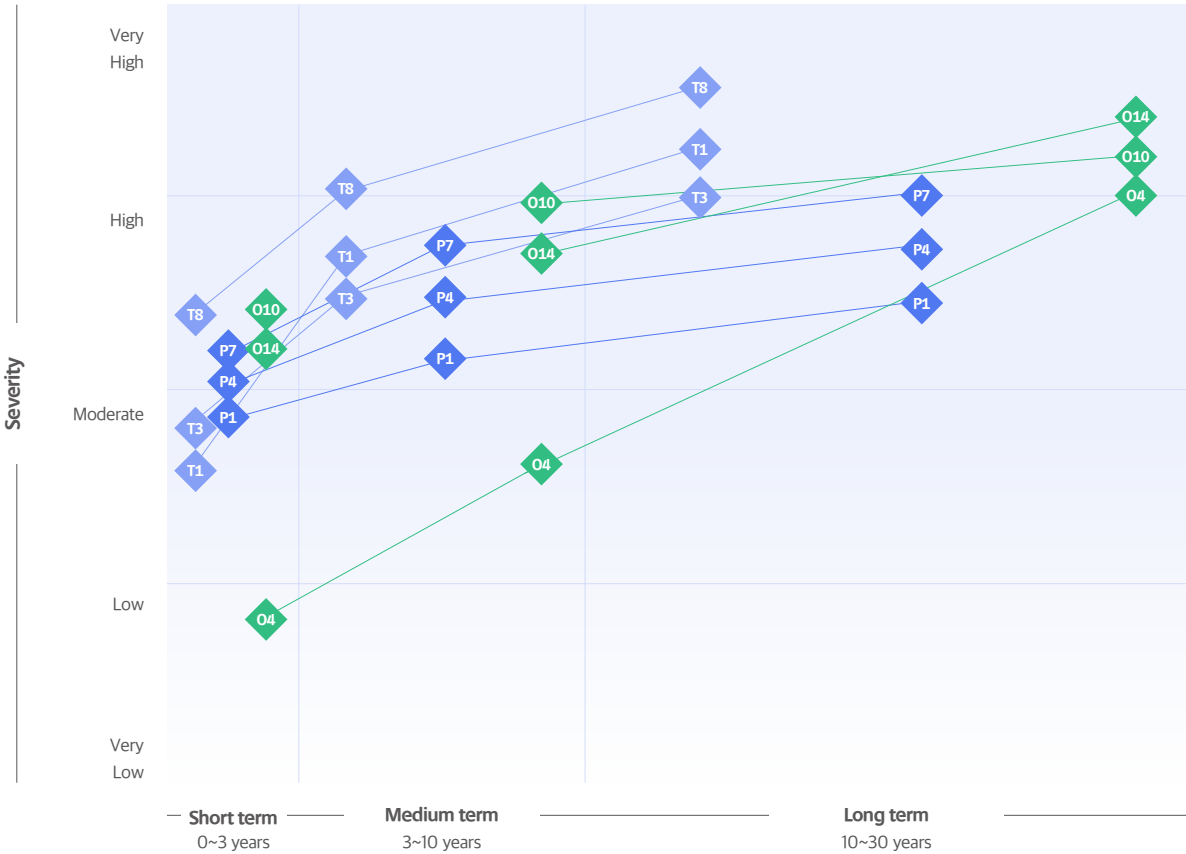
Opportunities	Resource Efficiency	① Efficient production and distribution processes, ② Activation of recycling, ③ Introduction of solutions such as EMS
	Energy Sources	④ Use of low-emission energy sources, ⑤ Participation in the carbon market, ⑥ Revenue from renewable energy generation business and sale of surplus energy
	Products and Services:	⑦ Increased sales of low-emission products and services, ⑧ Increase in consumer preference, ⑨ Increase in demand for telecommunications services, ⑩ Expansion of solution supply based on ICT technology, ⑪ Revenue from emissions trading through energy business based on ICT technology, ⑫ Increased revenue from renewable energy generation and sales
	Market	⑬ Utilization of public sector incentives, ⑭ Launching of new services

Results of Climate-Related Materiality Assessment

SK Telecom has conducted an analysis of the materiality assessment results for transition and physical risks, as well as opportunities, distinguishing between short-term and medium-to-long-term impacts. Key risk factors in the transition sector include ‘rising electricity prices’, ‘rising greenhouse gas emission rights prices’, and ‘regulatory changes related to the energy efficiency of communication infrastructure.’ The significant impacts from these three factors are expected to gradually increase until 2050.

Key physical risk factors for SK Telecom include ‘strong winds(typhoons)’, ‘heavy rains(flooding)’, and ‘wildfires’, which are recognized as high priorities, and their impacts are predicted to intensify over the long term as climate change accelerates. Considering the results of the materiality assessment and the appropriateness of the assessment model, the potential financial impacts focused on ‘heatwaves’, ‘heavy rains(flooding)’, and ‘wildfires’ were evaluated.

SK Telecom is actively responding to climate-related risks while identifying opportunities in the greenhouse gas reduction and adaptation process. In particular, factors such as ‘expanding the supply of ICT technology-based solutions’, ‘launching new services’, and ‘using low-emission energy sources’ have been identified as key opportunities. Furthermore, securing renewable energy through RECs and PPAs is expected in the medium to long term to contribute to reducing greenhouse gas emissions and generating revenue through the sale of emissions rights. Based on the materiality assessment and analysis of the potential financial impact of key subjects, SK Telecom will actively work to mitigate the impacts of climate change and enhance its adaptation capabilities.



Transition Risks	Physical Risks	Opportunities
<div><div>T8</div><div>Increase in Electricity Costs</div></div> <div><div>T1</div><div>Increase in Greenhouse Gas Emission Permit Prices</div></div> <div><div>T3</div><div>Regulatory Changes related to Energy Efficiency in the Telecommunication Infrastructure</div></div>	<div><div>P7</div><div>Strong Winds(Typhoons)</div></div> <div><div>P4</div><div>Heavy Rainfall(Flooding)</div></div> <div><div>P1</div><div>Wildfires</div></div>	<div><div>O10</div><div>Expansion of Solutions based on ICT Technology</div></div> <div><div>O14</div><div>Launch of New Services</div></div> <div><div>O4</div><div>Use of Low-Emission Energy Sources</div></div>

Results of the Transition Risk Materiality Assessment and Analysis of Potential Financial Impacts

SK Telecom has identified 'rising electricity prices and the costs of complying with RE100' and 'rising Carbon Credit prices' as key risk factors, and analyzed the potential financial impacts accordingly.

The major risk factors were analyzed using NGFS and IEA scenarios, with considerations including past increases in electricity prices, additional costs per renewable energy compliance mechanism, and future proportions of paid allocations.

◆ Moderate ◆ Somewhat Important ◆ Very Important ✓ Analysis Element of Potential Financial Impact

Results of Transition Risk Materiality Assessment						
	Risk Factor	Timeframe			Potential Impact	Response Status and Plan
		Short-term	Mid-term	Long-term		
Policy and Legal	① GHG emission rights price increase ✓		◆	◆	Investment required for GHG reduction facilities and high-efficiency energy equipment	· Understanding trends in GHG emissions and prices, expanding the Carbon Credit business portfolio
	② Strengthened emission reporting obligations		◆	◆	Increased mandatory disclosure obligations and fines for non-compliance.	· Understanding domestic and international climate disclosure trends and responding to information disclosures(annual reports, CDP, etc.).
	③ Regulatory changes related to energy efficiency of communication infrastructure	◆	◆	◆	Increased compliance costs related to energy policies, mandatory efficiency improvements for infrastructure	· Introduction of energy-efficient equipment and compliance response
	④ Climate-related litigation occurrences				Uncertainty in GHG reduction plans, decrease in corporate image due to greenwashing issues of implementation erformance	· Analysis of environmental stakeholder needs according to ISO 4001 (Environmental Management System), monitoring of legal and compliance obligations under ISO 37301(Compliance Management System), securing reliability through certification agencies
Technology	⑤ Replacement with low-carbon products and services			◆	Investment in production facilities and R&D for the development of low-carbon services and products	· Expansion of low-carbon high-efficiency 5G equipment technology development and adoption
	⑥ Cost of transitioning to low-carbon IoT technology		◆	◆	Investment for the adoption and application of low-carbon IoT technology	· Expansion of low-carbon technology based on IoT for carbon reduction
Market	⑦ Departure of existing and new customers			◆	Decrease in sales of existing products due to changes in consumer preferences	· Expansion of consumer communication and response to global climate change initiatives
	⑧ Increase in electricity prices ✓	◆	◆	◆	Increase in production costs due to higher power costs	· Energy efficiency, fuel switching, investment in renewable energy, resource recycling
Reputation	⑨ Increase in negative perception among shareholders		◆	◆	Decrease in investment due to increased concerns among customers and investors, decline in brand preference and image following inadequate climate change response	· Communication with key investors and stakeholders · Disclosure of key strategies and performance through TCFD reports and sustainability management reports · Conducting meetings with NGOs and monitoring issues related to environmental protection and telecommunication policies
	⑩ Increase in Negative Perceptions among the General Public		◆	◆		
	⑪ Increase in the Activities of Organizations such as NGOs		◆			

Reflected Elements

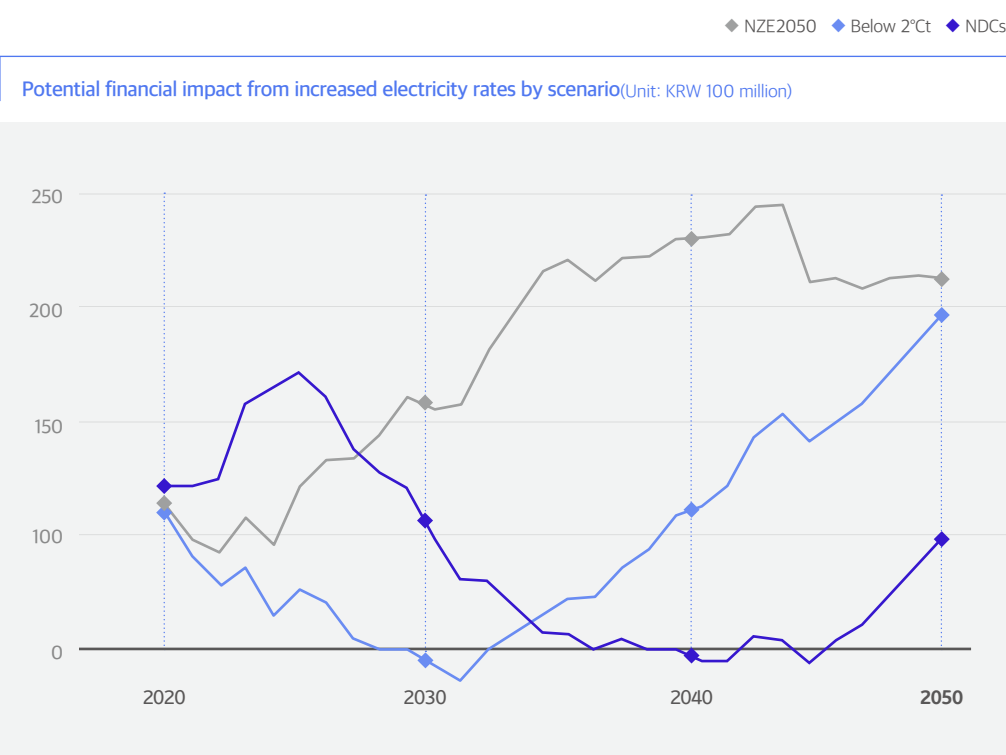
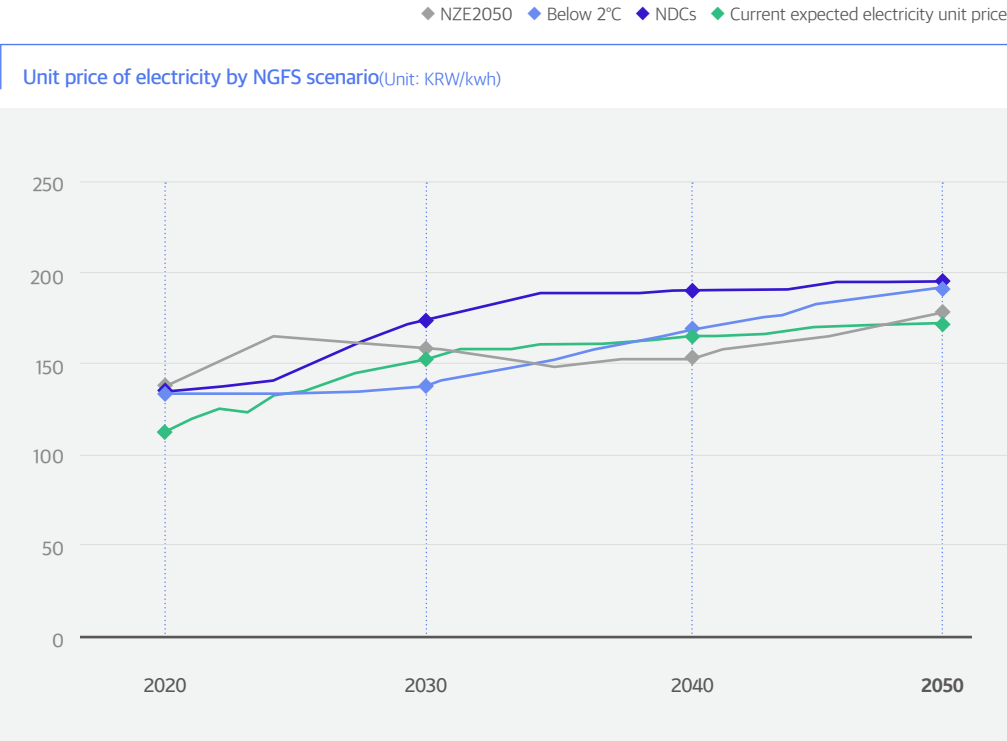


- Inclusion of past increases in electricity costs for buildings and communication equipment from 2020 to 2023
- Reduction in electricity purchased from KEPCO due to the transition to renewable energy
- Electricity cost projections according to the NGFS scenario
- Additional costs of implementation for each renewable energy type (green premium, REC purchasing, PPA, in-house power generation)

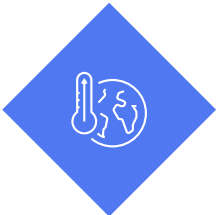
Potential Financial Impact of Increased Cost of Electricity and RE100 Implementation

In 2020, SK Telecom’s power demand was approximately 2,220 GWh, and it is expected that about 2.9 times more electricity will be needed by 2050. SK Telecom purchases the necessary electricity from Korea Electric Power Corporation(KEPCO) and plans to increase the use of renewable energy by implementing RE100 compliance mechanisms. To estimate the potential financial impact, the analysis considered the average increase in past electricity costs compared to additional electricity costs according to the NGFS scenario, including additional costs for each renewable energy transition mechanism.

The analysis indicated that the additional financial impact could vary depending on future climate scenarios over time. The potential financial impact of electricity price increases and RE100 compliance for SK Telecom is projected to incur additional costs ranging from a minimum of KRW 36.2 billion(NDCs scenario) to a maximum of KRW 121.5 billion(NZE2050 scenario) annually between 2020 and 2050. Plans are in place to mitigate future additional financial impacts by increasing the use of renewable energy and improving energy efficiency.



Reflected Elements



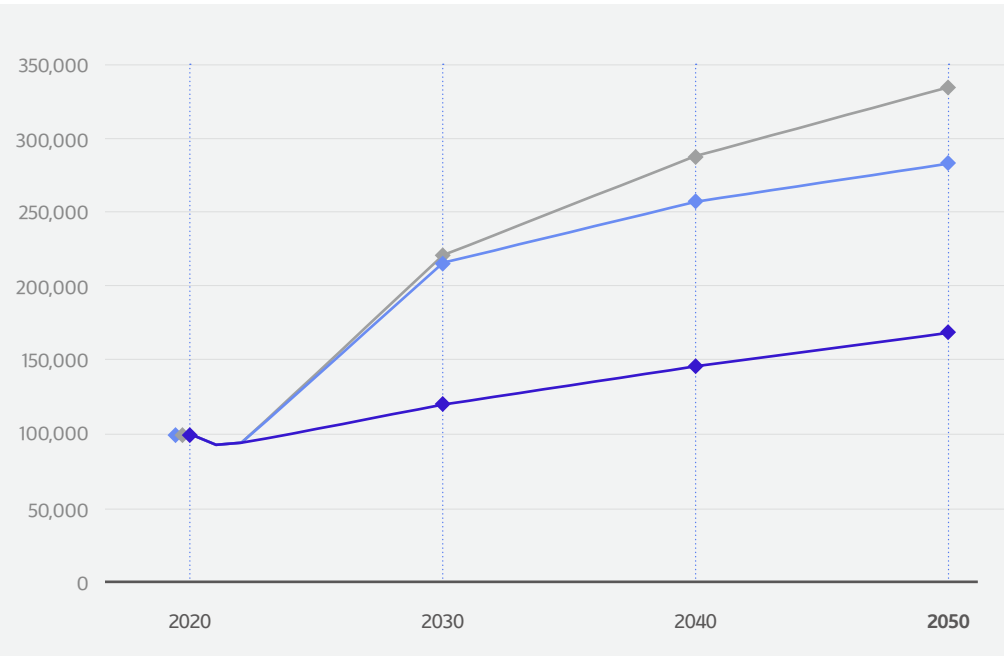
- Carbon price forecasts according to the IEA scenario
- Reduction in electricity purchased from KEPCO due to the transition to renewable energy
- Comparison of emissions post internal reductions and RE100 implementation with projected allowances
- Assumptions for the proportion of paid allocations: (2030: 15%
→ 2040: 30%
→ 2050: 50%)
- Assumptions for allocation adjustment coefficients: (2030: 90%
→ 2040: 90%
→ 2050: 90%)

Potential Financial Impact of Rising Carbon Credit Prices

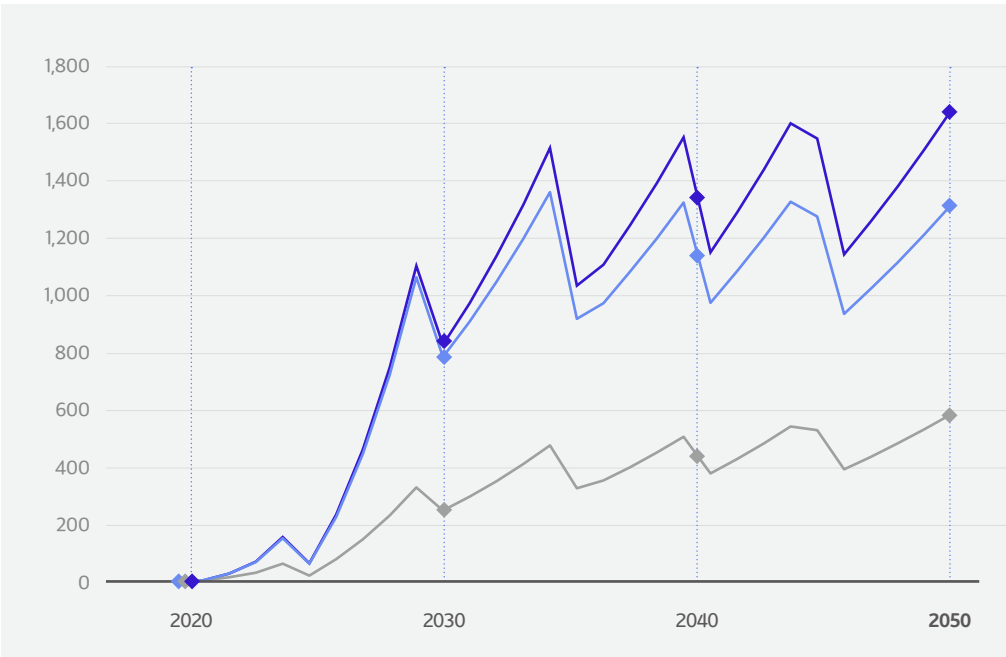
SK Telecom predicts that Carbon Credit prices will rise due to greenhouse gas emission regulations. In response, it aims to achieve the 2050 Net Zero and RE100 goals by implementing three major Green strategies. If these three Green strategies are implemented, greenhouse gas emissions are expected to be lower than the projected emission rights allocation. Consequently, the surplus emission rights from internal reductions have been analyzed as a potential financial impact.

SK Telecom's net emissions after internal reductions were 1,039,979 tCO₂ based on the 2020 levels, and its emissions in 2030 are expected to be reduced by 47.7% compared to 2020. By 2050, it is anticipated to achieve Net Zero, including carbon offset through reforestation projects. The financial impact analysis, which takes into account the final allocation²⁾, suggests that in the period 2021-2050, a reduction in emissions due to compliance with RE100 could result in revenues from the sale of greenhouse gas emission rights. Accordingly, between 2020 and 2050, based on the IEA scenario, an annual benefit ranging from a minimum average of KRW 32 billion(STEPS) to a maximum average of KRW 96.5 billion(NZE) could be achieved.

Emission price per IEA scenario(Unit: KRW/tCO₂e)



Potential financial impact from carbon credit benefits by scenario(Unit: KRW 100 million)





1) 'Strong winds(typhoons)' received the highest score in the materiality assessment, but were not included in the financial impact estimation. This exclusion is due to the high uncertainty in the results of the strong wind(typhoon) scenarios in the current analysis model used by SK Telecom, making it inappropriate for financial impact estimation. Despite this, SK Telecom operates with multiple configurations and backups of key services and equipment for typhoon damage prevention and minimization, along with pre-checks and an emergency recovery system. SK Telecom plans to continuously enhance its scenario analysis and modeling methodologies for assessing physical risks in the future

Materiality Assessment for Physical Risks and Analysis of Potential Financial Impact of Physical Risks

◆ Moderate ◆ Somewhat Important ◆ Very Important ✓ Analysis Element of Potential Financial Impact

Results of Materiality Assessment for Physical Risks						
	Risk Factor	Timeframe			Potential Impact	Response Status and Plan
		Short-term	Mid-term	Long-term		
Acute	① Wildfires ✓	◆	◆	◆	Costs for repairing communication equipment and base stations damaged by wildfires, and costs due to service limitations caused by communication failures	· Wildfire prevention measures for communication facilities(installation of firewalls in base station equipment, etc.) · Installation of mountain-specific wireless equipment protected from wildfires · Pre-wildfire prevention activities(clearing underbrush around base stations, etc.) · Establishment of emergency communication systems based on TV white space frequencies, refinement of disaster text message areas
	② Landslides			◆	Costs for recovery from communication equipment losses and damage to the exteriors of base stations due to landslides	· Ongoing quality maintenance and emergency repair work at affected base stations · Maintaining communication quality through adjustments at nearby base stations if equipment is damaged
	③ Heatwaves ✓			◆	Costs due to operational disruptions in communication equipment and increased operation of air conditioning units inside base stations during heatwaves	· Proactive investment and reinforcement of facilities vulnerable to heatwaves (revisions to external casings and replacement of old casings, etc.) · Preemptive high-temperature prevention activities for equipment during the hot season (inspection of air conditioners and filters, installation of shade covers, etc.)
	④ Heavy Rain(Flooding) ✓		◆	◆	Costs for damages and communication failures due to flooding affecting communication equipment and base stations	· Inspections and reinforcements at locations, securing and strapping down hazardous materials, maintenance of drainage systems at communication buildings, generator inspections in island areas · Installation of flood barriers and bases for base stations with flooding history to minimize equipment flooding · If there is damaged equipment, communication quality is maintained by adjusting nearby base stations.
	⑤ Heavy Snow				Costs for communication failures and damages to communication equipment and base stations due to heavy snow	· Maintaining quality at base stations in areas heavily affected by snowfall and conducting emergency repairs · If equipment is damaged, communication quality is maintained by adjusting nearby base stations.
	⑥ Lightning				Costs for communication failures and recovery due to lightning	· If equipment is damaged, communication quality is maintained through emergency repairs and adjustments at nearby base stations.
	⑦ Strong Winds(Typhoon) ¹⁾		◆	◆	Costs for repairing damages to communication equipment and base stations caused by strong winds(typhoons)	· Disaster recovery system to ensure multiple configurations of major network paths and communication facilities · Pre-inspections of communication facilities to reinforce systems and prevent occupational accidents · Operation of special situation rooms and emergency standby teams in areas expected to be affected by typhoons · Establishment of disaster roaming systems among the top three communication companies to maintain minimum services during emergencies
	⑧ Earthquake				Costs for massive asset losses and recovery of communication disruptions due to earthquakes	· Design and construction of communication buildings to seismic special standards, seismic racks for communication equipment, and attachment of anti-seismic fixtures · Development of micro-seismic detection centers and establishment and operation of a nationwide sensor network utilizing wireless networks
	⑨ Cold Waves				Costs for communication disruptions and increased heating operations in data centers due to cold waves.	· Promotion of efficiency improvements for facilities with large fluctuations in power usage and continuous monitoring of power consumption · Maintaining communication quality through adjustments at nearby base stations in case of communication failures due to cold waves
Chronic	⑩ Average Temperature Rise			◆	Asset losses or business interruptions due to the rise in average temperatures	· Reducing cooling costs through energy-efficient base station designs · Identifying and implementing improvements through monitoring of power and other energy usage
	⑪ Sea Level Rise				Asset losses or revenue decreases due to damage and business interruptions in nearby ground facilities caused by coastal floods	· Establishing equipment installation standards considering sea level rise, tidal waves, and strong winds in coastal areas

Physical Risk Potential Financial Impact Analysis Procedure

SK Telecom has reflected the low-emission scenario(SSP1-2.6) and high-emission scenario(SSP5-8.5) presented in the 6th Assessment Report of the IPCC to accurately identify the impact of physical risks on its major assets. Additionally, we have developed an “assessment machine learning model” that enables us to ascertain the likelihood that SK Telecom's buildings and telecommunications equipment located nationwide will be exposed to damages due to major physical factors. Heat waves, heavy rain(flooding), heavy snow, forest fires, and landslides were finally selected as the focus areas for the physical risk analysis, reflecting the suitability of the analysis model and the results of the materiality assessment. Accordingly, we calculated the level of exposure to risks in order to analyze the impacts that five physical risk factors - according to the scenario - may have on our major telecommunication assets by 2050. SK Telecom has improved the existing disaster prediction methodology of the physical risk analysis model used in 2023 in order to make more precise predictions. We have reflected the characteristics of the targeted communication assets, such as type and height(altitude) information, and reduced the analysis unit from the existing 1km interval to a 100m unit to make it possible to confirm the results of a high-resolution analysis. In addition, we have increased the reliability of the result values of future scenario predictions based on the IPCC SSP scenarios and meteorological data provided by approximately 1,200 domestic weather observatories. As a result of

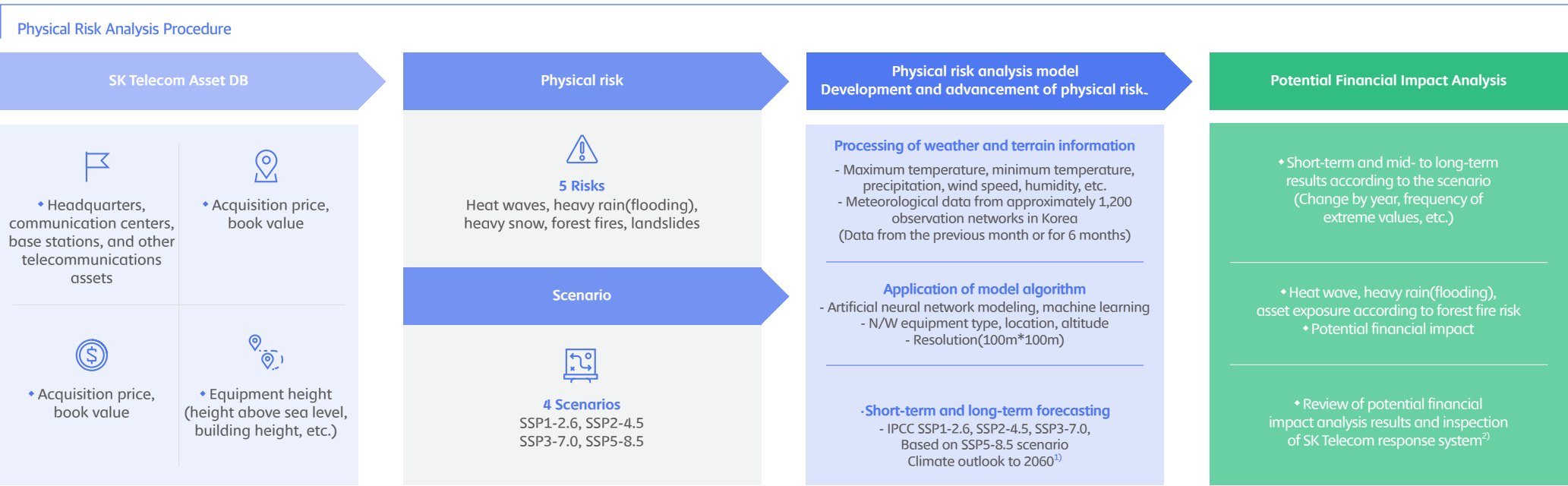
the physical risk analysis, it is expected that financial impacts due to heat waves, heavy rain(flooding), and forest fire risks will occur in the short and medium to long term. Based on the results of the analysis, we will continue to monitor our major telecommunications assets and strive to enhance our adaptive capabilities and resilience through company-wide risk management.

Comprehensive analysis of potential financial impacts of physical risks

Physical risks affecting SK Telecom's headquarters and communication equipment were identified as heat waves, heavy rain(flooding), and forest fires, and we analyzed the potential financial impacts that could occur by scenario. The proportion of telecommunication assets exposed to major physical risks is found to be higher in the high carbon emission scenario(SSP5-8.5) compared to the low-carbon scenario(SSP1-2.6). As of 2030, under the SSP1-2.6 scenario, telecommunication assets exposed to major risks may increase from KRW 805.7 billion to KRW 935.8 billion in 2050. In the SSP5-8.5 scenario, it is expected to be KRW 1.1231 trillion in 2030 and KRW 926.7 billion in 2050. SK Telecom conducting preventive measures to reduce risk exposure to telecommunication assets, while also conducting regular monitoring to prevent substantial damage in the event of a risks.

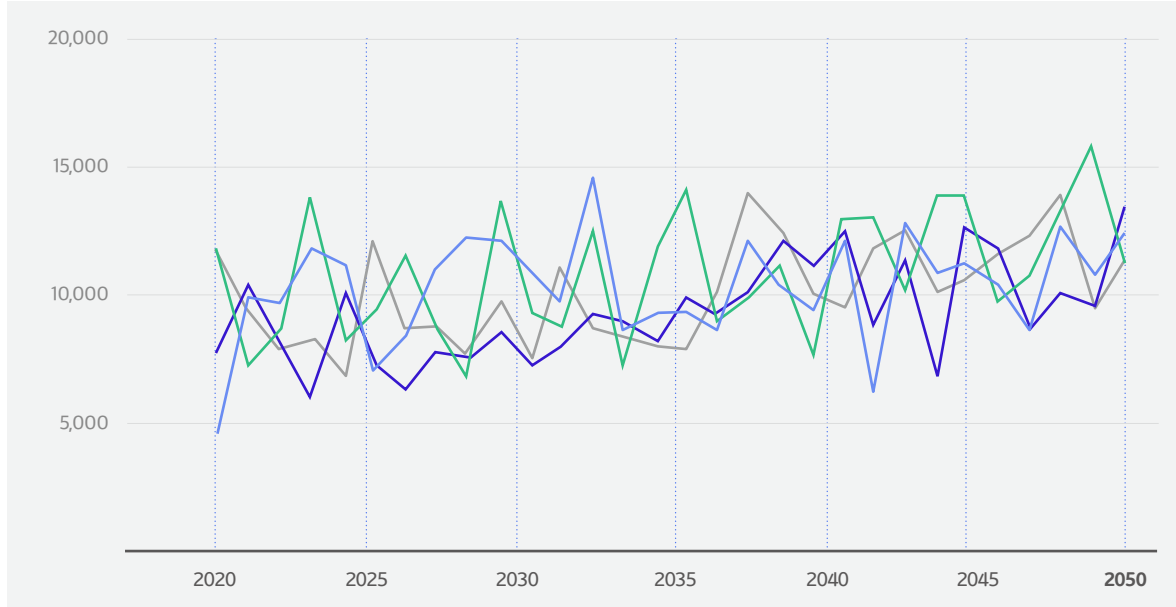
1) Reflection of results until 2050 according to the roadmap of SK Telecom's Net Zero

2) SK Telecom is checking the status of responses to major physical risks and is making efforts to prevent negative impacts on major assets such as office buildings based on the results of potential financial impact analysis



◆ SSP1-2.6 ◆ SSP2-4.5 ◆ SSP3-7.0 ◆ SSP5-8.5

Book value of assets exposed to physical risks(Heat waves, heavy rain, forest fires)(Unit: KRW 100 million)



Characteristics of SK Telecom's physical risk financial impact assessment

Building scenarios and models for SK Telecom's physical risk assessment is important in identifying major impacts that may occur due to climate change and responding to them in advance. However, the results of physical risk analysis may be somewhat uncertain due to the uncertain tendencies of various factors affecting climate change. In addition, due to the nature of communication equipment installed across the country, the financial impacts of physical risks were recognized as the asset value of communication equipment exposed to climate change risks expected in the future. For example, the actual cost of recovering damage from disasters and catastrophes(including typhoons, lightning strikes, landslides, heavy rains, heat waves, forest fires, and earthquakes) over the past five years(2018-2022) is an average KRW 3 to 4 billion per year(including prior risk prevention investment costs), which is different from the predicted size of exposure of assets due to physical risks caused by climate changes analyzed this time. SK Telecom will do its best to create a precise model that can evaluate a wider range of climate disasters using data from credible domestic and foreign organizations with public confidence and reflecting the characteristics of each asset.

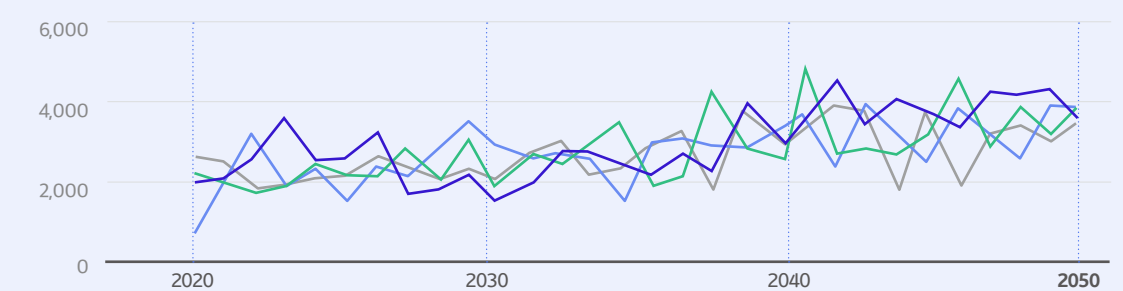
Case

Heat waves

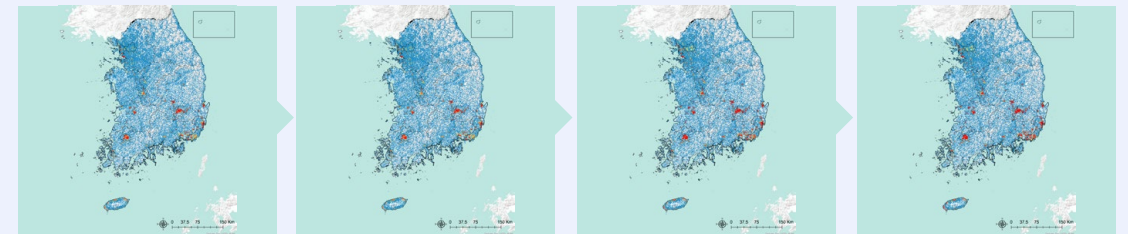
SK Telecom expects that the heat wave risks to its major telecommunications assets are to increase in the mid- to long-term. Based on the SPP5-8.5 scenario, the number of assets exposed to heat wave risks is predicted to increase by approximately 4.3 times, from 806 in 2021 to 3,438 in 2050. The book value of assets exposed to heat wave risks was analyzed to to be at least KRW 259.3 billion(SSP1-2.6) to a maximum of KRW 287.9 billion(SSP5-8.5) per year between 2020 and 2050. Especially, risk exposure was found to be low in the metropolitan area and downtown areas, while heat wave response needs to be prioritized for local and stations located in heat wave vulnerable areas such as Daegu Metropolitan City. Accordingly, we are establishing and applying a response system that can analyze abnormal climate predictions and damage in advance.

◆ SSP1-2.6 ◆ SSP2-4.5 ◆ SSP3-7.0 ◆ SSP5-8.5

Book value of assets exposed to heat wave risks(Unit: KRW 100 million)



Physical risk map for heat waves(When Applying the SSP5-8.5 Scenario)



2020s

2030s

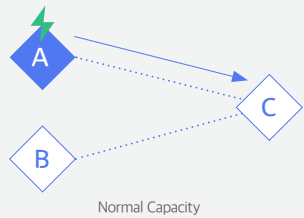
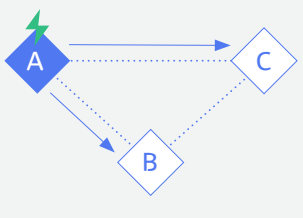
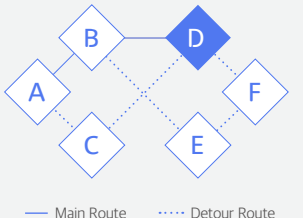
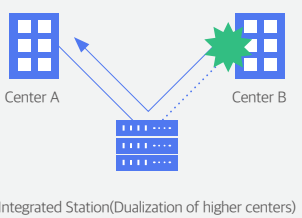
2040s

2050s





Status of responses to physical risks

In response to these findings, SK Telecom has formulated a mid-term Climate Change Adaptation Strategy(covering 3 to 10 years) to mitigate economic losses from such events. Additionally, the company is in the process of developing a long-term strategy(extending beyond 10 years).

Disater Recovery System

Voice and Subscriber Management Services	Data Services	Switching and Backbone Center	Integrated Station	
<p>Implementing Disaster Recovery methods to accommodate all subscribers of the affected center during failure</p>  <p>Normal Capacity</p>	<p>Deployment of decentralized services and distributed accommodation in the event of a center failure</p> 	<p>Setting up separate recovery routes in preparation for major pathway failures at key buildings</p>  <p>— Main Route - - - - Detour Route</p>	<p>Ongoing dualization of higher center within the integrated station</p>  <p>Center A Center B</p> <p>Integrated Station(Dualization of higher centers)</p>	<p>SK Telecom operates a disaster recovery system to strengthen the stability of its communication network. It prevents the spread of communication errors that may occur by configuring multiple connection routes and core communication facilities for major networks and operating the networks separately between classes and regions. We will continue to make every effort to improve the resilience of communication quality while laying the foundation for rapid recovery.</p>

Responses to heavy rain(flooding) and typhoons



A branch line reinforcement





Equipment rack installation

Tier plate installation

Disaster roaming among the three major telecom companies

SK Telecom continues to conduct preventive activities in preparation for heavy rain(flooding) and typhoons. In the event of heavy rain, we also take proactive measures to minimize damages, such as preventing flooding. In addition, the three mobile communication companies jointly established a disaster roaming system in June 2020 to ensure that minimum services are maintained even in the event of emergency.

Responses to forest fires



Optical cable sheath

Seal and cap for cable penetration points

Automatic fire extinguishing system powered type

Firewall at equipment bottom

SK Telecom is blocking fire-causing factors to prevent fires caused by forest fires in wireless communication facilities. We installed automatic fire extinguishing equipment and flame retardant fire extinguishing cloth inside the power box, and installed weed control clothes and weed control caps at the bottom of the communication poles. In addition, to protect wireless communication facilities located in areas vulnerable to forest fires, we have strengthened flame prevention and heat resistance with cable flame retardants, carbon fire-proof clothes(not clear???), heat shielding tapes, heat-resistant paint, and non-combustible firewalls.

Results of materiality assessment for opportunity factors

SK Telecom is also continuously discovering opportunities related to climate. Particularly, we are identifying factors such as “expanding the supply of ICT technology-based solutions,” “launching new services,” and “using low-emission energy sources” as major opportunity factors. Through the supply of climate-related solutions in 2023, we achieved sales revenue of approximately KRW 22 billion.

◆ Average ◆ Important ◆ Very important

Results of materiality assessment for opportunity factors						
Type	Risk Factor	Time			Potential Impact	Response Status and Plan
		Short-term	Mid-term	Long-term		
Resource efficiency	㉠Efficient production and distribution process				Reduction of production and distribution costs by improving efficiency	· Expanding AI-based digital distribution channels
	㉡Activation of recycling				Reduction of waste disposal costs through recycling	· Development of measures to increase recycling rate applicable to demolition stage · Conducting third-party verification on waste emissions
	㉢Increasing the need to introduce solutions such as EMS(Energy Efficiency Management Service)		◆	◆	Increased sales due to increased demand for energy management services	· Expansion of AI/ICT-based high-efficiency, low-carbon energy management technology (BEMS, FEMS, LEMS)
Energy source	㉣Use of low-emission energy sources		◆	◆	Reduction of the risk of price increase when procuring energy	· Utilization of renewable energy such as PPA and REC
	㉤Participation in the carbon market	◆	◆	◆	Increased emissions permit revenue through greenhouse gas reduction projects	· Carbon emission management and carbon credit management
	㉥Renewable energy generation business sales and excess energy sales			◆	Increased revenue from renewable energy generation business sales and excess energy sales	· Installation of house power plant at domestic business site · Investment in renewable energy PPA business
Products and services	㉦Increased sales of low-emission products and services		◆	◆	Increased sales due to the increased demand for low-carbon products and services	· Operation of AI/ICT-based low-carbon service · Operation of electronic bill, mobile membership
	㉧Increased consumer preference		◆	◆	Enhancing corporate image by actively responding to climate changes	· Promoting 'preemptive response to climate change', 'advancement of environmental management system', and 'creation of an eco-friendly green culture'
	㉨Increasing demand for communication services		◆	◆	Increased sales due to increased demand for climate change-related services	· Development of eco-friendly services and products based on consumer demand data analysis
	㉩Expansion of supply of ICT technology-based solutions	◆	◆	◆	Expanding ICT-based energy solutions market opportunities	· Development and application of core technologies such as Vision AI · Development and application of AI energy efficiency management service(EMS)-based solutions
	㉪Emissions sales through ICT technology-based energy business		◆	◆	Emissions permit revenue through ICT-based energy business	· Continued development of new growth engines and expansion of investment to expand AI/ICT-based services
	㉫Increased profits from renewable energy generation and sales			◆	Securing product price competitiveness through renewable energy generation and sales	· Expanding investment in renewable energy, fuel conversion, and resource recycling
Market	㉬Use of public sector incentives			◆	Reduction of indirect operating costs using incentives	· Participation in energy-related state-funded local government projects
	㉭Launching a new service	◆	◆	◆	Creating opportunities to enter new markets such as AI and renewable energy	· Promoting expansion of AI/ICT-based energy-related services

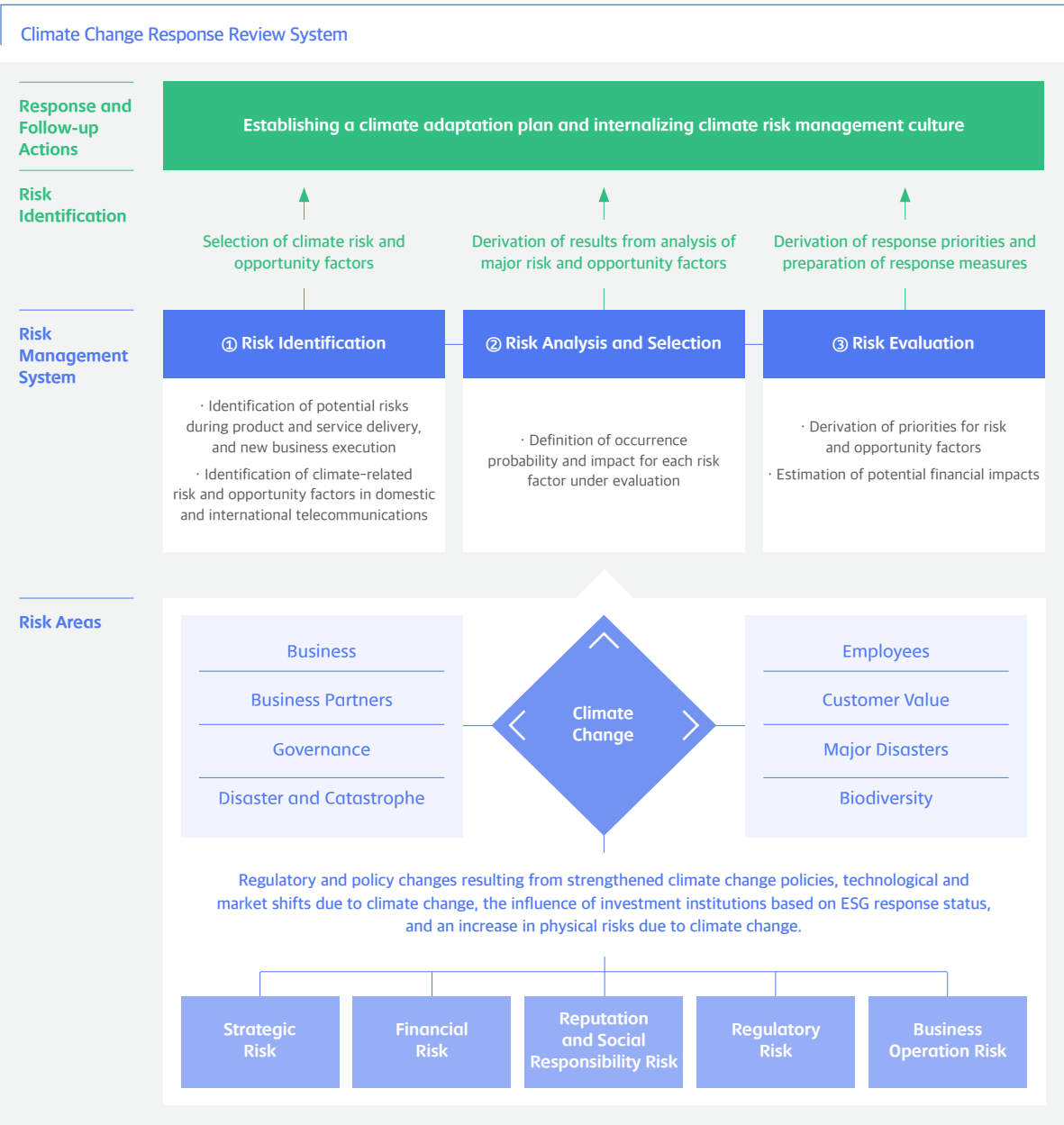
Climate change risk management

SK Telecom manages the impacts that may occur due to climate changes by integrating them into the existing risk management area system. It enables proactive action by identifying and proactively responding to climate risks that may occur within key areas. In addition, we operate a materiality assessment in which internal and external stakeholders participate, an investment review process considering climate risks and an internal carbon pricing system.

Company-wide risk management and execution system

SK Telecom ensures that the impacts of climate change are managed in an integrated manner through its company-wide risk management and execution systems. Drawing from established strategies, it evaluates the influence of climate change and shifting external circumstances on finance, reputation, social responsibility, regulatory compliance, and operational risks. SK Telecom's climate risk management system is categorized into risk identification, risk analysis and selection, and risk evaluation and response. Efforts are made to manage climate change issues at a company-wide level through establishing climate adaptation plans and embedding a climate risk management culture.

SK Telecom actively communicates with internal and external stakeholders about potential risks and opportunities arising from climate change. It monitors domestic and international telecommunications industry trends and policies. Furthermore, it selects key management factors reflecting the likelihood and impact at both short-term and medium-long-term intervals and leads in climate change response by setting company-wide strategies that include potential financial impact analyses, advancing projects, and securing budgets. Additionally, when collaboration across the supply chain is essential, it works closely with partners to identify and address improvement opportunities. It also conducts regular monitoring of climate change issues and enhancements via supply chain management practices.



Conducting a Materiality Assessment for the Selection of Key Management Targets

SK Telecom identifies climate-related risks and opportunities that could have significant impacts, analyzes potential financial effects, and has established a management system to develop an appropriate response strategy. A materiality assessment process has been established based on TCFD guidelines. Initially, relevant departments identify transition and physical risk factors, as well as opportunity factors. Subsequently, an external expert assessment is conducted to compile a pool for materiality assessment. The materiality assessment is designed to analyze short-term and medium to long-term changes, based on likelihood and impact using a 5-point scale matrix, and serves as material to review the current response level and future plans regarding these issues. SK Telecom monitors both domestic and international discussions on materiality assessment methods and strives to conduct a more appropriate form of materiality assessment, reflecting the domestic policies and conditions of the telecommunications industry.

Investment Review Process Considering Climate Risk

SK Telecom operates an “Investment Review Committee” to comprehensively deliberate and decide on strategic suitability, investment economics, risks, ESG impact and climate risks on issues such as equity acquisition, sale, business and asset transfer. The pre-review process for investment items begins before the meeting of the Investment Review Committee, including strategy, finance, legal, and ESG, followed by pre-reporting and discussion by the Investment Review Committee, which then decides whether to table the matter for discussion. Items tabled at the Investment Review Committee are finally approved following discussion among the members. During investment review process, environmental sustainability of energy use, eco-friendly business operations, and environmental pollution risks are evaluated.

1) Subject for Investment Review Committee: Regardless of investment amount

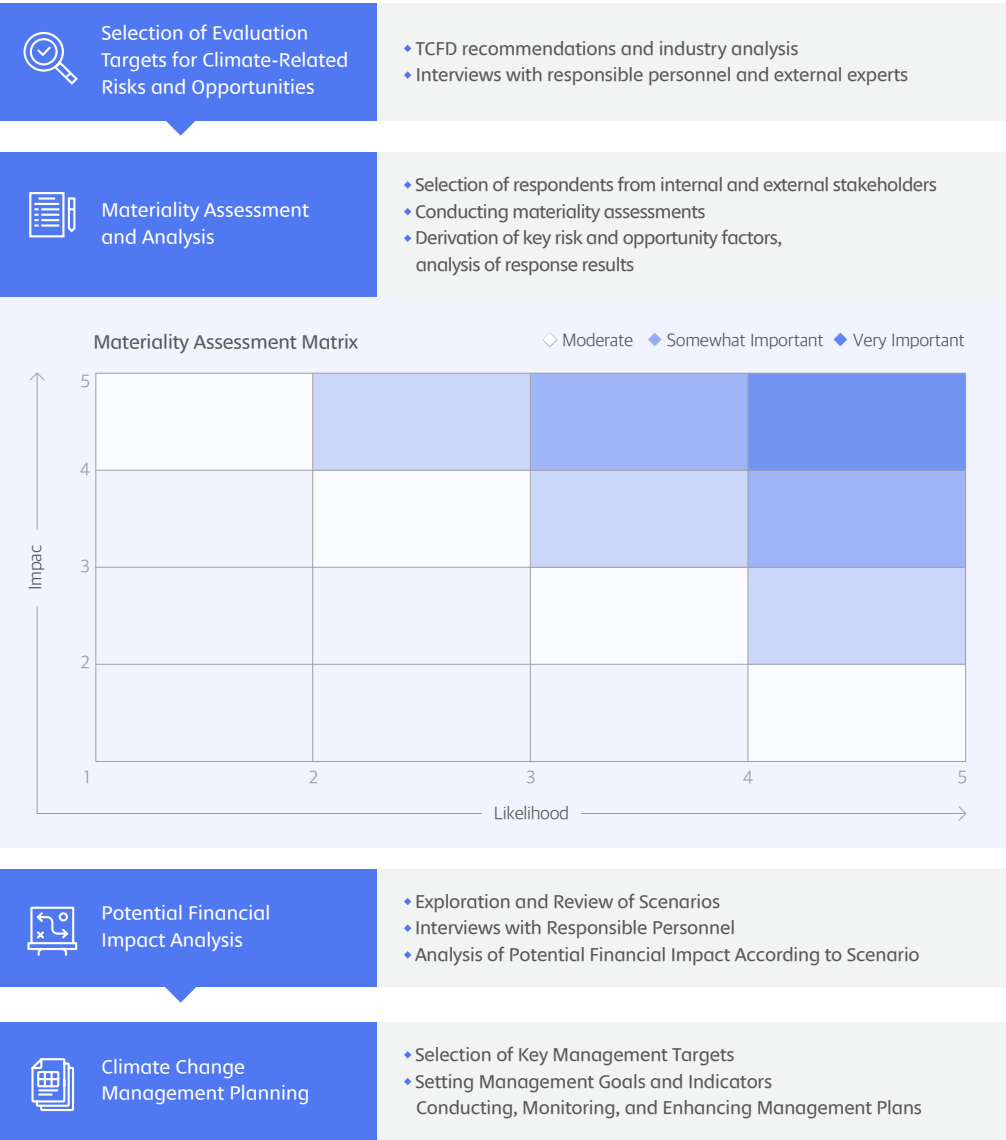
2) Subject for the Board of Directors: Investments exceeding 1.5% of equity or KRW 155.7 billion, investments of KRW 5 billion or more in SK affiliates, establishment of subsidiaries, etc.(Even if these conditions are not met, if deemed important for management, a preliminary report is submitted to the independent Board of Directors)

3) Investment performance report to the Board of Directors: For investments exceeding KRW 5 billion

Investment Review and Management Process



Climate Change-Related Key Management Target Selection System



1) SBTi(Science Based Targets Initiative) is a joint initiative by WWF, CDP, UNGC to establish and publicly declare scientifically based plans to achieve a 1.5°C reduction target. After submitting a Commitment Letter, reduction targets and achievement plans must be submitted and approved within 24 months

2) Greenhouse Gas Emissions Trading Scheme Reporting and Verification Guideline(Ministry of Environment Announcement No. 2023-221) and Verification Guideline for the Operation of the Greenhouse Gas Emissions Trading Scheme(Ministry of Environment Announcement No. 2021-112)

Internal Carbon Pricing System

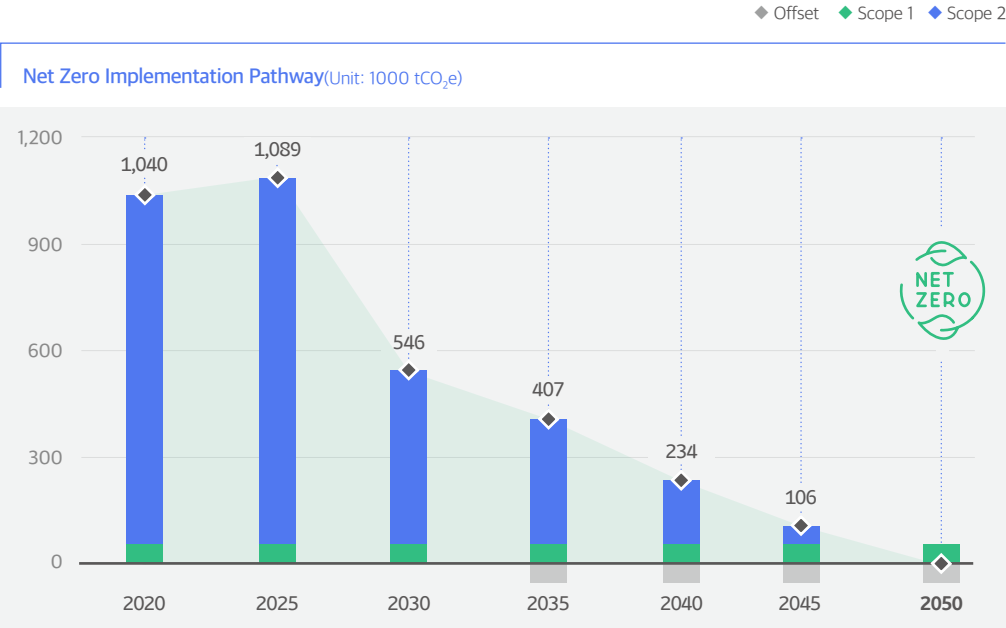
Internal carbon pricing is determined after reviewing domestic and international climate change policies and carbon markets, analyzing domestic carbon prices and liquidity, and considering the 2050 Net Zero strategy(internal carbon price assumption for 2023-2050: 15,000~188,000 KRW/tCO₂e). SK Telecom has incorporated the internal carbon pricing system into its investment deliberation process to effectively implement investments in greenhouse gas reduction projects, such as high-efficiency equipment replacement and renewable energy projects.

Indicators and Goals Related to Climate Change Response

SK Telecom joined the SBTi¹⁾(Science Based Targets initiative) in 2020 and set its reduction targets based on the methodologies and guidelines provided by SBTi¹⁾, following its “2050 Net Zero” roadmap. As a result, in July 2022, SK Telecom became the fifth entity in South Korea to pass the mid-term greenhouse gas reduction target verification according to SBTi standards. SK Telecom discloses its direct emissions(Scope 1) and indirect emissions(Scope 2 and Scope 3) metrics, and the emissions data undergo independent verification by a third party to ensure reliability.

SK Telecom's 2050 Net Zero Goal

In 2021, SK Telecom established its Net Zero goal based on SBTi, and declared its achievement of “2050 Net Zero” at the 38th General Shareholders' Meeting in 2022. SK Telecom measures the greenhouse gas emissions generated both within and outside its organizational boundaries annually. Starting with a reduction of 47.7% in direct and indirect emissions(Scope 1+2) compared to 2020 by 2030, and a 22.3% reduction in other indirect emissions(Scope 3), it plans to actively reduce carbon emissions each year. By implementing these actions, the aim for 2050 is to achieve a 99% reduction in Scope 2 emissions, effectively reducing them to zero through internal energy savings and adopting renewable energy(RE100). Additionally, the remaining 1% of Scope 1 emissions will be offset to zero through carbon offset initiatives like reforestation. Therefore, the goal is to attain Net Zero emissions for both Scope 1 and Scope 2 by 2050. Furthermore, other indirect Scope 3 emissions are planned to be reduced by 66.9% by 2050 compared to 2020.



Greenhouse Gas Emissions Calculation

SK Telecom calculates, manages, and discloses greenhouse gas emissions based on international standards and domestic laws as location-based emissions and market-based emissions. Location-based emissions include greenhouse gas emissions reported as Scope 2 according to the guidelines²⁾ related to Korea's emissions trading scheme, and these emissions are managed under the emissions trading system. Market-based emissions, according to the Greenhouse Gas Protocol, include greenhouse gas emissions of Scope 2 adjusted for purchases of renewable energy through the green premium, which are used to set and manage the company's 2050 Net Zero targets. The difference between location-based and market-based emissions is whether the reduction achieved through the purchase of renewable energy via the green premium is recognized. Reductions are not recognized in location-based emissions but are in market-based emissions. This report primarily discloses market-based emissions data, and location-based emissions data are disclosed as "location-based" when necessary. SK Telecom's scope of greenhouse gas emissions calculation includes all network emissions at the national level, but does not include emissions from subsidiaries and the supply chain. The greenhouse gas intensity is calculated by dividing the total emissions by the company's standalone revenue.

1) As of 2023, indirect emissions (Scope 2) represent about 99.5% of the total emissions(1,143,195tCO₂e)
2) 65% by 2030, 82.5% by 2040, 100% by 2050

3) WRI: World Resources Institute
4) WBCSD: World Business Council for Sustainable Development

5) The “total emissions” may differ from the sum of direct and indirect emissions due to the application of rounding at the facility level and aggregation

6) The reported greenhouse gas emissions may differ by less than ±1 tCO₂e due to rounding to the nearest whole number
7) In 2023, we began calculating emissions from the production stage of the raw materials used for electricity, which resulted in an increase in greenhouse gas emissions for that category

Greenhouse Gas Emissions(Scope 1, Scope 2) and Management Plan

In 2023, SK Telecom's total location-based greenhouse gas emissions were 1,149,240 tCO₂e, approximately a 4.3% increase compared to 2022. The total market-based greenhouse gas emissions, which include the green premium purchase(209.176 GWh), amounted to 1,053,142 tCO₂e, marking a 0.7% rise compared to the previous year. This increase was attributed to higher power consumption and indirect Scope 2¹⁾ emissions, driven by the expansion of telecommunications equipment to ensure stable 5G service provision. SK Telecom plans to reduce its greenhouse gas emissions through improvements in energy efficiency and increased use of renewable energy.

Considering that over 99% of SK Telecom's greenhouse gas emissions are due to power usage, the transition to eco-friendly power is recognized as key to achieving the 2050 Net Zero goal. A medium to long-term renewable energy usage goal²⁾ has been established considering the RE100 campaign's recommended level, and the company is specifying this goal through an annual renewable energy procurement portfolio. For more detailed indicators on greenhouse gas emissions, refer to the “Environmental Data” section. In the environmental data, the status of greenhouse gas emissions, energy usage, other indirect greenhouse gas Scope 3 emissions, and the status of renewable energy usage are managed.

Greenhouse Gas Emissions ⁵⁾ (Direct and Indirect)						
	Emissions	Unit	2021	2022	2023	Goal
Location-based	Total Greenhouse Gas Emissions	tCO ₂ e	1,051,380	1,101,340	1,149,240	1,227,222
	Direct(Scope 1)		6,286	6,394	6,063	7,496
	Indirect(Scope 2)		1,045,114	1,094,967	1,143,195	1,219,726
Market-based	Total Greenhouse Gas Emissions		1,030,910	1,046,153	1,053,142	1,119,630
	Direct(Scope 1)		6,286	6,394	6,063	7,496
	Indirect(Scope 2)		1,024,624	1,039,780	1,047,097	1,112,134
	Renewable Energy Usage Rate	%	2.0	5.2	8.6	9

Calculation and Management of Scope 3 Emissions by Category

SK Telecom also calculates and publicly discloses greenhouse gas emissions for the current year and the past three years, excluding direct Scope 1 and indirect Scope 2 emissions, which are categorized as other indirect Scope 3 emissions. The calculation standards for greenhouse gas emissions from Scope 3 adhere to the principles outlined in ISO 14064-1:2018 and the WRI³⁾(World Resources Institute) / WBCSD⁴⁾(World Business Council for Sustainable Development) “The Corporate Value Chain(Scope 3) Accounting and Reporting Standard,” encompassing seven categories of upstream activities and two categories of downstream activities. The main sources of Scope 3 emissions are purchased goods and services, capital goods, and investments, accounting for about 92.5% of the total Scope 3 emissions. Notably, emissions from purchased goods and services constitute approximately 69% of the Scope 3 emissions as of 2023, indicating the need for efforts to reduce greenhouse gas emissions through supply chain management. The decrease in Scope 3 emissions by 2023 was achieved by utilizing actual activity data for each category. Moving forward, the accuracy and reliability of Scope 3 greenhouse gas emissions information will be further enhanced through third-party verification and other measures to strengthen emissions data management.

Scope 3 Greenhouse Gas Emissions Data ⁵⁾ (Unit: tCO ₂ e)			
Scope 3 Category	2022	2023	2023 Goals
Upstream Activities	2,867,051	2,716,095	3,614,785
1. Purchased Goods and Services	1,925,932	1,870,658	2,500,769
2. Capital Goods	922,967	682,412	1,089,059
3. Fuel and Energy Use	471	136,300 ⁷⁾	739
5. Waste	218	456	600
6. Business Travel	962	3,519	768
7. Commuting	3,522	6,362	9,369
8. Leased Assets	12,979	16,388	13,480
Downstream Activities	454,978	521,198	2,840,326
14. Franchises	54,095	79,986	74,271
15. Investments	400,883	441,212	2,766,055
Total	3,322,029	3,237,292	6,455,110

1) In 2023, 34.5% of the total business vehicles, totaling 172, were converted to eco-friendly vehicles. Additionally, 101 electric vehicle charging stations were installed at 14 office buildings nationwide, including T Tower

Greenhouse Gas Reduction Efforts

SK Telecom is making various efforts to reduce greenhouse gas emissions and energy consumption, including consolidating network equipment, developing and introducing high-efficiency communication equipment, replacing outdated air conditioning systems, adjusting heating and cooling within office buildings, and increasing the proportion of eco-friendly vehicles for business use¹⁾. Additionally, SK Telecom has been recognized by the government as the first in the telecommunications industry to develop a methodology for reducing greenhouse gas emissions. Despite such efforts, due to the nature of the industry, greenhouse gas emissions are increasing annually. Approximately 99% of these emissions are due to electricity usage. In response, SK Telecom is investing in various technologies such as improving energy efficiency and adopting renewable energy to reduce electricity usage that accounts for about 99% of greenhouse emissions. The company was the first in Korea to join RE100 and is reviewing its implementation annually through the Carbon Disclosure Project(CDP) with plans to switch 100% of its power usage to renewable energy by 2050.

