

IT'S THE **KEY**



TO SUSTAINABLE GROWTH

SAMSUNG SDS

Samsung SDS Sustainability Report 2024

ABOUT THIS REPORT

Samsung SDS published the 2024 Sustainability Report to transparently disclose the economic, social, and environmental values and outcomes generated through its business activities to various stakeholders. This Sustainability Report shall serve as a communication channel to share Samsung SDS' sustainability management activities, outcomes, and future plans with stakeholders, each year.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Options, the UN Sustainable Development Goals (SDGs), and the Sustainability Accounting Standards Board (SASB) with some areas incorporating the sustainability disclosure standards of the International Financial Reporting Standards (IFRS) and European Sustainability Reporting Standards (ESRS).

Reporting Scope

This report covers Samsung SDS headquarters, all domestic and overseas business sites, and controlled entities and subsidiaries subject to consolidated accounting. Financial performance data is based upon consolidated K-IFRS accounting standards. Any data requiring additional attention in terms of reporting scope and boundary has been annotated separately.

- **Headquarters(HQ):** All of Samsung SDS' domestic business sites
- **Global:** Headquarters, overseas subsidiaries, and key controlled entities and subsidiaries subject to consolidated accounting

Reporting Period

This report covers the ESG performance and activities from January 1, 2023, to December 31, 2023, and includes some information extending until the first half of 2024. In addition, quantitative performance includes data from the latest three years to illustrate annual trend. If historical data had been modified due to a change in the calculation criteria or data error, a separate annotation has been made.

Reporting Cycle

Annual (previous edition published in June 2023)

Third-Party Assurance

This report has been assured by the BSI Group Korea, an independent third-party assurance provider, to guarantee the report's reliability. The verification was conducted in accordance with the AA1000AS v3 standard, and the verification level included Type 2 verification for the performance of key issues identified.

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INTRODUCTION

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Message from the ESG Committee Chairperson

The ESG Committee will do its utmost to support Samsung SDS in faithfully practicing sustainability management based on the company's ESG strategy and core values.

Dear esteemed customers, shareholders, business partners, and all other stakeholders,
I am Insill Yi, the Chairperson of Samsung SDS' ESG Committee.

I would like to begin our 2024 Sustainability Report by expressing my deepest gratitude to you for your heartfelt support and encouragement towards Samsung SDS.

Last year, the ESG Committee convened six meetings where we engaged in active discussions on developing the corporate ESG strategy and its specific implementation plan. As a result, we devised Samsung SDS' own sustainability management strategy system along with a roadmap for 11 key strategic initiatives across each ESG area.

The ESG Committee will do our utmost again this year to ensure Samsung SDS carries out stable ESG management based on our ESG strategy and core values.

We will strengthen environmental management to contribute to a sustainable future.

Samsung SDS obtained ISO 50001 certification for energy management systems at all global business sites in 2023. In terms of our business, we will continue to make efforts in curbing carbon emissions by developing energy-efficient data center technology and expanding low-carbon logistics services.

We will create a corporate culture that practices diversity, equity, and inclusion.

Samsung SDS operates a wide range of maternity protection programs to support pregnancies and childcare for female employees in striking a balance between work and family life. Moreover, we aim to actively implement the global DEI (Diversity, Equity, Inclusion) initiative starting this year to create a working environment that can embrace employees from diverse backgrounds.

We will reinforce our sustainability management governance system.

Samsung SDS adopted the Senior Independent Director System in 2023 to strengthen independence and transparency of the Board of Directors. We will strive to further reinforce our governance system for sustainability management by composing the Related Party Transaction Committee and the Independent Director Recommendation Committee under the BOD entirely with independent directors this year and reviewing independent director candidates once a year.

Thank you again for your trust and confidence in Samsung SDS.

We will look forward to your continuous attention and unwavering support.

Insill Yi
ESG Committee Chairperson



Message from the CEO

Samsung SDS is dedicated to the sustainable growth of various stakeholders by embedding ESG values in the company's business and management activities.

Greetings! I am Sungwoo Hwang, President and CEO of Samsung SDS.

It is a great pleasure to extend my warmest appreciation for your continuous affection and encouragement toward Samsung SDS as we present you with the 5th Samsung SDS Sustainability Report. Samsung SDS has made endeavors to transform its fundamental business model by focusing on the cloud and digital logistics businesses during the past three years. As a result, our cloud business saw revenues grow 62% in 2023 compared to the previous year with its revenue share in IT Services also increasing from 19% in 2022 to 31% in 2023. Our digital logistics business also expanded its service offerings steadily through Cello Square, increasing coverage to 13 countries and recording 129% year-on-year growth. Moreover, 2023 was the first year for all Samsung SDS services and solutions to be armored with generative AI.

Amid such changes, Samsung SDS is practicing a strategy to embed ESG values in the business under the vision 'IT's the Key to Sustainable Growth' to ensure all of the company's business activities contribute to the sustainable growth of our customers and stakeholders.

Taking into account that climate change is an urgent issue threatening the sustainability of our society, we are upgrading management of carbon emissions generated from our products and services. We built a real-time monitoring system to offer customers visibility on the carbon emissions related to our cloud and logistics services and are pursuing investments in high-efficiency equipment and adoption of new technologies such as immersion cooling to realize energy efficiency innovations at datacenters. We also plan to actively assist our customers in addressing ESG matters by leveraging IT technology to discover emission-reducing factors and securing supply chain ESG management functions.

Moreover, we are devoted to protecting the data and information of everyone related to the company including our customers. With generative AI triggering unprecedented change across society, there is growing need for ethical principles and guidelines to be applied our AI-based services. Therefore, we plan to establish a digital governance system that includes policies and technical solutions for offering responsible and fair IT services that embrace AI ethics and privacy protection.

The ESG paradigm in business is now going beyond the establishment of systems and plans to actual practice and performance creation. Transparency in ESG data is becoming increasingly important as regulations on mandatory ESG reporting are announced around the world including in Korea, the U.S., and Europe. Samsung SDS will concentrate on practical efforts to bring about substantial results and manage information systematically through an ESG data platform to provide information transparently to our stakeholders.

We look forward to your ongoing interest and support towards our journey towards a sustainable future.

Thank you.

Sungwoo Hwang
President & CEO of Samsung SDS



Company Overview



SAMSUNG SDS

A Leader of Data and Computing Technology,
Providing Cloud Services and Digital Logistics Services



Cloud Services — Simply Fit, Simply Chat

Leverages differentiated technological knowhow from Samsung Cloud Platform, our AI and data analysis capabilities, and expertise across various industries to offer E2E cloud services based on generative AI



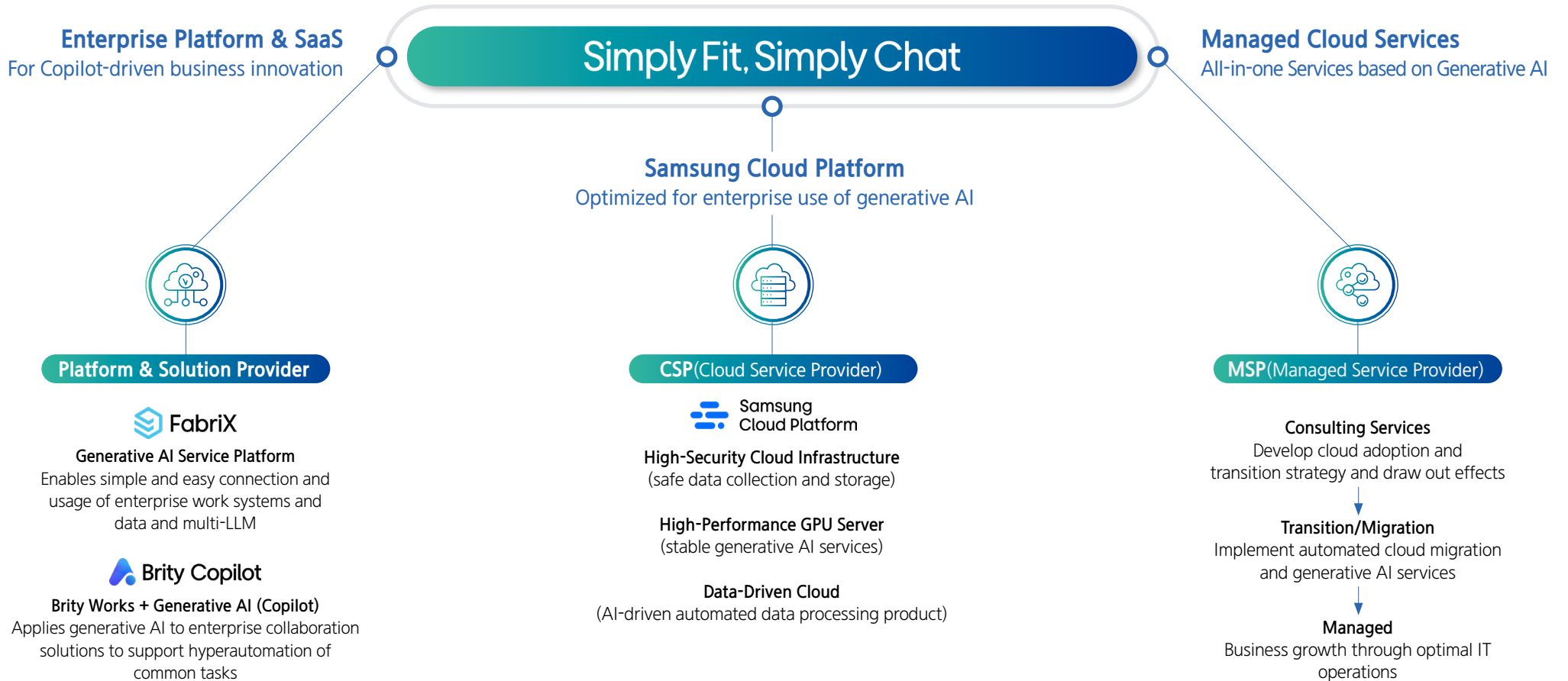
Digital Logistics Services — Click on Logistics

Utilizes Cello Square, our digital logistics platform, combined with innovative IT technology to provide global integrated logistics services

Company Overview

Cloud Services

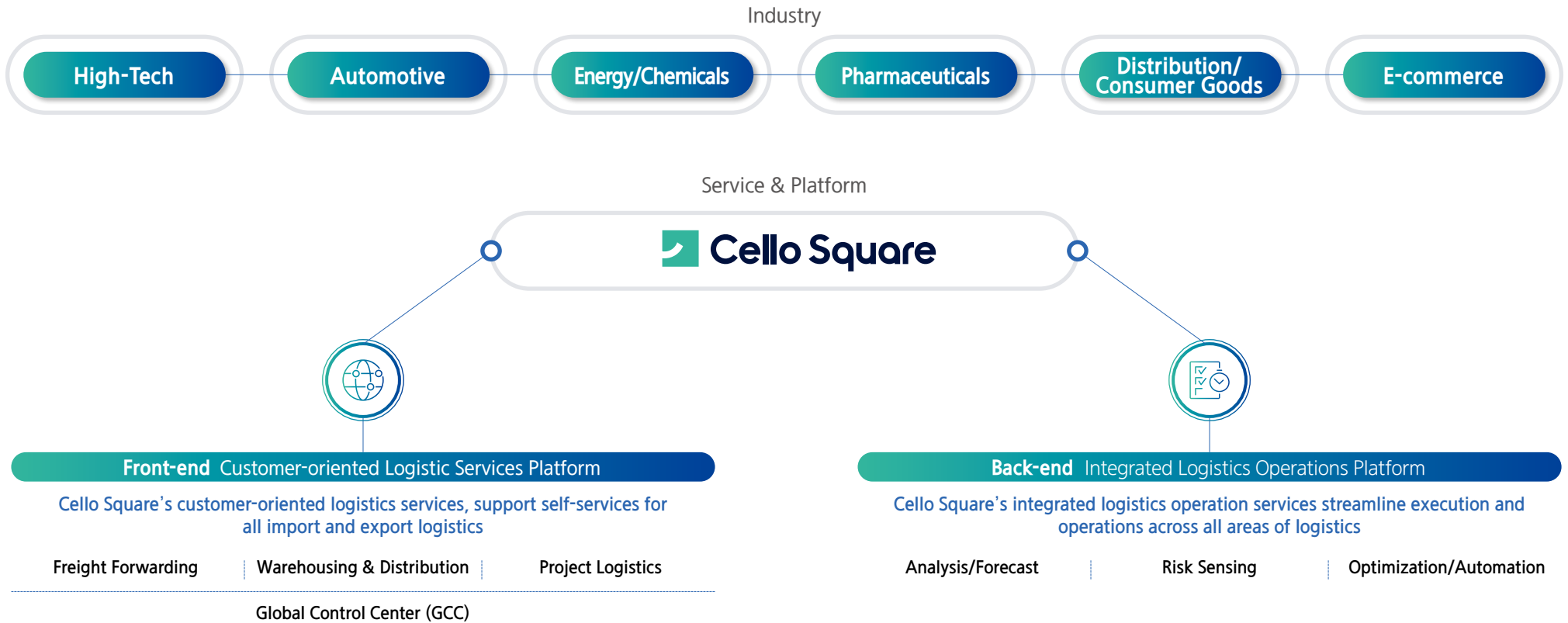
A true enabler of enterprise hyper-automation, generative AI-based cloud services



Company Overview

Digital Logistics Services

Our innovative logistics platform, Cello Square, enables global integrated logistics services fit for various industries



Company Overview

Global Network

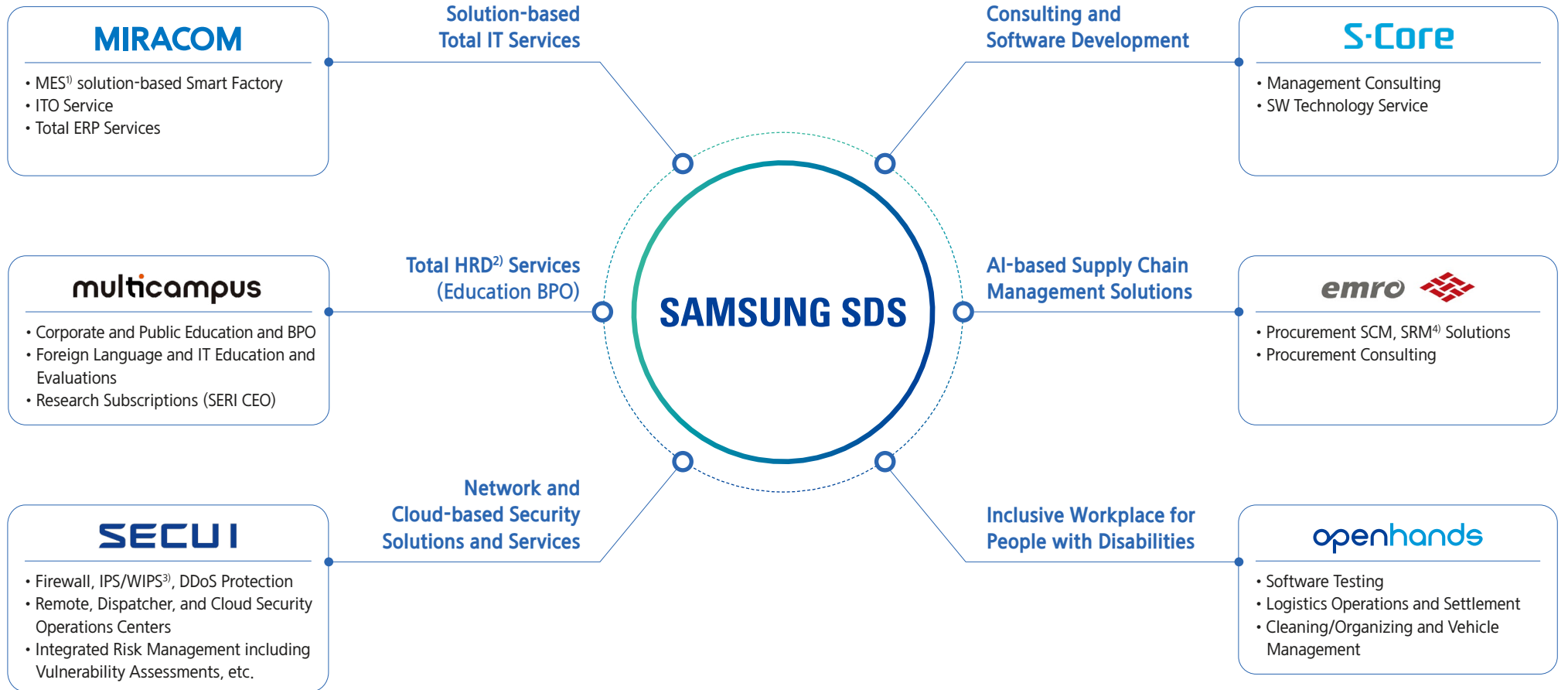
As of the end of 2023, Samsung SDS operates on a global scale across 40 countries, 58 offices, and 18 data centers worldwide.



Company Overview

Our Subsidiaries

Samsung SDS operates subsidiaries specializing in consulting, application development and operation, education BPO, security, and supply chain management.

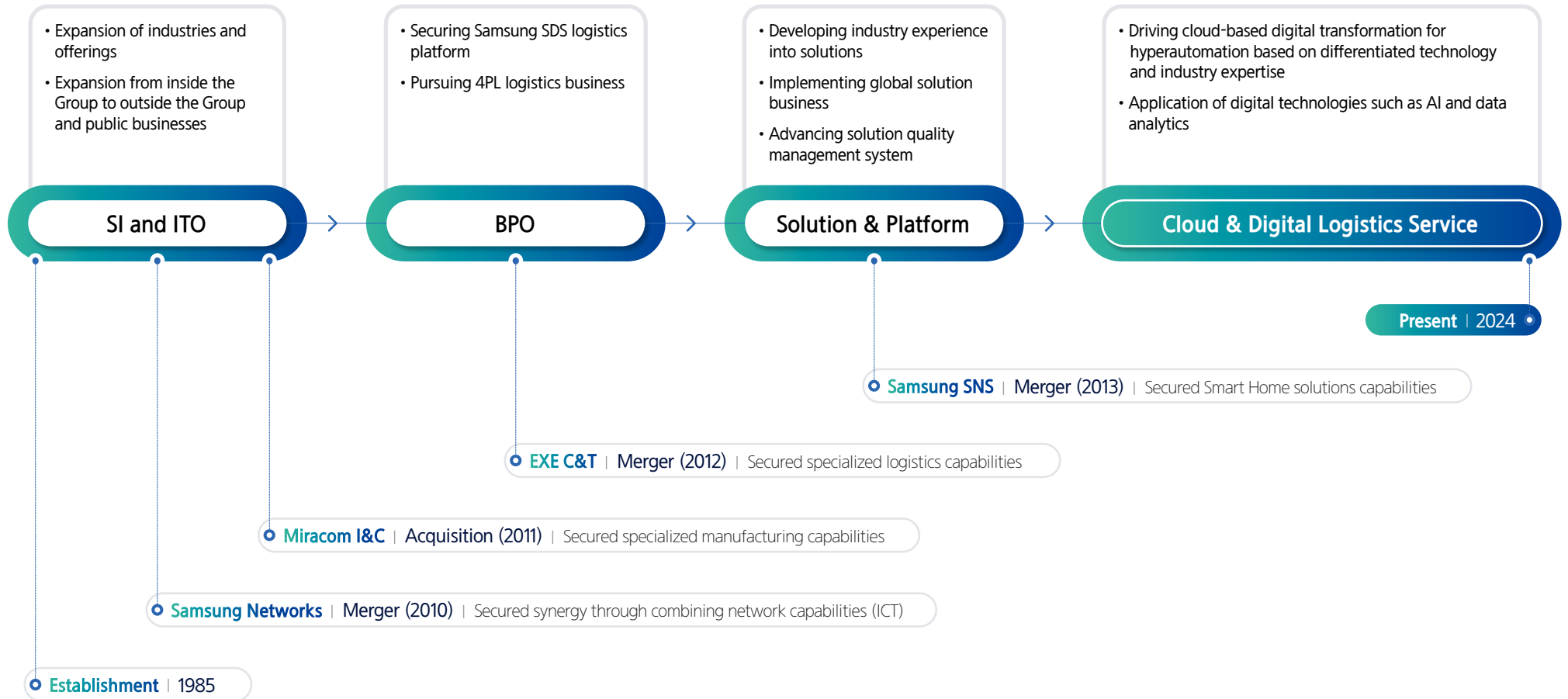


1) MES: Manufacturing Execution System 2) HRD: Human Resource Development 3) WIPS: Wireless Intrusion Prevention System 4) SRM: Supplier Relationship Management

Company Overview

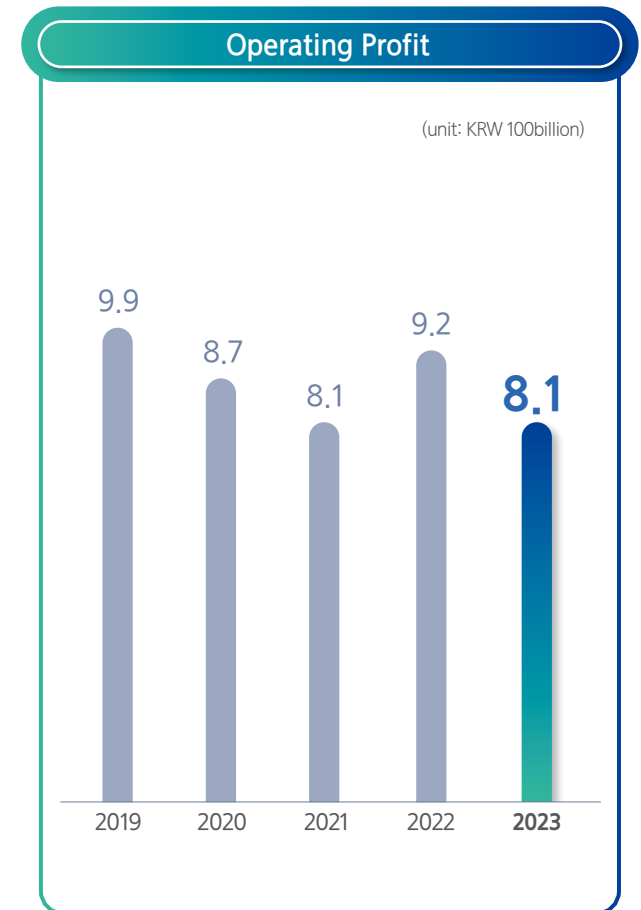
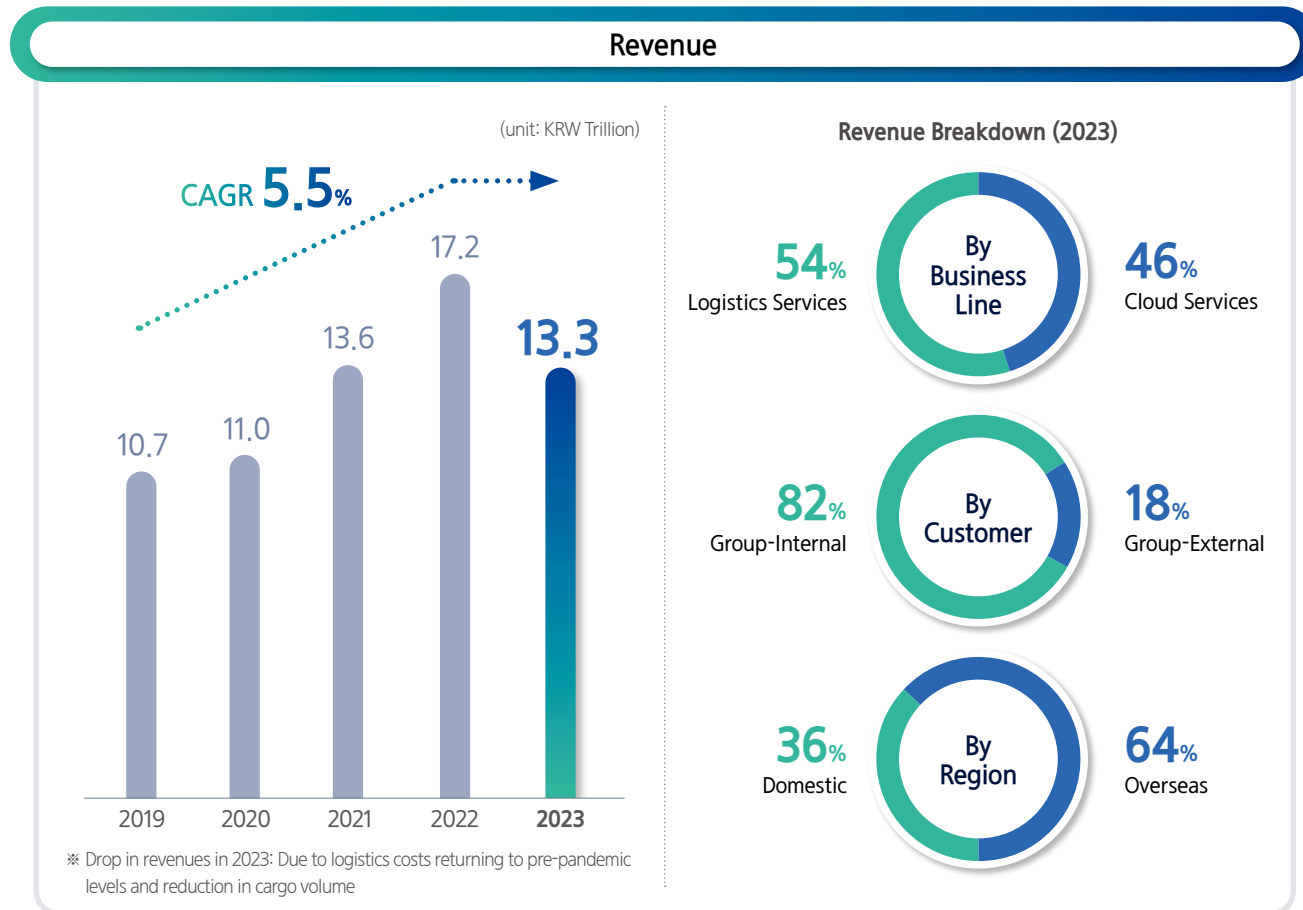
Business Innovation

Leveraging 39 years of trailblazing experience in guiding customer IT transformations and AI and data analytics technology, we provide cloud-based digital transformation services.



Company Overview

Business Performance



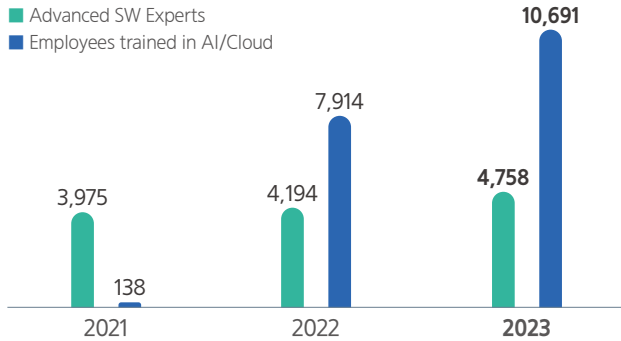
Company Overview

Business Competitiveness

Samsung SDS is sharpening its business competitiveness by proactively securing professional talent, developing core technologies, and expanding strategic investments and partnerships.

Human Capital

Enhancement of SW and AI/Cloud core competencies to strengthen human competitiveness



High levels in software capability testing

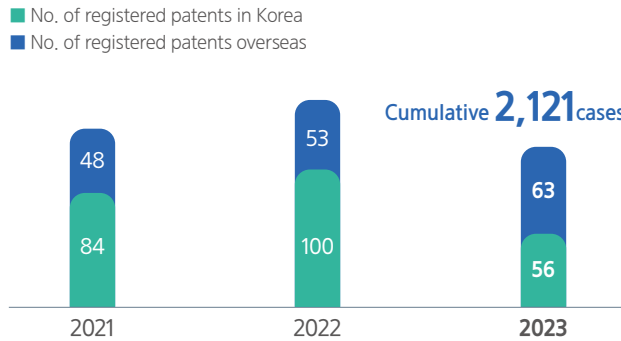
Total 4,758 persons (cumulative)

Employees trained in AI/Cloud

Total 10,691 persons (cumulative)

Technical Competitiveness

Securing technical leadership by developing core technologies and registering patents



Red Dot Design Award

Winning the 'Best of the Best' Design Award

First Company in Korea

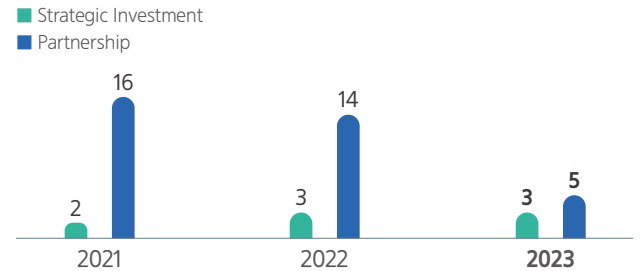
Acquired top grade in SP certification for software process quality

First private company

Selected as a data specialization institution by the FSC

Strategic Investment and Partnerships

Making 8 strategic investments and signing 35 partnerships during the past 3 years to sharpen global technology-related capabilities and business competitiveness



※ New partnerships are on the decline due to focus on specific fields such as cloud and logistics and continuing existing strategic partnerships

Emro

Equity investment to secure procurement supply chain management solutions

IBM-Red Hat

Agreement to sharpen SCP product competitiveness

Company Overview

Awards & Recognition

Cloud Capabilities

Cloud Services

- **Gartner** 'MQ' - Data Center Outsourcing and Hybrid Infrastructure Managed Services, Global(2023, 2022, 2021)
- **IDC** 'MarketScape' - Asia/Pacific Cloud Professional Services(2023), Asia/Pacific Managed Cloud Services(2021)
- First Korean company to become KCSP¹⁾ certified and a CNCF²⁾ Silver Member

Cloud Security

- **IDC** 'MarketScape' - Asia/Pacific Cloud Security Services(2023, 2021), Worldwide Managed Cloud Security Services in the Multicloud Era(2022)
- **Frost & Sullivan** 'Company of the Year' - South Korea Cybersecurity Services(2022) / MSS³⁾(2021, 2020)

Expertise and Partnerships

- 5,686 cloud certifications and 3,008 AI expert certifications
- First Korean company to obtain AWS SaaS competency and become AWS Security Competency Consulting Partner
- Business partnerships with Microsoft (Azure, Open AI), Naver Cloud (HyperCLOVA X), Google, and Meta, etc.

1) KCSP: Kubernetes Certified Service Provider 2) CNCF: Cloud Native Computing Foundation 3) MSS: Managed Security Services

Customer Innovation Capabilities

Corporate Ranking and Customer Innovation

- **Gartner**. Ranked 35th in Global IT Service Providers (2023) / 3rd in manufacturing, 8th in the APAC region (excluding Japan)
- **Gartner**. Ranked 8th in Global BPO Providers (2023) / 1st in the APAC region
- **CIO100** 10 awards for client IT innovation projects (7 consecutive years)

Technology and Solution Capabilities

- **Gartner** 'MQ' - ERP, AI, RPA
 - ERP : SAP S/4HANA Application Services(2022, 2021, 2020)
 - AI : Data Science and Machine Learning Platforms(2021)
 - RPA : Robotic Process Automation(2023, 2022, 2021, 2020), etc.
- **IDC** 'MarketScape' - ERP, AI, CRM, MES, EMM
 - ERP : Asia/Pacific SAP Implementation Services(2022, 2020)
 - AI : Asia/Pacific AI Life-Cycle Software Tools and Platforms(2022)
Asia/Pacific Vision AI software Platform(2021)
 - CRM : Asia/Pacific Salesforce Implementation Services(2022)
 - MES : Asia/Pacific Manufacturing Execution Systems(2023)
 - EMM : Worldwide Unified Endpoint Management(2022, 2021), etc.
- **FORRESTER** 'Landscape' representative company - ERP, HCM, IoT
 - ERP : SAP Implementation Services Provider(2022, 2020)
 - HCM : The Workday Services(2023)
 - IoT : IoT Consultancies In Asia Pacific(2022), etc.

SUSTAINABILITY MANAGEMENT

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Sustainable Management Governance

ESG Committee

Samsung SDS set up the ESG Committee under the Board of Directors in 2021 to strengthen sustainable management governance and serve as the highest-level decision-making body regarding ESG issues. Consisting of 4 independent directors and 1 executive director, the ESG Committee is in charge of actively deliberating and resolving specific issues in the environment, society, and governance in relation to environmental policies, climate action, human rights, information protection, as well as ESG strategy and activities.

The ESG Committee will increase corporate value from an ESG perspective and continuously work to create sustainable value along with various stakeholders.



Insill Yi
Chairperson
(Independent Director)



Hyunhan Shin
(Independent Director)



Mooil Moon
(Independent Director)



Jaejin Lee
(Independent Director)



Sungwoo Hwang
(Executive Director)

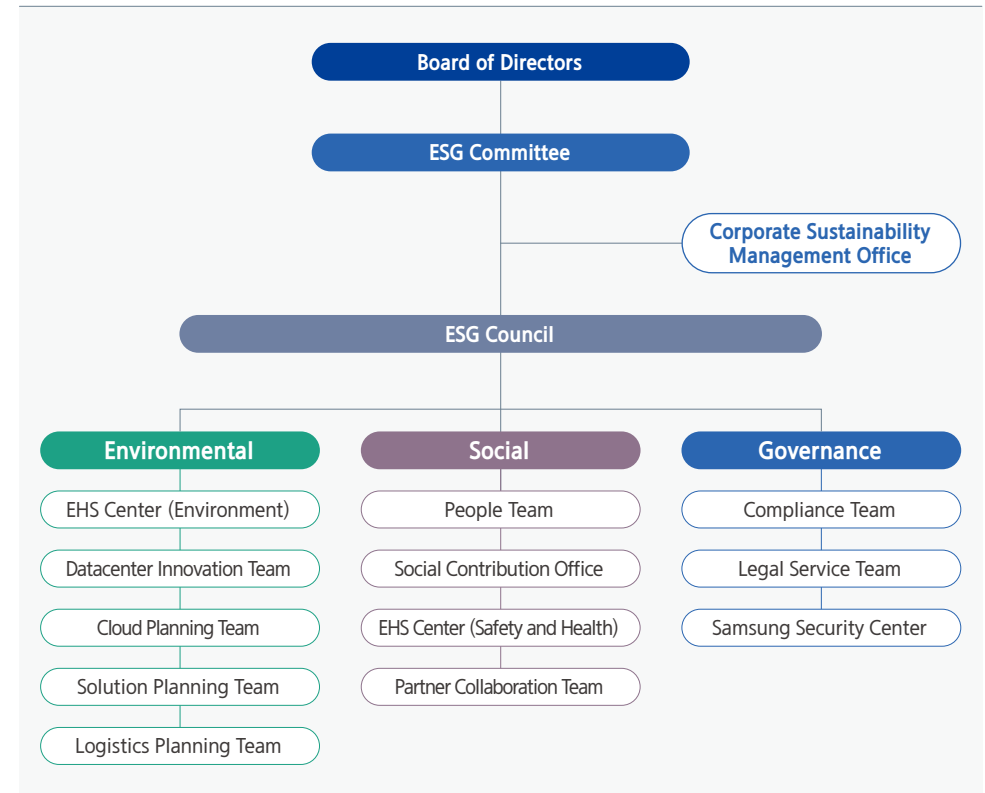
ESG Committee Meetings Convened

Date	Agenda	No. of Attendees
2023. 1. 26	Reports 1. Prior deliberation of dividend policies 2. Report on 2023 ESG work plan	4/5
2023. 2. 22	Reports 1. Plan to build ESG strategy and vision	5/5
2023. 3. 15	Approval 1. Appointment of ESG Committee Chairperson	5/5
2023. 4. 27	Reports 1. Outcome of consulting on ESG strategy development 2. Key contents of the Sustainability Report	5/5
2023. 7. 27	Reports 1. Report on issuing the Sustainability Report 2. Review of social and governance initiatives	5/5
2023. 10. 26	Reports 1. 2023 1H ESG briefing 2. Determine social and governance initiatives	5/5

ESG Council

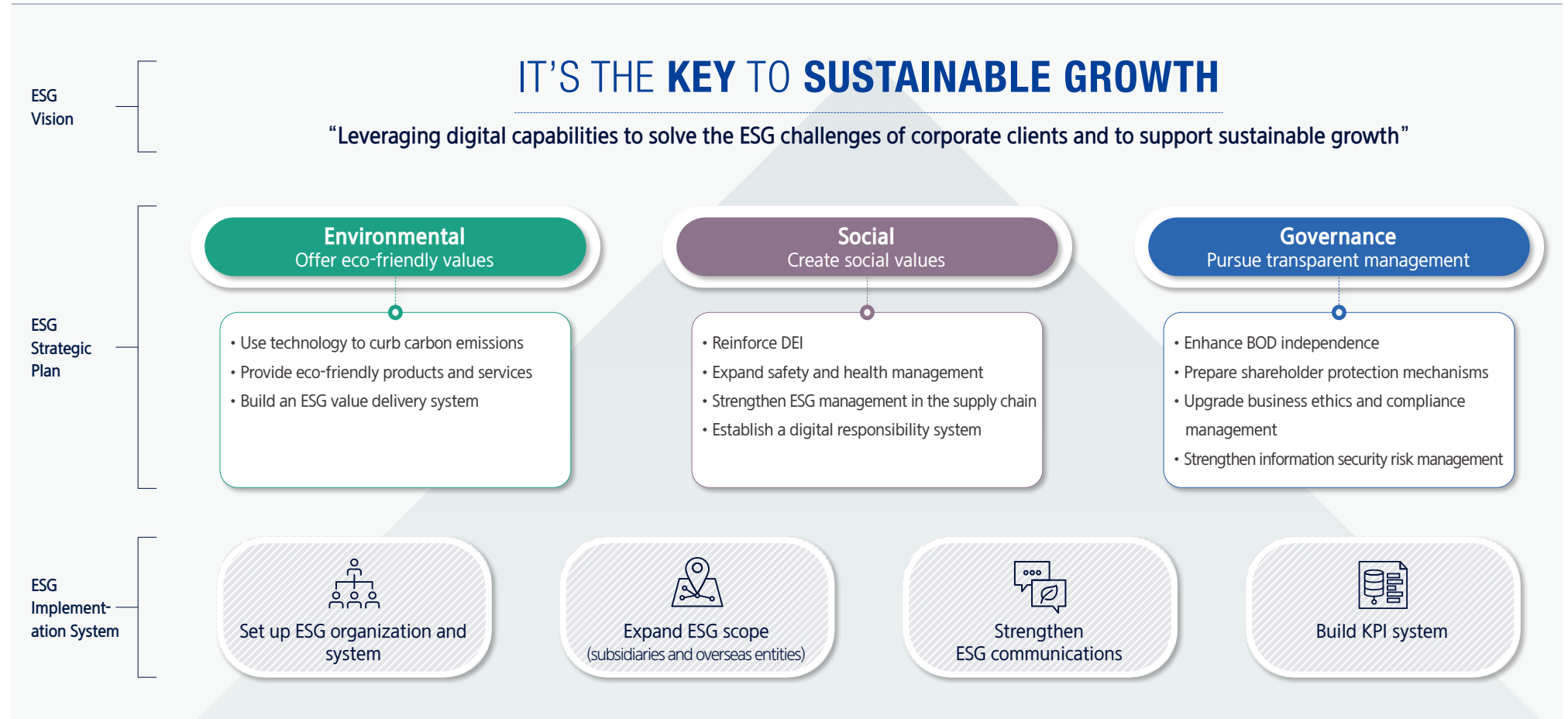
The CFO-led ESG Council was established to promote interdepartmental communication for sustainable management and respond to sustainability initiatives at the working-level. The council is broken down again into separate groups for E, S, and G categories to carry out in-depth discussions for each topic and report back to the ESG Committee. The ESG Council meets once a month or as needed when relevant issues arise, playing a crucial role in responding to sustainability initiatives.

Sustainable Management Implementation System



Sustainability Management Strategy

Samsung SDS has established a sustainability management strategy framework to leverage digital capabilities in addressing ESG challenges of customers and supporting sustainable growth. We are continuously updating the framework to strengthen execution and respond to evolving demands from internal and external stakeholders.



Sustainability Management Strategy

Roadmap for Implementing Strategic Initiatives

We are committed to maximizing sustainability management by implementing 11 strategic initiatives across all ESG areas.

Completed In-progress

Area	Strategic Initiatives	2023	2024	2025	2026	2027
Environmental	Leverage technology to curb carbon emissions	• Secure high-efficiency equipment and immersion cooling system database	• Validate immersion cooling proof of concept (PoC)	• Conduct PoC for immersion cooling system and build operation standards	• Apply immersion cooling to DC • Design high-efficiency/ high-performance hardware	• Build Net-zero DC that uses renewable energy
	Provide eco-friendly products and services	• Develop and provide carbon dashboard for customers	• Certify SCP emissions&reductions • Register low-carbon products to Cello Square	• Provide eco-friendly MSP consulting services • Provide eco-friendly logistics products and services	• Advancing eco-friendly cloud products and services • Provide eco-friendly logistics consulting services and set up a logistics executors management system	
	Build ESG value delivery system	• Build ESG value measurement system • Formulate new business initiatives	• Discover and leverage ESG value solution case studies	• Secure ESG-relevant functions in solutions (SCM, SRM SaaS)	• Advance solution ESG function and expand business	
Social	Reinforce DEI	• Set up 「DEI Secretariat」	• Build DEI implementation system and raise employee awareness	• Prepare minority group support system and set employee diversity goals	• Pursue business activities related to DEI • Achieve employee diversity goals	
	Expand safety and health management	• Plan expansion of SSMS overseas function (safety)	• Apply management system to subsidiaries and entities • Develop SSMS overseas function	• Support consulting and assistance for subsidiaries • Advance SSMS overseas functions and safety management, and expand target countries		
	Strengthen ESG management in the supply chain	• Assign department and persons to be in charge of supply chain ESG	• Apply supply chain ESG management system to subsidiaries	• Push phased expansion of supply chain ESG to overseas entities		
	Establish a digital responsibility system	• Set up company-wide taskforce for digital responsibility • Review AI governance case studies	• Build AI governance system • Acquire ISO/IEC 42001 certification	• Apply AI business lifecycle review system	• Expand AI business lifecycle review system to overseas subsidiaries	
Governance	Enhance BOD independence	• Introduce Senior Independent Director system	• Change composition of the Independent Director Recommendation Committee • Develop process to review independent director candidates (annually)	• Operate the Independent Director Recommendation Committee		
	Prepare shareholder protection mechanisms	• Disclose mid-to-long-term dividend policies	• Expand scope of proxy solicitation			
	Upgrade business ethics and compliance management	• Review and make preparations to meet certification requirements	• Conduct anti-corruption training to management at overseas subsidiaries	• Review acquisition of certifications		
	Strengthen information security risk management	• Supplement information security contents on the website	• Set up new information security page on the website	• Increase and continuously update information security contents • Review securing global integrated information security governance		

Sustainability Management Strategy

ENVIRONMENTAL

Key Performance



Adoption of high-efficiency equipment at Suwon DC
10% energy efficiency improvement

Amid the rapidly evolving business environment, Samsung SDS has built and executed a sustainability management strategy to secure sustainable growth drivers and continuously create substantial ESG results. In particular, as environmental issues such as climate change emerge as a pending threat to human survival, companies are faced with demands from stakeholders to present specific carbon reduction measures and transition to an eco-friendly business model.

Building on technology capabilities and the nature of its business, Samsung SDS has set 'providing eco-friendly values' as the strategic direction in the environmental area to address climate change and support clients in taking climate actions. In line with this direction, we have identified leveraging technology to curb carbon emissions, providing eco-friendly products and services, and implementing an ESG value delivery system as our environmental strategic initiatives.

Leverage Technology to Curb Carbon Emissions

Based on technical knowhow, Samsung SDS is working hard to continuously lower carbon emissions. We are making efforts especially at our data centers to achieve low-power, high-efficiency operations by discovering and applying new technologies.

