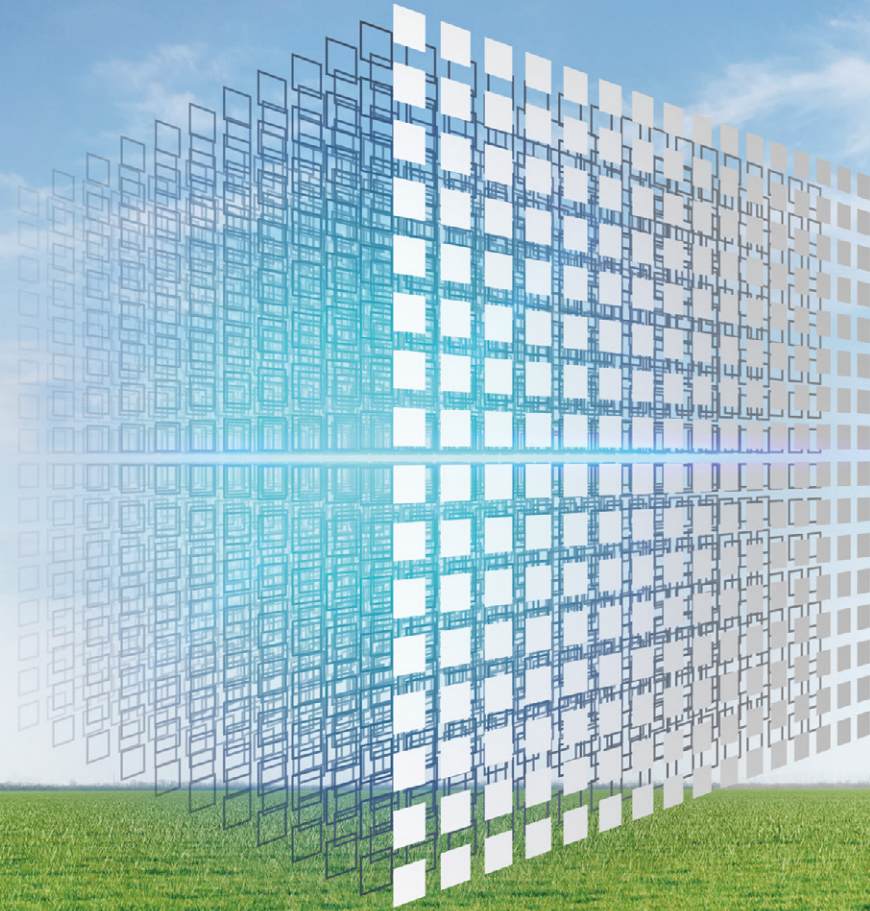


DIGITAL TECHNOLOGY FOR A SUSTAINABLE FUTURE

Samsung SDS Sustainability Report 2022



SAMSUNG SDS



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About This Report

Samsung SDS has published the 2022 Sustainability Report to transparently disclose the economic, social, and environmental values and achievements generated through its business with wide-ranging stakeholders. This report serves as a communication channel to annually share Samsung SDS' sustainability management activities, accomplishments, and future plans with stakeholders.

Reporting Standards

This report has been prepared in accordance with the Core Options of the Global Reporting Initiative(GRI) standards, the indicators of the UN Sustainable Development Goals(SDGs), the Task Force on Climate-related Financial Disclosures(TCFD), and the Sustainability Accounting Standards Board(SASB). Financial performance data is based upon consolidated K-IFRS accounting standards.

Reporting Scope

This report covers Samsung SDS headquarter and all subsidiaries. Financial performance data is based upon consolidated K-IFRS accounting standards. Data requiring additional attention in terms of reporting scope and boundary were annotated separately.

Reporting Period

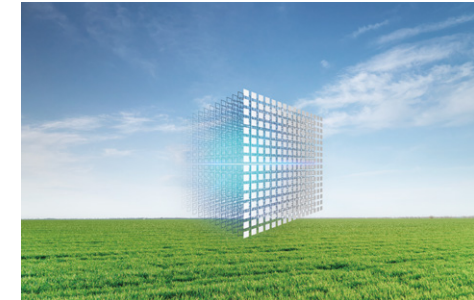
This report covers ESG performances and activities from January 1, 2021 to December 31, 2021, and some achievements in this report may include information dated to June, 2022. Quantitative data for the latest 3 fiscal years are provided to allow for trend analysis over time.

Reporting Cycle

Annual(last report issued in June, 2021)

Assurance

To ensure the reliability of the reporting process and information included in the report, Samsung SDS engaged with DNV, an independent external assurance provider to conduct the assurance review. The review was conducted in accordance with International Standard on Assurance Engagements(ISA) 3000 and AA1000AS Moderate Level of Assurance, and some environmental indicators reviewed in accordance with Type II.



Cover Story

Samsung SDS pursuing sustainable future with eco-friendly data centers as a growing cloud specialist

Organization in Charge

Samsung SDS ESG Group

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Samsung SDS Website

<https://www.samsungsds.com>

References

[Annual Report](#)

[Corporate Governance Report](#)

[Audit Report](#)

[Articles of Incorporation](#)

[CDP Report](#)



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Message from ESG Committee Chairperson

“The ESG Committee clearly understands that ESG management is not an option but a necessity. We will create a sustainable future by setting specific goals and working on to achieve those goals in each area of the environment, society, and governance.”

It is my great pleasure to greet you for the first time through this sustainability report, and I would like to express my deepest gratitude to all stakeholders and those who are interested in Samsung SDS.

The ESG Committee was established in October 2021 with a clear understanding that ESG management is not an option but a necessity. We will create a sustainable future by setting specific goals and working on to achieve those goals in each area of the environment, society, and governance. The key initiatives for this purpose are as follows.

First, responding to climate change.

Global warming caused by carbon emissions threatens the survival of mankind. To address climate change, Samsung SDS is promoting carbon neutrality. We will actively consider and take various measures to reduce carbon emissions. Those measures include building eco-friendly data centers that maximizes energy efficiency, increasing the use of renewable energy in data centers, and providing green logistics services through transportation optimization.

Second, the pursuit of employee happiness and shared growth with suppliers.

Employees and suppliers are essential to the company's business activities, and sustainable development can be achieved when they work together. We will grow together with our employees and suppliers by enhancing employee happiness by creating a safe work environment, achieving innovation in work culture, and supporting competency development, while providing suppliers with consulting and education so that they can promote ESG management on their own.

Third, strengthening ESG responsible management.

Samsung SDS has established a responsible management system that reviews and discusses major ESG issues with the ESG Committee to effectively build and implement ESG strategies. Based on the system, the ESG Committee will thoroughly examine major ESG issues and make every efforts to implement the company's response strategies and activities in the right direction.

We look forward to your encouragement and support to Samsung SDS' ESG management, which is just starting to get on track, can be effectively promoted.

Thank you.



Seung-Ah Cho
Chair of the Samsung SDS ESG Committee



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Message from the CEO

“Samsung SDS is promoting ESG management to create a sustainable future for all of us, mainly centering on digital technology.”

On the occasion of the publication of the 2022 Sustainability Report, I would like to express my sincere appreciation for your continued encouragement and trust in Samsung SDS.

Despite the prolonged COVID-19, Samsung SDS recorded KRW 13.63 trillion in sales in 2021, up 24% from the previous year, and has expanded its business centering on two platforms: cloud and digital logistics.

Samsung SDS is promoting ESG management to create a sustainable future for all of us, mainly centering on digital technology. For responsible ESG management, we established the ESG Committee and a company-wide environmental management system.

As environmental and climate change issues have become more prominent, a company's environmental management capabilities have been increasingly emphasized.

Electricity used in data centers accounts for a large proportion of Samsung SDS' carbon emissions.

To effectively reduce carbon emissions, Samsung SDS has established a data center with the world's highest energy efficiency, expanded the use of renewable energy, and utilized an integrated energy management system. In the case of logistics, we are strengthening our eco-friendly logistics services by managing carbon emissions throughout the entire process and optimizing loading and routes.

Social interest for a safe and healthy work environment where everyone can work safely have increased.

To ensure that all employees work in a safe environment, Samsung SDS has established an organization dedicated to creating a safe environment to inspect business places and educate employees on safety. We have also established an automated system for building a safe environment to strengthen the monitoring system.

To promote shared growth with our suppliers, we provide suppliers with consulting and education on ESG to improve their sustainability capabilities. We also promote mutual prosperity with local communities by fulfilling our corporate responsibilities that reflect the characteristics of the IT industry.

We look forward to your continued support and sincere affection for our journey towards ESG management in preparation for a sustainable future.

Thank you.



Sungwoo Hwang

President & CEO



Company Overview

Samsung SDS provides integrated IT services and global logistics BPO in a diverse range of industries. Cloud-based IT services ranging from consultation and implementation to operation serves private and public sector clients based on its experiences with Samsung affiliates and capabilities in digital technology. Logistics services help clients to manage and operate the entire logistics process from supply chain planning to logistics execution.

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Samsung SDS at a Glance

Sales
KRW 13.6 trillion

Employees
23,995

Operating Profit
KRW 808.1 billion

R&D Expenditure
KRW 159.6 billion

Brand Value
13th
IT services
Brand Finance[®]

Credit Rating
A1
Moody's

Business Areas

IT Services



Hybrid/multi-cloud service business that accelerates customer's digital innovation, and cloud-based solution/platform business based on IT technology and industry expertise.

Sales
KRW 5.6 trillion

Operating Profit
KRW 664 billion

Logistics Services



End-to-end integrated logistics services including consulting to IT services for integrated logistics management

Sales
KRW 8.0 trillion

Operating Profit
KRW 144 billion

Business Overview

Cloud Services

Enterprise Cloud Services with High Availability and High Security

Samsung SDS provides hybrid cloud services to accelerate clients' digital innovations through its integration and operation of various cloud services based on its expertise and experience in cloud transformation and its technical process.

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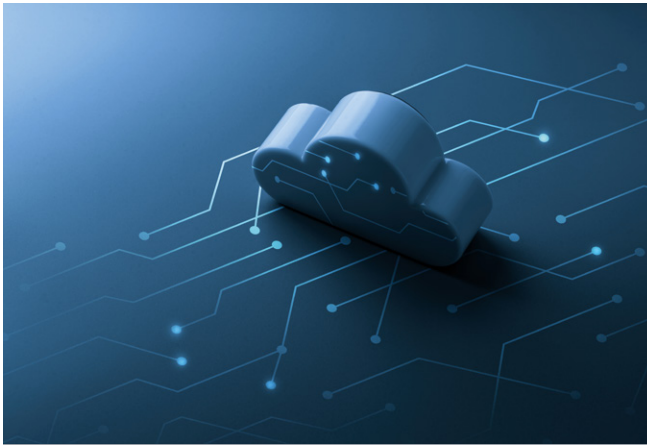
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MSP(Managed Service Provider)

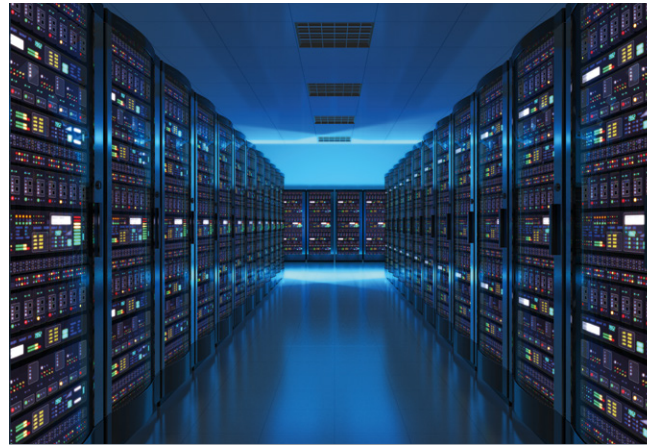
- Cloud Consultation

- Cloud Migration

- Applications Modernization
 - Develop cloud native applications
 - Convert to Micro Service Architecture(MSA)

- Multi/Hybrid Cloud Services

- Enterprise SaaS
 - ERP, SCM, CRM, HCM



CSP(Cloud Service Provider)

- SCP(SDS Cloud Platform)

- Dedicated Cloud

- HPC(High Performance Computing)

- Cloud Security



SaaS(Software as a Service)

- Collaboration
 - Brity Works: Mail, Meeting, Messenger, EFSS*

- Security
 - EMM**, Endpoint Security

- Robotic Process Automation
 - Brity RPA

*EFSS: Enterprise File Sync & Sharing
**EMM: Enterprise Mobility Management

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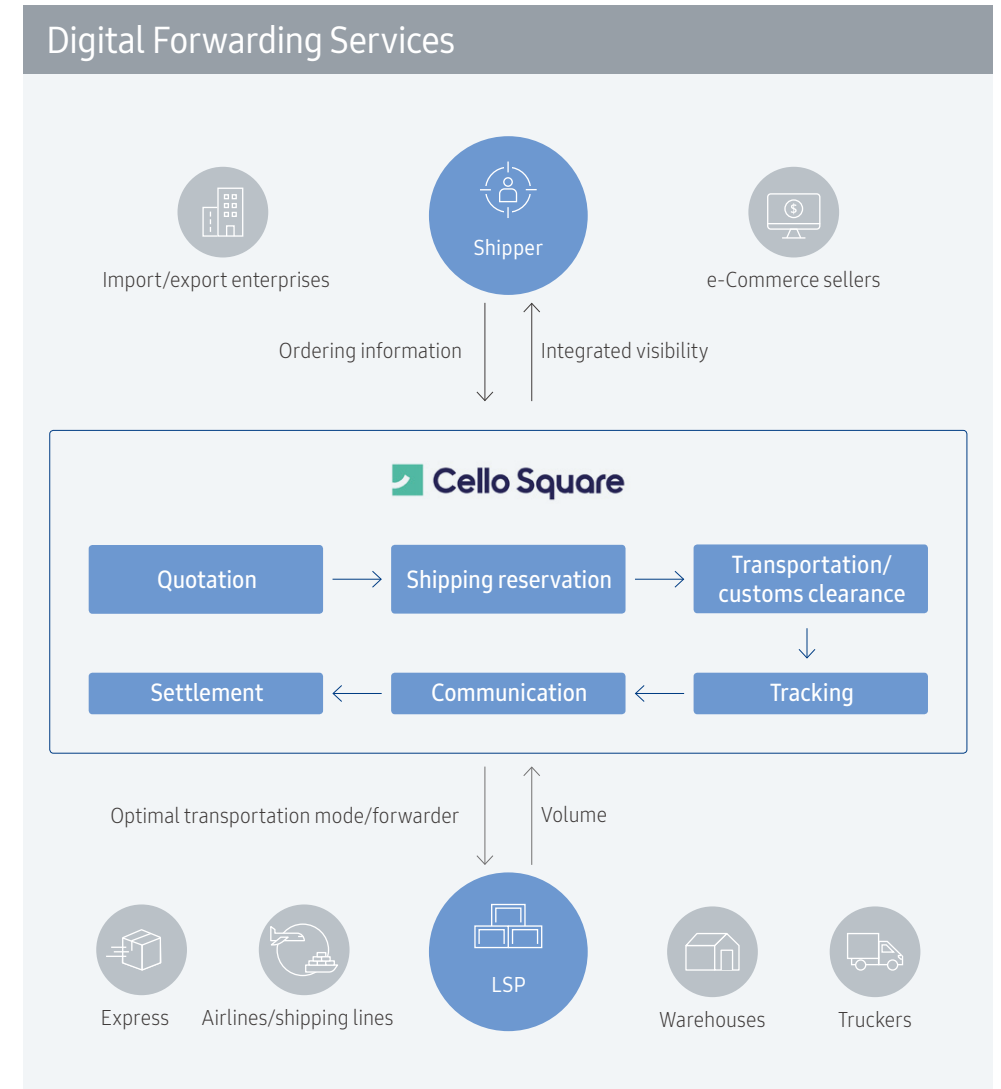
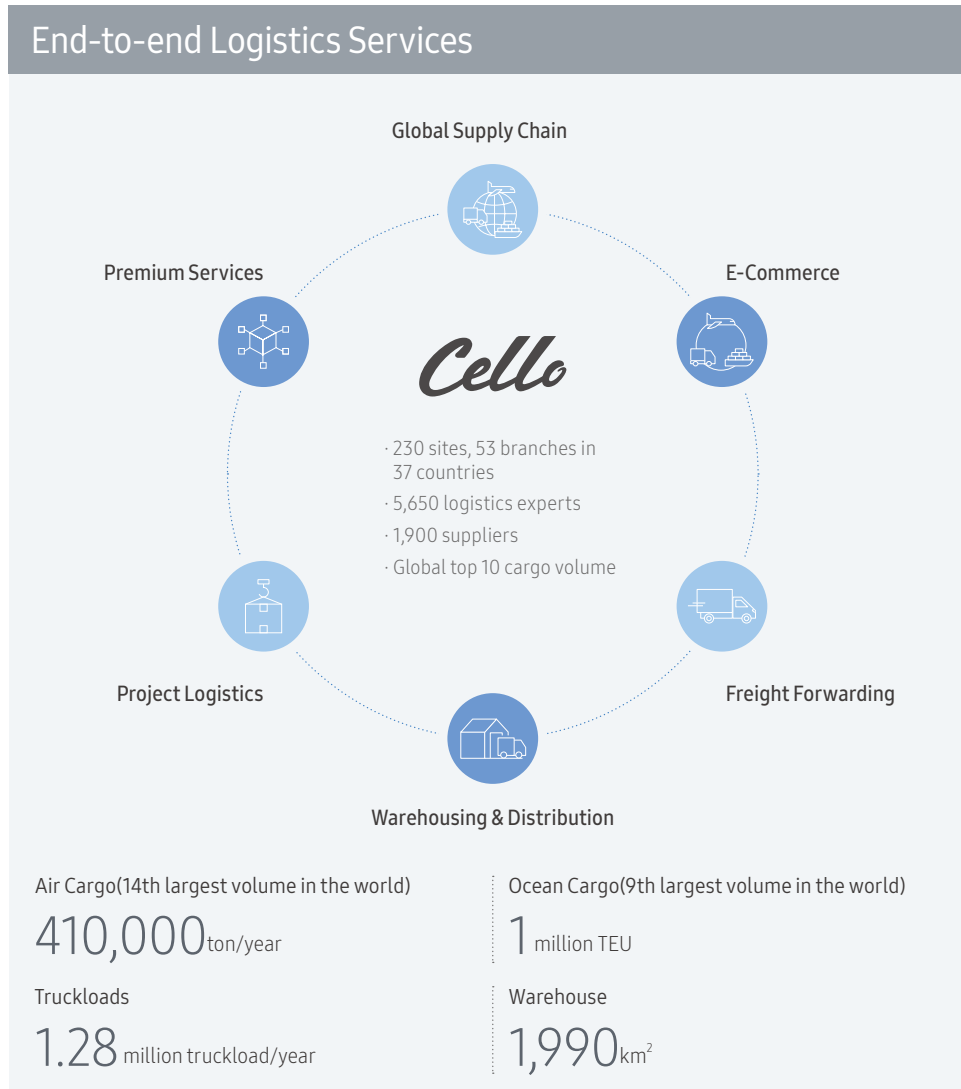
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Logistics Services

Global 4PL Services with Cello Platform

Samsung SDS provides comprehensive logistics services to maximize customers' performances in logistics operation.



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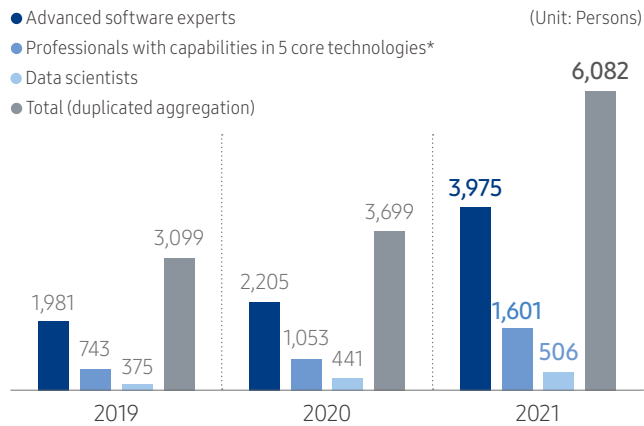
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Business Competitiveness

Samsung SDS is improving its business competitiveness by actively securing professional manpower, developing core technologies, making strategic investments, and expanding partnerships.

Workforce Skills

Enhancing manpower competitiveness by attracting SW and data experts and strengthening competencies



SW competency test
a total of **3,975** certified

5 core technologies training
Total of **1,601** persons completed training
(2018-2021)

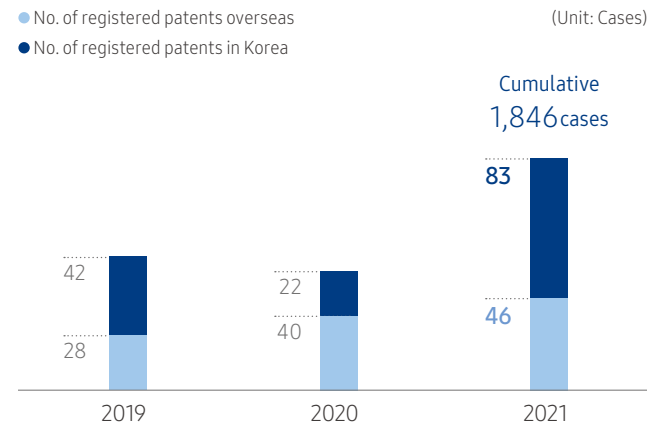
Data scientists certification
Total of **506** persons secured(2018-2021)

Established Data Scientist Certification Program in 2018

* AI, Block Chain, Cloud, Data Analytics, Security

Technological Leadership

Securing technological leadership by strengthening its core technologies and software capabilities



National Institute of Standards and Technology(NIST)
FRVT* 1:1 Verification 5th in the world(2022)

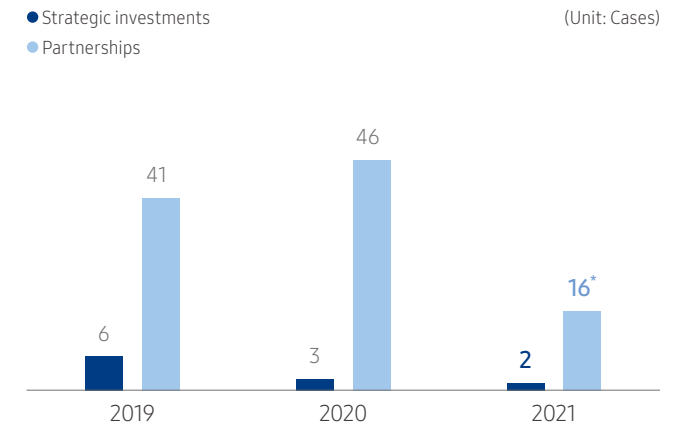


iDASH 2020(1st), 2021(2nd)
Received award for homomorphic encryption technology for two consecutive years

* FRVT: Face Recognition Vendor Test
* Homomorphic encryption technology: Technology guaranteeing encryption of data. It is applicable to all IT services.

Strategic Investments and Partnerships

11 strategic investments and 103 partnerships to enhance its global technology capabilities and business competitiveness



※ The number of partnerships decreased to focus on business cooperation in specific areas and to maintain sustainable strategic collaboration with its existing partners.



Participate AWS exclusive global business network



Strengthen cloud-based business



NHN-Samsung SDS,
Strengthening business cooperation in data analysis and security

Support SMEs in cooperation among Gyeonggido Business & Science Accelerator-Gyeonggi Exporter Association, IBK(INDUSTRIAL BANK OF KOREA), and Samsung SDS

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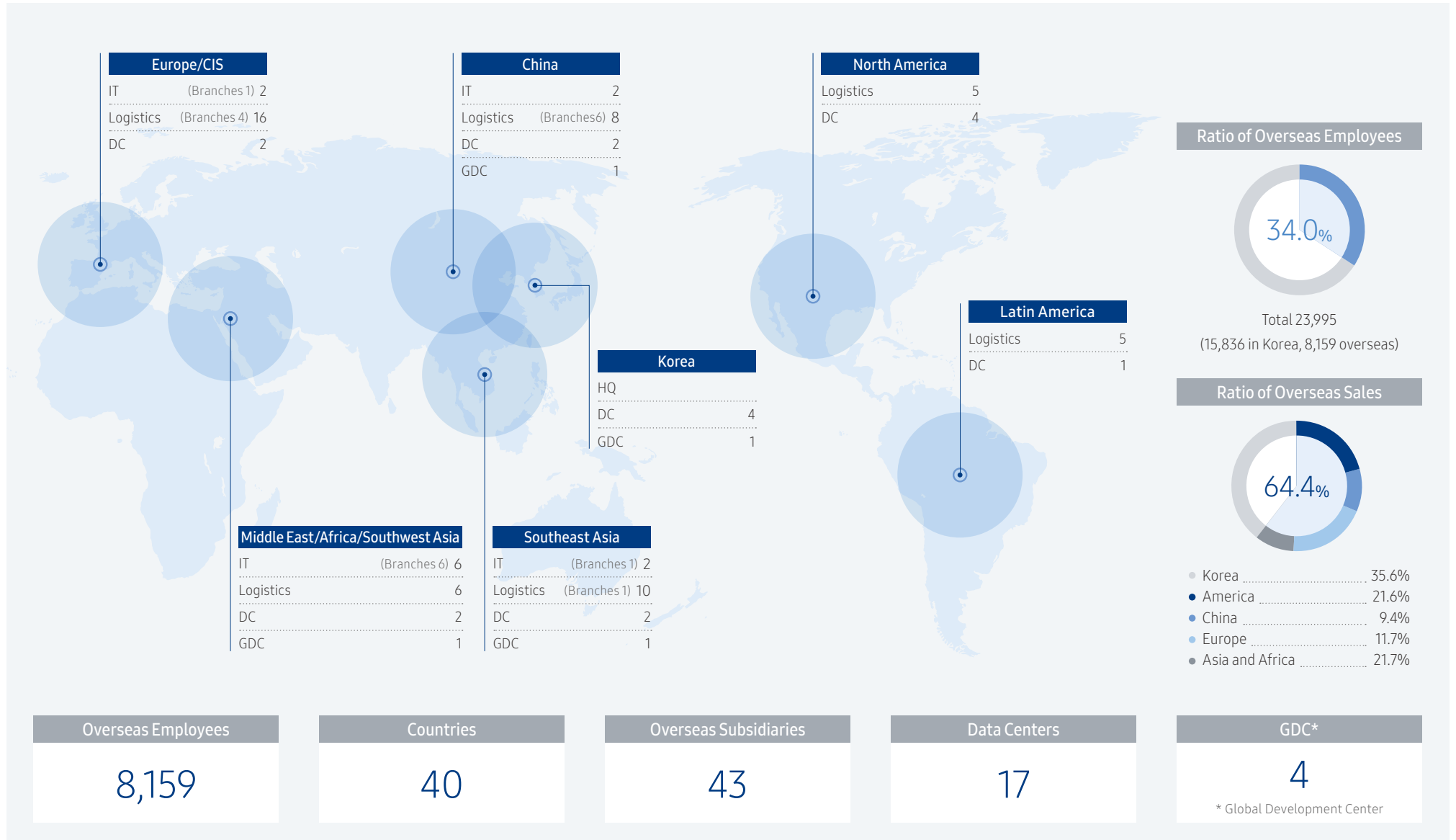
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Global Network

At the end of 2021, Samsung SDS global business network consists of 43 subsidiaries and 17 data centers world wide.



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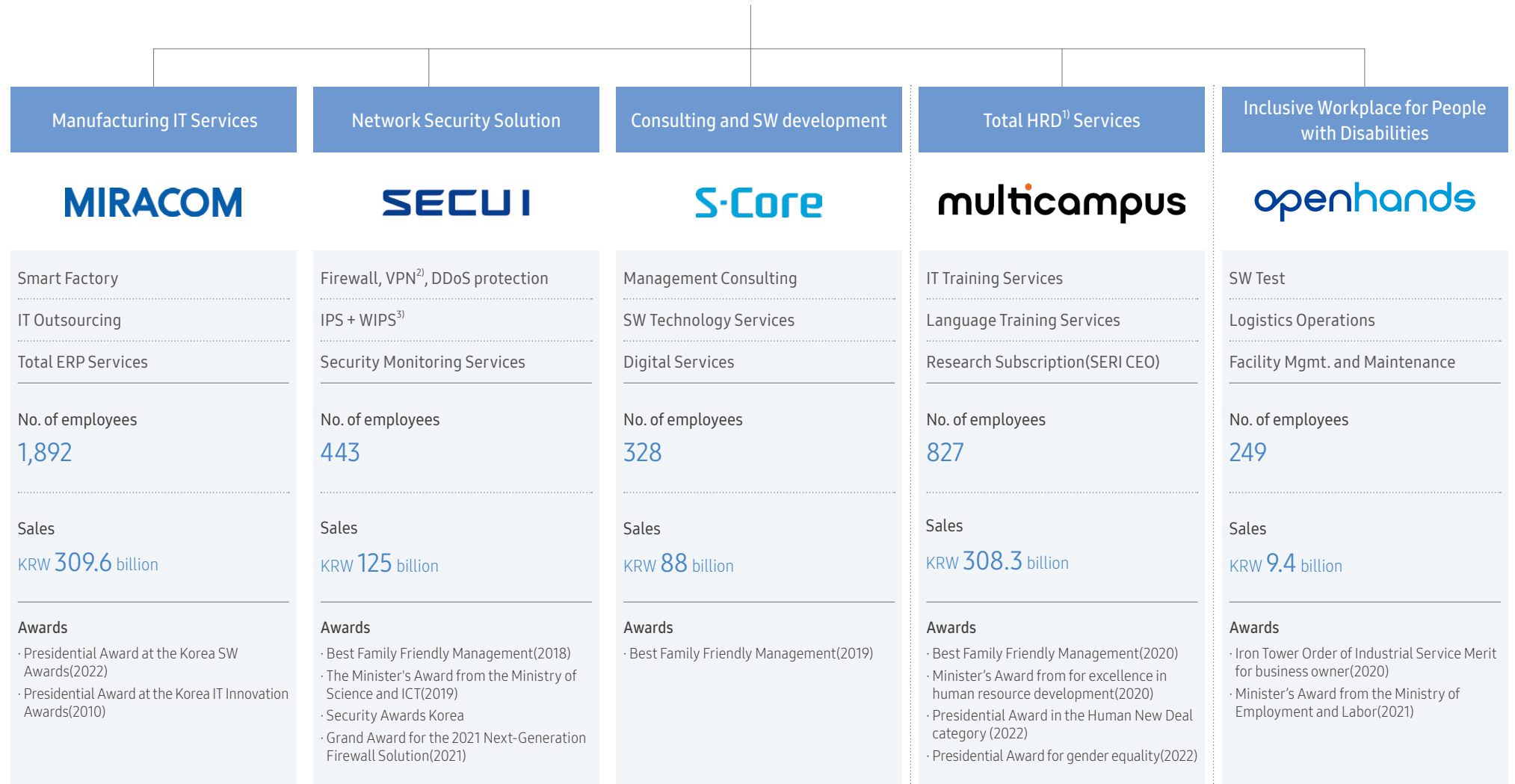
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Subsidiary Status

With its 5 subsidiaries Samsung SDS leads digital transformation from manufacturing sites to customer contact points, and provides specialized services such as the ITO, security, consulting, education, and the BPO.

SAMSUNG SDS



1. HRD: Human Resource Development 2. VPN: Virtual Private Network 3. WIPS: Wireless Intrusion Prevention System

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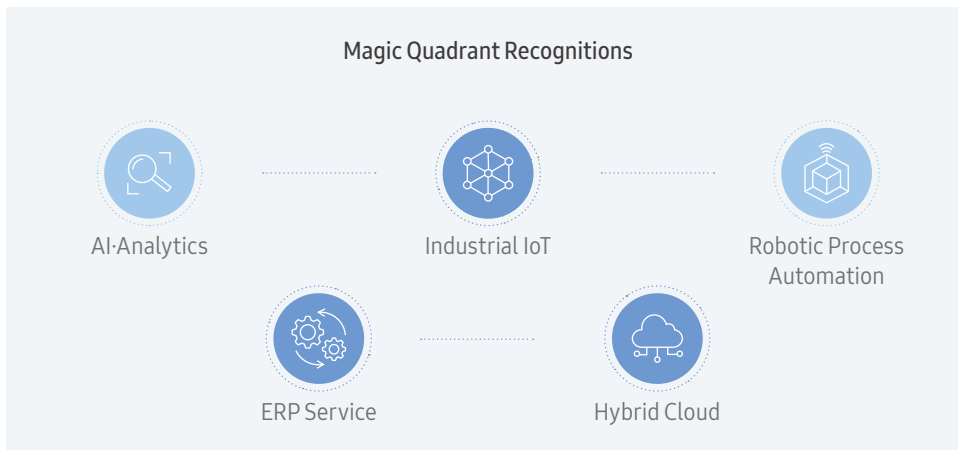
Product Awareness

Samsung SDS continues to expand its global footprint and digital capabilities, and this effort was also recognized by leading analyst organizations.

Gartner®

Samsung SDS was named in five Gartner® Magic Quadrant™¹⁾ reports this year based on ability to execute and completeness of vision. We believe that this recognition acknowledges Samsung SDS' strong product vision and business capabilities.

1) Gartner Magic Quadrant is a culmination of research in a specific market, giving you a wide-angle of view of the relative positions of the markets competitors.



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FORRESTER®

Samsung SDS was recognized in the most significant Industrial IoT Software Platform Providers in The Forrester Wave™²⁾ 2021.

2) The Forrester Wave™ is a guide for buyers considering their purchasing options in a technology marketplace.



"The platform...wide-area and short-range wireless connectivity options that are among the most comprehensive in this Forrester Wave™"

IDC

Samsung SDS was positioned as a leader in the 2021 IDC MarketScape³⁾ for Asia/Pacific Managed Cloud Services and a major player for Cloud Security Services and Vision AI Software Platform.

3) IDC MarketScape is the premier vendor assessment tool for the Information and Communications Technology (ICT) industry.

Sustainability Management

Strategy and Governance for Sustainable Management

Samsung SDS has set directions and key objectives for each ESG category, in order to promote sustainable management, and will contribute to the sustainable development of the industry overall through active efforts to achieve them. To this end, Samsung SDS will create the values of the future by systematically promoting medium- and long-term ESG strategies led by its ESG Committee.

Strategy for Sustainable Management

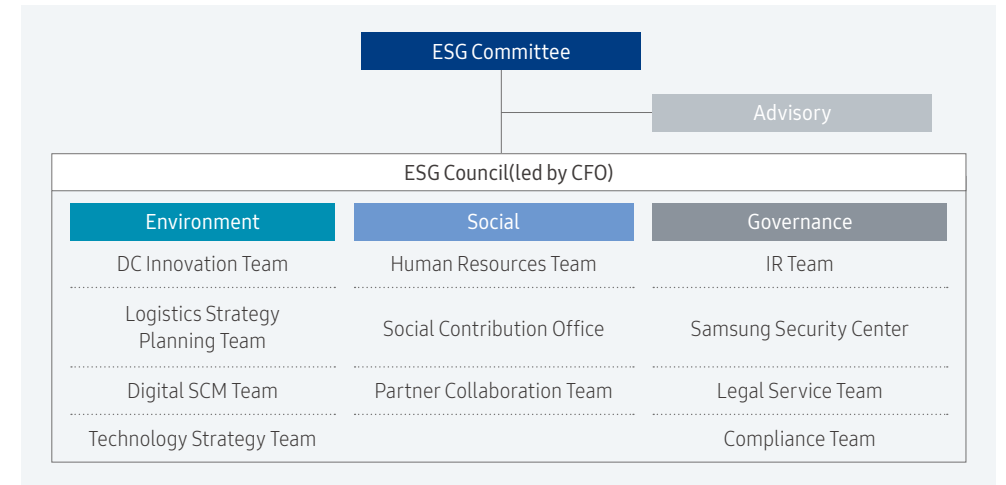
Samsung SDS intends to share its future values and communicate with diverse stakeholders. Samsung SDS has established directions and key objectives for each ESG category in order to promote sustainable management, and has formed a working-level council to pursuit the directions and objectives. Samsung SDS will actively engage in managerial activities to comply with the ESG contributing to sustainable development of the IT service industry overall.



Directions	Environmental management	Mutual growth with stakeholders	Responsible ESG management
Key Objectives	Carbon Neutral	Human capital developments	Expanding operations of the ESG Committee
	Eco-friendly data centers	Zero industrial accident rate	Strengthening global information protection system
	Green logistics services	Protecting human rights of employees and executives, and encouraging their diversity	Inculcating a high integrity corporate culture
	Increasing eco-friendly purchases	Applying ESG to all suppliers(100%)	Managing ESG risks based on digital platforms
Global Initiatives (joining planned)	RE100, SBTi	Operating Junior Software Academy	BIS(Business Integrity Society)

ESG Governance

Samsung SDS established the ESG Committee to enhance the ESG oversight function by its BOD. The ESG Committee receives reports on ESG management plans through the ESG Council. The committee intends to continuously expand its role by actively deliberating on and devising resolutions of specific issues and promotional activities related to each area of ESG.



ESG Committee

Title	Members		Roles
	Inside	Outside	
ESG Committee	Sungwoo Hwang	Seung-Ah Cho*, Jae-Man Yu, Hyuck Yoo, Hyun-Han Shin	·Enhancing corporate values from the ESG perspective and creating sustainable values with diverse stakeholders ·Establishing ESG strategies and policies and deliberation and decision-making on ESG issues and ESG activities

* Chairperson

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Core ESG Goals

Samsung SDS has designated the essential tasks and their methods of implementation for each ESG category through the ESG Council, and is systematically managing the achievement of those tasks.

