

Message from the Chairman



**"KT will take the lead in creating a better world.
Better People, Better Society, Better Life."**

During its history for over 130 years of experience, KT has delivered surprises and novelty using ICT technology, which has been continuously developed, such as telephone, high-speed Internet and LTE and has contributed to improving the quality of human life. KT, who opened the dawn of the telecommunication history in Korea as the first and only telecom operator when it was the Hanseong Telegram Station, has recently launched a full-fledged 5G service after a long period of preparation. Through the 5G technology, which has the characteristics of hyper-connectivity, ultra-high-speed, and ultra-low latency, KT will go beyond the existing telecommunication networks to make human life more affluent and convenient with new contents and services such as artificial intelligence, augmented reality (AR), virtual reality (VR), and automatic driving.

KT's efforts to change people's lives for a better world are extended to its sustainability management activities. KT has been promoting sustainable management activities in many fields encompassing home and abroad including 5G Village in Pyeongchang, Smart Farm in UAE and Giga Island Project in Bangladesh. As a result, KT has been recognized for its efforts and achievements by being included in DJSI World for nine consecutive years in the internationally recognized Dow Jones Sustainability Index. Besides, KT has been faithfully responding to the social demands of the "Environmental Age", as demonstrated by being honoured the Hall of Fame for two consecutive years in the Carbon Disclosure Project (CDP).

KT is actively participating in the implementation of the United Nations' Sustainable Development Goals (SDGs) to strive to consider and resolve international issues that threaten humanity together with others. Beginning with the activity as a representative company in the 2015 UN SDGs National Assembly Forum, KT has enhanced its status as a global telecommunication company by being ranked first in the Sustainable Development Goals Business Index (SDGBI) for three consecutive years for the first time in 2018.

In 2019, with the commercialization of 5G, groundbreaking changes and development are expected in the field of telecommunication and diverse industries, and even in daily lives. Keeping pace with the foregoing, KT will lead the domestic and overseas issues with 5G-based innovative technologies and evolve 5G into an 'integrated platform' that transforms industry and life beyond simple networks. In addition, through the utilization of the foregoing, KT will engage in diverse social contribution activities thereby developing its sustainability management activities one step further. The KT Board of Directors will take the lead in improving the quality of human life by actively supporting and encouraging KT to create a better world and a better future through human-centered, warm ICT innovative technologies.

Chairman, Board of Directors **Jong-Goo Kim**

Message from the CEO



**"KT makes the future with 5G technology for people.
People. Technology."**

Finally, the era of 5G has begun. At the Mobile World Congress (MWC) held in Barcelona, Spain in 2015, KT promised "the world's first commercialization of 5G". KT has seen the possibility by applying the pilot service to the 2018 PyeongChang Winter Olympic Games. In April 2019, the promise finally became reality in four years. Over the past four years, KT Group employees and our partner companies have joined together to make the vision of 5G into reality.

The reason why KT is full of expectation and confidence in the era of 5G is that it has been more completely prepared than anyone else. KT has acquired operational know-hows from our success in the PyeongChang 5G Olympic Games, and 85% of the 5G standards owned by KT are reflected in international standards for 5G smartphone releases. KT has secured the widest, interference-free frequency bandwidth, and is operating eight Edge Centers that provide ultra-low latency services through a mesh-structured 5G backbone network and core network virtualization technology. In addition, KT has the strongest and broadest 5G coverage covering all areas of Seoul, the metropolitan area, major cities as well as KTX and expressways.

5G technology will bring about remarkable social and industrial changes, including saving lives, solving social problems, and transforming the paradigms of all industries in the age of the Fourth Industrial Revolution. KT is evolving 5G beyond the intelligent network into the '5G-as-a-Platform', a new platform that has never been existed so that 5G can be utilized as a technology that contributes to mankind."

Now, as the full-fledged era of 5G has begun, KT will accelerate the growth of the '5G-as-a-Platform' business such as media, smart energy, financial transactions, disaster/safety/security, and corporate/public value enhancement by leveraging its differentiated 5G network and technological competence. In addition, by continuously exploring and providing 5G platform based innovative services, KT will ensure that 'warm technology for people' will enhance the quality of life of customers and citizens and contribute to the inclusive growth of the entire society.

KT is constantly striving to overcome the limitations of humankind and solve global problems with innovative technologies for people like 5G, Big Data, and AI. We look forward to your continued affection and interest in KT's efforts to enhance the quality of life of the people and contribute to society.

