ESG APPROACH

2022 ESG Highlights

Environmental

Operation of PV Power Stations

100 locations nationwide
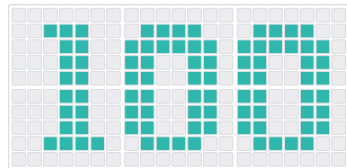
Expanding the GHG emissions management system to group companies

10 companies nationwide

Companywide GHG reduction

37 k tons

Social

Graded as the best in the Win-win Index

8 BEST GRADE consecutive years

Investments and staffing in data protection
No. 1 in the telecommunications industry

KRW **103.5** billion

ESG assessment support

Total **468** suppliers

Governance

Application of the group compliance platform

25 companies

Governance rating by KCGS
KT, kt skylife, kt cs, Kbank

4 group companies **A** grade

General

Recognized for excellence by major ESG assessment institutions

A grade

KCGS
SUSTINVEST
MSCI

External evaluations and Awards

2023. 02
CDP Hall of Fame

CDP DISCLOSURE INSIGHT ACTION

Platinum Club

2022. 09
KT IT Supporters
Organization for Overcoming Dementia Recognized by the

Ministry of Health and Welfare

Minister of Health and Welfare

2022. 11
KRCA
Korea's Sustainability Report Award

KSA KOREAN STANDARDS ASSOCIATION

Total **11** times

Korea ESG Ranking 120
Hankyung ESG
4Q 2022 ~ 2Q 2023

1
Overall st

2022. 11
KS-CQI
Korea Call Center Quality Index
Best Call Center in Korea

KS-CQI

9 consecutive years

2022. 10
WBA
Best WiFi network provider for

WBA INDUSTRY AWARDS

2 consecutive years

2022. 12
Glotel Awards 2022

GLOTEL AWARDS

Best **Telco**

2022. 12
ACA
Asia Communications Awards 2022
5G, Telco of the Year

aca

5G

2022. 11
WCA World Communications Awards 2022

wca

5G Implementation Award	Telecom Company of the Year	B2B Service of the Year
(5G category)		(AI solutions)
5 consecutive years	**5** consecutive years	**2** consecutive years
AWARDS	AWARDS	AWARDS

2022. 11
Korea Brand Hall of Fame 2023
Institute for Industrial Policy Studies

KBHF 2023

Kids' content **5** consecutive years

AI speaker **7** consecutive years

2022. 08
Maekyung Media Group
Korea Accounting Awards

Grand Prize

ESG Strategy

Management Strategy and Goals

In order to become an ESG leader of global standing and enhance its corporate value, KT has established the company's strategic direction in the environmental(E), social(S), and governance(G) areas and selected eight core tasks for 2023. KT aims to reinforce its status as a domestic ESG leader by establishing environmental management in the corporate value chain and expanding ESG management to all group companies.

Vision

KT is contributing to the development of Korea by transforming customers' lives and leading innovation in other industries

Direction

Transform and grow into a telecommunication digital platform company

ESG Management Goals

Realize sustainable growth by accelerating the transition into a digital platform and expanding public trust

Three Main Strategies

Lead environmental management with digital technology

Leverage digital technology in order to fulfill social responsibilities

Realize transparent management with the most compliant and fair implementation in Korea

Direction for 2023

Implementation of Net Zero based on expanded digital platform competency

Expansion social responsibility by empowering digital citizens

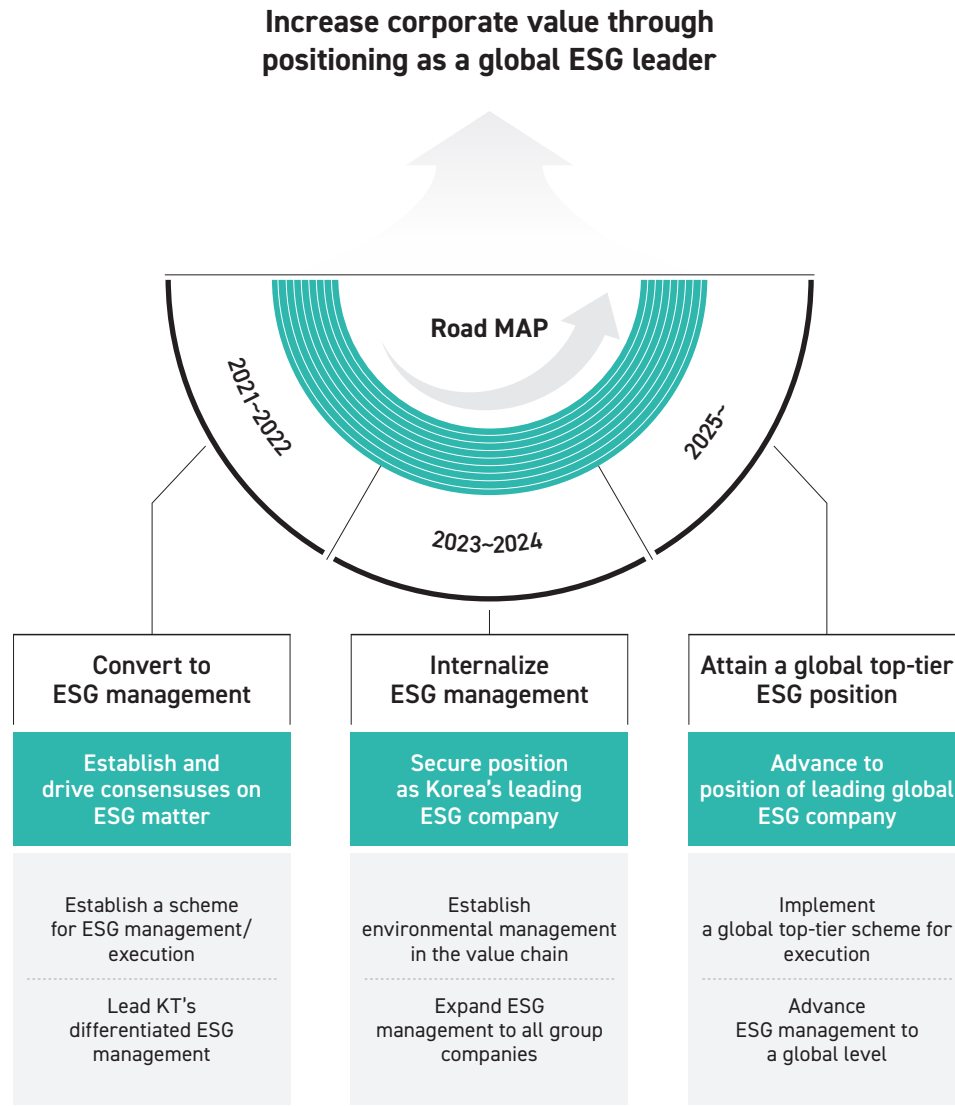Establishment of KT Group's ESG management system and strengthening of labor-management cooperation

Eight Core Tasks

| 01 | Advance the Net-Zero strategy and roadmap for the implementation of RE100 |
| 02 | Identify carbon neutral BM synergies within the value chain |

03	Promote Digital Citizen project
04	Continue to bridge the digital divide through the alignment of Social DX
05	Strengthen supplier support to internalize ESG strategies within the supply chain
06	Manage digital safety and strengthen the safety culture

| 07 | Advance KT Group's governance and compliance |
| 08 | Strengthen ESG management jointly by labor and the management and boost employee confidence |

ESG Management Roadmap

Increase corporate value through positioning as a global ESG leader

Road MAP

2021~2022

2023~2024

2025~

Convert to ESG management	Internalize ESG management	Attain a global top-tier ESG position
Establish and drive consensuses on ESG matter	**Secure position as Korea's leading ESG company**	**Advance to position of leading global ESG company**
Establish a scheme for ESG management/ execution	Establish environmental management in the value chain	Implement a global top-tier scheme for execution
Lead KT's differentiated ESG management	Expand ESG management to all group companies	Advance ESG management to a global level

ESG Management at the Governance Level

KT has been operating the ESG Management Promotion Office since 2021 to strengthen ESG management. The ESG Management Promotion Office operates the ESG Promotion Committee and reports the results of the committee to the Sustainability Management Committee under the BOD, the highest decision-making body for ESG strategy. In addition, the ESG Promotion Committee receives advise from the ESG Management Advisory Committee, and external expert group, to explore ways to improve advanced ESG management.