Performance and Next Steps

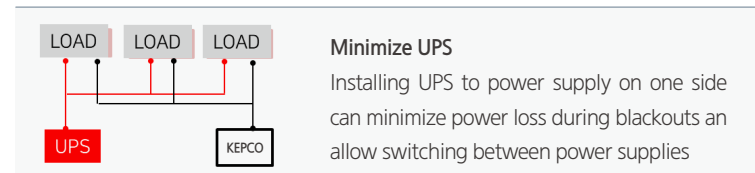
As part of our carbon mitigation efforts, we replaced outdated equipment at the Suwon DC in 2023. We introduced high-efficiency UPS equipment which improved energy efficiency by more than 10% (85.4 → 95.9%) and cut energy usage by adopting inverters for engine power equipment.

In addition, simulations were made on cooling methods to compare power usage effectiveness (PUE), and on the immersion cooling system to test its performance and build a database.

Immersion cooling proof of concept (PoC) was carried out for its introduction to data centers in 2024 which is expected to serve as the basis for us developing technology requirements and operation standards.

Beginning in 2026, we will conduct phased implementation of the system, using immersion cooling to significantly lower power consumption and mitigate carbon emissions by an annual 1,298 tCO₂eq/MW. Moreover, we expect to save KRW 400 million/MW in annual operating costs compared to conventional cooling.

Continuing to expand adoption of new technologies for low-power and high-efficiency data center operations, we will deliver ESG values to customers through an eco-cloud in the long-term.




Immersive Liquid Cooling
A next-generation cooling solution to efficiently cool heated IT equipment where IT equipment are immersed in a special electrically non-conductive fluid to cool down without requiring an additional cooling device

Sustainability Management Strategy


ENVIRONMENTAL

Key Performance


7 AFFORDABLE AND CLEAN ENERGY




9 INDUSTRY INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION





Provide
Samsung Cloud Platform
services based on a carbon
emissions dashboard

Provide Eco-friendly Products and Services

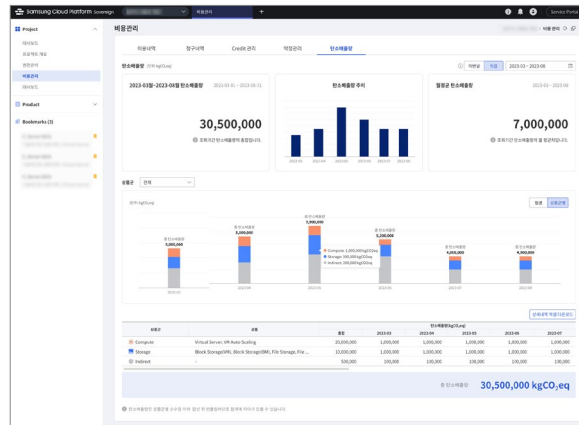
Samsung SDS supports the ESG management of customers with its IT technology and knowhow.

Clouds have lower energy consumption than on-premise infrastructure thanks to high density integration and energy efficient data centers using virtualization and resource-sharing technologies. In addition, analysis showed that companies can curb emissions by as much as 80% through cloud migration. Samsung SDS is contributing to the ESG management activities of customers by achieving significant carbon mitigations with the adoption of cloud services.

Support ESG Activities of our Customers through Cloud Services

We launched a carbon dashboard in October 2023 that displays the status of carbon emissions to support ESG management at customers that use Samsung Cloud Platform (SCP).

- Features: Monthly emissions, emissions by product, monthly estimates, increase/decrease compared to previous month, monthly average, and monthly trends



SCP carbon dashboard screen

Offer Customized Carbon Emissions Data to Customers

We plan to offer carbon emissions data to customers based on cloud simulations to enable customers to manage emissions effectively on their own through an Open API aligned with the customer's ESG system.

- Simulate carbon emissions for selected product and offer data on reduction compared to on-premise
- Provide carbon emissions metrics via Open API and support use on the app and system through SCP
- Secure reliability by obtaining accreditation on emission measurement standards from a carbon emission certification agency



SCP carbon emission simulation feature

Develop and Propose Carbon Reduction Factors

We will support our customer's ESG practices by validating and analyzing their on-premise carbon emissions and suggesting carbon reduction by transitioning to SCP.

- Offering MSP consulting services that demonstrate emission mitigation effects
- Providing carbon emission reduction contents such as appropriate cloud resources through the MSP portal and minimizing idle resources, etc.

Sustainability Management Strategy

ENVIRONMENTAL

Key Performance

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

**ESG Data Management
based on an ESG Platform**

ESG Value Delivery System

Samsung SDS is committed to delivering ESG values to SDS solution customers. In 2023, we offered free Brity Works solutions to a total 481 employees working at 217 companies with 30 or less employees to help them uncover ESG values and narrow the digital divide. We will continue to extend various customer services through AI solutions, etc. to deliver ESG values.

Brity Works

Supports seamless collaboration through meetings, portals, and Copilot, etc.

Brity Copilot

Direction of implementation

- Continue to provide solutions to narrow the digital divide
- Improve employee satisfaction and productivity by automating simple repetitive work through GenAI-based Brity Copilot

Brity Automation

Applies automation to simple repetitive tasks through AI-based RPA solutions to improve corporate productivity and realize innovation in the corporate culture and customer values

Direction of implementation

- Support AI-based enterprise hyperautomation and provide ESG value to customers
- Continue to develop customer success stories through Brity Automation

**SAMSUNG SDS
Nexprime SCM**

Offers differentiated end-to-end total services across all SCM areas including PI, implementation, and maintenance based on the know-how from operating the largest SCM expert organization in Korea

Direction of implementation

- Leverage solutions to reduce waste and secure case studies on contributing to the circular economy
- Secure supply chain ESG management functions through SRM solutions

Performance and Next Steps

In anticipation of the mandatory ESG disclosure requirement for publicly traded companies with assets exceeding KRW 2 trillion, effective in 2025, and the increase in ESG information that need to be managed, Samsung SDS introduced the ESG platform in September 2022 to manage the company's ESG data. The ESG Platform oversees more than 1,518 ESG metrics, enhancing the efficiency and accuracy in data management through alignment with existing systems such as ERP, HR, and supply chain.

In 2023, the platform was extended to overseas subsidiaries and affiliates, laying the groundwork for systematic management of ESG data at our operations in the U.S., Europe, China, Southeast Asia, the Middle East, Latin America, and India and at 5 affiliates (Miracom, SECUI, S-Core, Multicampus, and Enro) by applying the same standards as headquarters. Samsung SDS will continue to take the initiative in the delivery of ESG values to customers through various solutions.




ESG Platform Dashboard Screen

Sustainability Management Strategy


SOCIAL

Key Performance


5 GENDER EQUALITY




8 DECENT WORK AND ECONOMIC GROWTH




10 REDUCED INEQUALITIES





New DEI Organization



SSMS-based Safety Management

Responding to the needs of various stakeholders such as employees, supply chains, and consumers has material impact on corporate sustainability and risk management. Samsung SDS has continued to make various efforts to address the needs of various stakeholders and ultimately create social value. Accordingly, we set 'Social Value Creation' as the strategic direction of our social efforts and selected strengthening DEI to respect and embrace our diverse workforce and expanding and advancing safety and health management for our global employees and supply chains as our strategic social initiatives. In addition, we applied the supply chain ESG management system used at headquarters to our subsidiaries and overseas subsidiaries and identified building a digital responsibility management system was selected as a strategic initiative to manage the risks associated with the latest IT technologies. This way, we aim to respond to the needs of various stakeholders and create social value.

Strengthen DEI

Samsung SDS has been devoted to creating an organizational culture that encourages diversity and inclusion. In 2019, we applied career level integration and horizontal titles for an organizational culture of mutual respect, and in 2022, we added DEI-related questions to the Samsung Culture Index (SCI) survey. We continue to conduct campaigns and activities to enhance employees' sense of belonging in the organization. In addition, as we welcome more employees with diverse backgrounds around the world along with the growth of our overseas business, we recognize the need for programs and activities to manage DEI issues more systematically.

Performance and Next Steps

In 2023, Samsung SDS set up the DEI Secretariat, an organization dedicated to diversity and inclusion issues at the company, and also developed a DEI Roadmap for step-by-step implementation of DEI activities. In 2024, we will carry out various programs such as campaigns and training to raise DEI awareness while identifying the diversity of our workforce and reviewing regulations and responses related to diversity in each country. In 2025, we will prepare programs to support minority groups and specify our diversity goals based on the characteristics of the company. Starting in 2026, business activities linked to DEI will also be carried out and diversity goals will be met as we build an organizational culture that reaches the level of advanced global players.

Expand and Reinforce Safety and Health Management

The safety and health of our employees and suppliers is an essential and fundamental element in achieving sustainable growth and creating social value. As employee and supplier safety is one of the core values the company delivers, Samsung SDS will manage safety and health systematically and expand such practices to its overseas subsidiaries and suppliers. In particular, we have strengthened our independence and expertise in safety and health management by establishing a dedicated safety and health organization in each business unit led by the EHS Center and its head, the Chief Safety Officer (CSO).

Performance and Next Steps

Samsung SDS is actively carrying out various accident prevention and compliance activities through the field-oriented Smart Safety Management System (SSMS). In 2023, we increased developments of overseas features to apply SSMS to overseas subsidiaries to thoroughly implement accident prevention and post-incident follow-up measures. We continue to develop such functions and plan to expand SSMS overseas coverage by 2027.

In addition, as we recognize the importance of safety and health at subsidiaries, Samsung SDS plans to gradually expand the safety and health management system of headquarters to both domestic and overseas subsidiaries in 2024 followed with relevant consulting and support in 2025 to ensure the management systems are well maintained.

Sustainability Management Strategy

SOCIAL

Key Performance



Strengthening Independence and Professionalism in SCM With a New Dedicated Org.



Digital responsibility Corporate Taskforce

Strengthen Supply Chain ESG

Managing ESG in the supply chain is the key to managing ESG risks. Therefore, Samsung SDS continues to expand activities to identify, improve, and prevent ESG related risks in the supply chain. In addition, we will apply our headquarters' supply chain ESG management system to not only our domestic subsidiaries, but also our overseas subsidiaries to fundamentally manage ESG risks along the supply chain. By doing so, we aim to ultimately contribute to society through the setup of a sustainable ESG supply chain ecosystem.

Performance and Next Steps

We are working to evaluate our suppliers through a systematic process from planning, implementation, assessment, improvements, and monitoring, etc. and to ensure that ESG values are embedded across our entire business from the selection of suppliers to collaborating with them. In 2023, we established a team dedicated to supply chain ESG to strengthen independence and professionalism and to review the sustainability management systems of our suppliers.

The sustainability management system of suppliers assess all areas of ESG including labor rights, safety and the environment, business ethics, and management systems, and is scheduled to be extended to our subsidiaries along with supply chain evaluation systems in 2024.

Starting in 2025, we plan to gradually expand our supply chain ESG management system to overseas subsidiaries. By doing so, we plan to go beyond local supply chains in the regions where we do business simply complying with local laws and regulations and support building an environmentally and socially sustainable system.

Build a Digital Responsibility Management System

The advance of cutting-edge IT technology makes life more convenient, but it also comes with strings attached. The spread of generative AI is especially grabbing attention as new issues such as deepfake technology and leak of personal information emerge. Samsung SDS is actively responding to such trends by defining AI ethics, personal information security, and open source policies as the three key pillars of the company's digital responsibility. We aim to fulfill our corporate social responsibility as an IT company by protecting our customers and stakeholders from various risks and issues caused by the introduction of new technology.

Performance and Next Steps

Recently, the emergence of generative AI is triggering various social issues. In 2023, Samsung SDS launched a case study on AI governance systems and formed a company-wide digital responsibility task force. Following such efforts, we are currently building an AI governance system that reflects the 2024 international standards, best practices, and recommendations from global initiatives. Based on this system, we plan to apply an inspection system across the entire AI business lifecycle starting in 2025 and gradually expand it to our overseas subsidiaries in 2026. Through this, we will carry out rigorous review of the various risks that may be caused by the products and services provided by Samsung SDS.

Sustainability Management Strategy

GOVERNANCE

Key Performance



Adoption of the
Senior Independent
Director System



Expand scope of
proxy solicitation

Building a transparent and credible governance system is the force that drives ESG management. That's why Samsung SDS set 'Transparent Management' as the company's strategic direction in the area of governance. In order to strengthen the actual authority and roles of the Board of Directors, we are working towards enhancing the independence of the Board and establishing advanced global mechanisms to strengthen shareholder protection. In addition, we comply with anti-corruption and anti-bribery laws and regulations which are being globally reinforced, as well as thoroughly manage economic/social losses and external risks that may arise from unethical business practices. We are also focusing various efforts to fulfill our role as a responsible IT company by building an information security risk management system to sharpen competitiveness and secure reliability in information security and create an internal security culture through active communication on such efforts.

Enhance BOD Independence

Samsung SDS has put in place various mechanisms to enable the BOD to function independently of management and controlling shareholders. We strive to ensure the BOD maintains independence to carry out its role of supervising and keeping management decisions in check.

Performance and Next Steps

In order to enhance BOD independence, we introduced the senior independent director system in October 2023. This system allows for appropriate balance and checks by appointing a senior independent director to represent independent directors when the CEO or an executive director serves as BOD Chair, and Hyun-Han Shin was selected as our first senior independent director. The senior independent director can arrange and convene meetings among the independent directors and supports communication between outside directors and the BOD Chair and members of management. Furthermore, composition of the Independent Director Recommendation Committee was changed to all outside directors in 2024 to advance the independent director screening process. Samsung SDS will faithfully operate the advanced Independent Director Recommendation Committee and continue to identify new measures for strengthening BOD independence.

Prepare Mechanisms for Increased Shareholder Protection

Samsung SDS has established various systems and mechanisms to respond to demands from society to enhance shareholder trust through shareholder returns and safeguarding shareholder rights and interests. We continue to actively communicate with our shareholders and investors and develop new policies to improve investor access to information and improve reliability.

Performance and Next Steps

Samsung SDS declares its dividend policy based on which dividends are paid to enhance shareholder forecasts of dividends and improve stability. The 3-year dividend policy was first announced in January 2020, and a new dividend policy that raises the dividend payout ratio was revealed in January 2023. In 2024, we introduced a policy that expands the scope for proxy solicitation to support shareholder convenience and their active participation in exercising voting rights. Samsung SDS will continue to implement various mechanisms to protect the rights and interests of shareholders and build further trust.

Sustainability Management Strategy

GOVERNANCE

Key Performance



**Anti-corruption education
for management at overseas
subsidiaries**



**New
Information Security Page
on company website**

Strengthen Ethics and Compliance

Samsung SDS established the Code of Conduct Guidelines for the company to carry out its fundamental role as an enterprise and fulfill its social responsibility by ensuring all business activities observe laws and ethical standards as the guidelines serve as a criteria for judging the behaviors and decisions of Samsung SDS employees. In addition, we appoint compliance officers through Board resolutions and carry out autonomous compliance activities under a dedicated Compliance team. Through strict compliance and risk management, Samsung SDS will leap forward as a world-class company that contributes to society.

Performance and Next Steps

Samsung SDS is advancing compliance management systems to strengthen compliance throughout its business. In 2023, we reviewed the qualifications that need to be met to be certified by an external accreditor and started full-fledged preparations to realize a more systematic compliance management system.

We are also doing our utmost to fight corruption in the organization by conducting anti-corruption education to management at our overseas subsidiaries in 2024.

Samsung SDS will continue to implement various programs not only to reinforce business ethics and compliance, but also to take the lead in eradicating corruption by taking into account internal and external situations and acquiring external accreditation.

Reinforce Information Security Risk Management

As a member of the IT sector, Samsung SDS is devoted to information security risk management. Under systematic governance, we have information security policies in place to define and protect all of the company's information assets and have appointed a Chief Information Security Officer (CISO) to oversee and supervise all relevant activities. In addition, we have built a strong system that consists of a security incident prevention and response process to raise security awareness, internalize security practices, and minimize relevant risks.

Performance and Next Steps

We are thoroughly managing information security risks through systematic governance and processes. We are also working hard to prevent information leaks by implementing various policies and activities such as operating a personal information management system, security checks, and security monitoring.

In addition, we made improvements to the 'Privacy Protection' section on our website and promoted it to external stakeholders to enhance their trust in our risk management regarding personal information protection.

In 2024, an 'Information Security' page was added to our website to reinforce communication and data disclosures through which we will continue to provide information accurately and promptly.

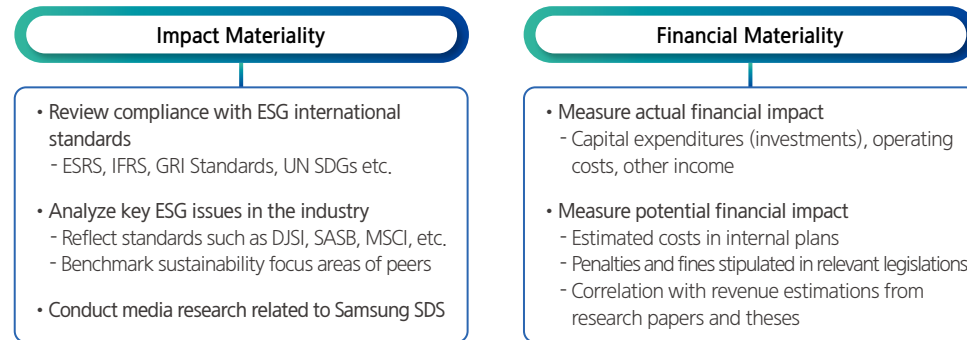
We will continue to update our information security contents through various channels and promote our information security risk management efforts to further strengthen trust from our key stakeholders.

Sustainability Management Strategy

Materiality Assessment

Samsung SDS conducts a double materiality assessment each year to identify issues that have material impact on sustainability and report them to the ESG Committee. This year's materiality assessment was carried by adjusting prioritization of the 10 material issues previously identified after reassessing their impact materiality and financial materiality to set the direction for our response towards sustainability and align them with our ESG strategy.

Double Materiality Assessment Process



Material Issue Matrix



NO	Material Issues	Impact Materiality	Financial Materiality	Change in Priority	Key Activities	References
1	Information security	●●●●○	●●●●●	-	Promote global information security standards and strengthen disclosures	114-121
2	GHG emissions management and reduction	●●●●●	●●●●○	Up (3→2)	Carry out eco-friendly capital expenditures at data centers, install EV charging stations, and reduce waste, etc.	39-42
3	Compliance and business ethics	●●●●○	●●●●○	Down (2→3)	Push for anti-corruption global certification (pre-assessment audit)	108-113
4	Expand renewable energy usage	●●●●○	●●●●○	Up (8→4)	Implement solar power generation facilities at data centers	43
5	Digital responsibility	●●●●○	●●●●●	Up (9→5)	Build a digital responsibility management system	93-98
6	Respect for human rights and diversity	●●●●○	●●●●○	Down (5→6)	Set up DEI Secretariat and form a global council	55-60
7	Talent attraction and development	●●●●○	●●●●○	Down (3→7)	Nurture AI and Cloud specialists and develop software skills	61-63
8	Supply chain ESG management	●●●○○	●●●●○	Up (10→8)	Spread supply chain ESG management system to subsidiaries	76-79
9	Manage health and safety	●●●●○	●●●○○	Down (7→9)	Operate smart safety management system and cascade the safety and health management system	70-75
10	Create a quality organizational culture	●●●○○	●●○○○	Down (6→10)	Conduct survey on corporate culture transformation (CCT) and make improvements	65-68

Sustainability Management Strategy

Stakeholder Engagement and Communication

Samsung SDS defines key stakeholders associated with its business activities as the following seven groups - customers, shareholders and investors, employees, communities, suppliers, media, and the government. We value the opinions of each group and strive to build strong relationships based on trust. In addition, we actively work towards achieving the UN SDGs (Sustainable Development Goals) in collaboration with our stakeholders, contributing to the global efforts in addressing cross-border challenges.

Stakeholder	Customers	Shareholders/ Investors	Employees	Communities	Suppliers	Media	Government
Main interests	<ul style="list-style-type: none"> Customer relationship management Improving product quality 	<ul style="list-style-type: none"> Financial information Key business plans ESG activities 	<ul style="list-style-type: none"> Organizational culture Employee capability-building Employee grievance 	<ul style="list-style-type: none"> Corporate social responsibility Donations and volunteering Support for growth of future generations 	<ul style="list-style-type: none"> Products and services Supplier management Improving product quality 	<ul style="list-style-type: none"> Company trends Introduction to key businesses 	<ul style="list-style-type: none"> Safety and health Compliance Business ethics Fair trade
Communication channel	<ul style="list-style-type: none"> Customer invitation events (REAL, IT Insight Forum) Customer satisfaction survey (annual) Contact Center Executive Briefing Center (Center for solutions introduction) Samsung SDS website and social media channels 	<ul style="list-style-type: none"> General shareholders' meeting (annual) Electronic filings (Dart) IR meetings (regular/ad-hoc) NDR (quarterly) Conferences hosted by securities firms (8 times a year) 	<ul style="list-style-type: none"> Labor-Management Council SDS NEWS TALK (employee anonymous bulletin board) Knowledge sharing portal (Arisam, CiC) Engineer portal (DevOps Portal, DOgether) Code Time, Real Time (Discussions with CEO) Offline developer gatherings (Open Learn, Meetup) Grievance reporting channel and Mental Fitness Center 	<ul style="list-style-type: none"> NGO sponsorships Employee volunteering 	<ul style="list-style-type: none"> smartTogether.com (supplier portal) Supplier roundtable (annual) Fair trade related reporting channel Shared growth and ESG Newsletter (quarterly) 	<ul style="list-style-type: none"> Press releases Media Day 	<ul style="list-style-type: none"> Business reports Audit reports Integrated reports Corporate governance reports
Key activities			<ul style="list-style-type: none"> Lifetime design support program Mental Fitness program Internal hiring program 	<ul style="list-style-type: none"> Sharing Kiosk Support for youth placed in and released from juvenile detention centers Support for the underprivileged including providing meals to undernourished youth 	<ul style="list-style-type: none"> Win-win management fund Support for Brity Automation solution Supplier ESG capability-building program 		<ul style="list-style-type: none"> Obtained ISO 14001, ISO 50001, ISO 45001 certification Exceeded target employment rate for persons with disabilities

Sustainability Management Key Performance

Key Figures



Sustainability Management Key Performance

ESG Ratings and Recognitions

Financial Times

2023 Asia-Pacific Climate Leaders

Samsung SDS was named in the Asia-Pacific Climate Leaders 2023 list compiled by the Financial Times and Statista, a German market research company.

Asia-Pacific Climate Leaders is a list of leading companies in tackling climate change that is based on the evaluation of over 1,500 companies headquartered in the Asia-Pacific region with annual revenues of \$50M or more by looking at their 5-year greenhouse gas emissions per revenue, scope 3 emissions reported, and Carbon Disclosure Project (CDP) rating, etc.

While 275 companies (16 domestic) from 14 countries were selected as climate leaders in 2023, Samsung SDS was the only Korean company to make the list in the Business & Professional Services industry.



Newsweek

2023 World's Most Trustworthy Companies

Samsung SDS topped Newsweek's 2023 World's Most Trustworthy Companies list in the conglomerate division.

The World's Most Trustworthy Companies is a survey of companies around the world, ranking them based on the four areas of financial soundness, environmental protection efforts, corporate social responsibility, and governance structure.

We excelled in all four areas, especially being highly acclaimed for our business innovation obtained through digital transformation, ESG management for sustainable growth, and transparent corporate culture to maintain trust with our customers.



K-Green Foundation

2023 Korea's ESG Company of the Year

Samsung SDS received the 'Minister of Trade, Industry, and Energy Award,' the highest honors in the IT sector at the 2023 Korea ESG Company Awards' hosted by the K-Green Foundation.

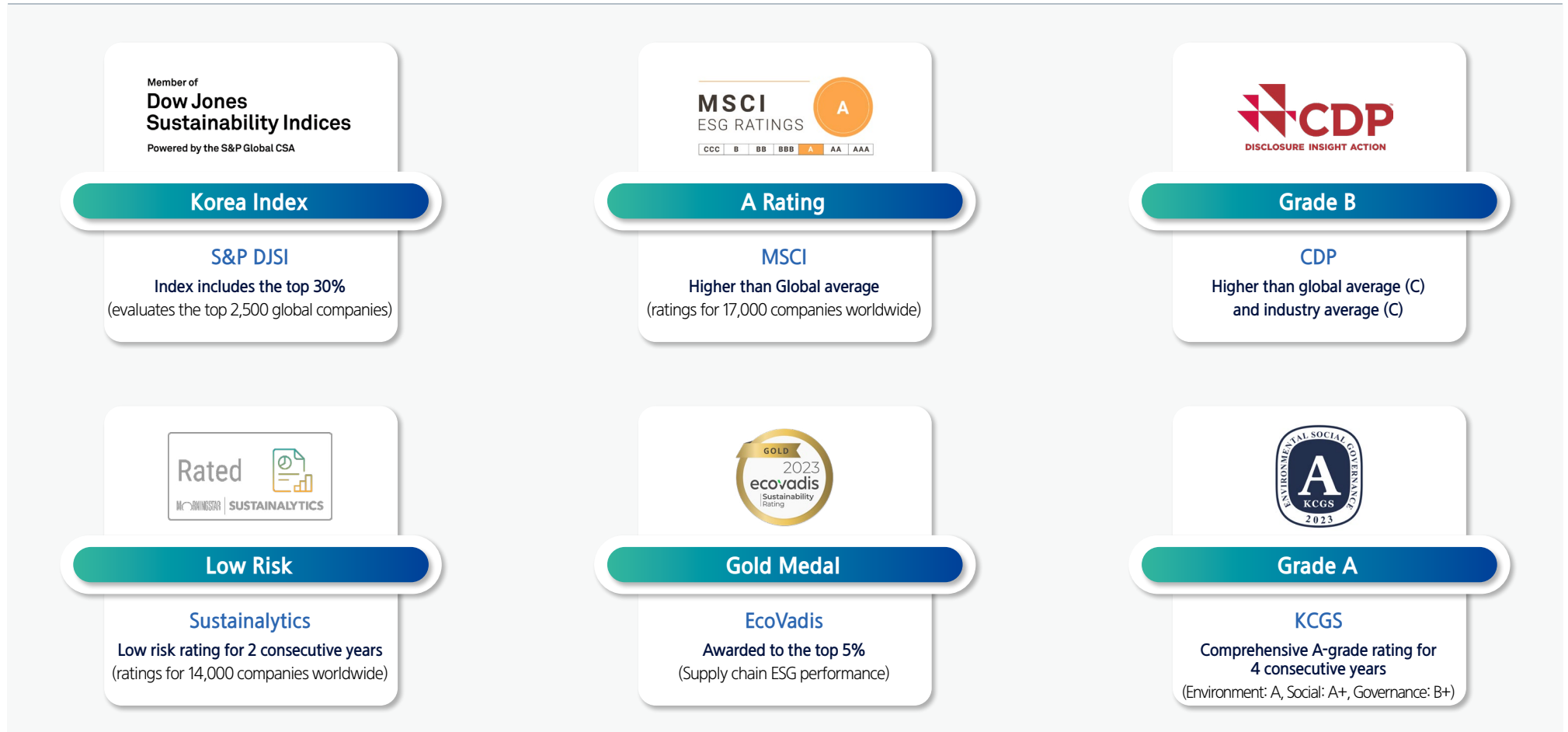
K-Green Foundation partnered with Who's Good, an ESG rating agency, to evaluate the ESG performance of 800 Korean companies, and Samsung SDS won the Grand Prize in the information and communications technology division.

We were recognized for our strong determination and commitment towards sustainable management such as transparent disclosure of scope 3 emissions and contributing to addressing social issues with data and technology.



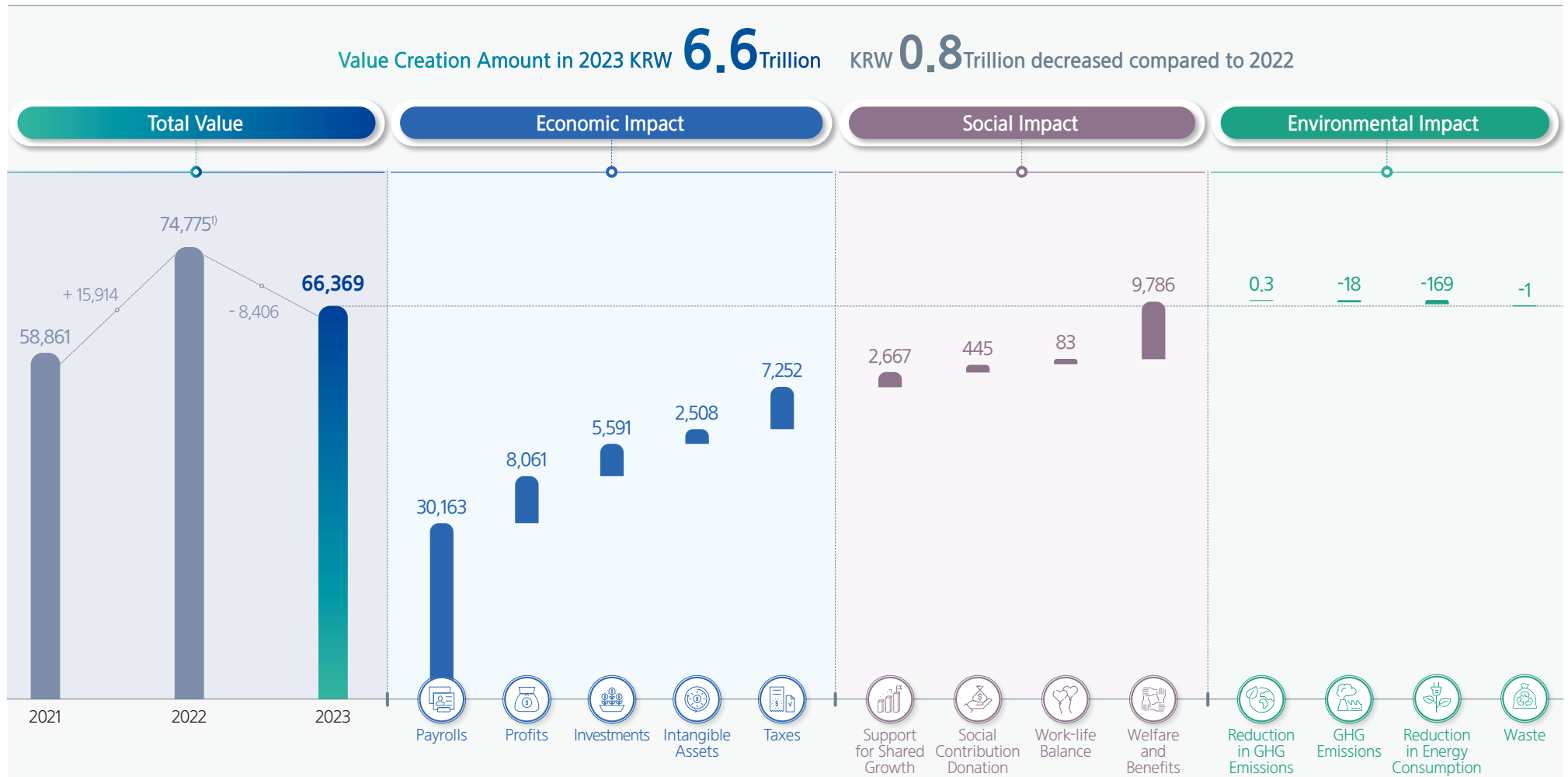
Sustainability Management Key Performance

ESG Ratings and Recognitions



Sustainability Management Key Performance

ESG Value Creation



1) Data has been revised due to corrections of errors in the calculation of Social Impact in 2022

ESG PERFORMANCE

35 ENVIRONMENTAL

- 36 Environmental Management
- 39 Climate Action
- 50 Water Resource Management
- 52 Waste Management

54 SOCIAL

- 55 Human Rights
- 58 DEI (Diversity, Equity, and Inclusion)
- 61 Employees
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- 89 Customer Satisfaction
- 93 Digital Responsibility

99 GOVERNANCE

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- 106 Risk Management
- 108 Business Ethics
- 110 Compliance Management
- 114 Information Security

ENVIRONMENTAL

Governments and businesses around the world are stepping up their efforts to actively respond to the acceleration in climate change. As the transition to a low-carbon economy is highlighted, many companies are adopting eco-friendly management systems and pursuing green businesses. Samsung SDS will also do its part, taking the lead in addressing climate change with net-zero practices and expanded use of renewable energy based on low-energy and environment-friendly data centers.

Environmental Management

Environmental Management Strategy

Samsung SDS practices environmental management to minimize impact on the environment caused by business activities and contribute to a sustainable future. We are proudly taking the lead in eco-friendly business management by reviewing progress and performance of our strategic initiatives for environmental management since they were first developed in 2022. Building strategies and plans in various areas fitting the business nature of Samsung SDS, we are monitoring our progress in GHG mitigations, renewable energy expansion, and eco-friendly campaigns, etc. We plan to share more about our annual initiative targets and plans through the Sustainability Report.

2023 Targets and Performance

Environmental Targets	Performance
Obtain ISO certification	Obtained ISO 14001 certification for environmental management systems and ISO 50001 certification for energy management systems
Implement logistics platform (Cello Square)	Built a carbon emissions management system for global logistics and improved the customer-centric carbon emissions service system
Transition to zero-emissions vehicles	Installed EV charging facilities at business sites <ul style="list-style-type: none"> 18 vehicles at data centers (7 in Suwon, 3 in Chuncheon, 4 in Dongtan, and 4 in Gumi) 8 vehicles at the Jamsil Campus
Build waste management system	Reviewed waste management standards of the company and built measures for data collection and management for each domestic business site ¹⁾

1) Headquarters, data centers (Suwon, Sangam, Gumi, Chuncheon, Dongtan), and other business sites (Pangyo IT/logistics campuses, Seoul R&D campus, Giheung Tera Tower)

2024 Targets



Environmental Governance

Our response at Samsung SDS to the environment and climate crisis begins with its top management. The Board of Directors work with the CEO, who is also the Chairman of the Board, to perform governance and oversight of our climate change strategy, operations, and management. Samsung SDS management make decisions on overall environmental management through the EHS Committee led by the CSO (Head of the EHS Center) while the environmental management strategy is carried out by Environment Group, an organization under the EHS Center dedicated to environmental responsibilities. The Environment Group also works along with the Environmental Management Working Group to conduct environment management activities.

※ EHS Committee Participants

CSO (Head of EHS Center), CFO, Head of Strategic Marketing, Heads of Business Units (Cloud, Solutions, Logistics), Head of the Development Center, Partner Collaboration Team Leader, Legal Services Team Leader, and People Team Leader



Samsung SDS includes environmental performance indicators in the KPI of management and relevant departments to support their decision-makings for environmental management. Strengthening implementation of environmental management is part of the criteria for determining incentives for top management to ensure they perform their environmental responsibilities and is included in the KPI of relevant departments to internalize environmental management across the entire company.

2024 Environmental Performance Metrics

Implementation of a Carbon Emissions Management System / Maintenance of ISO 14001, ISO 50001 certifications

Environmental Management

Environment and Energy Management Policy

Samsung SDS recognizes creating a safe and healthy work environment and environment-friendly business management as the company's top priority value. We are devoted to carrying out corporate activities that respect both people and nature in all of our products, services, and business areas, both in the domestic and global arena, to contribute to prosperity and environmental preservation. Therefore, we will build our environmental strategies and targets based on the following environmental and energy management policy.

SAMSUNG SDS

환경·에너지 경영방침

삼성SDS는 지구를 우리 세대가 잠시 빌려 쓰는 것임을 인식하고, 후손에게 깨끗하고 지속 가능한 지구 환경을 물려주고자 환경과 에너지 경영을 적극 추진한다.

- 1 환경·에너지 법규 및 국제협약 준수**
환경·에너지 법규 및 국제협약을 준수하며, 보다 강화된 내부 기준을 수립하고 이행한다.
- 2 환경·에너지 리더십**
최고경영자의 ESG 경영 의지를 바탕으로 환경경영을 적극 추진하여 동종업계에서 환경·에너지 선도기업이 된다.
- 3 기후위기 대응과 탄소중립**
기후 위기는 지구환경 보전을 위한 인류의 숙원 과제를 인식하고, 온실가스 감축, 에너지 효율화, 재생에너지 사용 확대 등을 통해 기후위기에 적극 대응하고 중장기적으로 탄소중립을 달성한다.
- 4 환경과 에너지 경영**
글로벌 수준의 환경 관리체계(ISO 14001)와 에너지 관리체계(ISO 50001)를 구축하고 전 사업영역에서 환경과 에너지 목표를 수립하고 관리하며, 환경과 에너지 수준 향상을 위해 지속적으로 노력한다.
- 5 전과정 환경경영 추진**
협력사 및 관계기업과 협업하여 전과정적인 환경에너지 수준을 높이고, 전 임직원이 자발적으로 환경에너지 개선활동에 참여하는 기업문화를 조성한다.
- 6 능동적 커뮤니케이션**
다양한 이해관계자에게 당사의 정확한 환경에너지 정보를 투명하게 공개하고, 능동적인 커뮤니케이션을 통해 기업의 친환경적 가치를 높인다.

상기 환경·에너지 경영방침과 분야별 활동 성과를 대내외에 공표하고 전 임직원 및 협력회사가 보유한 모든 기술과 역량을 결집하여, 환경·에너지 관리 활동을 지속적으로 발전시켜 나간다.

대표이사 | 황성우 CSO | 김범수

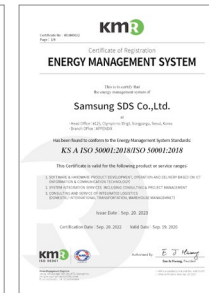
Environment and Energy Management Policy

Environment and Energy Management System

Samsung SDS adopts the global standard for environmental management and energy management systems. We have been maintaining ISO 14001 certification for environmental management since 2014, renewing our certification in 2023. In addition, we newly obtained ISO 50001 certification for energy management in 2023, proving our efforts in implementing an energy management system and lowering GHG emissions and energy consumption.



ISO 14001 Certification



ISO 50001 Certification



ISO 50001 Certification Awarding Ceremony

2023 Green Management Company of Excellence Award

Samsung SDS was recognized as a company of excellence and winning the KEITI President Award in the environmental information disclosure category at the 2023 Green Management and Green Finance Awards. Samsung SDS actively participated in the pilot project for disclosing environmental information in 2023 and was acknowledged for its efforts in newly obtaining ISO 50001 certification, expanding the disclosure of GHG emissions, conducting ESG inspections across the supply chain, and carrying out various eco-friendly campaigns.



Award Ceremony for Company of Excellence in Environmental Information Disclosures

Environmental Management

Raising Employee Awareness

Samsung SDS operate environment training programs and various campaigns to raise employee awareness on environmental management and encourage active participation.

Environmental Management Training

In partnership with the Samsung Institute of EHS Strategy, we offer training programs on the general environment, air and water pollution prevention, recycling resources, renewable energy, greenhouse gases, and environmental management to our employees. In 2024, we plan to expand training to all employees by developing inhouse contents for environment training. Moreover, domestic and global environment officers completed internal auditor training in 2023 to apply ISO 14001 and ISO 50001 certified systems across all of our business sites. We are also issuing an environmental newsletter to help raise employee awareness on environmental matters.

Environment Training for Employees

Training Course	Training Hours	Topic	Audience and Participants
Introduction to the Environment	2	<ul style="list-style-type: none"> Environment theory, laws and regulations Carbon neutrality and renewable energies CSR and environmental management 	Safety, Environment, and Health Management officers (51 persons)
Recycling Resources	1	<ul style="list-style-type: none"> Overview of resource recycling and relevant legislations Types of waste and management/ disposal methods 	
Air and Water Pollution Prevention	2	<ul style="list-style-type: none"> Terminology and basic theory Technologies for processing air and water pollutants Air and aquatic environment management 	
Greenhouse Gases	1	<ul style="list-style-type: none"> Terminology, international conventions, and relevant regulations GHG mitigation technology 	
New Renewable Energy	1	<ul style="list-style-type: none"> Overview of new renewable energy Key policies and initiatives 	
Environmental Management	2	<ul style="list-style-type: none"> Overview of environmental management Global environmental regulations and recent trends Environmental communication 	

※ Training programs aligned with the Samsung Institute of EHS Strategy

Environmental Campaigns

Environment-friendly Campaigns for Employees

<p>2023.03</p> <p>Waste handsets and waste battery collection campaign</p>	<p>2023.04</p> <p>Promoting participation in Earth Hour, a lights-off event on Earth Day</p>	<p>2023.05</p> <p>Proper recycling campaign</p>	<p>2023.06</p> <p>'Go Green,' carbon mitigation campaign</p>
<p>2023.08</p> <p>Issue ECO NEWS for employees</p>	<p>2023.09</p> <p>Zero-waste 5R's campaign</p>	<p>2023.11</p> <p>RE:DUCE, RE:CYCLE campaign</p>	<p>2023.12</p> <p>'Go Paperless, Go Digital, Go Green' campaign</p>



EHS Letter



ECO NEWS

Climate Action

GHG Emissions Management

Samsung SDS manages greenhouse gas (GHG) emissions for each business site by classifying them into three scopes. As IT and logistics services are the key business areas of Samsung SDS, power consumption for operating domestic and global data centers account for the largest amount of our emissions while Scope 3 emissions from our global logistics services are also relatively high. GHG emissions at Samsung SDS are projected to continue to increase as our business grows which can trigger a severe climate risk. Acknowledging the importance of the environment, Samsung SDS implements and operates data centers equipped with the latest energy mitigation technologies to reduce this climate risk. Moreover, we plan to make a 100% transition to renewable energy by expanding solar power generation facilities and making REC purchases. In particular, we are disclosing not only emissions for domestic upstream transportation, but also our Scope 3 emissions that include global transportation to taken a preemptive response across the entire value chain as supply chain management including Scope 3 emissions becomes more important than before.

Scope 1, 2 GHG Emissions

Category	Unit	2021	2022	2023	Target
Total Scope 1, 2 emissions	tCO ₂ eq	101,882	122,842	166,046	171,324
Scope 1	tCO ₂ eq	3,354	4,539	6,252	5,551
Scope 2	tCO ₂ eq	98,528	118,308	159,799	165,773

*Total emissions are the sum based on emissions rounded off at each business site and may entail a difference from the actual sum of Scope 1 and Scope 2 emissions.

Cause of Emissions Increase in 2023



New business sites

- Dongtan Data Center (Sep 2022~)
- Pangyo IT Campus (Jun 2022~)



Increase in high-capacity IT servers at data centers

- Suwon, Sangam, Chuncheon Data Centers
- Increase in AI and semiconductor related GPU servers

Scope 3 GHG Emissions

Category ¹⁾	Unit	2021	2022	2023	
Total Scope 3 emissions	tCO ₂ eq	3,409,452	3,154,520	2,909,796	
1. Purchased goods and services	tCO ₂ eq	38,755	22,647	112,260	
2. Capital goods	tCO ₂ eq	77,435	84,216	60,857	
3. Energy not included in Scope 1, 2	tCO ₂ eq	-	7,718	10,469	
	Total	tCO ₂ eq	3,214,027	2,996,426	2,663,923
4. Upstream transportation ²⁾	Air	tCO ₂ eq	1,617,183	1,388,921	1,027,207
	Truck	tCO ₂ eq	982,347	1,023,681	1,034,641
	Ocean	tCO ₂ eq	607,285	575,023	575,448
	Train	tCO ₂ eq	7,212	8,055	8,974
5. Waste generated in operations	tCO ₂ eq	339	290	2,174	
6. Business travel	tCO ₂ eq	2,177	8,646	4,905	
7. Employee commuting	tCO ₂ eq	6,980	5,222	34,048	
8. Upstream leased assets	tCO ₂ eq	69,739	14,773	7,250	
15. Investments	tCO ₂ eq	-	14,581	13,910	

1) Categories ⑨~⑭ under Scope 3 were excluded from the calculations as they are not relevant to Samsung SDS

2) Upstream transportation calculations were refined using standards set forth by GLEC (Global Logistics Emission Council)

Climate Action

GHG Emissions Reduction at Data Centers

Samsung SDS strives to reduce carbon emissions and operate sustainable business by carrying out various activities to curb GHG emissions. The Chuncheon Data Center extended the period of adopting free cooling by adjusting its temperature for free cooling from 2022 and switched the base criteria from temperatures to humidity in 2023 which reduced GHG emissions by around 432 tons. The Dongtan Data Center which opened in 2023 maintains server room temperatures relatively higher than typical data centers, reducing energy consumption by only relying on cooling towers for 70% of the time throughout the year. We will continue to seek ways such as leveraging solar power facilities to operate more energy-efficient data centers.