Thank you.

CEO **Chang-Gyu Hwang**

KT Company Overview

<https://www.kt.com>



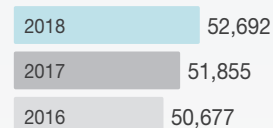
KT is the nation's largest general telecom carrier which leads the fourth industrial revolution with the world's first 5G service and intelligent network platform. Since the takeover of its mobile telecommunication subsidiary KTF in 2009, KT introduced smartphones for the first time in South Korea and has been developing and nurturing diverse ICT convergence services utilizing 5G infrastructures and state-of-the-art ICT technology. Beginning with the 5G pilot service during Pyeongchang Winter Olympic Games, KT opened its 5G commercial networks in December of the same year to broadcast the 3.5GHz 5G commercial radio throughout the country and is taking the lead in introducing next generation ICT service such as launching the 10G Internet service.

Current Status of the Company

Company name	KT Corp.		
Date of establishment	December 10, 1981	Number of employees	23,835
CEO	Chang-Gyu Hwang	Revenue	KRW 23,460.1 billion
Headquarters	90, Buljeong-ro, Bundang-gu, Seongnam City, Gyeonggi-do, Korea	Homepage	www.kt.com

Service Users and Sales

Numbers of users by service
(Unit: 1,000 persons)



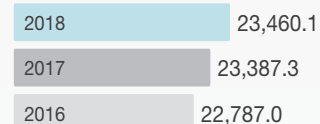
As of December 2018, the total number of users of KT services is about 52.69 million, which is the largest integrated number of subscribers for wired and wireless telecommunications. The total sales by business were KRW 23,460.1 billion, with an increase by 0.3% compared to 2017.

(Unit: 1,000 persons)

Service	2016	2017	2018
Wireless Communications ¹⁾	18,892	20,015	21,120
Wire Telephone -PSTN ²⁾	12,791	12,201	11,637
Wire Telephone -VoIP	3,436	3,409	3,355
High Speed Internet	8,516	8,758	8,729
IPTV	7,042	7,472	7,851
Total	50,677	51,855	52,692

1) Wireless Communications: CDMA, WCDMA, LTE, MVNO
2) PSTN: Figure of the sum of landlines (not including landline for business), internal telecommunication, ISDN, and DID

Sales by business
(Unit: KRW billion)



(Unit: KRW billion)

Business	2016	2017	2018
Wireless Communications	7,418.3	7,203.3	6,954.1
Wire Telephone	5,064.9	4,901.1	4,745.1
Media / content	1,925.2	2,238.4	2,414.3
Finance	3,427.8	3,528.3	3,444.9
Product	2,736.6	3,264.2	3,475.0
Other Services	2,170.9	2,252.0	2,426.8
Total	22,787.0	23,387.3	23,460.1

* Based on earnings announcement data, K-IFRS

Current Status of Major Group Companies

The KT Group will maximize customer satisfaction and leap to become a leading group that will lead the fourth industrial revolution through the fusion of ICT capabilities, innovative technologies, and diverse products and services of 40 group companies.

(As of June 2019)

ICT/ Real Estate	KT is maximizing customer value based on its best technology competence such as real estate development, rental, and security, satellite solution, and ICT engineering.					
kt telecop	kt sat	kt engcore	kt cs	kt is	kt linkus	
Security/guard services	Satellite transponder rental	Network engineering and infrastructure	Call center operation and 114 number guide business etc.	Call center operation and 114 number guide business etc.	Public telephone operation and maintenance	
kt submarine	kt ds	kt NexR	INITECH	kt service 북부	kt service 남부	
Submarine telecommunication cable and power cable construction / maintenance	Specialized IT service company (ITO, SI, etc.)	Big data platform / analysis solution development	IT service, security solution development and official certificate issuing	Carry out wire telephone opening/AS	Carry out wire telephone opening/AS	
kt Mmobile	kt powertel	kt MOS 북부	kt MOS 남부	kt commerce	kt m&s	
MVNO business	TRS and IP-PTT terminal distribution, service provision	Network facility operation / maintenance	Network facility operation / maintenance	B2B purchase agency business	Sales and distribution of wired / wireless telecommunication products	
kt estate	kt AMC	KD living	NCP	Autopion		
Real estate development and leasing etc.	Asset / real estate management	Rental housing management business	Real estate development and supply company (PFV)	Establish and operate brand taxi service		
Media / Contents	KT presents pleasure and impression to customers through digital satellite broadcasting, ICT-based content & commerce, media planning, mobile advertising, etc.					
kt skylife	sky TU	nasmedia	PLAY ID	kth	GENIE MUSIC	
Satellite broadcasting service	Operation and provision of broadcasting channels (including content production)	Advertising agency service and advertising media sales	Online advertising agency service and consulting	T commerce, content distribution and ICT business	Wired / Wireless internet music service	
Finance	KT is carrying forward credit card service, general electronic payment, e-commerce solution businesses and is investing in promising small and medium-sized venture companies.					
BC card	Smartro	브이피(주)	kt mhows	kt investment		
Card credit card purchase and issue business	Credit card, etc. transaction approval relay	Credit card payment verification service	Mobile-based electronic voucher sales / distribution	New technology business financing business		
Other	KT also manages sports and data assets and provides mobile platform services.					
kt sports	kt gdh	KHS	kt 희망지움	whowho & company	H&C Network	
Sports events operation	IDC service provider	Welfare facility operation and service	KT-affiliated subsidiary company type standard business place of the disabled	Spam protection and number search app service	Financial sector call center and IT manpower operation	