The ESG Management Promotion Office set mid- to long-term goals in the areas of safety and health, information protection, diversity, and human rights among major issues in the social sector, and reported the plans to the ESG Promotion Committee. In the future, the ESG Promotion Committee plans to continuously monitor, manage, and supervise ESG activities to achieve these mid- to long-term goals.

Governance

Board of Directors

Sustainability Management Committee

ESG Promotion Committee

ESG Management Advisory Committee

Advisory

Co-chaired by the head of the Management Support Division and the chairman of the labor union

ESG Promotion Committee Mid- to long-term targets in four social areas

Safety and health	We are conducting risk assessments to identify workers' safety and health hazards/risk factors and mitigate risk factors through follow-up measures, and are striving to reduce harmful factors by establishing risk factor reduction measures. **"We will strive to improve the overall improvement rate of the safety and health risk assessment conducted every year."**
Infor- mation pro- tection	In order to systematically manage information protection/security, we are discovering and strengthening vulnerabilities through items such as account authority management, access record management, encryption, and personal information destruction through 'inspection of personal information protection measures' for the personal information processing system. **"We will manage and improve the status of actions for deficiencies found through the inspection on an annual basis."**
Diversity	For fair and non-discriminatory employment with regard to gender, age, educational background, and disability that corresponds to the diversity of executives and employees, **"We will establish a culture that embraces diversity among our employees and improve their awareness."**
Human rights	Human rights risks are selected and diagnosed for each major activity and type for the entire ecosystem. **"We will always monitor the diagnosis of human rights risks and manage them every year so that the risks can be mitigated."**

ESG Core Tasks

Through a joint labor-management declaration in 2021, KT selected 10 key ESG tasks and established an ESG governance and execution system. Based on this, in 2022, KT led differentiated ESG management by implementing ESG core tasks more systematically and efficiently. Through this report, KT intends to share its achievements in 2022 with stakeholders.

Achievements in 2022

Accelerating of Net Zero by strengthening energy BM alignment

Establishment and dissemination of an RE100 implementation model in Korea

Completed RE100 registration(Jun) and established a roadmap for implementation

· Set renewable energy supply and demand targets for all stages, establish a renewable energy procurement strategy through including self-generation and PPAs

Built 16 new solar power sites

· A total of 100 centers in operation(8MW/year)

Energy efficiency with green DX solutions

Fully addressed greenhouse gas emissions through the Greenhouse Gas Integrated Management System

· Companywide GHG reduction

37 k tons

Established an automation system for air conditioner operation at branch offices

· Applied to 1,200+ branches in 2022 (KRW 100 million cost savings)
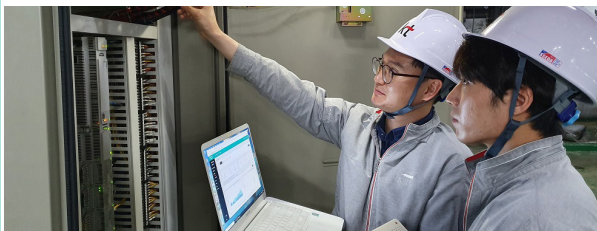
Strengthening of carbon neutrality by value chain

Cooperated in an eco-friendly recycling system piloted by LG Chem and partners

· Recycled plastic waste such as set-top boxes into eco-friendly devices(10,000 units)

Created manuals for operations covering compliance with eco-friendly standards, purchasing plans by SCM stage, etc.

Extended the KT Greenhouse Gas Integrated Management System to group companies

· 10 Group companies including kt skylife, kt cloud, etc. completed integration

Achievements in 2022

Leveraging digital technology to advance the creation of social value

Maximization of social impact based on inclusive collaboration

Launched the 'Digital Citizen' project to address negative digital outcomes
- Implemented collaborative leadership among businesses and specialized organizations such as education, healthcare, and legal institutions
- Nationwide digital education for citizens and support activities for people victimized by digital technology

Led in resolving community issues through 'Gwanghwamun One Team 2.0'
- Expanded to 20 participating organizations, and currently being promoted nationwide, including Gangwon, Sejong, and Daegu
- Expanded activities such as local economy and environmental campaigns in addition to local commercial areas

Fostered ESG startups and strengthened the support system
- Raised investment through joint ESG funding
- Held season two of the 'Warm technology plus Challenge' program (six companies were supported)

Fulfillment of social responsibility using digital technology

Expanded training courses using the digital technology of IT Supporters
- Digital divide education for 45,000 trainees (3.73 million in total)

Added an AI coding course to E-mentoring
- Closed the learning gap for 3,300 people (a total of 5,500 trainees)
- Helped strengthen the digital skills of the future generation by adding an AI coding course

Celebrated the 20th anniversary of Reverse Hearing Loss
- Reaffirmed the integrity of KT's flagship long-term social contribution program

AIVLE School became Korea's leading AI talent development program
- Trained 600 people in 2022 (6 months, 840 hours per person)
- Support for job placement with KT Group, etc. (81% job placement rate in the first program)

Support for the ESG management of suppliers

Acquired top ratings on the Shared Growth Index for eight consecutive years
- Highly rated for supporting the global expansion of suppliers, fostering ventures, and strengthening technology competitiveness

8 BEST GRADE

Supported ESG evaluations to strengthen the ESG management of suppliers
- Expanded support to cover suppliers in all areas
- Utilized specialized evaluation agencies and implemented consulting for sub-supplier companies

Establishment of a safety first ICT-based business environment

KT Group and its suppliers have continued to establish a culture that prioritizes safety
- Upgraded the Prevention and Response Manual for Major Disasters
- Prepared risk training scenarios for each business site and conducted periodic inspections

Continued reinforcing safety infrastructure, including by introducing new safety equipment
- Opened the Zero Serious Disaster Safety Experience Center
- Introduced additional safety equipment such as IoT helmet and bucket vehicles
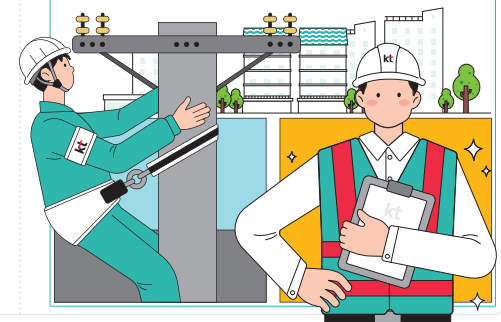
Achievements in 2022

Expanding the ESG management of KT Group and strengthening labor-management cooperation

Support to improve the governance of group companies

Helped improve the governance of group companies

· Disseminated information on issues of governance and responded to requests for support (year-round consultations)

Supported listed companies of the group in responding to ESG evaluations

· Provided ESG consulting to nine listed companies including Nasmedia, kt Alpha, etc. and kt cloud
· Held a consultation session on responding to ESG rating agencies

Expansion of compliance across Group companies

Implemented a diagnosis of the KT compliance system with the assistance of an external expert organization (October)

Provided consulting on compliance to group companies

· 11 companies including kt Telecop, kt Linkus, Genie Music, kt cloud, etc.

