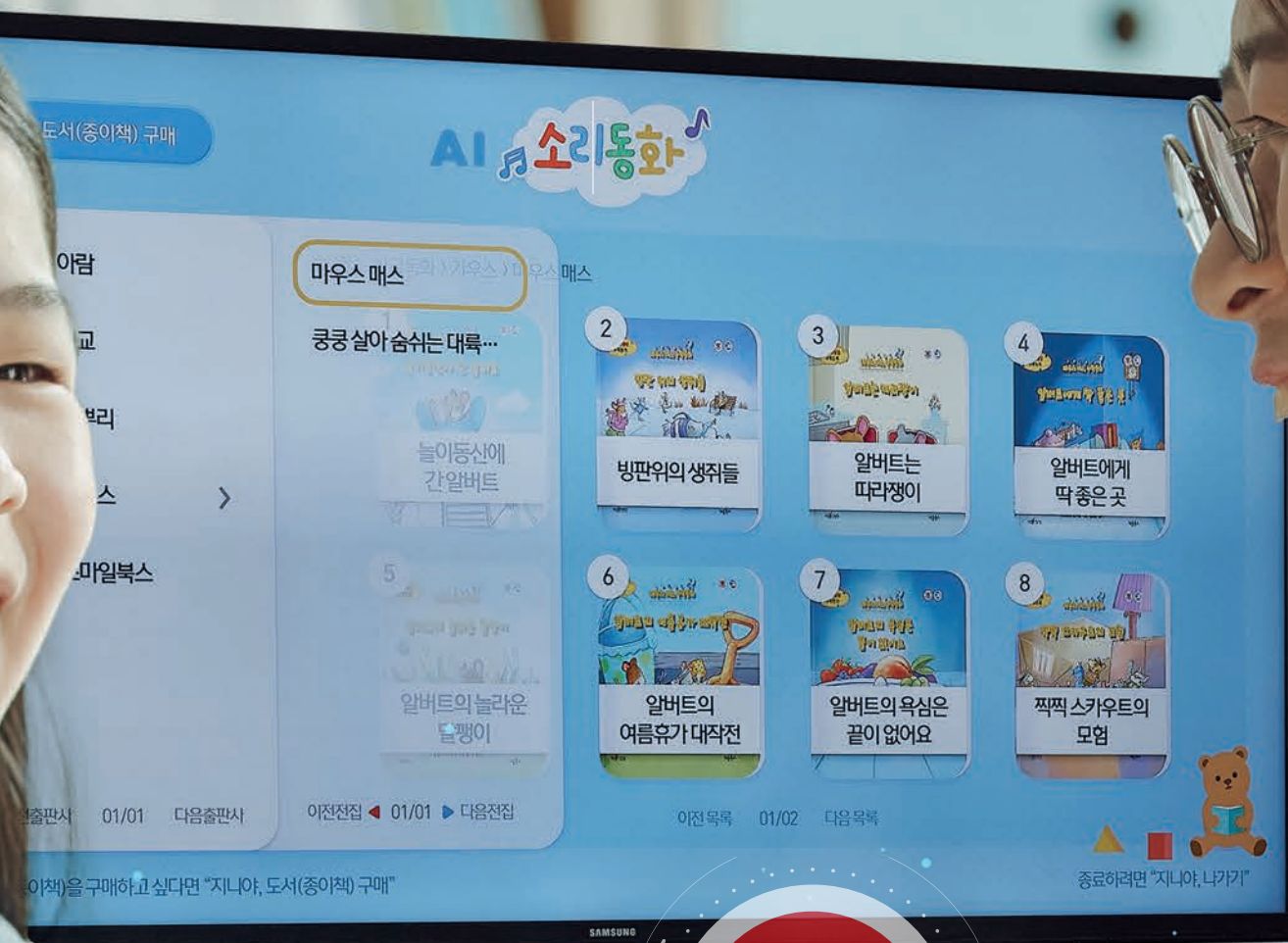


KT Sustainability Challenges

In the past 135 years of history with the people, KT has been leading the Korean telecommunications industry with endless innovation.

Now KT is starting another challenge to maximize the economic, social, and environmental values of Korea while promoting corporate value improvement through sustainable management.



Warm-hearted
Technology
Innovation

Customer-
centric
Management

Sustainable
Supply Chain

Environmental
Management

Human
Resource
Development

Social
Contributions with
Heart

Finding Sound Campaign in KT
"Caring About You" Project

Haedam has been communicating with the world through rehabilitation treatment at KT Dream Class since the cochlear implant surgery in July 2014. For the past 17 years, KT has been supporting cochlear implant surgery for children with hearing loss. KT is also helping children with hearing impairments hear and speak better through AI technology.

Haedam Noh

YouTube <https://www.youtube.com/watch?v=Qgp6JM9x6TY>

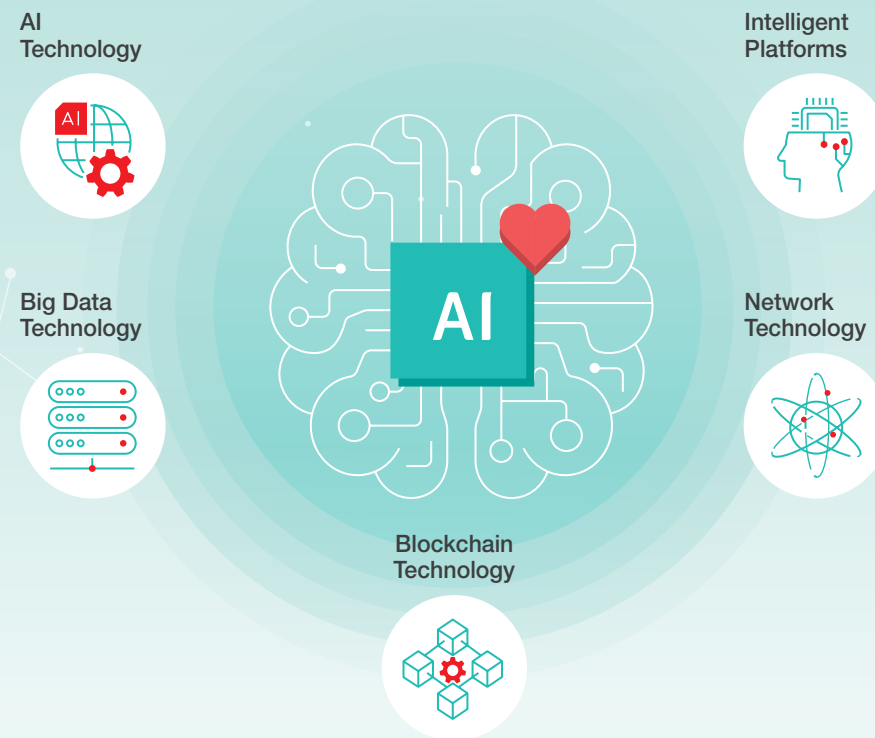
Warm-hearted Technology Innovation

<https://corp.kt.com/eng/html/biz/main.html>

KT's View

Technology is the future, and technology innovation is the way to strengthen the competitiveness of the ICT company. In order to open an era of warm-hearted technology that considers humans, KT is pursuing technology innovation to secure differentiated competitiveness in the next-generation technology fields such as 'AI (Artificial Intelligence)', 'Big Data', 'Blockchain', etc.

Core Agendas



2019 Performance Highlights



KT's Life-Changing Story



Sharing Business Vision through AI/DX Day

KT's Warm-hearted Technology Pioneering the Post-Corona Era with AI and Big Data Technology

Due to the prolonged COVID-19 outbreak, non-face-to-face activities such as telecommuting and online classes as well as untact consumption are becoming common trends. The importance of AI and big data technology is increasing and attracting attention as the core competitiveness of the country and companies, as a core technology of the 4th industrial revolution. KT is enhancing Korea's AI competitiveness with the 'AI One Team' in which industry-academia-research institutes participate to actively respond to changes in life and industries caused by COVID-19 and prepare for the post-corona era. In addition, KT is expanding the global infectious disease prevention platform GEPP based on AI and big data technology. KT will firmly fulfill its role as a national company that changes people's lives through warm-hearted technology innovation.

Advancement of Future Competency Technology

GiGA Genie Subscribers Exceeded 2.4 Million for the First Time in Korea

(As of June 2020)

2.4 Million People



'GiGA Genie', The World's First Converged AI TV

KT is pursuing technological innovation to secure differentiated competitiveness in next-generation technologies including 'AI (Artificial Intelligence)', 'Big Data', and 'Blockchain'. KT is also striving for R&D with the goal of leading UX and securing differentiated technological competitiveness in various areas such as 5G, media, B2B, and platforms. Through this, KT is continuously expanding investment to secure new growth momentum.

AI Technology

Since the launch of the world's first artificial intelligence TV 'GiGA Genie' in January 2017, KT is leading the artificial intelligence service market, achieving 1.5 million subscribers for the first time in Korea in March 2019, and 2.4 million subscribers as of June 2020. GiGA Genie is playing the role of a 'Home IoT Hubs' that can control electronic devices throughout the house by convenient voice UI/UX. GiGA Genie is now expanding its service range to convenient services such as schedule management, weather information, and transportation information to easy payment, shopping, and education. To expand service to various business areas such as hotels, commerce, advertisement, intelligent call center, etc. KT is striving to lead the market by differentiating GiGA Genie based on AI core technology and improving the structure of its platform in an innovative way to improve domestic AI capabilities.

Since the launch of 'GiGA Genie Our Apartment', Korea's first AI apartment service in November 2019, KT has been providing various convenience functions to residents of 750 apartment complexes nationwide through GiGA Genie, the AI TV. KT is also expanding the range of AI hotel services by commercializing AI hotel multilingual services for the first time in Korea and introducing AI amenity robots and is spreading this to various hospitality industries such as hospitals, offices, resorts, senior towns, and postpartum care centers.

Major AI Technology

Voice Processing Technology	Language Processing Technology	Video Processing Technology
KT is developing voice recognition technology that can improve customer convenience with real-time voice detection technology and free speech voice recognition and can be quickly applied to diverse domains/terminals.	KT is developing probability-based dialogue reasoning technology and multi-domain dialog tracking technology for differentiated language intelligence and customized discourse.	KT is developing a next-generation Video Analytics service that can understand media through embedded type deep-running image analysis technology.

Big Data Technology

As a core technology of the 4th industrial revolution, big data technology is based on the 'Intelligent Network' through big data for KT's platform and artificial intelligence service. KT is expanding activities to solve social problems and increase the value of data by applying big data analysis capabilities and data assets to various areas. In 2019, KT spread the platform service for preventing the spread of infectious diseases using big data technology internationally through global launch, while providing big data-based solutions in various fields such as domestic tourism, commerce, environment, and safety.

In 2020, KT plans to develop into a specialized data company by discovering new opportunities and increasing corporate value, in line with the revision of three data-related acts. In particular, KT will strive to lead the 'Data Economy' and contribute to the national economy by promoting a business that can create new data value with data fusion through cooperation with various partners.



GEPP Service Launch Ceremony, Kenya

Major Big Data Service Performance

Global Epidemics Prevention Platform (GEPP)



GEPP is a global platform proposed by KT for the first time in 2016 at the UN General Assembly. Through roaming data cooperation of telecommunication companies around the world, this platform provides information on contaminated area visits to the Centers for Disease Control and Prevention to prevent the spread of infectious diseases.

In 2019, KT raised its status in the field of responding to infectious diseases by launching services in overseas countries such as Ghana, Kenya, and Laos. In 2020, KT is expanding its global status by launching research on infectious disease projects based on the Bill & Melinda Gates Foundation, Right Fund.

Big Data Solution



KT is contributing to solving social problems through warm-hearted technology while providing solutions to various areas based on differentiated big data capabilities. Based on the floating population, KT has specialized solutions for each area, such as tourism, commercial districts, and living population, and provides big data analysis that is helpful in various areas of society such as local governments and small business people. KT is also solving social problems by quickly responding to the social demand for the analysis of the floating population, which is becoming important due to the corona, by providing data to the beach real-time congestion level service of the Ministry of Oceans and Fisheries.



MOU with KT-NH Nonghyup Card to Activate Local Currency

Blockchain Technology

Based on blockchain technology, KT has a service platform that covers all areas of the ‘Token Economy’ such as authentication, payment, currency exchange, and settlement. In particular, KT has entered the local currency market based on the blockchain platform in 2019 and is providing services to a total of 7 local governments. KT also plans to develop a local currency platform to expand various types of vouchers including gift certificates, points and coupons, and local services including online malls, tourism, donation, and volunteer services. KT is providing a platform to enhance reliability in the real/data distribution field based on GiGA Chain BaaS. KT is pioneering a market for replacing public certificates through identification and authentication based on Decentralized Identity (DID) and is preparing to develop the mobile authentication market. KT will secure solutions based on accumulated experience and know-how in the future and apply them to GiGA Chain BaaS, helping many companies to launch new blockchain-based services.

Major Blockchain Service Performance

KT Local Currency	KT provides a local currency distribution platform that safely and conveniently issues, recharges, pays, and settles local love gift certificates and welfare benefits issued by 7 local governments nationwide.
Decentralized Identity (DID) Service	KT is promoting a joint mobile electronic certification project through DID network configuration centered on three telecommunication companies and financial companies. KT is also applying its own DID technology to the Busan Bank digital voucher platform.
KT GiGA Chain	KT has successfully performed more than 30 blockchain tasks, including the BC Card metabolic settlement system, based on ‘GiGA Chain BaaS’, a blockchain platform combined with high-speed network infrastructure and cloud, and K-Token, Data Chain, Secure Wallet solution, etc.



5G Edge Telecommunication Center

Network Technology

Since the first presenting the vision for 5G at the MWC 2015 keynote address in March 2015, KT confirmed the 5G common standard for the first time in the world in 2016 and is solidifying its 5G leadership through the world’s first commercialization of 5G. With the world’s first 5G commercialization, KT has been leading the customer-centric strategy with the world’s widest coverage and unlimited data rates, and is working closely with manufacturers to launch 5G terminals that meet various customer needs. With the largest frequency band in Korea, KT is operating a total of eight Edge Telecommunication Centers, the largest in Korea, and is also securing quality leadership by commercializing C-DRX, a breakthrough battery saving technology for the first time in 5G. KT will pioneer a new era by expanding an intelligent network-based platform based on 5G global leadership.

Korea’s Largest 5G Coverage	The World’s First 5G Unlimited Data
5G service is provided through 81,000 base stations nationwide, as of August 2020	The world’s first mobile operator to launch a completely unlimited data plan, in May 2019

Technology Standardization Leadership

Through the world’s first 5G commercialization process, KT quickly identified 5G technologies that need to be advanced, and based on this, has invented key technologies necessary for function and performance improvement and secured technology standardization. KT has secured related intellectual property rights by developing core technologies of 5G wireless physical layer and wireless access control layer. In 2019, 25 of the patented technologies secured through the submission of 48 standard technology contributions were reflected in the 3GPP RAN1 (wireless physical layer) and RAN2 (wireless access control layer) standards. KT’s patented technologies reflected in the 3GPP standard are evaluated as key technologies that will advance the 5G technology evolution and the 4th industrial revolution, including sidelink HARQ feedback information transmission method, sidelink modulation & demodulation information transmission and reception method, V2X resource allocation method, etc.

Future Competency Technology-Based Service

In 2019, KT selected communication, games, and media as core service areas where customers can fully enjoy the differentiated characteristics of 5G, and launched a variety of services in line with the launch of 5G smartphones. In 2020, KT will promote the strategic introduction of a high-frequency band of 28 GHz so that users can experience the ultra-high-speed of 5G, while further enhancing the core service centering on the core services that can provide new 5G experiences to customers.

Intelligent Platform Services



Korea’s First 4K Wireless VR ‘Super VR’



KT Streaming Game Service ‘GameBox’



Demonstration of ‘Narle’ Video Call between Korea and Sweden



5G Smart Factory Vision



5G Self-driving Transport Cart

KT is striving to provide new and innovative intelligent platform services that customers have never experienced by applying intelligent technology to platform businesses such as security, media, finance, transportation, medical care, energy, and IoT.

Realistic Media

After pioneering the VR market by launching ‘Super VR’, the first 4K wireless VR (Virtual Reality) service in Korea in June 2019, KT has been expanding and providing VR services limited in entertainment to VR solutions in various areas that can be connected with real life, such as Education, fitness, real estate, training, etc. KT especially operates a wide spectrum of differentiated services, including Wide Max, where can watch movies and documentaries on a large screen through Super VR, the world’s first 8K VR streaming service, VR games of various genres, VR social services based on virtual avatars (engage), VR interview training, VR real estate (home view), etc. In 2019, KT expanded its business beyond VR technology to a service area using other realistic technologies such as MR/AR. KT launched KT Real Cube, a service product for MR rehabilitation and education in the first half of 2020, and is currently developing AR tourism services.

Cloud-based High-definition Content

Now, you can enjoy streaming computer games anytime, anywhere without having to separately download computer games from a game console or high-performance PC. KT launched a free streaming game experience service for KT 5G customers in December 2019, and launched a commercial service under the name ‘GameBox’ from August 12, 2020. This service allows unlimited use of about 100 high-end consoles or PC games with a single monthly payment, and has evolved into an OTT service from September, making it available to anyone regardless of carrier. KT will also allow users to enjoy streaming games on PCs as well as IPTVs such as Gi Genie within this year, providing a seamless and comfortable user experience on the N screen, and will continue to expand the number of available games.