Domestic and International Carbon Credit Acquisition

Since 2018, SK Telecom has been distributing cookstoves to residents of underdeveloped countries in Southeast Asia to secure carbon credits. In 2021, the company received certification for 260,000 tons of carbon credits from the UNFCCC. The project aims to secure an additional 2.39 million tons of carbon credits by 2030. In collaboration with SK Rent-a-Car, since 2020, a greenhouse gas reduction pilot project for SK Rent-a-Car's electric vehicles in Jeju Island has been underway, and in 2023, the project was expanded nationwide. The project was finally approved by the Ministry of Environment as an “external greenhouse gas emissions reduction project” using electric vehicles. This project involves SK Rent-a-Car targeting 280,000 electric vehicles, which they plan to purchase and operate according to the “K-EV100” roadmap. The project calculates the greenhouse gas reductions and obtains certification for these achievements. The project is scheduled to last for ten years, continuing until 2033 from the date of approval. Both companies anticipate achieving a greenhouse gas reduction of approximately 390,000 tons over this period. This project involves installing On-Board Diagnostics(OBD) devices in electric vehicles owned by SK Rent-a-Car, which transmit total vehicle mileage and accumulated battery charging data. Using SK Telecom's IoT-specific communication network based on Cat.M1 technology, the project quantifies greenhouse gas reductions compared to equivalent internal combustion engine vehicles, making it an ICT technology-based reduction initiative.

Energy Consumption Reduction

SK Telecom is committed to reducing energy consumption through various activities, including expanding renewable energy facilities to build a future energy industry ecosystem. The company calculates energy usage based on 42 major business sites, excluding subsidiaries and the supply chain. The energy usage figures are managed according to the domestic emission trading scheme emission calculation and management guidelines and are aggregated based on energy bills provided by energy partners. Energy intensity is calculated by dividing the total energy consumption by the revenue. Energy savings from using natural air conditioning systems and generating renewable energy are based on actual measured data and renewable energy purchase performance. Please refer to the "Environmental Data" section in the Appendix for quantified targets and achievements related to energy consumption.

SK Telecom has implemented measures to reduce cooling energy usage by resolving heat generation from primary and ancillary equipment, consolidating network equipment such as base stations and repeaters, and replacing outdated air conditioning units. Additionally, due to the characteristic of the industry, indirect energy consumption from power use accounts for 99% of the total, so SK Telecom promotes continuous efforts to improve energy efficiency. As part of these efforts, we are enhancing the management of energy usage in office buildings through innovations in network structure and network slimming, collaborating with equipment manufacturers to develop and manage energy efficiency metrics, and intensifying research and development as well as external collaboration on new energy-saving technologies such as immersion cooling.

However, the telecommunications sector is a foundational industry for economic development and a regulated industry controlled both directly and indirectly by the government. Due to the need for a stable network supply, network equipment continues to increase, while services cannot be arbitrarily terminated, leading to an inevitable increase in energy consumption. Moreover, the recent rapid expansion of network equipment to supply 5G has further increased energy consumption. Despite various energy reduction activities, energy consumption in 2023 increased by 4.4% compared to the previous year.

Expansion of Renewable Energy Use

To utilize eco-friendly electric energy, SK Telecom has installed self-consumption solar power plants on unused sites such as rooftops and parking lots of office buildings and base stations across the country. Solar power facilities with a capacity of 3.97 MW were installed at 63 sites in 2021 and at 102 sites in 2022. In 2023, these facilities generated 5,411 MWh of electricity, for which the Korea Energy Agency issued a renewable energy use certificate. Additionally, following contracts for 44.6 GWh in 2021 and 120.1 GWh in 2022, SK Telecom signed a green premium contract with Korea Electric Power Corporation for 209.2 GWh of renewable energy in 2023, accounting for 8.6% of the total power consumption that year. Considering the lack of policy support and immature market conditions for renewable energy procurement in Korea, the green premium is deemed the most cost-effective method compared to other RE100 implementation tools like PPA and REC in the short term. SK Telecom will continue to monitor policies and market conditions, combining various implementation tools such as PPA and REC to successfully achieve its RE100 commitment.

Water Resources and Waste Management

Water Usage

According to the industry categorization provided by ENCORE¹⁾, SK Telecom belongs to the Wireless Telecommunication Service Sub-industry, which is identified as having a relatively low impact in the area of water pollutants. In practice, there are no facilities operated by SK Telecom that directly use water for manufacturing products; water usage primarily occurs for the daily needs of office workers and for heating and cooling the buildings.

SK Telecom has a company-wide water management system incorporated into its environmental objectives under the Environmental Management System(ISO 14001) to systematically manage water efficiency and reduce consumption at the corporate level. Water usage is calculated monthly based on the water bills of 27 office buildings, and then compiled by the corporate headquarters to manage and report performance on a monthly and annual basis. Data from subsidiaries and the supply chain are not included. Water intensity is calculated by dividing the total water usage by a separate base revenue.

Internally, SK Telecom manages water usage in accordance with the definitions set out in the CDP’s “Technical Note on Water Accounting.” Water withdrawal includes the municipal water(Third Party Source) supplied by regional water providers and groundwater drawn from each office building. Water discharge, which is the amount discharged to the sewers(Third Party Destination) at each office building, typically equals the water withdrawal amount. However, some office buildings separately measure the amount of water evaporated, such as through cooling towers, and this part is excluded from the water discharge amount. Water use is considered the same as water withdrawal²⁾, and water consumption is calculated as “Water Withdrawal – Water Discharge.”

In 2023, the annual water withdrawal(equivalent to water usage) was 675,296 cubic meters, marking a 5.4% increase from the previous year. The annual increase in water usage decreased from 5.9% to 5.4%. This reduction was accomplished by fine-tuning the water supply, drainage, and evaporation rates for operating the building’s cooling towers. Additionally, efforts were focused on lowering water consumption, such as installing water-saving valves in toilets and showers, effectively minimizing the rate of increase. Additionally, we implemented a water conservation campaign for the employees, and promoted the importance of water conservation. SK Telecom has also installed greywater(water recycling) facilities at five locations including the headquarters T-Tower. The use of greywater during the pilot operation period will be monitored, and the possibility of permanent operation and expansion will be evaluated.

1) ENCORE(Exploring Natural Capital Opportunities, Risks, and Exposure): A tool created by global institutions like Global Canopy, UNEP FI, and UNEP-WCMC to analyze economic activities by industry and their dependency on and impact on nature

2) The potable water and groundwater drawn by SK Telecom are both immediately usable as fresh water and are used for all purposes within the office buildings, including for domestic and heating and cooling water. Therefore, water withdrawal and water usage are treated as the same

SK Telecom receives third-party verification for monitoring its water usage. Detailed information related to verification can be found in the verification opinion document(p.195). In 2023, the annual water discharge was 652,262m³, and the water consumption was 23,034m³, most of which was used in cooling towers for air conditioning. Efforts are underway to reduce water usage, including adjusting the indoor air conditioning temperatures and managing the water input, output, and evaporation for building cooling tower operations.

By 2025, SK Telecom aims to reverse the trend of increasing water usage and by 2030, reduce it by approximately 3.4% from 2024 levels to 695,000m³.

Water Usage Targets Set Up to 2030						
Category	2023	2024(E)	2025(E)	...	2030(E)	Remarks
Water Usage (m³)	675,296	719,552	715,460	...	695,000	Reduction of 24,552m³ compared to 2024

Waste and Recycling

SK Telecom belongs to the wireless communications service industry according to the ENCORE industrial classification, where it is considered to have a moderate impact in the area of solid waste. Currently, there are no production facilities operated by SK Telecom, as its facilities are primarily used for providing telecommunications services, including offices, research laboratories, sports facilities, and training centers. SK Telecom recognizes the importance of waste management and continuously strives to reduce emissions based on accurate data. The company has acquired the Environmental Management System(ISO 14001) certification and manages its waste accordingly. Environmental management manuals, SKT Tower environmental management manuals, and waste management guidelines have been documented to establish and operate a consistent management system across the company, and the performance of each business site and office building is analyzed on a monthly basis. Additionally, once a year, a third-party verification agency checks the data integrity of the accumulated results and conducts site visits. The central department in charge leads the annual performance review, setting targets for the following year and holding discussions on improvement measures.

In 2023, waste emissions totaled 1,229 tons, the same as the previous year, while the waste recycling rate increased by 0.8 percentage points to 34.9%. The amount of net waste processed, after deducting recycling from waste emissions, was 800 tons. All waste is disposed of using volume-based waste bags, making it impossible to track the final form of waste disposal. However, based on estimates from the waste statistics yearbook, the amounts of waste disposed by various disposal methods are estimated at 81 tons for landfill, 170 tons for incineration, and 549 tons for unknown disposal methods. The increase in waste emissions is attributed to an increase in office attendance as COVID-19 stabilized, resulting in more domestic waste. SK Telecom has been engaging in various campaigns to reduce waste emissions and increase the recycling rate. Since 2021, we have continuously introduced and expanded food waste disposers, while in 2023 we invested¹⁾ about KRW 62 millionto intall and operate 15 food waste disposers in 12 office buildings. As a result, food waste emissions decreased from 236 tons in 2022 to 186 tons in 2023.

1) Annual rental fee for 15 food waste disposers

In the cafeteria of the headquarters, which has the largest number of employees, the Happy Habit reusable cup service was introduced to reduce the output of single-use plastic waste. Automated return machines for collecting used reusable cups and refunding deposits have also been installed in the building. Moreover, to spread waste reduction activities and increase awareness of reusable cups, we have been linked the government’s carbon-neutral point benefits, and a “Happy Habit Appreciation Event” was held at the end of the year. In the head office building alone, over 150,000 single-use cups were saved in 2023. The Boramae office building also provided the Happy Habit reusable cup rental service, saving over 26,000 single-use cups annually, while the Pangyo Building offers Happy Habit Eco Point benefits for using tumblers, and links these to government carbon-neutral point benefits to encourage waste reduction.

SK Telecom implements a two-stage waste sorting process to reduce waste emissions and increase recycling rates. First, regular trash bins and recycling bins are placed in offices to encourage employees to voluntarily separate recyclable items. Following this, waste management personnel at each building conduct a secondary sorting process to select additional recyclable items from regular waste, which are then collected by type for final disposal.

The annual waste emission and recycling targets up to 2030 are based on 27 buildings, excluding data from subsidiaries and the supply chain. Waste emission intensity is calculated as the total volume of waste emissions divided by separate standard sales. SK Telecom plans to reduce its waste emissions continuously by 2025, aiming to decrease them to 1,150 tons by 2030, and to increase the recycling rate steadily to reach 40% by 2030.

Waste Emission and Recycling Rate Targets Up to 2030

Category	2023(Actual)	2024(E)	2025(E)	...	2030(E)	Remarks
Waste Emissions(tons)	1,229	1,210	1,200	...	1,150	Reduction of 60 tons by 2024
Recycling Rate(%)	34.9	36.8	37.3		40	Increase of 3.2% compared to 2024

Resource Circulation

E-bill and Mobile Membership Operations

SK Telecom is actively engaging in various activities to reduce wastes and carbon emissions in response to the climate crisis. As part of these efforts, the company has achieved significant results by using e-bill instead of paper bill, thereby preventing personal information leaks and reducing paper waste. As of the end of 2023, the total number of e-bill users reached 24.62 million, maintaining a steady increase since the introduction of the app-based bill system in 2010. The new subscription rate for e-bill also reached 96.13%, an increase of 0.68 percentage points from the previous year. Additionally, SK Telecom has completely replaced the plastic cards issued to T Membership customers with mobile eco-cards, reducing annual plastic usage by more than 24 tons and cutting carbon emissions by about 55 tons. Customers who use the T Membership mobile eco-card have reduced plastic use by approximately 4.88g per person and decreased carbon emissions by about 12g, an environmental contribution equivalent to saving four A4 sheets of paper or the carbon absorption of 40 pine trees.

Mobile Membership Usage Status

Category	Unit	2019	2020	2021	2022	2023
Rate of issuance of the customer T Membership mobile card(new)	%	99	99	99	99	99
T Membership mobile card issuance(new)	Case	1,874,621	1,499,922	1,063,984	870,201	840,253
T Membership plastic card issuance(new)	Case	3,502	1,248	559	1,082	670
T Membership mobile card issuance rate for customers(cumulative)	%	68	70	71	72	73
T Membership mobile card issuance(cumulative)	Case	9,573,654	10,063,031	10,159,147	10,224,496	10,199,719
T Membership plastic card issuance(cumulative)	Case	4,453,423	4,247,897	4,094,700	3,959,532	3,839,580

Progress of the Happy Habit Project



1) ESG report to management: Monthly

“Happy Habit” Project for the Environment

SK Telecom is fostering happy habits for the environment through the eco-friendly "Happy Habit" project, addressing such issues as the “overuse of single-use plastics” while promoting “resource recycling.” The first project, launched in Jeju in 2021, aims to “encourage the use of reusable cups,” reducing the use of approximately 14.5 million disposable cups by the end of 2023. In November 2022, SK Telecom entered into a partnership with the Korea National Park Service and began offering reusable containers at the campgrounds of Bukhansan, Seoraksan, and Chiaksan. By 2024, the company plans to expand this initiative to more national parks and jointly pursue various eco-friendly projects with the Korea National Park Service. In September 2023, the scope of the Happy Habit project was extended to include zero waste. SK Telecom has collaborated with zero waste shops nationwide to make it convenient for customers who want to engage in eco-friendly consumption to use refill stations and participate in high-quality recycling based on the Happy Habit system. Going forward, the company will continue to work with various partners on the Happy Habit platform in an effort to persuade ever more people to engage in eco-friendly activities and help build a sustainable eco-friendly ecosystem.

Biodiversity Conservation

Biodiversity Conservation Risk and Opportunity Management System

SK Telecom recognizes biodiversity conservation as an important risk. Various biodiversity-related risks evaluated within the organization are integrated into other risk management processes and prioritized through the materiality assessment process. The materiality assessment process proceeds in the following sequence: internal and external environmental analysis > identification of issues and formation of pool of

issues > materiality assessment > derivation of key reporting issues. Moreover, SK Telecom reports any identified risk and opportunity factors related to biodiversity conservation to the Chief Legal Officer(CLO) immediately. Decisions regarding the organization’s performance targets, implementation, performance monitoring, and execution of key action plans are made based on the impact and results of the materiality assessment concerning biodiversity conservation. For issues deemed non-material, the CLO makes decisions directly. For material issues, the CLO periodically reports to the CEO, who then decides on these matters. However, particularly critical issues are reported by the CEO to the Board of Directors and the ESG Committee for further deliberation and decision-making.

Biodiversity Conservation Policy

SK Telecom implements environmental policies based on the principle of Net Positive Impact, aiming to invest in and expand activities related to the conservation, restoration, and enhancement of biodiversity. In the field of biodiversity conservation, SK Telecom has been participating in the Korea Business Council for Sustainable Development(KBCSD) since 2007, and is also involved in the Business and Biodiversity Platform(BNBP) established in 2016 by the KBCSD and the Ministry of Environment. The company also utilizes ICT technology in its biodiversity conservation policies.



Deforestation Prevention Policy

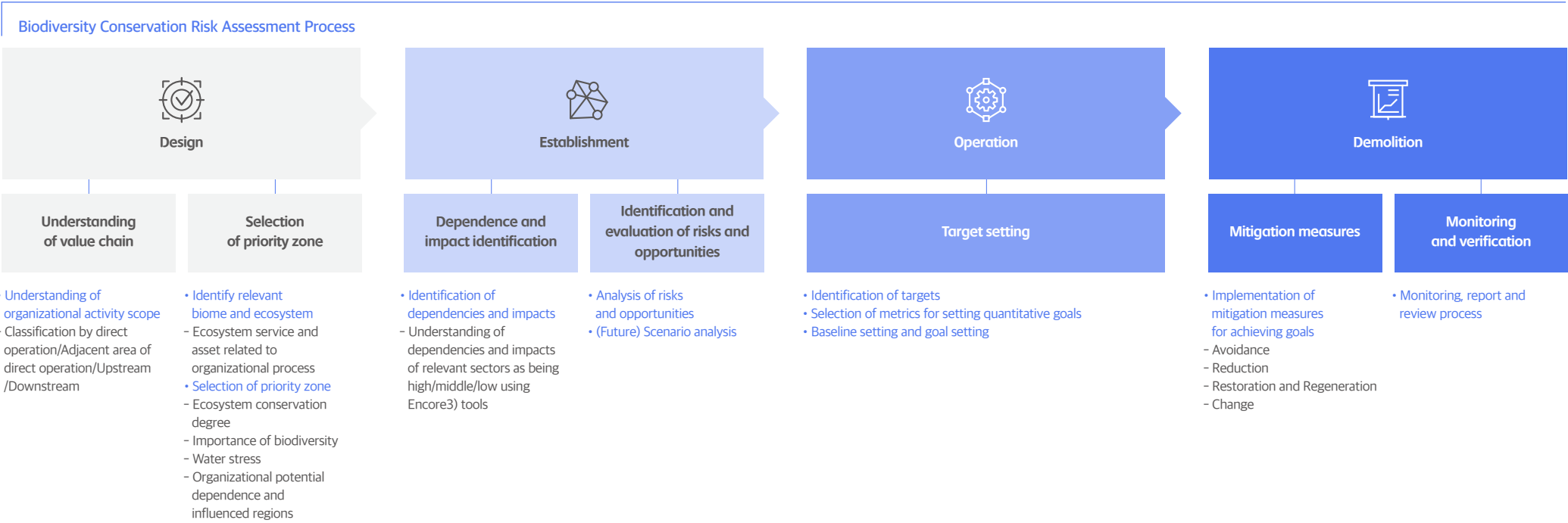
SK Telecom is establishing policies to prevent deforestation and expand forests in order to mitigate the effects of climate change. Wildfires caused by climate change are a significant climate-related risk that could occur in the short, medium, and long term and pose financial risks, while simultaneously threatening biodiversity conservation. In particular, the wildfires that broke out in Gangwon and Gyeongsang provinces in 2019, 2021, and 2022 directly damaged SK Telecom’s communication equipment. In response, SK Telecom is establishing emergency communication networks for early wildfire monitoring in collaboration with local governments and the Korea Forest Service, and is setting up mobile phone wireless systems with the Fire Agency to prepare for communication disruptions caused by base station burnouts. Additionally, the company is preparing new reforestation projects. A major pillar of the three Green Strategies for carbon neutrality by 2050 is Green Forest. This strategy involves promoting reforestation projects to offset residual greenhouse gas emissions that cannot be mitigated through improved energy efficiency or the use of renewable energy. SK Telecom will pursue policies that both offset greenhouse gas emissions and conserve forests through the forest carbon offset system.

Biodiversity Conservation Risk Assessment Process

To provide telecommunications services, SK Telecom builds and operates network infrastructures by following these steps and applies the TNFD’s¹⁾ LEAP Framework²⁾, which has been adapted to the company’s situation, to prevent biodiversity loss and forest degradation. SK Telecom analyzes the value chain at the design stage to identify the locations where our infrastructure is installed and the activities conducted there, in order to conserve biodiversity and prevent deforestation. If the activities and locations of our infrastructure installations are deemed significant and impactful in terms of biodiversity conservation and forest degradation prevention, we will explore and implement mitigation measures that minimize the negative impact on customer service quality while preserving biodiversity and preventing forest degradation.

1) Taskforce on Nature-related Financial Disclosures: A global environmental consortium in which governments and institutions participate to prevent nature loss and support ecosystem recovery, aiding corporations in disclosing nature-related financial information

2) An abbreviation for Locate, Evaluate, Assess, Prepare, which is an approach used by the TNFD to calculate and evaluate nature-related financial information for each company



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

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

Mitigation Activities for Biodiversity Conservation

Appropriate mitigation measures are reviewed based on identified risks and their significance. If our base stations need to be located in areas such as ecological and scenic conservation zones, wildlife protection areas, or UNESCO World Heritage sites, we minimize the impact of our infrastructure by avoiding these areas and installing the stations in nearby locations, or by utilizing existing facilities within the region. During the construction and operation phases, new construction methods and materials are reviewed and applied to minimize the occurrence of wildfires and damage to surrounding areas. For example, we are applying fire-resistant materials and installing fire extinguishing equipment in base stations and facilities located in mountainous areas. Furthermore, techniques are being developed and applied in order to move externally exposed components inside the infrastructure. SK Telecom is also advancing the 5G public network project in collaboration with other telecommunications companies and the Ministry of Science and ICT. Through the 5G public network project, the company contributes to minimizing biodiversity loss and forest degradation by reducing redundant investments and repetitive construction/management of mobile communication facilities in rural and forested areas. During the demolition phase, SK Telecom continues to develop and apply methods of increasing the recycling rate of resources. For example, the company recycles discarded antenna equipment to produce camouflage screens and collects and repairs used cable drums to resupply them to fiber optic cable manufacturers for reuse. In 2023, approximately 39 tons of plastic from discarded antennas were recycled, and 3,984 wooden cable drums(average weight 51 kg each) were recycled twice on average.

Social

Employees	76	Cyber Security	97
Occupational Safety and Health	82	Privacy Protection	99
Human Rights Management	89	Supply Chain Management	102
Customers	92	Social Contribution	111



Employees

SK Telecom is committed to fostering the growth and well-being of its employees while striving to realize its goal of becoming a leading global AI company. To achieve this, we have implemented a comprehensive AI and global competency development framework aligned with our business strategy and vision. Our structured personnel system spans recruitment, development, performance evaluation, and compensation, ensuring alignment with our strategic objectives. Furthermore, we are consistently evolving our organizational culture to ensure our employees can work in a healthy and safe environment, fostering a balanced work-life experience that promotes happiness.

Talent Development Linked to Business Strategy

SK Telecom has established and implemented development direction and policy linked to business strategies to foster the human resources necessary for each business to produce practical results. To achieve the vision of becoming a ‘Global AI Company’, we have continuously operated programs to strengthen employees’ AI literacy and global capabilities.

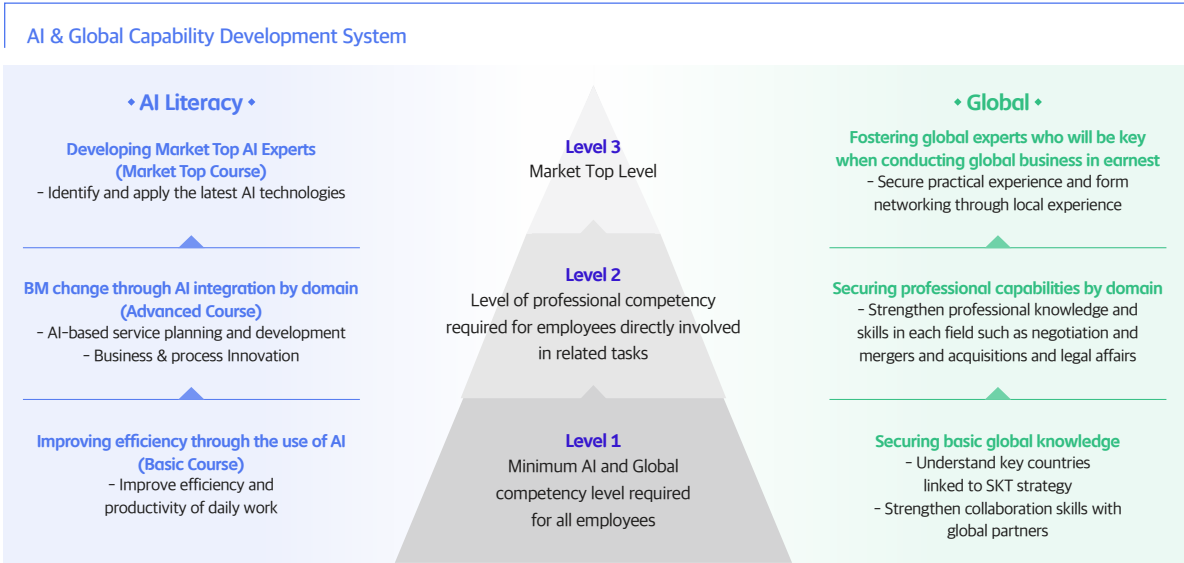
We have established and supported an ‘AI Literacy Comprehensive Development System’ so that all employees(including part-time and contractors) can systematically develop their AI capabilities and respond to changes. In addition to the ‘AI Basic’ course that improves work efficiency by utilizing AI in daily work, we have opened the ‘AI Advanced’ course, which can strengthen application capabilities for each job. Furthermore, we support employees to grow as top-level AI development experts through the AI Market Top course and the AI master’s degree program(OJD, On the Job Degree) that focus on the latest AI technology. A total of 38 employees have participated in the OJD program, with 19 members having successfully obtained their master’s degrees. Additionally, 99 employees have participated in SK Group’s AI-based Data Analysis and Modeling Certification exam after undergoing preliminary training, with 22 employees earning certification, thereby validating their competencies in machine learning, deep learning modeling, and data analysis.

In 2023, AI Literacy online training was conducted for all employees. Since then, we have introduced an AI Literacy course focused on practical offline training, with approximately 40%(around 1,900 individuals) of our employees having participated as of April 2024. On average, 90% of participants have found the courses beneficial in enhancing their skills. We have provided support programs to help lead to actual work

innovation even after the course is completed, and more than 100 cases of practice and work application by employees have been derived based on the learning contents. Additionally, 88% of employees who have taken the training responded that the use of generative AI increases the productivity and efficiency of their works, and 84% said they are using generative AI in various work areas such as document writing, data analysis, and coding.

SK Telecom is also systematically making efforts to strengthen the global capabilities of its employees. We have opened a basic literacy program for all employees to collaborate with global partners, and provide training courses to strengthen professional capabilities of employees who work in global divisions. In the future, we plan to cultivate global experts who will lead new overseas businesses. In addition to our own training, we plan to provide opportunities to share the latest global technologies through partnerships with the Global Telco AI Alliance and global big tech companies. Moreover, we will not only conduct training, but also develop certification systems in each area to verify the effectiveness of training and reflect them in the HR system to motivate employees to improve their capabilities.

We also run a study-mate program to learn voluntarily and develop rapidly changing technical capabilities led by employees, and support employees with common interests to form groups and learn from each other. In 2023, approximately 400 employees voluntarily formed 84 study groups to learn about various topics such as developing LLM-linked AI apps and studying AI phone commercialization. The study-mate program reduces training costs by more than 50% compared to developing and operating a regular course and has the effect of creating a culture of self-directed learning among employees.

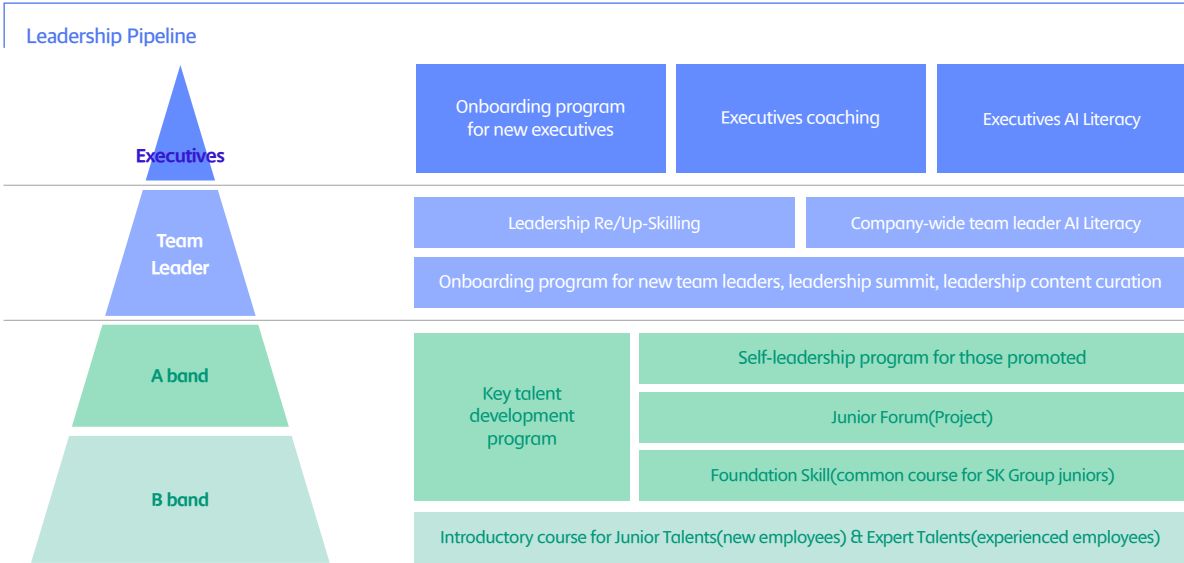


Establishing a Leadership System to Achieve the Vision

In 2023, SK Telecom conducted a leadership workshop and AI literacy course tailored for team leaders company-wide. This initiative aimed to equip leaders with the necessary skills and capabilities to navigate changes in the AI landscape. Additionally, we established a 'New Leadership Pipeline' system, introducing the 'Big Jump' program, a self-leadership course for newly promoted individuals, and the 'Onboarding for New Team Leaders and Executives' program to support role transitions for newly appointed leaders. Notably, to enhance the effectiveness of content delivery and onboarding in the leadership courses, we maximized the use of internal instructors. This approach not only increased the practical value of the training but also resulted in a cost saving of approximately 10% in leadership training expenses through the utilization of internal trainers.

Additionally, we have internalized and operated an organizational development program to support leaders in operating the organization. This program helps to enhance mutual understanding among team members and provide experiences that foster a "One Team" approach, thereby increasing organizational cohesion and execution capabilities to achieve goals. This course also reduced the cost of the leadership training program by about 15% by training and utilizing in-house instructors.

In addition, we have selected 150 key talents as potential team leader candidates who are immediately deployable and are intensively nurturing them as future leaders to drive SK Telecom's transformation into a 'Global AI Company'. Through continuous education and support programs for these key talents, we achieved a retention rate of 100% for key talents in 2023, with no resignations recorded, compared to a general turnover rate of approximately 1.5%. This has significantly contributed to our retention efforts.



Creating AI Company-oriented Culture and Ecosystem

SK Telecom has implemented various strategies to ensure that leaders and employees throughout the company deeply resonate with the vision of becoming an 'AI Company' and integrate the use of generative AI into routine operations. By conducting the 'AI Challenge', in which employees develop AI utilization services, about 40 ideas for innovation in customer experience and work methods were derived, and 14 of these teams advanced to the final round of the hackathon and developed prototypes. Additionally, we are actively creating a culture of AI utilization by company-wide employees by holding the 'Gen-AI Art Challenge' for employees and producing images with the theme of achieving the vision of 'Global AI Company' and the company's 40th anniversary. Subsequently, we will carry out various programs to spread the culture suitable to the 'AI Company', such as 'AI Community', which shares cases of improving productivity by applying AI to work, and 'AI Frontier', an expert training program that solves issues for each unit in terms of AIX.

Launched in 2021, the AI-based Learning Curator currently recommends personalized learning contents to approximately 1,900 employees. This initiative has led to an average increase of 100 hours of learning time per month among employees, establishing a strong AI-based learning culture. This case was shared with HRD-related associations as a leading example of using AI technology to develop employees, and it has been adopted by numerous domestic companies as a benchmarking model. This has significantly bolstered our reputation as an AI-driven company. In 2024, we plan to evolve the Learning Curator into an AI Learning Agent, incorporating generative AI and conversational interfaces to provide real-time access to

internal and external educational content. This will more effectively support personalized learning and growth for our employees. Additionally, beyond the AI Learning Curator, the use of the group's common education platform, mySUNI, has further promoted self-directed learning among employees while also reducing education costs.

SK Telecom is striving to create an AI ecosystem that creates synergy and fosters capabilities by strengthening internal and external collaboration as well as internal cooperation. The 'SK TECH SUMMIT', which has been held every year since 2017, has developed into a comprehensive technology exhibition representing the SK Group, and in 2023, 17 affiliates of SK Group announced and exhibited 192 technology tasks under the theme of 'AI Everywhere for a Better Future'. During the SK Tech Summit, we presented a vision of the present and future that SK Group aims to realize through AI to an audience of 8,545 attendees. This event also served as a platform to forge business synergies with global AI companies. In addition, by carrying out the 'AI Fellowship' program, a total of 35 college(graduate) students have conducted 12 research projects presented by SK Telecom, and two of the research results were actually applied to SK Telecom's services and business. Additionally, we have achieved achievements such as 6 patent applications and 4 publications in academic journals, and two of the excellent graduates were hired as junior talents(new employees) in the second half of 2023. As such, SK Telecom continues to spread its AI vision internally and externally and is creating an ecosystem that leads a virtuous cycle of fostering excellent talents and creating business opportunities.

1) In 2021, mandatory training for all employees to secure basic AI/DT capabilities was conducted, resulting in high average annual training hours

Employee training status¹⁾

	Unit	2021	2022	2023
Investment in training per person	KRW Million	3.1	3.2	2.9
Average annual training hours per person	Hour	87	63	64
Number of training courses per year	Course	10,148	11,904	13,885
Number of participants in training courses per year	Person	499,001	590,969	883,235

Support for Retiring Employees

SK Telecom provides employees who are expected to retire with welfare benefits such as an outplacement support program, special leave for retirement, communication expenses, health checkups, and congratulations and condolences, helping them systematically plan a new life after retirement. The outplacement support program, for which the company covers the expenses required, is carried out through agreements with three professional training institutions in related fields. We help them achieve a successful career change by suggesting specific action plans through 1:1 customized consulting such as self-diagnosis, career planning, financial planning, and life counseling, as well as re-employment and start-up related education, re-employment and start-up placement, and post-career management. Additionally, we are providing support to prepare for a new career with ample time by operating the Next Career leave program for long-term employees with more than 25 years of service or employees over the age of 50. For those on Next Career leave, we provide a start-up support program similar to that for those who are expected to retire.

Support program for retiring employees



Outplacement support program

Support up to KRW 3 million per person



Communication expenses

Support for mobile phone bills for 3 years



Special leave for retirement

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



Congratulations and condolences

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



Health checkup

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



Retirement Ceremony

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

Anti-discrimination and Respect for Diversity

Anti-discrimination

SK Telecom prohibits discrimination in the hiring of employees on the grounds of personal conditions that are not necessary for the performance of their jobs, and when providing promotions, compensation, and training to all employees, it provides fair opportunities without discrimination for reasons other than individual capabilities and objective performance. Since 2019, we have been operating 'Happyhanool', a subsidiary-type standard workplace for the disabled, to create jobs where the disabled can work happily. In recognition of our consistent efforts to create a non-discriminatory organizational culture, we won the 'Family-Friendly Certification Presidential Award' in 2018, and were selected as 'Korea's Best Job Creation Company' in 2021.

Maternity and parental leave

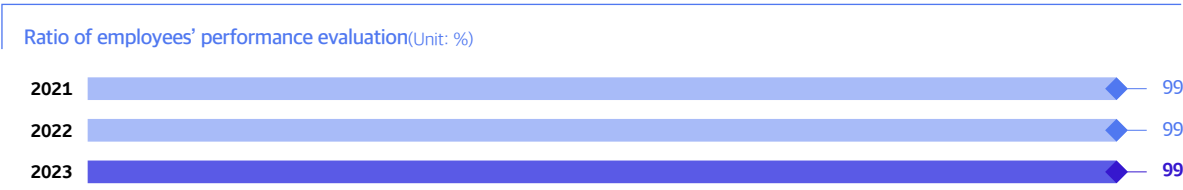
SK Telecom is actively implementing support policies to reduce the burden of childbirth and childcare for our employees. We have established an institutional basis for work-family balance by operating a system that allows both male and female employees to take parental leave for up to two years. In addition,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

Respect for Diversity

SK Telecom is actively recruiting female talents with the goal of respecting the diversity of its employees and expanding the social participation of women. The proportion of female employees in 2023 increased by 1.1%p to 21.6% compared to 20.5% in 2022, and the proportion of female leaders remained at a similar level to the previous year at 9.8% in 2023. Particularly, the proportion of women in recruitment of new employees and career experiences was high at 61.4%. Additionally, we are actively making efforts to secure female leaders by expanding female role models and providing systematic leadership training.

Fair Performance Evaluation

SK Telecom conducts ongoing performance evaluations based on fair procedures to assess the performance and skill level of its employees. First, we register employees' individual KPIs by linking their works with the KPIs of the company and team using the performance management system, and conduct ongoing agile conversion review to achieve the registered KPI performance with the leader. Based on this, we operate a talent review session for each organization and finalize the evaluation results after sufficient discussion and debate. The confirmed performance evaluation results are used for compensation, promotion, and selection of key talents. We conduct a 360° multi-dimensional evaluation that actively reflects the opinions of not only leaders but also coworkers working with them throughout the entire evaluation process to enhance transparency and fairness. In 2023, 99% of all employees have received performance evaluations according to SK Telecom's performance evaluation system(excluding those on leave, externally dispatched workers, etc.).



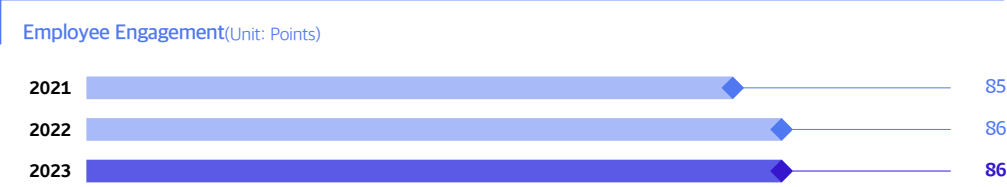
Employee Shareholding Program

We are implementing a program that allows all employees, who are the key players of Financial Story, to voluntarily participate in enhancing the corporate value by selecting incentives as treasury stocks. employees of SK Telecom can select the number of stocks within the scale of their incentives. Since the system was established in 2021, about 40% of all employees have been continuously participating. Participating members are expected to share the results of the long-term growth of the company as shareholders as well as employees.

1) As of 2023, we operate Sphere at a total of 5 branches (Walkerhill, Sindorim, Ilsan, Bundang, Pangyo)

Employee Engagement

SK Telecom continues to innovate throughout its corporate culture for its employees to pursue a healthy work-life balance. We are pursuing a variety of activities that can help employees feel motivated and satisfied while working without stress, spreading positive awareness internally and externally. As part of this effort, we conduct an annual employee engagement survey, typically at the end of September each year. This survey measures factors such as 'sense of belonging as a member', 'pursuit of happiness through work', and 'pursuit of happiness for stakeholders'. In the employee engagement survey in 2023, 76% of all employees responded, and member engagement was recorded a high level of 86 points.



Work System

DYWT Optional Work System

SK Telecom has been operating a unique work culture and attendance management system called 'DYWT(Design Your Work & Time)' since April 2018, after reviewing the introduction of a flexible work system. DYWT is a monthly optional work system that allows employees to plan their daily work schedule, including work start and end hours, with responsibility within a certain number of working hours per month. As employees get the autonomy to choose their working hours on weekdays considering their work situation and personal schedule, we have obtained positive results such as improved work satisfaction, work engagement, and reduced working hours.

Happy Friday System

SK Telecom has been operating the Happy Friday system, which uses one of the weekdays as a time to develop work-related capabilities and recharge through self-directed work plan and engagement in accordance with the corporate culture's goal of 'Pursuing the Growth and Happiness of Employees.' Since June 2022, we have expanded the number of Happy Friday to twice a month to strengthen the self-directed work culture of employees, and through intensive work, we are establishing a culture of working more efficiently while being more engaged in essential work.

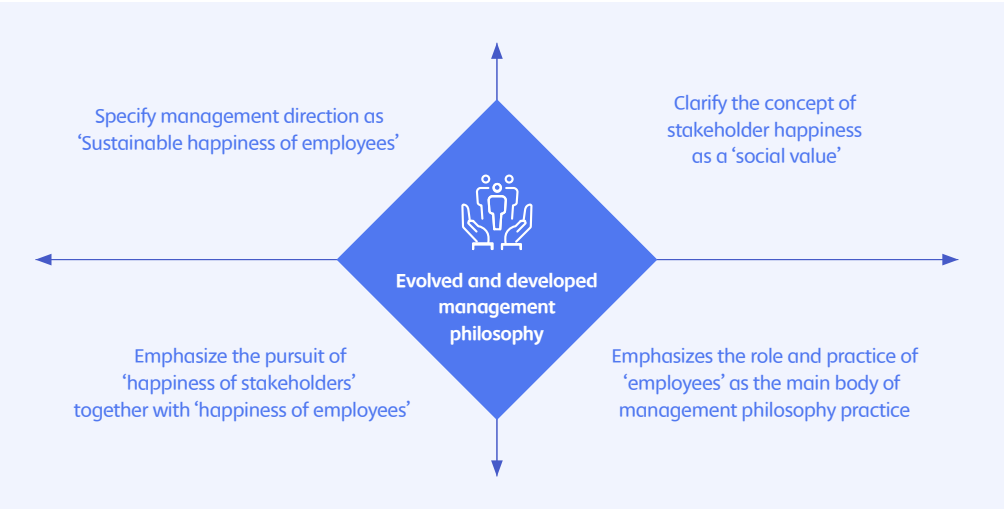
Work from Anywhere System

SK Telecom is currently implementing the 'WfA(Work from Anywhere)' system, enabling employees to work flexibly from different locations. To support this initiative, we are focusing on enhancing employee engagement through the establishment of cloud-based work environments and the distribution of remote work guidelines. In addition to remote work options, we operate a local office concept known as 'Sphere'¹⁾, allowing employees to work near their homes in addition to our main office. Within Sphere, we offer various amenities including one-person conference rooms(Pods), multi-person conference rooms(Rooms), a cafeteria, and more, facilitating collaboration and connectivity with colleagues at any time. In Sphere, we are setting the benchmark for future workplaces by implementing advanced IT technologies. This includes application-based seat reservations, iDesk for laptop-free work using facial recognition, and Sphere View for real-time integration and analysis of spatial information such as occupancy and air quality. We are creating the standard for future workplaces.

Creating a Happy Organizational Culture

SK Telecom has actively promoted changes in organizational culture with three goals: 'communication and participation', 'horizontal relationships', and 'sharing and collaboration'. First, for communication and participation, we regularly hold town hall meetings, which have shifted from vertical communication method to interactive communication method, share key management issues, and collect opinions from employees. Furthermore, we have continuously operated the 'Corporate Culture Opener' program, which includes Letters to HR such as 'Sharing Saida' for purpose-driven information sharing, 'Happy Participation Saida' for anonymous and open suggestion submissions, and 'Zero Saida' to address office life inconveniences effectively. This program contributes to horizontal information sharing and free communication between the company and its employees, based on the principle of transparent disclosure of the communication process and strict guarantee of anonymity.

To create a horizontal relationship, SK Telecom is making efforts to spread a flexible organizational culture, such as calling all employees, including executives, with the suffix 'nim' without any distinction in position, and unifying the executive ranks of vice president, senior managing director, and managing director. Additionally, we have implemented the internal scout system, known as CDC(Career Development Challenge), which allows employees to challenge themselves by pursuing tasks that align with their expertise, capabilities, and career vision. To further encourage sharing and collaboration, we operate hub-based workspace 'Sphere', where employees from different departments can communicate, collaborate, and immerse themselves in their work independently and/or together.

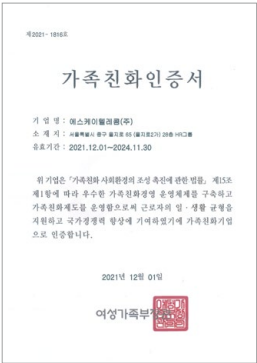


Employee Happiness Promotion Program

SK Telecom operates a variety of systems to help its employees increase work efficiency and pursue personal happiness in the work-life balance environment. One such system is the 'IM HAPPY' app, which allows employees to voluntarily record happiness data and improve their happiness factors. In the 'IM HAPPY' app, employees can record their overall emotions, situations, and happiness levels in their work and personal lives. They can view personalized happiness reports on a monthly basis, analyzing the happiness data they have accumulated. By using the 'Happy Nuts' mileage earned from recording happiness cards, employees can choose and utilize reward programs that suit their needs. Additionally, we implemented the 'Happy Friday' system, which allows employees to recharge and develop themselves on Fridays twice a month through self-directed work planning and work immersion, and it is receiving positive response from employees. We are also building a consensus between the company and its employees by listening to employees' opinions on various topics within the company through 'RU HAPPY', in the form of a quick and casual survey.

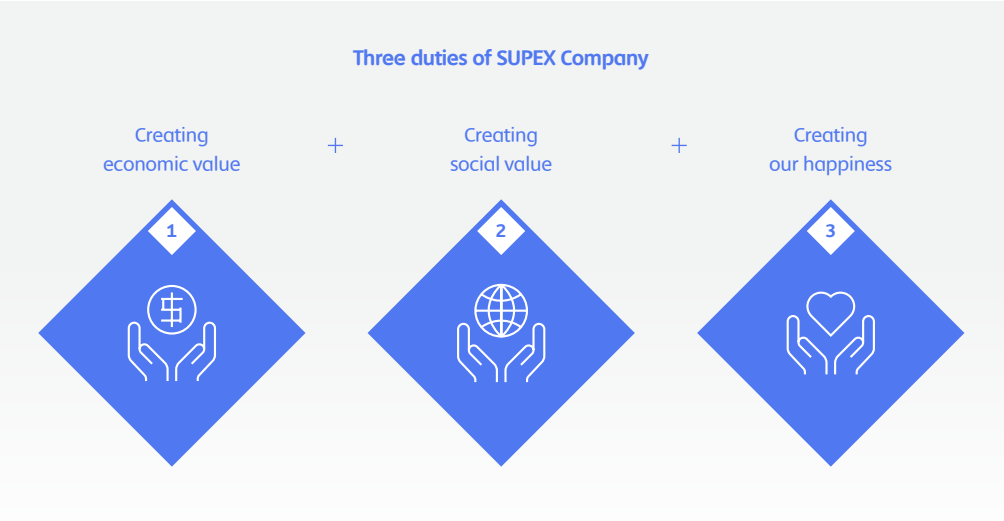
SK Telecom was selected as the Grand Prize winner in 2024 at the Korea Labor-Management Cooperation Awards organized by the Korea Employers Federation(KEF) in recognition of its continuous zero disputes as a result of active communication and cooperation between labor and management, and achieving its goal of creating a safe and best place to work, and improving productivity together. Additionally, the award-winning case was widely shared throughout the industry, having a positive impact on helping more companies grow based on cooperative labor-management relations.

Family-friendly business certificate



Redefinition of SUPEX COMPANY

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



Korea Labor-Management Cooperation Awards Ceremony organized by KEF

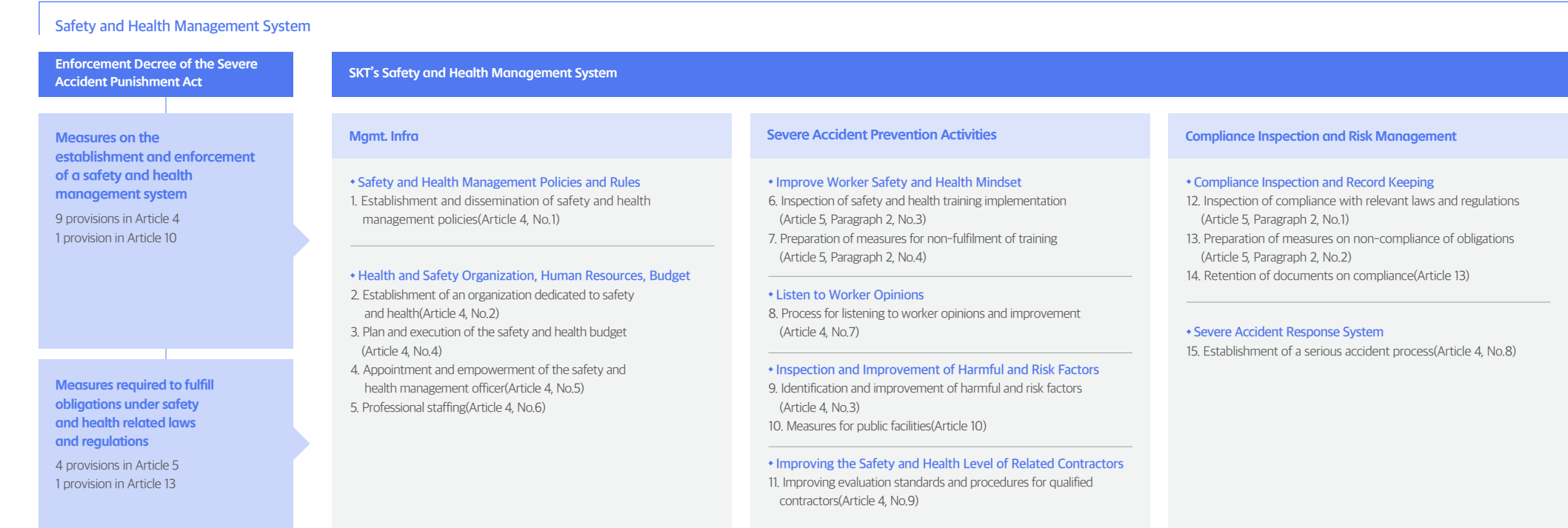


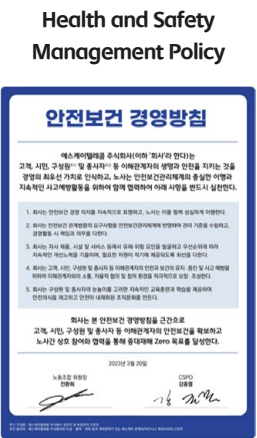
Occupational Safety and Health

SK Telecom has established and operates a global-level safety and health management system aimed at safeguarding the lives and well-being of stakeholders, striving towards a goal of achieving zero serious accidents. We contribute to the reduction of industrial accidents by proactively identifying harmful and risk factors in the workplace, and provide safety training to all employees every year to enhance safety awareness and spread a safety culture. We conduct annual health checkups and vaccinations for our employees and their families, and take care of their mental health through various programs.

Safety and Health Management System

SK Telecom systematically operates a company-wide health and safety management system based on the recognition that protecting the lives and safety of stakeholders, including customers, citizens, employees, and employees of partner companies, is the priority value of management. Since 2022, in accordance with the Enforcement Decree of the Severe Accidents Punishment Act, we have newly established and implemented a safety and health management system that reflects 15 specified provisions. This system is structured into three main areas: management infrastructure, serious accident prevention activities, and implementation inspection and risk management. Additionally, with the organization dedicated to safety and health as a main axis, we are actively implementing safety accident prevention activities, such as establishing an annual safety and health plan, inspecting and improving harmful and risk factors, establishing a process to respond to serious accidents, and preparing and improving procedures for listening to employees' opinions.





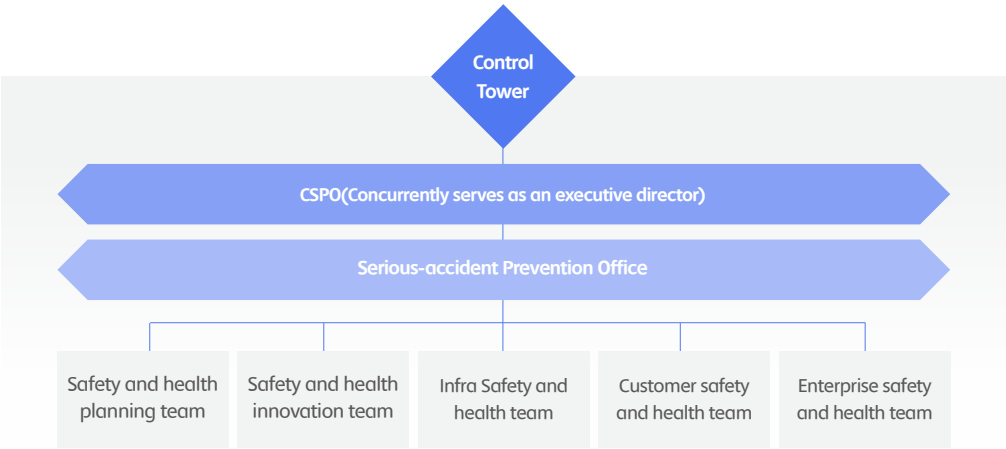
Health and Safety Management Policy

SK Telecom remains steadfast in its commitment to safety and health management, both internally and externally, to safeguard the lives and well-being of stakeholders including customers, citizens, employees, and partner company employees in all management activities. We collaborate closely between labor and management to ensure safety and health, aiming to prevent serious accidents. Specifically, we have established a safety and health management policy centered on the goal of zero major accidents and five actionable points. This policy is jointly endorsed annually by both labor and management, pledging their commitment as champions of safety and health practices. In order to enhance the implementation of the safety and health management policy, we not only reflect the safety and health management goals in the KPIs of the executives of SK Telecom and SK ICT family affiliates, but also encourage the implementation of detailed safety and health management system implementation guidelines by both labor and management.

Safety and Health Organization

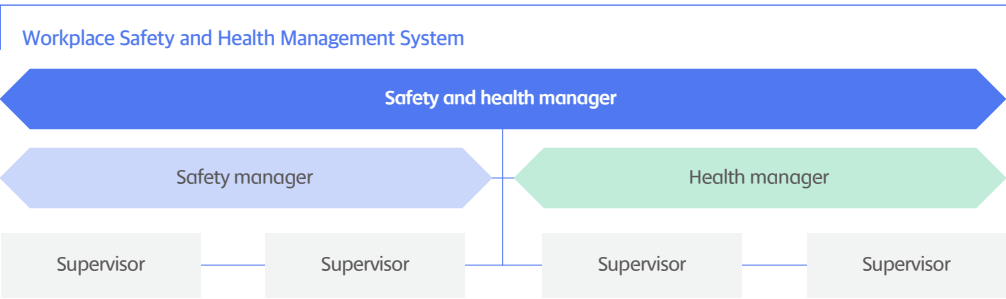
In order to fulfill its obligations to ensure safety and health and promote serious accident prevention activities more systematically, SK Telecom appointed a Chief Serious Accident Prevention Officer(CSPO) and established a dedicated safety and health organization to carry out safety and health management in an organic and efficient manner. The CSPO serves as an executive director and discusses important issues related to safety and health at the BOD. The safety and health organization is strengthening safety and health execution capabilities by serving as a company-wide control tower and management of each business unit.

Organization Structure Dedicated to Safety and Health



Workplace Safety and Health Management

In accordance with the Occupational Safety and Health Act, all of SK Telecom's workplaces are operating a separate safety and health management system considering the size and work characteristics of each workplace. The safety and health management system of individual workplaces consists of a safety and health manager in charge of management and direction, and safety managers and health managers who are professional safety and health staff. Additionally, we designate the leader of each department as a supervisor to ensure thorough safety and health management at all sites.



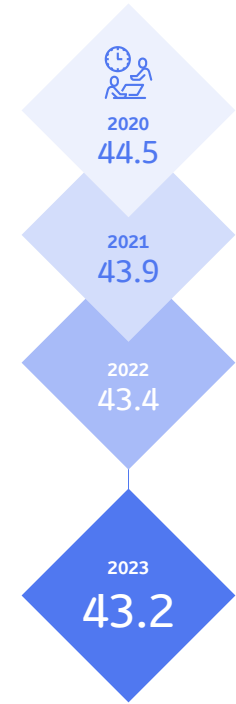
Safety and Working Hours of Network Operators

SK Telecom manages human rights risks for workers, addressing safety hazards related to network construction and operation, including computer work for communication network maintenance and physical maintenance, as well as monitoring working hours. SKons, a subsidiary in charge of operating mobile communication ICT infrastructure, is actively responding to these human rights risks by establishing a company-wide safety and health management system with the goal of 'zero major industrial accidents.' For the safety of network operators, we enhance safety execution power and raise workers' safety awareness through proactive, preemptive, and preventive safety activities such as obtaining certification for the safety and health management system(ISO 45001), operating the Company's Safety Management Committee, and implementing on-site safety days.

In 2023, we established a new safety experience training center, 'SKT Family Safe T Center', and strive to spread safety and health education and safety culture to safely protect stakeholders, including employees. Additionally, we are focusing on preemptively identifying and improving internal and external safety risks through work processing based on the safety and health management system, internalizing safety capabilities, and improving the safety and health system for subcontracting projects. Moreover, we are taking the lead in establishing a safety-first culture by producing safety videos for employees and their families, issuing letters on essential safety precautions, and activating employees' right to suspend work in cases where safety is not secured.

Safety and Working Hours of Network Operators

Working Hours Per Person
(hours/week)



Mitigation Measures

- Operation of the Safe T Center Safety Experience Center, acquisition of ISO 45001 certification, operation of work suspension rights
- Analysis of working hour trends by organization and individual, expansion of Family Day, and securing productivity per person based on AI / DT, etc.

For work-life balance and a safe working environment of employees, we have implemented a detailed overtime management dashboard on our internal website to ensure that leaders and employees comply with each other's legal working hours. Through this, we were able to further strengthen the attendance management system, which allows for overtime work by month, year, quarter, and organization, and trend analysis by year. Additionally, when working on holidays or nights, prior permission from the head of the department is required, and if overtime work hours exceed the individual standard(3.5 hours per week), we send an SMS to both leaders and employees to raise awareness of overtime management and to prevent work from being concentrated on specific employees.

Thanks to such efforts, working hours per person in 2023 were recorded at 43.2 hours per week, down 0.2 hours from the previous year. In the future, we plan to continue to strengthen work efficiency based on AI / DT to improve on-site productivity, while creating a work environment that prioritizes the health and safety of our employees.

Service Counselor Protection

Throughout society, problematic behavior of some customers targeting service workers or emotional workers is on the rise. SK Telecom operates a counselor protection system to protect customer center counselors who meet customers at the frontline. When a counselor encounters unfair language or unreasonable demands, such as sexual harassment or abusive language from a customer, the counselor issues a warning to the customer and may terminate the session or escalate the issue to a superior for resolution. Since October 2023, we have established an intensive response process that restricts the use of the customer center for a certain period of time for customers who repeatedly engage in problematic behavior, thereby enabling counselors to confidently provide customer counseling in a healthy working environment.

Furthermore, we alleviate counselor fatigue by managing call volume through streamlined call connection processes and optimizing consultation resources, thus preventing an increase in consultation times due to high call volumes. We also carefully support the health management of our counselors by operating various welfare programs. Through the 'Mind Care' program, which supports diagnosis and recovery of mental health, and the 'Health Keeper' who resides in the company, we provide employees with time to take care of their tired bodies during working hours to actively manage mental and physical stress. Through these programs aimed at protecting and supporting counselors, they can take pride in their work and deliver professional counseling to customers. This fosters a genuine connection between counselors and customers, creating a positive cycle that cultivates loyalty toward SK Telecom.

Safety culture creation activities

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

Safety training status

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

Case

Opening of the 'SKT Family Safe T Center', a Safety Experience Training Center

In October 2023, SK Telecom opened the 'SKT Family Safe T Center', a safety experience training center, at its headquarters building in Daejeon to prevent accidents at work sites and spread safety culture by raising the safety awareness of its employees, SK ICT family affiliates, and partner companies. We have developed a practical training environment by integrating cutting-edge ICT technologies such as VR and AR. This initiative encompasses a total of 26 training courses, covering specialized topics in telecommunications construction like aerial work platforms and rooftop work environments, as well as life safety training including electrical safety and emergency descent devices. We have also obtained official government recognition for a private safety experience training center by meeting the safety and health education regulations of the Korea Occupational Safety and Health Agency. It can host up to 30 participants at a time, facilitating training for 8,000 people annually. As of February 2024, a total of 2,304 individuals have completed training since opening.

Safety Environment Inspection

Regular Safety Inspection on Facilities and Equipment

SK Telecom strives to keep all workplaces safe and healthy by regularly conducting safety inspections and air quality measurements on office building facilities, construction structures, power facilities, firefighting facilities, air conditioning facilities, and other sanitation facilities.

Workplace Risk Assessment

SK Telecom preemptively identifies and manages harmful risk factors at its workplaces in accordance with Article 36(Risk Assessment) of the Occupational Safety and Health Act. Each year, SK Telecom independently conducts risk assessments at its workplaces, taking into account the likelihood and severity of injuries or illnesses based on hazardous and dangerous factors specific to each site. By determining risks and establishing mitigation measures, SK Telecom aims to create safe and pleasant work environments, thereby contributing to the reduction of industrial accidents.

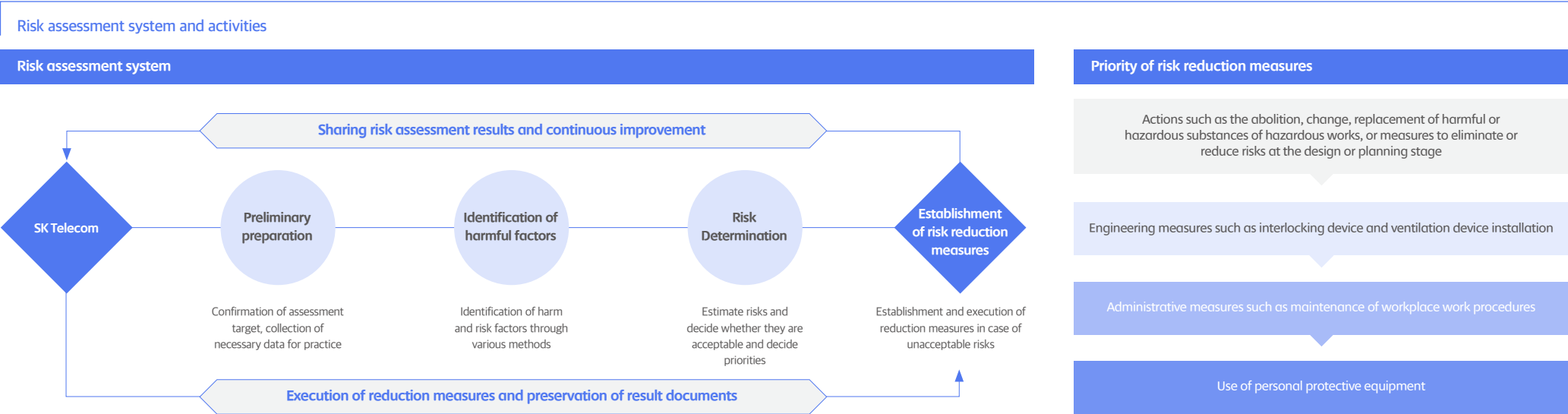
Measures to Improve and Prevent Recurrence

In 2023, we conducted a risk assessment of the entire ICT infrastructure and communication facilities and equipment, enterprise information and communication construction sites, and customer stores including all office buildings nationwide. We identified harmful and risk factors at each workplace and implemented measures to improve and prevent recurrence in accordance with priority for harmful and risk factors with risk levels C2 to C4. In particular, we have completed the risk assessment of 200,000 telecommunication buildings across the country since 2020, and identified risk factors for 59,000 items, improving 44,000 of them to eliminate risks. We plan to carry out continuous improvement activities for the remaining 15,000 items in 2024. Additionally, we conduct an annual thorough inspection of the office buildings, dealerships, contract sites, and manufactured products to take improvement measures every year.

Assessment of the Effectiveness of Improvement Measures

We conduct an effectiveness evaluation for each improvement measure implemented after the risk assessment to confirm whether the improvement measure has actually removed or reduced the risk factors, and if it is insufficient, we conducted additional reinforcement measures. As a result of this effectiveness assessment, the safety and health-related risk in 2023 fell from 8.36 before implementation of improvement measures to 3.72 after implementation.

