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# ESG FACTBOOK

# Economy

## Major Management and Financial Performance

### Creation and allocation of economic value

(Unit : KRW million)

	Category		2020	2021	2022
Creation of economic value	Operating revenue	—	23,916,667	24,898,005	25,650,011
Allocation of economic value	Allocation to shareholders and investors	Shareholder dividend payout (Cash dividend + Interest expense)	590,066	713,783	795,698
		Cash dividends	326,487	450,394	501,844
		Interest expenses	263,579	263,389	293,854
	Subcontractors	Expenses for purchase of goods and services	14,691,398	15,134,083	15,531,197
	Employees	Salary	4,123,680	4,215,810	4,495,885
	Government	Income tax and other taxes	554,861	787,667	783,366
		Income tax	271,664	519,016	506,404
		Tax and dues(including radio waves)	283,197	268,651	276,962
	Local communities	Donation	20,745	10,981	15,642

\* (2020 → 2021) A deviation occurred due to the social contribution fund, which is contributed to once every three years.

### Operating revenue by business

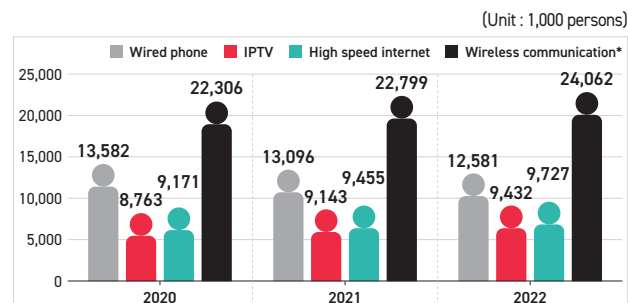
(Unit : KRW million)

	2020		2021		2022	
Business	Revenues	%	Revenues	%	Revenues	%
ICT*	17,879,281	64.0%	18,381,434	63.0%	18,289,243	59.4%
Finance*	3,343,010*	12.0%	3,525,211*	12.1%	3,613,981	11.7%
Satellite broadcasting*	660,404*	2.4%	655,354*	2.2%	704,928	2.3%
Real estate	359,954	1.3%	335,373	1.1%	485,056	1.6%
Other*	5,700,724	20.4%	6,283,023	21.5%	7,708,737	25.0%
Subtotal	27,943,373	100.0%	29,186,395	100.0%	30,801,945	100.0%
Consolidated adjustment	(4,026,706)	-	(4,288,390)	-	(5,151,934)	-
Total	23,916,667	-	24,898,005	-	25,650,011	-

\* ICT : Wired and wireless communication, convergence business, B2B operations  
 Finance : Credit cards, etc. Satellite : Satellite broadcasting  
 Other : Information technology, security, global business and other businesses carried out by subsidiaries

Numbers change due to 2022 taxonomy changes (BC cards separate, etc.)

### No. of subscribers by service



\* Wireless communication : CDMA, WCDMA, LTE, 5G, MVNO

### Shareholder composition

(As of Dec 31, 2022)

Shareholders	No. of shares(shares)	Shareholding ratio(%)
Treasury stocks	5,069,130	1.94
Foreign entities	111,304,107	42.63
NPS(National Pension Service)	26,412,967	10.12
Employee Stock Ownership Association	10,088,264	3.86
Domestic individuals/ institutions/corporations	108,237,340	41.45
Total	261,111,808	100

### Status of patent management

(Unit : Cases)

Category	2020	2021	2022
Patent registrations(Korea)	316	269	236

## Major Management and Financial Performance

### Consolidated statement of financial position

Category		Unit	2020	2021	2022
Assets	Current assets	KRW million	11,154,180	11,858,350	12,681,532
	Non-current assets	KRW million	22,508,365	25,300,991	28,299,149
	Total assets	KRW million	33,662,545	37,159,341	40,980,681
Liabilities	Current liabilities	KRW million	9,192,472	10,072,432	10,699,268
	Non-current liabilities	KRW million	8,918,640	10,519,748	11,866,690
	Total liabilities	KRW million	18,111,112	20,592,180	22,565,958
Stockholders' equity	Capital stocks	KRW million	1,564,499	1,564,499	1,564,499
	Paid-in capital in excess of par value	KRW million	1,440,258	1,440,258	1,440,258
	Retained earnings	KRW million	12,155,420	13,287,390	14,257,343
	Other accumulated comprehensive gain/loss	KRW million	86,051	117,469	-77,776
	Other capital components	KRW million	-1,234,784	-1,433,080	-572,152
	Net income attributable to non-controlling interests	KRW million	1,539,989	1,590,625	1,802,551
	Total stockholders' equity	KRW million	15,551,433	16,567,161	18,414,723
Total liabilities and stockholders' equity		KRW million	33,662,545	37,159,341	40,980,681

### Consolidated comprehensive income statement

Category		Unit	2020	2021	2022
Operating revenues		KRW million	23,916,667	24,898,005	25,650,011
Operating expenses		KRW million	22,732,560	23,226,181	23,959,923
Operating income		KRW million	1,184,107	1,671,824	1,690,088
Other profits		KRW million	341,253	307,654	595,351
Other expenses		KRW million	559,576	280,081	314,607
Financial income		KRW million	498,614	726,283	690,428
Financial expenses		KRW million	507,383	563,330	749,908
Net income equity interests in associates and joint ventures		KRW million	18,041	116,061	-17,285
Income before income tax		KRW million	975,056	1,978,411	1,894,067
Income tax expenses		KRW million	271,664	519,016	506,404
Net profit for the term		KRW million	703,392	1,459,395	1,387,663
Other comprehensive gain/loss		KRW million	23,255	165,567	-2,194
Total comprehensive gain/loss for the term		KRW million	726,647	1,624,962	1,385,469





# Environmental

KT strives to respond to environmental issues that may arise during its business activities and to achieve Net Zero 2050. We have implemented campaigns to reduce carbon emissions efficiently and raise awareness about the environment. All employees have formed a consensus on the vision of "Green Survival" as the management goal and strive to build a sustainable future for the company and the environment.

## Alignment with SDGs





## Environmental Management

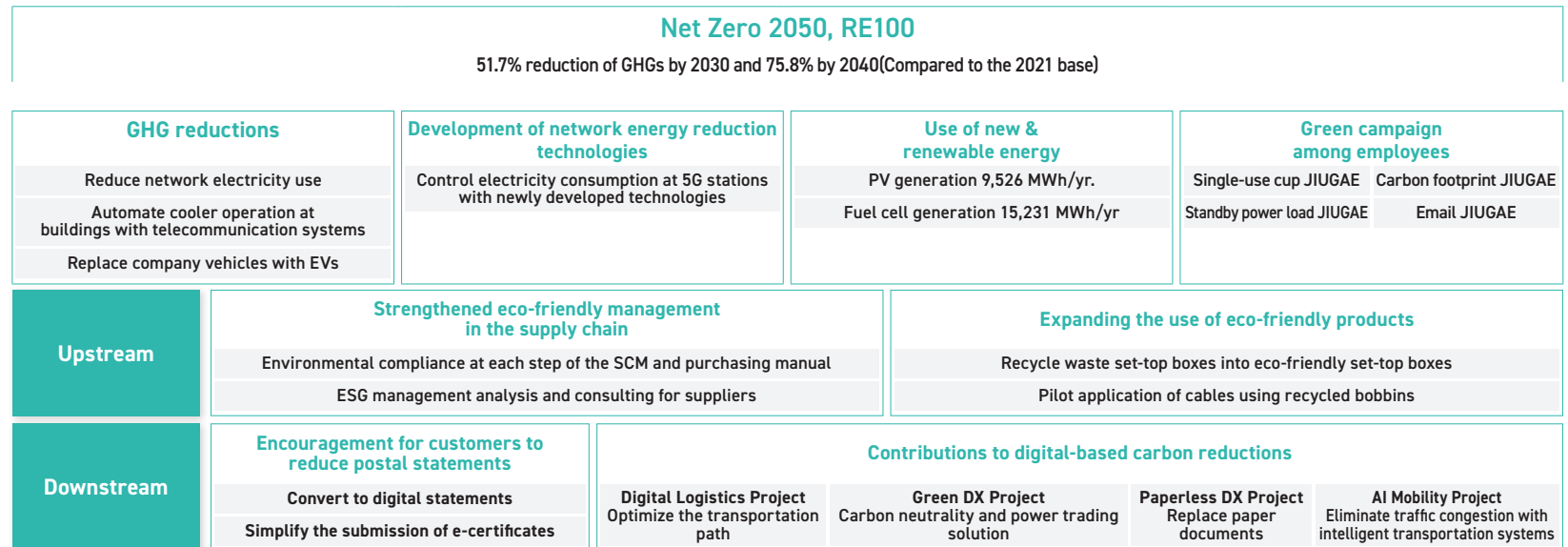
Objectives of essential environment management

KT's Activities

Expansion of the value chain



Strategy



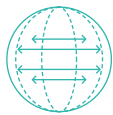
### Implementation of essential environmental management

In 2013, we launched the Environmental Management Committee. Since then, we have annually discussed major environmental issues and goals including Net Zero, GHG reductions, energy efficiency and the reduction of fine dust. For issues having significant impact, we formulate the relevant strategies and set up detailed implementation plans. In 2021, the ESG Implementation Council was launched and the Environmental Management Committee was designated as under the council. The Subcommittee establishes and implements environment-friendly strategies and implementation plans for GHG reductions, the expansion of renewable energy, identification of environmental business opportunities and building an environmental supply chain and environmental campaigns, and monitors the results of such strategies. The committee's detailed plans and performances are reported to the Board of Directors and Sustainability Management Committee every quarter. The Board of Directors approves enterprise strategies and plans for environmental management and supervises their implementation.

### Essential policies for environmental management

We have established the KT policies for environmental management designed to achieve Net Zero 2050, and we are implementing enterprise-wide environmental management in line with the policies. The policies were established based on international environmental declarations, such as the global environment management standards(ISO 14000), the UN Sustainable Development Goals, the Paris Agreement, TCFD guidelines and climate scenarios, as well as domestic environmental laws such as the Framework Act on Low Carbon Green Growth and the Act on Emissions Trading. The environmental management policies establish strategic directions and goals towards Net Zero, and include reducing energy use and greenhouse gas emissions, increasing the efficiency of resources, and developing an eco-friendly supply chain and eco-friendly ICT.

## Environmental Management

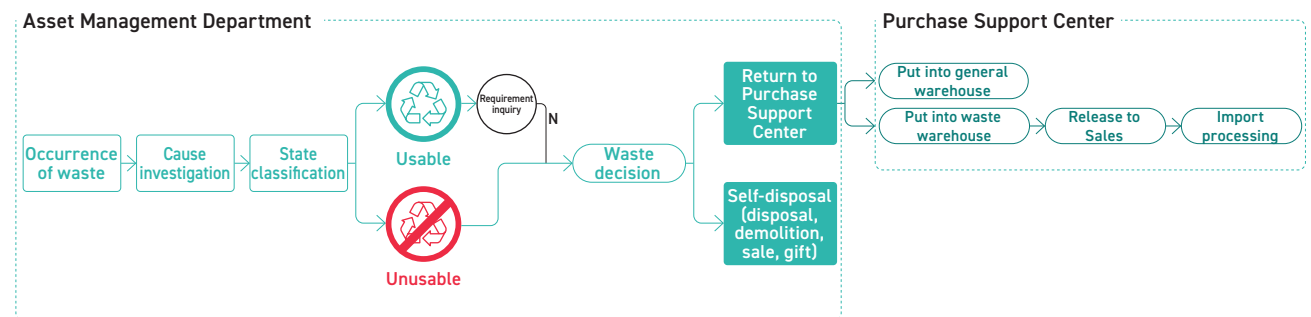


### Activity

### Environmental management training

Our ESG Management Promotion Office, which is a working-level organization in charge of environmental management, carries out training on major environmental issues including online ESG training and the distribution of environment card news for all employees. In addition, despite the difficulty in providing offline trainings due to COVID-19, in 2022, we conducted training on "Integrated Greenhouse Gas Management System" and on-the-job training on "Improving Practical Skills in Greenhouse Gas Management" by in-house environmental experts to manage KT's greenhouse gas emissions. More than 17 training programs on energy-saving were held, mainly in the technical departments. About 220 employees participated in offline trainings in 2022. By continuously implementing these environmental trainings, we enable employees across the company to recognize the importance of responding to climate change and work together to achieve KT's environmental management vision.

### Waste Resource treatment process



### Management of environment impact

#### Waste

Waste generated by KT includes ordinary waste, designated waste, and architectural waste. Ordinary waste refers to everyday waste generated in our corporate buildings as well as telecom-related waste (such as waste electric cables and electric/electronic goods). Designated waste refers to storage batteries containing waste sulfuric acid. Architectural waste is generated through the remodeling of corporate buildings and landscaping work. We operate a waste management process to reduce waste and maximize recycling. Our SCM support center collects the telecommunications equipment used in a given area after checking its reusability and makes sure that it is used in other facilities. We have commissioned a qualified company under the Wastes Control Act to dispose of waste classified as "not for reuse". We visit company facilities at least twice a year to check whether they process such waste in compliance with the law. In 2021, we started a campaign to encourage employees not to use single-use cups. The campaign started at the corporate building in

Gwanghwamun and was expanded to other buildings in Songpa, Bundang and Umyeon. In 2022, the amount of waste generated stood at 14,171 tons, a 4% y-o-y decrease. The percentage of recycled waste was 39.9%. Generation of ordinary and designated waste stood at 9,830 tons and 4,180 tons, a 1.5% decrease and 7.8% decrease from the previous year, respectively. Architectural waste stood at 161 tons, a 31% decrease from the previous year.

#### Energy

We use eight types of energy: LNG, byproduct fuel, kerosene, diesel, gasoline, LPG, electricity, district heating for our corporate buildings, network, IDCs, and vehicles. KT company-wide energy consumption in 2022 was 2,494,789 MWh, which was 2.1% less than the target usage in 2022(2,547,000 MWh).

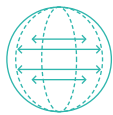
#### Water

KT uses water for lavatories in company buildings. In 2022, the amount of water used stood at 1.442 million tons, a 2% increase from 2021(1.413 million tons). We strive to reduce water use by installing water-saving devices and recycling.

#### Ecosystem

To celebrate Earth Day in April 2023, KT employees participated in the 'Han River Guardian' program to remove wild plants that disturb the ecosystem. Han River Guardian operates activities to remove harmful plants designated by the Ministry of Environment, such as Humulus japonicus and Persicaria perfoliata, which are mainly found in the Han River Park. Starting with these volunteer activities, KT will continue to expand its activities to preserve biodiversity so that people and nature can coexist.

## Environmental Management



### Activity

## Contributions to the formation of a circular economy

### Spreading eco-friendly set-top boxes

To reduce plastic waste, KT and KT group companies Skylife and HCN are cooperating with each other to spread eco-friendly set-top boxes. In October 2022, the above three companies, LG Chemical, Gaon Group, and Marsys signed a business agreement to establish an eco-friendly rental terminal production system. Through collaboration, we plan to complete a virtuous cycle process in which about 300 tons of plastic waste, such as set-top boxes, generated by the KT Group every year is extracted as eco-friendly raw materials through LG Chem's recycling process, and then reproduced and spread into eco-friendly terminals. After the agreement, about 10,000 of the Genie TV set-top boxes A were manufactured as eco-friendly set-top boxes, and production will be greatly expanded from 2023. We aim to supply 20 million eco-friendly terminals by 2027 by supplying 5 million units of eco-friendly terminal equipment each year.

### Expanded use and distribution of reusable containers at KT Wiz Park in Suwon

KT is promoting the use of reusable containers at KT Wiz Park in Suwon through the development of the KT Carbon Neutral platform. KT Sports introduced reusable cups at KT Wiz Park based on its ESG Management Declaration in 2022, and in 2023, we promote on a pilot carbon neutral platform project to enable the use of reusable containers instead of disposable ones at food and beverage outlets in the stadium. In addition, we will strive to make it easier and more fun for people to participate in various carbon-neutral activities based on this platform.

### Introducing green(recycled) bobbins for cables

In order to replace wooden bobbins for cables with eco-friendly plastic bobbins, KT signed a business agreement with bobbin bank and fiber optic cable partners such as LS Cable & System in May. Bobbins are mostly made of wood, which bring disadvantages such as carbon neutrality issues due to logging and increased waste due to disposal after being recycled twice, while eco-friendly plastic bobbins are made of waste plastic and can be recycled more than 10 times. When replacing one wooden bobbin with an eco-friendly bobbin, there are virtuous cycle effects of reducing carbon dioxide by 5 kg(based on a 30-year-old tree, according to a study by the Gyeonggi Development Research Institute in 2009) and recycling waste plastics. By introducing eco-friendly bobbins, KT plans to pilot about 500 eco-friendly bobbins through a pilot project from May to July. It is estimated that the pilot project will reduce about 2.5 tons of carbon dioxide.

