KT
ESG
REPORT
2021

Environmental
Social
Governance

AI

BigData

Cloud

KT

DIGICO

About This Report

This is the 16th report published by KT. The title of the report has been changed from that of "KT Integrated Report" to "KT ESG Report". We at KT Corporation intend to share the company's sustainable management strategy and the direction of its sustainable management with stakeholders by transparently disclosing the results of all our activities from an environmental, social, and economic perspective through the publication of this ESG report.

Features of the Report
This KT ESG Report reflects KT's sustainable management model throughout its entire contents in order to deepen our stakeholders' understanding of our sustainable management objectives and the system for promoting them. We are pushing ahead with the company-wide promotion of sustainable management with the main focus on the following factors: management aimed at environmental soundness; the creation of social value through responsible management; and the implementation of a reliable and transparent system of management.

Period and scope of the Report
The current KT ESG Report covers the activities of KT headquarters and 516 workplaces across the country including its branches in 2020. Some contents on our major management activities cover the period up to June 2021. The major quantitative data have been drawn up based on materials concerning the past three years to report the analysis of trends over time.

Criteria for drawing up and verifying the contents of the Report
This Report complies with the Comprehensive Option of the Global Reporting Initiative (GRI) Standards, which are guidelines for international reports on sustainable management, in order to disclose the results of our sustainable management more transparently. It has been compiled by reflecting the major agenda items of the UN Global Compact Principles and ISO 26000. As regards the financial results, they have been compiled according to the Korean International Financial Reporting Standards (K-IFRS). We have had the contents of the Report verified by a third-party verifying institution so as to secure reliability and fairness, with the results stated in the verification opinion.

Contents

Message from the CEO

> Under the new paradigm of telecommunication-based digital platform company, `DIGICO KT' will lead innovation in various industries to solve social problems and make positive changes for all the people in Korea to enjoy better lives. "

KT has been at the forefront of fulfilling its social responsibilities whenever the country and society are facing difficulties that has led the history of Korea's telecommunications for 136 years.

Now that uncertainty has increased due to COVID-19, KT is constantly striving to provide new opportunities for growth and innovation in Korea based on differentiated digital innovation technologies such as 5G, AI, BigData, and Cloud.

KT is practicing differentiated ESG management by taking the lead in solving social issues such as improving the quality of life of the underprivileged and providing jobs based on AI, and improving environmental issues like greenhouse gases emission reduction and energy saving.

Under the new paradigm of a telecommunication-based digital platform company, 'DIGICO KT' will lead innovation in various industries to solve social problems and make positive changes for all the people in Korea to enjoy better lives.

KT's labor and management jointly declared ESG management. In order to become Korea's representative ESG company that everyone can recognize and be proud of, KT is promoting ESG activities that expand social values and actively practice eco-friendly social responsibility and ethical management through the participation of employees.

KT will always go forward with our society and marginalized neighbors and do our best to create a sustainable future for Korea that grows together.

Thank you for your unsparing trust and interest, all the executives and employees of KT Group will try our best to impress in return.

Thank you.

CEO **Hyeon-Mo Ku** 구 현 모

Message from the Chairperson of the Board
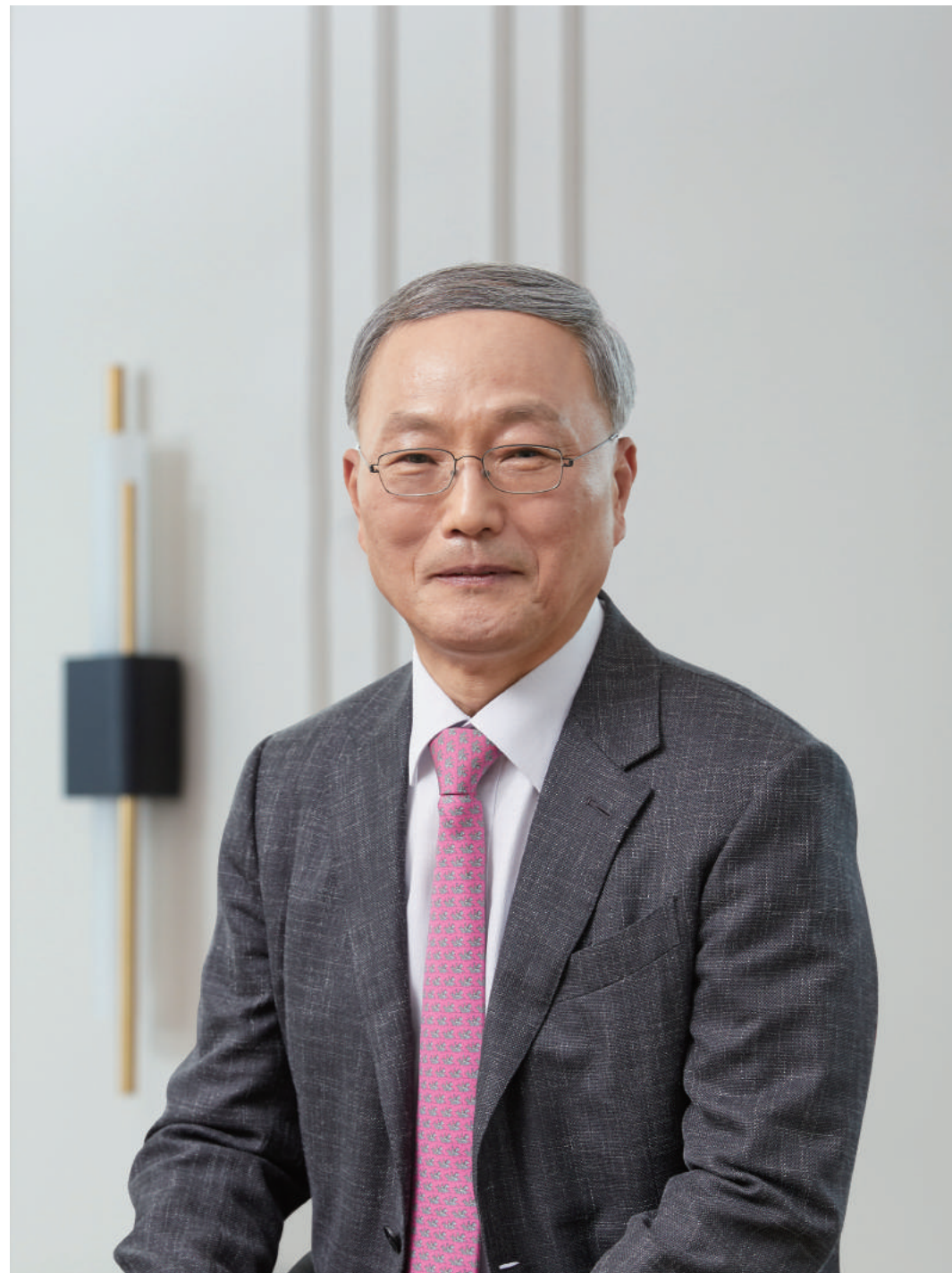
> **KT aim to secure our position as a business that represents Korea in differentiated ESG activities and accelerate our shift to a digital platform business ("DIGICO").**

KT has announced that we will innovate ourselves and grow as a DIGICO, that we will adopt first-rate management focusing on compliance and transparency as part of our strategy for promotion of ESG that we will strive to find solutions to environmental/social issues, using our differentiated ABC (AI, BigData, Cloud) technology. Our labor and management work together to push ahead with differentiated ESG management.

In the environment sector, we have adopted the goal of 2050 Net-Zero (carbon neutrality) as a vision and do what we can to cope with climate change through continued effort for GHGs reduction. We have made continued effort for development of AI-based energy saving technology including KT-MEG (Micro Energy Grid). We have also been at the forefront of environment management. We have been named to Carbon Disclosure Project (CDP) Hall of Fame for four years in a row, the first of the feat ever accomplished by a domestic telecommunication company.

We have consistently engaged in 'Sarang (Love) Series' designed to provide support for small store owners near the company and orchard owners experiencing difficulties due to the COVID-19 as part of the effort to create social value.

Besides, we are in promotion of management/supervision by an independent Board of Directors and responsible management by professionals. In 2020, we adopted electronic voting system and announced mid/long-term dividend payout policy and financial objectives as part of a bid to enhance shareholder value. As a result of such efforts, we won excellence award in governance structure from the Korea Corporate Governance Service (KCGS) in 2020.

We at KT will do our best to open a better future for forthcoming generations by playing the lead role in finding solutions for environmental and social issues using our ABC technology.
The KT Board of Directors will also actively contribute to KT's vigorous challenges and advancement.

Thank you.

Board Chairperson **Hee-Yol Yu**

About KT Corporation

Current status

As a digital platform business (Digico) that is operated based on AI, Big Data, and Cloud (ABC), we provide advanced information and communications technology (ICT) services based on convergence between cutting-edge IoT technology and business sectors. KT Corporation is committed to leading the way as a business specializing in digital technology that will revolutionize our future way of life by creating social and economic public value and achieving balanced growth in the communications and platform business.
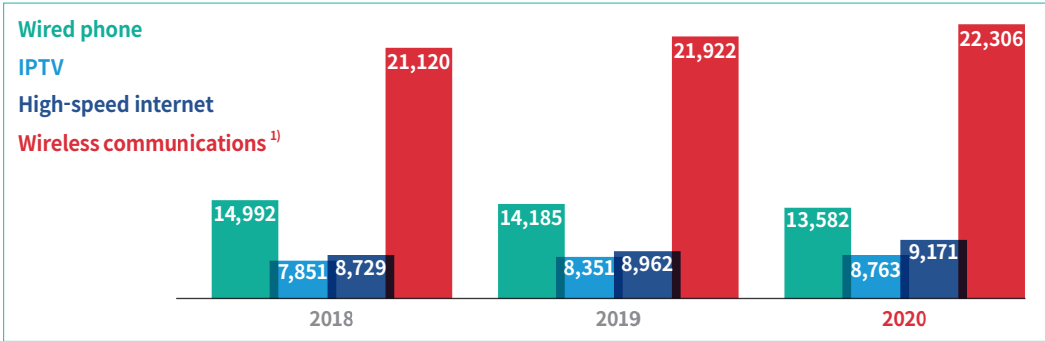
(As of the end of 2020)

Business name	KT Corporation	Established	December 1981
CEO	Hyeon-Mo Ku	Head office	90 Buljeong-ro, Bundang-gu, Seongnam-si, Gyeonggi-do
No. of employees	22,720	Operating revenue	KRW 23,916.6 billion

Service users and operating revenue

As of December 2020, the total number of subscribers to our services amounted to 53.82 million, placing us at the top of the domestic ranking communications services, while our total operating revenue amounted to KRW 23,916.6 billion. The ICT sector accounts for 74.8% of KT's total operating revenue, taking the largest part of it.

Numbers of Users by Services

(Unit: 1,000 persons)

- Wired phone
- IPTV
- High-speed internet
- Wireless communications [1]

	2018	2019	2020
Wired phone	14,992	14,185	13,582
IPTV	7,851	8,351	8,763
High-speed internet	8,729	8,962	9,171
Wireless communications	21,120	21,922	22,306

1) Wireless communications: CDMA, WCDMA, LTE, 5G, MVNO

Operating revenue by business sector

(Unit: KRW 1 billion)

Business category	2018	2019	2020
ICT	17,356.5	18,204.7	17,879.3
Finance	3,560.4	3,556.8	3,684.8
Satellite broadcasting	690.8	694.6	698.7
Other	5,588.6	5,770.7	5,680.5
Sub-total	27,196.3	28,226.8	27,943.3
Consolidation adjustments, etc.	-3,736.2	-3,884.7	-4,026.7
Total	23,460.1	24,342.0	23,916.6

- ICT: Wireless/wired communications/convergence business, B2B business, etc.
- Finance: Credit card, etc.
- Satellite: Satellite broadcasting business
- Others: Information technology (IT), facility security, global business, and other types of business carried out by KT's subsidiaries.

Status of affiliates

(as of June 2021)

ICT/real estate

Maximizing customer value based on its top-notch technologies in real estate development/lease, security, satellite solutions, ICT engineering, etc.

- **kt telecop** — Security/Guard service
- **kt sat** — Lease of satellite transponders
- **kt engineering** — Network engineering and infrastructure
- **kt cs** — Call Center operation; 114 phone directory service
- **kt is** — Call Center operation; 114 phone directory service
- **kt linkus** — Operation/ maintenance of payphone booths
- **kt submarine** — Construction/maintenance of submarine communication /power cables
- **kt ds** — IT service (ITO + SI, etc.)
- **kt NexR** — Development of Big Data platform/ analysis solutions
- **kt service 북부** — Opening/after-service of wired connections
- **kt service 남부** — Opening/after-service of wired connections
- **kt M mobile** — MVNO
- **kt estate** — Development/lease of real estate
- **INITECH** — Development of IT services and security solutions, issuance of accredited certificates
- **kt MOS 북부** — Operation/ maintenance of network facilities
- **kt MOS 남부** — Operation/ maintenance of network facilities
- **kt commerce** — B2B purchasing service
- **kt m&s** — Sale/distribution of wireless/wired communications products
- **KD Living** — Rental housing management
- **kt AMC** — Asset/real estate management
- **NCP** — Development/supply of real estate (PFV)
- **ap** — Brand taxi service

Media/contents

Bringing joy and satisfaction to our customers through digital satellite broadcasts, ICT-based contents and commerce, media planning, mobile ads, etc.

- **kth** — T-Commerce, contents distribution and ICT
- **genie** — Wireless/wired Internet music service
- **nasmedia** — Advertisement service and sale of advertisement media
- **PLAY.D** — Online advertisement service and consulting
- **sky TU** — Operation/provision of broadcasting channels (including contents creation)
- **kt skylife** — Satellite broadcasting service
- **storywiz** — Distribution of web novels/webtoons and operation of platform
- **kt StudioGenie** — Production and distribution of contents
- **SKY K** — Sports channel

Finance

Operating credit card, electronic payment, and e-commerce solutions and services and invest in promising SMEs/venture businesses

- **비씨카드** — Purchase and issuance of credit cards
- **K bank** — Internet bank
- **Smartro** — Credit card transaction approval brokerage
- **브이피(주)** — Credit card payment verification service
- **kt mhows** — Financial business of new technology companies
- **kt investment** — Mobile-based sale/ distribution of electronic gift certificates

Other

Managing sports/data assets and operate a mobile platform service

- **kt sports** — Operating Sports events
- **KHS** — Welfare facility operation/service
- **kt gdh** — IDC service
- **kt 희망지음** — KT subsidiary company for the disabled
- **whowho & company** — Prevention/blocking of spam emails, number retrieval app service
- **H&C Network** — Operation of financial sector call center and IT human resources

KT's Vision and Core Values

KT set a digital platform business (Digico) as a vision that leads other businesses and brings innovation and change to the lives of its customers based on AI, Big Data, and Cloud technologies. To that end, we promote customer-centeredness, a sense of ownership, communication/collaboration, and essence/process as our employees' core values and the basis for all their works, activities, and ideas. All employees at KT value essence and process. We will pour all ourselves into the company business with a firm sense of ownership, communicating smoothly with each other and working together as a team. We will have people use the technologies we have developed.

Vision

KT contributes to the development of South Korea by leading changes in customers' lives and innovation in other industries.

Core Values

	Customer-centeredness	We aim to provide customers with the products and services they want promptly and flexibly through customer-initiated self-innovation.
	Sense of ownership	All employees think and act as the Company's owner based on solid capability and a sense of pride in the Company.
	Communication/collaboration	We are striving to build a collaborative system characterized by horizontal, flexible communication
	Essence/process	We concentrate on the essence of our business and attach importance to process to achieve the best possible results.

ESG management promotion system

KT's ESG management

KT aims to grow and evolve into a communications-based digital platform business (Digico) that leads other businesses and brings positive changes to the lives of its customers and strives to contribute to the development of South Korea. We will carry out our sustainable ESG management by striving to preserve the environment for ourselves and future generations, taking a responsible attitude to protecting consumers' information and ensuring the safety of our products, working for win-win growth together with our subcontractors, strengthening our social responsibilities, and maintaining our ESG philosophy through transparent and ethical management and the enhancement of shareholder value.
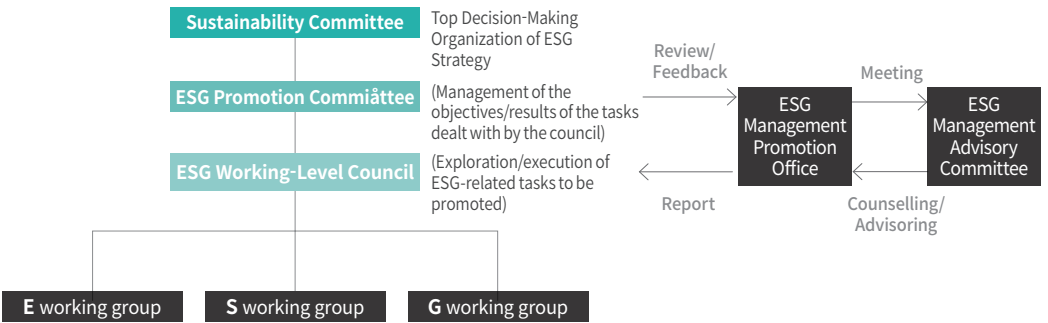
Strategy for promoting KT ESG

We have adopted the following Three ESG promotion strategies in the environmental (E), social (S), and governance (G) sectors in a bid to strengthen out ESG management, and have selected ten core tasks for 2021. We are committed to finding solutions to the relevant issues, using digital technology in the "E" and "S" sectors, and to ensuring compliance and fairness in the "G" sector by practicing differentiated ESG management.

Three ESG promotion strategies

Environmental (E)	Social (S)	Governance (G)
Concentrate on achieving environmental soundness, viewing environment as an essential factor in management.	Create social value through full-hearted, responsible management	Maintain a transparent management system as a reliable business.

KT ESG governance

In 2021, KT established the ESG Management Promotion Office to operate the ESG Working-Level Council, which is composed of various environmental, social, and governance working groups. KT also launched a new governance system composed of the ESG Promotion Committee, which manages the objectives/results of the tasks handled by the ESG Working-Level Council, and the Sustainable Management Committee, which serves as the highest ESG strategy-related decision-making body, and is entirely composed of external directors.

Sustainability Committee — Top Decision-Making Organization of ESG Strategy

ESG Promotion Commiâttee — (Management of the objectives/results of the tasks dealt with by the council)

ESG Working-Level Council — (Exploration/execution of ESG-related tasks to be promoted)

Review/Feedback   Meeting   Report   Counselling/Advisoring

ESG Management Promotion Office   ESG Management Advisory Committee

E working group   **S** working group   **G** working group

Joint ESG management plan and 10 core tasks announced by employees and management

On April 15,2021, KT announced the ESG management declaration and ten core tasks jointly by labor and management. The announcement included a pledge to attain "Net-Zero 2050", earning praise from the UN, which is leading the ESG paradigm worldwide, and major stakeholders of the home country. In addition, KT employees are working hard to create an in-house writing environment culture by conducting a JIUGAE (a small action to protect the earth, us, and individuals) campaign that anyone can easily participate in.

* Labor-management joint announcement on ESG management

Joint announcement of the ESG management plan by the labor and management.

KT Labor-Management Joint Announcement for ESG Management

KT's management and labor union hereby announce that we will jointly push forward with ESG management as follows to contribute to the development of the home country by playing the lead role in bringing about changes in the life of customers and innovation in other businesses.

1. We will strive for environmental management for future generations and take part in the country's goal of Net-Zero 2050 positively.
2. We will positively contribute to finding solutions of social problems based on innovation in digital technology and engaging collaboration with each other.
3. We will strive for first-rate compliance management and establishment of transparent governance structure.
4. We will put differentiated ESG management into action through the composition of the ESG Promotion Committee jointly participated in by management and labor union.

First ever issuance of ESG bonds by an ICT business

In June 2021, we issued ESG bonds worth 260 billion won, the first such initiative ever attempted by an ICT business, in a bid to strengthen our ESG management. ESG bonds require spending the fund for environmentally-friendly business and social value creation. So far, ESG bonds have mainly been issued by financial institutions, public enterprises, and manufacturing businesses in South Korea. As such, it is noteworthy that KT has become the first ICT business to issue ESG bonds, opting for "sustainable bonds", which are a mixture of environmentally-friendly investment such as green bonds for social value creation business. We plan to invest the funds in improving the energy efficiency of our Internet Data Centers (IDCs), promoting real estate development projects certified as "green" building projects, and providing support for SMEs and venture businesses.

Top-10 core program

Environmental

1
RE100* compliance model establishment and dissemination in the country
Promotion of renewable energy 100% pilot project
Establishment of mid/long-term compliance model for RE100 accomplishment

2
Development/application of highly energy efficient equipment/ solutions
Promotion of manufacturers' joint R&D for development of low-carbon equipment
Reduction of annual carbon emissions by 4% through more efficient energy operation

3
Establishment of real-time GHGs emission management system
Complete real-time monitoring of company-wide GHGs emissions
Addition of compliance management function for RE100 attainment

Social

4
Maximization of engaging collaboration-based social impact
Operation of Gwanghwamun One Team combining the Government/private businesses/NPOs to cope with social issues; planning to expand it nationwide
Provision of support for growth of ICT capability-based social/ economic enterprises

5
Continued fulfillment of social responsibility, using ABC innovation technology**
Creation of social value through cooperation with AI startups, using our capability (technology, distribution network, and overall operation)
Strengthening social contribution activities, using our ABC technology (e.g. voice-finding campaign, IT Supporter, etc.)

6
Support for partner businesses' ESG management and accompanied growth with them
Coming up with ESG evaluation criteria concerning partner businesses
Provision of consulting/ mentoring for partner businesses' ESG management

7
Establishment of good/ safe ICT-based business environment
Distribution of IoT safety helmets; Holding AR/ VR-based "intact" safety education sessions
Striving to have safety-first culture take root in KT, affiliates, and subcontractors

Governance

8
Support for improvement of affiliates' governance structure
Support for outside evaluation of listed affiliates' governance structure
Support for affiliates' enactment/revision of relevant regulations; sharing relevant knowhow with them

9
Dissemination of our compliance system to affiliates
Group-wide dissemination of our compliance system
Establishment of the system for compliance-related cooperation for all affiliates

10
ESG management with participation of employees Instilling a sense of pride in employees
Promotion of environmental/social campaign jointly by labor management
Establishment of ESG-related communication channel through employees' participation
Creation of humane/efficient workplace (including volunteering teams)

*RE100(Renewable Energy 100): a global campaign for conversion of electricity used by businesses completely to renewable energy by 2050
**ABC: AI, BigData, Cloud

Stakeholders' participation and communication

A crucial part of the process of promoting of KT's sustainable management consists in ensuring smooth communication with its many stakeholders and reflecting their collected opinions in management activities. As such, we have defined eight groups of stakeholders and devised a process for securing their participation in a bid to apprehend their expectations and requirements and manage KT as a transparent governance structure.

Classification of our stakeholders and channels of communication

Stakeholders	Major areas of interest	Channels of communication with stakeholders
Customers	• Service quality • Customers' health and safety • VOC	• Operation of customer pools (Periodic surveys: 3 per year; Non-periodic surveys: 4 or 5 per year) • Online periodic surveys (two/year) • Group of undergraduates for hands-on experience of goods (operated for 8 months per year) • Household panel (operated throughout the year) • Group of customers for verification of goods (operated throughout the year)
Shareholders/investors	• Management strategy for increasing sales/profit • Regulation/competition environment • Shareholder return policy	• General meeting of shareholders (once per year) • CEO's management-related explanatory session (once per year) • Announcement of results (quarterly public disclosure/conference call) • IR news (once or twice per month) • Domestic/overseas business explanatory meeting (NDR, from time to time) • Operation of IR homepage (permanent)
Government/mass media	• Compliance • Positive participation in government policy • Disclosure of information through the mass media	• PR materials (from time to time) • Press conferences and public hearings (from time to time) • Homepage-based PR (at all times)
Employees	• Work-life balance • Development of talented human resources • Career management	• Labor-management meetings (quarterly) • Local labor-management council, workplace-level labor-management council, labor-management council for policy discussion (permanent bodies having meetings from time to time) • Management explanatory meetings (periodic/non-periodic) • Complaint Handling Center KT119 (from time to time/offline) • Newsletter/Intranet news/In-house online discussion cafe/ exchange of messages (from time to time)
Subcontractors	• Mutual growth • Invigoration of ICT ecology system	• PARTNERS' CAMP(from time to time) • Information Sharing Council (from time to time) • Reaching out informal sessions for mutual growth (from time to time) • KT Partners' Council (from time to time)
Local communities	• Invigoration of the local economy • Communications welfare • Social contributions	• Informal meetings, questionnaire-based surveys, social media, homepage (from time to time) • Support for local children's centers (open at all times) • IT education (from time to time) • Periodical meeting of Gwanghwamun One Team Secretariat
Scholars/experts	• ICT development • Business-university cooperation • Open innovation	• KT Economics & Management Research Institute (open at all times) • Operation of DIGIECO, an ICT research site (open at all times) • Joint research on technology with universities/research institutes (from time to time) • FUTURE ON PR Hall (open at all times) • Gyeonggi Center for Creative Economy & Innovation (GCCEI) (open at all times)
Environment	• Environment conservation • Development of environ-mentally-friendly services	• Environmental Management Committee (from time to time) • GHG verification (twice per year/ Scope 1, 2, 3)

Materiality assessment

We are pursuing sustainable development by ensuring that economic, social and environmental sustainability issues are reflected in our overall management practices. We have selected important issues through a materiality assessment according to the method recommended by ISO26000 and the GRI Standards for intensive management of issues that our important to our employees and our stakeholders.
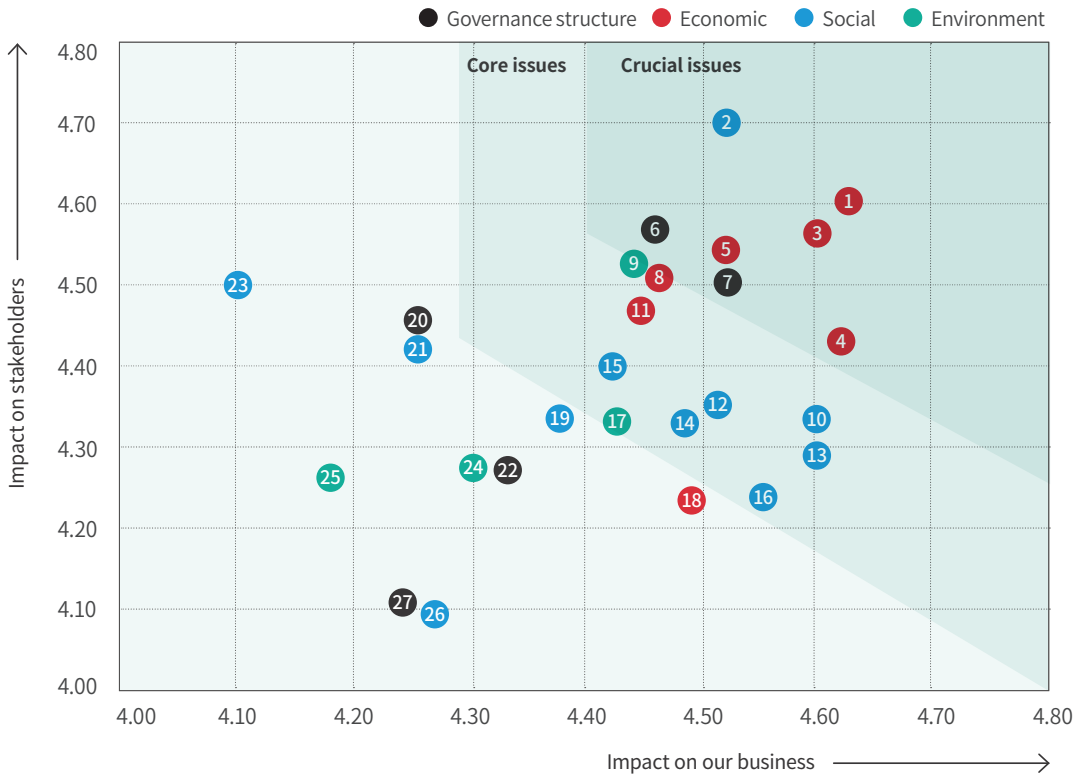
Materiality assessment process

We analyze internal and external environments and conduct the materiality assessment based on the sustainability context, materiality, the principle of completeness, and stakeholders' participation in accordance with the GRI standards when selecting issues that are crucial to our sustainable management.

STEP 1

Internal/external environmental analysis

• **Benchmarking**
: Analysis of status of sustainable management and report on success cases of sustainable management by domestic/foreign businesses that share similarities with KT.

• **Mass media analysis**
: Analysis of sustainable management issues exposed to the mass media over the past 3 years
  - Retrieval of 63,193 articles → Analysis of 348 valid issues
  - Sorting: Governance, economy, society, environment , strategy / Negative, neutral, positive

STEP 2

Materiality assessment

• **Relevance assessment**
: Identification of 27 sustainability issues based on an internal/external environmental analysis of 30 sustainability issues from the previous year
  - Addition of new issues (3), exclusion (4), change in issue titles (7)

• **Significance assessment**
: Selection of important issues through questionnaire-based surveys of employees and external stakeholders
  - Survey period: March 25, 2021 ~ April 5, 2021 (12 days)
  - Number of participants: Total 6,443 [6,224 employees and 219 external stakeholders]
  - Types of participating stakeholders: customers, subcontractors, shareholders/investment institutions, government, mass media, NGOs/social organizations/associations, scholars/research institutes/experts, and employees.
  - Survey method: Online questionnaire-based survey tools.

STEP 3

Validation

• **Ascertainment of suitability of scope, boundary, and period**
: Review of the validity of important issues selected and decision on the level of the report related to scope, boundary, and period.

• **Analysis of impact on business**
  - Strategic linkage: Review of whether mid/long-term objectives can be attained and business connectivity.
  - Financial impact: Review from perspectives related to revenue creation and opportunity factors, opportunity for cost saving and seriousness of increase in costs, risks, etc.

STEP 4

Internal/external Review

• **Employee/stakeholder-related review**
: Review of suitability of scope/boundary/period/contents of activities in meetings with employees in charge of r esults of material assessment analysis

• **Verification by a third-party verification institution**
: Review of suitability of the process of drawing up the report and validity of data by a third-party verification institution

Materiality Assessment

Sustainability issue

We conducted a questionnaire-based survey of internal/external stakeholders after conducting a relevance assessment and identifying a total of 27 sustainability issues in the following areas: governance structure (5), economy (7), society (11), and environment (4):
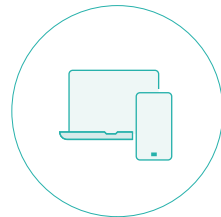
● Governance structure   ● Economic   ● Social   ● Environment

Core issues   Crucial issues

Impact on stakeholders (y-axis): 4.00–4.80
Impact on our business (x-axis): 4.00–4.80

Category	Sustainability issue	Category	Sustainability issue
Governance structure	• Establishment of ethics and integrity-based management • Expansion of stakeholders' participation • Strategic risk management • Establishment of a transparent, sound governance structure • Establishment of a sustainable management strategy system	Society	• Customer information protection and cyber-security • Fair evaluation and compensation of results • Creation of social value through social contribution • Protection of and respect for human rights • Training and nurturing of talented human resources • Healthy work-life balance • Ensuring employees' health and safety • Local community participation and development (contribution to and investment in local communities, etc.) • Win-win growth with subcontractors • Sustainable management including environment/safety management of supply network • Coping with crisis caused by infectious diseases (e.g. COVID-19)
Economy	• Strengthening of corporate competitiveness by making the transition to a digital platform business • Bringing about change in customers' life through ICT • Management results and economic value creation • Customer experience innovation with the development of customer-centered goods and services • Fair trade and compliance, securing of network stability • Strengthening of R&D and future technology	Environment	• Energy efficiency and renewable energy • Coping with climate change • Promotion of environmental management and minimization of environmental impact • Circular economy (Management of waste water and waste, etc.)

	Category	Sustainability Issue	GRI Topics	Report boundary Internal	Report boundary External	Pages on the report
1	Crucial issues	Strengthening corporate competitiveness through conversion to a digital platform business (DIGICO)	Other business issue	●		p20-25
2		Customer information protection and cyber-security	[GRI 418] Customer Privacy	●	●	p57-59
3		Securing network stability	Other business issue		●	p55-57
4		Bringing about change in customers' life through ICT	Other business issue		●	p20-25
5		Fair trade and compliance	[GRI 419] Socioeconomic Compliance	●	●	p102
6		Establishment of a transparent and sound governance structure	[GRI 102] General Disclosures		●	p92-96
7		Establishment of ethics and integrity-based management	[GRI 419] Socioeconomic Compliance		●	p97-102
8	Core issues	Strengthening R&D and future technology	Other business issue	●		p20-27
9		Coping with climate change	[GRI 305] Emission		●	p35-39
10		Fair evaluation and compensation of results	[GRI 404] Training and Education	●		p85
11		Customer experience innovation with the development of customer-centered goods and services	Other business issue	●		p51-54
12		Coping with crises caused by infectious diseases (e.g. COVID-19)	[GRI 403] Occupational Health & Safety	●	●	p28-29, p77
13		Ensuring employees' health and safety	[GRI 403] Occupational Health & Safety	●		p75-77
14		Training talented human resources and building their competences and capabilities	[GRI 404] Training and Education	●		p84-86
15		Creation of social value through social contribution	[GRI 413] Local Communities		●	p60-65
16		Healthy work-life balance	[GRI 412] Human Rights Assessment	●		p88-89
17		Energy efficiency and renewable energy	[GRI 302] Energy	●		p40-42
18	Issues in general	Management results and creation of economic value	[GRI 203] Indirect Economic Impacts		●	p107-108
19		Protection of and respect for human rights	[GRI 412] Human Rights Assessment	●	●	p78-82
20		Establishment of a sustainable management strategy system	Other business issue		●	p11-13
21		Sustainable management including supply network's environment/safety management	[GRI 414] Supplier Social Assessment		●	p69-71
22		Strategic risk management	[GRI 102] General Disclosures	●		p103-105
23		Subcontractors' win-win growth	[GRI 414] Supplier Social Assessment		●	p67-68, p71
24		Circular economy (waste water and waste management, etc.)	[GRI 306] Effluents and Waste	●		p42-43
25		Promotion of environmental management and minimization of environmental impact	Other business issue	●		p32-34
26		Local community participation and development ((contribution to and investment in local communities, etc.)	[GRI 413] Local Communities		●	p61-65
27		Expansion of stakeholder participation	Other business issue		●	p14

Materiality Assessment

Management of Material issues

Materiality issue	Strengthening corporate competitiveness through conversion to a digital platform business	Customer information protection and cyber-security	Securing network stability	Bringing about change in customers' way of life through ICT	Fair trade and compliance	Establishment of a sound and transparent governance structure	Establishment of ethics and integrity-based management
Why is it important?	We act as the representative communications business of our home country. The advent of the era of the Fourth Industrial Revolution makes it impossible to stay self-contentedly in telecom sector. We need to cope with cope with a change in management environment. Our conversion to a digital platform business (DIGICO) will be a new turning point in our design innovation.	Our business is carried out based on the trust of customers who use our services. As such, we must take the most appropriate steps to protect customer information. We strive to provide sustainable services to our customers and serve as a communications platform that customers can use safely and conveniently.	Communications networks are backbone of the 4th industrial age and, needless to say, their services should be provided promptly and stably. It is essential that communications be operated conveniently and stably as a universal service that can be provided at any time/place. As a business that controls the home country's communications network, we are committed to providing the ǎvery best network services to our customers at all times.	We have led our rivals in the communications sector through continuous technological innovation. We will provide fast and flexible services that meet customers' diverse needs as a digital platform business. We aim to create a future where we can bring about positive changes in our customers' way of life with the application of ICT.	A business's commitment to fair trade and compliance is a basic requirement it must satisfy in order win customers' trust. We are dedicated to maintaining integrity and transparency in all our business operations and to pursuing clean transactions and strict compliance, keeping in mind that any deviation may incur a risk and cause serious damage to the Company, as well as obstructing our goal of increasing value for customers/stakeholders.	A business needs to establish a sound and transparent governance structure that stakeholders can comprehend, empathize with, and support. We aim to stay on the right track to becoming a business that can lead others to the future through close communication with our stakeholders, create corporate value based on integrity, and enhance sustainability.	We aim to establish an entirely corruption-free workplace in all our actions and operations including our relationships with external stakeholders, and are actively putting ethical management into practice. We aim to internalize an ethical mindset among our employees, keeping in mind that there will be no bright future for KT if our employees fail to make the right and ethical judgments in the course of their business duties. We also prevent the recurrence of violations by imposing strict penalties against violators of the regulations.
Our Approach	We are considering diversifying our operations by expanding the groundwork for a digital platform business. We are strengthening our competitiveness by recruiting talented human resources while training incumbent employees to develop as a digital platform company. We will lead our competitors in the sector of innovation based on our capabilities in AI, Big Data, Cloud, etc.	We set the protection of customer information as our No.1 principle. We have strengthened our management system with the focus on protecting customer information, coping with sophisticated security threats proactively and structurally, and guaranteeing customers' rights as data subjects. We always remind our employees of their duty to protect customer information with a firm sense of responsibility and to establish a safe security system through appropriate information processing.	Non-face-to-face communication has become a widespread trend in the era of COVID-19. As a communications business, we feel a deep sense of responsibility about the increase in the use of communications network. We are working to adopt systematic innovations in order to improve Internet quality by taking the necessary steps concerning the concentration of communications traffic, and improving the system with the use of AI.	We are making new daily routines for customers by providing services which integrate ABC technologies (AI, Big data and Cloud), and creating diverse contact points with customers in a way that they can feel. We will strive to ensure that our digital transformation becomes our core capability as a sustainable business dedicated to enhancing customer convenience and providing the ultimate satisfaction to our customers.	We are doing all we can to lead the way in establishing fair competition and transparent transactions as a communications business that represents the country and strives to enhance public convenience and benefits. In addition to adopting the Compliance Program ahead of other communications businesses in the country, we are committed to promoting the full-scale adoption of fair trade via the following steps: operation of a center for pre-deliberation of fair competition, designation of a department dedicated to compliance in all affiliates, holding of educational sessions for employees in relevant matters, and in-house checks.	We have adopted the Corporate Governance Structure Charter to ensure a sound and transparent governance structure as the cornerstone of our sustainable management activities, and carry out responsible management under the supervision of the Board of Directors based on the Charter. We also disclose the entire management process transparently to our stakeholders, form trusting relationships with them, and protect their rights and benefits.	Above all, a business needs to make the right decisions and ethical judgments so as to be able to fulfill its social responsibilities and obligations and engage in ethical management. In this regard, we have adopted new ethical management principles, are working hard to ensure that integrity-based management takes root, and are encouraging all our employees to observe the five principles of ethical management that we have set for the entire company.
Major achievements	• Development of digital HR • Development of new business models based on new converged DX Platform • Securing of robot service businesses and playing a lead role in the market • Leading the way in New AI B2B • Leading the way in AI One Team 2.0 system • Provision of IDCs optimized for diverse businesses	• Operation of an expert organization specializing in privacy protection (339 employees) • Investment of KRW 98.0 billion in privacy protection infrastructure • First Korean business to receive the highest AAA grade (P) in the "information protection preparedness assessment" for 4 years in a row • Implementation of personal information protection campaign • Provision of a customer information protection service	• Continuous improvement of Internet quality • Promotion of network automation/intellectualization • Development of Intelligent solutions such as Dr. X • 5G SA network • Zero cases of serious communications problems (2019-2020)	• AI customer consulting service • 080 call check-in • Measures to help underprivileged people use our services more conveniently • Network intellectualization • KT e-mentoring • Ranked No. 1 in the National Customer Satisfaction Index (IPTV, Internet, Wired phone, High-speed internet)	• 212 case.of Pre-review of fair competition • 8,366 people of Compliance education • Faithful filing and payment of taxes in compliance with the government's tax policy	• Adoption of the KT Corporate Governance Structure Charter • Adoption of the e-voting system for shareholders' meetings • Board of Directors equipped with independence, diversity, and expertise • Assessment of the Board of Directors' activities for greater efficiency	• Guidelines for putting ethics management principle into practice • Clean-KT campaign • Operation of ethics management communication channel • Establishment of anti-corruption code of conduct • Dissipation of compliance system to all affiliates; strengthening relevant education

DIGICO **KT**

for Digital transformation

What significant does technological development have with us?

You start your day with a smart phone, which means that you are already
in the center of DIGITAL TRANSFORMATION.

KT hopes that you will have a happier daily life in there.

We at KT strive to grow as a digital platform company (Digico) to provide you
with the information you need promptly, accurately, and stably.

We at DIGICO KT wish to find the significance of innovation in you.
We envision our infinite growth potential by enabling you to enjoy your day
more conveniently with our technology.

We at DIGICO KT will do what we can to make your daily happiness extend to
sustainable future.

