

SK SECURITIES

IFRS S2

REPORT 2024

ABOUT THIS REPORT

Report Overview

As climate change due to global warming intensifies, Earth, the cradle of human life, can no longer fulfill its role adequately. Earth is a precious heritage we must protect for future generations. To safeguard it, we must realize a low-carbon society based on net-zero goals. SK Securities is proactively identifying the risks and opportunities posed by climate change, transparently disclosing climate action strategies and targets to support stakeholders' decision-making, and ultimately contributing to the transition to a low-carbon society. This commitment and effort of SK Securities are captured in the IFRS S2 REPORT 2024.

Reporting Principles and Standards

This report is prepared in accordance with the Climate-related Disclosure Standards of the International Sustainability Standards Board (ISSB) IFRS S2. Some contents also reflect the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Reporting Period

This report primarily covers the performance from January 1, 2023, to December 31, 2023, with some information extending to the first half of 2024. Additionally, it includes performance data from 2020 to 2022, as needed.

Scope of Report

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

Disclaimer

This report includes forward-looking information regarding the climate risks and financial impacts related to SK Securities' business activities. It is based on past data or reliable publicly available external information. Such forward-looking information inherently contains uncertainties. SK Securities does not guarantee the accuracy or completeness of the materials and their content. The outlook and plans in the report may change due to future climate factors and market conditions. Therefore, please note that SK Securities does not take responsibility for or provide assurances regarding the information presented in the report.

※ The copyright of this book is protected under copyright law, prohibiting unauthorized reproduction or redistribution. The copyright belongs to each author, and the copyright and publishing rights of this publication belong to SK Securities. To quote or extract parts of this book, you must obtain permission from SK Securities.

Contact Information





ESG Enabling Office
02-3773-8245 | esg@sks.co.kr
31, Gukjegeumyung-ro 8-gil,
Yeongdeungpo-gu Seoul, Republic of Korea
www.sks.co.kr

Publication Date

June 2024

Interactive PDF User Guide

The SK SECURITIES IFRS S2 REPORT 2024 is produced as an Interactive PDF to enhance readers' understanding and convenience. Click the icons to navigate to the respective pages.

-  Go to Home Screen
-  Go to Table of Contents
-  Go to Previous State
-  Go to Previous Page / Next Page

IFRS S2 REPORT 2024

CONTENTS

INTRODUCTION		STRATEGY		RISK MANAGEMENT		THE JOURNEY TO NET ZERO	29
Company Profile	5	Status of Climate Action Strategy	11	Climate Risk Management System	22		
Value Chain	6	Analysis of Climate-Related Business Opportunities	12	Climate Risk Monitoring and Management	23	APPENDIX	
		Green Activities According to K-Taxonomy	13			ESG Footprints	31
GOVERNANCE		ESG Financial Solutions	14	METRICS & TARGETS		Major Awards and Memberships	32
Governance	8	Analysis of Climate-Related Business Risks	15	Greenhouse Gas Emissions and Reduction Target Implementation	25	IFRS S2 Index	33
		Climate Scenario Analysis	16	Implementation Plan for Reduction Targets	28	TCFD Index	36
						VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT	37







- 5 Company Profile
- 6 Value Chain

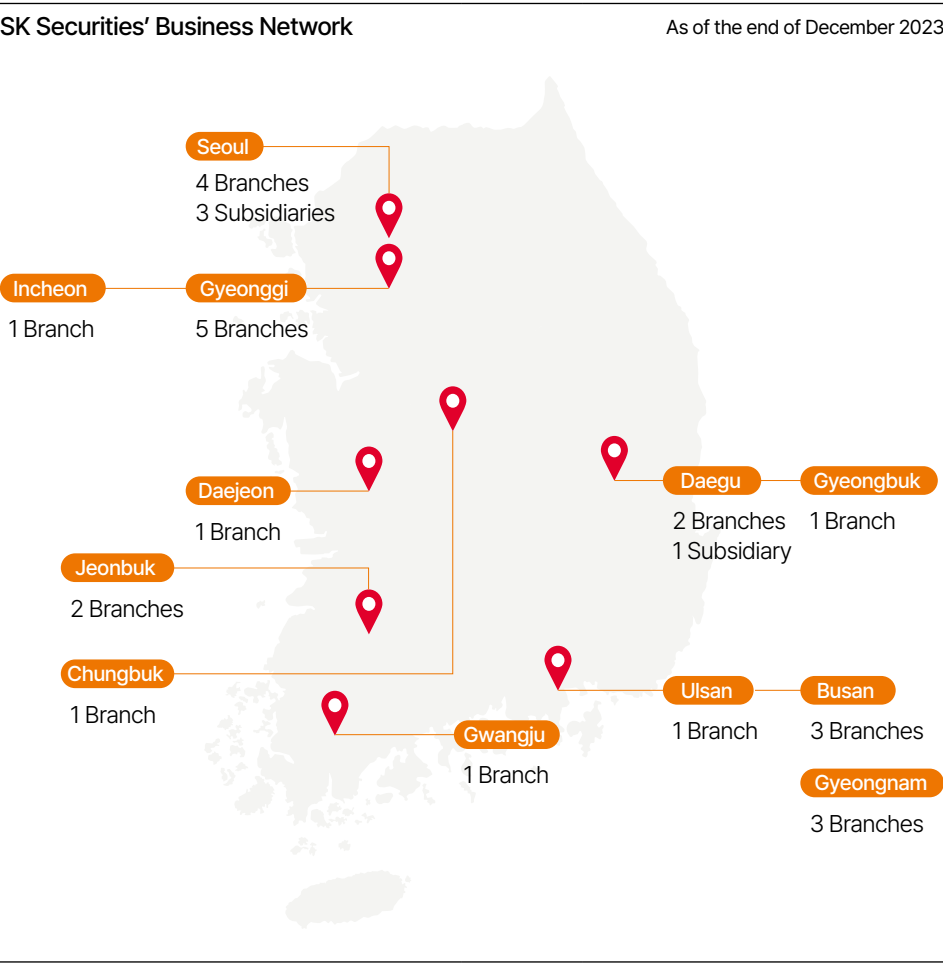
INTRODUCTION

Company Profile

Established in 1955, SK Securities is a mid-sized firm that has thrived alongside the domestic securities and financial industry for over 60 years. SK Securities' core value is to support the happiness and growth of its customers, shareholders, employees, and society. Guided by this principle, SK Securities aims to continuously grow the business and ultimately enhance shareholder value while ensuring customer satisfaction. To maintain this virtuous cycle of happiness and growth, SK Securities invests unsparingly in employee development and fosters a culture of respect and consideration.

Company Introduction				
SK Securities and Major Subsidiaries			As of the end of December 2023	
Category	Company Name	Location		Licensed Business Activities
SK Securities (Corporation, Financial Industry)	SK Securities Co., Ltd.	South Korea	Seoul	Investment Trading, Investment Brokerage, Discretionary Investment, Investment Advisory, Trust Business
Subsidiary (Corporation, Financial Industry)	SKS Private Equity Co., Ltd.	South Korea	Seoul	-
Subsidiary (Corporation, Financial Industry)	Trinity Asset Management Co., Ltd.	South Korea	Seoul	Investment Advisory, Discretionary Investment, Collective Investment
Subsidiary (Corporation, Financial Industry)	PTR Asset Management Co., Ltd.	South Korea	Seoul	Investment Advisory, Discretionary Investment, Collective Investment
Subsidiary (Corporation, Financial Industry)	MS Mutual Savings Bank Co., Ltd.	South Korea	Seoul	Mutual Savings Bank Business

Financial Structure			As of the end of December 2023	
 Total Assets (Consolidation) KRW 6,449 Billion	 Operating Profit (Consolidation) KRW 13.1 Billion	 Number of Employees 891		
 Cash and Deposits (Consolidation) KRW 426.4 Billion	 Customer Deposits KRW 72,164 Billion	 Total Capital (Consolidation) KRW 647.2 Billion		



INTRODUCTION

Company Profile

Value Chain

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

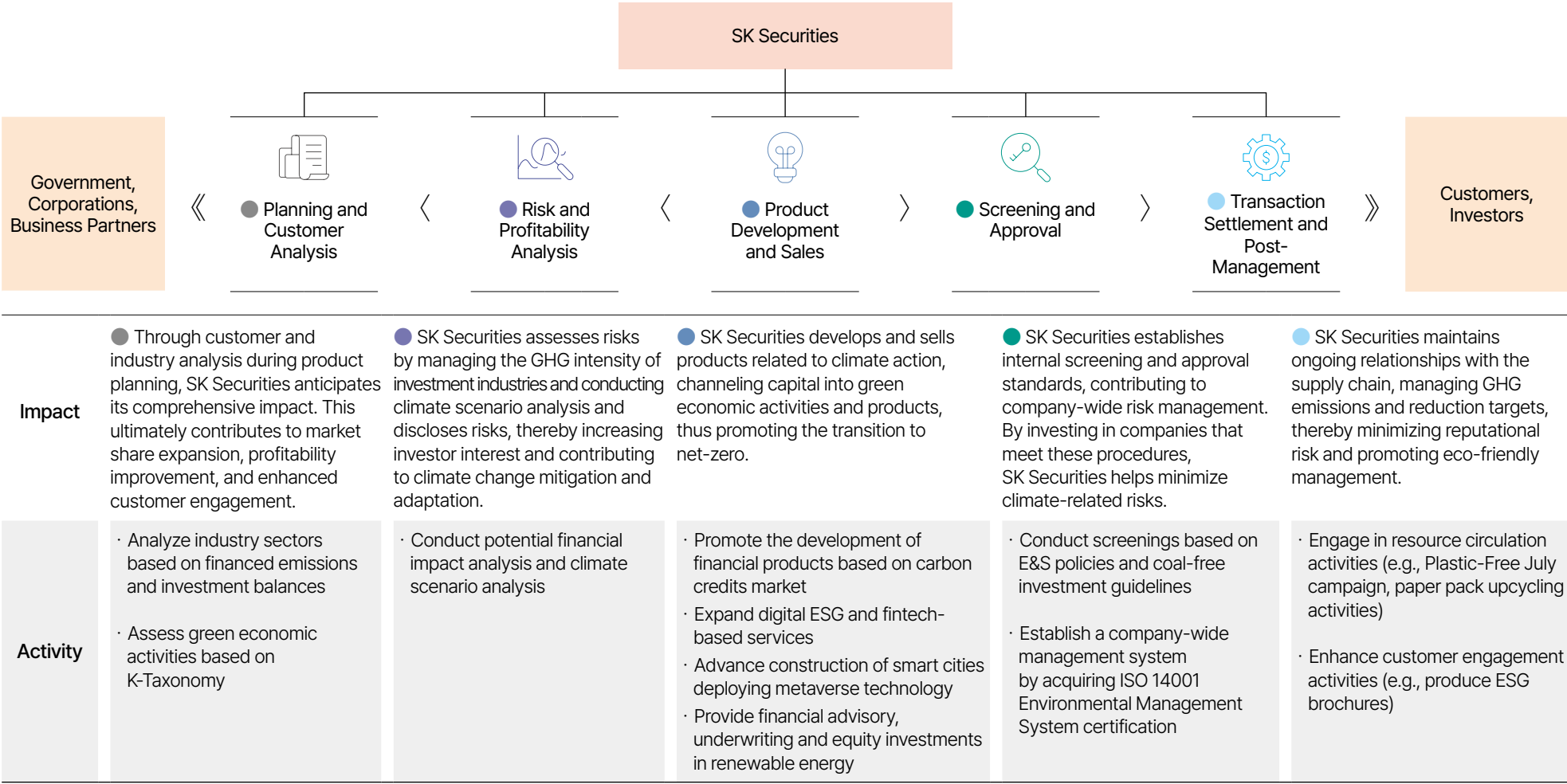
Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

Value Chain

As a financial service provider, SK Securities fully recognizes its influence and responsibility across the entire financial industry value chain. Accordingly, SK Securities understands its impact related to climate change from planning and customer analysis to post-management. Based on this understanding, SK Securities conducts various financial activities. In the future, SK Securities aims to transcend its role as a competitive financial service provider, but to become a reliable facilitator throughout the entire value chain, moving forward with its stakeholders.



