SK telecom

2024 CDP
Climate Change

ECOEYE

Notice
This document is a draft of SK Telecom response to 2024 CDP Climate Change. The official response document will be published after the answers are registered on CDP's official website by October 2, 2024.

2024 CDP Climate Change

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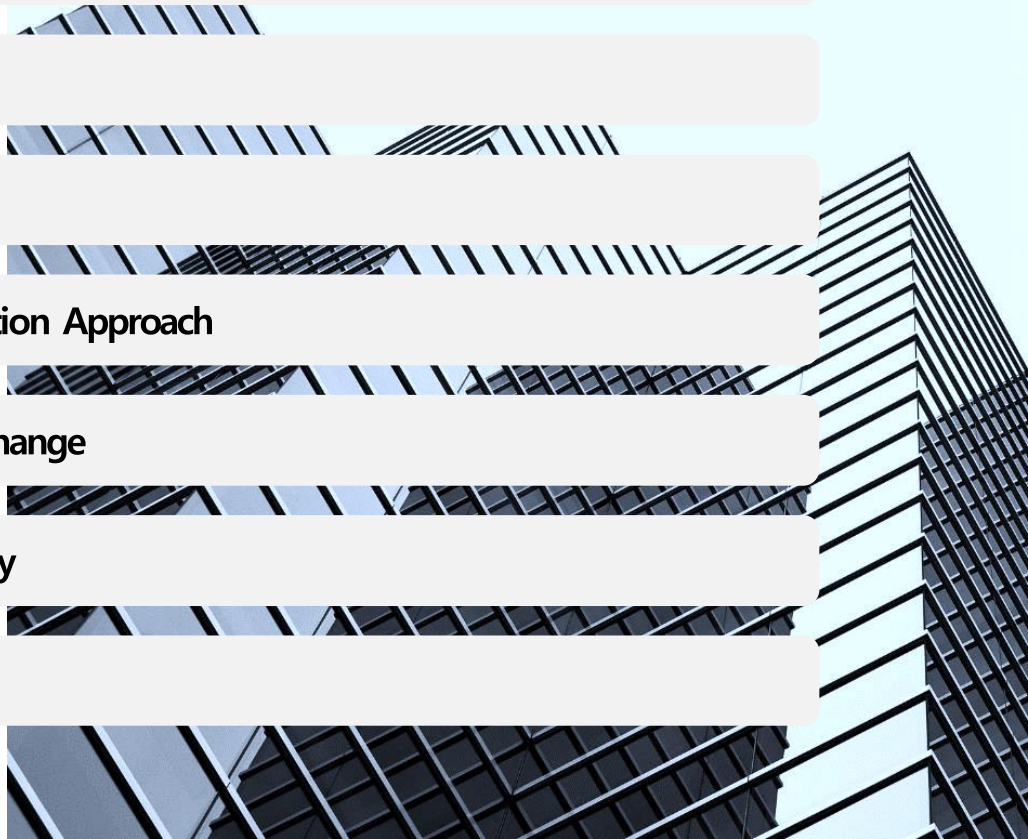
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	Business Strategy
M6	Environmental Performance - Consolidation Approach
M7	Environmental performance - Climate Change
M11	Environmental Performance - Biodiversity
M13	Further information & sign off



2024 CDP Climate Change

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Module 1. Introduction

1.1 In which language are you submitting your response?
English

Module 1. Introduction

1.2 Select the currency used for all financial information disclosed throughout your response.
KRW

Module 1. Introduction

1.3 Provide an overview and introduction to your organization.

SK Telecom is a leading wired and wireless telecommunications company in South Korea, renowned for its advanced technologies across a range of fields, including artificial intelligence (AI), big data, Internet of Things (IoT), and quantum cryptography, all driven by 5G technology. The company is progressing towards becoming a global AI enterprise by fostering sustained growth across its five key business areas: wired and wireless communications, media, Enterprise, AIVERSE, and Connected Intelligence. As SK Telecom advances into the SKT 2.0 era, it aims to transform itself into a 'Global AI Company.' By leveraging information and communications technology (ICT), the company promotes economic development and reinforces its ESG management through the implementation of ESG 2.0.' This approach integrates AI and ICT to amplify the company's environmental and social impact, thereby generating positive contributions to both society and the environment while pursuing sustainable growth.

In addressing climate change, SK Telecom has set forth its '2050 Net Zero' environmental management goal. To achieve this objective, the company has outlined three core initiatives: 'Proactive Climate Action,' 'Advancing Environmental Management Systems,' and 'Fostering a Green Culture.' SK Telecom is actively implementing various measures to reduce greenhouse gas emissions, including its Green Operation strategy, which targets a 25% reduction in electricity consumption; its Green Energy strategy, which promotes the increased use of renewable energy; and its Green Forest strategy, which is dedicated to offsetting emissions through forestation efforts.

SK Telecom is dedicated to fulfilling its social responsibilities by enhancing digital inclusivity, ensuring that marginalized groups have access to technology, and supporting a range of educational programs and community engagement initiatives aimed at fostering regional development. Notably, the company contributes to creating social value by offering innovative AI-powered solutions across sectors such as education, healthcare, and transportation. AI-driven healthcare services facilitate precise diagnoses and personalized health management, significantly improving the quality of life for numerous individuals.

From a corporate governance standpoint, SK Telecom remains committed to transparency and accountability, reinforcing management transparency through a board-driven governance structure while building stronger relationships of trust with shareholders and stakeholders. SK Telecom adheres to ethical management practices, complies with laws and regulations, and makes strategic decisions to ensure sustainable growth. These efforts underscore SK Telecom's goal of fostering growth in partnership with its customers and society.

Artificial intelligence (AI) and information and communications technology (ICT) are pivotal to SK Telecom's efforts in achieving its ESG objectives. AI enhances the efficiency of energy management systems while reducing environmental impact through advanced data analysis. Additionally, by leveraging IoT technology, SK Telecom delivers smart city solutions and creates social value through AI-powered education and healthcare solutions. By harnessing these technological innovations, SK Telecom aims to strengthen its ESG management and drive sustainable growth.

Module 1. Introduction

1.4 State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

End date of reporting year	Alignment of this reporting period with your financial reporting period	Indicate if you are providing emissions data for past reporting years
31/12/2023	Yes	No

Module 1. Introduction

1.5 Provide details on your reporting boundary.

Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
Yes

Module 1. Introduction

1.6 Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Unique identifier	Does your organization use this unique identifier?	Provide your unique identifier
• ISIN code – bond • Ticker symbol	Yes	• ISIN code: KR7017670001(A017670) • Ticker – SKM

Module 1. Introduction

1.7 Select the countries/areas in which you operate.
Republic of Korea

Module 1. Introduction

1.24 Has your organization mapped its value chain?

Value chain mapped	Value chain stages covered in Mapping	Highest supplier tier Mapped	Highest supplier tier known but not mapped
• Yes, we have mapped or are currently in the process of mapping our value chain	• Upstream value chain • Downstream value chain	• Tier 3 suppliers	• Tier 4+ suppliers

Description of mapping process and coverage
SK Telecom has designated a group of significant suppliers by comprehensively considering their influence and dependence on key businesses or infrastructure investments, the highest level of security, transaction size, and irreplaceable business related to proprietary technology. As of 2023, 143 suppliers out of a total of 996 were classified as Tier 1 significant suppliers, based on transaction size and sustained business relationships. Additionally, 19 second- and third-tier suppliers, with whom there are no direct transactions, were classified as Non-Tier 1 significant suppliers.

Module 1. Introduction

1.24.1 Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

Plastics mapping	Value chain stages covered in mapping
• Yes, we have mapped or are currently in the process of mapping plastics in our value chain	• Downstream value chain

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Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.1 How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Time horizon	From (years)	Is your long-term time horizon open ended?	To (years)
Short-term	0	N/A	3
Medium-term	4	N/A	10
Long-term	11	No	30

How this time horizon is linked to strategic and/or financial planning	
Short-term	The short term is defined as 0 to 3 years, with strategies and financial plans aimed at delivering immediate results and improving operational efficiency. During this period, the company allocates resources to projects that require funding to yield quick outcomes. This approach enables SK Telecom to set realistic profit targets aligned with current market conditions and operational capacity. Additionally, the company focuses on identifying and mitigating immediate risks that may impact operations or financial stability within the next three years. By implementing these short-term strategies and plans, SK Telecom is positioned to achieve swift results and prompt improvements.
Medium-term	The medium term is defined as 4 to 10 years (exceeding 3 years but not surpassing 10 years), with strategies and financial plans aimed at driving the company's growth and expansion. During this period, SK Telecom focuses on scaling operations by increasing market share, entering new markets, and diversifying its product lines, all while executing key strategic initiatives. The company also prioritizes investments in research and development to foster innovation in products and services, maintaining its competitive advantage. The medium-term financial plans involve substantial investments in capital projects, technology, and infrastructure, structured to generate long-term returns. Additionally, assessing and preparing for potential medium-term risks—such as shifts in the market, regulatory changes, and competitive pressures—remains a critical focus.
Long-term	The long term is defined as 11 to 30 years (exceeding 10 years but not surpassing 30 years), with strategies and financial plans aimed at ensuring the company's sustainable development and long-term viability. SK Telecom has set ambitious goals, such as achieving Net Zero emissions by 2050, underscoring its dedication to sustainability. The company is also incorporating innovative projects into its long-term strategy that may significantly reshape its market position and operational model. The financial strategies for this period focus on directing resources toward projects and investments designed to foster the company’s future growth and sustainability. These initiatives facilitate the implementation of extensive infrastructure projects, acquisitions, and major technological advancements. Establishing safeguards to mitigate long-term risks and uncertainties is an essential part of these plans, strengthening the company’s financial resilience.

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2 Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

Process in place	Dependencies and/or impacts evaluated in this process
• Yes	• Both dependencies and impacts

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2.1 Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
• Yes	• Both risks and opportunities	Yes

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2.2 Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Environmental issue	Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental	Value chain stages covered	Coverage	Supplier tiers covered	Type ofassessment
Climate change	• Dependencies only • Impacts only • Both dependencies and impacts	• Direct operations • Upstream value chain • Downstream value chain	Full	Tier 1 suppliers	Qualitative and quantitative

Frequency of assessment	Time horizons covered	Integration of risk management process	Location-specificity used
Annually	• Short-term • Medium-term • Long-term	Integrated into multi-disciplinary organization-wide risk management process	National

Tools and methods used

Commercially/publicly available tools
- LEAP (Locate, Evaluate, Assess and Prepare) approach, TNFD

Enterprise Risk Management
- Internal company methods

International methodologies and standards
- IPCC Climate Change Projections
- ISO 14001 Environmental Management Standard

Other
Scenario analysis

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2.2 Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Risk types and criteria considered			
Acute physical • Cold wave/frost • Heat waves • Heavy precipitation (rain, hail, snow/ice) • Landslide • Wildfires • Other acute physical risk, please specify(typhoon, earthquake) **Chronic physical** • Other chronic physical driver, please specify(Increase in average temperature)	**Policy** • Carbon pricing mechanisms • Changes to national legislation	**Market** • Changing customer behavior • Other market, please specify(Increase in electricity bills) **Reputation** Increased partner and stakeholder concern and partner and stakeholder negative feedback	• Other reputation, please specify(Increase in negative public perception, Increase in activities of NGOs and other organizations) **Technology** • Transition to lower emissions technology and products **Liability** • Exposure to litigation

Partners and stakeholders considered
• Customers • Employees • Investors • Suppliers

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2.2 Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Has this process changed since the previous reporting year?
No

Further details of process
・ Climate change risk/opportunity identification, assessment, and management process (Process) SK Telecom has implemented and actively manages a risk management system to preemptively identify and assess factors related to climate change, enabling a company-wide approach to climate change risks and opportunities. The identified climate change issues are integrated into the company-wide risk management process, and the risk level is determined through a materiality assessment process, which is reflected in corporate-level strategies. (Stage(s) in the value chain) SK Telecom manages not only directly operated business sites but also both upstream suppliers and downstream operations, as the potential impact of climate change expands in size and scope. The company comprehensively analyzes and manages the overall value chain, including production activities, business facilities, products and services, supply chain, R&D investment, as well as mitigation and adaptation efforts. ・ Detailed process by stage (Identification Stage) The ESG Management Group conducts regular monitoring more than once a year to identify and analyze environmental issues. They assess significance by monitoring and analyzing climate change risks and opportunities, considering financial, regulatory, and physical aspects across five categories: policy, market, technology, reputation, and physical environment. (Assessment Stage) The detailed assessment process is as follows: Internal stakeholders, including management and working-level staff with deep knowledge of the telecommunications industry and climate change, along with external climate and environmental experts, participate in a survey to evaluate the materiality of strategic perspectives and identify the highest-priority issues. Time periods are categorized into short-term (0 to 3 years), mid-term (4 to 10 years), and long-term (11 to 30 years). The risk level is evaluated using a matrix based on '(1) probability of occurrence X (2) level of impact,' and significance is scored on a scale from 0 to 25 points. Factors identified as highly significant (scoring 16 to 25 points) are classified as having a significant strategic impact. These factors then undergo a secondary assessment based on financial impact criteria, with significant financial impact defined as those factors involving facilities investment related to climate change, such as greenhouse gas reduction or renewable energy facilities, where the investment exceeds KRW 5 billion. SK Telecom assesses climate change risks and opportunities based on both strategic and financial impact criteria, and when both conditions are met, the factor is managed as a significant climate change risk or opportunity. (Reporting Stage) The ESG Management Group regularly reports the results of significance assessments of identified climate change risks and opportunities to the CLO as needed. The CLO makes decisions on non-critical climate-related risks and opportunities. Significant issues are reported to the CEO, while critical issues are reported to both the CEO and the ESG Committee. The CEO is responsible for decision-making on significant issues, whereas the ESG Committee makes the final decisions on critical issues. (Management Stage) Once decisions are made regarding climate change risks and opportunities, the relevant departments develop management plans, incorporate them into the business strategy, and ensure systematic implementation by securing the necessary budget through detailed planning.

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.2.7 Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

Interconnections between environmental dependencies, impacts, risks and/or opportunities Assessed
Yes

Description of how interconnections are assessed

1. Overview
   SK Telecom consolidates the assessment of environmental dependencies, impacts, risks, and opportunities into a cohesive process through a comprehensive framework. This framework adheres to established reporting standards, including the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), alongside internally developed protocols. Additionally, the ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure) methodology is utilized to identify and manage dependencies and impacts related to natural capital.
2. Methodology
   - Compliance with reporting standards**:** SK Telecom adheres to TCFD guidelines, which provide a structured framework for identifying, assessing, and managing climate-related risks and opportunities. This includes analyzing potential future scenarios and their impacts on the company using models from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).
   - ENCORE framework: The ENCORE methodology enables SK Telecom to identify its dependence on natural capital and understand how changes in ecosystem services may affect its business operations. This tool assists the company in evaluating risks associated with the degradation of natural capital and in uncovering opportunities to enhance ecosystem services.
   - Internal protocols: SK Telecom has developed dedicated internal protocols for collecting, analyzing, and reporting environmental data. These protocols involve compiling detailed inventories of greenhouse gas emissions and energy consumption, with regular monitoring and reporting.
   - Integration into the evaluation process: This integrated process is embedded within SK Telecom's broader risk management and strategic planning functions. Overseen by the Chief Legal Officer (CLO) and Chief Executive Officer (CEO), the Climate Task Force ensures that environmental factors are systematically incorporated into all key business decisions. Regular reviews and updates are conducted to address evolving regulatory requirements and stakeholder expectations.
3. Integration into the Evaluation Process: The evaluation process outlines how SK Telecom systematically identifies and evaluates environmental risks and opportunities. This includes the following:
   - Regular environmental audits: Comprehensive audits are conducted to assess compliance with environmental regulations and internal sustainability goals.
   - Scenario analysis: Different climate scenarios are analyzed to forecast potential impacts on business operations and financial performance.
   - Stakeholder engagement: SK Telecom collaborates with stakeholders, including investors, customers, and regulatory bodies, to collect insights and align the company's environmental strategy with external expectations.
4. Climate change assessment system: SK Telecom's climate change assessment system functions as follows. This system details the systematic approach SK Telecom employs to identify and address climate-related risks and opportunities.
   - Risk identification: Identifies potential risks and opportunities related to climate change and assesses their impact on products, services, and emerging business areas.
   - Risk analysis and selection: Define the likelihood and impact of these risks and opportunities, selecting key ones for in-depth analysis.
   - Risk assessment: Prioritizes risks and opportunities based on their potential impact and calculates the possible financial implications.
   - Action and mitigation: Develops and implements strategies to address prioritized risks and opportunities, ensuring a proactive stance in managing climate-related risks.
5. SK Telecom's process for identifying alignment, synergies, contributions, and possible trade-offs between dependencies, impacts, risks, and/or opportunities is as follows:
   - Cross-functional teams: SK Telecom brings together a cross-functional team composed of members from various departments, such as finance, operations, and ESG, to evaluate the interconnections among different environmental factors.
   - Holistic impact assessment: SK Telecom conducts a holistic impact assessment, taking into account the combined effects of dependencies, impacts, risks, and opportunities. For instance, the adoption of renewable energy sources helps mitigate regulatory risks while enhancing the company's reputation and operational resilience.
   - Balancing trade-offs: SK Telecom strategically manages trade-offs, such as balancing the upfront capital investment in renewable energy infrastructure with the long-term cost savings and environmental benefits.
6. Examples of Integrated Evaluation
   - Renewable energy project: The company's decision to invest in a solar power facility was driven by an integrated evaluation that factored in energy dependence, potential regulatory impacts, cost savings, and carbon credit opportunities. This holistic approach enabled the project to address multiple aspects of environmental performance simultaneously.
   - Disaster recovery system: The implementation of a robust disaster recovery system stemmed from recognizing the interconnectedness between physical risks (e.g., natural disasters) and operational resilience. By integrating these factors, SK Telecom improved its ability to ensure service continuity and reduce financial losses.

SK Telecom's integrated framework and methodology for assessing environmental dependencies, impacts, risks, and opportunities reflect its strong commitment to sustainability and resilience. By integrating TCFD guidelines and internal protocols with the ENCORE framework, SK Telecom enhances its capacity to understand and manage the complex interconnections among various environmental factors. Moving forward, SK Telecom will continue to refine its approach in pursuit of a more comprehensive and effective environmental management strategy.

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.3 Have you identified priority locations across your value chain?

Identification of priority locations	Value chain stages where priority locations have been identified	Types of priority locations identified
Yes, we have identified priority locations	Direct operations	**Sensitive locations** Areas important for biodiversity **Locations with substantive dependencies, impacts, risks, and/or opportunities** Other location with substantive nature-related dependencies, impacts, risks, and/or opportunities, please specify (Location with significant physical risks)

Description of process to identify priority locations

To provide telecommunications services, SK Telecom builds and operates network infrastructures by following these steps and applies the TNFD's LEAP Framework, tailored to the company's specific needs, to prevent biodiversity loss and forest degradation. At the design stage, SK Telecom assesses the value chain to determine where our infrastructure will be installed and what activities will take place at these locations, with the goal of conserving biodiversity and preventing deforestation. If our activities and infrastructure locations are considered to have a high level of importance and impact in terms of biodiversity conservation and forest degradation prevention, we will explore and implement mitigation measures to minimize any potential negative impacts on service quality while preserving biodiversity and preventing forest degradation.
While low risk exposure was identified for the Greater Seoul Area and urban centers, local base stations and communications centers in regions vulnerable to frequent heat waves, such as Daegu, require a prioritized response to heat waves. Accordingly, SK Telecom has established and applied a response system that can predict abnormal weather and assess any resulting damages.

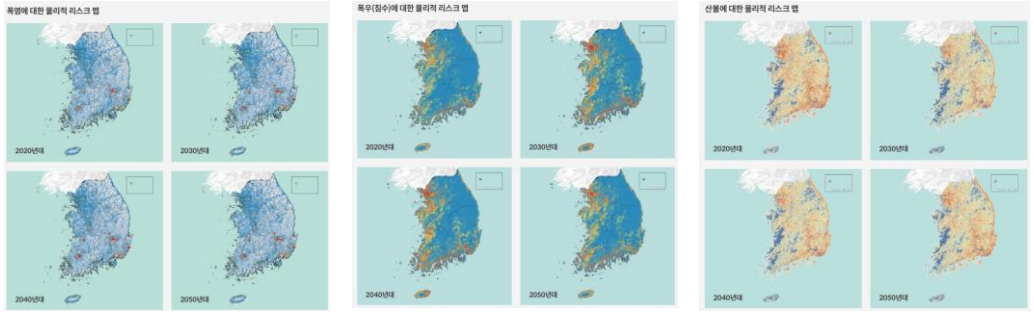
Will you be disclosing a list/spatial map of priority locations?

• Yes, we will be disclosing the list/geospatial map of priority locations

Provide a list and/or spatial map of priority locations

생물다양성 보전 리스크 평가 예시(위치, 의존도, 영향도 기반 평가)

SKT 활동	활동장소 (행정구역)	위치평가		지역특징/의존도/영향도	중요도 및 리스크 평가 결과	완화 방안
		생태경관 보전지역 여부	야생생물 보호구역 여부			
서울 남산지역 5G 서비스 제공	서울시 중구 예장동	O	X	신갈나무군집 발달 남산소나무림 지역	상	보전지역 회피시설
동강지역 5G 서비스 제공	강원도 평창군 미탄면	O	X	수달, 사향노루 등 멸종위기종 서식	상	5G공동망
노후 안테나 교체사업	전국	X	X	교체 안테나로 인한 폐기물 발생	중	폐기물 재활용
서울지하철 시청역 승강장 5G 품질강화	서울시 중구 서소문로	X	X	도심 시설물 내 장비 설치건(영향도 無)	하	-



Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.4 How does your organization define substantive effects on your organization?

Effect type	Type of definition	Indicator used to define substantive effect	Change to indicator	Absolute increase/decrease figure	Metrics considered in definition
• Risks • Opportunities	• Qualitative • Quantitative	Capital expenditures	Absolute increase	5,000,000,000	• Frequency of effect occurring • Time horizon over which the effect occurs • Likelihood of effect occurring

Module 2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

2.4 How does your organization define substantive effects on your organization?

Application of definition
1. SK Telecom has established a materiality assessment process based on TCFD guidelines. Initially, relevant departments identify transition and physical risk factors, as well as opportunity factors. Subsequently, external experts conduct evaluations to build a materiality assessment pool. The materiality assessment is designed to analyze short-term and mid- to long-term changes, focusing on likelihood and impact using a 5-point scale matrix. It is used as a basis for reviewing the current response level and future plans related to these issues. 1) Identification of climate-related risks and opportunities for evaluation: Based on TCFD recommendations and industry analysis, and interviews with relevant department representatives and external experts 2) Materiality assessment and analysis: Selection of respondents from internal and external stakeholders, conducting materiality assessments, identifying key risks and opportunity factors, and analyzing the responses. 3) Analysis of potential financial impacts: Exploring and reviewing scenarios, interviewing relevant department representatives, and analyzing potential financial impacts based on different scenarios 4) Development of climate risk management plan: Defining key management targets, establishing goals and indicators, conducting regular monitoring, and refining the management plan 2. (Impact Standards) First, the timeframes are classified into short-term (0 to 3 years), mid-term (4 to 10 years), and long-term (11 to 30 years). Based on these timeframes, risk levels are assessed using an evaluation matrix defined as '(1) the possibility of occurrence X (2) level of effect.' Both factors are evaluated on a scale of very low (1 point), moderately low (2 points), normal (3 points), moderately high (4 points), and very high (5 points). The significance level is expressed as a score ranging from 1 to 25 points, with grades classified into four categories: normal (4 to 12 points), moderately significant (8 to 16 points), slightly significant (12 to 20 points), and very significant (16 to 25 points). Any issue falling under the 'very significant' category (16 to 25 points) is classified as having a significant strategic impact. From a financial perspective, an issue is considered to have a significant financial impact if it involves investments in climate change-related facilities, such as greenhouse gas reduction or renewable energy facilities, and if the investment budget exceeds KRW 5 billion. 3. (Evaluation Method) SKT's Climate Task Force team continuously monitors climate change-related risks and opportunities, identifying major factors through internal and external environmental analysis. To establish priorities, a survey is conducted among internal and external stakeholders, including management, working-level staff, and climate change/environmental experts, who possess deep knowledge of both the telecommunications industry and climate change. When risks or opportunities are evaluated as very significant through this survey, a secondary assessment is conducted based on financial impact criteria. Specifically, SKT determines whether the issue relates to investments in climate change-related facilities and if the budget exceeds KRW 5 billion, defining this as a significant financial impact. SKT performs materiality assessments on identified climate change risks and opportunities based on these criteria, and implements systematic responses, including adhering to the decision-making process within the reporting structure, based on the assessment results. 4. Explanation of the quantitative index (Strategic Impact Index) The index used to define strategic impact is based on the possibility of occurrence and level of effect at specific timeframes. Both factors are evaluated on a scale of very low (1 point), moderately low (2 points), normal (3 points), moderately high (4 points), and very high (5 points). SKT considers issues falling between 16 and 25 points on this matrix as very significant factors and defines them as having a significant strategic impact. The strategic impact is comprehensively analyzed across SKT's business operations, including upstream and downstream activities, such as production, business facilities, products and services, the supply chain, R&D investments, and mitigation and adaptation activities. (Financial Impact Index) Financial impacts are analyzed by considering both the income statement and the balance sheet. The income statement, which records profit and loss, includes details such as sales, cost of sales, administrative expenses, operating profit, and net profit. The balance sheet records SKT's assets, liabilities, equity, and financing, with details such as cash and cash equivalents, inventory, receivables, payables, and capital. SKT analyzes financial impacts based on both the income statement and the balance sheet, using KRW 5 billion as the threshold for significant financial decisions according to internal policy.

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Module 3. Disclosure of dependencies, risks, and opportunities

3.1 Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Environmental issue	Environmental risks identified
Climate change	Yes, both in direct operations and upstream/downstream value chain

Environmental issue	Environmental risks identified	Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain
Plastics	No	Other, please specify (By fully replacing the plastic cards issued to our membership customers with mobile eco-cards, we will reduce plastic usage by over 24 tons annually.)

