

# TRANSFORMING THE NEW FUTURE

The cover features a light blue background with a central graphic of overlapping spheres. The largest sphere is a vibrant blue and contains a white network of interconnected nodes and lines, resembling a globe or a data network. To its right are two smaller, semi-transparent teal spheres. A horizontal line with an arrowhead on the right passes through the center of the spheres. A vertical line with an arrowhead pointing upwards intersects this horizontal line. A dashed circle is centered on the intersection of these two lines. The text 'ANNUAL REPORT 2020' is positioned to the right of the horizontal line, below the dashed circle.

**ANNUAL REPORT  
2020**

# BEYOND THE NEW NORMAL

SK Telecom has been expanding its innovation based on ICT technology, while also extending cooperation in various fields and taking the lead in creating value through ESG (Environmental, Social, and Governance). Our pace of innovation and cooperation was accelerated in 2020 despite the ongoing COVID-19 crisis, which in turn resulted in achieving robust growth amid the difficult business environment. We also helped our communities fight against COVID-19 by leveraging our ICT capabilities.

In the “new normal” era, where change has become a part of everyday life, we pursue innovation beyond change. In the “next normal” era, where we face unprecedented changes, we will further speed up our efforts in ESG management, and thus grow into a big tech company that is globally recognized and respected by all our stakeholders.

Our tireless pursuit of innovation will continue through the new era.

## 1. ABOUT COMPANY

About SK Telecom	029
CEO Message	032
Business Model	040
Sustainability Management Directions	042
Subsidiaries	044

## 2. VALUE TO BUSINESS

Issue Report	055
Creating Economic Value	058
Materiality Assessment	060
Stakeholder Engagement	068
Mid-to Long-term Strategy	071
Strengthening ICT Infrastructure	072
Creating New Value through Business Restructuring	076
Pursuing Sustainable Growth through Openness and Collaboration	080

## 3. VALUE TO GOVERNANCE

Corporate Governance	083
Risk Management	102
Ethical Management	112
Compliance	116
Supply Chain Management	121
Cyber Security	129
Customers	133

## 4. VALUE TO ENVIRONMENT

Environmental Management	139
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## 5. VALUE TO SOCIETY

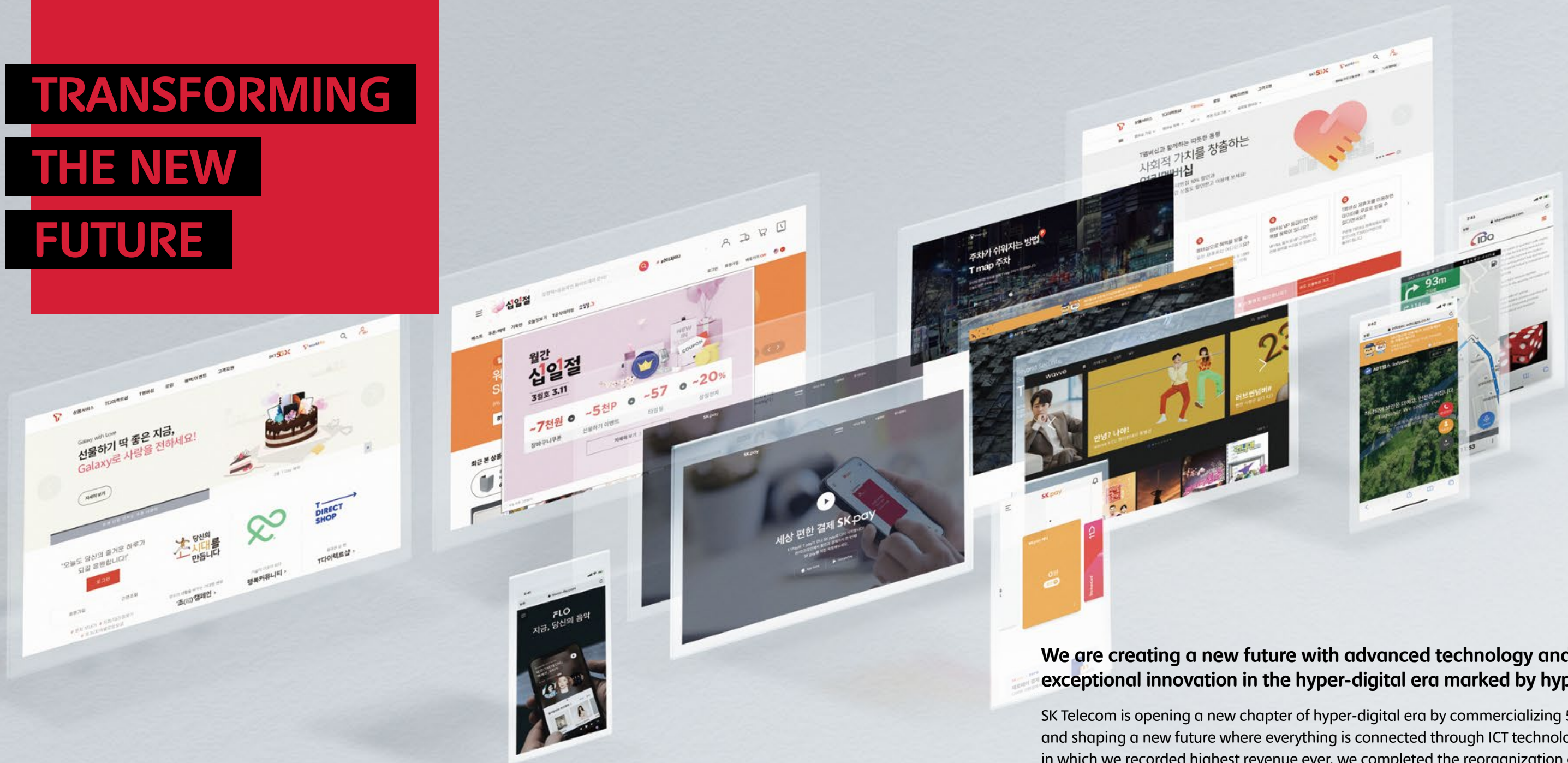
Employees	149
Human Rights Management	154
Occupational Safety and Health	159
Social Contributions	164

## 6. APPENDIX

Financial Statement	175
Non-financial Statement	210
Index	234
GRI Standards Index / SASB / TCFD / UNGC / UN SDGs	
About This Report	262

## BUSINESS AREAS

# TRANSFORMING THE NEW FUTURE



**We are creating a new future with advanced technology and exceptional innovation in the hyper-digital era marked by hyperconnectivity.**

SK Telecom is opening a new chapter of hyper-digital era by commercializing 5G technology and shaping a new future where everything is connected through ICT technology. In 2020, a year in which we recorded highest revenue ever, we completed the reorganization of our business structure to be such five business areas as MNO, media, S&C, commerce, and mobility, and made significant progress to becoming a “global new ICT company”. Going forward, we will further strengthen our competitiveness in all business areas and expand synergy creation among them, with a goal of opening a new era with limitless possibilities through hyper connectivity.

# MNO Mobile Network Operator

## Ushering in a hyper-digital era where imagination becomes reality through 5G technology

In 2019, SK Telecom succeeded in commercializing 5G for the “first” time in the world, which was followed by the “best” performance ever in 2020. As of the end of 2020, the number of our 5G subscribers stood at 5.48 million, confirming our undisputed No. 1 position in the industry. We also ranked first in the 5G quality evaluation by the Ministry of Science and Technology, and maintained our first place in Korea’s top 3 customer satisfaction surveys<sup>1)</sup> for the longest period, in what we interpret as milestones in our endeavors to lay the groundwork for sustainable growth. In 2021, we will accelerate the pace of our evolution into an “AI-based subscription service Co.” by adding AI to our differentiated competitiveness in order to provide differentiated customer value in offering products and services.

<sup>1)</sup> National Customer Satisfaction Index (NCSI), Korean Customer Satisfaction Index (KCSI), and Korean Standard-Service Quality Index (KS-SQI)

## No. 1

Commercialization of 5G for the first time in the world & a leader in the 5G market in Korea

## 5,480,000

No. of 5G subscribers as of the end of 2020 (46% market share)

## 7.5%↑

Operating profit of KRW 1, 023.1 billion, up 7.5% YoY

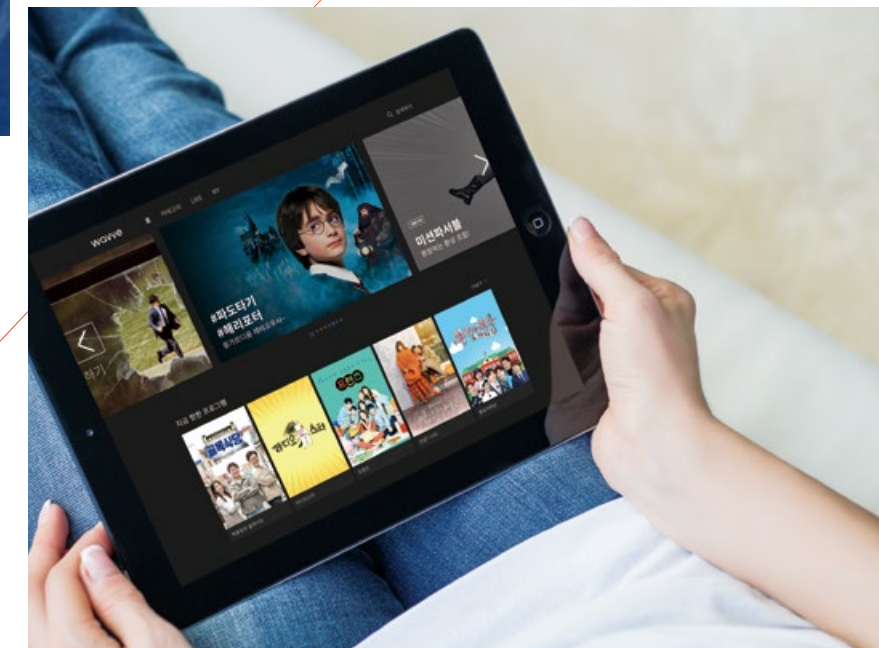
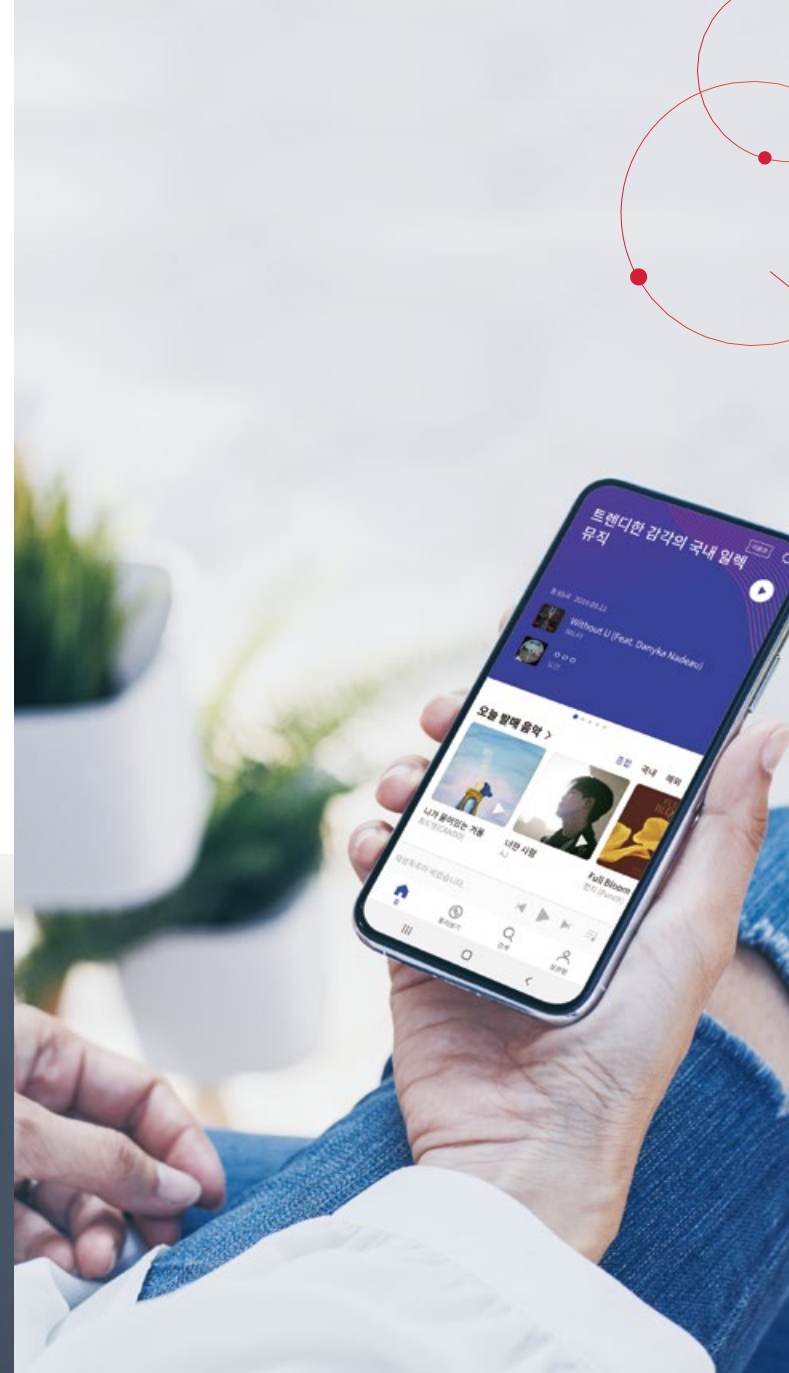


T Factory Virtual Tour

# Media

## Leading change in the media market to create a new ecosystem

In the rapidly changing media and content market, SK Telecom precisely analyzes the market trends and proactively responds to customer needs. In 2020, we successfully completed the merger between SK Broadband and t-broad, and achieved record revenue of KRW 3,713.5 billion, on the back of growing number of IPTV subscribers, thereby maintaining solid growth pace. Going forward, we will build a platform optimized for the market, such as “wawe”, an integrated over-the-top (OTT) media service optimized for the Korean market, and provide differentiated contents. Focusing on the advancement of next-generation media technology, SK Telecom will continue leading the way toward a new media and content ecosystem.



### No.1

Record high performance on the back of successful merger between SK Broadband and t-broad

### 8,590,000

No. of paying TV subscribers as of the end of 2020

### 59.2%↑

Operating profit of KRW 230.9 billion, up 59.2% YoY



# S&C Safety & Care

**Building a safer society with future-oriented convergence security in the hyper-connected era**

SK infosec, Korea's No. 1 information security company, and ADT Caps, a physical security company with 700,000 subscribers, joined forces to become "Korea's No. 1 convergent security company". The merger of the two entities into a single corporation was completed in the first quarter of 2021, which will be followed by the introduction of a new concept of convergent security service that combines SK infosec's information security platform with ADT Caps' cutting-edge control system and dispatch infrastructure based on SK Telecom's ICT capabilities. In particular, we will break down boundaries between physical security and information security to build a safe society which provide the value of safety and comfort to our customers simultaneously and furthermore lead the future security industry.

## No.1

1st place in the crime prevention and security service sector of the K-CSBI for 7 consecutive years

## 5,970

No. of professionals at ADT Caps

## 12.2%↑

Revenue of KRW 1.3 trillion, up 12.2% YoY



# Commerce

**Evolving into a commerce portal that provides fun and excitement beyond shopping**

11st, a commerce subsidiary of SK Telecom, provides customized solutions optimized for customers in the entire shopping process, from product search to purchase, based on ICT technology, and is evolving into a commerce portal that offers a differentiated customer experience beyond an open market. As a result, in 2020, its transaction volume increased by more than 10%, with revenue growth turning upward. SK stoa maintained its strong growth pace by achieving the No. 1 position in the T-commerce market in Korea and recording a year-on-year increase of 37.1% in revenue. In 2021, 11st plans to join forces with Amazon, the world's largest e-commerce company, to provide the best possible customer experience and grow into a global distribution hub platform.



11st

## No. 1

1st place maintained in customer satisfaction surveys conducted by KCSI and KS-SQI

## 44,200,000

No. of 11st members as of the end of 2020

## 12.1%↑

Revenue of KRW 814.3 billion, up 12.1% YoY (11st + SK stoa)

# Mobility

## Building an entirely new integrated mobility platform based on hyper-cooperation

In December 2020, we launched T map Mobility Co. - a mobility specialist that provides an all-in-one mobility service ranging from navigation to surrogate driving and public transportation. The company plans to expand the platform business by applying ICT technology to its core assets such as T map, Korea's signature mobility platform, and to expand collaboration with various companies including automobile manufacturers. It will also focus on launching a variety of innovative services aimed at bolstering customer convenience and safety. In April 2021, the company formed a partnership with Uber to establish UT, a joint venture, and aims to expand cooperation. SK Telecom also plans to improve its corporate value on the back of technology and data, and take the lead in mobility service innovation.

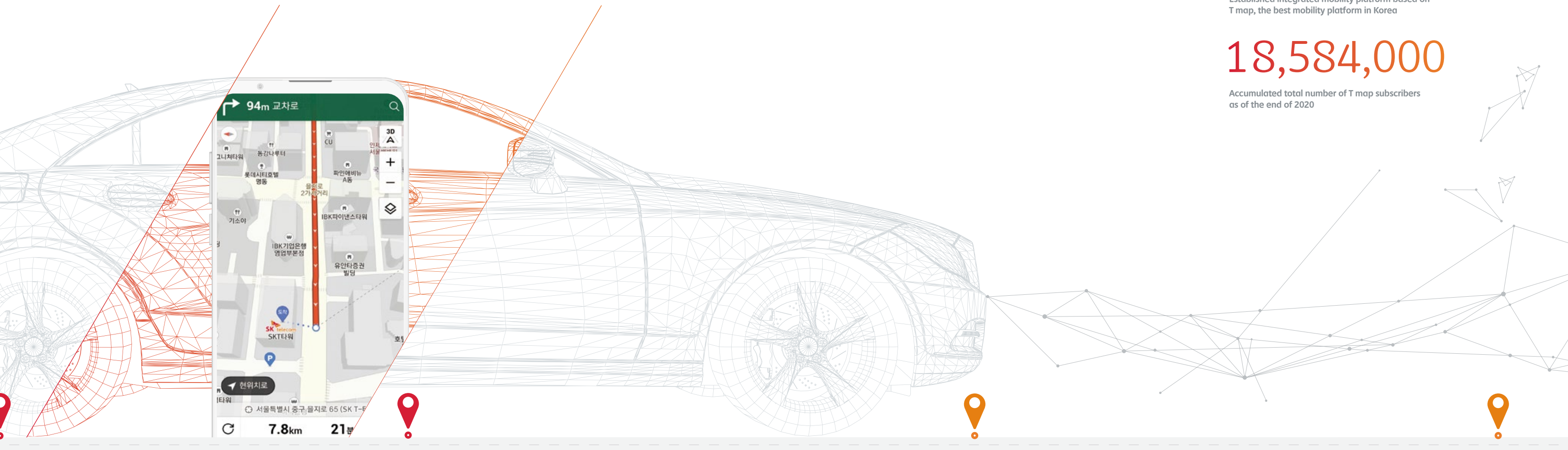


## No.1

Established integrated mobility platform based on T map, the best mobility platform in Korea

## 18,584,000

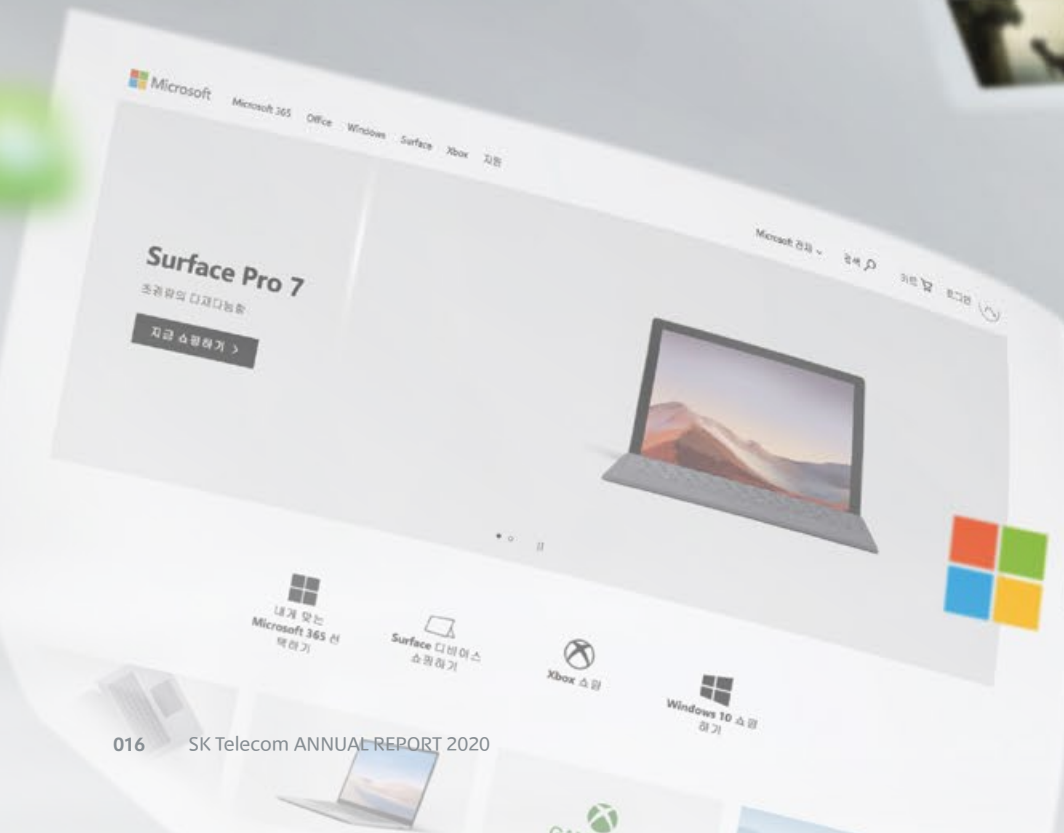
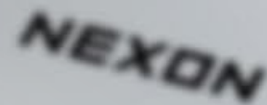
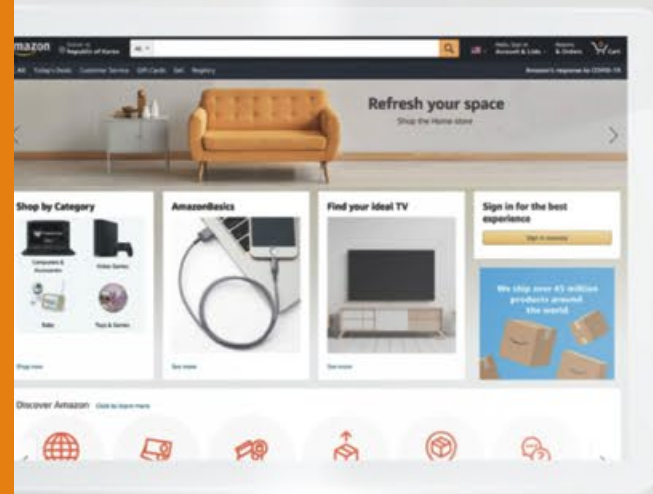
Accumulated total number of T map subscribers as of the end of 2020





**HYPER COLLABORATION**

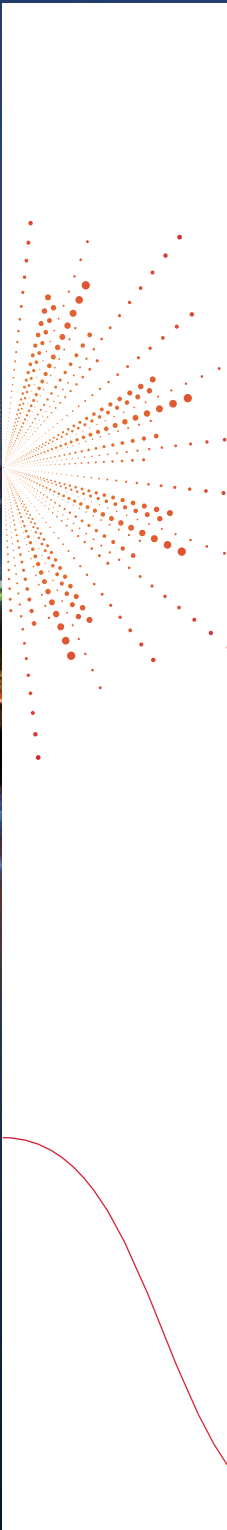
**TRANSCENDING  
ALL  
BOUNDARIES**



**We are breaking down all boundaries and limitations through innovation and collaboration in the Industry 4.0 era marked by hyper-convergence.**

SK Telecom is creating a differentiated brand story based on its advanced technology and driven by innovations. Furthermore, in our efforts to strengthen digital capabilities in the era of digital transformation, where industry boundaries are blurring, we take bold action to collaborate with domestic and foreign players in diverse fields such as media, games, commerce, and mobility, in addition to MNO, as a widely recognized leader in the field of hyper-cooperation. Going forward, we will continue to expand collaboration as a means of securing new growth engines while taking the lead in building a new global ICT ecosystem.



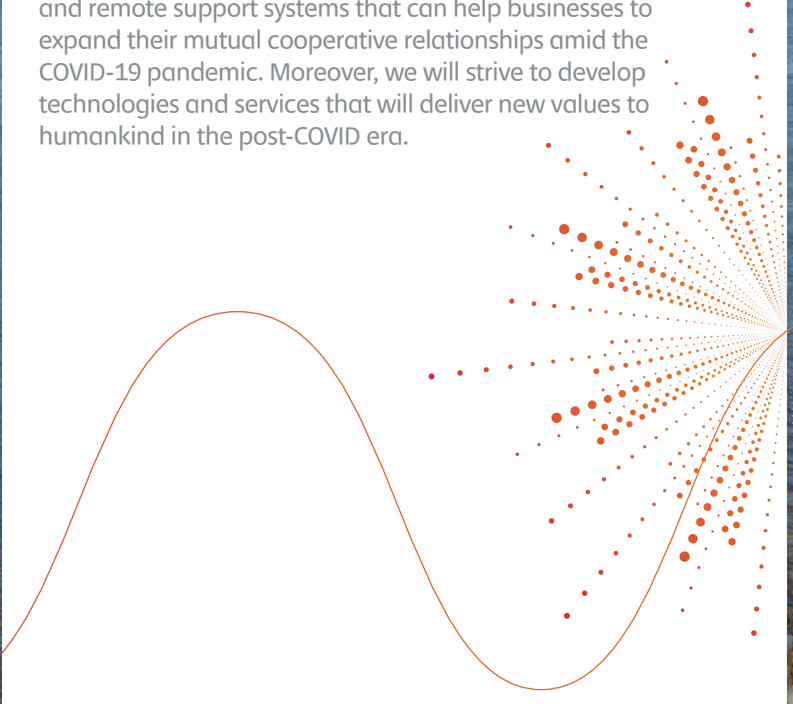


# Hyper collaboration

# on a global scale

## Leading the 5G era by broadening the scope of global collaboration

SK Telecom is preparing for innovations that connect today and tomorrow through cross-border hyper-collaboration in the 5G domain. In 2020, we concluded an agreement to launch a 5G technology joint venture (JV) with Deutsche Telekom as a bridgehead for the joint effort to create new miracles on the Han River and the Rhine for the Fourth Industrial Revolution. The advanced technologies which the JV is planning to develop include 5G inbuilding solutions. In addition, we have developed a new method of global cooperation based on contactless solutions and remote support systems that can help businesses to expand their mutual cooperative relationships amid the COVID-19 pandemic. Moreover, we will strive to develop technologies and services that will deliver new values to humankind in the post-COVID era.



# 5G-based hyper collaboration

## Creating a 5G-based robust hyper-collaboration ecosystem

SK Telecom is providing a new 5G-based customer experience in close collaboration with global ICT companies, while securing new growth engines for sustainable growth. In December 2020, we joined forces with Amazon Web Services (AWS) to commercialize “SKT 5GX Edge”, the first 5G edge cloud service in Korea, which applies AWS’s Wavelength to the 5G mobile edge computing (MEC) infrastructure to create new value by maximizing the advantages of 5G networks which enables high-speed and hyper-low latency services. In September 2020, we partnered with Microsoft to launch “5GX Cloud Game” which allows players to enjoy games provided by Microsoft’s ‘Xbox’ on mobile devices. We also expanded 5G content business, with Jump Studio taking a central role. Equipped with “Microsoft’s 3D volumetric video capture” technology, for the first time in Asia, Jump Studio introduced such hyper-reality content as “AR Taepyeongmu Dance”, a Korean traditional dance prying for peace reinterpreted and developed through augmented reality (AR) technology, delivering a message of support during the COVID-19 pandemic in our own unique way.



[SK Telecom X the Cultural Heritage Administration]  
2021#great peace



**TRANSLATING  
ESG INTO  
SUSTAINABLE VALUE**

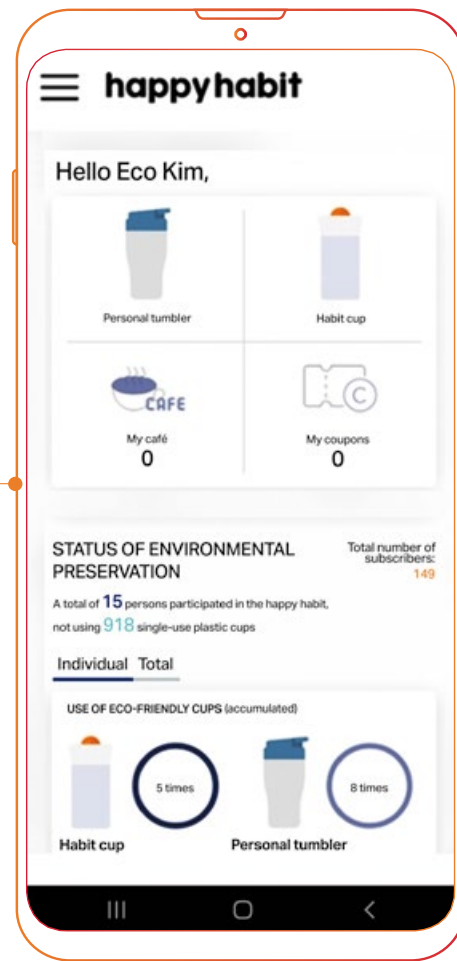
**In an era that requires greater solidarity and cooperation than ever before, we are increasing ESG value where we excel through ICT.**

SK Telecom pursues management that achieves long-term sustainable growth with society based on the principle of the “Double Bottom Line” – with such two pillars of business performance as economic value (EV) and social value (SV). In particular, we are developing environmental, social, and governance (ESG) values with our cutting-edge ICT technologies and infrastructure, while extending collaboration with various players to nurture our ICT impact on building a sustainable society. Such efforts have been recognized in ESG evaluations conducted by various domestic and foreign institutions, such as Morgan Stanley Capital International (MSCI), Dow Jones Sustainability Index (DJSI), and Korea Corporate Governance Service (KCGS).



- **Winner of GSMA Awards in 3 Categories**  
- “Smart Fleet”, a data analytics platform for intelligent mobility; advanced driver assistance systems for hearing impaired taxi drivers; and “Happy Coding School”, a software education program for teenagers with disabilities

\* GSMA Global Mobile Awards: Annual presentation of awards by Global Mobile Operators Association in recognition of outstanding communication-related technologies and services developed and released around the world over the previous year



# Green ICT Green Action

## Increasing environmental sustainability through ICT solutions

SK Telecom is evolving into an eco-friendly ICT company by accelerating its transition to renewable energy sources while taking the lead in reducing greenhouse gas (GHG) emissions based on ICT capabilities. We have also joined hands with citizens to create a sustainable environment by offering eco-friendly services that they can use in their daily lives, including “Safe Driving with T map”, which adds eco-friendliness to safe driving, and “happy habit” designed to reduce the use of disposable plastics.

### KEY HIGHLIGHTS

- Joined the RE100 for the first time in Korea (Dec. 2020)
- Became the first telecommunication company in Korea to secure carbon credits by reducing GHG emissions (Mar. 2021)
- Signed a “Green Premium” contract for certification of the use of renewable energy (Feb. 2021)
- Launched “happy habit”, an ICT-based environmental project to reduce the consumption of single-use plastics (Nov. 2020)



**RE100**  
CLIMATE GROUP | CDP



# ICT for Social Impact

## Changing society for the better with our people-centered ICT technology

Leveraging our ICT technology, SK Telecom has been making continuous efforts to improve public access to information, facilities, and services to ensure that no one is left behind, while also playing as a social safety net. We introduced the “NUGU Care Call” service, where AI checks the status of self-quarantined COVID-19 patients and others on the active monitoring list. In cooperation with social enterprises and local governments, we provide the “AI Care” service to help resolve issues associated with seniors living alone, including loneliness, physical safety, and dementia, and also to develop smart social protection models. In addition, we help people with disabilities improve their quality of life through our ICT technologies, including the “T map Taxi” app designed exclusively for taxi drivers with hearing impairments, and the “Happiness Coding School” for children and adolescents with disabilities.

### KEY HIGHLIGHTS

- Applied the AI Care Service and won projects
- Launched the “11st Prepayment Service”, an innovative financial service for small business owners
- Signed an MOU with UNICEF Korea to promote and spread an ICT-based culture of donation
- Developed an “AI-based dementia screening program” with Seoul National University’s College of Medicine
- Supported the growth of startups in collaboration with SKT Biz

As the human voice differs between normal people and people suffering from dementia, AI can be used to ascertain whether an elderly person has signs of dementia by means of voice analysis.





# About Company

## SECTION 1.

- About SK Telecom
- CEO Message
- Business Model
- Sustainability Management Directions
- Subsidiaries

## About SK Telecom

SK Telecom is building its “New Biz” business areas of media, S&C, commerce, and mobility in addition to its wired and wireless communications businesses. Based on 5G communication technology, we are staying ahead of the curve in such areas as AI, big data, IoT, and quantum cryptography, and growing into a global ICT leader.

In addition, as an ICT Synergy Company, we are striving to create new values for our customers, employees, and stakeholders, and to contribute to social and economic development and the future happiness of humankind. Going forward, we will lead the Fourth Industrial Revolution era with AI technology and digital transformation, while also providing solutions to social challenges we face through ICT innovation.

### Corporate Overview

<b>Date of Establishment</b>	March 29, 1984
<b>Number of Employees</b>	5,352
<b>Number of Subsidiaries</b>	49
<b>Address of Headquarters</b>	SK T Tower, 65, Eulji-ro, Jung-gu, Seoul 04539, Korea
<b>Corporate Website</b>	Korean <a href="https://www.sktelecom.com">https://www.sktelecom.com</a> English <a href="https://www.sktelecom.com/index_en.html">https://www.sktelecom.com/index_en.html</a>

\* As of December 31, 2020

### Information for Investors

		Available Filings
<b>Paid-in Capital</b>	KRW 44,639 million	Korean Electronic Disclosure System of Financial Supervisory Service <a href="http://dart.fss.or.kr">http://dart.fss.or.kr</a> → Search for “SK Telecom”
<b>Number of Shares Issued</b>	72,060,143	
<b>Stock Exchange Registration Status</b>	Korea Stock Exchange 107670.KS (common stocks) New York Stock Exchange SKM (Depositary Receipts) London Stock Exchange SKMD (Depositary Receipts)	Public Disclosure Channel of Korea Exchange <a href="http://kind.krx.co.kr">http://kind.krx.co.kr</a> → Search for “SK Telecom”
<b>Transfer Agent</b>	Securities Agency Department, KB Kookmin Bank 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul 07331, Korea T. 82-2-2073-8100 F. 82-2-2073-8111	English New York Stock Exchange <a href="http://www.sec.gov/edgar/searchedgar/companysearch.html">www.sec.gov/edgar/searchedgar/companysearch.html</a> → Company Name: Search for “SK Telecom”
<b>Annual General Shareholders Meeting (37th)</b>	Thursday, March 25, 2021 SK T Tower, 65, Eulji-ro, Jung-gu, Seoul 04539, Korea	London Stock Exchange <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a>
<b>Contact Information</b>	Email: <a href="mailto:skt.ir@sk.com">skt.ir@sk.com</a> T. 82-2-6100-2114	

\* As of May 2021

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ICT Synergy Company that pursues the happiness of customers, employees, and other stakeholders as number 1 priority

**Innovation and technology**

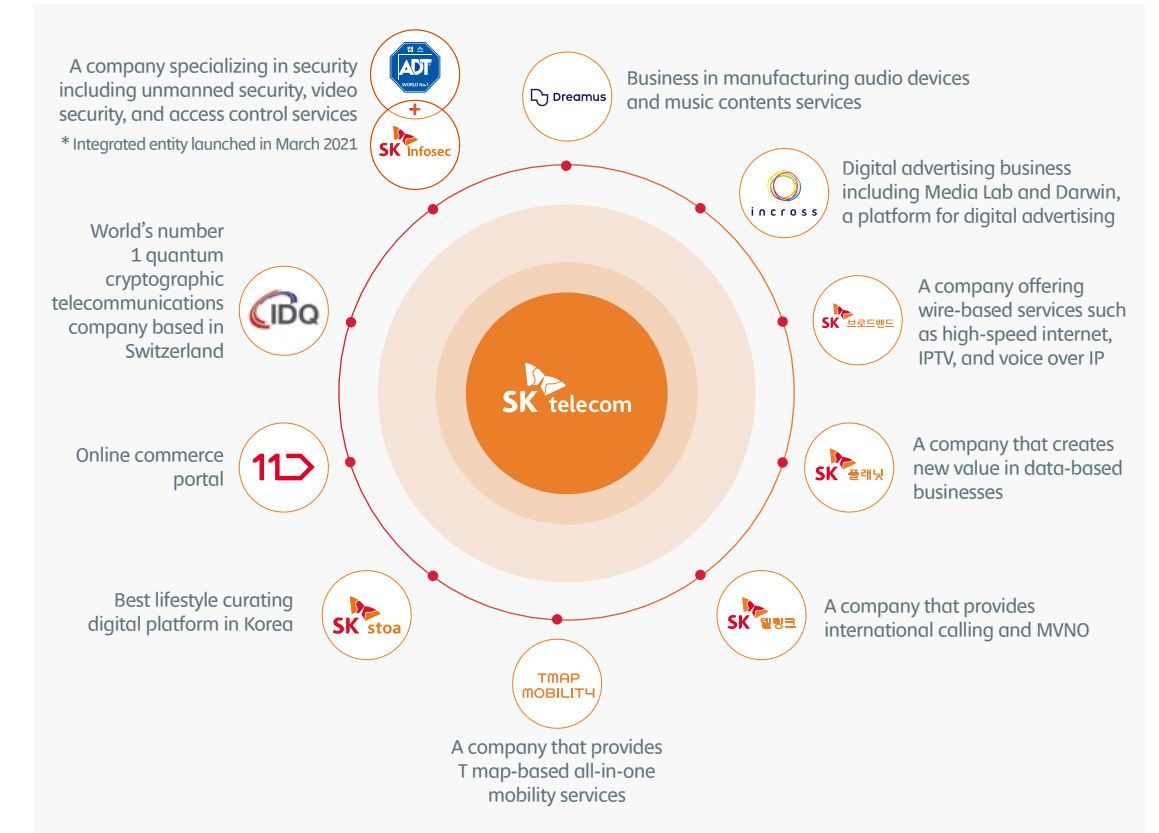
We utilize technology such as 5G and AI to create innovative products and services.

**New customer experiences**

We offer services that are tailored to our customers by applying the AI technology to various sectors including media, security, commerce, etc.

**Social value creation**

We work alongside our society on social challenges, and we find solutions through ICT innovation.



**Recognition of excellence in ESG**

Recognized for superior ESG management by various rating agencies including domestic and international institutions, NGOs, government, investment institutions, etc.

<p>Recognized for excellence in sustainability management by MSCI, DJSI, and other global evaluation</p>	<p>Rated Excellent on the Win Win Index by Korea Commission for Corporate Partnership Excellent Business of Honor for 8 consecutive years</p>
<p>Korea Corporate Governance Service A+ in Governance, Grade A+ Overall * As of 2020 year-end</p>	<p>GSMA Global Mobile Awards Won at 3 categories including the Best Mobile Innovation for Automotive</p>
	<p>Global Telecom Awards Won at 2 categories including the Best Operator</p>

**Number 1 in all three of Korea's major customer satisfaction surveys**

SK Telecom has ranked number one on the National Customer Satisfaction Index (NCSI), the Korean Customer Satisfaction Index (KCSI) and the Korea Service Quality Index (KS-SQI) for the longest-running period.

**NCSI**  
24 consecutive years

**KCSI**  
23 consecutive years

**KS-SQI**  
21 consecutive years



## CEO Message



### Dear respected stakeholders, I'm Jung Ho Park, President and CEO of SK Telecom.

When I delivered my greetings to you a year ago, the COVID-19 situation was believed to be a temporary crisis that would be overcome shortly, but one year has passed without much change to the situation. In 2020, the pandemic was a black swan event that upended our lives, and the global economy was seriously impacted by this unprecedented crisis. Against these circumstances, SK Telecom strived to adapt to the major waves of change and achieve growth.

For MNO business, we carried out distribution innovation to cater to the non-face-to-face business environment and built a foundation for a subscription service company while solidifying our 5G leadership. We strengthened the New ICT portfolio by adding Mobility as a key business division to the portfolio that includes Media, Security and Commerce. The successful merger between SK Broadband and t-broad resulted in an integrated entity with scale and service competitiveness. For security business, the merger between ADT Caps and SK infosec created a foundation to enhance operational efficiency and become Korea's No.1 integrated security business. For commerce, 11st achieved revenue growth amid rising competition and SK stoa enjoyed rapid growth as a strong T-commerce player.

These achievements led to strong financial results. Both MNO and New ICT businesses achieved solid growth with a consolidated revenue of 18.6 trillion won, another record year following 2019. In particular, the operating income contribution by the New ICT businesses, including Media, Security and Commerce, increased 10%pt YoY to 24%. It demonstrates that the new ICT businesses have passed the initial stage of quantitative growth accompanied by cost increase and entered the phase of qualitative growth where meaningful contributions to earnings are achieved.

It is also meaningful to note that SK Telecom's efforts to provide ICT safety net for society have helped the vulnerable in the pandemic era. For instance, NUGU Care Call is a service where AI calls people in self-quarantine to check on their conditions, and the Happy Community AI Care provides ICT-based smart welfare services to senior citizens who live alone. These services clearly illustrate that SK Telecom's AI technology has contributed to providing better welfare for vulnerable members of our society and thereby strengthening the social safety net.

In order to move beyond a telecom business and become a global ICT company, SK Telecom strives to expand its scope of collaboration and partnership with global companies. Amid intensifying competition among global ICT players, we have forged partnerships with companies like Microsoft, Amazon and Uber to enhance global competitiveness and promote convenience for customers. Given the constantly changing business environment, continuous enhancement of corporate value can only be achieved through cooperation with major global players based on our ICT capabilities and business portfolio. Thus, SK Telecom and its ICT companies will continue to be bold and active in pursuing partnerships and collaborations with external partners to generate success stories in a sustainable manner.

Please allow me to elaborate on our achievements and strategies.

## Achievements by Businesses

### MNO, Stronger 5G Leadership

For MNO business, 2020 was a year when we made a new leap forward based on 5G. Since the world's first commercial launch of 5G, the subscriber base has been expanding to reach 5.5 million at the end of 2020. With the development of new business models based on cloud and MEC and the expansion of B2B services, 5G has become our key network.

SK Telecom's 5G leadership has been confirmed in terms of network quality and customer service innovation. We ranked first in key quality indices in the 5G quality assessment by the Ministry of Science and ICT at the end of last year, and we earned the absolute No. 1 position in the nation's three customer satisfaction indexes (KCSI, NCSI and KS-SQI).

Amid challenges related to COVID-19, we turned the crisis into an opportunity by innovating the distribution chain to be optimally suitable for the non-face-to-face environment. New business models have been developed, including the 5G-based cloud game in collaboration with Microsoft and the V Coloring service whose platform is open to other telecom customers. These new initiatives are solidifying our 5G leadership.

After building a foundation for structural growth with 5G in 2019, the MNO division achieved a successful turnaround in 2020 with the annual revenue growth of 3% and the operating income growth of 8% YoY on a non-consolidated basis. While maintaining sustainable revenue and income growth based on 5G competitiveness, MNO will pursue an evolution to an AI-based subscription service company by expanding subscription services such as music, OTT, rental, insurance and delivery and growing the subscriber base to include all Koreans through optimally personalized packaging.

## Media, Emergence as a Mega Platform Company

With the completion of the merger with t-broad, SK Broadband became a media platform company with 8.6 million paying subscribers. SK Broadband's IPTV subscriber base has been growing on the back of the increase in one-person households, and we are now gaining more time share of users based on stronger content competitiveness and personalization based on AI. As a result, in 2020, SK Broadband revenue grew 17% YoY to record 3.7 trillion won, breaking last year's record yet again.

SK Broadband will not simply remain as a cable network or pay TV service provider but aims to become a home entertainment platform for TV content, games and music and serve as a platform for addressable TV and local advertising. In addition, data center business will be promoted to create new business opportunities.

wavve, an OTT media service born in partnership with three terrestrial broadcasters, is expanding its subscriber base thanks to a line-up featuring superior original content. With the target of increasing the paying subscriber count to 5 million by 2023, wavve will strengthen partnerships with domestic and global content providers and expand investment in original content production to be positioned as a leader of the domestic media ecosystem.

## S&C, On Track to be an Integrated Security Service Provider

In 2018, SK Telecom acquired ADT Caps, No. 2 physical security company, and SK infosec, No. 1 information security company, to build a foundation to develop security business as a new growth driver. Based on active partnership with SK Telecom and ICT family companies of SK Group as well as the launch of new services in response to rising demand for non-contact services in 2020, the security business enjoyed sustained growth and recorded a double-digit revenue growth in 2020 as it did in 2019.

To accelerate growth as an integrated security company, we pursued a merger between ADT Caps and SK infosec, which resulted in the formation of a merged entity in March 2021. The new company aims to become a Safety and Care provider that encompasses the existing physical and information security business as well as life care and epidemic prevention services for consumers. We will enhance operational efficiency and maximize synergy by combining SK Telecom's AI and 5G technology, SK infosec's information security platform and ADT Cap's security infrastructure. We will also lead the technology-based integrated security market to be positioned as the absolute leader in terms of profitability and corporate value.

## Commerce, Growing as a Global Distribution Hub

With a rapid transition to a contact-less environment, the Korean e-commerce market has been growing rapidly. In this context, 11st utilized strategic marketing such as Live Commerce to offer differentiated shopping experience and achieved more than 10% of GMV growth without compromising profitability. SK stoa also recorded more than 50% growth in GMV based on the virtuous cycle of growing customer base and better product sourcing capability.

In November last year, SK Telecom agreed to collaborate with Amazon, the world's largest e-commerce player, which has provided a new momentum to break free from the constraints of domestic market competition. Korean consumers will be able to shop products listed on Amazon at 11st, which will enhance customer experience and boost shopping convenience. This change is expected to contribute to the growth of direct cross-border purchase as well as domestic e-commerce business through the increase in shopping traffic.

The Commerce business will focus on strengthening delivery services such as grocery shopping service and next-morning delivery and taking the leadership in the areas of growth with more sophisticated Live Commerce function and other emerging services. It also aims to become a global distribution hub based on full-fledged partnership with Amazon.

## Mobility, The Fifth Key Business Division

The spin-off of the mobility business resulted in the establishment of T map Mobility Co. as a wholly owned subsidiary in December 2020. The new entity will engage in service innovation in various areas including taxi e-hailing service in close partnership with Uber, a global company.

Based on T map, Korea's best mobility platform, T map Mobility Co. plans to develop T Map Life Platform, a B2C platform that includes existing services such as advertising and parking, T Map Auto, a B2B platform for automobile OEMs, Mobility-on-Demand business that supports mobility including designated driver service, and MaaS (Mobility-as-a-Service) that provides various transportation services on a single platform.

In particular, for taxi e-hailing service, T map Mobility Co. will establish a joint venture with Uber in the first half of 2021 to combine T Map Platform and its technology for map and traffic flow analysis together with Uber's global business operation know-how in order to offer innovative and convenient services for consumers and expand the business portfolio.

## Financial Highlights and Dividend

The revenue for FY 2020 saw a 5% growth YoY to record 18 trillion 624.7 billion won, a record high result. The MNO division successfully achieved an annual revenue turnaround thanks to 5G subscriber growth. We also enjoyed overall growth in all New ICT businesses including Media and S&C.

Consolidated operating income recorded a 22% growth YoY on the back of earnings improvement in all business areas such as MNO, Media and Commerce based on stronger competitiveness.

Dividend for 2020 was decided by the Board at 10,000 won per share, which is the same as last year. Under the principle of maintaining a balance between returning profit to the shareholders and securing financial resources to develop growth drivers, we will strive to ensure that the company's growth will ultimately translate into profit for the shareholders.

### Financial Results and Dividend

(Consolidated basis, Unit: KRW billion)

Category	2019	2020	YoY
Revenue	17,740.7	<b>18,624.7</b>	5.0%
MNO	11,421.3	<b>11,746.6</b>	2.8%
New ICT <sup>1)</sup>	5,087.7	<b>5,866.4</b>	15.3%
Operating income	1,108.2	<b>1,349.3</b>	21.8%
EBITDA	5,128.6	<b>5,518.8</b>	7.6%
Net income	860.7	<b>1,500.5</b>	74.3%
DPS (KRW)	10,000	<b>10,000</b>	-

<sup>1)</sup> Media, S&C, Commerce combined

## Environmental, Social, Governance

Stakeholders are increasingly paying attention to ESG and sustainability as well as our financial performance. Since the pandemic, there has been growing interest and investment in eco-friendly and social businesses. As such, companies are accelerating their efforts to strengthen ESG practices.

SK Telecom's sustainable business management was recognized in major Korean and international ESG evaluations such as MSCI, DJSI and KCGS. Under the management principle of DBL (Double Bottom Line), where economic value and social value are the two main goals of business performance, SK Telecom has been serving as a social safety net by utilizing ICT technology to allow anyone in our society to access information, facilities and services more conveniently. These endeavors have afforded us trust from customers and society.

We introduced NUGU Care Call in May 2020 to check conditions of people subject to self-quarantine or close monitoring, which has contributed to more efficient epidemic prevention and control by lessening the burden of COVID-19 frontline workers.

In partnership with social enterprises and local municipalities, the Happy Community AI Care service is designed to provide care for senior citizens who live alone. The service is used by 15,000 households as of last year, and has been recognized as a smart welfare model that satisfies all stakeholders including users, government, municipalities and local communities. We will continue to carry out various initiatives in the areas of environment, society and governance to further enhance our ESG levels. Based on SK Telecom's unique ESG stories, we will create value for society and enhance corporate value by sharing good ESG practices.

Under the RE100 Initiative to which our membership was finalized in December last year, we will take concrete action to increase the share of renewables to 100% by 2050 and gain recognition as an eco-friendly ICT leader. We will also continue to exert positive influence through campaigns such as happy habit to encourage customers to reduce the use of disposable plastic products.

## 2021, a year when a new growth story will unfold as we aim to become an AI-based company

### Dear Stakeholders,

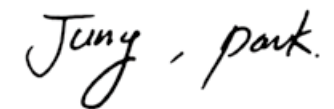
The circumstances surrounding us are extremely challenging.

The population in Korea, a key factor for MNO business growth, recorded a decline for the first time in 2020, and COVID-19, a black swan event, forced us to shift our daily paradigms. In short, comprehensive and fundamental changes are demanded of us.

However, we have made successful change to our business fundamentals to become a new ICT company. In the ever-changing environment, SK Telecom will continue to work hard to gain support and trust of the stakeholders, lead market changes with AI technology, and write new growth stories.

This year, we will prepare for IPOs of the new ICT portfolio, starting with ONE store, so that the value of these new businesses will be recognized by the market. We will do our best to continue to evolve as a global new ICT company and ensure that the assets we have built for future growth will receive proper valuation in the market.

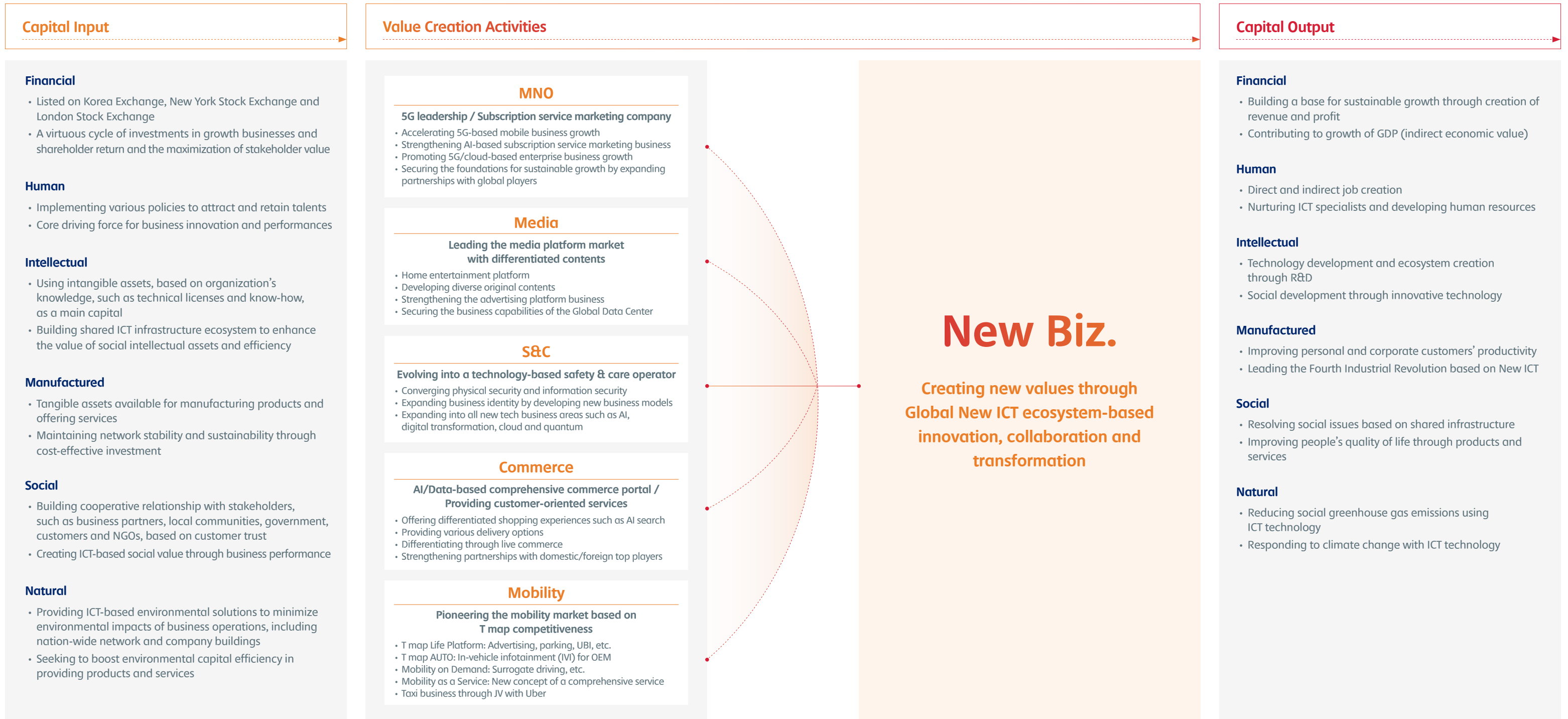
I kindly ask for your continued interest and support in our journey.



**Jung Ho Park**  
CEO and President, SK Telecom

# Business Model

SK Telecom is expanding its New ICT portfolio to include mobile communication (MNO), media, S&C, commerce and mobility, and is taking a big step toward a Big Tech. We will promote business cooperation through our internal and external shared infrastructure and continue to lead corporate sustainability through innovation and growth. We will achieve win-win growth with our stakeholders by creating social values as well as generating economic growth based on our ICT technological prowess.

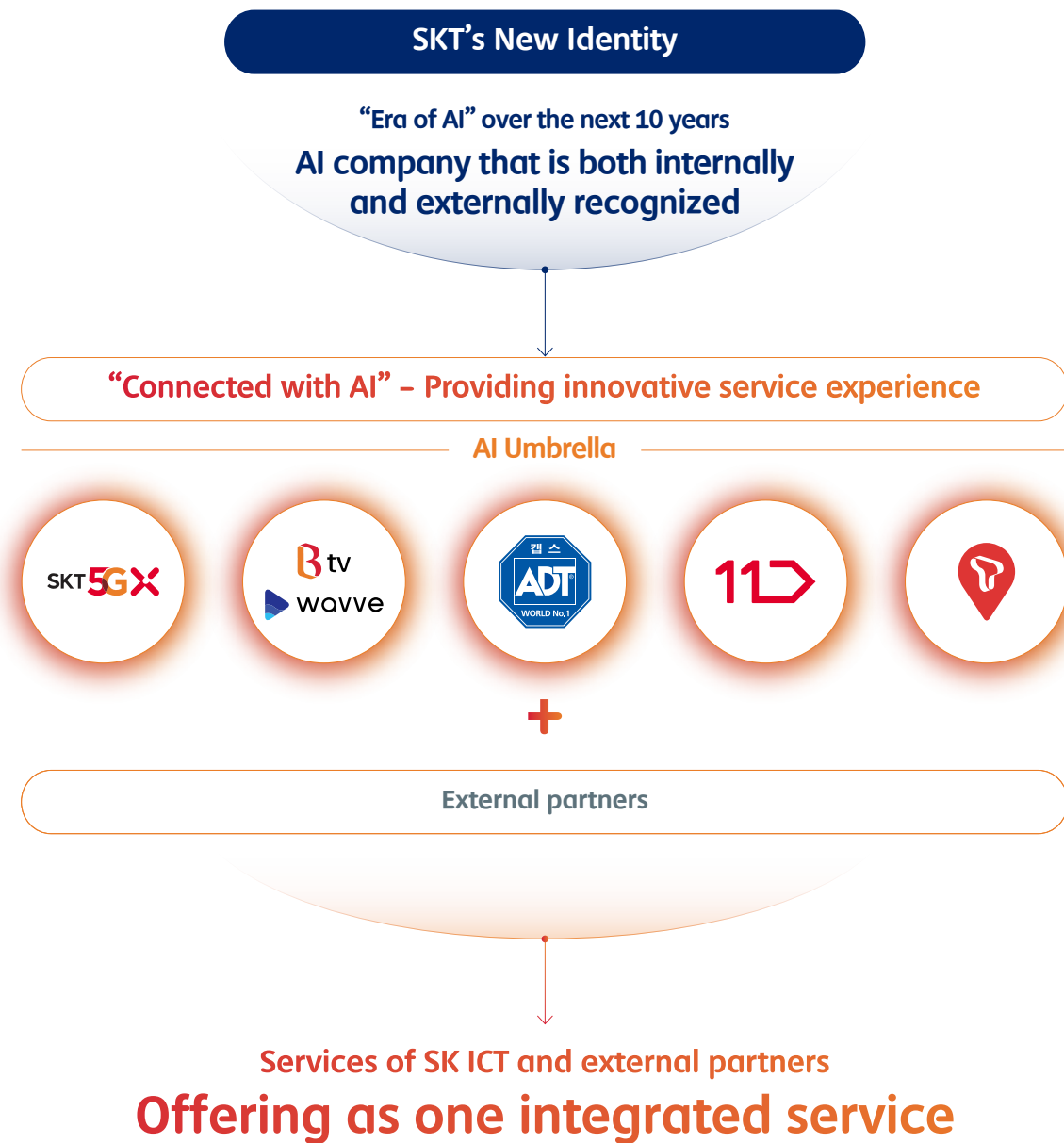


# Sustainability Management Directions

SK Telecom will integrate all our ICT services – media, S&C and commerce, as well as MNO, our core business – through AI technology and provide as a whole. AI, as an umbrella, will integrate all our services, including those run by our external partners, and provide our customers with innovative service experiences.

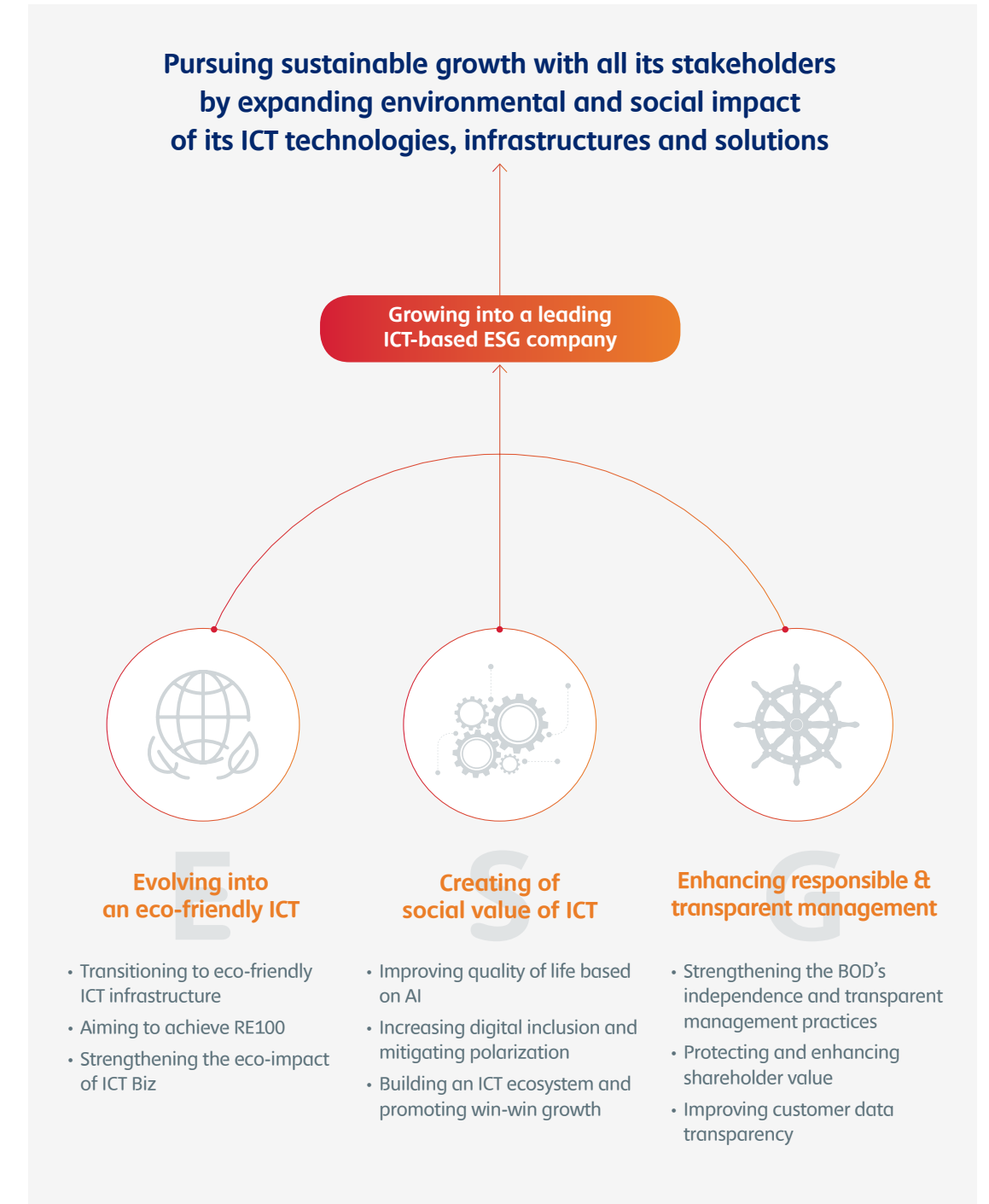
## Management Strategy

Anticipating that the next ten years will be the “era of AI”, SK Telecom aims to transform its identity into an “AI company that is both internally and externally recognized”.



As a leader of ESG (Environmental, Social, Governance) management, SK Telecom has set a strategic direction for its ESG management at the company level and makes continuous efforts to strengthen its corporate sustainability.

## ESG Strategic Directions



# Subsidiaries

## SK hynix

### • Business Areas

Memory semiconductors, such as DRAM and NAND flash, and non-memory semiconductors such as CIS

### • Web Site

www.skhynix.com

### • Address

2091, Gyeongchung-daero, Bubal-eup, Icheon-si, Gyeonggi-do, Korea

### • 2020 Revenue (KRW billion)

**31,900.4**  
(consolidated basis)

### • No. of Employees

**29,008**  
(headquarters basis)

The demand for and use of semiconductors continue to grow in line with the development of ICT, such as 5G, non-face-to-face environment, AI and autonomous driving. Founded in 1983, SK hynix manufactures such memory semiconductors as DRAM, NAND flashes and multi-chip packages (MCPs), which are essential for a wide range of computing devices including mobile devices, servers and storage solutions, and such system semiconductors as CMOS image sensor (CIS).

In 2020, amid the unprecedentedly difficult business environment engendered by the COVID-19 crisis, the memory market appeared to be entering a sluggish phase, unlike expectations, due to declining demand and prices. Nevertheless, SK hynix achieved a significantly improved business performance compared to the previous year by quickly developing pioneering technologies and flexibly responding to rapid changes in demand. In DRAM business, the company proved its quality competitiveness with the largest share in the server market. Its SSD Revenue for data centers and PCs increased by 6 times and 1.6 times, respectively, compared to the previous year, strengthening its market position. SK hynix also entered into an agreement to acquire Intel's NAND business, which will help it overcome its reliance on DRAM and promote the growth of NAND business. The company completed the construction of a new semiconductor plant, the M16 Fab (FAB), in Icheon, Gyeonggi-do, securing a production base capable of responding to mid- to long-term growth in demand.

SK hynix has been pursuing innovation across its entire value chain in a bid to transcend its existing performance. Having joined the RE100 for the first time in the semiconductor industry in Korea, SK hynix now aims to continue expanding its use of renewable energy to meet 100% of its energy needs by 2050. As ESG has become an essential factor for the survival and growth of a company, SK hynix will create more economic and social values through its ESG performance while contributing to improving living conditions for humankind in order to create a virtuous cycle in which its social contributions lead to corporate growth.

New Growth Engines	Key Strategies
<ul style="list-style-type: none"> <li>5G, AI, automotive, etc.</li> </ul>	<p>With the development of the ICT industry, IT devices are becoming mobile and smarter, which requires the development of more advanced semiconductors. SK hynix is consolidating its technological leadership position to respond to the trend while further strengthening its product competitiveness in the high value-added premium product market. In particular, it is working tirelessly to take the lead in such important fields as mobile, server and storage solutions, based on which it plans to respond to the increasing demand for memory that is expected to increase in line with the introduction of 5G, expansion of non-face-to-face work environments, and proliferation of autonomous vehicles. Furthermore, the company will lead a new market by preparing technological requirements for new memory.</p>

### Key Activities and Achievements in 2020

<p><b>July:</b> Launch of the mass production of high-speed DRAM "HBM<sup>1)</sup> 2E"</p>	<ul style="list-style-type: none"> <li>460 GB/sec data processing at 3.6 Gbps speed</li> <li>Optimal memory solution to lead the development of Industry 4.0, including AI and supercomputers</li> </ul>
<p><b>October:</b> Launch of the 2nd generation 10-nano class DDR5</p>	<ul style="list-style-type: none"> <li>Data transfer up to 1.8 times faster than the latest DDR4, power consumption reduced by 20%</li> <li>Realization of a 16 Gb-based 256 GB high-capacity module</li> </ul>
<p><b>October:</b> Announcement of acquisition of Intel's NAND business (excluding NSG's Optane Business Division)</p>	<ul style="list-style-type: none"> <li>Acquisition of Intel's NAND memory and storage businesses, including NAND SSD, NAND memory unit, wafer business, and Dalian Fab in China for USD 9 billion</li> </ul>
<p><b>November:</b> Joined the RE100 initiative</p>	<ul style="list-style-type: none"> <li>Target of sourcing 100% renewable electricity by 2050</li> </ul>

<sup>1)</sup> High Bandwidth Memory



### Revenue & Operating Income

(Unit: KRW billion)

	2018	2019	2020
Revenue	40,445.0	26,991.0	31,900.4
Operating Income	2,084.4	271.9	501.3
DRAM (M/S) <sup>1)</sup>	28.3%	27.4%	28.6%
NAND Flash (M/S) <sup>1)</sup>	12.2%	11.0%	11.8%

<sup>1)</sup> IDC data; based on Revenue; and 2020 figure is the average of quarterly share

## SK Broadband

### • Business Areas

IPTV, high-speed Internet, CATV, home phone, corporate ICT service

### • Web Site

www.skbbroadband.com

### • Address

24, Toegye-ro, Jung-gu, Seoul, Korea

### • 2020 Revenue (KRW billion)

3,713.5

### • No. of Employees

2,415

Since its launch in 1997, SK Broadband has been leading the development of broadcasting and communication services in Korea – good examples include the world’s first commercialization of high-speed Internet ADSL and the launch of Korea’s first IPTV service.

In 2020, based on the merger with t-broad, a cable broadcasting company, the company secured 8.6 million paying TV subscribers and 6.5 million high-speed Internet subscribers, further strengthening its position as a communications and media platform.

As the company’s core business, Btv provides a variety of contents and services tailored to customers’ expectations and needs, such as ZEM Kids, Mobile Btv and OCEAN, a monthly movie service. The company is expanding its media business into digital advertising and the multi program provider (MPP) business. While leading the 10Giga high-speed Internet business with the industry’s most advanced communication technology, SK Broadband is striving to advance its strategic communication infrastructure, such as overseas submarine cables and next-generation internet data centers (IDCs), in order to achieve mid- to long-term growth.

Fully recognizing the importance of ESG management, it is working to create social values by providing smart sign language broadcasting and contributing to the reduction of greenhouse gas emissions with the development of a high-efficiency STB, along with its existing social contribution activities.

As a result of these efforts, the company won the first place in the 2021 National Customer Satisfaction Index (NCSI) survey in the broadband Internet and IPTV service categories for the 11th consecutive year.

#### New Growth Engines

- Multi program provider (MPP)
- Home entertainment platform
- Advertising platform
- Global data center

#### Key Strategies

- Launched MPP business in April 2021 with the aim of strengthening content competitiveness and growing into a top-tier channel operator
- Responding to the media market with a home entertainment platform that provides various contents and services
- Commercialization of addressable TV advertising<sup>1)</sup> and local advertising platform business
- Strengthening capability in DC business which has been growing sharply in line with increasing demand for cloud services by expanding new IDCs

<sup>1)</sup> Customized advertising for each household according to the household’s characteristics and interests identified through the analysis of the data collected from its set-top box

#### Key Activities and Achievements in 2020

<b>March:</b> 1st place in the National Customer Satisfaction Index (NCSI) for 10 consecutive years	<ul style="list-style-type: none"> <li>• Ranked first place in the National Customer Satisfaction Index (NCSI) survey in the IPTV and high-speed Internet categories for 10 years in a row</li> <li>• Reflected VOCs collected through the Customer Advisory Council</li> </ul>
<b>April:</b> Launch of new corporation by merging SK Broadband and t-broad	<ul style="list-style-type: none"> <li>• Contributed to the development of the media industry by strengthening the competitiveness of IPTV and cable TV services</li> <li>• Emerged as a media platform operator based on 8.4 million paying TV subscribers</li> </ul>
<b>July:</b> Service innovation with the concept of “Lovely B tv” that puts the customer first	<ul style="list-style-type: none"> <li>• “Lovely B tv” available anytime, anywhere, with family, happiness and sharing as its core values</li> <li>• Overhauled UI and UX, and launched innovative services, including ZEM Kids, monthly movie subscription plan OCEAN, and mobile B tv</li> </ul>
<b>July:</b> Launched OCEAN, a subscription service with the largest number of the latest films in Korea	<ul style="list-style-type: none"> <li>• Provided the largest latest movies and popular overseas TV shows offered by overseas major studios such as Disney</li> <li>• Available on up to four mobile devices including smartphone for each B tv subscriber through mobile B tv</li> </ul>
<b>December:</b> Acquired SK telink’s B2B business	<ul style="list-style-type: none"> <li>• Entered into agreement with SK telink to acquire B2B business</li> <li>• Goal of strengthening the SK ICT Family’s competitiveness through reorganization of its B2B business</li> </ul>



#### Revenue & Operating Income

(Based on consolidated figures, Unit: KRW billion)

	2018		2019		2020	
Revenue	3,078.4		3,167.9		3,713.5	
Operating Income	202.3		145.0		230.9	

#### Subscribers

(Unit: 1,000 persons)

	2018				2019				2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
IPTV	4,464	4,554	4,659	4,729	4,848	4,971	5,083	5,193	5,298	5,403	5,532	5,657
High-speed Internet <sup>1)</sup>	5,159	5,193	5,238	5,266	5,323	5,374	5,423	5,469	5,512	6,405	6,445	6,476

<sup>1)</sup> t-broad subscribers added from April 2020 (859,000 as of April 2020)

#### M/S

(Unit: %)

	2018				2019				2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
IPTV	28.4	28.4	28.5	28.5	28.6	28.7	28.8	28.8	28.9	28.9	29.0	29.2
High-speed Internet	24.7	24.8	24.8	24.9	25.0	25.0	25.1	25.1	25.2	29.1	29.0	29.0



## ADT Caps

### • Business Areas

Unmanned security, information security, convergent security, cloud security, smart home, unmanned parking, sterilization and quarantine, etc.

### • Web Site

www.adtcaps.co.kr

### • Address

23, Pangyo-ro 227beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea

### • 2020 Revenue (KRW billion)

1,338.6

### • No. of Employees

5,970

\* Based on full-time workers

Established in 1971, ADT Caps is a convergent security specialist that combines physical and information security with New ICT, accumulating a wealth of security expertise and trust over the past 50 years.

After joining as a subsidiary of SK Telecom in October 2018, the company completed its merger with SK infosec and was officially launched as the integrated corporation ADT Caps in March 2021.

ADT Caps is leading the convergent security market based on its innovative security technologies and platforms, and is now evolving into a new ICT-based safety & care (S&C) operator. To this end, it is expanding into new business areas, including a full coverage security service in the cloud area, a smart home safety platform linking home devices and insurance services, customized unmanned solutions such as unmanned stores and unmanned parking, and care and quarantine services for seniors and the socially disadvantaged.

As a result of these efforts, in 2020 ADT Caps recorded revenue of KRW 1,338.6 billion, a year-on-year increase of 12%.

ADT Caps will accelerate the application of New ICT, such as AI, digital transformation, cloud and quantum, thereby breaking down the boundaries between the physical security and information security industries, and leading the tech-based convergent security industry.

### Key Strategies

Positioning itself as a "Life Care Platform Operator" that protects people's lives and property and provides peace of mind by integrating New ICT in the four growth areas of cloud, home safety & care, unmanned operations, and convergent security

Cloud	Home Safety & Care	Unmanned Operations	Convergent Security
Accelerating growth as a one-stop cloud security specialist that encompasses consulting, solutions, and control based on cooperation with global cloud companies	Expanding the subscriber base by fully converting to AI for family facial recognition etc. and strengthening third-party collaboration on safes and door locks	Providing 24/7 security to all stores including convenience stores and Internet cafés, and offering core solutions such as bio-based access/payment	Leading the market with an integrated solution encompassing physical and information security and building management based on an intelligent control platform

### Key Activities and Achievements in 2020

Seizing business opportunities amid the COVID-19 situation	<ul style="list-style-type: none"> <li>Preoccupied the market by launching contactless solutions, such as facial recognition-based walk-through speed gates, contactless body temperature monitors, etc. (March)</li> <li>Entered the sterilization and disinfection market to provide total hygiene solutions for sterilization and pest control (November)</li> </ul>
Full-scale expansion of the home safety business	<ul style="list-style-type: none"> <li>Increased the number of home safety subscribers by launching the "Caps Home Door Guard" designed for multi-dwelling housing and apartments (January)</li> </ul>
Restructuring into an intelligent platform-based convergent security operator	<ul style="list-style-type: none"> <li>Launched the "Caps SUMiTS", an integrated convergent security platform (December)</li> </ul>
Creating quality jobs, protecting the socially vulnerable, and contributing to creating a safer Korea	<ul style="list-style-type: none"> <li>Selected as the Best Company for Job Creation in Korea by the Ministry of Employment and Labor (July)</li> <li>Provided night control and care services for seniors living alone and households eligible for special care</li> <li>Won the Commissioner General of the Korean National Police Agency Award in the corporate social contribution category at the Korea Crime Prevention Awards (October)</li> </ul>



### Main Products

infosec Cloud Security	CAPSHOME	SUMiTS	mapParking by ADT CAPS	CAPS CLEANCARE
Cloud Security	Caps Home	Caps SUMiTS	T map Parking	Caps Clean Care
One-stop information security services optimized for the cloud environment, such as security consulting and construction/operation of solutions, following the introduction of cloud	A home security service focused on front door security (family facial recognition via AI function, roamer detection and notification, 24-hour dispatch service)	An intelligent convergent security platform that provides one-stop access to physical and information security and building management	A specialized parking lot management service that combines SK Telecom's T map with ADT Caps' parking lot operation and management expertise	A professional comprehensive quarantine service that provides customized services ranging from virus sterilization to pest control

### Revenue & EBITDA

(Unit: KRW billion)

	2018	2019	2020
Revenue	1,016.4	1,193.2	1,338.6
EBITDA	278.8	357.0	357.1

\* Such financial information as revenue and EBITDA over the last 3 years of ADT Caps, disclosed in this annual report, is the sum of figures for ADT Caps, SK infosec, and CAPSTECH (neither audited nor reviewed)

## 11st

- **Business Areas**

E-commerce

- **Web Site**

www.11st.co.kr

- **Address**

416, Hangang-daero,  
Jung-gu, Seoul, Korea

- **2020 Revenue**  
(KRW billion)

545.6

- **No. of Employees**

1,070

Since its launch in 2008, 11st has been growing rapidly to establish itself as an open market platform where sellers and buyers can trade with confidence.