INTRODUCTION

Company Profile
Value Chain

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

8 Governance

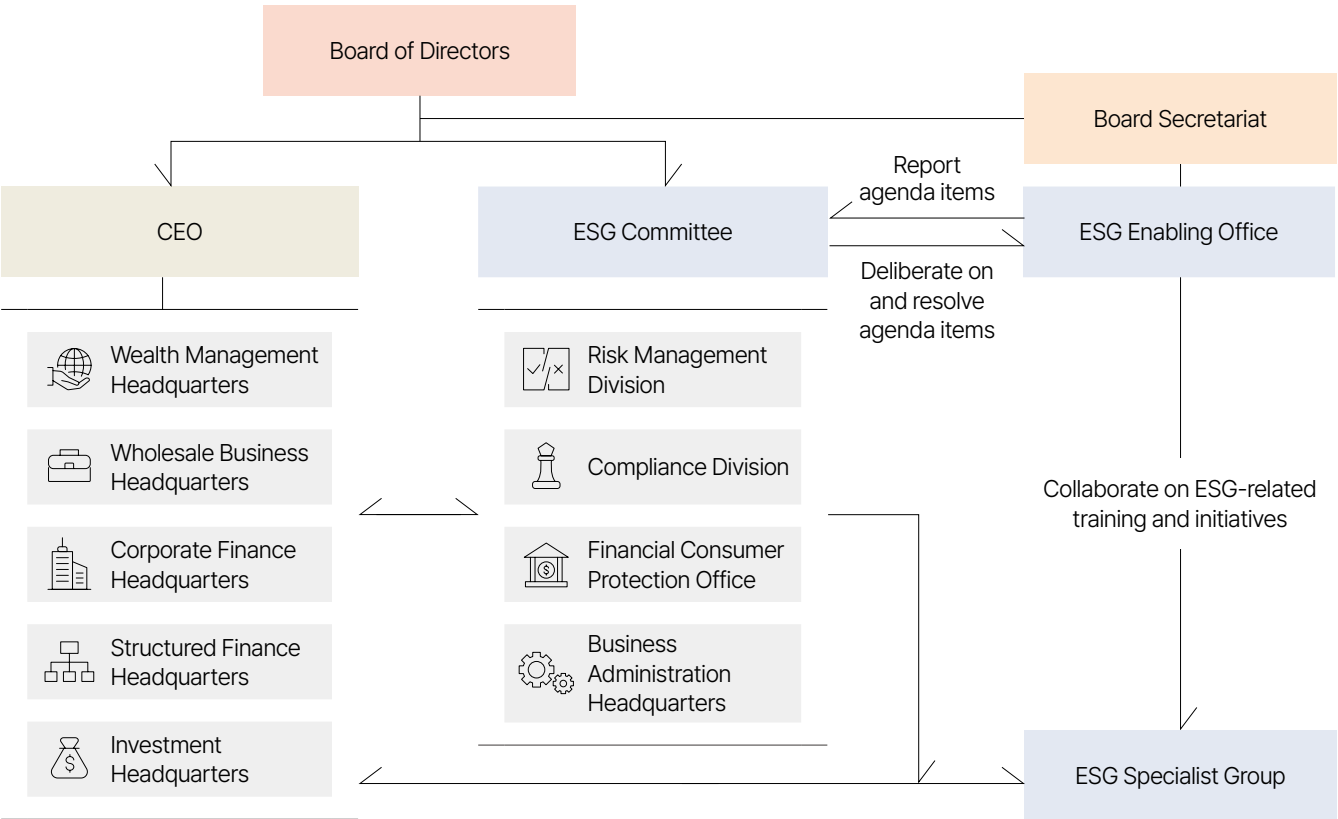
GOVERNANCE

Governance

SK Securities has established a climate action governance system to manage and oversee climate-related risks and create diverse business opportunities. Newly established in 2023, the ESG Committee oversees major decision-making related to ESG management strategies, including climate action. The ESG Enabling Office collaborates with relevant teams to report climate-related issues to the ESG Committee. This working-level office is responsible for developing and implementing detailed climate action strategies. Notably, to enhance company-wide execution capability in climate action, the ESG Enabling Office has selected and trained 19 ESG Specialists who lead ESG initiatives in each business unit and division.

SK Securities' Climate Action Governance

As of May 2024



- INTRODUCTION
- GOVERNANCE
 - Governance
- STRATEGY
- RISK MANAGEMENT
- METRICS & TARGETS
- THE JOURNEY TO NET ZERO
- APPENDIX

Board Responsibilities for Climate-Related Risks and Opportunities

The ESG Committee, a decision-making body within the Board of Directors, oversees the development and implementation of ESG management strategies, including climate change. The Committee is responsible for the final deliberation and resolution of key climate-related agenda items. Comprising experts capable of assessing the impact of climate-related risks and opportunities on investments, asset management, and new businesses, the ESG Committee convened three times in 2023 to review ESG strategies and assess climate risk response status. Additionally, at the fifth Board meeting, the Committee selected material ESG issues (such as GHG emissions management and reduction) based on the double materiality assessment, and it manages material issues by monitoring the implementation of major tasks regularly.

Executive Management’s Role in Climate-Related Risks and Opportunities

As the Chief Executive Officer, the CEO of SK Securities approves and oversees climate-related policies and goals, and regularly monitors climate-related risks and opportunities. The Managing Director of the ESG Enabling Office, designated by the CEO as the person responsible for ESG activities, reports major climate-related agenda items and supports decision-making of the Board. Since 2022, SK Securities has integrated climate change issues into the management compensation system by incorporating Key Performance Indicators (KPIs) related to ESG management into the overall KPI framework. 'ESG Management' has been set as a strategic task within the KPIs since 2022, accounting for 10 points (10%), and achieving these targets influences performance-based compensation.

Role and Composition of the ESG CommitteeAs of the end of May 2024

Category		Details				
Role		· Develop ESG management strategies / Oversee and manage ESG strategy implementation				
Composition and Expertise	Role	Name	Position	Financial Industry Experience*	Expertise and Role	
	Chair	Choi, Nam-su	Outside Director	Yes	· Former CEO of a media company · Authored multiple books on ESG · Review ESG and climate action strategies	
	Member	Ahn, Soo-hyun	Outside Director	Yes	· Expert in law, finance, ESG, consumer protection · Review climate-related laws and regulations	
		Park, Jeong-lim	Outside Director	Yes	· Former CEO of a major financial group · Assess climate-related risks and financial impact	
		Jang, Wook-je	Other Non-Executive Director	Yes	· Former CEO of a financial investment firm · Review climate-related business opportunities	
* Include individuals with over 5 years of experience as outside directors in the financial industry						
Reporting Structure		Report agenda items through the Board Secretariat				
Meeting Frequency		Held at least biannually, with additional meetings as needed				

Activities of the BOD and ESG Committee in 2023		
Dates	Activity	Report/Resolution Items
2023.03.31	3rd Board Meeting	Establishment of ESG Committee Regulations and the Creation of the ESG Committee
2023.05.25	1st ESG Committee Meeting	Report on the 2023 ESG Implementation Strategy
2023.07.10	5th Board Meeting	2023 ESG Implementation Strategy and Double Materiality Assessment Results
2023.10.24	2nd ESG Committee Meeting 6th Board Meeting	Report on Environmental Management Status and Climate Risk Response
2023.12.11	3rd ESG Committee Meeting 7th Board Meeting	Report on the 2023 ESG Implementation Status and 2024 Plans

Roles of the CEO and Managing Directors in Climate-Related Matters	
Position	Role
CEO (Chief Executive Officer)	· Approve and oversee climate-related policies and goals · Manage and supervise the implementation of ESG strategies · Provide long-term direction for ESG management and establishing environmental management systems · Support resources to ensure the establishment and expansion of ESG management within SK Securities
Managing Director of the ESG Enabling Office	· Compose and report on climate-related agenda items, support decision-making, and provide ESG-related training for the Board of Directors

Management and Compensation System of Climate Action Performance		
Position	Compensation System	Key Performance Indicators (KPIs)
CEO (Chief Executive Officer)	Monetary compensation (performance-based bonuses)	Expand ESG management and disclosures

INTRODUCTION

GOVERNANCE

Governance

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

- 11 Status of Climate Action Strategy
- 12 Analysis of Climate-Related Business Opportunities
- 13 Green Activities According to K-Taxonomy
- 14 ESG Financial Solutions
- 15 Analysis of Climate-Related Business Risks
- 16 Climate Scenario Analysis

STRATEGY

Status of Climate Action Strategy

	Plans and Goals	Progress Status	Details
Climate-related Opportunities	· Serve the role as a Total Financial Solution Provider for climate change and environmental pollution issues	<div>ongoing</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Cumulatively underwriting ESG bonds KRW 59,899 billion (as of the end of May 2024)· Provided financial advisory, underwriting, and equity investment in renewable energy amounting to KRW 1,560 billion (as of the end of May 2024)· Established a foundation for advisory services by offsetting GHG emissions through the voluntary carbon market· Developing financial products based on the carbon credits market· Developing climate finance services through fintech (token securities)· Expand ESG business with fourth industrial technology and climate action projects
	· Expand membership in global climate action initiatives	<div>ongoing</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Became the first domestic private financial institution to be approved for Green Climate Fund (GCF) accreditation (October 2023)· Became the first securities firm to join the Taskforce on Nature-related Financial Disclosures (TNFD) (January 2024)
	· Develop green products based on Korean Green Taxonomy (K-Taxonomy)	<div>ongoing</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Analyzed the conformity and proportion of held assets with K-Taxonomy· Plan to develop green financial products and services based on K-Taxonomy
Climate-related Risks	· Declare coal-free finance and implement coal-free investment guidelines	<div>Achieved</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Maintained exclusion from coal company investments following the declaration of coal-free finance· Implemented coal-free finance according to coal-free investment guidelines
	· Compare and analyze GHG emissions and exposure by industry	<div>Achieved</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Calculated GHG intensity by industry
	· Assess and identify high-emitting industries	<div>Achieved</div> <div><div></div><div></div><div></div></div>	
	· Conduct climate scenario analysis	<div>Achieved</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Analyzed transition and physical risks of investment assets according to climate scenarios· Identified potential financial impacts based on analysis results
	· Strengthen customer engagement activities	<div>ongoing</div> <div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">· Strengthening customer communications through ESG brochure on climate disclosures· Enhanced investor engagement through responses to shareholder letters (Shinhan Asset Management)· Appointed to the Ministry of Environment's council for nature-related financial information disclosure

INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy

Analysis of Climate-Related Business Opportunities

Green Activities According to K-Taxonomy

ESG Financial Solutions

Analysis of Climate-Related Business Risks

Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

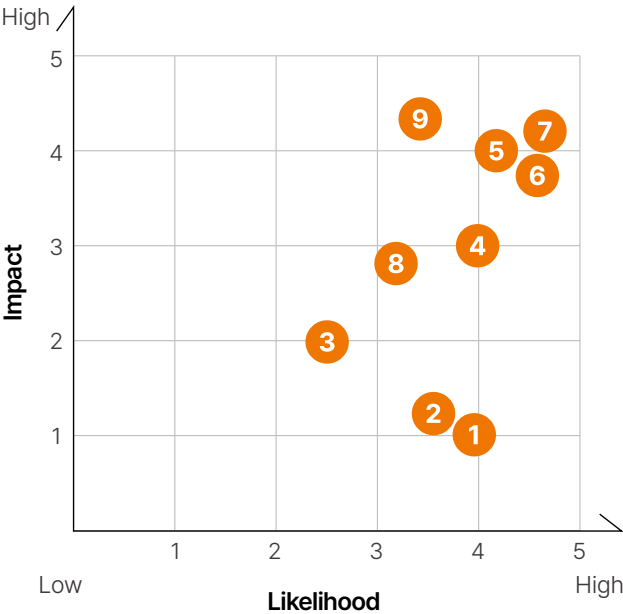
Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

Analysis of Climate-Related Business Opportunities

SK Securities has revised the timeframes (short-term/mid-term/long-term) applied to climate-related opportunity forecasts in accordance with the 'KSSB 2 Climate-related Disclosures' issued by the Korea Sustainability Standards Board (KSSB). Following these revisions, SK Securities identified opportunity factors and defined the expected financial impacts for each time frame. Furthermore, SK Securities assessed the likelihood and financial impact of each opportunity factor on a scale of 1 to 5, prioritized them, and incorporated them into SK Securities' mid-to-long-term climate action plan. During the reporting period, the most significant milestone was SK Securities becoming the first domestic private financial institution to be GCF Accredited Entity. Accredited Entities are responsible for identifying, proposing, and executing climate action projects, as well as managing and monitoring the projects, facilitating the allocation of approximately USD 13.6 billion (as of the end of June 2024) in GCF funds to developing countries.