KT Sustainability Management



KT's View

KT believes not only creating economic value but also protecting the environment and doing its best so that our society can advance, as a responsible corporate citizen is a way to maximize its corporate value and realize a sustainable future. KT has established a vision of sustainability management for 'Global GiGAtopia' for the whole world and established long-term goals and key performance indicators to promote company-wide sustainability management.

<https://corp.kt.com/eng/html/sustain/possibility/sustainability.html>

Sustainability Management Vision and Promotion System

KT established a sustainability management system based on a model for the creation of a shared value that simultaneously generates economic value and social value through social demand convergence and problem solving and is promoting systematic company-wide sustainability management centering on sustainability management vision, three major dimensions, and detailed promotion systems.

Sustainability Vision

GiGAtopia

A world where humankind and things are connected through GiGA Infrastructure and thus everyone enjoy comfort far beyond convenience.

Three Dimensions

5G Prosperity	5G Planet	5G People				
New Era of Prosperity Created by 5G Infrastructure	New Era of Innovation Opened Up by 5G Infrastructure	New Era for Humankind Presented by 5G Infrastructure				
Innovating Future Core Technology Securing Customer -First Management Establishing Environmental Leadership Cultivating Innovative Talents Advancing Strategic Social Contribution Enhancing Value Chain Competitiveness	Accomplishing global no. 1 competitiveness × Providing innovative 5G services	Innovating product & service × Realizing customer satisfaction	Minimizing environmental impact × Maximizing environmental benefit	Cultivating talents × Pursuing work-life	Expanding shared value × Realizing shared growth with society	Fortifying value-chain competence × Realizing shared growth with supplier

Six Value Enhancement Strategies

Corporate Value Enhancement

Social Value Enhancement

Four Value Principles

Accomplishing Sound Governance	Reinforcing Ethical & Compliance Management	Managing Risks & Opportunities	Protecting and Promoting Human Rights
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Sustainability Management Organization

As a representative telecommunication company, KT established a 'Sustainability Management Committee' in the board of directors in April 2016 for the first time in the domestic telecom industry and is striving to promote sustainability management throughout the company. The Sustainability Management Committee is a decision-making body that makes major decisions in relation to the establishment, execution, and performance of company-wide sustainability management plans. In addition, in order to promote sustainability management strategies efficiently and to secure the power of execution of the activities, KT operates a Sustainability Management Team, which is a dedicated execution organization while taking counsel from the Sustainability Management Advisory Committee, a dedicated advisory body.



Stakeholder Engagement

When a company promotes sustainability management, the activity to collect opinions from diverse stakeholders who directly or indirectly exchange effects on management activities and actively reflect them on the management activities is very important. KT defined eight major stakeholder groups according to their business aspects and functional areas, prepares and operates engagement processes by group to identify stakeholder expectations and requirements, and strives to reflect them on management.