Safety and health risk



1) The risk scale is calculated as the product of possibility(levels 1 to 5) and severity(levels 1 to 4)

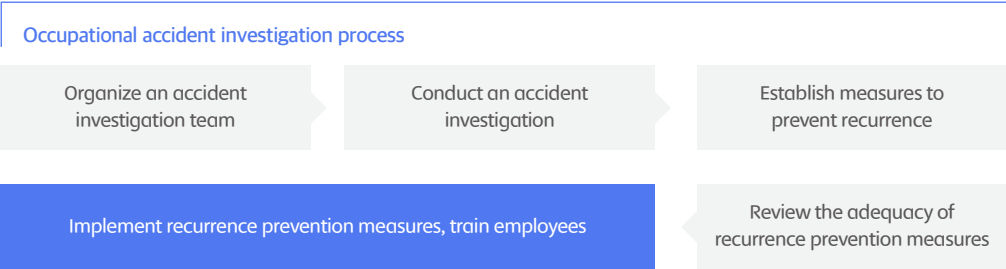
Classification of Risk Levels ¹⁾				
Level	Risk Scale	Management Standards	Standards for Judgment	Measures
C4 (Very high)	16~20	Not acceptable	♦ Possibility of developing a serious accident or fatal loss is relatively high due to the derived risk factors	♦ Selection/review of the agenda of the Health and Safety Council ♦ Immediate improvement
C3 (High)	10~15		♦ There is a possibility that it may lead to serious accidents or serious injury due to the derived risk factors, but the probability of occurrence is relatively low and safety measures must be reviewed before work	♦ Establishment and implementation of safety measures before work ♦ Complementary measures such as installation of safety facilities within 6 months
C2 (Medium)	7~9	Acceptable	♦ Relatively good condition with minor damage, low probability of occurrence and magnitude of loss ♦ Sufficiently preventable with daily management and requires continuous observation	♦ Daily safety management, continuous observation ♦ Establishment and supplementation of mid-term plans
C1 (Low)	1~6		♦ No hazards present or in an acceptable condition	♦ Daily safety management

Occupational Disease Management

SK Telecom conducts annual mandatory health checkups for its employees to detect and prevent occupational diseases and accidents in the early stages. Given the nature of our business, which involves extensive outdoor work such as base station maintenance, we have identified heatstroke due to hot weather conditions as a critical management focus. We have disseminated prevention and response guidelines, and we provide heatstroke prevention measures and treatment medications in the workplace to mitigate occupational health risks. Additionally, we have introduced a safety and health management system customized to the characteristics of our workplace, allowing us to take prompt action when occupational diseases such as heatstroke occur. Moreover, we also support various programs, including 'Forest of the Heart', to help employees voluntarily improve their health and manage their emotions. Despite these preventative measures, in the event of an occupational disease or accident, we conduct industrial safety risk assessments, analyze the root cause, and take fundamental steps to eliminate it to prevent future occurrences.

Occupational accident investigation process

When an industrial accident such as an occupational disease, disease, injury, or safety accident occurs, SK Telecom conducts the investigation into the cause and takes immediate improvement measures. We have established and implemented recurrence prevention measures to fundamentally solve the problem and reviewed the appropriateness of recurrence prevention measures through the effectiveness assessment. For the established recurrence prevention measures, we conduct company-wide dissemination training so that employees can properly recognize the issue and make efforts to prevent recurrence.

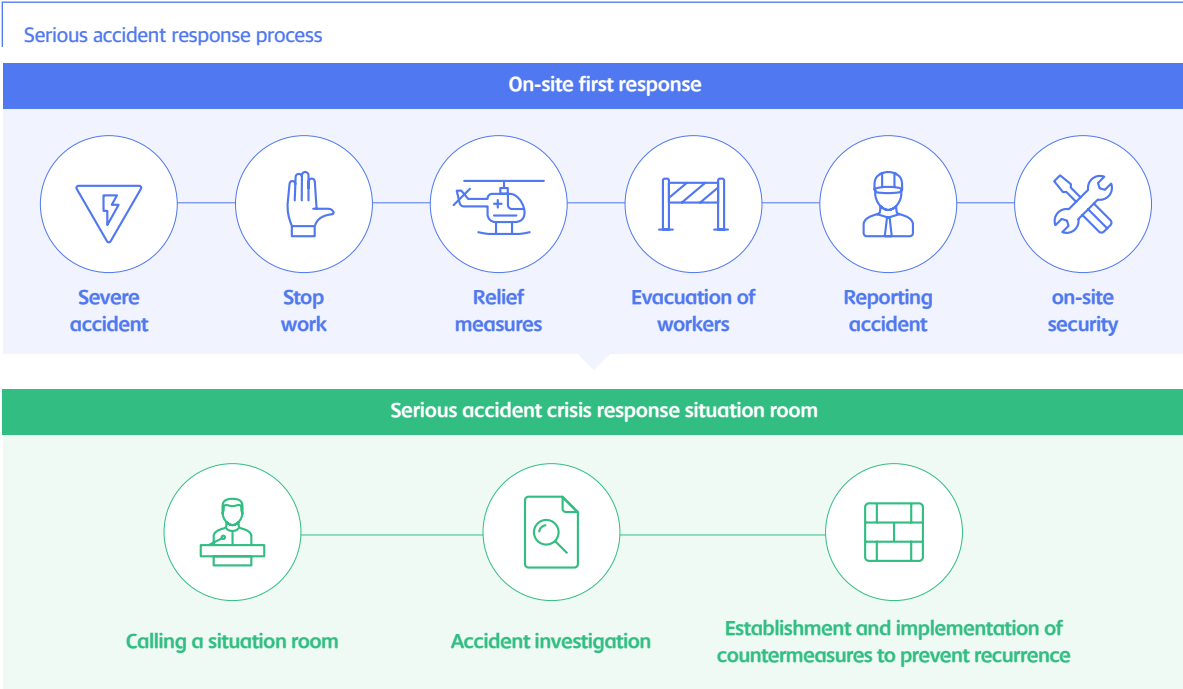


Occupational Safety and Health Committee

SK Telecom has operated the Occupational Safety and Health Committee composed of employees from labor and management to deliberate and decide on important matters related to safety and health at the workplace in accordance with Article 24 of the Occupational Safety and Health Act(Industrial Safety and Health Committee). The Occupational Safety and Health Committee holds regular quarterly meetings at business sites with more than 100 on-site employees. These meetings review and decide on necessary measures to maintain and promote the safety and health of employees. In 2023, we conducted quarterly meetings at 11 workplaces and held labor-management consultative bodies every two months at 9 workplaces, in compliance with Article 75 of the Occupational Safety and Health Act(regarding special cases for the composition and operation of safety and health consultative bodies). During these meetings, we reviewed and approved safety and health management regulations, safety and health plans, and safety and health education plans for the year 2023.

Serious Accident Response Process

In the event of a serious accident or urgent risk, SK Telecom has established specific action guidelines for all personnel involved. These guidelines outline procedures to halt operations, implement relief measures, and prevent further escalation of damage. In order to ensure the safety of people and prevent the spread of damage through immediate response and rapid resolution, we unify the crisis response process and operate preliminary and serious accident crisis response situation rooms at different stages of a disaster. The company conducts mock drills for serious accidents based on various crisis scenarios to enhance the crisis response capabilities of employees and subcontractors. In 2023, a total of 129 mock drills for serious accidents were conducted at business sites across the country, and a total of 88 first aid training sessions were conducted for 3,304 employees, their families, and employees of partner companies to further enhance crisis response capabilities.



Employee Health Management

Establishing a Response System for Infectious Diseases(including COVID-19)

SK Telecom has actively implemented prevention and quarantine measures to prioritize the health of its employees amid the spread of COVID-19. We established COVID-19 response guidelines to establish a constant response system, and secured and distributed quarantine supplies such as masks, protective clothing, goggles, disinfectants, and self-diagnosis kits in advance. Building on this experience, we have systematically developed an infectious disease response protocol to ensure swift and proactive measures in the event of another pandemic or infectious disease outbreak in the future.

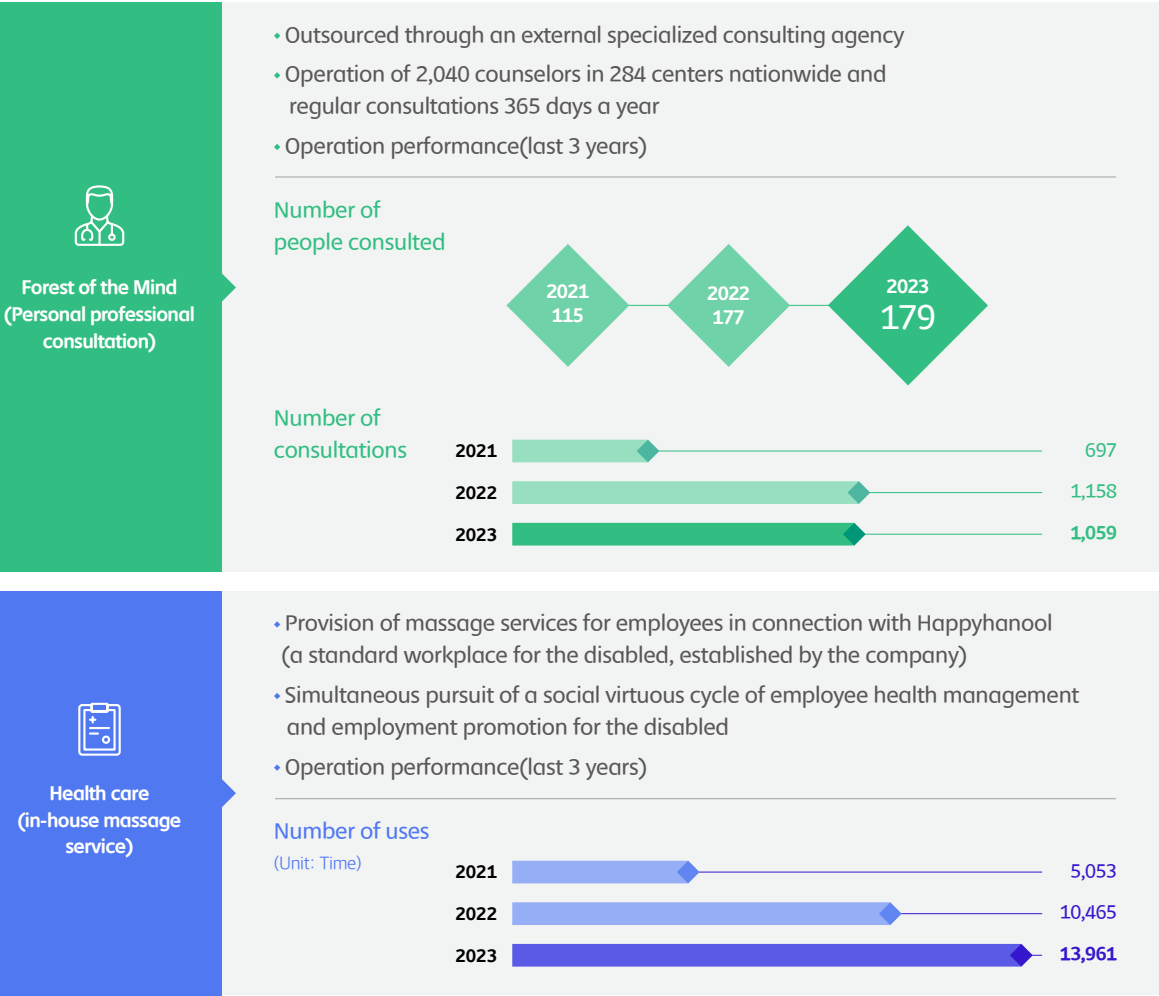
Conducting Health Check-ups and Vaccinations

SK Telecom operates an internal process and a support system for health management with the goal of achieving ‘Zero Occupational Illness Frequency Rate(OIFR)’ for its employees. Every year, we support nine specialized comprehensive checkup programs, including cancer, digestive organs, and circulatory organs, for all employees and their families, including executives, full-time employees, contractors, and employees on parental leave. In 2023, we encouraged all employees to have health checkups through the company intranet and e-mail notification, resulting in a total of 5,155 people receiving checkups. Additionally, special examinations were conducted for night workers, and a total of 269 people were examined. We also supported flu and hepatitis B vaccinations to prevent infectious diseases among our employees, and a total of 2,279 people were vaccinated. Starting in 2024, we have implemented 'selective health checkups' aimed at early detection of diseases by focusing on specific test items every two years. Moving forward, we plan to enhance support for individuals based on the findings from these health checkups.

Support for Physical and Mental Health Care

SK Telecom is doing its best to manage the health and well-being of its employees through various programs. We provide comprehensive support for employees' physical and mental health management by running 'Actium', a physical training space, and 'Forest of the Mind', a psychological counseling program, in our office building. We set up a refresh zone with a single-person room type on each floor to help employees recover from fatigue and manage their physical strength using break times. We also provide 'Healthcare', an in-house massage service in connection with 'Happyhanool', a standard workplace for the disabled established by our company, and a nail art service that employs hearing impaired people. Health care services are receiving positive response as they provide a social virtuous cycle effect of promoting employment for the disabled as well as managing the health care of employees.

Employee health management program



Human Rights Management

SK Telecom supports the human rights principles outlined in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Human Rights and Labor Principles of the United Nations Global Compact(UNGC). We have declared the Human Rights Statement to demonstrate our commitment to human rights management. We strive to respect the human rights of all stakeholders by setting up human rights management governance and systematically managing human rights risks through regular employee human rights impact assessments and surveys, identification of vulnerable groups for each human rights issue, and due diligence.

Human Rights Statement

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

Human Rights Management Governance

Establishment of Human Rights Management Governance

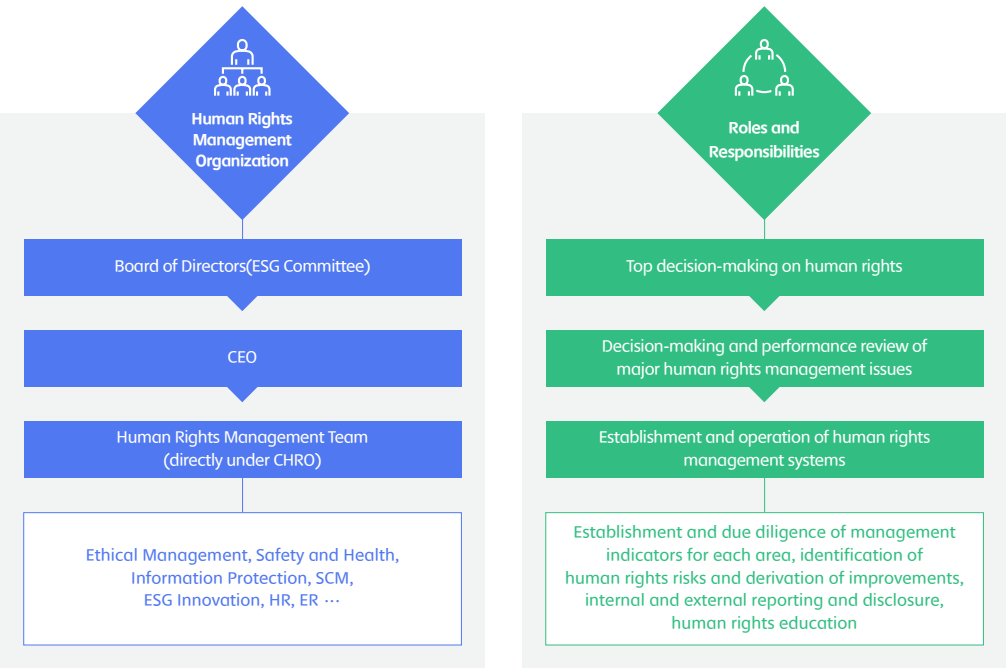
SK Telecom respects the fundamental human rights of not only its employees but also all stakeholders encountered through products and services, contracts, purchases, and other business activities. SK Telecom’s human rights management governance consists of the Board of Directors, top management, human rights management team), and relevant departments. Among these, the BOD and the ESG Committee, a subcommittee of the BOD, are the highest decision-making bodies related to human rights. The CEO receives reports on human rights issues, makes decisions on major human rights matters, and reviews the

performance of human rights management. In 2023, the CHRO(Chief Human Resources Officer) department, dedicated to human rights management, further strengthened its responsibilities and roles. In addition, related departments such as ethical management, safety and health, information protection, SCM(Supply Chain Management), ESG innovation, HR, ER(Employee Relations) each, along with human rights risk management, take on the role of identifying human right improvement tasks and monitoring them by issue.

Strengthening Human Rights Management Responsibilities and Roles

SK Telecom sets ESG KPIs that include human rights management, environmental performance, and social contribution performance. These KPIs are used to evaluate management’s performance and are reflected in compensation. We are further strengthening the role based on expertise in human rights by transferring the ownership of human rights management from the ESG organization to the HR organization.

Human Rights Management Organization, Roles and Responsibilities



Human Rights Risk Management System

Implementation of Human Rights Impact Assessments for Employees

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

Employee Human Rights Survey

SK Telecom conducted a human rights survey for all employees to identify the current status of human rights management and to identify potential human rights risks. The questionnaire focused on the importance employees place on human rights issues, the human rights risk management system, and human rights experiences. The survey was conducted through an external online platform to ensure anonymity. Overall, the majority of respondents indicated that the management of sexual harassment and bullying in the workplace was the most important issue, with personal information management also being highly valued. Based on the results of these human rights surveys, we plan to preemptively respond to possible human rights issues and do our best to improve the happiness of our members.

Expanding the Scope of Human Rights Due Diligence

SK Telecom conducts human rights due diligence processes for all suppliers and partners in contractual relationships, in addition to its own business operations. We also conduct human rights due diligence in the course of new business activities, such as acquisitions, mergers, and joint ventures, to fulfill our obligation to respect human rights.



Human rights survey results ¹⁾				
Survey item		Key issue TOP 1	Key issue TOP 2	Key issue TOP 3
Human Rights Issues	Subjects to no discrimination	By gender(69.1%)	By age(62.0%)	Disability status(60.0%)
	No discrimination item	Performance evaluation and reward [*] (80.1%)	Promotion(80.1%)	Use of maternity and parental leave(78.7%)
	Improvement of working environment	Stress and mental health management [*] (81.4%)	Employee Health Management [*] (81.1%)	Reduced work for pregnant women(78.7%)
	Information protection	Consent to collection of personal information of customers [*] (84.4%)	Management/Improvement of Personal Information Leakage [*] (84.1%)	Lawful use of personal information [*] (83.1%)
	Local community	Negative effect on community(68.4%)	Stakeholder communication(65.4%)	-
Human Rights Risks	Human rights risk management system	Relief measures for grievances(79.7%)	Grievance counseling process(76.8%)	Regular monitoring of human rights risks(69.4%)
	Identifying human rights impact groups	Child [*] (87.6%)	Elderly(71.8%)	Female(65.7%)
Human Rights Experience	Sexual harassment in the workplace	Physical sexual harassment [*] (82.7%)	Verbal sexual harassment(79.9%)	Forcing an uncomfortable situation(77.8%)
	Bullying in the workplace	Abusive language or profanity [*] (82.5%)	Bullying [*] (80.0%)	Unreasonable work order(78.2%)

1) %: Response rate of 'importance is high',

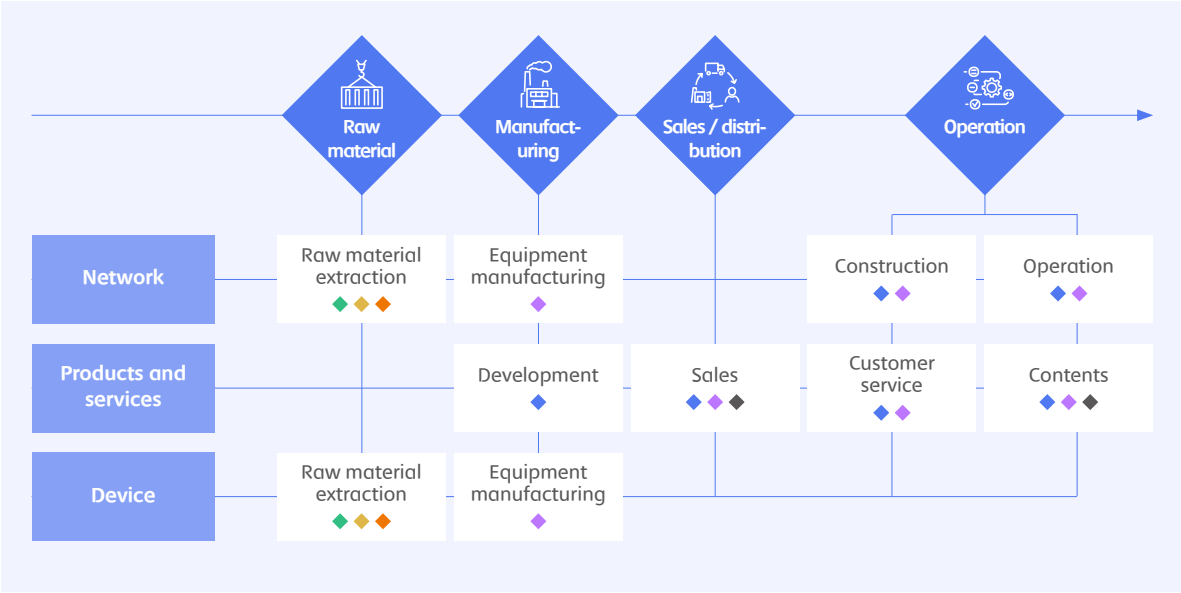
^{*} Response rate of 80% or more

Identification of Vulnerable Groups by Human Rights Issue and Results of Due Diligence

SK Telecom has structured its value chain to identify vulnerable groups and determines the possibility of human rights issues in each process. Accordingly, we have identified vulnerable groups within various categories such as networks, products and services, and devices. Our vulnerable groups include internal employees of SK Telecom and its subsidiaries/joint ventures, minors under the age of 18, indigenous landowners in the construction of base stations, indigenous people and foreign workers working for the suppliers of device raw materials and network device manufacturers, all business partners of SK Telecom's value chain, and SK Telecom's existing and potential customers. The company preemptively identifies major human rights issues related to vulnerable groups found in the risk mapping stage, analyzes the nature of the issues, and decides whether to conduct due diligence according to the level of risk. We diligently implement comprehensive improvement measures for all issues identified through due diligence, ensuring a 100% resolution rate.

◆ Internal employees ◆ Children ◆ Supplier employees ◆ Migrant(foreign) workers ◆ Suppliers ◆ Local communities

Risk Mapping for Identifying Vulnerable Groups



Due diligence results for vulnerable groups in 2023

Key Human Rights Issues	Vulnerable Groups	Review Targets	Nature of Issues	Risk Level	Scope of investigation	Identified issue	Measure
Conflict Minerals	Supplier employees, children	Raw material suppliers	Tin, tungsten, tantalum, etc. used in electronic devices contribute to maintaining disputes in the case of products from Congo and neighboring countries, exploitation of child labor during the production process	Subject to due diligence	Not applicable		
Humane Treatment	Suppliers	Subsidiaries (SERVICE TOP, SERVICE ACE)	Protects counselors who are exposed to unreasonable words and actions(cursing, abusive language, threats, insults, sexual harassment, etc.) or unreasonable requests from customers		79.3%	51.3%	100%
Working Hours and Safety	Installation and operation operators	Subsidiary SKons	Compliance with working hours in the course of network operation and resolution of safety issues that pose physical threats		100%	0%	100%
Privacy protection	General public	Subsidiaries, partners	Protection of personal information and privacy, a major human right in the information era		100%	6.3%	100%
Working Hours	Internal employees	SK Telecom	Issues of forced labor, child labor and rights infringement in the working environment of employees	Preliminary caution	100%	0%	100%
Rights of indigenous people	Supplier employees	Local communities	Direct infringement of indigenous rights such as land and property due to business expansion		-	-	-
Information Accessibility	Children, general public	SK Telecom	Protection of universal right to access to information and responsibility for content for children, etc.		-	-	-

Customers

SK Telecom actively endeavors to offer distinctive services and ensure satisfying customer experiences. We not only enhance the reliability and stability of the network to provide the highest quality telecommunication services, but also enrich our customers' daily lives with AI-based innovative technologies and content. We are further enhancing customer trust by focusing our capabilities on improving customer service, innovating customer value, protecting customer rights and interests, and responding to cyber threats.

Service Accessibility

SK Telecom is actively pursuing multiple initiatives, including subscriber expansion and service integration, with a primary focus on maximizing mobile communication service accessibility through 5G technology. Improving service accessibility not only has a positive impact on generating profits in the mobile communications sector by enhancing customer satisfaction, but can also contribute to strengthening customer loyalty to the SK Telecom brand. The percentages of LTE and 5G subscribers and the number of subscribers would be representative indicators that can check mobile-based service accessibility. Since the commercialization of the world's first 5G service in April 2019, the number of subscribers has increased significantly as various products and services have been launched and the 5G ecosystem has been activated. As of the end of 2023, the number of 5G subscribers was approximately 15.67 million, maintaining the No.1 position among domestic telecommunication companies and solidifying our 5G leadership. Additionally, the percentages of LTE and 5G subscribers increased to 98.3% of total subscribers, up 0.6 percentage points compared to the previous year.

Penetration status of LTE and 5G service(Unit: 1,000 people)			
	2021	2022	2023
Number of LTE subscribers	18,782	16,367	15,069
Number of 5G subscribers	9,874	13,393	15,670
Total number of subscribers	29,696	30,452	31,276
Percentage of 5G/LTE subscribers	96.5	97.7	98.3

Enhancement of Customer Experience

Improvement of Customer Experience

SK Telecom is actively enhancing customer service to increase customer satisfaction and deliver a superior experience to our customers. As a representative activity, we hold the ‘Customer Value Innovation Meeting’ every month in which the CEO and key executives of SK ICT family affiliates participate. At this meeting, we identify and actively eliminate factors that impede customer satisfaction, such as systems or policies that make customers feel uncomfortable in the process of experiencing the services. Additionally, based on various data obtained from customers and the latest trends, we propose various measures to provide a better experience and check for business departments to implement them. In 2023, we identified five key improvement areas: pricing, benefits, distribution network, telecommunication quality, and customer care. We then expanded our analysis to include psychological aspects such as understanding customers' negative emotions and initiated improvement activities across all areas of marketing, infrastructure, and systems.

Customer Value Innovation

SK Telecom is actively innovating customer value through various initiatives within customer services. In 2023, to help customers understand and choose rate plans and make it easier for customers to access information that is easy to miss, we reorganized T World and T Direct Shop, improved the search and comparison functions of the rate plans and strengthened the function of providing CS and benefits schedules based on personalization. Additionally, we introduced voice rate information for the visually impaired who have difficulty using the customer center, and reorganized the sign language counseling infrastructure. We also implemented an intensive care campaign to improve the experience of senior customers visiting stores on the distribution network, including establishing standards for responding to senior customers and reorganizing the incentive structure..

SK Telecom has set up a specialized counseling channel at its customer center to proactively address rising social issues like voice phishing. Additionally, it has established a joint response center with the National Police Agency to swiftly assist affected customers. We have also introduced new services to block spam and smishing, such as voice guidance on international calls, blocking RCS spam messages, and operating a system to respond to impersonated text messages. We were highly praised for our efforts to minimize damage to customers using leading technologies such as blocking international spam and phishing and real-time location tracking to apprehend voice phishers, and received the Presidential Award at the ‘8th Korea

Crime Prevention Awards' held in 2023.

SK Telecom, which has consistently implemented customerfriendly innovation activities, has maintained its first place in the mobile communications sector in the nation's top three major customer satisfaction surveys(NCSI, KCSI, KS-SQI) in 2023, receiving unwavering recognition and trust from customers. Additionally, in terms of customer consultation, we have maintained the No.1 position in the mobile communication sector in the Customer Center Satisfaction Survey(KS-CQI, KSQI) by evolving customer experience through expanding the application of AI technology to the next level and improving the call connection process.

Grievance handling channels and methods

Grievance channels	Filing methods	
Face-to-face channel (dealership, branch)	Visit SK Telecom's official authorized dealership and branches	
Non face-to-face channel (Customer center)	Contact customer service center by calling 114(free) or 080-011-6000(free) without area code on a mobile phone, or 1599-0011(paid) without area code	
Website (online and mobile)	Online	Customer center in SK Telecom service website(http://www.tworld.co.kr) -> Customer Feedback Channel
	Mobile	Customer center in SK Telecom service website(m.tworld.co.kr) -> Email Consultation Reception Channel
Mobile app	Access to SK Telecom website dedicated app(Mobile T World)	
Mail	Send by mail(Recipient: SK Telecom Headquarter) such as registered mail, content certification	
SNS	Access to SK Telecom's official SNS accounts (Twitter, Facebook, Instagram, Google+, Kakao Story)	
Fax	If need to submit data such as documentation after the first inquiry with the customer center, use the fax mailbox for relevant customer center	

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

	2021	2022	2023	Remarks
NCSI(Korea Productivity Center)	79	79	79	No.1 for 26 consecutive years
KCSI(Korea Management Association Consulting)	85.1	86.3	87.0	No.1 for 26 consecutive years
KS-SQI(Korea Standards Association)	75.8	75.8	75.9	No.1 for 24 consecutive years
User protection evaluation (Korea Communications Commission)	Good	Excellent	Excellent	
Results of SK Telecom regular CSI ²⁾	80	80	80	

1) Scale of 100 points

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

Customer Experience Enhancement Program

Providing various customer experiences based on 5G



5G Specialized Services

· Launching and operating specialized services so that customers can enjoy various experiences based on 5G



Membership Service

· ifland, a metaverse platform, is a social communication service within the Metaverse that enables users to interact in diverse virtual spaces using unique avatars. It has been launched in 50 countries worldwide and has amassed 67 million cumulative users.



Subscription Service

· If home, a personalized virtual space, If square, a social meetup space, providing a differentiated customer experience through marketplace, in-app payments for trading 3D items and contents, etc.

Customized Services for Customers



Segment Service

- Providing segment services to meet diverse needs of customers and provide positive experiences
- Advancement of ZEM products for children under 12 years old and parent segments, ZEM seasonal marketing (new semester, family month, etc.), early childhood education exhibition, etc.
- Providing 0 youth marketing reflecting trends(advertisements, promotions, T1 fan meetings, etc.) and lifestyle-focused benefit programs(0day, free data, etc.) targeting the 0 segment that has expanded to those under 34 years old.



Diversification of Service Products

- Diversification of price plan lineup to meet the diverse data usage needs of 5G customers
- Launching the '5G 0 Youth Plan', which extends eligibility to individuals in their 30s(under 34 years old), offers significantly increased data allowances, and enhances benefits with discounts on coffee, movies, and roaming —the first among the three telecommunications companies.
- Launching the industry's first '5G customized price plan' that combines additional data options to suit customer usage patterns based on the 'Basic Plus' price plan
- Launching the '5G Senior Plan' aimed at making services more affordable for individuals turning 65, 70, and 80, taking into account data usage patterns across age groups.



Providing Services for Children and Youth

- Dedicated Service for Child Protection
- Operating the 'ZEM App', a service exclusively for children, which helps children under the age of 12 who are using a smartphone for the first time develop good habits, and selling 'ZEM phones' with basic apps.
- Through the ZEM app, guardians can use various safety functions for free, such as managing their child's smartphone use time, managing apps used, checking the child's location in real time, preventing Smombie¹⁾, blocking harmful websites, etc.
- If your child is a SK Telecom customer, guardians can download and use the ZEM app for free regardless of the mobile carrier, and the child can use the ZEM app without additional data charges.

1) Smombie: A compound word of smartphone and zombie, which refers to people walking on the street while looking at their smartphones.
High risk of accidents due to low awareness of surrounding environment

- Services Promoting Healthy Smartphone Usage
- Various additional services are provided free of charge to prevent youth from being addicted to smartphones and exposed to harmful content
- Operation of the 'T Youth Safety Pack' service to help guardians, who are legal representatives, manage their children's healthy smartphone use, such as blocking harmful content and controlling smartphone usage time
- Includes the function to check the child's location in real time, automatically screen messages suspected of school violence and then forward them to the guardians
- Providing guidance and content on smartphone addiction and cyber violence prevention services through the customer service website 'T World(http://www.tworld.co.kr)'
- Price Plan to Protect Children and Youth
- Price plans for children and youth are set to prevent excessive data charges by blocking data use and limiting speed while consuming the basic data amount
- For plans without usage limits, the 'Child Fee Notification Service' will inform the legal guardian in real-time about any overuse charges.
- '0 Teen 5G', a 5G youth rate plan, automatically provides free additional services such as T youth harm block, T youth safety service, international call blocking service, and overseas SMS sending prohibition, prohibition to expose harmful contents and prevention of excessive charges for international calls
- The 'Gift Data Between T' service is set by default to allow children and teenagers under the age of 19 to give gifts only to members of their family combined, providing safety measures to prevent it from being misused for school violence and similar issues.
- Operating a plan that includes additional services that block malicious codes, viruses, and harmful websites while providing internets services

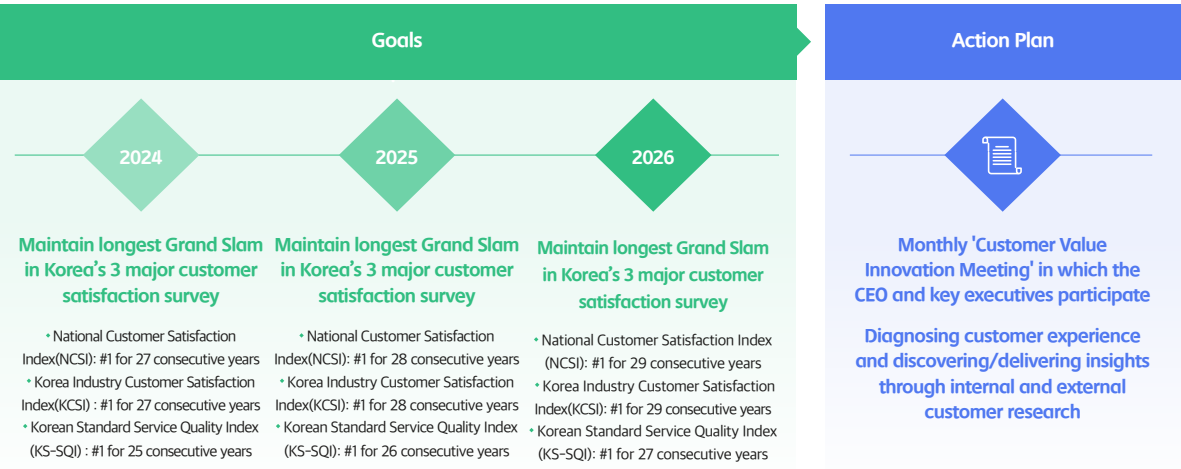
Protection of Customer Rights and Interests and Prevention of Infringement

SK Telecom prioritizes the protection of customers' rights and interests as paramount. We strive to proactively prevent any potential infringements, aiming for 'zero infringement of customer rights and interests.' Issues concerning customer rights and interests are integrated into our company-wide risk management framework. When such issues arise, they are promptly reported to the Board of Directors and the CEO to ensure swift implementation of corrective measures.

By analyzing VOC(Voice of Customer) based on customer consultation history and complaints from external channels, we conduct a risk assessment on the possibility of infringement on customer rights and interests in areas such as call quality, spam/smishing, fees, and customer benefits, and derive improvement measures according to the results and actively implement improvement measures to protect customer rights and interests and prevent infringements. These improvements include stabilization of on-site call quality and advance notification of Bill Shock, etc. In 2023, we received a total of 7,972 customer complaints through internal and external channels. We successfully handled 6,364 cases, excluding 1,608 cases that were not attributable to SK Telecom, such as customer misunderstandings or issues unrelated to our services. This represents a completion rate of 79.8% for the total complaints received.

Following the implementation of improvement measures, we analyzed the effectiveness using SK Telecom's VOC big data analysis system, customer satisfaction surveys, Happy Call, etc. If the results indicate that the improvements were insufficient, we proceeded with additional supplementary measures. In 2023, as a result of analyzing the effectiveness of improvement of the 24-hour response system management for spam/smishing and the billing agency refund process, it was confirmed that customer complaints decreased by 13% and 8% in each area compared to the previous year.

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



Network Reliability and Stability

SK Telecom has maintained stable network quality and extensive coverage by focusing on network investment and technological advancement to ensure the reliability and stability of communication services. With the goal of ‘zero major breakdowns,’ we have operated the network more actively by reflecting the absolute safety operation and securing communication service stability in the KPI. The annual wireless communication line holding capacity in 2023 was 45.88 million lines, equivalent to 135% of the total number of 33.9 million subscribers, including MVNO.

Handling Data Traffic

SK Telecom has adapted dynamically to changes in data traffic by forecasting demand and monitoring annual data analysis outcomes. In 2021, we commercialized a 5G core that supports both standalone mode(SA) and non-standalone mode(NSA) simultaneously, establishing a foundation to flexibly respond to technological changes, and continued to succeed in developing next-generation cloud-based 5G data equipment. Through this, we could provide more stable customer service by securing immediate traffic capacity. The annual processed data traffic continued to rise at a high level in 2023, reaching approximately 5.27 million terabytes, an increase of 12% compared to 2022.

Line capacity and annual processed data traffic

	Unit	2020	2021	2022	2023
Wireless communication line capacity(number of lines)	1,000 lines	40,500	48,200	48,880	45,880
Annual processed data traffic	Terabyte	3,391,192	4,086,680	4,682,172	5,266,430

Leading Communication Technology

SK Telecom secured technologies such as 5 Band CA(Carrier Aggregation) and 4T4R(4 Antenna Technology) in 2016 and commercialized LTE-A Pro service with a speed of 500Mbps for the first time in Korea, and provided 900Mbps class LTE service in 2017. Then, in 2018, we launched LTE Cat.M1, and in 2019, the number of lines subscribed to our low-power wide area(LPWA) network exceeded 1 million for the first time in Korea.

In January 2020, we succeeded in 5G standalone mode(SA) communication based on 5G base stations in operation, creating an ultra-high-speed and ultra-low-latency communication environment, and in December, we succeeded in developing and demonstrating the world's first network slice application technology for each application and service in a 5G commercial network. Additionally, through cooperation with AWS, we commercialized the first 5G edge cloud service in Korea, ‘SKT 5GX Edge.’

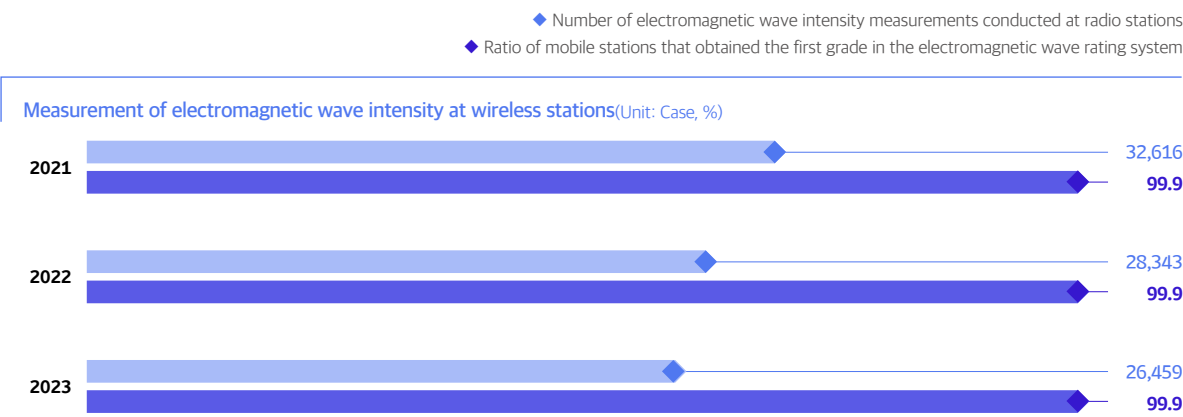
We have pioneered the advancement of future communication infrastructure by proactively introducing technologies that surpass 5G and lead to the evolution of next generation networks. In 2022, we verified the 'Option 4' technology, the world's first next-generation 5G standalone mode(SA) that connects 5G base stations and LTE base stations to the 5G core. Additionally, we developed RedCap(Reduced capability), a 5G IoT technology, and completed the verification of its commercial pilot network in 2023. Thanks to bold investments to improve 5G network quality and consistent efforts to improve performance, we ranked first place in the ‘5G Quality Assessment by the Ministry of Science and ICT’ in transmission speed and connection time in 2023, which are the most important indicators of 5G network quality.

5G service speed

Category		Unit	SK Telecom	Average of domestic business operator
5G transmission speed	Download	Mbps	987.54	939.14
	Upload		98.22	92.45
Access time	Download	ms	32.04	42.32
	Upload		31.90	42.37

Electromagnetic Waves

Since mandatory electromagnetic wave measurements began in June 2007, SK Telecom has diligently fulfilled its obligations and responsibilities to ensure customer safety by conducting annual measurements of electromagnetic wave intensity. More than 99.9% of our wireless stations have obtained the first grade in the electromagnetic wave rating system, ensuring customer safety. As a result of measuring a total of 26,459 cases for radio station electromagnetic waves in 2023, it was found that the actual electromagnetic wave intensity at radio stations was only less than 10% of the human protection standard. Additionally, SK Telecom has supported the project on the effects of electromagnetic waves on the human body by the Korean Institute of Electromagnetic Engineering and Science, which is being carried out as a five-year plan since 2019. We are responsible for 50% of the total research funding of KRW 1.5 billion won, and are conducting the 5th year of research as of June 2024.



Securing Disaster Recovery System

As the stability of the overall telecommunications industry has become more important and emerged as a social issue, SK Telecom is upgrading its Disaster Recovery System. The disaster recovery system ensures uninterrupted customer service by duplicating service systems and enhancing backup structures. It is designed to mitigate disruptions caused by external factors such as power outages, fires, floods, earthquakes, or prolonged interruptions due to internal operational errors at communication and service facilities. SK Telecom continuously inspects vulnerabilities in the Disaster Recovery System, establishes protective measures based on inspection results, and continues to invest in stable services.

Case

Introduction of Ultra-Capacity Wired Network to Prepare for the 6G Era

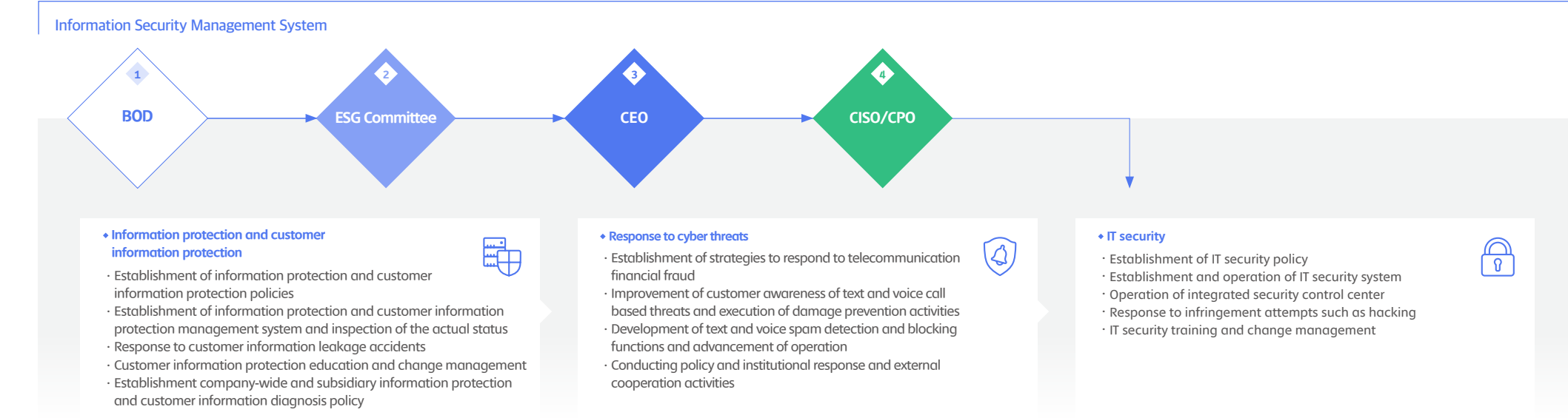
In October 2023, SK Telecom introduced a 400Gbps wired network to its own 5G backbone for the first time in Korea. In response to the growing traffic of high-capacity communication data, and in preparation for future expansion of communication networks due to the advancement of 5G and commercialization of 6G, we preemptively introduced an ultra-capacity backbone network. Through this introduction, we have not only increased network management efficiency by reducing the number of wired networks connecting the backbone, but also promoted the advancement of AI-based integrated inspection and surveillance automation systems for wired network performance management simultaneously. Additionally, with the application of new technologies, we have achieved various achievements in terms of ESG, such as reducing energy consumption for backbone connection, reducing equipment installation space, and reducing carbon emissions due to reduced track construction.

Cyber Security

SK Telecom protects valuable information assets and personal information by establishing a company-wide information security management system consisting of information protection, privacy, cyber threat response, and IT security. Centered on the dedicated information security organization, we actively respond to security threats by applying systems and processes that exceed the level set by law in the areas of network infrastructure, data, and services. Additionally, we enhance the awareness and practical skills of cyber security among all employees through regular trainings.

Information Protection Promotion System

SK Telecom is establishing an information protection promotion system in which key top executives, including the CEO, COO, and CSPO, manage information protection risks at the company level under the supervision of the BOD and the ESG Committee. In accordance with related laws such as the Personal Information Protection Act revised in 2021, the Chief Information Security Officer(CISO)/Chief Privacy Officer(CPO) has been designated as the person in charge of information protection. The CISO/CPO is an expert with more than 20 years of experience in the information security and information technology fields, and is in charge of overall customer information protection task through an executive-level execution organization under the lower level in charge, and weekly Information Protection Committee meetings have been held under the supervision of the CISO. Based on a unified governance structure for information security and personal information protection, SK Telecom operates an integrated control center to prevent and respond in real-time to hacking attacks such as Advanced Persistent Threats(APT), ransomware, supply chain attacks, and zero-day attacks. For information security matters with significant enterprise-wide impact, the CISO/CPO directly participates in the Corporate Crisis Response Situation Room under the Board of Directors, providing reports and advice on the issues. The CISO/CPO then reports the outcomes of actions taken, based on this advice, to the Board of Directors.



Security Awareness Enhancement Activities

SK Telecom conducts personal information protection training once a year for all employees, including executives, contractors, and employees dispatched from partner companies. Through regular trainings, we are enhancing our ability to practice information protection by improving awareness of information protection and personal information protection and spreading the culture that we apply to our work. We are further strengthening our security capabilities by providing specialized training to key personnel such as personal information handlers and location information handlers and information protection personnel.

2023 Personal Information Protection and Cyber Security Training	
Course Name	Personal Information Protection and Information Security Training
Period	March 30, 2023 to April 12, 2023
Method	Conducting Online Education on SK Group’s Education Platform(mySUNI)
Results	5,155 out of a total of 5,562 subjects completed the training(completion rate: 92.7%)

Information Security Management System

Information Security Management Process

SK Telecom operates with state-of-the-art and best-in-class security systems and processes that exceed the levels stipulated by law in the areas of network infrastructure, data, and services.

Areas of Information Security Management	
Network Infra Security	<ul style="list-style-type: none">Inspection of national information and communication infrastructure every year for core information and communication infrastructure such as mobile phone operationConduct ISMS(Information Security Management System, corporate information protection certification system organized by the Ministry of Science and ICT) certification every yearInspect the technical and managerial vulnerability for major servers and network equipment
Data Security	<ul style="list-style-type: none">Acquisition of ISMS and ISMS-P(Information Security Management System - Privacy, certification system of information protection and personal information protection management system organized by the Ministry of Science and ICT and the Personal Information Protection Commission) certificationImportant data encryption to fundamentally block unauthorized accessAccess control and logging through access control solution for server and DB access only by pre-authorized personsApplication of the latest vaccines and security patch, and network separation
Service Security	<ul style="list-style-type: none">Maintaining a safe service environment by conducting security vulnerability checks, simulation hacking and drill for new and changed servicesInstallation and operation of access control devices such as intrusion prevention system and intrusion detection system

Certification of Information Security System

SK Telecom has acquired domestic and international certification of information security system to maintain the highest level of information protection that customers can trust. Along with the certification of information protection and personal information protection management system such as ISMS and ISMS-P certifications, we have acquired the international standards ISO/IEC 27001, 27017, and 27018, and have steadily maintained certifications through regular renewal.

Prevention of Information Security Infringement

To address cybersecurity threats, SK Telecom has implemented a system for detecting, analyzing, and blocking hacking attacks. We operate an integrated security control center 24/7, 365 days a year. Furthermore, we ensure system stability by identifying vulnerabilities through security diagnostics and conducting simulated hacking exercises from a hacker’s perspective.

Number of Customer Information Leakage and DDoS infringement				
Classification	Unit	2021	2022	2023
Customer Information Leakage	Case	0	0	0
System Hacking		0	0	0
DDoS Infringement		0	0	0

Advancement of Zero Trust-based Information Security

Recently, alongside the increasing sophistication of external cyber attacks, the risk of information leakage from insiders is also on the rise. Therefore, SK Telecom is striving to fundamentally prevent information leakage by applying the Zero Trust security model, which assumes that attackers can exist both outside and inside the company. The Zero Trust security model focuses on data protection through a higher level of authentication, authorization, monitoring system and centralized policy management, and promotes diagnosis using the model in various systems of SK Telecom to find proactive improvements and strengthen information security.

Acquired ISMS certification, renewed every year

(information protection certification system for companies hosted by the Ministry of Science and ICT)



Acquired ISMS-P certification, renewed every year

(company and personal information protection certification system hosted by the Personal Information Protection Committee)



Acquired ISMS certification, renewed every year

(information protection certification system for companies hosted by the Ministry of Science and ICT)



ISO/IEC: International Information Security Management System Certification

(Acquired International Information Security Certification, Network ISO/IEC 27001, 27017, 27018)



※ Refer to the homepage
<https://www.sktelecom.com/view/esg/information-security.do>

Privacy Protection

SK Telecom is committed to fulfilling its corporate responsibility for personal information protection by establishing and operating a management system that exceeds legal requirements. We have established guidelines ensuring that every aspect of collecting, utilizing, managing, and disposing of personal information required for service provision is conducted with customer consent. Additionally, to proactively address cyber threats and social engineering crimes, we have established a dedicated organization and implemented response strategies for robust customer protection activities.

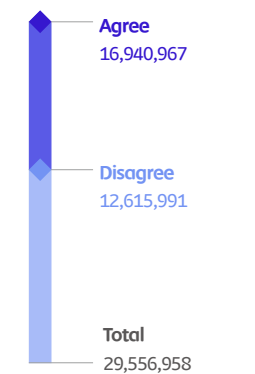
Privacy Protection Process

SK Telecom adheres to all personal information-related laws, including the Personal Information Protection Act. We provide easy access to our personal information processing policy on our website, ensuring customers can view it at any time in compliance with applicable laws. Customer's collected personal information is utilized for enhancing SK Telecom's services and improving quality, ensuring safe management through technical and administrative protective measures that exceed the standards specified by relevant laws.

Activities to protect privacy

	<ul style="list-style-type: none">· Continue to strengthen information security governance and control, including strengthening integrated security control and response to new security threats, security simulation training and security level diagnosis, and strengthening the operation of security consultative body		<ul style="list-style-type: none">· Establish a continuous personal information protection environment in accordance with the enforcement of the three data laws, including operation of a pseudonym and anonymous information management system and measures to ensure the safety of pseudonym information
	<ul style="list-style-type: none">· Through continuous certification, audits, and cross-check activities conducted by internal and external stakeholders, such as ISMS-ISMS-P and security inspections of key information and communication infrastructure, SK Telecom continually enhances its information security and personal information protection management systems.		<ul style="list-style-type: none">· Establishing related platforms and expanding the posting of relevant content to ensure the rights of data subjects and enhance transparency in personal information processing
	<ul style="list-style-type: none">· Continue to strengthen information security change management and education for key workers and members, such as managing security changes in leaders, expanding security training for developers and operators, and operating information protection courses to strengthen the security capabilities of investment companies.		<ul style="list-style-type: none">· Continue to improve security solutions to preemptively respond to intelligent and sophisticated security threats and strengthen investments and operations to preemptively respond to new security issues such as AI and public cloud
	<ul style="list-style-type: none">· Strengthen proactive detection and response to information protection issues through strengthened remote diagnostics, considering the contactless environment.		<ul style="list-style-type: none">· Check the adequacy and effectiveness of the technical security management systems through regular and irregular mock hacking by internal and external security experts, and operate a prompt patch and security system for identified vulnerabilities

Consent to receive information and advertisements¹⁾
(As of December 31, 2023)(Unit: persons)



1) Based on mobile service currently in use/suspended

Contents of personal information protection notice

- Customers may decide how their personal data are collected, used, retained and processed
 - Opt-out option available
 - Consent to Opt-in is required
 - Request access to data held by the company
 - Request data transmission to other service providers
 - Request for data correction
 - Request for data deletion
- Properties of captured information
- Use of collected information
- Retention period of information kept in company files
- Method of information protection
- Third-party disclosure policy (private and public companies)

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

Collection of Personal Information

To provide services, SK Telecom collects personal information only to the extent agreed by customers based on the customers’ prior consent(opt-in method). In compliance with laws governing personal information protection, all subscribers are informed about the items of personal information collected, the purpose of collection, retention periods, and more. Collected personal information is used strictly within the defined scope of its intended purpose, and information no longer needed is promptly destroyed. Provision of customer information to third parties is possible only when the customer consents or as stipulated by separate laws and regulations, and the use of personal information for purposes other than ‘required by law’ or ‘transaction and service provision’ is strictly prohibited. When entrusting the processing of personal information, the information is disclosed through the personal information processing policy.

Guarantee the User’s Right to Self-control of Personal Information

SK Telecom periodically updates its personal information processing policy and provides information to users and their legal representatives on their rights related to personal information protection and how to exercise their rights. Users can inquire, edit, or delete their personal information at any time through the ‘myT’ page on the T world website or the 114 Customer Center, and request view. Additionally, unless there are special provisions in the law, users can request suspension of processing of personal information, and withdraw their consent to the collection and use of personal information by cancelling the communication service use agreement or withdrawing membership.

Response to Cyber Threats to Customers

SK Telecom has established and is operating a new dedicated organization to respond to the latest cyber threats against customers. We have broadened our security focus beyond traditional areas such as responding to system hacking and customer information leaks to include social engineering crimes like smishing, voice phishing, and ransomware. We have established proactive strategies and conducted customer protection activities to preemptively address emerging threats. Additionally, leveraging various ICT technologies such as AI, we have effectively protected customers’ valuable assets and information from cyber threats by blocking voice phishing calls, suspicious criminal numbers, text and voice spam, and smishing attempts.

Strengthening the Privacy Protection of Partners

To safeguard customers’ personal information and privacy and prevent data leakage incidents, SK Telecom conducts regular and thorough risk assessments of its partners at least once a year. We also conduct regular distribution network diagnosis and target diagnosis through data analysis, inspection and improvement of customer information handling work system, and training to raise awareness of customer information protection. Additionally, we conduct sampling and in-depth diagnosis of distribution network customer information protection for the distribution network and all partners to identify blind spot risks and implement corrective measures. Since 2015, we have conducted a personal information protection diagnostic survey(Audit) for approximately 3,800 distribution network dealer stores, and conducted remote diagnosis on a weekly basis for all approximately 10,000 personal information processing PCs per year. To ensure objectivity and independence, we conducted 100% of the customer information audits within the distribution network through third-party external organizations like SK Shieldus. In 2023, we implemented improvement measures for 169 identified risks based on sampled diagnoses.

Sampling diagnosis of customer information protection level in the distribution network(Unit: Case)			
Classification	No. of diagnoses	No. of improvements and mitigation cases	Remarks
Diagnosis of distribution network customer information status ²⁾	2,664	169	Detecting blind spot risk in distribution network diagnosis and taking improvement measures

In-depth diagnosis of customer information protection level in the distribution network				
Classification	Unit	2021	2022	2023
Rate of inspection to the entire distribution network	%	100	100	100
Cases requiring improved security measure	Case	66	164	169
Rate of corrective measures taken	%	100	100	100
Mitigation measures - Short-term measures taken	Case	66	164	169
Mitigation measures - Long-term measures taken	Case	0	0	0

Strengthening Pirvacy Protection for Children and Youth

SK Telecom is making various efforts to ensure that children and youths can use our services in a safe and sound way. In accordance with relevant laws, if consent is required for the collection and use of customer information from children under the age of 14, we obtain consent from the child's legal representative for processing. Additionally, if a legal guardian requests to exercise their rights to access, provide, or correct a child's customer information, we respond promptly.

Responding to Requests from Government Agencies

Under the Telecommunications Business Act(Article 83) and the Communications Secret Protection Act(Article 13), SK Telecom provides relevant data in accordance with the statutory provision standards and methods when government agencies request it, and reports statistical data to the relevant ministry(Ministry of Science and ICT) semiannually. This cooperation and reporting are conducted in compliance with current laws, following prescribed procedures and restrictions. Furthermore, we continuously review potential risks of human rights infringement and perform internal due diligence to minimize such risks to users.

1) User's name, resident registration number, address, phone number, ID, subscription and cancellation dates. According to the Telecommunications Business Act, courts, prosecutors, and investigative agencies may request communication data if necessary for the purpose of criminal investigations, execution of sentences, trials, etc.

2) Counter party subscriber number and log records(date, time, etc.) are classified as 'communication verification data' under the Protection of Communications Secrets Act. An investigative agency may request them after receiving the official document(including the reason for the request, relevance to the subscriber, and the scope of the required data) and the court's permission

Response to data requests from government agencies

		2021	2022	2023
Information Requests	Number of requests for communication user information ¹⁾	288,527	294,484	315,585
	Number of requests for communication verification data ²⁾	44,226	42,058	48,356
Information Provision	Number of instances for providing communication user information	288,527	294,484	315,585
	Ratio(%)	100%	100%	100%
	Number of instances for providing communication verification data	44,226	42,058	48,356
	Ratio(%)	100%	100%	100%

Supply Chain Management

SK Telecom pursues sustainable supply chain management with a focus on ESG risk management of its partners based on its supply chain policy and partner ESG code of conduct. We screen ESG risks when doing business with partners to prevent supply chain risks in advance, and support the improvement of the ESG level of the entire supply chain by advancing ESG risk identification, diagnosis, and evaluation. In addition, we support capacity-building programs in areas such as technology, finance, and training, and continue to expand communication and cooperation to realize mutual growth with our partners. The ESG committee under the BOD oversights SK Telecom's plans and achievements for supply chain sustainability management activities, and review and decide on key issues.

ESG Policy for Suppliers and Governance

Governance

SK Telecom is realizing sustainable supply chain management, including ESG risk management for partners, based on supply chain policies consisting of labor, human rights, health and safety, environmental management, anti-corruption, fair trade, and information protection. To manage ESG risks of our suppliers, we have established the ‘Supplier ESG Code of Conduct’ and receive consent and pledges prior to trading, and ask our suppliers to practice by defining requirements for compliance with social responsibility based on global standards and frameworks such as International Labor Standards of ILO, Guidelines for Multinational Enterprises of OECD, and UN Guiding Principles on Business & Human Rights(UNGPs).

Additionally, based on SK Group’s ‘Guidelines for Supplier ESG Diagnosis’, we have designated various ESG risks that may occur in the process of collaboration with suppliers as key management areas by reflecting the characteristics of the business. ESG risks of suppliers that are designated as key management areas are managed through systematic procedures such as preliminary diagnosis(self-evaluation of suppliers) – third party evaluation – third party due diligence – establishment of improvement plan – monitoring. We provide ESG specific training and consulting to continuously prevent and improve ESG risks of suppliers according to the results of ESG diagnosis of suppliers, and continue to develop necessary ESG programs by listening to the opinions and demands of our suppliers. SK Telecom reports the implementation plan and implementation performance of the ESG programs to the ESG Committee under the BOD and continuously improves key issues through deliberation and supervision by the Committee.

We also classify and manage the types of suppliers by considering the size and continuation of the transaction with the suppliers, the characteristics of the transaction items, and strategic importance, etc., In addition, considering the external environment and guidelines, we have continuously developed ESG diagnostic indicators, diagnostic methods, and diagnostic cycles tailored to the characteristics of each type, and applying them differentially according to transaction type and industry to gradually upgrade the ESG level of our suppliers.

Supplier ESG Code of Conduct


SK Telecom’s ‘Supplier ESG Code of Conduct’ was enacted based on UNGC principles, OECD MNE Guidelines, and GeSi’s JAC(Joint Audit Cooperation) Guidelines. By requiring all suppliers to pledge to comply with the Supplier ESG Code of Conduct in the online purchase management system at the beginning of each year, we have established a circular ESG management system that allows them to repeatedly recognize the standards and pursue efforts for improvement. Suppliers are proactively responding to internal and external environmental changes with SK Telecom through compliance with the ESG Code of Conduct and enhancing the sustainability of the entire supply chain.

Purpose of Establishing Code of Conduct

We established the Supplier ESG Code of Conduct with the purpose of establishing a sustainable supply chain by promoting ESG management implementation by all suppliers in the value chain. SK Telecom hopes that all suppliers will not only thoroughly implement the relevant laws and regulations covered by the ESG Code of Conduct, but also practice the highest level of ESG management in areas such as labor, human rights, health and safety, environment, ethics, and management systems. We also expect to establish a sustainable partnership with SK Telecom and become a socially respected company through compliance with the ESG Code of Conduct.

Subjects to the Code of Conduct

The Supplier ESG Code of Conduct applies to all suppliers and all employees of them. Suppliers must comply with the Code of Conduct in all business activities with SK Telecom. The Code of Conduct requires suppliers to strictly implement it not only in their own business activities but also in their business relationships with third-party partners. SK Telecom may ask corrective action if a supplier does not comply with the Code of Conduct.

 Pledge to comply with the Supplier ESG Code of Conduct

Roles and responsibilities of suppliers

SK Telecom or a third-party evaluation agency entrusted by SK Telecom can check and conduct due diligence on whether partners are following the Code of Conduct within the legally permitted scope. SK Telecom may also request improvement or corrective actions for risks identified in the results of due diligence. Suppliers must conduct regular self-assessments and implement remedial or mitigating measures for any violations or requirements found through on-site assessment.

Pledge to comply with the Supplier ESG Code of Conduct	
 Labor/ Human Rights Management	Prohibition of forced labor, child labor, compliance with working hours, wages/welfare, humane treatment, prohibition of discrimination/harassment, freedom of association
 Health/ Safety Management	Establishment of an occupational health and safety management system, industrial safety, management of occupational accidents and illnesses, safety management of machinery/equipment/facilities, hygiene/food and housing, and health/safety communication.
 Environmental Management	Setting environmental management goals, eco-friendly products/services, climate change response, pollution prevention and waste management, natural capital, biodiversity protection and prohibition of deforestation, chemical management, and compliance with environmental regulations for products.
 Ethical Management	Business integrity, fair trade, personal information protection, information disclosure, intellectual property protection, whistleblower protection, responsible mineral procurement, and compliance with laws.
 Management Systems	Establishing management systems, responding to regulations and external requirements, conducting risk assessments, facilitating education and communication, managing information, operating grievance procedures, and managing trading entities(sub-tier suppliers)

Anti-corruption Policy and Audit for Supply Chain

The ‘Supplier ESG Code of Conduct Pledge’ and ‘Supplier Ethical Practice Pledge’ are the joint will and commitment of SK Telecom and its suppliers to actively cooperate in practicing corporate social responsibility, including ethical management, and to establish a fair and transparent trading culture. The supplier ethical practice pledge includes the prohibition of violations of fair trade laws and regulations such as prohibition of providing money, entertainment, or convenience, prohibition of unfair trade practices, prohibition of exaggerated advertisements, prohibition of false advertisements, prohibition of collusion, and prohibition of using customer information without approval or leaking it to third parties, violations of whistleblower protection and anti-retaliation regulations, violations of using conflict minerals and responsible minerals, etc.

In addition, to promote the practice of anti-corruption management and conduct fair audits for our suppliers, we have established and managed supply chain anti-corruption requirements as an in-house ‘Procurement Management Regulation’. In the event of an anti-corruption violation by a supplier, we deliberate on whether to impose sanctions through SK Telecom’s Procurement Review Committee, and notify and implement the final sanction results after going through the process of confirming and clarifying the facts. As a result of the anti-corruption audit of the supply chain, it was confirmed that there were no sanctions in 2023, and that all improvement measures have been completed for one case of warning to a supplier notified by the Purchase Review Committee over the past three years.

Responsible Supply Chain Management Program

Supplier ESG Risk Management Process and Roadmap

SK Telecom has evaluated the current level of the overall supply chain ESG through various methods such as written surveys, self-diagnosis, and on-site surveys for registered suppliers, and carried out systematic ESG risk management of suppliers focusing on key improvements. In particular, we are implementing a program to require suppliers who need support according to the results of their risk diagnosis and assessment to improve their ESG performance by establishing a corrective action plan and to provide periodic feedback.

We have introduced and operated an ‘ESG risk in-depth diagnosis program’, which is an upgraded version of the existing ESG diagnosis method since 2022. In 2023, we conducted a newly introduced in-depth ESG risk diagnosis program focusing on ESG-focused management suppliers with high level of transaction importance and proportion. Based on the in-depth diagnosis results, we provided customized improvement support training for each partner company and ESG level improvement consulting through on-site visits to suppliers.