Data Center Average PUE

Category	Unit	2021	2022	2023	Target
Average PUE	-	1.50	1.47	1.41	1.44
Data coverage	%	100	100	100	-

PUE of each Data Center

Category	Unit	2023
Sangam Data Center	-	1.35
Suwon Data Center	-	1.50
Gumi Data Center	-	2.17
Chuncheon Data Center	-	1.30
Dongtan Data Center	-	1.14

GHG Emissions Reduction by Data Center

Category	2023 Key Reduction Activities	Unit	GHG Reduction
Suwon Data Center	Controlled the number of thermo-hygrostats through temperature-humidity sensors	tCO ₂ eq	14
	Replaced high-efficiency PACs in electrical substation rooms	tCO ₂ eq	13
	Installed solar power generation facilities	tCO ₂ eq	28
	Replaced with open-type high-efficiency cooling towers	tCO ₂ eq	952
	Replaced with variable-type, high-efficiency temperature and humidity chambers	tCO ₂ eq	1,494
	Adopted high-efficiency UPS	tCO ₂ eq	565
	Replaced main transformer	tCO ₂ eq	304
	Subtotal	tCO ₂ eq	3,370
Sangam Data Center	Operated pump inverters	tCO ₂ eq	303
		Subtotal	tCO ₂ eq
Chuncheon Data Center	Extended period of direct free cooling	tCO ₂ eq	432
	Installed outdoor chiller awning screens	tCO ₂ eq	118
	Sprayed water on outdoor chiller condenser coils	tCO ₂ eq	58
	Sprayed water on temperature and humidity chamber condenser coils	tCO ₂ eq	5
	Subtotal	tCO ₂ eq	613
Dongtan Data Center	Optimized control of free cooling and chiller	tCO ₂ eq	1,015
	Generated solar power	tCO ₂ eq	183
		Subtotal	tCO ₂ eq
Total	-	tCO ₂ eq	5,484

Climate Action

GHG Emissions Reduction at Data Centers

Energy Conservation by Replacing Outdated Facilities at Suwon DC

UPS (Uninterruptible Power Supply)

IT equipment at data centers use uninterruptible power supplies (UPS) for stable power supply as they can be easily affected by fluctuations in voltage and frequencies, instantaneous interruptions, and voltage surges. The system requires conversions between AC and DC to switch between charging and discharging as UPS receives power supply from batteries in the event of power outages or voltage drops. The Suwon Data Center replaced its outdated UPS system with a modular high-efficiency UPS and old lead acid batteries with high-durability lithium-ion batteries to minimize the massive amount of electrical energy being lost in the form of heat energy during the conversion. Introduction of the high-efficiency UPS was found to have improved overall performance by around 10%, reducing approximately 565 tons of GHG emissions.

Transformers

While extra high-voltage power is supplied to data centers to support their massive use of energy, transformers are needed to step down the voltages and make necessary adjustments to be used by IT equipment and other facilities. The Suwon Data Center used oil-filled transformers with insulating oil that serve as insulators and coolants but switched to mold transformers that use epoxy resin for insulation and cooling. Mold transformers are space efficient, allowing for high-efficiency designs within same volume areas. The replacement resulted in 304 tons of GHG emission reductions.

Cooling Towers

Data Centers use cooling towers to effectively remove the heat generated from large capacity chillers. Previous closed-type chillers isolate cooling liquids from the atmosphere and has an advantage in terms of being less affected by external contamination. However, such closed-type cooling towers use brines (EG solutions) to prevent freezing in the winter which requires a separate process for discharging or disposal to prevent environmental pollution, as well as an additional feed water pump that results in more energy consumption than open-type cooling towers. The Suwon Data Center replaced its closed-type cooling towers with high-efficiency open-types that can be controlled based on cooling loads and reduced around 952 tons of GHG emissions.

Temperature and Humidity Chambers

Most of the electrical energy used by IT equipment in computing is emitted as heat energy which is why large capacity cooling facilities are essential at data centers. The temperature and humidity chamber supplies cool air inside server rooms, but previous models with fixed-speed fans could not be controlled based on cooling loads and had heavy energy consumption. Replacing these outdated models with temperature-based control high-efficiency models, the Suwon Data Center reduced around 1,494 tons of GHG emissions.



Suwon DC UPS



Suwon DC Transformer



Suwon DC Cooling Tower (open-type)



Suwon DC temperature and humidity chamber

Data Center Eco-friendly Investments

Category	Item	Unit	2023
Suwon Data Center	Adoption of open-type cooling tower and inverter	KRW 100 million	111

Climate Action

GHG Emissions Reduction at Business Sites

Transition of Business Vehicles to Zero-emission Vehicles

Samsung SDS is carrying out a phased implementation of replacing its entire business vehicles (total 156 units) 100% with zero-emission vehicles (ZEVs) by 2030. In addition, we are deploying electric vehicle (EV) charging infrastructure within the employee and visitor parking lots at our domestic business sites to make it more convenient for our employees to use EVs. A total 26 EV charging stations have been installed at the company's business sites including the Jamsil West Campus and 4 data centers(Suwon, Chuncheon, Gumi, Dongtan) with more installations scheduled in 2024 at Jamsil East Campus and Sangam Data Center.

Investments in EV Charging Facilities

Category	EV Charging Station	Unit	2023
Suwon	Number of facilities installed	Units	7
Data Center	Investment	KRW 100 million	1.55
Dongtan	Number of facilities installed	Units	4
Data Center	Investment	KRW 100 million	0.84
Gumi	Number of facilities installed	Units	4
Data Center	Investment	KRW 100 million	0.92
Chuncheon	Number of facilities installed	Units	3
Data Center	Investment	KRW 100 million	0.90

* In line with the Samsung Institute of EHS Strategy's 2024 Guide on charging facilities, improvements will be made to fire protection facilities, video detection systems, and sprinklers spraying the bottom of vehicles



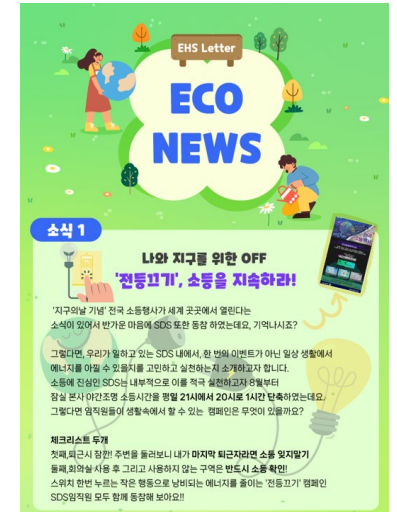
Suwon DC EV Charging Stations



Chuncheon DC EV Charging Stations

Energy Conservation

Samsung SDS is setting an example in energy conservation at business sites by turning off indoor lighting an hour earlier (21:00 → 20:00) and carrying out campaigns to turn off computers and monitors. On the 2023 Earth Day in April, we also participated in the nationwide Earth Hour event to raise employee awareness on energy conservation. Samsung SDS is taking the lead in ESG management through such actions, encouraging employees to take time off and also striving to reduce light pollution at the same time.



Energy Saving Campaign

Green Walking Challenge

On the occasion of Samsung SDS' 38th anniversary, the 'Green Walking Challenge' was held in April 2023 where employees donated trees based on the number of steps they took. A total 3,129 employees took part in the challenge, taking a total 430,070,000 steps and donating around 300 trees to the Forest for Life NGO to contribute to curbing GHG emissions.

Climate Action

Transition to Renewable Energy

Samsung SDS is utilizing clean energy such as solar water heaters, solar power, geothermal heating and cooling systems, and geothermal heat pumps at its data centers, and plans to increase its renewable energy production and procurement to transition its energy usage to renewable energy.

Renewable Energy Production

Renewable Energy Production by Data Center

Category	Type	Unit	2022	2023
Suwon Data Center	Solar water heater	MWh	85.84	79.89
	Solar power generation	MWh	19.11	62.96
Sangam Data Center	Solar power generation	MWh	56.73	55.34
	Geothermal	MWh	-	435.62
Chuncheon Data Center	Solar power generation	MWh	144.63	196.36
Dongtan Data Center	Solar power generation	MWh	-	385.08
Total		MWh	306.31	1,215.25

Building Solar Power Generation Facilities at the Dongtan Data Center

We installed solar power generation facilities on the rooftop of the Dongtan Data Center, producing around 385MWh of renewable energy in 2023 which is equivalent to reducing an annual 183 tons of emissions.



Dongtan Data Center Solar Power Generation Facilities



Suwon Data Center
Solar Water Heating System



Sangam Data Center
Solar Power Generation Facility



Chuncheon Data Center
Solar Power Generation Facility

Utilization of Renewable Energy

Renewable Energy Consumption (HQ)

Category	Unit	2021	2022	2023	Target
Total energy consumption	MWh	217,252	249,998	322,671	281,270
Non-renewable energy consumption ¹⁾	MWh	217,007	249,692	321,456	280,903
Renewable energy consumption	MWh	245	306	1,215	367
Renewable energy production	MWh	245	306	1,215	367
Ration of renewable energy	%	0.11	0.12	0.37	0.13

1) Use of non-renewable energy includes the organization's indirect energy consumption (sum of purchased power, purchased steam, and hot water)

Renewable Energy Procurement

Samsung SDS is pursuing transition to renewable energy at its domestic and global operations and plans to switch to Green Premiums¹⁾ and REC²⁾ in the short term, considering factors such as the quantity and price (economic feasibility) of renewable energy. In the mid-to-long-term, we plan to expedite the transition to renewable energy by concurrently participating in PPA³⁾ and equity investments⁴⁾ through external partnerships.

- 1) Green Premium: Program where a premium is paid on top of existing electricity bills to purchase renewable energy
- 2) REC (Renewable Energy Certificates): Program for purchasing renewable energy certificates (indirect purchase system)
- 3) PPA (Power Purchase Agreement): Agreements between power generators and companies on the direct purchase and contracting of renewable energy (long-term agreements)
- 4) Equity investment: Procuring renewable energy through a separate contract after making equity investments in renewable energy power generation businesses

SPECIAL SECTION

CLIMATE REPORT

Governance

BOD Supervision on Climate Risks and Opportunities

The ESG Committee was established, pursuant to Article 3 of the Samsung SDS ESG Committee Operation Regulations, as a committee within the Board of Directors. It is a decision-making body that manages and supervises climate change response strategies, policies, issues, and activities, and deliberates and resolves key issues on the agenda. The ESG Committee consists of 5 experts who discuss and make decisions on the impact of climate risks and opportunities on Samsung SDS' business and how to respond to them from a legal, regulatory, financial, and technical standpoint. In addition, the ESG Council directly under the CFO reports proposals on climate actions to the ESG Committee which deliberates and resolves the proposed agenda on a quarterly basis.

The Role and Composition of the ESG Committee

Category	Details			
Role (limited to climate action)	Management and supervising climate actions, building climate action strategy, managing climate action policies, disclosing climate change data			
Authority	Deliberation and decisions on climate action strategy, policy, issues, and activities etc.			
Composition and expertise	Total 5 members consisting of 4 independent directors and 1 executive director			
	Category	Name	Position	Expertise and Role
	Chair	In-Sill Yi	Independent Director	Review the economic impact of climate change and response strategy
	Members	Hyun-Han Shin	Senior Independent Director	Risk analysis and review of financial impact
		Moo Il Moon	Independent Director	Review laws and regulations related to climate change
		Jae Jin Lee	Independent Director	Review carbon reduction technologies at data centers
Sungwoo Hwang		Executive Director (CEO)	Review direction for linking climate change response strategy with business	
Reporting system	Reports proposals through the ESG Council (directly under the CFO)			
Reporting frequency	Meetings convened at least once a quarter (and frequently, when needed)			

Management's Role and Responsibilities regarding Climate Risks and Opportunities

The critical responsibility for Samsung SDS' response to environmental and climate crises begins with the CEO (Chief Executive Officer) and CFO (Chief Financial Officer), who assess and manage climate-related risks and opportunities.

The CEO of Samsung SDS recognizes the impact of climate change on the overall company management as well as the impact of companies on external environments and stakeholders, in order to achieve sustainable growth of the company. In accordance with the Environment and Energy Management Principles established in 2023, the CEO regularly receives reports on the climate change response policy and progress in meeting targets to respond to the climate crisis and achieve carbon neutrality in the mid-to-long-term. In addition, the CEO supports the ESG Council to carry out its role in deliberating and making decisions on key agenda.

The CFO of Samsung SDS not only manages the financial structure and business strategy, but also oversees overall environmental management issues as the executive in charge of environmental matters of the company to ensure the ESG strategy is carried out effectively by relevant businesses and departments. In addition, the CFO serves as the Chief Risk Officer (CRO) that identifies and manages corporate risks to report identified climate risks and assessments to the BOD to support the CEO in making important business decisions.

Key Role of CEO and CFO regarding Climate Change

Management	Role
Chief Executive Officer (CEO)	<ul style="list-style-type: none"> Approve and supervise the company's sustainability policies and targets Provide resources needed for improving the company's sustainability Make key decisions on eco-friendly solutions, service business models or business strategies, review status of climate actions such as improving energy efficiency and GHG reductions, and assess performance of each initiative
Chief Financial Officer (CFO)	<ul style="list-style-type: none"> Support operations, management, and decision-makings regarding issues in environmental management Conduct integrated corporate risk management including identification and assessment of climate risks Manage climate opportunities

SPECIAL SECTION

CLIMATE REPORT

Strategy & Business Model

Samsung SDS defines the time horizons for which risks and opportunities related to climate change are expected to be as follows: Short-term is the 1 year period following the reporting term (2024); Mid-term is the next 5 years (2025~2029); and the long-term refers to the next 20 years (2030~2050). These terms are also aligned with key decisions made by Samsung SDS on climate mitigation measures and targets and business plans, etc., as well as domestic climate reporting standards and ESRS which the company must observe.

Risk Factors and Potential Financial Impact

Category	Type	Details	Potential financial impact	Time Horizon ¹⁾		
				Short-term	Mid-term	Long-term
Transition Risks	Policy and Legislations	Stricter disclosure mandates on GHG emissions	Increased indirect costs	●		
		Rise in carbon prices due to stricter regulations such as carbon taxes and carbon credits, etc.	Increased operating costs	●	●	●
		Risk of litigations due to climate related legislations such as the EU Corporate Sustainability Due Diligence	Increased litigation costs			●
	Technology	Low carbon alternatives for IT and logistics services	Drop in revenues		●	
		Cost burden from investing in low-power new technologies for data centers	Increased direct costs	●	●	
		Failed new technology investments	Increased financial risks			●
	Market	Increased client demands for carbon neutrality and reinforced eco-friendly purchasing policies	Increased direct costs and drop in revenues		●	●
		Increased energy costs due to transition to renewable energy in the power sector	Increased direct costs	●	●	
		Rise in logistics costs due to carbon mitigation in logistics such as adopting eco-friendly fuel, etc.	Increased direct costs		●	●
Decline in consumer preference due to carbon emissions from products and services		Increased transition costs		●	●	
Reputation	Increased negative feedback from stakeholders	Drop in corporate reputation			●	
	Drop in external ratings on climate action	Increased credit risk		●	●	
	Physical Risks	Acute	Fluvial flooding	Drop in operating profits		●
Severe drought		Drop in asset value			●	
Wildfires		Undermined productivity			●	
Chronic	Extreme temperatures	Increased operating costs and undermined productivity			●	

1) Time horizon: Short-term - 1 year (2024), Mid-term - 5 years (2025~2029), Long-term - 20 years (2030~2050)

Opportunity Factors and Potential Financial Impact

Category	Type	Details	Potential financial impact	Time Horizon		
				Short-term	Mid-term	Long-term
Resource efficiency		Energy efficiency at data centers by applying Liquid Cooling technology	Drop in operating costs and increased revenues		●	●
		Minimizing waste batteries by applying UPS-less technology	Drop in operating costs		●	●
	Energy sources	Transport efficiency through a digital logistics platform	Cost reduction and increased profits	●	●	●
		Leveraging policy incentives for renewable energy	Drop in operating costs		●	
		Participation in the ETS market (purchasing carbon credits or selling remaining credits)	Drop in operating costs and improved profitability	●	●	
		Enhanced stability in energy supply through distributed power generation	Improved profitability			●
Products and services	Development of eco-friendly cloud services	Increased revenues	●	●		
	Increased low-carbon logistics products and services	Increased revenues	●	●		
	Increased consumer preference for low-carbon products and services	Increased revenues	●	●	●	
Market	Digital transformation and increased demand for IT services to reduce total energy consumption	Increased revenues		●	●	
	Enhanced access to the low-carbon logistics market	Increased revenues		●	●	
	Leveraging public policy incentives such as price subsidies for low-carbon products	Drop in direct costs		●	●	
	Resilience	Less fluctuations in power costs through long-term supply agreements for renewable energy	Drop in operating costs and improved productivity			●
Reduced dependency on external power through inhouse efforts to curb carbon emissions		Improved productivity	●	●	●	
Strengthened physical risk adaptation at data centers		Increased service demand		●	●	

SPECIAL SECTION

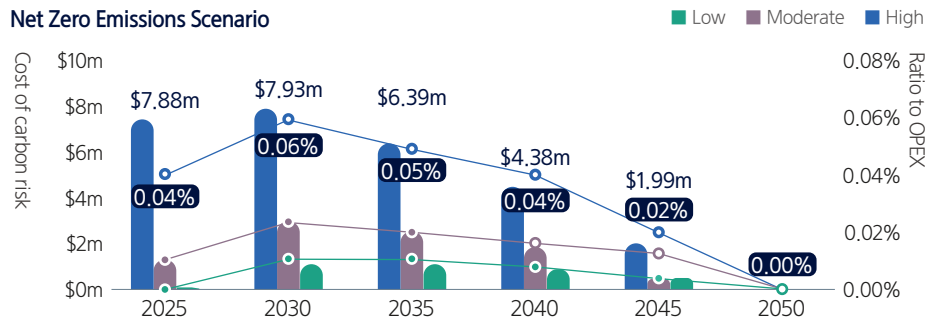
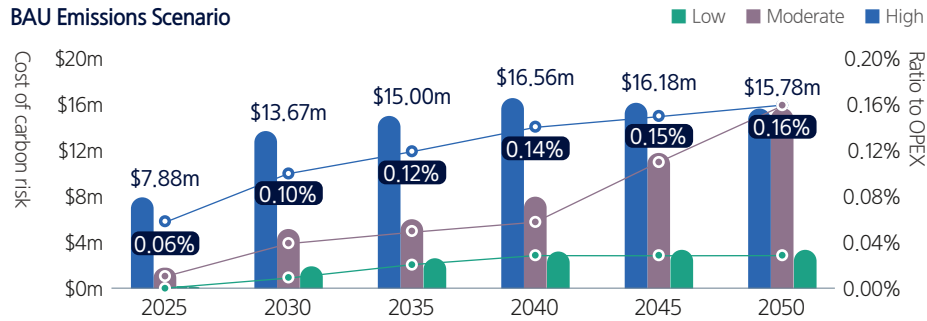
CLIMATE REPORT

Strategy & Business Model

Analysis of Financial Impact from Transition Risk

Samsung SDS categorizes transition risks into policy/legal, technical, market, and reputational risks and quantifies the anticipated financial impact from a mid-to-long-term perspective. In particular, in the case of policy risks, we conducted a scenario analysis using S&P Global's methodology to increase the reliability of the analysis. First, we comprehensively analyzed data from more than 100 countries, such as carbon taxes, emissions trading schemes, and fuel prices to draw out carbon prices. We applied the 'Trucost CEaR' scenario based on the results of the global carbon cost estimation study linked to the 2°C scenario to predict changes in carbon prices and calculate the carbon cost that Samsung SDS did not reflect. In the end, we analyzed the financial impact of future carbon costs by considering future carbon emissions based on our own analysis of Samsung SDS' carbon emission trends and business plans. We also identify and manage the financial impact of the technical, market, and reputational risks related to climate change on Samsung SDS. For technical risks, the financial impact triggered by cost burdens and failed investments in new technologies to apply low-power at data centers was identified by looking at the technology investment costs, data center's potential emissions, and carbon price forecasts. Market risks were calculated by assessing the cost of switching to renewable energy in the power sector through analysis of the supply price of renewable energy, while reputational risks were analyzed based on the financial impact on revenues resulting from increased negative stakeholder feedback due to inadequate climate-related disclosure and greenwashing.

Analysis of Financial Impact of Policy Risks based on the Climate Scenario



Analysis of Financial Impact of Technical, Market, and Reputational Risk

Category	Key Risk Factor	Outlook on Financial Impact	Rationale
Technical risks	Cost burden from investing in low-power new technologies for data centers	KRW 84.4 billion	<ul style="list-style-type: none"> Increased direct costs based on investments in IT equipment cooling technologies for GHG abatement Calculated based on investment and implementation costs for liquid cooling in eco-cloud technologies to apply low-power to data centers
	Increased costs for purchasing carbon credits due to failed new technology investments	KRW 247.4 billion	<ul style="list-style-type: none"> Financial risks from failed investments in the low-power eco-cloud technology at data centers and data center renovations Calculated based on the GHG reductions estimated from investments in data center low-power consumption technology and carbon credit prices
Market risks	Increased energy costs due to transition to renewable energy in the power sector	KRW 692.4 billion	<ul style="list-style-type: none"> Increased direct costs from supply of renewable energy to reduce GHG in the power sector of data centers and business sites Calculated based on the cost for purchasing additional renewable energy needed for reducing emissions remaining from the 2050 domestic and overseas BAU emissions after lowering emissions using the company's own mitigation measures
Reputational risks	Increased negative feedback from stakeholders	KRW 133 billion	<ul style="list-style-type: none"> Drop in revenues due to undermined corporate reputation resulting from non-disclosing climate data, poor response to ESG assessments, and greenwashing, etc. Calculated based on total revenues (around 13.3 trillion in 2023) and revenue decrease rates (1%)

SPECIAL SECTION

CLIMATE REPORT

Strategy & Business Model

Analysis on Financial Impact of Physical Risks

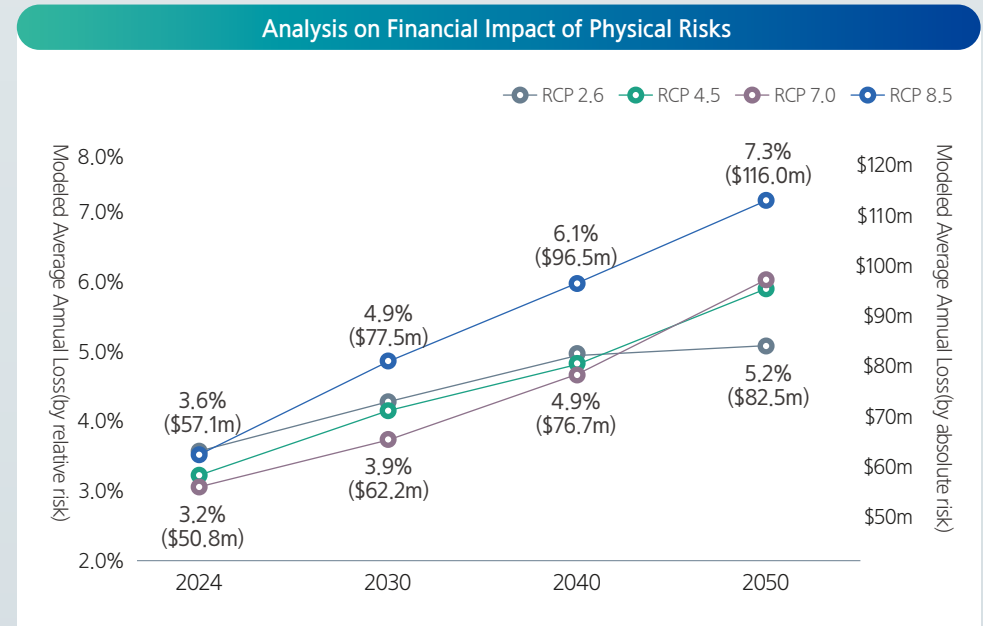
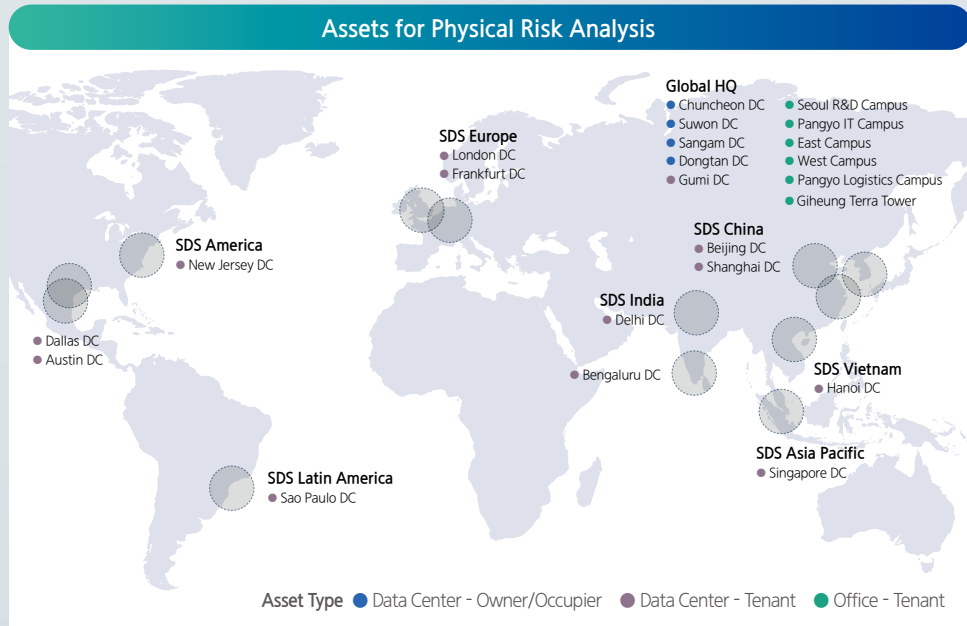
Samsung SDS has been using S&P Global's Climonomics framework since 2022 to identify and analyze financial impact of physical risks associated with the company's key assets. The scope of the analysis includes 30 assets including global data centers (owned and leased) and the headquarter and subsidiary offices. In line with the RCP scenario in the IPCC 5th Assessment Report, annual average asset value loss rates and loss values were measured for the short-term (2024), mid-term (2025~2029), and long-term (2030~2050), and each asset's exposure to 8 climate risks including urban flooding and extreme temperatures were identified.

Through the analysis, loss rates for assets under the RCP 8.5 scenario, which has the highest climate risks, was forecast at 4.9% in 2030 and 7.3% in 2050. These figures are 18.0%~33.0%p lower than measurements of the RCP 8.5 scenario in 2022 which showed 22.9% in 2030 and 40.3% in 2050, resulting from use of more advanced S&P methodologies with improved resolution.

Top 5 Asset Types by Asset Value

Data Center - Owner/Occupier : \$1,472m, Data Center-Tenant : \$71m, Office - Tenant : \$36m

MAAL (Modeled Average Annual Loss): Estimated losses and loss ratio compared to current asset value, including operating costs, capital costs incurred due to loss rates, and costs due to business disruptions as losses



SPECIAL SECTION

CLIMATE REPORT

Strategy & Business Model

Analysis of Physical Risk Scenario

Managing the physical risks of Samsung SDS' key assets and its data centers is imperative to the business. To this end, we divided the risk rating and defined material physical risks to identify which data centers were exposed to these risks and when. There were no data centers exposed to material physical risks in the short-term, but the Shanghai Data Center is expected to reach Medium-High risk levels in the mid-term. In the long-term which starts in 2030, the Dallas Data Center also has possibility of being exposed to material risks, so we plan to continuously monitor physical risks and prepare countermeasures to minimize asset losses.

Of the 8 climate risks, extreme temperatures has the most significant impact on asset losses while urban flooding is also projected to have somewhat impact. Other risks such as coastal flooding, wildfires, tropical cyclones, water stress, and river flooding were found to cause either little or no losses. Moreover, we plan to mitigate the risks of extreme temperatures by increasing cooling facilities, replacing outdated equipment, and applying liquid cooling, etc. to data centers.

Category	Assets	Scenario	(Short-term) 2024	(Mid-term) 2025-2029	(Long-term) 2030-2040	(Long-term) 2041-2050	
Domestic	Chuncheon Data Center	RCP 2.6	4.0%	4.9%	5.6%	5.8%	
		RCP 8.5	4.0%	5.4%	6.6%	8.0%	
	Suwon Data Center	RCP 2.6	3.9%	4.7%	5.4%	5.5%	
		RCP 8.5	3.8%	5.2%	6.4%	7.8%	
	Dongtan Data Center	RCP 2.6	3.9%	4.7%	5.4%	5.5%	
		RCP 8.5	3.8%	5.2%	6.5%	7.8%	
	Sangam Data Center	RCP 2.6	3.9%	4.6%	5.4%	5.5%	
		RCP 8.5	3.8%	5.2%	6.4%	7.6%	
	Overseas	Dallas Data Center	RCP 2.6	2.1%	2.4%	16.7%	16.9%
			RCP 8.5	2.0%	2.6%	17.3%	18.2%
Shanghai Data Center		RCP 2.6	1.7%	2.1%	2.1%	1.4%	
		RCP 8.5	1.7%	16.4%	17.2%	18.1%	
New Jersey Data Center		RCP 2.6	1.0%	1.3%	1.6%	1.7%	
		RCP 8.5	1.0%	1.5%	2.0%	2.7%	

Scenario	Year	Urban Flooding	Extreme Temperatures	Coastal Flooding	Droughts	Wildfires	Typhoons	Water Stress	River Flooding
RCP 2.6	2030	0.4%	3.9%	-	-	-	-	-	-
	2050	0.5%	4.6%	-	-	-	-	-	-
RCP 4.5	2030	0.4%	3.8%	-	-	-	-	-	-
	2050	0.5%	5.2%	-	0.1%	-	-	-	-
RCP 7.0	2030	0.4%	3.4%	-	-	-	-	-	-
	2050	0.6%	5.1%	-	0.1%	-	-	-	-
RCP 8.5	2030	0.4%	4.3%	-	-	-	-	-	-
	2050	0.7%	6.1%	-	0.2%	-	-	-	-

Risk Grade based on Losses from Physical Risks

- Extremely Low 0-1
- Low 2-10
- Medium 11-15
- Medium-High 16-50
- High 51-100

Definition of material physical risks and management of exposed assets

- Medium-High or higher grades are defined as material physical risks to identify assets (data centers) and timing of risk exposure
- Build and implement physical risk mitigation measures

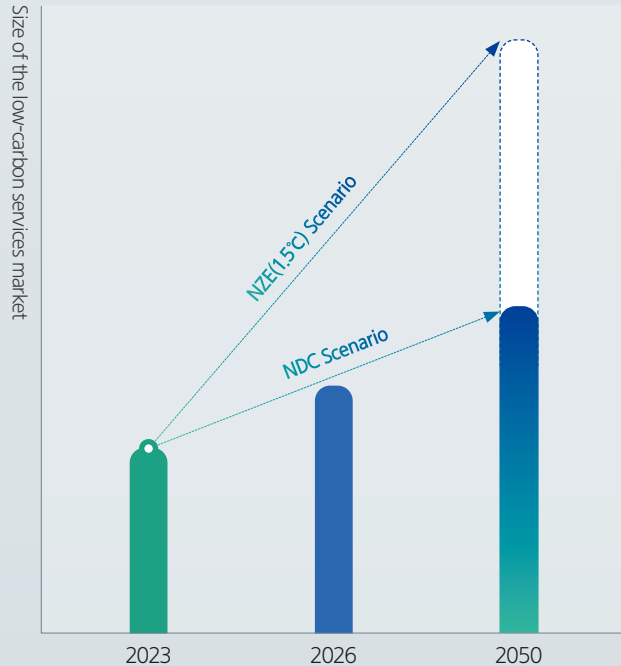
SPECIAL SECTION

CLIMATE REPORT

Strategy & Business Model

Analysis of Climate related Business Opportunities

Samsung SDS' main business involves transition activities that contribute to the global 1.5°C goal. IEA¹⁾ states in its 2023 Net-Zero Roadmap Report²⁾ that changing consumer behavior and responding to demand will enable CO₂ reductions of 2.6 Gt by 2050. The digital forwarding service of Samsung SDS, Cello Square, streamlines logistics operations and supports the transition to low-carbon transportation while Brity Meeting uses video conferencing to encourage behavioral changes in customers. GeSI³⁾ forecasts in its SMARTer2030 report that the revenue potential of ICT products and services will reach \$1.8 trillion by 2030, while Markets&Markets predicts that the market for ESG disclosures and data platforms will grow at a CAGR of 16.5% from \$700 million in 2022 to \$1.5 billion in 2027.



In order to assess the climate opportunities for Samsung SDS and embed them in the business strategy, we defined low-carbon solutions that can contribute to lowering GHG emissions and adaptation. In addition, we assessed the suitability of our economic activities and calculated the net sales, CAPEX, and OPEX ratios of activities that contribute to climate change mitigation based on the EU Taxonomy standards. However, it is very difficult to quantify the short-, mid-, and long-term financial impacts of the low-carbon solutions defined by Samsung SDS and to conduct analysis of climate scenarios. This is because the data and research results required for reliable analysis have not been sufficiently accumulated, and the analysis methodology has not been established. The growth rate of low-carbon IT solutions is viewed very positively in a net-zero scenario but is not sufficient enough to be used as supporting evidence for the analysis.

For this reason, Samsung SDS will estimate and provide predictions on the potential market size and revenue fluctuations of low-carbon solutions based on market projections and mid-term revenue targets of each service that are incorporated in building business plans and further refine analysis methods.

ESRS_INDEX	Item	2024~2026
E1-9-69b	Potential market size of low-carbon products, services, or adaptation solutions (annual average growth rate)	4.1%~19%
E1-9-69b	Anticipated changes in revenue due to low-carbon products, services, or adaptation solutions (annual average growth rate)	7%

1) International Energy Agency

2) IEA, Net Zero Roadmap - A Global Pathway to Keep the 1.5°C Goal in Reach 2023 update (Sep 2023)

3) Global Enabling Sustainability Initiative: Initiative devised to promote sustainable development in the ICT industry

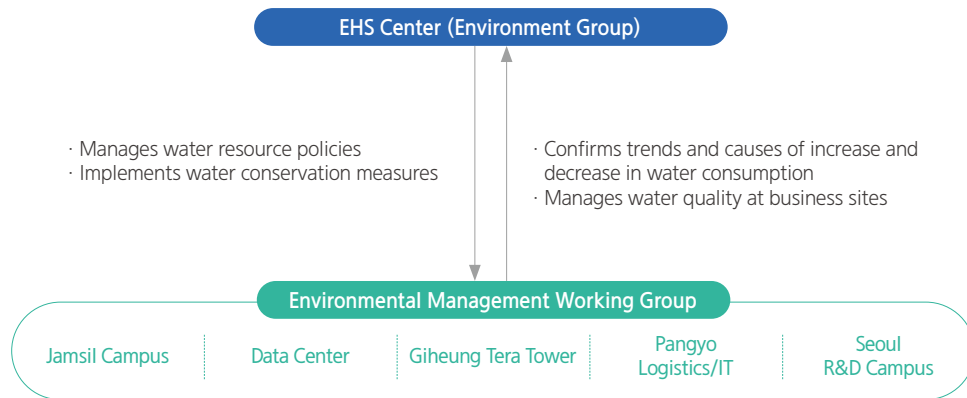
Water Resource Management

Water Resource Management System

Samsung SDS recognizes the management of water resources as a key activity needed to create a sustainable future. We are committed to contributing to environmental protection through water conservation and minimizing environmental consequences by taking appropriate measures to treat used water.

Water Resources Management Policies

We review the increase and decrease of water usage at all of our business sites, checking on the cause of such changes, and building mitigation measures to continuously manage quality and volume and ensure clean and stable water supply.



Water Consumption Reduction

Samsung SDS adopts water reduction systems starting from the designing stages of its domestic and global business sites to manage water usage effectively. We apply water-reducing designs and technologies for data centers to carry out optimal water resource management. The Sangam Data Center leverages local chilled water (12°C) which is excellent for cooling as it is around 5°C lower than general water temperatures while having less dissipation, thereby contributing to water conservation. The free cooling method used at Sangam also helps our efforts in reducing water usage.

Water Consumption

Category	Unit	2021	2022 ¹⁾	2023	Target	
Water-intake	Waterworks	Tonnes	323,461	469,111	532,649	482,041
	Groundwater	Tonnes	167,784	164,997	165,008	164,403
Discharge	Groundwater ²⁾	Tonnes	167,784	164,997	165,008	164,403
Consumption	Tonnes	323,461	469,111	532,649	482,041	

1) Subsidiary and overseas business site data included from 2022, and changes made to water-intake and consumption figures due to correction in data errors

2) Groundwater refers to groundwater runoff at the Sangam Data Center with the amount of water-intake and discharge being the same

※ Samsung SDS does not use groundwater runoff as it involves discharge costs and government permits

Water Consumption and Treatment

Most of the water used by Samsung SDS is domestic water which is discharged to public sewage treatment plants after simple screening at business sites. We closely monitor the entire process to ensure safe disposal, especially as coolants and antifreeze liquids used at our data centers for equipment maintenance (chillers, boiler cleaning, etc.) are water pollutants and handled through professional vendors for designated waste.

Water Resource Management

Water Resources Risk Assessment

Samsung SDS analyzed water-related risks using the Aqueduct Water Risk Framework provided by the WRI (World Resource Institute) based on the location of each of our business sites. Risks were categorized into physical risks related to quantity, physical risks related to quality, and regulatory and reputational risks based on the nature of the risk, and then broken down again into the 5 levels of Low, Low-Medium, Medium-High, High, and Extremely High depending on their level of impact.

Categorization of Water Risks

Physical Risks Related to Quantity

Physical risks related to quantity refer to risks that come from an oversupply of shortage of water resources.

- **Water stress:** Ratio of available water supply compared to water demand (measuring water withdrawal for both consumption and non-consumption purposes)
- **Water Depletion:** Ratio of water supply compared to water demand (similar to water stress but only based on consumption-based water withdrawal)
- **Inter-annual variability:** Average annual variation of available water supply
- **Seasonal variability:** Average water availability variability within a year
- **Groundwater table decline:** Average annual decrease rate of groundwater
- **Riverine flood risk:** Ratio of population affected by river inundations from floods
- **Coastal flood risk:** Ratio of population affected by from coastal floods
- **Drought risk:** Population and assets exposed to possible droughts and risks

Physical Risks Related to Quality

Physical risks related to quality refer to risks regarding poor water quality that make it unavailable for use.

- **Untreated connected wastewater:** Ratio of domestic wastewater that has not gone through preliminary treatment
- **Coastal eutrophication potential:** Possibility of harmful algal blooms due to accumulated nitrogen, phosphorous, and silicon

Regulatory and Reputational Risks

Regulatory and reputational risks refer to risks associated with uncertainties in regulatory changes and risk of undermined reputation due to water resource issues.

- **Unimproved/No drinking water:** Ratio of population that obtain drinking water from unprotected water wells, rivers, or lakes, etc.
- **Unimproved/No sanitation:** Ratio of population that directly dispose of human waste in non-hygiene areas or as solid waste

Risk Assessment Outcome

Overall, Samsung SDS' domestic business sites were found to have a low-medium level water risk, whereas its overseas businesses sites showed high risks in China, Vietnam, and India, but relatively lower risks in the US, Europe, Singapore, and South America. However, this risk analysis is simply based on data using WRI's own tool and may differ from the actual water resource management status of our business sites.

Category	Business Site	Risks Related to Water Resources			
		Overall Risks	Physical Risks QUANTITY	Physical Risks QUALITY	Regulatory and Reputational Risks
Domestic		Low - Medium	Medium - High	Low - Medium	Low
	U.S.	Low - Medium	Medium - High	Low - Medium	Low
	China	High	Extremely High	Medium - High	High
Overseas	Europe	Low - Medium	High	Low - Medium	Low
	Singapore	Low	Low - Medium	Low	Low - Medium
	India	High	Extremely High	High	High
	Vietnam	High	Extremely High	High	High
	Latin America	Low - Medium	Medium - High	Low - Medium	Low - Medium

Low Low - Medium Medium - High High Extremely High

※ Water resources used in China, Vietnam, and India are around 3,000 tonnes, accounting for less than 1% of the total

Waste Management

Waste Management System

Samsung SDS established a waste management system in 2023 with waste management metrics based on business site and type of waste, working hard to reduce general waste, a major source of waste, from business sites by managing the total amount of waste disposal. In 2023, we started efforts to cut down on use of disposable products not only for recycling, but also to fundamentally lower waste volume, and are actively conducting campaigns led by the corporate and business-level environmental departments based on various ideas to engage employee participation.

Designation of target business sites

- All Samsung SDS' business sites
- * Subject to legal management: 5 data centers (Suwon/Sangam/Dongtan/Chuncheon/Gumi), West Campus, East Campus, Seoul R&D Campus, Pangyo IT Campus, Pangyo Logistics Campus, Giheung Tera Tower

Scope of waste

- Business site waste, designated waste, recyclable waste

Waste calculation system

- Business site waste: Volume-based general waste bags
- Designated waste: Allbaro system data
- Recyclable waste: Scaled weight

Management of waste recycling, landfill, and incineration rates (ESG evaluation item)

- Building standards for managing waste at each business site
- External advisory and verification from professional waste certifiers

Waste Reduction Policy (5R's)



Waste Generation

Category	Unit	2021	2022 ¹⁾	2023	
Total waste generation	Tonnes	953	2,183.8	2,892.9	
Waste used/recycled/sold	Tonnes	361	897.2	1,345.4	
Disposed waste	Total	Tonnes	592	1,286.6	1,547.5
	Landfilled waste	Tonnes	576	1,019.4	1,278.8
	Incinerated waste with energy recovery	Tonnes	0	3.8	16.7
	Incinerated waste without energy recovery	Tonnes	15	11.4	0.0
	Waste otherwise disposed	Tonnes	1	252.0	252.0
Waste with unknown disposal method	Tonnes	0	0.0	0.0	

1) Data from subsidiaries and overseas operations were included since 2022

Waste Disposal by Type (HQ)

Category	Disposal Type	Unit	2022	2023
Total waste disposal		Tonnes	496.7	1,205.8
General waste	Landfilled	Tonnes	371.2	629.6
	Incinerated	Tonnes	11.4	12.7
	Recycled	Tonnes	95.3	543.2
Designated waste	Landfilled	Tonnes	0.0	1.0
	Incinerated	Tonnes	0.7	0.8
	Recycled	Tonnes	18.2	18.5

Waste Management

Waste Reduction Activities

RE:DUCE

Samsung SDS is taking the lead in practicing environmental protection through a Zero Plastic Campaign at its inhouse cafes to reduce the use of disposable products. The RE:DUCE campaign promotes use of personal cups at the company cafes which consume 600 thousand disposable goods a year in order to reduce overall use of disposable goods within the company. Following the campaign, average daily usage of personal cups by employees increased by 5-fold, and plastic straws were replaced with biodegradable straws which also helped lower use of disposable products.



REDUCE Campaign

ZERO Disposables Challenge

Taking part in the 'ZERO Disposables Challenge' promoted by the Ministry of Environment, Samsung SDS CEO delivered a message on practicing eco-friendly management and reducing use of disposable products. We will continue to spearhead efforts in environmental management through such challenges based on our ESG slogan.