It is developing into a leading company in the e-commerce market with 44.2 million members while striving to provide high-quality products at affordable prices. In addition, it aims to become a “commerce portal” that offers customer convenience throughout the overall shopping experience, including online and mobile device searches and purchases, as well as simple payment services such as SK pay.

In 2020, in order to respond to the rising non-face-to-face consumption trend driven by the spread of COVID-19, we provided a differentiated customer experience by enhancing live commerce, video product reviews, and the “Today’s Grocery Shopping” service while firming foundations for growth by signing a partnership agreement with Amazon, the world’s largest e-commerce company. We will continue evolving into the best commerce portal and enhance consumer convenience and satisfaction by earning the trust of customers and society.

### Key Strategies

11st is striving to lead the e-commerce market by achieving growth and profitability, while evolving into a future-oriented commerce company, with the goal of becoming the “best commerce portal trusted by customers”. To this end, we will make continuous efforts to improve UI, UX and search platform, establish a differentiated business model for each product category, and expand the scope of business to include digital contents and intangible services for further enhancing our platform competitiveness. In addition, we will apply personalized recommendations, search and AI technologies to commerce, thereby accelerating innovation, and will create a better customer experience through partnerships with various asset and service platforms owned by SK affiliates in the areas of mobile communication, IPTV and music.

### Key Activities and Achievements in 2020

Ranked 1st place in the e-commerce category of Korean Standard-Service Quality Index (KS-SQI) for 13 consecutive years (July); and 1st place in the open market category of Korean Customer Satisfaction Index (KCSI) for 12 consecutive years (October)

Expanded Today’s Grocery Shopping service (exclusive launch of E-Mart Mall, April)

Improved customer retention through the launch of SK pay money (June)

Improved delivery competitiveness through the launch of Same-day Delivery service (June)

Enhanced product search convenience (multi-tab search, July)

Expanded contents and video live commerce to provide fun/information/engagement value

Promoted win-win cooperation through dealing of local fresh produce and quick payment to merchants suffering difficulties due to the COVID-19 crisis



### Revenue & Operating Income

(Unit: KRW billion)

	2018	2019	2020
Revenue	674.4	531.0	545.6
Operating Income	-68.0	1.4	-9.8

## T map Mobility Co.

### • Business Areas

T map applications, mobility platform services (surrogate driving, parking, etc.)

### • Web Site

www.tmapmobility.com

### • Address

Floor 24-26, B-dong, 26, Ujeongguk-ro, Jongno-gu, Seoul, Korea

### • 2020 Revenue (KRW)

0

\* Spin-off in December 2020

### • No. of Employees

125

\* As of December 31, 2020; 235 persons as of March 31, 2021

Launched in December 2020, T map Mobility Co. is a mobility specialist that is leading the innovation of mobility services by introducing an all-in-one mobility service for navigation, surrogate driving and public transportation.

We will expand the role of the platform, to include parking and advertisement, based on T map, while increasing cooperation with automobile manufacturers by promoting the T map AUTO business for finished cars with the aim of providing in-vehicle infotainment (IV) and in-vehicle payment systems.

In April 2021, we launched UT, a JV with Uber, the world's largest car sharing company. By combining T map's map and vehicle traffic analysis technology with Uber's management and operation know-how, we will introduce innovations to taxi hailing platform services.

**BM**

T map Life Platform, T map AUTO, Mobility on Demand, Mobility as a Service (MaaS), e-Hailing

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**Key Strategies**

**T map Life Platform**  
Based on the Life Platform, we will create differentiated values in subscription services, UBI, advertising and parking.

**T map AUTO**  
In response to the transformation of automobiles into smart devices, we provide specialized services based on those offered by the SK ICT Family, and actively cooperate with automobile manufacturers by upgrading EV-specific functions and maps for advanced driver assistance systems (ADAS).

**MOD (Mobility On Demand)**  
We will strengthen our competitiveness based on our existing T map platform and boost our competitiveness in the market by providing premium services.

**MaaS (Mobility as a Service)**  
We recommend optimal mobility services customized for each customer's situation. As a "mobility partner for everyday movement", T map Mobility Co. aims to contribute to creating a better world through mobility innovation. Ultimately, we will pioneer the future mobility market, including autonomous driving and flying cars, while taking the lead in fostering a new paradigm of mobility.

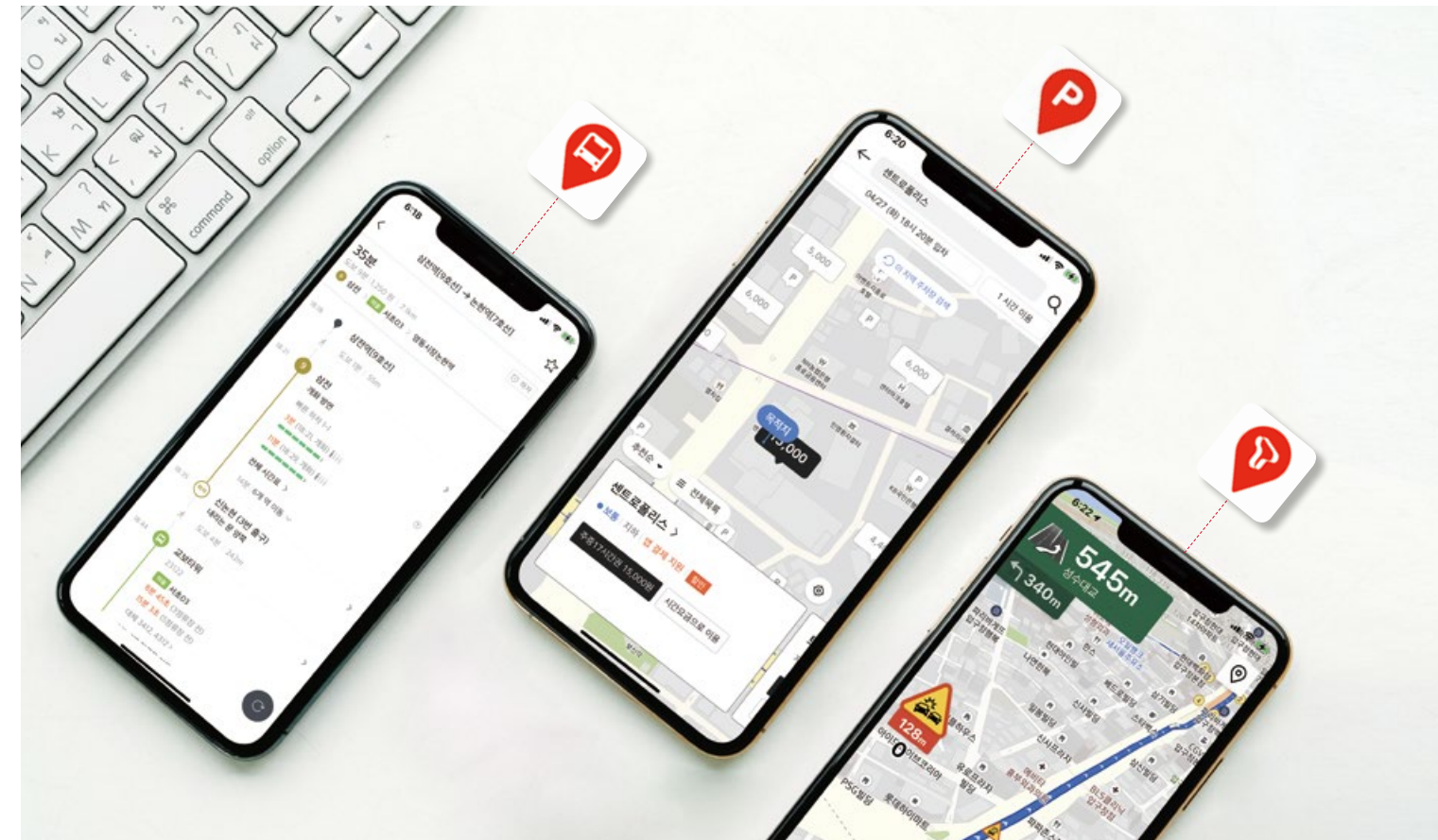
**e-Hailing**  
Based on the competitiveness of T map and Uber, we will promote innovation in taxi hailing platform services and reorganize the related ecosystem.

### Key Activities and Achievements in 2020

Dec. 2020: Launch of T map Mobility Co.

Mar. 2021: Launch of the "T map Celebrity" service

Apr. 2021: Launch of UT, a joint venture with Uber



### Cumulative No. of T map subscribers

(Unit: 1,000 persons)



18,584

\* As of the end of 2020



# Value to Business

## SECTION 2.

- Issue Report
- Creating Economic Value
- Materiality Assessment
- Stakeholder Engagement
- Mid-to Long-term Strategy
- Strengthening ICT Infrastructure
- Creating New Value through Business Restructuring
- Pursuing Sustainable Growth through Openness and Collaboration

### Issue Report

## Major COVID-19 Response Activities and Achievements

On March 11, 2020, World Health Organization (WHO) declared COVID-19 as the third pandemic (global pandemic) following the outbreaks of Hong Kong flu and swine flu. Since then, the entire world has been required to make changes in every aspect of life to overcome the pandemic, and corporations in particular have been forced to take preemptive measures throughout their corporate activities amid a protracted period of uncertainty. In the face of this global crisis caused by an infectious disease, SK Telecom strives to overcome it wisely together with its stakeholders, while also properly managing the health and safety of its employees.

### Creating an ICT-based Safe Work Environment

**Healthcare and institutionalization of telecommuting** SK Telecom was the first major corporation in Korea to introduce telecommuting as a way to respond promptly and effectively to the need to protect its employees' health and safety. To this end, we built the infrastructures required to ensure the efficiency of telecommuting, including cloud-based Virtual Desktop Infrastructure (VDI), T Phone, and Microsoft Teams, which have not only secured our employees' health but also changed the way we work for the better.

**Innovations in the way of working** SK Telecom aims to incorporate the telecommuting model into its corporate culture while introducing innovations in the way we operate in the COVID-19 era. Having strengthened its ICT-based "smart solutions", employees of the SK ICT Family are now using various non-face-to-face solutions to conduct business with one another, such as T Phone group calls and group video call "MeetUs". In addition, we have maximized work efficiency by allowing our employees to commute to "commuter hubs" situated just 10-20 minutes travel from their homes, instead of the headquarters.

**Building a new normal in the contactless era** SK Telecom has introduced a new recruitment process to suit the needs of the new contactless era. For the first time in the industry, we held an online job briefing session and conducted "interactive contactless" recruitment consultation and interviews as a method of non-face-to-face group communication. We provided unlimited data for device and communication required for the interview process, while building a robust system to block data leakage, among other things, as part of our own mobile device security program. Although many companies have postponed or canceled their recruitment drives due to the COVID-19 crisis, SK Telecom has succeeded in recruiting excellent talents by fully utilizing its technologies and services.

### Helping Local Communities Overcome the Crisis

**Providing a temporary living quarters and medical center to curb the spread of COVID-19** As the number of confirmed COVID-19 cases increased exponentially, SK Telecom provided the SK Telecom's Future Management Institute in Icheon as temporary living quarters for citizens of Gyeonggi-do returning from overseas to fulfill our responsibilities as a responsible corporate citizen. By providing a place to accommodate overseas travelers in need of self-quarantine and isolation, we participated in measures to manage their self-quarantine and curb the spread of the infectious disease in local communities systematically. We also made the institute available as a medical center to alleviate the shortage of beds for asymptomatic persons and patients with mild symptoms as another wave of the infectious disease raised the number of confirmed cases in the metropolitan area in particular. Our actions helped quickly isolate confirmed cases, ensure prompt treatment and prevent the spread of Covid-19 throughout the community while playing a key role in getting COVID patients treated quickly. We will fulfill our social responsibility by doing everything we can to overcome the crisis together with the people, serving as a new safety net for society, customers and our employees.

## Growing Together with Partner Companies Hit by the Crisis

SK Telecom has helped partners experiencing difficulties due to the COVID-19 crisis to buttress their business stability by providing them with direct and indirect forms of support. We have prepared and implemented a comprehensive mutual growth plan to provide practical assistance to our distribution networks and business partners across the country, and will continue to review ways of providing them with support for mutual growth in an effort to pursue a beautiful and happy companionship with them based on openness and communication.

### CASE

#### Formed a mutual growth fund of KRW 113 billion to “Overcome COVID-19, Together”

To promote mutual growth, SK Telecom has set up a comprehensive mutual growth plan, worth of KRW 113 billion, for its business partners, including distribution networks and network partners, suffering from COVID-19. This particular initiative is designed to secure win-win growth with those of our business partners that are struggling during this unprecedented crisis by maintaining SK Telecom's service quality. We spare no efforts in offering them practical assistance they might need.

#### Made early payment of KRW 80 billion to partners at Chuseok

SK Telecom paid out early to its partner companies to help them improve their liquidity during the COVID-19 crisis. In addition to the “Quick Payment Program”, which has been running since 2004 for small and medium-sized partners, we paid around KRW 80 billion early to some 1,000 partner companies at Chuseok (Korean Thanksgiving Day) in 2020.

#### Non-face-to-face support for win-win growth during the COVID-19 era

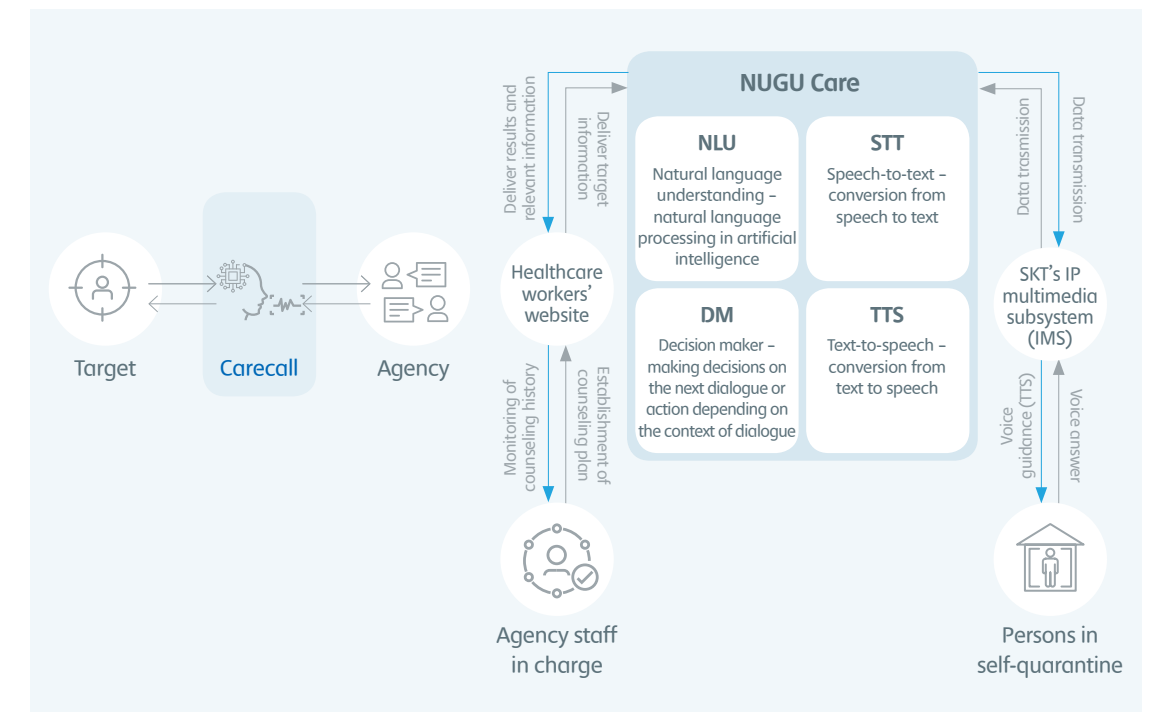
In 2020, SK Telecom held a “non-face-to-face job fair” for 47 partners to help them overcome their difficulties in recruiting talent due to the COVID-19 crisis. We also held the “non-face-to-face win-win growth CEO forum” with the CEOs of our partner companies to discuss the prospects for the digital industry in the post-COVID-19 era, among other matters. In addition, we had sincere conversation with our partner companies through the “Happiness Camp for Win-Win Growth” and strived to find practical ways to help them overcome challenges caused by COVID-19.



## Realizing Social Value through ICT

**Welfare system for elderly citizens** As the COVID-19 pandemic is prolonged, the isolation of single-person households, especially the elderly, is emerging as a serious social issue. In response, SK Telecom provides the Happy Community AI Care Service using AI speaker ‘NUGU’. The service helps vitalize senior citizens in their everyday lives through diverse non-face-to-face contents, connects them to emergency services 24/7, and offers specialized services to reduce the risk of dementia. The service also helps reduce the elderly communication divide and increase their digital intimacy, thereby boosting their self-efficacy. Launched in April 2019, the service is offered to 15,000 households nationwide, and is expected to extend its scope from 2021. As of February 2021, the service had received 1,831 emergency calls, including 89 that were linked to the 119 Safety Service. In terms of usage of the AI speaker contents, music and intimate conversations accounted for 58% and 15%, respectively, which suggests that the service could be instrumental in reducing seniors’ feelings of loneliness. In addition, research has revealed that seniors’ use of the service has improved their long-term memory, working memory, and language fluency by 10-16%, indicating that the service could be of great help in preventing dementia, as the figures can be translated into the effect of reducing the incidence of dementia by about 30%. After using the AI care service, seniors showed a significant increase in their use of digital devices for information retrieval from a host of sources, which has played an important role in bridging seniors’ information gap by awakening them to the joy of using digital devices and boosting their self-efficacy while reducing their anxiety.

**Helping improve work efficiency in fighting against COVID-19 using the “NUGU Carecall”** SK Telecom developed the AI-based “NUGU Carecall” system to support self-isolation and monitoring of persons with COVID-19 symptoms among those subject to active monitoring. The AI system checks symptoms related to COVID-19, such as fever, coughing and sore throat, over the phone. The guidelines of the Korea Centers for Disease Control and Prevention require that people in self-quarantine and active monitoring should be checked for any symptoms over the phone (non-face-to-face) twice a day. As the NUGU Carecall system does the job, the overall monitoring task has dropped by 85%, while 48 institutions that had adopted the system have been better able to focus their human resources on field work.

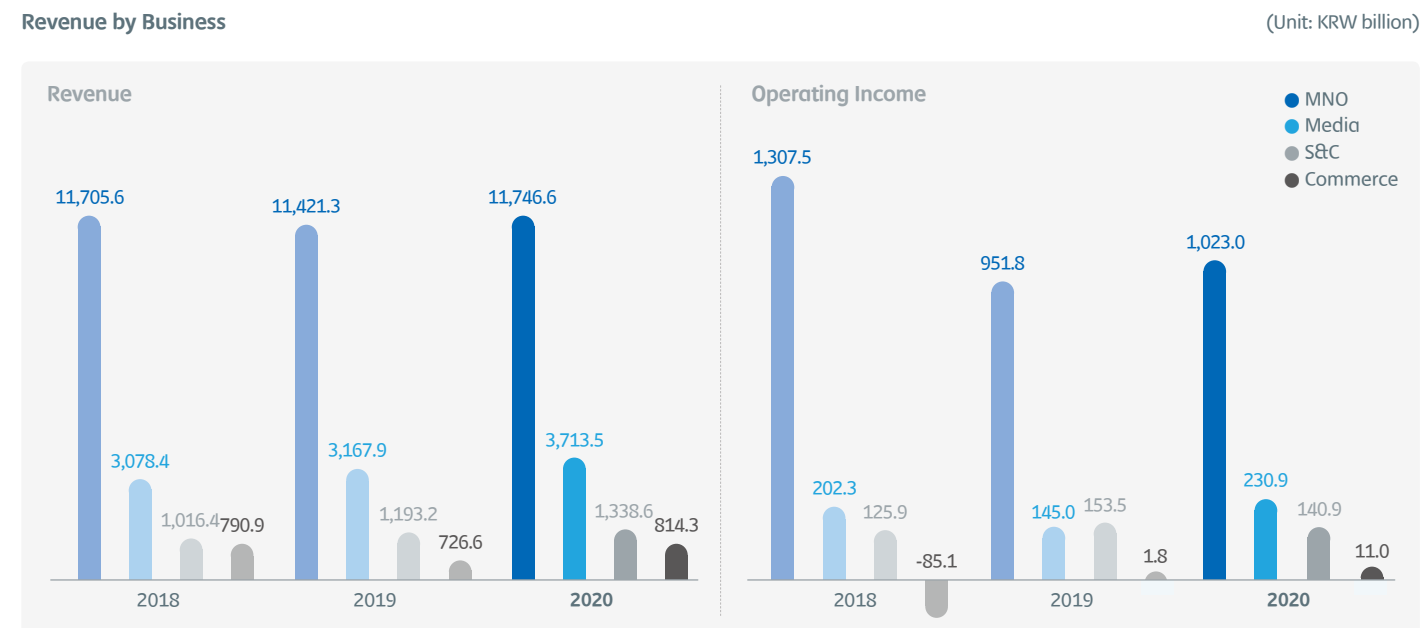
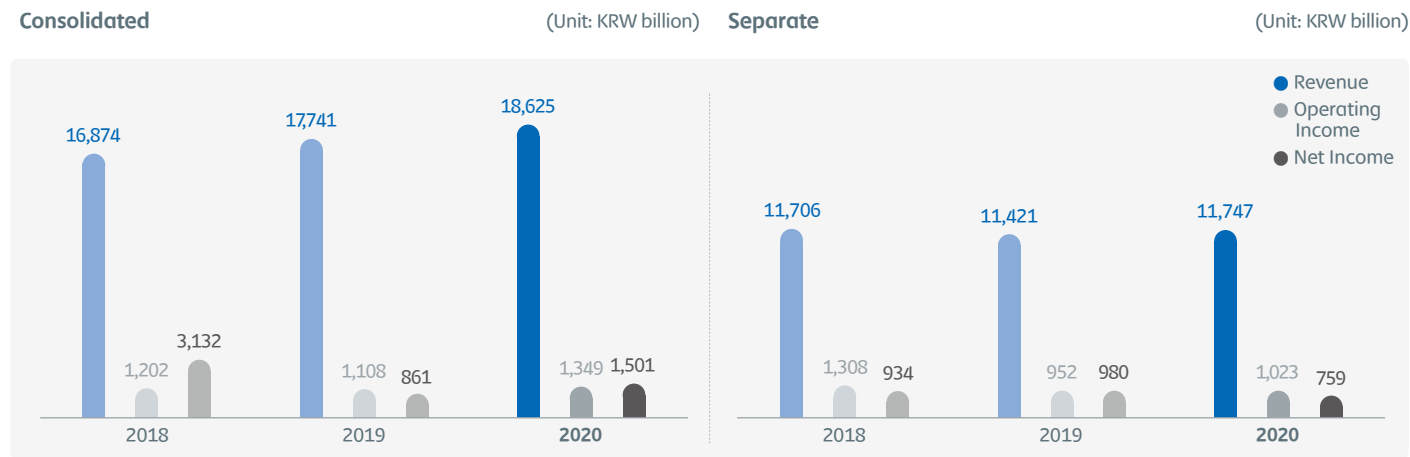


**Support for the underprivileged** SK Telecom has offered 20,000 sets of the Safe Management Pack, a management support solution, free of charge, to small business owners, and provided the SKT Family ICT Service (Internet, security, online marketing services, etc.) to 20 small business owners. In partnership with the Small & Medium Business Distribution Center, we have worked with YouTube influencers to help 404 small businesses. We supported online marketing activities of 51 social enterprises by working together with influencers, which attracted 11 million views and earned a total of KRW 334 million through home shopping channels and online revenue. In addition to business support, our employees participated in a group-wide blood donation relay in which 2,688 persons from 40 SK Group affiliates took part, in response to the sharp drop in the blood donor population. Also, to expand the country's non-face-to-face infrastructure, we helped 321 elementary, middle and high schools in Gwangju Metropolitan City with their contactless education. In addition, we provided a non-face-to-face performance platform to 100 indie band teams as part of our support for the vulnerable during an era of pandemics.

# Creating Economic Value

## 2020 Financial Highlights

**Financial performance** SK Telecom recorded revenue of KRW 18,625 billion and operating profit of KRW 1,349 billion in 2020 based on the consolidated financial statements of the Korean International Financial Reporting Standards (K-IFRS). Revenue increased by 5% year-on-year, achieving the best performance ever, on the back of the full launch of our five business divisions – MNO, Media, S&C, Commerce and Mobility. Operating profit increased by 22% year-on-year, and net income rose by 74.3% year-on-year to KRW 1,501 billion. Going forward, SK Telecom will continue to bolster its New ICT portfolio in response to the contactless environment in a bid to maximize its future corporate value.



## 2021 Outlook

In 2021, SK Telecom plans to accelerate its transformation into an “AI Company”, the key player in the next generation of business by forming organic connections between its business divisions, such as MNO, media, S&C, commerce and mobility, as well as with external partners based on its AI platform. We will also lay the groundwork for advanced governance system that meets global standards, while also striving to maximize our corporate value by introducing quarterly dividends and moving forward with IPOs of our subsidiaries. We will do our best to achieve sustainable growth based on stakeholder trust and ESG-based sustainable development on the back of our ICT capabilities.

### Strategies for 2021

- 1) Restructure to maximize corporate value
- 2) Aim to achieve continuous revenue growth based on the enhanced performance of the New ICT portfolio
- 3) Expand our roles and responsibilities as a corporate citizen through heightened ESG management and social value creation
- 4) Increase synergy and expand influence in collaboration with key global players

### MNO

- Increase revenue and profits by strengthening 5G competitiveness
- Evolve into an AI-based subscription service company by expanding the base of subscription products such as music, OTT, rental, insurance and delivery
- Expand the subscriber base by providing products optimized for each customer

### Media

- Evolve into a home entertainment platform that encompasses the entire media industry, including TV contents, games and music
- Grow into an addressable TV and local advertising platform
- Lead the media ecosystem by investing in contents for “wavve” and partnering with other content providers

### S&C

- Lead the convergent security market comprising physical security and information security
- Evolve into a “Safety & Care” operator that offers lifestyle and quarantine services to consumers
- Increase profitability and corporate value in the tech-based convergent security service market
- Increase operational efficiency and synergy by combining 5G with AI technology, information security platforms and security infrastructure

### Commerce

- Achieve e-commerce business growth by offering differentiated customer experiences
- Highlight 11st’s customer services, such as new membership and gift giving service
- Strengthen delivery competitiveness in grocery shopping, early morning delivery, etc.
- Transcend the limited domestic competition and secure a position as a global distribution hub platform through cooperation with Amazon, a global leading company

### Mobility

- Move forward with the Mobility-On-Demand business including a surrogate driving service
- Achieve customer value innovation through MaaS (Mobility-as-a-Service) that uses a variety of transportation means in one service
- Lead the in-vehicle-infotainment (IVI) market with a focus on EVs
- Promote service innovation by offering a taxi hailing service in cooperation with Uber, a global leader in ride-sharing services
- Offer services using such infrastructure as the T map platform and map as well as vehicle traffic analysis technology

# Materiality Assessment

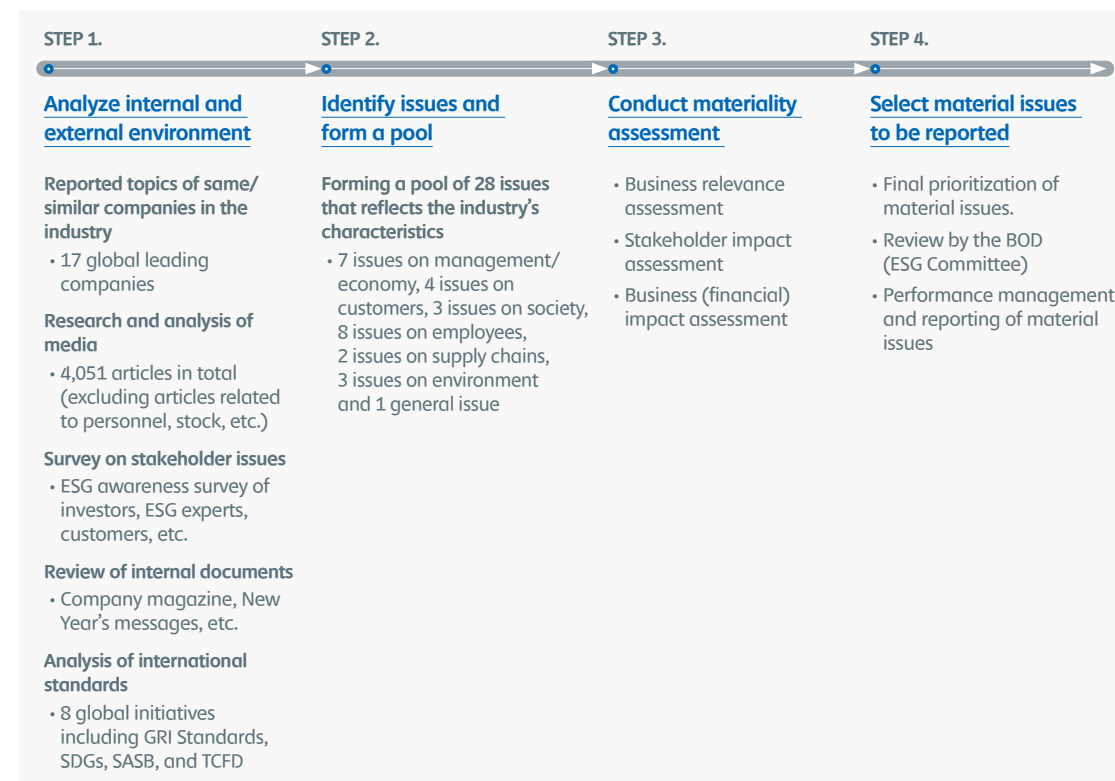
Each year, SK telecom reviews material economic, social and environmental issues related value creation and sustainability, and discloses its responses and achievements in each area.

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

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

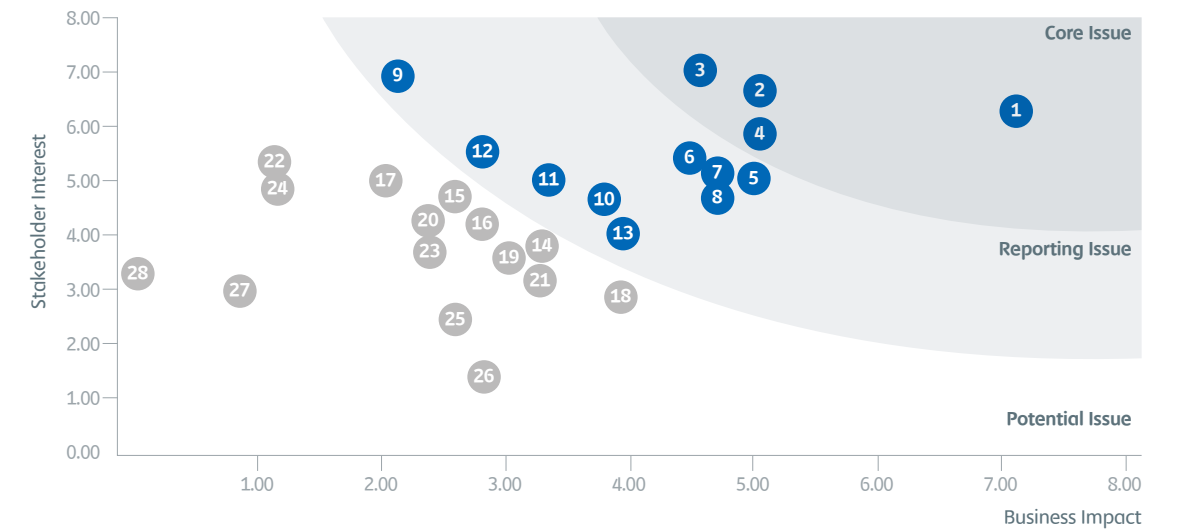
Based on the IIRC’s recommendations, SK Telecom incorporates the following five aspects into its materiality assessment process – 1) issues that may have a continuous impact on SK Telecom’s value creation; 2) issues related to the company’s strategy, governance and performance; 3) issues that have a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

## Materiality Assessment Process



## Materiality Assessment Results

According to the results of the materiality assessment, SK Telecom identified 28 material issues, including advancement of the New ICT (media, S&C, commerce, mobility) portfolio, strengthening of 5G leadership, privacy protection and customer value innovation. Among them, we identified four core issues and nine reporting issues, and then disclosed our major achievements, goals and business cases related to the issues in detail in this report.



No.	Topics	Stakeholders						Financial Materiality <sup>1)</sup>			Page
		Employees	Customers	Partners	Government	Local Communities	Shareholders	Cost	Revenue	Risk	
1	Advancement of the New ICT (media, S&C, commerce, mobility) portfolio	●					●	●	●	p. 76-79	
2	Strengthening of 5G leadership	●					●	●	●	p. 72-75	
3	Privacy protection		●				○	○	●	p. 131-132	
4	Customer value innovation		●				●	●	●	p. 135	
5	Management of GHG emissions (carbon neutralization)			●	●	●	○	○	●	p. 142	
6	Ethical management and fair trade			●			○	○	○	p. 112-120	
7	Establishment of environmental management strategies and systems			●	●	●	○	○	●	p. 139	
8	Securing of sound governance						○	○	●	p. 83	
9	Social value creation	●	●	●	●	●	●	●	●	p. 164-168	
10	Conservation of resources and improvement of energy efficiency		●	●		●	○	○	○	p. 145-147	
11	Advancement of the risk management system	●		●	●		○	●	●	p. 102-111	
12	Corporate citizenship	●	●	●	●	●	●	●	●	p. 169-173	
13	Human capital development	●					●	●	●	p. 149	






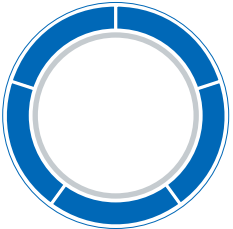

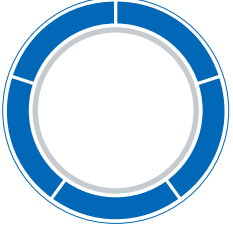
<sup>1)</sup> Cost – Assessment of the impact on the company’s capital cost, such as direct, indirect and potential costs; Revenue – Assessment of opportunities for revenue creation and potential competitive advantages; and Risk – Assessment of business risks such as internal and external expectations, reputation and regulatory response

## Management of Material Issues

TOPIC	CONTEXT	OUR APPROACH	ACTIVITIES	RECENT PROGRESS	LONG TERM TARGET
<p><b>Advancement of the New ICT (media, S&amp;C, commerce, mobility) portfolio</b></p> 	<ul style="list-style-type: none"> <li>ICT is creating new innovations in society and industry as a whole, particularly with the expansion of the 5G infrastructure. ICT is also enhancing the potential and efficiency of industry, and improving human life, affairs and business. Intelligent information and communication technologies have been accelerating the development and growth of contemporary society, while the "New ICT" industry is positioning itself as an icon of innovation with global competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has been leading the ICT ecosystem by expanding the range of its business to include mobile communication (MNO), media, S&amp;C, commerce, and mobility based on its 5G and AI infrastructure. We will develop new growth engines and create social values through active collaboration with the SK ICT Family and our business partners.</li> </ul>	<ul style="list-style-type: none"> <li>Expanding 5G content business <ul style="list-style-type: none"> <li>Expanding the scope to include sports contents in addition to media contents</li> </ul> </li> <li>Providing a new security service that combines physical security and information security through the merger of ADT Caps and SK infosec</li> <li>Launched T map Mobility Co. in December 2020 <ul style="list-style-type: none"> <li>Planning to move forward with the T map-based platform business, in-vehicle infotainment system, in-vehicle payment system, on-demand mobility system, subscription-type transportation service, etc.</li> </ul> </li> </ul> <p><b>New value creation through a business structure change p. 76-79</b></p>		<ul style="list-style-type: none"> <li>Establishing an independent ICT investment company (by 2021)</li> </ul>
<p><b>Strengthening of 5G leadership</b></p> 	<ul style="list-style-type: none"> <li>5G, which stands for 5th-generation mobile communication, is a cutting-edge technology that will lead innovation in the telecommunication industry, which is characterized by hyper-speed, hyper-massive connections, and hyper-low latency. We are currently pursuing changes in the business structure by going wireless in both the mobile and offline areas and leading the advancement of 5G and AI-based ICT technologies.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has been making progress by achieving the first place in the 5G quality evaluation conducted in 2020, the first anniversary of commercial 5G. We will achieve continuous growth by stabilizing our network quality as well as developing innovative business models that incorporate 5G technology.</li> </ul>	<ul style="list-style-type: none"> <li>Providing a wide range of services including the AI consulting service "NUGU Infocall" at customer centers, using the AI platform NUGU service, and the communication service "NUGU Opal" for the elderly</li> <li>Securing unrivaled 5G technology <ul style="list-style-type: none"> <li>Successfully completed the Korea's first 5G SA-SCP equipment interworking</li> <li>Exported 5G in-building technology to Europe</li> </ul> </li> </ul> <p><b>Strengthening the ICT infrastructure p. 72-75</b></p>		<ul style="list-style-type: none"> <li>Maintaining the largest share in the 5G market</li> <li>Developing a new 5G-based business model and increasing revenue of the mobile business</li> </ul>
<p><b>Privacy protection</b></p> 	<ul style="list-style-type: none"> <li>Due to the nature of the mobile communication industry, stakeholders' interest in privacy protection and cyber security is increasing, requiring continuous management so that we can prepare policies and guidelines for privacy protection and respond swiftly to privacy protection and cyber security issues.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has been developing quantum cryptography communication technology and making other efforts to upgrade its security business. We are also improving our core information protection capabilities through an information security platform and security infrastructure that combines our unique 5G and AI technologies. We operate a security system designed to protect personal information, monitor the status of customer information protection, and conduct privacy protection education for employees.</li> </ul>	<ul style="list-style-type: none"> <li>Customer information leakages in 2020: Zero</li> <li>Maintained a 100% inspection rate for our distribution network privacy protection status and completed improvement measures for the findings of the information security management status diagnosis conducted in 2020</li> <li>Collecting customers' personal information after obtaining their prior consent upon subscription and notifying them of the items to be collected, the purpose of collection, and the retention period</li> </ul> <p><b>Cyber security – Privacy protection p. 131-132</b></p>		<ul style="list-style-type: none"> <li>Achieving zero customer information leakages by upgrading distribution network information security diagnosis</li> <li>Maintaining a 100% inspection rate of customer information protection in the distribution network</li> </ul>
<p><b>Customer value innovation</b></p> 	<ul style="list-style-type: none"> <li>Customers are the most important foundation for corporate growth. Mobile communications businesses is a mature market, and this it is required for companies to seek ways of enhancing customer benefits in order to attract new customers and retain existing ones. This means that we must pursue customer value innovation across all our growth business areas in media, S&amp;C, commerce and mobility, as a way to secure sustainable growth.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom provides a variety of customer value innovation programs such as a 5G specialized service, a segment service, artificial intelligence COVID-19 symptom care, and a non-face-to-face meeting service. We are also working to enhance our customers' convenience by expanding the range of T membership benefits and improving our network quality.</li> </ul>	<ul style="list-style-type: none"> <li>Providing various customer experiences based on 5G <ul style="list-style-type: none"> <li>Launched V Coloring, a visible coloring service</li> <li>Cloud game service</li> </ul> </li> <li>Offering personalized benefits <ul style="list-style-type: none"> <li>Expanded promotions linked to ZEM, a brand for children under 12 years old</li> <li>Military rate plan "0(young) Hero", etc.</li> </ul> </li> <li>Supporting the combat against the COVID pandemic with ICT technology <ul style="list-style-type: none"> <li>Monitoring symptoms of COVID-19 with the AI Call Agent</li> <li>Launched a group video call service</li> </ul> </li> <li>Ranked first in the mobile communication category in Korea's top three customer satisfaction surveys (NCSI, KCSI, KS-SQI)</li> </ul> <p><b>Customer – Accessibility to service p. 135</b></p>		<ul style="list-style-type: none"> <li>Maintaining the 1st place in Customer Satisfaction Indices (CSI) for the longest period of time in the mobile communication service category</li> </ul>



TOPIC	CONTEXT	OUR APPROACH	ACTIVITIES	RECENT PROGRESS	LONG TERM TARGET
<b>Management of GHG emissions (carbon neutralization)</b> 	<ul style="list-style-type: none"> <li>As global warming has accelerated since the Industrial Revolution, countries across the globe have been making efforts to reduce GHG emissions, the main cause of global warming. We must make efforts to establish a company-wide strategy for the implementation of “2050 carbon neutrality” and take active part in responding to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom manages GHG emissions at its major business sites based on the guidelines on the creation and management of the GHG emission trading system. We are striving to respond to climate change in the long term and fulfill our eco-friendly management obligations by leveraging our capabilities, including our ICT infrastructure and networks.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted self-reduction activities such as energy-efficient repeaters and integrated management of base stations to reduce GHG emissions</li> <li>Joined the SBTi Initiative to participate in achieving the 2050 Net-Zero</li> <li>Joined the RE100 and implemented the adoption of renewable energy <ul style="list-style-type: none"> <li>Signed a green premium contract to use renewable energy</li> </ul> </li> </ul> <p><b>Environmental management – Responding to climate change p. 142</b></p>		<ul style="list-style-type: none"> <li>2050 Net-Zero</li> </ul>
<b>Ethical management and fair trade</b> 	<ul style="list-style-type: none"> <li>Ethical management and fair trade are important factors in building a sound business culture. Unfair or unethical behavior can pose risks to corporate management, it is therefore required to manage at the corporate level.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has laid the foundations for ethical management by enacting a code of conduct framework. We are running Ethical Management Training courses and the Ethics Counseling Center as part of our efforts to raise employee awareness of corporate ethics. In addition, we are focusing on establishing a fair trade order based on a leading compliance system.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the alignment with core ethical values across the company through the revision of the Code of Ethics in 2017 and the Guidelines on Ethical Management in 2018</li> </ul> <p><b>Ethical management p. 112-120</b></p>		
<b>Establishment of environmental management strategies and systems</b> 	<ul style="list-style-type: none"> <li>As interest in environmental protection has been increasing, the importance of establishing environmental management strategies and systems is also increasing for corporate sustainable management. It is necessary to implement eco-friendly management through the establishment of mid- to long-term environmental management goals and systematic management at the company level.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has set the goal of “2050 Net-Zero” in a bid to realize a resource circulation economy through eco-friendly management. We are striving to fulfill our social responsibilities by carrying out various activities required by specific tasks stipulated to meet our goals.</li> </ul>	<ul style="list-style-type: none"> <li>Discussing environmental management policies and establishing implementation strategies with the ESG Innovation Group, an organization that promotes environmental management, taking a central role</li> <li>For any major environmental management-related issues, reporting them to the ESG Committee, the highest decision-making body for sustainable management, and supporting the BOD’s decision-making on such issues</li> </ul> <p><b>Environmental management – Environmental management strategy system p. 139</b></p>		
<b>Securing of sound governance</b> 	<ul style="list-style-type: none"> <li>The soundness of corporate governance can have a significant impact on the corporate value of business operations, so corporate governance and operating methods must be transparently disclosed. This increases a business’s credibility and enables it to carry out risk management effectively.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom makes decisions on issues aimed at raising corporate value and enhancing the shareholders’ interests, with its BOD taking a central role. In recognition of our responsible management system, we obtained grade A+ in Governance and A+ Overall in the corporate governance evaluation conducted by the Korea Corporate Governance Service in 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Received grade A+ in Governance and A+ Overall in the 2020 Korea Corporate Governance Service evaluation <ul style="list-style-type: none"> <li>Maintained the percentage of independent directors at 62.5%</li> <li>Stipulating the criteria for judging the independence and transparency of independent directors in the BOD regulations</li> <li>Guaranteeing the BOD’s independence by specifying the ratio of independent directors in committees under the BOD in the operating guidelines</li> </ul> </li> </ul> <p><b>Governance p. 83</b></p>		<ul style="list-style-type: none"> <li>Maintaining the percentage of independent directors at more than 60%</li> </ul>
<b>Social value creation</b> 	<ul style="list-style-type: none"> <li>Companies are required to create social values through business-based innovations that surpass their simple social contribution activities. Accordingly, they need to establish a system to respond to evaluations in terms of non-financial factors as well as financial factors and fulfill their social responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom pursues shared growth with society by contributing to economic development and creating social values based on the SKMS (SK Management System) – SK Group’s management philosophy. We measure the integrated social and environmental performance through the Double Bottom Line, which creates both financial and social values, while contributing to resolving various social problems including those related to the vulnerable by utilizing SK Telecom’s ICT infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out national digital competency education project to bridge the information gap of the vulnerable social classes <ul style="list-style-type: none"> <li>Activities designed to strengthen digital competency of the vulnerable, such as coding classes for disadvantaged children, ICT courses for women with career interruptions, and software coding education customized for each type of disability</li> </ul> </li> <li>Providing care service for seniors using the AI speaker “NUGU”</li> </ul> <p><b>Social Contribution – Creating social value through ICT, improving social impact based on open collaboration p. 164-168</b></p>		<ul style="list-style-type: none"> <li>Growing into a global leader in creating social value, and generating social value at the same level as our financial status (2030)</li> </ul>

TOPIC	CONTEXT	OUR APPROACH	ACTIVITIES	RECENT PROGRESS	LONG TERM TARGET
<b>Conservation of resources and improvement of energy efficiency</b> 	<ul style="list-style-type: none"> <li>In response to the issue of resource depletion, efforts are being made worldwide to improve the efficiency of resource use. The need for sustainable corporate management is being emphasized through the use of alternative energy sources, such as new and renewable energy, in all business activities.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom promotes efficient resource management at all its facilities and communication services to customers. We are also striving to raise employee awareness of the importance of reducing plastic usage and conserving resources.</li> </ul>	<ul style="list-style-type: none"> <li>e-billing system to reduce resource losses due to paper billing <ul style="list-style-type: none"> <li>New e-billing subscription rate in 2020: 90.4%</li> </ul> </li> <li>Promoting programs through which customer exchange their used device and equipment with new ones, such as T Safe Reimbursement and Club Device Exchange programs</li> <li>Adjusted the drainage volume of the cooling tower at SK Telecom's Seongsu Building, installed water-saving valves in toilets and showers, etc.</li> <li>Launched the happy habit project aimed at reducing the use of single-use plastics and raising awareness of the use of tumblers</li> </ul> <p><b>Environmental management – Reduction in resource consumption p. 145-147</b></p>		<ul style="list-style-type: none"> <li>Converging to e-billing system</li> <li>Eliminating plastic membership cards</li> </ul>
<b>Advancement of the risk management system</b> 	<ul style="list-style-type: none"> <li>A company's ability to identify and manage potential risk factors in advance throughout its business activities is important. Amid a global crisis such as COVID-19, a systematic and advanced risk management process can minimize corporate risks.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom has established an integrated risk management system to identify risks in advance and respond to them effectively. We have subdivided risk areas and elements and managed to respond systematically to risks by internalizing the risk management culture among all our employees.</li> </ul>	<ul style="list-style-type: none"> <li>Segmentizing risk management areas by business area, employees, customer value, business partners and governance, in order to systematize the responses to each risk</li> <li>Strengthening risk management by establishing a company-wide risk management response system</li> </ul> <p><b>Risk management p. 102-111</b></p>		
<b>Corporate citizenship</b> 	<ul style="list-style-type: none"> <li>The concept of corporate roles and responsibilities in society, where companies actively participate in social issues and create sustainable values, is becoming increasingly important. Companies are required to engage in strategic activities aimed at building a better society in solidarity with all the members of society.</li> </ul>	<ul style="list-style-type: none"> <li>SK Telecom is striving to build a social safety net and exert a good influence on society through its social contribution activities. We are expanding our social impact through our social contribution campaigns and our employees' professional volunteering services.</li> </ul>	<ul style="list-style-type: none"> <li>Raising funds through various donation platforms <ul style="list-style-type: none"> <li>Using them for the AI care project for elderly people living alone, the coding school project for youth with disabilities, etc.</li> </ul> </li> <li>Supporting the vulnerable through digital inclusion</li> </ul> <p><b>Social contributions – Building a sharing society, Digital inclusion p. 169-173</b></p>		
<b>Human capital development</b> 	<ul style="list-style-type: none"> <li>Human capital is an important asset for the growth of a company, serving as the key player in organizational innovation and performance creation. Therefore, activities to develop employees' capabilities are essential for a company's long-term growth and competitiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Securing professional talents is the core driving force of SK Telecom. We offer quality education to our employees based on a self-directed learning platform as part of our efforts to cultivate professional talents through the development of employees' competencies while nurturing them through internal and external cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>NEW ICT Academy, an in-house job training brand designed to foster professional talents <ul style="list-style-type: none"> <li>Approximately 200 in-house training courses every year</li> </ul> </li> <li>Start@ Program, an in-house venture program designed to strengthen employees' capabilities in commercialization</li> <li>Invested KRW 3.1 million per person in employee training in 2020, and the number of accumulated participants reached 129,657, the highest figure ever</li> </ul> <p><b>Employees – Human resources development p. 149</b></p>		

# Stakeholder Engagement

In accordance with SKMS, SK Group's business management system updated in 2016, SK Telecom aims to contribute to the country's economic development, satisfy its stakeholders, create social value, and promote the well-being of humankind.

We amended our Articles of Incorporation to include SKMS in March 2017, which was followed by the inclusion into our Corporate Governance Charter in February 2018. We classified our stakeholders into six groups – customers, business partners, employees, local communities/NGOs, shareholders, and the government – and included content emphasizing the pursuit of stakeholders' happiness in the Articles of Incorporation in 2020.

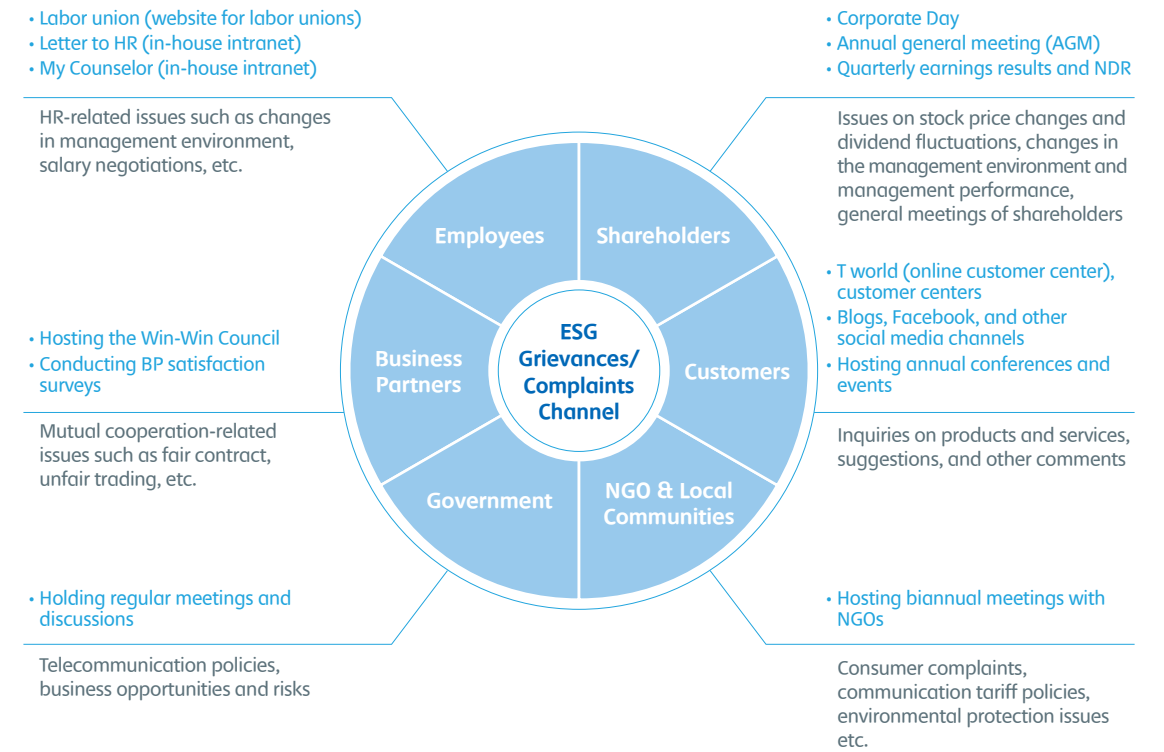
We encourage our stakeholders' engagement as a way to gain their trust and support and to enhance our management transparency and efficiency. We have therefore established our stakeholder engagement policies and announced our commitment to stakeholder engagement both internally and externally. Our stakeholder engagement policy stipulates company-wide guidelines for communication with our stakeholders, including the conditions for the participation of both internal and external stakeholders in our management activities and our issue resolution process.

We disclose our management direction and achievements through various management disclosures, business reports, BOD meetings, shareholder meetings and the company website, in our efforts to practice transparent management. As part of our stakeholder engagement policy, we operate various communication channels to collect our stakeholders' opinions. For each channel, we appoint a staff from each stakeholder department for responsible operations.

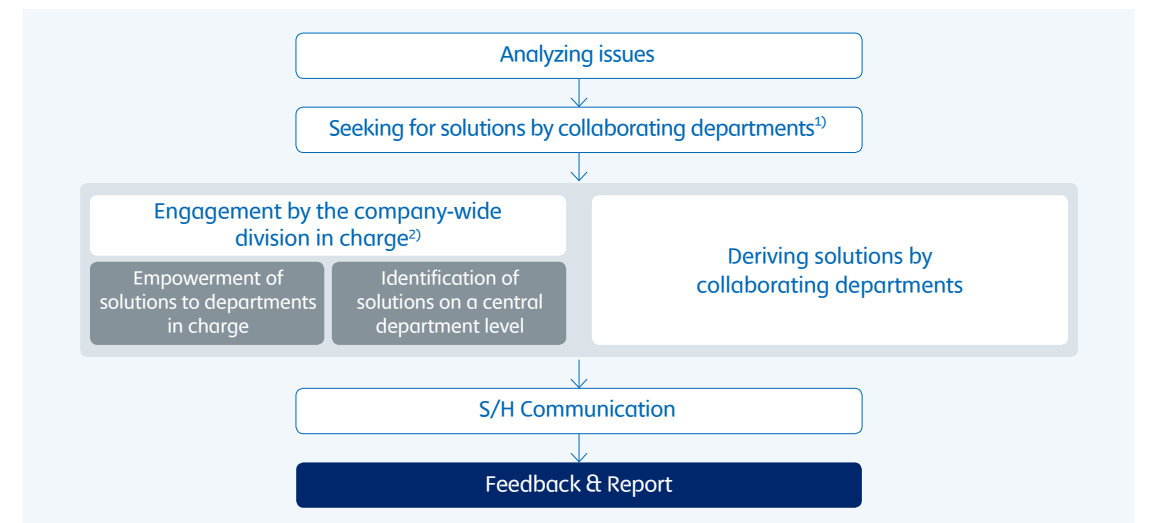
In particular, we are running a comprehensive online channel on our company website to collect our stakeholders' ESG grievances in the areas of labor, human rights, ethics and the environment. We intend to ensure that all our stakeholders can freely share their opinions about our business practices and cases of inflicted damages, as well as violations of social responsibility, as a way to address them most effectively. After checking the veracity of the issues raised through the ESG grievance channel, we do our utmost to resolve them by ensuring that the relevant departments perform the necessary monitoring and due diligence. We then report the contents, handling process, and results of all the matters assessed and handled as ESG-related material issues to the ESG Committee under the BOD, and reflect the outcomes in our business performance to prevent similar grievances from arising in the future.

Going forward, we will upgrade our existing communication channels by 2023 and increase the frequency of communication with potential and major stakeholders according to the "Double Bottom Line" management policy, which takes not only economic value, but also social value created through corporate operation as one of the pillars of our business performance. Starting in 2025, we will establish and apply a methodology that reflects the social value needs of potential and major stakeholders at the planning stage of all our new products and services.

## Stakeholder Engagement on Material Issues & Communication Channels



## Process Upon the Occurrence of an Issue



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

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



# Global Big Tech.

## Leading New ICT Ecosystem

In an active response to the rapid change in the ICT market, SK Telecom is emerging as a globally competitive ICT conglomerate, reaching beyond its status as a leading mobile network operator. Through hyper-collaboration between companies and across industries, we will strengthen our capabilities and create new economic outcomes in our core sectors. Furthermore, we will take the lead in innovating the ICT ecosystem by expanding our lines of business to include comprehensive media, ICT convergent security, commerce, and more.

### Materiality

As we are ushering into the Fourth Industrial Revolution, convergence between industries and core technologies is gaining importance all around the world. Solutions that use AI and big data, in particular, are already affecting our daily lives in significant ways. The company is therefore required to secure core technologies and strengthen its competitiveness while seizing every opportunity to be reborn as a global ICT company.

### Our Approach

With the introduction of a dual OS system, SK Telecom has reorganized its business structure into MNO (mobile communication) and New Biz (media, S&C, commerce, and mobility), based on which we are promoting multi-faceted businesses. Each of our business division is focusing on building competency so as to guarantee effective growth through sector-specific business management.

In addition, to enhance our shareholder value and accelerate corporate growth, we are planning to restructure SK Telecom into two entities – a fixed and wireless telecommunication company, which includes SK Broadband; and a holding company with semiconductors and new ICT assets such as SK hynix, ADT Caps, 11st, and T map Mobility Co. The existing entity will consolidate its wired and wireless communication infrastructure to grow into an AI-based infrastructure company with AI-based subscription services and data centers as its growth drivers, while the spin-off new entity will grow into a holding company specializing in ICT through bold investment and value-up with a focus on the semiconductor, life platform, and global tech. seeding areas.

### Performance and Management



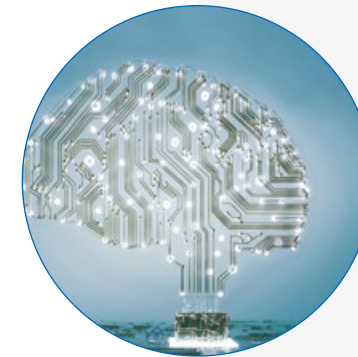
## Mid-to Long-term Strategy



### Strengthening ICT Infrastructure

“Develop the best technology and infrastructure to lead the industry”

- Build a complete 5G infrastructure to lead 5G technologies and services
- Consolidate a base for transformation by bolstering AI & data-related application technologies
- Take the lead in application technologies in order to strengthen such base technologies as cloud, quantum, and AI accelerator chips



### Creating New Value through Business Restructuring

“Transform our identity into an AI Company”

- Evolve into an AI-based subscription service company by going beyond a traditional mobile network operator
- Accelerate the growth in enterprise business
- Discover new ICT-based business models
- Restructure the business to expand the value of the New ICT business



### Pursuing Sustainable Growth through Openness and Collaboration

“Create new value through collaboration with various players”

- Generate more synergy by sharing competency and infrastructure among SK ICT Family companies
- Innovate business models by integrating competencies with those of domestic and foreign business partners
- Align social responsibilities with business models based on cooperation with stakeholders

# Strengthening ICT Infrastructure

SK Telecom is strengthening its ICT infrastructure by constantly developing new technologies using 5G networks. To prepare for the next-generation technologies and accelerate their implementation, we are building core infrastructure for AI, VR, autonomous driving, and IoT.

## Leading Global ICT

**Succeeded in 5G SA-SCP equipment interworking for the first time in Korea** SK Telecom has succeeded in 5G standalone (SA) data communication which features two times faster communication access times and three times higher data processing efficiency because it does not require interworking with the LTE network. The new technology offers 5G services that are four to five times faster than the non-standalone (NSA) method that uses both 5G and LTE. In particular, being equipped with the network slicing technology, it can provide the customized traffic quality required by customers, greatly contributing to vitalizing next-generation services, including AR, VR, autonomous driving and smart factories, in the 5G era. SK Telecom will strive to provide the best 5G networks and services so that its customers can enjoy stable, high-quality 5G services.

**Adopted 5G wireless fronthaul equipment** SK Telecom has been active in upgrading the fronthaul, an optical cable-based wired section that transmits data signals collected from the antennae of a base station to the distribution device, and, as a result, has built the nation's first 5G wireless fronthaul equipment. With the 5G wireless fronthaul equipment, 5G services can be provided in areas where it used to be difficult to bury optical cables in the ground, such as old town centers or mountainous areas where the installation is restricted. We will build a more sophisticated 5G network by expanding the installation of the 5G wireless fronthaul equipment to islands without bridges to the mainland and remote areas in mountainous regions. SK Telecom will continue to provide differentiated technology and the highest level of mobile communication quality by continuously expanding its 5G coverage and network.

**Exported 5G in-building technology to Europe** SK Telecom has exported its 5G in-building technology to Europe, where the network environment has a room for improvement. We joined forces with and transferred the technology to Deutsche Telekom, the largest telecommunication company in Europe, in order to develop a "5G RF repeater", a key device that receives 5G radio waves from outdoor base stations, amplifies and spreads them indoors where radio waves are hard to reach, such as buildings, tunnels, and underground spaces, in a bid to significantly expand the 5G communication coverage. In Korea, we began to install 5G RF repeaters in major buildings in 2019, and in collaboration with Deutsche Telekom, we have upgraded the system to fit the European environment. In recognition of our technological excellence, SK Telecom won an award at the "Small Cell Awards 2020", in the "Commercial Small Cell Design and Technology" category hosted by the Small Cell Forum (SCF).

## CASE

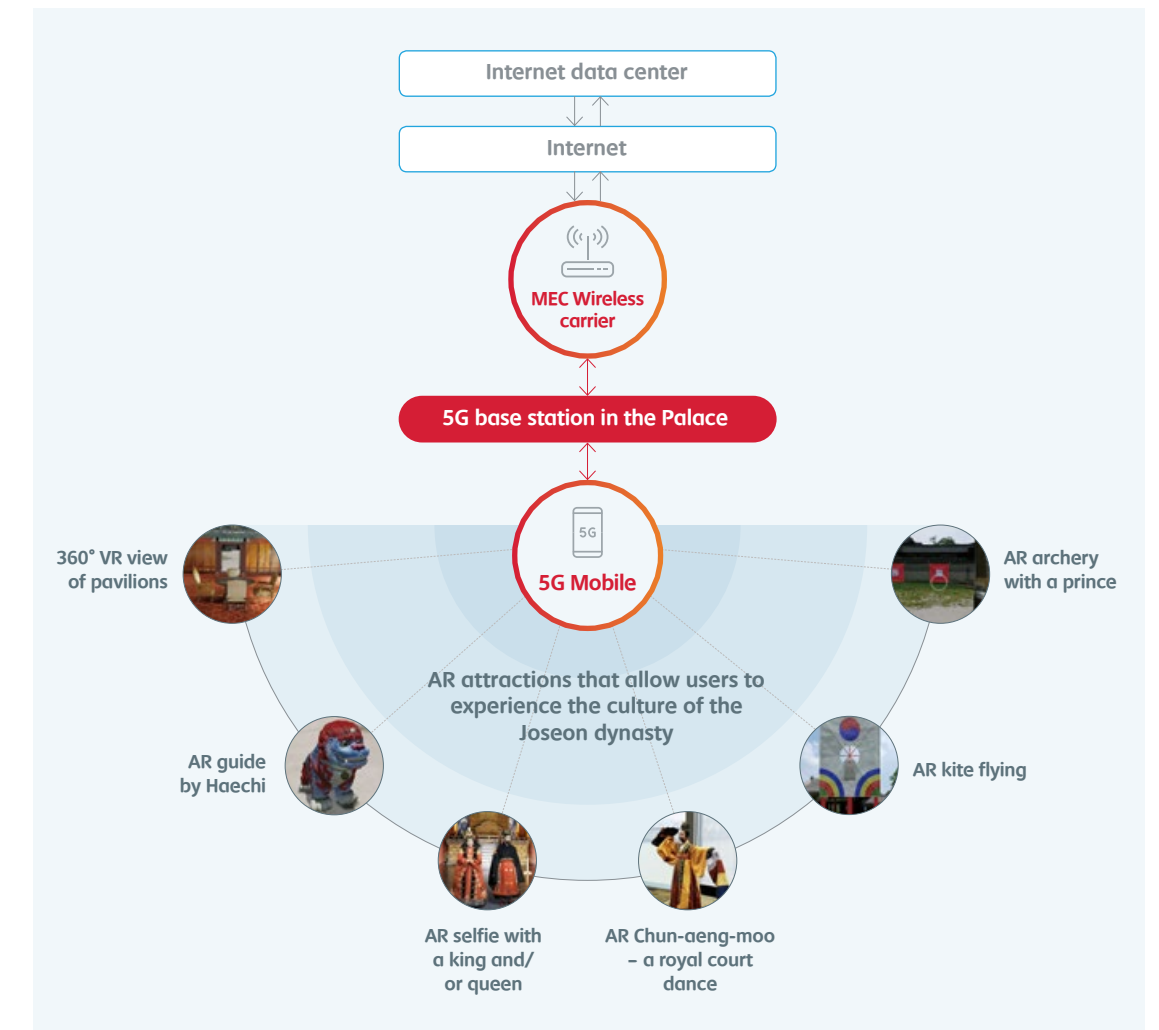


### Won the "Best 5G International Commercial Launch" at the 5G World Awards

At the 5G World Awards 2020 held online on September 2, 2020, SK Telecom won an award in the "Best 5G International Commercial Launch" category for its leadership in 5G technology, including the launch of VR and AR services using 5G technology, as well as the world's first commercialization of 5G. It was the fourth consecutive year that we earned recognition at the 5G World Awards. We will further sharpen our competitive edge based on our 5G technology through hyper-cooperation and a shared infrastructure.

**5G mobile edge computing** SK Telecom has been globally recognized for its 5G-based mobile edge computing (MEC) technology, a next-generation 5G core technology that reduces data transmission intervals through a small-scale data center located close to a user. The technology enhances the performance of ultra-low latency services, such as cloud games, smart factories, autonomous driving, and vehicle control, as well as realizing high-speed networking, thus enabling us to promote business cooperation with Microsoft and Amazon Web Services (AWS). Going forward, we will offer dedicated MEC services to those of our corporate customers that aim to introduce 5G-based B2B services, such as smart factories and smart offices, while striving to build an MEC ecosystem for both B2B and B2C customers based on our network competitiveness and excellent cloud services through hyper-cooperation.

### Changdeok Arirang Service

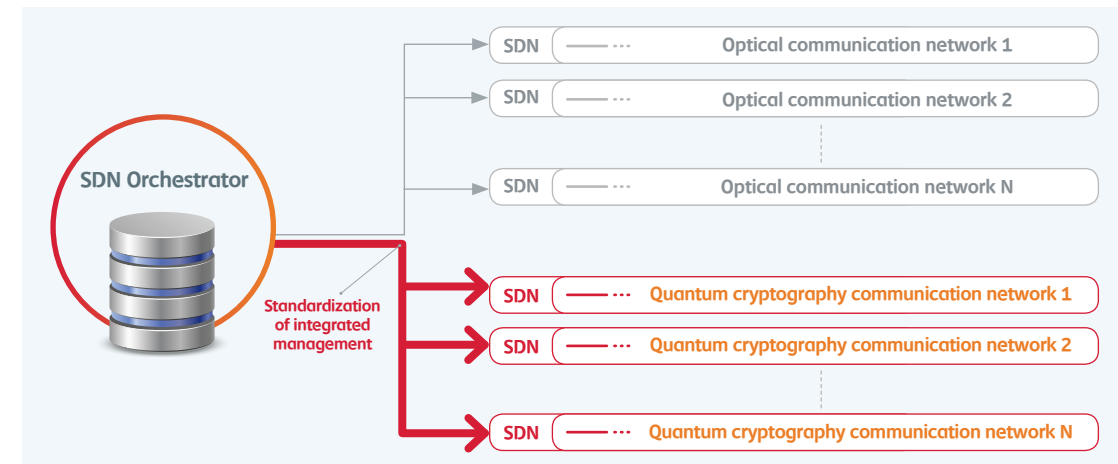


## Facilitating Quantum Cryptography Communication Ecosystem

**Leading the international standards for quantum cryptography communication** The security of information exchanged between devices is gaining importance as more and more devices are connected to the network to make everyday life more convenient in the 5G era. Computer performance and hacking technology are developing continuously, but the leakage of cryptographic keys using existing digital technologies has become much easier as well, thus requiring a higher level of security technology. SK Telecom has invested in quantum cryptography communication technology utilizing quantum characteristics since 2011 to generate cryptographic keys that cannot be hacked by a third party for the sender and receiver.

In March 2020, the "Security consideration for quantum key distribution network" was finally approved as an international standard at an ITU-T (International Telecommunication Union's Telecommunication Standardization Division) conference. In September, two cases were preliminarily approved as international standards – "key combination and confidential key supply for quantum key distribution networks" and "security framework for quantum key distribution networks". The European Telecommunication Standards Institute (ETSI) has adopted the "proposal for standardization of integrated management of quantum key distribution networks" as a standardization task. SK Telecom, as a leader in the creation of international standards in quantum cryptography communication, will continue to make investments so that we can take the lead in the overall development of quantum cryptography communication technology, including the commercialization of networks and terminals.

### Leading the Standard for Quantum Cryptography Communication

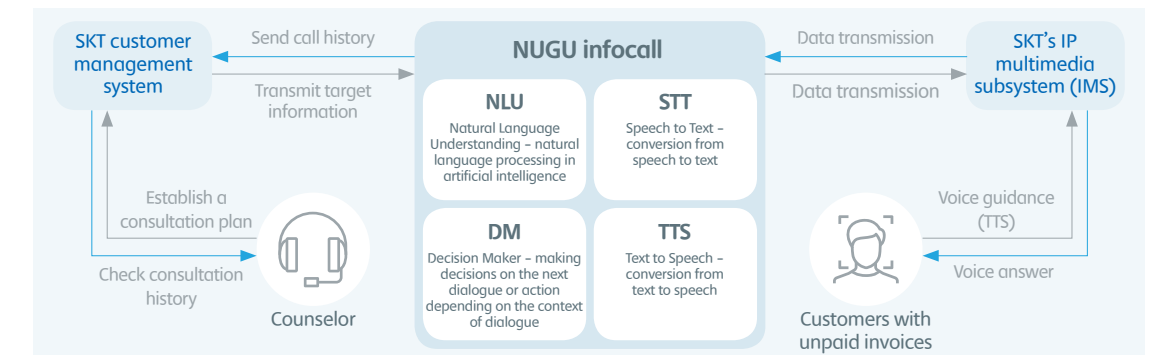


## Hyper Innovation by Adding AI to 5G

**Commercialization of 5GX Supernova** SK Telecom has commercialized the "5GX Supernova", an AI image quality improvement technology, for the broadcast and media industry. This technology improves the quality of video and sound sources to the original level through a "De-oldify" technology that remasters old videos into newest ones based on AI deep learning. In November 2020, SK Telecom signed a technology licensing agreement with MBC to upscale the SD images of old contents into full HD images through the 5GX Supernova, enabling the television network to complete the high-definition conversion almost in real time, as opposed to the several months that it used to take to manually upscale a series. The first target of AI remastering was the Korean TV drama series "Dae Jang Geum". On November 14, 2020, the HD-version of "Dae Jang Geum" was broadcast on MBC Dramanet and MBC ON while also being provided by Btv as a VOD. SK Telecom expects not only to be able to provide high-definition version of old contents to domestic viewers but also to greatly contribute to the export of K-Wave contents overseas through the 5GX Supernova.

**Expansion of the AI platform "NUGU" service areas** Using its AI platform "NUGU", SK Telecom has launched a series of new services, including "T Phone × NUGU", an intelligent service which combines the "T Phone" communication platform; "NUGU infocall", where an AI consultant performs customer center tasks; and "NUGU opal", a service customized for the elderly. As the first step in our pursuit of AI personalization, "T Phone × NUGU" makes smartphone functions accessible through voice as a result of the realization of a command and response system close to human-to-human dialogue. It provides news and weather information based on usage patterns and location/time as well as personalized contents such as music and food recommendations. "NUGU Infocall" informs users of non-payment details and due payment dates through AI, allowing customer center staff to focus on responding to complex consultation requests while simple repetitive tasks are handled by AI agents. "NUGU opal" helps prevent dementia and provides useful health information with its medication and daily schedule alarm functions, brain gymnastics, health doctor, and karaoke service. It is also equipped with a safety feature that notifies guardians when it has not been used for days on end, and enables users to send out an SOS with a simple command "Aria, Save me".

### NUGU infocall Service



### R&D Investment

	Unit	2018	2019	2020
R&D expenses <sup>1)</sup>	KRW billion	635.5	582.5	597.2
R&D manpower	Persons	1,594	1,538	1,572

<sup>1)</sup> Sum of pure R&D expenses (network infrastructure, marketing infrastructure, new growth business), R&D investment (AI business/device, etc., equity investment), growth business investment (CAPEX, OPEX), and related organizations' costs

### CAPEX

	Unit	2018	2019	2020
CAPEX Total	KRW trillion	2.1	2.9	2.2
Network CAPEX	KRW trillion	1.7	2.5	1.9
Non-Network CAPEX	KRW trillion	0.4	0.4	0.3

## CASE

### Transforming Korea into an AI powerhouse by developing the nation's first AI semiconductor

SK Telecom is taking the lead in the development of AI semiconductors based on the neural processing unit (NPU), the core of AI technology. In April 2020, we succeeded in developing Aldebaran (AB9), an ultra-low-power AI semiconductor for servers, in partnership with the Electronics and Telecommunications Research Institute (ETRI). The semiconductor, which is as small as a coin, boasts 40 TFLOPS<sup>1)</sup> of operation speed and consumes as little as 15-20 watts of power, making it faster than conventional semiconductors (31.4 TFLOPS, 300 watts) while improving power efficiency by more than ten times. On the back of this achievement, we have secured government subsidies of KRW 70.8 billion for the development of a next-generation 1000 TFLOPS-class ultra-low-power AI semiconductor, through developing a 200TFLOPS-class one, over eight years, in partnership with 14 institutions including Furiosa AI, OpenEdge, Seoul National University, and SK hynix. Meanwhile, in November 2020, we unveiled SAPEON X220, an AI semiconductor for data centers developed in-house, at the "Korean New Deal Meets Korean Artificial Intelligence" held at KINTEX, Ilsan. The AI semiconductor handles 1.5 times more data than conventional GPU-based devices, yet consumes 60W per 1000TFLOPS which was as little as 80% of power compared to existing semiconductors, and sells at half the price. As the global leader in the sector, SK Telecom is leading the way in developing semiconductors in Korea while significantly influencing the formation of government policies for the industry.

<sup>1)</sup> TFLOPS (teraflops): 1 TFLOPS means one trillion floating-point operations per second

# Creating New Value through Business Restructuring

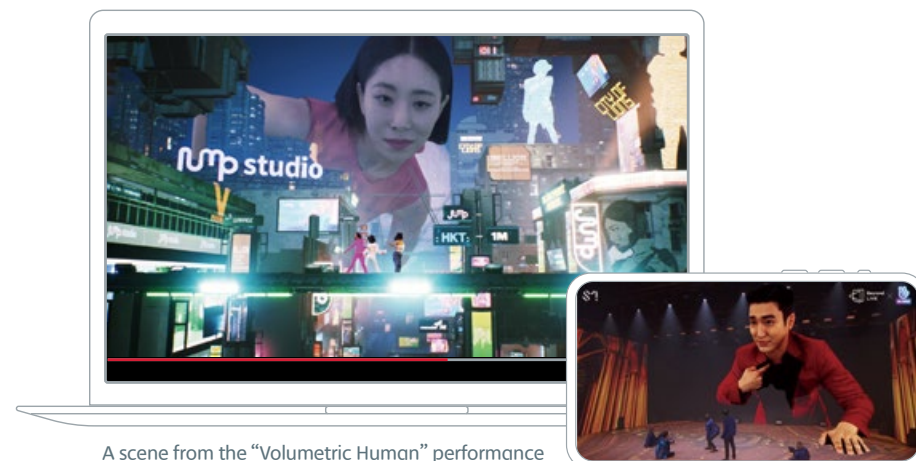
## 5G-based Media Innovation

**Strengthening media services by converging them with AR and VR** Amid the proliferation of non-face-to-face services due to the COVID-19 pandemic, SK Telecom is expanding its augmented reality (AR) and virtual reality (VR) businesses. In October 2020, we expanded and moved Jump Studio<sup>1)</sup>, an AR/VR/mixed reality (MR) content production studio, to our head office at T Tower in a bid to promote our 5G content business in earnest. In particular, we will focus on the content production business, which customizes super-realistic contents, using AR, VR, and MR technologies, for companies in the fields of entertainment, advertising, sports, and education, as well as the distribution business so as to enable users around the world to enjoy diverse contents using AR/VR apps.

In 2020, SK Telecom launched a business that customizes ultra-realistic contents to meet the needs of diverse companies, especially in the entertainment sector. Among those that have well received by global audiences include the "Volumetric Human" performance by Lia Kim, an iconic K-pop choreographer; content showing SK Wyverns players pitching balls or swinging their bats using superpowers; and a 12-meter-high virtual video of celebrity Si Won Choi at the online-only paid concert "Beyond Live" of SM Entertainment. In addition, we are actively promoting the global expansion of JUMP AR/VR services in partnership with leading ICT companies of countries across the globe such as PCCW Group, a Hong Kong-based ICT company. Going forward, SK Telecom will expand AR/VR contents ecosystem by advancing MR contents and enhancing contents creating platform.