### Introducing reusable cups in the workplace

To eliminate single-use products within the company, KT introduced reusable cups at in-house cafes and lounges and has been carrying out a campaign to reduce the use of disposable plastics. Jointly with Trash Busters, a social enterprise, we provided reusable cups to the cafés in our corporate buildings in Gwanghwamun, Songpa-dong, Bundang and Umyeon. As of December 2022, we had replaced about 700,000 single-use cups with reusable ones, and so far in 2023, 60,000 reusable cups are being used in KT's corporate buildings on a monthly basis.

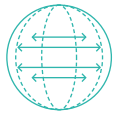
### Strive to popularize the use of reusable cups

KT aims to take a step further to spread the use of reusable cups among the public. KT will utilize its communication platform and IoT solutions to build the infrastructure to collect reusable cups. In doing so, KT hopes to lead the transition to reusable cups by helping the public to use the cups in a convenient way and leading the necessary changes in public awareness and behavior. To this end, we signed an agreement with Trash Busters to develop solution for the unmanned collection of reusable cups. In addition, we are contributing to the spread of reusable cups in cooperation with members of the Gwanghwamun One Team such as Maeil, LX International, the Korea Press Foundation, LINA Life Insurance, Bae, Kim & Lee LLC and LX Pantos.





## Environmental Management



### Activity

#### Reduced the use of paper

##### Digital statements

By encouraging customers to switch, we have now reached over 20 million customers who use digital statements, which is equivalent to reducing carbon emissions by 5,700 tons or planting about 200,000 trees. In January 2021, we introduced Naver statements and mobile notification statements in addition to digital statements via texts, apps, and email. As part of this, we held an event where we offered various prizes to customers who switched to digital statements in time for Arbor Day 2023. KT will continue its efforts to expand digital statements to reduce paper usage.



##### Simplifying the process for submitting electronic certificates

We have simplified the process for submitting electronic documents for wired and wireless service subscription and changes via the PASS application. This has helped improve our customer experience and saved paper use.

##### Expanding paperless business

KT is the first company in Korea to acquire approval from the Minister of Science and ICT for a certified electronic document center based on block chain technology. The center offers electronic document storage services to other companies and organizations. Based on its paperless project, KT hopes to contribute to both the digital transition of other companies and ESG management.

#### JIUGAE, an environmental campaign

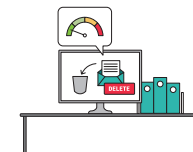
As part of joint ESG management by labor and management, employees are participating in an environment campaign called JIUGAE, or eraser. 'JIUGAE' signifies a small action to protect the earth, communities and individuals. The campaign is designed to identify small actions to protect the environment and encourage people to put them into practice. Along with the email JIUGAE and

single-use cup JIUGAE launched in 2021, the project was expanded to include standby power loads and carbon footprint in 2022. Under this project, all employees are taking actions to protect the environment in their daily lives and actively participating in ESG management.

##### ★ JIUGAE, an environmental campaign ✕

##### Email JIUGAE

Deleted 1.65 million emails over the past two years, which had the same effect as reducing 6,600 kg of carbon emissions



Delete unnecessary emails such as spam mails/trash

##### Standby power loads JIUGAE

The campaign was carried out through voluntary actions by employees, and the results of their activities were aggregated through certification shots. Approximately 2,000 activities were recorded after the implementation of the campaign.



Turn off your PC when leaving the office + Pull the plug when it's not in use

##### Carbon footprint JIUGAE

In 2022, employees walked a total of 2.5 billion steps and donated in three separate campaigns



Using public transportation or walking instead of using a car.

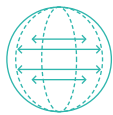
##### Single-use cup JIUGAE

After the introduction of reusable cups in corporate buildings in Gwanghwamun and Songpa-dong, Bundang and Umyeon, about 700,000 single-use cups were replaced with reusable ones as of December 2022



Using reusable cups and tumblers instead of single-use cups

## Environmental Management



### Activity

## Smart Energy Business

### Participation in competitions for carbon neutrality

KT is also participating in innovation activities for carbon neutrality in line with the trend of digital transformation. We are also taking part in various energy competitions under the national digital new deal policy to revitalize and foster new energy businesses utilizing distributed energy. KT is actively participating in the Smart Green Complex Project promoted by the Ministry of Trade, Industry and Energy to create a carbon-neutral industrial complex. We are applying digital technology to carbon-neutral areas such as renewable energy and energy efficiency that can be utilized by the private sector, and collaborating with various partners in this area. In addition, we are playing a leading role in developing carbon emission reduction facilities and facilitating the drive by the Ministry of Trade, Industry and Energy to promote the conversion to high-efficiency facilities, not only to reduce operational costs but also to create a model that can be applied to eco-friendly industries. We will continue our efforts toward the creation of a pleasant and comfortable environment by planning new digital-based solutions necessary for carbon neutrality.

### Blockchain-based e-chain business

To realize carbon neutrality, KT is promoting the expansion of not only the existing regulated Compliance Carbon Market(CCM) but also the Voluntary Carbon Market(VCM) to solve energy/environmental problems and develop advanced carbon neutrality models with realism and sustainability for coexistence with citizens and industries. To this end, we are making a platform-based business proposal that includes both regulated and voluntary carbon markets to the carbon neutrality public competitions. In addition, we have proposed an integrated carbon neutrality platform for the implementation of the target management system for the public sector and the carbon neutrality and green growth basic policy. The integrated carbon neutrality platform can provide differentiated solutions for policy implementation and checks on implementation status. It can contribute to achieving the national goal of carbon neutrality by 2050 by providing MRV(Monitoring, Reporting, Verification), which is at the core of the public sector's obligations, differentiated citizen participation, and region-specific carbon neutrality solutions.

### Energy management platform (KT-MEG)

KT has been operating the integrated energy management platform KT-MEG(Micro Energy Grid) since 2015. KT-MEG is the world's first integrated energy management platform that integrates the production, consumption, and trading of energy through the AI analysis engine 'e-Brain'. KT-MEG currently manages energy data from about 13,000 sites. By collecting energy data in real time, KT-MEG diagnoses energy status and predicts production/consumption, providing guidelines for optimal production and operation. In addition, KT-MEG actively supports energy users in their efforts to reduce costs, produce renewable energy and generate revenue through the trading of energy resources, ultimately contributing to the increase of renewable energy production. Finally, KT-MEG provides energy data analysis solutions for efficient energy use and plays a major role in reducing greenhouse gas emissions.



### Energy trading solutions

GiGA Energy DR is a service that analyzes customers' energy consumption patterns to identify areas where consumption can be reduced, and then registers data on the saved power with the Korea Power Exchange(KPX) and supports the implementation of energy reduction. This project adds resilience to the reserve power of the national grid and contributes to stabilizing supply and demand. KT has been participating in the government's DR pilot project since 2012, leading the expansion of DR projects in Korea. We provide services from energy diagnosis to demand management simulation, and monitor customers' power data in real time through our independently developed DRMS(Demand Response Management System) to enable them respond to curtailment orders from the Korea Electricity Exchange. GiGA Energy Trade is a product that transacts power and RECs on behalf of small-scale power resources(renewable energy sources with a capacity of 20MW or less). KT provides a platform for integrated management of power plants and enables them to generate additional revenue through the 'Renewable Energy Generation Forecasting System' by participating in the brokerage market based on the platform. KT participated in the pilot project that was introduced in 2016 and took an active role in the introduction and improvement of the system, and became a major player in the brokerage market through its efforts to attract resources to the market since its opening in 2019. Through GiGA Energy Trade, KT is continuously securing distributed power sources(small-scale renewable energy) that were not previously managed to build a future energy industry ecosystem, and furthermore, KT is striving to resolve uncertainties in the national power grid network.

### Energy consumption efficiency solutions

KT's GiGA Energy Manager is a business that provides solutions to optimize energy consumption for energy-intensive customers such as factories, buildings, and franchises. It collects and analyzes energy usage data in real-time for factories, buildings, and franchises, and provides guidelines for optimized energy consumption. It also supports efficient energy use by automatically controlling air conditioners, signage, etc. at franchise stores.

## Environmental Management



### Performance

#### Energy use

Category	Unit	2020	2021	2022
LNG	TJ	292	315	330
Byproduct fuel	TJ	27	9	12
Kerosene	TJ	1	-	-
Diesel	TJ	179	173	169
Gasoline	TJ	47	43	41
Vehicles LPG	TJ	-	-	-
Electricity	TJ	19,470	21,581	22,331
Heat(Hot water)	TJ	49	54	56
Total energy use	TJ	20,065	22,175	22,939

Category	Unit	2020	2021	2022
LNG	toe	6,880	7,513	7,877
Byproduct fuel	toe	636	223	290
Kerosene	toe	14	-	-
Diesel	toe	4,286	4,137	4,027
Gasoline	toe	1,117	1,032	975
Vehicles LPG	toe	1	1	-
Electricity	toe	464,442	514,794	532,697
Heat(Hot water)	toe	1,180	1,283	1,330
Total energy use	toe	478,556	528,983	547,196

#### Energy intensity

Category	Unit	2020	2021	2022
Energy intensity to Sales	TJ/ KRW 100 million	0.14	0.15	0.13

\*  
\*Includes kt cloud in 2020 and 2021

#### Water use

Category	Unit	2020	2021	2022
Bundang Headquarters	1,000 ton	80	66	73
Mokdong Information Center	1,000 ton	61	58	25
Woomyeon Research Center	1,000 ton	17	17	19
Gwanghwamun building EAST	1,000 ton	36	31	28
Daedeok Research Center 2	1,000 ton	26	21	22
Songpa Building	1,000 ton	-	-	30
KT Telecommunications Building	1,000 ton	1,337	1,220	1,276
Total	1,000 ton	1,556	1,413	1,442

#### Waste generation

Category	Unit	2020	2021	2022
Ordinary waste	ton	8,865	9,985	9,830
Designated waste	ton	5,046	4,534	4,180
Architectural waste	ton	232	234	161
Total	ton	14,143	14,753	14,171
Recycled	ton	4,836	5,575	5,652
Recycling ratio	%	34.2	37.8	39.9

#### Non-compliance with environmental laws and regulations

Category	Unit	2020	2021	2022
Non-compliance with environmental laws and regulations	case	0	0	0



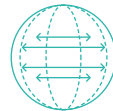
## Renewable Energy



### Strategy

#### Implementing RE100

In June 2022, KT joined RE100(Renewable Electricity 100) to achieve Net Zero 2050. RE100 is a global campaign led by the Climate Group and CDP that aims to see 100% of the electricity used by companies coming from renewable energy. Since more than 97% of KT's greenhouse gas emissions come from electricity use, the use of renewable energy is crucial to achieving Net Zero. To achieve the goal of RE100, KT plans to continue to build self-consumption solar power plants and utilize various means such as green premiums, PPAs, and REC purchases. The company is aiming to use 56% renewable energy by 2030, 84% renewable energy by 2040, and 100% renewable energy by 2050.



### Activity

#### Expansion of renewable energy

##### Utilizing solar power plants

In order to implement RE100 and expand the use of renewable energy, we are expanding renewable energy facilities continuously by utilizing available sites nationwide. In 2008, KT built a total of 0.1 MW of solar power plants at the Hwaseong Transmission Station and Sinnae National Office, and it has been continuously expanding its solar power plants since. As of the end of 2022, KT operated a total 8.0 MW of solar power plants in 100 locations nationwide(85 for self-consumption, 15 for sale). The annual generation of the company's solar power plants in 2022 was 9,526 MWh, of which self-consumption is 755 MWh.

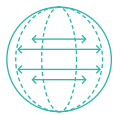
##### Participating in the Green Premium Program

In 2023, KT signed a Green Premium Electricity Purchase Agreement with KEPCO to purchase a total of 25,000 MWh of renewable energy. This amount of 25,000 MWh corresponds to about 1% of KT's total electricity consumption and about 5.5 times the annual electricity consumption of KT's Gwanghwamun building. In the future, KT plans to expand the purchase of renewable energy through green premiums.

#### RE100 implementation plan

Category	Role	KT's Response/Future Plans
Solar power plants	<ul style="list-style-type: none"> <li>Credited for renewable energy use through verification of self-generated electricity</li> <li>Long-term availability and low cost of supply</li> <li>Costly to install and operate, and on-site constraints can limit the scale of utilization</li> </ul>	<ul style="list-style-type: none"> <li>Expanding solar farms every year</li> <li>100 locations in operation as of the end of 2022</li> </ul>
Green Premium program	<ul style="list-style-type: none"> <li>A system in which a premium is paid separately from the existing electricity bill, determined through bidding by electricity users who wish to consume renewable energy for their electricity needs</li> <li>Easy to utilize due to the planned system</li> </ul>	<ul style="list-style-type: none"> <li>Signed for 25,000 MWh in 2023</li> </ul>
Long-term Power Purchase Agreements (PPA)	<ul style="list-style-type: none"> <li>Supplying renewable electricity through long-term Power Purchase Agreements between renewable energy generators and electricity users</li> <li>Long-term contracts help reduce cost volatility for power procurement, enable large-scale procurement, and recognize carbon reductions</li> <li>Incur grid fees</li> </ul>	<ul style="list-style-type: none"> <li>Promoting KT Group-wide PPA</li> </ul>

## Renewable Energy



### Activity

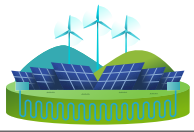

#### Fuel cell power plants

KT installed fuel cell power stations in four buildings, Daedeok Research Center 2, Daegu Logistics Center, Pyeongchang Daegwalleong Training Center, and Songpa Building, with a total installed capacity of 1.9 MW. Fuel cells generate electricity round the clock through an electrochemical reaction between hydrogen and oxygen. The fuel cell power plants are linked to KT MEG, which enables us to monitor their operation and generation status in real time and respond immediately to any failure. The annual generation output in 2022 was 15,231 MWh, which is equivalent to the power consumption of 3,600 four-member households in a year. In line with the five directions of the new government's energy policy(July 5, 2022), KT uses green DX technology such as AI patrol robots at the KT Daegu Fuel Cell Plant to strengthen real-time monitoring of safety and the remote response system, so as to build the foundation for safe and reliable hydrogen fuel cells. We joined the construction of self-sufficient energy infrastructure in the Smart Green Industrial Complex in 2023, which will be introduced in the second half of 2024. Monitoring of electrical safety is being carried out on a regular basis by human resources, but this will change to an unmanned constant monitoring system and risk situations will be detected through AI algorithms, enhancing the safety and health of workers.





### Performance

#### Solar power plants

Category	Unit	2020	2021	2022
PV power plants				
 Plants (total)		82	85	100
Annual power generation				
 MWh		8,809	8,804*	9,526

#### Renewable energy

Category	Unit	2020	2021	2022
Ratio of renewable energy				
 %		0.02	0.02	0.03
Annual generation (Solar self-consumption)				
 MWh (TOE)		558.7 (128)	558.7 (128)	755.1 (173)

\* Two existing solar power plants were shut down due to legal issues, while the new solar power plant completed at year-end was not included in the 2021 figures.

## SPECIAL PAGE

## Contributions to carbon reduction based on digital technology

### Digital Logistics Project

#### Optimizing transportation paths

We are leading the digitalization of logistics by applying digital technologies to the logistics industry, which has remained excluded from digital innovation so far. In cooperation with digital logistics company Lolab and by using three platforms for the areas of transportation, fulfillment and freight brokerage, we propose the most efficient design and operation of logistics centers based on AI and digital twin technology. It is possible to optimize delivery vehicle mileage, and in actual tests, delivery mileage was observed to have been reduced by up to 22%, which is expected to reduce greenhouse gas emissions.

### AI Mobility Project

#### Mitigating traffic congestion

The C-ITS(Cooperative Intelligent Transport System) is a system that provides accident-related information such as traffic conditions and sudden stops to drivers in real time. It helps prevent traffic accidents and improve mobility. Using AI capabilities, KT developed a traffic signal optimization solution and a traffic image analysis solution, which improved traffic flow by 4.6% on average and up to 8%. The AI Mobility Project is expected to expand as a growth industry in the future as it can reduce carbon emissions by mitigating traffic congestion and contribute to creating a safe society.

### Smart Energy Project

#### Reducing energy use in the industrial sector

We pursue various energy businesses using distributed energy with the application of digital technologies. We are saving operational costs and minimizing our environmental impact through the use of carbon emissions mitigation equipment and the high-efficiency conversion of our facilities, and are promoting cooperation with various partner companies to build a sustainable and expandable model for eco-friendly industry. In addition, we are actively taking part in the smart green complex project promoted by the Ministry of Trade, Industry and Energy, which is making efforts to build a carbon-neutral industrial complex with expanded use of renewable energy sources.



#### Effects of DX solutions on GHG reductions

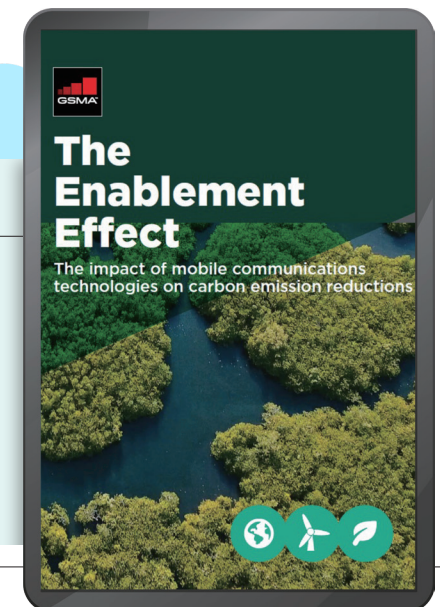
According to an analysis by the GSMA and the Carbon Trust, by increasing connectivity, improving efficiency and realizing behavioral change, mobile network-enabled technologies are helping to avoid emissions. In 2018, the enabling impact of mobile communication technologies was estimated to be around 2.1 billion tons of CO<sub>2</sub> globally.