AI

Provision of omnipresent AI solutions
related to apartments, hotels, resorts,
industrial robots, cars, and AI coding
education solutions

DIGICO **KT**

BigData

Establishment of KT BigData
Intelligence Platform that presents
optimal solutions with customized
analysis report and consulting fit
for businesses' requirements

Cloud

Operation of IDC (Internet Data Center)
that provides Cloud service optimized
for customers' business requirements
and will meet the rapid increase in the
amount of data related to the Fourth
Industrial Revolution

AI

We are at the top in domestic AI speaker market & AI space market.

I am AI created to understand and help people.
I am your smart assistant and friend. I can get a grasp of what you are interested in and a sign of your bad health based on what you tell me.

Have you seen me at a hotel or restaurant?
The government discourages physical contacts between people due to COVID-19 and I can deliver what you want accurately and safely to other people without contacting them physically.

Ever heard of KT's AI Customer Center, which ranks the top in customer satisfaction? I am always making preparations to help you on a 24/7 basis. I bet you feel secure, knowing I am here. I will carry out activities so that your daily life may be more convenient and happier.

GiGA Genie

AI Robot

AI Contact Center

BigData

KT BigData ranking the top in the country

I am KT's BigData enjoying the status as the country's No.1.
Who provides BigData matters, as its value varies, depending on how it is collected, analyzed, and processed.

More than 100 local governments in the country are using me to help tourists spend their time in their areas more satisfactorily by analyzing the information on their lifestyles, consumption patterns, and length of their stay, etc.

The authorities concerned use me to take steps related to social distancing in consideration of local population density and take measures against summer heat, winter cold or dust particles.

Restaurants use me to develop a new menu based on the analysis of the information on the number of people visiting their area, sales of stores in the area, and customer's demand for food delivery. They also use me for more efficient management of food materials and employees based on demand forecast.

Now, is it possible for you to know how important a role I assume by providing reliable information obtained through accurate data analysis and forecast?
You know why I am your reliable success partner.

Tour analysis solution

Population density solution

Business analysis solution

Cloud

KT Cloud, the largest of its kind in the country

I am No. 1 KT Cloud, the largest one of its kind in Korea boasting world-class stability and security system.

Cloud is a must-have item as a stable and efficient place of storage for processing a large amount of data for digital conversion, which is a core factor of the the Fourth Industrial Revolution. No matter how much good-quality data you many have, you can do hardly anything if I am not solid. You will feel secure if you have a financial Cloud that can protect keep customers' credit information thoroughly and provide customized service per customers' consumption pattern, won't you?

KT is a provider of public Cloud service for the largest number of customer public institutions in the country. Combined with KT's ultra-low latency network, it is the best Cloud you can ever find in the country.

Nowadays, I am transforming into Green IDC designed with environment considered for future generations.

KT strives to improve energy efficiency to reduce carbon footprint and use renewable energy wherever it can. Please think about what you will do with KT Cloud in a cleaner future.

Finance Cloud

Public Cloud

Green IDC

DIGICO KT, product

AI

GiGA Genie
Smart Home's Main controller and KT AI's starting point for creation of New Platform Business value

AI Robot
Providing digital innovation in customers' daily lives and business with AI-based service robots

AI Contact center
Providing optimal environment for consulting business to consultants and rapid and accurate problem solutions to customers through Digital Transformation of all contact points where businesses meet customers

BigData

De-facto Population Solution
- New concept of population-related information based on the assumption of movement/distribution of population in a specific area at a specific time
- Solution for providing high-fidelity solution, using LTE signal data, the first of its kind in the world

KT Jalnagage
Service for providing information on population in neighborhood, sales of stores, and demand for delivery, etc. to small store owners, using BigData

KT Marketing Coach
Management support solution designed to help customers through execution and management of digital marketing, using AI engine and BigData

Cloud

IDC Colocation
Service designed to help customers reduce energy consumption, providing first-rate energy efficiency-related computer infrastructure

5G Edge Cloud
KT's differentiated 5G Network-based high-performance/ultra-low latency special Cloud service

DX Platform
Cloud-based platform service for providing new technologies such as AI/BigData/IoT, etc. as development environment to help customers' DX needs

KT One Team project

We at KT operate a system of collaboration among AI One Team , B2B One Team, and Cloud One Team composed of businesses, universities, and research institutes for the country's successful Digital Transformation in the period of the Fourth Industrial Revolution. We also push forward with the activities of Gwanghwamun One Team, which is a model for collaboration between the private/public sectors, in a bid to settle local community-related issues.

Cloud One Team

Formation of a coalition of businesses, universities, and research institutes to strengthen the competitiveness of the country's Cloud Industry Ecology System
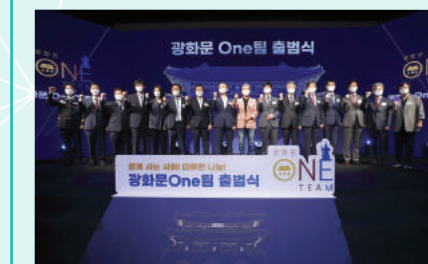
Major activities

· Support for invigoration of industry's open ecology system
· R&D and training of talented young people
· Performing the task of digital innovation/development

Operating structure, collaborating businesses/institutions

· ECO Win-Win Support Corps: Korea Venture Business Association, Gyeonggido Job Foundation, GCCEI, ICCEI
· Technology/R&D Innovation Subgroup: ETRI, SNU, KAIST, POSTECH, SeoulTech, Dankook University
· Industrial Innovation Subgroup: K Bank
· Solution Innovation Subgroup: Namu Tech, SOMANSA, SALTLUX, Penta Security, Tilon, XENO Solution, Saeha Comms, Aromtech, TmazA&C, HANCOM Inc., Crinity, roumiT, bizplay, webcash, Altibase, pentalink

Launch of Cloud One Team

AI One Team

A council of businesses, universities, and research institutes launched with the aim of forming the AI ecology system through open R&D and training of talented young people

Major activities

· AI Open R&D: joint discussion about AI issues of business/ industries among the tri-parties
· Promotion of business-customized AI education for training talented young people
· Fostering AI ecology system by strengthening the structure of collaboration between existing businesses and startups

Participants (Ten including KT)

HHI Group, KAIST, Hanyang University, ETRI, LG Electronics, LG U+, KITC, Dongwon Group, Woori Bank

Launch of AI One Team

ONE — TEAM

Establishment collaboration institutions/ settling
of a system for among relevant businesses for common issues

One Team   Project

B2B One Team

Promotion of joint R&D and business among businesses/institutions specializing in diverse areas for businesses' successful Digital Transformation

Major activities

· Expansion of customer needs-based contact center service market
· New DX model development by contact center platform
· Joint development of traffic DX/ realistic media DX solution

Collaborating businesses/institutions

Operation of contact center with Hansol Inticube, KLCNS, MindwareWorks, NHN Diquest, SELVAS AI, VagelSoft, Yespeech and professional business people specializing in IT outsourcing and businesses with specialty in specific areas including Metanet Mplatform

Launch of B2B One Team

Gwanghawmun One Team

Establishment of a model of collaboration between public/private sectors including major businesses in Gwanghwamun, central government ministries/local governments and NGOs with a focus on merits of each

Major activities

· Joint promotion of social contribution activities for local community in Gwanghwamun
· Purchasing meal kits/agricultural produce from small store owners
· Establishment of Nanuweojeong (Sharing) app platform

Collaborating businesses/institutions

BAE, KIM & LEE LLC, Lina Life Insurance, Maeil Dairies, K-SURE, KMI, Community Chest of Korea, Korea Volunteer Center, Seoul YMCA, MOIS, SMG, Jongno-Gu Office, Jongno Police Station, Sejong Center for the Performing Arts

Launch of Gwanghwamun One Team

COVID-19

In connection with the world-wide state of confusion due to COVID-19,
we at KT strive to help people withstand the crisis through our technologies,
services, and ESG activities.

PM 12:30

At the restaurant where I went for lunch, the boss said
that using the 'Jal-nagagae' service helped a lot in sales.
It's good that our company's service is praised.

⇨ **Provide Small business area analysis
platform 'Jal-nagagae' service**
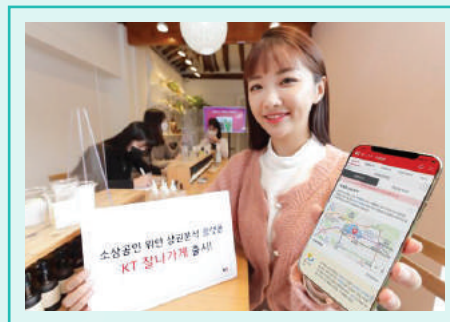
PM 13:30

I attended an ICT-related research meeting of those working
together to fight COVID-19. ICT was playing an important role in
efforts against infectious diseases.

⇨ **KT, jointly with Bill & Melinda Gates Foundation, engages in
an ICT-based project designed to fight infectious diseases.**
⇨ **KT also engages in research alliance activities related to
forecast of the spread of COVID-19.**

AM 11:00

I ordered lunch meal kit, using Nanuweojeong (Sharing) app.
Meal kit gives me an extra time to spend with children.
Meal kit is part of a social contribution project designed to
provide support for small store owners near the Company.

⇨ **Sarang (Love) Series activities designed to provide
support for small store owners near the Company.
They are carried out by Gwanghwamun One Team.**

PM 15:00

I talked to the child on the phone. He is staying at home due to
COVID-19. He cannot go to school, but my concern about him
halved, seeing that he was studying with the help of an
undergraduate serving as a mentor.

⇨ **Korea's representative non-face-to-face
learning mentoring program 'KT e-mentoring'**

New Normal
Period

A day of

caused by
COVID-19

a KT employee

AM 08:30

Arriving at the office, I found an anti-epidemic robot greeting
me. It sterilizes every nook and corner of the office to our relief.
I passed through the security gate without taking off the mask
thanks to the facial recognition system. Checking body
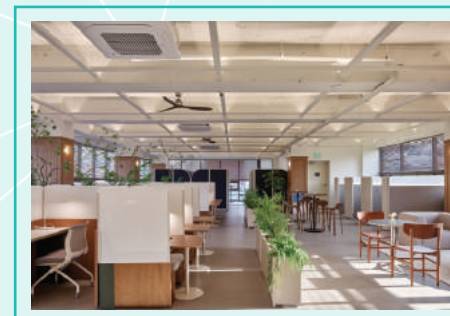temperature was done at the same time.

⇨ **Unmanned anti-epidemic system, using a robot named Campion**

⇨ **Security system, using the AI-based facial recognition system**

PM 19:00

It was arranged that I work from home, starting tomorrow, with the upward
adjustment of social distancing due to an increase in the number of confirmed
cases. I think I will go to the Ilsan "Base" Office to concentrate on the work.

⇨ **KT's formulation of office space-related contingency plan as part
of the effort to fight COVID-19**
⇨ **Operation of eight base offices in the Greater Seoul Area**

Environmental

Until now, human development has been made in debt to the environment of subsequent generations. The environmental crisis is no longer just a problem for a specific country or a specific company. Accordingly, KT is creating a corporate culture in which corporate sustainability and environmental sustainability coexist. We will not stop at reducing our carbon footprint, but will also use our technology and resources to erase the previous carbon footprint. For the realization of Net Zero 2050, the near future, we will actively implement our mid- to long-term goals and seek innovative contributions unique to KT. Before it's too late, KT will take the lead in action for the earth and humanity.

Busting Score

3.551

우리가 줄인 일회용품 개수

TRASH BUSTERS × kt

KT 친환경 캠페인
지·우·개
지구·우리·개인을 지키는 작은 실천!

캠페인 시작 2주만에, 총 **40만** 건의 이메일 삭제 인증
1,500kg의 이산화탄소 배출이 저감되었습니다.
(= 230그루 소나무의 탄소 흡수량이랑 같아요!)

이메일 지우개 인증하기

참여해주셔서 항상 감사합니다.

Jiugae (to protect the earth, us, and individuals) campaign by unjin Yu, Yunho Lee, Yuna Ha, Minji Kim, Donggyu-Rho employee using reusable cups instead of disposable cups in-house for the environment.

Environmental

Environmental, an essential factor in management

Topic Importance

Businesses' responsibility is bigger than ever in the matter about debating the future of the Earth and coping with climate changes. We at KT are reshuffling the organization and doing what we can at the working level to cope with environmental issues proactively and push forward with our strategies for environmental management aimed at the target Net Zero 2050.

Our Approach

- Promotion of environmental management strategy aimed at Net-Zero 2050
- Utilizing ABC (AI, BigData, Cloud) technologies for environment, an essential factor in management
- Strengthening the role of the Board of Directors ('BoD') for positive promotion of environmental management
- Invigoration of the Environmental Management Committee (composed of four parts; participated in by 15 major departments)

Performance

Carbon Disclosure Project (CDP) Hall of Fame
4 consecutive years

Net Zero 2050
Establishment of a new environmental vision

Environmental education
for all employees

Related UN-SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

15 LIFE ON LAND

Environmental, an essential factor in management

Vision and strategy

In connection with a change from climate change to a period of climate crisis in which environment is an essential factor in management, we at KT have formulated Net Zero 2050, a new vision for environmental management. We will be in promotion of two goals, i.e. minimization of environmental impact by our business operation and maximization of environmental benefits from our services at the same time through positive use of our ABC (AI, BigData, Cloud) technologies to attain the objective of Net Zero (Carbon Neutrality) by 2050. We will also continue to reduce GHGs, expand the use of renewable energy, and contribute to the country's attainment of the goal Net-Zero.
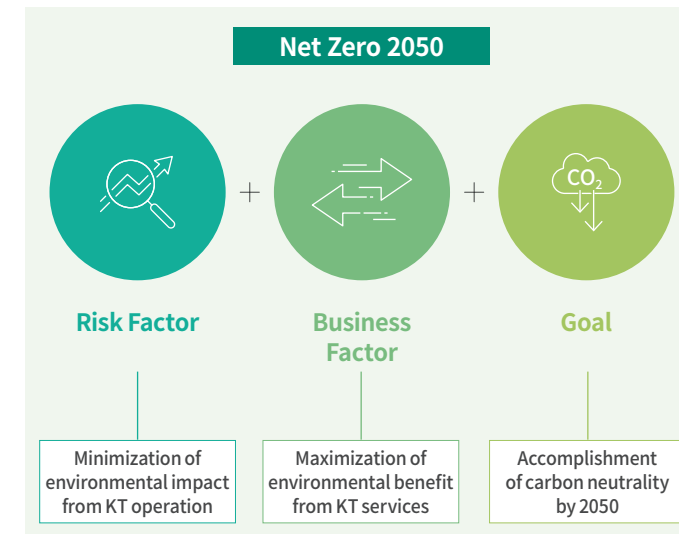
Eco-friendly management policy

We have formulated the eco-friendly management policy with the aim of attaining the goal of Net Zero 2050 and are in promotion of company-wide eco-friendly management based on the said policy. The said policy was formulated based on international environmental standards such as international environmental management standards (ISO14000), the UN Sustainable Development Goals (SDGs), and the Paris Agreement, etc. and the country's environment-related laws such as the Framework Act on Low Carbon, Green Growth, the Act on the Allocation and Trading of Greenhouse-Gas Emissions Allowances, etc. Our environmental management policy contains our overall directions of environmental management strategy and relevant objectives including reduction of energy use/GHGs and efficient use of resources designed to attain Net Zero, establishment of eco-friendly supply network, and development of eco-friendly ICT, etc.

• KT Eco-friendly Policy

Strengthening the system for promotion of environmental management

In 2013, we launched the Environmental Management Committee. Since then, we have discussed annually on the major environmental issues including Net Zero, GHGs reduction, energy efficiency and fine dust reduction, etc. With regard to those having noticeable impact on the Company, we strive to cope with them by formulating relevant strategies and setting up detailed implementation plans. In 2021, sustainability management committee affiliated to BoD, ESG promotion committee, and environmental divisions under the ESG working council were established for systematic implementation of ESG management. Our Environmental Management Committee is composed of subcommittees in charge of coping with climate changes, energy/resources, eco-friendly SCM, and eco-friendly ICT and is participated in 15 major departments. Its session is held twice a year periodically to discuss relevant strategies and implementation plan, and to evaluate the results. The results are reported periodically to the ESG Committee, the Sustainable Management Committee, and the BoD. The BoD approves environment-related strategies/plans and manage/supervise the status of implementation.

ESG Promotion organization system
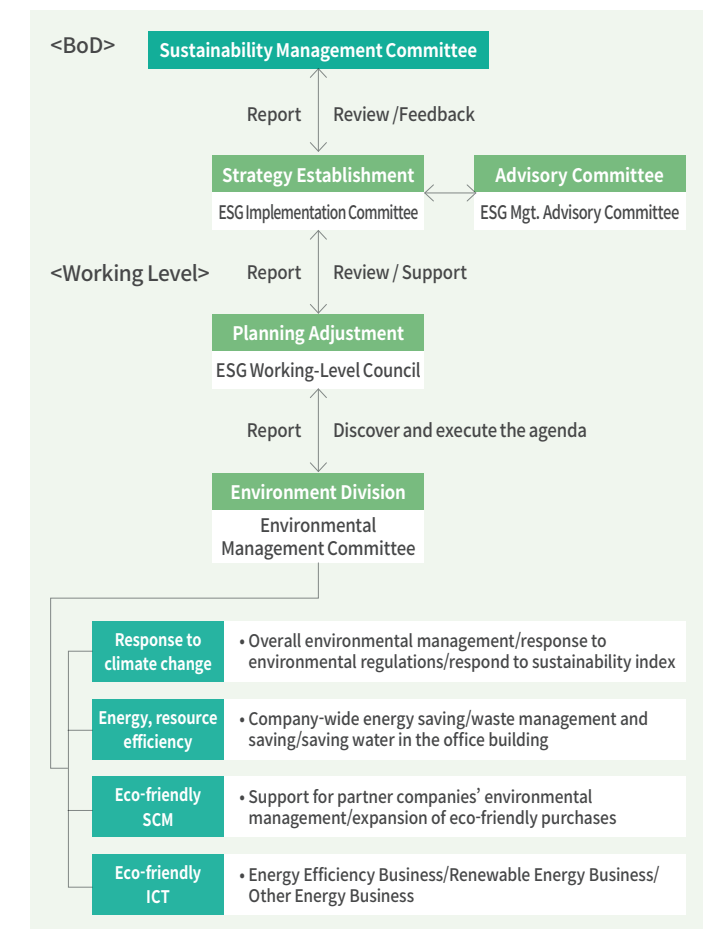
Environmental management leadership

In 2020, KT joined the Hall of Fame for 4 consecutive years on the CDP (Carbon Disclosure Project), and also joined the Platinum Club. CDP evaluates the level of coping with climate changes on 9,500-plus businesses worldwide and announces the result every year. The CDP index is regarded as the most reliable one of ESG indexes. The Platinum Club is the highest level of CDP evaluation open only for businesses that are named to Hall of Fame for four straight years. We have become the fourth Korean business or the first Korean communications business to join it. Not one to grow complacent, we will continue to strengthen our environmental management to be recognized worldwide.

Environmental management education

Our ESG Management Promotion Office, which is a working-level organization in charge of environmental management carries out education on major environmental issues including climate changes for employ-ees of environment-related departments. We expect that better results will be obtained through the em-ployees' better understanding of the relevant matters. In 2021, we engage in ESG-related online education for all employees and distribution of eco-friendly card news in a bid to strengthen the relevant education for employees. We aim to engage in environmental management participated in by all employees through con-tinued education like that.

Expansion of environmental management

KT will expand environmental management to group companies from 2021 under the vision of 'Net Zero 2050.' KT group companies also recognized the importance of ESG management and to implement environmental policies. First, we plan to form an environmental management organization centered on listed group companies and establish visions, strategies and policies for each group company. In addition, we plan to establish a management system for major environmental data such as energy, greenhouse gas, waste, and water, and establish and implement reduction measures. KT actively supports the promotion of environmental management by group companies, thereby implementing the KT Group's environmental management.

Card news issued to employees every week
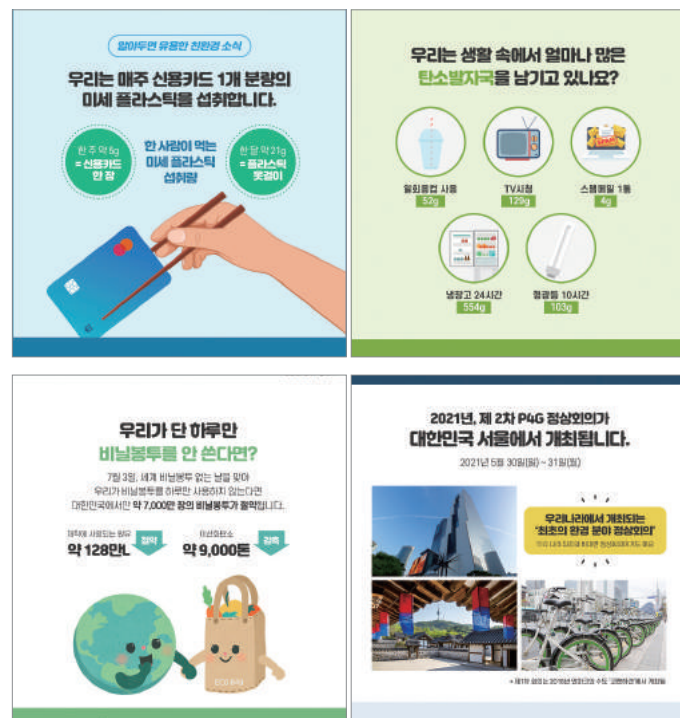
Interview with an ESG management expert

Professor **KIM Jongdae**, Green Finance Special-ized Graduate Program, Inha University

Through KT's Digico strategy, we expect to leap forward as a best practice company for climate change and environmental management.

KT has grown as a telecom business representing South Korea, and declared on converting into a digital platform business (DIGICO) in preparation for the post-COVID-19 era. It is expected that its attempt for transformation of itself based on AI, Big Data, Cloud technology will bring it great synergy required to make it jump forward as a leading business in sectors related to climate change and environmental management. KT is developing solutions to energy saving requirements of its corporate buildings including Internet Data Centers (IDCs), utilizing its information technology (IT). It is also striving to improve current PV and fuel-cell power generation in a bid to cope with climate change. I understand that such is part of the steps taken by KT for sustainable growth through digital transformation in preparation for the post-COVID-19 era. Based on results of such efforts, KT has started its long march for putting the goals like RE100 and net zero (carbon neutrality) into practice, which are viewed as the criteria for a world-class eco-friendly business. I expect that KT will come up with a business model of a strategy for coping with climate change through the development of emissions management dealt with in Scope 1/2/3, fully utilizing the telecom/digital technology and management capability that it has accumulated. Future directions of sustainable management require the development of a growth strategy based on environment-related concepts without being content with risk management. I expect that KT's DIGICO model will make it possible.

Environmental
Coping with environment

✦ Topic Importance

We at KT are approaching environmental risks not on the level of mere removal of management risks, but based on the recognition of them as an essential and urgent task re-quired for the future of mankind. We intend to reduce our carbon footprint by carrying out specific plans for compa-ny-wide GDGs reduction from long-term perspective. We are committed to eco-friendly management.

✎ Our Approach

- Establishment of company-wide GHG reduction target
  · Our target is to reduce the emissions 35% by 2030, 50% by 2040, and 70% by 2050 from the 2007 level
- Promotion on the reduction of electricity consumption by wired/wireless network equipment, which account for 73% of company-wide GHGs emissions
- Reduction of GHGs emissions from the 13 IDCs (Internet Data Centers)
- Establishment of ways to cope with it by getting a grasp of climate-related risks/opportunities

▥ Performance

Development of AI Operator
(10% reduction in building energy consumption)

Company-wide GHG reduced about 40,000 tons

Operation of EVs 1,000 units

⊕ Related UN-SDGs

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

15 LIFE ON LAND

Coping with climate changes

Objectives for coping climate changes

We aim to reduce GHGs emissions 35% by 2030, 50% by 2040, and 70% by 2050 from the 2007 level un-der the vision Net zero 2050. Our Environmental Management Committee sets company-wide annual re-duction target and explores items for reduction in overall consideration of annual domestic/in-ternational industrial outlook, our business direction, network stability, etc.

GHGs management

- Establishment of GHGs emission management system

In 2011, we established our GHGs inventory concerning Scope 1, 2* emissions and expanded it to Scope 3* by 2013. We are in management of emissions for Scope 1, 2 per the Ministry of Environment (ME)'s guide-lines and for Scope 3 per the methodology developed by us with the application of ISO 14064-3 standards. The reliability of the relevant data is confirmed annually through the verification by by an institution desig-nated by the ME. In 2018, we estab-lished a system for monitoring the status of GHGs emissions from our corpo-rate buildings across the country on a real-time basis. Through comparison analysis with the status of the preceding year, we detect factors of energy waste and explore items for reduction. In 2021, we sophisti-cated it to a sys-tem that can manage even GHGs emissions of all our telecom equipment [at forward de-ployed stations, base stations, and relay devices] for more sys-tematic and efficient management of GHGs emissions.

* Scope 1 (direct emissions):
  GHGs directly emitted due to the use of fossil fuel (diesel, gasoline, LNG, etc.)
  Scope 2 (indirect emissions):
  GHGs occurring in the process of production of electricity, heat, steam
  Scope 3 (indirect emissions):
  GHGs emitted by corporate stakeholders such as subcontractors, consumers, and employees (commute, business trip)
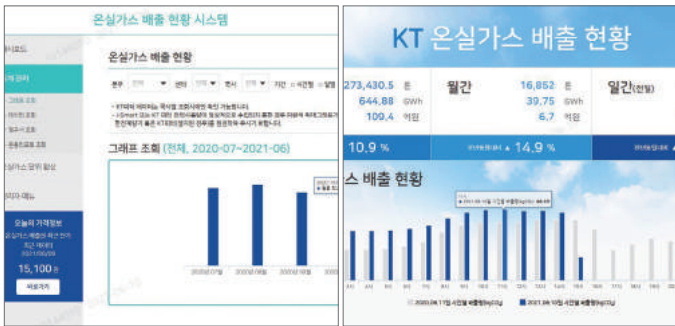
• Greenhouse gas emission status system   • Greenhouse gas monitoring system

- GHGs emissions_ Scope 1

As a business subject to the emissions trading system (ETS), we report the sta-tus of Scope 1, 2 emissions to the ME annually. The scope of the report covers all our facilities including all our corporate buildings across the country, IDCs, branches, forward deployed stations, base stations, relays, business-purpose vehicles. Scope 1 emissions refers to those from heating of the buildings, operation of business-purpose vehicles, emergency generators, and fuel cell. In 2020, our Scope 1 emissions stood at 36,059 tCO$_2$eq, a 51% reduc-tion from that of 2007 (54,456 tCO$_2$eq) and 0.7% less than the target set for the year (36,300 tCO2eq). In 2020, we pushed forward with upgrading/replacement of existing boilers to/with more efficient ones, op-timization of heating energy for management of adequate temperature, invigoration of video conferences intended to reduce the use of vehicles, etc. to reduce Scope 1 emissions. This way, we reduced about 3,300 tCO2eq in emissions.

Details of Emission in Scope 1   (Unit: tCO$_2$eq)

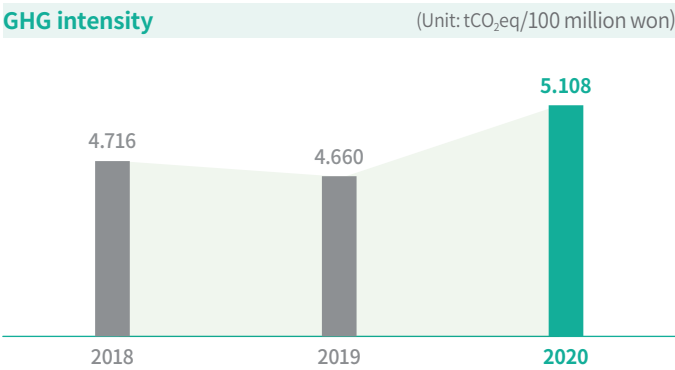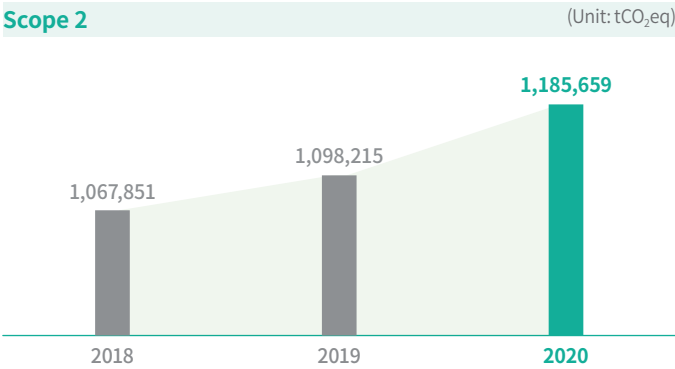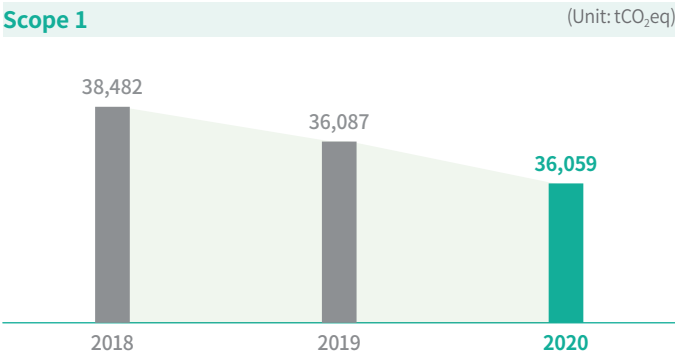| Fuel types	2018	2019	2020
Fixed fuel	22,851	19,974	17,720
Mobile fuel	15,630	16,113	15,088
Fuel Cell	-	-	3,251
Total	38,482	36,087	36,059

- GHGs emissions_ Scope 2

Scope 2 emissions refers to those from electricity used in our corporate buildings, telecom equipment, and EVs and the heat (hot water) used for heating of corporate buildings. In 2020, our Scope 2 emissions stood at 1,185,659 tCO2eq, a 3.0% reduction from that of 2007 (1,222,416 tCO2eq) and 0.4% less than the target set for the year (1,190,000 tCO2eq). In 2020, we pushed ahead with programs designed to reduce the use of electricity including upgrading/replacement of existing wired/wireless network equipment to/with more efficient ones, optimization of air-conditioning power through outdoor air intake, improvement of air-conditioners to reduce Scope 2 emissions. This way, we reduced about 36,700 tCO2eq of emissions. In 2020, our use of electricity increased 7.7% y-o-y due to the installation of 5G network equipment nation-wide.

Details of Emission in Scope 2   (Unit: tCO$_2$eq)

Fuel types	2018	2019	2020
Electricity	1,065,843	1,096,215	1,183,886
Heat (hot water)	2,008	2,001	1,773
Total	1,067,851	1,098,215	1,185,659

Scope 1+2 emissions and intensity   (Unit: tCO$_2$eq, tCO$_2$eq/100 million won)

Category	2018	2019	2020
Scope1	38,482	36,087	36,059
Scope2	1,067,851	1,098,215	1,185,659
Total	1,106,333	1,134,302	1,221,718
Intensity	4.716	4.66	5.108

Scope 1   (Unit: tCO$_2$eq)

38,482 (2018)   36,087 (2019)   36,059 (2020)

Scope 2   (Unit: tCO$_2$eq)

1,067,851 (2018)   1,098,215 (2019)   1,185,659 (2020)

GHG intensity   (Unit: tCO$_2$eq/100 million won)

4.716 (2018)   4.660 (2019)   5.108 (2020)

- GHGs emissions_ Scope 3

Scope 3 emissions refers to GHGs indirectly emitted through a business's management activities. We devel-oped methodology of calculation of Scope 3 emissions in 2013 and expanded the scope of GHGs management from Scope 1 and 2 to Scope 3. We manage Scope 3 emissions by dividing them into three stages: supply network stage, stage of use, and stage of other emissions. Emissions at supply network stage refers to GHGs emitted in the process of production of goods by primary subcontractors for supply to us and emis-sions at the stage of use refers to GHGs emitted in the process of customers using our service. Stage of other emissions refers to GHGs emitted due to water used at our corporate buildings, waste processing, employees coming to work/returning home and use of public transportation for a business trip (Calculate by using Scope 1 when using vehicles for business purposes)

Status of Scope 3 emissions   (Unit: tCO$_2$eq)

Category		2018	2019	2020
Supply network stage		15,795	18,119	17,124
Stage of use		360,089	386,455	418,741
Other	Water	642	716	644
	Waste	3,862	4,228	3,295
	Employee business trips	6,165	10,049	3,093
	Commuting	21,300	21,761	21,481
	Sub-total	31,969	36,754	28,513
Total		407,853	441,328	464,378

Scope 3   (Unit: tCO$_2$eq)

407,853 (2018)   441,328 (2019)   464,378 (2020)
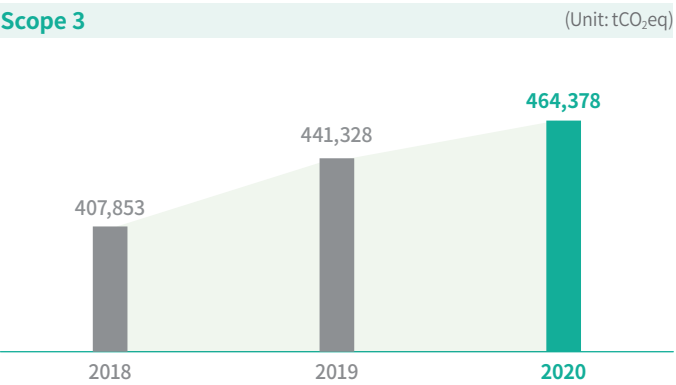
GHGs reduction

We do what we can to attain the target set for GHGs reduction every year. Our Environmental Management Committee sets annual target for company-wide GHGs reduction, explore reduction programs, and carry them out. In 2020, we engaged in such an effort as we had done and reduced about 40,000 tons of emis-sions.

- Network operation-related GHGs reduction

About 73% of our GHGs emissions are from consumption of electricity asso-ciated with wired/wireless net-work equipment. GHGs emissions in network are increasing recently due to due to the installation of 5G network equipment nationwide. We are striving to replace network equipment with more efficient ones, while optimizing the hourly operation of 3G/LTE base stations and re-lays to reduce the use of electricity. In addition, KT is reducing the GHGs by improving the performance and efficiency of the air-conditioning system such as introducing air-conditioner using outdoor air, cleaning the outdoor unit and performing maintenance of piping, etc.

• Network Efficiency

- IDC GHGs reduction

We operate 13 IDCs across the country. Emissions from them account for about 22% of all emissions made by Kt. We carry out diverse activities to reduce emissions from IDCs including adoption of air-conditioners with outdoor air intake, improvement of efficiency of pyrostats, etc. Especially, the IDC in Yongsan, Seoul started using energy optimization from the design stage including installation of chilled water type pyrostats and pre-cooling/inverter-type highly efficient facilities. In 2021, we plan to develop AI IDC Operator, an AI-based energy saving solution for the IDCs. It is an IDC version of AI Operator, which was developed by us in 2020. It is an AI-based technology that controls freezers, AHUs, ventilation facilities in IDCs automat-ically through the analysis of weather and temperature/humidity of the server room. We are in the process of sophistication of the technology to use it IDCs whose pattern of using electricity is different. We plan to apply it to Mokdong IDC 2, Seoul after completion of solution development to demonstrate the effect in 2021 and apply it to the other IDCs, starting in 2022.
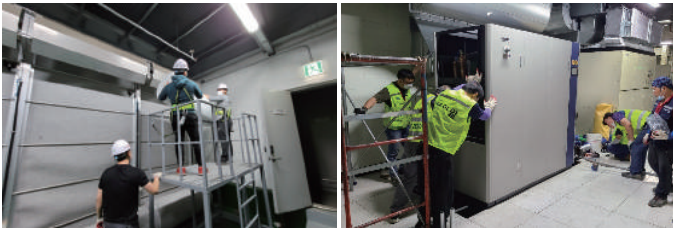

• Efficiency of IDC air-conditioning system

- GHGs reduction in corporate buildings

We operate about 516 corporate buildings nationwide. GHGs emissions from the use of LNG, district hea-ting, kerosene, etc. used for heating in these buildings account for 3% of our entire emissions. We are replacing obsolete boilers and lights with highly efficient boilers and LED lights to reduce emissions. In 2020, we developed AI Operator, which is a technology for optimal integrated control of energy facilities through deep learning and AI-based collection of information on the status of buildings, applied to our corporate building of KT Gwanghwamun East Building, Seoul on a trial basis, and obtained a result of saving energy more than 10%. In 2021, the AI Operator is adopted as one of the leading projects in the ESG environment sector and will be applied to six corporate buildings. We will also apply it to ten buildings outside for free in a bid for countrywide GHGs reduction.

AI Building Operator Monitoring
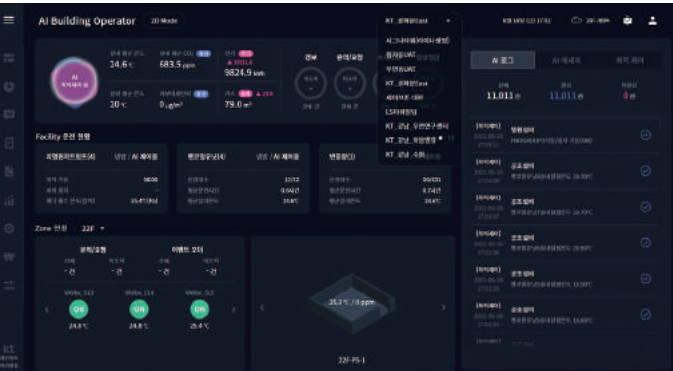

- GHGs reduction in business-purpose vehicles

We operate about 6,000 business-purpose vehicles. GHGs emissions from them account for 2% of our en-tire emissions. We had replaced about a thousand existing business-purpose vehicles with EVs in a bid to reduce emission until 2020 and installed charging facilities at all corporate buildings. In addition, we start-ed invigorating video conference in 2020 to reduce the use of business-purpose vehicles for those gathering in one location for a meeting.

• EV charging facilities

KT GHG Emission Ratio by Each Sector

Building **3**%

IDC **22**%

GHG Emission Ratio

Vehicles **2**%
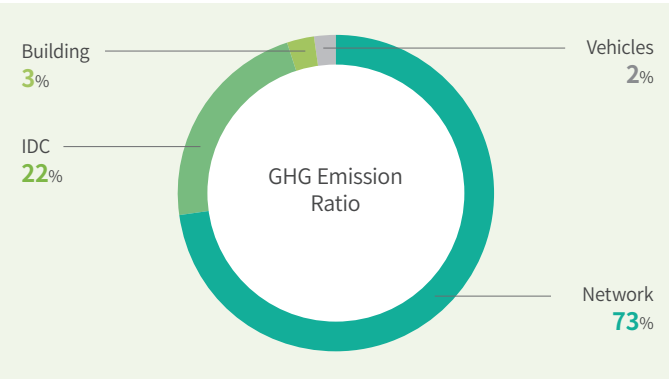
Network **73**%

Network	Emission Factors	Use of electricity by telecom equipment at relays, base stations, etc. nationwide
	Reduction Activities	Adoption of more efficient equipment; more efficient operation of air-conditioning for telecom offices
IDC	Emission Factors	Power consumption of IDC server and air-conditioning system
	Reduction Activities	More efficient operation of air-conditioning for server rooms; using AI Operator
Buildings	Emission Factors	Building air-conditioning/heating, office equipment
	Reduction Activitie	Adoption of more efficient boilers/LED lights; using AI Operator
Vehicles	Emission Factors	Employees on business trips
	Reduction Activities	Adoption of EVs; invigoration of video conference

Climate risks/opportunities identifying process

Our departments belonging to the Environmental Management Committee are to continue to get a grasp of climate changes-related risk/opportunity fac-tors and report them to the Committee. The Committee makes a careful anal-ysis of the said factors from a company-wide perspective. As for issues (those associated with financial/prestige risks) important from a mid/long perspec-tive, the Committee formulates a stragy for co-ping with them and a detailed execution plan and then reports them to the ESG Committee, the Sustainable Management Committee, and the BoD for their approval.

Coping with climate-related risks

Risk 1: GHGs reduction-related regulation

As a business subject to the emissions trading system (ETS), which came into force in 2015, we are allocated the emissions allowance by the ME each year. If we emit more than the allocated allowance, we must pur-chase the extra portion and thus we recognize the ETS as considerable climate risks. It is expected that the allowance allocated to us will be reduced due to the need for the government to attain the objective for reduction of national emissions allowance, but our emissions will continue to increase due to the expansion of the nationwide network and the increase in the number of IDCs. Thus, we expect to see financial risks amounting to about 16 billion won by 2025 and to more than 80 billion won by 2030. In 2020, our BoD approved the mid/long-term roadmap for coping with the ETS built with Environmental Management Committee playing the lead roles to get rid of the financial risks. The roadmap includes GHGs reduction target for each year, items of reduction, execution plan, etc. needed to make up for the shortage in the ETS. The result of the roadmap execution is to be reported to the BoD each year. We will get rid of ETS-related risks completely by executing the roadmap faithfully.