Next-generation Communication

With fast and seamless service, 5G can vividly share the space where users exist in real-time, enhancing communication between people. The world’s first 3D avatar video call service, ‘Narle’ launched by KT was received enthusiastic responses. ‘Narle’ is a service that enables avatar video calls based on Face Retargeting technology by creating a 3D avatar in real-time. KT also successfully demonstrated as a 5G service in the first and second half of SCFA, a state visit event for the presidents of Sweden and Korea, and at the general meeting of SCFA, a consultative body for Korea, China, and Japan, to unfold high-quality next-generation communication capabilities in the global market. In March, KT launched a “Narle handwritten video call” service that helps the hearing impaired communicate in sign language.

Smart Factory

KT’s intelligent platform service is creating an environment so that the valuable achievements of the 4th industrial revolution can be spread to all industries, Including digital innovation of business model based on 5G. Following the launch of ‘kt Smart Factory Cobot’, a 5G cooperative robot product in the second half of 2019, KT is improving productivity by spreading smart factories to industrial sites with developing and servicing the 5G smart factory platform ‘Factory Makers’ in consideration of the characteristics of smart factories that need to collect, analyze and store vast amounts of data in real-time. In June 2020, KT is expanding its product lineup by launching a new “KT 5G Smart Factory Vision”, which collects images through cameras installed in the factory to effectively perform inspection tasks that humans did with the naked eye.

Connected Car

KT’s “5G Mobility Makers” is an integrated mobility platform based on vehicle-to-object communication (V2X), which real-time vehicles and all processes covering location management, monitoring, remote control, and efficiency of road infrastructure. This system is a solution that enables real-time monitoring and control of moving objects operating in autonomous driving not only outdoors, but also indoor specific spaces such as factories and distribution centers. To provide 5G intelligent traffic control services, KT has accumulated core data for autonomous driving through the government’s construction of an autonomous driving/C-ITS demonstration complex and participation in control and infrastructure development. Starting with the introduction of autonomous driving solutions in the logistics field in 2020, KT plans to continuously expand autonomous driving solutions to various industrial sites.

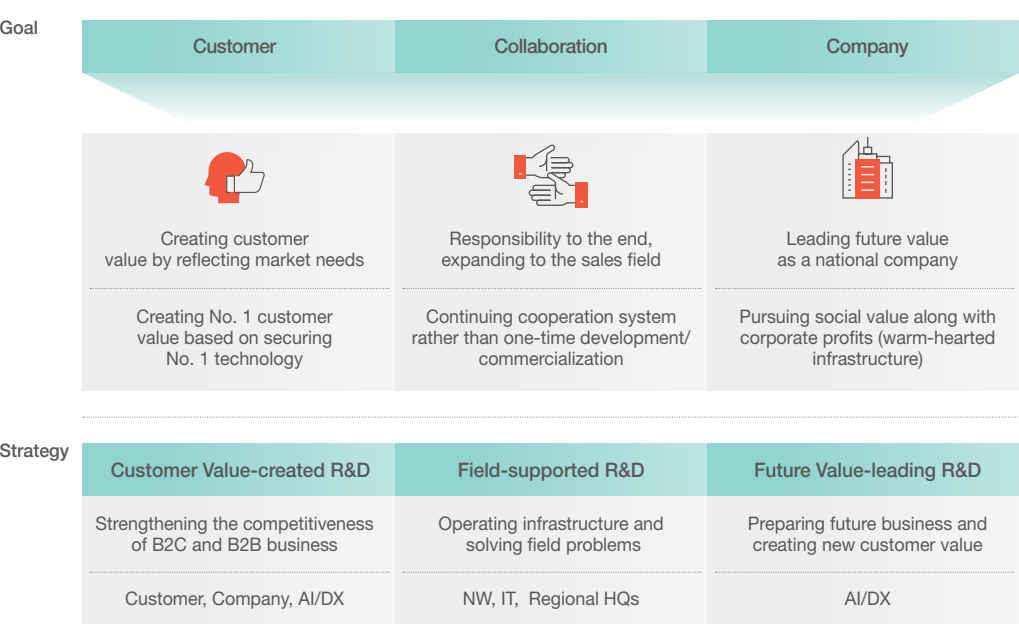
Technology Innovation

KT is pursuing technological innovation to secure differentiated competitiveness in next-generation technology fields such as ‘AI (artificial intelligence)’, ‘Big Data’, and ‘Blockchain’. KT is also striving for research and development to secure differentiated technological competitiveness and lead UX in various areas such as 5G, media, B2B, and platforms. KT is continuously expanding investment to secure new growth momentum.

Technology Innovation Approach

KT operates a customer-centric technology innovation promotion system in the 3C areas of ‘Customer’, ‘Collaboration’, and ‘Company’. KT is striving to innovate warm-hearted technologies through a continuous cooperation system between business-site-research departments and securing technologies to meet customer needs through “Customer-driven Self-innovation”. KT is also promoting technological innovation by operating a quick and seamless feedback system to enable innovation and cooperation from the planning stage to the commercialization stage. In particular, KT conducts No. 1 Technology Commercialization Meetings, regular workshops, and occasional seminars, while forming a consultative body for each stage of planning, development, and commercialization, and discussing regularly or at any time. In addition, KT is striving to discover disruptive ideas and business models at the R&D Research Center, develop No. 1 innovative technology, verify and secure first-class quality, and establish an optimized resource system.

Technology Innovation Approach in 2020

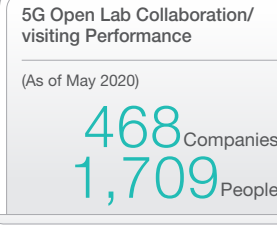


Technology Innovation Organization

Due to the rapid evolution of communication technology, the ability to quickly link technological innovation to commercialization is more important than ever. By establishing the ‘Future Technology Commercialization TF’ as an organization directly under the CTO in 2020, KT discovers, develops, and commercializes the ‘Next Big Item’ that can transform the market paradigm using future innovative technologies. Through this, KT will discover future technologies and commercialize them with a mid- to long-term perspective on market and technology trends.

Technology Innovation Infrastructure

In 2017, KT established the ‘AI Tech Center’ to establish a process that allows business and R&D organizations to rapidly develop AI services. In September 2018, KT also established the ‘5G Open Lab’ in September 2018 and is conducting a series of technological innovation projects to discover various 5G services and promote commercialization in cooperation with external partners. KT is expanding the 5G innovation ecosystem by additionally opening the ‘5G Open Lab’ in Pangyo in June 2019. From the opening of the ‘5G Open Lab’ to May 2020, a total of 1,709 people from 468 companies have visited and expanded technology exchange.



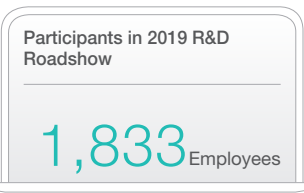
Open Innovation



5G Open Lab in Pangyo






AI Tech Center



In order to promote efficient technological innovation, it is hardly less important to open innovation activities that share the latest R&D trends and operate partnerships with companies, research institutes, and partners with the highest level of R&D capabilities. KT is expanding the R&D ecosystem by operating various R&D platforms and consultation channels.

5G Open Lab Expansion

5G Open Lab is a collaboration space where all startups and general developers can develop 5G services using 5G infrastructure. Currently, the 5G Open Lab, located at the KT R&D Center in Umyeon-dong and the Pangyo Startup Campus, is operating with the goal of revitalizing the discovery of creative services that combine KT’s 5G infrastructure and platform. In cooperation with a promising startup infrastructure that develops new technologies in various fields such as next-generation media, Internet of Things (IoT), and terminals. KT supports startups that want to develop 5G services through linkage with venture development programs, while collaborating between departments for successful cooperation with SMEs.

5G Open Lab		
Providing development/test environment including development room, server and API Supporting BM consulting and exhibition promotion		
 Using 5G Access	 Based on Edge Cloud	 Bu Ready-made VM
5G Connectivity Test	Broadband, Ultra-low Latency Service Development	Handful 5G Platform Utilization

AI Tech Center Operation

The AI Tech Center is the nation’s highest level of open artificial intelligence development platform operated by KT for artificial intelligence research and is playing a role as KT’s artificial intelligence hub. Through the AI Tech Center, KT conducts various research such as an AI craft shop for cooperation with affiliates and artificial intelligence technologies, an experience space for benchmarking domestic and international terminals and services, an academy lounge for AI education, and a voice performance evaluation room for voice tests. We are conducting active research based on facilities.

Technology Innovation Consultative Bodies

KT operates various technology innovation consultative bodies and collaboration channels such as No. 1 technology commercialization meetings, workshops, and seminars for enterprise-wide technology innovation collaboration. Consultative bodies focus on breaking through the limits of technology focusing on creative solutions, strengthening business capabilities reflecting customer experiences, and discovering new businesses focusing on ideation and rapid incubation. In addition, KT is operating a company-wide ‘Single Consultative Body’, a knowledge-sharing activity. The Single Consultative Body is contributing to finding the best answer by sharing technology and business direction at all stages from planning to commercialization, and sharing opinions on commercialization and current issues.

Technology Conference

KT holds ‘R&D Roadshow’ once a year to introduce KT’s major research achievements for future success to employees and group companies. The roadshow is divided into future-oriented technologies, technologies that can be commercialized immediately, and technologies at the commercialization stage for exhibition, and it is used as a forum for internal opinion exchanges for technology commercialization. The ‘2019 R&D Roadshow’ exhibited 91 innovative technologies in nine areas and over 1,833 employees participated in. In 2020, ‘Tech. for Customer Day’ as a venue for the exchange of internal opinions and decision-making for rapid technology commercialization. Through a total of four events until June 2020, the CEO and general staff in related departments gathered in one place to discuss the commercialization of innovative technologies.

Securing R&D Talents

In order to lead the market through developing differentiated products and technologies, securing and fostering excellent R&D talents is important. KT is expanding its employment in the field of convergence technologies such as 5G, artificial intelligence, blockchains, connected cars, and quantum communication in an effort to secure the best talents who will lead the fourth industrial revolution. To this end, KT is making diverse efforts such as holding recruiting briefings at leading overseas universities and securing talent through sponsoring recruitment systems.

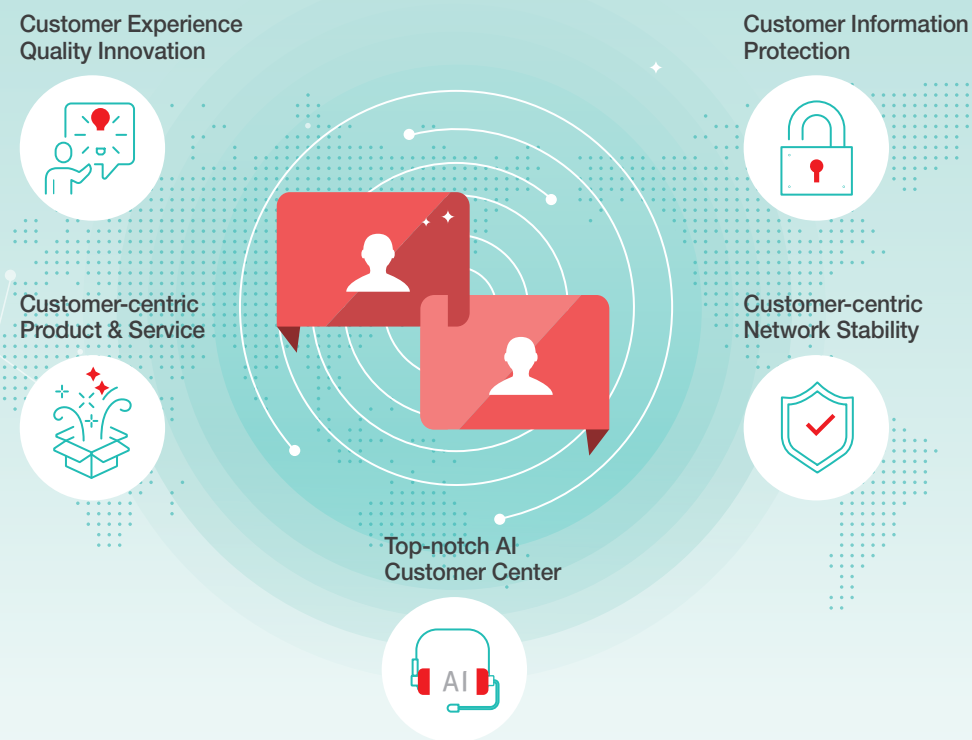
Customer-centric Management

KT's View

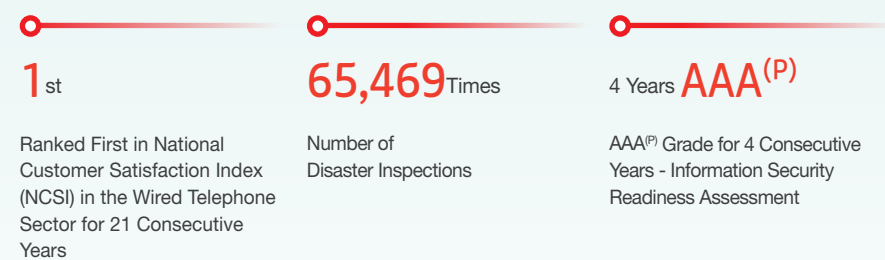
<https://corp.kt.com/eng/html/sustain/customer/customer.html>

As a national company led the history of Korean telecommunications, KT has dynamically changed the lives of customers through innovative services. To provide customers with what they want quickly and flexibly, KT is striving to become a 'Best Service Provider' that puts customers at the center of all areas and provides the best service through 'Customer-driven Self-innovation'.

Core Agendas



2019 Performance Highlights



KT's Life-Changing Story



KT '100-100 Care' Center

KT's Warm-Hearted '100-100 Care' Program for Challenged Customers

For the first time in the industry, KT opened a dedicated 100-100 care center for customers with disabilities to provide a 'Service with Heart' to solve the discomfort experienced by challenged customers in their communication life. This service is a dedicated customer center created with the intent of solving 'All (100%)' of the 'All (100)' inconveniences that customers with disabilities experience in their communication life, in a way that a professional consultant considers various types and situations of disability and considers customers first. This service greatly shortens the waiting time for consultation compared to general customer centers, allowing an immediate connection. Depending on the type of disability, this service is directly connected by selecting a menu such as chat, sign language, e-mail, and phone consultation. Customers with hearing impairments are provided with a chat consultation pop-up that allows them to use the 'My KT' app immediately.

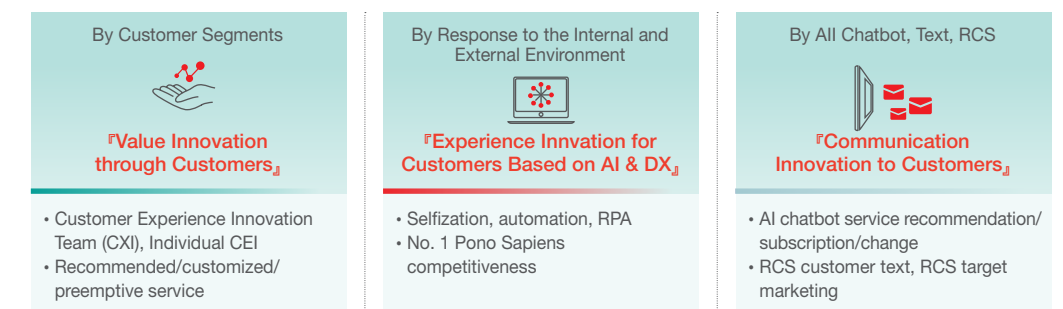
Customer-centric Management System

KT is pursuing customer-centric management that prioritizes customers with "World Topmost Customer-satisfaction Company that Communicates with the Heart and Approaches with Faith" as its customer satisfaction vision. To this end, KT is making efforts to constantly innovate wired/wireless products, services, and customer contact point channels, and provide luxury customer service that can impress customers.

Customer Experience Quality Management

Customer satisfaction begins with service innovation. With 'Customer-centric' as the top priority, KT has provided differentiated customer-tailored services for customers, providing customers with a more comfortable daily life and providing greater value. In order to provide innovative customer value to customers, KT reinforces KT's unique customer experience quality management system 'Customer-driven Self-innovation KT CEQM 2.0' to innovate processes and systems in order to meet customer's needs quickly and flexibly. The customer experience quality management system consists of customer experience innovation, value innovation by customer segment, VOC innovation, and field communication and collaboration. As a systemic CS operating system, the system has the advantage of being a flexible "Agile CS mechanism" that can promptly respond to changes in the customer and market environment without being affected by a specific leader or organization.

KT Customer Experience Quality Management



* CEQM : Customer Experience Quality Management

Customer Experience Quality Innovation

KT is pursuing enterprise-wide customer experience quality innovation to provide the best service in every meeting with customers and to impress customers with new experiences. KT has defined '4 Key Areas' to provide differentiated customer value and secure competitive advantage throughout the customer experience from the pre-launch stage to the termination stage, and promotes '10 Improvement Activities' to innovate. KT is concentrating on prompt communication with customers by solving preemptive and fundamental problems by conducting 10 improvement activities as voluntary and constant improvement activities rather than a one-off.

Customer Experience Quality Innovation Process

4 Key Areas	10 Improvement Activities	Products/Customer Life Cycle
Perfect Product/Service	① CTQ before release	Before Release
Improvement of Regular/Rooted Customer Complaints	② Daily 'Voice of Customer' ③ N(R)-VOC ④ Core process redesign	After Release
Differentiating the Customer Experience	⑤ Voluntary regular CTQ ⑥ Regular CTQ ⑦ Customer value innovation by customer segment	
Cultivate Pride & Skills through Collaboration and Communication	⑧ Process redesign with on-site ⑨ "Understanding from the Other's View" communication meeting ⑩ Triple No. 1 Service Evangelist	

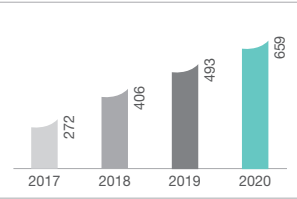
* CTQ: Critical To Quality

Customer Experience Quality Organization

A flexible and fast company-wide organization is a prerequisite for providing customers with a differentiated quality experience. KT operates the 'Customer Value Innovation Executive Committee', a company-wide collaboration system centered on executives, including group companies, to secure a prompt decision-making system to provide customers' needs quickly and flexibly, while maintaining a customer-centric performance verification system.