Environment				
 <p>Carbon Neutral</p> <ul style="list-style-type: none"> · Converting to renewable energy 100% · Participating in carbon absorption/removal projects · Conversion to electric vehicles 	 <p>Eco-friendly data centers</p> <ul style="list-style-type: none"> · Building highly efficient HPC data centers · Improving the efficiency of existing data centers 	 <p>Green logistics services</p> <ul style="list-style-type: none"> · Optimizing loading rates · Optimizing transportation routes 	 <p>Green procurement</p> <ul style="list-style-type: none"> · Increasing eco-friendly purchases 	
Social				
 <p>Protecting human rights and expanding employee diversity</p> <ul style="list-style-type: none"> · Enlarging employee diversity (nationality, gender) · Establishing system for the conduct of due diligence on human rights 	 <p>Human capital development</p> <ul style="list-style-type: none"> · Providing education on software, cloud and DT technologies 	 <p>Zero industrial accident rate</p> <ul style="list-style-type: none"> · Establishing system to prevent threats to safety and the environment · Introducing safety and environment automation system 	 <p>Applying ESG to all suppliers(100%)</p> <ul style="list-style-type: none"> · Expanding participation in the supplier Code of Conduct · Supporting ESG consulting and training 	 <p>Operating Junior Software Academy</p> <ul style="list-style-type: none"> · Providing SW, cloud, DT trainings
Governance				
 <p>Enforcing roles of the ESG Committee</p> <ul style="list-style-type: none"> · Expanding corporate responsible management through the ESG Committee 	 <p>Strengthening global information protection system</p> <ul style="list-style-type: none"> · Zero leakage of customer information/data 	 <p>Inculcating a high integrity corporate culture</p> <ul style="list-style-type: none"> · Improving education programs concerning anti-corruption/fair trade · Zero penalties imposed in relation to fair trade or corruption. 	 <p>Managing ESG risks with digital platforms</p> <ul style="list-style-type: none"> · Enhancing monitoring with ESG platform 	



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Stakeholder Engagement and Communication

Samsung SDS defines 6 groups of key stakeholders as communities, customers, employees, suppliers, shareholders & investors and compliance & ethics management, and take account of their invaluable feedback to establish robust trust relationships. In addition, Samsung SDS is fully committed to attaining the UN SDGs that are related to the stakeholders to and taking a part to resolve challenges that the entire international community faces.

Compliance and Ethical Management

Main communication channels

- Participation in policy discussions
- Engagement with society/association activities(non-regular)
- Electronic disclosure (non-regular)

Main issues

- Transparent disclosure of information

Employees

Main communication channels

- Labor-Management Council
- SDS NEWS(Work, LIFE, TALK - anonymous bulletin board)
- Global SDS NEWS(weekly briefing mail)(weekly)
- Discussion with CEO, 'Vision & Talk'
- Corporate in-house portal
- Online portal for developers(DEV+, OPS+)
- Offline developer meetings(Technic, Meetup, Hackathon, etc.)
- Employee family visiting events including Coding Camp (three times a year)
- Mental Fitness Center and portal

Main issues

- Hiring
- Employee training
- Childcare leave
- Managing security awareness
- Handling employees' grievances

Customers

Main communication channels

- Customer invitation events (REAL 2020, IT Insight Forum, C-level meetings, etc.)
- Customer meetings
- Surveys of customer satisfaction
- Contact center
- Samsung SDS solution and service exhibition hall
- Samsung SDS website and SNS channels

Main issues

- Managing customer relationships
- Improving product quality

Communities

Main communication channels

- Media day(annual)
- Press releases
- NGO sponsorship, employee volunteer activities
- Contests(including Brightics Academy, Digital Signage from University Students, etc.)(non-regular)
- Samsung SDS website and SNS channels

Main issues

- Fulfilling corporate social responsibilities
- Contributing to local communities
- Donations and volunteer services
- Supporting growth of future generations

Shareholders and Investors

Main communication channels

- General meeting of shareholders(annual)
- Electronic filings(Dart)
- IR meetings
- NDR(quarterly)
- Conferences hosted by securities firms(annual)

Main issues

- Financial information
- Business plans
- ESG management activities

Suppliers

Main communication channels

- Supplier portal(smartTogether.com)
- Discussions with CEO(non-regular)
- Discussions with suppliers(annual)
- Whistle-blowing channel related to fair trade

Main issues

- Products and services
- Supplier management
- Improving product quality

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External ESG Evaluations

S&P Dow Jones Indices
A Division of **S&P Global**

DJSI Korea Index
2nd consecutive year

Developed by S&P Dow Jones Indices, DJSI has been evaluating the corporate sustainability of the top 2,500 companies according to global market capitalization since 1999. Samsung SDS was listed on DJSI Korea*.

* Invites 30% of the 200 listed companies in Korea



Management B

CDP(Carbon Disclosure Project) evaluates the environmental impacts of listed companies based on publicly disclosed information. Recognized information disclosure level on climate change responses, Samsung SDS received Management B*.

* Industry average: C, global average: B-

ecovadis



EcoVadis is a global research organization that evaluates the social performance of 50,000 companies in 190 industries in 150 countries around the world. EcoVadis evaluates ESG performance on 4 topics: supply chain, ESH(Environmental Safety and Health), labor and human rights, and ethics and fair operation. Samsung SDS was presented a Gold Medal* in 2021.

* Given to the top 5%



Grade A

Since 2011, KCGS has annually evaluated the sustainable management level of listed companies in Korea. In 2021, Samsung SDS received A Grade 2nd consecutive year.

MSCI
ESG RATINGS

Grade A

MSCI divides about 8,500 listed companies around the world by industry every year and assigns them ratings from AAA to CCC based on an evaluation of their management status related to environment, social responsibility, and corporate governance. Samsung SDS received a Grade A from the MSCI ESG evaluation as of December, 2021.



Medium Risk Rating

Sustainalytics rates the sustainability management of listed companies based on their ESG performances. Samsung SDS received Medium in the ESG Risk Ratings.



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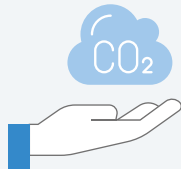
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Environment



GHG Emissions(Scope 1, 2)
101,882 tCO₂eq



Energy Consumption
2,117 TJ



Water Consumption
323,461 ton



Chuncheon DC PUE*
1.27

Customer



Customer satisfaction
92.2 /100

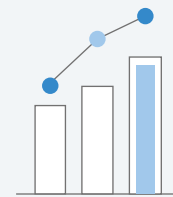


Number of leakages of personal information
Zero



Anti-corruption/
Fair trade violations
Zero

Financials



Sales
KRW **13.6** trillion



Operating Profit
KRW **808.1** billion



Ratio of Overseas Sales
64.4 %

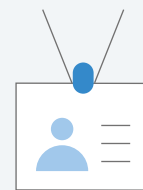


Number of patents registered(cumulative)
1,846 cases



R&D Investment (ratio relative to sales)
KRW **160** billion (2.8%)

Employee



Number of employees
23,995 persons



SCI** Participation Rate
89.9 %



Ratio of Female Employees
30.2 %



Employment of Disabled
3.31 %



Average Training Hours
63.6 hours

Social Contributions



Social Contribution Expenditures
KRW **3.7** billion



Beneficiaries of Social Contributions
253,006 persons



Shared Growth Index
Most excellent



Shared Growth Fund
KRW **60** billion



Suppliers Participating Code of Conduct
100 %

*PUE: Power Usage Effectiveness
**SCI: Samsung Culture Index

Digital Technology for ESG

ESG Platform

In order to achieve its ESG management objectives, Samsung SDS has built and applied a digital ESG platform that supports an end-to-end management process including ESG global standards management, data collection, and performance management. The ESG platform provides the required indicators derived from analysis of the global ESG initiatives and relevant laws as the standard template, and can collect and utilize ESG data in connection with various legacy systems.

Features



Provide ESG Global Standard

- Providing standards for management based on ESG Global Standards
- Providing data sets corresponding to ESG global standards by industry
- Improving business processes such as the collection and disclosure of ESG data

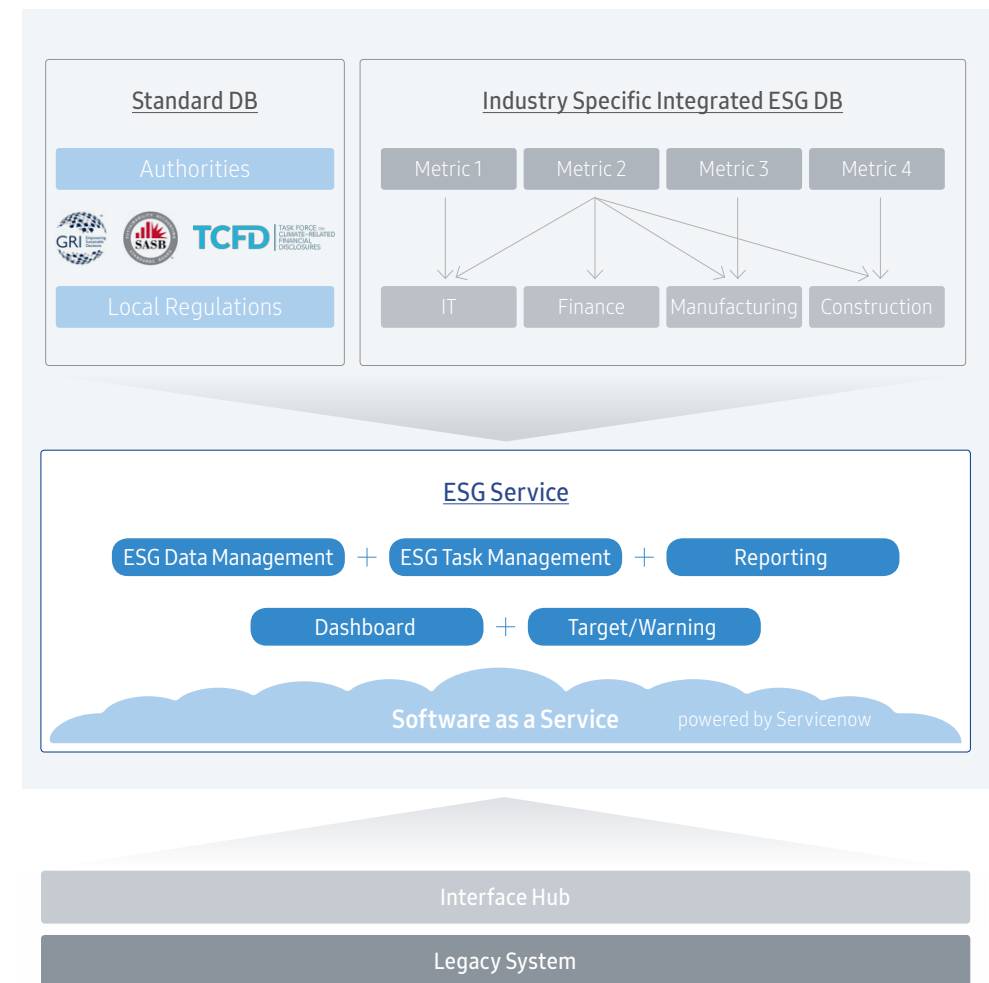
Improve ESG Visibility

- Setting ESG objectives for the entire value chain, and monitoring current value chain conditions
- Enabling establishment of objectives according to ESG indicators, and conduct of performance monitoring

ESG Governance

- Enhancing visibility of ESG performance and supporting decision-making of ESG management based on performance management system, so that focus can be put on improving the actual ESG performance
- Facilitating management of ESG-specific tasks (including linkages to ESG indicators and heat map)

SAMSUNG SDS ESG Platform



Safety and Environmental Automation

Safety and Environment Platform is a SaaS platform that has features of planning and executing management in safety, environment, and health areas on both web and mobile. The platform allows to monitor progress of required tasks through dashboard and increase the safety by supporting on-site workers' performance.

Features

Providing Core Business Functions Related to Safety and Environment

Monitoring guidelines are provided with lists of risk items in safety and health, and environment. Customers can lower their ESG risks and strengthen sustainable management with the Safety and Environment Platform.

Task-related Services	Health and Safety	Accident management	Work management	Legal management
			Risk management	Health management
		Training management	Safety equipment management	Council management
	Environment	Waste management	Water quality management	Emissions management

SaaS Platform Features



Services



Standardization of Safety and Environment Tasks

- Providing SOP, legal obligations, standard forms, etc.



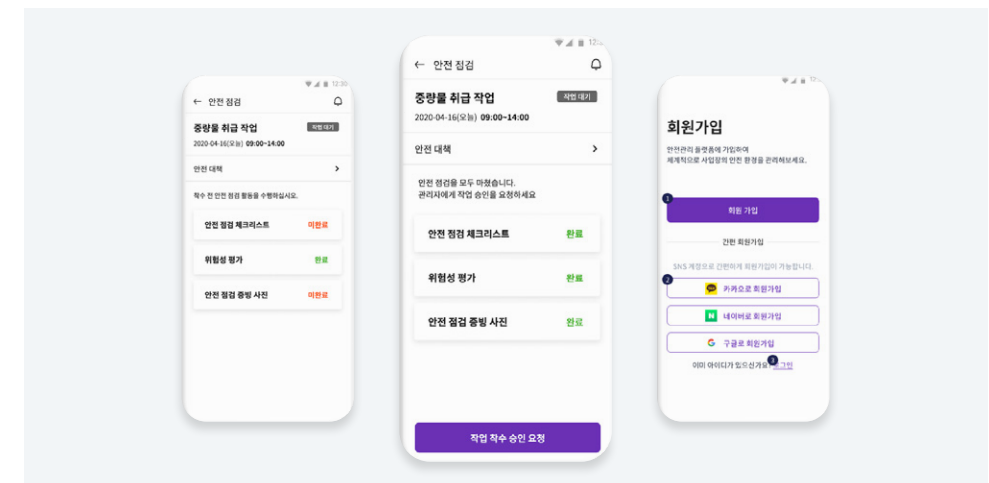
Mobile Services

- Simple registration and intuitive UX
- Providing mobile services that allow easy checking on/inputting of details on obligations



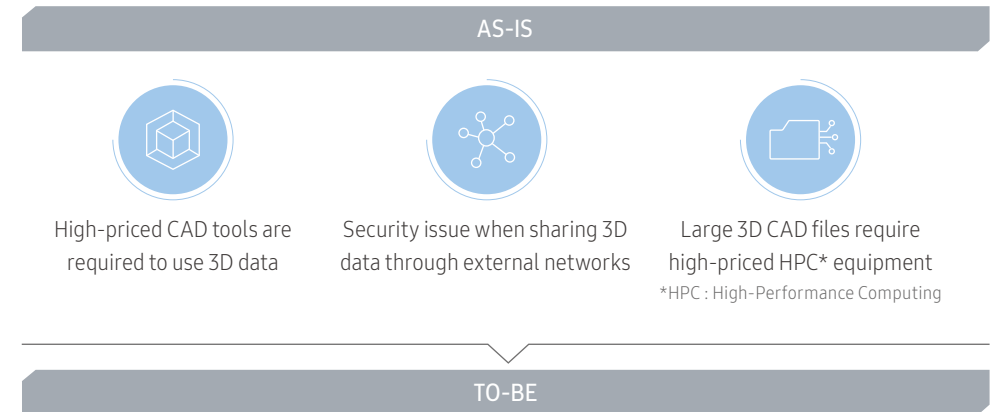
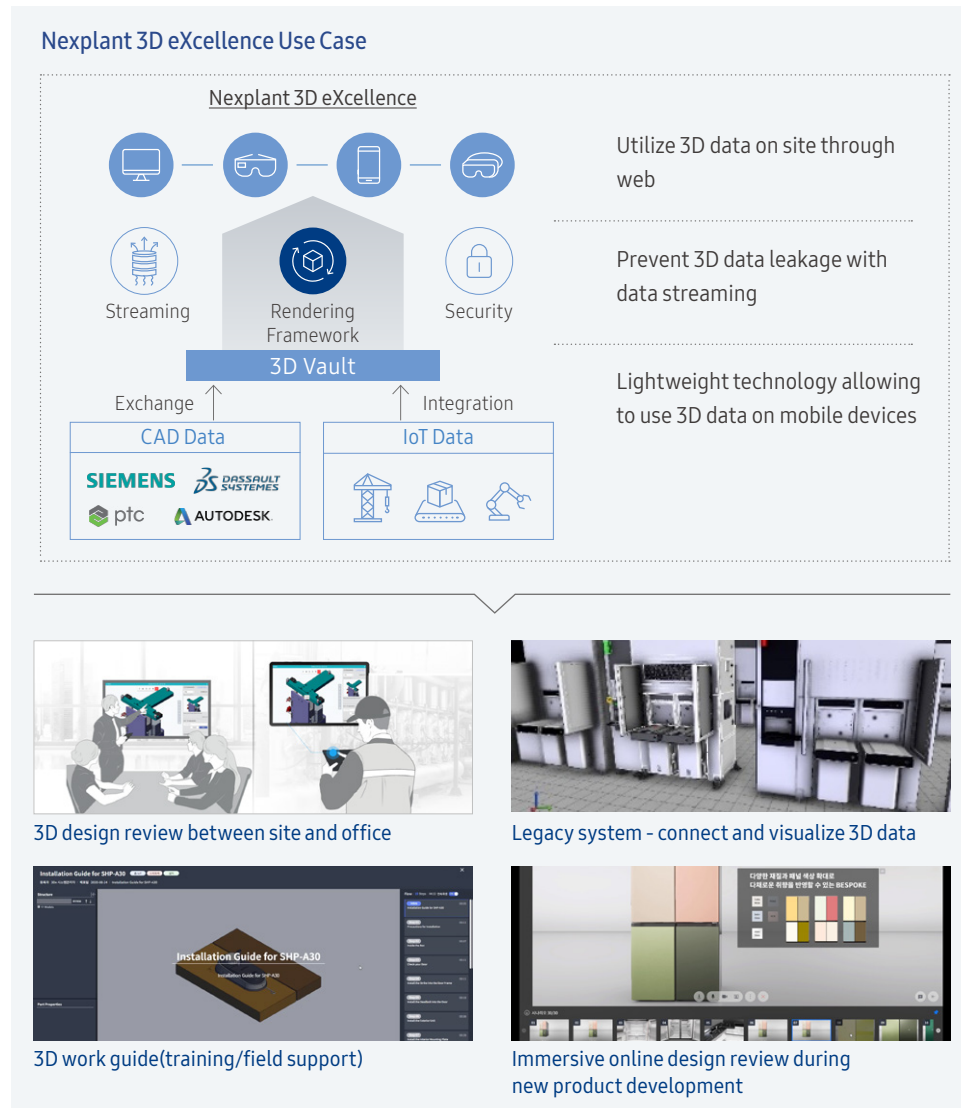
Service Expansion

- E2E service through Samsung SDS service platform, SCP-E and One Platform
- Responding rapidly to the addition of new forms and process functions, through low-code development
- Designed with configurable structure for use in various industries
- Detecting and analyzing problems based on AI learning

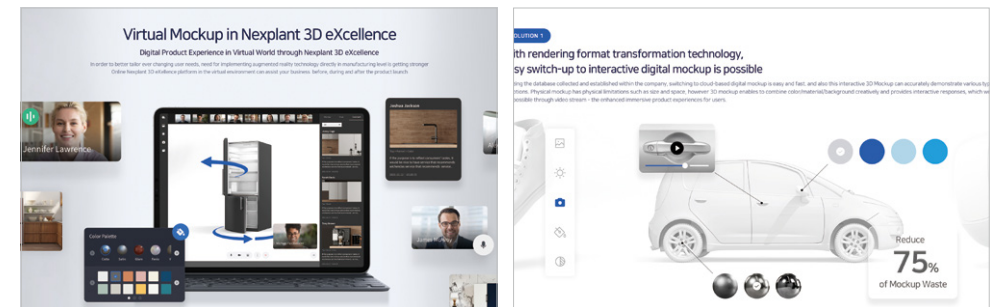


Nexplant 3D eXcellence

Nexplant 3D eXcellence is a mobile-/AR-/VR-based digital transformation(DT) service platform that transforms, integrates, and visualizes various types of 3D data created during the design stage, and provides an environment in which 3D data can be utilized in a lighter and safer way at manufacturing, construction and operation sites. Utilizing virtual mock-ups to build realistic models in 3D, Nexplant 3D eXcellence reduces the rate of production of physical mock-ups and in consequence the industrial waste generated during mock-up and delivery by 75%. In recognition of this achievement, the platform received iF Design Award 2022 in the category of "Professional Concept."



- Reduce risk of data leaks by providing virtual mockup through web browser
- Reduce cost and time for creating mockup



iF Design Award 2022

Sustainability Impacts

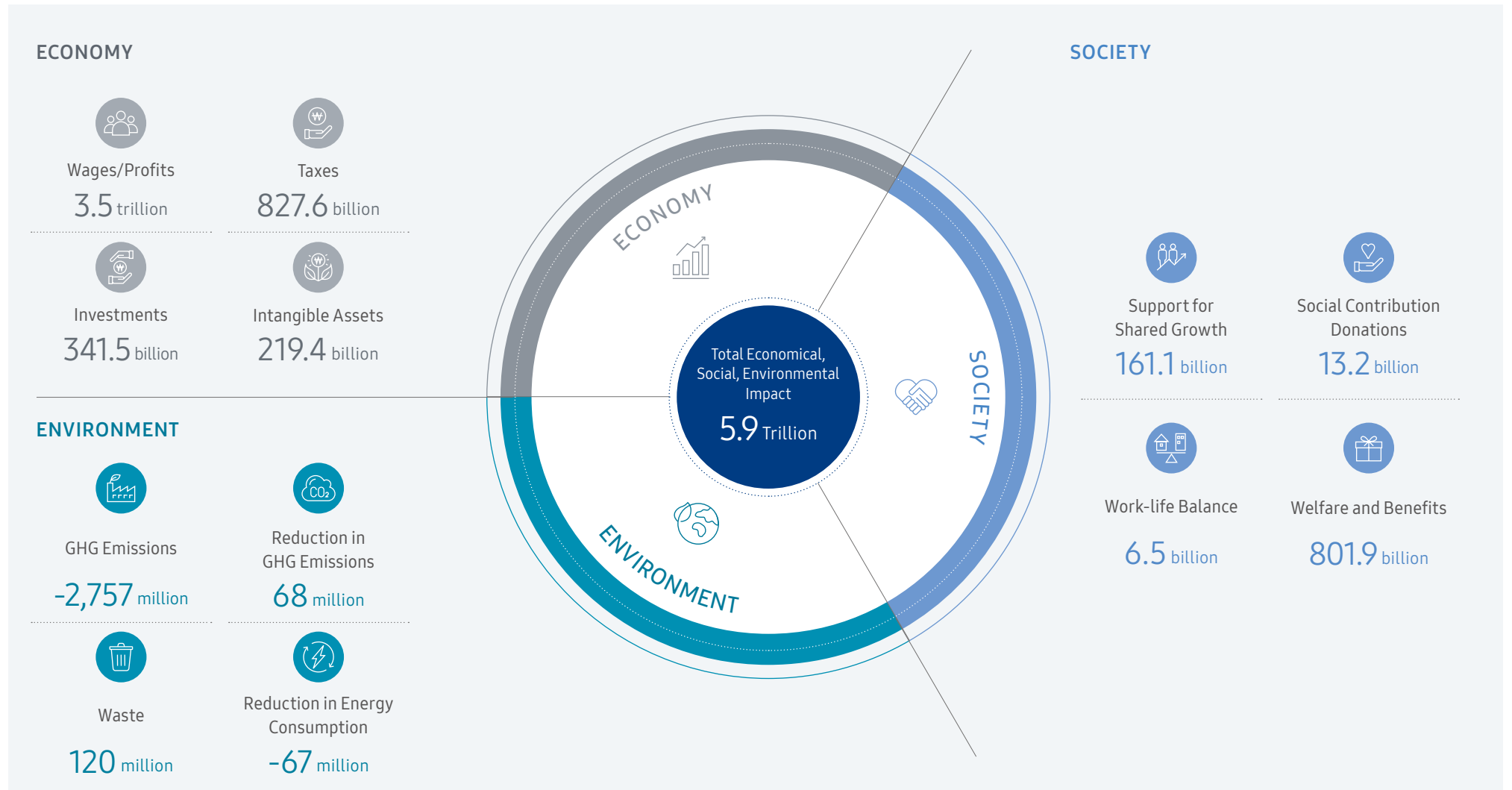
Impact Analysis

Samsung SDS quantifies and analyzes the corporate environmental and social impacts to manage the business efficiently and promote better decision making. Samsung SDS measured and analyzed its positive and negative impacts generated as a member of society. The impacts analyzed was categorized into economic, social and environmental impacts. Samsung SDS would like to share the result with stakeholders through the report.

Value Creation Amount in 2021 **KRW 5.9 Trillion**

KRW **724.3 Billion** Increased Compared to 2020

(Unit: KRW)





Commitments

2021 Key Figures

Digital Technology for ESG

Sustainability Impacts

Materiality Analysis

Material Highlights

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Impacts on Stakeholders

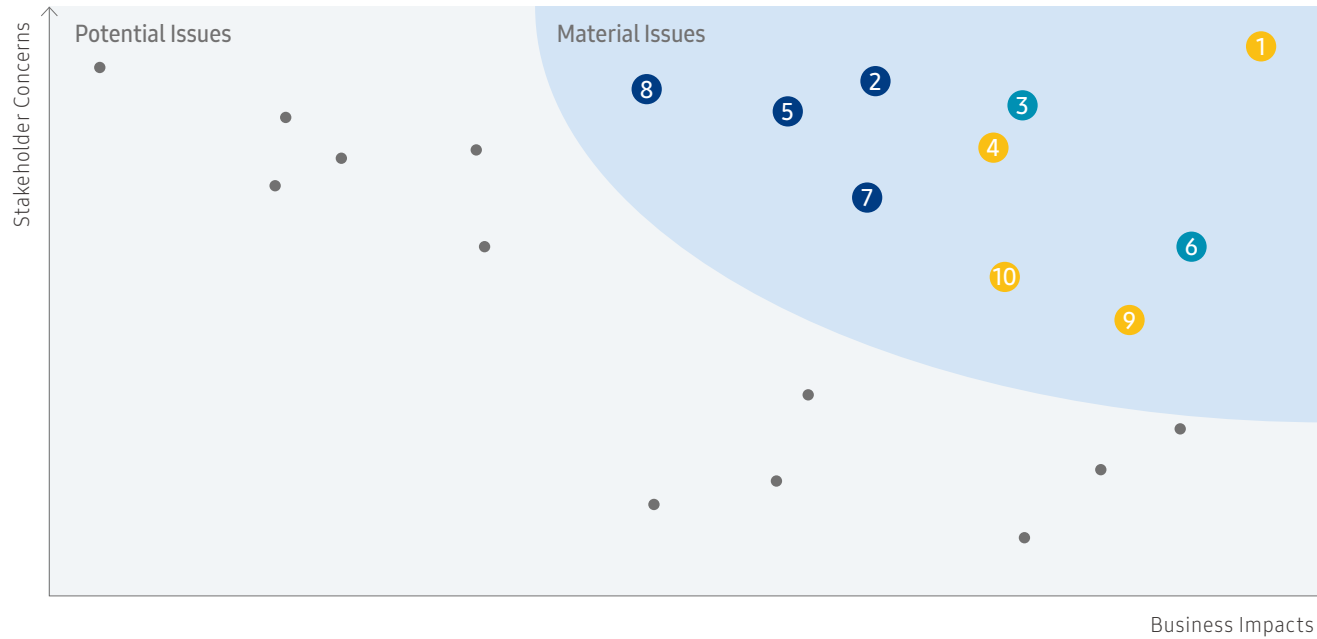
(Unit: million KRW)

	Category	Components	Year	Amount	Impact
Economic Impacts	Impacts on present or future GDP:	Wages/Profits	2020	2,980,480	Employees/ Shareholders
			2021	3,517,596	
	- Sum of wages, severance payments, net income, acquisitions of tangible/ intangible assets, and R&D expenses	Taxes	2020	866,241	Governments
			2021	827,578	
	- Impacts on public finance through tax payments	Investments	2020	245,728	Shareholders/ Suppliers
			2021	341,470	
	Intangible Assets	2020	191,605	Shareholders/ Suppliers	
		2021	219,356		
Social Impacts	Impacts on better lives for members of society:	Support for Shared Growth	2020	156,438	Suppliers
			2021	161,136	
	- Impacts of exemplary social contribution activities and shared growth activities	Social Contribution Donation	2020	20,323	Communities
			2021	13,225	
	- Sum of financial impacts such as industry inducement coefficients, based on donations and welfare & benefits	Work-life Balance	2020	10,162	Employees
			2021	6,494	
	Welfare and Benefits	2020	693,500	Employees	
		2021	801,883		
Environmental Impacts	Impacts on natural environment:	Reduction in GHG Emissions	2020	61.0	Governments/ Communities
			2021	68.1	
	- Sum of financial impacts caused by air pollutants, waste, and GHGs	GHG Emissions	2020	-2,695	Governments/ Communities
			2021	-2,757	
		Reduction in Energy Consumption	2020	5.0	Governments/ Communities
			2021	-66.8	
	Waste	2020	-30.6	Governments/ Communities	
		2021	120.0		

Materiality Analysis

Samsung SDS conducted a materiality analysis to identify sustainability issues and to meet the expectations of stakeholders. Samsung SDS will communicate with stakeholders regarding 2021 activities, achievements, and future plans in relation to these material issues, and continue sustainable management by reflecting these material issues.

Materiality Analysis Matrix



2021 Sustainability Material Issues

Environment	Manage and reduce GHG emissions
	Eco-friendly data centers
Social	Develop employee competency
	Strengthen service quality and improve customer satisfaction
	Sustainable supply chain management
	Respect diversity and prohibit discrimination
Economic and Management	Create economic values
	Strengthen R&D and technology competency
Governance	Compliance and business ethics
	Strengthen BOD's management on sustainable issues

No.	Areas	Material Issues	GRI Standards	References
①	Customer	Strengthen service quality and improve customer satisfaction	N/A	16, 64-68, 92
②	Economic and Management Achievement	Strengthen R&D and technology competency	201-1, 404-2	20-21, 37, 89
③	Environment	Manage and reduce GHG emissions	305-1,2,3,5	16, 26, 28, 91
④	Labor and Human Rights	Respect diversity and prohibit discrimination	405-1,2	16, 53, 76
⑤	Governance	Compliance and business ethics	205-3	82-84
⑥	Environment	Eco-friendly data centers	302-4, 305-5	27-28, 48
⑦	Governance	Strengthen BOD's management on sustainable issues	N/A	11, 40, 79
⑧	Economic and Management Achievement	Create economic values	201-1	20-21, 89
⑨	Supply Chain Management	Sustainable supply chain management	308-1	97
⑩	Employee Competency Development	Develop employee competency	404-1,2,3	16, 37, 55, 90-91

Material Issues and Value Chain

Samsung SDS conducted a materiality analysis to identify sustainability issues and to meet the expectations of stakeholders. Applying the result of the materiality analysis to work process, Samsung SDS will enhance ESG management by reflecting these material issues.

Material Issues	Samsung SDS Work Process														
	Marketing/Planning	R&D	Business/Opportunity Mgmt.	Purchasing/Supply Chain	Business Development and Operation	International and Domestic Logistics	CX/Failure Mgmt.	Manufacturing/Network Operation	Quality Improvement/Risk Mgmt.	Strategic Planning	Tax/Treasury	Mgmt. Innovation	Audit/Compliance	Communication	Security Control
E	Eco-friendly data centers	E		E		E					E				
	Manage and reduce GHG emissions		E		E		E		E						
S	Develop employee competency	S	S												
	Sustainable supply chain management			S	S	S			S	S			S		
	Respect diversity and prohibit discrimination			S								S	S	S	S
	Strengthen service quality and improve customer satisfaction						S	S	S	S					
G	Create economic values	G		G		G					G	G			
	Strengthen R&D and technology competency		G			G		G	G						
	Strengthen BOD's management on sustainable issues			G								G	G	G	G
	Compliance and business ethics										G		G		G



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Enhancing Climate Change Response Governance

Value Chain Emissions Management

Eco-friendly Data Centers

Green Logistics

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MATERIAL HIGHLIGHT

ENVIRONMENT

To make green planet, environment friendly management system and low-carbon economy is a new global trend. Samsung SDS strives to achieve net zero by actively reducing GHG emissions and improve data center energy efficiency, and lead circular economy to create green ecosystem throughout the value chain.



HOW WE MANAGE

Samsung SDS established environment and climate change governance in environment management system. Further, the company aims to efficiently manage to reduce GHG emissions from data centers.

2021 KEY FIGURES

Responding to Climate Change

Establishing Environment Management TF
Value Chain Emission Management

Operating Eco-friendly Data Center

Chucheon Data Center Achieved PUE 1.27
Green Data Center Certification Platinum Grade

Establishing Eco-friendly Logistics Business System

Listed as a Best Green Logistics Company

Enhancing Climate Change Response Governance

Samsung SDS' top management is wholly responsible for its responses to climate change, and its Board of Directors, along with the CEO(the Board chair), implements governance and supervision over the climate change-related strategies, operations, and management. Samsung SDS' management has made its decisions concerning overall issues of ESG management through its ESG Council, which includes an Environmental Management TF, and has been deliberating on and supervising the handling of important ESG-related issues since 2021.

Establishment of ESG Committee

The ESG Committee was established in October 2021, under the Board of Directors. The committee deliberates on and approves the agenda for decision-making on sustainable management issues including climate change risks. The committee reviews issues, strategies and programs related to sustainable management, and can provide oversight and advice on how the impacts of climate change and other major sustainability issues affect Samsung SDS' business.

Composition

Director	Roles
Independent 4(including the chair)	· Establishing ESG strategies and policies · Managing and supervising actions taken in relation to ESG
Executive 1	· Establishing strategies and directions in response to climate change · Disclosing ESG information and managing external communication

Report/Approved Issues

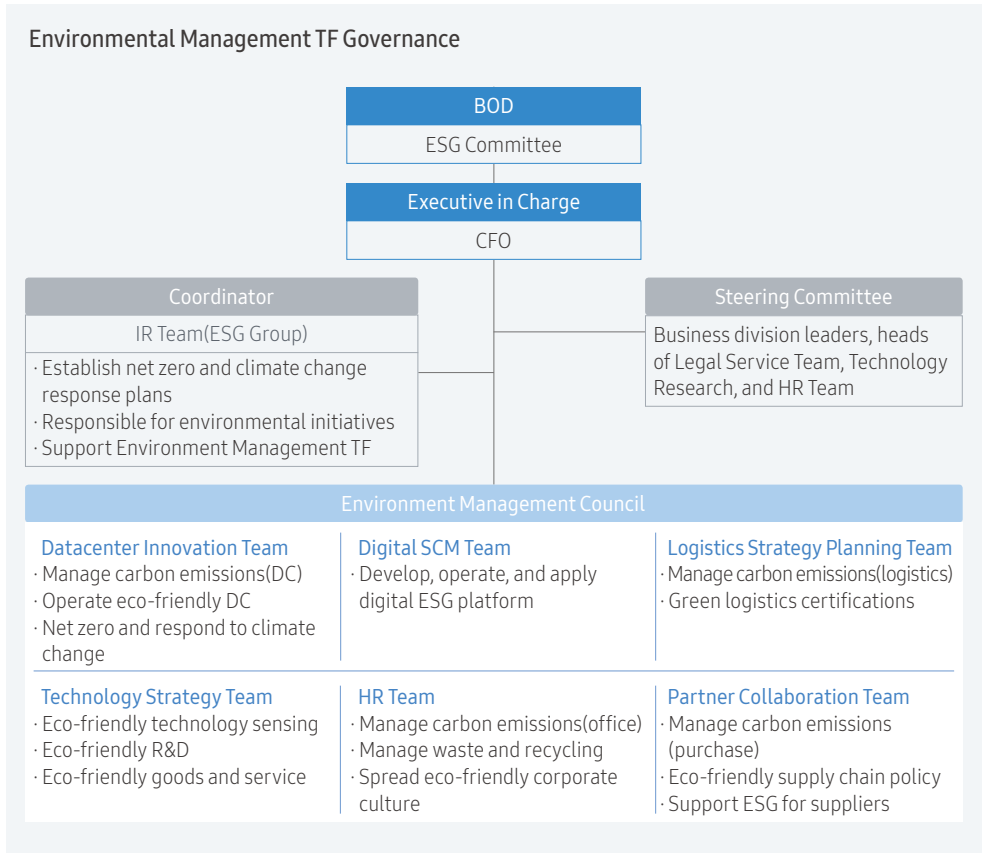
Category	Details	Reporting Date
ESG strategy and performance report	Report environmental management organization operation plan	22.01.27
ESG information filings and ratings	Report 2022 ESG work plan	22.01.27

ESG Committee Workshop

Category	Details	Reporting Date
Climate Change	Regulations and trends on climate change and global leading companies cases	22.04.13
Carbon Neutrality	Carbon neutral and transition to renewable energy	22.05.16

Environmental Management Taskforce

Samsung SDS executives consider conserving environment and responding to climate change seriously and heavily. Environmental Management TF was established in December 2021 to respond to climate change. To reinforce the governance, CFO was appointed as the executive in charge and related departments participates. The Environmental Management TF identifies environmental management tasks in a variety of categories, and will continue to identify environment friendly projects and to carry out detailed activities.



Environmental Management Tasks

- Carbon neutral and transition to renewable energy
- Building eco-friendly HPC Dongtan DC
- Adding water pump inverters to Sangam DC
- Switching all vehicles to electric cars
- Minimizing single-use products



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ENVIRONMENT

Value Chain Emissions Management

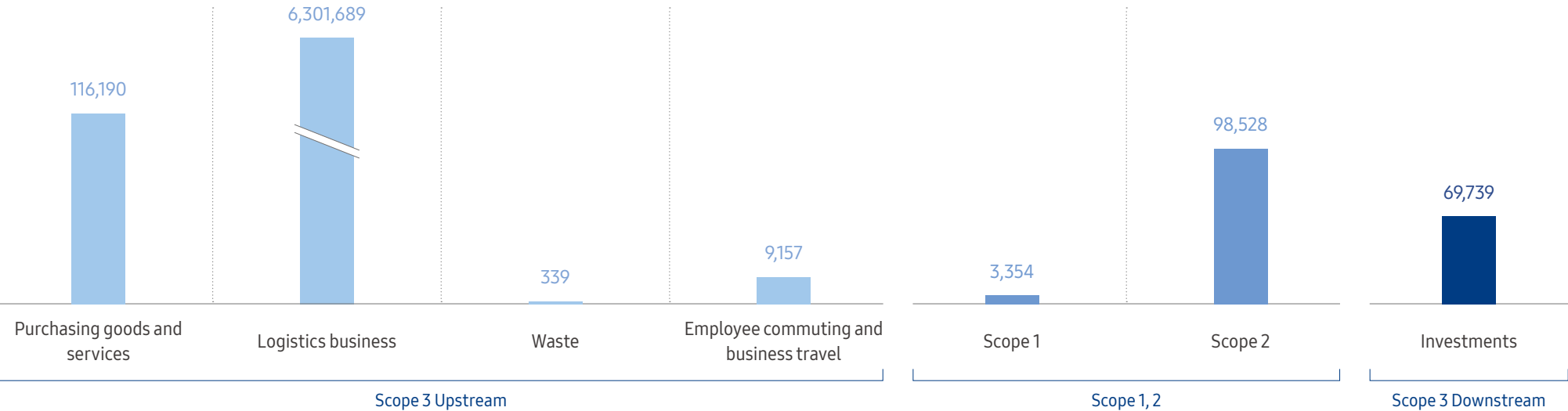
Samsung SDS will continue to manage GHG emissions by monitoring and analyzing carbon emissions throughout the value chain.