- Risk 2: Environmental Change

Natural disasters like large-scale typhoon or flood occurring due to climate changes may inflict serious damage to our equipment in base-stations and relays. Many of our telecom equipment are located outdoors and thus occur-rence of a large-scale natural disaster may lead to interruption of our services and require a large amount of damage repair expense. The current rise in the average temperature is also a serious risk factor. According to the Korea Ad-aptation Center for Climate Change (KACCC), the rise of the average tem-pera-ture in Korea is outdoing that of the world. It is required to maintain optimal temperature for stable op-eration of communications equipment. The contin-ued rise in temperature will lead to more air-conditioning and an increase in energy expense. (For every degree Celsius rise in temperature, electricity gen-eration rises by 7 %.) We operate a nationwide network equipment monitor-ing system and are ready to cope with a problem to get rid of such risk factors. We also operate a program for more efficient operation of air-conditioning each year to save power.

Environmental

Energy/Resources

Topic Importance

Adoption of renewable energy is a must to reduce carbon footprint created due to business management. With it kept in mind, we at KT strive to refrain from using fossil fuel through energy innovation and expand the use of environmentally-friendly energy. We will strive to be reborn as an environmentally-friendly business by formulating policies that can do good to environment and putting an end to business operation causing environmental pollution.

Our Approach

- Promotion of RE100 (Renewable Energy 100%)-related pilot projects
  · Turing six telecom buildings into those completely self-reliant in energy
- Establishment of PV/fuel cell power plants for expansion of renewable energy
- Reduction of waste and improvement of recyclability for invigoration of circular economy

Performance

PV power plants
82 places
Total capacity **7.36** MW

Fuel cell power generation
15,768 MWh

Power generation by PV power plants
8,809 MWh

Related UN-SDGs

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
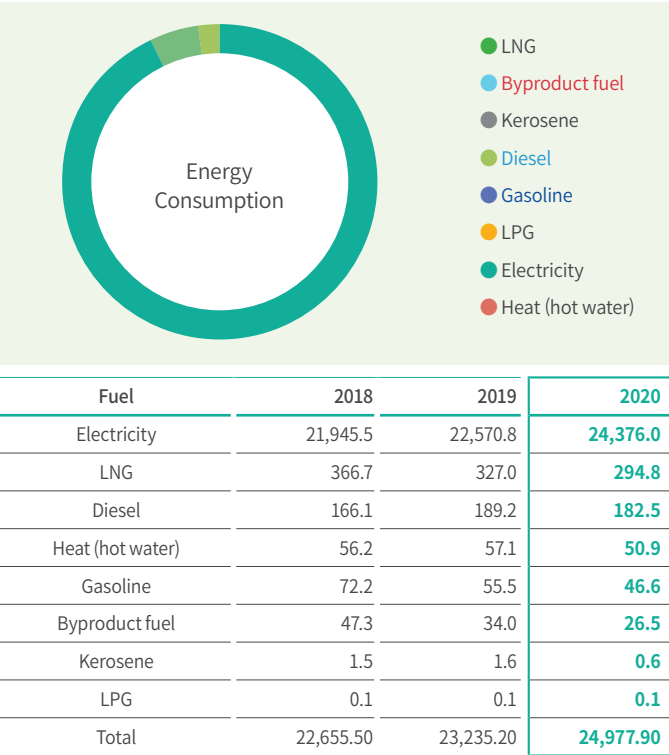

13 CLIMATE ACTION

Energy innovation & efficient resource use

Energy use

We use eight types of energy [i.e. LNG, byproduct fuel, kerosene, diesel, gasoline, LPG, electricity, heat (hot water)] for our corporate buildings, network, IDCs, and operation of vehicles. In 2020, the amount of our company-wide energy use stood at 24,977.9 TJ, a 7.5% y-o-y rise. The overall amount of energy use de-creased from the preceding year as a result of efforts made to save energy and invigoration of work from home amid COVID-19, but the amount of electricity used increases noticeably due to the increase in 5G network equipment installed nationwide.

Amount of energy used (Unit: TJ)

Energy Consumption

- LNG
- Byproduct fuel
- Kerosene
- Diesel
- Gasoline
- LPG
- Electricity
- Heat (hot water)

Fuel	2018	2019	2020
Electricity	21,945.5	22,570.8	24,376.0
LNG	366.7	327.0	294.8
Diesel	166.1	189.2	182.5
Heat (hot water)	56.2	57.1	50.9
Gasoline	72.2	55.5	46.6
Byproduct fuel	47.3	34.0	26.5
Kerosene	1.5	1.6	0.6
LPG	0.1	0.1	0.1
Total	22,655.50	23,235.20	24,977.90

Energy Innovation (Expansion of Renewable Energy_Promotion of RE100)

We intend to push ahead with RE100 (Renewable Energy 100%), which is a global initiative bringing to-gether the world's most influential businesses committed to 100% renewable electricity, to attain the goal Net Zero 2050. RE100 was adopted in 2014 with the CDP and the Climate Group playing the lead role. In 2021, KT is planning to joint RE100, and establish the mid- and long-term RE100 implementation road map. More than 97% of our GHGs emissions are from the use of electricity and thus the use of renewable energy is the core of our attaining the goal of Net Zero. Mid- and long-term implementation plan

will be established by utilizing 5 RE100 implementation models actively such as self-consumption through independent power generation using renewable energy, green rate system, purchase of REC (Renewable Electricity Certificate), third party PPA (Power Purchase Agreement) and equity investment, etc. We will make the most use of available ground across the country to install renewable energy facilities like photovoltaics (PV), etc. Available sites nationwide are utilized as much as possible to expand the renewable energy system such as PV power plants, etc., and areas difficult for producing renewable energy are performed with purchase of renewable energy to implement the practical RE100.

RE100 Implementation plan

Category	Contents
Self-generation / self-consumption	A company builds its own renewable energy facility and generates electricity for self-consumption
Green rate system	KEPCO imposes a green premium on electricity rates to sell renewable energy
REC Purchase	A company purchases RECs issued by the government after a renewable energy business generates renewable energy
The 3rd party PPA	Signed a renewable energy power transaction contract between a renewable energy generator and a company through KEPCO brokerage
Equity investment	Recognized as the use of renewable energy as much as the ratio of the company invested and invested in the renewable energy power generation business

PV(PHOTOVOLTAICS)

Starting with the 0.1 MW-class PV power stations installed in our Hwaseong Transmission Station and Sin-nae Telecom Building in Seoul in 2008, we are increasing the number of them. As of 2020, the total ca-pacity of those installed in 82 locations throughout the country came to 7.36 MW, a 7.3-fold increase from 2008. In 2020, the amount of power generated by them came to 8,809 MWh in total, which is equivalent to the use of electricity by 2,100 four-member households. In 2021, we are launching a pilot program for es-tablishment of telecom buildings completely energy self-sufficient with renewable energy. We will select six telecom buildings to install PV power stations for their energy self-sufficiency. We expect the program to increase our electricity generation from renewable energy and build the capability of our telecom buildings to operate renewable energy.

PV Power Capacity (Unit: MW)

- 2018: 7.35
- 2019: 7.36
- **2020: 7.36**
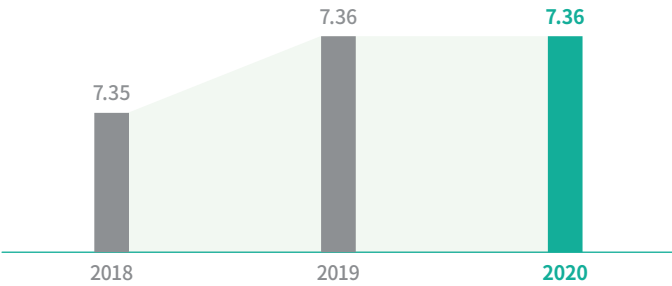
PV Power Generation (Unit: MWh)

- 2018: 8802
- 2019: 8,809
- **2020: 8,809**
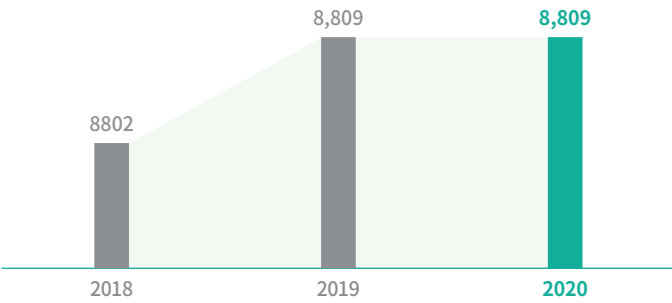
KT PV power construction status and capacity

Seoul 7 places 228kw
Gangwon 4 places 797kw
Chungcheong 10 places 574kw
Gyeonggi 12 places 3443kw
Jeolla 30 places 400kw
Gyeongsang 17 places 923kw
Jeju 2 places 992kw

Fuel cell

We installed a 900 KW-class fuel cell power station each in Daedeok Research Center-2 in 2019 and in Daegu Logistics Center in 2020. Fuel cell generates electricity around the clock through an electrochemical reaction between hydrogen and oxygen. Linked to KT-MEG, our fuel cell power stations make it possible to check out the status of the fuel cell facilities operation and amount of electricity generated on a real-time basis and cope with problems immediately. The two fuel cell power stations generate about 15,768 MWh, which is equivalent to the use of electricity by 3,700 four-member households.

How fuel cell battery works

City Gas → [FP] Fuel converter (❶Desulfurization) → H₂ → [PM] Electrochemical reactor (❷Cell stack) → DC (390v) → [AC] Power converter (❸Inverter) → Switchboard AC (480v) AC (22.9kv) → KEPCO

Air

- Fuel Cell Facility at Daedeok Research Center-2
- Fuel Cell Facility at Daegu Logistics Center

Waste resource management

Waste generated by us includes ordinary waste, designated waste, and architectural waste. Ordinary waste refers to everyday waste generated in our corporate buildings and tel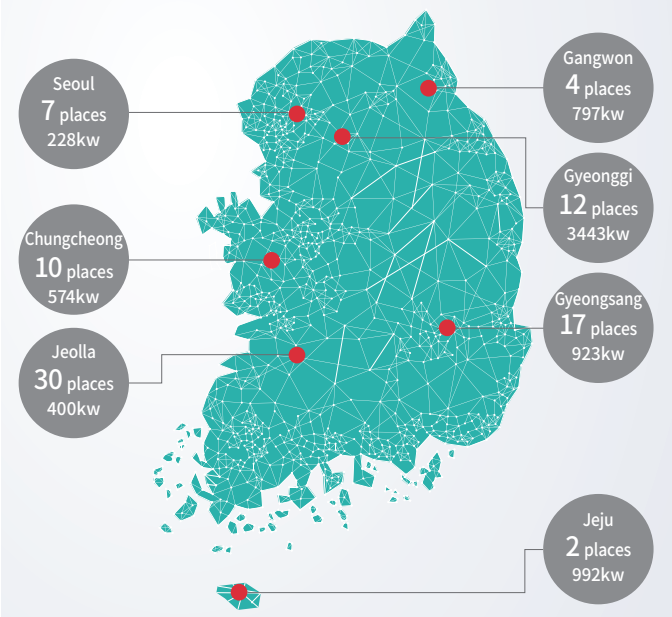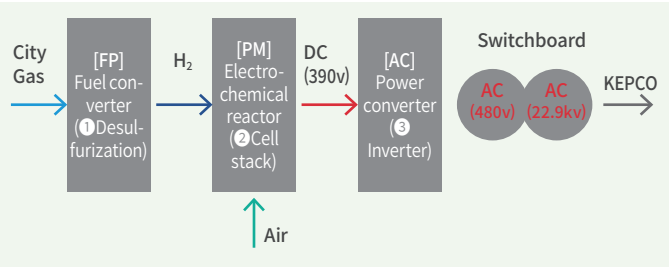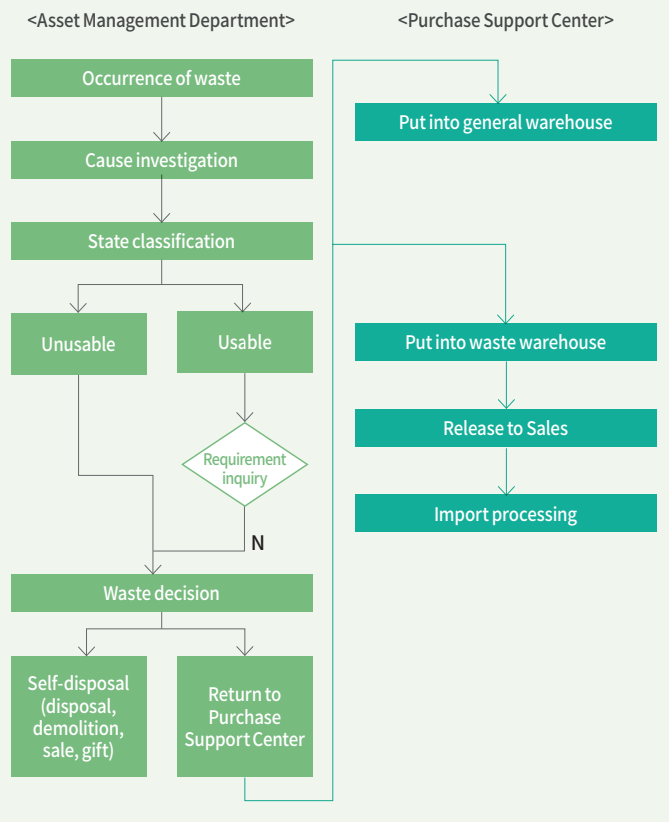ecom-related waste (such as waste electric cable/electric-electronic goods). Designated waste refers to storage battery including waste sulfuric acid or the like. Architectural waste is generated through remodeling of corporate buildings and landscap-ing work. We operate a waste management process to reduce waste and maximize recycling. With regard to telecom equipment whose use in a specified area has been completed, our purchasing support center collects such an item after checking to see whether it is recyclable and makes sure that it is used in other facilities. We have outside businesses qualified under the Wastes Control Act process those classified as unusable. We check to see whether the businesses process such waste in compliance with the law by paying visits to them at least twice a year. In 2021, we started a campaign encouraging employees not to use single-use

cups. The campaign started at the corporate building in Gwanghwamun will expand to all those across the country. In 2020, the amount of waste generated by us stood at 14,143 tons, a 6.7% y-o-y increase. The percentage of recycling of waste came to 34.2%. Generation of ordinary/designated/ar-chitectural waste stood at 8,865 tons, 5,046 tons, and 232 tons, an 8.7% and 11.5% increase and a 59.2% decrease, respectively. We will continue to strive to reduce waste and enhance the percentage of recycling of waste.

Waste Resource treatment process

<Asset Management Department>
- Occurrence of waste
- Cause investigation
- State classification
- Unusable / Usable
- Requirement inquiry
- Waste decision
- Self-disposal (disposal, demolition, sale, gift) / Return to Purchase Support Center

<Purchase Support Center>
- Put into general warehouse
- Put into waste warehouse
- Release to Sales
- Import processing

Waste generated (Unit: tons)

Category		2018	2019	2020
Waste generated	Ordinary waste	8,658	8,158	8,865
	Designated waste	4,154	4,527	5,046
	Architectural waste	4,881	568	232
	Total	17,693	13,253	14,143
Amount of waste recycled		4,871	4,875	4,836
Percentage of waste recycling		27.5%	36.8%	34.2%

Water use management

In 2020, the amount of water used at lavatories at our corporate buildings stood at 1,940 tons, a 3.1% y-o-y increase. We strive to reduce the amount of water used this way by using water saving device and recycling of the water used.

Amount of water used (Unit: thousand tons)

Category	2018	2019	2020
Amount of water used	2,092	1,882	1,940

Amount of water used (Unit: thousand tons)

- 2018: 2,092
- 2019: 1,882
- **2020: 1,940**
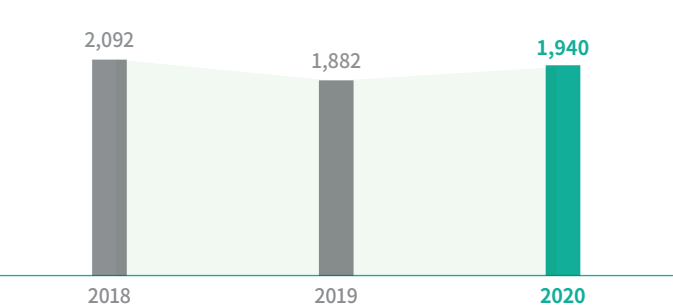
Environmental
Eco-friendly Projects

Topic Importance

For eco-friendly management, a system needs to be established first in which energy is saved through effi-cient energy consumption and renewable energy can be produced stably. As a digital platform business, we at KT intend to promote eco-friendly energy projects through adoption of ICT-based KT-MEG and develop solutions for using energy more efficiently. We will expand the Air Map Korea Project and provide it as a convergence service to help people live more conveniently and push ahead with the campaign to be a truly eco-friendly business.

Our Approach

- Establishment of KT-MEG (Micro Energy Grid), an integrat-ed energy control platform
- Promotion of JIUGAE* environmentally-friendly campaign
- Sophistication of the Air Map Korea Project

* JIUGAE refers to the Earth ("ji"), Us ("u"), and Individuals ("gae") in its Korean acronym, referring to small efforts made by KT employees to protect the Earth, Us, and Individuals.

Performance

Establishment of KT-MEG (Micro Energy Grid)
Around **1,000** places

Through the Air Map Korea app.
Providing Air Quality Information

Reduction of digital waste and GHG
800 kg

Related UN-SDGs

Eco-friendly projects

Turning climate crisis into opportunities

The government's announcement its aim to join the ranks of carbon neutrali-ty countries, its promo-tion of Green New Deal, its policy of renewable energy expansion, and its strengthening of ETS, etc. are great opportunity factors for us at KT, who are pushing ahead with the smart energy business with a focus on KT-MEG (Micro Energy Grid), which is an integrated energy manage-ment platform. It is expected that the home government will be on its path to eco-friendly energy business for the aim of being a carbon neutral country and its strengthening of ETS will have domestic businesses reduce their GHGs production more and thus the eco-friendly energy market will continue to grow. We will strive to remain as a market leader, positively using our ABC (AI, BigData, and Cloud) technology, and develop our eco-friendly energy busi-ness with a long-term perspective for improvement of the environment.

KT-MEG (Micro Energy Grid)

We have operated KT-MEG (Micro Energy Grid), which is an integrated energy management platform, since 2015. KT-MEG, the first of its kind in the world, is a system for integrated control of energy produc-tion-consumption-trading through e-brain, an AI-based analysis engine. At present, it manages energy data of about 10,000 sites. It collects energy data, diagnoses the status of energy, and forecasts energy pro-duction/consumption on a real-time basis. In addition, it comes up with an optimal operation guidance through the said process and provides it to energy users to help them save energy.
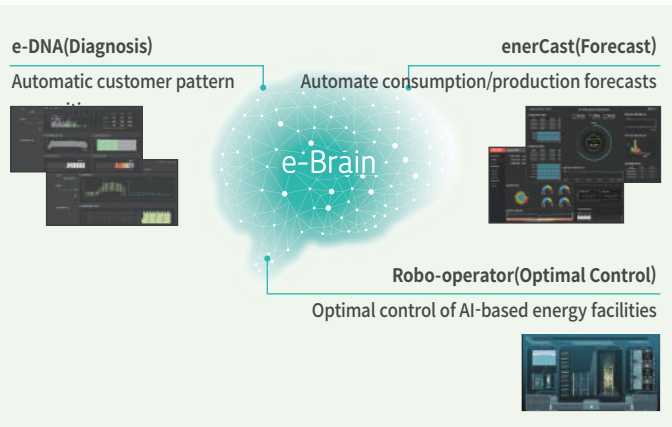
• KT-MEG Platform Control Room

GiGA energy business

As a business using about 25,000 TJ a year, we have debated how to save energy and find a good way for energy management. As a result, we have de-veloped KT-MEG based on our first-rate ICT capability and are pushing ahead with the GIGA Energy Business (Eco-friendly Energy Business) to provide opti-mal solutions throughout energy value chain.

GiGA energy KT-MEG Platform

01 GiGA energy Gen	02 GiGA energy manager	03 GiGA energy trade
Renewable Energy (DV, ESS)	Optimizing energy consumption	Small Distributed Resource Aggregation and Transactions
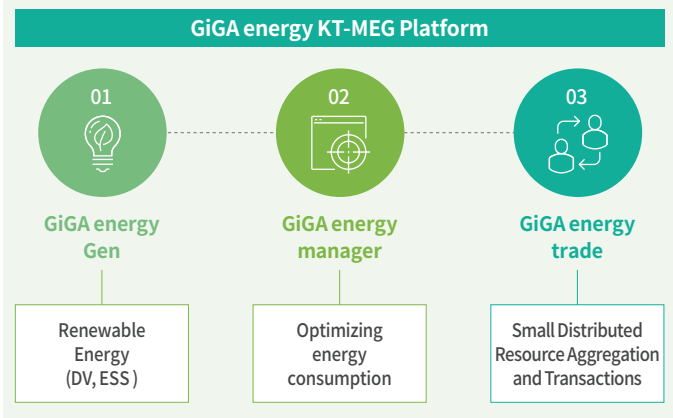
- GiGA energy Gen

GiGA Energy Gen is a service providing total solution in the overall stages of the new & renewable energy project from the design and construction of new & renewable energy system to the operation and monitoring service. The power status of the small-mid scale PV power plants can be monitored and managed in real-time. KT designs/constructs optimum PV power plants, and manages them through KT-MEG platform to maximize the power generation. In addition, power is stored through ESS (Energy Storage System) and supported of stable power supply system to enable the use of energy when necessary. The excellence of KT's new & renewable energy project capability was acknowledged by the government and from the customers to be awarded of the Presidential Citation in the 'Korean New & Renewable Energy Awards' hosted by the Ministry of Trade, Industry & Energy.
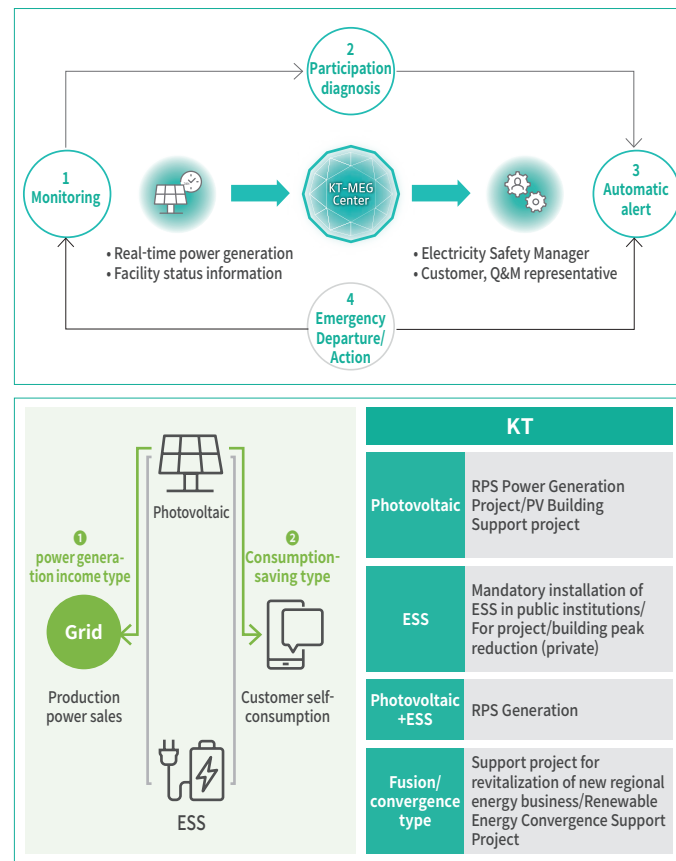
- GiGA energy Trade

GiGA Energy Trade is a service related to a trade of power generated and Renewable Energy Certificate ("REC") involving businesses engaging in renewable energy generation with the capacity of 1MW or less. We provide support so that uncertainties in the country's power supply system may be removed and small-sized power generation companies create profit stably through integrated management of them and forecast of the level of power generated by them.
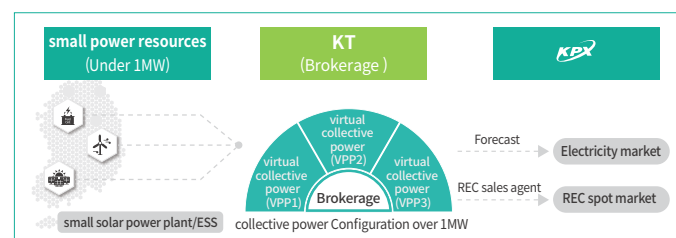
- GiGA energy manager

GiGA Energy Manager is a project designed to provide energy consumption optimization solutions to ener-gy-guzzling customers such as factories, buildings, and franchise businesses. It provides optimal energy consumption guidance by exploring energy saving items through diagnosis and analysis of the status of en-ergy consumption.
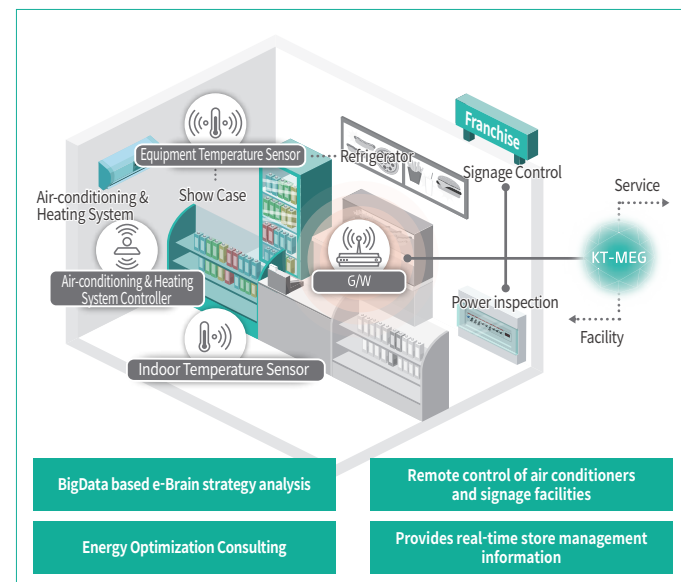
Air Map Korea Project

We have carried out the Air Map Korea Project since 2017. The project is designed to provide the air quality information to people, using 2,000-plus measuring devices installed on telecom poles, base stations, pay phone booths, and phone exchange buildings nationwide. The air quality information is provided to people in real time through app. We are expanding it as a conversion service through data linkage with Olleh TV, GiGA Genie, ONE NAVI, etc. The air quality data is also used in the central/local governments' operation of road sprinkler trucks, selection of the locations of mosses installed for reduction of dust particles, and the provision of information on the spread of dust particles. Such is done through combination with the infor-mation on a floating population and the information on weather and toxic facilities and analysis of the caus-es of dust particles and the paths of their dissemination. In 2020, we expanded the project areas to the in-side of buildings, factories, livestock pens, etc. and expanded the scope of measuring to stench and water quality in a bid to foster optimal indoor environment by linking indoor air quality meters with air purifiers and air handling units and manage stench from livestock pens, using AI-based relevant solutions. We will continue t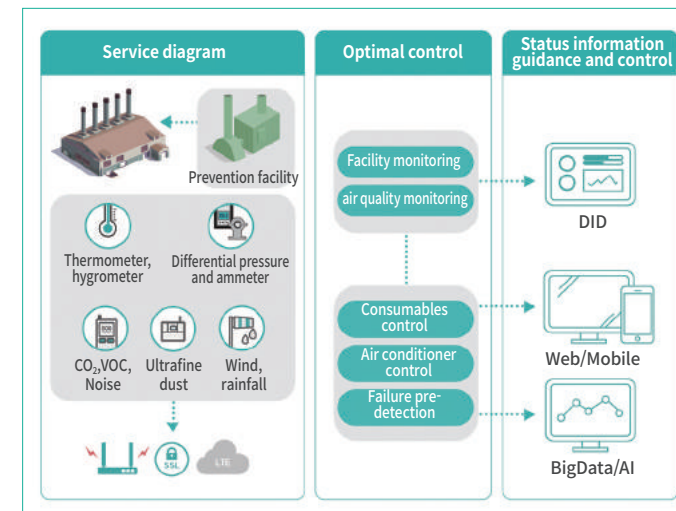o play the lead role in improvement of people's living environment through measuring, collection and analysis of environment-related data.

AI-based odor reduction solution

Eco-friendly IDCs

As the largest IDC service provider in Korea, we operate 13 Internet Data Centers (IDCs) across the country. A facility for servers, an IDC needs to oper-ate air-conditioning system round the clock and thus produces emissions much more than an ordinary building. We have come up with an IDC environmental management manual in a bid to optimize energy use and operate the IDCs in a more eco-friendly way. As a result, we won the ISO14001 (Environmental Management) certification, the first of its kind received ever won by a Korean business in the sector of IDC operation, in 2018. We also strive to maintain a high level of Power Usage Effectiveness (PUE), operating a highly efficient air-conditioning system. Our IDCs in Mokdong, Seoul and Bundang, Gyeong-gi-do have won the Green IDC Certification from the Green Data Center Certi-fication Committee. Our IDC in Yongsan, Seoul, which was completed in 2020, is equipped with highly efficient, free cooling, inverter-type facilities such as a chilled water-type pyrostat. In 2021, we plan to install AI-based IDC Operator in Mok-dong IDC-2, Seoul. As a business operating the largest number of IDCs in the country, we will strive operate our IDCs in a more eco-friendly way.

- ISO14001 Certification   - Green Data Center Certification on Mok-dong IDC

JIUGAE, an eco-friendly campaign

In 2021, we started an eco-friendly campaign JIUGAE [referring to the Earth ("ji"), Us ("u"), and Individu-als ("gae") in its Korean acronym], encouraging employees to take part in small efforts made to protect the Earth

- Campaign to reduce disposable plastics

We encourage employees to use multi-use cups to reduce disposable cups at our corporate buildings. We, jointly with a social enterprise, provided multi-use cups to the café in our corporate building in Gwanghwamun, Seoul. The multi-use cups collected in a box provided are washed and provided again to the café on a daily basis. As a result, 300-400 single-use plastic cups are saved a day. We plan to use multi-use cups not only in the cafe, but also in the office pantry, and expand to other company buildings in efforts to reduce the use of disposable plastics.

- Campaign to reduce digital waste

Reducing digital waste is the campaign on deleting unnecessary e-mails. emails accumulated in mailboxes require consumption of electricity to create spaces for stor-age of them in servers. We also encourage employees to delete unnecessary emails in their computers once a week to save electricity spent on their server. Employees respond positively and deleted about 200,000 un-necessary emails in their computers, reducing about 800 kg of GHGs a week. We will continue to carry out such a campaign to foster an eco-friendly atmo-sphere among employees.

- Reduce Disposable Plastic Waste   - KT-only Multiuse Cup   - Reduce Email

Social

Customerfirst	50	Safety Management	72
Social Contribution	60	Human Rights Management	78
Win-win Growth	66	Talented Human Resource Management	83

As a general rule, it can be said that people gather together to form a business, and that businesses and people gather together to form a society. We at KT like to think of the basic role that a company can play for the society members. We will fulfill our social responsibility as a platform that aspires to better win-win relationships by providing innovative technologies that break through physical limits and social restrictions and listening to what the underprivileged have to say. We will continue to pursue innovation as a digital platform business (Digico) in order to provide the energy needed to power the new daily routines that COVID-19 has ushered in.

Sarang (Love) meal kit bags. Employees MUN Jeongyeon, CHOI Byeonghun, HA Yungyeong, SIN Hoseop, and YU Seokjun engaging in Nanuweojeong (Sharing) activities designed to help the underprivileged neighbors

Social

Customer-first management

Topic Importance

As those providing technology linking people beyond spatial limits and user-based communications service, we find the customers' experiences precious assets for us. We have changed ourselves to promptly catch customer's needs and provide service through customer-initiated customer experience innovation and ABC technologies. We view customer-first management as our highest value and are striving to enhance our customers' quality of life by providing an innovative communications and digital platform service that delivers the ultimate satisfaction We will engage in operation putting the customers first, striving to make the customers happy every second of time using our service.

* Customer-initiated customer experience innovation: Providing what the customers need quickly and agilely with customer-centricity

Performance

IPTV, internet and wired phone sectors
National Customer Satisfaction Index (NCSI)
1st

Serious communications problems
0 case

ISMS-P
certification

* Voluntary acquisition of the ISMS-P (Personal Information & Information Security Management System) certification
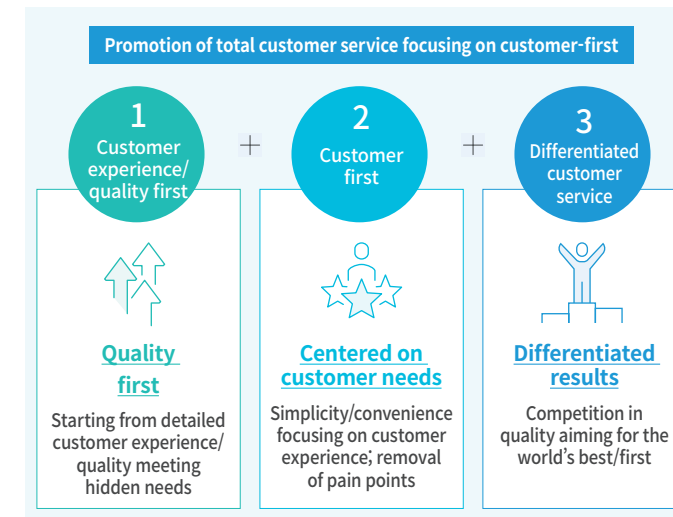
Our Approach

- Customer-initiated customer experience innovation
- Promotion of the AI-based customer contact center
- Automation/intellectualization for network stabilization
- Deployment of (339) professionals specializing in personal information protection

Related UN-SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Winning the hearts of customers

Promotion of total customer service focusing on customer-first

1 Customer experience/ quality first
Quality first
Starting from detailed customer experience/ quality meeting hidden needs

+

2 Customer first
Centered on customer needs
Simplicity/convenience focusing on customer experience; removal of pain points

+

3 Differentiated customer service
Differentiated results
Competition in quality aiming for the world's best/first

10 improvement activities

I. Best possible goods/services	1.	Promotion of customer experience innovation for introduction of best possible goods/services to the market
II. Customer-initiated customer experience innovation	2.	Promotion of customer-initiated customer experience innovation focusing on customer segments
	3.	Realization of customer value based on complete customer-related information/insight
	4.	Promotion of the conversion of texts to sales and CS representative channels into luxury texts
	5.	Establishment of privacy protection system for safe use of personal information
III. Customer-initiated internal innovation	6.	Company-wide feedback of daily VoC and improvement of related matters to put an end to customers' inconvenience in time
	7.	Turning VoC data into assets for customer-initiated self-innovation and proactive response
	8.	Redesigning core process from people-centeredness to RPA (Robotic Process Automation) Transformation
IV. Communication/cooperation	9.	Redesign of process for together with sites for closer cooperation/communication with sites
	10.	Operation of the council involving affiliates closely related to customers for closer cooperation/communication within the Group

Customer experience-based quality management

We pursue innovations in customer-initiated customer value, including the provision of customized services for each generation of customers, and innovation in the internal service process system to assure the capability in parts directly related to the customers. To provide innovative customer value, we strive to innovate our processes and systems to meet customers' needs promptly and flexibly by establishing our own customer experience quality management system and strengthening the KT CEQM (Customer Experience Quality Management) 2.0 system based on customer-initiated customer experience innovation, customer segment-specific value innovation, VOC innovation, and site-initiated communication/collaboration, etc.

4 Key areas

1 Best possible goods/services
2 Customer-initiated customer experience innovation
Customer-initiated value creation
3 Customer-initiated internal innovation
4 Communication/cooperation

Customer-initiated, customer experience innovation

Customer segment-centered customer-initiated customer experience innovation is an activity designed to improve KT's management of customer experience quality. We intend to hold a customer experience innovation (CTQ) diagnosis session held each year, particularly for new employees, explore customer needs and insights through diagnosis, improve decoupling* factors from the customer's perspective, and push ahead with customer experience innovation.

* Decoupling: an activity designed to strengthen and innovate the customer's experience by spotting weak points in the customer value chain (product exploration, evaluation, purchase, use, etc.).

Procedure for the customer-initiated customer experience innovation

Defining customers
Customer segmentation
1) Setting target customers
2) Trend survey

Understanding customers
Exploration of customer needs & wants
1) Observation/survey (FGI, etc.)
2) Journey analysis, decoupling
3) Community/social media participation, etc.

Customer-initiated customer experience innovation
Identification of customer-initiated CXI
1) New goods/services-related suggestions
2) Tie-up with affiliates/those of other sectors
3) Improvement of current service

Suggestions made by business departments (associated with sales)
Coming up with sales methods by target
1) Marketing/sales method
2) Communication with customers
3) Coping with netizens

Core customer segments (those in their 20s/30s)

Category	(small seg) Customer Journey-based customer segment				
Life style (7)	Undergradu-ates-1 (Freshmen)	Undergradu-ates-2 (Sophomores and Seniors)	Undergradu-ates-3 (Students who finished military service)	Social novice (Male/female)	Newly married (to-be)
				Single house-hold (Female)	Apartment dwellers
Propensity (4)	Love of game (Cloud game)	Love of films/media (OTT)	Love of music (Mobile)	Love of music (2ndDevice, home training)	
Trend (4)	Untact 1 (Untact sales)	Untact 2 (Untact CS)	Untact 3 (Chatbot)	AI (used in order-ing/searching)	

- Cases of promotion of customer-initiated self-innovation

We regard customer-centeredness as our top-priority and strive to provide customized services and high-end technologies developed through continuous research to our customers.

080 call check-in
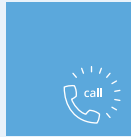
Nowadays all commercial establishments make it mandatory for visiting customers to record their names and phone numbers in a register or to identify themselves using the QR code in their smart phone as a precautionary measure against COVID-19, but there have been attempts to abuse such a practice, and people without a smart phone have lodged protests. To put an end to such inconvenience, we have come up with a new solution, using our 080 (toll-free) number and intelligent network. This convenient call check-in service can identify a person simply with a toll-free, three-second call. The phone call record is automatically scrapped after four weeks, which means that there is no danger of disclosure of users' personal information, and users do not have to use a pen or stand in line to record their name in a register. In recognition of such outstanding convenience and accuracy, some 510,000 lines at 170 local governments, public institutions, and commercial establishments are now using the service (as of the end of April 2021).

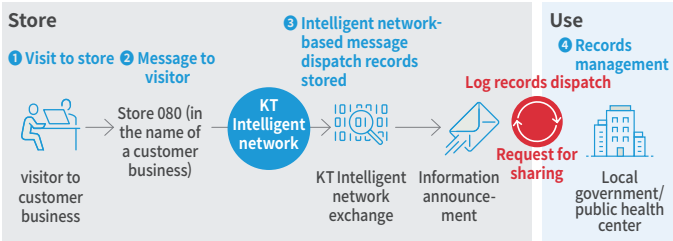### Activity on relieving the gap on communication services

The inhabitants of Baengnyeong Island were experiencing various inconveniences due to a lack of network stability attributable to the local geography and conditions. Their Internet speed was very slow, and local students found experienced disconnections of their internet line during remote classes. To resolve this situation, we adopted a special method, the first of its kind in the world, to increase the microwave capacity of the island two-fold (1.8 Gbps→3.6 Gbps), thereby improving the conditions for the remote classes of elementary and secondary school students and smart phone use by the service men and women stationed there. We will continue providing the service to all remote islands of South Korea to enable everyone to use a stable communications service.
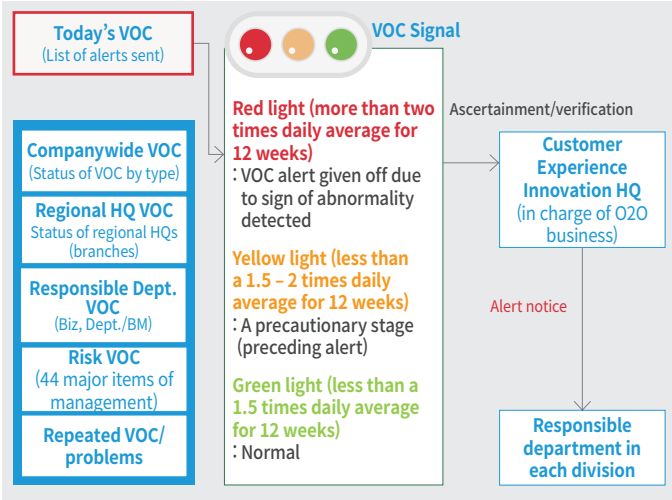
Customer-centered VOC innovation

We regard the voice of the customer (VOC) as an important asset in our endeavors to enhance service quality and give ultimate satisfaction to our customers. We use VOC not only to improve our products and services and our operation processes, but also to reward exemplary employees in an effort to boost employee morale and build a culture of praise for employees. We also operate the Big Data-based VOC Alert system to listen to customers' complaints about product/service quality. The system compares the daily average VOC on our major products for the preceding 12 weeks with the VOC for each day, classifies the results into 'alert situation', 'precautionary situation', and 'normal situation', and communicates them to the employees in charge. In short, the system is designed to communicate customers' complaints to the relevant employees immediately in order to improve the situation and prevent the recurrence of undesirable situations.