Stakeholder Definition and Engagement Channels

Category	Customer	Shareholders / investors	Government / Media	Employees
Major Issue	<ul style="list-style-type: none"> Service quality Customers' health and safety VOC (Voice of Customers) 	<ul style="list-style-type: none"> Management strategy for growth in sales/profits Regulatory and competitive environment The return to shareholders policy 	<ul style="list-style-type: none"> Observance of laws Active participation in government policies Disclosure of information through mass media 	<ul style="list-style-type: none"> Maintaining balance between work and family Human resources development Career management
Channel	<ul style="list-style-type: none"> Operation of offline customer survey (periodic surveys of 3 times a year, non-periodic surveys of 4~5 times a year) Operation of periodic online customer surveys (twice a year) Operation of a team of undergraduates engaging in hands-on experience of goods (in operation for 8 months a year) Household panels Operation of a team of customers for product verification (throughout the year) 	<ul style="list-style-type: none"> General Meeting of Shareholders (annually) Management information sessions with the CEO (annually) Announcement of performance results (quarterly public announcement, conference call) IR news (once or twice a month) Domestic/overseas corporate information sessions (NDR, frequently) Operation of IR homepage 	<ul style="list-style-type: none"> Press release (frequently) Informal meetings with journalists and public hearings (frequently) Operation of online public relations channels 	<ul style="list-style-type: none"> Labor-management consultation meetings (quarterly) Local labor-management consultations, win-win labor-management consultations Complaint registration committees (252 committees) Management information sessions (monthly) KT119 Win-Win Labor-Management Collaboration Center (Online)
Category	Suppliers	Local Community	Academic Experts and Scholars	Environment
Major Issue	<ul style="list-style-type: none"> Shared growth Invigoration of ICT-related ecological system 	<ul style="list-style-type: none"> Invigoration of local economy Communications welfare Social contribution 	<ul style="list-style-type: none"> ICT technology development Cooperation between universities and businesses Open innovation 	<ul style="list-style-type: none"> Environment conservation Development of environment-friendly services
Channel	<ul style="list-style-type: none"> Partner's Day (annually) KT Partners Consultation Meeting (half-yearly) Supply Chain Management (SCM) consultative group by items (monthly/quarterly) Equipment quality consultations (quarterly) 	<ul style="list-style-type: none"> Informal meetings, questionnaire-based surveys, SNS, homepage Provision of support for local centers for children (by KT's Kkumpum Center) IT education (frequently) 	<ul style="list-style-type: none"> Operation of KT DigiEco (at all times) Operation of 'DigiEco,' an ICT research site (at all times) Joint research with universities/research institutes Operation of PR Hall, 'Future On' (at all times) Operation of GCCEI, Gyeonggi Center for Creative Economy & Innovation (at all times) 	<ul style="list-style-type: none"> Environmental Management Committee (frequently) Verification of greenhouse gas emission (twice a year, scope 1, 2, 3)

Sustainability Issue Analysis

Management Strategy

For a company to lead sustainability management, it is important to comprehensively analyze the factors that create value for the company and important issues affecting its long-term success, and to respond strategically to them. To this end, KT selects important issues for sustainability management centering on the Global Reporting Initiative (GRI) Guidelines, an international sustainability reporting standard, and reflects the issues on overall management.

Materiality Analysis Process

'Materiality Analysis Process' refers to the analytical procedure for selecting important issues for sustainability management. KT reflected the three major principles of inclusiveness, materiality, and responsiveness required by AA1000, the international sustainability reporting assurance standard, to ensure the reliability of the issue selection process and evaluation results during materiality assessment.

Step 1 Identifying Sustainability Issues

Issue pool composition through internal and external environment analysis

We created a list of sustainability management issues (consisting of a total of 350 issues) through international guidelines benchmarking, the same industry analysis, stakeholder issue analysis, and KT management issue analysis, and selected a total of 26 sustainability issues in six areas out of the last reflecting internal and external importance.

International guideline benchmarking

- **Content:** Analysis of international standards and guidelines related to sustainability management and telecommunication industry
- **Target:** GRI Standards, ISO 26000, IIRC IR Framework, DJSI, UNGC, UN SDGs, CDP

Telecommunication industry analysis

- **Content:** Review and consider important issues in the telecommunication industry through benchmarking of domestic and overseas telecommunication companies
- **Target:** Global telecommunication companies and domestic telecommunication companies' reports

Stakeholder issue analysis

- **Contents:** Review issues raised by stakeholders such as investors, government, and media surveys to derive issues related to KT and the telecommunication industry in 2018
- **Target:** Offline media, online media, broadcasting media, business reports, audit reports, investor opinions, policies, and regulations

KT management issue analysis

- **Content:** Derive management issues through analysis of management strategies around KT management environments, internal document review,
- **Target:** Internal documents such as business strategy report, interview with persons in charge

Step 2 Prioritizing Sustainability Issues

Analysis of the influence of internal and external stakeholders

On-line and off-line surveys of KT sustainability issues were conducted on a total of 9,182 persons consisting of employees and external stakeholders to collect opinions and analyze influences.

