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KT Integrated Report 2019

English

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PEOPLE. TECHNOLOGY.

KT Integrated Report 2019

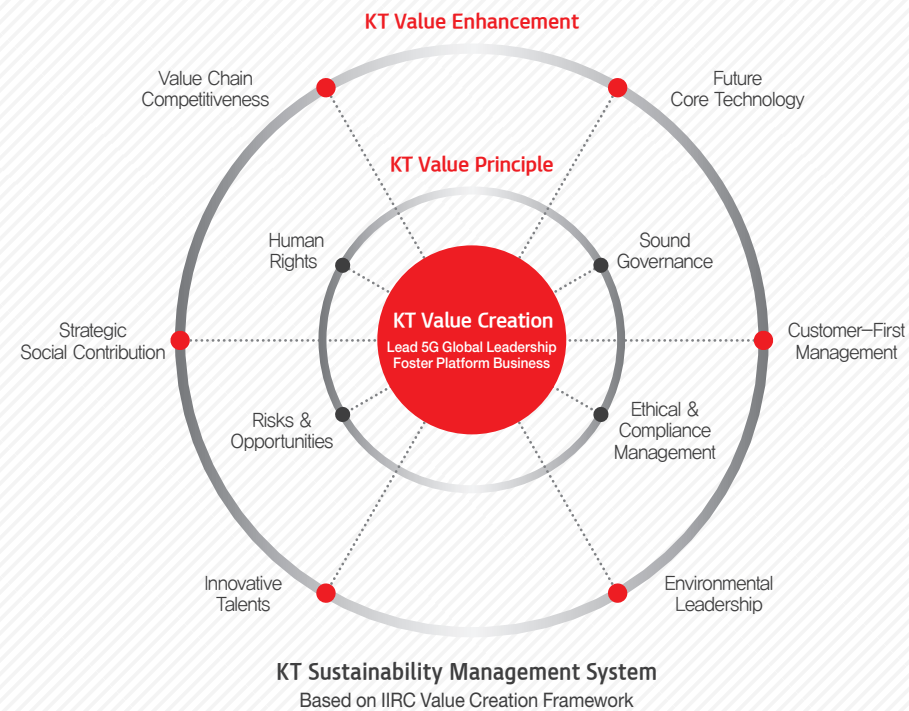


ABOUT THIS REPORT

KT is Korea's comprehensive communications operator which is leading the fourth industrial revolution by releasing the world's first 5G service and innovative intelligent network. By publishing our 14th integrated report, which unveils the achievements of our corporate-wide sustainability strategy and performances achieved at the economic, social, and environmental levels, we desire to share the direction of KT's sustainability management with the stakeholders.

Characteristics of the Report

In order to improve the understanding of stakeholders about KT's sustainability goals, strategies, and systems, KT has reflected the "KT Sustainability Model" to this report. Under the long-term sustainability goal, 'Realizing Global GiGAtopia,' we have been promoted the corporate-wide sustainability management in three dimensions aiming to accomplish the economic prosperity (GiGA Prosperity), environmental preservation (GiGA Planet), and social progress (GiGA People).



Reporting Period & Boundary

This report covers performances of total 516 sites including the headquarters and branches, from January 2018 to December 2018; meaningful activities until the end of May 2019 are partially included as well. Besides, data of the recent 3 years are provided enabling the comparison between yearly performances.

Reporting and Assurance Standards

This report was prepared in accordance with the Global Reporting Initiative's Standards guideline as the comprehensive option. The report also applied to the International <IR> Framework of the International Integrated Reporting Committee (IIRC) and the financial performance was in line with K-IFRS. To determine the material issues, a materiality assessment was conducted, and to ensure the reliability and quality of the information presented in this report, the contents were subject to assurance by an independent third-party whose assurance statement was attached in this report.

Create the Future

KT is taking a Significant Leap into Tomorrow through the Fastest and Most Innovative 5G Technology and Platform Services.



Cover Story

'PEOPLE. TECHNOLOGY.' is KT's corporate slogan that aims to enrich human life with warm and innovative technology towards people.

KT's innovative 5G technology has reached the village of Daesung-dong, Paju, Gyeonggi-do, in the world's only Demilitarized Zone (DMZ).

KT supports the children in Daesung-dong to fully utilize 5G network and solutions such as 'FITT 360' and 'KT Super VR' to foster their dreams and hopes, and to grow into the main players of the fourth Industrial Revolution era.

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DMZ

DMZ Daesung-dong Elementary School,
The only school located in Daesung-dong,
the world's only Demilitarized Zone village.

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Message from the Chairman



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

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

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

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

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

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

Message from the CEO



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

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

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

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

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

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

Thank you.

CEO **Chang-Gyu Hwang**

KT Company Overview

https://www.kt.com



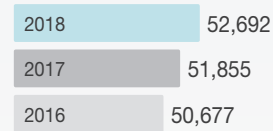
KT is the nation's largest general telecom carrier which leads the fourth industrial revolution with the world's first 5G service and intelligent network platform. Since the takeover of its mobile telecommunication subsidiary KTF in 2009, KT introduced smartphones for the first time in South Korea and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

Current Status of the Company

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

Service Users and Sales

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



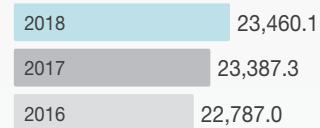
As of December 2018, the total number of users of KT services is about 52.69 million, which is the largest integrated number of subscribers for wired and wireless telecommunications. The total sales by business were KRW 23,460.1 billion, with an increase by 0.3% compared to 2017.

(Unit: 1,000 persons)

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

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

Sales by business
(Unit: KRW billion)



(Unit: KRW billion)

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

* Based on earnings announcement data, K-IFRS

Current Status of Major Group Companies

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

(As of June 2019)

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

KT Sustainability Management



KT's View

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

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

Sustainability Management Vision and Promotion System

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

Sustainability Vision

GiGAtopia

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

Three Dimensions

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

Six Value Enhancement Strategies

Corporate Value Enhancement

Social Value Enhancement

Four Value Principles

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

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



Stakeholder Engagement

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

Stakeholder Definition and Engagement Channels

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



Sustainability Issue Analysis

Management Strategy

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

Materiality Analysis Process

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

Step 1 Identifying Sustainability Issues

Issue pool composition through internal and external environment analysis

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

International guideline benchmarking

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

Telecommunication industry analysis

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

Stakeholder issue analysis

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

KT management issue analysis

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

Step 2 Prioritizing Sustainability Issues

Analysis of the influence of internal and external stakeholders

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

Questionnaire survey

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

Business impact analysis

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

Business impact & financial impact analysis

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

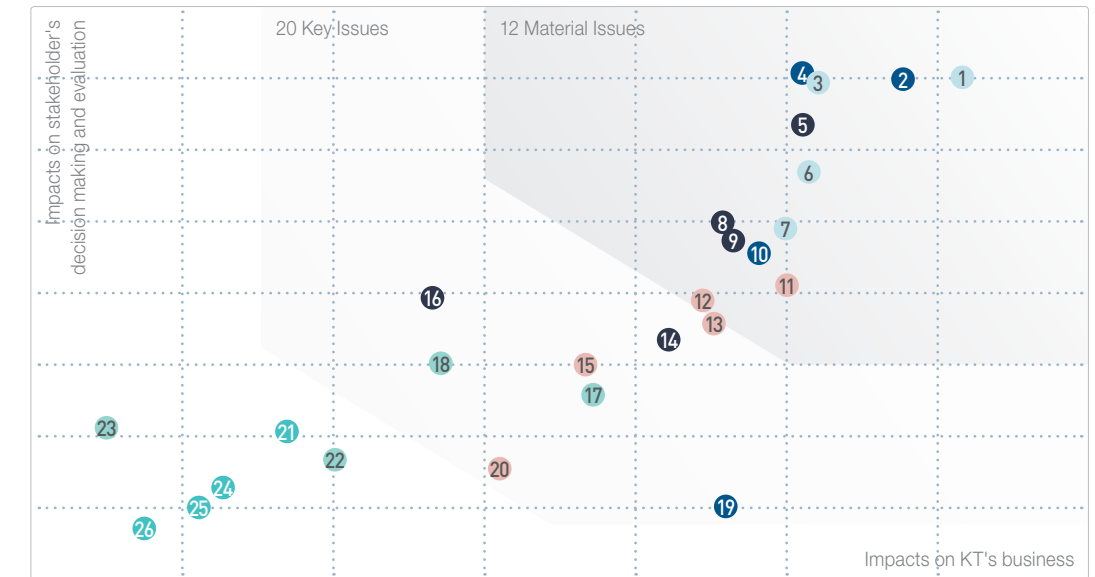
Step 3 Validating Material Issues

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

Report issue selection

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

Materiality Matrix



Important Issues for Sustainability Management

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

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

Material Sustainability Issues

Management Strategy

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

1. Lead 5G Global Leadership



Issue Description

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

Implementation Strategy

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

Long-term Goals

Achieve 100% of 5G national network coverage by 2022

2. Foster Platform Businesses



Issue Description

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

Implementation Strategy

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

Long-term Goals

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

3. Secure Network Stability



Issue Description

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

Implementation Strategy

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

Long-term Goals

Invest of KRW 480 billion to secure network stability by 2021

4. Customer Information Protection



Issue Description

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

Implementation Strategy

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

Long-term Goals

Achieve Customer Information Leakage Zero by 2022

5. Ethical and Righteous Management



Issue Description

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

Implementation Strategy

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

Long-term Goals

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

6. Future Competency Technology Competitiveness



Issue Description

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

Implementation Strategy

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

Long-term Goals

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

Long-term Sustainability Targets and KPIs

Management Strategy

KT has established and managed mid- to long-term targets against 2022 in order to promote continuously on a long-term perspective, and some indicators set targets for 2030.

Performances are managed consistently through Sustainability Index, and KPIs are disclosed in the Integrated Report and disclosure system.

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

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

KT Value Creation

KT is leading the future technologies of the world telecommunication industry beyond Korea while creating a new history.

KT is launching the world's first 5G service successfully to realize the global 5G era and is promoting 'intelligent network-based platform business' thereby pioneering new future for human growth and prosperity.



Corporate & Public
Value Enhancement
Platform

Media
Platform

Smart Energy
Platform

Lead
5G Global
Leadership

Disaster,
Safety & Security
Platform

Financial
Transaction
Platform

A first-grade student, Daesung-dong Elementary School,
Daesung-dong 5G Village at DMZ, Korea

KT transformed Daesung-dong, the world's only DMZ village, into a '5G Village' based on 5G network and ICT solutions.
A student of Daesung-dong Elementary School is dreaming of the future that the fourth industrial revolution will bring through KT Super VR.

Lead 5G Global Leadership

KT's View

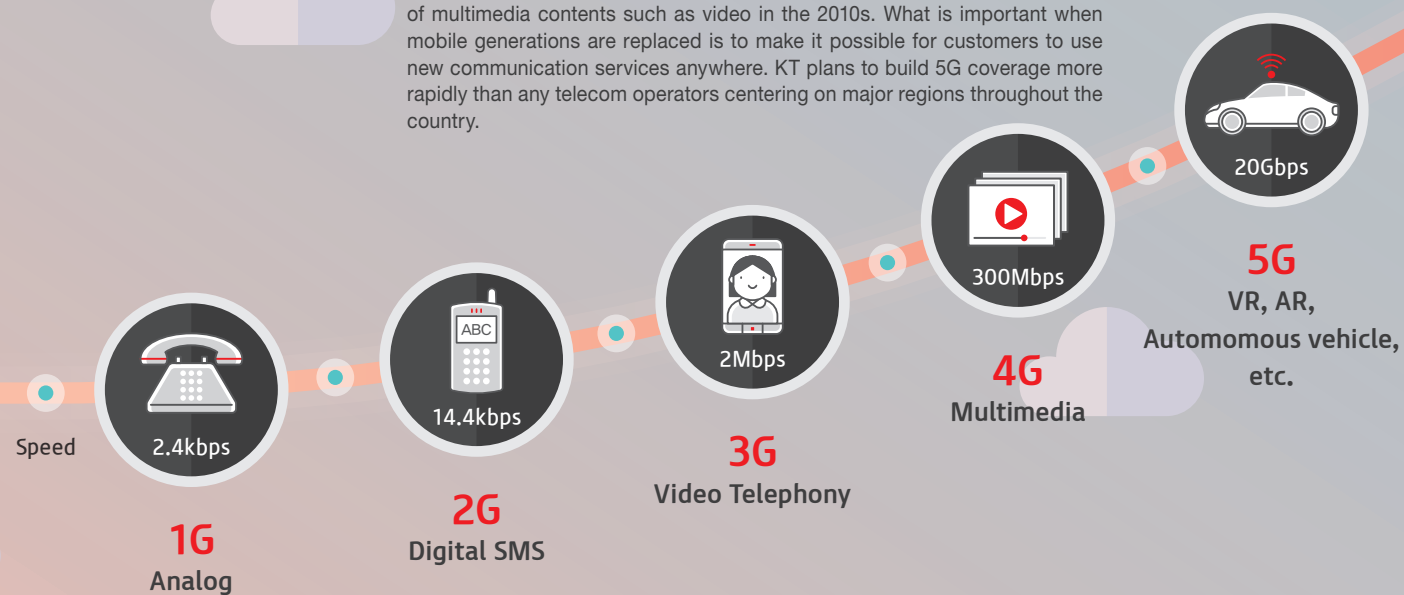
The 5G network refers to a next-generation mobile communication technology with high speed, seamless connection, and large capacity.

After presenting "5G Global Leadership" at the keynote address of MWC 2015 in March 2015, KT finalized the 5G common specification for the first time in the world in 2016 and is leading the next-generation communications market through the world's first 5G commercialization in April 2019.

KT will continue to pioneer a new era by providing intelligent network-based platform services based on its 5G global leadership.

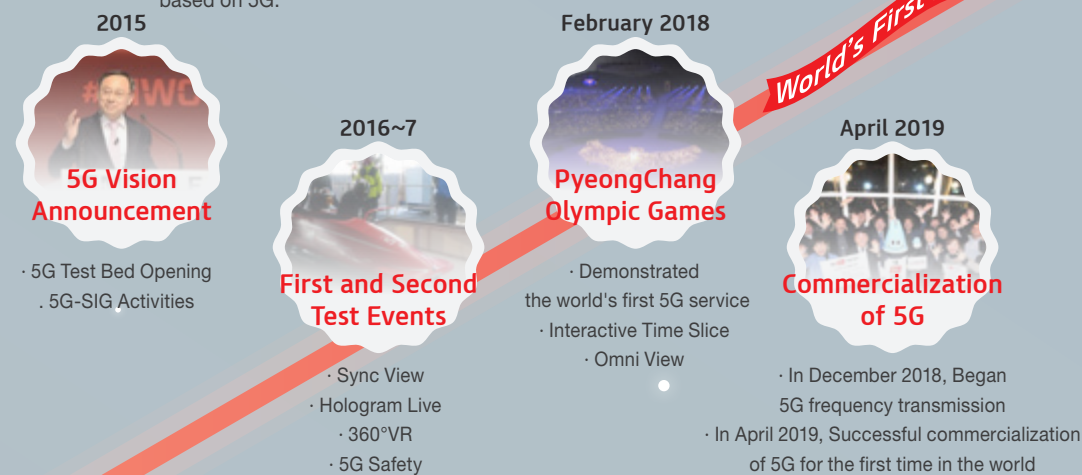
Evolution of Mobile Network

Mobile networks have evolved from the first generation to the fourth generation (LTE, Long Term Evolution) based on the differentiated characteristics by generation. After undergoing the smartphone revolution in the mid-2000s that enabled data communication through 3G, data rapidly increased as data communication evolved into the fourth generation, which enabled the playback of multimedia contents such as video in the 2010s. What is important when mobile generations are replaced is to make it possible for customers to use new communication services anywhere. KT plans to build 5G coverage more rapidly than any telecom operators centering on major regions throughout the country.



5G Global Leadership

KT showed the world's first 5G network pilot service at the PyeongChang Winter Olympic Games in February 2018 and achieved its success in commercializing 5G B2B for the first time in the world beginning with 5G frequency transmission on December 1, 2018. As the commercialization of B2C began in April 2019, KT plans to enable everyone to conveniently enjoy the 5G network and differentiated services through 5G dedicated terminals. KT is leaping to become a network platform provider that fuses and connects everything based on 5G.



5G Standardization and Technology Leading



KT formed the KT 5G-SIG with major global manufacturers for the world's first 5G pilot service. In cooperation with the KT 5G-SIG participants, KT completed the world's first full 5G specification (Layer 1, 2, 3), which enabled introducing the 5G service at the PyeongChang Olympic Games for the first time in the world. KT greatly contributed to 5G standardization as indicated by the fact that 85% of the entire specification shown in KT 5G-SIG was reflected on the '3GPP NSA 5G (3rd Generation Partnership Project Non-Standalone 5G)' standard finalized in December 2017, leading the 5G standardization.

On October 25, 2016, KT and Samsung Electronics succeeded in making the world's first 5G 'End-to-End' First Call based on the KT 5G-SIG standard. First call refers to data communication conducted according to the communication standard ranging from 'wireless link synchronization' to 'user authentication' in which each component between the terminal and the network is operated according to a certain signal. This first call is differentiated from existing 5G standard-based technologies because it is based on the common standard for 5G wireless communication developed with major global manufacturers.

KT developed core technologies of 5G wireless physical layer and radio access control layer and secured related intellectual property rights. In 2018, among the secured patented technologies, 17 were reflected on 3GPP RAN1 (radio physical layer) and RAN2 (radio access control layer) Standards. KT's patented technologies reflected on the 3GPP standards are a total of 17 technologies including the technology for handover of network slices used by terminals among 5G base stations to support the mobility of 5G terminals. These technologies are core technologies indispensable for 5G service provision.

In order to prevent compatibility issues between standards from occurring for successful 5G commercialization, KT presented contributions at the 3GPP RAN1 and RAN2 standards conference in February 2019 on behalf of TTA domestic member companies and made efforts to ensure compatibility of initial commercial terminals and base stations. KT has drawn the support of many 3GPP members in the relevant discussion and has contributed to the standardization of 5G such as blocking the approval of Non-backward Compatible Change Requests submitted by manufacturers.

5G Services

The 5G world, being opened by KT, is a world where customers can enjoy new and innovative communication services that they have never been experienced before anytime anywhere. KT has launched and provides 5G services in diverse fields such as security, media, finance, transportation, and medical care while applying new technologies through 'GiGAstealth' that fundamentally blocks hacking utilizing the block chain technology and 'C-DRX', which is a battery saving technology applied to 5G networks for the first time in the world so that customers can enjoy 5G services more safely for longer periods of time.

5G and Beyond

Security

Security Solutions Such as 5G-based Real-time Monitoring, Safety and Others

The 5G network is characterized by ultra-high speed, ultra-low latency, and high reliability, and can be used effectively in the fields of security and safety where creating a real-time monitoring environment without blind spots is essential. The '360 Live Security' introduced by KT in MWC in 2019 is a service that helps fast responses on the spot by delivering the images taken by 360 degree wearable cameras to the control room in real time through the 5G network while utilizing the deep learning based image analysis system. This service is differentiated from existing services in that it has no blind spot because it is a wearable type worn by humans and enables comprehensive responses to situations through 360-degree view images.

Cloud-based High-definition Content

VRT, Streaming Game Service

Now you can enjoy the computer games that have been used from game consoles or high-end PC as streaming games without having to download them. Based on its excellent 5G technological prowess, KT launched RagnarokClick H5 and Love Revolution, which are streaming games, and enables stable networks and real-time operation without delay so that high-definition games can be delivered seamlessly. In addition, last year, KT launched Giga Live TV, which is a personal VR theater service to provide VR content via wireless devices without having to connect to a separate terminal such as a smart phone or a PC, and plans to provide high-definition/large capacity content based on cloud hereafter.

Immersive Media

5G-based VR, AR, MR Entertainment

As a part of the 5G stadium business, a service to provide the immersive professional baseball game services built at KT Whizpark through Olleh TV mobile was opened along with the 5G stadium opening game in March 2019. It provides position views that enables viewing professional baseball games at diverse points of view and matrix views that enables viewing professional baseball games as real time slice videos, enables pitching analysis with VOD including analysis data, and provides diverse other services such as motion tracking VOD, schedule / ranking/records. In 2019, KT plans to upgrade its services such as providing high-light VODs for all games except 5G stadiums.

2018 Prize Winning



Smart Factory

5G-based Smart Factory Solution

The 5G Innovation Platform is accelerating digital introduction and business model innovation in the industrial fields and creating environments so that the precious achievements of the 4th industrial revolution based on 5G can be spread to all industrial fields. KT demonstrated '5G Connected Robot' and '5G Cooperative Robot in Factory' references at MWC in 2019, and actually constructed smart factories in diverse industries such as the 'world first smart shipyard' of Hyundai Heavy Industries, the '5G live stream' of SBS, the '5G Smart Station' of SRT, and the 'smart factory using robots' of apparel maker apM ECommerce, thereby enhancing the efficiency of companies by utilizing 5G.

Next Generation Communication

Live Communication Service Such as AR Videotelephony

5G, which enables high-speed and ultra-low-latency uploads, enables sharing even spaces vividly in real time through 360-degree images so that communications between humans can be upgraded by one dimension to three dimensions. KT has planned and developed 'Real 360 Service' that can realize the foregoing and launched it in line with the time of launching of 5G smartphones in April 2019. The 'Real 360' is a service that enables conveniently shooting 4K high-definition 360 images through neckband-type 360 cameras with which the two hands are free and sharing the images in real time through one-person media live broadcast or group videotelephony.

Connected Car

Automatic Driving Demonstration Complex, Infrastructure Development and Others





To lead the 5G era, which approached as the reality in front of our eyes, KT has evolved 5G into a new platform that has never been seen thuds far termed '5G-as-a-Platform' beyond intelligent networks. To this end, KT announced its plan to leap to become a platform operator based on intelligent networks in 2017 and has been intensively fostering five major platform businesses of 'Media, smart energy, financial transaction, disaster / safety / security, and corporate/public value enhancement' thereby leading the rapidly changing ICT market.

Foster Platform Business

KT's View

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Platform	Strategic goal	Main business
 Media Platform	Evolve into an intelligent media platform that provides differentiated services to customers	Artificial intelligence TV 'GIGA Genie', immersive media such as VR / AR, etc.
 Smart Energy Platform	World's first integrated energy management platform KT-MEG based energy market innovation	Providing intelligent service for all areas of production-consumption-transaction such as renewable energy, energy efficiency, demand management (DR), electric car charging
 Financial Transaction Platform	Based on KT Group's telecom infrastructure and FinTech capabilities, leap to become the number one in the finance/telecommunications convergence platform market	On-line and off-line integrated settlement, next generation certification, financial intermediation, financial intelligence (credit rating information, financial big data), etc.
 Disaster, Safety & Security Platform	Lead changes in the paradigms of the intelligent video / information security market, and promote public safety network projects such as disaster network and LTE-R	Intelligent video service 'GIGA eyes', information security solution, fire/environmental safety solution, next generation public safety networks, etc.
 Corporate & Public Value Enhancement Platform	Enhance customer value through KT's differentiated technology capabilities / know-how and collaboration with partners	Deliver differentiated customer value with systematization and specialized marketing etc.

Media Platform

Evolve into an intelligent media platform that provides distinguished services to customers



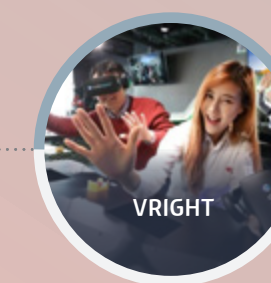
KT's media platform business provides customers with new media experiences by expanding its business to immersive contents such as VR / AR, mobile media, and artificial intelligence services based on South Korea's No.1 IPTV 'Olleh TV' and unrivaled number of subscribers. In order to overcome the limitations of the platform and improve its convenience, KT provides products optimized for customer inclinations using customer analysis algorithms based on Big Data solutions (intelligent curation, intelligent commerce, and targeted advertising).



Artificial intelligence TV GIGA Genie



Olleh TV Kids Land



VRIGHT

Based on various IoT technologies, KT has developed and is providing artificial intelligence TV GiGA Genie that combines Giga Internet service and AI. KT is expanding its service range to not only convenient services for living convenience such as schedule management, weather information, and traffic information but also easy payment, shopping, and education. In addition, GiGA Genie enables control of home IoT devices such as various electronic devices. As of the end of December 2018, the number of subscribers of KT's GiGA Genie became the number one service in the domestic artificial intelligent speaker market as the number of its subscribers exceeded 1.2 million.

Following its launching of 'TVSok', which combines IPTV and virtual reality technology in May of 2017, KT launched 'TV for learning while playing, Service Olleh TV', which is a premium kids content implemented by combining differentiated KT's technologies such as the world's first IPTV VR/AR in May 2018. In addition, launching 'GiGA Live TV' version 2.0, which is a personal immersive media service in April 2019, KT is striving to provide immersive contents and various services suitable for VR environments.

Following the official opening of downtown type VR theme park "VRIGHT", in which KT invested jointly with GS Retail, in March 2018, KT additionally opened Sinchon branch and Keondae branch number 2 and newly opened an MR Sports Experience Zone K-live X Jung-dong branch in September 2018. At VRIGHT, you can experience diverse VR contents such as Special Force VR, flight shooting attractions, and robot experience attractions. KT is accelerating the provision of immersive media service such as launching GiGA Live TV, a personal immersive media service based on a stand-alone VR terminals.

Smart Energy Platform

Energy market innovation based on world's first integrated energy management platform, KT-MEG



KT has been promoting smart energy platform business following the launching of the GiGA energy brand in 2017, and has grown the business to the scale of KRW200 billion by 2018 while creating remarkable business results in all areas of production (new and renewable energy), consumption (energy efficiency), and transaction (energy demand management, electric car charging, etc.) based on KT-MEG(Micro Energy Grid), which is the world's first complex energy integrated management platform. As of the end of 2018, energy big data from approximately 1.7 million sites nationwide, with an increase by 70% compared to the previous year, were collected and analyzed to provide prediction/analysis/management information for optimum integrated operation.



GiGA Energy Manager



GiGA Energy Gen



GiGA Energy DR



GiGA Energy Charge

This is a service that analyzes the big data of energy-intensive customers such as factories, buildings, and franchise business places through 'e-Brain', an artificial intelligence analysis engine of KT-MEG platform to find out factors for energy wastes and reduce the costs. In late December 2018, KT carried out pilot projects for three and eight directly managed shops of CJ Foodville and KFC Franchise, respectively, and achieved energy saving at rates exceeding the target reduction rate by 10%. The number of customers is rapidly increasing to reach about 950% compared to the previous year. In 2019, KT will expand customers in earnest targeting 250,000 franchise shops throughout the country.