Extended the compliance platform to group companies

· 25 Group companies

Joint ESG management by labor-management and enhanced employee pride

Labor and management undertook various ESG activities

· Held an employee walking donation event
· Expanded the reusable cup campaign

Raised awareness through stronger promotion of ESG

· TV commercial on long-term social contributions (3.65 million YouTube views)

Enhanced external recognition of KT's ESG management

· Ranked No. 1 in 'Korea's ESG Ranking 120'(Hankyung ESG)
· Received the Korea Sustainability Report Award (Korea Standards Association)

Eight Core Tasks for 2023

KT established and realized a consensus on ESG management among employees through the 10 tasks undertaken in the past. In 2023, we selected eight new core tasks to internalize ESG management and establish KT's status as Korea's representative ESG company, and set specific promotion directions for each area.

E

Net Zero implementation based on expanded digital platform competency

1 Advancing the Net Zero strategy and the roadmap for RE100 execution

Redefining our mid- to long-term carbon neutrality strategy
· Reset step-by-step targets for carbon neutrality and refine detailed action plans
· Establish a roadmap for RE100 implementation at the group level

Strengthening execution to achieve RE100
· Increase the proportion of renewable energy
· Continue to expand the number of solar power generation
· Diversify the procurement of renewable energy through green tariffs, PPAs*, etc.

Establishing a system to address the global climate change disclosure requirements of the SEC*
· Mandatory climate change disclosure for SEC-listed companies starting 2024
· Establish a methodology for calculating GHG emissions for the KT Group

2 Identifying and reinforcing BM synergy for carbon neutrality in the value chain

Expanding the program for the recycling of eco-friendly lease terminals
· Reproduce eco-friendly lease terminals by re-using set-top boxes and other plastic waste
· Target deployment of 2.5 million new lease terminals per year

Establishing a recycling system for network cables/devices
· Establish recycling processes for fiber, wired and wireless devices

Building and operating a customer-focused integrated platform for carbon neutrality
· Collect the carbon reduction activities of customers on the platform to provide reward points to customers
· Conduct a pilot operation of reusable containers at KT Wiz Park

*
PPA(Power Purchase Agreement) : Agreement for direct trade of power between power suppliers and users instead of going through the market
SEC : Securities and Exchange Commission of US

S

Push for greater social responsibility by diffusioning digital citizen project

3 Promoting the Digital Citizen Project

Building training infrastructure and expanding education
· Develop educational contents and digital citizen types
· Increase the number of schools collaborating with the Ministry of Education to expand corporate education

Supporting the daily recovery of people victimized by digital technology
· Support legal and psychological counseling for vulnerable groups
· Promote activities to improve laws and systems for preventing adverse incidents involving digital technology

4 Continuously bridging the digital divide through social DX

Advancing long-term social contribution activities associated with DX technology
· Link with Reverse Hearing Loss and Genie TV, expand AI coding training for IT Supporters

Strengthening companionship with the socially disadvantaged with government and local government
· Provide DX training for social welfare workers(10,000 workers) and vendors at traditional markets
· Train 1,000 ICT instructors for elderly persons living alone (in collaboration with Korea Labor Force Development Institute for the Aged)

Promoting nationwide sharing activities through the Share Affection application
· Promote walking donations, expand local specialty products, etc.

5 Strengthening supplier support to internalize ESG in the supply chain

Expanding ESG evaluation support to suppliers

Providing focused ESG consulting to key suppliers(20 companies) and underperforming companies(20 companies)

6 Expanding digital safety management and the safety culture

Instilling a culture that prioritizes safety at KT Group companies and suppliers

Streamlining safety management systems to strengthen preparedness against potential serious disasters

Introducing smart safety equipment and strengthening safety training

G

Establishment of an ESG management system within KT Group and strengthening of labor-management cooperation

7 Advancing governance and compliance at KT Group

Enhancing the platform for self-inspection of KT compliance
· Register items vulnerable to compliance violations on site and enhance the system to extract and analyze data on violations data automatically

Promoting special compliance diagnosis for overseas and new Group companies

Improving corporate governance of listed Group companies and supporting response to external ESG evaluations

8 Empowering joint ESG management by labor-management and strengthening employee confidence

Operating labor-management environmental campaigns
· Expand the Sharing Affection application and the walking donation campaign to the entire group
· Expand reusable cups to regional head offices

Conducting ESG activities using Genieverse(Metaverse)
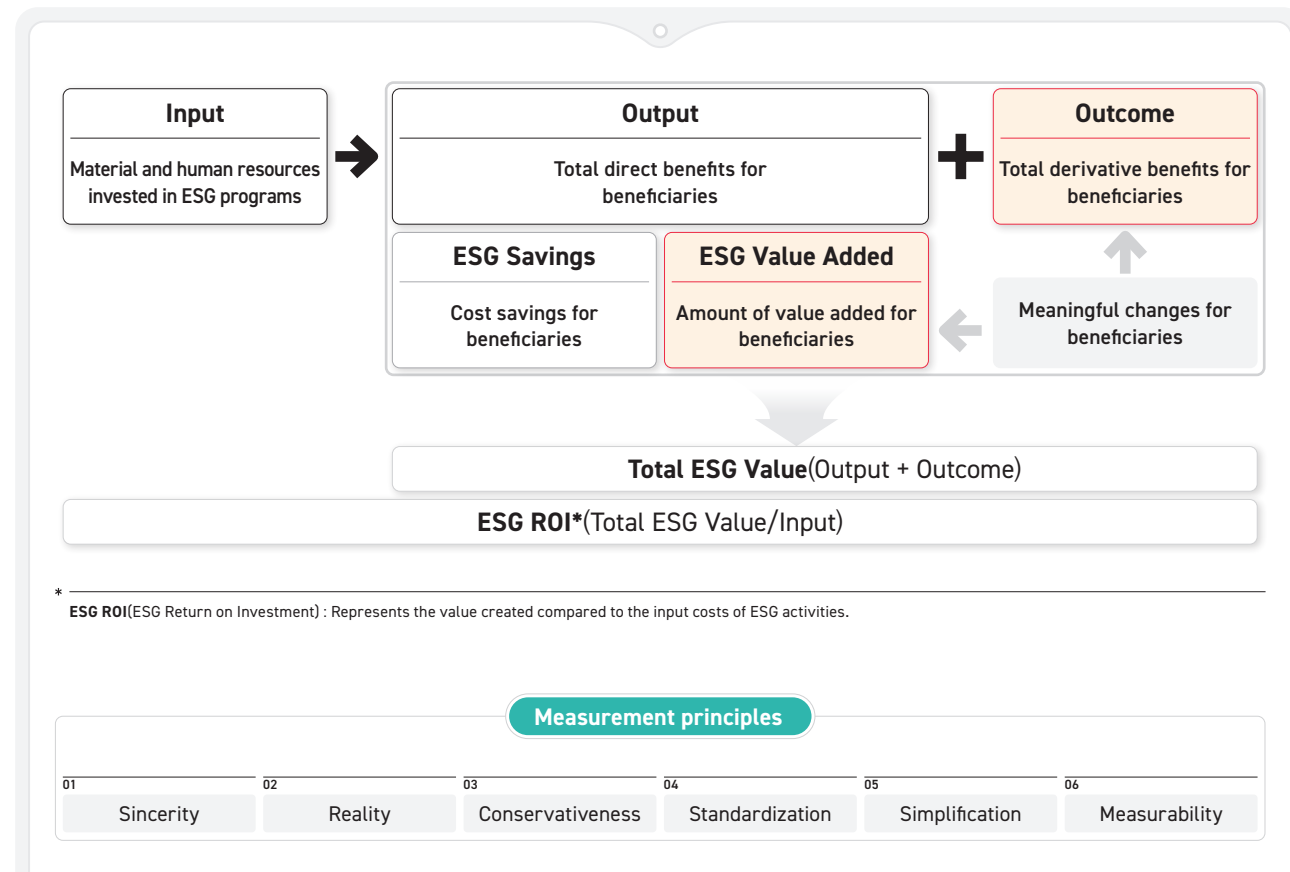· Provide environmental training, donations, volunteer activities, etc.

