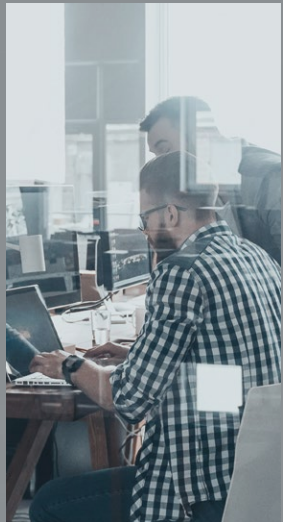


# DATA-DRIVEN DIGITAL TRANSFORMATION LEADER

Samsung SDS firmly believes that its corporate sustainability is deeply intertwined with its pursuit of co-prosperity with wide-ranging stakeholders, including communities, customers, employees, partners, shareholders & investors, and compliance & ethics management. This urges the company to identify major sustainability management issues by stakeholder group and meet their expectations accordingly. Samsung SDS will constantly respond to such issues as sound governance, risk management, and compliance management while building future growth engines to seek mutual benefits for the company and communities and taking heed to the expectations of its employees, partners, and communities.

## 1 COMMUNITIES



## 2 CUSTOMERS

## 3 EMPLOYEES

## 4 PARTNERS

## 5 SHAREHOLDERS & INVESTORS

## 6 COMPLIANCE & ETHICS MANAGEMENT



## 7 STAKEHOLDER COMMUNICATION





## COMMUNITIES

Samsung SDS will fulfill its environmental and social responsibility to thrive in harmony with its local communities.

### Operation of Eco-friendly Data Centers

Samsung SDS is proactively responding to climate change issues, as demonstrated in the operation of its Chuncheon Data Center which embraced renewable energy sources and energy efficiency improvement systems.

#### Chuncheon Data Center



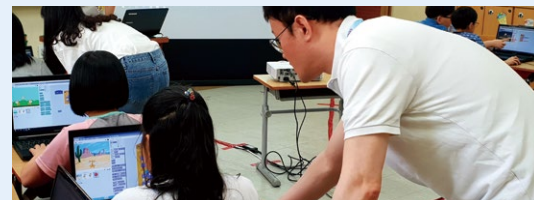
### Gaining Internal and External Credibility for Eco-friendly Management

Samsung SDS's data center achieved the ISO 14001 environmental management system certification and the Tier III international data center infrastructure certification. At the DatacenterDynamics Awards Asia Pacific 2016, its data center was honored with the 'Enterprise Data Center Award' for the efficiency and innovation of its data center infrastructure configuration.



### Social Contribution

Samsung SDS is engaged in a range of social contribution programs, from coding education for teens, education on the proper use of IT, and other educational volunteer programs led by employees to community-based grand volunteer festivals, support for sisterhood villages, and Happy Center for juvenile detention centers.



Employees serving as lecturers in 2019

645 employees

Teenagers attending the program in 2019

7,252 teens

\* Excluding overseas and local children centers



Employees participating in the festival in 2019

9,044 employees

Volunteer hours in 2019

73,884 hours



## CUSTOMERS

Samsung SDS delivers customer satisfaction and protects customer information to pursue mutual growth with its customers.

### Product & Service Quality Management

Driven by the mission to 'Deliver Impressive Customer Experience through Quality Innovation', Samsung SDS provides customers with products and services of unrivaled quality by operating an independent quality assurance frame, adopting a global quality management system, and addressing service disruptions.

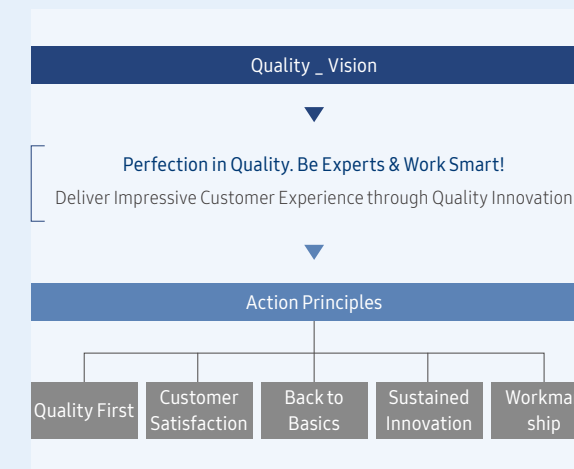
2019 Customer Satisfaction Score

92.5 points

VOC Handling Rate

100%

#### Quality Charter



#### Samsung SDS Quality Assurance Framework



### Information Protection

Samsung SDS established its information protection system in accordance with relevant domestic/overseas regulations to reduce security incidents to zero and improve its competitive edge in so doing. Furthermore, the company maintains the ISO 27001 certification, establishes information protection review criteria, and takes security incident prevention and response measures to operate a globally-recognized information protection management system and strengthen customer data protection and management.