By 2024, we are promoting to advance the diagnostic items considering the industry characteristics of our ESG intensive management partners, and we plan to expand the in-depth ESG risk diagnosis program to 2nd and 3rd tier partners as well. And then, we plan to re-establish standards such as transaction size with SK Telecom by 2025 and complete the implementation of the in-depth ESG risk diagnosis program for important partners. Through this, SK Telecom will provide information to external stakeholders so that they can predict the level of ESG risk management of our partners.



Establishment of ESG standards in the procurement process and pre-screening of the supply chain¹⁾

SK Telecom identifies ESG risks included in the Supplier ESG Code of Conduct during the procurement process and reflects them in contracts, and can reflect the minimum ESG evaluation index by 3% when selecting suppliers and signing contracts. For companies that do not meet the minimum ESG requirements required by SK Telecom, we may reduce the transaction volume or exclude them from the contract.

SK Telecom not only collects supplier ethical practice pledges and supplier information protection pledges from partners through the electronic contract system(OPEN2U) before trading with partners, but also manages supplier ESG risks by conducting 100% pre-screening based on the supplier ESG code of conduct. In the pre-screening, we review ESG-related factors such as labor and human rights, health and safety, environment, ethics, and management system and business relevance, and apply the screening methodology including country, industry, and product risks. In particular, in terms of business relevance, we consider whether the company is capable of collaborating with us to achieve the business target, such as expanding network and expanding AI infrastructure. We also identify potential ESG risks by classifying transaction types and checking whether they are high-risk industries.

In addition, when dealing with all partners, we conduct evaluation and self-diagnosis of eligible suppliers (checklist) by apply strict standards for labor, health, and safety, and based on the results, companies that do not meet a certain level are excluded from contracts. Suppliers that are evaluated as ineligible in the result of the diagnosis must make up for their shortcomings within the given time limit before resuming business. In 2023, we also conducted 100% pre-screening for both newly registered and continuous transaction partners. To continuously achieve 100% pre-screening, we are upgrading our financial and non-financial risk review items and processes to meet international ESG standards.

Supplier pre-screening standards

Classification	Identification Issues
ESG factors	Labor and human rights, health and safety, environment, ethics, management system
Business relevance factors	Consider SK Telecom's business characteristics such as network expansion and infrastructure expansion to expand AI services
Country risks	Risks related to politics, society, economy, law, etc. of the country where the work place is located
Product risks	Risks that may occur at each stage, including manufacturing, distribution, and use of products
Industry risks	Risks due to the industry characteristics such as labor situations, energy consumption, and resource intensity

1) Management of ESG risk(child labor, etc.) in vulnerable countries and regions is confirmed through ESG screening of partners

2023 Supply Chain ESG Assessment and Pre-screening

Supplier EGS Code of Conduct Agreement Signed Rate Status and Goals



Remarks: Service, construction, equipment, goods suppliers

Pre-screening identification issues for each partner transaction item

Classification	Transaction items	Identification Issues						
		ESG factors			Industry relevance factors	Country risk	Product risk	Industry risk
		E	S	G				
Equipment	Equipment and equipment items for wireless communication services such as 5G, Base Station, Repeater, Switch, Rectifier, etc.	High	Low	Medium	◆	◆	◆	◆
Construction	Transaction areas involving the on-site installation of devices and equipment for 5G and other wireless communication services, ensuring safety measures are in place beforehand	High	Medium	Medium	◆			◆
Services	Trading area for developing, operating and managing systems such as customer information protection, billing, and monitoring for wireless communication services such as 5G	High	Low	Medium	◆			◆
Articles	Industrial products traded for the telecommunications business, such as laptops and monitors	High	Low	Medium	◆	◆	◆	◆

Procurement strategies to enhance supply chain sustainability

In order to manage and strengthen the sustainability of the supply chain, SK Telecom prioritized and conducted a total of five procurement strategies: securing fundamental procurement competitiveness by improving the procurement structure from the perspective of Total Cost of Ownership(TCO), improving cost effectiveness by zero-base inspection of cost composition, optimization and improvement to a business-friendly procurement process, managing purchase risks in advance and creating a fair trade environment, and expanding joint development and supporting overseas exports. In order to effectively implement our procurement strategy, we conduct training to our procurement managers on a regular basis every year on policy and program changes for supply chain sustainability.

Training program for the personnel in charge of procurement

Classification	Identification issues	Remarks
Fostering procurement experts	◆ Strengthening procurement capabilities of transferred employees ◆ Bidding method, evaluation, Best/Worst Practice	3rd week of January every year Occasional
ESG workshop	◆ Domestic and foreign ESG trends and SCM implementation direction and performance ◆ Improvement or new practice tasks	Occasional

SK Telecom has developed and operated its own electronic transaction system since 2009 for fair and transparent transactions with its partners. The procurement management regulations have been established within the company's regulations to strictly manage the procurement procedures and standards of all employees, including the procurement department and purchase request department, and in case of violation, disciplinary action has been taken to penalize the organization and individuals. In addition, for fair transactions, we not only maintain procedural security in all areas such as announcement for bids - on-site evaluation - proposal evaluation - technology evaluation - price evaluation, but also link the procurement system and accounting system to ensure transparency that meets IFRS standards.

In accordance with the procurement management regulations, we strive to block environmental risk factors in advance from the procurement stage of raw and subsidiary materials and equipment, and when selecting items, unless there are special reasons, we prioritize procurement eco-friendly products that can contribute to saving resources and reducing environmental pollution compared to other products and services for the same purpose. When purchasing equipment, we receive mid- to long-term(at least 3 to 10 years) electricity consumption from a TCO perspective and reflectin the evaluation, so that companies that propose low-power solutions have an advantage in evaluation and selection. In an effort to reduce carbon emissions, we have introduced passive device equipment since 2018 to replace existing active device equipment. We have strengthened our efforts for carbon neutrality by building and operating solar power generation facilities in SK Telecom's major facilities and buildings.

Status of supply chain

SK Telecom has designated a group of Significant Suppliers by comprehensively considering the influence and transaction dependence on the company's key businesses or infrastructure investment relevance, top security or transaction size, and non-substitutable business for proprietary technology. Therefore, as of 2023, a total of 143 suppliers out of a total of 996 were classified as Tier 1 important supplier groups, considering transaction size and ongoing transactions. In addition, 19 of the 2nd and 3rd tier suppliers with whom we do not have direct transactions were classified as Non-Tier 1 important supplier group.

2023 Supply Chain Status

Suppliers Classification		Number of Suppliers(company)	Proportion of Purchase(%)
Tier 1 Suppliers	Total registered	996	100
	Equipment(network and infrastructure)	116	21
	Construction	78	20
	Services(software and solution development)	754	53
	Products	48	6
Significant Suppliers	Tier 1	143	87
	Non-Tier 1	19	-

Supply Chain ESG Assessment

SK Telecom inspects and identifies ESG risks by using the proportion of registered partners' written or on-site surveys as key indicators of ESG evaluation activities in the supply chain based on the Supplier ESG code of conduct. We carry out various types of evaluations to ensure objectivity, fairness, and reliability of evaluation and to discover ESG risks practically. For ESG evaluation of partner companies, we conduct a written evaluation based on the ESG evaluation platform and indicators of SI specialized companies that benchmark evaluations and guides such as DJSI, MSCI, GRI, K-ESG, IBC, WFE, EcoVadis, and RBA, and conduct second-party verification by entrusting it to the domestic corporation of a global evaluation and consulting company. We also commission a third-party independent ESG specialized agency to conduct written and on-site due diligence and verification in ESG areas such as Scope 3 emissions, or verify whether partners have ISO certification through ESG platforms.

SK Telecom strives to strengthen relationships with its partners and build a sustainable supply chain through ESG evaluation of its partners. These efforts reflect SK Telecom's commitment to meeting all environmental, social, and ethical standards for supplier ESG management. In 2023, we conducted a 100% written survey on all 996 Tier-1 partners. In addition, for partners that do not meet the standards required by SK Telecom, we inform them of the possibility of reducing the volume of transactions or excluding contracts. Along with it, we select excellent partners among key partners every year and sign a separate fair trade agreement, providing benefits such as free mutual growth programs and free support for ESG diagnosis and evaluation to selected companies. In particular, we provide special benefits such as financial support to our partners with excellent ESG diagnosis and evaluation, and we provided financial support of KRW 50 million to one company in 2023.

Supply chain ESG assessment(by tiers)

Suppliers Classification		2023		Target for 2023
		Number of Suppliers(company)	Purchase proportion(%)	
Tier 1	Total number of suppliers assessed via desk assessments/on-site assessments	996	100	996(100%)
	Total number of significant suppliers assessed via desk assessments/on-site assessments	143	87	162(100%)
Non-Tier 1	Total number of significant suppliers assessed via desk assessments/on-site assessments	19		

Conducting In-depth Diagnosis of Supply Chain ESG Risk Management

In order to advance supply chain ESG risk management, SK Telecom conducted a pilot test to improve supplier ESG evaluation twice in 2021, and has conducted a newly developed in-depth ESG risk management diagnosis program for key suppliers since 2022. We conduct the ESG risk diagnosis and monitoring by classifying suppliers by type to differentiate evaluation indicators and dualizing the diagnosis method into regular and occasional periods. In particular, we continue to provide free status diagnosis results and consulting services in the form of in-depth diagnosis through the ESG diagnosis platform to encourage voluntary management of our partners and verify their data. Through this, partners can check the proportion of each ESG evaluation item in their industries, and can also benchmark their competitors by reviewing the overall average of participating partners. We are also conducting various training programs for our employees and partners to enhance their understanding of ESG management trend changes, implementation strategies, and ESG risk identification and mitigation action systems. We also provide a 'Best Practice Book' to help our partners establish and implement ESG improvement directions. We focus on providing on-site consulting support to ESG high-risk partners to achieve improvement results every year. In addition, SK Telecom conducts supply chain ESG-related training for internal stakeholders, including its procurement personnels to support its partners' ESG practices and risk management.

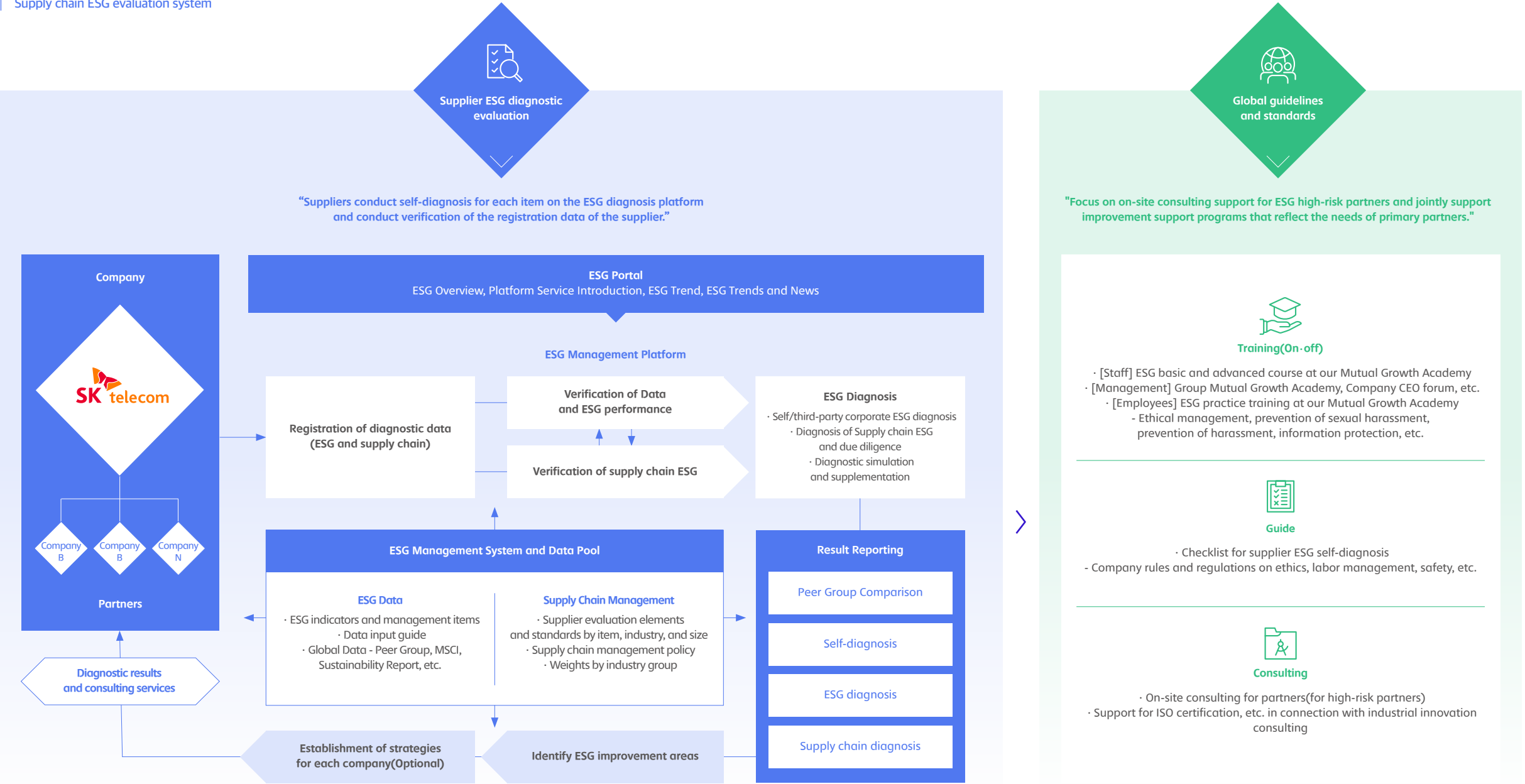
Maintain and strengthen existing training ESG training

Training course name	Contents of training
Eco-friendly Bro assistant manager Hwang x Julian's ZERO carbon footprint	Ways to solve the climate crisis in real life
Carbon neutrality, passing on a sustainable earth	Securing insight into carbon neutrality-related discussions, systems, and directions
Understanding ESG	Understanding the background and purpose of ESG promotion around the world
SV Story of global companies 'Patagonia, Lush, Unilever'	Social value creation and sustainable management promotion plan through ESG activities

New ESG training

Training course name	Contents of training
Business model trends, ESG	ESG management practice strategy based on ESG cases
Dr. Seonghoo Moon's ESG practice strategy	Identify what needs to be prepared and how to prepare it
Everyone needs to know ESG and how to use it easily	Methods and Tips for Utilizing ESG

Supply chain ESG evaluation system



Identification and Analysis of Key Risks in the Supply Chain

SK Telecom proactively manages key risks in the supply chain by conducting annual surveys(mutual growth satisfaction survey, business partner survey, etc.) for its suppliers as well as in-depth meetings with suppliers, listening to VOP(Voice of Partners), partner surveys, and risk management working group. The risk factors identified through the surveys are reflected in the Risk Gap Analysis and Risk Mapping for each supplier group and reviewed at the procurement performance analysis and improvement meeting held quarterly. We classify key risks that arise from the supply chain perspective into economic, social, and environmental risks and reflect them in the supply chain sustainability management process, and reflect the key risks in the Supplier ESG Code of Conduct and the Supplier Ethical Practice Pledge to ensure 100% coverage when diagnosing partners in the future. For high-risk partners, we conduct supply chain audits through on-site inspections or third-party investigations to prevent the possibility of risks in advance.

Corrective Actions and Incentives

SK Telecom requires partners who need improvement based on the results of supply chain risk diagnosis and assessment to establish corrective action plans and improve ESG performance through the implementation of the plans. Suppliers in need of improvement are separately managed to ensure prompt ESG performance improvement by reviewing the feasibility of their improvement plans, supporting essential resources for corrective measures, and providing advisory support from external professional organizations when necessary. The results of improvement are classified and analyzed by improvement area and reflected in the supply chain pre-screening, ESG risk diagnosis, support policy establishment processes. Support for improving ESG performance and risk corrective measures is provided remotely or through on-site visits. No partners were subject to sanctions based on the results of partner diagnosis and evaluation in 2023.

Meanwhile, we support partners with excellent diagnosis and assessment results with various incentive systems such as financial support for ESG-excellent partners, capacity improvement programs, and risk reduction programs. Capacity improvement programs include free transfer of technology and patents, technical support and protection programs through open collaboration, a mutual growth academy, and CEO seminar courses for partners. The risk reduction programs consist of detailed programs such as signing an agreement for mutual growth, procurement policy for partners and guidance on policy compliance, as well as adjusting delivery prices, funding(financial) support, and welfare support.

Results of supplier risk assessment and status of corrective action support(Unit: number of companies)

Classification of suppliers	2023	
	Number of suppliers	Target
Number of suppliers assessed with substantial actual and potential negative impacts	23	-
% of suppliers with substantial actual and potential negative impacts with agreed corrective action and improvement plan	100%	100%
Number of suppliers with substantial actual/potential negative impacts that were terminated	23	-
Total number of suppliers supported in corrective action plan implementation	23	23
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	100%

Mutual Growth with Partners

SK Telecom has been actively pursuing mutual growth with its partners to create a sound ICT industry ecosystem and create sustainable values. In 2003, we established a department dedicated to mutual growth and win-win cooperation for the first time in the industry and declared our intention to promote win-win management internally and externally. Since then, we have been implementing various mutual growth programs. In 2023, we conducted the 2022 Mutual growth Index Evaluation hosted by the Mutual Growth Commission and the Fair Trade Commission for 125 fair trade agreement companies. As a result of the mutual growth index evaluation, we were evaluated as the ‘Best’ rating among 234 major domestic conglomerates for 11 consecutive years, and we were once again recognized externally for establishing a culture of fair trade with our partners and for our sincere mutual growth activities. In addition, to fully implement supply chain ESG, we are operating capacity-building programs as well as training for partners, and on-site support for correction and improvement.

Capacity Building Programs for Suppliers(Unit: Companies)

	2023	
	Number of suppliers	Target
Total number of suppliers in capacity building programs ¹⁾	350	120
Number of suppliers participating in ESG capacity building programs ²⁾	367	-
Number of significant suppliers participating in the overall capacity building programs	131 companies(81%) ³⁾	-

- 1) Capacity courses required for the employees and organizations of suppliers, such as mobile communication technology, AI, management/economics, etc.
- 2) Essential and necessary capacity courses for sustainability such as prevention of workplace bullying, prevention of sexual harassment, ESG practice, etc.
- 3) Number and percentage of significant suppliers in capacity building programs among all 162 significant suppliers in 2023

Status of implementation of three key tasks for mutual growth

- ① Establishment of a fair and transparent trading environment with partners, continuing to implement key recommendations of the Fair Trade Commission(conclusion of contracts, selection and operation of partners, internal review committee, document preservation and issuance, etc.), and strengthening internal self-purification activities: Completed by 2023 for Tier-1 partners
- ② Support for partners for win-win cooperation: Expand support for mutual growth programs to not only Tier-1 partners but also Tier-2 partners by 2024, and expand quantitative and qualitative support for mutual growth programs at the level of Tier-1 partners to Tier-2 partners by 2025
- ③ Support for strengthening competitiveness of partner companies by expanding collaboration tasks and leading the market(joint development of new technologies such as 5G and AI, spread of ESG, discovery of collaboration tasks to respond to the future, etc.): Promoted until 2023 for Tier-1 partners, expanding the target to not only Tier-1 partners but also Tier-2 partners by 2024, and is scheduled to be completed for Tier-2 partners by 2025

Three Practice Tasks for Mutual Growth

SK Telecom intends to expand collaboration with its partners based on the mutual trust and fair trade culture accumulated so far to respond to various environmental changes together and practice sustainable win-win cooperation. In particular, with the goal of achieving the highest level of mutual growth in Korea, we have established and are actively pursuing three major implementation tasks for mutual growth to be achieved by 2025. We are taking the lead in creating a fair trade culture by signing fair trade agreements with about 125 partners every year, and we are supporting our partners in strengthening their competitiveness by expanding the mutual growth program to not only Tier-1, but also Tier-2 partners. We also contribute to revitalizing the startup ecosystem by providing support programs to startups that do not have existing transaction relationships. These support programs are implemented in a variety of fields, such as developing new technology, supporting commercialization, supporting competitiveness improvement, and supporting sales channel development.

Technology development support and technology protection program for partners

In order to help external developers such as suppliers and ventures(start-ups) develop new technologies in 5G, AI services, and metaverse areas, we operate a technology development support program for partners that grants and transfers patents held by SK Telecom free of charge and provides technology development infrastructure. In addition, we support our partners' systematic technology protection by providing technology protection consulting and patent application support programs along with technology protection data support through free support of escrow of technical data and consignment of trade secret original certification services.

Status of technology development and technology protection support(Unit: Cases, KRW 100 million)

	Number of cases	Support amount
Support technology development infrastructure(SKT Open API, etc.)	2,479	Free provision
Free patented technology support	107	Free provision
Technical data deposit system	83	0.1
Support for IPR application costs for partners	52	0.3
Total	2,721	

Financial support program for partners

SK Telecom has consistently operated financial support programs to support the smooth operation of funds for its partners. We are contributing to the mutual growth fund, which provides discounts on the loan interest rates to partners using the interest on deposits, and to the win-win loan for ESG excellent partners. In addition, we support the stable finances of our partners by paying them faster than usual subcontractorpayments.

Status of financial support for partners(Unit: Cases, KRW 100 million)

	Number of support cases	Support amount	Remarks
Mutual growth fund loan support	108	774	
Early payment of subcontractor payments	973		Early payment of 8.6 days on average compared to 60 days of general subcontractor payment contract

Support capability building courses for partners

SK Telecom operates various training programs for employees of partners to strengthen their business competitiveness and ESG implementation capabilities. The training consists of statutory required courses, ESG general courses, tech competency building courses, and other general courses, and a total of 31,414 people completed these coursesin 2023.

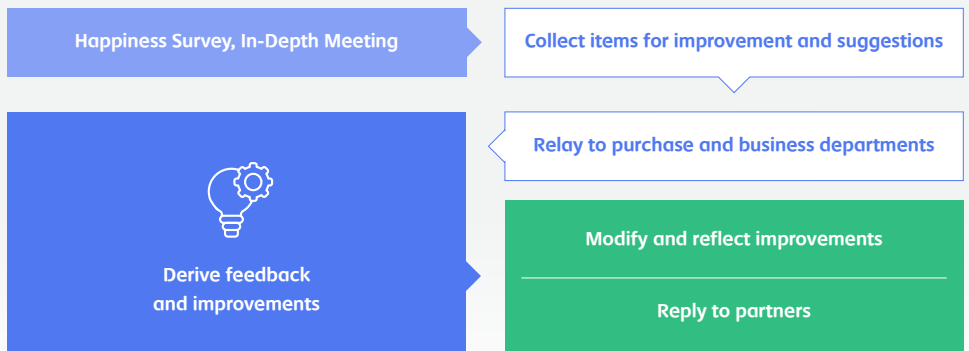
Current Status of Partner Capability Enhancement Program Operations

Classification	Curriculum	Graduates(persons)
Statutory required courses	·Ethical management training, such as preventing sexual harassment, improving awareness of the disabled, and preventing bullying in the workplace ·Training on the Serious Accident Punishment Act to spread safety and health culture ·Information security training for information protection and prevention of information leakage	21,921
ESG general courses	·ESG understanding, ESG response strategy essence, carbon neutrality, passing on a sustainable earth, SV Story, ZERO carbon footprint ·Technology Protection for SMEs, ESG finance from start to practice	4,928
Tech competency building courses	·5G Tech, AI, IT Security, Big Data, IT Security (defense technology against hacking) ·Blockchain, server virtualization, cloud computing technology	2,082
Other general courses	·Economic outlook, business insight, metaverse, big data, tech trends, English	3,649

Partner communication process

We collect opinions and requests for improvement from our partners through online and offline channels and reflect them in our business and procurement processes.

Partner communication process



* Performance in 2023: 1 case received/1 case processed(completion rate 100%)

1) Re-define/design: Based on the results of the 2023 assessment, it became necessary to redefine those indicators that had little relevance to the telecommunications service sector, such as 'eco-friendly product development/management', 'waste measurement/management/efforts', 'hazardous chemical measurement/management', and 'internal audit operations' in workplaces with fewer than 50 employees

Communication channels with partners

SK Telecom operates various communication channels in which partners participate, such as in-depth meetings, VOP(Voice of Partners) listening, partner surveys, and SCM mailboxes to collect opinions from the field regarding mutual growth and reflect them in actual policies.

Survey on Happiness of Partners

We conduct an anonymous opinion survey for our partners on key items such as business relationships and decision-making in the course of transaction or collaboration with SK Telecom, and reflect the results in business department feedback and mutual growth policies.

In-depth Meeting with Partners

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

SCM Mailbox

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

Case

Implementation and Results of the 2023 Supplier ESG Risk Management Strategy

In 2022, SK Telecom conducted ESG assessments of 200 suppliers, including Tier 1, Tier 2 and Tier 3 suppliers, all of whom were selected based on the specific management criteria for Tier 1 suppliers. The assessment used 66 ESG criteria tailored to SK Telecom's business categories, such as telecommunication services and related transactions, including products, equipment, construction, services, and specialized sectors. The assessment identified 7 high-risk supplier groups, which were provided with free retraining and consulting services for improvement. In 2023, a second-year ESG risk management plan for suppliers was established and implemented, enhancing processes and programs found lacking in 2022. Unlike in 2022, all SK Group companies were required to use the same 66 ESG assessment indicators when assessing their suppliers. Consequently, high-risk suppliers rose to 36, up from the previous year. Following the re-education and consulting interventions like those conducted in 2022, high-risk suppliers decreased to 13 by the end of 2023, achieving a 64% improvement rate. In 2024, we will redefine and redesign¹⁾ all 66 ESG assessment indicators in 2023 to fit the telecommunications service sector better. We will also reassess and work with suppliers to make improvements based on the assessment results. Using the ESG assessment and improvement processes and operational know-how from 2022 and 2023, we will continue to select key suppliers to enhance sustainability with SK Telecom.

Social Contribution

SK Telecom pursues AI-driven ESG that solves social problems and creates social value based on AI technology. We are actively making efforts to expand the social safety net and bridge the digital divide for vulnerable groups by utilizing AI technology, and are also contributing to creating a society that donates by activating donation platforms and social contribution campaigns. While supporting ESG innovative companies and fostering AI talents who will lead the future, we are also promoting various win-win cooperation with small and medium-sized businesses to create new social values.

Social Contribution Strategy

As ICT-driven digital life becomes increasingly pervasive, the digital divide for disadvantaged individuals is growing, leading to issues such as personal information breaches and cybercrime. This highlights the emerging role of ICT companies as providers of social safety net services. SK Telecom, as an ‘AI Company’, has established a social contribution strategy focusing on the vision of ‘2030 ICT-based social value creation’ to provide a better life to customers through ICT infrastructure. We contribute to the development of a sustainable society through a variety of activities in the three aspects of ‘improving quality of life based on AI’, ‘sustainable society for all’, and ‘expansion of ICT cooperation ecosystem.’ By creating social value on par with economic value, SK Telecom strives to ensure that both the company and society can grow together.



Expansion of AI-based Social Safety Net

Warm AI Care for Everyone

SK Telecom aims for ‘warm AI care that takes care of everyone’ and wants to contribute to the expansion of the AI-based social safety net. Our AI Care is built on key technologies such as ESG LLM based on inhouse Language AI A. and behavior detection AI technology based on Vision AI. Through these foundational technologies, we provide a variety of services that expand the social safety net through AI speakers, AI calls, and AI CCTV channels. As of April 2024, we have served 173,133 individuals. Our goal is to expand our services to over 300,000 people, generating approximately KRW 13.5 billion in social value by 2024. This will be achieved through AI Care services encompassing elderly and solitary senior care, emergency response, dementia prevention, psychological counseling for crime victims and at-risk youth, speech therapy, and preemptive industrial and life safety services for workers and the general public.



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

Elderly Care Service Using AI Speakers

In response to social challenges arising from aging, SK Telecom is expanding the social safety net by leveraging our AI technology to deliver AI care services. These services aim to alleviate loneliness and prevent dementia of elderly individuals living alone and isolated middle-aged households.

Since April 2019, we have been providing ‘AI Care’ services to the elderly in cooperation with local governments and social enterprises(Happy Connect)¹⁾. Happy Connect AI Care Center monitors the data collected through SKT AI speakers, and when abnormal signs are detected, we provide integrated control services that support care in real-time, 24 hours a day, 365 days a year, including safety confirmation, dispatching, psychological counseling support(1,207 cases, as of April 2024) and connection to 119 through emergency SOS calls(906 cases, as of April 2024). As of the first quarter of 2024, over 110 local governments, public institutions, public health centers, and dementia care centers nationwide have adopted these services, benefiting approximately 20,000 households. Notably, a bill was formally introduced and passed by the New York State Assembly in 2023, marking our first international expansion of elderly care services into New York State. Moving forward, we will collaborate with diverse partners to advance AI Care services and enhance the social safety net with innovative AI-based solutions.

Results of Daegu Metropolitan City’s ‘Survey on Care Services Using AI Speakers’ in 2023

We conduct regular annual surveys of vulnerable users and relevant local governments to encourage participation and gather feedback on our social safety net support programs.

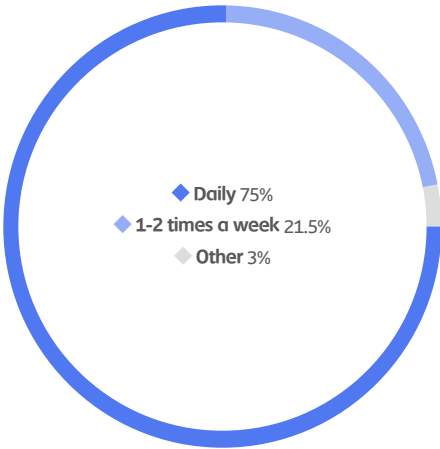
Current Status of Project Implementation

- ◆ **Period:** August~ December 2023
- ◆ **Size:** 1,000 households(28 welfare centers participated)
- ◆ **Target:** Households facing high risks of solitary death in their homes in Daegu Metropolitan City, etc.
- ◆ **Contents:** Providing emotional and caring support through AI speakers
- ◆ **Emotional Support:** Provides questions and answers such as song request, news, weather, fortune telling, emotional conversations, SOS, prevention of dementia, specialized functions such as gymnastics and games, notification of local government events and welfare news, etc.
- ◆ **Care Support:** Connect to the ICT Care Center(Assign psychological counselors), 24-hour monitoring care safety care

Survey Overview

- ◆ **Subjects:** A total of 1,029 business managers and service users
- ◆ **Survey Period:** February 1st to 29th, 2024(1 month)
- ◆ **Project Period:** August 1st to December 31st, 2023
- ◆ **Survey Method:** Survey conducted through questionnaire
- ◆ **Survey Details:** Type of use of users and support program managers, user satisfaction verification

[User Usage Type] Frequency of Using Speakers



[User Usage Type] Effect of Using Speakers

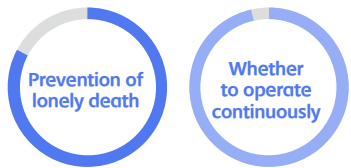


[Type of Use by Person in Charge - Daegu Metropolitan City] Purpose of Using Speakers



- ◆ **Effectiveness of Reducing Loneliness** 79.8% (more than acceptable)
- ◆ **1-2 times a week** 90.2%(yes)
- ◆ **Whether to use on a continuous basis**(yes)

[Type of Use by Person in Charge - Daegu Metropolitan City] Effects of using speakers



- ◆ **Whether to help prevent lonely deaths** 82.8% (yes or more)
- ◆ **Whether to operate continuously** 96.6%(yes)

AI Call Service for the Safety of the Vulnerable

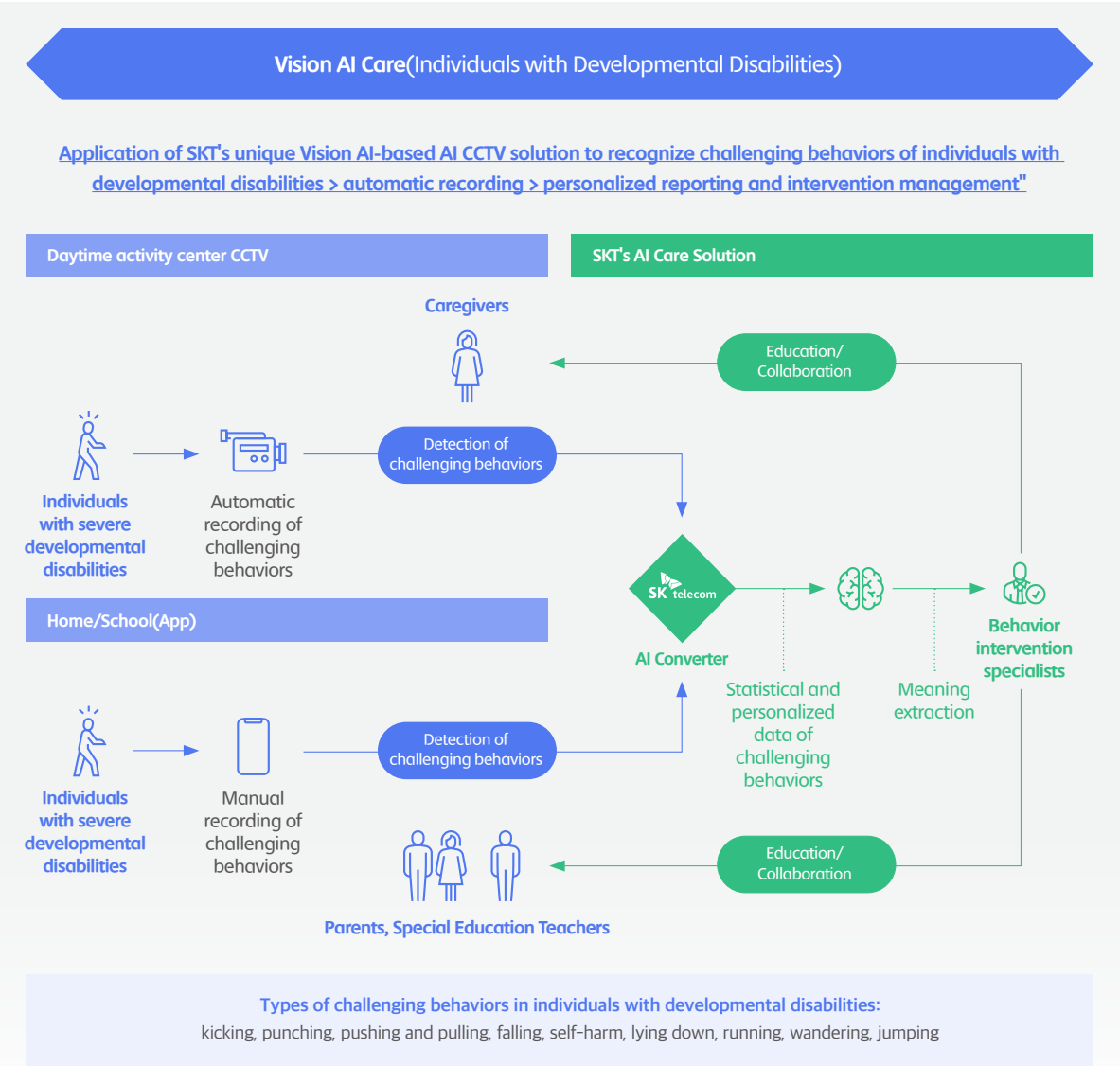
Since 2021, SK Telecom has been providing support for an AI counselor-based call service aimed at ensuring the safety of elderly individuals living alone and single-person households at risk of isolation, with the goal of preventing loneliness-related deaths. As of the first quarter of 2024, in cooperation with local governments and the Comprehensive Support Center for the Elderly Living Alone, we are providing approximately 150,000 elderly individuals, including those who have experienced abuse, with AI calls based on various scenarios for well-being checks and daily health guidance to prevent lonely deaths and ensure safety. This year, we plan to provide an AI call service that allows more friendly and free conversations through the establishment of ESG LLM(Large Language Models).

Additionally, the social enterprise Happy Connect operates the AI Care Center, a specialized control and monitoring service based on AI calls for households at risk of isolation. As of the first quarter of 2024, the AI Care Center supports 13,861 individuals who need administrative assistance(such as welfare voucher guidance) and has provided accompaniment to hospitals for 37 cases.. In the future, we plan to further enhance the AI call service so that local governments and welfare institutions can reduce the intensity of care work and focus on their on-site support through AI counselors.

Vision AI Care for Individuals with Developmental Disabilities

Since 2020, SK Telecom has been delivering a care service utilizing SKT's Vision AI technology to address challenging behaviors among individuals with developmental disabilities who may otherwise lack adequate support. In cooperation with Seoul National University Hospital, Seoul Metropolitan City, Daejeon Metropolitan City, and Daegu Metropolitan City, a total of 5 care facilities for people with developmental disabilities are using the Vision AI Care service as of the first quarter of 2024. Previously, intervention for challenging behaviors in individuals with developmental disabilities relied on handwritten records. We have introduced an automated recording method using AI CCTV powered by SKT's Vision AI. This system automatically detects and records behaviors such as self-harm(head-bashing), falling, wandering, running, jumping, kicking, punching, pushing, pulling, and lying down. Additionally, we have implemented personalized reports and intervention management features on the AI platform, establishing leading practices in the care of individuals with developmental disabilities.

In addition to supporting individuals with developmental disabilities, we operate Vision AI-based Life Care services to enhance the social safety net for everyone. Our Vision AI, applied through AI CCTV, provides infrastructure to detect and respond to incidents and accidents in real time across various environments. We are going to create a safe industrial environment by applying the solution to stairwalls, elevators, and parking lots in all SK Telecom headquarters buildings, and to contribute to creating a safe living environment for citizens by applying the solution to elevators in rental apartments of Seoul Housing and Communities Corporation.



1) Korea Internet & Security Agency

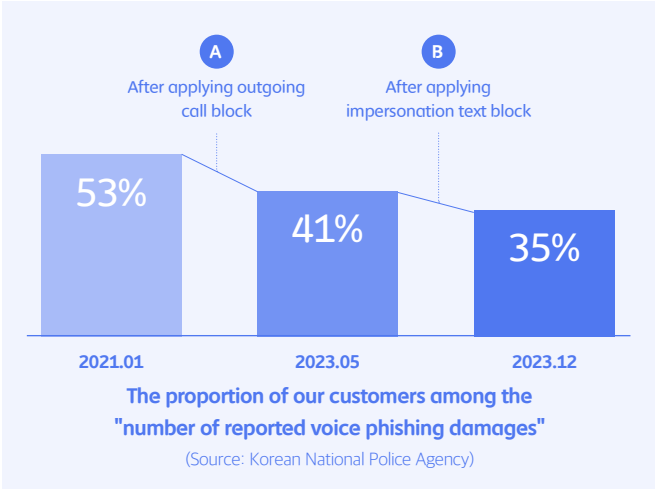
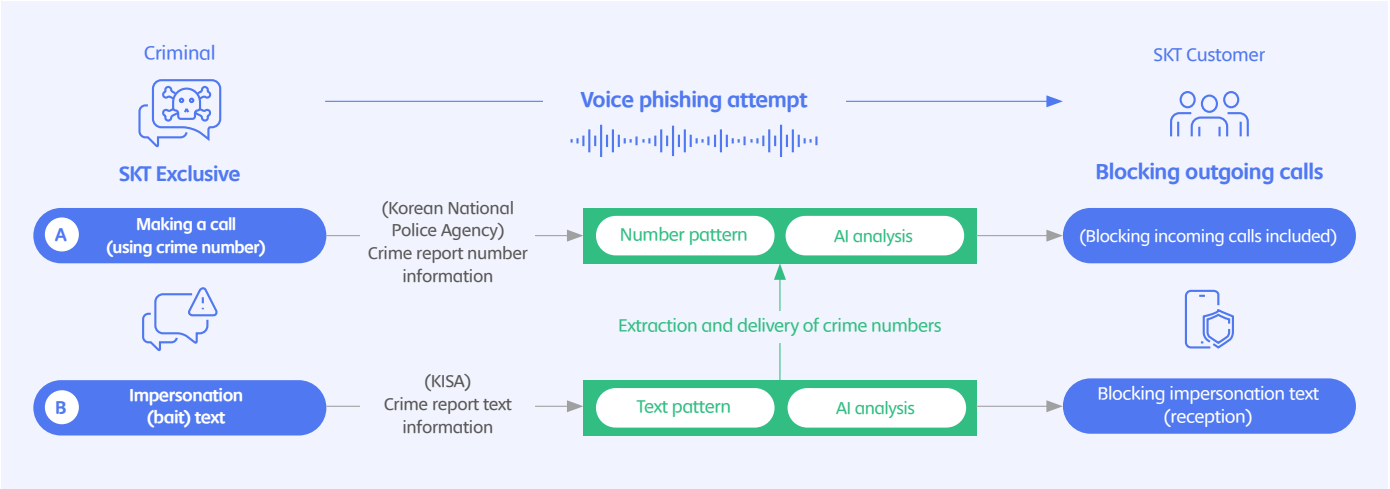
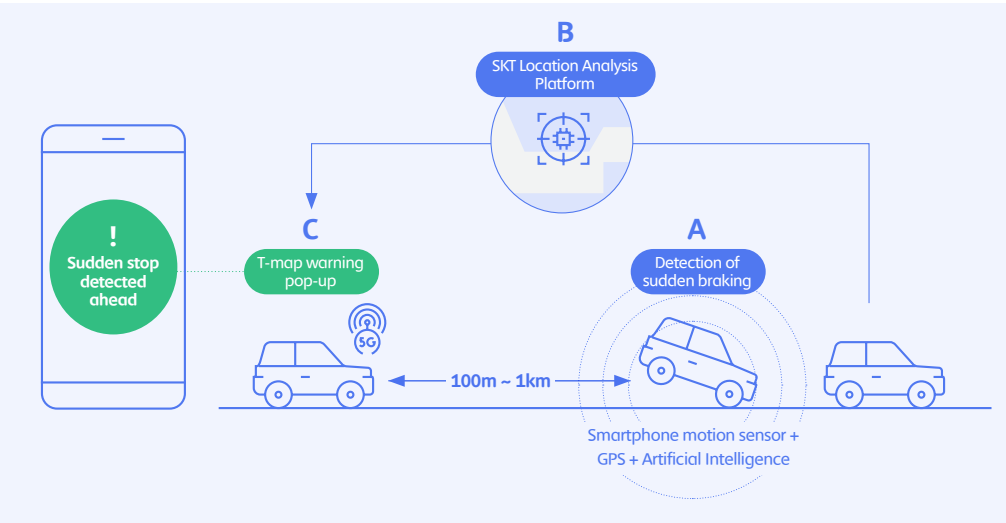
Prevention of Cyber Financial Crimes

Since its inception, the telecommunications industry has been the basis of the social safety net, including emergency call services(112, 119). SK Telecom has continued to expand its role as a telecommunications company to contribute to the public safety by utilizing telecommunication ICT technology. To combat increasingly sophisticated and real-time evolving cyber financial crimes, SK Telecom has utilized its telecommunications data and AI technology, in collaboration with stakeholders such as the Korean National Police Agency/KISA¹⁾, to develop the country's first AI-based preemptive detection and blocking technology. This technology intercepts calls made from voice phishing numbers or messages sent using spoofed identities, transitioning from a reactive and limited blocking method based on customer reports to a proactive prevention approach. In recognition of these sincere efforts for social safety and AI technology innovation, we received the Presidential Citation for Crime Prevention and AI impersonation text detection/blocking technology was recognized by the global community in 2023(Global Telecoms Awards in 2023). In the future, SK Telecom plans to continue to advance its blocking solutions to prevent customer damage in response to the evolution of cyber financial crimes such as deep fakes and deep voices.

Prevention of Traffic Safety Accidents

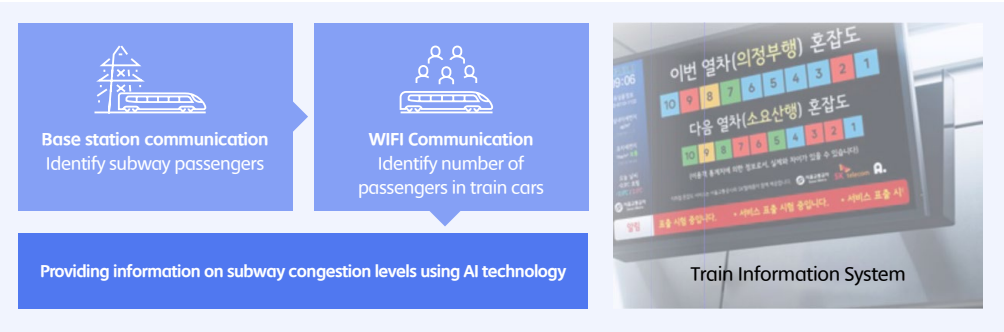
SK Telecom has established a location analysis platform to secure technological leadership in an environment where interest in 5G commercialization and mobility has increased and is expanding its contribution to social value to traffic safety. It contributes to preventing traffic accidents by providing real-time sudden stop/accident detection notifications in conjunction with TMAP, and received a commendation from the Minister of Science and ICT in recognition of its technological achievements in 2023.

Expressway Accident Detection Notification



Providing Subway Congestion Information

Congestion during rush hour in the metropolitan subway is now also tied to 'safety' considerations such as social distancing, sparking heightened public interest in the issue of subway overcrowding. By analyzing communication big data and real-time traffic data, SK Telecom offers subway congestion updates for metropolitan areas including Lines 1 to 9, Shinbundang Line, and Airport Railroad through its app service A. (Adot). This service includes a comprehensive station guide map and train information systems on platforms, provided free of charge, to enhance the convenience and safety of subway users.



Establishment of Nationwide Earthquake Detection Network

SK Telecom, in cooperation with the Korea Meteorological Administration and Kyungpook National University, has completed the establishment of an “earthquake detection sensor network” that can be linked to the earthquake detection and early warning system on the Korean Peninsula. SK Telecom collaborates with public institutions such as post offices, fire departments, and the Korea Coast Guard to deploy earthquake detection sensors throughout 8,000 locations nationwide. Additionally, we are partnering with the Korea Meteorological Administration, which operates over 390 seismic observatories across the country, to research faster and more accurate earthquake analysis methods. Once SK Telecom’s earthquake detection sensor network is integrated into the Korea Meteorological Administration’s system, it will serve as an auxiliary network for earthquake observation, contributing to quicker earthquake warnings and providing ultra-high-resolution intensity information services. Additionally, it is evolving into a solution for protecting people in buildings and industrial infrastructure by quickly detecting vibrations in buildings caused by various factors other than earthquakes. Through this initiative, SK Telecom aims to simultaneously create social and economic value.

Disaster Text Message Alert Service Protecting Public Safety

During COVID-19, the number of disaster text messages sent by government agencies and local governments surged by over 60 times. With the rise in extreme weather events like forest fires, torrential rains, and typhoons, there has been heightened national interest in disaster recognition systems. In order to actively respond to this situation, SK Telecom is working closely with government agencies, local governments, other telecommunication companies, and MVNO operators to ensure that citizens can quickly receive disaster text messages through SK Telecom’s communication infrastructure, regardless of the telecommunication company they subscribe to. Through these efforts, we are continuously expanding the establishment of a social safety net that can protect the safety and lives of citizens in various disaster situations.

Strengthening Digital Inclusion

Program to Bridge the Digital Divide

SK Telecom is operating various ICT education programs to bridge the information gap among the vulnerable classes. Starting in 2021, we have formed an industry-academia-research consortium with universities and education companies to promote the ‘National Digital Competence Strengthening Education Project’ to bridge the information gap. This initiative, modeled after the New Deal project, aims to narrow the digital information gap for underserved populations and generate jobs during the COVID-19 era. Implemented in five regions nationwide in 2023, the project focuses on enhancing digital literacy among vulnerable groups. Activities include AI-integrated training for smart senior centers aimed at elderly care, tailored programs for digitally disadvantaged groups such as multicultural families, seniors living alone, and women with career interruptions, as well as software coding training tailored to various disabilities.

Participation in ICT information divide closing education(Unit: persons)			
Classification	2021	2022	2023
Digital utilization training(smartphone utilization training for the elderly) ¹⁾	101,027	107,433	137,599
ICT Makerthon(Coding Challenge)	76	98	104
Happy Coding School	464	238	1,635
Digital talent development training (FLY AI)		47	119

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

Tariff discount for the vulnerable

SK Telecom offers tariff discount benefits to the vulnerable to alleviate communication costs and continues to enhance accessibility to information services. In 2023, the amount of discount benefits provided to the disabled, low-income people, and basic pension recipients totaled KRW 549.3 billion, a 6.0% increase from the previous year.

Tariff discount(Unit: KRW million)			
Classification	2021	2022	2023
Disabled	139,382	140,380	140,514
Low-income	156,014	170,129	180,575
National Merit	13,324	13,744	14,113
Basic pensioners	169,071	191,779	211,791
Others	1,964	1,994	2,307
Total	479,755	510,826	549,300

Expansion of Communication Services in Vulnerable Areas

To enhance service accessibility for the public, SK Telecom has collaborated with the Ministry of Science and ICT and two other telecommunications companies to establish a 5G public network in rural areas. This initiative aims to extend 5G services to these rural areas. We have been expanding the scope of communication areas for residents in areas with poor access to communication services, such as mountainous areas, islands, and remote villages. This project was globally recognized and awarded the “5G Industry Partnership” award at the 2021 MWC GLOMO Awards.

Service Installation in Underserved Areas(Unit: number of places)				
Network type	Classification	2021	2022	2023
5G	Remote mountain area	1,290	1,275	1298
	Hiking trail	1,054	2,581	2661
	Island area	89	89	90
LTE	Remote mountain area	521	201	202
	Hiking trail	269	251	262
	Island area	26	12	12

Barrier Free

SK Telecom, which is transitioning to an ‘AI Company’, is promoting ‘Barrier Free AI’ by utilizing AI capabilities to improve the convenience of life for the disabled and help create jobs. Specifically, we are employing AI in diverse applications to assist individuals with sensory disabilities(visual and hearing impairments) and developmental disabilities. SK Telecom will continue to work to ensure that AI can be helpful for everyone, regardless of whether they have a disability or not.

‘Sullivan Plus’, ‘Sullivan A’, and ‘Sullivan Finder’, AI Visual Aid Services

SK Telecom and TUAT, a social venture, have been jointly developing various services using AI since 2021 to improve the quality of life of the visually impaired. Thanks to consistent efforts, the Sullivan Plus X NUGU, which was jointly submitted to the ‘MWC GLOMO Awards’ in 2022, was selected as the Best Use of Mobile for Accessibility and Inclusion, and the AI ‘Sullivan A’ for the visually impaired won the ‘CES Innovation Awards’ at the ‘2023 CES(Consumer Electronics Show)’ held in 2023. In 2024, ‘Sullivan Finder’, which was developed to support outdoor activities of the visually impaired using AI, was once again selected as ‘Best Mobile Use Case for Accessibility and Inclusion’ at the ‘MWC GLOMO Awards’. These achievements were possible because SK Telecom’s AI technology was added to TUAT’s self-learned neural network model to provide a practical sense of efficacy to the visually impaired. In 2023, SK Telecom’s multimodal AI was applied in addition to the existing voice recognition AI and face recognition AI, allowing visually impaired to recognize surrounding situations more specifically. This multimodal AI has been trained to recognize and describe objects or subjects in a manner that is comprehensible to visually impaired individuals.. Furthermore, we have already trained AI models with approximately 1 billion images and their detailed descriptions. By 2024, we plan to double the number of images learned and apply Large Language Model(LLM) technology to further enhance the accuracy of object recognition. This advancement aims to improve the delivery of practical information to the visually impaired.

‘G-EYE Plus’, Navigation for the Visually Impaired

In 2022, to improve the walking environment for the visually impaired, SK Telecom, together with LBS Tech and SAPEON Korea, developed ‘G-EYE Plus’, a walking navigation system for the visually impaired, by applying VLAM¹⁾, a robot autonomous driving technology, for the first time in the world. Traditional navigation systems for the visually impaired mostly rely on GPS signals, which have limitations in accuracy. By pressing the camera button on a smartphone and turning halfway around, users can precisely determine their current location with an average error of 1 meter, significantly enhancing the effectiveness of the system. In particular, it significantly reduces the time and effort for visually impaired individuals who struggle

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

to locate doors or entrances, as traditional guidance often stops before reaching the building itself. SK Telecom was selected as ‘Best Use of Mobile for Accessibility & Inclusion’ at the ‘MWC GLOMO Awards’ with ‘VLAM-based G-EYE Plus’ along with LBS Tech and SAPEON Korea.

‘Quiet M’, a Taxi Driven by Hearing Impaired

SK Telecom has been supporting ‘Quiet M’, a taxi driven by the hearing impaired, since 2018. This taxi service, initiated by Coactus to facilitate employment opportunities for the hearing impaired, has been enhanced by SK Telecom with features such as blinking notifications, dispatch alerts, and messaging functions within the ‘TMAP Taxi App for the Hearing Impaired’. These improvements aim to enhance convenience for both drivers and passengers. By the end of 2023, this service has produced a total of 180 hearing-impaired taxi drivers.

ICT Education to Bridge the Digital Divide for Youth with Disabilities

SK Telecom has operated the Happy AI Coding School and held a Coding Challenge Contest to strengthen the ICT capabilities of youth with disabilities and bridge the information gap. The Happy Coding School for Youth with Disabilities is a social value creation program that contributes to the discovery of happiness and talent of youth with disabilities through software training. From 2019 to 2023, it has developed 14 modular textbooks offering sustainable coding education courses tailored by disability type(physical, developmental, visual, hearing, special classes) and age, and has been operating in special schools nationwide. In 2019, the program reached 40 schools, 14 schools in 2020, 51 schools in 2021, and 23 schools in 2022. In 2023, in collaboration with Hana Financial Group, the program expanded to 97 schools, including elementary, middle, and high schools in remote and underserved areas. Additionally, the Coding Challenge Contest for youth with disabilities, which started in 1999 and celebrated its 24th contest in 2023, has contributed to instilling awareness that anyone can create the value that society needs through the process of solving various coding tasks on social issues. In the future, we plan to provide coding education in the form of Happy AI Coding School to youth from underprivileged classes to strengthen digital inclusion.

Support for ESG Innovation Startups

Creation of ESG Innovation Fund

In 2021, SK Telecom established the ‘SK Telecom-Kakao ESG Fund’ valued at KRW 20.8 billion. This fund supports the sustainable growth of innovative ICT startups that prioritize both social and environmental values alongside financial performance. In 2022, SK Telecom further expanded its commitment by creating the ‘3 Telecommunication Companies ESG Fund’ with a total value of KRW 40 billion. The investment targets of the ESG Fund are startups with innovative technologies in ICT and convergence industries and with excellent ESG management environments. The goal is to create a virtuous cycle structure in which ESG innovative startups, which have grown with support by actively using the ESG fund as a priming water, exert a positive influence on our society in the future. As of March 2024, the SK Telecom-Kakao ESG Fund had made investments in 14 companies, while three telecommunications companies ESG Fund had invested in 25 companies.

Over the past decade, SK Telecom has actively promoted and accelerated startup programs and collaboration projects. Alongside these efforts, we have established an ESG fund, creating a virtuous cycle that supports startups across their entire growth journey, from discovery and acceleration to investment and expansion. Through this initiative, we identify and nurture innovative startups focused on addressing various social issues such as environmental concerns, social inequalities, and educational disparities within the ESG sector. Our goal is to empower these ESG-focused companies to make a positive impact on society.



Fostering Innovative Startups Specialized in 5G

SK Telecom operates the “ESG Korea” program, which identifies and supports startups in the ESG sector with comprehensive, customized acceleration from goal setting to service development, market entry, and global expansion. This program has established the “ESG Korea Alliance” with a total of 27 partners, including global companies, domestic social enterprise education institutions and investors, universities, and SK affiliates such as SK Innovation, SK Square, SK Hynix, and SK Networks. By integrating the resources and capabilities of each partner, it is the best ESG-specialized startup accelerator program in Korea.

In 2023, we selected 15 startups seeking solutions to social problems such as senior care, recycling, eco-friendly energy, and inclusion of the disabled and provided six months of mentoring and various supports. As a result, we were selected for major government contests and support projects. During the program period, we achieved 7 cases of investment attraction and 8 cases of promoting business linkages to SK Telecom and SK Group affiliates.

Moreover, together with Hana Financial Group, we operated an ‘AI Startup Accelerator’ program focused on the business growth of AI startups and business connection with the company in 2023. We selected innovative AI startups based on AI technology and focused on supporting them in product and service composition, development, and launch, as well as stable entry into the market. We discovered a total of 15 startups and accelerated them for 6 months. As a result, we secured 3 cases of investment attraction, 1 case of connection to government business, 3 cases of connection to business with SK Telecom and SK Group affiliates, and received 8 awards from external contests. In the future, we plan to expand the operation into an accelerating program that supports the business growth of startups through business connection beyond supporting AI startups entering the market.

SK Telecom has identified and nurtured a total of 432 startups since launching its startup acceleration program in 2013. As of December 2023, the cumulative corporate value of these startups has exceeded KRW 7.8 trillion, based on disclosures from 185 companies. Additionally, a total of 10 unicorns, prospective unicorns, and baby unicorns have emerged from these efforts. These startups have also garnered prestigious domestic and international awards, including the 'CES Best Innovation Award' and the 'MWC GLOMO Award'.

Creating a Society that Donates

Happiness Credit

Since 2019, SK Telecom has been operating the ‘Happiness Credit’ program in which customers earn and accumulate points whenever they use ESG products and services and donate them. When customers purchase products from social enterprises or eco-friendly products through 11th Street, T-Universe, etc., the Happiness Credits are accumulated through reducing environmental pollution by using mobile receipts and electronic receipts rather than paper receipts. The Happiness Credit, which was accumulated from 2019 to 2023 is worth approximately KRW 3.7 billion, and 4.52 million people participated in 2023 to accumulate credits worth approximately KRW 864 million. The Happiness Credit, which has been accumulated in this way will be used for ICT education projects for the vulnerable and to help the underprivileged.

ICT-based Social Contribution Campaigns

SK Telecom is at the forefront of addressing social issues through social contribution campaigns that leverage ICT and distribution infrastructure. Utilizing the ICT expertise of its employees, SK Telecom has launched the ‘SK Pro Bono Happy Tester’ initiative since 2020. This program tests the usability of app and web services developed by social enterprises, leveraging employee skills to identify areas for improvement. The goal is to enable social enterprises to more effectively address social issues.

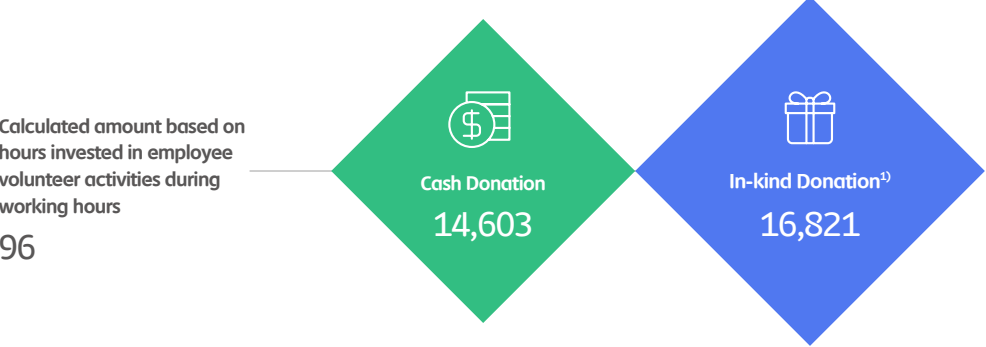
SK Telecom developed ‘Red Connect’, an official blood donation application, in cooperation with the Korean Red Cross in 2019. Through the app, blood test results are combined with national healthcare big data to provide health management services and a feature for checking donated blood, contributing to increased repeat blood donations. Additionally, we provided free messaging service(RCS) to the Korean Red Cross to promote blood donation. Moreover, we have conducted blood donation campaigns every year in which employees of SK Telecom and SK ICT family affiliates participate, helping to solve the blood shortage problem. In 2023, 1,056 employees participated in the SK ICT family affiliates’ blood donation relay campaign, helping to overcome the blood supply shortage in Korea.

1) In-kind Donation: Cash equivalents such as products and services, projects and prizes, etc.
* Donation and sponsorship for political purposes are avoided in accordance with SK Telecom's anti-corruption policy

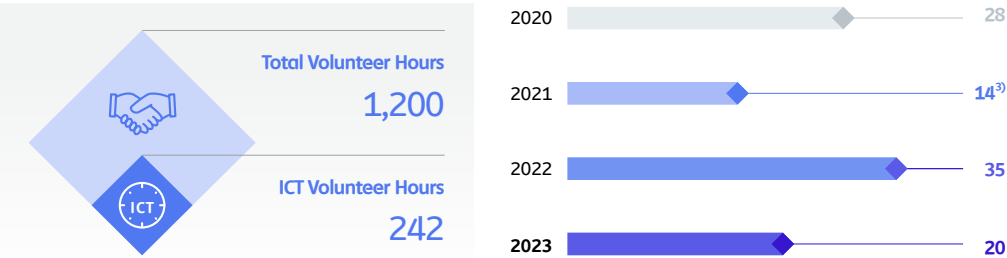
2) Professional Volunteer Ratio: Volunteer hours of ICT volunteer and Pro Bono volunteers/Total volunteer hours
3) Decrease in the ICT professional volunteer ratio due to participating in blood donation volunteers

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

Spending on Charity Activities by Donation Type(Unit: KRW million)



Ratio of Professional Volunteer Work by Employees(%)²⁾



Fostering AI Talents through Industry-Academia Cooperation

Operation of AI Fellowship to Foster Practical Talents

SK Telecom operates the 'SKT AI Fellowship' program, which allows students to directly carry out technical tasks in the industrial field and receive various supports and mentoring. We transfer SK Telecom's technology development experience and expertise to college students, supporting those with limited practical experience to grow through hands-on tasks. In 2023, a total of 35 students experienced the entire process from design to development of 13 on-the-job projects over 5 months by providing data and assets owned by SK Telecom. During this process, we also supported close mentoring from senior developers so that they could become practical talents. Through the SKT AI Fellowship, students not only developed technologies that are used in actual services of SK Telecom and SK ICT family companies, but also achieved achievements such as applying five patents, publishing and presenting papers in major domestic and international journals, and exhibiting and presenting at the SK Comprehensive Technology Exhibition. As a result, students' satisfaction with the program exceeded 4.7 points out of 5, and three of the outstanding graduates joined the company through junior talents(new employees) recruitment in the second half of 2023.

Fostering Core Practical Talents based on AI Technology

Since 2022, SK Telecom has been at the forefront of developing essential practical skills in AI technology through the 'K-Digital Platform & Training Project'⁴⁾. At our Boramae office building in Seoul, we operate the 'AI Tech Lab', an exhibition and learning space designed to nurture talent in digital convergence. Here, visitors can directly experience SK Telecom's AI technology and related innovations. We also operate the 'FLY AI Challenger' course, aimed at equipping young people with AI technology skills. In the first term of 2022, we fostered 47 AI talents, followed by 47 in the second term of 2023, and 68 in the third term. In the future, SK Telecom plans to open and share SK Telecom's infrastructure and technology with the local community and to foster young AI talents who benefit the world through customized practical training based on the latest technology, contributing to the creation of a virtuous cycle and ecosystem of outstanding talents.

AI Curriculum to Foster AI Experts

SK Telecom is striving to cultivate human resources in cooperation with leading universities in Korea to foster experts who will lead the AI era. Since 2017, beginning with Seoul National University and Korea University, we have progressively broadened our collaborations with universities. By 2023, we had established partnerships with major engineering universities such as KAIST, Pohang University of Science and Technology, Yonsei University, Hanyang University, Sogang University, and Sungkyunkwan University. During this period, we conducted various educational cooperation programs essential for cultivating AI talent, including special lectures on the latest AI technology and career counseling sessions.

With the intention of continuously sharing SK Telecom's AI technology capabilities and working level experiences with universities, we created the 'SKT AI Curriculum' in which the company's AI experts directly lecture on technical theories and business cases to provide high-quality learning contents. In 2023, SK Telecom directly recruited approximately 1,000 students via the university cooperation website. We also offered the SKT AI curriculum, comprising 62 video modules across 12 AI technology fields. Student satisfaction with the education surpassed 4.5 out of 5, reflecting their enthusiastic participation.

