

Supply Chain Management

SK Telecom pursues sustainable supply chain management with a focus on ESG risk management of its partners based on its supply chain policy and partner ESG code of conduct. We screen ESG risks when doing business with partners to prevent supply chain risks in advance, and support the improvement of the ESG level of the entire supply chain by advancing ESG risk identification, diagnosis, and evaluation. In addition, we support capacity-building programs in are-as such as technology, finance, and training, and continue to expand communication and cooperation to realize mutual growth with our partners. The ESG committee under the BOD oversights SK Telecom's plans and achievements for supply chain sustainability management activities, and review and decide on key issues.

ESG Policy for Suppliers and Governance

Governance

SK Telecom is realizing sustainable supply chain management, including ESG risk management for partners, based on supply chain policies consisting of labor, human rights, health and safety, environmental management, anti-corruption, fair trade, and information protection. To manage ESG risks of our suppliers, we have established the 'Supplier ESG Code of Conduct' and receive consent and pledges prior to trading, and ask our suppliers to practice by defining requirements for compliance with social responsibility based on global standards and frameworks such as International Labor Standards of ILO, Guidelines for Multinational Enterprises of OECD, and UN Guiding Principles on Business & Human Rights(UNGPs).

Additionally, based on SK Group's 'Guidelines for Supplier ESG Diagnosis', we have designated various ESG risks that may occur in the process of collaboration with suppliers as key management areas by reflecting the characteristics of the business. ESG risks of suppliers that are designated as key management areas are managed through systematic procedures such as preliminary diagnosis(self-evaluation of suppliers) - third party evaluation - third party due diligence - establishment of improvement plan - monitoring. We provide ESG specific train-ing and consulting to continuously prevent and improve ESG risks of suppliers according to the results of ESG diagnosis of suppliers, and continue to develop necessary ESG programs by listening to the opinions and demands of our suppliers. SK Telecom reports the implementation plan and implementation performance of the ESG programs to the ESG Committee under the BOD and continuously improves key issues through deliberation and supervision by the Committee.

We also classify and manage the types of suppliers by considering the size and continuation of the transaction with the suppliers, the characteristics of the transaction items, and strategic importance, etc., In addition, considering the external environment and guidelines, we have continuously developed ESG diagnostic indicators, diagnostic methods, and diagnostic cycles tailored to the characteristics of each type, and applying them differentially according to transaction type and industry to gradually upgrade the ESG level of our suppliers.

Supplier ESG Code of Conduct


SK Telecom's 'Supplier ESG Code of Conduct' was enacted based on UNGC principles, OECD MNE Guidelines, and GeSi's JAC(Joint Audit Cooperation) Guidelines. By requiring all suppliers to pledge to comply with the Supplier ESG Code of Conduct in the online purchase management system at the beginning of each year, we have established a circular ESG management system that allows them to repeatedly recognize the standards and pursue efforts for improvement. Suppliers are proactively responding to internal and external environmental changes with SK Telecom through compliance with the ESG Code of Conduct and enhancing the sustainability of the entire supply chain.

Purpose of Establishing Code of Conduct

We established the Supplier ESG Code of Conduct with the purpose of establishing a sustainable supply chain by promoting ESG management implementation by all suppliers in the value chain. SK Telecom hopes that all suppliers will not only thoroughly implement the relevant laws and regulations covered by the ESG Code of Conduct, but also practice the highest level of ESG management in areas such as labor, human rights, health and safety, environment, ethics, and management systems. We also expect to establish a sustainable partnership with SK Telecom and become a socially respected company through compliance with the ESG Code of Conduct.

Subjects to the Code of Conduct

The Supplier ESG Code of Conduct applies to all suppliers and all employees of them. Suppliers must comply with the Code of Conduct in all business activities with SK Telecom. The Code of Conduct requires suppliers to strictly implement it not only in their own business activities but also in their business relationships with third-party partners. SK Telecom may ask corrective action if a supplier does not comply with the Code of Conduct.

 Pledge to comply with the Supplier ESG Code of Conduct

Roles and responsibilities of suppliers

SK Telecom or a third-party evaluation agency entrusted by SK Telecom can check and conduct due diligence on whether partners are following the Code of Conduct within the legally permitted scope. SK Telecom may also request improvement or corrective actions for risks identified in the results of due diligence. Suppliers must conduct regular self-assessments and implement remedial or mitigating measures for any violations or requirements found through on-site assessment.