Please explain
Integrated risk management: SK Telecom incorporates plastic risk management into its broader environmental and sustainability policies. As an integral part of its comprehensive strategy for managing environmental risks associated with climate change, the company actively addresses plastic usage. Initiatives such as replacing plastic cards with mobile eco-cards demonstrate the company's commitment to environmental awareness and proactive management of environmental impacts, particularly those associated with plastic use.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk1

Environmental issue the risk relates to	Risk identifier	Risk type and primary environmental risk driver	Value chain stage where the risk occurs	Country/area where the risk occurs	Organization-specific description of risk	Primary financial effect of the risk	Time horizon over which the risk is anticipated to have a substantive effect on the organization	Likelihood of the risk having an effect within the anticipated time horizon	Magnitude
Climate change	Risk 1	Heat wave	- Direct operations	Republic of Korea	Next page – (1)	closure of operations	- Long-term	Very Likely	High

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	Are you able to quantify the financial effect of the risk?	Anticipated financial effect figure in the long term – minimum (currency)	Anticipated financial effect figure in the long term – maximum(currency)	Explanation of financial effect figure	Primary response to risk	Cost of response to risk	Explanation of cost calculation	Description of response
Next page – (2)	Yes	219,113,432,037	351,126,033,503	Next page – (3)	- Improve monitoring of direct operations - Improve monitoring of upstream and downstream activities	4,000,000,000	Next page – (4)	Next page – (5)

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk1

Organization-specific description of risk (1)
SK Telecom has reflected the Low Emissions Scenario (SSP1-2.6) and High Emissions 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 developed a machine learning-based assessment model that determines the likelihood that SK Telecom's buildings and telecommunications equipment nationwide will be exposed to damages from major physical factors. Heat waves, heavy rain and flooding, heavy snow, forest fires, and landslides were selected as focus areas for the physical risk analysis, reflecting the model's suitability and the materiality assessment results. We calculated the level of exposure to risks to analyze the impacts these five physical risk factors may have on our major telecommunications assets by 2050. SK Telecom has improved the disaster prediction methodology of the 2023 physical risk analysis model for more precise predictions. We have incorporated the characteristics of the targeted communication assets, such as type and altitude information, and refined the analysis scale from 1km intervals to 100m intervals to produce high-resolution analysis results. In addition, we have increased the reliability of future scenario predictions based on the IPCC SSP scenarios and meteorological data from approximately 1,200 domestic weather observatories. As a result of the physical risk analysis, financial impacts due to heat waves, heavy rain and flooding, and forest fire risks are expected to occur in the short and medium to long term. We expect the exposure of our key communications assets to heat waves to increase in the medium to long term. According to the SSP5-8.5 scenario, the number of assets exposed to heat waves is predicted to increase by approximately 4.3 times, from 806 in 2021 to 3,438 in 2050. The estimated book value of assets exposed to heat waves between 2020 and 2050 was analyzed to range from a minimum of KRW 2.59 trillion per year (SSP1-2.6) to a maximum of KRW 2.88 trillion per year (SSP5-8.5). In particular, while low risk exposure was identified for the Greater Seoul Area and urban centers, local base stations and communications centers in regions vulnerable to frequent heat waves, such as Daegu, will require a priority heat wave response. Accordingly, SK Telecom has prepared and applied a response system that can predict abnormal weather and analyze any damage resulting from these conditions.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk1

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons (2)
SK Telecom closely analyzes and addresses various physical risks resulting from climate change, as these factors can significantly impact the company's financial performance and cash flow. Wildfires pose a threat to telecommunications equipment and base stations, potentially increasing restoration costs and causing service disruptions. To mitigate these risks, SK Telecom has taken proactive measures by installing fire protection barriers around base station equipment and enhancing the accuracy of coverage areas for emergency alert notifications. Landslides can lead to the loss of telecommunications equipment and damage to the exterior walls of base stations, necessitating equipment reinforcement and emergency repairs. In such situations, nearby base stations are reconfigured to maintain stable communication quality. Heatwaves can disrupt telecommunications equipment and increase costs due to higher cooling demands at base stations. To address these issues, SK Telecom is proactively investing in and reinforcing facilities vulnerable to extreme heat. Heavy rainfall can damage telecommunications equipment and base stations, resulting in service outages and higher recovery costs. To counter this, SK Telecom has implemented preventive drainage measures for base stations with a history of flooding, including the installation of support platforms. Likewise, heavy snowfalls can disrupt telecommunications equipment and base stations, leading to service outages and increased recovery costs. SK Telecom mitigates these challenges by maintaining quality control of base stations in snow-prone regions and conducting emergency repair operations. To effectively manage these physical risks, SK Telecom employs machine learning models to assess potential damage to its buildings and telecommunications equipment. Additionally, the company utilizes data from both domestic and international institutions to develop more precise climate disaster assessment models. These initiatives aim to safeguard SK Telecom's long-term financial stability while proactively addressing the risks posed by climate change.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk1

Explanation of financial effect figure (3)
Developing scenarios and models for SK Telecom's physical risk assessment is crucial for identifying major impacts that may arise due to climate change and proactively responding to them. However, the results of physical risk analysis may involve some uncertainty due to the inherent uncertainty of various factors influencing climate change. Additionally, given the nationwide distribution of communication equipment, the financial impacts of physical risks were assessed based on the future asset value of communication equipment expected to be exposed to climate change risks. For example, the actual cost of disaster recovery from events such as typhoons, lightning strikes, landslides, heavy rains, heat waves, forest fires, and earthquakes over the past five years (2018-2022) averaged KRW 3 to 4 billion per year (including prior risk prevention investment costs). This differs from the predicted asset exposure to physical risks from climate change analyzed in this assessment. SK Telecom will strive to develop a more precise model capable of evaluating a wider range of climate disasters by utilizing data from credible domestic and international organizations and reflecting the characteristics of each asset.

Explanation of cost calculation(4)
The actual cost of disaster recovery, including preventive risk investment, over the past five years (2018-2022) due to disasters such as typhoons, lightning, landslides, heavy rain, heatwaves, wildfires, and earthquakes has averaged between 3 to 4 billion KRW per year.

Description of response (5)
SK Telecom operates a disaster recovery system to enhance the stability of its communication network. By configuring multiple access routes and key communication facilities for major networks and separating networks by layer and region, SK Telecom prevents the spread of potential communication errors. While establishing a foundation for rapid recovery, the company is also committed to enhancing the resilience of its communication quality. **Potential Impact:** Functional failures of communication facilities due to heatwaves and increased operation rates of air conditioning units at base stations, leading to higher costs. **Response Status and Plans:** Proactive investment and reinforcement of facilities vulnerable to heatwaves (such as revising external enclosures and replacing outdated ones). Preemptive high-temperature prevention activities for equipment in preparation for the hot season (such as checking air conditioners and filters, and installing shade structures).

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk2

Environmental issue the risk relates to	Risk identifier	Risk type and primary environmental risk driver	Value chain stage where the risk occurs	Country/area where the risk occurs	Organization-specific description of risk	Primary financial effect of the risk	Time horizon over which the risk is anticipated to have a substantive effect on the organization	Likelihood of the risk having an effect within the anticipated time horizon	Magnitude
Climate change	Risk 2	- Other chronic physical risk, please specify(heavy rain, rain, hail,	- Direct operations	Republic of Korea	Next page – (1)	closure of operations	- Long-term	Very Likely	High

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	Are you able to quantify the financial effect of the risk?	Anticipated financial effect figure in the longterm – minimum (currency)	Anticipated financial effect figure in the longterm – maximum (currency)	Explanation of financial effect figure	Primary response to risk	Cost of response to risk	Explanation of cost calculation	Description of response
Next page – (2)	Yes	198,545,185,653	262,603,186,105	Next page – (3)	- Improve monitoring of direct operations - Improve monitoring of upstream and downstream activities	4,000,000,000	Next page – (4)	Next page – (5)

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk2

Organization-specific description of risk (1)
SK Telecom has reflected the Low Emissions Scenario (SSP1-2.6) and High Emissions 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 developed a machine learning-based assessment model that determines the likelihood that SK Telecom's buildings and telecommunications equipment nationwide will be exposed to damages from major physical factors. Heat waves, heavy rain and flooding, heavy snow, forest fires, and landslides were selected as focus areas for the physical risk analysis, reflecting the model's suitability and the materiality assessment results. We calculated the level of exposure to risks to analyze the impacts these five physical risk factors may have on our major telecommunications assets by 2050. SK Telecom has improved the disaster prediction methodology of the 2023 physical risk analysis model for more precise predictions. We have incorporated the characteristics of the targeted communication assets, such as type and altitude information, and refined the analysis scale from 1km intervals to 100m intervals to produce high-resolution analysis results. In addition, we have increased the reliability of future scenario predictions based on the IPCC SSP scenarios and meteorological data from approximately 1,200 domestic weather observatories. As a result of the physical risk analysis, financial impacts due to heat waves, heavy rain and flooding, and forest fire risks are expected to occur in the short and medium to long term. SK Telecom anticipates that exposure to heavy rains (flooding) will be generally high, with a minimum of 8,823 assets (SSP5-8.5) and a maximum of 25,987 assets (SSP3-7.0) expected to be exposed by 2050. The estimated book value of assets exposed to heavy rains (flooding) was analyzed to be KRW 1.92 trillion (SSP1-2.6) per year on average between 2020 and 2050 at minimum, and KRW 2.59 trillion (SSP2-4.5) at maximum. Factors contributing to the risk of heavy rains and flooding include the increasing frequency of extreme weather events. The period during which SK Telecom's communications assets are exposed to a risk level of 5% or more was found to increase under the SSP scenarios. SK Telecom is mitigating this risk by implementing proactive measures to prevent ground subsidence and topsoil erosion.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk2

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons (2)
SK Telecom closely analyzes and addresses various physical risks resulting from climate change, as these factors can significantly impact the company's financial performance and cash flow. Wildfires pose a threat to telecommunications equipment and base stations, potentially increasing restoration costs and causing service disruptions. To mitigate these risks, SK Telecom has taken proactive measures by installing fire protection barriers around base station equipment and enhancing the accuracy of coverage areas for emergency alert notifications. Landslides can lead to the loss of telecommunications equipment and damage to the exterior walls of base stations, necessitating equipment reinforcement and emergency repairs. In such situations, nearby base stations are reconfigured to maintain stable communication quality. Heatwaves can disrupt telecommunications equipment and increase costs due to higher cooling demands at base stations. To address these issues, SK Telecom is proactively investing in and reinforcing facilities vulnerable to extreme heat. Heavy rainfall can damage telecommunications equipment and base stations, resulting in service outages and higher recovery costs. To counter this, SK Telecom has implemented preventive drainage measures for base stations with a history of flooding, including the installation of support platforms. Likewise, heavy snowfalls can disrupt telecommunications equipment and base stations, leading to service outages and increased recovery costs. SK Telecom mitigates these challenges by maintaining quality control of base stations in snow-prone regions and conducting emergency repair operations. To effectively manage these physical risks, SK Telecom employs machine learning models to assess potential damage to its buildings and telecommunications equipment. Additionally, the company utilizes data from both domestic and international institutions to develop more precise climate disaster assessment models. These initiatives aim to safeguard SK Telecom's long-term financial stability while proactively addressing the risks posed by climate change.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk2

Explanation of financial effect figure (3)
Developing scenarios and models for SK Telecom's physical risk assessment is crucial for identifying major impacts that may arise due to climate change and proactively responding to them. However, the results of physical risk analysis may involve some uncertainty due to the inherent uncertainty of various factors influencing climate change. Additionally, given the nationwide distribution of communication equipment, the financial impacts of physical risks were assessed based on the future asset value of communication equipment expected to be exposed to climate change risks. For example, the actual cost of disaster recovery from events such as typhoons, lightning strikes, landslides, heavy rains, heat waves, forest fires, and earthquakes over the past five years (2018-2022) averaged KRW 3 to 4 billion per year (including prior risk prevention investment costs). This differs from the predicted asset exposure to physical risks from climate change analyzed in this assessment. SK Telecom will strive to develop a more precise model capable of evaluating a wider range of climate disasters by utilizing data from credible domestic and international organizations and reflecting the characteristics of each asset.

Explanation of cost calculation(4)
The actual cost of disaster recovery, including preventive risk investment, over the past five years (2018-2022) due to disasters such as typhoons, lightning, landslides, heavy rain, heatwaves, wildfires, and earthquakes has averaged between 3 to 4 billion KRW per year.

Description of response (5)
SK Telecom operates a disaster recovery system to enhance the stability of its communication network. By configuring multiple access routes and key communication facilities for major networks and separating networks by layer and region, SK Telecom prevents the spread of potential communication errors. While establishing a foundation for rapid recovery, the company is also committed to enhancing the resilience of its communication quality. **Potential Impact:** Functional failures of communication facilities due to heatwaves and increased operation rates of air conditioning units at base stations, leading to higher costs. **Response Status and Plans:** Proactive investment and reinforcement of facilities vulnerable to heatwaves (such as revising external enclosures and replacing outdated ones). Preemptive high-temperature prevention activities for equipment in preparation for the hot season (such as checking air conditioners and filters, and installing shade structures).

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk3

Environmental issue the risk relates to	Risk identifier	Risk type and primary environmental risk driver	Value chain stage where the risk occurs	Country/area where the risk occurs	Organization-specific description of risk	Primary financial effect of the risk	Time horizon over which the risk is anticipated to have a substantive effect on the organization	Likelihood of the risk having an effect within the anticipated time horizon	Magnitude
Climate change	Risk 3	Other chronic physical risk, please specify(wild fires)	Direct operations	Republic of Korea	Next page – (1)	closure of operations	- Long-term	Very Likely	High

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	Are you able to quantify the financial effect of the risk?	Anticipated financial effect figure in the longterm – minimum (currency)	Anticipated financial effect figure in the longterm – maximum (currency)	Explanation of financial effect figure	Primary response to risk	Cost of response to risk	Explanation of cost calculation	Description of response
Next page – (2)	Yes	388,010,097,981	390,747,828,521	Next page – (3)	- Improve monitoring of direct operations - Improve monitoring of upstream and downstream activities	4,000,000,000	Next page – (4)	Next page – (5)

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk3

Organization-specific description of risk (1)
SK Telecom has reflected the Low Emissions Scenario (SSP1-2.6) and High Emissions 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 developed a machine learning-based assessment model that determines the likelihood that SK Telecom's buildings and telecommunications equipment nationwide will be exposed to damages from major physical factors. Heat waves, heavy rain and flooding, heavy snow, forest fires, and landslides were selected as focus areas for the physical risk analysis, reflecting the model's suitability and the materiality assessment results. We calculated the level of exposure to risks to analyze the impacts these five physical risk factors may have on our major telecommunications assets by 2050. SK Telecom has improved the disaster prediction methodology of the 2023 physical risk analysis model for more precise predictions. We have incorporated the characteristics of the targeted communication assets, such as type and altitude information, and refined the analysis scale from 1km intervals to 100m intervals to produce high-resolution analysis results. In addition, we have increased the reliability of future scenario predictions based on the IPCC SSP scenarios and meteorological data from approximately 1,200 domestic weather observatories. As a result of the physical risk analysis, financial impacts due to heat waves, heavy rain and flooding, and forest fire risks are expected to occur in the short and medium to long term. SK Telecom's exposure to wildfire risks is projected to remain high across all SSP scenarios through 2050. While the number of assets exposed to wildfire risks is lower than for other risk factors, with 1,364 assets exposed under the SSP5-8.5 scenario, the estimated book value of assets exposed to wildfire risks is expected to range from a minimum of KRW 295.4 billion per year (SSP3-7.0) to a maximum of KRW 378.5 billion per year (SSP1-2.6) between 2020 and 2050. This underscores the need for continuous management of buildings and telecommunications equipment located in or near mountainous areas. SK Telecom is building emergency communication networks for early wildfire monitoring and continues to collaborate with the National Fire Agency to establish mobile wireless systems to prevent communication outages in the event of complete destruction of base stations by wildfires.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk3

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons (2)
SK Telecom closely analyzes and addresses various physical risks resulting from climate change, as these factors can significantly impact the company's financial performance and cash flow. Wildfires pose a threat to telecommunications equipment and base stations, potentially increasing restoration costs and causing service disruptions. To mitigate these risks, SK Telecom has taken proactive measures by installing fire protection barriers around base station equipment and enhancing the accuracy of coverage areas for emergency alert notifications. Landslides can lead to the loss of telecommunications equipment and damage to the exterior walls of base stations, necessitating equipment reinforcement and emergency repairs. In such situations, nearby base stations are reconfigured to maintain stable communication quality. Heatwaves can disrupt telecommunications equipment and increase costs due to higher cooling demands at base stations. To address these issues, SK Telecom is proactively investing in and reinforcing facilities vulnerable to extreme heat. Heavy rainfall can damage telecommunications equipment and base stations, resulting in service outages and higher recovery costs. To counter this, SK Telecom has implemented preventive drainage measures for base stations with a history of flooding, including the installation of support platforms. Likewise, heavy snowfalls can disrupt telecommunications equipment and base stations, leading to service outages and increased recovery costs. SK Telecom mitigates these challenges by maintaining quality control of base stations in snow-prone regions and conducting emergency repair operations. To effectively manage these physical risks, SK Telecom employs machine learning models to assess potential damage to its buildings and telecommunications equipment. Additionally, the company utilizes data from both domestic and international institutions to develop more precise climate disaster assessment models. These initiatives aim to safeguard SK Telecom's long-term financial stability while proactively addressing the risks posed by climate change.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk3

Explanation of financial effect figure (3)
Developing scenarios and models for SK Telecom's physical risk assessment is crucial for identifying major impacts that may arise due to climate change and proactively responding to them. However, the results of physical risk analysis may involve some uncertainty due to the inherent uncertainty of various factors influencing climate change. Additionally, given the nationwide distribution of communication equipment, the financial impacts of physical risks were assessed based on the future asset value of communication equipment expected to be exposed to climate change risks. For example, the actual cost of disaster recovery from events such as typhoons, lightning strikes, landslides, heavy rains, heat waves, forest fires, and earthquakes over the past five years (2018-2022) averaged KRW 3 to 4 billion per year (including prior risk prevention investment costs). This differs from the predicted asset exposure to physical risks from climate change analyzed in this assessment. SK Telecom will strive to develop a more precise model capable of evaluating a wider range of climate disasters by utilizing data from credible domestic and international organizations and reflecting the characteristics of each asset.

Explanation of cost calculation(4)
The actual cost of disaster recovery, including preventive risk investment, over the past five years (2018-2022) due to disasters such as typhoons, lightning, landslides, heavy rain, heatwaves, wildfires, and earthquakes has averaged between 3 to 4 billion KRW per year.

Description of response (5)
SK Telecom operates a disaster recovery system to enhance the stability of its communication network. By configuring multiple access routes and key communication facilities for major networks and separating networks by layer and region, SK Telecom prevents the spread of potential communication errors. While establishing a foundation for rapid recovery, the company is also committed to enhancing the resilience of its communication quality. **Potential Impact:** Functional failures of communication facilities due to heatwaves and increased operation rates of air conditioning units at base stations, leading to higher costs. **Response Status and Plans:** Proactive investment and reinforcement of facilities vulnerable to heatwaves (such as revising external enclosures and replacing outdated ones). Preemptive high-temperature prevention activities for equipment in preparation for the hot season (such as checking air conditioners and filters, and installing shade structures).

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Environmental issue the risk relates to	Risk identifier	Risk type and primary environmental risk driver	Value chain stage where the risk occurs	Country/area where the risk occurs	Organization-specific description of risk	Primary financial effect of the risk	Time horizon over which the risk is anticipated to have a substantive effect on the organization	Likelihood of the risk having an effect within the anticipated time horizon	Magnitude
Climate change	Risk 4	Other chronic physical risk, please specify(Carbon pricing mechanism)	Direct operations	Republic of Korea	Next page – (1)	increased capital expenditures	- Long-term	Virtually certain	High

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons	Are you able to quantify the financial effect of the risk?	(Anticipated financial effect figure in the longterm – minimum (currency)	Anticipated financial effect figure in the longterm – maximum (currency))	Explanation of financial effect figure
Next page – (2)	Yes	22,030,140,800	220,301,408,000	Next page – (3)

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Primary response to risk	Cost of response to risk	Explanation of cost calculation	Description of response
- Establish organization-wide targets - Greater compliance with regulatory requirements - Develop a climate transition plan - More ambitious environmental commitments and policies - Participation in environmental collaborative industry frameworks, initiatives and/or commitment	121,500,000,000	Next page – (4)	Next page – (5)

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Organization-specific description of risk (1)
SKT recognizes climate change and environmental issues as significant concerns. In response to stakeholders' demands for climate action, SKT's CEO announced the '2050 Net Zero' target at the 2022 shareholders' meeting, committing to carbon reduction efforts. The company has established a roadmap to achieve 2050 Net Zero and conducted a materiality assessment, anticipating increased costs from emissions allowances and fines. This assessment rated climate change as a 'High' risk in the long term, identifying it as a significant issue. As a key player in Korea's telecommunications industry, SKT operates in a highly regulated sector. Due to the nature of its business, the company's network equipment continues to expand to maintain stable services, leading to increased greenhouse gas (GHG) emissions. Most of SKT's emissions come from electricity consumption. Although SKT has joined the RE100 initiative to source 100% of its electricity from renewable energy by 2050, challenges remain, such as the unstable supply and high costs of renewable energy, compounded by domestic regulatory limitations and inadequate infrastructure. The IPCC's goal of limiting global temperature rises to 1.5°C has increased demands for low-carbon transitions. The Korean government aims for Net Zero by 2050 and has raised its 2030 Nationally Determined Contributions (NDC), targeting a 40% reduction in emissions from 2018 levels by 2030. This has led to growing pressure on domestic companies to reduce emissions. SKT assesses climate risks using strategic and financial standards, evaluating the 'possibility of occurrence X level of impact' across short-, mid-, and long-term periods. This includes investments over KRW 5 billion in climate-related facilities. The assessment identified '2050 Net Zero' as a very significant mid- to long-term risk factor. To meet its Net Zero targets, SKT is improving energy efficiency by reducing cooling energy consumption from network equipment, integrating base stations and repeaters, replacing outdated cooling systems, and innovating its network architecture. SKT is also deploying renewable energy systems like solar power at its facilities, contributing to GHG reduction. Given the ongoing need for reduction technologies, the company expects direct costs to increase.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons (2)

1. Risk Impact on Financial Position
   Achieving Net Zero by 2050 will require significant financial investments from SK Telecom, leading to an increase in assets like renewable energy infrastructure, energy efficiency improvement equipment, and assets linked to carbon credit acquisitions. However, the initial capital outlay and ongoing maintenance expenses could contribute to an increase in the company's debt ratio.
   As emissions trading regulations tighten, the resulting accumulation of debt from carbon credit purchases could potentially undermine the company's financial stability.
2. Risk Impact on Financial Performance
   Profitability risks: The expansion and advancement of telecommunications infrastructure pose the risk of increasing greenhouse gas emissions, potentially impacting the company's profitability. Specifically, rising costs associated with carbon credit purchases could elevate operational expenses, thereby reducing profit margins.
   The shift to renewable energy will require substantial upfront investments, potentially causing short-term declines in profits. This transition could present challenges in maintaining stable profitability over the long term.
   Rising costs and operational efficiency: SK Telecom's initiatives to lower greenhouse gas emissions and secure renewable energy as part of its climate strategy may entail significant upfront costs, potentially straining business performance and causing short-term financial pressure. Nevertheless, in the long term, these efforts may lead to improved operational performance through reduced energy costs and increased efficiency.
3. Risk Impact on Cash Flow
   Cash flow pressure: The upfront costs of securing renewable energy and purchasing carbon credits could strain cash flow, particularly if carbon credit prices surge and outflows surpass expectations.
   Ongoing reduction initiatives and investments in renewable energy may further increase upfront cash outflows, potentially weakening short-term cash flow and negatively impacting the company's operations.
   Potential for long-term cash flow improvement: In the long run, factors such as lower energy costs from renewable sources, increased operational efficiency, and benefits from government support policies could contribute to improved cash flow. Although initial costs may rise, a positive cash flow is anticipated over time.

Conclusion
SK Telecom's 2050 Net Zero goal is expected to introduce several risks that could impact the company's financial standing, performance, and cash flow over the long term. Although initial investment costs and rising carbon credit expenses may create short-term financial pressures, the company anticipates positive financial outcomes in the long run through improved energy efficiency and reduced operating costs. To address these risks, SK Telecom plans to implement continuous monitoring and adopt a strategic approach to ensure long-term financial stability.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Explanation of financial effect figure (3)
SK Telecom is actively involved in the '2050 Net Zero' initiative, which aims to achieve net 'zero' greenhouse gas emissions by 2050. The company is implementing a variety of greenhouse gas reduction projects to meet its emission reduction targets. To lower emissions and energy consumption, SK Telecom has been integrating network infrastructures, developing and adopting high-efficiency telecommunications equipment, replacing outdated cooling systems, and optimizing heating and cooling within its facilities. However, as telecommunications infrastructure expands and advances in response to the rapid digital transition, there is a risk of increased emissions. Based on the company's mid- to long-term emissions projections, SK Telecom is expected to emit 1,171,816 tons of greenhouse gases by 2050. As a designated entity under the Emissions Trading System (ETS), SK Telecom participates in the emissions trading program and is categorized among industries receiving allocations by means of auction. During the third planning period (2021–2025), the company received 10% of its allocated amount via auctioning. Assuming ETS regulations remain in effect until 2050 and the current 10% auction rate gradually increases to 100%, SK Telecom acknowledges the potential financial risk of purchasing the entirety of its projected emissions (1,171,816 tons) from the carbon market. The company has estimated the possible financial impact of this scenario, projecting a long-term financial risk of KRW 220,301,408,000. Financial impact estimation (maximum): Projected 2050 greenhouse gas emissions (tCO2eq) × internal carbon price (KRW/tCO2eq) = 1,171,816 tCO2eq × KRW 188,000/tCO2eq = KRW 220,301,408,000 Financial impact estimation (minimum, assuming the auction allocation rate stays at the current 10% level): Maximum amount × 10% = KRW 22,030,140,800 (minimum)

Explanation of cost calculation(4)
To achieve 2050 Net Zero and RE100 goals, SK Telecom plans to pursue Power Purchase Agreements (PPA) and purchase Renewable Energy Certificates (REC). It is estimated that the implementation of Net Zero will incur an annual cost of approximately 121.5 billion KRW. **Calculation Method:** The potential financial impact of SK Telecom's electricity rate increases and RE100 implementation was analyzed based on the NGFS scenario between 2020 and 2050. It is projected that the company will face additional costs ranging from a minimum of 36.2 billion KRW per year (NDCs scenario) to a maximum of 121.5 billion KRW per year (NZE2050 scenario).

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.1 Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Risk4

Description of response (5)
SK Telecom is taking the following strategic actions to address climate change: **Energy Efficiency Improvement:** The company is reducing energy consumption by introducing high-efficiency communication equipment, replacing outdated equipment, and innovating network structures. **Transition to Renewable Energy:** SK Telecom aims to use 100% renewable energy by 2050 as part of the RE100 initiative. It is expanding self-generated power and solar energy facilities. **Participation in External Reduction Projects:** The company invests in CDM (Clean Development Mechanism) projects and other initiatives to promote greenhouse gas reduction externally. **Strategic Risk Management:** By participating in the emissions trading system, SK Telecom secures the necessary emission permits in advance or purchases them at optimal times to minimize costs. **Effect of the Response:** These actions play a crucial role in effectively managing climate change-related risks while simultaneously alleviating financial burdens for SK Telecom. Increased use of renewable energy and improvements in energy efficiency contribute to reducing operational costs and carbon emissions, which ultimately lowers financial risks. **Organization-Specific Risk Response Actions:** SK Telecom has achieved direct greenhouse gas reductions through the optimization of 5G shared networks and AI-based base station operations. In 2023, the company achieved a CO2 reduction of approximately 272,489 tons. Additionally, solar power generation facilities have been installed at office buildings and communication base stations to increase the use of renewable energy. **Collective Action and UN Sustainable Development Goals:** SK Telecom's response strategy aligns with several collective action initiatives, particularly contributing to the UN's Sustainable Development Goals (SDGs), such as ensuring access to affordable and clean energy and taking action to combat climate change. This is evident through the company's goals for transitioning to renewable energy and reducing greenhouse gas emissions. These measures demonstrate SK Telecom's commitment to building a sustainable business model that meets global environmental standards, focusing on long-term value creation and positive impacts on stakeholders.

