

## SK Telecom: Creating social value with ESG

### SK Telecom's take on emerging as an ICT-based ESG company

"We will take concrete action to increase the share of renewables to 100% by 2050 and gain recognition as an eco-friendly ICT leader. We will also continue to exert a positive influence through campaigns such as "Happy Habit", encouraging customers to reduce the use of disposable plastic products."

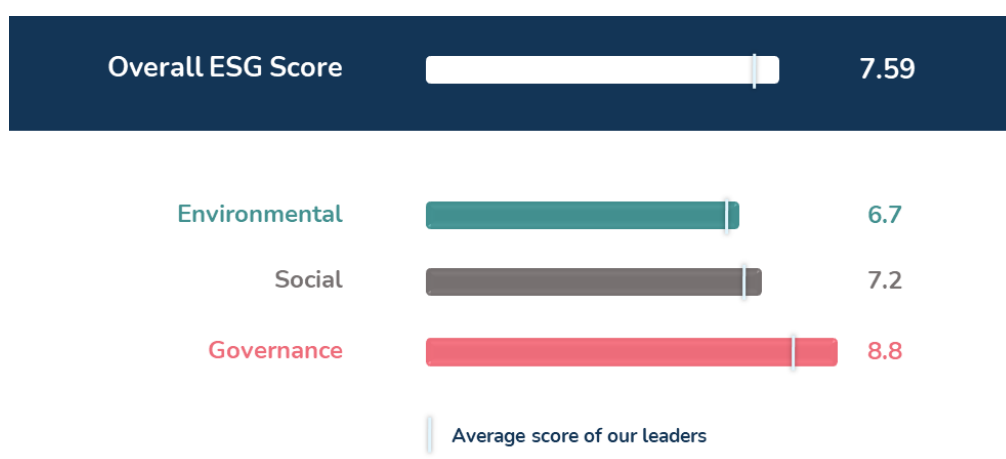
Ryu Young-sang  
CEO, SK Telecom

SK Telecom, South Korea's largest telecom operator, is keen to make its mark and leave a positive impact on society. The company has been ranked as the number one telco to ace ESG in Asia Pacific.

twimbit studied SK Telecom's various initiatives and programs under the ESG (Environmental, Social and Governance) areas to identify what makes them great. We cover all aspects, from its impact to the high-level decision-making skills to understand why SK Telecom is one of the best ESG leaders.

### SK Telecom performs commendably on everything ESG

Exhibit 1  
ESG score according to the twimbit framework



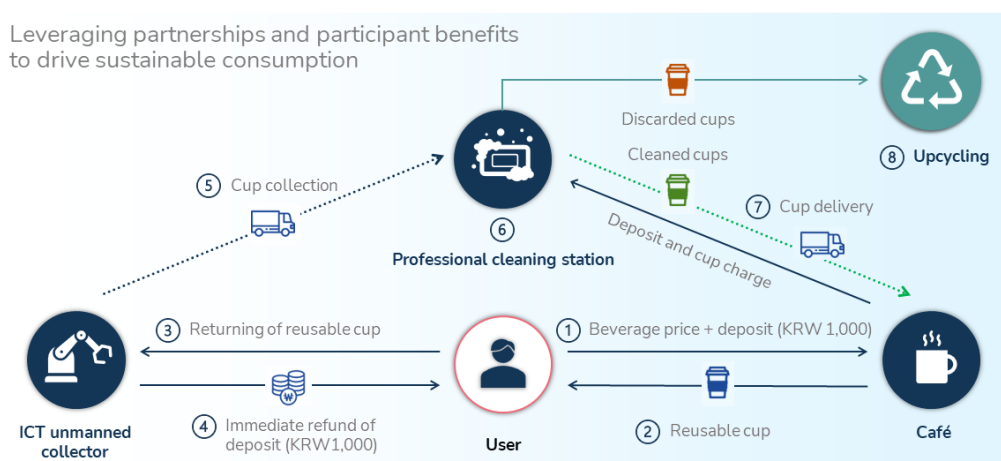
## Environment: Reducing plastic waste with 'Happy Habit'

In light of the climate-related challenges facing the planet, SK Telecom has been working with clients and social enterprises. For instance, the 'Happy Habit' project – an ICT-based reusable cup circulation system, is one of the telco's efforts to go net zero. The environmental-focused project has been promoting the usage of personal mugs and reducing the use of plastic in coffee shops.

The project has saved 900,000+ disposable cups and partnered with 50,000+ members such as Starbucks, DalKomm and New Zealand Embassy among others. "With a sense of mission and responsibility as the leading service company in Korea, we strive to create social value and contribute to improving the quality of life. Through these efforts, we will evolve into a company admired and respected by its customers."

Ryu Young-sang  
CEO, SK Telecom

Exhibit 2  
Happy Habit reusable cup system structure



## Social: Driving sustainable habits with 'Happy Credit'

Happy Credit is an initiative by SK Telecom that allows customers to donate towards societal development by purchasing sustainable products and services.

Under this program, users can enjoy collecting points and donating them to their Happy Projects of choice. Users can receive these points after purchasing goods from the Happy Credit Special Sales portal, which will equal 5% - 100% of the total amount spent.

To date, SK Telecom has:

- 595,000 donations (Nov '20 – Oct '21) and partnered with TMAP, 11D, Red Connect, T Direct shop, and SK Stoa
- 2.55 million donors – a 337% YoY increase in donors

- Funded 12,000+ households with AI for the elderly and provided ICT education for 51+ special schools

### Governance: Improving decision-making on rising ESG issues

With the growing importance of ESG, SK Telecom has established an ESG committee at the board level, the highest decision-making body on corporate climate issues.

- The process begins with the ESG innovation group analysing and evaluating the climate related risks and opportunities. They then pass the information/result to the CFO.
- Following this, the CFO reviews the impact of the issue on the company, and informs the ESG Committee and the CEO of it.
- The CEO makes decision on material issues, and proposes key issues with his/her opinions on them to the ESG Committee.
- Finally, the ESG Committee reviews the main issues and makes the final decisions, which is reflected in SK Telecom's business management activities.

Exhibit 3  
Dedicated 'ESG Innovation Group' monitors



Following are the climate change risks across 5 areas:

- **Reputation:** Investors' perception of SKT's ESG
- **Technology:** High electricity usage of 5G equipment
- **Physical:** Abnormal weather events due to climate change
- **Market:** increase in GHG emissions due to 5G adoption
- **Policy:** 2050 Net Zero implementation

### twimbit takeaways from SK Telecom's role in ESG

SK Telecom has excelled and contributed majorly to each factor in ESG. They have taken several initiatives to continue strengthening the impact, from leveraging customer

participation to raising ESG awareness and enhancing brand perception, which helps build socially responsible enterprise. In summary, they

- Use partnership model to provide ESG services and facilities
- Develop platforms where customers and other ecosystem players can do their bit
- Invest in a dedicated team that manages ESG risks in real time.