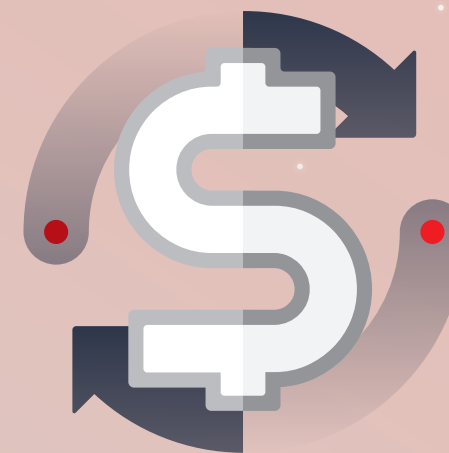
This is a service that provides integrated solutions ranging from the design and construction of new and renewable energy facilities to the operation control service in the field of new and renewable energy. KT is leading the domestic market of this service by establishing about 350 sites throughout the country through photovoltaic power, ESS (energy storage device), and local governments' convergence projects. In addition, KT launched GiGA energy Gen Photovoltaic O & M (Operation & Maintenance) service, a small/medium sized solar photovoltaic power station business, in July 2018 and is providing the service in earnest.

This is a service to analyze the energy consumption patterns of factories and buildings, identify the reduction factors, register the saved electricity with the Korea Power Exchange (KPX), and support the management of the implementation of the reduction, to receive the sales revenue. In 2018, KT specialists provided the best service for the reduction orders issued by KPX through real-time monitoring and leaped to TOP2 status among 25 DR companies in South Korea. In 2019, KT Will continue to expand resource capacity through the discovery of new customers and long-term contracts.

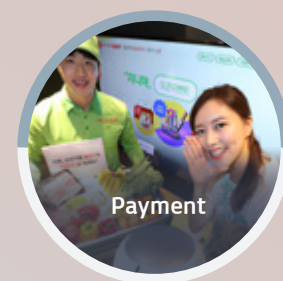
That is a business that constructs charging infrastructures for electric car users, public institution operators, and site owners, and provides optimal EV charging and operation management services based on KT Charging Mate, an electric car charging platform of KT. In 2018, KT continuously participated in the Ministry of Environment's slow charger supply projects to establish about 5,300 EV charging infrastructures and secured about 3,500 customers. As such, KT is enlarging the market.

Financial Transaction Platform

No. 1 in the finance-telecommunications convergence platform market based on KT group's network infrastructure and FinTech capabilities



Based on the KT Group's telecom infrastructures and FinTech capabilities, KT provides customized financial transaction platform services utilizing data analysis, artificial intelligence, block chains, biometric authentication technology, and the Internet of things. Actively utilizing its big data and AI technological prowess constructed thus far, KT provides its customers with payment, authentication, financial intermediation and financial intelligence services. Based on the customer base and platform competitiveness secured through the Fin-Tech 1.0 business, KT plans to leap to become the number one operator in the financial and telecommunications convergence platform market by 2020.



Payment



복잡한 인증
PASS로 빠르고 손
Authentication



CREDIT SCORE
Financial Intelligence



Financial Intermediation

The mobile phone micro payment is a representative payment service that enables customers to make payments for products on on/offline affiliated stores with mobile phones and adds the payment amount to the telecommunication fees when charged. KT is carrying forward this business as a 'telecommunication fee charging business operator' based on its license as a telecommunication company. In addition to the mobile phone micro payment business, KT also provides Google DCB business, a Google Store billing model. In July 2018, KT commercialized the world's first speaker-based AI voice easy payment 'Genie Pay' and won the FinTech & Payment Best Innovation Award in MWC Global Mobile Awards in 2019.

In the case of the 'mobile phone identification' which is a representative financial transaction authentication service, the scale of use increased every year since the launch of the service in 2013 so that the scale of mobile phone identification service of three telecommunication companies grew to reach KRW 50 billion by 2018. KT launched 'PASS', a joint authentication brand of three telecommunication companies in July 2017 and launched 'PASS', an integrated authentication application for three telecommunication companies in August 2018 thereby securing 5 million subscribers with the independent service platform that enables faster and easier identity verification with diverse means of verification.

In partnership with major credit rating agencies (NICE, KCB) in South Korea, KT has developed and is providing the world's first communication information based 'credit score' that combined financial transaction-centered credit rating information and wired/wireless payment receipt/non-payment information. Financial Intelligence is a business that provides the platform to domestic financial institutions and receives platform usage fees and enables financial institutions to additionally secure low-risk customers while enabling customers to receive additional financial benefits. Beyond the alliances with major domestic financial institutions, KT secured a global reference through the Mongolian credit rating information platform contract award.

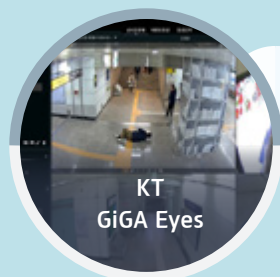
'CLIP,' an electronic wallet service that collects and provides customers' financial benefits such as points, coupons, memberships, etc., is KT's representative FinTech service. While enhancing customer convenience by providing cash receipts, etc., KT upgraded it to financial intermediation platform based on financial data such as credit cards, car insurance, and asset management to create a financial open platform business environment. In addition, KT strengthened its financial intermediation platform capability further by commercializing an open point platform so that customers' credit card company points can be collected and used for payments at affiliated stores.

Disaster, Safety & Security Platform

Lead changes in the paradigms of the intelligent video & information security market, and promote public safety network projects



With this intelligent analysis control platform unique to KT, KT is striving to provide intelligent video / information integrated security solutions and play a central role in establishing and operating the national disaster safety communication networks, thereby minimizing damage to people's lives and properties and ensuring daily safety. By providing a prediction and prevention centered integrated platforms, customers can secure everyday safety with minimal cost, and public and safety related agencies can quickly identify and respond to situations in emergencies through secure communication channels.



KT
GiGA Eyes

This is a GiGA Internet based distributed image analysis / storage platform service that has been provided since 2017. The images from IP cameras installed at customer's business place are stored and analyzed in the KT Intelligent Video Security Platform to provide high-definition monitoring images in real time. Customers can record/monitor in real-time in full-HD videos on the smartphone or PC anytime, anywhere. In case where an emergency situation such as an intrusion has occurred, alarm images are sent to the customer through intelligent image analysis so that the customer can immediately respond to the situation.



GiGA Secure
Security Control

This is a service provided to SMEs that cannot easily secure security, with which KT's information security specialists operate and manage security solutions such as the firewall and IPS (Intrusion Prevention System) of the customer on behalf of the customer for 24 hours per day, and 365 days per year. The customer can be provided with high level safety without constructing any separate security infrastructure at large expenses. In 2019, KT plans to further upgrade its security control system by significantly enhancing its Big Data collection / analysis performance and conducting correlation analysis.



National Disaster Safety
Communication
Network

KT was selected as a preferred bidder for the A & B area of the National Disaster Safety Communication Network in October 2018 and KT plans to play the role of a control tower for the entire project by 2020, when the project will be completed. The National Disaster Safety Communication Network was introduced after the 2003 Daegu Subway Fire Disaster and is a network system that integrated wireless communication networks of disaster related organizations such as the police, the fire station, the Ministry of National Defense, and local governments. In 2019, KT plans to build a disaster network to protect the safety of the public, together with small and medium-sized business partners and business operators for other areas.



Safe
Mate

KT operates 'Safe Mate Anit-Crime', which is a crime prevention service, and 'Safe Mate Anti-Fire', which is a large-scale fire prevention service, applied with state-of-the-art intelligent IoT technologies. Safe Mate is installed in women's restrooms in 10 stations including Seoul subway Gwanghwamun, Wangsimni, and Yeongdeungpo-gu Office Stations so that a scream is detected, the warning light at the entrance to the bathroom sounds, and the emergency situation is communicated to the relevant station employee's smartphone. In addition, through the 'Green Subway' project, KT is expanding the women's bathroom safety system at main stations of subway line 5.

Corporate & Public Value Enhancement Platform

Enhance customer value through KT's distinguished technology capabilities & know-how in the collaboration with partners

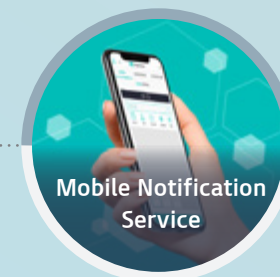


This is a business to not only improve the infrastructures of public institutions and companies, but also provide integrated consulting services for management innovation and new business development, etc. based on KT's differentiated technology capabilities and know-how. In 2018, KT focused on corporate/public customers' needs to uncover new business models thereby developing new business models such as artificial intelligence contact centers and mobile notification services and generated new orders worth KRW2.6 trillion. In 2019, KT is uncovering customized business models that meet customer needs through cooperation with partners who have solutions based on artificial intelligence and block chains.



Artificial Intelligence
Contact Center

KT's artificial intelligence solutions are applied to the works of contact centers to improve work efficiency and reduce costs. In order to quickly respond to the needs of diverse customers, when counselors receive phone calls, the conversation contents are changed into text and displayed on the monitor as text, so that there is no need to separately memorize or type the voice of the callers thereby reducing counseling time drastically. In addition, artificial intelligence improves counselors' work efficiency by making drafts of analysis of customers' counseling contents and registering the contents with the system.



Mobile Notification
Service

KT improves the reception ratios and reduces costs by providing a service that replaces bills or notices in the form of paper mails that have been sent by public institutions, local governments, and financial institutions with mobile-based electronic documents or MMS. In June 2018, KT was designated as an authorized electronic document relay company by the Ministry of Science, Technology and Information, and has been implementing mobile notification (public notification text) service for public institutions. KT's services enables receiving bills, notices, etc. from the public institutions by mobile devices without installing any separate app.



Smart
Factory

5G is becoming increasingly important and promising in the fields of corporate/public projects. KT has built smart factories in diverse industries such as the 'world first smart shipyard' of Hyundai Heavy Industries, the '5G live stream' of SBS, the '5G Smart Station' of SRT, and the 'smart factory using robots' of apparel maker apM ECommerce. In particular, in May 2019, KT signed a joint collaboration agreement with Hyundai Heavy Industries for cooperation in 5G-based robot and smart factory business, and is striving to expand its business fields into smart medical care and live broadcasting.

KT Value Enhancement

Through over 130 years, KT has been leading the telecommunication industry in Korea by providing innovative solutions to the challenges of the times in every corner of history. KT is now embarking on new challenges to maximize corporate, environmental, and social values through propelling corporate-wide sustainability management.

Sang-Chul Kim, A smart farmer with developmental handicaps,
KT Smart Farm at Namyangju, Korea

KT operates a smart farm for the handicapped in Namyangju, Gyeonggi Province, to enable challenged people to farm using ICT solutions. We continue to support more handicapped people to find jobs and become self-reliant in society.

- Innovating Future Core Technology
- Securing Customer-First Management
- Establishing Environmental Leadership
- Cultivating Innovative Talents
- Advancing Strategic Social Contribution
- Enhancing Value Chain Competitiveness

Innovating Future Core Technology

<https://www.digieco.co.kr>



KT's View

Future core technology is a basis for realizing the future of KT and a solution to complete GiGAtopia. With the advent of the fourth industrial revolution era, communication networks have been evolving into 'intelligent networks' where 5G, big data, artificial intelligence, and block chains are combined with each other. As a platform operator based on 5G intelligent networks, KT is opening the era of warm technology that considers human beings centering on 5G innovative platform services.

R&D Technology Innovation Vision and Strategic Goal

R&D Vision



GiGAtopia

Completion of GiGAtopia through the Best Technologies

R&D Goal

Present Business	Future Business	People's Business		
Securing No.1 technologies to change the market	Securing innovative technologies for future business	Securing creative technologies for people's benefit		
No. 1 KT	Single KT	Customer First		
Winning Strategy Strategist who creates differentiated market with forward thinking	Implement Now Activist who achieves best performance with cooperation and a tenacious spirit from the beginning	Next Leadership Cultivating tech-Innovator who takes customer experience as first priority		
Media VR/AR, Hologram Contents	Smart Energy KT-MEG, Energy Control	Financial Transaction Fintech, Robo-advisor	Disaster/Safety/Security Convergence Security, Disaster, Social Safety	Corporate/Public Building, Hotel Managed Solution
5G Intelligent Network based ICT Convergence				
IoT Data Collector		Cloud Data Storage		Big Data Data Analytics
Networking Power (GIGA/5G)		Security Data Guard		
Computing Power (AI)				
13 Companies The Number of Participating Companies to 5G Open Lab	150 Million People The Number of GiGA Genie Subscribers Exceeded 1.5 Million for the First Time in South Korea (As of March 2019)	1,800 Employees Number of Employees Who Participated in the 2018 R&D Road Show		

R&D Leadership

5G Innovative Platform

Media	Smart Energy	Financial Transaction	Disaster/Safety/Security	Corporate/Public
VR/AR, Hologram Contents	KT-MEG, Energy Control	Fintech, Robo-advisor	Convergence Security, Disaster, Social Safety	Building, Hotel Managed Solution

5G Infrastructure

5G Intelligent Network based ICT Convergence

Core Technology

Core Infrastructure

2018 Performance Evaluation

13 Companies The Number of Participating Companies to 5G Open Lab	150 Million People The Number of GiGA Genie Subscribers Exceeded 1.5 Million for the First Time in South Korea (As of March 2019)	1,800 Employees Number of Employees Who Participated in the 2018 R&D Road Show
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Advancing R&D Technology Innovation



Promotion of Technological Innovation

Management Strategy

KT's vision of R&D technology is 'Completion of GiGAtopia through the best technology'. In order to complete GiGAtopia, KT will advance the realization of the fourth industrial revolution by realizing the 5G infrastructure for the first time in the world while developing first-class innovative technologies to differentiate the experiences and services of customers based on 5G innovative platforms.

Strengthening Technological Innovation Strategies

KT is carrying out R&D innovation under the goal of converting its business into a 'platform operator' based on 5G Intelligent Networks by 2020. To this end, KT promoted technological innovation in 2018 to secure differential competitiveness in the field of next-generation technologies such as '5G', 'AI (artificial intelligence)' and 'Blockchain'. In 2019, KT is striving for R&D aiming at leading UX and securing differentiated technological competitiveness in diverse fields such as 5G, media, B2B, and platform.

Intensively Promoted R&D Activities In 2018

Goal

No. 1 R&D Strategy to Turn the 'Tables' with Differentiated UX

Strategy

Innovative Cost Saving	Premium Service	Shift the Market with Innovation and Future Technology
automation, intelligence, efficiency	differentiated speed and intelligence, new customer value provision	AI, block-chain, digital transformation, etc.

Improving Technological Innovation Process

Innovation and cooperation are essential, from the planning stage to the commercialization stage. KT has strengthened its technological innovation process by operating a fast and seamless feedback system to create a work environment that enables KT's unique 'differential innovation and cooperation'. Representatively, KT holds first-class technology commercialization meetings, periodic workshops, and occasional seminars, while making discussions regularly or occasionally by organizing consultative groups at each of the stages of planning, development, and commercialization. In particular, the R&D Laboratory discovered disruptive ideas and business models, and is making efforts to develop first-class innovative technologies, verify and secure first-class quality, and construct optimized resource systems.

Enhancing Competitiveness of Technological Innovation Organization

After establishing the 'Experience Design' team, which is a professional organization that differentiates technologies based on customer experience in 2015, KT has been continuously strengthening its capabilities in the field of technology commercialization. In order to strengthen its executive ability for commercialization, KT has been operating expanded 'Technology Commercialization Design TF', etc. from 2016.

Due to the rapid evolution of telecommunication technology, the capability to quickly connect technology innovation to commercialization is more important than ever before. In order to promote rapid commercialization, KT has established a step-by-step collaboration system between R&D, business divisions, and top decision-making bodies, and has developed research and development environments one step further to enable rapid decision-making based on the importance and urgency of technical issues.

In order to transform the existing organization, which was centered on fixed tasks and fields, into a flexible project-type organization, KT constantly removed barriers to collaboration and secured R&D synergy through collaboration between projects directed by officers.

Expansion of Technological Innovation Infrastructures

KT is expanding its investments in R&D infrastructure to strengthen its future core technologies. After establishing the 'AI Tech Center' to establish a process for business organizations and R&D organizations to rapidly develop AI services in 2017, KT established the '5G Open Lab' in September 2018 to implement a series of technological innovation projects to discover diverse 5G services jointly with external partners and promote commercialization. As a result, KT implemented 10 technical innovation projects with 13 companies in total for four months from September to December 2018.

Strengthening Technological Innovation Organizations and Infrastructures

AI Tech Center



5G Open Lab



Securing Future Core Technology



Management Strategy

As the 'intelligent network', in which 5G communication technology and ICT technology such as big data, artificial intelligence and block chain are combined, becomes the core of the 4th industrial revolution era, the importance of development and convergence of each core technology is increasing.

KT is conducting research and development in various fields in order to preemptively respond to global trends and secure new growth engines.

Artificial Intelligence Technology

the Number of GiGA Genie Subscribers Exceeded 1.5 Million for the First Time in South Korea



1.5 Million People

Artificial Intelligence Home Secretary 'GiGA Genie'



KT launched the world's first artificial intelligence TV 'GiGA Genie' in January 2017 and is leading the artificial intelligence service market such as achieving 1.5 million subscribers for the first time in South Korea in March 2019. Under the goal, 'No. 1 AI Core Technology, KT is expanding the AI terminal lineup by internalizing voice technologies and voice synthesis technology that are highly noise-tolerant into the GiGA Genie service and developing new AI Devices such as personalized dialogue recommendation function, multi-language, image recognition and analysis, and image creation and synthesis technologies. KT is enhancing services by applying Video AI with enhanced intelligence having world-highest level voice recognition and authentication technologies, and advanced speech technology, and is promoting the development of realistic image generation / expression technologies.

KT differentiates GiGA Genie based on AI core technology, extends services to diverse business areas such as hotels, commerce, advertising, and intelligent call center, innovatively improved GiGA Genie platform structure in order to expand cloud-based AI ecosystems, and makes effort to lead the market by improving our domestic artificial intelligence capabilities through the launch of differentiated education programs.

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 next generation Video Analytics service that can understand media through embedded type deep running image analysis technology.

Big Data Technology

Commencement of Construction of GEPP In Kenya in 2018



Big Data is the core technology of the 4th Industrial Revolution. KT's five major platforms and artificial intelligence services are also based on 'intelligent network' through Big Data. KT has expanded its activities to solve social problems and increase the value of data by applying the Big Data Analysis capabilities and data assets that have been built up through the Group's Chief Data Officer (CDO) system

Global Epidemic Prevention Platform	Public Big Data Cooperation (Seoul Metropolitan Government, National Police Agency)
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 December 2018, KT began the construction of this platform in Kenya for the first time among countries vulnerable in responses to infectious diseases and is gradually expanding the platform to Ghana and Malaysia.	Since it's the opening in March 2018, the 'Seoul City Living Population Analysis Data' prepared through a joint study with Seoul Metropolitan Government has been widely used as a basic data for the establishment of Seoul City policies. In addition, KT developed digital crime prevention service jointly with the National Police Agency in December 2018 and it is applied to crackdown activities of frontline police officers to take the lead in making safer environments.

Block Chain Technology

KT Block Chain



KT has secured differentiated technical skills through research into and development of block chain core technologies for several years and has been promoting commercialization in earnest from 2019 based on the technologies secured as such. KT is promoting 12 projects in BaaS and local currency platforms with the aim of becoming a block chain-based Biz Transformation and Digital Asset distribution business operator is leading the block chain commercialization such as winning seven B2B / B2G projects.

Launching of BaaS (Blockchain As A Service) Products	Local Currency Commercialization	B2B / B2G Project Winning
This is a service that can be used by companies who want to introduce commercialized block chains. It enables reducing the time required to construct a block chain development environment by 95% and reducing infrastructure development costs by 85%. BaaS will be applied across all industries including finance, real estate, and medical care.	KT has commercialized Good Pay, a local currency platform, and Kimpo-si's local currency 'GimpoPay', which is provided based on the foregoing, has reduced the merchant fee to ZERO and the issuing cost by 30%. KT plans to attract various policy allowances and tourism / energy coins from local governments.	Based on the differentiated technology of GiGA Chain, KT has been entering into major market areas by winning the MaaS project of the Ministry of Land, the e-mail mailbox construction business of the Korea Post, and the mhows / BC card settlement system construction project.

Strengthening R&D Networks And Capacities



Management Strategy

For KT to lead the fourth industrial revolution era through the acquisition of future core technology, the activities to share the newest R&D trends and operate partnerships with companies, research institutes and partners that have the highest R&D capabilities are very important. To this end, KT is expanding its R&D ecosystem through the operation of diverse R&D platforms and consultation channels.

R&D Platform Operation

5G Open Lab

<https://5gopenlab.com/>

5G Open Lab Operation

KT opened '5G Open Lab', a collaborative space aimed at developing 5G service together with suppliers in September 2018 and has been operating it. This space is divided into Infrastructure Zone, Media Zone, and Smart Zone and plays the role of developing and testing 5G infrastructure, realistic media, and entertainment services.

Eco Alliance	Supporting Commercialization of External Ideas	Partners Fair	Development of New Product Under the Condition of Purchase	Performance Sharing System
'Eco-SCM-Business Division' are connected to operate a virtuously cycling open-type technical consultative body	Programs that review external ideas and support commercialization	Mutual cooperation for essential communication of new technologies / ideas, etc. between KT and suppliers	When small or medium sized suppliers develop products needed by KT, KT pays the development costs together with the Small and Medium Business Administration and guarantees the purchase of the relevant products	Perform system improvement and technology development jointly with suppliers and share the results

AI Tech Center Operation

The 'AI Tech Center' is an open type artificial intelligence development platform built by KT based on its artificial intelligence development infrastructures such as supercomputer to lead the artificial intelligence market. This center plays the role of a hub that leads the intelligence of media, platforms, and networks in the AI ecosystem in which not only KT but also all its affiliates participate.

R&D Sharing and Competency Reinforcing

Operation of R&D Consultative Bodies

To secure future core technologies, KT operates a variety of R&D consultative bodies and collaborative channels such as first-class technology commercialization conferences, workshops, and seminars. These consultative bodies and collaborative channels are operated centering on breakthrough of technical limitations focused on creative solutions, reinforcing business capabilities reflecting customer experiences, and discovery of new businesses focused on ideation and rapid incubation.

The 'single consultative bodies', which are knowledge sharing activities, are acting throughout the company. The single consultative bodies contribute to finding the best answers by sharing technical and business directions at all stages from planning to commercialization and sharing opinions on commercialization and resolution of current issues.

R&D Road Show Holding

KT holds 'R&D Roadshow' once a year to introduce KT's major research achievements 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 '2018 R&D Roadshow' exhibited 69 innovative technologies in nine areas and over 1,800 employees participated in it.

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, block chains, 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 a sponsoring recruitment systems.

2018 R&D Road Show



Securing Customer-First Management

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



KT's View

Customers are KT's most important stakeholders while being the closest companions. As a representative national company that has been working with the history of communication of Korea, KT has transformed the lives of its customers dynamically through innovative services that pioneer the era. KT will continue to do its best to become the best service provider that will impress customers with new experiences by providing the best service in all meetings with customers hereafter too.

Customer Satisfaction Vision and Strategic Goal

Vision for Customer Satisfaction (CS)

World-class CS company through continual communication and trust between KT and its customers

Model of Customer Satisfaction (CS)

KT will continue to be a trustworthy company to its valued customers who have trusted and relied on KT over the years

Promoting Total CS in Customer-First Perspectives

Quality of Customer Experience	Turning to Customer First Mindset	Differentiated Customer Service
Quality First Starting from quality of detailed customer experience that satisfies hidden needs	Customer Needs Increasing simplicity and convenience and solving Pain Point for higher quality of onsite & customer experience	Competitive Performance Developing into the Global No. 1 & 1st and winning the quality competition

Management Activities

Customer-oriented Products	Customer-oriented Services	Customer Information Protection	Customer Value Creation
Customer-centered Rate, KT Product Verification Team	Customer-oriented Accessibility, Network Stability	Information Protection Measures, Information Protection Service	Brand Value Creation, Customer Engagement Campaigns

2018 Performance Evaluation

1st Ranked First in National Customer Satisfaction Index (NCSI) in the Wired Telephone Sector for 20 Consecutive Years	AAA (P) Result of Information Security Readiness Assessment by the Ministry of Science and Technology Ministry of Information and Communication	Winner German iF Design Award Winner (Brand Identity Sector)
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Strengthening Customer First Management



Management Strategy

KT is pursuing customer-first 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 Innovation

Customer Experience Quality Innovation Policy

Customer satisfaction begins with service innovation. Based on the corporate culture that gives priority to customers, KT has provided distinctive customized services to its customers to present more comfortable daily lives thereby providing larger values to customers. KT has strengthened its 'Customer Experience Quality Management (CEQM)' system to respond quickly to changes in customers and market environments, such as customer experience quality innovation, VOC innovation, process redesign to secure service competitiveness and is striving to create a consensus that 'KT is true number one in customer perception empathized by customers and employees'.



Customer Experience Quality Innovation Activity

KT has established customer service, networks, products, and channels as four core areas since 2014, subdivided customer experience into 2,000 segments to measure customer satisfaction and derived and improved tasks to improve customer satisfaction as company-wide efforts for customer experience-based quality innovation. With KT's efforts as such for complete differentiation of the quality of customer experience, the scope of customer experience improvement was expanded from individual customers to enterprise customers in 2015, and 'Customer Effort Scores' were newly introduced in 2017 in order to measure the efforts of customers involved in the process of using services. In particular, from 2019, KT has been striving to improve customer perceptions by effectively communicating the superiority of KT products and services to our customers, and to secure 'number one customer experience quality' in the fields of 5G, Media, and SMB-BIZ.

Customer Experience Quality Innovation Organization

To provide differentiated quality experience to customers, flexible and expeditious operation of company-wide organization operations is essential. To this end, KT has established an officer-centered company-wide collaboration system including group companies, to operate a 'Customer First Executive Committee' to quickly secure executive ability with the aim of achieving number one in customer perception and operate customer-oriented performance verification systems. KT is actively reflecting improvement requirements on management activities.

Fostering Customer Service Specialists

Companies that communicate with customers can co-exist with customers. In order to communicate with customers to understand customers' perspectives, KT strives to externally and internally change each employee at customer contact points such as customer centers, agencies, plazas, and opening/AS centers where actual meetings with customers occur. In order to transform and foster all employees at customer contact points as 'field experts who explain well', KT is implementing continuous and diverse activities such as holding 'KT Explanation King Competition', appointing consultants with the best skill as 'KT Master' and utilize as know-how teaching and education lecturers, and holding the 'Number One Consultant & Engineer Award of the Month' to reward excellent employees. Through such activities, KT strengthens the pride of employees at customer contact points and promote CS branding unique to KT.

<p>Number One Consultant & Engineer Award of The Month</p> <p>Overview To spread the field culture to cultivate the ability to create the performance of triple number one and self-esteem</p> <p>Reward Provide selection prize money</p>	<p>KT Master Selection</p> <p>Overview Continuously select and foster best field experts in the field of KT Group's customer contact point as role models of employees at contact points</p> <p>Reward Provide selection prize money and symbols</p>	<p>KT Explanation King Competition</p> <p>Overview Foster 'top-level field experts who explain well' to strengthen customer contact point competitiveness (once a month)</p> <p>Reward Provide prize money and overseas training to participating teams</p>
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Customer-First Products And Services



Management Strategy

The capability to deliver innovative products and services that can provide 'best customer experience' in rapidly changing communications environments is becoming the essence of competitiveness. By constantly innovating customer-centered products and services, KT meets the needs of diverse customers and helps customers enjoy benefits from communication in their daily lives.