Additionally, we established the 'SK Telecom Tour' program that invites about 20 college students to SK Telecom's headquarters every month in 2023. During visits to T.um, our future technology experience center, where participants learn about SK Telecom's business vision, we hosted 'Conversations with Experts' sessions to provide career guidance and address students' questions regarding careers in relevant fields. These sessions received an average satisfaction rating of 4.8 points for educational value. Moreover, we held the 'SKT AI Service Planning Camp' for college students who aspire to become service planners, providing opportunities for students to show off their ideas for AI services and receive feedback and mentoring from current employees.

Support for Small and Medium-sized Enterprises(SMEs)

SK Telecom is realizing win-win growth with small business owners by taking advantage of the strengths of the 'T Membership' platform, a customer benefit program with 6 million MAU(monthly active users). By coordinating with franchise headquarters, the flagship program of T Membership, "T Day," provides substantial discounts on specific days, effectively boosting sales for various franchise brand outlets. We support a variety of marketing communications, such as posting a discount benefit page on the T Membership app, targeting customers who are likely to purchase discounts, sending MMS and app pushes, as well as creating benefit memes and posting them on blogs and cafes. In 2023, purchases made at franchise stores through T-Day totaled 4.26 million transactions, resulting in sales amounting to KRW 65.2 billion. Additionally, it is estimated that the discount benefits received by customers from franchise stores amounted to KRW 23.1 billion, of which KRW 8.5 billion was directly supported by SK Telecom.

SK Telecom also operates a specialized benefit program for small business support called 'Open Membership' for customers who are willing to open their wallets for social values. Open Membership consists of 'Good Consumption' that supports small businesses such as social enterprises and social ventures, and 'Open Bakery', which helps marketing of local bakeries. In 2023, we supported KRW180 million to 12 companies through Good Consumption and KRW 140 million to about 60 local bakeries across the country through Open Bakery respectively.

Additionally, since April 2020, SK Telecom has been supporting SMEs nationwide through 'T Deal', a text message marketing service based on big data. T Deal is a service that sends text messages to customers who are likely to purchase each product, linking them to a dedicated online page where they can check product information and purchase. SMEs entered can receive free support for highly effective marketing resources such as discount coupons, targeted advertising texts, banners, and special exhibitions free of charge. As of the first quarter of 2024, 98% of SMEs have participated in T Deal, accounting for 96% of the total sales through the platform.

Governance

Governance	122	Ethical Management	145
Risk Management	138	Compliance	150

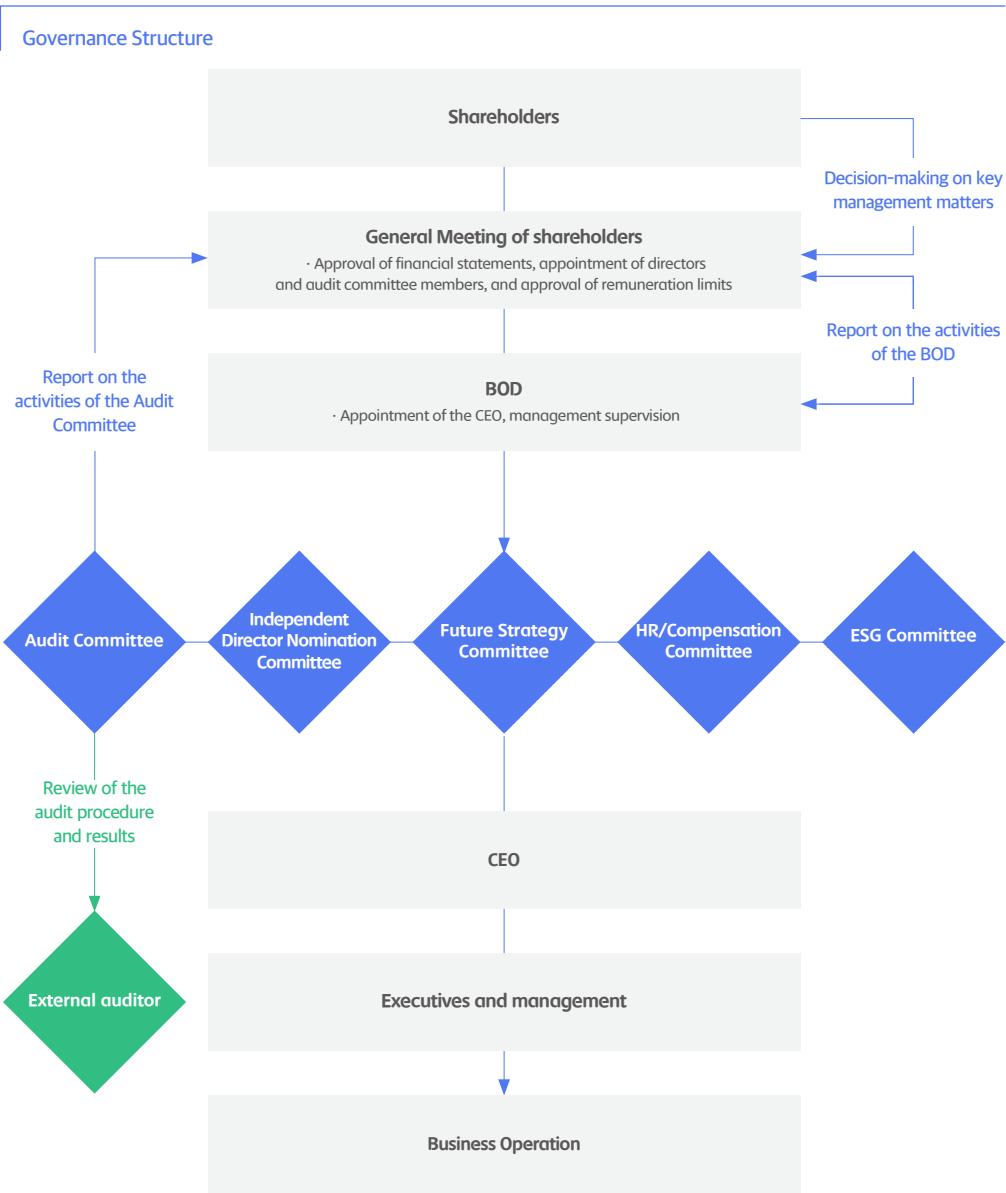


Governance

SK Telecom practices responsible management centered on the BOD to protect the rights and interests of shareholders and enhance corporate value. We have established a transparent, sound, and advanced governance structure based on the Corporate Governance Charter, and are pursuing exemplary operation of the BOD by strengthening the independence, expertise, and diversity of the BOD and activating committee activities. Additionally, we are enhancing shareholder value through shareholder-friendly management, including a shareholder return policy, and continuously strengthening the trust of stakeholders.

Establishment of an Advanced Governance Centered on the BOD

At the 37th regular shareholders' meeting held in March 2021, SK Telecom declared its determination and practice plans to establish a transparent and sound governance structure through amendments to the articles of incorporation and prepared the basis for the Corporate Governance Charter. Subsequently, in May 2021, we revised the Governance Charter, including the reorganization of the BOD in order to advance corporate governance to the level of global standards and strengthen BOD-centered management. Accordingly, the BOD, as the highest decision-making body, plays a key role in appointing the CEO, determining the scale of compensation, and approving and evaluating management plans and KPIs(Key Performance Indicators). Additionally, we have reorganized the committees under the BOD into five committees with independence and expertise(Audit Committee, Independent Director Nomination Committee, Future Strategy Committee, HR/ Compensation Committee, and ESG Committee). The revised Corporate Governance Charter which has been revised in accordance with the Best Practices for Corporate Governance of the Korea Institute of Corporate Governance and Sustainability, is available in full on the company's website. We continue to expand communication with internal and external stakeholders regarding SK Telecom's transparent and efficient governance structure, including the disclosure of the Governance Charter.



Shares and Capital Structure

Shareholder Status

As of the end of December 2023, the total number of issued shares of SK Telecom is 218,833,144. As for the founder & founding family ownership, Chairman Chey Tae-won, the largest shareholder and CEO of SK Corporation, directly holds 303 shares of SK Telecom. Chairman Chey Tae-won's stake in SK Corporation is 17.73%, and SK Corporation's stake in SK Telecom is 30.01%. Additionally, the Korean government does not hold shares(Government Ownership) of SK Telecom. Moreover, SK Telecom, which pursues responsible management based on mid- to long-term performance, encourages its CEO and executives to hold stocks.

Shareholder Status(Unit: %)(As of December 31, 2023)

Classification	Number of shares ¹⁾	Percentage of total shares issued(%)
SK Inc.	65,668,397	30.01%
National Pension Service	16,330,409	7.46%
Institutional investors and other shareholders	126,854,437	57.97%
Kakao Investment Co., Ltd.	3,846,487	1.76%
Treasury shares ²⁾	6,133,414	2.80%

Stock holdings by Executives²⁾ and Special Interest Group(As of December 31, 2023)

	Name	Shares	Stock option	Sum(shares)
Executives of issuing company	Young Sang Ryu	11,974	129,025	140,999
	Jong Ryool Kang	5,758	35,098	40,856
	Kyu-Nam Choi	455	-	455
	Yong Hak Kim	3,358	-	3,358
	Seok Dong Kim	2,785	-	2,785
	Jung-Ho Ahn	2,785	-	2,785
	Young Min Yoon	2,785	-	2,785
	Junmo Kim	1,338	-	1,338

1) The total number of issued shares has been changed from 72,060,143(value per share: KRW 500) to 218,833,144 (value per share: KRW 100) through stock split and spin-off that took effect on October 28, 2021

2) The number of treasury stocks includes 54,032 treasury stocks acquired due to the occurrence of single shares as a result of the spin-off

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

Types of Shares and Voting Rights

SK Telecom does not have a differential voting right system that grants multiple voting rights to specific stocks, and follows the principle of one voting right per share. There are a total of 6,133,414 treasury stocks with limited voting rights under the Commercial Act. As of December 31, 2023, there is a total of 212,699,730 shares with voting rights(97.20% of total issued shares).

Types of Shares and Voting Rights*(As of December 31, 2023)

Classification	No. of shares issued(shares)	Ratio(%)
Preferred stock	0	0.00%
Common stock - stocks with voting rights	212,699,730	97.20%
Common stock - treasury stocks	6,133,414	2.80%
Sum	218,833,144	100.00%

Dividend Policy and Shareholder Return

SK Telecom seeks to enhance corporate value through cash dividends that reflect business performance and increased shareholder returns from a long-term perspective based on continuous growth. Throughout this process, our top priority is practicing capital management that strikes a balance between investment for growth and shareholder returns.

SK Telecom's shareholder return is determined by comprehensively considering business performance, investment plans, financial status and prospects, and can provide money and stocks to shareholders in accordance with the Articles of Incorporation. We determine the cash dividends by comprehensively considering investment for the company's continuous future growth, annual business performance, and the status of its cash flow. When dividends are paid in stocks, if the company issues several types of stocks, the type of new stocks to be distributed can be determined by resolution at the general shareholders' meeting.

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

In August 2021, SK Telecom introduced a mid- to long-term dividend policy aimed at allocating dividends within 30–40% of EBITDA(Earnings Before Interest, Tax, Depreciation, and Amortization) – CapEx(capital expenditures) from fiscal year 2021 to fiscal year 2023, enhancing predictability in shareholder returns. Subsequently, dividends have been determined based on this criterion by the Board of Directors. As of late April 2024, the company announced a new mid- to long-term dividend policy intending to allocate more than 50% of its consolidated adjusted net profit as shareholder returns, derived from controlling shareholder's net profit excluding one-time and non-recurring gains and losses, for fiscal years 2024 to 2026.

Considering the company's stock price and financial capability, SK Telecom continues to repurchase and cancel treasury stocks to enhance corporate value. From 2020 to 2021, the company bought back KRW 500 billion worth of treasury stocks. In May 2021, 8,685,568 shares(10.76% of the total issued shares) of previously acquired treasury stocks were cancelled. SK Telecom repurchased KRW 300 billion worth of treasury stocks and cancelled 4,043,091 shares(1.85% of the total issued shares) in February 2024. In 2023, SK Telecom's total annual dividend amounted to KRW 765.6 billion, with a dividend per share of KRW 3,540 and a dividend yield of 7.1%.

Shareholders Meeting

Management Supervision Function

At the 39th general shareholders’ meeting held on March 28, 2023, SK Telecom appointed directors Yong Hak Kim, Junmo Kim, and Haeyun Oh as independent directors and decided to appoint Yong Hak Kim and Haeyun Oh as members of the Audit Committee. Additionally, it implemented its management supervision function by deciding to approve the limit on director's remuneration and granting stock options to management.

Shareholder-friendly Management

SK Telecom protects the right of all its shareholders to exercise their voting rights in accordance with the relevant laws and the Article of Incorporation, and guarantees equal treatment for all shareholders, including minority shareholders and foreign shareholders. As part of this, SK Telecom has implemented a concentrated voting system aimed at encouraging minority shareholders, rather than controlling shareholders, to actively participate in voting. The company has also enhanced the convenience of exercising shareholder rights by introducing an electronic voting system. Furthermore, SK Telecom conducts regular general shareholders' meetings on the last Friday of March, a time when such meetings are typically held, to facilitate shareholder engagement.

Particularly, as a measure to significantly expand shareholder-friendly elements, SK Telecom provides detailed information on SK Telecom's major management achievements, business vision, financial status, etc. through the CEO shareholder letter sent every year. At the shareholders' meeting, the CEO and executive team present management plans and vision, followed by a Q&A session where shareholders can directly interact with the management.

Additionally, to minimize shareholders’ concerns over COVID-19 infection due to attendance at the general meeting of shareholders and expand communication with shareholders, SKT broadcasted the 36th general meeting of shareholders online in real time via PC and mobile in 2020 for the first time in Korea, providing it in the form of online general meeting of shareholders so that it can be viewed non-face-to-face. Afterwards, we continued to use online general meeting of shareholders until the 39th regular shareholders’ meeting held in March 2023.

Meanwhile, SK Telecom has enhanced the convenience for shareholders regarding dividend inquiries by transitioning from traditional mail-based dividend notices to online notifications starting from March 2022. Additionally, whenever shareholders use the online services, we are practicing shareholder-friendly management and ESG management at the same time by accumulating 'Happiness Credits', which are points of the donation program operated by the company, and using them for social contribution activities.

Board of Directors

Composition and Operation Status

SK Telecom's BOD is the highest decision-making body that coordinates the various interests of stakeholders and makes major management decisions. Based on the laws and Articles of Incorporation, BOD is entrusted with the highest decision-making authority regarding corporate management by shareholders and is fulfilling its responsibilities and roles. To protect corporate value, the BOD independently reviews the positive and negative impacts that the company's decisions may have on stakeholders to protect corporate value. It also deliberates and approves issues related to conflicting interests, such as the company's investment plan and internal transactions and compensation, as well as making decisions on overall risk management. BOD and committees under the BOD deal with various issues, including the company's management status and strategic direction, and make optimal decisions to increase corporate value through in-depth Q&A and collective intelligence. A total of 12 board meetings were held in 2023, with an attendance rate of 100%. SK Telecom recommends that all directors should attend more than 75% of the meetings.

1) The Fair Trade Commission announced the status of corporate governance of large conglomerates in December 2023
2) Telecommunication Services (within the standards of GICS Level 1)

Characteristic of the BOD

Independence	<ul style="list-style-type: none">Ratio of independent directors: 55.6%.(The average is 51.5%¹⁾ among domestic conglomerates)In accordance with the Commercial Act and other laws, the articles of incorporation specify the criteria for determining the independence and transparency of the independent directorsAppointment of an independent director as the chairman of the BODAppointment of independent director as the chairmen of 5 committees
Expertise	<ul style="list-style-type: none">Establishment of a director election process for secure professional competence in the mobile communications industry²⁾The BOD is composed of professionals with extensive expertise or practical experience in communications, media, security, AI, and cloud, etcRecommend and elect experts who can make up for the skills gap needed to the expertise of the BOD as candidates for directorsMaintain the proportion of experienced directors in the mobile communication industry at a certain level5 experts in the ICT field out of 9 industry experts in the BOD
Efficiency	<ul style="list-style-type: none">Set the limit for the number of concurrent positions held by independent directors and auditors to maximum of twoEstablish and operate various committees to ensure that the roles and responsibilities of the BOD are conducted efficiently and professionally
Diversity	<ul style="list-style-type: none">Pursue diversity without discrimination based on gender, race, ethnicity, country, nationality, religion, or disability, etc.

Independence and conflicts of interest statement of BOD



Independence

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

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



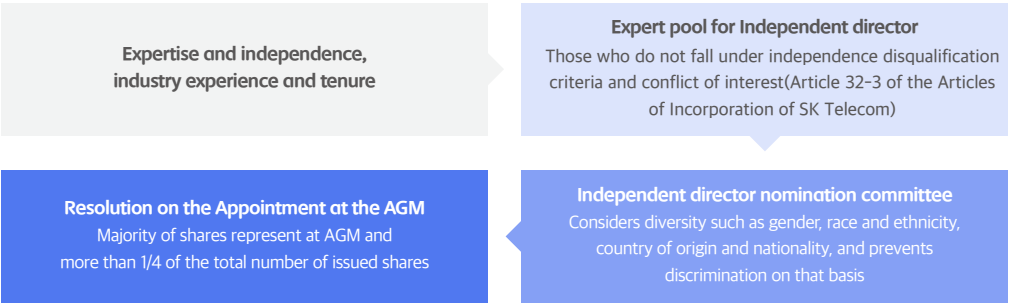
Transparency

Standards for conflict of interest in the articles of incorporation

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

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

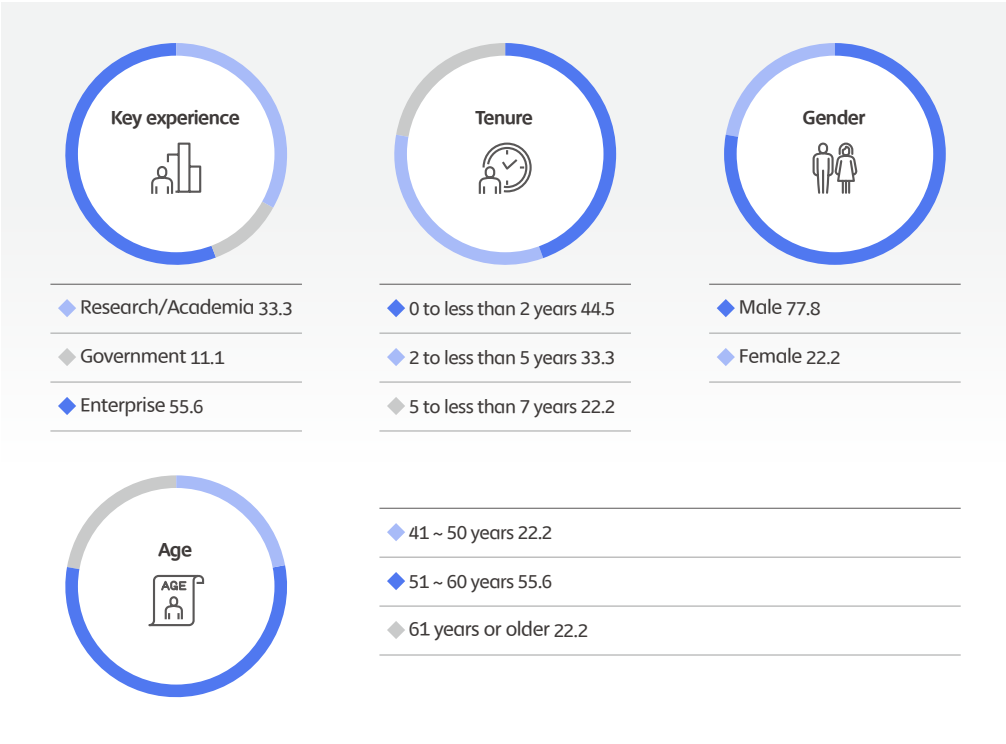
Director Election Process



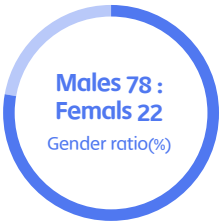
Independence of Independent directors

Requirements ¹⁾	Compliance status
The director must not have been hired as an executive of the company within the previous year	◆
During the current financial year, the director must not accept or have family members who receive monetary benefits exceeding \$60,000 from the company, a parent company, or subsidiaries	◆
The director must not be a family member of an individual employed by an executive of the company, a parent company, or subsidiaries	◆
The director should not be an adviser, consultant, or member of the company's senior management and should be independent of the company providing advice and consulting	◆
The director should not be related to significant customers or suppliers of the company	◆
The director should not have a personal service agreement with the company or its senior management	◆
The director should not be related to non-profit organizations that receive significant financial support from the company	◆
The director should not be a partner or an employee conducting an external audit within the previous year	◆
As determined by the Board, no conflict of interest had a result in a loss of independence (*According to the standards for conflicts of interest in SKT's Articles of Incorporation)	◆

Composition of the BOD(Unit: %)



Released BOD
Board Skills Matrix(BSM)



Released BOD Board Skills Matrix(BSM)

As interest in ESG increases, various stakeholders, including shareholders and investors, are increasingly demanding disclosure of information, including the expertise and diversity of the BOD, the company's highest decision-making body. In order to meet these demands and strengthen the transparency of its governance simultaneously, SK Telecom has introduced the Board Skills Matrix(BSM) and is disclosing information on the abilities, qualifications, and diversity of board directors. SK Telecom's BSM framework was tailored to align with the company's specific characteristics. It encompasses leadership qualities essential for director roles, financial and accounting expertise to oversee management activities, capabilities in ESG and safety, ICT proficiencies in communications and media, technology and business acumen crucial for AI company growth, global and capital market competencies for M&A and investments, and skills in risk management and compliance. As a Global AI Company, SK Telecom is organizing an optimal BOD to generate performance and maximize corporate value, and further enhancing shareholders and investors' understanding of the board's holding capabilities by disclosing BSM.

Status of Training for Independent Directors

Training Date	Organizer	Participating Independent Directors	Key Contents of Training
2023.03.28	Office of the BOD	Haeyun Oh	• Training for new independent directors (management plan, management strategy, KPI, etc. in 2023)
2023.04.19	Office of the BOD	Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Junmo Kim, Haeyun Oh	• Training on SK Telecom communication network • Discussion focused on the results of the evaluation of the BOD in 2022
2023.05.24	Serious-accident Prevention Office	Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Junmo Kim	• First aid training(CPR, etc.)
2023.06.21	Office of the BOD	Haeyun Oh	• Training for new independent directors(ethical management performance in 2022 and mid-term business audit plan(draft), accounting audit results in 2022)
2023.06.22	Office of the BOD	Haeyun Oh	• Training for new independent directors(safety and health plan in 2023, remuneration of the CEO and executive directors in 2023)
2023.08.23	AI service department	Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Junmo Kim, Haeyun Oh	• A.(A-DoT) progress status and future plans
2023.09.20	Global AI business development Office	Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Junmo Kim, Haeyun Oh	• Telco Alliance and LLM-related promotion results
2023.11.22	Infra-Red Office, Information security Office	Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Junmo Kim, Haeyun Oh	• Current status of promoting customer and service protection

Evaluation of the BOD

The BOD of SK Telecom regularly evaluates the activities of the BOD and committees to enhance the reliability of its governance and improve the efficiency of its operations. The evaluation is conducted once a year by all members of the BOD and management who attend the BOD meetings, and is conducted through qualitative evaluation and opinion writing in each area regarding the composition, role, and operation of the BOD and all committees. The results of these evaluations are reported and discussed within the BOD, and are used to further refine and enhance SK Telecom's governance practices.

Yong Hak Kim

Independent director,
Chairman of the BOD



March 2023~March 2026(first appointment in March 2020)

- Bachelor in Social Sciences, Yonsei University
- Master and Ph. D in Social Sciences, University of Chicago
- Current Professor Emeritus, Yonsei University
- Former President of Yonsei University
- Former Employee of BK Planning Committee, Ministry of Education
- Former Employee of the Presidential Commission on Policy Planning

Social value creation, risk management

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

Junmo Kim

Independent director



March 2023~March 2026(first appointment in March 2020)

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

AI, Data growth strategy, telecommunications

Future Strategy Committee, Independent Director Nomination Committee, ESG Committee

Young Sang Ryu

Executive director



March 2018~March 2027

- Bachelor and Master in Industrial Engineering, Seoul National University
- MBA, University of Washington
- Current CEO of SK Telecom
- Former President of MNO, SK Telecom
- Former Head of the SK Telecom Corporate Center
- Former EVP of Business Development Group, SK C&C
- Former SVP of Business Development Office, SK Telecom

M&A, business development, finance, investment

Future Strategy Committee

Haeyun Oh

Independent director



March 2023~March 2026

- Bachelor in Mathematics, MIT
- Master in Language and Information Technology, Carnegie Mellon University
- Ph.D. in EECS, MIT
- Current Director, Center for MARS Artificial Intelligence Research, KAIST
- Former Director, Artificial Intelligence Research Center, KAIST
- Former Professor, School of Computer Science, KAIST
- Former Civilian employee, Presidential Committee on the 4th Industrial Revolution

AI, growth strategy, telecommunications

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

Seok Dong Kim

Independent director



March 2022~March 2025(first appointment in March 2019)

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

Financial policy, finance, accounting, risk management

Future Strategy Committee, HR/Compensation Committee, Audit Committee

Mi Kyung Noh

Independent director



March 2024~March 2027

- Bachelor in English literature, Yonsei University
- MBA, Sogang University
- Former Executive Director of Risk/Credit Risk Review, Hong Kong & Asia Pacific Region, HSBC
- Former EVP, Chief Risk Officer, Seoul, HSBC
- Former HR/Financial Mgmt./Credit Analyst, Seoul, Chase Manhattan Bank

Finance, accounting, risk management

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

Sung Hyung Lee
Non-executive director



Tenure

March 2024~March 2027

Career Highlights

- Bachelor of Business Administration, Yonsei University
- Current Chief Financial Officer(CFO) of SK Inc.
- Former Vice President, Head of Finance Division, SK Corporation
- Former other Non-executive Director: SKC, SK E&C

Expertise

Finance, business development, business strategy, risk management

Committee

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

Jong Ryeol Kang
Executive director



March 2022~March 2025

- Bachelor in Electronic Engineering, Seoul National University
- Current Head of ICT Infra(CSPO), SK Telecom
- Former Director of ICT Infra Center, SK Telecom
- Former Head of the Corporate Culture Division, SK Telecom

Infrastructure, business development, occupational safety, corporate information security

Future Strategy Committee, ESG Committee

Yang Seop Kim
Executive director



March 2024~March 2027

- Bachelor of Laws, Korea University
- Master of Finance, University of Michigan, USA
- Current Corporate Planning Manager(CFO), SK Telecom
- Former Head of Financial Division(CFO), SK Innovation
- Former SK ON, SK Trading International Auditor

Finance, accounting, risk management

Future Strategy Committee



BOD Activities(2023)

Session	Date	Key Agenda
474	2023.02.07	<ul style="list-style-type: none">♦ 39th financial statements(draft)♦ 39th Business Report(draft)♦ Health and safety plan in 2023(draft)♦ Disposal of treasury stock(draft)♦ Contribution of donations for ESG management(SV creation)(draft)♦ Evaluation of company-wide KPI performance in 2022(draft)♦ Transaction with SK Broadband Co., Ltd. in 2023(draft)♦ Follow-up reports for Q4 2022♦ Management plan external communication plan in 2023
475	2023.02.23	<ul style="list-style-type: none">♦ Operational status of the internal accounting management system♦ Convocation of the 39th general shareholders' meeting(draft)♦ Remuneration of CEO/executive directors(draft)♦ Disposal of treasury stock(draft)♦ Contributions to the Korean Fencing Association in 2023(draft)♦ Results of the evaluation of operational status of the internal accounting management system
476	2023.03.28	<ul style="list-style-type: none">♦ Appointment of chairperson of the BOD(draft)♦ Appointment of Committee Members(draft)♦ 2023 Corporate KPI(draft)♦ Transaction with SK, Co., Ltd. Q2 2023(draft)♦ Settlement of operating expenses for SK Academy in 2023(draft)♦ Results of personal credit information management and protection status inspection
477	2023.04.20	<ul style="list-style-type: none">♦ Disposal of treasury stock(draft)♦ Q1 Dividend(draft)♦ Investment in SKTA for A.(A-DoT) global promotion, etc.(draft)♦ Payment of special membership fee to the Seoul Chamber of Commerce and Industry to support the hosting of the Busan World Expo(draft)♦ Follow-up reports for Q1 2023
478	2023.06.22	<ul style="list-style-type: none">♦ Transaction with SK, Co., Ltd. in Q3 2023(draft)♦ Delisting of stock depository receipts from the London Stock Exchange(draft)
479	2023.07.26	<ul style="list-style-type: none">♦ Financial report for the first half of 2023♦ Q2 Dividend(draft)♦ Conclusion of trust contract for acquisition of treasury stocks(draft)♦ Disposal of treasury stock(draft)♦ Remuneration of CEO/executive directors(draft)♦ Follow-up reports for Q2 2023

Session	Date	Key Agenda
480	2023.09.20	<ul style="list-style-type: none">♦ SK Telecom Innovation Fund, L.P. Investment in Atlas Investment, an overseas investment company, to expand investment resources♦ Transaction with SK, Co., Ltd. in Q4 2023(draft)
481	2023.10.25	<ul style="list-style-type: none">♦ Q3 Dividend(draft)♦ Follow-up reports for Q3 2023
482	2023.11.23	<ul style="list-style-type: none">♦ Enactment of regulations on Clawback(draft)♦ Additional contributions to the Korean Fencing Association in 2023(draft)
483	2023.12.06	<ul style="list-style-type: none">♦ CEO succession(draft)
484	2023.12.06	<ul style="list-style-type: none">♦ Reorganization and executive personnel in 2024(draft)
485	2023.12.18	<ul style="list-style-type: none">♦ Issuance and delegation of electronic short-term bonds(draft)♦ Procurement and delegation of long-term borrowing(draft)♦ Extension of SK brand usage contract(draft)♦ IT SMSSystem Maintenance Contract(draft)♦ Settlement of operating expenses for business aircraft in 2024(draft)♦ Settlement of operating expenses for SK Academy in 2024(draft)♦ Transactions with SK Pinx in 2024(draft)♦ Transaction with SK Co., Ltd. in Q1 2024♦ 2024 Business Plan(draft)♦ 2024 Safety and health plan(draft)♦ Progress of compliance management activities in 2023 and implementation plan for 2024

Committees Under the BOD

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

Composition of Committees under the BOD(As of April 2024)

Committee	Chairperson	Members
Audit Committee	Seok Dong Kim	Yong Hak Kim, Seok Dong Kim, Haeyun Oh, Mi Kyung Noh
Independent Director Nomination Committee	Junmo Kim	Yong Hak Kim, Junmo Kim, Haeyun Oh, Sung Hyung Lee
Future Strategy Committee	Yong Hak Kim	Yong Hak Kim, Seok Dong Kim, Junmo Kim, Haeyun Oh, Mi Kyung Noh, Young Sang Ryu, Sung Hyung Lee, Jong Ryeol Kang, Yang Seop Kim
HR/Compensation Committee	Mi Kyung Noh	Yong Hak Kim, Seok Dong Kim, Mi Kyung Noh, Sung Hyung Lee
ESG Committee	Haeyun Oh	Junmo Kim, Haeyun Oh, Mi Kyung Noh, Jong Ryeol Kang

Audit Committee

The Audit Committee conducts accounting and business audits, including financial statements and supplementary statements, review of audit procedures and results by external auditors, review of company's major issues, and operational status of the internal accounting management system as reported by internal accounting managers and external auditors. In accordance with laws and regulations of the Audit Committee, it also deliberates and approves specific transactions, such as private contracts with affiliates of a certain size or larger, and has the authority to execute the director's duties, investigates the status of works and property, request the suspension of employees who commit illegal acts, and requests for convening extraordinary general shareholders' meetings. The Audit Committee must report the evaluation and major activities to the general shareholders' meeting, and this is disclosed through the business report.

Operational Status of the Audit Committee(2023)

Date	Key Agenda	Attendance Rate
2023.02.06	<ul style="list-style-type: none">Approval for provision of the external auditor services in 20232022 ethical management performance and 2023/mid-term business audit plan(draft)SKT ethical management external disclosure status and evaluation results	100%
2023.02.22	<ul style="list-style-type: none">Evaluation of the operational status of the internal accounting management system(draft)Opinion of the Audit Committee on internal monitoring measures(draft)Confirmation of the Agenda for the 39th general meeting of shareholders and the opinions on document investigation(draft)39th Audit Report(draft)	100%

Date	Key Agenda	Attendance Rate
2023.02.22	<ul style="list-style-type: none">39th Audit Report(draft)Contract for the provision of gifts to fixed-line service customers in 2023(draft)Operational status of the internal accounting management systemAudit results for fiscal year 2022Audit results of internal accounting management system for fiscal year 2022	100%
2023.03.27	<ul style="list-style-type: none">2023 Employee Welfare Fund contribution(draft)2023 optical network maintenance service(draft)2023 transmission equipment maintenance service(draft)	75%
2023.04.19	<ul style="list-style-type: none">Appointment of chairperson(draft)PCAOB audit results in 20222023 Accounting audit planSubsidiary regular business audit plan	100%
2023.05.24	<ul style="list-style-type: none">Smart ship equipment supply transaction with SK Ocean Plant Co., Ltd.(draft)Results of the first regular business audit in 2023	100%
2023.07.26	<ul style="list-style-type: none">Results of ethics management/business audit in the first half of 2023 and plans for the second half(draft)FY2022 external auditor service evaluation resultFY 2023 external auditor's half-annual review result	100%
2023.09.19	<ul style="list-style-type: none">Results of the second regular business audit in 2023	100%
2023.10.25	<ul style="list-style-type: none">Key inspection items of the Audit Committee's internal accounting management system	100%
2023.11.22	<ul style="list-style-type: none">2023 Ethical management level evaluation result2023 Leaders' exemplary conduct review resultsAudit Committee authority/obligation fulfillment statusConclusion of subsidiary audit agreement(draft)Approval of evaluation by the head of the internal audit department in 2023(draft)Approval of the organization of the Internal Audit Department in 2024(draft)	100%
2023.12.18	<ul style="list-style-type: none">2023 Financial report internal control test process and year-end audit plansApproval of an external audit contract(draft)2024 transactions with PS&M Co., Ltd.(draft)2024 transactions with SK Broadband(draft)2024 product/service transactions with SK Planet(draft)2024 product/service transactions with SK Hynix(draft)2024 product/service transactions with 11Street Co(draft)2024 product/service transaction with Dreamus Company(draft)2024 product/service transaction with Contents Wave(draft)2024 service transaction with One Store Corp.(draft)	75%

Date	Key Agenda	Attendance Rate
2023.12.18	<ul style="list-style-type: none">♦ 2024 base station maintenance service(draft)♦ 2024 switching equipment operation support service(draft)♦ 2024 overdue bill consulting and receivables collection entrustment(draft)♦ 2024 customer contact channel operation service(draft)♦ 2024 wired and wireless infrastructure building contract(draft)♦ 2024 Happy Narae general goods purchase(draft)	75%

Independent Director Nomination Committee

The Independent Director Nomination Committee, which operates to recommend fair independent director candidates, establishes a transparent process for appointing independent directors and responsibly manages the nomination and selection process. It is stipulated that the majority of the total committee members must be independent directors, and candidates with independence and expertise are recommended as independent directors.

Independent Director Nomination Committee activities(2023)

Date	Key Agenda	Attendance Rate
2023.02.23	<ul style="list-style-type: none">♦ Nomination of independent director candidate at the 39th AGM(draft)	100%
2023.04.19	<ul style="list-style-type: none">♦ Appointment of chairperson(draft)	100%
2023.05.24	<ul style="list-style-type: none">♦ Securing/management of independent director candidate group in 2023(draft)	100%
2023.10.25	<ul style="list-style-type: none">♦ List of independent director candidates in 2024	100%

Future Strategy Committee

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

Future Strategy Committee activities(2023)

Date	Key Agenda	Attendance Rate
2023.03.21	<ul style="list-style-type: none">♦ 2023 Company-wide KPI(draft)	100%
2023.04.19	<ul style="list-style-type: none">♦ Appointment of chairperson(draft)	100%
2023.06.22	<ul style="list-style-type: none">♦ UAM business promotion strategy and investment plan	100%
2023.07.26	<ul style="list-style-type: none">♦ 1H 2023 KPI performance♦ Global Telco Alliance progress and investment in Company A(draft)	100%
2023.11.23	<ul style="list-style-type: none">♦ Provisional KPI evaluation in 2023(draft)♦ 2024 business plan(draft)♦ 2024 investment plan(draft)	100%

HR/Compensation Committee

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

HR/Compensation Committee activities(2023)

Date	Key Agenda	Attendance Rate
2023.02.17	<ul style="list-style-type: none">♦ Remuneration of the CEO and executive directors(draft)	100%
2023.02.22	<ul style="list-style-type: none">♦ Remuneration of the CEO and executive directors(draft)	100%
2023.04.19	<ul style="list-style-type: none">♦ Appointment of the chairperson	100%
2023.06.21	<ul style="list-style-type: none">♦ CEO remuneration system	100%
2023.07.25	<ul style="list-style-type: none">♦ CEO remuneration system(draft)♦ Remuneration of the CEO and executive directors(draft)♦ Report on establishment of CEO succession plan	100%
2023.11.22	<ul style="list-style-type: none">♦ Establishment of regulations on Clawback(draft)	100%
2023.12.05	<ul style="list-style-type: none">♦ CEO succession plan and candidate group(draft)♦ Review of CEO succession(draft)	100%

ESG Committee

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

ESG Committee Activities(2023)

Date	Key Agenda	Attendance Rate
2023.04.19	<ul style="list-style-type: none">♦ Appointment of the chairperson(draft)♦ ESG key tasks and plan for 2023	100%
2023.05.24	<ul style="list-style-type: none">♦ Corporate governance report(draft)♦ 2022 social value creation result	100%
2023.06.21	<ul style="list-style-type: none">♦ FY2022 Annual report materiality assessment results and key contents	100%
2023.09.19	<ul style="list-style-type: none">♦ ESG fund operation progress and plan♦ Net Zero initiative status and plan	75%
2023.10.25	<ul style="list-style-type: none">♦ 2023 key achievements of win-win cooperation and 2024 business directions♦ Status of customer value innovation promotion in 2023 and plan for 2024♦ SKT TCFD^{Task Force on Climate-related Financial Disclosure} Report key contents	100%
2023.11.22	<ul style="list-style-type: none">♦ 2023 ESG promotion performance♦ 2023 ESG evaluation results and plans	100%

External Auditor

SK Telecom’s external auditors conduct audits of the company’s financial statements and supplementary statements to ensure fairness and transparency. Following the completion of the external audit, the Audit Committee evaluates the adequacy of the audit findings. SK Telecom adheres to Article 10 of the Act on External Audit of Stock Companies, etc., which mandates appointing the same auditors for three consecutive business years. The external auditor selected for the 2023 business year was EY Hanyoung Accounting Corp., and the audit opinion for the 40th fiscal year was ‘appropriate’ with no other issue.

External auditor selection process

Evaluation and selection
of the Audit Committee

Report to shareholders’ meeting

Signing of audit contract

Auditor's Opinions

FiscalYear	Auditor	Auditor's opinion	Emphasis	Key audit items
40th (Current year)	EY Hanyoung Accounting Corp.	Unqualified	Not applicable	Wireless communication revenue recognition period, Assessment of impairment of cash generation units business rights in fixed communications business
39th	EY Hanyoung Accounting Corp.	Unqualified	Not applicable	Wireless communication revenue recognition period, Assessment of impairment of cash generation units business rights in fixed communications business
38th	KPMG Samjong Accounting Corp.	Unqualified	Establishment of SK Square through a spin-off and indication of discontinued operation in the consolidated financial statement	Revenue recognition, Assessment of impairment of cash generation units business rights in fixed communications business
37th			Retroactive application of changes in the accounting policy due to alteration of the lease term calculation method	Revenue recognition, Assessment of impairment of cash generation units business rights in security services business, customer relations fair value assessment

Audit service contract status

Fiscal Year	Auditor	Contents	Audit contract details		Actual performance details	
			Fee	Hours	Fee	Hours
40th (Current year)	EY Hanyoung Accounting Firm	Quarterly/semi-annual audits Audits of non-consolidated financial statements Audits of Consolidated financial statements English financial statements review and other audits Audits on Internal accounting system	KRW 2,780 million	24,800 hours	KRW 2,780 million	24,800 hours

1) SK Telecom is applying and introducing a Clawback rule to recover performance compensation in the event of unethical behavior by management, violation of laws, loss, and loss in the company's mid- to long-term performance

Fair Performance Evaluation and Compensation

Evaluation of Management Performance¹⁾

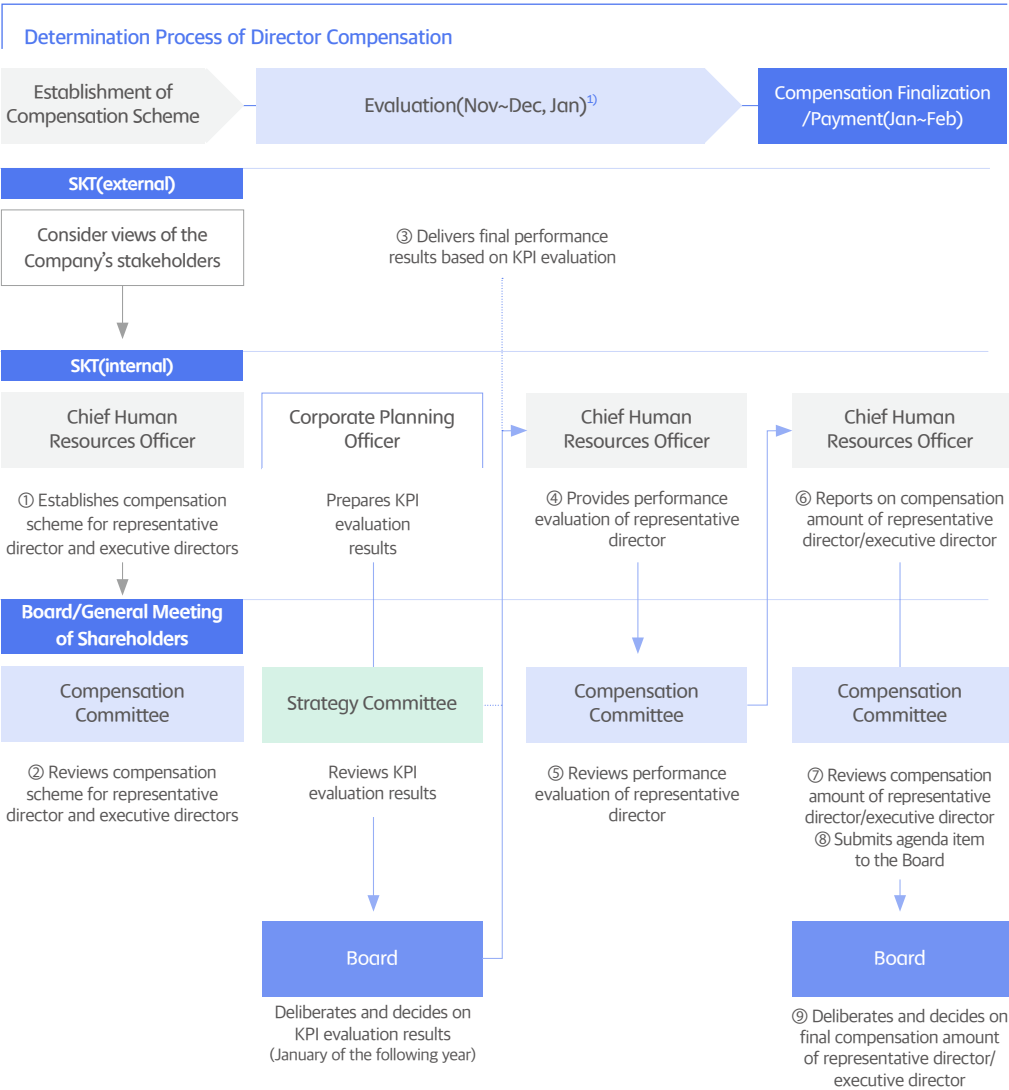
We comprehensively evaluate the performance of the CEO and the executives of SK Telecom by considering both financial and non-financial performance. The annual performance evaluation consists of a self-assessment of the attendance rate of the BOD and its committees, expertise in the company's business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

Remuneration of Management

SK Telecom's management remuneration is determined within approved limits at the general shareholders' meeting, considering their management performance and role. Director salaries and severance pay are disbursed following resolutions by the Board of Directors or the general shareholders' meetings. This is calculated comprehensively by incorporating quantifiable indicators such as corporate value, sales, operating profit, as well as non-quantitative indicators like leadership in executing strategic tasks and creating management outcomes. Here are the details.



- 1) Evaluation of executive directors is delegated to the CEO
- 2) Excluding independent directors and Audit Committee members
- 3) Excluding Audit Committee members
- 4) The number of registered directors includes one other non-executive director who has not paid remuneration
- 5) The average amount of remuneration per registered director excludes one other non-executive director who has not paid remuneration
- 6) Calculated by dividing the total CEO remuneration by the average employee remuneration
- 7) Calculated based on the actual value at the stock option grant date(average price derived from the weighted average closing price over 2 months, 1 month, and 1 week preceding the grant date). The Vesting Period is aligned with performance goals and spans up to five years, aiming to boost corporate value and achieve long-term performance

**Remuneration payment for directors**

Classification	Number of persons	Total payment (KRW million)	Average remuneration per person(KRW million)
Registered directors ²⁾	3 ⁴⁾	3,295	1,648 ⁵⁾
Independent director ³⁾	1	165	165
Members of Audit Committee	4	653	163

CEO-employee remuneration ratio(2023)

Total remuneration for the CEO(KRW million)	Average remuneration for employees(KRW million)	Ratio ⁶⁾
2,065	152	13.59

Stock options for executives

Grant date	Recipient	Base exercise price ⁷⁾	Granted shares	Cancelled shares	Remaining shares	Exercise period
2017.03.24	Jung Ho Park	53,298	67,320	67,320	0	2020.3.25~2023.3.24
2017.03.24	Jung Ho Park	57,562	67,320	0	67,320	2021.3.25~2024.3.24
	Sub total		134,640	67,320	67,320	
2018.02.20	Young Sang Ryu	50,824	4,123	4,123	0	2020.2.21~2023.2.20
	Sub total		4,123	4,123	0	
2019.02.22	Seong Ho Hah	53,052	4,157	0	4,157	2021.2.23~2024.2.22
2019.02.22	Hyung il Ha	53,052	4,749	0	4,749	2021.2.23~2024.2.22
	Sub total		8,906	0	8,906	
2019.03.26	Young Sang Ryu	50,862	5,265	0	5,265	2021.3.27~2024.3.26
	Sub total		5,265	0	5,265	



* As of December 31, 2023, the number of shares and the exercise price reflecting changes due to stock split on October 28, 2021 and corporate split on November 1, 2021

** Including stock options of unregistered executives

Grant date	Recipient	Base exercise price ^㉞	Granted shares	Cancelled shares	Remaining shares	Exercise period
2020.03.26	Jong Ryeol Kang	38,452	6,219	0	6,219	2023.3.27~2027.3.26
2020.03.26	Jung Ho Park	38,452	337,408	0	337,408	2023.3.27~2027.3.26
2020.03.26	Young Sang Ryu	38,452	7,145	0	7,145	2023.3.27~2027.3.26
2020.03.26	Pung Yeong Yoon	38,452	5,293	0	5,293	2023.3.27~2027.3.26
2020.03.26	Hyeon Ah Lee	38,452	4,631	0	4,631	2023.3.27~2027.3.26
2020.03.26	Dong Hwan Cho	38,452	4,631	0	4,631	2023.3.27~2027.3.26
2020.03.26	Seong Ho Hah	38,452	5,028	0	5,028	2023.3.27~2027.3.26
2020.03.26	Hyung il Ha	38,452	5,955	0	5,955	2023.3.27~2027.3.26
	Sub total		376,310	0	376,310	
2021.03.25	Jong Ryeol Kang	50,276	7,136	0	7,136	2023.3.26~2026.3.25
2021.03.25	Byeong Hun Ryu	50,276	3,796	0	3,796	2023.3.26~2026.3.25
2021.03.25	Jae Seung Song	50,276	8,047	0	8,047	2023.3.26~2026.3.25
2021.03.25	Sang Gyu Shin	50,276	4,646	0	4,646	2023.3.26~2026.3.25
2021.03.25	Young Sang Ryu	50,276	18,190	0	18,190	2023.3.26~2026.3.25
2021.03.25	Pung Yeong Yoon	50,276	10,203	0	10,203	2023.3.26~2026.3.25
2021.03.25	Hyeon Ah Lee	50,276	8,746	0	8,746	2023.3.26~2026.3.25
2021.03.25	Dong Hwan Cho	50,276	5,375	0	5,375	2023.3.26~2026.3.25
2021.03.25	Seong Ho Hah	50,276	5,830	0	5,830	2023.3.26~2026.3.25
2021.03.25	Hyung il Ha	50,276	11,418	0	11,418	2023.3.26~2026.3.25
2021.03.25	Myeong Jin Han	50,276	4,403	0	4,403	2023.3.26~2026.3.25
	Sub total		87,790	0	87,790	
2022.03.25	Jong Ryeol Kang	56,860	21,743	0	21,743	2024.3.26~2027.3.25
2022.03.25	Jin Won Kim	56,860	10,629	0	10,629	2024.3.26~2027.3.25
2022.03.25	Hee Seop Kim	56,860	7,086	0	7,086	2024.3.26~2027.3.25
2022.03.25	Yong Joo Park	56,860	10,334	0	10,334	2024.3.26~2027.3.25
2022.03.25	Jung Hwan Ahn	56,860	8,858	0	8,858	2024.3.26~2027.3.25
2022.03.25	Young Sang Ryu	56,860	295,275	196,850	98,425	2025.3.26~2029.3.25
2022.03.25	Hyeon Ah Lee	56,860	12,884	0	12,884	2024.3.26~2027.3.25
2022.03.25	Bong Ho Lim	56,860	8,858	0	8,858	2024.3.26~2027.3.25

Sub total	Recipient	Base exercise price ^㉞	Granted shares	Cancelled shares	Remaining shares	Exercise period
2022.03.25	Dong Hwan Cho	56,860	8,697	0	8,697	2024.3.26~2027.3.25
2022.03.25	Seong Ho Hah	56,860	9,341	0	9,341	2024.3.26~2027.3.25
2022.03.25	Myeong Jin Han	56,860	11,274	0	11,274	2024.3.26~2027.3.25
	Sub total		404,979	196,850	208,129	
2023.03.28	Jong Ryeol Kang	47,280	22,000	22,000	0	2025.3.29~2028.3.28
2023.03.28	Gyeong Deok Kim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Yong Hun Kim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Jin Won Kim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Hyeok Kim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Hee Seop Kim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Yong Joo Park	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Jung Hwan Ahn	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Hyeon Ah Lee	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Bong Ho Lim	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Hyeon Gi Chang	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Dong Hwan Cho	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Yeong Rok Jo	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Min Yong Ha	47,280	12,000	12,000	0	2025.3.29~2028.3.28
2023.03.28	Myeong Jin Han	47,280	12,000	12,000	0	2025.3.29~2028.3.28
	Sub total		190,000	190,000	0	

Status of Individual Remuneration Paid to Directors and Executives(Unit: KRW million)

Recipient	Total Amount Paid	Earned Income	Amount Paid	Results
Young Sang Ryu	2,065	Salary	1,200	<ul style="list-style-type: none">♦ Set within the director’s remuneration limit in 2023 based on director’s remuneration payment standards, considering role/position, leadership/expertise, contribution to company and management performance♦ Performance role/position<ul style="list-style-type: none">- He established an 'AI Pyramid' strategy to innovate all areas of industry and life, focusing on the three areas; 'AI infrastructure', 'AIX', and 'AI service', and specialized Telco and advanced LLM under the two-track strategy of 'self-reliance and cooperation', and accelerated the leap forward as a Global AI company by expanding cooperation with the Global Telco Alliance- As CEO of SK Telecom, achieved record-breaking financial targets of KRW 17.6 trillion in consolidated sales and KRW 1.75 trillion in consolidated operating profit based on SK Telecom-SK Broadband synergy♦ KRW 100 million, which is 1/12th of the total annual remuneration of KRW 1,200 million, was paid monthly
		Bonus	836	<ul style="list-style-type: none">♦ Based on role/position/leadership and remuneration standards, it is calculated by comprehensively considering the goal achievement level of quantitative indicators consisting of sales and operating profit, and non-quantifiable indicators consisting of strategic task performance and leadership for creating management performance♦ In 2022, based on SK Telecom-SK Broadband synergy, he achieved stable performance in wired and wireless communications, media business, and enterprise areas, resulting in consolidated sales of KRW 17.3 trillion, up 3.3% from the previous year, and consolidated operating profit of KRW 1.6 trillion, up 1.2% from the previous year, commercialized A(A-DoT), strengthened the product and technology competitiveness of subscription and metaverse services, laying the foundation for a leap forward as an AI Company<ul style="list-style-type: none">- By expanding customer options through diversification of 5G rate plans, the number of 5G subscribers exceeded 13.4 million, and mobile communication sales recorded KRW 10.5 trillion, up 2.0% compared to the previous year, and IPTV maintained the first place in net increase M/S and achieved 9.32 million subscribers, driving solid growth in the wired and wireless communications- The media business continued to expand its value chain, including content/advertisement/T-commerce, and achieved sales of KRW 1.5 trillion, a 20.8% increase compared to the previous year- Through the continued growth of the Cloud and Data Center businesses, annual sales in the Enterprise area recorded KRW 1.5 trillion, up 12.5% from the previous year- 'T Universe' surpassed GMV of KRW 565 billion and established itself as a representative subscription service in Korea, and ifland achieved MAU of KRW 3.7 million and commercialized Korean LLM based AI agent service A(A-DoT) for the first time in the world- He promoted the commercialization of UAM for the first time in Korea through super cooperation with global companies, and established an AI solution encompassing hardware, software, and platform in autonomous driving- Through sustainable management efforts such as AI-based eco-friendly ICT infrastructure conversion, care for the elderly living alone through AI care/calls, and AI care for the developmentally disabled, he secured the status as a leading ESG company representing Korea including the incorporation into DJSI World in 2022 and receiving an A grade from CDP and a AA grade from MSCI ESG evaluation- Achieved first place in the three major domestic customer satisfaction surveys(NCSI, KCSI, KS-SQI) for the longest period in a row by improving service quality and preventing voice phishing/smishing using AI※ SK Telecom operates a stock price-based compensation program to strengthen its commitment to enhancing corporate value, and accordingly, KRW 208.3 million of the bonus was paid in treasury stock through the 'shareholder participation program' after approval from the BOD in accordance with Article 342 of the Commercial Act
		Other	29	<ul style="list-style-type: none">♦ Executive welfare benefits, etc.

Recipient	Total Amount Paid	Earned Income	Amount Paid	Results
Jong Ryeol Kang	1,230	Salary	700	<ul style="list-style-type: none">♦ Set within the director’s remuneration limit in 2023 based on director’s remuneration payment standards, considering role/position, leadership/expertise, contribution to company and management performance♦ Performance role/position<ul style="list-style-type: none">- As an executive director in charge of CSPO and ICT Infra, he established a company-wide safety and health management system, established wired and wireless network strategies, and managed infrastructure R&D, etc.- Based on expertise in Telco Biz. and ICT Infra, he contributed to strengthening the expertise of the BOD as an executive director of SK Telecom♦ KRW 58.3 million, which is 1/12th of the total annual remuneration of KRW 700 million, was paid monthly
		Bonus	525	<ul style="list-style-type: none">♦ Based on role/position/leadership and remuneration standards, it is calculated by comprehensively considering the goal achievement level of quantitative indicators consisting of sales and operating profit, and non-quantifiable indicators consisting of strategic task performance and leadership for creating management performance♦ In 2022, as a CSPO and ICT Infra general executive, he secured Infra safety management and 5G/Tech/cost competitiveness. As an executive director, he participated in the Future Strategy Committee/ESG Committee under the BOD to support decision-making on management issues and contributed to SKT 2.0 Governance Story promotion<ul style="list-style-type: none">- As a CSPO, he led the establishment of a safety and health management system, improved the company-wide safety and health level by strengthening the prevention of serious accidents and implementation inspection activities, and achieved the first place in three major customer satisfaction surveys(NCSI, KCSI, KS-SQI) for the longest period in a row by providing stable Infra in response to new threats such as disasters/ calamities and the resurgence of COVID-19- As a general executive of ICT Infra, he led the cooperation between SK Telecom and SK Broadband Infra organizations in response to future technologies such as the timely roll-out of 5G public network, strengthening quality competitiveness, satellite and 6G national projects, and enhancing mid- to long-term cost competitiveness through equipment efficiency/optimization- He established mid- to long-term goals considering Net Zero, reduced carbon emissions, and strengthened ESG performance by creating social value using infrastructure assets/ technology- As an executive director, he performed decision-making support activities on management issues under the BOD and contributed to strengthening Risk Mgmt. and advancing ESG, such as prevention of serious accidents※ SK Telecom operates a stock price-based compensation program to strengthen its commitment to enhancing corporate value, and accordingly, KRW 102.2 million of the bonus was paid in treasury stock through the 'shareholder participation program' after approval from the BOD in accordance with Article 342 of the Commercial Act
		Other	5	<ul style="list-style-type: none">♦ Executive welfare benefits, etc.

Risk Management




SK Telecom operates a company-wide integrated risk management system to address the volatility of the business environment and enhance our ability to execute business strategies. We systematically and effectively manage risks by identifying them ahead of time. We then move on to risk evaluation, analysis, action, and post-review. To ensure the dissemination and proliferation of a risk management culture among all members, including ICT family companies, SK Telecom focuses on strengthening our risk management capabilities by conducting regular education and training.

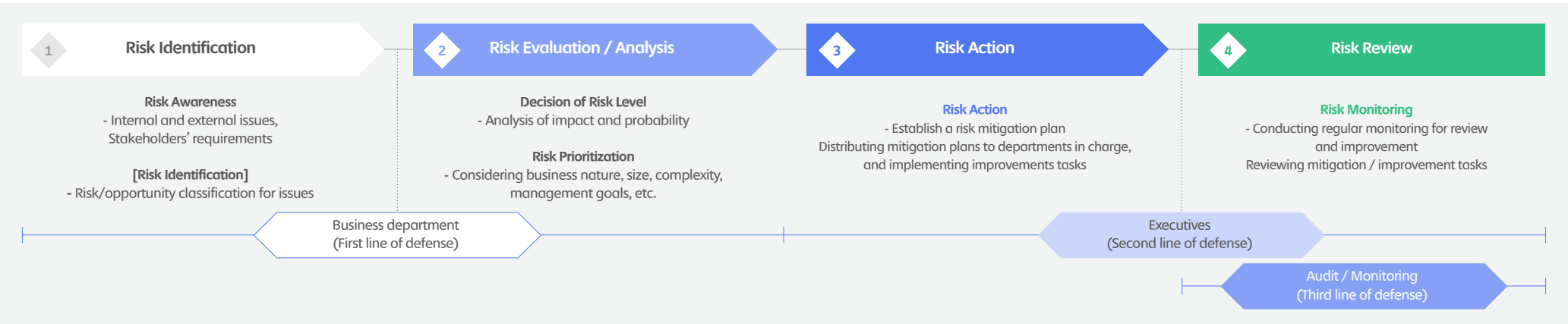
Company-Wide Risk Management System

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

The Company-Wide Risk Management Process

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

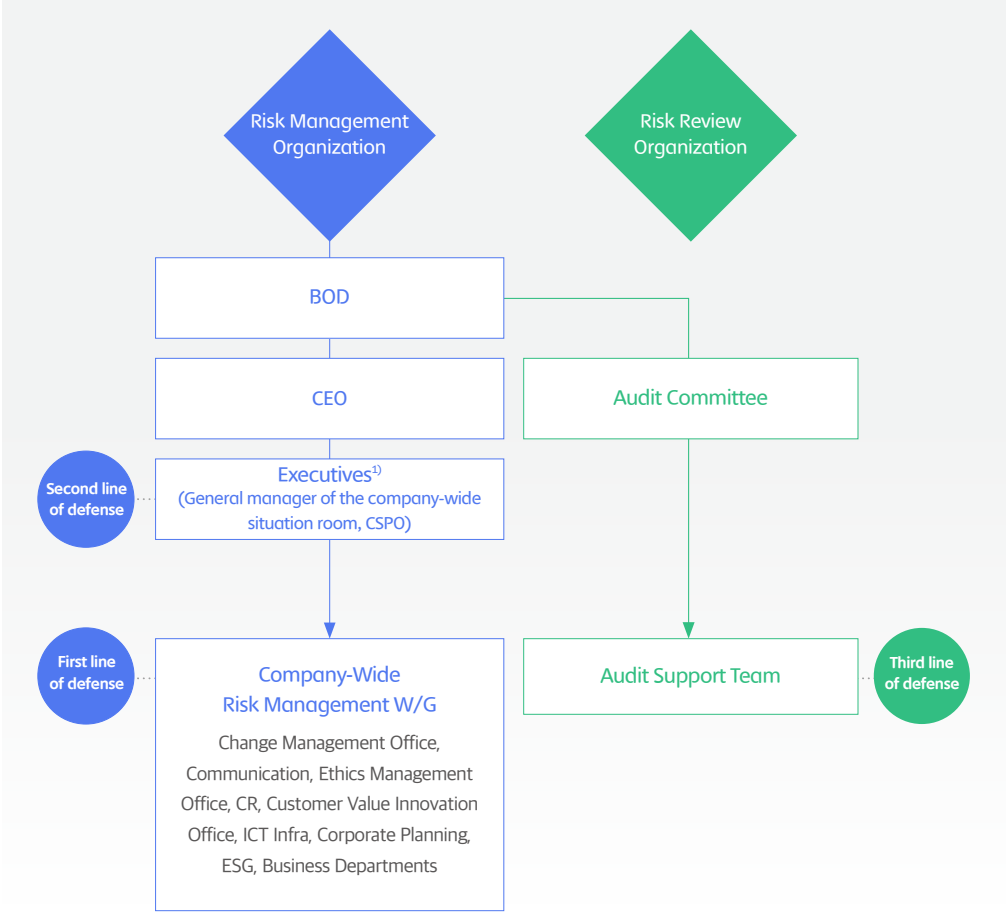
 Risk Identification	We continuously monitor internal and external issues related to the organization's purpose and strategic direction, identifying risk factors by considering the influence of stakeholders.
 Risk Evaluation and Analysis	By analyzing identified risks and opportunities based on their impact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



Risk Management Governance

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

1) CSPO, CGO, CSO, CFO, CLO, CCRO, CPRO, CHRO, Change Management Office



(1) Risk Ownership(First line of defense)

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



(2) Risk Management and Compliance Oversight(Second line of defense)

The CSPO oversees company-wide risk management and operates a company-wide risk management response system and crisis response system at all times. In addition, when risks that significantly affect the organizations in the company and business operations arise, we convene a company-wide risk management working group to promote rapid response. The Change Management Office a dedicated department of the risk management working group overseen by the CSPO, is responsible for auditing the compliance status of each business department, executive and employee with the defined risk standards and system. Additionally, the ethics management department annually evaluates risks and fosters a risk-aware culture aligned with SK Telecom's values, code of conduct, and ethics across all business departments and ICT Family companies. SK Telecom also supervises the effectiveness and efficiency of risk management activities, while providing information on internal control. SK Telecom reviews and verifies risk types annually and appoints management and department heads for each risk area to improve effectiveness with regard to the risks involved, and each executive is responsible for achieving goals set based on risk type.



(3) Independent Audit(Third line of defense)

The Board of Directors supervises the company-wide risk management system and process through the audit committee. The audit committee, together with management, reviews the analysis of the company's risk types, and actions implemented to prioritize, manage or mitigate risks. When necessary, the audit committee conducts a review of the approach method to key risk types. In addition, the audit support team practically supports the roles of the audit committee such as internal audit, appointment of external auditors, and evaluation of the internal accounting management system, and reports the results to the audit committee.

