

3-3. TCFD

SK Rent-a-Car actively participated in responding to climate change in accordance with the international community’s demands. We identified the actual and potential financial impact of climate change, and established strategic direction and management system. In order to strengthen communication with stakeholders, we will transparently disclose the current status of climate change response based on TCFD recommendations.

Category	Recommended Disclosures	Response
Governance	a. Describe the board’s oversight of climate-related risks and opportunities	The ESG Committee within the BOD reviews and discusses the impact of climate change on business operations. The ESG Committee is entitled to deliberate on the management plan, strategies, and major investment decisions in advance, based on long-term sustainability including risks and opportunities related to climate change.
	b. Describe management’s role in assessing and managing climate-related risks and opportunities	Each organization reflects the “BM innovation plan” and “GHG reduction targets” in its KPIs. Those plans and targets are determined after the deliberation of the ESG Committee and related results are also reported to the committee. SK Rent-a-Car has established the Sustainability Management Office that works under the CEO’s direct supervision to implement matters concerning climate change-related risks and opportunities designated by the ESG Committee. The office manages the database for climate change and eco-friendly management, establishes company-wide ESG management strategies and goals, and oversees the implementation of such goals for each organization. Matters regarding eco-friendly business conversion (conversion project to EVs), Net Zero plan, renewable energy expansion, and business partner support for eco-friendly business are reported to the top management, and the performances and results are reported to the ESG Committee. We are conducting multi-layered verification for continuous and systematic management.
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	SK Rent-a-Car identifies climate-related risks in the short, medium, and long term. In the medium to long term, the transition from internal combustion engine (ICE) vehicles to nonpolluting vehicles is identified as a primary risk. Recognizing intensified regulations and decreased customer demand for ICE vehicles as opportunities, we have joined the Ministry of Environment’s “2030 Nonpolluting Vehicle Conversion 100” and the EV100 initiative, striving to achieve 100% conversion to zero-emission vehicles by 2030. We opened the ECO LOUNGE, a multi-purpose EV cultural space, in December 2022 and are constructing EV Park Jeju, the largest EV-exclusive complex in Korea, in completion by 2024. In the medium to long term, the introduction of emissions trading and the expansion of renewable energy are expected to affect the company. Therefore, we have obtained certification for the measurement technology of emission reduction through EVs and covered 12% of the total electricity consumption in 2022 through installation of additional solar panels. In the short term, human/physical damages and asset losses due to abnormal weather were identified as physical risks, being constantly monitored and incorporated into business operations. Climate-related physical damages, such as typhoons, can directly impact sales as well as operational costs, productivity, and insurance premiums. In the event of an accident, we have a maximum compensation limit of KRW 42.2 billion (KRW 41.1 billion for property damage insurance and 1.1 billion for machinery insurance) to minimize the financial impact of physical risks.
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	SK Rent-a-Car analyzed the financial risks of introducing carbon taxes and increase in carbon prices from a medium-/long-term perspective and integrated in financial plans. We have set related risks and opportunities as criteria for investment decisions to preemptively respond to the climate crisis. Engaging in a test bed project to secure carbon credits using our fleet, we are developing a product to allow stakeholders to participate in emission reduction. Simultaneously, we are exploring specific measures to expand our eco-friendly business. In 2021, we issued our first green bond worth KRW 98 billion, and in 2022, we raised KRW 24 billion through the submission of 「Vehicle Fuel and GHG Emission Reduction Plan」 and certification by the Ministry of Environment.
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	SK Rent-a-Car has announced its goal, “Net Zero 2040,” which is a level that further strengthens the nationally determined contributions (NDC). We have joined the SBTi after setting annual GHG reduction targets to confirm and objectively evaluate them, and participated in the EV100 initiative to convert all our fleets to nonpolluting vehicles. We will further update our strategies according to the climate change scenarios and recommendations of global initiatives.

Category	Recommended Disclosures	Response
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	SK Rent-a-Car identifies the impact of climate change-related risks and opportunities and discloses the details through the sustainability report (refer to page 58). The Sustainability Management Office monitors GHG emissions to regularly identify related risks. Starting from 2020, we have measured GHG emissions of our business sites and SK Rent-a-Car Service by category. Emissions from vehicles used by customers are also included in Scope 3 disclosures, and the scope of disclosure will be expanded in the future. We acquired the ISO 14001 certification in 2007 for green management policy and system, and has maintained it through post-examination and renewals.
	b. Describe the organization's processes for managing climate-related risks	The Sustainability Management Office manages climate change-related risks, taking preventive measures for transition risks and physical risks. A system has been established that encompasses all nationwide facilities, enabling organizations to quickly share information and respond to natural disasters and general accidents. In addition, the Customer Value Innovation Division provides safety instructions when there is a perceived risk of incidents, including natural disasters. We are taking the lead in building a system to secure customer safety by establishing a weather management system called "Weather Aria" using the Korea Meteorological Administration's API to automate weather notifications that were previously generated manually.
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	As SK Rent-a-Car lease a number of small business sites, we monitor the energy consumption at each sites, including offices, distribution centers, and sales centers to meet reduction targets. Such data are reported to the management through the Sustainability Management Office so that they can be reflected in overall risk management. The General Affairs/SHE operates an emergency decision-making system that involves the CEO and all major position holders to ensure an immediate company-wide response to accidents, incidents, and risks. As part of compliance, the results and matters requiring improvement of these activities are reported to the CEO and the BOD.
Metrics and 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	SK Rent-a-Car manages environmental data, such as GHG emissions, energy consumption, and renewable energy production as key indicators to assess climate change-related risks and opportunities. We analyze the social and environmental impacts of these data, as well as the impacts of climate change-related factors on our financials. We refer to TCFD's recommendations, as well as indicators of global agencies, such as S&P's CSA (Corporate Sustainability Assessment) and SASB standards. In addition, we have reflected GHG emission reduction targets in KPIs to facilitate the implementation of net zero. Each organization sets targets compared to the previous year's usage, and related organizations establish net zero management plans. These goals are reviewed by the ESG Committee and incorporated into the business plans after deliberation.
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	Refer to "Performance Data" in the appendix to see annual GHG emission data.
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	In response to the climate crisis, SK Rent-a-Car aims to achieve net zero by 2040 and seeks to convert all of its fleet into eco-friendly vehicles by 2030. We purchased 5,000 units in 2021 and 7,000 units in 2022, achieving our goal of EV transition, with 1,000 units purchased specifically in the Jeju region. In 2022, we emitted 895,188 tCO ₂ eq of GHG. Considering the plan to reduce emissions by 4.2% every year until 2031, we have included GHG reduction as one of the KPIs for each organization to expedite execution.