ZERO Disposables Challenge

Paperless Campaign

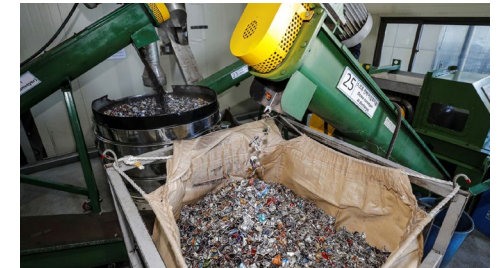
In line with the ESG business trend, many companies are driving digital transformations to go paperless. Samsung SDS is also conducting a 'Go Paperless, Go Digital, Go Green' campaign, highlighting a paperless office and encouraging employees to reduce use of paper documents.

RE:CYCLE

Samsung SDS is conducting a RE:CYCLE campaign to collect and recycle used coffee capsules within the company. Building a consensus among employees on the need to recycle coffee capsules that were being thrown away as general waste, we partnered with NESPRESSO to start this campaign in November 2023. Since the start of the campaign, over 50,000 capsules have been retrieved and recycled, contributing to the reduction of approximately 190kgCO₂eq of GHG emissions. This is equivalent to the amount of carbon dioxide annually absorbed by 22 pine trees surviving for 30 years.



Collected Waste Coffee Capsules



Coffee Capsule Recycling Process

In addition, we are also carrying out a campaign to collect waste mobile phones and have separate collection bins for waste batteries to encourage employees to easily take part in eco-friendly activities. Samsung SDS is dedicated to improving employee awareness on the circular economy through various recycling programs.

Use of Eco-friendly Paper

The agenda handbook for the 39th General Shareholders' Meeting was made using FSC-certified paper, and envelopes used internally at the company are being switched to low carbon paper products.

SOCIAL

Sustainable growth of businesses cannot be achieved without improving sustainability across the entire supply chain. Therefore, the underscoring of mutual growth among stakeholders including employees, customers, suppliers, and local communities is no surprise. In line with such changing times, Samsung SDS is committed to focusing on investing in supply chain ESG management, strengthening the capabilities of its members, and creating a safe working environment.

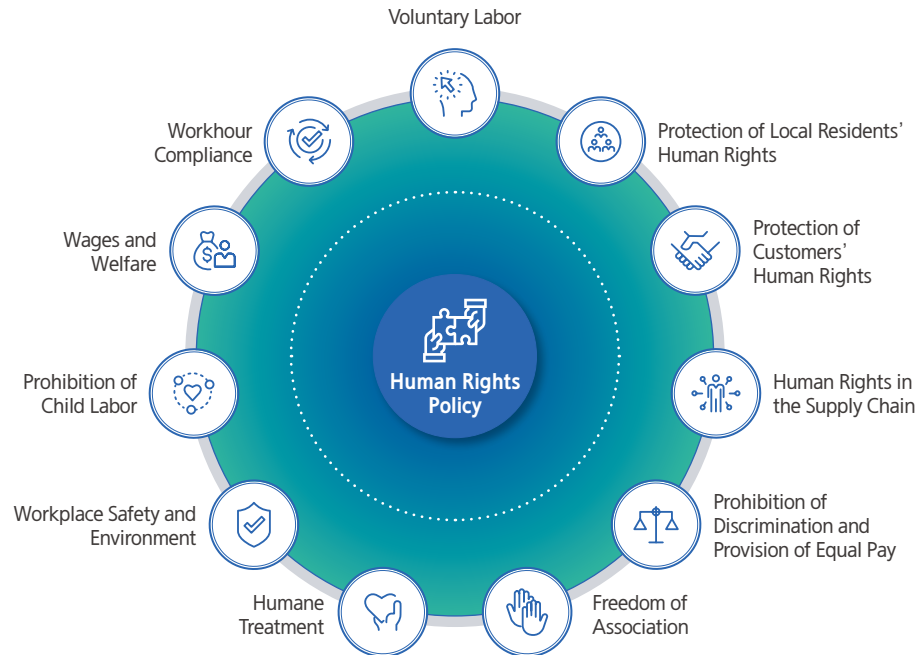
Human Rights

Human Rights Management

Samsung SDS is committed to upholding human rights by creating an inclusive working environment for its members and actively responding to demands from the international community to take part in human rights protection activities. To this end, we support and observe the principles of human rights suggested by international organizations and groups including the UN Declaration of Human Rights, the ILO's (International Labor Organization) Core Conventions, the RBA (Responsible Business Alliance) Code of Conduct, and local labor laws of the regions in which we do business. In addition, the DEI Secretariat was established in December 2023, launching a new global organization that designates DEI officers at our headquarters and overseas subsidiaries to strengthen our internal human rights management system.

Human Rights Policies

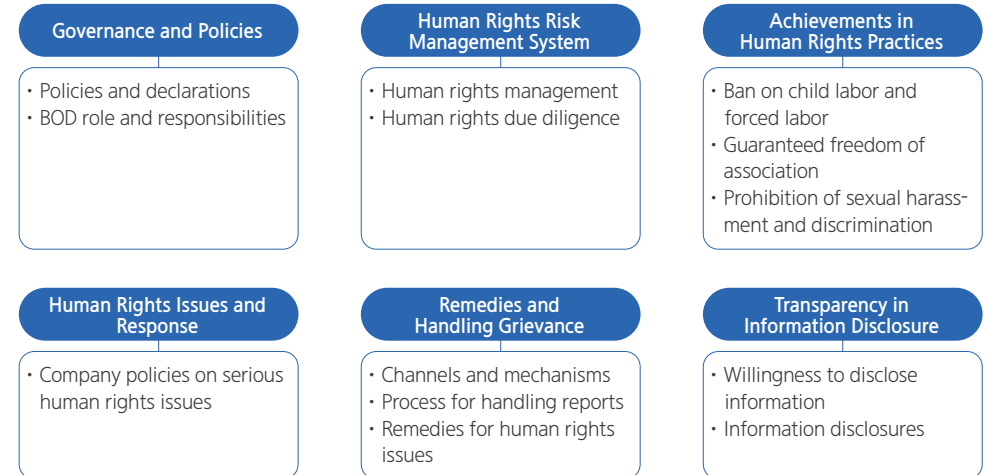
To protect the human rights of employees, Samsung SDS developed and implemented 11 human rights policies based on common international standards. These policies are applied to all forms of workers related to the company including temporary workers, migrant workers, interns, and dispatched employees, as well as stakeholders such as suppliers and business partners to protect the human rights and dignity of its workers.



Declaration of Human Rights

Samsung SDS supports and abides by the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. In order to comply with human rights management, we will build an internal system based on the Human Rights Management Statement and gather opinions from all relevant stakeholders.

Focus Areas of Human Rights Management



Human Rights

Human Rights Management

Human Rights Governance

Samsung SDS established the DEI Secretariat to ensure human rights are upheld in carrying out business and to review and support human rights management activities systematically. Labor rights are managed across multiple levels through the ESG Committee and DEI Secretariat while the People Team develops activities and policies for employee human rights programs and also supervises implementation at our business sites.



Human Rights Management Activities

Channel for Handling Human Rights Grievances

Samsung SDS operates grievance mechanisms and channels to receive reports and take measures on complaints from stakeholders including our employees, suppliers, and business partners regarding human rights issues. We strive to provide effective and acceptable remedies for human rights violations. Reports are immediately forwarded to relevant departments for investigation, and for reports on discrimination or harassment, the complainant and the accused may be separated considering the severity of the case and the complainant's opinion. The cases are sent to the Review Committee for Workplace Bullying and the Disciplinary Committee, when necessary, to prevent similar cases from reoccurring.

The same internal procedures are taken for reports made by other stakeholders such as suppliers and business partners. We check to see if measures are taken appropriately to both internal and external parties and use prevention actions and changes in business practices to ensure such cases are not repeated.

Safeguarding Organizational Culture

In order to create a healthy organizational culture based on mutual respect, Samsung SDS operates a 24/7 channel where employees can report any type of action that may undermine the work atmosphere such as workplace bullying, sexual harassment, forced drinking, or verbal and physical abuse.

Channel for Reporting Corruption and Compliance Issues

Samsung SDS operates a channel on its website for anonymous reports to be filed on irregularities and acts of corruption made by the company or its employees. Through this channel, we are addressing the grievances and complaints of stakeholders including our suppliers such as giving or receiving money and gifts and violations of the Fair Trade Act or Personal Information Protection Act, etc.



Human Rights

Human Rights Management Activities

Human Rights Risk Management Process

Human Rights Risk Assessment

Develop assessment metrics	<ul style="list-style-type: none"> Incorporate principles from the Universal Declaration on Human Rights and international initiatives Develop metrics for assessing human rights risks such as the work environment, etc.
Select assessment target	<ul style="list-style-type: none"> Define organization scope for applying the Declaration on Human Rights Provide targets with assessment metrics and guidelines
Document-based inspection	<ul style="list-style-type: none"> Self-diagnosis by each target organization Each organization builds improvement plans to address shortcomings
Site due diligence	<ul style="list-style-type: none"> Conduct interviews and on-site due diligence to confirm internal regulations, systems, and risks
Third-party verification	<ul style="list-style-type: none"> Conduct third-party assessment when guaranteeing objectivity of document and site inspections are needed
Improvement plans	<ul style="list-style-type: none"> Build improvement plans for high risks and non-conformity areas identified

Human Rights Management Improvements

Monitoring progress	<ul style="list-style-type: none"> Continue to monitor improvement measures derived from mutual discussions and take corrective measures, when necessary
Drawing out and discussing improvements	<ul style="list-style-type: none"> Develop specific improvement initiatives for risks identified from the Human Rights Risk Assessment

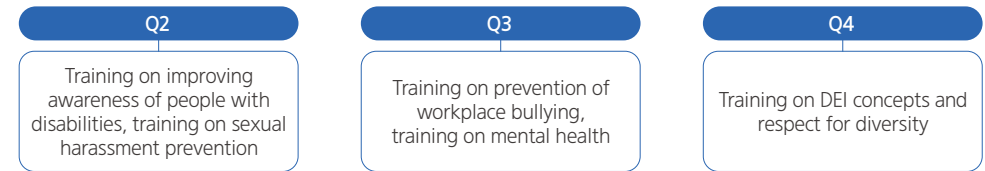
Regular Reporting and Disclosures

Report to decision-makers	<ul style="list-style-type: none"> Key risks identified through the assessment, improvement measures, and implications are reported to the Management Committee and other relevant committees
External disclosure	<ul style="list-style-type: none"> Disclose human rights violations, risk assessment results, improvement measures and actions taken through various means including the company website and Sustainability Report, etc.

Employee Training on Human Rights

Samsung SDS conducts human rights training each year to all employees to embrace employee diversity and create a healthy organizational culture. In addition, online training on the concept of DEI and respecting diversity are being offered beginning in 2024 to improve employee awareness.

Human Rights Training Outcome



Topic	Audience	2022	2023
Improving awareness of people with disabilities	All employees	100% completion of 11,647 employees	100% completion of 11,548 employees
Prevention of sexual harassment	All employees	100% completion of 11,647 employees	100% completion of 11,548 employees
Prevention of workplace bullying	All employees	100% completion of 11,588 employees	100% completion of 11,604 employees
Mental health training	All employees	97% completion of 11,401 employees	95% completion of 11,337 employees

Human Rights Training for Overseas Employees

We educate employees newly taking on international assignments to enable them in respecting local cultures and working in harmony with the local staff at their assigned locations. Training is also offered on global etiquette regarding diversity and equity while overseas subsidiaries also conduct training on topics such as human rights protection and understanding of different cultures to their local employees.

DEI(Diversity, Equity, and Inclusion)

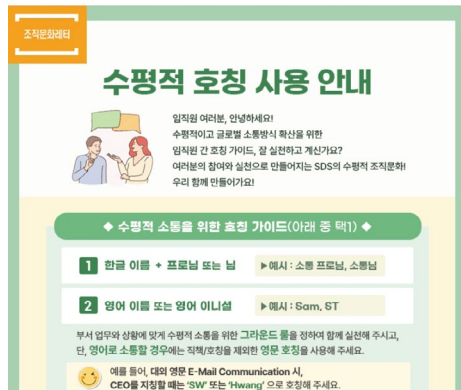
Samsung SDS respects the diversity of all members that belong to its headquarters, subsidiaries, and overseas subsidiaries. We do not tolerate discrimination of any kind against our employees, whether it is against gender, race, nationality, religion, age, or disability, etc., and are committed to providing an inclusive environment where everyone is treated fairly and equally. We offer training and organizational culture activities to all of our employees to raise awareness on DEI and build a consensus while strengthening our support for female workers and the disabled. In addition, we are implementing DEI policies that embrace the different cultures and nature of the countries in which we operate.

Organizational Culture

Various activities related to organizational culture are being carried out our headquarters and overseas subsidiaries to build a culture that respects and embraces diversity.

Building a Culture of Mutual Respect through Horizontal Communication

In 2019, Samsung SDS restructured the company hierarchy, reducing the number of career levels from 6 to 4 and removing job titles when addressing each other such as by using English names, instead. In 2022, campaigns were held to facilitate horizontal communication and build a culture of mutual respect by encouraging everyone to speak honorific language to each other, practice global meeting etiquettes, and give compliments and gratitude to colleagues.



Newsletter on Horizontal Communication

Diagnosis on the Organization's Inclusive Culture

The Samsung Culture Index (SCI) survey was renewed in 2022, adding questions on DEI. Through the survey, we plan to continue to improve inclusivity in our organizational culture by listening to the thoughts of our employees.

[DEI Questions]

- The company's programs are operated fairly to everyone, regardless of their age, gender, race, or hometown, etc.
- The people in my department respect differences in each other's personality and values.
- I can voice my opinions freely when having a different view from my superior.

Organizational Culture for Female Employees

We are carrying out various campaigns and activities such as leadership lectures, mental health programs for working moms, and social CSR activities for vulnerable women to create an organizational culture that understands and embraces everyone's differences, as well as to support our female workforce and their sense of belonging in the organization.



Special Donation for Women's Day



Women's Day Event (China)



Women's Day Event (Brazil)

DEI(Diversity, Equity, and Inclusion)

Support for Disability Inclusion

Exceeding the Mandatory Employment Rate for the Disabled

Samsung SDS fulfills its corporate social responsibilities by meeting the mandatory employment rate for the disabled to contribute to promoting employee diversity. We also carry out training to all of our employees to raise awareness on disabilities while fostering and appointing professional counselors to support people with disabilities at the workplace. In 2023, the ratio of employees with disabilities reached 3.59% which exceeds the 2023 mandate of 3.1% by 0.49%p.

Employment Rate for the Disabled

Category	Unit	2021	2022	2023
Number of persons employed	Persons	407	429	423
Employment rate	%	3.31	3.62	3.59

Supporting the Work Environment for People with Disabilities

Samsung SDS operates accessible facilities at its business sites and operations to provide a convenient workplace for employees with disabilities. Entrances on floors where employees with disabilities work were replaced with automatic doors, and separate parking spaces and elevators are operated, as well as designating a section near food counters at the cafeteria to enhance convenience in mobility and accessibility.



Accessible Seating at the SDS Campus Cafeteria



ADA-compliant Elevator

OpenHands, an Inclusive Workplace for People with Disabilities

As part of its corporate social responsibility, Samsung SDS founded OpenHands, an inclusive workplace for people with disabilities, in November 2010. OpenHands moved its headquarters in January 2017 and consolidated its offices to provide a better work environment by continuously improving convenience for employees with disabilities at its facilities such as restrooms, parking spaces, elevators, and cafeteria. Recognized for these efforts, OpenHands was named an excellent employer of people with disabilities in 2018 and received the Iron Tower Order of Industrial Service Merit at the 2020 Conference for Employment Promotion of People with Disabilities. At the 2021 Conference, it received the Minister of Employment and Labor Award in the worker category, and again at the 2023 Conference in the distinguished business category. OpenHands also leverages the customized training programs from the Korea Employment Agency for Persons with Disabilities and aligns it with employment measures to contribute to improving hiring of persons with disabilities



Ministry of Employment and Labor Award at the 2023 Conference for Employment Promotion of People with Disabilities

DEI(Diversity, Equity, and Inclusion)

Support for the Female Workforce

Female Employees

The ratio of female employees at Samsung SDS continues to increase from 29.2% in 2021 to 30.6% in 2022 and 30.6% in 2023. The ratio of female managers also increased from 22.4% in 2021 to 24.2% in 2022, and 25.3% in 2023.

Ratio of Female Employees

Category	Unit	2021	2022	2023
Ratio of female employees	%	29.2	30.6	30.6
Ratio of female junior managers ¹⁾	%	40.1	40.2	39.4
Ratio of female managers	%	22.4	24.2	25.3
Ratio of female executives	%	11.8	8.1	6.6
Ratio of female employees in STEM functions	%	22.5	22.8	23.1
Ratio of female employees in sales and profit functions	%	20.9	24.6	25.4

1) As per the internal career level system, junior managers refer to CL2 and managers refer to CL3 and CL4

Welfare Benefits for Female Employees

Samsung SDS offers various welfare benefits including company daycare centers, tuition support, gifts for children entering elementary school, a separate rest area for female employees (Dodami-bang), and a mental healthcare center for women.

Category	Description
Pregnancy Congratulations	Support for products needed to protect health during pregnancy
Childbirth Congratulations	Congratulatory bonuses and gifts for childbirth and adoptions
Inhouse Daycare/Dodami-bang	Daycare centers and female rest area at business sites
Tuition for Children	Tuition support for the children of Samsung SDS employees
Congratulatory Gifts for Entering School	Gifts for children entering elementary school
Reboarding Training/Leave	Support for employees returning to work after 1 year or longer parental leaves
Mental Care for Working Moms	Mental healthcare program for female workers

Maternity Protection

Samsung SDS operates a maternity protection program to support female workforce strike a balance between work and family, and address needs related to childbirth and childcare.

Parental, Pregnancy, and Infertility Leaves

Both male and female employees with children aged 12 or under can apply for parental leaves up to 2 times for a collective period of 24 months. We also provide pregnancy and infertility leaves for employees facing difficulty in performing their duties due to treatments, surgeries, or bed rest related to pregnancy and childbirth. Eligible employees may spread the leave up to 12 months over several periods. Moreover, support is extended for medical expenses and leaves related to infertility treatments.

Shorter Work Hours

To protect pregnant employees from the risk of miscarriages or premature births, Samsung SDS provides the option of reduced working hours and systematically guarantees time for prenatal check-ups. Also, when it is tough for employees to work full-time due to childcare after giving birth, there is option to work shorter hours instead of taking full-day parental leaves to ease the burden of childcare responsibilities.

Pre-/Post-Childbirth Leaves and Miscarriage Leaves

We offer leaves before and after childbirth and in the event of miscarriages to ensure pregnant employees have sufficient time to rest around the time of their due dates and take care of their newborns after giving birth. Employees can also take 15 days (20 days in case of multiple births) when their spouse give birth to help with housework and actively engage in parenting.

Best Family-friendly Management Certification

Samsung SDS first received Best Family-friendly Management certification in February and renewed it in December 2021, maintaining the status for 11 years as of 2024.



Best Family-friendly Management Certification

Employees

Recruitment

Talent Profile and Recruiting Process

Samsung SDS does not discriminate against the educational, gender, nationality, or religious backgrounds of candidates to recruit responsible individuals with integrity who take on the future with relentless passion to transform the world through creativity and innovation. We operate a fair and transparent recruiting process that gives everyone seeking employment an equal opportunity to secure excellent talent across various areas. New joiners are recruited through open recruitment twice a year, once in the first half and the other in the second half, while seasoned employees are recruited based on need of each function or business division. Starting in 2023, we have resumed open recruitment for internships to select outstanding new talent and offer interns the opportunity to take part in field practice.



Recruitment Poster

Recruiting Graduates with Masters' and Doctorate Degrees

Samsung SDS holds biannual campus recruiting at domestic and global graduate schools that have a strong reputation in areas that coincide with the company's key business areas of cloud computing, solutions, and logistics to recruit excellent talent with masters' and doctorate degrees. In 2023, we held various recruiting activities including recruiting consultation for labs related to our core business fields and technologies and Tech Seminars led by our executives and technology leaders. In addition, we are operating a 'Recruiting Chat-bot' to make it easy for graduate school researchers to ask questions and receive recruitment counseling.

Securing Outstanding IT Talent

To take the lead in digital transformation across various industries from manufacturing and logistics to finance, healthcare, and EPC, etc., Samsung SDS is striving to secure global outstanding talent equipped with exemplary IT knowhow for Cloud, Security, AI, and Data Analytics technologies. We are strengthening our technical and business capabilities by recruiting professionals from leading global companies and PhD talents while building a network and setting forth attractive career visions for talent retention.

Special Algorithm Lecture for Undergraduates

Since 2018, Samsung SDS has been hosting the 'Samsung SDS Special Algorithm Lecture for Undergraduates' twice a year during summer and winter break for college seniors and graduates aspiring to become IT specialists. A group of lecturers composed of our employees offer intensive coverage and practice of algorithms to help college students build algorithm and programming capabilities while also serving as a channel for discovering new talent to recruit to the company. Offline programs such as the Internal Solution Tour and Career Mentoring Program which were halted due to COVID-19 also resumed in 2023 to provide overall employment assistance to college students.



Special Algorithm Lecture for Undergraduates

Employees

Talent Development

Cultivating AI and Cloud Specialists

Samsung SDS focuses on fostering professional AI and Cloud specialists by offering tiered training and programs for specific functions through the company's talent cultivation system that was built to sharpen business competitiveness in these areas. Starting with basic online training for all employees, we also provide proprietary programs developed inhouse and programs tailored to each vendor to strengthen professional capabilities.

Software Development Support System

Samsung SDS operates step-by-step training and a software competency test for employees to sharpen software competitiveness and build software algorithm and programming capabilities. When employees obtain top levels in the program, they can acquire additional points for promotions, as well as incentive benefits. In addition, new courses were added to cultivate software architects and core reviewers to create a development culture based on software and continuously strengthen our software competencies.

Leadership Training

We continue to carry out Leadership Training to new leaders to help them understand their leadership roles and strengthen the fundamentals needed to manage an organization. In addition, we send Leadership Letters to our executives and department heads to share analysis and solutions for actual issues faced by fellow leaders to reinforce organizational management and leadership skills.

Participation Rate in Core Employee Development Programs

Category	Unit	2023
AI/Cloud Training Program	%	89.9
Software Qualification Program	%	18.8
Leadership Training	%	94.4

Nurturing Global Talent

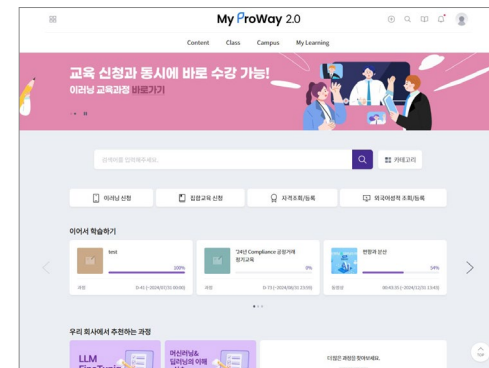
We support a variety of customized training programs that provide practical assistance to employees in performing their duties to nurture global talent. Some examples include lecture-based online language courses and 1:1 phone English coaching, AI tutoring, and a practice course for talent doing work overseas.

Open Learn Seminar

We conduct weekly Open Learn Seminars which welcomes participation from anyone and everyone interested to provide employees with the latest information and business and IT technology insights. The seminars cover topics such as business, technologies, the latest IT trends, and technology knowhows and are carried out directly by the heads of each relevant division, as well as internal and external experts.

Talent Development Portal

Based on its functional capability system, Samsung SDS operates over 1,000 collective and online training courses. We opened MyProWay2.0, an internal portal that provides a learning environment where employees can sign up and take courses needed to develop functional capabilities. In addition, we issue monthly newsletters through the portal that introduce key AI courses and training schedules to enhance employee participation in the company's AI program.



Talent Development Portal



AI Course PR Letter

Employees

Talent Development

Academic Training

Samsung SDS discovers outstanding talent to lead the future of its business by selecting employees to take part in the Samsung MBA, EMBA, and IT Master's Degree Programs to cultivate professionals equipped with both theory and practical skills.

Samsung MBA supports living expenses and tuitions for participants to enroll in one of the top 30 global MBA programs while Samsung EMBA supports participants to cover expenses such as admission fees, tuition, and overseas training fees needed for studying at 5 of the top domestic universities for up to 2 years. Meanwhile, the IT Master's Degree Program extends similar support for a maximum 2.5 year on and offline master's programs at domestic and international universities to foster AI, Cloud, and IT Security specialists.

Academic Training Program

Samsung MBA

MBA at the global top 30 MBA programs

Samsung EMBA

EMBA at top Korean universities (5 universities)

IT Master's Degree Program

Domestic and international master's programs in AI, Cloud, and IT Security, etc.

Regional Specialist Program

Samsung SDS dispatches talent to a number of strategic countries including Vietnam, China, and India to develop global markets and nurture global talent. Regional specialists display language proficiency to handle business situations and are up-to-date with current information on local industry and culture through frequent analysis and benchmark studies. The Regional Specialist program strengthens globalization of internal talent and sharpens our business capabilities by equipping talent with the above experiences.

SDS Certified Professional (SCP)

We select outstanding talent who boast top-notch levels of technical skills and expertise to present employees with a growth vision and form an organizational culture where professionals are valued.

Since its roll-out in 2003, the SDS Certified Professional (SCP) program selects 1% of the company's technical talent to receive distinctive treatment and feel pride as an internally recognized specialist in their respective fields. SCPs open research groups based on their own expertise to cascade technology and contribute to extending technical advice and improving capabilities through internal mentor-mentee relationships. Furthermore, we are taking the lead in sharpening competitiveness by taking the initiative across the entire business in reviewing technologies.

Certification Support System

We operate certification support systems to strengthen the business skills and expertise of our employees. Financial aid for test fees regarding over 500 licenses related to our work is supported while some licenses that must be strategically secured at the corporate-level also add additional points for promotions. Moreover, qualifications for applying are being continuously updated.

Data Scientist Certification

Samsung SDS has been operating the Data Scientist (DS) certification system since 2018 to systematically develop data scientists. The DS Academy program provides various learning contents and training programs for employee.

Employees

Work Programs

Flexible Working Hours

We have been operating a flexible working hours system since 2011, giving employees autonomy in deciding when to come and leave work to create a free and creative organizational culture. In addition, optional workhour systems were introduced in 2018 to allow flexibility in working hours to contributing to improving work efficiency and increasing work satisfaction.

Flexible Working Environment

Samsung SDS supports a flexible working environment for employees to work efficiently at the time and place of their choice. When necessary, employees can work outside the office at adaptive working zones or from home using the Brity Works collaboration solution that includes messenger, meeting, and storage drive features for an efficient and seamless mobile working environment.

Internal Hires

We operate an internal hire program to offer employees career development opportunities where employees can transfer to desired functions, as well as secure internal talent needed to carry out the company's strategic businesses. Internal hires are operated at least twice a year through blind screening to ensure fairness, selecting successful applicants based on their overall technical skills and work experience. In addition, functional training and mentoring is provided to create a soft-landing.

Employee Appraisals

Samsung SDS conducts biannual employee appraisals. Early in the year, the evaluator and evaluatee discuss and set individual targets together based on each employee's work function using measurable quantitative figures, as much as possible, to guarantee fair and objective evaluations. When the evaluatee undergoes a change in work responsibilities or department transfer, targets may be revised throughout the year. Evaluators encourage evaluatees to meet their targets and help them address difficulties faced along the way through regular interviews before, during, and after the appraisal. In addition, frequent feedback is shared to monitor progress during the year and to deliver input to support strengthening capabilities. When the evaluatee has an objection to the appraisal outcome, ratings can be adjusted following deliberation by the Appraisal Objection Review Committee. We also provide tiered compensation based on the results of individual performance evaluations to enhance employee work efficiency.

Frequent Reviews and Peer Reviews

To enhance credibility and fairness in evaluations, Samsung SDS operates frequent feedback and peer reviews. Evaluators can frequently deliver input on their evaluatee's progress in meeting work targets while collaboration can be promoted among colleagues through peer reviews which also support employees in understanding their strengths and weaknesses to better achieve performance targets.

Employees

Organizational Culture

Welfare and Benefits

We provide a wide range of welfare benefits and convenience facilities under categories such as general support, health management, and leisure activities, etc. to motivate and boost the morale of our employees.

Tuition Support for Children

- Tuition support for children under school-age and children in middle school, high school, or college

Congratulatory and Bereavement Allowances

- Congratulatory and bereavement leaves and allowances for such events related to the direct family members of the employee or his/her spouse
- Supports supplies and manpower for funerals

Medical Support

- Medical fees for employees, spouses, and children
- Medical exams for employees and their spouse, support for infertility treatment
- Company Medical Center (supports influenza vaccinations)

Pensions

- Contributions for personal pensions to ensure post-retirement stability for employees

Leisure Support

- Support for using condos, hotels, Yeongdeok training center, Everland, and Caribbean Bay water park

Flexible Benefits

- Utilizing a welfare point system according to individual preferences of employees

Convenience Facilities

- Company cafeteria, daycare center, fitness center, healthcare center and Dodami room (rest area for pregnant women)

Smart Work Culture

Samsung SDS carries out various activities to foster an efficient work culture and help employees strike a work-life balance. First, we are conducting a Smart Work Campaign, distributing a guide on how to write reports, hold meetings, and practice phone etiquettes during meetings and encouraging employee participation. We also notify employees on recommended annual leaves to ensure they get sufficient rest to balance their professional and personal lives. Various events such as contests for best vacation plans, introduction to famous restaurants at popular travel destinations, or contests for best vacation photo, etc. are held to create an atmosphere where employees are encouraged to take leaves.

Communication between Employees and Management

CEO Code Time (Online Communication Program)

We operate CEO Code Time, a program for the CEO, business division leaders, and employees to share current business conditions, news on the latest technologies, and business strategy under the idea of all employees uniting under the same Samsung SDS code. Four live online sessions were held in 2023 that also included a Q&A session where employees were able to receive answers to their questions on internal issues.

CEO Real Time (On-site Communication Program)

We also operate an on-site communication program where our CEO visits employees in person across the country. There are a variety of in-person programs where employees can meet the CEO and address their curiosities through face-to-face discussions. This enables leadership to listen to the views of employees from the field while also sharing tailored messages to each business site (held a total 3 times in 2023).

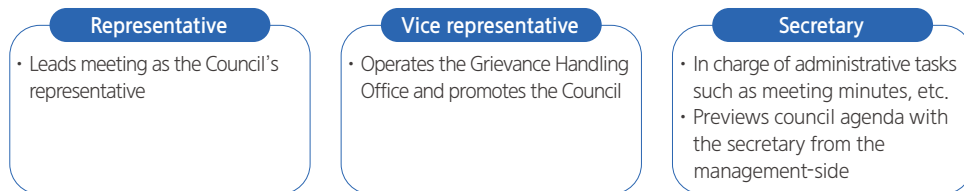
Employees

Organizational Culture

Labor-Management Council

Samsung SDS operates a labor-management council called the Future Empathy Council for sound labor-management relations and communications. The council runs on a 3-year term, convening 4 regular meetings a year in accordance with the Act on the Promotion of Employee Participation and Cooperation to make improvements in the company's programs and working environment. In 2023, surprise events were held by visiting business sites along with management to boost employee morale and strengthen their loyalty toward the company while various activities are being carried out such as the Nogo project and employee family day to vitalize the organizational culture.

Labor-Management Council Composition

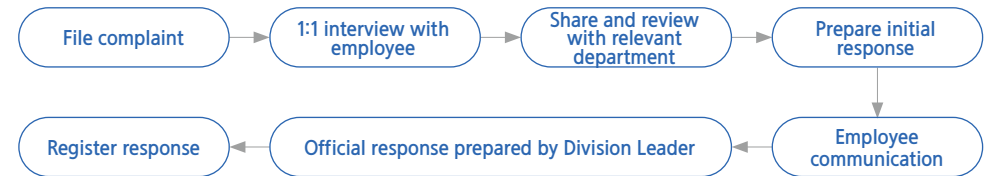


Labor-Management Council Operations

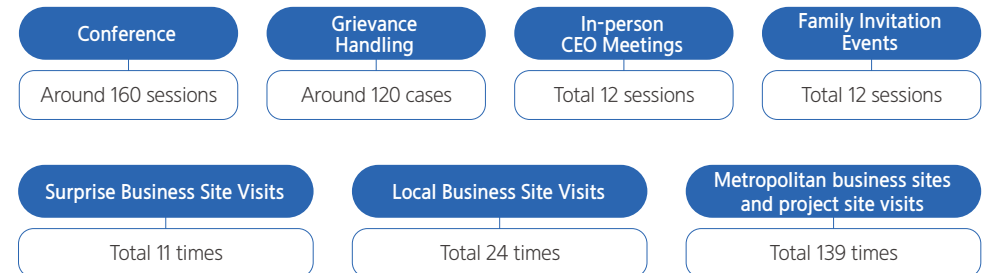
Category	Unit	2021	2022	2023
Employee participation rate	%	100	100	100
Rate of reflecting agreements with the Labor Management Council	%	100	100	100

Council's Grievance Handling Process

The labor-management council sets up a Grievance Handling Committee and Office to address grievances, both big and small, faced by employees in a quick and fair manner. Employees can file complaints through the council's main portal while the details and reporter of the filed complaint are kept strictly confidential throughout the investigation and interviewing process to provide appropriate replies.



2023 Council Activities



Employees

Organizational Culture

Samsung Culture Index (SCI)

Each year, Samsung SDS conducts the Samsung Culture Index (SCI) survey to all employees based on 30 questions across the 3 categories of enjoyable work, companionship with colleagues, and pride in company to identify strengths and weaknesses in the organizational culture and draw out improvement measures. Along with the survey, focus group interviews are held with employees to understand their emotional state. The survey results were used to set the direction for making improvements, as well as planning and operating follow-up measures in order to create a healthy organizational culture.

Samsung Culture Index (SCI)

Category	Unit	2021	2022	2023
SCI Participation Rate	%	89.9	92.1	89.1

Employee Survey Composition

Enjoyable Work

- Proactive attitude, ready to take on work challenges
- Working environment for focusing
- Efficient work implementation

Companionship with Colleagues

- Relationship based on voluntary cooperation and respect
- Culture based on mutual trust
- Work management

Pride in Company

- Pride in the company
- Transparent communication with employees
- Fairness in institutions and procedures

Survey on Recognizing Change in the Organizational Culture(CCT)

In 2023, a field-led activity titled CCT (Change our Culture Together) was carried out to improve our organizational culture. Through biannual surveys on our corporate culture, inefficiencies and unreasonable practices in work were identified and opinion were gathered on how to enhance mutual respect and improve department culture such as in the way work is done. Following the survey, department leaders and members implemented improvement measures tailored to the situation of their respective departments. When additional improvement was needed, weak points were identified and consulting to propose customized solutions were also offered.

Change Agent

Change Agent (CA) instigate positive change in organizational culture. Change Agents contribute to building dynamic departments by listening to and sharing the opinions of members, boosting communication, and complementing weaknesses through various activities fit for the department's characteristics and unique situation. In addition, conferences are held for networking to support CA in sharing ideas and strengthening capabilities with each other, as well as Culture Fairs where best practices in interdepartmental communication and organizational motivation are shared.



CA Capability-building Conference



CA Culture Fair

Employees

Organizational Culture

Mental Fitness Center

Samsung SDS operates a mental fitness center for employees to maintain healthy minds, offering various psychological tests and interpretation services including individual counseling, as well as online and offline mental health programs.

Centers at Business Sites

Permanent

Jamsil Campus,
Pangyo IT Campus

Weekly

Pangyo Logistics Campus, Suwon Data Center, Sangam Data Center,
Giheung (Semicon Plaza), Hwaseong (Tera Tower)

* Mobile counseling and video or phone counseling are offered for employees working at business sites without mental fitness offices

Counseling Service

Personal counseling

Mental health, family issues,
interpersonal relationships, stress

Psychological testing/ interpretations

Mental Health (depression, anxiety),
personality, career, marriage,
parenting

Mental health program

Team-building,
Mindfulness Therapy (CIM-Care),
Target Specialization, Meditation

Happiness Care Index (HCI)

We operate a Happiness Care Index (HCI) for employees to frequently check on their mental health and help them pursue happiness. In addition, mail is sent to all employees once a year to introduce HCI and encourage participation in the PC and mobile survey.

Diagnosis Areas



Happiness

Family support,
social support,
leisure management,
self-care,
problem-solving



Stress

Daily stress,
work stress



Depression

Physical and
emotional
symptoms, mood
swings, undermined
motivation for life,
etc.



Anxiety

Worries, anxiety,
nervousness,
physical symptoms
such as indigestion
and difficulty
breathing, etc.



Sleep

Hours of sleep,
quality of sleep,
inconveniences due
to insomnia, etc.

Retirement Planning Support

Through the Career Consulting Center, Samsung SDS provides counseling services such as reviewing their financial status and training for life planning, career mapping, reemployment, starting new businesses, relocating to rural areas, and exploring the social economy to support middle-aged (prospective) retirees to help them start a new chapter in their lives. A total 492 people have taken part in such training between 2016 and 2023.

Training for (Prospective) Retirees

Life and Career Planning

Diagnosis of personal values and capabilities, searching for self-identities, details on the 6 dimensions of life, information on career alternatives, setting career goals, and building specific action plans

Reemployment Support

Understanding post-retirement changes, mind-setting for successful reemployment, understanding SME business management, exploring the job market, writing resumes, and interview strategies

Startup Support

Deciding on business model, analyzing business environment, studying business feasibility, startup support policies, individual and corporate business registration, startup support projects and training information

Urban-to-rural Migration Support

Information on moving to rural areas, chance to experience rural life and explore career opportunities

Industry Expert Professors

Understanding the role and work of industry professors, teaching methodologies, coaching leadership

Social Economy Exploration

Nurturing capabilities to start or transfer to social enterprises, understanding social enterprises, and support policies, etc.



Social Economy Exploration Course



Experiencing Urban-to Rural Migration

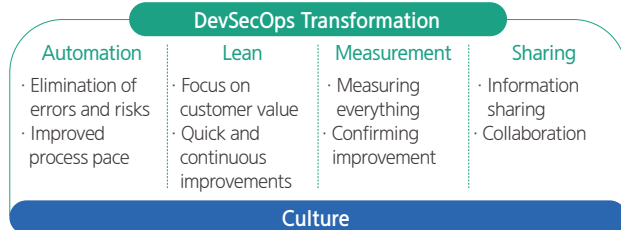
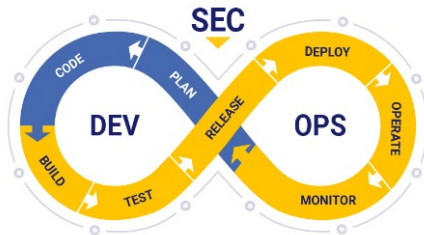
Employees

Work Culture Innovation

Samsung SDS created a proprietary DevSecOps standard to innovate the work culture and the way work is done. Security was integrated with the development and operations workflows while an organic feedback system for planning, development, and operations to share responsibilities. Through automation, we have been able to accelerate the pace of work and shorten the time until product releases.

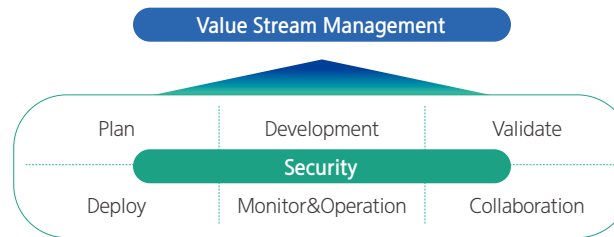
DevOps & DevSecOps

DevOps is a compound of Development and Operations, denoting the culture, philosophy, methods, and tools required to enhance organizational capabilities based on integration and collaboration between the development and operational organizations. DevSecOps is an extension of DevOps, integrating and automating security to the overall software lifecycle that covers design to development, to testing and operations.



Working Standards based on DevSecOps

The standard DevSecOps system of Samsung SDS based on DevOps principles categorizes development operation lifecycles into the 7 areas of Plan, Development, Validate, Deploy, Monitor & Operation, Collaboration, and Security. Security is embedded into the standardized toolchains of each area and visualizes the entire progress flow for measurement.



DevSecOps Examples

Automated configuration of development environments	Automated configuration of a remote development system based on the web development environment
	Automated development and distribution system
	Configuration period shortened from 5 days to 1 day
Time To Market	Automation prevents human errors
	Global distribution shortened from 4 hours to 20 seconds
	Application cycle reduced by half
Security	Zero downtime
	Training and campaigns on development security
	Security vulnerability analysis and automated security inspections
	Monitoring integrated security levels

* Based on intranet system (500,000 users in 74 countries)

Sustainable DevSecOps

Samsung SDS continues to make efforts to upgrade its DevSecOps level by improving the culture of sharing and collaboration, streamlining the development and operation process, implementing automation based on standard tools, and strengthening security. The internal DevSecOps organization supports applying DevSecOps at each department and is transforming the corporate work culture through maturity assessments.

Maturity Assessment Categories

- Plan**
 Maturity level in managing customer requests through a system-based standard development and operation process, requirements in the planning stage, and the product roadmap, etc.
- Development**
 Maturity level of all activities related to development such as coding, test codes, configuration management, and code reviews, etc.
- Validate**
 Maturity level in performing continuous integration such as code integration, code quality and security vulnerability analysis, test automations, security inspection automations, and packaging, etc.
- Deploy**
 Maturity level in performing continuous deployment through system-based automated deploy using a standard release process where security criteria are applied
- Monitor & Operation**
 Maturity level in managing operations such as service availability rates, operational requirements, regular and irregular tasks, release process, and history management, etc.
- Collaboration**
 Maturity level in communication among relevant departments such as planning, development, and operations, etc.
- Security**
 Maturity level in applying a regular security inspection system to identify vulnerabilities and take measures in advance

Safety and Health

Safety & Health Management System

Safety & Health Policy

Samsung SDS builds and implements a safety & health policy for the safety and health of stakeholders including employees, suppliers, customers, and communities. Occupational Safety & Health Committees are set up at major business sites for management and employee representatives to meet on a quarterly basis to discuss important matters related to safety and health at the workplace, as well as develop and decide on implementation plans.

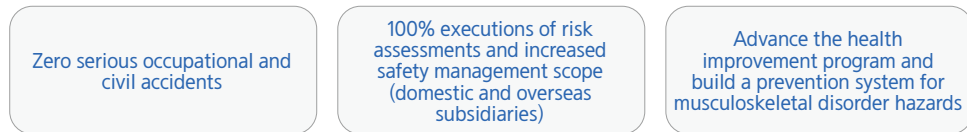
Through this policy, we will continue to refine the safety and health management system not only for our employees and suppliers, but also for all stakeholders of areas managed by Samsung SDS.



Safety & Health Implementation Plan

For effective execution of the safety & health policy, Samsung SDS sets key targets and implementation plans which are submitted to the BOD for approval.