An Organization Dedicated to Risk Management

BOD

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

Risk Specialties of BOD

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

Audit Committee

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

Audit Support Department

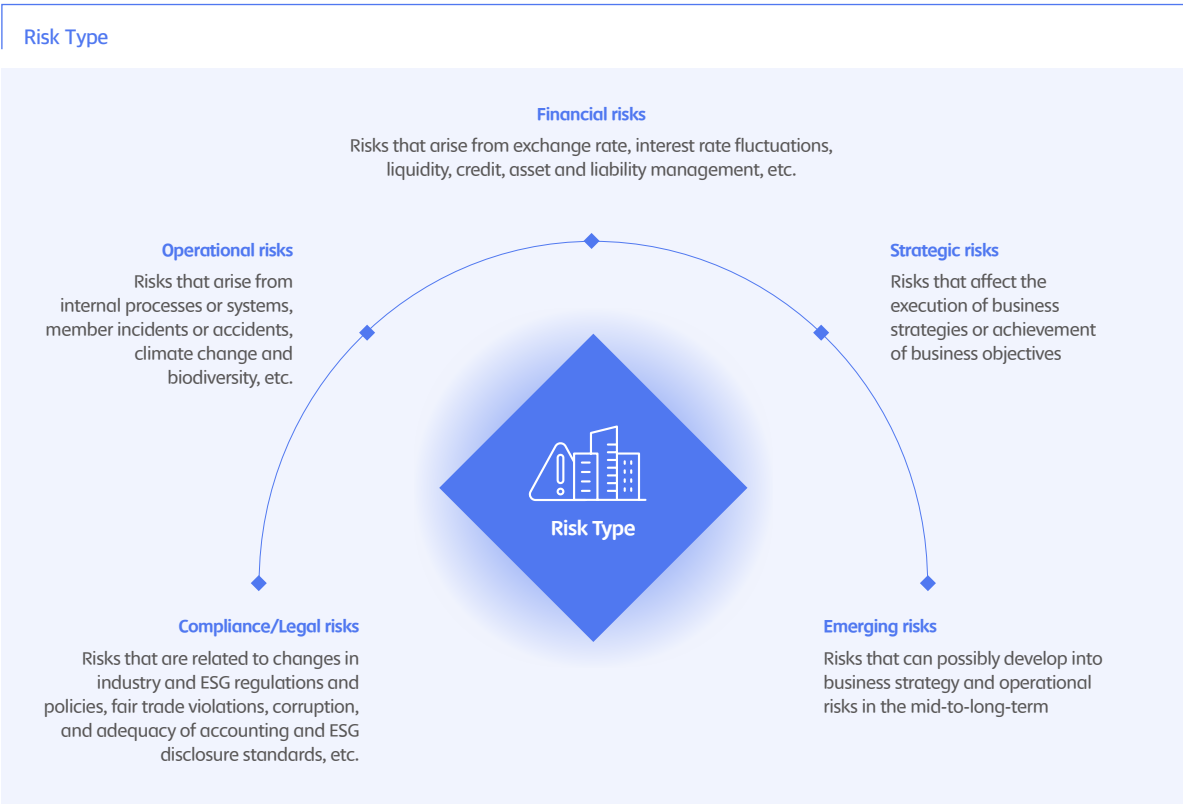
The ethical management department within SK Telecom comprises 24 members, including 2 executives and 3 team leaders, and reports audit performance and key issues to the Audit Committee annually. Specifically, the audit support team, a dedicated

unit established to ensure effective audit execution, consists of four professionally qualified individuals, including certified public accountants. The establishment and reporting obligations of the audit support team are outlined in the audit committee regulations. This team assists the Audit Committee by supervising the internal accounting management system, overseeing financial reporting, conducting fraud investigations, and reporting the results to the Audit Committee.

Status of Risk Management and Plan

Risk Identification

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




















Risk Evaluation, Analysis and Actions

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

1) Risk exposure/impact classification:  High  Middle  Low

Key risks and mitigation actions(2023~2024)

Classification	Key Risks ¹⁾	Mitigation Actions	ESG Material Issues
Strategy risk	 Business Alliance(M&A), investment performance management	Establishment and implementation of business strategies through customer needs and demand forecasting, making business decisions, and monitoring technology and industrial environments	-
	 Finance Macroeconomic factors such as foreign exchange and interest risks	Periodic monitoring and response to financial trends such as exchange rates, interest rate fluctuations, liquidity, and credit assets	-
	 R&D Core technology development and innovation, patent management	Efforts to procure customers through innovative core technology development and to minimize legal risks through strategic patent management of key business technologies	Key #1. Diversifying customer experience Key #3. Service quality management and responsibility
	 ICT Family companies (Subsidiaries) Establishment of company- wide risk /EGS management system	Efforts to reduce, manage, and supervise subsidiary risks through ICT Family company risk education, establishment of a management system, and regular monitoring	Report #2. Strengthening governance soundness and transparency
	 ESG Social value(SV) performance, stakeholder management and communication	Monitoring the impact of investment institutions based on ESG response status, monitoring stakeholder management and communication channels	-
	 Safety and Health Improving Worker/Citizen Safety in Preparation for the End of the Serious Accident Punishment Act Grace Period	Monitoring and addressing factors that impact safety and health for employees and suppliers, and managing serious occupational accident and civil accident.	-

Classification	Key Risks ¹⁾	Mitigation Actions	ESG Material Issues
Operation risk	 Employees(HR) Welfare, labor-management relations, organizational culture, etc.	Company losses due to personal corruption, conflicts between employees, incidents and accidents, work negligence, monitoring of other employee misconduct, and raising awareness through regular training	Report #7. Procuring and training talented individuals
	 Information Security Cyber security, privacy systems, etc.	Enhancing the information security response system and conducting comprehensive training to raise employee awareness	-
	 Supply chain (business partners) Partner management, ESG evaluation	Establishment of a robust supply chain management system that includes the oversight of agencies and stores, addressing unfair trade practices, preferential treatment, and conflicts with partners, featuring regular monitoring, risk assessments, and actions based on supply chain ESG evaluations	Report #4. Selection and evaluation of sustainable supply chain Report #5. Strengthening win-win cooperation activities
	 Environmental Efficiency Environmental management strategy/system and environmental efficiency management	Responding to climate change by monitoring greenhouse gas emissions and identifying reduction strategies. Monitoring and mitigating biodiversity related risks. And reducing resource usage	Key #2: Responding to climate change(carbon neutrality) Report #2. Enhancing environmental management strategy and system Report #3. Strengthening our resource circulation system for a circular economy
	 Service Quality Ensuring service quality, such as network	Checking network facilities to improve service quality, strengthening and monitoring system failure response training	Key #3. Service quality management and responsibility Report #6. Improvement of network quality
	 Customers Customer VoC, improvement of customer satisfaction, etc.	Improving service quality to reduce risks related to customer(group) behavior, customer information leakage, and large-scale complaints(service failures, computer errors), while raising member awareness through regular training	Key #1. Diversifying customer experience
Compliance /Legal risk	 BCM Crisis response system and response actions	Establishment of a crisis response system for damage to human life and facilities due to fires, typhoons, infectious diseases, etc., and internalization through simulation training	-
	 Regulatory changes Changes in government policies and regulations, etc.	Responding to strengthened regulations related to climate change, continuous monitoring of changes in accounting and ESG disclosure standards, training of managers, executives, and employees on regulatory changes	-
	 Compliance and Legal Issues resulting from the political and geographical location of Korea, etc.	Efforts to mitigate risks arising from geopolitical factors in Korea when pursuing global business initiatives.	-
Emerging risk	 Geopolitical factors Issues resulting from the political and geographical location of Korea, etc.	Efforts to mitigate risks arising from geopolitical factors in Korea when pursuing global business initiatives.	-
	 Climate change Failure to respond to physical and transition risks, etc.	Monitoring technological and market changes due to climate change	Key #2. Response to climate change(carbon neutrality)

Risk Sensitivity

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

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

Exchange rate fluctuations occur when the fair value or future cash flows of financial products change, posing risks to the business operations of overseas consolidated companies. To address this, we periodically evaluate, manage, and report on exchange rate risks annually, analyzing their potential impact and preparing accordingly. SK Telecom's major foreign currencies include USD and EUR, and we conducted a sensitivity analysis on the impact on profits before tax if the exchange rate of the functional currency for each foreign currency changes by 10% in 2023. We conducted the sensitivity analysis on monetary assets and liabilities denominated in foreign currencies other than the functional currency.

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

Currency	Effect on pre-tax profit		Effect on capital	
	If increased by 10%	If decreased by 10%	If increased by 10%	If decreased by 10%
USD	5,521	(5,521)	5,521	(5,521)
EUR	750	(750)	750	(750)
Others	34	(34)	34	(34)
Total	6,305	(6,305)	6,305	(6,305)

Scenario Analysis 2. Communication Disaster Response

SK Telecom provides services primarily through its communication network, which is constantly at risk of service interruptions due to disasters such as power failures, fires, floods, earthquakes, damage to telecommunication center buildings, and operator mistakes. Acknowledging the severity of network failures caused by natural disasters or operational errors, we have developed and implemented a communication disaster response strategy. This strategy considers network traffic at the telecommunication center level, actual traffic usage rates, and backup infrastructure to ensure continuity in case of a breakdown. Since the Average Revenue Per User for wireless business of SK Telecom(ARPU)¹⁾ reaches KRW 30,210²⁾, the loss of subscribers in case of communications disaster may have a significant impact on sales. Accordingly, we are promoting various investment activities to strengthen our disaster response capabilities in ways such as establishing redundancy and backup systems for services like common infrastructure systems³⁾. In particular, considering the 25% increase in demand for 5G non-standalone(NSA) mode and the 12.2% decrease in demand for 4G LTE from March 2023 to March 2024, we have made data capacity investments for 5G traffic distribution. Meanwhile, we have analyzed the sensitivity to failures at the telecommunication center building level to prepare for possible problems and actively respond to network infrastructure risks by considering the acceptable limits of inter-station traffic.

Failure Response Strategy at the Telecommunication Station Level

As-Is	To-Be
Dualization of the backbone network	Quadruplication of the backbone network
Estimated 175% excess of bypass traffic in the event of a telecommunication station shutdown	If one of the four telecommunication stations breaks down, core traffic can be distributed and accommodated in the other three stations

- 1) Based on SK Telecom MNO profit and wireless subscribers(including 3G/LTE/5G and IoT)
- Based on MNO profit: Includes voice and data profit(excluding subscription fees and connection profit), additional service profit, etc
* Reflection of sales discounts (agreements and combined discounts, etc.). Excluding MVNO-related sales
- Based on wireless subscribers: quarterly average number of billing line subscribers among the statistics of subscribers from the Ministry of Science and ICT
- 2) Based on the average amount of ARPU by quarter from 2022 to 2023(2 years)
- 3) Common-based systems: include authentication, DNS(IP address translation), essential operational tools(monitoring / service control and deployment)

Potential Risks(Emerging Risks)

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

Risk	Explanation	Impact	Mitigation Actions
Risk of rising costs due to rising energy prices	<p>Global energy crisis and rising electricity costs</p> <p>Energy bills in countries around the world, including Europe, the United States, and Japan, are rising rapidly amid the ongoing global energy crisis triggered by the Russia-Ukraine war. In Europe, electricity costs continue to rise during the war, with increases of 106.9% in Italy, 89.0% in the UK, 45.0% in Spain, 43.3% in Germany, and 25.6% in France(As of June 2022, compared to January 2021). As for Korea, the world's eighth-largest energy consumer, many experts warn that a continuous increase in electricity bills is inevitable in the future, as Korea has only raised electricity bills by about 20%(as of November 2022, compared to January 2021), even though it relies on imports for about 94.8% of its energy consumption. In addition, according to the 2050 Carbon Neutrality Committee, the environmental costs resulting from the current reduction of green-house gases and to the transition to renewable energy(expanding to 21.6% in 2030 and 30.6% in 2036) are not appropriately reflected in the cost of electricity production, which is expected to stimulate future increases in electricity bills. Due to the nature of the industry, SK Telecom, with indirect energy consumption from electricity use accounting for 99% of its total energy consumption, is highly susceptible to financial losses due to rising electricity costs Over the past three years, SK Telecom’s electricity usage has increased by approximately 8%.</p> <p>Utilization of the network is increased due to the expansion of the ultra-large AI and mobility business</p> <p>The telecommunications industry is both a key industry and a regulated industry directly or indirectly controlled by the government. Network equipment is continuously increasing to provide a stable communication network supply, while services cannot be terminated arbitrarily, energy consumption is bound to continue to increase. Data traffic generated from domestic wireless networks is currently approaching 1 million TB, which is more than double the number compared to the first half of 2019 when 5G began to be serviced. In the future, as various life-friendly services using ultra-large AI are released and the mobility(robot, autonomous driving, UAM, etc.) business begins in earnest, network utilization is expected to increase rapidly, leading to an increase in infrastructure operating costs.</p>	<p>Higher operating costs due to higher power prices and increased network utilization</p> <p>SK Telecom's annual energy usage and greenhouse gas emissions are expected to continue to rise, thereby increasing the company's financial burden. As a result of analyzing the costs(including purchasing REC, etc.) to achieve 2050 Net Zero and 2050 RE100 in a way that meets the standards of SBTi, additional costs are expected to be around 167.3 billion won by 2030 and 840.8 billion won by 2050. However, these figures do not reflect the recent surge in energy prices, and higher carbon trading prices will result in a greater financial burden than expected. In addition, investment and operating costs will be invested to cover the increasing network traffic every year, and these costs are also expected to increase every year.</p>	<p>SK Telecom responds to rising energy prices and rising operating costs due to climate change by utilizing energy efficiency, investment in renewable energy, fuel conversion, and resource recycling.</p> <ul style="list-style-type: none">•Energy efficiency: Reduction of cooling energy usage by eliminating heat from main equipment and auxiliary equipment, integration of network equipment such as base stations and repeaters, replacement of old air conditioning equipment, and strengthening the management of office energy use based on network structure innovation and network slimming•Fuel conversion: Promoting the introduction of electric vehicles from a mid-to-long-term perspective, and approving an external reduction project for 61 SK Rent-a-Car electric vehicles•Investment in renewable energy: Installation of self-consumption solar power plants on idle sites such as company buildings, rooftops of base stations, and parking lots across the country<ul style="list-style-type: none">- Installation of 3.97 MW solar power generation facilities at 63 locations in 2021 and 102 locations in 2022- Installation of a total of 4.6MW of solar power generation facilities by 2022, generating 3,459MWh.•Resource recycling: Happy Habit Project Deployment(An eco-friendly platform business by SK Telecom that uses ICT to create a resource circulation ecosystem by encouraging customers and partners to participate in the use and recycling of reusable cups and containers, and promoting zero waste initiatives)•Expansion of carbon credit business portfolio: Since 2018, we have been distributing Cookstoves to residents in underdeveloped countries in Southeast Asia, procuring carbon emissions credits(2.39 million tons by 2030) and additional projects.
Geopolitical risks in the region where major business sites are located	<p>Increased uncertainty due to geopolitical risks</p> <p>According to the U.S. Central Bank(Fed), the global Geopolitical Risk Index(GPR) is at its highest level in history. Geopolitical risks heighten uncertainty about future prospects and are expected to have several negative impacts. Companies may postpone investment decisions and job creation, households might reduce consumption, and financial institutions could adopt more conservative lending practices. Additionally, there may be a preference for safe assets in the financial market and declines in stock market prices. Since the ceasefire of the Korean War in 1953, South Korea and North Korea have been confronted on the Korean Peninsula, and geopolitical risks such as North Korea's provocations such as ICBMs (intercontinental ballistic missiles) and North Korean nuclear weapons exist. Recently, North Korea-related risks have been closely tied to international security concerns, significantly impacting both the Korean economy and national security. For example, the Taiwan War Game Report by CSIS¹⁾(The First Battle of the Next War) mentions a high possibility of conflict on the Korean Peninsula. This could be triggered by the intentions of the North Korean regime or by China's aim to divert the power of the United States and Japan during a potential China-Taiwan War. SK Telecom's headquarters and major business sites are located in Korea, and 99.91% of our sales are generated in Korea. If there is a conflict between North Korea and South Korea due to geopolitical factors, there is a risk that South Korea's communication infrastructure may be destroyed on a large scale and our business may be affected.</p>	<p>Possibility of Service Disruption Due to Destruction of Communication Infrastructure</p> <p>In the event of a war or disaster, there is a high possibility that infrastructure facilities such as power, communication, and major roads will be destroyed first to block the exchange of goods and information, and in that respect, the communications infrastructure operated by SK Telecom is also likely to be a major target of an attack. In the event of destruction of physical communication facilities due to local warfare or full-scale air raids, large-scale power outages due to the destruction of power facilities, network cyber hacking attacks—or other unexpected events due to the special nature of war and disaster—business continuity may be damaged as the mobile communication service, which is SK Telecom’s core business, cannot be provided locally or nationwide. In particular, if asymmetric weapons such as nuclear weapons or EMP²⁾ are used, there is a possibility that communication networks across the Korean Peninsula may be destroyed. miconductor devices.</p>	<p>In the event of war or conflict caused by geopolitical instability, it is impossible to completely prevent disruption of the operation of communication facilities. However, we have implemented various preliminary preparations to make sure that we can respond as effectively as possible when a situation occurs.</p> <ul style="list-style-type: none">•Establishment of a war-time response system: In the event of a war or disaster, we operate a comprehensive situation room(establishing guidelines, etc.) to announce the situation to customers to respond to it, and perform the role of identifying and responding to system failures.•Measures to protect service: In the event of damage to base stations and major telecommunication center buildings, we implement disaster roaming through other mobile communication service providers’ networks, diversify communication centers, and establish a cyber-attack response system•Backup important data: We back up important data such as customer, financial, and HR information in a separate physical space to ensure business continuity in situations when servers and data are lost•Regular training: We participate in the National Emergency Preparedness Training(Eulji Exercise) organized by the Korean government and in scenario exercises to reduce the impact and losses from new types of attacks or disasters.

1) CSIS(Center for Strategic and International Studies): A conservative think tank specializing in diplomacy located in Washington, D.C., USA

2) EMP(Electro-Magnetic Pulse): Electromagnetic waves generated during a nuclear attack permanently destroy electronic circuits and semiconductor devices

Risk Review

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

Internal Audit

Our Audit Committee annually deliberates on financial statements and supplementary statements, as well as the audit procedures and results of an external accounting firm. If necessary, we request additional reviews from the accounting firm to examine accounting books and documents and analyze the findings. Additionally, the Audit Committee receives reports from the internal accounting manager on the operation of the internal accounting management system, and evaluates and audits the reliability of the prepared and disclosed accounting information and the internal control system. SK Telecom has established a code of conduct and a dedicated organization to practice company-wide ethical management. By doing so, we focus on preventing ethical risks and strengthening autonomous ethical practices among our members. To strictly manage ethical risks, we conduct regular risk evaluations for all business areas and organizations at least twice a year and implement risk mitigation and elimination measures based on the evaluation results. We are also striving to take the lead in responding to the rapidly changing business environment and to practice compliance management to meet the needs of the industrial ecosystem and society. We systematically manage compliance risks by establishing a compliance management system at the company-wide level, including ICT Family companies, such as SKT ICT Family Compliance 2.0 and Compliance Management Portal(T-Compliance Net) to comply with fair trade and business-related laws and minimize risks involved in overall management activities.

External Audit



Financial Audit

In accordance with Article 11(1) and (2) of the "Act on External Audit of Stock Companies," Article 17 of its Enforcement Decree, and Articles 10 and 15(1) of the "Regulations on External Audit and Accounting," SK Telecom has selected Ernst & Young Han Young Accounting Firm as its external auditor since the fiscal year 2022. The external auditors audit the company's financial statements and supplementary statements based on fairness and transparency. After the audit is completed, the Audit Committee evaluates the appropriateness of the external audit results. For the 40th fiscal year, the audit opinion was "appropriate," with no additional comments.



Non-financial Audit

Every year, SK Group regularly monitors the internal control system, compliance, and investment performance related to the business operations of group companies and subsidiaries to identify and address major risks at the group level. The company participate in group management diagnosis every year and receive inspections on the operations and risk management activities of major departments. The group management diagnosis involves a preliminary data review and on-site investigation, conducted in the following sequence: investigation and analysis of major activities, identification of key issues, cause analysis, and derivation of business improvement tasks. Based on the results of the management diagnosis, SK Telecom identifies and implements business improvement tasks to further enhance the effectiveness of non-financial risk management.

Spreading Risk Management Culture

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

Risk Management Training

Training for Independent Directors

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

Training on Compliance

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

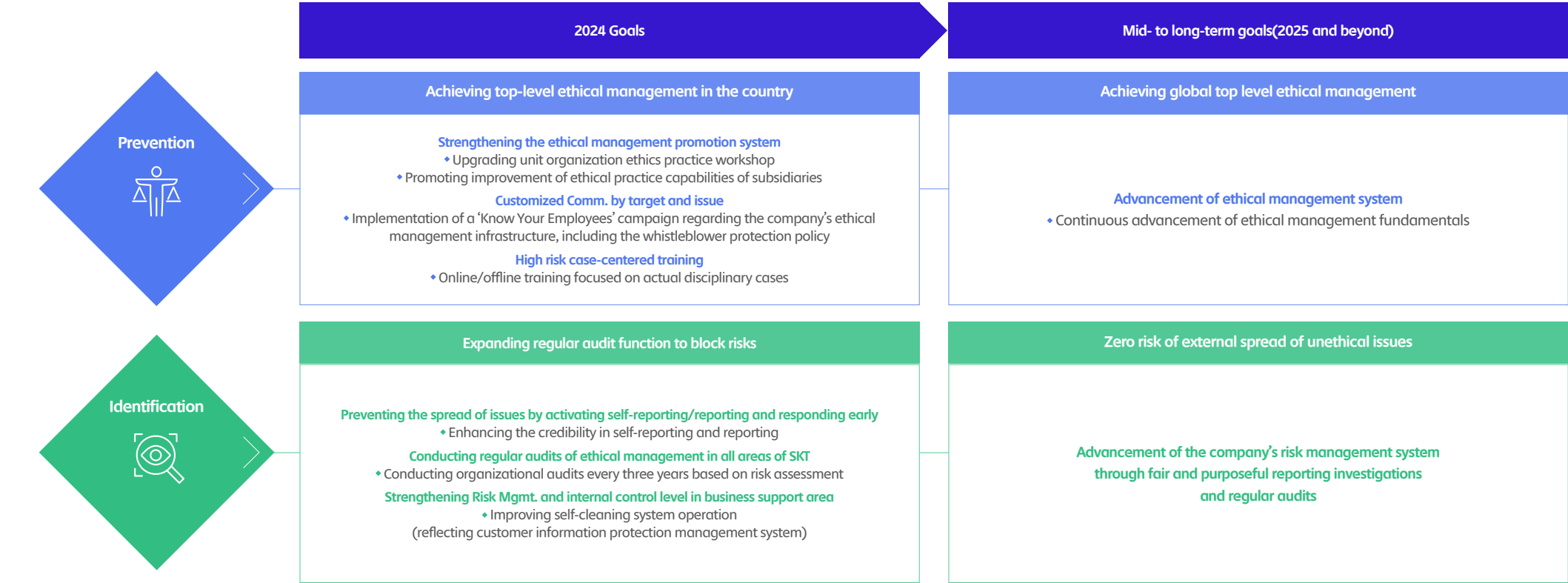
Training on Ethical Management

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

Ethical Management

SK Telecom has established a company-wide ethical management system to practice ethics and compliance management to continue to grow with the trust of stakeholders. By establishing a code of conduct and a dedicated organization and conducting continuous ethics training, we prevent ethical risks in advance and support employees to maintain a high level of ethical awareness. Additionally, we operated an ethics counseling and reporting center to strengthen monitoring of unethical behavior, and announced the ‘SK Telecom Anti-Corruption Policy’ to publicly affirm our efforts and commitment to fulfill our corporate social responsibilities internally and externally.

Mid-to-Long Term Goals for Ethical Management



Ethical Management System

Code of Conduct(Code of Ethics, etc.)

SK Telecom has established a code of ethics as a standard for proper behavior and value judgment of its employees, presenting the basic principles that everyone must comply in all management activities and the company's direction. Specifically, we have established a code of ethics and ethical management practice guidelines and are using them as specific judgment standards that all employees, including contractors, must follow. In cases of Code of Conduct violations, including breaches of the Code of Ethics, we adhere strictly to a zero-tolerance policy in our response.

The Code of Ethics specifies ethical principles that must be properly complied with respect to ‘customers’, ‘employees’, ‘shareholders’, ‘business partners’, and ‘society’. The Ethical Management Practice Guideline was established to enhance the level of practice for employees by specifying the guideline for the Code of Ethics and is continuously being revised in line with the changing internal and external management environment. In 2020, the anti-harassment law in the workplace and ethical management regulations related to social media activities were put into practice, and in 2021, business partners and business manners, and guidelines for dealing with improper solicitation and money receipt were clarified. In 2022, the company's handling procedures for charitable donations was specified, and in 2023, the social responsibilities that the company must comply with in the process of developing and commercializing AI technology was specified. We prevent and manage unethical situations in issues of high social interest through timely revisions to our Code of Ethics. Additionally, in 2021, we published and disseminated a manual on ethical management practice guidelines to further enhance employees’ understanding and practice awareness by explaining the practice guidelines in detail based on cases and laws.

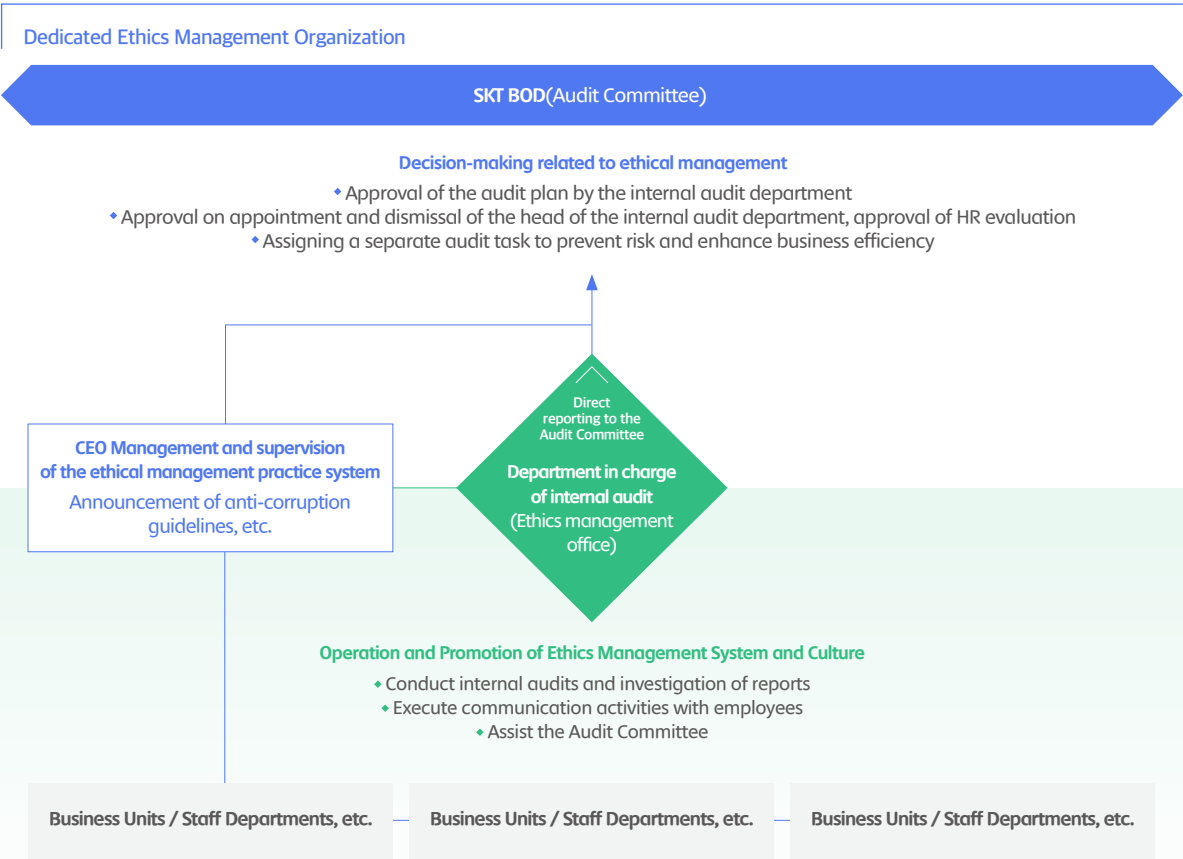
Code of Conduct System



1) Business partner

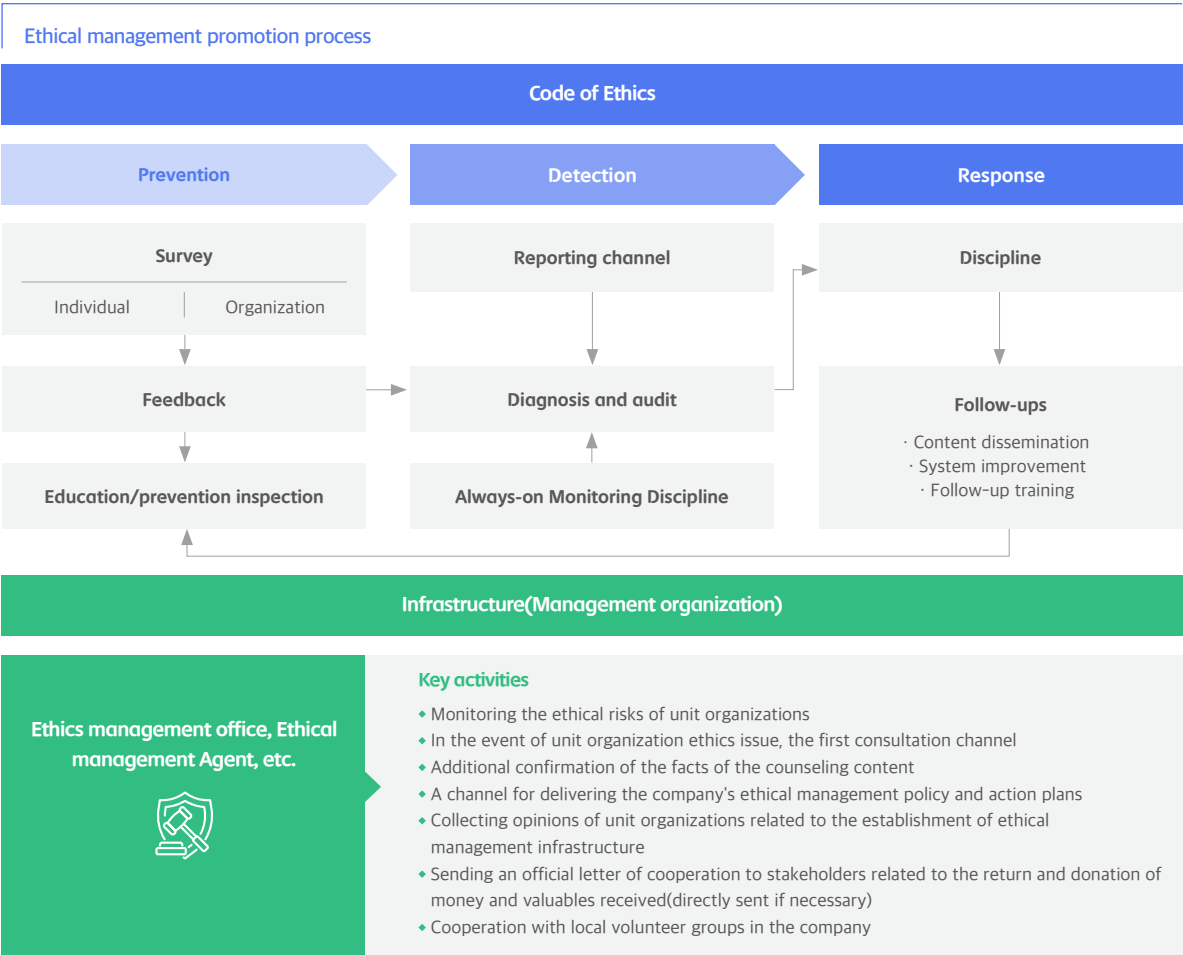
Dedicated Organization

SK Telecom operates a dedicated organization in charge of specific activities to improve the level of ethical management practice. We revised internal audit regulations to specify the responsibilities and roles of the BOD(Audit Committee) and the CEO for ethical management, ensuring that ethical management is systematically managed. The Chief Audit Executive, an internal audit department, is in charge of tasks to spread a company-wide ethical management culture, including establishing the Code of Ethics and operating the management system for ethical management. In 2022, the Audit Committee was given the right to consent to the appointment of an ethical management officer so that the Audit Committee can directly manage and supervise internal audit and ethical management functions. Subsequently, in December 2023, through the reorganization, the department in charge of ethical management was placed under the direct control of the Audit Committee, further strengthening the expertise and independence of the audit function.



Ethical Management Promotion Process

SK Telecom operates a three-stage ethical management promotion process(prevention-detection-response) based on the code of ethics. Employees are developing their own risk prevention capabilities through ethics training to prevent unethical behavior and department-specific workshops on ethical management practices, and the company has established and responded to unethical issues by establishing a regular monitoring system such as the SK reporting system and ethical management portal. We are also reviewing the performance of ethical management under the supervision of senior management, including the Audit Committee and the CEO, and will strive to continuously improve the process based on this review.



1) Prevention

SK Telecom annually gathers ethical pledges from all employees, including non-regular workers(contractors). We not only provide mandatory education on preventing sexual harassment but also conduct workshops on ethical management practices to enhance ethical awareness across all levels of the organization. After conducting education and workshops, we regularly conduct a survey on ethical management practices to check the current status of ethics and create an environment for practice through feedback from unit organizations. As a result of the survey, we selected areas that must be supplemented at the company-wide level as improvement tasks and are preemptively responding to possible unethical issues.

In 2023, we published a total of five 'Ethical Practice Letters' for all employees, including non-regular workers (contractors), and sent separate letters on sexual harassment and workplace bullying issues to specific subjects such as senior employees to strengthen message delivery and raise awareness. Moreover, we are continuously spreading the culture of practicing ethical management by supporting ethics education to partner companies and investment companies and disseminating manuals necessary for practicing ethical management.

Ethical management prevention activities of employees				
	Unit	2021	2022	2023
Online ethical practice pledge	%	99.1	99.1	100.0
Online training on ethical management		93.0	95.5	96.3
Online training on sexual harassment prevention		94.4	95.8	96.1

2) Detection

SK Telecom operates an ethics counseling and reporting center consisting of various online and offline channels such as website, face-to-face counseling, and letters so that all stakeholders can report and consult at all times. 'SK Ethical Management', 'Letter to HR', female counseling staff dedicated to sexual harassment, intranet channels, and anonymous bulletin boards serve as counseling channels for various ethical issues and reporting windows for injustice and corruption.

Based on the 'Public Interest Whistleblower Protection Act', SK Telecom is making efforts to protect whistleblowers against unfair cases or fraudulent acts that violate the code of ethics. According to the law, whistleblowers may request confidentiality, personal protection measures, personnel action, protective measures, and prohibition of disadvantageous measures. Additionally, we operate a separate counseling and informant protection program to protect the identity and report details of informants and counselors to prevent disadvantages to counselors, reporters, and investigation cooperators.

Conducting Audits Every Three Years Based on Risk Analysis

The company has devised a mid-term audit plan rooted in risk assessment and analysis to proactively mitigate ethical risks across all departments, operations, and subsidiaries. Regular audits are conducted every three years. Specifically, in 2023, we intensified internal control by implementing a comprehensive self-purification system inspection across the entire organization, complemented by a risk assessment aimed at enhancing the value of our advertising business, enterprise business, SK Broadband, and SK Stoa.

Operation status of an ethics counseling center in 2023(Unit: cases)			
	Cases	Completed cases	Processing rate
Ethics counseling and reporting ¹⁾	16	15	93.8%
No issues ²⁾	34	34	100%
Simple work level issues	52	52	100%
Related to subsidiaries	168	165	98.2%
Customer Complaints	173	173	100%
Total	443	439	99.1%

1) Conduct own investigation on ethical counseling and reporting cases, and transfer other cases to the relevant departments

2) Investigation was not conducted due to insufficient information or withdrawal of reporting

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



1) There are no violations related to discrimination/bullying, customer information data, or money laundering/insider trading

3) Response

SK Telecom categorizes violations of the Code of Ethics and takes immediate action. If necessary, we conduct additional verification and investigation to determine the facts and respond in accordance with all company regulations. SK Telecom reflects compliance with the code of ethics in employees' KPI and performance evaluation. Violation of the Code of Ethics will be reflected in the evaluation depending on the severity of the case and will affect the compensation system. When an employee violates the Code of Ethics, we host the Personnel Committee to assess the severity of the violation and determine appropriate disciplinary measures. There are stages of disciplinary action such as dismissal, suspension, pay reduction, and warning, and each stage is linked to the evaluation system according to the relevant HR regulations and affects the salary level of the corresponding employee. If a partner violates the Code of Conduct, we impose sanctions by limiting the volume of transactions with the partner or terminating the contract. We keep records of violations of these ethical regulations and their processing results for future ethical management process inspections and improvement tasks.

Actions for violation of the Code of Conduct in 2023¹⁾

Category	Cases	Disciplinary Actions	Remediation Actions
Conflict of Interest	4	Severe 4	100%
Anti-corruption/Bribery	6	Severe 4/Minor 2	100%
Others	2	Severe 2	100%
Total	12	Severe 10/Minor 2	

SK Telecom emphasizes the prevention of discrimination and harassment in the workplace based on gender, race, religion, disability, origin, etc. through the human rights policy statement under the CEO's name, and strictly responds to violations by applying zero tolerance principle. In the ethical management practice guidelines, we specify that employees must not engage in any behavior that hinder the formation of sound relationships, such as inappropriate financial transactions, personal requests or instructions unrelated to work, or workplace bullying. Additionally, we are providing ethical management training to all employees to raise awareness of discrimination and harassment in the workplace.

Compliance

SK Telecom’s compliance goes beyond the concept of passive compliance with laws or fair competition in the market and is the basis of corporate management that proactively meets all laws, regulations, and market demands and guarantees the trust of customers and society. Based on a more systematic and advanced compliance policy vision and execution system at the ICT family level, we will practice thorough compliance management and grow into a leading global AI company respected by customers and society.

Establishment of Compliance System and Evolution

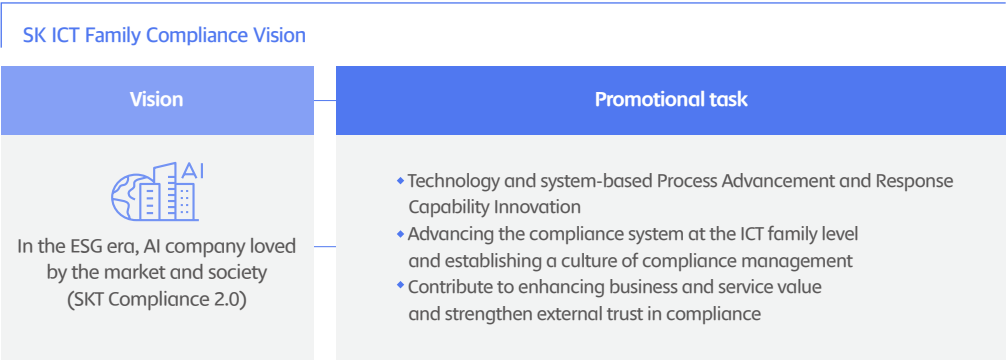
SK Telecom is actively pursuing a transition into a Global AI Company through growth and innovation in various business fields. As a result, as business interests become more complex than before, the importance of compliance, a key element that ensures business value and growth, is also growing. Additionally, with the spread of ESG management, the expectations of society and regulatory authorities for SK Telecom’s compliance are increasing. In line with these changes in the business environment, the concept and scope of SK Telecom’s compliance are expanding beyond the existing compliance management risk response to the entire area of compliance control to broadly meet the increased demands of society as a whole and fulfill corporate social responsibility. In response to these developments, the company has implemented a new comprehensive compliance management system. This includes system-based processes, content, and organizational operations, built upon insights from the fair trade compliance program(CP) developed over the past 20 years. In the future, we will continue to innovate and advance our compliance system in line with the changing business environment and the growth direction of becoming a Global AI Company.

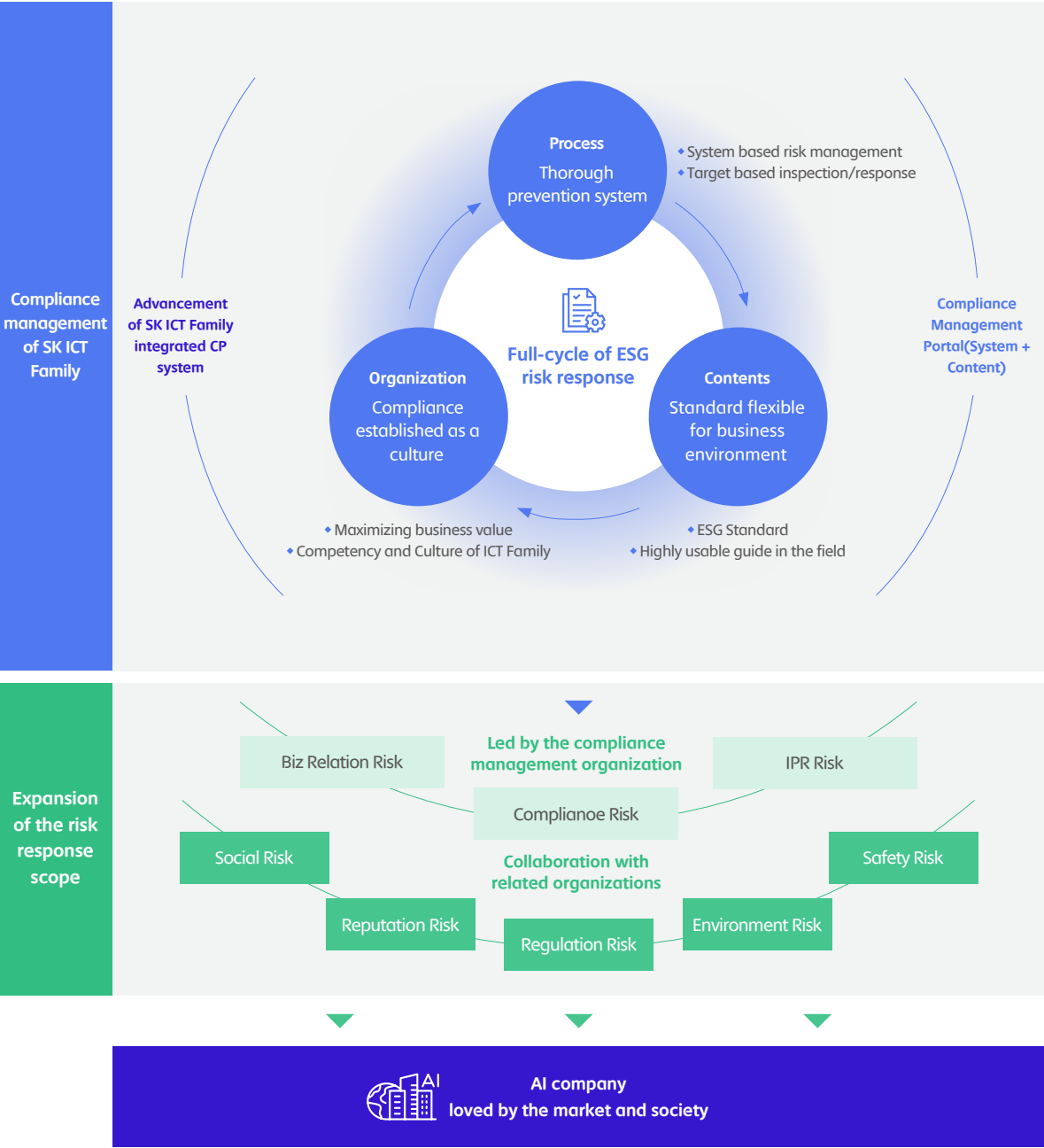
Compliance Policy and Vision

SK Telecom is committed to achieving our compliance vision and continuous system advancement to proactively respond to changes in the business environment. Particularly, we have reorganized our compliance management policy and vision to meet the growing demands from society and regulatory authorities due to environmental changes such as expansion of business scope and deepening and expansion of partner relationships with the advent of the AI era and the dissemination of ESG.

Initially, we aim to proactively identify and prevent various risk factors by enhancing our technological capabilities, including AI-driven systems. Simultaneously, we will maintain highly effective inspection and prevention activities leveraging our accumulated experience during the system’s development. Furthermore, in the realm of content, which forms the foundation for compliance policy and implementation, we prioritize establishing and enhancing standards that are widely accessible and utilized across all employees of the ICT community.

The scope of SK Telecom’s compliance operation organization has already expanded to the level of the ICT family, and the company is pursuing to increase its level of competency with the same operating system. As compliance capabilities across the ICT family have been strengthened, compliance not only plays a key role in maximizing the value of business and services in the business development and innovation stages, but has also firmly established itself as a unique management culture. Based on this, we will further solidify external trust in compliance management and contribute to SK Telecom’s leap forward as a Global AI Company leading the ESG era.





Key achievements in 2023

To secure the highest level of competitiveness in compliance management and transition to a Global AI Company in 2023, SK Telecom has undertaken various initiatives. These efforts focus on innovating the compliance prevention system, establishing and promoting a compliance management culture, enhancing internal and external status, and creating a favorable management environment.

Innovation in compliance prevention system and raising practice levels

In 2023, we developed and introduced CPMS(Compliance Monitoring System), an advanced risk extraction and prevention system. This system includes risk detection and initial response processes based on anomaly detection scenarios through constant monitoring of company-wide major systems. We plan to continue developing additional scenarios and upgrading the system to detect and respond to various risks throughout management activities from the beginning. Additionally, we are continuously building an integrated compliance management system(T Legalnet, T Compliance Net, CPMS, T Governance Net, IP Yard, etc.) by introducing AI technology into the pre-screening system to improve the accuracy and efficiency of reviews.

In addition to these system-based innovations, we conducted compliance management level inspections and risk assessments in a total of 9 compliance areas from May to June 2023. As a result, it was evaluated that all risks in all 235 evaluation items were stably managed. In June, the CEO enacted and announced the ‘Compliance Policy,’ clearly declaring the direction of the company’s compliance with ESG norms, further raising awareness among all employees regarding compliance.

Establishment and spread of the culture of compliance management among field and family companies

In 2023, we supported field-centered compliance autonomy and responsibility inspection and self-regulation activities to establish a culture of autonomy and responsibility among field and family companies. We developed and applied various methods, including inspecting sales policies in major business areas, providing customized implementation guides for each organization, and conducting workshops. A total of 46 compliance implementation tasks were established for each ICT family company, and as a result of continuous capacity-building activities for the past three years, we achieved zero issues in 2023.

Additionally, we established a technical data management system and process early to align with the creation of a strict regulatory environment related to technical data leakage, which has recently become an issue. Utilizing this system, we conducted case study-based training for eight technology-related business organizations and extensive inspections throughout the year. We improved the quality of risk management by upgrading the technical data cooperation system, developing follow-up inspection and monitoring functions, and enhancing the BR(Business Relationship) risk extraction system.

1) Establishment and implementation
for 11 SK ICT family companies

Simultaneously, we have strengthened our open-source compliance activities to accelerate technology-based growth. We inspected 222 cases of open-source usage, proactively addressed concerns of violations, and developed a specialized training course for 1,420 service developers and planners across the company, achieving an 85% completion rate. In addition to specialized training by field, regular self-compliance training for all employees, including non-regular and contractors, conducted from May to August 2023, achieved a 95% completion rate. We plan to continue increasing the effectiveness of training to raise employees' awareness of compliance management.

Results ¹⁾ of operating compliance tasks for ICT family companies in 2023(47 tasks in total)		
Task type	Improving compliance capabilities	Specialized task for each company
Number of tasks	31	16
Key cases	<ul style="list-style-type: none">♦ Establishment of processes such as pre-screening system♦ Implement training for employees (For all employees/specific organizations/job groups)♦ Conduct self-inspection activities, etc.	<ul style="list-style-type: none">♦ Response to supervision and evaluation by regulatory agencies in charge♦ Establishment of inspection and review processes for specific transaction areas by business characteristics, etc.♦ Establishment of safety and health prevention/response system, etc.

Enhance compliance external status and confidence

SK Telecom aims to become a collaborator creating public value together with regulatory agencies, rather than being seen as merely an object of regulation. To achieve this vision, we have cooperated with regulatory agencies(National Police Agency, Korean Intellectual Property Office) to prevent various crimes using voice phishing and communication services, minimize customer damage, support technology, and create various social outcomes since 2022. We will continue to strengthen our position as a leading compliance company that creates public value together with regulatory agencies.

SK Telecom's efforts and achievements in compliance management have been publicly recognized by highly credible institutions in 2023. Following the acquisition of anti-corruption management system(ISO 37001) certification in 2022, we were certified in 9 compliance areas, the broadest scope among domestic telecommunications companies, and acquired certification for our compliance management system(ISO 37301). As a result, we became the first Korean telecommunications company to achieve both anti-corruption management system and compliance management system certifications simultaneously. Additionally, we were recognized as a leading company in shared growth, receiving the highest grade in the 'Shared Growth Index Evaluation' for 11 consecutive years, reaffirming our global status in domestic and international ESG evaluations.

Creating a friendly business environment

To transform into a Global AI Company in 2023, we have established a stable business structure and carried out various compliance activities to minimize execution risks. First, we developed optimal solutions for various issues arising from the launch of the A.(A-DoT) PAA(Personal AI Assistant) service, a core AI service, and provided optimal support, such as corporate combinations and affiliate incorporation, to secure an AI service brand and achieve AI-based growth. In our existing core business, we developed logic for challenging ICT policy issues, minimized risks in MNO major products and service issues, and established measures to protect consumer rights and interests. We also prepared for newly emerging regulatory issues such as the delivery payment linkage system, improvement of terminal market regulations, and industrial safety prevention. Furthermore, we have actively worked to strengthen intellectual property rights(IPR) competitiveness, which will determine the core competitiveness of future AI and technology-based innovation businesses. By selecting tasks to secure IPR in core areas such as AI, UAM, and 6G, we secured about 200 new patents and re-evaluated 443 existing patents to further enhance IPR competitiveness.

2024 and mid- to long-term goals

Based on our accumulated capabilities and experience over the past 20 years, SK Telecom intends to transition to ESG-based compliance 2.0 from 2023, aiming to become a model company recognized and supported by both the market and society. Based on this, we have set our goals for 2024 and beyond 2025. In 2024, the compliance sector will strive to achieve goals in four categories as a true business partner leading the full implementation of the Global AI Company.

First, we will continuously advance the compliance prevention system. We plan to continue to advance our system-based prevention system, including CPMS, and establish an annual plan to conduct a comprehensive inspection of various types of risks.

Second, we will build a solid friendly business environment to achieve the goal of becoming a Global AI Company. We will develop and present optimal solutions for each area of the AI pyramid strategy, including AI infrastructure, AIX, and AI services, and provide optimal support to accelerate AIX for core businesses such as MNO. To ensure smooth implementation of these strategies, we will further focus on strengthening IPR competitiveness.

Third, we will continue our efforts to establish a culture of compliance management to enhance our employees' compliance awareness. While advancing the integrated compliance system for the ICT Family, we will develop and continuously advance programs to promote self-compliance in the field with ICT Family companies. In addition to regular training for employees, we will more actively carry out activities that combine field visit-oriented inspections and field guides in each area of compliance management. In addition, we plan to introduce a new standardized capability measurement system to continuously improve the compliance capabilities of each ICT family company.

Lastly, we plan to actively support the establishment of AI governance through the advancement and implementation of AI pursuit values. Through AI Pursuit Value 2.0, we will revise the AI code of ethics consistent with the AI pyramid strategy and established an optimal AI decision-making system for each area of the AI pyramid strategy, thereby contributing to securing initiatives for business structures and cooperative systems that guarantees responsiveness to the external environment and stability. In the future, along with the establishment of this system, we plan to re-establish the existing compliance guide system.

Goals in 2024		Mid- to long-term goals(2025~)	
1 	Compliance prevention Continuous advancement of system	Continue to innovate system-based prevention systems, such as advancement and expansion of CPMS Comprehensive inspection of potential risks throughout the year (based on annual plan)	Advancement of AI-based prevention system Continuous innovation of individual compliance systems
2 	Creating a friendly business environment to achieve the goal of becoming Global AI Company	Innovation to be the optimal legal partner for each stage of the AI pyramid strategy ♦ Present optimal solution for each class ♦ Support for accelerating core business AIX ♦ Enhancing IPR competitiveness of strategic businesses such as AI	Continue to create cases of cooperation with regulatory agencies from an ESG perspective
3 	Establishment of a compliance management culture to enhance employees' awareness of compliance	Advancing the integrated compliance system ♦ Strengthening field-oriented guidance in parallel with improvement and inspection of employee training ♦ Introducing a standard compliance competency management system for the ICT family employees	After 2025, training completion rate will reach 100%
4 	Establishment of AI governance through advancement and implementation of AI pursuit values	Support for establishing AI pursuit value 2.0 ♦ Renewal of AI Code of Ethics in line with AI pyramid strategy ♦ Support establishing an optimal decision-making system at each stage of the pyramid	Complete renewal of the compliance guide system



APPENDIX

- Financial Statement
- Non-financial Statement
- Index
- About This Report

Financial Statement

Consolidated statement of financial position

40th As of December 31, 2023
39th As of December 31, 2022
38th As of December 31, 2021

Consolidated statement of financial position(KRW million)

	40th	39th	38th
Assets			
Current Assets	6,585,602	7,219,196	6,352,665
Cash and cash equivalents	1,454,978	1,882,291	872,731
Short-term financial instruments	294,934	237,230	508,677
Short-term investment securities	0	0	5,010
Accounts receivables - trade, net	1,978,532	1,970,611	1,913,511
Short-term loans, net	78,129	78,590	70,817
Accounts receivable - other, net	344,350	479,781	548,362
Contract assets	89,934	83,058	76,698
Accrued revenue	4,295	1,732	762
Advanced payments	51,804	56,475	23,383
Prepaid expenses	1,953,769	1,974,315	1,987,503
Current tax assets	161	415	77
Derivative financial assets	8,974	168,527	30,110
Inventories, net	179,809	166,355	204,637
Assets held for sale	10,515	6,377	8,734
Other current assets	135,418	113,439	101,653

	40th	39th	38th
Assets			
Non-Current Assets	23,533,625	24,089,066	24,558,612
Long-term financial instruments	375	375	375
Long-term investment securities	1,679,384	1,410,736	1,715,078
Investments in associate and joint ventures	1,915,012	1,889,289	2,197,351
Investment property, net	34,812	25,137	23,034
Property and equipment, net	13,006,196	13,322,492	12,871,259
Goodwill	2,075,009	2,075,009	2,072,493
Intangible assets	2,861,137	3,324,910	3,869,769
Long-term contract assets	39,837	49,163	41,580
Long-term loans, net	30,455	26,973	21,979
Long-term accounts receivable	312,531	373,951	275,238
Long-term prepaid expenses	1,086,107	1,073,422	1,069,148
Long-term guarantee deposits	156,863	167,441	186,713
Derivative financial assets	139,560	152,633	187,484
Deferred tax assets	11,609	6,860	128
Defined benefit assets	170,737	175,748	18,427
Other non-current assets	14,001	14,927	8,556
Total assets	30,119,227	31,308,262	30,911,277



		40th	39th	38th
Liabilities and Equity	Current Liabilities	6,993,980	8,046,541	6,960,435
	Accounts payable - trade	139,876	89,255	190,559
	Accounts payable - other	1,913,006	2,427,906	2,071,870
	Withholdings	802,506	803,555	790,489
	Contract liabilities	155,576	172,348	166,436
	Accrued expenses	1,439,786	1,505,549	1,295,404
	Income tax payable	142,496	112,358	192,221
	Short-term derivative financial liabilities	0	0	52
	Short-term Provisions	38,255	39,683	61,656
	Short-term borrowings	0	142,998	12,998
	Current installments of long-term debt, net	1,621,844	1,967,586	1,430,324
	Current installments of long-term payables - other	367,770	398,874	398,823
	Lease liabilities	372,826	386,429	349,568
	Other current liabilities	0	0	35
	Liabilities held for sale	39	0	0
	Non-Current Liabilities	10,896,848	11,106,525	11,615,704
	Debentures	7,106,299	6,524,095	7,037,424
	Long-term borrowing	315,578	668,125	353,122
	Long-term account payables	892,683	1,239,467	1,611,010
	Long-term accrued expense	956	1,160	31
	Long-term lease liabilities	1,238,607	1,395,628	1,184,714
	Long-term contract liabilities	56,917	61,574	36,531
	Defined benefit liabilities	0	61	13,157
	Long-term derivative financial liabilities	305,088	302,593	321,084
	Long-term provisions	83,169	79,415	65,339
	Deferred tax liabilities	832,236	763,766	941,301
	Other non-current liabilities	65,315	70,641	51,991
	Total Liabilities	17,890,828	19,153,066	18,576,139

		40th	39th	38th
Equity	Equity attributable to owners of the Parent Company	11,389,046	11,318,320	11,579,346
	Share capital	30,493	30,493	30,493
	Capital surplus and others	(11,828,644)	(11,567,117)	(11,623,726)
	Retained earnings	22,799,981	22,463,711	22,437,341
	Reserves	387,216	391,233	735,238
	Non-controlling interests	839,353	836,876	755,792
	Total Shareholders' Equity	12,228,399	12,155,196	12,335,138
Total Liabilities and Shareholder's Equity		30,119,227	31,308,262	30,911,277



Consolidated Income Statements(KRW million)

	40th	39th	38th
Operating revenue	17,608,511	17,304,973	16,748,585
Operating expenses	15,855,307	15,692,903	15,361,423
Labor cost	2,488,245	2,449,813	2,300,754
Commissions	5,549,899	5,518,786	5,426,114
Depreciation and amortization	3,614,766	3,621,325	3,672,555
Network interconnection	678,459	715,285	749,599
Leased lines	275,477	268,426	310,141
Advertising	235,769	252,402	233,401
Rent	142,356	143,747	140,418
Cost of goods sold	1,266,357	1,268,124	1,167,417
Others	1,603,979	1,454,995	1,361,024
Operating profit(loss)	1,753,204	1,612,070	1,387,162
Finance income	248,376	179,838	155,133
Finance costs	527,401	456,327	315,604
Gain relating to investments in subsidiaries, associates and joint ventures, net	10,928	(81,707)	446,300
Other non-operating income	50,366	55,898	114,553
Other non-operating expenses	47,294	73,620	69,353
Profit before income tax	1,488,179	1,236,152	1,718,191
Income tax expense	342,242	288,321	446,796
Profit(loss) from continuing operations	1,145,937	947,831	1,271,395
Profit(loss) from discontinued operations, net of taxes	0	0	1,147,594
Profit(loss) for the year	1,145,937	947,831	2,418,989
Attributable to:			
Owners of the Parent Company	1,093,611	912,400	2,407,523
Non-controlling interests	52,326	35,431	11,466
Earnings per share			
Basic earnings per share(in won)	4,954	4,118	7,191
Basic earnings per share - continuing operations(in won)	4,954	4,118	3,614
Diluted earnings per share(in won)	4,950	4,116	7,187
Diluted earnings per share - continuing operations(in won)	4,950	4,116	3,613

Consolidated Statements of Comprehensive Income(KRW million)

	40th	39th	38th
Profit for the year	1,145,937	947,831	2,418,989
Other comprehensive income(loss)	(23,967)	(306,226)	1,362,192
Items that will never be reclassified to profit or loss	(16,989)	(420,968)	942,041
Remeasurement of defined benefit liabilities	1,853	70,885	16,374
Net change in other comprehensive income of investments in associates and joint ventures			4,796
Valuation gain on financial assets at fair value through other comprehensive income	(18,842)	(491,853)	920,871
Items reclassified as profit or loss during the follow-up periods	(6,978)	114,742	420,151
Net change in other comprehensive income(loss) of investments in associates and joint ventures	9,225	119,707	356,503
Net change in unrealized fair value of derivatives	(17,460)	(21,366)	16,133
Foreign currency translation differences for overseas operations	1,257	16,401	47,515
Total comprehensive income(loss) for the year	1,121,970	641,605	3,781,181
Total comprehensive income(loss) attributable to:			
Owners of the Parent Company	1,072,785	601,193	3,473,445
Non-controlling interests	49,185	40,412	307,736

Consolidated Statement of Changes in Equity(KRW million)

	Equity					
	Controlling Interest of Parent Company					Non-Controlling Interest
	Share capital	Capital Surplus	Retained Earnings	Reserves	Sub-total	
January 1, 2021(basic capital)	44,639	677,203	22,981,913	40,139	23,743,894	652,349
Profit(loss) for the year			2,407,523		2,407,523	11,466
Other comprehensive income(loss)			26,371	1,039,551	1,065,922	296,270
Comprehensive income(loss)			2,433,894	1,039,551	3,473,445	307,736
Annual dividends			(641,944)		(641,944)	(25,771)
Interim dividends			(355,804)		(355,804)	
Stock option		75,498			75,498	12,124
Interest on hybrid bonds			(14,766)		(14,766)	
Acquisition of treasury shares		(76,111)			(76,111)	
Disposal of treasury shares		57,017			57,017	
Retirement of treasury shares		1,965,952	(1,965,952)			
Redemption of hybrid securities						
Issuance of hybrid securities						
Changes due to treasury stock transactions						
Changes in ownership in subsidiaries		137,303			137,303	(4,435)
Changes due to spin-off	(14,146)	(14,460,588)		(344,452)	(14,819,186)	(186,211)
Capital increase(decrease)	(14,146)	(12,300,929)	(2,978,466)	(344,452)	(15,637,993)	(204,293)
December 31, 2021(end of term capital)	30,493	(11,623,726)	22,437,341	735,238	11,579,346	755,792
January 1, 2022(basic capital)	30,493	(11,623,726)	22,437,341	735,238	11,579,346	755,792
Profit(loss) for the year			912,400		912,400	35,431
Other comprehensive income(loss)			32,798	(344,005)	(311,207)	4,981
Comprehensive income(loss)			945,198	(344,005)	601,193	40,412
Annual dividends			(361,186)		(361,186)	
Interim dividends			(542,876)		(542,876)	
Stock option		72,261			72,261	
Interest on hybrid bonds			(14,766)		(14,766)	
Acquisition of treasury shares						
Disposal of treasury shares						

	Equity					
	Controlling Interest of Parent Company					Non-Controlling Interest
	Share capital	Capital Surplus	Retained Earnings	Reserves	Sub-total	
Retirement of treasury shares						
Redemption of hybrid securities						
Issuance of hybrid securities						
Changes due to treasury stock transactions		(2,683)			(2,683)	
Changes in ownership in subsidiaries		(12,969)			(12,969)	40,672
Changes due to spin-off						
Capital increase(decrease)		56,609	(918,828)		(862,219)	40,672
December 31, 2022(end of term capital)	30,493	(11,567,117)	22,463,711	391,233	11,318,320	836,876
January 1, 2023(basic capital)	30,493	(11,567,117)	22,463,711	391,233	11,318,320	836,876
Profit(loss) for the year			1,093,611		1,093,611	52,326
Other comprehensive income(loss)			(16,809)	(4,017)	(20,826)	(3,141)
Comprehensive income(loss)			1,076,802	(4,017)	1,072,785	49,185
Annual dividends			(180,967)		(180,967)	(50,557)
Interim dividends			(542,282)		(542,282)	
Stock option		7,157			7,157	10,463
Interest on hybrid bonds			(17,283)		(17,283)	
Acquisition of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares						
Redemption of hybrid securities		(400,000)			(400,000)	
Issuance of hybrid securities		398,509			398,509	
Changes due to treasury stock transactions		(265,120)			(265,120)	
Changes in ownership in subsidiaries		(2,073)			(2,073)	(6,614)
Changes due to spin-off						
Capital increase(decrease)		(261,527)	(740,532)		(1,002,059)	(46,708)
December 31, 2023(end of term capital)	30,493	(11,828,644)	22,799,981	387,216	11,389,046	839,353



Consolidated Statement of Cash Flow(KRW million)

	40th	39th	38th
Cash flows from operating activities	4,947,205	5,159,317	5,031,279
Cash generated from operating activities	5,418,112	5,785,375	5,324,073
Profit for the year	1,145,937	947,831	2,418,989
Adjustments for income and expenses	4,546,338	4,719,438	3,473,779
Changes in assets and liabilities related to operating activities	(274,163)	118,106	(568,695)
Interest received	60,134	52,163	37,403
Dividends received	50,899	16,388	327,906
Interest paid	(341,488)	(259,719)	(306,634)
Income tax paid	(240,452)	(434,890)	(351,469)
Cash flows from investing activities	(3,352,905)	(2,807,795)	(3,486,189)
(1) Cash inflows from investing activities	272,578	1,229,923	600,188
Decrease in short-term financial instruments, net	0	264,693	162,565
Decrease in short-term investment securities, net	0	5,010	32,544
Collection of short-term loans	136,242	123,700	137,196
Decrease in long-term financial instruments	0	330,032	343
Proceeds from disposals of long-term investment securities	100,817	104,190	78,261
Proceeds from disposals of investments in associates and joint ventures	4,950	342,645	100,634
Proceeds from disposals of non-current assets held for sale	1,353	20,136	0
Proceeds from disposals of property and equipment	12,900	15,792	61,425
Proceeds from disposals of intangible assets	4,428	10,993	14,618
Collection of long-term loans	1,547	1,134	4,166
Decrease in deposits	5,922	10,056	6,941
Cash inflows from derivative transactions	1,452	1,542	1,495
Receipt of government grants	2,967	0	0
(2) Cash outflows for investing activities	(3,625,483)	(4,037,718)	(4,086,377)
Increase in short-term financial instruments, net	51,421	0	0
Increase in short-term loans	130,041	127,263	100,209
Increase in long-term loans	11,602	11,724	9,877
Increase in long-term financial instruments	0	330,032	21
Acquisitions of long-term investment securities	324,997	436,753	286,566
Acquisitions of investments in associates and joint ventures	17,656	11,065	222,765

	40th	39th	38th
Acquisitions of property and equipment	2,973,882	2,908,287	2,915,851
Acquisitions of intangible assets	106,761	138,136	392,588
Increase in deposits	6,848	12,146	51,274
Cash decrease due to exclusion from consolidation	2,275	0	0
Cash outflow for business combinations, net	0	62,312	107,226
Cash flows from financing activities	(2,020,990)	(1,349,882)	(2,053,611)
(1) Cash inflows from financing activities	2,416,817	1,802,041	1,796,824
Proceeds from short-term borrowings, net	0	130,000	0
Issuance of debentures	1,785,108	1,200,122	873,245
Proceeds from long-term borrowings	49,950	440,000	350,000
Issuance of hybrid securities	398,509	0	0
Increase in financial liabilities at FVTPL	0	0	129,123
Cash inflows from settlement of derivatives	183,090	768	332
Transactions with non-controlling shareholders	160	31,151	444,124
(2) Cash outflows for financing activities	(4,437,807)	(3,151,923)	(3,850,435)
Repayments of short-term borrowings, net	142,998	0	50,823
Repayments of long-term payables - other	400,245	400,245	426,267
Repayments of debentures	1,869,190	1,390,000	890,000
Repayments of long-term borrowings	125,000	41,471	286,868
Redemption of hybrid securities	400,000	0	0
Payments of dividends	773,806	904,020	1,028,520
Repayments of lease liabilities	402,465	401,054	431,674
Repayments of lease liabilities	285,487	0	76,111
Acquisition of treasury shares	0	0	626,000
Cash outflows resulting from spin-off	21,333	367	19,406
Transactions with non-controlling shareholders	17,283	14,766	14,766
Net increase(decrease) in cash and cash equivalents	(426,690)	1,001,640	(508,521)
Cash and cash equivalents at beginning of the year	1,882,291	872,731	1,369,653
Effects of exchange rate changes on cash and cash equivalents	(623)	7,920	11,599
Cash and cash equivalents at end of the year	1,454,978	1,882,291	872,731

Retained Economic Value
(Total Capital Change)

(Unit: KRW billion)

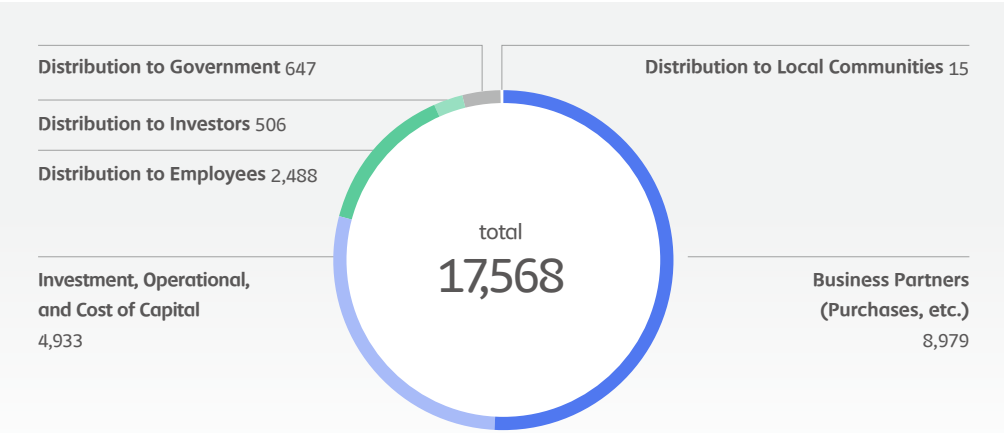


 Tax Policy

Creation and Distribution of Economic Value

In 2023, SK Telecom generated a total of KRW 18,301.6 billion in economic value, which includes KRW 17,608.5 billion from operating revenue, financial investment income, asset sale proceeds, and other revenues. The generated value, combined with retained earnings, totaled KRW 17,566.9 billion. This amount was reasonably allocated to stakeholders, considering the company's future value and the efficacy of investments. After all allocations, the net change in total capital was + KRW 734.7 billion.

