

KT Environmental Management Policy

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1. Preamble

“The protection and improvement of the human environment is a major issue which affects the well-being of peoples and economic development throughout the world; it is the urgent desire of the peoples of the whole world and the duty of all Governments.”

- Declaration of the United Nations Conference on the Human Environment

Through the KT Environmental Management Policy, KT Corp. (hereafter ‘KT’), in order to protect and improve environment by faithfully delivering its social responsibility and roles for itself to continue operating business. By minimizing environmental impacts within its business and throughout the value chain, moreover, KT will grow into a sustainable company.

In every region it operates business, KT aims to fulfill and achieve the environmental protection and improvement responsibility of the highest level. KT believes its commitments can not only contribute to the business but have a potential to improve the global environment through a precautionary approach against environmental issues. Through these continuing efforts, KT will significantly assist to create the sustainable world.

Under the approval of the Board of Directors in 2008, KT signed the UN Global compact that is the ten principles including environmental protection. Through Communication On Progress (COP), KT proclaims its support for the Compact every year. The environmental management policy of KT has been written based on the Ten Principles of UN Global Compact, The Basic Act on Low Carbon Green Growth and Green Procurement Guideline.

2. Objective

The purpose of this policy is to operate its business domestic and international under the strictly established environmental principles as a global developer, at the same time, actively implement environment protection and improvement through its business. Our environmental is for sustainable success of business based on the customers and public trust.



3. Policy

Commitment

KT declares that it will publicly endorse and comply with the below international environmental declaration, standards and frameworks, founded on the UN Declaration on the Human Environment. KT conducts business without any breaches of the principles above, in any time and any place.

- UN Declaration on the Human Environment (Stockholm Declaration, 1972)
- OECD Guidelines for Multinational Enterprises (1976)
- The Rio Declaration on Environment and Development (1992)
- Kyoto Protocol on Greenhouse Gas Emission Reduction Objectives (1997)
- ISO 14000 International Environmental Standards (1996)
- ISO 14001 Environmental Management System Qualification Standards (1996)
- The UN Global Compact Ten Principles (2007)

Scope

KT protects the environment. It is required to comply with the above international declaration, standards and frameworks regarding environment within the whole value chain (upstream) such as employees, subsidiaries, suppliers, sub-contractors and joint ventures. Furthermore, KT expects the entire value chain (downstream) maintaining business relationships with us, such as customer, partner, service distribution and logistics to apply the similar level of compliance.

Implementation

KT, as an UN Global Compact signatory company, established and implementing environmental policy, execution plan, implementation and correcting measure, manager review, continuous improvement processes in accordance to the procedures regulated by the Ten Principle and ISO 14001 Environmental Management System Qualification.

Responsibility

The sustainability management committee under the Board of Directors, takes the overall responsibility and monitors KT's environmental management activities, including environmental protection. Moreover, the practical responsibilities rest with the environmental management committee, under the sustainability management committee.

4. Environmental Management Guidelines

In order to contribute in environmental protection and improvement through the business, KT defines the following environmental policy based on the subjects, scope, nature and business impacts. Founded on the criteria below, KT minimize adverse environmental impacts by proactively identifying potential environmental agendas within its own operation and the value chain. In the meanwhile, KT strives to make contribution in maximizing positive environmental impacts through its own business.

4.1 Response to Climate Change

Climate change and associated risks, e.g. energy, exhaustion of resource, water shortage have emerged as a serious threat to the sustainable development of human. As part of the wider society, companies have a shared responsibility to protect the environment that provides the basis for all business. With a wide range of activities and initiatives, KT is adhering to those responsibilities. We respond against the climate changes through following policies.

4.1.1 Carbon Neutrality Management

KT commits to minimize GHG in its operation and maintain carbon neutrality by maximizing environmental benefit of services provided by KT.

4.1.2 Carbon Footprint

To analyze the level of carbon impact in the corporate-wide level, KT establishes a comprehensive GHG inventory for scope 1 to 3.

4.1.3 Carbon Offset (social reduction)

KT strives to offset the GHG emission from KT's business operation through expanding carbon offsets with eco-friendly ICT services.

4.1.4 Carbon Reduction Goal

KT analyzes the amount of carbon reduction, and the result will be used for setting quantitative long-term carbon reduction goal.

4.2 Energy Efficiency

Environmental issues have been classified as "extra-financial" factor for long. However, fossil fuel is limited, so that energy cost constantly increasing, thus it critically influences on the corporates' cost aspect. Therefore, KT is planning to improve energy efficiency and to enlarge energy policy that conducts energy diversification through expansion of renewable energy.

4.2.1 Energy Efficiency

KT establishes energy efficiency objectives and regularly measures energy efficiency for the major energy consumption facilities such as office building and data center.

4.2.2 Energy Reducing Item

For improving energy efficiency in an efficient way, KT excavates energy reducing items for high energy consumption facilities (office building and data center) and applies the items correspond to the characteristics of the sites.

4.2.3 Renewable Energy - PV Power and Geothermal Energy

KT Promotes to produce and utilize renewable energy while striving to expand provision of PV power. Also, for the office building, where energy consumption is high, we are further applying energy reducing items to save energy such as facilities for use of geothermal energy.

4.3 Resource Efficiency

The natural resource is limited, and it is an asset that the next generation shall be bequeathed. As a result of the rapid growth of the global market, especially in the developing countries, the cost of purchasing natural resources and raw materials are expected to further increase. Hence, in order to save resources and reduce cost, KT will establish and operate a management and measurement system which enable resource efficiency improvement.