Key Safety & Health Targets for 2024

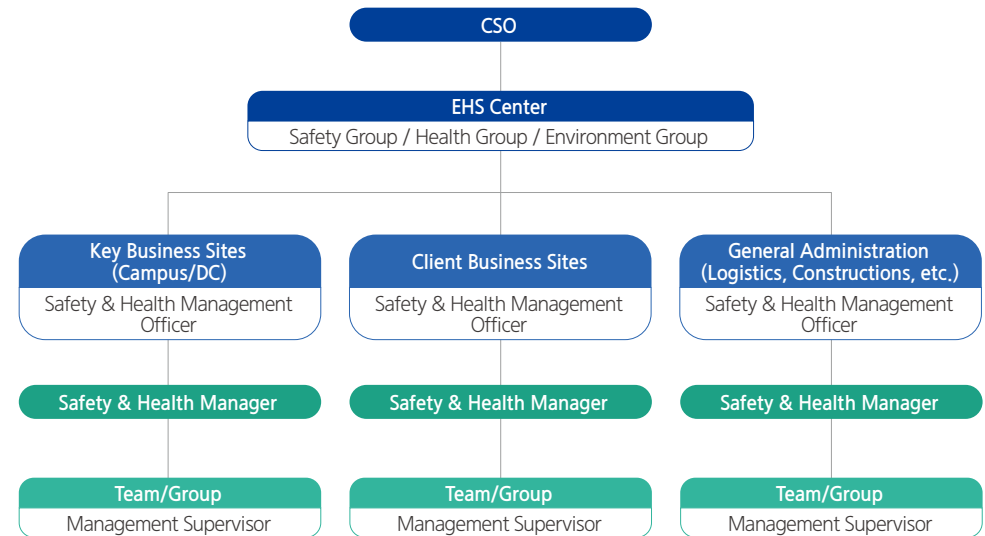


Board Approval for Safety & Health Plans

Date	Agenda	Approval
2024. 1. 25	Approval of the 2024 Security and Health Plan	Approved
2023. 1. 26	Approval of the 2023 Security and Health Plan	Approved

Safety & Health Organization

Samsung SDS has instituted dedicated safety and health organizations within each business unit, under the lead of the Corporate EHS Center to strengthen independence and professionalism. The Chief Safety Officer (CSO) serves as the head of the EHS Center and oversees safety and health matters of the entire business and our business sites.



Samsung SDS implements the domestic safety and health management system, as well as a wide range of activities to secure safety and health for employees at overseas business sites. We designate dedicated staff for safety and health to report incidents and work with an information-sharing system and conduct bimonthly meetings to communicate effectively with headquarters to improve the overall safety and health management level at our overseas operations.

Safety and Health

Safety & Health Management System

Safety & Health Management System Certification (ISO 45001)

Since obtaining the first certification for our safety and health management system in 2014, we have maintained certification through continuous renewal each year including completion of transition from OHSAS 18001 to the international standard ISO 45001 in 2017. In 2020, the certification scope was extended from headquarters and overseas subsidiaries to include overseas logistics zones and hubs, as well. Samsung SDS boasts a system that identifies and assesses risks associated with business activities in order to minimize its impact.



Safety & Health Management System Certification

Category	Unit	2021	2022	2023
Ratio of employees subject to ISO 45001	%	100	100	100

Internal and External Safety & Health Assessment System

We work with the Samsung Institute of EHS Strategy and external institutions such as labor attorneys and law firms for diagnosis and consulting to draw out and act on areas to improve in our Safety & Health Management System. In addition, after self-inspections are completed by each business unit, assessments and improvement activities are carried out in for safety and health through the EHS Center's diagnosis process.

Listening to Management and Employees

The EHS Committee meets quarterly to share key safety and health activities with management including with the CSO. Other regular activities such as the Occupational Safety & Health Committee, the Safety & Health Council, and risk assessments are carried out to listen to voices of all employees including those of our suppliers. In addition, various channels such as chatbots, the EHS portal, SSMS (Smart Safety Management System), and a dedicated hotline (02-6155-1119) are being operated to listen to opinions on risk factors and make necessary improvements.



Promoting Employee Safety Awareness

Samsung SDS has established an EHS slogan along with the 10 commandments and 10 safety rules to trigger employee interest and improve awareness on safety and health. In addition, we are carrying out corporate safety and health promotion activities including the EHS Newsletter, Office Safety, and knowledge-sharing program.



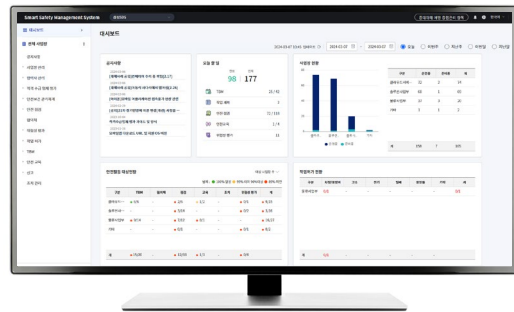
EHS Slogan

Safety and Health

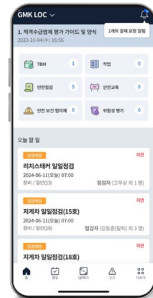
Safety Management Activities

Smart Safety Management System (SSMS)

Samsung SDS is actively carrying out accident prevention and legal compliance activities through a site-oriented Smart Safety Management System (SSMS). Plans and results of various activities such as council meetings, inspections, and training, etc. are digitized and managed for improved convenience and flawless compliance. In addition, features for reporting and following up on accidents, as well as evaluation of qualified suppliers, etc. are offered to ensure legal compliance.



SSMS Main Screen (Web)



SSMS Mobile App

Safety Inspections and Hazardous and Risk Factor Improvements

Samsung SDS carries out regular inspections of key domestic business sites, logistics centers, and project sites to discover potential hazardous and risk factors and make improvements. In 2023, improvement measures were taken on 9,295 hazardous and risk factors. We conduct accident prevention such as special safety inspections during the holidays and preparing against storm and flood damages to identify and remove risks related to emergency situations beforehand. In addition, special safety inspections led by management such as the CSO and heads of each business unit are executed to raise interest in safety and health across the company.

Risk Assessment

We implement a risk assessment process where we identify hazardous and risk factors at business sites and estimate likelihood (frequency) and materiality (intensity) to build and execute risk mitigation measures.

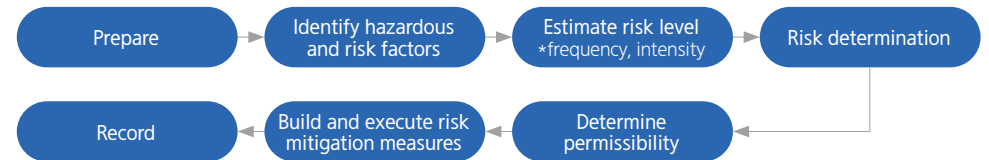
Activities to Strengthen Risk Assessments

Samsung SDS conducts regular training on risk assessment for employees and suppliers at domestic business sites, logistics centers, and construction projects, etc. We are introducing various methods to reinforce safety and health management such as operating a task-force to verify risk assessments and receiving training and consulting through external institutions. Moreover, we gained reliability as 15 suppliers of high-risk business sites passed inspections of the Korea Occupational Safety and Health Agency.



Risk Assessment Accreditation Ceremony

Risk Assessment Process



Right to Cease Work

Samsung SDS guarantees all workers including subcontractors the right to cease work and evacuate when the worker finds it necessary in case of imminent danger of an occupational hazard. We are working hard for safety management at business sites by promoting the right to cease work by actively communicating that there are no disadvantages for exercising this right and that incentives may be given when contribution to disaster prevention are acknowledged.



Poster Promoting the Right to Cease Work

Safety and Health

Safety Management Activities

Accident Investigation Response Process

Samsung SDS has a systemized process for responding to accidents involving an employee or supplier worker that includes accident investigations and reports to building and implementing prevention measures, as well as horizontally cascading learnings to other business sites. We operate reporting systems based on the type and extent of the accident and analyze the cause to prevention measures. Afterwards, the knowledge-sharing program called 'Learning from Mistakes' for horizontal deployment manages situations to prevent similar accidents from recurring.



Safety & Health Training at Business Sites

Samsung SDS develops safety and health training contents each year to be used in online training for employees. In addition, skill training for Safety & Health Management Officers and safety managers, as well as specialized training for workers at logistics centers and construction sites are also offered as part of our diverse safety and health training efforts.



Company-wide Online Safety & Health Training



Special Lecture on Safety Leadership

Emergency Drills

To protect employees through quick evacuations during emergency situations such as fires, Samsung SDS conducts emergency drills twice a year. Emergency response scenarios are built for key business sites including the Jamsil Campus, data centers, and logistics centers, and role-based drills are conducted to make ongoing improvements to the emergency response system.



Fire Evacuation Drills



CPR Drills

Safety & Health of Suppliers

Priority Management of Suppliers

We operate safety management systems at suppliers who are relatively vulnerable to risks of occupational hazards. Site training tailored to the working environment at high-risk locations such as logistics centers and construction projects and incentives for best practices are offered to maintain a healthy and safe environment for our suppliers.

Supplier Accident Prevention Activities

Samsung SDS is carrying out a campaign awarding best practices regarding discovery of near-misses and risk factors to prevent accidents at suppliers. Various activities for supporting suppliers are implemented including support for supplier compliance with relevant laws and regulations through SSMS.

Assessment of Qualified Suppliers

Samsung SDS minimizes accident risks through assessments that confirm the safety and health competencies of suppliers. We support suppliers to strengthen their safety and health management systems through evaluations and guidelines on safety and health planning, risk assessments, and safety inspections, etc. to guarantee worker safety.

Safety and Health

Health Management Activities

Employee Health Management and Creating a Healthy Workplace

Samsung SDS operates a health examination program and healthcare training and lecture series to improve employee healthcare management. In addition, we are increasing our management of office air quality to create a healthy workplace environment.

Measuring Air Quality

Samsung SDS is expanding air quality management of key business sites and offices to create a healthy workplace.

Target	4 campuses, 5 data center offices and parking lots, etc.
Period	Precision measurements taken twice a year
Items Measured (total 9)	Ultrafine dust, fine dust, carbon monoxide, carbon dioxide, formaldehyde, TVOC, total airborne bacteria, nitrogen dioxide, mold
Results	All items were measured within the allowable range. Area of concern (TVOC at Dongtan DC exceeded guidelines in 2023 1H but returned to normal levels in the 2H)

Employee Health Management and Support Activities

Samsung SDS sponsors comprehensive medical examinations for its employees, their spouses, and parents, and operates inhouse clinics at the Jamsil and Pangyo IT Campuses. We also support the actual expenses for influenza vaccinations administered at inhouse clinics or hospitals outside the company and are committed to creating a healthy and safe workplace for our employees.

Medical Examinations for Employees, Spouses, and Parents

Category	Unit	2021	2022	2023
Employees	Persons	10,415	10,014	10,027
Spouse/Parents	Persons	6,439	6,635	6,612
Total	Persons	16,854	16,649	16,639

Inhouse Clinics at the Jamsil and Pangyo IT Campuses

Family medicine primary care and vaccinations

Post-examination health management

Health promotion programs

Health Lectures for Employees

We are actively forming a health-conscious organizational culture to raise employee awareness on health. Instructions on how to participate online are posted on the internal bulletin board for employees who cannot attend in person, and lectures are scheduled to continue in 2024 thanks to high interest from employees.

Health Lectures (2023)

Participants	150 people
Date	March 22, 2023
Instructor	Dr. Yong-woo Park (Director of the Health Promotion Center at Kangbuk Samsung Hospital)
Topic	Understanding and managing hypertension and dyslipidemia ※ 1 session in 2022 → 2 sessions in 2023 (completed in 1H)

Wise Healthy Living (2023)

Participants	150 people
Date	July 13, 2023
Instructor	Dr. Young Chul Shin (Workplace Mental Health Institute, Kangbuk Samsung Hospital)
Topic	Managing workplace stress

CPR Training

To prepare against potential emergencies such as sudden cardiac arrests and breathing difficulties, we conduct CPR and AED (automated external defibrillator) training which all of our employees completed in 2023.

Safety and Health

Health Management Activities

Employee Health Promotion Programs

With the increase of employees showing findings in their health examination results, Samsung SDS is operating Healthy UP+, a voluntary health promotion program for high-risk groups. In 2023, the program was expanded to inhouse clinics in Jamsil and Pangyo while 'AnyFit PRO,' a digital healthcare program app, launched to help manage the health of employees working at business sites in provincial areas. In addition, a campaign to assist smoking cessation was conducted, and Healthy Fit, a health enhancement and musculoskeletal disorder prevention program, is planned for 2024 to address musculoskeletal disorders which has recently attracted social attention.

Healthy UP+	
Period	May 2022 ~ 2024 (present)
Audience	Cerebro-cardiovascular high-risk group identified through health exams (350 people participated in 2023)
Institution	Jamsil/Pangyo Inhouse clinics
Details	<p>1:1 counseling and guidance on daily health habits from medical staff</p> <ul style="list-style-type: none"> Regular check-up of health indicators (offers trends, 1:1 counseling on improving lifestyle, blood tests, blood pressure/glucose tests, InBody management) Monitors test results and health management Aligned with fitness program, etc.

AnyFit PRO	
Period	May 2023 ~ 2024 (present)
Audience	Cerebro-cardiovascular high-risk group and persons with obesity findings identified through health exams (200 people participated in 2023)
Institution	Use Samsung Fire & Marine Insurance's health management mobile app *Joint development and consultation from Kangbuk Samsung Hospital
Details	<p>Professional counseling and coaching on meals, nutritional balance, and workouts, etc. and provides AI-based recommendation services</p> <ul style="list-style-type: none"> Health analysis (obesity level, etc.) Health Manager human coaching services Special events (pedometer competition, etc.) Offers health and fitness trackers and linked apps for health management

Campaign to quit smoking	
Period	April 2023 ~ 2024 (present)
Audience	Those who wish to quit smoking (2023: Around 100 people)
Institution	Seoul Smoking Cessation Support Center, Jamsil/Pangyo inhouse clinic
Details	<ul style="list-style-type: none"> Online and offline quit smoking campaigns to increase interest Consultation programs for smoking cessation (counseling, etc.) Contests and prizes for personal success stories in quitting smoking Contest and prizes for smoking cessation slogans, etc.

Healthy Fit (musculoskeletal disorder prevention program)	
Period	March ~ October 2024 (scheduled)
Audience	Those wishing to prevent musculoskeletal disorders and ease symptoms (Around 200 people)
Institution	Homefit
Details	<ul style="list-style-type: none"> Tech neck syndrome, rounded shoulders, and various pains associated with sedentary work Program for prevention and treatment of musculoskeletal disorders, fixing imbalances in posture, and improving bad posture and habits 3D posture analysis and effect analysis Warm-up exercises, stretching exercises, and intense strength exercises, etc.

ESG for Suppliers

Supply Chain ESG

Supply Chain ESG Roadmap

With the goal of establishing a supply chain ESG ecosystem, Samsung SDS is building and expanding its supply chain ESG management system. We are working hard to strengthen the ESG management capabilities of suppliers while complying with global ESG laws and standards and fulfilling our social responsibilities .



Dedicated Organization for Supply Chain ESG

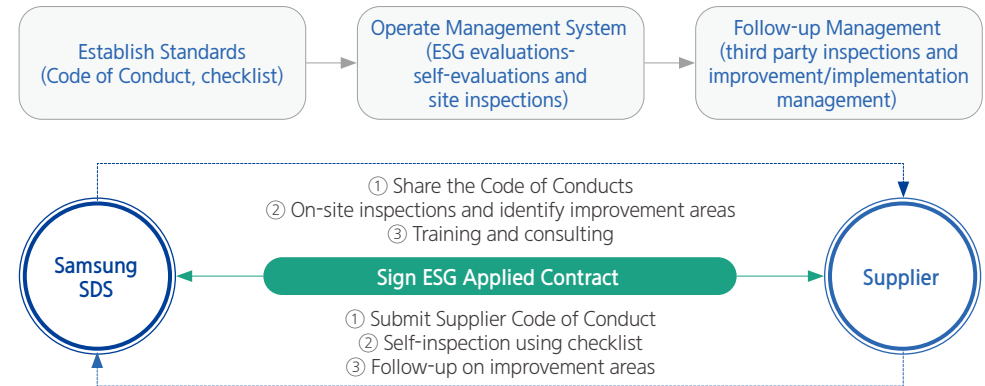
Samsung SDS has a dedicated organization for supply chain ESG management to strengthen independence and expertise in carrying out inspections and support for the sustainability management systems of suppliers. In addition, supplier ESG engagement rates are embedded in the KPI of the Partner Collaboration Team (procurement).



Creating a Sustainable Supply Chain

To build a sustainable supply chain, Samsung SDS has established Supplier's ESG Code of Conduct (standard) that reflects the UNGPs (UN Guiding Principles on Business and Human Rights), the ILO Declaration on Fundamental Principles and Rights at Work, and OECD guidelines for multinational corporations that include supply chains. Based on the standards, ESG levels of suppliers are checked through a systematic process that includes receiving compliance agreements to the Code of Conduct, self-inspections, site inspections, and third-party assurance (operations) to make necessary improvements and strengthen capabilities (follow-up). In addition, the basic agreements with suppliers shall contain clauses on social responsibilities (compliance with Code of Conduct) and be signed through the procurement system.

Supplier Inspection Process



Managing Suppliers' Climate Actions

To manage environmental information of suppliers, Samsung SDS joined the CDP's (Carbon Disclosure Project) Supply Chain Program to gather information on GHG emissions and renewable energy consumption aligned with CDP standards. As of 2023, 53 suppliers are taking part in the CDP Supply Chain Program. In addition, ESG consulting carried out guides on calculating GHG emissions to strengthen the GHG management of suppliers. Along with training on GHG mitigation awareness, GHG calculations will be performed at selected key suppliers in 2024 to identify best practices and continuously cascade to other suppliers.

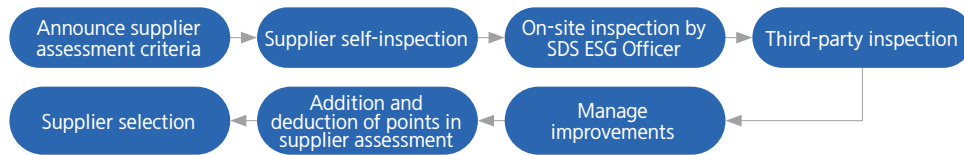
ESG for Suppliers

Supply Chain ESG

Supply Chain ESG Evaluation

Evaluation Process

Samsung SDS evaluates suppliers through a systematic process of planning, execution, assessment, and planning and monitoring improvements. The overall process of selecting and cooperating with suppliers is carried out in line with ESG values.



Evaluation Criteria

Criteria used for ESG evaluations shall be prepared to check compliance with the Supplier Code of Conduct based on the 4 categories of labor rights, safety/environment, business ethics, and management system. The criteria are revised and updated annually to reflect key domestic and global issues.

[Supplier Code of Conduct](#) [Supplier Code of Conduct Guide](#)

[Reinforced Inspection Areas in 2023]

1. Prohibition of forced labor (checking eligibility of work visas, etc.)
2. Supplier diversity (welfare program for female workers, etc.)
3. Supplier participation in climate actions
4. Health exam execution rate based on worker characteristics (including those subject to special health examinations)

Category	Number of items	Inspection items
Labor Rights	25	Prohibition of forced labor, compliance with working hours, diversity (anti-discrimination, equity, and inclusion enhancement programs), etc.
Safety/Environment	12	Participation in climate actions, environmental permits, green procurement policies, health exam execution rate, etc.
Business Ethics	7	Corporate integrity, protection of intellectual property, prevention of anti-competitive behavior, etc.
Management System	6	Corrective actions, supplier responsibilities, participation in ESG training, etc.

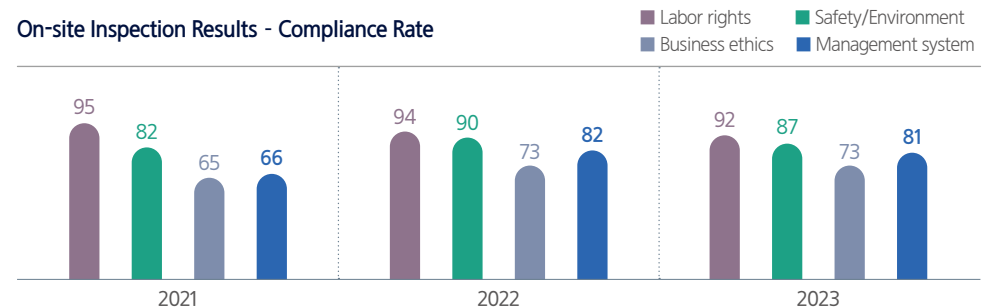
Self-inspection

Samsung SDS has developed and distributed 50 self-check items based on the Code of Conduct that sets the direction for supply chain ESG to suppliers. Depending on their respective sectors, suppliers carry out annual self-inspections consisting of 45 questions. Prior to distribution, suppliers receive training on how to conduct the self-inspections, understanding the direction for supply chain ESG management, and new inspection questions while Q&A sessions are also set aside to encourage interactive communication.

On-site inspection

The dedicated supply chain ESG organization, that carries out independent verification functions, is responsible for performing on-site inspections of suppliers. To rigorously scrutinize the work environment of suppliers, Samsung SDS identifies issues and formulate short- and mid-to-long-term initiatives based on feedback from suppliers. Immediate corrections are made for issues that can be improved on-site while other issues are monitored based on the supplier's improvement plans. We also provide an implementation guide along with training on each specific item to contribute to enhancing the level of ESG management of our suppliers. In particular, we are supporting suppliers with detailed guidelines to prepare them for changes in internal and external ESG focus areas such as activities to increase supplier diversity and joining the effort to respond to climate change.

On-site Inspection Results - Compliance Rate



ESG for Suppliers

Supply Chain ESG

Supply Chain ESG Evaluation

Listening to Supplier Feedback

There are 3 points in the evaluation process to listen to supplier opinions. Thanks to such interactive communication with suppliers, supplier ESG engagement rates have reached over 90% during the past 3 years.

1. Briefing on the management system prior to evaluations (annual, Q1)

Meeting with management and employees in charge of ESG at the supplier that serves as a venue for gathering supplier input on the management system to be implemented in the given year

2. On-site during evaluations (for on-site inspections) (annual, Q3)

Meeting during on-site inspections to answer each supplier's ESG questions and address challenges they face leveraging based on a question list prepared in advance

3. Feedback on improvement areas when sharing evaluation results after the evaluation (annual, Q3)

Meeting to share evaluation outcomes and areas that need improvement. Feedback is gathered and incorporated in the management systems for the following year



Managing Improvements through Third-Party Inspections (secondary audit)

Samsung SDS carries out third-party inspections on selected key suppliers¹⁾ based on advanced checklists to identify and manage ESG risks in the supply chain. Inspections are carried out over two rounds of audits where on-site improvements that can be made through immediate corrections were made during the 1st audit, and improvements that require mid-to-long-term initiatives were checked during the 2nd audit.

As a result, average scores were 15.8% higher in the 2nd audit compared to the 1st round.

Four suppliers with the high scores in the 2nd audit were given Supplier with ESG Excellence Certification plaques while 10 suppliers that exceeded an improvement rate thresholds were given Certificates of ESG Management Supplier to motivate suppliers and recognize their efforts in enhancing ESG management.

1) Key suppliers: Companies with substantial impact on supply chain ESG risks and on Samsung SDS (suppliers with trade volume and share that reach a certain level and have improvement areas drawn out during on-site inspections, etc.)

Improvement Rate by Category

Category	Improvement rate*	Key improvements
Labor Rights	13%	Policies on workhour management, setup of Labor Council
Safety/ Environment	32%	Green procurement policies and energy-saving activities
Business Ethics	16%	Business ethics (fair trade) guidelines, identity protection policy
Management System	20%	Management declares compliance willingness



Company with ESG Excellence Plaque and Certificate

* Improvement rate: (2nd audit score - 1st audit score) / 1st audit score

ESG for Suppliers

Supply Chain ESG

ESG Training and Reinforcement of Supplier ESG Competencies

In line with global standards such as recent demands from the EU supply chain audit requirements and ESG reporting criteria, Samsung SDS plans and operates ESG training programs for suppliers aligned with ESG policies to effectively respond to changes in the ESG management environment.

Through surveys conducted prior to training, we listen to supplier questions submitted anonymously to reflect them in training programs. In addition, guidebooks on Samsung SDS ESG policies are made each year with a detailed guide that incorporates key improvement areas for 2023, that is also shared with suppliers. Consulting to strengthen ESG competencies was also carried out for 20 Korean SMEs in partnership with KODATA, a leading corporate credit bureau in Korea.

Through such competency reinforcement programs, average scores of on-site inspections have continuously improved over the past 3 years.

Supply Chain ESG Training Programs

Audience	Category	Details
All suppliers	ESG expert training	<ul style="list-style-type: none"> ESG trends and best practices, sustainable sourcing, Samsung SDS Code of Conduct and customized guidelines
All suppliers	Training based on 2023 ESG inspection results and guide on improvements	<ul style="list-style-type: none"> Selection of key improvement areas from the ESG evaluation (self-inspection, on-site inspection) results followed by production and training on guidebook for supplier ESG management support ESG Q&As and feedback sessions
Key suppliers	Consulting with visits from ESG experts	<ul style="list-style-type: none"> Support building and implementing improvement plans for key ESG issues (environment, labor rights, social responsibility, etc.) Draw out short-term and mid-to-long-term initiatives with detailed guides to ensure practical improvements are made

Incentive Programs

Based on the results of ESG inspections of suppliers, Samsung SDS supports incentive programs for suppliers demonstrating excellent ESG management. These incentives motivate participation in ESG practices and raise awareness about the necessity for ESG. In 2023, a total 8 suppliers were recognized as Excellent ESG Suppliers, receiving practical incentives for a sustainable future such as exemptions from on-site inspections in the following year, support for suppliers' education expenses, and financial support through the Win-Win Management Fund.

Supply Chain ESG Management

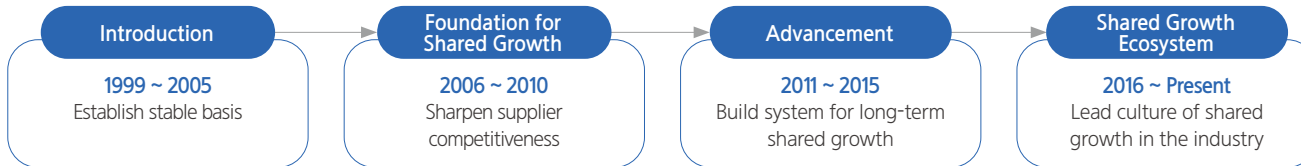
Category	Unit	2021	2022	2023	
Number of suppliers subject to ESG management	Companies	156	305	310	
Supplier Code of Conduct	Suppliers who signed to compliance	%	100	96	93
	New suppliers who signed to compliance	%	100	94	93
ESG assessment	Suppliers assessed	%	100	87	92
	New suppliers that received ESG assessment	%	100	68	93
Ratio of contracts with ESG applied	%	100	100	100	
Supply chain work environment management	Suppliers with on-site inspections	Companies	47	66	75
	Suppliers with third-party assurance	Companies	0	14	20

ESG for Suppliers

Shared Growth

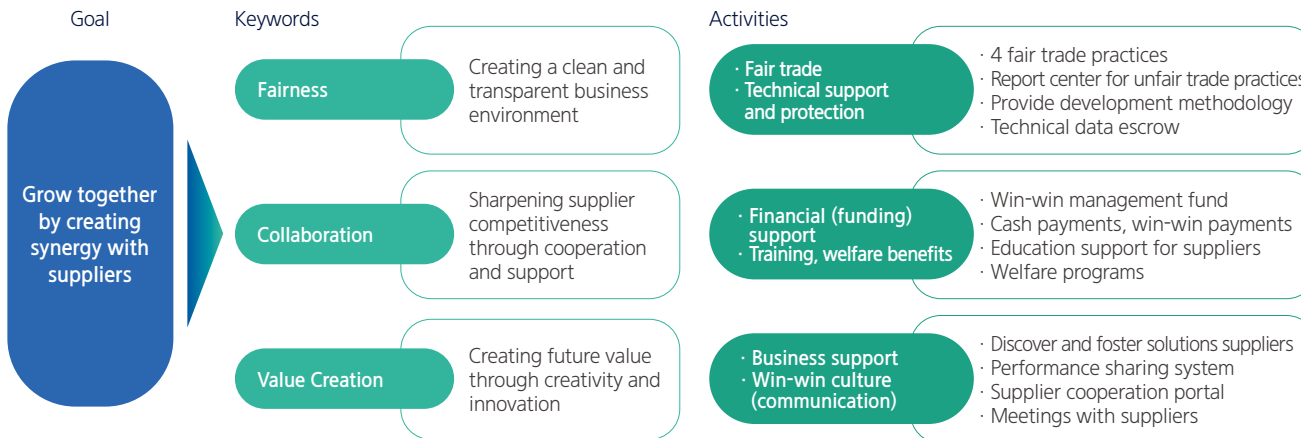
Shared Growth Roadmap

Samsung SDS leads in developing an ecosystem for joint collaboration by establishing and implementing a shared growth roadmap with suppliers.



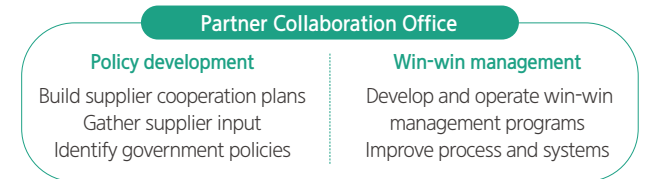
Shared Growth Policy

Samsung SDS establishes policies for sustainable shared growth based on establishing a culture of fair trade, carrying out the following various activities under the keywords of fairness, collaboration, and value creation.



Dedicated Organization for Shared Growth

Samsung SDS builds and implements policies for shared growth through the Partner Collaboration Office, an organization dedicated to shared growth. Various opinions are exchanged at meetings with suppliers etc., and we will continue to provide information on key business needs and win-win programs on a regular basis.



Performance of Shared Growth

Samsung SDS received the Top Excellence grade in 2023 Win-Win Index, selected as the best honorary company and obtaining the top grade for 6 consecutive years. The Win-win index is a quantified index that assesses the level of shared growth between large companies and SMEs to promote win-win growth and is announced each year by the Korean Commission for Corporate Partnerships. We vow to continue to uphold the principles of fairness and transparency in conducting business and creating a culture of win-win partnerships with suppliers.

ESG for Suppliers

Shared Growth

Fair Trade Policy

In order to establish a culture of transparency and fair trade with suppliers, Samsung SDS adopts 4 key principles for fair trade to comply with relevant legislations such as the Subcontract Act to strive to prevent unfair practices from occurring transactions with suppliers.

4 Fair Trade Principles

1. Faithfully implement contracting process

We adopt and operate the Fair Trade Commission's 'Good Contract Execution Practices,' taking the lead in building an environment for reasonable and fair trade and shared growth.

2. Select and manage suppliers

We secure fairness and transparency in the selection and management of suppliers, and operate reasonable and transparent supplier management policies.

3. Set up and manage the Subcontractor Transaction Review Committee

We comply with the fairness and legitimacy of subcontract transactions through prior deliberation of subcontract transactions that exceed a certain level.

4. Issue and retain printed documents

We take the lead in establishing a fair trade order by introducing the Fair Trade Commission's principles on issuing and retaining printed contracts with subcontractors.

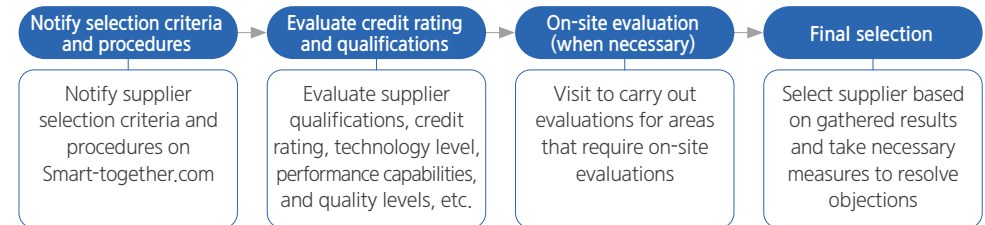
Fair Trade and Contract Agreements

Samsung SDS includes the Code of Ethical Management in all subcontractor contracts to prevent unfair trade and fraudulent acts that may occur in the course of business with suppliers. We participated in a joint taskforce between the public and private sectors on improving standard subcontracting practices in the software business in 2012 and adopted standard subcontracting contracts recommended by the Fair Trade Commission that is currently applied to 4 software business sectors, 4 construction sectors, and 2 logistics sectors. In addition, we introduced electronic contracts through smart-together.com, our supplier portal, to prevent unfair trade practices such as verbal orders and unfair order cancellations.

Supplier Selection

Suppliers are selected and managed based on the 4 fair trade principles to select partners in a fair and transparent manner. Supplier selection criteria and procedures are notified through smart-together.com with specific and precise descriptions of our selection and evaluation standards to ensure there are no concerns of arbitrary interpretations by suppliers.

Supplier Selection Process



Improvement in Payment Conditions

To strengthen financial soundness of suppliers, subcontractor payments are made 3 times a month, within an average 10 days with all payments being 100% in cash. In addition, when a supplier requests early payment, Samsung SDS may review the request and make an early payment.

ESG for Suppliers

Shared Growth

Training Support for Suppliers

Samsung SDS operates a variety of training programs for suppliers to secure their own technology competitiveness and achieve shared growth. We support online and offline training on IT systems and software through MultiCampus, an institution that trains software experts, and also offer curriculums customized to each career level free of charge to improve work capacity. Examples include training on core job skills in information services and introductory courses for new joiners, etc.

Core Job Training

- Nurturing project managers** Project case studies to strengthen skills and capabilities needed in project managers
- Analysis/Design** Learn how to systematically analyze and design software projects and use unified modeling language (UML)
- Strengthening proposal capabilities** Practice and learn methods for analyzing key customer issues and devising competitive proposal strategies
- Latest IT trends (4th industrial revolution and IT technology)** Mindset training to understand the market's paradigm shift triggered by the 4th industrial revolution and apply it to work

Introductory Training for New Joiners

Training on attitude and role of new joiners, how to communicate and build relationships in the organization, and becoming familiar with the latest IT trends

Training through Professional IT Education Institutions

Online and offline curriculum for IT training such as for AI and Big Data, etc.

Technical Support for Suppliers

Brity Automation (AI-based task automation solution)

Samsung SDS' Brity Automation is an AI-based task automation solution that provides a development environment and modules for automating complex and repetitive tasks. We provide Brity Automation consulting and licenses to suppliers free of charge to help them enhance productivity and plan to continue on extending such support.

INNOVATOR Development Methodology

Samsung SDS has been providing the INNOVATOR development methodology, which are standardized business methods and procedures based on our experiences and knowhow, to suppliers since 2012. Currently, 6 development methodologies have been provided, contributing to the quality competitiveness at 42 suppliers.

Category	Details
Project management	Providing overall project management methods, processes, guides, and outcomes from project kickoff to implementation, control, and conclusion to effectively manage software and system deployment projects
Information Engineering	Methodology based on information engineering for analyzing, designing, and developing applications based on data and business
Object Oriented	Methodology for Java-based application development through UML modeling
Component Based Development	Methodology that adds the development and assembly of reusable components to the object-oriented methodology
Building applications (package)	Providing processes and procedures to identify and address differences between package 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 requirements based on a short iteration cycle

ESG for Suppliers

Shared Growth

Financial Support

Samsung SDS offers various financing programs to support the business stability of suppliers. We operate a Win-Win Management Fund along with financial institutions to support funding for activities that help sharpen the competitiveness of suppliers such as technology developments and R&D, etc. We also provide indirect financial support (network loans) to enable suppliers to take out low interest loans from financial institutions based on their business performance.

Win-win Fund Process



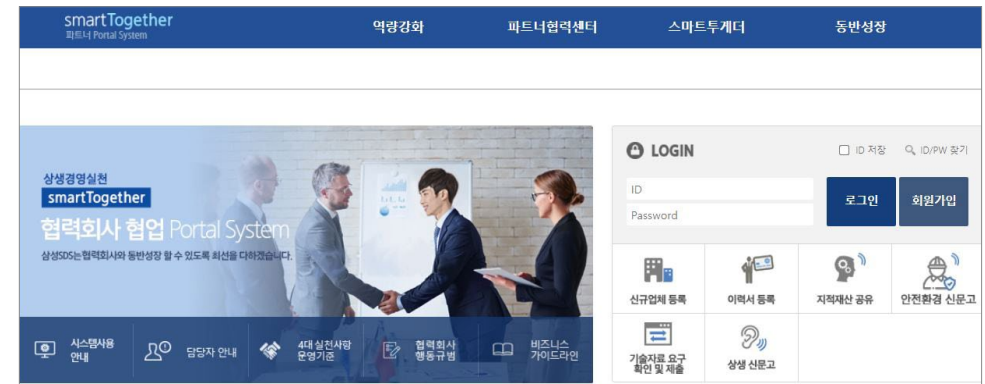
Support for Suppliers

Category	Unit	2021	2022	2023	
Training support	Number of training programs	Programs	63	131	260
	Number of trainees	Persons	2,195	3,200	2,197
Technical support	Brity Automation support cases	Cases	4	7	7
	Development methodology support	Cases	231	231	231
	Technology escrow	Cases	19	13	13
Financial support	Funds raised with the Win-win management fund	KRW million	60,000	60,000	60,000
	Amount executed from the Win-win management fund	KRW million	40,843	51,093	57,755
Recruitment support	Number of employees hired by suppliers	Persons	101	125	124

Active Communication Channels

Smart-Together.com is the supplier collaboration portal of Samsung SDS where not only electronic contracts can be signed, but business demand, policies, and information can also be shared. Moreover, supplier promotions and grievances are also handled through the portal. A Supplier Hotline for supplier employees to report grievances is also operated with support extended to suppliers to improve their work environment after investigating reports. (No relevant reports made in 2023*)

* Excluding cases irrelevant to the company among reports filed through the Supplier Hotline



Smart-Together.com

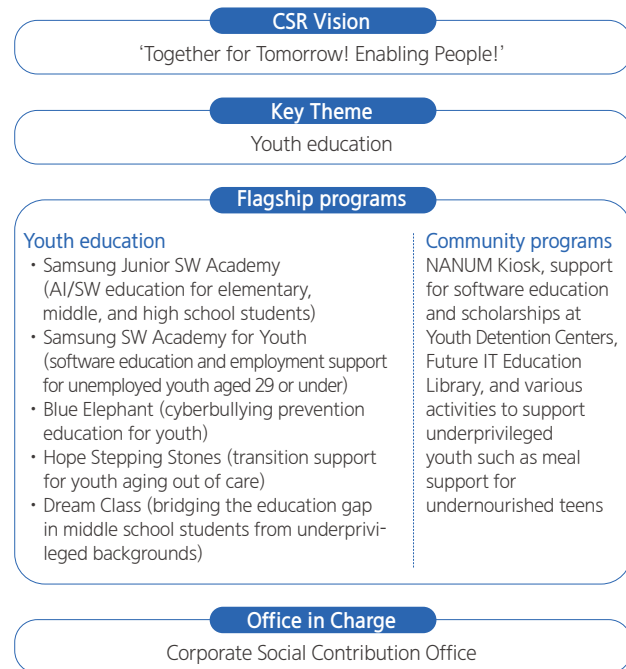
Support for Prevention of Occupational Safety Incidents

Samsung SDS supports the prevention of occupational safety incidents at suppliers by providing industrial safety products and support for training on prevention of occupational hazards.

Social Contribution

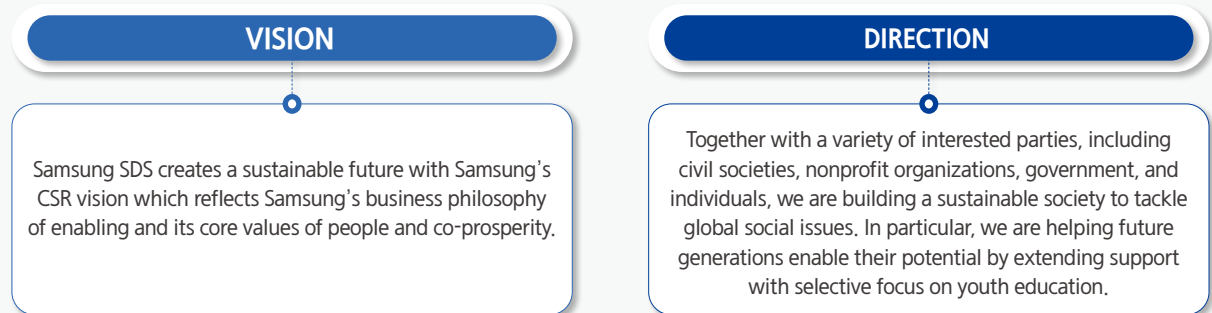
CSR Implementation

Samsung SDS upholds its CSR vision, “Together for Tomorrow! Enabling People!” which is aligned with Samsung’s business philosophy and core values of placing people first and pursuing co-prosperity. Under this vision, we are operating a wide range of youth education programs to support capability-building of future generations and social contribution programs, especially focusing on the underprivileged. Since 2022, we have been working with Samsung affiliates to carry out joint CSR programs with greater expertise and social impact to amplify Samsung’s capabilities and exert a positive influence on society.



“Together for Tomorrow! Enabling People!”

Samsung SDS is devoted to helping youth reach their potential and be more creative, supporting them to become responsible members of society. To this end, we are committed to contributing to communities through various social initiatives.



Together for Tomorrow!
Enabling People



Social Contribution

Youth Education Programs

Samsung SW Academy for Youth (SSAFY)

The Samsung SW Academy for Youth (SSAFY) is a 1-year program jointly operated by 6 Samsung affiliates including Samsung SDS, for unemployed college graduates aged 29 or under that offers professional software training and job referral services to nurture software specialists and bolster their employability. Trainees learn about algorithms, coding, and web technologies in the basic course based on a curriculum designed according to their proficiency levels. In the advanced course, they undertake practical competency projects that utilize 4th industrial revolution technologies such as artificial intelligence and IoT. SSAFY started in 2018 with a total 5,831 trainees completing the program up to the 8th term. As of end 2023, 4,946 are employed in various sectors including IT and finance, showing an impressive employment rate of around 85%. Currently, around 2,300 trainees in the 10th and 11th terms are receiving training.

Selected Trainees (cumulative from 1 st to 11 th term)	Program Completion (cumulative from 1 st to 8 th term)	Employed (as of end-2023)
9,700 people	5,831 people	4,946 people



SSAFY 9th Term Graduation



SSAFY 2H Meet-up

Samsung Junior SW Academy

Launched in 2013, Samsung SDS has been leading the Samsung Junior SW Academy since 2022, operating the program in partnership with Samsung Electronics, Samsung Display, Samsung SDI, and Samsung Electro-Mechanics. The Academy offers software and artificial intelligence convergence education, fostering young talent for the AI era through the integration of various knowledge domains. To reinforce SW and AI capabilities of current educators, a teacher training program is operated twice a year during vacations, supporting schools in delivering high-quality SW and AI programs by working with education experts to develop and provide grade-specific curricula, SW and AI programming editors, and teaching materials. In addition, students are offered the opportunity to take part in special lectures by Samsung employees and online IT mentorships to help them outline their career aspirations. As of 2023, we have supported approximately 4,300 teachers and the growth of over 200,000 students, contributing to the expansion of SW and AI education in Korea.

School Participation	(2013~2023 cumulative)
731 teachers	Around 4,300 teachers
53,502 students	Around 205,000 students

Employee Talent Donation - One-day Special Lectures at Schools

75 employee volunteers 1,763 students



Samsung Junior SW Academy (teacher training)

Employee Talent Donation - Online IT Mentorships

30 employee volunteers 30 students



Samsung Junior SW Academy (In-School Program)

Social Contribution

Youth Education Programs

Samsung Dream Class

Samsung Dream Class is a program co-operated by 23 Samsung affiliates including Samsung SDS where university students, Samsung employees, and expert mentors help middle school students from underprivileged educational backgrounds explore various fields, seek aspirations, and shape their dreams. The program started in 2012 with weekday and weekend classes, as well as camps during vacation, and was renewed in 2021 as Samsung Dream Class 2.0 which offers integrated on and offline contents for exploring careers, building future capabilities, and refining basic learning. In addition, outstanding middle-school participants and college mentors are selected for the Dream Class Scholarship, and various mentoring and experience-based programs are offered such as field trips to Samsung affiliates and summer camps for students in rural areas and island regions.

