

SK SECURITIES TCFD REPORT 2023





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INTERACTIVE GUIDE

The SK Securities TCFD report 2023 is provided in Interactive PDF format to enhance readers' convenience and deliver various information.

*This report is available in print and PDF formats.

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ABOUT THIS REPORT

Overview

The climate crisis is disrupting existing paradigms through changes in markets, policy and legal, and technology, leaving companies and society to face unexpected risks and opportunities from climate change. As a leading financial investment institution in ESG management, SK Securities believes that identifying risks and opportunities from climate change and transparently disclosing climate change response strategies to support stakeholder decision-making is the way to contribute to the transition to a low-carbon society.

With the publication of its second TCFD Report, SK Securities has further raised the level of disclosure of the information related to climate change and demonstrated its commitment to climate change response activities in the report.

This report has been prepared in accordance with the framework of the TCFD Recommendations and includes information on SK Securities' carbon neutrality targets and strategies. SK Securities has used reliable standards and methodologies to accurately and transparently communicate climate change-related data. However, the outlook and plans contained in this report are subject to change due to variables such as various factors of climate change and changes in market conditions. Please note that SK Securities is under no legal obligation to assume responsibility or provide any warranty for the information presented in this report.

Reporting Scope

- SK Securities: All business sites
- SKS Private Equity: All business sites
- Trinity Asset Management: All business sites
- PTR Asset Management: All business sites
- MS Mutual Savings Bank: All business sites

Publication Date

September 2023



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CEO Message

Dear Stakeholders of SK Securities,
Thank you for your continued interest and support for SK Securities.



CEO, SK Securities
Shin Kim

This year, despite the uncertain economic conditions, SK Securities did its best to fulfill our mission of "helping our customers, shareholders, members, and society at large in achieving happiness and growth." In particular, we have established the ESG Committee under the Board of Directors to ensure sustainable growth and protect the interests of our stakeholders, and set up the ESG Enabling Office within Future Strategy Headquarters directly under the CEO. We are also identifying issues through ESG materiality assessments and promoting systematic ESG integration centered on the ESG Specialist Group, in which all business divisions participate.

SK Securities aims to make investments based on morality and expertise for the transition to a low-carbon economy. Calculating the financed emissions of investment portfolios according to global standards and managing high-emitting portfolios go beyond mere climate risk management, as we genuinely consider the long-term interests of our stakeholders. Expanding new business opportunities, such as climate business, that have emerged from the 'brown to green' transition is also an important challenge for us. SK Securities has been advising, arranging, and investing in renewable energy financing since 2014 and participated in KRW 1 trillion in renewable energy power generation projects, and has accumulated ESG bonds worth KRW 53 trillion as of the end of July 2023. This year, we have intergrated climate finance into FinTech and are further expanding the scope of ESG financial products, including the spread of digital ESG and the development of carbon credit market-based financial products.

Dear Stakeholders,
SK Securities will not be satisfied with our industry-leading achievements but will continue to challenge and explore the endless possibilities. Along the way, we will do our best to ensure that the happiness and growth of our stakeholders are always together in our sustainable journey.



CEO, SK Securities
Woo-jong Jeon

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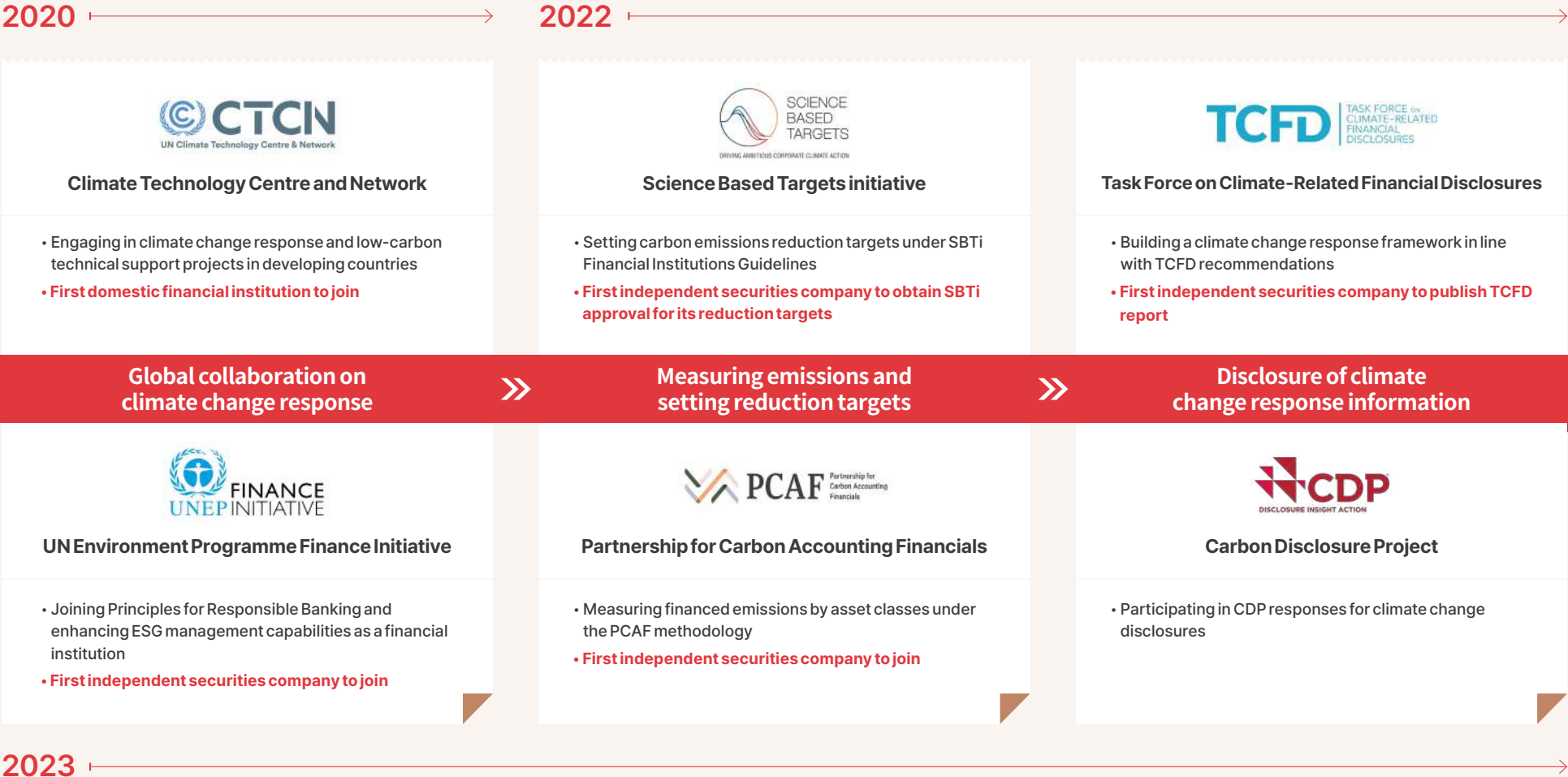
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ESG Initiatives

We are actively participating in various global ESG initiatives to better contribute our efforts.



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TCFD Highlights

We transparently disclose our climate change response activities and performance in consideration of TCFD recommendations and IFRS S2 standards.
We will continue to expand, increase and strengthen the level of our climate-related disclosure.



Named No.1 in ESG Management at the National Brand Awards

As a leading financial institution in Korea for ESG finance, SK Securities has been advising, arranging, and investing in renewable energy finance since 2014. Since 2018, we have also been leading the way in ESG management by expanding the issuance of green bonds, accumulating KRW 53 trillion (338 cases in total) by the end of July 2023. Furthermore, we are transparently disclosing all processes and results of ESG management to various stakeholders by establishing science-based reduction targets for the first time as an independent securities company in Korea, obtaining SBTi approval (Nov. '22), and publishing the TCFD report (Dec. '22). As a result of these substantial ESG management activities, SK Securities was ranked No. 1 in the National Brand Competitiveness Index for ESG Management at the 14th Korea National Brand Awards held in April 2023, especially for completing eight wind power projects worth KRW 880 billion since 2014. The National Brand Competitiveness Index is an index that quantifies the results of direct consumer evaluations based on brand awareness and global competitiveness, meaning that SK Securities is recognized as a "Leading ESG Company" by stakeholders with its ESG management system and active ESG management activities. SK Securities will continue to pursue support and cooperation for sustainable finance by practicing genuine ESG management and continuously disclosing the process and results of ESG management to stakeholders.



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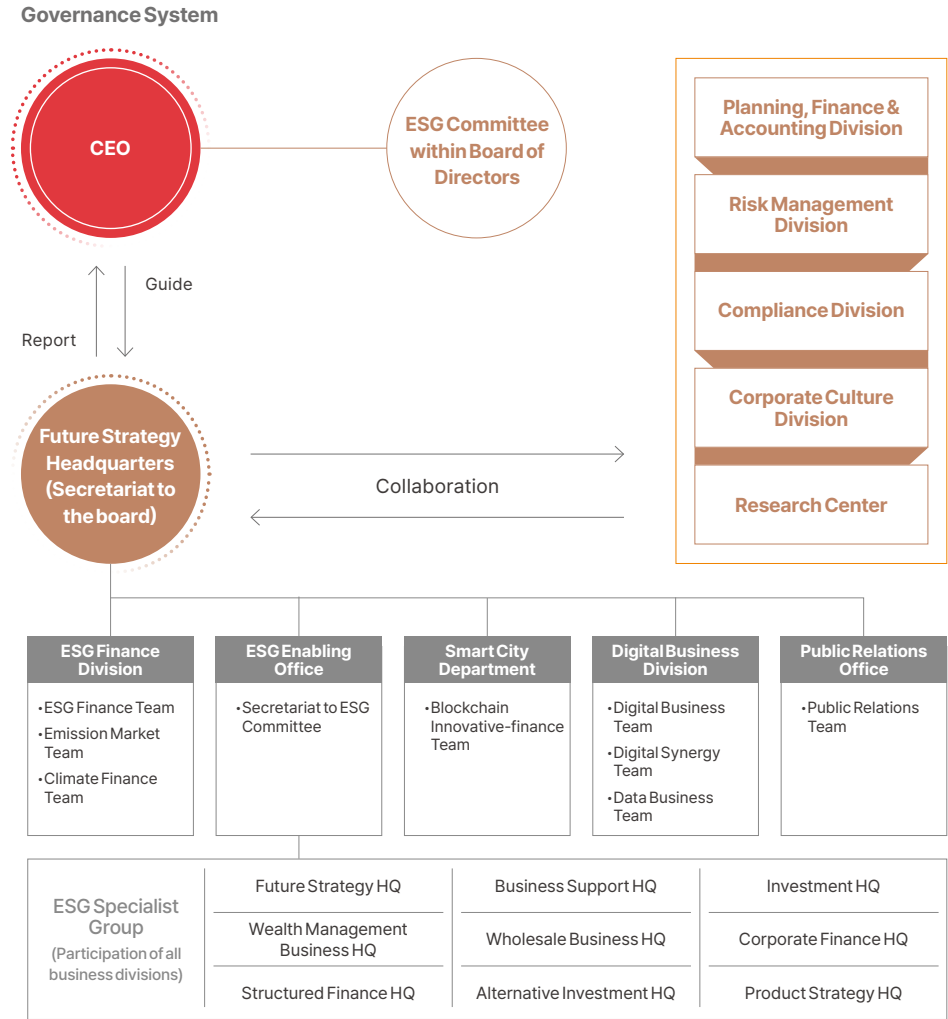
Governance System