Operating a campaign to increase the number of digital citizens
· Participate in digital citizen education, donations to support victims of adverse digital incidents

Development of an ESG Value Measurement Model

KT developed the 'KT ESG Value Measurement Model' in cooperation with Yonsei University's ESG/Corporate Ethics Research Center to continuously improve and expand its ESG management. Through this study, we analyzed the environmental and social impacts of KT's ESG activities on stakeholders and converted our ESG performance into monetary value. In 2022, we piloted the measurement of greenhouse gas reduction activities, digital talent development and win-win cooperation programs, and long-term social contribution activities, and we plan to expand the scope of measurement and detailed indicators in the future. KT will continue to enhance the effectiveness of its ESG activities and integrate them actively with its business strategies to create greater ESG value.

kt | 🛡 YONSEI UNIVERSITY

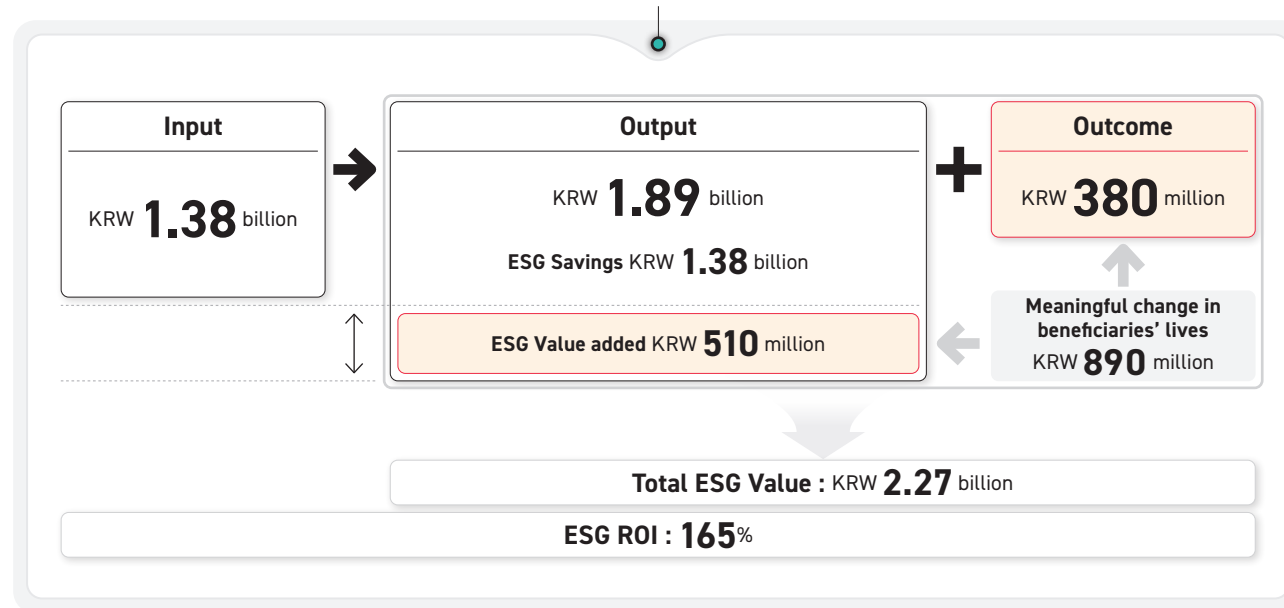## KT ESG Value Measurement

KT's ESG value measurement model

clearly categorizes our creation of ESG value into direct benefits(output) and derivative benefits(outcome). From the perspective of the beneficiaries, direct benefits are divided into cost reductions and added value to thoroughly analyze meaningful changes for the beneficiaries.

We also utilize the concept of ESG ROI(ESG return on investment) to drive more impactful and effective ESG activities with limited resources.

Input

Material and human resources invested in ESG programs

➡

Output

Total direct benefits for beneficiaries

+

Outcome

Total derivative benefits for beneficiaries

ESG Savings

Cost savings for beneficiaries

ESG Value Added

Amount of value added for beneficiaries

Meaningful changes for beneficiaries

Total ESG Value(Output + Outcome)

ESG ROI*(Total ESG Value/Input)

* ─────────────────

ESG ROI(ESG Return on Investment) : Represents the value created compared to the input costs of ESG activities.

Measurement principles

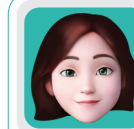| 01	02	03	04	05	06
Sincerity	Reality	Conservativeness	Standardization	Simplification	Measurability

Introduction of Measurement Case : IT Supporters

IT Supporters is KT's long-term social contribution activity that was started with the aim of bridging the digital divide. In addition to providing optimized education for various groups in need of education, we operate programs to change beneficiaries' lives, by training retirees and women on career breaks to become IT instructors.

ESG Value and Results of 2022 Performance of IT Supporters

Input

KRW **1.38** billion

→

Output

KRW **1.89** billion

ESG Savings KRW **1.38** billion

ESG Value added KRW **510** million

+

Outcome

KRW **380** million

↑

Meaningful change in beneficiaries' lives
KRW **890** million

←

Total ESG Value : KRW **2.27** billion

ESG ROI : 165%

Input	Output	Outcome
Material and human resources devoted to ESG activities	**Measuring the value of direct benefits to beneficiaries**	**Measuring the derivative value of a beneficiary's benefits**
Costs for curriculum development, IT Supporters outreach and development costs, labor to run the program, etc.	Incremental income generated by retirees, women with interrupted careers, etc. as IT supporters	Incremental income generated from employment as an IT instructor after receiving the instructor training provided by IT Supporters
	The comparable market value of the education received by the beneficiaries, such as the elderly, disabled, youth, multicultural families, etc. (IT basic education, courses with certificate acquisition, professional training courses, etc.)	

※ This activity may vary depending on the characteristics of beneficiaries, beneficiary geography and periods of measurement.

IT Supporters Training

Interviews with Beneficiaries	Instructor, **Hyunam Choi**

The IT Supporters program was a must for me.
It was not just an IT class,
but an opportunity for me to reinvent myself as
a working woman from a stay-at-home mom.

The systematic curriculum and specialized training on AI, metaverse, coding, etc. are really helpful.

Especially when I demonstrate Cospace, CircusAR/ Quivermarker, etc. in my class, the students are very happy and interested.