Opportunity Classification	Opportunity Factors	Expected Financial Impact		
		(Short-term) 2024	(Mid-term) 2025~2029	(Long-term) 2030~2050
Resource Efficiency	1 Improving energy efficiency	Reducing energy costs	Reducing operating costs	-
	2 Growing trend of resource saving and recycling	Reducing operating costs	Reducing operating costs	-
	3 Increasing use of digital trading platforms	Increasing customer inflow and trading volume	Substantially growing revenue due to customer inflow and trading volume increase	-
Energy Sources	4 Growing use of low-carbon and renewable energy sources	-	Temporarily increasing sunk costs	Reducing annual energy costs
Products and Services	5 Increasing customer preference for green products	Securing intermediary and advisory capabilities for low-carbon and green financial products	Generating revenue from intermediation, advisory and investment of low-carbon and green financial products	Expanding revenue base from intermediation, advisory and investment of low-carbon and green financial products
	6 Expanding opportunities for developing and investing in green financial products			
Market	7 Expanding the role of Green Climate Fund (GCF)	Getting approval for GCF accreditation	Generating revenue from GCF accreditation and securing of references	Expanding revenue base from GCF accreditation and growing participation opportunities in climate change mitigation and adaptation projects
	8 Growing the size of voluntary carbon market	-	Increasing revenue thanks to entry into the voluntary carbon market	Expanding revenue base thanks to entry into the voluntary carbon market
Resilience	9 Possessing climate adaptation capabilities such as low exposure to high-emitting industries, meeting SBTi targets, and managing investment assets based on green bonds and K-Taxonomy	-	Increasing revenue from investment assets based on green bonds and K-Taxonomy	Achieving Net Zero through meeting SBTi targets and growing revenue from investment assets based on green bonds and K-Taxonomy



INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy

Analysis of Climate-Related Business Opportunities

Green Activities According to K-Taxonomy

ESG Financial Solutions

Analysis of Climate-Related Business Risks

Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

Green Activities According to K-Taxonomy

Scope of Assets Subject to K-Taxonomy	
Type of Activity	Assets among SK Securities' investment activities that conform with the activity standards of 69 economic activities in K-Taxonomy
Type of Assets	Bonds, loans, project financing, and equity investments with clear use of funds
Location of Assets	Include domestic and international assets (also include assets located overseas within the range that can be reviewed) ¹⁾

1) Considered as green economic activities when foreign laws are equivalent to domestic laws

Three Key Steps to Assess Alignment with K-Taxonomy	
Identify the activities that are covered by K-Taxonomy	Identify activities based on business characteristics and use of funds according to activity standards ²⁾
Assess whether the activities meet the standards	Assess if the identified economic activities meet the activity and recognition standards Ex) Quantitative standards (GHG emissions relative to energy production), legal standards (acquiring specific grade certifications)
Determine	Finally classify green economic activities after checking their conformity

2) Some investment assets may apply to multiple activities

SK Securities is expanding its investment in green products and services as a key opportunity related to climate change. Accordingly, SK Securities assessed the scale of assets in its 2023 investment assets that meet the eligibility of Korean Green Taxonomy (K-Taxonomy). As a result, SK Securities identified that approximately KRW 21.9 billion, accounting for 0.34% of the total assets in 2023, is eligible for green economic activities. Going forward, SK Securities plans to incorporate protection and exclusion standards to be recognized as Taxonomy-aligned. Ultimately, SK Securities aims to gradually increase the proportion of investments in green products and services within its portfolio.

Analysis Results of Investment Assets' K-Taxonomy Eligibility				As of December 2023
Classification	Total Assets	Analyzed Assets	Green Economic Activities	
Amount (KRW Billion)	6,449	28.7	21.9	
Percentage in total assets (%)	-	0.45%	0.34%	
Percentage in analyzed activities (%)	-	-	76.40%	

Classification		Number of cases (EA)	Amount (KRW Billion)	Percentage (%)
Green Area	Manufacture of innovative items	1	0.06	0.3%
	Manufacture of materials, parts and equipment to utilize core technologies for greenhouse gas reduction	4	0.52	2.4%
	Production of renewable energy: solar photovoltaics, wind power, etc	2	5.16	23.5%
	Manufacture of bio ethanol, bio diesel and bio heavy oil	1	7.00	31.9%
	Establishment and operation of pollution-free transport infrastructure	2	3.68	16.8%
	New construction/remodeling and acquisition of zero-energy buildings or green buildings	1	0.53	2.4%
	Recycling (reuse/remanufacture/recovery) of waste	3	1.89	8.6%
	Recovery of waste energy	1	3.08	14.0%
	Total	15	21.93	100%

INTRODUCTION

GOVERNANCE

STRATEGY

- Status of Climate Action Strategy
- Analysis of Climate-Related Business Opportunities
- Green Activities According to K-Taxonomy
- ESG Financial Solutions
- Analysis of Climate-Related Business Risks
- Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Financial Solutions

Since 2014, SK Securities has been at the forefront of ESG finance, providing financial advisory services, underwriting, and equity investments related to renewable energy. To date, SK Securities has facilitated approximately KRW 1.56 trillion in 19 renewable energy (solar, wind, fuel cells, etc.) projects as an ESG financial solutions provider. Additionally, SK Securities has sold a total of KRW 550.9 billion worth of ESG funds, with the largest portions being KRW 20 billion in wind power project funds and KRW 300 billion in solar power project funds. ESG bonds contribute to creating a sustainable future and present new growth opportunities for financial institutions during the transition to a low-carbon economy. Since 2018, SK Securities has underwritten approximately KRW 59 trillion (397 underwriting cumulatively as of the end of May 2024) in ESG bonds. Specifically, green bonds increased by approximately KRW 100 billion (one underwriting) compared to the previous year. Going forward, SK Securities plans to expand investments in eco-friendly and renewable energy projects and increase the proportion of green and sustainability bond underwriting in accordance with the K-Taxonomy standards.

Climate-related Investment and Loan Business Areas

Addressing the Fundamental Causes of Climate Change	Renewable Energy	<div><div>· Solar and wind power generation and ESS-linked projects</div><div>· Domestic and foreign wind power equipment projects</div><div>· Biomass power generation and wood pellet production projects</div></div>
	Hydrogen-related	<div><div>· PAFC, SOFC, MCFC, LNG-LPG Dual Type Model, and byproduct hydrogen fuel cell projects</div></div>
Treatment and Utilization of Emitted Environmental Pollutants	Soil and Water Pollution	<div><div>· Sludge and livestock manure</div><div>· Waste and plastic recycling</div><div>· Treatment of sewage and wastewater</div></div>
	Air Pollution	<div><div>· Carbon capture, utilization, and storage (CCUS)</div><div>· Conversion to calcium carbonate</div></div>

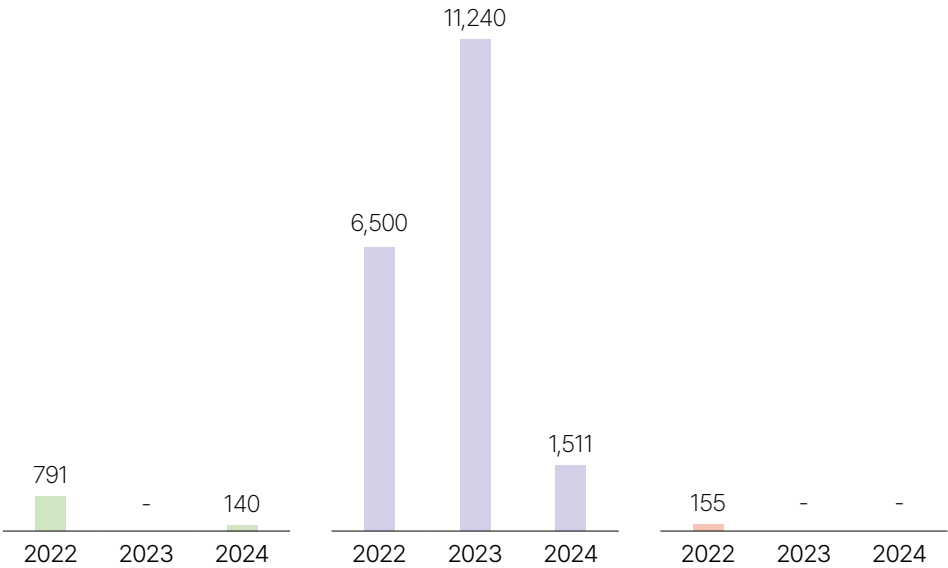
Cumulative ESG bond performances

As of the end of May 2024

Green Bond	Social Bond ¹⁾	Sustainability Bond
24 cases KRW 2,299 Billion	354 cases KRW 55,965 Billion	19 cases KRW 1,635 Billion



(Unit: KRW Billion)



1) Including MBS (Mortgage-Backed Securities) issued by Korea Housing Finance Corporation

INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy
Analysis of Climate-Related Business Opportunities
Green Activities According to K-Taxonomy

ESG Financial Solutions

Analysis of Climate-Related Business Risks
Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

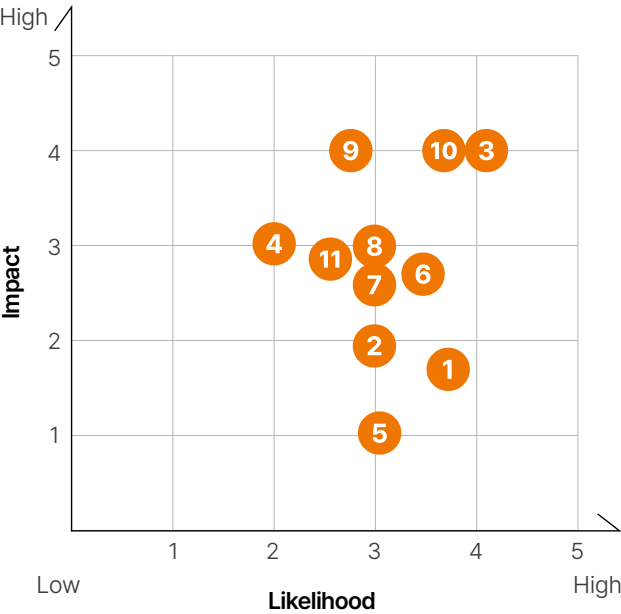
Homepage. www.sks.co.kr

Analysis of Climate-Related Business Risks

Every year, many assets suffer extensive damage due to globally abnormal weather patterns. In addition to this, regulatory policies related to climate change, as well as technological, market, and reputational risks, lead to a decline in asset value, reduced production capacity, and decreased credit ratings, causing tangible operational damage to businesses. Consequently, managing climate-related risks has become essential for corporate survival.

SK Securities recognizes the necessity of managing climate-related risks and is actively working to address them. SK Securities classifies risks into transition risks and physical risks, identifying risk factors and their occurrence in the short, medium, and long-term, and assessing the potential financial impacts accordingly. This year, to quantitatively assess these risks, SK Securities conducted an analysis of transition and physical risks based on climate scenarios. Based on this analysis, SK Securities plans to minimize stranded assets and develop comprehensive response strategies for its investment portfolio.