Customer-centric Products

Scale of Customer Product Evaluation Panel (Unit: Persons)



Being able to provide the ‘Best Customer Experience’ in a rapidly changing business environment is the essence of our competitiveness. KT is constantly innovating customer-centric products to meet the needs of diverse customers and to help customers enjoy the benefits of communication in their daily lives.

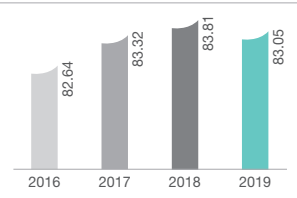
Customer-centric Products Development

For developing customer-centric products that can impress customers, KT has operated the Customer Product Evaluation Panel since 2011; customers of the Customer Product Evaluation Panel participate in the product evaluation process. It is composed of diverse groups of people with varied interests, such as housewives, college students, workers, and employees at customer contact points. By reflecting the voice of customers to the product development, the Customer Product Evaluation Panel has been devoting for Customer First products that satisfy customer needs. In 2019, the Customer Product Evaluation Panel discovered improvements by verifying the processes used by actual customers including products, apps, and manuals, using products that can be experienced by customers before launch. If significant improvements were found, the release schedule was postponed and improvements were completed prior to launch. As a result, various products such as the Gi Genie LTE 2 and Olleh TV UHD4 set-top boxes launched in 2019 were serviced to customers with higher quality through this process. KT has greatly expanded the scale of customer-centric product development through the product verification team in 2020 to enhance product verification before launch and to continuously improve existing products. In 2020, there were a total of 659 panels consisting of 457 customers and 202 field verification panels. This is a 34% increase from the 493 product panels (297 customers, 196 field verification panels) in 2019.

KT Customer Product Evaluation Panel Activities in 2019

Improvement of Existing Products		Verification of New Products		Other Survey	
Additional internet service, Real Genie Pack, etc.	6 Cases	GiGA Genie Table TV, etc.	10 Cases	Opinion on the reorganization of the fixed-line phone plan	1 Case

KT Integrated Customer Satisfaction (Unit: Points)



Customer Satisfaction Realization

With ‘Customer-centric’ as our top priority, KT provides differentiated services unique to KT and continues to strive for customer and customer value innovation, such as innovating the internal service process system to enhance the execution power of site/customer contact points. These unceasing efforts are recognized for credibility as KT is consistently ranked first in reliable surveys both inside and outside of South Korea. KT achieved number one in the wire telephone sector of the national customer satisfaction index (NCSI) for the 21 consecutive years, and in the 2020 Stevie Awards, KT has been recognized worldwide for its achievements by winning the Gold Award for ‘Best Customer Service Technology’ for 4 consecutive years. KT integrates the results of major satisfaction surveys on external customers to manages its own ‘KT Integrated Customer Satisfaction’, and the satisfaction score is rising from 82.64 in 2016 to 83.05 in 2019.

Customer Satisfaction Results in 2019

NCSI National Customer Satisfaction Index (NCSI)	Ranked first in the wire telephone sector for 21 consecutive years, ranked first in the Internet phone sector for 10 consecutive years, ranked first in the IPTV sector for 3 consecutive years, and ranked first in the super-high-speed Internet sector for 2 consecutive years
KS-QEI Korea Quality Satisfaction Index (KS-QEI)	Ranked first in the s uper-high-speed Internet sector for four consecutive years, ranked first in IPTV for three consecutive years
KS-SQI Korea Service Quality Index (KS-SQI)	Ranked first in the IPTV sector for 11 consecutive year
KCSI Korea Industrial Customer Satisfaction Index (KCSI)	Ranked first in the super-high-speed Internet / IPTV sector for four consecutive years, ranked first in the Internet phone sector for 10 consecutive years, and ranked first in the home phone sector for 20 consecutive years
KS-CQI Call Center Quality Index (KS-CQI)	Ranked first in the wire customer center satisfaction sector for six consecutive years, and ranked first in the wireless customer center satisfaction sector for five consecutive years
KSQI Korea Industrial Service Quality Index (KSQI)	Achieved the best customer center certification for wired / wireless customer centers, ranked first in the customer contact point sector for four consecutive years
Dominant of the Value	Selected as the best customer value company
Stevie Awards	Awarded in the Sales & Customer Service IVR / Web Services, etc. sector for three consecutive years

Customer-centric Service



KT Y Super Plan

KT always values the voice of customers. In order to improve the service and process from the customer’s point of view, KT derives insights from customers’ voices and discover needs/wants and apply them in a nimble and flexible manner. KT is also constantly optimizing and improving processes from the perspective of customers through redesigning core processes by listening to customers’ voices and field opinions.

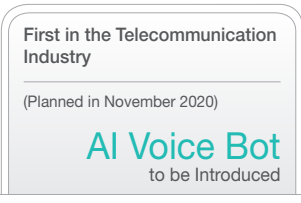
Customer-centric Service Release

KT launched the ‘Super Plan’ in April 2019, in line with the commercialization of the world’s first 5G service, opening an era of completely unlimited data without limiting the speed. In January 2020, KT improved the speed of roaming data by introducing a ‘Y Super Plan’ plan for only 20s once again with the opening of the 5G era, following the LTE Y plan that received a great response from 20s. In February 2020, KT is satisfying the needs of customers who want to enjoy various contents by launching the “Super Plan Plus” plan which adds benefits to the “Super Plan” plan and allows to select two types of content each month, such as video, music, and VR. KT plans to continue expanding the types of content that customers can choose from so that they can quickly experience more content and enjoy practical benefits.

Customer-centric VOC Innovation

In 2018, KT formed and intensively managed TFs in three key areas to drastically reduce customer quality VOCs, leading to VOC innovation from a customer-first perspective. To provide more reliable and homogeneous services to customers, KT introduced the ‘Six Sigma’ system in 2019 and is implementing intensive improvement focusing on areas that require relatively improved service quality. In 2020, KT will practice “Customer-centric”, one of the four core values, and accelerate VOC innovation for customers by innovating the VOC operating system centered on on-site support, including to search and share best practices in customer service innovation for customer-centric service and process internalization to the customer contact site.

Trend of VOC Improvement



Top-notch AI Customer Center

In order to expedite customer opinions, 16 customer centers nationwide and a total of 7,000 counselors, the largest in Korea, are prepared to handle customer inquiries quickly and accurately. KT Call Center, which contacts tens of thousands of customers every day, continues to progress through technology and heartfelt efforts. KT has diversified its channels to meet the needs of various customers with the introduction of a text customer service center, a talking ARS, and a viewing ARS for counseling that relied on existing telephone calls. KT is also providing convenience to customers by dramatically reducing the method and time for identification through the introduction of the AI voice authentication system. In addition, through the introduction of AI chatbot, KT can check simple inquiries or inquiries 24 hours a day, replacing 150,000 customer consultations per month. KT Call Center is preparing for a new leap forward as an AI First Customer Center in 2020 by preparing AI-based call center solutions for the past two years. In particular, in November 2020, KT is planning to introduce an advanced ‘AI Voice Bot’ from the AI chatbot for the first time in the telecommunications industry, and through this, 24-hour voice virtual counseling will be possible, and will handle 650,000 inquiries in 70 fields. As a leader in innovation in the technology and service industry, KT Call Center will continue to take the lead in pursuing changes in customer life and happiness through technology and services that consider customers.

AI Consultation Assist	AI Chatbot	ARS Voice Certification	Wired and wireless Integrated Counseling
Introduction of AI counseling assist to support counselor's work	Convenient and quick business processing support through AI chatbot	Improvement of customer's self-authentication inconvenience and time reduction through ARS voice authentication	Provision of integrated counseling for wired and wireless products for the first time in the industry in Korea
Reduced customer request processing time by 15 seconds (20 → 5 seconds)	Increased from 31,000 → 41,000 cases per day	Reduced 19 seconds (24 → 5 seconds)	Nurture and operate 1,000 integrated counselors

Customer-centric
Network Stability

The importance of providing reliable communication service is increasing due to the rapid climate change around the Korean Peninsula and the occurrence of earthquakes. As a telecommunications carrier with a national network, KT operates a state-of-the-art network surveillance system to provide reliable communications services under any circumstance and is committed to strengthening network stability.

Integrated Network Monitoring System

KT believes that it is a strict duty of telecommunications service providers to provide stable communication services through prompt response and recovery in the event of natural disasters such as typhoons, heavy rains, earthquakes, and other social disasters. To fulfill the duty faithfully, KT operates an integrated network surveillance system to ensure the stability of wired and wireless networks and conducts comprehensive control at the network control center. In addition, KT operates the network surveillance system around the regional control centers for 24 hours a day, 365 days a year, while the nationwide wired and wireless operation centers are performing stable operation and maintenance of communication facilities.

Disaster Response Capability

Due to climate change, the intensity of typhoons is gradually increasing and the frequency of occurrence is increasing, which increases the risk of physical disasters such as damage to communication facilities. In 2019, when seven large-scale typhoons hit the country, KT minimized damage to communication facilities with the efforts of 65,469 preliminary inspections of vulnerable facilities and 2,694 employees involved in operating the emergency system. In addition, KT has made efforts to identify communication channel risks in advance by improving the control system and reinforcing monitoring sensors for 57 major communication areas.

Strengthening Capabilities to Respond To Disasters in 2020

Training	Network	Infrastructure	Monitoring
 Maintenance of earthquake response behavior and actual response training	 IP network bypass communication path reinforcement between telecommunication offices	 Reinforced power supply stability by dualization of KEPCO for major offices	 Reinforcement of emergency work in case of natural disasters or national events

AI-based Failure Prediction Capability

KT's efforts to provide stable communication services to customers are constantly innovating. KT built a failure prediction system based on artificial intelligence technology in 2018 to shorten the recognition time in case of failure, and in 2019, developed an AI failure prediction system to predict failures in the wireless core network and IP core network. KT will do our best to prevent failures by further improving the accuracy of AI failure prediction and strengthening preliminary inspection through automation of control tasks.



Emergency Recovery Capability

Due to the prolonged COVID-19 outbreak, non-face-to-face services such as telecommuting, video conferencing, and online classes and untouched consumption are becoming commonplace. This phenomenon is causing a surge in traffic, so the ability of a telecommunication company to provide stable communication services under any circumstances is becoming important.

KT establishes emergency recovery measures by type of failure in advance in preparation for not only general communication failures but also cases where communications services are interrupted due to disasters and calamities such as typhoons and earthquakes and periodically conducts emergency recovery training. In particular, KT is making an effort to minimize damage caused by communication problems by constructing and operating a backup system capable of automatic bypass communication. KT is carrying out various activities to prevent disruption while improving the service quality.



AI-based Internet failure prediction solution 'Doctor Core IP'

Failure Prevention Activities	Service Quality Improvement Activities
 <ul style="list-style-type: none">Regular inspection of telecommunication offices/facilities (thawing season, rainy season, winter season)Prevention of recurrence through education on the cause (frequent)Establish a rapid response system to telecommunication disastersEnhancement of network survivability (Internet, PSTN, power supply, B2B)	 <ul style="list-style-type: none">Improve internet E2E speed qualityReplace/remodel low-speed Internet, aged transmission facilitiesImprove the experience quality of wireless subscribers (LTE, 5G)Provide quality Before Service for wireless customers

Brand Value
Creation

As a national company who 'Contributes to the Advancement of Korea By Leading Changes in Customers' Lives and Innovations in Other Industries', KT introduces new and innovative marketing communication activities every year, drawing attention and empathy from customers. To create meaningful messages for customers and expand/re-produce valuable brand experiences, KT is promoting 'Integrated Marketing Communication' that utilizes customer contact channels.

KT Brand Slogan

Through the new corporate brand slogan, 'Caring About You', KT is expressing the brand identity which intends to 'make efforts so that each citizen can enjoy a better life based on warm-hearted technology for people'. KT consistently applies to management activities, corporate culture, product/service development, and customer communication.

'Caring About You' Campaign That Conveys the Warmth of KT Technology

Through the launch of a new customer-centric brand campaign, 'Caring About You', KT is continuing the 'My Name is OOO' series, which contains the story of each customer based on innovative technology and CSR activities for the underprivileged. With 'Voice Restoration' and 'Artificial Cochlear Implantation projects', KT will sincerely deliver the actions that lead to changes in customers' lives through warm-hearted technology.



'Caring About You' Campaign



Online Live Wedding



'Useful' Campaign

'Heart Tact 2020' Campaign That Resolves the Communication in the COVID-19 Era





In 2020, the "Non-face-to-face Customer Participation Promotion" series released by KT to resolve the social/cultural disconnect caused by COVID-19 and to support the public has garnered a public response. The 'Heart Tact 2020' campaign was conducted with various activities that emphasized the value of solidarity and communication: 'Online Live Wedding' for newlyweds with delayed weddings; 'Online Orientation' for college freshmen; 'Online University Festival' with the excitement of campus life; 'Online Traditional Market Live Shopping' for the revitalization of markets'. The campaign featured terrestrial main news and exploded online and succeeded in making an issue. In particular, the 'Non-contact Ballpark Event for Baseball', held by children's ballots in a large baseball, is also featured in overseas media, providing people with enjoyment in the era of the prolonged COVID-19.

'Useful' Campaign, Changes and Innovations in Daily Lives

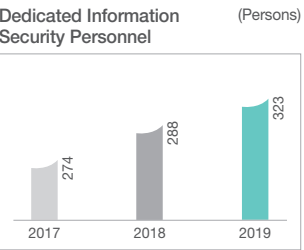
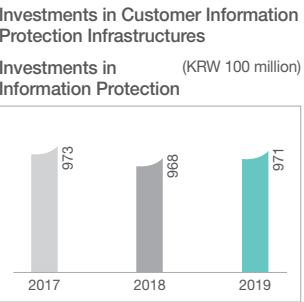
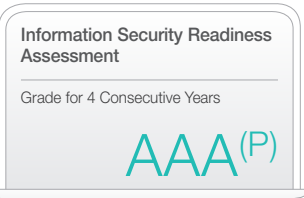
A new marketing advertising campaign "Useful" began in the second half of 2020. KT's determination to be a useful and convenient existence for each customer is conveyed naturally and highly empathy through episodes in life, based on innovative services and differentiated benefits, such as 'One Minute Order' and 'One Hour Delivery'. This campaign will be an opportunity to form customer integrity and build customer-centric brand image.

Brand Performance Creation

The KT brand is recognized internationally as it has been receiving favorable evaluations in representative design awards as well as various brand awards and advertising festivals at home and abroad.

 Advertisement	<ul style="list-style-type: none">The 27th National Good Advertising Award Awarded, Prize by the Minister of Culture, Sports and Tourism (KT 5G Disaster Safety Network) less customers	 Design	<ul style="list-style-type: none">2019 iF Design Awards, Main Prize in Communication Design Category (KT GiGA Genie BI)
 Digital	<ul style="list-style-type: none">2019 &AWARD Grand Prix (Narle Friends TV)2019 &AWARD Winner (Feel-Genie)	 BM Link	<ul style="list-style-type: none">2020 Korea Brand Hall of Fame (GiGA Genie, Olleh TV, Kids Land)

Customer Data Protection



For KT, who regards customer-first management as its core value, customer information protection is the first principle of corporate value. In order to preemptively and structurally respond to increasingly intelligent security threats, KT will make every effort to strengthen its customer information protection management system and practice culture throughout the Life Cycle of customer information and to guarantee customer rights as information subjects.

Customer Information Protection System

After acquiring the Information Security Management System (ISMS), the nationally accredited information security management system in 2013 for the first time, KT has been recertified every year. In the “Information Security Readiness Assessment” evaluated by the Ministry of Science and Technology, KT received AAA+, the highest grade for three consecutive years thereby being externally recognized for its thorough customer information protection system. KT established the Information Security Team in 2014 and reinforced the expertise by separating the Chief Information Security Officer (CISO) from the Chief Information Officer (CIO) for the first time in the communications industry. KT is the most active investor in the information security sector among Korean telecom companies. In 2018, its investments amounted to KRW 97.1 billion, and employees dedicated to information protection were 323 in number.

Technical Administrative Measures to Protect Customer Information

Technical Protection Measures	Administrative Protection Measures
<ul style="list-style-type: none">Integrated Security Control System to monitor suspicious behaviors that seem to be hacker's attackResponse to APT attacks, the establishment of risk prediction & response systemEstablishment of Firewall, Intrusion Detection System, and Access Control SystemDRM (Digital Right Management) and DLP (Data Loss Prevention) SolutionsEncryption of privacy, DB command control	<ul style="list-style-type: none">Conduct the Privacy Impact AssessmentSecurity Coding required during the software developmentRegular inspection and improvement activity conducted for loopholesSimulation tests for infringement accidents with relevant organizations such as the government

Customer Information Protection Process

KT analyzes the entire life cycle from the personal information collection stage to the destruction stage and applies appropriate optimum technological and managerial protection measures by stage to prevent leakage of personal information in advance. To this end, KT conducts personal information impact assessment to identify and correct infringement factors in advance when information systems that utilize personal information are changed or newly introduced, and conducts checks the entire distribution networks and customer information processing systems every year regarding customer information protection measures. In addition, KT is strengthening technical and administrative protective measures to preemptively respond to evolving security threats such as APT (Advanced Persistent Threat) attacks and deletes the personal information of customers who do not use services for long periods exceeding one year to prevent the risk of leakage. In particular, KT has established a comprehensive response system covering the terminal, network, and even servers through the first IT / Network Integrated Cyber Security Center in South Korea and is responding to diverse security threats 24 hours a day, 365 days a year.