GHG Emission Reduction Strategy

Green DC	Green Platform	Green Energy	Green Campus
<ul style="list-style-type: none"> · Build high energy efficient data center · Continuously improve data center energy efficiency 	<ul style="list-style-type: none"> · Optimize routes and loads with logistics platform, Cello · Improve features related to carbon emissions 	<ul style="list-style-type: none"> · Generate solar energy · Convert to electronic vehicles · Absorb and/or remove emissions 	<ul style="list-style-type: none"> · Paperless campaign · Recycle resources · Utilize collaboration solutions

GHG Emissions throughout Value Chain in 2021

(Unit: tCO₂eq)



Purchasing goods and services	Emissions by purchasing goods and services in 2021(exclude tangible/intangible assets and buildings under construction)	Scope 1 (direct emission)	Company owned vehicles, heating and emergency power at office buildings
Upstream transportation	Emissions from logistics business operation		Scope 2 (indirect emission)
Waste	Emissions from waste generated from offices	Investments	
Employee commuting and business travel	Emissions by employee commuting and business travel		

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 - Value Chain Emissions Management
 - Eco-friendly Data Centers
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Eco-friendly Data Centers

Samsung SDS has applied latest energy saving technologies to data centers for improve efficiency and PUE.

*PUE: Power Usage Effectiveness, DC power efficiency indicator

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Suwon Data Center



- PUE 1.57
- Carbon emissions 44,157 tCO₂eq
- Improve operation and energy efficiency by utilizing outdoor air cooling



Sangam Data Center



- PUE 1.41
- G-SEED, certification for green building
- Carbon emissions 26,240 tCO₂eq
- 1st grade at Building Energy Efficiency
- Expand outdoor air cooling period, control the number of cooling towers used



Chuncheon Data Center



- PUE 1.27
- Green Data Center Certification(Platinum Grade)
- Carbon emissions 10,761 tCO₂eq
- Increase energy efficiency by expanding outdoor air cooling period and facilitating outdoor awnings



Dongtan Data Center

* Open at the end of 2022

- PUE target 1.12(after complete construction)
- HPC center with high performance computing devices
- Facilitate variable air volume control fans, cold and hot water chillers, highly efficient UPS

Integrated Energy Management System

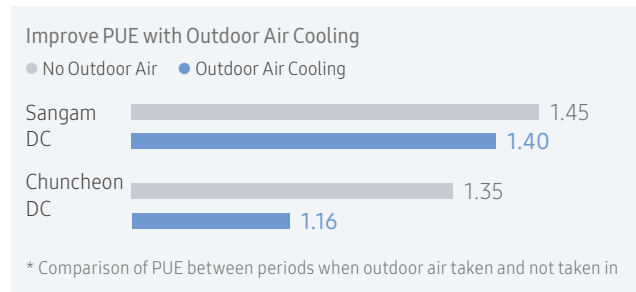
Samsung SDS has established a system that can comprehensively monitor the operating conditions of all data center infrastructure such as air conditioning, electricity, fire prevention, and security (CCTV), so as to oversee their power consumption and manage their energy efficiency 24/7.



Integrated Energy Management System

Server Room Cooling with Outdoor Air

Samsung SDS has built an outdoor air cooling system to cool the data center's server room. This system uses outdoor air, whose temperature is below that of the server room for six months of the year. The server room is cooled by directly taking in the outdoor air, and indirectly by the operation of heat exchangers using cool water. Outdoor air cooling allows to reduce power consumption of the freezers, chilled water pumps, and cooling towers. The PUE declines by up to 0.19 when outdoor air is taken in.



Sangam DC Cooling Tower



Outdoor Air Damper

Server Room Containment Leak Prevention

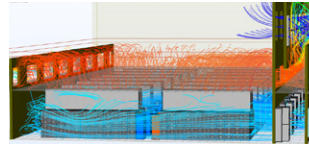
The cold and hot aisles(in the rear area where fans are installed) in the server room are separated through a containment installed there. In addition, a cold lock has been installed at the opening of the access floor, and blanking panels in the empty spaces within the rack. This minimizes cold air leakage and increases heat efficiency; the temperature of the chilled water in the freezer has risen from 8°C to 11°C, while the power consumption of the freezer and cooling tower has fallen by about 10%.



Containment Cold Aisle

Thermo-hygrostats Optimization with Ventilation Simulation

Samsung SDS uses an air-conditioning simulation tool for its data centers that is based on CFD(Computational Fluid Dynamics), in order to analyze the flow and temperature distribution inside the server room and set the proper air supply temperature and air volume of the thermo-hygrostat before its operation, to thus enhance power efficiency.



CFD Result at Chuncheon DC

Freezer Roof and Condenser Coil Cooling

A shading roof has been installed over the freezer located outside the Chuncheon DC, and water is also sprayed on the condenser coil, which lowers the pressure of the refrigerant inside the condenser (outdoor heat exchanger). As a result, freezer energy consumption has fallen, with annual GHG emissions cut by 49 tons.



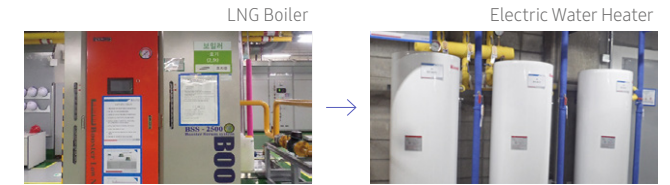
Chuncheon DC Shading Roof



Spraying Water onto Condenser

LNG Boiler Replacement to Electric Water Heater

The Gumi Data Center has replaced the LNG boilers formerly used for hot water generation with electric water heaters, resulting in a 46-ton reduction in annual GHG emissions.



Renewable Energy

Samsung SDS generates and utilizes renewable energy at data centers: thermal and PV solar energy, geothermal cooling and heating system, and geothermal heat pumps. Samsung SDS plans to continuously increase its use of these renewable energy sources.

Renewable Energy Generated in 2021

Data Centers	Renewable Energy(kWh)
Thermal solar energy in Suwon DC	42,324
Photovoltaic solar energy in Sangam DC	57,250
Photovoltaic solar energy in Chuncheon DC	145,309
Total	244,833

Green Logistics

Samsung SDS' Eco-friendly Logistics Services

In its logistics services Samsung SDS aims to provide unique logistics outsourcing services based on its IT and consulting competence. Based on Cello, its globally integrated logistics solution, Samsung SDS has efficiently managed customers' logistics needs in all relevant areas, such as overseas transportation, local transportation and logistics center operation, and has supported the optimization of customers' logistics utilizing various consulting methodologies.

Samsung SDS does not emit GHGs directly, as its logistics services are provided through contracts with transportation companies. However, Samsung SDS intends to contribute to reducing GHG emissions by expanding its reduction targets to Scope 3 emission sources.

In line with this, Samsung SDS provides a variety of optimization consulting services based on its Cello Optimizer(which supports loading optimization, transportation route optimization, network optimization, etc.), and at its annual Cello Conference(held online in 2021) shares exemplary cases of logistics optimization with its customers/suppliers.

Various Characteristics of Cargo		Examples of Optimal Logistics Method			
Type of goods	Simulation	Cargo size	Delivery period	Affordability of freight charge	Transportation method
Weight/volume		No. of pallets	Short term	High	Air
Transportation section and routes		No. of boxes	Short term	High	Express
Delivery date and freight charge		No. of boxes	long term	Low	Ocean FCL
		20ft	long term	High	Ocean FCL



Cello Conference



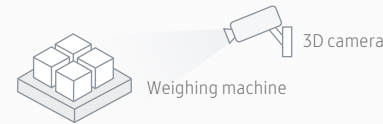
Green Logistics Certified Company

Optimized Eco-friendly Logistics Solution

Load Optimization

- Improving logistics efficiency with pallet, truck/container load optimization
- Including Samsung Electronics GTC and overseas branches(Europe, Latin America, Hong Kong, etc.), GM Korea, etc.

Automatically measuring weight and volume + Reviewing various limitations



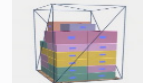
- Position of label
- Loading direction
- Maximum loading quantity and weight
- Stacking level

Optimizing

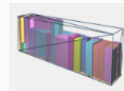
Selecting optimal boxes



Pallet loading



Container loading



ULD loading

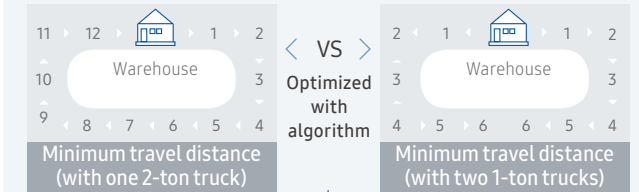


Shipping Plans Based on Loading Simulation

After application of system
10% improvement in loading efficiency, and
5% reduction in pallet use

Routes Optimization

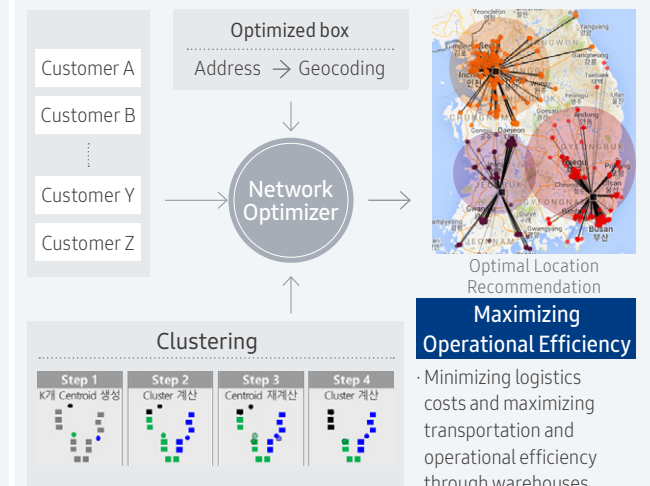
- Automated vehicle allocation plan considering delivery condition and routes



After application of system
20% reduction in number of vehicles allocated, and
15% reduction in number of delivery destinations

Logistics Network(Warehouse) Optimization

- Supporting network design that can determine optimal locations and number of warehouse, enabling provision of logistics services and improved logistics cost efficiency in accordance with shipper's sales strategy



Maximizing Operational Efficiency

- Minimizing logistics costs and maximizing transportation and operational efficiency through warehouses relocation

MATERIAL HIGHLIGHT

SOCIAL



Pandemic is resulting in greater emphasis on the health of employees and on safer working environments. Shared growth with the various stakeholders such as employees and executives, customers, suppliers, and local communities has also become a major issue for discussion. Samsung SDS places the safety of its employees and suppliers as the top priority, and has made diverse efforts on behalf of its stakeholders in areas such as human rights, work-life balance, managing the sustainability of supply chain, and social contribution activities, in consideration of the particular characteristics of the IT industry. In addition, Samsung SDS has worked to cultivate excellent and talented IT workers and strengthen its competitiveness, so as to create a business model as a market leader through technological innovation.



HOW WE MANAGE

To strengthen employee competency and develop IT talents, Samsung SDS operates various development programs. The company maintains communication with its employees to improve their satisfaction, and has engaged in diverse activities to promote anti-discrimination and respect for diversity such as increasing the female employees ratios and disabled employees. Samsung SDS also provides ESG training courses to suppliers to encourage and enhance their sustainable management. To strengthen customer satisfaction and enhance the quality of its services, customer satisfaction survey is conducted every year.

2021 KEY FIGURES

Establishing a Safer Work Environment

Safety and Health Center

Safety and Health Management System

Developing Capacities of Employees, and Innovating Work Culture

DevOps-based Work Standards

Internalizing Human Rights Management

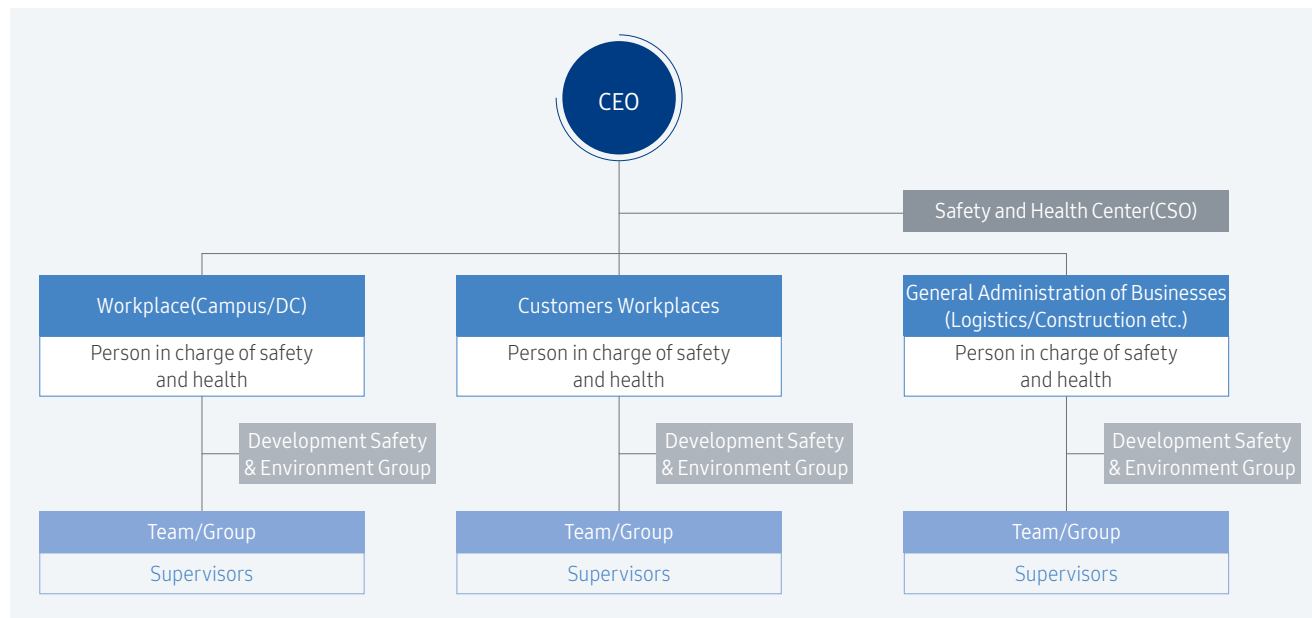
Human Rights Risk Assessment/
Improvement/Reporting Process

SOCIAL

Safety and Health

Safety and Health Center

Samsung SDS has established an organization dedicated to safety and health within each department to strengthen departmental independence and expertise. In particular, Samsung SDS has appointed a Chief Safety and Health Officer(CSO) responsible fully on safety and health issues of Samsung SDS' businesses and workplaces.



Safety and Health Management System Certification

Samsung SDS established system to minimize safety and health risks. Samsung SDS completed migration from OHSAS 18001 to ISO 45001(considered an upgrade compared to OHSAS 18001) in 2017 and is continuously renewing and maintaining annually. In 2020, Samsung SDS expanded the scope of the certification to cover headquarter, campuses and all overseas subsidiaries.



Occupational Health and Safety management System

Safety and Health Management System

Samsung SDS establishes and implements diverse safety and health management policies in order to ensure a safer and healthier workplace and realize its management philosophy as an eco-friendly company. Notably, in 2022 Samsung SDS revised its safety and health management policy by adding policies concerning major industrial accidents and civil accidents.


Samsung SDS also founded an Occupational Safety and Health Committee, a forum for discussions by management and employee representatives. The committee is held on a quarterly basis to decide on important matters related to workplace safety and health such as establishing plans to prevent occupational accidents and inspecting and improving the work environment.

삼성SDS 안전보건 경영방침

삼성SDS는 안전하고 건강한 사업장 구현과 환경친화적 경영을 기업의 최우선 가치로 인식하고, 국내외 모든 사업영역에서 사람과 자원을 존중하는 기업활동을 실천하여, 인류의 풍요로운 삶과 환경보전에 기여한다.

- 1. 국내외 법규 준수**
국내의 안전환경 관련 법규 및 국제협약을 준수하고 더 엄격한 사내 관리기준을 수립·이행하여, 신뢰받는 ICT기업으로서 사회적, 윤리적 책임을 다한다.
- 2. 체계하고 안전한 사업장 구현**
사업장내 위험성 제거에 재정적, 기술적 측면을 지원하고 안전환경 관리활동을 지속적으로 검토·개선하여, 종사자의 건강과 삶의 질 향상에 기여한다.
- 3. 글로벌 수준의 안전환경 관리**
글로벌 수준의 안전환경 관리체계를 구축하고 전 사업영역에서 안전환경목표 및 세부목표를 수립하여, 안전환경 수준 향상을 위해 지속적으로 노력한다.
- 4. 안전환경 중시문화 조성**
지속적인 교육 훈련 및 의사소통을 통해, 전 임직원, 협력사 및 이해관계자의 안전환경 의식을 제고하고 안전환경 관리활동에 자발적으로 참여하는 기업문화를 조성한다.
- 5. 중대산업재해/사건예방 "Zero" 달성을 위한 예방활동**
안전보건목표 "Zero" 달성을 위해 전 종사자가 참여하는 안전교육/훈련, 현장 사고 예방활동을 적극적으로 실시한다.

상기 안전보건방침과 분야별 활동성과는 대내외에 공표하고 이를 전 임직원 및 협력회사가 보유한 모든 기술과 역량을 결집하여, 안전환경 관리활동을 지속적으로 발전시켜 나간다.

삼성에스디에스㈜
대표이사 황성 
SAMSUNG SDS

Samsung SDS Safety and Health Management Policy

Eliminate Safety Regulation Risks

- Safety and health management system establishment tasks**
 - Reflecting core elements of guide provided by Ministry of Employment and Labor
- Reorganization of safety and health standards and operation guidelines**
 - Checking contracts and adding safety agreement with shippers, LSPs, and warehouse owners
 - Reviewing legal obligations, and reorganizing Samsung SDS' safety and health guidelines
 - Analyzing risk factors involving severe civil accidents
 - * This has been applied to the Sangam/Suwon DC (with a total floor area of 30,000m²)
 - Reinforcing safety and health assessment criteria and applying them to management KPI and supplier assessment

Establishing Safety and Health System for Overseas Subsidiaries

Samsung SDS has established a safety and health management system for its overseas subsidiaries with the goal of preventing safety related accidents and clarifying the system for reporting them, thus improved the safety management levels of its overseas subsidiaries. Samsung SDS has in addition designated the personnel in charge of safety and health within its subsidiaries and established reporting systems to communicate with headquarters at all times while carrying out activities to avoid safety related accidents.

Framework to Improve Safety Management Levels



Safety and Health Activities at Global Worksites

Safety Check and Risk Factor Investigation

Samsung SDS conducts safety checks of the risk factors that have been identified as threatening the safety of domestic workplaces and logistics centers. In 2021 there were a total of 389 hazards and risk factors identified and mitigated. Risk factors are audited through special safety checks for hazards that may occur on traditional holidays or in the event of damage from storms and floods. Samsung SDS management proactively engaged in performing on-site safety checks as a way to raise company-wide awareness on workplace safety.

Office Air Quality Management

As the concentration of fine dust in the air increases, Samsung SDS is applying enhanced air quality management to the workplaces for the sake of its employees' health.

Targets	3 campuses and 4 data centers Detailed measurements twice a year
Items	Ultra-fine and fine dust, carbon monoxide and dioxide, formaldehyde, TVOC, total airborne bacteria, nitrogen dioxide
Results	No areas to concern; all items were measure to be within the allowable range in both 1st and 2nd half of 2021



Measuring Office Air Quality

Safety and Health Training

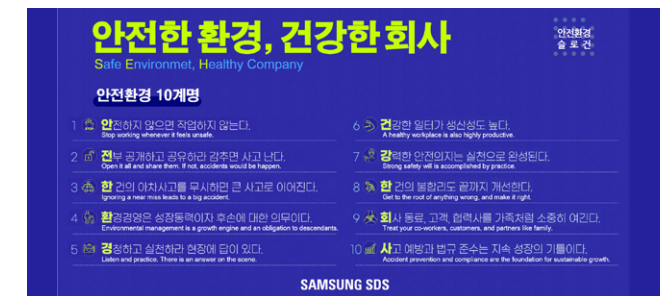
To heighten its employees' interest in safety and health, and to build their capacities for ensuring health and safety, Samsung SDS has developed safety and health training contents. With the developed content, Samsung SDS trains all employees every year. Additionally, Samsung SDS plans and provides a variety of safety and health training programs to prevent safety accidents in the workplaces, such as training to strengthen the job-specific competencies of persons in charge of safety and health management and training specialized for those working at warehouses and construction sites.



Mandatory on-the-job training for persons in charge of safety and health management (March, 2022)

Employee Safety and Health Awareness

Engaging in awareness-raising activities, Samsung SDS has coined its own safety and health slogan and developed 10 Principles of Safety and Health in efforts to attract the attention of employees.



10 Principles of Safety and Health

Safety and Health Web Portal

Samsung SDS disclose information and communicate with employees on safety and health related issues including safety and health objectives and plans, and worksite risk assessment. Also, SIREN, a Risk Reporting System, is to draw employees' interests and participations. Employees can easily access and report risk and hazard factors at their worksites and they can be informed on corporate guidelines, manuals, and policies on safety and health through safety and health portal. The portal has three menus: Reporting Risk Factors, Monitoring Your Health, and Communication. Further, the portal is connected to the work system for employees' convenience.

Reporting Risk Factors

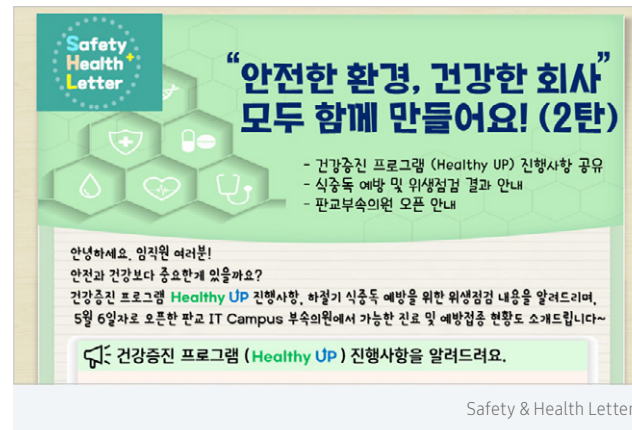
Samsung SDS employees can report safety and health related risks and hazards and request for resolution through reporting tab on the portal. With details description by reporter, department in charge investigate and resolve the risk factors, and feedback the results.

위험요소신고	
구분	제목
중대	동관 글로벌 라운지 5층 1,2,3강의실 및 507호 시스템 에어컨 수리 필요[1] 잠실 캠퍼스(동관) / 5층 글로벌 라운지 1, 2, 3층, 507호
조치중	잠실 동관 1층 남자화장실 옆 벽면 합몰 보수 필요[1] 잠실 캠퍼스(동관) / 1층 남자화장실 옆 벽면
조치중	2층 B존 화장실 출입문 고장[2] 기흥 테라타워 / 2층 B존 화장실 출입문
완료	보행자 교통사고 위험방지 필요[1] 판교 IT Campus / 판교IT캠퍼스(17번지)와 피미어스물(18번지) 사이 도로
조치중	동관 5호기 엘리베이터 18층 버튼[1] 잠실 캠퍼스(동관) / 동관 5호기 엘리베이터 18층

Reporting Risk Factors

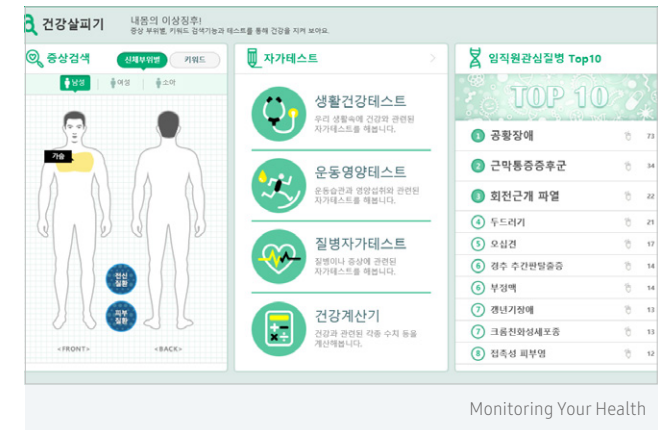
Communication

Samsung SDS guides safety and health policies, guidelines, and manuals and discloses the Occupational Safety and Health Committee meeting minutes. Further, information including 'Safety & Health Letter' and 'Tasanjiseok'(safety risk resolution cases) were shared to enforce safety culture and activities.



Monitoring Your Health

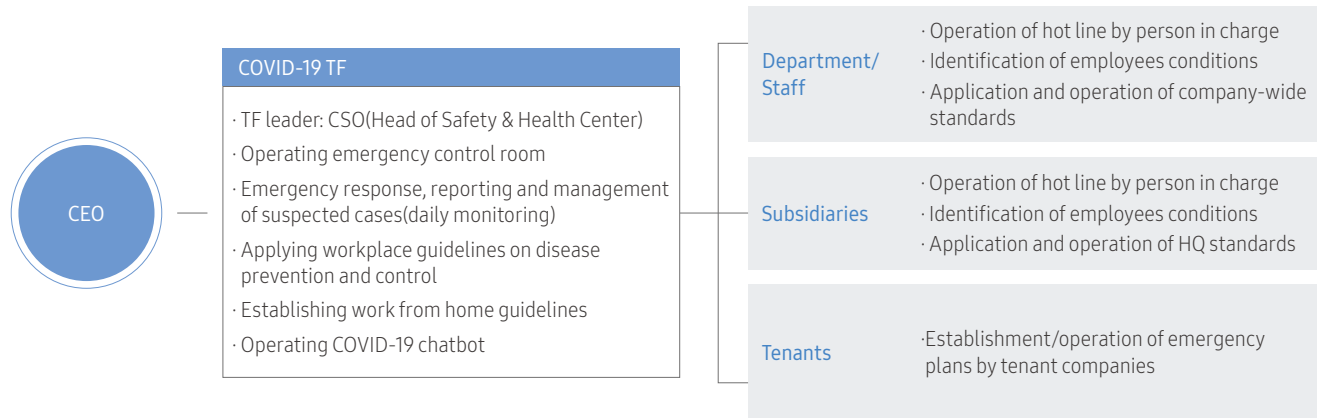
In partnership with specialized medical information service providers, safety and health portal provides self-health checks for employees to diagnose their health conditions. Employees can diagnose potential diseases and test their health conditions through daily health check-up, exercise and nutrition test, etc.



COVID-19 Emergency Response TF

Since the first outbreak in December 2019, the coronavirus(COVID-19) continues to mutate and become more contagious. In the face of this unprecedented pandemic Samsung SDS has established a robust response system. For the safety of its employees, Samsung SDS provided in-house COVID-19 vaccinations and flexibly applied response guidelines, and has made every effort to minimize the impacts of COVID-19 on its business.

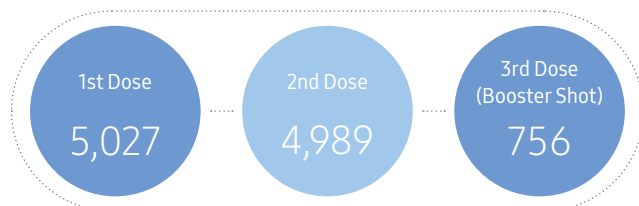
Composition and Roles of COVID-19 TF



Vaccination of Employees and Executives against COVID-19

To prevent the spread of infectious diseases among employees, the first, second and third doses of COVID-19 vaccines were administered at in-house clinics. Due to active promotions and guidance, the rate of vaccinations of employees was higher than the national vaccination rate.

Vaccination at In-house Clinic



Immunization Rate(National vs. Employee)

(Unit: %)

● Nation ● Samsung SDS



Preventive Measures Against Pandemics

Samsung SDS has worked to strengthen workplace safety by enacting quarantine guidelines for the prevention and control of infectious diseases and operating an emergency response system led by an organization dedicated to this response. Samsung SDS has in addition encouraged all employees to work from home, and is creating an environment enabling employees to concentrate on their work, by providing support for relevant expenses to alleviate the financial burdens of COVID-19 response.

Disease Control Guidelines

- Maximize working from home(as of February 2022)
- Establish guidelines for events, meetings, and business trips
- Temporary cessation of public space usage

Chatbot

- Survey through in-house messenger after weekend
- Preemptive response by input of details of COVID-19 test and provision of FAQs

COVID-19 Costs Coverage

- Rapid antigen test costs, etc.

Disease Control at Workplaces

- Disease prevention and control measures 5 times a week
- Hand sanitizers at workplaces
- Thermal imaging cameras at the entrances
- Guide on wearing masks

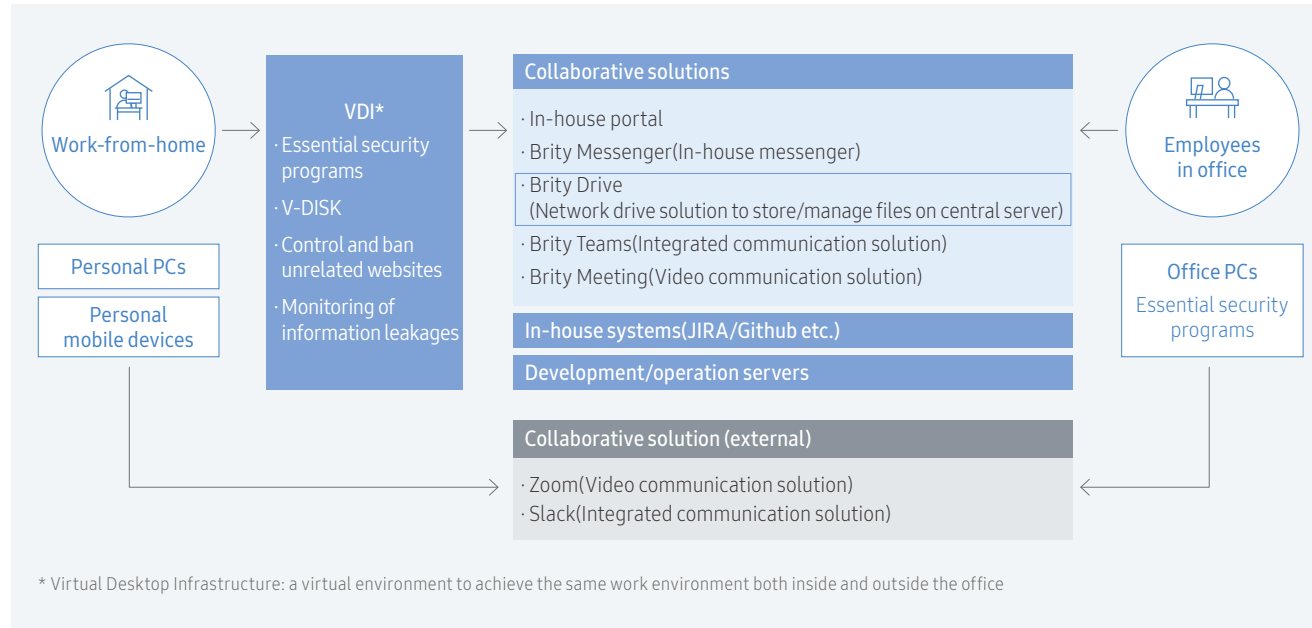


Material Highlights

- Environment
- Social**
- Safety and Health
- Human Rights Management
- Employee Development Program
- Work Culture Innovation
- Governance

Remote Work Environment

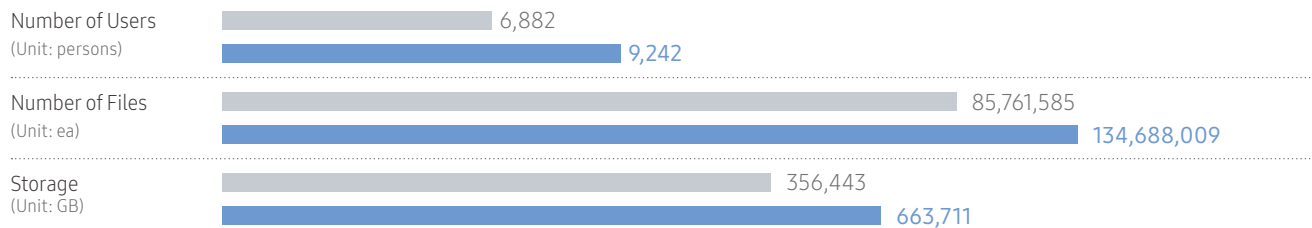
Samsung SDS has provided laptops for employees for working from home. Also, collaboration solutions including VDI(Virtual Desktop Infrastructure) and Brity Drive to support employees' seamless working experiences and for their work convenience.



Further, File Lifecycle & Compliance management (FLCM) was implemented for a safe document management and security during the remote work.

Changes in Use of Knox Drive due to COVID-19

● July, 2020 ● February, 2022



COVID-19 Chatbot

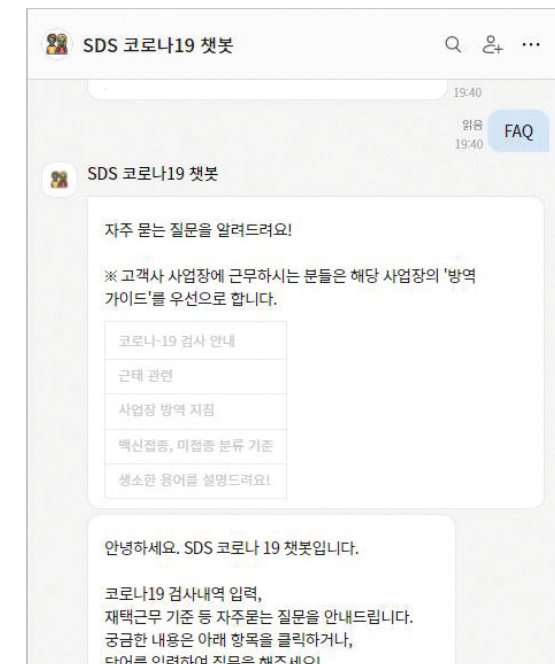
With COVID-19 chatbot, Samsung SDS automated process such as collecting quarantine data, sharing disease control guidelines at workplaces, providing FAQs, surveying health conditions, etc. Using the chatbot Samsung SDS has been managing the current situation of COVID-19 in real time, has built a database of test details to facilitate COVID-19 prevention and control in the workplace, and has provided customized guidelines on COVID-19 prevention and control to satisfy individuals' curiosity and help them in taking appropriate measures and actions.

Automated COVID-19 Management

- Survey all employees after weekends
- Inputting COVID-19 test details

Real-time & Personalized Guidelines

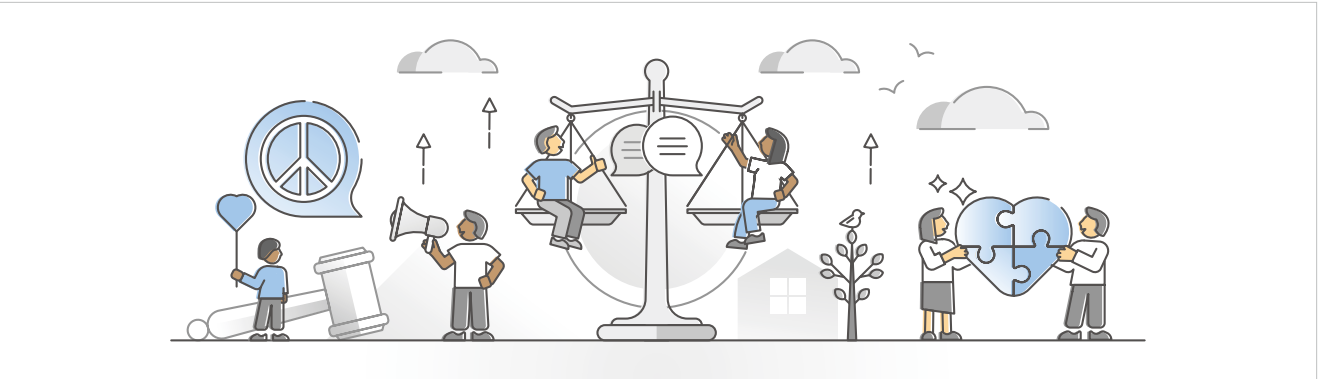
- Guidelines on COVID-19 prevention and control at workplace
- FAQs
- Personalized guidelines suitable for individual situations



Human Rights Management

Human Rights Management System

As a global leading IT service provider, Samsung SDS has established human rights management system for employees to work in non-discriminatory work environment and to respond international demands on human rights protection. Samsung SDS is deeply committed to respecting human rights under the United Nations' International Bill of Human Rights and the International Labor Organization's Core Conventions set out in ILO's Declaration on Fundamental Principles and Rights at Work. Samsung SDS also abides by the Code of Conduct of the Responsible Business Alliance(RBA) and comply with the laws and regulations of the countries where the company conducts business.



Areas of Focus for Human Rights Management

Samsung SDS established and implemented policies to ensure employee human rights. It established a set of assessments for human rights impacts based on the 8 items defined in its human rights policies. In 2022, Samsung SDS will establish its own evaluation standards based on standards and guidelines of international institutions such as CHRB(Corporate Human Rights Benchmark), and will conduct human rights surveys and evaluate impacts.

Governance and Policies <ul style="list-style-type: none"> · Policies and declarations · Roles and responsibilities of Board of Directors 	Human Rights Risks Management System <ul style="list-style-type: none"> · Internalizing human rights management · Human rights due diligence
Remedies and Handling Grievances <ul style="list-style-type: none"> · Channels and mechanism · Process for handling reports · Remedies for human rights issues, etc. 	Achievements in Human Rights Practices <ul style="list-style-type: none"> · Prohibition of child labor and forced labor · Guarantee freedom of association · Prohibition of sexual harassment and discrimination
Human Rights Issues and Responses <ul style="list-style-type: none"> · Serious human rights issues · Relevant company policies 	Transparency in Information Disclosure <ul style="list-style-type: none"> · Willingness to disclose information · Information disclosed

Human Rights Risk Assessment/ Improvement/Reporting Process

Human Rights Risk Assessment	
Developing assessment indicators	<ul style="list-style-type: none"> · Reflect principles in Charter on Human Rights and other international initiatives · Develop indicators for human rights risk assessment, concerning matters such as working conditions
Selecting assessment targets	<ul style="list-style-type: none"> · Select organizations subject to Charter on Human Rights · Provide assessment indicators and guidelines to assessment targets
Inspection	<ul style="list-style-type: none"> · Conduct self-diagnosis by organization subject to assessment · Establish self-improvement plans to address shortcomings
On-site due diligence	<ul style="list-style-type: none"> · Conduct interviews and on-site inspections to check internal regulations, systems, and risks in detail
3rd party verification	<ul style="list-style-type: none"> · Conduct separate assessments by third parties, if necessary, to guarantee objectivity of assessment and on-site due diligence
Improvement plans	<ul style="list-style-type: none"> · Establish and implement plans for improvement concerning 'high-risk' and 'non-conformity' issues identified through due diligence

Human Rights Management Improvements	
Monitoring implementation status	<ul style="list-style-type: none"> · Monitor whether improvement measures drawn up based on mutual consent continue to be properly implemented and taking appropriate corrective actions if necessary
Deriving improvement measures	<ul style="list-style-type: none"> · Specific plans for improvement concerning the risks identified through human rights risk assessment

Regular Reporting and Disclosure on Management Status	
Reporting to decision makers	<ul style="list-style-type: none"> · Reporting severe risks, improvement plans and implications identified through assessment to the target organization's management committee and business meeting
Disclosure	<ul style="list-style-type: none"> · Disclosing cases of human rights violations, risk assessment results and measures to be taken for risk reduction and mitigation, on the company's website or in its sustainability report



SOCIAL

Employee Development Program

Programs to Nurture Experts

Cultivate Cloud Professionals

Samsung SDS has established system to cultivate cloud professionals and is focused on nurturing them to enhance the competitiveness of its cloud business. Samsung SDS provides online basic training courses and in-house training courses to improve capacities in public cloud for all employees.