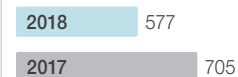
Customer-First Service

VOC Improvement Trend
(Unit: Daily average per million customers)

Complaint VOC: 13.6% Reduction



Risk VOC: 18.2% Reduction



Customer-First VOC Innovation

To always listen to the voice of customers, KT runs 'Voice of customers of the day', and the executives of the whole company share the "Voice of Customer" recorded in the call center every day. In addition, KT has established a VOC improvement process to spontaneously communicate with customer contact points to listen to the sounds of the field and discover and improve the problems, and based on this, in 2017, KT intensively improved risk VOCs that degrade customers' trust as activities to recover customers' trust.

Furthermore, in 2018, KT organized TFs and intensively managed them to improve VOC quality thereby completing VOC innovation from the viewpoint of customer-first. As a result of these efforts, complaint VOCs decreased by 13.6% and risk VOCs by 18.2% compared to the previous year. From 2019, in order to provide more reliable and homogeneous services to customers, KT introduced a 'Six Sigma' system to intensively improve quality VOCs with relatively poor service quality.

Artificial Intelligence-Based Customer Center Innovation

To promptly process customer opinions, KT operates an integrated call center with a capacity of 11,000 seats, which is the largest in South Korea. In 2018, KT introduced the AI innovation technology at the highest level in South Korea to significantly improve the convenience of GiGA Genie Our Home Customer Center. In addition, KT has loaded chatbot functions on the 'Visual ARS' and 'SMS Customer Center' to provide upgraded customized consulting services thereby effectively handling responses to KT product related inquiries and problem solving.

In particular, the convenience of using ARS was dramatically improve through the introduction of Call Assisted with Visible Operation (Call-Avo) ARS. In addition, a system that can certify customers' voices was introduced to innovative streamline the identity verification process and greatly improve customer satisfaction. In 2019, KT plans to expand the 'Consultation Assist', of which the effect has been proven through pilot tests, to all customer centers. It is expected that if the simple work processing time is shortened (shortened by 15 sec./ call) through the 'Consult Assist', customer responses will be carried out more quickly.

Advancement of AI Innovation Technology to the Highest Level in South Korea	Groundbreaking Shortening of Average ARS Stay Time through Call Avo ARS (60 seconds → less than 10 seconds)	Shortening of Self-authentication Calling Time through Voice Authentication by 15 sec.	Providing Integrated Consultation on Wired and Wireless Products for the First Time in South Korea (fostered 300 employees)	First Call Completion Rate (FCR) was Improved by 2% Compared to 2016
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Customer Counseling Service Innovation

As for the customer counseling service, KT made effort to dramatically improve the customer experience at the counseling stage by introducing the "new complete counseling system". Simple inquiries are handled firsthand by customer through the AI customer center, while in the case of complex and difficult inquiries/requests, the trend to demand solution through direct counseling is increasing. Reflecting this customer trend, KT provides responsible counseling so that not only the problem faced by the customer but also connected future problems can be completely solved.



KT Customer Service Center Taking Commemorative Photos for Celebration

KT Customer Center, Ranked NO. 1 In the Call Center Quality Index for Four Consecutive Years

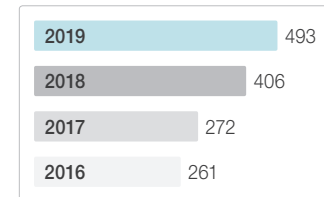
KT has been ranked No. 1 in both the wireless and wireless sectors for four consecutive year in the evaluation of the Korea Call Center Quality Index (KS-CQI), a prestigious customer center quality index sponsored by the Korea Standards Association in 2018 thereby being recognized for its efforts thus far. KT Customer Center has built an intelligent ARS that utilizes Big Data to reflect customers' usage patterns, thereby achieving groundbreaking outcomes of shortening customer waiting time to eliminate the inconvenience of customers having to listen to the ARS menu for a long time and to ensure fast connection for counseling.

Customer-First Products

Product Verification Team Welcome Day Event



Product Verification Team Size
(Unit: Persons)

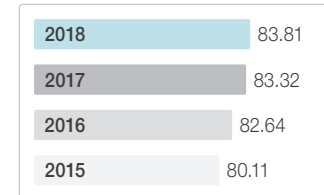


Unlimited 5G Data Service Plan



No. 1 In Customer Satisfaction

KT Integrated Customer Satisfaction
(Unit: Points)



Developing Customer Participation Products

KT operates the 'KT Product Verification Team', in which customers and field employees who carry out works involve facing customers firsthand participate in product development and verification. Since the launching of the first team in 2011, general customers such as housewives, office workers, and university students and field employees in charge of works to respond to customers such as customer counseling, agencies, opening, and A/S have been participating in the process of product development for nine years until 2019. In particular, from 2018, as activities to strengthen the quality competitiveness of existing products, the quality of customer experience at each stage of customer journey is diagnosed to promote improvement of overall on/offline communications with customers such as agencies, homepages, apps and SMS. In 2019, a total of 493 persons consisting of 297 in the customer verification teams and 196 in the field verification teams, are participating in the product verification team and activities for development and improvement of the products of KT, a company that communicates with customers, will be continued.

KT Product Verification Team Activity

Idea Discovery	New Product Verification	Existing Product Customer Experience Quality Diagnosis
Survey of Target Customers' Needs One-person household lifestyle, kids' product idea FGD etc.	Customer/field Quality Verification GiGA Genie, Lotte Super, GiGA Genie2, Kids remote controller, etc.	Detailed Diagnosis by Customer Journey GiGA WiFi Wave 2, media pack, kidsland, etc.

Customer-Centered Rate and Service Innovation

In May 2018, KT launched three types of LTE 'data ON' service plans (Basic / Special / Premium) that allow customers to select a service plan based on their data usage patterns. The 'Data ON' service plan basically provides voice and SMS and provides the benefit of unlimited data with differential speeds in the entire service plan sections so that customers can selected their service plans based on their data use patters such as music and videos. KT also provided the 'Roaming ON' benefits to all mobile customers so that they can enjoy voice calls overseas with no burden, and lowered the usage fee to KRW 1.98 per second, which is the same as the usage fee in South Korea so that the burden of customers who use voice roaming can be reduced dramatically. In addition, in April 2019, KT launched a total of four types of 5G service plans consisting of three types of the 'Super Plan' service plan and a '5G slim service plan in line with the time of commercialization of the world's first 5G service. In particular, in the case of the three Super Plans, not only completely unlimited data with no speed limit but also the benefit of unlimited overseas roaming data are provided so that users can use data freely without any discrimination between home and abroad.

KT has unceasingly made efforts to break through existing practices and limitations with the core value of 'customer first' and such efforts for customer satisfaction effort 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 national customer satisfaction index (NCSI) for the 20 consecutive years, and in the 2019 Stevie Awards, KT was awarded in four fields in four areas such as 'IVR / Web Services Solutions' in the 'sales and customer service programs.' 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 83.32 in 2017 to 83.81 in 2018.

(As of 2018)

 National Customer Satisfaction Index (NCSI) Ranked first in the wire telephone sector for 20 consecutive years, ranked first in the Internet phone sector for nine consecutive years, ranked first in the IPTV sector for two consecutive years, and ranked first in the superhigh speed Internet sector.	 Korea Quality Satisfaction Index (KS-QEI) Ranked first in the mobile phone sector for three consecutive years, ranked first in the superhigh speed Internet/ IPTV sector for two consecutive years	 Korea Service Quality Index (KS-SQI) Ranked first in the superhigh-speed Internet / IPTV sector for two consecutive years, ranked first in the IPTV sector for 10 consecutive years	 Korea Industrial Customer Satisfaction Index (KCSI) Ranked first in the superhigh-speed Internet / IPTV sector for three consecutive years, ranked first in the Internet phone sector for nine consecutive years, and ranked first in the home phone sector for 19 consecutive years
 Call Center Quality Index (KS-CQI) Ranked first in the in the wire customer center satisfaction sector for five consecutive years, and ranked first in the in the wireless customer center satisfaction sector for four consecutive years	 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 three consecutive years	 Satisfaction with sales service (KSSI) Ranked first in the communication service specialized store sector for four consecutive years	 Stevie Awards Awarded in the Sales & Customer Service IVR / Web Services, etc. sector for three consecutive years

Customer Information Protection

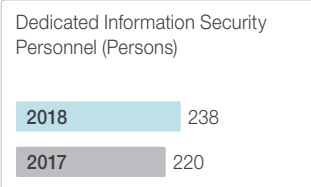
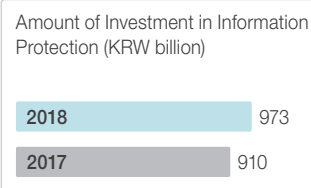


Strengthen Customer Information Protection Infrastructure

Information Security Readiness Assessment by Ministry of Science and Technology Ministry of Information and Communication



Investments in Customer Information Protection Infrastructures



Management Strategy

Since security threats related to personal information are increasing day by day with the development of information and communications, KT considers protecting customer information as a top priority. In order to preemptively and structurally respond to increasingly intelligent security threats, KT is making its best 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 Management 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 KRW 97.3 billion and employees dedicated to information protection were 238 in number, accounting for 1% of the total employees.

Privacy Impact Assessment

Pre-analysis	Analysis of Information Management Status	Summary of Impact Assessment Results	Implementation Check
<ul style="list-style-type: none"> Review the need for impact assessment Establish an impact assessment plan 	<ul style="list-style-type: none"> Personal information flow analysis Analysis of factors for personal information infringement Risk assessment and improvement plan derivation 	<ul style="list-style-type: none"> Establish improvement plan Write an impact assessment report 	<ul style="list-style-type: none"> Check implemented matters

Strengthen Customer Information Protection Measures

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 of time 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.

Area of Information Protection Measures	Information Protection Measure Activity	Unit	2016	2017	2018	Remark
Personal Information Protection Education	Number of employees who completed mandatory personal information protection education (first half)	Person	23,295	22,981	23,160	Conduct one session of compulsory education for all employees every half year (excluding those on leave or dispatch, those to be transferred, and drivers for executives)
	Number of employees who completed mandatory personal information protection education (second half)	Person	22,825	23,170	23,180	
	Ratio of employees who completed mandatory personal information protection education	%	100	100	100	
Check Personal Information Protective Measures	Number of service checks	Case	186	316	274	Perform security check of customer information processing systems at least once a year
	Ratio of services checked to the entire services	%	100	100	100	
	Number of matters that require security improvements found	Case	230	280	133	
	Ratios of measures taken to mitigate matters that require security improvements	%	100	100	100	
	Number of short-term mitigation measures taken	Case	199	242	122	
Distribution Network Customer Information Protection	Number of completely checked agencies	Place	3,904	3,037	3,607	Perform security checks of all distribution network channels at least once per quarter (agency: wired/wireless/corporate customer agency, other customer information handling stores: suppliers in charge of opening, A/S, customer center)
	Ratio of completely checked agencies	%	100	100	100	
	Number of completely checked other stores that handle customer information	Place	667	477	520	
	Ratio of completely checked other stores that handle other customer information	%	100	100	100	

Customer Information Protection Culture and Service

Personal Information Policy Poster



Customer Information Protection Culture

All employees of KT, group companies, and suppliers voluntarily participate in information protection activities to predict and prevent in advance, the security threats that are becoming increasingly sophisticated and intelligent. All employees take the oath for personal information protection every year and diverse personal information protection education course are implemented. In addition, information security posters, PC wallpapers, etc. are used to share security action practice methods, and internal security reporting centers and clean offices are operated.

Customer Information Protection Service

KT is committed to protecting customers from smishing damage through the provision of a variety of information protection services and to preventing the leakage of information that may be caused by the loss of smartphones. KT operates Olleh smishing blocking app that induces the deletion of malware apps and apps that could potentially cause malicious code actions, an information protection alert that notifies a variety of cyber risk information, and a personal information use detail inquiry service and separately operates a channel dedicated to information protection to quickly respond to inquiries related to personal information.

Major Customer Information Protection Service

Who-who Spam Notification Service	KT provides a free additional service that searches for more than 22 million data and display shared information such as spam / security on the receiving screen when a call is received.	https://product.kt.com/wDic/index.do?CateCode=6003
Information Protection Notifier	Prevents damage in advance by sending various cyber risk information such as information security issues and accidents to users. Inquiry of the Details of Use of Personal Information.	https://product.kt.com/wDic/productDetail.do?ItemCode=485
Inquiry of the Details of Use of Personal Information	It is possible to inquire the use of personal information made without the consent of the user or the use of the personal information without the consent of the user, so that the use of personal information can be checked, and the abuse can be prevented.	https://inside.kt.com/html/privacy/privacy19.html

Use of Customer Information

Ratio of Checks Whether Information is Collected for Secondary Purposes



Customer Infringement Status in 2018



Pursuant to customer information related laws and regulations, KT notifies all subscribers of personal information items, 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 pursuant 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.

Government's Request for Customer Information

Category	Description	Unit	Telecommunication data**	Data confirming the fact of telecommunication***
Government Request	Number of cases of government agencies' requests for customer information treated*	Case	299,966	91,099
Checking Provided	Number of cases where whether customer information was provided to government agencies can be checked	Case	299,966	91,099
	Ratio of cases where whether customer information was provided to government agencies can be checked	%	100	100

* The number of documents requested by government agencies, which were provided as of 2018
** Telecommunication data: under the Telecommunications Business Act, information investigation agencies may request subject to permission by a prosecutor, grade 4 or higher civil servant, or police superintendent, etc. (subscriber information such as phone number, ID)
*** Data confirming the fact of telecommunication: under the Telecommunications Business Act, the investigating agency may request subject to permission by the court (fact of communication, log record, IP address, etc.)

Information Collection for Secondary Purpose

Category	Description	Unit	2016	2017	2018
Current Status of Customers	Ratio of customers who selected the 'opt-in*' option	%	100	100	100
	Ratio of customers whose personal information was used for secondary purposes	%	0	0	0
Current Status of Checks	Number of organizations that check whether information is collected for secondary purposes	Number	4,571	3,514	4,127
	Ratio of checks whether information is collected for secondary purposes	%	100	100	100

* A method not to permit personal information processing without prior consent. All personal information collected for KT services is processed in 'opt-in' method

Providing Reliable Communication Service



Management Strategy

Recently, 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.

Strengthening Network Security

State-Of-The-Art Network Monitoring System

KT, which operates South Korean national communications network, is responsible for providing reliable communication services through prompt responses and recovery in the event of occurrence of natural disasters such as typhoons, heavy rains, earthquakes, and other social disasters. To this end, 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. In 2018, a second control center was established in Daejeon, strengthening the control function in Chungcheong and Daegu areas. This enables KT to integrate distributed regional control functions of Chungnam, Honam, Daegu, and Pusan areas to strengthen the executive ability of the network surveillance system. In 2019, KT plans to standardize the cable tunnel control system and build a control system to minimize faults that may occur in cable tunnels.

Artificial Intelligence-Based Failure Prediction

KT's efforts to provide reliable communication services to its customers repeat innovation. By establishing a failure prediction system based on artificial intelligence technology in 2018, KT achieved the result of shortening recognition time in the event of a failure. In 2019, KT plans to extend the A.I failure prediction system to the fields of IP networks and 5G networks as well as the field of call service.

Strengthening Emergency Recovery Training

As extreme weather events and traffic surges has occurred frequently recently, the ability of carriers to provide reliable communication services under any circumstances is becoming more 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 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 service quality.

Failure Prevention Activities	Service Quality Improvement Activities
<ul style="list-style-type: none"> Pre-checks of communication networks and action in preparation for natural disaster such as typhoon Prompt recognition of failure and actions through improvement of control systems Prevention of recurrences through education on cause of failure / preventive measures (once a month) Automation of inspection of IP equipment (daily automatic check) 	<ul style="list-style-type: none"> Improve the quality felt by wireless subscribers (apartment, office, subway, etc.) Replacement of low-speed lines and obsolescence transmission equipment Provide quality Before Service to wireless customers GiGA Internet Quality Control

Network Failure Indicator Management

KT is striving to improve network stability by preemptively managing network failure indicators based on international standards. In 2018, the average frequency of network failures in KT was 0.015 cases which showed much higher stability compared to the average frequency of network failure in general telecommunications industry systems at 1.10 cases. The average failure duration is 1.35 hours, which is lower than the average system failure duration of 1.5 hours.

Number of Cases of Network Failures

(Unit: Case)

Type	2016	2017	2018	Reporting standard*	
Traffic	wire	0	0	0	When the electronic exchanger's traffic in a city, districts exceeds 2.5 times
	wireless	0	0	0	When the electronic exchanger's traffic in a city, district exceeds 5 times compared to the normal one
Service	wire	0	0	0	When the service of more than 5,000 subscribers is interrupted
	wireless	0	0	0	More than 0.5% of customers discontinue their service
Subscribers	leased line	0	0	0	When emergency rescue services (112,119) disrupted
Facility (equipment)	Major telecommunication facilities	0	0	0	When major facilities in crucial telecommunication plants (exchangers, HLR, etc) disorder
	Base station	0	0	0	Over 20 base stations' disorder at the same time due to the same cause
	Submarine Telecommunication cable	0	0	0	When domestic and international submarine cables are disrupted
	Telecommunication cable	0	0	1	Cutting lead-in cables (144C) in significant communications stations

* Reporting standard about communications disorder to the Ministry of Science and ICT

Creating Brand Value



Management Strategy

Beyond the limitation as a telecommunication company, as the number one innovative technology company, KT has been introducing new and innovative marketing communication activities every year thereby drawing the attention and empathy of customers. KT is pursuing 'Integrated Marketing Communication', which comprehensively utilizes customer contact point channels to create meaningful messages for customers and to expand and reproduce them.

KT Brand Slogan

KT expresses the KT brand identity to pursue an 'Innovative Technology Company that acts for the people and customers' through the group / corporate brand slogan 'People. Technology' and consistently applies the identity to the management activities, corporate culture, product and service development, and customer communication. Through this integrated marketing strategy, KT is breaking from its image as a 'traditional communication company' so that customers perceive KT brand image as innovative technology company centering on future growth businesses such as '5G' and 'AI'.

Innovative Brand Campaign

'Hi Five KT 5G' Campaign Disaster Safety Net Advertising



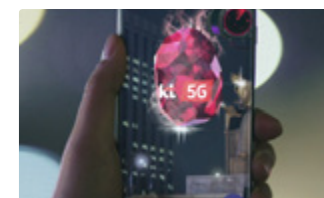
'Your Supernatural Power KT 5G' Campaign



'ON Restaurant'



5G Experience Promotion 'Catch Heroes'



KT 5G Experience Hall at Kwanghwamun Square



Leading the 5G Era with Realistic Campaigns

In 2018, while implementing a new 5G campaign, 'Hi Five KT 5G', KT expressed the confidence and authenticity of KT 5G technology that could be experienced right now not in a far future through the view of customers experiencing KT 5G throughout the country Republic of Korea following Pyeongchang. In addition, KT promoted omnidirectional integrated marketing that reinforced customer communication and experience, such as digital video production, MCN channel expansion, customer experience type promotion, and design goods / character communication enhancement. As a result, KT was selected as a company that comes across first when the word 5G is heard in 2019 following 2018 thereby maintaining overwhelming number one in 5G TOM to become a leader of 5G in South Korea.

In 2019, when 5G was commercialized, KT began the campaign 'Your Supernatural Power KT 5G' in line with the opening of the 5G era. As customers became to be able to firsthand see, feel, and experience 5G service thanks to the release of 5G smartphones, the wonderful benefits and changes in life through KT 5G services were expressed as 'your supernatural power that enables anything wanted'.

5G Service Customer Participation Campaign

KT carried out diverse customer experience programs so that customers could empathize with changes in lives and benefits through the innovative technologies and services of KT. In 2018, KT carried out differentiated experience type promotions so that customers can familiarly experience the technology and service of KT such as launching 'KT 5G Ramen' to make the 'world first 5G Olympics' into an issue and opening the 'ON restaurant' that provides foods of diverse countries without limit in order to promote the launching of the 'Data roaming ON' service plan to draw great positive responses and participation.

In addition, KT carried out seasonal experience programs for diverse customer groups such as 'Kids Land Character Athletic Meeting', 'Y Street Festival', 'Ground Forces Festival', 'Jara Island Festival', and 'Russia World Cup Street Cheering Competition' to enhance the recognition of KT brand and lead the popularization of innovative technologies along with service PR. In 2019, KT is continuing diverse customer participation events, such as opening a super large 5G experience hall at Kwanghwamun Square where diverse KT 5G technologies can be experienced and implementing participating AR app 'Catch Heroes' for experience of KT's nationwide 5G coverage.

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.

Major Brand Awards Records

Advertisement <ul style="list-style-type: none"> The 16th Seoul Video Advertising Festival Silver Award (KT 5G Disaster Safety Network part) 	Design <ul style="list-style-type: none"> The seventh It-Award grand prize (Brand Identity sector) Germany iF Design Award Winner prize (Brand Identity Division)
Digital <ul style="list-style-type: none"> 2018 &AWARD advertising festival Gold Prize (KT membership part) 	BM Link <ul style="list-style-type: none"> 2018 South Korea Brand Hall of Fame (Giga Internet / GiGA Genie / Olleh tv).

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

Establishing Environmental Leadership



KT's View

The environmental issues faced by the world today such as climate change, energy shortages, and resource exhaustion are emerging as new challenges and business opportunities for companies. KT intends to become a Convergence Builder that will suppress global climate change through eco-friendly ICT convergence services while enhancing the environmental efficiency of all processes of business activities by concentrating ICT capabilities under the eco-friendly management strategy termed "Carbon Impact 2030".

Environmental Management Vision and Strategic Goal

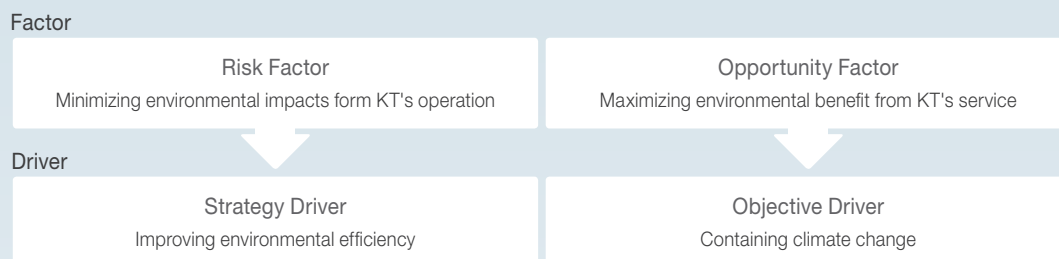
Environment Management Vision

CARBON IMPACT 2030

"Carbon-free Company"

KT pursues to minimize environmental impacts from its operation, while maximizing environmental benefits from its services. Through development and provision of an innovative environmentfriendly ICT service, KT will accomplish Carbon-free Company by 2030

Environment Management Strategy



Five Environmental Agendas

Climate Change Response	Energy Efficiency	Resource Efficiency	Environment-friendly SCM	Environmental ICT Services
<ul style="list-style-type: none"> Carbon neutral management Carbon footprint / offsets management Education for environment performance and monitoring Response to environmental regulation and evaluation 	<ul style="list-style-type: none"> Energy efficiency management Discover the item for energy reduction Efficiencymanagement for data centers Expanding renewable energy 	<ul style="list-style-type: none"> Reinforcement of waste management Discovery and adoption of waste reducing items Reduction of water usage Discovery and adoption of water reducing items 	<ul style="list-style-type: none"> Operation of an environmental management system reinforcement of an environmental performance management Evaluation, audits and follow- up measures Execution of an environmental education Expansion of procurement for environment-friendly products 	<ul style="list-style-type: none"> Smart energy Smart business Smart transport Smart industry Smart agriculture

2018 Performance Evaluation

<p>2 Years</p> <p>Incorporated into CDP 'Hall of Fame' in 2018 for 2 Consecutive Years</p>	<p>402 %</p> <p>Photovoltaic Power Generation in 2018 Compared to the Previous Year</p>	<p>11.0 %</p> <p>Waste Production in 2018 Compared to the Previous Year</p>
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Strengthening Environmental Management System



Environmental Management System

KT Environmental Management Policy

https://corp.kt.com/data/eng/sustain/KT_Environmental_Management_Policy.pdf

Management Strategy

KT strives to maximize environmental benefits through KT's eco-friendly services while minimizing the environmental impact of KT operations with the goal of 'CARBON IMPACT 2030' environmental management vision. Through innovative technologies, KT seeks to create a sustainable human base by realizing coexistence of nature and human, environmental protection and economic development.

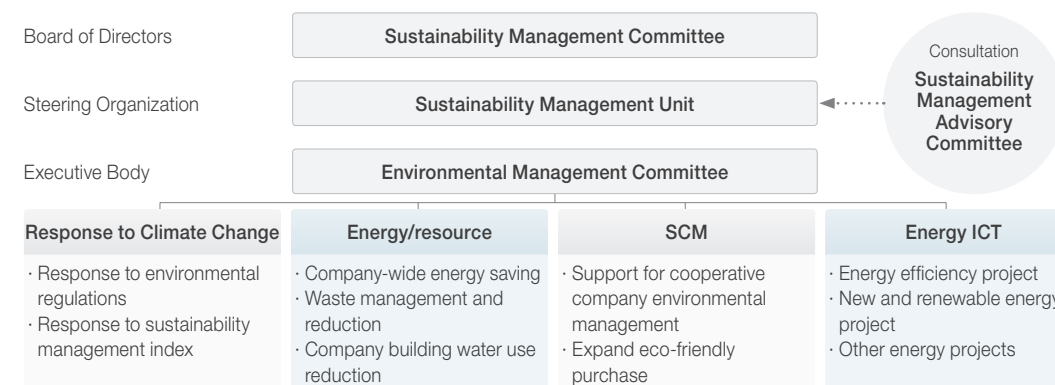
Environmental Management Policy

KT established and announced the KT Environmental Management Policy in 2017 to fulfill its environmental responsibilities and foster eco-friendly ICT as a new growth engine of the company. Through this policy, KT is striving to establish five environmental management agendas and manage them effectively to minimize the negative environmental impacts that may occur throughout the company's operations and value chain and to maximize the positive environmental impacts that can be made through KT business.

Environmental Management Organization

Since the establishment of the 'Sustainability Management Committee' in the board in April 2016, KT has been systematically promoting strategic and substantial environmental management and has been operating the Environmental Management Committee under the 'Sustainability Management Committee in an effort to improve company-wide executive ability. In addition, to effectively implement the Carbon Impact 2030 strategy, in April 2017, the Environmental Management Committee was reorganized into four subcommittees: climate change response, energy and resource efficiency, eco-friendly SCM, and energy ICT services. The Environmental Management Committee meeting is held regularly throughout the year and subcommittee meetings are held frequently to discuss eco-friendly management related important issues from a company-wide perspective and to establish implementation strategies.