Pledge to comply with the Supplier ESG Code of Conduct	
 Labor/ Human Rights Management	Prohibition of forced labor, child labor, compliance with working hours, wages/welfare, humane treatment, prohibition of discrimination/harassment, freedom of association
 Health/ Safety Management	Establishment of an occupational health and safety management system, industrial safety, management of occupational accidents and illnesses, safety management of machinery/equipment/facilities, hygiene/food and housing, and health/safety communication.
 Environmental Management	Setting environmental management goals, eco-friendly products/services, climate change response, pollution prevention and waste management, natural capital, biodiversity protection and prohibition of deforestation, chemical management, and compliance with environmental regulations for products.
 Ethical Management	Business integrity, fair trade, personal information protection, information disclosure, intellectual property protection, whistleblower protection, responsible mineral procurement, and compliance with laws.
 Management Systems	Establishing management systems, responding to regulations and external requirements, conducting risk assessments, facilitating education and communication, managing information, operating grievance procedures, and managing trading entities(sub-tier suppliers)

Anti-corruption Policy and Audit for Supply Chain

The ‘Supplier ESG Code of Conduct Pledge’ and ‘Supplier Ethical Practice Pledge’ are the joint will and commitment of SK Telecom and its suppliers to actively cooperate in practicing corporate social responsibility, including ethical management, and to establish a fair and transparent trading culture. The supplier ethical practice pledge includes the prohibition of violations of fair trade laws and regulations such as prohibition of providing money, entertainment, or convenience, prohibition of unfair trade practices, prohibition of exaggerated advertisements, prohibition of false advertisements, prohibition of collusion, and prohibition of using customer information without approval or leaking it to third parties, violations of whistleblower protection and anti-retaliation regulations, violations of using conflict minerals and responsible minerals, etc.

In addition, to promote the practice of anti-corruption management and conduct fair audits for our suppliers, we have established and managed supply chain an-ti-corruption requirements as an in-house ‘Procurement Management Regulation’. In the event of an anti-corruption violation by a supplier, we deliberate on whether to impose sanctions through SK Telecom’s Procurement Review Committee, and notify and implement the final sanction results after going through the process of confirming and clarifying the facts. As a result of the anti-corruption audit of the supply chain, it was confirmed that there were no sanctions in 2023, and that all improvement measures have been completed for one case of warning to a supplier notified by the Purchase Review Committee over the past three years.

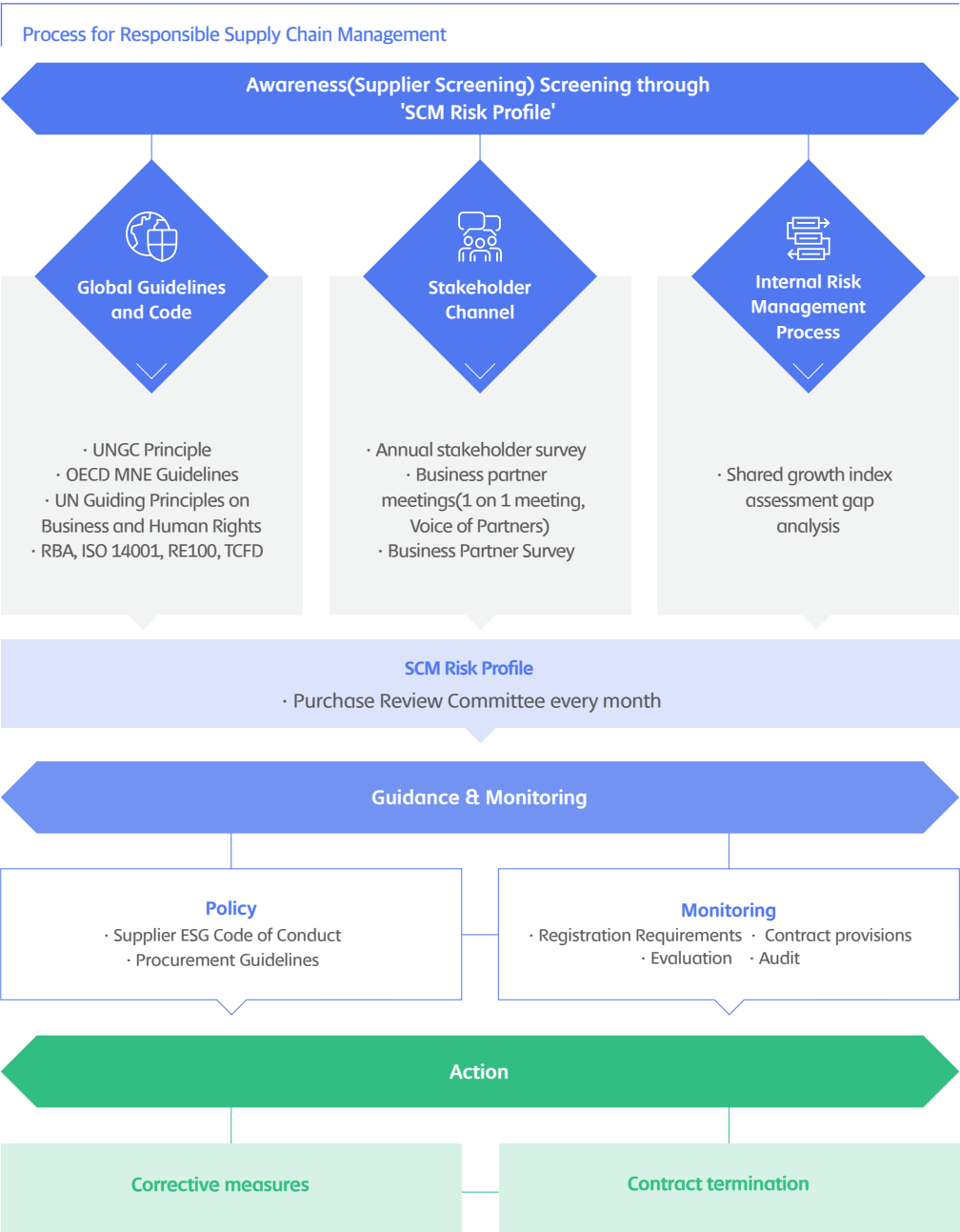
Responsible Supply Chain Management Program