Fostering Global Talents

Samsung SDS provides various courses to support employees and to develop their global capabilities. The courses include 1:1 English coaching, language lectures, AI tutoring, etc.

My ProWay

Samsung SDS equips nearly 600 training courses to cultivate employees' job-specific competency. Employees can access My ProWay, Samsung SDS' in-house capacity building portal site, to freely take any training courses to improve their professional competency.

Software Development Capacity Support System

SW Qualification Test allows employees to test out their capabilities on algorithm, and coding which are necessary for software development. Self-diagnose tests and training courses are provided, and additional points for promotion and financial rewards are granted for those who earns the highest certification.

Data Scientist Certification

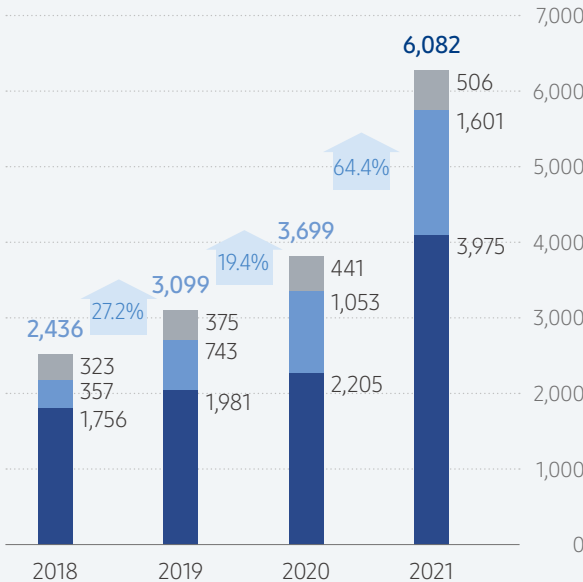
Samsung SDS developed and operates Data Scientist(DS) Certification Program. Various contents and training courses are provided through DS Academy, the in-house DS training center.

Core Technology Training Courses

Samsung SDS core technology courses intend to identify individuals with high growth potential and nurture them into new technology experts. In-house and external professionals provide lectures and wide-ranging practice sessions are offered in the technologies leading the 4th Industrial Revolution such as AI, Blockchain, Cloud, Data Analytics, and Security, to help trainees develop into experts in their own fields. As of the end of 2021, nearly 1,600 employees have completed these courses since 2018.

Growth of Experts

● Advanced software experts ● 5 core technologies* ● Data scientists



* Including those having two or more professional skills

* AI, Block Chain, Cloud, Data Analytics, Security

Our Business

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- Environment
- Social**
- Safety and Health
- Human Rights Management
- Employee Development Program
- Work Culture Innovation
- Governance

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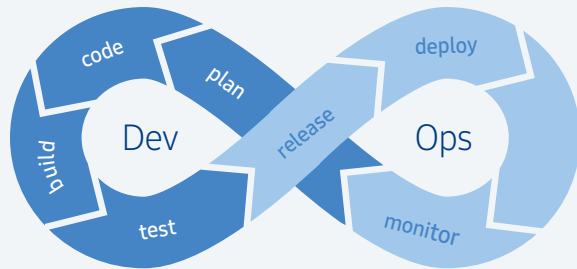
Appendix

Work Culture Innovation

Samsung SDS has created DevOps, a unique standard system to achieve innovation in its work culture and work methods. DevOps is to connect workflow between development and operations, feedback between the planning, development and operation departments, shorten the work period and product release cycle through automation.

DevOps

DevOps is a compound term of Development and Operations, and is a tool for improving organizational competence based on integration and collaboration between development and the operation organizations.



DevOps Transformation			
Automation	Lean	Measurement	Sharing
<ul style="list-style-type: none"> Eliminating mistakes/risks Improving process agility 	<ul style="list-style-type: none"> Focus on customer values Improve quickly and continuously 	<ul style="list-style-type: none"> Measure everything and check for possible improvements 	<ul style="list-style-type: none"> Share information Collaborate
Culture			

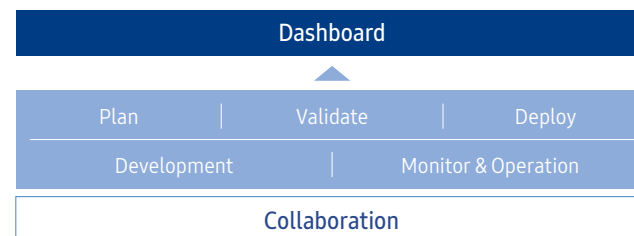
DevOps Applications

- Automating configuration of development environment**
 - **Web-based development environment** to enable development remotely
 - **Automatic configuration** of development and distribution system
 - Configuration in **as little as 1-5 days**
- Time To Market**
 - **Reduce human error** through automation
 - Global distribution in **4 hours -> 20 seconds**
 - Application cycle reduced by **half**
 - **Zero** downtime

Based on intranet system (500 thousand users in 74 countries)

DevOps-Based Working Standards

Built on DevOps principles, Samsung SDS' DevOps system categorizes the entire lifecycle of development and operation into 6 areas: Planning, Development, Validation, Display, Monitoring & Operation, and Collaboration. DevOps provides standardized tool chains to the individual areas for measurement and visualization of their progress.



Sustainable DevOps

Samsung SDS has devoted efforts to enhancing the quality of its DevOps by improving the culture of sharing and collaboration based on DevOps principles and simplifying the developmental/operational processes through automation based on the use of standard tools. Samsung SDS supports the application of DevOps by each department through the DevOps organization while working to improve the quality of work through maturity assessments.

Maturity Assessment Items

Plan

Manage maturity level with system based developmental and operational process through customer requests, requirements on planning state, roadmaps, etc.

Development

Maturity levels of all activities related to coding, including code review, test codes, and configuration management

Validate

Maturity levels of performances of continuous integration, such as code integration, analyses of code quality and security vulnerabilities, test automation, and packaging

Deploy

Maturity levels to achieve continuous deployment by automation of deployment through standardized release processes and systems

Monitor & Operation

Maturity levels of management such as rates of service availability, operational stage requirements, regular/irregular tasks, release process and history, etc.

Collaboration

Maturity levels of collaboration and communication between related departments such as planning, development, and operational departments



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Digital Responsibility

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MATERIAL HIGHLIGHT

GOVERNANCE

Recently investors are paying greater attention to sustainable corporate value from a long-term ESG performance perspectives such as adoption of the Stewardship Code and promotion of responsible investment. Accordingly, companies should strive not only to enhance their financial profits by acquiring future growth engines in uncertain business environment but also to create non-financial values by living up to corporate social responsibilities.

In addition, companies should work to enhance their corporate values by protecting the rights of their shareholders and investors through sound and transparent corporate governance and meeting the expectations of various stakeholders. For these purposes, Samsung SDS is planning a variety of activities to bolster shareholder interests, protect stakeholder rights, and enhance its corporate value, while also striving relentlessly to improve its corporate governance.



HOW WE MANAGE

Following the establishment of the ESG Committee within the Board of Directors last year, Samsung SDS took measures to build a company-wide ESG management system including the appointment of a person in charge of environmental management. Going forward, Samsung SDS intends to establish sound governance through further enhancements of the independence and expertise of its Board of Directors. Samsung SDS is also running a compliance activities process involving enhanced precautionary measures to minimize management risks that could arise from problems related to issues such as fair trade, anti-corruption, intellectual property rights, personal information protection, and strategic materials. In this way, Samsung SDS will comply with domestic and international laws and regulations scrupulously and practice thorough compliance management.

2021 KEY FIGURES

Strengthening Responsible ESG Management
Establishing the ESG Committee

Strengthening Digital Responsibility

AI Ethics Principles, Open Source Policy,
Personal Information System(PIS)



GOVERNANCE

Strengthen Responsible ESG Management

In order to fulfill its social responsibility as a global corporate citizen, Samsung SDS has worked to enhance its responsible ESG management by establishing the ESG Committee in 2021 and appointing an independent director as its chair. In this regard, Samsung SDS departments are reporting on their tasks and plans on each ESG category to the ESG Committee via the ESG Council. In the first quarter of 2022, the ESG work plan for 2022 and the plan for operating an organization in charge of environmental management was reported to the ESG Committee. Samsung SDS will continue to reinforce responsible ESG management, led by the BOD and the ESG Committee, through the regular reporting on major achievements and progress, plans, and obtaining approval from the ESG Committee for actions dealing with important issues.

Establishment of ESG Committee

The ESG Committee was founded in October 2021, for the purpose of enhancing corporate value from the ESG standpoint and creating sustainable values together with various stakeholders including customers, employees, shareholders, suppliers and local communities. The ESG Committee members comprise 4 independent directors and 1 executive director, in line with Article 3 of the Operational Regulations of the ESG Committee. They have the authority to deliberate on and reach decisions concerning the establishment of ESG strategies and policies, current ESG issues and promotional activities, and other ESG-related matters concerning which actions are deemed necessary.

ESG Committee

Title	Executive Director	Independent Directors	Roles
ESG Committee	Sungwoo Hwang	Seung-Ah Cho*, Jae-Man Yu, Hyuck Yoo, Hyun-Han Shin	Enhancing corporate values from the ESG perspective and creating sustainable values with diverse stakeholders

* Chair

Committee Activity

Round	Date	Attendance	Category	Agenda	Passed/Not passed
1st	2021.10.27	5/5	Decided	· Appointment of the ESG Committee Chair	Passed
2nd	2022.01.27	5/5	Reported	· ESG work plan for 2022 · Operation of organization in charge of environmental management · CSR 2.0 program	-

Committee Workshop

Round	Date	Attendance	Details
1st	2022.04.13	5/5	Climate change regulations and responses of global ESG leading companies
2nd	2022.05.16	4/5	Plans for carbon neutrality and transition to renewable energy

Advisory for the ESG Committee

In order to strengthen the ESG Committee's expertise, and help reaching the appropriate decisions, the ESG Committee is assisted by an advisory group composed of experts in each ESG categories.

ESG Agenda

- Identify and communicate on ESG issues
- Hold ESG Council meeting regularly

Committee Competency

- ESG Committee workshops
- Provide lasted ESG trends
- Develop expertise with ESG advisory

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Digital Responsibility

AI Ethics Principles

Samsung SDS recognizes that, when using AI technology, its usage should be developed in consideration of not only human dignity and rights but also the environment and ecosystem, and it has therefore established a company AI Ethics Charter based on UNESCO's Recommendation on the Ethics of Artificial Intelligence. Samsung SDS will apply its Charter to the entire process of developing and utilizing AI technology, and check to ensure that it is properly implemented.

1. Respect for Human Rights

Based on Samsung's business principles, Samsung SDS will place priority on human-centered values in the courses of its AI development, data collection and service provision. Samsung SDS will comply with various social values and international human rights laws, in the entire process involved in developing and utilizing AI technology, and will respect all human beings equally.

2. Diversity and Inclusiveness

Samsung SDS will give priority to the values of equality and diversity in the application of AI technology so that AI does not learn unfair discrimination or prejudice against anyone including users. In addition, from the stage of service design, Samsung SDS will prevent children and adolescents from being exposed to inappropriate information and risks and will actively consider ways in which the vulnerables prone to alienation from the information society can be benefited from AI technology.

3. Protection of Data and Privacy

Samsung SDS will transparently manage the entire operation involved in processing the data collected, analyzed and used to provide AI services. It will in addition strive to enhance the security process through protection of personal information, so that information is not damaged or leaked due to data breaches or cyber attacks.

4. Conservation of the Environment and Ecosystem

Samsung SDS will comply with the relevant international laws and national norms, standards and practices, so that its development of AI and provision of AI services do not negatively affect the sustainability of the environment and ecosystem.

5. Communication

Samsung SDS will provide sufficient explanations to enable users to understand the AI system without any compromising of corporate competitiveness. It will also devise countermeasures to any risks and negative consequences that the use of AI technology may cause users.

Open Source Policy

Samsung SDS works toward ensuring open source compliance and contributing to open source ecosystem. The company's core values being sharing and collaboration, Samsung SDS also pursues various activities to promote shared growth of open source community and developers. Samsung SDS implements open source policy in order to guarantee the appropriate usage of open source software and to autonomously meet obligations. This prevents legal risks that may arise from violating obligations or from indiscreet usage/ distribution of open source license as well as violation of exclusive rights, and can also contribute to creating value by utilizing open source. Samsung SDS implements open source policy that includes the following elements.

Organization and Role

Samsung SDS runs the Open Source Program Office(hereinafter OSPO) to guarantee the efficient implementation of open source policy. OSPO supports/ manages employees' safe and efficient open source activities, and provides guidance on executing proper compliance and open source use. This resource is responsible for setting up open source strategies to be applied across the entire company(e.g., crafting policy, training programs, spreading culture and etc.).

Notice

At the point of distributing the software developed under an open source license, the employee is under an obligation to notify the user of open source use. This rule applies to all software developed by Samsung SDS that is delivered to clients.

Contribution

Samsung SDS encourages employees to participate in external open source projects to make contributions to creating business value in the open source software environment, and ensures policy compliance to prevent unintentional IP leaks or 3rd party infringements.

Training

Samsung SDS offers regular open source training sessions to employees to spread the open source policy across the company and for employees to be aware of associated risks when open source obligations are not met. The company also operates an internal open source portal that is accessible to employees to refer to when having questions about open source policy.

Response to External Inquiries

OSPO immediately reviews the received external inquiries or requests about open source, and delegates authority to the appropriate organization to promptly address them.

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Information Protection


Enhanced Management of Customer Information

Samsung SDS established the Privacy Management Team under the Legal Service Team and appointed a Chief Privacy Officer(CPO) and a Chief Information Security Officer(CISO), who are responsible for responding proactively to the information security issues. They prepare the policies in accordance with the Personal Data Protection Act, conduct inspections of the implementation status of personal information protection policies and convene the Personal Data Protection Council every year. Samsung SDS recognizes the importance of personal information and has adopted various stringent measures to ensure the use/protection of personal information in accordance with relevant policies and regulations.




Policy

- Establish operational standards and guidelines for information
- Develop processes in case of data leakage




Legislation

- Study and monitor constantly evolving trends and legal landscape around information protection



Training and Communication

- Train employees who are responsible for information protection
- Provide privacy guidelines for all employees to raise awareness



Audit

- Regular audit on operation and application of data protection and privacy policy
- Take immediate actions in case of necessity

Personal Information Protection Council

<p>Title</p> <ul style="list-style-type: none"> · Personal Information Protection Council 	<p>Chairperson</p> <ul style="list-style-type: none"> · Head of Legal Service Team (Secretary: Privacy Management Group Leader) · Privacy related department leaders
<p>Composition</p> <ul style="list-style-type: none"> · Legal Service Team, Compliance Team, Samsung Security Center · Quality Team, Business Innovation Team, HR Team, Communications Team 	<p>Agenda</p> <ul style="list-style-type: none"> · Privacy issues and amendments to laws · Privacy protection and data usage
<p>Cycle</p> <ul style="list-style-type: none"> · Regular meeting(quarterly) and whenever issue occurs 	

Personal Information System(PIS)

Samsung SDS launched Personal Information System(PIS) in August 2021 to manage applicable regulations and the detailed status of audit history.

PIS Management Status

Category	2019	2020	2021
Number of data breaches/incidents	0	0	0
Number of complaints received via external agencies	0	0	0
Number of complaints received via regulatory bodies	0	0	0
Number of requests of user data and information from the government and law enforcement agencies	29	47	45
Rate of submission of data/information requested	100%	100%	100%
Number of cases of user information usages for secondary purposes	0	0	0

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What we achieved



Category	Contents	Status
Expanded participation in global environmental initiatives	<ul style="list-style-type: none"> - Declared support for the TCFD - Received Management B rating in the CDP - Implementing RE100 and SBTi to reduce carbon footprint 	Achieved
Eco-friendly data center	<ul style="list-style-type: none"> - Obtained Platinum Grade from Green Data Center Certification for Chuncheon Data Center - Invested KRW 39.21 billion to create environmentally friendly data center(Dongtan) 	Achieved
Eco-friendly logistics services	<ul style="list-style-type: none"> - Selected as an excellent green logistics company by the Ministry of Land, Infrastructure and Transport - Investment worth KRW 1.92 billion to provide eco-friendly logistics services 	Achieved
GHG reduction	<ul style="list-style-type: none"> - Reduced 1,297 tCO₂eq more than planned 	Achieved
Expansion of renewable energy usage	<ul style="list-style-type: none"> - Renewable energy consumption: 245 MWh 	Achieved
Environmental management system	<ul style="list-style-type: none"> - Expanded ISO 14001 to all global business sites 	Achieved
Eco-friendly management activities	<ul style="list-style-type: none"> - Promoted Paperless Campaign - Reduced waste generated at the workplaces 	Achieved

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Environmental Management System

Environmental Certification

Samsung SDS is recognized for its eco-friendly management through environmental certification. In 2014, it obtained ISO 14001 certification, a global environmental management standard, for business sites, and has renewed the certification every year. In 2021, Samsung SDS received renewed certifications for all its domestic and overseas business sites. Samsung SDS has also been recognized for eco-friendly management. Chuncheon Data Center obtained Platinum Grade for 2022 Green Data Center Certification. Samsung SDS obtained 99.7 points in recognition of continued investment in energy efficiency such as minimizing the number of personnel in charge of managing data centers, installing a refrigerator awning, and installing an outdoor spray facility. Samsung SDS Cello was listed on the Certified Green-Logistics Company in January 2022. Samsung SDS has managed emissions of domestic logistics facilities and transportations since 2021, and expanded the scope of GHG emissions calculation/management to international in 2022. Samsung SDS is on the process of building a system-based carbon emissions monitoring system for Cello, and plans to establish mid- to long-term eco-friendly logistics strategies.



Environmental Initiatives



In order to accept the global recommendations for climate change-related information disclosure, Samsung SDS declared its support for TCFD in April 2021 for the first one to declare in software & service sector in Korea.



Samsung SDS participates in the Carbon Disclosure Project(CDP), and obtained Management B in 2021.



Samsung SDS is considering the transition of fossil fuel to renewable energy and targets according to the RE100 guidelines.



Samsung SDS plans to establish a carbon emissions reduction target in accordance with the SBTi to systematically implement and verify reduction targets.



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Climate Change Risks

Samsung SDS established climate change scenarios and analyzed related risks based on global guidelines such as TCFD and CDP. Largely 2 major scenarios(① physical, ② transitional such as regulations, market, and technology level) were analyzed and managed the risks of “RCP 8.5 and IEA Current Policy Baseline Scenario” in comparison to “RCP 2.6 and IEA Sustainable Development Scenario.”

Short, Medium, and Long-term Risks and Opportunities

	Short-term(~2025)	Midium-term(~2030)	Long-term(~2050)
Risks	<ul style="list-style-type: none"> · Increase in carbon credit cost · Costs for regulatory response(costs for verification, manpower) 	<ul style="list-style-type: none"> · Increase in costs for purchasing renewable energy (including electricity rates) · Increase in cooling costs due to global warming 	<ul style="list-style-type: none"> · Corporate reputation risks · Facility management risks due to climate change
Opportunities	<ul style="list-style-type: none"> · Reduced data center operating costs through the expansion of high-efficiency facilities 	<ul style="list-style-type: none"> · Reinforced the competitiveness of eco-friendly data centers 	<ul style="list-style-type: none"> · Improved brand image as an eco-friendly company

Transitional Risks

1) Policy and Legal

Because Samsung SDS is a global company operating in 40 countries around the world, it is affected by the systems and regulations of different countries. The international community is actively addressing climate change caused by global warming and enacting national environmental regulations and policies in accordance. Samsung SDS may be subject to the EU Carbon Border Adjustment Mechanism(CBAM) and mandatory climate disclosure regulations by the US Securities and Exchange Commission. Cost of responding to new regulations and policies in countries where it operates is expected to be increased. Further, due to Carbon Neutrality Framework Act in Korea effect in March 2022, risks of responding carbon emission regulations and reducing carbon emissions are expected to increase.

2) Technology

Data throughput is expected to be continuously and vigorously increase as the demand on IT services based on digital technologies such as AI and IoT. Accordingly, high-performance computing(HPC) technology, processing large-capacity data at high speed, is applied to improve data center performance and increase efficiency. Therefore, investment is expected to increase to improve energy efficiency and performance of data centers.

3) Market

Samsung SDS' major B2B customers declare carbon neutral, expand their emission management scope, and reinforce eco-friendly purchasing policies. Due to the trends moving towards carbon neutral and response to climate change, carbon emission reduction activities can greatly impact on its businesses.

4) Reputation

As corporate social responsibilities on environment are increasing, corporate ESG activities have become even more important. As a global leading IT service provider operating business in 40 countries, Samsung SDS can be affected by negative feedback from stakeholders, therefore, lower its brand value and damage reputations. To lower its reputation risks and enhance corporate brand value, Samsung SDS will i) declare carbon neutral target and use of renewable energy plan, and ii) disclose detailed plans through SBTi in order to fulfill environmental responsibilities and willingly respond to climate change.

Physical Risks

1) Facility Management Risks due to Climate Change

Climate change may cause natural disasters such as typhoons, torrential rains, and abnormal high temperatures, which may damage offices and buildings or cause malfunctions in facilities. Replacement cycle for outdoor air filters at data centers may be shortened due to an increase in the occurrence of yellow dust caused by global warming and fine dust by the use of fossil fuels. The amount of solar power generation may decrease due to lack of sunlight as well.

2) Global Supply Chain Risks due to Climate Change

Global supply chain risks such as rising oil prices are increasing more than ever due to abnormal weather conditions. Samsung SDS' logistics services may be exposed to such risks, and this may cause delays and disruption in logistics services or increase service costs having negative impacts on its financial performance.

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Opportunities

1) Reduced Operating Costs by Expanding Low-carbon Facilities

Samsung SDS already obtained PUE* for global top-tier data centers, and is continuously improving the ratio by expanding renewable energy, using direct and indirect outdoor air cooling system, introducing high-efficiency power facilities, controlling the number of temperature & humidity chambers using computational fluid dynamics(CFD), and identifying optimal cooling conditions with artificial intelligence. For efficient energy management, Samsung SDS established Power Status Monitoring(PSM) to monitor the usage of IT equipment and data center facilities in real time measuring and managing energy usage for each component. With PSM, Samsung SDS monitor the results of various activities to improve energy efficiency in real time. Samsung SDS is expected to be able to reduce electricity consumption, GHG emissions, and electricity costs by 31% for Dongtan Data Center, which is scheduled to open in 2022. Samsung SDS will also reduce energy costs for existing data centers by expanding high-efficiency facilities.

2) Strengthening the Industrial Competitiveness of Eco-friendly Data Centers

Samsung SDS consider energy-efficient data center as an opportunity factor. Customers prefer products and services that are engaged in eco-friendly activities with minimal negative impact on environment, and increasingly choose brands that are engaged in such activities and services. In the era of the 4th industrial revolution, data usage is rapidly increasing, and the data center outsourcing business is expected to continue to grow. Samsung SDS' data center has a low PUE* which can lower energy costs and increase cost competitiveness. As a number of customers require low-carbon data centers increases, it is expected that Samsung SDS can secure technological competitiveness.

3) Enhancing Corporate Image as an Eco-friendly Company

Climate change can be a risk to businesses, but it can also be an opportunity. Samsung SDS strives to achieve net zero and renewable energy conversion. Various stakeholders such as investors and ESG rating agencies monitor a company's eco-friendly activities and fulfillment of the related goals, influencing its corporate image and brand reputation. Eco-friendly activities including the operation of energy-efficient data centers and conversion to renewable energy are expected to have a positive impact on a company's brand value and reputation.

* PUE(Power Usage Effectiveness) : The total amount of electricity used by the data center that is divided by the amount of electricity consumed by IT equipment. It is generally used as a measure of data center efficiency; the closer to 1, the more power is saved.

Financial Impacts

1) Cost of Purchasing Carbon Credits

Samsung SDS is subject to the national GHG Emissions Trading Scheme(ETS), and has been allocated carbon credits for all domestic business sites from 2021. If the amount of emissions exceeds the quota, additional allowances must be purchased or emissions must be reduced. As the paid allocation ratio for the Phase 3 of the ETS is set as 10%, there will be a serious shortage of carbon credits. That is, the credit cost may increase and additional costs may incur.

2) Purchase Costs for Renewable Energy

In order to meet its goal of achieving carbon neutrality by 2050, the Korean government has enacted a number of policies and regulations to lower carbon output and increase the use of renewable energies. The government is expected to phase out energy generated by fossil fuel and maximize the use of renewable energy in order to achieve 2050 national net zero target. The government policy to switch to renewable energy has a significant impact on the industry; the demand for renewable energy is expected to skyrocket causing price hikes and procurement risks.

3) Increase in Cooling Costs due to Global Warming

When operating data center infrastructure, the most energy is consumed to cool the server room. Climate change causes global warming and increases the cooling costs of data centers.

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Investments in Eco-friendly Data Centers and Activities to Reduce Energy Consumption

Samsung SDS's 2021 energy consumption was 2,117 TJ, an increase of 8% compared to last year. For office, the total energy consumption increased due to the construction of a new work site though energy consumption per building was reduced as work-from-home increases. As a result, energy consumption remained similar to that of the previous year(2020). For data center, energy consumption increased by 8% due to the opening of Samsung Cloud service and expansion of High Performance Computing(HPC) resources.

Samsung SDS minimizes energy loss by monitoring energy usage mount at data centers. In addition, Samsung SDS will continue to adapt energy reduction technologies to reduce energy consumption.

Energy Consumption

(Unit: TJ)

Category	2019	2020	2021
Total	1,988	1,954	2,117
HQ	250	229	248
Sangam Data Center	495	496	548
Suwon Data Center	800	862	921
Gumi Data Center	168	173	176
Chuncheon Data Cente	54	183	224

Eco-friendly Investment for Existing Data Centers

(Unit: million KRW)

Location	Item	Amount
Suwon Data Center	Replacement of high-efficiency PAC in the substation	146
Gumi Data Center	Installation of electric water heater	10

Eco-friendly Investment at Dongtan Data Center

(Unit: billion KRW)

Category	Items	Amount	
Construction	Containment	0.9	
	Electricity	High efficiency UPS	4.0
		High efficiency transformer	2.4
		Device for power factor correction	0.2
		LED lights	0.7
Machinery	Establishment of solar energy facilities	0.9	
	High-temperature and cold-water refrigerator(large temperature difference)	5.1	
	Water-side economizer	5.1	
	Inverter pump	1.0	
	Fan wall(variable air volume fan)	16.8	
	Temperature & humidity chamber (variable air volume fan)	2.0	
	Total heat exchanger	0.01	
	Total	39.2	

Use of Renewable Energy

Samsung SDS is expanding the use of renewable energy by installing solar power generators and solar hot water supply systems on idle areas such as rooftops and parking lots.

Renewable Energy Use

Category	Unit	2019	2020	2021	Target
Use of non-renewable energy	MWh	198,988	196,867	195,173	199,581
Use of renewable energy	MWh	184	239	245	256
Renewable energy generated	MWh	184	239	245	256
Renewable energy use ratio at data centers	%	0.08	0.12	0.13	0.13

GHG Emissions Activities

(Unit: tCO₂eq)

Category	Item	Emission Reduction
Suwon DC	Free cooling system	1,159.01
	Cooling water temperature adjustment with containment	265.87
	Control of the number of thermo-hygrostats through temperature-humidity sensors	314.49
	Extension of the operation period of spray pumps in cooling towers	273.74
	Partial suspension of air-cooled thermo-hygrostat	188.75
Sangam DC	Server room humidifier operation efficiency	51.57
	High efficiency PAC replacement	12.70
	Direct free cooling system	271.37
Chuncheon DC	Higher standard temperature	39.62
	Control of the No. of operating cooling towers	22.46
	Expansion of direct outdoor air introduction period	39.61
	Shading device/water spray for outdoor chillers	34.74
Gumi DC	Outdoor refrigerator condenser coil spraying	13.90
	Electric boiler	45.50
Total		2,733.35



Suwon DC Solar Water Heating System



Sangam DC Photovoltaic Power Generation



Chuncheon DC Photovoltaic Power Generation

Water Consumption Management

Samsung SDS compares the monthly water bill with the previous month or the same month of the previous year, check the increase or decrease in water usage, and establish management plans after identifying the causes. In addition, Samsung SDS regularly cleans and disinfects water tanks, and manages water through regular water quality inspections.

Water Consumption

With data center energy saving activities, water consumption was reduced by 3,000 ton.

(Unit: ton)

Category	2019	2020	2021
Total water consumption	254,365	326,406	323,461
Water-intake			
Waterworks	254,365	326,406	323,461
Underground water	161,964	162,868	167,784
Discharge			
Underground water	161,964	162,868	167,784

Water Consumption Reduction Activities

Samsung SDS reduces water consumption by diversifying cooling methods when designing data centers. Sangam DC utilizes local water for effective cooling with less water consumption; local cold water(12°C) is about 5°C lower than general water(17 to 18°C). Sangam Data Center uses outdoor cooling method to reduce water consumption.

Water Consumption

(Unit: ton)

Category	2021
Suwon DC	141,331
Sangam DC	45,915
Gumi DC	14,034
Chuncheon DC	13,389
East Campus	61,342
West Campus	47,450
Total	323,461

Waste Management

In 2021, the amount of waste generated within the workplaces was 953 tons, decreased of 622 tons from 1,575 tons of the previous year. The reduction is largely caused because the number of employees commuting decreased as the number of work-from-home increased due to COVID-19. Further, efforts to reduce waste has also contributed to the reduction of waste generation.

Waste Generation Management

(Unit: ton)

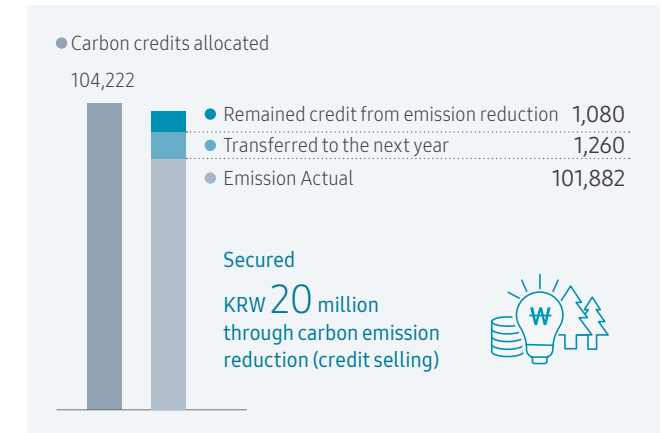
Category	2019	2020	2021
Total waste disposed	1,300	1,575	953
Total waste recycled	N/A	N/A	361
Waste recycling target*	N/A	N/A	350
Landfilled	1,295	1,568	576
Incinerated with energy recovery	0	0	0
Incinerated without energy recovery	0	0	15
Waste otherwise disposed	5	7	1
Waste with unknown disposal method	0	0	0

* Due to the nature of the industry, there is no waste other than general waste. Therefore, waste use/sell is not available.

Carbon Credits Management

Samsung SDS manages carbon credit in accordance with GHG reduction performance. A total of 1,080 ton carbon credit was remained from reduction activities, and sold securing KRW 20 million and transferring 1,260 tons to the next year.

(Unit: tCO₂e)



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Paperless campaign	<ul style="list-style-type: none"> Reducing toner usage for multifunction devices through in-house paperless campaign(41.8% reduction compared to the previous figure) Minimizing the use of paper through electronic voting and online observation of general shareholders' meetings and general meetings of employee stock ownership association
Installation of eco umbrella dryer	<ul style="list-style-type: none"> Minimizing the generation of plastic wastes by installing umbrella rainwater removers instead of providing plastic bags for umbrella
Healthy stairs	<ul style="list-style-type: none"> Encourage employees to use the stairs instead of the elevator by decorating the stairwell and improving air conditioning facilities
Installation of HiSAVER, automatic light-off at lunchtime and at night	<ul style="list-style-type: none"> Minimizing power consumption by shutting off unnecessary power at all times
Relaxation of office dress code during summer	<ul style="list-style-type: none"> Reducing energy required for cooling by allowing shorts during the summer
Encourage bicycle commuting	<ul style="list-style-type: none"> Installing bicycle storage and shower facilities for employees commuting by bicycle
Professional technical training for employees in charge	<ul style="list-style-type: none"> Improving the expertise of employees by educating them on the latest trends for energy reduction facilities and measures for resource efficiency through specialized technology seminars
Participation in external events	<ul style="list-style-type: none"> Saving energy and improving environmental awareness among employees by donating used cell phones and batteries, holding gifts events for donors, and participating in Earth Day Lights Out event
SW asset reuse	<ul style="list-style-type: none"> Minimizing the use of SW assets by reusing source code, API, documents/knowledge assets SW asset reuse project is continuously expanding(42 assets in 2019 to 211 in 2021): saving KRW 37.8 billion cumulatively. Creating reuse ecosystem with Go Go Reuse, a SW asset reusing campaign



SOCIAL

What we achieved

Employees



Category	Contents	Status
Human rights management	- Established roadmap and evaluation process for human rights management	Achieved
Employee diversity	- Ratio of female employees: 30.2% - Employment rate for people with disabilities: 3.31%	Achieved
Competency development for employees	- Provided training courses to enhance cloud competency - Average training hours per employee: 63.59 hours	Achieved
Innovation in the way of working	- Applied working standards based on DevOps	Achieved
Work-life balance	- Renewed Best Family Friendly Management certification - Reinforced the maternity protection policies and facilities	Achieved
Strengthening communication channels for employee	- Addressing 100 cases of employee grievances and holding 200 meetings	Achieved
Improving work environment	- Improved working environment through establishment of an integrated office at Pangyo	Achieved

Social Contributions



Category	Contents	Status
IT education support for youth	- Run Samsung Junior SW Academy - Expanded support for use of 'Brightics Studio,' a data analysis solution	Achieved
Social contribution to the local communities	- Established IT education center for the local community - Operated a direct market for sister villages to revitalize the rural economy	Achieved
Employee participation in Social Corporate Responsibility(CSR)	- Untact volunteering such as Online IT Mentoring, Hands-on Volunteering, etc. - 'Nanoom Book Story,' the regular newsletter	Achieved

Customers

Category	Contents	Status
Expansion of customer service channels	- Artificial Intelligence based Contact Center(AICC)	Achieved
Customer satisfaction management	- Customer satisfaction score: 92.2	Achieved
Service failure management	- Failure rate: 0.024ppm, VOC processing rate: 100%	Achieved
Quality management system	- Applied quality management process by each business type	Achieved

Suppliers

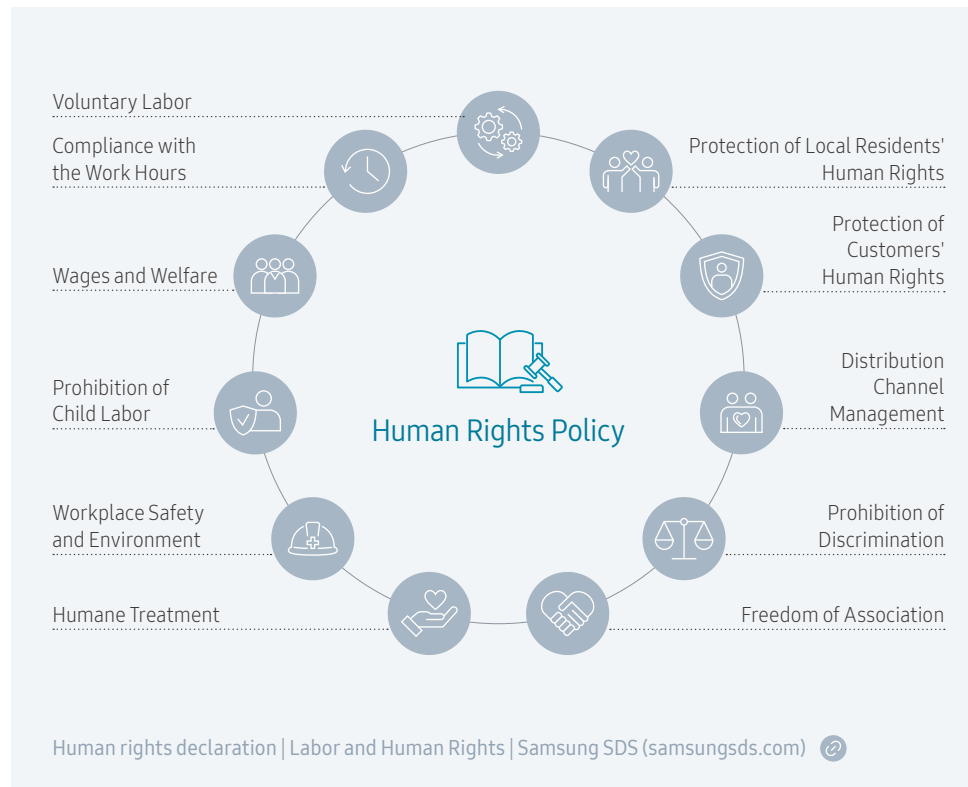


Category	Contents	Status
Win-Win Growth Index	- Obtained Most Excellent for 4 consecutive years	Achieved
Financial support for suppliers	- Funded KRW 60 billion for win-win management	Achieved
Technical support for suppliers	- Provided Brity RPA, a business automation solution - Provided innovator development methodologies (6 methodologies, 42 companies)	Achieved
Educational support for suppliers	- 63 programs for 2,195 people	Achieved
Supports to help overcome COVID-19	- Provided collaboration solutions, quarantine products, and early payment	Achieved

SOCIAL/ Human Rights

Human Rights Policy

Samsung SDS has prepared and implemented 11 human rights policies to protect the human rights of our employees. Human rights policies protect the human rights and dignity of employees at a level befitting a world-class company. This policy applies to all types of employees, including temporary employees, migrant employees, trainees, and dispatched employees. Employees must be guaranteed that all demands they are subject to in the workplace are legal, and that their rights are protected in accordance with the laws and regulations. Suppliers also continue to carry out activities such as assessment and monitoring to prevent human rights violations.