We will expand ESG management activities by strengthening its governance system.

In March 2023, SK Securities established the ESG Committee under the Board of Directors to ensure sustainable growth and protect stakeholder interests. In addition, the ESG Headquarters, which was previously the secretariat of the Board of Directors, was reorganized into Future Strategy Headquarters and the Social Contribution Office, which was in charge of climate change response, was reorganized into the ESG Enabling Office to strengthen the organization's governance system. Furthermore, for the functioning of the ESG consultative group, 19 in-house ESG specialists were selected and trained to lead ESG tasks specific to each business division to ensure that ESG management is effectively internalized. SK Securities sets and implements ESG management directions and major strategic tasks based on a systematic decision-making process that leads to the ESG Committee, Synergy Council, and the dedicated ESG teams in all subsidiaries. SK Securities is actively engaged in climate change-related discussions centered on the strengthened governance system. The management of Future Strategy Headquarters is responsible for organizing and reporting on climate change-related agendas, while the ESG Committee, centered on the CEO as the top decision-making authority, monitors and deliberates on the relevant agendas. In addition, collaboration between departments, including the Risk Management Division, is carried out when organizing agendas. The ESG Committee within the Board of Directors holds regular meetings bi-annually and irregular meetings as needed and reports to the Board of Directors based on the ESG Committee's reports. In the 5th Board of Directors' report in 2023, 'establishment of a climate change response policy system' and 'greenhouse gas emission management and reduction' were selected as major environmental issues.

ESG Committee and Board of Directors Reporting Agendas

Date	Content	Agendas
23.5.25	1st ESG Committee Meeting	Report on 2023 ESG strategy and results of double materiality assessment • Includes climate change and carbon neutrality
23.7.10	5th Board of Directors Report	Report on the 1st ESG Committee Agenda • Establishment of climate change response policies and systems, and management and reduction of greenhouse gas emissions were selected as material issues



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Progress on Climate Change Response Plans and Objectives

	Plans and Objectives	Progress	Contents
 <p>Climate change-related opportunities</p>	<ul style="list-style-type: none"> Acting as a total financial solution provider to address climate change and environmental pollution issues 	<p>In Progress</p> 	<ul style="list-style-type: none"> Issued KRW 53.231 trillion worth of ESG bonds (Jul. '23) Sourced and sold ESG funds worth KRW 439.2 billion (Jul. '23) Established a foundation for advisory services by offsetting carbon emissions through the voluntary carbon market Promoting the development of financial products based on the carbon credit market Promoting the development of climate finance services through fintech (token securities) Expanding ESG business into 4th industrial technology and climate change response business
	<ul style="list-style-type: none"> Expansion of participation in global initiatives to respond climate change 	<p>In Progress</p> 	<ul style="list-style-type: none"> Joined PCAF as the first independent securities company (May. '23) Joined UNEP FI member companies and signed for the PRB (May. '23)
	<ul style="list-style-type: none"> Development of green investment products under the K-Taxonomy 	<p>Planning</p> 	<ul style="list-style-type: none"> Plans to analyze K-Taxonomy alignment and proportion of assets Plans to develop green financial products and services based on K-Taxonomy
 <p>Climate change-related risks</p>	<ul style="list-style-type: none"> Declaration of coal-free finance and implementation of coal-free Investment guidelines 	<p>Achieved</p> 	<ul style="list-style-type: none"> Maintaining coal company divestment after the declaration of coal-free investment Implementing flawless coal-free finance following the operation of the coal-free investment guideline (definition of coal companies, exclusion of investment in coal companies, and exceptions of investment in coal companies)
	<ul style="list-style-type: none"> Comparison and analysis of carbon emissions and exposure by industry Evaluation and determination of high-emitting industries 	<p>Achieved</p> 	<ul style="list-style-type: none"> Measured financed emissions and exposure by industry
	<ul style="list-style-type: none"> Identification of the potential impact and scale of physical risk 	<p>In Progress</p> 	<ul style="list-style-type: none"> Measured the physical risk of commercial real estate Plans to review the commercial real estate purchases and operations in 2024
	<ul style="list-style-type: none"> Reinforcement of customer engagement activities 	<p>Planning</p> 	<ul style="list-style-type: none"> Plans to conduct customer ESG awareness activities to engage in climate change response in the future

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Climate Change-Related Opportunities and Potential Financial Impacts

Amid the transition to a low-carbon economy, we are expanding ESG investment opportunities and providing customers with the ESG financial products and services.

The impact of climate change on the global economy and industrial structure is growing every day, and financial institutions are recognizing the potential impact of opportunities and crisis brought by climate change. As the sustainable growth is emerging and the paradigm is rapidly shifting towards a low-carbon economy, SK Securities aims to identify opportunities related to climate change and fulfill its role as a financial investment institution to broker funds and provide the necessary investment opportunities. In particular, SK Securities is continuously expanding ESG-related financial products, services, and advisory services to meet the needs of its clients, as corporate customers' financing demand to improve energy efficiency, build low-carbon and renewable energy generation facilities, and the demand to develop greenhouse gas reduction and climate adaptation technologies are increasing.

In addition, we plan to expand our business areas into new markets such as the voluntary carbon market and FinTech¹⁾ that incorporate innovative IT technology and play a leading role as a financial institution in the future market. Furthermore, as a representative organizer of ESG bonds, we aim to take the lead in responding to climate change in the ESG bond market by utilizing green finance as a new growth engine. By reflecting on the opportunities brought about by climate change in its core business, SK Securities plans to expand ESG investment opportunities and contribute to the transition to a low-carbon economy based on 1.5°C scenario by providing customers with the financial products and services they need.

	Resource Efficiency	Energy Sources	Products / Services	Markets	Resilience
					
Climate change -related opportunities	<ul style="list-style-type: none">• Improvement of energy and water efficiency• Improvement of waste disposal and resource recycling system• Expansion of green transportation usage• Expansion of green construction	<ul style="list-style-type: none">• Expansion of low-carbon and renewable energy sources utilization• Application of new technologies• Transition to distributed energy resources	<ul style="list-style-type: none">• Increasing consumer preference for low-carbon products• Expansion of low-carbon products and service development• Expansion of green and mitigation projects	<ul style="list-style-type: none">• Participation in the voluntary carbon market• Expansion of liquidity in new markets responding to climate change• Diversification of green business portfolio	<ul style="list-style-type: none">• Expansion of renewable energy utilization• Diversification of resources and exploration of alternative sources
Potential financial impacts	<ul style="list-style-type: none">• Increasing demand for corporate customers' financing for energy efficiency improvement, and the development of green transportation and infrastructure• Growing demand for corporate customers' financing to build circular economy systems	<ul style="list-style-type: none">• Expansion of investment in large-scale projects for the establishment of low-carbon and renewable energy generation capacity and energy supply• Increasing demand corporate customers' financing for energy transition and energy security	<ul style="list-style-type: none">• Increasing revenue through expansion of Climate Tech³⁾ and ESG-themed financial products and services• Increasing demand for green financial products essential for responding environment and climate change issues	<ul style="list-style-type: none">• Proactive securement of funding sources in emerging markets through industry monitoring• Future market leadership and profit growth through diversification of financial products incorporating new technologies such as fintech	<ul style="list-style-type: none">• Establishment of the climate finance ecosystem and financial arrangements through collaboration with ESG-oriented companies• Diversification of business portfolio and building a foundation for sustainable growth
Time ²⁾	<div>Short → Medium → Long-term</div>	<div>Short → Medium → Long-term</div>	<div>Short → Medium → Long-term</div>	<div>Short → Medium → Long-term</div>	<div>Medium → Long-term</div>

1) A combination of Finance and Technology, a financial service that combines advanced information technology (IT)
2) Short-term defined as 1 year, medium-term 3-5 years, and long-term 6 years or more
3) It is a combination of climate and technology and is an innovative technology that contributes to greenhouse gas reduction and climate adaptation, divided into five areas: Clean, Carbon, Eco, Food, and GeoTech