Supplier ESG Risk Management Process and Roadmap

SK Telecom has evaluated the current level of the overall supply chain ESG through various methods such as written surveys, self-diagnosis, and on-site surveys for registered suppliers, and carried out systematic ESG risk management of suppliers focusing on key improvements. In particular, we are implementing a program to require suppliers who need support according to the results of their risk diagnosis and assessment to improve their ESG performance by establishing a corrective action plan and to provide periodic feedback.

We have introduced and operated an ‘ESG risk in-depth diagnosis program’, which is an upgraded version of the existing ESG diagnosis method since 2022. In 2023, we conducted a newly introduced in-depth ESG risk diagnosis program focusing on ESG-focused management suppliers with high level of transaction importance and proportion. Based on the in-depth diagnosis results, we provided customized improvement support training for each partner company and ESG level improvement consulting through on-site visits to suppliers.

By 2024, we are promoting to advance the diagnostic items considering the industry characteristics of our ESG intensive management partners, and we plan to expand the in-depth ESG risk diagnosis program to 2nd and 3rd tier partners as well. And then, we plan to re-establish standards such as transaction size with SK Telecom by 2025 and complete the implementation of the in-depth ESG risk diagnosis program for important partners. Through this, SK Telecom will provide information to external stakeholders so that they can predict the level of ESG risk management of our partners.



Establishment of ESG standards in the procurement process and pre-screening of the supply chain¹⁾

SK Telecom identifies ESG risks included in the Supplier ESG Code of Conduct during the procurement process and reflects them in contracts, and can reflect the minimum ESG evaluation index by 3% when selecting suppliers and signing contracts. For companies that do not meet the minimum ESG requirements required by SK Telecom, we may reduce the transaction volume or exclude them from the contract.

SK Telecom not only collects supplier ethical practice pledges and supplier information protection pledges from partners through the electronic contract system(OPEN2U) before trading with partners, but also manages supplier ESG risks by conducting 100% pre-screening based on the supplier ESG code of conduct. In the pre-screening, we review ESG-related factors such as labor and human rights, health and safety, environment, ethics, and management system and business relevance, and apply the screening methodology including country, industry, and product risks. In particular, in terms of business relevance, we consider whether the company is capable of collaborating with us to achieve the business target, such as expanding network and expanding AI infrastructure. We also identify potential ESG risks by classifying transaction types and checking whether they are high-risk industries.

In addition, when dealing with all partners, we conduct evaluation and self-diagnosis of eligible suppliers (checklist) by apply strict standards for labor, health, and safety, and based on the results, companies that do not meet a certain level are excluded from contracts. Suppliers that are evaluated as ineligible in the result of the diagnosis must make up for their shortcomings within the given time limit before resuming business. In 2023, we also conducted 100% pre-screening for both newly registered and continuous transaction partners. To continuously achieve 100% pre-screening, we are upgrading our financial and non-financial risk review items and processes to meet international ESG standards.

Supplier pre-screening standards

Classification	Identification Issues
ESG factors	Labor and human rights, health and safety, environ-ment, ethics, management system
Business relevance factors	Consider SK Telecom's business characteristics such as network expansion and infrastructure expansion to ex-pand AI services
Country risks	Risks related to politics, society, economy, law, etc. of the country where the work place is located
Product risks	Risks that may occur at each stage, including manufac-turing, distribution, and use of products
Industry risks	Risks due to the industry characteristics such as labor situations, energy consumption, and resource intensity

1) Management of ESG risk(child labor, etc.) in vulnerable countries and regions is confirmed through ESG screening of partners