080 call check-in process

Store
❶ Visit to store ❷ Message to visitor
Store 080 (in the name of a customer business)
visitor to customer business

❸ Intelligent network-based message dispatch records stored
KT Intelligent network
KT Intelligent network exchange
Information announce-ment

Use
❹ Records management
Log records dispatch
Request for sharing
Local government/public health center

VOC alert system

Today's VOC (List of alerts sent)   **VOC Signal**

Companywide VOC (Status of VOC by type)
Regional HQ VOC Status of regional HQs (branches)
Responsible Dept. VOC (Biz, Dept./BM)
Risk VOC (44 major items of management)
Repeated VOC/problems

Red light (more than two times daily average for 12 weeks) : VOC alert given off due to sign of abnormality detected
Yellow light (less than a 1.5 – 2 times daily average for 12 weeks) : A precautionary stage (preceding alert)
Green light (less than a 1.5 times daily average for 12 weeks) : Normal

Ascertainment/verification
Customer Experience Innovation HQ (in charge of O2O business)
Alert notice
Responsible department in each division

Complaint-related VOC   (unit: daily average number per a million customers)

- 2018: 7,389
- 2019: 6,619
- 2020: 6,384

Risk-related VOC   (unit: daily average number per a million customers)

- 2018: 681
- 2019: 623
- 2020: 526
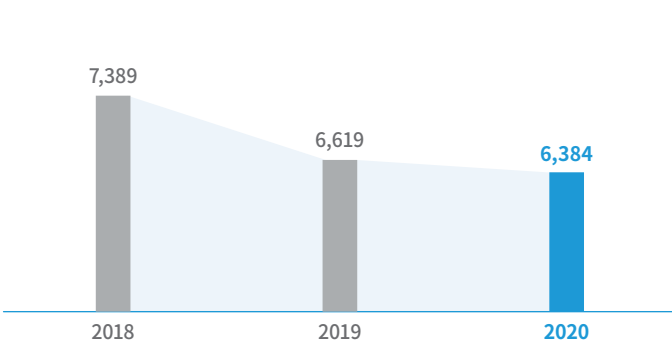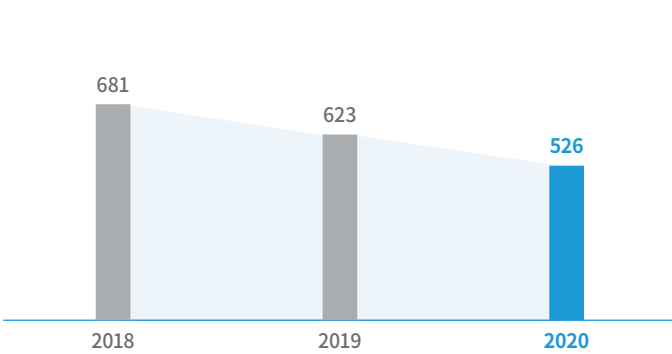
* Changed calculation criteria of complaint VOC and risk VOC in 2020

Customer experience and quality innovation

KT formed the Customer-based Value Innovation Execution Committee, which is composed of customer service-related executive officers, to discuss issues related to customer experience and service quality and to verify the results in a bid to provide the best possible customer experience on all counts.

Customer-Initiated Value Innovation Execution Committee

Chairman Head of Customer Div.

BM Subcommittee
Mobile communication, internet, IPTV, landline, internet phone, international call, AI

CS Subcommittee
Online channel, customer center, opening, A/S

Channel Subcommittee
Agent stores, Plaza

Network Subcommittee
Wired quality, wireless quality

Subcommittee
Ad/PR, IT development, fund source

Affiliates Subcommittee
kt is/kt cs, kt m&s, kt service North/South

We are striving to enhance our service quality and customer satisfaction index through group-wide collaboration and the top management's full-hearted support. Our integrated customer satisfaction index, which is the integrated result of our surveys of major customers' satisfaction with our products and services, stood at 83.87 in 2020 compared to 83.05 in 2019. We are also ranked first continuously in reliable customer satisfaction surveys.

Integrated customer satisfaction level   (unit: points)

Category	2016	2017	2018	2019	2020
Integrated satisfaction	82.64	83.32	83.81	83.05	83.87
Products	75.29	76.58	76.64	77.86	79.99
Services	89.98	90.05	90.98	88.25	87.75

Awards received for service quality and customer satisfaction

Index/Award	Ranking	Sponsor
NCSI (National Customer Satisfaction Index)	• Ranked first in the categories of IPTV (5 years in a row), Internet (4 years in a row), Internet phone (12 years in a row), home phone (23 years in a row), and high-speed internet (5 years in a row)	KPC
KS-SQI (Korean Standard-Service Quality Index)	• Ranked first in the categories of high-speed internet (1 year) and IPTV (12 years in a row)	KSA
KCSI (Korean Customer Satisfaction Index)	• Ranked first in the categories of high-speed Internet/IPTV (5 years in a row), Internet phone (11 years in a row), and home phone (21 years in a row)	KMA
KS-QEI (Korean Standard - Quality Excellence Index)	• Ranked first in the categories of mobile phone (1), high-speed Internet (5 years in a row), and IPTV (4 years in a row)	KSA
KSQI (Korean Service Quality Index)	• Ranked first in the categories of wireless call center (9 years in a row), wired call center (6 years in a row), and agent stores (5 years in a row)	KMA
KS-CQI (Korean Standard Contact Service Quality Index)	• Ranked first in the categories of wired customer center (7 years in a row), wireless customer center (6 years in a row), and pay broadcasting (2 years in a row)	KSA
Customer Quality Satisfaction Awards	• Ranked first in the categories of mobile phone (8 years in a row) and high-speed Internet/IPTV (4 years in a row)	Digital Chosun Ilbo
Korea Service Grand Prix	• Integrated award in communications/internet (5 years in a row)	KSA

KT's Customer Center provides valuable experience.

As a business that has represented the country throughout its communications history, we strive to provide high-end customer-centered services. Notably, our Customer Center is our first contact point with the customers. We operate the Center for the Disabled, which has 100 employees, the first such organization of that size to be established among communications businesses, to help disabled people deal with everyday inconveniences in their use of communications services. In addition, the Customer Center provides a customized consulting service in English, Chinese, Japanese, Vietnamese, and Russian, and is spearheading changes in the customer service paradigm by incorporating AI into its customer-centered services. Our AI-based Consulting Aid provides support to customer consultants in real time so that they can provide a more useful service to customers. To resolve customer inconveniences even on weekends and nights, virtual voice consultations were opened in April 2021, and AI voicebots are solving 650,000 customer inquiries in 70 areas 24 hours a day. It helps our consultants get out of ennui from simple repetitive work and concentrate on providing the services more faithfully to the customers.

Convenient/speedy processing with AI chatbot: 41,000 cases/day

20 sec. → 5 sec.
Using AI in customer consulting: 15 seconds reduced in handling each case of customer request

24 sec. → 5 sec.
ARS voice authentication improves the inconvenience of self-authentication: reducing customer waiting time by 19 seconds

Three-year AI technology innovation Contact Center Plan

2018
· Adoption of voice-based identification
· (NLU-based) consulting assistance technology development
· AI-based integrated chatbot applied
· Putting customer center in GIGA Genie

2019
· Consulting assistance phased application
  - Real-time voice analysis guide
  - VOC classification; consulting memo automation
  - Real-time voice-based AI consulting

2020
· AI voicebot equipped with recognition/consulting capability

The AI Customer Center's differentiated customer-centered services have received the Stevie Award for Sales & Customer Service for five consecutive years in recognition of its innovative service and outstanding results.

KT Customer Center wins a Stevie Award

Awards received by the KT Customer Center

Category	2018	2019	2020	Remarks
KS-CQI (KSA)	Good Call Center (ranked first)	Good Call Center (ranked first)	**Good Call Center (ranked first)**	Wireless/wired (ranked first) (7 consecutive years)
KSQI (KMA)	Selected as a Good Call Center of Korea	Selected as a Good Call Center of Korea	**Selected as a Good Call Center of Korea**	Selected as a Good Call Center of Korea (10 consecutive years)
STEVIE AWARDS (United States)	2 silver awards, 1 bronze award	4 bronze awards	**1 gold award, 1 silver award, 1 bronze award**	5 consecutive years

Network stability

Improvement of internet service quality

We make consistent efforts to provide a better quality of internet service to our customers. We are converting our bronze-based low-speed internet facilities to the optic fiber-based high-speed internet. We repair poor quality circuits as soon as we detect them. With regard to online classes for students amid the COVID-19 crisis, we are intensively reinforcing the facilities in the communication traffic-intensive section. We are also making effort to improve our overall operational management, and to provide faster speed to our customers.

Network automation/intellectualization promotion strategy

We are applying AI to many areas in connection with our objective of transformation into a digital platform business. We use AI not only in the services we provide to customers, but also in the operation and management of our networks in order to enhance the accuracy of work carried out in the field. We design AI for automated work by programming it to "learn" network quality information so that we can provide the optimal quality environment. We are improving the level of our AI technology so that it can analyze the causes of network problems automatically and take the necessary corrective actions in a bid to provide the best possible network to our customers.

Direction of network automation/intellectualization promotion
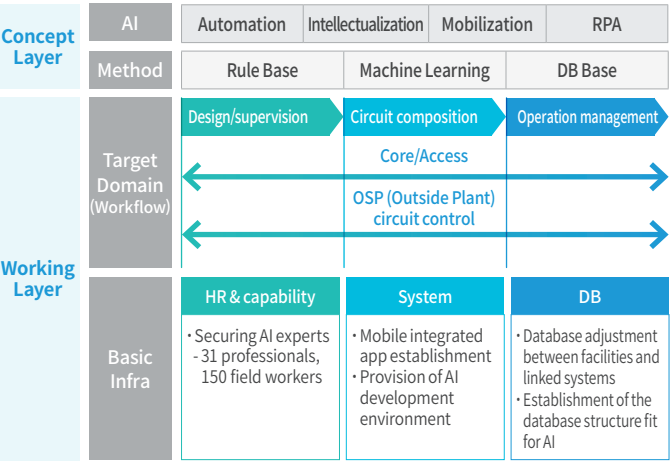
The process of network automation/intellectualization
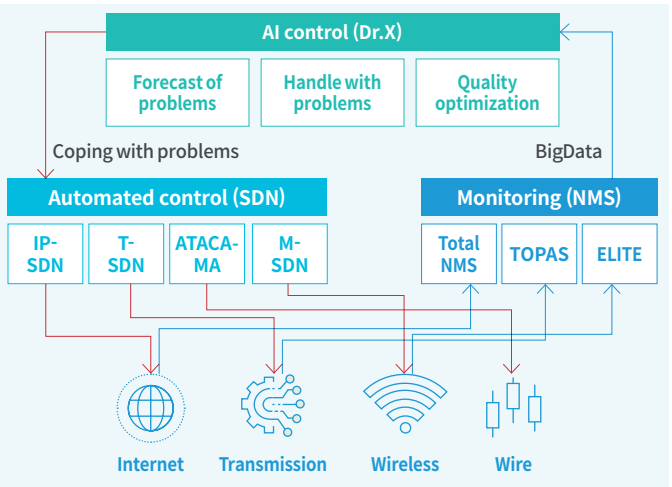
Definition of network automation/intellectualization

Sector	Automation	Intellectualization
Definition	Having automated machines perform repetitive manual work done in the field	Having machines perform work that is complicated and hard to do
Target domains	- Repetitive, routine work - Works whose processes are standardized and which require no human judgment	- Difficult works that require the analysis of complex problems or the presentation of ways of taking action. - Works whose processes need to be implemented only after making a judgment according to the situation
Leading solutions	SDN, mobile, RPA, etc.	Dr.x, etc.

Network automation

Network automation makes it possible to reduce the time required to carry out certain types of work through the automatic processing of repetitive tasks, using SDN, mobile, RPA, etc., based on the rules defined by people. It is used in virtually all network areas, such as wireless, internet, transmission, electric sources, and circuits, etc. We have developed a total of 178 automation solutions including forecasting/processing of network problems, quality optimization, network control sophistication, etc., and apply them to diverse fields. We plan to continue expanding the areas of automation by training AI experts and diversifying the methods of developing solutions, and to automate areas.

*SDN (Software defined networking): Control/management of a network's traffic delivery actions via the software-based controller
*RPA (Robotic Process Automation): Automation through the application of software to repetitive/simple work processes

Network automation solutions by sector   (unit: number)

Year	Wireless	Internet	Trans-mission/power	Circuits	Exchange	Total
2020	20	25	21	25	9	100
2021	11	27	13	23	4	78
Subtotal	31	52	34	48	13	178

Network intellectualization

We use Dr.X,* which is our own AI-based intellectualization solution, to perform works and tasks that humans are unable to carry out. We apply our intellectualization solutions to diverse sectors in order to come up with optimal, accurate result values promptly through simulation based on a given situation. A leading example is a solution that predicts network problems through a database, analyzes the cause of a problem, and provides methods for resolving it. We plan to further refine this intelligent solution so that it can identify and take care of problems on its own in a bid to stabilize the network further.

Network intelligent solutions by sector

   (unit: number)

Year	Wireless	Internet	Trans-mission/power	Circuits	Exchange	Total
2020	2	3	3	1	--	10
2021	2	2	2	1	-	7
Subtotal	4	5	5	2	-	17

* Intelligent solution Dr.X: This is our own AI intelligent solution. It is a network control system that has been advanced from the existing Network Management System (NMS), using AI. It comprises Dr. Core (wireless/IP network), Dr. Lauren (transmission/dedicated/MW), Dr. Sound (electric source), and Dr. Cable (circuit), etc.

5G SA (Stand Alone) network

Currently, the 5G service provided by three major mobile service companies in Korea is through NSA (Non-Stand Alone) method of combining with LTE in the 3.5GHz frequency band. In 2019, we established the 5G network, keeping a future upgrade to SA in mind, while providing the NSA type of 5G commercial service. Unlike the NSA type, 5G Stand Alone (SA) processes both signals and data with the 5G network and thus makes it possible to support the archetypal 5G characteristics, such as ultra-low latency services, improvement of communications reliability, and large-scale terminal connections. It also makes it possible to reduce the consumption of 5G cell phone batteries as it does not use the LTE network. In 2020, we completed our upgrade of the 5G commercial network to the SA method, resulting in a 5G network that can provide services to both NSA and SA methods. Since January 2021, we have been providing the SA pilot service to our employees through the 5G commercial network. At present, we are improving the quality of the SA service with field tests covering the entire country, and we expect to complete this work within the first half of 2021 and start providing the commercial SA service to our customers. We plan to develop and 'evolve' the 5G SA network into a true 5G platform that can converge with other industrial sectors, following the customer service. First of all, we plan to adopt a network slicing technology that can provide customized quality support, after which we will continue evolving the 5G SA network to make it possible to commercialize our future 5G services, including ultra-low latency services, V2X (Vehicle to Everything, vehicle communications), VoNR (Voice over NR, 5G –based voice communication), and the SA-based overseas roaming service, etc.

Conversion from 5G network NSA → SA
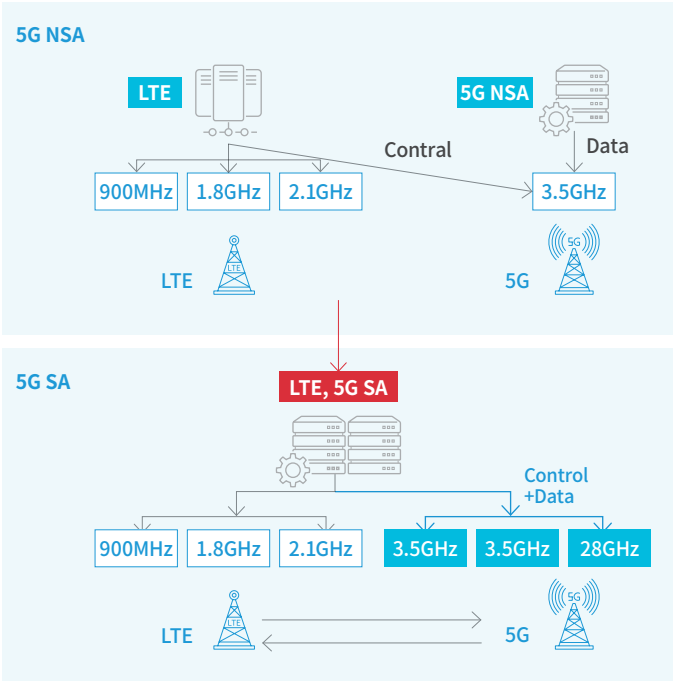
- Joint 5G use

As the business that owns the most wired/wireless networks in the country, we aim to provide a universal communications service. As part of this effort, we are pushing ahead with collaboration on the joint use of 5G wireless communications facilities with the Ministry of Science and ICT (MSIT) and the other two of the country's top-three communications businesses (KT being the third). This project, which entails the first and largest collaboration of its kind ever carried out, aims to establish the 5G network in suburban areas with relatively small populations, by dividing the work among top-three communications businesses, and the service will ultimately be used jointly by subscribers to those businesses. The project is also a means of securing the nationwide 5G network earlier than previously anticipated through the efficient use of limited communications resources.

5G network roaming technology
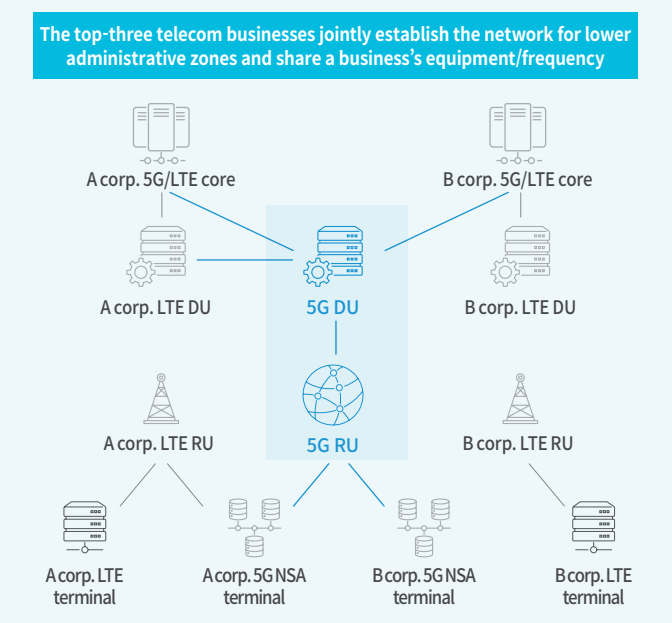
Provision of stable communications services

We are dedicated to preventing communications-related disasters and incidents by continuously improving the relevant systems and facilities. We have automated the business of checking communications facilities to detect potential factors of malfunction. When large-scale damages to communications facilities are expected due to the possibility of a typhoon or torrential rainfall and flooding, we activate the emergency work system in order to deal with the situation. Thanks to such efforts, we have not recorded a single communications service problem subject to notification of the users as stipulated in the Telecommunications Business Act. We will continue to take all necessary measures steps to provide stable communications services.

Number of large-scale communications problems over the past three years   (Unit: cases)

Category	2018	2019	2020
Number of large-scale communications problems	1	0	0

* "Large-scale communications problems" refers to communications service problems subject to notification of the users as stipulated in the Enforcement Ordinance of the Telecommunications Business Act, amended in 2019.

- Network Traffic

As of 2020, we are in possession of a total of 22.61 million lines of 5G network as a result of the establishment of the new 5G network in 2019 and the work for large-scale expansion of the capacity in 2020 done for improvement of the network quality.

Wireless network capacity   (Unit: 1,000 lines)

Category	2018	2019	2020
LTE	17,350	18,320	18,900
5G	-	500	3,710
Total	17,350	18,820	22,610

In 2020, the wireless network traffic volume stood at 2,243PB,* a 29.3% from the preceding year (1,735PB). We are monitoring the traffic volume increasing year after year. We engage in up-front investment, etc. in network equipment to deal with an increase in traffic volume in populous areas in a bid for stable service.

Wireless network traffic volume   (Unit: PB)

Category	2018	2019	2020
Wireless network traffic volume	1,335	1,735	2,243

* PB(Petabyte) = 1,000 Terabyte

Customer information protection

We regard customer-centeredness management as our core value and believe that customer information protection is the No.1 principle of all business. To cope with the ongoing intellectualization of security threats both proactively and structurally, we are doing everything we can to protect and guarantee the rights of our customers as data subjects, and are strengthening our system of customer information protection. To strengthen customer information protection, we encourage all our employees, affiliates, and subcontractors to join in our effort to protect customer information with a firm sense of responsibility.

Customer information protection system

In 2013, we won the Information Security Management System (ISMS) certification, which is an information protection management system approved by the Korean government, and have renewed it every year since then. In 2020, we voluntarily converted it to the Personal Information and Information Security Management System (ISMS-P) and have maintained its status so far. We have obtained grade AAA(P), the highest grade in the Information Protection Preparedness Assessment, for four years in a row, the first such feat ever achieved by a Korean business in the assessment conducted by the MSIT, attesting to our thorough customer information protection system. In 2019, we began operating a separate organization with 339 employees dedicated to personal information protection in a bid to implement personal information protection on a far more professional basis. As a business investing in information protection more positively than any other domestic communications business, we invested 98.9 billion won in it in 2020.

ISMS-P certification	[Scope of certification] information/communications service infrastructure operation (kt.com, wireless data ancillary service, wireless/wired service) [Validity period] 12.16.2020- 12.15.2023
Information protection preparedness assessment	AAA(P)등급 [Validity period] 7.15.2019-7.14.2020
Investment in customer information protection infrastructure	Investment in customer information protection infrastructure • Investment in information protection (Unit: KRW 1 billion) 2018 : 96.8 / 2019 : 97.1 / 2020 : 98.9 • Number of employees in information protection (Unit: persons) 2018 : 288 / 2019 : 323 / 2020 : 339

Implementation of customer information protection measures

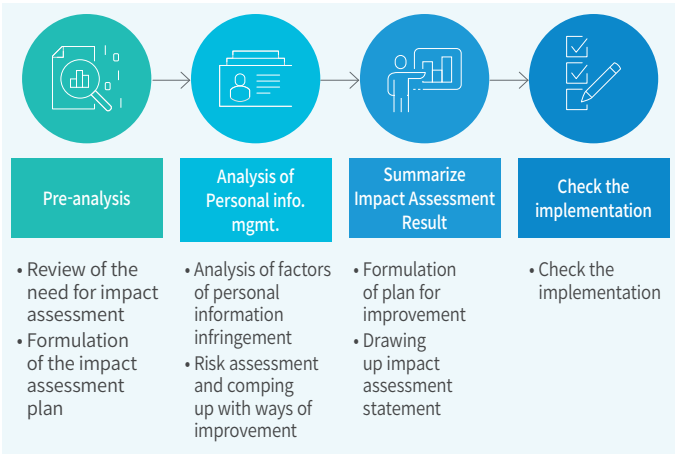| Technical measures	Administrative measures
• Establishment of an integrated security control system for monitoring suspected hacking attacks. • Establishment of a system against Advanced Persistent Threats (APT) and for risk forecasting. • Operation of a firewall, intrusion detection system, and access control system. • Operation of DRM (Digital Right Management) and DLP (Data Loss Prevention) solutions. • Encoding of personal information; database command language control.	• Privacy Impact Assessment. • Secure coding enforced in software development. • Periodic checks and improvements of vulnerable points. • Training involving simulated intrusions held jointly with the government and relevant institutions

Customer information protection process

We do what we can to prevent the loss, theft or outflow of personal information by taking the optimal technical and administrative measures at each stage based on an analysis of the entire life cycle of personal information from its collection to its final destruction. We make it a rule to thoroughly identify and analyze factors that may intrude or infringe upon our customers' personal information by carrying out a Privacy Impact Assessment upon the introduction of each new information system or the modification of an existing system using personal information, and then improve it. We have strengthened our technical and administrative steps to proactively deal with the ever evolving security threats, including Advanced Persistent Threats (APTs). We operate the IT/Network Integrated Cyber Security Center, the first of its kind in the country, as well as an integrated system encompassing terminals, networks and servers on a twenty-four seven, 365 days a year.

Assessment procedure for personal information impact

Pre-analysis	Analysis of Personal info. mgmt.	Summarize Impact Assessment Result	Check the implementation
• Review of the need for impact assessment • Formulation of the impact assessment plan	• Analysis of factors of personal information infringement • Risk assessment and comping up with ways of improvement	• Formulation of plan for improvement • Drawing up impact assessment statement	• Check the implementation

Our customer information protection activities

Category	Activities	Unit	2018	2019	2020	Remarks
Checking of personal information protection steps	Number of service-related checks	cases	274	284	329	Checking the security status of customer information processing systems at least once/year
	Percentage of checks of all services	%	100	100	100	
Education on personal information protection	No. of employees in charge of personal information protection to have received statutory education (first half)	Persons	23,160	23,240	22,604	Statutory education for all employees (except those in temporary retirement, dispatched/transferred)
	Ditto (second half)	Persons	23,180	22,915	22,224	
	Percentage of employees stated above	%	100	100	100	

Raising awareness of customer information protection

We carry out activities designed to raise employees' awareness of the importance of customer information protection, and hold online educational sessions for all employees twice a year. With regard to employees responsible for handling important customer information, we hold customized special education sessions and strive to enhance the efficiency of education. We are also making concerted efforts to foster a culture in which all employees, affiliates, and subcontractors voluntarily take part in information protection activities through the operation of the In-house Security-Related Reporting Center, the Bug Bounty system, and Clean Office, while encouraging employees to share ways of putting personal information protection into practice through such activities as Personal Information Protection Awareness Week, the destruction of unnecessary personal information, and the Code of Practice concerning information protection, etc.

Customer information protection service

We provide diverse customer information protection services as follows: 'Information Protection Notification (information providing system), which provides customers with short messages containing warnings about cyber-security threats (such as hacking, ransomware, phishing, etc.); Whowho Spam Notification, which indicates "spam"/"good" messages on the receiver's screen; a system for blocking spam texts automatically; a system for ensuring children's safe use of the Internet via a PC or smart phone by blocking harmful websites and apps automatically; and Family Relief, which fixes a set number of daily hours of family Internet use.

Customer privacy protection service

Category	Contents
Information Protection Notification	• Provides short messages containing warnings and information about cyber-security threats (including hacking, ransomware, phishing).
Whowho Spam Notification	• Indicates "spam"/"good" messages on the receiver's screen.
Blocking spam texts	• Automatically blocks spam texts received by cell phones.
Family Protection Service	• Fixes the daily number of hours of a family's Internet use. • Automatically blocks harmful websites/apps a on smart phones, apps.

Family Protection Service

Whowho Spam Notification

- Status of our customer information usage

With regard to customers' personal information, we inform all subscribers about the items of personal information we collect from them, the purpose of collection, the period of retention it, etc. under the relevant laws, including the Personal Information Protection Act, and obtain their consent to its collection and use in advance. We use personal information only for the purpose consented to by the subscribers, and we obtain their prior consent when we need to provide personal information to any third-party institutions. We have posted a public notice on our Personal Information Handling Guidelines so that customers can check them easily. In the case of requests from a government institution to provide personal information, we comply with such requests under the Telecom Business Act, Article 93(paragraph 6) and the Protection of Communications Secrets Act, Articles 2 and 13, and submit the details thereof to the MIST each year. The communications materials that we are obliged to provide in this connection include those (information on subscribers, such as phone numbers, IDs, etc.) requested by an investigation agency through a prosecutor, Grade-4 or higher government official, or senior superintendent of the police force under the Telecom Business Act.

Status of government requests for customer information (2020)

Category	Unit	Contents	Communications-related materials	Communications-related fact-finding materials
Government requests	Cases	Number of requests from government institutions for customer information	283,105	77,005
About our provision	Cases	Number of cases that can be checked whether customer information is provided to government institutions	283,105	77,005
		Percentage of cases that can be checked whether customer information is provided to government institutions	100	100

- Customer information collected for a secondary use purpose

We process all personal information collected by us according to an "opt-in" method, so there is no way that we can use it for a secondary purpose. We make it a rule to use personal information only within the purpose consented to by data subjects.

* Opt-in: Prohibition of personal data gathering before permission

Social

Social contribution

Topic Importance

The daily lives of the underprivileged and the handicapped are being threatened more than ever due to COVID-19. We formulate thoughtful social contribution programs with a concern that their hardships may not be aggravated due to the restrictions placed to prevent the epidemic. As a business engaging in a universal telecom service and one aiming to be a DIGICO, we strive to develop an unprecedented social contribution platform and build a kindhearted community, fully utilizing our technological capability and network. We will do our best to build a future in which everyone can live a better life.

Our Approach

- Development of programs for ICT-based social contribution activities.
- Social contribution activities designed to help the public overcome difficulties associated with COVID-19.
- Activities designed to relieve the digital gap.
- Participation in efforts to solve the problems facing local communities.

Performance

KT e-mentoring
5,259 sessions

Number of beneficiaries of IT Supporters (accumulated)
3,637,906 people

Number of beneficiaries of Sarang Volunteer Corps
33,385 people

Related UN-SDGs

| 1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 10 REDUCED INEQUALITIES |

ICT-based social contribution

KT e-mentoring

In October 2020, we launched the KT e-mentoring, a contact-free learning mentoring program provided under an agreement signed with the Seoul Office of Education in an effort to help middle schoolers needing study help and undergraduates looking for part-time jobs amid the COVID-19 situation. The class was carried out by matching three mentees to one mentor, using our KT e-mentoring Edu Platform, for four hours a week, earning a favorable response from the participants. Season 1 of the class was carried out for six months, and we are now discussing the opening of Season 2 with nine offices of education in Seoul, Gyeonggi-do, Gangwon-do, Chungnam-do, Jeonbuk-do, Jeonnam-do, Gwangju, and Busan.

KT e-mentoring Edu Platform

Mentoring
5,259 times

"KT e-mentoring helps me improve grades."
Mentees **89.7**%

"KT e-mentoring gives me financial assistance."
Mentors **86.8**%

Mentoring
9,104 hours
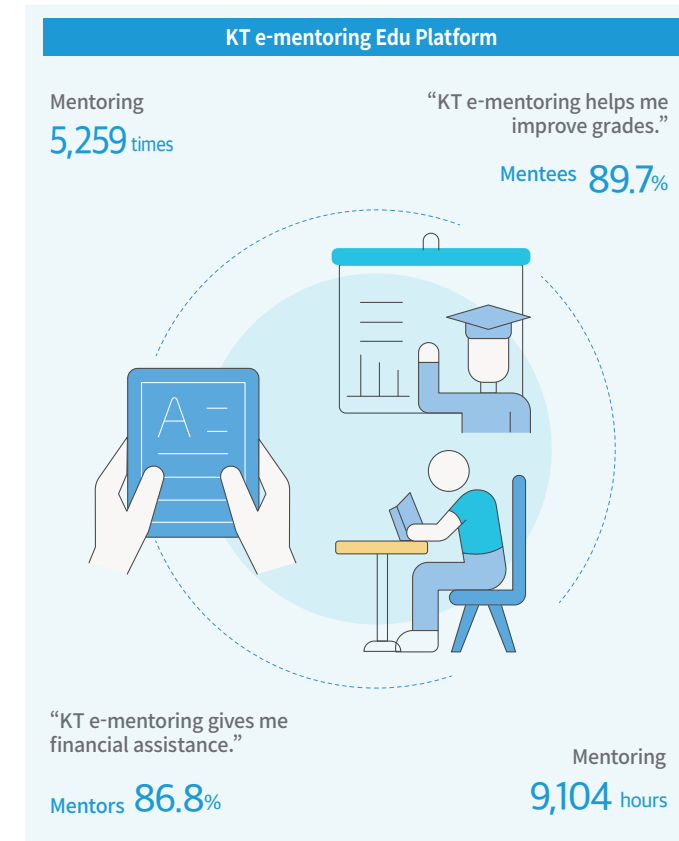
• KT e-mentoring

Voice-finding campaign

We developed the Mind-Talk app to make it possible for people with a hearing impairment to communicate with other people in their own voice through our Personalized Voice Synthesis Technology, the most advanced technology of its kind in the country, with ABC. The Mind-Talk app works by converting the contents of a person's message drawn up in letters to a designated voice when exchanging conversation with another person. We have also improved user convenience by providing a dialog box containing frequently used phrases; and also helped hearing-impaired persons learn how to use the app through the Korea Research Institute for Vocational Education and Training (KRIVET) and the Customized Training Center. We have also provided the app to Seomseomoksu,* a Korea Railroad Corporation (KORAIL) nail salon where hearing-impaired persons work, to help them communicate with customers more easily. Now, the app is widely used as a daily tool that enables hearing-impaired persons to communicate clearly with others.

* Seomseomoksu is a nail salon run by the Korea Railroad Corporation (KORAIL), the Korea Employment Agency for Persons with Disabilities (KEAD), and private businesses, etc. The salon recruits disabled persons and provides a free nail care service to railroad users.

• Using the Mind-Talk App

Campaign to reverse hearing loss

KT, jointly with the Severance Hospital, operates the "KT Dream Class" to support cochlear implant surgery and professional rehabilitation for children in an effort to provide a better life to children with hearing problems. We also provide a post-surgery social efficacy and develop their social skills. In addition, we carry out programs designed to enhance their parents' sense of competence and improve their living environment, leading to greater synergistic effects of the program. We also provide a sign language interpretation service for hearing-impaired persons who visit the Severance Hospital for treatment, which has increased their satisfaction with their approach to treatment. Thus, the number of users of the service is increasing.

• KT Dream Class of Jeju university hospital

IT Supporters

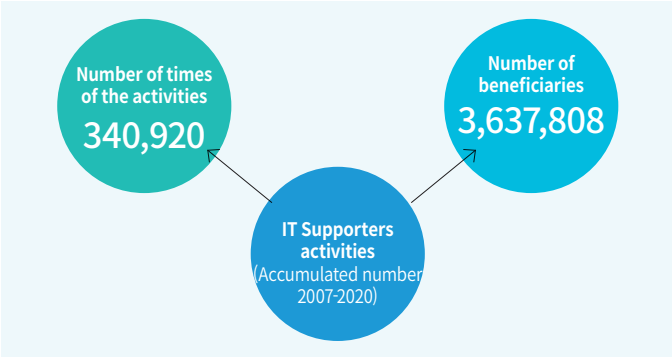Launched 14 years ago, KT's IT Supporters, a voluntary social contribution group, consists of both current and former employees who use their ICT knowledge and skills to bridge the digital divide. In 2020, the IT Supporters ran a training session for a total of 836 students in Busan, Gyeongnam-do, and Daejeon in step with the government's program for enhancing people's digital capability. We are distributing apps for education kiosks designed to help seniors catch up with the digital technologies used in our everyday lives, for instance, to reserve seats on buses or trains, use ATMs, or order meals at fast food restaurants. With regard to our AI Coding Education, we held an online/contact-free session in consideration of the COVID-19 situation.

• Development of app for education kiosks

IT Supporters' activities

Number of times of the activities
340,920

Number of beneficiaries
3,637,808

IT Supporters activities
(Accumulated number 2007-2020)

• AI Coding Education

KT held IT-sharing sessions in four areas (Greater Seoul, Chungcheong, Honam, Yeongnam)

(As of Dec. 31, 2020)

Category	Senior	Disabled	Low-income	Multicultural	Youths	Public	Total
Beneficiaries	16,260	1,047	127	783	5958	8,786	33,149
Sessions held	1,054	87	6	71	462	402	2,097
Beneficiary institutuions	224 institutions nationwide						

Status of beneficiaries of our voice-finding campaign(2003~2020)

(Based on the number of years, unit: people)

Category	2003~2019	2020	Total
Cochlear implant	147-	-	147
Hearing-aid	298	2	300
Auditory brainstem implant	13-	-	13
Artificial middle ear	19-	-	19
Rehabilitation treatment	13,935	3,020	16,955
Support for their family	89-	10	99
Total	14,501	3,032	17,533
Sign language interpretation	1,592	1,912	3,504
	250	347	597

Interview with an ESG management expert

Director **WOO Yongho**, Korea National Council on Social Welfare

The establishment of a sustainable model for social contribution and active participation of employees are the reasons why KT's future is more promising.

The changes of KT on leading the trend from Korea Telecom to KT, and declaration of DIGICO KT are the result of endless efforts internally. The transformation into a digital platform engenders a corresponding increase in its stakeholders and its social responsibility. The KT e-mentoring applied to face-to-face education sites contracted by COVID-19 and the contact-free visiting service for hospital patients are good examples of what KT's people do for the benefit of wider society. The Union Corporate Committee (UCC), which is a part of the social contribution activities carried out since 2011, with KT's labor/management playing a lead role, was adopted officially by the UN as a good example for the realization of sustainable development objectives. In this way, KT has shown that it is capable of presenting a sustainable model for social contribution that has been officially recognized worldwide. Furthermore, it has the potential to disseminate win-win and sharing with employees' positive participation. That is why I expect a lot more from KT in the future.

Senior Care Ecosystem

We established the Smart Senior Care System in cooperation with various institutions under the control of Ministry of Health and Welfare (MOHW) as part of the Senior Care Ecosystem. To that end, we signed an agreement with the Korea Labor Force Development Institute for the Aged and the Gyeonggi-Do Social Service Center in May 2020. In 2021, we plan to train a corps of smart senior care managers consisting of 500 senior ICT experts.

Warm Hearted Technology Plus Challenge

The Warm Hearted Technology Plus Challenge is a special KT program aimed at developing social economic enterprises with the capacity to create social value with digital technology. In October 2020, KT, together with the Korea Social Value and Solidarity Foundation, selected six social economic enterprises (Ecopeace, OHFA Tech, AI Goodwill Voice, PAWINHAND, Say Global, and Media LAB) and provided each of them with technology mentoring, management consulting, and operating funds of up to 100 million won. At the interim result presentation held in April 2021, they shared their ongoing business status with each other and had a get-together with our relevant departments. We really want to be the perfect partner to them by offering them continuous support, while conveying our social value through the Humane Technology Challenge.

• A session for presentation of the interim results of the Warm Hearted Technology Plus Challenge

Scholarship programs

Having launched our first scholarship program back in 1988, we are now running programs designed to train ICT experts and raise awareness about social diversity, including the Creative Future Leaders Scholarship, Socially Innovative Talented Human Resources Scholarship, and KT Labor-Management Scholarship. Notably, in 2021, we began providing long-term support to excellent students.

Category	Creative Future Leader Scholarship	Socially Innovative Talented Human Resources Scholarship	KT Labor-Management Scholarship
Number of schools	141	17	66
Number of Beneficiaries (students)	566	67	88
Amount of scholarships paid (Million Won)	550	128	150

Support for overcoming COVID-19

Hope Boxes from the labor and management

Our labor-management provided Hope Boxes to doctors and nurses who have been working hard in the fight against COVID-19 and underprivileged people as part of our contact-free sharing campaign. The gifts prepared with donations raised by our employees included essential items for underprivileged people (masks, daily necessities, food, etc.) and pick-me-ups for doctors and nurses (energy bars, red ginseng, nuts, etc.). The Hope Boxes were delivered to a total of 35,000 people on eight occasions via a contact-free door-do-door delivery service.

• Hope Boxes provided by KT Nosa (Labor-Management)

Support for ring-back tone for people wanting to check public face mask stocks

During the three months in 2020 when drugstores in the country were busy selling masks to the public, we provided Ringo Biz Plus for SMEs with no cost, a wired phone ring-back tone service, to 23,000 drugstores across the country. This service, which enables the user to call a pharmacy and listen to information on its available stock of face masks without involving the pharmacist, was designed to ease the burden on pharmacists while boosting convenience for callers. Through this service, mask warehousing time and remaining amount in the pharmacy can be checked, and places possible for use of emergency relief grant are informed to provide support to the customers and micro-enterprises.In this way, we shared our technology with the general public as part of our effort to fulfill our social responsibility in a time of crisis.