Source The Enablement Effect

### Paperless DX Project

#### Replacing paper-based document

Many companies are converting documents into digital formats in line with ESG management and digital conversion goals. KT started EDI(Electronic Data Interchange), an electronic document distribution business, in the 1990s, and, by expanding our experience to the creation and storage of digital documents, we have implemented a paperless project since 2020. By going paperless, companies and organizations can save resources and implement more efficient business based on trust, SMEs can convert into digital businesses with a small investment, the public can enjoy safe and convenient services, and the government can save costs and build the basis for the Fourth Industrial Revolution.







# Social

KT adheres to the highest standards for respect and the protection of human rights across its business areas, and strives to fulfill its social responsibilities and obligations by maintaining customer information thoroughly, creating a safe working environment, realizing shared value, providing equal employment opportunities, and practicing respect for diversity throughout its corporate culture.

## Alignment with SDGs





## Customer Information Protection

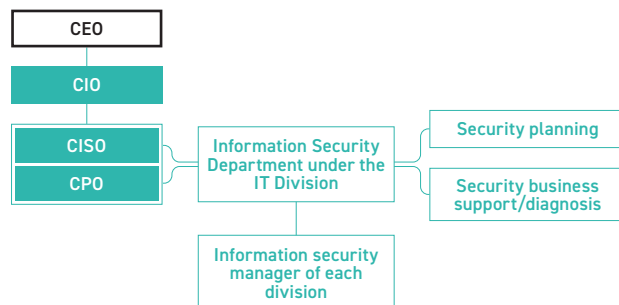


### Strategy

#### System to protect customer information

KT holds customer information protection as its top priority. We are constantly striving to establish and improve our customer information protection system based on the Information Protection Business Handling Guidelines and the Personal Information Protection Guidelines. To provide services to customers in a safer manner and protect customer information from increasing security threats and risks, we comply with relevant laws. In addition, we are making the most active investments in information protection among domestic telecommunication companies. In 2021, we invested approximately KRW 103.5 billion(5.4% of our IT budget) and have 304 employees dedicated to information protection. In order to respond to changing threats in various ways, KT has set a mid- to long-term goal of building a zero trust security framework that conducts thorough control and verification of not only external attacks but also internal ones.

#### Security organization and roles



#### Customer information protection process

We strive to prevent the loss, theft or leakage 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 collection to final destruction. To that end, when we adopt a new information system or change an existing system, we carry out a security approval process to review technical and administrative protection measures and make improvements if any issues are found. In addition, we carry out regular reviews of security vulnerabilities and mock hacking on our website and application services. To strengthen customer information protection, we conduct inspections on services, distribution stores and suppliers that deal with customer information, perform mock drills regularly to prepare against infringements on and leakage of personal information. Furthermore, we subscribe to liability insurance to ensure compensation for our customers in the unlikely event of any damage caused by information leakage. We are reinforcing technical and administrative protection measures to respond proactively to ever-evolving security threats such as APTs(advanced persistent threats). In particular, we established the IT/ Network Integrated Cyber Security Center, the first of its kind in the country, to ensure a comprehensive response system that encompasses terminals, networks and servers, and operate it 24/7.

#### Measures for the protection of customer information

##### Technical measures

- Build a comprehensive security control system to monitor suspected hacking and abnormal behaviors
- Respond to APT attacks and build a response system based on risk prediction
- Operate a firewall, intrusion detection system, and access control system.
- Operate DRM(digital right management), DLP(data loss prevention) solutions
- Encrypt personal information and control DB commands

##### Administrative measures

- Apply secure coding when developing software
- Carry out review of security vulnerabilities regularly and prevent leakage of customer information through mock hacking
- Conduct a drill to respond to personal information infringement jointly with relevant institutions including governments
- Carry out inspection of services/distribution stores/suppliers dealing with customer information

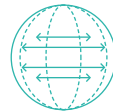
## Customer Information Protection



### Strategy

#### Information security infrastructure

KT is carrying out various activities and developing and advancing AI-based detection technology to protect businesses from phishing emails or emails containing malicious code or ransomware that can intercept corporate information or infiltrates facilities. First, in collaboration with a national agency, we are operating a system that can review and block large scale DDoS attacks targeting public companies and allow safe traffic only. In addition, we use a consulting service and are conducting projects to build an integrated security environment that will be converted to the cloud for local governments. With the email security subscription service that can protect companies from new variants of email phishing scams, we provide a safe business environment to SMEs, and this service is being supplemented and expanded continuously.



### Activity

#### Raising of awareness regarding customer information protection

We are working to raise employee awareness of the importance of customer information protection, and provide semi-annual online training for all employees. We also provide trainings customized to job roles for employees responsible for handling important customer information to enhance the efficiency of the training. In addition, we run the Personal Information Protection Awareness Week campaign, destroy unnecessary personal information and share best practices for the protection of personal information based on the principles of information protection. 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 and the Bug Bounty system and by providing security assessment and information protection awards. In particular, we are making efforts to improve the security level of KT Group through activities such as an annual security assessment of all affiliates under KT Group by professional consulting agencies for information protection certification.

#### Differentiated training on information protection according to duties

We provide information protection training(development, consulting, etc.) to employees whose work is related to security, and conduct online training on the protection of private information to contract workers and employees who handle customer information. For those working at agencies, we provide training in the field on a regular basis. These training sessions are differentiated to suit the nature of work.

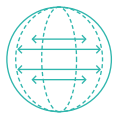
#### State of Information Protection Training

Target	Training program
<b>All employees</b> (The first half : 20,355 people) (The second half : 20,156 people)	<ul style="list-style-type: none"> <li>• Understanding personal information protection</li> </ul>
<b>Person in charge of security-related work</b> (69 persons)	<ul style="list-style-type: none"> <li>• IT security with Splunk</li> <li>• Web hacking security and vulnerability analysis for developers</li> <li>• IoT vulnerability analysis and security</li> <li>• Latest hacking case analysis and practice</li> </ul>
<b>Supplier employees and customer information processing distributors</b> (consignment companies)* (2,346 locations)	<ul style="list-style-type: none"> <li>• Understanding personal information protection</li> <li>• Major violation cases by type when processing personal information of distribution stores</li> </ul>

\*  
As of January 2023



## Customer Information Protection



### Activity

#### Customer information protection service

We provide diverse customer information protection services, as follows: information protection notifications(information provision system), which provide customers with short messages containing warnings about cyber-security threats such as hacking attacks, ransomwares or phishing attacks; KT Safety Box, which blocks harmful websites and applications; Whowho spam notifications, which display information shared by other users and indicate whether the incoming message is spam or safe on the receiver's screen; a USIM protection service that prevents a customer' USIM from being used with other phones; and MyOTP, which sends notifications about ID verification.

##### Customer information protection services

Category	Description
Information protection notification	Send a text message on how to respond when an issue related to information protection occurs(accidents and security related matters)
KT Safety Box	Automatically blocks harmful websites/apps
Whowho spam notification	Displays information shared by other users and indicates whether the incoming message is spam or safe on the receiver's screen
USIM protection service	Limits device change and overseas roaming
MyOTP	Provides information protection by preventing the leakage of personal information through OTP verification by MyOTP affiliated company and sending notifications on ID verification

#### How we use customer information

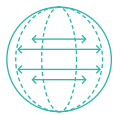
We disclose the personal information items that we collect, as well as the purpose of collection and retention period for the information to all our subscribers pursuant to personal information protection laws including the Personal Information Protection Act. When we collect any personal information, we obtain the data subjects' consent first. The personal information that we collect is not used for any purposes other than those for which consent is given by the data subject. The personal information of a customer is provided to a third party only when his/her consent is given. In addition, we disclose our personal information protection policy so that our customers can easily check how we process their personal information. When a government agency requests us to provide materials under the Telecom Business Act(Article 93 Paragraph 6) or the Protection of Communications Secrets Act(Article 2 Paragraph 13), we cooperate to provide the information pursuant to the rules and methods prescribed by law. With regard to the information we provide, we report the statistics to the Ministry of Science and ICT every year. Communication materials refer to data(phone number, ID, or other subscriber information) that can be requested by an information investigation agency based on permission by government officials of grade 4 or higher or senior superintendents of the police force under the Telecom Business Act. Communication confirmation data refers to data that can be requested by an investigative agency with court permission under the Protection of Communications Secrets Act(records of calls, logs, IP addresses, etc.)

#### Customer information collected for a secondary use

As we process all personal information collected for the provision of our services through an opt-in\* method, there is no possibility that we can use it for any secondary purpose. In addition, we guarantee the data subject's right to consent, and use the personal information of our customers to the minimum extent necessary within the scope of the purpose for which consent is given. Furthermore, we do not use the personal information of customers for any secondary purpose without the customer's consent.

\* Opt-in : A system that prohibits the collection of a data subject's personal information until the data subject consents to the collection of his/her personal information





## Customer Information Protection



### Activity

#### Strengthened B2C Internet security solution

Concerns about safety while using the Internet are increasing due to the rising need for online education and work from home in the new contactless world, and cybercrimes are becoming more sophisticated by the day. KT has launched Safe Internet so that our customers can use the Internet with confidence. With Safe Internet, malicious code and harmful materials are automatically blocked from the network, providing an environment where customers can use the Internet safely regardless of the type of device connected to the Safe Internet or whether the customer is using a wired or WiFi connection. In addition, in consideration of the characteristics of household Internet products used by the whole family, we also offer the KT Safety Box, which manages the use of communication products by family members. With the KT Safety Box, we provide an MIT-integrated management service to prevent children from using the Internet or smartphones excessively and to manage their access to harmful websites, thereby improving customer convenience and satisfaction. We will continue to create an optimal environment for all members of our society to safely use the Internet in line with the changing lifestyle and culture.

Internet security		Children/Senior care	
			
Embed malicious code solution	Embed solutions to block harmful contents	Provide "KT Safety box" by default	Provide "KT Safety plus" by default
Block malicious codes for safe use of the Internet	Use internet safely as obscene and gambling websites are blocked	Manage smartphone use, track location, turn on/off data consumption and manage IPTV use	Manage hours of Internet use Manage execution by program

#### Prevention of and response to voice phishing

KT is making various efforts to reduce the damage caused by voice phishing crimes. Since 2021, we have been utilizing AI/big data technology to detect sim boxes(modulation repeaters) and CMCs(number modifiers) used for voice phishing in real time and provide the findings to the National Police Agency for crackdowns. We have also identified malicious apps that impersonate banks and are used in voice phishing crimes, and signed a business agreement with the National Police Agency and the Financial Security Service for mutual technology exchange. We analyze and detect malicious apps that impersonate financial institutions and public institutions, and provide the findings to the National Police Agency, and through this, preventing voice phishing. As a result, we seized about 14,000 sim boxes and CMCs used in the crime, and blocked about 3,000 websites that manage malware victims. The National Police Agency has visited more than 10,000 victims through information provided by KT, and is preventing damage by removing malicious apps before victims send large sums of money. KT will continue to work with relevant organizations to establish a reliable system for the public to prevent voice phishing.



KT, National Policy Agency, Financial Security Service meeting



### Assessment

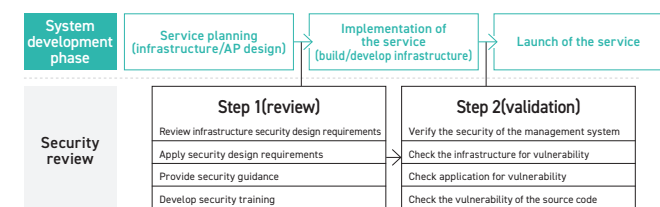
#### Information security investment excellence

KT is one of the outstanding information protection investment companies selected by the Ministry of Science and ICT in 2022. It is awarded to those who have received an information protection management system certification or an information protection readiness assessment grade of AA or higher and have implemented information protection disclosures.

#### Conduct security review process

Before launching a service(application/webpage) to customers, KT carries out a process of reviewing the existence of technical and administrative safeguard for the service structure and the entire process of collecting, storing, using, providing, and destroying important information, including personal information, to safeguard customer information against external attacks.

#### Security review process(system development)



## Customer Information Protection



### Assessment

#### Information protection certification

KT first acquired the nationally recognized ISMS(Information Security Management System) certification in 2013 and has renewed it every year. In 2020, we voluntarily converted to ISMS-P (Personal Information Security Management System) certification, which covers information protection and privacy systems, and have maintained it since.



### Performance

#### Government request of customer information

(As of 2022)

Category	Details	Unit	Communication data	Communication confirmation data
Government request	No. of cases of processing government requests for customer information	Cases	262,843	60,621
Confirmation of the provision of information	No. of cases of confirming the provision of customer information to a government agency	Cases	262,843	60,621
	Percentage of cases with confirmed provision of customer information	%	100	100

#### Activities for customer information protection

Category	Activity	Unit	2020	2021	2022
Personal information protection review*	No. of service review cases	Cases	312	323	356
	Review rate against total service	%	100	100	100
Training on personal information protection*	No. of employees who completed mandatory training on personal information protection	Jan-Jun Jul-Dec	Persons Persons	22,604 22,224	21,732 21,275
	Training completion rate	%	100	100	100

\* **Personal information protection review** : Carrying out a security review for customer information processing systems at least once a year  
**Training on personal information protection** : Providing mandatory training to all employees(except those in temporary retirement, dispatched or transferred)

#### Investments in information protection

Category	Unit	2020	2021	2022
Investments in information security	KRW 100 million	989	1,021	1,035
Percentage of the IT investment budget	%	5.2	5.2	5.4

#### Resources for information protection

Category	Unit	2020	2021	2022
Dedicated information security staff	Persons	339	335.8	304
Percentage of the IT staff	%	6.6	6.6	6.6

#### Breaches of the Information Protection Act or regulations

Category	Unit	2020	2021	2022
Number of violations of personal information protection laws/regulations	Cases	0	2	1

## Safety and Health



### Strategy

#### Safety and health policy

KT established its basic plan for industrial safety and health in 2023 to achieve the goal of zero industrial accidents at work. Under the management principle of establishing a safety-first business ecosystem and building a thorough safety network, we are establishing an all-directional safety management structure befitting organizational functions and responsibilities, and setting up a safety and health process that encompasses our suppliers and group companies. In order to ensure safety-first principles in the field, management responsibilities in the field have been strengthened in the plan, and the safety infrastructure has been built and activities for prevention are carried out to prevent potential safety and health risks. We will prevent man-made risks and achieve zero industrial accidents based on our rigorous, systematic safety and health policies.



#### Occupational Safety and Health Committee

Our Occupational Safety and Health Committee performs deliberations and decides on industrial safety and health issues to prevent occupational risks and industrial disasters. The Committee is composed of 1,508 members from 220 workplaces nationwide.

#### Response to the Serious Accident Punishment Act

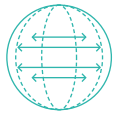
With the enforcement of the Serious Accident Punishment Act, KT has expanded and strengthened its safety and health management organization. To this end, the consultative body for safety enhancement has been expanded. Furthermore, we collaborate with organizations specialized in safety to review work sites and develop safety tools. We are strengthening our safety management system based on 27 tasks in five areas.

#### Five safety-first areas and goals

Five areas		Goals
1	Advance and systemize the safety and health management system	<ul style="list-style-type: none"> <li>Achieving international certification for the company-wide safety and health management system</li> <li>Developed overall task-specific performance measurement metrics</li> <li>100% enforcement rate of e-signatures for health and safety policies</li> </ul>
2	Secure independent safety and health management by suppliers	<ul style="list-style-type: none"> <li>Strengthening self-reliant safety management by establishing a specialized safety management organization for suppliers</li> <li>Improving safety awareness through specialized safety training courses such as ISO 45001 for suppliers</li> </ul>
3	Continue to identify and improve harmful and risk factors	<ul style="list-style-type: none"> <li>Achieved 100% improvement with regard to hazardous facilities and deficiencies in external safety audits</li> <li>100% implementation rate of improvement targets for hazardous and vulnerable facilities, zero major disasters</li> </ul>
4	Pay attention to safety and health	<ul style="list-style-type: none"> <li>Creation and implementation of online health and safety training customized for the telecommunications industry</li> <li>More than 1,000 safety inspections per year; all institutions inspected at least once per year</li> </ul>
5	Promote systematic health improvement activities	<ul style="list-style-type: none"> <li>Eliminating the risk of legal violations by establishing a hazardous chemical management system</li> <li>Promoting proactive risk prevention activities by measuring hazardous chemicals in confined work space</li> </ul>



## Safety and Health



### Activity

#### Safety check training

We operate a Safety Check Day every month to enhance employees' safety consciousness and encourage each department to practice safety. We have developed checklists on the work environment, electrical safety, vehicle management, safety gear and tools. We perform inspections on the status of vehicles, protective gear, facility security, and fire prevention without giving prior notice, and take action against the persons found responsible for any noncompliance. In addition, we provide online training on industrial safety and incident prevention every quarter. We have developed an application that helps our subcontractors conduct safety management activities. Our safety training is geared to internalize the safety check culture in our organization and thereby prevent industrial accidents.