2023 Supply Chain ESG Assessment and Pre-screening

Supplier EGS Code of Conduct Agreement Signed Rate Status and Goals



Remarks: Service, construction, equipment, goods suppliers

Pre-screening identification issues for each partner transaction item

Classification	Transaction items	Identification Issues						
		ESG factors			Industry relevance factors	Country risk	Product risk	Industry risk
		E	S	G				
Equipment	Equipment and equipment items for wireless communication services such as 5G, Base Station, Repeater, Switch, Rectifier, etc.	High	Low	Medium	◆	◆	◆	◆
Construction	Transaction areas involving the on-site in-stallation of devices and equipment for 5G and other wireless communication services, ensuring safety measures are in place be-forehand	High	Medium	Medium	◆			◆
Services	Trading area for developing, operating and managing systems such as customer information protection, billing, and monitoring for wireless communication services such as 5G	High	Low	Medium	◆			◆
Articles	Industrial products traded for the telecommunications business, such as laptops and monitors	High	Low	Medium	◆	◆	◆	◆

Procurement strategies to enhance supply chain sustainability

In order to manage and strengthen the sustainability of the supply chain, SK Telecom prioritized and conducted a total of five procurement strategies: securing fundamental procurement competitiveness by improving the procurement structure from the perspective of Total Cost of Ownership(TCO), improving cost effectiveness by zero-base inspection of cost composition, optimization and improvement to a business-friendly procurement process, managing purchase risks in advance and creating a fair trade environment, and expanding joint development and supporting overseas exports. In order to effectively implement our procurement strategy, we conduct training to our procurement managers on a regular basis every year on policy and program changes for supply chain sustainability.

Training program for the personnel in charge of procurement

Classification	Identification issues	Remarks
Fostering procurement experts	◆ Strengthening procurement capa-bilities of transferred employees ◆ Bidding method, evaluation, Best/Worst Practice	3rd week of January every year Occasional
ESG workshop	◆ Domestic and foreign ESG trends and SCM implementation direction and performance ◆ Improvement or new practice tasks	Occasional

SK Telecom has developed and operated its own electronic transaction system since 2009 for fair and transparent transactions with its partners. The procurement management regulations have been established within the company's regulations to strictly manage the procurement procedures and standards of all employees, including the procurement department and purchase request department, and in case of violation, disciplinary action has been taken to penalize the organization and individuals. In addition, for fair transactions, we not only maintain procedural security in all areas such as announcement for bids - on-site evaluation - proposal evaluation - technology evaluation - price evaluation, but also link the procurement system and accounting system to ensure transparency that meets IFRS standards.

In accordance with the procurement management regulations, we strive to block environmental risk factors in advance from the procurement stage of raw and subsidiary materials and equipment, and when selecting items, unless there are special reasons, we prioritize procurement eco-friendly products that can contribute to saving resources and reducing environmental pollution compared to other products and services for the same purpose. When purchasing equipment, we receive mid- to long-term(at least 3 to 10 years) electricity consumption from a TCO perspective and reflectin the evaluation, so that companies that propose low-power solutions have an advantage in evaluation and selection. In an effort to reduce carbon emissions, we have introduced passive device equipment since 2018 to replace existing active device equipment. We have strengthened our efforts for carbon neutrality by building and operating solar power generation facilities in SK Telecom's major facilities and buildings.

Status of supply chain

SK Telecom has designated a group of Significant Suppliers by comprehensively considering the influence and transaction dependence on the company's key businesses or infrastructure investment relevance, top security or transaction size, and non-substitutable business for proprietary technology. Therefore, as of 2023, a total of 143 suppliers out of a total of 996 were classified as Tier 1 im-portant supplier groups, considering transaction size and ongoing transactions. In addition, 19 of the 2nd and 3rd tier suppliers with whom we do not have direct transactions were classified as Non-Tier 1 important supplier group.

2023 Supply Chain Status

Suppliers Classification		Number of Suppliers(company)	Proportion of Purchase(%)
Tier 1 Suppliers	Total registered	996	100
	Equipment(network and infrastructure)	116	21
	Construction	78	20
	Services(software and solution development)	754	53
	Products	48	6
Significant Suppliers	Tier 1	143	87
	Non-Tier 1	19	-

Supply chain ESG assessment

SK Telecom inspects and identifies ESG risks by using the proportion of registered partners' written or on-site surveys as key indicators of ESG evaluation activities in the supply chain based on the Supplier ESG code of conduct. We carry out various types of evaluations to ensure objectivity, fairness, and reliability of evaluation and to discover ESG risks practically. For ESG evaluation of partner companies, we conduct a written evaluation based on the ESG evaluation platform and indicators of SI specialized companies that benchmark evaluations and guides such as DJSI, MSCI, GRI, K-ESG, IBC, WFE, EcoVadis, and RBA, and conduct second-party verification by entrusting it to the domestic corporation of a global evaluation and consulting company. We also commission a third-party independent ESG specialized agency to conduct written and on-site due diligence and verification in ESG areas such as Scope 3 emissions, or verify whether part-ners have ISO certification through ESG platforms.