No. of Personal Information Leaks Recorded between 2017 and 2019

0 case



ISO 27001 Certificate

Public Cloud (IaaS) Security Certification

## EMPLOYEES

Samsung SDS will set the stage for outstanding talent to enjoy their work and pursue their growth.

### Procurement & Development of Outstanding IT Professionals

To secure and nurture talented IT professionals, Samsung SDS recruits masters/PhD-degree holders at prestigious universities in Korea and abroad and operates core technology courses and industry-academia collaboration courses. In addition, the company assists the growth of in-house/external developers by operating the developer portal DEV+, hosting and sponsoring developer conferences, and holding the in-house idea competition XEED-LAB.



Sponsoring developer conferences on **6** occasions

**2,241** developers in attendance

#### Commercialization of XEED-LAB Projects

Project	Description
ChajazOom	AI-enabled media search platform
AlphaLaw	Automated detection of risk factors in legal contract documents
Insfiler	Processing of public data for corporate marketing
BotStation	API standardization between the messenger and the chatbot
SAIDA	Advanced AI bot for the Star Craft game
Catius	AI chatbot doll enabled by voice recognition

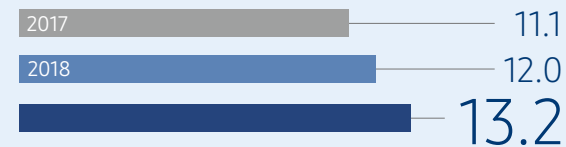
#### Mini-MBA Course



### Diversity and Equal Opportunity

Samsung SDS ensures diversity and equal opportunity for employees by increasing the recruitment of overseas employees and female employees as well as their promotion, operating a standard workplace for the disabled, and providing human rights education and protection.

#### Ratio of Female managers (%)



### Increased Life Satisfaction

Samsung SDS is committed to improving the quality of life for employees by implementing work-life balance programs including flexible work hours, operating a range of insurance, pension plan, and welfare programs, and offering education to enhance employees' employability.

## PARTNERS

Samsung SDS contributes to creating a sustainable IT ecosystem to pursue shared growth with its partners.

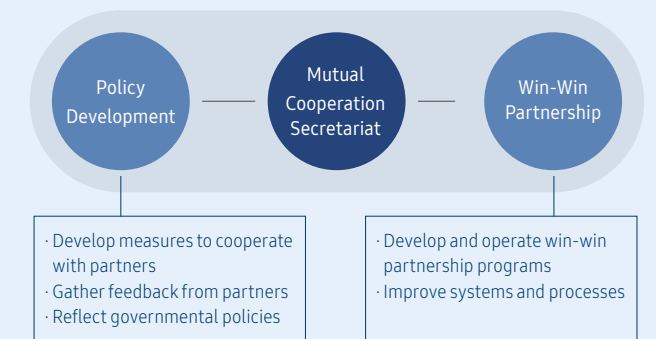
### Creating a Sustainable IT Ecosystem

Samsung SDS provides its partners with technology, business, and educational support through the Mutual Cooperation Secretariat, and lends financing support with the help of the Win-Win Management Funds, creating a partner ecosystem in so doing.



Rated **Most Excellent** for **2** consecutive years in the Win-Win Index

#### Win-Win Growth System



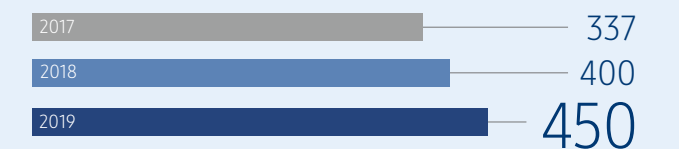
### Support for the Sustainability of Partners

#### Strengthening Partners' Technology Competitiveness

Joint R&D Efforts	Patent Sharing and Technology Protection
Training Support for Partners	Support for the Recruitment of Exceptional Talent

#### Loans Extended of Win-Win Management Funds

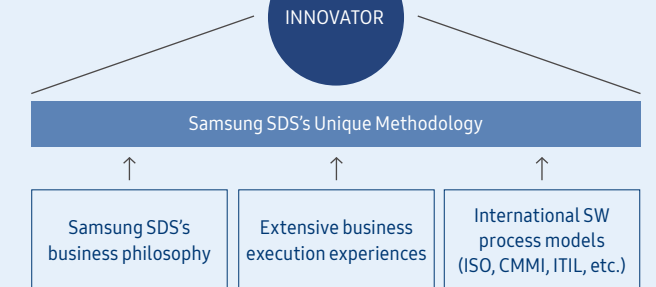
(unit: KRW one hundred Million)



#### Partner Council CEO Discussion Meeting



#### Innovator Development Methodology Shared with Partners





## STAKEHOLDERS & INVESTORS

Samsung SDS will be ceaselessly committed to promoting sustainable growth and improving corporate value.