Privacy Impact Assessment



Customer Information Protection Activities

Category	Activity	Unit	2017	2018	2019	Remark
Personal Information Protection Training	Number of employees who completed mandatory personal information protection training (first half)	Persons	22,981	23,160	23,240	Conduct semi-annual compulsory training for all employees (excluding those on leave or dispatch, those to be transferred, and drivers for executives)
	Number of employees who completed mandatory personal information protection training (second half)	Persons	23,170	23,180	22,915	
	Ratio of employees who completed mandatory personal information protection training	%	100	100	100	
Personal Information Measures Checks	Number of service checks	Cases	316	274	284	Perform security check of customer information processing systems at least once a year
	Ratio of services checked against the overall services	%	100	100	100	

Customer Data Protection Training and Service



Information Security Poster

To reinforce the customer information protection throughout the value chain, all employees, Group companies, and suppliers are cooperating to establish a culture that everyone participates in protecting the customer information with a sense of responsibility. Hence, all employees are to pledge personal information protection every year while the information protection training is constantly provided.





Customer Information Protection Training

With providing annual online training of personal information protection to all employees, KT has made efforts to improve the efficiency of training by implementing customized education tailored to each job and task for employees who handle customer information with a high risk of information security. In addition, KT is establishing an environment where employees are voluntarily participating in protecting information by operating an in-house reporting center for security issues and Clean Office, while sharing practice measures through information protection poster, PC wallpaper.

Customer Information Protection Service

In order to safeguard customer information from advanced security threats such as hacking, ransomware, and phishing, KT provides various information protection services such as information protection notification that informs cyber risk information by text, who-who spam notification service that displays spam/safety information on the receiving screen, family safe that help children can use use the Internet safely on PCs and smartphones with automatic blocking of harmful media/internet contents and time management, and PC safe 2.0 that enable for simultaneous PC and smartphone security/management.

Major Customer Information Protection Service

Information Protection Notification	Who-who Spam Notification Service
 <p>A service that notifies by text when information security-related issues (accidents, security information) (https://product.kt.com/wDic/productDetail.do?ItemCode=485)</p>	 <p>Service that displays shared information such as spam/safety on the receiving screen when receiving a call (https://product.kt.com/wDic/index.do?Cate-Code=6003)</p>
Family Safe	PC Safe 2.0
 <p>A service that blocks harmful websites on the PC Internet, manages internet usage hours and blocks harmful substances on smartphones</p>	 <p>A service that provides expert consultation services remotely along with PC security (including virus scan/treatment, important file encryption/ auto backup, personal information protection, double blocking of phishing and pharming, etc.) and additional functions (safe storage of photos for smartphone security/management, external virus blocking, etc.)</p>

Use of Personal Information

According to customer information related laws and regulations, KT notifies all subscribers of personal information items, the purpose of collection, and period of retention. The collected personal information is not used for any purpose other than the relevant purpose and is provided to third party organizations only with the prior consent of the customer. When government agencies request data according to the Telecommunications Business Act (Article 93, Clause 6) and the Protection of Communications Secrets Act (Articles 2 and 13), KT cooperates for the provision of related materials in accordance with the legal standards for and methods of provision, and reports statistical data about the details of provision to the Ministry of Science and ICT. Under the Telecommunications Business Act, information investigation agencies may request telecommunication data subject to permission by a prosecutor, grade 4 or higher civil servant, or police superintendent (subscriber information such as phone number, ID). Also, the investigating agency may request data confirming of telecommunication subject to permission by the court (fact of communication, log record, IP address, etc.).

Government's Request for Customer Information

Category	Description	Unit	Telecommunication data	Data confirming of telecommunication
Government Request	Number of cases of government agencies' requests for customer information treated	Cases	301,598	88,552
Checking Provided	Number of cases where whether customer information was provided to government agencies can be checked	Cases	301,598	88,552
	Ratio of cases where whether customer information was provided to government agencies can be checked	%	100	100

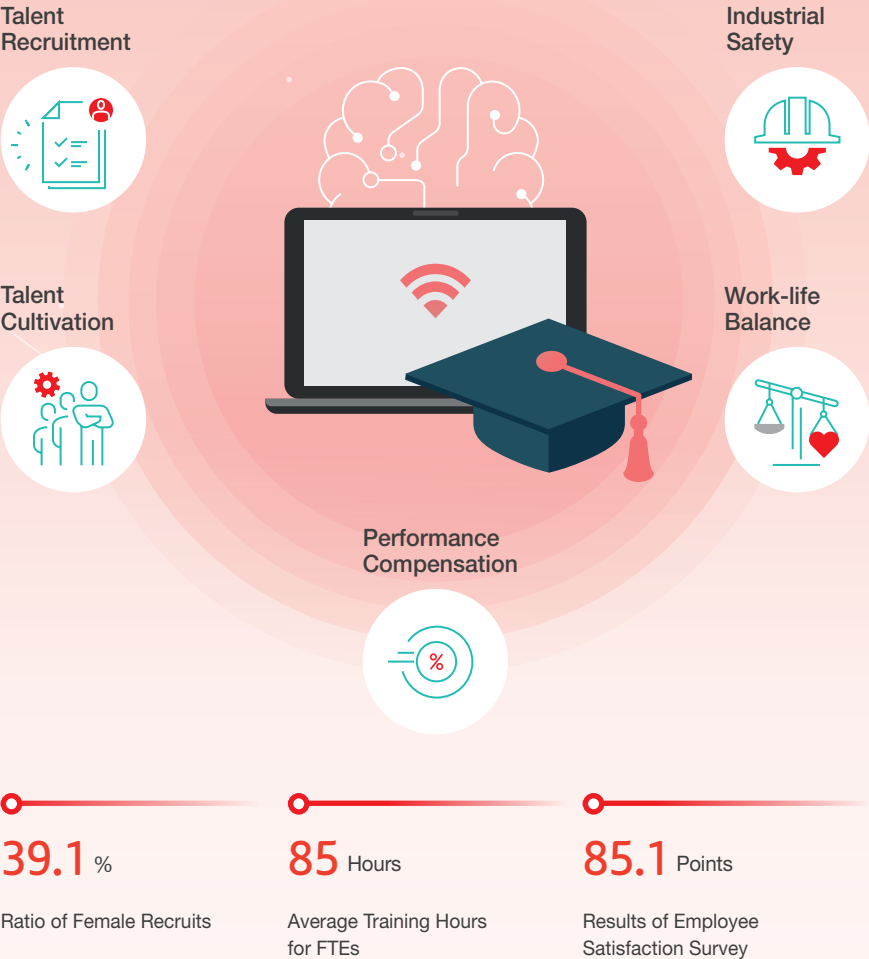
Human Resource Development

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

KT's View

In the midst of rapidly changing internal and external business environments such as technological advancement, market diversification, and diversity of customer demands, securing talented individuals with professional competence and passion is very important for us. KT will become a telecommunications company that provides new experiences and impressions to customers by nurturing and developing competent human resources, the driving force of corporate growth and development.

Core Agendas



MOU Signed for AI One Team

KT AI Talent Ecosystem Creation Project for the No. 1 AI Country

In order to reinforce the AI competency of Korea, where AI talent to lead the future is insufficient in qualitative and quantitative terms, KT signed an industry-academia-research cooperation with KAIST, Korea Electronics and Telecommunications Research Institute (ETRI), and Hanyang University in February 2020. This cooperation is raising anticipation as the first step in establishing a cooperative system that guarantees execution capability and establishes concrete plans in collaboration, in line with the national strategy that the government is pursuing under the vision of 'Become AI Country Beyond IT'. KT will develop the artificial regeneration system of AI in Korea through cooperation in fostering human resources to discover and propagate the application cases of AI technology to actual industrial sites to participating companies and corporate customers.

Recruitment and Development

Employees are the subject of innovation and the driving force of corporate activities. KT is striving to discover talented people through a fair and transparent recruitment process and to nurture them into competent human resources who will become the company's greatest asset.

Ideal Employee of KT

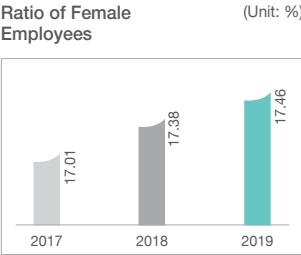
KT has a firm belief that fostering human resources is directly linked to the competitiveness of the company. In order to contribute to the development of Korea by leading changes in the lives of customers and innovations in other industries, which is the corporate vision, we are actively hiring talents that meet KT's core values: Customer-Centric, Ownership, Communication & Collaboration, and Fundamentals & Process. Based on a fair personnel system, KT assigns recruited human resources to each job and evaluates their performance closely, and is building an organizational culture in which employees can demonstrate their capabilities to the fullest by providing training in accordance with a human resource development program.

Talent Who Meets KT's Core Values

Customer-Centric	Ownership	Communication & Collaboration	Fundamentals & Process
Providing customers' needs with agility and flexibility through customer-driven self-innovation	Thinking and acting as a proud and solid KT owner with pride and skills	Reinforcing horizontal communication and flexible collaboration system beyond organizational walls	Focusing on the essence of the industry and considering the process as important for the best results

Human Diversity

In order to increase the ratio of female workers in terms of diversity, KT blinds genders regardless of job competency in the hiring process, and 38.7% of female employees were hired in 2019. In addition, a subsidiary-type standard workplace (KT Hope Builder) was established in 2019 to provide quality and stable jobs to the handicapped. KT will continue to strive to promote the employment of the handicapped through differentiated services.



Current Status of Employees

(As of December 31, 2019, Unit: Persons)

Category			Total	Male	Female	Female Ratio
Total Number of Employees			23,372	19,292	4,080	17.46%
Manager	By Rank	Low level manager	11,390	8,992	2,398	21.05%
		Middle level manager	10,136	8,869	1,267	12.50%
		High level manager	341	319	22	6.45%
	By Department	Business department	4,409	3,390	1,019	23.11%
		Field department	17,051	14,544	2,507	14.70%
		Support department	1,495	928	567	37.93%
	Sub total		21,867	18,180	3,687	16.86%
Diversity	Category		Total	Male	Female	Minority Ratio
	The handicapped		497	480	17	2.13%
	Veterans welfare beneficiary		1,098	994	104	4.70%
	Elderly (60 years or older)		153	135	18	0.65%
	Foreign employees		13	8	5	0.06%
	Sub total		1,761	1,617	144	7.53%



Talent Recruitment Process

In order to discover competent talents that match the ideals of human resources, KT has established a fair and transparent process for securing talents, selects talents based on job competency, and provides equal opportunities to all applicants. KT conducts a ‘Blind Interview’ to enhance fairness and transparency in recruitment, and selects talented people based on competency by blinding all personal information items during interviews. In 2019, 555 new employees were hired in line with the government’s youth job creation policy. In addition, KT continues to operate a hiring conversion-type internship system. The hiring conversion internship system, which has been in effect since 2018, provides job-related ICT training and internship opportunities to applicants, and excellent talents among those who have completed the job offer the benefits of converting to full-time employment. In 2019, 141 interns were hired within internship programs.



Competency-centered Talent	Local Talent	Intern Recruitment
Through blind processing of information irrelevant to the applicant’s competency, fair evaluation centered on the competency related to the applicant’s job	Recruiting talent for each region in order to discover an excellent talent for the region.	A conversion-type internship system introduced to foster talents in the 4th industry through specialized ICT education. Recruitment of talented individuals who have completed internships with proven practical skills.



Employee Capacity Building System

To cultivate ‘KT People’ with pride and skills and ‘Future Talents’ who will lead future growth businesses, KT reorganizes the education system into three areas of “Integrating Vision and Core Values”, “Developing Competence and Leadership”, and “Reinforcing Job Competency for Performance Improvement”. Through this, KT is striving to develop a process to provide what the internal and external customers want in a timely manner. In addition, KT’s communication/innovation platform, No. 1 workshop, is leading not only the telecommunication industry, but also other industries.

Major Training Achievements in 2019

 <p>“Strong Leader” leading 5G, Cultivating persistent “No. 1 KT Employee”</p> <ul style="list-style-type: none">• 108 value courses: 22,420 employees• 34 leadership courses: 3,858 employees	 <p>“Accelerating Competency Transformation” to Leap Forward as a Global No. 1 Platform Operator</p> <ul style="list-style-type: none">• 1,978 job courses: 88,303 employees	 <p>“Leaping to the National No. 1 Workshop 2.0” to Create Performances and Pride</p> <ul style="list-style-type: none">• 933 agendas: 17,275 employees
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Integrating Vision and Core Values

KT focuses on training on CEO management philosophy, vision and core values, and compliance to solidify the status of KT as a national company by internalizing the new vision and core values for 2020. In particular, KT is providing training for new and promoted employees to internalize KT’s vision and core values, and to strengthen a sense of group unity. In 2019, the target of education was expanded to group companies, providing training to 945 promoted employees in 31 group companies. The promotion education focuses on strengthening the loyalty and unity of KT as a national company, while learning about the group’s 134 years of history and future business.

Fostering Experts in Future Growth Fields to Lead AI Companies

To drive future growth projects, KT has established an AI manpower training system and is nurturing AI/Cloud developers and AI manpower in the field through the ‘Future Talent Development Project’. The ‘AI/Cloud Developer Course’ focuses on AI practical competency over a short period through full-time online and offline training for 6 months and AI projects for 64 selected employees through an in-house competition and screening. In the case of the ‘Field AI Talent Training Course’, KT selects about 300 employees of the field headquarters and provides necessary training and coaching of IT training coaches under the supervision of the head of the regional HQs by directly finding and specifying AI tasks in the field.



KT Future Talent Development Project Poster

Developing Competence and Leadership

KT operates a systematic leader training program throughout the company to quickly respond to changes in the business environment. In particular, KT is providing support for new group leaders to lead the organization quickly through ‘New Leader Education by Grade’, and is preparing to cultivate leaders needed in the future through ‘Next-generation Management Leader Education’. Furthermore, KT is increasing its expertise and industrial influence through ‘Customized Leader Education’ so that leaders can realize the company’s vision and core values.

Reinforcing Job Competency for Performance Improvement

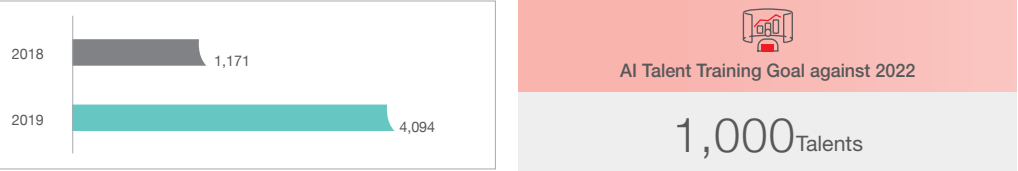
To cultivate experts in B2C/B2B sales and network field, KT conducts customized training in consideration of job year and competency level. In particular, KT is focusing on fostering experts in each field to preempt the expanding B2B market while fostering experts for the stable operation of the network and leading technology, the essence of the business. In addition, intensive job training is provided to new employees through OJT, mentoring, and online/offline training so that they can perform their jobs quickly after deployment, while reskilling training is systematically implemented through step-by-step training and certification scheme to improve productivity and prepare for the aging era. KT conducts job competency diagnosis to cultivate competency-based job experts, and operates a customized training system that recommends appropriate training courses based on the diagnosis results.

Capacity Building

Future Capacity Building Program

KT is striving to cultivate experts who will lead the 4th industrial revolution by providing practical training necessary for AI algorithm development capabilities. In 2019, 4,094 employees were educated to foster KT manpower in the fields of future growth such as AI, blockchain, and big data, and it has expanded to 350% compared to 2018. In addition, KT introduced AI matchup online training to support reskilling, and 1,707 employees voluntarily participated. To fulfill its corporate social responsibilities as a national company, KT is taking the lead by operating the 4th Industrial Academy for job-seekers to cultivate 144 professionals.

Results of Future Growth Education (Unit: Persons)



AI Talent Training Program

With the goal of cultivating 1,000 AI talents by 2022, KT systematized AI education programs for each level from beginner to advanced in 2020. KT has also established an AI talent training system that utilizes internal capabilities, by establishing “Aidu”, a learning platform that allows trainees to practice their learning using in-house data and fostering AI coaches composed of in-house experts. As an AI education program, the ‘Future Talent Development Project’ that conducts online and offline education and project execution for 6 months and the ‘Field AI Talent 300 Project’ where field employees discover on-site issues and apply AI to improve problems are newly established and operated.

KT No. 1 Workshop

The ‘No. 1 Workshop’, which started in 2014, is KT’s unique innovation tool that expands employee communication and collaboration and customer-centric mindset. It is KT’s unique innovative platform that takes customer and site problem solving as the starting point for all changes, and makes decisions immediately when suggestions for improvement are proposed through horizontal discussions of 1 night 2 days regardless of position and position. The Workshop is expanding beyond KT to public institutions, NGOs, and private companies, and is recognized globally as it was selected as an excellent case in the Change Management field by ATD awards in 2019. The “No. 1 Workshop”, with 80,000 debaters on 5,000 topics over the past 7 years, is raising the value of use as a core platform for the new management philosophy “Customer-driven Self-innovation” and “AI talent development”.