**Expanding original contents of wavve** The cultural content industry in Korea is changing rapidly under the impulsion of the IT industry and over-the-top (OTT) services. Since launching "wavve" in collaboration with such three broadcasting companies as KBS, MBC, and SBS, we have secured competitiveness by focusing on strengthening our premium content capabilities, including the expansion of our original contents.

<sup>1)</sup> Jump Studio has adopted Microsoft's 3D Volumetric Video Capture technology for the first time in Asia, and is equipped with a facility that can create high-definition 3D holograms that move naturally and realistically, using 106 cameras that can shoot 60 frames per second.



A scene from the "Volumetric Human" performance by Lia Kim, an iconic K-pop choreographer

A scene from the online concert "Beyond Live"

Following the release of "The Tale of Nokdu" in September 2019 as its first original content, wavve invested KRW 60 billion in 2020 and produced a variety of dramas such as "SF8", "Lies of Lies", "Alice", and "Zombie Detective". In 2021, we aim to invest KRW 80 billion to release at least five original works in the first half of the year. In cooperation with Kakao M in the content field, wavve has also released some of Kakao's original shows, such as "Love Revolution", "Amanja", "Daughter-in-law", and "Not Yet 30" on its platform. We will continue to invest in wavve so that it can grow into a platform that contributes to the development of the media content industry. We will intensify our cooperation with global operators such as NBC Universal, while bolstering our content competitiveness so that we can expand worldwide through content export by wavve.

## AI-based Subscription Services

**Transforming into an "AI-based subscription service company"** SK Telecom is in the process of transforming itself into an "AI-based subscription service company" as a new business model and growth engine. We have been expanding our partnership since the launch of subscription services in areas closely related to daily life, such as children's education with Woongjin Thinkbig, the rental of household appliances with SK magic, and bakery subscription with Paris Baguette. Going forward, we will expand customer choice by launching a subscription package that offers subscription choices at a reasonable price through the launch of more diverse subscription products. We will also make continuous efforts to communicate with customers using our AI Agents, through which we recommend subscription services appropriate to each customer's taste, while making our AI-based recommendation services more sophisticated by using data generated in the process. In addition, we will develop T membership into a new marketing platform accessible to all 50 million citizens in Korea, and further strengthen our services with the launch of a subscription specialty store.

## Expanding Convergent Security Services

**Leading the convergent security market through technical collaboration** As next-generation technologies, such as AI and quantum information science (QIS), are attracting widespread attention as future security technologies, large IT companies and mobile carriers are collaborating with other industries on the development of convergent security technologies that combine security technology with ICT technology in order to enter the market. SK Telecom is providing new security services through the convergence of its ICT with SK infosec's information security platform and ADT Caps' dispatchers. Also, through the "CAPS Smart Village", which combines the smart home functions required to control multi-dwelling housing environments with the security system of ADT Caps, we are providing apartments with customized security services consisting of integrated security, intelligent CCTV, vehicle management, and fire detection systems. Furthermore, we have launched – in partnership with Samsung Electronics – Galaxy A Quantum, the world's first 5G smartphone equipped with a quantum random number generator chipset designed to help smartphone users to safely use specific services by generating unpredictable, pattern-free, purely random numbers.

We have signed a public-private cooperation memorandum of understanding (MoU) for on the development of a "voice phishing number blocking service" with the Financial Security Institute, which is devoted to security in the financial sector, and we are also helping strengthen the nation's competitiveness in financial security by jointly developing a voice phishing blocking system and improving the smishing blocking system. We are further strengthening security for the industry by launching the T-ID app, which has applied quantum technology (quantum cryptography) to servers and solutions, and a "quantum OTP authentication" function to protect information by generating random numbers that cannot be hacked externally.

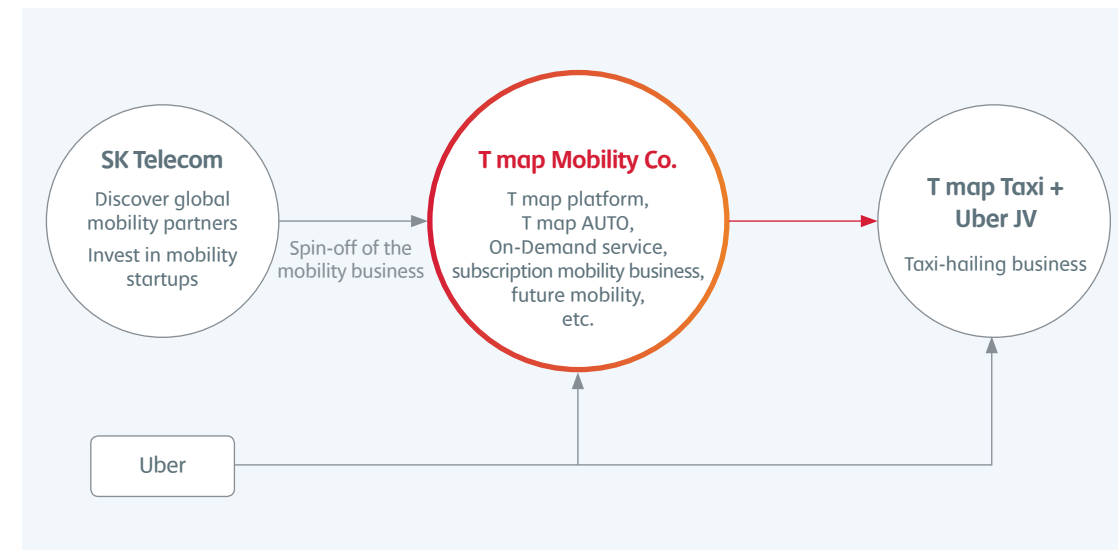
## Growing into a Global Distribution Hub Platform

**Cooperation with Amazon in the field of e-commerce** Due to the COVID-19 pandemic, contact between people has been minimized and non-face-to-face transactions have become usual, with online/mobile shopping serving as the major means of commerce in the contactless era. SK Telecom is actively promoting its commerce business through 11st and SK stoa. We are continuously expanding our commerce business through 11st, which was incorporated as a subsidiary of SK Telecom in 2018, while SK stoa has grown into the No. 1 t-commerce company in the industry expanding its channels and store brands. In 2020, the commerce business recorded revenue of KRW 714.2 billion, an increase of 12.1% YoY, and an operating income of KRW 11 billion, turning a profit for the second consecutive year. At the end of 2020, we promoted cooperation with Amazon, the world's largest e-commerce company, through an agreement that has further strengthened our commerce competitiveness by allowing 11st's customers to place Amazon orders on its platform. We will offer better services to our customers and strengthen our product competitiveness to empower 11st's growth into a "global distribution hub" platform.

## Taking the Lead in the Next-generation Mobility Market

**Accelerated investment in "T map" through spin-off of mobility business** In order to better respond to the changing mobility industry, SK Telecom has spun off the T map division and established T map Mobility Co. which is striving to preoccupy the market, based on its strong independent management, quickly by developing next-generation services, increasing its collaboration with domestic and foreign companies, and attracting more investment, among other initiatives. The company's four core mobility businesses include platform business, including T map-based parking/advertising/insurance services; in-vehicle infotainment systems (IVI) and in-vehicle payment services; on-demand mobility services, including taxi hailing and surrogate driving; and an all-in-one Maas (Mobility as a Service) that bundles a variety of transportation means into a subscription package. Based on T map, which accounts for 70% of the domestic mobile navigation market, T map Mobility Co. is demonstrating great growth potential, and is expected to increase its corporate value to KRW 4.5 trillion by 2025, far surpassing the KRW 1 trillion estimated upon its launch.

**Established a mobility JV between T map and Uber** We have established a joint venture (JV) with Uber to strengthen the competitiveness of T map Taxi, our taxi-hailing service. We will offer an innovative taxi-hailing service that enhances consumer convenience significantly by combining SK Telecom's map and vehicle traffic analysis technology with Uber's global operating experience and platform technology.



**Accelerated the mobility business by partnering with global leaders in autonomous driving** SK Telecom is partnering with global companies aimed at accelerating the expansion of its mobility business. With the growing interest in "spending time in the car" ahead of the era of autonomous vehicles, the in-vehicle infotainment (IVI) system market is expanding, while we are set to install the IVI system, developed on our own, in Volvo cars. This collaboration is expected to change radically alter the consumer's concept of the car from a conventional motor vehicle to a smart device. We have also collaborated with the global electronics company Pioneer Smart Sensing Innovations (PSSI) to unveil a prototype of the "next-generation single-photon LiDAR" at the CES 2020. LiDAR scans its surroundings with a laser and models them into a 3D image, making it a crucial technology that will serve as the eyes of self-driving cars. The product unveiled at the show was the result of combining SK Telecom's 1,550nm single-photon lidar transmission/reception technology with PSSI's 2D MEMS mirror scanning technology; it is the world's first case in which both resolution and recognition have been improved significantly compared to existing technologies, boasting the highest level of performance. The prototype is scheduled for commercialization within 2021, and we will maintain our partnership with PSSI to further upgrade the next-generation single-photon lidar sensor.



# Pursuing Sustainable Growth through Openness and Collaboration

## Sharing Competency and Infrastructure of 5 Businesses Divisions and Building a Hyper-Collaboration System

SK Telecom strives to create new value by establishing an internal and external cooperation system that will lead the development of future-oriented industries based on its ICT capabilities. SK ICT Family companies are creating new business opportunities by sharing internal infrastructure. Of late, they are sharing infrastructure for mobile communication, media, S&C, and commerce, aimed for convergence with various industries such as autonomous driving and healthcare, thereby boosting their collective competitiveness. Externally, we are building new business models through hyper-collaboration with domestic and foreign companies and institutions. We will continue to develop and promote new collaboration plans in order to generate synergy while playing a central role as a hyper connector. SK Telecom will create social values in various business-related areas while fulfilling social responsibilities as a responsible corporate citizen.

**Collaboration with global key players** Based on its ICT technological prowess, SK Telecom is cooperating with ICT companies at home and abroad to discover future growth engines in games and e-sports sectors among others. In April 2020, through a strategic alliance with Nexon, a leading company in the game industry, we agreed to jointly conduct marketing activities for content and product services, and new games while launching VR games using Nexon IP. The collaboration was further solidified with the joint marketing of "KartRider Rush+", a game that was ready to be released. Going forward, we expect to create synergy in areas such as IP, e-sports, VR and cloud games by combining Nexon's game contents with SK Telecom's competitiveness in communication and service areas.

In addition, we developed a 5G-based cloud game in collaboration with Microsoft while converting "5GX Cloud Game", which had been in beta service for a year, into an official commercial service in 2020. The 5GX Cloud Game includes a variety of genres from blockbuster games verified on the Xbox, a console game, to indie games. It was simultaneously released in 22 countries including the U.S., Germany, France, and Canada. We have also joined hands with Amazon to commercialize "SKT 5GX Edge", Korea's first 5G edge cloud service, along with Amazon Web Services (AWS). The SKT 5GX Edge enables the quick connection to "Wavelength Zones" at SKT's communication office, when apps access from the cloud, which reduces network latency and maximizes the benefits of 5G networks. SK Telecom will accelerate the spread of 5G services by providing specialized services and contents for the 5G environment, such as cloud games, e-sports, and cloud services.

**Convergence and collaboration with other industries** As convergence is actively being promoted between ICT technology and other industries, we are strengthening collaboration in various fields such as tourism, finance, and healthcare. In May 2020, we signed an MoU with the Financial Security Institute, the operator of the Financial Data Exchange (FinDX), for the integration of communication-finance convergence data. Data integration is expected to spur the development of more diverse convergence data products and revitalize the financial data market. We also signed an MoU with Shinhan Card and the Korea Culture & Tourism Research Institute to promote the development of the tourism industry; and, using mobile and payment big data, we analyzed main tourist destinations, tourists' order of visits, preferred destinations according to gender and age, and nearby commercial areas visited. Based on the results of the analysis, we produced differentiated strategies and implemented tailored advertising to boost tourism.

Macrogen, a precision medicine biotechnology company, joined hands with SK Telecom and Invites Healthcare, to launch "care8 DNA", a subscription healthcare service based on genetic testing, first of its kind in Korea. Optimized for the contact-free era, it is a new concept of subscription-based healthcare service that allows any SK Telecom subscriber over the age of 19 to receive personalized healthcare contents based on their genetic information. We will continue striving to enhance public convenience in various fields through advanced ICT, including 5G, AI, and big data.

**Consortiums with public institutions and industry-academia partnerships** SK Telecom is expanding its consortiums with public institutions and industry-academia partnerships to incorporate innovative technologies such as 5G, AI and the IoT into ICT and spearhead the development of industries of the future, such as intelligent ports, innovative water management, smart factories, and AI healthcare. To develop a "test bed for a 5G-based intelligent port", we have formed a partnership with five organizations, including the Ministry of Oceans and Fisheries, Busan Port Terminal, and the Pusan National University IPTL Project Promotion Team, and built a collaboration system to develop and foster a port logistics industrial ecosystem. In addition, we have signed an MOU with the Korea Water Resources Corporation to lead the development of smart water supply technologies, while helping the country realize water welfare for the vulnerable as part of the social safety net. We have also made great strides in the field of AI healthcare by developing a voice-based dementia screening program using AI, together with Seoul National University School of Medicine, in a bid to create a broad-based testing environment in the area. We now plan to provide customized training necessary for the introduction and implementation of smart factory solutions through an MoU with Korea Polytechnic University to support the "Development of Smart Factories by Outstanding SMEs at the Sihwa Industrial Complex". SK Telecom will continue to secure new growth engines by applying its own innovative technologies to various industries of the future.

**Cooperation with local governments** SK Telecom has joined forces with local governments to offer various services such as ICT-based smart guard solutions, 5G-based road management, and Youth Mall support. Selected as a winner for the MEC-based 5G public sector project with Gwangju Metropolitan City, we have laid the groundwork for its development into an AI-centric city equipped with MEC technology that can realize the potential of ultra-low latency, ultra-high-speed 5G communication networks. We have signed an MOU with the Seoul Metropolitan Government to offer IoT technology and location-based safety services for the socially disadvantaged, and thus developed the "Smart Guard" that helps quickly find missing persons from vulnerable groups, such as elderly people with dementia and persons with developmental disabilities, and supplied it to the municipal government and the Dementia Relief Center. We have also signed an MOU with the Jeonju City to promote various support programs aimed at reinvigorating the Youth Mall hit by the COVID-19 crisis. Through this partnership, we have launched various promotional programs and events to help it secure new customers and increase sales, while offering discounts and gifts to T membership customers who visit the Mall, in an effort to help young merchants overcome the difficulties caused by COVID-19. As a responsible corporate citizen, we will continue to work with local governments to help resolve their social problems, including elderly people with dementia, and supporting young merchants and small business owners who are struggling to stand on their own two feet.



# Value to Governance

## SECTION 3.

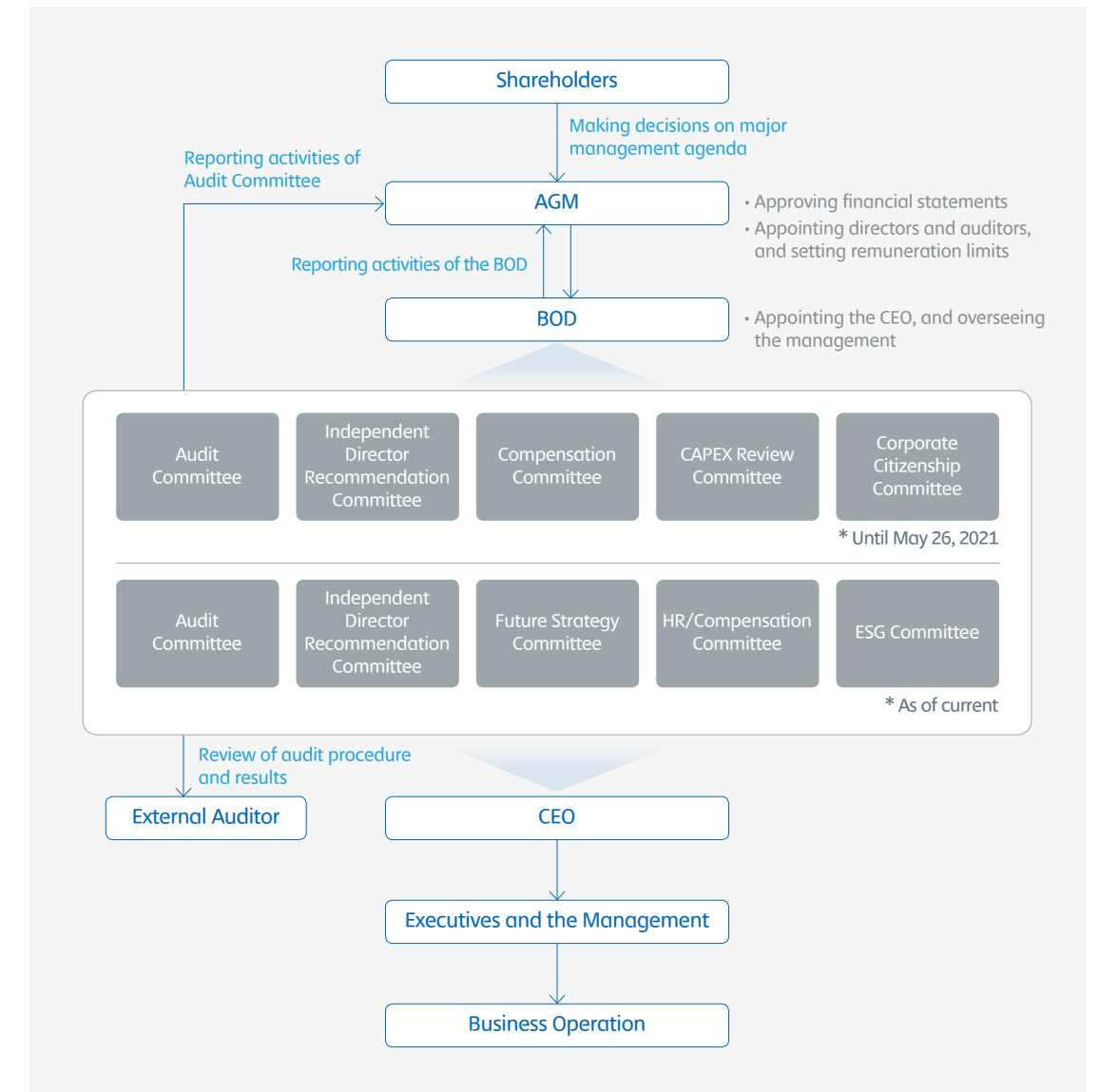
- Corporate Governance
- Risk Management
- Ethical Management
- Compliance
- Supply Chain Management
- Cyber Security
- Customers

## Corporate Governance

SK Telecom has established sound corporate governance and is taking the lead in transparent and responsible management. In February 2018, we enacted the Corporate Governance Charter to pursue the interests of our stakeholders, including shareholders, and to realize sustainable growth and development.

At the 37th annual general meeting (AGM) in March 2021, we disclosed our commitment to, and action plan for, the establishment of transparent and sound governance through an amendment to the articles of incorporation in which we affirmed the importance of the Corporate Governance Charter. We will continue doing our best to protect the rights and interests of all our shareholders while bolstering our corporate value by establishing a more balanced governance structure. Our Charter, which can be found easily at our website, complies with the best practice standards set by the Korea Corporate Governance Service (KCGS).

### Governance Structure



## Shares and Ownership Structure



1 SK Holdings	26.78%
2 National Pension Service	10.97%
3 Institutional investors and minority shareholders	49.02%
4 Kakao Corp.	1.57%
5 Treasury shares	11.66%

SK Telecom does not operate a differential voting stock system by which multiple voting rights are granted to specific shares according to the principle of one-share, one-vote. In fact, the treasury stock of 9,418,558 shares is prevented from voting under the Commercial Act of Korea. As of 31 December 2020, 71,327,153 shares (88.336% of total issued shares) have been granted voting rights.

### Type of Shares and Voting Rights

Classification	Number of shares issued	Ratio (%)	Note
Preferred shares	–	–	
Common shares – with voting rights	71,327,153	88.336	
Treasury shares	9,418,558	11.664	
Total	80,745,711	100.0	

SK Telecom encourages its CEO and executives to own stocks and pursues responsible management activities based on mid- to long-term performance while granting them stock options with a view to aligning the management's interests with those of the shareholders. As of the end of December 2020, the government of the Republic of Korea did not hold a stake in SK Telecom. In terms of the founder and founding family ownership, 100 shares of SK Telecom are directly owned by Tae Won Chey, the company's largest shareholder and the CEO of SK Holdings. Tae Won Chey holds an 18.44% stake in SK Holdings, and SK Holdings holds a 26.78% stake in SK Telecom.

### Ownership by Executives<sup>1)</sup> and Special Interest Groups

	Name	Shares	Stock options	Total (No. of shares)
CEO	Jung Ho Park	2,500	177,610	180,110
President of MNO	Young Sang Ryu	500	5,445	5,945
Executive of affiliated company	Tae Won Chey	100	–	100
Executive of affiliated company	Dong Hyun Jang	251	–	251

\* As of December 31, 2020

<sup>1)</sup> Only the equity of registered executives is indicated.

### Dividend policy and shareholder return

In accordance with the articles of incorporation, SK Telecom's dividend is determined after considering its business performance, investment plans, financial status, and outlook. Dividends can be paid to shareholders in the form of cash or stocks. In the case of the latter, the types of new shares to be distributed can be determined through a resolution at the general shareholders' meeting when the company has issued several types of shares. At the end of each financial year, dividends are paid to shareholders or registered pledgees in the register of shareholders; and interim dividends are paid only once during the business year following a resolution of the BOD as of June 30. Since 2015, we have paid KRW 10,000, including an interim dividend of KRW 1,000, as the total annual dividend. The dividend yield at the end of 2020 stood at 4.1%. The change of the interim dividend to a quarterly dividend was approved at the 2021 AGM, and we will apply this change. Meanwhile, we canceled 8,685,568 treasury stocks (10.8% of issued shares) to enhance shareholder value in May 2021.

## Annual General Meeting

In accordance with the national laws and our articles of incorporation, we protect the exercise of shareholders' rights and guarantee the equitable treatment of all shareholders, including minority and foreign shareholders.

### Function of management oversight

At the 37th AGM held on March 25, 2021, we appointed Young Sang Ryu as an executive director and Young Min Yoon as both an independent director and a member of the Audit Committee. The Meeting implemented its management oversight function by approving the remuneration limit for directors as well as the stock options for executives.

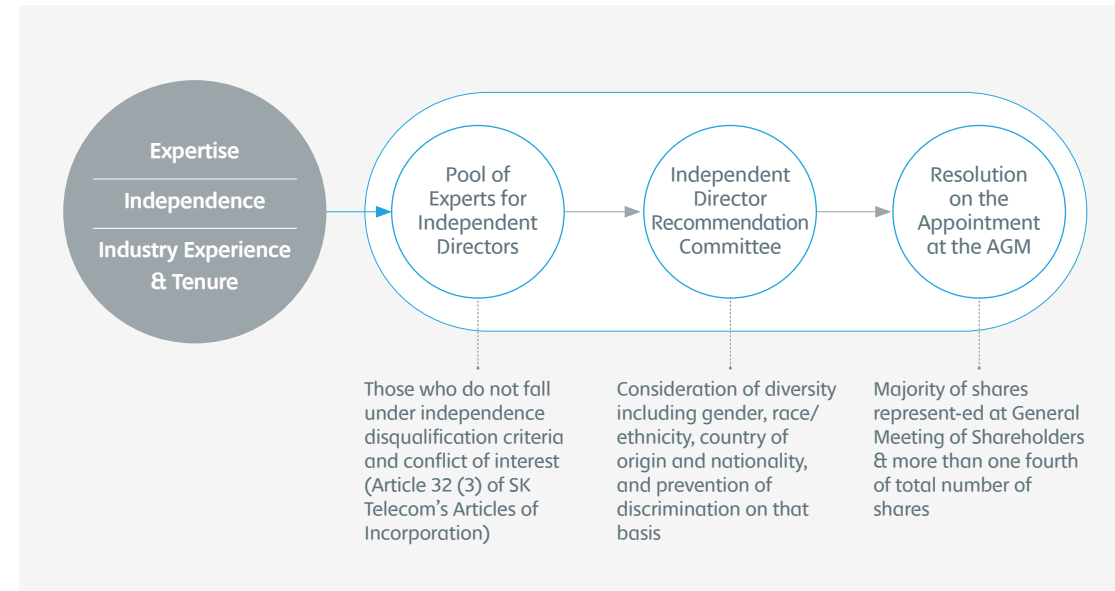
### Shareholder-friendly management

We have adopted a concentrated voting system as a way to encourage general shareholders without a controlling share to voice their opinions. In addition to the introduction of the electronic voting system, we hold our AGM on days other than the last Friday of March, when many other AGMs are held, aimed at enhancing shareholders' engagement. Since 2019, we have significantly improved shareholders' convenience by providing them with detailed written information on SK Telecom's major business performance, business vision, and financial status in advance, along with the notice of convocation of the meeting. At the start of the meeting, we demonstrate our latest advances in ICT and 5G services, among other developments, in order to deepen their understanding of the progress being made by the company. The 2020 meeting began with presentations by CEO Jung Ho Park and the heads of the four major business divisions – MNO, media, S&C, and commerce – of their business performance, management plans and visions, followed by a Q&A session involving direct communication between management and shareholders.

In order to minimize concerns about COVID-19 infection and further expand communication with shareholders, we held the 36th AGM in 2020 online for the first time in Korea, thereby allowing our shareholders to participate in the meeting through PCs and mobiles in real time. We also held the 37th AGM as an online event in March 2021. We used the disclosure of the Korea Exchange and our company website to notify our shareholders of the online general meeting, and encouraged their participation by setting a pre-registration period, too. We will continue to take the lead in shareholder-friendly management through active communication with them.

## Board of Directors

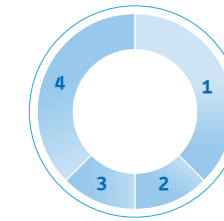
### Director nomination process



**Composition and operation** The BOD, as the company's highest decision-making body, serves to mediate various interests with the stakeholders and perform management supervisory functions. The BOD fulfills its roles and responsibilities as delegated by the shareholders based on the relevant laws and the articles of incorporation in making final decisions on corporate management. The BOD pursues growth strategies through strategic decision-making and realizes shareholder return through stable management and the generation of profits. Accordingly, the BOD deals with issues related to conflicts of interest, such as the company's investment plans and insider trading, while reviewing all potential risks within the company, including deliberation and approval of compensation requests. The BOD and its committees strive to deepen their operational expertise through expert briefings on the company's management status, among others, and subsequent Q&A sessions. In 2020, a total of 13 board meetings were held with a participation rate of 96.67%.

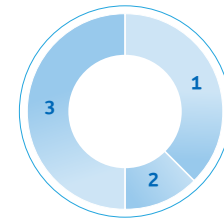
### Composition of BOD

#### Specialties



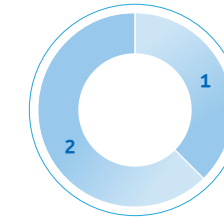
1. Business Strategy, Business Development, M&A	37.5%
2. Communication, Media	12.5%
3. Finance, Macro Economics, Accounting	12.5%
4. ICT Convergence, Growth Business	37.5%

#### Career Highlights



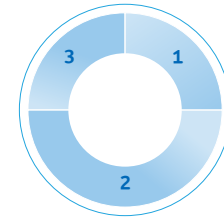
1. Research, Scholar	37.5%
2. Government	12.5%
3. Corporate	50.0%

#### Tenure



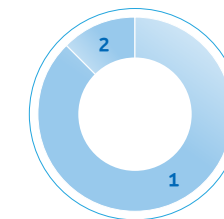
1. 0-1 year	37.5%
2. 2-4 years	62.5%
3. 5-7 years	0%

#### Age



1. 41-50	25.0%
2. 51-60	50.0%
3. 60+	25.0%

#### Gender



1. Male	87.5%
2. Female	12.5%

### BOD characteristics

Independence	<ul style="list-style-type: none"> <li>• Have increased the proportion of independent directors to ensure independence</li> <li>• Proportion of independent directors: 62.5% (Korean conglomerates: 50.9%<sup>1)</sup> on average)</li> <li>• Provide the judgement criteria for independent directors' independence and transparency in the BOD regulations in keeping with the Commercial Act, Monopoly Regulation and Fair Trade Act, and other relevant laws</li> <li>• Appoint the BOD chair among independent directors</li> </ul>
Expertise	<ul style="list-style-type: none"> <li>• Have established the procedure for appointment of directors aimed at securing directors with professional competence in mobile communication<sup>2)</sup></li> <li>• Form the BOD composed of directors with in-depth knowledge and experience in communication, media, security, AI, and cloud</li> <li>• Recommend and appoint experts who can fill the existing BOD's skills gap as new directors</li> <li>• Maintain the percentage of directors with experience in mobile communication at a certain level</li> <li>• No. of ICT experts among the 8 industry experts in the BOD: 5</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Set the limit for the number of concurrent positions held by independent directors and auditors to a maximum of two</li> <li>• Have established and operate various committees to perform the BOD's responsibilities and roles efficiently and professionally</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>• Pursue diversity without discrimination in terms of gender, race/ethnicity, country/national origin, religion, disability, etc.</li> </ul>

<sup>1)</sup> Announcement by the Korea Fair Trade Commission of the status of corporate governance of group companies as of December 2020

<sup>2)</sup> Telecommunication Services (GICS Tier-1)

### Education for independent directors in 2020

Date	Organizer	Participants	Content
Jan. 16	Office of the Board of Directors	Jae Hoon Lee, Seok Dong Kim, Jung Ho Ahn, Young Min Yoon	Trends at CES 2020 Measures to operate "mySUNI"
Apr. 07	Office of the Board of Directors	Yong Hak Kim, Jun Mo Kim	Orientation for new independent directors - SKT management strategies and status
Apr. 23	Office of the Board of Directors	Yong Hak Kim, Seok Dong Kim, Jung Ho Ahn, Young Min Yoon, Jun Mo Kim	Directions and demonstration of "NUGU Mobile Agent"
Jun. 25	Office of the Board of Directors	Yong Hak Kim, Seok Dong Kim, Jung Ho Ahn, Young Min Yoon, Jun Mo Kim	Post-COVID work life and cultural innovation

### Independence and conflicts of interest statement

Independence	
Reasons for disqualification in the BOD regulations (based on Commercial Act, Monopoly Regulation and Fair Trade Act, etc.)	<ol style="list-style-type: none"> <li>1. Current executives, executive officers, and employees involved in the business affairs of the company; or former executives, executive officers and employees who have been involved in the business affairs of the company in the past two years;</li> <li>2. The largest shareholder of the company, and his/her spouse and lineal descendants and ascendants;</li> <li>3. If the largest shareholder is a corporate body, its directors, auditors, executive officers and employees;</li> <li>4. Spouses and lineal descendants and ascendants of the directors, auditors and executive officers of the company;</li> <li>5. The directors, auditors, executive officers and employees of the parent company or subsidiaries;</li> <li>6. The directors, auditors, executive officers and employees of corporate bodies who are major stakeholders; and</li> <li>7. The directors, auditors, executive officers and employees of other companies at which a director, executive officer or employee of the company is serving as a director or executive officer.</li> </ol>
Transparency	
Conflicts of interest	<ol style="list-style-type: none"> <li>1. A person who controls a company having a competitive relationship with the Company, or anyone related to that person, under the Monopoly Regulation and Fair Trade Act;</li> <li>2. A person who is, or who has been - within the last two years - an officer or an employee of a company having a competitive relationship with the Company, or a company which belongs to the same enterprise group as such competitor under the Monopoly Regulation and Fair Trade Act; and</li> <li>3. A person who is an executive/employee of a company that is the largest or second largest shareholder of a company in competition with the Company or a company belonging to the same corporate group under the Monopoly Regulation and Fair Trade Act, or who has been an executive/employee of such company within the last two years.</li> </ol>

## Board of Directors

\* Until May 26, 2021



**Yong Hak Kim**

Independent Director, Chairman of the Board

**Term of office**

March 2020-March 2023

**Career in brief**

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

**Expertise**

Social value creation, risk management

**Committee**

Audit Committee, Compensation Committee, CAPEX Review Committee



**Jung Ho Park**

Executive Director

March 2017-March 2023

- Bachelor's Degree in Business Administration, Korea University
- Master's Degree in Business Management, George Washington University
- Current President & CEO, SK Telecom and SK hynix
- Former President & CEO, SK Broadband
- Former President & CEO, SK Holdings
- Former EVP, Corporate Development Division at SK C&C

ICT, M&A/business development, investment and risk management

Independent Director Recommendation Committee



**Young Min Yoon**

Independent Director

March 2018-March 2024

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

Media industry policy and strategy, communications, risk management

Audit Committee, CAPEX Review Committee, Corporate Citizenship Committee



**Jun Mo Kim**

Independent Director

March 2020-March 2023

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

AI, data, growth strategy, telecommunication

Compensation Committee, CAPEX Review Committee, Corporate Citizenship Committee



**Seok Dong Kim**

Independent Director

**Term of office**

March 2019-March 2022

**Career in brief**

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

**Expertise**

Financial policy, finance, accounting, risk management

**Committee**

Audit Committee, Independent Director Recommendation Committee, Compensation Committee, CAPEX Review Committee



**Jung Ho Ahn**

Independent Director

March 2017-March 2023

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

Convergence science, growth strategy, telecommunication

Audit Committee, Independent Director Recommendation Committee, CAPEX Review Committee, Corporate Citizenship Committee



**Dae Sik Cho**

Non-executive Director

March 2017-March 2023

- Bachelor's Degree in Sociology, Korea University
- Master's Degree in Business Administration, Clark University
- Current Chairman of SK SUPEX Promotion Committee
- Former President & CEO, SK Holdings
- Former CFO, SK Holdings
- Former Head of Risk Management & Corporate Auditing Office, SK Holdings

Financial policy, finance, accounting, risk management

**Young Sang Ryu**

Executive Director

March 2018-March 2024

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

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

CAPEX Review Committee

### BOD Activities in 2020

No.	Date	Key agenda items	Attendance rate
431	Jan. 16	• 2020 business plan	87.5%
432	Feb. 06	<ul style="list-style-type: none"> <li>• The 36th financial statements</li> <li>• Delegation of long-term borrowing</li> <li>• The 36th business report</li> <li>• Participation in capital increase for invested companies, SK SEA Investment</li> <li>• Contribution to the Korea Fencing Association in 2020</li> <li>• Donations for social value creation</li> <li>• Evaluation of internal accounting control system</li> <li>• Follow-up reports from Q4 2019</li> </ul>	100%
433	Feb. 20	<ul style="list-style-type: none"> <li>• Convocation of the 36th AGM</li> <li>• Results of the evaluation of the internal accounting control system</li> </ul>	100%
434	Mar. 26	<ul style="list-style-type: none"> <li>• Appointment of the BOD Chairperson</li> <li>• Appointment of the CEO</li> <li>• Appointment of the committee members</li> <li>• Trade with SK Holdings in Q2 2020</li> </ul>	100%
435	Apr. 23	<ul style="list-style-type: none"> <li>• Payment of operating expenses to the SUPEX Promotion Committee in 2020</li> <li>• Follow-up reports from Q1 2020</li> </ul>	87.5%
436	May 28	<ul style="list-style-type: none"> <li>• Investment in SK Telecom TMT Investment Corp., an overseas affiliate, to invest in NANO-X IMAGING Ltd.</li> <li>• Investment in overseas affiliate ID Quantique SA</li> </ul>	87.5%
437	Jun. 25	• Trade with SK Holdings in Q3 2020	100%
438	Jul. 21	<ul style="list-style-type: none"> <li>• Interim dividends</li> <li>• Settlement of accounts for the 1st half of 2020</li> <li>• Follow-up reports from Q2 2020</li> </ul>	100%
439	Aug. 27	• Conclusion of trust contract to acquire treasury stock	100%
440	Sep. 25	<ul style="list-style-type: none"> <li>• Trade with SK Holdings in Q4 2020</li> <li>• Donations to Center for Social value Enhancement Studies (CSES) in 2020</li> <li>• Sale of SK Academy in Yongin to SK hynix</li> <li>• Compensation linked to corporate value</li> </ul>	100%
441	Oct. 15	<ul style="list-style-type: none"> <li>• Approval of company spin-off plan</li> <li>• Convocation of the 1st extraordinary general meeting (EGM) in 2020</li> <li>• Designation of the record date</li> <li>• Follow-up reports from Q3 2020</li> </ul>	100%

### Committees of the BOD

SK Telecom has formed five committees under the BOD to ensure transparent and efficient operation of the BOD in fulfilling their roles and responsibilities. The committees comply with their regulations and guarantee independence by specifying the proportion of their independent directors in their operational guidelines. In particular, to maximize fairness and transparency, the Audit Committee, Compensation Committee, and Corporate Citizenship Committee are entirely composed of independent directors.

(Until May 26, 2021)

Committee	Chairperson	Members
Audit Committee	Seok Dong Kim	Seok Dong Kim, Yong Hak Kim, Jung Ho Ahn, Young Min Yoon
Independent Director Recommendation Committee	Seok Dong Kim	Seok Dong Kim, Jung Ho Ahn, Jung Ho Park
Compensation Committee	Yong Hak Kim	Yong Hak Kim, Seok Dong Kim, Jun Mo Kim
CAPEX Review Committee	Jung Ho Ahn	Jung Ho Ahn, Yong Hak Kim, Seok Dong Kim, Young Min Yoon, Jun Mo Kim, Young Sang Ryu
Corporate Citizenship Committee	Young Min Yoon	Young Min Yoon, Jung Ho Ahn, Jun Mo Kim

**Audit Committee** The Audit Committee conducts accounting and business audits with the focus on financial statements and supplementary schedules, the procedures and results of the audits performed by independent auditors, deliberation on the company's major issues, and reports from the internal accounting manager and the external auditor on the operating status of the company's internal accounting system. In accordance with the Commercial Act, the committee also evaluates and approves specific transactions, such as private contracts with affiliated companies of a certain scale or larger. The committee reserves the right to inspect and audit directors' execution of duties and their financial and property conditions, inspect the BOD's activities, call for the cessation of any illegal actions, and convene extraordinary meetings of shareholders. The Audit Committee is bound to report the results of its evaluation and other major activities to the general meeting of shareholders and to disclose them through the Business Report.

**Audit Committee Operations in 2020**

Date	Agenda	Attendance rate
Feb. 05	<ul style="list-style-type: none"> <li>• Operation of the internal accounting control system</li> <li>• Results of the management diagnosis/audit in 2019 and plans for 2020</li> <li>• Auditor's written opinion on the internal monitoring system</li> </ul>	100%
Feb. 19	<ul style="list-style-type: none"> <li>• Results of the FY 2019 audit</li> <li>• Results of the FY 2019 internal accounting control system audit</li> <li>• Evaluation of the internal accounting control system's operations</li> <li>• Conclusion of contract on the payment of gifts to wireline customers in 2020</li> </ul>	100%
Feb. 20	<ul style="list-style-type: none"> <li>• Confirmation of opinions on agenda and document investigation for the 36th AGM</li> <li>• The 36th audit report</li> </ul>	100%
Mar. 25	<ul style="list-style-type: none"> <li>• Optical cable maintenance service in 2020</li> <li>• Transmission equipment maintenance service in 2020</li> </ul>	75%
Apr. 22	<ul style="list-style-type: none"> <li>• Appointment of chairperson</li> <li>• Approval of the external audit service in 2020</li> <li>• Audit plan for 2020</li> </ul>	100%
May 27	<ul style="list-style-type: none"> <li>• Enactment of external auditor appointment regulations</li> <li>• Results of the evaluation of the external auditor service for FY 2019</li> </ul>	100%
Jul. 20	<ul style="list-style-type: none"> <li>• Results of the external auditor's semi-annual review of FY 2020</li> </ul>	100%
Oct. 14	<ul style="list-style-type: none"> <li>• Confirmation of opinions on the agenda and document investigation for the 1st EGM in 2020</li> </ul>	100%
Nov. 25	<ul style="list-style-type: none"> <li>• Appointment of an external auditor for 2021-2023</li> </ul>	100%
Dec. 28	<ul style="list-style-type: none"> <li>• Consulting about unpaid bills and entrustment of the collection of accounts receivable in 2021</li> <li>• Purchase of communication/general products from HappyNarae in 2021</li> <li>• Conclusion of contract for the exchange equipment operation service in 2021</li> <li>• Telecommunications equipment lease in 2021</li> <li>• Trade of services with SK Wyverns in 2021</li> <li>• Trade of products/services with SK planet</li> <li>• Partnership contract with ONE store in 2021</li> <li>• Trade of products/services with Dreamus in 2021</li> <li>• Trade of products/services with Content wawe in 2021</li> <li>• Trade with SK infosec in 2021</li> <li>• Trade of products/services with ADT Caps in 2021</li> <li>• Advisory services for research on new business association models</li> <li>• Audit fees for external auditors in 2021</li> <li>• Progress of the internal control test for 2020 financial reporting and year-end audit plan</li> </ul>	100%

**Independent Director Recommendations Committee** In order to ensure fair recommendation of candidates for independent directors, the BOD operates the Independent Director Recommendation Committee, which has established a transparent independent director appointment process and manages the nomination and election process in a responsible manner. The Committee stipulates that the majority of its members should be independent directors in order for the organization to recommend candidates with independence and expertise.

**Independent Director Recommendations Committee Operations in 2020**

Date	Agenda	Attendance rate
Feb. 20	<ul style="list-style-type: none"> <li>• Recommendation of candidates for the position of independent director at the 36th AGM (Yong Hak Kim, Jun Mo Kim, Jung Ho Ahn)</li> </ul>	100%
Apr. 22	<ul style="list-style-type: none"> <li>• Appointment of chairperson (Seok Dong Kim)</li> </ul>	100%

**Compensation Committee** The Compensation Committee reviews the CEO's salary and incentive plan (stock options, etc.). The Committee is entirely composed of independent directors. The CEO or a person nominated by the CEO may state his/her opinion on the compensation considerations.

**Compensation Committee Operations in 2020**

Date	Agenda	Attendance rate
Apr. 22	<ul style="list-style-type: none"> <li>• Appointment of chairperson (Yong Hak Kim)</li> </ul>	100%

**CAPEX Review Committee** The CAPEX Review Committee deliberates the investment plans for the next year and reviews the investment plans and risk factors when major changes are made to the business plans. The committee also checks changes in the investment plans exceeding 10% of CAPEX and reviews the company's quarterly and semi-annual investment performance.

**CAPEX Review Committee Operations in 2020**

Date	Agenda	Attendance rate
Jan. 15	<ul style="list-style-type: none"> <li>• 2020 investment plan</li> </ul>	100%
Apr. 22	<ul style="list-style-type: none"> <li>• Appointment of chairperson (Jung Ho Ahn)</li> </ul>	100%
Dec. 28	<ul style="list-style-type: none"> <li>• 2021 investment plan</li> </ul>	100%

**Corporate Citizenship Committee** As the highest decision-making body for sustainable management of SK Telecom, the Corporate Citizenship Committee was established to ensure that the company practices socially responsible management by making informed decisions about the company's long-term corporate value, sustainability, and corporate social responsibility (CSR). In particular, the Committee sets the direction of its promotional strategies and deliberates on its performance in the five key areas of sustainable management – customer-centered management, mutual growth, social value innovation, transparent ethical management, and environmental management. To comprehensively review the company's mid- to long-term risks and opportunities, the Committee continuously communicates with its stakeholders and identifies major issues. SK Telecom reports material issues identified during materiality assessments to the Committee every year to support the BOD's in-depth understanding and proper decision-making. Since 2013, SK Telecom has published an integrated annual report in order to disclose to its investors and stakeholders the overall value of its financial and non-financial performance as well as its CSR performance and plans. The Committee reviews the materiality assessment process and the material issues in the annual report.



### Corporate Citizenship Committee Operations in 2020

Date	Agenda	Attendance rate
Apr. 22	• Appointment of chairperson (Young Min Yoon)	100%
Jun. 24	• Main contents of the FY 2019 Annual Report	100%
Oct. 14	• SKT SV promotional directions and major programs • Major achievements of win-win growth in 2020 and strategic directions for 2021 • Current status of customer value innovation in 2020	100%

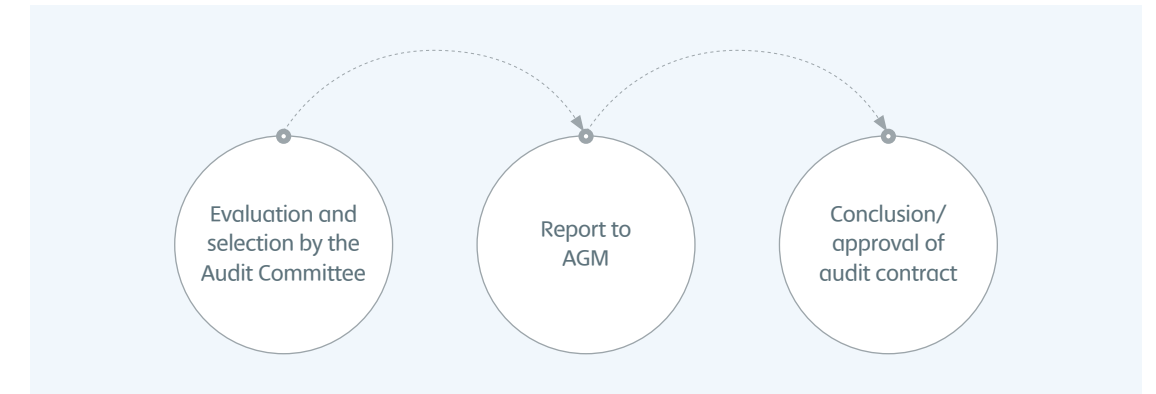
**Restructuring of the committees under the BOD (2021)** At the 37th AGM held in March 2021, we announced a plan to restructure the committees within the BOD as part of our effort to improve our governance structure to the level of the global standard. At the BOD meeting held on May 27, 2021, we reorganized the existing five committees into the Future Strategy Committee, HR/Compensation Committee, Independent Director Recommendation Committee, ESG Committee, and Audit Committee. We are planning to expand the authorities and functions of each committee in line with the global standard recommending that businesses pursue independent management centered on the BOD. In response to the growing importance of ESG worldwide, the ESG Committee will significantly expand the functions of the Corporate Citizenship Committee and continue to broaden discussions about various ESG issues. The HR/Compensation Committee is entrusted with the authority to select executives, including recommending CEO candidates and reappointing the CEO.

Committee name	Independent directors	Executive director	Key roles
Future Strategy Committee	5	1	<ul style="list-style-type: none"> <li>• Discuss the mid- to long-term strategic directions</li> <li>• Review the management and investment plans</li> <li>• Review and evaluate KPIs</li> </ul>
HR/Compensation Committee	3	1	<ul style="list-style-type: none"> <li>• Recommend CEO candidates</li> <li>• Deliberate on the CEO's reappointment</li> <li>• Review the appropriateness of the amount of remuneration for the CEO</li> <li>• Review the appropriateness of the amount of remuneration for executive directors (excluding the CEO)</li> </ul>
Independent Director Recommendation Committee	2	1	<ul style="list-style-type: none"> <li>• Establish the criteria for the selection of independent director candidates</li> <li>• Recommend the final candidates for independent directors</li> </ul>
ESG Committee	3	-	<ul style="list-style-type: none"> <li>• Deliberate on the direction and performance of major ESG efforts such as environment, society, customers, and information security</li> <li>• Deliberate on mandatory ESG disclosure matters</li> <li>• Deliberate on ESG-related stakeholder communication</li> </ul>
Audit Committee	4	-	<ul style="list-style-type: none"> <li>• Decide issues related to the audit report and the internal accounting management system</li> <li>• Decide internal transactions as delegated by the BOD</li> <li>• Decide other matters as required by the Commercial Act</li> <li>• Deliberate on management diagnosis/audit plans and results</li> <li>• Audit plans and results, etc.</li> </ul>

### External Auditor

An independent external auditing firm audits SK Telecom's financial statements and supplementary schedules to secure fairness and transparency. Following the external audit, the Audit Committee reviews the adequacy of the audit procedures and results. KPMG Samjong Accounting Corporation served as the external auditor from 2017 to 2020. The audit opinion for the 37th fiscal year was "unqualified" with no other issues.

#### External Auditor Selection Process



#### Auditor's Opinion

Business year	Auditor	Auditor's opinion	Explanatory paragraph
37th year (2020)	KPMG Samjong Accounting Corp.	Unqualified opinion	Retroactive application of changes in the accounting policy due to alteration of the lease term calculation method
36th year (2019)	KPMG Samjong Accounting Corp.	Unqualified opinion	None
35th year (2018)	KPMG Samjong Accounting Corp.	Unqualified opinion	None
34th year (2017)	KPMG Samjong Accounting Corp.	Unqualified opinion	None

#### Auditing Contract

Business year	Auditor	Contents	Fee	Hours of service
37th year (2020)	KPMG Samjong Accounting Corp.	Quarterly, semi-annual audits Audits of separate financial statements Audits of consolidated financial statements Reviews of financial statements in English and other audit works Audits on the internal accounting control system	KRW 2,360 million	23,600 hours

## Fair Performance Evaluation and Compensation

**Performance evaluation of the management** The evaluation of management performance, including that of the CEO, is undertaken in a comprehensive manner in consideration of both financial and non-financial performance. Beginning in 2019, we expanded the measured amount of social value to 50% of the CEO's KPI. The Corporate Citizenship Committee (currently the ESG Committee) reviews and approves the social value created and the strategic performances achieved by the CEO on an annual basis and reflects the results in his/her performance evaluation. We also reflect social value KPIs in the evaluation of the entire management to strengthen their sense of responsibility for creating social value, so that we can pursue the long-term enhancement of corporate value by pursuing business model innovation based on social value, beyond simply creating non-financial performance in terms of social contribution or corporate risk prevention. We base the annual evaluation of the directors' performances on their attendance rate of the BOD and committee meetings, their expertise in the company's business and technologies, their contributions, and their active board activities. The results of the evaluation are reflected in the re-appointment process after the expiration of their terms of office or when the Independent Director Recommendations Committee makes recommendations. As the impact of ESG management on corporate sustainability has intensified, we plan to include ESG management items in our management's KPIs from 2021 and to continue expanding ESG evaluation items.

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

### Remuneration Payment for Directors in 2020

	Total number of people	Total payment (KRW million)	Average remuneration (KRW million)
Registered director <sup>1)</sup>	3	9,609	3,203
Independent director <sup>2)</sup>	1	84	84
Audit Committee member or auditor	4	336	84

<sup>1)</sup> Registered directors include the executive director and other non-standing directors, but exclude independent directors and Audit Committee members

<sup>2)</sup> Excluding Audit Committee members

### CEO-Employee Remuneration Ratio in 2020

Total CEO remuneration (KRW million)	Average employee remuneration (KRW million)	Ratio <sup>1)</sup>
7,380	121	60.99

<sup>1)</sup> Calculated by dividing the total CEO remuneration by the average employee remuneration

### Stock Options for Executives

Date	Name	Base exercise price <sup>1)</sup>	Shares	Cancelled options	Remaining shares	Exercise period
2017	Mar. 24	KRW 246,750	22,168	0	22,168	Mar. 25, 2019-Mar. 24, 2022
		KRW 266,490	22,168	0	22,168	Mar. 25, 2020-Mar. 24, 2023
		KRW 287,810	22,168	0	22,168	Mar. 25, 2021-Mar. 24, 2024
	Sub-total		66,504	0	66,504	
2018	Feb. 20	KRW 254,120	1,358	0	1,358	Feb. 21, 2020-Feb. 20, 2023
		Sub-total	1,358	0	1,358	
2019	Feb. 22		1,369	0	1,369	
		KRW 265,260	1,564	0	1,564	Feb. 23, 2021-Feb. 22, 2024
			1,244	0	1,244	
		Sub-total	4,177	0	4,177	
2020	Mar. 26	KRW 254,310	1,734	0	1,734	Mar. 27, 2021-Mar. 26, 2024
		Sub-total	1,734	0	1,734	
2020	Mar. 26		111,106	0	111,106	
			2,353	0	2,353	
			1,961	0	1,961	
			1,874	0	1,874	
		KRW 192,260	1,852	0	1,852	Mar. 27, 2023-Mar. 26, 2027
			1,743	0	1,743	
			1,656	0	1,656	
			1,525	0	1,525	
			1,525	0	1,525	
Sub-total	125,595	0	125,595			
<b>Total</b>			<b>199,368</b>	<b>0</b>	<b>199,368</b>	

\* As of December 31, 2020

\*\* Includes stock options of unregistered executives, executives currently in office

<sup>1)</sup> The base exercise price was calculated based on an actual amount (the arithmetic average price of a trading volume-weighted average closing price for two months, one month, and one week before granting stock options) based on a stock option grant date.

Remuneration Payment for Directors/Executives

Name	Total amount (KRW million)	Category	Amount (KRW million)	Results
				<p><b>Calculation Criteria and Method</b></p> <ul style="list-style-type: none"> <li>The base salary of KRW 1,700 million per year (KRW 141.6 million paid monthly) is calculated by reflecting the role, position, leadership, expertise, contributions, management performance, etc., within the 2020 limit for directors' remuneration, according to the company's director remuneration payment criteria.</li> </ul>
		Salary	1,700	<p><b>Role/Position</b></p> <ul style="list-style-type: none"> <li>Leading SK ICT Family's growth as the CEO of SK Telecom</li> <li>Discovering and leading global business opportunities for SK Telecom and investment companies as chairman of the Global Growth Committee of the SUPEX Council</li> <li>Leading the growth of corporate value of SK Telecom's 49 subsidiaries (subject to consolidation), including a 25.9% increase in corporate value compared to the beginning of the year, as the Chairman of SK hynix's BOD</li> </ul>
				<p><b>Calculation Criteria and Basis</b></p> <ul style="list-style-type: none"> <li>Comprehensive consideration of the degree of achievement of goals in terms of measurable indicators, including sales and operating profit, and non-measurable indicators including leadership for strategic task execution and management performance based on the executive's role/position/leadership and the company's remuneration standards</li> <li>Achieved the highest revenue of SK Telecom, and the total operating income of all investment companies turned to profits in 2019 (SKT's 2019 revenue rose by 5.2% YoY to KRW 17,743.7 billion (on a consolidated basis); Successfully commercialized 5G for the first time in the world and attracted 2.08 million subscribers; Pioneered new 5G markets including ultra-low latency mobile edge computing (MEC) and cloud games; Ranked first in the three major customer satisfaction surveys for the longest period (22 years for KCSI and NCSI, 20 years for KS-SQI, as of 2019) across all industries in 2019 through data-based customer experience innovation; Achieved revenue growth of more than KRW 1 trillion compared to 2018 based on the innovative technologies in major growth businesses such as media, security and commerce; Total operating income of all subsidiaries turned to profits; Recorded revenue of KRW 1.2 trillion, up 17.4% YoY in security by ADT Caps and SK infosec in 2019, with the former securing the No. 1 market share; Launched new products such as unmanned parking and home security combined with ICT technology; 11st turned to profits with an operating income of KRW 1.4 billion in 2019; SK stoa emerged as the top 2 in the industry with 68% revenue growth and turning to profit in its operating income; SK Broadband recorded 10 million paying tv subscribers through the acquisition of t-broad and the successful launch of wavve; Established SK Telecom CS T1, an eSports JV between SKT and Comcast; Launched a JV with Sinclair to enter the next-generation broadcasting solution market of the U.S.; Strengthened strategic partnerships with Deutsche Telekom; and Discovered and expanded global business opportunities through alliances with top global players such as Microsoft, Apple, and Amazon</li> <li>Laid the foundations for strengthening SK hynix's competitiveness and its mid- to long-term value-up (Build the foundation based on which SK hynix can make a quantum leap in its NAND competitiveness through large-scale global M&amp;A promotion; Achieved value-up of the memory business through cooperation with global device/cloud service providers; Led the structural consolidation of the NAND business through the acquisition of Intel's NAND division; Expanded the semiconductor ecosystem by joining forces with Apple, Microsoft, and Amazon; and Promoted collaboration on the high-end memory business)</li> <li>Achieved an outstanding return of 183% in one year through the establishment of a cooperative relationship with Kakao and the execution of strategic investments, leading to a one-time bonus of KRW 2,109 million (Paid one-time bonus in the form of Kakao stocks through SK Telecom's BOD resolution about his efforts to reach an investment deal and create synergy with the investment target company based on the investment contract with Kakao)</li> <li>Comprehensive evaluation of and payment for measurable indicators of financial performance, including revenue, operating income, EVA, and total shareholder return (TSR), as well as non-measurable indicators consisting of leadership, strategic task achievement, expertise, and company performance results</li> </ul>
Jung Ho Park	7,380	Bonus	5,679	
		Others	1	<ul style="list-style-type: none"> <li>Executive welfare, etc.</li> </ul>

Name	Total amount (KRW million)	Category	Amount (KRW million)	Results
				<p><b>Calculation Criteria and Method</b></p> <ul style="list-style-type: none"> <li>The base salary of KRW 540 million a year (KRW 45 million paid monthly) is calculated by reflecting the role, position, leadership, expertise, contributions, management performance, etc., within the 2020 limit for directors' remuneration, according to the company's director remuneration payment criteria.</li> </ul>
		Salary	540	<p><b>Role/Position</b></p> <ul style="list-style-type: none"> <li>Leading the overall growth of the MNO business as the president of MNO and an SK Telecom's executive director</li> </ul>
				<p><b>Calculation Criteria and Basis</b></p> <ul style="list-style-type: none"> <li>Comprehensive consideration of the degree of achievement of the goals in terms of measurable indicators, including sales and operating profit, and non-measurable indicators, including leadership for strategic task execution and management performance based on the executive's role/position/leadership and the company's remuneration standards</li> <li>Pioneered the 5G market and solidified the company's leadership in the MNO sector in 2019 (securing 2.08 million subscribers for the first time in the world through preemptive 5G investment, recording a 44.6% 5G M/S at the end of 2019); Increased the ARPU from increased data usage; Turned to the upward trend in revenue growth from 2Q 2019; Laid the foundation for business models of the future, including 3 major streaming services such as cloud games, AR/VR, and e-sports, as well as ultra-low latency mobile edge computing (MEC), cloud games, etc. through collaboration with global companies such as Microsoft and Apple; and Achieved the highest ranking in the country's top 3 customer satisfaction surveys (KCSI, NCSI, KS-SQI) for the longest time in a row by transforming the customer experience through AI technology and data-based scientific marketing</li> <li>Achieved an outstanding return of 183% in one year through the establishment of a cooperative relationship with Kakao and the execution of strategic investments, leading to a one-time bonus of KRW 1,055 million (Paid one-time bonus in the form of Kakao stocks through SK Telecom's BOD resolution for his leadership in the post-deal Synergy Council with Kakao as a key executive in the investment deal)</li> </ul>
Young Sang Ryu	2,229	Bonus	1,668	
		Others	21	<ul style="list-style-type: none"> <li>Executive welfare, etc.</li> </ul>

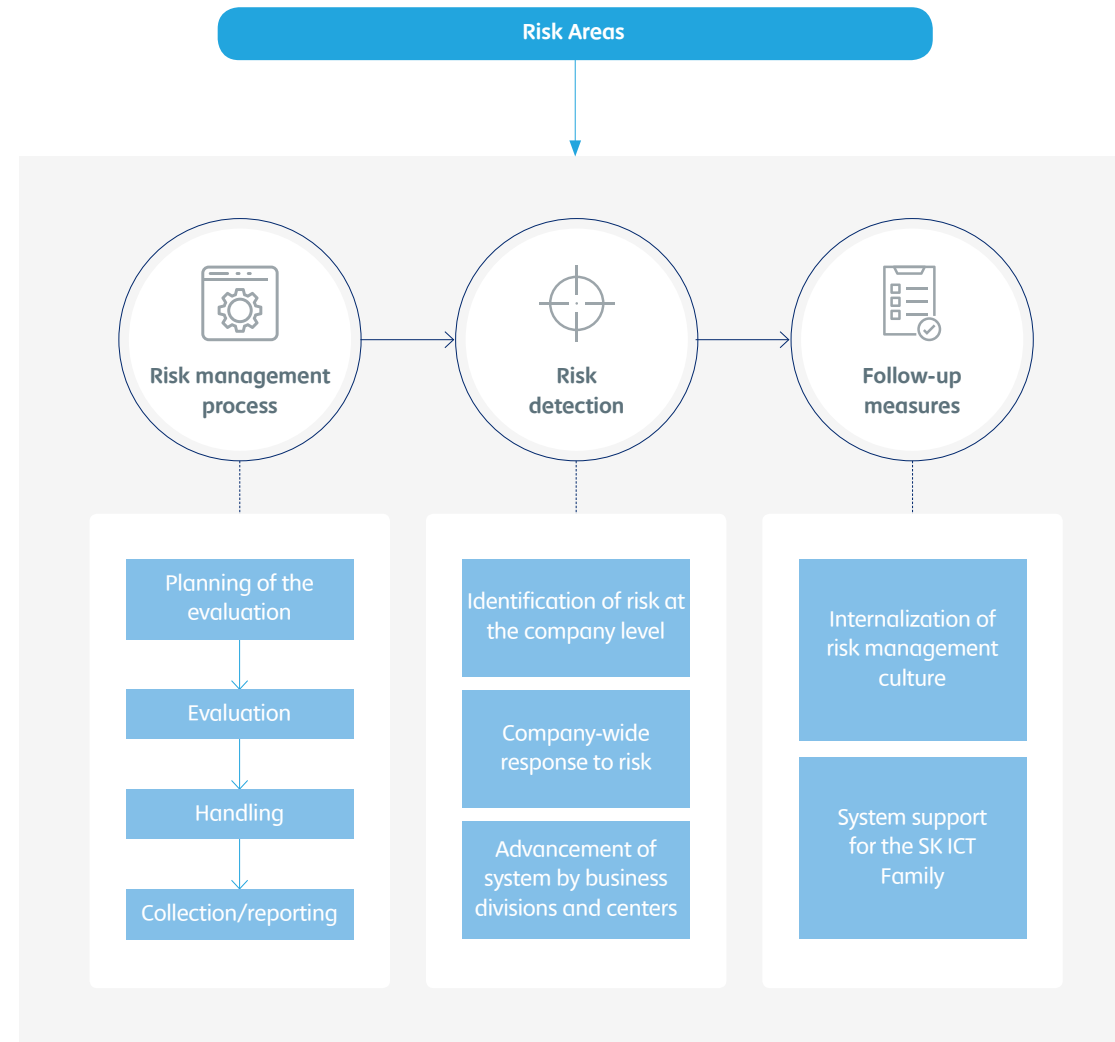
# Risk Management

SK Telecom has set an integrated risk management system in place to preemptively identify and respond to risks. Based on the company-wide system, we strive to minimize the impact of risks by defining and managing risks by sector.

## Integrated Risk Management System

Our risk management process encompasses both the financial and non-financial factors, and comprises a system designed to evaluate annual risks in advance. If a risk is detected, we run a company-wide risk management response system as well as a crisis response system led by the Change Management Office. We have also strengthened our risk management system by establishing an autonomous risk response system for each business division and center. As such, we have been internalizing a risk management culture while expanding our company-wide risk management system to the SK ICT Family to further enhance risk management.

### Risk Management Structure



## Range of Risk Management

SK Telecom manages a wide range of risks that may arise during its financial and non-financial operations, ranging from strategic risks to financial risks (market, interest rates, taxation, foreign exchange rates), regulatory risks, business operation risks (serious customer complaints, customer information leakages, network failures) and reputational/social responsibility risks (unfair trade, bribery, illegal gifts). Having subdivided our risk management areas into business, employees, customer value, business partners, governance, and climate change, we are now expanding our strategic response system to reflect key factors in each area and changes in the internal/external environment.

### Risk Management Areas and Factors

<p><b>Business</b></p> 	<ul style="list-style-type: none"> <li>• Strategic: Prediction of customer needs and demands, business decision-making, changes in technology and industry environment, etc.</li> <li>• Regulatory: Changes in regulations and policies in the ICT industry related to telecom, media and platforms</li> <li>• Financial: Exchange rates, changes in interest rates, liquidity, credit, assets, debt management</li> <li>• Operational: Appropriateness of organizational design, performing incorrect processes</li> </ul>
<p><b>Employees</b></p> 	<ul style="list-style-type: none"> <li>• Corruption at the individual level: Leaks of company information, financial dealings with employees and stakeholders, illicit profits/usage, embezzlement, violation of the prohibition on the holding of concurrent positions/outside work, etc.</li> <li>• Sexual ethics: Sexual harassment, gender discrimination, etc.</li> <li>• Employee conflicts: Conflicts between employees, leaders or companies</li> <li>• Employee incidents/accidents: Death/serious injuries from negligence, accidents, job-related accidents, public criticism including assault</li> <li>• Company losses due to job-related negligence: Loss of sales opportunities, neglectful asset management</li> <li>• Other forms of misconduct by employees</li> </ul>
<p><b>Customer Value</b></p> 	<ul style="list-style-type: none"> <li>• Customers' (collective) actions</li> <li>• Customer information leaks: Leaks of subscribers' personal data, leaks of device information and call records</li> <li>• Serious customer complaints: Service failures, computational errors, etc.</li> <li>• Spread of negative public opinions via media coverage and/or through social media</li> </ul>
<p><b>Business Partners</b></p> 	<ul style="list-style-type: none"> <li>• Giving/receiving money, valuables or entertainment</li> <li>• Business partners' illegal actions: Customer fraud at authorized dealers and retail stores</li> <li>• Business partners' data privacy violations: External leakages of confidential business information, unfair usage of business information, etc.</li> <li>• Unfair trade: Transactions with relatives/borrowed-name companies, illicit transactions, special favors for companies including overlooking their defects, etc.</li> <li>• Conflicts with partner companies: Violence, sexual harassment, legal disputes due to changes in the business environment, etc.</li> </ul>
<p><b>Governance</b></p> 	<ul style="list-style-type: none"> <li>• Violation of fair trade practices: Illegal subsidies, violations of the Protection of the Communications Act, collusion, etc.</li> <li>• Accounting fraud: Creation of slush funds, fraudulent accounting, disclosure violations, etc.</li> <li>• Inappropriate entertainment: Offering of bribes and other forms of special treatment, etc.</li> <li>• Search/Investigation by state institutions: Search/investigations of violations of laws and the company's business policies</li> </ul>
<p><b>Climate Change</b></p> 	<ul style="list-style-type: none"> <li>• Regulatory risks: Changes in regulations and policies due to the reinforcement of climate change policies</li> <li>• Technology and market: Changes in technologies and markets due to climate change, increasing demand for eco-friendly products</li> <li>• Reputation: Impact of the ESG response on investment institutions</li> <li>• Physical environment: Effects of extreme weather caused by climate change</li> </ul>

## Risk Management Process

SK Telecom has built a risk management process, by reflecting its major internal and external issues and stakeholders' requirements, which consists of establishment of risk evaluation plan, risk evaluation, and risk handling and reporting. Our risk management is carried out through close collaboration between the risk management officer, who is in charge of annual risk/opportunity assessment and overall progress monitoring, and each process owner, who takes charge of the overall management of risks and opportunities according to the approved annual risk evaluation plan and reports the management reviews.

**Proactive management** The Change Management Office takes the lead in selecting risk management officers for each business division/center and running the Risk Management (RM) Working Group. The RM Working Group is run on a regular basis and is responsible for preventing risks in each field, controlling risks in the early stage if they arise to minimize damages, and identifying additional risk areas to be managed in line with changes in the business environment.

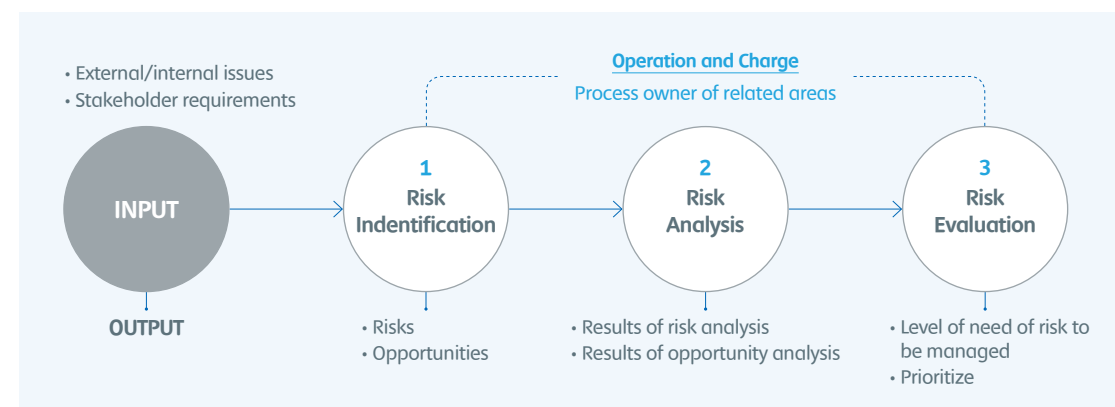
### Risk evaluation

**1. Risk identification** It refers to the process of seeking, identifying and describing factors that cause risks. We reflect all internal and external issues related to our organization's purposes and strategic directions as well as stakeholders' requirements. When necessary, this process can also embrace a wide range of risks and opportunities that affect the achievement of our business goals, and we manage the number of risks/opportunities identified as a core achievement.

**2. Risk analysis** It is the process through which the characteristics of identified risks are fully comprehended and evaluated. We classify the impact and likelihood of risk/opportunity as high, medium and low.

**3. Determination of risk levels** This process involves an analysis of the risk criteria and a comparison of the results to determine the acceptability and level of risk, leading to determination of the need to deal with risks and priorities based on their potential impacts and the likelihood of occurrence.

### Risk Management Process

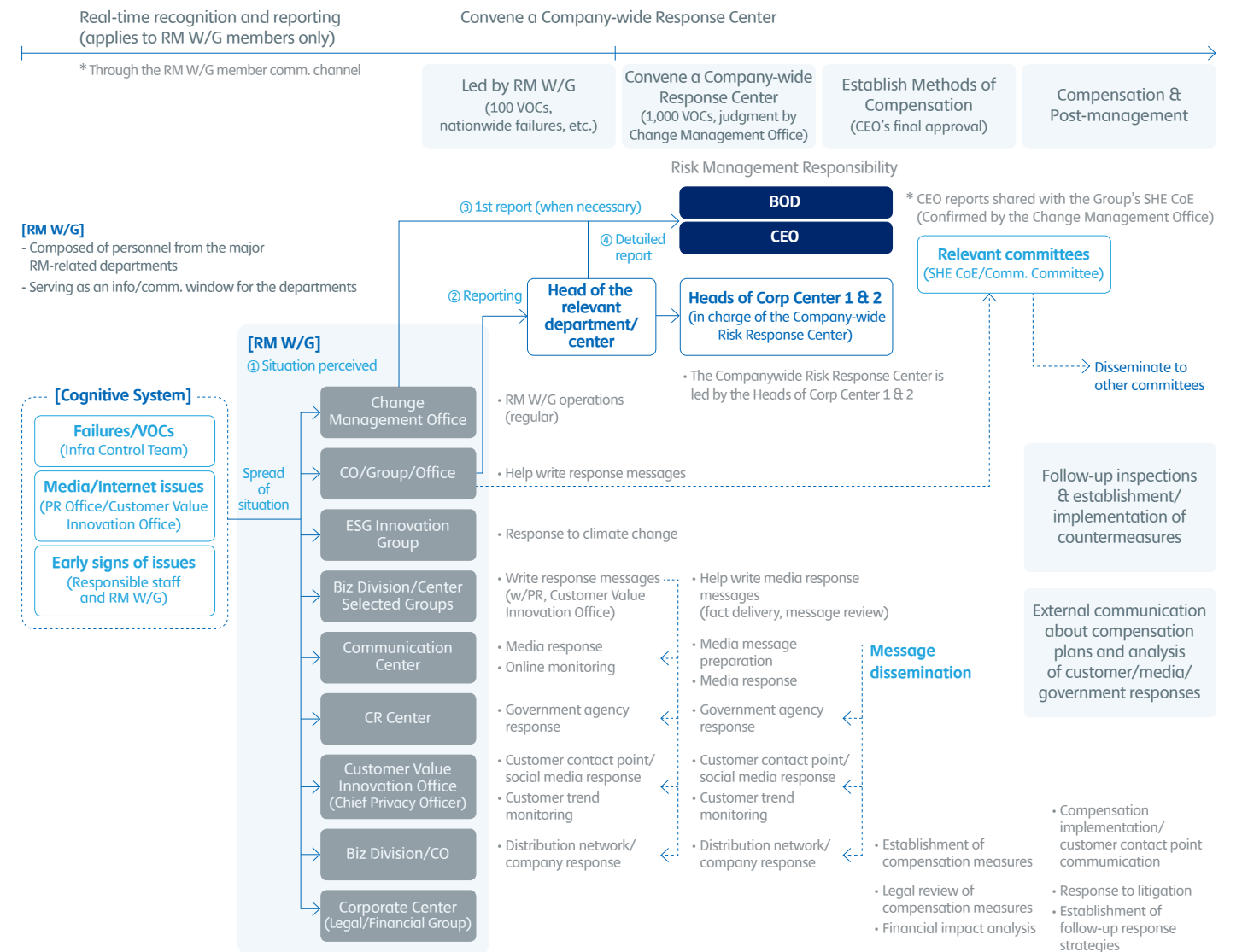


**Follow-up management** When risk is identified, we set appropriate risk management handling measures and action plans based on our risk management processes. Risks that have undergone a risk evaluation and the risk management process are collected, reported and used in the development of management review reports. The information is stored on the Twiki System, a data-sharing DB, for five years, and is used as an effective asset for our future risk management strategies.

## Company-wide Risk Management Response System

SK Telecom has set a company-wide risk monitoring and response system in place to preemptively respond to risks and enhance the follow-up management of risks. We appoint more than one person-in-charge for each function to quickly manage and share risks through our online channel operations. The Change Management Office, which is directly under the CEO, reports emergency risks to the CEO and has the authority to convene a crisis response meeting supervised by the Heads of Corporate Center 1 and 2. The Office also defines the management of the risk profile, the mapping of departments responsible for major risks, and countermeasures for each risk, while overseeing monitoring, risk recognition and dissemination, and response according to the defined risk criteria. The Heads of Corporate Center 1 and 2 may convene a company-wide risk response meeting to respond promptly to risks that may have significant effects on the internal organization and business operations, while the RM Working Group operates on/offline channels whenever signs of risks are identified. The BOD makes the final decision on exposure tolerance for all risks that the company faces, including strategic, financial, investment, information security (including privacy protection), operational (including environmental and social aspects), taxation and reputational risks, as well as response strategies. It also has final responsibility for risk management decisions, including the determination of companywide risk profiles and risk-specific limit definitions.

### Risk Management Diffusion System



**Improving systems by business divisions and centers** SK Telecom has established an autonomous risk management system for each business division and center, which has developed an advanced pre-inspection system for potential risks through a risk response system optimized for the characteristics of each division and its operations. In particular, we check the level of our compliance with the corporate security policies on a regular basis, in order to preemptively respond to information security incident risks, while conducting activities for the assessment and elimination of physical and technical vulnerabilities.

**Internalization of risk management culture** SK Telecom has been making continuous efforts to internalize a risk management culture across the entire organization from staff to executives and the BOD. We are also building an environment conducive to the faster reporting of risks so that they promote transparency and responsibility for risks on their own. To raise employee's risk awareness, we select risks that have an increasing mid- to long-term impact and conduct regular training and mock drills. We also share risk analysis data, collected through the risk management process, on our system as part of our efforts to improve risk management practices. Furthermore, based on the principle of prioritizing risk prevention, we run a response system that includes unpredictable risks that can have significant long-term effects, such as climate change and natural disasters.