SK Telecom strives to strengthen relationships with its partners and build a sustainable supply chain through ESG evaluation of its partners. These efforts reflect SK Telecom's commitment to meeting all environmental, social, and ethical standards for supplier ESG management. In 2023, we conducted a 100% written survey on all 996 Tier-1 partners. In addition, for partners that do not meet the standards required by SK Telecom, we informe them of the possibility of reducing the volume of transactions or excluding contracts. Along with it, we select excellent partners among key partners every year and sign a separate fair-trade agreement, providing benefits such as free mutual growth programs and free support for ESG diagnosis and evaluation to selected companies. In particular, we provide special benefits such as financial support to our partners with excellent ESG diagnosis and evaluation, and we provided financial support of KRW 50 million to one company in 2023.

Supply chain ESG assessment(by tiers)

		2023	
Suppliers Classification		Number of Suppliers(company)	Purchase proportion(%)
Tier 1	Total number of suppliers assessed via desk assessments/on-site assessments	996	100
	Total number of significant suppliers assessed via desk assessments/on-site assessments	143	87
Non-Tier 1	Total number of significant suppliers assessed via desk assessments/on-site assessments	19	

Conducting In-depth Diagnosis of Supply Chain ESG Risk Management

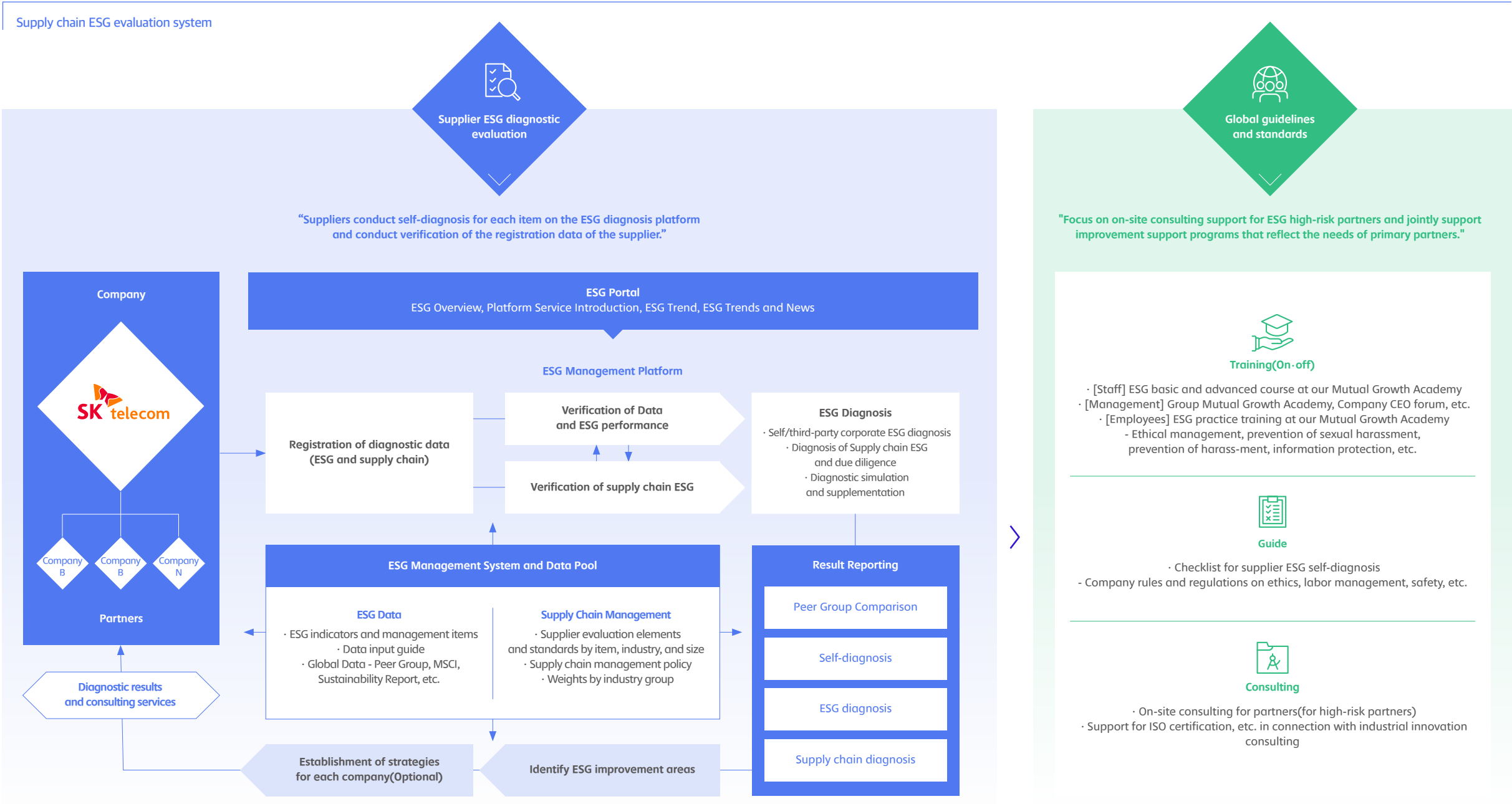
In order to advance supply chain ESG risk management, SK Telecom conducted a pilot test to improve supplier ESG evaluation twice in 2021, and has conducted a newly developed in-depth ESG risk management diagnosis program for key suppliers since 2022. We conduct the ESG risk diagnosis and monitoring by classifying suppliers by type to differentiate evaluation indicators and dualizing the diagnosis method into regular and occasional periods. In particular, we continue to provide free status diagnosis results and consulting services in the form of in-depth diagnosis through the ESG diagnosis platform to encourage voluntary management of our partners and verify their data. Through this, partners can check the proportion of each ESG evaluation item in their industries, and can also benchmark their competitors by reviewing the overall average of participating partners. We are also conducting various training programs for our employees and partners to enhance their understanding of ESG management trend changes, implementation strategies, and ESG risk identification and mitigation action systems. We also provide a 'Best Practice Book' to help our partners establish and implement ESG improvement directions. We focus on providing on-site consulting support to ESG high-risk partners to achieve improvement results every year. In addition, SK Telecom conducts supply chain ESG-related training for internal stakeholders, including its procurement personnels to support its partners' ESG practices and risk management.