Idea Fair No. 1 Workshop for New Recruits

Fair Evaluation and Compensation

Appraisal and Compensation System

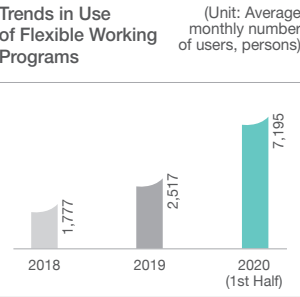
KT conducts annual performance appraisal to entire employees based on MBO and provides fair compensation such as an increase of wage, promotion, and reward assisting to encourage a better performance; the standard and process of evaluation are clearly disclosed to all employees. Moreover, the fairness of the evaluation has been reinforced through education for appraisers, calibration between primary and secondary appraisers, acceptance of an objection about the result, and afterward monitoring. As a result of these efforts, KT's employee turnover rate in 2019 was about 0.5%, which is significantly lower than the average turnover rate of large corporations surveyed by the Ministry of Labor in 2018, 2.9%.

Fair promotion reviews are conducted centering on performance and competency in the results of appraisals. The promotion system is divided into two categories: 'general promotion' based on the mileage applied equally to all employees and 'promotion by selection', which selects those who created excellent performance.

Multidimensional Performance Appraisal

In order to secure the fairness of the performance evaluation, a Job Competency Assessment that is a 360-degree appraisal is implemented for all employees annually - i.e. him/herself, co-workers (up to three people), and seniors (up to three people). The evaluation result is used as a reference for the promotion of first-line managers, employee relocation, and performance/competency appraisal. This evaluation is applied to assessments of not only 'common job competency' but 'specific job competency' which is an indicator for individual jobs. Therefore, it has contributed to an objective assessment being used as a reference for securing the fairness of the evaluation.

Innovative Work Environment



KT creates an innovative work environment that helps employees to work and live harmoniously, and to engage in work based on creativity and enthusiasm. KT strives to provide a work environment where employees can immerse themselves in work based on their ownership, creativity, and passion.

Flexible Work Program

Since the introduction of telecommuting in 2010, KT has been operating a variety of flexible work programs, including selective work, Core-Time work, and discretionary work programs. By increasing the flexibility of commuting time, KT is expanding and implementing special jobs such as working moms and R&D so that they can go to work at any time they want. KT also implements family love flexible work programs for pregnant women, infant caring women, challenged employees, and employees who need to care for dependent family members.

Through an in-house newsletter in 2019, KT provided a series of guidance on flexible working programs and related inquiries to raise employee awareness and improve the usage rate. As a result, the average monthly average number of users increased significantly compared to 2018. In order to respond to COVID-19 in 2020, KT implemented intensive preventive measures through telecommuting and revitalization of the flexible work system, and the number of flexible work system users increased significantly to an average of 7,195 per month as of the first half of 2020.

Status of Use of Flexible Work Programs in 2019

Category	Apply to	Main Content	Average Monthly Number of Users
Telecommuting	Staff department	• Working hours: 9:00 to 18:00 * Working place: Home	17
Selective Working System	All employees	• Minimum 4 hours a day (11 o'clock to 15 o'clock required) Autonomous work for 40 hours per week (excluding weekends)	981
Core-Time Working System	All employees	• 8 hours a day, commuting time ± 2 hours (staggered hours)	1,247
Discretionary Working System	R&D, IT design analysis job	• No working hours restriction, 40 hours a week (except Sundays)	32
Family Love Flexible Working System	Pregnant women, infant caring women, disabled employees, and employees who need to care for dependent family members	• Minimum 4 hours a day (11 o'clock to 15 o'clock required), Autonomous work for 40 hours per week (excluding weekends) • Use less than 3 times a week in the event of telecommuting	240
Total			2,517

Female Lifecycle Caring

KT provides customized care programs for each woman's life cycle, including pregnancy, childbirth, intensive childcare, and nurturing in order to create a happy working environment where women can realize themselves through work-family balance. KT is providing a caring program by life cycles of females (stage of pregnancy, childbirth and child-rearing) for the happy work environment where female employees can achieve self-realization through the balance between work and home. For the pregnancy stage, we provide financial supports for medical expenses, leave for fetus check-up, and shortened working hours. A leave before and after childbirth is also offered with a subsidiary for childbirth. Moreover, emotional care programs for childbirth are also available. At the stage of child-rearing, KT provides various supporting activities by cutting working hours, allowing to use nursery facilities at the workplace, and granting scholarships. KT is also operating workplace childcare facilities in 5 business sites nationwide to create a working environment that is compatible with work and family. In 2019, the rate of reinstatement of women after parental leave is 99.3%, and the rate of working for more than 12 months after reinstatement, an indicator of stable job retention, is 100%.

Female Lifecycle Caring Program

1 Pregnancy	2 Childbirth	3 Intensive Infant Care Period	4 Child Rearing Period
<ul style="list-style-type: none">• Medical expenses support, prenatal diagnosis leave• Flexible work system: adjust the commuting time for working at least 4 hours a day, 40 hours a week• Shortened work during the pregnancy period: Available within 12 weeks of pregnancy or after 36 weeks (working 5 hours a day)	<ul style="list-style-type: none">• Provide leaves before and after delivery and childbirth support fund• Paid emergency leave in the event of delivery by the spouse (10 days) available	<ul style="list-style-type: none">• Automatic childcare leave system: When applying for leave before and after delivery, childcare leave can be applied in combination.• Childcare leave can be used for up to 2 years (legal childcare leave is 1 year)• Compensation increase rates are applied during the leave period and promotion disadvantage is prohibited	<ul style="list-style-type: none">• Shortened working hours• Workplace childcare facilities can be used (8 childcare centers in 3 areas)• School expense support, etc.

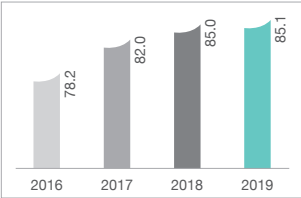
Employee Safety and Health

KT manages office lighting, temperature, humidity, and indoor air quality to create a pleasant and safe working environment, and provides physical training and health management programs for employees. Through the operation of a psychological counseling center for mental health management, 1,537 personal counseling, 41 on-site counseling, 74 financial counseling, and 71 training were provided, and 16,950 people underwent stress tests.

Status of Counseling Center Operation in 2019

Personal Counseling	Visiting Counseling	Financial Counseling	Education	Team/Camp	Stress Test
1,537 Cases	41 Cases	74 Cases	71 Cases	7 Cases	16,950 Employees

Results of Employee Satisfaction Survey (Unit: Points)



Employee Satisfaction Survey

KT conducts regular employee satisfaction surveys for all employees every year to measure the detailed levels of satisfaction by position, gender, age, and organization and makes efforts to understand employees through analysis of yearly trends and improve employee satisfaction through internal improvement. The 2019 result is 85.1 points.

By Gender		By Organization			By Position			
Male	Female	Business department	Support department	Field department	Staff/assistant manager	Manager/deputy manager	General manager	Directors or above
85.9	81.2	82.1	84.4	86.3	81.0	85.9	87.4	93.0

Work-life Balance

KT believes that employees can enjoy a happy life, as well as corporate profitability, which can increase when an ideal balance between the work and life of an individual employee is guaranteed. KT is striving to provide an environment where employees can pursue happiness and fun in their lives and families, and further realize themselves.

Refresh Leave Program

KT provides unprecedented opportunities for refreshment leave to long-servicing employees to provide employees with opportunities to develop and recharge themselves. That is, KT provides long-term paid leave for six months to employees with high job performance who served for at least 10 years to allow acting freely, such as self-development, travel, and language study. In particular, this period is regarded as an extension of work, and not only this period is included in the service period, but also all welfare benefits as employees are maintained. KT applies the wage increase rate during the leave period so that disadvantages do not occur to the employees who use the leave program while ensuring that no disadvantage occurs in the event of promotion.

Vacation and Leave Program

KT is striving to establish an efficient working culture by operating a semi-annual vacation system that allows employees to use the annual leave dividedly up to 10 times so that they can be faithful to their family life. In addition, legal care leave, which can be used for a maximum of 90 days for family caring, is extended to a maximum of 120 days, and in connection with the petition leave, we provide support for a maximum leave of one year.

Retirement Preparation Program

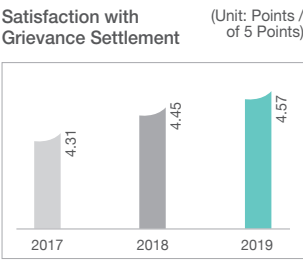
Since the introduction of a business start-up support leave system for the first time in Korea in 2009, KT has been supporting employees who challenge business start-ups while they work at KT every year. KT operates the KT Life Plan, a job-change support program so that employees can prepare for their second life and old age. KT provides specialized training programs for employees who are about to retire, such as re-employment, start-up, return to the farm, and professional education programs including 1:1 consulting. In 2019, KT operated a ‘Retirement Workshop to Thank Each Other’ and held a healing program and retirement ceremony for 2 nights and 3 days for those who are eligible for retirement every month. The family attended the retirement ceremony and had a meaningful time celebrating the honorable retirement.

Corporate Culture of Communication

KT operates a variety of grievance settlement channels that can prevent and settle employee complaints. As of 2019, KT has installed and is operating ‘Grievance Settlement Committees’, consisting of labor and management representatives, at 253 field organizations, and the ‘Labor and Management Win-win Center’ opened in March 2015 supports the grievances of employees and retired persons at one-stop from receipt to settlement. The Labor and Management Win-win Center provides diverse channels such as telephone (080-2580-119), SMS (1588-4936), e-mail (kt119@kt.com), and online bulletin board (KT119 Labor and Welfare Center bulletin board in Kate) so that grievances can be submitted conveniently anytime anywhere. Through this convenience, the Center has dealt with over 18,000 grievances accumulated after opening and strives for fundamental settlement of employee difficulties such as summarizing major matters received and promoting them throughout the company by issuing a newsletter every week. In 2020, KT plans to proactively address major grievances of employees by resolving the agenda of the labor-management council to enhance the ability to execute grievances jointly with labor and management, and to quickly respond to major internal issues, thereby focusing on preemptive grievance resolution.

Win-win Labor-management Relations

According to Article 5 of the Trade Union and Labor Relations Adjustment Act and Article 3 of the collective agreement, KT guarantees that employees can freely join the trade union formation of trade unions and other representative organizations. Under the collective agreement, KT adopted the Union Shop system in which all employees become union members as soon as they enter the company so that 100% of employees are protected by collective bargaining. Employees can freely withdraw from the union. As of December 2019, the union membership rate of employees is 77.7%. In 2019, KT discussed and resolved measures to boost employees’ morale and improve welfare through a total of 60 labor-management meetings, including Labor-Management Conferences and the Labor-Management Win-win conferences.



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

Social Contributions with Heart

KT’s View

As a national company that has grown with the people, KT conducts warm-hearted social contribution activities throughout our society and operates various social contribution programs to become a “Company That the People Need Most”. KT will use ICT, a core competency, to bridge the information gap in Korea and to achieve a better future for the people.

Core Agendas

Dream with Heart



Sharing with Heart



Environment with Heart



Happiness with Heart



Future with Heart



KT

2019 Performance Highlights



KT’s Life-Changing Story



‘Lunch Box of Love’ Campaign

KT’s Good Consumption ‘Lunch Box of Love’ to Help Commercial Districts Due to COVID-19

With the spread of COVID-19, the local economy is experiencing great difficulties as sales of self-employed people decrease by as much as 70% as office workers work from home and the floating population decreases. KT is running the ‘Lunch Box of Love’ campaign targeting commercial districts near the office building that has been hit hard by the economy. KT selected 20 restaurants with severe sales damage from restaurants near Gwanghwamun and Umyeon-dong, purchased lunchboxes, and sold them to employees at low prices, receiving good responses from both restaurants and employees. KT has provided a total of 6,946 lunchboxes so far.

Social Contribution System

Social Contribution Vision and Strategy

KT is seeking a new path for social contributions that can substantially change the lives of the people with a sense of responsibility as the leader of telecommunication in Korea. KT is striving to reestablish a vision of ‘Social Contributions with Heart’ in 2020 and promote sincere social contribution activities. KT will realize a better future through continuous social contribution activities based on the five “With Heart” social contribution areas.

Social Contribution Vision



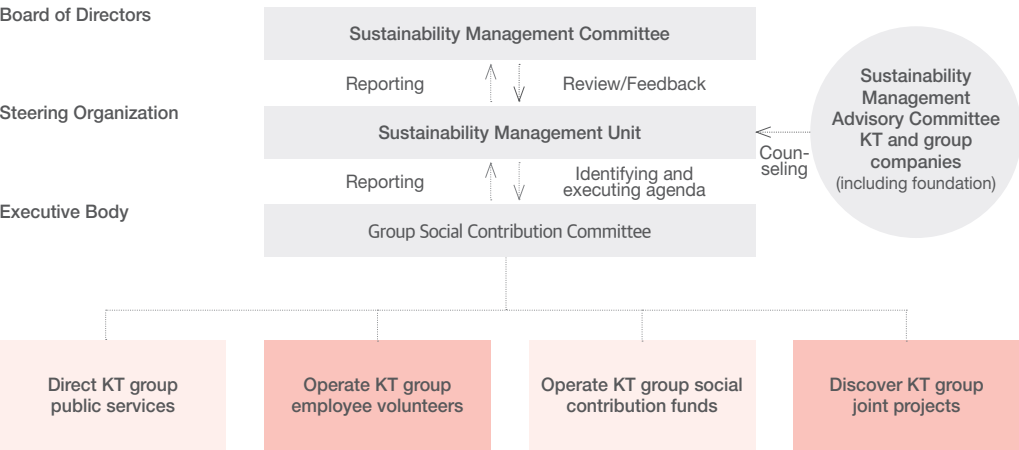
Social Contribution Area

Dream with Heart	• Finding Sound Campaign • Finding Voice Campaign • CSR for the Handicapped (smart farm, etc.)
Sharing with Heart	• Disaster Emergency Relief and Emergency Medical System Innovation • Support for the Vulnerable (Dreams Center, Dongja Sharing Center) • Support for Small Business (Love Series, etc.) • Labor-Management Sharing Activities
Future with Heart	• Support for Revitalizing Local Economy • Support of Future Generation (Scholarships, Global Mentoring) • Global Epidemics Prevention Platform
Happiness with Heart	• IT Supporters (Employees, Retirees, and University Students) • KT Volunteers of Love • KT Chamber Orchestra
Environment with Heart	• Mobile Phone Recycling “Ribbon” Campaign • Green Social Contributions (Ocean Purification, Tree Planting)

Social Contribution Organization

After establishing the Sustainability Management Committee, which is a committee on the board, in April 2016, KT has been promoting more efficient and substantial social contribution activities throughout the company. Important decisions on social contributions are made by the ‘Sustainability Management Committee’ within the board of directors. Through the Group Social Contribution Committee under this committee, KT Group level integrated social contribution activities are carried out.

Social Contribution Organization



Dream with Heart



Home Coming Day of KT Finding Sound Campaign

Finding Sound Campaign

A representative social contribution activity that has been promoted for 17 years since 2003, the Finding Sound Campaign is a meaningful campaign that is deeply related to KT’s corporate identity as a telecommunications company. Reflecting characteristics of the telecommunications industry, KT has steadily implemented the ‘Finding Sound’ project, helping children and youths who have difficulty in communication with the world due to their hearing impairments. This project began with treatment support such as cochlear implant surgery and hearing aids for low-income deaf people. In 2012, KT opened ‘KT Dream Class’ with Yonsei Medical Center to support rehabilitation treatment through language, play, art, and music therapy. Based on the accumulated know-how, in 2019, KT advanced overseas and opened the 2nd Dream Class in Cambodia, followed by the 3rd Dream Class through a business agreement with Jeju University Hospital. KT plans to continue to launch a sound search campaign, including supporting various rehabilitation treatments.

Dream Class 1 (Severance)	• Number of lessons: 696 times • Number of attendees: 326 people • Number of participants per month (rehabilitation treatment support): 2,068 people	• Number of participants in vacation lecture: 7 people • Number of participants in special programs: 22 people • Number of Homecoming Day participants: 223 people
Dream Class 2 (Cambodia)	• Number of lessons: 721 times • Number of attendees: 326 people	• Number of participants per month (rehabilitation treatment support): 840 people
Sign Language Interpretation Center	• Interpretation case : 1,592 cases • Interpretation time: 26,730 hours • Annual number of people: 250 people	• Sign language education completion: 16 people • Sign language education participants: 188 people
Hearing Keeper Project	• Hearing aid support: 8 people	

* Based on the actual number of people



Heart Talk App Opening Ceremony

Finding Voice Campaign

Through AI technology, KT is pioneering a new field of the social contribution that has never existed in the world to create the voices of those who have lost their hearing or have lost their voices, providing substantial changes in the lives of the people. With the launch of the Voice Search Campaign in April 2020, KT selects 20 deaf people and records the voices of their families for the purpose of generating voices. Through KT’s AI technology, KT generated the closest voice based on the recorded voice through a voice tuning process that reflects individual characteristics such as gender, age, and oral structure. In addition, KT has developed a dedicated mobile application, ‘Heart Talk’, that allows you to communicate with your voice at any time and distributes it. KT will become a company that contributes to the development of Korea that leads the change and innovation of customers’ lives by continuously realizing the services needed in everyday life using warm-hearted technologies that are helpful in life.

Support for the Handicapped

KT has been contributing to the social independence of the handicapped through various support projects since establishing a smart farm tailored to the handicapped in Korea’s first agricultural and vocational rehabilitation facility in 2016. Smart Farm is a social contribution activity that has a positive effect on creating jobs by participating in crop harvesting by handicapped persons themselves and improving their emotions in a nature-friendly environment. Starting with the Namyangju Smart Farm for the Handicapped, KT is continuously expanding the range of support to the Andong Yyeun Welfare Foundation Smart Farm and the Ganghwa Village Smart Farm. Through AI technology and platform services, KT also provides various services to assist the visually/hearing-impaired people in their daily lives and self-support, and strives to spread them.