Distribution of Economic Value(Unit: KRW billion)



Distribution to Business Partners and Investment, Operational, and Cost of Capital	Purchases for service provision, fees paid to suppliers, costs of purchasing goods, research and development payment distributed among business partners, and other operational payment
Distribution to Employees	Wages, welfare benefits, and reserves for retirement allowances
Distribution to Investors	Dividends and interest payment
Distribution to Government	Payment of corporate taxes, other taxes, and radio frequency usage fees
Distribution to Local Communities	Pure donations excluding indirect benefits such as business investments and infrastructure support for local communities

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. Compliance with Tax Laws

- ◆ 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. Ensuring 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. Adherence to the 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. Fulfillment of International Tax Obligations

- ◆ 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. Processes

- ◆ 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

In 2023, SK Telecom's consolidated earnings before tax was KRW 1,488.2 billion, with a nominal tax charge of KRW 382.5 billion, resulting in a nominal tax rate of 25.70%. The actual tax paid was KRW 342.2 billion, resulting in an effective tax rate of 23.00%. The effective tax rate in 2023 was 2.71%p lower than the nominal tax rate, the main reasons for which include the effects stemming from tax-exempt income, non-deductible expenses, and tax deductions and exemptions. This result is also attributable to changes in deferred income tax that are not feasible, refunded income taxes from past periods, and the effect of tax rate fluctuations.

	Unit	2021	2022	2023
Earnings before tax ²⁾	KRW million	1,718,191	1,236,152	1,488,179
Nominal taxes ¹⁾		834,146	329,580	382,517
Adjustments ¹⁾		(182,198)	(41,259)	(40,275)
Income tax paid ²⁾		446,7966	288,321	342,242
Effective tax rate	%	26.00	23.32	23.00
Cash tax paid	KRW million	238,874	196,636	231,667
Cash tax rate (Cash tax paid/Earnings before tax)	%	13.90	15.91	15.57

Adjustments ¹⁾	Unit	2021	2022	2023
Tax exempt income	KRW million	(13,924)	(14,969)	(3,091)
Non-deductible payment		15,329	24,679	15,725
Tax deductions and exemptions		(62,075)	(10,300)	(64,829)
Changes in deferred corporate tax that cannot be made		(68,589)	21,057	14,354
Effects of changes in tax rates		(36,193)	(42,307)	3,444
Refund of corporate tax in past, etc.			(19,419)	(5,878)

1) Includes both continuing and discontinued operations(2021, 2022)

2) Continuing operations only

1) According to SK Telecom's 2023 annual business report, 99.9% of revenue was generated in Korea, with the remaining 0.1% from other countries(USA, China, etc.)

2) Includes SKT Co. Ltd.(Headquarters) and all domestic subsidiaries

3) Income tax paid according to K-IFRS

4) SK Telecom Japan disposed of part of its equity in 2023, resulting in its exclusion from subsidiary status; thus, tax information is only reflected from January to September 2023

5) 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"

Tax by place of business ¹⁾ (Unit: KRW million)						
Region	Operator Name	Major Business	Revenue	Profit before Income Tax	Income tax accrued (current year)	Income tax paid ³⁾
Korea ²⁾	SK Telecom Co. Ltd	Fixed and mobile Telecommunication Business	17,595,665	1,487,975	142,481	342,172
US	SK Telecom Americas, Inc.	Information Collection and Consulting Business	10,347	(408)	-	7
Japan ⁴⁾	SK Telecom Japan Inc.	Information Collection and Consulting Business	4,746	(360)	-	115
China	SK Telecom China Holdings Co., Ltd.	Investment Business	2,499	612	15	63
Total			17,608,511	1,488,179	142,496	342,242

Internal Accounting Control System⁵⁾

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.

To practically operate the internal accounting control system, SK Telecom has divided it into three areas: Entity Level Control(ELC), Transaction Level Control(TLC), and Information Technology General Control(ITGC). It maintains a Risk Control Matrix(RCM) that describes methods to identify potential risks in each area and manage and evaluate control activities. This Risk Control Matrix is updated annually to reflect changes in the external environment and business operations, serving as a benchmark for management's self-assessment. Management's self-assessment is conducted through design evaluations and bi-annual operational assessments. Any deficiencies identified during the self-assessment and auditing processes are rectified in collaboration with the dedicated internal accounting evaluation department and external auditors.

- ◆ The company's management annually conducts self-evaluations to improve the internal accounting control system and reports the results to the audit committee, the board of directors, and the shareholders' meeting.
- ◆ External auditors perform independent verification audits on the company's internal accounting control system and report to the audit committee.
- ◆ The audit committee independently assesses and decides on the operational status of the company's internal accounting and reports the results to the board of directors.

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, 2023, 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. 2023 Overview

Effective as of November 1, 2021, we conducted a horizontal spin-off(the ‘Spin-off’) of our businesses related to the management of our equity interests in certain subsidiaries and investees(the ‘Spin-off Portfolio Companies’) engaged in the semiconductor and certain other non-telecommunications businesses, including security, e-commerce and other new information and communications technologies(‘ICT’) businesses(the ‘Spin-off Businesses’). The Spin-off was accomplished through the establishment of a new company named SK square Co., Ltd.(‘SK Square’), to which our equity interests in the Spin-off Portfolio Companies were transferred, and we distributed SK Square’s shares of common stock on a pro rata basis to the holders of our common stock. As a result of the Spin-off, our business operations relating to the Spin-off Businesses have been accounted for as discontinued operations in our consolidated financial statements for the years ended December 31, 2023, 2022 and 2021, included in this annual report.

In the wireless telecommunication business that has transitioned to the current 5G network, we have launched innovative products and services that meet the changing preferences and needs of our customers, thus enabling us to maintain our position as a leader in the ICT era. While maintaining our leading position in the domestic wireless telecommunication services

market, we aim to continue to develop our next-generation growth business by offering innovative products including IoT solutions, platform services, cloud computing, data centers, smart factories, subscription services, metaverse, media, platform, AI solutions, enterprise AI services and other innovative products and services, as well as to actively integrate AI technology generally into, and create synergies among, our various businesses. We also plan to further utilize AI technology and our big data analysis capabilities to develop and commercialize new products and services that are tailored to our customers’ evolving needs, as well as incorporate AI capabilities directly into many of the products and services we offer. 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, platform services, cloud services, smart factory solutions, subscription services, advertising and curated shopping services, metaverse platform-based services, AI solutions and enterprise AI 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 2023 with 33.7 million subscribers(including subscribers of mobile virtual network operators(‘MVNOs’) that lease our networks) as of December 31, 2023, of which approximately 24.4 million used smartphones. Our share of the Korean wireless market based on the number of subscribers(including subscribers of MVNOs) was approximately 40.7% as of December 31, 2023, compared to 43.2% as of December 31, 2022. 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 our 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 the wireless telecommunications sector.

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

In 2023, our cellular services segment revenue was KRW 13.12 trillion, representing 74.5% 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, 2023, we had approximately 3.5 million fixed-line telephone subscribers(including subscribers to VoIP services of SK Broadband), approximately 6.9 million broadband Internet access subscribers and approximately 9.5 million pay TV subscribers, with market shares of 15.7%, 28.7% and 26.1%(of the overall pay TV market including IPTV, cable TV and satellite TV), respectively, based on the number of subscribers.

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 259 live high definition channels depending on the subscription service as of December 31, 2023, 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). Since the Tbroad merger, we also offer cable TV services under the ‘B tv Cable’ brand with access to as many as 230 channels.

In 2023, our fixed-line telecommunications services segment revenue was KRW 3.93 trillion, representing 22.3% of our consolidated operating revenue.

Other Businesses

We strive to continually diversify our products and services and develop new businesses that we believe are complementary to our existing products and services, which we include in our other businesses segment. We operate a T-commerce network, ‘SK stoa’, through our consolidated subsidiary SK Stoa, which offers a broad assortment of goods and services through pre-recorded television programming. The goods and services promoted on SK stoa’s T-commerce programming can be purchased through telephone orders, SK stoa’s mobile application or online open marketplace, or a virtual application appearing on the television screen using the viewer’s remote controller. In addition, we offer a portal service under the ‘Nate’ brand name through SK communications that can be accessed through its website, www.nate.com, or through its mobile application. We also provide online corporate employee benefits management and training services to Korean businesses and public institutions through our wholly-owned indirect subsidiary M&Service, which we acquired in February 2022.

In 2023, our other businesses segment revenue was KRW 0.56 trillion, representing 3.2% of our consolidated operating revenue.

2. EXECUTIVE SUMMARY

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

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

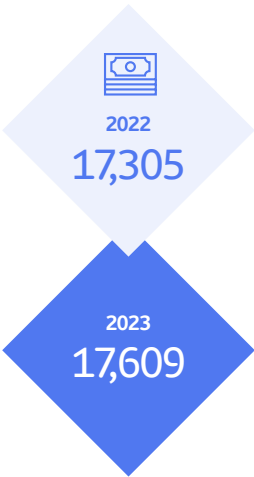
In our others segment, we principally earn revenue from the T-commerce business of SK Stoa, which derives revenue through third-party seller fees earned(including commissions) for transactions in which it acts as a selling agent on SK stoa, its T-commerce network, our ‘Nate’ portal service operated by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

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

- 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

Consolidated Operating Revenue

(Unit: in bn KRW)



Selected Financial Information(Unit: Consolidated, KRW billion)				
		2023	2022	Change
Statement of Income Data	Operating revenue	17,609	17,305	1.8%
	EBITDA ¹⁾	5,503	5,367	2.5%
	Operating expenses	15,855	15,693	1.0%
	Operating profit	1,753	1,612	8.7%
	Profit for the year	1,146	948	20.9%
Statement of Financial Position Data	Total assets	30,119	31,308	(3.8)%
	Cash & marketable securities ²⁾	1,750	2,120	(17.5)%
	Total liabilities	17,891	19,153	(6.6)%
	Interest-bearing financial debt ³⁾	9,044	9,303	(2.8)%
	Total equity	12,228	12,155	0.6%
Financial Ratios(%)	EBITDA margin	31.3	31.0	0.3%p
	Operating margin	10.0	9.3	0.7%p
	Net margin	6.5	5.5	1.0%p
	Debt-to-equity ratio ⁴⁾	74.0	76.5	(2.5)%p

Our operating revenue increased by 1.8% from KRW 17.305 trillion in 2022 to KRW 17.609 trillion in 2023. This was primarily due to increases in the number of SK Telecom’s 5G wireless subscribers and SK Broadband’s IPTV subscribers, as well as visible realization of growth businesses such as B2B. Our operating expenses increased by 1.0% from KRW 15.693 trillion in 2022 to KRW 15.855 trillion in 2023. This was primarily due to increases in other operating expenses, labor costs and commissions. As the increase in operating revenue outpaced the increase in operating expenses, operating profit in 2023 amounted to KRW 1.753 trillion, representing an increase of 8.7%, while the EBITDA margin was 31.3%, an increase of 0.3%p, and operating margin was 10.0%, an increase of 0.7%p. Profit for the year in 2023 was KRW 1.146 trillion, a 20.9% increase from KRW 0.948 trillion in 2022.

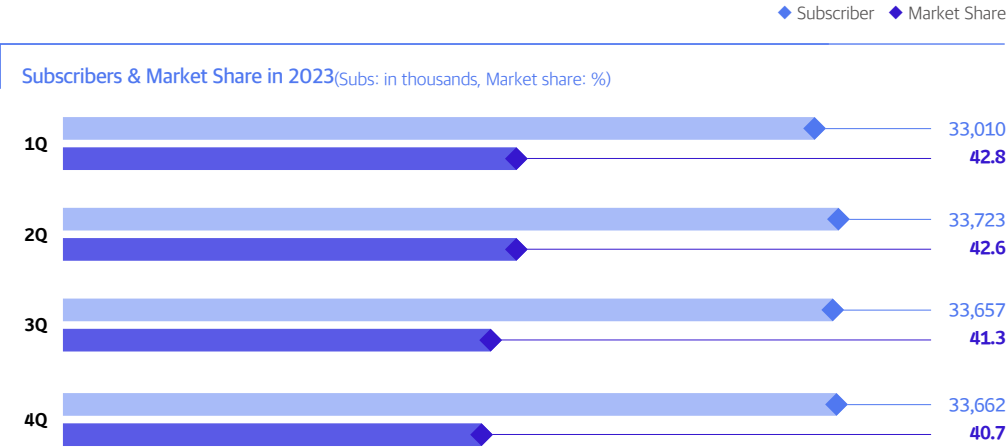
Total assets decreased by 3.8% to KRW 30.119 trillion as of December 31, 2023 from KRW 31.308 trillion as of December 31, 2022. Total liabilities decreased by 6.6% to KRW 17.891 trillion as of December 31, 2023 from KRW 19.153 trillion as of December 31, 2022. Total equity was KRW 12.228 trillion as of December 31, 2023, representing a 0.6% year-on-year increase. Our debt-to-equity ratio as of December 31, 2023 was 74.0%, compared to 76.5% as of December 31, 2022.

3. Revenue

Our operating revenue increased by 1.8% from KRW 17.305 trillion in 2022 to KRW 17.609 trillion in 2022. The increase was primarily due to increases in the number of SK Telecom’s 5G wireless subscribers and SK Broadband’s IPTV subscribers, as well as growth of the B2B business.

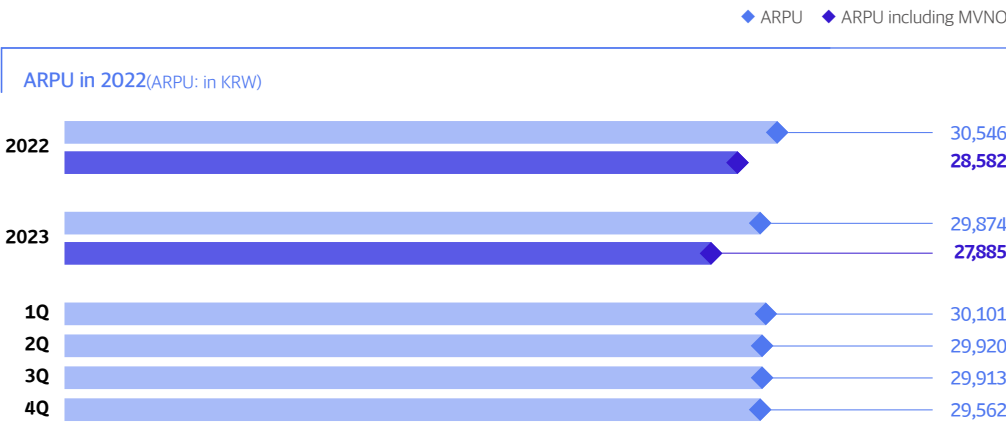
Subscribers & Market Share

The total number of wireless subscribers in Korea was approximately 82.8 million as of December 31, 2023 with a wireless telecommunications service penetration rate of 161.3%. SK Telecom ended the year 2023 with approximately 33.7 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 2.5%p to 40.7% as of December 31, 2023 from 43.2% as of December 31, 2022. The number of SK Telecom’s 5G wireless subscribers reached 15.8 million as of December 31, 2023, compared to 13.5 million as of December 31, 2022, while the number of its LTE wireless subscribers decreased to 16.8 million as of December 31, 2023 from 18.1 million as of December 31, 2022, in each case including subscribers of MVNOs that lease SK Telecom’s networks.



ARPU

SK Telecom's average monthly revenue per subscriber excluding MVNO subscribers leasing SK Telecom's networks('ARPU') decreased by 2.2% to KRW 29,874 in 2023 from KRW 30,546 in 2022. SK Telecom's average monthly revenue per subscriber including such MVNO subscribers('ARPU including MVNO') decreased by 2.4% to KRW 27,885 in 2023 from KRW 28,582 in 2022. The decrease in ARPU in 2023 was primarily due to an increase in subscriptions for IoT and other non-mobile phone devices, from which SK Telecom derives lower revenue per subscriber, which effect was offset in part by an increase in the number of subscribers that subscribe to SK Telecom's 5G subscription plans, which are relatively higher-priced compared to other types of wireless subscription plans. The decrease in ARPU including MVNO in 2023 was primarily due to an increase in the number of MVNO subscribers from whom SK Telecom derives lower ARPU.



Subsidiaries

The consolidated revenue of SK Broadband, which is mostly generated from its fixed-line telecommunication and media services, increased by 2.9% to KRW 4.275 trillion in 2023 from KRW 4.156 trillion in 2022, primarily due to favorable B2B business conditions focused on data centers and an increase in the number of IPTV subscribers.

PS&Marketing's revenue, which is mostly derived from sales of handsets, decreased by 1.7% to KRW 1.353 trillion in 2023 from KRW 1.376 trillion in 2022, primarily due to a decrease in commission revenue despite an increase in handset sales revenue.

Statement of Income(Consolidated, KRW billion)

	2023	% of Revenue	2022	% of Revenue
Operating revenue	17,609	100.0%	17,305	100.0%
Operating expenses	15,855	90.0%	15,693	90.7%
Labor ¹⁾	2,488	14.1%	2,450	14.2%
Commissions ²⁾	5,550	31.5%	5,519	31.9%
Depreciation and amortization ³⁾	3,615	20.5%	3,621	20.9%
Network interconnection	678	3.9%	715	4.1%
Leased line	275	1.6%	268	1.5%
Advertising	236	1.3%	252	1.5%
Rent	142	0.8%	144	0.8%
Cost of goods sold	1,266	7.2%	1,268	7.3%
Others	1,604	9.1%	1,455	8.4%
Operating profit	1,753	10.0%	1,612	9.3%
Finance income	248	1.4%	180	1.0%
Finance costs	527	3.0%	456	2.6%
Gain(loss) relating to investments in subsidiaries, associates and joint ventures, net	11	0.1%	(82)	0.5%
Other non-operating income	50	0.3%	56	0.3%
Other non-operating expenses	47	0.3%	74	0.4%
Profit before income tax	1,488	8.5%	1,236	7.1%
Income tax expense	342	1.9%	288	1.7%
Profit for the year	1,146	6.5%	948	5.5%
EBITDA ⁴⁾	5,503	31.3%	5,367	31.0%

- 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 2023 amounted to KRW 15.855 trillion, representing a 1.0% increase from KRW 15.693 trillion in 2022. Such increase was primarily due to a 10.2% increase in other operating expenses, a 1.6% increase in labor costs and a 0.6% increase in commissions. The increase in other operating expenses was primarily due to an increase in utilities, mainly reflecting increases in the number of base stations and electricity prices. The increase in labor costs was primarily due to increases in the number of personnel at certain of our subsidiaries. The increase in commissions was primarily due to an increase in the sales of IPTV service subscriptions through our authorized dealers and independent retailers.

Operating Expenses((in bn KRW)		
	2023	2022
Labor	2,488	2,450
Commissions	5,550	5,519
Depreciation and amortization	3,615	3,621
Network interconnection	678	715
Leased lines	275	268
Advertising	236	252
Rent	142	144
Cost of goods sold	1,266	1,268
Others	1,604	1,455
	15,855	15,693

Operating Profit and EBITDA

Our operating profit increased by 8.7% to KRW 1.753 trillion in 2023 as the increase in our operating revenue outpaced the increase in our operating expenses in 2023. Our EBITDA margin increased by 0.3%p to 31.3% in 2023, while operating margin increased by 0.7%p to 10.0% in 2023.

Non-Operating Income and Expenses

Our finance income increased by 37.8% to KRW 248 billion in 2023 from KRW 180 billion in 2022, primarily due to a significant increase in dividends received to KRW 43 billion in 2023(mainly attributable to dividends we received from Hana Financial Group) from KRW 3 billion in 2022, as well as a 22.3% increase in gain relating to financial instruments at fair value through profit or loss to KRW 115 billion in 2023 from KRW 94 billion in 2022, primarily relating to our equity investment in Joby Aviation Inc.

Our finance costs increased by 15.6% to KRW 527 billion in 2023 from KRW 456 billion in 2022, primarily due to an 18.9% increase in in interest expense to KRW 390 billion in 2023 from KRW 328 billion in 2022, which primarily reflected higher market interest rates.

Other non-operating income decreased by 10.7% to KRW 50 billion in 2023 from KRW 56 billion in 2022, primarily as a result of the previously estimated amounts of certain regulatory fees recognized in 2022 being greater than the actual amounts.

Our non-operating expenses decreased by 36.5% to KRW 47 billion in 2023 from KRW 74 billion in 2022, primarily due to a decrease in loss on disposal of property and equipment and intangible assets.

We recorded net gains related to investments in associates and joint ventures of KRW 11 billion in 2023, primarily due to our share of profits from SK China Company Ltd. of KRW 24 billion, compared to net losses related to investments in associates and joint ventures of KRW 82 billion in 2022, primarily due to loss from disposal of our equity interest in HanaCard Co., Ltd. in 2022.

Income Tax

Income tax expense increased by 18.8% to KRW 342 billion in 2023 from KRW 288 billion in 2022 primarily due to a 20.4% increase in profit before income tax. Our effective tax rate in 2023 decreased to 23.0% from 23.3% in 2022.

Profit for the Year

Principally as a result of the factors discussed above, our profit for the year increased by 20.9% to KRW 1.146 trillion in 2023 from KRW 0.948 trillion in 2022. Net margin was 6.5% in 2023 compared to 5.5% in 2022.

4. FINANCIAL STRUCTURE

Current Assets

We had current assets of KRW 6.586 trillion as of December 31, 2023, representing an 8.8% year-on-year decrease from KRW 7.219 trillion as of December 31, 2022. Our cash and marketable securities(including short-term financial instruments) decreased by 17.5% to KRW 1.750 trillion as of December 31, 2023 from KRW 2.120 trillion as of December 31, 2022, primarily due to a decrease in cash and cash equivalents. Our accounts receivable(trade and other) decreased by 5.2% to KRW 2.323 trillion as of December 31, 2023 from KRW 2.450 trillion as of December 31, 2022.

Non-current Assets

As of December 31, 2023, our non-current assets decreased by 2.3% from KRW 24.089 trillion as of December 31, 2022, to KRW 23.534 trillion, primarily due to decreases in intangible assets and property and equipment. Our intangible assets decreased by 14.0% to KRW 2.861 trillion as of December 31, 2023 from KRW 3.325 trillion as of December 31, 2022, primarily due to a decrease in the carrying amount of our frequency usage rights. Our property and equipment decreased by 2.4% to KRW 13.006 trillion as of December 31, 2023 from KRW 13.322 trillion as of December 31, 2022, primarily due to decreases in construction-in-progress and right-of-use assets.

Current Assets(in bn KRW)		
	2022	2023
Cash & Marketable Securities	2,120	1,750
Accounts Receivable(trade and other)	2,450	2,323
Short-term Loans	79	78
Inventories	166	180
Other Current Assets	2,404	2,255
	7,219	6,586

Non-Current Assets(in bn KRW)		
	2022	2023
Property and Equipment	13,322	13,006
Intangible Assets	3,325	2,861
Investment Assets	3,326	3,630
Other Non-Current Assets	4,116	4,037
	24,089	23,534

Liabilities

We had KRW 17.891 trillion of total liabilities as of December 31, 2023, representing a 6.6% decrease from KRW 19.153 trillion of total liabilities as of December 31, 2022. This decrease was primarily due to a decrease in our interest-bearing financial debt. Our total interest-bearing financial debt decreased by 2.8% to KRW 9.044 trillion as of December 31, 2023 from KRW 9.303 trillion as of December 31, 2022, mainly due to decreases in long-term borrowings and current portion of long-term debt. Our debt-to-equity ratio as of December 31, 2023 was 74.0%, compared to 76.5% as of December 31, 2022.

Interest-Bearing Financial Debt(in bn KRW)		
	2022	2023
Short-term Borrowings	143	-
Current Portion of Long-term Debt	1,968	1,622
Debentures(excluding current portion)	6,524	7,106
Long-term Borrowings(excluding current portion)	668	316
	9,303	9,044

Equity

Our total equity as of December 31, 2023 amounted to KRW 12.228 trillion, which increased by 0.6% from December 31, 2022, primarily due to an increase in retained earnings.

Equity(in bn KRW)		
	2022	2023
Share Capital	30	30
Capital Surplus(Deficit) and other Capital Adjustments	-11567	-11829
Retained Earnings	22,464	22,780
Reserves	391	387
Non-controlling interests	837	839
	12,155	12,228

5. CAPITAL EXPENDITURES(SEPARATE BASIS)

SK Telecom spent approximately KRW 1.74 trillion on capital expenditures in 2023, compared to KRW 2.21 trillion for capital expenditures in 2022, each on a separate basis. Of the total amount spent in 2023, SK Telecom spent approximately KRW 1.38 trillion, or 79.3% on establishing and enhancing wireless networks(including new 5G networks), while SK Telecom spent KRW 0.36 trillion on other investments, including development of new products and information technology systems and equipment upgrades.

Non-consolidated Statement of Financial Position

Non-consolidated Statement of Financial Position(KRW million)

	40th	39th	38th
Assets			
Current Assets	4,703,844	5,498,460	4,681,493
Cash and cash equivalents	631,066	1,217,504	158,823
Short-term financial instruments	186,364	169,829	379,000
Account receivable - trade	1,495,617	1,425,695	1,514,260
Short-term loans	68,806	70,043	62,724
Account receivable - other	343,036	435,096	520,956
Accrued revenue	2,643	1,168	331
Contract assets	9,228	12,100	10,078
Advance payment	37,863	47,168	15,773
Prepaid expenses	1,828,646	1,908,987	1,913,419
Security deposit	72,479	63,516	51,739
Derivative financial assets	0	123,999	25,428
inventories, net	28,096	23,355	8,962
Assets held for sale	0	0	20,000

	40th	39th	38th
Assets			
Non-current assets	20,292,088	20,933,661	21,707,572
Long-term financial instruments	354	354	354
Long-term investment securities	1,426,290	1,155,188	1,476,361
Investments in subsidiaries and associates	4,670,568	4,621,807	4,841,139
Property and equipment, net	9,076,459	9,519,663	9,318,408
Investment property	46,080	52,023	45,100
Goodwill	1,306,236	1,306,236	1,306,236
Intangible assets	2,250,829	2,693,400	3,203,330
Long-term loans	119	194	201
Long-term accounts receivable	308,868	377,858	287,179
Long-term contract assets	12,385	20,998	19,399
Long-term prepaid expenses	898,754	935,710	951,441
Long-term guarantee deposits	91,220	92,019	106,091
Long-term derivative financial assets	118,533	126,737	152,084
Defined Benefit Assets	85,144	31,225	0
Other non-current assets	249	249	249
Total Assets	24,995,932	26,432,121	26,389,065



		40th	39th	38th
Liabilities and Equity	Current Liabilities	5,505,470	6,236,135	5,426,477
	Account payables	1,794,997	2,334,484	2,072,195
	Contract liabilities	59,814	80,654	72,624
	Withholdings	608,352	604,681	608,069
	Accrued expenses	911,460	871,095	764,863
	Current tax liabilities	133,543	82,554	158,837
	Short-term Provisions	31,313	31,651	54,137
	Short-term borrowings	0	100,000	0
	Current bonds and long-term borrowings	1,249,516	1,383,097	976,195
	Lease liabilities	341,075	337,320	316,169
	Current long-term account payables	367,770	398,874	398,823
	Other current liabilities	7,630	11,725	4,565
	Non-current liabilities	9,054,369	9,812,604	10,099,732
	Debentures	5,807,423	5,705,873	5,835,400
	Long-term borrowings	250,000	640,000	300,000
	Long-term account payables	892,683	1,239,467	1,611,010
	Long-term contract liabilities	4,398	12,745	9,149
	Derivative financial liabilities	295,876	302,593	321,025
	Long-term lease liabilities	885,470	1,041,991	1,045,926
	Non-current liabilities	69,791	65,754	42,432
	Deferred tax liabilities	801,995	754,321	883,311
	Defined benefit liabilities	0	0	6,902
	Other non-current liabilities	46,733	49,860	44,577
	Total Liabilities	14,559,839	16,048,739	15,526,209

		40th	39th	38th
Equity	Share capital	30,493	30,493	30,493
	Capital surplus and others	(4,766,147)	(4,506,693)	(4,576,271)
	Retained earnings	15,032,473	14,691,461	14,770,618
	Reserves	139,274	168,121	638,016
	Total Shareholders' Equity	10,436,093	10,383,382	10,862,856
Total Liabilities and Shareholders' Equity		24,995,932	26,432,121	26,389,065



Non-consolidated Statement of Income(KRW million)

	40th	39th	38th
Operating revenue	12,589,220	12,414,588	12,102,830
Operating expense	11,133,350	11,093,457	10,988,507
Labor cost	943,924	992,964	953,849
Commissions	4,831,879	4,792,121	4,817,920
Depreciation and amortization	2,698,436	2,693,630	2,766,981
Network interconnection	490,114	532,621	561,321
Leased line	189,059	191,212	206,499
Advertising	174,403	161,294	117,969
Rent	127,182	121,067	115,271
Cost of goods sold	548,155	544,286	470,565
Other operating expense	1,130,198	1,064,262	978,132
Operating income(loss)	1,455,870	1,321,131	1,114,323
Finance income	342,646	134,965	435,635
Finance cost	441,390	387,606	254,835
Other non-operating income	40,844	45,162	69,662
Other non-operating expense	24,019	29,005	49,489
Gain(loss) related to investments in subsidiaries, associates and joint ventures	(19,012)	61,603	54,051
Profit before income tax	1,354,939	1,146,250	1,369,347
Corporate tax	295,189	276,760	295,524
Net profit for the term	1,059,750	869,490	1,073,823
Earnings per share			
Basic earnings per share(in won)	4,798	3,921	3,183
Diluted earnings per share(in won)	4,794	3,919	3,181

Non-consolidated Statement of Comprehensive Income(KRW million)

	40th	39th	38th
Annual profit	1,059,750	869,490	1,073,823
Other Inclusive gains and losses	(7,053)	(499,714)	297,192
Items not reclassified as a profit or loss during the follow-up periods	4,435	(485,922)	280,385
Remeasurement factors of defined benefit systems	43,656	(4,899)	(9,379)
Valuation loss on financial assets at fair value through other comprehensive income	(39,221)	(481,023)	289,764
Items reclassified as a profit or loss during the follow-up periods	(11,488)	(13,792)	16,807
Net change in unrealized fair value or derivatives	(11,488)	(13,792)	16,807
Total inclusive gains and losses for the term	1,052,697	369,776	1,371,015

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

	Equity									
	Other Paid up Capital							Retained Earnings	Reserves	Total Equity
	Share Capital	Capital Excess Equity of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total			
Acquisition of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares										
Issuance of hybrid securities										
Changes due to treasury stock transactions			20,612		(92,234)	68,939	(2,683)			(2,683)
Changes due to spin-off										
Capital increase(decrease)			20,612		(45,105)	94,071	69,578	(918,828)		(849,250)
December 31, 2022(end of term capital)	30,493	1,771,000	(36,702)	398,759	2,061	(6,641,811)	(4,506,693)	14,691,461	168,121	10,383,382
January 1, 2023(basic capital)	30,493	1,771,000	(36,702)	398,759	2,061	(6,641,811)	(4,506,693)	14,691,461	168,121	10,383,382
Profit(loss) for the year								1,059,750		1,059,750
Other comprehensive income(loss)								21,794	(28,847)	(7,053)
Comprehensive income(loss)								1,081,544	(28,847)	1,052,697
Annual dividends								(180,967)		(180,967)
Interim dividends								(542,282)		(542,282)
Stock option					7,757	(600)	7,157			7,157
Interest on hybrid bonds								(17,283)		(17,283)
Redemption of hybrid securities				(398,759)		(1,241)	(400,000)			(400,000)
Acquisition of treasury shares										
Disposal of treasury shares										
Retirement of treasury shares										
Issuance of hybrid securities				398,509			398,509			398,509
Changes due to treasury stock transactions			(265,279)			159	(265,120)			(265,120)
Changes due to spin-off										
Capital increase(decrease)			(265,279)	(250)	7,757	(1,682)	(259,454)	(740,532)		(999,986)
December 31, 2023(end of term capital)	30,493	1,771,000	(301,981)	398,509	9,818	(6,643,493)	(4,766,147)	15,032,473	139,274	10,436,093



Non-consolidated Statement of Cash Flow(kRW million)

	40th	39th	38th
Cash flows from operating activities	4,008,340	4,072,281	3,919,829
Cash generated from operating activities	4,245,570	4,554,517	4,021,672
Net Profit for the term	1,059,750	869,490	1,073,823
Adjustment for income and expenses	3,334,194	3,470,169	3,128,696
Changes in assets and liabilities related to operating activities	(148,374)	214,858	(180,847)
Interest received	32,673	31,516	23,109
Dividends received	208,026	50,927	326,759
Interest paid	(283,654)	(220,723)	(202,547)
Income tax paid(refund)	(194,275)	(343,956)	(249,164)
Cash flows from investing activities	(2,371,006)	(1,964,831)	(2,251,647)
(1) Cash inflows from investing activities	185,310	1,120,368	485,118
decrease in short-term financial instruments	0	201,376	137,000
Collection of short-term loans	126,398	115,121	130,833
Decrease in long-term financial instruments	0	330,032	0
Proceeds from disposal of long-term investment securities	17,939	55,114	17,116
Proceeds from disposal of investments in associates and joint ventures	26,819	382,114	139,668
Disposal of Non-current Assets Held for Sale	0	20,136	0
Proceeds from disposal of property and equipment	9,731	12,795	55,658
Proceeds from disposal of intangible assets	4,423	3,680	4,843
(2) Cash outflows for investment activities	(2,556,316)	(3,085,199)	(2,736,765)
Increase in short-term financial instruments	11,115	0	0
Increase in short-term loans	125,072	122,506	97,628
Increase in Long-term Financial Instruments	0	330,032	0
Acquisition of long-term investment securities	284,509	372,672	24,912
Acquisition of investments in associates and joint ventures	90,355	93,215	414,467
Acquisition of property and equipment	1,977,806	2,074,860	1,863,200
Acquisition of intangible assets	67,459	91,914	336,558

	40th	39th	38th
Cash flows from financing activities	(2,223,771)	(1,048,738)	(1,838,576)
(1) Cash inflows from financing activities	1,465,694	1,591,588	808,208
Proceeds from short-term borrowings	0	100,000	0
Proceeds from long-term borrowings	0	440,000	300,000
Issuance of debentures	941,185	1,050,820	507,876
Cash inflows due to transaction of derivative products	126,000	768	332
Issuance of hybrid securities	398,509	0	0
(2) Cash inflows from financing activities	(3,689,465)	(2,640,326)	(2,646,784)
Proceeds from short-term borrowings	100,000	0	0
Proceeds from long-term borrowings	100,000	7,096	12,824
Repayments of long-term payables □ other	400,245	400,245	425,349
Repayment of debentures	1,309,000	970,000	700,000
Payment of dividends	723,215	904,020	997,748
Redemption of hybrid securities	400,000	0	0
Interest on hybrid bonds	17,283	14,766	14,766
Repayment of lease liabilities	354,235	344,199	341,186
Repurchase of treasury stock	285,487	0	76,111
Cash outflows resulting from spin-off	0	0	78,800
Net increase(decrease) in cash and cash equivalents	(586,437)	1,058,712	(170,394)
Cash and cash equivalent at beginning of the year	1,217,504	158,823	329,208
Effects of exchange rate changes on cash and cash equivalents	(1)	(31)	9
Cash and cash equivalents at end of the year	631,066	1,217,504	158,823

Independent Auditor’s Report

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

Opinion

We have audited the accompanying consolidated financial statements of SK Telecom Co., Ltd. and its subsidiaries(collectively referred to as the “Group”) which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of material accounting policies.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the two years in the period ended December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea(“KIFRS”).

We also have audited the Group’s internal control over financial reporting as of December 31, 2023, based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting in accordance with the Korean Standards on Auditing(“KSA”) issued by the Operating Committee of internal control over financial reporting, and our report dated March 6, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

We conducted our audits in accordance with KSA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of

the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Cut-off of revenue from wireless services.

As described in notes 3(21) and 4(2) to the consolidated financial statements, the Group’s revenue from the wireless services is recognized based on data from a complex array of information technology systems which process a significant volume of transactions with its customers. Furthermore, the transactions involve a variety of contractual terms from new subscriptions to deactivations or churn, and changes of rate plans during the period. Therefore, we have identified timing of revenue recognition related to the Group’s wireless services as a key audit matter. Related revenue from the wireless services amounted to ₩10,328,980 million in 2023. The primary procedures we performed to address this key audit matter included:

- ◆ Inspecting major contracts with subscribers to assess whether the Group’s revenue recognition policies based on the terms and conditions as set out in

- the contracts, are consistent with reference to the requirements of KIFRS 1115;
- ◆ Testing internal controls relating to the timing of revenue recognition for the wireless services; and
- ◆ Evaluating the appropriateness of the timing of revenue recognition by recalculating the prorated revenue based on the subscribed rate plan and comparing it with the billing information.

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

As described in notes 3(10) and 16 to the consolidated financial statements, the Group assesses impairment of goodwill allocated to a cash generating unit(“CGU”), at least, annually or when there is an indication of possible impairment by comparing the carrying amount of the CGU to its recoverable amount based on value-in-use(“VIU”). The amount of goodwill allocated to the fixed-line telecommunication services CGU is ₩764,082 million as of December 31, 2023.

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

The primary audit procedures we have performed for this key audit matter include:

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with KIFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSA will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s 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 auditor’s 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 auditor’s report is Yoo, Jung Ho.

Ernst & Young Han Young

March 6, 2024

This report is effective as of March 6, 2024, the independent auditor’s report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of independent auditor’s report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Non-financial Statement

Non-financial Management Discussion & Analysis

Reporting Standards and Principles

The purpose of this Non-financial Management Discussion & Analysis(MD&A) is to present management’s analysis and 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, 2023 to December 31, 2023. 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 organization’s short-, mid, and long-term value creation in economic, social, and environmental contexts. Please refer to p.17 for the business model required to implement the integrated reporting principles of the IIRC and to p.33-34 for materiality assessment to determine important topics according to impact on value creation.

2. Sustainability Reporting Standards of Global Reporting Initiatives, GRI Standards

The Global Reporting Initiatives(GRI) provides information on the topics and disclosures of reporting from economic, social, and environmental perspectives so that stakeholders can discern the organization’s performance. It demands that the topics be determined according to the correlation of each aspect from stakeholder impact and the organization’s economic, social, and environmental perspectives. We conducted a double materiality assessment that considers both the impact of external environmental and social factors on a company’s financial value and the impact of business activities on the environment and society Please refer to p.33-34 for the results of the double materiality assessment conducted in accordance with the GRI requirements

3. Accountability AA1000

The AA1000 series identifies and prioritizes sustainability issues related to the organization and defines its framework and principles. The information in this report is verified by a third party according to the Assurance Standard(AA1000AS) V3. Please refer to p.190-192 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

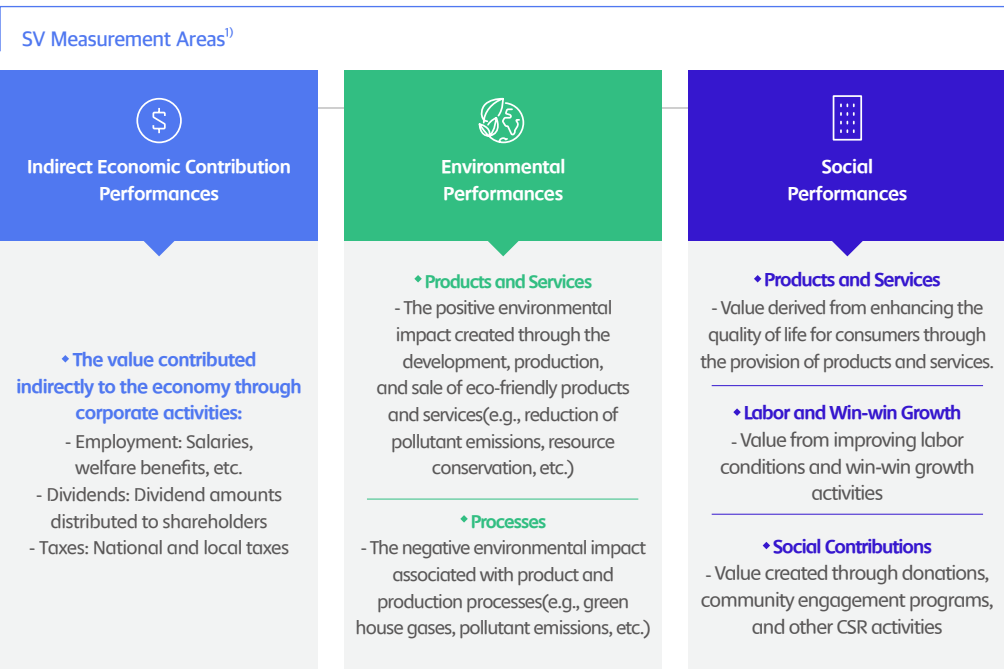
The non-financial information presented in this non-financial MD&A pertains exclusively to “SK Telecom,” excluding its subsidiaries and supply chains unless otherwise specified. Over 99% of SK Telecom’s revenues are generated in Korea, and thus the data coverage meets the criterion of 99% or more of the revenue. This aligns with the non-consolidated revenue scope of SK Telecom, 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).

Creation of Social Value

Based on the SK Group's management philosophy, SKMS(SK Management System), SK Telecom aims to simultaneously create economic value and social value through “DBL(Double Bottom Line)” management. Since 2018, to systematically manage DBL management performance, social value creation performance has been measured in monetary terms based on SK Group's Social Value(SV) measurement methodology. Social value is measured across all corporate activities, including product development, operations and production, sales, human resource management, business partner cooperation, and CSR programs, applying objective and conservative criteria to enhance reliability.

In 2023, SK Telecom generated a total social value of KRW 2,794.9 billion, representing a 12.1% increase compared to 2022. This marks the sixth consecutive year of growth in social value creation since the company began its measurement in 2018. To enhance stakeholders' understanding and trust in social value measurement, SK Telecom annually discloses the results and the formulas for key product/service metrics via the SK Telecom Newsroom(<https://news.sktelecom.com/>).

1) Governance indicators are scheduled for the disclosure of non-financial performance(e.g., stock exchange filings and core ESG indicators)



Results of Measuring Social Value(Unit: KRW 100 million)

		2022	2023	Change
Indirect Economic	Employment	9,054	9,966	911
	Dividends	7,238	7,656	418
	Taxes	2,984	2,740	-244
	Subtotal	19,277	20,362	1,085
Environmental	Products/Services	42	29	-13
	Environmental process(total volume)	-1,153	-1,209	-56
	Subtotal	-1,111	-1,180	-69
Social	Products/Services	4,240	6,463	2,223
	Labor	329	343	13
	Win-win growth	1,447	1,134	-312
	Social contribution activities	630	681	50
	Donations	114	146	32
	Volunteer work	1	1	0
	Subtotal	6,761	8,767	2,006
Total		24,927	27,949	3,022

Performance by Measurement Area

Indirect Economic Contribution Performances

The indirect economic contributions amounted to KRW 2,036.2 billion, an increase of KRW 108.5 billion compared to the previous year. For the first time since measuring social value, it exceeded KRW 2,000 billion due to solid management performance.

Environmental Performances

The environmental performance recorded a decrease of KRW 118 billion compared to the previous year. Despite ongoing infrastructure investments to meet market demand, efforts are being made to improve environmental process outcomes through the integration and upgrading of 3G and LTE network equipment(single RAN technology), AI-based network design, and cooling and low-power designs.

Social Performances

Social performance was KRW 876.7 billion, an increase of KRW 200.6 billion year-over-year. The measurement of social value has expanded based on new product and service achievements in the AI and ICT-based social safety net area.

New Examples of Measuring Social Value

① Blocking False Roaming Calls(Preventing Voice Phishing Damage)

SK Telecom prevents voice phishing crimes by blocking voice calls through the "Blocking False Roaming Calls" feature. This feature is activated when overseas criminal organizations attempt to make international roaming calls by manipulating the caller ID to appear as a family member or friend's number. If the actual subscriber's location is detected to be within the country, the call is identified as a potential crime and blocked to protect customers from voice phishing.

② Text and Voice Conversion AI Call Technology “VoiceView”
(Improving Convenience for People with Hearing/Speech Disabilities)

The 'VoiceView' service, which uses AI technology to convert voice to text and text to voice, supports smooth communication even in challenging situations, thereby improving the convenience of life for individuals with hearing and speech disabilities.



Social Data

Total Employment Status

The total number of employees, consisting of both permanent and non-permanent(contractors) employees under employment contracts, was determined by excluding personnel from subsidiaries and affiliates, as well as executives. To support growth for AI transformation, recruitment was expanded, resulting in a total of 5,579 employees in 2023 – an increase of approximately 4.7% from the previous year. The largest age group is between 30 and under 50 years old, with the number of employees aged 50 and over increasing by 13.7% compared to the previous year. The proportion of permanent employees has risen slightly to 94.6%, staying close to last year’s level.

1) From a total of 5,579 employees (571 managers), not including unregistered executives and dispatched workers, the number of employees by country(excluding Korea) is as follows: USA(8), China(6), CCanada(5, incl. 1 manager), Switzerland(2), Others(16)
2) 0 LGBTQI+(lesbian, gay, bisexual, transgender, queer, intersex)
3) Employment status by overseas business site(locally hired employees, including contractors): US(12), China(9),Japan(10), Malaysia (11),Others(4)
4) All local managers are senior manager or higher
5) Ratio of local managers = number of local managers / total number of managers at overseas business site

Number of Employees(As of December 31, 2023)											
		Unit	2021	2022	2023			Unit	2021	2022	2023
Total Number of Employees ¹⁾		Persons	5,245	5,314	5,579	Unemployed Workers	Dispatched Workers	Persons	225	223	232
By Employment Type	Permanent		4,961	5,036	5,280		Trainees				
	Contractors		284	278	299		Service Contractors		1,184	1,198	1,143
	Agency workers		225	223	232		Home Workers				
By Gender ²⁾	Male		4,170	4,212	4,377		Intern				
	Female		1,075	1,102	1,202		Self-employed				
By Age	Under 30		413	395	434		Subcontractors				
	Over 30 - Under 50		3,379	3,184	3,134						
	Over 50		1,453	1,735	2,011						
Overseas Employment	Expatriates		17	17	18						
	Locally-hired employees ³⁾		27	27	28						
	Total number of overseas employees		44	44	46						
	Total number of overseas managers		20	17	18						
	Total number of local managers ⁴⁾			6	6						
Percentage of local managers ⁵⁾		%	55	35	33						

Hiring and Turnover

The number of new hiring by age and gender includes only those directly employed by SK Telecom, either as permanent or non-permanent(contractors), excluding employees and executives belonging to affiliates and subsidiaries. Although new hires decreased compared to the previous year, the hiring rate of women and individuals under 30 continues to increase, considering solutions to youth unemployment and expanding diversity.

The number of turnovers has been decreasing over the past three years, with voluntary resignations dropping by about 50% compared to last year. SK Telecom is maintaining an appropriate level of personnel suitable for a successful transition to a Global AI Company, while expanding workforce diversity to develop a competitive human capital structure.

Recruitment and Turnover¹⁾

		Unit	2021	2022	2023
Total number of new employees		Persons	374	537	424
By Gender	Male		168	285	174
	Female		206	252	250
By Age	Under 30		192	211	218
	Over 30 - Under 50		154	293	186
	Over 50		28	33	20
Total Turnover			164	112	68
By Gender	Male		139	93	54
	Female		25	19	14
By Age	Under 30		13	8	3
	Over 30 - Under 50		149	72	45
	Over 50		2	32	20
Voluntary Turnover ²⁾			98	89	51
Internal announcement rate for candidate		%	59.8	25.3	41.3

- 1) Corrections made to errors in past data calculation
- 2) Voluntary turnovers exclude those who quit due to retirements, disciplinary actions, or death
- 3) Gender wage ratio: Average female salary / Average male salary
- 4) STEM: Employees using knowledge in science, technology, engineering, and mathematics in their work
- 5) In 2023, SK Telecom exceeded the mandatory employment rate target of 3.1% for people with disabilities, achieving 3.2%, by counting severely disabled individuals twice(as per the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities). The total was 176 people, including 47 with mild disabilities and 6 severe disabilities with from SK Telecom, 1 with mild disabilities and 58 with severe disabilitiesfrom Happyhanool
- 6) Happyhanool: Standard workplaces for persons with disabilities in the areas of business support service /car wash/bath/massage and other body care services

Employee Salaries

SK Telecom transparently discloses the overall remuneration status of all its employees through quarterly, semi-annual, and annual business reports. The differences in total and average salary amounts between genders are attributable to the average tenure of employees, ensuring no gender wage discrimination within the same position.

Gender Wage Ratio³⁾(As of December 31, 2023)

	Unit	Non-Management	Management	Executive
Base Salary	%	85.9	95.9	99.0
Base Salary + Other Cash Incentives		87.7	96.3	96.2

Diversity

		Unit	2021	2022	2023
Female Talent	Ratio of Female(Persons)	(%)	20.3(1,082)	20.5(1,109)	21.6(1,200)
	Ratio of total female managers(Persons)	Person	10.6(352)	11.1(331)	11.8(319)
	Ratio of Female Middle Managers(Persons)		8.5(58)	9.8(56)	9.8(55)
	Ratio of Female Junior Managers(Persons)		11.2(287)	11.6(268)	11.8(282)
	Ratio of Female executives(Persons)		8(7)	7(7)	8.8(10)
	Ratio of Female Managers in Revenue-Generating Departments(Persons)		9.4(27)	11.5(33)	11.6(33)
	Ratio of Female STEM ⁴⁾ (Persons)		24(248)	29.1(276)	31.1(424)
Special Employment and Minorities	Employment of the disabled ⁵⁾	Person	59	53	50
	Happyhanool ⁵⁾		54	59	62
	Employment of Patriots and Veterans		169	167	171

- 1) Includes cases where maternity/parental leave periods overlap even for one day in 2023
- 2) Return ratio after parental leave:
Excludes employees who resigned during parental leave as of the end of 2023(Parental leave termination date(or expected termination date) ≥ Resignation date)
- 3) Resignation ratio within 12 months after return: The number of employees who resigned within 12 months after returning divided by the total number of employees on parental leave in 2023

Maternity and Parental Leave¹⁾

	Unit	2021	2022	2023
Number of Maternity Leave Users	Person	162	150	134
Maternity Leave Used - Female		37	45	34
Maternity Leave Used - Male		125	105	100
Return Rate after Maternity Leave	%	98.8	98	100
Number of Parental Leave Users	Person	81	94	109
Parental Leave Used - Female		60	63	73
Parental Leave Used - Male		21	31	36
Return Rate after Parental Leave ²⁾	%	97.5	98.9	99.1
Resignation Rate within 12 Months after Return ³⁾		6.2	1.1	1.8

Mind Care Program Diagnosis/Counseling Status(Unit: Person)

Suppliers Classification		2021	2022	2023
Service Ace	Diagnostic Participation(persons)(percentage of Total)	1,736(63.9%)	1,891(70.5%)	1,784(65.2%)
	Mitigation Measures - Individual Counseling(persons)	247	318	350
	Mitigation Measures - Group Counseling(persons)	22	9	18
	Mitigation Measures - Psychological Consultation(persons)	12	16	17
	Mitigation Measures - Healing Programs(persons)	476	353	510
Service Top	Diagnostic Participation (persons)(percentage of Total)	2,911(91%)	2,545(91%)	2,622(92.6%)
	Mitigation Measures - Individual Counseling(persons)	643	551	668
	Mitigation Measures - Group Counseling(persons)	267	631	767
	Mitigation Measures - Psychological Consultation(persons)	64	92	39
	Mitigation Measures - Healing Programs(persons)	273	719	374

- 4) A collective agreement signed with a majority labor union is applied to all employees eligible to join a labor union

Psychological Satisfaction Survey

Partner Company	Item(%)	2021	2022	2023
Service Ace	Response Rate	83.8%(114/136)	93.7%(180/264)	72.7%(213/293)
	Positive Rate for Mental Health Aid	100.0%	98.9%	98.1%
	Program Satisfaction	98.2%	99.4%	99.5%
Service Top	Response Rate	92.6%(528/570)	93.7%(685/731)	95.3%(475/498)
	Positive Rate for Mental Health Aid	99.2%	98.0%	94.2%
	Program Satisfaction	98.9%	98.2%	94.9%

Labor-Management Relations

SK Telecom actively protects the freedom of association of its employees in accordance with ILO Conventions No. 87 and 98, and domestic labor laws. Employees at SK Telecom voluntarily form and join labor unions based on their free will. As of the end of 2023, the labor union ratio among eligible employees stood at 94.2%.

SK Telecom and its union have agreed to a 5.9% wage increase for 2023 and have reached an agreement on enhancing employee benefits. In the case of corporate mergers, splits, and other managerial changes, sufficient preliminary consultations are conducted with the labor union in accordance with the employment stability agreement and collective bargaining agreement signed between the parties.

Labor Union Membership

	Unit	2021	2022	2023
Number of employees eligible for labor union memebership	Person	2,670	2,644	2,630
Labor union members		2,453	2,484	2,478
Labor Union Membership Rate	%	91.8	93.9	94.2
Collective Bargaining Coverage Rate ⁴⁾		100	100	100

- 1) Loss Time Incidents Rate
2) Includes both internal and external affiliates
3) Occupational Illness Frequency Rate

- 4) Increase in R&D-type investments:
A., Strategic alliance(equity investment) with a global generative AI company(Anthropic), etc.
5) R&D payment include pure R&D costs(network infrastructure, marketing infrastructure, new growth business), R&D-type investments (equity investments in AI business and devices), investments in growth businesses(CAPEX, OPEX), and organizational costs
6) Personnel increase for AI services such as A. Acquisition of specialized personnel to accelerate AI transformation

- 7) Online marketing platforms(T world, T Direct, etc.) and online additional service users
8) Total online revenue, direct and indirect, from communication fees, service fees, and revenue generated through marketing on online marketing platforms and additional services

Occupational Safety and Health Status

SK Telecom recognizes protecting the life and safety of customers, citizens, employees, and suppliers as its highest value and fundamental principle of action. Accordingly, the company demands strict adherence to an enhanced safety management system not only by its employees but also by ICT family companies and suppliers, aiming for zero major accidents. SK Telecom is also making every effort to create a safe working environment.

Category	Detailed Items	Unit	2021	2022	2023
Employee Safety Management	Employee lost time incident rate(LTIR) ¹⁾	Per 200,000 working hours	0%	0%	0%
	Supplier lost time incident rate(LTIR)		0%	3.48%	1.50%
	Lost time incident rate(LTIR) of employees and suppliers		0%	2.86%	1.23%
	Number of employee lost time injuries(LTI)	cases	0	0	0
	Number of supplier ²⁾ lost time Injuries(LTI)		0	9	4
	Lost time injury of employees and suppliers		0	9	4
	Employee death rate	%	0	0	0
	Number of employee deaths(categorized as industrial accidents)	cases	0	0	0
Employee Health	Employee occupational illness frequency rate(OIFR) ³⁾	Per 200,000 working hours	0	0	0
	Number of employee occupational illnesses	cases	0	0	0

R&D Investment Status⁴⁾







	Unit	2021	2022	2023
R&D Expenses ⁵⁾	KRW billion	583.9	628.3	649.2
R&D Staff ⁶⁾	Persons	1,305	1,360	1,404






Online Service Users and Related Revenue Status

	Unit	2020	2021	2022	2023	2023 Target
Proportion of Online Service Users ⁷⁾	%	68	70	71	73	73
Proportion of Online Revenue ⁸⁾	%	35	36	39	43	43

1) Only one year application possible for contractors
2) Applicable to all employees (including executives, permanent workers, part-time and contractors)

Employee Happiness and Wellbeing Programs

Type	Major Programs and Guidelines
 Creating a Healthy Work Environment	<ul style="list-style-type: none">• Twice daily measurement of an automatic temperature and humidity control system, Management of dust and CO₂ levels through the operation of air conditioners and exhaust fans, and bulk ventilation before work hours management of lighting and noise standards.• Provision and expansion plans for ergonomically designed workspaces within the office building(adjustable-height desks, transformable chairs, open standing meeting rooms, etc.)
 Stress Management²⁾	<ul style="list-style-type: none">• Operation of the “Mind Forest” employee psychological counseling service program (providing support for work stress, difficulties, health, personal counseling, etc.).• Operation of the Actium Mental Health Program(mental health newsletters, health lectures, laughter exercise, healing yoga, etc.).• Healthcare massage services, nail care services
 Physical Fitness and Training²⁾	<ul style="list-style-type: none">• Operation of the “Actium,” an in-house fitness space for employees, and provision of massage service “Healthcare” to support and manage employee fitness.• Operation of a physical and mental training room within the office building
 Flexible Work Hours²⁾	<ul style="list-style-type: none">• Operation of a flexible work system allowing self-determined start and end times(Flexible Time)• Introduction of a selective work system(registering flexible work hours within monthly standard working hours and concentrated work)
 Work from Anywhere (WfA) System²⁾	<ul style="list-style-type: none">• Operation of the WfA system enables employees to work freely from various company-provided workplaces, including work from home.• Operation of “Spheres,” hub offices that enables focused work in spaces close to residence
 Part-Time Working Options²⁾	<ul style="list-style-type: none">• Operation of part-time working options for reasons such as family care, personal care, retirement preparation, and personal development

Type	Major Programs and Guidelines
 Childcare and Child Education	<ul style="list-style-type: none">• Operation of an in-house daycare, breastfeeding facilities, and a variety of child-rearing support programs, including financial support for children’s education (kindergarten through university) and support for children’s camps
 Maternity Leave²⁾	<ul style="list-style-type: none">• Reduced working hours during pregnancy: 6 hours of work per day throughout the pregnancy• Maternity leave: 90 days around childbirth, 120 days in case of twins, with 10 days of fully paid leave for spouses
 Parental Leave²⁾	<ul style="list-style-type: none">• Available for all male/female employees with children under 8 years old or in the second grade of elementary school or lower<ul style="list-style-type: none">- Up to 2 years¹⁾(1 year of statutory parental leave + 1 year of company-supported parental leave).> Key welfare systems, including medical payment, are maintained throughout the parental leave period. However, only the maximum statutory parental leave pay is provided during the additional one year beyond the statutory leave.> Automatic conversion system for parental leave: After the end of maternity leave, it automatically connects to parental leave without a separate application process.• School enrollment care leave: 90-day leave provided once per year for employees with children entering elementary school.
 Employee and Family Care System	<ul style="list-style-type: none">• Operation of personal and family care systems that allow employees to care for family members during illness or accidents without interrupting their careers²⁾ Operation of a system to support employees’ second careers post-retirement, which includes a startup support program with external professional coaching, consulting, and provision of Next Career leave
 Refresh leave system for long service	<ul style="list-style-type: none">• After every five years of service, employees are granted a long-term leave ranging from 10 to 45 days, providing them ample time to recharge

Transparent Participation in Public Policy and Execution of Association Fees

SK Telecom is enhancing its fair trading system based on the 'SK Compliance System Guidelines' provided by the SK Group, which delineate responsibilities for ethical management and fair trading. Alongside this, SK Telecom is committed to preventing misconduct related to political contributions and to fulfilling its role as a responsible corporate citizen. In order to comply with the domestic Political Fund Act and prevent corruption related to political funds, we do not provide political and election funds and lobbying funds to specific political parties and political organizations. However, the company regularly supports politically neutral organizations that contribute to the public interest and transparently discloses the details and scale of these expenditures on an annual basis. Since February 2017, SK Telecom has implemented a pre-approval process through board resolution for donations exceeding KRW 1 billion, enhancing the fairness in the execution of these donations.