Declaration of Human Rights

Samsung SDS seeks to find mutually beneficial relationships with customers, employees, shareholders and investors, suppliers, and the local community, honoring the intrinsic rights of all interested parties. Samsung SDS supports and observes the principles of human rights suggested in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. To observe the principles of business and human rights, Samsung SDS shall establish the required internal system to collect the opinions of the interested parties, according to this declaration of business and human rights. Rather than simply collecting opinions of the interested parties, Samsung SDS shall also monitor, evaluate, and improve the business and human rights status on a regular basis and share the results internally and externally.

Human Rights Training

Samsung SDS respects human rights and freedom of association, and complies with the standards and regulations of Labor/Human Rights organizations suggested in the Universal Declaration of Human Rights, the International Labor Organization(ILO) Core Conventions, the Responsible Business Alliance(RBA) Code of Conduct, and local labor laws.

- Q2: Training for improving the awareness of people with disabilities
- Q3: Training for preventing workplace harassment, training for mental health

Anti-discrimination Training for Overseas Local Employees

On a bi-annual basis, employees selected for overseas assignments are trained in global etiquette on diversity and equality and on locally appropriate behaviors so that they can work in harmony with their local coworkers. Overseas worksites also provide training to locally hired staff once or twice a year on accident prevention, understanding of Korean and other cultures, and human rights protection.

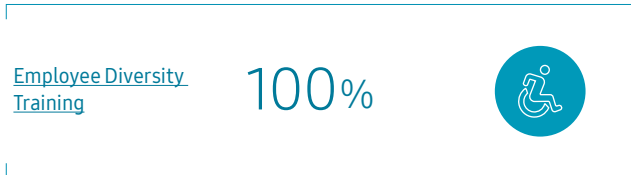
Employee Diversity Policy

Samsung SDS employees are not discriminated against on the grounds of gender, race, nationality, religion, age, or health conditions. We provide programs and training to help establish a culture of diversity and mutual respect. The number of female executives at Samsung SDS is 13 same as the previous year, and the ratio of female managers has increased from 20.3% in 2020 to 21.8% in 2021.

Female Employee Status

Category	Unit	2019	2020	2021
Ratio of female employees	%	29.4	29.4	30.2
Ratio of female junior managers	%	38.3	38.7	38.6
Ratio of female managers	%	19.3	20.3	21.8
Ratio of female executives	%	10.9	13.3	13.1
Ratio of female employees in STEM	%	23.1	23.0	22.8
Ratio of female managers in charge of sales/revenue	%	21.6	22.6	21.6

Education on Employee Diversity



Operation of Openhands Co., Ltd., Inclusive Workplace for People with Disabilities

In November 2010, Samsung SDS founded Openhands Co., Ltd., Inclusive Workplace for People with Disabilities as designated by the Korean government, as its subsidiary with the aim of fulfilling its corporate social responsibility and creating good jobs for people with disabilities. In January 2017, the company moved its headquarter and consolidated office spaces to provide a better work environment and improve convenience for its employees with disabilities at restrooms, parking spaces, elevators, and cafeteria services. These endeavors were recognized when Openhands was chosen as an excellent employer of people with disabilities in 2018 and received the Iron Tower Order of Industrial Service Merit at the Expanded Recruitment of the Disabled Competition in 2020, and an award from the Ministry of Employment and Labor at the Expanded Recruitment of the Disabled Competition in 2021.

The National Assembly chose Openhands to kick off their on-site visits to companies that heavily recruited workers with disabilities. During this time, they listened to employee opinions while also providing them with encouragement. Utilizing the customized trainings provided by Korea Employment Agency for Persons with Disabilities, Openhands has provided education for those with disabilities and continues their contribution in hiring people with disabilities.



Award from the Ministry of Employment and Labor



National Assembly Members Visit to Encourage the Best Employment of People with Disabilities Company

Hiring People with Disabilities

Samsung SDS fulfills its corporate social responsibilities by meeting the mandatory employment rate for the disabled and promotes employee diversity. Samsung SDS strives to improve the working environment for people with disabilities by providing all employees trainings to improve their awareness on disabilities. Further, professional counselors for people with disabilities were hired and trained. In 2021, the ratio of employees with disabilities has reached 3.31%, 0.21% higher than the legal mandatory rate of people with disabilities employment(3.1%).

Recruitment of the Socially Disadvantaged

Category	Unit	2019	2020	2021
People with disabilities	Persons	410	413	407
	%	3.21	3.27	3.31
National veterans	Persons	191	185	180

- Selected as an Excellent Employer for Employment of People with Disabilities in 2018
- Received the Iron Tower Order of Industrial Service Merit in the business owner category at the 2020 Employment Promotion for People with Disabilities
- Received Minister's Award in the worker category by the Ministry of Employment and Labor in 2021

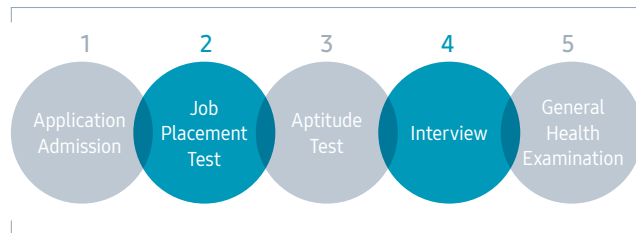
SOCIAL/

Talent Attraction and Development

Talent Profile and Recruitment Process

Samsung SDS does not discriminate based on academic background, gender, nationality, or religion, but selects talented individuals with humanity, morality and creativity, and who challenge with unremitting passion.

Recruitment Process for New Employees



Samsung SDS provides equal opportunities to all individuals seeking for job positions, and operates a fair and transparent recruitment process to secure outstanding talents in various fields. New employees are recruited through open recruitment process in the first and second half of the year, and experienced employees are recruited from time to time according to the needs of job positions or business divisions. In addition, Samsung SDS has introduced metaverse online counseling services for new and experienced employee recruitment in 2021 to expand recruiting communication channels.



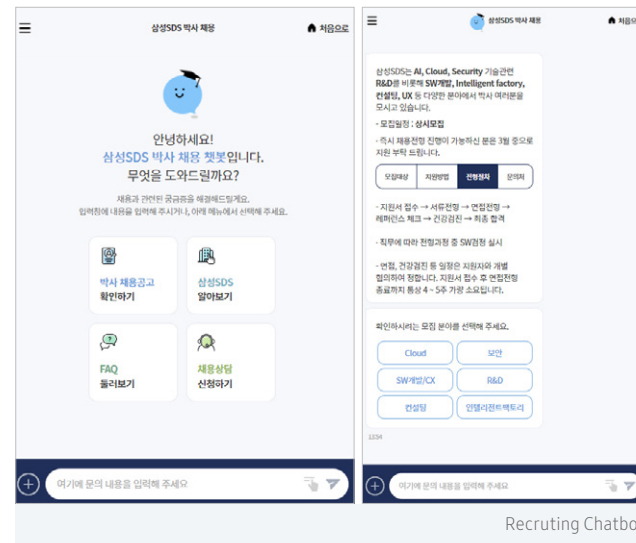
Metaverse Recruiting

Securing Outstanding IT Talents

In accordance with widely-recognized technologies including AI, analytics, cloud, and security, Samsung SDS strives to recruit top-notch global talent in order to spearhead digital innovation across financing, manufacturing, retail and other diverse industries. Samsung SDS strengthens business capabilities by recruiting experts from global leading companies and doctoral-level talents, and promotes to build a network presenting its career development vision to attract the best talents who are capable of growing into leaders in IT services industry and business development.

Recruitment of Master's or Doctoral Degree Graduates

Samsung SDS runs Campus Recruiting twice a year to attract master's and doctoral level students with high capabilities in the key business areas. In the recent pandemic situation, Samsung SDS adapted untact recruitment process to retain highly talented individuals including online counseling and Recruiting Chatbot for students to be easily advised.



Recruiting Chatbot

Special Lecture on Algorithms for Undergraduates

Launched in 2018, Samsung SDS Special Lecture on Algorithms has been given to students who wants to be IT professionals. Providing lectures on advanced and practical algorithm, Samsung SDS help students to improve programming competency. The lecture is also used as a channel to recruit talented students.



Special Lecture on Algorithms for Undergraduates

Talent Development

Strategic Talent System

Samsung SDS supports talented employees. To improve their competency, Samsung SDS sponsor employees to participate Samsung MBA/EMBA, IT Master's Degree, and Samsung Regional Specialist to discover the outstanding talents who will lead the company's future.

Samsung MBA	／	MBA at top 30 international universities
Samsung EMBA	／	EMBA at top domestic universities (4 universities)
IT Master's Degree	／	International and domestic master's programs in AI, Cloud, etc.
Samsung Regional Specialist	／	Dispatched to strategic countries such as Vietnam, China, and India

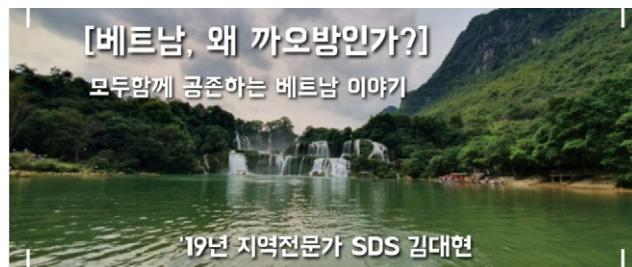
Samsung SDS Certified Professional(SCP)

Samsung SDS operates the SCP system for better organizational culture with advanced growth vision by selecting the best skilled professionals. Launched in 2003, top 1% of the company's technical workforce were selected as SCP. Samsung SDS provides differentiated treatment and awards that SCPs can be proud of what they do.

Samsung Regional Specialist

Samsung SDS sends talents to strategic countries such as Vietnam, China and India to develop businesses in global markets and foster employees' talents. Regional Specialists should experience, analyze, and report on local culture, market trends, and data collection for benchmarking.

※ No staff was sent in 2021 due to the COVID Pandemic



Nurturing the Next Generation Leaders

In order to foster future leaders armed with IT and business competency, Samsung SDS launched and operates SDS-KAIST Mini-MBA* in cooperation with KAIST Graduate School of Management since 2016. In consideration of the unique business characteristics of Samsung SDS, this Mini-MBA program is focused on technology management such as AI, analytics and blockchain, and its aim is to strengthen their predictive capabilities and strategic development and execution skills.

* Cumulative number of students: 483(79 in 2021)

Leadership Training

Samsung SDS continues to provide special trainings for organization leaders to help them recognize the importance of organizational management and to strengthen their leadership capabilities. Samsung SDS also train regularly to identify each individual's organizational management capabilities and make up for their shortcomings.

Employee Training Indices

Category	Unit	2019	2020	2021	
Average training hours per employee	Hour/person	45.22	55.43	63.59	
Average training expenditure per employee	KRW million	1.79	2.33	1.64	
Total number of employees participated in training	Persons	12,896	12,621	12,644	
Total training hours	Subtotal	Hours	583,130	699,557	804,034
	Male	Hours	431,008	500,796	584,853
	Female	Hours	152,122	198,761	219,181

Employee Status

Category	Unit	2019	2020	2021	
Number of employees	Total	Persons	23,403	23,370	23,995
	Male	Persons	16,809	16,808	17,108
	Female	Persons	6,594	6,562	6,887
Domestic	Total	Persons	16,523	16,277	15,836
	Male	Persons	12,292	12,139	11,743
	Female	Persons	4,231	4,138	4,093
Overseas	Total	Persons	6,880	7,093	8,159
	Male	Persons	4,517	4,669	5,365
	Female	Persons	2,363	2,424	2,794
FTE	Total	Persons	22,906	22,908	23,532
	Ratio	%	97.9	98.0	98.1
Non-FTE	Total	Persons	497	462	463
	Ratio	%	2.1	2.0	1.9
By age	Under 30	Persons	3,283	2,390	3,138
		%	14	10	13
	Between 30-50	Persons	18,127	18,301	17,655
		%	77	78	74
		Persons	1,993	2,679	3,202
Over 50	%	9	11	13	
	Persons				
Junior manager	Total	Persons	2,920	2,387	1,727
	Male	Persons	1,814	1,472	1,059
	Female	Persons	1,106	915	668
Manager	Total	Persons	9,019	9,421	9,866
	Male	Persons	7,373	7,617	7,840
	Female	Persons	1,646	1,804	2,026
Executives	Total	Persons	90	91	92
	Male	Persons	80	78	79
	Female	Persons	10	13	13

SOCIAL/

Organizational Culture

Organizational Culture TF

By operating an organizational culture task force on a semi-annual basis, Samsung SDS strives to create a sound organizational culture by planning and operating various participatory events such as online lectures for children of employees, family visit events, and internal newsletters. In 2022, Communication TF were launched to enhance communication with employees on improve organizational culture and to create a pleasant work environment.



Smart Work Culture

Samsung SDS promoted various campaigns to build a smart work culture; Paperless Campaign that considers both the environment and work efficiency, and Untact Work Etiquette Campaign in work-from-home environment.



Horizontal and Mutually Respectful Organizational Culture

In February 2022, job titles, employment numbers, and promotion announcement in the internal system were abandoned in order to promote horizontal communication and build an organizational culture of mutual respect among employees. In addition, Samsung SDS has expanded use of the title of 'Pro' in all worksites to establish a free workplace culture of mutual respect.



Organizational Culture of Trust

Samsung SDS operates "SDS NEWS", an online communication platform that provides a variety of company information and allows employees to freely communicate. Employees use a bulletin board where they post opinions either under their real name or anonymously. In doing so, mutual understanding is enhanced, and various issues and questions are answered in real time by the department in charge, leading to the creation of an organizational culture of trust. In addition, an online meeting(CEO Code Time) hosted by the CEO is held every two months to promote free communication among employees.

Future Empathy Council(Labor-Management Council)

Samsung SDS operates a council called "Future Empathy Council", which operates for a term of three years, to build sound labor-management relations and promote communications between labor and management. The Future Empathy Council holds regular meetings(four times a year) in accordance with the "Act on the Promotion of Employees' Participation and Cooperation", aiming to improve the company system and working environment. In 2021, a mobile election system was introduced to enhance the convenience of voting by employees, and various activities were carried out to revitalize the organizational culture, such as a surprise contactless visit to the family of employees, visits to local business sites and Nogo project.

Major Performances in 2021

Grievance handling	Meeting	Surprise Family Visit(Untact)
Handled about 100 cases	Handled about 200 cases	12 visits in total
Business site visits (metropolitan area)	Business site visits (local)	Meeting with CEO
12 visits in total	13 visits in total	12 visits in total

Employee Participation Rate in the Work Council

Employee participation rate	2019	2020	2021
	100%	100%	100%

Change Agent (C.A.)

Change Agents listens to grievances of team members and works with the Work Council to deliver the Voice of Employee(VoE) to the management and share company news and management's voice with team members. CA is leading a vibrant organizational culture by eliminating obstacles to organization and creating a unique organizational culture.

Samsung Culture Index(SCI)

Samsung SDS conducts an annual employee survey, Samsung Culture Index (SCI). Covering a total of 6 areas, the SCI helps to identify strength and weakness areas for improvement in corporate culture. Employee sentiment is investigated in detail through the Focus Group Interview(FGI). Excellent leaders cases in Samsung SDS are shared to promote activities to enhance employee satisfaction activities by managers and executives. In addition, mini-SCI is provided for organizations that need improvements.

Employee Participation Rate

Participation Rate	2019	2020	2021
	96.9%	98.1%	89.9%

Grievance Handling System

Samsung SDS operates a variety of communication channels including Organizational Culture Keeper to listen to the grievances of the employees, and to address them in a prompt and fair manner. Once reports are submitted, the facts of the matter are confirmed through interviews, and the necessary actions are taken, including disciplinary measures where needed. In terms of the details of submitted grievances and the information of individual whistle-blowers, the principle of confidentiality is strictly observed.

Welfare and Benefits

To motivate employees and boost their morale, Samsung SDS offers a wide-ranging welfare & benefit programs and convenient facilities under such diverse themes such as housing support, healthcare, and leisure activities.

Major Programs



Tuition for children

Tuition support for children attending preschool, middle/high school, and university



Welfare benefits

Welfare point provided and can be used as of the needs of employees



Support for family events

Offer expenditure support, supplies and personnel services, and day offs for family events involving themselves and the immediate family members



Medical support

Medical expense support for employees, their spouses and children as well as comprehensive medical check-up for employees and their spouses, medical expense support for fertility treatment, and in-house clinics(i.e., flu vaccination)



Convenient Facilities

Cafeterias, daycare centers, fitness centers, health care centers, Dodami room for pregnant women, etc.

Dodami Room, a lounge for pregnant women

Partitions to separate rooms, beds, breast pumps, and refrigerators to store breast milk are provided for employees under maternal protection period.



Dodami Room

In-house Daycare Center

Daycare centers are operated in each office buildings to allow employees to focus on during work hours and to support employees' families. Children aged from 1 to 5 can use the centers.



In-house Daycare Center

Working System

Flexitime

In order to foster a creative organizational culture, Samsung SDS has been operating Flexible Work Hour since 2011 allowing employees to autonomously decide commuting to and from work. Since 2018, Flexitime were adapted for employees to flexibly adjust daily working hours, improving work efficiency and employee satisfaction with the working environment.

Improvement of the Working Environment for Caregivers

Samsung SDS operates various programs to support employees' work-life balance. In particular, employees raising children under the age of 12 are allowed to use parental leave for up to 2 years which exceeds the legal standard regardless of gender. Infertility leave can be used for a maximum of 1 year in order to prevent career disruption of promising female employees.

* Designation of working hours for maternity protection(for pregnant women and women who have just given birth)

* Paid working hours for fetal checkup(number of times according to the Mother and Child Health Law, 4 hours per session)

* Reduction of working hours during child-rearing period(up to 2 years, 3 - 7 hours of fixed working hours per day)

Paid Parental and Family Care Leave

Samsung SDS provides up to 10 days of family care leave per year for employees who urgently need to take care of their family members due to disease, accident, or child-rearing. Employees can take care leave of up to 1 year if they need more than one month period.

Usage of Parental Leave

Category	Unit	2019	2020	2021	
No. of employees on parental leave	Total	Persons	320	355	310
	Male	Persons	76	106	93
	Female	Persons	244	249	217
No. of employees returning from parental leave	Total	Persons	288	294	304
	Male	Persons	68	76	83
	Female	Persons	220	218	221
Return ratio from parental leave	Total	%	90.0	82.8	98.1
	Male	%	89.5	71.7	89.2
	Female	%	90.2	87.6	101.8
No. of employees who have worked for more than 12 months after returning from parental leave	Total	Persons	265	286	290
	Male	Persons	66	74	73
	Female	Persons	199	212	217

Best Family Friendly Management Certification

Samsung SDS first obtained Best Family Friendly Management Certification from the Ministry of Gender Equality and Family in February 2013, and renewed the certification every 3 years, being recognized as a Best Family Friendly Management for 10 years.



Best Family Friendly Management Certification

Mental Fitness Center

Caring for Employee Mental Health

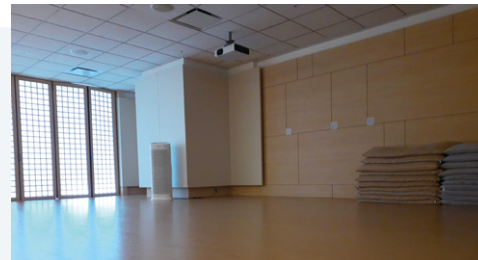
Samsung SDS operates a Mental Fitness Center to protect and promote the mental health employees.

Monday to Friday	Jamsil Campus Pangyo IT Campus	Personal counseling	Mental health, family issues, relationship issues, stress in general
Once a week	Pangyo Logistics Campus Sangam DC Giheung Suwon	Psychological tests and interpretation services	Mental health(depression/anxiety), personality, career, marriage, parenting
		Programs for teams	Team building programs, mind care, meditation sessions

* Counselors visit/call employees working where without Mental Fitness Center

Mental Fitness Center Programs

Samsung SDS provides various on and offline programs including counseling, psychological tests and interpretation services.



Mental Fitness Center

Retirement Planning Support

Samsung SDS Career Consulting Center(CCC) ensures prospective retirees can confidently open a new chapter in their lives by providing trainings and consulting services on after-retirement life planning, career planning, startup, etc. From 2016 to 2021, a total of 288 employees have participated. Especially, online trainings were fortified during social distancing was strengthened under pandemic situation.

Programs to Support Prospective Retirees

Changing jobs	Life planning: training in change management, financial planning techniques, job search know-hows
Start-up	Business model development, feasibility analysis, introduction of cases and support system
Life Development Planning(LDP)	Gaining of relevant knowledge in the 6 areas of life, re-establishing self-identity, and establishing action plans
Career Design Program(CDP)	Recognizing the importance designing life career and searching for alternatives, improving self-understanding, organizing career alternatives, and designing career path
Rural Community	Providing relevant information and opportunities to become a farmer or live in a rural area
Industry experts (professors)	Understanding the role and tasks of professors, teaching skills, coaching leadership



Farm Tour

SOCIAL/

Improving Work Environment

Pangyo IT Campus

In order to provide a work environment suitable for the cloud era, Samsung SDS recently opened its Pangyo IT Campus to support the shift of IT outsourcing (ITO) tasks from customer sites to remote sites.

4 buildings in Pangyo 2nd Techno-Valley were leased for about 2,000 employees, used to work at customer sites, to integrate and collaborate. In addition to business synergies through collaborations, employees are now able to experience the same level of welfare and benefits, unlike in the past when they could not due to work sites differences.



Pangyo IT Campus

Office Furniture

Samsung SDS provides office furniture designed to improve productivity and convenience for employees. Chairs with a neck rest and hanger reduce employees' fatigue levels, electronic keys are applied to drawers and wardrobes to minimize the inconvenience of using keys, and various convenient options such as a wide monitor stand, USB port, and sliding hanger are provided. In addition, standing desks were placed for employees who feel pain in the neck and back due to the nature of their work.



Office Furniture



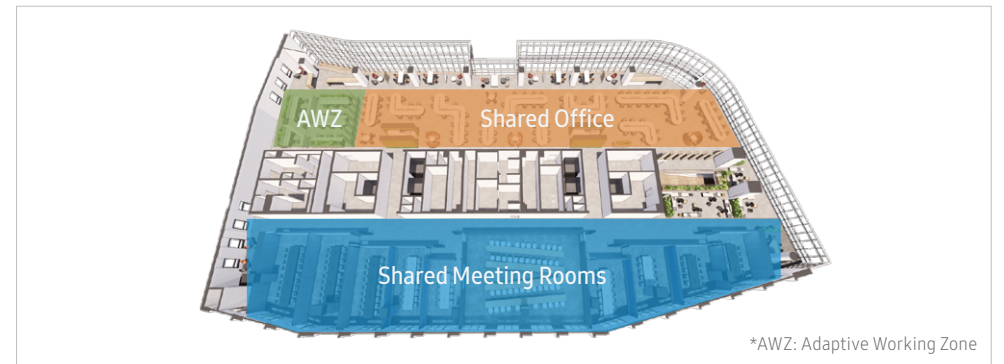
Standing Desk

Facilities for Collaboration

In the Pangyo IT Campus, digital signages and video conferencing equipment are installed in all meeting rooms to establish a remote business operation system and to enable favorable communication both on and offline. Collaboration spaces are established on the 4th and 5th floors of Buildings C and D so that business synergies can be boosted. On the 4th floors of Buildings C and D, there Creative Office Zone, a lounge-type communication space where employees can get creative ideas, and on the 5th floors, there are conference rooms of various sizes(for 10, 18, and 42 people) and an open office space where employees can freely collaborate. Adaptive Working Zone(AWZ) is also established so that workers from other business sites can conveniently work when they visit the Pangyo IT Campus.



Creative Office Zone

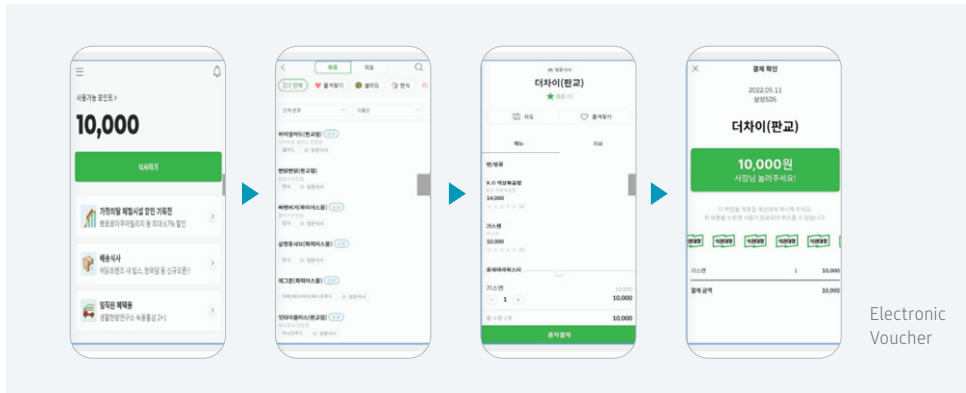


*AWZ: Adaptive Working Zone

Building C and D Floor Plan

Welfare and Benefits

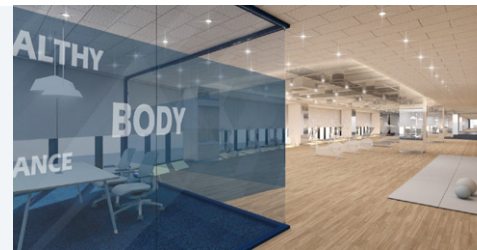
Samsung SDS partnered with 43 cafes and restaurants near Pangyo IT Campus, and provides electronic meal vouchers for employees to select from various menus for breakfast, lunch, and dinner. In addition, a fitness center, daycare center, in-house clinic, Mental Fitness Center, and healthcare center are facilitated for balanced life and health of employees.



Electronic Voucher



Daycare Center



Fitness Center



In-house Clinic



Mental Fitness Center

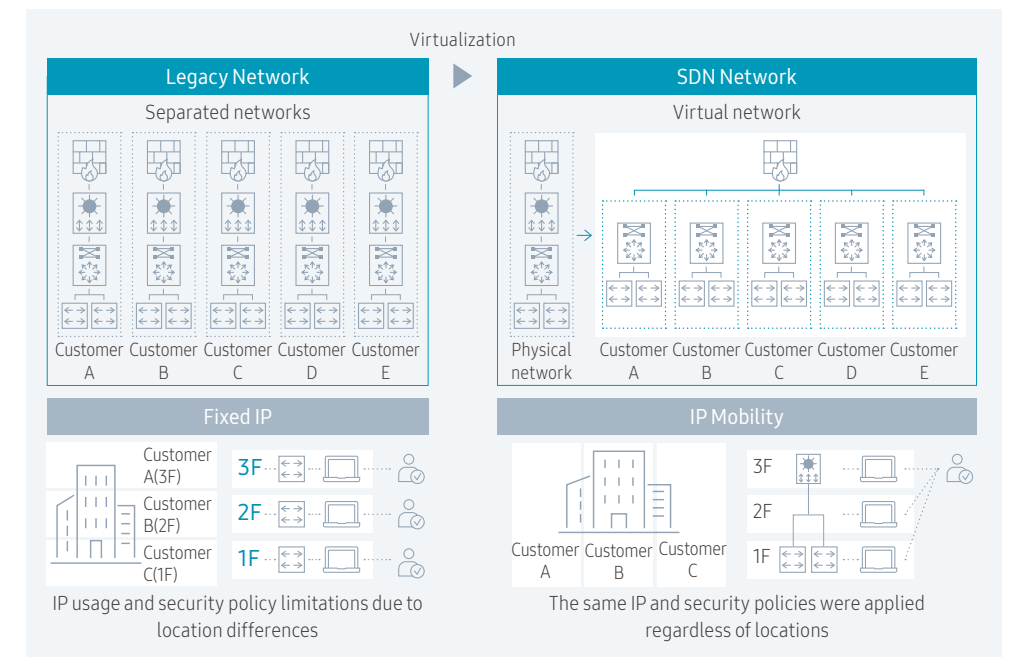
Support Commuting

To support employees commuting, Samsung SDS is operating commuter buses. Including Taepyeong-ro, Sindorim, Sadang, and Suwon areas, a total of 11 bases and routes were selected through an employee survey. Also, shuttle buses from subway stations near Pangyo IT Center(Pangyo Station, Moran Station, and Migeum Station) for employees' convenience.

Category	Main Routes	Operation
Commuter buses(11)	Seoul(5) Sadang Station, Taepyeong-ro, Sindorim Station, Nowon Station, Godeok Station	1-2 times a day
	Gyeonggi(6) Suwon City Hall, Yeongtong Station, Mangpo Station, Dongtan Station, Dongtan Metapolis, Geumjeong Station	
Shuttle buses(3)	Pangyo, Moran, Migeum stations	Every 10 to 15 minutes during rush hour

Network and Security Infrastructure

Software Defined Network(SDN) technology were adapted and IP mobility environment were provided at Pangyo IT Center. Security policies are further reinforced as customers' security policies on IT security system and AI video security control were strengthened.



SOCIAL/

Social Contribution

Education

Samsung Junior SW Academy AI and SW Academy for Students

Samsung Junior SW Academy has been operated by Samsung SDS since 2013 and from 2022 the program is run in cooperation with Samsung Electronics, Samsung Display, Samsung SDI, Samsung Electro-Mechanics, and S-1 Cooperation. This program prepares students for the AI era with diverse knowledge and provides SW training courses for teachers to ensure the quality of the program. Until 2021, the program and trainings were provided to approximately 2,900 teachers and 109,000 students. Especially, Brightics Edu., Samsung SDS data analytic solution, were provided for Samsung Junior SW Academy at high schools to support AI education in public education.

Major Achievements

Bridging information gap and providing career searching opportunities	Online IT mentoring
36 teachers 9,620 students	7 employee volunteers 7 students

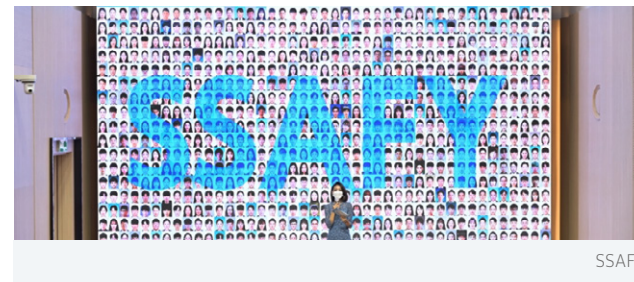


Samsung Youth SW Academy Training and Employment Support Program

From 2021, Samsung Youth SW Academy has been operated by Samsung SDS in cooperation with Samsung Electronics, Samsung Display, Samsung SDI, Samsung Electro-Mechanics, and S-1 Cooperation. The program provides young people theoretical and practical trainings for 1 year to enhance the competitiveness of young people who want to become software developers. Basic course trainees learn algorithms, coding, and web technology, and in-depth course trainees develop practical capabilities to utilized technologies in the 4th industrial revolution era such as AI and IoT. So far, a total of 2,785 trainees have completed the training, and 2,199 of them have been employed in companies in IT and finance industries, recording a 79% employment rate(as of early 2022). In 2022, approximately 1,700 trainees are being trained.

Major Achievements

Trainees	Graduates	Employed
5,100	2,785	2,199



Blue Elephant Cyberbullying Prevention Program

As the use of digital devices increases, cyberbullying has become a critical social issue. To prevent and educate young generations, on and offline courses were given to students, teachers, and parents. To create a culture to prevent cyberbullying, Samsung SDS run SNS campaign, idea contests, and forums. Further, Samsung SDS has contributed to build an safe online culture through providing counseling for victims of cyberbullying, listing statement on UN Commission for Social Development, and proposing policies.

Major Achievements

Number of participants receiving counseling and treatments	Number of participants in training
2,710	64,433
Number of participants in spread of preventing cyberbullying	Number of participatns in academic research
158,739	10,000



Community Contribution

On and Offline Community Contribution

IT Training Center for Local Community

Songpa Future Education Center, an IT education facility in Songpa where HQ is located, were established to bridge information gap and to nurture future generations. Including 3 centers opened in 2021, a total of 6 centers have been operating. At the centers, specialized education for coding(Python and Entry) and for equipment use.

Meal Support for Underprivileged Adolescents

Samsung SDS has provided meals for vulnerable youths in Songpa-gu who are unable to use childcare services due to the prolonged COVID-19. In 2021, Samsung SDS provided high-quality meals considering the nutrition and preferences to a total of 80 adolescents at 6 middle schools.

Scholarships and Gifts for Youth at Detention Centers

Samsung SDS affords scholarships to support inmates at youth detention centers who were excluded from society and family and to help them settle in society. In addition, gifts were given at the end of every year, sharing warmth and love with youth.

Major Achievements

IT training centers	
3 Centers	8 Volunteering trainers 2,954 beneficiaries
Meal support	Scholarships and gifts given to
80 students at 6 schools	1,434



Laptop Donation

Samsung SDS has been repairing unused laptops and donating them to local communities in need since 1995. In 2021, a total of 300 laptops were donated, and a cumulative 4,347 laptops have been donated to welfare institutions where employees volunteers in regular basis. In particular, Samsung SDS has provided laptops to youth IT education facilities and for youth in low-income families since the outbreak of COVID-19 to help students to take online classes

Sister Village Market

To revitalize rural communities, Samsung SDS has been running a direct trading market with 12 sister villages in rural areas every holiday season since 2002. The amount purchased by the company and the employees at the market reached about KRW 350 million this year. In addition, Samsung SDS donated some of them to local welfare centers to share warmth with neighbors in need. In addition, Samsung SDS opened a half-price event market in which the company subsidizes 50% of the purchases of its employees to support farmers who are suffering from COVID-19 in 2021. The company and employees purchased agricultural products worth about KRW 100 million, and donated some of them to support the local community as well.

Major Achievements

Laptop donation	Sister village market	Half-price event market
300 laptops	350 million KRW	100 million KRW



Listed as a Corporate Social Responsibility in the Community

Partnered with non-profit organizations and run by the Ministry of Health and Welfare and the Korea Social Welfare Council, Corporate Social Responsibility in the Community is a program to respect companies that consistently carry out community contribution. Samsung SDS earned and was listed on Corporate Social Responsibility in the Community by receiving high scores in 25 indicators in ESG criteria.



Certification for Corporate Social Responsibility in the Community

Presidential Award of National Sharing Grand Award

Conducted by the Ministry of Health and Welfare, National Sharing Award is given to a company that carries out various CSR activities. Samsung SDS received Presidential Award at the 2021 Korea Sharing National Grand Award co-hosted by the Ministry of Health and Welfare, KBS, and the Community Chest of Korea.



National Sharing Grand Award Presidential Award

Volunteer Festival

Employee Participated Social Contribution

Contact-free Employee Social Contribution

Samsung SDS has continuously contributed to the local community by carrying out a variety of contact-free volunteer activities such as blood donation campaigns, online mentoring, and sister village markets even under COVID-19. In particular, online IT mentoring, which provides SW education and career counseling for youth, receives good feedbacks from participants. Samsung SDS will continue to bridge the educational gap among the youth and contribute to addressing problems in the local community by conducting various volunteer activities with the employees.

Employee Volunteer

Category	Unit	2019	2020	2021
Participants	Persons	10,257	3,221	1,265
Volunteer hours per a person	Hours	12.2	6.6	6.8

Types of Philanthropy

Category	Unit	2019	2020	2021
Cash	million KRW	2,446	4,254	1,828
Time: employee volunteering during paid working hours	Hours	124,673	21,345	8,578
In-kind giving: product or services donations, projects/ partnerships or similar	million KRW	4	6	33
Management overheads	million KRW	1,974	1,907	1,801

Category	2021	Remark
Percentage Charitable donations of total costs	82%	2,565 participants
Community investments	0%	
Commercial initiatives	18%	
Total	100%	

Sharing Culture

Samsung SDS has published Nanoom Book Story, a regular CSR newsletter, every 2 months to communicate with employees about CSR activities. In addition, the company has raised employees' awareness on CSR activities and spread messages of sharing within the company by posting news on CSR website, and by discovering and awarding outstanding employee volunteers. Particularly on the anniversary of the company foundation in April, Samsung SDS held the Untact Sharing Festival to communicate and share volunteering stories. Many employees participated during the festival and participated in donation campaign.

Achievements

Nanoom Book Story	6 times (once every other month)	CSR activities letter	21 times
Excellent volunteer	2 persons	SDS Award - CSR category	2 persons



Volunteers and Beneficiaries

Category	Unit	2019	2020	2021
Total volunteers	Persons	12,812	10,956	9,858
Total beneficiaries	Persons	17,858	93,411	253,006

Global Social Contribution

Digital Literacy Education in Vietnam

Samsung SDS conducts social contribution project the Ngô Quyền district, Vietnam to enhance digital literacy and technology competencies for 4 high schools. Samsung SDS intends to support the development of essential competencies suitable for children's life cycles, thereby nurturing them as excellent future talents with competitiveness. In addition, Samsung SDS has established ICT classrooms in 3 schools allowing students to learn coding and computer use.