Questionnaire survey

- **Period:** March 13-22, 2019 (1.5 weeks)
- **Participation:** A total of 9,182 persons - 8,855 employees and 327 external stakeholders (customers, shareholders, investors, government, media, suppliers, local communities, academia, experts, NGO, etc.)

Business impact analysis

In order to analyze the impact of sustainability issues on the business perspective, the strategic linkages between individual issues and KT businesses and financial impacts of individual issues were comprehensively evaluated.

Business impact & financial impact analysis

- **Strategic linkage:** Mid- and long-term goal achievement perspectives and business linkage analysis
- **Financial impacts:** Analyzed from the viewpoints of revenue creation and opportunity factors, cost savings opportunities and costs increase severity, current risk response, and severity in case where a cost increase occurs in the future

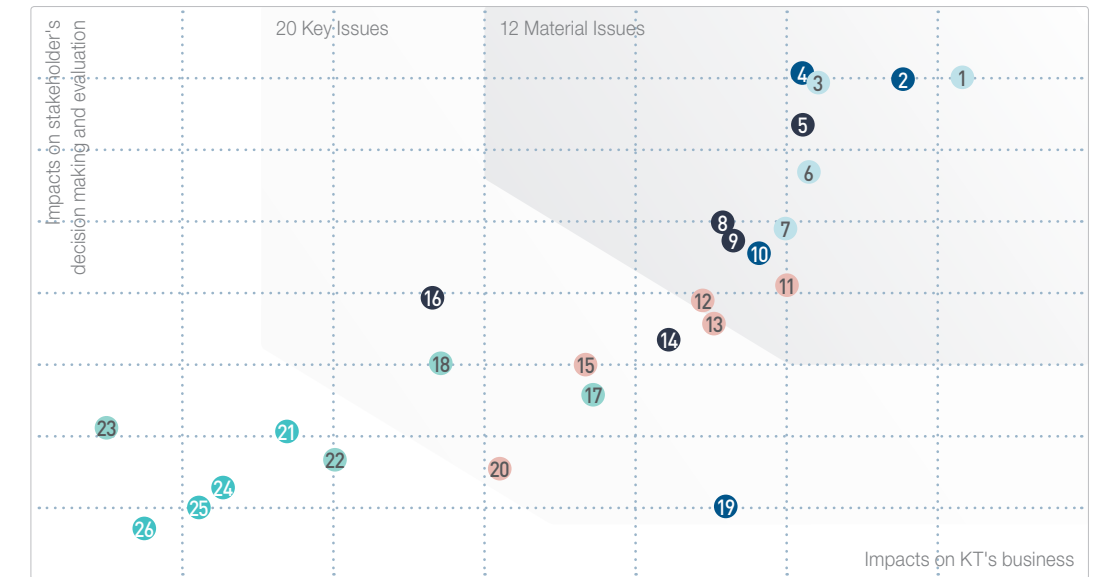
Step 3 Validating Material Issues

KT conducted an in-depth review of the issues derived through internal reports, and prioritized issues by finally considering stakeholder impacts and business impacts.

Report issue selection

- Applied GRI Standards
- Review by external experts and the management
- Verification of validity and prioritization of 26 sustainability issues
- Third party verification