• Checking public masks stock   • A wired phone ring-back tone service informing emergency relief grant card

Ranging from KT's Sarang (Love) Series to Gwanghwamun One Team's Nanuweojeong (Sharing)

A total of 15 businesses (including KT), the local government, and non-profit institutions located in Gwanghwamun, Seoul work together to put the idea of sharing/win-win into practice


KT encourages the win-win consumption through the "Series of Love" supported by the company and participated by our employees since March 2020 to help surrounding small business owners who were hit by the COVID-19. The Series of Love conducted by establishing a specific and long-term support plan for small business owners who experienced rapid sales decrease and difficult sales route-finding has contributed to the Good consumption culture spread of KT with full support from KT and active participation of employees. The KT's effort to realize social value has been extended to the Gwanghwamun One-team to make better local communities. The Gwanghwamun One-team is a council for activities to promote win-win relationships with local communities along with 15 companies, local government, and non-profit organizations around Gwanghwamun. In last May, 'Meal Kit After Work' and 'Sarang Hyo Box' were launched as the pilot project for huge socio-economic effect. The Secretariat of Gwanghwamun One-team has built a regular consultation channel and launched the app "Share Affection", which is a good platform. Anyone can conveniently participate online, which can be extended to the digital domain. In the Share Affection app, meal kits prepared by restaurants around Gwanghwamun and agricultural goods bundles can be discounted and purchased. Through the app, users can also participate in social crowdfunding to help families with crises. The Gwanghwamun One-team held a "One-heart Bag" event on June 24, 2021, as the first offline event after the launch. Gift packages containing nutritional supplements, chargers, masks, and hand sanitizers, etc. were delivered to surrounding small business owners around Gwanghwamun with support messages. The Gwanghwamun One-team will launch the

employment support of the disabled and the use of multi-use cups campaign, which can be a win-win for small business owners. We will spread the systematic win-win model throughout the nation through ESG activities that solve imminent problems and contribute to national developments in cooperation with all participated organizations. This will be the successful case of the Collective Impact* and we will act more proactively to put warm sharing into practice and solve social issues. Please keep watching the social contribution activities of KT with heart.

* Collective Impact: Cooperation with common agendas to solve a specific social issue by individuals from many different fields.
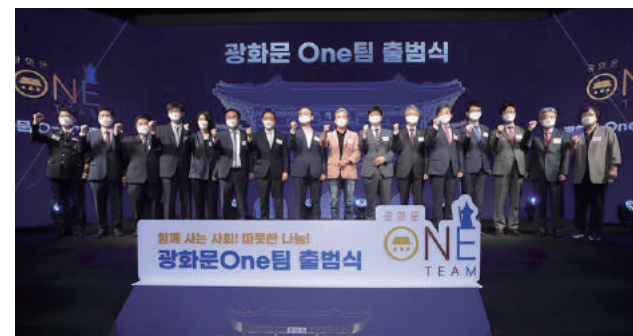
Results of promotion of Sarang programs

Sarang lunch box	Mar.-Apr. 2020	Restaurants near the KT building in Gwanghwamun and Umyeon-dong, Seoul	7,150 Box
Sarang agricultural products	Apr.-May 2020	Suppliers of school lunch	6,000 unit
Sarang mini theater	May-Jun. 2020	Seoul Theater Association	2,000 Places
Sarang orchard	Aug.-Sep. 2021	Orchards suffering losses due to fallen fruits	2,840 Box
Sarang prepay	Oct.-Nov. 2020	Restaurants/cafes near the KT building in Gwanghwamun, Seoul	50 million
Sarang meal kit	Jan.-Apr. 2021	Restaurants near the KT building in Gwanghwamun	14,252 kits
Sarang "hyo" (filial piety) box	May 2021	Flower shops in Insa-dong	4,000 Boxes

KT Sarang Volunteer Corps

KT launched the KT Sarang Volunteer Corps as a voluntary social contribution activity involving its employees back in 2001. Particularly in times of national disaster or emergency, we take it upon ourselves to carry out relief work by promptly sending the Corps into action, as a communications business that represents the country, in cooperation with the Korea Disaster Relief Association and the Korean Red Cross. In addition, regional support system was clarified by newly establishing the disaster response manual, and system was provided to perform the emergency relief activities quickly when occurred with disasters and catastrophes. In 2020, we provided a wide range of support for people working on the frontline in the fight against COVID-19, including relief kits for isolation facilities, cellphones and phone chargers to enable efficient communication for doctors and nurses, and food trucks for emergency medical crews, as well as sanitary goods and disinfection services for underprivileged people. During the unusually long spell of rain in August 2020, we provided a total of 5,880 lunch boxes to volunteers working for flood victims. In addition, Kimchi was shared to those in need in consideration of the COVID-19 situation. KT Sarang Volunteer Corps will continue to plan face-to-face/non-face-to-face volunteering programs diversely to establish sustainable KT social contribution programs.

Employee participation in voluntary activities

Year	Activities	Participants	Beneficiaries	Expenditure (Million won)
2020	13,838 hours	4,906 persons	33,385 persons	450

• Sarang series activities

• A 5G village in Daeseong-dong, Paju, Gyeonggi-do   • An AI village in Euiseong-gun, Gyeongbuk.

AI/mass media bus for sharing

We run an AI/mass media bus on the road for sharing in collaboration with viewer media centers. We provide mobile support for AI Academy Coding Education in remote areas in a bid to bridge the education gap for students in different areas and to provide opportunities for youths to identify their future career under the free school year system. We also strive to contribute to the training of future leaders through expansion of the AI sphere, including the following: provision of hands-on experience in mass media.(broadcasting production/studio experience).

• AI/mass media bus for sharing

Dongja Center for Sharing Hope

Since 2013, we have provided IT education and carried out voluntary activities in a dosshouse village in Dongja-dong, Yongsan-gu, Seoul. In 2014, we opened the Dongja Center for Sharing Hope in a bid to help improve the quality of life of local villagers. The center provides counseling to self-supporting workers and operates educational programs and cafes. It also runs social education programs such as calligraphy, photography classes, living craft, and a mountain hiking club, etc. In December 2020, we opened the Dongja-dong Jjokbang (Dosshouse) Counseling Center, in a bid to provide a better environment for local people in need.

Contribution to our local communities

AI/5G village

We established a 5G village in Daeseong-dong, Paju, Gyeonggi-do and an AI village in Euiseong-gun, Gyeongbuk. The said villages refer to smart farms where air quality is checked out with a device, temperature/humidity/weather are monitored, using IT, and smart LED solutions are provided to help locals cope with emergency situations. We also engage in local community-customized voluntary activities like 3D printing-related education for adults, robot-coding/creator education for middle schoolers, and AI-related sessions for school teachers.

• Dongja Center for Sharing Hope

Social
Mutual Growth

Topic Importance

As the communications & platform service provider, KT is maintaining close partnership with the subcontractors in the process of expanding the partnership and business innovation to provide stable services. Win-win growth system is established for win-win by providing the support program based on continuous communication with the subcontractors. It is important to have stable and sustainable supply network to secure the competitiveness of leading the future technology, and to provide differentiated service to our customers. As the caring company, KT will continue the win-win relationship with the subcontractors in the process of advance to create a new business value.

Our Approach

- Signing an agreement for Business Engaging in Voluntary Win-Win Cooperation, the first such agreement ever attempted by an (ICT) business.
- Helping our subcontractors to secure greater productivity through innovation and financial soundness.
- Amendment to our Subcontractors' Code of Conduct and the guidelines for putting it into practice.
- Providing support for rearrangement of the ICT-based startup ecosystem.

Performance

win-win growth
Highest Grade
(6 consecutive years)

Score obtained in the supply network ESG risks evaluation
99.9 points

Number of startups supported
**359** cases

Related UN-SDGs

Win-win growth with our subcontractors

We are building a system to promote win-win growth with our subcontractors through close communication and collaboration in order to secure competitiveness, play a lead role in the communications market, and provide differentiated service value to our customers. We also help our subcontractors to abide by the Subcontractors' Code of Conduct and the guidelines for putting it into practice, and manage non-financial risks associated with human rights, environment, health and safety, ethics, etc. according to the standards expected of world-class businesses. Furthermore, we conduct a thorough assessment of supply network sustainable management in order to identify and deal with risks within our supply network proactively.

Subcontractors' win-win growth strategy system

We have carried out activities aimed at promoting win-win growth with our subcontractors, particularly since the launch of an organization dedicated to that goal in 2010. We are making concerted efforts to enhance our and subcontractors' competitiveness with win-win growth programs under the slogan "First-rate Partner, Single Partner, Partner First." We have obtained the 'Highest Grade' in the shared growth index for six consecutive years since 2014, will continue sustainable growth with our subcontractors.

Win-win growth strategy
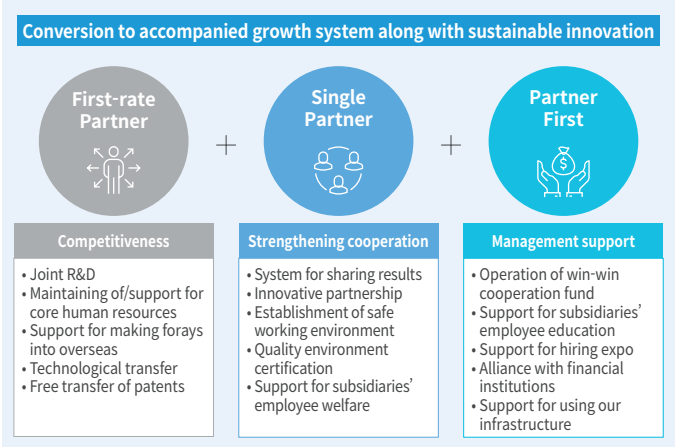
Business Engaging in Voluntary Win-Win Cooperation

As the business that led the commercialization of 5G, we became the first company to sign an agreement as a Business Engaging in Voluntary Win-Win Cooperation in a bid to fully cooperate with the government's Digital New Deal policy, which includes the distribution of 5G smart factories, invigoration of Analog-to-Digital Conversion, and promotion of digital innovation through win-win cooperation with and support for SMEs and micro-enterprise.

* "Business Engaging in Voluntary Win-Win Cooperation" refers to a company that actively shares its infrastructure, experience and know-how with small-sized businesses with which it is not doing business.

	Agreement agenda	Expected effects of KT's participation
1	Investment in /support for SMEs in contact-free sectors including 5G	• Contribute to the national economy by providing support for contact-free and smart factories and ventures. • Create jobs, particularly for youth. • Help young startup owners execute their business ideas.
2	KT Smart Factory Alliance	• Help subcontractors experiencing hardships due to the COVID-19 crisis with their interest payments. • Contribute to enhancing national competitiveness by helping small-sized manufacturers with productivity and product quality in connection with the KT Smart Factory Program.
3	Provision of support for 5G smart factory equipment under a long-term installment payment scheme	• Alleviate the initial expenditure burden of SMEs wishing to take part in the smart factory project supported by the government. • Contribute to enhancing national competitiveness by boosting the productivity and product quality of small manufacturers.
4	Support for technological development of SMEs conducting R&D in contact-free sectors	• Provide growth-related support through new businesses/service creation in sectors playing the role of the engine for the country's industrial innovation, such as 5G (Network), AI, etc.
5	Support for SMEs' employment of core human resources in contact-free R&D	• Invest KRW 600 million in the government's win-win collaboration fund. Take part in the Mutual-aid Program for Youth Employment Policy designed to help SMEs maintain employment of 100-plus core R&D human resources.
6	ICT support to invigorate startups, including AI, Big Data	• Eliminate blind spots in education associated with regions and income levels; develop education models focused on the training of talented human resources. • Support AI education ranging from introductory to advanced stages. Support AI startups to strengthen their competitiveness.
7	Support for MSS/ KT-recommended SMEs with a focus on their domestic market	• Help well-performing SMEs to increase their sales by supporting market expansion (KRW 5 billion per year). - Support the enhancement of productivity and quality with consulting on package design, etc. - Small & Medium Business Distribution Center (SBDC) – KT cross sales support. • Support the after-sales services of products sold by well-performing SMEs (through KT's 250-plus stores). - Service for judging defects/door-to-door delivery of finished goods (on an as-incurred basis).
8	Locations of MSS-selected Long-Lasting Small Businesses marked on KT's ONE NAVI	• PR and development support of micro-enterprises through exposure through One Navi and KT GIS Platform
9	Close cooperation with MSS's subsidiary institutions in providing data for advancement of the commercial sphere-related information system	• Mutual cooperation on constructing the comprehensive dataset regarding the floating population and market analysis to open the store based on data accuracy on determination of the store by the micro-enterprise. Accordingly, the store can expect improvement in survival rate after opening

Subcontractor support system

Support for cooperation on the development of new technology

In an effort to cooperate with our subcontractors in the development of new technologies and solutions, we are operating a joint R&D system to lead the pack in the ICT sector in the era of the Fourth Industrial Revolution. In 2020, we met development costs amounting to 1.3 billion won for ten selected projects, and also raised 3 billion won in funds to be spent on a project for technological development through a joint venture with those in the public/private sectors as part of the effort to help subcontractors develop new technologies together with the government. We also aim to transfer good-quality patents to subcontractors gratis to help them overcome their technological limitations.

Status of technological support

Category		Number of SMEs supported	Amount (Million Won)
Joint R&D and new product development with SMEs		43	24,699
Transfer of our patents/technologies	Free transfer of patents	43	259
	Technological transfer	13	-

<A case of joint R&D >

Joint development of popularized 5G core equipment with "E"

- Core 5G equipment mainly supplied by large companies or global vendors are developed in joint by KT and promising small-medium sized enterprises
- In December 2019, however, we succeeded in developing price-competitive core 5G equipment optimized for businesses, using only domestic technology, with the support of the Win-Win Cooperation Fund and consulting provided by our engineers.
- Company "E" has secured more than KRW 7 billion in new sales by winning orders following its commercialization in January 2020.
- In 2021, the business, jointly with KT, plans to make a foray into overseas markets based on its outstanding price-competitiveness.

• Popularized 5G EPC optimized for businesses

Assisting subcontractors with market development

We are helping our subcontractors to export their goods through the following activities: joint participation in world-famous exhibitions, formation of a consortium with them to make inroads into world markets, and application of global PoC (Proof of Concept) for cooperation with SMEs, using our overseas infrastructure, etc. In 2020, our subcontractors exported goods worth a combined total of 37.5 billion won under such arrangements with us.

Assisting subcontractors activities

Category	Major activities	Results in 2020
Joint participation in world-famous ICT exhibitions	KT professionals provided marketing support for subcontractors during exhibitions.	Export contracts amounted to 27.6 billion won in 2020.
Formation of a consortium with subcontractors	KT supported subcontractors' development of overseas markets through joint winning of projects.	Ten subcontractors exported goods worth a combined total of 8.2 billion won worth in five projects in 2020.
Forays into world markets through global PoC	KT supported subcontractors' development of overseas markets with its tangible/intangible overseas footholds and marketing infrastructure.	KT's support enabled seven SMEs/ventures to sign export contracts worth 1.69 billion; KT developed markets together with subcontractors.

KT's contribution to productivity innovation and financial soundness of subcontractors

Since 2012, we have promoted our subcontractors' productivity innovation activities by encouraging them to improve their production processes and product quality. In 2020, we participated in an innovation partnership project with 10 companies worth 300 million won, providing consulting and production facilities for small and medium-sized enterprises (SMEs), and achieved financial results of approximately 1 billion won, such as improving defect rate and shortening manufacturing time. We also supported their acquisition of an industrial health and safety management certification concerning information communications work with high industrial safety risks. In addition, we are do all we can to provide low-interest loans to subcontractors through the Win-Win Cooperation Fund or through agreements signed with financial institutions. Our firsthand forms of financial support for subcontractors include earlier payment of the cost of goods they supply on special holidays and cash payments for all their supplies.

• Support for well-performing subcontractors' participation in overseas exhibitions (Dubai Expo 2020)

Supporting subcontractors activities

(Unit: Million Won)

Firsthand support	Mixed support	Special support	Total
35	306,169	3,503	309,707

Supply network sustainable management

Adoption of the Subcontractors' Code of Conduct and Guidelines on Its Implementation

In December 2012, we became the country's first communications business to adopt sustainable guidelines for our subcontractors. In 2020, we revised our Subcontractors' Code of Conduct and the guidelines for putting it into practice by redefining core sectors such as human rights, environment, health and safety, and ethics, thereby reflecting the global trend including the United Nations Global Compact (UNGC). The 30-item Subcontractors' Code of Conduct and the Guidelines for Its Implementation present the criteria for the standard of sustainable management that we expect of our subcontractors. In this way we set and meet supply network management objectives that are conducive to both KT and its subcontractors.

Supply network management objectives and KPIs

Supply network	Sustainability strategy	KPI	Status of promotion in 2020	Long-term objective
Enhancement of supply network sustainability	Keeping in mind that we must improve the sustainability of the entire value chain to ensure successful business, we adopted Subcontractors' Sustainability Management in 2013 to measure and monitor the level of supply network sustainability periodically.	Subcontractors' sustainable management assessment score.	Obtained 99.9 in the supply network sustainable management assessment.	To achieve full marks in subcontractors' sustainable management assessment score by 2022.
Minimization of supply network sustainable risks	The establishment of a stable supply network is a prerequisite for our continued business operations. We conduct an assessment of our subcontractors' sustainability management each year to identify and minimize the economic, environmental, and social risks.	Percentage of subcontractors with which we have ended transactions among those identified as 'high risk'.	Attained 91% improvement of subcontractors identified as 'high risk' by 2020 after taking remedial steps.	To improve subcontractors identified as 'high risk' by 2022 by taking remedial steps.

Sustainable supply network communication

In 2014, we began operating sustainable management education programs for our subcontractors' working-level employees in order to share our objectives and the systems for their promotion and help them to implement the systems and meet the objectives. In 2020, we supported their efforts to prevent industrial disasters by

• Online Partner's Day event

offering VR (Virtual Reality)-based safety hands-on experience education etc. designed to strengthen their capability to execute sustainable management. We also operate diverse communication channels through which we listen to our subcontractors' opinions, and have strengthened our contact-free communication channels, due to the COVID-19 situation. In 2020, we held the Online Partner's Day event to present business/technology-related directions to our subcontractors as part of the effort to get ahead of our competitors in the ICT market through mutual growth with them.

Supply chain communication channels

Category	Contents
Partner's Day	An event in which KT and subcontractors share their business directions, and KT encourages subcontractors with awards, etc.
Get-together with subcontractors (invitation)	Division into Class C level and working-level employees. (Implemented considering the COVID-19 situation)
Get-together with subcontractors (visit)	An event designed to help subcontractors overcome difficulties through positive communication.
SCM Council	A "channel" for periodic coordination of demand and supply plans.
Day for warm talks	An event focused on contact-free communication.

Interview with an ESG management expert

Oh Wanjin
Senior Manager of the Presidential Commission for Shared Growth for Large and Small Companies

KT, which is already the best company for win-win growth, needs efforts to promote shared growth with various stakeholders beyond its partners.

KT's win-win growth activities are wide-ranging and long-lasting. The KT ESG Report shows that it carries out diverse projects designed to promote win-win growth with its local communities as well as its subcontractors and stakeholders. This seems to be a natural result of internal consensus that shared growth with partner companies and stakeholders is natural because the DNA of a company that provides public services is inherent. For a communications service business to grow, it is important to build a consensus, particularly with its subcontractors. KT's lasting commitment to win-win growth springs from its meticulous supply network management. The company pays the price of goods supplied to it by suppliers who are experiencing financial difficulties as early as possiblåe, and strives to alleviate the financial burden of all its subcontractors, attesting to its commitment to future-oriented win-win growth. Recently, many communications service businesses have begun the transformation into platform businesses. Unlike their communications cousins, platform businesses have diverse stakeholders. As a recognized first-class business in the win-win growth sector, KT makes concerted efforts to promote win-win growth with diverse stakeholders as well as its subcontractors. If KT, which aims to become a digital platform company, pursues shared growth to strengthen the competitiveness of its increasingly diversified supply chain, it will secure its status as a leader that fulfills its social responsibility as a digital platform business.

Partner Education

KT has been continuously developing practical training programs every year to improve the competitiveness of partners beyond communication with partners.

Partner Education

Period	Course	Number of trainees	Features
May ~ Nov.	ICT Construction Practical Training	582	Practical training to support the establishment of construction plans, design, construction, inspection, and safety management of ICT construction
Year-round	SW development competency improvement training	192	Necessary for SW development such as development language and Big Data processing Practical training to support competency improvement

Pre-screening of supply network sustainability

We require our subcontractors to register anew each year and to comply with our supply network policy based on the electronic contract system and check their status of compliance. Our written contracts with subcontractors contain a clause which stipulates that they must comply with our supply network policy. In 2016, we revised the Special Agreement on Putting Ethics Requirement into Practice, making it obligatory for our subcontractors to comply with our ethical management policy. At the time of signing a contract with us, subcontractors are required to sign a separate affidavit on their compliance with our ethical management and fair trade-related regulations. The Special Agreement stipulates that anyone who signs a contract with us must refrain from all unethical acts and practices, including the offering or acceptance of money or valuables for any reason in the process of executing a contract. In addition, we strive to identify potential risks and check the level of our subcontractors' compliance through the annual ESG Risk Assessment of our subcontractors.

Identification of supply network risks and results of steps taken

(as of the end of 2020, Unit: Number of subcontractors)

Types of risk				Risk assessment		Risk-related steps taken		
Risk type		Level of risk	Scope of assessment	Subcontractors subject to assessment	Subcontractors assessed	Subcontractors identified as 'high risk'	Subcontractors who improved after taking remedial steps	Subcontractors with whom we terminated all transactions
Economic risks	Violation of ethics and anti-corruption principles in the execution of contracts	High	All subcontractors	493	493	0	0	0
	Price fixing/unfair acts			493	493	0	0	0
	Unhealthy financial structure including low credit rating			493	493	11	11	0
Environmental risks	Environmental accidents and mishaps during work	Medium-high	Subcontractors in charge of information communications work	258	258	0	0	0
	Failure to adopt the environmental management system			258	258	0	0	0
	Violation of environment-related law			258	258	0	0	0
Social risks	Occurrence of dispute		All subcontractors	493	493	1	0	0
	Violation of labor/safety laws			493	493	0	0	0
	Occurrence of safety accidents			493	493	0	0	0
Total				493	493 (100%)	12 (2.4%)	11 (2.2%)	0 (0%)

Assessment of supply network sustainable risks

We select subcontractors according to our assessment criteria in each sector, such as supplies, work, software development, services, and stores, and identify well-performing partners through an annual assessment of the transaction results. Concerning subcontractors thus selected, we conduct management appraisal and Risk Management Index (RMI) monitoring twice a year with the help of a credit rating institution. since 2013, we periodically measure and manage the level of risks associated with human rights, environment, health and safety, ethics, etc. that may occur in our supply networks based on our system for assessing our subcontractors' sustainable management. The results of such assessments are reflected in our annual evaluation of subcontractors, including their re-selection, selection of the best-performing subcontractors, etc. According to the results of the sustainable management assessment of subcontractors in charge of goods supply and information communications work in 2020, the average score was 99.9, which compares rather favorably with the score of 95.7 recorded the preceding year. The increase in the score is largely attributable to continuous management.

Status of supply network risks assessment

(as of the end of 2020)

Type of subcontractors		Number of subcontractors	Ratio of subcontractors (%)
Primary subcontractors (Tier-1)	Total number of registered subcontractors	493	100.0%
	Subcontractors subject to assessment	360	73.0%
	Subcontractors subject to due diligence based on written survey	102	20.7%
	Subcontractors subject to survey by visiting surveyors	258	52.3%
	Subcontractors subject to survey by third parties	0	0%

Remedial steps taken according to results of supply network risk assessment

We formulate a plan consisting of the remedial steps to be taken by our subcontractors according to the results of the supply network risk assessment and require them to improve their ESG results according to the plan. In 2020, eleven subcontractors made improvements based on our request for remedial steps after being identified as 'high risk' subcontractors by the assessment. At present, we manage one of our subcontractors by continuously monitoring their risks.

Support for ICT startups

Startup support system

We are striving to build an open collaborative ecosystem with other sectors based on our advanced technologies, including AI, Big Data, and Cloud, in order to make the transition to a digital platform business in this era of the Fourth Industrial Revolution. We will continue making bold and continuous investments in startups to help the join the ranks of unicorn businesses.

TIPS*
· Exploration of innovative startups and signing agreement of alliance ahead of competitors
· Investing 1 billion won on in each (100 million won by KT and 900 million won by the government)

Biz-Collabo *
· Adoption of leading solution strategy
· Proving up to 100 million won. (an Innovation Center program)

Joint R&D
· Joint development of core futuristic technology
· Proving up to 200 million won. (an SCM Strategy Office program)

Support provided per growth phase

For startups (- 3 years)

For venture businesses (- 7 years)

For venture businesses (8 years -)

* TIPS program: a program designed to recruit startups that possess technologies with which they can lead the way in the global markets and develop them as promising future businesses.
** Biz-Collabo: A program to develop collaboration projects with SMEs and to support one-on-one matching with relevant departments of KT

Results of our support for promising startups

(Unit: cases)

Program	2018	2019	2020
Support for business collaboration (joint operation)	17	16	14
Commercialization of joint projects	13	15	12
Joint projects + venture investment	1	2	1
Businesses developed by the Gyeonggi Center for Creative Economy & Innovation (GCCEI)	90	120	299
Global expansion support (with the support of the GCCEI)	379	85	33

2020 Business Collaboration

This is our program designed to work together with startups for accompanied growth. We carry it out in cooperation with the Gyeonggi Center for Creative Economy & Innovation (GCCEI). Through this program, we explore startups with promising future, commercialize what they do well through one-on-one matching with our business department, and provide up to 50 million won for commercialization of their specialty goods. So far, sixty-plus startups have been selected and received support from us for goods/services development/sophistication and market exploration. Those selected through written/face-to-face evaluation in 2020 include the following: Dabeeo (specializing in AI/deep learning-based map information technology), DOGUGONGGAN (autonomous driving indoor/outdoor robot), Twinny (autonomous driving logistics robot), Audio book (audio learning platform for elementary/secondary students), SH System (deep learning-based biometrics security system), Simplatform (IoT-based AI solution for industry), Archidraw (VR, 3D interior, home furnishing AI solution), OLIM PLANET (VR, 3D real estate Proptech), M2S (VR, MR eye health care), NODAMEN (non-facial contact exhibition art platform), Tech Village (VR-based rehabilitation treatment), I WILL BE (education, healthcare realistic media), Bagel Labs (digital IoT smart tape measure), and Money-Brain (interactive AI voice synthesis technology) (14 business in total). We will continue to commercialize technologies by strengthening collaboration with well-performing startups.

• 2020 Business Collaboration MOU

Social
Safety Management

Topic Importance

Communications is a basic means of securing human safety in a disaster. As a business responsible for seamlessly running and maintaining the country's national communications network, we aim to ensure undisturbed public communications by strengthening network stability and being ever ready to cope with potential disasters. We provide support for our employees to carry out their jobs, with priority placed on their safety, fully utilizing our ABC (AI, BigData, Cloud) capability at worksites where network management and telecom equipment operation are done. We will set an example for safe telecom platform so that all people may rest assured about their safety.

Our Approach

- Promote six major projects designed to prevent communications-related disasters
- Establish a companywide system to cope with the COVID-19 situation
- Train employees to handle communications-related disasters
- Operate the Industrial Health and Safety Committee to prevent industrial disasters (220 workplaces nationwide)

Performance

Inspections of communications facilities
180,525 cases
(rainy season, winter, spring thaw)

Employees who took part in mental health management programs
19,199 persons

Decrease in industrial disasters
3.85% YoY

Related UN-SDGs

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Disaster safety management

System for coping with disaster safety

We do everything in our power to deal with disasters promptly by operating the Disaster Countermeasures Headquarters, the Crisis Management Committee, and a disaster assistance team composed of ten working-level sections. Every year we make a point of closely inspecting telecom buildings and facilities and adopting countermeasures to natural disasters. In 2020, we succeeded in providing an undisturbed service by operating a 24/7 emergency operation system, although there were nine periods of torrential rainfall and three typhoons.

Inspections of communications facilities

Category	Winter	Spring thaw	Rainy season
Timing	Nov. 2020	Feb. 2021	May 2021
Number of communications facilities inspected	57,288	67,171	56,066

• Countermeasure natural disasters, monitoring communication Situation Room

Roles assigned to members of the Disaster Countermeasures HQ

Category		Role
Head of the HQ		• Matters concerning coping with companywide crisis
Deputy Head of Disaster Countermeasures HQ (Chief of Countermeasure Team)		• Composition/operation of the system for coping with companywide crisis and playing the role of Control Tower coping with crisis • Reporting to/working with the government/relevant institutions; drawing up/distribution of one-voice message
Crisis Management Committee		• Decision on composition/dismissal of Disaster Countermeasures HQ; making important decisions on operation
Support Team	Chief, Information Subcommittee	• Checking on disaster situations; sharing information with the government/relevant institutions; establishment a system of cooperation
	Chief, Technology Subcommittee	• Provision of technical/personnel support (with those from KT's subsidiaries and manufacturers) for Onsite Rehabilitation Team
	Chief, Supply Subcommittee	• Provision of supplies (items kept at regional HQs, subcontractors, and manufacturers as reserved goods) for emergency rehabilitation
	Chief, Customer Subcommittee	• Checking on details of loss/damage, informing customers of the situation, coping with the situation, providing customer care, review of customer compensation
	Chief, Safety Subcommittee	• Safety management, first-aid steps (calling 119, etc.), and welfare support
	Chief, Budget Subcommittee	• Compiling emergency disaster budget and its timely allocation
	Chief, Legal Matters Subcommittee	• Judicial review/support concerning rehabilitation/compensation
	Chief, Risk Subcommittee	• Timely coping with (expected) companywide/outside risks
	Chief, Mass Media Subcommittee	• Coping with mass media (broadcast, internet, social media, etc.). Establishment of reporting center and designation/ operation of spokesperson
	Chief, Outside Cooperation Subcommittee	• Coping with the government, the National Assembly and those handling matters related to outside cooperation
Chief, Situation Room		• Checking on the size of loss/damage and expected time taken for rehabilitation; command/control of the situation of rehabilitation • Creation of relevant information and passed on to Disaster Countermeasures HQ
Chief, Onsite Rehabilitation Team		• Matters concerning emergency rehabilitation of damaged facilities

Organizational chart of the Disaster Countermeasures HQ

- Head of the HQ
- Crisis Management Committee
- Deputy Head of the HQ
- The government
- Telecom businesses
- External institutions
- Media
- Information Subcommittee
- Technology Subcommittee
- Supply Subcommittee
- Customer Subcommittee
- Safety Subcommittee
- Budget Subcommittee
- Legal Subcommittee
- Risk Subcommittee
- Media Subcommittee
- External Subcommittee
- Chief, Situation Room
- Onsite Rehabilitation Team

Relevant sectors
• Network
• Mass media
• IT/Security
• Building/Safety

Responding to communications-related disasters

We have established a disaster management system to prevent communications-related disasters and carried out six projects to prevent and respond to disasters and accidents, such as the fire which broke out at a communications cable tunnel in Ahyeon-dong, Seoul in 2018.

Status of our communications facilities

Telecom buildings	OSP facilities				
	Copper cable	Optical cable	Telecom cable tunnels	Telecom cable poles	Manholes
386 stations	325,000km	875,000km	281km	4.64 million	790 thousand
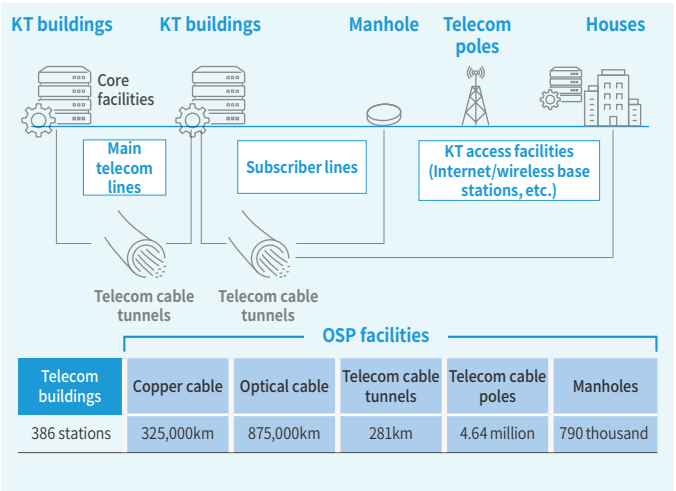
* "OSP (Outside Plant) facilities" refers to basic communications infrastructure facilities such as cable tunnels, poles and manholes, other than communications equipment like base stations, server, etc.

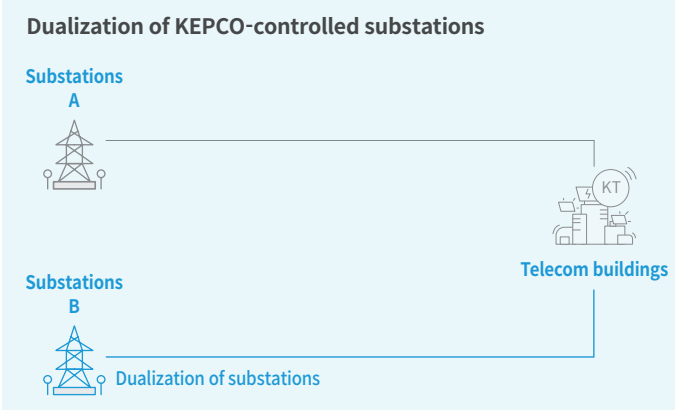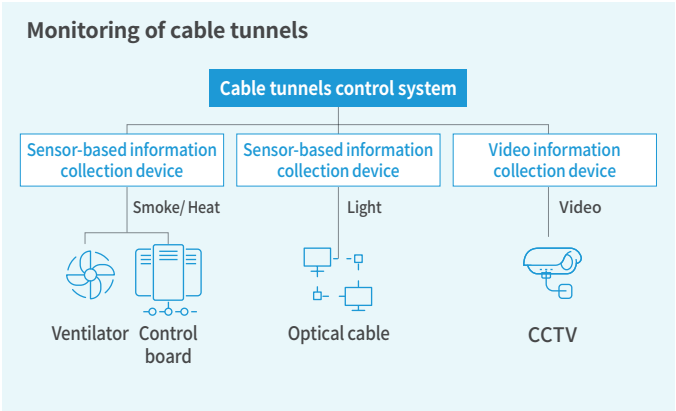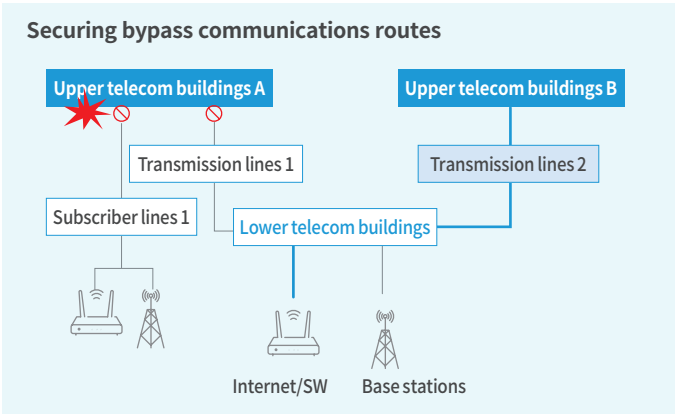| Category	Projects	Major contents
Legalization	Strengthen firefighting facilities for communications cable tunnels	Provision of relevant facilities and monitoring equipment
	Secure bypass communications routes	Separation of telecom buildings into two tiers; provision of "disaster roaming" service by the top-3 communications businesses
	Secure stable power supply	Division of Korea Electric Power Corporation -KEPCO's substations into two tiers
Improvement measures	Improve vulnerable facilities	OSP (Telecom poles, Manholes, BBX), power facilities
	Improve the stability/security of telecom buildings	Access/security control; deployment of personnel dedicated to disaster prevention
	Rehabilitate the damaged facilities in Ahyeon-dong, Seoul	Replacement of fire-affected facilities (equipment/cables)

With regard to the 386 telecom buildings designated as important communications facilities, we have taken steps to protect them in accordance with our communications disaster management plan, and completed the installation of locks, CCTVs, surveillance system and disaster response personnel by 2019. We completed the following tasks by 2020: dualization of the power supply (substations); creation of 5G/LTE wireless equipment-related bypass communications routes; provision of a disaster roaming service by the top-3 communications businesses; and rehabilitation of facilities in Ahyeon-dong, Seoul. The work on the bypass communications routes for the internet backbone network will be completed by June 2021, while the provision of firefighting facilities for the 227 communications cable tunnels should be completed by 2022 under the Fire Services Act. In addition, we operate a fire prevention system for our communications cable tunnels. This year we are preparing to introduce innovations to the management of our facilities, including a robot-controlled system. We are also working on improving dilapidated OSP facilities (communications poles, manholes, etc.) and power source facilities. As for the OSP facilities, the work is largely focused on cracks, damages, tilts or protrusions above the road surface, etc.

– Development of the Distributed Temperature Sensing System (DTS)

We have developed the Distributed Temperature Sensing System (DTS), which is designed to sense fires in utility tunnels and communications cable tunnels. Using the actual optical cable as a sensor, the system does not require a separate power source and can be used even in environments where the sensor power source can be a cause of fire. Using optical cable itself as a sensor without a separate power source, DTS integrated fire detector can be used more safely than heat/smoke detector whose sensor requires a power source.

• Distributed Temperature Sensing (DTS)

Training against communications disasters

In September 2019, we held a training session comprising a role play at the Hyehwa Telecom Building in Seoul, the first session of its kind to involve all KT organizations, attended by the Minister of Science and ICT, members of the Science and ICT Committee of the National Assembly, representatives from the country's top three communications businesses and other relevant institutions (police, fire stations, military units, KEPCO), and officials from the Jongno-Gu Office, Seoul. Based on a hypothetical attack on the communications cable tunnel of the Hyehwa Telecom Building, the session consisted of the following stages: recognition of the situation, initial response, emergency response, situation control, and rehabilitation. On September 24, 2020, we carried out company-wide integrated crisis response map training involving a crisis scenario held in the form of a video conference due to the COVID-19 situation, with about 100 people in attendance, including the CEO and forty-two executive officers. It was performed on restoring the network/IDC service failure and caring for business customers due to the Bundang IDC fire, and in September, 2021, online training is being prepared on Yeoido regarding the training in response to simulated situation of multiple disaster on media+IDC+network.

• Training against communications disasters

Occupational safety management

Organizational system for Safety and health

KT aims to put safety first at all its workplaces and to establish a closely-knit industrial disaster safety network. We are also working hard to reduce the rate of industrial disasters by operating an all-directional health and safety man-agement system tailored to the functions and responsibilities of each unit of the organization.

Status of the Occupational Safety and Health Committee

Our Occupational Safety and Health Committee, whose members are drawn from labor and management, deliber-ates and makes decisions on important matters related to the prevention of industrial disasters. The committee is composed of 1,492 members from 220 workplaces nationwide.

Category	Over 100 employees (43 places)	Less than 100 employees (177 places)
Composition of Committee	Equal number Mgmt. and Labor (5 persons)	Equal number Mgmt. and Labor (3 persons)
Number of members	Management: 215 Labor: 215	Management: 531 Labor: 531
Members selected by entrustment (safety and health managers)	Management: 83 Labor: 0	Management: 354 Labor: 0

Health and safety -related matters subject to formal agreement with the labor union

• Establishment of a basic industrial safety and health plan
• Establishment of an annual education plan
• Measures for the prevention of subcontractors' industrial disasters
• Details of safety activities
• Measures for the prevention of safety accidents, etc. during the spring thaw

Status of industrial disasters

According to the results of our analysis of industrial disasters in 2020, the main causes appear to be as follows: workers' negligence (36%), external factors (24%), and hazardous facilities (16%). By region, Honam ranked top (33%) followed by Busan/Gyeongnam (29%), and Chungcheong (13%). We are striving to minimize the occurrence of industrial disasters and foster a safe work environment based on our analysis of the causes.

Causes of industrial disasters

Causes of industrial disasters
- 36%
- 24%
- 16%
- 4%
- 20%

- Worker's carelessness
- Caused by outsider
- Dangerous facility
- Dangerous facility
- Others

Industrial disasters by region

Industrial disasters by region
- 36%
- 28%
- 12%
- 8%
- 4%

- Jeonman/Jeonbuk
- Chungnam/Chungbuk
- Busan/Gyeongnam
- Daegu/Gyeongbuk
- Gangnam/Seobu

Industrial disasters by month

18-step response process to the COVID-19 confirmed cases

❶ Occurrence of a confirmed/suspected case

Dissemination of information
❷ Checking on pathways within the corporate building and people the (suspected) patient was in contact
❸ Dissemination of information (through in-house PA system, short message service or email)

Closure of the building; switch to the emergency work system
❹ No access to the building allowed
❺ All employees made to work from home
❻ Employees assigned to workplace emergency are made to move the designated place of work
❼ In-house anti-epidemic step to be taken
❽ Examination of employees who were in close contact with the (suspected) patient and those displaying similar symptoms

Epidemiological survey
❾ Epidemiological survey (done by the public health officials)
❿ Designation of those subject to legal management related to infectious disease; decision on the level of building closure
⓫ Promotion of total inspection in the event of plural number of (suspected) patients
⓬ Anti-epidemic step to be taken by the public health officials

Examination of employees
⓭ Sharing the result of epidemiological survey (through short message service or email)
⓮ Sharing the result of employee examination (through short message service or email)
⓯ Transmission of code of practice to be observed by those subject to legal management related to infectious disease
⓰ Management of health status of those subject to legal management related to infectious disease
⓱ Reexamination of those subject to legal management related to infectious disease (D-2)

⓲ **Normalization of the building**

Safety check education

We set a day of a month as Safety Check Day in a bid to enhance employees' safety consciousness and encourage departments to remind themselves of the importance of safety. We have departments record/manage results of the monthly check based on the checklist concerning office environment, electricity safety, vehicle management, safety gear, and working tools. We also inspect the status of vehicles, protective gear, facility security, and fire prevention without pre-notice and have those responsible for any slippage subject to strict censure. In addition, we hold an online education session on industrial safety and prevention of mishaps in each quarter. We also distribute apps for safety management activities to subcontractors. We will always do our best to prevent industrial disasters through careful management.