Achievement

Facilitated computer room in 3 schools



SOCIAL/

Customer Satisfaction

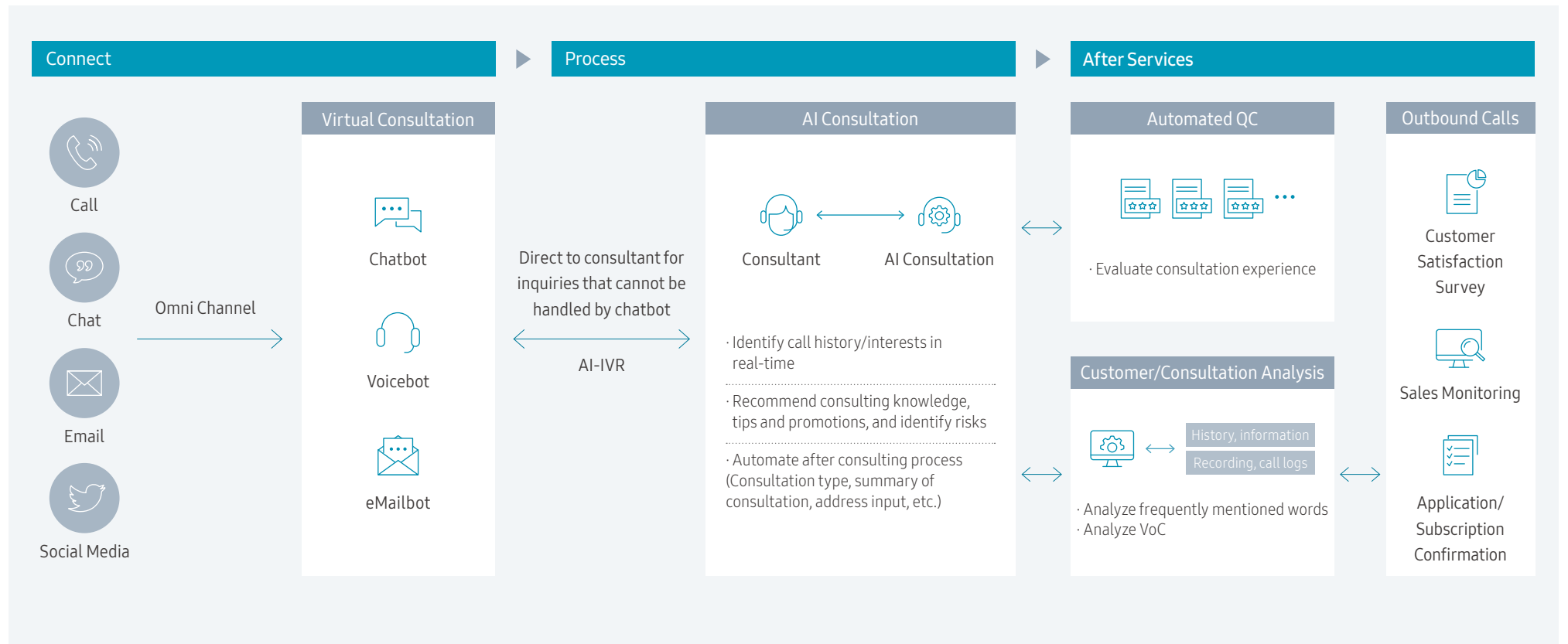
Customer Service Channel

Samsung SDS continues to improve AI Contact Center(AICC) and to innovate customer service by automating customer consultation. Samsung SDS operates various channels for VoC such as customer support portal(web), chatbot, and chatting service. Response accuracy was improved through AI assistant/analysis, and conduct real-time monitoring and automatic evaluation of consultation quality.



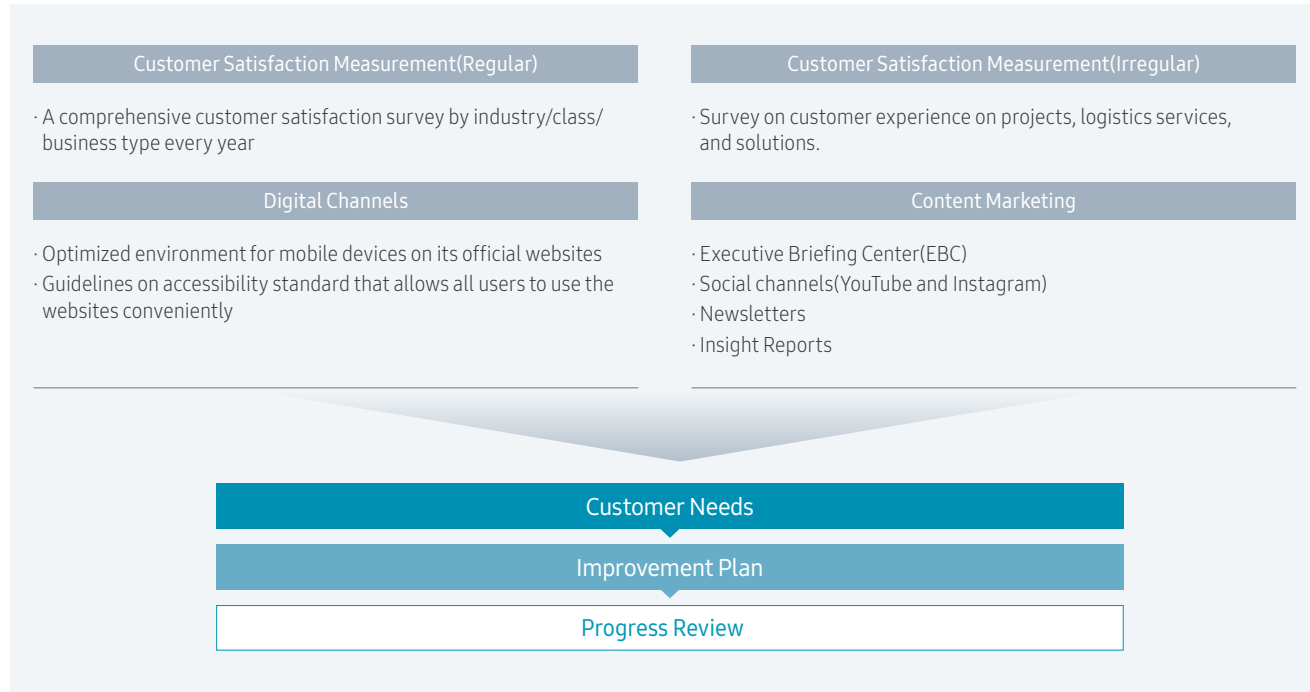
AI Contact Center

AICC, a Automated Customer Service based on AI Technology



Customer Communication

Samsung SDS operates websites in 7 different languages to communicate with its customers around the world. Customers can access Samsung SDS' cloud products, digital transformation services, insight reports, and customer cases. In addition, Samsung SDS conducts an annual web accessibility quality certification review and checks the convenience so that the elderly and people with disabilities also can easily use the websites. In July 2020, Samsung SDS launched a cloud-based My Trial service where users can try out Samsung SDS solutions and services. My Trial service is as channel to support untact sales in the midst of COVID-19 and serves as a unified channel for customer contact. Samsung SDS actively communicates with customers through various social media channels including YouTube and Instagram.

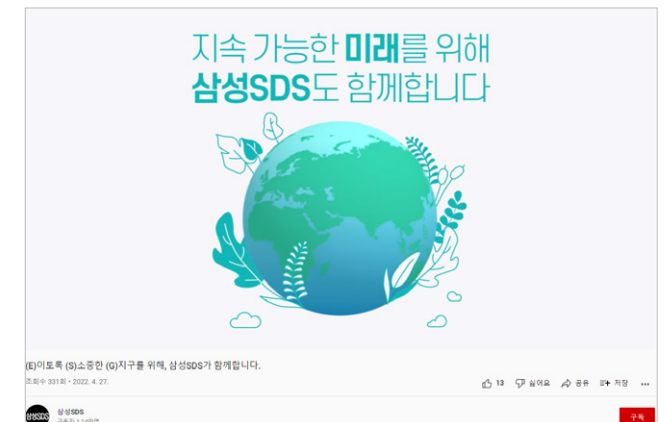


Customer Satisfaction Management

Through Gallup Korea, Samsung SDS has conducted customer satisfaction survey every year since 2008. Customer satisfaction score reached 92.2 in 2021, retaining the score above 90 for 4 consecutive years.

Customer Satisfaction Status and Target

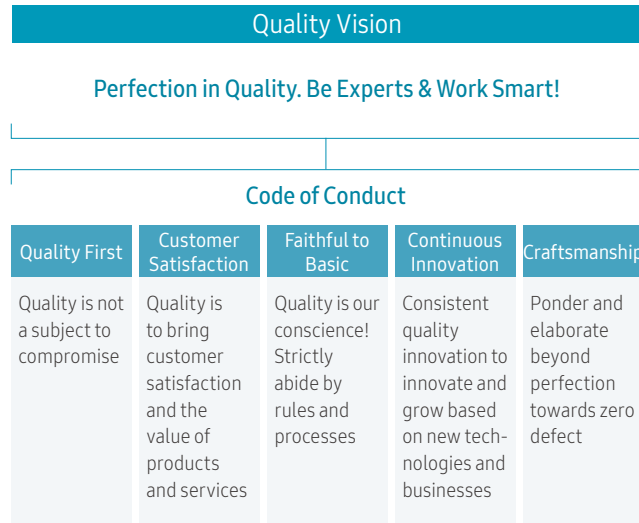
Category	2019	2020	2021	Target
Customer Satisfaction Score	92.5	93.3	92.2	90



Samsung SDS YouTube Channel

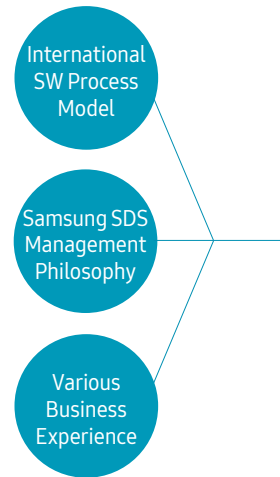
Charter of Quality

Samsung SDS sets forth quality vision of delivering impressive customer experience through continuous quality innovation, and faithfully abides by the following 5 action principles.



INNOVATOR

Samsung SDS efficiently manages the quality based on INNOVATOR, Samsung SDS development methodology, which standardizes business methods and procedures based on its unique industry experiences and know-hows. Particularly in 2021, Samsung SDS established and revised the cloud transition methodologies and methodologies related to GDC tasks to secure competitiveness in the cloud business.



Samsung SDS' Unique Methodology	
INNOVATOR	
Smart Factory	FA Consulting / BIM Consulting / PLM Level Diagnosis / MES Implementation
Logistics	Logistics System(GTM) / SCM
Solution	Product Development (SW) / Terminal Product Development
AI / Analytics / IoT	Product Development(SW) / Application(Agile) / Big Data Platform / Chatbot / RPA / IoT Implementation
Cloud	Product Development(SW) / Cloud Transformation / Cloud Infrastructure
Incubation	Product Development(SW) / Application Implementation(Agile)
Infrastructure	Data Center / Network / Security / Telecom NW / Telephony
ITO	Consulting / MIS / IT Development / APP Operatio
General	Proposal / R&D / Project Management / Other

Quality Management System

Under the quality management principles, customer satisfaction, and sustained innovation, Samsung SDS operates a quality management system by building the quality assurance frame by service type.

1) Q-Academy	Samsung SDS unique training system designed to nurture quality experts
2) INNOVATOR	Samsung SDS unique methodology
3) OpenQA	Integrated quality management system
4) Q-Analytics	Quality analysis system for risk prevention
5) Code Analyzer	Code analysis and inspection tools
6) PPW (Project Planning Workshop)	Project Planning Workshop
7) QRB (Quality Review Board)	Quality Review Board, essential activities to achieve quality goals
8) PCW (Project Closing Workshop)	Project Closing Workshop



Quality Control Process

Cloud Operation Audit

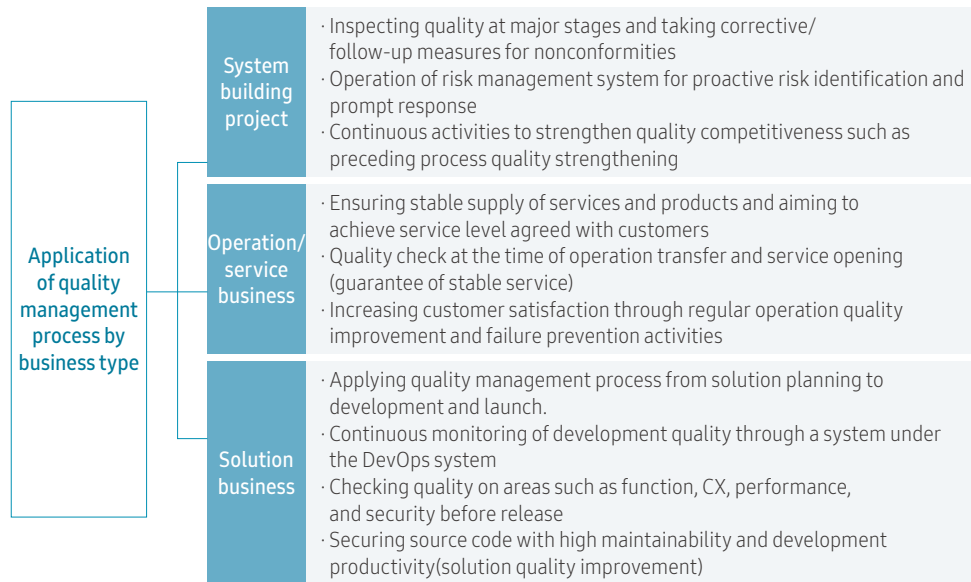


SaaS Solution Quality Audit



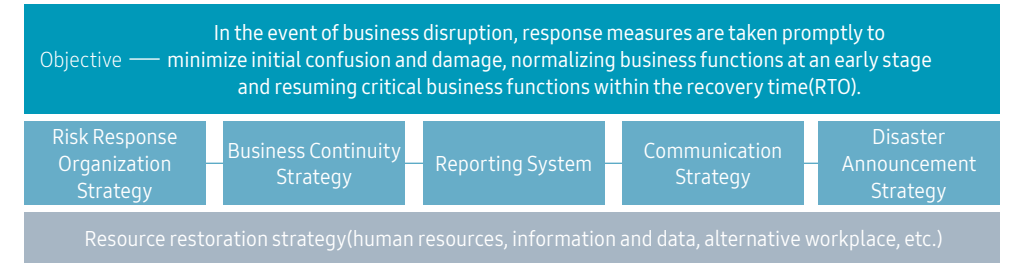
Quality Risk Management

Samsung SDS applies quality management processes for each business type to secure quality, and actively manages quality risks.



Business Continuity Plan

For various risks, Samsung SDS reviews optimal response plans based on the results of organizational status analysis, Business Impact Analysis(BIA) and Risk Assessment(RA), establishing measures to minimize business disruption and damage and to secure business continuity.



Service Failure Management

Samsung SDS carries out activities on a regular basis to prevent service/system failures in advance, and conducts regular mock drills every year for failure and disaster recovery. In addition, Samsung SDS takes necessary measures in a timely manner by monitoring infrastructure equipment/applications 24 hours a day, 365 days a year, and by sharing anomalies in real time with relevant departments. Through the Failure Review Board(FRB), in which Root Cause Analysis(RCA) experts participate, Samsung SDS reviews the technical causes, operating environment, measures and preventive measures for all procedures, when a failure occurs until measures are taken, and carry out company-wide activities to prevent similar failures from reoccurring.

VoC Processing Status

Category	Unit	2019	2020	2021
VoC received	Case	936,844	851,751	814,504
Handling rate	%	100	100	100

Failure Rate

Category	Unit	2019	2020	2021
Target	ppm	0.07	0.06	0.06
Performance	ppm	0.034	0.053	0.024

No. of Failures and Customer Downtime in 2021

Category	Details of indicators	No. of occurrences/hour
Performance issue	No. of failures that lasted more than 10 minutes and less than 30 minutes	17 cases
Service disruption	No. of failures that lasted more than 30 minutes	50 cases
Customer downtime	Based on the duration of each failure and the number of SW or IT service licenses affected	245 hours

Quality Innovation Case

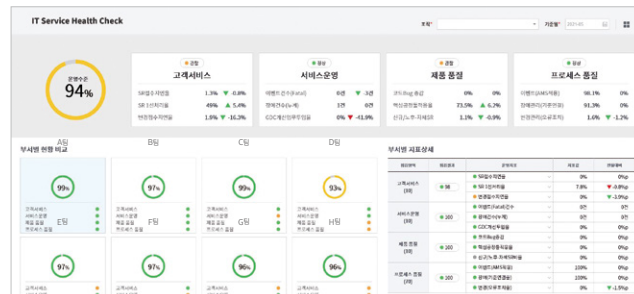
Samsung SDS is striving to provide customers with better services by operating a code security analysis system, developing a SW product competency measurement model, and automatically measuring operational quality. In particular, patents have been issued for the code security analysis system and the SW product competency measurement model to help secure competitiveness for external projects.

Analysis of code structure and security	Measurement of SW product competitiveness level	Measurement of operational quality level
<ul style="list-style-type: none"> Support the measurement of SW structure quality level such as code complexity, scale, and redundancy Measure and provide security level suitable for code language and development environment/user settings 	<ul style="list-style-type: none"> Measure and provide comprehensive competency of function composition, technology implementation, quality completion, customer experience, and market position Flexible model configuration enables evaluation according to the characteristics of each product 	<ul style="list-style-type: none"> Measurement of the operating environment, service availability, service request/change, failure management, and DevOps application Automatic measurement can be made by selecting and systemizing quantitative indicators representing the operating level

Quality Control System

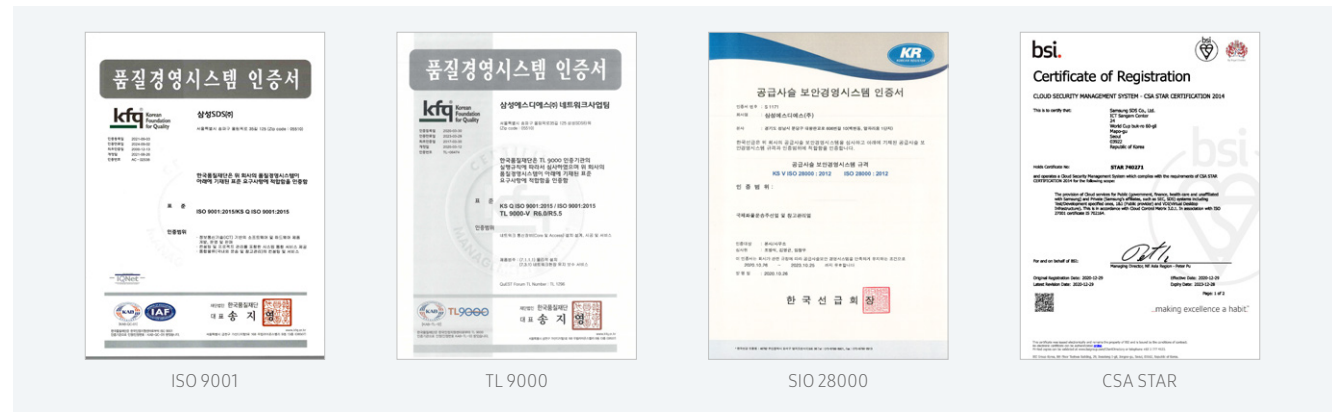
Samsung SDS has managed quality and risk by business type through the OpenQA system, and expanded this system to mobile to register and analyze evaluation results and take necessary measures in real time. In addition, we are effectively monitoring the quality level by utilizing IT Service Health Check which allows each department to check the operating status/level classified by customer service, service operation, product quality, and process quality in real time.

IT Service Health Check Dashboard



Global Quality Management System

Samsung SDS was the first one to obtain Quality Management System Certification for the SI Sector(ISO 9001) in the industry in 1994, and obtained the Master level, the highest level of the IT Infrastructure Library(ITIL) in 2003. It also obtained Environmental Management System Certification(ISO 14001) in 2014, and Information and Communications Quality Management System Certification(TL 9000) in 2017, and have been continuously updating and maintaining those certifications. In 2020, Samsung SDS obtained certifications for Cloud Control Matrix-based Maturity Evaluation(CSA STAR) and Supply Chain Security Management System(ISO 28000) to provide best qualified solutions and services.



Raising Employees' Awareness of Quality

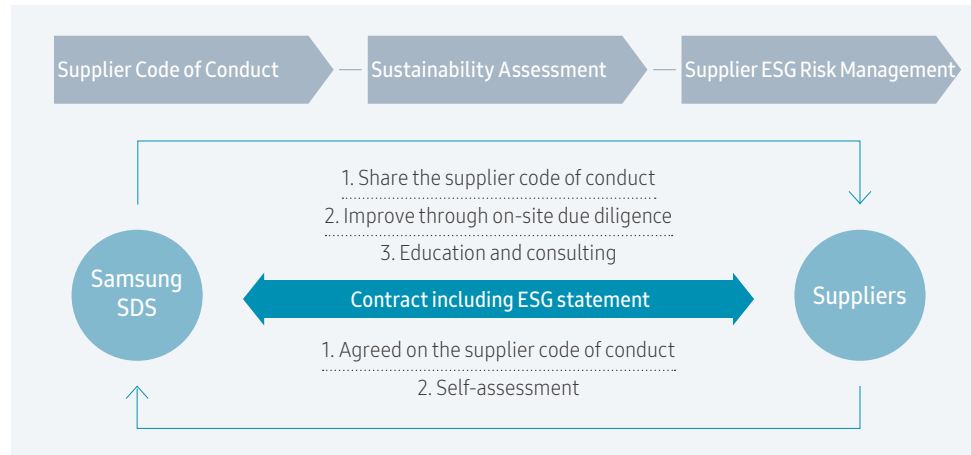
Samsung SDS conducts training for domestic and international employees to develop their capacities for quality improvement every year so that all employees can recognize the importance of project completion as the main body for quality management.

Training	Content
Quality mindset	· Raise employees awareness of quality by conducting case-based online education
Nurturing quality management experts	· Nurture quality management experts through theoretical and practical training on establishment/operation/solution quality management
Nurturing test experts	· Nurture quality management experts through functional test, security test, and performance test training for developers/operators
Code review	· Secure quality through code review training for quality personnel
Root Cause Analysis(RCA)	· Nurture RCA experts and providing training for in-house risk managers · Improve capabilities for failure cause analysis and problem-solving(online training)

SOCIAL/ ESG for Suppliers

Sustainable Management System for Suppliers

Samsung SDS operates company-wide policies and systems to establish a sustainable supply chain, and runs an organization dedicated to supply chain ESG to support suppliers' sustainable management system.



Supply Chain ESG Management

Evaluation criteria for internal organizations in charge	Signing ESG applied contracts	Education on sustainable procurement
Include ESG into KPI for Partner Collaboration Team(purchasing)	Automatically include in the contract through the purchasing system	For Samsung SDS purchasing managers and those in charge of suppliers
No. of suppliers that signed the Code of Conduct	Number of companies participating in self-inspection	Number of companies participating in on-site inspection
207	207	47

Supply Chain ESG Performance Assessment

Samsung SDS evaluates suppliers ESG management performances by comprehensively considering the results of self-inspection, on-site supervision, and ESG-related innovation activities conducted by suppliers. In addition, when selecting a supplier, Samsung SDS considers the evaluation results and supplier participation on the ESG performance evaluation. Samsung SDS reflects such factors as additional points, and conduct bidding for the selected companies, ensuring that the overall process from selection to utilization is conducted based on ESG values.



Checklist for ESG Performance Evaluation

The checklist used for performance evaluation and compliance on Samsung SDS Code of Conduct for Suppliers. The checklist consists of 35 items in 4 areas: labor & human rights, safety/environment, business ethics, and management system. Based on the checklist, suppliers conduct self-inspection once a year. Samsung SDS conducts on-site inspection once a year to check the details of the self-inspection and identify areas for improvement. The evaluation items and results for 2021 are as follows.

Category	Number of item	Checklist	Compliance rate(%)	Areas of improvement
Labor & human rights	23	Voluntary work, compliance with working hours, etc.	94	Anti-discrimination policy, etc.
Safety/environment	4	Emergencies preparation, environmental licensing, etc.	82	Emergency scenarios, etc.
Business ethics	4	Corporate integrity, protection of intellectual property, etc.	65	Protection of intellectual property rights
Management system	4	Corrective measures, supplier responsibilities, etc.	66	Expression of will to comply, etc.
합계	35		85	

Supplier ESG Risk Management

Evaluation and Improvement Process

Based on the results of the ESG performance evaluation, a briefing session is held to share the evaluation results with suppliers and to improve their management system. In the briefing session, areas requiring improvement that were identified during the on-site inspection were introduced, and guidelines were provided so that suppliers could improve areas with poor compliance.

In 2022, Samsung SDS plans to reflect the importance of safety/environment in the Code of Conduct and reflect the revised Code of Conduct in the checklist. In addition, incentives for companies participating in the ESG management system will be expanded to encourage participation in Samsung SDS ESG system.

Reinforcement of Supplier ESG Competencies

Samsung SDS includes sustainability management in its contracts with suppliers to encourage them to establish an ESG management system that protects the environment, guarantees the rights, human rights, and safety of workers who work for them. In addition, ESG trainings for suppliers are provided to improve their capabilities for sustainability and to manage potential ESG risks.



Supplier ESG Guideline

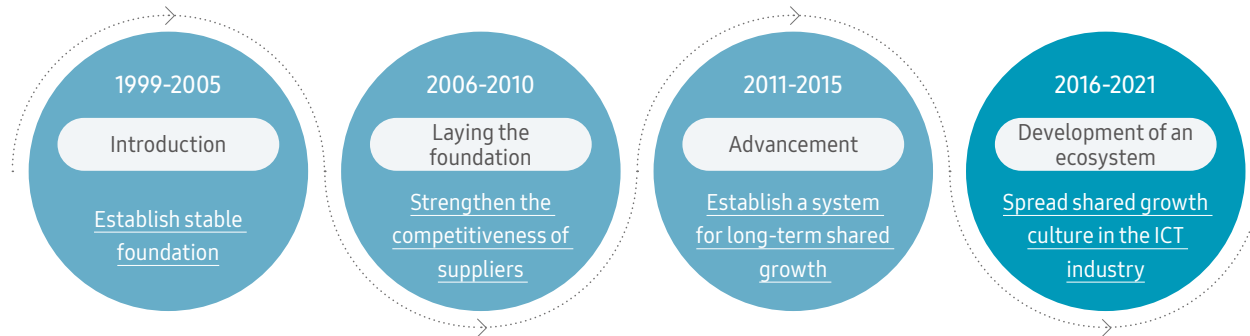


Online ESG Training

SOCIAL/ Shared Growth

Roadmap for Shared Growth

Samsung SDS leads in developing an ecosystem of collaboration by establishing and implementing a roadmap to achieve shared growth with its suppliers.



Shared Growth Policy

Samsung SDS has established policies to promote sustainable shared growth based on trust built through the establishment of a culture to promote fair trade, and conducts various activities for fair trade, collaboration, and value creation.

Goal	Keywords	Activities
Generate synergy with suppliers to pursue shared growth	Fairness Creating a clean and transparent business environment	<ul style="list-style-type: none"> · Fair trade · 4 fair trade practices · Unfair trade practice report center · Technical support/protection · Development methodology · Technical data escrow
	Collaboration Strengthening the competitiveness of suppliers through cooperation and support	<ul style="list-style-type: none"> · Financial(funds) support · Win-win management fund · Cash payment · Training, welfare benefits · Training support for suppliers · Welfare programs
	Value Creation Creating future value through creativity and innovation	<ul style="list-style-type: none"> · Business support · Discovery/nurturing of solution suppliers · Performance sharing system · Win-win culture(communication) · Supplier cooperation portal · Meetings with suppliers

Partner Collaboration Office

Samsung SDS has established and implemented company-wide policies to achieve win-win growth through the Partner Collaboration Office, an organization dedicated to win-win growth. Various opinions with suppliers are exchanged, and information on key business needs and win-win growth programs are provided on a regular basis.

Partner Collaboration Office	
Policy	Win-Win Management
<ul style="list-style-type: none"> · Establish cooperation plans for suppliers · Collect opinions from suppliers · Identify government policy 	<ul style="list-style-type: none"> · Develop and operate win-win management programs · Improve process and system

Shared Growth Initiative

Samsung SDS was selected as the best honorary company for shared growth by obtaining the Most Excellent grade for 4 consecutive years in 2021 Win-Win Growth Index. The index evaluates and quantifies the level of shared growth of large companies to promote shared growth between large companies and SMEs, and announced by Korean Commissions for Corporate Partnership every year. Samsung SDS vows to uphold the principles of fairness and transparency in conducting business and to create a culture of win-win partnership with suppliers.



Fair Trade Policy

In order to establish a culture of transparency and fair trade with suppliers, Samsung SDS introduced the operating standards for the 4 fair trade principles complying with relevant laws such as the Subcontract Act and making every effort to prevent unfair practices from occurring in transactions with suppliers.

4 Fair Trade Principles

<p>1. Operate contract execution practices</p> <p>Take the lead in establishing an environment for fair and rational trade and shared growth by introducing Good Contract Execution Practices of the Fair Trade Commission</p>	<p>2. Select and manage suppliers</p> <p>Secure fairness and transparency in the criteria when partnering suppliers, and operate supplier management policies in a reasonable and transparent manner</p>
<p>3. Create and operate Subcontract Deliberation Committee</p> <p>Comply with the fairness and legality of subcontract transactions through prior deliberation for subcontract transactions over a certain size</p>	<p>4. Manage issuance and preserve practices</p> <p>Take the lead in establishing a fair trade order by introducing the Fair Trade Commission's Written Issuance and Preservation Practices in the process of signing subcontracts and transactions</p>

Fair Trade and Contract Conclusion

Samsung SDS includes the Code of Ethical Management in all subcontracts to prevent unfair trade and fraudulent acts that may occur in the course of business with suppliers. In 2012, Samsung SDS participated in the public-private task force to improve standard subcontracting for the software business, and introduced standard subcontracting contracts recommended by the Fair Trade Commission. Samsung SDS applied the standard subcontracting contract to software(4 types), construction(3 types), manufacturing(2 types), and logistics(2 types) industries. In addition, electronic contract signing through smartTogether.com was introduced to prevent unfair business practices such as verbal orders and unfair order cancellations.

Improvement of Payment Conditions

To strengthen the financial soundness of the suppliers, Samsung SDS makes subcontract payments three times a month, and pay 100% in cash within 10 days on average. In addition, when a supplier requests early payment, Samsung SDS reviews the request and make an early payment.

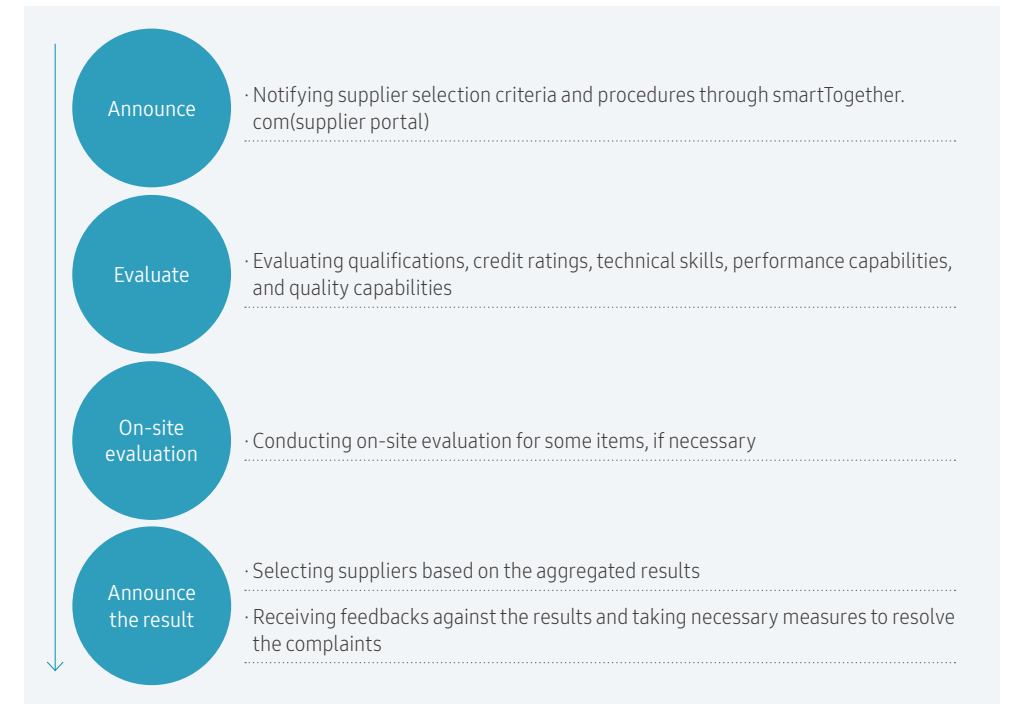
Supplier Selection

Suppliers were selected in a fair and transparent manner by establishing standards for the selection and operation of suppliers in accordance with the 4 practices of fair trade. Samsung SDS announces the criteria and procedures for supplier selection through smartTogether.com and provides specific criteria for selection and evaluation to prevent arbitrary interpretation by suppliers.

Supplier Status

Category	Unit	2019	2020	2021
No. of suppliers	Ea	292	279	279
Total purchasing amount	Million KRW	445,272	367,632	413,570

Supplier Selection Process



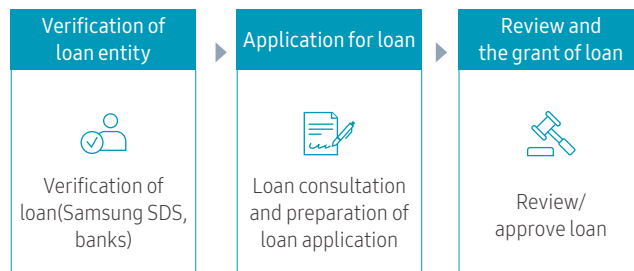
Shared Growth Activities

Samsung SDS pursues sustainable mid-to-long-term shared growth through various activities including financial support, education and technical support to strengthen suppliers' technological competitiveness, welfare benefits, and communication.

Financial Support for Suppliers

Samsung SDS implemented a variety of financial support programs to ensure the business stability of its suppliers. Samsung SDS works with financial institutions to run Win-win management fund providing suppliers with financial supports to enhance their technological and R&D competitiveness. Also, it operates indirect financial support system(network loan) that allows suppliers to secure low-interest funds from financial institutions based on transaction performance with Samsung SDS.

Win-Win Management Fund Support Process



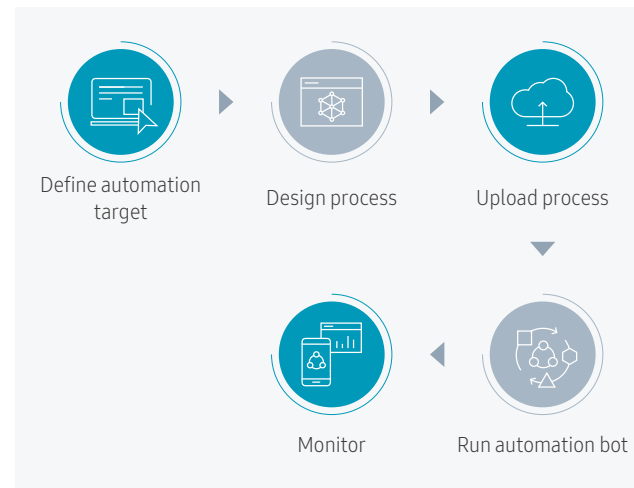
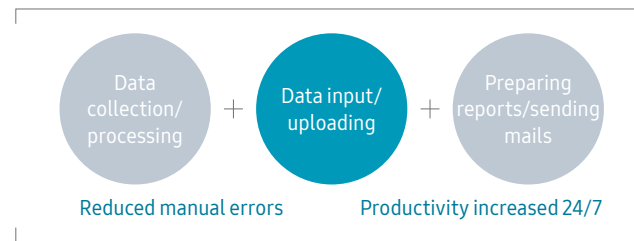
Win-Win Management Fund Status

	2019	2020	2021
Amount Raised (Unit: million KRW)	45,000	60,000	60,000
Amount Executed (Unit: million KRW)	45,000	45,404	40,843

Technical Support for Suppliers

Brity RPA

An AI-based task automation solution, Brity RPA provides a development environment and modules that automates repetitive and complex tasks. Samsung SDS provides Brity RPA consulting and licenses free of charge to help suppliers to improve their work productivity, and Samsung SDS will continue on providing the support.



INNOVATOR

Since 2012, Samsung SDS has provided suppliers with INNOVATOR, development methodologies, which standardizes business methods and procedures based on Samsung SDS' business experiences and know-hows. So far, Samsung SDS has provided 6 development methodologies contributing to the quality competitiveness of 42 suppliers.

Shared Development Methodology for Suppliers

Category	Content
Project management	Providing overall project management methods, processes, guides, and deliverables from project initiation to implementation, control and termination to effectively manage software and system building projects
Information engineering	An information technology-based methodology that analyzes, designs, and develops applications centered on data and business
Object oriented	A methodology for Java-based application development through UML modeling
Component based development	A methodology that adds the process of developing and assembling reusable components based on the Object Oriented methodology
Building applications (package)	Providing processes and procedures for identifying and narrowing gaps between packages and customer requirements in the basic flow of Information Engineering
Building applications (generic agile)	Providing an approach to quickly identify, effectively implement, and validate user-centric requirements in units of short iteration cycles

Educational Support for Suppliers

Samsung SDS offers various training programs to promote shared growth with suppliers so that they can secure technological competitiveness. On and offline training programs on software and information systems are provided through muticampus, an institution that nurtures software experts. Further, customized education for each class such as core job training in the information service field and introductory training for new employees are provided free of charge.

Core Job		Training for New Employees
Nurturing project manager Project case studies to empower project managers with the necessary skills and competencies	Analysis/Design Learn how to systematically analyze/design software projects and to use Unified Modeling Language(UML)	Training on attitudes/roles of new employee, interpersonal relationships/communication skills within the organization, and the latest IT trends
Strengthening capacities for making proposals Learn how to analyze key customer issues and establish competitive proposal strategies through practice	Latest IT trends(the 4th Industrial Revolution and IT technology) Mindset training to understand the paradigm shift of the market in the 4th industrial revolution and apply the understanding to tasks	
		Training provided by professional IT educational institutions
		Provide IT-related on and offline training courses such as Big Data and Java

Communication with Suppliers

SmartTogether.com, the Samsung SDS supplier collaboration portal, allows smooth communication including electric contract, sharing demand forecasting, policy, supplier promotion, grievance handling, etc.

Category

Category	Unit	2019	2020	2021	
Education	Technical support	Ea	44	65	63
support	HR recruitment support	Persons	2,823	2,128	2,195
No. of training programs	Brity RPA support cases	Cases	-	-	4
	No. of support cases for development	Cases	231	231	231
	No. of technical data escrow	Cases	27	22	19
methodology	No. of employees hired by suppliers	Persons	89	69	101



COVID-19 Support

Samsung SDS provides suppliers with contact-free collaboration solutions for businesses, distributes free quarantine products, and makes early payment to help suppliers suffering from COVID-19 to overcome difficulties



Free support of contact-free collaboration solutions

Samsung SDS has provided in-house developed solutions Brity Works and Marimba free of charge to help small and medium-sized enterprises having difficulties in establishing a remote work environment and contributed to enhance productivity, cutting costs, and reducing security risks.



Personal protective equipment

To ensure the safety of the suppliers, Samsung SDS provides personal protective equipment such as masks and disinfectants.



Early payment

Samsung SDS makes early payment for subcontract fees to help suppliers to address business difficulties and secure liquidity of funds.