Risk Classification		Risk Factors	Expected Financial Impact		
			(Short-term) 2024	(Mid-term) 2025~2029	(Long-term) 2030~2050
Transition Risks	Policy and Legal	① Increased carbon credit prices	Increase in operating costs	Increase in operating costs	Increase in operating costs
		② Strengthened carbon regulations and climate disclosure standards	Increase in compliance costs	Increase in compliance costs	-
		③ Strengthened regulations on high-emitting industries	-	Increased losses from stranded assets	Bigger losses from stranded assets
		④ Environmental litigation	-	Increase in litigation response costs	Higher litigation response costs
	Technology	⑤ Growing demand for low-carbon technology development for investee companies	-	Increase in costs for technology development and investment	Higher costs for technology development and investment
		⑥ Growing market demand fluctuations and uncertainties due to climate crisis	-	Increase in losses from investment failures	Decreased NCR ratio, and growing risk of impairment losses
	Market	⑦ Consumer behavior changes	-	Slowing demand for investment products	Decreased sales of investment products
		⑧ Increased uncertainties due to market changes	-	Increase in costs for portfolio transition	Higher costs for portfolio transition
	Reputation	⑨ Growing awareness leading to negative reputation for investing in high-emitting industries	Excluding coal company investments	Excluding coal company investments	Excluding coal company investments
		⑩ Increased frequency and intensity of natural disasters due to abnormal weather	Increase in losses from investment assets and data centers	Increase in losses from investment assets and data centers	Bigger losses from investment assets and data centers
	Chronic	⑪ Changing climate pattern in the long-term			



INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy
Analysis of Climate-Related Business Opportunities
Green Activities According to K-Taxonomy
ESG Financial Solutions
[Analysis of Climate-Related Business Risks](#)
Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

Climate Scenario Analysis

SK Securities conducted an analysis of the transitional and physical risks associated with various climate scenarios for its 2023 investment assets to quantitatively assess the impact of climate risk factors. Based on the results of the climate scenario analysis, SK Securities anticipates the presence of both transitional and physical risks for its investment assets in both the short and medium to long term. SK Securities plans to incorporate these risk analysis results into future investment strategies and climate action plans to enhance company-wide risk management and resilience.

NGFS (Network for Greening the Financial System)

Category	Scenario	Descriptions
Too little, too late	Fragmented World	A scenario that assumes delayed and divergent climate policy ambition globally
Hot house	Current Policies	A scenario that assumes that only currently implemented policies are preserved
	NDCs	A scenario that includes all pledged policies even if not yet implemented
Disorderly	Delayed Transition	A scenario that assumes global annual emissions do not decrease until 2030
Orderly	Below 2°C	A scenario that assumes the rise in global average temperature be limited to below 2°C, with an 80% reduction compared to current levels by 2050
	Low Demand	A scenario that assumes that reducing energy demand mitigates the pressure on the economic system to reach global net zero CO ₂ emissions around 2050
	Net Zero 2050	A scenario that assumes the rise in global average temperature be limited to below 1.5 °C, reaching net zero CO ₂ emissions around 2050

Key Climate Scenarios

IEA (International Energy Agency)

Scenario	Descriptions
STEPS	Scenario considering current policies by IEA
APS	Scenario in which all national energy goals are achieved on time
NZE2050	Scenario for achieving carbon neutrality by 2050

SSP (Shared Socioeconomic Pathway)¹⁾

Scenario	Global Temperature (End of the 21st century)	Descriptions
SSP1-2.6	+1.9°C	A scenario that assumes the development of renewable energy technology minimizes the use of fossil fuels, leading to environmentally sustainable economic growth
SSP2-4.5	+3.0°C	A scenario where climate change mitigation and socioeconomic development are assumed to be at an intermediate level
SSP3-7.0	+4.3°C	A scenario where passive climate change mitigation policies and slow in technological development make the social structure vulnerable to impacts of climate change
SSP5-8.5	+5.2°C	A scenario that assumes high use of fossil fuels and indiscriminate development centered on cities, with a focus on rapid industrial technological advancements

1) Shared Socioeconomic Pathways (SSPs) are climate change scenarios of projected socioeconomic global changes up to 2100 as defined in the IPCC Sixth Assessment Report on climate change

INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy
Analysis of Climate-Related Business Opportunities
Green Activities According to K-Taxonomy
ESG Financial Solutions
Analysis of Climate-Related Business Risks
[Climate Scenario Analysis](#)

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX



Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)
Homepage. www.sks.co.kr

Overview of Climate Scenario Analysis

To quantitatively understand the transition risks, SK Securities conducted an analysis of the potential financial impact of carbon pricing scenarios by NGFS and IEA on its investment assets through 2050. The analysis is conducted in two main steps: First, calculating the cumulative reduction cost by reflecting the carbon price of each climate change scenario on the GHG emission reduction of the investment assets through 2050. Second, calculating the final exposure to transition risks by incorporating the cumulative reduction cost as well as the enterprise value, total assets, and weighting of the investment assets.

For a quantitative understanding of physical risks, SK Securities analyzed the potential financial impact of the SSP scenarios from the IPCC Sixth Assessment Report on its investment assets through 2050. This analysis is conducted in three main steps: First, constructing database of key information on business locations, geographical coordinates (latitude and longitude), and investment amounts of the investment assets. Second, applying a physical risk analysis model to evaluate the scenario-specific exposure to five types of risks. Third, calculating the final exposure to physical risks by incorporating the weighted exposure of each business site. The risk analysis model used is based on the analysis model of the OJEong Resilience Institute at Korea University, which reflects data from approximately 1,200 domestic weather observation networks to produce high-resolution exposure assessments in 100-meter units, with long-term predictions up to 2060. This approach has enhanced the reliability of SK Securities' potential financial impact analysis.

Risks	Risk Factors	Scenarios	Analysis Subjects	Analysis Details			
 Transition Risks	Carbon reduction costs for achieving NDCs ¹⁾	NGFS Scenarios (Current Policies, Below 2°C, Net Zero 2050)	2023 investment assets (equities, bonds, loans)	GHG emissions reduction	»	Calculate risk exposure by asset type	
				Carbon price projections by scenario	»		
				Enterprise value of investment assets	»		
 Physical Risks	Heatwaves	SSP Scenarios (SSP1, SSP5)					
	Heavy Rain (Flooding)				Locations of key business sites ²⁾	»	Calculate risk exposure and exposure amounts for key business sites
	Wildfires				Investment amounts	»	
	Landslides				Weighting by business site ³⁾	»	
	Heavy Snow						

1) Achieve a 42% reduction by 2030 compared to 2018 levels, and net zero by 2050
2) Major business sites disclosed on the Environmental Information Disclosure System (data centers, factories, etc.)
3) Reflected the production scale of each major business site

INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy
Analysis of Climate-Related Business Opportunities
Green Activities According to K-Taxonomy
ESG Financial Solutions
Analysis of Climate-Related Business Risks
[Climate Scenario Analysis](#)

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

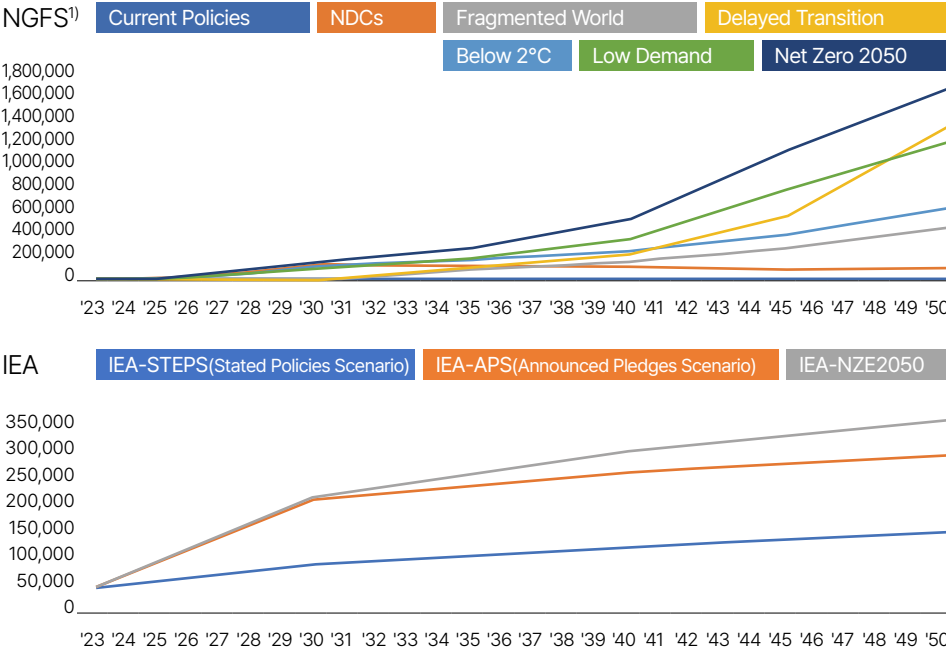
Transition Risk Analysis Results

Both the NGFS and IEA scenarios indicate that as regulations become more stringent towards the 2050 net-zero scenario, carbon prices increase. Consequently, the cumulative reduction costs for investment assets also rise. This leads to an increase in exposure to transition risks for investment assets, ultimately transferring these risks to SK Securities' portfolio.

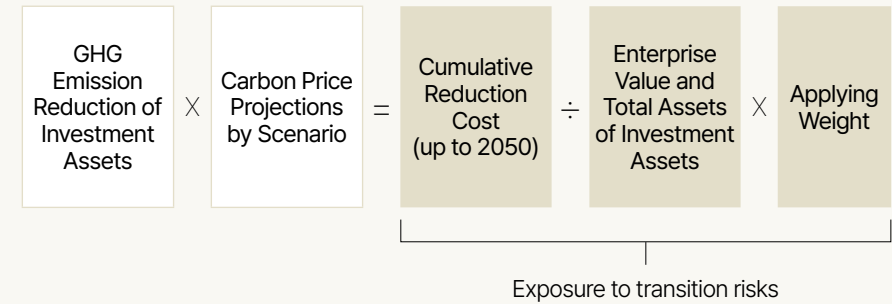
Moreover, when weighting exposure to transition risks by asset type, assets with higher emissions and larger investment amounts show greater exposure. SK Securities has identified that corporate bonds have higher exposure compared to other asset types, indicating a concentration of emissions and investment amounts.

Based on the results of the transition risk analysis, SK Securities plans to continuously monitor its portfolio and incorporate these findings during portfolio adjustments.

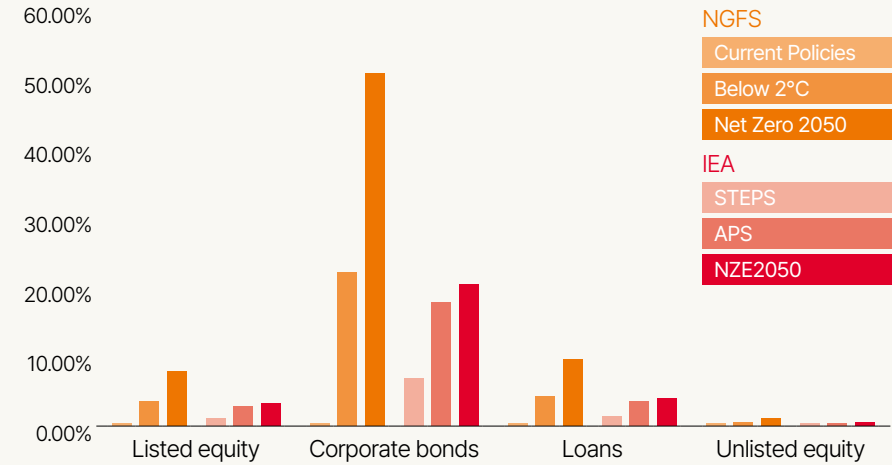
Carbon Price Projections by Scenario (Unit: KRW/tCO₂eq)



Method for Calculating Exposure to Transition Risks



Exposure to Transition Risks by Asset Type According to Each Scenario²⁾



1) Applied 2021 price standards identical to the IEA scenario, reflecting the inflation rate from 2010 to 2021
2) Exposure to cumulative reduction costs by 2050 (reflecting the weighted average)

INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy

Analysis of Climate-Related Business Opportunities

Green Activities According to K-Taxonomy

ESG Financial Solutions

Analysis of Climate-Related Business Risks

Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

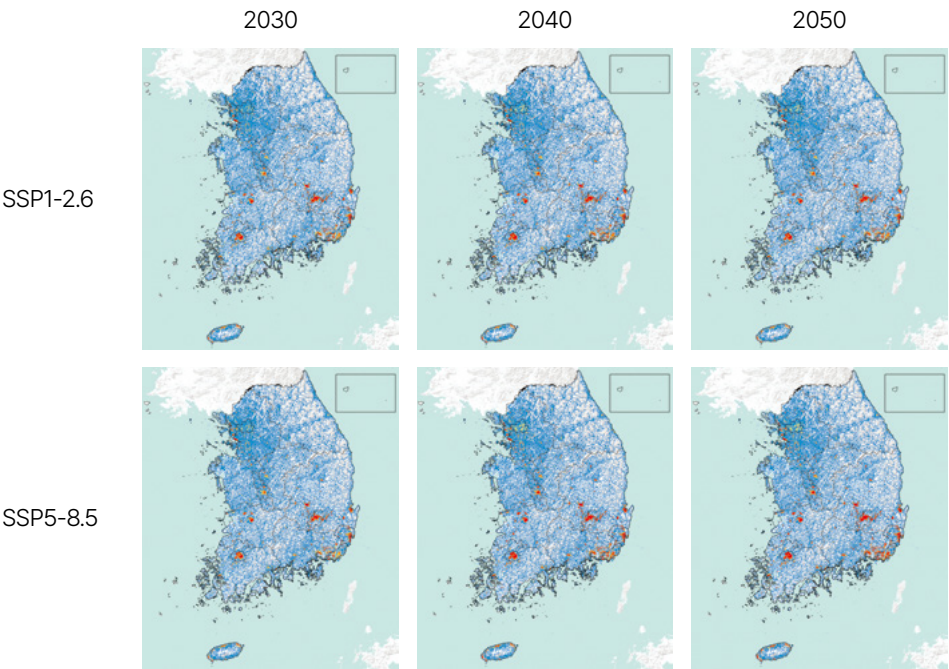
THE JOURNEY TO NET ZERO

APPENDIX

Physical Risk Analysis Results

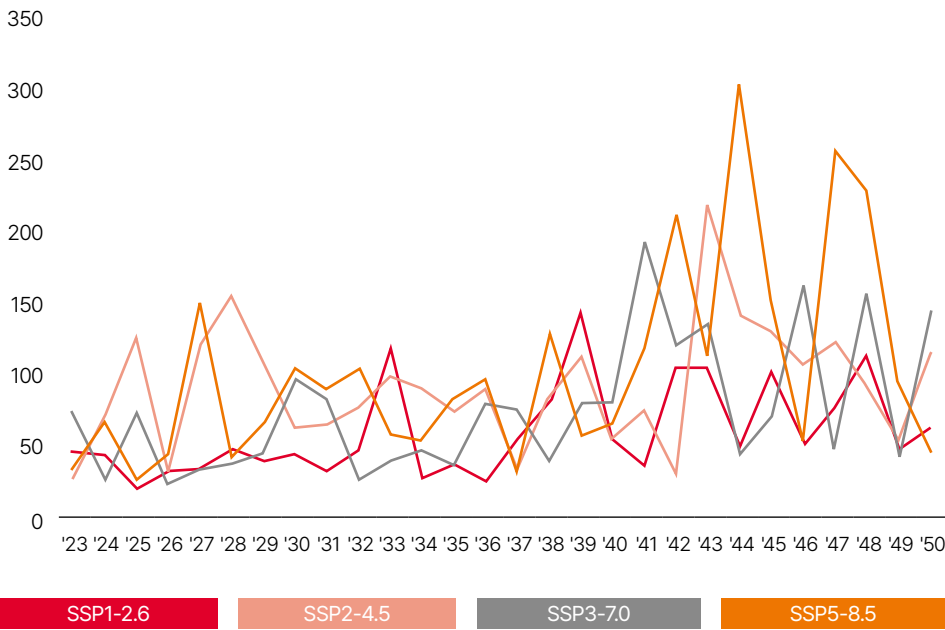
SK Securities identified that among the five physical risks, the impacts of heatwaves, heavy rain (flooding), and wildfires were significant, whereas the impacts of heavy snow and landslides were minimal. When looking at the three primary physical risks comprehensively, the high-emission scenario (SSP5-8.5) showed greater exposure compared to the low-emission scenario (SSP1-2.6), especially in the long-term compared to the short and medium-terms. Detailed exposure amounts in the low-emission scenario are estimated at KRW 33.6 billion in 2030, KRW 61.7 billion in 2040, and KRW 68.4 billion in 2050. In the high-emission scenario, these amounts are KRW 119.9 billion in 2030, KRW 70.7 billion in 2040, and KRW 51.2 billion in 2050. The annual average exposure amounts are KRW 65.3 billion for the low-emission scenario and KRW 107.8 billion for the high-emission scenario, accounting for 3.6% and 6.0% of the total investment assets, respectively. Based on these physical risk analysis results, SK Securities plans to continuously monitor its portfolio and incorporate these findings through portfolio adjustments.

Physical Risk Map_Heatwaves



Exposure amounts of investment assets to physical risk

(Unit: KRW Billion)



INTRODUCTION

GOVERNANCE

STRATEGY

Status of Climate Action Strategy
Analysis of Climate-Related Business Opportunities
Green Activities According to K-Taxonomy

ESG Financial Solutions

Analysis of Climate-Related Business Risks

Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

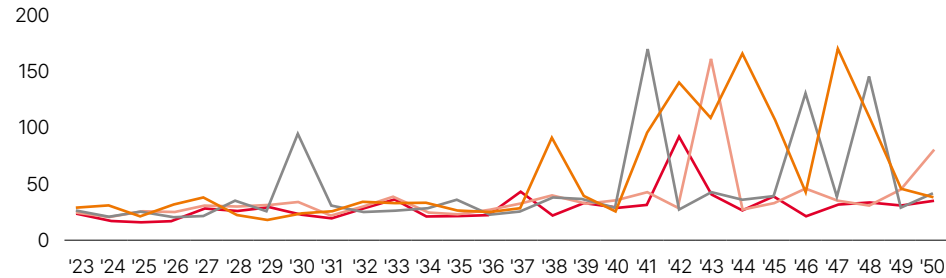
APPENDIX

Please visit our website or contact us for more information.

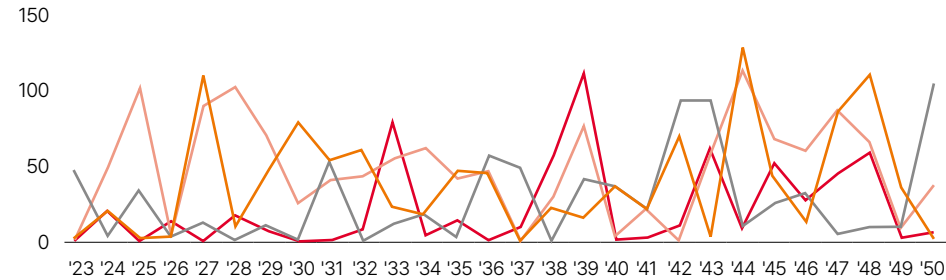
Tel. 1599/1588-8245
(08:00~18:00 on weekdays)
Homepage. www.sks.co.kr



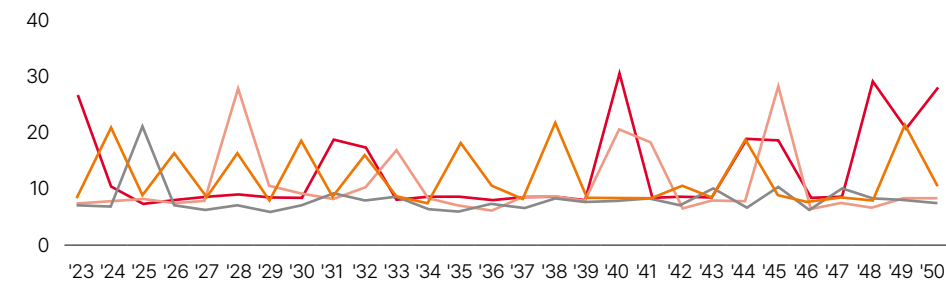
Heatwaves (Unit: KRW Billion)



Heavy Rain (Flooding) (Unit: KRW Billion)



Wildfires (Unit: KRW Billion)



SK Securities found the highest exposure to heatwaves. Under the SSP5-8.5 scenario, the number of assets exposed to heatwaves nearly doubles from 38 in 2023 to 63 in 2050. The annual average exposure amount to heatwaves by 2050 is estimated at KRW 29.9 billion under the SSP1-2.6 scenario and KRW 56.6 billion under the SSP5-8.5 scenario. The trend shows that exposure and exposure amounts are relatively higher in high-emission scenarios than in low-emission scenarios and in the long term compared to the short and medium terms. Additionally, the risk analysis model indicates that heatwave risks are higher in inland regions such as Daegu, Ulsan, Gwangju, Gumi, and Daejeon. This suggests that SK Securities' investment assets are concentrated in portfolios with business sites located in inland regions.

The exposure to heavy rain (flooding) is the second highest after heatwaves. Under the SSP5-8.5 scenario, the number of assets exposed to heavy rain (flooding) increases from 9 in 2023 to 18 in 2050, doubling over the period. The annual average exposure amount to heavy rain (flooding) by 2050 is estimated at KRW 22.2 billion under the SSP1-2.6 scenario and KRW 39.4 billion under the SSP5-8.5 scenario. The exposure and exposure amounts for heavy rain (flooding) do not show a distinct trend based on scenarios and timeframes but are relatively evenly distributed. Additionally, the risk analysis model indicates higher risks of heavy rain (flooding) along the coastlines of the West Sea and the South Sea. This suggests that SK Securities' investment assets are concentrated in portfolios with business sites located near these coastal areas.

The exposure to wildfires is lower compared to heatwaves and heavy rain (flooding). Under the SSP5-8.5 scenario, the number of assets exposed to wildfires is similar, with 32 in 2023 and 33 in 2050. The annual average exposure amount to wildfires by 2050 is estimated at KRW 13.2 billion under the SSP1-2.6 scenario and KRW 11.8 billion under the SSP5-8.5 scenario. Similar to heavy rain (flooding), the exposure and exposure amounts for wildfires are relatively evenly distributed without a distinct trend based on scenarios and timeframes. Furthermore, the risk analysis model indicates higher wildfire risks in the Seoul Metropolitan Area, inland regions, and along the east coast. This suggests that SK Securities' investment assets are concentrated in portfolios with business sites located in these areas.

INTRODUCTION

GOVERNANCE

STRATEGY

- Status of Climate Action Strategy
- Analysis of Climate-Related Business Opportunities
- Green Activities According to K-Taxonomy
- ESG Financial Solutions
- Analysis of Climate-Related Business Risks
- Climate Scenario Analysis