Content of safety education by quarter

Category	Contents
1Q	Occupational Safety and Health Act and safety policy Work-related accidents and industrial accident compensation system
2Q	Safety and health mark and safety Work-related accidents and industrial accident compensation insurance system
3Q	The use and management of protective equipment Diagnosis and prevention of work-related stress type
4Q	Fire accidents and countermeasure Safety measures and punishment of office workers

COVID-19 response system

We put our employees' health and safety first and are ready to deal with the COVID-19 situation based on the sys-tem that we have established.

Measures taken at each phase of social distancing (In-company guidelines)

Category	Phase 1	Phase 1.5	Phase 2	Phase 2.5	Phase 3
	Distancing in daily life	Commencement of spread of in-fectious disease locally	Commencement of spread of infectious disease nationwide	Spread of infectious disease gaining strength nationwide	Spread of infectious disease nationwide
Masks	To be worn indoors (at all times)		To be worn during highrisk activities performed outdoors	To be worn during the performance of outdoor activities with a distance of 2 meters or less between employees	
Meetings	No gatherings of 50 or more persons	No gatherings of 20 or more persons		No gatherings of 10 or more persons	
Remote work	Working from to be adopted according to the situation of each department in consideration of the need to prevent infec-tion and ensure business continuity			Mandatory for non-essential personnel to work at home	
How to deal with the COVID-19 situation	The Situation Room should be operated according to the instructions provided in the infectious diseases manual (in the event of a crisis or serious situation).				
	The management support situation room distributes internal guidelines for coping with the situation according to the government's guidelines. (COVID-19 Code of Conduct, etc.)				
	The relevant situation rooms hold an employee education session and distribute the relevant information promptly.				

Code of practice for employees to observe on weekend for prevention of COVID-19

We emphasize the importance of code of practice for employees to observe on weekend for prevention of COVID-19. Please comply with it thoroughly.

❶ Thorough social distancing
- ✓ No club/hobby activities within/without the Company. No gathering or travel
- ✓ No visit to affected areas where people gather together or tightly closed areas
- ✓ Maintain distance when having dinner
- ✓ Avoid physical contact and keep a distance of at least 2 meters

※ Facilities thought to be highly risky
Indoor facility for a group of people working out together, indoor performance place, karaoke, singles bar, karaoke bar, colatec, mobile real estate agency, door-to-door sales PR place, logistics center, large-sized private institution for teaching (300 people or more), buffet restaurant, PC café, etc.

❷ Maintaining good personal hygiene in daily life
- ✓ Wearing mask, handwashing, cough etiquette, sufficient rest, strict personal hygiene
- ✓ Disinfection/ventilation of the home every day

❸ COVID-19 check in case of contact with confirmed cases or symptoms (fever, coughing)
- ✓ If you display a symptom on Sunday, be sure to work from home on Monday
  ※ Upon occurrence of a situation, be sure to report it to your department manager and the Situation Room.
- ✓ Korea Disease Control and Prevention Agency (KDCA) Call Center (☎1339), Call your nearest public health center and then screening sta-tion.
  - When visiting such a facility, be sure to wear mask and avoid using a public transportation

❹ The Company's emergency callout system should be in operation for a need like emergency notice. (Phone, e-mail, etc.)

kt Situation Room of Management Support Department ✉ safe@kt.com

Programs for employees' mental health management

We operate a mental health management center for our employees' mental welfare. In 2020, 1,739 personal consulta-tions, 157 psychological inspections, and 16,927 mental stress tests were carried out by the center.

(Unit: persons (times), except for psychological inspection)

Category		Scale	Service provided to			Service provided by	
			KT	Affiliates	Haearim	Outside counselor	Mind Forest
Personal consulting	Regular	470 (1,652)	470 (1,652)	-	99 (456)	-	371 (1,196)
	One-off	518 (87)	347 (40)	171 (47)	410 (58)	108 (29)	-
Group consulting (Team)		29 (4)	29 (4)	-	29 (4)	-	-
Education*		1,098 (23)	1,098 (23)	-	1,098명 (23회)	-	-
Psychological inspection (case (persons))		157 (157)	157 (157)	-	157 (157)	-	-
Mental stress test		16,927	16,927	-	-	-	16,927

* Contents of education: prevention of sexual harassment/abuse of superior position, mental stress, communication, MBTI workshop, crisis (suicide) prevention, etc.

Social
Human Rights Management

Topic Importance

As a business committed to the fulfillment of its social responsibilities and obligations, KT strives to protect human rights in all areas of its business. We are also making concerted efforts to expand our corporate culture of providing equal employment opportunities, fostering a work environment free from all forms of discrimination, and upholding diversity in all our value chains. We pay particular attention to the need to protect the human rights of our employees who handle calls at the Customer Center and to prevent infringements of our customers' human rights.

Our Approach

- We define human rights-related vulnerable groups and human rights issues in the value chain.
- We operate programs for the protection of 'emotion-oriented' workers and counselors.
- We protect our customers' personal information.
- We operate a process for remedying human rights infringements.

Performance

Human rights education for employees
100% completed
(1H) 22,604 persons,
(2H) 22,234 persons

Phone interruption to protect phone jockeys*
2,967 cases
* We have arranged to cut off the line after issuing a warning in response to customers who use abusive, sexual or injurious language, insults, threats, etc.

Information protection measures
329 cases

Related UN-SDGs

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Human rights management promotion system

Human rights policy

We aim to grow as a sustainable business by fulfilling our social responsibility with regard to the protection of human rights based on the human rights policy we formulated in June 2017, and are striving to prevent the kinds of human rights infringements that can occur throughout our entire business operations and value chain. Furthermore, we officially stand by the human rights and labor-related global criteria including the Universal Declaration on Human Rights (UDHR), the International Labour Organization (ILO) Conventions, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights (UNGP). Since joining the UN Global Compact (UNGC) in May 2008, we have made it a rule to put into practice the ten principles in four sectors (human rights, labor, environment, and anticorruption) throughout all our operations. The human right respected by KT means internationally recognized safety. The internationally recognized human rights are as follows: the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights (freedom right covenant), International Covenant on Economic, Social and Cultural Rights (social covenant), and the eight core International Labor Organization conventions (including freedom of association, prohibition of forced labor, prohibition of child labor, and prohibition of discrimination). Furthermore, KT includes all internationally recognized human rights in hard and soft laws. In this regard, human rights respected by KT are as follows:

Human rights risk management system

Human rights risk management criteria

We formulate and manage the human rights management process by ourselves based on the UN Guiding Principles on Business and Human Rights (UNGP), which present a clear-cut framework for human rights promotion to businesses and stakeholders. We strive to identify potential human rights issues in advance and to detect human rights-related vulnerable groups, and check and supplement them through internal and external monitoring.

Identification of human rights risks

We have defined major human rights issues by diagnosis and analysis of all our value chains related to operation, manufacture, supply, sales and distribution based on the UNGP; have established the level of priority depending on the level of exposure to risks; and developed a human rights risks exposure assessment framework that identifies potential human rights risks from the following perspectives: policy announcement, policy execution, and redress for human rights violations. We identify human rights risks based on the results of risk assessment before introduction to the market, mental stress inspection of emotional workers, personal information checks, supply network sustainable management assessment, and business risks assessment, depending on what needs to be reviewed.

Definition of KT human rights

Category	Major contents
Basic human rights	**Guarantee of equality and prohibition of discrimination** - We prohibit all types of discrimination on the basis of gender, age, nationality, race, religion, educational background or physical ability. **Guarantee of freedom and prohibition of forced labor** - We prohibit all types of involuntary labor and service. **Human dignity and prohibition of child labor** - We prohibit all types of labor of minors (persons under 18 years of age).
Labor human rights	**Freedom of assembly and right of collective bargaining** - We guarantee employees' right to form or join a labor union to protect the rights of individual or groups of employees. **Fair compensation and observance of labor standards** - We guarantee fair compensation and observe the Labor Standards Act to the letter concerning work hours, wages, etc. **Guarantee of health and safety** - We guarantee observance of the laws related to workplace health and safety to the letter.
Human rights promotion	**Freedom of expression** - We guarantee customers' right to express their opinions freely or share their opinions with others and access information. We strive to protect children from harmful contents distributed via communications services. **Protection of personal information and privacy** - We respect our customers' privacy and strive to protect their personal information. To that end, we minimize the recording and storage of personal information, take all possible technical and administrative steps to prevent disclosures of information, and do what we can to guarantee the rights of data subjects. **Pursuit of happiness through innovation** - We will do our best to promote our customers' convenience, benefits and happiness by leading the fields of innovation and technological development through our network and ICT services. We will spare no effort to provide support to customers regardless of their origins, class, or physical ability so that they can experience innovative services and pursue happiness.

Major activities related to human rights management

Human rights risks diagnosis

We select human rights risks by analyzing major activities at the value chain stage. The human rights risks thus selected are supply network labor rights and safety right-related human rights issues in the manufacture/supply stage, issues related to direct infringements of the rights of local people at the time of project promotion, issues related to personal information protection in the sales and distribution process, and issues related to the protection of emotional workers, such as customer service-related consultants. We are pushing ahead with activities aimed at mitigating the human rights risks associated with each issue through cooperation between the relevant teams, after assessing the status of such risks through due diligence of the identified human rights issues.

Management of human rights risks by type

	Major human rights issue	Vulnerable groups	Targets subject to review	Issues defined	Management level	Assessment system
A	Product/service	Children, general public	KT	Potential human rights infringement issues that may occur due to goods/services	Subject to due diligence	Assessment of risk before introduction to market
B	Emotional worker protection	Consultants	Subsidiaries	Protection of consultants exposed to customers' unreasonable behavior (abusive language, sexual harassment, insults, threats, etc.) or requests	Subject to due diligence	emotional worker monitoring
C	Customer Privacy	People in general	KT, Subsidiaries and subcontractors	Issues related to the protection of personal information and privacy, which are major human rights issues closely related to the communications business	Subject to due diligence	Personal information-related check-out
D	Human rights in supply chains	Subcontractors' employees, migrant workers	Subcontractors	Issues subject to due diligence including infringements of subcontractors' employees' basic human rights, labor rights, and safety rights	Subject to due diligence	Supply network sustainable management assessment
E	Protection of natives' human rights	Indigenous people and local communities	Local communities	Direct infringement of indigenous people' rights concerning land/assets affected by expansion of business	Subject to due diligence	Business risks assessment
F	Employees' human rights	Internal employees	KT	Issues related to infringements of employees' basic human rights, labor rights, and safety rights	Subject to due diligence	
G	Harmful contents	Children, people in general	Subsidiaries	Prevention of children's access to harmful contents; protection of the universal right to access information	Precaution	
H	Conflict minerals	Indigenous people, children	Businesses supplying raw materials	Prevention of child labor related to the production of tin, tungsten, tantalum, etc. (for use in electronic devices etc.) in the Congo (DRC) and neighboring countries	Precaution	

Human rights education

We require all our employees to attend a human rights education course provided by KT. In 2020, we held two sessions (first half/second half). Our human rights education includes contents on the prevention of sexual harassment and workplace bullying and the need to improve the way we view the disabled, etc.

Status of our human rights education (in 2020)

Category	Subject	Target	Number of trainees	Contents
First half	Prevention of sexual harassment	All employees	22,604	Meaning of and criteria for judging cases of sexual harassment; how to cope with and prevent it.
	Personal information protection			Recent trends in the handling of personal information; major contents of the relevant laws; rules and regulations to observe in personal information-related matters.
	KT compliance			Laws and regulations on public bidding contracts, personnel affairs, industrial health and safety, accounting/tax.
	The need to improve the way we view the disabled			Understanding the characteristics of disability so as to avoid prejudice toward disabled persons; manners/etiquette expected of employees in order to foster a healthy organizational culture.
Second half	Prevention of workplace bullying		22,224	Types of, and ways of dealing with, workplace bullying.

Major human rights issues

Goods/services

In 2016, we began operating forty-four quantified core risk indexes by their features and monitoring potential risks at all time. The new services that we introduce to the market each year undergo a review of their differentiation and completeness, as well as a review of about risks related to operation, legality, fair competition, and information protection. Through this, we are preventing the risk of human rights infringement such as information protection and discrimination issues, etc.

Protection of emotional workers

Keeping in mind that our Customer Center consultants, who play a key role in customer-initiated self-innovation, are exposed to the possibility of human rights infringements, we operate a program comprising periodic examinations of their mental status/healing in cooperation with the relevant subsidiaries.

Status of our consultant protection programs (as of 2020)

① "Color Therapy and Eco Bag Coloring," a voluntary activity conducive to mind healing

We operate a voluntary program in which the consultants working at our Customer Center have opportunities for self-exploration and mental healing in close communication with each other. They make eco bags through color therapy sessions and present the bags to children from underprivileged households.

② Great Work Place (GWP) activities

Each Customer Center operates Great Work Place (GWP) activities with a view to enhancing its consultants' sense of belonging and satisfaction with their work. Such activities include meditation, neighborhood hill therapy, and special events.

③ CP (Consultant Protection) Process for emotional workers

We operate the CP (Consultant Protection) Process to protect our Customer Center consultants from customers who use abusive, sexual or injurious language, insults, and threats, etc.

* Our CP (Consultant Protection) Process includes the practice of cutting off the line after issuing a warning to any customer who uses abusive, sexual or injurious language, insults or threats, etc.

• Color Therapy voluntary activity • GWP activity for consultants

Cases of CP Process (Unit: Cases)

1,041 (2018) 1,761 (2019) 2,967 (2020)
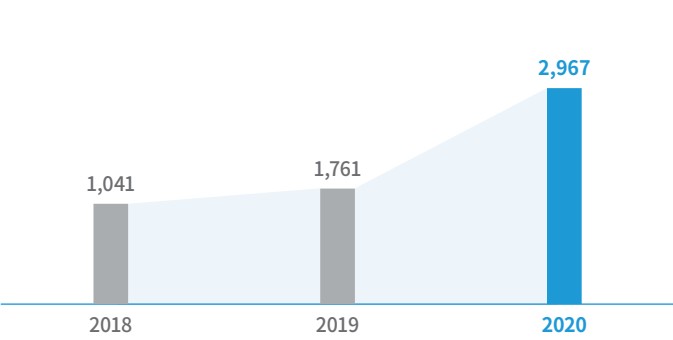
Our policy concerning customers who use abusive language, insults, threats, etc.

Category	Our statements
Initial warning	"Sir/Madam, please refrain from using violent language. Such behavior will make it very difficult for us to continue with this consultation."
Cutting off the line	"Sir/Madam, we will now cut off the line. We hope that you will get in touch again soon."

Identification/diagnosis of value chain-related human rights issues

Category	Manufacture/supply	Operation		Sale/distribution	
Product/service		Before launch	After launch	Sale	Follow-up management
		Development	Contents	Sale	Customer service
		A: Product/service F: Employees' human rights	F: Employees' human rights	C: Privacy protection D: Human rights in supply chain	B: Emotional worker protection F: Employees' humanrights
				G: Harmful contents	
Network	Collection	Manufacture	Before a project	After a project	
	Raw materials	Manufacture	Sale	Operation	
	H: Conflict materials	D: Human rights in supply chain	E: Natives' rights protection F: Employees' human rights	C: Privacy protection F: Employees' human rights	

Personal information protection

In a bid to prevent infringements of our customers' personal information and privacy, we carry out a thorough annual personal information protection check of our entire distribution network and customer information processing system. In 2020, we conducted 329 such checks. We strive to keep disclosures of personal information to the minimum, always keeping in mind that they can result in serious human rights risks for our customers.

Information protection checks

Category	Unit	2018	2019	2020
Information protection-related checks of services	Cases	274	284	329
Percentage of checks of all services	%	100	100	100

Supply network-related human rights

We are striving to improve our execution of the Guidelines on Subcontractors' Sustainability that we established based on international human rights policies and criteria, including the United Nations Guiding Principles on Business and Human Rights (UNGP), and conduct annual assessments of subcontractor-related ESG risks. Our assessment of supply network sustainable management includes assessment indicators designed to identify human rights risks that may occur in the supply network, including subcontractors' labor, human rights, safety, sub-sub contract work, etc. We use the results of such assessments to evaluate and deal with supply network human rights risks proactively.

Status of our supply network sustainable management assessment

Category		Unit	2018	2019	2020
Subcon-tractors	Number of primary subcontractors	unit	581	497	493
	Percentage of primary subcontractors covered by the assessment	%	100	100	100
Risk iden-tification	Number of risks identified	cases	17	7	12
	Percentage of risks identified	%	2.9	1.4	2.4
Remedial steps	Number of remedial steps taken	cases	9	4	11
	Number of transactions terminated	cases	8	5	0

Protection of indigenous people' rights

We operate a procedure for identifying risks in a bid to prevent the possibility of infringing natives' rights in the process of building base stations and network infrastructures, bearing in mind that potential risks may arise due to economic, social, and cultural differences when attempting to enter foreign markets, and that such risks may have a negative impact on our business in the form of delays or cancellations of projects, the filing of complaints by locals, or withdrawal of the right to execute a project, etc. We also take care not to cause any problems related to native's safety and rights related to assets (including land), electromagnetic waves, etc. in the process of building branches, base stations and network infrastructures within a country.

Redress for human rights infringements

As a business that actively aims to fulfill its social responsibility and that respects human rights, we make it a rule to take punitive steps against violations of our human rights policy and principles, while operating a human rights hotline around the clock.
- Hotline web:
  https://corp.kt.com/html/sustain/transparent/ethics_03.html

Potential human rights issues

Potential human rights issues	Contents
Employees' human rights	We require employees to attend human rights education sessions to ensure they are fully aware of their basic human, labor and safety rights. In addition, we hold an annual education session on the prevention of sexual harassment, improvement of our perceptions of the disabled, and personal information protection.
Harmful contents	We have adopted measures designed to block children's access to harmful contents to help them use online information services safely, such as Kids Mode (UI). Our GiGA Genie only provides contents that are safe for children under the age of 15.
Conflict minerals	A major international human rights issue has arisen due to the expropriation of labor in the mining of tin, tungsten, tantalum, gold, etc. used in production of electronic devices such as cellphones, laptops, etc. in Africa. We have adopted precautionary measures to deal with this pressing issue.

Social
Talented Human Resources Management

Topic Importance

We believe that a business's capabilities come from its employees' capabilities. We strive to recruit talented human resources equipped with the expertise and passion required to develop useful technologies for society and help them to grow with us. We will grow as a digital platform business that works hard to give customers the ultimate satisfaction by fostering a working environment where all our employees are happy.

Our Approach

- We develop digital human resources for our transformation into a digital platform business.
- We run diverse programs aimed at invigorating our organizational culture.
- We run programs that operate work and life balance programs.
- We promote win-win labor-management relationships.

Performance

Average time spent on education per employee
66.8 hours

Employees who used flexible work programs (monthly average)
11,273 persons

Employee satisfaction level
86.4 points

Related UN-SDGs

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Training of talented human resources

KT's ideal of talented human resources

We believe that talented human resources are the source of a business's competitiveness. As such, we make it a rule to recruit talented young people who are willing to uphold our core values of customer-centeredness, sense of ownership, communication and collaboration, and who can realize our vision.

Customer-centered
Speedy and flexible provision of what customers want through customer-initiated self-innovation

Ownership
All employees thinking and acting as the rightful / competent owners of the Company

Communication/cooperation
Strengthening horizontal communication beyond the wall of organization and flexible system of cooperation

Essence/process
Focusing on the essence of the business; paying attention even to detailed process for best possible results
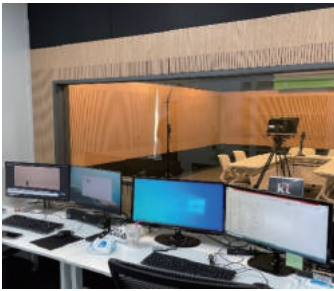
Recruitment of talented human resources

We employ diverse methods of recruiting talented young people who are willing to work in step with our core values as part of a fair and transparent process. The main methods include regular/occasional/intern recruitment and sponsorship. Applicants who complete the two-month internship course consisting of theoretical education and job-centered field practice related to the 4th industrial sector , e.g. AI, Big Data, and Cloud, are recruited as regular employees based on their performance. With the aim of jumping forward as a digital platform business (DIGICO), we recruit talented people specializing in new business areas all year round and headhunt them by paying visits to the areas where they live either within South Korea or overseas.

Recruitment process with enhanced fairness

AI-based review of job applications	A transparent/objective means of assessing applicants
Blind interview	Selection of talented people centered on job competency

Digital HR, using the COVID-19 situation as an opportunity

We are striving to establish an optimal platform to facilitate our conversion to non-face-to-face environment and accelerate the development of digital learning. We have opened the 'Untact Learning Center' for each main foothold nationwide possible for independent online learning and professional contents production to convert over 90% of curriculum into non-face-to-face sessions. Non-face-to-face AI contents development & training are also performed actively. In April 2001, we opened KT Genius, a group learning platform that provides over 3.000 online learning contents, including films and e-books along with various convenience functions for learners such as employees' HR data-based curation, integrated search and online contents reading/sharing, etc. 'KT Genius' will be developed as learner-centered platform that expands/provides educational contents and accelerates the DX in various fields such as the digital HRD-Index on education history/capability level/expert for each organization/certification status, etc. of the employees, function for producing/sharing the contents freely by the employees, and education contents on AI/specialized jobs/humanities, etc.

• Contact-free Learning Center   • KT Genius, a group learning platform

AI talented human resources

We are running an AI education program with the objective of training 1,500 working-level talented human resources to use AI expertly in our actual business. We apply internal data firsthand, using AIDU, a platform for field practice, and operate a system for training talented specialists in AI, using AI coaches drawn from our in-house experts. We are also striving to expand the country's AI base, playing the lead role in AI One Team, a system of cooperation among businesses, research institutes, and universities, by taking advantage of our experience in successfully training AI-related employees. We engage in online-based basic AI education at AI One Team. We also use our First-Rate Workshop, an in-house innovation tool, to provide programs for exploring internal issues, defining tasks, and discussing applicable sectors and methods with our affiliates. In 2020, we won the Grand Prize for AI education at the AI Awards. In the first half of 2021, we executed the AI Competency Certification for ordinary people. These are just a few examples of our efforts to take the lead in establishing South Korea's AI ecosystem.

KT AI talented human resources Framework

- Education — Project based Learning
- Practice platform — AI practice platform "AIDU"
- Task exploration — Support for task exploration and materialization by using "First-level Workshop"
- AI-driven coaching — Internal talents cultivation based on AI-driven coaching
- Certification — Verification of AI use competence

KT's training of AI-related human resources

• AI education course

Fair evaluation and compensation

We have adopted Management by Objectives (MBO), a result-oriented process focused on setting and controlling goals. We also encourage employees to enhance their results, and provide fair compensation in the form of annual salary rises, promotions, and awards based on the results of our periodic performance evaluations. Under the principle of transparency, we disclose the relevant evaluation criteria and procedures to all our employees, and we strive to strengthen the fairness of evaluation through evaluator education, discussion between primary and secondary evaluators, assessment appeal, and follow-up monitoring, etc. We conduct a 360 degrees multisource job competency evaluation in which individuals, team members, and the supervisors of all employees participate in order to enhance the fairness of the performance evaluation and job expertise. The results of the evaluations are used as referential materials in making decisions on promotion, inter-departmental transfers, and evaluations of performance results/competency. The 360 degrees multisource evaluation is employed not only to evaluate skills common to all jobs, but to evaluate the professional skills required for specific jobs so as to attain a more objective evaluation of performance results and capability.

Individual result evaluation procedure

Evaluation disclosure → Setting goals after interview → Year-round result coaching → Results input → Evaluation

Invigoration of organizational culture

With regard to employees' age, our employees range from people born in the 1960s to those born in the 2000s. We strive to promote communication between the different generations and encourage them to respect each other. In 2020, we launched the "Y"-Culture teams, composed of employees aged 29 on average, and had 30's the role of department manager-level team leaders in a bid to foster a sound and flexible corporate culture through communication centered on 2030. In this way we strive to listen to what Millenial Generation have to say as the people who will play the lead role in the new era and prepare programs in keeping pace with them.

Programs for enhancing teamwork

We carry out programs designed to improve teamwork by promoting communication among team members and encouraging collaboration as part of the effort to share the Company's objectives among all employees and invigorate the organizational culture. In 2021, we began taking a series of actions aimed at building a consensus about our management philosophy and enhancing members' work efficiency, including MBTI (Myers-Briggs Type Indicator) team play, which is designed to enhance team members' immersion in their work by fostering an atmosphere of communication and collaboration, and OKR (Objective Key Result) team play, which is designed to strengthen the employees' sense of ownership by getting them to align their work to organizational objectives and cope with changes in the market proactively.

MBTI team play

This is a result management technique in which one aligns one's work to organizational objectives, and which brings about changes in the way of communication within a team and the ways of working as a team.

Mind Set team play

This is a result management technique in which one aligns one's work to organizational objectives, and which brings about changes in the way of communication within a team and the ways of working as a team.

• MBTI team play

Status of promotion of programs designed to improve teamwork

Category	For	Concept
First half, 2021	490 members of 53 teams	Workshop on building a consensus for communication/collabora-tion and bringing about changes in the way teams work.
2020	1,782 members of 180 teams	Discussion of the vision/core value; team building.

KT Blue Board

Blue Board, a channel that represents young employees (average age of 31), members of the so-called "Y" generation who are expected to grow as our future key actors based on a firm sense of ownership and pride, has been around for 21 years since its launch in 2001. Its members are creating a dynamic corporate culture by presenting constructive opinions and ideas and carrying them out in their capacity as opinion leaders and as a bridge of communication with the top managers. They are striving for smoother, more effective communication between the different generations; express their opinions on how to improve ways of working and enhance employees' loyalty, or how to improve the organizational culture through improvement of the personnel system or expansion of the mentoring culture; and ask for periodic get-togethers with top managers. KT Blue Board intends to share the contents of the know-how they've accumulated so far with outsiders through the online platform and communi-cate with them as core representatives of the country's talented young people.

* "Y" generation refers to people born between the early 1980s and the early 2000s.

Status of Blue Board members' activities

Catego-ry	Mem-bers	Major activities				
2020	40	Company-wide corporate culture activity			Submittal of "Y" generation's opin-ions to top managers	
2021	47	Corporate culture by department			Exploration of management insights	
		ESG activ-ities	Cultural activities	Promo-tion of communi-ca-tion	BM/service im-provements	Improvement of ways of work-ing/welfare

• KT Blue Board

Job expert system

Job experts

Job experts, who make up 3% of all our employees, make a significant contribution to enhancing job-related capa-bilities in their respective sectors by disseminating business know-how. Our selection of job experts in seven sectors lays the groundwork for the creation of excellent results by helping other employees to strengthen their compet-itiveness, and is expected to inspire a sense of pride in them. We also run programs designed to enhance employ-ees' job capability, and provide customized education including participation in overseas conferences.

Job experts selected in 7 sectors

Category	Meister (technological sectors)	Specialist (business support)
	N/W, PM, IT	R&D, Future Growth, Planning, Sales

First-rate workshop

Launched in 2014, the first-rate workshop is an innovative tool designed to expand employees' communication and collaboration and encourage the adoption of a customer-centric mindset among them. It is an innovation platform where internal and external experts make decisions on improvement proposals on the spot during horizontal 1 night 2 days discussions on subjects like how to solve a problem related to customers and jobsites, how to attain objec-tives, and how to explore ideas. It has been recognized both in and outside Korea, winning the Prime Minister's Award in business innovation in 2017, the Presiden-tial Award at the Korea Top Enterpriser Awards in 2018, and the ATD (Association for Talent Development) Awards in Change Management in 2019. Over the past eight years, some 90,000 panelists have taken part in discussions on more than 5,600 subjects. Recent workshops focused on result creation, business innovation, and the training of talented human resources, and included such subjects as "the need to disseminate exemplary cases in order to make customer-initi-ated self-innovation a common practice" and "exploration, substantiation and coaching in projects to train working-level talented people specializing in AI/DX projects." About 40% of the workshops were held in a contact-free environment in Q1 2021, thereby enhancing their value as a core platform for realizing the goal of DIGICO KT.

• First-rate workshop

Y-ON, a contact-free communication program

We launched Y-ON, a radio program for contact-free bidirectional communica-tion via an audio app platform, to promote closer communication between em-ployees in this era of COVID-19. The program helps employees to build a sense of solidarity through chats or phone conversations, listening to the DJ's broad-cast delivering the sincere sto-ries of other employees in each department and messages of support and praise. So far in 2021, it has been airing employees' stories based on visits to those working at KT's various regional headquarters. In addition, through Talk-ON, we invite in-house employees and influencers who have their own stories regardless of generation/position to share their challenges/passion stories. Through these two programs, we are building a consensus through active communication among our employees and creating a healthy and vibrant organizational culture with positive energy.

• Y-ON activity   • Talk-ON

KT Chamber Orchestra

Since its first ever performance at the KT Chamber Hall in Mok-dong, Seoul in May 2009, the KT Chamber Or-chestra has given 264 public performances to about 100,000 spectators. It is one of our programs designed to invig-orate our employee culture and social contribution activities. In Feb-ruary 2021, the orchestra began taking part in the martinet con-cert program, which is held at the Seoul Arts Center at 11:00 AM on the fourth Friday of each month, and features an explanation by pianist KIM Yongbae. So far we have invited 1,200 members of employees' families to the program in a bid to support employees' cultural and arts activities, congratulate employees' children upon entering or graduating from school, welcome new recruits, and thank long-term employees of the company.We spend the proceeds of each performance on the treat-ment of people with hearing impairments as a part of our social contri-bution activities, and also provide support for members of the orchestra

who are experiencing hardships due to the COVID-19 situation. In 2020, ARTCO (Arts Council Korea) presented us with the Artist Supporters of the Year Grand Prize in recognition of our activities, while Patissier U Chanhwi, who himself suffers from a hearing im-pairment, donates his cookies to audiences at the concerts. Our social contribution activities have received a very positive response and considerable support from such people. We will strive to enrich our organizational culture by encouraging more positive participation by our employees, bearing in mind that a business's social value is greatly enhanced by its members' inherent capabilities.

• KT Symphony Orchestra

Win-win labor-management relations

We guarantee employees' right to join a labor union and form other repre-sentative bodies in accordance with the Trade Union and Labor Relations Ad-justment Act, Article 5 and our Collective Agreement, Article 3. We have also adopted a union shop system in which all our employees are protected by col-lective agreement. As of December 2020, 77.9% of our employees had joined the labor union. We are work with the Central Labor-Management Coun-cil among others to boost employees' morale and improve their welfare. In 2020, the council discussed and reached decisions on 31 major issues, while - at the level of regional headquarters - the labor-management council processed 112 issues in 2020.

Labor union membership (As of December of each year)

Category	2018	2019	2020
Employees who have joined the labor union	77.8%	77.7%	77.9%

Work-life balance

Welfare system

We strive to provide as much welfare support as possible to our employees to ensure that they focus fully on their job. For younger employees, we have taken steps to enhance their welfare benefits, including the arrangement of loans to repay debts related to their children's college tuition fees or wedding costs. We also take measures in step with the government's policy of encouraging childbirths, such as covering the education costs of children aged 5-15, offering congratulatory money for childbirth, and supporting the cost of infertility treatment. In 2020, we provided camping cars on a total of 160 occasions for three months, considering that leisure and relaxation facilities cannot be used due to the COVID-19 crisis, in an effort to help employees relax during the period of social distancing.

• Operation of camping cars for employees instead of opening recreation centers due to COVID-19

Welfare programs

Category	Contents
Welfare points	• For all employees : 2.3 million points/ Future development : half a million points (Employees who have worked for the company for less than 10 years and are under the age of 40)
Child rearing	• Operation of five workplace childcare centers (one each in Mokdong, Hye-hwa-dong and Umyeon-dong in Seoul, and two in Bundang) • Aid for children's school tuition fees: 600,000 won/year (children aged 5 - 15) • Aid for children's school tuition fees (high school/college) • Programs for children's education (English language learning, online education, second language proficiency, accul-turation course, etc.)
Family-relat-ed support	• Self-development expenses: 500,000 won/year • Congratulatory/condolence money (weddings, 60th birthday celebrations, childbirth, death, house damage, funeral service/bouquet, mutual aid service, etc.) • Communications expenses (cell phone, landline, TV) • Medical expenses (including spouse/children), pension savings, mutual aid, group insurance, sports events, club membership fee, etc.
Residential stability	• KT Employee dormitories (Seoul and Daejeon); housing provided by the company nationwide
In-house loan	• Up to 150 million won at 1% interest rate per annum (housing fund, household stability fund, emergency house-hold fund, and support for interest payments on loans borrowed from finance institutions) • Loan for repaying tuition fee loans borrowed before joining the Company (no interest accrued)
Resort	• Six employee resorts nationwide; five condos; winter/summer resorts

Temporary retirement system

Temporary retirement for childcare

We provide up to two years of 'temporary retirement for childcare' to help employees with their work-life balance. In 2020, 97.1% of employees who took the temporary retirement for childcare returned to work afterwards, while 98.1% of employees continued to work for 12 months or more after returning from the retirement period, which is an indicator of high job stability.

Temporary retirement for refresh

In what is an exceptional practice for any business, we offer paid temporary retirement to employees who have worked for the company for many years, so as to give them an opportunity to develop and recharge themselves. The period of retirement is up to six months for employees with ten years of continuous service; and up to one year for those with 20 years of continuous service. We ensure that no disadvantageous steps are taken against these em-ploy-ees, including matters pertaining to annual wage increase or promotion.

Helping retirees-to-be to find a new job

In 2009, we became the first business in the country to adopt the system of temporary retirement and help such em-ployees to start a startup. In addi-tion, we operate the KT Life Plan to help retirees-to-be start their second life with a new job. In each quarter, we invite such employees to an educational session which covers re-employment, starting a startup, and life in rural ar-eas, and provides opportunities to take part in talent-sharing programs.

• Education for retirees-to-be

Flexible work schedule program

In 2010, we adopted the "work-from-home" system and started operating di-verse flexible work hour programs. For working moms and employees working in R&D, we allow them to fix their daily work hours as and when required. We also operate a discretionary labor system which allows employees to set their daily work hours according to their workload. In 2020, we implemented the "work-from-home" system and the "flexible work hour" system to cope with the COVID-19 situation, which saw an average of 11,273 employees working under this system each month. In 2021, we integrated various flexible work hour systems into one, i.e. the alternative work schedule sys-tem, and abolished the compulsory daily work hours for employees' convenience.

Use of flexible work hours programs in 2020   (Unit: persons)

Program	Applied to	Contents	Monthly av-erage users
Alterna-tive work schedule	All employ-ees	· Voluntary setting of the daily/weekly work sched-ule within the range of at least 4 hours per day/40 hours per week (except for weekends) · Within the framework of 6:00 AM to 8:00 PM.	2,681
Discretion-ary labor	Employees in R&D, IT design/ analysis	· 40 hours per week (except for Sunday)	36
Working from home	All employ-ees	· Between 8:00 AM and 7:00 PM. (workplace: home)	8,556
		Total	11,273

Trend of use of flexible work hours program   (Unit: monthly average users)

2018	2019	2020
1,777	2,247	11,273
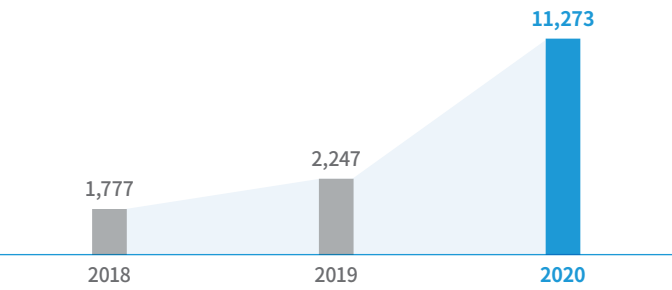
Handling of employees' complaints

We operate channels for handling employee complaints and grievances. In 2021, we formed the Committee for Han-dling Employee Complaints/Grievanc-es, which is composed of representatives of labor-management at each of our 233 work units across the country. In March 2015, we opened the Labor/Man-agement Win-Win Center to provide one-stop support to current employees and retirees who express complaints or grievances. The center is open when-ever

& wherever to all employees, who may contact the center by phone (080-2580-119), text (1588-4936), email (kt119@kt.com) or online bulletin board. So far, the center has handled 24,000 complaints and grievances. It also issues a weekly newsletter containing informative responses to employees' questions. This year we plan to further activate the operation of the Panel on Employee Complaints and Grievances launched in 2017 in order to handle complaints through discus-sions and make the Panel a part of our culture of internal communication.

Employee satisfaction with the Labor/ Management Win-Win Center   (Unit: out of 5 points)

Category	2018	2019	2020
Level of satisfaction	4.45	4.57	4.62

Senior consultant system

We operate this system to rehire retirees-to-be who have accumulated exper-tise in their specialty areas. We expect to see an increase in those selected with the increase in the number of retirees.

Category	2018	2019	2020	Cumulative
Number of senior consultants selected	34	53	106	193

Employee satisfaction survey

Each year we conduct a survey of employees' satisfaction with the organization and the level of their job immersion by gender, age, position, and organization. We engage in activities designed to improve team work and organiza-tional cul-ture based on an analysis of the results of the survey. Employees' overall satis-faction appears to increase each year, with the score reaching 86.4/100 in 2020.

(Unit: points)

Category	Com-pany	Department		Gender		Position			
		Busi-ness sup-port	Re-gional HQ	Male	Fe-male	Staff/ assis-tant man-ager	Man-ager/ senior man-ager	Direc-tor	Man-aging direc-tor and above
Respondents	16,094	5,343	10,751	13,470	2,624	2,710	11,140	1,986	258
Organizational health	82.3	79.7	83.6	83.0	78.7	77.0	83.1	84.4	90.8
Job immer-sion	86.4	84.2	87.5	87.1	82.9	79.6	87.3	89.5	96.5

Governance

We are committed to maintaining and developing the sound governance structure that we have established in order to carry out our management activities effectively and åoperation and systematic risk management. Our Board of Directors aims to enhance the company's long-term corporate value on the basis of transparent, independent, diverse, professional, and efficient operations, to realize the goal of shareholder return through stable management activities and profit creation, and to accomplish the growth strategy through strategic decision-making. In this way we will grow as a world-class online platform business based on the trust of our stakeholders.

Fairness

Integrity

Compliance

Trust

Balance

Making sound and transparent KT,
Hyun-Ho Jin, Hyun-Soo Cho, Shin-Young Choi,
So-Yi Shin, and Young-Seok Oh

Governance
Corporate Governance

Topic Importance

The foundation of a trusted company by customers and stakeholders is to establish transparent corporate governance. KT is committed to securing management transparency through continuous improvements of corporate governance. KT aims to provide sufficient information for the protection of rights and interests of stakeholders and decision-making by shareholders, and clear communication. The KT Board of Directors that ensures independence, expertise, and diversity is endeavoring to make balanced decision-making to pursue the satisfaction of all stakeholders including customers, shareholders, and partners.

Performance

KCGS* 'Corporate Governance' rated
the highest grade (A+)
Excellence Prize * Korea Corporate Governance Service

BoD evaluation
4.5 points (out of 5 points)
(Increased 4.7% YoY)

Average attendance rate
96%
(13 times of BoD held in 2020)

Our Approach

- Securing the independence of the Board of Directors through the expansion of outside directors
- Experts from various areas are appointed as outside directors to secure the expertise in the Board of Directors.
  · Information communication, finance, economy, management, accounting, and laws, etc.
- Promoting shareholder-friendly policies with the introduction of the electronic voting system in the General Meeting of Shareholders
- Efficient operation of the Board of Directors through standing committees (six) and non-standing committees (two) within the Board of Directors
- Securing diversity in the Board of Directors through the appointment of female outside directors

Related UN-SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Governance structure principles

To ensure the transparency of our governance structure, we have adopted the Recommendations on Best Practices for Corporate Governance which stipulates compliance with the international standards, and we have promoted responsible management by appointing professional managers. In particular, our Board of Directors selects its members from among executives with accumulated professional knowledge and experience in order to enhance the Company's corporate value, protect shareholders' profits, make decisions on important matters, and supervise the top managers' activities. We ensure that our shareholders receive fair treatment by including provisions that guarantee shareholders' rights in our Corporate Governance Structure Charter under the relevant laws, including the Commercial Act. As a result of these efforts, we won the excellence award (A+) for our governance structure from the Korea Corporate Governance Service (KCGS) in 2020.