Environmental Management Organization



Incorporated into CDP 'Hall of Fame' Transferred for Two Consecutive Years in 2018



Leading Environmental Management

KT has been incorporated into the 'Carbon Management Honors Club' for six consecutive years in the Carbon Disclosure Project (CDP), which assesses the environmental management level of companies in 2018, and was selective for the 'Hall of Fame' for two consecutive years for the first time in South Korea. The Hall of Fame is the highest honor that is awarded only those companies that have been selected into top five companies for five consecutive years. CDP is a global indicator for assessing the level of climate change response of major listed companies around the world. In the 2018 evaluation, KT received the highest grade, Leadership A because it acquired high scores evenly in all areas such as climate change response strategies, greenhouse gas reduction efforts, greenhouse gas management, and eco-friendly new business promotion.



KT Air Map Korea

KT Launched Big Data-Based Fine Dust App for the First Time in Korea

KT operates an IoT-based real-time air quality measurement and micro dust big data platform so that everybody can identify accurate dust information in real time and prevent damage. In particular, in February 2019, KT launched 'Air Map Korea', a customized fine dust information application using Big Data Analysis and Internet of Things solution for the first time in South Korea. 'Air Map Korea' provides information updated every 10 minutes based on the fine dust big data built by KT through over 2,000 self-monitoring networks built over the past two years, and by the second half of this year, a total of 7,500 mobile observation sensors will be added to deliver more accurate information with a total of 10,000 networks secured as such.

Environmental Impact and Efficiency



Management Strategy

Based on active climate change response strategies, KT is strengthening its energy efficiency capabilities through ICT technological innovation and promoting diverse energy saving projects, thereby being reborn as an ICT company that leads future ages. In addition, KT have established a management and measurement system that can improve resource efficiency for resource conservation and cost reduction.

Response to Climate Change

Long-term GHG Reduction Target

Reduction by 35% compared to the 2007 GHG emissions by 2030



Establishment of KT GHG Monitoring System



Enhancing Energy Efficiency

Carbon Management Target and Strategies

In order to achieve the 'Carbon Impact 2030' strategy and contribute to the realization of the national greenhouse gas reduction goal, 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. This is to initiatively cooperate for with the 37% reduction compared to BAU (Business As Usual) by 2030, which is the national greenhouse gas reduction target set at the Paris Climate Change Conference (COP21) in December 2015, and contribute to the suppression of earth temperature rise to 2°C. In order to advance the achievement of mid- to long-term greenhouse gas reduction targets, KT discovered yearly tasks by organization centering on the Environmental Management Committee, established reduction targets, and established roles and responsibilities (R & R) of departments for energy savings to implement reducing activities.

Leading Carbon Management

In order to systematically manage company-wide greenhouse gas emissions, KT built a greenhouse gas inventory system for the first time in the domestic telecom industry in 2010. From 2013, KT dramatically expanded its management range to other indirect greenhouse gas emissions (Scope III) thereby becoming a global number one eco-friendly company. In particular, KT secures the reliability of the data by having the emission calculation methodology and emissions for the entire Scope 1, 2 and 3 verified by the verification bodies certified by the government every year. In 2018, KT built a real-time greenhouse gas emission monitoring system its office buildings across the country to identify energy waste elements and discover energy saving items as well as monitoring current status of achievement of GHG reduction targets utilizing the forgoing.

Enhancing Energy Efficiency

With the rapid increase in traffic due to the increases in various smart devices and the IoT devices that will explosively increase in the upcoming 5G era, the energy consumed by telecommunication equipment is also expected to increase. KT strives to enhance energy efficiency by applying various eco-friendly cutting-edge technologies such as enhancing network energy efficiency, introducing business electric vehicles, and green IDC construction. In addition, KT is implementing energy efficiency measures such as optimizing network operation, introducing outdoor air, and replacing high-efficiency equipment to reduce network energy.

Energy Usage

Category	Unit	2015	2016	2017	2018
Total energy usage	MWh	2,472,342	2,441,382	2,498,960	2,477,078
Degree of energy intensity in comparison with sales amount	MWh/KRW 100 million	11.096	10.734	10.685	10.559
Total renewable energy purchase and production	MWh	624	580	2,060	8,283
Total energy cost	KRW 100 million	3,123.55	3,081.90	3,071.39	3,048.37

Expansion of New and Renewable Energy

In addition, after 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 2018, KT expanded the solar power generation facilities massively to produce 8,283 MWh of electricity, which is about four times that of 2017.

KT Solar Power Plant



KT Solar Power Generation Performance

Power generation amount (Unit: MWh)	Power generation scale (Unit: kW)
2018: 8,283.0	2018: 7,350.6
2017: 2,059.8	2017: 6,043.8
2016: 597.1	2016: 1,076.0

Greenhouse Gas Reduction

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

KT estimates greenhouse gas emissions every year and reports to the government to faithfully fulfill its obligation to manage greenhouse gas emissions (Scope 1 & 2) under the Framework Act on Low Carbon Green Growth. The scope of the report includes all the facilities in KT's management control, including buildings scattered across the country, and all communication facilities such as forward-deployed business places, base stations, and repeaters. Scope 1 emissions are generated by the heating energy of KT office building, business vehicle operation, etc. and scope 2 emissions are caused by the company-wide use of electricity for wired / wireless network equipment, IDC, and so on. KT greenhouse gas emissions (Scope 1 & 2) were 1,106,330 tCO₂eq, in 2018 and are decreasing every year.

Direct / Indirect Greenhouse Gas Emissions (Scope 1 & 2)

Category	Unit	2015	2016	2017	2018
Direct greenhouse gas emissions (Scope I)	tCO ₂ eq	41,355	41,368	41,373	38,482
Indirect greenhouse gas emissions (Scope II)	tCO ₂ eq	1,054,698	1,043,152	1,069,714	1,067,851
Total	tCO₂eq	1,096,053	1,084,520	1,111,087	1,106,333
Greenhouse gas intensity in comparison with sales	tCO ₂ eq/KRW 100 million	4.919	4.768	4.751	4.716

Other Indirect Greenhouse Gas Emissions (Scope 3)

Other Indirect Greenhouse Gases (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 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 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: tCO₂eq)

Field	2015	2016	2017	2018	
Supply chain stage	32,499	19,803	14,679	15,795	
Use stage	482,073	291,784	327,961	360,089	
Other scope 3	Water use	918	785	698	642
	Waste disposal	2,831	3,900	3,985	3,862
	Employee business trip	5,000	4,070	5,569	6,165
	Employee commuting	23,692	23,798	21,859	21,300
Total	Subtotal	344,140	374,752	407,853	

Social Greenhouse Gas Emissions

KT strives to go one step further from the reduction of internal greenhouse gas emissions to contribute to the reduction of national greenhouse gas emissions through eco-friendly services through innovative ICT technology. The amount of social greenhouse gas reduction occurred in a year of 2018 through KT's eco-friendly services such as energy efficiency projects is 222,190 tCO₂eq.

KT pursues both environmental and economic benefits through the maximization of resource use and recycling. As a result, in 2018, waste emissions decreased by 11.0% compared to 2017. Furthermore, KT is making efforts to reduce water usage through the use of automatic watering bidets in office buildings, water-saving devices, and recycling of effluents. In 2018, KT's water use amounted to 1,934,087 tons, with a decrease by 8% compared to 2017.

Waste Discharge and Water Consumption

Category	Unit	2015	2016	2017	2018
Total waste generated	ton	38,476	26,688	25,701	23,186
Living waste	ton	7,667	7,466	6,548	6,280
Communication waste	ton	12,335	14,303	13,647	12,025
Construction waste	ton	18,475	4,919	5,506	4,881
Total waste recycled	ton	33,594	21,926	21,122	19,109
Total waste disposals	ton	4,883	4,762	4,578	4,077
Waste recycling rate	%	87.3%	82.2%	82.2%	82.4%
Total water consumption	1,000 ton	2,766	2,364	2,103	1,934

Strengthening Resource Efficiency

Reduction in Waste Disposals in 2018 Compared to the Previous Year



Reduction in Water Consumption in 2018 Compared to the Previous Year



Cultivating Innovative Talents

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



KT's View

Employees are our eternal companions who will realize the company's vision and goals together. Through systematic human resource development, KT helps employees to grow into global talents while operating diverse welfare systems so that employees can maintain balance between work and life. Through the foregoing, KT strives to create Great Workplaces that enhance its corporate value and contribute to the improvement of the 'quality of life' of mankind.

Talent Cultivation Vision and Strategic Goal

Ideal Employee of KT

KT People who stick to basics and rules and constantly communicate and challenge with grit to realize customer value!

Icon	People who continuously challenge the status quo	People who communicate without walls	People who respect customers	People who stick to basics and rules
	<ul style="list-style-type: none"> Don't yield to hardship and misfortune but continue to challenge the goal and make it to the top level. Lead change and innovation and implement differentiated services. 	<ul style="list-style-type: none"> Actively communicate with colleagues and continuously try to grow and develop. Mutually cooperate and create synergy for the success of KT. 	<ul style="list-style-type: none"> Think customer interest and satisfaction first in every job. Respect customers and keep a promise to them. 	<ul style="list-style-type: none"> Take pride and think that you are the owner of the company in doing your job. Act in accordance with ethical judgment and take responsibility for results.

Human Resource Development Activities

Recruitment of Excellent Talents	Reinforcement of Innovation Capability	Fair Evaluation and Compensation	Pursuing Happiness for Employees
<ul style="list-style-type: none"> Implementing fair recruitments Securing human diversity 	<ul style="list-style-type: none"> Strengthening innovative talent capacity Maximize talent capacity through evaluation and compensation 	<ul style="list-style-type: none"> Strengthening fairness of evaluation and compensation system Securing transparent promotion system 	<ul style="list-style-type: none"> Expanding benefits system Providing health support Reducing childcare burden Building trust in labor relation

2018 Performance Evaluation

39.5% Ratio of Female Employees in New Employments	83.4 Hours Average Training Time Per Employee	85.0 Points Employee Satisfaction Survey Results
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Securing Excellent Talents



Management Strategy

KT established a concept of talents, 'KT employee who is faithful to the basic and principles, constantly communicates and challenges to realize customer value', and is actively recruiting talents appropriate for the concept. In addition, KT provides education in accordance with the talent development program, to building a competence-oriented organizational culture in which employees can maximally exert their capabilities.

Expansion of Recruitment of Excellent Talents

Ideal Employee of KT

KT has a firm belief that fostering human resources is directly linked to the competitiveness of the company, and actively searches for and recruits excellent talents who are appropriate for the concept of talents through fair and transparent talent securing procedures. Based on its fair personnel system, KT assigns the employed talents to duties and closely evaluates their performance. In addition, KT provides education in accordance with its talent development program to build an organizational culture that enables employees to exert their full potential by themselves.

Talent Recruiting Program

In order to discover capable talents who will lead the fourth industrial revolution era, KT has established fair and transparent procedures, and selects talents centering on job competency. In 2018, KT newly employed 570 people, which is 14% more compared to 2017, in line with government's youth job creation policies. In addition, KT conducts 'blind interviews' in order to increase the fairness and transparency of recruitment. During the interviews, all personal information items are blind processed to select talents centering on competency.

In addition, KT continues to implement 'KT Star Audition', a differentiated open recruitment system. The KT Star Audition, which was introduced for the first time in 2014, is an open recruitment screening of KT in which all specifications are excluded and candidates can freely express job-related expertise and experience for 5 minutes. Applicants selected in the relevant screening are given the benefit of exemption from document screening when they apply for regular open recruitment. After being exempted from document screening, they are employed after undergoing personality test, aptitude test, and interview screening identically to other applicants for open recruitments of new employees. They are showing excellent performance in the process of carrying out actual works after entering the company.

Number of Persons Newly Employed by KT in 2018



KT Star Audition Poster



Ratio of Female Managers in 2018



Competency-centered Talent	Local Talents	Global Talent	Early Recruitment of Talent
Through the KT Star Audition, a blind recruitment method, experiences and aspirations associated with the job are fairly evaluated excluding specifications.	KT introduced a regional quota system to find excellent talents in the region and employ more than 20% of new employees from local talents.	KT continuously employ excellent talents through global recruiting every year.	KT introduced employment conversion type interns to recruit talented persons who have proven their working abilities first.

Current Status of Employees

(As of December 31, 2018, Unit: Persons)

Category	Total	Male	Female	Female Ratio	
Total Number of Persons	23,764	19,634	4,130	17.38%	
By Manager	Low level manager	13,041	10,418	2,623	20.11%
	Middle level manager	9,042	8,058	984	10.88%
	High level manager	334	306	28	8.38%
	Sub total	22,417	18,782	3,635	16.22%
By Department	Business department	4,265	3,337	928	21.76%
	Field work department	18,037	15,308	2,729	15.13%
	Support department	1,462	989	473	32.35%

Category	Total	Male	Female	Minority Ratio	
Diversity	The handicapped	500	484	16	2.10%
	Veterans welfare beneficiary	1,158	1,052	106	4.87%
	Elderly (60 years or older)	65	56	9	0.27%
	Foreign employee	14	9	5	0.06%
	Sub total	1,737	1,601	136	7.31%

Talent Development and Performance Compensation



Management Strategy

In order to lead the 5G era to discover new growth opportunities and lead the opportunities, enhancing the competence and competitiveness of employees is regarded to be more important than ever before. KT provides diverse and systematic training programs to help its employees grow as experts who regard customers first.

Employee Capacity Enhancement System

With a view to cultivating number one talents equipped with both challenge spirit and expertise, KT is striving to cultivate 'number one KT persons' armed with self-esteem and confidence and 'experts' who will lead the future growth business.

In 2018, to cultivate experts who prepare for the 5G era, KT enhanced B2B/platform business operator capabilities and strengthened the smart learning platform for the field of future new technologies. In addition, KT upgraded its number one successful DNA with a 'strong leader who overcame crises' and 'challenging talent' cultivation programs. The average training time per employee is 83.4 hours, which is increasing every year. The number of times of off-the-job training is 1.7 times per year, and the number of sessions of on-line training is 11 times per year.

Competency Innovation for Conversion into a B2B / Platform Operator	Future New Technology Field Smart Learning Platform (KT-MOOC, etc.)	Cultivating Strong Leaders to Overcome the Crisis	Cultivating Challenging Talent
Customized training 118 courses, 4,301 persons	KEP 10 courses, 2,861 persons	KVP 33 courses, 2,321 persons	KVP 15 courses, 4,390 persons

* KEP: KT Expert Program, KVP: KT Value-shared Program

Core Value Education

KT has internalized the four core values of KT to implement education to strengthen pride and a sense of unity as KT persons. KT is implementing education to strengthen group sense of identity and promote KT value sharing for new and promoted employees, and the targets of education were expanded to include group companies so that 2,300 promoted employees from 29 group companies participated in the education in 2018. The education for promoted employees focuses on having the students recognize the 133-year history of the group, learn about future businesses and strengthening the sense of royalty to and sense of unity with KT, a national company.

Leadership Cultivating Training

In order to systematically cultivate the next generation of management leaders, KT is fostering leaders who would lead the transformation activities for the future of KT by operating leadership programs by hierarchy such as 'Group Management Leader Cultivating Track' and 'Group Executive Workshop'. Furthermore, in order to respond with insight to the rapidly changing global market centering around 5G communication, KT operates the 'Global Chief Executive Program' for senior executives of the group and provides position holder training by leader hierarchy to constantly provide opportunities to improve leadership and expertise.

Specialist Cultivating Training

In order to nurture competency-based job specialists, we conduct job competency diagnoses and operate customized training systems that recommend appropriate courses based on the results of the diagnosis. In 2018, 2,900 employees from 79 training courses participated in training, not only in the fields of future growth but also in the areas of strategy, marketing, and global demand. In addition, we reorganized the common competency training to support 9 to 6 smart work performance. We continued to innovate education and operation by making online contents for offline education in order to improve the participation in education.

KT Opened the '4th Industry Academy' for Free of Charge

KT opened the '4th Industry Academy', a customized free education system, to foster excellent experts in the field of 4th Industrial Revolution. The 'Fourth Industry Academy' will be operation for a total of 10 weeks from the end of June 2019. The fields of recruitment are four areas: AI software development, 5G communication infrastructure technology, information and communication technology convergence consulting, and smart energy.

The 'Fourth Industry Academy' is scheduled to select 150 students two times, in the first and second half of the year, and 4-year college graduates and prospective graduates can apply. The academy is an expansion of the 'AI Academy', which was operated in the field of artificial intelligence, and greatly contributes to the cultivation of practical talents in the field of innovative technology as indicated by the fact that 78% of the 27 students who were already selected and trained have succeeded in finding a job or founding a business.



AI Academy

Major Empowerment Programs

Number of Persons Educated on the Fields That Will Grow in Future in 2018



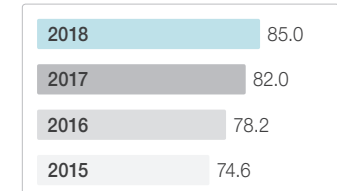
'KT Number One Workshop' Won Korea Knowledge Grand Prize



Respect for Talent and Compensation for Performance

Employee Satisfaction Survey

Employee Satisfaction (Unit: Point)



Future Growth Leader Training

After establishing the AI education center in 2017, KT has been focusing efforts on cultivating experts who working hard to nurture specialists who would lead the fourth industrial revolution by providing practical training necessary for AI algorithm development capability. In 2018, KT trained 1,171 employees to foster KT employees in future growth fields such as AI, block chains, and Big Data, and an A.I academy was operated for outside employment candidates to train 27 experts for 6 months.

In addition, in order to raise the interest and capacity of all employees in the future new growth businesses, KT held the 'number one learning organization knowledge concert' by inviting internal and external experts on the topics of future businesses such as IoT, Big Data and AI. KT will continue to cultivate human resources in the future growth field and expand the 4th Industry Academy education for outside employment candidates.

Development of Female Leader Competency

KT's female manager ratio is 16.22% and female top manager ratio is 8.38%. Although the ratio in numbers per se is not high, since the proportion of women among all employees is 17.38%, the ratio of managers and executives to women is not low considering the total number of employees because of the nature of the business. KT is striving to increase the proportion of female employees in the long term and operates various programs such as women's mentoring to foster more women as leaders. In addition, KT supports dispatch training for female team leader level employees. In 2018, among the 182 candidates participated in the 'Management Leader Training Course', 61 (34%) were female leader candidates.

Communication, Collaboration, and Empowerment

The 'Number One Workshop', which was launched in 2014, is a communication, collaboration, and empowerment tool and management innovation platform. It has passed the introductory stage and has been fully established as a way to work in KT group. This is an innovative platform unique to KT in which the solution of problems in the field is regarded as a starting point for all changes, improvement plans are proposed through horizontal discussions for one night two days by anybody regardless of positions or duties, decisions are immediately made based on the improvement plans. It won a 'Presidential Prize' in the 'Korea Knowledge Grand-prize' so that it is recognized externally. The 'Number One Workshop', the best communication / collaboration tool and management innovation platform in South Korea recognized by anybody beyond KT, is accelerating innovation as a total of 18,893 persons participated in 1,098 agendas only in 2018.

Employee Diversity and Respect for Opportunities

In order to raise the ratio of female workers for diversity, KT blinds genders, which are not related to job competence, in the recruitment process, and when recruiting new employees who graduated from university, KT employed females for 35% in 2017 and 38% in 2018.

In addition, KT signed an agreement with the Korea Employment Agency for the Disabled in 2018 to establish a 'subsidiary type standard workplace for the disabled' in order to provide good quality stable jobs to the disabled and established a subsidiary type standard workplace in 2019. Hereafter, KT will discover differentiated services unique to KT utilizing 5G and AI to continuously make efforts to revitalize the employment of the disabled.

Fair Performance Evaluation and Compensation

KT preferentially treats those with excellent performance through fair performance evaluation. KT introduces MbO (Management by Objectives), which is an individual goal management system, for all employees and conducts multi-faceted evaluations. As a result of these efforts, the turnover rate of KT in 2018 is 1%, which is much lower when compared to 2.9%, the average turnover rate of large enterprises surveyed by the Ministry of Labor in 2018.

Fair promotion examinations are conducted centering on performance and competency in the results of evaluation. 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.

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 results in 2018 is 85.0 points, with an increase by 3.0% compared to the previous year.

Category	Gender		By Organization			By Position			
	Male	Female	Business department	Support department	Field work department	Staff member / assistant manager	Section manager / Deputy manager	Department manager	Assistant executive director or above
Satisfaction	85.7	81.2	80.6	82.7	86.1	81.2	85.7	87.3	93.7

Pursuing Work-life Balance



Management Strategy

KT believes that employees enjoy a happy life and corporate productivity improves when their work and lives are in ideal harmony with each other. KT is committed to creating an environment in which employees can have a sense of ownership, immerse themselves in their work based on creativity and enthusiasm, while striving to provide a working environment where they can pursue happiness and fun in life and family.

Innovative Working Environment

9ood Jo6 (Good Job) Campaign

"9oodjo6", which means the new work culture unique to KT, contains the meaning of productivity increase and realization of Work & Life Balance through efficient and intensive working methods. In order to establish an efficient working culture, shutdown system is being implemented to block access to in-house working sites after working hours from 2018. In addition, KT is expanding flexible work arrangements to increase the flexibility of commuting time so that working mothers and special-purpose workers can go to work at their preferred times. In addition, KT is introducing a discretionary work system and Core-Time work system in which employees allocate working time by themselves.

Flexible Work Program

KT operates a variety of flexible work programs to promote efficient work. 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. KT also implements family love flexible work programs for pregnant women, infant caring women, disabled employees, and employees who need to care for dependent family members.

Monthly Average Number of Flexible Working Staff in 2018



Current Status of Use of Flexible Work Programs

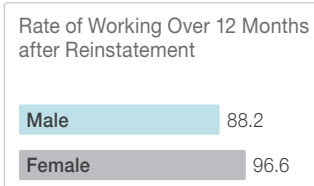
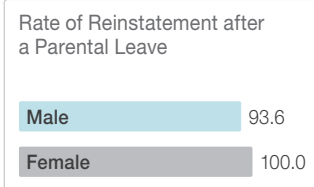
(As of 2018)

Type	Apply to	Major Content	Monthly Average Number of Users
Telecommuting	Staff department	· Working hours: 9:00 to 18:00 * Working place: Home	12
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)	712
Core-Time Working SYSTEM	All employees	· 8 hours a day, commuting time ± 2 hours (staggered hours)	1,017
Discretionary Working System	R&D, IT design analysis job	· No working hours restriction, 40 hours a week (except Sundays)	24
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	12
Total			1,777

Customized Employee Caring

Female Lifecycle Caring Program

KT operates a variety of female lifecycle-tailored caring programs to ensure that employees maintain stable corporate life during pregnancy, childbirth and childcare. The rate of women 's reinstatement after childcare leave is 100%, and the rate of work for more than 12 months after reinstatement is 96.6%, which is an indicator of stable job retention.



Pregnancy	· Medical expenses support, prenatal diagnosis leave · Flexible work system: adjust 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)
Childbirth	· Provide leaves before and after delivery and childbirth support fund · Paid emergency leave in the event of delivery by spouse (10 days) available
Intensive Infant Care Period	· 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) · Wage increase rates are applied during leave period and promotion disadvantage is prohibited
Child Rearing Period	· Shortened working hours · Workplace childcare facilities can be used (8 childcare centers in 3 areas) · School expense support, etc.

Current Status of Operation of Psychological Counseling Centers (As of 2018)

Personal Counseling **1,022** Cases

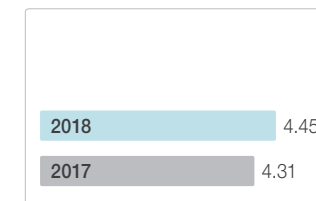
Team Consultation **1,226** Cases

Visiting Counseling **393** Cases

Stress Test **17,516** Persons

Corporate Culture of Communication and Win-win

Satisfaction with Grievance Settlement (Unit: Points / of 5 points)



Health Care Program

KT separately manages office lighting, temperature, humidity, and indoor air quality to create comfortable and safe working environments. KT also provides physical training and health management programs for its employees. In addition, through the operation of psychological counseling centers for mental health management, 1,022 personal counseling, 1,226 team counseling, and 393 visiting counseling were provided in a year of 2018, and 17,516 employees received stress tests.

Vacation and Leave Programs

KT has introduced a semi-annual leave system that allows employees to use the annual leave divided into up to 10 times a year so that they can be faithful to their family life and seeks to establish an efficient working culture through the 9ood jo6 campaign. In addition, for family care, KT extended the legal caring leave that can be used for up to 90 days to up to 120 days and allows employees to extend the leave up to one year in conjunction with emergency leave.

Maternity Leave Exceeding the Legal Standard

(As of 2018)

Category	Type of Leave	Maternity Leave System	Number of Persons
Male	Spouse maternity leave	10 days may be used (legal leave; 3 days)	278
Female	Leave before and after delivery	70 days of paid leave can be used (legal maternal leave; 60 days)	88

Corporate Culture of Communication

KT operates a variety of grievance settlement channels that can prevent and settle employee complaints. As of 2018, KT has installed and is operating 'Grievance Settlement Committees', consisting of labor and management representatives, at 252 field organizations, and the 'Labor and Management Win-win Center' opened in March 2015 is a company-wide grievance settlement control tower that settle about 12,000 grievances since the opening and support 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, 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 (45 times in total in 2018).

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 give opportunity to act 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.

Retirement Preparation Program

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 job-change inclination self-diagnosis course, professional start-up / employment /return to farming training, and 1:1 consulting. 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.

Win-win Labor-management Relations

Pursuant 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. Pursuant to 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 2018, the union membership rate of employees is 77.8%.

In 2018, 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.

Rate of Joining in Labor Union in 2018



Advancing Strategic Social Contribution

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



KT's View

KT strives to solve social problems with warm and innovative technology for people. We are carrying out corporate-wide social contribution activities that contribute to people, society and culture by utilizing ICT, a core competence of telecom companies. We are also actively participating in the realization of the goal of UN sustainable development, and strive for the development of humanity and the inclusive growth of society.