### Sound Governance

Samsung SDS ensures that its Board of Directors(BOD) is composed of members who bring to the table their expertise in wide-ranging areas to assist the BOD in making strategic decisions from the comprehensive perspective. The company CEO with unrivaled expertise in the IT services sector serves as the general manager, and the Independent Director Recommendation Committee is mandated to review expert candidates for their qualifications and experiences in IT, management, accounting, law and other fields in order to appoint outside directors from diverse backgrounds. These outside directors account for the majority of the BOD to ensure its independence.

#### BOD Committees

Audit Committees
Management Committees
Related Party Transactions Committee
Compensation Committees
Independent Director Recommendation Committee

#### BOD Composition

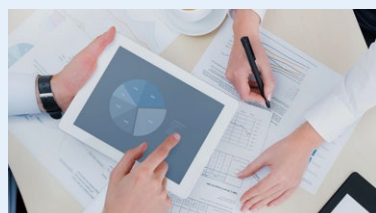
Director	Name	Position	Specialty
Inside Director	Won-Pyo Hong	President & CEO (BOD Chair)	IT, electronic engineering
	Sung-Tae Park	Executive VP & Logistics Unit Leader	Business management
	Jung-Tae Ahn	Executive VP & CFO	Management assessment, financial management
Outside Director	Jae-Man Yu	Chair of the Related Party Transactions Committee	Legal affairs
	Hyuck Yoo	Chair of the Independent Director Recommendation Committee	IT, computer science
	Hyun-Han Shin	Chair of the Audit Committee	Finance, accounting
	Seung-Ah Cho	Chair of the Compensation Committee	Business strategy

BOD Meetings Held in 2019

10 meetings

Attendance of Outside Directors in BOD Meetings in 2019

97.5%



### Securing Future Growth Drivers

Samsung SDS builds core technology competency through R&D efforts to reinforce internal capabilities while securing new technology through corporate investment, strategic alliance, and M&A to strengthen external capabilities.

Cumulative Ownership of Intellectual Property Rights (as of the end of Dec. 2019)

1,650 cases

New Patent Registrations in 2019

40 patents in Korea

25 patents overseas

Major R&D Outcomes (2016-2019)	
Big data analytics platform	IoT-integrated platform
AI chatbot engine	Data Lake management platform
AI collaborative development framework	Enterprise blockchain platform
AI defect analytics engine	Original encryption technology
Remote facial recognition and analytics engine	Cloud Native Computing

### Risk Management

Samsung SDS operates dedicated risk management units and programs to prevent financial risks(credit and liquidity risks) and non-financial risks(regulatory violations) that may arise in its business conduct.



## COMPLIANCE & ETHICS MANAGEMENT

Samsung SDS advances compliance management and ethics management as the fundamental drivers behind its journey to become a company that not only survives but lasts for the years to come.

### Establishment of an Ethics Management System

Samsung SDS provides training to share its ethics management principles and improve ethics awareness to encourage employees to take the initiative in advancing ethics management while operating whistle-blowing channels to strengthen external ethics monitoring.



### Reinforcement of Compliance Management

Samsung SDS established compliance management standards, its organizational structure and relevant systems, and focuses on the key areas of compliance management, implementing a range of activities from performing compliance review & training and operating whistle-blowing systems to taking disciplinary measures and awarding best practices.

Compliance control standards and relevant regulations were established and are currently under operation to achieve compliance management while chiefs and managers were appointed at the Compliance Council, dedicated compliance departments, and respective organizations.

In accordance with the decision made by the BOD on January 30, 2020, Samsung SDS signed an agreement with seven major Samsung affiliates to participate in the establishment of the Samsung Compliance Committee. Samsung SDS will take action as requested and recommended by the committee to further strengthen its compliance management.

At Samsung SDS, the Compliance Program Management System(CPMS) is up and running to constantly help employees raise their compliance awareness and practice compliance management, and the company is operating varying compliance training programs for all employees.

#### Focus Areas of Compliance Management



#### Compliance Program Management System



## Stakeholder Communication

Samsung SDS defines key stakeholders connected with its business operations as the following six groups of ‘communities’, ‘customers’, ‘employees’, ‘partners’, ‘shareholders & investors’ and ‘compliance & ethics management’, and takes heed to their invaluable feedback to establish robust trust-based relationships.