Module 3. Disclosure of dependencies, risks, and opportunities

3.1.2 Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Environmental issue	Financial metric	Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)	% of total financial metric vulnerable to transition risks for this environmental issue	Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)	% of total financial metric vulnerable to physical risks for this environmental issue
Climate change	Assets	KRW 121,500,000,000	Less than 1%	KRW 1,123,100,000,000	1-10%

Explanation of financial figures

In 2020, SK Telecom's power demand was approximately 2,220 GWh, and it is expected that approximately 2.9 times more electricity will be required by 2050. SK Telecom purchases electricity from Korea Electric Power Corporation (KEPCO) and plans to increase the use of renewable energy by implementing RE100 strategies. To estimate the potential financial impacts of these changes, the analysis considered the average increase in past electricity costs compared to additional electricity costs projected under the NGFS scenarios, including the costs associated with various renewable energy transition mechanisms.
The physical risks impacting SK Telecom's headquarters and telecommunications equipment were identified as heat waves, heavy rain (flooding), and forest fires. We analyzed the potential financial impacts under different climate scenarios. The percentage of telecommunications assets exposed to major physical risks is projected to be higher under 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, telecommunications assets exposed to major risks may increase from KRW 805.7 billion in 2030 to KRW 935.8 billion by 2050. In the SSP5-8.5 scenario, these assets are estimated to reach KRW 1.123 trillion in 2030 and KRW 926.7 billion by 2050.
The total assets for the reporting year amount to **KRW 30,119,227 million.**
Therefore, the percentage of financial metrics vulnerable to transition risks is 1,215,000,000,000 / 24,995,932,000,000 * 100% = 4.86%, and the percentage of financial metrics vulnerable to physical risks is 11,231,000,000,000 / 24,995,932,000,000 * 100% = 44.93%.

Module 3. Disclosure of dependencies, risks, and opportunities

3.5 Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
Yes

Module 3. Disclosure of dependencies, risks, and opportunities

3.5.1 Select the carbon pricing regulation(s) which impact your operations.
Korea ETS

Module 3. Disclosure of dependencies, risks, and opportunities

3.5.2 Provide details of each Emissions Trading Scheme (ETS) your organization is regulated by.

System name	% of Scope 1 emissions covered by the ETS	% of Scope 2 emissions covered by the ETS	Period start date	Period end date
Korea ETS	100%	100%	01/01/2023	31/12/2023

Allowances allocated	Allowances purchased	Verified Scope 1 emissions in metric tons CO2e	Verified Scope 2 emissions in metric tons CO2e	Details of ownership	Comment
1,330,047	0	6,063	1,047,097	Facilities we own and operate	We are striving to comply with our allocation through GHG emission reduction activities such as improving equipment efficiency.

Module 3. Disclosure of dependencies, risks, and opportunities

3.5.4 What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

1. **K-ETS compliance strategies (action strategies/implementation period/results)**
   Since 2015, SK Telecom has been participating in the Korean Emissions Trading Scheme (K-ETS) after being designated as an obligated company. Under K-ETS regulations, if the company fails to meet its GHG reduction targets, a penalty is imposed on the excess emissions, calculated at approximately three times the average price of the emissions trading market. As such, SK Telecom identifies and manages major risks that may impact its financial status. The company has set GHG reduction targets to comply with the emission cap and fulfill its emissions data submission obligations, pursuing reduction activities to achieve the targets and implementing reduction technologies.
   SK Telecom has declared its commitment to achieving Net Zero by 2050 as a long-term goal and has systematically set targets by analyzing climate change scenarios and adopting internationally recognized methods for credibility. SKT established GHG reduction pathways, setting both short-term goals for the third compliance period (2021-2025) and medium-term goals for 2030, aiming to reduce direct and indirect emissions (Scope 1+2) by 47.4% and other indirect emissions (Scope 3) by 22.3% compared to 2020 levels. SKT aims to reach Net Zero by 2050 with proactive carbon reductions every year.
   SKT undertakes direct reduction activities by enhancing energy efficiency, such as replacing old equipment, expanding the use of Single Radio Access Network (Single RAN) technology, and developing electricity-saving technologies for base stations. As a result, SKT reduced approximately 270,000 tons of GHG emissions in 2023. In addition to direct reduction activities, SKT sourced 8.6% of its electricity from renewable energy in 2023 through Green Premium contracts and the installation of solar power generation systems. Furthermore, SK Telecom is engaged in social GHG reduction projects, including the cookstove distribution CDM project in Myanmar.
   SK Telecom's ESG Management Group monitors GHG emissions and progress toward targets monthly to efficiently respond to the emissions trading market. The group also analyzes K-ETS price trends daily, forecasting future prices to manage financial risks. Based on these analyses, SKT implements strategies such as carrying over, borrowing, purchasing, or selling emissions allowances to optimize its compliance with the system.
2. **Example of strategy application**
   As a telecommunications company subject to allowance auctioning, SK Telecom faces a gradual reduction in free emission allowances. Forecasting a shortfall in emission allowances due to the steady increase in emissions, SKT has focused on maximizing energy efficiency and minimizing electricity consumption. SKT adopted Green ICT, which significantly reduces electricity consumption by utilizing ICT and AI technologies, with the goal of reducing expected power use by 25% by 2050. To achieve this, SK Telecom is replacing malfunctioning or inefficient equipment, upgrading aging infrastructure, and expanding Single RAN technology, which integrates and operates 3G/LTE equipment. Additionally, SKT is introducing innovative technologies such as SAPEON, an ultra-high-speed, low-power AI semiconductor that delivers 1.5 times the deep learning computation speed of existing GPUs while consuming only 80% of the power, contributing to the Net Zero target.

Module 3. Disclosure of dependencies, risks, and opportunities

3.6 Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Environmental issue	Environmental opportunities identified
Climate change	Yes, we have identified opportunities, and some/all are being realized

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Environmental issue the opportunity relates to	Opportunity identifier	Opportunity type and primary environmental opportunity driver	Value chain stage where the opportunity occurs	Country/area where the opportunity occurs	Organization specific description	Primary financial effect of the opportunity	Time horizon over which the opportunity is anticipated to have a substantive effect on the organization
Climate change	OPP1	Increased efficiency of production and/or distribution Processes	- Direct operations	Republic of Korea	Next page – (1)	Increased revenues through access to new and emerging markets	- Short-term - Medium-term - Long-term - The opportunity has already had a substantive effect on our organization in the reporting year

Likelihood of the opportunity having an effect within the anticipated time horizon	Magnitude	Effect of the opportunity on the financial position, financial performance and cash flows of the organization in the reporting period	Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons	Are you able to quantify the financial effects of the opportunity?	Financial effect figure in the reporting year (currency)	Anticipated financial effect figure in the short-term - minimum (currency)	Anticipated financial effect figure in the short-term – maximum (currency)
Very likely (90–100 %)	Medium-high	Next page – (2)	Next page – (3)	Yes	22,313,242,717	22,313,242,717	66,939,728,151

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Anticipated financial effect figure in the medium-term - minimum (currency)	Anticipated financial effect figure in the medium-term - maximum (currency)	Anticipated financial effect figure in the long-term - minimum (currency)	Anticipated financial effect figure in the long-term – maximum (currency)	Explanation of financial effect figures	Cost to realize opportunity	Explanation of cost calculation	Strategy to realize opportunity
22,313,242,717	133,879,456,302	22,313,242,717	647,084,038,793	Next page – (4)	KRW 3,000,000,000	Next page – (5)	Next page – (6)

Organization specific Description (1)

SK Telecom is actively addressing climate-related risks while identifying opportunities to reduce greenhouse gas emissions and adapt to climate change. Key opportunities have been identified in areas such as expanding provision of 'ICT-based solutions,' 'launching new services,' and 'adopting low-emission energy sources.' Furthermore, securing renewable energy through RECs and PPAs will contribute to reducing greenhouse gas emissions and generating revenue from the sale of emission allowances in the medium to long term. Based on the materiality assessment and the analysis of the potential financial impacts on key areas, SK Telecom will actively work to mitigate the impacts of climate change and enhance its adaptation capabilities.

Effect of the opportunity on the financial position, financial performance and cash flows of the organization in the reporting period (2)

SK Telecom is continuously identifying climate-related opportunities. We have identified key opportunities in areas such as expanding provision of 'ICT-based solutions,' 'launching new services,' and 'adopting low-emission energy sources.' In 2023, we generated approximately KRW 22.3 billion in revenue through the provision of climate-related solutions.

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons (3)

Short-Term Expected Impact:
- Financial Position: The expansion of AI-based digital distribution channels and the introduction of energy efficiency management services are expected to lead to an increase in assets and a reduction in liabilities.
- Financial Performance: Revenue is expected to be positively impacted by increased sales of low-carbon products and services, as well as cost savings resulting from the adoption of efficient production and distribution processes.
- Cash Flow: Cost savings from enhanced recycling and the adoption of AI/ICT-based solutions are anticipated to improve cash flow.

Mid-Term Expected Impact:
- Financial Position: Continued investment in renewable energy generation projects and PPA contracts will sustain asset growth and further reduce liabilities.
- Financial Performance: Revenue from carbon credit trading, driven by the use of low-emission energy sources and participation in the carbon market, is expected to enhance financial performance.
- Cash Flow: Increased demand for energy management solutions, coupled with cost savings from energy efficiency improvements, will positively support cash flow.

Long-Term Expected Impact:
- Financial Position: Long-term improvements in sustainable energy and resource efficiency will lead to an increase in asset value and maintain low levels of liabilities.
- Financial Performance: Ongoing innovation and market expansion will solidify long-term financial performance through increased revenue and cost reduction.
- Cash Flow: Long-term investments in renewable energy and low-carbon technologies will result in revenue growth, ensuring stable cash flow over time.

Explanation of financial effect figures (4)

SK Telecom is actively pursuing opportunities arising from climate change. The company is particularly focused on 'expanding provision of ICT-based solutions,' 'launching new services,' and 'adopting low-emission energy sources.'
In 2023, SK Telecom generated KRW 22.3 billion in revenue solely from the supply of ICT-based solutions.
This figure (KRW 22.3 billion) serves as the baseline for each reporting period, with projections calculated for the short term (0-3 years), medium term (4-10 years), and long term (11-30 years).
Short-term = KRW 22.3 billion x 3 years = KRW 66.9 billion
Medium-term = KRW 22.3 billion x 6 years = KRW 133.9 billion
Long-term = KRW 22.3 billion x 29 years = KRW 647.1 billion

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Explanation of cost calculation (5)
Short-term Expected Impact: Financial position: Expansion of AI-based digital distribution channels and the introduction of energy efficiency management services are expected to increase assets and reduce liabilities. Financial performance: An increase in sales from low-carbon products and services, coupled with cost savings from efficient production and distribution processes, is anticipated to positively impact revenue. Cash flow: Enhanced recycling efforts and the introduction of AI/ICT-based solutions are projected to lead to cost savings and improve cash flow. Medium-term Expected Impact: Financial position: Investments in renewable energy projects and Power Purchase Agreements (PPAs) are expected to sustain asset growth and facilitate the reduction of liabilities. Financial performance: The adoption of low-emission energy sources and participation in the carbon market are projected to increase revenue, thereby strengthening overall financial performance. Cash flow: Rising demand for energy management solutions, coupled with cost savings from enhanced energy efficiency, is anticipated to boost revenue and contribute to the maintenance of a positive cash flow. Long-term Expected Impact: Financial position: Enhancements in sustainable energy use and resource efficiency are projected to increase asset values and sustain low levels of debt over the long term. Financial performance: Continuous innovation and market expansion are expected to increase revenue and reduce costs, thereby solidifying long-term financial performance. Cash flow: Long-term investments in renewable energy and low-carbon technologies are expected to stabilize cash flow through increased revenue.

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.1 Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Strategy to realize opportunity (6)
Key Environmental Opportunities and Strategies **Expansion of Renewable Energy Usage** SK Telecom is actively pursuing various renewable energy projects to use eco-friendly electricity. Since 2021, the company has installed self-consumption solar power plants on the rooftops and parking lots of its offices and base stations across the country. By 2023, SK Telecom procured a total of 209.2 GWh of renewable energy, which accounted for approximately 8.6% of its total electricity consumption in that year. SK Telecom plans to continue its efforts to achieve 100% renewable energy usage by 2050. **Greenhouse Gas Reduction** To achieve its '2050 Net Zero' goal, SK Telecom is implementing various greenhouse gas reduction strategies. The company aims to reduce its direct and indirect emissions (Scope 1+2) by 47.7% by 2030, compared to 2020 levels, and to achieve Net Zero by 2050. To this end, SK Telecom has introduced AI-based environmental management systems, is replacing equipment with high-efficiency alternatives, and expanding the application of single-RAN technology to reduce electricity consumption. **AI-Based Energy Efficiency Management** SK Telecom is expanding its opportunities in the ICT-based energy solutions market. By leveraging core technologies like Vision AI, the company maximizes energy efficiency and has developed and applied an AI energy efficiency management service (EMS). These efforts contribute to reducing carbon emissions and achieving cost savings. **Conclusion** SK Telecom is realizing environmental opportunities through various eco-friendly strategies and projects, which will positively impact the company's sustainability and profitability in the long term. The continuous expansion of renewable energy usage, greenhouse gas reduction efforts, implementation of eco-friendly projects, and AI-based energy efficiency management are crucial for SK Telecom's response to climate change and its commitment to environmental sustainability.

Module 3. Disclosure of dependencies, risks, and opportunities

3.6.2 Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Environmental issue	Financial metric	Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)	% of total financial metric aligned with opportunities for this environmental issue
Climate change	Revenue	KRW 20,883,045,993	91-99%

Explanation of financial figures
Financial metrics aligned with the opportunities related to the environmental issue in the reporting year: The financial metrics related to environmental opportunities were set based on the amounts for the Building Energy Management System (BEMS), Factory Energy Management System (FEMS), and Lighting Energy Management System (LEMS). KRW 20,883,045,993 = KRW 12,057,801,993 (BEMS) + KRW 2,514,244,000 (FEMS) + KRW 6,311,000,000 (LEMS) Total proportion of financial metrics aligned with opportunities related to the environmental issue: 93.4% = KRW 20,883,045,993 (financial metrics aligned with climate change opportunities) / KRW 22,313,242,717 (total revenue for 2023)

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	**Governance**
M5	Business Strategy
M6	Environmental Performance - Consolidation Approach
M7	Environmental performance - Climate Change
M11	Environmental Performance - Biodiversity
M13	Further information & sign off

Module 4. Governance

4.1 Does your organization have a board of directors or an equivalent governing body?

Board of directors or equivalent governing body	Frequency with which the board or equivalent meets	Types of directors your board or equivalent is comprised of	Board diversity and inclusion policy
Yes	More frequently than quarterly	• Executive directors or equivalent • Non-executive directors or equivalent	Yes, and it is publicly available

Briefly describe what the policy covers

SK Telecom's corporate governance framework includes a board of directors responsible for key management decisions and aligning the diverse interests of stakeholders. To maintain effective and reliable governance, the board undergoes regular performance evaluations. This evaluation process involves all board members and management, with a focus on continuously improving governance structures. The policies governing the board encompass, but are not limited to, the following key responsibilities:

- Independence: SK Telecom prioritizes independence within the board, with independent directors comprising 55.6% of the board, surpassing the national average of 51.5% for large corporations. This degree of independence is crucial for ensuring transparent and impartial decision-making. Independent directors hold key positions, including chairmanships of the five principal committees.
- Expertise: The board is composed of members with specialized knowledge and extensive experience in telecommunications, media, security, AI, and cloud services. This structure enables the board to effectively address complex challenges within the industry. The company has implemented a systematic process for recruiting directors with such professional expertise. Additionally, the board ensures a consistent proportion of directors with experience in the telecommunications sector, with five out of nine industry experts specializing in the ICT field.
- Efficiency: To enhance the efficiency of the board, the number of independent directors and auditors per committee is capped at two. The board includes several subcommittees—such as the Nomination Committee, Compensation Committee, and Strategy Committee—to manage specific operational tasks. These subcommittees play a crucial role in carrying out the board’s duties both efficiently and professionally.
- Diversity: The board of SK Telecom is committed to fostering diversity in aspects such as gender, race, nationality, background, religion, and disability. This approach actively promotes the inclusion of a wide range of perspectives in the board's decision-making process.

These policies are designed to uphold high standards of governance, align the company’s strategies with stakeholder interests, and fulfill regulatory requirements.

Module 4. Governance

4.1.1 Is there board-level oversight of environmental issues within your organization?

Environmental issue	Board-level oversight of this environmental issue
Climate change	Yes
Biodiversity	Yes

Module 4. Governance

4.1.2 Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Environmental issue	Positions of individuals or committees with accountability for this environmental issue	Positions' accountability for this environmental issue is outlined in policies applicable to the board	Positions' accountability for this environmental issue is outlined in policies applicable to the board	Frequency with which this environmental issue is a scheduled agenda item
Climate change	• Board chair • Director on board • Other, please specify (CSPO)	Yes	Individual role descriptions	Scheduled agenda item in every board meeting (standing agenda item)

Frequency with which this environmental issue is a scheduled agenda item

- Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities
- Overseeing the setting of corporate targets
- Monitoring progress towards corporate targets
- Monitoring supplier compliance with organizational requirements
- Overseeing and guiding public policy engagement
- Overseeing and guiding public policy engagement
- Overseeing and guiding the development of a climate transition plan
- Monitoring the implementation of a climate transition plan
- Reviewing and guiding annual budgets
- Approving and/or overseeing employee incentives

Module 4. Governance

4.1.2 Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Please explain
With the growing urgency of climate change, SK Telecom has adopted a proactive approach by announcing its '2050 Net Zero' environmental management goal. The company has developed a strategic framework built around three core pillars: 'Proactive Climate Action,' 'Advancing Environmental Management Systems,' and 'Fostering a Green Culture.' Guided by these green strategies, SK Telecom is driving various initiatives to reduce greenhouse gas emissions, including the development of eco-friendly information and communications technology (ICT), the adoption of renewable energy, and carbon offsetting efforts. As SK Telecom has intensified its company-wide efforts to achieve this environmental management goal, it has recognized the need for board-level oversight and decision-making on climate change issues. To strengthen its ESG management, the company has established an ESG Committee under the board of directors, which holds the authority to make key decisions on climate change-related matters. 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 reviews and discusses reports on the company's direction and performance related to ESG initiatives. In 2023, the committee held seven meetings and addressed seven climate-related issues. Key issues included setting and approving ESG KPIs (including carbon emissions) for key executives and the organization, reviewing progress and plans for Net Zero, and discussing the main contents of the SKT TCFD Report. The ESG Committee aims to further strengthen its activities, such as operating a consultation body to support climate strategy, thereby enhancing its role and responsibility in driving sustainable management. The ESG Committee regularly monitors climate change issues that have a significant impact on SKT. This includes overseeing the effects on business operations, production activities, facilities, products and services, the supply chain and value chain, R&D investment, and mitigation and adaptation activities. Additionally, financial impacts are managed by analyzing income and financial statements, taking into account profit and loss, assets and liabilities, capital, and financing. The analyzed results are linked to the company-wide risk management process and are reflected in SKT's strategy by determining risk levels through the materiality assessment process. In 2023, the ESG Committee also decided to adopt Net Zero-related KPIs for SKT's executives, including the CEO and the management of all related business divisions. By evaluating these KPIs, including Social Value (SV) and climate change performance, SKT enhanced its ability to address climate change issues and provided financial compensation to employees based on their achievements. The ESG Committee has set climate-related goals such as '2050 Net Zero' and 'RE100' and regularly monitors the progress towards these goals. To achieve these climate targets, the ESG Committee established a climate action plan considering SKT's assets, operational systems, and value chain. The committee also monitors the implementation of key elements such as governance, scenario analysis, financial planning, value chain participation, low-carbon initiatives, policy engagement, risks and opportunities, targets, and accounting management, including validation, to ensure the successful execution of the climate action plan.

Module 4. Governance

4.2 Does your organization's board have competency on environmental issues?

Environmental issue	Board-level competency on this environmental issue	Board-level competency on this environmental issue	Environmental expertise of the board member
Climate change	Yes	• Consulting regularly with an internal, permanent, subject-expert working group • Engaging regularly with external stakeholders and experts on environmental issues • Integrating knowledge of environmental issues into board nominating process • Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi) • Having at least one board member with expertise on this environmental issue	**Experience** Other, please specify(A C-level executive responsible for the establishment and operation of communication networks, and also an internal registered director.)

Module 4. Governance

4.3 Is there management-level responsibility for environmental issues within your organization?

Environmental issue	Management-level responsibility for this environmental issue
Climate change	Yes
Biodiversity	Yes

Module 4. Governance

4.3.1 Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

climate change	Position of individual or committee with responsibility	Environmental responsibilities of this position	Reporting line	Frequency of reporting to the board on environmental issues
Climate change	**Executive level** • Chief Executive Officer (CEO) • Other C-Suite Officer, please specify(CLO, CSPO)	• Assessing environmental dependencies, impacts, risks, and opportunities • Managing environmental dependencies, impacts, risks, and opportunities • Monitoring compliance with corporate environmental policies and/or commitments • Setting corporate environmental targets • Developing a climate transition plan • Implementing a climate transition plan • Managing annual budgets related to environmental issues • Providing employee incentives related to environmental performance	• Reports to the board directly • Reports to the Chief Executive Officer (CEO)	More frequently than quarterly

Please explain

1. **Roles and responsibilities of CEO**
   SKT's ESG Management Group reports climate change risks and opportunities to the CLO. The CLO reviews the impact of these factors on SKT and the results of the materiality assessment, determining whether they require decision-making. The CLO then reports to the CEO and the ESG Committee. The CEO makes decisions on all major climate-related issues and submits key issues as agenda items to the ESG Committee.
   As the highest-ranking executive responsible for climate change, the CEO assesses and manages risks and opportunities, integrating identified issues into the company-wide process and reflecting them in corporate strategy. The CEO oversees the annual budget by analyzing climate mitigation activities and managing the payout of incentives based on the KPI achievement status for each business division. Additionally, the CEO makes decisions on implementing tasks to achieve the Net Zero target, ensuring that plans related to assets, operations, and the entire value chain are established and executed to meet the set targets.
2. **Monitoring methodologies**
   The ESG Management Group at SKT identifies and monitors climate-related risks and opportunities through a process that considers five key perspectives: regulation, technology, market, company reputation, and physical environment. Materiality assessments are conducted on identified issues by evaluating business impact indicators (products and services, supply and value chains, R&D investment, and direct operations) as well as financial impact indicators (income statement: profit and cost; balance sheet: assets, liabilities, capital, and financing). The results of these assessments are reported to the CLO, who selects issues that align with the materiality assessment standards and then reports them to the CEO and the ESG Committee. The CEO receives reports on all significant issues and makes decisions on all issues except for key ones. Key issues are submitted to the ESG Committee, along with the CEO's opinion, where final decisions are made with consideration of the CEO's perspective.
3. **Examples of CEO's decisions**
   SKT's ESG Management Group quickly gathers and analyzes relevant information on climate change and carbon regulations, given the increasing regulatory pressures globally. The ESG Management Group reported to the CEO regarding the progress of carbon emission reduction activities aligned with the Net Zero target, identifying these as significant issues related to climate strategy. Following the CEO's decision, SKT decided to develop greenhouse gas reduction technologies suitable for the telecommunications sector and to conduct a feasibility study to implement these technologies effectively.

Module 4. Governance

4.5 Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Environmental issue	Provision of monetary incentives related to this environmental issue	Provision of monetary incentives related to this environmental issue
Climate change	Yes	50%

Provision of monetary incentives related to this environmental issue

SK Telecom is accelerating its progress toward the '2050 Net Zero' goal by incorporating Net Zero pathway targets and improvement objectives for group ESG key indicators into its company-wide KPIs. The ESG Committee reviews and authorizes performance related to Net Zero goal, as well as the company's overall ESG-related KPI goals and assessment results. These evaluation outcomes are integrated into the incentive structure for key executives, including the CEO.
<ESG KPI weighting and evaluation method>
- Net Zero key metric performance: Reflects the achievement rate based on the Net Zero pathway, comparing the actual performance to the annual carbon emissions target.
- ESG key metric performance: Reflects performance based on the achievement of annual improvement targets compared to global industry peers and is calculated with a weighted value for each metric.

Module 4. Governance

4.5.1 Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Case 1

Environment al issue	Position entitled to monetary incentive	Incentives
Climate change	**Board or executive level** • Chief Executive Officer (CEO) • Other C-Suite Officer, please specify	Bonus - % of salary

Performance metrics		Incentive plan the incentives are linked to
Targets • Progress towards environmental targets • Achievement of environmental targets **Strategy and financial planning** Achievement of climate transition plan	**Emission reduction** • Implementation of an emissions reduction initiative • Increased share of renewable energy in total energy consumption • Reduction in absolute emissions **Resource use and efficiency** Reduction in total energy consumption	• Both Short-Term and Long-Term Incentive Plan, or equivalent

Module 4. Governance

4.5.1 Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Further details of incentives
SK Telecom has implemented a range of key performance indicators (KPIs) to oversee its ESG performance. These KPIs cover areas such as total energy consumption, the share of renewable energy use, greenhouse gas reduction policies, and total greenhouse gas emissions (Scope 1+2), with each KPI assessed for the year 2023. In line with the Net Zero 2050 roadmap, SK Telecom set a carbon emissions target of less than 1.12 million tons for 2023, with a reduction goal of 371,000 tons compared to the business-as-usual (BAU) scenario. The 2023 ESG KPIs consist of two primary components: ESG key indicators (5 points) and carbon emissions (5 points), totaling 10 points, which are incorporated into the company's overall KPI evaluation score. Executive compensation is closely tied to these performance indicators. To align the interests of management with those of shareholders and strengthen the connection between corporate value growth and executive remuneration, SK Telecom grants PSUs (Performance Stock Units). These PSUs are converted into actual shares after three years, based on the company's stock performance and its value growth rate relative to the KOSPI 200. Additionally, the CEO's short-term incentives (STI) can range from 0% to 300% of base salary, depending on corporate value growth, and are paid in shares following approval by the board for the disposition of treasury stock. The CEO's short-term incentives (STI) are divided into a Target Incentive (0–50% of base salary) and a Value Incentive (0–110% of base salary), based on company KPI evaluations and finalized by the board. Operating primarily in South Korea, SK Telecom generates over 99% of its revenue domestically. The company’s initiatives comply with both global standards and local regulations, ensuring its competitiveness and sustainability through significant investments in AI, digital infrastructure, and 5G technology within the telecommunications and ICT industries. On the operational front, SK Telecom leverages AI and digital technologies to enhance network efficiency, improve customer experience, and optimize overall operational performance, with strategic goals directly tied to incentives. This comprehensive approach motivates SK Telecom's executives and employees with both short- and long-term incentives, advancing progress toward ESG and Net Zero goals while strengthening the company's commitment to sustainability and social impact.
How the position’s incentives contribute to the achievement of your environmental commitments and/or climate transition plan
SK Telecom's incentive evaluation criteria have been established in line with the pathway to achieving the '2050 Net Zero' environmental goal and SK Group's shared ESG standards, which underscore the importance of ESG management. The introduction of Net Zero-related KPIs, tied to performance-based rewards, has reinforced the CEO's commitment to driving action. To earn these incentives, the CEO actively pursues the implementation of various detailed initiatives, further contributing to the company's environmental management goals.