Namyangju Smart Farm for the Handicapped

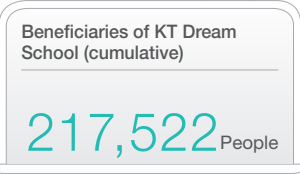
Sharing with Heart



Smart Emergency Medical Service in Jeju



2019 Dream Presentation



Disaster Emergency Relief and Emergency Medical System Innovation

Using AI technology capabilities, KT performs emergency relief operations efficiently in disaster situations, and is making substantial changes in the lives of customers through the innovation of the smart emergency medical system. In particular, KT is supporting the emergency medical system mainly in the Jeju area, focusing on the fact that it is difficult to secure a golden time in case of an emergency because it is difficult to check the condition while an emergency patient is moving by ambulance. First, KT established a real-time patient vital data transmission system to enable simultaneous monitoring in the emergency rooms of Jeju National University Hospital and Seogwipo Medical Center, where patients are frequently transported. KT also provides support to respond to emergencies by visually checking the situation of patients and medical staff through CCTV inside the ambulance, enabling rapid treatment for emergency patients. KT will continue to make efforts to improve public safety and convenience by utilizing AI technology and smart emergency medical capabilities.

KT Dream Center

Since 2010, KT has been operating the ‘KT Dream Center’ in 21 branch office buildings nationwide to support children of the underprivileged to continue learning with dreams and hopes. ‘KT Dream Poom Center’ is a high-tech complex education space equipped with various IT devices such as IPTV, smart pad, GiGA Genie AI speaker, and e-book. At the KT Dream Center, children participate in a variety of educational programs such as personality, arts and sports, English, and ICT use, and experience activities such as career experience, performance viewing, and emotional coaching. KT is cooperating with various organizations to ensure that children at local children’s centers can receive a high-quality education at the KT Dream Center. Each center holds a ‘Dream Presentation’ to share talent development achievements such as chorus, Nanta, orchestra, musical, and speech, and a meaningful event was also held to commemorate the 10th anniversary. In 2019, a total of 57,204 children received educational benefits at 365 regional centers nationwide. In 2020, KT plans to expand the ICT education program and establish a matching volunteer activity system in connection with the KT Volunteers of Love.

KT Dream School

KT Dream School is a two-way ICT mentoring platform established in 2013 using KT’s video conferencing system, which is taking the lead in resolving the education gap for vulnerable classes, children and youth. In particular, the program provides opportunities for retirees and career interrupted women to act as “dream teasers”, that is, mentors to provide opportunities for social participation to them and contribute to job creation. In the future, KT plans to expand personality education for the underprivileged children and expand the social participation of retirees and career interrupted women with diverse talents. In 2020, KT Dream School plans to expand personality education for underprivileged children and expand the social participation of retirees and career-disrupted women with diverse talents. The number of retirees and career interrupted women who participated until 2019 was 568 and the number of beneficiaries as 217,522.

Dongja Hope Sharing Center

Since 2013, KT has been conducting IT education and volunteer activities for Dongjin-dong, Yongsan-gu, the biggest dosshouse village in Korea. In this process, KT recognized that the residents need a space where they can relieve the inconvenience of their basic living and take a rest at ease and opened the ‘Dongja Hope Sharing Center’, an ICT complex cultural space in June 2014. The Center is equipped with convenience facilities for residents such as toilets, showers, laundry, and ICT facilities such as IT cafes and IPTV rooms and frequently conducts IT education, crafts, and arts/culture classes using these spaces. In particular, KT has selected people from the village as center managers to create local jobs and operate ‘Hope Sharing Cafe’ and ‘New Dream Plus Workshop’ to support the lives of the residents. KT will continue to do its utmost to support the lives of the socially disadvantaged people who can feel self-reliance and happiness.

“Of Love” Campaign Series

In order to help small businessmen who are struggling with the aftermath of COVID-19, KT participates in good consumption through the “Of Love” series where employees participate in purchasing and the company supports. In March to April 2020, KT bought lunch boxes from restaurants around the office building in Gwanghwamun and Umyeon-dong through the “Lunch Box of Love” and sold them to employees at low prices. Through ‘Agricultural Products of Love’, in April to May 2020, agricultural products were purchased from school catering companies, which suffered a large loss from school opening, and sold them to employees at half price. In from May to June, KT also supported the difficult small theater by purchasing 2,000 tickets from small theaters, where the audience was cut off through the ‘Small Theater of Love’. KT plans to carry out follow-up activities for the “Of Love” series by the end of the year, and plans to open an online sharing market in September where anyone can easily participate using the employee welfare mall platform.



UCC's Visit to Lang Huu Nghi in Vietnam



Future with Heart

Labor-Management Sharing Activities

KT is contributing to the spread of a shared labor-management sharing culture by leading 21 domestic companies through UCC, a joint labor-management sharing consultation between companies. Since 2012, KT has been carrying out social contribution activities for multicultural families by continuously promoting global volunteer activities in Vietnam. In 2019, KT selected Lang Huu Nghi, the home village of Vietnamese migrant women who married to Korea, as UCC Village, and supported multicultural families to visit their home village. KT also practiced sharing through the construction of a new communal bathroom for couples with disabilities in their homes and village morning market, painting murals at Lang Huu Nghi Elementary School, volunteering for environmental improvement, and donating daily necessities. In addition, KT is taking the lead in environmental movements that take advantage of the characteristics of member companies, such as conducting volunteer activities for planting trees in Mongolia, centered on member companies in Jeju.

Universal Services and Fee Reduction

‘Universal Services’ mean basic telecommunication services that can be provided to users anytime, anywhere at reasonable fees. To fulfill the social responsibilities as a national corporation that operates social networks, KT provides basic communication services such as local telephone, public telephone, island communication, ship wireless, special number (emergency telephone) and maintains low fee levels so that all people can use the services. In addition, KT carefully reviews the services so that no one would be discriminated in terms of fees or service quality for the reason of geographical location, income or disability.

Support for Revitalizing Local Economy (GiGA Story)

GiGA Story is KT’s representative social contribution project being actively promoted by creativity and innovative ideas; the world has been paying attention to this next-generation value-creating project of KT. By providing GiGA Infrastructure and appropriate solutions to remote and isolated regions with a relatively large information gap, we have been advancing the living environment of local residents in diverse aspects such as education, culture, economy, and environment. Starting with Imja GiGA Island in 2014, GiGA Story is expanding the scope of the project nationwide to Dae-seong-dong GiGA School in DMZ, Baengryeong GiGA Island, Cheonghak-dong GiGA Creation Village, Gyodong GiGA Island and Pyeongchang 5G Village. Based on the experience and know-how accumulated in Korea, KT also expanded the field of activities overseas to establish Bangladesh GiGA Island in 2017. With the launch of the GiGA Story project in Nepal in October 2019, KT is promoting the CSV-type social contribution activities based on Giga infrastructure and convergence solutions by spreading the GiGA Story model globally.



1 Imja GiGA Island (OCT 2014)
Supporting the creation of livelihood jobs and fostering preliminary social enterprises through the construction of Korea's first "Tulip Smart Farm"



2 Daeseong-dong GiGA School (NOV 2014)
Changing the lives of villagers and promoting convenience through the construction of a 5G village in Daeseong-dong, the world's only DMZ village (JUN 2019)



3 Baengryeong GiGA Island (MAR 2015)
Promoting the 3rd-anniversary ceremony through the completion ceremony of the Baekryeong Comprehensive Indoor Gymnasium and VR experience booths



4 Cheonghak-dong GiGA Creation Village (JUL 2015)
Supporting the elderly living alone by building IoT-based elderly care solution smart LED



5 Gyodong GiGA Island (MAR 2017)
Operating GiGA solutions such as Gyodong Swallow's House and Gyodong Studio, and attracting institutional/group visits



6 Pyeongchang 5G Village (FEB 2018)
Applying KT 5G network and ICT solutions, as the world's first 5G village built by KT



7 Bangladesh GiGA Island (APR 2017)
Promoting the improvement of residents' lives such as education, medical care, and economy in Moheshkhali Island, Bangladesh



8 Nepal GiGA Story (OCT 2019)
Promoting the safety of visitors by establishing a rescue center in the Annapurna mountain, Nepal



KT Heart Shelter in Uiseong AI Village



Seoul Completion Camp in KT Global Mentoring

Support for Revitalizing Local Economy (AI Village)

Based on 5G network and ICT solutions, KT is striving to revitalize the local economy through the AI Village project, which improves settlement conditions for local residents. As the first step, in July 2019, KT entered into a balanced regional development project by signing a business agreement with Uiseong-gun, Gyeongsangbuk-do, for the ‘Neighbor Test Village Project’. In December 2019, KT opened ‘T.E.A.M’ equipped with a single-person broadcasting and video conferencing system to support the production of broadcasting contents and the formation of a network among young people. In June 2020, KT completed the “KT Heart Shelter” in Yonggi-ri Children’s Park and is open to local residents at all times to provide comfortable shelter. In August 2020, the youth residential complex “Attic” was built and used as an ICT shelter and a place for exchange for young people.

KT Global Mentoring

‘Global Mentoring’ is a program for elementary school students to teach foreign language and provide education about the global culture by connecting foreign students and elementary school students, who live in remote areas. In 2019, KT conducted foreign language classes and cultural exchange programs by matching 77 children from underprivileged areas in five islands, including Imjado, Baengnyeongdo, Cheonghak-dong, Gyodongdo, and Pyeongchang-gun, on a one-to-one basis. By 2019, a total of 355 foreign students participated, and the cumulative number of training sessions was 15,675. In 2020, KT plans to expand from the existing GiGA Story area to the vulnerable groups in large cities and underdeveloped areas, and plans to provide qualified mentoring through mentoring guidelines and curriculum standardization.

Progress in 2019

Number of participants	Number of beneficiaries (cumulative)	Number of training (cumulative)
77 people	355 people	15,675 times

Scholarship Programs

KT has started scholarship programs in 1988 and has been promoting scholarship programs to cultivate ICT experts and enhance the awareness of social diversity such as ‘Future Creative Talent Scholarship’, ‘Labor-Management YOUTH Scholarship’, and ‘Social Innovative Talent Scholarship’. KT’s scholarship projects multilaterally support the dreams of young people such as providing mentoring utilizing the Dream School, an online education platform beyond simply delivering scholarships. In 2020, KT plans to change the operating nature of the scholarship so that a story between the beneficiaries and KT can be created, by changing the scholarship management from the existing school-level support method to a long-term student support method.

Major Achievements of the Scholarship Programs in 2019

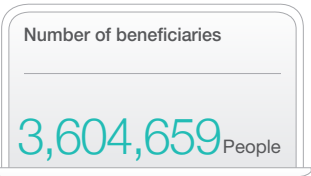
Category	Future Creative Talent Scholarship	Social Innovative Talent Scholarship	Labor-Management YOUTH Scholarship
Target Schools (schools)	289	16	140
Beneficiaries (persons)	630	77	201
Scholarships (KRW 100 million)	626	168	308

Global Epidemics Prevention Platform

The ‘Global Epidemic Prevention Platform (GEPP)’ is a platform proposed by KT in 2016 at the UN Global Compact Conference and allows us to track the spread of infectious diseases and identify people who are concerned about infection by using the location records of domestic and foreign mobile phones. GEPP determines the possibility of viral contact by constructing a movement line based on the record of personal roaming use abroad and the record of domestic mobile phone use, and combining it with information on infectious disease outbreak areas at home and abroad. KT is gaining support and attention from the international community by presenting concrete measures using ICT technology. Through this project, KT is providing innovative solutions to implement goal 3 ‘Good Health and Well-being’ of the UN Sustainable Development Goals. In May 2020, KT received an investment from the Bill & Melinda Gates Foundation, and will conduct ‘A Next-generation Surveillance Study for Epidemic Preparedness’ worth KRW 12 billion for the next 3 years. During this research period, KT plans to focus on analyzing the spread process of infectious diseases based on telecommunication data by developing an AI-based early diagnosis algorithm.

Happiness with Heart

IT Supporters’ Activity
(2007~19, accumulated)

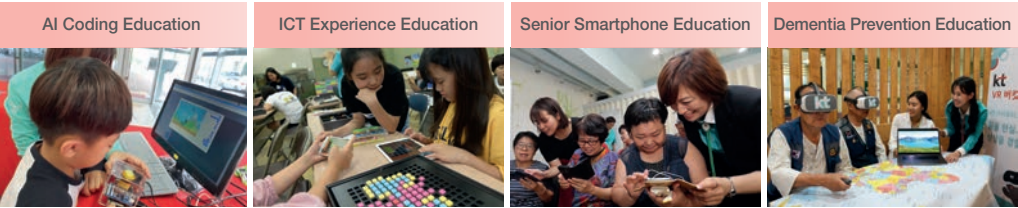


IT Supporters

IT Supporters is the first Probono activity in South Korea that was launched in 2007 and celebrates its 14th anniversary this year. Probono refers to the activities of experts in each field to utilize their expertise to help the underprivileged and socially underprivileged. KT is promoting various activities across all generations nationwide to reduce the digital divide by utilizing the ICT capabilities of former and current KT employees. In order to solve the national social problem of ‘dementia’, in 2019, KT continuously implemented the ‘KT ICT Brain Revitalization Project’ and conducted activities to bridge the IT gap and support self-sufficiency for the information underprivileged. KT also supported a variety of programs to nurture future talent, such as the “Software Career Experience Class”, for young people, so that growing youths can grow to lead future ICT trends. In addition, KT fostered creative future talents through various AI/ICT experiences for children in islands and mountains. In recognition of its continuous and sincere activities, KT was awarded the Minister Award for Contribution to Information Culture in 2019. In 2020, KT is contributing significantly to solving the learning gap by providing non-face-to-face ICT experience education to emergency care children at regional children’s centers across the country who have emerged as educational blind spots due to COVID-19.

Major Activities of IT Supporters

Category	Major Activities	2019 Beneficiaries
Bridging the digital divide	Providing IT education such as using computers and smartphones for the 4 information underprivileged groups (the elderly, the handicapped, low-income groups, and rural communities)	77,978 people
Dementia prevention and awareness improvement	228 training sessions for seniors such as dementia relief centers and welfare centers; 108 instructors trained for preventing dementia; dementia awareness campaigns (public service video transmission of dementia at 1,299 KT Plaza sites)	4,693 people
SW career experience class	Providing future IT/software education in connection with the mandatory middle school software education business, in line with the free semester system	1,271 people
KT IT Playground	Providing IoT experience classes (AI/VR/SW) for schools and local children’s centers in islands and mountains (292 times)	6,053 people
Self-reliance support for the vulnerable	Operating qualification acquisition, IT utilization and instructor training courses for multicultural migrant women and women with career interruptions	4,671 people

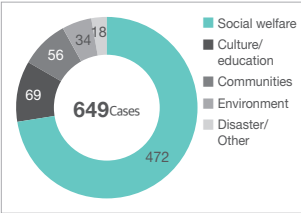


KT Volunteers of Love

The KT Volunteers of Love is KT’s representative participatory social contribution activity of employees, starting from 2001 and celebrating its 20th anniversary this year. In the KT Volunteers of Love, employees plan programs autonomously and carry out a variety of volunteer activities, including support for local children’s centers, support of essential supplies for the vulnerable in the local community, free meal service for the elderly living alone, help with workers in farming and fishing villages, improvement of welfare center facilities, relief in disaster-affected areas, experiential education using KT facilities, etc. The KT Volunteers of Love conducts volunteer activities focusing on environmental improvement activities in the local community to support the vulnerable, and in the event of a national emergency or disaster, quickly put a volunteer group at the disaster site to perform on-site recovery and relief work for the victims. In April 2019, in particular, the KT Volunteers of Love visited the field faster than any other organization and provided emergency relief, when a large number of people were displaced due to a forest fire in Goseong, Gangwon-do. In 2020, various activities were carried out to overcome COVID-19, including delivering relief kits for quarantine facilities, supporting mobile phone and call charges for medical staff, providing emergency food service for 119 paramedics, supplying sanitary products for the vulnerable, and quarantine support.

KT Volunteers of Love Activities in 2019		
Volunteer time	Number of volunteers	Number of beneficiaries
24,585 hours	5,083 employees	139,431 people

KT Volunteers of Love Performances in 2019





Smart Care & Elderly Job Creation Agreement Ceremony



KT Chamber Orchestra at Special Concert in Busan

Environment with Heart



2019 Paperless Tree Planting

Senior Care and Job Creation

KT is striving to improve the social problems of Korea entering an aging society by supporting the information gap and self-sufficiency for seniors. To overcome dementia which is a representative social problem in the aging society, in particular, KT is developing smart brain vitality education using ICT at the national dementia relief center in cooperation with government agencies, such as Central Dementia Center, National Police Agency, Korea Veterans Welfare and Medical Corporation. In order to contribute to solving social problems in the elderly society through the creation of high-quality ICT-based jobs for the elderly, KT has also signed the ‘Smart Care & Elderly Job Creation Agreement Ceremony’ with the Korea Senior Citizens Development Institute and Social Service of Gyeonggi-do. KT will continue to set the best value to have a warm ICT and enjoy an information society without being alienated by anyone, and will do its best to develop society and create shared value through ICT.

KT Chamber Orchestra

As a telecommunication service provider that transmits voice through waves, KT is carrying out activities to bridge the cultural gap through the operation of the KT Chamber Orchestra to contribute to spreading beautiful sound to the world. In order to bring the impression of music closer to life, high-quality regular performances of the KT Chamber Orchestra are held on the first and third Saturdays of each month, and proceeds from the performance are used to treat hearing loss in children with hearing impairments. In 2019, the KT Chamber Orchestra held a total of 24 regular performances, and the Special Concert in Busan was held to host classical performances in September 2019. The KT Chamber Orchestra has performed a total of 262 performances in the past 11 years since its inception in 2009.