**Report to the CEO**

Risk type	CEO reporting criteria
Service failure	<ul style="list-style-type: none"> <li>• Issue with over 1,000 VOCs about the Telco service (voice/data) and B tv service</li> <li>• Over 100 roaming VOCs</li> <li>• Total failure of core services<sup>1)</sup> for more than 3 hours</li> <li>• Total failure of SWING and in-house work system more than 1 hour</li> <li>• Online issues               <ul style="list-style-type: none"> <li>- Top 10 trending topics</li> <li>- Online news coverage and spread on social media</li> </ul> </li> </ul>
Corporate reputation including privacy, BR, GR, etc.	<ul style="list-style-type: none"> <li>• News coverage by terrestrial TV stations, in daily newspapers, and on portal sites               <ul style="list-style-type: none"> <li>- Terrestrial TV stations: KBS, MBC, SBS</li> <li>- Major daily newspapers: Chosun, Dong-A, Joongang, Maekyung</li> <li>- 3 major portal sites: NAVER, Daum, nate</li> </ul> </li> <li>• Top 10 real-time search topics on major portal sites and hot topics on social media</li> </ul>
Issues related to the SK ICT Family	<ul style="list-style-type: none"> <li>• Follow SK Telecom's CEO reporting criteria about major media reports and social media issues on top of each family company's CEO reporting criteria               <ul style="list-style-type: none"> <li>- Nation-wide major service failures or surging customer grievances</li> <li>- Customer information leakages and other media issues</li> </ul> </li> </ul>

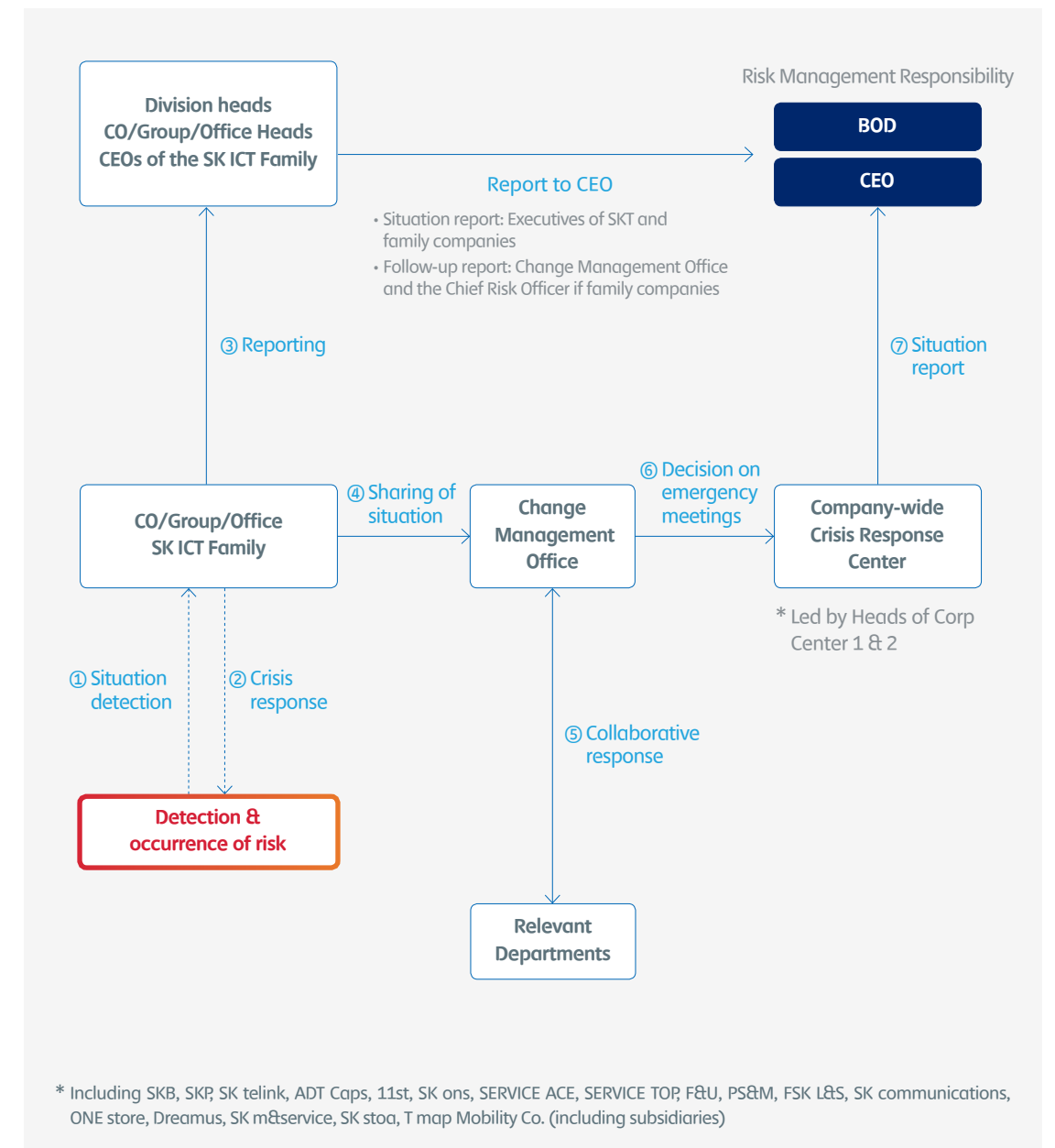
<sup>1)</sup> Core services whose risk management cannot be handled through the VOC standards (T world, T world direct, T membership, MoVIOS, ZEM, T ID, T phone, NUGU, T map, T map Taxi, T map Parking, T map Public Transportation, T View, PASS, Jump AR, Jump VR, RCS, Bill Letter, B tv, FLO, 11st, wavve, ONE store, xCloud Game, V Coloring)

**Supporting the Risk Management System of the SK ICT Family<sup>1)</sup>**

SK Telecom has set a company-wide Risk Management Working Group in which the SK ICT Family participates. The Group ensures that when an emergency occurs, information is shared and decisions are made promptly according to the standards for disseminating emergency information to the entire SK ICT Family by risk type. In addition, we make concerted efforts to keep ahead of risks by regularly holding risk management meetings of the SK ICT Family. We will further strengthen the close collaboration system in a bid to consolidate our business stability by taking short-, mid-, and long-term risk management and process improvement actions.

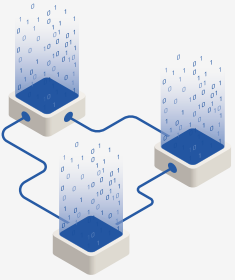

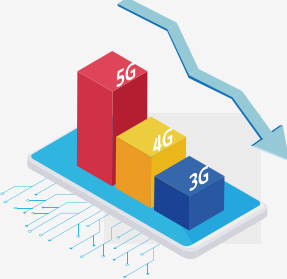
<sup>1)</sup> ICT affiliates of SK Group, including SK Telecom and its subsidiaries

**Risk Management Diffusion System of the SK ICT Family**



## Risk & Opportunities

SK Telecoms preemptively identifies and analyzes all potential risk factors that could have a significant impact on its business environment, thereby strategically responding to risks. Going forward, we will overcome any crisis shape a new future based on thorough risk management from the short-, mid-, and long-term perspectives.

Risks & Opportunities	Context	Status	Potential Impact on SKT	SKT's Response
<p><b>Ethical Risks of AI</b></p> 	<ul style="list-style-type: none"> <li>• Growing controversy over the ethical risks of AI and related social issues caused by the development of AI technology               <ul style="list-style-type: none"> <li>- Consumers have negative perceptions of AI service development companies and developers due to the alleged use of de-identified personal information for the development of the AI Chatbot "IRUDA" service, etc.</li> </ul> </li> <li>• Restrictions on the development of AI services in cases of non-compliance, including the enhancement of AI ethical standards in Korea and overseas, ethical principles, etc. in line with the growing interest in and importance of AI ethics               <ul style="list-style-type: none"> <li>- Establishment of an Ethics Charter by major domestic corporations for the first time, as well as the government's announcement of ethical standards</li> <li>- Establishment and implementation of AI ethical principles and systems by tech companies in the U.S; discussions on AI ethics by academia/international organizations in Europe</li> </ul> </li> </ul>	Emerging	<ul style="list-style-type: none"> <li>• Secure professional, such as internal experts and departments, in charge of reviewing and managing AI ethical issues</li> <li>• Preemptively respond to negative public perceptions and related regulations about AI ethical risks amid the growing social impacts of AI</li> <li>• Need to secure reliability in line with the development of AI-based service               <ul style="list-style-type: none"> <li>- Concerns over side effects of algorithm-based learning data and results</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Applying AI ethics to management systems: Value pursued by AI               <ul style="list-style-type: none"> <li>- Strive to lead the development of AI technologies and related ecosystems based on the principle of "Human-Centered AI" to prevent the misuse of AI technology                   <ul style="list-style-type: none"> <li>E.g. Holding an ai.x event under the theme of "Human. Machine. Experience Together" since 2018</li> </ul> </li> <li>- Create cases in which AI is used for social value creation                   <ul style="list-style-type: none"> <li>E.g. Launching an AI care service in 2019 and release the KVQA<sup>3)</sup> dataset</li> </ul> </li> <li>- Set and stipulate ethical principles for AI planners and developers</li> </ul> </li> <li>• Operating the company-wide AI Ethics Task Force (TF)               <ul style="list-style-type: none"> <li>- Establish plans to define the AI values promoted by AI Ethics TF under the AT Platform TF, and to enhance company-wide AI ethical systems</li> <li>- Establish company-wide AI ethics systems (plan to operate internal system, customer communication channels, and external expert advisory group; apply AI ethics monitoring to the company-wide PLM<sup>2)</sup> process in a phased manner; and apply AI ethical risk response activities to the company-wide risk management awareness/dissemination system in a phased manner)</li> </ul> </li> </ul>
<p><b>Stagnant market growth due to population decline/aging population</b></p> 	<ul style="list-style-type: none"> <li>• The number of Korean households is expected to decrease to 22,303,000, with an average household of 2.03 members by 2047               <ul style="list-style-type: none"> <li>- Korea faces a population dead cross<sup>3)</sup> due to its low birth rate and rapidly aging population</li> </ul> </li> <li>• Possibility of a weakened consumer base due to population decline</li> </ul>	Emerging	<ul style="list-style-type: none"> <li>• Business model risks following aging demographics               <ul style="list-style-type: none"> <li>- The saturated telecom market with the high number of mobile communication subscribers (70 million) compared to the total population (51.68 million)</li> <li>- Need to continuously discover new businesses other than telecommunications due to market stagnation, resulting in decrease in profits and revenues (intensification of the competition to seek new business beyond telecommunications: genetics, healthcare, finance, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Transforming SK Telecom's identity               <ul style="list-style-type: none"> <li>- AI company that is both internally and externally recognized</li> <li>- A provider of AI-based subscription services</li> </ul> </li> <li>• Providing services using IoT, ICT, 5G communication, and big data</li> <li>• Strengthening the ICT infrastructure-based business portfolio               <ul style="list-style-type: none"> <li>- Develop AI technology-based genome analysis algorithm and new drug candidates, improve AI platform NUGU service, etc.</li> </ul> </li> <li>• Restructuring business in order to create new values               <ul style="list-style-type: none"> <li>- Boosting 5G-based media services</li> <li>- Expanding convergent security services</li> <li>- Accelerating the development of mobility business</li> </ul> </li> </ul>
<p><b>Decrease in number of 3G subscribers</b></p> 	<ul style="list-style-type: none"> <li>• Demand for 3G is declining while network operating costs for 3G remain still               <ul style="list-style-type: none"> <li>- Lower 3G rates than 5G/LTE, leading to falling profitability and a lower average revenue per user (ARPU)</li> <li>- Aging 3G network, leading to maintenance costs for base stations and equipment nation-wide</li> </ul> </li> <li>• The telecommunication industries of other countries are planning a gradual suspension of 3G services because conversion of the 3G frequency band to LTE enables the facilitation of the 5G ecosystem and improves the efficiency of limited frequencies</li> <li>• Discussions are ongoing about the need to develop the 5G industry and increase consumer convenience by terminating 3G services</li> </ul>	Emerging	<ul style="list-style-type: none"> <li>• Catering to the needs of 3G subscribers is expected to incur 3G network maintenance costs over the next 10 years or more</li> </ul>	<ul style="list-style-type: none"> <li>• Improving power efficiency through 3G modernization</li> <li>• Reviewing the way to share the 3G network with a competitor</li> <li>• Strategy to move subscribers in a phased manner by expanding the special-purpose device business, etc.</li> </ul>

<sup>1)</sup> Korean Visual Question Answering

<sup>2)</sup> PLM (Product Lifecycle Management): A company-wide quality management method by which overall process control is made possible throughout the entire product life cycle

<sup>3)</sup> Dead Cross: A phenomenon in which a country's population decreases as the number of deaths exceeds the number of births

Risks & Opportunities	Context	Status	Potential Impact on SKT	SKT's Response
<p><b>Rapid increase of network traffic due to unspecified variables</b></p> 	<ul style="list-style-type: none"> <li>Traffic usage would increase due to changes in customer usage patterns caused by unpredictable environmental changes such as the COVID-19 pandemic</li> <li>5G subscribers: Changes in the 5G market due to COVID-19, lowering SK Telecom's target for 2020 (LTE market share and per capita usage increased)</li> <li>5G per capita usage increased due to tightened social distancing amid the spread of COVID-19 (up 6% and 16% in March and August, respectively before COVID-19)</li> <li>5G HD playback rate rose by 18.7% compared to LTE due to technological advances in terminals and high-definition contents</li> </ul>	Emerging	<ul style="list-style-type: none"> <li>Fall in investment accuracy due to increasing uncertainty regarding mid- to long-term traffic demand</li> <li>Constant increases (600 times) in heavy 5G user traffic and market share compared to average users</li> <li>Concerns over continuous increases in per capita usage due to the high level of data usage among domestic customers driven by Korea's high absolute value of data usage compared to other countries</li> <li>Increase in capacity investment as traffic increases, and in the need to move LTE traffic to 5G traffic due to a lack of new investment</li> <li>Increase in the demand forecast error rate due to environmental changes <ul style="list-style-type: none"> <li>Service QoS declines when actual traffic exceeds demand; and overinvestment results in financial losses when demand is insufficient</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Improving demand prediction accuracy by constantly fine-tuning the mid- to long-term demand forecasts</li> <li>Modifying demand forecasts and optimizing investment based on an analysis of variable factors</li> </ul>
<p><b>Additional market regulations and regulatory policies for paying TV business</b></p> 	<ul style="list-style-type: none"> <li>Government regulations on cable TV and IPTV operators</li> <li>A bill was submitted to the National Assembly to abolish the market share regulations for cable TV and IPTV operators due to the controversy about the "Aggregate Paying TV Business Regulation" mandating equal market share restrictions for cable TV, satellite broadcasting, and IPTV businesses</li> <li>Regulatory review to create a fair broadcasting environment and expand the foundations of the broadcasting ecosystem following the expiration of the aggregate paying TV regulations</li> </ul>	Emerging	<ul style="list-style-type: none"> <li>Negative impact of changes in the government policy on businesses is inevitable as the mobile communication industry is subject to extensive government supervision and regulation</li> <li>Adverse effects on finances, operational results, cash flow, and other business performance are anticipated once the government resumes its regulation of paying tv operators</li> <li>Potential impact on return on investment (ROI) in R&amp;D and manpower made to develop technologies needed for continuous improvement of wired communication services, etc.</li> <li>Increased burden on strategic business directions, including securing additional paying TV subscribers and responding to global operators</li> </ul>	<ul style="list-style-type: none"> <li>Preemptively forecasting and setting responsive measures to deal with changes in new services to strengthen competitiveness, consumer preferences, the economic environment, and competitors' discount pricing strategies, which could change the competitive landscape of the industry</li> <li>Strengthening content competitiveness and planning to grow into a top-level channel operator by entering the MPP business (April 2021)</li> <li>Responding to the media market with a home entertainment platform that provides diverse contents and services</li> <li>Promoting the commercialization of the addressable TV advertising<sup>4)</sup> and local advertising platform business</li> </ul>
<p><b>Reinforced climate change regulations and carbon neutrality</b></p> 	<ul style="list-style-type: none"> <li>Emergence of rising risks associated with emissions trading and energy costs due to stricter climate change policies and regulations</li> <li>The government's declaration of carbon neutrality by 2050, the inauguration of the 2050 Carbon Neutrality Committee under the direct control of the president, and the 2030 national GHG reduction target which is expected to be strengthened in line with major countries' net-zero emissions declarations</li> <li>Participation in the Global Mobile Telecommunications Operators Association (GSMA) and global ICT companies' preemptive GHG reduction initiatives (SBTi, RE100) to comply with the Paris Agreement</li> <li>Increasing importance of TCFD disclosure in relation to the impact of climate change on corporate financial performance from the investor's point of view</li> <li>Changes in the needs of SK Telecom's major customer base, the MZ generation<sup>5)</sup> <ul style="list-style-type: none"> <li>Increasing interest and participation in environmental issues</li> </ul> </li> </ul>	Emerging	<ul style="list-style-type: none"> <li>Increased need to manage energy efficiency and GHG emissions across national networks (base stations/repeaters/central stations, etc.)</li> <li>Possibility of environmental debt due to the government's low emission allowances compared to SK Telecom's GHG emission forecast (BAU), in addition to long-term uncertainty in the emissions trading market</li> <li>Need to disclose specific information based on TCFD recommendations in line with the growing importance of companies' disclosure of information concerning their responses to climate change <ul style="list-style-type: none"> <li>Growing need to transparently reflect and disclose financial impacts caused by climate change in financial statements.</li> </ul> </li> <li>SK Telecom's electricity consumption in 2020 amounted to 21,259 TJ, with the achievement of RE100 by 2050 expected to incur an investment of some KRW trillion</li> <li>Growing demand to discover external reduction projects and establish RE100 response strategies due to the limited potential for internal reduction</li> </ul>	<ul style="list-style-type: none"> <li>ESG Committee under the BOD discusses emissions trading and price risk mitigation through the distributed purchase of emissions trading, in order to actively respond to the emissions trading system and company-wide GHG reduction activities</li> <li>Setting measures to achieve net-zero and RE100 and to alleviate the burden of the emissions trading system through stable mid- to long-term procurement of renewable energy, given the country's electricity system and the characteristics of the company's internal electricity usage</li> <li>ICT-based smart/green solutions: Promoting the 5G-based environmental efficiency improvement business, such as building energy management system, factory energy management system, and future-oriented smart grid demonstration projects</li> <li>Reflecting climate change risks and opportunities in business strategies in addition to annual CDP and TCFD reports, and establishing a systematic management plan based on a financial impact analysis</li> <li>Dismantling old and obsolete 2G communication equipment and modernizing 3G communication equipment in order to reduce the power consumption of the communication infrastructure, in addition to the AI-based monitoring of power consumption to optimize power consumption, leading to an anticipated reduction of 230,000 tons of carbon emissions in 2021</li> <li>SK Telecom has secured carbon reduction and GHG emission rights through the Myanmar Cookstove business, with an expected economic value of about KRW 45 billion generated from the accumulated reduction of 1.5 million tons of carbon emissions by 2026, including 110,000 tons in 2021</li> </ul>

<sup>4)</sup> Customized advertising for each household's unique characteristics and interests based on an analysis of the data collected from its set-top box

<sup>5)</sup> MZ generation: A collective term used to denote members of the so-called Millennium (M) Generation born between the early 1980s and the early 2000s and members of Generation Z born between the mid-1990s and the early 2000s



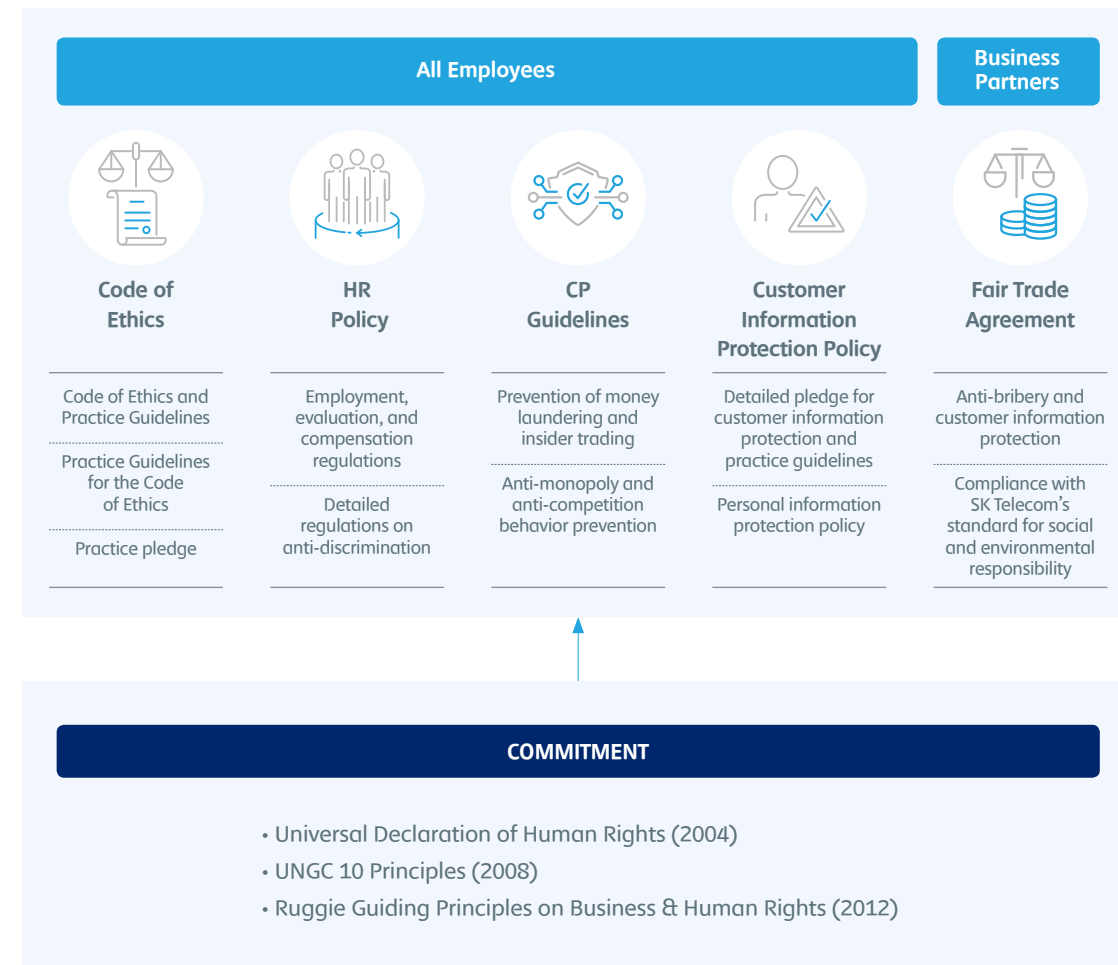
# Ethical Management

SK Telecom is striving to fulfill its economic and legal responsibilities in its corporate activities, placing top priority on ethical management. To raise awareness of corporate ethics among all our employees, we conduct regular training on ethical management and voluntary compliance.

## Transparent Ethical Management

As the foundation of SK Telecom's fair trade and ethical management, our Code of Conduct proclaims responsibilities in our business activities and presents the ethical policies, regulations, attitudes, and directions that all of our employees must observe. In the case of violations, we strictly respond to them in accordance with the principle of "zero tolerance", and we use the Code of Ethics and the Practice Guidelines for the Code of Ethics as the criteria for our decision-making and behavior. Following an amendment to the Code of Ethics in November 2017, we revised the Practice Guidelines for the Code of Ethics in January 2018 with an eye on strengthening the connection with the core values of the company and segmenting ethical practices into "Customers, Business Partners, the Company, Employees, and Me".

### SK Telecom's Code of Conduct Framework

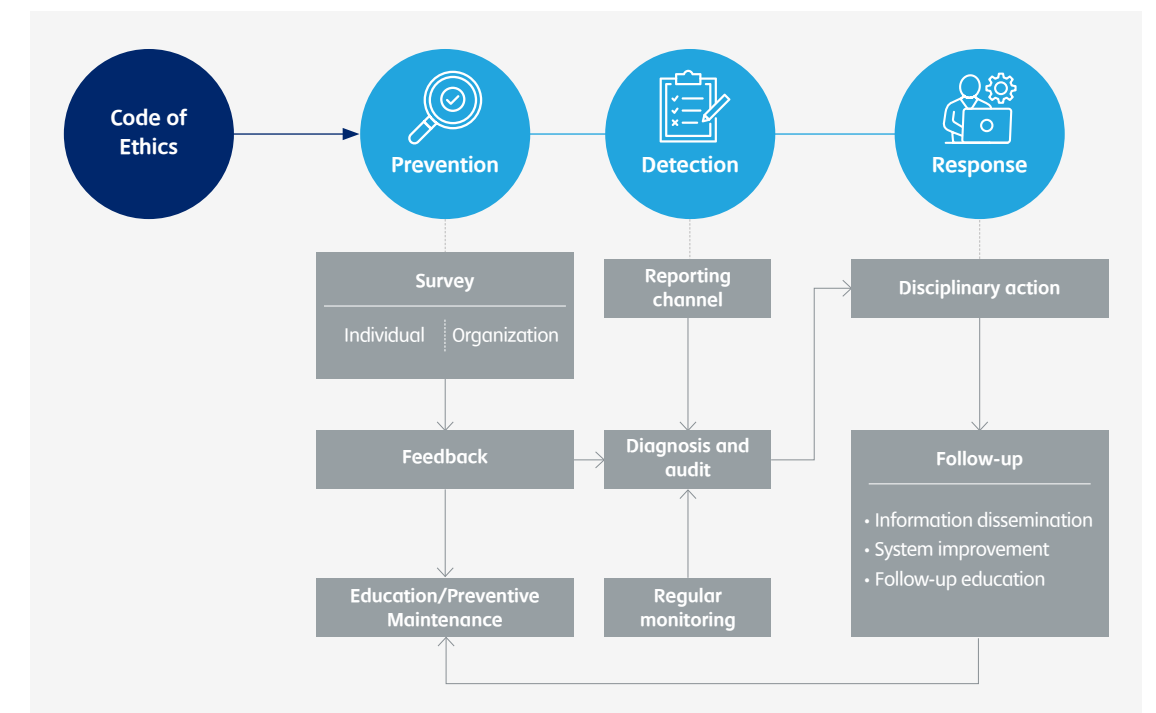


We will work tirelessly to establish a healthy corporate culture by building a relationship of trust with all groups of stakeholders, including our customers, shareholders, suppliers, and local communities.

## Ethical Management Process

SK Telecom runs a three-step ethical management process – Prevention, Detection, and Response – by harnessing its Code of Ethics and the support system of the management organization. In 2020, we further strengthened our virtuous cycle of ethical management by enhancing prevention and education for a preemptive response to the external environment, providing ethical counseling, revitalizing the Reporting Center, and launching systematic follow-up measures.

### SK Telecom's Ethical Management Process

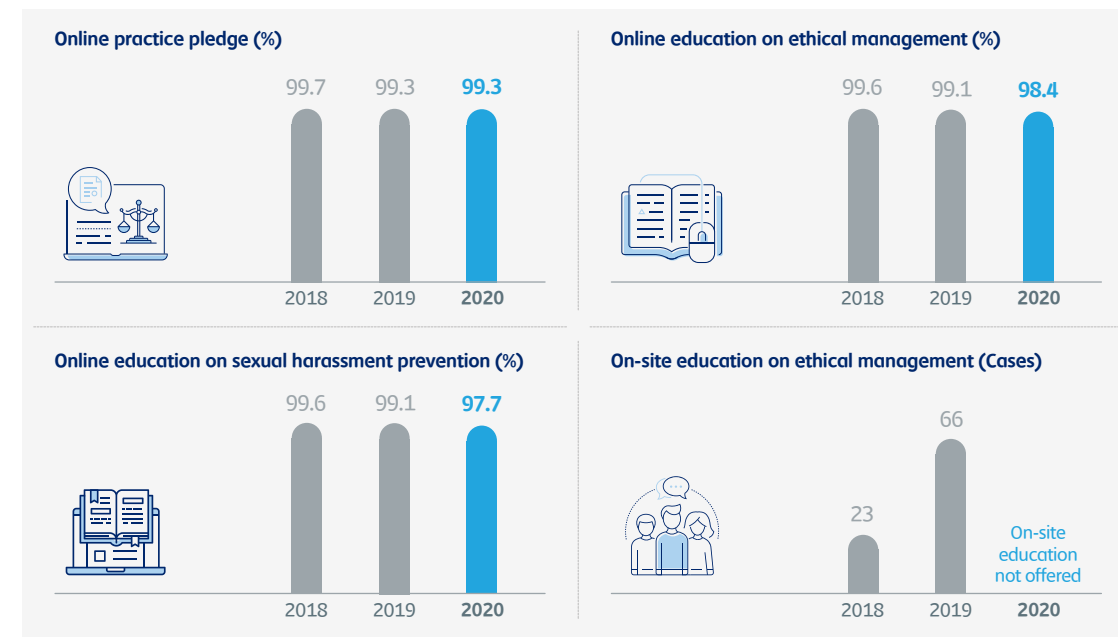


### Infrastructure (Management Organization)

- ESG Committee, Ethics Management Office, Ethical Management Agent, etc.
- Main activities
  - Monitoring of ethical risks in unit organizations
  - Once ethics issues are detected in unit, proceeds primary consultation/counseling
  - Verification of facts of consultation
  - Communication channel of the company's ethical management policies and future action plans
  - Collect opinions/feedbacks of unit organizations related to establishment of ethical management infrastructure
  - Return of received monetary goods and sending of official letters of cooperation to stakeholders involved in donations (sent directly if needed)
  - Collaboration with local community volunteer groups within the company

**Prevention** SK Telecom conducts annual surveys on ethical management practices in a bid to identify potential risks and take corrective measures preemptively. In 2020, we selected improvement tasks based on the results and feedback derived from our annual survey and encouraged all employees to practice business ethics. In particular, we empowered executives to take the lead in putting ethical management into practice at each of their respective units by giving them feedback on gaps in the awareness of the members of their units by segment and the members' opinions. We require all our employees to pledge to follow the established ethical practices and undergo ethics education on a regular basis, and have each of our organizations hold ethical management practice workshops to establish their own guidelines in an effort to spread ethical awareness companywide. We have gradually established a culture of ethical management in all our business activities by expanding the target and scope of our ethical management education to our business partners, distribution networks, and investment companies. We issue an "ethical practice letter" every month, previously issued every other month, to provide specific guidelines on ethical practices. In 2020, due to the COVID-19 pandemic, we conducted non-face-to-face training companywide.

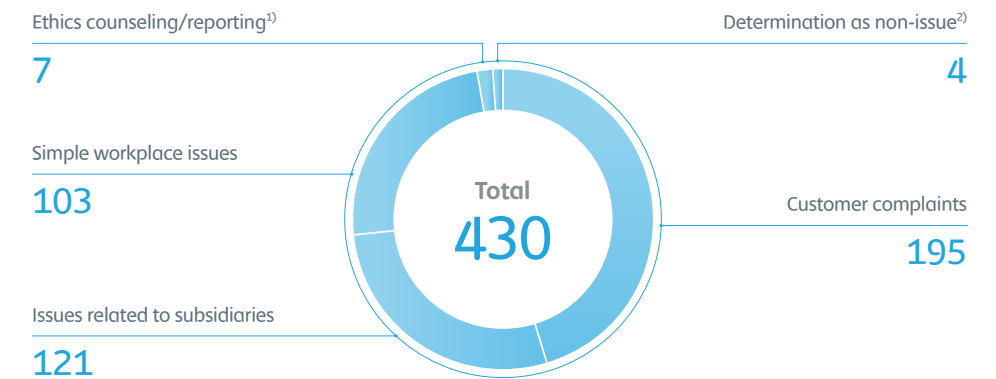
**Status of Employee Ethical Management Education**



\* 2-hours long online (non-face-to-face) education on ethical management is offered 2 times a year, and in 2020 more than 98% of all employees completed the course.

**Detection** We operate on/offline channels including a website, face-to-face counseling, and correspondence so that all of our stakeholders can report ethical violations and receive consultation at all times through the Ethics Counseling Center. Among the various channels serving as our windows for reporting cases of fraud and corruption and offering an ethical issue consultation service to our stakeholders are "My Counselor", "Letter to HR", sexual harassment counseling by female counselors, an Intranet channel, and an anonymous bulletin board. Based on The Act on the Protection of Public Interest Reporters, we do our utmost to protect whistleblowers against any unfair practices and fraudulent activities that violate our Code of Ethics. We also operate a counseling and witness protection program to protect whistleblowers' identities and maintain the confidentiality of the contents of their reporting/counseling, lest anyone involved in their actions suffer any disadvantages, while ensuring that whistleblowers can request "confidentiality", "personal protection", "personnel measures", "protective measures", and "prohibition of disadvantageous actions" in accordance with the relevant laws.

**Operation of the Ethics Counseling Center in 2020**



<sup>1)</sup> The center investigates ethics counseling/reporting cases; other cases are transferred to the relevant departments  
<sup>2)</sup> Investigations not conducted due to incomplete reported information/withdrawal of reports

SK Telecom carries out inspections to prevent business, management, and ethical risks at its operation units sequentially according to 27 internal control audit support scenarios based on the "SK Group Ethical Management Policy (2015)". We also regularly analyze and audit our leaders' performance in ethical management. In 2020, we focused on practical support to enhance the value of our ICT family companies, such as 11st, ONE store, HappyNarae, and SK ons, while striving to boost management efficiency to reinforce AI voice business and management infrastructure of the AI Project Unit.

**Response** We categorize violations of the Code of Ethics and take action against them. We determine their factuality through further investigations when necessary and take measures based on our in-house rules. When partner companies are found to have violated our ethics regulations, we sanction them by either reducing our transactions with them or terminating their contracts, and keep records of these activities for further reviewal and improvement of our ethical management practices.

**Actions Taken Against Code of Ethics Violations in 2020**

Type	No. of cases	Actions taken
Negligence of duties	-	-
Violations of regulations	2	1 Dismissal, 1 Salary reduction
Sexual harassment and workplace conduct	1	1 Suspension
<b>Total</b>	<b>3</b>	

**Zero**

Corrective actions against discrimination and/or workplace harassment / No. of cases of workplace harassment

(Zero from 2018 to 2020)

As stated in its own Human Rights Statement, SK Telecom condemns any type of workplace discrimination and harassment based on gender, race, religion, disability, or national origin among other factors, and applies a zero-tolerance policy to such violations. Our Guidelines on Compliance with the Code of Ethics forbid our employees from disrupting the formation of healthy relationships in the workplace by engaging in inappropriate financial transactions, making or accepting requests for personal favors, or subjecting other employees to any form of harassment. We strictly abide by the code of conduct framework and the ethical management process. In particular, to ensure fairness, we provide all whistleblowers with access to our in-house legal advisory services. We also offer ethics training to all of our employees, thereby improving employee awareness of workplace discrimination and harassment.

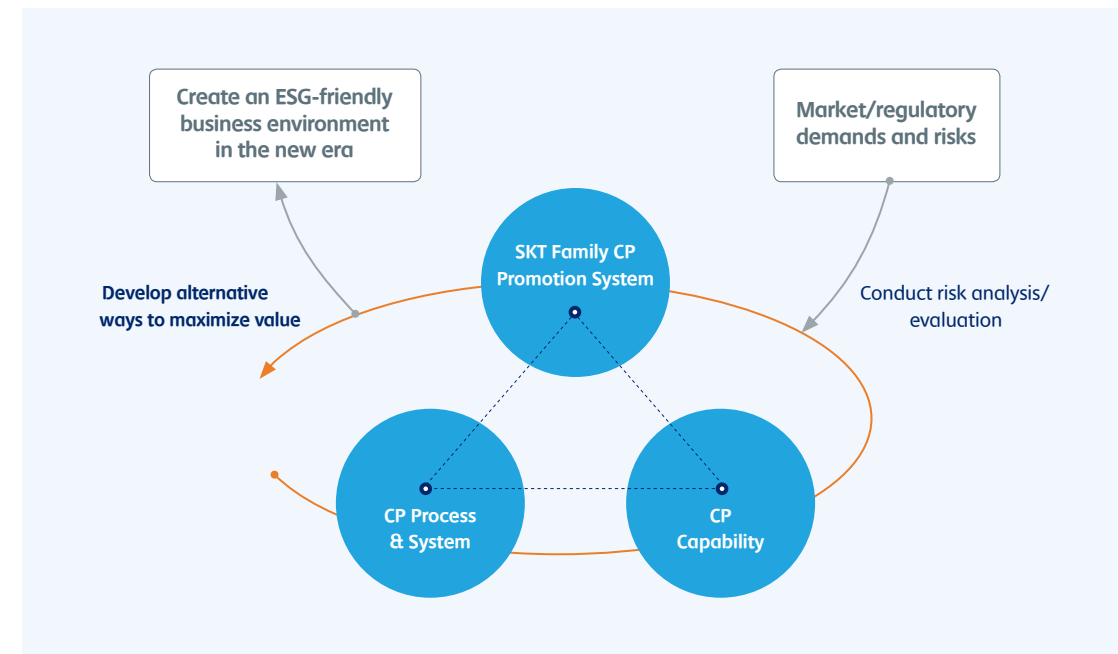
# Compliance

Since the introduction of its compliance system in 2013, SK Telecom has continued to expand and upgrade it in a bid to preemptively respond to the changing business environment. The expectations of society and the regulatory authorities are rapidly increasing in line with the spread of ESG amid the expansion and complexity of business in the nascent digital era.

## Policy

SK Telecom's compliance consists of the SKT Family CP (Compliance Program) Promotion System, which encompasses 23 SK ICT Family member companies from an integrated perspective; the advanced and digitized CP Process & System, and enhanced company-wide CP Capability. Based on these internal systems, we predict and analyze possible risks from markets, legislation and systems, and endeavor to maximize our corporate value through stable business performance based on win-win cooperation, a friendly business environment, and strict compliance management.

### SKT Compliance Vision & Policy



In 2020, we actively responded to the paradigm shift engendered by the COVID-19 pandemic, as well as societal demands and regulators' policies, in a bid to overcome the crisis. We worked hard to establish an in-house culture of fair trade. Through promoting compliance across the entire SK ICT Family, we also made various efforts to strengthen our competitiveness in the ICT market through preemptive responses to issues, while laying solid foundations for continuous value creation from our new growth businesses. Moreover, by conducting more advanced risk analysis and forecasting approaches using digital technology, we further consolidated our leadership position in compliance management.

Accordingly, SK Telecom's compliance system now places more importance on operating a full-fledged preventive system while creating a business environment conducive to the maximization of shareholder value as well as reviewing legality of cases and responding to risks.

## Target & Road-map

In 2020, we set specific targets in the four categories shown below and implemented the core tasks for each of them. First, we created a CP promotion system to be applied uniformly across the SK ICT Family, with each of them preparing to select tasks, produce action plans for improved capabilities, and start implementing them in 2021.

In terms of the preliminary review system and process, we aimed to conduct all our business with the goal of "zero risk" from the compliance management perspective; to review various transactions and marketing activities, in advance, with relevant business organizations and suggest alternatives when necessary; and to apply RPA (robotic process automation) which encompass digital technologies and data management within the system. In addition, we conducted annual training for all our staff and executives, and launched practical programs designed to strengthen the compliance and risk management capabilities of all our members and business organizations in a bid to respond to the rapidly changing business environment.

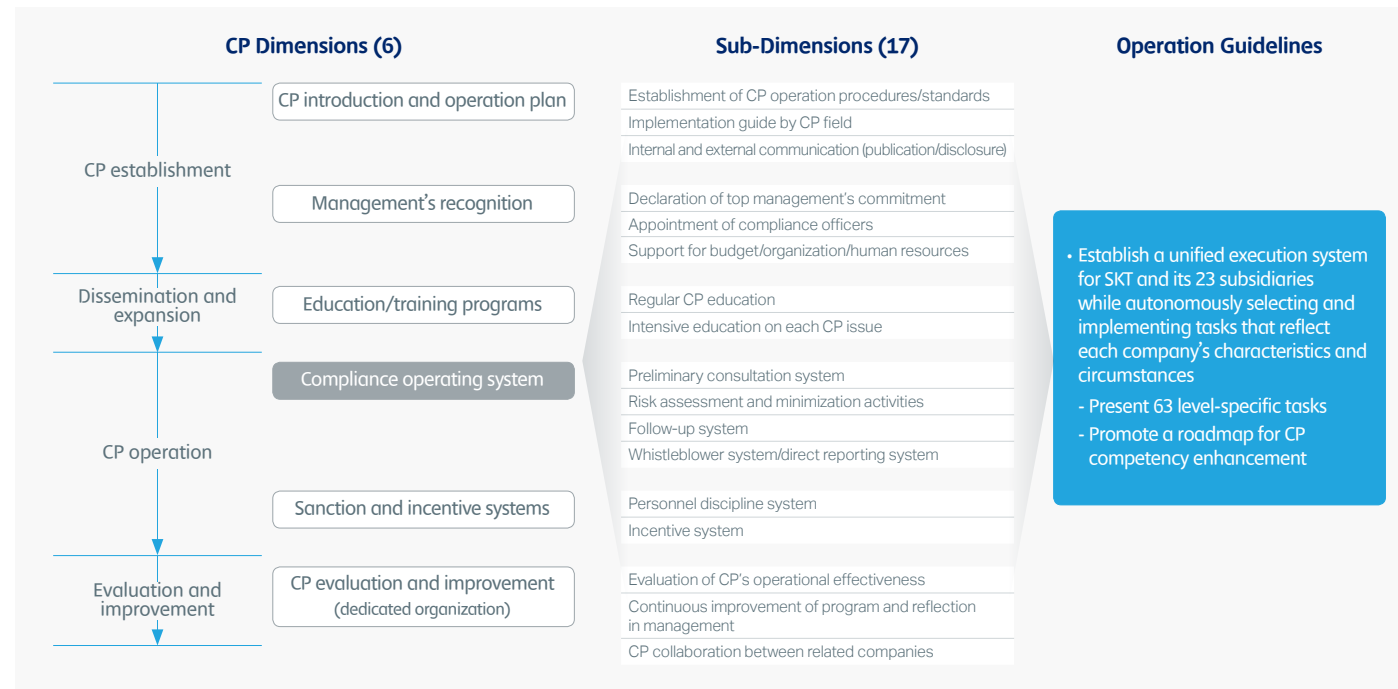
### Target & Milestone

<p><b>Introducing an integrated SKT Family CP system</b></p> <ul style="list-style-type: none"> <li>• Develop an integrated CP system for the SK ICT Family (4Q)</li> <li>• Apply the system to all 23 family companies by reflecting each company's evaluation system (2021-)</li> </ul>	<p><b>Establishing a fair trade culture with business partners</b></p> <ul style="list-style-type: none"> <li>• Develop measures to minimize risks for major growth businesses</li> <li>• Maintain the top ranking in the shared growth index evaluation</li> </ul>
<p><b>Upgrading the preliminary review system</b></p> <ul style="list-style-type: none"> <li>• Maintain zero-regulatory risks (introduction of 100% prior review)</li> <li>• Introduce AI-based RPA in the review system (1Q), enhance search features (2Q)</li> <li>• Connect the purchasing system and the tech. document system (2Q)</li> </ul>	<p><b>Enhancing programs for CP competency building</b></p> <ul style="list-style-type: none"> <li>• Annual regular education (3Q) <ul style="list-style-type: none"> <li>- For all executives and full-time employees</li> <li>- Expand to include the Board members and contract workers (2022-)</li> </ul> </li> <li>• Offer customized guidance according to business characteristics and risks (all year round) <ul style="list-style-type: none"> <li>- Checklist, guide for each business/CP area, targeted training, etc.</li> </ul> </li> </ul>

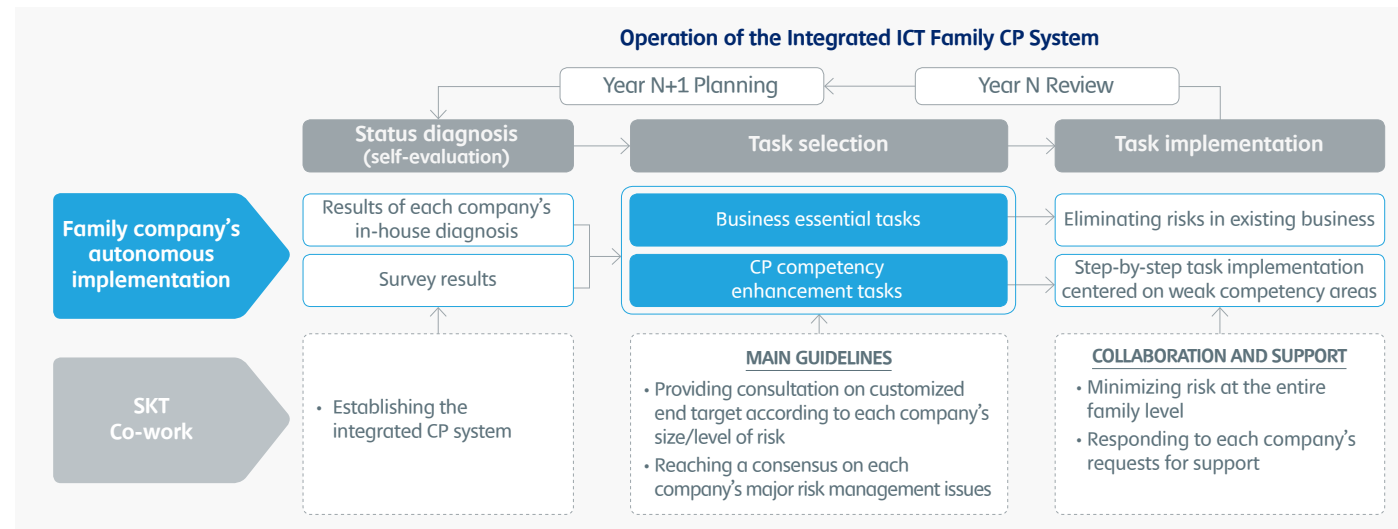
## Action

**Developing and adopting an integrated CP system for the SK ICT Family** We have developed a compliance implementation framework reflecting the capabilities and business characteristics of each of our 23 subsidiaries while enhancing the efficiency of our integrated response to the changing business environment. For the four stages of CP promotion, we devised six promotional dimensions and 63 detailed implementation tasks, based on which we conducted evaluation on each subsidiary's capabilities, and then made each one choose its own annual tasks and build individual mid-term CP promotion roadmap. We expect to build more effective compliance implementation capabilities at the SK ICT Family level through the continuous promotion of CP based on this framework.

### CP Implementation Framework



### CP Operation Dynamics



**Upgrading the preliminary review system** SK Telecom conducts pre-compliance reviews of all its business activities, including business transactions, business cooperation, and marketing activities, and converts the results into data resources. We completed the linkage with our various internal systems, including purchasing, technical data management, and project management, so as to establish and run a more accurate and three-dimensional review system that will enable us to consistently achieve zero regulatory risk and guarantee solid growth potential in our existing businesses and new growth engines.

We have also developed a system that can constantly collect information and analyze regulatory/market trends in an increasingly more sophisticated business environment by using AI/data-based digital technology. In 2020, we established a more effective risk management system, including an automatic monitoring system, for changes in regulatory situations and related issues, through the automation/intelligent regulatory trend sensing based on RPA.

**Establishing a fair trade culture with business partners** In our continuous efforts to achieve win-win growth with our business partners, we have been conducting compliance pre-reviews, improving systems, and focusing on win-win cooperation support for them. Through these, we have created a virtuous cycle ecosystem with our business partners and contributed to building a fair trade culture. In particular, as a leading ICT company, we strived to help overcome the national crisis in 2020 by supporting those of our business partners who were experiencing difficulties due to the COVID-19 pandemic through our win-win cooperation programs.

**Enhancing programs for CP competency building** SK Telecom runs a compliance education program (Monopoly Regulation and Fair Trade Act, Improper Solicitation and Graft Act) for all its executives, leaders, and employees, aimed at responding to the changing business environment and the associated risks more effectively. In 2020, 83.8% of people eligible to the trainings completed the course from August to September. In addition to the regular training, we provided training/guidance customized to specific business units and compliance issues on an annual basis, with the goal of boosting the effectiveness of our compliance management by empowering our employees to put their learning into practice in their daily work performance. Examples include the MNO Compliance Guide (March), the Labeling and Advertising Guidelines (April), the introduction of and training on the Subcontract Execution System (May), a revised version of the B2B Casebook (July), and the e-Commerce Service Checklist and Self-inspection (August). By disseminating information on new regulatory trends and recommending responses at work customized for each business unit and occupational group, we sought not only to raise awareness among our members but also to eliminate risk factors at the source. Going forward, we will make continuous efforts to expand our support areas and improve programs.

As a result of implementing the integrated compliance system, SK Telecom won the highest ranking as an "Excellent Business of Honor" in the 2020 mutual growth index evaluation, conducted by the Shared Growth Commission/Fair Trade Commission, for the eighth consecutive year, an outstanding achievement that only three Korean companies have accomplished out of 200 companies subject to the evaluation. As we are fully aware that a company's compliance competitiveness determines its sustainable growth and shareholder value, we will never allow ourselves to become complacent about these achievements, and will firmly established ourselves as a global leader in compliance.

## Transparent Participation in Public Policy and Payment of Association Dues

**Antitrust compliance** The SK Group enacted the SK Compliance System Guidelines in 2008 based on expanding importance of ethical management and fair trade responsibility. We are strengthening our fair trade system in depth based on guidelines. As a result, SK Telecom was not involved in any anti-trust investigations, nor did it pay any fines for breaching fair trade practices in 2020. SK Telecom will lead the establishment of a compliance system for the entire ICT industry and go forward as a company of sustainable competitiveness by spreading a fair trade culture and creating an environment for self-regulating fair competition.

We comply with the Political Funds Act and do not provide any political or election funds or lobbying funds to any political parties or groups so as to prevent corrupt acts related to political funds. However, for institutions whose political neutrality is guaranteed and which promote constructive causes in the public interest, we provide them with regular support, and disclose all the details of such support transparently on an annual basis. In February 2017, we arranged for donations of KRW 1 billion or more to be approved by the BOD in advance in a bid to guarantee the fairness of our donation commitment. As a responsible corporate citizen, we strive to prevent any acts of corruption related to political funds so as not to have a detrimental effect on formulation of the relevant policy. We comply with all anti-corruption and ethical management matters; fulfill our social responsibilities including the creation of jobs and the realization of social values; and strive to contribute to the sound development of society as a whole.

	2018	2019	2020
Political donations	0	0	0
Lobbying funds	0	0	0
Dues for related associations	575	579	574
Others	0	0	0

Name of Association	Position	Amount
Korea Telecommunications Operators Association (KTOA)	Vice-Chair	205
Korea Association for ICT Promotion (KAIT)	Chair	200
Korea Chamber of Commerce and Industry, Seoul	Member	102
ITU Radiocommunication Sector (ITU-R)	Member	39
Korea Radio Promotion Association (RAPA)	Vice-Chair	28

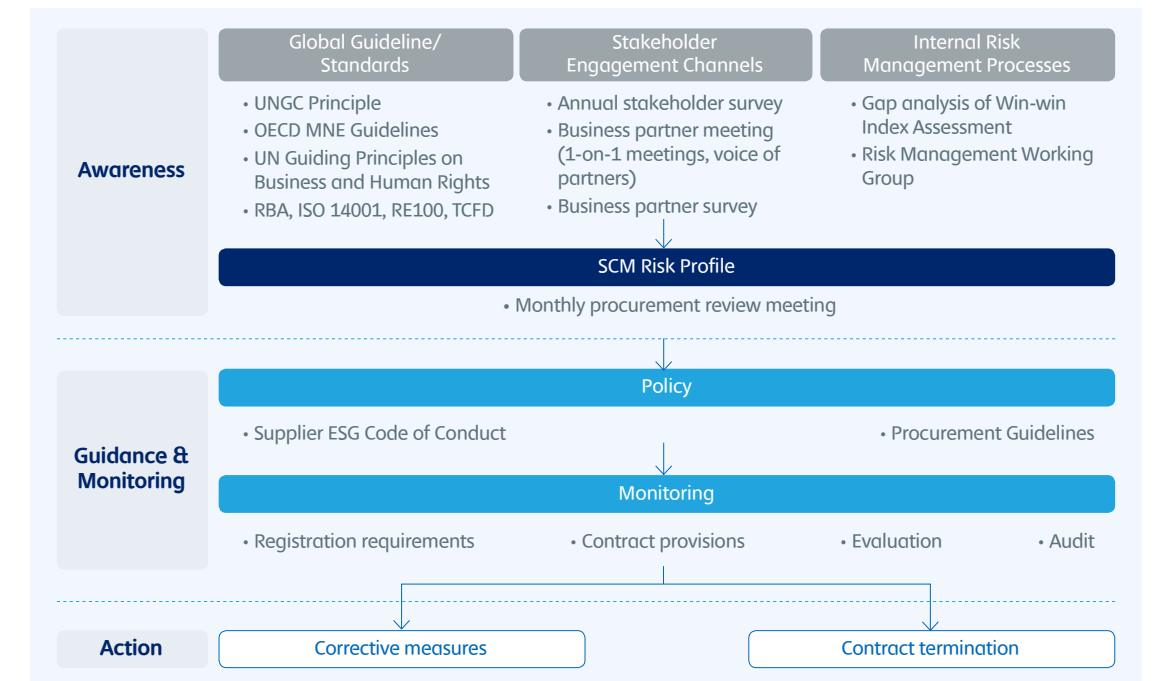
## Supply Chain Management

SK Telecom has established supply chain management policies and procedures for sustainable supply chain management. In particular, we are collaborating with our business partners across our business operations, such as network device development and distribution, network infrastructure construction and operation, and platform content development and provision. We provide our stakeholders with information about the responsibilities and guarantees for products and services, and continuously monitor risks within the value chain to boost our ability to mitigate risk factors and discover opportunities. We will strengthen our competitiveness through responsible value chain management.

### Supply Chain Status

SK Telecom designates its critical suppliers by considering the following: 1) relevance to the company's core businesses and reliability, 2) high transaction volume, and 3) business impact and transaction dependence, such as the irreplaceability of proprietary technologies. In 2020, out of 1,179 registered suppliers, we classified 177 as tier 1 core suppliers and 44 as non-tier 1 core suppliers.

#### Responsible Supply Chain Management Procedures



#### Supply Chain Purchase Analysis in 2020

	Partner category	Number of partners	Proportion of purchase (%)
Tier 1	Total number of registered suppliers	1,179	100
	Equipment (network and infrastructure)	152	31
	Services (software and solution development)	776	44
	Goods	106	5
	Construction	145	20
Critical suppliers	Tier 1	177	87
	Non-Tier 1	44	3

## Selection and Evaluation of Sustainable Supply Chain

**Supplier ESG Code of Conduct** SK Telecom defines the CSR compliance requirements for its partner companies through the Supplier ESG Code of Conduct. We pursue sustainable supply chain management based on ten supply chain policies<sup>1)</sup> encompassing anti-corruption, fair competition and compliance, information protection, financial soundness, public policy, customer value, eco-friendliness, health and safety, community contribution, and human rights. We provide the Business Partner ESG Code of Conduct to our business partners and recommend that all our business partners and their suppliers comply with the Code. As a representative UNGC LEAD company, we have included the UNGC principles in our supply chain guidelines; we refer to the recommendations of the GeSI Joint Audit Cooperation (JAC) Guidelines, the Global e-Sustainability Initiative. We ask our potential partner companies to comply with the principles in the process of contract execution, and prevent business risks related to our business partners through regular monitoring.

**Supply chain anti-corruption policy and audit** To prevent corruptive behavior in the supply chain, we not only apply the Business Partner ESG Code of Conduct but also ensure our partner companies' commitment to fair trade practices annually through the "Fair Trade/Transparent Transactions and CSR Practice Agreement" and the "Business Partner Agreement on Ethical Practice". With the aim of promoting active cooperation in the practice of CSR, including ethical management, and establishing a fair and transparent transaction culture, their pledges include prohibition of the offering of money, entertainment, and conveniences; the obligation to report to the Ethics Counseling Center upon receiving a request for money, entertainment, or convenience from our employees; and prohibition of the use or leakage of management information, as well as any involvement in unfair trade practices. In the event of cases of corruption, we impose sanctions pursuant to investigation/review by the Purchasing Deliberation Committee. No such incidents were reported in 2020.

**Prescreening of supply chain** SK Telecom screens 100% of its newly registered partners based in the "Fair Trade/Transparent Transactions and CSR Practice Agreement" as specified in the electronic contract system (OPEN2U). We require our partner companies to comply with our supply chain policies stipulated in the Agreement, which is considered an official request for partner companies to comply with our ESG policies, and each business contract between SK Telecom and our partners. We also request that all our tier-2 suppliers comply with the Code of Conduct throughout their contract execution and business practices. Those that fail to meet the criteria in the screening process cannot be registered as new partners, resulting in the termination of their business relations with us.

We implement prescreening in registering new partner companies based on such ESG factors as human rights, environment, ethics, and society, and are steadily increasing the ratio of supply chain ESG diagnostics. We had all our newly registered suppliers undergo the prescreening in 2020. To maintain the prescreening rate at 100% upon signing contracts with our new partners, we have upgraded our financial and non-financial risk review items and processes to be able to meet international ESG standards, while striving to further reduce supplier ESG risks by running a pool of supplier candidates that meet the relevant criteria.

### Supply Chain ESG Assessment (Prescreening)

Partner Category	2018	2019	2020	Goal for 2023	Notes
Total number of newly registered suppliers	505	568	336	-	
Number of screening in the areas of human rights, environment, ethics, and society	505	568	336	-	Service, construction, equipment, goods suppliers
Rate of pre-assessment (%)	100	100	100	100	

<sup>1)</sup> For further details, please visit our website at [www.sktelecom.com/supplychain](http://www.sktelecom.com/supplychain)

**Identification and analysis of key supply chain risks** SK Telecom strives to proactively manage major risks in its supply chain. To this end, we conduct the survey on business partners, hold meetings with business partners, listen to the voice of partners, and run the Risk Management Working Group, in addition to win-win growth satisfaction surveys conducted at least twice a year. We reflect identified risk factors in the Risk Gap Analysis and Risk Mapping by supplier group to review them at the monthly purchasing performance improvement meetings. SK Telecom defines major risks from a supply chain perspective as follows, and reflects them in managing the supply chain sustainability process. Identified risk factors are reflected in the "Code of Conduct for Business Partners in ESG" and "Fair Trade/Transparent Transactions and CSR Practice Agreement" which we apply 100% to our business partner evaluations. In 2020, we conducted risk identifications and analyses of 1,179 tier 1 partners and 44 non-tier 1 partners. For those deemed to be exposed to "high risks", we required them to eliminate their risks by undergoing supply chain network audits, including on-site inspections and third-party audits.

### Supply Chain Risk Identification & Analysis Results in 2020

Main Risk Factors	Assessed Sourcing Group			High Risk Rate <sup>1)</sup>	
	Risk Level	Assessed Group	Rate (No. of companies)	Rate (No. of companies)	
Overall	Overall Risks	-	-	100% (1,179)	0.5% (6)
Economic Risks	Ethical and anti-corruption principle violation in the contract process	High	All suppliers	100% (1,179)	0% (0)
	Collusion and other unfair trade practices	High	All suppliers	100% (1,179)	0% (0)
	Delayed payment to subcontractors	High	All suppliers	100% (1,179)	0% (0)
	Unsound financial structure (low credit rating)	High	All suppliers	100% (1,179)	0.5% (6)
Tier 1 Social Risks	Violation of ILO standards and reasonable labor practices (compliance with work hours, wage payment, and other labor rights)	Moderate	Service, construction suppliers	78% (921)	0% (0)
	Conflict minerals	Low	Equipment suppliers	13% (152)	0% (0)
	Violations of environmental regulations	Moderate	Equipment suppliers	13% (152)	0% (0)
Tier 1 Environmental Risks	High GHG emissions	Moderate	Equipment suppliers	13% (152)	0% (0)
	Failure to adopt an environmental management system	Low	Construction, equipment suppliers	25% (297)	0% (0)
Non-Tier 1	Overall risks	-	Subcontract suppliers <sup>2)</sup>	100% (44)	0% (0)

<sup>1)</sup> Rate of suppliers determined to have a high risk level according to the risk analysis results.

<sup>2)</sup> Calculation limited to cases when an interim contract instead of a direct contract is made with the small and medium-sized suppliers for construction on network facilities or the supply of general goods (SK TNS, HappyNarae).

**Evaluation of supply chain ESG** SK Telecom considers the percentage of written surveys and on-site surveys on registered suppliers as a key indicator in the ESG evaluation of its supply chain. In 2020, we conducted written survey evaluation on 1,133 tier 1 suppliers – out of 1,179 tier 1 suppliers or 96% of all registered suppliers. For the 187 companies that have signed a mutual growth agreement with us, we had their shared growth indexes evaluated in 2020 based on the criteria of the Korean Commission for Corporate Partnerships. We are applying these policies and achievement indicators to all our suppliers at home and abroad. Our overseas purchases account for KRW 12.7 billion (0.3%) of total purchases (KRW 3,829.5 billion), while the regional performance indicators focus on Korea.

**Supply Chain ESG Assessment (By Tier)**

	2018	2019	2020	Goal for 2023	
Tier 1	Total number of registered suppliers <sup>1)</sup>	1,357	1,074	1,179	-
	Number of suppliers evaluated	1,342	1,072	1,133	-
	Number of suppliers surveyed in writing (audit)	1,085	1,072	1,133	-
	Assessment rate of suppliers (%)	98	99	96	100
Non-Tier 1	Total number of core suppliers <sup>2)</sup>	49	36	44	-
	Number of core suppliers evaluated <sup>3)</sup>	40	31	39	-
	Ratio of core suppliers evaluated (%)	82	86	89	90

<sup>1)</sup> Includes all suppliers including those which did not have any transactions with SK Telecom in the preceding three years  
<sup>2)</sup> Calculation limited to cases in which an interim contract instead of a direct contract is made with small- and medium-sized suppliers for the construction of network facilities or the supply of general goods (SK TNS, HappyNarae).  
<sup>3)</sup> The construction of SK TNS's network facilities began in 2015, while an interim contract with HappyNarae was executed starting in 2016.

**Supply Chain ESG Risk Assessment in 2020 (By Type)<sup>1)</sup>**

Category	No. of Companies	No. of Companies Assessed	Rate (%)	Note
Core suppliers	221	216	98	
Suppliers with a high level of risk	6	6	100	

<sup>1)</sup> SK Telecom's supply chain ESG risk assessment is conducted on an annual basis, and the above assessment rate has been calculated according to the suppliers that were assessed annually.

**Corrective measures and incentives** Based on the supply chain risk diagnosis and evaluation results, we require those partners in need of improvement to establish a corrective action plan and improve their ESG performance according to the plan. For partners requiring improvement, we help them take the necessary actions swiftly by reviewing the feasibility of their improvement plans, supporting essential resources for the corrective actions, and arranging external professional consulting if necessary. We classify and analyze the results of their improvement efforts by area, and reflect them in the prescreening, ESG risk diagnoses, and support policies for our supply chain. None of our partner companies was sanctioned in 2020 according to the results of their diagnosis and assessment.

Meanwhile, we provide incentives such as competency enhancement programs and risk reduction training support to partner companies that achieve excellent diagnosis and evaluation results. The competency enhancement programs include technical support and protection activities, such as technology transfer and open collaboration, as well as the SK Win-win Growth Academy, CEO seminars, and MBA courses. The risk reduction training includes win-win growth agreement and education programs on purchasing policy and policy compliance for partner companies. Also included in the detailed curricula are adjustment of the delivery unit price, financial support, technical and educational support, and welfare.

**Risk-related Corrective Measures for Partner Companies**

Category	2018	2019	2020	Goal for 2023	Notes
Rate of high risk level suppliers with established plans for improvement (%)	100	100	100	100	
Rate of suppliers with improved ESG Performance within 12 months of establishing plans for improvement (%)	90	90	90	90	
Number of partner companies that received corrective suspension	2	0	0		Reviewed by the Procurement Review Committee
Banned temporarily	0	0	0		One year suspension
Banned permanently	2	2	0		Permanent suspension

**Purchasing strategy and supply chain sustainability** The order of priority in SK Telecom's five purchasing strategies is as follows: 1) securing fundamental purchasing competitiveness by improving its purchasing structure from a total cost ownership (TCO) perspective; 2) boosting cost efficiency by reviewing the zero-base view of the cost structure; 3) optimizing and improving business-friendly purchasing processes; 4) creating a pre-purchase risk management and compliance environment; and 5) expanding joint development and supporting overseas exports, and creating a fair trade environment with the goal of managing the sustainability of supply chains. We have also formed a "Purchasing Synergy Council" with SK Group's subsidiaries and with the information and communication divisions of companies invested in by SK Telecom to promote strategic integrated purchasing.

## Mutual Growth with Business Partners

SK Telecom pursues shared growth with its business partners to create a healthy ICT industry ecosystem and create sustainable value. To this end, in 2003 we established a department dedicated to win-win growth and win-win cooperation for the first time in the industry, demonstrating our commitment to actively promoting win-win management. Our consistent efforts to foster a culture of fair trade with our partner companies and our notable progress in that area were once again recognized with the highest ranking in the shared growth index for an eighth consecutive year in 2020.

SK Telecom concludes fair trade agreements with approximately 200 domestic and foreign partners every year. To strengthen our suppliers' competitiveness, we implement win-win growth programs not only with our tier 1 suppliers but also with our tier 2 suppliers. Furthermore, we offer our support programs to start-up companies that do not have business relations with us in a bid to revitalize the startup ecosystem. Among the areas covered by the programs are new technology development, commercialization, competitiveness improvement, and market development.

### Major Accomplishments for Win-win Growth in 2020

Category	Major Program	Contents
Training and employment	Win-Win Growth Academy	<ul style="list-style-type: none"> <li>Free customized training to strengthen the capabilities of business partners' employees</li> <li>Some 70 on/offline courses in ICT, leadership, and management innovation</li> <li>Attended by over 20,000 people including employees of tier 2 suppliers in 2020</li> </ul>
	Recruitment support for business partners	<ul style="list-style-type: none"> <li>Support for recruitment portals and promotion events to help with their recruitment efforts each year since 2018; participated by 47 suppliers and 122 people hired in 2020</li> </ul>
Financial support	Mutual Growth Fund	<ul style="list-style-type: none"> <li>Low-interest loans of up to KRW 3 billion to stabilize the business of business partners</li> <li>Including tier-2 partner companies recommended by tier-1 partners</li> <li>Launched in 2010, KRW 159.5 billion of fund was formed as of 2020</li> </ul>
	Improved payment terms	<ul style="list-style-type: none"> <li>3-day payment program, introduced in 2004, to support SMEs' liquidity regardless of the amount of money</li> <li>100% Cash payment system, introduced in 2005, for small and medium-sized business partners</li> </ul>
Technical support and protection	Patent support	<ul style="list-style-type: none"> <li>Free transfer/grant of some 1,500 SK Telecom patents to strengthen SMEs' technological competitiveness</li> <li>Annual guidance and patent consultation including tier-2 partner companies</li> </ul>
	Technical support infrastructure	<ul style="list-style-type: none"> <li>Infrastructure support free of charge, including test beds and APIs/SDKs, available for small and medium-sized business partners and individual developers in order to support new tech development and communication network interworking</li> </ul>
	Technical protection support	<ul style="list-style-type: none"> <li>Financial support in using the technology data escrow program of the Korea Foundation for Cooperation of Large &amp; Small Business, Rural Affairs and the trade secret original certification system of the Korean Intellectual Property Office</li> </ul>
	The Ministry of SMEs and Startups' Conditional Purchase Project for New Product Development	<ul style="list-style-type: none"> <li>Support for small and medium-sized partner companies to facilitate technology development and expand their sales channels</li> <li>24 cases supported since 2010 with 3 new development cases in 2020</li> </ul>
Business management support	Welfare support for partner companies	<ul style="list-style-type: none"> <li>Welfare points support for partner companies' employees (personal development, child tuition fees, etc.).</li> </ul>
	Consulting for productivity improvement	<ul style="list-style-type: none"> <li>Participated in the Industrial Innovation Movement organized by the Ministry of Trade, Industry and Energy since 2013</li> <li>Free productivity improvement consulting for accumulated 202 companies until 2020</li> </ul>
	Support for expanding sales channels	<ul style="list-style-type: none"> <li>Support for partner companies with participation and installation of exhibition booth at trade shows such as the World IT Show in Korea and the Mobile World Congress overseas</li> <li>Support for 7 accumulated joint overseas advance projects promoted by the Ministry of SMEs and Startups</li> </ul>

Based on a culture of trust and fair trade, SK Telecom's shared growth is aimed at expanding collaboration with its partner companies, coping jointly with various environmental changes in the post-pandemic era, building the future together, and practicing sustainable win-win cooperation. Moving forward, the Initiative will focus on the following three activities with the goal of practicing shared growth at the highest level in Korea:

- Establish a fair and transparent business environment with partner companies: Continued implementation of major recommendations of the Korea Fair Trade Commission (contract signing, supplier selection and operation, internal deliberation committee, document custody and issuance, etc.) and reinforcement of internal anti-corruption activities
- Support partner companies for win-win cooperation: Expansion of scope of quantitative and qualitative support to tier-2 suppliers for shared growth programs at the same level as that provided to tier-1 suppliers
- Support to strengthen partner companies' competitiveness and lead the market by expanding collaboration tasks: Joint development of new technologies such as 5G and AI, and discovery of collaboration tasks for future responses such as spreading ESG principles, etc.

SK Telecom's plans for and achievements in shared growth are reported to the ESG Committee, which reviews material issues. The company's highest decision-making body for sustainability management, the Committee was established to practice the global standard of social responsibility management. In addition, we hold the company-wide Procurement Review Committee meeting once per month to systematically practice shared growth and to regularly check the win-win status with our partner companies. Key executives participate in the meetings to deliberate on major issues related to fair trade and shared growth and check the progress of specific activities. In addition, the Compliance Team of the Legal Group manages partner companies' fair trade risks and supports their major issues.

We are also operating a variety of systems to listen to the voices of our partner companies in fields related to shared growth

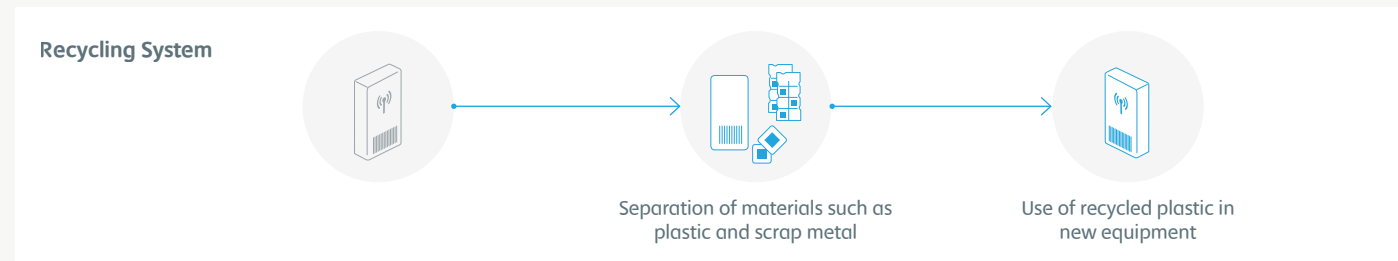
- Supplier Happiness Survey: Conduct anonymous opinion surveys of our partner companies on material issues such as business relations and decision-making in the process of transactions and collaborations with SK Telecom and reflect the results in the shared growth policies and feedback to our business departments
- In-depth meeting: Collect opinions and reflect them in our policies through one-on-one informal meetings to discuss contract execution and shared growth with our partner companies



CASE

Strategic collaboration with business partners

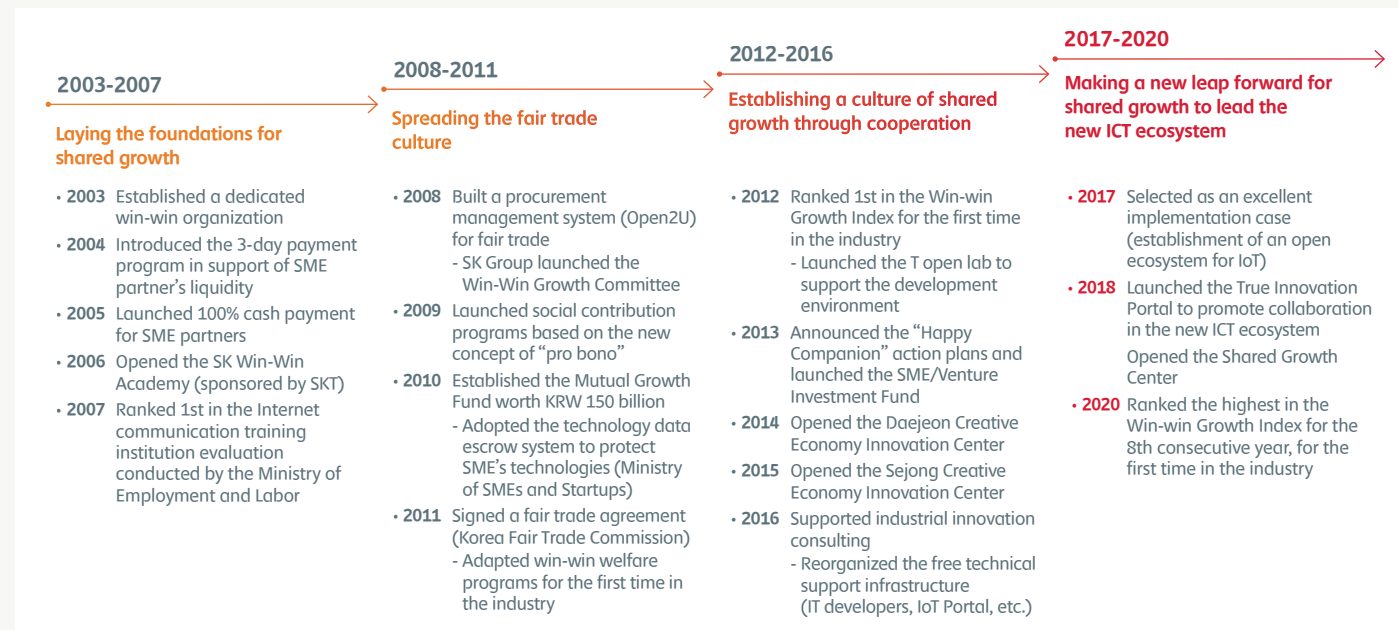
Recycling plastic originating from old antennae was difficult as it was specially treated to prevent interference with radio waves and protect the critical components. SK Telecom however has succeeded in recycling most of the plastic that used to be incinerated for use in new communication equipment. With the goal of reducing plastic waste and creating a circular economy by recycling obsolete or worn-out communication equipment, we have been researching plastic recycling schemes with small and medium-sized partners including High Gain Antenna since 2019. After about two years of improvement work and on-site performance inspections, we succeeded in recycling the plastic (radome) used in communication antennae for the first time in Korea and obtained the GR (Good Recycled Product) certification for mobile communication equipment from the Korean Agency for Technology and Standards. By establishing the industry's first plastic recycling system for communication equipment with small and medium-sized business partners, we expect to reduce the amount of plastic wastes by about 30 tons, which is equivalent to the reduction of about 1 million 1.5-liter PET bottles (weighing about 30 grams each). Going forward, we will continue to contribute to promoting sustainable management among our partner companies by helping those partner companies that conduct research on recycling technologies to acquire the GR certification and generate new revenue stream for themselves.



Open communication in the contactless era

SK Telecom is pursuing desirable shared growth in the contactless era through various partner support programs. In 2020, we held a "non-face-to-face job fair" with our partner companies to help alleviate the manpower shortage of partners that are experiencing difficulties in recruiting talent due to the COVID-19 pandemic. To help our partner companies' business management, we held a "non-face-to-face shared growth CEO forum" and discussed the prospects for the digital industry in the post-corona era, among other things, with the CEOs of our partner companies. In addition, we hosted a virtual "Shared Growth Happiness Camp" to talk about the difficulties that our partners were facing due to COVID-19 and to find practical ways of boosting our mutual cooperation. We will continue promoting win-win cooperation with our partner companies through open communication with them on a non-face-to-face basis even in the prolonged COVID-19 situation.

SK Telecom's Shared Growth Milestones



Cyber Security

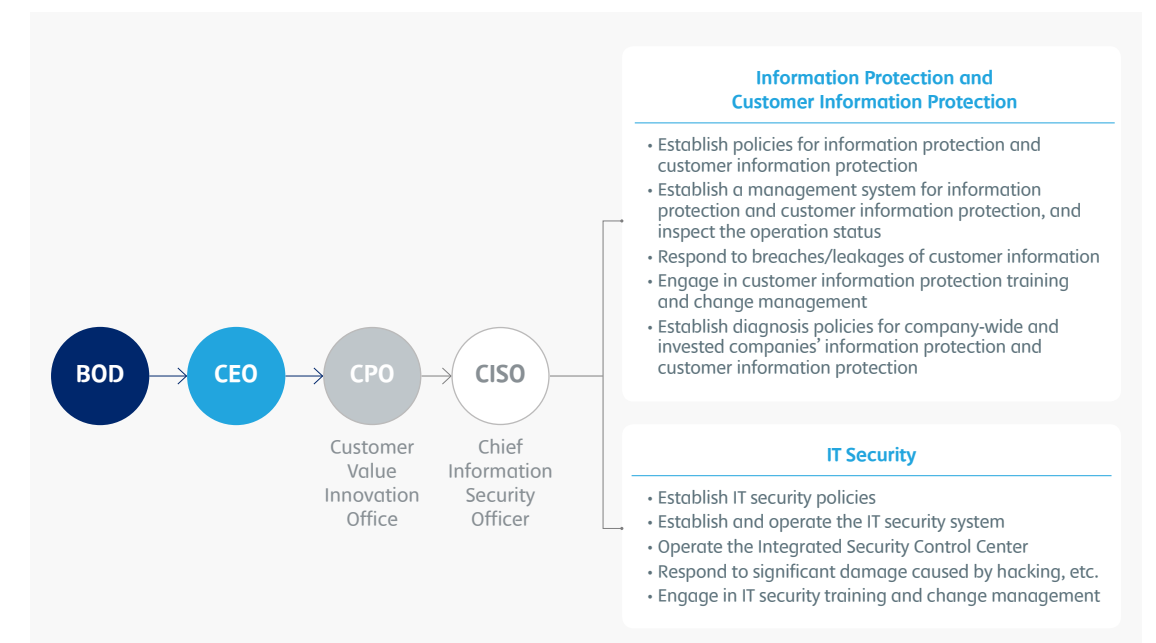
As concerns over cyber security are increasing, SK Telecom fully recognizes the importance of information security and strives to respond to them. Viewing the protection of personal information as one of our key management issues, we are making concerted efforts to identify and eliminate potential risk factors in advance, to strengthen our information protection system, and to bolster our fact-finding investigations into our distribution networks and subsidiaries.