Social Contribution Vision and Strategic Goal

KT's Mission

GiGAtopia

The best national company that provides the fastest and most innovative ICT based telecommunications and convergence services for the convenience of customers

"Realizing a better future through key capability of KT"

KT Social Contribution Goal

KT Social Contribution Strategy

<p>Better People</p>	<p>IT Supporters</p> <ul style="list-style-type: none"> IT education for digital divide 	<p>Dream School / Global Mentoring</p> <ul style="list-style-type: none"> Bidirectional education platform as ICT based Support mentoring through cultural and language exchange between children and overseas students 	<p>Scholarship Programs</p> <ul style="list-style-type: none"> Cultivate ICT specialists <p>Employee Volunteer Group</p> <ul style="list-style-type: none"> Participate volunteer activities of employees of KT Group 	
	<p>Better Society</p>	<p>GiGA Story</p> <ul style="list-style-type: none"> Improving living conditions of remote areas by customized ICT solution with GiGA Infrastructure 	<p>Dongja Hope Sharing Center</p> <ul style="list-style-type: none"> Support for residents in a flophouse area (jjokbang) 	<p>KT Dream Center</p> <ul style="list-style-type: none"> Support education for the underprivileged children through 21 KT office buildings <p>Digital Inclusion</p>
	<p>Better Life</p>	<p>KT Chamber Hall</p> <ul style="list-style-type: none"> Widespread for classical music through opening regular performance at KT Chamber Hall Profits for donating to 'KT Sound Finding' 	<p>KT Sound Finding</p> <ul style="list-style-type: none"> Most extended social contribution activities for support hearing-impaired children 	

2018 Performance Evaluation

3,328,309 Persons
Number of IT Supporters' Beneficiaries (cumulative)

1,967 KRW billion
Telecommunication Fee Reduction Amount in 2018

129,002 Persons
Number of Beneficiaries of KT Volunteers of Love in 2018 (cumulative)

Social Contribution System



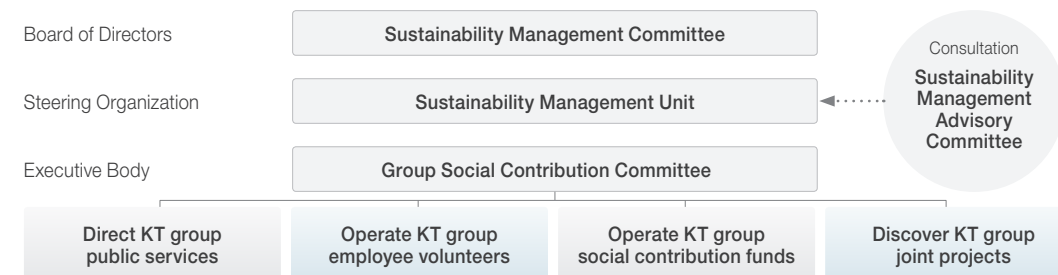
Management Strategy

KT's social contribution is focused on building a sustainable society through activities to relieve gaps utilizing core competencies such as 5G infrastructure and ICT technology. Reflecting the characteristics of the telecommunication industry, KT conducts activities to relieve gaps in three aspects of people, society, and culture. Through the foregoing, KT intends to expand the KT management philosophy to the area of social contributions.

Social Contribution Organization

After establishing the Sustainability Management Committee, which is a committee in the board, in April 2016, KT has been promoting more efficient and substantial social contribution activities throughout the company. Important decisions on social contribution 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. In addition, KT operates separate working organizations for public service projects, employee volunteers, social contribution funds, and the discovery of group joint projects.

Social Contribution Organization



Implementation of the UN SDGs

KT strives to realize the UN Sustainable Development Goals, which are global goals to solve the universal problems of humanity and the environmental, economic and social problems of the planet. 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.

KT Group Social Contribution Programs by the UN SDGs

<p>KT Group Social Contribution × UN SDGs</p> <p>KT is committed to implementing the UN SDGs.</p>	<p>05 Strengthening gender equality and women's capabilities</p> <p>KT CS Support for unmarried mothers</p>	<p>17 Partnership for Implementation</p> <p>KT mhows giftshow Public Service Campaign, PlayD Partnership with NGOs, KT service Social Contribution Partnership with Northern Communities</p>
	<p>09 Infrastructure and industrialization</p> <p>KT skylife UHD antenna of love, KT linkus living convenience public phone</p>	<p>10 Inequality elimination</p> <p>KT IS service to become a talk companion for elderly who lives alone, KT powertel Support with radio terminals for national safety, KT sports 3 color sharing, KTH support for the disabled-cultural youth baseball club</p>
<p>01 Poverty eradication</p> <p>KT Group Employee Volunteers</p>	<p>08 Economic growth and jobs</p> <p>KT DS Indonesia Homeless Youth Support for Self-Support</p>	<p>04 Guarantee the quality of education</p> <p>KT Group Dream School, KT IT Supporters, KT Scholarship Program, KT Dream Center, KT sat space science experience, KT ds IT future talent cultivation training, nasmedia Youth Global Citizenship Education</p>
<p>13 Response to climate change</p> <p>KT m&s Climate Change Campaign</p>	<p>02 Relieve hunger</p> <p>BC card Love Food Truck, nasmedia Harmony Coffee Truck</p>	<p>16 Peaceful society and system</p> <p>KT telecop Dokdo protector support service plan</p>
<p>07 Guarantee sustainable Energy</p> <p>KT Group Giga Love Room</p>	<p>15 Conservation of land ecosystem</p> <p>KT engcore Urban green space preservation, BC card paperless forest formation</p>	<p>03 Health promotion</p> <p>KT Sound Finding, KT Infectious Disease Spread Prevention Projects</p>
<p>06 Water resources and hygiene</p> <p>KT Group Dongja Hope Sharing Center</p>	<p>14 Marine resource conservation</p> <p>KT submarine Marine environment cleanup activity</p>	

Better People



Management Strategy

KT provides innovative communication and convergence services based on ICT to realize the corporate mission and management philosophy of being the best national company that can benefit the public. KT will continuously expand IT supporters, dream school, global mentoring, employee volunteer service platform, scholarship project, and joint labor-management sharing activities.

IT Supporters

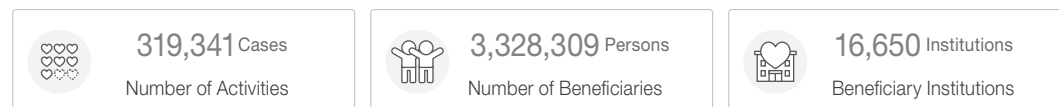
What Is IT Supporters?

IT Supporters is the first Probono activity in South Korea that was launched in 2007 and celebrates its 12th anniversary this year. Probono refers to the activities of experts in each field to utilize their expertise to help the underprivileged and social underprivileged. Through IT supporters, previous and current KT employees with IT expertise conduct nationwide IT education for Information Havenots.

KT Group IT Supporters, which eleven KT Group companies have participated in, provide future IT education such as 'software career experience class'. In November 2018, the program has proven its superiority because it was selected as an institution excellent in education contribution by the Ministry of Education. In addition, KT is expanding the opportunity to firsthand experience IoT devices to children in island and mountainous areas, reflecting the social needs of software education. In addition, while supporting information gap removing activities and self-reliance for the information underprivileged, KT is leading the improvement of domestic social problems through collaboration with government and local governments.

IT Supporters' Activity

(2007~2018, accumulated)



Main Activities of KT Group IT Supporters

1. Prevention of Dementia and Improvement of Dementia Awareness Provided 87 times at Dementia Relief Center and Korea Veterans Welfare & Healthcare Corporation (10,212 people)	2. Software Career Experience Classroom In connection with middle school software education that will become mandatory, software education was provided at 25 elementary/middle schools	3. GiGA NorITer (IoT experience classroom) Provided 342 sessions of IoT experience classes (4,054 students) including AR / VR / SW for 50 schools in island and mountainous areas where regular education can be hardly provided.
4. Elimination of Digital Divide in Four Major Underprivileged Groups Elimination of digital divide and improvement of the quality of life through education on methods to use computer and smartphone for 72,792 people in the four underprivileged groups including the elderly, the disabled, low-income class, and rural residents	5. Cultivating Self-sufficiency Ability for Vulnerable Groups Together with retiree IT support for retirees (62 people), KT Group IT Supporters provided IT education to support social advance for 4,064 persons including multicultural migrant women, and career interrupted women	

KT Dream School

Dream School Website

www.ktdreamschool.org

KT Dream School is a two-way ICT mentoring platform built 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. The number of retirees and career interrupted women who participated until 2018 was 518 and the number of beneficiaries as 194,418

KT Global Mentoring

KT Global Mentoring Imja Island Affiliation Camp



KT Global mentoring is a mentoring program that utilizes 'KT Dream School', an online platform. It provides foreign language education and global cultural education by linking children from the island and mountainous regions to foreign students. In 2018, 70 children from the five less favored island and mountainous regions comprising Imjado, Baekryeongdo, Cheonghak-dong, Kyodongdo and Pyeongchang-gun were matched one-on-one with 70 foreign students so that foreign language classes and cultural exchange programs were implemented. By 2018, a total of 278 foreign students have participated, and the cumulative number of training sessions is 11,959.

Global Mentoring: Foreign Students

278 Persons
Number of Beneficiaries (cumulative)

11,959 Times
Number of Sessions of Education (cumulative)

Dream Teacher: Retirees and Career Interrupted Women

194,418 Persons
Beneficiaries (cumulative)

33,904 Times
Number of Training Sessions (cumulative)

Scholarship Program

Scholarship Completion Ceremony



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.

Major Achievements of the Scholarship Programs in 2018

Category	Future Creative Talent Scholarship	Social Innovative Talent Scholarship	Labor-Management Youth Scholarship
Target Schools (schools)	162	17	150
Beneficiaries (persons)	631	72	207
Benefit Amount (KRW 100 million)	659.1	148.1	298.4

Volunteers of Love

Performance of Volunteers of Love in 2018

Social Welfare	513 cases
Community	75 cases
Cultural Education	51 cases
Environmental Improvement	43 cases
Disaster / other	20 cases
Total	702 cases

KT Volunteer of Love is a representative KT employee participating social contribution activity that began in 2001 and in which employees voluntarily plan their programs to conduct diverse volunteer activities such as support for local children's centers, providing essential articles to vulnerable groups in community, free feeding service for the elderly living alone, helping farmers and fishermen with their work, improving facilities of welfare centers, relief activities in disaster areas, and experience-based education using KT facilities.

In particular, the Volunteers of Love conduct volunteer activities centering on local community environment improvement activities to support the vulnerable groups at normal times. In the event of the occurrence of a national emergency disaster/calamity, the Volunteers of Love as an organization of KT, a national enterprise is quickly dispatched to the disaster site in association with the Disaster Relief Association, which is an official relief institution of the government and Korean Red Cross to conduct activities to restore victims and provide relief in close contact with the site.

Current Status of Participation in Volunteers of Love in 2018



Labor-Management Sharing Activities

UCC Vietnamese Multicultural Family Visited Langhu Nghi Orphanage



Nosarang Social Contributions



Intercorporate Labor-Management Sharing Consultative Body UCC

For larger sharing, KT leads the activities of UCC, which is a joint labor-management sharing consultative body in which the labor-management of 20 companies participate together to take the lead in spreading win-win labor-management culture and sharing. In 2018, the labor and management of member companies participated in the national agenda together through cheering at the Pyeongchang General Meeting and Paralympic Opening Ceremonies, and UCC was selected as the "Leading Social Contribution Model" by the UN Economic and Social Council and adopted as official opinions. UCC has been organizing volunteer activities in Vietnam for 7 consecutive years and presented family meetings and memories to over 450 Vietnamese multicultural families. In particular, UCC has also set up places for celebration, such as opening Korean traditional wedding ceremonies and opening concerts to console overseas Koreans by supporting the visit to Vietnam as married woman's parents' home of a total of 27 persons of five families.

Nosarang

Nosarang is a "Sharing Movement that systemized the win-win cooperation activities unique to the KT Group employees and management" in order to fulfill social responsibility together based on the labor-management culture of win-win and cooperation. To spread employees' sharing activities, 159 practice commissions were established and have been operated throughout the country. The Nosarang practice commissions are operated by labor and management of each institution together so that employees can autonomously participate in social contribution service for more than 8 hours a year. KT operates the 'sharing mileage' system that gives the benefit of one mileage per hour of volunteer activities to participating employees thereby further activating social contribution activities in close contact with local communities.

Better Society



Management Strategy

With the spread of information and communication devices such as smart phones and the Internet, the global village is becoming closer than ever before, but the information, culture, education, and income gaps between regions are spreading further. KT is expanding activities to resolve regional disparities, centering on the GiGA Story, the Dongja Hope Sharing Center, and the Ggumpum Center so that the imbalance coming from interregional disparity can be resolved and everyone can enjoy the benefits of information and communication technology.

GiGA Story

GiGA Story

GiGA Story is a representative social contribution project promoted by KT's unique creativity and innovative ideas. It is a next-generation shared value creating project that resolves the information gap of residents in the island and mountainous regions improves the living environment utilizing the KT communication infrastructures watched by the whole world. In South Korea, beginning with Imja Island, Shinan-gun in October 2014, this project has been promoted in Daegseong-dong in the demilitarized zone in Paju-si, Baekryeong Island in Ongjin-gun, Cheonghak-dong in Hadong-gun, Gyodong Island in Ganghwa-gun and Euiyaji village in Pyeongchang. In 2019, KT plans to review and improve superannuated solutions by giga story, and apply diverse new solutions using 5G technology reflecting the actual needs of residents.

Giga Story Promotion Performance



1. Imja Giga Island (October 2014)
Promotion of community activation in the fields of education, culture, and medical care through ICT



2. DMZ Daesung-dong Giga School (November 2014)
Establishment of cutting-edge smart learning environments at schools in the DMZ controlled by the UN. (5G Village opened in June 2019)



3. Baekryung Giga Island (March 2015)
Improvement of vulnerable living environment such as security and economy of Baekryeong Island, the border of the northern part of the west sea



4. Cheonghak-dong Giga Creation Village (July 2015)
Traditional cultural exchange through on-line between traditional villages and cities



5. Gyodong Giga Island (March 2017)
Activate economy in regions bordering the cease-fire line with ICT tourism platforms



6. Pyeongchang 5G Village (February 2018)
Application of the world's first 5G service to Euiyaji Village in Pyeongchang, the venue of the Winter Olympics



Global GiGA Story



Global GiGA Story

The GiGA Story experience and capacity gained by KT in South Korea are blooming abroad. In April 2017, based on the island of Moheshhali in Bangladesh, KT began 'Bangladesh GiGA Island' project in cooperation with Bangladesh ICT Department, International Organization for Migration (IOM), Korea International Cooperation Agency (KOICA) and local nonprofit and non-government organizations. KT introduced Giga Network and ICT solutions to improve the standard of living of the islanders with communication, education, medical service and economy, and has contributed to solving social problems based on ICT in line with Bangladesh government's national development policy 'Digital Bangladesh 2021'.

In 2018, in close cooperation with the IOM, an international organization under the United Nations and Bangladesh government, KT conducted diverse activities to improve the quality of life of island residents using its Internet and ICT technologies thereby becoming an international reference of improvement of the quality of life through the use of digital capabilities.

KT Ggumpum Center

2018 Ggumpum Presentation



KT operates KT Ggumpum Centers in conjunction with the Regional Children's Centers by major region to ensure that children in vulnerable classes can properly grow into the future leaders. KT Ggumpum Centers, which began in 2010 and celebrate their 10th anniversary this year, utilize idle spaces in 21 branch offices nationwide to prepare IT equipment such as IPTV, beam projector, smart pad, electronic books and provide a variety of education for children, including personality, arts and physical education, English, and ICT use.

KT is cooperating with various organizations in order to ensure that children in the local children's centers receive quality education at the KT Ggumpum Centers and holds 'Ggumpum Presentations' for sharing the results of talent development results such as musical instruments/ musicals/ speeches by center every year. In addition, in order to motivate children, KT selects Ggumpum scholarship students every year to provide scholarships. In 2018, KT delivered scholarships amounting to a total of KRW 11.7 million to 39 children. In one year of 2018, a total of 57,204 children received educational benefits from 5,431 local childcare centers nationwide.

Dongja Hope Sharing Center

Since 2013, KT has been conducting IT education and volunteer activities for 1,099 inhabitants of Dongjin-dong, Yong-san-gu, a typical dosshouse village in Seoul. 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 'Dongja Hope Sharing Center' is equipped with convenience facilities for residents and cultural facilities such as IT cafes, and IPTV rooms and frequently conducts IT education, crafts, and arts and culture classes using these spaces. In particular, KT have selected people from the village as center management worker to create local jobs and operates 'Hope Sharing Cafe' and 'Doldulugol Laundry Center' to support the lives of the residents. Positive changes have spread throughout the region since the opening, and Dongja-dong, where police and 119 rescue teams have frequently been on the streets, is gaining vitality and stability.

The 4th Anniversary of Dongja Hope Sharing Center Commemorating Event



Records of Dongja Hope Sharing Center Activities in 2018

Improvement of Residents' Living Standard	Educational Program Support	Culture, Welfare Life Support	Job Creation
Residents used shower rooms 16,393 times, laundry rooms 19,699 times	Go-janggi classroom, film humanities, calligraphy education, 1,164 persons participated	IT cafe, used by 8,227 persons	Four residents as barista and five residents at 'Doldulugol Laundry Center' were employed

Providing 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.

Wired Telephone Service

As of the end of December 2018, KT provided local telephone service to 11.56 million subscribers. KT is also operating about 51,000 public phones nationwide and is making effort to improve public convenience such as replacing the public telephone booths with safe booths. In addition, KT provides island communication service that connects the people of about 500 islands throughout the country by mediating communications between the land and islands, or between different islands by wireless communication.

Telephone Service for Emergency Communication

In order to maintain social order and protect the safety of human life, KT provides special emergency number telephone services such as crime reports (112) and fire / distress reports (119) from its wired and wireless subscribers. In addition, KT provides ship wireless telephone service to about 2,560 vessels and contributed to the safety of vessels by automatically notifying the related agencies in real time on receipt of marine distress signals.

Fee Reduction Service

In 2018, KT reduced telecommunication fees for services such as local calls, mobile phones, and high-speed Internet services for 2,420,000 disabled persons and low-income people by KRW 196.7 billion to contribute to the welfare of socially vulnerable groups. In addition, from July 13, 2018, KT has been reducing mobile phone communication fees for basic pension recipients among the elderly aged at least 65 years.

Amount of Telecommunication Fee Reduction in 2018



Better Life

Management Strategy

KT is conducting a variety of social contribution activities to help Korean citizens and citizens of the world enjoy a better life through ICT. Especially, we are working especially for the hearing-impaired people who can not hear 'sound' and those who can not enjoy the cultural benefit of 'music' based on the unique business of the telecommunication service provider.

KT Hearing Impairment Sound Finding

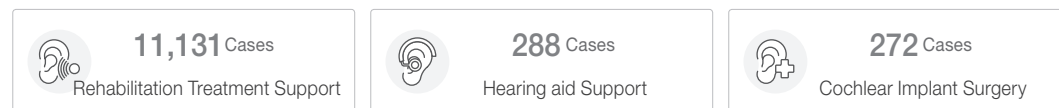
Cambodia Telemedicine



Since 2003, KT has been steadily implementing the 'Sound Finding' project, while helping the hearing impaired to communicate with the world. Beginning with therapeutic support such as cochlear implants and hearing aids for the hearing impaired in the low-income group, KT opened 'KT Ggumpum Classroom' together Yonsei Medical Center in 2012 to provide support for rehabilitation through language, play, art, music therapy, etc.

In 2018, KT supported four children with cochlear implant surgery together with Yonsei Medical Center and established a remote clinic to strive for continuous rehabilitation. In 2019, KT opened the second 'dream room' in the Frieongdong Hospital in Cambodia, and remote rehabilitation treatment of children who underwent cochlear implant surgery is underway.

Performance of Sound Finding Project in 2018



KT Chamber Hall



By this year, 10 years has passed since KT opened the 'KT Chamber Hall', a professional classical performing space in 2009, to practice sharing, touching, and communicating with beautiful sounds that move customers' minds beyond communication. In order to bring the impression of music close to life, high-level regular performances of the KT Chamber Orchestra are held on the first and third Saturday of every month and the performance proceeds are used to treat hearing loss of children with hearing impairment.

In 2018, 8,655 people attended 24 concerts to watched performances at KT Chamber Hall. Over the past decade, the chamber orchestra has presented a total of 235 performances and about 100,000 audience watched the performances. In November 2018, KT Smart Farm entered the UAE and continues to support the cultivation of crops by UAE handicapped people at remote locations by utilizing remote control technology through AR glasses and ICT sensors.

Support for the Rehabilitation of the Handicapped

UAE Smart Farm Launch Ceremony



KT contributes to the self-reliance of people with disabilities through diverse support projects. The handicapped person-customized smart farm built in Namyangju in 2016 is an environment where crops can be cultivated by even those who have difficulties in movements and is now becoming an opportunity for job and rehabilitation of seven handicapped persons. In November 2018, KT Smart Farm entered the UAE and continues to support the cultivation of crops by UAE handicapped people at remote locations by utilizing remote control technology through AR glasses and ICT sensors.

In addition, KT has been operating 'Disabled Persons' Job Creation License Class' at various regions throughout the country since 2013 to support the acquisition of ITQ license by 273 persons thus far. In 2018, KT organized 'ICT Business Start-up Camp' to produce 38 graduates and three business founders. In addition, KT operates KT IT Vocational Experiencing Centers at five developmental disability training centers nationwide thereby providing opportunities for students with developmental disabilities to experience the jobs.

Corporate Value Enhancing Activity

KT is continuing its social contribution activities to enhance its corporate value, centering on the Sustainability Management Unit. To this end, KT is gradually reducing the ratio of simple donations to charitable institutions while discovering and promoting direct community investment projects that can actually help the community utilizing KT's ICT capabilities as efforts to enhance corporate value and social value simultaneously.

(Unit: KRW)

Category	Cash Donation	Time	Item Support	Management Cost	Total
NGO, ICT industry fostering	6,847,334,520	0	0	0	6,847,334,520
Increase community value	889,755	4,527,309,742	8,848,679,988	2,054,485,323	15,431,364,808
Culture and sports support	0	0	4,617,577,189	0	4,617,577,189
Total	6,848,224,275	4,527,309,742	13,466,257,177	2,054,485,323	26,896,276,517

KT, Promotes Global Epidemic Prevention Platform

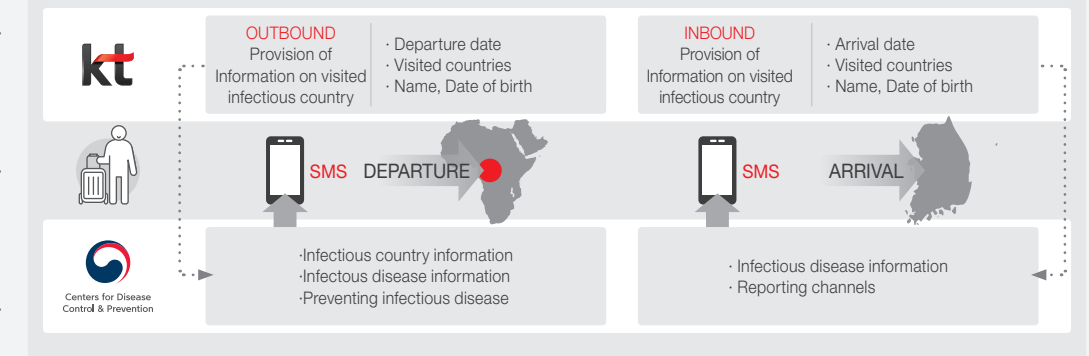
Major Milestones

- June 2016
KT proposed the Epidemic Prevention Agenda at the UNGC Leaders Summit 2016
- May 2017
Adoption in the B20 Health Initiative Policy Paper
- May 2017
KT signed an MOU with SafariCom for the Epidemic Prevention Project in Kenya
- March 2018
KT suggested the 'Global Epidemic Prevention Platform' at the WEF Davos Forum
- September 2018
Published an epidemic prevention research report on the ITU Broadband Commission
- November 2018
KT signed an MOU with Ghana Health Service
- March 2019
KT signed an MOU with Laos Health Ministry and KOFIH

What Is an Epidemic Prevention Platform?

The 'Global Epidemic Prevention Platform (GEPP)' is a project proposed by KT at the UN Global Compact Conference in 2016. It is an innovative project to analyze international roaming information of mobile phone users around the world to accurately track the transmission path of infectious diseases and prevent the spread of infectious diseases that threaten the survival of people early. KT is receiving the support and attention of the international community by presenting the concrete method using ICT technology, and through this project, KT is providing innovative solutions for implementing Goal 3 Health Promotion of UN Sustainable Development Target.

Telecom company customer's location data for provided to the government for public interest utilizing the mobile data (roaming) of KT, a telecom company, so that the government can identify those people who visited countries contaminated by infectious diseases in real time through its monitoring system. In this case, customized SMSs are sent to the people who visited areas with a risk of infectious diseases regarding how to prevent and report infectious diseases.



Current Status of Application in South Korea

In November 2016, KT successfully launched a service to provide information on symptoms indicating the risk of infectious diseases to people who visited countries with a risk of infectious diseases with SMS using ICT technology together with the Korea Centers for Disease Control and Prevention. In 2018, when MERES recurred in Korea, with the government's real-time monitoring function and changes in people's behavior based on the enhancement of people's perceptivity, the situation was quickly terminated in 38 days without any further spread or death, except for one person definitely diagnosed with the disease. In this case, the Epidemic Prevention Platform jointly constructed by three telecom companies and the health authorities led by KT greatly contributed to the success of early response.

Current Status of Overseas Spread

KT's efforts to spread successful domestic construction cases abroad have borne the first fruit in Kenya, Africa. An MOU was signed between KT and Safaricom, the No. 1 telecommunications company in Kenya in May 2017 and the groundbreaking ceremony for the project was successfully held in December 2018 through cooperation with the Ministry of Health and the Ministry of Information and Communication of Kenya. This case is recognized as a successful example of successful Public Private Partnership (PPP). In addition, in November 2018, KT signed an MOU with the Ghana Health Service to promote cooperation in the construction of GEPP to strengthen the infectious disease monitoring system. KT continues effort to spread the initiative through cooperation with diverse international organizations centering on Africa and Asia.



KT Built Epidemic Prevention Platform in Kenya



KT Signed an MOU with Ghana Health Service

Responses of International Society

After executing the partnership agreement with the World Economic Forum (WEF), KT attended Davos Forum, the annual meeting of the World Economic Forum (WEF) in January 2018, to introduce success cases of the Global Epidemic Prevention Platform (GEPP), and declared its vision for global spreading of GEPP, with which the world would share infectious disease information at the ERA (Epidemic Readiness Accelerator) session, launched at the Davos Forum. In addition, KT that participated in the Davos Forum for two consecutive years from 2018 participated in the 'Trustworthy Data' session as a panel to share the achievements of national launching of the GEPP, and discussed the measure for contribution of the KT technology based public field to take the lead in the declaration of the vision of GEPP.

Enhancing Value Chain Competitiveness

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



KT's View

Suppliers are true partners to grow together with KT.
KT is constantly strengthening the shared growth system and communication with its suppliers to improve corporate competitiveness and spread win-win culture.
In addition, KT is improving the competitiveness of its supply chain by securing suppliers with excellent competence through fair and transparent Supplier selection processes.