Maintain and strengthen existing training ESG training

Training course name	Contents of training
Eco-friendly Bro assistant manager Hwang x Julian's ZERO carbon footprint	Ways to solve the climate crisis in real life
Carbon neutrality, passing on a sustainable earth	Securing insight into carbon neutrality-related discussions, systems, and directions
Understanding ESG	Understanding the background and purpose of ESG promotion around the world
SV Story of global companies 'Patagonia, Lush, Unilever'	Social value creation and sustainable management promotion plan through ESG activities

New ESG training

Training course name	Contents of training
Business model trends, ESG	ESG management practice strategy based on ESG cases
Dr. Seonghoo Moon's ESG practice strategy	Identify what needs to be prepared and how to prepare it
Everyone needs to know ESG and how to use it easily	Methods and Tips for Utilizing ESG



Identification and Analysis of Key Risks in the Supply Chain

SK Telecom proactively manages key risks in the supply chain by conducting annual surveys(mutual growth satisfaction survey, business partner survey, etc.) for its suppliers as well as in-depth meetings with suppliers, listening to VOP(Voice of Partners), partner surveys, and risk management working group. The risk factors identified through the surveys are reflected in the Risk Gap Analysis and Risk Mapping for each supplier group and reviewed at the procurement performance analysis and improvement meeting held quarterly. We classify key risks that arise from the supply chain perspective into economic, social, and environmental risks and reflect them in the supply chain sustainability management process, and reflect the key risks in the Supplier ESG Code of Conduct and the Supplier Ethical Practice Pledge to ensure 100% coverage when diagnosing partners in the future. For high-risk partners, we conduct supply chain audits through on-site inspections or third-party investigations to prevent the possibility of risks in advance.

Corrective actions and incentives

SK Telecom requires partners who need improvement based on the results of supply chain risk diagnosis and assessment to establish corrective action plans and improve ESG performance through the implementation of the plans. Suppliers in need of improvement are separately managed to ensure prompt ESG performance improvement by reviewing the feasibility of their improvement plans, supporting essential resources for corrective measures, and providing advisory support from external professional organizations when necessary. The results of improvement are classified and analyzed by improvement area and reflected in the supply chain pre-screening, ESG risk diagnosis, support policy establishment processes. Support for improving ESG performance and risk corrective measures is provided remotely or through on-site visits. No partners were subject to sanctions based on the results of partner diagnosis and evaluation in 2023.

Meanwhile, we support partners with excellent diagnosis and assessment results with various incentive systems such as financial support for ESG-excellent partners, capacity improvement programs, and risk reduction programs. Capacity improvement programs include free transfer of technology and patents, technical support and protection programs through open collaboration, a mutual growth academy, and CEO seminar courses for partners. The risk reduction programs consist of detailed programs such as signing an agreement for mutual growth, procurement policy for partners and guidance on policy compliance, as well as adjusting delivery prices, funding(financial) support, and welfare support.

Results of supplier risk assessment and status of corrective action support(Unit: number of companies)

Classification of suppliers	2023	
	Number of suppliers	Target
Number of suppliers assessed with substantial actual and potential negative impacts	23	-
% of suppliers with substantial actual and potential negative impacts with agreed corrective action and improvement plan	100%	100%
Number of suppliers with substantial actual/potential negative impacts that were terminated	23	-
Total number of suppliers supported in corrective action plan implementation	23	23
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	100%

Mutual Growth with Partners

SK Telecom has been actively pursuing mutual growth with its partners to create a sound ICT industry ecosystem and create sustainable values. In 2003, we established a department dedicated to mutual growth and win-win cooperation for the first time in the industry and declared our intention to promote win-win man-agement internally and externally. Since then, we have been implementing various mutual growth programs. In 2023, we conducted the 2022 Mutual growth Index Evaluation hosted by the Mutual Growth Commission and the Fair-Trade Commission for 125 fair trade agreement companies. As a result of the mutual growth index evaluation, we were evaluated as the ‘Best’ rating among 234 major domestic conglomerates for 11 consecutive years, and we were once again recognized externally for establishing a culture of fair trade with our partners and for our sincere mutual growth activities. In addition, to fully implement supply chain ESG, we are operating capacity-building programs as well as training for partners, and on-site support for correction and improvement.