Beneficiaries

6,905 middle-schoolers
(cumulative 99,382 people)

700 university students
(cumulative 25,222 people)

Employee Talent Donations

271 employee volunteers (cumulative 531 people)



Samsung Dream Class (Summer Camp)

Stepping Stone of Hope

Stepping Stone of Hope is an initiative designed to provide housing and employment support for young individuals taking their first step into society as they safely transition out of institutional care. The program is operated by 22 Samsung affiliates including Samsung SDS, the Community Chest of Korea, local governments, and NGOs. Self-reliance training and practice programs are provided to teens aged 15~18 preparing for independence, and housing and integrated management services are extended for up to 2 years to youth aged 18~25 being discharged from institutional care to enable them to make a successful transition. In 2023, 'Stepping Stone of Hope 2.0' was launched to offer job training and employment support for 9 craftsman fields including IT service engineers, electronics and IT manufacturing technicians, and bakers to support them in achieving financial independence.

Beneficiaries

Self-reliance education
7,471 people

Self-reliance practice
2,600 people

Self-reliance program
234 people

Stepping Stone of Hope Center

10 centers nationwide



Stepping Stone of Hope (training for IT service engineers)

Blue Elephant

Blue Elephant is a cyberbullying prevention program operated by Samsung's electronics subsidiaries including Samsung SDS in partnership with the Blue Tree Foundation to address the surging issue of cyberviolence. Focusing on the 5 key areas of preventive education, counseling and healing, prevention culture, academic research, and platforms, a variety of comprehensive activities are being carried out such as on- and offline training to build social skills in youth, contests and campaigns on how to spread a preventive culture, studies on improving laws and regulations, and making policy recommendations. In 2023, the Korea Nonviolence Campaign was held at Gwanghwamun Square in downtown Seoul to promote the importance of tackling cyberviolence and a 6-party convention for prevention and eradication of cyberbullying was signed adding the Ministry of Gender Equality and Family and the National Police Agency to the existing parties of the Ministry of Education, Blue Tree Foundation, Community Chest of Korea, and Samsung.

Prevention Education	Psychological counseling and treatment	Spreading preventive culture
118,197 participated	2,144 participated	142,140 participated
Academic Research	Prevention Platform	Subtotal
10,137 participated	5,269 participated	Total 277,887 participated



Blue Elephant (cyberbullying prevention program visiting schools)

Social Contribution

Community Programs

NANUM Kiosk

The NANUM Kiosk is a sponsorship program that leverages offline kiosks and an online website to share stories of underprivileged children and teens in need and to donate KRW 1,000 each time an employee tags their employee ID cards. Once the target donation amount is reached, the funds are delivered to our partner NGO, Good Neighbors, to sponsor children in the program with educational, medical, and living expenses. In 2023, donations worth a total KRW 140 million were donated to 28 children.



NANUM Kiosk

Future IT Education Library

Samsung SDS has been operating the Future IT Education Library with the Heart-Heart Foundation (NGO) since 2021 to address blind spots in IT education, providing IT educational equipment and on/offline contents to underserved children and teens in the information sector to spread self-sustaining IT education. Libraries have been set up at 16 locations, offering a wide range of equipment and digital ethics training related to AI, IoT, and the metaverse, as well making IT educational tools available to use and borrow.

SW Education and Scholarships for Youth at Detention Centers

Samsung SDS partners with the Korea Juvenile Protection Association (NGO) to support youth at detention centers to become healthy and responsible members of society. Scholarships and gifts at the end of the year are provided to these youth who face difficulty adjusting to society after being released due to low education levels and unstable homes.

To offer more practical and long-term support, we are operating a basic software education program since 2023 with over 50 boys at detention centers in Seoul and Anyang taking part in learning block coding, text coding, and exploring careers related to software. In addition, scholarships are being given to selected participants wishing to work in the SW field or who hold relevant licenses to continuously strengthen their software skills.

Meal Support for Undernourished Youth

Samsung SDS joined hands with the World Vision NGO to provide meals to disadvantaged youth being raised by single parents, grandparents, or low-income families living in Songpa-gu who face challenges in accessing adequate nutrition. High-quality home-cooked meals tailored to the nutritional needs and preferences of adolescents are provided to support healthy growth and adjustments to school life. Teachers monitor the students to offer emotional support and stability, as well, and to intervene early on in case of a crisis. In 2023, 50 students across 4 middle schools were sponsored through the program.

Holiday Market to Boost Rural Economies

Each year, Samsung SDS operates an online market during the lunar new year and Chusok holiday seasons to expand markets for farmers and small businesses and help promote local economies. Thanks to voluntary participation from employees, around KRW 82 million worth of agricultural goods were sold during the holiday seasons in 2023, contributing to local economies. In addition, donations of rice cakes and rice were made to the disadvantaged living in Songpa-gu, Seoul in wishes of happy and warm holidays.

Laptop Donations

Since 1995, Samsung SDS has been refurbishing idle laptops to donate to educational institutions at home and abroad through NGOs to bridge the digital divide among underprivileged youth and contribute to the circular economy. In 2023, we donated a total 360 idle laptops to regional children's centers, youth detention centers, and welfare centers in the Philippines, Myanmar, and Tanzania which brought the cumulative number of laptops recycled for narrowing the digital divide and improving information accessibility to 5,047.



Laptop Donations (Myanmar)

Social Contribution

Community Programs

Employee Volunteer Services

We are working to build a sound culture of sharing and growing together with local communities, engaging in various employee volunteer services including the Volunteer Festival on the occasion of the company's anniversary (Apr), Samsung's Sharing Week with all Samsung affiliates (Nov), hands-on volunteering, blood donation campaigns, and production of IT training videos. In-person volunteering which was discontinued during the COVID-19 pandemic resumed in 2023 with individuals and departments actively volunteering in cleaning communities, helping rural communities, and distributing and delivering food to the disadvantaged. Furthermore, hands-on volunteering, where employees and their families make items first-hand to donate to vulnerable groups in Korea and abroad, and online IT mentoring, where employees share their SW and AI expertise and experiences, were well received by participants.

Employee Volunteering

Category	Unit	2021	2022	2023
Number of participants	Persons	1,265	1,252	5,859
Total service hours	Hours	8,578	10,274	30,247



Helping rural communities



Providing meals to the disadvantaged



Hands-on

CSR Performance

Recognized for CSR in the Community

Organized by the Ministry of Health and Welfare and the Korea Council for Social Welfare, the CSR in the Community certification is a program that recognizes companies that have consistently carried out local social contribution activities in partnership with non-profit organizations.

Since qualifying for certification in 2021, Samsung SDS has received a high rating each year, being listed as a CSR in the Community company for 3 consecutive years. In 2023, we received citation from the Minister of Health and Welfare, acknowledged for our excellence in CSR and social contributions.



CSR in the Community Certification Mark



Minister of Health and Welfare Citation

Customer Satisfaction

Customer Support

Channel and Process for Handling Customer Feedback

The Samsung SDS Contact Center systematically manages VoC (Voice of Customer) through various communication channels including phone, email, chatbots, and the web. A 3-tier organization composed of members with clearly defined roles respond to customer demands in a timely manner based on our system for providing customer support and technical assistance.

* Tier1 (VoC Receipt), Tier2 (Technical Assistance), Tier3 (Product Development, Quality and Service Management)

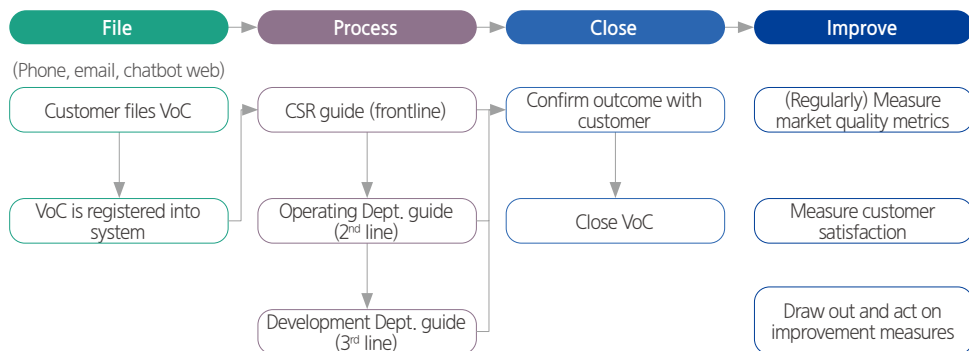
In addition, cause of frequent VoCs are analyzed with continuous improvement efforts being made through close cooperation between corporate offices and business units to enhance customer satisfaction by identifying customer needs and reflecting them in our products.

Customer VoCs Filed

Category	Unit	2021	2022	2023
Number of cases ¹⁾	Cases	814,504	617,224	442,909
Process rate	%	100	100	100

1) Number of VoC cases decreased due to sell-off of the Home IoT business in July 2022

Process for Handling VoCs

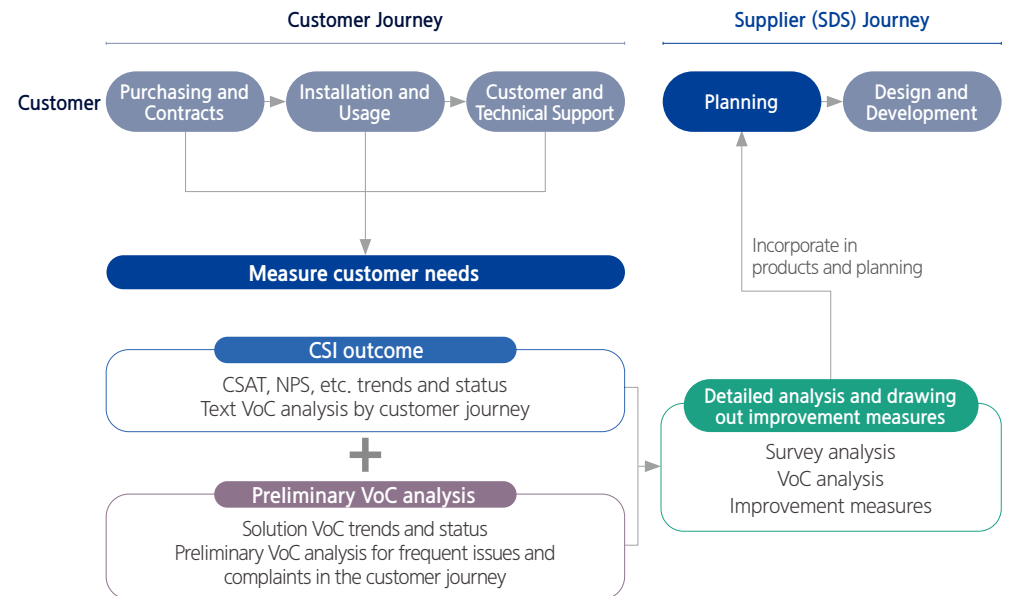


Customer Satisfaction Index (CSI)

Samsung SDS has been working with Gallup Korea since 2008 in conducting annual customer satisfaction surveys by customer sector, group, and business type. The survey is carried out to all customers that have interacted with Samsung SDS in the customer experience stage with questions customized to the role (deployer and contractor, operator, actual user, internal employee) of each customer considering the nature of the service and solutions business.

In 2023, the survey base was expanded and switched to using random sampling to gather real voice of customers (VoC) to reflect in our products. As a result, overall satisfaction was rated at 84.4, and relevant organizations were able to build and implement improvement initiatives based on the quality measurements from each customer journey.

Embedding the CSI Survey and VOCs in Products



Customer Satisfaction

Quality Management System

Under the principles of quality first, customer satisfaction, and sustainable innovation, Samsung SDS practices quality assurance through a quality management system for each business type as shown below.

- **Q-Academy**
Samsung SDS proprietary training to foster quality specialists
- **INNOVATOR**
Samsung SDS proprietary methodology
- **OpenQA**
Integrated quality management system
- **Q-Analytics**
Quality analysis system for risk prevention
- **QRB (Quality Review Board)**
Essential activities to achieve quality goals
- **PPW (Project Planning Workshop)**
Project Planning Workshop
- **Code Analyzer**
Code analysis and inspection tool
- **PCW (Project Closing Workshop)**
Project Closing Workshop



Quality Management System (ISO 9001)



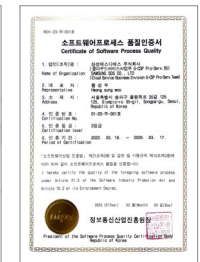
Information and Communication Quality Management System (TL 9000)



Supply Chain Security Management System (ISO 28000)



Cloud Controls Matrix-based Maturity Assessment Certification (CSA STAR)



Software Process Quality Certification (SP Grade 3)

Quality Management System Certification

In 1994, Samsung SDS became the first service integrator to obtain ISO 9001 certification for its quality management system. Since then, we have achieved the Master Level, the highest ITIL (IT Infrastructure Library) level in 2003, and acquired ISO 14001 certification for environmental management systems in 2014 and TL 9000 certification for information and communication quality management systems in 2017. While maintaining these certifications, we added the Cloud Controls Matrix-based Maturity Assessment Certification (CSA STAR) and ISO 28000 certification for supply chain security management systems in 2020, expanding the adoption of global top-notch quality management systems. Moreover, in 2023, we were the first Korean company to obtain the highest SP grade 3 level for software process quality certification.

Highest Level in Software Process Quality Certification

Pursuant to the Software Promotion Act, software process (SP) certifications are granted through comprehensive assessment by the National IT Industry Promotion Agency (NIPA) on the software process quality capabilities of software companies. Samsung SDS is the only Korean company to have obtained the highest certification grade since the certification program was launched in 2009. High quality software processes imply that the entire software development process is consistent from beginning to end and is being continuously improved to offer better services. The granted SP certification grade is the result of assessment of project activities executed by the given company with Grade 2 meaning project management, development, and support areas meet industry standards. Grade 3, however, requires organization management and process improvements to be carried out, as well. Grade 2 assessments review project management (planning, control, and supplier management), development (specification management, analysis, design, deployment, and testing), and support (quality assurance, configuration management, measurement and analysis), and Grade 3 assessments include organization management (organization process management, member training) and process improvements (organizational performance management, problem-solving, process improvement management). Samsung SDS is committed to further enhancing quality capabilities grounded on processes, methodologies, and systems to earn trust from customers.

Customer Satisfaction

Quality Management System

Quality Charter

'Perfection in Quality. Be Experts and Work Smart!' is the vision of Samsung SDS regarding quality to achieve customer satisfaction. Based on this vision, we are improving quality through the following 5 guidelines in our Code of Conduct.

Quality Vision

Perfection in Quality. Be Experts & Work Smart!

Code of Conduct

- Quality First** | Quality should never be compromised.
- Customer Satisfaction** | The worth of goods and services rests in customer satisfaction, upon which all achievements are judged.
- Back to the Basics** | Quality reflects our integrity! Adhere strictly to rules and processes.
- Continuous Innovation** | Continually innovate quality for top-notch products and services.
- Craftsmanship** | Aspire to attain zero defects by striving further than our best efforts and beyond perfection.

Business Continuity Plan

Samsung SDS builds and operates measures to secure business continuity by reviewing optimal response plans based on organization analysis, business impact analysis, and risk assessments when risks arise to minimize business disruption and damages.

In the event of business disruption, response measures are taken promptly to minimize initial confusion and damage, normalizing business functions at an early stage and resuming critical business functions within the recovery time(RTO).



Resource restoration strategy(human resources, information and data, alternative workplace, etc.)

Quality Management Activities

Quality Risk Management

Quality Management Processes by Business Type	
System Implementation	<ul style="list-style-type: none"> • Inspect quality at key stages, and take corrective/follow-up measures for non-conformities • Operate a risk management system for proactive risk identification and prompt responses • Continue activities to sharpen quality competitiveness such as strengthening the quality of preceding processes
Operations and Services	<ul style="list-style-type: none"> • Ensure stable supply of products and services and aim to achieve service levels agreed with customers • Check quality at the time of operation transfers and service opening (guaranteeing stable services) • Enhance customer satisfaction through regular operation quality improvements and failure prevention activities
Solutions	<ul style="list-style-type: none"> • Apply quality and risk management processes across all stages from solution planning to development, launch, and operations • Leverage a DevSecOps system for regular DevOps sprint checks • Check quality on function, performance, security, CX, and open source licenses before release • Secure source codes with high maintenance and development productivity (solution quality improvement)

Enhancing Employee Awareness on Quality

As all employees of Samsung SDS are in charge of quality management, we offer capability-building training on quality management for domestic and global employees each year to emphasize the importance of project completion.

Training	Description
Quality Mindset	• An online training course based on case studies to raise employee awareness on quality
Fostering Quality Management Specialists	• Theory and practice training course for quality management in implementation, operations, and solutions to foster specialists
Nurturing Testing Experts	• Functional testing, security testing, and performance testing training for developers and operators to nurture testing experts
RCA (Root Cause Analysis) Training	<ul style="list-style-type: none"> • Training to develop RCA experts and for internal risk managers • Improve capabilities for cause analysis of system failures and problem-solving (online training is offered around the year)

Customer Satisfaction

Quality Management Activities

Service Failure Management

Samsung SDS carries out activities on a regular basis to prevent service and system failures and conducts annual mock drills for failure and disaster recovery. In addition, we monitor our infrastructure equipment and applications 24/7, sharing anomalies in real-time with relevant departments to ensure measures are taken in a timely manner. Through the FRB, or Failure Review Board where RCA (Root Cause Analysis) experts participate, we review the technical cause, operating environment, measures and preventive measures involved, etc. to and cascades it across the entire company to prevent recurrence.

IT Failure Rate

Category	Unit	2021	2022	2023
Target	ppm	0.060	0.024	0.004
Performance	ppm	0.024	0.004	0.009

Quality Assurance System

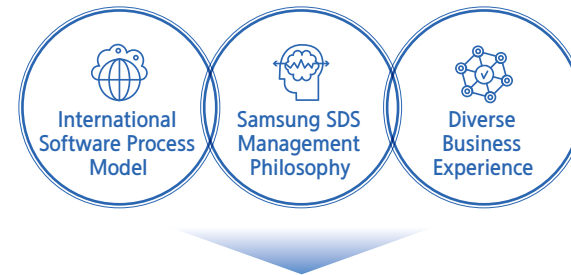
Samsung SDS manages quality and risks by business type using an Open QA system which is now supported on mobile devices to register, analyze, and act on inspection results in real-time. In addition, we are effectively monitoring operations categorized into customer services, service operations, product quality, and process quality and checking each department's level in real-time using the MSP+ IT Health Check.



OpenQA System

INNOVATOR Methodology

We manage quality differently for each of our business areas using the INNOVATOR methodology, the standardized business procedures and methods of Samsung SDS built based on our professional experiences and knowhow. Taking advantage of recent cloud migration projects, new methods were added by transformation model in 2023 along with new methods for Generative AI consulting to strengthen our business competitiveness.



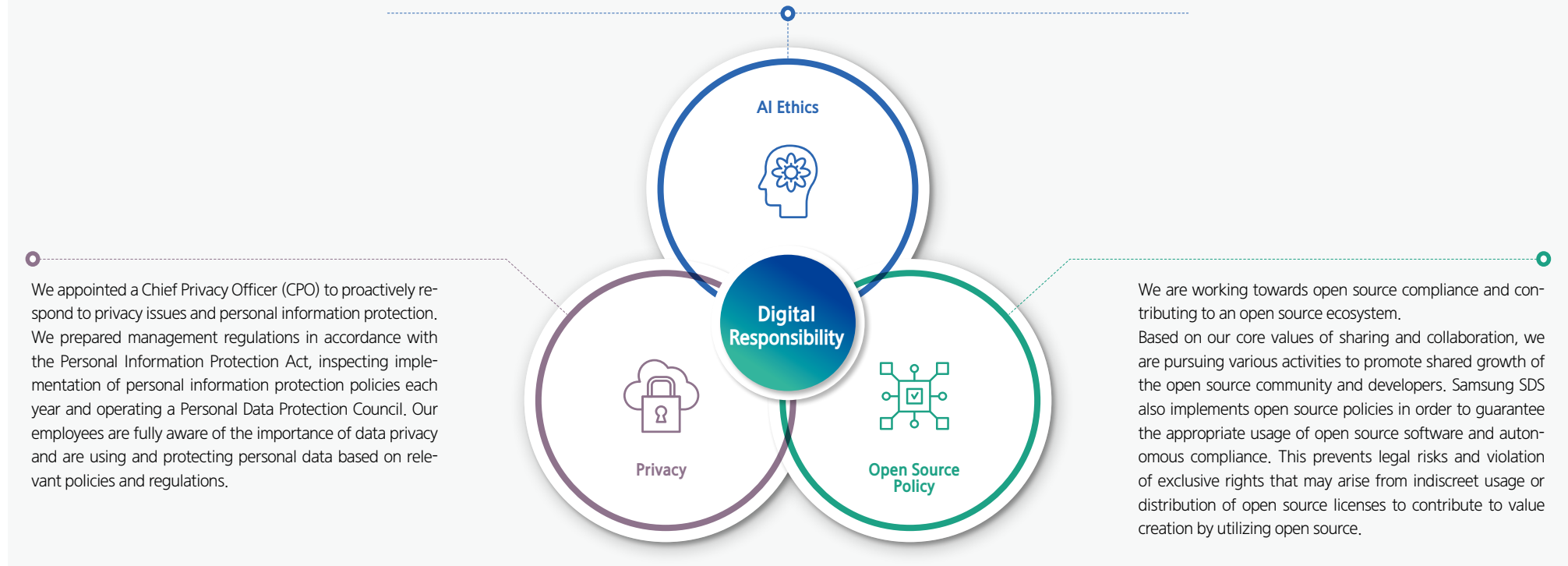
MSP	Cloud migration (Consulting/Re-host/Re-platform/Re-factor/Re-purchase), cloud infrastructure implementation
CSP	Generative AI consulting, infrastructure design and implementation, overseas ICT infrastructure implementation
SaaS	Software product development
SI	BPR/ISP, PI/MDM/FA/BIM/DSC consulting, PLM diagnosis, infrastructure diagnosis, global business feasibility evaluation, application implementation, MES/MDM/SCM/ERP/CRM/RPA/Telecommunications network implementation
SM	Infrastructure diagnosis, data center migration, security and network consulting, security solution implementation, service design, application improvements and operations, GDC operations transfer, and infrastructure operations
Logistics	Logistics system implementation
DT Engine	Technology R&D, IoT/Chatbot/Big Data Platform/BA/DW implementation
General	Proposals, project management

Digital Responsibility

Digital Responsibility Management System

Technological advancements are accompanied by many issues, especially ethical issues such as the use of deepfakes triggered by the spread of generative AI. Samsung SDS defines AI ethics, privacy, and open source policies as immediate challenges and is actively responding to them. In addition, ethical issues are considered for all technology developments to support the growth of communities and protect our customers and stakeholders from the risks and issues arising from new technologies to do fulfill our responsibilities as an IT company.

We recognize that AI technologies should aspire to human dignity and human rights, as well as to the environment and ecosystem. Therefore, Samsung SDS established corporate AI ethics principles based on the UNESCO ethical guidelines on artificial intelligence and applies it to all AI technology developments and usage.

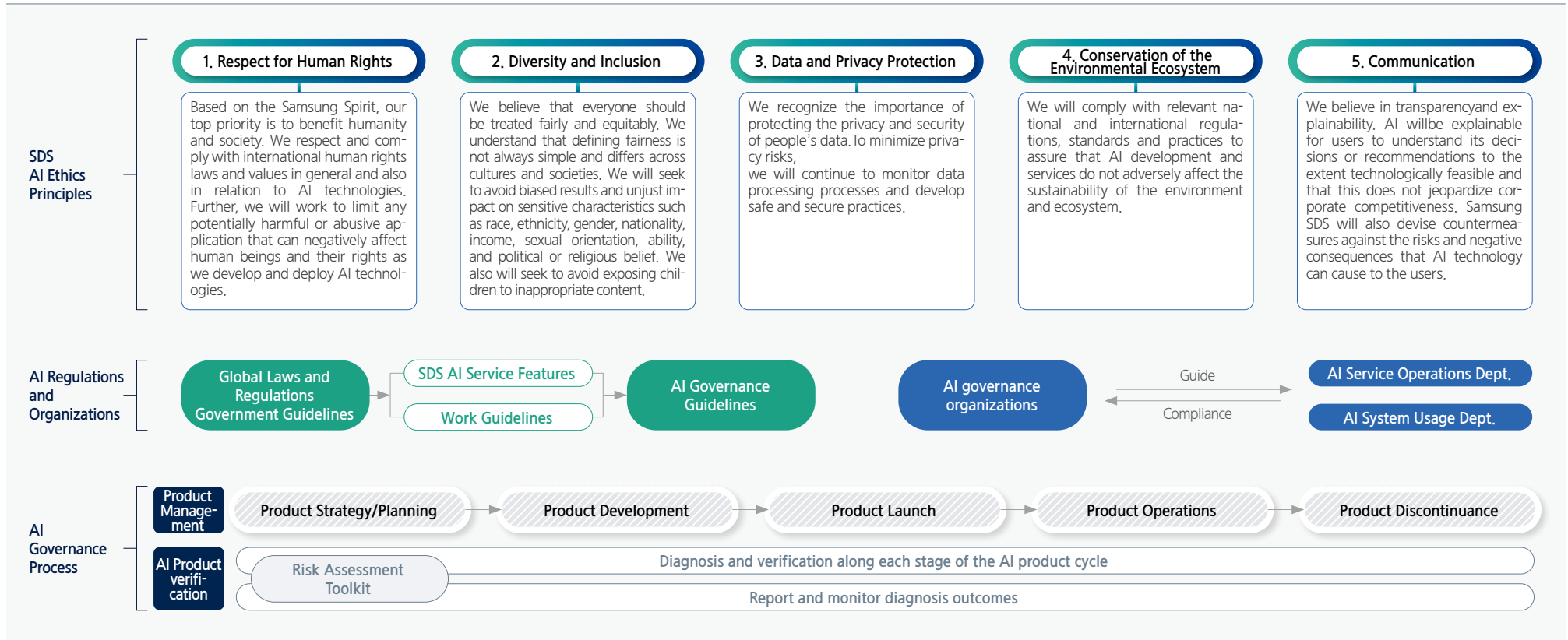


Digital Responsibility

AI Ethics

As AI becomes the new paradigm of the times, principles and guidelines are demanded to guide AI technology towards advancing as a technology for humans. Samsung SDS aims to realize reliable AI technology that protects user data values neutrality. To this end, the consulting team has planned and developed an AI governance framework that is embedded across our entire operations.

AI Governance Framework

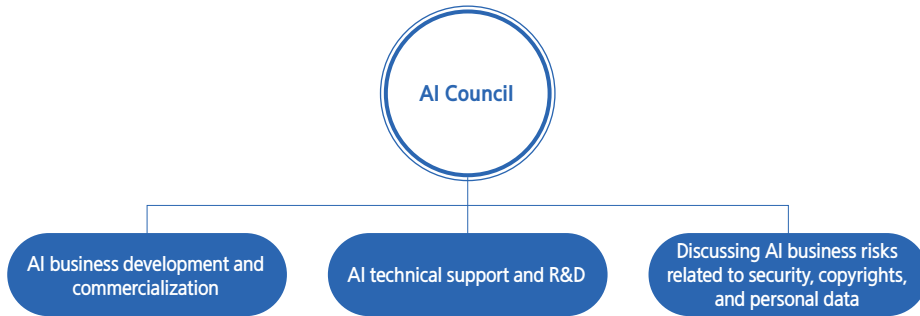


Digital Responsibility

AI Ethics

AI Council

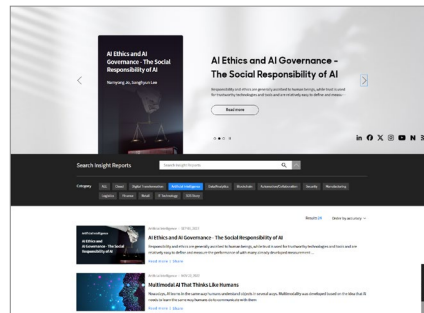
With the appearance of new business models combined with AI, we are operating a regular council where the CEO and relevant departments participate to review issues in research and development and respond to AI business risks involving security, copyrights, and personal information protection based on an understanding of the overall AI business.



Insight Report: Artificial Intelligence

We issue reports to give key stakeholders of the company, including our customers and employees, insight on artificial intelligence. The report covers not only the current state of AI technology and generative AI, but also details on the reliability and fairness of AI technology and AI governance.

[Go to report](#)



Insight Report: Artificial Intelligence

Samsung SDS

『ChatGPT Technology Analysis White Paper (2023)』

Samsung SDS continues to carry out activities to be transparent in disclosing and informing the public about technology. We published a white paper that explains the principles behind key technology services to make it easy for users to understand.

One of the hot topics of 2023 was ChatGPT. We issued a white paper on ChatGPT that can be used by all audiences from C-level executives starting to show interest in large language models to planners, IT managers, and marketers in the working-level, trying to understand overall technology trends and operating principles, to promote the new technology and help employees in using it.

[Go to Technology Analysis Whitepaper](#)

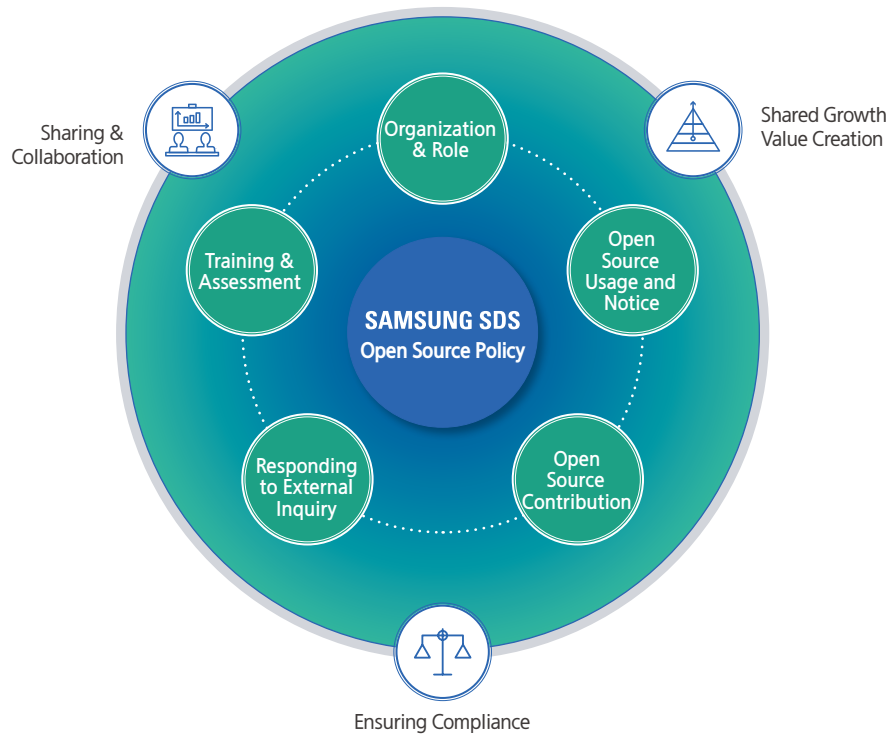


ChatGPT Technology Analysis White Paper (2023)

Digital Responsibility

Open Source Policy

Based on the core values of sharing and collaboration, Samsung SDS is pursuing various activities to promote shared growth of the open source community and developers. We are also implementing open source policies in order to guarantee the appropriate usage of open source software and autonomous compliance. This enables compliance with open source license obligations and prevents legal risks and violation of exclusive rights that may arise from indiscreet usage or distribution to contribute to value creation by utilizing open source.



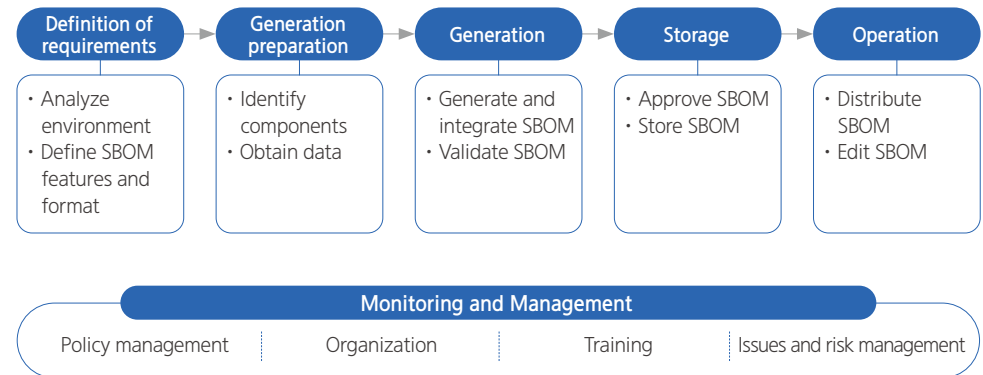
International Standard Certification on Open Source

In July 2022, Samsung SDS became the first Korean IT service provider to obtain the International Standard Certification (ISO/IEC 5230:2020) from the OpenChain Project. This certification is awarded to companies with open source license compliance systems and capabilities by the OpenChain Project initiated by the Linux Foundation in 2016. Samsung SDS was recognized for its global competence across all areas of the open source compliance system including building open source policies and processes, securing professional talent, and training members of the company.

Strengthening Security in the Open Source Software Supply Chain

SBOM (Software Bill of Materials) is a formal record containing a list of the software's components and a detailed mapping of dependencies, serving as a key means to respond to security threats in the software supply chain. Samsung SDS applies an open source SBOM system to secure transparency and integrity in its software supply chain. Open source SBOMs are auto-generated, stored, and managed starting with solutions rolling out in 2023 to deliver visibility into software components and supply chain relationships, supporting analysis of security vulnerabilities and compliance with license terms.

Open Source SBOM System



Digital Responsibility

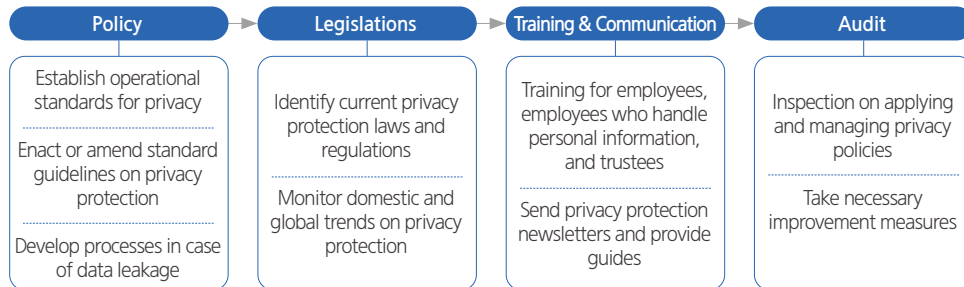
Privacy

Customer Privacy Policy

All employees of Samsung SDS recognize the importance of personal information and use and protect it. We designate a Chief Privacy Officer (CPO), who is separate from the Chief Information Security Officer (CISO), to proactively respond to privacy issues, as well as operate a Personal Data Protection Council. In addition, We have established management regulations in accordance with the Personal Information Protection Act and check their implementation status every year.

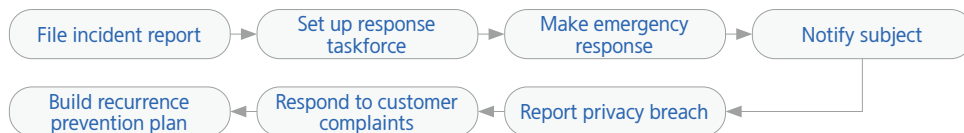
* Criteria for Appointment as Chief Privacy Officer (CPO): An executive with at least four years of combined experience in personal information protection, information security, and information technology according to the Personal Information Protection Act (at least two years of experience in personal information protection)

Customer Privacy Protection Process



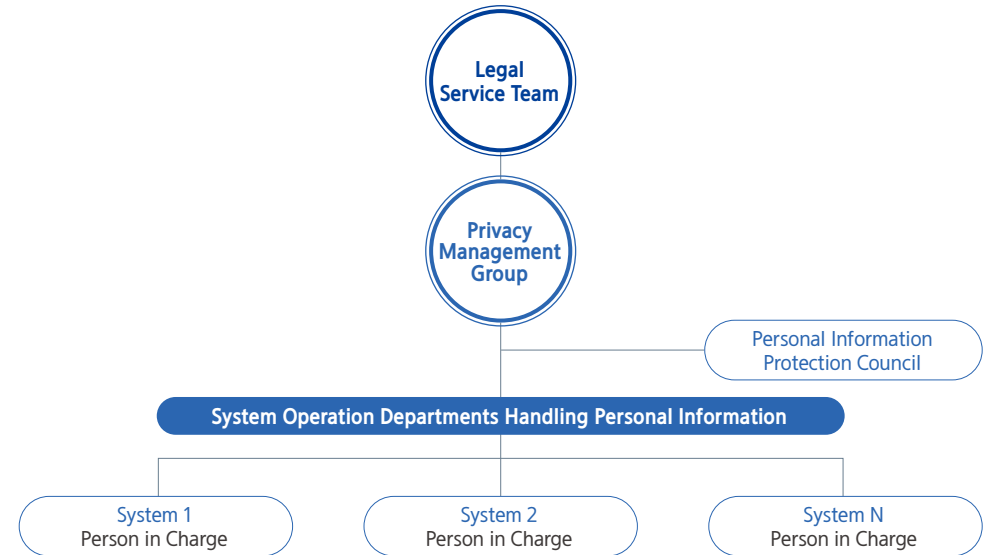
Process for Responding to Personal Data Leaks

In accordance with the Personal Information Protection Act, Samsung SDS is equipped with a system to respond promptly to personal data leaks. Based on our process for responding to personal data leaks, the situation is identified and countermeasures are built immediately after becoming aware of the data leak. In addition, in case of such incidents, the severity of the matter is identified and disciplinary actions (up to dismissal) are taken against the violator and accountable party based on compliance standards.



Operation of Dedicated Privacy Teams

Samsung SDS operates a dedicated organization for privacy protection based on legal compliance and compliance operation standards to fulfill legal obligations related to protecting personal information.



Personal Information Protection Council

Chairman	Head of the Legal Service Team (Secretary: Head of the Privacy Management Group)
Composition	Legal Service Team, Compliance Team, People Team, Samsung Security Center, Business Innovation Team, Quality Strategy Team, Communications Team, Data Consolidation & Analytics Center, Marketing Team
Agenda	<ul style="list-style-type: none"> Trends and law amendments regarding privacy issues Privacy protection and relevant activities
Cycle	Regular meetings (semiannual) and adhoc meetings (when issues arise)

Digital Responsibility

Privacy

Personal Information System

Samsung SDS deployed the Personal Information System (PIS) in August 2021 to track compliance of domestic and international regulations and examine inspection records of personal information processing. We also provide data on company regulations, legislations, news, contents, and FAQs through the PIS Archive.

ISMS-P Certification

In March 2022, Samsung SDS obtained the Personal Information & Information Security Management System (ISMS-P) certification which is administered by the Ministry of Science and ICT and the Personal Information Protection Commission and assessed by the Korea Internet & Security Agency (KISA). This certification demonstrates external validation of our advanced personal information management system operations and appropriate protection measures for each stage of personal information processing.

- **Certified scope:** Samsung Cloud Platform cloud services
- **Certified period:** Mar. 2, 2022 ~ Mar. 1, 2025



ISMS-P Certification Mark

Personal Information Management

Category	Unit	2021	2022	2023
Number of privacy data breaches	Cases	0	0	0
Number of reports filed by external institutions on violations of the Personal Information Protection Act	Cases	0	0	0
Number of reports filed by regulatory bodies on violations of the Personal Information Protection Act	Cases	0	0	0
Number of requests received from the government and law enforcement agencies on user data and information	Times	45	47	17
Rate of data submission to requests	%	100	100	100
Number of cases of purposes other than gathering customer information	Cases	0	0	0

※ Number of privacy data breaches and incidents are used to evaluate the effectiveness of personal information leakage prevention activities

Global Personal Data Protection

Samsung SDS is responding systematically to the recent stricter enforcement of global personal data protection regulations to carry out smooth execution of its growing overseas business. We are aware of the key areas of compliance, focusing on the privacy protection laws of individual countries including in the EU, the U.S., and China, etc. to minimize risks and carry out compliance checks to faithfully respond accordingly.

Key Areas

- Right of access
- Right of rectification (correction)
- Right to erasure/delete (be forgotten)
- Right to be informed
- Right to restrict processing
- Right to data portability
- Right to object
- Rights related to automated decision making and profiling
- Right to opt out of targeted advertising, sale or sharing
- Right to limit use and disclosure of sensitive personal information

Action Plan

- Notify and ensure rights related to privacy through the Privacy Policy
- Establish process for receiving and responding to data processing requests from data subjects
- Minimize collection of personal information and implement protection measures
- Monitor administrator accounts and access rights regarding personal information
- Define types of privacy violations and establish response procedures
- Report to relevant authorities within the period stipulated by local law upon recognizing a personal information infringement incident
- Comply with procedures stipulated by local law in case of transferring personal information overseas through appropriate certification, use of standard contracts, and consent from the data subject, etc.

GOVERNANCE

The acceleration of digital transformation across various fields is triggering the advent of new digital technologies. Amid such rapid evolutions, managing security and ethical risks associated with the new technologies is emerging as a new challenge for businesses. Recognizing such importance, Samsung SDS is committed to upholding digital responsibility and compliance management under the lead of its Board of Directors who demonstrate independence, diversity, and expertise.

Corporate Governance

Board of Directors

Board Composition

Samsung SDS' Board of Directors (BOD) is composed and operated in line with applicable laws and the Articles of Incorporation, ensuring transparent and independent governance. At the 39th General Shareholders' Meeting in March 2024, one independent director and two executive directors were appointed, following recommendations from the Independent Director Recommendation Committee and BOD with the appointment process for each director conducted in accordance with relevant laws. In order to enhance efficiency in BOD operations and decision-makings, President Sungwoo Hwang was reappointed as CEO and BOD Chair through Board resolution in accordance with Article 33 of the Articles of Incorporation and Article 5 of the BOD Regulations. In addition, efforts have been made continuously to strengthen accountable management led by the Board such as introducing the senior independent director system in October 2023. Currently, the BOD is composed of 3 executive directors and 4 independent directors which is pursuant to Article 542-8 of the Commercial Act that stipulates that there should be 3 or more outside directors with the number of outside directors making up the majority of directors.

Senior Independent Director

The senior (lead) independent director system, mandated at financial firms such as banks, provides checks and balances by appointing a senior independent director to represent independent directors at boards where the CEO or executive director is chair. Samsung SDS is not subject to this mandatory rule as it is not a financial firm but adopted the senior independent director system in October 2023 to strengthen BOD independence and governance transparency and appointed Hyun-Han Shin as the senior independent director. The senior independent director may convene and hold meetings and gatherings of independent directors and facilitate communication between the BOD chair, management members and independent directors.

Category	Name	Position	Gender	Tenure (Starting Date/ Ending Date)	Career Highlights
Executive Director	Sungwoo Hwang	President & CEO Board Chair	Male	2024. 3. 20 2027. 3. 19	<ul style="list-style-type: none"> President of the Samsung Advanced Institute of Technology (SAIT) Fellow of the Korean Academy of Science and Technology
	Jungtae Ahn	Executive VP & CFO/CRO	Male	2023. 3. 18 2026. 3. 17	<ul style="list-style-type: none"> Team leader of the Audit Team at Samsung Electronics CFO of Visual Display (VD) Business Division at Samsung Electronics
	Hyungjoon Koo	Executive VP & Leader of the Cloud Service Business Division	Male	2024. 3. 20 2027. 3. 19	<ul style="list-style-type: none"> President of Samsung SDS America Smart Retail Business Team Leader at Samsung SDS
Independent Director	Hyunhan Shin	Senior Independent Director & Chair of the Audit Committee	Male	2023. 3. 18 2026. 3. 17	<ul style="list-style-type: none"> Professor at Yonsei University's School of Business President of the Korean Securities Association Member of the Performance Evaluation Committee at the Deposit Insurance Fund Assistant Professor at the State University of New York at Buffalo
	Mooil Moon	Chair of the Related Party Transactions Committee	Male	2023. 3. 15 2026. 3. 14	<ul style="list-style-type: none"> Senior Partner at Shin & Kim LLC Chair-Professor at Korea University's College of Informatics, Department of Computer Science and Engineering 42nd Prosecutor General Chief Prosecutor at Busan High Prosecutors' Office
	Jaejin Lee	Chair of the Independent Director Recommendation Committee	Male	2023. 3. 15 2026. 3. 14	<ul style="list-style-type: none"> Dean at Seoul National University's Graduate School of Data Science Affiliated Professor at Seoul National University, Department of Computer Science and Engineering Member of the National Academy of Engineering of Korea in Computing Division Fellow at IEEE
	Insill Yi	Chair of the Compensation Committee & Chair of the ESG Committee	Female	2024. 3. 20 2027. 3. 19	<ul style="list-style-type: none"> Chair of the Korean Peninsula Population Institute for Future President of the Institute for Sustainable Economy and Society 12th Commissioner of Statistics Korea Professor at Sogang University's School of Economics

Corporate Governance

Board of Directors

Strengthening Board Independence

Samsung SDS has a majority of independent directors to ensure independence of the BOD and operates meetings that encourage open discussions and independent decision-making. In addition, transactions between directors and the company are restricted and directors who have an interest in a BOD resolution are prohibited from exercising their voting rights in order to minimize conflicts of interest. We form a pool of candidates by examining factors such as qualifications, business experience, and interests with the company to ensure fairness and independence in the appointment of directors while the BOD and Independent Director Recommendation Committee comprehensively consider evaluation criteria for individual candidates including expertise, social recognition, and integrity along with Board diversity, and the business environment at the time of appointment to select candidates. In addition, the Independent Director Recommendation Committee will meet once a year from 2024 onward to reinforce operations. This year, the committee meet on April 25 with all of its members attending to review candidates and discuss the direction for committee operations going forward.