Shared Growth Vision and Strategic Goal

Vision of Shared Growth



KT's Six Areas of Shared Growth

<p>Financial Support</p> <ul style="list-style-type: none"> Cash payments in full Network loan Financial support for retail stores Win-win Cooperation Supporting System (WinC) Financial support for contents suppliers Investment into projects of SMEs & ventures Investment into start-ups of creative economy 	<p>Support for Procurement and Market Development</p> <ul style="list-style-type: none"> Demand Forecasting System (electronic equipment suppliers) Support for suppliers' overseas exhibition Joint advancement into international market Global Partner's Day Global Business Fair (electronic equipment suppliers & construction contractors) System to check supplied equipment Plural price for one product recognizing cost difference 	<p>Support for Management & Quality Consultation</p> <ul style="list-style-type: none"> Vendor Coaching for suppliers (2nd-tier electronic equipment suppliers) Consultation for supplier SCM and supports (electronic equipment suppliers) Consultation for advancing development capability of suppliers (SW development area) Support for achieving certifications in quality and environment Industrial innovation campaign Management Doctor System
<p>Support for Technology and Development</p> <ul style="list-style-type: none"> Support for technology transfer Free patent transfer Non Disclosure Agreement (NDA) Escrow for technological data Support for Certification of Original Document of Trade Secrets Open S/W Verification Lab 	<p>Support for Commercialization of External Proposal</p> <ul style="list-style-type: none"> Support for commercializing external ideas Support for trial of external ideas Partners Fair, RTC (Round Table of Convergence) Conditional development of new product Performance Sharing System Mentoring on venture & developer ideas (SW & app development area) 	<p>Support for Recruitment and Education</p> <ul style="list-style-type: none"> Support for Job Fair Support for education within SME

2018 Performance Evaluation

2,754 KRW billion Scale of Financial Support for Suppliers in 2018	182 KRW billion Scale of KT Win-win Cooperation Fund in 2018	95.6 Points 2018 Supply Chain ESG Risk Evaluation Score
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Expansion of the Promotion of Shared Growth

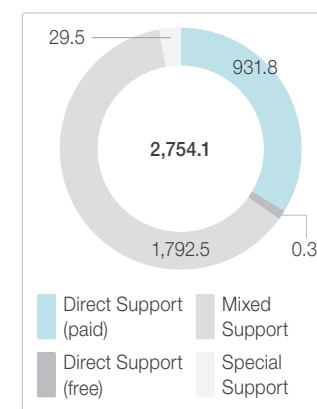


Management Strategy

As a responsible corporate citizen, KT seeks to lead a shared growth culture to strengthen the creative and competitive South Korean telecommunication industry ecosystem. Therefore, KT established an organization dedicated to shared growth in 2010 and implemented a variety of shared value creation programs to practice innovative cooperation with suppliers and fair trade.

Strengthening Shared Growth Activities

Current Status of Financial Support in 2018 (Unit: KRW 100 million)



Management Support

KT is supporting small and medium suppliers with relatively poor financial base to secure liquidity and stabilize the management. In particular, to ensure smooth funding of small- and suppliers, KT has implemented 100% full cash settlement from 2006. In 2018, KT has operated KRW 18.2 billion of 'KT Win-Win Cooperation Fund' to support suppliers with operating funds. In addition, to ensure that suppliers can operate their businesses stably, KT has implemented stepwise purchasing strategies based on the product lifecycle from 2017 and executed three-year long-term contracts for 13 items in 2018. In 2019, KT and small and medium suppliers will work together to create a sustainable growth ecosystem by providing opportunities for suppliers to participate in new business areas including 5G and reinforcing win-win cooperation support programs that can be felt by suppliers.

Support for Commercialization

KT has partnered with major overseas start-up centers and venture capitals to support the global empowerment and investment attraction of small and medium suppliers. KT is promoting diverse activities such as participating in famous overseas exhibitions together with suppliers, global advancement through consortium with KT, utilizing KT's overseas infrastructure, and global PoC (Proof of Concept) projects of small and medium suppliers. As a result, suppliers' export contracts amounting to KRW 7 billion were made during a year of 2018.

<p>Support for Participation in Promising ICT Exhibitions Abroad</p> <p>KT supported the participation of small and medium-sized venture suppliers in overseas exhibitions. KT specialists supported overseas marketing activities of suppliers during the exhibition period and the suppliers successfully concluded export contracts worth KRW 7 billion in 2018.</p>	<p>KT-Small/medium Suppliers' Consortium Projects Were Implemented</p> <p>KT supported small and medium suppliers' pioneering of overseas markets through joint wining of overseas projects with KT. A total of 18 small and mid-sized suppliers participated in 10 projects in 2018, achieving overseas export of over KRW 5 billion.</p>	<p>Advancement into Overseas Bases through Global PoC</p> <p>KT supported the advancement of small and mid-sized suppliers into the global market by utilizing the tangible and intangible overseas bases and marketing infrastructures possessed by KT. In 2018, KT supported projects of nine small and medium-sized venture suppliers with KRW 400 million.</p>	<p>Venture Business Commercialization Support</p> <p>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.</p>
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Amount of Suppliers' Joint R&D Fund to be Raised



2018 Partner's Day



Technical Development Support

In order to enable suppliers to develop competitive products based on patents, KT transferred 62 patents to small suppliers free of charge in 2018. In addition, KT plans to support suppliers' future new technology development by raising a joint R&D fund amounting to KRW 10 billion for suppliers over the next five years and activate the performance sharing system to ease suppliers' financial burdens and strengthen compensation for purchased volumes.

Operating Supplier Communication Channels

KT improved its supply chain management system and processes so that it can re-establish communication channels and respond effectively to VoS (Voice of Supplier) to collect suppliers' opinions. KT concluded an agreement on the elimination of wage disparity between large companies SMEs with the Shared Growth Committee and representative suppliers on the Partner's Day in November 2018 and plans to provide KRW 120 billion in order to create good quality jobs for small and medium-sized suppliers.

Progress in 2018

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 collaboration of business department / purchasing department / suppliers
Other Channels	Partners' council, quality improvement meeting, local practical affairs exchange meeting, etc. are permanently operated

Sustainable Supply Chain Management



Sustainable Supply Chain Management System

KT Supplier Sustainability Guidelines

https://corp.kt.com/data/eng/sustain/KT_Sustainability_Guideline_for_Suppliers.pdf

Management Strategy

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

With a view to expanding responsible and sustainable management to the entire supply chain, 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	Current Status of Promotion in 2018
Improve Supply Chain Sustainability	In order for KT to lead 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' sustainability management evaluation score	Achieve 100 points of cooperative company sustainability management score by 2022
Minimize Supply Chain Sustainability Risk	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' sustainability evaluation and implementing corrective actions.	Ratio of suppliers with which transactions have been terminated among those in which high risks were identified	Achieve 100% improvement after corrective actions of suppliers in which high risks were identified
Enhance Energy Efficiency and Cost Competitiveness of Supply Chain	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 greenhouse gas emissions	Reduce 35% of supply chain greenhouse gas emissions by 2030 compared to 2016

Supply Chain Expenditure Analysis

(As of December 31, 2018)

Category of Suppliers	Number of Suppliers (n)	Ratio of Suppliers (%)	Ratio of Purchase (%)
Entire registered suppliers	581	100.0%	100.0%
Electronic component supplier	213	36.7%	82.1%
Telecommunication construction contractors	262	45.1%	15.7%
Tier-1 Suppliers			
Software developing suppliers	50	8.6%	0.7%
Service suppliers	29	5.0%	1.2%
Shop suppliers	27	4.6%	0.3%
Critical suppliers	44	7.6%	69.7%
Non-Tier-1 Suppliers			
Critical suppliers	0	0.0%	0.0%

Sustainable Supply Chain Management Training

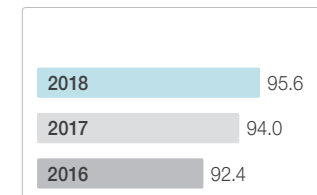
KT has operated sustainability training programs for practitioners of suppliers from 2014 to share understanding of sustainability and support suppliers to practice it in the front-line of management activities. Since 2018, KT and suppliers have signed a "Supplier sustainability guidelines practice agreement" to secure suppliers' ability to execute sustainable management and KT intensively opened educational courses for improvement of suppliers' ability to execute sustainable management.

Sustainability Training for Suppliers



Supply Chain Risk Evaluation System

Supply Chain Risk Evaluation Score (Unit: Point)



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 area such as materials, construction, software development, services, and stores, and shops evaluates 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 re-selection of suppliers and selection of the best suppliers. Sustainability evaluation results for material co-operative companies and information and communication work co-operative companies in 2018 averaged 95.6 points, indicating that the suppliers' sustainability level has improved compared to 92.4 points in the previous year.

Current Status of Supply Chain Risk Evaluation

(As of December 31, 2018)

Category of Suppliers	Number of Suppliers(n)	Ratio of Suppliers (%)	2022 Goal
Total number of registered suppliers	581	100.0%	100.0%
Number of evaluated suppliers	581	100.0%	100.0%
Tier-1 Suppliers			
Number of suppliers for which written examination has been conducted	581	100.0%	100.0%
Number of suppliers for which visiting examination has been conducted	333	57.3%	80.0%
Number of suppliers examined by 3rd Party	58	10.0%	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 requires improvement of ESG performance according to corrective action plans. Despite these efforts as such, a total of eight companies were sanctioned according to the results of diagnosis and evaluation of suppliers in 2018, and the action of permanent stop 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, 2018, Unit: Suppliers)

Risk Classification	Risk Type	Risk Level	Risk Evaluation			Risk Action		
			Range of Evaluation	Evaluation Target Suppliers	Evaluated Suppliers	Suppliers in Which High Risks were Identified	Suppliers improved after Corrective Action	Suppliers with Which Transactions were Terminated
Economic Risk	Violation of the ethics and anti-corruption principles in the contracting process	High	All suppliers	581	581	4	4	0
	Collusion and unfair conduct	High	All suppliers	581	581	0	0	0
	Delay in payment for secondary suppliers	High	All suppliers	581	581	0	0	0
	Unsound financial structure such as low credit rating	High	All suppliers	581	581	7	1	6
Environmental Risk	Environmental accident occurred during construction	Medium-high	Telecommunication construction contractors	262	262	1	1	0
	High greenhouse gas emissions	Medium-high	Telecommunication construction contractors	262	262	0	0	0
	Environmental operating system not introduced	Medium-high	Telecommunication construction contractors	262	262	0	0	0
	Violation of environmental law or regulations	Medium-high	Telecommunication construction contractors	262	262	0	0	0
Social Risk	Disputes and litigation occurred	Medium-high	All suppliers	581	581	1	0	1
	Labor law violation	Medium-high	All suppliers	581	581	2	1	1
	Violation of safety law	Medium-high	All suppliers	581	581	0	0	0
	Safety accident occurred	Medium-high	All suppliers	581	581	2	2	0
Total			100%	581	581 (100%)	17 (2.9%)	9 (1.5%)	8 (1.4%)



에스프레소 (라떼 포함)	1,900	리얼초콜릿	2,500	케모머실 (커피저)	1,900
아메리카노	2,500	말코피	2,500	멘토 (커피저)	2,500
바닐라(노 라떼 포함)	2,500			과일차 (유자, 체너리종)	1,900
바닐라에	2,500			아이스티 (복숭아, 레몬)	1,900
바닐라라떼	2,500				
바닐라모카	2,500				
화이트모카	2,500				
바닐라 바나나	2,500				

KT Value Principle

In order to fulfill its responsibilities as a global leading telecommunication company, KT does not cease to concern about sustainable future even in changes and innovation. The four principles of KT's value judgment are the basis to carry forward business strategies that equally consider business value and social / environmental values.

Cheong Kim, A barista of the IT cafe in a flophouse area, KT Dongja Hope Sharing Center, Korea
 KT operates the Dongja Hope Sharing Center, an ICT complex cultural space for improving the living environment of residents, in Dongja-dong, Yongsan-gu, Seoul. We are striving to help the vulnerable to self-reliance by caring for the jobs of the residents at cafes and laundry sites in the center.

Accomplishing
Sound Governance

Reinforcing Ethical &
Compliance Management

Managing Risks &
Opportunities

Protecting and Promoting
Human Rights

Accomplishing Sound Governance

<https://corp.kt.com/eng/html/intro/gov/structure.html>

KT's View

In order to build a stable management environment and to continuously improve corporate value, a sound and transparent governance structure must be established first.

To this end, KT adopted the corporate governance best practice recommendation to strive to enhance shareholder value through checks and balances between the independent board of directors and professional managers.

KT Corporate Governance Principles

KT Corporate Governance Charter

<https://corp.kt.com/data/eng/kthome/ir/finance/irinfo01/constitution.pdf>

In order to improve corporate governance and promote transparent management, KT has adopted the Corporate Governance Best Practice Recommendation that conforms to international standards and has set up a KT governance model based on board independence, shareholder value enhancement, and responsible management by professional managers. In order to strengthen the independence of the board of directors, the CEO/president and the chairman of the board of directors were separated in 2002 and the 'KT Corporate Governance Charter' was enacted and declared in 2007 to promote company-wide transparent management.

KT Corporate Governance Model

1. Independence of Board Composition and Management	2. Enhancement of Shareholder Value
<p>Outside Directors' Ratio 73%, Separation of CEO and Chairman</p> <ul style="list-style-type: none"> Audit Committee · Evaluation and Compensation Committee Internal Transactions Committee are completely composed of outside directors <p>Transparency of Outside Director Appointment Procedure</p> <ul style="list-style-type: none"> Outside director candidate recommendation committee is operated (all members are outside directors*, except for one executive director) Agencies specialized in the examination of outside director candidates are utilized <p>Special Authorities are Given to Outside Directors</p> <ul style="list-style-type: none"> Evaluation of CEO management contracts, proposal of dismissal of the CEO Determination of the compensations for the CEO and executives and payment methods <p>* Provided that, outside directors whose tenure is expected to expire are excluded</p>	<p>Shareholder Return</p> <ul style="list-style-type: none"> Carry out share retirement, cash dividends <p>Shareholder Rights</p> <ul style="list-style-type: none"> Introduction of concentrated / written vote system Timely provision of corporate information <p>Shareholder Protection</p> <ul style="list-style-type: none"> Internal transactions and self-transactions are controlled
3. Responsible Management by Professional Managers	
<p>Appointment and Management Contract</p> <ul style="list-style-type: none"> The board recommends candidates for the CEO and general meetings of shares holders appoint the CEO The new CEO concludes a management contract; the board evaluates management performance every year <p>Compensation and Dismissal</p> <ul style="list-style-type: none"> CEO's compensation is determined by management performance If the performance of the management contract by the CEO is insufficient, the board may propose dismissal to the general meeting of shareholders 	

Composition of the Board and Ensuring Independence

Ratio of Outside Directors in the Board



Independence Ratio of Outside Directors in the Board



Principle for Composition of the Board

The KT governance model is based on the 'Independent Board of Directors'. The KT Board of Directors consists of 8 outside directors and 3 internal directors totaling 11 directors so that transparent decision-making can be carried out through efficient checks and professional advices. KT Corporate Governance Charter specifies that the Board of Directors should be composed of three or fewer executive directors and eight or fewer outside directors and this is observed. Outside directors have the authority to evaluate CEO's management contracts, propose dismissal of the CEO, determine the compensations for the CEO and executive directors and the payment method. In addition, the CEO and the chairman of the board of directors are separated and the chairman of the board is appointed from among the outside directors so that the Board of Directors can make decisions independent from the management and faithfully play the role of management supervision. KT restricts the number of directors, executive officers, and auditors of other companies to one outside the KT, for outside directors.

Procedure for Appointment of Directors

The CEO/president is appointed through a resolution of the general meeting of shareholders from among those who were finally recommended by the board through the candidate composition and examination by the Corporate Governance Committee and the CEO Candidate Examination Committee, and executive directors except for the CEO are recommended from among management officers by the CEO to the general meeting of shareholders every year after getting agreement from the board. In the case of outside directors, the Outside Director Candidate Recommendation Committee selects the best experts by field who can provide expert advices for the benefits of the company and shareholders after considering the board diversity and the complementarity of skills, and fairly verifying whether the candidates meet the eight independence criteria below and recommends the candidates to the general meeting of shareholders. In addition, all directors are not appointed in a lump but are appointed individually to further ensure the rights of shareholders.

Outside Director Appointment Policy

To ensure the independence of outside directors, KT stipulates independence criteria for outside directors below, and appoints outside directors who have proven independence in all cases by the Committee of outside director candidate recommendation committee and shareholders meeting. In addition, in order to enhance diversity and expertise, outside director qualification requirements are specified in the Articles of Incorporation so that outside directors with practical experience or expertise in related fields such as information and communications, finance, economics, management, accounting and law are appointed. In addition, directors based on various perspectives and experiences will be appointed to flexibly cope with changes in the management environment, and diversity of gender, age, nationality, race, religion, education level, and whether disabled or not and vocational complementarity for jobs, experience, expertise, and educational background, etc. will be secured when directors are appointed.

Independence Criteria for Outside Directors

Outside Directors Should Have No Significant Interest with The Company As Follows	
1. Records of being employed in the Company or its affiliates within the last two years	5. Records of having a significant interest, such as a transaction between the organization and the Company
2. Records of being the largest shareholder, its spouse or its immediate family members of the Company	6. In the case that currently employed organization is the auditor, customer or business partner
3. Records of being employed in the largest shareholder organization of the Company	7. In the case that currently employed organization holds over 5% of the Company's capital
4. Records of being director/auditor/executive office, its spouse or its immediate family members of the Company	8. In the case that currently employed organization in which the Company's employee serve as executives

Current Status of Compositions of the Board

(As of June 2019)

* The average service duration of directors is 2.26 years, as of June 2019.

Name	Chang-Gyu Hwang	Dong-Myun Lee	In-Hoe Kim	Jong-Goo Kim	Suk-Gwon Chang
Category	CEO, Inside Director	Inside Director	Inside Director	Board Chairman, Independent Outside Director	Independent Outside Director
Gender	Male	Male	Male	Male	Male
Date of Birth	Jan. 1953	Jan. 1962	Jun. 1964	Jul. 1941	Feb. 1956
Start of Service	Jan. 2014	Mar. 2019	Mar. 2019	Mar. 2014	Mar. 2014
Experience	(Current) KT CEO (Former) President & National CTO, Office of Strategic R&D Planning (Former) President & CTO, Samsung Electronics	(Current) Head, Future Platform Business Group, KT (Former) Head, The Institute of Convergence Technology, KT (Former) Head, The Technology Strategy Office, KT	(Current) Head, Corporate Planning Group, KT (Former) Head, CEO Office, KT (Former) Head, Financial Management Office, KT	(Current) Corporation lawyer, New Dimension Law Group (Former) The 46th Minister of Ministry of Justice	(Current) Professor, School of Business, Hanyang University (Former) President, Korea Association for Management Science (Former) President, Korea Association for Telecommunications Policy
GICS	Management/ICT	ICT	Finance	Law	Finance & Accounting/Telecommunication

Name	Gye-Min Lee	Il Im	Gang-Chul Lee	Dae-You Kim	Hee-Yol Yu	Tae-Yoon Sung
Category	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director	Independent Outside Director
Gender	Male	Male	Male	Male	Male	Male
Date of Birth	Nov. 1946	Mar. 1966	May. 1947	Jul. 1951	Jan. 1947	Feb. 1970
Start of Service	Mar. 2017	Mar. 2017	Mar. 2018	Mar. 2018	Mar. 2019	Mar. 2019
Experience	(Former) Advisor, Korea News Editors' Association Fund (Former) Editor-in-chief, The Korea Economic Daily (Former) CEO, Hankyung.com	(Current) Professor, School of Business, Yonsei University (Former) Associate Dean, School of Business, Yonsei University (Former) Vice President, Korean Academic Society of Business Administration	(Former) Auditing Director, Ultra V (Former) Senior Secretary to the President for Public Participation, Office of the President	(Current) Outside Director, DB Life Insurance (Former) Vice President, Wonik Investment Partners (Former) Senior Secretary to the President for Economic Policy, Office of the President	(Current) Board Chairperson, Korea Carbon Capture & Sequestration R&D Center (Former) Vice Minister, the Ministry of Science & Technology	(Current) Professor, School of Economics, Yonsei University (Current) Dean, Underwood International College, Yonsei University
GICS	Public Affairs/Media	Management/ICT	Public Affairs	Public Affairs	ICT	Management

Committees in the Board

To enhance the expertise and efficiency of the works carried out by board of directors, KT has established and is operating six standing committees and two non-standing committees within the board.

Current Status of Committees in the Board (As of June 2019)

Committee Name	Composition	Purpose of Installation and Authority
Corporate Governance Committee	Four outside directors, one inside director	Matters concerning overall corporate governance
Audit Committee	Four outside directors	Matters concerning accounting audit and performance audit
Evaluation and Compensation Committee	Four outside directors	Matters concerning the management contract and evaluation of the president
Internal Transactions Committee	Four outside directors	Matters concerning internal transactions pursuant to the 'Monopoly Regulation and Fair-Trade Act' and the 'Commercial Act'
Sustainability Management Committee	Four outside directors, one inside director	Matters concerning sustainability management results, plans, and strategies
Management Committee	All inside directors	Matters entrusted by the board of directors regarding management in general
CEO Candidate Judging Committee	All outside directors, one inside director*	Matters concerning the examination of candidates for the CEO and determination of candidates for the CEO
Outside Director Candidate Recommendation Committee	All outside directors, one inside director**	Matters concerning the investigation and examination of candidates for outside directors and recommendation of candidates to the general meeting of shareholders, etc.

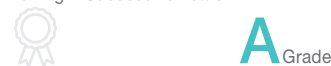
* No committee member may be the subject of examination candidate for the CEO.
** Outside directors whose term of office is expected to be expired shall be excluded)

Operation of the Board of Directors

Average Attendance Rate of the Board



Excellent in Governance Structure of the ESG Evaluation by the Korea Corporate Governance Service, for Eight Successive Years



In 2018, the Board of Directors meeting were held 11 times and the average attendance rate of the KT Board is 98%. The KT Board of Directors shall attend at least three fourth of meetings, and submit the explanatory statement to the Board if they are not able to. In addition, the resolution of the board of directors shall be made by the attendance of the majority of the directors with voting rights and the votes in favor of the bill of majority of the attending directors. The Board of Directors reported, deliberated and resolved 52 agendas such as '2018 Sustainability Management strategy' in 2018.

Performance Evaluation

The limit of director's remuneration is approved through the resolution of the general meeting of shareholders. Individual directors are evaluated by the performance of the fiduciary duty as an ethical supervisor, positive activities and participation as a good manager, and the contribution to the enhancement of the corporate value, and the activities of the board are evaluated by the roles and responsibilities of the board, the efficiency of the board, and the appropriateness of committee activities. The result of the evaluation of the activities of the board in 2018 is 3.8 points out of the full score of 5 points and the evaluated grade in the field of governance structure in the governance structure ESG evaluation conducted by the Korea Corporate Governance Service is A.

Performance Compensation

As for the compensations of executive directors, including the CEO, the payment standard and method are determined by the Board of Directors according to the business performance, and reported to the general meeting of shareholders every year. The compensations of management officers other than executive directors are determined by the Board of Directors according to the business performance, etc. As a result of compensations according to the 2018 performance evaluation, the average compensation of the top management is KRW 874 million, which is 10.84 times the average salary of all employees.

Current Status of Remunerations Paid (As of December 31, 2018)

Category	Number (person)	Total Amount of Remunerations (KRW million)	Average Amount of Remuneration (KRW million)
Inside directors*	4	3,496	874.0
Outside directors	8	684	85.5
Employees	22,576	1,820,726	80.6
Sub-total	22,584	1,821,410	80.7

Ratio of the remuneration of CEO/top management to the average compensation of all employees 10.84

* The total amount of remuneration for directors includes the amount

Criteria and Calculation Method of Remuneration for the CEO (As of December 31, 2018, Unit: KRW million)

Name	Type of Remuneration	Total Amount	Criteria and Calculation Method
CEO Chang-Gyu Hwang	Salary	573	<p>1. Base Pay In accordance with the resolution of the board of directors, the basic pay was determined as KRW 373 million, and KRW 31 million is paid equally every month</p> <p>2. Allowance for the Post Attached In accordance with the resolution of the board of directors, the allowance for the post attached basic pay was determined as KRW 200 million, and KRW 17 million is paid equally every month</p>
	Bonus	868	<p>1. Range of Bonus Payment Short-term bonus can be paid within the range of 0~250% of the base pay and long-term bonus can be paid within the range of 0~340% of the base pay</p> <p>2. Criteria for Calculation of Bonus Calculated comprehensively considering quantitative indicators and non-quantitative indicators</p> <ul style="list-style-type: none"> quantitative indicator evaluation: consists of sales, operating profits, etc. of the previous year in accordance with the resolution of the board of directors non-quantitative indicator evaluation: consists of breakthrough of the limit of core business, and regularization of intelligent N/W based future business, etc.
	Other Earned Incomes	9	Among the welfare benefit items provided according to the welfare benefit standards, those items that are regarded as earned incomes were summed up. Health examination expenses and medical expense support funds are included

Reinforcing Ethical & Compliance Management

KT's View

As a responsible national company, KT is making every effort to become a trusted company through ethical management activities and compliance with fair trade. By establishing a company-wide ethics policy and consolidating an ethical management system, not only the employees but also group companies, suppliers, and business partners are taking the lead in the settlement of a leading ethical management culture.

KT Ethical Management System

New Ethical Management Principles

https://corp.kt.com/eng/html/sustain/transparent/ethics_01.html

Ethical Management Principles Practice Guidelines

https://corp.kt.com/eng/html/sustain/transparent/ethics_03.html

Ethical Management Promotion System

KT believes that proper decision-making and ethical judgment are essential to fulfill its social responsibilities and obligations and establish customer first management. To prepare grounds for the foregoing, KT established which is the company-wide code of ethics, in March 2014 to establish five behavioral principles for Ethical Management and establish that present concrete behavioral guidelines thereby making effort so that ethical management can take root in the organization through systematic activities such as continuous ethical management activities, education and campaigns, and the operation on ongoing communication channels.

Ethical Management Promotion System

1. Ethical Management Practice Activities	2. Ethical Management Education & Campaign	3. Ethical Management Communication Channel
<p>Establish Standards</p> <ul style="list-style-type: none"> Implement the oath to practice the principle of new ethical management Distribute Employee Behavior Principles Handbook for company-wide risk management <p>Monitoring</p> <ul style="list-style-type: none"> Regular and special activities for monitoring of ethics practice 	<p>Education</p> <ul style="list-style-type: none"> Ethical management education for employees (once a month) Direct Ethical Management Education (Direct education by the head of organization) <p>Campaign</p> <ul style="list-style-type: none"> Clean-365 campaign for employees is implemented Holiday Clean KT campaign is implemented 	<p>Advanced Prevention Channel</p> <ul style="list-style-type: none"> Ethical management FAQ Clean 365 Center <p>Ex Post Facto Reporting Channel</p> <ul style="list-style-type: none"> Ethics Violation Report Chairman of edit committee hot-line operation

Reinforcement of Ethical Management Promotion Organization

KT conducted a diagnosis of the KT compliance system and compliance risks through the law firm Pacific Corporation, an institution specialized in compliance, in April-August 2018. Based on the results of the diagnosis, KT reinforced the compliance system such as installing the Compliance Committee and the Compliance Secretariat for compliance with anti-corruption / anti-bribery. In addition, KT is comprehensively reinforcing the company-wide compliance system by selecting eight compliance areas and strengthening inspection and training processes.