#### Measures for the mitigation of health and safety risks

KT strives to mitigate risks in the field of safety and health by identifying hazards and risk factors and following up on them through the implementation of risk assessments. We take actions on matters classified as needing improvement as a result of the assessment in accordance with our risk reduction plan. Furthermore, the risk level is managed continuously even after an action is taken. The assessment results include the measures implemented, evaluation results, and mitigation measures, and we educate employees by means of safety and health implementation inspection days, etc. We also disseminate information on the risks to KT Group and its partners who share similar risks.



### Assessment

#### B2B business related to the Serious Accident Punishment Act

We implement Safety DX to allow B2B customers to apply ICT in order to inspect and control safety more closely on site. By integrating new technology with existing equipment, they can effectively prevent and promptly respond to any accident. We will contribute to building a safe society by extending Safety DX to other companies.

#### Safety and health management system (ISO 45001) certification

KT Enterprise Group has acquired certification for ISO 45001, an international standard in the safety and health management sector, and strives to prevent industrial accidents and build a safe work environment. To this end, we comply with applicable laws and regulations and operate a systematic risk assessment procedure and self-check activities. In addition, we have prepared detailed work guidelines for 16 types of risky and special work. We also operate a consultative body between labor and management on safety and health. In recognition of such efforts, we obtained ISO certification for the integration, design, installation and maintenance of the communications system and network. We will continue to manage risk factors to allow the safety management system take root, make structural changes, and make our best efforts to ensure the safety and health of our employees.

#### Examples of Safety DX business areas

Category	Description
AI CCTV (GiGAeyes Pro)	Detects trespasses, roaming, abandonment and desertion based on AI visual analysis(vision AI). Features include object masking in images, facial recognition, recognition of vehicle plate numbers
Intelligent fire detector (Safe mate)	Uses a multisensory detector for flame, heat and smoke to detect fires quickly, and reports automatically to the fire department
AI virtual fences	3D LiDAR-based virtual fences installed in areas where physical fences cannot be built that set off alarms and stop the equipment when linked

## Safety and Health



### Performance

#### Status of the Occupational Safety and Health Committee

Category	100 or more employees(52 places)	Less than 100 employees(168 places)
Composition of the Committee	Equal number of representatives from management and labor(5)	Equal number of representatives from management and labor(3)
Number of members	470	1,038
Entrusted members(Safety and health managers)	96	346

#### Status of industrial accidents

Our analysis of industrial accidents in 2022 disclosed that the main causes turned out to be other(67%, illness and accidents during commute) and worker negligence(33%). By region, accidents occurred mostly in Gangnam/West(33%), followed by Gangbuk/Gangwon(25%), Jeonnam/Jeonbuk(25%), Daegu/Gyeongbuk(8%), and Busan/Gyeongnam(8%). We will continuously identify the causes of industrial accidents to minimize occurrences and build a safe work environment. In addition, we manages the accident status of our suppliers, and the industrial accident rate for construction suppliers was 0.29% in 2022.

#### Status of disaster

Category	Unit	2020	2021	2022
Number of employees affected by disasters	Cases	28*	21	12
Rate of industrial accidents*	%	-	0.1	0.1

\* Number of employees affected by disasters/annual average number of employees  
Number of disasters that occurred in 2020 changed to 28 cases according to the industrial accident approval date

#### Risk assessment result

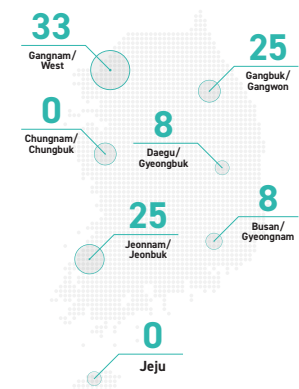
(As of H1 2022, Unit : Cases)

Category	Harmful and risk factors	Immediate improvement completed	Later improvement
Business support department	225	160	65
Regional head offices	1,980	1,597	383
Total	2,205	1,757	448

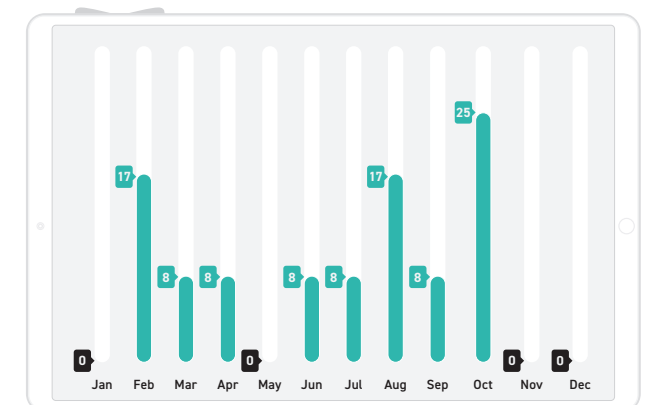
#### Accident rates by cause (Unit : %)



#### Accident rates by region (Unit : %)



#### Accident rates by month (Unit : %)



## Supply Chain



### Strategy

#### Win-win strategy and system

We promote shared growth with our suppliers to secure competitiveness in order to lead the future and to provide differentiated services. We launched an organization dedicated to this goal in 2010 and have implemented various activities to grow with our suppliers ever since. In particular, based on the three directions of our win-win strategy—win-win cooperation, stability, and shared growth—we are enhancing the competitiveness of our suppliers by operating a shared growth program. We have achieved the highest grade in the Shared Growth Index for eight consecutive years since 2014, and will continue to pursue sustainable growth with our suppliers.

##### Win-win cooperation



- Support suppliers to enter the overseas market
- Develop technology through joint investment
- Promote a culture of shared growth
- Cooperate for performance sharing
- Purchase consultation such as the shared Growth Fair

##### Stability



- Support suppliers health and safety
- Support ESG assessment/consulting
- Evaluate risks involved in installation work
- Support talent retention
- Support technical assistance program

##### Shared growth

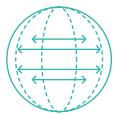


- Support solutions to increase productivity
- Support online recruiting
- Provide training to suppliers to enhance capabilities
- Build a cooperation platform with suppliers
- Develop start-ups and strengthen cooperation

#### Code of conduct and guidelines

In December 2012, we became the first telecommunication company in Korea to adopt sustainability guidelines for our suppliers. In 2020, we redefined the core sectors of sustainability, such as human rights, the environment, health and safety, and ethics, to reflect the UNGC(United Nations Global Compact), and integrated them with our Supplier Code of Conduct and Guidelines on Implementation. The 30-item Supplier Code of Conduct and the Guidelines for Implementation present the standards for sustainable management that we expect of our suppliers. In this way, we set and meet objectives for supply chain management that are conducive to both KT and suppliers. In particular, we made it mandatory to acquire ISO 45001 certification to maintain a competitive safety and health system in the supply chain of infrastructure building. In addition, we have implemented a policy to prevent accidents among suppliers in infrastructure building by distributing fall prevention devices.

## Supply Chain



### Activity

#### Communication with the supply chain

In 2014, we started operating sustainable management education programs to share our sustainable management goals and implementation system and encourage our suppliers to practice sustainable management. To this end, we operate diverse communication channels with our suppliers. In particular, we strengthened contact-free channels to ensure there was no difficulty in communication during the COVID-19 pandemic. As a representative communication activity, we have held an annual Partner's Day event since 2014. We strive to lead the ICT market along with our suppliers by sharing our business and technology directions, encouraging them through various awards and promoting stronger cooperation. In addition, we regularly organize supplier meetings by regional headquarters. In 2022, we opened an SCM Sinmungo(newspaper) within the supplier portal to listen to supplier opinions. Three safety-related inquiries were received and reviewed by the Safety & Health Department, and all three cases were resolved by informing suppliers of the outcome. We are also promoting the SCM Sinmungo(newspaper) to our suppliers' on-site workers through letters for shared growth. We are doing our best to prevent safety accidents with our suppliers by listening to their opinions and making improvements, such as introducing new safety equipment and improving construction methods, as well as inquiries on KT's safety management plan and enforcement of safety management fees.

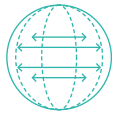
#### Supply chain communication channels

Category	Description
Partner's Day	KT and suppliers share business directions and KT encourages suppliers with awards
Get-togethers with suppliers	KT visits suppliers to understand the difficulties they have and provide support with resolutions
SCM Council	Regular coordination of demand and supply plans
Online meetings	Un-tact communication with suppliers
Policy briefings	Communication on changes in supplier-related plans and shared-growth plans
Letters for shared growth	Contact-free communications to share useful information

#### KT Eco:N

In 2021, KT built KT Eco:N, a platform designed to enhance cooperation with partners by allowing partners in digital platform areas such as AI, big data, robot and mobility to enter their services, solutions, technology information and business information and link them with KT's internal system. The platform laid a foundation for our partners to share information and develop their businesses as they could provide their company information(source technology), cooperation information(investments, contracts), and credit and financial information. In 2022, about 2,340 partner companies signed up for Eco:N while the number of KT users stood at 6,156. Utilizing Eco:N, KT and partner companies cooperated with one another in 172 cases including commercialization(launching services, offering orders), MOUs/PoCs(business cooperation agreements, technology/service verification), and business identifications/reviews(reviews of technology documents, meetings for business cooperation). Eco:N has shortened the lead time compared to the previous method that depended on human networks and built a sound ecosystem through proactive cooperation. Partners enjoy opportunities for cooperation and investment by promptly getting information from KT, while KT enjoys a healthy ecosystem of cooperation with competitive partners. In 2023, KT is working on developing Eco:N 2.0 to strengthen open innovation in the digital platform and B2B areas. We will reclassify partner companies in terms of key growth businesses and build a uniform SCM partner platform to integrate partner information and increase cooperation with partners through AI-based automatic recommendations.

## Supply Chain



### Activity

#### Program for shared growth

##### Support for the development of new technology

With the aim of leading the ICT industry, KT cooperates with its suppliers to develop new technology and solutions. Under a business agreement with the Ministry of SMEs and Startups, we raised a three-year fund of KRW 3 billion to participate in private-public investment for the technology development of suppliers. In addition, we develop equipment and services jointly with our suppliers to save costs and improve quality, and to share results. We transfer good-quality patents to suppliers free of charge to help them overcome technological limitations

##### Support for strengthening safety

We make efforts to support our suppliers in various ways to help them establish their own safety and health systems and prevent accidents. We perform assessments on suppliers through an external specialized institution to enhance their safety and health systems, and the lowest-scoring 30% of suppliers are encouraged to improve their safety and health systems through a consulting service. For Telco suppliers working on building the Telco platform, we offer active support to prevent accidents by providing certification courses regarding work on poles and advanced safety devices such as fall prevention devices.

##### Support for market development

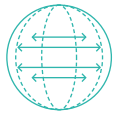
We attend globally renowned exhibitions and form joint ventures with our suppliers to help them increase sales. Following a hiatus due to COVID-19, we participated in four global exhibitions including MWC and CommunicAsia in 2022 with our suppliers by setting up a KT Supplier booth. In 2022 in particular, we expanded our support to promising digital platform venture startups, including ones with no business relationship with KT yet, in addition to existing Telco suppliers. By doing so, our SME suppliers had the opportunity to promote their products to global buyers and investors, enhancing their global competitiveness.

#### Joint participation in global exhibitions in 2022

<b>2022 MWC in Spain</b>	<b>2022 CommunicAsia in Singapore</b>
Supported two companies	Supported six companies
<b>2022 Japan IT Week in Japan</b>	<b>2022 SCEWC in Spain</b>
Supported five companies	Supported six companies



## Supply Chain

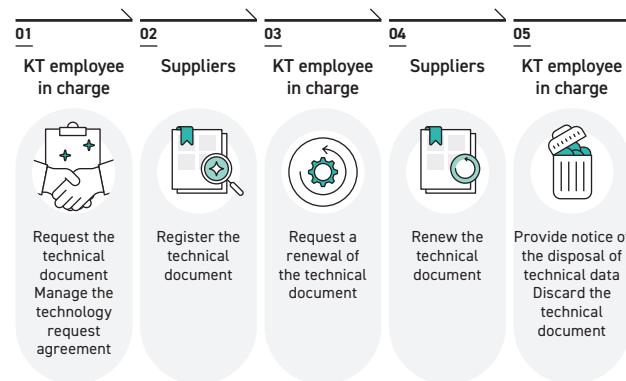


### Activity

#### KT TechCare

KT has established the KT TechCare system, which deploys DRM (digital rights management) to ensure only certain users can utilize technology and ideas for a certain period by issuing requests for technology documents. The system aims to ensure increased convenience in making business proposals with suppliers, improving processes with more channels, and using the site. About 3,000 suppliers registered on the platform, and 16,000 KT employees and 3,414 employees of suppliers were able to ensure faithful compliance with laws and regulations by using TechCare. On the KT TechCare system, ideas originating outside KT can be pooled into one channel. The responsible department completes a review on each proposal received within 30 days and provides the review results. Under this improved process, 41% of ideas proposed were adopted and 16% of them were commercialized, generating a revenue of KRW 5 billion. In 2023, in order to increase opportunities to grow further with suppliers and to increase chances for the commercialization of external ideas, KT will develop new features that will ensure the convenient exchange of technology documents for users at suppliers and reinforce KT's business information, promotion and communication. In addition, we will provide companies that propose ideas with additional benefits including increased opportunities to participate in development programs (financial support for commercialization) and joint participation in exhibitions at home and abroad.

#### Technical document control process



### Assessment

#### Pre-screening of supply chain sustainability

KT requests new suppliers to comply with our supply chain policies based on our electronic contract system. Written contracts with suppliers require that they comply with our supply chain policy. In 2016, we revised the Special Agreement on Ethics, making it obligatory for our suppliers to comply with our ethical management and fair trade policy. This special agreement stipulates that unethical behaviors, such as bribery during the implementation of contracts, are prohibited. In 2021, we also revised the Special Agreement on Ethics to ensure that third parties, including suppliers, comply with KT's enhanced ethical management policy to improve transparency in bids and contracts in which KT participates.

## Supply Chain



### Assessment

#### Assessment of sustainability risks in the supply chain

We select subcontractors according to our assessment criteria for each sector, such as supplies, construction, software development, services, and stores, and identify the best performers by assessing their transaction results every year. We conduct management reviews and monitoring of the RMI(risk management index) for selected suppliers twice a year in coordination with a credit rating institution. Since 2013, we have periodically measured the levels of risks associated with human rights, the environment, health and safety, and ethics, and in 2021, we adopted external ESG reviews to objectively measure and improve the non-financial risks of our suppliers. Notably, we performed extensive ESG assessments on suppliers in all areas, including services, SW, and stores, in addition to logistics and construction suppliers in 2022. In 2023, we plan to diagnose the current status of ESG management in all areas of our suppliers, the same as in 2022. We also provide ESG consulting support to the bottom 10% of underperformers in each area of ESG assessment. In particular, we will set the target ESG consulting support at ESG4, the median of all 7 levels, to help suppliers with ESG rating of ESG6 and 7 improve their risk factors in problematic ESG areas in the short term and improve their rating by at least two levels. Through this sustainable supply chain risk management, we will ultimately contribute to the internalization of ESG in the supply chain.



### Performance

#### Status of supplier support

Category		Unit	2020	2021	2022
Joint R&D and new product development with SMEs	Cases	Cases	43	108	255
	Amount	KRW million	24,699	14,717	47,923
Sharing of results	Cases	Cases	39	28	31
	Amount	KRW million	827	2,063	463
Technical document implementation support	Cases	Cases	69	67	86
	Amount	KRW million			
Technology support and protection	Support for original certification service for trade secrets	Cases	3,369	3,369	3,369
	Free-of-charge transfer of patents	Cases	43	37	28
Workforce support	Technology transfer	Cases	13	11	12
	SBC plan	Cases	21	26	23
Online recruiting	Cases	Beneficiaries	150	231	231
	Amount	KRW million			

#### Support for safety enhancement

Category	Unit	Beneficiary
Support for SH(safety and health) assessments	Companies	468
Support for supplier safety training for work on poles	Persons	299
Support for suppliers to develop and distribute equipment for greater safety	Companies	258 (KRW 300 million)

#### Primary suppliers

#### Results of supply chain sustainability risk assessments

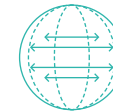
Category		Unit	2020	2021	2022*
Total registered suppliers	No. of suppliers	Companies	493	491	468
	Ratio	%	100	100	100
Suppliers subject to assessment	No. of suppliers	Companies	360	491	468
	Ratio	%	73	100	100
Suppliers subject to ESG assessment	No. of suppliers	Companies	11	370	395
	Ratio	%	0	75	84
Suppliers subject to on-site due diligence	No. of suppliers	Companies	258	370	395
	Ratio	%	52.3	75	84

\* Reflected changes to the supplier management system, including voluntary mergers and acquisitions between corporation suppliers and the elimination of duplicate suppliers by field

## Human Rights



### Strategy



### Activity

## Human rights policy

We aim to pursue growth as a sustainable business. We fulfill our social responsibility for human rights protection based on the human rights policy we formulated in June 2017. We have taken all measures to prevent cases of human rights infringement that can occur throughout all of our business operations and value chain. Furthermore, we officially stand by the global standards on human rights and labor including the UDHR(Universal Declaration on Human Rights), the ILO(International Labor Organization) Conventions, the OECD(Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises, and the UNGP(UN Guiding Principles on Business and Human Rights). Since joining the UNGC(UN Global Compact) in May 2008, we have made it a rule to implement the ten principles in four sectors(human rights, labor, environment, and anticorruption) throughout all our operations. KT respects globally recognized guidelines on human rights. These include the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights(right to freedom covenant), International Covenant on Economic, Social and Cultural Rights(social covenant), and the eight core conventions of the International Labor Organization(including freedom of association, prohibition of forced labor, prohibition of child labor, and prohibition of discrimination). We abide by all internationally recognized human rights in both hard and soft laws.