### Communication by Stakeholder Group

Stakeholder	Interests and Expectations	Major Communication Channel
 <b>Communities</b>	<ul style="list-style-type: none"> <li>· Local economy revitalization</li> <li>· Environmental protection</li> <li>· Social contribution</li> <li>· Right to know concerning corporate ESG impact</li> </ul>	<ul style="list-style-type: none"> <li>· Media Day</li> <li>· Press releases</li> <li>· Employee volunteer</li> <li>· Contest (Brightics Academy, undergraduate digital signage, etc.)</li> <li>· Samsung SDS website and social network channel</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>· Service and solution quality</li> <li>· After-sales management service</li> <li>· Latest technology and trend</li> <li>· Information disclosure for complete sales</li> </ul>	<ul style="list-style-type: none"> <li>· Customer invitation event (REAL 2019, IT insight Forum, C-level exchange meeting, etc.)</li> <li>· Customer visit meeting</li> <li>· Customer satisfaction survey</li> <li>· Contact Center</li> <li>· Samsung SDS solution exhibition</li> <li>· Samsung SDS website and social network channel</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>· Employment and labor environment</li> <li>· Career development</li> <li>· Diversity and equal opportunity</li> <li>· Respect for human rights</li> <li>· Labor relations</li> </ul>	<ul style="list-style-type: none"> <li>· Labor-Management Council (Future Consensus Council and portal)</li> <li>· SDS NEWS (Work, LIFE, TALK-anonymous bulletin board, Dtalks)</li> <li>· Global SDS NEWS (weekly brief mail)</li> <li>· CEO Dr. Hong Story, CEO discussion meeting, Vision&amp;Talk</li> <li>· In-house portal</li> <li>· Technology portal (DEV+, OP+, SOURCE+)</li> <li>· Offline developer meeting (Tectonic, Meetup, Hackathon, etc.)</li> <li>· Employee family invitation event (Coding Camp, etc.)</li> <li>· Mental health shelter and portal</li> <li>· Grievance-handling and whistle-blowing channels</li> </ul>
 <b>Partners</b>	<ul style="list-style-type: none"> <li>· Fair Trade</li> <li>· Creation of a mutually-beneficial IT ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>· Partner portal (smartTogether.com)</li> <li>· Solution Fair</li> <li>· CEO discussion meeting</li> <li>· Partner discussion meeting</li> <li>· Fair trade-related whistleblowing channel</li> </ul>
 <b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>· Financial performance</li> <li>· Investment strategy</li> <li>· Risk management</li> <li>· Sharing of business information</li> </ul>	<ul style="list-style-type: none"> <li>· General shareholder meeting</li> <li>· Electronic disclosure</li> <li>· Regular/year-round IR meeting</li> <li>· NDR</li> <li>· Conference hosted by securities firms</li> </ul>
 <b>Compliance &amp; Ethics Management</b>	<ul style="list-style-type: none"> <li>· Indirect economic benefits</li> <li>· Compliance management</li> <li>· Policy engagement</li> <li>· Transparent information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>· Participation in policy discussion</li> <li>· Society/association activity</li> <li>· Electronic disclosure</li> </ul>

### ABOUT THIS REPORT

#### Report Overview

Samsung SDS publishes its 1st Sustainability Report to transparently disclose the economic, social, and environmental values and achievements generated through its business conduct with wide-ranging stakeholders. This report serves as a communication channel to annually share Samsung SDS’s sustainability management activities, accomplishments and future plans with stakeholders.

#### Reporting Standards

This report was prepared in accordance with the international sustainability reporting guidelines of the GRI Standards: Core option, as well as IIRC (International Integrated Reporting Council)’s Integrated Reporting Framework. The financial data within the report were based on the K-IFRS (Korean International Finance Reporting Standards).

#### Reporting Period

This report illustrates Samsung SDS’s economic, social, and environmental achievements and activities during the period that spans January 1st of 2018 and December 31st of 2019. As to quantitative performance, the report contains data over the past three years (January 2017 – December 2019) to present their time-series trajectory.

#### Reporting Scope

The reporting scope of this report includes Samsung SDS’s Global Headquarters and all domestic establishments, and this extends to its overseas establishments for a portion of the performance data. Financial data were prepared on a consolidated basis in accordance with the K-IFRS. As for the data that require additional attention in terms of reporting scope and boundary, they were annotated separately for the convenience of readers.

#### Assurance

This report was assured by Deloitte Anjin LLC to ensure the objectivity and transparency of its preparation and to gain trust from stakeholders in so doing. The third-party assurance of the non-financial data of this report was performed by the Korea Management Registrar.

#### Contact

For any inquiries or suggestions on this report, please contact Samsung SDS as follows:

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