4.3.1 Waste Management

KT promotes waste recycle and reuse, while endeavoring to achieve Zero land fill and incineration waste for domestic and overseas business.

4.3.2 Waste Reducing Item

KT excavates waste reducing items for waste generating facilities such as office building and data center, and applies the items correspond to the characteristics of the sites.

4.3.3 Water Usage

KT establishes efficiency objectives for water usage and regularly measures water efficiency for the major water consumption facilities such as office building and data center.

4.3.4 Water Reducing Item

KT excavates water reducing items for water consumption facilities such as office building and data center, and applies the items correspond to the characteristics of the sites.

4.4 Eco-friendly SCM

KT minimizes negative environmental impacts by proactively identifying potential environmental impacts within its own operation and the value chain. Hence, we track, aggregate, analyze and monitor environment performances throughout the entire operation and mandated environment education for employees and suppliers. Also, KT strives to diffuse environmental management throughout the value chain by conducting an efficiency evaluation of supply chain.

4.4.1 Operation of Environmental Management System

KT operates its business in accordance with the international standards for environmental management system. Hence, we remain in acquisition and maintenance of ISO 14001 environmental management system qualification.

4.4.2 Environmental Performance Management

KT analyzes environment performance throughout its operation and the value chain, and seeks for a measure to improve environment performance.

4.4.3 Environmental Management Evaluation and Follow-up Measures

KT conducts a sustainability evaluation (environmental management is included in the evaluation) for all suppliers once a year, and the evaluation result will be reflected when selecting suppliers. Furthermore, follow-up measures will be taken to improve the sustainability for under-performing suppliers

4.4.4 Environmental Education

KT provides environmental education for all employees, environment managers for each office building and primary suppliers in a regular base, and the education is aimed to minimize environmental impact for each office building.

4.4.5 Expansion of Eco-friendly Procurement

KT expands eco-friendly procurement to minimize environment impacts throughout its own operation and the value chain.

4.5 Environmental ICT Service

KT believes that environmental management policy of corporates shall act beyond the traditional level of 'Do Not Harm' that simply protecting environment, but need to take a big step forwards to the level of 'Do Good,' where actively improve environment through developing eco-friendly technology and provision of services.

4.5.1 Establishment of Foundation for Environmental ICT

KT secures the service foundation by a concentrated investment on smart energy and smart business sectors.

4.5.2 Expansion of Environmental ICT Service

KT expands its service sector to the smart transportation, smart industry and smart agriculture based on the ICT service of environment above.

4.5.3 Smart Energy

KT enhance the global energy efficiency through provision and transaction of distributed energy, energy management system for intelligent building, energy efficiency, infrastructure for electric car, expansion of smart grid service.

4.5.4 Smart Business

KT establishes a productive global remote working environment by expansion of video conferencing service, smart working and next generation media.

4.5.5 Smart Transportation

KT improves its global transportation efficiency through intelligent transportation, route optimization and driving habit improvement service.

4.5.6 Smart Industry

KT advances global economic activities, from extraction and processing raw materials up to production of final products by Process automation, supply chain and inventory management improvement and electronic commerce service.

4.5.7 Smart Agriculture

KT provides services that improve efficiency of agriculture: provision of agricultural information through mobile and improve operation for an agricultural machine.

5. Glossary

- UN Global Compact): UN affiliated specialized agency to encourage corporates to participate in balanced sustainable development and to improve the international social ethics and international environment. With over 8,700 corporate participants and other stakeholders such as organization and NGO etc., from over 130 countries. UN Global Compact is founded on The Ten Principles of human rights, environment, labour and anti-corruption.
- Communication On Progress: UN Global Compact Communication on Progress.
- UN Declaration on the Human Environment: A declarative regulation, for preservation of the globally threatened earth adopted by representatives from 113 countries at The United Nations Conference on the Human Environment was held in Stockholm, Sweden. It is referred to as human rights declaration for environment and also known as 'Stockholm Declaration.' Based on the declaration, United Nations Environment Program (UNEP) was founded in 1973, the international organization of environment.
- OECD Guidelines for Multinational Enterprises: In 1976, OECD member countries and participant countries have adopted the Code of Business Ethics standards required by multinational corporates operating within the country. Suggest principles and standards in various field including environment, scientific technology and information disclosure.
- Rio Earth Charter: A declaration about the basic principles at the Rio conference aimed to achieve co-existence between nature & human and preservation of environment & development under the slogan of 'Healthy Earth, Affluent Future' at Rio de Janeiro, in 1992. Reaffirming the Declaration of the United Nations Conference on the Human Environment, and consisted of 27 basic principles to realize it.
- Kyoto Protocol: An international treaty, regarding GHG reduction adopted by the Conference of Parties III (COP3) of Climate Change Conferences, Kyoto, Japan. Signatory countries are required to take an appropriate policy and measures for GHG reduction, through improve energy efficiency, protect GHG sink and storage, develop and research new and renewable energy.
- International Standardization Organization (ISO) 14000: An international standards related to environmental management established by the International Standardization Organization (ISO) in 1996. It introduces the principles and standards of overall environmental management, including environmental policy, planning, implementing/correcting, management review and continuous improvement activities throughout the entire business.
- ISO 14001 certification standard for environmental management system: It provides overall certification standards for environmental management such as environmental policy, planning, implementing/correcting, management review and continuous improvement activities.

Appendix

The UN Global Compact Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

[Human Rights]

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

[Labour]

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

[Environment]

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

[Anti-Corruption]

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Thank you

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