KT Chamber Hall <http://www.ktchamberhall.com/>

Overseas Afforestation Project, Paperless

KT is carrying out social contribution activities to preserve the global environment at the group level. As part of that, BC Card is carrying out a tree-planting project at major overseas sources to improve domestic air quality such as yellow dust and fine dust. In 2019, BC Card held the ‘2019 Paperless Tree Planting’ event in the Arhangai Aimak Uginor Som area, Mongolia. Oer the next three years, T Group plans to contribute to improving the domestic air environment by planting 75,000 trees in Mongolia which is known to affect domestic air quality due to desertification. The KT Group is also carrying out activities to help establish and create a sustainable source of income by providing nursery programs and farming education for nomads and local residents who are unable to make a living due to the loss of livestock due to desertification and climate change.

Urban Greenery Conservation Project

KT Group is carrying out environmental and social contribution activities at the entire group level to preserve the environment of the local community to which the group company belongs. Each group company continuously promotes various activities such as environmental purification, landscaping, and supplementation of facilities in its neighborhood parks, inspiring self-esteem through social responsibility, and practicing sharing in regular exchanges with underprivileged areas. As an example, kt engcore promotes the “One Company, One Park”, an urban green area conservation activity with local communities, and employees carry out environmental cleanup activities more than six times a year.

Implementation of the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are the UN's global long-term development plan with 17 goals to address global economic, environmental and social issues by 2030. KT actively supports the UN SDGs to create a better planet, and actively participate in realizing the Goals. UN SDGs are fundamentally linked to overall sustainability management activities of KT Group companies as well as KT. A variety of social contribution programs that utilize the characteristics of each group company's business are matched to the goals of the UN SDGs and are generating synergies through joint volunteer activities among group companies.

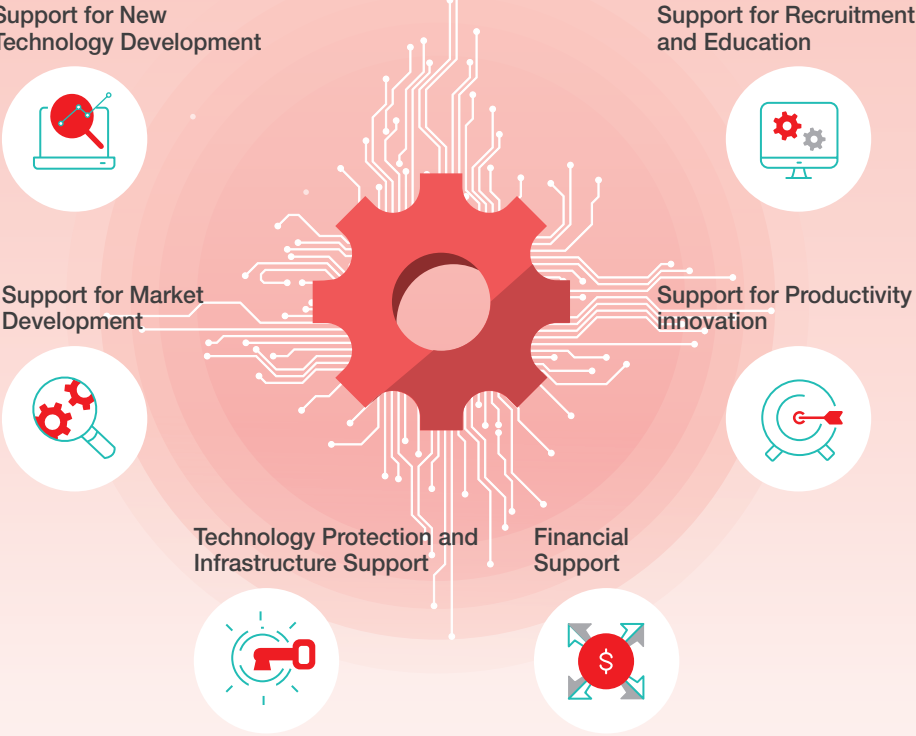
<https://corp.kt.com/eng/html/sustain/share/share.html>

Sustainable Supply Chain

KT's View

In the midst of the communications market rapidly changing, the shared growth through close cooperation with suppliers is necessary to secure the competitiveness for leading the future technology as well as to deliver differentiated service values. Thus, KT is striving to establish a shared growth system through communication and cooperation where KT and suppliers can coexist.

Core Agendas



2019 Performance Highlights



KT's Life-Changing Story

Scale of Free Provision of Technology Development Infrastructure in 2019		
Wired/Wireless/Media Verification Center	IoT Terminal Solution	Quality Evaluation Lab
3,057 Times	4,475 Times	27 Times
Measuring Chamber	kt API Link	5G Open Lab
43 Times	218 Times	43 Times

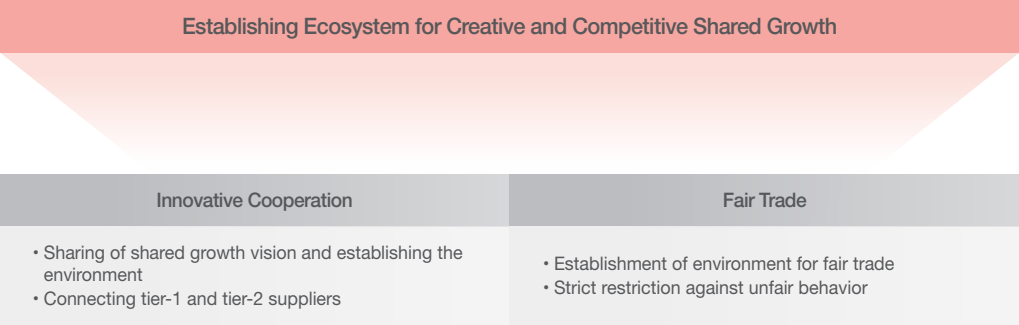
KT's 'Free Provision of Technology Development Infrastructure' to Improve the Technological Competitiveness for Suppliers

KT is providing various technical support to suppliers to create a creative and competitive shared growth ecosystem. In particular, KT's technology development infrastructure is provided free of charge so that suppliers can develop new technologies to strengthen their competitiveness. In 2019, KT's six technology development infrastructures were lent to suppliers for a total of 7,863 times, worth KRW 2.57 billion. KT will continue to support suppliers' development capabilities and strive to grow together.

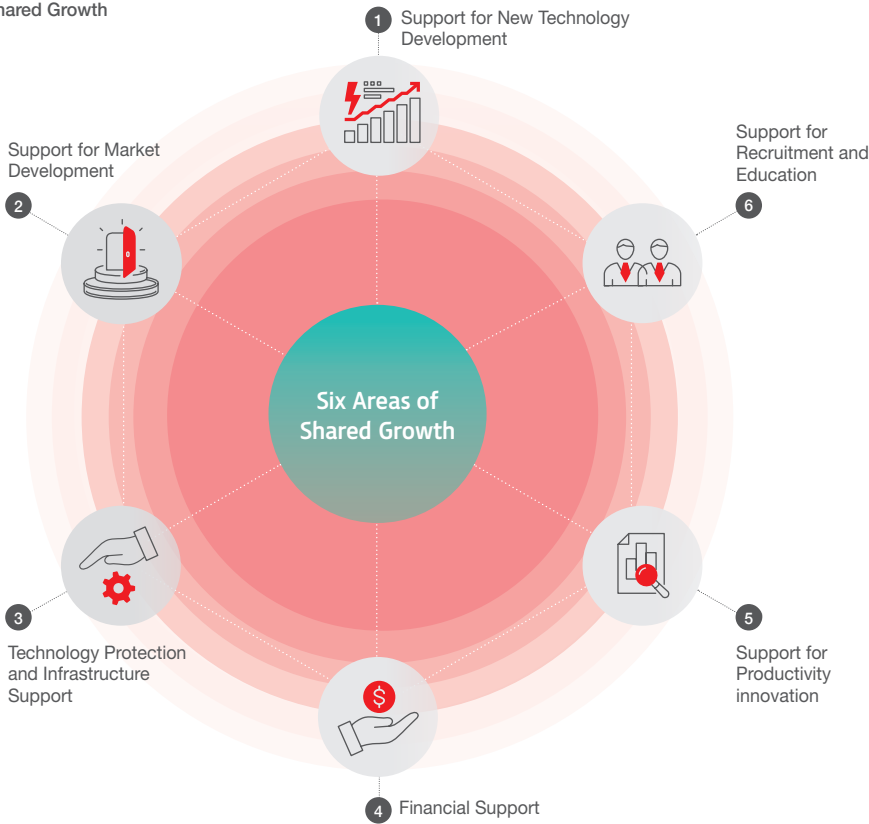
Shared Growth System

Since founded an organization responsible for the shared growth in 2010, KT has constantly executed diverse activities to fortify the competitiveness of suppliers beyond simply communicating with them. Through a range of programs generating shared values of suppliers, we are leading the shared growth culture that is to respect suppliers advancing together. Therefore, the foothold to enter the global market has been consolidated through enhancing the ecosystem of the Korean communications industry.

Vision of Shared Growth



Six Areas of Shared Growth



Support for New Technology Development	Support for Market Development	Technology Protection and Infrastructure Support	Financial Support	Support for Productivity innovation	Support for Recruitment and Education
<ul style="list-style-type: none">• Joint R&D• Commercialization of external items• Partner's Day• Performance Sharing System• Biz Collabo (for start-ups)	<ul style="list-style-type: none">• Support for suppliers' overseas exhibition• Joint advancement into the international market• Support for technology transfer and free patent transfer• SCM consultative body (material sector)• Future Network Council• Purchase conference	<ul style="list-style-type: none">• Escrow for technological data• Certification of the original document of trade secrets• Non Disclosure Agreement (NDA)• SW Open Lab	<ul style="list-style-type: none">• Cash payments in full• Network loan• Win-Win cooperation fund• Financial support for retail stores• Financial support for contents suppliers• Investment into projects of SMEs & ventures• Investment into start-ups of the creative economy	<ul style="list-style-type: none">• Innovation partnership• SCM and support consulting• Support for quality and environmental certification• Support for a safe working environment• SW development capability enhancement consulting	<ul style="list-style-type: none">• Support for Job Fair• Support for education within SMEs

Shared Growth Implementation

Support for New Technology Development

In the era of the 4th industrial revolution, KT established a joint R&D system to lead the ICT industry, and is cooperating with partners to develop new technologies and solutions. In 2020, 10 projects were selected and a total of KRW 1.3 billion was supported as development expenses. In addition, KT has been operating the Performance Sharing System since 2006 to create results such as cost reduction and quality improvement by jointly developing equipment and services with partners, and to share profits. As a key agenda for KT's shared growth activities, the Performance Sharing System is contributing to creating joint results with partners. In 2019, a total of 21 tasks were implemented with suppliers and a result of KRW 1,010 million was shared. To support suppliers to overcome technical limitations, KT continues to carry out activities to transfer high-quality patents for free.

Scale of Technology Support in 2019

Category		Number of Support (Cases)	Amount (KRW million)
Performance Sharing System		21	1,012
SME Joint R&D and New Product Development		120	17,900
Free Provision of Technology Development Infrastructure		7,863	2,565
Provision of Patents and Technologies	Free Patent Transfer	34	199
	Technology Transfer	12	-
Total		8,050	21,676

Support for Market Development

KT is supporting the advancement of the domestic market through partnerships with major start-up centers and venture capitals to support small/medium-sized business partners in strengthening their capabilities and attracting investment. KT supports overseas exports of small and medium-sized venture companies through diverse activities such as participating in overseas exhibitions with suppliers, global advancement through a consortium with KT, and global PoC (Proof of Concept) projects of small and medium suppliers with utilizing KT's overseas infrastructure. As a result, KT achieved substantial export performance of suppliers worth KRW 53 billion in 2019.

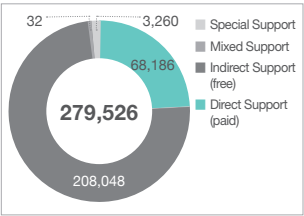
Category	Major Activities	2019 Results
Support for Participation in Overseas ICT Exhibitions	KT supported the participation of small/medium-sized venture suppliers in overseas exhibitions. KT specialists supported the overseas marketing activities of suppliers during the exhibition period.	Suppliers successfully concluded export contracts worth KRW 53 billion in 2019.
KT-Small/medium Suppliers' Consortium Projects Were Implemented	KT supported small/medium-sized suppliers' pioneering of overseas markets through joint wining of overseas projects with KT.	A total of 25 small/mid-sized suppliers participated in 17 projects in 2019, achieving overseas export of over KRW 35.8 billion.
Advancement into Overseas Bases through Global PoC	KT supported the advancement of small/medium-sized suppliers into the global market by utilizing the tangible and intangible overseas bases and marketing infrastructures possessed by KT.	In 2019, KT supported projects of nine small/medium-sized venture suppliers with KRW 2 billion.
Support for Venture Business Commercialization	Biz collaboration program for venture companies who have difficulties in entering the market.	Support for initial commercialization budget of up to KRW 100 million and support for joint BM development through linkage with KT business division.

Support for Finance and Productivity innovation

KT is providing support by preparing various support plans to stabilize the management of small and medium-sized business partners. KT has been implementing full cash payments since 2006, and in 2019, we expanded the operation of the win-win partnership fund to B2B and global partners and provided a total of KRW 62.1 billion. KT also supports management innovation in key areas such as management, finance, and quality through a productivity innovation program to strengthen the fundamental competitiveness of business partners. To overcome the COVID-19 crisis in 2020, KT plans to support the financial environment of business partners in a stable operation by improving the SCM system, such as expanding advance payments.

Scale of Financial Support in 2019

(Unit: KRW 100 million)






Sustainable Supply Chain Management System

In order to strengthen supply chain capabilities and minimize operational risks, supply chain management that takes into account economic, environmental, and social factors is essential. KT conducts sustainability management evaluations based on its supply chain sustainability management policy to minimize risks in the supply chain and promote long-term shared growth.

Sustainable Supply Chain Management Policy

KT established the ‘Supplier Sustainability Guidelines’ in December 2012 for the first time among domestic telecom companies and has been practicing systematic sustainable supply chain management based on the guidelines. KT made the second revision of the guidelines in May 2017 to reflect global trends of environments, human rights, etc. The ‘Supplier Sustainability Guidelines’ consist of four sections: Business Conduct Principles, Environmental Management, Corporate Social Responsibility and Role, and Product Sustainability and present the sustainability management standards expected by KT from suppliers across a total of 18 areas. In addition, KT established three supply chain sustainability goals to pursue shared growth for mutual benefits and strives to achieve the goals.

Supply Chain Management Goals and KPIs

Supply Chain Sustainability Strategy		KPI	Long-term Goal	2019 Status
<div>Improve Supply Chain Sustainability</div> <div></div>	For KT to lead a successful business, it is essential to improve the sustainability of the entire value chain. KT introduced 'suppliers' sustainability management evaluation' in 2013 and is regularly measuring and monitoring the level of sustainability of its supply chain.	Suppliers' sustain-ability management evaluation score	Achieve 100 points of coop-erative company sustainability management score by 2022	The supply chain acquired a sustainability management evaluation score of 95.7 points in 2017
<div>Minimize Supply Chain Sustainability Risk</div> <div></div>	Establishing a stable supply chain is a prerequisite for KT's ongoing business. Every year, KT strives to minimize risks by identifying risks from economic, environmental, and social aspects through 'suppliers' sustainabil-ity evaluation and implementing corrective actions.	Ratio of suppliers with which trans-actions have been terminated among those in which high risks were identified	Achieve 100% improvement after corrective actions of sup-pliers in which high risks were identified	The ratio of sup-pliers with which transactions have been terminated among those in which high risks were identified as 10% in 2019
<div>Enhance Energy Efficiency and Cost Competitiveness of Supply Chain</div> <div></div>	Suppliers use large amounts of energy in product manufacturing and construction stages. This is not only a major issue for the cost competitiveness of suppliers, but also a critical issue directly connected to KT's purchasing costs. Therefore, KT makes efforts to improve energy efficiency in the supply chain.	Supply chain GHG emissions	Reduce 35% of supply chain GHG emissions by 2030 compared to 2007	Supply chain GHG emissions in 2019: 18,119 tCO ₂ -eq

 KT Supplier Sustainability Guidelines https://corp.kt.com/data/eng/sustain/KT_Sustainability_Guideline_for_Suppliers.pdf

Sustainable Supply Chain Management Training

KT has operated sustainability training programs for practitioners of suppliers from 2014 to share an understanding of sustainability and support suppliers to practice it in the front-line of management activities. In consideration of regulatory issues such as the revision of the Industrial Safety Act, in 2019, we conducted specialized consulting in the safety field for suppliers, leading to the improvement of their sustainability management execution capabilities.

Sustainable Supply Chain Communication

KT operates various communication channels to collect opinions from suppliers. Through the monthly SCM council, we share business plans with suppliers and strive to collect and resolve the difficulties of suppliers. Through Partner's Day in November 2019, in particular, KT presents future business and technology directions to suppliers and strives to lead the ICT market together through shared growth.

Category	Contents
Supplier Invited Meeting	Held 8 times a year separately for C level/working level
Supplier Visiting Meetings	Held 24 times a year every Wednesday for 42 companies
SCM Consultative Body	Expanded to all items to operate as a representative channel that regularly coordinates demand and supply plans through the collaboration of business department/purchasing department/suppliers
Other Channels	Partners' council, quality improvement meeting, local practical affairs exchange meeting, etc. are permanently operated



2019 Partner's Day

Supply Chain Risk Evaluation System

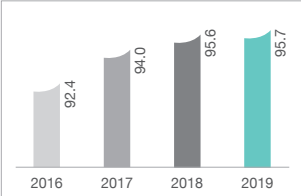
Pre-screening of Supply Chain Sustainability

KT is screening 100% of suppliers newly registered in 2018 based on the electronic contract system and requests compliance with the supply chain policy. In addition, KT reflects requirements regarding KT supply chain policies in the written agreement with suppliers so that they comply with the requirements. In particular, KT revised the ‘Special Agreement for Practice of Ethics’ in 2016 to include ethical management and observance of fair trade when making contracts with any suppliers so that suppliers can mandatorily comply with KT’s ethical management policies and prepares a separate written oath. This special agreement stipulates that the parties who concluded the contract are prohibited from unethical activities such as accepting money for any reason during the process of performing the contract.