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GOVERNANCE

What we achieved

Bord of Directors



Category	Contents	Status
BOD operation	- Board attendance rate 97.7%	Achieved
Support for independent director's work performance	- 2 training sessions for independent directors	Achieved
Protection of shareholder rights	- 6 non-deal roadshows, 5 conferences	Achieved

Risk Management



Category	Contents	Status
Risk Management Council operation	- Meeting twice a month with 35 agenda items	Achieved
Responding to potential risks	- Analyzing and responding to potential risks for manpower demand, supply and technology transition	Achieved
Risk management according to external evaluations	- 3rd party ESG risk assessment - Conducting risk improvement activities	Achieved

Ethics and Compliance Management



Category	Contents	Status
Ethics training	- Employee participation rate: 100%	Achieved
Whistle-blowing channel	- Handled 64 cases	Achieved
Compliance management organization	- 286 compliance officers(FCS) in each department	Achieved
Reviewing councils	- 4 councils held 55 times	Achieved

Information Protection



Category	Contents	Status
Acquiring global security management system certification	- Acquiring information protection and personal information protection management system certification (ISMS-P)	Achieved
Information protection audit	- Zero security incidents in 2021	Achieved
Employee training on data protection	- 6 training courses	Achieved

Board of Directors

Board Composition

Samsung SDS board of directors is operated in accordance with relevant commercial acts and Articles of Incorporation for transparent and independent governance. Pursuant to Article 27 of the Articles of Incorporation, the Samsung SDS board of directors is composed of more than 3 and less than 10 members. While Article 383 of the Commercial Act stipulates that there should be 3 or more directors, Samsung SDS allows up to 10 directors in consideration of the size of the company and efficiency of meeting operation and decision-making. Currently, the board consists of 3 executive and 4 independent directors, which satisfies the requirements of Article 542-8 of the Commercial Act requiring the number of independent directors be at least 3 and hold the majority of the total number of directors.

Type	Name	Position	Gender	Tenure	Committee within the Board of Directors						
					Audit Committee	Management Committee	Related Party Transactions Committee	Compensation Committee	Independent Director Recommendation Committee	ESG Committee	
Executive Director	Sungwoo Hwang	President & CEO, Board Chair	Male	Mar 17, 2021 Mar 16, 2024		●					○
	Jung Tae Ahn	Executive VP & CFO	Male	Mar 18, 2020 Mar 17, 2023		○	○			○	
	Hyung Joon Koo	Executive VP & Leader of Cloud Service Business Division	Male	Mar 17, 2021 Mar 16, 2024		○					
Independent Directors	Jea-Man Yu	Chair of the Related Party Transactions Committee	Male	Mar 31, 2017 Mar 30, 2023	○		●			○	○
	Hyuck Yoo	Chair of the Independent Director Recommendation Committee	Male	Mar 18, 2020 Mar 17, 2023			○	○	●		○
	Hyun-Han Shin	Chair of the Audit Committee	Male	Mar 18, 2020 Mar 17, 2023	●		○	○			○
	Seung-Ah Cho	Chair of the Compensation Committee and ESG Committee	Female	Mar 18, 2020 Mar 17, 2023	○			●	○		●

● Chair ○ Member

Board Skill Metrics

Item	Sungwoo Hwang	Jung Tae Ahn	Hyung Joon Koo	Jae-Man Yu	Hyuck Yoo	Hyun-Han Shin	Seung-Ah Cho
Board Diversity							●
Financial		●		●		●	●
Global Business	●	●	●		●	●	●
Leadership	●	●	●	●	●		
Risk Management		●		●		●	●
Technology	●		●		●		

Board Independence

In addition, to minimize the possibility of conflicts of interest, transactions between directors and the company are restricted, and directors who have an interest in the resolution of the board are prohibited from exercising their voting rights.

Furthermore, Samsung SDS ensures fairness and independence in the process of appointing directors. The candidate pool is formed by examining factors that may affect fairness and independence such as qualifications. The BOD and the Independent Director Recommendation Committee comprehensively considers evaluation criteria for individual candidates including expertise, social recognition, and integrity, together with the business aspects.

Board Diversity and Expertise

Samsung SDS BOD members have diverse expertise and the BOD makes strategic decisions from a comprehensive perspective. As a top expert in IT services, CEO oversees the business and promotes responsible management as the BOD chairperson. In addition, objective management supervision and professional advice from outside independent directors with rich knowledge and experiences of their expertise are provided.

Samsung SDS seeks to grow together with stakeholders from all social standings. To this end, the company seeks diversity in gender, age, nationality, educational background, disability, and political orientation in terms of the composition of the BOD. In 2020, a female director was newly appointed to ensure the BOD gender diversity.

Number of Female Director 1





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Board Operation and Governance

The BOD has decision-making authority on major management issues of the company such as management, governance, investment/planning, and accounting/financial management, and it monitors and advises on activities that have a significant impact on management.

BOD Meeting

The BOD is convened by the chairperson in accordance with Article 33 of the Articles of Incorporation and Article 9 of the Regulations of the Board of Directors. Each director is notified of the convening details 24 hours prior to each meeting. Each director may request the chairperson to convene the BOD by delivering agendas and reasons. If the chairperson refuses to convene the BOD without justifiable reasons, the director who requested the convocation may directly convene the BOD.

While the BOD meets regularly once every quarter in principle, temporary board meetings can be held whenever the need arises. In 2021, 11 board meetings were held to deliberate and decide on a total of 28 agenda items.

Board Resolution

The resolution of the BOD is made with the attendance of a majority of the enrolled directors and with the consent of a majority of the attended directors, in accordance with Article 35 of the Articles of Incorporation and Article 10 of the Regulations of the Board of Directors(unless stipulated otherwise by relevant laws). The BOD allows directors to participate in resolutions by means of communication that transmits and receives voices simultaneously. A director participating in such manner is considered as attended the BOD in person.

Each director's BOD attendance, their approval/disapproval of major agenda items, and other details are disclosed in the Annual Report.

Category	Unit	2019	2020	2021
No. of the BOD held	Unit	10	13	11
No. of agenda items	Unit	18	29	28
Attendance rate	%	97.5%	98.1%	97.7%
Minimum participation rate required to the BOD members	%	85%	85%	85%

Board Committees

The BOD has a total of 6 committees, as stipulated in Article 34 of the Articles of Incorporation and Article 14 of the Regulations of the Board of Directors, and delegates the authority of the BOD. The BOD enacts and stipulates regulations for committee operation through BOD resolution and stipulates details for structure, operation, and authority of each committee.

The resolutions made by each committee are notified to all directors within 2 business days, and, if deemed necessary, each director may request a BOD meeting to the chairperson of the BOD within 3 business days from the date of notification. In this case, the BOD may adjudicate the resolutions made by the committee. However, the resolutions made by the Audit Committee are excluded from such adjudication to guarantee the independence of the audit body.

The Roles and Composition of the Board Committees

Management Committee

- Reviewing and drawing resolution on major business matters delegated by the BOD
- Composed of 3 executive directors

Audit Committee

- Auditing company's business as a whole, including its financial status
- Composed of 3 outside directors

Compensation Committee

- Securing objectivity and transparency in the process of determining remuneration for directors
- Composed of 3 outside directors

ESG Committee

- Creating sustainable value with various stakeholders
- Composed of 4 independent directors and 1 executive director(CEO)

Independent Director Recommendation Committee

- Validation/recommendation of independent director candidates' independence, diversity, competency, etc.
- Composed of 3 independent directors and 1 executive director(CFO)

Related Party Transactions Committee

- Enhancing management transparency through voluntary compliance with fair trade
- Composed of 3 independent directors and 1 executive director(CFO)

Support for Independent Directors

Samsung SDS has designated a supporting department that provides necessary information and resources in order to assist independent directors in fulfilling their roles as set forth. Notably, the company shares and updates the current status of the company's management plan and business areas on a regular basis to enhance the independent directors' understanding in management activities.

Training Date	Participants	Training Topics
July 27, 2021	All	Introduction of 2021 Sustainability Report
July 27, 2021	All	Training of internal accounting management system

Board Assessment and Remuneration

The remuneration of directors is within the amount approved by the General Meeting of shareholders according to the standards set by the BOD in consideration of their position and responsibilities. The amount of remuneration paid to directors and detailed payment standards are disclosed in 'Executive's Remuneration, etc.' on the Business Report.

Board Remuneration

Category	No. of People	Total Remuneration (Million KRW)	Average per-Capita Remuneration (Million KRW)
Registered directors	5	5,882	1,176
Independent directors	1	85	85
Audit Committee members	3	258	86
Total	9	6,225	692

※ List includes directors who resigned during the current term

Board Stock Holding Status

As of December 2021

Type(Name)	Unit	No. of Shares
Executive Director (Sungwoo Hwang)	Share	1,000
Executive Director (Jung Tae Ahn)	Share	1,000
Executive Director (Hyung Joon Koo)	Share	1,000
Independent Director (Hyun-Han Shin)	Share	500

GOVERNANCE/

Protection of Shareholders Rights and Interests

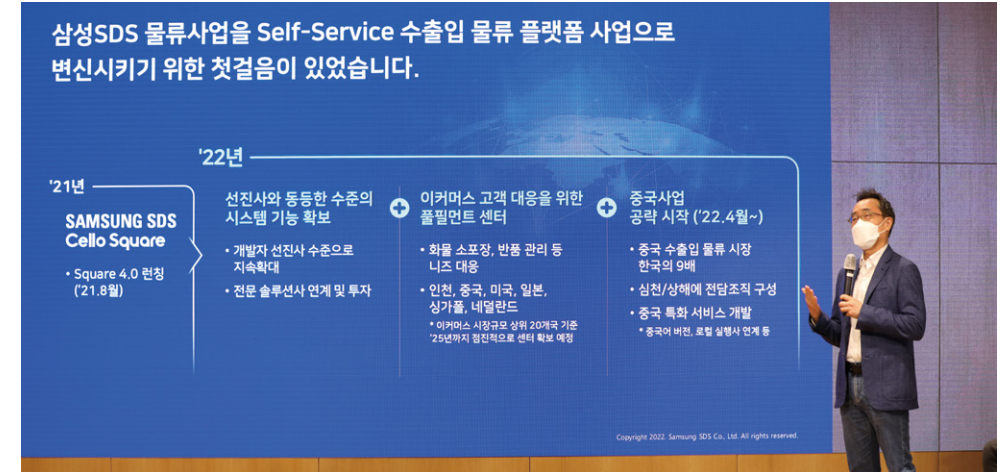
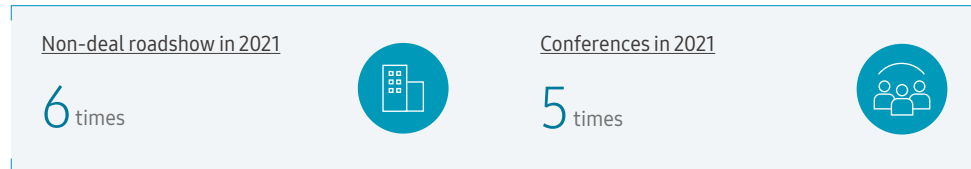
Protection of Shareholders' Rights and Interests

Samsung SDS strives to ensure that shareholders are sufficiently informed in a timely and transparent manner to exercise their rights through active investor relations(IR) and due process. All matters related to the General Meeting of shareholders including the date, place and agenda are announced at least 4 weeks prior to the General Meeting so that shareholders can exercise their voting rights after sufficiently reviewing the agenda. Furthermore, with a view to higher participation of shareholders, Samsung SDS schedules its general shareholder meetings avoiding the similar meetings of other companies.

As a part of its shareholder return policy, Samsung SDS discloses its dividend policy through ad hoc disclosure in addition to the cash dividend decision to improve investors' predictability of dividends. The BOD decided and announced a three-year dividend policy in January 2020, which maintains the dividend payout ratio of 25% or more from 2019 to 2021 but may raise it up to a maximum of 30%. The dividend for fiscal year 2021 is KRW 2,400 per share, and a maximum dividend payout ratio of 30% is applied according to the dividend policy.

The company periodically announces its quarterly performance based on tentative business results through the Financial Supervisory Service's Electronic Disclosure System(DART) and the Korea Exchange Listing Disclosure System(KIND). In addition, the company transparently discloses the information related to its management status through frequent IR activities such as Non-Deal Roadshow(NDR) for domestic and foreign investors, participation in conferences hosted by securities companies and on-site investor meetings.

Shareholder-Investor Communication



The 37th General Shareholders Meeting

Share and Dividends Status

Category	Unit	2019	2020	2021
Shares	No. of shares issued	Share	77,377,800	77,377,800
	Voting rights per share		1	1
Dividends	Voting power(= voting rights per share x number of shares)	Vote	77,350,186	77,350,186
	Total cash dividends	Million KRW	185,640	185,640
	Cash dividend payout ratio	%	25.2	41.9
	Cash dividend per share	KRW	2,400	2,400



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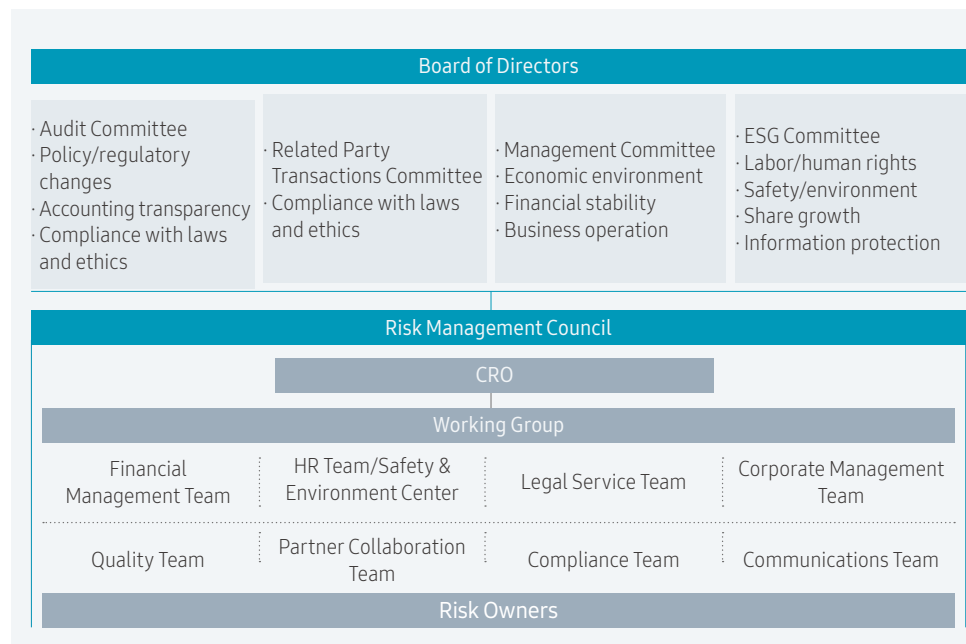
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Risk Governance

Samsung SDS manages risks through the BOD, the highest decision-making body, and Risk Management Council. The council identifies and analyzes risk types for the entire organization, checks management categories and risk management methods, presents them to the BOD, and reflects them in management strategies to respond.

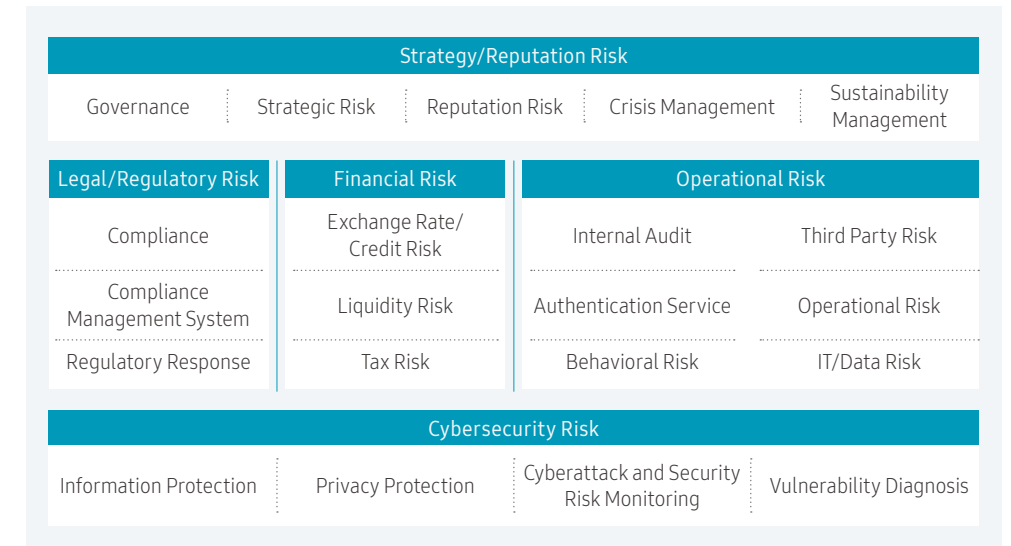
Risk Management System

Monitoring frequently the risks of the roles of each Committee within the BOD, Samsung SDS is in charge of establishing and managing strategies for risk management. In addition, Samsung SDS designates the head of Corporate Management Office as the Chief Risk Officer(CRO) and holds a risk consultative body in which relevant departments participate to share identified risk issues and establish countermeasures. The Risk Management Council establishes policies of management and response for financial risks such as market risks, credit and liquidity risks, and operational risks such as compliance, human rights, safety accidents, and environment that may occur during business operation. The council also implements related programs through the responsible department.



Risk Management Culture

Samsung SDS responds expeditiously to risks by immediately sharing recognized risks with the dedicated organization. To respond to risks lying across various fields, the company is equipped with a collaborative system with experts in relevant departments to respond effectively.



Agenda Review Results by Risk Management Council in 2021

The Risk Management Council is held regularly twice a month with a total of 9 department heads. In 2021, a total of 35 items were proposed, and the council managed risks in an integrated manner in the area of business, operation, strategy, external policy, and others. In addition, risk management education is provided once a year to assist independent directors in recognizing and understanding risks.

Category	1Q	2Q	3Q	4Q	Total
Strategy/Reputation Risk	3	1	2	0	6
Legal/regulatory Risk	6	4	2	3	15
Financial Risk	2	2	0	0	4
Operational Risk	5	2	1	1	11
Total	16	9	5	5	35



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Risk Management Procedure

Samsung SDS has institutionalized the reporting system for the BOD and the Risk Management Council to advance risk management. While the Risk Management Council manages risks through impact analysis and appropriate responses to potential losses, and material risks are reported to the BOD and subcommittees to be reflected in management strategies. Furthermore, relevant departments manage financial and non-financial risks at all stages of the business. In particular, emergent risks that occur in technology and services are immediately shared with the dedicated organization and relevant departments to counteract.

Potential Risks

Potential Risk Management and Response

Samsung SDS seeks to respond in advance by recognizing potential risks from a long-term perspective and analyzing their impact on the business.

Potential Risk	Details	Potential Impacts	Response/Management Activities
Labor Supply Shortage	<ul style="list-style-type: none"> · Korea with the lowest fertility rate among OECD member countries(0.84 births per woman in 2020) · The globally aging population and demographic cliff that lead to a sharp decline in the workforce 	<ul style="list-style-type: none"> · Risk of labor supply in company operation and hiring new personnel due to a decrease in the workforce · Risk of deterioration in business performance due to manpower shortage in logistics 	<ul style="list-style-type: none"> · Establishing company's support policies to slow the aging population and encourage marriage/birth · Operation of programs to attract and develop talents · Transition of tasks that can be automated by RPA adoption, etc.
Technology Transition	<ul style="list-style-type: none"> · Risk of regulatory violations, litigation, and reputational damage due to the enactment of new laws following the commercialization of future innovative technologies such as AI and Big Data 	<ul style="list-style-type: none"> · Restriction of business area caused by the enactment of new laws or risk of litigation brought by customers against existing businesses · Transparency risk to secure customer trust in relation to AI logic, etc. · Risk of fatal reputation deterioration and business disruption in case of ethical issues related to new technology 	<ul style="list-style-type: none"> · AI Ethics Principles to prevent risks in advance that may occur with AI technology · Continuous monitoring on patents and relevant laws & operation of Risk Management Council on a regular basis

Sensitivity Analysis

All of Samsung SDS' business sites are located in areas with low water stress, and the company regularly monitors water costs and sewage treatment to respond to risks related to water resources.

Financial Risk

Samsung SDS closely monitors and responds to factors of market, credit, and liquidity risks based on risk management policy. The Financial Management Team supervises financial risk management and establishes global financial risk management policies in cooperation with the company's business divisions and individual domestic and foreign companies to measure, evaluate, and hedge financial risks.

Tax Risk

As global business expands, the importance of tax risk management emerges along. Samsung SDS faithfully fulfills its tax filing and payment in accordance with applicable statutes, and prepares counter policies by identifying tax risks by country through the specialized department. In addition, by conducting business, the company contributes to the development of local communities through rightful tax payment and local job creation.

Foreign Exchange Risk

Due to its global operations, Samsung SDS is exposed to foreign exchange risks which may affect future business transactions, assets, and liabilities. Samsung SDS suppresses the occurrence of foreign exchange positions by prioritizing local currency transactions and by matching deposit-withdrawal currency principle. If such position is unavoidable, it is managed in accordance with applicable statutes and procedures. The company's exchange risk management regulations include the definition, measurement cycle, managing body, and management procedures of foreign exchange risk. Foreign exchange transactions are strictly limited and speculative transactions are prohibited. In addition, the company manages and reports foreign exchange risks on a monthly basis through a global exchange management system.

Credit Risk

Credit risk arises when counterparty fails to comply with its obligations under the terms of the contract. To manage credit risks, Samsung SDS periodically evaluates the financial credibility of counterparties in consideration of factors such as financial status and transaction histories, and accordingly sets credit limits. Credit risk also can occur in financial product transactions with financial institutions. In order to reduce such risks, the company transacts only with banks with high international credit ratings under the approval and supervision of the Financial Management Team.

Risk Management According to External Evaluation

Samsung SDS conducts risk management according to external ESG ratings. As Samsung SDS was rated as Medium Risk from the Sustainability ESG Risk Rating in 2021, the company is working to improve management risks.



	Areas of Improvements	Improvements Made
Corporate Governance	Board Structure	· Risk management through the BOD and the Risk Management Council
	Stakeholder Governance	· Disclosure of tax strategy, risk management, etc. · Disclosure of the ESG goals within Sustainability Report
Data Privacy and Security	Data privacy and security policy	· Disclosure of policies related to information protection and information security · Disclosure of information protection management system, process, and training status · Disclosure of organizational and responding status to countermeasure information protection regulations in each country
	Data privacy programs	· Disclosure of training status for employees in charge of information protection and security · Disclosure of regular/ad hoc security check process
	Cybersecurity program	· ISO 27001 certification published on the website
Human Capital	Discrimination Policy	· ILO Convention-based employee protection clauses published on the website
	Diversity Programs	· Disclosure of the current status of employee diversity-related training and related organizational operation status
Business Ethics	Gender Pay Equality Program	· Announcement of no gender gap in compensation
	Bribery & Corruption Policy Bribery & Corruption Programs Business Ethics Programs	· Disclosure of business principle guidelines, anti-corruption policy, and fair competition policy on the website · Disclosure of the status of regular training for compliance and anti-corruption · Sharing compliance terms, cases, and countermeasures through Compliance Management System(CPMS) · Conducted regular audits on corruption and compliance · Initiation of Declaration of Compliance
	Whistleblower Programs	· Operation of 24/7 whistle-blowing channel on the website in the languages of major countries where business is conducted · Disclosure of whistle-blowing process · Disclosure of the number of reports received through whistle-blowing channels and compliance/corruption guidelines violation cases
	Political Involvement Policy	· Disclosure of the political neutrality policy specified in the Code of Conduct Guidelines on the website

Ethics and Compliance Management

Ethics Management System

Principles of Ethics Management

Samsung SDS devotes its talent and technology to creating superior products and services that contribute for a better global society. To this end, the company stipulates and implements the 5 principles for Samsung SDS Code of Conduct that will guide its employees in making decisions and taking actions so that it abides by legal and ethical standards and fulfills its essential role and social responsibility across the entire spectrum of business operations. These principles set the standard for employees' behavior and value judgment in all management activities of Samsung SDS.

Ethics Management Process

Samsung SDS discloses its business principles to external stakeholders and operates a whistle-blowing channel to report violations of the principles. Furthermore, the company shares the Code of Conduct Guidelines to encourage the employees maintaining integrity in practice. The Samsung Business Principles and the reporting channel are available in Korean and English, and the Employee Business Conduct Guidelines in 4 different languages.

Improved Employee Awareness on Ethics

Through the Code of Conduct Guidelines, Samsung SDS discloses the regulation violation cases of suppliers, public funds and assets, working discipline, and information leaks. The company conducts promotional activities and provides ethics management trainings on a regular basis for employees. In 2021, 25,320 employees participated in the training.

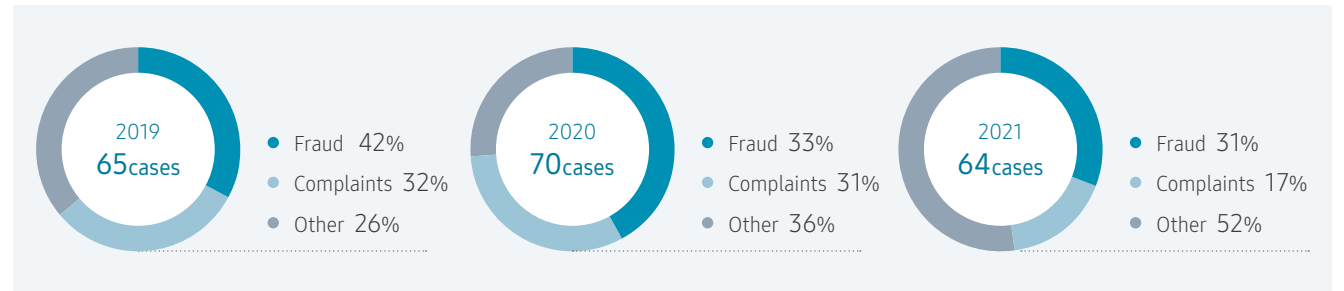
Business Ethics of Suppliers

Suppliers of Samsung SDS are to comply with all applicable laws and regulations in business activities, and Samsung SDS requires them to maintain the highest ethical standards. For this purpose, Samsung SDS includes the business ethics provisions in the Supplier Code of Conduct and defines corporate integrity, prohibition of unfair profit, intellectual property protection, identity protection, and personal information protection. The Code of Conduct and Guidelines for each provision are provided and apply to all suppliers of Samsung SDS.

Corruption






Whistleblowing Channel

Samsung SDS operates an anonymous channel to report corruption on its website. The scope of the report includes reporting on illegal activities against the Fair Trade Act and the Personal Protection Act, as well as reports on unethical behaviors such as giving or receiving money/valuables or hospitality. A total of 64 reports were received in 2021 through global reporting channels, of which 17% were civil complaints and 31% were related to unethical behaviors. If such reports proven to be true through investigations, disciplinary measures are taken according to the severity of the violation.



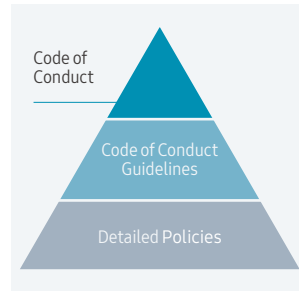
Code of Conduct Guidelines

Samsung SDS establishes and operates the Code of Conduct Guidelines, in accordance with Samsung SDS business principles, to ensure compliance with laws and ethics and fulfill its corporate and social responsibilities. The management principles guideline serves as the basis for the behavior and value judgment of executives and employees in the company's business activities.

Code of Conduct	Code of Conduct Guidelines	Code of Conduct	Code of Conduct Guidelines
 Compliance with laws and ethics	Fair competition, information security, protection of assets	 Environment, safety and healthcare	Green management, safety and health
 Transparent organizational culture	Prevention of corruption and conflicts of interest	 Social responsibility	Shared growth, social contribution
 Respect for customers, shareholders, and employees	Respect for human rights, customer service and quality control, technology innovation		

Compliance Management System

Principles/Policies



Standards/Regulations



Principles/Policies

In order to comply with laws and ethics and fulfill corporate social responsibilities in corporate activities, Samsung SDS has established and operates the Code of Conduct Guidelines that set its business principles and details. In addition, relevant detailed policies have been established and operated to comply with fair trade and anti-corruption.

Standards/Regulations

Samsung SDS establishes and operates the compliance operation regulations that set the company's compliance control standards and related details through a resolution of the BOD. Situation-specific manuals are also provided for employees to easily understand major laws and regulations such as fair trade, anti-corruption, and personal information protection when conducting their work.

Samsung Compliance Committee

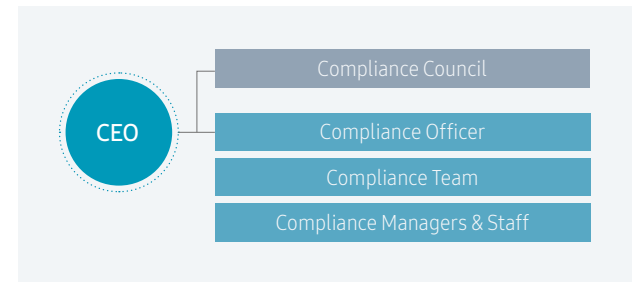
In January 2020, Samsung SDS signed an agreement with 7 major Samsung affiliates to establish the Samsung Compliance Committee in accordance with the decision made by the BOD to prevent the top management from engaging in any illegal activity, and to further strengthen compliance supervision. In January 2022, the BOD made the resolution to approve the appointment of chairperson and members of the 2nd Samsung Compliance Committee.

The Committee directly reviews the company's external sponsorship expenditure and internal transaction issues and presents its independent opinion to the BOD. In addition, the Committee makes recommendations to improve the effectiveness of the company's compliance system based on the review.

Compliance Management Organization

In accordance with the Commercial Act, Samsung SDS appoints compliance officers through a resolution of the BOD and regularly operates the Compliance Council consisting of 9 key executives. Under the supervision of the Compliance Team, the dedicated unit in charge of compliance activities, the company operates the Field Compliance Specialist(FCS) system, where compliance managers and on-site staff are designated to conduct voluntary compliance activities within their respective business divisions and departments(286 persons as of February 2022).

Organizational Structure of the Compliance Management



Compliance Review Committees

In accordance with relevant internal and external regulations, Samsung SDS operates deliberation bodies composed of executives and related personnel to determine the practical adequacy of inter-affiliate transactions and external sponsorship(a total of 55 times per year).

Name	Review Criteria	Review Cycle
Related Party Transactions Committee	Adequacy of major internal transactions with related parties	5 times
External Sponsorship Preliminary Review Committee	Appropriateness of external sponsorships	8 times
Inter-affiliate Transactions Preliminary Review Committee	Transparency of affiliate transactions	4 times
Subcontract Transaction Review Committee	Legality of major subcontract transactions	38 times

Implementation & Management of Compliance

Compliance Management Implementation

To form compliance management organizational culture, various compliance related activities from planning to improvement are continuously carried out.

Plan	Implement	Audit/Assess	Improve
<ul style="list-style-type: none"> Yearly planning Assessment standards 	<ul style="list-style-type: none"> Declaration of compliance Trainings/promotions 	<ul style="list-style-type: none"> Orgs./personnel Audit, risk assessment Deliberation activities 	<ul style="list-style-type: none"> Improvement activities Incentives/penalty BOD reporting

Commitment to Compliance

Every year, the management, including the CEO, expresses their will to abide by compliance. All executives and employees sign the Declaration of Compliance, which stipulates faithful compliance to work-related statutes, ethical obligations, and social responsibilities.



CEO's Message on Compliance Management & Employee's Compliance Declaration

Activities for Compliance Culture

Compliance Training

Samsung SDS provides training courses for employees to adhere with regulations and company compliance guidelines.

Training Target		No. of courses	Participants
General	All employees	2	24,120
High risk	Employees in charge of CP*	65	3,988
Executives	Executives	13	277
Entry level	New employees	14	450
Others	Self-training by department	35	461

* CP: Compliance Program

Compliance Evaluation Program

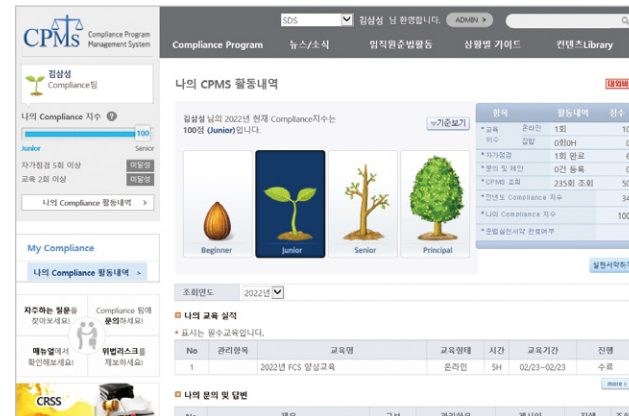
By reflecting the performance of compliance activities in the evaluation of organization and executives, the company encourages to recognize the importance of compliance and to take continuous preventive actions.

CP Award for Employees

To promote compliance, best compliance practices are shared and awarded according to the Compliance Control Standards and Compliance Operation Guidelines. A total of 3 employees were awarded in 2021.

Compliance Program Management System(CPMS)

CPMS, a compliance management platform, has been established and operated to support employees' regular compliance activities. For employees to become familiar with compliance matters, CPMS provides information such as compliance management-related operating system, guidelines, latest trends, FAQs, etc. In particular, the company operates 'My Compliance Index Program', which indicates the level of compliance activities within the system for all employees to encourage and help them recognize the importance of compliance.



Compliance Violation Reporting Channel

Multiple external and internal reporting channels such as the website, Compliance Management Platform System(CPMS), and hotline are being operated so that compliance violations can be reported on a regular basis.

Legal Risk Assessment & Monitoring

In order to identify and improve risk factors related to compliance, Samsung SDS conducts legal risk assessment and monitoring in key management areas and carries out improvement activities based on the results.

Identify anti-corruption and fair trade risk factors, categorize the risk factors through on-site interviews and risk assessment, and establish/implement countermeasures

Considering the characteristics of projects where collaboration with suppliers is important, identify improvable with regard to risk factors related to the Subcontracting Act and the Mutually Beneficial Cooperation Act, and implement complementary activities such as training, and process improvement

Violations of Laws and Regulations & Violations of Code of Conduct

Category	Unit	2019	2020	2021
Violation of Laws and Regulations	Total amount of fine	0	0	0
	Number of lawsuits	2	4	5
	Number of non-monetary sanctions	0	1	0
	Total number of cases of corruption and bribery	0	0	0
Violations of Code of Conduct	Total number of reports	27	23	20
	Number of reported cases under investigation	0	0	0
	Number of completed investigations on reported cases	27	23	20
	Completion rate of verified cases	100%	100%	100%

*Corruptions reported to the Whistleblowing Channel are also included in the Code of Conduct violations

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Information Protection System

Samsung SDS has an information protection system that covers security policy establishment, security check, security system management, workplace security, and security incident response. The company's information protection system meets global security standards and is proven through various domestic and international certifications.

Purpose of Information Protection

The company's goal in information protection is to ensure business continuity by safeguarding its information assets from various types of internal and external security threats.

Enhancement of Samsung SDS Competitive Edge by Reducing Security Incidents to Zero

- Development and management of security policy**
 Security strategy, security performance assessment, training/promotion
- Security check**
 Corporate website, IT infrastructure, workplace, products, personal information
- Security system management**
 PC security software, firewall, MDM, account authentication SW
- Physical security**
 Device in/out control, access control, protection of the workplace
- Responding to security incidents**
 Response to security breaches and malicious code, forensics

- Workforce(organization)
- Workplace
- User Devices

- Networks
- Servers
- Applications

Certifications of Global Information Security System

Since 2006, Samsung SDS has been certified against ISO 27001, the international standard for Information Security Management System. The company also acquired Korea's Information Security Management System(ISMS) certification in 2013, the ISO 27017 certification(cloud security) in 2018, and the Public Cloud(IaaS) Security Certification in 2019, continuously receiving recertification audits to remain certified. In 2020, the company has acquired the Cloud Service Security Certification(ISO 27018), Cloud Security Alliance(CSA STAR) certification, the Health Care Information Security Certification(ISO 27799), and Supply Chain Security Management System(ISO 28000), which remain certified as well. Further, in 2022, the Personal Information & Information Security Management System(ISMS-P) certification was additionally acquired to strengthen the information protection management system in line with the global advanced level.



Information Security Improvement Activities

Samsung SDS is continuously carrying out security innovation activities that incorporate new technologies, such as Blockchain and AI, to respond effectively to evolving security threats. Furthermore, based on the expertise and experience accumulated over the years, the company has systematized and utilized the security monitoring method in all areas.

New Technology-based Security Innovation

Samsung SDS is continuously discovering needs and concerns, and implementing improvements to respond to security vulnerabilities and threats identified during security check activities and internal and external security analysis.

Security Improvement Activities

- Building an information security pledge system using Blockchain technology(2020)
- Establishment and monitoring of untact security monitoring system(2020)
- Automatic security vulnerability inspection using Robotic Process Automation(RPA)(2021)
- Establishment of external exposure information detection system using AI and big data technology(2021)

Information protection audit items

Item	Detail	No. of items
Management Policy	Security regulations and compliance	4
	Organization	4
	Awareness	5
	Disciplinary actions	1
	IT security	5
IT	Authority management	43
	WEB/WAS	17

Response to Global Information Protection Compliance

For better overseas business operation and expansion, Samsung SDS is systematically responding to the recently tightened global personal information protection regulations. The company recognizes key areas to minimize compliance risks and devises countermeasures, focusing on personal information protection laws particularly in the EU, US, Brazil and China.

Key Areas

Guarantee Rights of the Data Subject

- Right of access
- Right of rectification/to correct
- Right to erasure/delete(be forgotten)
- Right to be informed
- Right of restriction of processing
- Right to data portability
- Right to object
- Rights related to automated decision making and profiling
- Right to opt out of sale(additional right under CCPA)

Establish a Response Plan in Case of a Breach of Personal Information

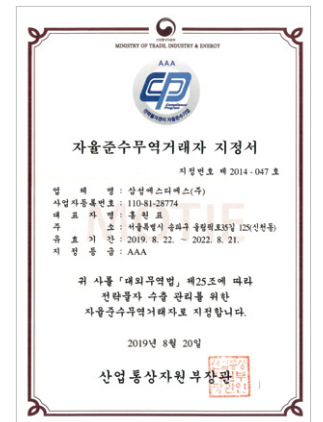
Action Plans

- Ensure access, correction, deletion and transfer of personal information
- Establish the process of receiving and responding to requests related to processing from data subjects
- Implement measures for protection and minimize the collection of personal information
- Comply with procedures stipulated by local law in case of personal information transfer to overseas only through appropriate certification, use of EU standard contracts, and consent from the data subject, etc.
- Monitor administrator accounts and access rights
- Define types of privacy violations and establish counteracting plans
- Report to the relevant authorities within the period stipulated by local law upon recognizing a personal information infringement incident

Compliance with Wassenaar Arrangement

As a Fair Trade Compliance Program company designated by the Korean government, Samsung SDS complies with the Wassenaar Arrangement and controls the export of conventional arms and dual-use goods and technologies, which can be utilized as weapons of mass destruction, to the denial list and sanctioned countries including North Korea, Iran, Sudan, Cuba, and Syria.