In 2020, we strived to spread a culture of customer information protection and enhance our execution capability in the area by upgrading all the internal regulations related to customer information and revising the self-assessment checklist for handling customer information for our subsidiaries and the companies that are contracted to handle our customer information. In particular, we acquired certifications for the Korea-Information Security Management System-Personal (ISMS-P) and the Korea-Information Security Management System (ISMS) from government agencies, confirming that our company-wide personal information protection and information protection management system has been further strengthened. We are also committed to practicing continuous ESG management from the perspective of customer information protection, starting with efforts to improve all the related systems and processes with the aim of enhancing the transparency of our customer information management.

Information Protection Organization

**Organization in charge of information security and personal information protection** We have appointed the head of the Customer Value Innovation Office to serve as the Chief Privacy Officer (CPO) under the supervision of the BOD, while the Chief Information Security Officer (CISO) leads a working-level organization as the executive in charge of companywide customer information protection. In accordance with the 2019 amendment to the relevant laws, the CISO is prohibited from holding another position concurrently, and we have appointed a dedicated executive and announced the appointment in-house. The CISO has also been developing a strong governance model of information protection and personal information protection.

Information Protection Organization



## Activities to Raise Security Awareness

**Education on personal information protection and cyber security** SK Telecom conducts company-wide education on personal information protection to raise employee awareness on the information security and privacy protection and to improve our execution capabilities in information protection.

### Education on Personal Information Protection and Cyber Security

Course	SKT 2020 Personal Information Protection Training
Period	October 23 to December 31, 2020
Method	Non-face-to-face online education using in-house online education platform
Result	4,682 out of 4,927 employees completed the course (95% completion rate) <sup>1)</sup>

<sup>1)</sup> All employees completed the training course, except in cases of retirement, leave of absence, overseas dispatch, or long-term leave.

## Information Security Management System

**Information security management process** SK Telecom operates the latest and best security systems and processes that exceed the requirements set by the laws in the areas of network infrastructure, data, and services.

Network Infrastructure Security	Data Security	Service Security
<ul style="list-style-type: none"> <li>Annual inspection of national ICT infrastructure including mobile operating systems, etc.</li> <li>Annual ISMS certification (Corporate information security certification of the Ministry of Science and ICT)</li> <li>Checks for technical/operational vulnerabilities in major servers and network equipment</li> </ul>	<ul style="list-style-type: none"> <li>ISMS-P certification (corporate personal information protection certification system awarded by the Personal Information Protection Commission)</li> <li>Unauthorized access to sensitive data blocked completely through encryption</li> <li>Server/DB access controlled and logged by an access control solution available only to authorized people</li> <li>Application of the latest vaccine/security patches and network separation</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining a safe service environment for new/modified services based on security vulnerability checks, simulation hacking, drills, etc.</li> <li>Installation and operation of access control devices such as intrusion prevention and intrusion detection systems</li> </ul>

**Certification of information security system** SK Telecom provides infrastructure and services that customers can use with confidence by acquiring certificates such as ISMS and ISMS-P for its public information security systems.



Annual renewal of ISMS certification (corporate information security certification awarded by the Ministry of Science and ICT)



Annual renewal of ISMS-P certification (corporate personal information protection certification awarded by the Personal Information Protection Commission)

## Personal Information Protection

**Prevention of customer data breaches** In our efforts to counter cyber-security threats, SK Telecom implements a variety of security control measures to prevent system and data breaches.

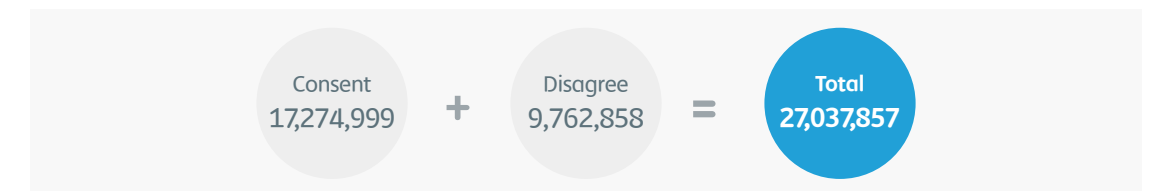
### Number of Data Breaches and DDoS Attacks

(Unit: Case)

	2018	2019	2020
Customer data breaches	0	0	0
System hacking	0	0	0
DDoS attacks	0	0	0

**Personal information protection management process** SK Telecom collects personal information only to the extent agreed upon by the customers in order to be able to provide them with services, and also use it to expand and improve our services. We keep their personal information safe by applying technical and administrative safeguards beyond the level specified by the relevant laws. We immediately destroy customer information upon achieving the purpose of its collection and use. The consignment of personal data processing or the provision of data to a third party is dependent on the customers' consent agree to, although it may also be permitted where separate laws call for it. We take the protection of our customers' personal information very seriously and always do our best to protect it. SK Telecom complies with all relevant personal information laws, including the Personal Information Protection Act, and discloses "Privacy Policy" in accordance with the law at our website so that our customers can consult them easily at any time.

### Consent to Receive Information/Advertisements<sup>1)</sup>



\* As of the end of 2020

<sup>1)</sup> Based on currently available/suspended services and wireless/mobile phone services

### SK Telecom notifies customers of the following personal information protection issues:

- Characteristics of collected information
- Use of collected information
- Areas where customers decide how their personal data is collected, used, stored and processed:
  - The opt-out option available
  - The opt-in consent required
  - Requests for access to data held by the company
  - Requests to send data to another service provider
  - Requests to edit data
  - Requests for deletion
- Period of information retention in company files
- Ways in which personal information is protected
- Third-party disclosure policy (private/public enterprises)

**Personal information collection** SK Telecom collects its customers' personal information according to the opt-in method after obtaining the subscriber's prior consent. We notify all our subscribers of the items of personal information to be collected, the purpose of collection, the retention period, etc. in accordance with the laws related to personal information protection, and the collected personal information is used solely within the scope of the stated purpose. We make every effort to protect personal information under the strict principle of only providing the customer's personal information to a third party after obtaining the customer's prior consent.

**Response to requests for data from government agencies** SK Telecom provides the related data in accordance with the statutory provision standards and methods when requested to supply data by government agencies pursuant to the Telecommunications Business Act (Article 83, Paragraph 6) and the Protection of Communications Secrets Act (Article 13), and reports its provision of such data to the relevant agency (Ministry of Science and ICT) twice per year. While carrying out such cooperation and reporting in accordance with the procedures and restrictions stipulated by the laws, we additionally review any risk of violation of the users' rights and conduct internal due diligence to minimize human rights risks.

	2018	2019	2020
No. of "communications data" <sup>1)</sup> requests	308,335	313,220	298,818
No. of "communications verification data" <sup>2)</sup> requests	55,892	55,343	49,776

<sup>1)</sup> User's name, resident registration number, address, phone number, ID, subscription start and end dates. The courts, prosecutors, and investigative agencies may request such data when investigating a crime, executing sentences or conducting trials according to the Telecommunications Business Act.

<sup>2)</sup> Other party's subscription number, log records (date, time) and IP address are classified as communications verification data according to the Protection of Communications Secrets Act. Investigative agencies make a request by submitting a warrant received from a court, their reasons for the request, the connection to the subscriber in question, as well as the scope of the data needed.

## Customers

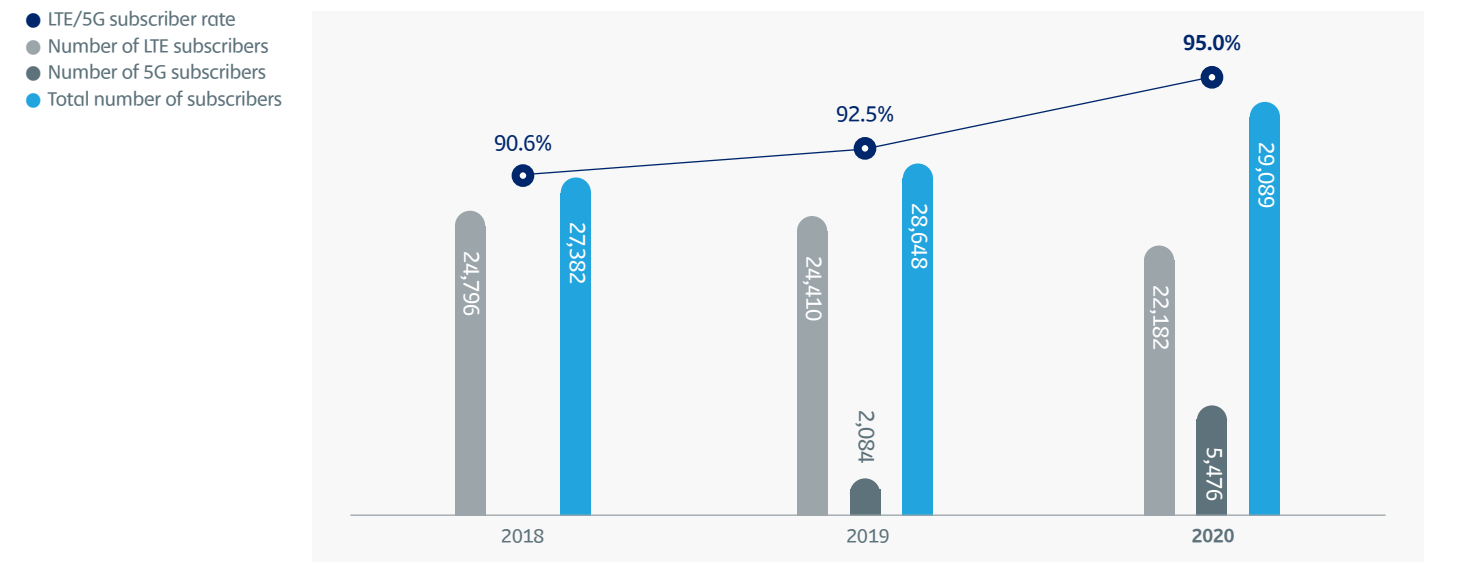
As a global new ICT company that is leading the 5G ecosystem, SK Telecom implements customer-centered management by providing the best products and differentiated services with a strong commitment to building long-term trusting relationships with its customers based on continuous customer value innovation.

### Service Accessibility

SK Telecom is committed to expanding access to mobile communication services by securing and retaining subscribers and expanding mobile devices. Improving access to its services has a positive effect on creating subscriber-based revenues, including greater customer satisfaction and fewer churn, and can also contribute to improving the customers' quality of life.

**Number of subscribers** The rate of LTE and 5G subscribers and the number of subscribers are key indicators for confirming mobile-based service accessibility. Since the world's first commercialization of the 5G service in April 2019, on the back of 5G ecosystem improvements in addition to various products and services, the number of our 5G subscribers has been sharply increasing to reach 5.48 million as of 2020 year-end, making us No.1 among domestic carriers. At the end of 2020, SK Telecom's combined subscriber rate for LTE and 5G was 95.0%, a year-on-year increase of 2.5%p.

LTE and 5G Services Penetration Rate (Unit: 1,000 persons)



**Customer value innovation** SK Telecom is increasing customer loyalty with operation of preemptive customer experience management (CEM). We have been maintaining the top position in the customer satisfaction, ranking first in the telecommunication industry at the major customer satisfaction surveys in Korea (NCSI, KCSI, and KS-SQI) in 2020. In particular, we have been ranked No.1 in the NCSI survey for 23 consecutive years. In 2020, we also received an "excellent" rating in the Telecommunications User Protection Evaluation by the Korea Communications Commission in recognition of our excellent handling of customer grievances and prevention of consumer damages. As a result of the regular biannual CSI evaluation conducted by SK Telecom, our customer satisfaction rate stood at 80 points, up 1.4 points year-on-year, in 2020.

### Grievance Handling Channels and Methods

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

### Customer Satisfaction Index<sup>1)</sup>

	2018	2019	2020	
NCSI (Korea Productivity Center)	77	77	79	No. 1 for 23 consecutive surveys
KCSI (Korea Management Association)	79.1	80.1	83.9	No. 1 for 23 consecutive surveys
KS-SQI (Korea Standards Association)	74.5	74.8	75.4	No. 1 for 21 consecutive surveys
Telecommunications User Protection Evaluation (Korea Communications Commission)	Excellent	Excellent	Excellent	Highest ranking
SK Telecom Internal CSI Index Result <sup>2)</sup>	78	78	80	No. 1 for 24 consecutive surveys

<sup>1)</sup> Based on a 100-point scale

<sup>2)</sup> The average of the internal CSI analysis survey results conducted twice a year (first & second half)

**Customer value innovation programs** SK Telecom holds a monthly "Customer Value Innovation Meeting" in which the CEO and key employees participate with the aim of innovating customer value. We promote collaboration between the execution division and related departments to diagnose and evaluate customers' experiences with our products and services and to solve any problems identified in the process. We also run the Internal Evaluation Division and the "Junior Board" system in which employees in their 20s and 30s participate so that we can reinforce our product and service verification from the customer's point of view and identify and resolve any inconveniences before and after the launch of new services. We apply advanced ICT to our Customer Service Centers so that they can operate in a customer-oriented way based on big data analysis. We provide a customized list of consultation topics by predicting the purposes of customer requests. We also run special consultancy systems for senior citizens and children under the age of 13. In addition, we introduced the "visible ARS" service, for the first time in the industry, which shows the ARS menu on a smartphone, and thus improved the convenience of seniors and hearing-impaired customers who have difficulty using traditional ARS services. We followed this up with the launch of the customer center consultation service through text message (\*1535) and a verbal AI consultation VoiceBot service in October 2020 in a bid to create a 24-hour consultation environment without time constraints, as part of our efforts to introduce a wider range of customer consultation solutions.



**Diverse 5G-based Customer Experiences**

#### Specialized 5G services

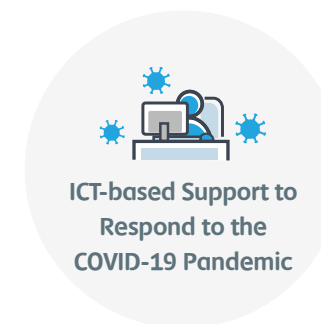
- Launched various services that enable customers to enjoy diverse 5G-based experiences
- Launched V Coloring, a visible coloring service, attracting 120 million content inquiries
- Launched a cloud game service, providing some 100 high-end games
- Produced some 300 AR contents, such as celebrity volumetric contents and music awards AR performances, and offered an expanded virtual world experience with the launch of a virtual meetup service, etc.



**Customer-tailored Benefits**

#### Segmented services

- Offered segmented services to meet diverse customer needs
- Expanded promotions linked to ZEM, an exclusive brand for children aged 12 years and under, and developed an app designed to form proper smartphone usage habits, attracting 860,000 parents and 490,000 children as subscribers
- Implemented collaboration marketing of "0", an exclusive brand for subscribers in their 10s and 20s, and Kakao character, and expanded media subscription benefits for college students, attracting 1.3 million subscribers of the exclusive "0 PLAN/0-TEEN 5G Plan"
- Reorganized benefits according to the military service cycle, attracting 139,000 subscribers to the "0 Hero" service plan for soldiers
- Launched MIRI, a payment system for foreign customers, and launched T World mobile English functions



**ICT-based Support to Respond to the COVID-19 Pandemic**

#### AI-based COVID-19 symptom care

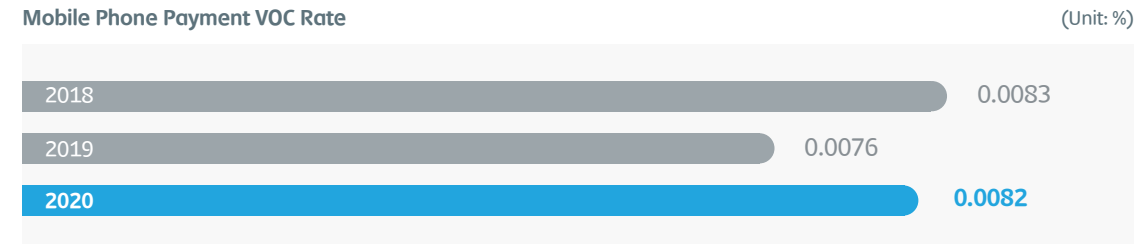
- Introduced a system for monitoring COVID-19 symptoms using the AI Call Agent adopted by 33 local governments in Korea, reducing the related workload by around 85%

#### Non-face-to-face meeting service

- Launched the group video call service "MeetUs" to support non-face-to-face collaboration, including video conferencing, virtual recruiting, and online classes

## Network Quality and Reliability

**Mobile phone payment VOC rate** The mobile phone payment VOC rate is a major customer safety indicator as it indicates the number of mobile phone payment complaints compared to the number of mobile phone payments per year. Having fallen continuously over the years, the rate increased slightly in 2020 to record 0.0082%.



SK Telecom's competitiveness lies in its excellent network quality and coverage. We are therefore striving to continue to invest in networks and upgrade the technology required to maintain and strengthen our competitiveness. Aiming to achieve zero large scale network failure, we set KPIs to ensure stable operation of our network, such as preemptive risk reduction. In 2020, our annual wireless communication capacity totaled 40.50 million accounts, which tallies to 129% of the total number of subscribers (31.4 million) including MVNO. In addition, the annual processed data traffic continued to surge, recording a year-on-year increase of 33%.

**Data traffic processing** SK Telecom responds flexibly to data traffic based on its demand forecasting and monitoring reflecting the results of its annual data analysis. In particular, we succeeded in achieving pure 5G communications by linking "5G SA" packet exchanges with core equipment in 2019, laying the foundation for handling large-scale data traffic. In 2020, for the first time in Korea, we succeeded in linking 5G SA-SCP (5G independent standard) equipment, verifying the relevant technology and developing the next-generation cloud core network based on SCP technology, thereby enabling us to conduct traffic management in faster and more stable ways at an application level.

### Wireless Network Capacity and Annual Data Traffic Processing

	Unit	2018	2019	2020
Wireless network capacity (No. of wireless lines)	1,000	40,910	43,310	40,500
Annual data traffic processing	TB	1,862,177	2,552,071	3,391,192

**Network failures** SK Telecom has established an emergency recovery system to minimize the service impact caused by network failures. We proactively manage such failures through the infrastructure monitoring system, and conduct failure prevention activities such as regular inspections, and continue to reinforce our response to emergencies caused by failures. At peak times when network data traffic is highly concentrated, such as during national holidays and year-end and New Year's holidays, we take "special communication measures" to provide stable communication services.

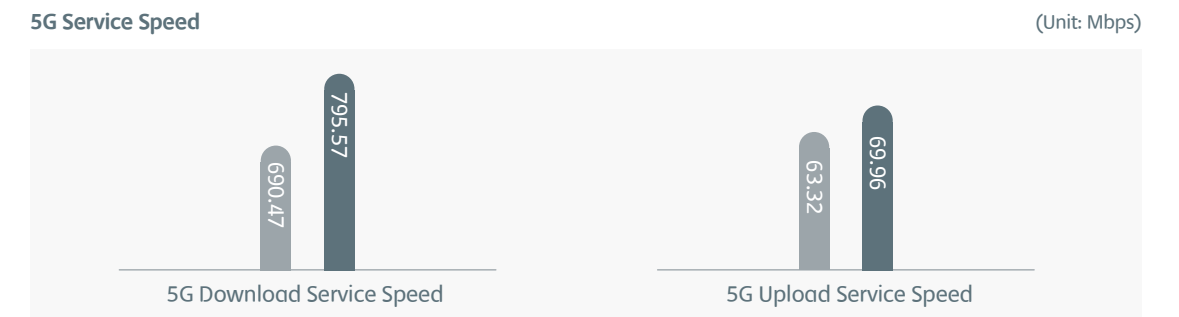
### Network Failures

	2018	2019	2020
Number of large-scale network failures <sup>1)</sup>	1	0	0

<sup>1)</sup> Failures subject to user notification or those of a similar scale according to the Enforcement Decree of the Telecommunications Business Act amended in 2019

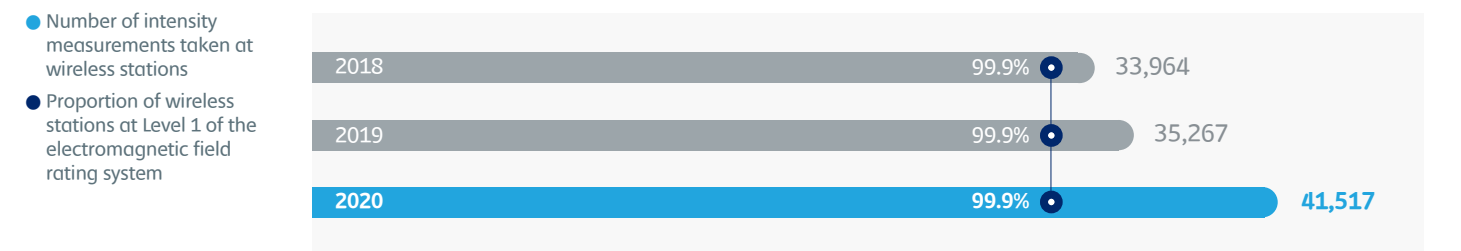
**5G service speed** SK Telecom performed far better than any of its competitors in the 5G quality evaluation by the Ministry of Science and ICT during the second half of 2020, particularly in terms of download speed and latency, the most important indicators of 5G network quality. It is continuous technology research and investment that enables SK Telecom to maintain its network quality edge over all of its competitors. In 2016, we secured technologies such as 5 Band CA (Carrier Aggregation) and 4T4R (4 antenna technology), and became the first in Korea to commercialize LTE-A pro services at a speed of 500Mbps. In 2017, we provided LTE at a speed of 900Mbps.

In 2018, we launched LTE Cat.M1, and subscribers to our own low-power-wide-area (LPWA) network surpassed 1 million in 2019 for the first time in Korea. In January 2020, we succeeded in 5G SA communication based on the 5G base station in operation, leading to the creation of an ultra-high speed, ultra-low delay communication environment. In December, we succeeded in developing the world's first network slice application technology for each application/service and then demonstrated it in 5G commercial networks. We have established mobile edge computing (MEC) system in 12 major 5G base regions nationwide, sharpening our competitive edge in the number of edge cloud bases, and taking the lead in global MEC standardization in cooperation with global telecom companies.



**Electromagnetic fields** With the customer safety at the center, SK Telecom has been faithfully complying with the obligation on measuring electromagnetic wave since the mandatory measurement of electromagnetic wave entered into effect in June 2007. According to the electromagnetic wave rating system put into effect in August 2014, over 99.9% of our radio stations are evaluated as Level 1, ensuring customer safety. In 2020, we conducted 41,517 measurements of electromagnetic fields at our wireless stations, the results of which indicate that the actual intensity of electromagnetic waves emitted by our wireless stations is less than one tenth of the standard level for human safety. Since September 2019, SK Telecom has been supporting a 5-year study on the effects of electromagnetic waves on the human body currently being carried out by the Korean Institute of Electromagnetic Engineering and Science, paying 50% of the total budget of KRW 1.5 billion. As of June 2021, the study is in its second year.

### Measurement of Electromagnetic Field Intensity at Base Stations



# 4

## Value to Environment

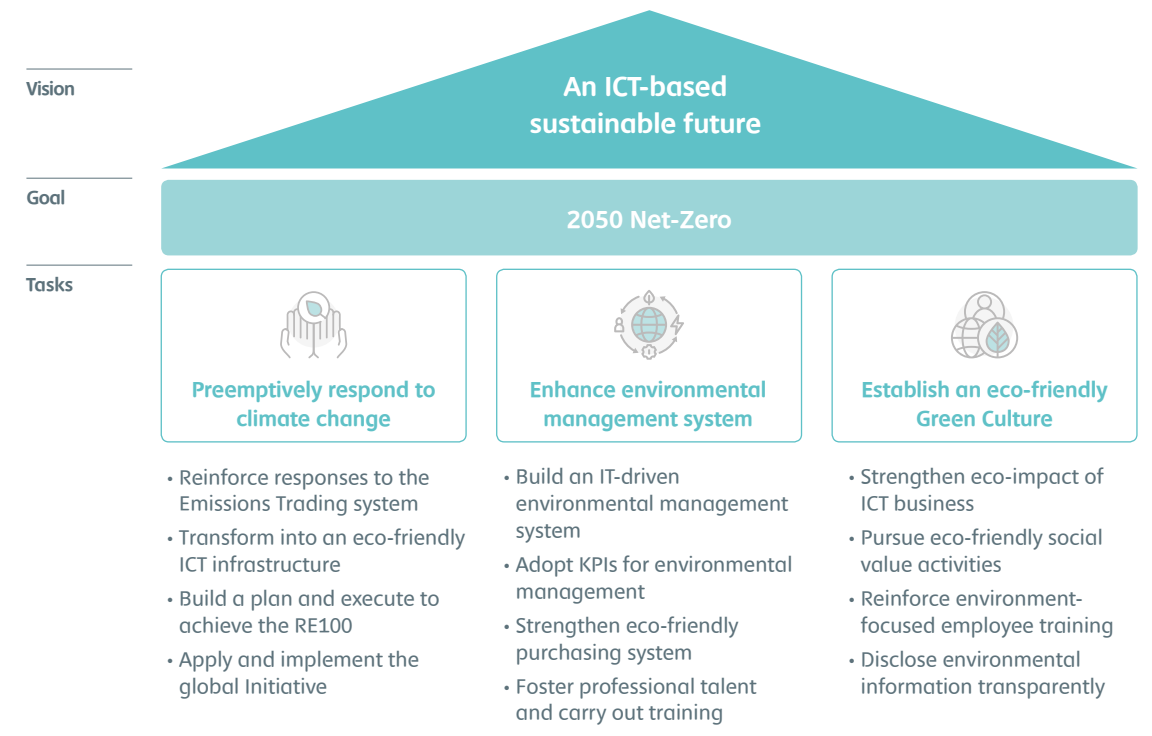
### SECTION 4.

- Environmental Management

## Environmental Management

SK Telecom takes active part in fulfilling its social responsibilities by establishing sustainable environmental management strategies and systems, and by promoting eco-friendly management through continuous efforts and investment optimized to reduce greenhouse gas (GHG) emissions and conserve resources.

### Environmental Management Strategy System

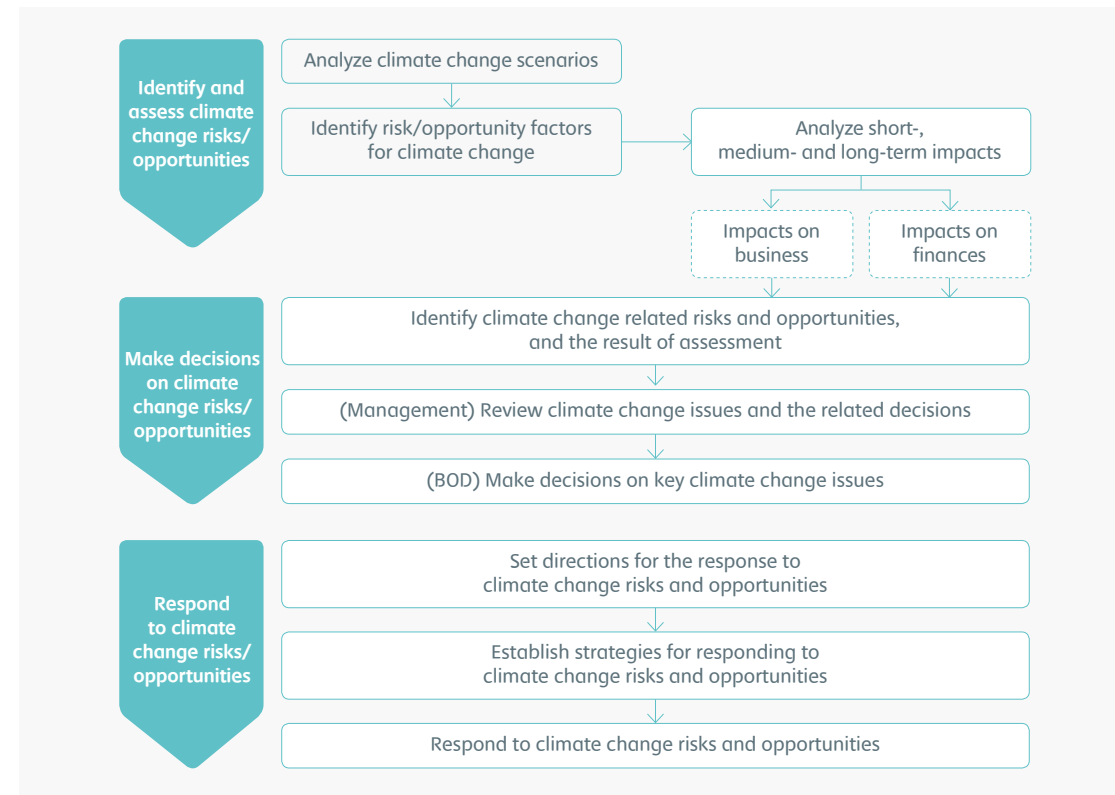


SK Telecom is reinforcing our company-wide endeavors to achieve the green transition based on the environmental management goal of "2050 Net-Zero". We are also actively responding to environmental regulations aimed at realizing a circular economy through our eco-friendly management. In addition, we are fulfilling our corporate social responsibilities towards the environment through environmental energy system certification, the development of eco-friendly products and services, and a variety of environmental management activities.

**Environmental management organization** At SK Telecom, the ESG Committee under the BOD makes the final decisions related to the company-wide implementation of environmental management. In addition, the CFO manages overall issues that affect the company's environmental management, and reports major issues directly to the CEO, who makes decisions on them, but has critical issues reported to the ESG Committee, which in turn reaches the final decision on such matters.

## Response to Climate Change

### Climate Change Response Processes



**Analyzing climate change scenarios** SK Telecom has analyzed various climate change scenarios based on the representative concentration pathway (RCP) scenario<sup>1)</sup> and an IPCC Special Report on Global Warming of 1.5°C<sup>2)</sup>. We considered four aspects, such as RCP 2.6, RCP 4.4, RCP 6, and RCP 8.5, in our analysis of the impact of changes in the physical environment caused by RCP on our products and services. We also looked into the requirements of the Paris Agreement<sup>3)</sup> and the IPCC Special Report for our scenario analysis of the GHG reduction target based on the IEA 1.5DS<sup>4)</sup> and the NDC<sup>5)</sup>. The analysis shows that RCP 2.6 linked to IEA 1.5DS requires a strong reduction target to achieve carbon neutrality by 2050. In participating in the drive for carbon neutrality, we decided to set our goal according to a method whose reliability has been proven internationally. Accordingly, we joined the SBTi<sup>6)</sup> in 2020 and set our reduction targets based on the methodology and guidelines recommended by the SBTi.

<sup>1)</sup> RCP scenario: Climate change scenarios predicting the total concentration of all GHG  
<sup>2)</sup> IPCC Special Report on Global Warming of 1.5°C: A report on GHG emission pathways analyzed to limit the increase in global average temperature to 1.5°C compared to the pre-industrial level by 2100  
<sup>3)</sup> Paris Agreement: An agreement signed in Paris, France on December 12, 2015, for the world to reduce GHG emissions with the goal of maintaining the global average temperature rise at 1.5°C compared to the pre-industrial period  
<sup>4)</sup> IEA 1.5DS: Climate scenario analysis data by the International Energy Agency to limit the increase in global average temperature to 1.5°C compared to the pre-industrial level by 2100  
<sup>5)</sup> NDC (Nationally Determined Contribution): A nation's GHG reduction target  
<sup>6)</sup> SBTi (Science Based Target initiative): A joint initiative promoted by the WWF, CDP, and UNGC to scientifically establish a plan to achieve the 1.5°C reduction target and publicly declare the action plan. A participating enterprise must submit a letter of commitment followed by a plan of action to achieve its specific reduction goal within 24 months for approval.

\* TCFD recommendation (strategy): TCFD presents flexibility in management strategies by considering various climate change-related scenarios such as scenarios below 2°C.

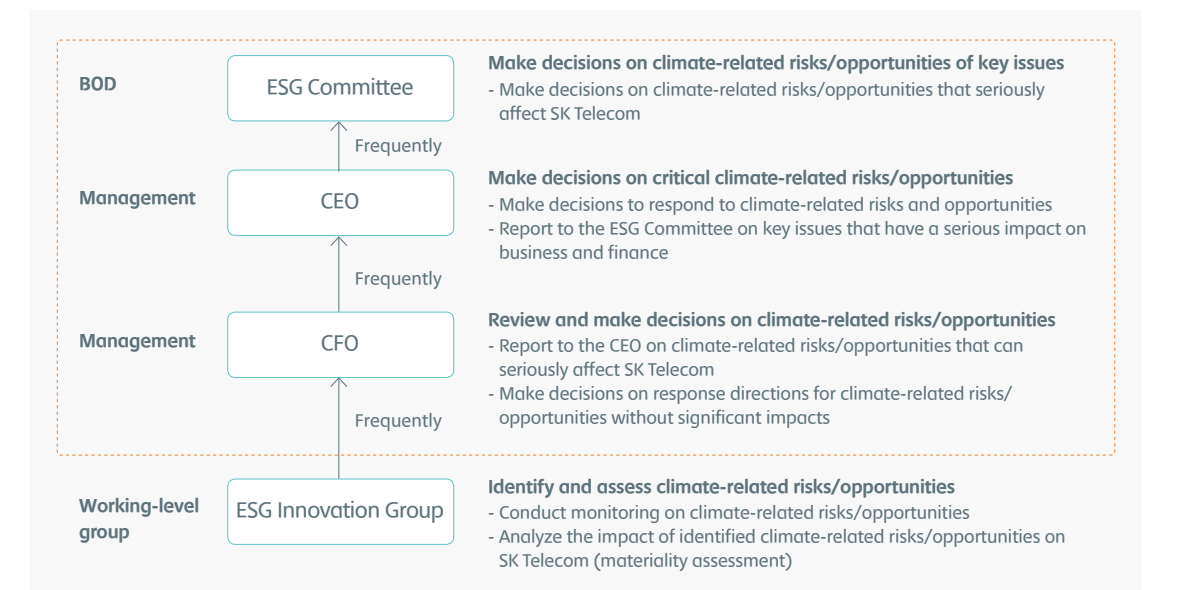
**Identifying and assessing climate change risks/opportunities** SK Telecom regularly monitors risks and opportunities for climate change and reviews them from multiple perspectives by considering the following five factors: regulatory, technical, market, reputation, and physical environment factors. We analyze the identified climate change risks and opportunities in view of the business impact and financial impact based on the short-, medium- and long-term<sup>1)</sup> impacts. We classified business impact to four major aspects – products and services, supply chain and value chain, R&D investment, and workplace – while analyzing financial impact by considering the income statement and balance sheet. We pay attention to income and expenses on the income statement while focusing on assets and liabilities, capital, and capital raising on the balance sheet. We manage the analyzed results through the risk management process<sup>2)</sup> while determining the level of risk according to the materiality assessment process<sup>3)</sup>.

<sup>1)</sup> Short-, medium-, and long-term: Define the short-term as 0 to 1 year, medium term as 1 to 10 years, and the long term as more than 10 years  
<sup>2)</sup> Risk management process: Please refer to the “Risk Management” section of this annual report  
<sup>3)</sup> Materiality assessment process: Please refer to the “Materiality Assessment” section of this annual report

\* TCFD recommendation (Risk Management): Describe the organization's processes for identifying and assessing climate-related risks  
 \*\* TCFD recommendation (Strategy): Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term; and Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning  
 \*\*\* TCFD recommendation (Metrics and Targets): Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

**Make decisions on climate change risks/opportunities** At SK Telecom, climate change risks and opportunities are reported to the CFO as soon as they arise, with decisions made in consideration of their impact on the company and the results of its materiality assessment. While non-material issues are decided by the CFO, material issues are reported to the CEO, who then makes decisions on material issues, and reports key issues to the BOD and the ESG Committee immediately for decision-making.

\* TCFD recommendation (Governance): Describe the organization's governance around climate-related risks and opportunities; and Describe management's role in assessing and managing climate-related risks and opportunities



**Response to climate-related risks/opportunities** When we make company-wide decisions on identified climate-related risks and opportunities, the ESG Innovation Group and related departments set the response directions. Once the directions have been determined, we establish response strategies in consideration of the short-, medium-, and long-term aspects of the related issues, while the budgets are secured through our annual financial plans. When cooperation is required with our supply chain, we constantly communicate with the relevant parties to ensure that proper improvement measures are taken. We regularly check the progress of our climate change response in the area through our supply chain management efforts, as well.

\* TCFD recommendation (Risk Management): Describe the organization's processes for identifying and assessing climate-related risks

**GHG emissions** SK Telecom strives to fulfill its social obligations as a responsible business through eco-friendly management, and calculates GHG emissions from its 39 major business sites based on the guidelines for preparing and managing statements for the Emissions Trading Scheme (ETS). The measurement scope includes all emissions from our nation-wide network, while excluding GHG emissions from subsidiaries and supply chains. In 2020, our GHG emissions amounted to 1,039,979 tCO<sub>2</sub>e, a year-on-year increase of 3.4%. We calculate GHG intensity by dividing total emissions by revenues on a stand-alone basis.

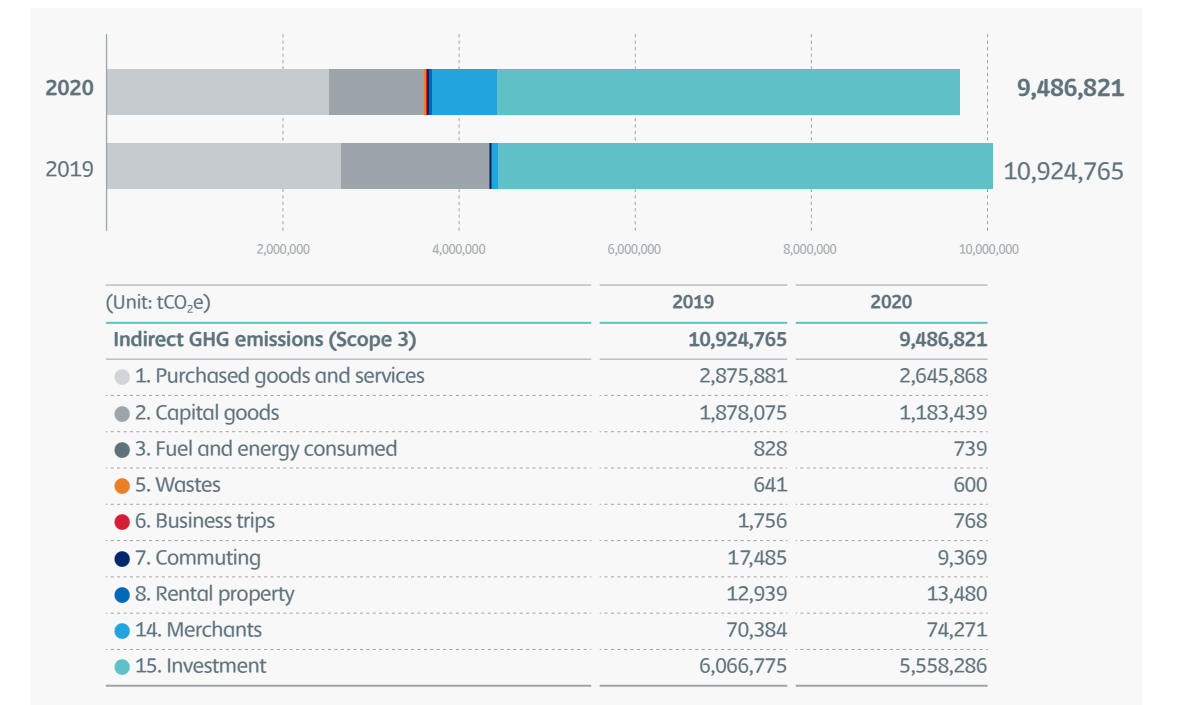
**Reduction of GHG emissions** SK Telecom makes concerted efforts to reduce its GHG emissions and energy consumption, such as integrating network equipment, developing high-efficiency communication equipment, replacing old air conditioners, and controlling heating and cooling in office buildings. Although we are actively participating in GHG reduction initiatives, and have earned the recognition of the government for developing GHG reduction technology in the telecommunication sector for the first time in Korea, our GHG emissions are rising largely due to the characteristics of the industry. Therefore, to reduce the use of electricity, which accounts for about 99% of our energy consumption, we are increasing investment in various reduction technologies such as improving energy efficiency and introducing renewable energy sources. In line with international trends, we have also joined the RE100 (corporations committed to 100% renewable electricity)<sup>1)</sup> for the first time in Korea; our implementation status will be checked by the CDP every year while we strive to convert to renewable energy 100% by 2050.

<sup>1)</sup> RE100: Renewable Energy 100%. A global initiative bringing together the world's most influential businesses committed to 100% renewable electricity by 2050

\* TCFD recommendation (Metrics and Targets): Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

**Indirect GHG emissions (Scope 3)** Indirect GHG emissions (Scope 3) include all other indirect emissions originating from a company's value chain outside the organization, and exclude those covered in direct emissions (Scope 1) and indirect emissions (Scope 2) generated from purchased or acquired electricity, steam, heat, or cooling consumed. Examples of Scope 3 emissions are emissions by suppliers and those generated in the disposal and transportation processes. Therefore, the measurement of a company's Scope 3 emissions involves its management of GHG emissions from business activities not only within its business sites but also throughout its entire value chain. Social pressure is growing for businesses to prove their genuine response to climate change, leading external evaluation agencies (DJSI, MSCI, etc.) to increase their demand for reports on indirect emissions by businesses. In response, SK Telecom has measured its Scope 3 indirect emissions since 2019 as part of its commitment to reducing GHG emissions.

We base our measurement of Scope 3 emissions on the World Resources Institute's (WRI) global standard (Greenhouse Gas Protocol); and, after checking all 15 categories of eight upstream activities and seven downstream activities, suggested in the standard, we submit reports on nine categories related to our value chain that we can measure at the moment, as shown below.



SK Telecom's Scope 3 indirect emissions in 2020 amounted to 9,486,821 tons, down 13% year-on-year, mainly attributable a decrease in the purchase of capital goods and a fall in the emissions by invested companies. In terms of impact by category, investment (Category 15) contributed 58.6% to the company's total Scope 3 indirect emissions, with emissions originating from investment in SK hynix and SK Broadband, large-scale emitters, taking the lion's share.

In measuring our Scope 3 indirect emissions, we are striving to improve our MRV (measurement, reporting and verification) system for GHG emissions and secure reasonable and transparent results as a way to establish a more accurate basis for the measurement.



**Energy conservation** SK Telecom is reducing its energy consumption by expanding its renewable energy facilities and extending the scope of its activities in a bid to strengthen the ongoing effort to build a future energy industry ecosystem. In the measurement of energy consumption, we consider our 39 major business sites, excluding our subsidiaries and supply chains. Managed in compliance with the guidelines on preparing and managing statements for the Emissions Trading Scheme (ETS), the numerical figures are aggregated by billing invoices received from energy suppliers. The intensity of energy consumption is calculated by dividing total energy consumption by SK Telecom's stand-alone revenues. In calculating energy reductions from the use of natural air-conditioning and the generation of renewable energy, estimates were calculated using past data (2012-2013) and applied equally up to 2019.

In our efforts to reduce energy consumption, we have cut down on our cooling energy consumption by lowering the heat emitted by equipment, integrating network equipment such as base stations and repeaters, and replacing outdated cooling equipment. Due to the characteristics of our industry, our indirect energy consumption due to power use accounts for 99.3% of the total. Accordingly, we are steadily striving to improve our energy efficiency through the smart management of office buildings and the use of new and renewable energy facilities for power generation, by innovating our network structures and making our networks leaner, among other initiatives.

However, the telecommunications industry is both a key industry that serves as the backbone of economic development and an industry that is controlled directly or indirectly by the government; as such, it is increasing the amount of network equipment continuously in order to create a more stable communication environment, but its services cannot be terminated arbitrarily, leading to continuous structural increases in energy consumption. In addition, energy consumption has further increased due to the rapid expansion of 5G network equipment, and as a result of these factors, in 2020 despite our earnest efforts to reduce energy consumption, it increased by 3.4% year-on-year.

## Reducing Resource Consumption

**Water consumption** We calculate our water consumption based on the water bills of our 28 major business sites (excluding our subsidiaries and supply chains), and calculate our water intensity by dividing our total water consumption by our revenues based on stand-alone financial statements (data coverage). In 2020, despite the addition of two new business sites, our water consumption was reduced by about 8% as a result of various efforts to save water according to specific conservation goals, including the improvement of discharge from cooling tower drains and the installation of water conservation valves in toilets and showers. Our annual water consumption in 2020 recorded 662,034m<sup>3</sup>.

**Waste management and recycling** We calculate our total waste discharge volume based on data from our 28 major business sites (excluding figures from our subsidiaries and supply chains), and calculate the intensity of waste discharge by dividing our total waste discharge by our revenues based on stand-alone financial statements (data coverage). Our waste discharge has been showing downward trend on the back of improvement in internal operational efficiency, and there was also an impact of the fall in the number of employees coming to work due to COVID-19. We had an external verification of our waste generation conducted for the first time in 2020 with the aim of identifying issues and making improvements to them constantly. In 2020, our waste discharge declined by around 9% year-on-year to 1,553 tons, with a recycling rate of 27%.

**Resource consumption** SK Telecom strives to prevent the waste of resources by providing eco-friendly products and services. In particular, electronic billing not only enables reduce loss of resources but also to prevent personal information leakage due to the loss of paper bills. SK Telecom's electronic bill users totaled 25.68 million as of the end of 2020, showing the steady increase since the introduction of the app bill in 2010. The subscription rate for new electronic bills increased by 0.7%p year-on-year to 91.1%.

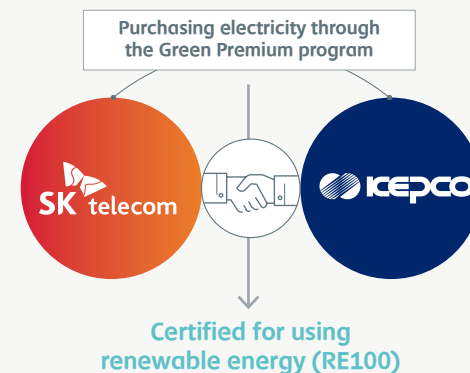
We have completely replaced our T membership cards with mobile eco cards, saving about 24 tons of plastics and reducing carbon emissions by about 55 tons per year. This means that each mobile T membership card user saves about 4.88 g of plastics and reduces carbon emissions by about 12g per year, equivalent to four A4 sheets of paper or the respiration of 40 pine trees annually. In 2020, the proportion of our customers with mobile T membership eco cards grew 2%p year-on-year to 70%, showing a continuous growth trend. In particular, the issuance rate of mobile T membership for new customers recorded 99% in 2020, indicating a continuous carbon emission reduction effect.

As a way to solve the problem that only 3% of a USIM plate, which is as big as a credit card, was actually used as an IC chip, we launched a half-sized USIM, resulting in weight reduction of 1.1g per card, based on annual issuance of 5 million USIM cards, thereby reducing 5.5 tons of plastic waste in 2020. We also launched the "sales branch planner" which is used upon subscribing to SK Telecom products and services to reduce waste (paper) from our sales branches, while cutting down resource waste by collecting device. The device retrieval rate, which declined slightly to 3.23% in 2020 from the previous year, is calculated by dividing the number of devices collected by the total number of devices sold annually.

### CASE

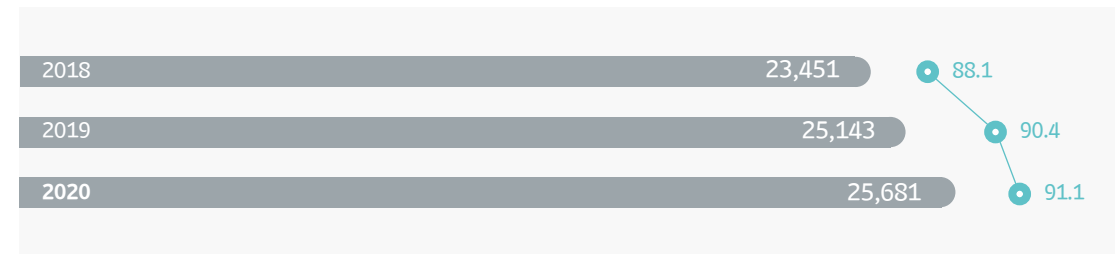
#### Signed a "Green Premium" contract

SK Telecom has signed a "Green Premium" contract with Korea Electric Power Corporation and agreed to receive 44.6 GWh of renewable energy per year, equivalent to the annual power consumption of about 16,000 households. The program is intended to certify local businesses' use of renewable energy and prove their implementation of RE100, as eco-friendly trends are gaining traction worldwide. Related profit will be donated to the Korea Energy Agency which then plows them into various schemes aimed at spreading the use of renewable energy. Through the "Green Premium" program, we will accelerate our implementation of RE100 and ESG management.



- Rate of new subscriptions (%)
- Total electronic bill subscribers (1,000 cases)

### Electronic Billing Service Subscription



### Device Retrieval Rate

	Unit	2018	2019	2020
No. of device sold	10,000 units	811	789	713
No. of device collected	10,000 units	18	26	23
Device retrieval rate	%	2.22	3.30	3.23

### Mobile T membership

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

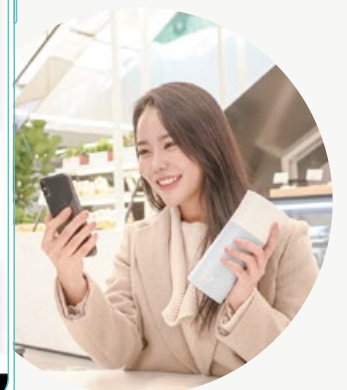
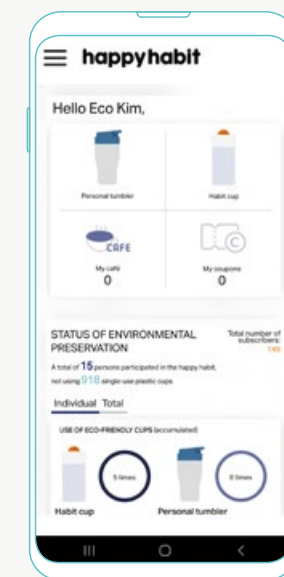
**Environmental expenditure and investment** SK Telecom spares no efforts in expanding its expenditure and investment in environmental protection through green procurement and GHG emission reduction programs. The calculation of our environmental expenditure and investment is based on the stand-alone financial statements. We categorize our environmental expenditure into the following costs – energy conservation and climate change response costs, waste and recycling costs, training costs, off-site conservation costs, and taxes and charges. This expenditure does not include green procurement costs, but it includes related costs of getting certification such as energy consumption efficiency grades, high-efficiency energy equipment certification, Good Recycled Product certification, Eco-Label certification, Environmental Product Declaration certification, Carbon Footprint Labeling, and low-carbon product certification. SK Telecom's total environmental costs amounted to KRW 947 million in 2020.

## CASE

### happy habit Project

In an effort to help solve the environmental problems caused by the use of disposable plastic cups, SK Telecom has formed the "Ha:bit Eco Alliance", a large-scale public-private commitment joined by various organizations, to create a sustainable environmental ecosystem by mobilizing their resources and capabilities to establish good habits and reduce plastic use. In November 2020, SK Telecom held the "Ha:bit Eco Alliance" launching ceremony at the SK-T Tower in Euljiro, Seoul with representatives from twenty-three organizations and companies in attendance, including the Ministry of Environment, Ministry of Foreign Affairs, Seoul Metropolitan Government, JDC (Jeju Free International City Development Center), and Taekwang Group. Upon its inauguration, the alliance launched the "happy habit" project which advocates the use of tumblers and personal mugs. Through the "happy habit" app, an environmental platform designed to manage participants' performance and provide them with benefits, we enable them to check their performance in real time and feel proud of their contribution.

In 2021, we will encourage more citizens take part in the movement to reduce plastics consumption by increasing the number of participating businesses and agencies and expanding participant benefits. In addition, we joined hands with Starbucks and Happy Connect (a social enterprise) for the "Eco Jeju Project" which calls for the use of reusable cups instead of disposable cups in their stores in Jeju. Through this project, customers return their used cups to return machines, whereupon they are thoroughly sterilized and disinfected at a specialized washing station, repackaged, and then reused. From the second half of 2021, Starbucks plans to offer beverages in such multi-use cups at all of its stores in Jeju island. Moreover, starting in 2022, we will expand the project and build an ecosystem aimed at reducing single-use cups nationwide. To this end, we will build a faster, more accurate system by incorporating our innovative technologies, such as AI technology, while contributing to job creation by hiring cleaning personnel from among the socially vulnerable in local communities. SK Telecom will continue to take active part in solving environmental problems through the "Ha:bit Eco Alliance" and the "Eco Jeju Project" based on the belief that "Together, we can do it."





# Value to Society

## SECTION 5.

- Employees
- Human Rights Management
- Occupational Safety and Health
- Social Contributions

## Employees

Recognizing the importance of securing professional talent for long-term growth, SK Telecom helps its employees unlock their full potential. Based on the systems and platforms required to support their continuous efforts to learn and build on their competences, we run a variety of programs designed to foster their professional talent.

### Human Resources Development

To support the growth of our employees and secure prominent talent, we place top priority on reinforcing our new ICT leadership, establishing a self-directed learning platform, and developing human resources through internal and external cooperation.

**Strengthening new ICT leadership** SK Telecom strives to strengthen the leadership required in the new era, focusing on nurturing our employees into experts in their respective fields, and to create a culture in which members strive for self-education and personal development. Our major educational programs consist of internally developed training courses and degree acquisition support programs linked with leading external universities. For internal training, the New ICT Academy, the company's flagship training institution, has developed curricula on AI, cloud, big data, 5G, and security that are closely related to the tasks of our business departments, and which are designed to meet the needs of employees with different levels of business and technological competence. As regards the AI course (Good-Bye! My Routine), 267 employees have completed the basic course and 63 employees took the advanced course, each of which is aimed at helping strengthen new ICT companies' competitiveness; and out of 177 RPA proposals, 14 have been developed and applied for automation. As for the cloud course, 115 participants in the business track course and 128 in the technology track have acquired the AWS and Azure Global Certifications. In addition, we held the SK ICT Tech Summit, in which twenty-four SK affiliates participated, in order to converge technological capabilities and create synergistic

effects within the group and build tech ecosystems internally and externally. Following our university-industry collaboration to develop our AI curricula, we shared them with 18 universities across the country.

In addition, we provided a wider range of learning contents to our employees by combining TLP (T Learning Portal), our own dedicated learning platform, with mySUNI, SK Group's learning platform. We also strived to create a culture of anytime, anywhere learning through the introduction of online (hybrid) versions of all our training programs amid the contactless environment, and offered 2,240 on/offline courses to a cumulative total of 129,657 employees.

We have categorized our external trainings (on-the-job degree) into the ICT Track and the Business Track, and helped our employees acquire degrees from eight global universities in six majors including computer science, data science, and MBA. Since 2019, 14 employees have been studying to obtain degrees as of 2020 year-end, while working at the same time, and going forward, we will further increase the number of universities and majors available to our employees.

**Strengthening commercialization capabilities** SK Telecom runs Start@, an in-house venture program, which is designed to allow its members to propose and commercialize new ideas. Since its launch in December 2017, the members have presented some 850 ideas, of which 50 have been realized and six fully commercialized.

#### Status of Employee Training

	Unit	2018	2019	2020
Training expense per person	KRW million	2.1	1.7	3.1
Average annual training hours per person	Hours	70	51	79
No. of training courses for the year	Courses	250	289	2,240
Number of training course participants for the year	Persons	21,575	13,962	129,657

## Fair Performance Evaluation

We conduct performance evaluations based on fair procedures and processes to assess the level of our employees' performance and competencies. The rate of performance evaluation means the number of employees among the total number of employees that have been evaluated according to the pre-defined performance evaluation system, and the rate of performance for 2020 was 99%. We have also introduced a non-rating performance evaluation based on an absolute evaluation to avoid unnecessary internal competition; and we promote substantial performance improvement activities through the individualized annual performance management of each task. We have set the principles and criteria for compensation, promotion and selection of key talents, which are managed autonomously through human resource review sessions in each unit.

### Employee shareholder engagement program

SK Telecom is running a program in which its employees, the main players of the company's financial story, can voluntarily contribute to enhancing its corporate value by choosing to receive treasury shares as incentives from the company. Launched in early 2021, the system allows employees to receive the company's shares within their incentive pay scale. So far, almost 40% of our employees have participated in the arrangement, and they are expected to share the fruits of our company's long-term growth as both employees and shareholders of the organization.

#### Rate of Performance Evaluation

	Unit	2018	2019	2020
Rate of employees' performance evaluations	%	99	99	99

## Employee Engagement

We conduct an annual employee engagement survey at the end of September to measure our employees' sense of belonging, pursuit of happiness at work, and overall response to COVID-19, and derived results based on our analysis of the positive response rate. In 2020, we preemptively promoted fundamental innovations in our business and corporate culture to meet the diverse challenges

posed by COVID-19, including the establishment of a "work-from-anywhere environment". The results showed that employee engagement was improved from the previous year even in the contactless environment. The 2020 survey was conducted company-wide to which 4,063 employees responded, and the employee engagement level recorded 85%.

#### Employee Engagement

	Unit	2018	2019	2020
Employee engagement analysis results	%	85	80	85

## CASE



### Selected as a model company for work-life balance by the Ministry of Employment and Labor

SK Telecom is well known for its family-friendly management, positioning itself as a great workplace. We won the Presidential Citation for "Excellent Family-friendly Management" in 2018; were designated as an Outstanding Company at the "Work-Life Balance Conference"<sup>1)</sup> in 2019; and were selected as a "Model Company for Work-Life Balance" by the Ministry of Employment and Labor in 2020. We are also being considered as one of the candidates for "Korea's Best Job Creator"<sup>2)</sup>.

<sup>1)</sup> Hosted by the Ministry of Employment and Labor

<sup>2)</sup> Final selection is currently in progress

## Health, Safety, Wellbeing

SK Telecom offers its employees a variety of institutional support and health programs aimed at creating a work environment that puts the safety of its employees first. As part of these efforts, we maintain the proper levels of temperature, humidity, and lighting, as well as noise control, while operating a variety of programs designed to improve the physical strength and mental health of our members. We have designated the third Friday of every month as "Happy Friday", thereby offering a four-day work week once per month. We help our employees achieve a healthy balance between their work life and family life, and with regard to childbirth and parenting, we offer shortened working hours during pregnancy, and childcare leave of absence for the parents of first graders.

In particular, we were the first major domestic company in Korea to implement remote working to better respond to COVID-19. We also built such infrastructure as automated body temperature screening system in order to minimize the spread of the disease. In addition, we are improving work efficiency and striving to strike the right balance between work and life of our employees by innovating our way of work through ICT. Our ICT-based innovation in the workplace includes "Work from Anywhere" through which employees work from anywhere anytime; "Design Your Work & Time", a flextime that allows employees to alter workday start and finish times; and digital working tools such as "My Desk" (Cloud PC), "MeetUs" (group video call service), and "Teams" (in-house collaboration program).

**Maternity and parental leave** SK Telecom has been active in implementing policies designed to alleviate its employees' childbirth and childcare responsibilities. In October 2020, of particular note, we extended the period of parental leave to two years for both male and female employees, reinforcing the institutional foundation for achieving a sound work-family life balance. We also provide a wide range of support including nursing rooms, congratulatory allowances for childbirth, scholarships for children, in-house daycare centers, a flexible working hour system, and camps for employees' children.

### Care system for employees and their family

We have set an employee care system in place as a way to enable our employees and their family members to take care of themselves in the event of illness or accident without career disruption. We also operate a system designed to promote employees' self-development and plan their retirement, including a startup support program customized for retirees, which is backed up by an external professional coaching/consulting service and next-career leave of absence benefit programs.

### Long-term refresher leave system

We grant our employees 10-45 days of long-term refresher leave, every five years, to allow them sufficient time to recharge themselves.

### Respect for diversity

SK Telecom has been active in recruiting female talents to expand women's social participation. In 2020, the percentage of our female employees stood at 19.3%, a year-on-year rise of 0.6%p, while the percentage of our female managers increased by 0.5%p to record 7.9%. In terms of new hires, the percentage of female employees is considerably high at 49.6%. Moreover, we spare no effort to foster female leaders by increasing the number of female role models and providing leadership training. In addition, to broaden job opportunities for the disabled, we established Happy Hanool, a subsidiary-type standard workplace for people with disabilities, in 2019 as part of our efforts to develop into a company that proactively creates social values beyond respect for diversity.

## Work Systems

**Happy Friday** SK Telecom runs a “Happy Friday” program for its employees once per month to allow them to refresh themselves or spend time with their family. We designate the third Friday of every month as “Happy Friday”, and our employees are encouraged to set their work schedules accordingly so that they can spend the day the way they prefer. A survey shows that the level of our employees’ happiness increases by 68.1% on Happy Friday compared to other weekdays., demonstrating that the program is highly appreciated by our employees for its contributions to boosting their happiness and vitality.

**Work From Anywhere** SK Telecom has set the “Work from Anywhere (WFA)” system which allows its employees to choose their place of work from among traditional offices, work-from-home, or commuter hubs. To facilitate the development of the WFA system, we have built a cloud work system<sup>1)</sup>, strengthened non-face-to-face work tools, and published a WFA guidebook.

The WFA system has enabled our employees to choose the most suitable work location for their personal circumstances and duties, and to achieve

both work efficiency and a sound work-life balance. On the back of this system, we were able to preemptively transition to telecommuting for all our employees, even in the COVID-19 situation, and to protect the health and safety of our employees and their family members while our employees proceeded with their work as efficiently as possible. (As of the first half of 2021, a daily average of 45% of our employees are working from home).

**Design Your Work & Time** In 2018, we adopted the “Design Your Work & Time (DYWT)” as a flextime system that allows employees to alter workday start and finish times. Using the DYWT, our employees set the contractual hours of work for a period of two or four weeks at a time, and plan daily work schedule that works best for them given their diverse circumstances. This has made them feel empowered and enabled them to take up more responsibility, leading to such positive outcomes as greater employee satisfaction and work engagement, and reduced working hours.

<sup>1)</sup> myDesk: Enables employees armed with a PC/smart device, including a smart phone, to work as efficiently as they would on an office PC

## Employee Happiness

**Im Happy and emotional management programs** SK Telecom is running the “Im Happy” program to better understand and improve the happiness of its employees, one of its key management goals, by encouraging them to record their level of happiness every day. Using data from the Im Happy app, we ascertain which factors make our employees feel happy and try to determine their level of happiness. We reflect the results in our efforts to create a happier and more pleasant workplace.

We also operate the “Thanks Letter” to allow employees to exchange messages of mutual respect and compliments; “Heart+”, an emotional management program; and the “Forest of Hearts” program, in which employees experiencing difficulties in their various interpersonal relationships can receive professional counseling for their psychological stress.

## Happy Organizational Culture

SK Telecom aims to create a happy workplace by setting the happiness of its members as its highest value and focusing on workplace innovation. In addition, we have stipulated the “happiness management” that pursues the happiness of all our stakeholders as a key tenet of our Articles of Incorporation.

**Communication & engagement, horizontal relationships, sharing & collaboration** SK Telecom has promoted systematic change with three organizational orientations – communication & engagement, horizontal relationships, and sharing & collaboration. In a bid to change vertical one-way communication to two-way communication, we hold live-broadcast “New Normal Shift” meetings that are attended by the entire management for all our employees; and encourage all our employees to engage in the discussions through real-time opinion polls, among others. We also disclose the contents of meetings with our potential global partners. Since 2018, we have encouraged our employees, including executives, to call one

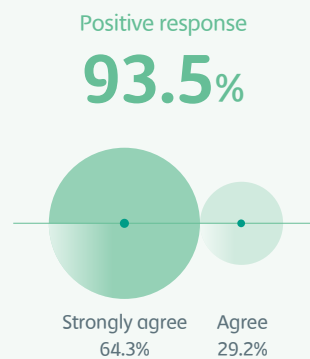
another by name only, omitting all titles, and we have also unified our executives’ titles into a single title to promote a more flexible organizational culture. We have established a 4-week selective working system (160 hours in 4 weeks) on top of the existing 2-week selective working system (80 hours in 2 weeks) so that each team can select its working hours each quarter by considering the characteristics of their duties and the needs of their team members.

Furthermore, we are implementing the internal recruitment system (CDC: Career Development Challenge) to help our employees challenge themselves and work on what they want according to their expertise, competency, and career vision. We have also created an infrastructure that allows joint document drafting and sharing, as well as video conferencing, to promote sharing and collaboration between our employees, while using the 5G Smart Office, a workspace that is accessible anytime anywhere.

### Survey Results on DYWT

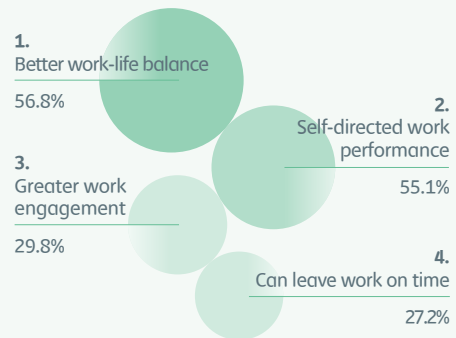
#### Q1.

Do you think that the DYWT system is helpful in promoting voluntary work engagement and reducing working hours?



#### Q2.

What do you think are the positive effects of the DYWT system?



#### Q3.

Has the DYWT system reduced your working hours?



### Evolved Management Philosophy

- Define “employees’ continued happiness” as our management goal
- Focus on “stakeholders’ happiness” as well as “employees’ happiness”
- Clarify stakeholders’ happiness as a “social value”
- Focus on the roles and responsibilities of “employees” as implementers of the management philosophy

### Redefining SUPEX Company



# Human Rights Management

SK Telecom has established a human rights policy to respect and guarantee the basic human rights. We respect human rights in accordance with the Universal Declaration on Human Rights and support the UN Guiding Principles on Business and Human Rights, and we focus on fulfilling our social responsibilities and complying with social norms in order to prevent human rights violations throughout all our business operations.

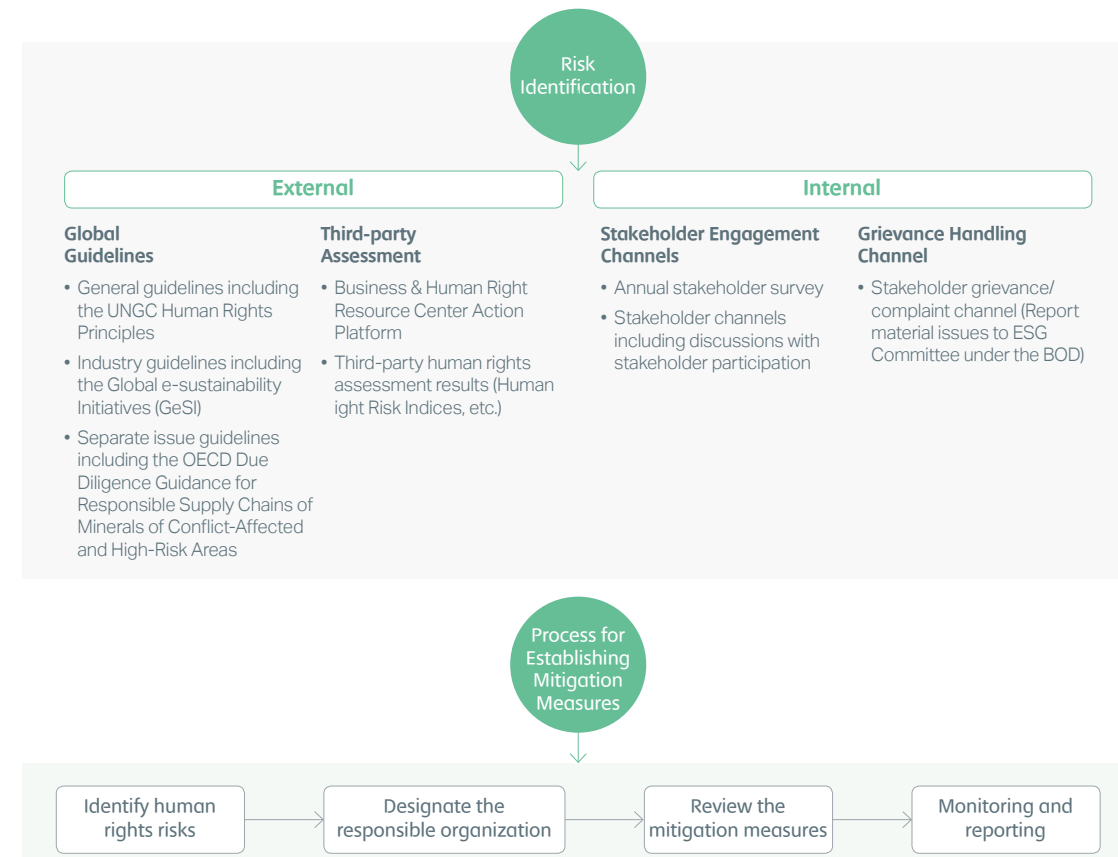
## Human Rights Risks

**Scope of survey** SK Telecom introduced a corporate-level human rights policy in 2012 and has continued to manage its major human rights issues since then. We support the principles of “Protect, Respect, and Remedy” based on the UN Guiding Principles on Business and Human Rights (Ruggie Framework), which provide businesses and stakeholders with a clear framework for the promotion of human rights. SK Telecom views its major human rights risks from four perspectives – 1) human rights of employees and business partners within the workplace; 2) protection of personal information and privacy; 3) right of access and

freedom of expression; and 4) prevention of misuse of technology, services and data – in order to uphold its commitment to respect human rights, prevent violations of rights, and manage negative issues. We also take concrete actions to identify and manage risks throughout our entire value chain, including SK Telecom, its subsidiaries and business partners.

**Risk identification** SK Telecom has re-prioritized its major human rights issues by conducting a comparative analysis of the gap between the UN Guiding Principles on Business and Human Rights and its own human rights policies.

Human Rights Risk Identification and Mitigation Measures Establishment Process



## Human Rights Due Diligence

**Risk mitigation process** SK Telecom identified its major human rights issues in 2020 as 1) conflict mineral issue at the stage of collecting raw materials for network and device equipment; 2) workers’ safety and working hours in the construction and operation of our networks; 3) humanitarian treatment and protection of customer service consultants; and

**Conflict minerals** Conflict minerals refer to tin, tantalum, tungsten, and gold mined in ten African countries embroiled in conflict, including the Republic of Congo (DRC). The use of conflict minerals, which causes human rights issues such as the spread of conflict and labor exploitation, has also become a major human rights issue in the telecommunication and electronics industries. SK Telecom has been monitoring the materials, parts and equipment supplied in order to determine whether they contain any conflict minerals. We also conduct origin tracking and due diligence based on the Conflict

4) personal information protection in the sales and distribution processes. We ascertained the exact status of these issues by conducting fact-finding surveys, designating a dedicated organization, and ensuring that mitigation measures could be implemented continuously.

Minerals Reporting Template (CMRT) provided by the Responsible Business Alliance (RBA) (formerly the EICC) and the Global e-Sustainability Initiative (GeSI). The results of the due diligence of our supply chain in 2020 did not show any direct purchase of conflict minerals or any direct contractual relationship with any refineries in the disputed areas. We have confirmed that we do not use any minerals produced in conflict areas subject to additional supply chain inspections. We will continue our monitoring to ensure that we permanently maintain our goal of using zero conflict minerals.

Use of Conflict Minerals

	2018	2019	2020
SK Telecom’s use of conflict minerals-	0	0	0
Measures for resolution	Continuous monitoring of whether conflict minerals are used in domestic business sites		

## Network operators’ safety and working hours

We pay keen attention to the safety and human rights of all workers involved in the construction and operation of our networks, including computerized network maintenance and repair as well as hardware repair. To prevent any human rights risks, including the occurrence of occupational accidents and working hours, SKons, a subsidiary of SK Telecom, has built a company-wide occupational health

and safety system with the aim of achieving zero industrial accidents and strengthening on-site execution capabilities. We have the Occupational Health & Safety Committee in place and conduct on-site audits and monitoring, while making company-wide efforts to track the status of occupational accidents, inspect the installation and utilization of safety gear (helmets, seatbelts, safety boots), and launch road safety campaigns.

We also strive to prevent human rights violations caused by overwork through compliance with our plan to reduce employees' working hours. By introducing innovations to work practices, SKons succeeded in reducing the number of working hours per person to 44.5 hours per week in 2020. To manage working hours and overtime effectively, we require that prior permission be obtained from team leaders for work undertaken during holidays and at

night, and that employees' work status be registered with the company's attendance management system. In addition, we are continuously improving work efficiency by accelerating the adoption of AI and data-based workplace innovations, including the upgrading of repetitive/structured work through the introduction of RPA, and a reduction of working hours by three hours per day through improvements to preparation processes and waiting times.

	2018	2019	2020
Network operators' working hours per person (hours/week)	50.8	46.6	44.5
Measures for resolution	Required mandatory registration of work hour status through system and management/exercise of work hours following approval from team leader in advance, in case of work during off-duty or night shifts		

**Protection of service consultants** Service consultants are constantly exposed to the risks of emotional labor in the counseling process. SK Telecom has established a service consultant protection system in cooperation with a subsidiary that specializes in customer service, in order to protect the interests of service consultants and to better manage them. Through the program, we have institutionalized the process of warning, counseling termination and connection with superiors when the employees are faced with verbal abuse or unreasonable requests. We also run the "Mind Care" program to help our employees recover their psychological stability. We check their job stress levels twice per year, and provide high-risk groups with intensive psychological care so that they can eliminate their stress by 100% in accordance with our pursuit of the SUPEX level in that area. Since 2014, we have allowed them to choose from a 4-hour or 6-hour working week. In April

2018, we decided to stop all our consultation services during the lunchbreak (1 hour), except in emergency cases such as loss/acquisition and thus provide the consultants with sufficient rest time.

In 2020, group counseling under the Mind Care program decreased compared to the previous year due to changes in the business environment, such as the prohibition of social gatherings and the proliferation of telecommuting amid the COVID-19 pandemic. In response, we have revitalized video-based mental health diagnosis and consultation since October 2020. As a result, our service consultants were able to offer an excellent service, which in turn led to outstanding achievements of our call centers, including the selection as the "Korea's Outstanding Call Center" by the Korean Service Quality Index-Call (KSQI-Call) in 2021 for 17 times total and nine years in a row.

**Diagnoses and Consultation Status of Mind Care Program**

	Unit	2018	2019	2020
<b>SERVICE ACE</b>				
Number of participants in diagnoses	Persons	3,159 (94.7%)	2,708 (61.6%)	2,255 (75.8%)
Measures for resolution – Personal consultation	Persons	123	129	130
Measures for resolution – Group consultation	Persons	423	571	9
<b>SERVICE TOP</b>				
Number of participants in diagnoses	Persons	3,839 (100%)	3,638 (100%)	2,963 (82%)
Measures for resolution – Personal consultation	Persons	677	724	784
Measures for resolution – Group consultation	Persons	792	1,450	312

**Personal information protection** In order to protect our customers' personal information and privacy and prevent any information leakage accidents, SK Telecom accurately diagnoses the risks of its business partners. Our efforts include reinforcement of the regular distribution network diagnosis, enhancement of the target diagnosis through data analysis, improvement of the customer information handling system, and the provision of training aimed at raising awareness of the importance of customer information protection. For all our business partners, including those in our distribution network, we conduct sampling diagnoses and in-depth diagnoses of their customer information protection so as to identify any risks that we may have failed to notice and then take the necessary corrective measures. Since 2015, we have had an external agency conduct audits on personal information protection of some 3,800 stores in our distribution network and inspect about 20,000 PCs through remote diagnostics each year. In 2020, we had the 3rd party agency perform audits on customer information protection offered by all the businesses in our distribution network while taking corrective measures on 108 risks identified through a sampling diagnosis.