Policy-Related Expenditure Status(Unit: Million KRW)

	2021	2022	2023
Total Political Contributions	0	0	0
Total Lobbying Funds	0	0	0
Total Association Fees for Relevant Institutions	578	609	670
Others	0	0	0

Top 5 Expenditures on Association Fees for Relevant Institutions in 2023(Unit: KRW Million, rounded to the nearest KRW Million)

Association Name	Position	Amount
Korea Telecommunications Operations Association	Vice-Chair	203
Korea Association for ICT Promotion	Chair	200
Seoul Chamber of Commerce and Industry	Presidential Group	174
Korea Communications User Protection Association	Vice-Chair	50
ITU(ITU-R Sector)	Member	43

2023 List of Major Contributions

Program Name	Amount(KRW)	Promoting Organization
Promotion of ESG Project	3,000,000,000	Happy Connect
Sponsorship of the Korean Fencing Federation	2,838,500,000	Korean Fencing Federation
Support for Social Value Research Projects	900,000,000	Center for Social Value Enhancement Studies
Support for International Academic Exchange and Research	900,000,000	Chey Institute for Advanced Studies
Sponsorship of Scholarship Programs	900,000,000	Korea Foundation for Advanced Studies
Support for Foundation Projects	900,000,000	Happiness Sharing Foundation
Sponsorship of 2024 Hope Sharing Campaign Fund	800,000,000	Community Chest of Korea
Donation for Wildfire-Affected Areas	500,000,000	Community Chest of Korea
Sponsorship of Barun ICT Research Center	780,000,000	Yonsei University
Contribution to Industry Innovation Movement Programs	400,000,000	Large, Small and Medium Business, Agriculture and Fisheries Cooperation Foundation
Contribution to 2023 Mutual Cooperation Fund for Rural Areas	300,000,000	Large, Small and Medium Business, Agriculture and Fisheries Cooperation Foundation
Sponsorship of the 2023 UN Youth Environmental Conference	100,000,000	Ecomom Korea
Sponsorship of Scholarship Programs	100,000,000	KJ Choi Foundation
Sponsorship of the Korean War Veterans Memorial Project	100,000,000	Korea-US Alliance Foundation
Round-up Matching Fund Donation	160,000,000	Association on Intellectual Developmental Disabilities, etc.
Support for Legal Research Development Support Project	75,000,000	Seoul National University Foundation Inc.
Sponsorship of the Happiness Sharing Kimchi Making Event	50,000,000	Large, Small and Medium Business, Agriculture and Fisheries Cooperation Foundation
Sponsorship of Information Vulnerable Class Support Project	30,000,000	Korea Welfare Info-Communications Association
Sponsorship of Scholarship Programs	20,000,000	ICT Polytech Institute of Korea
Sponsorship of Cultural and Art Programs	10,000,000	Korea Mecenat Association

1) Location-based Greenhouse Gas Emissions have been calculated in accordance with the guidelines on the operation of GHG ETS(Notification No.2023-221, Korean Ministry of Environment). See p.193 for Greenhouse Gas Emissions Independent Verification Opinion

2) Greenhouse gas intensity is calculated based on emissions per KRW 1 billion in revenue

3) Market-based Greenhouse Gas Emissions includes the emissions of Scope 2, which reflects the purchase of renewable electricity by the 2023 Green Premium, in accordance with the GHG protocol. See p.193 for Greenhouse Gas Emissions Independent Verification Opinion

4) Greenhouse gas intensity is separately calculated based on emissions per KRW 1 billion in revenue

5) Energy intensity is separately calculated based on energy consumption per KRW 1 billion in revenue

* The totals of greenhouse gas emissions and energy consumption may differ from the aggregated values by direct, indirect, and specific energy sources due to government rounding off at the facility level and the application of aggregation standards

** The standards for calculating greenhouse gas emissions and energy consumption follow the methodology outlined in the "Guidelines on Reporting and Verification of Emissions for the Greenhouse Gas Emissions Trading Scheme." Refer to p.193 Greenhouse Gas Emission Verification Opinion

Environmental Data

Location-based Greenhouse Gas Emissions ¹⁾					
Category	Unit	2021	2022	2023	2023 Target
Total GHG emissions	tCO ₂ e	1,051,380	1,101,340	1,149,240	1,227,222
Direct GHG emissions		6,286	6,394	6,063	7,496
Stationary Combustion		4,351	4,448	4,143	5,496
Mobile Combustion		1,935	1,947	1,920	2,000
GHG emissions		1,045,114	1,094,967	1,143,195	1,219,726
Electricity(local)		1,044,583	1,094,388	1,142,609	1,219,176
Steam		531	579	586	550
GHG intensity ²⁾	tCO ₂ e /KRW Billion	86.9	88.7	91.3	97.5
Direct Intensity		0.5	0.5	0.5	0.6
Indirect Intensity		86.4	88.2	90.8	96.9

Market-based Greenhouse Gas Emissions ³⁾					
Category	Unit	2021	2022	2023	2023 Target
Total GHG emissions	tCO ₂ e	1,030,910	1,046,153	1,053,142	1,119,630
Direct GHG emissions		6,286	6,394	6,063	7,496
Indirect GHG emissions		1,024,624	1,039,780	1,047,097	1,112,134
GHG intensity ⁴⁾	tCO ₂ e /KRW Billion	85.2	84.3	83.7	88.9

Energy Usage Status					
Category	Unit	2021	2022	2023	2023 Target
Total Energy Consumption	TJ	21,952.6	22,995.3	23,997.4	25,652.2
Direct Energy Consumption		106.8	111.1	104.8	131.3
Natural Gas		56.9	64.9	58.7	77.8
Diesel		8.9	5.4	4.7	6.2
Indoor Kerosene		15.0	11.9	11.5	15.2
Jet Fuel Kerosene		4.0	5.0	4.0	4.1
Gasoline		20.3	22.0	23.2	24.1
LPG		1.6	1.9	2.8	3.7
Indirect Energy Consumption		21,845.8	22,884.2	23,892.6	25,520.9
Electricity		21,831.1	22,868.7	23,876.3	25,505.5
Steam		14.8	15.5	16.3	15.4
Energy Intensity ⁵⁾	TJ/ KRW million	1.81	1.85	1.91	2.04
Direct		0.01	0.01	0.01	0.01
Indirect		1.81	1.84	1.90	2.03

Category	Unit	2021	2022	2023	2023 Target
Total Energy Consumption	TOE	527,929	552,986	576,818	617,054
Direct		2,551	2,654	2,503	3,136
Natural Gas		1,359	1,550	1,402	1,860
Diesel		212	129	112	149
Indoor Kerosene		360	284	274	364
Jet Fuel Kerosene		96	120	94	98
Gasoline		487	526	554	577
LPG		38	45	67	89
Indirect Electricity		522,474	547,307	571,423	610,412
Indirect Steam		353	371	389	370
Energy Intensity	TOE/ KRW million	44	45	46	49



1) The values for direct energy consumption and indirect steam consumption are converted using a conversion factor (0.2777778 MWh/GJ)
2) Indirect electricity consumption includes location-based electricity consumption and solar power self-generation

3) Green Premium applied in 27 office buildings
4) Power generated by solar panels installed on some office buildings
5) Power generated by solar panels for operating infrastructure equipment in telecommunications stations
6) N/E: Not Estimated
7) In 2022, the emission calculation method based on actual activity data was expanded to include 7 companies in Category 1 and 21 companies in Category 15, resulting in reduced emissions compared to 2021
8) From 2023, emissions from the raw material production stage of used electricity are additionally calculated. As a result, greenhouse gas emissions in this category have increased
9) Scope 3 greenhouse gas intensity is calculated based on emissions per KRW 1 billion in revenue

Category	Unit	2021	2022	2023	2023 Target
Total Energy Consumption	MWh	2,310,273	2,420,773	2,526,147	2,699,642
Direct ¹⁾		29,661	30,853	29,102	36,460
Indirect Electricity ²⁾		2,276,511	2,385,616	2,492,531	2,658,892
Indirect Steam ¹⁾		4,101	4,304	4,515	4,291
Energy Intensity	MWh / KRW million	191	195	200	214
Location-Based Scope 2 Electricity Consumption	MWh	2,275,650	2,382,157	2,487,119	2,653,783

Renewable Energy Usage Status

Category	Unit	2021	2022	2023	2023 Target
Total Renewable Energy Consumption	MWh	45,461	123,584	214,587	239,304
Green Premium ³⁾		44,600	120,125	209,176	234,196
Solar Panels on Buildings ⁴⁾		522	1,112	453	546
Solar Power for Telecommunication Systems ⁵⁾		338	2,346	4,958	4,562
Total Non-renewable Energy Consumption		2,265,673	2,300,648	2,316,971	2,465,447
Total Power Consumption		2,276,511	2,385,616	2,492,531	2,658,892
Renewable Energy Ratio	%	2.0	5.2	8.6	9.0

Greenhouse Gas Reduction Status(Market-based)

Category		Unit	2021	2022	2023	2023 목표
Total Reduction		tCO ₂ e	34,135	186,400	272,489	261,636
Energy Efficiency	Office Buildings	Replacement with High-efficiency Equipment	1,862	1,895	1,143	194
	Telecommunications Equipment	Single RAN Project	11,380	28,632	28,629	28,629
		Power Saving	N/E ⁶⁾	58,859	57,481	52,235
		5G Public Network	-	21,835	60,723	58,235
		Replacement with High-efficiency Equipment	N/E ⁶⁾	18,096	25,928	12,404
Fuel Conversion	Adopting electric vehicles		N/E ⁶⁾	1	3	0
Renewable Energy	Office Buildings	Green Premium	20,490	55,187	96,098	107,592
		Solar Power	240	511	208	251
	Telecommunications Equipment	Solar Power	155	1,078	2,278	2,096

Status of Other Indirect(Scope 3) Greenhouse Gas Emissions

Category	Unit	2021	2022 ⁷⁾	2023	2023 Target
Total Scope 3 Emissions	tCO ₂ e	4,384,495	3,322,029	3,237,292	6,455,110
1. Purchased Goods and Services		2,543,897	1,925,932	1,870,658	2,500,769
2. Capital Goods		1,186,700	922,967	682,412	1,089,059
3. Fuel and energy consumed		455	471	136,300 ⁸⁾	739
5. Wastes		461	218	456	600
6. Business Trips		1,411	962	3,519	768
7. Commuting		9,015	3,522	6,362	9,369
8. Rental Property		13,058	12,979	16,388	13,480
14. Merchants		81,013	54,095	79,986	74,271
15. Investment		548,485	400,883	441,212	2,766,055
Scope 3 GHG Intensity ⁹⁾	tCO ₂ e /KRW million	362.3	267.6	257.1	512.7



1) Water withdrawal and usage were equal

2) Sewage usage in general buildings is calculated as follows: Sewage Usage = Municipal Water Usage + underground water Usage. However, sewage charges are reduced for four eligible office buildings(Busan Data Center, Jeonju Building, Daejeon Busa Building, Gwangju Usan Building), calculated as follows: Sewage Usage = Municipal Water Usage + underground water Usage - Cooling Tower Input(measured separately)

3) A survey and tally were conducted for 27 SK Telecom office buildings

4) Waste disposal and recycling are entirely outsourced

5) In 2021, a statutory major cleaning of the sewage treatment plant in the Boramae Building resulted in the generation of a large amount of designated waste, totaling 484 tons of sludge

6) Waste discharge intensity is calculated based on waste discharge per KRW 1 billion in revenue

7) A survey and summary were conducted for 27 SK Telecom office buildings

Water Usage Status and Intensity

Category	Unit	2021	2022	2023	2023 Target
Water withdrawal ¹⁾ (=Water Usage)	m ³	604,870	640,831	675,296	672,000
Municipal Water		591,396	599,741	631,570	630,000
Groundwater		13,474	41,090	43,726	42,000
Water Discharge		604,870	640,831	652,262	602,000
Sewage ²⁾		604,870	640,831	652,262	602,000
Water Consumption (=Water withdrawal - Water Discharge)		0	0	23,034	70,000
Water Usage Intensity (=Water Usage / Sales)	m ³ /KRW million	50.0	51.6	53.6	53.4
Data Coverage ³⁾	%	100	100	100	100

Waste and Recycling⁴⁾

Category	Unit	2021	2022	2023	2023 Target
Total waste discharged	Ton	1,740	1,229	1,229	1,325
Domestic waste		383	389	450	400
Large-sized waste		176	154	121	200
Food Waste		232	236	186	250
Waste Cooking Oil		3	1	1	5
Designated Waste		530 ⁵⁾	29	42	50
Recyclable waste		417	419	429	420
Recycling Rate	%	23.9	34.1	34.9	31.7
Total waste disposed	Ton	1,324	810	800	905
Waste landfilled		490	82	81	300
Waste incinerated with energy recovery		178	166	170	100
Waste with unknown disposal method		655	562	549	505
Waste discharge intensity ⁶⁾	Ton/KRW Billion	0.144	0.099	0.098	0.105
Data Coverage ⁷⁾	%	100	100	100	100

Total Environmental Cost

Category	Unit	2021	2022	2023
Total Environmental Costs	KRW million	3,483	2,414	1,493
Energy Saving and Climate Change Response Cost		2,559	2,128	1,189
Waste Disposal/Recycling Service		293	242	232
Education/Training cost		-		
Charges & Taxes		631	44	72
		0.4	0.4	0.3

Other Environmental Data

	Category	Unit	2021	2022	2023	2023 Target
Biodiversity	Number of facilities in the ecological protection area	places	0	3	0	0
	Number of eco-friendly wireless stations	places	216,580	218,111	215,235	217,000
	Environmental friendliness rate	%	33.8	32.0	30.9	31
Forest	Scale of forest damage prevention scale by external projects	trees	1,552,855	2,420,627	3,425,415	3,376,426
	Target progress rate	%	19.5	30.5	43.1	42.5
Training for Members	Training completion rate	%	70.8	81.5	88	85

INDEPENDENT ASSURANCE OPINION STATEMENT

To: The Stakeholders of
SK Telecom Co., Ltd.

Overview

BSI(British Standards Institution) Group Korea(hereinafter referred to as the "Assurer") was requested to verify the SK Telecom Annual Report 2023(hereinafter referred to as the "Report"). The Assurer is independent of SK Telecom and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the SK Telecom report relating to the environment, social and governance(ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the SK Telecom and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

SK Telecom is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SK Telecom only.

The Assurer is responsible for providing SK Telecom management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of SK Telecom. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than SK Telecom in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with SK Telecom includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 1(confirmation to the four principles as described in the AA1000 Accountability Principle 2018 in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by SK Telecom.

[Universal Standards]

2-1 to 2-5(The organization and its reporting practices), 2-6 to 2-8(Activities and workers), 2-9 to 2-21(Governance), 2-22 to 2-28(Strategy, policies and practices), 2-29 to 2-30(Stakeholder engagement), 3-1 to 3-3(Material Topics Disclosures)

[Topic Standards]

201-1~4, 202-2, 203-1~2, 204-1, 205-1~3, 206-1, 207-1~4, 301-1~3, 302-1~5, 303-1~5, 304-1~4, 305-1~7, 306-1~5, 308-1~2, 401-1~3, 402-1, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 411-1, 413-1~2, 414-1~2, 415-1, 416-1~2, 417-1~3, 418-1

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization’s approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company’s reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard(2018).
- Visit of the SK Telecom HQ(SK T tower) to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI(British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI 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 globally. No member of the assurance team has a business relationship with SK Telecom. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group’s assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurors in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that SK Telecom’s description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated. 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. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards.(Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

SK Telecom defined employees, business partners, government, media, shareholders, customers, NGOs & communities, and associations as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. SK Telecom conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. SK Telecom disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

SK Telecom implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, SK Telecom conducted the analysis of global sustainability reporting or assessment standards, and analyzed international disclosure standards and evaluation indicators, benchmarking the same industry, and analyzing major regulatory issues to derive the impact and financial materiality. SK Telecom derived 3 key issues and 7 reporting issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

SK Telecom operated a management process for material issues in the context of sustainability derived from the materiality assessment. SK Telecom established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. SK Telecom reviewed through major management organizations, disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SK Telecom identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. SK Telecom established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be effective to integrate the sustainability performance indicator management system and disclosure system with its own enterprise-wide risk management process and operation process.
- It may be effective to advance the sustainability performance indicator management system of the subsidiary and expand the scope of data collection in responding to the requirements of the consolidated disclosure system.

GRI-reporting

SK Telecom provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by SK Telecom. The sector standard was not applied.

Issue Date: 27/06/2024
For and on behalf of BSI
(British Standards Institution):



Seonghwan Lim
Managing Director of BSI Korea



Jungwoo Lee
Lead Assurer, ACSAP



Greenhouse Gas Emissions Assurance Statement-Direct and indirect(Scope 1+2)

Introduction

DNV Business Assurance Korea Ltd.(“DNV”) was commissioned by SK Telecom Co., Ltd.(“SK Telecom”) to verify the SK Telecom’s Greenhouse Gas Inventory Report for the calendar year 2023(“the report”) based upon a reasonable level of assurance. SK Telecom is responsible for the preparation of the GHG emissions data on the basis set out within the guidelines on the operation of GHG emission trading scheme(“ETS”(Notification No. 2023-221 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 verification opinion.

Objectives and Scope of verification

The GHG emissions data covered by our examination is set for 100% of SK Telecom’s non-consolidated revenues under the GHG ETS and comprise Direct emissions(Scope 1 emissions) and Energy indirect emissions(Scope 2 emissions) from SK Telecom boundary ;

- Organizational boundary for reporting: Domestic business sites of SK Telecom(incl. infrastructure for telecommunication)

Verification Approach

The verification has been performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS(Notification No.2023-221, Korean Ministry of Environment) and the verification guideline for GHG ETS(Notification No. 2021-112, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory. As part of the verification process;

- We have reviewed the GHG emissions and energy consumption report for the calendar year 2023
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

We confirmed that the company’s GHG emissions have been appropriately calculated and reported in accordance with the reporting standards above.

June 2024



Jang-Sub Lee Country Representative
DNV Business Assurance Korea Ltd.

1) 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
2) The 'Location-based' includes the emissions of Scope 2, which based of local-grid under GHG ETS
3) The 'Market-based' includes the emissions of Scope 2, which reflects the purchase of renewable electricity by the '23 Green Premium, in accordance with the GHG protocol

GHG Emissions of SK Telecom Co., Ltd. for Yr 2023 ¹⁾ (Unit: ton CO ₂ eq)			
SK Telecom	Direct emissions(Scope 1)	Indirect emissions(Scope 2)	Total emissions ¹⁾
KOREA(Location-based) ²⁾	6,063	1,143,195	1,149,240
KOREA(Market-based) ³⁾		1,047,097	1,053,142

This Verification Opinion is valid as of the date of the issuance. Please note that this Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the company is subsequently brought to our attention.

Greenhouse Gas Emissions Assurance Statement·Other indirect(Scope 3)

Introduction

DNV Business Assurance Korea Ltd.(“DNV”) was commissioned by SK Telecom Co., Ltd.(“Company”) to perform third party verification for the Company’s Greenhouse Gas Inventory Report(“the report”) in the calendar year 2023. The Company is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD’s “The Corporate Value Chain(Scope 3) Accounting and Reporting Standard” and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of the Company 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 opinion.

Scope of Assurance

The purpose of this verification is to present an independent verification opinion on the company's greenhouse gas emissions, and the scope of verification is as follows;

- Organizational boundary: Domestic business sites of SK Telecom
- Reporting boundary: Other indirect emissions(Scope 3)
- Reporting categories: 9 Categories(C 1, 2, 3, 5, 6, 7, 8, 14, 15)
- Reporting period: 2023.01.01 ~ 2023.12.31

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the ‘ISO 14064-3:2019’, based upon a limited level of assurance. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process, we have reviewed as follows;

- Process to generate, aggregate and report the emissions data
- The data and information supporting the report were based on historical in nature. These may include partially hypothetical and projected data and information (refer to the report for details)

Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG statement is not materially correct and is not a fair representation of GHG data and information;

- DNV presents an ‘Unmodified’ opinion on Greenhouse Gas Emissions.

16 June 2024



Jang-Sub Lee Country Representative
DNV Business Assurance Korea Ltd.

1) In order to report the GHG emissions as an integer, the rounded number on the verification opinion might be different from the number on the calculation tool with ± 1 tCO₂

Other indirect emissions ¹⁾ (Scope 3) for Yr 2023(Unit: ton CO ₂ equivalent)			
Reporting year	Upstream	Downstream	Total emissions
2023	2,716,094	521,198	3,237,292

This Assurance Opinion is valid as of the date of the issuance. Please note that this Assurance Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the Company is subsequently brought to our attention.

Water Consumption and Waste Generation

Introduction

DNV Business Assurance Korea Ltd.(“DNV”) was commissioned by SK Telecom Co., Ltd.(“Company”) to perform third party verification for the Company’s Water Use and Waste Generation Inventory Report for the calendar year 2023(“the inventory”). The Company is responsible for the preparation of the Water Use and Waste Generation data. Our responsibility in performing this work is to the management of the Company 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 verification opinion.

Objectives and scope of verification

The purpose of this verification is to present an independent verification opinion on the company's the Water Use and Waste Generation, and the scope of verification is as follows;

- Organizational Boundary: 27 office buildings of SK Telecom(Refer to Annex I)
- Operational Boundary: Water Use and Waste Generation
- Reporting period: 2023.01.01 ~ 2023.12.31

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the ‘ISO 14064-3:2019’, based upon a limited level of assurance. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process, we have reviewed as follows;

- Process to generate, aggregate and report the Water Use and Waste Generation data
- The data and information supporting the report were based on historical in nature. May include partially hypothetical and projected data and information

Conclusions

Based on the process and procedures conducted, there is no evidence that the Water Use and Waste Generation is not materially correct and is not a fair representation of data and information;

12 June 2024



Jang-Sub Lee Country Representative
DNV Business Assurance Korea

Water Consumption of SK Telecom Co., Ltd. for Yr 2023(Unit: m³, ton)

2023	Waterworks	Groundwater	Total Water Use
SK Telecom	631,570	43,726	675,296

Waste Generation of SK Telecom Co., Ltd. for Yr 2023(Unit: ton)

2023	Domestic waste	Large-sized waste	Food waste	Waste cooking oil	Designated waste	Recyclable waste	Total Waste Generation
SK Telecom	450	121	186	1	42	429	1,229

This Verification Opinion is valid as of the date of the issuance. Please note that this Opinion would be revised if any material discrepancy which may impact the water use and waste generation of the company is subsequently brought to our attention

Environmental Management System Certificate



CERTIFICATE

Certificate Number: EAC-0770000

SK Telecom Co., Ltd.

- Headoffice : SK T-Tower, Euljiro 65, Jung-gu, Seoul, Korea (Zip code : 04539)
- Site : REFER TO 'APPENDIX'

Korean Foundation for Quality certifies that the above organization has complied with the following standard requirements.

ISO 14001:2015/KS I ISO 14001:2015

Scope of certification

- 1. Solution Development and Service Operation
- 2. Energy Saving Business

Registration Date 2023-10-25
Initial Certification Date 2022-09-27

Expiration Date 2026-10-24
Revision Date 2023-10-17



KAB-EC-01
KFO has been accredited in respect of ISO 14001 covered by the KAB(Accreditation Certificate Number KAB-EC-01)



Ji Young Song
President & CEO of KFO



한국품질재단
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Page 1 of 3

INDEX

GRI Standard Index

Statement of use	Reporting Organization SK Telecom reports the information by applying the GRI standard when reporting the contents of sustainability management during the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Currently unavailable(As of December 2023, as of the reporting date, standard documents for industry groups (S&P 500, industries classified by SK Telecom based on MSCI) have not been announced), etc.

GRI Standard 2021	Indicators	Page	Remarks
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	50-52, 76-77, 82-83, 89-90, 97-98, 102-103, 111, 125-126, 138-140, 145-147	
	2-14 Role of the highest governance body in sustainability reporting	133	
	2-15 Conflicts of interest	125, Corporate Governance Report [305100](Principle 5-1) - Independent directors should have no significant conflicts of interest with the company, and the company must verify potential conflicts of interest at the appointment stage.	
	2-16 Communication of critical concerns	131-133, 138-144	
	2-17 Collective knowledge of the highest governance body	127	
	2-18 Evaluation of the performance of the highest governance body	127, 132, 134	
	2-19 Remuneration policies	134-137	
	2-20 Process to determine remuneration	135	
	2-21 Annual total compensation ratio	135	
	2-22 Statement on sustainable development Strategy	12-15	
	2-23 Policy commitments	89	
	2-24 Embedding policy commitments	89-91	
	2-25 Processes to remediate negative impacts	138-144	
	2-26 Mechanisms for seeking advice and raising concerns	148-149	
	2-27 Compliance with laws and regulations	Business report 44, 409-412	
	2-28 Membership associations(Initiatives)	202-208	
	2-29 Approach to stakeholder engagement	30-32	
	2-30 Collective bargaining agreements	183	

General Disclosures			
GRI Standard 2021	Indicators	Page	Remarks
GRI 2: General Disclosures 2021	2-1 Organizational details	10-11	
	2-2 Entities included in the organization’s sustainability reporting	209	
	2-3 Reporting period, frequency and contact point	210	
	2-4 Restatements of information	209	The recalculated data and performance were separately specified through annotations, etc.
	2-5 External assurance	190-192	
	2-6 Activities, value chain and other business relationships	10-11,16- 17, Business report 3-4	
	2-7 Employees	181	
	2-8 Workers who are not employees	181	
	2-9 Governance structure and composition	128-129	
	2-10 Nomination and selection of the highest governance body	125-126, 132	
	2-11 Chair of the highest governance body	125-129	
	2-12 Role of the highest governance body in overseeing the management of impacts	131-133	



Material topics

GRI Standard 2021	Indicators	Page	Remarks
GRI 3:Material Topics 2021	3-1 Process to determine material topics	33	
	3-2 List of material topics	34	
Material Issue 1. Diversification of Customer Experience(AI-based technology and service innovation)			
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36, 39-41	
NON-GRI	No relevant topic standard		
Material Issue 2. Response to Climate Change(Carbon Neutrality)			
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36, 42-44	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	68-69, 187-188	
	302-2 Energy consumption outside of the organization	69, 187-188	
	302-3 Energy intensity	187	
	302-4 Reduction of energy consumption	68-69, 188	
	302-5 Reductions in energy requirements of products and services	188	
GRI 305: Emissions 2016	305-1 Direct(Scope 1) GHG emissions	66-67, 187	
	305-2 Energy indirect(Scope 2) GHG emissions	66-67, 187	
	305-3 Other indirect(Scope 3) GHG emissions	67-68, 188	
	305-4 GHG emissions intensity	187	
	305-5 Reduction of GHG emissions	187	
	305-6 Emissions of ozone-depleting substances(ODS)	n/a	Due to the nature of the industry, there is no environmental impact due to emission of ozone-depleting substances and ozone-depleting substances.
	305-7 Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	n/a	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	70-71	
	306-2 Management of significant waste-related impacts	70-71	
	306-3 Waste generated	70-71	
	306-4 Waste diverted from disposal	70-71	
	306-5 Waste directed to disposal	189	

GRI Standard 2021	Indicators	Page	Remarks
Material Issue 3. Service Quality Management and Accountability			
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36, 45-47	
SASB	TC-TL-550a.1	47	
SASB	TC-TL-550a.2	47, 138-144	
Material Issue 4. Advancement of Environmental Management Strategy and System			
GRI 3: Material Topics 2021	3-3 Management of material topics	37, 50	
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	53-66, 203	
Material Issue 5. Enhancement of Governance Integrity and Transparency			
GRI 3: Material Topics 2021	3-3 Management of material topics	37, 122-137	
NON-GRI	No relevant topic standard		
Material Issue 6. Strengthening of Resource Circulation System for Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	37, 71-72	
NON-GRI	No relevant topic standard		
Material Issue 7. Sustainable supply chain selection and assessment, 8. Strengthening of Mutually Beneficial Cooperation Activities			
GRI 3: Material Topics 2021	3-3 Management of material topics	37, 106-110	
GRI 308: Supplier Environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	105-108	
	308-2 Negative environmental impacts in the supply chain and actions taken	108	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	105-108	
	414-2 Negative social impacts in the supply chain and actions taken	108	
Material Issue 9. Improvement of Network Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics		
NON-GRI	No relevant topic standard		



GRI Standard 2021	Indicators	Page	Remarks
Material Issue 10. Recruiting and fostering talents			
GRI 3:Material Topics 2021	3-3 Management of material topics	37, 76-79	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	182	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	185	
	401-3 Parental leave	183	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	78	
	404-2 Programs for upgrading employee skills and transition assistance programs	77	
	404-3 Percentage of employees receiving regular performance and career development reviews	79	
Economic performance			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	19, 155-163	
	201-3 Defined benefit plan obligations and other retirement plans	-	During the reporting period, 100% based on full-time employees were applied as defined contribution plan or defined benefit plan.
	201-4 Financial assistance received from government	119-120	
Market Presence			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	181-182	
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	111-120	
	203-2 Significant indirect economic impacts	111-120	
Procurement			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	105	

GRI Standard 2021	Indicators	Page	Remarks
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	151-152	
	205-2 Communication and training about anti-corruption policies and procedures	147-149	
	205-3 Confirmed incidents of corruption and actions taken	149	
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business report 409-412	
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	161-163	
	207-2 Tax governance, control, and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting	163	
Raw Materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-	Due to the nature of the industry, raw materials directly manufactured, processed, and used are not applicable.
	301-2 Recycled input materials used		
	301-3 Reclaimed products and their packaging materials		
Water and Waste Water			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	69-70, 189	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		



GRI Standard 2021	Indicators	Page	Remarks
Biodiversity			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	73-74	
	304-2 Significant impacts of activities, products and services on biodiversity	72-74	
	304-3 Habitats protected or restored	74	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	As a result of the biodiversity conservation risk assessment, no significant impacts on designated conservation areas due to business operations have been identified.
Labor Management Relations			
GRI 402: Labor Management Relations 2016	402-1 Minimum notice periods regarding operational changes	183	The minimum notice period for management changes is specified in the collective agreements, etc.
Occupational Safety and Health			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	82	
	403-2 Hazard identification, risk assessment, and incident investigation	85-87	
	403-3 Occupational health services	88	
	403-4 Worker participation, consultation, and communication on occupational health and safety	82-86	
	403-5 Worker training on occupational health and safety	84	
	403-6 Promotion of worker health	88	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87	
	403-8 Workers covered by an occupational health and safety management system	83-84	
	403-9 Work-related injuries	184	
	403-10 Work-related ill health	184	
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	182	
	405-2 Ratio of basic salary and remuneration of women to men	182	

GRI Standard 2021	Indicators	Page	Remarks
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	149	
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	SK Telecom has established a Human Rights Statement embodying its commitment to human rights management. It systematically manages human rights risks through regular human rights impact assessments of its employees, identifying vulnerable groups for each human rights issue, and conducting due diligence. As of the end of the reporting period, the labor union rate among eligible members was 94.2% as of the end of 2023, and there was no risk of serious infringement of the freedom of association and collective bargaining during the reporting period.
Child Labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	91	
Forced Labor			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	91	
Rights of Indigenous People			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	91	



GRI Standard 2021	Indicators	Page	Remarks
Local Communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	111-120	
	413-2 Operations with significant actual and potential negative impacts on local communities	179-180	SK Telecom manages the positive and negative effects that it creates on the local community through social performance measurement at the group level, and no significant actual or potential negative effects on the local community were found during the reporting period.
Public Policy			
GRI 415: Public Policy 2016	415-1 Political contributions	186	We comply with relevant laws and regulations, such as Article 32 of the Political Funds Act.
Customer Safety and Health			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-	We comply with measurement obligations in accordance with related laws and regulations such as the Radio Waves Act.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	SK Telecom manages the safety and health impacts of products and services on customers through measuring social performance at the group level, and there were zero cases of violations related to safety and health of products and services during the reporting period.

GRI Standard 2021	Indicators	Page	Remarks
Marketing and Labelling			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	-	Through social performance measurement at the group level, we manage whether product and service information are provided to customers.
	417-2 Incidents of non-compliance concerning product and service information and labeling	-	During the reporting period, there were zero cases of violations related to product and service information and labeling.
	417-3 Incidents of non-compliance concerning marketing communications	Business report 44, 409-412	
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	100	

SASB(Sustainability Accounting Standards Board)

SK Telecom recognizes the importance of corporate sustainability and its impact on stakeholders and strives to ensure that its management indicators in various areas such as environment, information protection, corporate ethics, circular economy, and risk management meet international sustainability standards. Additionally, it aims to manage and disclose all qualitative and quantitative indicators for each item according to SASB recommendations so that stakeholders can accurately understand the company’s sustainability activities. SASB measurement indicators are disclosed after review and deliberation by the board of directors and management, and those not meeting SASB standards are continuously improved through the establishment of achievement goals and further reviews.

ACTIVITY METRIC(As of December 31, 2023)

Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference/ Direct Answer
Wireless subscribers	Quantitative	Persons	TC-TL-000.A	33.70 million wireless subscribers	164
Wireline subscribers			TC-TL-000.B	3.50 million subscribers including SK Broadband and SK Telink VoIP service subscribers	165
Broadband subscribers			TC-TL-000.C	Approximately 6.9 million broadband Internet subscribers, approximately 9.5 million paid TV subscribers	165
Network traffic		Petabytes, %	TC-TL-000.D	45.88 million wireless communication lines per year 5,270,000 TB of annual data traffic processed	95

SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Accounting Metric		Category	Unit of measure	Code	SKT Status	Page
Environmental Footprint of Operations	(1) Total consumed energy, (2) percentage of grid electricity, (3) percentage of renewable energy,	Quantitative	GJ/%	TC-TL-130a.1	Total energy consumption of 23,997.4 TJ	187
Data Privacy	Ads, policies and practices relating to the retention of customers’ personal information	Discussion and Analysis	n/a	TC-TL-220a.1	5,155 people completed personal information protection training in 2023	98
	Number of customers whose customer information is collected for secondary purpose	Quantitative	Persons(No. of customers)	TC-TL-220a.2	Total 29,556,958(Consent: 16,940,967 / Non-consent: 12,615,991)	100
	Amount of legal and regulatory fines associated with customer privacy	Quantitative	KRW	TC-TL-220a.3	n/a	-
	(1) Number of legal punishments related to customer information (2) number of customers whose information was requested by government or law enforcement agencies percentage resulting in disclosure (3) percentage of disclosures	Quantitative	Cases/%	TC-TL-220a.4	Communication data requests 315,585, Communication verification data requests 48,356	101
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)	100
Product End-of-Life Management	(1) Materials recycled through take- back programs (2) percentage of recycled materials (3) recycling rate (4) landfill rate	Quantitative	Tons and % by weight	TC-TL-440a.1	Recycling rate 34.9%	189
Fair Competition	Financial damage such as fines caused by violations of fair trade-related acts	Quantitative	KRW	TC-TL-520a.1		Refer to Business Report, p. 410.
	(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.	95
	Explanations about risks and opportunities related to net neutrality, paid peering, and zero ratin	Discussion and Analysis	n/a	TC-TL-520a.3	SK Telecom complies with the Guidelines on Network Neutrality and Internet Traffic Management established by the Ministry of Science and ICT.	-
Managing Systemic Risks from Technology Disruptions	(1) Telecommunication(Network) interruption frequency, (2) Average interruption duration per customer(Hour)	Quantitative	Frequency per customers, hours per customer	TC-TL-550a.1	SK Telecom experienced no major communication failure.	47
	System for normal service operation/provision against service interruptions and other similar situatio	Discussion and Analysis	n/a	TC-TL-550a.2	SK Telecom has established a network failure emergency recovery system to minimize network failures and the service impacts caused by such failures. SK Telecom operates an integrated risk management system in order to preemptively respond to and manages risks related to business, employees, customer value, business partners, governance, and climate change	47, 138-144

TCFD(Task Force on Climate-related Financial Disclosures)

The increasing frequency of climate anomalies is intensifying climate risks across industries. In response, SK Telecom is committed to proactively managing potential financial risks associated with climate change. The company aims to transparently disclose its preparedness for addressing financial risks that are of concern to key stakeholders. SK Telecom discloses its related activities according to TCFD recommendations, categorized into governance, strategy, risk management, and metrics and targets, and strives to cover not only the recommended disclosures of the TCFD but also detailed sector guidelines. Furthermore, for areas that need improvement, we will establish goals, conduct additional reviews, and continuously make enhancements. To support

this, SK Telecom is regularly monitoring climate change risks and opportunities through the ESG Committee and the responsible department(ESG Project). The risks and opportunities related to climate change are examined from multiple perspectives, considering various aspects such as “policy and law, technology, market, reputation, and acute and chronic impacts.” Identified climate change risks and opportunities, along with the corresponding response plans, are systematically disclosed following a review and approval by the Board of Directors and executive management, in accordance with TCFD standards. SK Telecom published a separate TCFD Report in 2023.

TCFD Recommended Disclosures		Page	CDP Mapping
Governance	a) Oversight of the Board of Directors Description of the Board's oversight of climate change-related risks and opportunities	51-52	Module 4
	b) Role of Management Description of the role of management in assessing and managing climate change-related risks and opportunities	51-53	
Strategy	a) Risks and opportunities related to short-, medium- and long-term climate change The risks and opportunities identified by the organization over the short, medium and long term	54-56, 59, 63	Module 3 & 5
	b) The impact of climate change-related risks and opportunities Description of the impact of climate change-related risks and opportunities on the organizations management, strategy and financial planning	53, 57-58, 60-61, 63	
	c) Resilience in consideration of scenario Description of the organization's response strategy under various climate scenarios, including 2 °C rise or lower	57-58, 60-62	
Risk Management	a) Process for identifying and assessing risks Description of the organization's process for identifying and assessing climate change-related risks	64	Module 2
	b) Risk Management Process Description of the organization's processes for managing climate change-related risks	52, 65	
	c) Integrated enterprise-wide risk management Description of how the organization integrates climate-related risk identification, assessment and management in enterprise-wide risk management	64-65	
Metrics & Targets	a) Metrics for assessing climate-related risks and opportunities Description of the indicators used by the organization to assess climate change-related risks and opportunities in accordance with its strategy and risk management processes	44, 57-58	Module 7
	b) Greenhouse Gas Emissions Description of Scope 1, 2, 3 emissions and associated risks	66-67	
	c) Targets for managing climate-related risks and opportunities Setting organizational goals for managing climate change-related risks, opportunities and implementation	54, 66-67	

1) SBTi(Science Based Targets initiative):
A global initiative that conducts
the establishment and monitoring
of science-based reduction targets
to achieve the 1.5°C goal set by the
Paris Agreement

Stakeholder Engagement for Climate Change Response

Framework Indicator		SKT Status & Actions
Policy & Commitment	1) Make a public commitment to align all of its climate change lobbying with the goal of restricting global temperature rise to 1.5℃ above pre-industrial levels	SK Telecom implements all climate change response activities, including climate-related donations, sponsorships, and lobbying activities, in line with the Nationally Determined Contribution(NDC) and the Paris Agreement. In 2021, SK Telecom established the SBTi ¹⁾ -based Net Zero goal and officially declared the achievement of '2050 Net Zero' at the 38th Annual General Meeting of Shareholders held in 2022. SK Telecom measures GHG emissions generated inside and outside the organization's boundaries every year, and is implementing GHG reduction activities with the goal of reducing direct and indirect emissions(Scope1+2) by 47.7% and other indirect emissions(Scope3) by 22.3% compared to the 2020 BAU by 2030, and achieving Net Zero by 2050.
	2) Apply the scope of this commitment to all of its subsidiaries and business areas, and all operational jurisdictions	SK Telecom's climate-related donation, sponsorship, and lobbying policy applies to all jurisdictions in which we have operations, including South Korea, where more than 99% of its revenue is generated, as well as overseas subsidiaries and affiliates
	3) Publicly commit to taking steps to ensure that the associations, alliances and coalitions of which it is a member conduct their climate change lobbying in line with the goal of restricting global temperature rise to 1.5℃ above preindustrial levels	As a member of associations and organizations related to the telecommunications industry, SK Telecom supports all climate change response activities, including climate-related donations, sponsorships, and lobbying, to ensure that they are in line with the Nationally Determined Contribution(NDC) and the Paris Agreement.
Governance	4) Assign responsibility at board level for oversight of its climate change lobbying approach and activities	SK Telecom established an ESG Committee in 2021 as an independent body under the board of directors, composed of three independent directors and one executive director, who receive reports on key climate change issues from management and staff and make decisions. The ESG Committee receives reports on the direction and performance of key ESG-related areas, regularly deliberates on these matters, and supervises and monitors major disclosures, including the implementation status of Net Zero and climate-related donations and sponsorships, including lobbying activities.
	5) Assign responsibility at senior management level for day-to-day implementation of its climate change lobbying policies and practices	SK Telecom's CEO and CLO, as key executives responsible for responding to climate change, manage major issues including climate-related lobbying and sponsorships. The CEO receives regular reports on the progress of the 2050 Net Zero goals, climate risk assessments, and responses, and supports the ESG Committee in discussing and making appropriate decisions on key issues. The CLO oversees ESG-related operations, ensuring that related businesses and organizations can respond effectively and manage integratively. In addition, when material risks and opportunities arising from climate change are identified, they are immediately reported to the CEO for prompt decision-making.
	6) Establish an annual monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities across all geographies are consistent with the goal of restricting global temperature rise to 1.5℃ above pre-industrial levels	SK Telecom implements all climate change response activities, including climate-related donations, sponsorships, and lobbying, in line with the Nationally Determined Contribution(NDC) and the Paris Agreement. The ESG Committee reviews key climate change issues on a monthly basis and deliberates on monitoring results, including whether all direct and indirect climate-related donations, sponsorships, and lobbying activities are in line with the goal of limiting the global temperature increase to 1.5℃ above pre-industrial levels.
	7) Establish a process for engaging with stakeholders related to setting and reviewing its climate change lobbying policies, positions and activities	SK Telecom actively communicates with all stakeholders on potential risks and opportunities arising from climate change, including climate-related donations and sponsorships, lobbying policies, and related activities, and monitors domestic and international telecommunications industry trends and policies. In particular, SK Telecom has a materiality assessment process and management system to identify factors that could have a significant impact on climate-related risks and opportunities, analyze potential financial impacts, and establish a response system.
	8) Establish a clear framework for addressing misalignments between the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member and the goal of restricting global temperature rise to 1.5℃ above preindustrial levels	Through its enterprise-wide risk management and execution system, SK Telecom integrates the management of the implementation status of its Net Zero strategy, including policies and activities related to climate-related donations and sponsorships, and the impacts of climate change. Regarding climate-related donations, sponsorships, and lobbying, if the goals of the associations and organizations to which SK Telecom belongs are not in line with the Nationally Determined Contribution and the Paris Agreement, SK Telecom has a policy of making an public statement on the establishment and implementation of goals, requesting the formation of meetings and coalitions, prohibiting donations and sponsorships, or leaving associations and organizations, taking into account the company's role, status, and involvement in such associations and organizations.

Framework Indicator		SKT Status & Actions
Governance	9) Publish a detailed annual review covering the company's assessment and actions related to the 1.5℃ alignment of: (a) its own climate change lobbying activities; (b) the climate change lobbying activities of the associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support	SK Telecom reviews its climate-related donation, sponsorship, and lobbying policies for alignment with the Nationally Determined Contribution(NDC) and the Paris Agreement, and applies the same monitoring process to SK Telecom's direct activities as well as those of associations and organizations to which we belong. As a result of our monitoring, we have not identified any misalignments between our climate-related donation and sponsorship, lobbying activities and those of the associations and organizations we are affiliated with.
	10) Recognise the existence of and report on action to address any misalignments between its climate change lobbying and/or the climate change lobbying activities of its trade associations, coalitions, alliances or funded thinktanks and the goal of limiting global temperature rise to 1.5℃ above pre-industrial levels	SK Telecom has not identified any misalignments between its climate-related donation and sponsorship, lobbying activities and those of the associations or organizations it belongs to, in relation to the goals of the NDC and the Paris Agreement.
	11) Create or participate in coalitions that have the specific purpose of lobbying in support of the goal of restricting global temperature rise to 1.5℃ above pre-industrial levels	The Global System for Mobile Communications Association(GSMA) declared its participation in the SBTi in 2019 to achieve the 1.5℃ target set by the Paris Agreement, and SK Telecom has publicly expressed its commitment to fulfilling the Paris Agreement through joint participation. SK Telecom is actively participating in associations and initiatives that support the achievement of the Paris Agreement, including becoming the first Korean company to join RE100 in 2020 and establishing its own SBTi-based Net Zero goal in 2021.
Specific Disclosures	12) Publicly disclose, for all geographies, its membership of, support for and involvement in all associations, alliances and coalitions engaged in climate change-related lobbying	SK Telecom reviews its climate-related donation, sponsorship, and lobbying policies for alignment with the Nationally Determined Contribution and the Paris Agreement, and applies the same monitoring process to its direct activities as well as the activities of associations and organizations to which it belongs. The results of our monitoring are transparently disclosed in our Annual Report.
	13) Publicly disclose, for each of these organisations: (a) how much it pays to them on an annual basis; (b) those organisations where it sits on the board or plays an active role in committees or other activities related to climate change	SK Telecom publicly discloses the names and characteristics of the associations and organizations to which it belongs, as well as its status and role within them, along with information on annual expenditures. None of these associations or organizations to which SK Telecom belongs serve on its board of directors, nor do they participate directly in committees or other activities related to climate change.
	14) Publicly disclose its overall assessment of the influence that its climate lobbying has had on (a) supporting ambitious public climate change policy; (b) the company's ability to deliver its own corporate transition strategy	SK Telecom considers all climate change response activities, including climate-related donations, sponsorships, and lobbying, to contribute to the achievement of the Nationally Determined Contribution(NDC) when implementing the SBTi-based Net Zero goal established in 2021 and the '2050 Net Zero' roadmap. This policy is a fundamental principle for SK Telecom's three green strategies(Green Operation, Green Energy, and Green Forest), which are aimed at reducing direct and indirect emissions(Scope1+2) by 47.7% and other indirect emissions(Scope3) by 22.3% compared to 2020 by 2030, and contribute to realizing full Net Zero by 2050 through active carbon reduction every year.

Trade Association	Issue or Topic	SK Telecom's Role and Involvement	Status	FY 2023 Total Expenditures
Happy Connect Foundation	<div>- Established by the SK Group's Happiness Sharing Foundation, this public interest corporation engages in combating climate change through the recycling of used IT equipment and plastic reduction projects. It also reinvests in job creation and social welfare initiatives."</div> <div>- The company promotes the "Happy Habit" project, an ICT-based environmental project that encourages the use of personal tumblers and reusable cups to reduce the use of disposable plastic cups.</div>	<div>- Expanding the scope of eco-friendly projects by contributing funds to the Foundation(expanding the scope of resource circulation to include food container circulation other than multi-use cups, recycling collection, etc.)</div> <div>- Building a foundation for SKT's AI-linked eco-friendly platform(enhanced B2B/B2C engagement through system(app/web) advancement, and efficient separation/sorting through Vision AI)</div> <div>- Discovering experience events/programs for employees and stakeholders(Promoting collaboration with related organizations in the company, such as linking with labor union programs, and enhancing awareness of "Happy Habit" through collaboration with large corporate partner programs)</div>	Sponsor	KRW 3 billion

United Nations Global Compact(UNGC)

The United Nations urges companies to support the 10 principles of the UN Global Compact(UNGC), which cover human rights, environment, labor, and anti-corruption, and to implement these universal principles while supporting the UN's development agenda within the broad scope of the Sustainable Development Goals(SDGs). SK Telecom, a founding member of the UN Association of the Republic of Korea and the first among Korea's four major groups to join the UNGC in 2007, complies with the 10 principles of the UNGC while supporting the UN's development plans within the comprehensive scope of the SDGs. In April 2013, it publicly declared its support for the human rights principles presented in the “Universal Declaration of Human Rights” and the UN Human Rights Council's “Guiding Principles on Business and Human Rights: Ruggie Framework,” committing in the name of the CEO to uphold its responsibilities related to human rights. SK Telecom will continue to perform various activities to address social issues at home and abroad and spread global ESG trends through compliance with and support of the UNGC principles.

UNGC ACTIVITIES





Associations/Initiatives	Joining date	Purpose/Remarks
UNGC Headquarters	May 2007	Advancing ESG system and Improving domestic and international ESG Recognition of the company through global ESG initiative activities
UNGC Korea	Sept. 2007	
UNGC LEAD	Jan. 2011	




UNGC ADVANCED CRITERIA

				Page
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		209
	Criterion 2	Practicing the UNGC 10 principles across the value chain		145-149
Definite Human Rights Policy and Procedure	Criterion 3	Human rights commitment, strategy, and policy		89-91
	Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures		89-91
	Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human right principles in business and management procedures		89-91
Definite Labor Policy and Procedure	Criterion 6	Labor commitment, strategy, and policy		89-91, 181-186
	Criterion 7	Effective management system to incorporate the labor principles into business and management procedures		181-186
	Criterion 8	Mechanism to ensure compliance with the labor principles in business and management procedures		30-32
Definite Environmental Policy and Procedure	Criterion 9	Environment commitment, strategy, and policy		50-74, 179-180, 187-189
	Criterion 10	Effective management to incorporate the environmental principles into business and management procedures		50-74, 179-180, 187-189
	Criterion 11	Monitoring and evaluation mechanism to ensure compliance with the environmental principles in business and management procedures		50-74, 179-180, 187-189
Definite Ethics and Compliance Policy and Procedure	Criterion 12	Anti-corruption commitment, strategy, and policy		145-149, 150-153
	Criterion 13	Effective management system to incorporate the anti-corruption principles into business and management procedures		145-149, 150-153
	Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the anticorruption principles in business and management procedures		145-149, 150-153
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		111-120, 181-186
	Criterion 16	Strategic community investment and charity work to help achieve the UN objectives and goals		111-120, 181-186, 202-203
	Criterion 17	Public engagement and communication to help achieve the UN objectives and goals		202-203
	Criterion 18	Partnerships and external initiatives to help achieve the UN objectives and goals		209
Governance and Leadership for Sustainability	Criterion 19	CEO's sustainability commitment and leadership		12-15
	Criterion 20	Board of Directors' selection and oversight of sustainability agenda items		133
	Criterion 21	Stakeholder engagement		30-32

UN SUSTAINABLE DEVELOPMENT GOALS(SDGs)

In September 2015, 193 member countries and their leaders gathered to establish the Sustainable Development Goals(SDGs), consisting of 17 goals and 169 specific tasks across economic, environmental, and social domains to ensure sustainable development for humanity. SK Telecom supports the UN's SDGs and has identified 7 SDGs linked to its future value creation strategy, the Double Bottom Line(DBL). The company aims to create sustainable value for humanity by pursuing and implementing goals that consider not only financial impacts but also social impacts

Goal	SDG Context	SK Telecom's Contribution	DBL(Double Bottom Line)		
			Social Impacts	Business Impacts	Mid-to-long-term Goals
	Enhancement of healthy lives and welfare for all ages 3.7 Ensure universal access to health services	<ul style="list-style-type: none">Provision of AI Care Services for the Elderly, Offering Medication and Hospital Visit Reminders via AI SpeakersAI-based call service for welfare checks, health management, and preventing solitary deaths	<ul style="list-style-type: none">Improving welfare and care in areas lacking services for the elderly through easily accessible methods.Providing individualized health management services ensuring a healthy life for community members.	<ul style="list-style-type: none">Expanding the AI care business and operational services through social enterprises like Happy Connect to enhance SV reproductionDeveloping dementia prevention and frailty management services to expand into the healthcare market	<ul style="list-style-type: none">Alleviating loneliness and preventing solitary deaths among vulnerable populations such as the elderly living alone, managing health, and constructing social safety nets for various groups including industrial workers, crime victims, and students affected by school violenceDistributing AI Care + AI Call services to 500,000 households by 2027
	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	<ul style="list-style-type: none">Supporting nationwide AI/ICT skill enhancement to ensure everyone can benefit from the digital transformation centered around unmanned and non-face-to-face interactionsConstructing a "Digital Convergence Training Platform" integrating SKT's innovative technologies like 5G, AI, Metaverse, and immersive media, supporting the cultivation of core practical talents in AIOperating the Happy AI Coding School for software education of disabled youth and hosting coding challengesRunning the "SKT AI Fellowship" program to pass on the company's tech development experience and expertise to college studentsProducing "SKT AI Curriculum" educational content, providing AI technology lectures to 1,031 students across 71 schools, including mentoring by professionals, catering to the cultivation of outstanding AI talents	<ul style="list-style-type: none">Providing opportunities to bridge the digital divide nationwide, spreading positive influenceStrengthening AI capabilities and cultivating professional talent through the Digital Convergence Training Platform, creating social and national value.Discovering happiness and talent in disabled youth through SW educationOffering job opportunities to outstanding graduates of the SKT AI Fellowship	<ul style="list-style-type: none">Opening and sharing SKT's innovative resources to promote advanced AI/ICT technology and enhance technological prowess.Securing positive customer experiences and enhancing brand value through various educational opportunities and experiential services related to the innovative technologies pursued by the companyRecruiting talents with high understanding and practical experience, who can be immediately effective upon joiningSecuring positive customer experiences and enhancing brand value through various educational opportunities and experiential services related to the innovative technologies pursued by the company.	<ul style="list-style-type: none">Bridging the information gap for digitally vulnerable groups and continuing to spread positive influence through the openness and sharing of capabilities in advanced AI/ICT tech fieldsEnhancing the capabilities of a cumulative 400,000 individuals by 2027Expanding university cooperation programs such as the SKT AI Fellowship Alumni to include 5,500 alumni and 20 more such hiring by 2027
	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	<ul style="list-style-type: none">Hiring hearing-impaired drivers at Silent Mobility(Silent M)Utilizing the "Happy Credit" ESG points program to conduct cooperative marketing with social enterprises and small business owners through T membership, 11th Street, and SK StoaSupporting the growth of outstanding startups in solving various social issues related to 5G, AI, and other ICTs (ESG KOREA, AI Startup Accelerator, etc.)Providing stable business performance support and facilitating growth through seminars/mentoring and management infrastructure support, fostering Open Collaboration with startups.	<ul style="list-style-type: none">Creating quality jobs for the disabled and other vulnerable groups.Supporting social enterprises and small business owners in online commerce, contributing to the revitalization of local economiesProviding accelerator programs for startups aimed at solving various social issues.	<ul style="list-style-type: none">Securing stakeholder support for the positive influence of SKT ICT such as Silent MSupporting the growth of ESG innovative startups and establishing a virtuous cycle in the startup ecosystem through fund investments and business collaborationPromoting growth and enhancing business competitiveness of startups through open collaboration linked with SKT's businesses	<ul style="list-style-type: none">Aiming to employ an average of over 70 hearing-impaired taxi drivers monthly (currently averaging 50 hires per month) by 2027Continuing to support social enterprises and small businesses using "Happiness Credit"Supporting the growth of over 500 startups by 2027
	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	<ul style="list-style-type: none">Ranking first in the quality evaluation of 5G communication servicesDeveloping network slicing technology that provides customized 5G networks according to specific applications and servicesCommercializing the first domestic 5G edge cloud service "SKT 5GX Edge" in cooperation with AWS	<ul style="list-style-type: none">Improving communication services and network quality to establish a high-quality network infrastructureProviding a differentiated customer experience through various 5G-based services	<ul style="list-style-type: none">Creating new business opportunities in autonomous driving, smart factories, etc., based on core infrastructures like 5G and artificial intelligence (AI)	<ul style="list-style-type: none">Securing 5G leadership

Goal	SDG Context	SK Telecom's Contribution	DBL(Double Bottom Line)		
			Social Impacts	Business Impacts	Mid-to-long-term Goals
	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	<ul style="list-style-type: none">• Providing an AI care service equipped with features to alleviate the loneliness of elderly living alone and to connect to emergency services(119) in critical situations• Establishing an “earthquake observation network” in cooperation with public institutions, including our base stations and distribution network, to improve national disaster safety for the public• Building a social safety net that protects the safety and lives of citizens through disaster alert texts during emergencies such as infectious diseases(COVID-19) and natural disasters(wildfires, typhoons, heavy rain, earthquakes, etc.).• Installing a Vision AI-based system for automatically detecting and recording challenging behaviors in living facilities for individuals with severe developmental disabilities, to support their adaptation to community life	<ul style="list-style-type: none">• Establishing a social safety net with care services equipped with an AI-based emergency rescue system• Striving to ensure public safety and minimize damage with services that use infrastructure to predict and detect natural disasters.• Minimizing disaster damage to the general public by sending disaster text messages from base stations to subscribers, including those from other companies• Improving the quality of life and reducing care burdens for individuals with developmental disabilities and their families	<ul style="list-style-type: none">• Strengthening market competitiveness through the enhancement of the emergency SOS service linked to 119(in collaboration with the Fire Agency)• Strengthening IoT business competitiveness through continuous collaboration and system enhancement with government agencies such as the Meteorological Administration• Promoting the activation of various value-added businesses that can be linked to disaster text messaging through collaboration with government and local authorities• Accumulating data on harmful/self-harm behaviors by individuals with developmental disabilities and enhancing Vision AI competitiveness	<ul style="list-style-type: none">• Enhancing and expanding a universal social safety net for a safe old age, including prevention of solitary deaths• Supporting governmental response plans and cooperation with relevant agencies in case of an earthquake• Continuing to expand a social safety net that can protect the safety and lives of citizens in various disaster situations• Extending Vision AI technology-based care services to non-disabled individuals(elderly, children, and other general citizens)
	Take urgent action to combat climate change and its impacts 13.2 Integrate climate change measures into national policies, strategies, and planning	<ul style="list-style-type: none">• Proactively enrolling in RE100 and officially submitting the roadmap• Announcing the 2050 Net Zero goal and completing approval of the science-based greenhouse gas reduction targets(SBTi).• Minimizing the increase in greenhouse gas emissions through the application of single RAN technology(integration and upgrade of 3G and LTE equipment) and AI-based power-saving technology• Implementing an electric vehicle greenhouse gas reduction business model using telecommunications technology(Cat.M1)• Contributing to national greenhouse gas reduction goals through the expansion of ICT-based high-efficiency, low-carbon energy management technologies(BEMS, FEMS, LEMS)• Establishing and managing a greenhouse gas(Scope 3) management process across the entire value chain• Promoting the “Happy Habit” project to support eco-friendly practices in daily life, thereby contributing to the reduction of single-use cups and containers, enhancing resource recycling, and advancing zero waste initiatives	<ul style="list-style-type: none">• Contributing to the reduction of greenhouse gas emissions by participating in greenhouse gas reduction businesses and projects• Responding to climate change by recycling resources and reducing resource consumption• Creating new jobs in the washing and delivery of reusable cups and containers	<ul style="list-style-type: none">• Expanding market opportunities for ICT-based energy and environmental solutions• Utilizing core technologies like Vision AI as solutions for environmental problems• Enhancing brand recognition and favorability through the provision of experiential eco-friendly services with customers	<ul style="list-style-type: none">• (Scope 1+2) Achieving a 47.7% reduction by 2030, compared to 2020 levels, and 2050 Net Zero target (market-based)• Establishing an eco-friendly platform within the daily lives of all citizens for the environment
	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	<p>[UN Global Compact]</p> <ul style="list-style-type: none">• Serving as the founding member of the Korea Association, a local network of the UNGC.• Attending the UNGC 2023 General Assembly• Participating in the "Climate Action" goal, a “Forward Faster” action area of the UNGC. <hr/> <ul style="list-style-type: none">• Joining the TCFD to respond to climate change• Joining the TNFD for biodiversity protection• Participating in the Climate Crisis Adaptation Consultative Body hosted by the National Climate Crisis Adaptation Center• Participating in the biodiversity platform alongside companies that established KBCSD, in collaboration with the Ministry of Environment• Declaring biodiversity protection and a ban on deforestation	<ul style="list-style-type: none">• Securing a leading position and influence in ESG leadership among Korean companies within the UNGC Network. <hr/> <ul style="list-style-type: none">• Strengthening environmentally friendly activities both internally and externally• Contributing to the enhancement of biodiversity activities, which have recently gained importance	<ul style="list-style-type: none">• Establishing an ESG-based cooperation foundation in connection with global partners <hr/> <ul style="list-style-type: none">• Expanding new business opportunities through activities that reduce carbon emissions via environmentally friendly activities	<ul style="list-style-type: none">• Being selected for the UNGC LEAD group and establishing and implementing a collaborative system in five SDG-related areas <hr/> <ul style="list-style-type: none">• Publishing the TNFD report by 2030

About This Report

This report is the Integrated Annual Report of SK Telecom and has been prepared for investors and stakeholders to provide an overview of SK Telecom’s annual performance. This report contains not only SK Telecom’s financial performance, but also a comprehensive Value Creation Story including our future prospects, non-financial performance, and efforts to enhance the underlying value. SK Telecom’s BOD granted final approval for this report in June 2024

Grounds for This Report’s Creation, and Referenced International Guidelines

This report was prepared in compliance with the principles and information presented by the <IR> Framework. <IR> Framework is a standard framework enacted by the International Integrated Reporting Council(IIRC) for integrated reporting of financial and non-financial performance. In addition, this report complies with the requirements in accordance with the “GRI Standards,” the sustainability reporting standard of the Global Reporting Initiative(GRI). SK Telecom joined the UN Global Compact, the world’s largest corporate citizenship initiative under the UN for corporate social responsibility and sustainability improvement, in 2007, and we support the implementation of the 10 principles in the fields of human rights, labor, environment and anti-corruption and the achievement of the Sustainable Development Goals(SDGs).

Scope and Boundaries of the Report

The term “SK Telecom” does not include SK Telecom’s subsidiaries that are subject to consolidated financial statements in accordance with the Korean International Financial Reporting Standards(K-IFRS). Financial data were prepared on a consolidated basis, and the K-IFRS16 standards have been applied since 2019. Non-financial data, such as those pertaining to the environment and society, were prepared based on SK Telecom’s separate basis, and data from SK Telecom’s overseas branches, subsidiaries, and invested companies have been excluded except where general descriptions and information are separately indicated. Where

previously reported data have been changed due to the spinoff as of November 2021, the changes have been written in a separate notation. However, considering SK Telecom’s financial and operational control, business influence, and ripple effects, these data were included in a separate indication in cases where the data could have a significant impact on the judgment of stakeholders. The geographical boundary for reporting is the Republic of Korea, where the principal business site is located, where more than 99% of sales are generated, and the temporal scope is from January 1, 2023 to December 31, 2023. However, some qualitative activities may include information up to May 2024. If any data from previous reports required attention due to changes, they have been recalculated as of 2024. The reporting cycle of this report is one year, and the previous report was published in June 2023.

Third-Party Assurance and Disclaimer

The financial information contained in this report was prepared after an accounting audit by an independent audit firm, and non-financial information was assured by an independent professional organization to ensure the reliability of the report. In addition, a separate verification was conducted on the greenhouse gas data included in the report. This report contains forward-looking statements related to the financial situation of SK Telecom and its subsidiaries, operational and sales performance, and plans and goals held by our company’s management. Despite assurance by a third party, there may be a difference between the future performance stated or implied by the forward-looking statements and the actual performance of the company due to political, economic, and circumstantial uncertainties surrounding corporate management.

International Initiatives and Partnerships

SK Telecom joined the UN Global Compact in 2007, which was initiated by UN organizations and companies to improve social ethics and the international

environment, and has been active in it. In addition to complying with ISO 26000 – a management system standard for social responsibility – we are also involved in the Carbon Disclosure Project(CDP) and Integrated Reporting (IR) business network. In recognition of these efforts to improve sustainability, SK Telecom was incorporated into the Dow Jones Sustainability Indices (DJSI) World Index in 2023.



This report is available to be downloaded as a PDF format
at the SK Telecom’s official website (<http://www.sktelecom.com/index-en.html>)

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