Module 4. Governance

4.5.1 Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Case 2

Environment al issue	Position entitled to monetary incentive	Incentives
Climate change	**Facility/Unit/Site management** Business unit manager	Bonus – set figure

Performance metrics		Incentive plan the incentives are linked to
Targets • Progress towards environmental targets • Achievement of environmental targets **Strategy and financial planning** Achievement of climate transition plan	**Emission reduction** • Implementation of an emissions reduction initiative • Increased share of renewable energy in total energy consumption • Reduction in absolute emissions **Resource use and efficiency** Reduction in total energy consumption	• Long-Term Incentive Plan, or equivalent, only (e.g. contractual multi-year bonus)

Further details of incentives

As the person responsible for executing climate change-related tasks tied to the CEO's ESG KPIs and Net Zero objectives, the business unit manager's KPIs are aligned with individual projects related to climate change and the climate transition plan. Monetary rewards are determined based on the achievement of these KPIs and overall business performance.

How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

SK Telecom's incentive assessment standards are set in accordance with the SK Group's common ESG standards, which emphasize the importance of ESG management, and are aligned with the path towards achieving the '2050 Net Zero' environmental management goals. By adopting Net Zero-related KPIs, the business unit manager's ability to execute is further enhanced through performance-based compensation. As the principal agent responsible for executing climate change-related duties, the business unit manager directly carries out various detailed tasks to secure incentives, contributing to SKT's achievement of its environmental management goals.
Six KPI assessment items related to climate change have been established and are managed: total energy consumption, renewable energy usage ratio, policy/targets/performance on greenhouse gas reduction, greenhouse gas reduction target achievements, total greenhouse gas emissions (Scope 1+2), and governance/strategy/risk management for climate change. The execution performance of these KPIs is monitored annually. Additionally, progress towards the 2050 Net Zero targets is set as a company-wide ESG management task, with annual carbon emissions being evaluated against the Net Zero Roadmap's reduction targets.
By diligently executing detailed tasks, the business unit manager contributes to SKT's environmental management goals while securing incentives.

Module 4. Governance

4.6 Does your organization have an environmental policy that addresses environmental issues?

Does your organization have any environmental policies?
Yes

Module 4. Governance

4.6.1 Provide details of your environmental policies.

Environmental issues covered	Level of coverage	Value chain stages covered
Climate change	Organization-wide	• Direct operations • Upstream value chain • Downstream value chain

Explain the coverage

SK Telecom's environmental policy encompasses all company activities, subsidiaries, investment companies, and partners, ensuring comprehensive environmental management throughout the entire ecosystem. In alignment with international standards such as ISO 14001, the company has developed internal compliance criteria and established systematic processes to minimize environmental impact, from goal-setting to regular evaluations. The key areas of focus are as follows:

- Production and facilities: Reduce greenhouse gas emissions and pollutants, which is vital for safeguarding the global environment and mitigating climate change.
- Distribution and logistics: Manage the environmental impact of supply chain processes, ensuring protection from the point of supply through to delivery.
- Eco-friendly supply chain: Strengthen ESG compliance among suppliers and partners, fostering an environmentally responsible and sustainable supply chain.
- Waste management: Minimize waste generation through regular audits, ensuring efficient treatment, storage, transportation, and disposal.
- Biodiversity and deforestation: Prioritize biodiversity conservation, aiming for no net loss and a net positive impact, while extending best practices across both primary and secondary supply chains.
  M&A due diligence: Conduct environmental risk assessments during mergers and acquisitions, integrating these factors into asset evaluations.
- Transparency: Disclose environmental policies and performance transparently to stakeholders, enhancing accountability.
- Stakeholder awareness: Educate stakeholders on the importance of environmental management and the company's environmental impact to foster greater awareness and engagement.

Environmental policy content

Environmental commitments
- Commitment to comply with regulations and mandatory standards
- Commitment to take environmental action beyond regulatory compliance
- Commitment to implementation of nature-based solutions that support landscape restoration and long-term protection of natural ecosystems
- Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments
- Commitment to 100% renewable energy
- Commitment to net-zero emissions
- Other climate-related commitment, please specify

Additional references/Descriptions
- Description of dependencies on natural resources and ecosystems
- Description of impacts on natural resources and ecosystems
- Description of renewable electricity procurement practices
- Recognition of environmental linkages and trade-offs
- Reference to timebound environmental milestones and targets

Indicate whether your environmental policy is in line with global environmental treaties or policy goals	Public availability	Attach the policy
• Yes, in line with the Paris Agreement • Yes, in line with the Kunming-Montreal Global Biodiversity Framework(Modified and applied TNFD's LEAP Framework to suit our company's situation.)	Publicly available	Attach the policy

Module 4. Governance

4.10 Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Are you a signatory or member of any environmental collaborative frameworks or initiatives?	Collaborative framework or initiative
Yes	• RE100 • Pledge to Net Zero • Task Force on Climate-related Financial Disclosures (TCFD) • UN Global Compact • Science-Based Targets Initiative (SBTi)

Describe your organization's role within each framework or initiative

- (Pledge to Net Zero) SK Telecom has set its '2050 Net Zero' environmental management goal in line with the Paris Agreement's 1.5°C target, pledging to reduce carbon emissions. As the first Korean telecommunications company to have its greenhouse gas reduction targets verified by SBTi, SK Telecom is taking comprehensive steps to drive a green transition based on its environmental management goal. The company has implemented an environmental management strategy built around three key initiatives: 'Proactive Climate Action,' 'Advancing Environmental Management Systems,' and 'Fostering a Green Culture.' With these pillars, SK Telecom is working toward a sustainable future powered by ICT, while aiming to meet the UN Paris Climate Agreement goal through carbon reduction efforts across its entire value chain.
- (RE100) Aligned with global trends, SK Telecom became the first company in Korea to join RE100 initiative. To reduce its electricity consumption, which accounts for approximately 99% of its total energy use, the company is increasing investments in various carbon reduction technologies, including improving energy efficiency and integrating renewable energy sources. As part of this initiative to use 100% renewable energy, SK Telecom has submitted a plan to achieve 65% renewable energy usage by 2030 and 100% by 2050. The company plans to continue monitoring policies and market conditions, leveraging a combination of mechanisms such as PPA and REC to meet its RE100 goals. [Reference: AR - p. 44, Three Green Strategies for Achieving Net Zero]
- (Task Force on Climate-Related Financial Disclosures (TCFD)) In accordance with TCFD recommendations, SK Telecom has disclosed its climate-related initiatives, categorized under governance, business strategy, risk management, metrics, and targets. The company has established a systematic climate management approach and process that extends beyond recommended disclosures by incorporating detailed information on sector-specific guidelines. For areas that require further improvement, SK Telecom will continue to set goals and conduct additional assessments to ensure ongoing progress. [Reference: AR - p. 203, TCFD]
- (UN Global Compact) SK Telecom became a founding member of the UN Association of the Republic of Korea, the local network of the UN Global Compact (UNGC), a corporate initiative under the United Nations. In 2007, it was the first of Korea's four major companies to join the UN Global Compact. By supporting the UN Global Compact, SK Telecom adheres to its 10 principles, including those related to environmental protection. Additionally, the company supports the UN's broader development agenda, including the Sustainable Development Goals (SDGs). SK Telecom remains committed to complying with and promoting the UNGC principles, advancing efforts to address both domestic and global social challenges while promoting global ESG trends. [Reference: AR - p. 206, UN Global Compact (UNGC)]
- (SBTi) SK Telecom ensures that all climate-related activities, including donations and sponsorships, align with the Nationally Determined Contributions (NDC) and the Paris Agreement. In 2021, the company set its Net Zero targets based on the Science Based Targets initiative (SBTi), and in 2022, it formally declared its commitment to achieving '2050 Net Zero' at its 38th Annual General Meeting. SK Telecom measures greenhouse gas emissions annually, both within and beyond its organizational boundaries, and aims to reduce direct and indirect emissions (Scope 1+2) by 47.7%, and other indirect emissions (Scope 3) by 22.3% by 2030, compared to 2020 levels. Through ongoing annual carbon reduction initiatives, SK Telecom aims to fully achieve Net Zero by 2050.

Module 4. Governance

4.11 In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment	Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals	Attach commitment or position statement	Indicate whether your organization is registered on a transparency register
• Yes, we engaged directly with policy makers • Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation	• Yes, in line with the Paris Agreement	• SBTi Declaration • Sustainability Report (2050 Net Zero, RE100) • Business Report	• No

Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

SK Telecom became a member of RE100 in 2020 and submitted its implementation plan in 2021. The company has set specific plans to achieve a renewable energy usage rate of 65% by 2030 and 100% by 2050, with plans to closely monitor its progress toward meeting these targets. Additionally, SK Telecom is working toward Net Zero in line with the Paris Agreement's 1.5°C goal and has received approval for its targets from the Science Based Targets initiative (SBTi). Achieving Net Zero is not only a key objective of the company's overall environmental strategy but also a critical commitment for the future. SK Telecom aims to reduce direct and indirect emissions (Scope 1+2) by 47.7% and other indirect emissions (Scope 3) by 22.3% by 2030, compared to 2020 levels, with the long-term goal of achieving Net Zero by 2050. Given that electricity usage accounts for 99% of the company's total greenhouse gas emissions, the RE100 and Net Zero targets are closely aligned.

Aligned with the company-wide environmental strategy goals, the ESG Initiative Group, as the operational body, deliberates on all matters related to the environment, energy, and greenhouse gases, including engagement activities and the overall climate strategy, to ensure consistency. The ESG Initiative Group continuously monitors climate-related risks and opportunities, reporting them to the Chief Legal Officer (CLO) immediately upon identification. The CLO assesses the impacts and materiality of climate change risks and opportunities on the company and decides whether to take further action, subsequently reporting these findings to the CEO and the ESG Committee. The CEO is informed of all significant climate change-related issues and makes the corresponding decisions. For key issues, they are presented to the ESG Committee as agenda items, where the CEO's recommendations are considered to guide the decision-making process. The ESG Committee finalizes decisions by taking into account the materiality assessment outcomes and the CEO's input. By following this process of identifying, assessing, and addressing climate change issues, SK Telecom ensures that its vision, policies, and management's direction are consistently integrated into its engagement activities and climate change strategies.

Moreover, SK Telecom continuously monitors and evaluates its external participation activities to ensure alignment with its environmental commitments and global climate goals, including those outlined in the Paris Agreement. Should any misalignments arise, the ESG Initiative Group conducts a thorough review and reports its findings to the CLO, who then recommends appropriate measures. The results are subsequently communicated to the CEO and the ESG Committee for further deliberation. Corrective actions may include engaging with relevant associations to seek alignment, issuing public statements to clarify the company's position, advocating for internal organizational changes, or, if necessary, withdrawing from affiliated organizations if alignment cannot be achieved. These measures help SK Telecom uphold its commitment to RE100 and Net Zero targets, contributing to climate change mitigation and sustainable development.

Module 4. Governance

4.11.1 On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Specify the policy, law, or regulation on which your organization is engaging with policy makers
Under the leadership of the Ministry of Science and ICT, the Digital Carbon Neutrality Council was launched on December 8, 2021, in collaboration with major ICT companies, related associations, and institutions. As one of the three leading mobile carriers representing Korea's wired and wireless communication sectors, SK Telecom participates in the council to discuss strategies with the Ministry of Science and ICT aimed at achieving 2050 Net Zero through digital advancements.

Environmental issues the policy, law, or regulation relates to	Focus area of policy, law, or regulation that may impact the environment	Geographic coverage of policy, law, or regulation	Country/area/region the policy, law, or regulation applies to	Your organization's position on the policy, law, or regulation
Climate change	**Environmental impacts and pressures** • Emissions – CO2	• National	• Korea	• Support with no exceptions

Module 4. Governance

4.11.1 On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Type of direct engagement with policy makers on this policy, law, or regulation	Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)	Details of any exceptions and your organization's proposed alternative approach to the policy, law, or regulation	environmental treaties or policy goals
• Ad-hoc meetings • Discussion in public forums	0	During the reporting year, SK Telecom participated in temporary meetings and public forums to share knowledge on the latest technologies for reducing power consumption in ICT infrastructure and to explore ideas for advancing Net Zero in the digital industry. Through these discussions, SK Telecom expressed its support for the policies implemented by the Ministry of Science and ICT and remains committed to engaging in ongoing discussions with the association on approaches to achieving Net Zero. Additionally, SK Telecom showcased its progress in developing low-power, high-performance digital infrastructure technologies, such as AI-powered cooling optimization for unmanned telecommunications facilities. By sharing these advancements, SK Telecom encouraged other companies involved in the association to sustain their efforts toward Net Zero. The implementation of SK Telecom's AI-based dynamic cooling management solution in data centers is projected to reduce annual greenhouse gas (GHG) emissions by 12,400 tons. The goal of minimizing carbon emissions through low-power infrastructure is to achieve Net Zero in the digital sector. Progress will be tracked by energy savings and efficiency improvements, particularly through the deployment of AI-based Cooling System Management (CSM) and other energy-efficient technologies in ICT infrastructure	Yes, we have evaluated, and it is aligned with the Paris Agreement

Module 4. Governance

4.11.2 Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

CASE 1: KTOA

Type of indirect engagement	Type of organization or individual	State the organization or position of individual	Trade association	Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position	Indicate whether your organization's position is consistent with the organization or individual you engage with	Indicate whether your organization attempted to influence the organization or individual's position in the reporting yea
• Indirect engagement via a trade association	Trust or foundation	KTOA	**Asia & Pacific** Other trade association in Asia and Pacific, please specify	Climate change	• Consistent	• Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

The Korea Telecommunications Operators Association (KTOA) serves as the representative body for South Korea's telecommunications industry. Under the leadership of the Ministry of Science and ICT, KTOA was designated as the industry association responsible for overseeing the network council within the Digital Carbon Neutrality Council, which was launched on December 8, 2021. KTOA advocates for ICT companies to engage in Net Zero efforts and strives to identify the necessary technologies, policies, and systems to enhance energy efficiency within the ICT sector, all aimed at achieving Net Zero. SK Telecom is aligned with KTOA's commitment to digital Net Zero and actively participates in the network council, contributing to technological development and policy improvements.

Module 4. Governance

4.11.2 Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

CASE 1: KTOA

Funding figure your organization provided to this organization or individual in the reporting year (currency)	Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment	Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals
202,544,374원	• Our 2023 annual membership fee contribution: 202,544,374 KRW • Equal contribution: 14,400,000 KRW • Revenue-based contribution: 188,144,374 KRW • Of the total KTOA annual membership fee (720 million KRW), 20% (144 million KRW) is equally shared among members, and 80% (576 million KRW) is allocated based on each member's previous year's telecommunications revenue proportion (as per KTOA Articles of Association, Article 9 on Membership Fees).	Yes, we have evaluated, and it is aligned with the Paris Agreement

Module 4. Governance

4.11.2 Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

CASE2: CREF

Type of indirect engagement	Type of organization or individual	State the organization or position of individual	Trade association	Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position	Indicate whether your organization's position is consistent with the organization or individual you engage with	Indicate whether your organization attempted to influence the organization or individual's position in the reporting yea
• Indirect engagement via a trade association	Trust or foundation	CREF(Corporate Renewable Energy Foundation)	**Asia & Pacific** Other trade association in Asia and Pacific, please specify	Climate change	• Consistent	• Yes, we publicly promoted their current position

Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

- The Corporate Renewable Energy Foundation (CREF) is a nonprofit organization established to support companies in transitioning to renewable energy. As a strategic partner in decarbonization efforts, CREF assists companies on their path toward achieving Net Zero by 2050 and pursuing sustainable development. Its mission is to help companies transition to 100% renewable energy and achieve Net Zero, transforming social value into economic value through effective decarbonization management. CREF focuses on addressing energy issues that represent the largest sources of corporate carbon emissions, offering solutions for transitioning electricity and heat consumption to renewable energy. It also promotes Net Zero strategies across transportation, logistics, buildings, and supply chains. Working in partnership with experts in technology, policy, finance, and business within the renewable energy and climate change sectors, CREF collaborates with global corporations and international nonprofit organizations. Its goal is to drive the renewable energy market and send clear signals to policymakers, breaking down barriers to renewable energy procurement and supply while fostering the growth of renewable energy businesses.
- In 2019, CREF signed a local campaign partnership with The Climate Group, the global organizing body of the RE100 initiative. Over the course of more than three years, CREF led efforts to recruit Korean companies, successfully assisting 33 companies in joining the RE100 initiative by June 2023. South Korea has now entered the RE100 implementation phase, working toward 100% renewable energy transition. CREF continues to engage with companies, focusing on overcoming barriers to renewable energy supply in South Korea and fostering market growth through collaboration with domestic and international organizations for knowledge sharing and cooperation.
- As part of its commitment to decarbonization and renewable energy transition, SK Telecom has joined CREF as a member. Through annual funding, SK Telecom collaborates with CREF to advance renewable energy policies and expand the market.

Module 4. Governance

4.11.2 Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

CASE2: CREF

Funding figure your organization provided to this organization or individual in the reporting year (currency)	Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment
10,000,000원	• Membership Types Individual Member: Sole proprietors, 100,000 KRW General Member: Small and medium-sized enterprises (SMEs) 2,000,000 KRW, Supplier companies 5,000,000 KRW Special Member: Large enterprises 10,000,000 KRW, Companies headquartered overseas 5,000,000 KRW, Supplier companies 10,000,000 KRW ※ 2023 Special Members: SK Inc., SK Telecom, SK Hynix, SK E&S, Naver, Mirae Asset Securities, Samsung Biologics, Northland Power, Korea Midland Power (9 companies) • Benefits Access to information on renewable energy policies, markets, and technologies, and participation in meetings Participation in Renewable Energy Sourcing (RE-Sourcing) strategy briefings Participation in programs such as webinars, seminars, discussions, and forums hosted by the foundation Opportunities for matching between renewable energy buyers and suppliers Display of Special Member logos on the foundation's website

Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals
• Yes, we have evaluated, and it is aligned with the Paris Agreement

Module 4. Governance

4.12 Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select one option
Yes

Module 4. Governance

4.12.1 Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Case 1

Publication	Standard or framework the report is in line with	Environmental issues covered in publication	Status of the publication	Content elements
• In mainstream reports	• Other, please specify(ANNUAL BUSINESS REPORT • Other, please specify(Quarterly BUSINESS Report)	• Climate change	• Complete	• Governance • Public policy engagement • Strategy • Emissions figures • Emission targets

Page/section reference	Comment
P.54	Emissions figures
P. 22	Public policy engagement-RE100
p.27	Public policy engagement- Emissions Rights
P.51-53	Governance-Significant Activities of the Board of Directors
P.26-27	Strategy-ESG bond

Module 4. Governance

4.12.1 Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Case 2

Publication	Standard or framework the report is in line with	Environmental issues covered in publication	Status of the publication	Content elements
• In mainstream reports, in line with environmental disclosure standards or frameworks	• TCFD	• Climate change	• Complete	• Content of environmental policies • Governance • Risks & Opportunities • Strategy • Emissions figures • Emission targets

Page/section reference	Comment
P.31	Content of environmental policies- Investment review process and internal carbon pricing system considering climate risks
P. 7	Governance-Climate change response governance
P.11	Strategy-Three major Green strategies for 2050 Net Zero
P.29	Risks & Opportunities-Enterprise-wide risk management and execution framework
P.33	Emission targets-SK Telecom's 2050 Net Zero goal
P.34	Emissions figures-Emission figures

Module 4. Governance

4.12.1 Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Case 3

Publication	Standard or framework the report is in line with	Environmental issues covered in publication	Status of the publication	Content elements
• In voluntary sustainability reports	• Other, please specify(Sustainability Management Report)	• Climate change • Forests • Biodiversity	• Complete	• Content of environmental policies • Governance • Public policy engagement • Risks & Opportunities • Strategy • Emissions figures • Emission targets

Page/section reference	Comment
P.42	Content of environmental policies-Climate Change Preservation Policy
P.72	Content of environmental policies-Biodiversity Conservation Policy
P.73	Content of environmental policies-Deforestation Prevention Policy
P.205	Public policy engagement-RE100, SBTi
P. 122	Governance-Board Composition and Operational Status
P. 42	Risks & Opportunities-Climate Change Risk and Opportunity Management System
P. 72	Risks & Opportunities-Biodiversity Conservation Risk and Opportunity Management System
P. 74	Risks & Opportunities-Examples of Biodiversity-Related Risk Assessments
P.44	Strategy-Three Major Green Strategies for Achieving Net Zero
P. 73	Strategy-Biodiversity Risk Assessment Process
P. 43	Emission targets-'2050 Net Zero' Goal Setting
P.187	Emissions figures

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	**Business Strategy**
M6	Environmental Performance - Consolidation Approach
M7	Environmental performance - Climate Change
M11	Environmental Performance - Biodiversity
M13	Further information & sign off

Module 5. Business Strategy

5.1 Does your organization use scenario analysis to identify environmental outcomes?

Environmental issue	Use of scenario analysis	Frequency of analysis
Climate change	Yes	Annually

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 1

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 4.5	• SSP1	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 2.0ºC - 2.4ºC	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 1

Assumptions, uncertainties and constraints in scenario

Parameters and Assumptions

For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow.

For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 4.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company.

Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future.

For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.

Rationale for choice of scenario

In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP4.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP1) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 2

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 4.5	• SSP2	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 2.0ºC - 2.4ºC	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 2

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 4.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.
Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP4.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP2) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 3

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 4.5	• SSP3	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 2.0ºC - 2.4ºC	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 3

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 4.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.
Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP4.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP3) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 4

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 4.5	• SSP4	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 2.5ºC - 2.9ºC	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 4

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 4.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.
Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP4.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP5) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 5

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 8.5	• SSP1	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 4.0ºC and above	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 5

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 8.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.
Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP8.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP1) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 6

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 8.5	• SSP2	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 4.0ºC and above	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 6

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 8.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.

Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP8.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP2) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 7

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 8.5	• SSP3	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 4.0ºC and above	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 7

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 8.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.
Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP8.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP3) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 8

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• RCP 8.5	• SSP4	• Qualitative and quantitative	• Organization-wide • Facility • Product-level	• Acute physical • Chronic physical

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario
• 4.0ºC and above	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital • Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 8

Assumptions, uncertainties and constraints in scenario
Parameters and Assumptions For disaster risks such as wildfires, landslides, and heavy snow, Ensemble Learning methods, such as Random Forest for landslides and heavy snow and LightGBM for wildfires, were employed. For heatwaves and heavy rain, weather advisories issued by the Korea Meteorological Administration were applied to the analysis. In assessing climate risks like wildfires, landslides, and heavy snow, both climate and non-climate data were collected as independent variables, while historical spatial and weather data related to past disasters were used as dependent variables. These were preprocessed and then utilized in models to assess the likelihood of disaster occurrence. Monthly results were derived by analyzing specific periods for each disaster type: January to December for wildfires, June to October for landslides, and November to April for heavy snow. For heatwaves and heavy rain, the RCP scenario at a 1 km spatial resolution was employed. Since the study focused on predicting the occurrence of heatwaves and heavy rains, only weather data was considered. Annual results were derived by adjusting the study periods: May to September for heatwaves and June to October for heavy rain. SK Telecom analyzed scenarios using RCP models and adopted the RCP 8.5 methodology to assess physical environmental changes based on regional characteristics and evaluate their potential impact on the company. Building scenarios and models for SK Telecom's physical risk assessment is vital to identifying major climate change impacts and taking preemptive action. However, the results of physical risk analysis may carry some uncertainty due to the unpredictable nature of climate-related factors. Additionally, because SK Telecom's communication equipment is installed across the country, the financial impacts of physical risks were estimated based on the asset value of equipment likely to be exposed to climate change risks in the future. For instance, the actual cost of disaster recovery (including typhoons, lightning strikes, landslides, heavy rain, heatwaves, wildfires, and earthquakes) over the past five years (2018-2022) averaged KRW 3 to 4 billion annually (including preemptive risk prevention investment costs), which differs from the projected asset exposure to physical risks caused by climate change in the current analysis.

Rationale for choice of scenario
In 2022, SK Telecom analyzed the impacts of physical environmental changes on its products and services based on the RCP scenario (RCP8.5). To better reflect a wider range of societal and economic changes, physical risk assessments were performed based on SSP scenarios (SSP5) presented in the IPCC's Sixth Assessment Report. Prediction models for future physical risk factors (wildfires, landslides, heatwaves, heavy rains, heavy snow) were implemented, analyzing the potential exposure of company buildings and communication equipment to major risks by 2050.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 9

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• IEA NZE 2050	• No SSP used	• Qualitative and quantitative	Organization-wide	• Liability • Market • Policy • Reputation • Technology

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario	
• 1.5°C or lower	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital	Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Assumptions, uncertainties and constraints in scenario

- SK Telecom has identified 'the rise in electricity prices and RE100 compliance costs' and 'the increase in carbon credit prices' as key risk factors, and has analyzed their potential financial impacts. The major risk factors were assessed using NGFS and IEA scenarios, taking into account factors such as past electricity price increases, additional costs associated with renewable energy compliance mechanisms, and the future proportion of paid carbon credit allocations.

Rationale for choice of scenario

- The International Energy Agency (IEA) provides various price forecasts, including carbon pricing, through its World Energy Outlook (WEO). SK Telecom adopted the NZE, APS, and STEPS 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 carbon credit allocations) for its analysis.

Module 5. Business Strategy

5.1.1 Provide details of the scenarios used in your organization's scenario analysis.

CASE 10

Environmental issue this scenario has been used to analyze	Scenario used	Scenario used SSPs used in conjunction with scenari	Approach to scenario	Scenario coverage	Risk types considered in scenario
Climate change	• NGFS scenarios framework, please specify	• No SSP used	• Qualitative and quantitative	Organization-wide	• Liability • Market • Policy • Reputation • Technology

Temperature alignment of scenario	Reference year	Timeframes covered	Driving forces in scenario	
• 3.0ºC - 3.4ºC	2020	• 2025 • 2030 • 2040 • 2050	**dependencies and impacts** • Changes to the state of nature • Changes in ecosystem services provision • Speed of change (to state of nature and/or ecosystem services) **Finance and insurance** • Cost of capital	Sensitivity of capital (to nature impacts and dependencies) **Regulators, legal and policy regimes** • Global regulation • Global targets **Direct interaction with climate** On asset values, on the corporate

Assumptions, uncertainties and constraints in scenario

- SK Telecom has identified 'the rise in electricity prices and RE100 compliance costs' and 'the increase in carbon credit prices' as major risk factors and has analyzed their potential financial impacts accordingly. These key risks were assessed using NGFS and IEA scenarios, taking into account factors such as past increases in electricity prices, additional costs for each renewable energy compliance mechanism, and future proportions of paid allocations.

Rationale for choice of scenario

- The Network for Greening the Financial System (NGFS) provides detailed information on carbon prices, electricity rates, and more, broken down by region using integrated assessment models. SK Telecom analyzed the potential costs of rising electricity prices and RE100 implementation by applying the NDCs, Below 2°C, and NZE2050 scenarios provided by the NGFS's GCAM5.3 model.
  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 required by 2050. SK Telecom purchases the necessary electricity from Korea Electric Power Corporation (KEPCO) while increasing the use of renewable energy through RE100 compliance mechanisms. To estimate the potential financial impact, the analysis factored in the average historical increase in electricity costs, as well as the additional electricity costs projected by the NGFS scenario, including the extra costs associated with each renewable energy transition mechanism.