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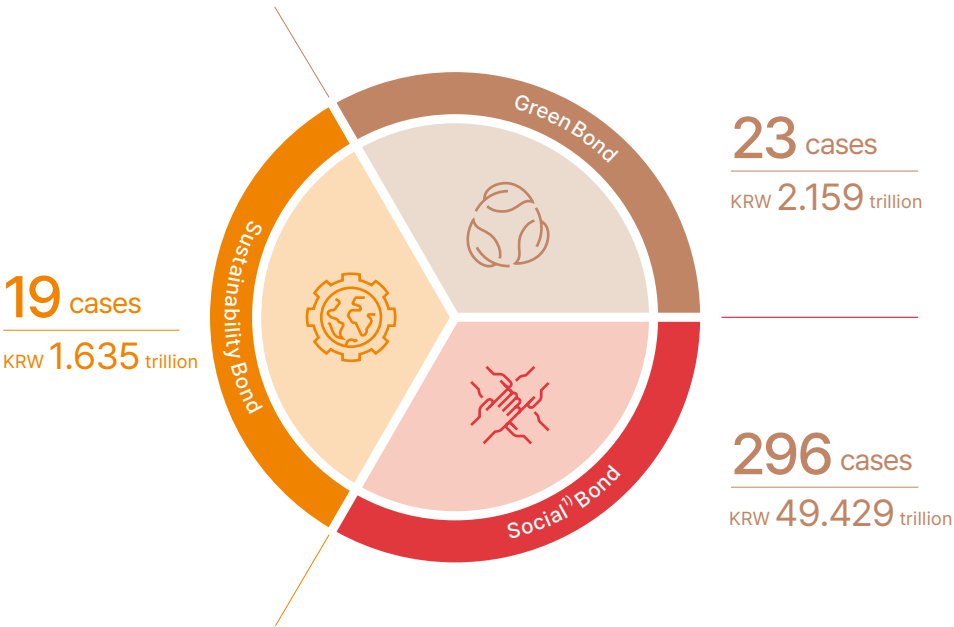
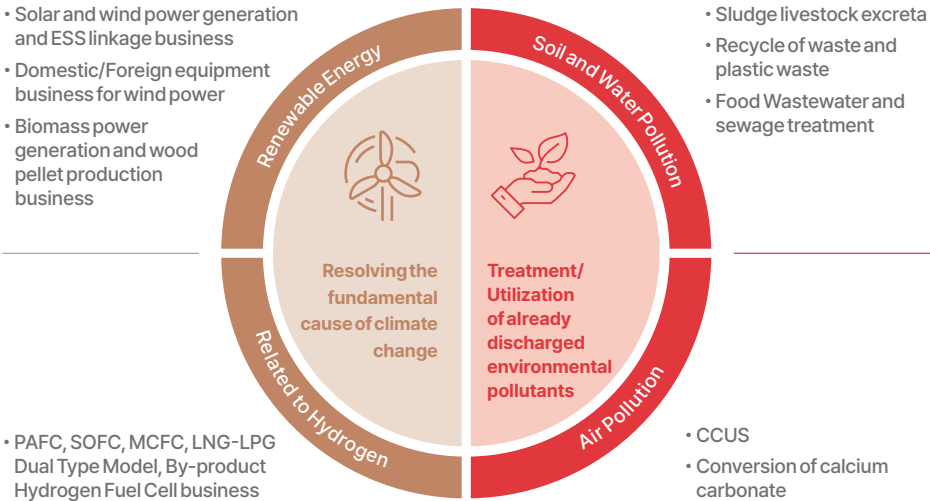
ESG Finance Solutions

We play the role of a comprehensive financial service provider that provides financing for the transition to a sustainable, low-carbon society.

Since 2014, SK Securities has been leading the way in ESG management by providing financial advisory and equity investments in renewable energy. In particular, SK Securities serves as a provider of comprehensive financial solutions to address climate change and environmental pollution through advisory, bridge loans, and equity participation in ESG projects in the fields of renewable energy and environment. As a leading financial investment institution responding to climate change, SK Securities is investing and financing technologies and businesses that address the root causes of climate change, treat environmental pollutants emitted and utilize them. In the future, we will expand our investment and financing programs to take into account the characteristics of each company's industry and play a role in the transition to an ESG industry through active financial activities to respond to global climate change.

Since 2017, SK Securities has been creating ESG funds to spread sustainable values of environment, society, and governance. To date, we have sourced and sold 14 ESG funds totaling KRW 439.2 billion, of which the solar and wind power business funds (2 cases) have the largest investment volume of KRW 259 billion, and the corporate governance improvement/shareholder funds (12 cases) worth KRW 184.2 billion. ESG bonds are contributing to creating a sustainable future in the transition to a low-carbon economy and serving as a new growth opportunity for financial institutions. Since 2018, SK Securities' ESG bonds have totaled about KRW 53 trillion (338 cases as of the end of July 2023), an increase of about KRW 6 trillion in social bonds compared to last year. In the future, we plan to gradually increase the proportion of green and sustainable bonds issued for investments such as eco-friendly and renewable energy projects. We are also taking the lead in enhancing the credibility of green bonds and revitalizing the green bond market by participating in the construction of the 'Korean Green Bond Guidelines' (Dec. '22) published by the Ministry of Environment.

Major investment/loan businesses of SK Securities



1) Including MBS (Mortgage Backed Securities) Bond issued Korea Land & Housing Corporation

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K-Taxonomy and Green Finance

We will provide differentiated financial services to prevent greenwashing of green finance and revitalize investment for green economic activities.

As large amounts of funding are channeled into low-carbon technologies or projects to achieve carbon neutrality, there is a need for a uniform standard to determine whether the technology or project is green. The Green Taxonomy is an authoritative green finance standard developed at the national level to guide investment in green technologies and green projects. It facilitates the financing for the companies seeking to achieve carbon neutrality through low-carbon green technologies by attracting increased investment in truly green technologies and projects that are recognized as green economic activities. Companies and financial institutions can also use the taxonomy to prevent greenwashing risks in advance.

The Ministry of Environment announced (Dec. '21) and revised (Dec. '22) the Korean Green Taxonomy (K-Taxonomy) by referring to the European Union (EU) and the International Organization for Standardization (ISO) Green Taxonomy, which requires green economic activities to ① contribute to the achievement of one or more of the six environmental objectives, ② do not cause significant harm, and ③ comply with minimum safeguards (human rights, laws and regulations, etc.). If all of these criteria are met, the economic activity is judged to be suitable for the Green Taxonomy.

Disclosure of green economic activities is becoming increasingly widespread, starting with the EU. The European Commission has mandated that financial institutions disclose the volume and percentage of eligible financial activities by 2023 and the volume and percentage of aligned financial activities by 2024¹⁾. In addition, the Sustainable Finance Disclosure Regulation (SFDR) requires disclosure of the taxonomy alignment level and investment ratio of ESG funds. Meanwhile, in Korea, green bond issuers are required to review their compliance with the K-Taxonomy when raising funds under the Korean Green Bond Guidelines (GBG) from January 2023, and taxonomy reporting by corporations and financial institutions is expected to be mandatory in the future. In addition, the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP) are also required to disclose taxonomy compliance ratios, making classification and disclosure of green economic activities increasingly important globally. SK Securities is planning to analyze the K-Taxonomy compliance and proportion of its assets (bonds) in line with the trend of disclosing green economic activities at home and abroad. In addition, SK Securities will develop green financial products and services based on the K-Taxonomy with the aim of expanding the base of green finance, contributing to climate crisis management and investment opportunities through green economic activities. Furthermore, we will internalize the green classification system throughout our business to prevent greenwashing in investments and enhance our capabilities for ESG management.



1) Taxonomy regulation delegated act 2021-4978, European Commission, '21.07
2) SC; Substantial Contribution, DNSH; Do Not Significant Harm, MS; Minimum Safeguards

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ESG Finance and New Business Expansion Strategy

We are continuously developing ESG financial products for customers and expanding the ESG business to diversify our revenue in this rapidly changing business environment.

Leading the Response to Global Climate Change through the 'Voluntary Carbon Market'

As part of our financial institution's social responsibility compliance and ESG management activities, SK Securities purchased and offset GHG emissions of 2,479tCO₂eq in 2021, equivalent to our internal carbon emissions, through the voluntary carbon market. For reliability and quality assurance, we selected high-quality credits certified by Verra and Gold Standard, two of the world's leading voluntary carbon credit certifiers. Additionally, we diversified its portfolio by differentiating the projects to be offset by emission sources. For direct emissions from fuel use (Scope 1), we selected REDD+ projects that reduce carbon emissions through forest diversion and deforestation prevention, with a rating of AA or higher from each certification body's expert advisory board, credits issued since 2017, and projects that meet at least nine of the UN Sustainable Development Goals (SDGs). For indirect sources of emissions from electricity purchases (Scope 2), we limited the offset to energy efficiency projects that meet at least six of the SDGs and were issued after 2021. SK Securities plans to establish a related business model and provide advisory services to companies interested in the voluntary carbon market based on this achievement.

Expanding the base of climate finance services through 'FinTech'

SK Securities signed a business agreement (Apr. '23) with Fivenode, a climate fintech startup, Galaxy MoneyTree, which promotes token securities¹⁾ business, and EUGENE Investment & Securities, which promotes token securities based on renewable energy such as wind power. This aims to facilitate the financing of renewable energy projects using token securities, a fintech, to activate residents' participation and create new investment opportunities, and each participant will work together to ensure that the renewable energy financial service model using token securities gets designated as an innovative financial service. In addition, we plan to jointly promote token securities issuance projects for various marine assets such as eco-friendly ships by signing a 'business agreement for token securities business related to marine assets' with the Korea Maritime Asset Exchange (KMAX). Based on the stable account management system operation in the business agreement, SK Securities will facilitate financing for renewable energy generation projects under the investor protection environment and actively support investors to invest easily.

1) A security issued in the form of a token (a virtual asset used on a specific platform) by dividing a share of a real asset or financial asset into smaller shares and utilizing blockchain technology



MOU with Fivenode, Galaxia Moneytree, and EUGENE Investment & Securities

Supporting ESG value creation through the convergence of digital transformation and ESG

SK Securities signed a business agreement (Aug. '22) with the Electronics and Telecommunications Research Institute (ETRI) and ETRI Holdings to establish a 50 billion KRW 'Digital ESG Spread System Construction'. Digital ESG is a method that utilizes IT technologies such as the Internet of Things (IoT), data, and digital twins to help companies apply ESG in the actual business environment. Under the agreement, the three organizations agreed to jointly form an investment union worth 50 billion won to jointly discover and invest in promising companies that commercialize digital ESG technologies. In particular, SK Securities will focus on identifying promising businesses with rapidly growing market demand for digital technology-based ESG investments and focusing on follow-on investments, IPOs, and M&A advisory, arranging, and hosting. We anticipate that we can achieve both the growth of SK Securities and the establishment of an ESG management culture through the spread of digital ESG. In addition, the New Technology Investment Division, which was established in April 2021, recognizes the importance of investing in and nurturing startups and actively invests not only in companies with Series C rounds or higher, but also in startups with Series A rounds that are in the early stages of their business. SK Securities strives to create a virtuous cycle of contributing to the discovery and growth of promising companies in the startup ecosystem and generating profits as an investment institution.