## Definition of human rights at KT

Category		Major content
Basic human rights	Guarantee of equality and prohibition of discrimination	We prohibit all types of discrimination based on gender, age, nationality, religion, educational background or physical challenges.
	Guarantee of freedom and prohibition of forced labor Human dignity and prohibition of child labor	We prohibit all kinds of involuntary labor and service. We prohibit all types of labor by minors(under 18 years of age).
Human labor rights	Freedom of assembly and right to collective bargaining	We guarantee employees' rights to form or join a union to protect the rights of individuals or groups of employees.
	Fair compensation and observance of labor standards Guarantee of health and safety	We guarantee fair compensation and observe the Labor Standards Act for work conditions, including work hours and wages. We guarantee the observance of laws related to workplace health and safety.
	Freedom of expression	We guarantee the customers' rights to freely express and share their opinions with others and have access to information. We protect children from harmful content on communication services.
Promotion of human rights	Protection of personal information and privacy	We respect the privacy of our customers and protect their personal information. To this end, we strive to minimize the recording and storage of personal information, take technical and administrative measures to protect information and guarantee the rights of data subjects.
	Pursuit of happiness through innovation	We promote the convenience, interests and happiness of our customers by leading innovation and technological development based on our GIGA network and ICT services. We will ensure that our customers enjoy innovative services and pursue happiness regardless of their origin, class or physical challenges.

### Human rights training



We require all our employees to take a human rights training course provided by KT. We held one session in the first half of 2022 and one in the second half. Our human rights training covers subjects such as the prevention of sexual harassment and workplace bullying, and awareness and perceptions regarding disability.

### Protection of the human rights of employees



We run a psychological health care program for employees in cooperation with a professional psychological consulting organization. In 2022, 600 employees and their family members received individual counseling sessions, and each person had on average 3.1 sessions(50 minutes/session). We also operate team sessions on MBTI to identify individual strengths and give employees a chance to share what they feel to enhance communication within the team. In recognition of such efforts, KT was selected as a leading company in taking care of the mental health of employees and its initiatives were reported by the media. We will continue to take care of our employees' mental health.

### Redress for infringements on human rights



We actively intervene in cases of violations of our human rights policy and principles in the value chain. We operate a human rights hotline round the clock to fulfill our social responsibility as a global company and promote respect for human rights.

### Protection of the rights of residents



We have established procedures for identifying risks to prevent potential infringement on the rights of the residents living in areas where we build base stations and network infrastructure. We recognize that potential risks may arise due to economic, social, and cultural differences when we enter foreign markets, and that such risks may have a negative impact on our business in the form of delays or cancellations of projects, complaints by local residents, or withdrawal of the right to execute a project. We try to uphold the safety and rights of residents near our domestic business operations, base stations, and network infrastructure, and we avoid infringing upon their land and property and causing harmful effects with electromagnetic waves.

## Human Rights



### Assessment

#### System for managing human rights risks

##### Criteria for managing of human rights risks

We developed our human rights management process based on the UNGPs (UN Guiding Principles on Business and Human Rights), which present a clear framework for the promotion of human rights to businesses and stakeholders. We identify potential human rights issues and groups vulnerable to human rights infringement in advance, and inspect and improve issues through internal and external monitoring.

##### Identification of human rights risks

We have defined major human rights issues by analyzing all our value chains throughout operation, manufacture, supply, sales and distribution based on the UNGP. We prioritized these issues based on the level of exposure to risks. We developed a framework to assess human rights risk exposure to identify potential human rights risks from the perspectives of policy announcements, policy execution, and remediation for violations of human rights. We identify human rights risks based on risk assessments before market release, examinations of psychological distress among emotional workers, checks on personal information protection, sustainable management assessments of the supply chain and business risks.

#### Diagnosis of human rights risks

We selected human rights risks by analyzing major activities by value chain stage. The selected risk areas are: labor rights, safety, and human rights issues at the manufacturing and supply stage; direct infringements on the rights of residents in the course of project implementation; personal information protection in the sales and distribution process; and protection of emotional workers such as CS consultants. We perform due diligence on human rights issues and will continue to reduce such risks in cooperation with relevant teams.

#### Human rights risks and management by category

Major human rights issues	Vulnerable groups	Subject of review	Definition of issue	Management	Assessment system
A Products/services	Children, general public	KT	Potential human rights infringements that may occur due to goods and services	Due diligence	Assessment of risk before introduction to the market
B Protection of emotional workers	Consultants	Subsidiaries	Protection of CS personnel exposed to unreasonable behaviors (abusive language, sexual harassment, insults, threats) or ridiculous demands	Due diligence	Monitoring of emotional workers
C Protection of private information	General public	KT, subsidiaries, suppliers	Protection of personal information and privacy, which are closely related to the telecommunication business	Due diligence	Inspection of protection of private information
D Human rights related to the supply chain	Suppliers, employees, migrant workers	Suppliers	Infringements on the basic human rights, labor rights and right to safety of subcontractor employees	Due diligence	Assessment of sustainable management of the supply chain
E Protection of the rights of residents	Residents, local communities	Local communities	Direct infringements on the rights of residents living in areas affected by the expansion of business	Due diligence	Assessment of business risks
F Employee human rights	Employees	KT	Infringements on the basic human rights, labor rights and right to safety of employees	Due diligence	—
G Harmful content	Children, general public	KT	Prevention of children from access to harmful content, and protection of universal access to information	Precautions	—
H Disputed minerals	Residents, children	Material suppliers	Prevention of child labor in the Congo and neighboring countries in the production of tin, tungsten and tantalum used in electronic devices	Precautions	—

## Human Rights



### Assessment

#### Major human rights issues

##### Products/Services

We operate 44 risk indexes quantified by risk type and monitor potential risks constantly. We perform in-depth reviews on four risk areas—operation, legal, fair competition and information protection—in addition to differentiation and completeness reviews for the new services that we introduce to the market each year. In this way, we prevent the risk of human rights infringements such as failures in information protection and discrimination.

##### Protection of emotional workers

KT Customer Center operators are exposed to human rights violations due to the characteristics of their work. In cooperation with the Customer Center subsidiary, we offer examinations and healing programs for these operators.

#### Potential human rights issues

##### Employee human rights

KT has mandated human rights education to ensure the basic human rights/labor rights/safety rights of employees, and conducts education on sexual harassment, disability awareness, and personal information protection once a year to address these growing social issues.

##### Harmful content

KT takes measures to block harmful content to ensure that children can access online information and experience responsible content in a safe manner. We block harmful content through Kids Mode in the UI for children, and provide only safe content for those under the age of 15 as search results with the 'Kids Safe Search' feature on GiGA Genie devices.

#### Identification/Diagnosis of value chain-related human rights issues

Category	Manufacturing/Supply		Operation		Sales/Distribution	
Products/services			Before launch	After launch	Sales	Follow-up management
			Development	Content	Sales	Customer service
			A : Products/ Services F : Employees' human rights	F : Employees' human rights G : Harmful content	C : Privacy protection D : Human rights in the supply chain	B : Protection of emotional workers F : Employees' human rights
Network	Collection	Manufacturing	Before a project	After a project		
	Raw materials	Manufacturing	Sale	Operation		
	H : Conflict minerals	D : Human rights in the supply chain	E : Protection of natives' rights F : Employees' human rights	C : Protection of privacy F : Employees' human right		

##### Conflict minerals

Civilian labor is exploited in the mining of four minerals, including tin, tantalum, tungsten, and gold, which are produced in conflict zones in Africa, and this situation is recognized as an international human rights issue. Makers of electronic devices such as mobile phones and laptops must exercise caution regarding the use of conflict minerals, and KT recognizes and pays attention to this as a potential human rights issue.



## Human Rights



### Performance

#### Human rights training

(As of 2022, for all employees)		
🔍	<b>Prevention of sexual harassment</b>	<p>Understanding the concept and criteria for sexual harassment cases at the workplace and learning how to respond to and prevent them</p> <p><b>Twice</b> a year (1st and 2nd half)</p>
🔍	<b>KT compliance</b>	<p>Understanding the law and regulations on public bidding, human resources, industrial safety and health, and accounting and tax</p> <p><b>Twice</b> a year (1st and 2nd half)</p>
🔍	<b>Protection of personal information</b>	<p>Understanding the latest trends regarding the protection of personal information and relevant laws and regulations; understanding the basic rules to follow in order to protect personal information</p> <p><b>Twice</b> a year (1st and 2nd half)</p>
🔍	<b>Prevention of workplace bullying</b>	<p>Learning the types of bullying and how to respond based on multiple cases</p> <p><b>Once</b> a year (1st half)</p>
🔍	<b>Enhanced awareness of disability</b>	<p>Understanding different types of disability to eliminate prejudices against physically challenged people, and learning manners and etiquette to build an organizational culture where communication is done effectively</p> <p><b>Once</b> a year (2nd half)</p>

## Securing and Developing Talent



### Strategy

#### Ideal KT employee

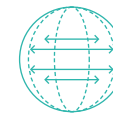
We believe that talented human resources are the source of the greatest competitiveness. To fulfill our vision of contributing to national advancement by changing people's lives and leading innovation in industries, we hire people who excel in the areas of customer centricity, ownership, communication and collaboration, fundamentals and processes.

#### Respect for Diversity and Equality

We respect the diversity and equality of our employees and prohibit discrimination in hiring, promotion, and training. We strive continually to create an inclusive organizational culture where employees do not suffer inequalities based on factors such as age, gender, and disability, which are unrelated to their work capabilities. Since the establishment of the subsidiary business site KT Hopemate in 2019, we have been creating jobs for people with disabilities at an exemplary level. In recognition for this effort, Young-jin KIM, CEO of KT Hopemate, was awarded the Iron Tower Order of Industrial Service Merit in 2022 for promoting employment for people with disabilities. In the mid- to long-term, we will identify and expand new businesses that can employ people with disabilities, such as car washing, cleaning, video production, and office work support, to expand diversity.

#### Recruitment

Following its successful digital platform transition, KT is making constant efforts to recruit competent employees with an expanded talent pool to reinforce digital platform and target the global market. We employ diverse methods of recruiting such as regular, occasional and intern recruitment and sponsorship all year round and actively look for leaders who have the highest level of technical skills. Our AI Contract Department, which has aimed at reliably securing outstanding new employees, will be expanded to other areas to internalize key competencies in such areas so as to secure capabilities in future growth businesses. In addition, we will hire experts with DX and BM business backgrounds in the target countries to become competitive in the global arena. Meanwhile, many trainees that graduated from the KT AIVLE School were employed by leading local companies including AI One Team member companies and startups. KT will continue to provide on-the-job training in AI and DX areas free-of-charge to nurture talented professionals and help them find jobs, thereby contributing to resolving the unemployment issue among young people.



### Activity

#### AI training

KT strives to lead the creation of the AI ecosystem, not only within the group, but throughout Korea. Based on our knowhow in nurturing talent for AI, KT developed AICE(AI Certificate for Everyone), a private sector certificate that qualifies the AI capabilities necessary to work in a company. We have developed and are operating training and a practice platform called AIDU. AICE is open for anyone from elementary school students to grown-ups and from non-majors in AI to professional developers, in addition to employees of KT Group.

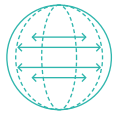
#### KT AI talented human resources framework

Education	Certification	AI coaching	Exploration of tasks	Practice platform
Project based Learning	Verification of AI use competence	Cultivation of internal talent based on AI-driven coaching	Support for task exploration and materialization by using the KT No. 1 Workshop	AI practice platform 'AIDU'

#### Job expert system

KT operates a job expert system that recognizes employees' expertise in four fields: DX, NW, sales and planning. Selected experts share their expertise and knowhow, driving the growth of colleagues and contributing to enhancing the performance of their departments by means of strengthened competitiveness.

## Securing and Developing Talent



### Activity

#### Digital training platform(KT Genius)

KT operates KT Genius, an optimized digital learning environment for the KT Group. KT Genius has provided 9,700 online courses in areas including AI/DX, jobs and leadership, and the training content is updated regularly. KT Genius has been enhanced with learning content(learning recommendations) curated based on HR data, blended learning in online and face-to-face formats, and an integrated search function to quickly search training courses and content. As a result, in 2022 alone, 940,000 online learning sessions were provided. For those who perform as heads of departments, an HRD-Index is provided, which shows the training history of the members of the department, their capability level, and experts and expertise in the department. This is intended to support the development of personnel led by the heads of departments. KT Group University has been established to offer digital platform degree courses in AI, coding and data analysis and management degree courses in business strategy, marketing and finance, in order to support the upskilling of employees. The full-day program for future talent development includes a six-month training component in software development and B2B delivery, as well as opportunities to execute projects. This is intended to support the upskilling of the existing personnel into AI and DX experts, and enhance market competitiveness. We also offer financial support for employees who earn professional certificates and additional incentives are provided when they seek to acquire qualifications in digital technologies. We also offer various benefits including foreign language examination fees to enhance global competence. KT provides training programs tailored to the changing business environment to support the advancement of employees and corporate value.

#### Training programs and performance

Training programs		No. of trainees	Results of training
Program for future professionals	Full-time programs	66	<ul style="list-style-type: none"> <li>All 66 trainees in the full-time program made a career change to AI/SW development and proposal/ implementation</li> <li>216 trainees obtained AI certificates(AICE 196 people/RPA 20 people), 88 trainees obtained the COSpro(coding specialist) certificate(level 1- 81 people / level 2- 7 people)</li> <li>All five AI projects, including the AI-based 5G speed forecast, were commercialized.</li> </ul>
	99-day AI Marathon	582(KT 244/Group 338)	
	Six-month Coding Challenge	283	
	Data Analysis Marathon	235	
Program for strengthening B2B capabilities	Consulting/proposal re-skilling	192	<ul style="list-style-type: none"> <li>Developed/allocated employees for proposal/implementation work, resolved labor shortages in the B2B DX business(career change 163 people)</li> <li>549 trainees secured technical cloud skills and acquired the kt cloud certificate, 76 trainees acquired the AWS certificate</li> <li>Supported a 147-billion-won order for Education Office School Net and 35 local governments, 77.8-billion-won order for companies</li> <li>Systemized and made public the quality management of a KT B2B project based on ISO, supported the acquisition/renewal of KT ISO 9001</li> <li>Developed the B2B business, IT design/consulting and the project management pool (36 people newly acquired PMP certificates)</li> </ul>
	DX competency upskilling	575	
	Cloud technology upskilling	1,149	
	B2B digital platform degree	198	
Training for the accreditation of ICT supervisors	Basic and intermediary course (ICT polytechnics)	116	<ul style="list-style-type: none"> <li>All 203 trainees acquired certificates (basic 52 people, intermediary 64 people, advanced 87 people)</li> <li>Currently supervising KT facility constructions</li> </ul>
	Advanced course (ICT polytechnics)	87	



### Assessment

#### Fair evaluation and compensation

We encourage all employees to establish individual objectives and manage their performances based on the human resources evaluation process. The criteria and procedures for evaluation are open and transparent, and fairness is ensured by training the evaluators, conducting interviews and allowing employees to raise objections. Based on the evaluation results, we provide compensation such as pay raises, promotions and assignments to various positions.