Module 5. Business Strategy

5.1.2 Provide details of the outcomes of your organization's scenario analysis.

Environmental issues	Business processes influenced by your analysis of the reported scenarios	Coverage of analysis
Climate change	• Risk and opportunities identification, assessment and management • Strategy and financial planning • Resilience of business model and strategy • Capacity building • Target setting and transition planning	• Organization-wide • Business division • Business activity • Country/area/region • Product-level

Summarize the outcomes of the scenario analysis and any implications for other environmental issues (1)

Physical Damage from Climate Change and Extreme Weather:
Various reports and studies show that the severity of climate change observed in Korea exceeds global averages. This trend poses significant threats not only to forests and ecosyst ems but also to governments, companies, and society, resulting in a severe climate crisis. SKT recognizes these environmental changes as critical issues and is actively working to ad dress them. Given SKT's nationwide network equipment and buildings, the risks will intensify if extreme weather events continue to increase. Damage to network equipment from ty phoons and heavy rains can lead to service interruptions, severely impacting customers and society. Most base stations and equipment are installed outdoors, making it virtually im possible to completely protect them from such events, leading to risks like flooding and structural damage. Moreover, increased droughts and wildfires due to rising temperatures c ould lead to water shortages and damage to water sources. In addition, Korea's mountainous and forested terrain means that heatwaves and wildfires caused by dry weather could disrupt services and pose significant threats to SKT's business. To mitigate these risks, SKT conducted scenario analyses focused on climate risks from a physical perspective.

Financial Impact of Achieving 2050 Net Zero Targets and Stable Renewable Energy Procurement:
SKT conducted scenario analyses with a focus on the financial impacts of achieving its Net Zero targets. While the positive impact of Net Zero on revenue is difficult to quantify, it i s clear that achieving Net Zero will require significant financial expenditures each year. Therefore, SKT identified the costs of achieving the 2050 Net Zero goal and its financial impa ct as core issues. Additionally, stable renewable energy procurement was also considered crucial since most of SKT's GHG emissions stem from electricity use. Risks such as reputatio nal damage could arise if renewable energy procurement fails. However, SKT considers the likelihood of significant changes in the telecom market due to climate change to be low, expecting instead that telecom advancements will improve societal energy efficiency.

Physical Scenario:
Analysis of physical scenarios (RCP 4.5 and RCP 8.5) indicates that by 2050, the likelihood of wildfires will increase nationwide, with landslide risks rising sharply in most regions exce pt Jeju and Honam Provinces. The number of heatwave days will also increase across regions, with some areas, such as Jeju, Gwangju, and Daegu, experiencing a fivefold increase in heatwave days by 2050. Similarly, heavy rains are expected to become more frequent by 2050.

Transition Scenario:
Scenario analysis results suggest that SKT's GHG emissions will reach approximately 1.17 million tons by 2050. SKT plans to reduce electricity consumption by about 25% through m easures such as integrating network equipment and adopting AI-based power mode control. The remaining 75% will be managed through renewable energy procurement to meet Net Zero targets. The total cost of achieving Net Zero is estimated at KRW 0.9 trillion, significantly impacting the company's finances. Given the high cost of renewable energy in Ko rea, SKT will need to improve the energy efficiency of its new telecommunications equipment to minimize the purchase of renewable electricity. To achieve this, SKT is strengthening cooperation with telecom equipment suppliers and applying ICT to reduce electricity consumption, such as optimizing equipment operations based on AI-driven analysis of time-ser ies data traffic. Meanwhile, SKT plans to secure long-term supply contracts and strengthen cooperation with SK Group affiliates capable of providing renewable energy to ensure sta ble procurement.

Module 5. Business Strategy

5.2 Does your organization's strategy include a climate transition plan?

Transition plan	Publicly available climate transition plan	Plan explicitly commits to cease all spending on, and revenue generation from, activities that contribute to fossil fuel expansion	Explain why your organization does not explicitly commit to cease all spending on and revenue generation from activities that contribute to fossil fuel expansion
• Yes, we have a climate transition plan which aligns with a 1.5°C world	• Yes	• No, and we do not plan to add an explicit commitment within the next two years	Below – (1)

Mechanism by which feedback is collected from shareholders on your climate transition plan	Description of feedback mechanism	Frequency of feedback collection	Description of key assumptions and dependencies on which the transition plan relies	Description of progress against transition plan disclosed in current or previous reporting period	Attach any relevant documents which detail your climate transition plan (optional)
• We have a different feedback mechanism in place	Next page – (2)	• Annually	Next page – (3)	Next page – (4)	-

Explain why your organization does not explicitly commit to cease all spending on and revenue generation from activities that contribute to fossil fuel expansion (1)

First, given the company's commitment to sustainability and economic stability, an immediate cessation of fossil fuel-related operations could undermine its financial stability in the short term. Therefore, SK Telecom is preparing for a phased transition to mitigate financial impacts. This transition involves shifting towards renewable energy and green technologies, a process that requires both time and capital.
Furthermore, changes in government policies and regulations are key factors to consider. In alignment with policy trends, SK Telecom is adopting a measured approach, gradually scaling back fossil fuel operations or exploring new business models, rather than pursuing an outright cessation. This strategy is seen as a way to fulfill corporate social responsibility while maintaining economic viability.
Managing relationships with customers and stakeholders is also crucial, as discontinuing fossil fuel operations could disrupt relationships with customers and partners. SK Telecom intends to handle business adjustments carefully by maintaining open communication with these stakeholders.
In conclusion, SK Telecom's decision not to completely cease expenditures and revenue generation tied to fossil fuel expansion reflects a balanced consideration of financial stability, technological constraints, regulatory conditions, and stakeholder relations. This approach is designed to ensure the company's sustainable growth and responsible management.

Module 5. Business Strategy

5.2 Does your organization’s strategy include a climate transition plan?

Description of feedback mechanism (2)
Although no resolution was passed on the transition plan during the Annual General Meeting of Shareholders, SK Telecom announced at the 38th AGM that it would implement a green transition for the future based on its 2050 Net Zero targets. In relation to this, the company has posted the details and progress of its climate transition plan on its website, enabling shareholders to review and provide feedback. The IR Team also handles any inquiries from shareholders on this matter.

Description of key assumptions and dependencies on which the transition plan relies (3)
SK Telecom's transition plan is built on a systematic approach to addressing climate change and promoting sustainable management. This plan is based on climate change scenario analyses provided by reputable institutions such as the IEA, NGFS, and IPCC SSP. By incorporating both low-emission scenarios (SSP1-2.6) and high-emission scenarios (SSP5-8.5), SK Telecom conducts a range of future environmental analyses and evaluates physical risks. This analysis is critical in identifying the various climate risks the company may face. SK Telecom is projecting future increases in electricity costs and the financial implications of transitioning to renewable energy, accounting for electricity prices and RE100 implementation costs. These projections are vital for planning the financial investments required for sustainable energy use. The company also recognizes the rising price of carbon credits, as forecasted by the IEA, as a major risk factor and incorporates this into its strategic planning. The success of the transition plan is largely contingent upon government policies, regulations, stakeholder collaboration, and resource availability. Key factors include stricter greenhouse gas emission regulations, emissions trading schemes, and energy efficiency standards. Without adequate responses to these policy shifts, the implementation of the transition plan may encounter substantial challenges. SK Telecom emphasizes the importance of stakeholder collaboration and effective communication with shareholders, customers, and partners to implement its climate strategy and garner support. Another critical factor in the success of the transition plan is securing renewable energy, technological resources, and infrastructure. SK Telecom is developing strategies to effectively secure and utilize these resources. The company has implemented ESG KPIs, incorporating Net Zero pathway goals and ESG performance metric targets into its overall KPIs, ensuring ongoing progress is effectively tracked and managed. To offset rising electricity costs, RE100 implementation expenses, and increased carbon credit prices, SK Telecom is planning significant financial investments. These investments are crucial to supporting the company's sustainable growth and executing its climate strategy. Additionally, to strengthen the resilience of its telecommunications network, SK Telecom has established a disaster recovery system and is implementing multiple access routes and essential communication equipment to ensure rapid recovery. This system is critical for maintaining the momentum of the transition plan and providing stable communication services. Through a structured approach, SK Telecom is advancing its transition plan, effectively addressing climate change while ensuring long-term sustainable growth.

Module 5. Business Strategy

5.2 Does your organization’s strategy include a climate transition plan?

Description of progress against transition plan disclosed in current or previous reporting period (4)
In 2023, SK Telecom signed a Green Premium contract with KEPCO to procure 209.176 GWh of renewable electricity to achieve its RE100 targets. SKT has determined that its Green Premium purchases align with the 1.5°C transition plan for achieving its 2050 Net Zero and RE100 goals. According to SK Telecom's mid- and long-term roadmap for achieving Net Zero and RE100 targets, the company plans to prioritize the use of Green Premium until 2025, considering economic feasibility. After that, SKT will pursue its 2050 RE100 goal through REC purchases and power purchase agreements (PPA). SK Telecom has also calculated long-term implementation costs based on this roadmap. These estimates account for the additional costs of procuring renewable energy compared to KEPCO’s standard electricity rates. In the long term, the analysis reflects the anticipated narrowing gap between KEPCO’s electricity rates and renewable energy prices, considering the adjustment of KEPCO’s rates and increased climate-related environmental charges. As a result, the estimated costs for achieving Net Zero are KRW 6.662 billion by 2025 and KRW 37.967 billion by 2030. SKT is closely monitoring domestic and global energy conditions, government policies, and market trends, and is committed to continuously refining its implementation costs to align with its sustainable climate transition plan.

Other environmental issues that your climate transition plan considers	Explain how the other environmental issues are considered in your climate transition plan
• Biodiversity	SK Telecom identifies biodiversity conservation as a critical risk. Biodiversity-related risks evaluated within the company are incorporated into the broader risk management framework, with prioritization guided by the materiality assessment process. This process involves analyzing internal and external environments, identifying issues, building a pool, conducting materiality assessments, and highlighting key reporting issues. Additionally, any biodiversity-related risks and opportunities are promptly reported to the CLO. Decisions on setting performance goals, implementing and monitoring progress, and executing key action plans are guided by the impact of these risks and opportunities on the company, along with the findings from the materiality assessment. For less critical issues, the CLO makes direct decisions, while more significant matters are regularly escalated to the CEO. The CEO decides on critical matters and reports key issues to the board of directors and the ESG Committee for further decision-making.

Module 5. Business Strategy

5.3 Have environmental risks and opportunities influenced your strategy and/or financial planning?

Environmental risks and/or opportunities have affected your strategy and/or financial planning	Business areas where environmental risks and/or opportunities have affected your strategy
• Yes, both strategy and financial planning	• Products and services • Upstream/downstream value chain • Investment in R&D • Operations

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Business area	Effect type	Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area	Describe how environmental risks and/or opportunities have affected your strategy in this area
• Products and services	• Risks • Opportunities	Climate change	Next page – (1)

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Describe how environmental risks and/or opportunities have affected your strategy in this area(1)

SK Telecom has established a range of goals and plans aimed at addressing climate change and ensuring sustainable business operations.

1. **Impact on business areas**
   (Opportunity) With the tightening of climate change regulations and the expansion of ICT-integrated energy services, eco-friendly businesses have emerged as significant strategic opportunities. In response, SK Telecom is leveraging ICT to reduce greenhouse gas emissions and address climate change. To capitalize on new opportunities stemming from climate change, the company is actively advancing environmental efficiency initiatives powered by 5G, including Energy Management Systems (EMS) and ICT-based smart/green solutions.
   (Risk) The digitalization of society, driven by the Fourth Industrial Revolution and the rise of contactless culture due to COVID-19, has led to a massive surge in data traffic. With the increasing reliance on mobile data, the demand for telecom network capacity and frequency is projected to continue rising. Notably, SK Telecom's annual data traffic has maintained its strong upward trend, increasing by 21% compared to 2020. The majority of SK Telecom's greenhouse gas emissions come from indirect sources, primarily driven by the electricity consumption needed to process subscriber data. The electricity, heat, and steam required to power base stations, which operate 24/7 year-round, are major contributors. Indirect emissions account for 99% of the company's total greenhouse gas emissions. As telecommunications technology advances with each successive generation, these emissions are expected to increase further, exacerbating the company's climate change risks. As a key player in telecommunications infrastructure, SK Telecom recognizes its responsibility to reduce greenhouse gas emissions and is committed to doing so. The company is strengthening its environmental management initiatives and advancing toward a green transition, guided by the vision of implementing a sustainable future based on ICT and the goal of achieving Net Zero. According to SK Telecom's materiality assessment, the 'Products and Services' category has been evaluated as 'normal' in the short term, 'moderately significant' in the medium term, and 'slightly significant' in the long term, with expectations of increasing significance over time. The company identifies opportunities in the growing demand for environmentally efficient businesses, such as ICT-based smart/green solutions, the increasing need for solutions like EMS, and the rising sales of low-emission products and services
2. **Example of decision-making**
   SK Telecom is committed to reducing greenhouse gas emissions through the development of low-carbon products and services. One notable example is the company's in-house creation of the AI semiconductor 'SAPEON,' which significantly improves data processing efficiency. This product achieves 1.5 times the deep learning processing speed of conventional GPUs while using only 80% of the power, thereby contributing to a reduction in greenhouse gas emissions.
   Reason for the decision: This decision aims to enhance the company's sustainability by reducing power consumption in data centers and lowering greenhouse gas emissions. Additionally, it is expected to drive asset value growth and create new market opportunities.
3. **Focus on environmental risks and opportunities**
   SK Telecom's strategy is primarily centered on facilities and areas connected to data communication infrastructure. In particular, energy consumption in base station operations and data centers has been identified as a key risk factor. To address this, SK Telecom is developing a sustainable operational model and dedicating resources to research and development efforts to improve energy efficiency.
4. **Resource allocation and business model transformation**
   In order to mitigate environmental risks and capitalize on emerging opportunities, SK Telecom is increasing capital expenditures and expanding its investments in the advancement of new technologies. These efforts are directed toward managing carbon emissions and energy-intensive operations, in alignment with the Sustainable Development Goals (SDGs) and the Paris Agreement.
5. **Environmental and legal objectives**
   SK Telecom's 2050 Net Zero objective and RE100 initiative are concrete measures to address climate change, aligned with the Nationally Determined Contributions (NDCs) and the Paris Agreement goal. To achieve these targets, the company is focusing on developing AI-powered environmental management systems and enhancing sustainable procurement processes.
6. **Impact of climate-related risks and opportunities**
   In line with its climate transition plan, SK Telecom closely analyzes environmental risks and opportunities, adjusting its strategies accordingly. To strengthen its climate resilience, the company is advancing the development of sustainable technologies and improving its environmental management systems. These initiatives are anticipated to positively influence the company's long-term business model. SK Telecom's climate strategy plays a pivotal role in promoting corporate sustainability while fulfilling its environmental responsibilities.

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Business area	Effect type	Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area	Describe how environmental risks and/or opportunities have affected your strategy in this area
• Upstream/downstream value chain	• Risks • Opportunities	Climate change	Next page – (2)

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Describe how environmental risks and/or opportunities have affected your strategy in this area (2)

1. **Impact on business areas**
   SK Telecom has developed an ESG Code of Conduct for its business partners to address climate change and encourages all partners to adhere to these principles. Through its supply chain policy, SK Telecom is establishing a sustainable management system, requiring business partners to implement environmentally friendly practices and comply with applicable regulations. In line with the national goal of achieving Net Zero by 2050, there is an increasing need to manage not only Scope 1 and 2 emissions but also Scope 3. SK Telecom has established Scope 3 emission reduction targets in areas under its direct control, including purchased products, business travel, and employee commuting. Additionally, an evaluation of the 'Supply Chain ESG' area indicated that, while the short-term strategic impact remains moderate, the financial impact is significant. In the long term, the company plans to prioritize supply chain risk management.
2. **Example of decision-making**
   SK Telecom is enhancing its efforts not only to reduce greenhouse gas emissions and conserve energy but also to strengthen its supply chain management. For instance, telecommunications equipment supplied by Samsung Electronics, Nokia, and Ericsson-LG improves energy efficiency, contributing to lower electricity costs and a reduction in greenhouse gas emissions.
3. **Focus on environmental risks and opportunities**
   In the upstream value chain, energy consumption and greenhouse gas emissions from the production of components for telecommunications equipment and data center operations pose environmental risks. SK Telecom requires its suppliers to enhance energy efficiency, potentially transforming these risks into opportunities.
   In the downstream value chain, the rising energy demand at base stations and data centers due to increased data usage poses challenges, but SK Telecom is turning these risks into opportunities through the implementation of eco-friendly solutions.
4. **Resource allocation and business model transformation**
   In the upstream value chain, resources are directed toward obtaining eco-friendly and energy-efficient equipment. SK Telecom actively promotes sustainable resource usage and seeks to expand partnerships with companies that feature advanced energy efficiency technologies and strong ESG management capabilities.
   In the downstream value chain, resources are focused on developing AI-based energy management solutions, with the aim of delivering more efficient services while reducing carbon emissions.
5. **Environmental and legal objectives**
   In the upstream value chain, SK Telecom requires its business partners to comply with international environmental standards and regulations. A structured approach to managing the ESG capacities of its partners is being implemented.
   In the downstream value chain, the company provides energy-efficient services to reduce Scope 3 emissions generated during customers' data usage while promoting sustainable practices.
6. **Impact of climate-related risks and opportunities**
   In the upstream value chain, SK Telecom seeks to mitigate climate risks within the supply chain and enhance opportunities aligned with its long-term climate strategy by expanding the supply of eco-friendly equipment.
   In the downstream value chain, SK Telecom is leveraging AI technology to turn climate risks into opportunities by lowering greenhouse gas emissions associated with customer data usage.

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Business area	Effect type	Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area	Describe how environmental risks and/or opportunities have affected your strategy in this area
• Investment in R&D	• Risks • Opportunities	Climate change	Next page – (3)

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Describe how environmental risks and/or opportunities have affected your strategy in this area(3)

1. **Impact on business areas**
   (Opportunity) SK Telecom evaluated the 'R&D investment' area according to its materiality assessment criteria. The analysis revealed that R&D is considered a 'moderately significant' factor in the short term, a 'slightly significant' factor in the medium term, and a 'very significant' factor in the long term. Over time, R&D is expected to play an increasingly significant role in the company's long-term success. As a result, SK Telecom views the launching of new services, driven by R&D investment, as a key strategic opportunity.
   (Risk) As climate change emerges as a critical global issue, climate-related regulations, including emissions trading systems and the expansion of renewable energy generation, are becoming increasingly stringent. Propelled by policies such as the Green New Deal and the growing smart energy trend, ICT-integrated energy services are advancing rapidly. This shift has positioned eco-friendly businesses, including the development of ICT-based smart energy services and devices, as significant strategic opportunities. In response, SK Telecom is investing in the development of EMS, autonomous driving, smart home, and smart factory technologies and software, with a focus on supporting the growth of the smart energy market. As the telecommunications industry evolves, the ICT market continues to expand. Future industries are anticipated to rely heavily on ICT, and as demand for energy management via ICT increases, delays in R&D investment and technological advancements could lead to significant revenue losses due to customer attrition.
2. **Example of decision-making**
   As a mobile service provider, SK Telecom possesses significant business opportunities supported by its extensive nationwide infrastructure. The company is actively exploring new business areas that leverage its telecommunications network, with a particular focus on the research and development of smart energy solutions—an IoT-based smart energy management system. These solutions are applicable across all electricity-consuming sectors, including buildings, factories, and residential areas, enabling real-time energy management to improve efficiency and reduce emissions through demand management. SK Telecom is making substantial investments in the R&D sector to further IoT adoption, with KRW 545 million invested in R&D in 2023.
3. **Resource allocation and business model transformation**
   SK Telecom is strategically allocating resources to mitigate environmental risks and address climate change. Increasing R&D investments elevate the capital expenditures required to advance new technologies, thereby accelerating the transition to a more sustainable business model. Additionally, the company is expanding its use of renewable energy as part of its Net Zero goal to achieve zero net emissions by 2050 and its commitment to the RE100 initiative.
4. **Environmental and legal objectives**
   SK Telecom adheres to the Nationally Determined Contributions (NDC) and the Paris Agreement, managing carbon emissions through the emissions trading system. These legal objectives provide a critical foundation for SK Telecom's climate strategy and support its efforts toward a sustainable future.

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Business area	Effect type	Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area	Describe how environmental risks and/or opportunities have affected your strategy in this area
• Operations	• Risks	Climate change	Next page – (4)

Module 5. Business Strategy

5.3.1 Describe where and how environmental risks and opportunities have affected your strategy.

Describe how environmental risks and/or opportunities have affected your strategy in this area(4)

1. **Impact on business areas**
   Due to the increased demand for greenhouse gas reductions driven by low-carbon transition plans and the emissions trading system, the likelihood and impact of climate change risks on businesses have grown. As energy consumption rises and climate change issues become more prominent, SK Telecom is committed to fulfilling its responsibilities and addressing the social and environmental impacts of its operations. The company is integrating carbon reduction technologies into its business strategy on a company-wide scale to mitigate climate risks. With the government's commitment to achieving Net Zero by 2050, emissions reduction targets under the emissions trading system are expected to become even more stringent. Given the nature of the telecommunications industry, where greenhouse gas emissions are anticipated to rise, SK Telecom is incorporating carbon reduction technologies into its operational strategy. According to its materiality assessment criteria, SK Telecom evaluated the 'operations' area, identifying it as the most extensive area vulnerable to climate change risks. This area is influenced by multiple factors, including transition risks (policy, legal, technological, market, and reputational risks), physical risks (such as asset damage due to extreme weather and rising temperatures), and climate change opportunities (related to resource efficiency, energy sources, products and services, and markets). A materiality assessment of rising electricity costs revealed that while this issue is considered 'slightly significant' in the short term, it will become 'very significant' in the medium to long term for the company's business operations. The assessment demonstrated that this issue will have an increasingly profound impact on the company over time. In response, SK Telecom is implementing various reduction initiatives to address climate change risks, such as rising electricity costs driven by increased climate and environmental fees.
2. **Example of decision-making**
   SK Telecom fully recognizes the urgency of the climate crisis and is diligently fulfilling its corporate social responsibility by implementing a systematic and practical environmental management strategy. In accordance with the guidelines for preparing and managing K-ETS statements, the company calculates greenhouse gas emissions across 40 major business sites. To further reduce emissions and energy consumption, SK Telecom has introduced various measures, including reducing cooling energy usage by mitigating heat from primary and auxiliary equipment, consolidating network infrastructure such as base stations and repeaters, and replacing outdated cooling systems.
   As part of its commitment to the RE100 initiative, SK Telecom is transitioning its energy consumption to renewable sources by installing self-consumption solar power facilities in unused spaces, such as rooftops and parking lots at its buildings and base stations nationwide. By 2022, the company had installed 3.97 MW of self-consumption solar power facilities across 102 base stations. Through these installations, SK Telecom generated 5,411 MWh of renewable energy and received a renewable energy usage certificate from the Korea Energy Agency, contributing to a reduction of 2,486 tCO2eq in greenhouse gas emissions from solar energy generated at its sites and telecommunications equipment.
3. **Changes in business strategy**
   Climate change risks and opportunities are shaping SK Telecom's business strategy over time. In the short term, the company has prioritized enhancing energy efficiency to mitigate rising electricity costs, while in the medium to long term, it is developing strategies to achieve Net Zero emissions by 2050. To achieve these this goal, SK Telecom aims to realize sustainable management by implementing AI-based environmental management systems and strengthening eco-friendly procurement systems.
4. **Implementation of a mitigation hierarchy**
   SK Telecom seeks to mitigate environmental risks by increasing asset value and exploring new market opportunities. To this end, the company is expanding its use of renewable energy, reinforcing employee education to foster an eco-friendly culture, and building social trust through the transparent disclosure of environmental information. These efforts are intended to enhance the company's sustainability and strengthen its resilience in addressing climate change.
5. **Legal and regulatory objectives**
   SK Telecom adheres to the Nationally Determined Contributions (NDC) and the Paris Agreement, setting and pursuing goals aligned with the emissions trading system and the Science Based Targets initiative (SBTi) framework. These legal objectives are integrated into the company's strategy, enabling the systematic advancement of climate change initiatives.
6. **Resource allocation and business model transformation**
   SK Telecom is optimizing resource allocation to mitigate climate risks and related challenges while increasing investment in research and development, as well as capital expenditures, to facilitate the transition to a sustainable business model. Through these efforts, the company seeks to reduce carbon-intensive operations and proactively adapt to policy shifts aimed at achieving environmental goals.

Module 5. Business Strategy

5.3.2 Describe where and how environmental risks and opportunities have affected your financial planning.

Financial planning elements that have been affected	Effect type	Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements
• Revenues • Direct costs • Indirect costs • Capital expenditures	• Risks • Opportunities	Climate change

Describe how environmental risks and/or opportunities have affected these financial planning elements

Impact of climate-related risks and opportunities on financial plan

As climate-related risks become a global priority, regulations like the K-ETS and renewable energy policies are increasingly strict. Since 2015, South Korea has implemented the K-ETS under the "Act on the Allocation and Trading of Greenhouse-Gas Emission Permits." Companies exceeding their emission caps must buy additional allowances or face fines three times the market price. SK Telecom has complied with K-ETS regulations since its designation as a participant in 2015.

As a telecommunications company, SK Telecom falls under the 'Non-Carbon Leakage' industry, making GHG reduction challenging. Paid allocations increased from 3% during the second phase to 10% in the third, with further expansions expected. This adds financial pressure on SKT, as it will need to purchase more allowances or enhance reduction activities, recognized as emission liabilities on its balance sheet.

SK Telecom also joined RE100 to achieve Net Zero by 2050, committing to using 100% renewable energy, which presents both risks and opportunities. To meet this goal, SK Telecom purchases renewable electricity through the Green Premium System, paying a green premium on top of regular electricity costs. These costs are reflected as part of SG&A (Selling, General, and Administrative expenses). As SK Telecom transitions to 100% renewable energy by 2050, the volume of renewable energy purchases will rise, increasing costs through Green Premium, PPAs, and RECs.

To address these risks, SK Telecom installed solar power generation facilities at offices, base stations, and parking lots across Korea. In 2022, these facilities generated 3,459 MWh of electricity, earning the company a renewable energy certificate from the Korea Energy Agency and reducing GHG emissions by 1,589 tCO2eq.

Period affected by climate-related risks and opportunities

In line with the Paris Agreement, South Korea has set a goal of Net Zero by 2050. As an interim measure, it aims to reduce GHG emissions by 40% from 2018 levels by 2030. Given the country's manufacturing-based economy and low levels of renewable energy generation, this is a challenging goal that reflects strong policy commitment. Consequently, domestic companies like SK Telecom will face increasing regulatory pressure. Regulations like the K-ETS and RE100 will continue to impact SK Telecom through 2050, the target year for achieving long-term Net Zero.

Module 5. Business Strategy

5.4 In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition	Methodology or framework used to assess alignment with your organization's climate transition
• Yes	• Other methodology or framework

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5.4.1 Quantify the amount and percentage share of your spending/revenue that is aligned with your organization's climate transition.