I feel a sense of pride when I see their faces.
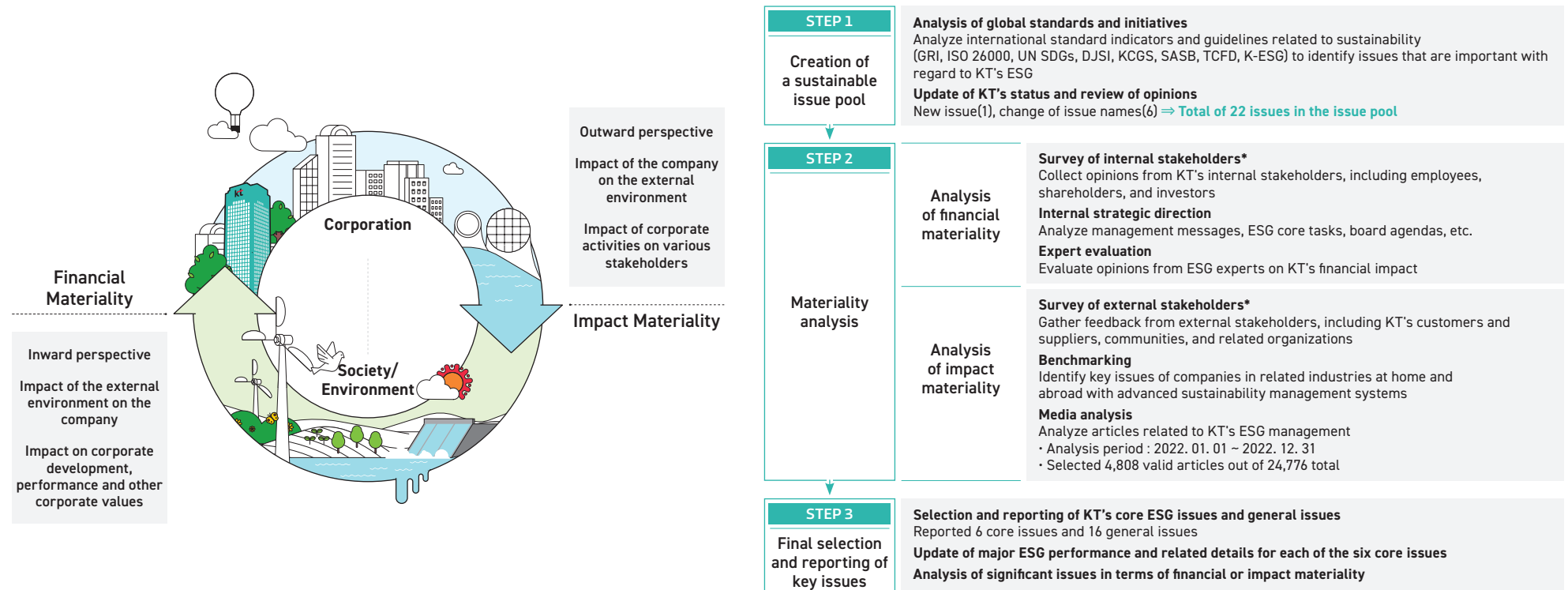I hope to continue to use my skills to help those who need education.

Double Materiality Assessment

Adoption of Double Materiality

KT tracks, analyzes, and manages sustainability issues in the areas of the economy, the environment, society, and governance each year. This year in particular, we introduced the concept of double materiality for the first time and conducted an analysis of double materiality. With the expansion and sophistication of ESG management, various international organizations have defined the concept of double materiality recently and recommended conducting double materiality assessments for sustainability reporting.
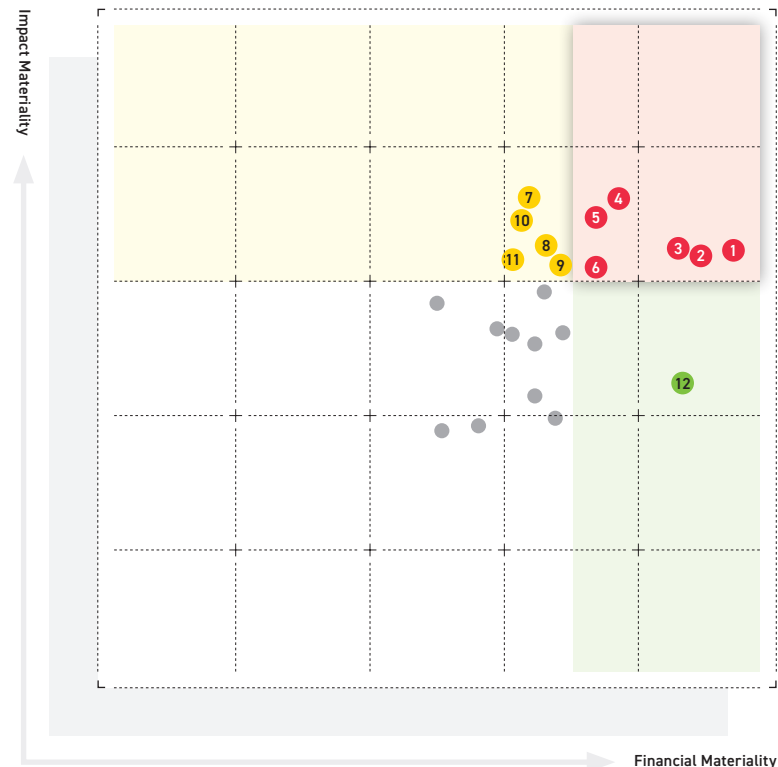
Double materiality assessments consider not only the impact materiality of a company's activities, but also the financial materiality of society and the environment on the company as evaluation criteria with equal value. By considering both financial and impact materiality, it is now possible to analyze the perceptions and interconnectedness of various stakeholders. KT conducted the double materiality assessment by configuring different variables based on advanced evaluation factors and the characteristics of stakeholders. Based on the assessment results, we have reviewed our ESG management strategy and key issues to improve business performance and are leading the way in ESG management.

Corporation

Society/ Environment

Outward perspective

Impact of the company on the external environment

Impact of corporate activities on various stakeholders

Impact Materiality

Financial Materiality

Inward perspective

Impact of the external environment on the company

Impact on corporate development, performance and other corporate values

STEP 1

Creation of a sustainable issue pool

Analysis of global standards and initiatives
Analyze international standard indicators and guidelines related to sustainability (GRI, ISO 26000, UN SDGs, DJSI, KCGS, SASB, TCFD, K-ESG) to identify issues that are important with regard to KT's ESG

Update of KT's status and review of opinions
New issue(1), change of issue names(6) ⇒ **Total of 22 issues in the issue pool**

STEP 2

Materiality analysis

Analysis of financial materiality

Survey of internal stakeholders*
Collect opinions from KT's internal stakeholders, including employees, shareholders, and investors

Internal strategic direction
Analyze management messages, ESG core tasks, board agendas, etc.

Expert evaluation
Evaluate opinions from ESG experts on KT's financial impact

Analysis of impact materiality

Survey of external stakeholders*
Gather feedback from external stakeholders, including KT's customers and suppliers, communities, and related organizations

Benchmarking
Identify key issues of companies in related industries at home and abroad with advanced sustainability management systems

Media analysis
Analyze articles related to KT's ESG management
· Analysis period : 2022. 01. 01 ~ 2022. 12. 31
· Selected 4,808 valid articles out of 24,776 total

STEP 3

Final selection and reporting of key issues

Selection and reporting of KT's core ESG issues and general issues
Reported 6 core issues and 16 general issues

Update of major ESG performance and related details for each of the six core issues

Analysis of significant issues in terms of financial or impact materiality

*
Stakeholder survey period : Feb. 27, 2023 ~ Mar. 6, 2023

Identification of Core Issues

As a result of the double materiality assessment, we identified six key issues that have a high impact on KT's ESG management. Issues that ranked highly in both the financial and impact materiality analysis were selected as core issues.