#### Process of HR evaluation



## Securing and Developing Talent



### Performance

#### Status of employment

	Category	Unit	2020	2021	2022
Total number of employees	All employees	Persons	22,720	21,759	20,544
	Male	Persons (%)	18,684 (82.2)	17,761 (81.7)	16,577 (80.7)
	Female	Persons (%)	4,036 (17.8)	3,998 (18.4)	3,967 (19.4)
Types of employment*	Regular	Persons (%)	22,123 (97.4)	21,087 (96.9)	19,823 (96.5)
	Non-regular	Persons (%)	597 (2.6)	672 (3.1)	721 (3.5)
Age group	20~39	Persons (%)	4,355 (19.2)	4,150 (19.2)	3,814 (18.6)
	40 or above	Persons (%)	18,365 (80.8)	17,609 (81)	16,730 (81.4)
Positions*	Lower-level managers	Persons (%)	3,263 (14.4)	2,669 (12.3)	2,100 (10.2)
	Male	Persons	2,392	1,904	1,477
	Female	Persons	871	765	623
	Mid-level managers	Persons (%)	15,504 (68.2)	15,109 (69.5)	14,482 (70.5)
	Male	Persons	12,910	12,428	11,729
	Female	Persons	2,594	2,681	2,753
	Upper-level managers	Persons (%)	2,803 (12.3)	2,608 (12)	2,617 (12.7)
	Male	Persons	2,617	2,421	2,398
	Female	Persons	186	187	222
	Others*	Persons (%)	1,150 (5.1)	1,373 (6.4)	1,345 (6.6)
Executives	Unregistered executives	Persons	99	103	98
	Unregistered female executives	Persons	10	10	10
Employee diversity	Disabled persons employment*	Persons	592	560	513
	Veterans with a record of distinguished service	Persons	1,193	1,081	882
	Non-Koreans	Persons	12	13	13
Average years of continued service*		Year	21.6	21.7	22.0

\* **Types of employment :**  
Unregistered executives are reclassified into non-regular employees.

**Positions:**  
Lower-level manager(assistant manager), mid-level manager(manager, deputy general manager), upper-level manager(general manager, executive)

**Others :**  
Contract workers, security guards, expert members, professional career personnel, staff, etc.

**Disabled persons employment :**  
Includes employee of kt Hopemate, a subsidiary standardized business

**Average years of continued service :**  
Only years of continued service of regular workers considered

#### Newly employed personnel and retirees

	Category	Unit	2020	2021	2022
Newly employed	All	Persons	273	357	669
	Female	Persons	98	130	297
	Internship	Persons	246	335	323
Retirees	Percentage of retirees*	%	0.60	1.06	1.43

\* **Percentage of retirees** = Number of voluntary turnovers/total employees at year-end  
Excludes retirement with full benefits and voluntary retirement

#### Employee education and expenses

	Category	Unit	2020	2021	2022
Total number of persons receiving company-provided education*		Persons	22,621	21,357	20,777
Average hours of education per employee*		Hours	66.8	68.5	84.6
Average education expenses per employee		KRW thousand	671	685	636

\* Numbers are calculated based of DART data(Nov 2022)  
Increase in non-face-to-face group training(11h) and mandatory education including safety training(3h)

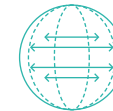
## Organizational Culture



### Strategy

#### Labor-management relationship

We guarantee the right of our employees to join a labor union and form other representative bodies in accordance with Article 5 of the Trade Union and Labor Relations Adjustment Act, and Article 3 of our Collective Agreement. We have also adopted a union shop system under which all our employees are protected by a collective agreement. As of December 2022, 78.6% of our employees were members of the labor union. We work with the Central Labor-Management Council to boost employees' morale and improve their welfare. In 2022, the council discussed and reached decisions on 43 major issues while the Regional Labor-Management Councils processed 132 issues in 2021. The Labor-Management Council and Regional Labor-Management Councils met 32 times in total.



### Activity

#### Handling of Employee complaints(KT119)

We operate channels for handling employee complaints and grievances. We formed the Committee for Handling Employee Complaints and Grievances, which is composed of representatives from labor and management from each of our 231 work units across the country. In March 2015, we opened KT119 to resolve the grievances and difficulties of current and former employees and have handled 30,000 cases so far. Employee satisfaction scores remain high every year and averaged 4.58 out of 5 in 2022. KT119 has been further expanded to six areas(law, finance, tax, liability, entrance examination, psychology) to help employees solve problems in their daily lives with the help of professional consultants. Employees can contact the center by phone(080-2580-119), text(1588-4936), email(kt119@kt.com) or the online bulletin board. The center also issues a weekly newsletter every Wednesday, which introduces issues that are handled frequently by KT119. Moreover, we operate a discussion panel to identify and suggest resolutions for issues on site. The panel discussion has evolved into a unique forum for KT where participants can raise and resolve issues and communicate with each other.

#### Flexible work schedule program

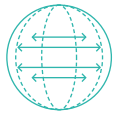
KT introduced an efficient and flexible work program early on to facilitate the work-life balance of employees and increase job satisfaction. The total working hour system that was started in 2021 has been improved and supplemented in consideration of various types of work and the autonomy and diversity of individuals. Previously, employees were allowed to set their own working hours within 40 hours a week. Starting from 2023, however, employees can set their own work schedule within a 160-hour, 4-week timeframe, meaning that if they work longer in a certain week, they can work less the following week or even take leave. The new system offers increased flexibility and allows bespoke working hours depending on the nature of employees' jobs. Moreover, if an employee works just 30 minutes longer a day, he or she can take a day-off after four weeks, in which case it has the same benefit as an annual leave.

#### Flexible work schedule program in 2023

(As of May 2023)

Program	Description	Average monthly users in 2023
Total work hours program	<ul style="list-style-type: none"> <li>Work 160 hours in four weeks from Monday to Saturday(minimum of four hours in the office per day)</li> <li>Time: 06:00~22:00</li> </ul>	4,775
Weekday break	<ul style="list-style-type: none"> <li>Take a day off by allocating working hours(0 working hours on a weekday; Taking Friday off is recommended for a long weekend)</li> </ul>	2,677 (56% of those under the total work hour program)

## Organizational Culture



### Activity

#### Welfare system

We support the personal lives of employees in areas such as marriage, childbirth, housing, children's education, medical expenses and life after retirement so that they can focus on their work. Our efforts to improve the welfare system for the stable lives of our employees has continued. To alleviate the burden of rising interest rates, our financial support for interest payments, and additional support is available for employees who have an urgent need for funds. In addition, we operate the KT Residence for people working in Seoul away from their family members and offer improved support in rent per month instead of company housing located nationwide. Thus, employees can choose their place to live and type of benefit depending on their needs. From April 2023, our global training program has been resumed after a temporary interruption caused by COVID-19, providing our diligent employees and their families with time to recharge themselves.

#### Major welfare systems

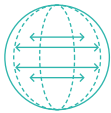
Category	Description
Welfare points	<ul style="list-style-type: none"> <li>All employees(Added points to 10<sup>th</sup> year of employment and employees younger than 40 years old for fostering the future)</li> </ul>
Company loans	<ul style="list-style-type: none"> <li>Support for housing funds and interest payments for loans</li> <li>Loans for repaying tuition fee loans taken out before joining the company</li> </ul>
Resorts	<ul style="list-style-type: none"> <li>Employee resorts, private resorts, hotels, global training programs</li> </ul>
Livelihood support	<ul style="list-style-type: none"> <li>Self-development expenses</li> <li>Communications expenses(mobile, landline, TV)</li> <li>Family events(marriage, 60th birthday, childbirth, death)</li> <li>Medical expenses, medical check-ups, group insurance, pension savings</li> </ul>
Child rearing	<ul style="list-style-type: none"> <li>Workplace childcare centers</li> <li>Support for children's school tuition fees(children aged 5~15)</li> <li>Aid for the education of children with disabilities(children aged 0~18)</li> <li>Aid for children's school tuition fees(high school and university), education programs for children(online education for students of primary, middle and high schools)</li> <li>Health insurance for born and unborn children(aged 0~4)</li> </ul>
Residential stability	<ul style="list-style-type: none"> <li>KT employee dormitories(Seoul), rent subsidy for employees living alone away from family</li> </ul>
Employee ownership	<ul style="list-style-type: none"> <li>Allowing employees to acquire company stocks at any time</li> </ul>

#### Invigorating the organizational culture

KT has implemented three cohesiveness programs and diverse recognition and reward programs to promote an organizational culture centered on the company's management philosophy and build an invigorating workplace. The three cohesiveness programs are operated by a family unit to instill pride and support in employees and help them achieve a work-life balance. The programs are composed of sports games, the annual foundation day ceremony and an e-sports league, and aim to raise a sense of belonging in employees while allowing them to enjoy the events. We also operate various recognition and reward programs organized by department heads to compliment and encourage our highest performing employees. We offer AI hotel vouchers, tickets to various cultural events such as classical music concerts and musicals, and tickets to premium sport games, so that employees and their families can feel pride and confidence as members of the KT family.



## Organizational Culture



### Activity

#### KT Blue Board

Launched in 2001 and now in its 23rd year, the KT Blue Board is a group formed of opinion leaders in the MZ generation who are in their 20s and 30s and are leading the future of KT. As a bridge of communication among colleagues and future leaders, the Blue Board undertakes missions to discover management insights. It identifies tasks for business models including key management areas, the corporate image and ways of working, and executes them based on different and fresh ideas that can only come from the MZ generation. Along with that, it plans and executes various programs to increase engagement and satisfaction at work through communication infrastructure built for MZ generation workers.

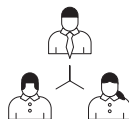
#### Teamwork building programs

We carry out programs designed to enhance teamwork within departments. In 2022, the "Teamplay" program was implemented to ease tensions by enhancing understanding among team members and support the creation of a goal-oriented organizational culture. Sub-programs such as "MBTI", "Find my strong points" and "My life graph" were adopted so that departments can choose the program they want to build team spirit. With such programs, participants can share their dispositions based on the MBTI test under the guidance of a counselor and learn the patterns of action appropriate for their personality. These programs help build consensus among team members and enhance work efficiency.

#### KT No.1 Workshop

Launched in 2014 and marking its 10<sup>th</sup> anniversary this year, the No.1 Workshop is an innovative tool designed to facilitate communication, collaboration and execution based on the collective intelligence of KT employees. During the two-day workshop, internal and external experts engage in discussions to solve problems related to customers and the site, and come up with ideas. They present proposals for improvement and make decisions on the spot. This innovative platform has been recognized both within and outside Korea, winning the Prime Minister's Award for business innovation in 2017, the Presidential Award at the Korea Top Enterpriser Awards in 2018, and being selected by the Association for Talent Development as a best practice in the change management area in 2019. Over the past ten years, some 103,000 panelists have taken part in discussions dealing with more than 6,600 subjects. The latest workshop focused on project-driven development of AI and DX talent, execution of the group's management philosophy (innovation from the customers' perspective, stable operation of the network) and plans for DX business growth. As such, the No.1 Workshop is actively operated for the creation of outcomes, business innovation, and human resources development, and functions as a core platform for realizing KT's customer-centric core value and DX innovation.

#### 2022 Teamwork building programs



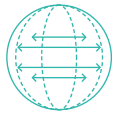
#### Teamplay

Total **116** sessions

147 departments/teams/TFs

Participated by **1,200**

## Organizational Culture



### Activity

#### Senior consultants

We operate a senior consultant system to hire retirees-to-be who have proven expertise for up to two years and utilize their expertise. The system was adopted in 2018 and 568 senior consultants have been selected since. They transfer their proven expertise and knowhow to their juniors while working actively in the field.

#### Outplacement for prospective retirees

We comply with the outplacement program based on the obligatory reemployment support service standard of the Ministry of Employment and Labor's Aged Employment Act, and we are operating a quarterly group course for prospective retirees with educational contents designed to ensure that KT's long-accumulated capabilities and qualifications can continuously contribute to society. In addition, the retirement workshop with their families the month before retirement is an impressive program in which retired employees and the company express gratitude to each other and inspire loyalty and pride to each other after long service.

#### Gap year for future planning

As the need for job transfer and re-employment support for middle-aged employees aged 50 or older expands amid rapid population aging and changes in the industrial structure, they receive qualification acquisition, vocational education and training, entrepreneurship, return-to-farm education programs, expert consulting, and support for education expenses during the leave period and prepare for job change. It is a post-employment system. The target is middle-aged employees aged 50 to 57, and the leave period can be applied for up to 4 years(48 months). Currently, more than 60% of the cumulative 228 applicants are taking qualification courses and participating in start-up and return-to-farm preparation courses, and are preparing for job change by utilizing the qualifications acquired during the tomorrow design leave period and performing various duties in other industries. The tomorrow design leave system is a stepping stone for designing a new life and preparing for the second act of life that middle-aged employees dream and expect through the leave period to face the new world and reorganize in an aging and rapidly changing society.



Casebook of gap year for future planning

## Organizational Culture



### Performance

#### Status of labor union

(As of year-end)

Category	Unit	2020	2021	2022
Number of employees eligible to join	Persons	22,123	21,087	19,823
Number of employees who have joined	Persons	17,232	16,572	15,582
Percentage	%	77.90	78.60	78.61

#### Status of the KT Blue Board

Year	Unit	Participants	Key role
2021	Persons	47	<ul style="list-style-type: none"> <li>Discover management insights</li> <li>Corporate culture programs by department</li> </ul>
2022	Persons	41	<ul style="list-style-type: none"> <li>Discover management insights</li> <li>Programs for closing the generation gap</li> <li>Activities to boost morale and organizational synergy</li> <li>Onboarding program for newcomers</li> <li>Communication program between management and the MZ generation</li> </ul>
2023	Persons	50	<ul style="list-style-type: none"> <li>Discover management insights</li> <li>Activities to improve the corporate culture by department</li> <li>Communication program</li> </ul>

#### Selected senior consultants

Category	Unit	2020	2021	2022
Selected senior consultants	Persons	106	155	154

#### Status of KT119 usage

(Points out of 5)

Category	Unit	2020	2021	2022
Satisfaction	Points	4.62	4.65	4.58

#### Maternity leave/temporary leave for childcare

Category	Unit	2020	2021	2022
Employees using maternity leave	Persons	297	291	299
Employees using childcare leave	Persons	191	169	191
Number of employees returning after childcare leave	Persons (%)	213 (97.1)	183 (96.7)	156 (94.0)
Number of employees staying on the job for 12 months after returning from childcare leave	Persons (%)	209 (98.1)	181 (98.9)	152 (97.4)

#### Cost of employee benefits

Category	Unit	2020	2021	2022
Total employee benefits	KRW million	301,850	295,691	353,276
Employee benefits per capita	KRW million	13	14	17

#### Average salary of female employees as a percentage of the average salary

Category	Unit	2020	2021	2022
Average salary per person across the organization	KRW million	88	95	103
Average salary per female employee	KRW million	79	86	94
Average salary of female employees as a percentage of the average salary	%	90	91	91

## Customer Satisfaction

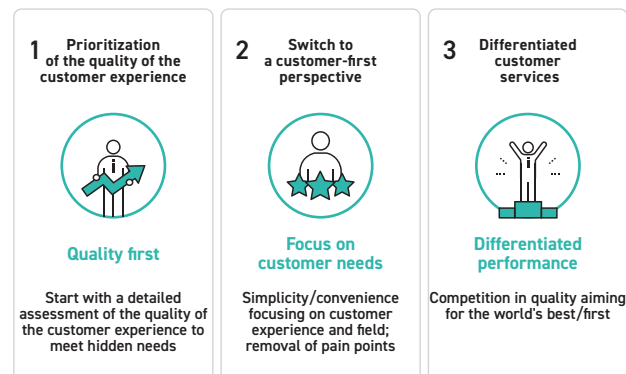


### Strategy

#### Customer experience quality management

KT's core value of 'customer centricity' starts with identifying and responding proactively to customer complaints/inconveniences. We utilize various VOC collection processes and channels to listen to the voices of various customers, and strive to resolve customer complaints/inconveniences through a multifaceted analysis of customer opinions and identification of improvements. This VOC quality management is a matter of special concern to the management team and is discussed at the management executive meeting with the participation of the CEO, and we are always striving to ensure the highest quality for customer experiences.

#### Driving total CS with a customer-first perspective



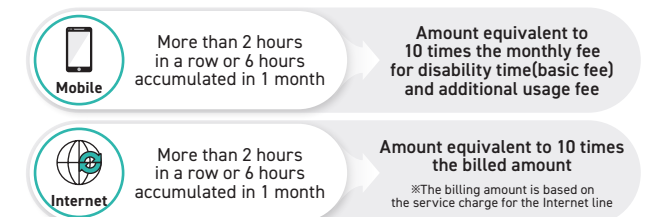
#### Top 10 Improvement Activities

<b>I</b>	<b>Perfect products/services</b>
1	Drive 「CXI(customer experience innovation)」 to launch flawless products/services
<b>II</b>	<b>Customer-driven customer experience innovation</b>
2	Drive Customer-led innovation of the customer experience(CTQ) with a focus on various customer segments
3	Know your customers inside and out and 「hyper-personalize customer value」 based on insights
4	Promote the 「luxuryization of text」 to transform text sales and CS as a representative channel
5	「Build a privacy framework」to utilize personal information in a safe manner
<b>III</b>	<b>Customer-driven internal innovation</b>
6	Pursue company-wide feedback/improvement of the 「voice of the customer」 for timely resolution of customer complaints
7	「Assetize VOC data and take proactive responses」 for customer-driven self-innovation
8	Redesigning core process from people centeredness to RPA(Robotic Process Automation) Transformation
<b>IV</b>	<b>Outside-in communication/collaboration</b>
9	「Process redesign with the field」 to increase collaboration/communication with the field
10	Operated the 「Customer Contact 8 Company Council」 to strengthen communication and collaboration within the KT Group

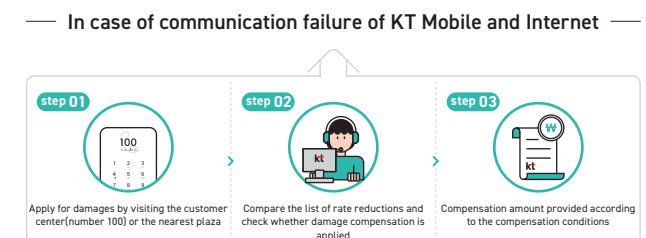
#### Compensation system for communication failure

KT operates a disability and compensation system for customer-oriented customer satisfaction. If conditions such as being unable to receive mobile or Internet services for longer than the duration due to reasons not attributable to the customer are met, an amount equivalent to 10 times the fee is compensated at the request of the customer.