Certificate of Compliance Program with the highest AAA rating



Information Security Monitoring System

Samsung SDS manages a security monitoring system to systematically verify and improve security vulnerabilities in its products and systems. Furthermore, the company uses the in-house information security portal to encourage employees to conduct self-directed checks and to make necessary improvements.

Information Security Monitoring Process & Details

Category	Details	Responsible Department	Timeline
Integrated Support Meeting	<ul style="list-style-type: none"> Confirm the targets for security check and provide guidance Provide guidance referring to security requirements/design checklists Design check & schedule out the final security verification <p>* In case of interim/patch release, consult with the security verification team regarding the need for hacking mock test</p>	Quality Control/Development/Security Verification teams	When development plans set
Request for Security Verification	<ul style="list-style-type: none"> Request security verification within internal systems Conduct self-check to define security requirements 	Development teams	After integrated support meeting
Security System Check	<ul style="list-style-type: none"> Check that security conditions meet the criteria on the design checklist 	Development/Security verification teams	During interim checks
Preliminary Security Design Check	<ul style="list-style-type: none"> Conduct security checks on the source code and take measures Conduct security checks on the open source and take measures Verify the check results of the source code 	Development teams	Before requesting security verifications
Final Security Verification	<ul style="list-style-type: none"> Verify the check results of the open source Perform mock attacks(WEB, mobile, others) Perform infrastructure checks(server, DBMS, network, WEB, WAS) Perform security checks for personal information Perform security checks for Cloud <p>* In case of interim/patch release subjected to security verification, perform mock test attacks</p> <p>* For SW projects(other than Internet), the target is entire scope excluding source code/open source</p>	Security verification teams	Before deliberating on release
Notification of Results	<ul style="list-style-type: none"> Notify the results of security verification 	Security verification teams	When the security verification completes

Security Incidents Prevention and Response

Employee Information Security Training

Samsung SDS conducts on/offline training to raise employees' awareness of information protection. Different security trainings are provided such as general training for all employees, training for new/experienced employees, security certification preparation training. Security training for suppliers is also provided on a regular basis.

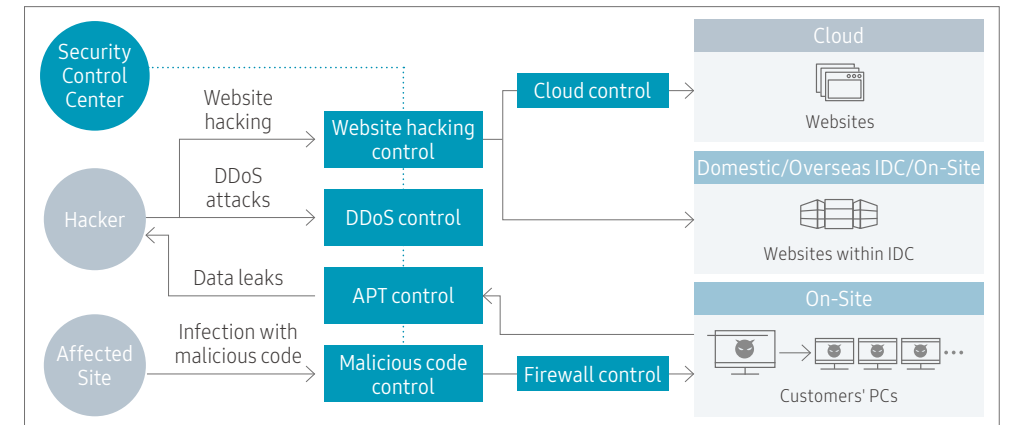
Training	Trainees	Benefits
Information protection training for all employees	All employees	Prevention of security incidents
Information protection training for new/experienced employees	Newly hired employees	Securing basic awareness of information security
Information protection training for suppliers	Suppliers	Raising awareness of information protection of suppliers
Project security training	Project personnel	Gaining awareness of project security compliance
Anti-hacking training for Web/mobile and systems	Developers and security staff	Securing mock hacking capabilities
Security certification preparation training	Developers and security staff	Securing competence for security certifications

Mock Drills for Malicious Emails

Samsung SDS conducts regular malicious email simulation training for all employees to prevent infection with malicious codes and to raise awareness among employees. In 2021, a total of 5 training sessions were performed, recording an average infection risk rate of 0.7%, and the infection risk rate is decreasing every year.

Security Management System

Samsung SDS has established a 24/7 security control system that monitors and responds to risks that threaten customer IT system security such as external intrusion attempts and data leaks.





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Financial Performance

Category		Unit	2019	2020	2021
Consolidated	Sales	million KRW	10,719,632	11,017,432	13,630,002
	Operating profit	million KRW	990,089	871,618	808,098
	Net income	million KRW	750,449	452,909	633,381
	Total liabilities	million KRW	2,296,079	2,295,811	3,073,731
	Total assets	million KRW	9,021,236	9,154,919	10,517,432
Non-consolidated	Sales	million KRW	5,096,158	4,549,427	4,985,713
	Operating profit	million KRW	691,675	582,117	406,734
	Net income	million KRW	520,825	266,592	327,599
	Total liabilities	million KRW	1,093,672	993,400	1,236,281
	Total assets	million KRW	6,576,534	6,510,161	6,850,930
Credit rating	Korea rating		AA+	AA+	
	Moody's			A1	A1

Tax Obligation

Category		Unit	2019	2020	2021
Earnings before tax		million KRW	1,036,288	886,118	857,542
Reported taxes		million KRW	285,839	433,209	224,160
Tax adjustment		million KRW	-	-	-
Effective tax rate		%	27.58	48.89	26.14
Tax paid		million KRW	300,097	213,271	188,515
Cash tax rate		%	29	24	22

Share and Dividend

Category		Unit	2019	2020	2021
Stock	Issued shares	Share	77,377,800	77,377,800	77,377,800
	Voting rights per share	ea	1	1	1
Dividend	Total dividend	million KRW	185,640	185,640	185,640
	Dividend payout ratio	%	25.2	41.9	30.4
	Dividend per share	KRW	2,400	2,400	2,400

Category		Unit	2019	2020	2021
Government ownership		%	6.4	6.7	6.3
Family ownership		%	17.0	17.0	17.0

Economic Value Distribution

Category		Unit	2019	2020	2021
Employees	Wages	million KRW	1,973,832	1,937,121	2,245,856
	Welfare and benefit	million KRW	372,099	398,738	413,123
Suppliers	Purchase	million KRW	1,655,343	1,534,602	1,710,044
Shareholders	Dividend	million KRW	185,640	185,640	185,640
	Interest	million KRW	15,073	16,360	17,649
Government	Corporation tax	million KRW	285,839	433,209	224,160
Local Community	Donation	million KRW	3,396	5,160	2,701

R&D Expenditure

Category		Unit	2019	2020	2021
R&D expenditure		million KRW	141,389	131,383	159,625
Sales(IT services)		million KRW	5,872,752	5,314,450	5,637,197
R&D expenditure against sales		%	2.4	2.5	2.8
Patent Registrations		Case (cumulative)	1,650	1,717	1,846

Contributions & Other Spending

Category		Unit	2019	2020	2021
Lobbying, interest representation or similar		million KRW	0	0	0
Local, regional or national political campaigns/organizations/candidates*		million KRW	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)**		million KRW	275	319	352
Other(e.g. spending related to ballot measures or referendums)		million KRW	0	0	0
Total contributions and other spending		million KRW	275	319	352
Data coverage		%	100	100	100

* As of Political Funds Act, Samsung SDS also does not provide funds for political contributions. (Every foreigner, corporation or organization both at home and abroad shall be prohibited from contributing any political funds. - Political Funds Act, Article 31)

** Registration fees for individual industry associations are included, last years figures have also been revised



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CEO Remuneration

Category	Unit	2019	2020	2021
Total CEO remuneration	million KRW	1,687	5,731*	1,393

* CEO remuneration in 2020 includes severance pay

Executive and Employee Compensation

Category	Unit	2019	2020	2021
Executive	million KRW	382	388	409
Employee	Male	million KRW	111	104
	Female	million KRW	88	83

Hiring Cost

Category	Unit	2021
Hiring cost	million KRW	1,996
Average hiring cost/FTE	million KRW	14

Gender Pay Gap*

Category	Unit	2021	
Mean	Gender pay gap	%	100
	Bonus gap	%	100
Average salary	All	million KRW	119
	Female	million KRW	100
	Male	million KRW	125
Average tenure	All	Year	14.9
	Female	Year	12.3
	Male	Year	15.7

* Samsung SDS treat employees equally regardless of their genders. The difference in average pay is due to average tenure differences. Therefore, equal remuneration are given.

Performance Appraisal

Category	Unit	2019	2020	2021
Ratio of performance appraisal	%	100	100	100
No. of employees participated	Persons	23,403	23,370	23,995

Female Employ Status

Category	Unit	2019	2020	2021
Female employee ratio	%	29.4	29.4	30.2
Female junior manager ratio	%	38.3	38.7	38.6
Female manager ratio	%	19.3	20.3	21.8
Female executive ratio	%	10.9	13.3	13.1
Female in STEM related positions	%	23.1	23.0	22.8
Female in sales related positions	%	21.6	22.6	21.6

Nationality Breakdown

Category	Unit	2019	2020	2021
Korea	No. of employees	Persons	16,523	16,277
	Manager ratio	%	67.6	72.1
USA	No. of employees	Persons	604	645
	Manager ratio	%	54.1	54.0
Australia/ New Zealand	No. of employees	Persons	7	7
	Manager ratio	%	42.9	42.9
China	No. of employees	Persons	1,762	1,747
	Manager ratio	%	37.1	40.8
Canada	No. of employees	Persons	19	24
	Manager ratio	%	21.1	20.8
Others	No. of employees	Persons	4,488	4,670
	Manager ratio	%	16.6	17.5

Human Capital Return on Investment

Category	Unit	2019	2020	2021
a) Total revenue	million KRW	10,719,632	11,017,432	13,630,002
b) Total operating expense	million KRW	803,839	818,130	875,066
c) Total employee-related expenses	million KRW	2,423,337	2,408,872	2,736,390
HC ROI = (a-(b-c))/c	-	5.09	5.23	5.66



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Employee Turnover Rate

Category	Unit	2019	2020	2021
Total turnover rate	%	2.2	1.8	3.8
Voluntary turnover rate*	%	2.2	1.8	3.6

* Voluntary turnover: Refers to the proportion of employees who choose to leave an organization excluding retirement and lay-off.

Retirement Pension Funds

Category	Unit	2019	2020	2021	
Defined benefit plan	Amount	million KRW	1,002,506	1,251,858	1,513,880
	No. of employees covered	Persons	11,590	11,446	11,190
Defined contribution plan	Amount	million KRW	45,999	56,885	59,844
	No. of employees covered	Persons	992	1,189	1,136

Employee Training

Category	Unit	2019	2020	2021	
General	Training hours per person	Hour/person	44	52	58
	Participants	Persons	12,896	12,621	12,644
	Total training hours	Hour	558,247	650,759	736,921
Human rights	Target	Persons	11,974	12,319	12,069
	No. of trainees(ratio)	Persons(%)	11,917(99)	12,319(100)	12,069(100)
Ethics	Training hours per person	Hour/person	0.5	1	1
	Participants	Persons	12,539	12,317	11,919
	Total training hours	Hour	6,270	12,317	11,919
Sexual harassment prevention	Training hours per person	Hour/person	1	1	1
	Participants	Persons	12,424	12,411	12,069
	Total training hours	Hour	12,424	12,411	12,069
Compliance	Training hours per person	Hour/person	0.5	1	2.4
	Participants	Persons	12,386	12,274	12,107
	Total training hours	Hour	6,193	12,274	29,246
Information protection	Training hours per person	Hour/person	1	1	1
	Participants	Persons	12,536	11,796	11,879
	Total training hours	Hour	12,536	11,796	11,879

* Employee training is offered equally to male and female employees

Energy Consumption

Category	Unit	2019	2020	2021
Total	TJ	1,988	1,954	2,117
HQ	TJ	250	229	248
Sangam Data Center	TJ	495	496	548
Suwon Data Center	TJ	800	862	921
Gumi Data Center	TJ	168	173	176
Chuncheon Data Center	TJ	54	183	224

Greenhouse Gas Emissions

Category	Unit	2019	2020	2021
Direct emission(Scope 1)	tCO ₂ eq	4,300	3,488	3,354
Indirect emission(Scope 2)	tCO ₂ eq	92,778	91,795	98,528
Total emission	tCO ₂ eq	97,073	95,277	101,882
GHG intensity	tCO ₂ eq/KRW billion	-	0.21	0.20
Other emission(Scope 3)*	tCO ₂ eq	-	5,890,563	6,497,114

* The scope of Scope 3 emissions is expanded from upstream domestic transportation to all global transportations and other Scope 3 categories. For comparability, 2019 and 2020 figures are revised.

Water Use

Category	Unit	2019	2020	2021	
Used	Waterworks	ton	254,365	326,406	323,461
	Groundwater	ton	161,964	162,868	167,784
Disposed	Groundwater	ton	161,964	162,868	167,784
Total	ton	254,365	326,406	323,461	



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Safety and Health

Category	Unit	2019	2020	2021
Industrial accident rate(domestic)	%	0.00	1.60	0.00
Industrial accident rate(overseas)	%	0.00	0.00	0.00
FTE	Persons	12,580	12,495	12,400
No. of people with industrial accident	Persons	-	2	-
Accident intensity rate		-	1.4	-
Total working hour(average per week)	Hour	26,925,888	26,389,440	26,188,800
Lost-time	Day	0	375	0

Category	Unit	2019	2020	2021
Occupational safety	OIFR	%	0.00	0.00
	No. of occupational injuries and illness	Case	-	-
Employee	LTIFR	%	0.00	7.58
	Total working hours (A)	Hour	26,925,888	26,389,440
	Lost-time (B)	Hour	-	308
	No. of occupational injuries and illness	Case	-	-
Supplier	LTIFR	%	-	-
	Total working hours	Hour	-	-
	Lost-time	Hour	-	-
	No. of occupational injuries and illness	Case	-	-

* Supplier working hours: total employees(3,806) x 8 hours a day x 22 days a months x 12 month a year

Information Protection

Category	Unit	2019	2020	2021
IT security beaches	Case	0	0	0
Total number of customers affected	Case	0	0	0
Total amount of fines/penalties paid	Case	0	0	0
Security personnel	No. of personnel	Persons	206	187
	Human rights training	Persons(%)	206(100)	187(100)

Supply Chain Management and Due Diligence

Category	Unit	2021
Quality management system	Ratio of receiving regularly revised customer service quality standard documents	%
	Ratio of participating regular customer service quality management workshops by region, country, and customer	%
	Ratio of participating official training programs for suppliers and customer service quality management	%
External due diligence	Ratio of performing own due diligence	%
	Ratio of the 3rd party due diligence for customer service quality system	%
	Ratio of the 3rd party due diligence ensuring compliance with ISO 9000 or other customer service	%



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SAMSUNG SDS Co., Ltd. ("the Company" or "SAMSUNG SDS") commissioned DNV Business Assurance Korea, Ltd. ("DNV", "we" or "us"), part of DNV Group, to undertake independent assurance of its SAMSUNG SDS Sustainability Report 2022, 'DIGITAL TECHNOLOGY FOR ASUSTAINABLE FUTURE' (the "Report").



Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe SAMSUNG SDS's adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that the Report adopts the 'Core' option of the GRI Standards.

Based on non-financial data, sustainability activities and performance data of 2021 generated from SAMSUNG SDS, we have evaluated the adherence to AA1000 AccountAbility Principles (AA1000AP) 2018 and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2021 which are identified in the process for defining report content;

No.	Material Topics	Topic Standard	No.	Material Topics	Topic Standard
1	Strengthen service quality and improve customer satisfaction	Non-GRI	6	Eco-friendly data centers	302-4, 305-5
2	Strengthen R&D and technology competency	404-2	7	Strengthen BOD's management on sustainable issues	Non-GR
3	Manage and reduce GHG emissions	305-1, 2, 3, 5	8	Economic value creation	201-1
4	Respect diversity	405-1, 2	9	Sustainable supply chain management	308-1
5	Compliance and business ethics	205-3	10	Develop employee competency	404-1, 2, 3

Without affecting our assurance opinion, we also provide the following observations:

The Principle of Inclusivity

SAMSUNG SDS defines stakeholders as six groups: Communities, Customers, Employees, Suppliers, Shareholders and Investors, and Compliance/Ethical Management, and reports major interests of each group and SAMSUNG SDS' related communication channels. The definition of stakeholders, participation methods, and major issues are introduced in the Report, and major concerns gathered from stakeholders are reflected in the materiality assessment process. During the materiality assessment process, SAMSUNG SDS conducted an online survey for internal and external stakeholders. The assurance team confirmed that these contents are being used to organize report content and improve management activities.

The Principle of Materiality

SAMSUNG SDS conducted a materiality assessment to prepare the Report. Based on the derived 35 issue pool, a total of 10 material issues (Materiality Topics) are selected and reported in detail through stakeholder concerns and business impact analysis. DNV confirmed that the material topics selected through the materiality assessment are reflected in the Report.

The Principle of Responsiveness

SAMSUNG SDS established the ESG Committee in October 2021 to establish ESG strategies and policies and to promote sustainable management activities. To promote systematic strategies centered on the ESG committee, SAMSUNG SDS established directions and key goals for each ESG area. In addition, SAMSUNG SDS strengthened the ESG supervisory function of the BOD by establishing an ESG committee. SAMSUNG SDS operates an ESG Council based on mutual cooperation among relevant departments to evaluate and manage the impact of business activities. Information related to this is disclosed through the Report.

The Principle of Impact

SAMSUNG SDS discloses in detail the background of issue selection and progress on material topics that reflect stakeholders' interest and expectations. In particular, SAMSUNG SDS quantifies and analyzes ESG value creation and reports it in the Report to effectively manage the environmental and social impacts of business activities and promote better decisionmaking. This helps stakeholders to understand SAMSUNG SDS. The assurance team confirmed that the material topics selected through the materiality assessment were completely reflected according to the physical and temporal reporting boundaries.

Reliability of Specific sustainability performance information

DNV conducted a review of compliance with the principles of AA1000AP(2018) of the Report as described above (Type 1 verification). In addition, we have reviewed the reliability of the disclosure data (Type 2 verification) – Environmental Efficiency Indicators: Greenhouse Gas Emissions (Scope 1–3), Energy Consumption, Water, Waste. The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company and interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

Scope and Approach

We performed our work using AA1000AS v3, Assurance Standard set for by AccountAbility, and DNV's assurance methodology VeriSustain™ (Ver. 5.0) which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"). DNV provides Type 1 and the moderate assurance. But some part of performance data has been verified by Type 2 as described above. The engagement excludes the sustainability management, performance and reporting practices of SAMSUNG SDS's subsidiaries, associated companies, suppliers, contractors and any thirdparties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as SAMSUNG SDS's website (www.samsungsds.com). The review of financial data taken from these sources is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

Basis of our opinion

The assurance was carried out from May to June 2022. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Site visits to SAMSUNG SDS Headquarters in Seoul, Korea to review process and system for preparing sustainability data and implementation of sustainability strategy.
- Conducted interviews with representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.

For and on behalf of DNV Business Assurance Korea Ltd.

Seoul, Korea

June 30, 2022

Country Representative Jang Sup Lee

Responsibilities of the Directors of SAMSUNG SDS and DNV

The Directors of SAMSUNG SDS have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Competence and Independence

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.

DNV - Business Assurance

DNV Business Assurance Korea Ltd. is part of DNV Group, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

www.dnv.co.kr/assurance



Verification Statement on Greenhouse Gas Emission(Scope 1, 2)

검증개요 : 삼성에스디에스(주)는 기후변화 리스크에 대응하기 위해 매년 ISO 14064 등 검증표준에 근거한 MRV를 실시하고 있습니다. 한국경영인증원은 삼성에스디에스(주)의 2021년도 검증 결과를 아래와 같이 확인합니다.

검증범위

- 조직경계 및 운영경계: 해당조직 운영통제 하에 있는 모든 사업장 및 배출시설
- 검증대상 사업장 : 삼성에스디에스(주) 본사 등 12개 사업장
- 검증대상기간 : 2021년 1월 1일 - 2021년 12월 31일
- 보고대상 온실가스 : CO₂, CH₄, N₂O, HFCs, PFCs, SF₆
- 배출원 검증범위 : 직접배출원(Scope1), 간접배출원(Scope2)
- 보증수준 : 합리적 보증수준 (중요성 기준 : 총배출량의 ±5.0%)

검증기준

- ISO 14064-1 (2018), ISO 14064-3 (2018), WRI/WBCSD GHG Protocol (2004)
- 온실가스 배출권거래제 운영을 위한 검증지침 (환경부고시 제 2021-112호)
- KMR 온실가스-에너지 검증매뉴얼 및 절차서, IPCC Guidelines (2006)

검증결과

온실가스 배출량	직접배출(Scope1)	간접배출(Scope2)	총량 (tCO ₂ eq)
2021	3,354,053	98,531,010	101,882

에너지 사용량	연료	전기	스팀	총량 (TJ)
2021	62,027	2,053,226	7,599	2,117

검증의견

2021년도 위 조직의 온실가스 배출량 및 에너지 사용량의 산정이 적합함을 확인하였습니다.

INTRODUCTION: Samsung SDS Co., Ltd. Implements annual MRV based on international standards including ISO 14064 to respond to climate change risks. KMR confirms the verification results of 2021 as below.

SCOPE

- Organizational boundary : The whole business under control of the organization
- Verification object workplaces : 12 facilities of Samsung SDS Co., Ltd.
- Reporting Period : Calendar year of 2021
- Reporting greenhouse gas : CO₂, CH₄, N₂O, HFCs, PFCs, SF₆
- Type of emission : Direct Emissions(Scope1), Indirect Emissions(Scope2)
- Level of assurance : Reasonable assurance

STANDARDS

- ISO 14064-1 (2006), ISO 14064-3 (2006), WRI/WBCSD GHG Protocol (2004)
- Verification guidelines for the operation of the GHG emission trading system(Notification No. 2021-112, MOE)
- KKMR GHG & Energy verification manual and procedure, IPCC Guidelines(2006)

RESULTS

GHG Emission	Scope1	Scope2	Total (tCO ₂ eq)
2021	3,354,053	98,531,010	101,882

Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2021	62,027	2,053,226	7,599	2,117

CONCLUSION

KMR confirms that the calculation of the Greenhouse gas emissions and energy consumption of the organization are proper.

2022년 6월 20일
한국경영인증원 대표이사 황은주

June 20th, 2022
Authorized By CEO Eun Ju Hwang



황은주



E J Hwang

Verification Statement on Greenhouse Gas Emission(Scope 3)

Introduction

Korea Management Registrar (KMR) has been engaged by Samsung SDS Co., Ltd. to conduct an independent verification of its greenhouse gas (GHG) emissions reported for the year 2021. The verification was conducted on the organizational and operational boundaries and the results are declared as below. The verification is valid from the date of its publication.

Scope

- Organizational and Operational Boundaries
 - The GHG emissions covered by this verification was calculated by the GHG inventory estimation tool developed by Samsung SDS and includes all other indirect emissions (Scope 3 emissions) of Samsung SDS Co., Ltd. in 2021.
- Verification period: January 1, 2021 to December 31, 2021
- Types of GHG included: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆
- Emissions data verified : Scope3 (all other indirect emissions)
 - Scope 3 emissions are limited to emissions from purchased goods and services, capital goods, transportation and distribution(upstream), waste generated in operations, business travel, employee commuting, investments
- Verification Methodology
 - Visiting sites and Interview with relevant personnel responsible for collecting GHG data
 - Reviewing the process of gathering GHG data
 - Reviewing the source of data, such as computing systems, bills and related documents
 - Reviewing documents, assessing risks, and preparation and comparison based on different verification techniques (inspection, due diligence, observation, interview, etc.)
 - Level of Assurance: Limited Assurance

Criteria

International Standard on Assurance Engagements 3000 (Revised) – ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ ISO 14064-1 Greenhouse gases -- Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (2018), ISO 14064-3 Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions (2018), IPCC Guidelines for National Greenhouse Gas Inventories (2006), WRI/WBCSD GHG Protocol, Notification No. 2021-112. MOE, Verification guidelines for operation of the GHG emission trading system(materiality criteria, emission factors and calorific values provide by IPCC, national calorific values and emission factors)

Results

Samsung SDS has been verified to represent the following emissions for Scope 3 (all other indirect emissions)

(unit : tCO₂-eq./yr)

Year.	Category	GHG emissions (Scope3)
2021	Purchased goods and services	38,755
	Capital goods	77,435
	Transportation and distribution(upstream)	6,301,689
	Waste generated in operations	339
	Business travel	2,177
	Employee commuting	6,980
	Investments	69,739
	Total	6,497,114

Conclusion

Based on the results of our verification on the agreed scope and criteria, we came to the following conclusion.:

- We verified that the emissions data reported by Samsung SDS Co., Ltd. for 2021 is correct as described above, and found no evidence that the data is not consistent with the agreed verification scope and criteria.
- This statement can be affected by limited factors such as limitations in data provided and sampling methods and should not be relied upon to detect all errors.
- For the limited organizational boundaries, the materiality threshold of ±5% was set for aggregate errors to provide limited assurance. We believe that no error or omission was identified in the data provided that may impact our opinion that the reported data is “appropriate.”

June 15, 2022

Korea Management Registrar
President Hwang Eun Ju





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	102-2	Activities, brands, products, and services	4-6	
	102-3	Location of headquarters	B	
	102-4	Location of operations	8	
	102-5	Ownership and legal form	-	Annual report
	102-6	Markets served	8	
	102-7	Scale of the organization	4	
	102-8	Information on employees and other workers	8, 55, 57, 90-91	
	102-9	Supply chain	69, 72	
	102-10	Significant changes to the organization and its supply chain	-	No major changes during the reporting period
Strategy	102-11	Precautionary Principle or approach	79-81	
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102-35	Remuneration policies		Annual report	
102-36	Process for determining remuneration	77	Annual report	

GRI Standards		Indicators	Page	Note
Stakeholder engagement	102-40	List of stakeholder groups	13	
	102-41	Collective bargaining agreements	56	
	102-42	Identifying and selecting stakeholders	13	
	102-43	Approach to stakeholder engagement	13	
	102-44	Key topics and concerns raised	13, 22, 100	
Reporting practice	102-45	Entities included in the consolidated financial statements	9	
	102-46	Defining report content and topic Boundaries	B	
	102-47	List of material topics	22, 100	
	102-48	Restatements of information	91	
	102-49	Changes in reporting		No major changes during the reporting period
	102-50	Reporting period	B	
	102-51	Date of most recent report	B	
	102-52	Reporting cycle	B	
	102-53	Contact point for questions regarding the report	B	
	102-54	Claims of reporting in accordance with the GRI Standards	B	
Management Approach	102-55	GRI content index	96-97	
	102-56	External assurance	93	
	103-1	Explanation of the material topic and its Boundary	22-23, 100	
	103-2	The management approach and its components	22-23, 100	
	103-3	Evaluation of the management approach	22-23, 100	

Economic Performance(GRI 200)				
GRI Standards		Indicators	Page	Note
Economic Performance	201-1	Direct economic value generated and distributed	20-21, 89	
	201-2	Financial implications and other risks and opportunities due to climate change	46-47	
	201-3	Defined benefit plan obligations and other retirement plans	91	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Samsung SDS Website
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	61-63	
	203-2	Significant indirect economic impacts	20-21	
Anti-corruption	205-1	Operations assessed for risks related to corruption	82-83	
	205-2	Communication and training about anti-corruption policies and procedures	82-84	
	205-3	Confirmed incidents of corruption and actions taken	82-84	0 case incidence during the reporting period
Tax	207-1	Approach to tax	81	Samsung SDS Website
	207-2	Tax governance, control, and risk management	81	Samsung SDS Website
	207-3	Stakeholder engagement and management of concerns related to tax	81	Samsung SDS Website



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Environmental Performance(GRI 300)				
GRI Standards		Indicators	Page	Note
Energy	302-1	Energy consumption within the organization	48, 91	
	302-3	Energy intensity	16, 27, 48, 91	
	302-4	Reduction of energy consumption	27-28, 48	
Water and Effluents	303-1	Interactions with water as a shared resource	49	
	303-2	Management of water discharge-related impacts	49	
	303-3	Water withdrawal	49, 91	
	303-4	Water discharge	49, 91	
	303-5	Water consumption	49, 91	
Emissions	305-1	Direct(Scope 1) GHG emissions	16, 26, 91	
	305-2	Energy indirect(Scope 2) GHG emissions	16, 26, 91	
	305-3	Other indirect(Scope 3) GHG emissions	26, 91	
	305-4	GHG emissions intensity	26	
	305-5	Reduction of GHG emissions	28	
Waste	306-1	Waste generation and significant waste-related impacts	49	
	306-2	Management of significant waste-related impacts	49	
	306-3	Waste generated	49	
	306-4	Waste diverted from disposal	49	
	306-5	Waste directed to disposal	49	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	97	0 cases during the reporting period
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	97	100%
	308-2	Negative environmental impacts in the supply chain and actions	97	None

Social Performance(GRI 400)				
GRI Standards		Indicators	Page	Note
Employment	401-1	New employee hires and employee turnover	91	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	57-60	None
	401-3	Parental leave	57	
Occupational Health and Safety	403-1	Occupational health and safety management system	31-33	
	403-2	Hazard identification, risk assessment, and incident investigation	32	
	403-3	Occupational health services	33-35	
	403-4	Worker participation, consultation, and communication on occupational health and safety	33	
	403-5	Worker training on occupational health and safety	32	
	403-6	Promotion of worker health	31-34	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31-33	
	403-8	Workers covered by an occupational health and safety management system	31-33	
	403-9	Work-related injuries	92	
	403-10	Work-related ill health	92	
Training and Education	404-1	Average hours of training per year per employee	16, 55, 91	
	404-2	Programs for upgrading employee skills and transition assistance programs	37	
	404-3	Percentage of employees receiving regular performance and career development reviews	90	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	16, 53, 55, 76	
	405-2	Ratio of basic salary and remuneration of women to men	90	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	69-72	Samsung SDS Website
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	69-72	Samsung SDS Website
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	69-72	Samsung SDS Website
Security Practices	410-1	Security personnel trained in human rights policies or procedures	92	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	52	Samsung SDS Website
	412-2	Employee training on human rights policies or procedures	52, 91	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	69, 72	
Public Policy	415-1	Political contributions	89	Prohibition of the use of company funds for political purposes according to management principal guidelines
Customer Privacy-Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	42, 92	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	84	



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Category	Recommendation	Page
Governance	a) Describe the board's oversight of climate related risks and opportunities.	40
	b) Describe management's role in assessing and managing climate related risks and opportunities.	25
Strategy	a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	46-47
	b) Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	47
	c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	46-47
Risk Management	a) Describe the company's processes for identifying and assessing climate-related risks.	46
	b) Describe the company's processes for managing climate-related risks.	79-80
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.	79-81
Metrics and Targets	a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.	26, 48-49
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions and the related risks.	26, 91
	c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.	12, 44



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Disclosure Topic	Accounting Metric	Page	Note	Category	Unit of Measure	
Energy Management	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	16, 48, 91	Renewable energy use on page 48	Quantitative	GJ, %
	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	16, 49, 91	No information on High or Extremely High Baseline Water Stress	Quantitative	m ³ , %
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	27-28, 48-49		Discussion and Analysis	N/A
Customer Privacy	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy		Privacy Policy on the website	Discussion and Analysis	N/A
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	42		Quantitative	Numbers
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	92	0 incident related to user privacy	Quantitative	Reporting currency
	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	42		Quantitative	Numbers, %
	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	86		Discussion and Analysis	N/A
Data Security	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information(PII), (3) number of users affected	92		Quantitative	Numbers, %
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	85-87		Discussion and Analysis	N/A
Employee Engagement, Diversity & Inclusion	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	55, 90		Quantitative	%
	TC-SI-330a.2	Employee engagement as a percentage	16, 56		Quantitative	%
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	53, 90-91		Quantitative	%
Competitive Behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	84	0 incident related to anti-competitive behavior regulations	Quantitative	Reporting currency
Systemic Risk Management	TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	67		Quantitative	Numbers, days
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	67		Discussion and Analysis	N/A

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Samsung SDS Alignment with the UN SDGs

Step 01 Create Issue Pool



To create a issue pool, Samsung SDS summarized the key issues identified based on sustainability management trends and international standards. The pool consists of 66 sustainability management issues in the economic, environmental, and social areas.

Step 02 Determine Material Issues



Samsung SDS reviewed the priorities based on business effectiveness and social interests among 35 material issues.

Step 03 Analyze External Environment

Samsung SDS reviewed the priorities based on business effectiveness and social interests among 35 material issues.

Business Effectiveness Evaluation

External Expert Evaluation

The material issue survey was given to the external experts to reflect the sustainability topics in which are highly interested.

Peer Analysis

The sustainability reports of industry peers were selected to analyze the topics managed from a sustainability perspective.

Internal Stakeholder Survey*

Business effectiveness of sustainable issues was evaluated by the employees.

Social Interests Measurement

Global Standard Analysis

The reporting requirements of GRI, DJSI, KCGS, ISO 26000, SASB, TCFD, UN SDGs, and other relevant standards as well as the sustainability reporting guidelines were closely analyzed.

Media Analysis

1,190 media reports in 2021 concerning the company's sustainability management were analyzed. The company categorized these reports into positive/negative/neutral from an economic, environmental, and social perspective, and created a list of material topics.

External Stakeholder Survey*

Sustainable material issues were surveyed by customers, suppliers, shareholders, investors, researchers, NGO, etc.

*Materiality Survey for Shareholders

Period	March 8th, 2022 - March 18th, 2022	Target	· Internal and external stakeholders
Method	Online survey	Detail	· Diagnosis on Samsung SDS sustainable management performance · Materiality evaluation · Opinions on Samsung SDS sustainability and the Sustainability Report



Step 04 Announce Materiality Analysis Result



10 material issues were identified through materiality analysis. The 10 material issues are transparently disclosed on the Samsung SDS Sustainability Report 2022.

Samsung SDS Alignment with the UN SDGs

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Samsung SDS Alignment with the UN SDGs

As a global corporate citizen, Samsung SDS aims to take account of the United Nation Sustainable Development Goals(UN SDGs) in how we run our business. The company focuses on the UN SDGs most relevant to its businesses and established approaches to help achieve them. Samsung SDS has engaged in a variety of sustainability activities to contribute to international society, and the activities are of 5 main areas(5Ps): Partnership, Peace, Prosperity, People, and Planet.



Category	UN SDGs	Material Topic
Environment	 <p>SDGs6. Ensure availability and sustainable management of water and sanitation for all</p>	<p>Environment management strategy, policy and advancement Samsung SDS monitors waste generation and GHG emissions, and strives to reduce waste generation and increase recycling rates. All used laptops and monitors by the employees are collected and recycled. Employees also participate in the waste cell phone collection campaign every year to promote recycling culture of electronic products.</p>
	 <p>SDGs13. Take urgent action to combat climate change and its impacts</p>	
Environment	 <p>SDGs7. Ensure access to sustainable energy for all</p>	<p>GHG emissions management and reduction Samsung SDS has participated CDP since 2018 to cooperate international climate change respond and to disclose its climate change strategies, targets, and performance to the stakeholders.</p>
	 <p>SDGs13. Take urgent action to combat climate change and its impacts</p>	
Social	 <p>SDGs4. Ensure quality education and promote life-long learning opportunities for all</p>	<p>Employee competency development To ensure that developers do not lose sight of rapidly shifting IT technology trends and build their work-related expertise, Samsung SDS operates on-site training programs. To help these developers become able to leverage multiple languages, the company offers an opportunity to learn and practice, and put them to work. These training sessions allowed Samsung SDS to train nearly 1,601 employees in 2021</p>
	 <p>SDGs8. Promote sustainable economic growth, full employment and decent work for all</p>	
Social	 <p>SDGs9. Build resilient infrastructure, promote sustainable industrialization</p>	<p>Sustainable supply chain management Samsung SDS operates a number of financial support systems including Mutual Growth Fund and an indirect financial support (network loan program) to stabilize the management of its suppliers</p>
	 <p>SDGs17. Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	
Social	 <p>SDGs5. Achieve gender equality and empower all women and girls</p>	<p>Employee diversity Samsung SDS protects employees from harassment or unlawful discrimination, and the company does not discriminate employees based on the race, color, age, sex, sexual preference, ethnicity, disability, pregnancy, religion, political preference, union participation, marital status, etc.</p>
	 <p>SDGs10. Reduce inequality within and among locations</p>	

Category	UN SDGs	Material Topic
Social	 SDGs12. Ensure sustainable consumption and production patterns	Customer satisfaction and service quality improvement Samsung SDS communicates with customers on service and solution quality, after-sales management service, latest technology and trends, and information disclosure for complete sales
Social	 SDGs9. Build resilient infrastructure, promote sustainable industrialization	Economic value creation Samsung SDS has implemented real-time bulk transaction processing, smart contracts that automatically execute transactions, and management monitoring through the Nexledger enterprise blockchain platform with blockchain identification cards and payment services to strengthen security. The company contributes to advancing the 4th industrial revolution by realizing fast and convenient financial transactions and addressing financial security vulnerabilities based on its accumulated ICT.
Governance	 SDGs8. Promote sustainable economic growth, full employment and decent work for all	R&D and technology competency reinforcement Samsung SDS contributes to AI analysis with Brightics Studio, an open-source version of Brightics AI, a massive data analysis platform. It is expected to contribute to bridging the digital divide in long term.
Governance	 SDGs9. Build resilient infrastructure, promote sustainable industrialization	
Governance	 SDGs12. Ensure sustainable consumption and production patterns	Sustainable issue management of the BOD Samsung SDS communicates with shareholders and investors on financial performance, investment strategy, risk management and sharing of business information, and communicates with suppliers for fair trade and the creation of a mutually-growing IT ecosystem.
Governance	 SDGs16. Establish and fair justice system for all	
Governance	 SDGs16. Establish and fair justice system for all	Prevention of corruption and unfair practices Samsung SDS has adopted an electronic contract system by applying the standard subcontractor agreement recommended by the Korean Fair Trade Commission in order to establish a culture of fair and transparent trading with suppliers. The electronic contract system is based on its supplier collaboration portal 'smartTogether.com' to avoid verbal agreements, unreasonable order cancellations, and other unfair trade practices.

SAMSUNG SDS