MOU with ETRI, ETRI Holdings

Developing financial products based on the 'Carbon Credit Market'

SK Securities signed a 'Business Agreement to Revitalize the Carbon Credit Market' (May. '23) with NAMU EnR, which provides research services related to the carbon credit market and renewable energy market. Through the agreement, SK Securities will 1) research the carbon credit market, 2) broker on- and off-market transactions of carbon credits, 3) establish strategies for financial engineering and derivatives, and develop carbon credit financial products, and play the role of a leading financial institution within the carbon credit regulated market. Meanwhile, SK Securities has been selected as a market maker for the emissions trading system since May 2021, playing a role in providing liquidity to the market, and has acquired the qualification of a trading brokerage firm that can engage in self-dealing. This business agreement is the first step toward providing diversified ESG financial products by preemptively responding to system changes such as consignment sales and the introduction of derivatives in the future and expanding the carbon credit-linked business.



MOU with NAMU EnR

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'ESG Business Area Expansion' based on 4th Industrial Technology

SK Securities launched the 'Smart City Department', the first organization dedicated to smart cities in Korea (Jun. '21), and jointly established 'SOLASEADO Smart City company' with Bosung Corporation (Mar. '23) to expand new businesses and create eco-friendly future cities. SOLASEADO is being created as a future city with a natural environment and smart infrastructure based on clean renewable energy on a site of about 6.4 million pyeong (20.9 million m²) in Haenam-gun, Jeollanam-do. The two companies signed a business agreement in 2021, and the joint venture will be responsible for building and operating metaverse entertainment, metaverse safety, crime prevention, autonomous transportation services, and various convenience services for residents using smart IoT technology. In particular, SK Securities has applied for four patents in the metaverse business and is leading the business. SK Securities will continue its research and plan with a long-term perspective on smart cities. Currently, the Smart City Department is promoting projects related to climate change response, such as carbon emission reduction, renewable energy infrastructure, and eco-friendly transportation. We will minimize carbon emissions by utilizing metaverse technology and creating green spaces and take the lead in revitalizing eco-friendly transportation in smart cities that will be created in the future by producing renewable energy using solar power. We will also contribute to reducing carbon emissions by connecting solar power generation facilities to data centers that use a lot of electricity and aim to create a future renewable energy industrial complex. Furthermore, SK Securities is building a model of cooperation with local governments for the mutual growth of local communities and businesses and promoting climate change-responsive companies. In addition, Future Strategy Headquarters is identifying the possibilities of various future businesses other than the smart city business, and as a leading financial company in ESG management, we are continuously seeking new ways to generate profits and develop directions through businesses linked to social contributions such as eco-friendly and ESG.



A bird's-eye view of SOLASEADO Smart City

Status of Climate Change-Related Projects in Smart City Department

Core Business	Status
Construction of metaverse entertainment, safety, and crime prevention services using metaverse technology (Reducing carbon mileage)	<ul style="list-style-type: none">Transforming the Haenam business area into a tourist hotspot and promoting remote visits through the creation of eco-friendly gardens utilizing metaverse technologyReducing tourists' carbon mileage by promoting local tour sites utilizing an online and offline connectionContributing to community safety through local crime prevention services using metaverse technology and reducing carbon mileage by minimizing unnecessary moves for safety/crime prevention such as patrols
Provision of transportation services in Haenam SOLASEADO using eco-friendly energy sources	<ul style="list-style-type: none">Contributing to the promotion of eco-friendly transportation by supplying solar-powered EV fast-charging services in the regionReducing the number of internal combustion engine vehicles in the region by introducing and operating EV-based autonomous buses
Carbon emissions reduction through additional green spaces in Haenam SOLASEADO	<ul style="list-style-type: none">Building an eco-friendly business model within the Haenam project area by creating additional green spaces through initiatives such as winery projects to contribute to climate change mitigation
Solar power-linked data center construction project	<ul style="list-style-type: none">Constructing a data center integrated with a solar power generation facility (98MW) at the project site operating related financial servicesContributing to carbon emissions reduction at the data centers, a representative energy-intensive industry, by sourcing eco-friendly energy
RE100 industrial complex	<ul style="list-style-type: none">Promoting the development of the RE100 industrial complex powered by solar energy within the Haenam siteAiming to create a futuristic industrial complex where solar power drives both local community development and environmental sustainability
Eco-friendly projects tailored to local characteristics and establishment of local/central government cooperation models	<ul style="list-style-type: none">Planning carbon emission reduction-related business models suitable for the characteristics of local communities such as urban and rural areas and exploring collaborative models with local governmentsPlanning carbon emission reduction projects, such as livestock industry-linked biomass energy projects and energy-saving building technologies, and applying them to local governments
Promotional activities for addressing climate change	<ul style="list-style-type: none">Discovering and promoting companies that can address future climate change through the publication of a Specialized Smart City MagazineContributing to the expansion of business areas for companies pursuing business models that contribute to carbon reduction such as smart farms and zero-energy buildings

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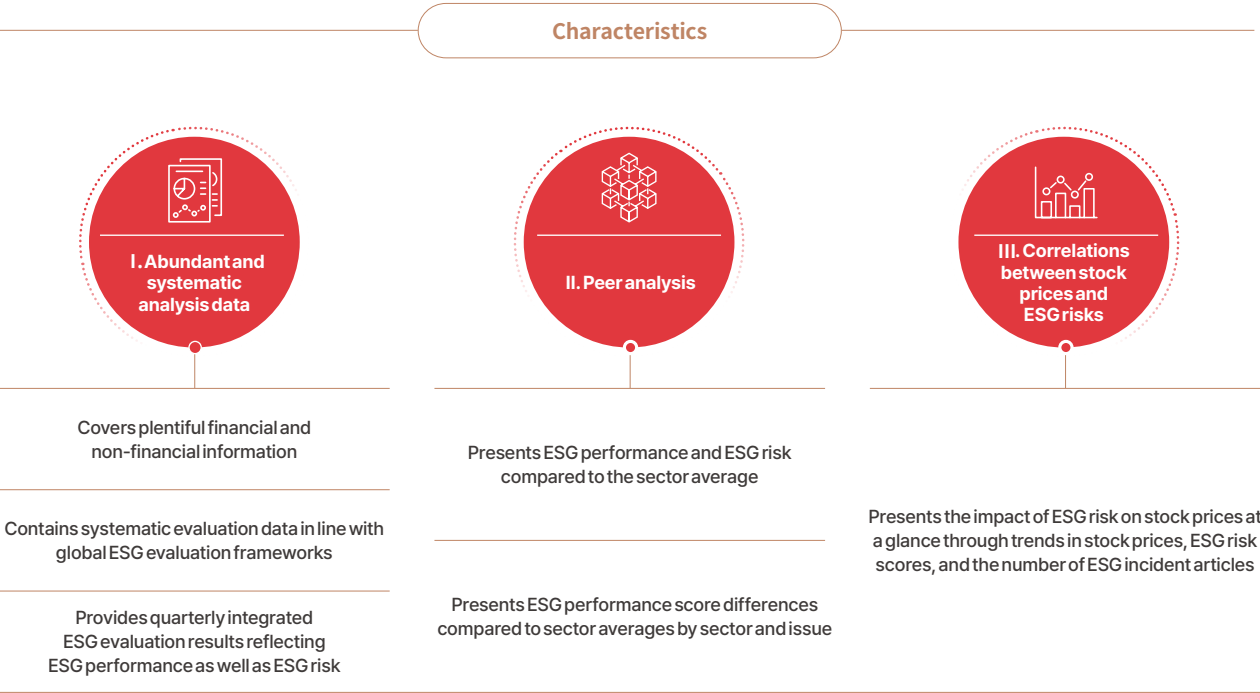
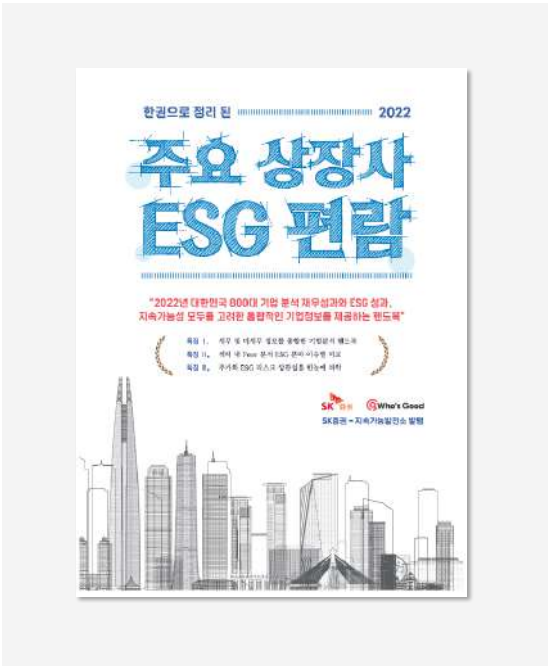
Raising ESG Awareness of Stakeholders

We are taking the lead in raising ESG awareness for our stakeholders.