SK Telecom carries out the following activities with the goal of achieving zero information leakage:

- Continue to strengthen information protection governance and control, including the integrated security control and the enhancement of response to new security threats; security drills and security level diagnosis; and the strengthening of security council operations
- Make continuous improvement and advancement of the information protection and personal information protection management systems through constant certification/examination and security check of major information and communication infrastructures by internal and external stakeholders, including ISMS/ISMS-P, SOX, and cross-checking
- Continue to strengthen information security change management and training for key staff, including leaders' management of changes in security environments; increased security education for developers/operators, and information protection courses customized for subsidiaries' information security personnel
- Identify information protection issues and take corrective actions in advance through the enhanced remote diagnosis, considering the contactless environment
- Create the personal information protection environment in line with the enactment of three major personal data laws stipulating the operation of a pseudonymous/anonymous information management system and the safety of pseudonymous information
- Establish platforms, aimed at guaranteeing data subjects' rights and enhancing the transparency of personal information processing, and expand the posting of related contents
- Make continuous improvement to security solutions, with the goal of preemptively responding to the increasingly sophisticated security threats, and expand investment in and operations of AI and public cloud, with the goal of preemptively responding to new security issues

**Sampling Diagnosis of Customer Information Protection Level in the Distribution Channel (2020)**

Type	Number of diagnosis (cases)	Improvement and mitigation cases	Notes
Diagnosis of the customer information management status in the distribution channel <sup>1)</sup>	2,304	108	Identify risks in distribution channel blind spots and implement improvement measures

<sup>1)</sup> Regular diagnosis by sampling shops in each region after listing all the offline distributors

**Detailed Diagnosis of Customer Information Protection Level in the Distribution Channel**

	Unit	2018	2019	2020
Rate of inspection among all stores within distribution network	%	100 <sup>1)</sup>	100 <sup>2)</sup>	100 <sup>2)</sup>
Discovered cases requiring improved security	Cases	137	196	108
Corrective measures - Rate of completed measures	%	100	100	100
Short-term measures taken	Cases	137	196 <sup>3)</sup>	108 <sup>4)</sup>
Long-term measures taken	Cases	0	0	0

<sup>1)</sup> Introduced the Customer Privacy Scoring System (CPSS) diagnosis system to all distribution channels, conducted diagnosis on high-risk stores such as new stores and stores that are in need of risk management

<sup>2)</sup> Assessed all distribution channels using the CPSS, and conducted diagnosis on customers' information management to support self-improvement activities

<sup>3)</sup> Improvements have been completed for 9.5% of 2,064 stores that were diagnosed by CPSS

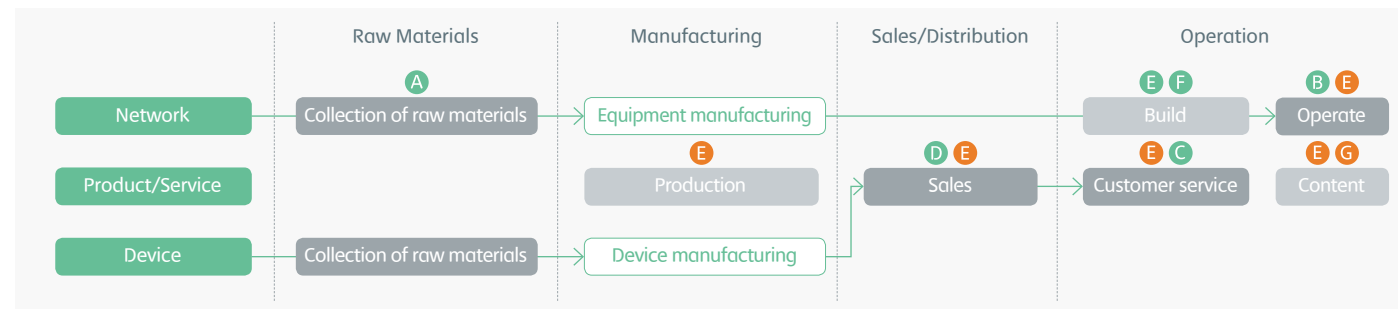
<sup>4)</sup> Improvements have been completed for 4.7% of the 2,304 stores subject to the distribution chain rating system and sampling diagnosis

## Potential Human Rights Issues

**Residents' rights to land, etc.** Most of SK Telecom's business is run in Korea, which means the risk of infringing the rights of indigenous peoples is low. However, we are conducting a review to prevent potential violations of the rights of indigenous peoples that may occur during the construction of our base stations and network infrastructure. We collect local residents' complaints about their safety due to electromagnetic waves at our domestic business sites, base stations, and network infrastructure through our customer centers, as well as their claims about violations of their rights in any other respect, to which we always apply corrective measures immediately.

**Fair information accessibility** SK Telecom is making various efforts to bridge the digital gap that could affect civil rights and political participation in the information society. To this end, we offer reduced fee services to the vulnerable; provide education to increase information accessibility; and expand network for universal information access. We also strive to build a healthy online environment by preventing children from being exposed to harmful (adult/illegal) contents and providing applications designed to prevent excessive digital immersion.

Key Human Rights Issues in SK Telecom's Value Chain and Due Diligence Results



Key Human Rights Issues	Vulnerable Groups	Subjects for Review	Nature of Issues	2020 Due Diligence Results			
				Risk Level	Survey Scope	Issues identified <sup>1)</sup>	Measures Taken
A. Conflict minerals	Indigenous peoples, children	Raw material suppliers	Use of tin, tungsten, and tantalum produced in the DRC or neighboring countries in manufacturing electronic devices that may lead to continued conflict in the areas and child labor	Subject to due diligence	100%	0%	100%
B. Working hours / safety	Installers & operators	Subsidiary (SKons)	Compliance with working hours in the network operation process and resolution of safety issues that can result in physical harm	Subject to due diligence	100%	0%	100%
C. Humane treatment	Consultants	Subsidiaries (SERVICE TOP, SERVICE ACE)	Protection of consultants exposed to customers' irrational words and/or behavior (profanity, verbal abuse, threats, insults, sexual harassment, etc.) or unreasonable demands	Subject to due diligence	79%	18.7%	100%
D. Personal information protection	General public	Subsidiaries, partners	Protection of personal information and privacy that are considered as important human rights in the information age	Subject to due diligence	100%	4.7%	100%
E. Working hours	Employees	SK Telecom	Issues related to forced labor, child labor and other human rights violations	Precautions required	100%	0%	100%
F. Indigenous rights	Indigenous peoples	Local communities	Direct violations of indigenous peoples' rights, such as the use of land and property for business expansion	Precautions required			
G. Information accessibility	Children, general public	SK Telecom	Protecting the accessibility to the universal information and taking content responsibility toward children	Precautions required			

<sup>1)</sup> For A, B and C above, the average for issues identified is 6.2%, with corrective measures taken 100% about the issues.

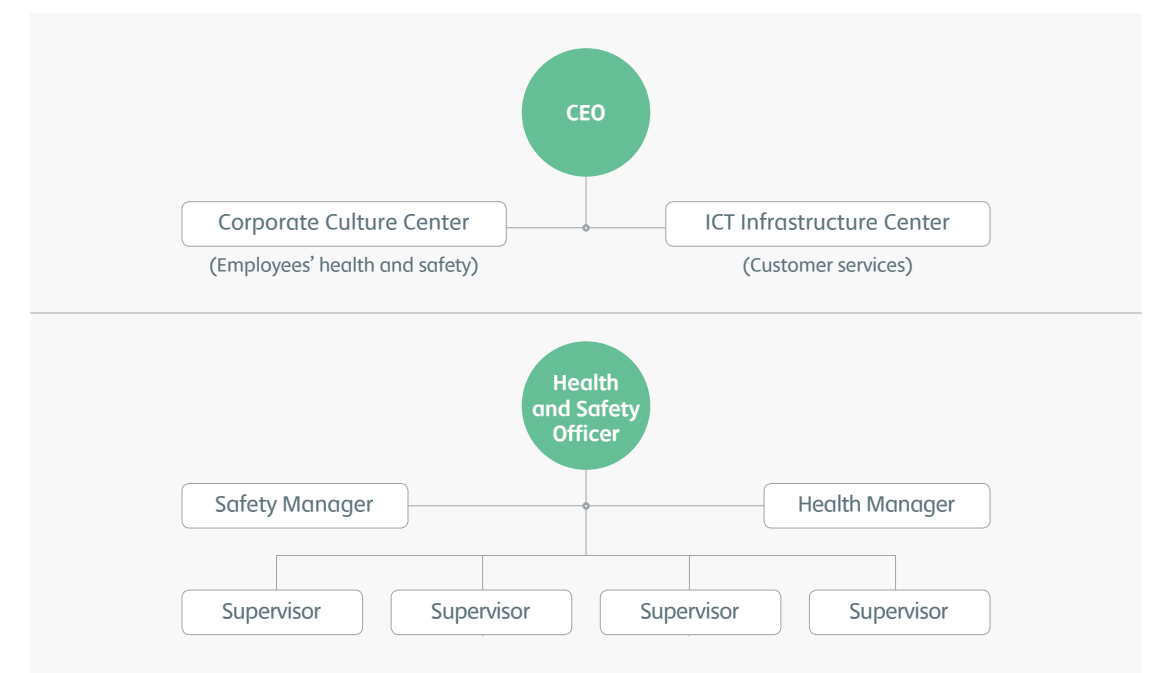
## Occupational Safety and Health

SK Telecom has set its industrial safety goals and directions to promote the safety and health of its employees. To prevent occupational accidents caused by products and services, we are making utmost efforts to create a safe working environment by encouraging our business partners to strengthen their safety management practices. We will further strengthen our safety capabilities by implementing regular education on safety and health and health activities.

### Safety and Health Management System

SK Telecom has set its safety and health management goals to provide quality services to its customers and protect its employees. We have therefore designated a dedicated organization for achieving each of the goals according to specific action plans. In particular, the Corporate Culture Center is in charge of safety and health management and the provision of support throughout the company, including efforts to spread and establish a companywide safety and health culture.

In accordance with the Occupational Health and Safety Act, each of SK Telecom's business sites operates a separate health and safety management system that reflects its organizational size and work characteristics. The system at each business site is run by a health and safety officer assisted by a safety manager and a health manager. Each site also appoints the head of each department as a health and safety supervisor in charge of on-site safety management within their respective departments.



Certification of the Safety and Health Management System  
Acquisition of the ISO 45001 Certification for Occupational Safety and Health in 2019



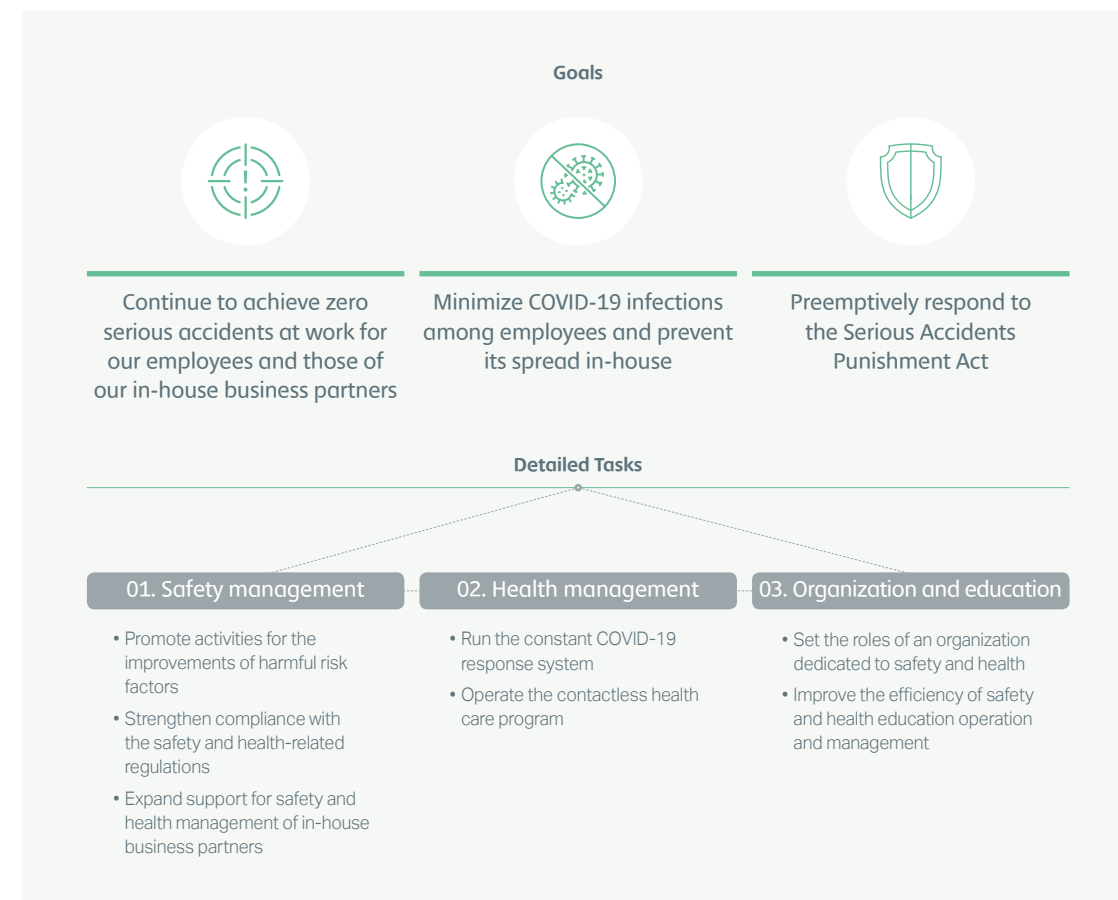
**Safety management goals and policies** SK Telecom has specified its SHE<sup>1)</sup> policies, the company's management principles for employee safety and health, in its SHE Management Regulations. The SHE policies stipulate that the main goal of our safety management is to protect both our employees and the members of our business partners. Our 2021 safety and health management goals are to ① continue to achieve zero serious accidents at work for

our employees and those of our in-house business partners; ② minimize COVID-19 infections among employees and prevent its spread in-house; and ③ preemptively respond to the Serious Accidents Punishment Act. We are doing our best to achieve these goals with the specific actions plans.

<sup>1)</sup> SHE: Management activities designed to prevent Safety-, Health-, and Environment-related accidents/disruptions and minimize their damage

**SHE Policies** Based on SK's basic management principles, we earn trust and support from society by providing uninterrupted services to customers and making continuous efforts to protect our employees.  
(ellipsis)  
We must take safeguards to protect not only our employees but also employees of our business partners, and we must build a positive corporate image regarding SHE management, in society as well as in the industry, by complying with the relevant laws and transparently disclosing the results.

**Safety and Health Goals and Tasks for 2021**



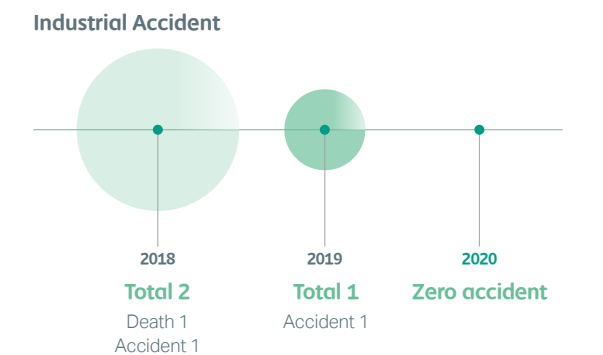
**Safety Management**

**Inspection of the safety environment**

**Regular safety inspection of facilities and equipment** SK Telecom regularly conducts safety inspections of its office buildings, architectural structures, power facilities, firefighting facilities, heating/ventilation/air conditioning (HVAC) systems, air monitoring equipment, and sanitary facilities.

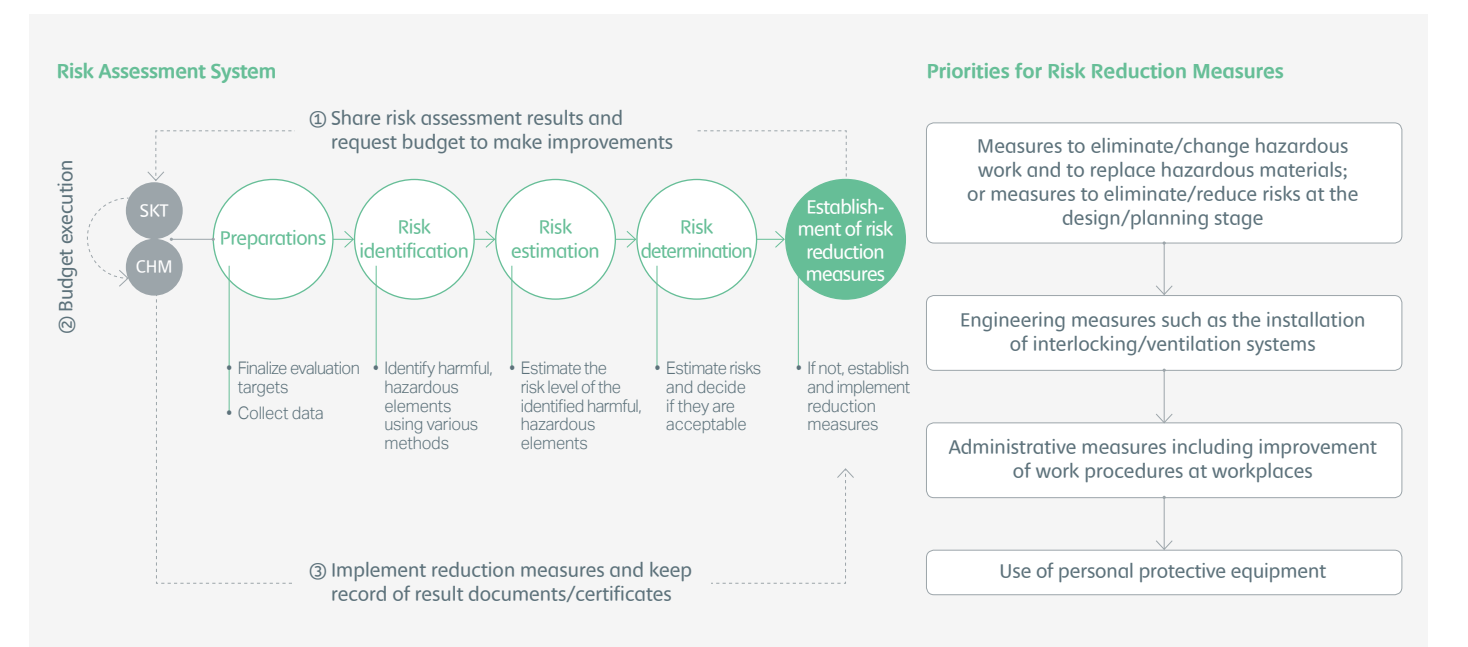
**Workplace risk assessment** SK Telecom preemptively identifies harmful risk factors across all its business sites in accordance with Article 36 (Conducting Risk Assessment) of the Occupational Safety and Health Act. We estimate and determine the likelihood and severity of injuries or diseases according to hazardous risk factors at each workplace and establish risk reduction measures for each site. Through the annual workplace risk assessment, we aim to create a safe and pleasant workplace while reducing the occurrence of occupational accidents. In particular, we entrusted a risk assessment of our major office buildings to a specialized agency in 2020, and preemptively adopted measures for preventing a significant number of risk factors inherent to each of them.

**Occupational Safety and Health Committee** In accordance with Article 24 (Occupational Safety and Health Committee) of the Occupational Safety and Health Act, SK Telecom has established and is operating the Occupational Safety and Health Committee, which is composed of representatives from labor and management, to deliberate on and determine important matters concerning safety and health at the place of business. The Committee holds quarterly meetings at our workplaces with 100 or more employees to review and decide on matters necessary to maintain and promote the health and safety of our employees.



\* Lost Time Injury Frequency (LTIR) in 2020: 0

**Risk Assessment System and Activities**



## Employee Healthcare

### Health promotion activities

**Active response to COVID-19** SK Telecom has actively implemented preventive/quarantine measures to put the health of its employees first amid the spread of COVID-19. We have established COVID-19 response guidelines as part of our efforts to launch a regular response system and run an emergency response system 24/7. We have also published a manual concerning the monitoring of our employees' health trends and a step-by-step response to changes. In addition, as preemptive measures designed to ensure our employees' health, we have implemented regular quarantine and disinfection, along with double temperature checks upon entry and exit, limited the number of passengers in elevators, established a three-part catering service, installed partitions, and conducted regular pre-checks for shift workers. Since February 2020, we have created a digital work culture through preemptively implemented telecommuting. We have also secured and distributed quarantine equipment (masks, protective clothing, goggles, disinfectants, etc.) ahead of others. As a result, we achieved zero spread of COVID-19 at our workplaces in 2020.

**Health checkup and vaccination** Every year, SK Telecom supports all its employees and their families – including executives, full-time employees, contract employees, and employees on maternity leave – with general/special checkups and health promotion measures. We have also offered free influenza and hepatitis B shots to some 2,300 employees.

**Employee physical and emotional health management** SK Telecom operates various programs to promote its employees' physical and emotional health. Our comprehensive supports include "Health-On", a voluntary health management program for employees; "Forest of Heart", a personal counseling service for employees' emotional health; and "Heart+ Class", an educational course. In 2020, we upgraded the Actium (fitness center) by replacing old facilities at six company buildings, and launched a golf clinic and other fitness classes in a bid to create a more pleasant working environment.

How to use Forest of Heart



### #Forest of Heart (professional personal counseling)

- Consigned operation via an external consulting agency
- 2,040 counselors at 284 centers nationwide for a 24/7 service
- **Performance (past 3 years)**

Category	2018	2019	2020
No. of people received counseling	121	139	133
No. of counseling services offered	538	720	672

### #Health on (employees' voluntary healthcare program)

- Offer healthcare support including expert coaching for a healthcare program based on employees' voluntary participation
- Run programs to provide advice on metabolic syndrome, diet, and fitness, and help employees improve their bad posture and eating habits (offered online due to COVID-19 in 2020)

Category	No. of participants	No. of app subscribers
Participatory	762	2,936

## Employee Health Management Program

### #Heart+ Class (lecture by topic)

- Offered meditation-based lectures on mindfulness and courses on popular themes for each season in the second half of 2020 (8 sessions, 563 participants)
- Offered online or during lunchtime to promote employee participation
- **Heart+ Class Participants/Satisfaction Level**

[Theme] Lecture/Course	Participants	Satisfaction
[Meditation] The surest way to control your mind	53	94% (4.37)
[Dialog skills] Mindfulness about family relations ahead of holidays	94	94% (4.47)
[Meditation] Mindfulness in Silicon Valley	69	91% (4.40)
[Art therapy] Paintings that heal our lives and minds	67	94% (4.51)
[Communication at work] Why am I having a hard time with your words?	102	100% (4.81)
[Communication at work] A wise working life without psychological pain	90	92% (4.51)
[Meditation in Motion] How to take care of your mind by moving your body (Alexander Technique)	53	94% (4.50)
[Meditation] Ending the year with parents and children together	35	90% (4.57)

## Supply Chain Safety Management

### Strengthening safety management standards

SK Telecom has strengthened the SGR (Safety Golden Rules)<sup>1)</sup> and included them in all its subcontracts. We have established SGR with the aim of improving our service quality and safety record, including the prevention of various accidents. The SGR has stipulated what was implicit/sketchy. We have promoted our safety management with the focus on enhancing our execution capability and SHE management in the supply chain through constant on-site inspections and monitoring.

We apply the SGR to all our construction and service contracts. The rules set forth procedures on how to report and disseminate information on accidents. Our contracts contain a clause which stipulates that all the provisions of the SKT SGR must be followed.

### HIGHLIGHTS OF THE SGR

01. Install and wear safety gear for all types of work
02. Take measures to prevent electric shocks while doing electrical work or working around high-voltage lines
03. Install traffic safety facilities and deploy traffic control personnel while working across or around roads
04. Measure the concentration of oxygen/noxious gases and ventilate periodically when working in confined spaces
05. Be sure to conduct a TBM (Toolbox Meeting)<sup>2)</sup> before starting work
06. Strictly adhere to the working hours and keep things organized when working on subways/tunnels
07. Be sure to use only KC-certified safety products, tools and mechanical equipment
08. Use only tools and machinery that have passed regular inspections
09. Check and follow the worker health protection protocols in advance
10. Refrain from alcohol consumption or smoking while working
11. Refrain from making unnecessary fires and always have a fire extinguisher handy
12. Clean up your surroundings before and after work and use only safe passages

### STANDARDS FOR REPORTING AND NOTIFICATION OF ACCIDENTS

01. When an accident happens, it must be reported immediately
02. When work is re-subcontracted, an accident reporting/notification system must be established followed by the provision of proper training

<sup>1)</sup> SGR (Safety Golden Rules): A supply chain safety management system designed to enhance our service quality and improve our safety record by having the SGR included in our contracts with partner companies as the "golden rules" that they must abide by in the execution of their construction and service contracts, so as to upgrade our overall safety management performance.

<sup>2)</sup> TBM (Toolbox Meeting): A meeting at which to share work plans and produce risk assessment tables before starting work at a worksite – an occasion where all risk factors are predicted and verified in advance, PPEs are checked, and warm-up exercises are conducted.

# Social Contributions

SK Telecom has been making innovative attempts to solve social problems and create social values by using its own ICT technologies and distribution infrastructure.

## Creating Social Value Through ICT

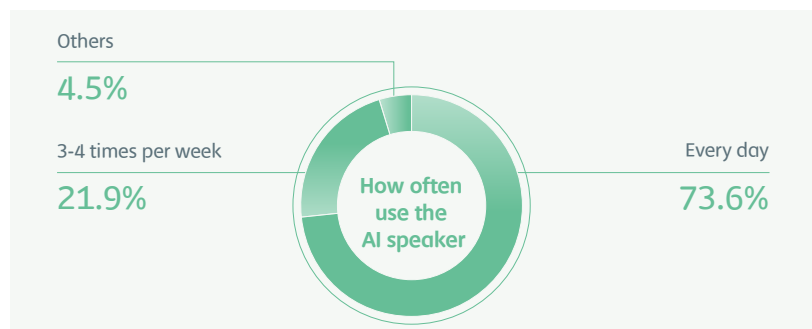
### Elderly care service through AI speaker "NUGU"

SK Telecom strives to reduce the difficulties faced by the socially vulnerable, including seniors living alone, by helping to expand the country's social safety net, leveraging its AI technology and ICT expertise. In April 2019, we launched the "AI Care Service" for seniors who live alone in cooperation with local governments and a social enterprise (Happy Connect)<sup>1)</sup>. As of the end of 2020, we are offering the service to 9,409 households in 45 local communities across the country. The service monitors data collected through the AI "NUGU" speaker network run by the ICT Care Center, which offers psychological counseling, personal visits, and immediate connection to emergency services upon detecting an abnormality.

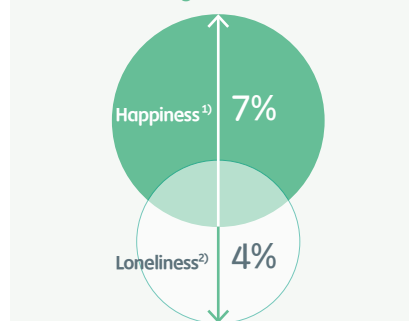
Recognized as an ICT-based social safety net during the contactless era, the AI Care Service was included as a policy task for care for the elderly in the country's "Digital New Deal Policy & Non-face-to-face Industry to be Fostered" in the second half of 2020. We plan to add around 2,300 seniors living alone to the list of beneficiaries in 2021, and we will further expand the list in 2022. (The Ministry of Health and Welfare plans to provide AI care services to more than 120,000 people by 2022.) We are preparing to advance the AI service in collaboration with various partners and to provide more senior citizens in vulnerable groups with customized senior care services in the 5G era.

<sup>1)</sup> Established by SK Group, Happy Connect is a social enterprise, working together with SK Telecom, that operates supporting programs to help the underprivileged by using IT equipment

### Use of the AI Care Service

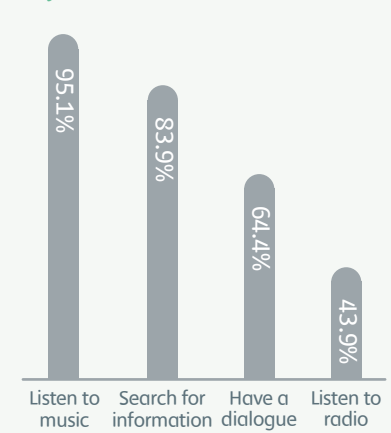


### Benefits of using the service



<sup>1)</sup> Happiness: 7% increase when setting the previous level at 100% (12.57 points → 13.48 points)  
<sup>2)</sup> Loneliness: a 4% decrease when setting the previous level at 100% (2.53 points → 2.41 points)

### Key functions for use



1 Seniors and care managers  
 2 "Good Shuttle Mobility", a service for the mobility vulnerable

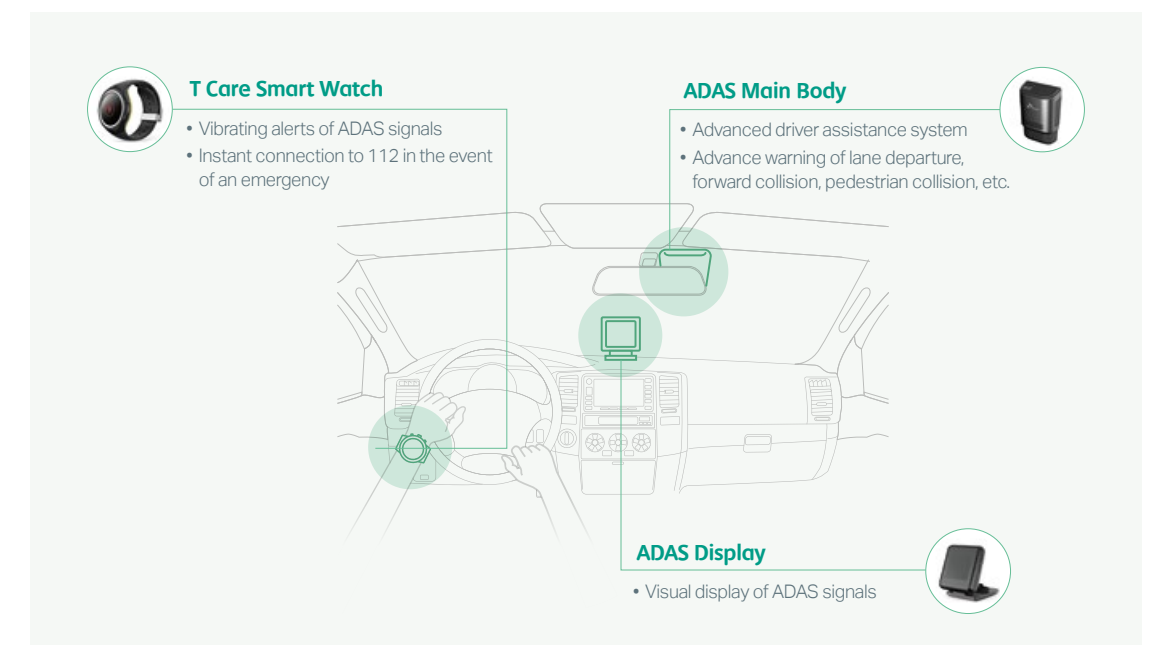
We are therefore striving to not only maximize our economic performance but also create social value by leveraging our ICT capabilities to care for the underprivileged of society and provide good-quality education.

### Expanding support for the disabled based on ICT solutions

SK Telecom strives to create social value through mobility service innovation by improving the commuting environment for the severely disabled and increasing the employment rate of the hearing impaired. In October 2020, we launched the "Good Shuttle Mobility" pilot project in partnership with four companies and agencies, including Seongnam City, to help workers with severe disabilities suffering from a poor commuting environment. We started operating nine routes using nine minibuses with boarding/disembarking assistants and a hotline with guardians and workplaces to quickly respond to emergencies. In 2021, we plan to expand the public-private partnership (PPP) project to the country's major local governments of Gyeonggi-do, Seoul, Daejeon, and Seongnam, and to offer the shuttle service to standard workplaces for the disabled of major companies including SK Hynix.

In addition, since 2018 we have been supporting the "Quiet Taxi" service offered by Coactus, a social enterprise, to help the hearing impaired work as a taxi driver. In 2020, we improved their driving safety by installing advanced driver assistance systems (ADAS) in all Quiet Taxis, while also adding blinker notification function, dispatch notification pop-up, and a messaging function to the T map taxi app for the hearing impaired, thereby increasing the convenience of both drivers and passengers. As of March 2021, there are 86 hearing impaired drivers whose driving services have surpassed 170,000 cases. In recognition of these achievements, SK Telecom received the Grand Prize in the category of the Best Mobile Innovation for Accessibility & Inclusion at the MWC GLOMO Awards in February 2020.

### "Quiet M" Equipped with SKT's ICT



In July 2020, we signed a memorandum of understanding (MoU) with the Korea Employment Agency for the Disabled to establish an ICT-based job platform for the disabled and to train disabled persons as ICT experts as a part of our efforts to bolster the country's employment safety net. In addition, to spur the training of disabled persons as ICT experts at the national level, we are participating in the reform of the ICT vocational training curricula and operations. Furthermore, to improve the performance of assistive technology devices for persons with disabilities in their professional lives, we have held ICT assistive technology device development contests jointly with the agency and supported the winners' business startup, contributing to strengthening the employment safety net for disabled people in the country.

**ICT education to bridge the information gap for youth with disabilities** SK Telecom is running various programs such as Smart Farm to strengthen the ICT competence of disabled youth and bridge the information gap. Smart Farm is a play-based program that helps disabled youths to access the latest ICT technologies in a fun and easy way while creating their own farm that combines the IoT and data. In September 2020, we offered an online course about Smart Farm to teachers from nine special schools, who then taught a total of 170 young people with disabilities over four months.

Thanks to the program, the trainees became familiar with the digital environment using various IoT sensors and apps while expanding their learning to the study of mathematics and science. In December 2020, the Myunghyeon School was selected as the best school among schools that have implemented the program, and was awarded the prize of the Minister of Health and Welfare. Going forward, SK Telecom will continue to seek out new and innovative ways of providing opportunities to young people with disabilities through its ICT assets.



Smart Farm

## Improving Social Impact based On Open Collaboration

**Fostering 5G-specialized innovative startups** SK Telecom is operating the "5GX True Innovation Accelerator" program designed to discover and nurture startups specializing in 5G. We launched the program to develop the related technologies and services along with the commercialization of 5G in 2019. In 2020, we expanded the business to include all 5G-specialized services, such as AI, augmented reality (AR) and virtual reality (VR), media, security, commerce, and mobility. As of the end of 2020, we have offered acceleration support to 24 innovative startups, enabled seven teams to attract some KRW 13.4 billion in investment, and linked six innovative startups to SK Telecom's businesses.

SK Telecom is also running the "IMPACTUPs" program with startups to join forces with them in exploiting the latest ICT technologies, such as 5G and AI, in order to solve some of the urgent problems facing our society. The program assists innovative startups in creating value through ESG and in achieving business growth by utilizing the latest ICT capability. Following the 11 companies chosen in 2019, we selected 10 startups as the beneficiaries of the program in 2020. Each selected business sets its own social value creation goals in connection with the UN SDGs, figure out the relevant items, and works on them. SK Telecom also assists the startups with joint participation in domestic and overseas exhibitions and events, the creation of opportunities for investment attraction, the production of promotional videos, and ESG consulting. In particular, we promote direct business collaboration with them whenever we identify tasks where we can cooperate with them. We will continue to create more social value through 5G technologies by promoting teamwork with various partners such as innovative startups.

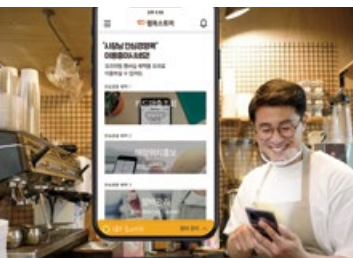
<sup>1)</sup> mobile e-authentication service that can verify forgery/falsification or authenticity by using block chain and DID technology to receive and store various certificates directly in the user's terminal in one stop and submit them to agencies when necessary

**Nurturing talent** Recognizing the need to nurture AI experts in the 5G era, SK Telecom focuses on nurturing young talents in cooperation with leading universities in Korea. In 2019, we applied online-based AI curricula to Yonsei University, Sogang University, Hanyang University, and Kwangwoon University, while in 2020 we supplied improved curricula to more schools. For instance, we have signed an MOU on Nurturing Talent in AI Technologies with the Daegu Gyeongbuk Institute of Science and Technology (DGIST) to utilize our online contents so as to provide students with substantial AI education combined with practical skills. We have also joined hands with the Innovation Academy, a public innovation education institution, to nurture software experts and facilitate the developer ecosystem by using "Initial"<sup>1)</sup> a decentralized identifier (DID) service. In addition, we provided the "Minecraft" coding education online, which had been offered at our designated stores, thereby helping students develop their coding skills. We are planning to help software talents acquire in-depth knowledge about blockchain technology and artificial intelligence and to receive practical hands-on experience of advanced business aspects based on our 5G and AI infrastructure, so that they can become key players in the years to come.



1 "5GX True Innovation Accelerator" session  
2 Online launch ceremony for the 2nd class participants of IMPACTUPs

**Supporting SMEs** SK Telecom is implementing various support projects, leveraging its ICT expertise, as a way to support small-to medium-sized enterprises (SMEs) across the country experiencing difficulties due to the COVID-19 crisis. To this end, we are using a big data-based text marketing service, "T-Deal", to support their marketing activities, and providing a management support service to self-employed people and small business owners through our "Safe Management Pack for CEOs", a store management solution package. Moreover, we help social enterprises with their marketing and sales by linking their businesses to those of SK Telecom and the SK ICT Family. "T-Deal" service sends out text messages to customers who appear highly likely to purchase products, inviting them to a dedicated T-Deal website offering the entire service from search to payment. Notably, selected SMEs are allowed to use the marketing service free of charge. "Safe Management Pack for CEOs" service offers a variety of functions necessary for self-employed people and small business owners to run their businesses, including card sales inquiry, store location promotion, and part-timer hiring and management, without any charges for one year.



Safe Management Pack for CEOs

Moreover, we have joined forces with financial institutions such as Shinhan Bank to offer various support programs integrating ICT and financial services. Through Bizit, SK's online platform for small business owners, we provide SMEs with a one-stop service comprising various kinds of information, an administrative service, and financial benefits, enabling them to consult useful information on startup and business management, including taxation, commercial district analysis, policy funds, and sales management, while handling financial transactions such as loans, deposits, and installment savings. Also, SK Telecom has expanded its management consulting and education programs for SMEs, while providing new services such as T map Parking in collaboration with bank branches and ADT Caps patrol vehicle services in order to resolve parking problems and alleviate security concerns in alleyways. So far, we have promoted a total of 404 products supplied by SMEs in partnership with the Small Business Distribution Center and social media influencers.

<sup>1)</sup> Practical course featuring 49 educational videos of lectures by 15 doctoral level specialists in various areas of AI, such as voice recognition and image recognition, and a recommendation system including NUGU, a voice recognition AI platform

**Supporting social enterprises** For social enterprises aiming to create social value, SK Telecom and the SK ICT Family provide marketing and sales support. Having supported 20 companies in 2020, we are now planning to help 40 social enterprises in 2021 and 100 companies every year after 2025. The key directions of this program are – (1) we support social enterprises in connection with the business of the SK ICT Family, rather than through donations or product purchases; and (2) we enhance the impact by holding a contest to select social enterprises and provide highly intensive support to the selected companies. In the area of online sales support, SK Telecom offers open membership within T membership; 11st holds special events for social enterprises; SK stoa uses its home shopping channel, SK Planet, to offer a good shopping service in OK Cashbag; and SK m&service has extended the Benepia service to social enterprises. As for marketing support, SK Telecom provides influencer marketing support, while SK Broadband offers IPTV ad support; Incross provides digital video ad support; and SK communications helps social enterprises through banner ads on the Nate portal. In 2020, we helped 25 social enterprises, resulting in 5.7 million online views and online sales worth KRW 574 million. We will continue providing small businesses with new benefits and services by matching capabilities and technologies between industries in order to help them overcome the increasingly difficult situation amid the COVID-19 pandemic.

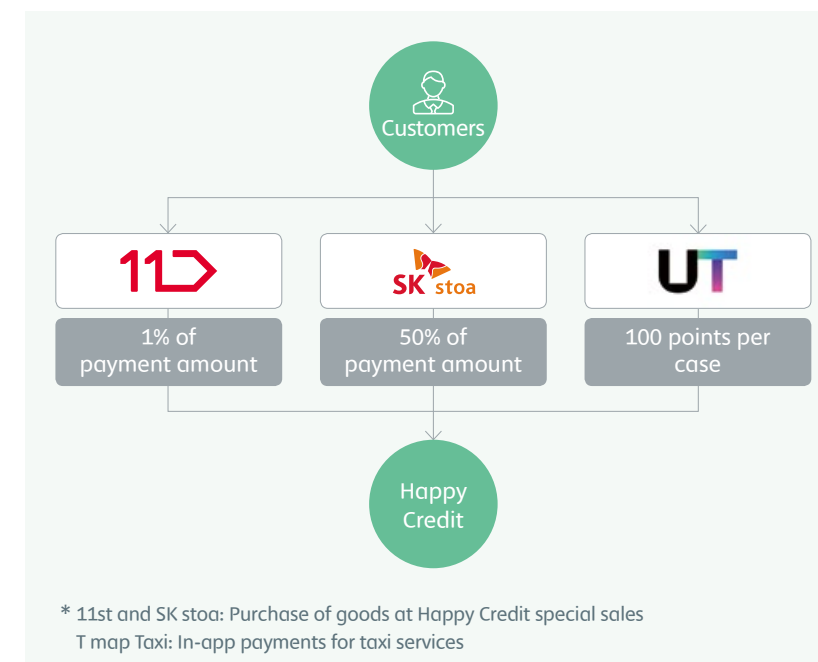
**Providing the AI curriculum to universities** SK Telecom supports the nurturing of AI specialists by sharing its AI technology capabilities and IT assets with universities. In 2020, we provided the AI Curriculum<sup>1)</sup>, which comprises theory of technology and practical business cases, based on our AI experts' field experiences, to 17 universities including Kyungpook National University, Kyunghee University, Korea University, Kwangwoon University, Sogang University, and Seoul National University. We also have provided them with 113 educational contents related to Industry 4.0, such as big data and cloud. We are also operating the "AI Curriculum Live" to enable students to communicate directly with our experts. We will continue to collaborate with universities as a leading ICT company in the field of AI and 5G in particular, in order to create social value by nurturing AI talents in the era of the Fourth Industrial Revolution.

## Creating a Prosperous Society Together

To help create a more prosperous society, SK Telecom consistently increases its support for social enterprises and the disadvantaged members of our society. We will use our technology to heighten our empathy and increase communication with them in our efforts to promote a more prosperous society.

**Developing donation platforms** SK Telecom conducts its social contribution projects using a variety of donation platforms such as Happy Credit, AI Give U, and V Coloring. Happy Credit is a program in which SK Telecom customers accumulate donor points for their sustainable consumption. In 2020, some 760,000 customers raised funds worth of KRW 580 million by purchasing goods from social enterprises and SMEs at 11st, SK stoa, and T membership, and by paying by the T map Taxi app, and donations were used to offer AI care to seniors living alone, and to carry out the coding school project for youth with disabilities. AI Give U is a donation program in which users express their intention to donate to UNICEF through the AI speaker NUGU, and make donations easily from home upon receiving the relevant IP address via a text message.

### Payment and Donation Process of Happy Credit



V Coloring is a video coloring service that screens the video selected by users until the call is connected to the other party's mobile phone. According to the number of times they search and set contents related to worthy causes such as children, tuberculosis, and Christmas, donations are delivered to the Korean Committee for UNICEF, the Korean National Tuberculosis Association, and the Community Chest of Korea (Fruits of Love).

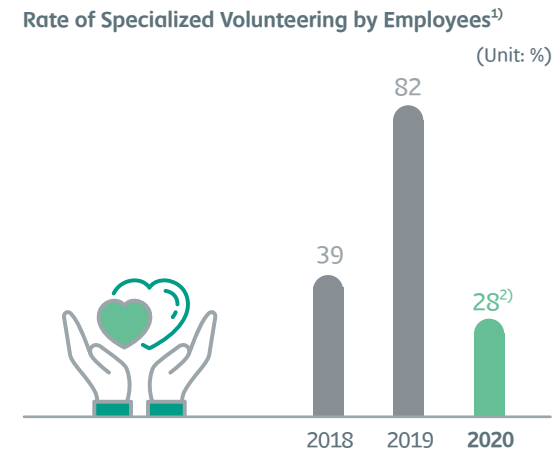
**Building a social safety net** In partnership with the Korea Meteorological Administration and Kyungpook National University, SK Telecom is building an "earthquake observation network" that can be linked to the earthquake detection and warning system on the Korean Peninsula. The administration operates 338 seismic observatories nationwide, and has installed earthquake monitoring sensors in over 8,000 locations nationwide, ranging from our base stations and stores to police precincts and elementary schools, to provide observations to the KMA for more precise seismic analysis. Once the integrated analysis system becomes fully operational, it will be possible to secure a "golden window" in which to respond to earthquakes and provide customized alerts according to the distance from the epicenter, which is expected to enable facilities vulnerable to earthquakes, such as power plants, railways, and semiconductor factories, as well as critical national agencies, to protect themselves against quakes more effectively.



V Coloring donation campaign (Dec. 2020)

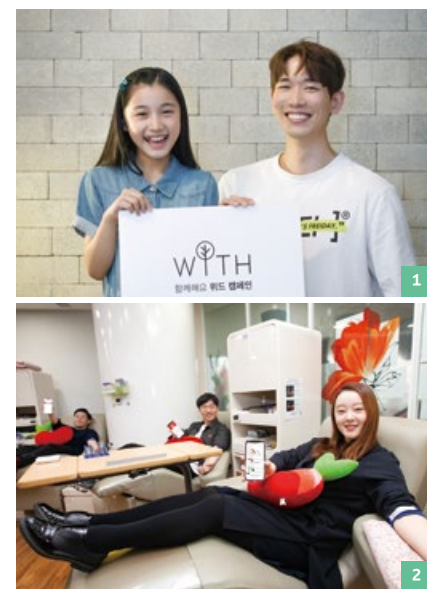
**Social contribution campaigns** SK Telecom carries out various social contribution campaigns for unattended elementary school students after school, blood donation, and flower farms, among others. Through the “with” campaign, we had college students provide 50 unattended children with various after-school childcare services, including study and play, for two hours a week throughout 2020, in addition to some outdoor activities such as going on picnics and watching the SK Knights basketball team play at the stadium. In addition, to help mitigate the severe shortage of blood supplies due to COVID-19, employees of some 40 SK Group affiliates, including the SK ICT Family, joined hands to launch a large-scale blood donation campaign in which 2,688 employees gave their blood to help the country overcome the national blood supply crisis.

Meanwhile, we participated in a relay campaign designed to help flower farmers suffering from the cancellation of graduation ceremonies, among other difficulties, due to the spread of COVID-19. By placing orders to deliver bouquets to new employees, we were able to make them feel welcome while lending a helping hand to flower farmers.



<sup>1)</sup> No. of hours of voluntary work performed by ICT volunteers and pro bono volunteer groups / Total number of volunteer hours

<sup>2)</sup> The participation of ICT service volunteers declined as the blood donation campaign was launched.



1 “with” campaign  
2 “Red Connect”, a blood donation app

## Digital Inclusion

The Korean government is actively pursuing a digital inclusion policy while launching the “Korean Digital New Deal” strategy to reinvigorate the stagnation of the economy caused by the COVID-19 pandemic. SK Telecom has been offering a variety of educational programs and reduced fee for mobile service to the underprivileged based on its digital inclusion policy. In addition, we have expanded the range of our telecommunications to ensure effective service support for the vulnerable, while also building a trust in our relationship with them through active communication.

**Programs to bridge the digital divide** SK Telecom is running various ICT education programs to bridge the information divide for the vulnerable. To this end, we joined forces with the Korea Productivity Center in 2020 to launch the National Digital Competency Reinforcement Education Project, which was promoted as part of the Korean version of the New

Deal project to bridge the digital divide and create jobs for the underprivileged in the era of COVID-19 between September 2020 and February 2021. Through the six-month project, we helped improve the digital capabilities of the underprivileged by offering coding classes for children from disadvantaged households, reemployment courses for career-interrupted female as ICT instructors, digital device education for the elderly, and software coding education tailored for different types of disability.

**Job creation support for the middle-aged** In cooperation with the National Pension Service of Korea, SK Telecom is supporting the creation of ICT-related jobs suitable for jobseekers in their 40s and 50s during Industry 4.0 and the contactless era. The first project is the “e-Commerce Course to Foster e-Sellers” through which we help people start a new business and we plan to increase ICT-related startup support courses for the middle-aged.

### Participation in Education to Resolve the ICT Digital Divide

	Unit	2018	2019	2020
Digital literacy		362	24,483	36,548
Smartphone education for senior citizens	Persons	2,273	830	- <sup>1)</sup>
ICT Make-a-thon	Persons	122	112	-
Happy Coding School	Persons	-	450	142

<sup>1)</sup> Smartphone education for senior citizens and digital literacy education were offered at the same time.



Coding School

Resolving the ICT digital divide

### Expenditure for Volunteer Activities by Contribution Type

(Unit: KRW million)

Cash donations  
**15,140**

Cost calculated based on employee's volunteer hours during work hours  
**148**

In-kind donations<sup>1)</sup>  
**10,473**

Indirect costs<sup>2)</sup>  
**1,847**

<sup>1)</sup> In-kind donations: Cash equivalents of products/services, projects/products

<sup>2)</sup> Indirect costs: Costs spent on managing programs other than costs spent on social contribution programs

\* Refrain from making contributions to political candidates and political parties based on anti-corruption policy of SK Telecom

**Tariff discounts for the vulnerable** In our efforts to ease the burden of telecommunication costs of the vulnerable and thus to increase their information accessibility, we offer them with tariff discounts. In 2020, the total amount of the discounts for persons with disabilities, low-income households, and recipients of basic pension amounted to KRW 420.2

billion, a year-on-year increase of 16.7%. Among a variety of win-win measures launched to minimize the digital divide suffered by the underprivileged were the "5G Rate Plan for the Disabled", which doubled the number of free monthly video call hours, and the provision of additional data to small business owners and self-employed people hit by COVID-19.

	2018	2019	2020
Total bill reduction for the underprivileged	267,720	360,129	420,152
Disabled	129,213	130,036	135,999
Low-income	105,711	121,172	136,691
Veterans	11,002	11,387	12,298
Basic pension recipients	21,794	97,534	135,164
Others	77	72	67

<sup>1)</sup> Change in classification standards in 2018: Due to revision announced in a related notice in 2018, tariff discounts to basic pension recipients (the bottom 70% of senior citizens aged 65 and over in terms of income and assets) were implemented on 13 July 2018. The amount of tariff discounts to basic pension recipients is classified under a different category.

**Expanding services in vulnerable areas** SK Telecom is continuously expanding its communication service coverage to the communities in mountainous regions, islands, and other remote areas where it is difficult to access the existing telecommunications network. The results of the 2020 Communication Service Coverage Inspection and Quality Evaluation conducted by the Ministry of Science and ICT and the National Information Society Agency showed that SK Telecom was the

least inconvenient company in terms of 5G service interruptions leading to switch to LTE. As such, the number of areas that have difficulty accessing our service network is shrinking, while the number of new installations in such areas is decreasing. SK Telecom will continue striving to improve its service quality everywhere across the country so that no one will be left behind in this era of advanced telecommunications services.

	2018	2019	2020
Remote mountainous areas	2,705	1,015	741
Hiking trails	330	136	192
Island areas	120	89	56

CASE



Education aimed at improving digital literacy of seniors

SK Telecom has offered senior citizens a variety of useful smartphone application education programs such as "Generational Empathy! Happy Mobile World" and "Easy Smartphone Classes" along with "Spring, Again" where outstanding students from previous classes give lectures to his/her peers from their perspectives which was well received by seniors, thereby helping them improve their digital literacy. Moreover, we run the training program to nurture YouTube creators as a way to encourage seniors to develop smartphone-based digital and filming skills, among other things.

CASE



Improving ICT accessibility for the disabled

SK Telecom runs various programs such as the "ICT Make-A-Thon" and "Happy Coding School" to help young people with disabilities develop their ICT skills. In 2020, we published software education materials customized to each type of disability as part of the nationwide digital competency-building education project. Some 142 students with disabilities received coding education, including unplugged activities, block and text coding, and physical computing for 20 hours over a period of 10 weeks, after which they found jobs or chose to continue their studies in related fields in a college or school. Meanwhile, we delivered the AI speaker NUGU to the "Library that reads happiness", an audio book service for the visually impaired, and provided a free AI speaker rental service to some visually impaired people at home or any other designated location, thereby making a significant contribution to improving information access for people with disabilities.

# Appendix

## FINANCIAL STATEMENT

### Consolidated Financial Statement

#### Consolidated Statement of Financial Position

(Unit: KRW million)

	2020	2019	2018
<b>Assets</b>			
<b>Current Assets</b>	8,775,086	8,088,507	7,958,839
Cash and cash equivalents	1,369,653	1,270,824	1,506,699
Short-term financial instruments	1,426,952	830,647	1,045,676
Short-term investment securities	150,392	166,666	195,080
Accounts receivable	2,188,893	2,230,979	2,008,640
Short-term loans, net	97,464	66,123	59,094
Account receivable	979,044	903,509	937,837
Contract assets	100,606	127,499	90,072
Accrued revenue	3,252	3,811	6,066
Advance payment	33,858	34,556	32,368
Prepaid expenses	2,128,349	2,018,690	1,768,343
Current tax assets	1,984	63,748	1,216
Derivative financial assets	8,704	26,253	13
Inventory, net	171,443	162,882	288,053
Other current assets	114,492	182,320	19,682
<b>Non-current assets</b>	39,131,871	37,113,861	34,410,272
Long-term financial instruments	893	990	1,221
Long-term investment securities	1,648,837	857,215	664,726
Investments in associates and joint ventures	14,354,113	13,385,264	12,811,771
Property and equipment, net	13,377,077	12,933,460	10,718,354
Goodwill	3,357,524	2,949,530	2,938,563
Intangible assets, net	4,436,194	4,866,092	5,513,510
Long-term contract assets	47,675	64,359	43,821
Long-term loans, net	40,233	33,760	29,034
Long-term accounts receivable	332,803	351,663	274,053
Long-term prepaid expenses	1,063,711	1,239,865	895,272
Long-term guarantee deposits	172,474	164,652	313,140
Long-term derivative financial assets	155,991	124,707	55,444
Deferred tax assets	105,088	109,057	92,465
Defined benefit assets	3,557	1,125	31,926
Other non-current assets	35,701	32,122	26,972
<b>Total Assets</b>	<b>47,906,957</b>	<b>45,202,368</b>	<b>42,369,111</b>

- Financial Statement
- Non-financial Statement
- Index  
GRI Standards Index / SASB /  
TCFD / UNGC / UN SDGs
- About This Report



## Consolidated Statement of Financial Position

(Unit: KRW million)

	2020	2019	2018
<b>Liabilities and Equity</b>			
Current Liabilities	8,177,967	7,851,673	6,847,557
Account payables	372,909	438,297	381,302
Non-trade payables	2,484,466	2,521,474	1,913,813
Withholdings	1,410,239	1,350,244	1,353,663
Contract liabilities	229,892	191,225	140,711
Accrued expenses	1,554,889	1,424,833	1,299,217
Current tax liabilities	219,766	5,450	182,343
Derivative financial liabilities	77	0	0
Current liabilities	69,363	86,320	87,993
Short-term borrowings	109,998	20,603	80,000
Current bonds and long-term borrowings Lease liabilities	939,237	1,017,327	984,272
Current portion of long-term account payables	424,600	423,839	424,243
Current lease liabilities	359,936	371,742	0
Other current liabilities	2,595	319	0
Non-current liabilities	15,332,747	14,533,761	13,172,304
Debentures	7,690,169	7,253,894	6,572,211
Long-term borrowings	1,979,261	1,972,149	2,015,365
Long-term account payables	1,142,354	1,550,167	1,968,784
Long-term accrued expense	6,379	8,995	0
Long-term lease liabilities	1,076,841	919,265	0
Long-term contract liabilities	30,704	32,231	43,102
Defined benefit liabilities	154,944	172,258	141,529
Derivative financial liabilities	375,083	1,043	4,184
Non-current liabilities	81,514	78,841	99,215
Deferred tax liabilities	2,709,075	2,463,861	2,269,792
Other non-current liabilities	86,423	81,057	58,122
<b>Total Liabilities</b>	<b>23,510,714</b>	<b>22,385,434</b>	<b>20,019,861</b>
<b>Equity</b>			
Equity attributable to owners of the Parent Company	23,743,894	22,950,227	22,470,822
Share capital	44,639	44,639	44,639
Capital surplus and others	677,203	1,006,481	655,084
Retained earnings	22,981,913	22,228,683	22,144,541
Reserves	40,139	(329,576)	(373,442)
Non-controlling interests	652,349	(133,293)	(121,572)
<b>Total Shareholders' Equity</b>	<b>24,396,243</b>	<b>22,816,934</b>	<b>22,349,250</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>47,906,957</b>	<b>45,202,368</b>	<b>42,369,111</b>

## Consolidated Statement of Income

(Unit: KRW million)

	2020	2019	2018
Operating revenue	18,624,651	17,740,716	16,873,960
Revenue	18,624,651	17,740,716	16,873,960
Operating expense	17,275,327	16,632,539	15,672,200
Labor cost	3,006,172	2,822,673	2,288,655
Commissions paid	5,347,086	5,002,066	5,002,598
Depreciation and amortization	3,991,083	3,856,662	3,126,118
Network interconnection	770,712	752,334	808,403
Leased line	294,722	263,367	309,773
Advertising	431,679	434,561	468,509
Rent	173,294	154,843	529,453
Cost of products that have been resold	1,608,470	1,833,362	1,796,146
Other operating expenses	1,652,109	1,512,671	1,342,545
Operating income (loss)	1,349,324	1,108,177	1,201,760
Finance income	241,196	142,155	256,435
Finance cost	497,193	437,955	385,232
Other non-operating income	99,051	102,731	71,253
Other non-operating expense	343,741	203,650	439,162
Profit(loss) related to investments in associates and joint ventures, net	1,028,403	449,543	3,270,912
Profit before income tax	1,877,040	1,161,001	3,975,966
Income tax expense Income tax expense from continuing operations	376,502	300,268	843,978
Profit(loss) for the year Profit from continuing operations	1,500,538	860,733	3,131,988
Attributable to			
Controlling interest	1,504,352	888,698	3,127,887
Non-controlling interest	(3,814)	(27,965)	4,101
Earnings per share			
Basic earnings per share (in Korean won)	20,463	12,127	44,066
Diluted earnings per share (in Korean won)	20,459	12,127	44,066

## Consolidated Statement of Comprehensive Income

(Unit: KRW million)

	2020	2019	2018
Annual profit(loss)	1,500,538	860,733	3,131,988
Other comprehensive income (loss)	461,822	1,009	(141,584)
Items not reclassified as profit or loss during the follow-up periods	577,312	(109,817)	(187,855)
Remeasurement of defined benefit liabilities	(2,637)	(72,605)	(41,490)
Changes in other comprehensive profit and loss of associates	271	(19,269)	(16,330)
Valuation loss on financial assets at fair value through other comprehensive income	579,678	(17,943)	(130,035)
Items reclassified as profit or loss during the follow-up periods	(115,490)	110,826	46,271
Changes in other comprehensive profit and loss of associates	(114,478)	75,763	1,753
Net change in unrealized fair value or derivatives	19,138	40,681	32,227
Foreign currency translation differences for overseas operations	(20,150)	(5,618)	12,291
Total inclusive gains and losses for the term	1,962,360	861,742	2,990,404
Total comprehensive income attributable to			
Owners of the parent company	1,869,075	891,051	3,000,503
Non-controlling interests	93,285	(29,309)	(10,099)

## Consolidated Statement of Changes in Equity

(Unit: KRW million)

	Equity				Total	Non-controlling Interest	Total Equity
	Controlling Interest of Parent Company						
	Share Capital	Other Paid-up Capital	Retained Earning	Reserves			
Increase (Decrease) due to changes in accounting policies	0	0	1,960,075	(68,804)	1,891,271	0	1,891,271
January 1, 2018 (Basic capital)	44,639	196,281	19,796,021	(303,531)	19,733,410	187,056	19,920,466
Annual profit (loss)	0	0	3,127,887	0	3,127,887	4,101	3,131,988
Other comprehensive income	0	0	(57,473)	(69,911)	(127,384)	(14,200)	(141,584)
Dividends paid	0	0	(706,091)	0	(706,091)	0	(706,091)
Stock compensation expense	0	593	0	0	593	196	789
Interest on hybrid bonds	0	0	(15,803)	0	(15,803)	0	(15,803)
Repayments of hybrid bonds	0	(400,000)	0	0	(400,000)	0	(400,000)
Issuance of hybrid bonds	0	398,759	0	0	398,759	0	398,759
Repurchase of treasury stock	0	0	0	0	0	0	0
Comprehensive stock exchanges	0	129,595	0	0	129,595	0	129,595
Changes in equity of subsidiaries	0	329,856	0	0	329,856	(298,725)	31,131
December 31, 2018 (End of term capital)	44,639	655,084	22,144,541	(373,442)	22,470,822	(121,572)	22,349,250
Increase (Decrease) due to changes in accounting policies	0	0	(29,579)	0	(29,579)	(503)	(30,082)
January 1, 2019 (Basic capital)	44,639	655,084	22,114,962	(373,442)	22,441,243	(122,075)	22,319,168
Annual profit (loss)	0	0	888,698	0	888,698	(27,965)	860,733
Other comprehensive income	0	0	(41,513)	43,866	2,353	(1,344)	1,009
Dividends paid	0	0	(718,698)	0	(718,698)	(29,800)	(748,498)
Stock compensation expense	0	295	0	0	295	764	1,059
Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
Repayments of hybrid bonds	0	0	0	0	0	0	0
Issuance of hybrid bonds	0	0	0	0	0	0	0
Repurchase of treasury stock	0	300,000	0	0	300,000	0	300,000
Comprehensive stock exchanges	0	0	0	0	0	0	0
Changes in equity of subsidiaries	0	51,102	0	0	51,102	47,127	98,229
December 31, 2019 (End of term capital)	44,639	1,006,481	22,228,683	(329,576)	22,950,227	(133,293)	22,816,934

## Consolidated Statement of Changes in Equity

(Unit: KRW million)

	Equity					Non-controlling Interest	Total Equity
	Controlling Interest of Parent Company				Total		
	Share Capital	Other Paid-up Capital	Retained Earning	Reserves			
Increase (Decrease) due to changes in accounting policies	0	0	0	0	0	0	0
January 1, 2020 (Basic capital)	44,639	1,006,481	22,228,683	(329,576)	22,950,227	(133,293)	22,816,934
Annual profit (loss)	0	0	1,504,352	0	1,504,352	(3,814)	1,500,538
Other comprehensive income	0	0	(4,992)	369,715	364,723	97,099	461,822
Dividends paid	0	0	(731,364)	0	(731,364)	(5,771)	(737,135)
Stock compensation expense	0	179		0	179	1,256	1,435
Interest on hybrid bonds	0	0	(14,766)	0	(14,766)	0	(14,766)
Repayments of hybrid bonds	0	0	0	0	0	0	0
Issuance of hybrid bonds	0	0	0	0	0	0	0
Repurchase of treasury stock	0	(426,664)	0	0	(426,664)	0	(426,664)
Comprehensive stock exchanges	0	0	0	0	0	0	0
Changes in equity of subsidiaries	0	97,207	0	0	97,207	696,872	794,079
December 31, 2020 (End of term capital)	44,639	677,203	22,981,913	40,139	23,743,894	652,349	24,396,243

## Consolidated Statement of Cash Flows

(Unit: KRW million)

	2020	2019	2018
Cash flows from operating activities	5,821,876	4,034,984	4,332,580
Cash generated from operating activities	6,059,650	4,439,642	4,726,856
Net income of continued operation	1,500,538	860,733	3,131,988
Adjustment for income and expenses	4,256,654	4,435,039	1,568,919
Changes in assets and liabilities related to operating activities	302,458	(856,130)	25,949
Interest received	41,832	56,392	59,065
Dividends received	166,019	241,117	195,671
Interest paid	(397,351)	(360,439)	(255,189)
Income tax paid	(48,274)	(341,728)	(393,823)
Cash flows from investing activities	(4,250,402)	(3,581,584)	(4,047,725)
Cash inflows from investing activities	428,948	755,162	686,094
Decrease in short-term financial instruments, net	0	253,971	0
Decrease in short-term investment assets	17,684	29,503	0
Collection of short-term loans	77,114	113,345	117,610
Decrease in long-term financial instruments	99	231	5
Proceeds from disposal of long-term investment securities	46,065	234,683	371,816
Proceeds from disposal of investments in associates and joint ventures	2,715	220	74,880
Proceeds from disposal of property and equipment	102,526	18,478	58,256
Proceeds from disposal of intangible assets	39,654	7,327	5,851
Collection of long-term loans	4,608	4,435	10,075
Decrease in deposits	16,244	9,180	7,490
Collection of lease bonds	0	27,712	0
Proceeds from disposal of other non-current assets	0	0	1,186
Cash inflows from derivative transactions	845	601	0
Proceeds from disposals of subsidiaries	165	4,802	0
Cash inflow from business combinations	115,834	5,016	38,925
Cash inflows from transfer of businesses, net	5,395	45,658	0

## Consolidated Statement of Cash Flows

	2020	2019	2018
(Unit: KRW million)			
Cash outflows for investing activities	(4,679,350)	(4,336,746)	(4,733,819)
Increase in short-term financial instruments, net	596,025	0	373,450
Increase in short-term investment securities, net	0	0	49,791
Increase in short-term loans	103,604	116,320	112,319
Increase in long-term loans	11,044	11,541	6,057
Increase in long-term financial instruments	2	0	2
Acquisition of long-term investment securities	95,474	383,976	19,114
Acquisition of investments in associates and joint ventures	170,292	264,015	206,340
Acquisition of property and equipment	3,557,800	3,375,883	2,792,390
Acquisition of intangible assets	129,976	141,010	503,229
Increase in deposits	12,175	6,164	8,591
Increase in other non-current assets	0	0	5,927
Cash outflow for business combinations	2,958	36,910	654,685
Cash outflow for disposal of subsidiaries	0	927	1,924
Cash flows from financing activities	(1,457,579)	(686,674)	(238,313)
Cash inflows from financing activities	3,499,642	2,047,268	4,651,687
Net increase in short-term borrowings	76,375	0	0
Issuance of debentures	1,420,962	1,633,444	1,809,641
Proceeds from long-term borrowings	1,947,848	0	1,920,114
Insurance of hybrid bonds	0	0	398,759
Cash inflows due to transaction of derivative products	36,691	12,426	23,247
Disposal of treasury stocks	0	300,000	0
Cash received from transfer of interests in subsidiaries to non-controlling interests	17,766	101,398	499,926
Cash outflows for financing activities	(4,957,221)	(2,733,942)	(4,890,000)
Net decrease in short-term borrowings	0	59,860	87,701
Repayment of long-term account payables	428,100	428,153	305,644
Repayment of debentures	975,500	940,000	1,487,970
Repayment of long-term borrowings	1,950,874	89,882	1,780,708
Cash outflow due to transaction of derivative products	0	0	29,278
Payment of dividends	742,136	718,698	706,091
Interest on hybrid bonds	14,766	14,766	15,803
Repayment of hybrid bonds	0	0	400,000
Repayment of lease liabilities	412,666	443,238	0
Repurchase of treasury stock	426,664	0	0
Transactions with non-controlling shareholders	6,515	39,345	76,805
Net increase (decrease) in cash and cash equivalents	113,895	(233,274)	46,542
Cash and cash equivalent at beginning of the year	1,270,824	1,506,699	1,457,735
Effects of exchange rate changes on cash and cash equivalents	(15,066)	(2,601)	2,422
Cash and cash equivalents at year-end	1,369,653	1,270,824	1,506,699

## Creation and Distribution of Economic Value

Retained Economic Value  
(change in total capital)

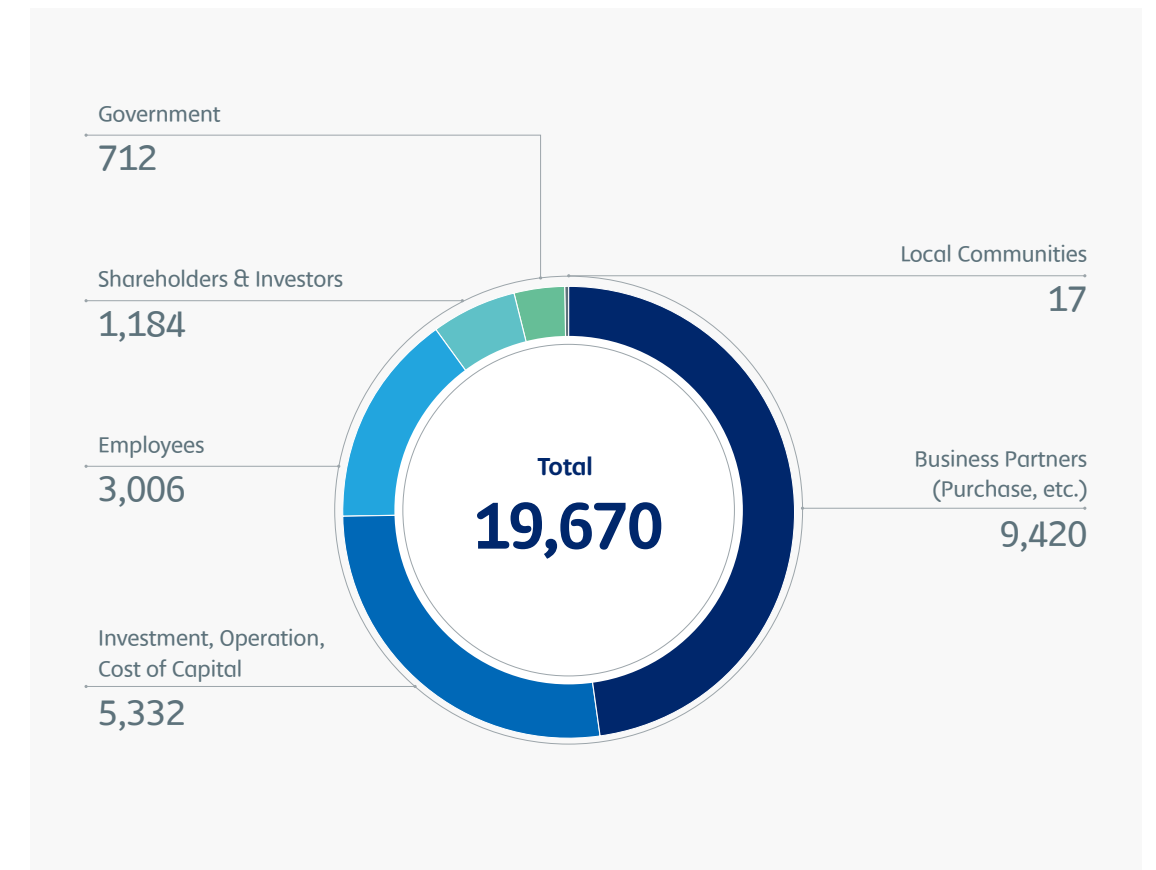
KRW **1,579.3** billion

SK Telecom generated a total KRW 21,249.2 billion in economic value including KRW 18,624.7 billion of operating income, financial investment income, asset sales income, and other profits in 2020 on a consolidated basis. Out of those values generated, the company distributed a total of KRW 19,669.9

billion to the stakeholders considering the future value and investment efficiency of the company, and added the total economic value of KRW 1,579.3 billion, which was reserved after all the distributions, to the total amount of capital.

Distribution of Economic Value

(Unit: KRW billion)



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

# Management's Discussion & Analysis

**Effective Tax Rate** SK Telecom strictly complies with domestic and overseas tax laws and regulations in all transactions which aim at creating economic and social value in order to faithfully carry out its liability to taxation. The company accurately reports and pays the tax amount required in accordance with tax laws and regulations. In addition, the company discloses related information to stakeholders to ensure transparency in tax payment. In order to ensure the appropriateness of the application of the tax laws, the company is reporting tax amounts to the taxation items prescribed by laws and regulations through an accounting firm.

In 2020, SK Telecom's earnings before tax were KRW 1,877.0 billion, and nominal taxes amounted to KRW 505.8 billion at a nominal tax rate of 26.95%. Meanwhile, the company's effective taxes amounted to KRW 376.5 billion at an effective tax rate of 20.05%. For the past two years, the company's average nominal tax rate stood at 26.78% and the effective tax rate was 22.96%. The effective tax rate in 2020 was 6.9%p lower than the nominal tax rate, the main reasons for which include the effects stemming from tax-exempt income, non-deductible expenses, and tax deductions and exemptions. This result is also attributable to changes in deferred income taxes that are not feasible, refunded income taxes from past periods, and the effect of tax rate fluctuations.

Tax and Tax Rates	Unit	2019	2020	Average of 2019 and 2020
Earnings before tax	KRW million	1,161,001	1,877,040	
Nominal taxes <sup>1)</sup>	KRW million	308,913	505,824	
Nominal tax rate	%	26.61%	26.95%	26.78%
Effective taxes <sup>2)</sup>	KRW million	300,268	376,502	
Effective tax rate	%	25.86%	20.05%	22.96%

<sup>1)</sup> Nominal taxes: Income tax expense calculated by applicable tax rate

<sup>2)</sup> Effective taxes paid: Income tax expense recognized in profit or loss

Reason for the Difference	Unit	2019	2020
Tax exempt income	KRW million	(92,666)	(41,084)
Non-deductible expenses	KRW million	14,630	31,882
Tax deductions and exemptions	KRW million	(32,877)	(48,774)
Changes in deferred corporate tax that cannot be made	KRW million	83,940	(69,776)
Effects of changes in tax rates	KRW million	4,050	24,537
Refund of corporate tax in past, etc.	KRW million	14,278	(26,107)

The Management's Discussion & Analysis ('MD&A') is provided to enable readers to assess the results of operations and financial condition for the fiscal year ending December 31, 2020, compared to the preceding year. The MD&A section should be read in conjunction with our audited consolidated financial statements included in this annual report. Unless otherwise specified, all amounts are presented on a consolidated basis and are based on our audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by Korea. All amounts are in Korean won (KRW). All references to 'we,' 'us' or 'our' shall mean SK Telecom Co., Ltd. and, unless the context otherwise requires, its consolidated subsidiaries. References to "SK Telecom" shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries.

This MD&A section contains 'forward-looking statements,' as defined in the U.S. Securities Exchange Act of 1934, as amended, that are based

on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are subject to various risks and uncertainties. We caution that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business are more fully described in our latest annual report on Form 20-F and other filings with the U.S. Securities and Exchange Commission. In light of these and other uncertainties, it should not be concluded that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

## 1. 2020 OVERVIEW

In the wireless telecommunication business that has transitioned to the current 5G network, we have launched innovative products and services that meet the changing preferences and needs of the customers, thus enabling us to emerge as a leader in the new ICT era. While maintaining our leading position in the domestic wireless telecommunication services market, we will continue to develop our next-generation growth business through other innovative products offered through platform services including media, security, commerce, mobility, IoT and AI solutions. We plan to use our Big Data analytics technology to develop products and services that meet the changing needs of our customers and plan to provide a large number of products and services integrated with AI technology. In addition, we will continue to develop state-of-the-art 5G technology and utilize 5G

infrastructure and capabilities in the major sectors of media, security, commerce, mobility, and others to explore unique product and service creation measures tailored to evolving customer needs. Our operations are reported in five segments: (1) cellular services, (2) fixed-line telecommunication services, (3) security services, (4) commerce services and (5) other businesses.

**Cellular Services** We offer wireless voice and data transmission services, sell wireless devices and provide IoT solutions and innovative platform services through our cellular services segment. Our wireless voice and data transmission services are offered through our backbone networks that collectively can be accessed by approximately 99% of the Korean population.

We maintained our leadership position in the wireless sector in 2020 with 31.4 million subscribers (including subscribers of mobile virtual network operators (MVNOs) that lease our networks) as of December 31, 2020, of which approximately 5.5 million subscribed to our 5G service, 22.8 million subscribed to our LTE service and 23.9 million used smartphones. Our share of the Korean wireless market based on the number of subscribers (including subscribers of MVNOs) was approximately 45.1% as of December 31, 2020 compared to 46.4% as of December 31, 2019. The Korean wireless telecommunication industry is considered to have reached its maturation stage with more than a 100% penetration rate. However, with continued advancements in network related technology, there are further opportunities to expand market size and revenue of cellular services through increasing the quality of cellular services we provide to our subscribers. By continuing to be innovative in developing core competencies, we have firmly established our position as the market leader in wireless telecommunications.

Through innovative 5G services that provide subscribers differentiated experiences, we will maintain our business leadership in the wireless service market. We also plan to speed up the expansion of 5G services by offering services and content specialized for the 5G environment such as Cloud gaming, practical experiencing services and e-Sports. Furthermore, we will utilize AI technology to continuously analyze the needs of our customers and provide products and services that fulfill these needs. In addition, with a variety of products that integrate wireless services to products and services in the media, security, commerce and mobility sectors, we are continuously striving to reinforce bonds with our customers.

In 2020, our cellular services segment revenue was KRW 12.30 trillion, representing 66.0% of our consolidated operating revenue.

**Fixed-line Telecommunication Services** We offer fixed-line telephone, broadband Internet and advanced media platform services (including IPTV and cable TV services) and business communications services through our fixed-line

telecommunication services segment. Our fixed-line telecommunication services are provided by our subsidiaries, SK Broadband and SK telink. As of December 31, 2020, we had approximately 3.8 million fixed-line telephone subscribers (including subscribers to VoIP services of SK Broadband and SK telink), approximately 6.5 million broadband Internet access subscribers and approximately 8.6 million pay TV subscribers, with market shares of 15.8%, 29.0% and 24.4% (of the overall pay TV market including IPTV, cable TV and satellite TV), respectively, based on the number of subscribers. In April 2020, we completed the merger of Tbroad Co., Ltd., a leading cable television and other fixed-line telecommunication services provider in Korea, and two of its subsidiaries (collectively, "Tbroad"), with and into SK Broadband, as a result of which we own approximately 74.3% of SK Broadband's total outstanding shares as of December 31, 2020. In the same month, SK Telecom acquired a 55.0% equity interest in Broadband Nowon Co., Ltd. (formerly known as Tbroad Nowon Broadcasting Co., Ltd.), another subsidiary of Tbroad Co., Ltd., for a purchase price of Won 10.4 billion in cash. As a result of such transactions (the "Tbroad merger"), we have become the third-largest pay TV provider in Korea in terms of number of subscribers as of December 31, 2020.