Board Diversity and Expertise

Samsung SDS composes its BOD with directors who have diverse expertise to enable strategic decision-makings from a comprehensive perspective. The CEO, a leading expert in IT services, oversees the overall business and drives responsible management as the BOD chair. Furthermore, we appoint experts with deep knowledge and experience in various fields such as law, IT, finance, and business strategy as independent directors who provide objective management supervision and professional advice. Independent directors are limited to holding dual positions at one company to ensure their expertise and loyalty. Samsung SDS is committed to growing alongside its stakeholders and advocates diversity factors such as gender, age, nationality, education, and political affiliation, etc.

Board Skill Matrix

Category	Sungwoo Hwang	Jungtae Ahn	Hyungjoon Koo	Hyunhan Shin	Mooil Moon	Jaemin Lee	Insill Yi
Board Diversity							●
Financial		●		●			●
Global Business	●	●	●	●		●	●
Leadership	●	●	●		●	●	
Risk Management		●		●	●		●
Technology	●		●		●	●	

Independent Director Independence Guidelines

Samsung SDS checks the eligibility of independent director candidates and incumbent independent directors based on relevant laws such as the Commercial Act to ensure they can effectively perform their roles of supervising decision-makings and keeping a check on the Board. Key criteria include:

The independent director shall not be a director, executive officer, or employee involved in the company's management, nor shall have held such position in the past 2 years

(When the largest shareholder is a natural person) The independent director shall not be the largest shareholder, its spouse or lineal ascendant or descendant

(When the largest shareholder is juridical person) The independent director shall not be a director, auditor, executive officer, or employee of the largest shareholder entity

The independent director shall not be a spouse or lineal ascendant or descendent of the director, auditor, or executive officer

The independent director shall not be a director, auditor, executive officer, or employee of the company or its parent company

The independent director shall not be a director, auditor, executive officer, or employee of a legal entity that has key stakes in the company such as being in a transactional relationship

The independent director shall not be director, auditor, executive officer, or employee at another company where the current company's director, executive officer, or employee serves as a director or executive officer

The independent director shall not be serving as a director, executive officer, or auditor at 2 or more other companies

The independent director shall not be providing accounting audits or tax representation, or be an attorney (including affiliated foreign law consultancies), certified public accountant, tax accountant, or other advisory service provider that has a contract with the company to provide legal or business management advisory services, etc.

Corporate Governance

Board of Directors

Board Operations

Board Convocation

Convocation of BOD meetings shall be carried out by the BOD Chair in accordance with Article 33 of the Articles of Incorporation and Article 9 of the BOD Regulations with the Chair notifying each director one week before the meeting. Individual directors are entitled to request the Chair to convene a BOD meeting when giving a clear agenda and reasons. If the Chair refuses convocation without a justifiable cause, the respective director may directly call a BOD meeting. While the BOD meeting shall convene quarterly, temporary BOD meetings may be held when necessary. In 2023, 9 BOD meetings were convened to deliberate and decide on a total 29 agenda items.

Board Resolution

Pursuant to Article 35 of the Articles of Incorporation and Article 10 of the BOD Regulations, BOD resolutions are made with the attendance of a majority of enrolled directors and with the consent of a majority of the attended directors (unless otherwise prescribed in relevant laws). Participation in resolutions by all or some directors of the Board without attending the meeting in person is permitted through telecommunications devices that allow voices of all of the directors to be transmitted and received simultaneously. In such cases, the director is considered as attending the BOD meeting in person. Each director's attendance rate and approval or disapproval for key agenda items that require disclosure are disclosed in the Business Report.

Board Meetings

Category	Unit	2021	2022	2023
Number of meetings convened	Times	11	8	9
Number of agenda items	Items	28	21	29
Attendance rate	%	97.7	96.4	98.4
Minimum attendance required for all directors	%	85	85	85

Board Evaluation

Independent directors are evaluated regularly on an annual basis based on their individual activities and performance using evaluation criteria consisting of quantitative indicators such as BOD and committee meeting attendance rates and number of agenda items deliberated, and qualitative indicators such as expertise and understanding of the business. The evaluation results are leveraged as a key metric in determining reappointment.

Support for Independent Directors

Samsung SDS designates a supporting department to provide independent directors with the information and resources needed to carry out their roles effectively. We also regularly share and update the company's business plan and key business issues with independent directors to enhance their understanding of our business.

Training for Independent Directors

Training Date	Participant Directors	Contents
2023. 3. 15	Mooil Moon, Jaejin Lee	Orientation for new independent directors (SDS business overview, mid/long-term business strategy, organization and talent status, etc.)
2023. 4. 27	Hyunhan Shin, Seungah Cho, Mooil Moon, Jaejin Lee	Introduction to the Sustainability Report and group photo shoot
2023. 7. 27	Hyunhan Shin, Seungah Cho, Mooil Moon	Training for audit committee members on the internal accounting management system
2023. 9. 26	Hyunhan Shin, Seungah Cho, Mooil Moon, Jaejin Lee	Training for ESG Committee members on external ESG trends and case studies

Concurrent Positions of Independent Directors

Pursuant to the Commercial Act and the company's internal rules on operating independent directors, Samsung SDS allows independent directors to have up to 1 concurrent position but prohibits holding concurrent director positions at another company engaged in the same business.

Corporate Governance

Board of Directors

Board Remuneration

Remuneration for directors is executed within the amount approved by the General Shareholders' Meeting according to standards set by the BOD based on the directors' positions and responsibilities.

Board (including CEO) Remuneration Payment Criteria

Category	Details	
Executive Directors (including CEO)	Salary	Remuneration is determined based on the position, nature of delegated tasks, and performance of delegated tasks according to the Executive Compensation Regulation (BOD resolution)
	Lunar New Year/Chusok Bonus	100% of monthly salary of each director
	Target incentive	Determined by CEO based on the achievement of departmental targets within the range of 0~200% of monthly salary and paid in 2 installments during a year (adjusted according to each organization's performance)
	Performance incentive	When the company's profit target is exceeded, 30% of the profit is used as a resource by CEO decision and paid once a year within 0~50% of base salary according to individual performance
Independent Director	Long-term performance incentive	Determined within the director compensation limit set by the General Shareholders' Meeting based on quantitative indicators such as ROE (Return on Equity), price earnings ratio, and pre-tax profit margin, etc. and qualitative indicators such as leadership, business ethics, social contributions, and contributions to the company, etc. and paid in installments over 3 years
	Audit Committee member Audit Committee members excluded	Remuneration is determined based on the nature of delegated tasks according to the Independent Director Compensation Regulations

Board Remuneration Payments

Category	Unit	2021	2022	2023	
Executive Director	Total remuneration	KRW million	5,882	3,854	4,001
	Number of people	Persons	5	3	3
	Per capita	KRW million	1,176	1,285	1,334
Independent Director (excluding Audit Committee members)	Total remuneration	KRW million	85	89	91
	Number of people	Persons	1	1	1
	Per capita	KRW million	85	89	91
Audit Committee Members	Total remuneration	KRW million	258	257	269
	Number of people	Persons	3	3	3
	Per capita	KRW million	86	86	90
Total	Total remuneration	KRW million	6,225	4,200	4,361
	Number of people	Persons	9	7	7
	Per capita	KRW million	692	600	623

Board Shareholding Status

Category	Unit	2021	2022	2023	
Executive Director	Sungwoo Hwang	Shares	1,000	1,000	1,000
	Jungtae Ahn	Shares	1,000	1,000	1,000
	Hyungjoon Koo	Shares	1,000	1,000	1,000
Independent Director	Hyunhan Shin	Shares	500	500	500

Corporate Governance

Board of Directors

Board Committees

Committee Operations

The BOD has a total 6 committees as stipulated in Article 34 of the Articles of Incorporation and Article 14 of the BOD Regulations and delegates the authority of the BOD to ensure quick and efficient decision-making. The BOD enacts and stipulates regulations for committee operations through BOD resolution, detailing the organization, operations, and authority of each committee. Committee resolutions are notified to all directors within 2 business days, and each notified director may request a BOD meeting to the BOD chair within 3 business days from the date of notification, when deemed necessary. In this case, the BOD may adjudicate the resolutions made by the committee. However, resolutions made by the Audit Committee are excluded from such adjudication to guarantee independence of the audit body. Moreover, the Independent Director Recommendation Committee and Related Party Transactions Committee which each previously included one executive director, improved its independence and are composed only of independent directors starting in 2024.

Committee Status

Committee	Role and Composition
Audit Committee	<ul style="list-style-type: none"> Auditing overall matters of the company including its financial state All 3 members are independent directors
Management Committee	<ul style="list-style-type: none"> General management, financial matters, and matters delegated by the BOD All 3 members are executive directors
Related Party Transactions Committee	<ul style="list-style-type: none"> Enhancing business transparency through voluntary compliance with fair trade All 3 members are independent directors
Compensation Committee	<ul style="list-style-type: none"> Securing objectivity and transparency in the process of determining remuneration for directors All 3 members are independent directors
Independent Director Recommendation Committee	<ul style="list-style-type: none"> Validating/recommending independent director candidates based on independence, diversity, and competency, etc. All 3 members are independent directors
ESG Committee	<ul style="list-style-type: none"> Creating sustainable value with various stakeholders 4 independent directors and 1 executive director (CEO)

Committee Composition

●: Chair ○: Member

Category	Name	Board Committees					ESG Committee
		Audit Committee	Management Committee	Related Party Transactions Committee	Compensation Committee	Independent Director Recommendation Committee	
Executive Director	Sungwoo Hwang		●				○
	Jungtae Ahn		○				
	Hyungjoon Koo		○				
Independent Director	Hyunhan Shin	●		○	○		○
	Mooil Moon	○		●		○	○
	Jaejin Lee			○	○	●	○
	Insill Yi	○			●	○	●

Number of Board Committee Meetings

Category	Unit	2021	2022	2023
Audit Committee	Times	5	6	6
Management Committee	Times	3	10	8
Related Party Transactions Committee	Times	5	4	6
Compensation Committee	Times	2	1	2
Independent Director Recommendation Committee	Times	0	0	2
ESG Committee	Times	1	4	6

Corporate Governance

Shareholder-friendly Management

Communication with Shareholders and Investors

Communicating with Investors

Samsung SDS actively communicates with shareholders and investors through various types of IR activities. In addition to common investor relations meetings, we also carry out non-deal roadshows (NDRs) and participate in IR conferences hosted by securities firms. We also offer live webcasts of our quarterly earnings conference calls to enhance accessibility for general investors.

External events held in 2023 included the Cloud Media Day in March and REAL Summit in September where Samsung SDS presented its core cloud and generative AI businesses to investors, as well as overseas IR sessions where management met with investors in Hong Kong and Singapore.

Protection of Shareholder Interests

Samsung SDS operates e-voting systems and live online broadcasts of our shareholder meetings to enhance convenience for our shareholders. In addition, agenda and reference material for the share holder meeting are provided to shareholders 4 weeks prior to the meeting to give them sufficient time for review.

Dividend Policy and Dividends

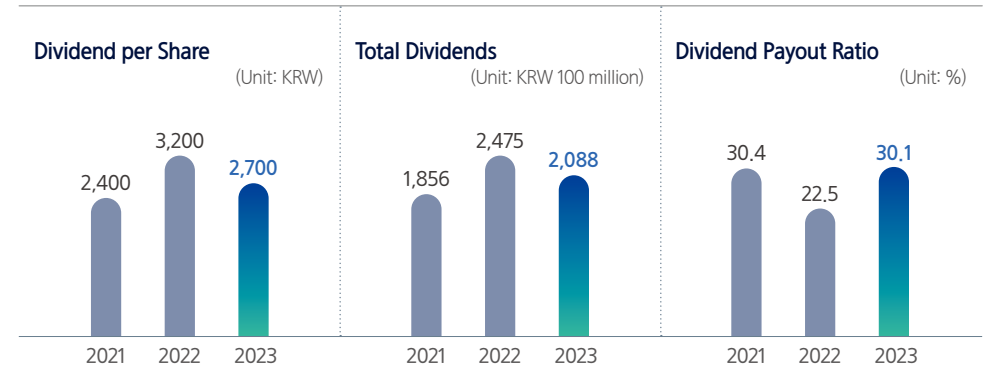
3-year Dividend Policy

Samsung SDS declares our dividend policy based on which dividends are paid to enhance shareholder forecasts of dividends and improve stability.

The 3-year dividend policy was first announced in January 2020, linking business performance with the scale of dividends. The new 3-year dividend policy revealed in January 2023 (for fiscal years 2022~2024) raised the dividend payout ratio to around 30% which is a higher level than before. Dividends for the fiscal year 2023 is KRW 2,700 per share with a payout ratio of 30.1%.

Dividend Status

(Consolidated Basis)



REAL Summit 2023

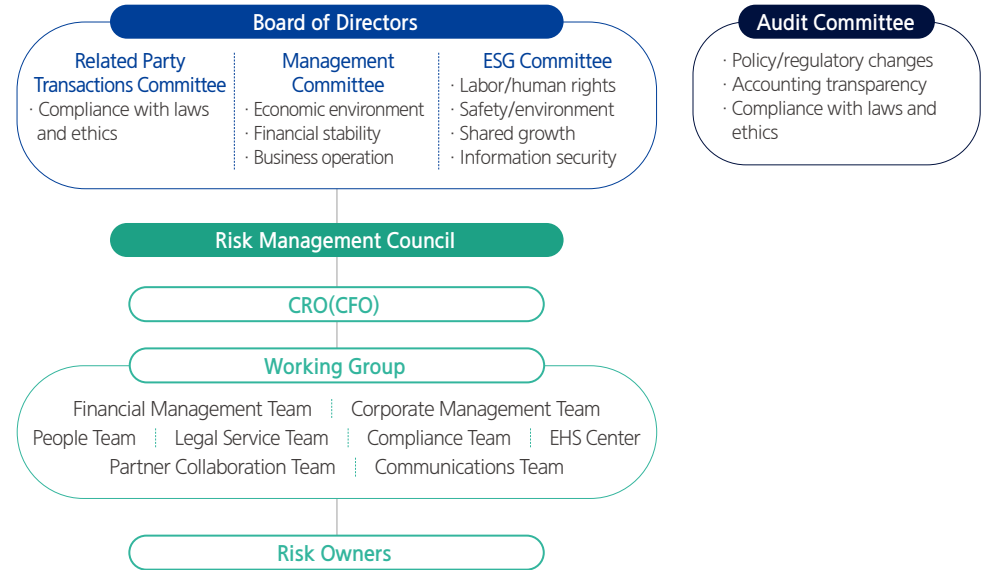
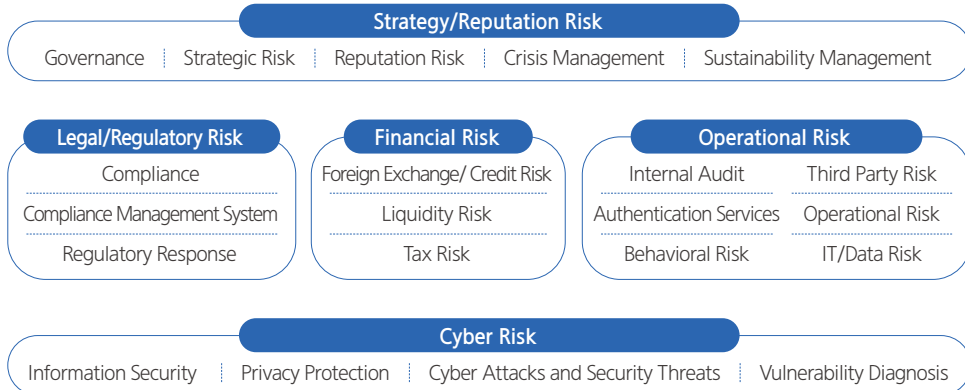
Risk Management

Risk Management System

Risk Governance

Samsung SDS frequently monitors risks associated with the role of each BOD committee and builds a risk management strategy to respond accordingly. In addition, the CFO is designated as the Chief Risk Officer (CRO) and holds a Risk Management Council where relevant departments participate to share identified risks and devise countermeasures. The Risk Management Council manages and develops policies to address all types of risks including financial risks such as market, credit, and liquidity risks, as well as operational risks such as compliance, human rights, safety, and environmental risks, operating relevant programs through each responsible department.

The Risk Management Council manages risks through impact analysis of risks with potential losses and by implementing appropriate responses while reporting material risks to the BOD and its committees to reflect it in the business strategy. In addition, relevant departments manage financial and non-financial risks across all business stages. In particular, we have a system in place for emerging risks in technology and services to be shared immediately with the dedicated organization and relevant departments to respond promptly.



Sensitivity Analysis

Samsung SDS strengthens risk resilience by carrying out sensitivity analysis of key potential financial and non-financial risks including a global supply chain crisis, fluctuating exchange rates, rise in carbon credit prices, and unstable supply of renewable energy, etc.

Risk Management

Risk Management Process

Financial Risk Management

Led by the Financial Management Team, Samsung SDS closely monitors market risks, credit risks, and liquidity risks based on risk management policies. The Financial Management Team carries out risk monitoring (RM) to minimize financial risks by detecting financial distress and signs of errors. In line with the financial risk monitoring policy, RM covers financial items such as financial settlements, fund management, tax accounting, and general accounting and is conducted monthly for headquarters, as well as domestic and overseas controlled companies.

Tax Risk

Foreign Exchange Risk

Credit Risk

Non-financial Risk Management

Under the lead of the CFO, Samsung SDS manages non-financial risks through the ESG Council composed of each business unit, the Corporate Sustainability Management Office, EHS Center, People Team, Corporate Social Contribution Office, Partner Collaboration Team, Compliance Team, Legal Service Team, and Samsung Security Center. The Council operates sub-councils for each area of environment, society, and governance that meet monthly to have in-depth discussions on risks related to each area. Non-financial risks are managed by having key matters discussed by the ESG Council reported to the ESG Committee which is the company's highest decision-making body for sustainable management.

Climate Risk

Human Rights Risk

Supply Chain Risk

Compliance Risk

Emerging Risk Management

Samsung SDS identifies long-term potential risks and analyzes their impact on the business to take preemptive response measures.

Category	Description	Potential Impact	Response and Action Taken
Technology Transition	Risk of regulatory violations, litigations, and reputational damage due to the enactment of new laws following the commercialization of future technology innovations such as AI and Big Data, etc.	<ul style="list-style-type: none"> Restrictions in business areas due to newly enacted laws or risk of client litigations brought against existing business operations Transparency risk to secure customer trust in relation to AI logics, etc. Risk of fatal reputational damages and business disruptions when ethical issues arise in relation to new technologies 	<ul style="list-style-type: none"> AI Ethics Principles were revised to prevent risks associated with AI technology Continuous monitoring of patents and relevant laws, etc. Form a Digital Responsibility TF and promote AI governance establishment
Energy Supply and Demand	Risks in energy supply required for the company's operations when energy demand surges due to geographical, climatic, or geopolitical factors such as wars	<ul style="list-style-type: none"> Cost risk due to rising electricity prices and power outages Shutdown risk at data centers due to energy shortages Risk of disruption in company operations due to long-term energy shortages Reputational risks such as damages to the corporate image and brand 	<ul style="list-style-type: none"> Replacement of old facilities to minimize energy loss Efforts to reduce energy consumption through the application of new technologies such as liquid immersion cooling Production of its own renewable energy such as solar power and establishment of an emergency power supply system

Business Ethics

Business Ethics System

Business Ethics Principles

Samsung SDS aims to become a global first-class business by devoting its talent and technology to making contributions to human society through creating top-notch products and services. To this end, we operate the Code of Conduct Guidelines based on the business principles of Samsung SDS to ensure we are in compliance with laws and ethics across all of our business activities and that we fulfill our fundamental role as a business, as well as our social responsibilities. The Code of Conduct Guidelines serve as the criteria for judging the behaviors and decisions of our employees in doing business.

Business Principles

1. We comply with all laws and ethical standards.

- 1-1. We respect the dignity and diversity of all individuals.
- 1.2. We engage in fair competition in accordance with laws and solid business ethics.
- 1-3. Our accounting and transaction records are kept transparent and accurate at all times.
- 1-4. We do not get involved in politics.

2. We maintain a clean organizational culture.

- 2-1. We make strict distinction between public and private affairs in our duties.
- 2-2. We protect and respect the intellectual property rights of the company and individuals within the company.
- 2-3. We create a healthy organizational atmosphere.

3. We respect customers, shareholders, and employees.

- 3-1. We consider customer satisfaction the foremost priority.
- 3-2. We pursue management focused on shareholder value.
- 3-3. We strive to improve our employees' quality of life.

4. We care for the environment, safety, and health.

- 4-1. We pursue environment-friendly management.
- 4-2. We value the health and safety of all human beings.

5. We are a socially responsible corporate citizen.

- 5-1. We faithfully fulfill our basic responsibilities as a corporate citizen.
- 5-2. We respect the social and cultural values of local communities and practice prosperous co-existence.
- 5-3. We build relationships with our business partners for co-existence and co-prosperity.

Code of Conduct Guidelines

Business Principles	Code of Conduct Guidelines
Comply with laws and ethical standards	Fair competition, data protection, protection of Samsung SDS' and others' properties
Maintain a clean organizational culture	Prevention of corruption and conflict of interests
Respect customers, shareholders, and employees	Respect of human rights, customer and quality control, and technical innovation
Care for the environment, safety, health	Green management, health and safety
Perform as a socially responsible corporate citizen	Win-win philosophy and contribution to local communities

Business Ethics Process

Samsung SDS discloses its business principles to external stakeholders including partners and customers, and operates a hotline for reporting any reporting any violations or corruptions. Also, Samsung SDS publishes employee guidelines on the intranet to support employees in practicing integrity management. The business principles and hotline are provided in two languages including Korean, while the employee guidelines are available in four languages including Korean.

Employee Guidelines Contents

Vendors

- Provision and receipt of treats
- Provision and receipts of entertainment
- Monetary transactions
- Infliction of harm to business
- Equity investments
- Business favoritism

Company funds and assets

- Misappropriation of company funds
- Theft
- Seeking personal gains

Work discipline

- Frequent negligence in performing duties
- Inappropriate monetary transactions between employees
- Infliction of harm among employees
- Holding concurrent posts or moonlighting

Information and talent leaks

- Information leaks
- Talent leaks

Other

- Other

The Code of Conduct sets forth clear criteria for determining fraud to ensure a clean and transparent corporate culture and protect our employees.



Employee Guidelines

Supplier Business Ethics

Suppliers must comply with all applicable laws and regulations in their business activities at business locations, and Samsung SDS requires them to maintain the highest level of ethical standards. Samsung SDS includes business ethics, such as corporate integrity, prohibition of unfair profits, protection of intellectual property, identity protection, and privacy protection in its Supplier Code of Conduct. Guidelines for each item are included in the Code of Conduct and apply to all suppliers who do business with Samsung SDS.

Business Ethics

Business Ethics Activities

Whistleblowing Channel

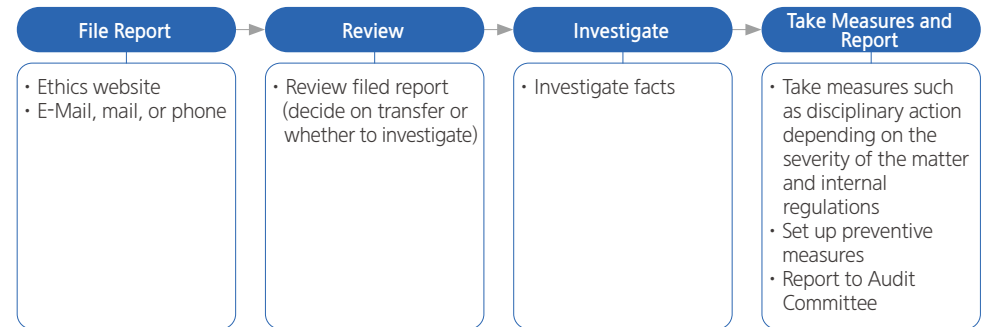
Samsung SDS operates an anonymous channel on its website for reporting corruption and wrongful practices. Types of reports covered by the channel include employee fraud such as giving and receiving money or gifts, and compliance reports regarding violations of the Fair Trade Act and Personal Information Protection Act. A total of 36 reports were received through the whistleblowing channel worldwide in 2023, of which 15 (42%) were related to fraud and 1 (3%) was a complaint.

Reports on Corruption by type

Category	Unit	2021	2022	2023
Fraud	Cases	18	17	15
	%	29	30	42
Complaints	Cases	11	15	1
	%	18	26	3
Other	Cases	33	25	20
	%	53	44	55
Total	Cases	62	57	36

Reporting Wrongful Practices

- Informant’s identities and details of the report are kept strictly confidential.
- Reports are investigated in a fair and objective manner under the responsibility of the independent internal audit department, and disciplinary actions are taken according to the severity of the matter and regulations.
- Reports are usually processed within 4-6 weeks, and investigation results are reported to the Audit Committee on a quarterly basis.



Enhancing Ethical Mindset in Employees

Through the Employee Guidelines, examples of violations related to vendors, company funds and assets, work discipline, and information leaks are communicated, and training and promotional activities related to ethical business practices are conducted regularly for employees.

Training on Business Ethics

Training Title	Audience	Training Topic	Number of program completions
Online training on fraud prevention	All domestic and overseas employees	Establishing an ethical mindset through a code of conduct for preventing misconduct and case studies of incidents.	20,089
Fraud prevention training for new joiners	New hires		210
Fraud prevention training for new department heads and employees dispatched overseas	New department heads and employees dispatched overseas		122
Fraud prevention training for organizations with frequent irregularities and fraud	Organizations with frequent irregularities and fraud		243

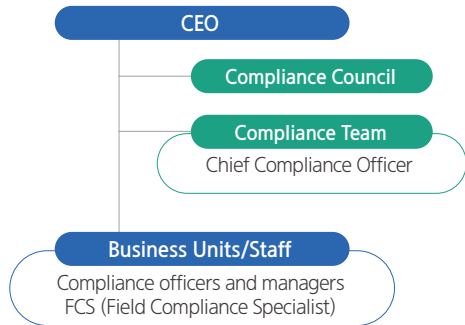
Compliance Management

Compliance Management System

Compliance Management Organization and Management Scope

Samsung SDS appoints a compliance officer through a board of directors resolution and operates a Field Compliance Specialist (FCS) system under the supervision of the Compliance team. Each business unit has its own compliance officer and manager who carry out autonomous compliance activities (320 specialists as of March 2024). The Compliance team manages risks in key areas such as anti-corruption, fair trade, subcontracting, business regulations, data privacy, and intellectual property, among others, together with relevant departments.

Compliance Management Organization



Key Areas Managed



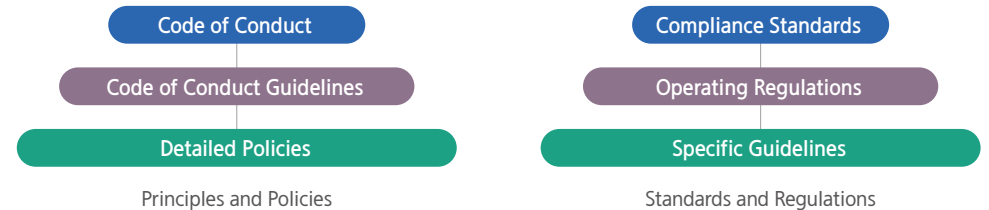
Samsung Compliance Committee

Samsung SDS participated in the first Samsung Compliance Committee in January 2020, alongside seven other major Samsung companies, to prevent unlawful acts by top management and enhance compliance monitoring. In January 2024, the appointment of the chairman and members of the third Samsung Compliance Committee was approved through a board of directors resolution. The Samsung Compliance Committee directly examines matters such as external sponsorship expenses and internal transactions and may present opinions to the board of directors. The committee also periodically receives reports on Samsung SDS's compliance monitoring program and recommends improvements to ensure its effectiveness.

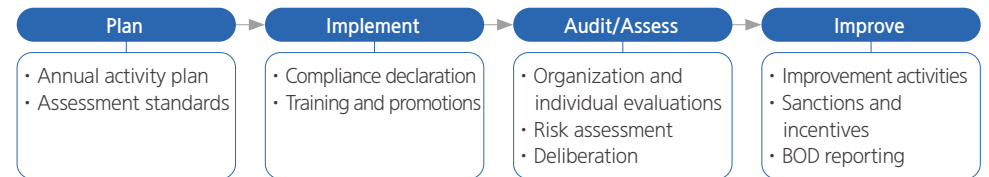
Compliance Management Regulations and Processes

Based on its business principles, Samsung SDS establishes a Code of Conduct Guideline and detailed policies on fair trade and anti-corruption to comply with legal and ethical standards and fulfill its corporate social responsibilities. In addition, compliance standards enacted through BOD resolution and operating regulations are also provided along with specific guidelines for each situation to make compliance easy to understand when carrying out duties. Various compliance related activities are continuously implemented from planning to improvement to create a compliance organizational culture.

Compliance Management Regulations



Compliance Management Process



Compliance Management

Compliance Management System

Operation of Review Councils for Compliance

Samsung SDS operates internal councils composed of the responsible executives and managers to determine the adequacy of internal transactions among affiliates and external sponsorships, etc. based on relevant internal and external regulations. In 2023, a total 47 meetings were held.

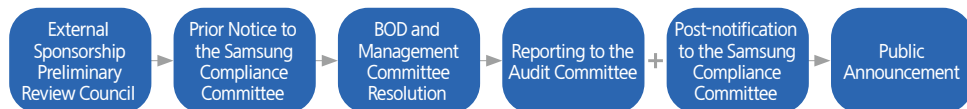
Category	Review Details	Number of meetings
Related Party Transactions Committee	Reviews reasons for transactions and adequacy of compensation for large-scale internal transactions	6
External Sponsorship Preliminary Review Council	Reviews the purpose of external sponsorships, etc. and verifies previous sponsorship purpose and actual usage of funds if the sponsorship has been ongoing	6
Affiliate Transactions Preliminary Review Council	Reviews reasons for selecting affiliates and confirms adequacy of compensation for transactions with affiliates	3
Subcontract Transaction Review Committee	Checks on mandate to issue hard copy, use of standard subcontract agreements, decisions on unreasonable subcontract prices, and prior approval of re-subcontracting	32

Pursuant to the Act on the Collection and Use of Donations, external sponsorships are considered substantial, regardless of their form, with execution of funds being managed transparently through verification from review councils based on the size of the sponsorship. In addition, preliminary reviews are carried out to ensure funds are used appropriately in line with the actual purpose of the sponsorship.

Samsung SDS specifies compliance principles that prohibit improper acceptance of money and goods, external sponsorships, and political contributions in its anti-corruption policy¹⁾. Specifically, the policy sets out the criteria and review process for external sponsorships and mandates that all records related to provision of such sponsorship to be maintained.

1) Samsung SDS established an anti-corruption policy that serves as its compliance guidelines and disclosed it on the company website. This policy is applied to all domestic and global employees, and all individuals and groups doing business with Samsung SDS are also asked to comply with this policy.

External Sponsorship Funds Review Process



Compliance Management Activities

CPMS(Compliance Program Management System)

To support employees' continuous compliance activities, we have established and operated a compliance management platform called CPMS. CPMS provides various information such as an operating system, guidelines, latest trends, and FAQs related to compliance management, allowing employees to become familiar with compliance requirements. It also offers real-time inquiry and response, self-inspection, and reporting functions. Notably, it operates a 'My Compliance Index' system that indicates the level of compliance activity based on system-based compliance activities, thereby continuously spreading a compliance culture.



CPMS Screenshot

Law Bot

Samsung SDS operates a chatbot to enable employees to access compliance guidelines regarding their work anywhere, anytime. It is being actively used for various employee compliance activities including viewing personal CPMS indexes, accessing compliance guides, taking self-checks, signing compliance pledges, participating in training, and learning about legal violations and sanction cases. A feedback feature (to make inquiries) has also been newly added, so employees can receive answers to their questions in real-time.



Law Bot

Compliance Violation Reporting Channel

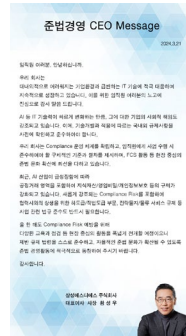
Multiple internal and external reporting channels such as our website, the CPMS platform, and hotlines are being operated to allow compliance violations to be reported at any time.

Compliance Management

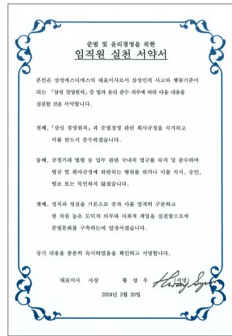
Compliance Management Activities

Commitment to Compliance

Each year, the management team, including the CEO, reaffirms its commitment to compliance. All employees sign a Compliance Pledge, which outlines their commitment to upholding relevant laws and regulations, adhering to company policies, and fulfilling their ethical obligations and social responsibilities.



CEO Message



Employee Compliance Pledge

Compliance Training

Samsung SDS provides training so that employees can be aware of and implement relevant laws and regulations and the company's compliance requirements when performing their duties. In 2023, a total 131 training sessions were carried out at headquarters with a cumulative total of 29,775 participants completing training.

Compliance Training Performance

Category	Audience	Number of sessions	Number of course completions
General	All employees	2 (once in 1H and 2H)	25,460
	Executive completion rate (%): 100		
	Employee completion rate (%): 100		
High risk	Employees in charge of compliance	53 (ongoing)	2,929
Executives	Executives	11 (1H)	113
Entry level	New joiners	15 (frequently)	577
FCS field training	Field training by department, etc.	50 (frequently)	696

Legal Risk Assessment and Monitoring

Samsung SDS carries out legal risk assessments and monitoring activities for key management areas to identify compliance risks and make improvements across all business sites. Legal risk assessments focus on unveiling risks related to anti-corruption and fair trade and classifies the risks through site interviews and risk assessments to build and enforce risk control measures for the potential risks. In addition, we conduct legal risk inspection activities to discern improvements in risk factors associated with the Subcontracting Act, Mutually Beneficial Cooperation Act, and Protection of Dispatched Workers Act considering the nature of our business where co-operating with suppliers is essential. Afterwards, follow-up measures are taken such as training, promotional activities, offering guidelines, and process improvements, etc.

Monitoring Activities in 2023

Monitored Area	Timing (Month)	Number of sessions
Fair Trade Act and Subcontracting Act	Feb, Jun, Aug, Oct	4
Legitimate subcontracting	Apr, Jun, Aug	3
Intellectual Property	Jun, Aug	2
Pre-inspection of compliance risks of overseas businesses	Oct	1

Promoting Compliance

We use various media to promote compliance activities such as providing compliance guides and updates on legal amendments to all employees.



※ Media: Compliance Letter, Chatbot alerts, Digital Signage (WE-Bridge, SDS TV/ELV DID)

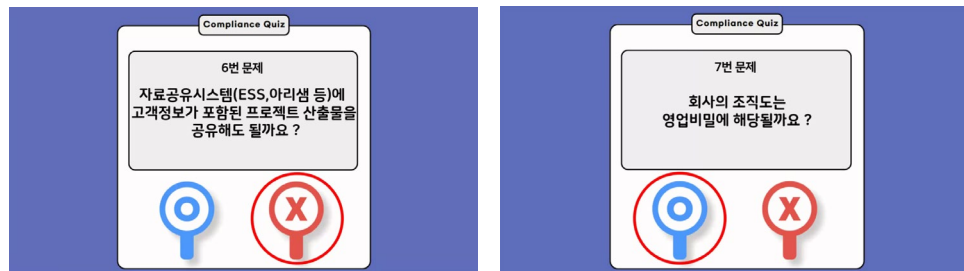
Compliance Management

Compliance Management Activities

Enhancing Field Compliance Specialist (FCS) Activities

Samsung SDS consistently carries out autonomous field activities through field compliance specialists (FCS) to recognize common legal violation risks in advance and prevent compliance risks that may occur without acknowledging it. We are especially strengthening FCS training and support to closely integrate compliance activities with employees' work processes such as training and pre-inspections through the FCS and promoting a culture of compliance.

FCS Field Activities



Compliance Management Evaluation and Awards

Compliance Evaluations

Employee compliance activities and violations are reflected in the evaluation of organizations and executives to raise awareness about the importance of legal compliance and motivate active participation in prevention activities.

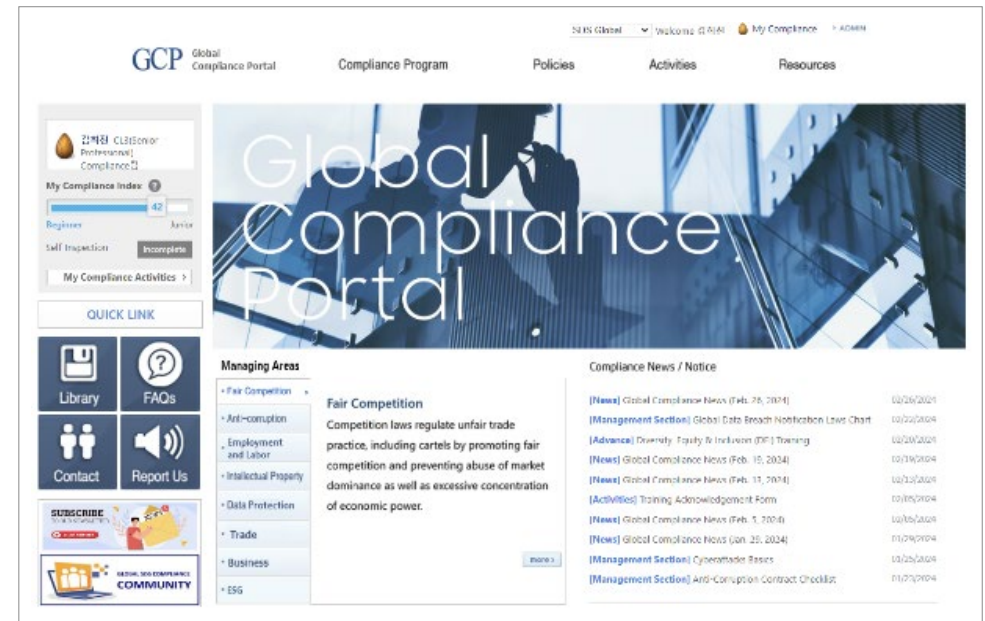
Employee Awards

Based on the Compliance Control Standards and Compliance Regulations, we select and award outstanding employees to motivate compliance activities and cascade best practices. In 2023, 6 outstanding employees were selected for honors.

Compliance Activities for Overseas Subsidiaries

The overseas IT and logistics subsidiaries of Samsung SDS also adopt the same Business Conduct Guidelines and compliance management system with detailed policies on fair trade and anti-corruption, etc. as headquarters. Furthermore, we also implement compliance programs such as executive commitment to compliance and compliance training for employees. Compliance programs for overseas subsidiaries is supported via the compliance management platform, GCP, which also gives employees access to various information such as laws and regulations, policies, recent trends, and frequently asked questions. Through the platform, employees also participate in compliance activities such as making inquiries, giving responses, self-checks, and reports, etc.

GCP(Global Compliance Portal)



Information Security

Information Security System

Information Security Policies

Samsung SDS establishes information security policies to define and protect all information assets held by the company. We define information security regulations that reflect the top management's determination and security direction that must be observed along with 11 information security guidelines that define specific principles and duties that must be carried out. In addition, technical details or more elaborate guides are prepared separately for distribution, when needed, such as the 'Cloud Security Management Guide' and the 'Project Security Guide.'

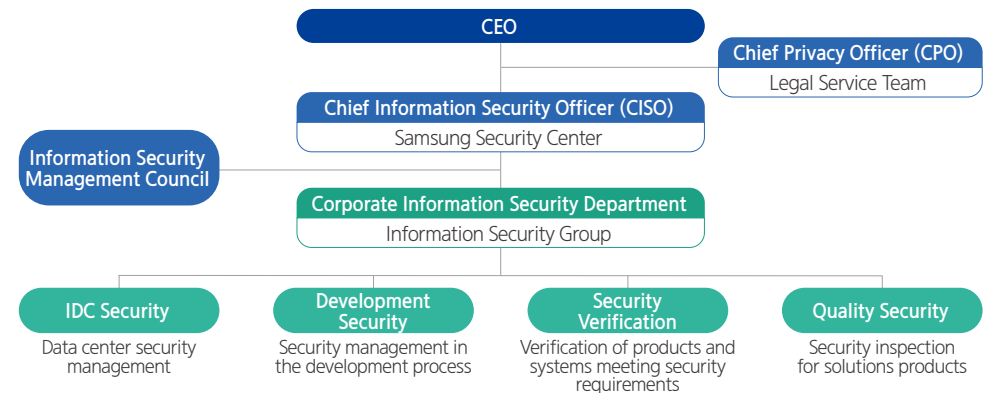
Information Security Guidelines

Guideline	Details
Information Security Policy Management	Defines composition and operational standards for information security policies
Information Security Organizations	Defines composition and roles of organizations and officers in charge of information security activities in each area
Protection of Information Assets	Defines classification criteria for information assets, and management standards for access, storage, distribution, and disposal by asset type
Facility Security	Defines physical security standards such as for the business site facilities and access, and carrying items in and out of company premises, etc.
Information System Security	Defines security management criteria for developing and operating information systems
Security Incident Response	Defines criteria and response system regarding security incidents
Business Continuity Management	Defines the management standards to guarantee continuity of key services
Legal Compliance	Defines laws and regulations related to information security
Security Education	Defines activities to raise information security awareness in employees and suppliers
Employee Security Compliance	Defines the duties and responsibilities of information security that employees must comply with
Discipline	Defines standards and system for disciplinary measures in case of employee violations

The Information Security Policies apply not only to our employees, but also to partners and visitors who have access to the company's physical assets and information assets. In particular, areas that require compliance from partner companies in each stage from the commencement to termination of contracts are specified in the guidelines, serving as the basis for information security standards in contracts to apply the same level of security standards applied to our employees. This shall include signing security pledges, taking part in training, and conducting regular and adhoc security audits. Information security regulations and guidelines are reviewed at least once a year and revised with management approval to reflect law amendments, changes in the IT environment, and incident cases. As for corporations and subsidiaries, a framework is provided for information security policies to be devised based on the local environment and business situations of each subsidiary while staying within Samsung SDS' information security policy guidelines.

Information Security Governance

Samsung SDS appoints a Chief Information Security Officer (CISO), an executive responsible for overseeing all aspects of information security within the company. The CISO meets regularly with managers and leaders of information security departments from each business unit through the Information Security Management Council where internal and external risks are reviewed and key responsibilities of each department are shared. When deemed necessary, key decisions on the company's policies can be discussed and key issues and achievements resulting from the Council's meetings regarding security are reported to the CEO.