Capacity Building Programs for Suppliers(Unit: Companies)

	2023	
	Number of suppliers	Target
Total number of suppliers in capacity building programs ¹⁾	350	120
Number of suppliers participating in ESG capacity building programs ²⁾	367	-
Number of significant suppliers participating in the overall capacity building programs	131 companies(81%) ³⁾	-

- 1) Capacity courses required for the employees and organizations of suppliers, such as mobile communication technology, AI, management/economics, etc.
- 2) Essential and necessary capacity courses for sustainability such as prevention of workplace bullying, prevention of sexual harassment, ESG practice, etc.
- 3) Number and percentage of significant suppliers in capacity building programs among all 162 significant suppliers in 2023

Status of implementation of three key tasks for mutual growth

- ① Establishment of a fair and transparent trading environment with partners, continuing to implement key recommendations of the Fair Trade Commission(conclusion of contracts, selection and operation of partners, internal review committee, document preservation and issuance, etc.), and strengthening internal self-purification activities: Completed by 2023 for Tier-1 partners
- ② Support for partners for win-win cooperation: Expand support for mutual growth programs to not only Tier-1 partners but also Tier-2 partners by 2024, and expand quantitative and qualitative support for mutual growth programs at the level of Tier-1 partners to Tier-2 partners by 2025.
- ③ Support for strengthening competitiveness of partner companies by expanding collaboration tasks and leading the market(joint development of new technologies such as 5G and AI, spread of ESG, discovery of collaboration tasks to respond to the future, etc.): Promoted until 2023 for Tier-1 partners, expanding the target to not only Tier-1 partners but also Tier-2 partners by 2024, and is scheduled to be completed for Tier-2 partners by 2025

Three Practice Tasks for Mutual Growth

SK Telecom intends to expand collaboration with its partners based on the mutual trust and fair-trade culture accumulated so far to respond to various environmental changes together and practice sustainable win-win cooperation. In particular, with the goal of achieving the highest level of mutual growth in Korea, we have established and are actively pursuing three major implementation tasks for mutual growth to be achieved by 2025. We are taking the lead in creating a fair-trade culture by signing fair trade agreements with about 125 partners every year, and we are supporting our partners in strengthening their competitiveness by expanding the mutual growth program to not only Tier-1, but also Tier-2 partners. We also contribute to revitalizing the startup ecosystem by providing support programs to startups that do not have existing transaction relationships. These support programs are implemented in a variety of fields, such as developing new technology, supporting commercialization, supporting competitiveness improvement, and supporting sales channel development.

Technology development support and technology protection program for partners

In order to help external developers such as suppliers and ventures(start-ups) develop new technologies in 5G, AI services, and metaverse areas, we operate a technology development support program for partners that grants and transfers patents held by SK Telecom free of charge and provides technology development infrastructure. In addition, we support our partners' systematic technology protection by providing technology protection consulting and patent application support programs along with technology protection data support through free support of escrow of technical data and consignment of trade secret original certification services.

Status of technology development and technology protection support(Unit: Cases, KRW 100 million)

	Number of cases	Support amount
Support technology development infrastructure(SKT Open API, etc.)	2,479	Free provision
Free patented technology support	107	Free provision
Technical data deposit system	83	0.1
Support for IPR application costs for partners	52	0.3
Total	2,721	

Financial support program for partners

SK Telecom has consistently operated financial support programs to support the smooth operation of funds for its partners. We are contributing to the mutual growth fund, which provides discounts on the loan interest rates to partners using the interest on deposits, and to the win-win loan for ESG excellent partners. In addition, we support the stable finances of our partners by paying them faster than usual subcontractorpayments.

Status of financial support for partners(Unit: Cases, KRW 100 million)

	Number of support cases	Support amount	Remarks
Mutual growth fund loan support	108	774	
Early payment of subcontractor payments	973		Early payment of 8.6 days on average compared to 60 days of general subcontractor payment contract

Support capability building courses for partners

SK Telecom operates various training programs for employees of partners to strengthen their business competitiveness and ESG implementation capabilities. The training consists of statutory required courses, ESG general courses, tech competency building courses, and other general courses, and a total of 31,414 people completed these coursesin 2023.