Materiality Matrix



Important Issues for Sustainability Management

Focal Area	Sustainability Issue	Importance Ranking	Materiality*	Page
Sustainability Management	Strategy and analysis, organizational profile, critical issue and reporting boundary, economic performance, indirect economic effect	1 5G leading	Material issue	14~19
		3 Intensive fostering of five major platform businesses	Material issue	20~25
		6 Future competence technology innovation and R&D	Material issue	26~29
		7 Economic performance and business strategy	Material issue	4~5
Transparent Management	Governance, Ethics and Integrity, Anti-Corruption, Public Policy, Monopoly, Stakeholder Engagement	5 Ethical and righteousness management	Material issue	65~66
		8 Fair trade and compliance with the law	Material issue	66~67
		9 Transparent governance	Material issue	62~64
		14 Strategic risk management	Key issue	68~69
Customer-First Management	Products and Services, Marketing, Customer Information Protection	16 Stakeholder engagement	Key issue	6~7
		2 Ensure network stability	Material issue	36
		4 Customer information protection	Material issue	34~35
Environmental Management	Raw materials, energy, water resources, biodiversity, Emissions, wastewater and waste	10 Customer First Management	Material issue	30~33
		19 Brand management	Key issue	37
		21 Expand eco-friendly service	General issue	18, 20
		24 Energy efficiency management	General issue	38~40
Talent Management	Employment, labor relations, workplace health and safety training and education, diversity and prohibition of discrimination, equal compensation	25 Response to climate change	General issue	40~41
		26 Efficient resource management	General issue	41
		11 Fair evaluation and performance compensation	Material issue	45
		12 Human resource development and capacity building	Material issue	42~45
Shared Growth Management	Supply Chain, Community	13 Work-life balance	Key issue	46~47
		15 Protecting and respecting human rights	Key issue	70~73
		20 Win-win labor relations	Key issue	47
		17 Industrial safety and health	Key issue	46~47
		18 Sustainable supply chain management	Key issue	58~59
		22 Shared growth	General issue	56~57
		23 Social contribution activities	General issue	48~55

* Level of Materiality: Material issue > Key issue > General issue

Material Sustainability Issues

Management Strategy

KT reports all 26 material issues from the Materiality Analysis through the integrated report and strives to reflect them on management activities from a mid/long-term perspective. On this page, we will separately disclose the internal and external environments, KT's response strategies, and long-term goals for the top issues with high priority in terms of impact on KT business and stakeholder influence.

1. Lead 5G Global Leadership



Issue Description

5G is a next-generation mobile telecommunication technology that replaces 4th generation LTE and is attracting attention as a key infrastructure of the 4th industrial revolution represented by high speed, seamless connection and massive capacity. From a long-term perspective, KT has strategically prepared 5G from 2015 and successfully demonstrated the world's first 5G pilot service at the 2018 PyeongChang Olympic Games. Based on this, KT has led the global standardization of 5G and starting with 5G frequency transmission on December 1, 2018, KT commercialized the world's first 5G B2B and successfully commercialized 5G smartphone in April 2019.

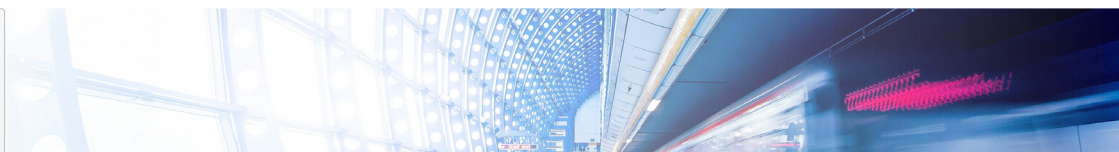
Implementation Strategy

- Beginning with 5G smartphone commercialization, KT has settled in the growth track by continuously expanding 5G coverage and securing stable quality.
- In the field of 5G B2B too, KT opened the full-fledged 5G era by launching new products/services through reference discovery

Long-term Goals

Achieve 100% of 5G national network coverage by 2022

2. Foster Platform Businesses



Issue Description

Platform business are very important issues that can provide the opportunity to preoccupy new markets and services to KT in the long term by driving the convergence of the 4th industry era with the intelligent network in which IoT, Big Data, and AI are combined with each other. Based on the intelligent network and ICT convergence technological prowess, KT leads the rapidly changing ICT market by intensively fostering the 5G platform business of 'media, smart energy, financial transaction, disaster / safety / security, corporate / public value improvement'.

Implementation Strategy

- Utilizing 5G, which is the core infrastructure of the 4th industrial revolution, KT leads the B2B market to promote the digital transformation of existing industries such as the manufacturing industry
- KT rapidly spreads the 5G B2B business model to all industrial areas to contribute to national industrial development as a national enterprise

Long-term Goals

Achieve platform business sales more than 30% of total service sales by 2022

3. Secure Network Stability



Issue Description

To ensure the stability of wired and wireless networks, KT is carrying out comprehensive control centering on network control centers. At the same time, KT operates the network monitoring system 24 hours a day, 365 days a year centering on its regional control centers, while the wired / wireless operation centers throughout the country carry out maintenance work for telecommunication facilities. In order to prevent the recurrence of telecommunication disaster, detailed inspection of important telecommunication facilities has been completed and the 'KT Telecommunication Disaster Response Plan' has been established and operated reflecting the results of the inspection and government's measures to strengthen the prevention of telecommunication disasters.