Publishing an integrated ESG handbook that considers financial performance, ESG performance, and sustainability

In October 2022, SK Securities jointly published Korea's first ESG handbook for listed companies, 'ESG Handbook on Major Listed Companies', with the Institute for Sustainable Development (Who's Good). It was published to address the information inequality issues for individual investors who have limited access to ESG information and to more accurately identify ESG risks of companies to effectively support investment decision-making. The ESG Handbook contains comprehensive corporate information on 800 major listed companies on the KOSPI (507 companies) and KOSDAQ (293 companies), including key financial information and stock charts, as well as non-financial information such as ESG performance and risk status. In particular, the ESG analysis section provides information on 1) integrated ESG scores and

ratings, quarterly rating trends, 2) peer analysis, 3) the level compared to the sector of 15 ESG performance issues, and 4) correlations between stock prices and ESG risks to help investors understand comprehensive ESG risks. The ESG evaluation methodology is based on the integrated ESG score and ratings of Who's Good, which is calculated based on 1) ESG disclosure, 2) ESG performance level compared to the industry average, 3) severity of ESG incidents, and 4) ESG risk exposure, which is analyzed based on reliability, timeliness, ESG materiality, and international standards (GRI, ISO26000, etc.). Through the ESG Handbook on Major Listed Companies, SK Securities took the lead in improving the capital efficiency of the market by accurately identifying ESG risks of companies based on ESG information, especially supporting various stakeholders who are in need of reliable analysis for their investment decisions. As a financial investment company, we will continue to contribute to building more sustainable investment market.



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Climate Change-Related Risks and Potential Financial Impacts

We will control risks through a management system that analyzes the financial impact of the transition to a low-carbon economy.

In recent years, the frequency of extreme weather events such as rising temperatures, local downpours, typhoons, floods, and droughts has been increasing. In particular, the Korean Peninsula has been experiencing increasing variability in climate change due to changes in the rainy season patterns, which results in rapidly pouring precipitations in a short period of time, heavy rains, heat waves, and droughts. Along with the risks arising from climate change, strong carbon emission control policies have led to the possibility of declining asset values of financial assets, stranded assets, and declining production capacity. In particular, according to the Ripple Paths of Climate Change Transition Risks (Bank of Korea, 2021)

published by the Bank of Korea, high-emitting industries (10.2% to 18.8%) are expected to have a much higher default rate than low-emitting industries (0.1% to 0.4%). Accordingly, SK Securities is shifting its investment assets to low-carbon companies and has categorized risks arising from this into transition risks and physical risks to identify risk factors and time and to understand their potential financial impact. Since November 2021, SK Securities has prohibited investment activities related to fossil fuels, which are high-emitting business areas (Nov. '21. Declaration on Coal-Free Finance, Dec. '22. Establishment of Coal-Free Investment Guidelines) and will continue to reduce its exposure to high-emitting industries.

	Policy / Legal	Technology	Market	Reputation	Acute	Chronic
	Transition risks				Physical risks	
Climate change -related Risks	<ul style="list-style-type: none">Increasing carbon credit pricesStrengthened carbon regulations and climate disclosure standardsLoan restrictions on high-emitting industriesEnvironmental-related lawsuits	<ul style="list-style-type: none">Increasing demand for low-carbon technology development for investee companies and increasing need for additional investment in green technology development for investorsIncreasing market demand and supply fluctuations along with heightened uncertainty due to the climate crisis	<ul style="list-style-type: none">Increasing customers' demand for the inclusion of environmental-related questions for corporate evaluation and investment decisionsOccurrence of demand-supply fluctuations and increased uncertainty due to climate crisis	<ul style="list-style-type: none">Strengthened climate change mitigation effortsIncreasing negative reputation for investors in high-emitting industries	<ul style="list-style-type: none">Increasing frequency and intensity of natural disasters such as wildfires, droughts, floods, local downpours, earthquakes, and typhoons due to abnormal climate conditions	<ul style="list-style-type: none">Changes in long-term climate patterns, including rising sea levels, increasing average temperatures, and higher frequency of annual disasters
Potential financial impacts	<ul style="list-style-type: none">Deterioration of Investment firms' financial soundness due to rising issue response costs and reduced profitabilityIncreasing insolvency rate due to increased regulatory costs and higher risk of lawsuit lossesLosses due to stranded assets	<ul style="list-style-type: none">Increasing costs for investee companies' low-carbon technology R&D and facility investmentDecreasing investor's BIS ratio due to deteriorating financial soundness and increased risk of impairment lossesRisk of loss in the event of delay or failure in new low-carbon technology development by investees	<ul style="list-style-type: none">The need for adjustment and improvement to investment portfolios due to lower demand and depreciation risk of high-emitting companies' products	<ul style="list-style-type: none">Decline in corporate reputation due to failure to meet environmental disclosure standards and complacent responseDemand for changes in investment portfolio in the event of non-fulfillment of eco-friendly management and investment risks arising from market volatility	<ul style="list-style-type: none">Risk of data loss and online service constraints due to damages to the area where the server is locatedIncreasing costs due to server expansion and location distribution resulting from the widespread disaster areasDirect damages to the worksites and business interruptions during the recovery period	
Time	<div>Short → Medium → Long-term</div>	<div>Medium → Long-term</div>	<div>Medium → Long-term</div>	<div>Short → Medium-term</div>	<div>Short → Medium → Long-term</div>	

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Physical Risk Analysis Result

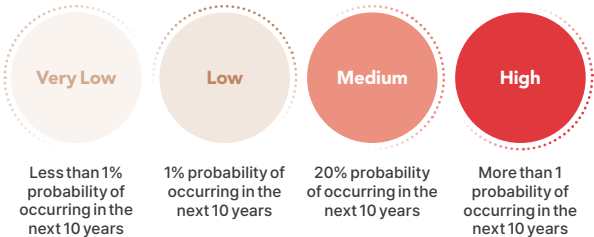
We will identify potential risks of investment assets and respond accordingly.

Physical risk refers to the short-term increase in typhoons, floods, and local downpours, and the long-term in sea level rise and extreme temperatures due to changing climate patterns. Currently, extreme weather events such as local downpours, floods, and heat waves are occurring every year at an increasing trend, exposing physical risks that were once thought of only in theory.

These physical risks lead to a decline in asset values, which in turn leads to a decline in the value of the assets invested by SK Securities. Accordingly, SK Securities conducted a physical risk analysis of three commercial real estate locations that are in our current portfolio using the Think Hazard and WRI Aqueduct Floods tool.

Think Hazard collected data on the geographic location of SK Securities' commercial real estate and the level of river flood and urban flood risk, while the WRI Aqueduct Floods tool collected data on the annual flood damage rate of commercial real estate under RCP 8.5 (a scenario in which emissions continue at current levels and atmospheric CO₂ concentration is expected to reach 940ppm by the end of the 21st century). SK Securities is currently reviewing and discussing risk management for assets expected to be invested from 2024 and will proactively identify and apply various risks and opportunities to prepare for asset value declines caused by climate change and minimize losses.

Think Hazard Flood Risk Level Index



1) In the event of a disaster, the expected amount is multiplied by the disaster rate, divided by the number of years that a disaster could occur, and finally divided by the total assets, expressed as a percentage

Physical Risk Analysis of Commercial Real Estate

	Gyeonggi-do (South Korea)	New York (USA)	Hessen (Germany)
Urban Flood Risk Level	Medium	High	Medium
River Flood Risk Level	Very Low	High	High
Annual Expected Urban Damage ¹⁾ in 2030	0.03%	0.11%	0.06%
Location			

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We have been following the coal-free investment guidelines established in September 2022 to date.

Currently, the proportion of coal power generation in Korea accounts for a large part of 32.5%. Coal power generation causes significant water and soil pollution from mining and processing, as well as air pollution from combustion, and is the largest contributor to greenhouse gas emissions among fossil fuel power generation. For this reason, the 10th Basic Plan for Long-term Electricity Supply and Demand in Korea aims to reduce the share of coal power generation, which currently accounts for nearly one-third, to 19% by 2030 and 15% by 2036, and to achieve carbon neutrality by 2050. Countries around the world, including Europe, are also announcing plans to complete coal-free within 2030~2040. As these domestic and international carbon policies intensify, fossil fuel finance is likely to lose its value and become a stranded asset in the era

1) UrgeWald, a German environmental organization, discloses a Global Coal Exit List, which is widely used around the world and provides the relative, absolute, and expanded criteria applied to coal companies on the list

of climate crisis. SK Securities established the coal-free investment guidelines in September 2022 after the declaration of coal-free finance in November 2021. The definition of coal companies is based on the German non-profit organization Urgewald's¹⁾ criteria, which are currently used globally, and considers both relative and absolute criteria. To exclude investment in coal companies, SK Securities has banned new and ongoing investments in fossil fuel companies in all areas, including financial arrangements, corporate bonds, stock investments, all loans, refinancing, and underwriting. Since November 2021, SK Securities has not made any investment or promotion activities in coal companies and will continue to adhere to the coal-free investment guidelines.

SK Securities' Coal-Free Investment Guidelines



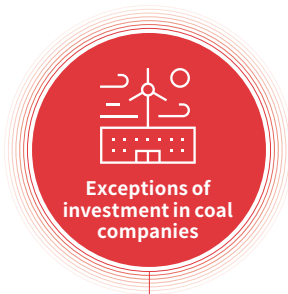
Definition of coal companies

- Power companies that generate 20% or more of total power from coal
- Companies that generate 30% or more of their sales through coal business
- Companies with 5GW or more of coal power generation capacity
- Mining companies that mine 10 million or more tonnes of coal per year
- Companies developing coal mines (at least 1 million tonnes per year)
- Companies developing coal power plants (at least 300MW)
- Companies developing coal-related infrastructure



Exclusion of investment in coal companies

- All loans and financial arrangements, including project financing (PF)
- Corporate bond and stock investment
- Refinancing of existing investment
- Underwriting the coal business



Exceptions of investment in coal companies

- Investment in national projects
- Companies that have clearly shown energy transition in the last 12 months at minimum