Impact Materiality

Financial Materiality

Double Materiality			Financial Materiality	Impact Materiality
Ranking	Year-over-year changes	Issue	Ranking	Ranking
1	Same —	Securing network stability	1	7
2	Raised △	Strengthening corporate competitiveness through future technology	2	8
3	Raised △	Addressing climate change	3	6
4	Lowered ▽	Creating social value through social contribution	5	1
5	Raised △	Establishing a system for the management of ethics and integrity	6	3
6	New NEW	Securing digital inclusiveness	7	11
7	Raised △	Developing customer-centric services and innovating customer value	15	2
8	Raised △	Fostering talent and empowering capacity	11	5
9	Raised △	Managing employees' health and safety	8	10
10	Lowered ▽	Ensuring customer information protection and cyber security(digital responsibility)	16	4
11	Raised △	Ensuring fair trade and legal compliance	17	9
12	Raised △	Improving management performance and creating economic value	4	18
13	Lowered ▽	Expanding sustainable management to cover areas such as the supply chain environment, safety management, etc.	12	12
14	Raised △	Advancing company-wide risk management	9	15
15	Lowered ▽	Establishing transparent and sound governance	13	17
16	Raised △	Complying with environmental laws and contributing to a circular economy	18	16
17	Raised △	Protecting and respecting human rights	19	14
18	Raised △	Respecting diversity and practicing non-discrimination	22	13
19	Lowered ▽	Raising energy efficiency and expanding new and renewable energy	14	19
20	Raised △	Establishing a system for implementing sustainable management strategies	10	20
21	Raised △	Reinforcing the system for promoting environmental management	20	21
22	Raised △	Creating workplaces and securing employment	21	22

Stakeholder Interviews

KT conducted in-depth interviews with various stakeholders to carry out an exhaustive dual materiality assessment. Through the interviews, we gathered opinions on the magnitude of the impact of the top issues on KT's corporate value or various stakeholders, opportunities or risks anticipated due to the issues, and KT's level of response to the issues. We were able to understand how internal and external stakeholders view each issue and gather their opinions on related activities. We will continually strive to capture the opinions of various stakeholders by enhancing our dual materiality assessment.

The top three financial materiality

Securing network stability

KT Employee, Master of Networking
Gangbuk/Gangwon NW Operation Center
Deputy General Manager
Woon Gi Hwang
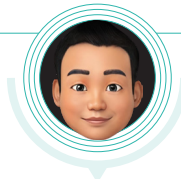
Securing network stability is a key factor in evaluating the reliability of KT as a telecommunications company. When the network is stable, people can go about their daily lives more comfortably and businesses to conduct their activities seamlessly. Network technology is developing faster and more reliably.

KT has been doing a lot to secure network stability. In particular, KT has been working to fully implement fire safety standards for three years since the fire in Ahyeon, and efforts are underway to secure network stability by eliminating the causes of fire and upgrading the control system of the cable tunnel.

KT recognizes that securing network stability is a critical issue that has a direct impact on its brand image, sales, and costs, and believes that it must be careful to prevent the recurrence of such incidents. As next-generation networks are being developed to lead next industrial revolutions and innovative services are being launched, we believe that KT will be able to lead innovation in this context and gain opportunities for new growth engines.

Strengthening corporate competitiveness through future technology

KT New Employee
Gangbuk/Gangwon Metropolitan HQ
Employee
So Hyun Park

The value of communication technology demanded by customers is changing. In the case of communication technology in the past, 'speed' was the top priority, but now, with the advent of future technologies such as artificial intelligence and autonomous driving, the value of 'stability' is becoming more important. **KT believes that we can gain an edge in corporate value and create an engine for sustainable growth only by providing advanced future technologies in line with the values demanded by the times, and in this regard, this issue may have a significant financial impact on KT.**

KT believes that we must provide advanced future technologies that are aligned with the values of tomorrow. We are providing differentiated services in various businesses such as finance, healthcare, and manufacturing through our large AI Mi:dm, which understands and empathizes with customers' thoughts and emotions. We believe that, in order to survive in a market that is changing rapidly due to technological advancements, we need to break down the boundaries between industries and gain a competitive edge in future technologies through aggressive partnerships, collaborations, and M&As.

KT is providing DX solutions based on its solid telecommunications technology-based digita technology capabilities and diverse B2B business experience, and is also making efforts to foster future talent through the AIVLE School, a corporate hands-on AI/DX talent training program. As such, **KT is leading innovation in other industries at the crossroads of DX, securing future technologies, and strengthening its competitiveness.**

Addressing climate change

ESG Specialist
Green Finance Program, Inha University
Professor
Jong Dae Kim

Climate change is no longer a novel issue, but rather an opportunity that is becoming embedded in the business world. As the TCFD and the ISSB's climate-related standards(S2) are institutionalized as standards for disclosing information to investors, risk management and revenue generation through new business opportunities are becoming the new determinants of competitiveness among companies. Responding to climate change demands large-scale investments in technological innovation, so it is crucial to adopt a highly strategic approach given the cost burden on companies and the market uncertainty due to increased competition.

As a digital company, KT will need to respond well to the digital transformation era and become a powerhouse in developing solutions and business models in the field of digital sustainability, a new trend in the 21st century. At the same time, we must conduct a thorough business risk analysis in preparation for various scenarios and manage both conversion risks and physical risks.

KT is making efforts to reduce greenhouse gas emissions not only by building equipment and systems, but also by managing the supply chain and discovering startups with promise. At the same time, KT is also striving to reduce environmental risks in society at large by utilizing digital transformation solutions. The example of using a digital logistics platform to shorten the distance trucks travel and thereby reduce carbon emissions is very impressive. **We look forward to further efforts to develop systems that will bring about dramatic emissions reductions in the supply chain and society as a whole.**

Stakeholder Interviews

The top three impact materiality

Creating social value through social contribution

Academia Specialist

College of Education, Ewha Womans University

Professor
Jae Young Chung

A large company like KT is obligated to fulfill its social responsibilities as a corporate citizen. **The use of digital technology is expanding in all areas of society, and KT has the potential to create social value by utilizing its advanced digital technologies.** Therefore, I believe that stakeholders' expectations toward KT in the future include the creation of social value through social contributions.

As KT operates a variety of digital-based businesses, there is no limit to the impact it can have on society and the environment by utilizing its wide coverage and accumulated know-how. In the field of education, I am confident that the company can develop and disseminate educational content to help students utilize digital technology properly and address social issues such as violence in schools.

In addition, KT should continue its efforts to help marginalized members of society adapt to the era of digital transformation and ensure that everyone can enjoy digital convenience. In this regard, it is impressive that KT has been promoting social contribution campaigns steadily with sincerity. In particular, it is promoting social contribution activities linked to its business to enable more sustainable and effective value creation. With the recent development of digital technology, many side effects are emerging as social issues, and it would be great to see more activities aimed at resolving them.

Developing customer-centric services and innovating customer value

Supplier

KAON Group

Director
Jin Kuk Kim
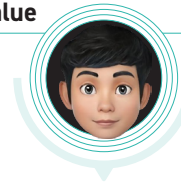
I believe that KT's efforts to transition to a digital platform have been an important factor driving the development of customer-centered services and delivering customer value innovations. Just as voice AI conversations through Genie TV set-top boxes have become commonplace, greatly improving the convenience of life, KT is striving constantly to provide services in the direction of what customers want. Last year, the company rebranded Genie TV and introduced more advanced services.

As a result of these efforts, KT has been ranked No. 1 in Korea's IPTV brand power ratings for 13 years. In addition, KT's serving and delivery robots are now a common sight. This has become the norm in the food service culture, generating additional customer benefits such as labor replacement and publicity. **KT's service development and market expansion, which are always focused on the customer, are good examples for its suppliers.**

We has strengthened out sustainable management through collaboration with KT. Last year, we signed an MOU with KT and its affiliates to supply eco-friendly products using recycled plastic, and received the highest rating from a global ESG rating agency. I believe that all of these are the processes and results of KT's socially responsible management, which aims to achieve shared growth with suppliers through win-win cooperation. I would like to ask KT to continue these efforts that are of benefit to our society and environment, and to grow together with its suppliers.