Methodology or framework used to assess alignment	Taxonomy under which information is being reported	Financial metric	Amount of selected financial metric that is aligned in the reporting year (currency)	Percentage share of selected financial metric aligned in the reporting year (%)	Percentage share of selected financial metric planned to align in 2025 (%)	Percentage share of selected financial metric planned to align in 2030 (%)
• Other, please specify (Aligned with the Climate Transition Plan)	• Other, please specify (K-taxonomy)	• OPEX	7,665,000,000	1.643%	0.600%	3.155%

Details of the methodology or framework used to assess alignment with your organization's climate transition

SK Telecom announced its commitment to a green transition for the future under the 2050 Net Zero targets during the 38th Annual General Meeting of Shareholders. These targets form part of a transition plan aligned with the 1.5°C scenario, and SK Telecom is committed to unlimited spending and investment in environmental protection, including implementing green purchasing and promoting GHG reduction projects to achieve these goals. Due to the nature of the industry, indirect energy consumption from electricity use accounts for 99.3% of SK Telecom's total energy consumption. As a response, in December 2020, SK Telecom became the first company in Korea to join the RE100 campaign, an initiative aimed at sourcing 100% of its electricity from renewable energy by 2050, in addition to its 2050 Net Zero pledge.

SK Telecom reports OPEX as the financial metric based on key expenditures such as RE100 implementation costs and utility expenses. The OPEX for 2023 was confirmed at KRW 11,133,350 million. It is important to note that future OPEX predictions remain uncertain due to external factors such as economic fluctuations, technological developments, policy changes, and other external factors. Thus, SK Telecom used a linear equation based on OPEX data from the past three years (2021-2023) to estimate the OPEX for 2025 and 2030.

In 2023, SK Telecom signed a Green Premium contract with Korea Electric Power Corporation (KEPCO) to purchase 209.2 GWh of renewable energy, corresponding to 8.6% of the company's total electricity consumption. SK Telecom determined that the purchase amount aligns with its 1.5°C transition plan to achieve its 2050 Net Zero and RE100 goals.

According to SK Telecom's mid- to long-term roadmap for achieving Net Zero and RE100, the company plans to prioritize the use of Green Premium until 2025, considering economic feasibility. Afterward, SK Telecom will pursue additional REC purchases and Power Purchase Agreements (PPAs) to meet the RE100 goal by 2050. The company also calculated long-term implementation costs based on this roadmap. The projected expenses are aligned with the future climate transition plan, with calculations based on the additional cost of procuring renewable energy compared to KEPCO's electricity prices. Furthermore, the projected long-term costs reflect the decreasing gap between KEPCO's electricity rates and renewable energy prices, factoring in the anticipated normalization of KEPCO's electricity rates and strengthened climate-related environmental costs. According to these calculations, the estimated Net Zero implementation costs for 2025 and 2030 are KRW 6.662 billion and KRW 37.967 billion, respectively. SK Telecom continues to closely monitor local and international energy trends, government policies, and market changes while advancing the implementation costs in alignment with its sustainable climate transition plan.

Module 5. Business Strategy

5.10 Does your organization use an internal price on environmental externalities?

Use of internal pricing of environmental externalities	Environmental externality priced
• Yes	• Carbon

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5.10.1 Provide details of your organization's internal price on carbon.

Type of pricing scheme	Objectives for implementing internal price	Factors considered when determining the price	Calculation methodology and assumptions made in determining the price	Scope covered	Pricing approach used – spatial variance
• Shadow price	• Drive energy efficiency • Drive low-carbon investment	• Cost of required measures to achieve climate-related targetsScenario analysis	IEA APS and STEPS models' average carbon price to be initially set as SKT's internal carbon price - Select the IEA model, which is widely used by companies, over the NGFS scenario (NGFS model: primarily used by financial institutions) - Assume that the actual carbon price will be determined between APS, based on NDC/carbon neutrality implementation, and STEPS, based on announced policy targets	• Scope 1 • Scope 2	• Differentiated

Pricing approach used – temporal variance	Indicate how you expect the price to change over time	Minimum actual price used (currency per metric ton CO2e)	Maximum actual price used (currency per metric ton CO2e)
• Static	(1)	15,000	188,000

(1) Indicate how you expect the price to change over time

The internal carbon price is primarily used for investments in greenhouse gas reduction projects. Given that these investments typically involve large-scale infrastructure and are implemented over the medium to long term, relying on the current average price in the emissions trading market presents certain risks. Consequently, SK Telecom has established a reasonable internal carbon price based on the IEA model. In line with the IEA scenario, the company has projected a steady price increase through 2050 and has set the price accordingly. SK Telecom expects the internal carbon price to rise consistently between 2023 and 2050, with an anticipated annual growth rate of 8.8% from a medium- to long-term outlook.

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5.10.1 Provide details of your organization's internal price on carbon.

Business decision-making processes the internal price is applied to	Internal price is mandatory within business decision-making processes	% total emissions in the reporting year in selected scopes this internal price covers	Pricing approach is monitored and evaluated to achieve objectives
• Capital expenditure • Operations • Procurement • Risk management • Opportunity management	• Yes, for all decision-making processes	100%	Yes

Details of how the pricing approach is monitored and evaluated to achieve your objectives

- **SK Telecom has declared its commitment to achieving Net Zero by 2050 and has established an SBTi-certified implementation pathway in compliance with the Paris Agreement's 1.5°C scenario.** To meet its 2050 Net Zero goal, the company is focusing on enhancing energy efficiency, transitioning to renewable energy, and securing external reductions. SKT is actively pursuing a variety of emissions reduction activities, including reducing energy consumption through technological advancements and infrastructure improvements, lowering emissions by shifting to renewable energy, and securing carbon credits through external reduction projects.
- Given SKT's business characteristics, particularly its carbon emissions profile centered on Scope 2, and the diverse nature of its business sectors and items, SK Telecom has designed an internal carbon pricing mechanism. This internal carbon price is primarily applied to business areas and items related to carbon emissions. Initially, the internal carbon price will be used in general investment projects expected to increase Scope 1 and Scope 2 emissions, and will later be expanded to cover decisions related to energy investments and carbon credit-related issues. Scope 1/2 investment cases involve projects that impact SK Telecom's energy and electricity consumption, and the internal carbon price will be used to assess the appropriateness of these investments and determine their implementation timeline.
- Before applying internal carbon pricing to investment economic analyses, carbon-intensive projects could be pursued. However, SK Telecom has adopted a long-term approach to gradually increase its internal carbon price until 2050, in alignment with the IEA scenario. When the internal carbon price is reflected in cost analyses, carbon-intensive projects are shown to have reduced profitability, making them less viable. This helps suppress GHG emissions by discouraging high-carbon projects. On the other hand, low-carbon projects, which previously appeared less economically viable, are now shown to have improved economic value when the internal carbon price is considered, further contributing to GHG emission reductions.
- The introduction of an internal carbon price helps measure and account for carbon costs, thereby accelerating carbon emission reduction activities and supporting SKT's efforts to achieve its 2050 Net Zero and RE100 targets.

Module 5. Business Strategy

5.11 Do you engage with your value chain on environmental issues?

Value chain stakeholder	Engaging with this stakeholder on environmental issues	Environmental issues covered
• Suppliers	• Yes	Climate change
• Investors and shareholders	• Yes	Climate change
• Other value chain stakeholders	• Yes	Climate change

Module 5. Business Strategy

5.11.1 Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

Environmental issue covered	Assessment of supplier dependencies and/or impacts on the environment	Criteria for assessing supplier dependencies and/or impacts on the environment	% Tier 1 suppliers assessed
Climate change	• Yes, we assess the dependencies and/or impacts of our suppliers	• Contribution to supplier-related Scope 3 emissions	• 1-25%

Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment
SK Telecom designates a group of Significant Suppliers by comprehensively considering factors such as the influence and transaction dependence on the company's key businesses or infrastructure investments, the relevance to top-level security or transaction size, and their irreplaceability in terms of proprietary technology.

% Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment	Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment
• 100%	143

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5.11.2 Does your organization prioritize which suppliers to engage with on environmental issues?

Environmental issue covered	Supplier engagement prioritization on this environmental issue	Criteria informing which suppliers are prioritized for engagement on this environmental issue
Climate change	• Yes, we prioritize which suppliers to engage with on this environmental issue	• In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change • Business risk mitigation • Product lifecycle • Product safety and compliance • Regulatory compliance • Reputation management • Supplier performance improvement

Please explain

Criteria Used to Classify Suppliers with Significant Dependence and/or Impact Related to Climate Change:
- Measurement of Greenhouse Gas Emissions and Energy Usage: Monitoring emissions and efforts to reduce them.
- Business Risk Mitigation: Environmental risk monitoring, obtaining environmental system certifications, managing risks of environmental violations.
- Material Sourcing: Use of sustainable raw materials, monitoring of recycled raw materials.
- Product Life Cycle: Development and management of eco-friendly products/services.
- Product Safety and Compliance: Monitoring and reducing harmful chemicals, ensuring compliance with safety regulations.
- Regulatory Compliance: Monitoring environmental policies, obtaining environmental management systems and certifications, ensuring regulatory compliance.
- Reputation Management: Managing eco-friendly products/services that could impact brand reputation.
- Supplier Performance Improvement: Efforts to reduce waste and increase recycling that contribute to improving supplier performance, monitoring waste emissions and recycling rates.

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5.11.5 Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

Environmental issue	Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process	Policy in place for addressing supplier non-compliance
Climate change	• Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	• Yes, we have a policy in place for addressing non-compliance

Comment
SK Telecom requires partners identified as needing improvement based on supply chain risk diagnosis and assessment results to establish corrective action plans and improve ESG performance by implementing those plans. Partners needing improvement are managed separately to ensure timely ESG performance improvement through feasibility reviews of their improvement plans, support for essential resources needed for corrective actions, and advisory support from external experts when necessary. Improvement results are categorized and analyzed by area and incorporated into the supply chain pre-screening, ESG risk diagnosis, and support policy development processes. Support for ESG performance improvement and risk corrective actions is provided either remotely or through on-site visits. In 2023, no partners were subject to sanctions based on the results of the partner diagnosis and evaluation. If a partner fails to meet the ESG standards required by SK Telecom, the company may reduce the transaction volume or exclude the partner from future contracts.

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5.11.6 Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Environmental issue	Environmental requirement	Mechanisms for monitoring compliance with this environmental requirement	% tier 1 suppliers by procurement spend required to comply with this environmental requirement	% tier 1 suppliers by procurement spend in compliance with this environmental requirement	% tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental issue required to comply with this environmental requirement	% tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental issue that are incompliance with this environmental requirement
• Climate change	• Compliance with an environmental certification, please specify • • Disclosure of GHG emissions to your organization (Scope 1 and 2) • Environmental disclosure through a public platform • Regular environmental risk assessments (at least once annually) • Waste and resource reduction and material circularity	• Certification • First-party verification • Off-site third-party audit • Supplier self-assessment	• 100%	• 100%	• 100%	• 100%

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5.11.6 Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

% tier 1 supplierrelated scope 3 emissions attributable to the suppliers required to comply with this environmental requirement	% tier 1 supplier related scope 3 emissions attributable to the suppliers in compliance with this environmental requirement	Response to supplier noncompliance with this environmental requirement	% of noncompliant suppliers engaged	Procedures to engage noncompliant suppliers
• 100%	• 100%	• Exclude	• None	• Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics • Developing quantifiable, time-bound targets and milestones to bring suppliers back into compliance • Other, please specify(If the ESG standards required by SK Telecom Co., Ltd. are not met, the transaction volume may be reduced or the contract may be excluded.)

Comment

The following details are provided to help data users understand how companies respond to climate change:

- Severity Assessment Criteria for Regulatory Violations: In the context of environmental law violations, if there are penalties or actions such as corrective orders, warnings, or fines, the violation is marked as "Yes," resulting in a score deduction. This system helps assess the severity of regulatory violations. If there are no violations, no points are deducted.
- Greenhouse Gas Reduction and Emission Management: For effective climate change response, reporting companies are required to measure both Scope 1 and Scope 2 emissions. Failure to do so will result in a lower evaluation. Additionally, the absence of specific reduction targets will also lead to score deductions.
- Need for Third-Party Verification: When disclosing ESG information or reports, companies should publish reports in compliance with international standards (such as GRI Standards, SASB, TCFD) and include third-party assurance statements using verification methodologies like AA1000AS. This enhances the reliability of the reported information, providing trustworthy data related to climate change response to external stakeholders.

Module 5. Business Strategy

5.11.7 Provide further details of your organization's supplier engagement on environmental issues.

Environmental issue covered	Action driven by supplier engagement	Type and details of engagement	Upstream value chain coverage
• Climate change	• Emissions reduction	**Innovation and collaboration** Other innovation and collaboration activity, please specify (CFPW)(Based on the results of supply chain risk assessment and evaluation, we require the establishment of corrective action plans and improvement of ESG performance for suppliers needing support, and provide feedback.)	• Tier 1 suppliers • Tier 2 suppliers • Tier 3 suppliers
• Climate change	• Emissions reduction	**Innovation and collaboration** Other innovation and collaboration activity, please specify (CFPW) (Through ESG assessments and self-evaluations of suppliers, we assess their ESG management performance, identify unmet areas, and request improvements.)	• Tier 1 suppliers • Tier 2 suppliers • Tier 3 suppliers

Module 5. Business Strategy

5.11.7 Provide further details of your organization's supplier engagement on environmental issues.

% of tier 1 suppliers by procurement spend covered by engagement	% of tier 1 supplier-related scope 3 emissions covered by engagement	Number of tier 2+ suppliers engaged	Describe of the engagement and explain the effect of your engagement on the selected environmental action	Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue	Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action
• 100%	• 100%	• 19	See below-(1)	• Yes, please specify the environmental requirement	• Yes

(1) Describe of the engagement and explain the effect of your engagement on the selected environmental action

SK Telecom's efforts in sustainable procurement and supply chain management are expected to significantly contribute to climate change mitigation and adaptation. The company has implemented a stringent ESG (Environmental, Social, Governance) management system across its supply chain, which includes evaluating and supporting suppliers to ensure compliance with environmental standards. For example, SK Telecom collaborates with suppliers to improve ESG performance through regular assessments, training, and support, and by promoting sustainable practices and innovation, which has led to reduced greenhouse gas emissions. Specific examples of these efforts include educating suppliers on how to calculate and manage greenhouse gas emissions, which can effectively reduce carbon emissions. By fostering this knowledge and providing the necessary tools, SK Telecom has contributed to broader climate change mitigation efforts by reducing supplier emissions and encouraging the use of eco-friendly materials and processes.

Success Measurement Criteria: To measure the success of these engagement activities, SK Telecom has established several quantitative and qualitative criteria:

- **Reduction in Greenhouse Gas Emissions:** One of the key indicators used to assess the effectiveness of engagement activities is the reduction in greenhouse gas emissions among suppliers. This is quantitatively measured by comparing baseline emissions with the reported emissions after SK Telecom's engagement activities.
- **ESG Evaluation Scores:** Suppliers are regularly evaluated on their ESG performance through self-assessments, site visits, and external audits. Improvement in these scores over time is another important indicator of success. These scores reflect the extent to which suppliers have adopted sustainable practices, such as energy efficiency and emission reductions.
- **Participation and Compliance Rates:** The level of participation in sustainability programs and compliance with established ESG standards are monitored. High participation rates and strong compliance indicate the success of SK Telecom's engagement efforts.
- **Supplier Feedback and Improvement Actions:** Success is also measured through feedback received from suppliers and the tangible improvements implemented as a result of the engagement activities. These include the adoption of clean technologies, improved waste management practices, and increased use of renewable energy sources.

The selection of these indicators is based on their direct relevance to climate change mitigation efforts and their ability to provide measurable and actionable insights into the effectiveness of SK Telecom's engagement strategy.

Scope 3 Calculation for Primary Suppliers: All 143 suppliers have been categorized as primary suppliers with significant environmental dependencies and impacts, and they are all participating in the selected engagement activities, resulting in a 100% participation rate. The Scope 3 emissions from primary suppliers are considered equivalent to the reporting company's upstream Scope 3 emissions.

Module 5. Business Strategy

5.11.9 Provide details of any environmental engagement activity with other stakeholders in the value chain.

Case 1

Environmental issue	Type of stakeholder	Type and details of engagement	% of stakeholder type engaged	% stakeholder-associated scope 3 emissions
Climate change	• Investors and shareholders	• **Education/Information** Share information about your products and relevant certification schemes • **Innovation and collaboration** Collaborate with stakeholders in creation and review of your climate transition plan	• Unknown	• Unknown

Module 5. Business Strategy

5.11.9 Provide details of any environmental engagement activity with other stakeholders in the value chain.

Case 1

Rationale for engaging these stakeholders and scope of engagement
SK Telecom's engagement with investors and shareholders in its environmental and sustainability initiatives is guided by several key factors, as outlined below. **Building transparency and trust in climate efforts:** Investors and shareholders are crucial stakeholders in supporting the company's long-term growth. SK Telecom fosters trust by openly sharing its climate strategy and performance with these stakeholders. The company updates investors and shareholders on its climate goals and progress through annual general meetings and Corporate Day events, thereby enhancing transparency and credibility. This approach is essential for achieving long-term goals such as '2050 Net Zero.' **Fostering collaboration for effective climate transition:** SK Telecom values collaboration with investors and shareholders in developing its climate strategy. The company engages with these stakeholders through various communication channels, including shareholder meetings, to formulate and review its climate transition plans. This collaboration helps investors understand and support the company's climate strategy, which is essential for effective climate risk management and achieving sustainable operations. **Ensuring long-term financial stability and sustainability:** As investors and shareholders focus on the company's financial performance, SK Telecom highlights how its climate change initiatives positively impact long-term financial stability and sustainability. The company regularly shares its climate change initiatives and results with investors to demonstrate its efforts in mitigating climate risks and contribution to sustainable growth. This ongoing communication helps maintain investor trust and enhances corporate value. SK Telecom strengthens the transparency and credibility of its climate action through close communication and collaboration with investors and shareholders. This engagement is essential for effectively implementing its climate transition plans and also positively influences the company's long-term financial performance and sustainability.
Effect of engagement and measures of success
• Stakeholder satisfaction: Assessed through surveys and feedback to gauge investor and shareholder contentment with engagement efforts. • Engagement rate: Monitors the number of investors and shareholders participating in meetings, seminars, and other engagement activities. • Quality of engagement: Evaluated based on the depth and substance of interactions during engagement events. • Transparency: Refers to the completeness and frequency of information disclosure, especially concerning environmental and sustainability initiatives. • Issue resolution: The speed and effectiveness with which the company addresses and resolves issues or concerns raised by stakeholders. These metrics help SK Telecom effectively engage with investors and shareholders, meet their expectations, and strengthen overall corporate governance.

Module 5. Business Strategy

5.11.9 Provide details of any environmental engagement activity with other stakeholders in the value chain.

Case 2

Environmental issue	Type of stakeholder	Type and details of engagement	% of stakeholder type engaged	% stakeholder-associated scope 3 emissions
Climate change	• Other value chain stakeholder, please specify (member)	• **Education/Information** Share information about your products and relevant certification schemes • **Innovation and collaboration** Collaborate with stakeholders in creation and review of your climate transition plan	• Unknown	• Unknown

Module 5. Business Strategy

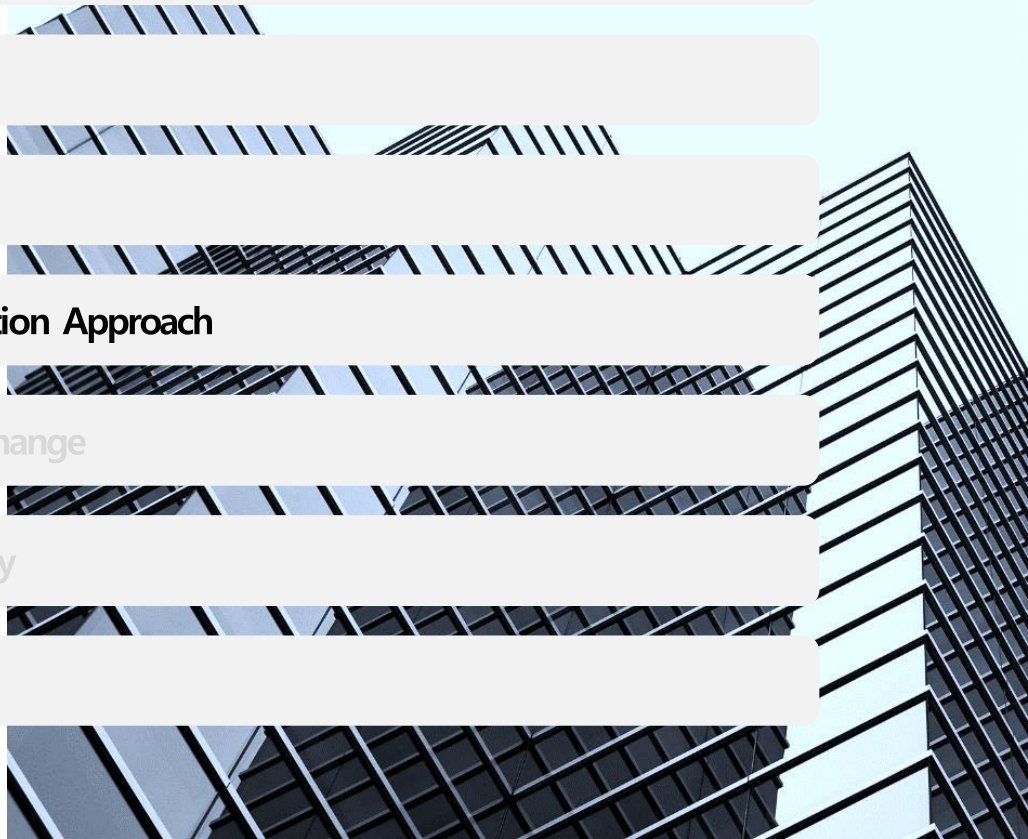
5.11.9 Provide details of any environmental engagement activity with other stakeholders in the value chain.

Case 2

Rationale for engaging these stakeholders and scope of engagement
SK Telecom's rationale for involving its employees in climate change engagement is as follows: **A critical factor for company-wide climate action and sustainable management:** SK Telecom is advancing climate change initiatives and environmental management across the organization, with active employee participation being essential to these efforts. The company ensures continuous communication with employees to enhance the transparency and effectiveness of ESG management, aiming to achieve both business performance and social value. Employees play a key role in addressing climate change by providing feedback through labor unions and various internal communication channels, while also adapting to changes in the business environment. This collective effort is crucial for achieving the '2050 Net Zero' goal. **Enhancing employee engagement in climate change and ESG management:** SK Telecom provides environmental management training to its employees, raising their awareness of climate change and helping them better identify climate-related risks and opportunities. This empowers employees to actively contribute to the company's sustainability goals by leveraging their knowledge of environmental issues. Additionally, employee-driven environmental management initiatives play a significant role in improving the company's ESG performance. **Strengthening climate action through ongoing communication and engagement:** Employees have continuous access to information and initiatives related to climate change and environmental management through various communication channels, including the internal intranet and labor union boards. This fosters close collaboration between management and staff, establishing a foundation for jointly developing and implementing strategies to address changes in the business environment. Employees are key stakeholders in SK Telecom's efforts to address climate change and achieve its sustainability goals. The company is establishing a comprehensive, company-wide climate action initiatives through close collaboration with its employees.
Effect of engagement and measures of success
1. Employee participation rate: SK Telecom conducts annual environmental management training for all staff members, achieving an 88% completion rate in 2023. This participation rate is a crucial indicator for evaluating overall employee engagement across the company. **2. Sustainable behavior changes:** The assessment focuses on whether employees are applying what they have learned in training to actual behavioral changes, particularly in improving energy efficiency and reducing energy consumption. This serves as a key indicator of the effectiveness of climate change initiatives. **3. Reduction in energy consumption and greenhouse gas emissions:** Employee activities are monitored to assess their contribution to reducing energy consumption and greenhouse gas emissions. Improvements in energy management systems are among the evaluated aspects. **4. Employee satisfaction and enhanced ESG awareness:** Surveys evaluate how climate change-related initiatives impact employee satisfaction and increase awareness of ESG principles. **5. Achievement of climate-related goals:** The role of employees in achieving the '2050 Net Zero' goal is assessed, providing a benchmark for gauging the success of climate initiatives.

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	Business Strategy
M6	**Environmental Performance - Consolidation Approach**
M7	Environmental performance - Climate Change
M11	Environmental Performance - Biodiversity
M13	Further information & sign off



Module 6. Environmental Performance - Consolidation Approach

6.1 Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Environmental issue	Consolidation approach used	Provide the rationale for the choice of consolidation approach
Climate change	• Operational control	• Compliance with GHG Protocol: SK Telecom's operational control approach aligns with the Greenhouse Gas Protocol Corporate Standard, providing a clear framework for integrating greenhouse gas emissions based on the company's ability to enforce operational policies. • Control and implementation: The operational control approach enables SK Telecom to accurately calculate emissions from operations where the company has full authority over policy implementation. This approach allows the company to efficiently manage and minimize its environmental impact by directly overseeing its operational activities. • Consistency across environmental issues: Applying this integrated approach to various types of environmental data ensures consistency and comparability. For SK Telecom, this means using the same methodology not only for greenhouse gas emissions but also for other environmental performance indicators, such as water usage and waste management. • Financial and operational optimization: By connecting the consolidation approach to operational control, SK Telecom can streamline the collection and reporting of environmental data, leveraging its existing management and operational infrastructure. This integration supports efficient resource allocation while enhancing the accuracy of environmental performance data. • Regulatory and reporting requirements: The operational control approach ensures compliance with regulatory requirements and international reporting standards. It enables SK Telecom to meet stakeholder expectations, including those of investors, customers, and regulatory bodies, by providing transparent and reliable environmental performance data. By adopting the operational control approach, SK Telecom enhances its ability to effectively manage and report its environmental impact, supporting both sustainability goals and regulatory compliance. This approach aligns with the company's broader environmental strategy and strengthens its capacity to monitor progress towards its objectives.

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	Business Strategy
M6	Environmental Performance - Consolidation Approach
M7	**Environmental performance - Climate Change**
M11	Environmental Performance - Biodiversity
M13	Further information & sign off

Module 7. Environmental performance - Climate Change

7.1 Is this your first year of reporting emissions data to CDP?
- No

Module 7. Environmental performance - Climate Change

7.1.1 Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Has there been a structural change?
• No

Module 7. Environmental performance - Climate Change

7.1.2 Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

Change(s) in methodology, boundary, and/or reporting year definition?
• No

Module 7. Environmental performance - Climate Change

7.2 Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
• Other, please specify (Guidelines for the Korean Emissions Trading System)

Module 7. Environmental performance - Climate Change

7.3 Describe your organization's approach to reporting Scope 2 emissions.

Scope 2, location-based	Scope 2, market-based	Comment
• We are reporting a Scope 2, location-based figure	• We are reporting a Scope 2, market-based figure	Location-based: Accounts for greenhouse gas emissions reported as Scope 2 under the Korea Emissions Trading Scheme, based on electricity usage from the national power grid. Market-based: Accounts for greenhouse gas emissions reported as Scope 2 in accordance with the GHG Protocol, reflecting the purchase of renewable energy through the 2023 Green Premium.