Expansion of Ethical Management Education

KT conducts periodic ethics education for all employees every year and has held a total of 54 ethical education sessions in 2018. In addition, KT implements three "Ethical Leadership" educational courses from March to June every year to reinforcing the expertise of employees who are in charge of ethical management related jobs. In addition, the entire employees of KT write an oath for practice every year for compliance with ethical standards.

Basic Ethics & Risk Management	17 times	Compliance General	13 times
Fair Competition	13 times	Subcontracting	8 times
Anti-corruption	3 times	Other Compliance Education	3 times

Number of Times of Ethics Education for Employees Conducted in 2018



Employee Ethics Management Education



Strengthening the Implementation of Ethical Management

Ethical Violation Reporting Channel

<https://corp.kt.com/html/sustain/transparent/report.html>

Ethical Management Violation And Measures

To create a sound corporate ethics climate, KT operates an ethics violation reporting channel for 24-hours a day. KT receives information on the receipt of money and entertainment, unfair pressure exercise, and information leakage in real time and handles it transparently. KT strictly keeps the personal details of informants and the contents of information in secret pursuant to the informant protection program. In order to encourage corruption reporting, up to KRW 50 million of compensation is paid to each reporter of internal corruption problems.

In 2018, 13 cases (8 persons) of violation of ethics management occurred and disciplinary measures against the cases were completed. Diagnosis of problems were carried out and improvement measures taken for vulnerable areas such as electronic payment system, contract management, and new business sales recognition.

Current Status of Ethical Management Violations and Measures Taken in 2018

Area	Type of Violation	Number of Cases Occurred	Measures Taken
Regulation	Violation of business regulation	6	1 Suspension of duty, 1 reprimand
	Violation of financial regulations	1	
Duty	Violation of the duty of good faith	1	2 Reprimands
	Violation of the duty of keeping dignity	0	
	Violation of the duty of integrity	1	1 Salary reduction
Protection	Violation of information protection	0	
	Violation of prohibition sexual harassment	2	1 Dismissal
Order	Violation of respect for order in the organization	1	1 Salary reduction
	Abuse of authority and deceptive conduct in business	1	1 Reprimand
Total		13	1 Dismissal, 1 Suspension of duties, 2 Salary reduction, 4 reprimands

Group Company Ethics Officer Workshop



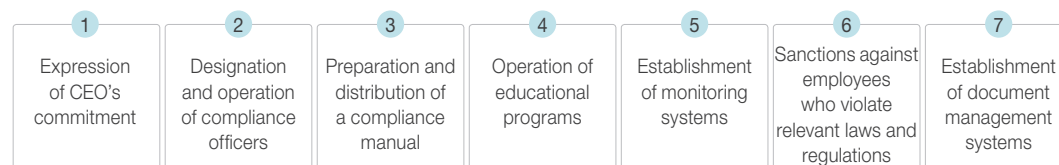
Autonomous Compliance with Fair Competition

As a representative telecommunications company in South Korea, KT keenly feels its responsibility to lead fair competition in the market thereby increasing the benefits of the public. To settle transparent and fair transaction culture through fair competition, KT has introduced and has been operating since 2001 and opened a preliminary deliberation center through professional lawyers as part of our compliance program and organized regional fair competition organizations in 2005 to conduct periodic inspections.

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Seven Elements of Fair Competitiveness Compliance Program



Strengthen Autonomous Compliance with Fair Competition

KT runs an autonomous compliance with fair competition programs such as an unfair practice reporting center, preliminary review of fair competition, and online education for employees. In 2018, a total of 216 preliminary reviews of fair competition were carried out, and online education (57 persons) and in-house education (about 480 persons) on laws related to fair competition were conducted for employees.

Since 2018, KT organized a "Group Fair Competition Council" to monitor fair competition risks at the level of group companies and established a response system to create a fair competition culture. In 2019, KT will minimize the risk of law violation by periodically implementing internal audit to ensure that all employees would strictly comply with autonomous compliance with fair competition programs and make effort to strengthen the fair competition system.

Preliminary Review Cases of Fair Competition in 2018



216 Cases

Compliance with Laws

KT Tax Policy

https://corp.kt.com/data/eng/sustain/KT_Tax_Policy.pdf

Current Status of Trials by Regulatory Agencies

KT has not been imposed any penalty for fair trade violations by the Fair-Trade Commission in 2018. KT is doing its best internally to improve the system for compliance with related laws and regulations and prevent the recurrence of violations. KT will do its best to prevent acts of violating the law that hinder fair competition by strengthening preliminary reviews.

Tax Policy and Transparent Disclosure

KT establishes and operates tax policies and strategies in accordance with the principle of responsible tax payment. Details related to corporate tax, deferred corporate taxes and effective tax rates are disclosed at the electronic disclosure system through audit reports. In particular, temporary differences arising from differences between the assets and liabilities in the accounting and those for tax affairs are disclosed by item and related explanations are provided. KT has not participated in any unlawful tax avoidance, illegal acts under the tax law, false reporting, etc. and faithfully obeys tax obligations. The effective tax rate of KT announced in 2018 is 36.6%, and the highest corporate tax rate is 27.5%. The difference between the tax rates is due to the non-temporary difference between the profit and loss in the accounting and the profit or loss for tax affairs in the taxation. It is due to various tax deductions from the corporate tax amount to be paid, the application of the corporate tax bracket rate * and the transfer gain due to the investment in kind of the Gangbuk headquarters development company.

* Tax based not exceeding KRW 200 million 10%, KRW 200 million~20 billion 20%, KRW 20 billion~300 billion 22%, more than KRW 300 billion 25% (the highest tax rate is 27.5% when the 10% of local income tax is included)

Amounts of Corporate Taxes Paid in 2018 by Continent

(Unit: USD)

Area	Sales	Operating Profit	Amount of Corporate Tax Paid	Major Businesses
Asia	186,166,784	10,610,825	337,566	Fixed line telephone, Internet, leased line, global IP network, ICT solutions, etc.
Europe	275,758	-3,298,347	19,121	Internet access
Africa	17,505,245	-12,577,788	0	LTE, Fiber Connectivity, infra leasing, IDC, SI
North America	6,896,086	373,367	55,370	Global Node, Data/ICT solution, etc.
South America	0	0	0	-
Australia	0	0	0	-
Total	210,843,873	-4,891,943	412,057	-

Participation in Public Policies

Based on Article 3.9 of the Code of Ethics Guidelines, KT prohibits the company or employees on behalf of the company from conducting political or charitable activities, and does not provide political funds, or funds for lobby of certain political organizations or political parties. However, KT is actively cooperating for public policies and public interest development by supporting organizations with guaranteed political neutrality that can indirectly affect the formation of policies. KT recognizes that the expenditure associated with policy impacts can be a potential risk factor from the company's mid- to long-term business perspective and manages the details and scales of related contributions from the company-wide perspective. KT newly established the Sustainability Subcommittee and the Fund Donation Review Committee in August 2018 as subcommittees in the Management Committee to strengthen the management of the execution of funds with the nature of contribution or donations.

Policy Support Costs

(Unit: KRW million)

Category	2015	2016	2017	2018
Political Contribution	0	0	0	0
Industrial promotion	8,236	8,661	5,850	5,000
Sponsoring international organizations	74	245	170	54
Society fee & sponsorship	314	325	90	16
Association dues & sponsorship	328	44	145	1,556
Total	8,952	9,275	6,255	6,626

Ranking of Policy Support Costs in 2018

(Unit: KRW million)

Rank	Contributed to	Amount of Contribution	Ratio	Category
1	Gyeonggi Center for Creative Economy & Innovation	3,000	45.28%	Industrial promotion
2	Korea Foundation for Cooperation of Large & Small Business, Rural Affairs	2,000	30.18%	Industrial promotion
3	Social welfare corporation Community Chest of Korea	1,500	22.64%	Organization (woman & human rights)
4	ITU-UNESCO BBCOM	54	0.81%	Sponsoring International Organization
5	Corporation Green Tree International	20	0.30%	Organization (woman & human rights)
6	Citizens' Coalition for Economic Justice Urban Reform Center	10	0.15%	Organization (economy)
7	Seoul National University School of Law	10	0.15%	Society (jurisprudence)

Managing Risks & Opportunities

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

KT's View

KT identifies potential risk elements in advance through integrated risk management to prevent the occurrence of crisis situations in advance. In addition, KT is making efforts to lead sustainable business by establishing a mid- to long-term strategic risk systems to defining mega-trends and identifying and commercializing new opportunity factors based on analysis of mid- and long-term future prospects.

Integrated Risk Management System

Company-wide Risk Management Organization

KT is strengthening its risk management governance by improving company-wide risk management organizations and systems. KT established the Enterprise Risk Management (ERM) division, a dedicated organization for Company-wide risk management in 2004 and newly established risk management organizations in individual business divisions and field work departments to upgrade risk management functions. In 2018, the Ethics Management Department, to which the ERM department belongs, was organized to be directly controlled by the CEO to strengthen the independence and authority for risk management. Systems for immediate reporting of occurrence major risks are operated between the ERM department and the RM departments of individual business division, and regional headquarters and current states of responses to risks are periodically shared to prevent the spread of risks.

Strengthening Risk Management System

KT defines risks as five types of risk according to the natures of risks, and systematically manages the risks by subdividing the types of risks. With the prevention-detection-response and management systems based on the principles of risk management and responses, even risks with minor effects are quickly reported and resolved. In 2018, group companies shared risk management / response principles and manuals, internal audit manuals, and related regulations and adjusted them to fit their environments to enhance the level of group companies' risk response/management. KT strengthens group companies' risk management governance by dispatching officers with risk management experience to newly incorporated group companies.

Risk Definition

Strategic Risk	Financial Risk	Regulatory Risk	Operational Risk	Event Risk
Losses due to changes in the telecommunication market environment, delayed growth of new business, etc.	Losses due to financial environment deterioration, economic crisis, etc.	Losses due to violation of relevant laws, social rules, internal regulations, etc.	Losses due to procedural errors, such as poor work processing, unclear roles between departments	Loss due to unforeseeable/uncontrollable events such as natural disasters

Risk Management in Advance

To manage risks in advance, KT conducts annual company-wide self-diagnosis of risks. This is a system in which employees periodically check risks related to their work, systems, and processes, etc., twice a year. In 2018, a total of 232 risks (99 occurred, 133 prevented) were derived through the company-wide self-diagnosis of risks. Among them, 10 major risks were selected. These risks are periodically managed, and fundamental problems related to the risks are being solved.

In 2019, KT is focusing on fundamental improvements in response to the lack of business processes and human errors, which are major causes of occurrence of risks. To this end, a Compliance Inspection System was newly established to improve the manuals / guidelines related to business performance and, in order to prevent human errors in the sales / network field departments across the country, daily audits were revived to establish business discipline and improve processes simultaneously.

Risk Education and Identification

KT conducts periodic risk education, risk general education for employees in the business division, sites, and RM departments of group companies, and gradual education such as deepening course education for those who completed general education to enhance the risk response/management capacities of RM departments.

Key Risk Management Activities

Outcome of Company-wide Self-diagnosis of Risks in 2018

 **232** Cases

Emerging Strategic Risks

Reactive Risk Management

KT has established the reactive risk management system to minimize losses in the event of occurrence of a risk. In 2018, KT established risk management / response manuals that defined specific procedures for risk recognition/ reporting, risk judgment, risk response / management, and problem improvement, and roles by department for education. In 2019, KT will rearrange the crisis responding behavior manual and embody them through simulation training to enable faster and more elaborate responses to company-wide crisis situations such as large-scale network / IT disruption and leakage of customer information.

Diverse economic, environmental and social issues such as the acceleration of climate change, population growth, energy and resource shortages are rapidly spreading across the world. Based on the analysis of the future prospects up to 2030, KT defines newly emerging strategic risks closely related to the telecommunications industry, identifies key risks and opportunity factors, and integrates them into business strategies.

Emerging Strategic Risks	Risk Definition	Potential Business Impacts	Countermeasure
 Prospect of Mandatory Disclosure on Non-Financial Information	<ul style="list-style-type: none"> Mandatory regulatory changes take shape on non-financial information of companies around the world. The European Parliament (EP) passed legislation requiring companies with more than 500 employees to disclose information such as environmental and social responsibility. Some of Asian countries are obliged to disclose non-financial information. Domestically, the Korea Stock Exchange will make mandatory disclosure of non-financial information of companies from 2020. 	<ul style="list-style-type: none"> The evaluation and disclosure of non-financial information may be required when dealing with European regulated countries. This can lead to an increase in non-financial investment of companies. Due to the obligation to disclose non-financial information or to legislate domestically, the business activities of companies with insufficient information may be restricted or costs for improvement may be incurred. In terms of corporate investment, investors can intuitively grasp the potential risks that may arise from non-financial factors, which may increase the demand for investment decisions. 	<ul style="list-style-type: none"> KT is preemptively responding to the level of disclosure and evaluation of non-financial information in line with global or domestic legislative direction. KT is disclosing various non-financial information activities through integrated reports, with improving the transparency of non-financial information every year in order to secure the trust of stakeholders. As the med- to long-term growth basis, KT is promoting corporate sustainability through propelling sustainability management and business integration.
 Uncertainty of Changes in Paid-Broadcasting Market Policy	<ul style="list-style-type: none"> In Korea, the regulation of "Paid-Broadcasting Restriction" regulates that it can not occupy more than 33% of the total paid-broadcasting market including cable TV, satellite broadcasting and IPTV. (Ended by June 2018) However, since the early 2019, discussions on the re-introduction of the regulation is shaping up. In addition, the government is reviewing regulations such as creating a fair competitive environment and enhancing the localness & diversity of paid- broadcasting as a post-regulation measure following the termination of the regulation. 	<ul style="list-style-type: none"> Recently, the paid-broadcasting market is closely integrated with ICT technologies such as AI, and global OTT operators are entering a full-fledged market. In the midst of the changes, there is a threat that the additional regulation on the paid-broadcasting market will be more intense. Considering that KT's market share is currently at the level of 31.07%, it is a burden on the company's strategic direction, for increasing revenue through securing additional subscribers. 	<ul style="list-style-type: none"> In order to response market uncertainty and strengthen market competitiveness, KT reorganized its media business division into a Customer & Media Division at the end of 2018. Beyond current domestic IPTV operators, KT strives to nurture the media platform business based on intelligent networks such as 5G as future core businesses. IPTV maintains growth potential through differentiated services based on specialized contents and customized products. Strengthening competitiveness through strengthening of 5G content and expansion of GiGA Ginie terminal lineups.
 Expansion of Market Volatility by Customer Demand Changes	<ul style="list-style-type: none"> Increased viewing of high-definition video due to rapid diffusion of smartphones and changes in customer demands. Significant increases in customer data usage and growing demands for overseas roaming rate cuts. Changes in telecommunication service revenue due to customer's unlimited data rate preference. 	<ul style="list-style-type: none"> Increased network investment costs due to increased customer data traffics. Internet access volume increased significantly due to customer's unlimited data plan conversion, but sales increased slightly 5G service launches will lead to explosive growth of customer data traffics. 	<ul style="list-style-type: none"> KT launched innovative charge 'Data ON' to enhance data benefits and make it easy for customers to choose their own data usage. KT launched roaming on-air rate plan that offers benefits such as domestic calls from overseas countries, starting from US, China and Japan. In April 3, 2019, KT launched 5G full-unlimited rate plan to secure 5G rate competitiveness, for the first time in Korea.
 Increased Costs Due to Accelerated Climate Changes	<ul style="list-style-type: none"> Increase in the frequency and intensity of recent weather events such as typhoons, floods, heat waves, and frost due to the rise of the surface temperature due to climate changes. Increase in frequency and intensity of abnormal weather increases damage of network facilities such as base stations and repeaters. Increase in air-conditioning costs in data center, office building due to average temperature rise. 	<ul style="list-style-type: none"> Increased recovery personnel and recovery costs as network facilities are damaged and damaged due to weather changes. Establishment of additional network surveillance system and operation cost to secure network stability. When the average temperature rises by 0.1°C, the additional cooling energy cost for maintaining the optimal temperature of communication equipments and servers is increased to KRW 700 million per year. 	<ul style="list-style-type: none"> KT builds and operates an ELITE centralized system that enables immediate infrastructure restoration through network coordination in case of natural disasters and power outages. In May 2019, KT established the Infrastructure Management Innovation Office, a safety responsibility organization utilizing ICT technology, to secure network stability. In order to reduce cooling energy consumption, KT has installed and operated an air conditioner cooling system in a nationwide communication room and data center.

Protecting and Promoting Human Rights

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

KT's View

KT established the highest level of responsibilities to respect and protect human rights in every region where it lead business, fulfills its social responsibilities and roles, prevents human rights violations that may occur throughout the value chain as well as KT business, while contributing to the improvement of human rights through ICT, thereby making efforts to grow into a sustainable company.

Human Rights Policy

KT Human Rights Policy

https://corp.kt.com/data/eng/sustain/KT_Human_Rights_Policy.pdf

As a responsible global telecommunications company, KT officially supports global standards related to human rights and labor such as the UN Universal Declaration of Human Rights, the ILO Conventions, the OECD Guidelines for Multi-national Enterprises, and the UN Guiding Principles on Business and Human Rights. In June 2017, KT established and publicized the KT Human Rights Policy for the protection and promotion of human rights. The KT Human Rights Policy is intended to identify and remove negative effects in advance so that no human rights violation would occur to any stakeholders throughout KT's business and value chains. Based on the foregoing, KT will ultimately contribute to the improvement of the working and living environments of employees and customers, and furthermore contribute to the creation of a sustainable society.

KT Human Rights Definition

1 Basic Human Rights	2 Labor Human Rights	3 Promote Human Rights
<ul style="list-style-type: none"> Guarantee equality, prohibit discrimination Realize freedom, prohibit forced labor Human dignity · prohibit child labor 	<ul style="list-style-type: none"> Freedom of association, rights of collective bargaining Fair compensation, compliance with labor standards Guarantee health and safety 	<ul style="list-style-type: none"> Realize freedom of information access and representation Protect personal information and privacy Pursuing happiness through innovation

Human Rights Risk Management System

UN Global Compact Implementation Report (COP)

www.unglobalcompact.org/what-is-gc/participants/5955-KT#cop

Human Rights Risk Management Standard

The 'UN Guiding Principles on Business and Human Rights' provides companies and stakeholders with a clear framework for promoting human rights in the business process. Based on the 'UN Guiding Principles on Business and Human Rights', KT established and is managing a human rights management process by itself. KT identifies potential human rights issues that may occur every year, discovers groups with vulnerable human rights, and makes efforts to improve the problems. In addition, KT is checking and complementing human rights situations through internal and external monitoring.

Human Rights Risk Identification

Based on the 'UN Guiding Principles on Business and Human Rights', KT defined major human rights issues and prioritizes them according to the degrees of risk exposure through the diagnostic analysis of the entire value chain of KT operation, manufacturing / supply, and sales / distribution. To this end, KT developed the 'KT Company-wide Human Rights Risk Exposure Assessment Framework' for the first time in the domestic telecom industry in 2013, which is a tool to identify potential human right risks in three major aspects of 'policy declaration', 'policy implementation', and 'remedy for human right abuse' based on the 'UN Guiding Principles on Business and Human Rights'.

KT's human rights risk identification procedures are proceeded after comprehensively reviewing the results of 1) Prior Risk Assessment Before Launching Service and Product, 2) Emotional Workers Monitoring, 3) Information Protection Measure Checks, 4) Supply Chain Sustainability Risk Evaluation, and 5) Business Risk Assessment.

Human Rights Risk Mitigation

Based on the results of analysis of human rights risks in 2018, 1) Supply chain labor rights / safety rights, human right issues at the manufacturing / supply stages, 2) issues of direct infringement of the rights of indigenous peoples' rights when business is promoted, 3) personal information protection issues at sales / distribution stages, 4) humanitarian treatment and protection of emotional workers such as customer service counselors were selected as major human rights issues. The relief and mitigation measures identify the current state of the identified priority human rights issues through due diligence and ensure that human rights risks can be mitigated continuously through cooperation with relevant teams by issue. For example, in the case of the customer service counselor's work environment issues, stress tests are conducted periodically and emotional worker healing programs, such as group counseling, are operated so that the issues can be fundamentally resolved.

Results of Due Diligence of Major Human Rights Issues

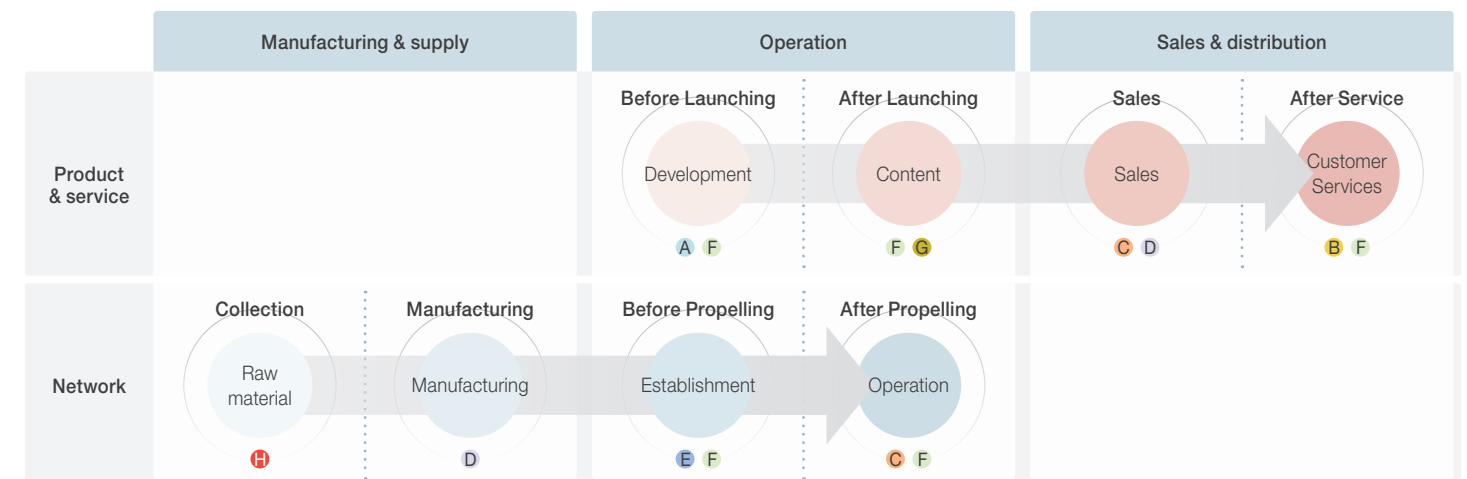
Products & Services

KT launches many new services each year, and risks of human rights violations such as information protection and discrimination issues may arise. In order to minimize this, KT has been implementing a 'Prior Risk Assessment Before Launching Service and Product' system since 2010. In the case of new services, in addition to reviewing the service differentiation and completeness required for service launch, in-depth reviews of four major risks: operational, legal, fair competition, and information protection risks are carried out. Since 2016, KT operates 48 key risk indicators that quantify risks by their characteristic, and constantly monitors the possibility of occurrence of risks.

Results of Prior Risk Assessment Before Launching Service and Product

Category	Unit	2016	2017	2018	
Risk Identification	Number of newly released services	Case	52	105	131
	Number of cases of pre-release risk assessment	Case	52	105	131
	Number of risks identified	Case	18	11	14
Risk Mitigation & Action	Risk identification ratio	%	34.6	10.5	10.7
	Number of cases of risk mitigation / actions	Case	18	11	14
	Risk mitigation / action ratio	%	100	100	100

Major Human Right Issue on KT Value Chain with Due Diligence Results



Major Human Right Issues	Vulnerable Group	Target of Review	Issue definition	Risk level	Assessment System	2018 Due Diligence Results		
						Range of Survey	Issue Identification	Action
A Products & Services	Children, general	KT	Potential human rights violations that may be caused by goods / services	Target of due diligence	Prior Risk Assessment Before Launching Service and Product	100%	10.7%	100%
B Emotional Worker Protection	Counselor	Subsidiary company	Protect counselors who are exposed to unjust acts (such as profanity, ranting, intimidation, insults, sexual harassment) or unreasonable demands of customers	Target of due diligence	Emotional Worker Monitoring	100%	19.5%	100%
C Personal Information Protection	General	KT, subsidiaries, partners	Personal information and privacy protection issues that are closely related to the telecommunications industry	Target of due diligence	Information Protection Measure Checks	100%	3.7%	100%
D Supply Chain Human Rights	Employees of suppliers, migrant workers	Suppliers	Basic human rights, labor rights, safety rights violation issues of employees of suppliers	Target of due diligence	'Supply Chain Sustainability Risk Evaluation'	100%	2.9%	100%
E Indigenous People's Right Protection	Indigenous people, communities	Community	Direct infringement of indigenous people's rights, such as land and property due to the expansion of business place	Target of due diligence	Business Risk Assessment	100%	4.3%	100%
F Employee Human Right	Internal employee	KT	Basic human rights, labor rights, safety right violation issues in the working environment of employees	Preliminary caution		-	-	-
G Harmful Content	Children, general	KT	Prevent access to harmful content of children and protect universal access to information	Preliminary caution		-	-	-
H Conflict Minerals	Native people, children	Raw material supplier	In the case of tin, tungsten and thallium used in electronic equipment, children's labor exploitation occurs in the production process in Congo and neighboring countries.	Preliminary caution		-	-	-

Emotional Worker Protection

Customer center counselors are vulnerable to human rights violations because they may be exposed to personality related insults such as abusive language and sexual harassment or unreasonable demands of customers during their work. KT conducts periodic inspections and operates healing programs to protect the rights and interests of counselors through regular cooperation with customer center subsidiaries. Through the 'KT Hearim' program, KT provide individual / team counseling, and healing camps in cooperation with professional counseling organizations and also provides customized counseling such as art psychological counseling by internal psychologists for employees who report stress. In addition, KT operates the 'Healing Room' , a sleeping and rest space equipped with massage chairs and 'K Lounge' where small performances are held.

K Lounge Classic Performances for Counselors



Emotional Workers Monitoring and Mitigation Measures

Category	Unit	2016	2017	2018	
Risk Identification	Total number of counselors	Person	9,033	8,497	7,706
	Monitoring ratio	%	100	100	100
	Number of risks identified	Person	886	788	1,499
	Risk identification ratio	%	9.8	9.3	19.5
	Risk Mitigation & Action	Risk mitigation / action ratio	%	100	100
	- Mitigation measure (group counseling)	Person	886	788	1,499

Personal Information Protection

The telecommunications industry becomes to collect, handle, and store a large amount of personal information in the course of business, and the leakage of personal information is a serious human rights risk that is directly linked to the infringement of the human rights of customers. To prevent personal information and privacy infringement, KT conducts 'Information Protection Measure Checks' every year on the entire distribution network and customer information processing systems with which KT transacts. In 2018, KT completely inspected 3,607 agencies throughout the country, found 133 matters that must be improved, and took 122 short-term and 11 long-term mitigating measures for 100% of the matters. For more details, please refer to the "Customer Information Protection" section (p.36~37) of this report.