Establishing a system for the management of ethics and integrity

Supplier

SOLID

Team Leader
Ju Eon Oh

Now that customers are considering the ethical aspects of companies in addition to the price and quality of products, ethical management should not only have a positive impact on a company's financial performance, such as enhancing brand image and improving customer loyalty, but also enhance the corporate image through practical ethical management and its execution.

In particular, since KT has significant, wide-ranging social impacts, we believe that it should expand the scope of ethical management from the concept of ethical decision-making by employees to corporate social responsibility, covering wider areas, as a top priority. The telecommunications services operated by KT are a state-based industry that affects the vast majority of the country's population. If unethical behavior takes roots in this ecosystem, there is a risk that it could escalate into a major issue that could lead not only to a decline in service quality, but also to disruptions in the supply chain and even a decline in national competitiveness.

Through the establishment and declaration of the New Principles of Ethical Management and compliance management in nine focus areas, KT has institutionally compensated for its deficiencies in ethical management over the past years and has become a pillar of ESG management, thereby minimizing the social impact of corruption and growing into a social enterprise that fulfills its responsibilities and obligations. However, it will be necessary to make steady efforts not only to establish good systems, but also to **strengthen prevention through continuous education and campaigns, and to adhere to the basics and principles of ethical management through strict sanctions in the case of unfair practices.**

Trends in KT's Issues

Issues raised in ranking	Addressing climate change	The severity of climate change and its damage has been growing every year. In 2020, climate change was the 29th most important issue, but in 2021 and 2022 it was ranked the 9th and 5th, respectively. By 2023, it had become the 3rd most important issue. This suggests a need for proactive responses to climate change issues.
Ongoing issues of interest	Securing network stability	As telecommunication services have a direct effect on people's lives, telecommunication incidents are recognized as national disasters that cause massive losses and damage. Therefore, KT places the highest priority on stable operation of the network used by the people.
	Identifying growth businesses/new technologies	A company's efforts to identify new growth businesses and new technologies are an important measure of company valuation for stakeholders, especially investors. Therefore, KT's interest in identifying new technologies and growth businesses remains a high priority and the results need to be shared with stakeholders on an ongoing basis.

Each year, KT organizes an issue pool based on global initiatives and evaluation indicators, and identifies and addresses issues that are relevant to the company's sustainability and stakeholders.

Through this report, we aim to disclose changes in KT's issues based on materiality assessments over the past 10 years and communicate them transparently to our stakeholders.

No.	2014 — No. of Issues 30	2015 — No. of Issues 22	2016 — No. of Issues 39	2017 — No. of Issues 33	2018 — No. of Issues 24
1	Increased demand for customer information protection	Intensifying policies for personal information protection and security	Customer-centric management	Strengthening communication capabilities	Strengthening 5G global leadership
2	Increased demand for corporate transparency	Response to government regulations and policies	Ethical management	Strengthening protection and security of personal information	Intensive promotion of 5 major platforms
3	Customer information protection	Customer-centric management	Creation of economic benefits	Transparent governance	Customer-centric management
4	Intensifying market competition	Indirect economic effects	Vision and goal setting	Customer-centric management	Economic performance and business strategy
5	Increasing need to respond to government regulations and policies	IoT market expansion	Strengthening protection and security of personal information	Innovative management and R&D	Strengthening innovation for future capability technology and R&D
6	Increasing sensitivity to products and services	Contribution to improving living standards through ICT	Transparent governance	Ethical management and legal compliance	Establishment of ethics and integrity-based management
7	Accelerating technical development	Transparency of business information and governance	Nurturing new growth business	Vision and goal setting	Transparent governance
8	Increasing demand for product/service security	Ethical management	Strengthening communication with customers	Fair evaluation and compensation of results	Promotion of social contribution activities
9	Increasing importance of securing human resources	Creation of clean communication market	Risk management and response	Nurturing new growth business	Risk management
10	Indirect economic effects	Win-win growth	Establishment of win-win growth policies	Ensuring online security	Brand management
11	Increasing threat from alternative products through technical convergence	Economic performance, market position of KT and innovative management	Accommodating fair competition and fair trade	Human resource development and capability nurturing	Securing excellent human resources
12	Increasing social responsibility of supply chain	Accelerating technical change	Human resource development and capability nurturing	Creation of economic benefits	Ensurance of fair trade and legal compliance
13	Increasing demand for win-win growth	Intensifying price competition	Fair evaluation and compensation of results	Work/life balance	Response to climate change
14	Will to improve products and services	Participation in public policymaking	Mid-to-long-term strategic risk management	Accommodating fair competition and fair trade	Strengthening capabilities for organizational change
15	Increasing demand for employee welfare and rights	Increasing interest in work-life balance	Employee health and safety	Employee health and safety	Human rights protection and respect
16	Hyper-connected society(network advancement)	Participation of stakeholders	Expansion of eco-friendly ICT service	Risk management and response	Labor/management relations
17	Increasing number of consumers who value health, eco-friendliness and social-friendliness	Consideration of customer health and safety	Independence of Board of Directors	Mid-to-long-term strategic risk management	Management of sustainable supply chain
18	Market position	Increasing interest in socially responsible investment	Working conditions and welfare benefits	Legal compliance by subcontractors	Strengthening win-win growth
19	Anti-corruption	Widening information access gap and social contribution	Improvement in quality of life through ICT	Brand management	Ensuring employee diversity and fair opportunities
20	Marketing communication	Increasing importance of securing human resources	Efforts of human rights protection	Management of sustainable supply chain	Human resource development and capability nurturing
21	Economic performance	Green IT technical development	Brand management	Human rights protection and pursuit of diversity	Participation of stakeholders
22	Energy	Increasing interest in national disasters	Establishment of fair policies to manage subcontractors	Issue of electromagnetics	Energy efficiency management
23	Customer safety and health (Compliance with electromagnetic standards)		Ensuring employee diverse and fair opportunity	Contribution to national economy	Efficient management of resources
24	Increasing importance of governance		Work/life balance	Engagement to local community and disaster relief	Employee health and safety
25	Overall environment-related factors(Green IT)		Energy management	Bridging information access gap	
26	Employment		Ensuring online security	Establishment of win-win growth policies	
27	Local community		Promotion of social contribution activities	Environment policies and systems	
28	Ban on human rights discrimination		Bridging information access gap	GHG management	
29	Industrial safety and health		Protection of customer health and safety	Promotion of social contribution activities	
30	Compliance with environmental laws		Establishment of win-win growth policies	Climate change strategy	
31			Engagement to local community and disaster relief	Expansion to overseas market	
32			Exemplary legal compliance	Waste management	
33			Environment policies and systems		
34			Contribution to national economy		
35			Issue of electromagnetics		
36			GHG management		
37			Climate change strategy		
38			Waste management		
39			Participation to social contribution programs by employees		

Trends in KT's Issues

Direction of KT's response

To climate change	KT has declared its Net Zero by 2050 goals and has been conducting environmental management activities such as joining RE100, reducing GHG emissions, and expanding the use of new and renewable energy.
To securing network stability	KT has improved its network structure and established a response system for various situations in order to ensure a stable communication network. Specifically, KT operates the Disaster Response Center to respond to telecommunications disasters, and continues to collaborate with government ministries and related organizations.
To identifying growth business/new technology	KT is continuously investing in new technologies and growth business areas to secure future competitiveness. KT is committed to building Hyperscale AI ecosystem and leading the next generation of communication technology.