* KT Corporate Governance Structure Charter
  https://corp.kt.com/data/kthome/ir/finance/irinfo01/constitution.pdf
* KT Corporate Governance Structure Report
  http://dart.fss.or.kr/dsaf001/main.do?rcpNo=20200529800716

Protect Shareholder's Right

KT specifies the content of interim/quarter dividends in its articles of incorporation, and supports shareholders' exercise of their voting rights at the annual general shareholders' meeting. To this end, we strive to enhance shareholder value by introducing an electronic voting system in 2020 and announcing mid- to long-term dividend policies and financial goals. In addition, we intend to protect the rights of shareholders by disclosing the status of inspection on compliance with the compliance control standards in the business report and whether they are subject to voluntary/inquiry disclosure.

Composition/operation of the BOD

Principles for composition of the BOD

Our governance structure model is based on the Independent Board of Directors. Our Board of Directors is composed of eight outside directors and three inside directors to enable efficient checks and transparent decision-making. We comply with what is stipulated in our Corporate Governance Structure Charter and the Articles of Incorporation concerning the members of the Board of Directors (i.e. not more than three inside directors and not more than eight outside directors). Currently, outside directors make up 73% of the Board of Directors as stipulated in the Commercial Act, Article 542-8(1). With the exception of the Management Committee, which is entirely made up of inside directors, each committee of the Board of Directors is headed by an external director. We have arranged matters in such a way that the Board of Directors can make decisions independently of the top management and play its role of supervising the top management by separating the Representative Director from the Chair of the Board of Directors and by having Chair of the Board of Directors selected from among the outside directors.

KT governance structure model

Independence in composition/operation of the BOD ▶	Enhancement of shareholder value ▶	Responsible management by professional managers
Percentage of outside directors: 73%; separation of the Representative Director from the Chair of the Board of Directors · 8 outside directors, 3 inside directors	**Shareholder return** · Purchase of treasury stocks; cash dividend payout	**Selection and management contract** · Recommendation of Representative Director candidates through the Governance Structure Committee, Outside Director Candidate Recommendation Committee, and Board of Directors, followed by selection of the Representative Director at the General Meeting of Shareholders (GMoS)
Transparency in the outside director selection procedure · Operation of the Outside Director Candidate Recommendation Committee (all outside directors* and one inside director) outside	**Shareholders' rights** · Adoption of cumulative/vote-by-mail/electronic voting system · Timely provision of corporate information	
Granting of special rights to outside directors · Assessment of management contract signed with Representative Director management; recommendation of dismissal of Representative Director	**Shareholder protection** · Control of internal trading/self-dealing transactions	**Compensation and dismissal** · Setting of the Representative Director's remuneration according to the management results

* Except outside directors whose term of office is due to end soon

Members of KT Board of Directors

❶ Gang-Chul Lee, Outside director
❷ Hyeon-Mo Ku, Representative Director
❸ Hee-Yol Yu, Board Chairperson
❹ Eun-Jung Yeo, Outside director
❺ Jong-Ook Park, Inside director
❻ Chan-Hi Park, Outside director
❼ Dae-You Kim, Outside director
❽ Hyun-Myung Pyo, Outside director
❾ Tae-Yoon Sung, Outside director
❿ Chung-Gu Kang, Outside director
⓫ Kook-Hyeon Kang, Inside director
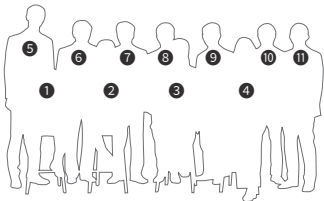
Current Status of the Board (as of June 2021)

Name	Position	Gender	DOB	Expertise	Director Since	Experience
Hyeon-Mo Ku	Representative Director/inside director	M	1/1964	ICT/ management	3/2020	Current) CEO, KT Former) Head, Customer&Media Business Group, KT Former) Head, Corporate Planning Group, KT
Jong-Ook Park	Inside director	M	1/1962	ICT/management	3/2020 (re-inaugurated once)	Current) Head, Corporate Planning Group, KT Former) Head, Strategy Planning Office, KT Former) Head, IT Strategy Unit, KT
Kook-Hyeon Kang	Inside director	M	9/1963	ICT/management	3/2021	Current) Head, Customer Business Group, KT Former) CEO, KT Skylife Former) Head, Marketing Group, KT
Hee-Yol Yu	Board Chairperson/Outside director	M	1/1947	ICT	3/2019	Current) Nonexecutive director, Korea Trade Insurance Corp. (K-SURE) Current) Board Chairperson, Korea Carbon Capture & Sequestration R&D Center (KCRC)
Gang-Chul Lee	Outside director	M	5/1947	External Cooperation	3/2018 (re-inaugurated once)	Current) Advisor, Daedong Co., Ltd Current) Outside director, Paju Country Club Former) Senior Secretary to the President for Public Participation, Office of the President
Dae-You Kim	Outside director	M	7/1951	External Cooperation	3/2018 (re-inaugurated once).	Current) Outside director, DB Life Insurance Co., Ltd Former) Vice President, Wonik Investment Partners Former) Senior Secretary to the President for Economic Policy, Office of the President
Tae-Yoon Sung	Outside director	M	2/1970	Global economy	3/2019	Current) Professor, School of Economics, Yonsei Univ. Current) Dean, Underwood International College, Yonsei Univ. Current) Vice-President, Korea Money & Finance Association (KMFA)
Hyun-Myung Pyo	Outside director	M	10/1958	ICT/ management	3/2020	Current) Outside director, Hankook Tire & Technology Co.,Ltd Former) CEO, Lotte Rental Former) Head, T&C Group, KT
Chung-Gu Kang	Outside director	M	12/1962	Communica-tions/ICT	3/2020	Current) Professor, School of Electrical Engineering, Korea Univ. Current) Member of the National Academy of Engineering of Korea (NAEK) Former) President, Korea Institute of Communications and Information Sciences (KICS)
Chan-Hi Park	Outside director	M	12/1964	Management	3/2020	Current) Professor, School of Business Administration, Chung-Ang Univ. Current) Secretariat of the Innovative Economy team, National Economic Advisory Council Current) Outside director, DL E&C
Eun-Jung Yeo	Outside director	F	2/1973	Accounting Finance	3/2020	Current) Professor, School of Business Administration, Chung-Ang Univ. Current) Auditor, Financial Information Society of Korea Current) Outside director, Krafton, Inc.

* At the periodical GMoS held on March 29, 2021, Mr. Kook-Hyeon Kang was newly elected as an inside director. Mr. Jong-Ook Park was re-elected as an inside director and Messrs. Gang-Chul Lee and Dae-You Kim were re-elected as outside directors.

KT's Board of Directors (as of June 2021)

* Except for outside directors whose term of office is to end soon
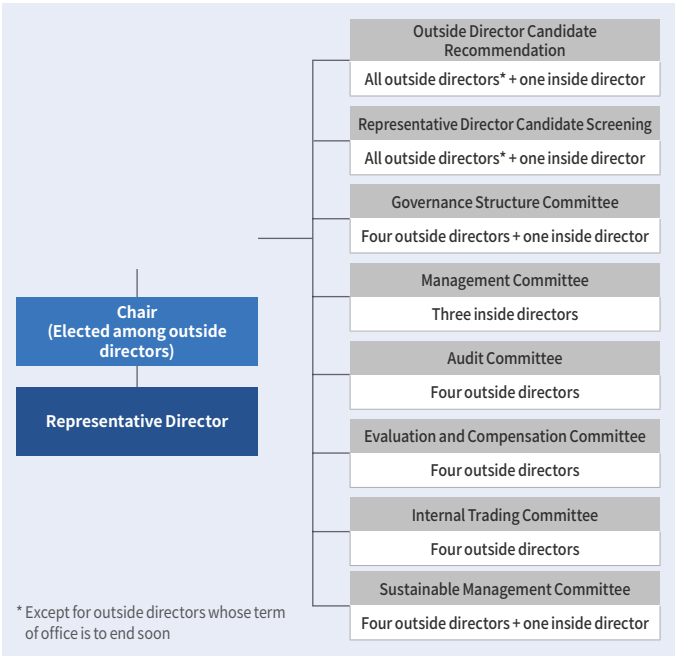
Procedure for election of directors

The Representative Director, CEO, is elected by the GMoS from among those recommended by the Board of Directors following a screening by the Corporate Governance Committee and the Representative Director Candidate Judging Committee. With the exception of candidates for the post of Representative Director, inside director candidates are recommended to the GMoS by the Representative Director from among the Company's executives with the consent of the Board of Directors. We also strive to guarantee shareholders' rights and interests by electing the directors one by one. We elected Mr. Dae-You Kim an outside director, as a member of the Audit Committee in March 2021 under the amended Commercial Act in an effort to strengthen the independence of the committee and protect minority shareholders' rights and interests.

Policy for election of directors

Our Articles of Incorporation stipulate the independence of outside directors and limit their maximum term of office to six years in total in order to avoid weakening their independence due to extended service. Our Articles of Incorporation also stipulate their qualifications, i.e. sufficient working-level experience or professional knowledge in information and communications,

finance, economy, management, accounting or law. In 2018, we amended our Corporate Governance Structure Charter in connection with the need to cope with changes in the business environment by electing directors with a variety of perspectives and sufficient experience. In March 2020, we elected a female outside director in a bid to expand diversity in the membership of the Board of Directors.
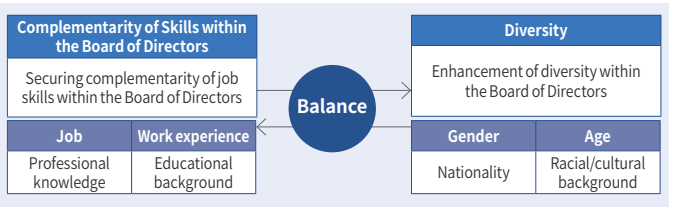
Operation of the Board of Directors

In 2020, our Board of Directors held a total of thirteen sessions during which they reported, deliberated, or made decisions on 54 items of agenda including the sustainable management promotion plan for differentiated ESG management. Each decision made by the Board of Directors requires the presence of a majority of the directors with voting rights in office and the consent of a majority of those present; otherwise, it follows what is separately stipulated in the Commercial Act or the Articles of Incorporation. In 2020, the percentage of members attending the Board of Directors' sessions was 96% on average. In 2021, our Board of Directors will play its role more faithfully and make decisions that are conducive to the Company's sustainable growth and the enhancement of its mid- to long-term corporate value from ESG perspectives.

Evaluation of the Board of Directors' activities

We evaluate the activities of the Board of Directors and its committees periodically in a bid to improve their operational efficiency. The evaluation is divided into that of the Board of Directors and that of individual directors. The evaluation of the Board of Directors includes evaluations of its roles and responsibilities, and evaluations of the efficiency and adequacy of the activities of its committees. In 2020, the evaluation score of the Board of Directors was 4.5/5 on average, which represents an improvement of 4.7% y-o-y. The items which displayed the widest margin of improvement were "education of newly elected directors (+0.6 points)" followed by "CEO evaluation and compensation (+0.5 points), which are concluded to be a result of feedback and the consequent improvement of the way the Board of Directors is operated. We also aim to improve the operational efficiency of the Board of Directors by conducting annual evaluations of its activities.

Result of evaluation of the Board of Directors in 2020 (points)

	Items of evaluation	Score	Total score
Roles and responsibilities of the BOD	Check of management, check of financial results, fair treatment of shareholders, decisions made with shareholders' long-term profit considered, CEO evaluation and compensation, training of CEO candidates	4.5	4.5
Efficiency of the BOD	Adequacy of frequency of sessions of the Board of Directors and of agenda items submitted, collection of information required for decision-making, checks of follow-up measures, education of newly elected directors, adequacy of composition of the Board	4.6	
Adequacy of the committees' activities	Professionality of Committees' composition, delegation of authority to Committees, adequacy of composition of committees, adequate use of expertise	4.5	

The Board of Directors' result-based compensation

With regard to the remuneration of inside directors including the Representative Director, the Board of Directors sets the payment criteria and methods based on the management results and then reports them to the GMoS each year. The limit on the remuneration is approved by the GMoS. Part of the remuneration is paid in Company stocks. Concerning the stocks, we attach conditions for transfer and link them with the Company's management results.

Remuneration	No. of persons	Total amount of remuneration (Unit: Million Won)	Average amount of remuneration (Million Won)
Inside directors	3	6,680[1]	2,227
Outside directors	8	764	96
Employees	22,123	1,911,887[2]	88[2]
Ratio of average of employees' total wages to remuneration of CEO/ top managers			11.3%

1) It is the total amount of remuneration paid to all directors in office between January 1, 2020 and December 31, 2020. It includes retirement allowances paid to retired Representative Directors and inside directors as per the regulation approved by the GMoS. (Registered director LEE Dongmyeon retired on 02.17.2020; the terms of office of registered directors HWANG Changgyu and KIM Inhoe ended on 03.30.2020.)
2) The amount of earned income of regular employees and unregistered directors according to the Income Tax Act as of 12.31.2020.

An interview with an ESG management expert

Mr. **O Deokgyo**, a researcher at the Korea Corporate Governance Service (KCGS)

We expect KT to become trusted by stakeholders through continuous efforts to establish a sound governance structure.

A business engaging in ESG management means that it strives to enhance its level of ESG along with creation of profit. I believe that the right way of ESG management is to strive to improve the system to create profit rather than merely trying to improve ESG level at the sacrifice of profit. The excellence of KT's ESG management is recognized by A+ grade won by it at the ESG evaluation in 2020. It operates committees including Sustainable Management Committee in the sector of governance structure within the Board of Directors and has adopted electronic voting system for shareholders to exercise their voting rights more conveniently. I expect that KT remain as a business trusted by stakeholders through such continued efforts to build sounder governance structure.

Committees of the Board of Directors

We have formed six standing committees and two non-standing committees within the Board of Directors to conduct the company's business more professionally and efficiently.

Current Status of Committees in the Board (as of June 2021)

	Committee Name	Composition	Members	Purpose of operation and rights
Standing Committees	Corporate Governance Committee	Four outside directors and one inside director	Gang-Chul Lee (Chair) Hee-Yol Yu, Dae-You Kim, Hyun-Myung Pyo, Jong-Ook Park	Matters concerning overall corporate governance
	Audit Committee	Four outside directors	Dae-You Kim (Chair) Chung-Gu Kang, Tae-Yoon Sung, Eun-Jung Yeo	Matters concerning accounting audit and performance audit
	Evaluation and Compensation Committee	Four outside directors	Tae-Yoon Sung (Chair) Hee-Yol Yu, Hyun-Myung Pyo, Chan-Hi Park	Matters concerning the management contract and evaluation of the Representative Director
	Related-Party Transactions Committee	Four outside directors	Chan-Hi Park (Chair) Hee-Yol Yu, Chung-Gu Kang, Eun-Jung Yeo	Matters concerning internal transactions pursuant to the 'Monopoly Regulation and Fair-Trade Act' and the 'Commercial Act'
	Sustainability Management Committee	Four outside directors and one inside director	Hyun-Myung Pyo (Chair) Gang-Chul, Chan-Hi Park Tae-Yoon Sung, Kook-Hyeon Kang	Matters concerning sustainability management results, plans and strategies
	Management Committee	All inside directors	Hyeon-Mo Ku (Chair) Jong-Ook Park, Kook-Hyeon Kang	Matters entrusted by the Board of Directors regarding management in general.
Non-standing committees	Representative Director Candidate Examination Committee	All outside directors plus one inside director*	-	Matters concerning the examination of candidates for the Representative Director and determination of candidates for the Representative Director
	Outside Director Candidate Recommendation Committee	All outside directors** plus one inside director	-	Matters concerning the investigation and examination of candidates for outside directors and recommendation of candidates to the GMoS, etc

* No committee member may be the candidate for the CEO.
** Outside directors whose term of service is expected to be expired shall be excluded

---

Governance
Ethics & Compliance

Topic Importance

All employees in KT and members of group subsidiaries and partners are striving to share the principle of ethical management and put this into practice. We are providing and applying an internalized system of right decision-making and ethical judgment for employees to become a trusted company by customers and stakeholders. We will establish a corporate culture based on integrity and fairness by setting up continuous compliance education and self-compliance culture.

Our Approach

- Establishment of the enterprise-level compliance promotion system
  · Configuration of integrated Secretariat and creation of compliance team around six metropolitan Headquarters
- Strengthening compliance independence and objectivity by appointing external expert as the Chairperson of Compliance Committee
- Establishment of the "Anti-corruption Code of Conduct" to prevent corruption of employees
- Expansion of compliance group subsidiaries with compliance management due diligence and consulting of group subsidiaries

Performance

Providing compliance education for all employees fostering
In-house lecturers

Building a
Compliance Platform

No. of prior deliberation cases of fair trade
212 cases

Related UN-SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

Ethics/compliance system

KT's ethics management

We engage in ethical management based on the top five 'action' principles: customer-centeredness, compliance, back to basics, sense of ownership, and social responsibility. In April 2021, we announced an amendment to our Ethical Management Principles, in which the Anti-Corruption Code of Ethics and ESG Management Activities are reflected in the principles. At the beginning of each year, all our employees are required to pledge to put the said principles into practice. Furthermore, we are striving to have ethical management take root throughout our entire organization by providing customized education for all departments, conducting the Clean-KT campaign, conducting audits, and operating communication channels for whistleblowing of ethical violations.

설 명절
Clean KT 캠페인
임직원간 선물을 주거나 받지 않습니다.
협력사 등 이해관계자로부터 선물 등을 받지 않습니다.

• Information on the Clean-KT campaign

Status of our ethical management activities

1. Establishment of criteria for activities putting ethical management into practice		An amendment to the ethical management principles requiring employees to take an oath to put them into practice.
2. Conduct of daily audits	Daily audit	Daily audits of staff departments (management of company seals, first performed, surplus stock, etc.)
	Check-out	Checking of status of compliance with fund source operation criteria.
3. Ethical management-related education/campaigns	Education	Ethical management-related education, onsite get-togethers, etc. for new managing director/deputy managing director, CEOs of affiliates, team leaders.
	Campaigns	Clean-365 campaign, Clean KT campaign on special holidays, etc.
4. Ethical management communication channels	Preventive channels	Operation of ethical management-related FAQs, Clean365 Center, channels for risk-related consultation.
	Channels for whistleblowing	Operation of channels for whistleblowing and hotline linked to Chair of the Audit Committee.

KT's ethical management principles

We pursue the future with the right decisions and ethical judgments to ensure that KT, a representative business of South Korea, continues to grow. To that end, all of us are committed to customer-centeredness, compliance, back to basics, sense of ownership, and social responsibility as the guiding principles of ethical management.

1. Customer-centeredness	2. Compliance	3. Back to basics	4. Sense of ownership	5. Social responsibility
Pledge to think and act with the focus on customer-centeredness	**Pledge to observe the laws and regulations**	**Pledge to stick to the basics and principles**	**Pledge to identify oneself with the Company**	**Pledge to fulfill social responsibilities and obligations as a member of a business representing the country**
1-1. We shall respect customers and protect their information.	2-1. We shall act fairly and cleanly, observe the laws, and abide by the code of ethics.	3-1. We shall make reasonable and objective judgements from perspectives conducive to the Company, and act responsibly.	4-1. We shall not be afraid of making mistakes. We shall aim for the best.	5-1. We shall strive to protect shareholders' rights and profits and improve the quality of life of our employees.
1-2. We shall create differentiated value that can create changes in the lives of our customers.	2-2. We shall familiarize ourselves with and observe the Anti-Corruption Code of Conduct.	3-2. We shall always draw a clear line between public and private matters and take the lead in fostering a sound and clean organizational culture.	4-2. We shall pursue greater efficiency through self-regulation, empowerment, communication and collaboration.	5-2. We shall value the environment, safety, and human rights and execute ESG management using all our capabilities.
	2-3. We shall pursue transparent management and protect the Company's secrets.			5-3. We shall play the lead role in social contribution activities and pursue win-win growth with our business partners.

Strengthening KT compliance

Following the launch of the Compliance Committee and Secretariat in 2018, we set in motion the compliance system based on a virtuous cycle of "system-education-check" in 2019. In 2020, we elected an external expert as the Chair of the Compliance Committee in a bid to enhance the independence and objectivity of our compliance system, and held a meeting of the Compliance Committee once a month to manage the related legal issues. We have strengthened the compliance structure by integrating the compliance-related functions, which used to be split among the Ethical Management Office and Legal Affairs Office, into the Compliance Secretariat under the control of Ethical Management Office and by launching Compliance Teams in six regional headquarters. We have also completed a system in which compliance activities can be carried out in a self-regulated way by our departments by training professionals and establishing a compliance platform. In 2021, we divided the Compliance Secretariat into three teams in order to segment the roles so as to strengthen the organization. In March 2021, we enacted the Anti-Corruption Code of Conduct while the Representative Director delivered a message stressing the importance of compliance to all our employees. Now, we are preparing to adopt the Risk Evaluation and Compliance Due Diligence System, which is designed to prevent risks associated with corruption among third parties including subcontractors.

Our compliance organization

Compliance Secretariat

Team 1	**Team 2**	**Team 3**
• Planning/system • Education/evaluation	• Periodic/special check • Business/process improvement	• Affiliates-related diagnosis/consulting

Six regional HQs	**Department/Office**
Compliance Team	Risk Team or Senior Team

• Evaluation of education/self-examination done by HQ under its control
• Provision support for establishment of plans for check of compliance by departments

Customers/Corp./Network HQ	**HQ/Dept./Office**
Senior Team	Senior Team

• Evaluation of department-level risks
• Checkout/prevention/improvement at department level

Major contents of the Anti-Corruption Code of Conduct

Compliance

• Employees shall not propose, promise, provide or approve bribes directly or indirectly to/for a government official to win a project for the Company or to make other gains.
• Employees shall engage in accounting and set up accounting books fairly/adequately in accordance with the relevant laws and regulations.

• All donations and investments made by the Company shall comply with the internal procedure for approval and execution.
• We shall establish a third-party due diligence risk evaluation process to reduce the compliance risks caused by third parties including subcontractors. We shall carry out adequate due diligence, depending on the level of potential corruption associated with third parties.
• In the event that employees witness a (potential) violation of this code of conduct or the anti-corruption law, they may report it through the internal channel (Ethical Management Office: ethics@kt.com).

Spreading KT's compliance system

Starting in 2021, we have engaged in due diligence/consulting of the compliance management of affiliates in a bid to spread our compliance system throughout the Group. We provide them with guidance on the application of an optimal compliance model according to their specific business conditions, size, and characteristics. We completed the provision of such guidance for three of our affiliates by April 2021, and will continue providing it to our other major affiliates until the end of this year. We have also launched the in a bid to strengthen affiliates' compliance and discuss desirable directions for compliance, items that need to be managed emphatically, and exemplary cases.

• Guiding Affiliates

• Council for Supporting Affiliates' Compliance

Strengthening the fulfillment of ethics/ compliance-related requirements

Enhancing ethics/compliance-related education

Our Compliance Secretariat plays the lead role in the effort to make qualitative improvements to the compliance system, including having the relevant employees attend education sessions for experts run by external institutions (e.g. ISO 37001), and providing training for experts at the regional headquarters level conducted by in-house lecturers. We hold educational sessions customized to specific positions and jobs. As of 2020, the Compliance Officer pays visits to regional headquarters to hold an educational session for employees on the importance of compliance. In 2020, we carried out real-time online education in consideration of the COVID-19 situation. A total of 144,933 employees (including those of our affiliates) attended sessions held on 97 occasions. In 2021, we aim to provide on-tact education contents. We also provided a special educational session for employees of the Group, via KBN, our internal broadcasting system, and made an online educational film about anti-corruption.

Ethics/compliance-related education

	Title	Target/contents
Periodic education	Education customized for each department	Divisions, regional headquarters, departments
	Essential compliance (online, film-based education)	Anti-corruption education for all employees
		(New program) for employees of 37 affiliates
Education for new recruits and newly promoted employs	Education by responsibility/position	For newly promoted directors/team leaders and new recruits
Special education	(New program) Special lecture by the Compliance Officer	A session for the relevant employees via visits to six regional headquarters
	(New program) Education for training in-house lecturers	Lecture skill coaching with in-depth contents about eight sectors
	Compliance Academy	Relevant employees of departments/affiliates
	Education for subcontractors	Anti-corruption/prohibition of fictitious transactions /industrial safety
	KBN (in-house broadcasting)	Special broadcast on anti-corruption for all employees of affiliates

● Compliance Officer's education via visits to regional headquarters

● Compliance Academy held for all affiliates

Fostering a system-based culture of self-compliance

In 2020, we established a company-wide compliance platform equipped with communication, participation, and checking functions, and are now using it as an ethical management communication channel for sharing exemplary cases, cases of audit/lawsuit between departments, and integrated management of the relevant guidelines and manuals. The platform also provides contents like quizzes related to major compliance contents designed to encourage employees' participation. In 2021, we plan to carry out activities aimed at making compliance an integral part of our corporate culture, including strengthening the function that allows employees to systematically formulate and manage plans concerning compliance items.

● Compliance platform

Compliance checkout

Our Company Rules include the Compliance Control Standards which the Board of Directors adopted based on the Listed Companies-related Compliance Control Standards. We have set the following eight sectors as major management areas based on the said standards and carry out checks by concretizing the matters to be observed: anti-corruption, fair trade, subcontracting, information protection, contracts, personnel affairs, industrial health and safety, and accounting/tax. We have our departments draw up plans for compliance-related checks based on risk evaluations and inspect the status of their activities. The inspection is divided into periodic inspection, occasional inspection, and special inspection. Our inspection process has been established based on the basic management systems, whose basic structure is PDCA (plan-do-check-act) as enacted by the International Organization. Early each year, we establish an annual plan and a plan for check for each department, followed by a self-regulated check, an evaluation of operational status, and improvement of shortcomings, and use them to improve the compliance system.

Countermeasures against ethics violation

We are operating a channel for whistleblowing of ethical violations in a bid to foster a sound and ethical environment. Our employees and external stakeholders can report ethical violations – including cases of job-related irregularity or dishonesty, acceptance/offering of bribes, money or valuables, misappropriation, or acts of dereliction – to us; and we ensure that all such reports are processed transparently, and that the identity of whistleblowers and the contents of their reports are kept secret. We pay compensation of up to 50 million won for each case of whistleblowing. In 2020, a total of 792 cases of whistleblowing were submitted to us. After conducting thorough investigations, we took punitive steps against fifteen employees. In the same year, we conducted questionnaire-based surveys of and interviews with our subcontractors' employees in a bid to put an end to dishonest acts perpetrated against subcontractors and distributors.

Status of violations of ethical management and punitive steps taken in 2020

	Violation	Number of punitive steps taken	Details of punitive steps
Regulations	Business regulations	16	Work suspension (6); pay cut (10)
	Financial regulations	1	Reprimand (1)
Duties	Duty of integrity	8	Pay cut (5); Reprimand (3)
	Duty of dignity	1	Reprimand (1)
	Duty of uprightness	9	Dismissal (4); work suspension (1), pay cut (2); Reprimand (2)
Protection	Information protection	0	
	Prohibition of sexual harassment	2	Dismissal (1); Reprimand (1)
Order	Order within organization	2	Dismissal (1); Reprimand (1)
	Abuse of one's position; job-related dishonesty	0	

KT's compliance checkout process

	Plan			Do		Check /Act
	Setting checkout system (Jan.)	Setting up checkout plan (Feb.)		Checkout execution (Mar.–Oct.)		Evaluation (Nov.–Dec.)
Self-checkout	Fixing annual checkout plan/ Information	Self-diagnosis of risk level by departments	Set the check-out plan by department	Compliance-related preventive activities		Final evaluation/improvement
	Fixing self-checkout table concerning top-eight sectors; selection of employees in charge at each department	Risk evaluation per items on self-checkout table (in consideration of probability/impact)	Result of risk evaluation (High/ Middle/Low/ irrelevant) ↓ Formulation of plan for year-round preventive activities	Raising awareness	Newsletter, quiz events, education or putting up PR materials, etc.	checkout result evaluation; coming up with matters to be improved (rewarding exemplary employees, questionnaire-based survey, etc.)
				Check of departments	Data analysis; activities for status check and improvement of causes	
				Recording/ storing	documentation and platform registration of preventive activities-related process/result	
Regular check	• Compliance Secretariat's periodic check of results of departments' self-check • Initial evaluation of departments' risk evaluation and checkout plan; Second evaluation of departments' self-check activities (In July concerning first half of year); Third evaluation (in October concerning second half of year)					
Special check	• Continued special check, using professional techniques, based on major departments' request • Concentrated check on compliance risks					

* Improvement of operational efficiency through repetition of PDCA (plan-do-check-at)

Fair trade and observance of the laws

We do everything we can to set a good example for others to follow in terms of fair competition and transparent transactions as a business that represents South Korea and strives to enhance people's convenience and benefits. In 2001, we adopted a self-regulated program for fair competition, the first of its kind ever adopted by a Korean communications business, and we are striving to make fair trade a part of all our operations through the activities of the Fair Competition Pre-Review Center, the compliance department of each organization/region, employee education, and self-regulated checking. In addition, we prohibit any act of politics and donation activities by the company or employees on behalf of the company and do not provide any political fund based on Article 3.9 in the KT Code of Ethics Guidelines. As described above, we are committed to settling down the fair trade culture and system with various methods.

● Fair competition-related card news

Self-regulated observance of fair competition

In 2005, we launched the Fair Competition Pre-Review Center, which handles matters concerning the introduction of new services or the signing of contracts, in a bid to prevent risks associated with unfair acts. In 2020, the center conducted pre-reviews of 212 cases of fair competition-related issues. In 2018, we launched the Group Fair Competition Council, whose remit is to review and deal with fair competition-related risks at the group level. In 2019, we conducted a periodic audit to determine whether employees are complying with the program for self-regulated observance of fair competition. In addition, we are striving to raise employees' awareness of the importance of fair competition. Our educational sessions in this area include working-level education for all employees; professional education on the fair trade laws for compliance employees at the head office and regional headquarters; and special lectures delivered by invited experts. In 2020, we held online education sessions in consideration of the COVID-19 situation, distributed the relevant card news and a guidebook (on 15 occasions), and conducted a self-check on the day of compliance (once a month).

Cases of fair competition pre-review

(Unit: cases)

	2018	2019	2020
Cases of fair competition pre-review	215	213	212

Status of employees going through fair competition education

(Unit: persons)

	2018	2019	2020
Working-level education	55	6,599	8,308
Professional education	55	61	58
Total	110	6,660	8,366

Cases of being subject to a regulating institution's warning

In 2020, the Korea Fair Trade Commission (KFTC) gave us a warning about our violation (i.e. erroneous payment of agent store fee) of the Monopoly Regulation and Fair Trade Act and the Fair Agency Transactions Act. We checked the case, set right the erroneous payment, and took a voluntary step for improvement of the computer system related to agent store not to repeat such an incidence. We will do our best to strengthen the fair trade system, improve our relevant business process, and establish a system for smoother communication with our agent stores.

Tax-related policy and public disclosure

We are committed to faithful tax report and payment under the strict policy. We set integrity and transparency as our core value and allow no illegal act. Our business process requires tax specialists to check tax compliance matters in agenda items submitted to the Management Council. We have included tax-related matters in our compliance control and have relevant employees attend periodic educational sessions. Where relevant tax law/regulation is not clear, we make a rule of checking it with the tax officials in advance not to cause an illegal act contrary to our intention. Through such a process, we strive to prevent any case of tax evasion, illegal act, or whistleblowing against us. We carry out tax-related public disclosure in strict compliance with the law. With regard to temporary difference between what is stated in accounting books and what tax authorities see, we make it a rule to explain it in our public disclosure materials.

Governance
Risk Management

✦ Topic Importance

With the risk increase due to COVID-19 and climate change in recent years, agile and flexible risk management in a company has been demanded more than ever. Accordingly, KT is operating to thoroughly respond to risk management from the risk detection stage by employees to the assessment stage by specifying the risk management process by circumstances. In addition, we are seeking proactive countermeasures that turn crisis into opportunity by identifying the impact of risk on business and conducting a program to strengthen the response competence.

📝 Our Approach

- Identification of strategic risks and opportunity factors closely related to business and reflection of them in the business strategy
- Materialization of the risk management process to guarantee the golden time of risk response
- Dispatch of employees in charge of risk expertise to establish the risk management system for new group subsidiaries
- In-depth inspection of data analysis on departments and areas that are vulnerable to risks

📊 Performance

Against COVID-19 risks
Building a
response system

to detect risks by employees
Strengthening the
competence

🌐 Related UN-SDGs

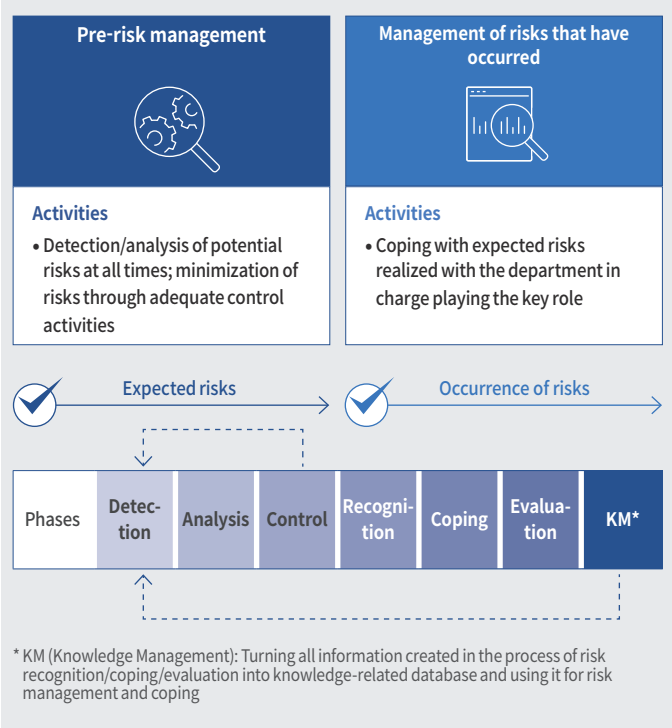| 8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES

Integrated risk management system

Enterprise risk management system

In 2004, we launched our first Enterprise Risk Management (ERM) department. In 2019, we changed it into Ethical Management Office, an independent unit, and strengthened its status as the control tower of our risk management. Starting in 2020, we established Compliance Team reporting directly to the Head of the regional headquarters in a bid to strengthen the role of risk management at each regional headquarters. At present, we operate a system in which the ERM department, each division, and the RM department in each regional headquarters report the occurrence of risks to each other immediately. We also strive to prevent the spread/recurrence of risks by checking out anything noticeable by sharing information on the status of coping with the situation on a weekly basis and providing guidance on how to cope with it. Through amendment to our risk management principles in July 2020, we established a newly aligned system for coping with risks in linkage with the system stated in the crisis management manual published/amended in 2019 and the crisis-related judgment criteria. Especially, we concretized our risk management process and solidified our system for coping with crises by placing priority on prompt dissemination of information on risk, setting lead-time for initial report, which is golden time for coping with risks, and designating the risk owner. We take steps to prevent risks and stop the dissemination of risks once they occur by imposing penalty on those responsible for delaying or missing out in making reports on occurrence of risks.

Risk management process

Pre-risk management	Management of risks that have occurred
Activities	**Activities**
• Detection/analysis of potential risks at all times; minimization of risks through adequate control activities	• Coping with expected risks realized with the department in charge playing the key role

Expected risks → Occurrence of risks →

Phases	Detection	Analysis	Control	Recognition	Coping	Evaluation	KM*

* KM (Knowledge Management): Turning all information created in the process of risk recognition/coping/evaluation into knowledge-related database and using it for risk management and coping

Awareness of and coping with strategic risks

We identify strategic risks and opportunity factors closely related to our business based on forecast/analysis of management conditions and have them reflected in our business strategy.

Rapid change into contact free consumption amid elongation of the COVID-19 situation; acceleration of digital business transformation

Major risks	• Deepening negative impact on society/economy in general amid elongation of the COVID-19 situation • Status of consumption being reorganized with a focus on "intactness" • Businesses are required to cope with expansion of digital transformation in entire industry with agility and flexibility.
Potential impact on business	• Due to the trend of "intact" consumption, offline-centered distribution channels are likely to see their business weaken. • There is an increase in demand for ICT technology/solutions from small businesses or the like experiencing difficulty in midst of digital transformation. • Expansion of ABC (AI/Big Data/Cloud)-based B2B business opportunity amid businesses' digital transformation
How to cope	• Strengthening online distribution channels through provision of specialized services like goods exclusively for online or one-hour door-to-door delivery • Continued exploration of services for small businesses like check-in calls, Jalnagage (business sphere analysis platform), AICC, etc. • Proactive coping with DX market • ABC-based digital platform (DIGICO) transformation leading changes in the life of customers and innovation of the industry

Intensified competition in OTT* and original contents

Major risks	• Intensified competition among OTT platform businesses amid abrupt growth of domestic OTT market • In 2021, competition is expected to get fiercer with global OTT businesses making a foray into the Korean market. • Deepening unbalance in content supply-demand due to content providers (CPs)'s policy favoring their own platform.
Potential impact on business	• Large-sized investment caused due to the attempt for being equipped with value chain for content production • Occurrence of supply-demand cost burden due to intensified competition for securing content among platform businesses
How to cope	• Expansion and strengthening of group value chain for securing original content • Strengthening negotiation power for content supply-demand through solidification of status of mass media platform subscribers (ranking first) including take-over, etc. of HCN • Promotion of strategy for mitigation/differentiation of competition composition in cooperation with other OTTs like alliance with Netflix

* OTT (Over The Top): Service that provides mass media contents like broadcasting programs or films through the open internet

Emergence of importance of use/management amid invigoration of data use

Major risks	• Emergence of importance of customer information management with KT designated as compulsory provider of customer credit information • An increase in personal information disclosure risks with the expansion of scope of data to be provided compulsorily and data distribution
Potential impact on business	• Expansion of inter-industry data convergence amid operation • Communications/financial businesses-centered fiercer competition is expected due to operation of financial My Data in full swing.
How to cope	• State-certified information security management system (ISMS) is recertified every year. We pour all possible efforts into customer information protection through periodic inspection of status of security, etc. by having the CIO separated from others. • Promotion of foraying into financial My Data market on the Group level through selection as BC Card's My Data business

Stable operation of communications infrastructure and strengthening safety management

Major risks	• Communications is core infrastructure for people's economic/social activities. Occurrence of disaster /problems results in loss/damage on the national level and has a negative impact on reliability of businesses in general. • There is a possibility of management risks increasing due to safety accidents with the Corporate Manslaughter and Corporate Homicide Act coming into force in 2020. Serious Accidents Punishment
Potential impact on business	• The need for continued promotion of activities for improvement of infrastructure including reinforcement of firefighting facilities for communications cable tunnel and dualization of wired network/power source supply. • The need for fundamental preventive measures against major safety threats that can lead to serious disasters.
How to cope	• We have built a stable system of operation of communications infrastructure through proactive investment through a complete survey of vulnerable points (e.g. communications poles/manholes, etc.) of OSP (Out Side Plants). We, jointly with the private sector, engage in training for coping with communications disasters. • We are strengthening onsite safety through provision/replacement of safety devices to put an end to accidents of falls, which are a major cause of serious disasters.

Department-led enhancement of risk management capability

We have made a collection of cases of coping with diverse risks/a working-level manual about risks and hold customized educational sessions from time to time to have those at regional headquarters and business departments level up their risk management capability altogether. In a bid to help affiliates enhance their risk management capability, we share principles of risk management and coping with risks and relevant regulations/guidelines with them from time to time and coach them how to apply them to their current situation. As for those that have newly joined the Group and thus need to establish a risk management system and stabilize it early, we dispatch a risk management staff to them to help with settlement of the risk management system.

Strengthening check for risk factors

Starting in 2019, we converted our system for check for risk factors to a compliance-centered one and strive to focus on prevention of risks through self-regulated check by individual employees, periodic check, and special check, fully utilizing professional analysis tools like digital forensics and relevant capability owned by us. We strive to carry out efficacious prevention of risks through in-depth check including data analysis concerning specific departments/sectors suspected of risks. We also strive to improve our relevant systems, raise employees' awareness, and pay visits to sites to check risks associated with safety accidents, selecting checklists fit for specific cases. For specific cases, we engage in risks-related in-depth diagnosis to find fundamental problems in the relevant system/process in a bid to prevent risks at the source. In 2021, we engage in proactive overhaul of the relevant system through daily check and occasional monitoring concerning industrial safety/fair trade sectors, for which regulations have been strengthened. We also plan to check the procedures for deliberation of risks that sites/business departments may face in carrying out their business on a sampling basis. As regards steps taken in the past, we recheck them from time to time to make double sure in a bid to remove factors of violation at the source.

Enhancing the capability for coping with risks

In the event of occurrence of risks, we operate the relevant system to keep the loss suffered by customers and stakeholders to a minimum. In 2019, we overhauled our crisis manual to cope with a contingency situation like network failure, IT problems, or outflow of personal information more promptly and exquisitely. We carry out mock training against crisis in each sector annually based on the manual. In the event of occurrence of a crisis, we are to operate the system in which all members should do their designated parts. We strive to sophisticate the system by improving shortcomings in the manual and having all employees familiarize themselves with their respective role to be able to cope with an emergency situation without problem. In September 2020, we carried out a training session against a crisis, assuming a situation involving problems occurring in network and IT system at the same time and considering a situation where it is difficult to hold face-to-face meetings due to COVID-19.