Implementation Strategy

- Established the 'disaster safety response plan' for strengthening telecommunication network stability and plan to reinforce fire-fighting facilities in all cable tunnels and complete surveillance system construction for the next two years
- In May 2019, an infrastructure management innovation room was newly established to strengthen the integrated management of KT telecommunication facility safety management.

Long-term Goals

Invest of KRW 480 billion to secure network stability by 2021

4. Customer Information Protection



Issue Description

Along with the development of information and telecommunication, security threats are becoming more sophisticated and intelligent, and the targets of attacks are spreading globally beyond individuals, companies, countries and regions. KT analyzes the entire life cycle ranging from the stage of collection of customer information to the destruction stage and applies optimal technical and managerial protective measures by stage to prevent the leakage of customer information in advance. In addition, KT strengthens its customer information protection system based on ICT technology such as big data, AI, block chain, etc. to secure differential advantages in the field of security

Implementation Strategy

- Established systematic personal information protection policies and management systems for KT, group companies and partner companies, conducted personal information education and self-inspection
- With employee information protection oath, monthly company-wide Security Day information security check, and the operation of Security Report Center, KT enables immediate reporting when a matter where the leakage of personal information is suspected has occurred.

Long-term Goals

Achieve Customer Information Leakage Zero by 2022

5. Ethical and Righteous Management



Issue Description

In order to fulfill its role as a corporate citizen, a company has a social obligation to practice ethical and compliance management and to implement transparent corporate management. Failure to do so could result in the breakdown of fiduciary relations with customers that have been built up thus far due to penalties and negative image exposure, which could adversely affect corporate reputation. KT has established compliance management to prevent this in advance and has been operating the oath of practice, ethics management training, and telecommunication channels so that all employees can practice ethical management in their actual work.

Implementation Strategy

- Compliance Committee and Compliance Secretariat were established in 2018 for anti-corruption and anti-bribery compliance
- In addition, the company-wide compliance system was strengthened by selecting eight major areas of compliance and reinforcing checking and education processes

Long-term Goals

Increase the annual number of times of employee training for ethical management to 50 until 2022

6. Future Competency Technology Competitiveness



Issue Description

In order to lead the 4th Industrial Revolution era, it is important to secure early, innovative technologies that will change future society through continuous R & D investments. To lead future promising technologies expected to appear through the evolution of 5G, AI, block chain, IoT, etc., following combination with each other, along with strategic investments, core technologies should be first developed and converged. To respond to the flow as such, KT is conducting research and development in various fields and is maximizing the synergy effects through creative linkage and collaboration among heterogeneous technologies.

Implementation Strategy

- Promote R & D for UX leading in diverse fields such as 5G, media, B2B, platform, etc. and securing differential technical competitiveness
- Established '5G Open Lab' in September 2018 to cooperate with external partners to discover diverse 5G services and commercialization

Long-term Goals

Invest of KRW 16.3 trillion (cumulative) in the field of 5G infrastructure and ICT convergence by 2021

Long-term Sustainability Targets and KPIs

Management Strategy

KT has established and managed mid- to long-term targets against 2022 in order to promote continuously on a long-term perspective, and some indicators set targets for 2030. Performances are managed consistently through Sustainability Index, and KPIs are disclosed in the Integrated Report and disclosure system.