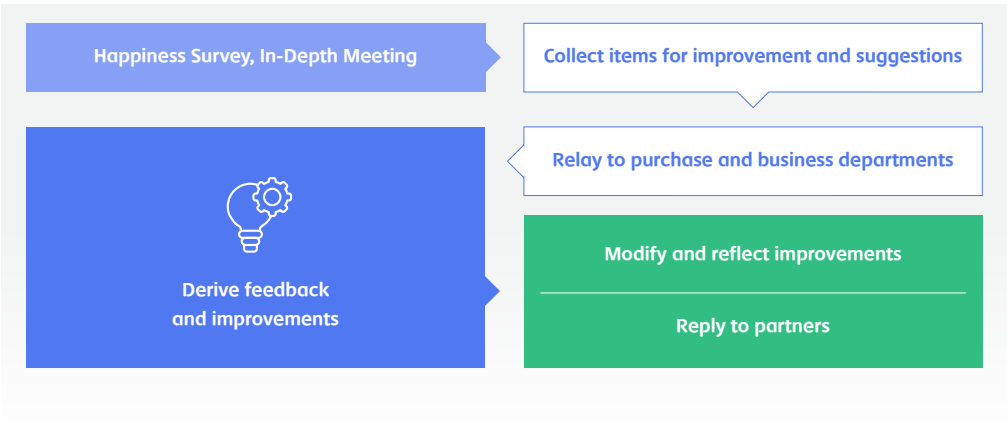
Current Status of Partner Capability Enhancement Program Operations

Classification	Curriculum	Graduates(persons)
Statutory required courses	·Ethical management training, such as preventing sexual harassment, improving awareness of the disabled, and preventing bullying in the workplace ·Training on the Serious Accident Punishment Act to spread safety and health culture ·Information security training for information protection and prevention of information leakage	21,921
ESG general courses	·ESG understanding, ESG response strategy essence, carbon neutrality, passing on a sustainable earth, SV Story, ZERO carbon foot-print ·Technology Protection for SMEs, ESG finance from start to practice	4,928
Tech competency building courses	·5G Tech, AI, IT Security, Big Data, IT Security (defense technology against hacking) ·Blockchain, server virtualization, cloud computing technology	2,082
Other general courses	·Economic outlook, business insight, metaverse, big data, tech trends, English	3,649

Partner communication process

We collect opinions and requests for improvement from our partners through online and offline channels and reflect them in our business and procurement processes.

Partner communication process



Communication channels with partners

SK Telecom operates various communication channels in which partners participate, such as in-depth meetings, VOP(Voice of Partners) listening, partner surveys, and SCM mailboxes to collect opinions from the field regarding mutual growth and reflect them in actual policies.

Survey on Happiness of Partners

We conduct an anonymous opinion survey for our partners on key items such as business relationships and decision-making in the course of transaction or collaboration with SK Telecom, and reflect the results in business department feedback and mutual growth policies.

In-depth Meeting with Partners

Collect opinions and reflect policies through informal meetings in one-on-one type to hear voices from the fields related to contracts with SK Telecom or mutual growth activities and reflect them in policies

SCM Mailbox

Collect difficulties and opinions for improvement in the process of procurement-related tasks (orders, contracts, delivery date, etc.) with SK Telecom and reflect them(OPEN2U 'Open Communication')

Case

Implementation and Results of the 2023 Supplier ESG Risk Management Strategy

In 2022, SK Telecom conducted ESG assessments of 200 suppliers, including Tier 1, Tier 2 and Tier 3 suppliers, all of whom were selected based on the specific management criteria for Tier 1 suppliers. The assessment used 66 ESG criteria tailored to SK Telecom's business categories, such as telecommunication services and related transactions, including products, equipment, construction, services, and specialized sectors. The assessment identified 7 high-risk supplier groups, which were provided with free retraining and consulting services for improvement. In 2023, a second-year ESG risk management plan for suppliers was established and implemented, enhancing processes and programs found lacking in 2022. Unlike in 2022, all SK Group companies were required to use the same 66 ESG assessment indicators when assessing their suppliers. Consequently, high-risk suppliers rose to 36, up from the previous year. Following the re-education and consulting interventions like those conducted in 2022, high-risk suppliers decreased to 13 by the end of 2023, achieving a 64% improvement rate. In 2024, we will redefine and redesign¹⁾ all 66 ESG assessment indicators in 2023 to fit the telecommunications service sector better. We will also reassess and work with suppliers to make improvements based on the assessment results. Using the ESG assessment and improvement processes and operational know-how from 2022 and 2023, we will continue to select key suppliers to enhance sustainability with SK Telecom.

* Performance in 2023: 1 case received/1 case processed(completion rate 100%)

1) Re-define/design: Based on the results of the 2023 assessment, it became necessary to redefine those indicators that had little relevance to the telecommunications service sector, such as 'eco-friendly product development/management', 'waste measurement/management/efforts', 'hazardous chemical measurement/management', and 'internal audit operations' in workplaces with fewer than 50 employees.