Module 7. Environmental performance - Climate Change

7.4 Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
• No

Module 7. Environmental performance - Climate Change

7.5 Provide your base year and base year emissions.

Scope	Base year end	Base year emissions (metric tons CO2e)	Methodological details
Scope 1,	31/12/2020	6,133	• ISO 14064-1 • Korea Emission Trading System Operating Guidelines • IPCC Guidelines for National Greenhouse Gas Inventories, 2006 • The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) • The Greenhouse Gas Protocol: Scope 2 Guidance • The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard
Scope 2 (location-based) ,		1,033,846	
Scope 2 (market-based) ,		1,033,846	
Scope 3 category 1: Purchased goods and services,		2,645,868	
Scope 3 category 2: Capital goods,		1,183,439	
Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2),		739	
Scope 3 category 4: Upstream transportation and distribution,		0	
Scope 3 category 5: Waste generated in operations,		600	
Scope 3 category 6: Business travel,		768	
Scope 3 category 7: Employee commuting,		9,369	
Scope 3 category 8: Upstream leased assets,		13,480	
Scope 3 category 9: Downstream transportation and distribution,		0	
Scope 3 category 10: Processing of sold products,		0	
Scope 3 category 11: Use of sold products,		0	
Scope 3 category 12: End of life treatment of sold products,		0	
Scope 3 category 13: Downstream leased assets,		0	
Scope 3 category 14: Franchises,		74,271	
Scope 3 category 15: Investments,		2,989,751	
Scope 3: Other (upstream),		0	
Scope 3: Other (downstream)		0	

Module 7. Environmental performance - Climate Change

7.6 What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Year	Gross global Scope 1 emissions (metric tons CO2e)	End date	Methodological details
• Past year 1 (2023)	6,063	31/12/2023	Guidelines on Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading System

Module 7. Environmental performance - Climate Change

7.7 What were your organization’s gross global Scope 2 emissions in metric tons CO2e? (unit: metric tons CO2e)

Year	Gross global Scope 2, location-based emissions (metric tons CO2e)	Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)	End date
• Past year 1(2023)	1,143,195	1,047,097	31/12/2023

Methodological details

SK Telecom calculates, manages, and discloses its greenhouse gas emissions by distinguishing between location-based and market-based emissions in compliance with domestic regulations and international standards. Location-based emissions refer to Scope 2 emissions reported under the Korea Emissions Trading Scheme, which are based on electricity consumption from the national power grid. These emissions serve as the baseline for fulfilling the company’s obligations under the scheme. Market-based emissions, calculated in accordance with the Greenhouse Gas Protocol (GHG Protocol), include Scope 2 emissions reflecting the purchase of renewable energy through the Green Premium. These emissions are used to set and track progress towards the company’s 2050 Net Zero goal. The key difference between location-based and market-based emissions lies in the treatment of reductions from renewable energy purchases: location-based emissions do not recognize these reductions, whereas market-based emissions do. SK Telecom primarily reports key data based on market-based emissions, while disclosing location-based emissions separately when required. The scope of SK Telecom's greenhouse gas emissions accounting includes all network-related emissions nationwide, excluding those from subsidiaries and the supply chain. The company calculates greenhouse gas intensity by dividing total emissions, as determined using grid-specific emission factors outlined in the emissions trading scheme's guidelines for reporting and verification, by the company’s standalone revenue.
CO2 emission factor: 456.7 kgCO2/MWh, CH4 emission factor: 0.0036 kgCH4/MWh, N2O emission factor: 0.0085 kgN2O/MWh
Market-based emissions: 1,047,097 tCO2e = Location-based emissions: 1,143,195 tCO2e – Renewable energy purchases: 96,098 tCO2e

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Purchased goods and services	Relevant, calculated	1,870,658	Supplier-specific method Average data method	1.16%	※Calculation formula: Σ (contract value of purchased good and service × emission factor of purchased good or service per unit of economic value (kgCO2/KRW 1,000)) Based on all contracts within the SKT Purchasing Team's reporting year, excluding Category 2 Emissions are calculated by multiplying the contract value by the emission factor per unit of economic value (kgCO2/KRW 1,000) for each contract (refer to methods 1, 2, and 3 below) Method-1) Input-Output Table: Each contract is matched to the Input-Output Table based on the 'Item_SG.' While the database was built using historical calculation data, a representative and conservatively calculated factor is applied for items with duplicate matches Method-2) Direct calculation: For certain companies, SKT separately requests their Scope 1 & 2 emissions for the reporting year. The emissions are then divided by the company's total revenue to calculate the emission factor per unit of economic value (kgCO2/1,000 KRW) and applied accordingly. Method-3) Public disclosure standard: For companies that publicly disclose their emissions from the previous year, the emission factor per unit of economic value (kgCO2/KRW 1,000) is applied using the forecasted greenhouse gas emissions for the current year, based on the year-over-year revenue growth rate *The previous year's emissions data are sourced from NGMS, sustainability reports, and similar references

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Capital goods	Relevant, calculated	682,412	Supplier-specific method Average data method	0.15%	※Calculation formula: Σ (contract value of purchased goods × emission factor of purchased goods per unit of economic value (kgCO2/KRW 1,000)) Only account for contracts related to capital goods within the SKT Purchasing Team's reporting year. Emissions are calculated by classifying each contract using the Input-Output Table and multiplying the contract value by the emission factor per unit of economic value (kgCO2/KRW 1,000) (refer to methods 1, 2, and 3 below) Criteria for Category 2 classification: All contracts classified as [Construction] and [Service] under 'Item_Category' are categorized as Category 1 [Goods] and [Equipment] are partially categorized as Category 2 based on 'Item_SG.' In this case, only electrical and electronic devices primarily used for operating servers are included. Other minor items are excluded from the calculation Method-1) Input-Output Table: Each contract is matched to the Input-Output Table based on 'Item_SG.' As a result of creating a database based on historical calculation data, all items were consolidated into the category of electrical and electronic devices Method-2) Direct calculation: For certain companies, SKT separately requests their Scope 1 & 2 emissions for the reporting year. The emissions are then divided by the company's total revenue to calculate the emission factor per unit of economic value (kgCO2/1,000 KRW) and applied accordingly. Method-3) Public disclosure standard: For companies that publicly disclose their emissions from the previous year, the emission factor per unit of economic value (kgCO2/KRW 1,000) is applied using the forecasted greenhouse gas emissions for the current year, based on the year-over-year revenue growth rate *The previous year's emissions data are sourced from NGMS, sustainability reports, and similar references

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	136,300	Fuel-based method	0%	※Calculation formula: Σ (fuel consumed (kg) x emission factor (kg CO2 eq/kg)) - Fuel consumed for the reporting year: Activity data collected based on a verified statement (in accordance with NGMS reporting standards) - Emission factor: Apply the Environmental Product Declaration evaluation factor (revised in August 2021) - Unit conversion factor: Apply the unit conversion factors for petroleum products and the conversion factor for LNG
Upstream transportation and distribution	Not relevant, explanation provided	-	Average data method	0%	Since products purchased from suppliers and transportation costs are recorded as a combined total in the ERP system, separating transportation costs is challenging. Therefore, Scope 3 emissions are calculated based on the total cost, which includes transportation, within Categories 1 and 2. As a result, emissions from upstream transportation are incorporated into these categories, and to prevent double counting, they are not calculated separately.
Waste generated in operations	Relevant, calculated	456	Waste-type-specific method	0%	※Calculation formula: Σ (total amount of waste produced (ton) x waste type and waste treatment specific emission factor (tCO2eq/ton)) - Amount of waste produced: Water & waste verification data 1) Compile the annual amount of waste produced by each business site and apply the proportions of incineration, landfill, recycling, and other methods, based on the National Waste Statistics Yearbook. 2) Determine the total amount of waste produced by categorized waste types (household, designated) and the corresponding waste treatment methods (incineration, landfill, recycling, other). - Emission factor: Apply the average emission factor by waste treatment method from the Environmental Product Declaration evaluation factors ※ For 'other' categories where the waste treatment method is indeterminable, the incineration emission factor is conservatively applied

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Business travel	Relevant, calculated	3,519	Distance-based method	0%	[International Business Travel] ※Calculation formula: Σ (business travel distance (km) x emission factor (tCO2e/km)) - Distance: The flight distance from the point of departure (Seoul) to the destination - Emission factor: Apply the business flight emission factor set by the UK government (WWT-Flight with RF) [Domestic Business Travel] ※Calculation formula: Σ (business travel distance (km) x emission factor by mode of transport (tCO2/km)) - Business trips are categorized into intercity and intra-city travel, calculated separately, and then combined - Emission factor: Emission factors for private cars, flights, and KTX are applied based on the Ministry of Environment's Low-Carbon Green Event Guidelines (2008) <Intercity> - Ground travel distance: The travel route is calculated from the office address as the starting point, with the direct distance determined using Google Maps and input into the database. - Domestic flight distance: Based on the assumption that the nearest airport is used between the residence and workplace - The distance between airports is calculated using the flight distance between Jeju and mainland airports as published on the Ministry of Land, Infrastructure and Transport's Aviation Information Portal System (For travel within the same region, the distance (km) is calculated as the square root of the area (km²) from that year's statistical yearbook) <Intra-city> - For intra-city trips, a round-trip distance of 30 km is assumed, and the formula applied is 'number of intra-city trips x 30 x 2 x private car emission factor' (the 30 km distance is based on the transport distance within the same region according to the Environmental Product Declaration Guidelines [Appendix 2])

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Employee commuting	Relevant, calculated	6,362	Distance-based method	0%	※Calculation formula: Σ (total distance traveled per employee (round-trip) × number of workdays × percentage by mode of transport × emission factor by mode of transport) - Total distance travelled: The distance is calculated from the employee's residential location (starting point) to their actual workplace, based on the city or provincial office corresponding to their residential address. For commuting distances greater than 114.9 km (the distance between Incheon and Chungbuk), a maximum commuting distance of 114.9 km will be applied in the calculations - Number of workdays: Main office workdays + health checkup days + hub/shared office workdays ※ Reflecting hub/shared office commutes: Distance from the residential address to the hub/shared office (round-trip) x number of hub/shared office workdays ※ In case the employee's residential address is unavailable, the calculation will be based on the average total distance × annual number of workdays

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Upstream leased assets	Relevant, calculated	16,388	Lessor-specific method	0%	※Calculation formula: Σ (total emissions of leased data centers x leasing ratio (%)) Calculation of emissions for data centers leased and utilized by SK Telecom Emissions are calculated by applying the leasing ratio to the total emissions of each business site for the reporting year - The leasing ratio is calculated based on the proportion of racks used by SK Telecom out of the total racks in the facility
Downstream transportation and distribution	Not relevant, explanation provided	-	Average data method	0%	As a telecommunications service provider, SK Telecom does not engage in downstream transportation activities; therefore, this category is not applicable.
Processing of sold products	Not relevant, explanation provided	-	Average data method	0%	SK Telecom operates in the telecommunications industry, providing services rather than physical products. Therefore, there is no downstream processing of sold products, and as a result, Scope 3 emissions related to the processing of sold products do not apply.
Use of sold products	Not relevant, explanation provided	-	Average data method	0%	SK Telecom operates in the telecommunications industry, providing services rather than selling physical products. Therefore, there are no downstream sales of products, and as a result, Scope 3 emissions related to the use of sold products do not apply.
End of life treatment of sold product	Not relevant, explanation provided	-	Average data method	0%	SK Telecom operates in the telecommunications industry, providing services rather than selling physical products. Therefore, there are no downstream product sales, and as a result, Scope 3 emissions related to the end-of-life treatment of sold products are not applicable.

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Downstream leased assets	Not relevant, explanation provided	-	Average data method	0%	SK Telecom includes all downstream leased assets in its Scope 1 and 2 reporting. As a result, there are no downstream leased assets left unreported, making this category not applicable.
Franchises	Relevant, calculated	79,986	Franchise-specific method Average data method	2.4%	Calculation of greenhouse gas emissions from electricity usage of SK Telecom's franchises and independent retailers during the reporting year [Franchises] ※Calculation formula: Σ ((franchise electricity consumption x electricity emission factor) + emission factor of area per unit of economic value) SKT operates its own franchises, and for independent retailers hosting all three telecom providers, the annual average number is used for calculation, as the number of retailers fluctuates monthly -Franchises 1) KEPCO utility bill available: Emissions are calculated based on the utility bill. 2) KEPCO utility bill unavailable: Energy consumption per unit of area (kWh/㎡) from franchises with valid utility bills and normal operations for one year x (exclusive area (㎡) + common area (㎡)) [Independent Retailers] ※Calculation formula: ∑ (average annual emissions per retailer (tCO2) x annual average number of independent retailers x SKT's market share (%)) The average annual emissions per independent retailer are derived from franchise data. Since all three telecom providers are represented in these retail stores, SKT's market share as of the end of 2023 (%) is applied (based on the business report)

Module 7. Environmental performance - Climate Change

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Scope 3 category	Evaluation status	Emissions in reporting year (metric tons CO2e)	Emissions calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners	Please explain
Investments	Relevant, calculated	441,212	Investment-specific method Average data method	79.47%	'※Calculation formula: Σ (SK Telecom's year-end share of equity (%) x greenhouse gas emissions of the equity investment (tCO2)) - The sum of emissions from companies in which SKT holds equity, based on the business reports disclosed through DART. Method-1 Input-Output Table matching: Each investee company is matched to an industry in the input-output table. A database was established using historical calculation data, with new investee companies matched accordingly. The calculation is based on the company's revenue for the reporting year x input-output table emission factor per unit of economic value (kgCO2/KRW 1,000). Method-2) Direct calculation: For certain companies, SKT directly requests their Scope 1 and 2 emissions for the reporting year. SKT's share of the emissions is then calculated by multiplying these emissions by its share of equity (%). Method-3) Disclosure-based calculation: For companies that disclosed their emissions from the previous year, the estimated greenhouse gas emissions for the current year are calculated by applying the year-over-year revenue growth rate. The calculated emissions are then multiplied by SK Telecom's share of equity (%) *The previous year's emissions data are sourced from NGMS, sustainability reports, and similar references - Emissions are not calculated for entities such as funds or foreign subsidiaries reported in the business report, as they do not generate any actual revenue.

Module 7. Environmental performance - Climate Change

7.9 Indicate the verification/assurance status that applies to your reported emissions.

Scope	Verification/assurance status
Scope 1	• Third-party verification or assurance process in place
Scope 2 (location-based or market-based),	• Third-party verification or assurance process in place
Scope 3	• Third-party verification or assurance process in place

Module 7. Environmental performance - Climate Change

7.9.1 Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported emissions verified (%)
• Annual process	• Complete	• Reasonable assurance	DNV Third Party Verification Opinion	page 1	• Korean GHG and energy target management system	100%

Module 7. Environmental performance - Climate Change

7.9.2 Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/ section reference	Relevant standard	Proportion of reported emissions verified (%)
• Scope 2 location-based	• Annual process	• Complete	• Reasonable assurance	DNV Third Party Verification Opinion	page 1	• Korean GHG and energy target management system	100%
• Scope 2 location-based	• Annual process	• Complete	• Reasonable assurance	DNV Third Party Verification Opinion	page 1	• Korean GHG and energy target management system	100%

Module 7. Environmental performance - Climate Change

7.9.3 Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category	Verification or assurance cycle in place	Status in the current reporting year	Type of verification or assurance	Attach the statement	Page/section reference	Relevant standard	Proportion of reported emissions verified (%)
• Scope 3: Purchased goods and services • Scope 3: Capital goods • Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) • Scope 3: Upstream transportation and distribution • Scope 3: Waste generated in operations • Scope 3: Business travel • Scope 3: Employee commuting • Scope 3: Upstream leased assets • Scope 3: Investments • Scope 3: Downstream transportation and distribution • Scope 3: Processing of sold products • Scope 3: Use of sold products • Scope 3: End-of-life treatment of sold products • Scope 3: Downstream leased assets • Scope 3: Franchises	Annual process	Complete	Limited assurance	Attached	page 1	ISO14064-3	100%

Module 7. Environmental performance - Climate Change

7.10 How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
• Increased

Module 7. Environmental performance - Climate Change

7.10.1 Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Case 1

Reason	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	98,584	Decreased	9.42%	SKT has declared RE100 and plans to convert 100% of its required electricity to renewable energy. As a result, self-generation of electricity is being carried out through solar installations, starting with office buildings. In 2023, SKT reduced 2,486 tons of greenhouse gas emissions by installing small solar power systems on communication equipment. Since there are limitations to generating renewable energy on-site, SKT has also reviewed various methods of procuring renewable energy. In 2023, the company procured 209,176 GWh of renewable energy through competitive bidding for green premiums. As a result, 96,098 tCO2e of greenhouse gas emissions were reduced by purchasing renewable energy in 2023. In total, SKT's efforts to replace electricity with renewable energy have led to a reduction of 98,584 tCO2e in greenhouse gas emissions. When comparing this to the previous year's emissions, it represents a reduction of approximately 9.4%. ** Greenhouse gas reduction percentage = {2023 reduction (98,584 tCO2eq) ÷ 2022 greenhouse gas emissions (1,046,186 tCO2eq)} × 100 = 9.4% reduction.*

Module 7. Environmental performance - Climate Change

7.10.1 Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Case 2

Reason	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Other emissions reduction activities	173,905	Decreased	16.62%	SK Telecom is implementing various initiatives to reduce greenhouse gas emissions, such as building a 5G joint network, replacing equipment with high-efficiency systems, introducing outdoor air cooling, adopting electric vehicles, and upgrading to high-efficiency lighting. As a result, the company reduced its greenhouse gas emissions by 173,905 tCO2eq in 2023, achieving a 16.62% reduction compared to its 2022 emissions. ** Greenhouse gas reduction percentage = {2023 reduction (173,905 tCO2eq) ÷ 2022 greenhouse gas emissions (1,046,186 tCO2eq)} × 100 = 16.62% reduction.* SKT is actively pursuing various efforts to reduce greenhouse gas emissions and is continuously investing in reduction technologies to expand these efforts. Furthermore, to enhance the credibility of its reduction technologies, SKT developed methodologies, which were reviewed and registered with the Ministry of Environment. As a result, two methodologies have been officially registered. In this way, SKT is taking an active role in greenhouse gas reduction, while also improving the credibility of its reduction technologies through methodology development and approval by the Ministry of Environment.

Module 7. Environmental performance - Climate Change

7.10.1 Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Case 3

Reason	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Other	6,956	Increased	0.66%	• The telecommunications industry is a key sector that underpins economic development in Korea, and it is subject to direct and indirect government control as a regulated industry. To ensure stable telecommunications services, the company continues to expand its network-related equipment, and because the services cannot be arbitrarily terminated, energy consumption is inherently structured to continuously rise. Recently, with the rapid expansion of network equipment to support 5G, energy consumption has further increased. As a result, despite various energy reduction efforts, greenhouse gas emissions in 2023 increased by 0.66% compared to the previous year ((increase 6,956 / 2022 greenhouse gas emissions 1,046,186) × 100).

Module 7. Environmental performance - Climate Change

7.10.2 Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?
• Market-based

Module 7. Environmental performance - Climate Change

7.12 Are carbon dioxide emissions from biogenic carbon relevant to your organization?
• No

Module 7. Environmental performance - Climate Change

7.15 Does your organization break down its Scope 1 emissions by greenhouse gas type?
• Yes

Module 7. Environmental performance - Climate Change

7.15.1 Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	5,981	• IPCC Second Assessment Report (SAR - 100 year)
CH4	20	
N2O	62	

Module 7. Environmental performance - Climate Change

7.16 Break down your total gross global Scope 1 and 2 emissions by country/area.

Country/area	Scope 1 emissions (metric tons CO2e)	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Republic of Korea	6,063	1,143,195	1,047,097

Module 7. Environmental performance - Climate Change

7.17 Indicate which gross global Scope 1 emissions breakdowns you are able to provide.
• by facility

Module 7. Environmental performance - Climate Change

7.17.2 Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude	Scope 1 emissions
Headquarters	2,063	37.5665	126.9850	2,063
SK T-Tower	996	37.5665	126.9850	996
SK Namsan Office Building	208	37.5567	126.9759	208
Jangan Office Building	56	37.5642	127.0642	56
Knights Gymnasium	150	37.2261	127.3114	150
Future Management Research Institute	769	37.2673	127.3989	769
Pangyo Office Building	38	37.4038	127.1029	38
Bundang Office Building	92	37.3807	127.1158	92
Boramae Office Building	397	37.4920	126.9261	397
Seongsu Office Building	99	37.5461	127.0628	99
Suyu Office Building	24	37.6297	127.0253	24
Incheon Office Building	54	37.4457	126.7026	54
Daejeon Dunsan Office Building	267	36.3472	127.3841	267
Daejeon Busa Office Building	0	36.3137	127.4320	0
Cheongju Office Building	64	36.6348	127.4636	64
Wonju Office Building	59	37.3448	127.9285	59
Wonju Myeongryun Office Building	0	37.3360	127.9491	0
Daegu Taepyeong Office Building	26	35.8840	128.5810	26
Daegu Bonri Office Building	55	35.8402	128.5451	55
Daegu Sincheon Office Building	36	35.8646	128.6008	36
Daegu Jungdong Office Building	8	35.8375	128.6211	9
Busan Buam Office Building	163	35.1650	129.0508	163
Busan Data Center	21	37.4038	127.1029	21
Busan Anrak Office Building	52	35.1964	129.1033	52
Gwangju Usan Office Building	47	35.1621	126.8101	47
Gwangju Songjeong Office Building	27	35.1402	126.8017	27
Jeonju Office Building	56	35.8250	127.1485	56
Jeju Office Building	20	33.4923	126.4894	20
Chungju Indeungsan Supex Center	12	37.0676	128.0029	12
SK Muui Training Center	148	37.4004	126.4213	148
Mapo T-Town	45	37.5476	126.9539	45
Marketing Team	0	37.5665	126.9850	0
National Infrastructure Equipment	10	37.5665	126.9850	10
Semicolon Munrae Tower	0	37.5161	126.8993	0
Total	6,063.00			6,063.00

Module 7. Environmental performance - Climate Change

7.20 Indicate which gross global Scope 2 emissions breakdowns you are able to provide.
• By facility

Module 7. Environmental performance - Climate Change

7.20.2 Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Headquarters	1,514	1,514
SK T-Tower	6,814	6,814
SK Namsan Office Building	1,098	1,098
Jangan Office Building	1,546	1,546
Knights Gymnasium	282	282
Future Management Research Institute	942	942
Pangyo Office Building	3,022	3,022
Bundang Office Building	18,853	18,853
Boramae Office Building	25,829	25,829
Seongsu Office Building	26,801	26,801
Suyu Office Building	6,168	6,168
Incheon Office Building	4,490	4,490
Daejeon Dunsan Office Building	26,723	26,723
Daejeon Busa Office Building	2,165	2,165
Cheongju Office Building	1,525	1,525
Wonju Office Building	1,601	1,601
Wonju Myeongryun Office Building	368	368
Daegu Taepyeong Office Building	2,937	2,937
Daegu Bonri Office Building	1,286	1,286
Daegu Sincheon Office Building	1,305	1,305
Daegu Jungdong Office Building	809	809
Busan Buam Office Building	4,116	4,116
Busan Data Center	6,350	6,350
Busan Anrak Office Building	820	820
Gwangju Usan Office Building	3,650	3,650
Gwangju Songjeong Office Building	683	683
Jeonju Office Building	2,003	2,003
Jeju Office Building	1,654	1,654
Chungju Indeungsan Supex Center	435	435
SK Muui Training Center	426	426
Mapo T-Town	174	174
Marketing Team	181	181
National Infrastructure Equipment	986,294	890,196
Semicolon Munrae Tower	333	333
Total	1,143,195	1,047,097

Module 7. Environmental performance - Climate Change

7.22 Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Group of entities	Scope 1 emissions (metric tons CO2e)	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)	Please explain
• All other entities	0	0	0	Environmental performance criteria based on connection criteria are not reported in the reporting year.

Module 7. Environmental performance - Climate Change

7.23 Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?
• No

Module 7. Environmental performance - Climate Change

7.29 What percentage of your total operational spend in the reporting year was on energy?
• 1~5%

Module 7. Environmental performance - Climate Change

7.30 Select which energy-related activities your organization has undertaken.

Activity	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

Module 7. Environmental performance - Climate Change

7.30.1 Report your organization's energy consumption totals (excluding feedstocks) in MWh.

Activity	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV	0	29,101	29,101
Consumption of purchased or acquired electricity	N/A	209,176	2,487,119	2,696,295
Consumption of purchased or acquired heat	N/A	0	4,515	4,515
Consumption of self-generated non-fuel renewable energy	N/A	5,411	0	5,411

Module 7. Environmental performance - Climate Change

7.30.6 Select the applications of your organization's consumption of fuel.

Fuel application	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

Module 7. Environmental performance - Climate Change

7.30.7 State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)	Heating value	Total fuel MWh consumed by the organization	MWh fuel consumed for self-generation of electricity	MWh fuel consumed for self-generation of heat	MWh fuel consumed for self-generation of steam	MWh fuel consumed for self-generation of cooling	MWh fuel consumed for self- cogeneration or self-trigeneration
Sustainable biomass	HHV	0	0	0	0	0	0
Other biomass	HHV	0	0	0	0	0	0
Other renewable fuels (e.g. renewable hydrogen)	HHV	0	0	0	0	0	0
Coal	HHV	0	0	0	0	0	0
Oil	HHV	12,022	936	7,920	3,165	0	0
Gas	HHV	17,079	0	711	16,368	0	0

Module 7. Environmental performance - Climate Change

7.30.9 Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

Energy Carrier	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	5,411	5,411	5,411	5,411
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

Module 7. Environmental performance - Climate Change

7.30.16 Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Country/area	Consumption of purchased electricity (MWh)	Consumption of self-generated electricity (MWh)	Is this electricity consumption excluded from your RE100 commitment?
Republic of Korea	2,487,119	5,411	No

Consumption of purchased heat, steam, and cooling (MWh)	Consumption of self-generated heat, steam, and cooling (MWh)	Total heat/steam/cooling energy consumption (MWh)
4,515	0	2,497,045

Provide details of the electricity consumption excluded
The purchased electricity consumption includes only non-renewable energy sources, so the electricity consumption of 2,487,119 MWh is excluded from the RE100 declaration. However, the self-generated electricity consumption of 5,411 MWh is included in the RE100 declaration.

Module 7. Environmental performance - Climate Change

7.30.17 Provide details of your organization's renewable electricity purchases in the reporting year by country/area.

Country/area of consumption of purchased renewable electricity	Sourcing method	Renewable electricity technology type	Renewable electricity consumed via selected sourcing method in the reporting year (MWh)	Tracking instrument used	Country/area of origin (generation) of purchased renewable electricity
Republic of Korea	• Retail supply contract with an electricity supplier (retail green electricity)	• Renewable electricity mix, please specify (solar, wind, hydro, bioenergy)	209,176	• Other, please specify (Green premium(Renewable Energy Certificate in Korea))	Republic of Korea

Are you able to report the commissioning or re-powering year of the energy generation facility?	Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)	Vintage of the renewable energy/attribute (i.e. year of generation)	Supply arrangement start year	Ecolabel associated with purchased renewable electricity	Comment
• No	2023	• 2023	2023	• No additional, voluntary label	-

Module 7. Environmental performance - Climate Change

7.30.18 Provide details of your organization's low-carbon heat, steam, and cooling purchases in the reporting year by country/area.