Economic Dimension	Key Performance Index	Long-term Target	Measurement	Unit	2016	2017	2018	2019 (Goal/Outlook)	Long-term target	UN SDGs					
					Lead 5G Global Leadership	Achieve 100% of 5G national network coverage by 2022	5G national network coverage	%	n/a		n/a	n/a (Test commercial network)	80	100	8, 9
Foster Platform Businesses	Achieve platform business sales more than 30% of total service sales by 2022	Platform business sales	%	12.6	14.7	17.0	20.0	30.0	3, 10, 13						
Achieve Future Competency Technology Competativeness	Invest of KRW 16.3 trillion (cumulative) in the field of 5G infrastructure and ICT convergence by 2021	Investment on 5G infrastructure and ICT convergence	KRW trillion	3.47	5.21	7.09	10.05	16.30	7, 13						
Environmental Dimension	Key Performance Index	Long-term Target	Measurement	Unit	2016	2017	2018	2019 (Goal/Outlook)	Long-term target	UN SDGs					
					Propell KT GHG Emission Reductions	Reduce GHG emissions by 35% compared to 2007 by 2030	GHG emissions (Scope 1, 2)	tCO ₂ eq	1,084,520		1,111,087	1,106,333	1,100,074	829,967	7, 13
					Expand New and Renewable Energy Production	Expand new and renewable energy production increased 30 times by 2030 compared to 2015	KT's new and renewable energy production	MWh	597.1		2,059.8	8,283.0	9,152.3	18,714.0	7, 13
					Fortify Smart Energy Platform Services	Achieved sales of KRW 1 trillion through business growth across all sectors of energy consumption-production-trade by 2022	Smart energy platform sales	KRW 100 million	419		1,336	1,996	2,627	10,000	3, 10, 13
Social Dimension	Key Performance Index	Long-term Target	Measurement	Unit	2016	2017	2018	2019 (Goal/Outlook)	Long-term target	UN SDGs					
					Enhance Future Capabilities of Employees	Achieved average employee training time of 90 hours by 2022	Average employee training time	Hours	63.5		74.3	83.4	84.7	90.0	4, 5
					Improve Supply Chain Sustainability	Achieved 100 points of supplier sustainability assessment by 2022	Supplier sustainability assessment score	Points	92.4		94	95.6	96.7	100	10
					Expand Social Innovation Products / Services	Achieve sales of KRW 3.7 trillion through social innovation platform (corporate & public business) by 2022	Corporate & public business sales	KRW trillion	2.98		3.08	3.22	3.37	3.70	3, 10, 13

Performance Index	Unit	2016	2017	2018	UN SDGs			
		ESG evaluation by the Corporate Governance Service	Level	A Level of Corporate Governance		A Level of Corporate Governance	A Level of Corporate Governance	16
BoD evaluation score	Points	4.24	4.1	3.8	16			
Average attendance rate of the Board of Directors	%	98	91	98	16			
Ethical management education for employees	Times	18	27	57	16			
Customer management competitiveness: NCSI	Rank	1st Rank in Wire/Internet Phone, and High-Speed Internet	1st Rank in Wire/Internet Phone, IPTV, and High-Speed Internet	1st Rank in Wire/Internet Phone, IPTV, and High-Speed Internet	16			
Customer center satisfaction : KS-CQI	Rank	1st in Wire & Wireless Communications for 2 Consecutive Years	1st in Wire & Wireless Communications for 3 Consecutive Years	1st in Wire & Wireless Communications for 4 Consecutive Years	16			
KT integrated customer satisfaction	Points	82.64	83.32	83.81	16			
Number of customer information leaks	Cases	0	0	0	16			
Performance Index	Unit	2016	2017	2018	UN SDGs			
		CDP global carbon management evaluation	Level	Included Carbon Management Honors Club at the 2016 CDP Award for 4 Consecutive Years		Included Carbon Management Hall of Fame	Included Carbon Management Hall of Fame for 2 Consecutive Years	7, 13
		GHG emissions (Scope 1)	tCO ₂ eq	41,368		41,373	38,482	7, 13
		GHG emissions (Scope 2)	tCO ₂ eq	1,043,152		1,069,714	1,067,851	7, 13
		Supplier GHG emissions	tCO ₂ eq	19,803		14,679	15,795	7, 13
		Energy consumption	MWh	2,441,382		2,498,960	2,477,078	7, 13
		New and renewable energy Production	MWh	597.1		2,059.8	8,283.0	7, 13
		Waste discharged	Ton	4,761.50		4,578.06	4,077.00	13, 15
		Water usage	m ²	2,364,119		2,103,516	1,934,087	6, 13
		Performance Index	Unit	2016		2017	2018	UN SDGs
Employee satisfaction	Points			78.2	82.0	85.0	4, 5	
Average employee training time	Hours			64	78	83.4	4, 5	
Proportion of female executives	%			7.40	7.80	8.38	5	
Turnover rate	%			1.95	1.00	1.27	3	
Supplier sustainability assessment score	Points			92.4	94.0	95.6	10	
Termination rate of high-risk suppliers	%			1.84	1.50	1.38	10	
Number of beneficiaries on IT Supporters (accumulate)	Person			3,204,080	3,310,727	3,328,309	4	
Number of beneficiaries on KT Sound Finding (accumulate)	Person			7,247	9,277	11,131	3, 10, 13	
Number of audience on KT Chamber Hall (annual)	Person			9,139	8,688	8,655	3, 10, 13	