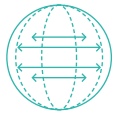
#### Conditions for compensation for communication failure



#### Compensation process for communication failure



## Customer Satisfaction



### Activity

#### Spreading customer-oriented innovation

To satisfy its customers, KT stipulates customer-oriented innovation as one of its core corporate values, and is internalizing this value through practice. We listen to the voices of customers and launch innovative services to meet customers' needs, changing their lives. We have identified 136 best practices between 2020 and 2022, and we are systematically expanding these services to ensure that all customers can experience improved convenience. We grant diamond, gold, silver and bronze buttons to services, which has contributed to changing customers' lives and created outstanding customer satisfaction. We are seeing greater participation in a total of 30 services, including our AI solution for houses, which received a diamond button, and our super safe service, which received a gold button. In addition, we have improved our way of working so that employees can focus on their work in a customer-oriented manner. Since 2022, we have identified 88 exemplary cases that improved internal processes for higher efficiency and productivity. Furthermore, RPA(robotic process automation) was introduced to reduce simple and repetitive work for employees and allow more time to deal with customers. In fact, 190 RPAs have been applied to various areas such as performance management, information sharing and safety and health, reducing 25,000 working hours per year.

#### Cases of customer-oriented innovation

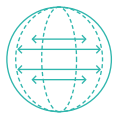
A'Cen Cloud and a two-way text messaging service are two new customer-oriented self-innovation cases identified in 2023. A'Cen Cloud offers an AI contact center for more efficient execution of tasks at a lower cost compared to the previous contact center. Customers can use the AI-embedded AICC(AI contact center) right away, which will help increase productivity by handling more cases while reducing abandoned calls. The two-way text messaging service allows users to exchange text messages, pictures and files using their wired phones and includes features like statistics and data compilation. The service is especially optimized for users who have to deal with multiple people, like those working at local governments and public institutions. Without exposing the user's personal cellphone number or sending a registered mail, users can communicate and interact conveniently with multiple people through a wired phone number.

#### Customer-centered product development

KT is constantly developing new products to provide communications services with benefits aligned with the lifecycles of customers to improve customer satisfaction.

Customer Segment	Customized benefits
Households with children	<ul style="list-style-type: none"> <li>Kidzland, an English playground where babies and toddlers can learn while playing</li> <li>Shinbi kids phone series for kids entering elementary school</li> <li>Premium family-bundle youth discount to alleviate the cost of telecommunications for teenagers</li> </ul>
Households living away from their parents	<ul style="list-style-type: none"> <li>Mampyeonhan(peace of mind) phone, which solves the worries of parents with remote support and safety check functions</li> </ul>
20-somethings preparing for independence from their parents	<ul style="list-style-type: none"> <li>Ydom, which comes with enhanced benefits for the use of smart devices and expanded data availability</li> <li>'Premium single bundle' that lets you use unlimited 5G data by yourself for half the price</li> </ul>
30-something newlyweds	<ul style="list-style-type: none"> <li>Newlyweds receive half off telecom bills if they submit a wedding invitation</li> <li>KT Marriage Benefit Package, which includes wedding preparation benefits such as wedding invitations and honeymoon roaming discounts</li> </ul>
Seniors 65+	<ul style="list-style-type: none"> <li>5G Senior Fee, which offers unlimited 5G service without paying a fee</li> <li>Premium WhoWho, which eliminates phishing worries for seniors</li> </ul>
3 million+ pet households	<ul style="list-style-type: none"> <li>Dog Choice, which offers dog healthcare devices</li> </ul>
1.6 million international customers in Korea	<ul style="list-style-type: none"> <li>Wireless bundles between friends with the same nationality(offered only by KT)</li> <li>Operation of a four-language customer service center</li> </ul>

## Customer Satisfaction



### Activity

#### KT's AI customer center

##### AI First Customer Center, the beginning of the customer center paradigm

The KT Customer Center has applied the AI First Customer Center's services across consultation channels to resolve customer inconveniences and questions at any time. The AI First Customer Center is leading the way in changing customers' lives and enabling their pursuit of happiness with technologies and services that consider customers. The AI voice bot, which started with 650,000 inquiries in 70 fields in 2021, is now in charge of 187 fields and responds to 2.04 million calls per month(42% of all calls), and has been established as a system that allows customers to find the information they need round the clock, even at night and on weekends, to resolve service inconveniences and breakdowns, and to guide customers on fees. With the time freed up from simple repetitive tasks, agents can focus more on customized counseling. The AI voice bot was awarded with the 2021 Contact Center Innovation Award by the Korea Standards Association for its customer-oriented operation and technological excellence.

AI voice bots handled **1.29 million** customer inquiries per month in 2022.

Convenient and fast business processing with an AI chatbot : **50,000 cases/day**

Automated measurement of AI counseling quality : **Simplified work for instructors/staff**  
(manual sampling of counseling quality → automatic measurement of all AI calls)

AI self-learning : **AI role-plays customers in counseling work practice**  
to enable new counselors to adapt quickly to work(by work type)



### Assessment

#### VOC innovation and improvement of services

KT considers the valuable opinions delivered by customers(VOC) as an important asset of the company that enables us to improve service quality and customer satisfaction. Therefore, we utilize the VOC to improve products/services and processes from the customer's perspective. Feedback on service quality and complaints are utilized in the operation of the VOC Alert System based on big data to reflect the opinions of customers. The VOC Alert System compares the daily average VOC opinions on KT's major products for the past 12 weeks with the number that occurred on a given day. Through an automated service that distinguishes between alert situations, abnormal situations, situations that require attention at the pre-alert stage, and normal situations, and delivers them to the person in charge, complaints are delivered immediately to the site so that abnormal situations can be quickly improved and recurrences prevented.

When a case of consumer damage is received by the customer center, the customer center fixes the issue immediately if possible, and if the complaint needs to be transferred, it is shared with the person in charge of the relevant product to verify the exact facts. The status of the case is shared with the consumer within nine hours. In addition, a preemptive response system is in place to handle similar cases quickly through frequent announcements to KOS users. As a result, the number of VOC complaints received by KT's customer service department has been steadily decreasing, and the satisfaction rate has been ranked first by the Ministry of Science and ICT for six consecutive years since 2016.

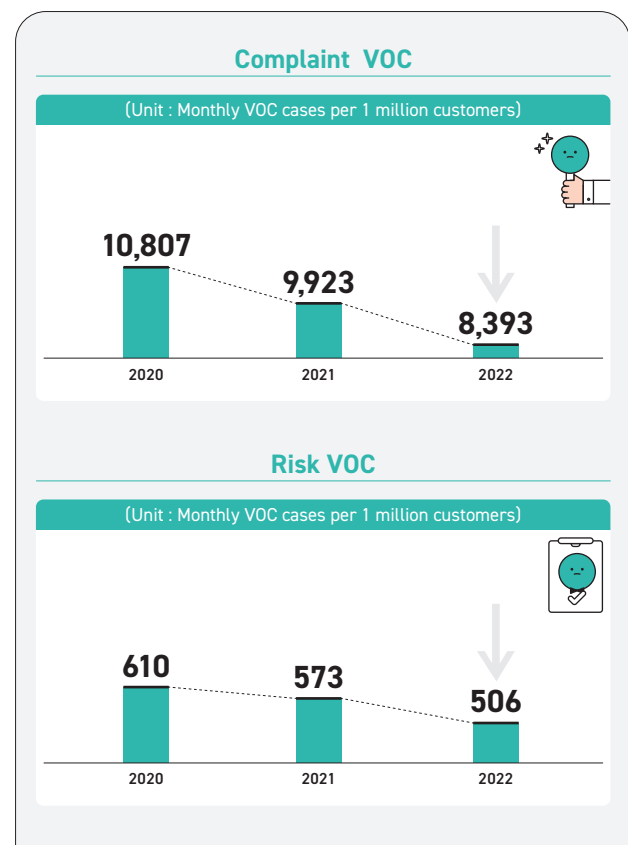


## Customer Satisfaction



### Performance

#### VOC status



#### KT's integrated customer satisfaction

Through group-wide collaboration and explicit support from management, our service quality and customer satisfaction ratings are improving constantly. We achieved triple first place in the KS-QEI(Korea Quality Experience Index) organized by the Korea Standards Association for the third consecutive year, and were ranked the number one company in the Internet sector for seven consecutive years, the number one company in the IPTV sector for six consecutive years, and the number one company in the telecommunications sector for three years. Furthermore, we have been ranked as the best company in the KS-CQI(Korea Call Center Quality Index) for differentiated customer-centric services for nine consecutive years, and as the best call center in all areas of wired and wireless services for 12 consecutive years in the KSQI evaluation.

#### Survey results(KS-QEI)

(Unit : Point)

	2020	2021	2022	
Mobile	72.0	70.6	67.8	3 consecutive years
Internet	67.2	68.6	65.6	7 consecutive years
IPTV	66.3	67.4	66.2	6 consecutive years



#### Awards received for service quality and customer satisfaction

	KS-CQI (Korea Standard Association)	KSQI (Korea Management Association)
2020	Ranked first as the best call center	Selected as Korea's best call center
2021	Ranked first as the best call center	Selected as Korea's best call center
2022	Ranked first as the best call center	Selected as Korea's best call center

9 consecutive years



12 consecutive years





# Governance

KT is continuously making efforts to establish a transparent and independent governance structure to enhance value for all stakeholders and promote trust. In addition, we are creating an organizational system that can manage corporate risks and respond efficiently to rapid industrial changes through rational decision-making based on smooth communication with stakeholders.

## Alignment with SDGs

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





## Corporate Governance and the BOD



### Strategy

### Principles

KT has established a management environment and organizational culture that supports reasonable decisions by building a transparent, independent governance system based on checks and balances. To ensure the transparency of governance, we adopted the Recommendations on Best Practices for Corporate Governance, which is in line with international standards, and promote responsible management by appointing professional managers. In particular, the members of the board of directors are selected from among executives with professional knowledge and experience to enhance corporate value and protect shareholders' interests in decision-making and the supervision of the activities of top managers. We ensure that our shareholders are treated fairly by stipulating in the KT Charter on Corporate Governance that the rights of shareholders under relevant laws including the Commercial Act are guaranteed.

### KT governance model



#### Transparent corporate governance

01 Independence of the BOD	02 Enhancement of shareholder value	03 Responsible management by professional managers
<p><b>Independence in composition/operation of the BOD</b></p> <ul style="list-style-type: none"> <li>Percentage of independent directors : 80%, separation of the representative director from the chair of the Board of Directors</li> <li>Governance Committee, Audit Committee, Evaluation and Compensation Committee, Internal Trading Committee, Director Candidate Recommendation Committee are all composed of independent directors</li> </ul> <p><b>Transparency in the independent director selection procedure</b></p> <ul style="list-style-type: none"> <li>Operation of the Director Candidate Recommendation Committee(all independent directors), application of a specialized agency for investigating candidates for independent directors</li> </ul> <p><b>Granting of special rights to independent directors</b></p> <ul style="list-style-type: none"> <li>Assessment of management contract signed with representative director management; recommendation of dismissal of representative director, determination of remuneration and payment method</li> </ul>	<p><b>Shareholder return</b></p> <ul style="list-style-type: none"> <li>Stock retirement; cash dividend payout</li> </ul> <p><b>Shareholders' rights</b></p> <ul style="list-style-type: none"> <li>Adoption of cumulative/vote-by-mail/electronic voting system</li> <li>Timely provision of corporate information</li> </ul> <p><b>Shareholder protection</b></p> <ul style="list-style-type: none"> <li>Control of internal trading/self-dealing transactions</li> </ul>	<p><b>Selection and management contract</b></p> <ul style="list-style-type: none"> <li>Recommendation of representative director candidates through the Director Candidate Recommendation Committee, and Board of Directors, followed by selection of the representative director at the General Meeting of Shareholders(GMoS)</li> <li>Management contract between the board of directors and the new representative director, the board of directors conducts an annual management performance assessment</li> </ul> <p><b>Compensation and dismissal</b></p> <ul style="list-style-type: none"> <li>Setting of the representative director's remuneration according to the management results</li> <li>In case of representative director's performance of the management contract is insufficient, the board of directors can propose dismissal to the shareholders' meeting</li> </ul>

## Corporate Governance and the BOD

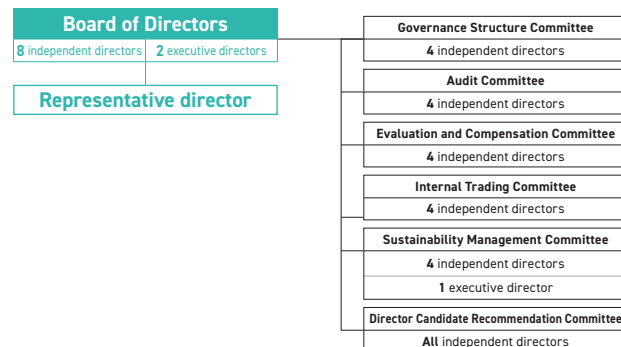


### Strategy

### Composition of the BOD

The KT governance model is based on an independent board of directors. The BOD is composed of ten members in total with eight independent directors and two executive directors as of August 2023. Currently, independent directors make up 80% of the BOD, far higher than the majority stipulated in Article 542-8(1) of the Commercial Act. The chairmans of committees are independent directors. All the committees are composed entirely of independent directors except the Sustainable Management Committee. The CEO does not serve as the chair of the BOD, and the chair of the BOD is appointed from among the independent directors. This way, the BOD can make independent decisions and play its role of supervising the management.

### Organizational chart of the BOD (As of August 2023)



### BOD members

(As of August 2023)

Name	Position	Gender	DOB	Expertise	Director since	Experience
Young-Shub Kim	CEO & Executive Director	M	1959. 04	ICT/ Management	2023. 08	<b>Current)</b> KT CEO
						<b>Former)</b> CEO, LG CNS/CFQ, LG U+
Chang-Seok Seo	Executive Director	M	1967. 07	ICT/ Management	2023.08	<b>Current)</b> Senior Executive Vice President, KT Network Group
						<b>Former)</b> Executive Vice President, KT Jeonnam/Jeonbuk Regional Headquarter / Senior Vice President, Network Strategy Unit, KT Network Group
Jong-Soo Yoon	Chairman of BOD, Independent Director	M	1958. 08	ESG	2023. 06	<b>Current)</b> Member, The Presidential Commission on Carbon Neutrality and Green Growth
						Director, International Union for Conservation of Nature(IUCN), Chairman of the Korea Committee
Woo-Young Kwak	Independent Director	M	1956. 09	ICT	2023. 06	<b>Former)</b> Vice Minister, Ministry of Environment
						Seoul National Univ, Graduate School of Engineering Practice, Visiting Professor/Ministry of Trade Industry and Energy, Vehicle IT Fusion & Innovation Center, Chairman of Steering Committee
Seong-Cheol Kim	Independent Director	M	1964. 06	Risk/ Regulation	2023. 06	Hyundai Motor Company, Vehicle IT Development Center, Executive Vice President
						<b>Current)</b> Professor, School of Media and Communication, Korea Univ./Outside Senior Director, KCA
Yong-Hun Kim	Independent Director	M	1955. 03	Legal	2022. 03	Member of the Prime Minister's Committee for the Convergence and Development of the Media and Content Industry
						<b>Current)</b> Partner lawyer, DR&AJU Law Firm co./Independent Directors for the Community Chest of Korea
Yeong-Kyun Ahn	Independent Director	M	1959. 02	Accounting	2023. 06	<b>Former)</b> Secretary General, Constitutional Court of Korea
						<b>Current)</b> Board member of IFAC
Seung-Hoon Lee	Independent Director	M	1962. 12	Finance	2023. 06	<b>Former)</b> Vice President of Research and Administration of KICPA/President, Samil Accounting
						<b>Current)</b> Partner of KCGI Co., Ltd. Global Sector
Seung-Ah Theresa Cho	Independent Director	F	1967. 10	Management	2023. 06	ESG representative of K Global Asset Management/Managing Director of M&A, SK Corp. / SK Telecom.
						<b>Former)</b> Vice President of International Affairs, Seoul National Univ./Professor, Strategic Management and International Business, Seoul National Univ. Business School
Yang-Hee Choi	Independent Director	M	1955. 07	Future technology	2023. 06	<b>Current)</b> Vice President, Korea Strategic Management Society
						<b>Former)</b> President, Hallym University
						<b>Former)</b> First Chairman, Seoul National University AI Committee/Minister, Ministry of Science, ICT, and Future Planning

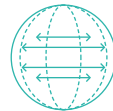
## Corporate Governance and the BOD



### Strategy

#### Shareholder protection

Starting with the 38<sup>th</sup> Annual General Meeting of Shareholders, KT introduced an electronic voting system, allowing shareholders to exercise their voting rights without taking part in the meeting in person. We protect shareholders' rights by disclosing information on compliance inspections of the business report and whether they are subject to voluntary or inquiry-based disclosures. We send notices of shareholder meetings two weeks in advance specifying the date, time, place and purpose of the meeting in both physical and electronic document formats. For shareholders who hold 1/100 or less of the total number of shares with voting rights, we may make a public notice in the Seoul Shinmun, Maeil Business Newspaper or Korea Economic Daily, two times or more each, or the DART operated by the Financial Supervisory Service or Korea Exchange. We inform shareholders of the dividend policy and plans at least once a year, and pay dividends accordingly.