Sourcing method
• None (no purchases of low-carbon heat, steam, or cooling)

Module 7. Environmental performance - Climate Change

7.30.19 Provide details of your organization's renewable electricity generation by country/area in the reporting year.

Country/area of generation	Renewable electricity technology type	Facility capacity (MW)	Total renewable electricity generated by this facility in the reporting year (MWh)
Republic of Korea	• Solar	3.97	5,411
Renewable electricity consumed by your organization from this facility in the reporting year (MWh)	**Energy attribute certificates issued for this generation**	**Type of energy attribute certificate**	**Comment**
5,411	• Yes	• Other (Renewable Energy Use Certificate)	-

7.30.20 Describe how your organization’s renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.

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. These solar power facilities have a total capacity of 3.97 MW and generated 5,411 MWh of electricity in 2023. For this, SK Telecom received a renewable energy use certificate from the Korea Energy Agency. Additionally, SK Telecom signed a Green Premium contract with Korea Electric Power Corporation to procure 209.2 GWh of renewable energy in 2023, accounting for 8.6% of its total electricity consumption that year.
SK Telecom is actively addressing climate-related risks while identifying opportunities in the process of reducing greenhouse gases and adapting to climate change. Key opportunities include expanding provision of ‘ICT-based solutions,’ ‘launching new services,’ and ‘adopting low-emission energy sources.’ Furthermore, securing renewable energy through Renewable Energy Certificates (RECs) and Power Purchase Agreements (PPAs) is expected to contribute to reducing greenhouse gas emissions in the medium to long term and to generating revenue through the sale of emission rights.
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 required electricity from Korea Electric Power Corporation (KEPCO) and aims to increase its renewable energy use through RE100 compliance mechanisms. To assess the potential financial impact, SK Telecom analyzed past electricity price increases and compared them to projected additional electricity costs under the NGFS scenarios, accounting for additional costs associated with each renewable energy transition mechanism. The analysis revealed that the financial impact could vary depending on the future climate scenarios. It was projected that the additional financial impact due to electricity price increases and RE100 compliance would range between a minimum of KRW 36.2 billion (under the NDCs scenario) and a maximum of KRW 121.5 billion (under the NZE2050 scenario) annually between 2020 and 2050. SK Telecom plans to mitigate these future financial impacts by increasing its use of renewable energy and enhancing energy efficiency.

Module 7. Environmental performance - Climate Change

7.30.21 In the reporting year, has your organization faced barriers or challenges to sourcing renewable electricity?

Challenges to sourcing renewable electricity
• Yes, in specific countries/areas in which we operate

7.30.22 Provide details of the country/area-specific challenges to sourcing renewable electricity faced by your organization in the reporting year.

Country/area	Reason why it was challenging to source renewable electricity within selected country/area	Provide additional details of the barriers faced within this country/area
Republic of Korea	• Lack of electricity market structure supporting bilateral PPAs	KEPCO announced the PPA scheme in December 2022. Following the announcement, the Ministry of Industry raised objections for the following reasons: PPA rates are 50.5% higher than industrial electricity rates. PPA rates are higher than industrial electricity rates during off-peak hours (10 p.m. to 8 a.m.). Since the supply of renewable energy is unstable, when power generators cannot meet 100% of the supply, companies must purchase electricity through KEPCO. Even if KEPCO supplies only 1% of renewable energy, the remaining 99% is still subject to the PPA scheme rates. Due to these factors, the PPA scheme has significantly increased the financial burden on most participating companies, potentially hindering their ability to achieve their RE100 commitments for reducing greenhouse gases. Therefore, it is necessary to relax the criteria for applying the PPA scheme and improve policies to support, rather than burden, companies striving to achieve RE100.

Module 7. Environmental performance - Climate Change

7.45 Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure	Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)	Metric denominator	Metric denominator: Unit total
0.0000000837	1,053,142	unit total revenue	12,589,220,000,000

Scope 2 figure used	% change from previous year	Direction of change	Reasons for change
Market-based	-0.7%	Decreased	- Change in renewable energy consumption - Other emissions reduction activities

Please explain

- To reduce greenhouse gases, SK Telecom is carrying out various reduction activities such as installing solar power, establishing a 5G joint network, replacing facilities with highly efficient ones, introducing outdoor air cooling, and switching to high-efficiency lighting. Additionally, the company expanded its renewable energy procurement plan by purchasing 209,176 MWh in 2023, which resulted in a reduction of 96,098 tCO2eq. Besides renewable energy, various other reduction activities are also being implemented, such as building a 5G joint network, upgrading to highly efficient facilities, adopting outdoor air cooling, and installing high-efficiency lighting.
- As such, SK Telecom is actively seeking and implementing both direct and indirect measures to reduce greenhouse gases, resulting in a total reduction of 272,489 tCO2e in 2023. Despite a 3% year-on-year increase in revenue, greenhouse gas emissions increased only slightly, leading to a 0.7% decrease in GHG emissions intensity per unit of revenue.
- For reference, the detailed information regarding the decrease in GHG emissions intensity is as follows:

* GHG emissions intensity decreased by 0.7% compared to 2022

1) 2023 GHG emissions: 1,053,159 tCO2eq
2) 2022 revenue (KRW): 12,589,220,000,000
3) GHG emissions intensity: 0.0000000837

- Year-on-year rate of change: (2023 emissions per unit of revenue – 2022 emissions intensity) / 2022 emissions per unit of revenue * 100 = -0.7%

Module 7. Environmental performance - Climate Change

7.53 Did you have an emissions target that was active in the reporting year?
• Absolute target

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

Target reference number	Is this a science-based target?	Science Based Targets initiative official validation letter	Target ambition	Date target was set	Target coverage	Greenhouse gases covered by target	Scopes
Abs1	Yes, and this target has been approved by the Science Based Targets initiative	Attach file	1.5°C aligned	31/10/2021	Business activity	CO2	Scope 1, 2
Abs2	Yes, and this target has been approved by the Science Based Targets initiative	Attach file	1.5°C aligned	31/10/2021	Business activity	CO2	Scope 1, 2
Abs3	Yes, and this target has been approved by the Science Based Targets initiative	Attach file	Well-below 2°C aligned	31/10/2021	Business activity	CO2	Scope 3

Scope 2 accounting method	Scope 3 categories	End date of base year	Base year Scope 1 emissions covered by target (metric tons CO2e)	Base year Scope 2 emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)
Market-based	-	31/12/2020	6,133	1,033,867	0	0	0
Market-based	-	31/12/2020	6,133	1,033,867	0	0	0
-	-	31/12/2020	0	0	2,645,868	1,183,439	739

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	600	768	9,369	13,480	0	0	0

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)	Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)	Base year total Scope 3 emissions covered by target (metric tons CO2e) [autocalculated]	Total base year emissions covered by target in all selected Scopes (metric tons CO2e) [autocalculated]	Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1	Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2
0	0	0	0	0	1,040,000	100%	100%
0	0	0	0	0	1,040,000	100%	100%
0	0	74,271	2,989,751	6,918,286	6,918,286	0%	0%

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)	Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)	Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)	Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)	Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)	Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel emissions (metric tons CO2e)	Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)	Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)
0	0	0	0	0	0	0	0
0%	0%	0%	0%	0%	0%	0%	0%
38.245%	17.106%	0.011%	0.000%	0.009%	0.011%	0.135%	0.195%

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)	Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)	Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)	Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)	Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)	Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)	Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)	Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)
0	0	0	0	0	0	0	0
0%	0%	0%	0%	0%	0%	0%	0%
0.000%	0.000%	0.000%	0.000%	0.000%	1.074%	43.215%	100%

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes	End date of target	Targeted reduction from base year (%)	Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e) [auto calculated]	Scope 1 emissions in reporting year covered by target (metric tons CO2e)	Scope 2 emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)
13%	2030.12.31	45.7%	564,720	6,063	1,047,097	0	0
13%	31/12/2050	100.0%	0	6,063	1,047,097	0	0
86.93%	2030.12.31	22.3%	5,375,508	0	0	1,870,658	682,412

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
136,300	0	456	3,519	6,362	16,388	0	0

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)	Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)	Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)	Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)	Land-related emissions covered by target
0	0	0	0	0	0	1,053,160	No, it does not cover any land-related emissions (e.g. non-FLAG SBT)
0	0	0	0	0	0	1,053,160	No, it does not cover any land-related emissions (e.g. non-FLAG SBT)
0	0	0	79,986	441,212	3,237,292	3,237,292	No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

% of target achieved relative to base year [autocalculated]	Target status in reporting year	Explain target coverage and identify any exclusions	Target objective	Plan for achieving target, and progress made to the end of the reporting year	Target derived using a sectoral decarbonization approach	List the emissions reduction initiatives which contribute most to achieving this target
-2.77%	Underway	Scope 1 and 2 set Net Zero goals based on SKT's corporate standards, and the mid-term goals are disclosed when setting the Net Zero goals.	Reducing the costs of compliance with emissions trading systems	Next page - (1)	No	
-1.27%	Underway	Scope 1 and 2 set Net Zero goals based on SKT's corporate standards, and long-term goals are disclosed when setting Net Zero goals.	Reducing the costs of compliance with emissions trading systems	Next page - (2)	No	
238.60%	Achieved	SKT selected Scope 3 categories based on the relevance and significance of our business among the Scope 3 categories and calculated emissions. Scope 3 categories were calculated for 9 out of a total of 15 categories, and all of the Scope 3 categories are included in the target target range.	Reducing the costs of compliance with emissions trading systems	Next page - (3)	No	Next page - (4)

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

(1) Plan for achieving target, and progress made to the end of the reporting year

- The telecommunications industry, being a key infrastructure sector, inevitably faces increasing emissions due to the nature of the business. Despite this, SKT has set a Net Zero target for 2050 in line with the 1.5℃ scenario. Since 99% of SKT's emissions are generated from electricity, the company has joined the RE100 initiative as part of its efforts to actively reduce greenhouse gas emissions and achieve Net Zero. To this end, SKT is installing solar panels on its office buildings and network equipment, and where self-generation is limited, the company is supplementing with renewable energy purchases. Through this, SKT is taking a systematic approach to achieving RE100 by 2050. Additionally, various reduction activities—such as upgrading to highly efficient facilities, replacing lighting, and improving operational efficiency—are being implemented to reduce energy consumption. As a result, SKT reduced its greenhouse gas emissions by 272,489 tCO2eq in 2023. SKT is actively pursuing greenhouse gas reduction and plans to decrease emissions by 45.7% by 2030 compared to 2020 levels.

(2) Plan for achieving target, and progress made to the end of the reporting year

- As the telecommunications industry is a key infrastructure sector, emissions are inevitably bound to increase due to the nature of the business. Nevertheless, SKT has set a Net Zero target for 2050 in alignment with the 1.5℃ scenario. Since 99% of SKT's emissions are generated from electricity, the company has also actively joined the RE100 initiative as part of its efforts to reduce greenhouse gas emissions and achieve Net Zero. To this end, SKT has installed solar panels on its office buildings and network equipment, and where self-generation is limited, the company supplements this with renewable energy purchases. Through these efforts, SKT is systematically working towards achieving RE100 by 2050. In addition, various reduction activities—such as upgrading to highly efficient facilities, replacing lighting, and improving operational efficiency—are being implemented to reduce energy consumption. As a result, SKT reduced 272,489 tCO2eq of greenhouse gases in 2023. SKT is actively pursuing greenhouse gas reduction efforts and aims to achieve a 100% reduction in emissions by 2050 compared to 2020 levels.

(3) Plan for achieving target, and progress made to the end of the reporting year

- SK Telecom has established greenhouse gas reduction targets for both its supply chain and investments, with the aim of lowering emissions by integrating climate change considerations into these areas. Consequently, the company mandates that its suppliers provide low-carbon products, factoring in their greenhouse gas emissions. Furthermore, SK Telecom encourages its portfolio companies to implement proactive greenhouse gas reduction strategies by fostering various behavioral changes. Through these initiatives, SK Telecom seeks to strengthen climate action across its supply chain and investment portfolio, ultimately reducing Scope 3 greenhouse gas emissions.

Module 7. Environmental performance - Climate Change

7.53.1 Provide details of your absolute emissions targets and progress made against those targets.

(4) List the emissions reduction initiatives which contribute most to achieving this target

- To reduce Scope 3 emissions, SKT is conducting various initiatives aimed at reducing greenhouse gas emissions in both upstream and downstream sectors. First, through the Happy Habit campaign, disposable cups were replaced with reusable cups, reducing the amount of waste generated within the workplace. Additionally, by utilizing satellite offices, employees were able to commute to nearby locations, which helped reduce greenhouse gas emissions. Franchise operations are also transitioning online, and by consolidating offline stores to improve energy efficiency, further emissions reductions were achieved. For business travel, company vehicles were replaced with electric vehicles, leading to additional reductions in greenhouse gas emissions. Through these various initiatives aimed at reducing Scope 3 emissions, SKT successfully met its previously established Scope 3 reduction targets in 2023.

Module 7. Environmental performance - Climate Change

7.54 Did you have any other climate-related targets that were active in the reporting year?

- Targets to increase or maintain low-carbon energy consumption or production
- Net-zero targets

Module 7. Environmental performance - Climate Change

7.54.1 Provide details of your targets to increase or maintain low-carbon energy consumption or production.

Target reference number	Date target was set	Target coverage	Target type: energy carrier	Target type: activity	Target type: energy source	End date of base year
Low 1	31/10/2021	Organization-wide	Electricity	Renewable energy source(s) only	Renewable energy source(s) only	31/12/2020

Consumption or production of selected energy carrier in base year (MWh)	% share of low-carbon or renewable energy in base Year	End date of target	% share of low-carbon or renewable energy at end date of target	% share of low-carbon or renewable energy in reporting year	% of target achieved relative to base year [auto-calculated]	Target status in reporting year
0	0%	31/12/2050	100%	8.63%	8.63%	Underway

Is this target part of an emissions target?	Is this target part of an overarching initiative?	Explain target coverage and identify any exclusions	Target objective	Plan for achieving target, and progress made to the end of the reporting year	List the actions which contributed most to achieving this target
ABS1, ABS2	RE100	Next page-(1)	Next page-(2)	Next page-(3)	Next page-(4)

Module 7. Environmental performance - Climate Change

7.54.1 Provide details of your targets to increase or maintain low-carbon energy consumption or production.

(1) Explain target coverage and identify any exclusions

- SK Telecom has committed to achieving RE100 by 2050 across the entire company. As part of this commitment, SK Telecom plans to transition 100% of its electricity consumption to renewable energy, with no business sites excluded.

(2) Target objective

- To reduce costs associated with compliance with the emissions trading scheme.

(3) Plan for achieving target, and progress made to the end of the reporting yea

- SK Telecom is working towards achieving RE100 by 2050. To this end, solar power has been installed through direct investment, and any shortfall is supplemented by procuring renewable energy from the market. As a result, in 2023, solar power installations within SKT's operational scope contributed to a reduction of 2,486tCO2e in greenhouse gas emissions. Additionally, by participating in the Green Premium program and purchasing 209.176 GWh of renewable energy from the market, the company further reduced its emissions by 96,098tCO2e.

(4) List the actions which contributed most to achieving this target

- In 2023, SK Telecom participated in Green Premium contract bidding, procuring 209.176 GWh of renewable energy and reducing greenhouse gas emissions by 96,098 tCO2e.

7.54.3 Provide details of your net-zero target(s).

Target reference number	Date target was set	Target coverage	Targets linked to this net zero target	End date of target for achieving net zero	Is this a Science-based target?	Science Based Targets initiative official validation letter	Scopes	Greenhouse gases covered by target
NZ1	31/10/2021	Organization-wide Company-wide	ABS1, ABS2, ABS 3	31/12/2050	SBTi	Attachment	Scope 1, 2, 3	Carbon dioxide (CO2)

Explain target coverage and identify any exclusions	Target objective	Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?	Do you plan to mitigate emissions beyond your value chain?	Do you intend to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation?	Planned milestones and/or near – term investments for neutralization at the end of the target	Target status in reporting year	Process for reviewing target
SKT has established Net Zero goals for Scope 1, 2, and 3.	Reducing the costs of complying with the emissions trading system	Yes	No, we do not plan to mitigate emissions beyond our value chain	No, we do not plan to Purchase and cancel Carbon credits for neutralization and/or beyond value chain mitigation	Next page – (1)	Achieved	

7.54.3 Provide details of your net-zero target(s).

Planned milestones and/or near –term investments for neutralization at the end of the target(1)
SKT plans to reduce greenhouse gases through direct investments in energy-using facilities as part of its Net Zero commitment. Currently, SKT is implementing various reduction activities, including 'integrating network equipment, developing and introducing highly-efficient communication devices, replacing outdated air conditioning systems, and optimizing heating and cooling in office buildings.' To further expand these reduction activities, SK Telecom is exploring multiple approaches and continues to support investments in emission reductions. Additionally, for areas where direct investments have limitations in reducing greenhouse gases, SK Telecom plans to switch to renewable energy sources. The company approaches this transition through two main methods. The first is by generating renewable energy on-site through solar installations to reduce electricity consumption. The second is by procuring renewable energy from the market. In 2023, SKT participated in the Green Premium program and purchased 209,176 MWh of renewable energy. Through these various efforts, SKT is actively working toward achieving Net Zero by 2050, continuously striving to reduce its greenhouse gas emissions in diverse ways.

Module 7. Environmental performance - Climate Change

7.55 Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
• Yes

Module 7. Environmental performance - Climate Change

7.55.1 Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

Stage of development	Number of initiatives	Total estimated annual CO2e savings in metric tons CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	1	123,608
Implementation commenced*	1	20,241
Implemented*	4	243,014
Not to be implemented	0	0

Module 7. Environmental performance - Climate Change

7.55.2 Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type	Estimated annual CO2e savings (metric tons CO2e)	Scope(s) or Scope 3 category(ies) where emissions savings occur	Voluntary/Mandatory
Energy efficiency in production processes Other, please specify (Equipment replacement and process optimization)	144,330	Scope2(market-based)	Voluntary
Energy efficiency in buildings Lighting	100	Scope2(market-based)	Voluntary
Low-carbon energy generation Solar PV	2,486	Scope2(market-based)	Voluntary
Low-carbon energy consumption Other, please specify (Renewable energy Mix)	96,098	Scope2(market-based)	Voluntary

Annual monetary savings (unit currency – as specified in C0.4)	Investment required (unit currency – as specified in C0.4)	Payback period	Estimated lifetime of the initiative	Comment
33,862,696,529	4,739,600,000	1~3year	Ongoing	Cooling and heating operations were optimized by utilizing outdoor air cooling, along with various reduction activities such as replacing equipment with highly efficient models and decarbonizing networks, to reduce greenhouse gas emissions.
24,476,803	2,128,011,972	>25year	3-5year	We reduced greenhouse gas emissions by implementing various reduction activities, such as replacing lamps with highly efficient ones and improving power-saving methods.
583,244,841	12,646,568,657	21~25year	21-30 years	We reduce greenhouse gas emissions by generating solar energy in our infrastructure and company buildings.
22,544,989,219	209,176	1~3year	<1year	We purchased Green Premiums from KEPCO and reduced greenhouse gas emissions by using renewable energy.

Module 7. Environmental performance - Climate Change

7.55.3 What methods do you use to drive investment in emissions reduction activities?

Method	Comment
• Compliance with regulatory requirements/standards	• Since 2015, SK Telecom has been designated as a participant in the K-ETS (Korea Emissions Trading System), calculating and managing greenhouse gas emissions from 40 major business sites annually, based on the guidelines for preparing and managing K-ETS statements. To comply with its allocated allowances and meet its emission submission obligations, the company is making various efforts to reduce greenhouse gas emissions and energy consumption, such as integrating network equipment, developing and introducing highly efficient communications equipment, replacing outdated air conditioning systems, and optimizing heating and cooling in its buildings. Additionally, SK Telecom is actively participating in greenhouse gas reduction initiatives, becoming the first in Korea's telecommunications industry to have a greenhouse gas reduction technology methodology recognized by the government.

Module 7. Environmental performance - Climate Change

7.74 Do you classify any of your existing goods and/or services as low-carbon products?
• Yes

Module 7. Environmental performance - Climate Change

7.74.1 Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation	Taxonomy used to classify product(s) or service(s) as low-carbon	Type of product(s) or service(s)	Description of product(s) or service(s)	Have you estimated the Avoided emissions of this low-carbon product(s) or service(s)
• Product or service	• The EU Taxonomy for environmentally sustainable economic activities	• Other, please specify – BEMS/FEMS/LEMS	Next page - (1)	Yes

Methodology used to calculate avoided emissions	Life cycle stage(s) covered for the low-carbon product(s) or services(s)	Functional unit used	Reference product/service or baseline scenario used	Life cycle stage(s) covered for the reference product/service or baseline scenario
• Methodology for Environmental Life-Cycle Assessment of Information and Communication Technology Goods, Networks and Services (ITU-TL.1410)	• Use stage	tCO2e	Next page - (2)	• Use stage

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario	Explain your calculation of avoided emissions, including any assumptions	Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
8,030.8	Next page - (3)	0.194%

Module 7. Environmental performance - Climate Change

7.74.1 Provide details of your products and/or services that you classify as low-carbon products.

(1) Description of product(s) or service(s)

Furthermore, SK Telecom is developing a joint 5G network with Korea's telecommunication competitors KT and LG U+ and is establishing a telecommunications network. The others can jointly use the wireless communications facility without constructing additional base stations by utilizing roaming technologies between the telecommunication companies. This enhances the accessibility of the 5G service in rural communities and reduces greenhouse gas emissions by cutting electricity usage from establishing and operating base stations.

(2) Reference product/service or baseline scenario used

The projected reduction in greenhouse gas (GHG) emissions from the implementation of Building Energy Management System (BEMS), Factory Energy Management System (FEMS), and Lighting Energy Management System (LEMS) was assessed by comparing their impact against standard energy usage without these systems. Energy efficiency was measured based on the energy savings achieved through the EMS under the specified scenarios. By comparing energy consumption and GHG emissions with and without these systems, it was confirmed that significant reductions in GHG emissions could be achieved.
Accordingly, SK Telecom reports the emissions reduction impact resulting from the implementation of the EMS systems.

(3) Explain your calculation of avoided emissions, including any assumptions

A comparative analysis of energy consumption and the associated greenhouse gas emissions for projects utilizing BEMS, FEMS, and LEMS revealed that these energy management systems significantly improve energy efficiency across various applications. The energy savings achieved through these systems were assessed using a contribution-based approach, and the emissions avoided as a result of their implementation were directly calculated. By evaluating the level of energy efficiency improvement, the potential reduction in greenhouse gas emissions due to the deployment of these energy management systems was estimated.
The reduction in greenhouse gases achieved through optimized energy usage with BEMS, FEMS, and LEMS was calculated as equivalent to the emissions avoided.
Greenhouse gas reduction = Greenhouse gas emissions reduced in 2023 through the implementation of BEMS, FEMS, and LEMS.

Module 7. Environmental performance - Climate Change

7.79 Has your organization canceled any project-based carbon credits within the reporting year?
• No

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	Business Strategy
M6	Environmental Performance - Consolidation Approach
M7	Environmental performance - Climate Change
M11	**Environmental Performance - Biodiversity**
M13	Further information & sign off

Module 11. Environmental Performance - Biodiversity

11.2 What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

Actions taken in the reporting period to progress your biodiversity-related Commitments	Type of action taken to progress biodiversity-related commitments
• Yes, we are taking actions to progress our biodiversity-related commitments	• Species management • Law & policy

Module 11. Environmental Performance - Biodiversity

11.3 Does your organization use biodiversity indicators to monitor performance across its activities?

Does your organization use indicators to monitor biodiversity performance?
• No, we do not use indicators, but plan to within the next two years

Module 11. Environmental Performance - Biodiversity

11.4 Does your organization have activities located in or near to areas important for biodiversity in the reporting year?

Type of area important for biodiversity	Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity	Comment
• Other areas important for biodiversity	• Yes	-

Module 11. Environmental Performance - Biodiversity

11.4.1 Provide details of your organization's activities in the reporting year located in or near to areas important for biodiversity.

Types of area important for biodiversity	Protected area category (IUCN classification)	Country/area	Name of the area Important for Biodiversity	Proximity
• Other areas important for biodiversity	• Not applicable	Republic of Korea	• Yejang-dong, Jung-gu, Seoul (Namsan pine forest area with Quercus grove) • Mitan-myeon, Pyeongchang-gun, Gangwon-do (an area at risk for endangered species such as otters and musk deer)	• Adjacent

Module 11. Environmental Performance - Biodiversity

11.4.1 Provide details of your organization's activities in the reporting year located in or near to areas important for biodiversity.

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.	7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.	7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.
• 5G service provided in Namsan area of Seoul • 5G service provided in Donggang area	• Yes, but mitigation measures have been implemented	Select all that apply: • Site selection • Project design

7.8 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

- SK Telecom conducted activities to provide 5G services in Namsan area in Seoul, and evaluated their impact on biodiversity by using the TNFD LEAP Framework and Encore Tool. The service provision area is Yejang-dong, Jung-gu, Seoul, which is included in the Namsan pine forest area for the development of the red oak community and is evaluated as an ecological landscape conservation area, so we judged that the impact of our activities was high. Accordingly, SK Telecom minimized the impact on biodiversity by avoiding the area and installing facilities.
- SK Telecom conducted activities to provide 5G services in the Donggang area, and evaluated their impact on biodiversity using the TNFD LEAP Framework and Encore Tool. As the service provision area is Mitan-myeon, Pyeongchang-gun, Gangwon-do, and is evaluated as an ecological landscape conservation area inhabited by endangered species such as otters and musk deer, we judged that our activities are highly dependent on biodiversity, and we tried to minimize the impact on biodiversity by providing services using other companies' equipment using the 5G joint network.

2024 CDP Climate Change

M1	Introduction
M2	Identification, assessment, and management of dependencies, impacts, risks, and opportunities
M3	Disclosure of dependencies, risks, and opportunities
M4	Governance
M5	Business Strategy
M6	Environmental Performance - Consolidation Approach
M7	Environmental performance - Climate Change
M11	Environmental Performance - Biodiversity
M13	**Further information & sign off**

Module 13. Further information & sign off

13.1 Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party??

Other environmental information included in your CDP response is verified and/or assured by a third party
• Yes

Module 13. Further information & sign off

13.1.1 Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Environmental issue for which data has been verified and/or assured	Disclosure module and data verified and/or assured	Verification/assurance standard
• Climate change	<Introduction> • All data points in module 1 • All data points in module 2 • All data points in module 3 <Governance> • All data points in module 4 <Business strategy> • All data points in module 5 <Environmental performance – Consolidation approach> • All data points in module 6 <Environmental performance – Climate change> • All data points in module 7	General standards • ISO 14064-3 • Korean GHG and energy target management system • Other climate change verification standard, please specify → CDP Response Verification Guideline(CDP KOREA)

Further details of the third-party verification/assurance Process	Attach verification/assurance evidence/report (optional)
We conduct CDP verification every year based on CDP Response Verification Guideline (CDP KOREA), ISO 14064-3, and Korean Emissions Trading System Guidelines, and All data points in modules 1~7 have been verified. The verification agency provides limited assurance on the reliability of the data provided by SK Telecom.	DNV Third-party verification Opinion

Module 13. Further information & sign off

13.3 Provide the following information for the person that has signed off (approved) your CDP response.

Job title	Corresponding job category
CEO	• Chief Executive Officer (CEO)

Thank You

ECODEYE