As part of our initiative to be the leading next-generation platform provider, we provide an advanced media platform with various media content and service offerings. We currently offer IPTV services under the brand name 'Btv' with access to 267 live high definition channels depending on the subscription service as of December 31, 2020, as well as video-on-demand service providing a wide range of media content, including recent box office movie releases, popular U.S. and other foreign TV shows and various children's TV programs. We also offer 'B tv UHD,' an ultra-high definition IPTV service whose resolution is four times as high as the standard high definition broadcasting service in the IPTV industry. Following the Tbroad merger, we also offer cable TV services under the "B tv Cable" brand with access to as many as 213 channels. In 2020, our fixed-line telecommunications services segment revenue was KRW 3.41 trillion, representing 18.3% of our consolidated operating revenue.

**S&C (Security Services)** Our security business segment comprises physical security services and information security services provided by our subsidiary ADT Caps Co., Ltd. ("ADT Caps"). ADT Caps is the surviving entity resulting from the merger of our former subsidiary Life & Security Holdings Co., Ltd. ("LSH") (which we acquired in October 2018), which owned 100% of former ADT Caps Co., Ltd., with and into SK infosec in December 2020, and the merger of former ADT Caps Co., Ltd. with and into SK infosec (which we acquired in December 2018) in March 2021. Upon completion of such mergers, SK infosec changed its name to ADT Caps. ADT Caps provides a variety of physical security services through its major unmanned surveillance and dispatching services called the Central Monitoring Services ("CMS"). CMS-based services is utilized in a customized way depending on residential or commercial demands and is operated through a central system that provides surveillance on marginalized areas through cameras, sensors and emergency alarms. Through this system, suspicious activities are detected and security officers are dispatched to the location of the subscribers for additional on-the-scene security. ADT Caps also provides information security consulting services including managed services and cyber threat intelligence solutions. Our flagship information security product is Secudium IoT, an integrated security service that combines information and physical operational technology-based security services into one platform. Revenue for the security services segment in 2020 was KRW 1.25 trillion, representing 6.7% of consolidated revenue.

**Commerce Services** Our commerce services segment is mainly composed of 11st, an online marketplace that offers a wide range of products through an online and mobile interface that is operated by our subsidiary Eleven Street Co., Ltd. ("Eleven Street"), and SK stoa, a two-directional television shopping service (T-commerce) that is operated by SK stoa Co., Ltd. ("SK stoa"). As of December 31, 2020, 11st was the second-largest e-commerce platform in Korea in terms of the total number of unique visitors to its mobile and desktop versions, according to Nielsen Koreanclick. The mobile version of 11st, which has grown significantly in recent years, accounted for 68% and 64% of 11st's

annual gross merchandise volume, which represents the total annual monetary value of customer purchases of goods and services, net of estimated refunds, in 2020 and 2019, respectively. Through pre-recorded television programs, SK stoa offers a variety of products and services. Products and services promoted through SK stoa's T-commerce programs can be purchased through phone orders, SK stoa's mobile applications, online markets, and virtual applications that appear on television screens using the viewer's remote controllers. In 2020, our commerce services segment revenue was KRW 0.79 trillion, representing 4.3% of our consolidated operating revenue.

**Other Businesses** We continuously strive to diversify our products and services and develop new growth engines that we believe are complementary to our existing products and services, which we include in our others business segment. We provide mobility services through T map Mobility Co., Ltd. ("T map Mobility Co."), a wholly-owned subsidiary of SK Telecom created as a result of a spin-off of SK Telecom's mobility business into a newly incorporated entity in December 2020. We offer a portal service under the 'Nate' brand name through SK communications that can be accessed through its website, www.nate.com, or through its mobile application. In addition, we provide marketing platform services through SK Planet and the brand for high-end audio devices "Astell & Kern," which is manufactured by our subsidiary, Dreamus. We also operate a music platform "FLO" that analyzes individual user preferences using AI technology to provide customized music recommendations and user interfaces. We also operate a mobile application marketplace, 'ONE store' in collaboration with KT, LG U+ and NAVER Corporation. In 2020, our others business segment revenue was KRW 0.8 trillion, representing 4.7% of our consolidated operating revenue.

## 2. EXECUTIVE SUMMARY

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

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

In the security services sector, we generate revenue from our physical and information security services businesses through our subsidiary ADT Caps. Revenue from our physical security services is generated mainly through monthly payments and fees for value-added services paid by subscribers. Revenue from our information security services is derived primarily through information security platform contracts as well as consulting services and solutions contracts that are paid by customers.

Sales in the commerce business sector are derived from our consolidated subsidiaries, Eleven Street and SK stoa. Eleven Street generates revenue principally through third-party seller fees earned (including commissions) for transactions in which it acts as a selling agent to the "minimals" on 11st, as well as advertising revenue and other commerce solutions from 11st. SK stoa generates sales through third-party sales fees (including commissions) for transactions acting as a sales representative at SK stoa, a T-commerce network.

Major sales in other business divisions come from the subsidiary, SK Planet's marketing platform businesses, Dreamus' music streaming services and audio equipment manufacturing business, the mobility business of T map Mobility Co. and the subsidiary of SK communications' portal service, "Nate."

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

### Selected Financial Information

(Consolidated, KRW billion)

	2020	2019	Change
<b>Statement of Income Data</b>			
Operating revenue	18,625	17,741	5.0%
EBITDA <sup>1)</sup>	5,519	5,129	7.6%
Operating expenses	17,275	16,633	3.9%
Operating profit	1,349	1,108	21.8%
Profit for the year	1,501	861	74.3%
<b>Statement of Financial Position Data</b>			
Total assets	47,907	45,202	6.0%
Cash & marketable securities <sup>2)</sup>	2,797	2,101	33.1%
Total liabilities	23,511	22,385	5.0%
Interest-bearing financial debt <sup>3)</sup>	10,718	10,264	4.4%
Total equity	24,396	22,817	6.9%
<b>Financial Ratios (%)</b>			
EBITDA margin	29.6	28.9	0.7%p
Operating margin	7.2	6.2	1.0%p
Net margin	8.1	4.9	3.2%p
Debt-to-equity ratio <sup>4)</sup>	43.9	45.0	-1.1%p

<sup>1)</sup> EBITDA = Operating profit + Depreciation and amortization + R&D-related depreciation within R&D expense

<sup>2)</sup> Cash & marketable securities = Cash & cash equivalents + Marketable securities + Short-term financial instruments

<sup>3)</sup> Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt + Debentures + Long-term borrowings

<sup>4)</sup> Debt-to-equity ratio = Interest-bearing financial debt/Total equity

Our operating revenue increased by 5.0% from KRW 17.74 trillion in 2019 to KRW 18.63 trillion in 2020. This is due to growth across all of our business sectors. Our operating expenses increased by 3.9% from KRW 16.63 trillion in 2019 to KRW 17.28 trillion in 2020. This is primarily due to the increase in commissions and labor costs. As the increase in operating revenue outpaced the increase in operating expenses, operating profit in 2020 amounted to KRW 1.35 trillion, representing an increase of 21.8%, while the EBITDA margin was 29.6%, an increase of 0.7%p, and operating margin was 7.2%, an increase of 1.0%p. Profit for the year in 2020 was KRW 1.50 trillion, a 74.3% increase from KRW 0.86 trillion in 2019 primarily due to an increase in gain from our equity investment in SK hynix.

Total assets increased by 6.0% to KRW 47.91 trillion as of December 31, 2020 from KRW 45.20 trillion as of December 31, 2019, primarily as a result of increases in the book value of our investments in SK hynix and Kakao as well as the addition of assets from the T-broad merger. Total liabilities increased by 5.0% to KRW 23.51 trillion as of December 31, 2020, compared to KRW 22.39 trillion as of December 31, 2019, primarily due to the T-broad merger and the issuance of bonds by SK Telecom. Total equity was KRW 24.40 trillion as of December 31, 2020, representing a 6.9% year-on-year increase. Our debt-to-equity ratio as of December 31, 2020 was 43.9%, compared to 45.0% at the end of 2019.

### 3. REVENUE

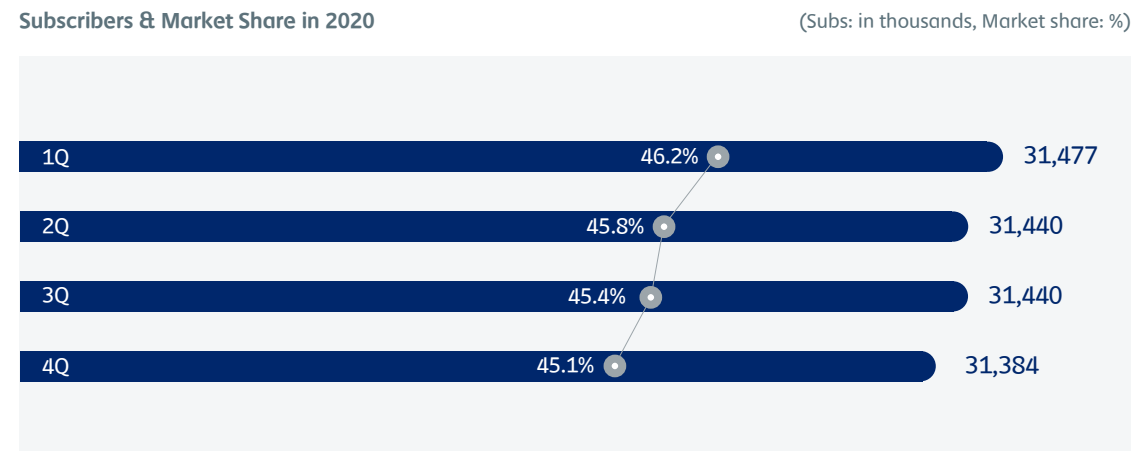
Our operating revenue increased by 5.0% from KRW 17.74 trillion in 2019 to KRW 18.63 trillion in 2020.

The increase was primarily due to an increase in 5G subscribers, as well as growth across all of our new ICT businesses (media, security and commerce).



**Subscribers & Market Share** The total number of wireless subscribers in Korea was approximately 69.5 million as of December 31, 2020 with a wireless telecommunications service penetration rate of 134.2%. SK Telecom ended the year 2020 with approximately 31.4 million subscribers (including subscribers of MVNOs that lease SK Telecom's networks). SK Telecom's wireless market share based on the number of subscribers (including subscribers

of MVNOs) decreased by 1.3%p to 45.1% as of December 31, 2020 from 46.4% as of December 31, 2019. The number of 5G, which was launched in April 2019, subscribers reached 5.5 million as of December 31, 2020, compared to 2.1 million as of December 31, 2019. The number of SK Telecom's LTE subscribers decreased to 22.8 million as of December 31, 2020, compared to 25.0 million as of December 31, 2019.



**ARPU** SK Telecom's average monthly revenue per subscriber excluding MVNO subscribers leasing SK Telecom's networks ('ARPU') decreased by 1.0% to KRW 30,314 in 2020 from KRW 30,630 in 2019, primarily due to an increase in subscriptions for IoT solutions by corporate customers, from which we derive lower revenue per subscriber. SK Telecom's

average monthly revenue per subscriber including such MVNO subscribers ('ARPU including MVNO') increased by 1.8% to KRW 27,895 in 2020 from KRW 27,412 in 2019, primarily attributable to the decrease in the proportion of MVNO subscribers, from whom we derive lower revenue per subscriber.



**Subsidiaries** The consolidated revenue of SK Broadband, which is mostly generated from its fixed-line telecommunication services, increased by 17.1% to KRW 3.71 trillion in 2020 up from KRW 3.17 trillion in 2019, primarily due to the inclusion of revenue of the former Tbroad following the Tbroad merger as well as an increase in revenue from IPTV services attributable to growth in the number of IPTV subscribers and platform sales.

The aggregate revenue of LSH (which merged into SK infosec in December 2020) and SK infosec (into which the former ADT Caps Co., Ltd. merged and which changed its name to ADT Caps in March 2021) on a consolidated basis increased by 12.1% to KRW 1.33 trillion in 2020 from KRW 1.18 trillion in 2019, primarily due to an increase in the number of subscribers to our CMS products as well as the acquisition of the security equipment construction and security services business of SK hystec inc. by the former ADT Caps Co., Ltd. in July 2020.

PS&Marketing's revenue, which is mostly derived from sales of handsets, decreased by 15.3% to KRW 1.43 trillion in 2020 from KRW 1.68 trillion in 2019, primarily due to a decrease in sales of handsets as a result of lower customer demand for new devices, which was partly attributable to the effects of the COVID-19 pandemic.



#### 4. PROFITABILITY

Statement of Income		(Consolidated, KRW billion)			
	2020	% of Revenue	2019	% of Revenue	
<b>Operating revenue</b>	<b>18,625</b>	<b>100.0%</b>	<b>17,741</b>	<b>100.0%</b>	
<b>Operating expenses</b>	<b>17,275</b>	<b>92.8%</b>	<b>16,633</b>	<b>93.8%</b>	
Labor <sup>1)</sup>	3,006	16.1%	2,823	15.9%	
Commissions <sup>2)</sup>	5,347	28.7%	5,002	28.2%	
Depreciation and amortization <sup>3)</sup>	3,991	21.4%	3,857	21.7%	
Network interconnection	771	4.1%	752	4.2%	
Leased line	295	1.6%	263	1.5%	
Advertising	432	2.3%	435	2.5%	
Rent	173	0.9%	155	0.9%	
Cost of goods sold	1,608	8.6%	1,833	10.3%	
Others	1,652	8.9%	1,513	8.5%	
<b>Operating profit</b>	<b>1,349</b>	<b>7.2%</b>	<b>1,108</b>	<b>6.2%</b>	
Finance income	241	1.3%	142	0.8%	
Finance costs	-497	-2.7%	-438	-2.5%	
Gain relating to investments in subsidiaries, associates and joint ventures, net	1,028	5.5%	450	2.5%	
Other non-operating income	99	0.5%	103	0.6%	
Other non-operating expenses	-344	-1.8%	-204	-1.1%	
<b>Profit before income tax</b>	<b>1,877</b>	<b>10.1%</b>	<b>1,161</b>	<b>6.5%</b>	
Income tax expense	377	2.0%	300	1.7%	
<b>Profit for the year</b>	<b>1,501</b>	<b>8.1%</b>	<b>861</b>	<b>4.9%</b>	
<b>EBITDA<sup>4)</sup></b>	<b>5,519</b>	<b>29.6%</b>	<b>5,129</b>	<b>28.9%</b>	

<sup>1)</sup> Labor cost = Salaries + Provisions for defined benefit liabilities

<sup>2)</sup> Includes marketing commissions and other commissions

<sup>3)</sup> Excludes R&D-related depreciation

<sup>4)</sup> EBITDA = Operating profit + Depreciation and amortization + R&D-related depreciation within R&D expense

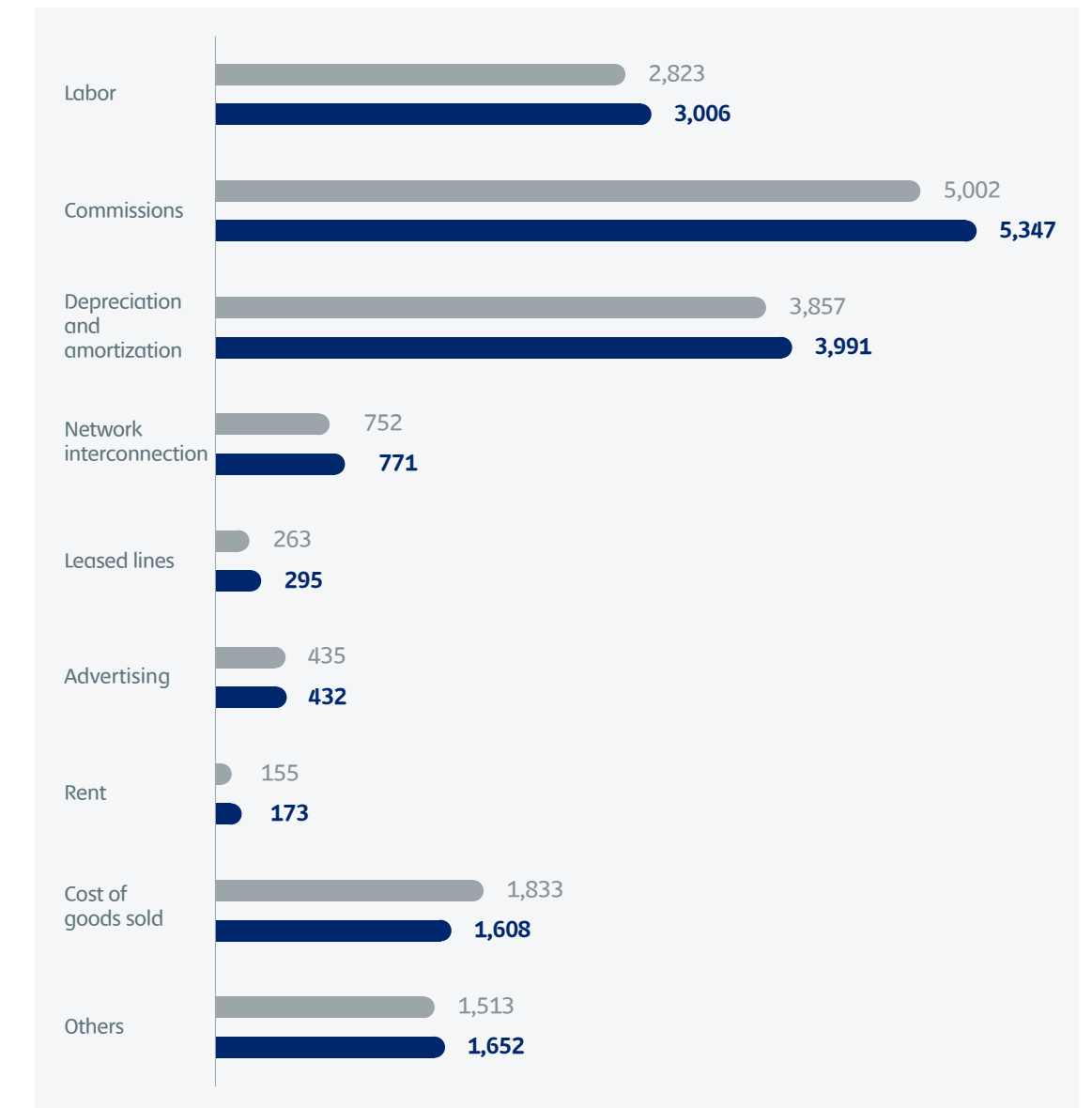
**Operating Expense** Our operating expense for 2020 amounted to KRW 17.28 trillion, representing a 3.9% increase from KRW 16.63 trillion in 2019. The increase results primarily from a 6.9% increase

in commissions, a 6.5% increase in labor costs and a 3.5% increase in depreciation and amortization expenses, which was partially offset by a 12.3% decrease in cost of goods sold.

Operating Expenses

(KRW billion)

● 2019  
● 2020



The increase in commissions was primarily due to the inclusion of commissions of the former Tbroad following the Tbroad merger. The increase in labor costs was primarily due to the additional personnel on payroll in connection with the Tbroad merger as well as the expansion of our security and commerce

businesses. The increase in depreciation and amortization expenses was primarily related to our equipment and frequency usage rights for our 5G network. The decrease in cost of goods sold was primarily due to a decrease in the number of wireless devices sold in 2020.

**Operating Profit and EBITDA** Our operating profit increased by 21.8% to KRW 1.35 trillion in 2020 as the increase in our operating revenue outpaced the increase in our operating expenses in 2020. Our EBITDA margin grew by 0.7%p to 29.6% in 2020, while operating margin increased by 1.0%p to 7.2% in 2020.

**Non-Operating Income and Expenses** Our finance income increased by 69.7% to KRW 241 billion in 2020 from KRW 142 billion in 2019, primarily due to an increase in gain on valuation of derivatives to Won 101 billion in 2020 from Won 3 billion in 2019, which primarily related to an increase in valuation of warrants of Nano-X Imaging Ltd. held by SK Telecom TMT Investment Corp., as well as an increase in gain relating to financial assets at fair value through profit or loss to KRW 36 billion in 2020 from KRW 5 billion in 2019, primarily relating to shares of Oceanbridge Co., Ltd. held by Quantum Innovation Fund I. The effect of such increases was partially offset by a decrease in gain on settlement of derivatives to KRW 8 billion in 2020 from KRW 29 billion in 2019, which amount in 2019 was primarily related to the share exchange transaction with Kakao in October 2019. Our finance costs increased by 13.5% to KRW 497 billion in 2020 from KRW 438 billion in 2019, primarily due to the incurrence of other financial fees of KRW 45 billion in 2020 relating to the disposal of certain securities held for trading of Knet Culture and Contents Venture Fund, a consolidated subsidiary, and a loss on valuation of derivatives of KRW 14 billion in 2020 primarily related to certain share subscription rights granted to financial investors of Eleven Street under an equity interest agreement, compared to no such costs incurred in 2019. The effect of such increases was partially offset by a decrease in interest expense to KRW 399 billion in 2020 from KRW 406 billion in 2019 as a result of a decrease in interest rates, as well as a loss on sale of other accounts receivable related to handset installment payments of KRW 6 billion in 2019 compared to nil in 2020. Gain relating to investments in subsidiaries, associates and joint ventures increased by 128.8% to KRW 1,028 billion in 2020 from KRW 450 billion in 2019, which can be attributed to the increase in the profit of SK hynix, in which SK Telecom has a 20.1% equity interest.

Other non-operating income decreased by 3.6% to KRW 99 billion in 2020 from KRW 103 billion in 2019, primarily due to a decrease in gain on business transfer in 2020 as compared to 2019. Such gain on business transfer in 2020 was mainly related to the transfer of the digital disease management business of Health Connect Co., Ltd. to Invites Healthcare Co., Ltd., while the gain in 2019 mainly resulted from the transition of our mobile OTT service "oksusu" to "wavve" in September 2019, and the growth in income through the transfer of our e-Sports business following the establishment of SK Telecom CS T1, which was established in February 2019 as a joint venture with Comcast Spectacor.

Our non-operating expenses increased by 68.8% to KRW 344 billion in 2020 from KRW 204 billion in 2019, which mainly reflected impairment losses we recognized on frequency usage rights.

**Income Tax** Income tax expense increased by 25.4% to KRW 377 billion in 2020 from KRW 300 billion in 2019 primarily due to a 61.7% increase in profit before income tax. Our effective tax rate in 2020 decreased to 20.1% from 25.9% in 2019.

**Profit for the Year** Principally as a result of the factors discussed above, our profit for the year increased by 74.3% to KRW 1.50 trillion in 2020 from KRW 0.86 trillion in 2019. Net margin was 8.1% in 2020 compared to 4.9% in 2019.

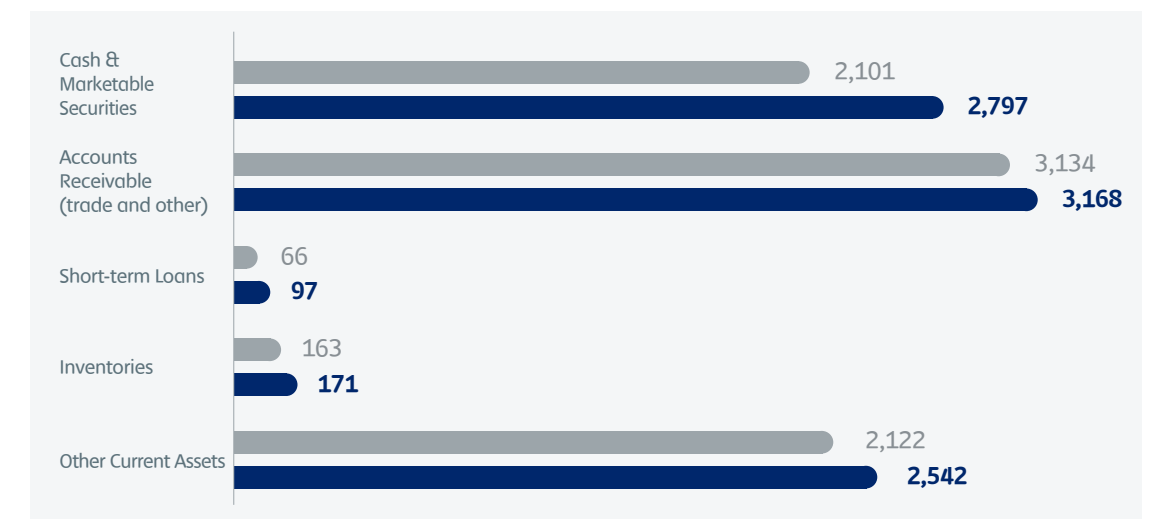
## 5. FINANCIAL STRUCTURE

● 2019  
● 2020

**Current Assets** We had current assets of KRW 8.78 trillion as of December 31, 2020, representing a 8.5% year-on-year increase from KRW 8.09 trillion as of December 31, 2019. Our cash and marketable securities (including short-term financial instruments) increased by 33.1% to KRW 2.80 trillion as of December 31, 2020 from KRW 2.10 trillion as of December 31, 2019, primarily due to an increase in short-term financial instruments. Our accounts receivable (trade and other) increased by 1.1% to KRW 3.17 trillion as of December 31, 2020, compared to KRW 3.13 trillion as of December 31, 2019.

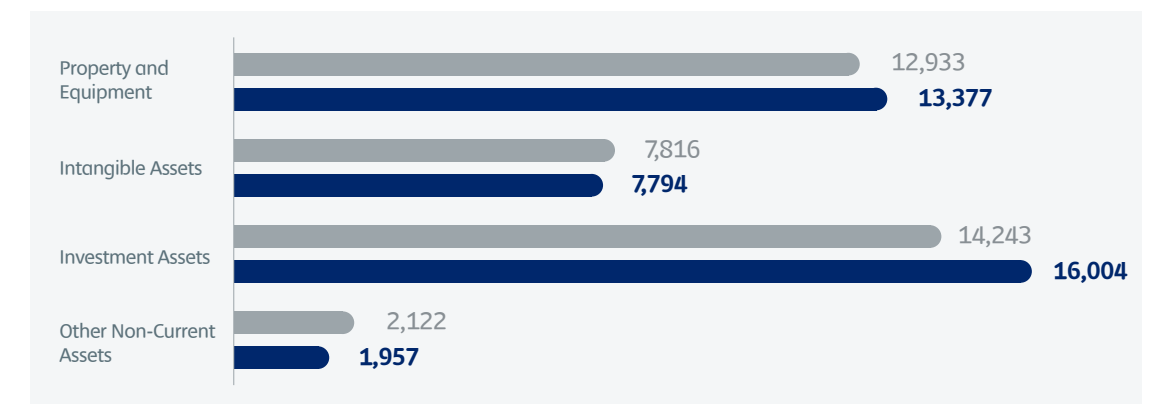
### Current Assets

(KRW billion)



### Non-current Assets

(KRW billion)



# Non-consolidated Financial Statement

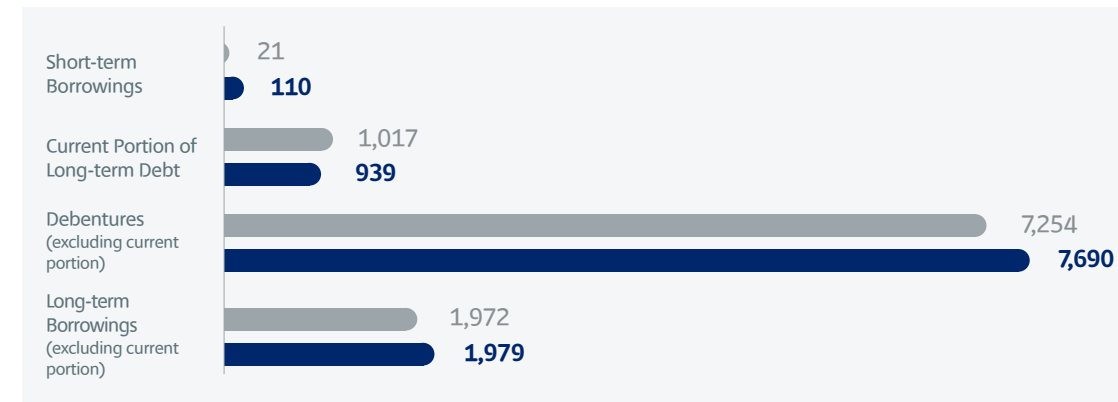
**Liabilities** We had KRW 23.51 trillion of total liabilities as of December 31, 2020, representing a 5.0% increase from KRW 22.39 trillion of total liabilities as of December 31, 2019. This increase is primarily due to the Tbroad merger and SK Telecom's issuances of bonds. Our total interest-bearing

financial debt increased by 4.4% to KRW 10.72 trillion as of December 31, 2020 from KRW 10.26 trillion as of December 31, 2019. Our debt-to-equity ratio as of December 31, 2020 was 43.9%, compared to 45.0% as of December 31, 2019.

## Interest-Bearing Financial Debt

(KRW billion)

● 2019  
● 2020



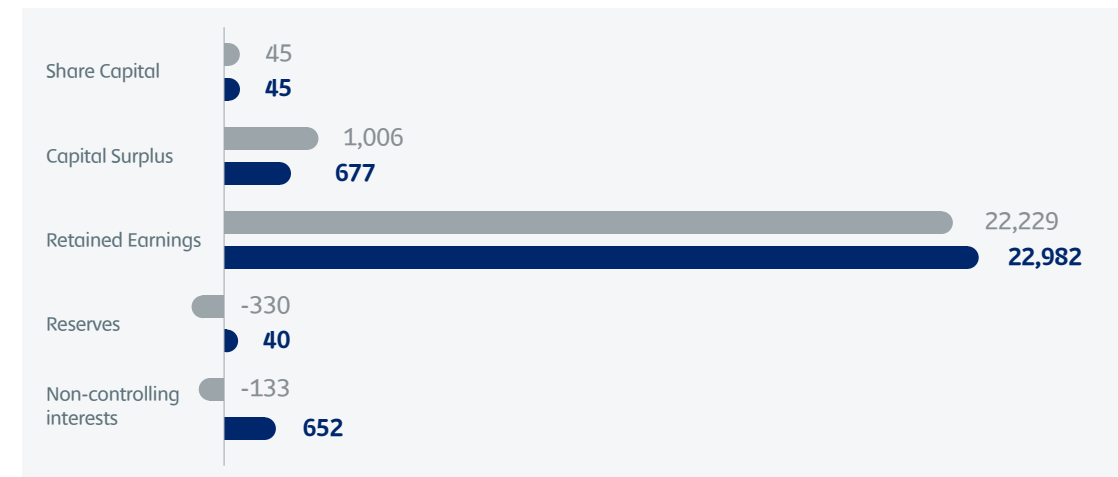
**Equity** Our total equity as of December 31, 2020 amounted to KRW 24.40 trillion, which increased by 6.9% from December 31, 2019, primarily due to an

increase in non-controlling interests and retained earnings.

## Equity

(KRW billion)

● 2019  
● 2020



## 6. CAPITAL EXPENDITURES (SEPARATE BASIS)

SK Telecom spent approximately KRW 2.21 trillion on capital expenditures in 2020 compared to KRW 2.91 trillion for capital expenditures in 2019, each on a separate basis. Of the total amount spent in 2020, SK Telecom spent approximately KRW 1.88 trillion

KRW, or 85.2% on establishing and enhancing wireless networks (including new 5G networks), while SK Telecom spent KRW 326 billion on other investments, including development of new products and information technology systems and equipment upgrades.

## Non-consolidated Statement of Financial Position

(Unit: KRW million)

	2020	2019	2018
<b>Assets</b>			
Current Assets	5,047,115	4,998,465	4,679,378
Cash and cash equivalents	329,208	497,282	877,823
Short-term financial instruments	516,000	234,000	99,000
Short-term investment securities	31,854	31,920	47,849
Accounts receivable	1,503,552	1,479,971	1,354,260
Short-term loans, net	89,280	57,751	54,336
Account receivable	434,713	506,642	518,451
Accrued revenue	518	336	410
Contract assets	8,388	7,173	1,689
Advance payment	16,127	14,610	10,473
Prepaid expenses	2,052,515	1,959,122	1,688,234
Security deposit	51,069	73,345	
Current tax assets		70,528	
Derivative financial assets	8,704	26,253	
Inventories, net	5,181	11,125	22,079
Other current assets	6	28,407	4,774
Non-current assets	26,939,336	26,619,167	24,168,645
Long-term financial instruments	354	382	382
Long-term investment securities	983,688	510,633	410,672
Investments in subsidiaries and associates	11,357,504	10,578,158	10,188,914
Property and equipment, net	9,157,548	9,052,709	6,943,490
Goodwill	1,306,236	1,306,236	1,306,236
Intangible assets, net	2,665,083	3,461,152	4,010,864
Long-term loans, net	6,518	7,474	7,236
Long-term accounts receivable	348,335	335,574	274,053
Long-term contract assets	22,844	23,724	5,842
Long-term prepaid expenses	903,961	1,134,737	753,181
Long-term guarantee deposits	110,555	108,141	184,887
Long-term derivative financial assets	76,461	99,998	50,805
Defined benefit assets	0	0	31,834
Other non-current assets	249	249	249
<b>Total Assets</b>	<b>31,986,451</b>	<b>31,617,632</b>	<b>28,848,023</b>

## Non-consolidated Statement of Financial Position

(Unit: KRW million)

	2020	2019	2018
<b>Liabilities and Equity</b>			
Current Liabilities	5,076,404	5,165,744	4,178,068
Account payables	1,955,472	2,266,958	1,622,744
Contract liabilities	83,216	88,257	46,075
Withholdings	659,181	685,822	696,790
Accrued expenses	724,992	793,252	664,286
Current tax liabilities	154,144	0	162,609
Current liabilities	43,437	47,786	49,303
Current bonds and long-term borrowings Lease liabilities	712,105	520,292	512,377
Lease liabilities	313,422	319,519	0
Current long-term account payables	424,600	423,839	423,884
Other current liabilities	5,835	20,019	0
Non-current liabilities	9,560,189	9,067,989	7,782,468
Debentures	6,175,576	5,900,829	5,222,865
Long-term borrowings	6,167	19,777	31,764
Long-term account payables	1,141,723	1,544,699	1,939,082
Long-term contract liabilities	8,110	11,342	8,358
Derivative financial liabilities	362,002	0	1,107
Long-term lease liabilities	999,776	856,385	0
Non-current liabilities	55,953	41,145	12,483
Deferred tax liabilities	756,873	642,601	523,732
Defined benefit liabilities	7,421	25,093	0
Other non-current liabilities	46,588	26,118	43,077
<b>Total Liabilities</b>	<b>14,636,593</b>	<b>14,233,733</b>	<b>11,960,536</b>
<b>Equity</b>			
Share capital	44,639	44,639	44,639
Other paid up capital	289,134	715,619	415,324
Retained earnings	16,684,640	16,672,947	16,467,789
Reserves	331,445	(49,306)	(40,265)
<b>Total Equity</b>	<b>17,349,858</b>	<b>17,383,899</b>	<b>16,887,487</b>
<b>Total Liabilities and Equity</b>	<b>31,986,451</b>	<b>31,617,632</b>	<b>28,848,023</b>

## Non-consolidated Statement of Income

(Unit: KRW million)

	2020	2019	2018
Operating revenue	11,746,630	11,421,342	11,705,639
Revenue	11,746,630	11,421,342	11,705,639
Operating expense	10,723,563	10,469,539	10,398,145
Labor cost	804,982	783,124	684,777
Commissions paid	4,647,773	4,419,845	4,454,763
Depreciation and amortization	2,841,755	2,776,140	2,324,509
Network interconnection	555,846	565,084	606,452
Leased line	215,878	213,673	276,699
Advertising	114,794	154,124	169,003
Rent	121,032	123,517	445,122
Cost of products that have been resold	436,013	479,605	500,119
Other operating expense	985,490	954,427	936,701
Operating income (loss)	1,023,067	951,803	1,307,494
Finance income	377,947	615,571	279,059
Finance cost	256,737	280,247	255,455
Other non-operating income	82,673	76,928	41,265
Other non-operating expense	273,655	110,627	149,817
Losses related to investments in subsidiaries, associates and joint ventures	11,840	68,550	1,302
Profit before income tax	941,455	1,184,878	1,221,244
Corporate tax	182,663	204,987	287,342
Net profit (loss) for the term	758,792	979,891	933,902
Earnings per share			
Basic earnings per share (in won)	10,221	13,393	13,000
Diluted earnings per share (in won)	10,219	13,393	13,000

## Non-consolidated Statement of Comprehensive Income

(Unit: KRW million)

	2020	2019	2018
Annual profit (loss)	758,792	979,891	933,902
Other Inclusive gains and losses	379,782	(19,688)	(90,548)
Items not reclassified as a profit or loss during the follow-up periods	364,275	(54,692)	(118,808)
Remeasurement factors of defined benefit systems	(2,325)	(40,720)	(16,354)
Valuation loss on financial assets at fair value through other comprehensive income	366,600	(13,972)	(102,454)
Items reclassified as a profit or loss during the follow-up periods	15,507	35,004	28,260
Net change in unrealized fair value or derivatives	15,507	35,004	28,260
Total inclusive gains and losses for the term	1,138,574	960,203	843,354

## Non-consolidated Statement of Changes in Equity

(Unit: KRW million)

	Equity							Retained Earnings	Reserves	Total Equity
	Share Capital	Other Paid Up Capital					Total			
Capital Excess of Par Value		Treasury Stock	Hybrid Bond	Stock Options	Other					
Increase (Decrease) due to changes in accounting policies	0	0	0	0	0	0	0	1,773,596	(58,389)	1,715,207
January 1, 2018 (Basic capital)	44,639	2,915,887	(2,260,626)	398,518	414	(682,298)	371,895	16,286,152	19,912	16,722,598
Annual profit (loss)	0	0	0	0	0	0	0	933,902	0	933,902
Other comprehensive income (loss)	0	0	0	0	0	0	0	(30,371)	(60,177)	(90,548)
Dividends paid	0	0	0	0	0	0	0	(706,091)	0	(706,091)
Stock compensation expense	0	0	0	0	593	0	593	0	0	593
Repayments of hybrid bonds	0	0	0	(398,518)	0	(1,482)	(400,000)	0	0	(400,000)
Issuance of hybrid bonds	0	0	0	398,759	0	0	398,759	0	0	398,759
Interest on hybrid bonds	0	0	0	0	0	0	0	(15,803)	0	(15,803)
Business combination under common control	0	0	281,151	0	0	(237,074)	44,077	0	0	44,077
Repurchase (Disposal) of treasury stocks	0	0	0	0	0	0	0	0	0	0
December 31, 2018 (End of term capital)	44,639	2,915,887	(1,979,475)	398,759	1,007	(920,854)	415,324	16,467,789	(40,265)	16,887,487

## Non-consolidated Statement of Changes in Equity

(Unit: KRW million)

	Equity							Retained Earnings	Reserves	Total Equity
	Share Capital	Other Paid Up Capital								
		Capital Excess of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total			
Increase (Decrease) due to changes in accounting policies	0	0	0	0	0	0	0	(30,622)	0	(30,622)
January 1, 2019 (Basic capital)	44,639	2,915,887	(1,979,475)	398,759	1,007	(920,854)	415,324	16,437,167	(40,265)	16,856,865
Annual profit (loss)								979,891		979,891
Other comprehensive income (loss)								(10,647)	(9,041)	(19,688)
Dividends paid	0	0	0	0	0	0	0	(718,698)	0	(718,698)
Stock compensation expense	0	0	0	0	295	0	295	0	0	295
Repayments of hybrid bonds	0	0	0	0	0	0	0	0	0	0
Issuance of hybrid bonds	0	0	0	0	0	0	0	0	0	0
Interest on hybrid bonds	0	0	0	0	0	0	0	(14,766)	0	(14,766)
Business combination under common control	0		0	0	0	0	0	0	0	0
Repurchase (Disposal) of treasury stocks	0	0	(282,478)	0	0	17,522	300,000	0	0	300,000
December 31, 2019 (End of term capital)	44,639	2,915,887	(1,696,997)	398,759	1,302	(903,332)	715,619	16,672,947	(49,306)	17,383,899

(Unit: KRW million)

	Equity							Retained Earnings	Reserves	Total Equity
	Share Capital	Other Paid Up Capital								
		Capital Excess of Par Value	Treasury Stock	Hybrid Bond	Stock Options	Other	Total			
Increase (Decrease) due to changes in accounting policies	0	0	0	0	0	0	0	0	0	0
January 1, 2020 (Basic capital)	44,639	2,915,887	(1,696,997)	398,759	1,302	(903,332)	715,619	16,672,947	(49,306)	17,383,899
Annual profit (loss)								758,792		758,792
Other comprehensive income (loss)								(969)	380,751	379,782
Dividends paid								(731,364)		(731,364)
Stock compensation expense									179	179
Repayments of hybrid bonds										
Issuance of hybrid bonds										
Interest on hybrid bonds								(14,766)		(14,766)
Business combination under common control										
Repurchase (Disposal) of treasury stocks									426,664	(426,664)
December 31, 2020 (End of term capital)	44,639	2,915,887	(2,123,661)	398,759	1,481	(903,332)	289,134	16,684,640	331,445	17,349,858

## Non-consolidated Statement of Cash Flows

(Unit: KRW million)

	2020	2019	2018
Cash flows from operating activities	4,387,809	3,190,741	3,965,028
Cash generated from operating activities	4,289,499	3,175,640	4,307,913
Net Profit for the term	758,792	979,891	933,902
Adjustment for income and expenses	3,361,118	2,898,842	2,863,632
Changes in assets and liabilities related to operating activities	169,589	(703,093)	510,379
Interest received	20,283	28,388	35,456
Dividends received	285,040	525,045	177,490
Interest paid	(212,921)	(226,652)	(183,023)
Income tax paid	5,908	(311,680)	(372,808)
Cash flows from investing activities	(3,178,152)	(2,992,673)	(3,109,284)
Cash inflows from investing activities	165,628	369,323	389,656
Decrease in short-term investment securities, net	0	16,217	0
Collection of short-term loans	69,754	107,996	110,261
Decrease in long-term financial instruments	28	0	0
Proceeds from disposal of long-term investment securities	790	223,619	189,083
Proceeds from disposal of investments in associates and joint ventures	659	0	78,548
Proceeds from disposal of property and equipment	89,922	10,767	10,848
Proceeds from disposal of intangible assets	4,475	3,843	916
Collection of lease receivables	0	6,881	0
Cash outflows for investment activities	(3,343,780)	(3,361,996)	(3,498,940)
Increase in short-term financial instruments	282,000	135,000	0
Increase in short-term investment securities, net	0	0	5,000
Increase in short-term loans	100,739	111,686	109,915
Acquisition of long-term investment securities	827	321,124	990
Acquisition of investments in associates and joint ventures	277,465	379,821	1,045,713
Acquisition of property and equipment	2,480,297	2,304,512	1,893,284
Acquisition of intangible assets	81,352	109,853	444,038
Cash outflow through exercising share ownership of its subsidiaries	121,100	0	0

(Unit: KRW million)

	2020	2019	2018
Cash flows from financing activities	(1,377,732)	(578,609)	(858,073)
Cash inflows from financing activities	1,099,191	1,507,700	1,725,221
Issuance of hybrid bonds	0	0	398,759
Issuance of debentures	1,062,500	1,195,274	1,326,346
Cash inflows due to transaction of derivative products	36,691	12,426	116
Disposal of treasury stocks		300,000	0
Cash outflows for financing activities	(2,476,923)	(2,086,309)	(2,583,294)
Repayment of long-term borrowings	13,624	12,882	12,770
Repayments of hybrid bonds	0	0	400,000
Repayment of long-term account payables	425,349	425,349	302,867
Repayment of debentures	515,500	550,000	1,116,550
Payment of dividends	731,364	718,698	706,091
Interest on hybrid bond	14,766	14,766	15,803
Cash outflow due to transaction of derivative products	0	0	29,213
Repayment of lease liabilities	349,656	364,614	0
Repurchase of treasury stock	426,664	0	0
Net increase (decrease) in cash and cash equivalents	(168,075)	(380,541)	(2,329)
Cash and cash equivalent at beginning of the year	497,282	877,823	880,583
Effects of exchange rate changes on cash and cash equivalents	1	0	(431)
Cash and cash equivalents at end of the year	329,208	497,282	877,823

# Independent Auditors' Report

Based on a report originally issued in Korean



**KPMG SAMJONG Accounting Corp.** Tel +82 (2) 2112 0100  
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Republic of Korea

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

## OPINION

We have audited the accompanying consolidated financial statements of SK Telecom Co., Ltd. and its subsidiaries (the "Group") which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

## BASIS FOR OPINION

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the following:

As described in Note 3 to the consolidated financial statements, the Group retrospectively applied changes in accounting policies regarding the method of determining lease term and restated the comparative financial statements as of and for the year ended December 31, 2019.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 1. Revenue Recognition

As described in note 4 (21) and 5 (2) of the consolidated financial statements, the Group's revenue from cellular services is primarily generated from the provision of a variety of telecommunications services at various rate plans and products. Revenue from wireless service amounted to KRW 9,801,194 million in 2020. It is recognized based on data from complex information technology systems that process large volume of transactions with subscribers. Therefore, we have identified revenue recognition related to the Group's wireless service as a key audit matter due to the complexity of information technology systems involved and the revenue recognition standard applied.

The primary procedures we performed to address this key audit matter included:

- Testing certain internal controls relating to the Group's revenue recognition process, including information technology (IT) systems used for the purposes of revenue recognition. Specifically, we assessed the IT system environment for data records, rating and billing systems, which aggregate data used for revenue recognition for voice usage, text and mobile data services, generate customer bills and support measurement of revenue .
- Comparing a sample of revenue transactions to supporting evidence, such as customer bills, rating system information, subscriber contracts, and cash received, where applicable.
- Inspecting major contracts with subscribers to assess the Group's revenue recognition policies based on the terms and conditions as set out in the contracts, with reference to the requirements of K-IFRS No. 1115.

### 2. Evaluation of impairment analysis for goodwill in the security services cash generating unit

As described in notes 4 (11) and 16 of the consolidated financial statements, the Group performs impairment test for goodwill at least annually or when there is an indication of possible impairment by comparing the recoverable amount and the carrying amount of a cash generating unit ("CGU") to which goodwill is allocated. The Group's security services-related operating segments included security services and information security services. The amount of goodwill that is allocated to the security services CGU is KRW 1,176,274 million as of December 31, 2020. No goodwill is allocated to the information security services CGU.

In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on the value in use ("VIU"). Determining the VIU of the security services CGU involves significant judgments in estimating the expected future cash flows including the estimates of revenue growth rate, labor costs, perpetual growth rate and discount rate. In the Group's impairment test as of December 31, 2019, the VIU of security services CGU approximated its carrying value. In its impairment test as of December 31, 2020, while the Group does not expect the total carrying amount of the CGU will exceed the VIU due to reasonably possible changes in certain assumptions, there is still a high degree of uncertainty on the other significant assumptions applied, which may impact the goodwill impairment result. As such we have identified the evaluation of goodwill impairment in the security services CGU as a key audit matter.

The primary procedures we performed to address this key audit matter included:

- Involving our internal valuation professionals to assist us in evaluating estimated revenue growth rate, labor costs and perpetual growth rate by comparison with industry reports as well as historical performance and evaluating the discount rate by comparing with the discount rate that was independently developed using publicly available market data for comparable entities.
- Performing sensitivity analysis for both the discount rate and the perpetual growth rate applied to the discounted cash flow forecasts to assess the impact of changes in these key assumptions on the conclusion reached in management's impairment assessment.
- Evaluating estimated revenue growth rate and labor costs by comparison with the financial budgets approved by the Group and comparing the cash flow forecasts prepared in prior year with the actual results to assess the Group's ability to accurately forecast.

### 3. Evaluation of fair value for intangible assets – Customer relationships

As described in note 12 of the consolidated financial statements, as a result of the merger between SK Broadband Co., Ltd., a subsidiary of SK Telecom Co., Ltd., and Tbroad Co., Ltd., the Group recognized the acquired customer relationships arising from the business combination as an identifiable intangible asset. The fair value of customer relationships amounts to KRW 374,019 million as of April 30, 2020, the acquisition date.



The Group estimated the fair value of customer relationships using the multi-period excess earnings method ("MPEEM"). In applying MPEEM, the Group estimates revenue and cash flows derived from the acquired customer relationships based on estimated revenue per subscriber, estimated customer attrition rate and discount rate. Considering the significant degree of the judgment in measuring the fair value of customer relationships, we identified the evaluation of fair value for customer relationships as a key audit matter.

The primary procedures we performed to address this key audit matter included:

- Involving our internal valuation professionals to assist us in:
  - Assessing the MPEEM model used for the fair value estimate considering the nature of the intangible assets and requirement by K-IFRS
  - Assessing the revenue per subscriber and customer attrition rate used in the cashflow estimate by comparing with the acquiree's historical performance; and
  - Evaluating the discount rate by comparing with the discount rate that was independently developed using publicly available market data.
- For historical performance used in evaluating the reasonableness of the above assumptions, evaluating the accuracy by agreeing or recalculating using public or audited information, as applicable.

## OTHER MATTER

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

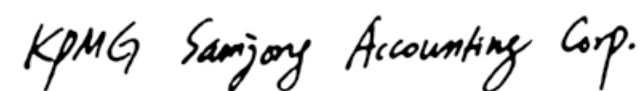
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is In Hye Kang.



**KPMG Samjong Accounting Corp.**  
**Seoul, Korea**  
**March 11, 2021**

This report is effective as of March 11, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

# Non-financial Management Discussion & Analysis

**Reporting Standards and Principles** The purpose of this non-financial management discussion & analysis (MD&A) is to present management's analysis opinion on the company's key management performances from non-financial aspects, such as human capital, social capital, and environmental capital, for the reporting period from January 1, 2020 to December 31, 2020. The following international reporting standards and principles apply to this non-financial MD&A:

## 1. International Integrated Reporting Council's <IR> Framework

The <IR> Framework of the International Integrated Reporting Council (IIRC) requires concise reporting on the organization's strategy, governance, and how the performance and future prospects are connected to the short-, mid-, and long-term value creation of the organization under the economic, social, and environmental contexts. Please refer to P. 40-41 for the business model required to implement the integrated reporting principles of the IIRC and P. 60-61 for materiality assessment to determine important topics depending on the impact on value creation.

## 2. Global Reporting Initiatives' Sustainability Reporting Standards – GRI Standards

The Global Reporting Initiatives (GRI) provides information on the topics and disclosures of reporting from economic, social, and environmental perspectives so that stakeholders can discern the organization's performance. It demands that the topics be determined according to the correlation of each aspect from stakeholder impact and organization's economic, social, and environmental perspectives. Please refer to P. 60-61 for the results of the materiality assessment conducted in accordance with the GRI requirements.

## 3. Accountability AA1000

The AA1000 series identifies and prioritizes sustainability issues related to the organization and defines its framework and principles. The information in this report is verified by a third party according to the Assurance Standard (AA1000AS) V3. Please refer to P. 224-226 for the result of the third-party assurance performed by an independent institute.

## References

### 1. UNGC COP

UN Global Compact Communication on Progress – a guideline for reporting the status of compliance with the Ten Principles of the UNGC by its members

### 2. ISO 26000

An international standard of the responsible management system released in November 2010 by the International Organization for Standardization (ISO)

### 3. CDSB Reporting Framework

A standard for carbon information disclosure put forth by the Climate Disclosure Standard Board (CDSB) in September 2010

### 4. SASB – Telecommunication Standards

Core issues and key performance indicators in the telecommunications industry released in April 2014 by the U.S. Sustainability Accounting Standard Board (SASB)

### 5. TCFD

Task Force on Climate-related Financial Disclosures. Designated group for financial information disclosure related to climate change

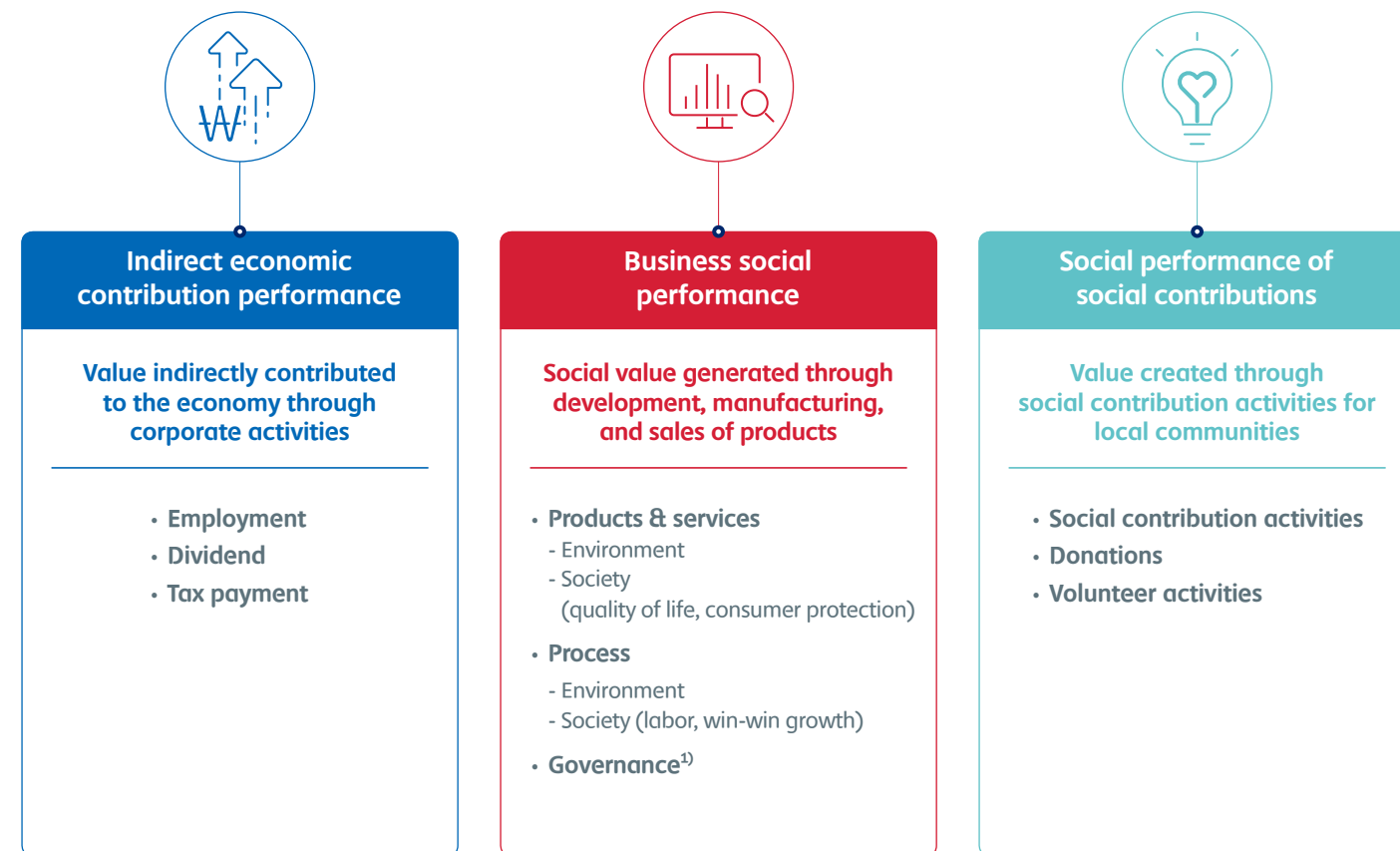
**Scope of Data** The non-financial information presented in this non-financial MD&A is limited to the data of "SK Telecom" which does not include subsidiaries and supply chains unless otherwise specified. Over 99% of SK Telecom's revenues are generated in Korea, and thus the data coverage included meets the criterion of 99% or more of the revenue. This coincides with the scope of stand-alone revenues of SK Telecom, which is the controlling company under the Korean International Financial Reporting Standards (K-IFRS). Environmental data such as energy, greenhouse gases (Scope 1, 2, 3), waste, and water and social data such as total employment, competency development, and social contribution are calculated based on 39 major business sites of SK Telecom (including networks such as base stations, repeaters, and central stations).

# Social Value Measurement

## Double Bottom Line

Based on SK Group's "Double Bottom Line (DBL) Management", SK Telecom has been measuring the monetary value of social value since 2018 and making external announcements on the results every year. The company is striving to create SV in many areas, including reduction of greenhouse gas (GHG) and establishment of a social safety net. Moving forward, we will connect our ICT infrastructure and customer contact points to build a financial story that is based on environmental, social, and governance (ESG) value.

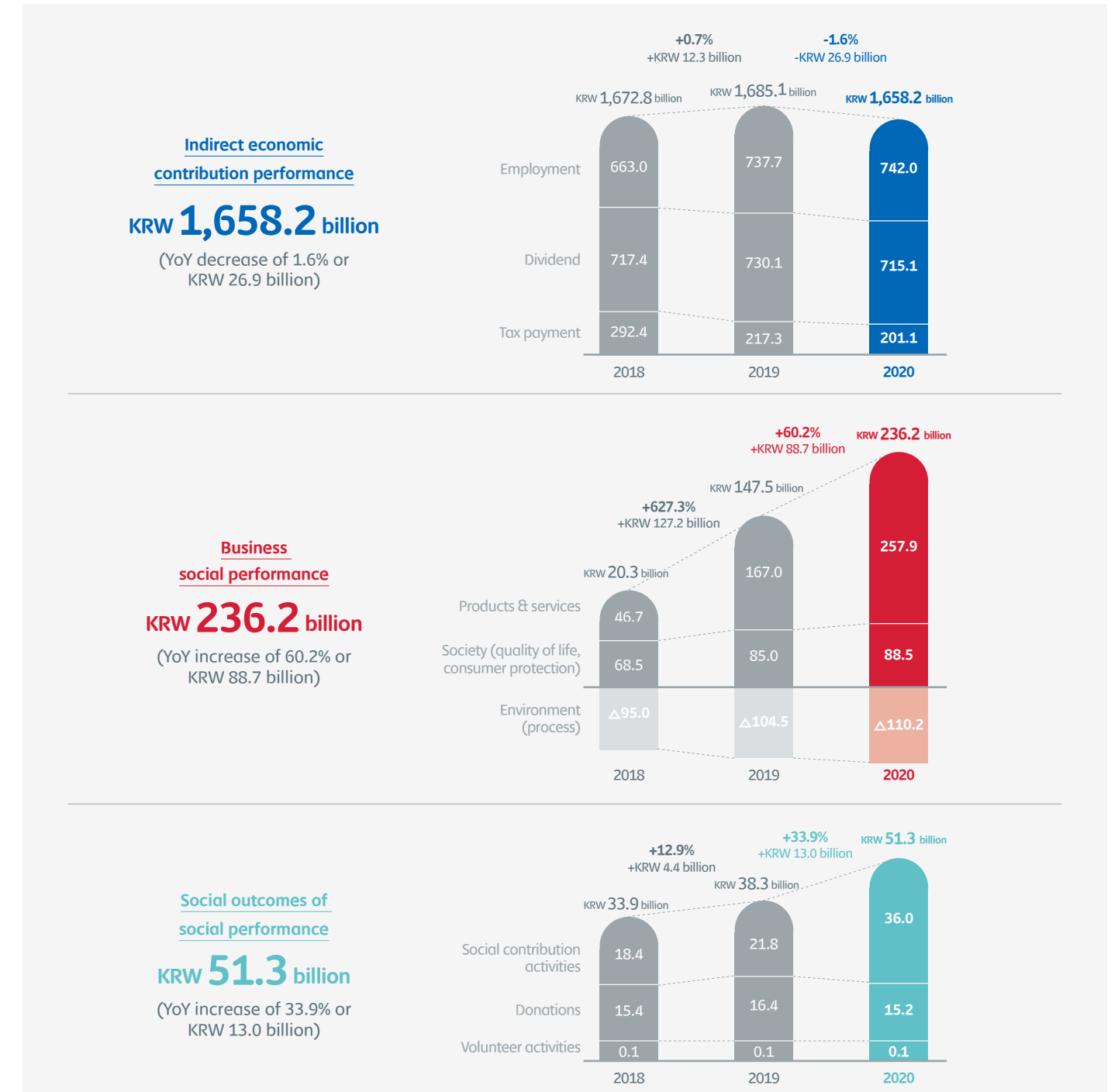
### SK Group's SV Measurement Areas



<sup>1)</sup> Currently researching a governance measurement method

## 1. Results of SV Measurement

In 2020, SK Telecom generated KRW 1,945.7 billion in social value. This is a 4% increase from the KRW 1,870.9 billion recorded in 2019, maintaining growth pace for three years in a row.



## Employment

- Recorded a year-on-year rise of 0.6% in employment, achievement of compulsory disabled person employment rate (in case of a private company with 50 or more regular employees, 3.1% of all employees)

## Dividend

- Recorded a year-on-year decrease of 2.1%, an outcome of share buyback, resulting in a reduction in the number of shares subject to dividend payment

## Environment (Process)

- The total of minus amount went up due to increased investment in communications network, but by applying “single RAN technology (3G and LTE equipment integration-upgrade)”, the company minimized electric power increase caused by the expansion of network construction and achieved around 53% in electric power consumption reduction effects.
- Based on the “single RAN technology” that was applied to our base stations and repeaters in 78 cities across the nation, including Seoul in 2020, we became the first in the communications field in Korea to receive recognition for 1,117 tons of carbon credit as a result of GHG reduction.

## Product & Service

- Achieved an outstanding performance of KRW 257.9 billion, following KRW 46.7 billion in 2018 and KRW 167.0 billion in 2019 by continuing to identify and expand ICT-based SV creation models
- Major performances include traffic accident prevention effects of “Safe Driving with T map” and “V2X Real-time Traffic & Safety Alerts” as well as contributions made to improved safety of seniors on the back of increasing number of users of the “AI Care Service”

## Labor

- Became the first major company in Korea to implement full-scale telecommuting, and innovated the work environment by establishing a cloud work environment that is connected with the “work from anywhere” system
- Selected as a “Model Company for Work-Life Balance” by the Ministry of Employment and Labor in 2020 in recognition of providing safe work conditions to employees and actively helping them strike the right balance between work and life

## Win-win Growth

- Contributed to expanding market participation by small-to medium-sized equipment manufacturers by engaging in joint development of fronthaul (fixed-line communications network between base station equipment) technology and leading the world’s first commercialization
- Achieved outcomes in the area of technology cooperation, such as becoming the world’s first to commercialize the quantum random number generator (QRNG) chipset for mobile use that was applied to “Galaxy Quantum”
- Contributed to business stability of business partners by taking various measures, such as establishing a win-win measure in response to COVID-19 that amounted to KRW 130 billion for distribution network and partner companies; supporting quarantine at 187 SMEs with which we signed a win-win growth agreement; providing the big data-based text marketing service (T-Deal) to SMEs; and operating the “Quick Payment Program” for SMEs

## Social Contribution

- Took active part in building a social safety net in the COVID-19 era based on ICT capabilities, such as monitoring COVID-19 symptoms through NUGU care call; providing online lecture data to youths free of charge (EBS data zero-rating); and building a mobile roaming network in preparation for communications disasters

## 2. Environmental Outcomes of Products & Services

Product/Service Name	Product/Service Outline	Measured Social Performance
Factory Energy Management System (FEMS)	Energy management system in factory operations	Outperformance compared to annual reductions of greenhouse gas emissions and energy consumption in contracts
Building Energy Management System (BEMS)	Energy management system in building operations	Outperformance compared to annual reductions of greenhouse gas emissions and energy consumption in contracts
Reduction of SIM card packages	Smaller packages for SIM cards for sale (packaging materials, etc.)	Reduction in resource consumption by reducing the package size
Adoption of an electronic application for sales outlets	An electronic application form that replaces the previous paper application form	Reduction in paper use

## 3. Outcome of Improving Quality of Life through Products & Services

Product/Service Name	Product/Service Outline	Measured Social Performance
Safe Driving with T map	Discounts on auto insurance premiums based on T map driving habit scores	Curtailed social costs by reducing traffic accidents
V2X Real-time Traffic & Safety Alerts	Alert service on sudden stops in front of an expressway	
LBS IoT business (electronic anklet, criminal location tracking)	IoT-based serious criminal location tracking	Reduced social costs by crime type
Happy Community AI Care Services	Senior care services using AI speakers and IoT devices	Emergency safety services and curtailed social costs by alleviating depression
Spam filtering (voice)	Block calls	Reduced social costs by preventing voice phishing
Tariff discounts for the disabled	Customized monthly plans for the hearing/language-impaired (Sonnuri) and visually-impaired (Sorinuri)	Increased accessibility to communication services for the underprivileged based on discounts in addition to increased convenience
Services to increase information accessibility and block harmful contents for low-income households	Tariff discounts for the disabled	Increased accessibility to communications services through discounts
T World Direct sales of social enterprises	Supported social enterprises in expanding their sales network through “Happy Connect (former Happy Ecophone)” sales in T World	Increased sales of social enterprises
Red Connect, a blood donation app	Blood donation booking and blood donor health management services	Contributed to blood donation
Provision of non-financial data credit rating-based financial services	Advanced payments to 11st sellers and support for operating funds	Resolved financial inequality

# Social Data

**Total Employment** The total number of employees includes permanent and temporary (contract-based) employees who have an employment contract with SK Telecom, and excludes employees and executives of SK Telecom's affiliated companies and subsidiaries. We made continuous efforts to secure new ICT growth engines, nevertheless COVID-19 led to reduced employment, resulting in a reduction of around 1.38% from 2019 to record 5,262 employees. By age, employees aged 30 or more and under 50 account for the highest percentage, while the ratio of permanent employees is 95.8%, which is similar to and a slight decrease from the previous year's level. The total number of overseas personnel, including expatriates and locally hired employees, is 56, indicating that the percentage of overseas personnel against the total number of employees is relatively low.

## Number of Employees

		Unit	2018	2019	2020
Total number of employees <sup>1)</sup>		Persons	5,007	5,336	5,262
By employment type	Permanent	Persons	4,841	5,090	5,042
	Temporary	Persons	166	246	220
By gender	Male	Persons	4,170	4,338	4,246
	Female	Persons	837	998	1,016
By age	Under 30	Persons	430	505	459
	Over 30 - Under 50	Persons	3,944	3,990	3,681
	Over 50	Persons	633	841	1,122
Overseas employment	Expatriates	Persons	15	19	17
	Locally-hired employees	Persons	29	37	39 <sup>3)</sup>
	Total number of overseas employees	Persons	44	56	56
	Total number of overseas managers	Persons	19	22	33
	Total number of local managers	Persons	12	8	18 <sup>3)</sup>
	Percentage of local managers <sup>2)</sup>	%	63	36	55

\* No of LGBTQI+(lesbian, gay, bisexual, transgender, queer, and intersex): 0

\*\* No. of foreign employees (managers) among total of 5,262 employees by nationality: U.S. 16 (4) / China 6 / Canada 6 (2) / New Zealand 2 (1) / France 2 / Others 11 (1)

<sup>1)</sup> Excluding unregistered executives

<sup>2)</sup> No. of local managers / Total No. of managers

<sup>3)</sup> All locally-hired employees and managers are Asians

**Recruitment and Turnover** The number of new employees and the number of turnover employees by age and gender includes the number of permanent and temporary (contract-based) employees who have an employment contract directly with SK Telecom, and excludes employees and executives of SK Telecom's affiliated companies and subsidiaries. The ratio of SK Telecom's recruitment of technology-related employees (permanent employee basis) to total new recruitment rose more than 7%p over the previous year to 70% in 2020. This is an outcome of increasing recruitment of technology personnel for key R&D in new ICT areas, including AI, cloud, and AR/VR, for the second straight year. The turnover rate in 2020 stood at 4.5%. This seems like an increase from the previous year, but is a temporary rise that results from a split-off of T map Mobility Co. When excluding this factor, the turnover rate was 2.4%, indicating a 0.4%p decrease from the previous year. SK Telecom does not discriminate employees in the process of recruitment, evaluation, compensation, and education, and contributes to expanding and maintaining employment by continually implementing various welfare systems, such as flexible working hours, support for childbirth and childcare, sabbatical leaves (Refresh) for long-service employees, as well as single-detached house employee dormitories.

## New Employees and Turnover

		Unit	2018	2019	2020
<b>Total number of new employees</b>		<b>Persons</b>	<b>595</b>	<b>440</b>	<b>405</b>
Newly-employed	By gender	Male	416	328	204
		Female	179	112	201
	By age	Under 30	124	106	218
		Over 30 - Under 50	465	324	187
	Over 50	6	10		
<b>Total number of turnover employees</b>		<b>Persons</b>	<b>183</b>	<b>144</b>	<b>226</b>
Turnover	By gender	Male	164	119	184
		Female	19	25	42
	By age	Under 30	16	7	6
		Over 30 - Under 50	144	123	207
		Over 50	23	14	13
Voluntary turnover		Persons	84	79	77
Internal announcement rate for candidate		%	31.5	45.1	57.2

**Employee Salary** SK Telecom transparently discloses the wage status of all employees through its quarterly, semi-annual, business reports. Differences in the total salary amount and average salary between male and female employees are based on the average continuous years of service of male and female employees. There is no wage discrimination based on gender in the same position.

**Male-Female Salary Difference**

	Unit	Below managers	Managers	Executives
Base pay	%	0.87	0.95	1.01
Base pay + Other cash incentives	%	0.87	0.94	0.93

\* As of December 31, 2020

\*\* Male-female salary difference ratio: Average salary of female employees / Average salary of male employees

**Diversity**

	Unit	2018	2019	2020	
Female talent	Ratio of female employees	%	16.9	18.7	19.3
	Ratio of female managers	%	6.9	7.4	8.0
	Ratio of female junior managers	%	10.6	11.0	11.1
	Ratio of female executives	%	7	8	8
	Ratio of female managers of profit-generating departments	%	9	9	9
	Female STEM <sup>1)</sup> ratio	%			19
Special employment and minorities	Employment of the disabled	Persons	59	64	62
	- Happy Hanool <sup>2)</sup>	Persons	-	48	53
	Employment of veterans	Persons	134	161	170

\* 176 persons, including Happy Hanool, when the number of the severely disabled persons are reflected two-times based on the Act on the Employment Promotion and Vocational Rehabilitation of Persons with Disabilities

<sup>1)</sup> STEM: Employees using science, technology, engineering, and mathematics (STEM) knowledge for their work

<sup>2)</sup> Happy Hanool: Standard workplaces for the disabled that provides business support services, car wash, bath & massage, and other physical care services

**Maternity/Paternity Leave and Parental Leave**

	Unit	2018	2019	2020
Number of employees on maternity leave	Persons	177	156	163
Number of female employees who used maternity leave	Persons	27	31	45
Number of male employees who used maternity leave	Persons	150	125	118
Rate of return after childbirth	%	100	98.7	100
Number of employees on parental leave	Persons	39	88	74
Number of female employees who used parental leave	Persons	27	55	50
Number of male employees who used parental leave	Persons	12	33	24
Rate of return after parental leave	%	97.4	98.9	97.3
Turnover rate within 12 months after return	%	2.6	0.7	2.7

**Labor-Management Relations** SK Telecom actively protects employees' freedom of association pursuant to ILO Conventions No. 87 and No. 98 as well as labor laws in Korea. SK Telecom employees can voluntarily form a labor union based on freedom of association and can join a labor union according to an individual's free will. As of the end of 2020, the rate of employees who are a labor union member from among employees who are eligible to join a labor union is 89.0%. SK Telecom strives to maintain and improve labor-management relations and to establish a win-win labor-management culture and improve working conditions. SK Telecom and the labor union raised wages 2.0% in 2020 based on the spirit of mutual respect and cooperation, and agreed to improve various systems, such as strengthening support measures for regular retirement employees.

**Labor Union Membership**

	Unit	2018	2019 <sup>1)</sup>	2020
Number of employees eligible for labor union membership	Persons	2,791	2,940	2,911
Labor union members	Persons	2,513	2,612	2,591
Labor union membership rate	%	90.0	88.8	89.0
Collective bargaining application rate <sup>1)</sup>	%	100	100	100

<sup>1)</sup> A collective agreement signed with a majority labor union is applied to all employees eligible to join a labor union

**Programs to Enhance Employee Happiness and Well-being**

Type	Key Programs and Guidelines
Creating a Healthy Work Environment	<ul style="list-style-type: none"> <li>Building an automated temperature and humidity control system and measuring them twice per day. Operation of air-conditioning and exhaust fan and management of internal dust/CO2 through batch ventilation before the start of working hours. Management of light intensity and noise standards</li> <li>Providing and planning to expand ergonomic work environment (height adjustable desks, ergonomic chairs, and open standing conference rooms)</li> </ul>
Fitness	<ul style="list-style-type: none"> <li>Operation of in-house physical training center, Actium, and provision of 1:1 customized exercise guidance and online-to-offline (O2O) solution that combines offline posture measurement and online coaching through the Health-On program</li> </ul>
Nutrition	<ul style="list-style-type: none"> <li>Supporting balanced eating habits by operating an in-house cafeteria (T-Patio)</li> <li>As part of the Health-On program, medical professionals are invited to host a concert-type event on health, diseases, and nutrition</li> <li>Identifying and managing employees' health issues through Health-On Index check-ups</li> </ul>
Stress Management	<ul style="list-style-type: none"> <li>Operation of employee counseling service program "My Counselor" (provide counseling on stress reduction and dealing with difficulties in the workplace, health, personal matters, etc.)</li> <li>Operation of the Actium mental health program (mental health letter, health lectures, smiling exercise, healing yoga, etc.)</li> </ul>
Flexible Work Hours	<ul style="list-style-type: none"> <li>Operation of the flexible work hour system so that employees can decide when they come to and leave work</li> <li>Adopted the DYWT program (registering 80 working hours for a period of two weeks or 160 working hours for a period of four weeks, and immersive work)</li> </ul>
Telecommuting	<ul style="list-style-type: none"> <li>System for telecommuting during pregnancy (after the 29th week of pregnancy, based on consultation and application)</li> </ul>
Childcare and Child Education	<ul style="list-style-type: none"> <li>Providing a wide range of childcare support programs, including operation of in-house daycare centers, support for children's educational expenses (kindergarten, elementary, middle, and high school, university), support for camps for employees' children</li> </ul>
Maternity-Parental Leave	<ul style="list-style-type: none"> <li>Reduced work hours during pregnancy: 6-hour workday throughout pregnancy period</li> <li>Maternity leave: Offer 90 days of leave before and after childbirth and 120 days of leave in case of twins, and 5 days of paid leave when an employee's spouse gives birth</li> <li>Parental Leave: Offer 1 year of paid leave for employees with a child 8 years old or younger. If a female employee uses maternity and parental leave consecutively, she can apply to use one additional year of parental leave (up to 2 years)</li> <li>Automatic transfer for parental leave: When a maternity leave is about to expire, an employee can automatically begin to use a parental leave consecutively without applying separately</li> <li>Care leave for children schooling: 90-day leave for employees with children who entered elementary school, once for the entering year</li> </ul>
Employee/Family Care System	<ul style="list-style-type: none"> <li>Operation of an individual/family care system that enables an employee to provide care without any career discontinuation in the event of a disease or accident of the employee or family member, and a system that enables an employee to engage in self-development and to prepare for life after retirement</li> <li>Operation of a startup support program to help employees begin a new life after retirement, for which the company provides an outside expert coaching-consulting program and next career leave</li> </ul>
Refresh leave system for long service	<ul style="list-style-type: none"> <li>Provision of a long-term vacation from 10 days to 45 days once every five years after joining the company to help employees have sufficient time to recharge</li> </ul>

# Environmental Data

## List of Major Contributions in 2020

Program	Organization
AI care	Happy Connect
Sponsorship for the Korean Fencing Federation	Korean Fencing Federation
Underprivileged scholarship program	KJ Choi Foundation
Happy Coding School	Software Education Innovation Center
COVID-19 disaster relief, year-end neighbor-helping donations	Community Chest of Korea
Meal support program for undernourished children	Happy Meal-box, a social cooperative
Library that Reads Happiness	Korea Blind Union
Program on improving braille literacy of visually-impaired children	Korean Braille Library
Happy Mobile World (Education on smartphone use for seniors)	Korea Association of Senior Welfare Centers
Social innovation talent-fostering program	Yonsei University
Top ICT talent-fostering program	Pohang University of Science and Technology
Barun ICT Research Center	Yonsei University
Scholarship program	Korea Foundation for Advanced Studies
International academic exchange and research	Chey Institute for Advanced Studies
Promotion of the social enterprise ecosystem	The Happiness Foundation
Development of a social value measurement system	Center for Social value Enhancement Studies

## Greenhouse Gas Emissions

	Unit	2018	2019	2020	Goal
Total GHG emissions	tCO <sub>2</sub> e	934,664	1,005,576	1,039,979	1,042,000
GHG intensity	tCO <sub>2</sub> e/KRW billion	79.78	88.1	88.5	88.7
Direct GHG emissions	tCO <sub>2</sub> e	7,603	6,604	6,133	6,600
Stationary combustion	tCO <sub>2</sub> e	5,555	4,606	4,065	4,400
Mobile combustion	tCO <sub>2</sub> e	2,048	1,998	2,068	2,000
Indirect GHG emissions	tCO <sub>2</sub> e	927,062	998,989	1,033,846	1,035,400
Electricity	tCO <sub>2</sub> e	936,961	998,899	1,033,575	1,035,000
Steam	tCO <sub>2</sub> e	101	90	271	400
Annual social GHG reduction by using T map <sup>1)</sup>	1,000tCO <sub>2</sub> e	778	977	1,084	

\* TCFD recommendation (Metrics and Targets): Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

<sup>1)</sup> Carried out a comparative verification with actual fuel consumption reduction by substituting for 25 pairs of experimental data that has similar result values as the average fuel reduction rate by shortest distance driving. The GHG emission factor per fuel consumption unit was applied to the calculated fuel reduction amount to determine the GHG reduction amount. The gasoline GHG emission factor was applied considering that most of the fuel of passenger cars that are subject to T map use is gasoline and that gasoline's GHG emission factor is conservative compared to diesel.