Supply Chain Sustainability Risk Evaluation

KT selects suppliers based on evaluation standards by areas such as materials, construction, software develop-ment, services, and stores, and shops evaluate the results of transactions annually to select excellent suppliers. For the selected suppliers, KT conducts management evaluations and Risk Management Index (RMI) monitoring twice a year, once in the first half and once in the second half of each year in linkage with credit rating agencies. From 2013, KT has introduced the ‘Supplier sustainability management evaluation system’ to periodically measure and manage the levels of negative economic, environmental, and social risks that may arise in the supply chain. The results of the evaluation are reflected in the annual evaluation of the suppliers, which will have a significant impact on the main selection processes, including the re-selection of suppliers and the selection of the best sup-pliers. Sustainability evaluation results for material co-operative companies and information and communication work co-operative companies in 2019 averaged 95.7 points, indicating that the suppliers’ sustainability level has slightly improved compared to 95.6 points in the previous year

Supply Chain Risk Evaluation Score (Unit: Point)



Current Status of Supply Chain Risk Evaluation

(As of December 31, 2019)

Category of Suppliers		Number of Suppliers (n)	Ratio of Suppliers (%)	2022 Goal
Tier-1 Suppliers	Total number of registered suppliers	497	100.0%	100.0%
	Number of evaluated suppliers	392	78.9%	100.0%
	Number of suppliers for which written the examination has been conducted	134	27.0%	100.0%
	Number of suppliers for which visiting the examination has been conducted	258	51.9%	80.0%
	Number of suppliers examined by 3rd Party	58	11.7%	20.0%
Non-Tier-1 Suppliers	Critical suppliers	0	0.0%	n/a

Corrective Action

Depending on the results of supply chain risk evaluation, KT establishes corrective action plans for suppliers that must be improved and require improvement of ESG performance according to corrective action plans. Despite these efforts as such, a total of seven companies were sanctioned according to the results of diagnosis and evalu-ation of suppliers in 2019, and the action of permanent termination of transactions was taken against the relevant suppliers because they were judged to seriously violated the policy such as the occurrence of disputes

Results of Supply Chain Risk Identification

(As of December 31, 2019, Unit: Suppliers)

Risk Classification			Risk Evaluation			Risk Action		
Risk Type		Risk Level	Scope	Target	Evaluated	High-Risk Suppliers	Improved Suppliers	Terminated Suppliers
Economic Risk	Violation of the ethics and anti-corruption principles in the contracting process	High	All suppliers	497	497	0	0	0
	Collusion and unfair conduct	High	All suppliers	497	497	1	0	1
	Unsound financial structure such as low credit rating	High	All suppliers	497	497	5	2	3
Environmen-tal Risk	Environmental accident occurred during construction	Medium-high	Telecommunication construction contractors	258	258	0	0	0
	Environmental operating system not introduced	Medium-high	Telecommunication construction contractors	258	258	0	0	0
	Violation of environmental law or regulations	Medium-high	Telecommunication construction contractors	258	258	0	0	0
Social Risk	Disputes and litigation occurred	Medium-high	All suppliers	497	497	1	0	1
	Violation of labor or safety law	Medium-high	All suppliers	497	497	0	0	0
	Safety accident occurred	Medium-high	All suppliers	497	497	0	0	0
Total			100%	497	497 (100%)	7 (1.4%)	2 (0.4%)	5 (10%)

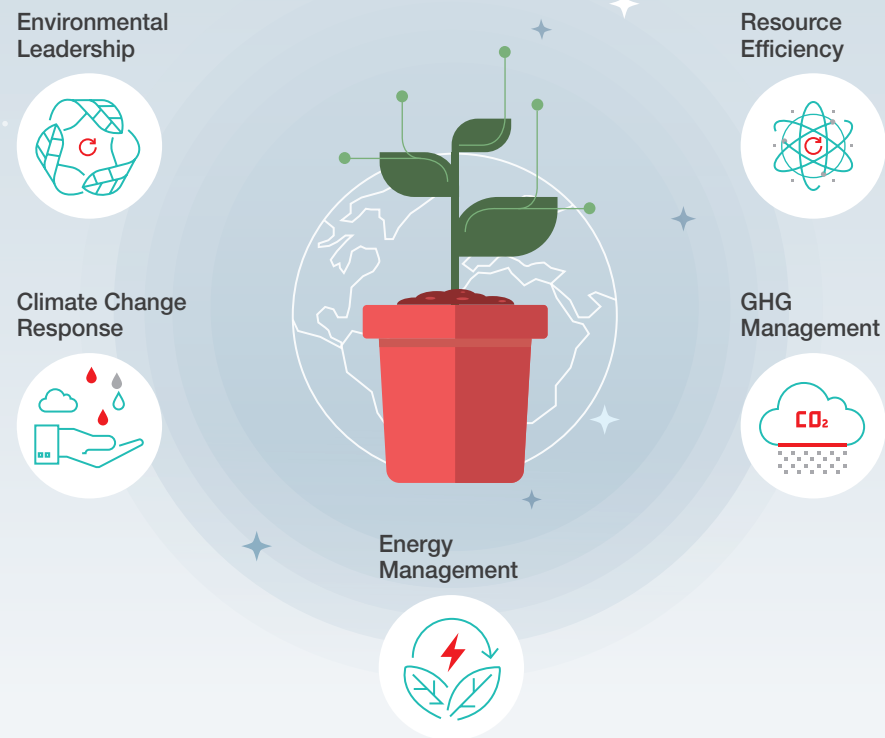
Environmental Management

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

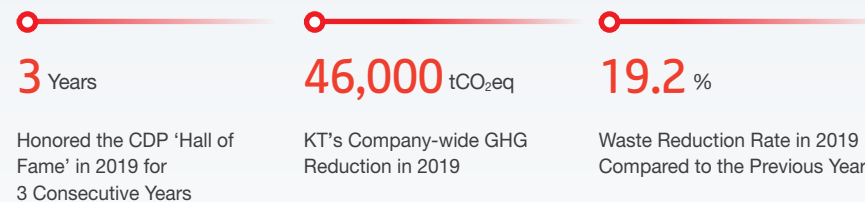
KT's View

The environmental management does not simply mean saving energy anymore; it is now the future growth engine which generates new business. Accordingly, KT is doing its best within the company to minimize environmental impacts to energy, GHG, water, and waste which are caused by KT's business. On the other hand, new environmental businesses relevant to climate change are being constantly identified and fostered.

Core Agendas



2019 Performance Highlights



KT's Life-Changing Story



KT Air Map Korea

'KT Air Map Korea', Providing Information on Fine Dust that Threatens Public Health

KT has been continuously improving its services since implementing the 'Air Map Korea' project in 2017. The 'Air Map Korea' project is a service that measures air quality in real-time and provides fine dust information to the public through an app. KT installs and operates air quality measuring devices in about 2,000 KT facilities including telephone poles, base stations, public telephone booths, telephone offices, etc. In 2019, KT renewed the 'Air Map Korea' app, allowing users to check real-time fine dust information as well as forecasts. In addition, user convenience has been reinforced so that air quality information around the origin and destination can be checked through linkage with the hospital navigator app.

Environmental Management System



KT Environmental Management Policy

Environmental Management Vision and Strategy

Under the vision of 'Carbon Impact 2030', KT established 'KT Environmental Management Policy' in 2017 to fulfill its environmental responsibilities through company-wide eco-friendliness to achieve a 'Carbon-Free Company' by 2030. This policy contains KT's strategic directions for all areas of environmental management, including responding to climate change, increasing energy/resource efficiency, building an eco-friendly supply chain, and developing eco-friendly ICT businesses. Based on the environmental policy, KT is making efforts to minimize adverse environmental impacts caused by the KT project as well as to contribute to the eco-friendliness of the people, companies, and countries through eco-friendly AI technology.

KT Environmental Management Policy [https://corp.kt.com/data/eng/sustain/KT Environmental Management Policy.pdf](https://corp.kt.com/data/eng/sustain/KT%20Environmental%20Management%20Policy.pdf)

Environmental Management Organization

Through the Group Environmental Management Committee, KT is establishing the optimal strategic direction by discussing major environmental issues from a company-wide perspective. As an executive committee of the Sustainability Management Committee established within the Board of Directors, the Environmental Management Committee consists of 4 sub-committees including climate change response, energy/resource, SCM, and eco-friendly ICT divisions. The Committee is held semiannually to discuss KT's strategic directions, goals, and achievement plans for major environmental issues including climate change and fine dust. The Committee also reports to the Sustainability Management Committee and the BOD on agendas of high importance.

Environmental Management Organization



Environmental Management System

KT is practicing eco-friendly management by acquiring ISO 14001 certification in the smart energy business, KT's representative eco-friendly business, and data center operation, the core of the 4th industrial revolution. KT acquired ISO 14001 certification, a global environmental management standard, in the smart energy business and IDC (Internet Data Center) operation in 2018, and was post-examined in 2019. In addition, KT maximizes its IDC's energy efficiency and acquires Green Data Center certification annually. In the 2019 Green Data Center certification, KT obtained a Gold rating from Bundang IDC and Silver rating from Mokdong IDC.

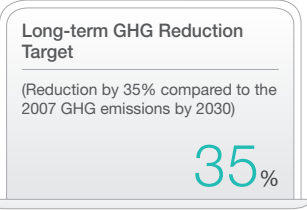
Environmental Management Leadership

In 2019, KT has been honored the 'Hall of Fame' for three consecutive years in the Carbon Disclosure Project (CDP), which assesses the environmental management level of companies. In 2017, KT was listed as the top five companies for 5 consecutive years from 2013 to 2017, entering the Hall of Fame for the first time in the Korean telecommunications industry, and entered the Hall of Fame for the third consecutive year from 2017 to 2019. In addition, KT's continuous efforts to reduce GHG emissions and its achievements in promoting eco-friendly ICT projects such as the smart energy business are recognized externally, by receiving the Minister of Environment Award at the 2019 Korea Climate Management Awards.



Honored the CDP 'Hall of Fame' in 2019 for 3 Consecutive Years

Response to Climate Change



Carbon Management Target and Strategies

In order to achieve the ‘Carbon-Free Company’, KT is promoting a carbon management strategy with a view to reducing carbon emissions by 35% compared to the 2007 KT greenhouse gas emissions by 2030. For this, the Environmental Management Committee sets GHG reduction targets for each sector annually and implements energy-saving items.

KT is expected to be a significant inflection point in carbon management as 2021 is the year when the Paris Climate Change Convention is fully implemented internationally, and the third term of the GHG emission trading system (2021-25) is implemented domestically. In the third period of emission trading, it is expected that GHG emission permits (emission allowance), which are significantly reduced compared to the first period (2015-17) and the second period (2018-20). Failure to respond to these strategies is expected to result in significant financial risks. Accordingly, KT plans to establish a strategic mid-to-long-term climate change response roadmap from a company-wide perspective, thereby minimizing financial risks.

Carbon Management System

KT has been managing GHG emissions for scope 1 and 2 since 2007 and expanded the management scope to scope 3 in 2013. KT manages Scope 1 and 2 in accordance with the guidelines of the Ministry of Environment, and Scope 3 is managed through its self-developed methodology. The reliability of data is secured by verifying the Scope of 1,2,3 emissions annually by a professional verification agency designated by the Ministry of Environment. In 2018, KT established a real-time monitoring system for the energy consumption and GHG emissions of each office building. In 2020, the monitoring system was upgraded and improved so that a wider variety of statistical data can be used. Through this system, KT checks in real-time whether each office building’s energy use, GHG emissions, and GHG reduction targets are achieved, and identifies energy waste factors by comparing it with last year’s energy use.

Energy Management

In 2019, KT succeeded in reducing approximately 46,000 tons of greenhouse gases across the company through various activities including. saving energy in each sector, setting GHG reduction targets, and discovering and implementing saving items. As the use of various smart devices increases with the commercialization of 5G and the expansion of the non-face-to-face market due to COVID-19, the energy consumption of communication equipment is expected to increase explosively shortly. Accordingly, KT plans to establish a company-wide response system by establishing a mid- to long-term energy and GHG reduction plan.

Energy Usage and Renewable Energy Production

Category	Unit	2016	2017	2018	2019
Total energy usage	MWh	2,441,382	2,498,960	2,477,078	2,535,655
Energy intensity against revenues	MWh/KRW 100 million	10.734	10.685	10.559	10.417
Total renewable energy purchase and production	MWh	580	2,060	8,283	8,809
Total energy cost	KRW 100 million	3,081.90	3,071.39	3,048.37	3,177.83

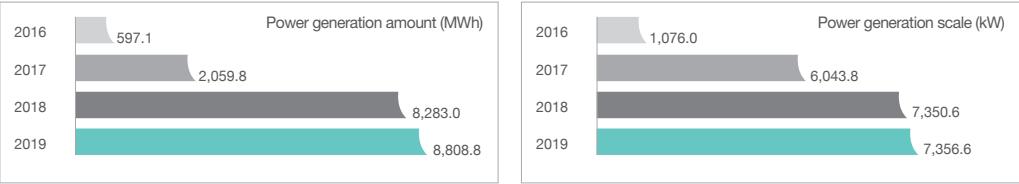


KT Solar Power Plant

Expansion of New and Renewable Energy

Since constructing a solar power plant using the Gangneung receiving station site (19,720m²) in 2011 for the first time in the domestic telecommunication industry, KT has been continuously investing in new and renewable energy facilities. In 2019, KT expanded the solar power generation facilities massively to produce 8,809 MWh of electricity, which is about fourteen times that of 2016.

KT Solar Power Generation Performance

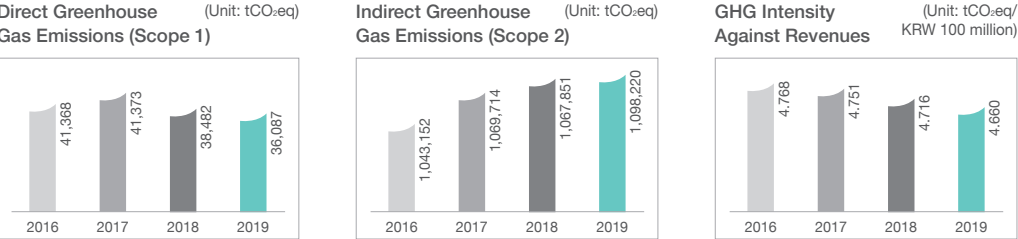


Greenhouse Gas Management



Direct and Indirect Greenhouse Gas Emissions (Scope 1, 2)

As a company subject to the GHG emission trading system KT reports GHG emissions (Scope 1,2) to the Ministry of Environment annually. The scope of reporting covers all facilities under KT’s management control, including office buildings, IDCs, forward deployment business sites, base stations, and repeaters. Scope 1 emissions are generated by the heating energy of KT office building, business vehicle operation, emergency generator, etc. and scope 2 emissions are caused by the company-wide use of electricity for wired/wireless network equipment, IDCs, etc. In 2019, KT’s GHG emissions (Scope 1, 2) were 1,134,297tCO₂eq, which was reduced by 11% compared to 2007, but increased by 2.5% compared to 2018. 2019 emissions were slightly due to the NW equipment which was newly installed or expanded nationwide for the commercialization of 5G.



Other Indirect Greenhouse Gas Emissions (Scope 3)

Other Indirect Greenhouse Gas Emissions (Scope 3) refers to indirectly emitted greenhouse gases in relation to management activities. KT divides these into three major fields: supply chain stage emissions, use stage emissions, and other Scope 3 emissions, depending on the types of sources, for management. Supply chain stage emissions refer to are the greenhouse gases generated during the production of the products to be delivered to KT by suppliers and the emissions from the use stage refer to the greenhouse gas emissions that occurred in the process of use of KT B2C products and services for general consumers. In addition, other Scope 3 emissions are the greenhouse gas emissions occurring due to the water used by KT employees in-house, waste disposal, commuting, and business trips.

Other Indirect Greenhouse Gas Emissions (Scope 3)				(Unit: tCO ₂ eq)	
Area	2016	2017	2018	2019	
Supply chain stage	19,803	14,679	15,795	18,119	
Use stage	291,784	327,961	360,089	386,455	
Other Scope 3	Water use	785	698	642	716
	Waste disposal	3,900	3,985	3,862	4,228
	Employee business trip	4,070	5,569	6,165	10,049
	Employee commuting	23,798	21,859	21,300	21,761
	Subtotal	32,553	32,112	31,969	36,754
Total	344,140	374,752	407,853	441,328	

Resource Efficiency

KT strives to minimize the use of resources and maximize recycling. Through this, in 2019, the amount of waste generated was significantly reduced by 19.2% compared to 2018. Corporate-wide water consumption from office buildings in 2019 was 2,157,032 tons, an increase of 12% compared to 2018. KT will continue to make efforts to reduce water use through water-saving devices in the office building and recycling runoff.

Category	Unit	2016	2017	2018	2019
Total waste generated	ton	26,688	25,701	23,186	18,724
Total waste recycled	ton	17,007	15,616	14,228	13,502
Total waste disposals	ton	4,762	4,579	4,077	5,222
Waste recycling rate	%	63.7	60.8	61.4	72.1
Total water consumption	1,000 ton	2,364	2,103	1,934	2,157