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

22 Climate Risk Management System

23 Climate Risk Monitoring and Management

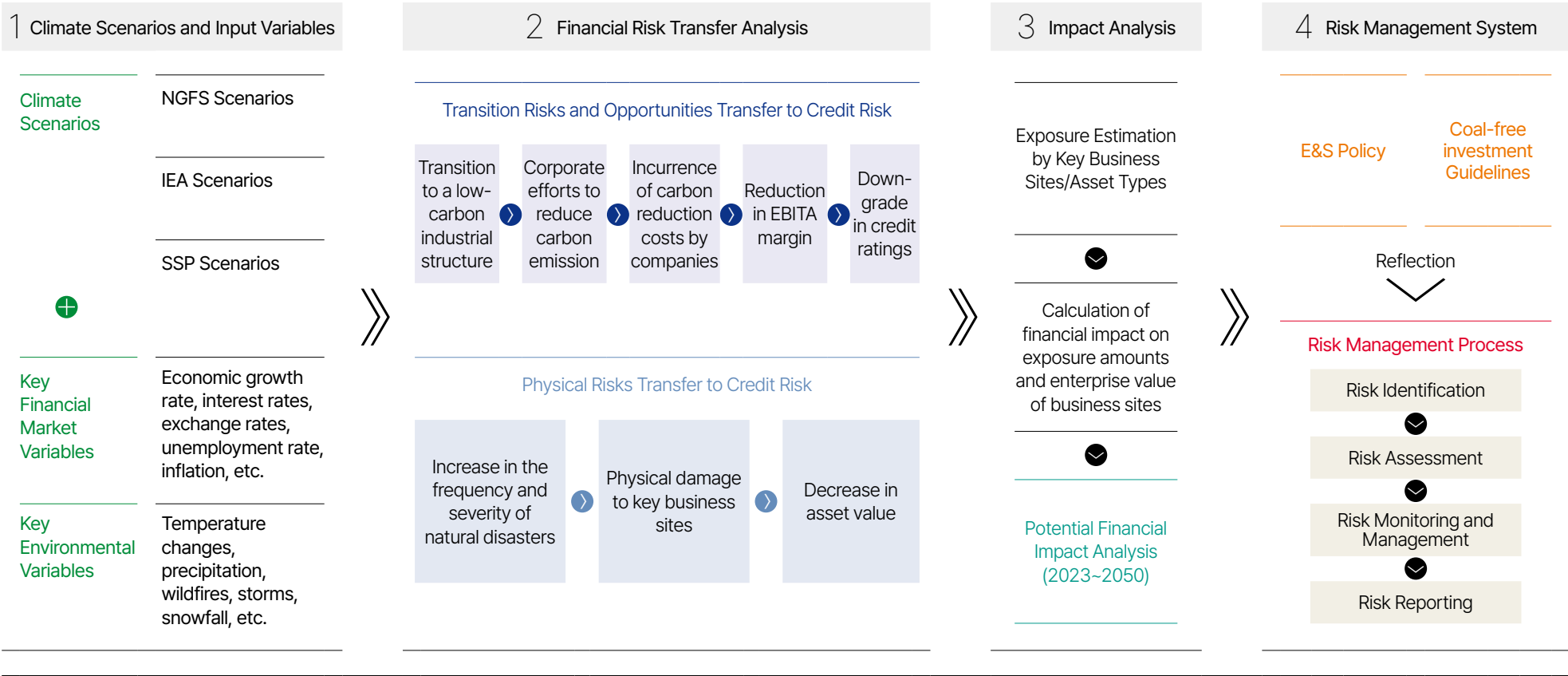
RISK MANAGEMENT

A row of wooden blocks on a light-colored wooden surface. The first seven blocks are falling in a domino-like fashion from left to right. The eighth block is standing upright and is colored red. The remaining three blocks on the right are also standing upright and are light-colored. The background is a plain, light blue-grey wall.

Climate Risk Management System

Following its climate risk management process, SK Securities implements actions from risk identification to assessment, monitoring and management, and reporting. As part of this process, SK Securities annually calculates the proportion of financed emissions and investment balances by industry. In 2024, to enhance climate risk assessment and monitoring, SK Securities calculated the GHG intensity based on emission levels and investment balance proportions. Going forward, SK Securities plans to specify key industries for focused management and incorporate these findings into portfolio adjustments. Additionally, the results of the 2023 climate scenario analysis for investment assets, along with internal E&S policies and coal-free investment guidelines, will be integrated into the risk management process to ensure company-wide risk management.

Climate Risk Management Process and Risk Management System



Climate Risk Monitoring and Management

To manage the identified and assessed climate risks, SK Securities strengthens customer engagement and continues portfolio management activities. Notable activities include calculating and monitoring changes in the GHG intensity of investment assets and producing ESG brochures. SK Securities plans to continuously manage its investment portfolio based on these activities.

Climate Risk Management Process		
1 Identification	Transition risks	Policy · Legal / Technology / Market / Reputation
	Physical risks	Acute / Chronic
↓		
2 Assessment	Climate scenario analysis	Transition risks - NGFS, IEA
	Calculate financed emissions	Physical risks - SSP Analyzing and assessing high-emitting industries
↓		
3 Monitoring and Management	Portfolio adjustment	Managing Intensity
	Strengthen customer engagement	Increasing customer ESG awareness

● GHG Intensity

(Unit: tCO₂eq/KRW Billion)

2022

2023

Industry	2022	2023
Steel	1,787.8	1,643.6
Construction	300.1	795.2
Textiles and Machinery	671.2	649.4
Transportation	363.1	616.6
Automobile related parts manufacture	939.8	605.2
Glass and Ceramics	504.8	492.5
Petrochemicals	217.6	321.1
Ship and Boat	127.8	294.0
Pharmaceuticals	13.5	198.7
Electrical and Electronic	307.2	130.3
Information and Communication	89.0	106.5
Other	38.5	86.5
Wholesale and Retail	97.0	49.5
Beverage and Food	215.9	42.8
Commercial real estate	11.6	24.3
Real estate rental	51.7	5.6
Finance	8.5	4.4

● Increasing customer ESG awareness

Customer Engagement Brochure for 2050 Net Zero

Sustainability and Beyond with SK Securities

SK Securities has created its own ESG brochure and shared it with customers to improve their awareness on climate disclosures. The ultimate goal is to help customers reach a level where they can establish their own reduction targets.

- The brochure includes details on SK Securities' GHG emissions, reduction targets, and customer engagement activities to achieve these

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

Climate Risk Management System

Climate Risk Monitoring and Management

METRICS & TARGETS


THE JOURNEY TO NET ZERO

APPENDIX

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

- 
- 25 Greenhouse Gas Emissions and Reduction Target Implementation
28 Implementation Plan for Reduction Targets

METRICS & TARGETS

Greenhouse Gas Emissions and Reduction Target Implementation

Scope 1,2

SK Securities calculated the Scope 1 and 2 emissions for all domestic business sites of SK Securities and its four subsidiaries in accordance with the GHG Protocol's operational control approach and the domestic 「Guidelines for reporting and certification of greenhouse gas emissions trading scheme」. In 2023, Scope 1 and 2 emissions decreased by 28.5% compared to 2022. This reduction was achieved by installing meters on each floor of the headquarters and calculating emissions based on actual electricity usage, rather than the previous method of estimating usage by area, resulting in a significant decrease in Scope 2 emissions.

Scope 3 (Category 1~14)

Recognizing the importance of managing upstream emissions company-wide, in addition to the financed emissions from investments, SK Securities calculated other indirect emissions for the first time. Considering the nature of the financial industry, emissions from the purchase of products and services, fuel and energy activities, waste, and employee business trips were calculated. Although the scope was limited to the headquarters this year, SK Securities plans to expand the organizational boundaries and category scope in the future to focus on more comprehensive GHG emissions management and disclosure. Furthermore, the Scope 1,2, and Scope 3 (category 1~14) emissions of SK Securities are verified at a limited assurance level by DNV Business Assurance Korea, ensuring reliability.

GHG Emissions¹⁾

Classification		Unit	2021	2022	2023
Scope 1 (Direct Emissions)		tCO ₂ eq	472	356	317
Scope 2 (Indirect Emissions)			2,007	2,423	1,671
GHG Intensity (Employees)		tCO ₂ eq/person	3.14	3.44	2.52
Scope 3 (Other Indirect Emissions)	1. Purchased goods and services	tCO ₂ eq	-	-	13
	3. Fuel and energy related activities (not included in scope 1 or scope 2)		-	-	105
	5. Waste generated in operations		-	-	16
	6. Business travel		-	-	48
Total (Scope 1+2+3)			2,479	2,779	2,169

1) In order to report the GHG emissions as an integer, the rounded number on the opinion might be different from the number on the system with ± 1tCO₂eq

Energy Consumption

Classification	Unit	2021	2022	2023
LNG	TJ	4.74	2.14	1.99
LPG		0.00	0.00	0.01
Kerosene		0.01	0.01	0.00
Gasoline		3.37	3.61	3.21
Diesel		0.08	0.07	0.00
Electricity		42.22	50.93	34.92
Total		50.42	56.76	40.12
Energy Intensity (Employees)	TJ/person	0.06	0.07	0.05

Scope 3 (Category 15)

Following the GHG Protocol's operational control approach and the PCAF methodology, SK Securities calculated the financed emissions from investments for SK Securities and its four subsidiaries. The 2023 financed emissions include the Scope 1,2, and 3 emissions of the investee companies. Additionally, by expanding coverage, the financed emissions of assets corresponding to 46% of total assets were calculated, more than 2.5 times the calculation ratio of 2022. While financed emissions increased as a result, the GHG intensity by asset type generally showed a decreasing trend.

Percentage of financed emissions calculated				Financed Emission ¹⁾				
Classification	2021	2022	2023	Classification	Unit	2021	2022	2023
Total assets (KRW Trillion)	6.37	6.46	6.45	Listed Equity and Corporate Bonds	tCO ₂ eq	60,327	40,385	285,370
Assets with emissions calculations (KRW Trillion)	0.95	1.16	2.96	Business Loans and Unlisted Equity		-	14,252	10,916
Percentage (%)	15%	18%	46%	Commercial Real Estate		-	598	478
				Private Equity Direct Investment		29,719	56,764	89,383
				Total		90,045	112,000	386,147

1) In order to report the GHG emissions as an integer, the rounded number on the opinion might be different from the number on the system with ± 1tCO₂eq

Details of Financed Emissions in 2023						
Classification	Financed Emissions (tCO ₂ eq)	Exposure (KRW Billion)	Intensity (tCO ₂ eq/KRW Billion)	Percentage change in intensity year-over-year (%)	Data Quality Score ²⁾	
Listed Equity	38,128	349	109.4	-37.8%	3.3	
Corporate Bonds	247,242	1,359	181.9	-1.2%	3.7	
Business Loans	5,691	74	77.2	-30.4%	4.2	
Unlisted Equity	5,226	252	20.7	162.7%	4.3	
Commercial Real Estate	478	20	24.3	110.5%	4.0	
Private Equity Direct Investment	89,383	903	99.09	-11.7%	4.2	
Total	386,147	2,956	130.6	34.9%	-	

2) PCAF's data quality score, where a score closer to 1 indicates the use of high-quality data

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

Greenhouse Gas Emissions and
Reduction Target Implementation

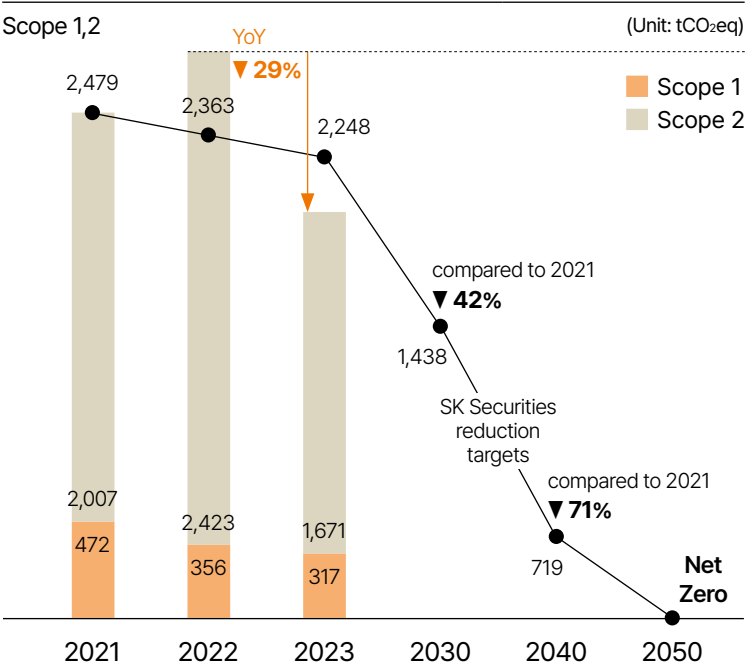
Implementation Plan for
Reduction Targets