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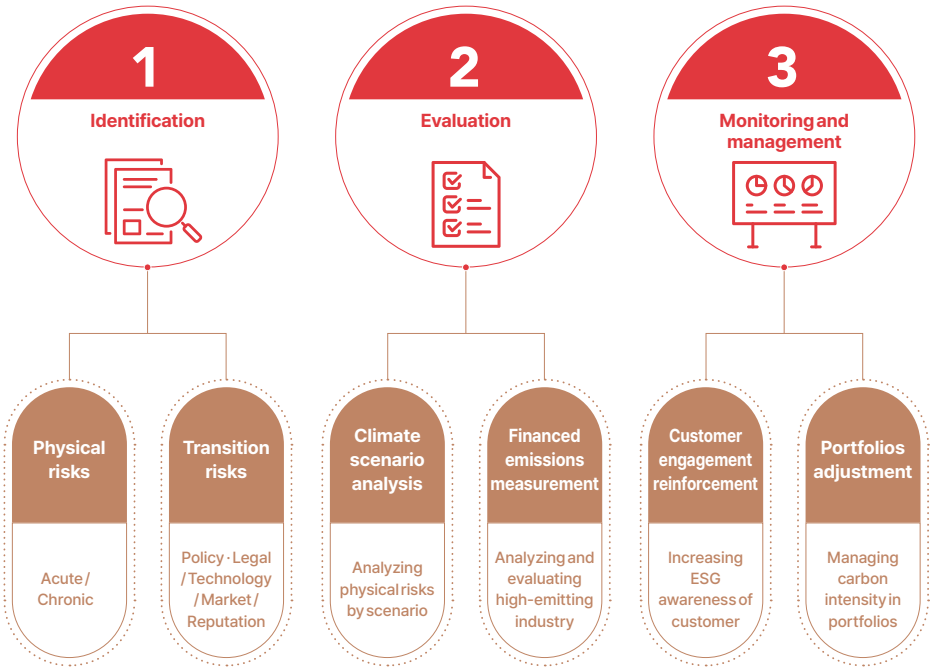
Climate Risk Management Processes and E&S Policy

We will strive to respond to climate risks in accordance with the climate risk management process and E&S policy.

Climate Risk Management Process

SK Securities recognizes the importance of preparing for and responding to climate risk in a rapidly changing financial environment. Reflecting this, we established a plan for a climate risk management process in 2022, measured financed emissions and exposures by industry, and identified high-emitting industries to implement the process in 2023. (see page 24) Based on this, we plan to monitor future changes in the portfolio's financial emissions and carbon intensity, and further designate and manage industries for priority management.

Climate Risk Management Process



E&S Policy

SK Securities has formulated the Environmental and Social Policy (E&S Policy) not only to maintain traditional market values but also to incorporate environmental and social values that must be considered for sustainable development. Our E&S policy is based on 8 principles that reflect our commitment to minimize adverse impacts on people and the environment. SK Securities plans to further develop the E&S Policy to include these key principles and establish procedures and guidelines to assess the environmental and social impacts of climate change projects and minimize the risks that may arise while implementing them.

8 Principles of SK Securities' E&S Policy



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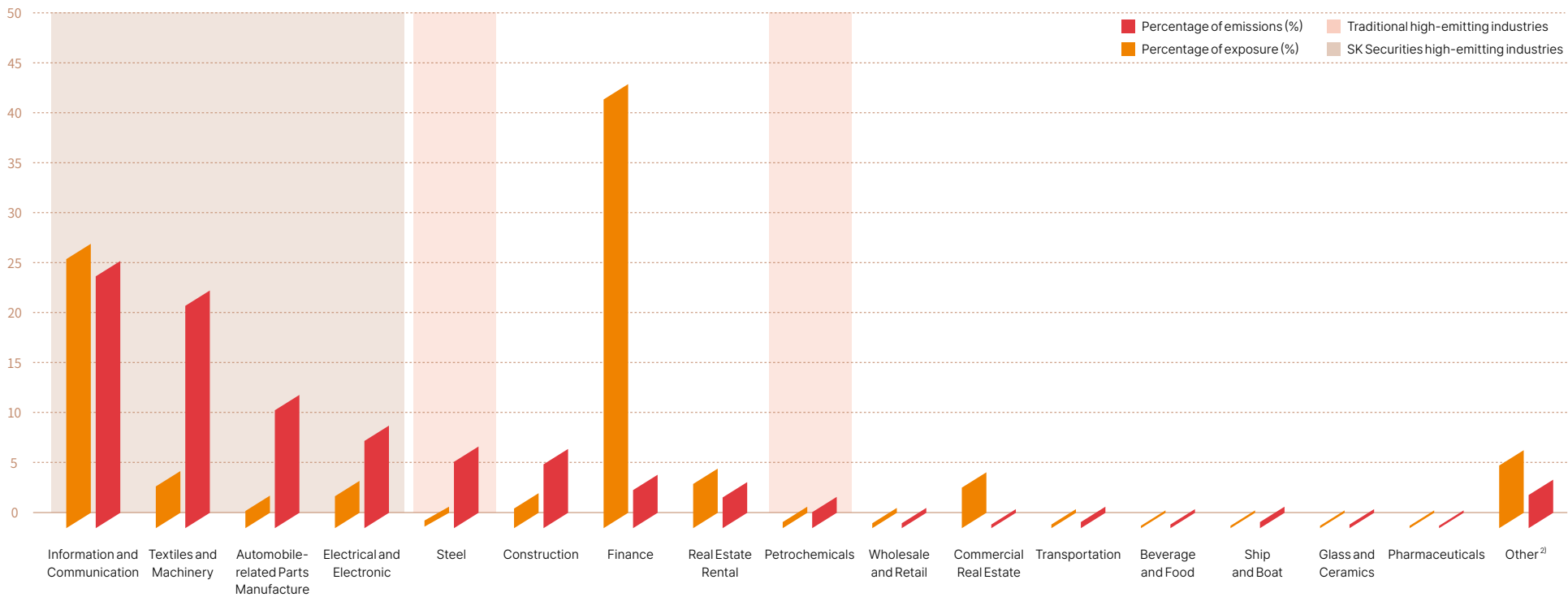
Climate Risk Evaluation and Management

We will carefully manage the high-emitting industry through emissions and exposure analysis.

To evaluate and manage climate risk, SK Securities has measured the emissions and exposure of its portfolio, including corporate finance and private equity direct investments. In doing so, it aims to gradually reduce the share of high-emitting industries and actively manage climate risk to enhance asset quality and capital adequacy. Looking at SK Securities' emissions and exposure by industry, we found that Information and Communication, Textile and Machinery, and Automobile-

related Parts Manufacture account for 65% of our total emissions, while Finance and Information and Communication account for 72% of our total exposure. On the other hand, Steel and Petrochemicals, which are traditionally high-emitting industries, do not have a high share of emissions (10%) and exposure (1%). In the future, we plan to prioritize and manage the portfolio based on emissions and exposure by industry, and ultimately contribute to the implementation of reduction targets.

Financed emissions and Exposure by industry¹⁾



1) Corporate finance, commercial real estate, and private equity direct investments all included
2) Professional services, business support services, sports activities and amusement activities, etc.

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Management of Carbon Emissions and Reduction Targets

We will build an advanced inventory through continuous carbon emissions measurement.

Since 2021, SK Securities has been measuring internal carbon emissions (Scope 1,2) and carbon intensity as metrics for evaluating climate change risks and opportunities and secured reliability through a third-party verification by specialized verification organizations. At the same time, financed emissions (Scope 3) generated by lending and investment activities of financial institutions were also measured based on the PCAF methodology. Overall, carbon emissions increased in 2022 due to the incorporation of subsidiaries, increased asset size, and increased coverage, but the methodology used for 2022 is more advanced than when emissions were measured in 2021, thereby increasing accuracy and we are disclosing them transparently.

Scope 1,2

In accordance with the GHG Protocol and the 「Guidelines for reporting and certification of greenhouse gas emission trading scheme」 in Korea, SK Securities measured carbon emissions at the headquarters and all offices of SK Securities and its 4 subsidiaries. In 2022, scope 1,2 emissions and carbon intensity increased, but in detail, scope 1 from office heating and vehicles decreased by 25% year-on-year, and scope 2 from office electricity use increased by 21% year-on-year. This is attributed to the incorporation of MS Mutual Savings Bank and the increase in electricity consumption at the headquarters due to a decrease in telecommuting due to the easing of COVID-19 regulations. Based on the SBTi 1.5°C scenario, SK Securities has set near-term reduction targets by 42% by 2030 compared to 2021 and plans to specify scope 1,2 reduction for this purpose.

Scope 1,2 Emissions Status

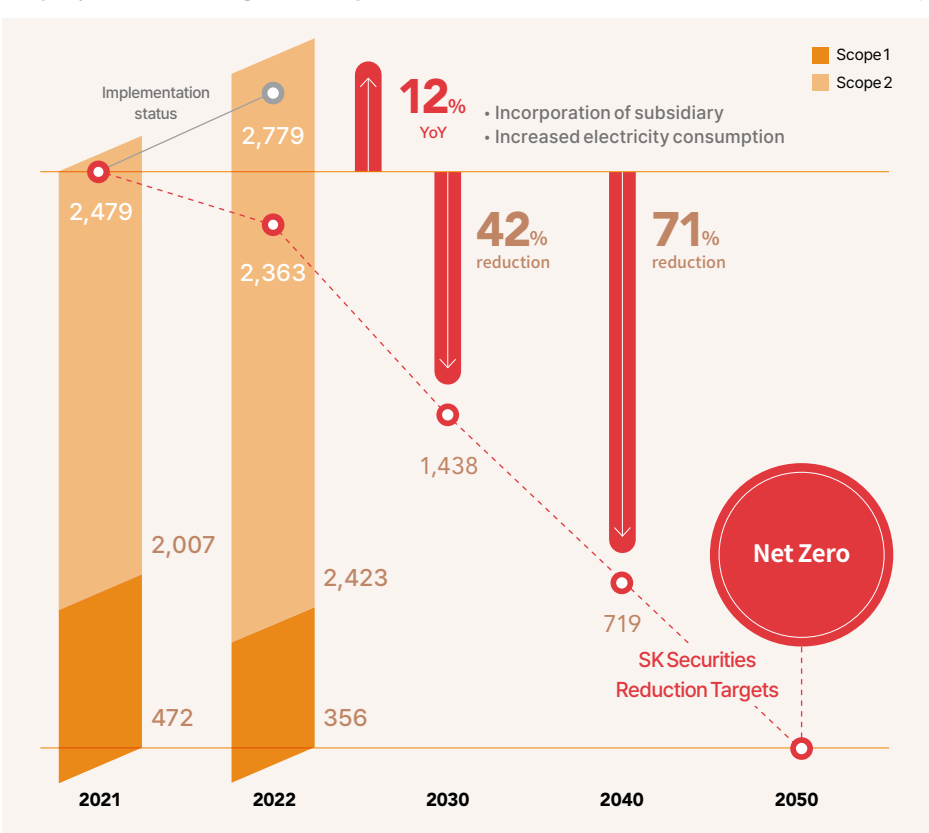
(Unit: tCO ₂ eq)		
Scope	2021	2022
Scope 1	472	356
Scope 2	2,007	2,423
Total	2,479	2,779