No.	2019 No. of Issues 26	2020 No. of Issues 30	2021 No. of Issues 27	2022 No. of Issues 33	2023 No. of Issues 22
1	5G leading	Bringing about change in customers' life through ICT	Strengthening corporate competitiveness through conversion to a digital platform business	Securing network stability	Securing network stability
2	Securing network stability	Securing network stability	Customer information protection and cyber-security	Creation of social value through social contribution	Strengthening corporate competitiveness through future technology
3	Intensive promotion of 5 major platforms	Customer information protection and cybersecurity	Securing network stability	Improving corporate competitiveness through DIGICO conversion	Addressing climate change
4	Customer information protection	Establishment of ethics and integrity-based management	Bringing about change in customers' life through ICT	Customer information protection and cyber-security(digital responsibility)	Creating social value through social contribution
5	Establishment of ethics and integrity-based management	Strengthening innate competitiveness of core business	Fair trade and compliance	Energy efficiency and new renewable energy	Establishing a system for the management of ethics and integrity
6	Strengthening innovation for future capability technology and R&D	Human resource development and capability nurturing	Establishment of a transparent and sound governance structure	Establishment of ethics and integrity-based management	Securing digital inclusiveness
7	Economic performance and business strategy	Transparent and sound governance	Establishment of ethics and integrity-based management	Customer value innovation using ABC technology	Developing customer-centric services and innovating customer value
8	Fair trade and legal compliance	Fair evaluation and compensation of results	Strengthening R&D and future technology	Coping with climate change	Fostering talent and empowering capacity
9	Transparent governance	Fair trade and legal compliance	Coping with climate change	Transparency and soundness of governance	Managing employees' health and safety
10	Customer-centric management	Innovation of customer experience by developing customer-centric products/services	Fair evaluation and compensation of results	Sustainable management including supply chain's environment/safety management	Ensuring customer information protection and cyber security(digital responsibility)
11	Fair evaluation and compensation of results	Customer-centric management through customer-oriented innovation	Customer experience innovation with the development of customer-centered goods and services	Development of customer-central products and services	Ensuring fair trade and legal compliance
12	Human resource development and capability nurturing	Creation of business achievements and economic value	Coping with crises caused by infectious diseases(COVID 19, etc.)	Activities for subcontractors' win-win growth	Improving management performance and creating economic value
13	Work/life balance	Ensuring employee safety and health	Ensuring employees' health and safety	Management of customer relationship and satisfaction	Expanding sustainable management to cover areas such as the supply chain environment, safety management, etc.
14	Strategic risk management	Pursuit of work-life balance	Training talented human resources and building their competences and capabilities	Securing future technology capabilities	Advancing company-wide risk management
15	Human rights protection and respect	Human rights protection and respect	Creation of social value through social contribution	Fair trade and legal compliance	Establishing transparent and sound governance
16	Participation of stakeholders	Brand management and market leading	Healthy work-life balance	Training talented human resources and building their competences and capabilities	Complying with environmental laws and contributing to a circular economy
17	Industrial safety and health	Leading innovation with Digital Transformation	Energy efficiency and renewable energy	Employee health and safety	Protecting and respecting human rights
18	Management of sustainable supply chain	Strategic risk management	Management results and creation of economic value	Local community engagement and development (contribution to local community, investment in local community, etc.)	Respecting diversity and practicing non-discrimination
19	Risk management	Management of sustainable supply chain	Protection of and respect for human rights	Sound labor/management relation	Raising energy efficiency and expanding new and renewable energy
20	Win-win labor management relation	Expansion of participation by stakeholders	Establishment of a sustainable management strategy system	New business discovery and business diversification	Establishing a system for implementing sustainable management strategies
21	Expansion of eco-friendly services	Promotion of eco-friendly management and minimization of negative impact on environment	Sustainable management including supply chain's environment/safety management	Protection of and respect for human rights	Reinforcing the system for promoting environmental management
22	Win-win growth	Expansion of social contribution as a warm-hearted company representing the nation	Strategic risk management	Healthy work-life balance	Creating workplaces and securing employment
23	Social contribution activities	Energy saving and efficiency management	Subcontractors' win-win growth	Corporate-wide risk management advancement	
24	Energy efficiency management	Expansion of services for environmental innovation	Circular economy(waste water and waste management, etc.)	Establishment of a sustainable management strategy system	
25	Response to climate change	Expansion of win-win growth of subcontractors	"Promotion of environmental management and minimization of environmental impact"	Fair evaluation and compensation of results	
26	Efficient management of resources	Disaster relief and contribution to local community	Local community participation and development (contribution to and investment in local communities, etc.)	Job creation and employment security	
27		Strengthening open innovation	Expansion of stakeholder participation	Respect of diversity and ban on discrimination	
28		Resource responsibility and efficiency management		Compliance with environmental law and regulations	
29		Strategic response to climate change		Strengthening of environmental management system	
30		Bridging digital divide		Contribution to circular economy(waste water and waste management, etc.)	
31				Business performance and creation of economic value	
32				Strengthening of anti-corruption activities	
33				Management of sustainable management issues by board of directors	
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Stakeholder Engagement

Engaging in smooth communication with various stakeholders and reflecting their collected opinions in management activities are crucial to promoting corporate sustainability management. Therefore, KT has defined eight major stakeholder groups and established participation processes for each group to identify stakeholder expectations and requirements, and is striving to strengthen transparent governance.

Stakeholders	Customers	Shareholders/Investors	Government/Media	Employees
Key areas of interest	Quality of service	Management strategies for revenue/profit growth	Legal compliance	Work-family balance
	Customer health and safety	Regulatory and competitive environment	Engagement with government policy	Talent development
	VOC	Shareholder return policy	Disclosure of information through the media	Career management
Communication channels	Operation of client-pools (Three regular surveys per year, four to five irregular surveys per year) Periodic online surveys(Twice a year) Household panel(Annual) Customer panel for product verification(Annual)	Shareholders' meeting(Once a year) CEO presentation(Once a year) Earnings reports (Quarterly disclosure, conference call) IR news(One to two times per month) Domestic/overseas corporate briefings (NDRs, as needed) IR website(Ongoing)	Press releases(Occasional) Press conferences and public hearings (As needed) Homepage public relations channels(Ongoing)	Labor-management consultations(Quarterly) Local labor-management council, unit labor-management council, labor-management policy council(Permanent body, periodically) Management briefings(Regular/irregular) KT119(As needed, online) Bulletin, company news, online discussion board, ongoing messages(Ongoing)

Stakeholders	Suppliers	Local communities	Academia/Specialists	Environment
Key areas of interest	Shared growth	Revitalization of the local economy	Development of ICT skills	Environmental conservation
	Empowerment of the ICT ecosystem	Telecommunications welfare	Industry-academia collaboration	Development of eco-friendly services
		Social contribution	Open innovation	
Communication channels	Partner's Day(As needed) Supplier visitation meetings(As needed) SCM Council(As needed) Online meetings(As needed) Win-win letters(As needed)	Meetings, surveys, SNS, homepage updates (From time to time) IT training(As needed) Regular meetings of the Gwanghwamun One Team Secretariat(Periodically)	Operation of the KT Economic Management Research Center(Permanent) Joint technology research with universities/ research centers(Ongoing) Operation of the Future On PR center(Permanent) Operation of Gyeonggi Creative Economy Innovation Center(Permanent)	Environmental management committee (As needed) Scope 1, 2, 3 GHG emissions verification (Once a year)