THE JOURNEY TO NET ZERO

APPENDIX

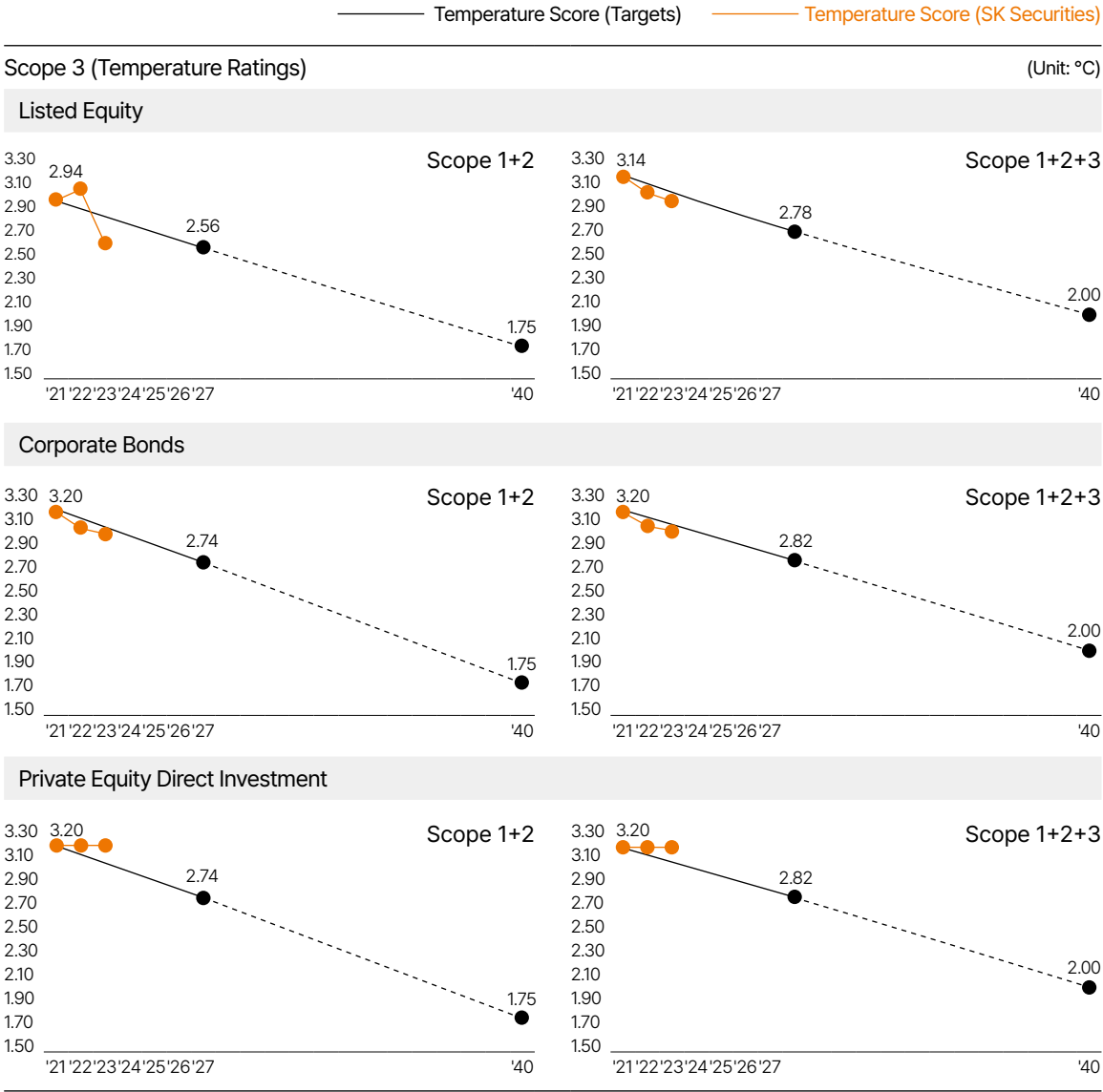
Reduction Targets

Based on the SBTi methodology, SK Securities has set short-term targets for Scope 1 and 2 in line with the 1.5°C scenario and Scope 3 (Temperature Ratings) in line with the B2DS scenario. SK Securities also monitors the achievement of its targets on an annual basis to ensure that the reduction targets are met.



Classification	2021	2022	2023
Actual (tCO ₂ eq)	2,479	2,779	1,988
Target (tCO ₂ eq)	2,479	2,363	2,248
Achievement (%) ¹⁾	-	-259%	213%

1) Calculated as '(current year emissions - base year emissions)/(current year reduction target - base year emissions)', with 0% or less indicating an increase in emissions over the reduction target and 100% or more indicating an overachievement.



INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

Greenhouse Gas Emissions and
Reduction Target Implementation

Implementation Plan for
Reduction Targets

THE JOURNEY TO NET ZERO

APPENDIX

Implementation Plan for Reduction Targets

Since becoming the first securities firm to receive SBTi reduction target approval in November 2022, SK Securities has been making internal and external efforts to achieve its reduction targets. For Scope 1 and 2, energy efficiency improvements and campaigns to reduce emissions from operating offices are being conducted, with plans to participate in RE100 implementation measures in the future. For Scope 3, SK Securities is identifying and managing GHG intensity by industry and continuing customer engagement activities through the production of its own ESG brochure. Ultimately, the goal is to achieve net-zero through transitions to carbon neutrality and green investments.

Reduction targets and Implementation options							
Classification	Reduction Targets				Implementation Options		
	Methodology (SBTi)	Base Year	Target Year	Targets			
Scope 1,2	Absolute Contraction Approach	2021	2030	42% reduction in GHG emissions		(Internal) · Expanded eco-friendly vehicles such as electric vehicles · Improved energy efficiency through LED replacements · Conducted energy-saving campaigns such as turning off PC power (External) · Plans to participate in RE100 implementation methods	
Scope 3 (Financed Emissions)	Temperature Ratings	2021	2027	Listed equity	Scope 1+2	2.56°C	(Portfolio Adjustment)
					Scope 1+2+3	2.78°C	· Restricting investments into high-emitting industries
				Corporate bonds	Scope 1+2	2.74°C	(Customer Engagement)
					Scope 1+2+3	2.82°C	· Securing customer communication channel through the publication of ESG brochures
				Private equity direct investment	Scope 1+2	2.74°C	· Encouraging high-emitting industries to transition to low-carbon and set reduction targets
					Scope 1+2+3	2.82°C	(Expansion of ESG Investments) · Expanding investments in green industries based on K-Taxonomy

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

Greenhouse Gas Emissions and
Reduction Target Implementation

Implementation Plan for
Reduction Targets

THE JOURNEY TO NET ZERO

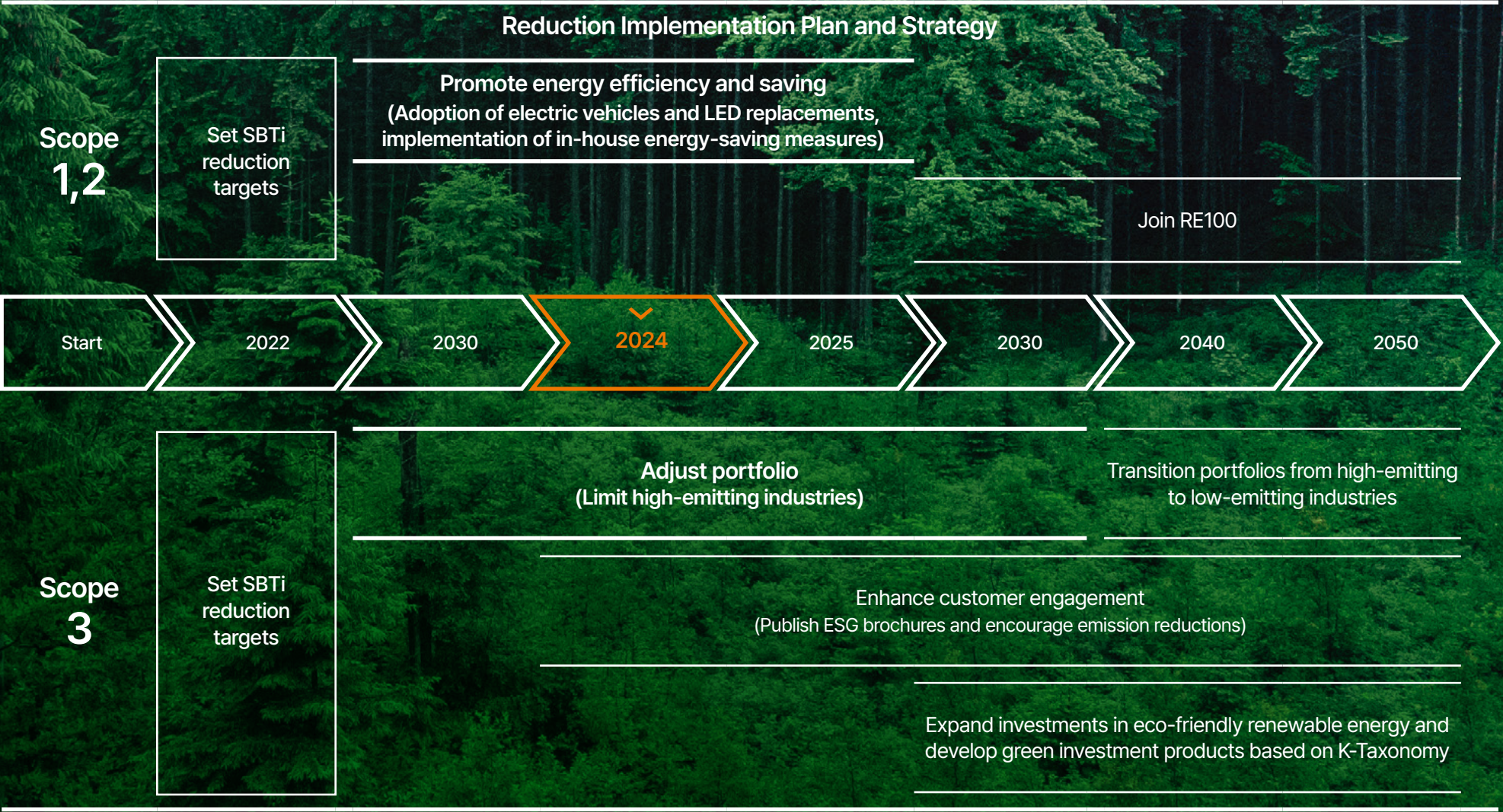
APPENDIX

Please visit our website or contact us for
more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)

Homepage. www.sks.co.kr

THE JOURNEY TO NET ZERO



- INTRODUCTION
- GOVERNANCE
- STRATEGY
- RISK MANAGEMENT
- METRICS & TARGETS
- THE JOURNEY TO NET ZERO
- APPENDIX

31	ESG Footprints
32	Major Awards and Memberships
33	IFRS S2 Index
36	TCFD Index
37	VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

APPENDIX

ESG Footprints










2020

2021

2022

2023

2024

<p>June</p> <ul style="list-style-type: none">· Joined the CTCN 	<p>March</p> <ul style="list-style-type: none">· Purchased carbon credits issued by the UNFCCC as the first financial institute	<p>June~August</p> <ul style="list-style-type: none">· Disclosed climate-related information through the Environmental Information Disclosure System· Established GHG emissions inventory	<p>March~June</p> <ul style="list-style-type: none">· Established the ESG Committee· Created the ESG Enabling Office (formerly Social Contribution Office)· Joined the PCAF· Joined UNEP FI and signed the PRB· Inspected the company's level of ESG management· Conducted double materiality assessments  	<p>January</p> <ul style="list-style-type: none">· Joined the TNFD 
<p>November</p> <ul style="list-style-type: none">· SBTi Commitment 	<p>May</p> <ul style="list-style-type: none">· Selected as a market maker in the emissions trading market	<p>September</p> <ul style="list-style-type: none">· Established coal-free investment guidelines	<p>July~October</p> <ul style="list-style-type: none">· Joined the CDP· Launched the ESG Specialist Group· Published the TCFD report· CDP disclosure· Obtained GCF Accredited Entity status· Published the first sustainability report  	<p>May~June</p> <ul style="list-style-type: none">· Acquired ISO 14001 certification for the environmental management system 
	<p>November</p> <ul style="list-style-type: none">· Declaration of Coal-Free Finance	<p>November</p> <ul style="list-style-type: none">· SBTi reduction targets approved	<p>December</p> <ul style="list-style-type: none">· Became a TCFD supporter and published the first TCFD report 	<ul style="list-style-type: none">· Published the first IFRS S2 report

- INTRODUCTION
- GOVERNANCE
- STRATEGY
- RISK MANAGEMENT
- METRICS & TARGETS
- THE JOURNEY TO NET ZERO
- APPENDIX
 - ESG Footprints
 - Major Awards and Memberships
 - IFRS S2 Index
 - TCFD Index
 - VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