Appendix

Sustainable management results

Economic results

- Consolidated balance sheet

Category		Unit	2018	2019	2020
Assets	Current assets	Million Won	11,894,252	11,897,229	11,154,180
	Non-current assets	Million Won	20,294,578	22,642,869	22,508,365
	Total assets	Million Won	32,188,830	34,540,098	33,662,545
Liabilities	Current liabilities	Million Won	9,387,704	10,148,056	9,192,472
	Non-current liabilities	Million Won	8,069,846	9,208,494	8,918,640
	Total liabilities	Million Won	17,457,550	19,356,550	18,111,112
Stockholders' equity	Capital stock	Million Won	1,564,499	1,564,499	1,564,499
	Paid-in capital in excess of par value	Million Won	1,440,258	1,440,258	1,440,258
	Retained earnings	Million Won	11,328,859	11,633,780	12,155,420
	Other accumulated comprehensive gain/loss	Million Won	50,158	194,934	86,051
	Other capital component	Million Won	-1,181,083	-1,170,083	-1,234,784
	Net income attributable to non-controlling interests	Million Won	1,528,589	1,520,160	1,539,989
	Total stockholders' equity	Million Won	14,731,280	15,183,548	15,551,433
Total liabilities and stockholders' equity		Million Won	32,188,830	34,540,098	33,662,545

- Consolidated comprehensive income statement

Category	Unit	2018	2019	2020
Operating revenue	Million Won	23,460,143	24,342,064	23,916,667
Operating expense	Million Won	22,198,621	23,182,498	22,732,560
Operating income	Million Won	1,261,522	1,159,566	1,184,107
Other profit	Million Won	215,998	259,431	341,253
Other expense	Million Won	319,895	431,684	559,576
Financial income	Million Won	374,243	424,395	498,614
Financial expense	Million Won	435,659	432,133	507,383
Net income equity interests in associates and joint ventures	Million Won	-5,467	-3,304	18,041
Income before income tax	Million Won	1,090,742	976,271	975,056
Income tax expense	Million Won	328,437	310,329	271,664
Net profit for the term	Million Won	762,305	665,942	703,392
Other comprehensive gain/loss	Million Won	-54,628	172,338	23,255
Total comprehensive gain/loss for the term	Million Won	707,677	838,280	726,647

- Shareholder composition (as of December 31. 2020)

Shareholders	Number of shares	Equity ratio (%)
Treasury stocks	19,269,678	7.38
Non-Koreans	113,768,117	43.57
National Pension Service (NPS)	30,498,743	11.68
Employee Stock ownership Association	1,163,339	0.45
Domestic institutions and individuals	96,411,931	36.92
Total	261,111,808	100

- Economic value allocation

Category			Unit	2018	2019	2020
Economic value creation	Operating revenue		Million Won	23,460,143	24,342,064	23,916,667
Economic value allocation	Allocation to shareholders and investors	Shareholder dividend payout and interest expense	Million Won	566,532	548,193	590,066
		Cash dividend	Million Won	269,659	269,766	326,487
		Interest expense	Million Won	296,873	278,427	263,579
	Subcontractors	Expense for purchase of goods/services	Million Won	14,785,916	15,301,960	14,691,398
	Employees	Salary	Million Won	3,845,842	3,974,233	4,123,680
	The government	Income tax, cost of using radio waves, other taxes	Million Won	613,568	587,144	554,861
		Income tax	Million Won	328,437	310,329	271,664
		Tax and due (including radio waves)	Million Won	285,131	276,815	283,197
	Local community	Donation	Million Won	58,336	98,659	20,745

* 2018 and 2019 data re-created due to the change in collection method in 2020

- Status of patent management

Category	Unit	2018	2019	2020
Patent registration (within the country)	Cases	218	251	316

Social results

- Status of employment

Category		Unit	2018	2019	2020
Total employees	Entire employees	Persons	23,764	23,372	22,720
	Male	Persons (%)	19,634 (82.6)	19,295 (82.6)	18,684 (82.2)
	Female	Persons (%)	4,130 (17.4)	4,077 (17.4)	4,036 (17.8)
Types of employment	Regular	Persons (%)	23,425 (98.6)	22,919 (98.1)	22,222 (97.8)
	Non-regular	Persons (%)	339 (1.4)	453 (1.9)	498 (2.2)
Age group	Under 30	Persons (%)	1,394 (5.9)	1,266 (5.4)	1,176 (5.2)
	Not less than 30, but less than 40	Persons (%)	3,419 (14.4)	3,304 (14.1)	3,179 (14.0)
	Not less than 40, but less than 50	Persons (%)	8,737 (36.8)	7,478 (32.0)	6,249 (27.5)
	50 or more	Persons (%)	10,214 (43.0)	11,324 (48.5)	12,116 (53.3)
Position*	Lower level managers	Persons (%)	4,664 (19.6)	3,928 (16.8)	3,263 (14.4)
	- Male	Persons	3,565	2,950	2,392
	- Female	Persons	1,099	978	871
	Mid-level managers	Persons (%)	15,110 (63.6)	15,461 (66.2)	15,504 (68.2)
	- Male	Persons	12,731	12,960	12,910
	- Female	Persons	2,379	2,501	2,594
	Upper level managers	Persons (%)	2,642 (11.1)	2,774 (11.9)	2,803 (12.3)
	- Male	Persons	2,485	2,596	2,617
	- Female	Persons	157	178	186
	Others**	Persons (%)	1,348 (5.7)	1,209 (5.2)	1,150 (5.1)
Employee diversity	The disabled	Persons	498	497	488
	Veterans with record of distinguished service	Persons	1,273	1,098	1,193
	Non-Koreans	Persons	13	13	12
Average years of continued service		Years	20	21	22

* Positions: Lower level managers (Manager), Mid-level managers (General manager), Upper level managers (Directors or above)
** Others: Contract employees/security guards/ expert member / employees with professional career/ordinary employees

- The newly employed and retirees

Category		Unit	2018	2019	2020
The newly employed	All	Persons	578	414	273
	Females	Persons	188	153	98
	The disabled	Persons	2	2	3
	Interns	Persons	55	141	246
Retirees*	Percentage of retirees	%	0.6	0.6	0.6
	Number of retirees	Persons	150	133	137

* Percentage of retirees: those retiring under the age limit or voluntarily excluded

- Maternity/childcare temporary retirement

Category	Unit	2018	2019	2020
Those using maternity leave	Persons	359	326	303
Those using childcare leave	Persons	218	192	191
Percentage of those returning after childcare leave	%	96.1	95.6	97.1
Percentage of those staying on the job after returning from childcare leave	%	95.2	98.5	98.1
Number of those returning after childcare leave	Persons	234	208	213
Number of those staying on the job after returning from childcare leave	Persons	223	205	209

- Employee education

Category	Unit	2018	2019	2020
Total number of those receiving Company-provided education	Persons	23,676	23,498	22,621
Per-employee average hours of education	Hours	83.0	85.04	66.8
Per-employee average education expense	Thousand won	680	726	671

- Status of labor union

Category	Unit	2018	2019	2020
Number of employees eligible for joining	Persons	23,409	22,810	22,123
Number of employees who have joined	Persons	18,212	17,723	17,232
Percentage	%	77.8	77.7	77.9

- Integrated level of satisfaction felt by customers

Category	Unit	2018	2019	2020
Customer satisfaction	Points	83.8	83.1	83.9

- Status of disaster

Category	Unit	2018	2019	2020
Number of employees affected by disasters	Persons	33.0	26.0	25.0

* Prepared based on the accident detail data in workplaces made by the Korea Labor Welfare Corporation

- Social contribution

Category	Unit	2018	2019	2020
Number of employees taking part in social contribution activities	Persons	5,885	5,083	4,906
Hours of social contribution activities	Hours	26,250	24,585	13,838

Environmental results

- Energy consumption

Category	Unit	2018	2019	2020
Total amount of energy consumed	TJ	22,655	23,235	24,978
LNG	TJ	367	327	295
By-product fuel	TJ	47	34	27
kerosene	TJ	1	2	1
Diesel	TJ	166	189	182
Gasoline	TJ	72	55	47
Electicity	TJ	21,945	22,571	24,376
Heat (Warm Water)	TJ	56	57	51
Energy intensity	TJ/ 100 million won	0.097	0.095	0.104
Renewable energy amount	MWh	8,802	8,809	8,809

- GHGs emissions

Category	Unit	2018	2019	2020
Direct GHGs emissions (Scope 1)	tCO$_2$ eq	38,482	36,087	36,059
Indirect GHGs emissions (Scope 2)	tCO$_2$ eq	1,067,851	1,098,215	1,185,659
Other indirect GHGs emissions (Scope 3)	tCO$_2$ eq	407,853	441,328	464,378
Scope 1+ Scope 2 intensity	tCO$_2$eq/100 million won	4.716	4.660	5.108

* Scope1 (direct emissions): GHGs directly emitted from the use of fossil fuel (diesel, gasoline, LNG, etc.)
  Scope2 (indirect emissions): GHGs occurring in the process of production of electricity, heat, and steam
  Scope3 (indirect emissions): GHGs emitted by business's stakeholders like subcontractors, consumers, and employees (coming to work/returning home/business trip), etc.

- Water

Category	Unit	2018	2019	2020
Total amount of water consumed	Thousand tons	2,092	1,882	1,940

- Designated waster emissions

Category	Unit	2018	2019	2020
Total amount of waste	ton	17,694	13,252	14,143
Ordinary waste	ton	8,659	8,157	8,865
Designated waste	ton	4,154	4,527	5,046
Discharge of Building Waste	ton	4,881	568	232
Total amount of waste recycled	ton	4,871	4,875	4,836
Percentage of recycling	%	27.5	36.8	34.2

Global initiatives

UN-SDGs

UN-SDGs (Sustainable Development Goals) announced by the UN in September 2015 are composed of 17 goals and 169 sub-targets that the international community should attain between 2016 and 2030 (for 15 years). We at KT strongly support them as those designed to turn the world into a better place to live in. We plan to contribute to realization of the said goals by facing challenges, getting a grasp of future business opportunities, and strengthening sustainability value.

UN-SDGs		Major activities carried out KT
3 GOOD HEALTH AND WELL-BEING	Goal 3 Ensure healthy lives and promote wellbeing for all at all ages	• Establishment of company-wide system for coping with COVID-19 • Operation of a psychological counseling center for employees' mental health management • Operation of the Industrial Safety/Health Committee for prevention of industrial disasters
4 QUALITY EDUCATION	Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Operation of KT e-mentoring, which is an "intact" learning mentoring for middle school students • IT SUPPORTERS, a program for strengthening people's digital capability • Promotion of a program for encouragement of learning, training of ICT experts, and raising awareness of social diversity
5 GENDER EQUALITY	Goal 5 Achieve gender equality and empower all women and girls	• Operation of five workplace childcare centers (in Mokdong/Hyehwa-dong/Umyeon-dong in Seoul and two in Bundang • Education for prevention of sexual harassment in workplaces • Election of a female outside director in a bid to expand diversity in members of the Board of Directors.
7 AFFORDABLE AND CLEAN ENERGY	Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all	• Operation of PV power stations in 82 locations throughout the country whose total capacity comes to 7.36 MW • Installation of a 900 KW-class fuel cell power station in Daegu Logistics Center • Promotion of smart energy business, with KT-MEG (Micro Energy Grid), an integrated energy management platform
8 DECENT WORK AND ECONOMIC GROWTH	Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Coming up with Sarang (Love) series of programs encouraging employees to help small businesses that have suffered greatly due to COVID-19 • Becoming the first ICT business one to sign an agreement for Business Engaging in Voluntary Win-Win Cooperation • Working with the Central Labor-Management Council to boost employees' morale and improve their welfare
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	• Winning the highest grade in accompanied growth index set by the Presidential Commission for Shared Growth for Large and Small Companies for six straight years since 2014 • Cooperation with subcontractors in new technology and solutions development • Providing support for subcontractors' smooth fund operation through agreements with Win-Win Cooperation Fund and financial institutions
10 REDUCED INEQUALITIES	Goal 10 Reduce inequality within and among countries	• Developed Mind-Talk App to make it possible for hearing-impaired persons to communicate with others in their own voice • Activities designed to bridge the divide in communications service and education for Smart Senior Care System • Humane Technology Challenge, a program for developing social economic enterprises aiming to create social value with digital technology
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Goal 12 Ensure sustainable consumption and production patterns	• Carrying out environmentally-friendly campaign JIUGAE as part of our effort to disseminate in-house environmentally-friendly atmosphere - Carrying out projects to use multi-use cups and delete unnecessary emails in computers to reduce digital waste • Environment risk management and support through subcontractors sustainable management assessment
13 CLIMATE ACTION	Goal 13 Take urgent action to combat climate change and its impacts	• The IDC in Yongsan, Seoul started using energy optimization from the design stage including installation of chilled water type pyrostats and pre-cooling/inverter-type highly efficient facilities. • Development of Robo Operator, an AI-based solution for building energy reduction • Operation of 1,000 units of EVs in 2020 for GHGs reduction

UN Global Compact

UN asks businesses to support the ten principles of UN Global Compact (UNGC), fulfill the ten universal principles in four sectors, i.e. human rights/labor/environment /anti-corruption, and provide comprehensive support UNDP. UN also sophisticated the Communication on Progress (COP) to Advanced Level to encourage businesses to fulfill their social responsibility and promote dialogues with stakeholders. Since joining the UN Global Compact in May 2008, we have made it a rule to put the ten principles in the said four sectors into action in our overall operation and will continue to strive to fulfill our social responsibility.

	UNGC ADVANCED CRITERIA	Pages in this report
1	State your organization's functions and business units.	p8-9
2	Explain your fulfillment of global compact principles within value chain.	p2, p65
3	State your strong commitment, strategy or policy about human rights.	p78-79
4	State your effective management system to integrate human rights principles.	p79-80
5	State effective monitoring and assessment mechanism concerning human rights principles.	p79-81
6	State your strong commitment, strategy or policy about labor.	p79-80
7	State your effective management system to integrate labor principles.	p69-70, p87
8	State effective monitoring and assessment mechanism concerning labor principles.	p70, p89
9	State your strong commitment, strategy or policy about environmental management.	p33-34
10	State your effective management system to integrate environment principles.	p33-34
11	State effective monitoring and assessment mechanism concerning environment management.	p33
12	State your strong commitment, strategy or policy about anticorruption.	p98
13	State your effective management system to integrate anticorruption principles.	p99-101
14	State effective monitoring and assessment mechanism for integration of anticorruption.	p101
15	State your core businesses' contribution to UN objectives and issues.	p112
16	State your strategic social investment and social contribution activities for UN objectives and solution of problems.	p61-65
17	State your support and participation in public policy for UN objectives and solution of problems.	p79, p112-113
18	State the status of our partnerships and collaboration activities for UN objectives and solution of problems.	p34, p69, p79
19	State your CEO's announcement and leadership about sustainability	p4-5
20	Explain your decision-making process and governance structure system for sustainability as a business.	p11
21	State stakeholder's participation.	p14

SASB

The Sustainability Accounting Standards Board (SASB) of the United States, which was launched in 2011, has announced Industry Standards, which classified financially important sustainability information into 11 sectors/77 industrial sectors according to Sustainable Industry Classification System in consideration of specificity of each industrial sector. According to the standards, KT belongs to "Telecommunication Sector." Our major activities are included in this Report as follows.

Sustainability Disclosure Topics & Accounting Metrics

Topics	Accounting Metrics	Category	Unit	Code	Remarks and Page
Emission in business operation	(1) Entire energy use, (2) Grid power ratio, (3) renewable energy ratio	Quantitative	GJ, %	TC-TL-130a.1	(1) 24,978 TJ / (2) 99.98% / (3) 0.02% KT is committed to energy saving through eco-friendly IDC construction, etc., and actively promoting the expansion of new and renewable energy. p41-42, p111
Data privacy	Policy and activities related to ad and customer personal information protection	Qualitative	n/a	TC-TL-220a.1	KT puts customer information protection as the first principle of corporate value and does its best to protect customer information through the systematization of customer information protection management and various services of customer information protection, etc. p57-59
	Number of customers collected for secondary use of customer information	Quantitative	People	TC-TL-220a.2	None. Because KT handles all collected personal information using an "opt-in" manner, personal information cannot be used for a secondary purpose. p59
	Financial loss due to violation of law/regulation related to customer information protection	Quantitative	Won (KRW)	TC-TL-220a.3	There is no violation of laws related to customer information protection. Business Report p422
	Customer information-related (1) number of cases of legal sanction, (2) number of customers whose information has been asked for, (3) percentage of disclosure	Quantitative	Cases, %	C-TL-220a.4	(1) None / (2) 283,105cases / (3) 100% KT cooperates to provide related data according to the statutory supply standards and manners upon the data request from government agencies under Article 93 (6) in the Telecommunication Business Act and Articles 2 and 13 in the Protection of Communications Secret Act. p59
Data security	(1) Number of cases of information security violation, (2) personal identification information (PII)-related infringement ratio, (3) number of users affected by information infringement	Quantitative	Cases, %	TC-TL-230a.1	(1) None / (2) None / (3) None Business Report p422
	Management-related approach concerning identification/definition of data security risks including use of third- party data security criteria	Qualitative	n/a	TC-TL-230a.2	Much attention has been paid to the importance of the use and management of data as data information such as big data has been widely used. KT identifies the major risks and potential business impacts and provides a countermeasure. p104-105
Waste management	(1) Resources recycled through resource recovery program, (2) percentage of resources reused, (3) percentage of recycled resources, (4) percentage of resources buried underground	Quantitative	ton, %	C-TL-440a.1	(1) 4,836ton / (2) 0% / (3) 34.2% / (4) 0% KT systematically manages the largest proportion of waste discharged from KT, which is communication waste and designated waste and makes efforts to maximize their recycling. p42-43, p111
Fair competition	Financial loss due to violation of law/regulation related to unfair competition	Quantitative	Won (KRW)	TC-TL-520a.1	KT has been warned of the violation of the Fair Trade Act and Agency Act by the Fair Trade Commission (the act of agency fee mis-payment) and self-corrected the violation by re-calculating a fee through our full investigation and improvements of electronic systems in agencies to prevent a recurrence. Business Report p422
Fair competition	(1) Company-owned contents and commercially associated contents, (2) Average speed of download of irrelevant contents	Quantitative	Mbps	TC-TL-520a.2	KT does not disclose download speed data distinguished by content category (KT owned, commercial, etc.).
	Explanation about crisis/opportunity related to net neutrality, paid peering, zero rating, etc.	Quantitative	n/a	TC-TL-520a.3	KT complies with the Guidelines on Network Neutrality and the Internet Traffic Management".
System risk management	(1) Frequency of system interruption, (2) Per-customer average hour of interruption	Quantitative	Frequency of system interruption; Per-customer average hour of interruption	TC-TL-550a.1	(1) None / (2) None KT sets the basic obligation of telecommunication providers as providing reliable telecommunication services and is devoted to preventing communication accidents by improving a response system of communication accidents and vulnerable communication facilities steadily. p57
Shut-off of technological service	A substitute system for providing normal service in case of service interruption	Qualitative	n/a	TC-TL-550a.2	KT does its best to prevent communication accidents and build a rapid response system through the promotion of the six strategic tasks to prevent communication disasters and accidents after the fire of KT's Ahyun Building Underground Communication Station in 2018. p73-75

* Amended by the MSIT (on 12.28. 2020)
** large communication failure : Communication service failure subject to user notification according to the Enforcement Decree of the Telecommunications Business Act amended in 2019

Activity Metrics

Items	Category	Unit	Code	Pages in this report
Number of wireless subscribers	Quantitative	People	TC-TL-000.A	22,306,000 persons p8
Number of wired subscribers	Quantitative	People	TC-TL-000.B	13,582,000 persons p8
Number of broadband wired subscribers	Quantitative	People	TC-TL-000.C	17,934,000 persons p8
Network traffic	Quantitative	PB(Petabytes)	TC-TL-000.D	2,243PB p57

* high speed internet, IPTV Subscribers

TCFD

In December 2015, the Financial Stability Board (FSB)* launched the (Task Force on Climate-related Financial Disclosures (TCFD) to cope with climate change more positively. The TCFD has developed international information disclosure framework requiring disclosure of financial information related to climate change in four areas, i.e. governance structure, strategy, risk management, and index/target designation system in recognition of the importance of economic decision making for coping with climate change. We at KT will meet such demand from the international community and strive to cope with climate change more positively.

*FSB: An international organization launched in 2009 as one under the control of G20 to strengthen the role of international financial regulation/supervision

TCFD recommendations		Pages in this report
Governance structure	a) Explain the Board of Directors' activities for management/supervision of risks/opportunities associated with climate change.	We, at KT, created our independent Environmental Management Committee under the direction of the Sustainable Management Committee, which is selected from the Board of Directors (BoD). The Environmental Management Committee gathers to discuss major environmental issues, such as company-wide energy use, GHG emissions and targets, and the ever-worsening fine-dust air pollution, and determines the optimal strategies to tackle these global issues. The Environmental Management Committee exclusively meets twice a year, studying environmental risks and seeking opportunities in response to climate change, formulating mid/long-term plans, and reporting to the Sustainable Management Committee and the BoD with status updates. Accordingly, the BoD recommends and approves the optimal plans to tackle important environmental issues and regularly supervises the progress of such initiatives. CDP, C1.1b. p33
	b) Explain the role of top managers evaluating/managing risks/ opportunities associated with climate change.	The Chief Operating Officer (COO) is responsible for formulating strategies to tackle climate change and recommend investments to accelerate these strategies and handle affairs related to the capital markets. Meanwhile, the CEO pushes spearheads the plan for GHG reduction and expanded use of renewable energy by utilizing our ABC (AI, BigData, Cloud) technology to attain our environmental management ambition of Net Zero 2050. CDP, C1.2, C1.2a p33
Strategy	a) Explain risks/opportunities associated with climate change that your organization has grasped on short/ mid/long-term.	Employees in the departments assigned to climate change stay apprised of environment-related mid-to long-term risks and opportunities in tandem with the Environmental Management Committee and disburse such information company-wide through an annual session of the Environmental Management Committee. We formulate strategies to resolve important issues (those with material financial risks) related to the risks and opportunities identified by the Environmental Management Committee to be reported to Sustainable Management Committee and the BoD for final approval. CDP, C2.2c, C2.3a, C2.4a, C3.1c p33, p39, p45
	b) Explain the impact of risks/ opportunities associated with climate change on your organization's business, strategy and financial plan.	As a business subject to the emissions trading system (ETS), we expect to face financial risks of about KRW 16 billion by 2025 and about KRW 80 billion due to the lack of carbon emission credits if we do not make company-wide efforts in GHG reduction. CDP, C2.5, C2.6 p39, p45
	c) Explain the flexibility of your management strategy that considers the scenario related to diverse climate changes including the 2°C included in the the Paris Agreement of 2016.	We are preparing to respond to scenarios (less than 1.5°C; 1.5°C- 2°C) presented by the Intergovernmental Panel on Climate Change (IPCC) and make every effort to minimize our financial risks associated with climate change by setting emission reduction targets. CDP, C3.1c, C3.1d p36-39

TCFD recommendations		Pages in this report
Risk management	a) Explain the procedure for identification/evaluation of climate change-related risks.	Our department in charge of Enterprise Risk Management (ERM) engages in integrated management of company-wide risks and also follows the protocols and policies of identification and evaluation of climate change-related risks. CDP, C1.2a, C2.2b p104-105
	b) Explain the procedure for management of climate change-related risks.	For the management of company-wide risks, we classify these into preemptive and post-risk management. Preemptive risk management is done through detection, analysis, internal control phases. Post-risk management is done through recognition, assessment, response KM (Knowledge Management) phases. CDP, C2.2d p104-105
	c) Explain how your procedure for identification/evaluation/management of climate change-related risks is integrated into your organization's overall risk management system.	Our department in charge of Enterprise Risk Management (ERM) engages in integrated management of company-wide risks CDP, C2.2 p104-105
Indicators and target for reduction	a) Disclose indicators used by your organization for evaluation of climate change-related risks per your management strategy and risk management procedure.	We use indicators, such as energy consumption, GHG emissions, energy basic unit, etc. in the evaluation of climate change-related risks and opportunities. CDP, C4.1 p111
	b) Disclose GHGs emissions in Scope 1, Scope 2, and Scope 3 if applicable, and relevant risks.	We disclose our GHG emissions statistics in our annual ESG report (formerly, the Integrated Report). * 2020 emission - Scope 1: 36,059 tCO_2 eq - Scope 2: 1,185,659 tCO_2 eq - Scope 3: 464,378 tCO_2 eq CDP, C5.1, C6.1, C6.3, C6.5 p36-39, p111
	c) Explain your organization's objective for management of climate change-related risks/opportunities and results.	We plan to reduce GHG by 35% compared to that in 2007 by 2030. Members of the E- (environment) subcommittee council of the ESG Committee explore and execute items for company-wide GHG reduction every year and report the results to the ESG Committee, the Sustainable Management Committee, and the BoD. CDP, C4.1 p33-34, p36

Third-Party Verification Statement

To readers of KT 2021 ESG Report

Introduction

Korea Management Registrar (KMR) was commissioned by KT to conduct an independent assurance of its KT 2021 ESG Report (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of KT. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with KT and issue an assurance statement.

Scope and Standards

KT described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Comprehensive Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations and SASB.

• GRI Sustainability Reporting Standards
• Universal standards
• Topic specific standards
   - Management approach of Topic Specific Standards
   - GRI 418: Customer Privacy
   - GRI 419-1: Socioeconomic Compliance
• SASB Sustainability Disclosure Topics & Accounting Metrics
• TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of KT's partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

• Reviewed the overall Report;
• Reviewed materiality assessment methodology and the assessment report;
• Evaluated sustainability strategies, performance data management system, and processes;
• Interviewed people in charge of preparing the Report;
• Reviewed the reliability of the Report's performance data and conducted data sampling;
• Assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by KT to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with KT on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Comprehensive Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

• **Inclusivity**
KT has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

• **Materiality**
KT has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

• **Responsiveness**
KT prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of KT's actions.

• **Impact**
KT identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

• **Reliability of Specific Sustainability Performance Information**
In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with KT and did not provide any services to KT that could compromise the independence of our work.

June 2021 Seoul, Korea

CEO **Hwang Eun Joo**

GHGs Verification Statement

Verification Statement

Verification No.	KQA-T2005	
Company	KT Corporation	
Representative	Ku Hyeon-Mo	
Business Registration No.	102-81-42945	
Address	90, Buljeong-ro, Bundang-go, Seongnam-si, Gyeonggi-do, Republic of Korea	

KQA confirms that the cerification result of GHG emissions and energy consumption reports of above company is proper.

Regulation Applied The GHG and Energy Target Scheme Guidelines Verification Guidelines for GHG Emissions Trading Scheme

Verification Scope GHG emissions and energy consumption reports (in the year of 2020)

GHG emissions total

	Scope 1	Scope 2	Total
GHG emissions (ton Co₂-eq)	36,059	1,221,718	1,221,718
Energy consumption (TJ)			24,978

Verification Term 2 March 2021 ~ 31 May 2021

Date of issue 2 June 2021

KQA
Q.Assurance

Korea Quality Assurance

(GHG·Energy verification body 「2011-3rd」 accredited by the ministry of environment.)
The details regarding the range of this Verification Statement and requirement of the GHG and
Energy target scheme guidelines can be obtained by requesting to the relevant organization.
KQA Adress : 2Fl., Hojeong Bldg., 49, Manan-ro, Manan-gu, Anyang-si, Gyeonggi-do, 14034, Republic of Korea

GRI Index

Topic		Disclosure	ISO 26000	Page
Universal Standards				
GRI 102 : General Disclosure				
Organizational profile	102-1	Name of the organization	6.3.10/6.4.1-6.4.2/6.4.3/6.4.4/ 6.4.5/6.8.5/7.8	p8
	102-2	Activities, brands, products, and services		p8-9, p22-25
	102-3	Location of headquarters		p8
	102-4	Location of operations		p8
	102-5	Ownership and legal form		p8, p108
	102-6	Markets served		p8
	102-7	Scale of the organization		p8
	102-8	Information on employees and other workers		p8, p109
	102-9	Supply chain		p69-71
	102-10	Significant changes to the organization and its supply chain		p9, p11
	102-11	Precautionary Principle or approach		p104-105
	102-12	External initiatives		p112-117
	102-13	Membership of associations		p125
Strategy	102-14	Statement from senior decision-maker	4.7/6.2/7.4.2	p4-5
	102-15	Key impacts, risks, and opportunities		p104-105
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	4.4/6.6.3	p898-99
	102-17	Mechanisms for advice and concerns about ethics		p89, p100
Governance	102-18	Governance structure	6.2/7.4.3/7.7.5	p93-96
	102-19	Delegating authority		p11
	102-20	Executive-level responsibility for economic, environmental, and social topics		p11
	102-21	Consulting stakeholders on economic, environmental, and social topics		p14
	102-22	Composition of the highest governance body and its committees		p93-96
	102-23	Chair of the highest governance body		p94
	102-24	Nominating and selecting the highest governance body		p95
	102-25	Conflicts of interest		p95-96
	102-26	Role of highest governance body in setting purpose, values, and strategy		p93-96
	102-27	Collective knowledge of highest governance body		p93-94
	102-28	Evaluating the highest governance body's performance		p95-96
	102-29	Identifying and managing economic, environmental, and social impacts		p96
	102-30	Effectiveness of risk management processes		p104
	102-31	Review of economic, environmental, and social topics		p104-105
	102-32	Highest governance body's role in sustainability reporting		p11
	102-33	Communicating critical concerns		p96
	102-34	Nature and total number of critical concerns		p95
	102-35	Remuneration policies		p96
	102-36	Process for determining remuneration		p96

GRI Index

Topic		Disclosure	ISO 26000	Page
Governance	102-37	Stakeholders' involvement in remuneration	6.2/7.4.3/7.7.5	p96
	102-38	Annual total compensation ratio		p96
	102-39	Percentage increase in annual total compensation ratio		p96
Stakeholder engagement	102-40	List of stakeholder groups	5.3	p14
	102-41	Collective bargaining agreements		p89
	102-42	Identifying and selecting stakeholders		p14
	102-43	Approach to stakeholder engagement		p14
	102-44	Key topics and concerns raised		p16-17
Reporting practice	102-45	Entities included in the consolidated financial statements	5.2/7.3.2/7.3.3/7.3.4	Business Report p26
	102-46	Defining report content and topic boundaries		p17
	102-47	List of material topics		p17
	102-48	Restatements of information		p53, p108
	102-49	Changes in reporting		p15
	102-50	Reporting period	7.5.3/7.6.2	p2
	102-51	Date of most recent report		p2
	102-52	Reporting cycle		p2
	102-53	Contact point for questions regarding the report		p2
	102-54	Claims of reporting in accordance with the GRI Standards		p2
	102-55	GRI content index		p121-124
	102-56	External assurance		p118-119
Topic-specific Standards				
GRI 200 : Economy				
Economic performance	201-1	Direct economic value generated and distributed	6.8.1-6.8.2/6.8.3/6.8.7/6.8.9	p108
	201-2	Financial implications and other risks and opportunities due to climate change	6.5.5	p39
	201-3	Defined benefit plan obligations and other retirement plans	6.8.7	100% for FTE
	201-4	Financial assistance received from government	-	Business Report p92
Indirect economic impacts	203-1	Infrastructure investments and services supported	6.3.9/6.8.1-6.8.2/6.8.7/6.8.9	p55-57
	203-2	Significant indirect economic impacts	6.3.9/6.6.6/6.6.7/6.7.8/6.8.1-6.8.2/6.8.5/6.8.7/6.8.9	p55-57, p108
Procurement practices	204-1	Proportion of spending on local suppliers	6.4.3/6.6.6/6.8.1-6.8.2/6.8.7	p108
Anti-corruption	103	Management Approach	6.6.1-6.6.2	p97
	205-1	Operations assessed for risks related to corruption	6.6.1-6.6.2/6.6.3	p100-101
	205-2	Communication and training about anti-corruption policies and procedures		p98-100
	205-3	Confirmed incidents of corruption and actions taken		p101
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.6.1-6.6.2/6.6.5/6.6.7	p101
Tax	207-1	Approach to tax	6.6.1-6.6.2/6.6.3	p102
	207-2	Tax governance, control, and risk management		p102
	207-3	Stakeholder engagement and management of concerns related to tax	7.5.1-7.5.2/ 7.5.3	p102

Topic		Disclosure	ISO 26000	Page
GRI 300 : Environment				
Materials	301-2	Recycled input materials used	6.5.4	p43
Energy	103	Management Approach	6.5.4	p40
	302-1	Energy consumption within the organization	6.5.4	p41
	302-2	Energy consumption outside of the organization		p41
	302-3	Energy intensity		p111
	302-4	Reduction of energy consumption	6.5.4/6.5.5	p38-39
	302-5	Reductions in energy requirements of products and services	6.5.4/6.5.5	p38-39
Water	303-1	Interactions with water as a shared resource	6.5.4	p43
Emissions	103	Management Approach	6.5.5	p35
	305-1	Direct (Scope 1) GHG emissions	6.5.5	p36-37
	305-2	Energy indirect (Scope 2) GHG emissions		p36-37
	305-3	Other indirect (Scope 3) GHG emissions		p36-37
	305-4	GHG emissions intensity		p37
		Reduction of GHG emissions		p38-39
Waste	306-2	Management of significant waste-related impacts	6.5.3	p43
Environmental compliance	307-1	Non-compliance with environmental laws and regulations	4.6	N/A
Supplier environmental assessment	103	Management Approach	6.5.3	p66
	308-1	New suppliers that were screened using environmental criteria	6.5.3/6.6.6/7.3.1	p69
	308-2	Negative environmental impacts in the supply chain and actions taken		p70-71
GRI 400 : Society				
Employment	103	Management Approach	6.4.3	p83
	401-1	New employee hires and employee turnover	6.4.3	p109
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4.4/6.8.7	p88
	401-3	Parental leave	6.4.4	p110
Labor/management relations	402-1	Minimum notice periods regarding operational changes	6.4.3/6.4.5	p87
Occupational health and safety	103	Management Approach	6.4.6	p72
	403-1	Occupational health and safety management system	6.4.6	p75
	403-2	Hazard identification, risk assessment, and incident investigation		p75-76
	403-3	Occupational health services	6.4.6/6.8.8	p75-76
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.4.6	p75
	403-5	Worker training on occupational health and safety	6.4.6/6.8.8	p76
	403-6	Promotion of worker health	6.4.6	p76-77
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p76-77, p81
	403-8	Workers covered by an occupational health and safety management system		p75
	403-9	Work-related injuries		p110
	403-10	Work-related ill health		p75-76

GRI Index

Topic		Disclosure	ISO 26000	Page
GRI 400 : Society				
Training and education	103	Management Approach	6.4.7	p83
	404-1	Average hours of training per year per employee	6.4.7	p110
	404-2	Programs for upgrading employee skills and transition assistance programs	6.4.7/6.8.5	p84-86
	404-3	Percentage of employees receiving regular performance and career development reviews	6.4.7	p85
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	6.2.3/6.3.7/6.3.10/6.4.3	p94, p109
	405-2	Ratio of basic salary and remuneration of women to men	6.3.7/6.3.10/6.4.3/6.4.4	Business Report p399
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.3.6/6.3.7/6.3.10/6.4.3	p101
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.3.3/6.3.4/6.3.5/6.3.8/6.3.10/6.4.5/6.6.6	p69-70
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	6.3.3/6.3.4/6.3.5/6.3.7/6.3.10/6.6.6/6.8.4	p69-70
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.3.3/6.3.4/6.3.5/6.3.10/6.6.6	p69-70
Security practices	410-1	Security personnel trained in human rights policies or procedures	6.3.4/6.3.5/6.6.6	p80
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	6.3.4/6.3.6/6.3.7/6.3.8/6.6.7/6.8.3	p82
Human rights assessment	103	Management Approach	6.3.3	p78
	412-1	Operations that have been subject to human rights reviews or impact assessments	6.3.3/6.3.5/6.6.6	p79-80
	412-2	Employee training on human rights policies or procedures	6.3.5	p80
		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.3.3/6.3.5/6.6.6	p79, p82
Local communities	103	Management Approach	6.3.9	p60
	413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9/6.5.1-6.5.2/6.5.3/6.8	p61-65
Supplier social assessment	103	Management Approach	6.3.5	p66
	414-1	New suppliers that were screened using social criteria	6.3.5/6.4.3/6.6.6/7.3.1	p70
	414-2	Negative social impacts in the supply chain and actions taken		p70-71
Public policy	415-1	Political contributions	6.6.1-6.6.2/6.6.4	p102
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	6.7.1-6.7.2/6.7.4/6.7.5/6.8.8	p73-75
		Incidents of non-compliance concerning the health and safety impacts of products and services	4.6/6.7.1-6.7.2/6.7.4/6.7.5/6.8.8	N/A
Marketing and labeling	417-1	Requirements for product and service information and labeling	6.7.1-6.7.2/6.7.3/6.7.4/6.7.5/6.7.9	p102
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.6/6.7.1-6.7.2/6.7.3/6.7.4/6.7.5/6.7.9	p102
	417-3	Incidents of non-compliance concerning marketing communications	4.6/6.7.1-6.7.2/6.7.3	p102
Customer privacy	103	Management Approach	6.7.1-6.7.2	p50
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.7.1-6.7.2/6.7.7	p457-59
Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	4.6/6.7.1-6.7.2/6.7.6	Business Report p422

Prizes received

2021

	Prizes	Hosted
Jan.	2021 Korea Brand Hall of Fame (Area of AI Speaker and Kid Content)	Institute of Industrial Policy Studies (IPS)
	A.N.D. Award Digital Media & Service Grand Prix	Korea Digital Enterprise Association
Feb.	Stevie Awards KT Customer Contact Center's COVID-19 Response (Bronze Award)	Stevie Award
Mar.	K-BPI (Korea Brand Power Index : Brand power in Korean Industries) First rank in the IPTV area	KMAC
	Winner of Red Dot Design Award 2021 in Energy and Power area	Design Center Nordheim Westphalia, Germany
Apr.	Mobile Platform Award (Solution Area)	The Korea Big Data Society
	Winner of iF Design Award 2021 in Product Telecommunication	Industrial Designers Society of America
	The first rank of NCSI (National Customer Satisfaction Index) in landline and IP telephone	KPC

2020

	Prizes	Hosted
Jan.	The first rank of Korea Brand Hall of Fame in IPTV and Kid Content areas	IPS
Feb.	GLOMO Awards UN SGDs in mobile contribution area GEPP(Global Epidemic Prevention Platform)	GSMA
Mar.	K-BPI (Korea Brand Power Index : Brand power in Korean Industries) First rank in the high-speed Internet area	KMAC
	The first rank of the NCSI (National Customer Satisfaction Index) in communication/Internet area high-speed Internet, IPTV, IP telephone, Landline	KPC
Apr.	First rank in INNOSTAR (2019 top INNOSTAR innovation product) IPTV area	KMR
May	The first rank of KSQI_Call Center Communication/Internet area, landline (certification of excellent call center)	KMAC
Jul.	Total Grand Prize in the telecommunication/Internet sector at the Korea Service Awards	KSA
Sep.	KT Giga Internet Top award in high-speed Internet area of 2020 National Service Awards	IPS
	The top award in high-speed Internet area of National Brand Competitiveness Index (NBCI)	KPC
	Stevie Awards International Business Grand Prize in best technical innovation area GEPP of response to COVID-19	Stevie Award
	5G World Award Best 5G Innovation Award (5G Cloud Autonomous Driving) Best Communication Service Innovation Award (GEPP)	Informa
Oct.	The first rank in Korea Sustainability Readers' Choice	KSA
Nov.	First rank in civil complaint-related satisfaction in telecommunication service provider	Ministry of Science and ICT
	User protection business evaluation Telecommunication service provider High-speed Internet highly recommended / Mobile phone excellent	Korea Communications Commission
Dec.	Korea Safety Technology Award	Ministry of Public Administration and Security
	Commendation from the Minister for Contribution to Cloud Industry Development in 2020	Ministry of Science and ICT (MSIT)

Associations and Accademies

	Associations and Accademies
Domestic associations and societies	Korea ESS Industry Development Association (KEIDA), IDC Korea, IOT Korea, Association for Supporting the SDGs for the UN (ASD), SDN/NFV Forum, Korea VR-AR Industry Association, Defense Information Communication Association, Defense NCW Forum, Korea Radio Promotion Association (RAPA), TTA, ITU, KTOA, SMPA, Korea IPTV Broadcasting Association, etc.
Associations and societies outside the country	5GAA, UNGC, UNWTO, KAIT, OCF, GCF, WBA, 3GPP GSMA, O-RAN Alliance, Wi-Fi Alliance