Carbon Intensity Status

Category	2021	2022
Based on the number of employees ¹⁾ (tCO ₂ eq/FTE)	3.14	3.44
Based on the total assets ²⁾ (tCO ₂ eq/trillion won)	389	430

1) Based on business reports by the end of 2022 (808, excluding executives and advisers)
2) Based on financial statements by the end of 2022 (KRW 6.46 trillion)

Scope 1,2 Reduction Targets and Implementation Status



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Scope 3

SK Securities measured financed emissions from SK Securities and four subsidiaries according to the PCAF methodology. The coverage is 19% of the total financial activities and has been expanded by increasing 3%p from last year. In 2022, financed emissions increased due to the incorporation of subsidiaries, expanded coverage, and advanced methodology used for 2022. In detail, listed equity and corporate bonds fell 33% year-on-year due to a decrease in exposure, while private equity direct investments increased year-on-year due to an increase in exposure as well as a result of using high-quality revenue-based emission factors. Business loans were newly included following the incorporation of MS Mutual Savings Bank, and commercial real estate was newly included following the completion of the construction. In addition, unlisted equity was included in the measurement to expand asset coverage for 2022.

Based on the SBTi B2DS and 1.5°C scenario, SK Securities has set near-term targets for 2030 compared to 2021 by asset class. In detail, the reduction targets (power, real estate, ETF) set through the sectoral decarbonization approach (SDA) were achieved early through divestment, and the targets set through temperature ratings will be gradually managed through portfolio adjustment by asset class.

Scope 3 Emissions (Category 15) Status¹⁾

Asset Class	2021 (tCO ₂ eq)	2022		
		Financed Emissions (tCO ₂ eq)	Exposure (hundred million won)	Intensity (tCO ₂ eq/hundred million won)
Listed equity and Corporate bonds	60,327	40,385	2,195	18.4
Business loans and Unlisted equity	-	14,252	3,789	3.8
Commercial Real Estate	-	598	518	1.2
Private Equity Direct Investment	29,719	56,764	5,065	11.2
Total	90,045	112,000	11,567	9.7

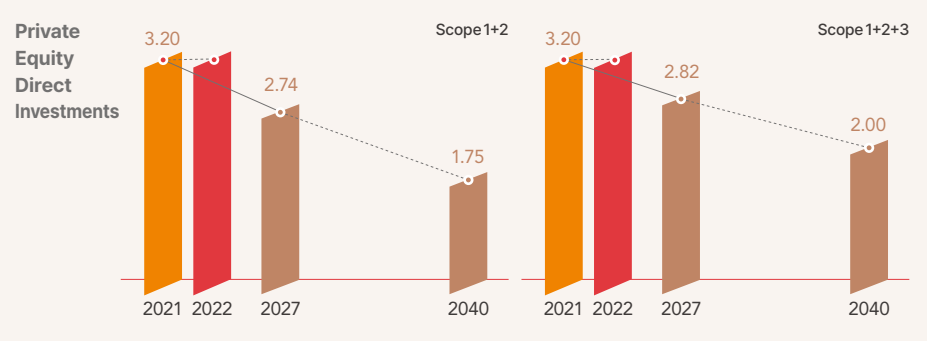
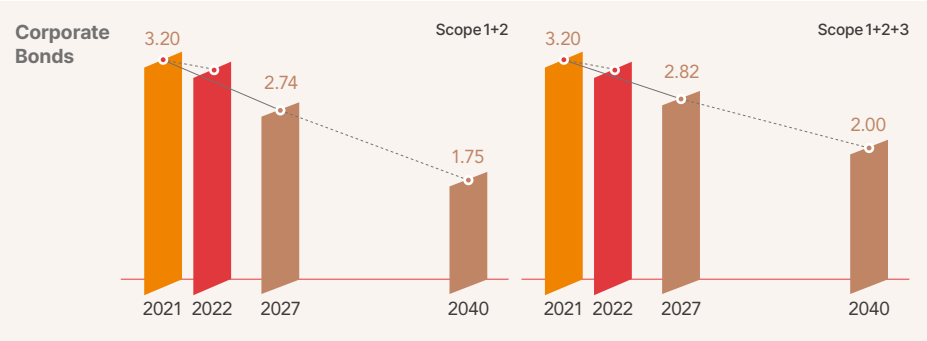
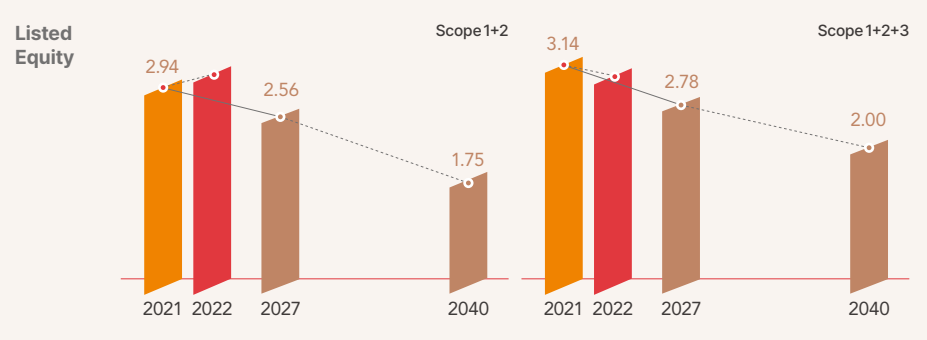
1) The rounded number on the table might be different from the number on the system with ±1 tCO₂eq

Scope 3 Reduction Targets and Implementation Status (SDA and Temperature Ratings)

Category	Methodology	Reduction Targets in 2030	Implementation Status in 2022
Power	SDA	73.3% reduction (tCO ₂ eq/MWh)	Full Divestment, Achieved 100% reduction
Real Estate	SDA	67.3% reduction (tCO ₂ eq/m ²)	Full Divestment, Achieved 100% reduction
ETF	Temperature Ratings	Scope 1+2: 2.64 → 2.36 (°C) Scope 1+2+3: 2.90 → 2.62 (°C)	Full Divestment

Scope 3 Reduction Targets and Implementation Status (Temperature Ratings) (Unit: °C)

—●— Temperature Rating (Targets) - - - Temperature Rating (SK Securities)



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Carbon Emissions Reduction Efforts and ESG Activities

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Energy consumption and Data quality score in PCAF

Scope 1,2

SK Securities measured not only carbon emissions but also energy consumption. The scope of measurement is the same as scope 1,2, and energy consumption has increased compared to last year as carbon emissions have increased. We will make efforts to expand the use of renewable energy in the future and reduce the amount of energy consumption in the office.

Energy Consumption Status

(Unit: TJ)

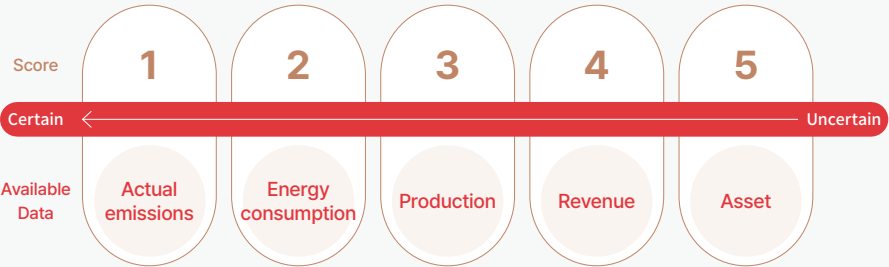
Source	2021	2022
LNG	4.74	2.14
Kerosene	0.01	0.01
Gasoline	3.37	3.61
Diesel	0.08	0.07
Electricity	42.22	50.93
Total	50.42	56.76

Energy Intensity Status

Category	2021	2022
Based on the number of employees (TJ/FTE)	0.06	0.07
Based on the total assets (TJ/trillion won)	7.80	8.79

Scope 3

The PCAF requires financed emissions calculation to use a variety of data to estimate emissions when it is difficult to verify actual emissions and recommends using data with a high data quality score. The closer the data quality score is to 1, the more reliable it is. Among various data sources, SK Securities mainly utilizes emission factors provided by PCAF, but in 2023, we used emission factors based on revenue, which have a higher data quality score. This increased emissions overall, but improved data quality scores.



Asset Class	Data quality score
Listed Equity	2.00
Corporate Bonds	2.73
Business Loans	4.50
Unlisted Equity	3.07
Commercial Real Estate	4.00
Private Equity Direct Investments	4.05

Carbon Emissions Reduction Efforts and ESG Activities

We will try our best to achieve our reduction targets through effective ESG activities.

SK Securities is working in various ways to achieve its reduction targets. We are conducting activities to reduce direct emissions, such as using and switching to LED, in-house environmental campaigns, increasing the proportion of electric vehicles, and we plan to focus on reducing indirect emissions through participation in RE100 in near future. We also plan to continuously monitor and adjust our portfolio based on previously disclosed emissions and exposure to high-emitting industries.