Major Awards and Memberships

Awards		As of the end of June 2024
Date	Institutions	Award name
Jan. 29, 2020	the bell	2020 Korea Capital Market the bell League Table Awards, "Best Asset Backed Securities House" for the 4th consecutive year
Feb. 6, 2020	Korea Exchange	2019 Compliance Awards Ceremony "Excellence Award" winner
Jun. 11, 2020	FnGuide (Money Today Network)	The 11th MTN Korea Analyst Awards, "Best Securities Company in the Large Cap Yield Category"
Sept. 14, 2020	LACP	Annual Report_2020 Sliver Award at the LACP SPOTLIGHT AWARDS
Jan. 27, 2021	the bell	2021 Korea Capital Market the bell League Table Awards, "Best Asset Backed Securities House" for the 5th consecutive year
Jan. 28, 2021	The Institute for Industrial Policy Studies (Ministry of Trade, Industry and Energy, JoongAng Ilbo)	2021 Hall of Fame for Korea Brand Honor, "Mobile Stock Trading Service" Grand Prize winner
Jan. 28, 2021	Yonhap Infomax (Korea Exchange)	10th Yonhap Infomax Financial Best Innovation Award (ESG Bond Acquisition category)
Dec. 30, 2021	Minister of Ministry of Health and Welfare	Recognition Award by the Minister of the Ministry of Health and Welfare
Jan. 27, 2022	The Institute for Industrial Policy Studies (Ministry of Trade, Industry and Energy, JoongAng Ilbo)	2022 Hall of Fame for Korea Brand Honor, "Mobile Stock Trading Service" Grand Prize winner
Feb. 9, 2022	the bell	2022 the bell League Table Awards, Debt Capital Market(DCM) sector, "Best Bond Deal" category
Feb. 14, 2022	LACP	Annual Report_2021 Sliver Award at the LACP SPOTLIGHT AWARDS
Feb. 22, 2022	Hankyung Market Insight	The 13th Korea IB Awards "Innovation House"
Nov. 24, 2022	LACP	Annual Report_2022 Sliver Award at the LACP SPOTLIGHT AWARDS
Apr. 4, 2023	Korea Master Brand Awards Korea Operation Committee (New York Festival)	The 14th Korea Master Brand Awards, first place in the ESG Management category
Jun. 14, 2023	FnGuide (Money Today Network)	The 14th Korea Analyst Grand Awards hosted by Money Today Network in 2023
Jul. 18, 2023	Hankyung Magazine (Hankyung Business)	2023 Golden Bull Awards winner hosted by Hankyung
Dec. 27, 2023	Bank of Korea	2023 Bank of Korea Governor's External Award
Jan. 16, 2024	Hankyung Magazine (Hankyung Business)	Best Securities Firm & Analyst of the Second Half of 2023
Jan. 18, 2024	Korea Post	2023 Korea Post President's Commendation
Jan. 24, 2024	DealSite	2nd DealSite IB Awards - DCM Hosting Section
Jan. 26, 2024	the bell	2024 Korea Capital Market the bell League Table Awards
Jan. 30, 2024	Money Today	2023 Korea Best Report Award
Apr. 3, 2024	Korea Master Brand Awards Korea Operation Committee (New York Festival)	The 15th Korea Master Brand Awards, first place in the ESG Management category
Jun. 13, 2024	Money Today Broadcasting (MTN)	The 15th Korea Analyst Awards - Special Award in Small Cap Category

Memberships		As of the end of June 2024
Association/Organization name		
TNFD	GCF Accredited Entity	
CDP	UNEP FI	
PCAF	TCFD	
SBTi	CTCN	
SEOUL IB FORUM	Financial Information Protection Council	
Korea Emissions Market Association	Korea Chamber of Commerce and Industry	
Seoul Financial Forum	Credit Information Companies Association	
Korea Capital Market Institute	Association of Compliance Officers (ACOF)	
Association of Securities Company Audit Lead	Korea Business Council for Sustainable Development (KBCSD)	
Korea Exchange	Korea Enterprises Federation	
Securities Friday Conference of the Korea Financial Investment Association	Korea Listed Companies Association	
Audit Conference of the Korea Listed Companies Association	Korean Securities Law Association	
Korea Payment & Settlement Association	Korea Financial Telecommunications & Clearings Institute	
Financial Security Institute	Korea Credit Information Service	
Seoul Bar Association	Korea Federation of Banks	
Korea Scale-up Tips Association		

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Footprints

Major Awards and Memberships

IFRS S2 Index

TCFD Index

VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

IFRS S2 Index

Recommendations	IFRS S2 Recommendation	Page
Governance	1. Information about the governance body or individual responsible for oversight of climate-related risks and opportunities	
	(1) How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body or individual	
	(2) How the body or individual determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities	
	(3) How and how often the body or individual is informed about climate-related risks and opportunities	9
	(4) How the body or individual takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body or individual has considered trade-offs associated with those risks and opportunities	
	(5) How the body or individual oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies	
	2. Management's role to monitor, manage and oversee climate-related risks and opportunities	
	(1) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee	9
	(2) Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions	8,9
	1. Climate-related risks and opportunities	
Strategy	(1) Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	
	(2) Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	
	(3) Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term— the effects of each climate-related risk and opportunity could reasonably be expected to occur	12, 15
	(4) Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making	
	2. Business model and value chain	
	(1) Description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain	12, 15
	(2) Description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated	12~13, 15, 20
	3. Strategy and decision-making	
	(1) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation	11~15, 28
	(2) Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 3-(1)	
	(3) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 3-(1)	

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Footprints
Major Awards and Memberships
[IFRS S2 Index](#)
TCFD Index
VERIFICATION OPINION OF
GREENHOUSE GAS STATEMENT

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)
Homepage. www.sks.co.kr

IFRS S2 Index

Recommendations	IFRS S2 Recommendation	Page
Strategy	4. Financial position, financial performance and cash flows	
	(1) The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects)	12, 15
	(2) The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning(anticipated financial effects)	-
	(3) How the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities	-
	(4) How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities	12, 15
	5. Climate resilience	
	(1) The entity's assessment of its climate resilience as at the reporting date	
	(A) The implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis	16~20
	(B) The significant areas of uncertainty considered in the entity's assessment of its climate resilience	
	(C) The entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term	-
	(2) How and when the climate-related scenario analysis was carried out	
	(A) Information about the inputs the entity used	16~20
	(B) The key assumptions the entity made in the analysis	
	(C) The reporting period in which the climate-related scenario analysis was carried out	
Risk Management	1. Monitoring and analyzing climate-related risks and opportunities	
	(1) The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks	
	(2) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	16~20, 22~23
	(3) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process	

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Footprints

Major Awards and Memberships

[IFRS S2 Index](#)

TCFD Index

VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

IFRS S2 Index

Recommendations	IFRS S2 Recommendation	Page
Metrics & Targets	1. Climate-related metrics	
	(1) Greenhouse gases relevant to the cross-industry metric categories	
	(A) Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent	
	(B) Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions	
	(C) Disclose the approach it uses to measure its greenhouse gas emissions	25~26
	(D) For Scope 1 and Scope 2 greenhouse gas emissions disclosed disaggregate emissions	
	(E) For Scope 2 greenhouse gas emissions disclosed its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions	
	(F) The categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)	
	(2) Climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks	18
	(3) Climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks	19~20
	(4) Climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities	13
	(5) Capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	26
	(6) Internal carbon prices	18
	(7) Remuneration	9
	2. Climate-related targets	
	(1) The metric used to set the target	
	(2) The objective of the target	
	(3) The part of the entity to which the target applies	
	(4) The period over which the target applies	
	(5) The base period from which progress is measured	27~28
	(6) Any milestones and interim targets	
	(7) If the target is quantitative, whether it is an absolute target or an intensity target	
	(8) How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target	

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Footprints

Major Awards and Memberships

[IFRS S2 Index](#)

TCFD Index

VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

TCFD Index

Recommendations	TCFD Recommendation	SK Securities' Implementations	Page
Governance	1. Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none">· Disclosed board and ESG committee roles and activities· Disclosed of executive and working group roles· Disclosed performance management systems and remuneration	8~9
	2. Describe management's role in assessing and managing climate-related risks and opportunities		
Strategy	1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term	<ul style="list-style-type: none">· Identified short, medium, and long-term climate-related risks and opportunities· Categorized green economy activities based on the K-Taxonomy· Increasing ESG bond underwriting and investment in green businesses	12~15
	2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<ul style="list-style-type: none">· Identified the expected financial impact of climate change-related risks and opportunities	
	3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none">· Analyzed transition risk of investment assets under NGFS and IEA scenarios· Analyzed physical risk of investment assets under SSP scenarios	16~20
Risk Management	1. Describe the organization's processes for identifying and assessing climate-related risks	<ul style="list-style-type: none">· Climate risk management process· Strengthen customer engagement and align portfolios with processes	22~23
	2. Describe the organization's processes for managing climate-related risks		
	3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
Metrics & Targets	1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none">· GHG emissions (Scope 1,2,3) and energy consumption· GHG intensity and energy intensity· Reduction targets	23, 25~28
	2. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none">· Scope 1: 317 tCO₂eq· Scope 2: 1,671 tCO₂eq· Scope 3: 386,329 tCO₂eq	25~26
	3. Disclose the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none">· Scope 1,2: 42% reduction in GHG emissions by 2030 compared to 2021· Scope 3: Linear reduction from 2021 to 2027 in line with minimum temperature ratings required by SBTi	27~28

INTRODUCTION

GOVERNANCE

STRATEGY

RISK MANAGEMENT

METRICS & TARGETS

THE JOURNEY TO NET ZERO

APPENDIX

ESG Footprints

Major Awards and Memberships

IFRS S2 Index

TCFD Index

VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by SK Securities Co., Ltd. ("Company") to verify the Company's Greenhouse Gas Inventory Report ("the report") for the calendar year 2023. The Company is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018, WRI/WBCSD GHG Protocol:2004' and '2006 IPCC Guidelines for National Greenhouse Gas Inventories'. Our responsibility in performing this work is to the management of the Company 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 opinion.

Objectives and scope of verification

The purpose of this verification is to present an independent verification opinion on the company's greenhouse gas emissions, and the scope of verification is as follows;

- 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) Other Indirect Emissions (Scope 3: Category 1 (office paper, water use), 3,5,6 (Aircraft))

* Scope 3 emissions covered only headquarters.

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the 'ISO 14064-3:2019', based upon a limited level of assurance. We planned and performed our work so as 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 as follows;

- Process to generate, aggregate and report the emissions data
- The data and information supporting the report were based on historical in nature. These may include partially hypothetical and projected data and information (refer to the report for details)

Conclusions

Based on the process and procedures conducted, there is no evidence that the GHG statement is not materially correct and is not a fair representation of GHG data and information;

- DNV presents an 'Unmodified' opinion on Greenhouse Gas Emissions



20 May 2024
Seoul, Korea

Jang-Sub Lee
Country Representative
DNV Business Assurance Korea Ltd.

Emissions for Yr 2023 (Unit: tCO₂eq)

Company	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Other Indirect Emissions (Scope 3)	Total emissions
SK Securities	272	1,283	181	1,736
SKS Private Equity	16	45	0	61
Trinity Asset Management	6	12	0	17
PTR Asset Management	13	22	0	35
MS Mutual Savings Bank	10	310	0	320
Total	317	1,671	181	2,169

* In order to report the GHG emissions as an integer, the rounded number on the opinion might be different from the number on the system with ±1 tCO₂eq

SK Securities' Scope 3 Emissions for Yr 2023 (Unit: tCO₂eq)

Other indirect emissions (Scope 3)		Emissions
Upstream	Category 1 Purchased goods and services	13
	Category 3 Fuel and energy related activities (not included in scope 1 or scope 2)	105
	Category 5 Waste generated in operations	16
	Category 6 Business travel	48
Total		181

* In order to report the GHG emissions as an integer, the rounded number on the opinion might be different from the number on the system with ±1 tCO₂eq

- INTRODUCTION
- GOVERNANCE
- STRATEGY
- RISK MANAGEMENT
- METRICS & TARGETS
- THE JOURNEY TO NET ZERO
- APPENDIX
 - ESG Footprints
 - Major Awards and Memberships
 - IFRS S2 Index
 - TCFD Index
 - VERIFICATION OPINION OF GREENHOUSE GAS STATEMENT

Please visit our website or contact us for more information.

Tel. 1599/1588-8245
(08:00~18:00 on weekdays)
Homepage. www.sks.co.kr



This report is printed with soy inks, using Forest Stewardship Council (FSC) certified paper for the cover and interior pages.



www.sks.co.kr