### Activity

#### Operation of the BOD

In 2022, our BOD held 23 board meetings for deliberations and decided on 64 items including the plan for the sustainable management of differentiated ESG activities. Each decision requires the presence of a majority of the directors with voting rights and the consent of a majority of those present; otherwise, decisions are made following stipulations in the Commercial Act or the Articles of Incorporation. In 2022, the attendance rate of BOD meetings stood at 99.6% on average with 98% of executive directors and 99% of independent directors. Independent directors vetoed, or requested revision or supplementation of, five items, which was 8% of the total items on the agenda. In addition, at least one meeting is held every month with independent directors for the sole purpose of better representing shareholders and overseeing management. In 2023, we organized the New Governance Establishment TF with reputable external experts with knowhow in governance to come up with optimal measures for improving governance in terms of the appointment process of CEOs and independent directors and the role of the BOD, and established a governance system that earns stakeholders' trust through the TF.

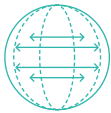
#### Compensation for directors

Remuneration for executive directors, including the CEO, is paid according to business performance. The board of directors determines the payment standards and method and reports them to the annual general meeting of shareholders, and the limit of remuneration is approved by the GMoS. Part of the remuneration is paid with company stocks. These shares are not allowed to be sold for a certain period so that directors are encouraged to reinforce responsible management and long-term corporate value.

#### Considerations for selecting the of date for the GMoS

- ① When the financial closing and audit report will be made
- ② Annual business plan and management schedule
- ③ Opinions of major stakeholders including pension funds and institutional investors
- ④ Opinions of small shareholders and other stakeholders
- ⑤ When most GMoS will take place

## Corporate Governance and the BOD



### Activity

#### Election of directors

##### Procedure for the election of directors

The representative director is selected through the formation and screening of candidates by the Director Candidate Recommendation Committee, which consists of all independent directors, and the person recommended by the board of directors, and through a resolution at the general shareholders' meeting. In particular, by raising the standard for voting at the shareholders' meeting on the agenda for appointing the CEO, it has been institutionalized to recommend a candidate for CEO who is supported by a large number of shareholders. Executive directors, excluding the CEO, are appointed from among the company's management executives at the general shareholders' meeting, with the consent of the Director Candidate Recommendation Committee and the approval of the board of directors. In the case of independent directors, among the best experts in each field who can provide professional advice for the development of the company, neutral candidates who do not fall under the statutory disqualification requirements and have no specific interests are selected by the Director Candidate Recommendation Committee in consideration of the diversity and job complementarity of the board of directors, is reviewed and evaluated in depth and recommended to the general shareholders' meeting. We also guarantee shareholders' rights and interests by electing the directors one by one.

##### Policy for the election of directors

Our Articles of Incorporation stipulate the independence of independent directors and limit their term in office to six years to avoid the weakening of their independence. In 2018, we amended our Corporate Governance Charter in line with changes in the business environment by electing directors with diverse perspectives and sufficient experience. When electing directors, the diversity of gender, age, nationality, race, and cultural background is ensured; directors are elected to supplement each other's expertise, experience and educational background. In 2023, in particular, we introduced a shareholder recommendation system for independent directors by preparing the 'Improvement Plan for the Appointment of Independent Directors' and further strengthened transparency and fairness by establishing an advisory committee to screen candidates for the position of independent directors and excluding internal directors from the independent director appointment process.



### Assessment

#### Evaluation of BOD activities

We evaluate the activities of the board of directors and its committees regularly to improve their operational efficiency. Both the BOD and individual directors are subject to evaluation. For the evaluation of the BOD, the roles and responsibilities, efficiency, and adequacy of committee activities are reviewed. Individual directors are assessed for their faithful implementation of duties, active participation as good managers, and contributions to enhancing corporate value. In 2022, the average BOD score was 4.7(out of 5), which was same as the previous year. This shows the BOD operation has improved based on feedback on the previous year's activities. We are enhancing the operational efficiency of the BOD.

#### Evaluation by KCGS



KT won the excellence award (A) or better for governance from the KCGS(Korea Corporate Governance Service) for three consecutive years starting from 2020. We will continue our efforts to ensure transparent and independent corporate governance.



## Corporate Governance and the BOD



### Performance

#### BOD composition and operation

	Category	Unit	2020	2021	2022
Composition	Executive directors	Persons	3	3	2
	Independent directors	Persons	8	8	8
	Share of independent directors	%	73	73	80
	Share of female directors	%	9	9	10
Board meeting	No. of meetings	Times	13	13	23
Attendance rate	Attendance of directors	%	96	96	99

#### Remuneration

Remuneration	Number (Persons)	Total amount (KRW million)	Average remuneration (KRW million)
Executive directors	2	2,994	1,497
Independent directors	8	786	98
Employees	19,640	2,019,661	103
Rate of average employee remuneration compared to that of the CEO(%)			14.68

#### Result of evaluation of the board of directors

		(Unit : points out of 5)					
		2020		2021		2022	
Category	Items of evaluation	Score	Total score	Score	Total score	Score	Total score
Roles and responsibilities of the BOD	Set-up of long-term strategy, monitoring of management, evaluation of financial results, fair treatment of shareholders, decisions made considering long-term profit of shareholders, CEO evaluation and compensation, training of CEO candidates	4.5	4.5	4.7	4.7	4.7	4.7
Efficiency of the BOD	Frequency of sessions of the board of directors and adequacy of agenda items submitted, sufficiency of data and explanation, provision of sufficient time to review documents, active discussions, collection of information required for decision-making, checks of follow-up measures, education of newly elected directors, adequacy of the composition of the board	4.6		4.8		4.8	
Adequacy of the Committees' activities	Professionalism of the committees' composition, delegation of authority to committees, organic connection between the BOD and the committees, adequacy of the composition of the committees, adequate use of expertise, efficient operation of the committees	4.5		4.7		4.7	

#### BOD Committees

(As of August 2023, unit : times)				
Category	Name	Composition	Purpose and rights	No. of meetings in 2022
Standing committees	Governance Structure Committee	4 independent directors	Overall corporate governance	4
	Audit Committee	4 independent directors	Accounting audit and performance audit	11
	Evaluation and Compensation Committee	4 independent directors	Management contracts and evaluation of the representative director	3
	Internal Trading Committee	4 independent directors	Internal transactions subject to the Monopoly Regulation and Fair Trade Act and the Commercial Act	4
	Sustainability Management Committee	4 independent directors, 1 executive director	Sustainability management activities	5
	Director Candidate Recommendation Committee	All independent directors	Building and nurturing a pool of CEO candidates, selecting and screening CEO candidates, selection of CEO candidates, etc. /Building a pool of independent director candidates, selection and screening of independent director candidates, recommendation of independent director candidates, etc.	7*

\* Representative Director Candidate Examination Committee 4 times, Outside Director Candidate Recommendation Committee 3 times

## Management of Enterprise Risk



### Strategy

## Enterprise risk management system

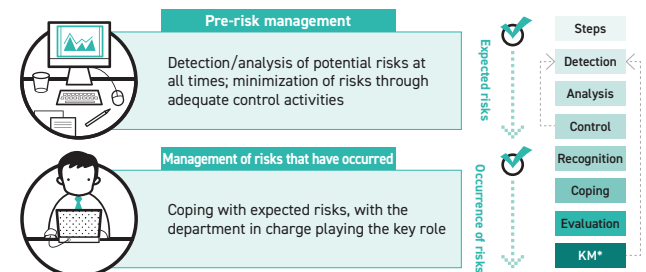
KT first established the ERM(Enterprise Risk Management) Department in 2004 as the control tower for company-wide risk management, and since then, it has been minimizing gaps in risk management by establishing dedicated risk departments under each business division. We established a compliance team directly under the head of the regional headquarters to closely manage on-site risks in six regional headquarters nationwide. In 2021, we established a customer protection task force to strengthen customer-related risk management functions. In 2023, we established a risk response department within the Ethical Management Office and strengthened the integrated group risk management system by designating risk departments for each group company.

In addition, we continue to operate a system for immediate reporting of risks among the ERM department, each business division, and the risk management department of the regional headquarters. We share the status of risk responses on a weekly basis to check for any irregularities and guide response directions to prevent the spread and recurrence of risks. In 2020, KT revised its risk management principles to establish an aligned risk response system by securing linkages with the response system and criteria for crisis judgment in the crisis response manual. In addition, we clarified the roles of each department in charge of risk management to minimize response gaps. In particular, by refining the risk management process, we established a response system that prioritizes the rapid dissemination of risk information by designating the initial reporting response time(lead-time) which is the golden time for risk response, and assigning roles to risk owners.

For risks that occur, minimization of company losses and customer protection are given top priority through initial response led by the recognition department, prompt designation of risk owner, risk level judgment considering KT's responsibility/level, and operation of an appropriate level of response system for each level.

KT is committed to faithful reporting and payment of taxes under its strict corporate tax policies. Integrity and transparency are our core values and illegitimate acts to attain short-term performance are not tolerated. We have established a process where all the issues considered at the Management Council must be reviewed by tax specialists for compliance with tax codes. Tax is included in the corporate compliance list and training is provided regularly to relevant employees. When tax codes are not clear, we make inquiries with the tax authorities to prevent any unintentional violations. These systems and processes help us prevent tax evasions, violations and false reporting. We strictly comply with legal requirements on tax disclosure. For any provisional differences between the accounting and payment of taxes, we clarify the discrepancy through a public announcement for investors and the tax authorities.

### Risk management process

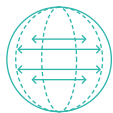


\* KM(Knowledge Management) : Collecting all information created in the process of risk recognition/coping/evaluation in a knowledge-related database and using it for risk management and coping

### Main parts of KT's tax policy

- ① No tax evasion in any form
- ② No transfer of value creation to low tax countries
- ③ No abuse of tax laws to evade taxes
- ④ No transfer pricing
- ⑤ No use of tax havens
- ⑥ No illegal acts that violate tax laws
- ⑦ No other forms of tax evasion such as false reporting

## Management of Enterprise Risk



### Activity

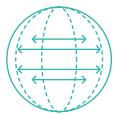
## Strategic identification and response to risks

We recognize potential risks based on forecast and analysis of the business environment, and establish ways to respond strategically. We reflect these in our business strategy to minimize risks.

### Potential impact on business and ways to respond by risk category

	Risk	Potential impact on business	How to respond
Rising importance of personal information protection	<ul style="list-style-type: none"> <li>Increasing number of cases of financial fraud targeting communication service users by illegally capturing personal information through voice phishing and smishing</li> <li>Voice phishing damage recorded in 2021 was KRW 25 million per case, according to the Statistics Office</li> </ul>	<ul style="list-style-type: none"> <li>Loss of credibility and damage to the reputation of the communications service and the company in the case of extortion or leakage of personal information</li> <li>Financial risks such as penalties or fines(3% or less of revenue), even in cases of minor incidents regarding the collection, use and disposal of personal information</li> </ul>	<ul style="list-style-type: none"> <li>Operate necessary systems such as encryption of personal information and a firewall and access control system, and investigate weak points regularly and perform mock drills with relevant institutions including the government</li> <li>Sign business agreements with police offices and the Financial Security Institute for eradicating voice phishing, share relevant data and develop new security technology to prevent damage</li> </ul>
Stable operation of communications infrastructure	<ul style="list-style-type: none"> <li>Communications systems are the backbone of the economic activities of the country and play an important role in the daily lives of the public</li> <li>With the accelerating speed of the digital transition, the importance of communication survivability continues to grow</li> </ul>	<ul style="list-style-type: none"> <li>Deteriorating quality in communication services results in decreasing customer satisfaction as customers face troubles using telephone and data services</li> <li>As the government and society make strong demands for network stability, damage compensation for network failure will grow</li> </ul>	<ul style="list-style-type: none"> <li>Build a stable communications infrastructure through continuous investment in wired/ wireless networks and technical advancement</li> <li>Build dual network paths and facilities to strengthen network stability</li> <li>Facilitate intelligent operation using AI to minimize the impact of failures</li> </ul>
Changing rivalry in the communications market	<ul style="list-style-type: none"> <li>Increasing number of MVNO subscribers among the MZ generation(12.83 million people as of Dec 2022)</li> <li>Growth slowdown of existing MNOs due to changes in market structure with the entrance of financial firms into the MVNO market</li> </ul>	<ul style="list-style-type: none"> <li>Fall in revenue and profit due to the shift of subscribers from MNOs including KT to MVNOs</li> </ul>	<ul style="list-style-type: none"> <li>Showcase the differentiated points of MNOs in logistics and customer service</li> <li>Strengthen competitiveness in the online channel and distribution channel to offer comprehensive services related to wired and wireless communications to customers at offline stores</li> <li>Reinforce customer loyalty by customer segment with the Y brand for those in their 20s and premium family packages for family members</li> </ul>

## Management of Enterprise Risk



### Activity

#### Enhancement of risk management capabilities at the group level

In order to improve the risk management capabilities of regional headquarters and business divisions, KT provides customized training and shares practical manuals and response casebooks on major risks while also developing inspection packages to strengthen risk detection capabilities. To strengthen risk management at group companies, we share risk management/response principles, manuals, and relevant regulations and guidelines based on current issues, and help group companies apply them in ways that match their businesses and conditions. In particular, we are strengthening risk management governance by dispatching personnel with risk management capabilities to group companies such as newly included companies that need to establish and stabilize risk management systems. Group companies also operate a risk management system at the group level, including a rapid sharing system for risks associated with each company linked to KT. In addition, starting in 2022, we have been strengthening our risk detection and response capabilities by consolidating the risk management chain at the group level through collaboration with measures such as implementing a bi-weekly working council with regional headquarters, business divisions, and group companies. In 2023, we plan to block the spread of significant risks by quickly checking the causes at the quasi-audit level to respond promptly to risks and, if necessary, forming a company-wide response task force. For group company risks, we enhance our response capabilities by dispatching specialized risk response staff and collaborating with our legal, PR, and CR departments. The risk departments of group companies are strengthening their risk management capabilities by building a database of BP cases in response to customer information theft and disputes with suppliers, and by providing manuals and offering basic and advanced training. To efficiently respond to company-wide crises, such as large-scale network and IT failures and personal information leaks, KT professionally revises its crisis response action manual and conducts annual mock drills.



### Assessment

#### Self-assessment and inspection of risks

Until 2018, KT operated a risk self-assessment method through which employees identified risks by themselves. Since 2019, we select nine major risk areas and perform self-checkouts, regular checks and special checks in order to enhance the effectiveness of our risk prevention activities. In order to prevent errors and mistakes in the initial response to risks, we operate a rapid reporting system to evaluate the risk level as soon as we recognize a risk. In particular, if the risk level is high, the risk response system is quickly organized by the ERM Department to block the spread of risks through optimized response measures such as determining the direction of the response. KT is equipped with specialized analysis tools such as digital forensics tools and assessment capabilities. From 2020, we have focused on more effectively preventing of potential risks by conducting in-depth reviews, including data analysis, on specific departments/teams with risk concerns. We apply different inspection methods to different issues. For example, random inspections are made on-site to identify workplace accidents. These efforts are geared toward improving the system and enhancing employee awareness, beyond simply identifying problems. For specific cases, we carry out activities to fundamentally control risks. This includes an in-depth assessment of risks and identification of fundamental causes in the system/process. For areas where legal regulations have become stricter, particularly industrial safety and fair trade, we have begun to conduct inspections on a continual basis to improve the system and perform regular monitoring. End-to-End sampling inspection was also performed on site/business department deliberation procedures and project execution processes. We are trying to fundamentally remove elements of violations caused by unrecognized or customary practices from systems and processes by re-examining past improvements from a pull-proof point of view.



### Performance

#### Risk related education

KT is cultivating an ethical mindset by providing training on the importance of risk management, ethical management, and compliance to executives, including executives, group companies, CEOs, and new assistant managing directors. In addition, every year, workshops to share risk prevention/response measures and regular training are held for risk management personnel, such as compliance staff at business departments and regional headquarters, to enhance their capabilities.

##### Risk training status

(As of December 2022)

Category	Trainees(Persons)	Training time
Training for CEOs and management executives of group companies	254	1H
Civil and Criminal Responsibilities of the CEO compliance		
Training for KT's new managing director and assistant managing director	91	1H
The importance of compliance		
Branch Manager Management Leader Camp	48	1H
The importance of compliance		