SK Securities acutely realized the seriousness of climate change and judged that it is important to raise awareness within our community. As a way of raising awareness and also for education purposes, we are conducting various ESG activities with our employees. In July 2023, we launched the "Milk Carton Recycling!" campaign as part of our resource recycling project to realize a sustainable circular economy. The campaign is designed to be an ongoing activity rather than a one-time event, as we installed separate collection boxes for employees to voluntarily dispose of paper cartons (divided into regular and sterilized cartons) that can be recycled into industrial resources, marking the beginning of a high-quality recycling system. The campaign, which connects disposable products to materialization rather than waste by correctly separating, was promoted with the advice of CSR Impact, which created a resource circulation project (Project re). This campaign was carried out by 22 'Green Heroes' (our in-house campaigners voluntarily leading the eco-friendly campaigns) this year. SK Securities plans to gradually expand its recycling items to plastic and metal cans following the paper cartons that began as the first step. In addition, we continue to carry out activities to internalize ESG, such as the Plastic-free July campaign, planting trees in Happiness Sharing Forest with employee families, plogging near the seawall, and the weekly Meat-free Lunch campaign.



SK Securities installed a solar facility at a local children's center to provide an 'eco-friendly learning center'

SK Securities installed a solar facility at the Mirae Community Children's Center in Gyeongju, Gyeongsangbuk-do, in partnership with Save the Children, an international NGO for children, to improve the conditions of a local children's center. The solar facility support project was carried out as a response to the climate crisis by Save the Children to reduce the amount of electricity used by local children's centers and to reduce greenhouse gases and increase energy efficiency, thereby providing a safe, sustainable and eco-friendly learning environment for children. Shin-young Lee, Head of Mirae Community Children's Center, said, "Our center is a place where a total of 32 children are nurturing their dreams, and recently, since the cost of electricity increased significantly, we were faced with a high electricity bill for running the air conditioner in the upcoming summer. We were worried about the high cost of installing the solar facility, which we could not afford with our own budget, so we are very grateful to SK Securities and Save the Children for their support."



Suseong PIB Center conducts a cigarette butt-picking campaign to commemorate Earth Day

SK Securities' Suseong Private Investment Banking (PIB) Center conducted a cigarette butt-picking campaign to commemorate Earth Day. The area of Beomeo-dong, Suseong-gu, Daegu, where the Suseong PIB Center is located, has a high concentration of offices, resulting in cigarette butts littering the streets and sewers. The cellulose acetate that makes up cigarette filters is a microplastic that flows into storm drains, sewers, and rivers, contributing to marine debris. The Green Heroes of the Suseong PIB Center recognized the seriousness of cigarette butts and conducted a cigarette butt-picking activity to help solve this problem and raise awareness in the community. This is the first official ESG activity of the Suseong PIB Center, but definitely not the last as they plan to do more in the future.



SK Securities conducts 'EM Soil Ball Making' activity to clean up ecology in Yeongdeungpo-gu and Yeouido Saetgang

In honor of World Water Day, SK Securities conducted an 'EM Soil Ball Making' activity for 20 employees and officials in Yeongdeungpo-gu. EM soil ball is made by mixing a solution of EM (Effective Micro-organisms) and loess, which are useful microorganisms and are said to have excellent effects on water purification, odor removal, and fermentation and decomposition of organic matter. SK Securities employees made more than 200 EM soil balls by mixing EM solutions and loess according to the instruction of environmental experts with a set of "EM soil balls" provided by the social cooperative HanGang and Yeongdeungpo-gu Volunteer Center. After two weeks of fermentation, the balls were used for the ecological cleanup of the Yeouido Saetgang. SK Securities will continue to carry out ecological cleanup and restoration activities with various experts to help members recognize and understand biodiversity and contribute to its recovery more effectively.

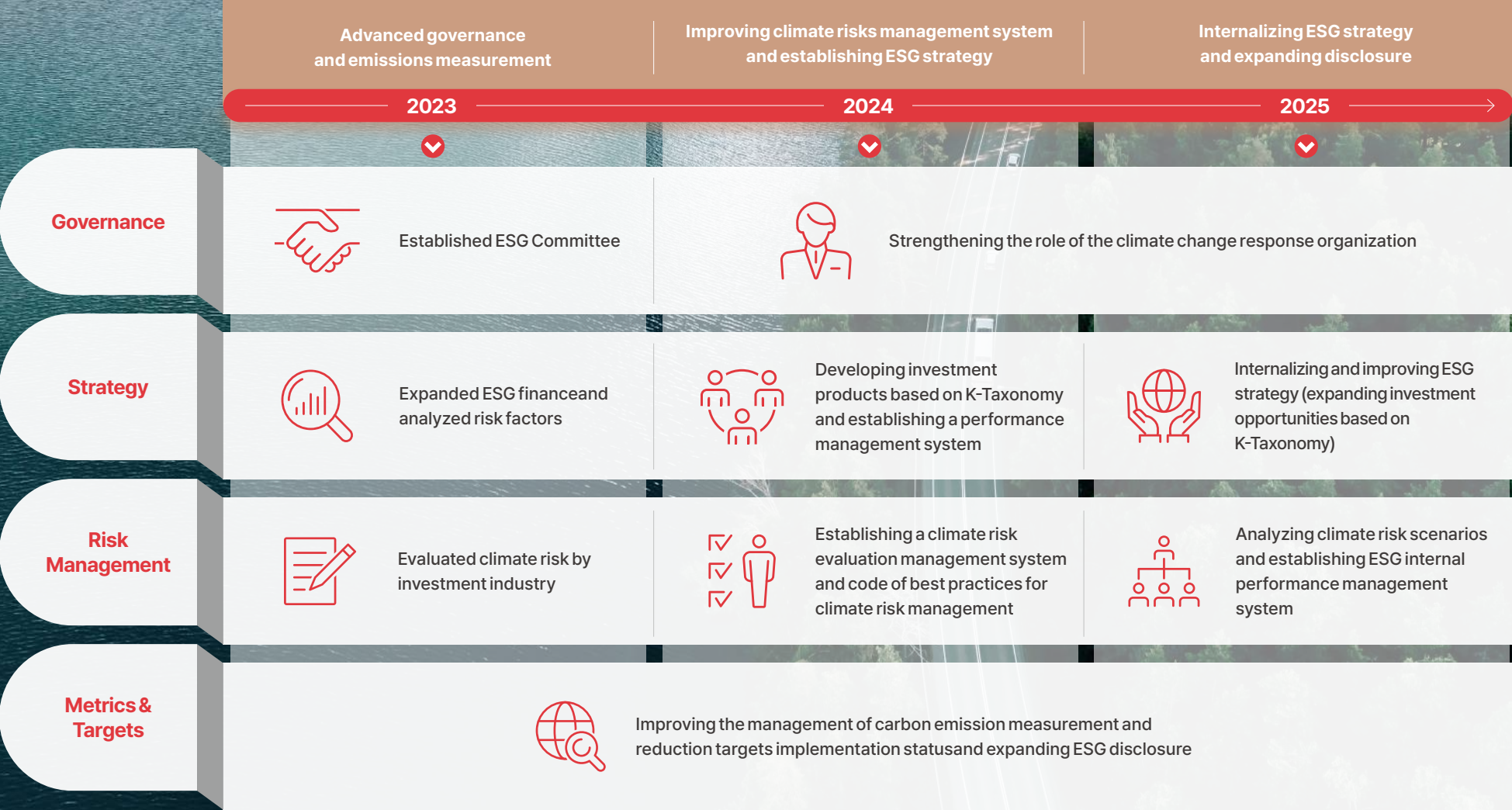


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Recommendations	Recommended Disclosures	SK Securities' TCFD Implementations	Page
 Governance	a) Describe the board's oversight of climate-related risks and opportunities	• Established and operating ESG Committee	10
	b) Describe management's role in assessing and managing climate-related risks and opportunities	• Set up Future Strategy Headquarters and ESG Enabling Office	
 Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	• Identified climate change-related risks and opportunities in the short, medium, and long-term	13, 19
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	• Identifying progress on climate change action plans and objectives already established • Expanding climate change-related new business areas • Issued ESG bonds and raising awareness of stakeholders • Plans to develop green financial products and services based on K-Taxonomy • Analyzed the impact of physical risks on real estate assets	12, 14-18, 20
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• Following-up management after enacting the coal-free investment guidelines	21
 Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	• Existence of climate risk management process • Formulated E&S policy • Analyzed high-emitting industries with a climate risk management process	23, 24
	b) Describe the organization's processes for managing climate-related risks		
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
 Metrics & Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	• Carbon emissions, Energy consumption, Intensity, and Reduction targets	26-29
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Scope 1, 2: 2,779 tCO ₂ eq • Scope 3: 112,000 tCO ₂ eq	
	c) Disclose the targets used by the organization to manage climate-related risks and opportunities and performance against targets	• Scope 1, 2: 42% reduction in carbon emissions by 2030 compared to 2021 • Scope 3: Linear reduction to meet the minimum temperature scores required by SBTi	

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GREENHOUSE GAS ASSURANCE STATEMENT

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Securities Co., Ltd. ("SK Securities") to verify the SK Securities' Greenhouse Gas Inventory Report ("the report") for the calendar year 2022 based upon a limited level of assurance. SK Securities is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals). Our responsibility in performing this work is to the management of SK Securities only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The reported emissions cover Direct emissions (Scope 1) and Energy Indirect emissions (Scope 2) from SK Securities boundary of the report;

- Organizational boundary: SK Securities and SK Securities' domestic subsidiary company (SKS Private Equity Co., Ltd, Trinity Asset Management Co., Ltd, PTR Asset Management, Inc, MS Mutual Savings Bank)
- Operational boundary: Direct Emissions (Scope 1: Stationary, Mobile Emission), Energy Indirect Emissions (Scope 2: Emissions from Consumption of Electricity)

Verification Approach

The verification has been conducted by DNV in May 2023 and performed in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019 (Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions)'. We planned and performed our work to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO2 equivalent. As part of the verification process;

- We have reviewed and verified the SK Securities' GHG inventory report for the calendar year 2022 (Excel based tool)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from domestic sites of SK Securities for the year 2022 below;

Greenhouse Gas Emissions of SK Securities for Yr 2022

(Unit: tCO₂eq)

Company	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
SK Securities	302	2,014	2,316
SKS Private Equity	24	84	108
Trinity Asset Management	9	12	21
PTR Asset Management	10	17	27
MS Mutual Savings Bank	11	296	307
Total	356	2,423	2,779



31 May 2023 Seoul, Korea

Jang-Sub Lee

Country Manager

DNV Business Assurance Korea Ltd



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