## Energy Consumption

	Unit	2018	2019	2020	Goal
Total energy consumption	TJ	19,204	20,664	21,371.0	21,420.0
Energy intensity	TJ/KRW billion	1.6	1.80	1.82	1.82
Direct energy consumption	TJ	131.2	112.7	103.7	110.0
Natural gas	TJ	76.4	60.5	53.0	55.0
Diesel	TJ	11.5	11.0	12.1	12.0
Kerosene	TJ	18.5	16.7	12.4	13.0
Jet fuel	TJ	1.9	1.5	5.0	8.0
Gasoline	TJ	22.5	21.6	19.8	20.0
LPG	TJ	0.4	1.4	1.5	2.0
Indirect energy consumption	TJ	19,072.8	20,569.6	21,267.3	21,310.0
Electricity	TJ	19,070	20,567.0	21,258.9	21,300.0
Steam	TJ	2.8	2.6	8.4	10.0
Total power consumption reduction	MWh	45,309	46,469	47,029	
Reduction from building management	MWh	2,723	3,883	4,632	
Reduction from natural air-conditioning system	MWh	39,857	39,587	39,587	
Electricity generated from renewable energy facilities at the office buildings <sup>2)</sup>	MWh	1	28	81	
Electricity generated from renewable energy facilities in remote areas <sup>3)</sup>	MWh	2,729	2,729	2,729	
Total consumption of renewable energy	MWh	2,730	2,757	2,810	

\* There may be differences in the total amount of GHG emissions and energy consumption above and the sum value by direct, indirect, and detailed energy source as a result of application of the government's standard on summing up after business site-level truncation.

\*\* Regarding the GHG emissions and energy consumption calculation standard, we complied with a methodology that is based on "Guidelines on Emissions Report and Certification of the GHG Emissions Trading Scheme". Refer to the Greenhouse Gas Emissions Assurance Report on P. 227.

\*\*\* TCFD recommendation (Metrics and Targets): Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

<sup>2)</sup> Actual generated amount of new & renewable energy facilities at some office buildings

<sup>3)</sup> Amount in the specifications of new & renewable energy production facilities installed in remote areas

### Indirect GHG emissions (Scope 3)

Category	Unit	2019	2020
Total indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	10,924,765	9,486,821
1. Purchased goods and services	tCO <sub>2</sub> e	2,875,881	2,645,868
2. Capital goods	tCO <sub>2</sub> e	1,878,075	1,183,439
3. Fuel and energy consumed	tCO <sub>2</sub> e	828	739
5. Wastes	tCO <sub>2</sub> e	641	600
6. Business trips	tCO <sub>2</sub> e	1,756	768
7. Commuting	tCO <sub>2</sub> e	17,485	9,369
8. Rental property	tCO <sub>2</sub> e	12,939	13,480
14. Merchants	tCO <sub>2</sub> e	70,384	74,271
15. Investment	tCO <sub>2</sub> e	6,066,775	5,558,286

\* TCFD recommendation (Metrics and Targets): Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

### Water Consumption

	Unit	2018	2019	2020	Goal
Volume of water consumed	m <sup>3</sup>	707,296	719,552	662,034	670,000
Waterworks	m <sup>3</sup>	655,204	668,513	630,297	640,000
Groundwater	m <sup>3</sup>	52,092	51,039	31,737	30,000
Water consumption intensity	m <sup>3</sup> /KRW billion	60.37	63.03	56.4	57.0

### Waste and Recycling

	Unit	2018	2019	2020	Goal
Total waste discharged	Tons	1,736	1,705	1,553	1,600
Domestic waste	Tons	575	532	512	500
Large-sized waste	Tons	136	177	219	180
Food waste	Tons	396	441	360	430
Designated waste	Tons	22	21	45	40
Recyclable waste	Tons	607	535	417	450
Waste discharge intensity	Tons/KRW billion	0.148	0.149	0.132	0.136
Recycling rate	%	35	30	27	28
Volume of waste handled	Tons	1,129	1,170	1,136	1,150

### Environmental Costs

	Unit	2018	2019	2020
Total environmental costs <sup>1)</sup>	KRW million	1,717	4,013	947
Energy saving and climate change response cost	KRW million	236	3,365	470
Waste disposal/recycling service	KRW million	163	165	161
Education/training cost	KRW million	34	34	34
Charges & taxes	KRW million	404	449	282
Others	KRW million	880	0	0

<sup>1)</sup> Excluding green procurement, GHG emission credits

### Purchase of GHG Emissions Credits

	Unit	2018	2019	2020
Annual cost for purchasing GHG emissions credits	KRW million	0	0	0

### Green Procurement Costs

	Unit	2018	2019	2020
Green procurement costs	KRW million	25,700	73,700	33,700



# Independent Assurance Report

## To: The Stakeholders of SK Telecom Co., Ltd.

### INTRODUCTION AND OBJECTIVES OF WORK

BSI Group Korea (hereinafter "the Assurer") was asked to verify SK Telecom's '2020 Integrated Annual Report (hereinafter "the Report")'. This assurance statement applies only to the relevant information contained in the scope of the assurance.

SK Telecom is solely responsible for all information and assertion contained in the report. The responsibility of the assurer is to provide independent assurance statement with expert opinions to SK Telecom's executives by applying the verification methodology and to provide this information to all stakeholders of SK Telecom.

### ASSURANCE STANDARDS AND LEVELS

This assurance was based on the AA1000AS v3 (2020) Assurance Standard and confirmed that the report is prepared in accordance with the Comprehensive Option of GRI Standards.

The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS.

### SCOPE OF ASSURANCE

The scope of assurance applied to this report is as follows;

- Based on the period from January 1st to December 31st, 2020 included in the report
- Appropriateness and consistency of processes and systems for data collection, analysis and review
- Major assertion included in the report such as sustainability management policies, strategies, objectives, business and performance
- Information related to material issues determined as a result of materiality assessment
- The following items were not included in this assurance
  - Financial information, SASB, UNDG, SDGs, TCFD included in the report appendix
  - Other related additional information such as the website presented in the report

### METHODOLOGY

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- To determine verification priorities, review of materiality issue analysis process and verification of the results;
- System review for sustainability strategy process and implementation;
- Review the evidence to support the material issues through interviews with senior managers with responsibility for them;
- Verification of data generation, collection and reporting for each performance index

### ASSURANCE OPINION

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in '2020 SK Telecom Integrated Annual Report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report was prepared according to the Comprehensive Option of the GRI Standards

The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

#### **AA1000 AP (2018)**

##### **Inclusivity: Stakeholder Engagement and Opinion**

SK Telecom has a stakeholder engagement process in which key stakeholders such as executives and employees, customers, suppliers, government, local communities, shareholders and investors participate. It was confirmed that key stakeholders' expectations and various opinions are collected and the drawn agenda is reflected in decision-making on sustainability management.

##### **Materiality: Identification and reporting of material sustainability topics**

SK Telecom conducted international standard analysis, industry issue analysis, advanced company benchmarking, media research, and stakeholder survey to derive economic, social, and environmental material reporting issues related to sustainability management, and determined priorities by measuring Potential issues and evaluating stakeholder interest, and reported a total of 13 material sustainability management topics.

##### **Responsiveness: Responding to material sustainability topics and related impacts**

SK Telecom established and implemented plans for each topic to appropriately respond to identified material topics in a way that reflects stakeholders' expectations, and detailed response activities and performance on material topics were disclosed in the Material Issue Management in the report.

##### **Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders**

SK Telecom implemented the process to identify and evaluate the impact on organizations and stakeholders related to material topics, and from a sustainability perspective, the impacts determined on material topics were disclosed in the report.

### KEY AREAS FOR ONGOING DEVELOPMENT

To the extent that the results of the verification are not affected, the following comments were made.

- If the internal verification process is implemented to manage the data quality and reliability disclosed in the report, it is expected that the reporting process will be continuously improved.
- SK Telecom has selected 13 major issues according to the materiality assessment process and is making efforts to faithfully include them in the report. In addition, designating and operating communication channels for each issue so that information related to major issues can be immediately shared through SK Telecom's various communication channels can help increase responsiveness.
- In the field of each report are expressed relative efforts trying to explain the positive aspects and further development. This will help to improve the balance of the report if the performance is poor relief and state the specific planning issues at the same time to solve it.

# Greenhouse Gas Emissions Assurance Statement

## STATEMENT OF INDEPENDENCE AND COMPETENCE

The assurer is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with SK Telecom. We have conducted this verification independently, and there has been no conflict of interest.

All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

## EVALUATION AGAINST GRI 'IN ACCORDANCE' CRITERIA

The assurer confirmed that this report was prepared in accordance with the GRI Standards Comprehensive Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by SK Telecom.

### [Universal Standards]

Organizational Profile (102-1 to 102-13)/ Strategy (102-14, 102-15)/ Ethics and Integrity (102-16, 102-17), Governance (102-18 to 102-39)/ Stakeholder Engagement (102-40 to 102-44)/ Reporting practice (102-45 to 102-56)/ Management Approach (103-1~3)

### [Topic-specific Standards]

- **Economic:** 201-1 to 4, 202-1 & 2, 203-1 & 2, 204-1, 205-1 to 3, 206-1, 207-1 to 4
- **Environmental:** 301-1 to 3, 302-1 to 5, 303-1 to 5, 307-1, 308-1 & 2
- **Social:** 401-1 to 3, 402-1, 403-1 to 10, 404-1 to 3, 405-1 & 2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 412-1 To 3, 413-1 & 2, 414-1 & 2, 416-1 & 2, 417-1 to 3, 418-1, 419-1

01 June 2021

K. S. Song / BSI Group Korea, Managing Director




## INTRODUCTION

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Telecom Co., Ltd. ("SK Telecom") to verify the SK Telecom's Greenhouse Gas Inventory Report for the calendar year 2020 ("the report") based upon a reasonable level of assurance. SK Telecom is responsible for the preparation of the GHG emissions and Energy consumption data on the basis set out within "the guidelines on the operation of GHG emission trading scheme (ETS) (Notification No. 2021-10 of Ministry of Environment)". Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

## SCOPE OF ASSURANCE

The GHG emissions and energy consumption data covered by our examination comprise Direct emissions (Scope 1 emissions) and Energy indirect emissions (Scope 2 emissions) from SK Telecom boundary of the report;

- GHG emissions under verification: GHG emissions from 2020
- Organizational boundary for reporting: SK Telecom Co., Ltd. (in Korea)

## VERIFICATION APPROACH

The verification has been conducted by DNV on February to March 2021 and performed in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No.2021-10, Korean Ministry of Environment) and the verification guideline for GHG ETS (Notification No. 2018-70, Korean Ministry of Environment). We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process;

- We have reviewed the GHG emissions and energy consumption report for the calendar year 2020
- We have reviewed and verified the process to generate, aggregate and report the emissions and energy data

## CONCLUSIONS

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions and energy consumption set out in SK Telecom's report are not fairly stated. The GHG emissions and energy consumption of SK Telecom for the year 2020 were confirmed as below;

Greenhouse Gas Emissions of SK Telecom Co., Ltd. for Yr 2020			(Unit: ton CO <sub>2</sub> equivalent.)
SK Telecom	Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Total emissions
Domestic (in Korea)	6,133	1,033,846	1,039,979

※ Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.

April 2021  
Seoul, Korea



Jang-Sub Lee  
Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (6 April 2021). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of SK TELECOM is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

# Water Consumption and Waste Generation Verification Statement

## INTRODUCTION

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Telecom Co., Ltd. ("SK Telecom") to verify the SK Telecom's Water Consumption and Waste Generation Inventory Report for the calendar year 2020 ("the report") based upon a limited level of assurance. SK Telecom is responsible for the preparation of the Water Consumption and Waste Generation data. Our responsibility in performing this work is to the management of SK Telecom only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement. The verification is based on the assumption that the data and information provided to DNV are complete, sufficient and true.

## SCOPE OF ASSURANCE

The water consumption and waste generation data covered by our examination comprise water consumption (waterworks, groundwater) and waste generation (domestic waste, large-sized waste, food waste, designated waste, recyclable waste) from SK Telecom boundary of the report;

- Organizational boundary for reporting: 28 office buildings of SK Telecom - SK T-Tower, Namsan Building, Knights Gym, Jaan Building, Future Management Institute, Seoul National Univ. Research Building, Bundang Building, Seongsu Building, Boramae Building, Suyu Building, Incheon Building, Dunsan Dunsan Building, Daejeon Busa Building, Wonju Building, Cheongju Building, Myeongnyun Building, Gwangju Songeong Building, Gwangju Usan Building, Jeonju Building, Jeju Building, Daegu Taepyeong Building, Daegu Bolli Building, Daegu Sincheon, Daegu Jungdong Building, Busan Datacenter, Busan Buam Building, Busan Allak Building, Pangyo Building

## VERIFICATION APPROACH

The verification has been conducted in May 2021 at SK Telecom's headquarters and major business sites. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion, concerning the completeness of the water consumption and waste generation. As part of the verification process;

- We have reviewed and verified the SK Telecom's water consumption and waste generation inventory report (Excel based)
- We have reviewed and verified the process to generate, aggregate and report the water consumption and waste generation data

## CONCLUSIONS

Based on the process and procedures conducted, there is no evidence that the water consumption and waste generation assertion is not materially correct and is not a fair representation of data and information. The water consumption and waste generation of SK Telecom for the year 2020 were confirmed as below;

Water Consumption of SK Telecom's 28 Office Buildings for Yr 2020 (Unit: m<sup>3</sup>)

SK Telecom	Waterworks	Groundwater	Total Water Consumption
28 office buildings	630,297	31,737	662,034

Waste Generation of SK Telecom's 28 Office Buildings for Yr 2020 (Unit: ton)

SK Telecom	Domestic waste	Large-sized waste	Food waste	Designated waste	Recyclable waste	Total Waste Generation
28 office buildings	512	219	360	45	417	1,553



4th June 2021  
Seoul, Korea

**Jang-Sub Lee**  
Country Manager  
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (4th June 2021). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the water consumption and waste generation is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

# Environmental Management System Certificate



**SK Telecom Co., Ltd.**

Registration Date 2020-10-25  
Expiration Date 2023-10-24  
Initial Registration Date 2020-09-25  
Revision Date 2020-10-20  
Certificate Number EAC - 07700

Head office : SK T-Tower, 65, Euljiro, Jung-gu, Seoul, Korea (Zip code : 04539)

Site : REFER TO 'APPENDIX'

**Korean Foundation for Quality certifies that The Environmental Management System of the above organization has been audited and has complied with the requirements of the following standard**

Standard

**ISO 14001:2015/KS I ISO 14001:2015**

Scope of certification

- TELECOMMUNICATION BUSINESS AND SERVICE
- DESIGN, CONSTRUCTION, MANAGEMENT AND MAINTENANCE OF TELECOMMUNICATION AND ELECTRICAL WORKS
- SOLUTION DEVELOPMENT AND SERVICE OPERATION
- ENERGY SAVING BUSINESS



KFQ has been accredited in respect of ISO 14001 covered by the KAB(Accreditation Certificate Number KAB-EC-01)

www.kfq.or.kr  
13F, Woolim Lion's Valley Bldg.B.168.Gasan digital 1-ro,Geumcheon-gu,Seoul.08507,Korea

*Ji Young Song*  
Ji Young Song  
President & CEO of KFQ

# CEO Human Rights Statement

Under the SKMS principle, "For the company's continuous development, the company creates value for customers, employees, and shareholders, fulfills a key role in social and economic development, and makes contributions to the happiness of mankind", SK Telecom aims to accomplish its business goals while fulfilling its social responsibilities and codes of conduct. The company's social responsibilities defines its human rights duties towards customers, employees, suppliers, partners and the community.

SK Telecom, as a company that practices a high level of awareness of global citizenship, respects the basic rights of all stakeholders that it encounters through products, services, contracts, purchases, and other business activities.

SK Telecom declares its support for the human rights principles stated in the UN Universal Declaration Human Rights and the UN Guiding Principles on Business and Human Rights: Ruggie Framework and pledges to fulfill its human rights responsibilities. SK Telecom will make every effort to prevent human rights abuses in course of business and also to avoid any abet or complicity in such abuses. Furthermore, the company will form transparent business structure to take measures and provide communication regarding responsible organization, operating structure, monitoring process and incidents under UNGC Human Rights / Labor Principles. SK Telecom will exercise due diligence to assure compliance with the policy within the whole supply chain as well as SK Telecom and its subsidiaries.

Specifically, SK Telecom, as an ICT provider, is aware of potential human rights risks in the following aspects and will do its utmost to prevent any problems that may occur:

## 1) Human Rights in Workplace

- Fundamental prevention of wrong labor practices, such as child and forced labor
- Prevention of discrimination and harassment by gender, ethnicity, religion, disability, race, and LGBTQI+<sup>1)</sup>
- Political, religious, and physical freedom, and respect for civil rights
- Other labor principles recommended by the International Labour Organization (ILO) and endorsed by the government: safety/health, working hours, etc.

1) Lesbian, gay, bisexual, transgender, queer, and intersex

## 2) Human Rights in Privacy Policy

- Demanding minimum personal information, recording and saving to comply with laws
- Notification and fiduciary duty prior to saving information, and ability to freely delete information
- Optimal security system for preventing leaks, including data encryption
- Limited and responsible use of personal information for service/marketing purposes

## 3) Human Rights in Access to Information & Freedom of Expression

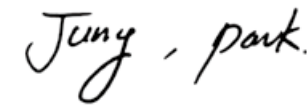
- Obligation to ensure equality of access to services regardless of class/disabilities
- Efforts to bridge the digital/smart divide: education, rate plans, and systems
- Responsibility for distributed information to protect minors, including children and adolescents
- Fundamental support for freedom of expression

## 4) Human Rights in Technology

- Refusal to use technologies, electronic devices and data for dual purposes
- Prevention of misuse of technologies, such as wiretapping, signal interference, or hacking

SK Telecom always keeps the channels of stakeholder communication open to prevent any human rights violations. If you have witnessed or experienced incidents of such violations, please inform the company through the appropriate channel. ([https://www.sktelecom.com/en/csr/procedure\\_csrSend.do](https://www.sktelecom.com/en/csr/procedure_csrSend.do))

SK Telecom is committed to fulfilling its social responsibilities and pursuing the happiness of stakeholders and pledges to take the lead in advocating and complying with the Human Rights principles.



**Jung Ho Park**  
President and CEO, SK Telecom

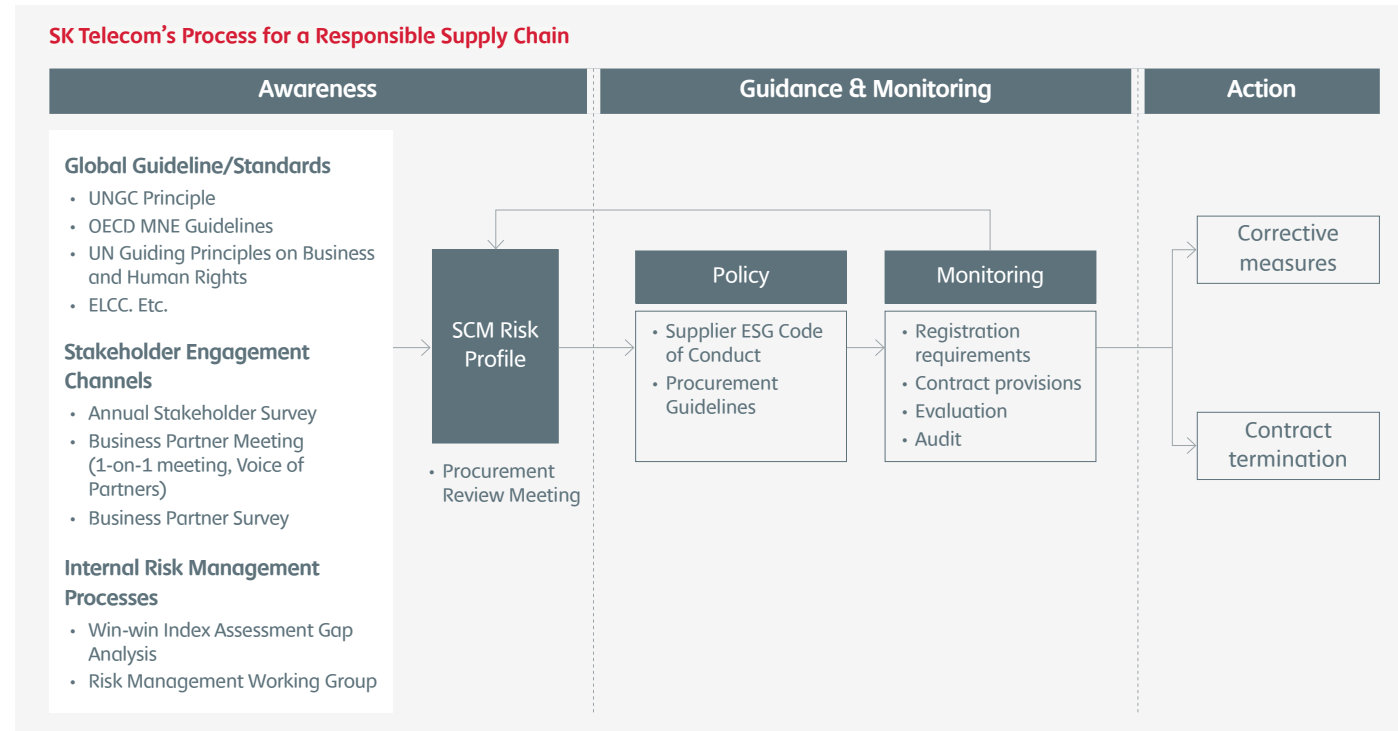
June 2021

# Supplier ESG Code of Conduct

## I. Scope

SK Telecom's Supplier ESG Code of Conduct covers all suppliers that have transactions with the company. It also requires suppliers to comply with SK Telecom's Business Principles and Practices in their transactions with sub-suppliers of SK Telecom.

## II. Processes for Responsible Supply Chain Management



## III. Policy

The phrase "Supplier" in this Supplier Policy shall, where relevant, also include all employees, contractors, subcontractors and agents of the Supplier. As one of the world's leading ICT companies, SK Telecom has adopted the Business Principles to obtain stakeholders' trust and ensure that its behavior meets the highest standards of integrity. Thus, SK Telecom requires all of its suppliers to adopt SK Telecom's Business Principles and Practices as their code of conduct. Under the Business Principles, suppliers shall faithfully abide by the code of conduct to pre-vent risks that may arise in finance, reputation and business concerning SK Telecom and the suppliers themselves, and shall realize a win-win partnership for mutual benefits. SK Telecom ensures that its suppliers will achieve sustainability by managing their economic, environmental and social performances based on the Supplier ESG Code of Conduct, and to apply such a policy to their subcontractors under the overarching goal of realizing the sustainable supply chain management as defined by SK Telecom.

**1. Anti-Bribery** Suppliers shall act with honesty, integrity, and fairness in their dealings both internally and externally. Suppliers shall not tolerate any form of bribery, including improper offers of payments or gifts to or from employees. Suppliers shall avoid any contracts that might lead to or suggest a conflict of interest between personal activities and business. Suppliers shall neither give nor accept hospitality or gifts that might appear to incur an obligation. Suppliers shall pursue mutually beneficial relationships and seek to promote the application of SK Telecom's Business Principles with relevant business partners and suppliers.

**2. Fair-Competition & Compliance** Suppliers shall actively participate in SK Telecom's endeavors for fair trade compliance and shall conduct business in compliance with fair trade laws and systems to ensure fair competition. Suppliers shall comply with the provisions of all applicable domestic and international laws and appropriate standards and principles.

**3. Privacy Protection** Suppliers shall protect the information they acquire in the course of their business operation related to SK Telecom, and shall not use such information for purposes other than for carrying out the Company's rightful business activities, unless otherwise allowed under the relevant laws. Suppliers shall not acquire or use SK Telecom's or other companies' information or trade confidential information in an illegal or improper manner.

**4. Financial Integrity** SK Telecom will provide the best possible return for its shareholders over the longer term. Suppliers support SK Telecom's efforts to pursue corporate value based on continuous innovation and healthy financial condition through transparent and efficient management.

**5. Public Policy** Suppliers recognize that SK Telecom maintains its political neutrality during its participation on public policies by avoiding contributions to any specific political parties, politicians or election campaigns.

**6. Customer Value** Suppliers recognize that SK Telecom shall maintain the quality of products and services that customers expect, and create an environment in which customers can use the products and services safely and beneficially, thereby using its best efforts to increase its customer value.

**7. Environment** Suppliers shall practice environment-friendly business management and abide by international standards and laws pertaining to environmental protection, and the internal regulations. Suppliers are also advised to establish an environment management system which includes an independent audit by a third party.

**8. Health & Safety** Suppliers shall institute systems, and provide regular education and training that promote employees' health and safety, and comply with relevant international standards, laws and internal regulations governing employee health and safety. Suppliers shall exert their utmost efforts to encourage their employees to present a spirit of challenge and creativity based on mutual trust and pride, and help employees pursue happiness together.

**9. Contribution to Community** Suppliers recognize that SK Telecom will actively participate in social contribution activities including volunteer activities and disaster relief as a responsible corporate citizen in the community, and cooperate through voluntary participation.

**10. Human Rights** Suppliers shall not engage in any form of discrimination against their stakeholders including but not limited to customers, employees and community members in all locations where they conduct business based on race, ethnicity, religion, gender, disability, etc. Suppliers, in all locations where they conduct business, shall recognize and protect basic human rights through various activities including but not limited to underage protection and customer privacy protection. Suppliers will also make the utmost efforts to maintain the optimum working conditions for their employees including work-hour compliance, a guarantee of minimum wages, prohibition on the use of child or forced labor, etc.

# GRI Standards Index

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>GENERAL DISCLOSURES</b>					
Organizational Profile	102-1	Name of the organization	-	SK Telecom Co., Ltd.	✓
	102-2	Activities, brands, products, and services	About Company > Business Model Value to Business > Creating Economic Value	p. 40-41 p. 58-59	✓
	102-3	Location of headquarters	-	SK T Tower, 65, Eulji-ro, Jung-gu, Seoul 04539, Korea	✓
	102-4	Location of operations	About Company > About SK Telecom	p. 29-31	✓
	102-5	Ownership and legal form	About Company > About SK Telecom Value to Governance > Corporate Governance > Shares and Ownership Structure, Annual General Meeting	p. 29-31 p. 84-85	✓
	102-6	Markets served	About Company > About SK Telecom About Company > Business Model	p. 29-31 p. 40-41	✓
	102-7	Scale of the organization	About Company > About SK Telecom Value to Business > Creating Economic Value Appendix > Management's Discussion & Analysis	p. 29-31 p. 58-59 p. 185-196	✓
	102-8	Information on employees and other workers	Value to Governance > Corporate Governance > Board of Directors Appendix > Social Data	p. 86-93 p. 216-220	✓
	102-9	Supply chain	Value to Governance > Supply Chain Management	p. 121-128	✓
	102-10	Significant changes to the organization and its supply chain	Value to Business > Creating Economic Value	p. 58-59	✓
	102-11	Precautionary Principle or approach	Value to Governance > Risk Management	p. 102-111	✓
	102-12	External initiatives	Appendix > SASB, TCFD, UNGC, UN SDGs Appendix > About This Report	p. 250-261 p. 262	✓
	102-13	Membership of associations	Appendix > SASB, TCFD, UNGC, UN SDGs Appendix > About This Report	p. 250-261 p. 262	✓
Strategy	102-14	Statement from senior decision-maker	About Company > CEO Message	p. 32-39	✓
	102-15	Key impacts, risks, and opportunities	Value to Business > Materiality Assessment Value to Governance > Risk Management	p. 60-67 p. 102-111	✓
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	Value to Governance > Ethical Management	p. 112-115	✓
	102-17	Mechanisms for advice and concerns about ethics	Value to Governance > Ethical Management, Compliance	p. 112-120	✓
Governance	102-18	Governance structure	Value to Governance > Corporate Governance > Board of Directors	p. 86-93	✓
	102-19	Delegating authority	Value to Governance > Corporate Governance > Board of Directors, Committees of the BOD, Corporate Citizenship Committee	p. 86-96	✓
	102-20	Executive-level responsibility for economic, environmental, and social topics	Value to Governance > Corporate Governance > Board of Directors, Committees of the BOD, Corporate Citizenship Committee	p. 86-96	✓

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>GENERAL DISCLOSURES</b>					
Governance	102-21	Consulting stakeholders on economic, environmental, and social topics	Value to Governance > Corporate Governance > Board of Directors, Committees of the BOD, Corporate Citizenship Committee	p. 86-96	✓
	102-22	Composition of the highest governance body and its committees	Value to Governance > Corporate Governance > Board of Directors, Committees of the BOD, Corporate Citizenship Committee	p. 86-96	✓
	102-23	Chair of the highest governance body	Value to Governance > Corporate Governance > Board of Directors	p. 86-93	✓
	102-24	Nominating and selecting the highest governance body	Value to Governance > Corporate Governance > Board of Directors	p. 86-93	✓
	102-25	Conflicts of interest	Value to Governance > Corporate Governance > Board of Directors	p. 86-93	✓
	102-26	Role of highest governance body in setting purpose, values, and strategy	Value to Governance > Corporate Governance > Board of Directors, Committees of the BOD, Corporate Citizenship Committee	p. 86-96	✓
	102-27	Collective knowledge of highest governance body	Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 93-96	✓
	102-28	Evaluating the highest governance body's performance	Value to Governance > Corporate Governance > Fair Performance Evaluation and Compensation	p. 98-101	✓
	102-29	Identifying and managing economic, environmental, and social impacts	Value to Business > Stakeholder Engagement Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 68-69 p. 95-96	✓
	102-30	Effectiveness of risk management processes	Value to Governance > Corporate Governance > Committees of the BOD	p. 93-96	✓
	102-31	Review of economic, environmental, and social topics	Value to Business > Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 60-61 p. 95-96	✓
	102-32	Highest governance body's role in sustainability reporting	Value to Business > Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 60-61 p. 95-96	✓
	102-33	Communicating critical concerns	Value to Business > Materiality Assessment > Materiality Assessment Process, Materiality Assessment Results Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 60-61 p. 95-96	✓
	102-34	Nature and total number of critical concerns	Value to Business > Stakeholder Engagement Value to Governance > Corporate Governance > Committees of the BOD, Corporate Citizenship Committee	p. 68-69 p. 95-96	✓
	102-35	Remuneration policies	Value to Governance > Corporate Governance > Fair Performance Evaluation and Compensation	p. 98-101	✓
	102-36	Process for determining remuneration	Value to Governance > Corporate Governance > Committees of the BOD	p. 93-96	✓
	102-37	Stakeholders' involvement in remuneration	Value to Governance > Corporate Governance > Fair Performance Evaluation and Compensation	p. 98-101	✓
	102-38	Annual total compensation ratio	Value to Governance > Corporate Governance > Fair Performance Evaluation and Compensation	p. 98-101	✓
	102-39	Percentage increase in annual total compensation ratio	Value to Governance > Corporate Governance > Fair Performance Evaluation and Compensation	p. 98-101	✓

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>GENERAL DISCLOSURES</b>					
Stakeholder Engagement	102-40	List of stakeholder groups	Value to Business > Stakeholder Engagement	p. 68-69	✓
	102-41	Collective bargaining agreements	Appendix > Social Data	p. 216-220	✓
	102-42	Identifying and selecting stakeholders	Value to Business > Stakeholder Engagement	p. 68-69	✓
	102-43	Approach to stakeholder engagement	Value to Business > Materiality Assessment > Materiality Assessment Process	p. 60	✓
	102-44	Key topics and concerns raised	Value to Business > Materiality Assessment > Materiality Assessment Results	p. 61	✓
Reporting Practice	102-45	Entities included in the consolidated financial statements	Business Report I. Company Overview > 1. Company Overview	p. 3-23 of Business Report	✓
	102-46	Defining report content and topic Boundaries	Value to Business > Materiality Assessment > Materiality Assessment Process	p. 60	✓
	102-47	List of material topics	Value to Business > Materiality Assessment > Materiality Assessment Results	p. 61	✓
	102-48	Restatements of information	Appendix > About This Report	p. 262	✓
	102-49	Changes in reporting	-	Any change requiring special attention is presented as a footnote in the report.	✓
	102-50	Reporting period	Appendix > About This Report	p. 262	✓
	102-51	Date of most recent report	Appendix > About This Report	p. 262	✓
	102-52	Reporting cycle	Appendix > About This Report	p. 262	✓
	102-53	Contact point for questions regarding the report	Imprint	p. 263	✓
	102-54	Claims of reporting in accordance with the GRI Standards	Appendix > About This Report	p. 262	✓
	102-55	GRI content index	Appendix > GRI Standards Index	p. 234-249	✓
	102-56	External assurance	Appendix > Independent Assurance Report	p. 224-226	✓
Management Approach	103-1	Explanation of the material topic and its Boundary	Value to Business > Materiality Assessment	p. 60-67	✓
	103-2	The management approach and its components	Value to Business > Materiality Assessment > Management of Material Issues Value to Business > Mid-to Long-term Strategy Value to Governance > Corporate Governance Value to Society > Social Contributions Appendix > Management's Discussion & Analysis Appendix > Social Value Measurement	p. 62-67 p. 71 p. 83-101 p. 164-173 p. 185-196 p. 212-215	✓
	103-3	Evaluation of the management approach	Value to Business > Materiality Assessment > Management of Material Issues	p. 62-67	✓
<b>ECONOMY</b>					
Economic Performance	201-1	Direct economic value generated and distributed	Appendix > Financial Statement	p. 175-184	✓
	201-2	Financial implications and other risks and opportunities due to climate change	Value to Governance > Risk Management > Risk & Opportunities Value to Environment > Environmental Management > Response to Climate Change Appendix > TCFD	p. 110-111 p. 140-144 p. 252-255	✓
	201-3	Defined benefit plan obligations and other retirement plans	-	All of SK Telecom's full-time employees are covered by SK Telecom's defined contribution/benefit plan obligations during the reporting period.	✓
	201-4	Financial assistance received from government	Value to Governance > Corporate Governance > Shares and Ownership Structure	p. 84	✓



Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>ECONOMY</b>					
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	[Confidentiality Constraints] SK Telecom provides entry level wages that are higher than the local minimum wage in all its regional operations, and does not discriminate on the basis of gender at all. No further details can be divulged due to the company policy on information disclosure.	√
	202-2	Proportion of senior management hired from the local community	Appendix > Social Data	p. 216-220	√
Indirect Economic	203-1	Infrastructure investments and services supported	Value to Society > Social Contributions Appendix > Management's Discussion & Analysis Appendix > Social Value Measurement	p. 164-173 p. 185-196 p. 212-215	√
	203-2	Significant indirect economic impacts	Appendix > Social Value Measurement	p. 212-215	√
Procurement Practices	204-1	Proportion of spending on local suppliers	Value to Governance > Supply Chain Management > Supply Chain Status	p. 121	√
Anti-corruption	205-1	Operations assessed for risks related to corruption	Value to Governance > Ethical Management > Ethical Management Process > Detection, Response	p. 114-115	√
	205-2	Communication and training about anti-corruption policies and procedures	Value to Governance > Ethical Management > Ethical Management Process > Prevention	p. 114	√
	205-3	Confirmed incidents of corruption and actions taken	Value to Governance > Ethical Management > Ethical Management Process > Detection, Response	p. 114-115	√
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Value to Governance > Ethical Management > Ethical Management Process > Detection, Response	p. 114-115	√
Tax	207-1	Approach to tax (whether the organization has a tax strategy; the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; and how the approach to tax is linked to the business and sustainable development strategies of the organization)	-		
	207-2	Tax governance, control, and risk management (mechanisms for reporting concerns about the organization's integrity in relation to tax, etc.)	-		
	207-3	Stakeholder engagement and management of concerns related to tax (engagement with tax authorities; public policy advocacy on tax; and collecting the views and concerns of stakeholders)	-		
	207-4	Country-by-country reporting (tax jurisdictions where the entities included in the organization's audited consolidated financial statements; tax jurisdiction ; and time period covered by the information reported)	-		
<b>ENVIRONMENT</b>					
Materials	301-1	Materials used by weight or volume	-	[N/A] Due to the nature of our industry, the volume/weight of the raw materials manufactured, processed or used by SK Telecom is negligible.	√
	301-2	Recycled input materials used	-		√
	301-3	Reclaimed products and their packaging materials	-		√
Energy	302-1	Energy consumption within the organization	Appendix > Environmental Data	p. 221-223	√
	302-2	Energy consumption outside of the organization	Appendix > Environmental Data	p. 221-223	√
	302-3	Energy intensity	Appendix > Environmental Data	p. 221-223	√
	302-4	Reduction of energy consumption	Appendix > Environmental Data	p. 221-223	√

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>ENVIRONMENT</b>					
Energy	302-5	Reductions in energy requirements of products and services	-	[N/A] There was no requirement for additional energy consumption for SK Telecom's product usage during the reporting period, and the reduction of energy consumption that the company's services have indirectly contributed to was included in p. 221.	✓
	303-1	Water withdrawal by source	-	[Information Unavailable] Due to the nature of our business, we do not have any significant impact on the water supply, so we do not separately manage the volume of our water withdrawal/discharge, although we do track our water consumption and strive to minimize it.	✓
Water	303-2	Water sources significantly affected by withdrawal of water	-	[Information Unavailable] Due to the nature of our business, we do not have any significant impact on the water supply, so we do not separately manage the volume of our water withdrawal/discharge, although we do track our water consumption and strive to minimize it.	✓
	303-3	Water recycled and reused	Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p. 221-223 p. 228	✓
	303-4	Water discharge	-	[Information Unavailable] Due to the nature of our business, we do not have any significant impact on the water supply, so we do not separately manage the volume of our water withdrawal/discharge, although we do track our water consumption and strive to minimize it.	✓
	303-5	Water consumption	Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p. 221-223 p. 228	✓
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	SK Telecom is unaware of any significant impacts on biodiversity in protected areas resulting directly from its activities during the reporting period.	
	304-2	Significant impacts of activities, products, and services on biodiversity	-		
	304-3	Habitats protected or restored	-		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-		
Emissions	305-1	Direct (Scope 1) GHG emissions	Appendix > Environmental Data Appendix > Greenhouse Gas Emissions Assurance Statement	p. 221-223 p. 227	✓
	305-2	Energy indirect (Scope 2) GHG emissions	Appendix > Environmental Data Appendix > Greenhouse Gas Emissions Assurance Statement	p. 221-223 p. 227	✓
	305-3	Other indirect (Scope 3) GHG emissions	Value to Environment > Environmental Management > Response to Climate Change > Indirect GHG emissions (Scope 3) Appendix > Environmental Data	p. 143 p. 221-223	✓
	305-4	GHG emissions intensity	Appendix > Environmental Data	p. 221-223	✓
	305-5	Reduction of GHG emissions	Value to Environment > Environmental Management > Response to Climate Change Appendix > Environmental Data	p. 140-144 p. 221-223	✓

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>ENVIRONMENT</b>					
Emissions	305-6	Emissions of ozone-depleting substances (ODS)	-	[N/A] Due to the nature of our industry, SK Telecom's emissions of ozone-depleting substances (ODS) are negligible.	✓
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	[N/A] Due to the nature of our industry, SK Telecom's emissions of nitrogen oxides and sulfur oxides are negligible.	✓
Effluents and Waste	306-1	Water discharge by quality and destination	Value to Environment > Environmental Management > Reducing Resource Consumption	p. 145-146	✓
	306-2	Waste by type and disposal method	Value to Environment > Environmental Management > Reducing Resource Consumption	p. 145-146	✓
	306-3	Significant spills	Value to Environment > Environmental Management > Reducing Resource Consumption Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p. 145-146 p. 221-223 p. 228	✓
	306-4	Transport of hazardous waste	Value to Environment > Environmental Management > Reducing Resource Consumption Appendix > Environmental Data Appendix > Water Consumption and Waste Generation Verification Statement	p. 145-146 p. 221-223 p. 228	✓
	306-5	Water bodies affected by water discharges and/or runoff	Value to Environment > Environmental Management > Reducing Resource Consumption Appendix > Environmental Data	p. 145-146 p. 221-223	✓
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	During the reporting period, there were zero violations of environmental laws and regulations, and no fines or penalties were imposed on the company.	✓
Supplier Environmental assessment	308-1	New suppliers that were screened using environmental criteria	Value to Governance > Supply Chain Management > Supply Chain Status	p. 121	✓
	308-2	Negative environmental impacts in the supply chain and actions taken	Value to Governance > Supply Chain Management > Corrective measures and incentives	p. 125	✓
<b>SOCIAL</b>					
Employment	401-1	New employee hires and employee turnover	Appendix > Social Data > Total Employment, Recruitment and Turnover	p. 216-217	✓
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix > Social Data >	p. 216-220	✓
	401-3	Parental leave	Appendix > Social Data > Maternity/Paternity Leave and Parental Leave	p. 218	✓
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	-	SK Telecom discloses operational changes immediately through the labor union website (www.skunion.com) and the labor-management council meetings.	✓
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	Value to Society > Occupational Safety and Health	p. 159-163	✓
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Value to Society > Occupational Safety and Health > Safety Management	p. 161	✓
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Value to Society > Occupational Safety and Health > Employee Healthcare	p. 162	✓
	403-4	Health and safety topics covered in formal agreements with trade unions	Value to Society > Occupational Safety and Health	p. 159-163	✓
	403-5	Worker training on occupational health and safety	Value to Society > Occupational Safety and Health	p. 159-163	✓

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>SOCIAL</b>					
<b>Occupational Health and Safety</b>	403-6	Promotion of worker health	Value to Society > Occupational Safety and Health > Employee Healthcare	p. 162	✓
	403-7	Prevention and mitigation of occupational health and impacts directly linked by business relationships	Value to Society > Occupational Safety and Health Appendix > Social Data	p. 159-163 p. 216-220	✓
	403-8	Workers covered by an occupational health and safety management system	Appendix > Social Data	p. 216-220	✓
	403-9	Work-related injuries	Value to Society > Occupational Safety and Health > Safety Management	p. 161	✓
	403-10	Work-related ill health	-	During the reporting period, no cases of work related diseases were identified in SK Telecom's premises.	✓
<b>Training and Education</b>	404-1	Average hours of training per year per employee	Value to Society > Employees > Human Resources Development	p. 149	✓
	404-2	Programs for upgrading employee skills and transition assistance programs	Value to Society > Employees > Health, Safety, Wellbeing Appendix > Social Data > Labor-Management Relations	p. 151 p. 219	✓
	404-3	Percentage of employees receiving regular performance and career development reviews	Value to Society > Employees	p. 149-153	✓
<b>Environmental Compliance</b>	405-1	Diversity of governance bodies and employees	Appendix > Social Data	p. 216-220	✓
	405-2	Ratio of basic salary and remuneration of women to men	Appendix > Social Data	p. 216-220	✓
<b>Non-Discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	-	There was no discrimination reported during the reporting period.	✓
<b>Freedom of Association and Collective Bargaining</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	As of the end of the reporting period, SK Telecom's union membership rate is 89.0%. There are no operational sites that have been found to possibly violate freedom of association and collective bargaining seriously during the reporting period.	✓
<b>Child Labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	Value to Society > Human Rights Management	p. 154-158	✓
<b>Forced or Compulsory Labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Value to Society > Human Rights Management	p. 154-158	✓
<b>Security Practices</b>	410-1	Security personnel trained in human rights policies or procedures	-	[Information Unavailable] SK Telecom does not currently track the percentage of its security personnel who have received human rights training.	✓
<b>Rights of Indigenous Peoples</b>	411-1	Incidents of violations involving rights of indigenous peoples	Value to Society > Human Rights Management > Potential Human Rights Issues	p. 158	✓
	412-1	Operations that have been subject to human rights reviews or impact assessments	Value to Society > Human Rights Management	p. 154-158	✓
<b>Human Rights Assessment</b>	412-2	Employee training on human rights policies or procedures	Value to Governance > Ethical Management > Ethical Management Process > Status of Employee Ethical Management Education	p. 114	✓
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	[Information Unavailable] SK Telecom is currently unaware of contracts that include human rights clauses or that undergo a human rights screening process.	✓
<b>Local Communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs	Value to Society > Social Contributions	p. 164-173	✓
	413-2	Operations with significant actual and potential negative impacts on local communities	-	SK Telecom tracks any positive/negative impacts it has on its local communities by measuring social performance at the group level. During the reporting period, no significant actual or potential negative impacts on the company's local communities were detected.	✓

Topic	GRI Standards	Description	Location	Cross Reference / Direct Answer / Omission	External Assurance
<b>SOCIAL</b>					
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Value to Governance > Supply Chain Management > Selection and Evaluation of Sustainable Supply Chain	p. 122-125	✓
	414-2	Negative social impacts in the supply chain and actions taken	Value to Governance > Supply Chain Management > Selection and Evaluation of Sustainable Supply Chain	p. 122-125	✓
Public Policy	415-1	Political contributions	Value to Governance > Compliance > Transparent Participation in Public Policy and Payment of Association Dues	p. 120	✓
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	[Information Unavailable] Although we do not conduct any assessments of the impact of our products and services on public health and safety, we manage the health and safety impact of our products and services on our customers based on the results of our groupwide social performance.	✓
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	SK Telecom manages the impacts of its products and services on public health and safety based on the groupwide measurement of social performance. During the reporting period, we recorded no incidents of non-compliance with the regulations concerning the impacts of our products and services on public health and safety.	✓
Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	[Information Unavailable] SK Telecom is unaware of the percentage of its products and services that are subject to information and labeling requirements. However, SK Telecom manages the status of provision of appropriate information on its products and services to its customers through the measurement of our groupwide social performance.	✓
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	During the reporting period, SK Telecom recorded no cases of non-compliance with the laws on product/service information and labelling.	✓
	417-3	Incidents of non-compliance concerning marketing communications	-	During the reporting period, SK Telecom recorded no cases of non-compliance with the regulations and/or voluntary codes concerning marketing communications, promotion and sponsorship.	✓
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Value to Governance > Cyber Security > Information Security Management System Value to Society > Human Rights Management > Personal Information Protection	p. 131 p. 157	✓
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	SK Telecom has not paid any penalties due to a fair trade-related violation during the reporting period.	✓

SK Telecom understands the importance of corporate sustainability and impact on stakeholders, and strives to have management indexes in various areas satisfy international sustainability standards, including the environment, information protection, corporate ethics, circular economy, and risk management. In addition, to enable each stakeholder to precisely understand our sustainability-related activities, we aim to manage each item's qualitative and quantitative indexes and to thoroughly disclose them according to the SASB recommendations. SASB measurement indexes are disclosed after reviews and deliberations by the BOD and management. Regarding indexes that do not satisfy SASB standards, we will establish goals and make continued improvements through additional reviews.

Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Wireless subscribers	Quantitative	Persons (No. of subscribers)	TC-TL-000.A	• A total of 31.4 million wireless subscribers	p. 185-196
Wireline subscribers	Quantitative	Persons (No. of subscribers)	TC-TL-000.B	• About 3.8 million including SK Broadband and SK telink VoIP service subscribers	p. 185-196
Broadband subscribers	Quantitative	Persons (No. of subscribers)	TC-TL-000.C	• About 6.5 million broadband Internet subscribers and 8.6 million paying TV subscribers	p. 185-196
Network traffic and proportions of mobile communication networks and fixed networks	Quantitative	Petabytes, %	TC-TL-000.D	• SKT held about 129% of the annual wireless network capacity in 2020 • Annual data traffic processed in 2020: 3,391,192 (TB)	p. 136

**SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS**

Topic	Accounting Metric	Category	Unit	Code	SK Telecom's Status	Cross Reference / Direct Answer
Environmental Footprint of Operations	(1) Total consumed energy, (2) percentage of grid electricity, (3) percentage of renewable energy	Quantitative	GJ / %	TC-TL-130a.1	• Total energy consumption 21,371,000GJ	p. 221
Data Privacy	Ads, policies and practices relating to the retention of customers' personal information	Discussion and Analysis	n/a	TC-TL-220a.1	• 4,682 people completed training on personal information protection in 2020 (a 95% completion ratio). • Out of 2,304 sampling diagnoses of the level of customer information protection in the distribution channel, 108 improvements and/or mitigations were proposed and completed	p. 129-132 p. 157
	Number of customers whose customer information is collected for secondary purpose	Quantitative	Persons (No. of customers)	TC-TL-220a.2	• A total of 27,037,857 (Subscribers who consented to receive information/ads: 17,274,999; Refused consent: 9,762,858)	p. 131
	Amount of legal and regulatory fines associated with customer privacy	Quantitative	KRW	TC-TL-220a.3	• n/a	Refer to p. 474-478 of Business Report
	(1) Number of legal punishments related to customer information (2) number of customers whose information was requested by government or law enforcement agencies percentage resulting in disclosure (3) percentage of disclosures	Quantitative	Cases / %	TC-TL-220a.4	• 298,818 communications data requests from government agencies • 49,776 communications verification data requests from government agencies	p. 132
Data Security	(1) Number of data security breaches (2) percentage of breaches of personally identifiable information (PII) security (3) number of customers who suffered from such breaches	Quantitative	Cases / %	TC-TL-230a.1	• n/a	Refer to p. 474-478 of Business Report
	Management approach to identifying data security risks including security risk related to utilization of third parties' information security risk	Discussion and Analysis	n/a	TC-TL-230a.2	• SKT's Personal Information Handling Policy is published on the website in accordance with the Personal Information Protection Act. (Customers' personal information is collected only upon obtaining the subscriber's prior consent (opt-in), and the information is used only within the scope of the stated purpose; personal information can only be supplied to any third party after obtaining the customer's consent)	p. 131-132
Product End-of-Life Management	(1) Materials recycled through take-back programs (2) percentage of recycled materials (3) recycling rate (4) landfill rate	Quantitative	Tons and percentage by weight	TC-TL-440a.1	• Recycling rate: 27% • Device recycling rate: 3.23% (230,000 units out of 7.13 million units sold)	p. 145-146
Fair Competition	Financial damage such as fines caused by violations of fair trade-related acts	Quantitative	KRW	TC-TL-520a.1	• SKT incurred no penalties for unfair competition	
	(1) Contents owned by company and commercially related contents (2) average download speed of unrelated contents	Quantitative	Mbps	TC-TL-520a.2	• SK Telecom does not disclose the download speed by content types (contents owned by the company, commercial contents, contents not commercially related). However, there is no difference in the download speed between diverse contents.	p. 136-137
	Explanations about risks and opportunities related to net neutrality, paid peering, and zero rating	Discussion and Analysis	n/a	TC-TL-520a.3	• SK Telecom complies with the Guidelines on Network Neutrality and Internet Traffic Management established by the Ministry of Science and ICT.	
Managing Systemic Risks from Technology Disruptions	(1) Telecommunication interruption frequency and average interruption duration per customer	Quantitative	Frequency per customer, hours per customer	TC-TL-550a.1	• SK Telecom experienced no major communication failures in 2020 following the establishment of an emergency recovery system for network failures.	p. 136
Technology Disruption	System for normal service operation/provision against service interruptions and other similar situations	Discussion and Analysis	n/a	TC-TL-550a.2	• SK Telecom has established a network failure and emergency recovery system to minimize network failures and the service impacts caused by such failures. • SK Telecom operates an integrated risk management system in order to preemptively respond to and manages risks related to business, employees, customer value, business partners, governance, and climate change.	p. 136 p. 102-111

\* TCFD: Task Force on Climate-related Financial Disclosures

To systematically respond to climate change, SK Telecom complies with relevant regulations, executes activities that enhance energy efficiency, and sets carbon reduction goals. We also recognize that climate change risks may potentially impact financial indexes, and aim to accurately disclose, in accordance with TCFD recommendations, such climate change-related factors as governance, response strategies, risk management, goals, and execution rate, so that major stakeholders can have an accurate understanding of our climate change-related activities.

To this end, SK Telecom periodically monitors climate change risks and opportunities, with the ESG Committee performing central roles and under management by the ESG Innovation Group. We review climate change risks and opportunities in multiple areas, in consideration of five aspects, which are the 'regulatory aspect, technological aspect, market aspect, reputation aspect, and physical environment'. The climate change risks and opportunities that are identified through this process and our response plan are systematically disclosed in accordance with TCFD standards after reviews and approval from the BOD and management. For areas that require improvement, we will set goals and make continued improvements through additional reviews.

Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping
Governance	a) Describe the board's oversight of climate-related risks and opportunities	The BOD's oversight of climate-related risks and opportunities	The ESG Committee under SK Telecom's BOD is the company's highest decision-making authority where the response to climate change is concerned, and makes decisions on key issues at least once per year.	Value to Environment > Environmental Management	p. 140-142	C1.1a
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Management's role in assessing and managing climate-related risks and opportunities	All identified and assessed climate change risks and opportunities are reviewed by the CFO, who makes decisions on non-material issues while reporting critical issues to the CEO for further decision making.	Value to Environment > Environmental Management	p. 140-142	C1.2a
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	SK Telecom sets and manages the short term as 0-1 year, the medium term as 1 to 10 years, and the long term as more than 10 years. When evaluating climate change risks and opportunities, we analyze their business and financial impacts in the short, medium, and long term.	Value to Environment > Environmental Management	p. 140-142	C2.1a, C2.2, C2.3a, C2.4a
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Impact of climate-related risks and opportunities on the organization's businesses and strategy	When evaluating climate change risks and opportunities, SK Telecom analyzes their impact on its business in the following four aspects: products and services; supply chain and value chain; R&D investment; and business sites.	Appendix > Social Value Measurement	p. 212-214	C3.1d
				Value to Environment > Environmental Management	p. 140-142	C3.1d
				Value to Governance > Supply Chain Management	p. 121-125	C3.1d
				Appendix > Social Value Measurement	p. 212-214	C3.1e
Impact of climate-related risks and opportunities on the organization's financial planning	When evaluating climate change risks and opportunities, SK Telecom also analyzes their financial impact in terms of the "income statement and balance sheet", considering the income and expense aspects in the former as opposed to "assets and liabilities" and "capital and capital raising" in the latter.	Value to Environment > Environmental Management	p. 140-142	C3.1e		
		Appendix > Environmental Data	p. 221-222	C3.1e		
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Flexibility of business strategy taking into consideration climate-related scenarios	As a result of its analysis of the potential GHG reduction target scenarios based on RCP, IEA 1.5DS, and NDC, SK Telecom joined SBTi in 2020 and set reduction targets based on the methodology and guidelines provided by SBTi, with the aim of achieving net-zero by 2050.	Value to Environment > Environmental Management	p. 140-142	C3.1b	

Category	TCFD Recommendation	Description	Response Activities	Location	Cross Reference / Direct Answer	CDP Mapping		
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Identifying and assessing climate-related risks	SK Telecom's ESG Innovation Group identifies and evaluates climate change-related risks, based on the company's risk management process, by considering the following five aspects: regulatory; technical; market; reputation; and physical environment.	Value to Governance > Risk Management	p. 102-106	C2.2		
		Materiality assessment process for the identified climate-related risks	SK Telecom determines the level of risk for each of the identified climate change risks through a materiality assessment process.	Value to Environment > Environmental Management	p. 140-142	C2.2		
	b) Describe the organization's processes for managing climate-related risks	Processes for managing climate-related risks	Processes for managing climate-related risks	SK Telecom regularly monitors climate change risks through the ESG Innovation Group which, along with the related departments, manages the identified risks according to the response strategy after obtaining the approval of the corporate management and the BOD. Solutions are found through communication when supply chain cooperation is needed.	Value to Business > Materiality Assessment	p. 60-67	C2.2	
					Value to Environment > Environmental Management	p. 140-142	C2.2	
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	SK Telecom's companywide risk management scheme covers risks related to climate change as it comprises the company's plans to respond to various aspects of climate change.	Value to Environment > Environmental Management	p. 140-142	C2.2, C2.2a
						Value to Governance > Risk Management	p. 102-106	C2.2
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	In order to evaluate its climate change-related risks and opportunities, SK Telecom considers both business impacts (products and services, supply chain and value chain, R&D investment, business operations) and financial impacts (income and expenses in the income statement; assets and liabilities, and capital and capital raising in the balance sheet).	Value to Environment > Environmental Management	p. 140-142	C2.2		
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Scope 1 and Scope 2 GHG emissions can be checked every three years. Scope 3 GHG emissions can be checked for each of the 15 categories.	Value to Environment > Environmental Management	p. 142-143	C6.5		
				Appendix > Environmental Data	p. 221-222	C5.1, C6.1, C6.3, C6.5		
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Greenhouse gas reduction target	Greenhouse gas reduction target	SK Telecom joined SBTi in 2020 and set its reduction targets based on the methodology and guidelines provided by SBTi, with the aim of achieving net-zero by 2050.	Value to Environment > Environmental Management	p. 139-140	C4.1a	
Greenhouse gas reduction performance (reduction of electricity consumption)					Since more than 99% of its energy comes from electricity, SK Telecom discloses its performance in reducing its consumption of electricity every year.	Appendix > Environmental Data	p. 221-222	C4.3a, C4.3b



# UN Global Compact (UNGC)

The United Nations requests Corporates, by supporting the 10 principles of the United Nations Global Compact (UNGC), advocates the 10 universal principles including those related to human rights, the environment, labor and anti-corruption, and support for a wide range of the UN's development plans including the Sustainable Development Goals (SDGs). SK Telecom joined the UN Global Compact (UNGC), a UN organization that collaborates with businesses, in 2007. As a founding member of UNGC Korea, a local association of UNGC, SK Telecom not only adheres to the 10 principles but also broadly supports the UN's development plans such as the SDGs. In April 2013, SK Telecom publicly declared its support for the Universal Declaration of Human Rights and the human rights principles in the UN Guiding Principles on Business and Human Rights: Ruggie Framework, and SK Telecom's CEO affirmed that the company would fulfill its responsibility related to respecting human rights. By complying with and supporting the UNGC principles, SK Telecom will undertake a variety of activities to solve domestic and international social issues and to spread global CSR trends in the future as well.

## UNGC Activities

Associations/Initiatives	Joining date	Purpose/Remarks
UNGC Headquarters	May 2007	Involvement in the global CSR initiative activities has helped advance the internal CSR system and gain a better reputation for CSR both at home and abroad.
UNGC Korea	Sept. 2007	
UNGC LEAD	Jan. 2011	


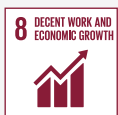


## UNGC Advanced Criteria



		Location	Cross Reference / Direct Answer
<b>Fulfillment of the UNGC's Ten Principles in Strategy and Operation</b>	Criterion 1	Commitment to integrate the UNGC 10 principles into business function and units	Appendix > About This Report
	Criterion 2	Practicing the UNGC 10 principles across the value chain	Value to Governance > Ethical Management
	Criterion 3	Human rights commitment, strategy, and policy	Value to Society > Human Rights Management Appendix > CEO Human Rights Statement
<b>Definite Human Rights Policy and Procedure</b>	Criterion 4	Effective management system to incorporate the human rights principles into business and management procedures	Value to Society > Human Rights Management
	Criterion 5	Monitoring and evaluation mechanism to ensure compliance with the human right principles in business and management procedures	Value to Society > Human Rights Management
<b>Definite Labor Policy and Procedure</b>	Criterion 6	Labor commitment, strategy, and policy	Value to Society > Human Rights Management Appendix > Social Data
	Criterion 7	Effective management system to incorporate the labor principles into business and management procedures	Appendix > Social Data
	Criterion 8	Monitoring and evaluation mechanism to ensure compliance with the labor principles in business and management procedures	Value to Business > Stakeholder Engagement

		Location	Cross Reference / Direct Answer
<b>Definite Environmental Policy and Procedure</b>	Criterion 9	Environment commitment, strategy, and policy	Value to Environment > Environmental Management Appendix > Social Value Measurement Appendix > Environmental Data
	Criterion 10	Effective management system to incorporate the environmental principles into business and management procedures	Value to Environment > Environmental Management Appendix > Social Value Measurement Appendix > Environmental Data
	Criterion 11	Monitoring and evaluation mechanism to ensure compliance with the environmental principles in business and management procedures	Value to Environment > Environmental Management Appendix > Social Value Measurement Appendix > Environmental Data
<b>Definite Ethics and Compliance Policy and Procedure</b>	Criterion 12	Anti-corruption commitment, strategy, and policy	Value to Governance > Ethical Management
	Criterion 13	Effective management system to incorporate the anti-corruption principles into business and management procedures	Value to Governance > Ethical Management
	Criterion 14	Monitoring and evaluation mechanism to ensure compliance with the anti-corruption principles in business and management procedures	Value to Governance > Ethical Management
	Criterion 15	Contribution through key businesses to help achieve the UN objectives and goals	Value to Business > Pursuing Sustainable Growth through Openness and Collaboration Appendix > UN Sustainable Development (SDGs)
<b>Activities to Support Broader and More Comprehensive UN Objectives and Goals</b>	Criterion 16	Strategic community investment and charity work to help achieve the UN objectives and goals	Value to Society > Social Contributions Appendix > Social Data Appendix > UN Sustainable Development Goals (SDGs)
	Criterion 17	Public engagement and communication to help achieve the UN objectives and goals	Appendix > UN Sustainable Development Goals (SDGs)
	Criterion 18	Partnerships and external initiatives to help achieve the UN objectives and goals	Appendix > About This Report
<b>Governance and Leadership for Sustainability</b>	Criterion 19	CEO's sustainability commitment and leadership	About Company > CEO Message
	Criterion 20	Board of Directors' selection and oversight of sustainability agenda items	Value to Governance > Corporate Governance > Committees of the BOD > Corporate Citizenship Committee
	Criterion 21	Stakeholder engagement	Value to Business > Stakeholder Engagement

# UN Sustainable Development Goals (SDGs)

In September 2015, 193 UN member nations and leaders of countries established 17 goals and 169 detailed tasks in economic, environmental, and social areas for the sustainable development of humankind. SK Telecom supports the UN Sustainable Development Goals (SDGs), and set seven SDGs as key areas in connection with the Double Bottom Line, which is our future value creation strategy. By executing and implementing goals that consider financial impact as well as social impact, we will achieve sustainable value creation.

Goal	SK Telecom's Contribution	DBL (Double Bottom Line)	Mid- to Long-term Goals		Goal
			Social Impact	Business Impact	
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p><b>Ensure healthy lives and promote well-being for all at all ages</b></p> <p>3.7 Ensure universal access to health services</p>	<ul style="list-style-type: none"> <li>Offered an AI service that manages and provides information to people self-quarantined at home due to COVID-19 (NUGU Care Call)</li> <li>Developed an AI speaker that provides medication and hospital alerts to seniors</li> <li>Established "Invites Healthcare", a comprehensive health monitoring and management service provider for individuals, including the "Type 2 Diabetes Management App", which is a diabetes management platform</li> <li>Provided customized, subscription-type health management services based on gene information (Care8 DNA)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce national organization personnel and social costs by providing a simple medical examination service by interview through AI</li> <li>Improve the health blind spot by using a highly accessible method for seniors</li> <li>Guarantee a healthy life to members of society by providing individual customer-tailored health management services</li> <li>Enable the development of technologies using DNA and medical data through SK Telecom's infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Expand AI care business EV, and expand and reproduce SV by developing Happy Connect, a social enterprise that runs field services</li> <li>Reflect digital medicine and enter the relevant market by advancing the unique dementia prevention service (Brain Tok Tok) of AI care</li> </ul>	<ul style="list-style-type: none"> <li>Expand a universal social safety net for healthy old age, such as reducing loneliness and preventing isolated deaths for vulnerable groups, including seniors living alone in the contactless era</li> </ul>
 <p><b>4 QUALITY EDUCATION</b></p>	<p><b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p> <p>4.4 Promote ICT skills for senior citizens and teenagers</p> <p>4.5 Provide equal education to marginalized groups such as individuals with disabilities and indigenous people</p>	<ul style="list-style-type: none"> <li>Strengthened the ICT competencies of youths with disabilities and provided relevant career exploration opportunities (Smart Farm)</li> <li>Conducted the "with" campaign, a customized student-visiting education for elementary school students not receiving care-education</li> <li>Developed an interactive remote class service using "MeetUs"</li> <li>Provided the SKT AI curriculum to college students that consists of AI experts' practical knowledge and know-how</li> </ul>	<ul style="list-style-type: none"> <li>Increase the information competencies of the digitally vulnerable group, including seniors and the disabled</li> <li>Improve youths' learning rights by improving the education environment and contribute to vitalizing the video education content market</li> <li>Generate social/national value by strengthening AI competencies and nurturing professional talent through professional AI education</li> </ul>	<ul style="list-style-type: none"> <li>Expand the market by establishing an environment where all citizens, ranging from elementary school students to seniors, can enjoy digital education</li> <li>Expand positive experiences by providing experiential and education opportunities regarding SK products/services to customers (potential customers) → Contribute to revenue generation</li> </ul>	<ul style="list-style-type: none"> <li>Continue to increase the number of participants of the digital competency-building program for the vulnerable group, including seniors and the disabled                             <ul style="list-style-type: none"> <li>Goal for 2021: 100 thousand persons</li> <li>Goal for 2021-2025: cumulative total of 500 thousand persons</li> </ul> </li> </ul>
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p>8.3 Promote creative and innovative policies for job creation and growth of SMEs</p>	<ul style="list-style-type: none"> <li>Provided non-face-to-face job fair support for partners' talent-hiring and nurturing, as well as contactless solutions and the Win-Win Growth Academy's jobs and ICT online education</li> <li>Hired hearing-impaired drivers for the "Quiet M" taxi service</li> <li>Carried out small business win-win alliance marketing through "Happy Credit" and "Hope Handcart Program"</li> <li>Supported outstanding ICT-related startups, including 5G and AI, that solve social issues using technology (IMPACTUPS)</li> </ul>	<ul style="list-style-type: none"> <li>Build a win-win growth system through partner infrastructure and technology support</li> <li>Create quality jobs for the underprivileged, including persons with disability</li> <li>Support small businesses and contribute to development of the local community</li> <li>Provide an infrastructure, such as education and technology, to nurture social enterprise startups</li> </ul>	<ul style="list-style-type: none"> <li>Gain stakeholder support for SKT ICT's goodhearted influence, such as Quiet M and Good Shuttle, and enhance brand reputation</li> <li>Discover/nurture business partners to advance mobility services, such as MaaS (Mobility as a Service)</li> <li>Enhance business competitiveness through projects that connect startups and SKT solutions</li> </ul>	<ul style="list-style-type: none"> <li>Goal for 2025                             <ul style="list-style-type: none"> <li>Nurture 500 hearing-impaired cab drivers</li> <li>Annual 5,000 disabled persons who use Good Shuttle</li> <li>Support a cumulative total of 500 startup by 2025</li> </ul> </li> </ul>
 <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>	<p><b>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b></p> <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with focus on affordable and equitable access for all</p>	<ul style="list-style-type: none"> <li>Ranked first in the 5G communication service quality evaluation</li> <li>Developed the network slicing technology that provides a customized 5G network according to the application and service</li> <li>Adopted wireless Front Hall equipment to strengthen the provision of 5G mobile communication network services</li> <li>Reduced the information gap by applying a voice recognition function to folder phones that seniors are familiar with</li> </ul>	<ul style="list-style-type: none"> <li>Build quality network infrastructures by improving communication service and communication network quality</li> <li>Improve information accessibility by using consumer-tailored services</li> </ul>	<ul style="list-style-type: none"> <li>Create new business opportunities, such as autonomous driving and smart factory, based on key infrastructure, including 5G and AI</li> </ul>	<ul style="list-style-type: none"> <li>Secure 5G leadership</li> </ul>
 <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p>	<p><b>Make cities and human settlements inclusive, safe, resilient and sustainable</b></p> <p>11.7 Build a safe and pleasant city, in particular for women, children, seniors, and persons with disabilities</p> <p>11.A Support positive economic, social and environmental links between urban, suburban and rural areas by strengthening national and regional development planning</p>	<ul style="list-style-type: none"> <li>Offered the AI Care Service to reduce the sense of loneliness of seniors living alone and enable them to be contacted to 119 for emergency situations</li> <li>Offered the AI system NUGU Care Call which monitors the symptoms of persons who are quarantining at home and persons designated as actively monitored persons in relation to COVID-19</li> <li>Established an earthquake observation network by installing earthquake sensors using telecom company base stations</li> <li>Established a smart waterworks operation management system that connects IT to the tap water supply process and expanded water welfare</li> </ul>	<ul style="list-style-type: none"> <li>Establish a social safety net through the AI-using care service</li> <li>Make efforts to enhance citizen safety and minimize damages by providing a natural disaster forecasting and detection service that uses infrastructure</li> <li>Contribute to green transition and vitalization of the national economy by establishing a water management system</li> </ul>	<ul style="list-style-type: none"> <li>Expand SV-based BM, ranging from B2G to B2C, through expansion of emergency SOS service-119 connection system (NUGU Opal care service, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Expand the universal social safety net for senior safety, including prevention of seniors dying alone</li> </ul>

Goal	SK Telecom's Contribution	DBL (Double Bottom Line)	Mid- to Long-term Goals		Goal
			Social Impact	Business Impact	
	<p><b>Take urgent action to combat climate change and its impacts</b></p> <p>13.2 Integrate climate change measures into national policies, strategies, and planning</p>	<ul style="list-style-type: none"> <li>Participated in the “2050 Net-Zero” project, which is aimed at making net GHG emissions zero</li> <li>Applied the single RAN technology (integration and upgrade of 3G and LTE equipment), minimizing the increase in GHG emissions</li> <li>Developed a technology that recycles communication antenna plastic</li> <li>Developed an electric vehicle GHG reduction business model.</li> <li>Conducted a campaign on reducing use of disposable plastic cups in daily life through the happy habit project of the Ha:bit Eco Alliance</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to reducing GHG emissions by taking part in GHG reduction programs and projects.</li> <li>Counter climate change by recycling resources and reducing use of resources</li> </ul>	<ul style="list-style-type: none"> <li>Expand ICT-based energy and environmental solution market opportunities</li> <li>Use the company's key technologies, including Vision AI, as a solution for solving environmental issues</li> <li>Connect the points of happy habit participants to the sales of the SK ICT Family</li> </ul>	<ul style="list-style-type: none"> <li>2050 Net-Zero</li> </ul>
	<p><b>Strengthen the means of implementation and revitalize the global partnership for sustainable development</b></p> <p>17.16 Strengthen global partnership with stakeholders by sharing knowledge, expertise, technology and resources</p>	<p><b>[UN Global Compact]</b></p> <ul style="list-style-type: none"> <li>Chosen for the LEAD Group that is participated in by top ten ESG leading companies in Korea</li> <li>The CEO signed “A Statement from Business Leaders for Renewed Global Cooperation” on the occasion of the 75th anniversary of the UN's founding, and actively participated.</li> <li>Participated in the UNGC Korea Leaders' Summit</li> </ul> <p><b>[P4G Summit]</b></p> <ul style="list-style-type: none"> <li>Appointed as the only official Korean company of the P4G's Board of Directors at the P4G Seoul Summit</li> <li>Established a private-government cooperation partnership of Korean companies, including the SK Group, and engaged in cooperation to counter climate change and support the achievement of 5 SDGs</li> </ul> <p><b>[P4G Global Partnership]</b></p> <ul style="list-style-type: none"> <li>Expanded the Global ECO System of the Ha:bit Eco Alliance to execute plastic-free international solidarity activities</li> </ul> <p><b>[UN Global Compact]</b></p> <ul style="list-style-type: none"> <li>Participated in the Target Gender Equality (TGE) program</li> <li>Participated in the gender equality-promoting program aimed at increasing the female executive ratio and strengthening female leadership</li> </ul>	<ul style="list-style-type: none"> <li>Secure a reputation and influence as a leading ESG company from among Korean companies in the UNGC network</li> <li>Secure a reputation and influence as a leading ESG company from among Korean companies</li> <li>Give shape to the RE100 implementation plan for GHG reduction, and take the lead in ICT-based eco-friendly commercialization</li> <li>Form an alliance with global partners to resolve the plastic-free environmental issue and expand worldwide campaigns</li> <li>Continually grow as a company that is good to work at by evolving/developing into a gender equality and family-friendly company</li> </ul>	<ul style="list-style-type: none"> <li>Secure new sales opportunities in connection with global partners</li> <li>Promote global advancement of ESG venture-nurturing platform (True Innovation, IMPACTSUPs) and connected technology cooperation companies, and secure relevant commercialization opportunities</li> <li>Secure possibilities for global advancement of the SKT ESG business based on global alliances</li> <li>Secure new business models related to female-friendly social value expansion and relevant commercialization opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Establish and implement a cooperation system in relevant areas of five SDG sectors by building global partnerships</li> <li>Encourage domestic ESG venture participation in each P4G partnership step, and expand in the mid- to long-term future</li> <li>Contribute to achieving 2050 Net Zero</li> <li>Set and achieve TGE goals by benchmarking global best practices</li> </ul>

## About This Report

As SK Telecom’s “Integrated Annual Report”, this report has been prepared for investors and stakeholders to provide an overview of SK Telecom’s annual performance. This Report comprises not only the financial performance records of SK Telecom, but also comprehensive information on value creation including non-financial performance, future prospects and efforts to improve company value (Value Creation Story). The Board of Directors granted its final approval for this Report in May 2021.

**Integrated Reporting According to International Guidelines** This Report was prepared in accordance with the guiding principles and report content as suggested in the <IR> Framework. The International Integrated Reporting Council (IIRC) provides the <IR> Framework, a standard framework for the integrated reporting of both financial and non-financial performances. This Report was also prepared in accordance with the comprehensive option of the “GRI Standards”, the global standard for sustainability reporting provided by the Global Reporting Initiative (GRI). SK Telecom joined the UN Global Compact (UNGC), the world’s largest corporate citizenship initiative under the UN for corporate social responsibility and sustainability improvement in 2007 and has been providing support to implement the ten major principles in the areas of human rights, labor, the environment, and anti-corruption and to achieve the Sustainable Development Goals (SDGs).

**Scope and Boundary of the Report** In this Report, the term “SK Telecom” refers to SK Telecom, excluding its subsidiaries that are subject to consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS). The financial data is based on consolidated financials. The K-IFRS 16 standard has been applied since 2019. The non-financial data on the environmental performance and fulfillment of the corporate social responsibility is based on a non-consolidated basis. The data presented in this Report exclude those of SK Telecom’s overseas branches, subsidiaries and invested companies unless otherwise indicated in the general descriptions and information. Such data, however, were included on a separate indication basis in cases in which they are likely to have a significant impact on the stakeholders’ decisions, in consideration of SK Telecom’s financial and operational control and the actual business influence and effects. As for the geographical boundaries, this Report covers data for the company’s major places of business where over 99% of revenue is generated, which is in the Republic of Korea, while the temporal scope is between January 1 and December 31, 2020. This Report, however, may disclose a portion of the qualitative data generated until May 2021. In case of any changes in the previously reported data requiring attention, such data were recalculated based on the 2020 data. The reporting period of this Report is one fiscal year, and the preceding report is “SK Telecom Annual Report 2019”, which was published in July 2020.

**Third Party Assurance and Disclaimer** Financial data in this Report have been audited by an independent audit corporation, and non-financial data have been assured independently by a third-party entity to secure the credibility of the Report. Greenhouse gas data have been separately assured as well. This Report contains predictive statements regarding SK Telecom’s and subsidiaries’ financial conditions, operating and sales performances, and plans and goals of management. Despite external assurances, there might be gaps between the future performance specified or inferred through predictive statements and the company’s actual performance due to political, economic, and circumstantial uncertainties in business management.

**Global Initiatives and Partnerships** In 2007, SK Telecom became a member of the UN Global Compact (UNGC), which was initiated by the cooperation between UN organizations and global businesses to improve social ethics and the international environment. Furthermore, SK Telecom complies with the management system standard for social responsibility, ISO 26000, and participates in the Carbon Disclosure Project (CDP) as well as the business network program of the International Integrated Reporting Council (IIRC). In recognition of its efforts to achieve excellence in sustainability management, SK Telecom was listed in the Dow Jones Sustainability Indices (DJSI) Asia Pacific Index in 2020.



This report is available to be downloaded as a PDF format at the SK Telecom’s official website - [www.sktelecom.com/index\\_en.html](http://www.sktelecom.com/index_en.html).

SK Telecom used FSC® (Forest Stewardship Council®)-certified paper, bearing the logo carried only by products made using materials from responsibly managed forests and other controlled sources in order to protect forests across the globe and save them for the future generation. In addition, this report was printed at an FSC®-certified print shop using soy oil ink which drastically reduces the emissions of air pollutants.

The company also participates in the Carbon Neutral Program run by the Korea Energy Management Corporation to offset greenhouse gas emissions generated from the pulp and energy used to print reports. Despite the company’s varying efforts to reduce environmental impacts, since the process of making and printing in paper generates pollutants, this Report is published both in print and as an PDF file.

SK Telecom plans on reducing resource and energy use through the use of PDF Files. The official website of SK Telecom contains a lot more information than in the print version due to a lack of space. We encourage our readers to access this Report as a PDF file instead of the print edition and visit the official website to save resources and protect the environment, while accessing more information more conveniently.



### Imprint

<b>Publication Date</b>	July 2021	
<b>Publishing</b>	SK Telecom	
<b>Publisher</b>	Jung Ho Park	
	Corporate Center 1	
<b>Production Responsibility</b>	Stakeholder Value Innovation Group	Jinwon Kim Igsoon Im
<b>Contact</b>	dustinim@sk.com	
<b>Planning &amp; Advisory</b>	Korea Productivity Center	
<b>Editing &amp; Design</b>	Talanta Creative Group	