Number of Completely Checked Agency Organizations in 2018

 **3,607**

Results of Information Protection Measure Checks

Category	Unit	2016	2017	2018	
Risk Identification	Number of completely checked agency organizations	Sites	3,904	3,037	3,607
	Ratio of completely checked agency organizations	%	100	100	100
	Number of matters that must be improved for security	Case	230	280	133
	Ratio of matters found that must be improved for security	%	5.9	9.2	3.7
Risk Mitigation & Action	Ratio of measures taken for matters that must be improved for security	%	100	100	100
	- number of short-term mitigating measures	Case	199	242	122
	- number of long-term mitigating measures	Case	31	38	11

Supply Chain Human Rights

To spread the culture to respect for human rights and its importance to key stakeholders such as group companies and strategic partner companies, KT established the 'KT Supplier Sustainability Guidelines' based on international human rights policies and standards including the UN Guiding Principles on Business and Human Rights in 2012 and has been making efforts to improve the levels of performance of suppliers through 'Supply Chain Sustainability Risk Evaluation' every year based on the guidelines. The 'Social Responsibility' evaluation area of this evaluation includes many evaluation indicators intended to identify human rights risks that may arise in the supply chain such as labor, human rights, safety, and subcontracting of suppliers and the indicators are utilized to proactively identify supply chain human right risks through annual evaluation. Further details are disclosed through the "Sustainable Supply Chain Management" section of this report (pp.60-61).

Results of Supply Chain Sustainability Risk Evaluation

Category	Unit	2016	2017	2018	
Risk Identification	Number of primary suppliers	Company	403	400	581
	Ratio of evaluation of primary suppliers	%	100	100	100
	Number of risks identified	Company	16	12	17
	Risk identification ratio	%	4.0	3.0	2.9
Risk Mitigation & Action	Ratio of corrective actions	%	100	100	100
	- Number of corrective actions	Company	15	6	9
	- Number of transactions terminated	Company	1	6	8

Indigenous People's Rights Protection

When a business place is expanded or a business is advanced into a new market or overseas countries, potential risks to human rights may occur due to economic, social and cultural differences and such risks may negatively affect the company's business with business delays / cancellations, occurrence of community civil complaints, business right cancellation, and difficulties in acquiring business rights. In particular, in the case of the telecommunications industry, potential infringement of the rights of native people such as land, property, and electromagnetic wave issues, may occur during the process of establishing base stations and network infrastructures. KT has established and is operating procedures to identify risks without fail based on the <Business Checklist> when making decisions on business promotion.

Results of Business Risk Assessment

Category	Unit	2016	2017	2018	
Risk Identification	Number of cases of business risk assessment	Case	48	52	47
	Number of risks identified	Case	3	2	2
	Risk identification ratio	%	6.3	3.8	4.3
Risk Mitigation & Action	Number of cases of risk mitigation / actions	Case	3	2	2
	Ratio of risk mitigation / actions	%	100	100	100

Potential Human Rights Issue Management

Employee Human Rights

In order to prevent the occurrence of wrongful acts such as sexual harassment and bullying in the workplace, which are social issues, and forced labor, child labor and infringement of rights in the working environment, continuous education and management are necessary. In order to ensure the basic human rights, labor rights, and safety rights of employees, KT made company-wide human rights education for all employees as mandatory. In particular, KT is conducting 'sexual harassment prevention education', 'perception of the disabled improvement education', and 'personal information protection education' for all employees once a year.

Harmful Content

KT takes diverse actions to ensure that children can safely access to online information and enjoy responsible content. KT offers kids content through Olleh TV and is striving to protect children from exposure to harmful content, including adult or illegal content. Kids-only UI Kids mode protects children from harmful content and when age is set, it automatically recommends content that fit the age of the child to induce proper TV watching habits.

Kids Land Home Age Setting



Conflict Minerals

"Conflict minerals" is a term that refers to four minerals; tin, tantalum, tungsten, and gold, produced in 10 African countries, including the Democratic Republic of the Congo, and is known as an international human rights issue because guerrillas and rebels exploit civilians' labor in the process of mining. Products that require attention the most in relation to conflict minerals are electronic devices such as mobile phones and notebooks. Since KT is not a manufacturer that firsthand manufactures telecommunication equipment, they do not cause any human rights violation issue, but recognizes them as a potential human rights issue and pays attention to them.

Enhance the Accessibility of Digital Vulnerable Social Group

KT strives to enhance the accessibility of digital vulnerable groups such as the disabled and the elderly, so that they can equally access and understand the services provided by KT without any special knowledge. To this end, KT designed/developed web, mobile app UI/UX according to government guidelines, and are conducting periodic accessibility checks consisting of 37 test items for ease of recognition, ease of operation, ease of understanding, and robustness.

In addition, for KT homepage (www.kt.com), KT shop homepage (shop.kt.com) and My KT app, which are frequently used by customers, KT receives accessibility certification from companies certified by the government periodically, once per year.

My KT App



Principles Applied to Accessibility to KT's Mobile Apps

Principles Applied	Purpose	Target
Ease of Recognition	Providing content that can be easily understood by users	Visual / hearing-impaired customers who have difficulties in recognizing auditory and visual information
Ease of Operation	UI configuration that enable easy navigation and manipulation	Customers with physical disabilities or brain lesion who are limited in body movements
Ease of Understanding	UI configuration that can be easily understood by anybody	Intelligent / language-impaired customers who have difficulties in reading or understanding sentences
Robustness	Content composition that can be used in even changing technology environments	Customers who access in diverse operating environments such as operating systems and web browsers

APPENDIX

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Major Financial Indicators

Financial Performance

(Unit: KRW million)

Description	2016	2017	2018
Consolidated Financial Statement			
Current Assets	9,793,588	9,672,412	11,894,252
Non-current Assets	20,944,427	20,058,498	20,294,578
Total Assets	30,738,015	29,730,910	32,188,830
Current Liabilities	9,482,205	9,474,162	9,387,704
Non-current Liabilities	8,326,807	7,046,148	8,069,846
Total Liabilities	17,809,012	16,520,310	17,457,550
Capital	1,564,499	1,564,499	1,564,499
Premium on Common Stock	1,440,258	1,440,258	1,440,258
Retained Earnings	9,790,768	9,988,396	11,328,859
Accumulated Other Comprehensive Income	-1,432	30,985	50,158
Other Capital Component	-1,217,934	-1,205,302	-1,181,083
Non-controlling Interests	1,352,844	1,391,764	1,528,589
Total Equities	12,929,003	13,210,600	14,731,280
Total Liabilities and Equities	30,738,015	29,730,910	32,188,830
Consolidated Income Statement			
Operating Revenue	22,786,989	23,387,267	23,460,143
Operating Expenses	21,303,686	22,011,981	22,198,621
Operating Profit	1,483,303	1,375,286	1,261,522
Other Profit	365,872	287,388	215,998
Other Expense	462,474	573,549	319,895
Financial Income	296,139	406,328	374,243
Financial Expense	515,087	644,531	435,659
Shares for New Profits and Loss by Related Companies and Joint Ventures	2,599	-13,892	-5,467
Income Before Taxes	1,170,352	837,030	1,090,742
Income Taxes	335,780	275,504	328,437
Net Profit from Continuing Operations	834,572	561,526	762,305
Net Profit	834,572	561,526	762,305
Other Comprehensive Income	-5,670	-68,288	-54,628

Composition of Shareholders

(As of December 31, 2018)

Shareholders	No. of Shares	Equity Ownership (%)
Treasury Stock	15,967,040	6.12
Foreign Investors	126,565,310	48.47
National Pension Fund	31,823,426	12.19
Employee Stockholders	1,188,070	0.46
Other Entities & Individual Investors (domestic)	85,567,962	32.77
Total Number of Shares Issued	261,111,808	100.00

Third Party's Assurance Statement

To the Readers of KT Integrated Report 2019

Foreword

Korea Management Registrar Inc.(hereinafter "KMR") has been requested by of KT to verify the contents of its KT Integrated Report 2019 (hereinafter "the Report"). KT is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

KT describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a Type 2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standard indices as below, where professional judgment of the team was exercised as materiality criteria.

- GRI Reporting Principles
- Universal Standards
- Topic Specific Standards

· Management approach of Topic Specific Standards	· Forced or Compulsory Labor: 409-1
· Economic Performance: 201-1, 201-2, 201-3	· Security Practices: 410-1
· Market Presence: 202-1	· Rights of Indigenous Peoples: 411-1
· Indirect Economic Impacts: 203-1, 203-2	· Human Rights Assessment: 412-1, 412-2, 412-3
· Procurement Practices: 204-1	· Local Communities: 413-1, 413-2
· Anti-Corruption: 205-1, 205-2, 205-3	· Supplier Social Assessment: 414-1, 414-2
· Anti-Competitive Behavior: 206-1	· Customer Health and Safety: 416-1, 416-2
· Materials: 301-2	· Marketing and Labeling: 417-1, 417-2, 417-3
· Energy: 302-1, 302-2, 302-3, 302-4, 302-5	· Customer Privacy: 418-1
· Water: 303-1, 303-2, 303-3	· Socioeconomic Compliance: 419-1
· Emissions: 305-1, 305-2, 305-3, 305-4, 305-5,	
· Effluents and Waste: 306-1, 306-2, 306-4	
· Supplier Environmental Assessment: 308-1, 308-2	
· Employment: 401-1, 401-2, 401-3	
· Labor/Management Relations: 402-1	
· Occupational Health and Safety: 403-1, 403-2, 403-3, 403-4	
· Training and Education: 404-1, 404-2, 404-3	
· Diversity and Equal Opportunity: 405-1, 405-2	
· Non-Discrimination: 406-1	
· Freedom of Association and Collective Bargaining: 407-1	
· Child Labor: 408-1	

- Construction and Real Estate Sector Supplement: CRE3, CRE4, CRE5, CRE6, CRE8

This Report excludes a data and information of joint corporate, contractor etc. which is outside of the organization, i.e. KT, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with KT on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity**
Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

KT is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder KT left out during this procedure.

- **Materiality**
Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

KT is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

- **Responsiveness**
Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

The assurance team could not find any evidence that KT's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Comprehensive Option' of GRI standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- KT set mid- to long-term goals as well as strategies for key issues under the vision of sustainable management and reported performance based on detailed data. The telecommunications company is advised to incorporate sustainability issues into its key business process, use them for developing strategies and achieving goals, and establish a culture of sustainability.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other KT's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

GHG Verification Statement

Verification Statement

Verification No. KQT-T1903

Company KT Corporation

Representative Chang-Gyu Hwang

Business Registration No. 102-81-42945

Address 90, Buljeong-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea



KQA confirms that the certification result of GHG emissions and energy consumption reports of above company is proper.

Regulation Applied The GHG and Energy Target Scheme Guidelines Verification Guidelines for GHG Emissions Trading Scheme

Verification Scope GHG emissions and energy consumption reports (in the year of 2018)

GHG emissions total and energy consumption

	Scope 1	Scope 2	Total
GHG emissions (ton CO ₂ -eq)	38,482	1,067,848	1,106,330
Energy consumption (TJ)			22,655

Verification Term March 20, 2019 ~ April 26, 2019

Date of issue April 29, 2019



Korea Quality Assurance

(GHG:Energy verification body 「2011-3rd」 accredited by the ministry of environment.)

※ The details regarding the range of this Verification Statement and requirement of the GHG and Energy target scheme guidelines can be obtained by requesting to the relevant organization

KQA Address : 2Fl., Hojeong Bldg., 49, Manan-ro, Manan-gu, Antang-si, Gyeonggi-do, 140304, Republic of Korea

GRI Standards Index

GRI Standards	Contents	Page & Remarks	UN Initiatives
GRI 100			
GRI 102-1	Name of the organization	4	
GRI 102-2	Primary brands, products, and/or services	4, 20-25, 39	
GRI 102-3	Location of organization's headquarters	4	
GRI 102-4	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	4	
GRI 102-5	Nature of ownership and legal form	4	
GRI 102-6	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	4	
GRI 102-7	Scale of the reporting organization	4, 45	
GRI 102-8	a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised workers and by gender d. Total workforce by region and gender e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	45	UNGC 6, SDG 8
GRI 102-9	Describe the organization's supply chain	58-61	
GRI 102-10	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	4-5	
GRI 102-11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	70-71	
GRI 102-12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	72	
GRI 102-13	Memberships in associations	88	
GRI 102-14	Statement from the most senior decision-maker of the organization	2-3	
GRI 102-15	Provide a description of key impacts, risks, and opportunities.	2-3, 10-11, 71	
GRI 102-16	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	67	UNGC 10, SDG 16
GRI 102-17	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	67-68	UNGC 10, SDG 16
GRI 102-18	Governance structure of the organization	7, 41, 51, 66	
GRI 102-19	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	7	
GRI 102-20	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	64-65	
GRI 102-21	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	7, 41, 51	SDG 16
GRI 102-22	Report the composition of the highest governance body and its committees	64-66	SDG 5, 16
GRI 102-23	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	65	SDG 16
GRI 102-24	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	65	SDG 5, 16
GRI 102-25	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	65	SDG 16
GRI 102-26	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	64-66	
GRI 102-27	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	64-65	
GRI 102-28	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	66	
GRI 102-29	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes	66	SDG 16

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GRI Standards	Contents	Page & Remarks	UN Initiatives
GRI 102-30	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	70	
GRI 102-31	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	70	
GRI 102-32	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	64-65	
GRI 102-33	Report the process for communicating critical concerns to the highest governance body.	70	
GRI 102-34	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	49	
GRI 102-35	Report the remuneration policies for the highest governance body and senior executives	66	
GRI 102-36	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	66	
GRI 102-37	Report how stakeholders' views are sought and taken into account regarding remuneration	66	SDG 16
GRI 102-38	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country.	66	
GRI 102-39	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country.	66	
GRI 102-40	List of stakeholder groups engaged by the organization	7	
GRI 102-41	Percentage of employees covered by collective bargaining agreements	49	UNGC 3, SDG 8
GRI 102-42	Basis for identification and selection of stakeholders with whom to engage	7	
GRI 102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	7	
GRI 102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	7	
GRI 102-45	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	77	
GRI 102-46	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	8-9	
GRI 102-47	List all the material Aspects identified in the process for defining report content	9	
GRI 102-48	Explanation of the effect of any re-statements	About this report	
GRI 102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	N/A	
GRI 102-50	Reporting period	About this report	
GRI 102-51	Date of most recent previous report	July 2018	
GRI 102-52	Reporting cycle	Annual	
GRI 102-53	Contact point for questions regarding the report or its contents	About this report	
GRI 102-54	a. 'In accordance' option the organization has chosen b. GRI Content Index for the chosen option (see tables below)	80-81, 83-87	
GRI 102-55	c. Reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines		
GRI 102-56			
GRI 103-1	The Aspect Boundary within the organization	9	
GRI 103-1	a. Why the Aspect is material. Report the impacts that make this Aspect material	8-11	
GRI 103-2	b. How the organization manages the material Aspect or its impacts		
GRI 103-3	c. Evaluation of the management approach		

GRI Standards	Contents	Page & Remarks	UN Initiatives
GRI 103-2	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	61	UNGC 8
GRI 103-2	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	49, 61	
GRI 103-2	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	72-75	UNGC 1
GRI 103-2	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	61	
GRI 200			
GRI 201-1	Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government	4, 56, 69	SDG 2, 5, 7, 8, 9
GRI 201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	42, 71	UNGC 7, SDG 13
GRI 201-3	Coverage of the organization's defined benefit plan obligations	49	
GRI 201-4	Financial assistance received from government	N/A	
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	45	
GRI 202-2	Proportion of senior management hired from the local community at significant locations of operation	N/A	UNGC 6
GRI 203-1	Development and impact of infrastructure investments and services supported	50-57	SDG 2, 5, 7, 9
GRI 203-2	Significant indirect economic impacts, including the extent of impacts	56, 69	SDG 8, 10, 17
GRI 204-1	Proportion of spending on local suppliers at significant locations of operation	58-60	SDG 12
GRI 205-1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	67-68	UNGC 10, SDG 16
GRI 205-2	Communication and training on anti-corruption policies and procedures	67-68	UNGC 10, SDG 16
GRI 205-3	Confirmed incidents of corruption and actions taken	68	UNGC 10, SDG 16
GRI 206-1	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	69	
GRI 300			
GRI 301-1	Materials used by weight or volume	N/A	
GRI 301-2	Percentage of materials used that are recycled input materials	43	
GRI 301-3	Percentage of products sold and their packaging materials that are reclaimed by category	N/A	UNGC 8, SDG 8, 12
GRI 302-1	Energy consumption within the organization	42	UNGC 7, 8, SDG 7, 8, 12, 13
GRI 302-2	Energy consumption outside of the organization	42	UNGC 7, 8, SDG 7, 8, 12, 13
GRI 302-3	Energy intensity	42	UNGC 8, SDG 7, 8, 12, 13
GRI 302-4	Reduction of energy consumption	42	UNGC 8, 9, SDG 7, 8, 12, 13
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GRI 303-1	Total water withdrawal by source	43	UNGC 7, 8, SDG 6
GRI 303-2	Water sources significantly affected by withdrawal of water	43	UNGC 7, 8, SDG 6
GRI 303-3	Percentage and total volume of water recycled and reused	43	UNGC 8, SDG 6, 8, 12

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GRI Standards	Contents	Page & Remarks	UN Initiatives
GRI 304-1	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	N/A	
GRI 304-2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/A	
GRI 304-3	Habitats protected or restored	N/A	UNGC 8, SDG 6, 14, 15
GRI 304-4	Total number of IUCN RED list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A	
GRI 305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	43	UNGC 7, 8, SDG 3, 12, 13, 14, 15
GRI 305-2	Indirect greenhouse gas (GHG) emissions (Scope 2)	43	UNGC 7, 8, SDG 3, 12, 13, 14, 15
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GRI 305-4	Greenhouse gas(GHG) emissions intensity	43	UNGC 8, SDG 13, 14, 15
GRI 305-5	Reduction of Greenhouse gas(GHG) emissions	43	UNGC 8, 9, SDG 13, 14, 15
GRI 305-6	Emissions of ozone-depleting substances(ODS)	N/A	UNGC 7, 8, SDG 3, 12
GRI 305-7	NOx, SOx and other significant air emissions	N/A	UNGC 7, 8, SDG 3, 12, 14, 15
GRI 306-1	Total water discharge by quality and destination	43	
GRI 306-2	Total weight of waste by type and disposal method	43	UNGC 8, SDG 3, 6, 12
GRI 306-3	Total number and volume of significant spills	N/A	UNGC 8, SDG 3, 6, 12, 14
GRI 306-4	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the BASEL Convention Annex I, II, III, AND VIII, and percentage of transported waste shipped internationally	43	UNGC 8
GRI 306-5	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	N/A	
GRI 307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	N/A	UNGC 8, SDG 8, 16
GRI 308-1	Percentage of new suppliers that were screened using environmental criteria	61	UNGC 8
GRI 308-2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	61	UNGC 8, SDG 15
GRI 400			
GRI 401-1	Total workforce by employment type, employment contract and region	45	UNGC 6, SDG 5, 8
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	48-49	SDG 8
GRI 401-3	Return to work and retention rates after parental leave, by gender	48	UNGC 6, SDG 5, 8
GRI 402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	48-49	UNGC 3, SDG 8
GRI 403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	48-49	SDG 8
GRI 403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	48-49	SDG 3, 8
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	49	SDG 3, 8
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	49	UNGC 1
GRI 404-1	Average hours of training per year per employee by gender, and by employee category	44	UNGC 6, SDG 8

GRI Standards	Contents	Page & Remarks	UN Initiatives
GRI 404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	44-45	SDG 8
GRI 404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	47	UNGC 6, SDG 5, 8
GRI 405-1	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	45	UNGC 6, SDG 5, 8
GRI 405-2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	45	UNGC 6, SDG 8, 10
GRI 406-1	Total number of incidents of discrimination and actions taken	73-75	UNGC 6
GRI 407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	49, 73-74	UNGC 3, SDG 8
GRI 408-1	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	72-75	UNGC 5, SDG 8, 16
GRI 409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	72-75	UNGC 4, SDG 8
GRI 410-1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	75	UNGC 1, SDG 16
GRI 411-1	Total number of incidents of violations involving rights of indigenous people and actions taken	72-75	UNGC 1
GRI 412-1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	72-75	UNGC 1
GRI 412-2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	75	UNGC 1
GRI 412-3	Total number and percentage of significant investment agreements and contracts that include human rights clauses of that underwent human rights screening	74-75	UNGC 2
GRI 413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	52-56	UNGC 1
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	53	UNGC 1
GRI 414-1	Percentage of new suppliers that were screened using labor practices criteria	61	SDG 5, 8, 16
GRI 414-1	Percentage of new suppliers that were screened using human rights criteria	61, 72-74	UNGC 2
GRI 414-1	Percentage of new suppliers that were screened using criteria for impacts on society	60-61	
GRI 414-2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	61	SDG 8, 16
GRI 414-2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	61, 72-74	UNGC 2
GRI 414-2	Significant actual and potential negative impacts on society in the supply chain and actions taken	60-61	
GRI 415-1	Total value of political contributions by country and recipient/beneficiary	N/A	UNGC 10, SDG 16
GRI 416-1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	35, 73	
GRI 416-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	35, 73	
GRI 417-1	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	69	SDG 12
GRI 417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	69	SDG 16
GRI 417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	69	
GRI 418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	37	
GRI 419-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	69	SDG 16

Major Awards & Memberships

Major Awards

	2018 Award	Host / Provider
February	The Most Admired Companies 'All Star', 1st in the IPTV sector and 2nd in the Telecom Service	Korea Management Association Consulting
March	NCSI (National Customer Satisfaction Index)-ranked 1st wired-phone, internet phone, IPTV and high-speed internet in 2018	Korea Productivity Center
	Winner of 'Best Mobile Innovation for Health' in MWC Global Mobile Awards 2018	Global System for Mobile Communications (GSMA)
April	Winner of 'Product Design' in Red Dot Award 2018	Design Zentrum Nordrhein-Westfalen
June	Winner of 2 Gold and Silver Prize in Asia-Pacific Stevie Awards	Stevie Awards
	Winner of 'Best Innovation for LTE to 5G Evolution' in Mobile World Congress Asia Mobile Awards 2018	Global System for Mobile Communications (GSMA)
September	Included at DJSI World index of Telecommunication for the 9 consecutive years (Top 10%)	Robeco SAM, Dow Jones
	Selected to be included as A grade at ESG ratings	Korea Corporate Governance Service
October	Winner of 'Sustainability Management' in Global Standard Management Awards for the 2 consecutive years	Korea Management Association Quality Assurance
	Winner of Grand Prize of Korea Sharing Awards	Minister of Health and Welfare
	Winner of 'Best Virtualization Technology Award' and 'Best Artificial Intelligence and Automation Technology Award' in Broadband World Forum Awards 2019	Infoma
	Winner of Gold Prize of 'Corporate Communication' in the International Business Awards for the 2 consecutive eyars	Stevie Awards
November	Ranked 1st of 'Integrated Report' in the Korea Reader's Choice Awards (KRCA)	Korea Standards Association
	Ranked 1st of Telecommunication Sector in Korea Sustainability Index (KSI)	Korea Standards Association
	Ranked 1st in the UN Sustainable Development Goal Management Index (SDGBI) for 3 consecutive years	Korean Association for UN SDGs
	Winner of 'Best Operator Depolyment' in WBA Industry Award	WBA(Wireless Broadband Alliance)
	Winner of '5G Leadership' in World Communication Awards	Total Telecom
	Winner of 'Best Innovation Cloud Service in Global Telecoms Awards 2018	Infoma
December	Winner of 'Overseas Special Prize', 'Broadcasting' and 'Overseas Promotion Material' in Korea Communications Awards	Korea Business Communication Association
	Winner of the Presidential Award for New Growth Management in Korea	Maekyung Media Group

Memberships

■ Domestic

Open System Interconnection Association, Online Privacy Association, Safe-Net Forum, Global Competitiveness Empowerment Forum, Network Security Forum, Korean Society for Atmospheric Environment, Korean Society of Transportation, Korea Industrial Safety Association, Korea Chamber of Commerce & Industry, Korea Housing Builders Association, D-AD Forum, Big Data Technology Forum, Success Economy Forum, Korean Academic Society of Business Administration, Korea Association of Cloud Industry, Demand-Response Management Association, Smart TV Forum, Smart Media Promotion Association, Spectrum Engineering Forum, Korea New & Renewable Energy, The Association of Energy Future Forum, Korea Engineering & Consulting Association, Korea Electrical Contractors Association, Korea Electric Engineers Association, IT Information Sharing & Analysis Center, Korea Information & Communication Contractors Association, Artificial Intelligence Industry Association, Codegate Security Forum, Korea Association of Chief Information Security Officer, Korea FIDO Forum, Korean Institute of Blockchain, Korea 3D Printing Association, Korea Building Energy Management System, Korea IDC Association, Korea IPTV Broadcasting Association, Korea Investor Relations Service, Korea IT Business Promotion Association, Korea Information Technology Service Industry Association, Korea Virtual Reality Industry Association, Korea Employers Federation, Fair Competition Federation, Korea Advertisers Association, Korea Money and Finance Association, Korea Association of Network Industries, Korea Association of ICT Convergence in the Agriculture and Food Business, Korea Mecenat Association, Korea Mobile Internet Business Association, Korea International Trade Association, Korea Biotechnology Industry Organization, Korea IOT Forum, Korea IOT Association, Korea Industrial Technology Association, Korea Listed Company Association, Korean Society of Manufacturing Technology Engineers, Korea Fire Safety Association, Korea Software Industry Association, Korea Smart Grid Association, Korea Food Industry Association, Korea Foreign Company Association, Korea Internet Service Promotion Association, Korean Institute of Electromagnetic Engineering and Science, Korea Radio Promotion Association, Korea Phone Bill Industry Association, Korea Information Security Industry Association, Korea Institute of Information Security & Cryptology, Korea Information Electron Communication Technology, Telecommunications Technology Association, Korea Institute of Information & Telecommunication Facilities Engineering, Korea Association for ICT Promotion, Korea Intellectual Property Association, Korean Society for Railway, Consortium of CERT, Korea Telecommunications Operators Association, Korea Chief Privacy Officers' Forum, Korea Association of ESCO, Intelligent Transport System, Local Based Service Business Industry Council, Defense Network Centric Warfare Forum, OCF (Open Connectivity Forum), SDN NFV Forum, Korea National Assembly UN SDGs Forum

■ Overseas

The International Function Point Users Group, 3GPP, 5G Forum, FIDO Alliance, GCF(Global Certification Forum), ITU, NGMN(Next Generation Mobile Networks), oneM2M, OPEN-O, OPNFV, UN Global Compact, Wi-Fi Alliance, WIMAX Forum, Z-Wave Alliance

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Published July 2019

Publisher Chang-Gyu Hwang

Publishing Entity KT Sustainability Management Unit

Planning & Design Nstein Co., Ltd. 82-2-336-7865