Security Management of Overseas Subsidiaries

Security officers are dispatched to our 7 key overseas subsidiaries to delegate the responsibility of security management. The information security organization at headquarters holds regular meetings with the dispatched officers in the last week of each month to discuss the current status of each subsidiary and work together to address any potential security threats both domestically and abroad, ensuring compliance with global security standards.

Security Management of Domestic Subsidiaries

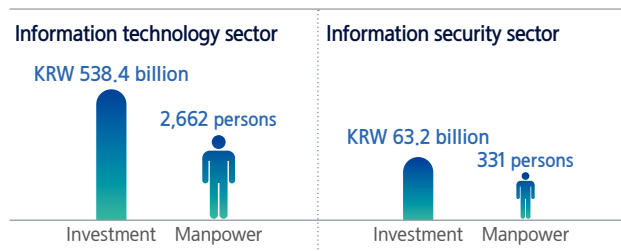
The Corporate Information Security Department designates a subsidiary security management officer who assigns security officers at each subsidiary to build a system for effective interaction between HQ and subsidiaries regarding security matters. Through the system, changes in HQ's security policies are shared monthly and guidance is provided on key vulnerabilities and response measures to support the security management system of subsidiaries.

Information Security

Information Security Activities

Information Security Disclosures

As required by the 'Act on the Promotion of the Information Security Industry', Samsung SDS has been making information security disclosures since 2022. These disclosures aim to ensure transparency in information security investments, manpower status, certifications, evaluations, inspections, and activities, allowing users to make informed decisions about which company to use based on their level of security.



In 2023, Samsung SDS received the Minister of Science and ICT citation as a company of excellence in information security disclosures and was recognized for ① active investments in information security, ② certifications for management systems, ③ efforts in fostering security specialists and capacity-building, and ④ training employees on security awareness.



Samsung SDS Vice President Youngseok Oh receiving the Award for Promotion of the Information Security Industry [Photo=KISIA]

Information Security Certifications and Assessments/Audits

Samsung SDS carries out various domestic and international certification assessments, evaluations, and audits regarding information security in order to secure stability and enhance reliability of the information and communications network. Through the corporate security management system, legal compliance and operation stability including risk prevention and response systems are evaluated each year with improvements being made to update the management system against new security threats.

Certifications

Certification	Details	Coverage	Certifier
ISO 27001	International standard certification for information security management systems	All service operations including domestic data centers and corporate security management systems	BSI
ISO 27017	Certification security controls and guidelines for cloud security	Entire cloud services	BSI
ISO 27018	Certification on control measures and protection of personal information processed in the cloud environment	Entire cloud services	BSI
ISO 27799	Certification on information security management system regarding medical data	Medical cloud services	BSI
ISO 28000	Security certification for the logistics supply chain	Global freight forwarding business and warehouse management business	KR
CSA STAR	US Cloud Security Alliance certification on cloud security maturity models	Entire cloud services	BSI
CSAP	Certification on cloud services with verified stability and reliability	Public cloud services	KISA
ISMS	Domestic standard certification for information security management systems to secure stability of telecom networks and protect information assets	Corporate security management system and 11 application systems	KISA
ISMS-P	Domestic standard certification for information security management systems and protection measures, and the ability to manage personal information	Corporate security management system and entire cloud services	KISA

Evaluations and Audits

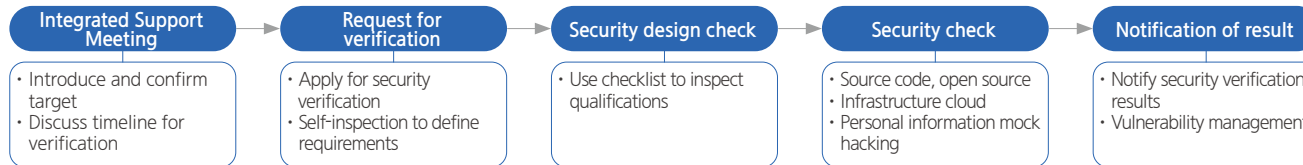
Evaluation	Details	Scope	Certifier
CSP Stability Evaluation	Evaluation of IT assets for financial cloud services, and DC protection measures and stability	Financial cloud services	FSI (Financial Security Institute)
Direct Information Communication Facilities	Evaluation on operational stability of systems to determine whether key national information and telecommunications infrastructure can be protected from various cyber threats such as hacking, etc.	Domestic data centers	KISA
Key Information and Communications Infrastructure	Evaluation on operational stability of systems to determine whether key national information systems or telecom networks can be protected from various cyber threats such as hacking, etc.	Internet phones and direct communications services	Ministry of Science and ICT
External Audits	Internal accounting operations audit including IT inspections	Corporate security management system and IT systems	PwC

Information Security

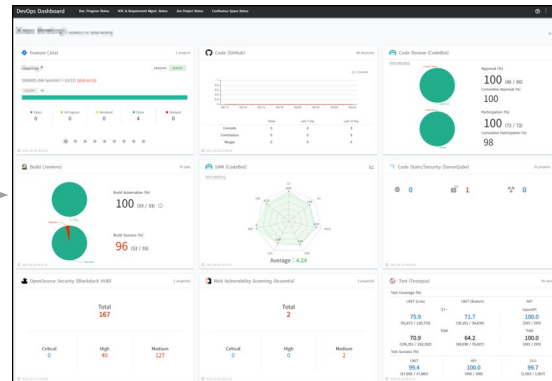
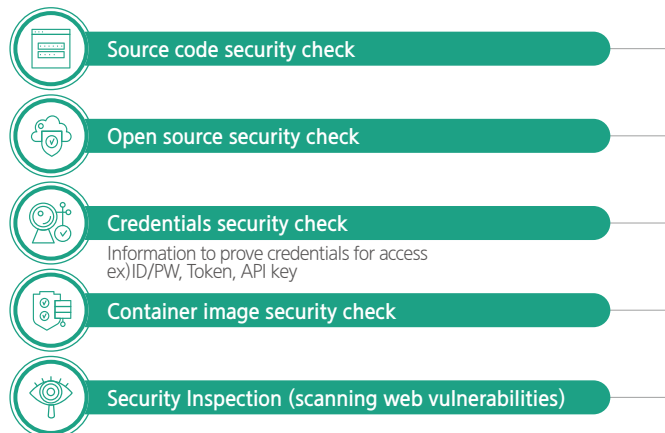
Information Security Activities

Security Verification

Samsung SDS established a software security verification system with specialized verification procedures for each stage to minimize security vulnerabilities in system and product developments and ensure safe software development. Verification is carried out across the entire process from security design to source code, open source, application systems and infrastructure, to services, prior to launch or before services are opened, allowing transfer to operations only when passing verification standards.



After discussing the security verification department and development departments, security checks are performed for each area, taking into account the characteristics of the verification target. If any vulnerabilities are discovered, they are re-verified to confirm if appropriate measures have been taken. In 2023, we conducted 388 security verifications on products and services, and followed up by monitoring any identified vulnerabilities. Additionally, we have embedded security throughout the entire software lifecycle using the DevSecOps system, which allows us to take immediate action and make improvements whenever security vulnerabilities are detected during the development phase through automated continuous security checks. Finally, we provide a dashboard that visualizes the current security level and remaining vulnerabilities, making it easier to improve security and quality levels.



Security Checks

Samsung SDS operates a checklist based on years of knowhow to enhance information system management, prevent security accidents, and improve security reliability. Regular and ongoing security inspections are carried out on each area using this checklist based on a Zero Trust security system that conducts multilateral inspections on all items starting with the basics without trusting anything. The checklist is reviewed regularly to respond to new security threats and evolving IT technologies and business environment by discovering new items to check, as well as revising existing items.

Key Security Check Categories and Areas

Category	Area	Details
Management security	Security policies	Security regulations and compliance
	Security organization	Organizational structure and job capacity
	Awareness	Employee and supplier security training
	Incident Response	Incident reporting system in case of incidents
	Physical security	Access control and device in/out control
IT security	PC	Password settings and managing updates
	Applications	Authentication bypass, encryptions
	Database	Authorization management and logging settings
	Servers	Account management and access control
	Networks	Network policy management and network segregation
	Cloud	IAM management and Compute security settings

Information Security

Information Security Activities

Security Checks

At least once a year, basic inspections are carried out on headquarters and overseas business sites regarding ① security management levels (7 categories, 483 items) ② observation of IT Security basics (8 categories, 111 items) ③ cloud security inspections (8 categories, 103 items). In addition, key vulnerabilities such as passwords, EOS usage, and basic security settings are auto-checked for OA including work PCs at domestic and overseas business sites, IT infrastructure, and DMZ systems to enhance efficiency of inspections and take quick action on identified vulnerabilities.

2023 Security Check Outcomes

Category	Inspection Target	Number of vulnerabilities	Actions completed	Action completion rate
Automated inspection of domestic operations vulnerabilities (PC, multi-function printers, network equipment, etc.)	12,833	159	155	97.5%
Automated inspection of overseas operations vulnerabilities (PC, multi-function printers, network equipment, etc.)	13,291	335	316	94.3%
Internal system inspection	587	80	78	97.5%
Automated inspection of DMZ system vulnerabilities	839	23	23	100.0%
Inspection of cloud remote access port	428	6	6	100.0%

In addition to such regular inspections, thorough inspections are carried out for a certain period when urgent vulnerabilities are announced or when working environments such as subsidiary or partner company business sites are considered to be high-risk to minimize security accidents. In 2023, intense inspections were performed on information systems at overseas data centers, contract employees of partner companies, and domestic external open work systems to improve the security management system at overseas operations, and system security stabilization activities were conducted to provide a reliable open system for customers to use.

Mock Hacking

Samsung SDS operates an independent and professional department that carries out mock hacking on internal systems, products, and solutions. The simulations help nurture security experts with hacking skills by operating mock hacking on all systems developed and operated by the company at least once a year. The exercise allows actual hacking tools and techniques to be used to obtain unauthorized access to systems or steal information which helps identify system vulnerabilities and take measures for the identified vulnerabilities to prevent security accidents.

2023 Mock Hacking Outcomes

Mock Hacking Target	Inspection Rate	Vulnerabilities Identified	Action completion rate
253	100	679	100%

44 items are being inspected across the 6 categories of ① preventing change in input value (7), ② account and password management (5), ③ authentication and access management (7), ④ preventing data exposure (7), ⑤ safe environment settings (9), and ⑥ personal information management (9). We are also continuously studying new hacking techniques and analyzing new security issues to inspect and manage hacking vulnerabilities in advance. Mock hacking is being expanded beyond systems at headquarters to domestic and overseas subsidiaries with 7 vulnerabilities identified on the external open websites of domestic subsidiaries in 2023 and 5 identified at overseas subsidiaries. Actions have been completed for all detected vulnerabilities.

Personal Information System Management

Led by the Privacy Management Group, regular inspections on privacy systems managed by Samsung SDS are carried out once a year. Each system is inspected for compliance with the Personal Information Protection Act and the company's internal privacy management plans based on its database, operator environment, system account and access authorization, etc. followed with countermeasures and monitoring. In 2023, inspection was carried out on 52 systems, and actions have been completed for the identified vulnerabilities.

Information Security

Information Security Activities

Cloud Security

In response to the rapidly evolving business environment, Samsung SDS has established an optimized cloud work environment based on the Samsung Cloud Platform (SCP) to secure new competitiveness through cloud-based digital transformation. Acting as a cloud service provider (CSP) and cloud management service provider (MSP), we conduct various activities to ensure a robust cloud security system. Samsung SDS prioritizes the introduction of an SCP-based Identity Access Management (IAM) solution, or Single ID, the development of various Software as a Service (SaaS)-type endpoint security solutions, and the automation of malware detection and security measures leveraging artificial intelligence and machine learning. Owing to these efforts, Samsung SDS' cloud security capabilities have gained international recognition, receiving accolades such as the Security Company of the Year from Frost & Sullivan for three consecutive years (2020-2022). In 2022, we were recognized as a major player in the worldwide cloud security services market by IDC, as reported in their IDC MarketScape Cloud Security Services Report.

Cloud Security Inspections

With the increase in cloud environments, Samsung SDS has developed new security guides for each type of cloud and shared it with employees to provide standards for building and using safe cloud environments. In addition, we prepared a separate checklist for the cloud environment and are expanding inspection targets and automatic inspections to strengthen management of a safe cloud environment. Inspection scopes were expanded in 2023 to include a total 25 public cloud services used by 3 of our subsidiaries in inspections and identified 172 vulnerabilities. Immediate action was taken on 109 substantial items and are taking continuous measures and improvements on other items with weak security management for ongoing improvement and management of the cloud security environment.

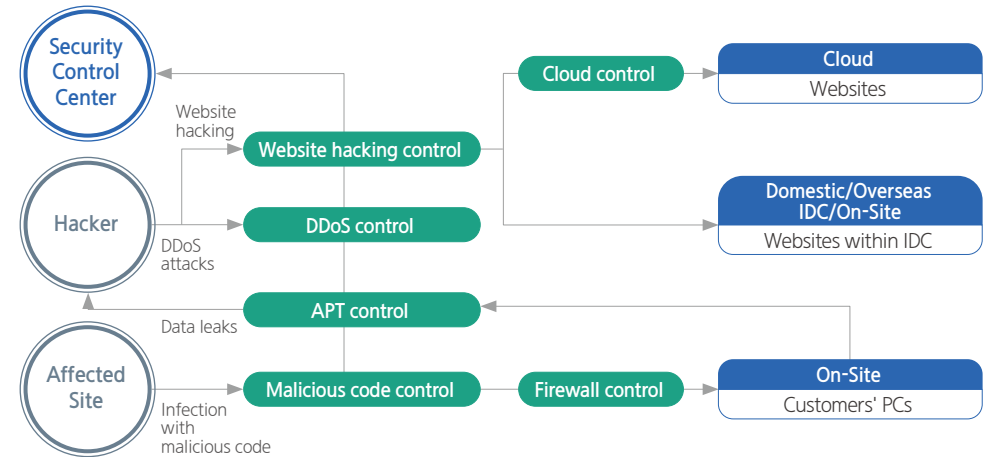
2023 Cloud Security Inspection Outcome

Category	Unit	Headquarters	Overseas subsidiaries	Total
Number of items inspected	Cases	23,334	2,738	26,072
Number of weak items	Cases	1,800	321	2,121
Vulnerability rate	%	7.7	11.8	8.8
Action completion rate	%	100	100	100

Security Incident Prevention and Response

Security Monitoring and Control

Samsung SDS has a 24/7 security monitoring and control system that monitors security threats to the IT system around the clock such as external attack attempts and information leaks and analyzes data logs gathered from security equipment when threats are detected. We define essential control items that are applied by system archetype and conduct regular reviews to maintain a high level of security and safety.



Risk Management

The Information Security Department identifies potential security risks by analyzing the internal and external environment and internal security inspection results, and determines their impact on confidentiality, integrity, and availability losses regarding all of our information assets. Based on the impact analysis, a risk assessment is carried out at least once a year to analyze security vulnerabilities for each information asset type. We manage the identified risks through a process where strategies and protection measures are selected with relevant departments and officers, and implementation plans are built and reported to management to confirm whether measures are taken. During risk assessments in the following year, mitigation of risks identified in the previous year are reassessed which is included in the Risk Assessment Report submitted each year for external certification and audits on information security practices for objective evaluation. In 2023, 10 risks were identified, and actions have been completed based on the protection measures which have been reflected in the information security management system.

Information Security

Security Incidents Prevention and Response

Backup Management

Samsung SDS has established and operates a detailed backup policy to prepare against data damage and service disruption caused by disasters or security incidents. As the threat of attacks on backup systems has increased recently, detailed security guides and checklists for backup systems have been prepared and distributed. Accordingly, periodic inspections are conducted for each business division to ensure that security levels such as access control and authorization management for backup system administration accounts, network configuration, and log management are being managed at a level similar to that of the operating system. In 2023, the inspection scope for backup servers was expanded from domestic business sites to backup systems of overseas subsidiaries, and the found vulnerabilities were fixed.

Business Continuity Plan for Systems

We have established and operated 'Business Continuity Management' guidelines with common standards for preparing against natural disasters and security incidents that can occur despite various prevention management activities. A department dedicated to disaster and accident prevention and response has been formed, and the person in charge of each system establishes a business continuity plan. In the case of critical systems, we establish detailed processes for establishing and operating a DR center and manage implementation status. To determine whether the business continuity plan established by each service is appropriate, mock training is conducted at least once a half term for each department for infringement accidents, personal information leakage accidents, or disasters. The plan is supplemented if necessary according to the results to prepare minimizing the impact in the event of an actual accident or disaster. In particular, considering that the DMZ zone system, which is open to the Internet, has a high impact in the event of an accident, the effectiveness of the applied security control items is also verified through mock control training. In 2023, web shell attacks were conducted for 31 services in the first and second half of the year, and the response process was improved by analyzing the results.

Response to Security Incidents

Samsung SDS operates a dedicated department and process for handling security incidents. As part of our corporate information security policies, we have a 'Security Incident Response' guideline that defines response and follow-up measures for incidents classified based on degree of impact with specific procedures being developed and operated by the Incident Response Department. In the event of a security incident, the dedicated department quickly forward the case to relevant departments to minimize impact while material incidents are reported to management to ensure there are no issues in the response measures taken. Afterwards, the cause of the incident is analyzed, and preventive measures are devised along with a review of the response process to incorporate necessary improvements going forward. The Corporate Information Security Department also reviews security incidents and process improvements to revise the 'security incident response' guideline twice a year, once in the first half and once in the second half of the year, to ensure effective response systems are in pace to address potential incidents.



Status of Information Security

Category	Unit	2021	2022	2023
Information security breach or cyber security incidents	Cases	0	0	0
Total number of data leak incidents	Cases	0	0	0
Total number of customers affected by data leaks	Persons	0	0	0
Total amount of fines or penalties paid due to information security breaches and cyber security incidents	KRW million	0	0	0

Information Security

Raising Awareness on Security

Information Security Training

Samsung SDS conducts various training programs on information security to raise awareness and internalize security capabilities. All employees are required to complete mandatory security training at least once a year with optional security training tailored to position or career level and timing also being offered. Furthermore, all training courses conduct satisfaction surveys to participants to continuously improve training methods and contents.

Training	Audience	Training Effect
Employee Training on Information Security	All employees	Prevention of security incidents
Training on Information Security for New Joiners	New hires	Basic awareness on information security
Supplier Information Security Training	Supplier employees	Supplier awareness on information security
Project Security Training	Project team	Awareness of project security compliance
Training on Web, Mobile, and System Hacking	Developers and security officers	Acquisition of mock hacking skills
Security Certification Preparations	Developers and security officers	Qualifications for security certifications
Secure Coding Training	Developers	Improved security levels in development
Training for Personnel Handling Personal Information	Personnel handling personal data	Awareness of privacy protection

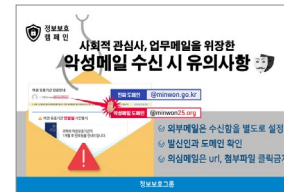
In addition to regular training, special security training sessions are also provided in case of high-risk security threats or when there are substantial internal or external security incidents. Special offline training was carried out 32 times across 7 business sites to a total 1,067 participants in 20 system operating departments in 2023 and showed 93% satisfaction rates. Special offline training on data leak prevention for our business sites and employees continues in 2024 along with regular online training.

Security Promotion Activities

We carry out various activities to promote security such as sending emails, posting news, and leveraging digital signage to inform employees about security compliance or changes in key information security policies. We offer a wide range of contents to raise employee awareness, utilizing digital signage (TVs, DID) at business sites to share case studies on compliance and security incidents. Information Security Letters were sent in the last week of each month in 2023 for topics including account management, malicious email, precautions for using ChatGPT and AI Chatbots, and security guidelines for business site access, etc., and key compliance requirements were displayed on digital signage to be visible to employees and visitors alike.



Information Security Letter

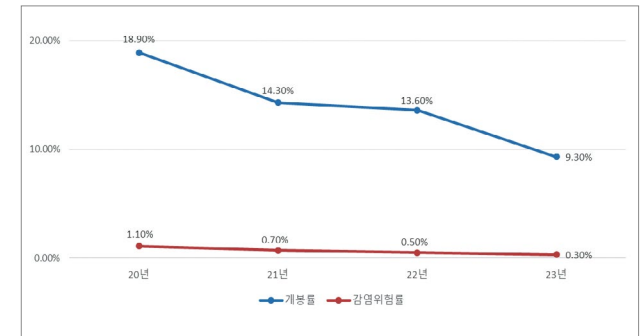


Digital Signage Contents

Mock Drills for Malicious Email

Samsung SDS conducts employee mock drills for malicious email to prevent infections from malicious codes and raise awareness. A total 5 sessions were held in 2023, and infection risk rates have been dropping each year thanks to such simulation exercises.

Outcome of Mock Drills for Malicious Email



Training covers topics such as how to identify malicious email when infection behavior are found such as clicking links, viewing attachments, and inserting account information, etc. and tips for prevention. Employees who have been exposed to infection risks 2 or more times are subject to separate security training. To improve the effect of training, we shared the training method and contents with our domestic and overseas subsidiaries in 2023 for them to apply which resulted in infection risks falling from 3.6% in 2022 to 1.5%.

Information Security

Raising Awareness on Security

Information Security Communication Channel

The Information Security Group operates the Security Support Center portal for Samsung SDS employees. Security policies are shared through the portal that also has an FAQ page and Q&A board for employees to communicate freely with security departments. The channel also offers a menu for reports on security incidents to be filed anonymously which along with the information security department's official email receiving and responding to a total 53 reports on suspicious email, etc. in 2023.

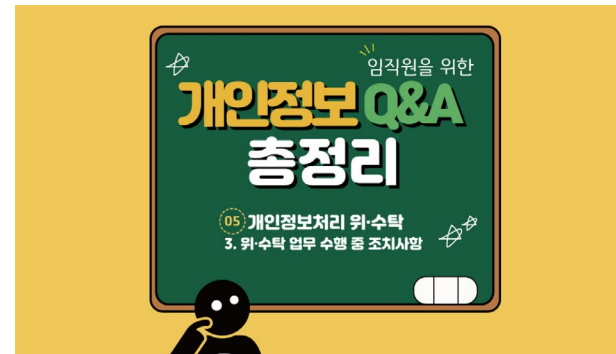


Security Support Center

We also operate a separate information security bulletin within our internal work system to make it easy for employees to view security notices and processes. In addition, a separate internal system for using security infrastructure is run to assist employees in installing and using mandatory security solutions on their PCs and understanding procedures for carrying items in and out of business sites, as well as the process for business site access.

Samsung SDS has a separate internal system for privacy protection, as well. The 'Privacy Internal Management Plan' which is the company's standards for privacy management can be viewed on this system along with essential legal information and news and contents related to personal information. An FAQ list of frequently asked questions by personnel handling personal information is shared with one-stop access to the internal personal information processing system and its inspection status.

We utilize contents to help our employees understand key reference data such as the Personal Information Protection Act and amendments in legislations or internal regulations when they occur.



Training Contents for Privacy Protection

CTF Hacking Competition



2023 DevHack CTF Poster

To provide a fun and exciting approach to security for our employees, Samsung SDS has been hosting inhouse online hacking competitions since 2019 to build security skills regarding software development while solving a series of security challenges. 165 employees participated in the event in 2023 with awards given to the top 5 contestants. After the contest is over, solutions to the challenges are revealed and feedback from participants are incorporated through post-surveys. Survey results showed high levels of employee satisfaction as they could gain deeper understanding on security threats and vulnerabilities seen from various perspectives that need to be considered in the system development process by attempting to solve the challenges and learning from the online solutions afterwards. We will continue to seek distinctive and engaging methods to apply to training and guides to support employees in experiencing the latest security techniques and strengthening secure coding technologies and capabilities.

APPENDIX

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ESG Data

Economic

Financial Performance

Category	Unit	2021	2022	2023	
Consolidated	Sales	KRW million	13,630,002	17,234,750	13,276,844
	Operating profit	KRW million	808,098	916,074	808,231
	Net income	KRW million	633,381	1,130,013	701,326
	Total liabilities	KRW million	3,073,731	3,485,455	3,345,453
	Total assets	KRW million	10,517,432	11,952,425	12,321,025
Non-consolidated	Sales	KRW million	4,985,713	5,174,554	5,166,839
	Operating profit	KRW million	406,734	296,153	351,192
	Net income	KRW million	327,599	530,146	409,509
	Total liabilities	KRW million	1,236,281	1,614,218	1,532,461
	Total asset	KRW million	6,850,930	7,628,899	7,660,443
Taxes	Earnings before tax	KRW million	857,542	1,132,080	985,508
	Reported taxes	KRW million	224,160	2,068	284,182
	Tax adjustment	KRW million	0	-163,937	0
	Effective tax rate	%	26.14	0.18	28.84
	Cash tax paid	KRW	188,515	271,934	57,218
	Cash tax rate	%	22.0	24.0	5.8
R&D Investment	R&D expenditure	KRW million	159,625	198,505	184,588
	Sales (IT services)	KRW million	5,637,197	5,968,194	6,105,856
	R&D expenditure against sales	%	2.8	3.9	3.0
	Patent registrations (cumulative) ¹⁾	Cases	1,849	2,002	2,121

1) Modifications made in data figures for number of patent registrations in 2021 and 2022 (cumulative)

Shares and Dividends

Category	Unit	2021	2022	2023	
Stock	Issued shares	Shares	77,377,800	77,377,800	77,377,800
	No. of shares with voting rights	Shares	77,350,186	77,350,186	77,350,186
	Voting rights per share	Number	1	1	1
Dividend	Total dividends	KRW million	185,640	247,521	208,846
	Dividend payout ratio	%	30.4	22.5	30.1
	Stock dividend	KRW	2,400	3,200	2,700

Economic Value Distribution

Category	Unit	2021	2022	2023	
Employee	Wages	KRW million	2,245,856	2,447,405	2,464,764
	Welfare and benefits	KRW million	413,123	461,296	508,111
Supplier	Total purchases	KRW million	1,710,044	1,889,335	1,917,642
Shareholder/ Creditor	Dividends	KRW million	185,640	247,521	208,846
	Interest costs	KRW million	17,649	28,811	38,205
Government	Corporate tax	KRW million	224,160	2,067	284,182
Local community	Donations	KRW million	2,701	2,837	3,292

ESG Data

Economic

Contributions and Other Spending

Category	Unit	2021	2022	2023	
Lobbying, interest representation or similar groups	Internal and external lobbying expenses	KRW million	0	0	0
	Lobby organization membership fee	KRW million	0	0	0
Local, regional, or national political campaigns, organizations, or candidates ¹⁾	Monetary political sponsorship	KRW million	0	0	0
	In-kind political sponsorship	KRW million	0	0	0
Trade associations or tax-exempt groups ²⁾	KRW million	352	484	385	
Other (spending related to ballot measures or referendums, etc.)	KRW million	0	0	0	
Total contributions and other spending	KRW million	352	484	385	

1) In line with the Political Funds Act that prohibits corporations from making political donations, Samsung SDS also prohibits donations to political organizations

2) Includes membership fees and charges for associations related to the business, etc.

Retirement Pension Funds

Category	Unit	2021	2022 ¹⁾	2023
Defined benefit plan (DB)	KRW million	1,513,880	2,039,023	2,067,474
Defined contribution plan (DC)	KRW million	59,844	126,241	121,113

1) Subsidiary and overseas subsidiary data included from 2022

EU Taxonomy KPI

Category	Unit	2023		
CCM 8.1 Data processing, hosting, and related activities (Eligible)	Revenues	Amount	KRW 100 million	10,823
		Ratio	%	8.2
	CAPEX ¹⁾	Amount	KRW 100 million	1,693
		Ratio	%	33.7
OPEX ²⁾	Amount	KRW 100 million	9,965	
	Ratio	%	8.0	
CCM 8.2 Data-driven solutions for GHG emission reductions (Eligible)	Revenues	Amount	KRW 100 million	6,316
		Ratio	%	4.8
	CAPEX	Amount	KRW 100 million	15
		Ratio	%	0.3
	OPEX	Amount	KRW 100 million	6,212
		Ratio	%	5.0

1) CAPEX: Based on facility investments for the given products and services

2) OPEX: Based on the sum of COGS and SG&A for the given products and services

ESG Data

Governance

Board Composition

Category	Unit	2021	2022	2023	
Number of directors	Total	Persons	7	7	7
	Male (ratio)	Persons (%)	6(86%)	6(86%)	6(86%)
	Female (ratio)	Persons (%)	1(14%)	1(14%)	1(14%)
Director type	Executive director	Persons	3	3	3
	Non-executive director	Persons	0	0	0
	Independent director	Persons	4	4	4

Board Meetings

Category	Unit	2021	2022	2023
Number of meetings convened	Times	11	8	9
Number of agenda items	Items	28	21	29
Attendance rate	%	97.7	96.4	98.4
Minimum attendance required for all directors	%	85	85	85

Number of Board Committee Meetings

Category	Unit	2021	2022	2023
Audit Committee	Times	5	6	6
Management Committee	Times	3	10	8
Related Party Transactions Committee	Times	5	4	6
Compensation Committee	Times	2	1	2
Independent Director Recommendation Committee	Times	0	0	2
ESG Committee	Times	1	4	6

Board Remuneration Payments

Category	Unit	2021	2022	2023	
Executive director	Total remuneration	KRW million	5,882	3,854	4,001
	Number of people	Persons	5	3	3
	Per capita	KRW million	1,176	1,285	1,334
Independent director (excluding Audit Committee members)	Total remuneration	KRW million	85	89	91
	Number of people	Persons	1	1	1
	Per capita	KRW million	85	89	91
Audit Committee members	Total remuneration	KRW million	258	257	269
	Number of people	Persons	3	3	3
	Per capita	KRW million	86	86	90
Total	Total remuneration	KRW million	6,225	4,200	4,361
	Number of people	Persons	9	7	7
	Per capita	KRW million	692	600	623

Board Shareholding Status

Category	Unit	2021	2022	2023	
Executive director	Sungwoo Hwang	Shares	1,000	1,000	1,000
	Jungtae Ahn	Shares	1,000	1,000	1,000
	Hyungjoon Koo	Shares	1,000	1,000	1,000
Independent director	Hyunhan Shin	Shares	500	500	500

ESG Data

Governance

Confirmed Incidents of Corruption

Category	Unit	2023
Total number of confirmed incidents of corruption	Cases	4
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Cases	4
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to corruption	Cases	0
Total number of public legal cases regarding corruption brought against the organization or its employee	Cases	0

Status of Breaches

Category	Unit	2023
Corruption or bribery	Cases	4
Customer privacy data breach	Cases	0
Conflicts of interest	Cases	0
Money laundering or insider trading	Cases	0

Status of Legal Actions

Category	Unit	2023	
Anti-competitive behavior	Completed	Cases	0
	Pending	Cases	0
Anti-trust and monopoly practices	Completed	Cases	0
	Pending	Cases	0
Total monetary losses as a result of legal actions	KRW million	0	

Reports on Corruption by Type

Category	Unit	2021	2022	2023
Fraud	Cases	18	17	15
	%	29	30	42
Complaints	Cases	11	15	1
	%	18	26	3
Other	Cases	33	25	20
	%	53	44	55
Total	Cases	62	57	36

Operations assessed for risks related to corruption

Category	Unit	2023
Number of operations assessed for legal risks	Operations	9

Status of Information Security

Category	Unit	2021	2022	2023
Information security breach or cyber security incidents	Cases	0	0	0
Total number of data leak incidents	Cases	0	0	0
Total number of customers affected by data leaks	Persons	0	0	0
Total amount of fines or penalties paid due to information security breaches and cyber security incidents	KRW million	0	0	0

ESG Data

Social

Global Workforce

Category		Unit	2021	2022	2023
Total number of employees	Total	Persons	24,779	26,236	26,244
	Male	Persons	17,534	18,201	18,217
	Female	Persons	7,245	8,035	8,027
Domestic and overseas	Domestic	Total	15,836	15,392	15,624
		Male	11,743	11,272	11,304
		Female	4,093	4,120	4,320
	Overseas	Total	8,943	10,844	10,620
		Male	5,791	6,929	6,913
		Female	3,152	3,915	3,707
By employment type	FTE	Persons	23,532	25,040	25,118
	Non-FTE	Persons	1,247	1,196	1,126
By age group	Under 30	Persons	2,392	3,516	3,792
	30 to 50	Persons	19,586	19,596	18,419
	Over 50	Persons	2,801	3,124	4,033
By career level	Executives	Total	152	149	167
		Male	134	137	156
		Female	18	12	11
	Managers ¹⁾	Total	14,261	14,817	15,326
		Male	11,061	11,229	11,449
		Female	3,200	3,588	3,877
Junior Managers	Total	7,802	8,463	8,196	
	Male	4,674	5,064	4,966	
	Female	3,128	3,399	3,230	

1) As per the internal career level system, junior managers refer to CL2 and managers refer to CL3 and CL4

Breakdown of Workforce by Nationality

Category		Unit	2023
Korea	Employees	Number of people	Persons 16,010
		Ratio	% 61.0
	Managerial Positions ¹⁾	Number of people	Persons 15,528
		Ratio	% 66.0
China	Employees	Number of people	Persons 1,842
		Ratio	% 7.0
	Managerial Positions	Number of people	Persons 1,828
		Ratio	% 7.8
Vietnam	Employees	Number of people	Persons 1,996
		Ratio	% 7.6
	Managerial Positions	Number of people	Persons 1,793
		Ratio	% 7.6
India	Employees	Number of people	Persons 1,227
		Ratio	% 4.7
	Managerial Positions	Number of people	Persons 1,203
		Ratio	% 5.1
Brazil	Employees	Number of people	Persons 1,036
		Ratio	% 3.9
	Managerial Positions	Number of people	Persons 338
		Ratio	% 1.4
Mexico	Employees	Number of people	Persons 913
		Ratio	% 3.5
	Managerial Positions	Number of people	Persons 468
		Ratio	% 2.0
Other	Employees	Number of people	Persons 3,220
		Ratio	% 12.3
	Managerial Positions	Number of people	Persons 2,364
		Ratio	% 10.1
Total	Employees	Number of people	Persons 26,244
		Ratio	% 100.0
	Managerial Positions	Number of people	Persons 23,522
		Ratio	% 100.0

1) Managerial positions refer to sum of junior managers (CL2) and managers (CL3, CL4)

ESG Data

Social

Hiring Status

Category	Unit	2021	2022	2023
Number of new hires	Persons	3,675	4,949	3,643
Percentage of open positions filled by internal hires	%	-	17	44

Employee Training

Category	Unit	2021	2022	2023
Average training hours per employee	Hours	63.6	75.7	82.4
Average amount spent on training per employee	KRW million	1.6	1.3	1.4
Total number of employees participated in training	Persons	12,644	23,413	20,096
Total hours of training (subtotal)	Hours	804,034	1,773,458	1,656,566
Male	Hours	584,853	1,242,568	1,132,253
Female	Hours	219,181	530,890	524,313

Participation Rate in Core Employee Development Programs

Category	Unit	2023
AI/Cloud Training Program	%	89.9
Software Qualification Program	%	18.8
Leadership Training	%	94.4

Training Programs

Category	Unit	2021	2022	2023	
General (function, leadership, etc.)	Training hours per person	Hours	58	75.3	82.4
	Number of participants	Persons	12,644	22,282	20,096
Ethics	Training hours per person	Hours	1	0.9	1
	Number of participants	Persons	11,919	19,970	18,890
Compliance	Training hours per person	Hours	2.4	1.7	1
	Number of participants	Persons	12,107	20,843	19,516
Information security	Training hours per person	Hours	1	1.1	0.25
	Number of participants	Persons	11,879	19,092	19,287
Human rights ¹⁾	Training hours per person	Hours	3	3	2.28
	Number of participants	Persons	12,069	18,437	19,991
Sexual harassment prevention	Training hours per person	Hours	1	1.1	1
	Number of participants	Persons	12,069	18,945	19,926

1) Human rights training: Training on disability awareness, prevention of workplace bullying, and mental health training

ROI of Human Capital

Category	Unit	2021	2022	2023
Total revenue	KRW million	13,630,002	17,234,749	13,276,844
Total operating expenses	KRW million	875,066	984,482	987,919
Total employee related expenses	KRW million	2,736,390	2,993,327	3,003,182
ROI of Human Capital ¹⁾	-	5.66	6.43	5.09

1) ROI of Human Capital = (Total revenue - Total operating expenses - Total employee related expenses) / Total employee related expenses

ESG Data

Social

Ratio of Female Employees

Category	Unit	2021	2022	2023
Ratio of female employees	%	29.2	30.6	30.6
Ratio of female junior managers ¹⁾	%	40.1	40.2	39.4
Ratio of female managers	%	22.4	24.2	25.3
Ratio of female executives	%	11.8	8.1	6.6
Ratio of female employees in STEM functions	%	22.5	22.8	23.1
Ratio of female employees in sales and profit functions	%	20.9	24.6	25.4

1) As per the internal career level system, junior managers refer to CL2 and managers refer to CL3 and CL4

Employee Tenures

Category	Unit	2023
Total term of continuous employment	Total	Months 2,914,113
	Male	Months 2,235,958
	Female	Months 678,155
Average term of continuous employment per person	Total	Years 9.3
	Male	Years 10.2
	Female	Years 7.1

Employee Turnover

Category	Unit	2023
Total	Persons (%)	2,147(8.5)
Voluntary turnover	Persons (%)	1,882(7.5)
By gender	Male	Persons (%) 1,427(5.8)
	Female	Persons (%) 624(2.7)
By age group	Under 30	Persons (%) 502(2.0)
	30 to 50	Persons (%) 1,294(5.2)
	Over 50	Persons (%) 354(1.4)

Usage of Parental Leaves

Category	Unit	2021	2022	2023	
Number of employees using parental leaves	Total	Persons	310	315	307
	Male	Persons	93	106	74
	Female	Persons	217	209	233
Number of employees who returned from parental leaves	Total	Persons	304	289	297
	Male	Persons	83	83	87
	Female	Persons	221	206	210
Parental leave return rate	Total	%	98.1	88.4	96.7
	Male	%	89.3	78.3	117.6
	Female	%	101.8	98.6	90.1
Number of employees maintaining work for at least 12 months upon returning from parental leave	Total	Persons	290	276	288
	Male	Persons	73	77	83
	Female	Persons	217	199	205
Paid parental leave for primary caregiver ¹⁾ (total paid leaves offered to most employees)	Weeks	65	65	65	
Paid parental leave for non-primary caregiver ²⁾ (total paid leaves offered to most employees)	Weeks	54	55	55	

1) 2) Modifications made to 2021 and 2022 data to include paid leaves provided via employment insurance.

ESG Data

Social

Performance Appraisal

Category	Unit	2021	2022	2023
Ratio of employees who received performance appraisal	%	100	100	100

Samsung Culture Index (SCI)

Category	Unit	2021	2022	2023
SCI participation rate	%	89.9	92.1	89.1

Labor-Management Council Operations

Category	Unit	2021	2022	2023
Employee participation rate	%	100	100	100
Rate of reflecting agreements with the Labor Management Council	%	100	100	100

Employee Remuneration

Category	Unit	2021	2022	2023		
Average remuneration (HQ)	Executive	Total	KRW million	409	402	419
		Total	KRW million	119	131	130
	Employee	Male	KRW million	125	137	136
		Female	KRW million	100	113	113
Average remuneration (Global)	Employee	Total	KRW million	-	85.2	92.1
		Male	KRW million	-	93.3	98.4
		Female	KRW million	-	66.1	76.8
Gender wage gap ¹⁾	%	100	100	100		

1) Gap in average salary is due to difference in average number of continuous years in service as the company has no gender pay gap

Occupational Safety and Health

Category	Unit	2021	2022 ¹⁾	2023	
Number of workers at any given time	Persons	12,400	26,236	26,244	
Number of people with industrial accidents	Persons	0	0	1	
Industrial hazard rate	%	0.00	0.00	0.0038	
Total working hours ²⁾	Hours	26,188,800	55,410,432	55,427,328	
Number of lost days	Days	0	0	34	
Intensity rate	-	0.00	0.00	0.0006	
Number of industrial accidents	Cases	0	0	1	
Frequency rate of injury	-	0.00	0.00	0.02	
Number of occupational injuries and illness	Cases	0	0	0	
Occupational Illness Frequency Rate (OIFR)	-	0.00	0.00	0.00	
Lost time injury frequency rate (LTIFR)	-	0.00	0.00	0.02	
Number of deaths by occupational negligence	Cases	0	0	0	
	Number of industrial accidents	Cases	0	0	1
	Total hours of labor	Hours	8,038,272	14,838,868	14,961,408
	LTIFR ³⁾	-	0.00	0.00	0.07
Number of deaths by occupational negligence	Cases	0	0	0	

1) Subsidiary and overseas subsidiary data included from 2022

2) Calculation of hours of labor: Total workers X 8 hours per day X 22 days a month X 12 months

3) Modifications made to 2021 and 2022 data due to changes in criteria for calculating LTIFR of suppliers

Coverage of ISO 45001

Category	Unit	2021	2022	2023
Ratio of employees subject to ISO 45001	%	100	100	100

ESG Data

Social

Supplier Status

Category	Unit	2021	2022	2023
Number of suppliers	Companies	279	220	231
Total purchasing amount	KRW million	413,570	405,925	383,579

Support for Suppliers

Category	Unit	2021	2022	2023	
Training support	Number of training programs	Programs	63	131	260
	Number of trainees	Persons	2,195	3,200	2,197
Technical support	Brity Automation support cases	Cases	4	7	7
	Development methodology support	Cases	231	231	231
	Technology escrow	Cases	19	13	13
Financial support	Funds raised with the Win-win management fund	KRW million	60,000	60,000	60,000
	Amount executed from the Win-win management fund	KRW million	40,843	51,093	57,755
Recruitment support	Number of employees hired by suppliers	Persons	101	125	124

Supply Chain ESG Management

Category	Unit	2021	2022	2023	
Number of suppliers subject to ESG management	Companies	156	305	310	
Supplier Code of Conduct	Suppliers who signed to compliance	%	100	96	93
	New suppliers who signed to compliance	%	100	94	93
ESG assessment	Suppliers assessed	%	100	87	92
	New suppliers that received ESG assessment	%	100	68	93
Ratio of contracts with ESG applied	%	100	100	100	
Supply chain work environment management	Suppliers subject to on-site inspections	Companies	47	66	75
	Suppliers that received independent assurance	Companies	0	14	20

Key Compliance Rates Identified at Suppliers through On-site Inspection

Category	Unit	2021	2022 ¹⁾	2023 ²⁾	
Labor human rights	Freely chosen employment	%	93	91	93
	Protection of underage workers	%	100	99	100
	Working hours	%	94	94	91
	Wages and benefits	%	100	99	97
	Humane treatment	%	94	93	92
	Supplier diversity	%	83	79	70
	Freedom of association	%	74	87	79
Safe environment	Job training and education	%	-	-	97
	Emergency preparedness	%	69	81	80
	Environmental permits	%	100	100	99
	Pollution prevention	%	100	90	84
	Occupational safety	%	-	93	91
	Safety and health training	%	-	86	100
	Green purchasing	%	-	-	37
Business ethics	Corporate integrity	%	74	94	76
	Intellectual property	%	64	85	87
	Identity protection	%	36	27	49
	Privacy protection	%	83	77	79
Management system	Management's commitment	%	43	66	70
	Process for corrective measures	%	69	84	79
	Supplier accountability	%	83	92	95

1) Starting in 2022, figures reflect improvement outcomes following third-party independent assurance

2) Inspection on supplier diversity and corporate integrity strengthened from 2023

ESG Data

Social

IT Failure Rate

Category	Unit	2021	2022	2023
Target	ppm	0.060	0.024	0.004
Performance	ppm	0.024	0.004	0.009

Customer Support

Category	Unit	2021	2022	2023	Target	
Customer satisfaction	Score	Points	92.2	94.0	84.4 ¹⁾	80
	Data coverage	%	100	100	100	-
Customer VoCs filed	Number of cases ²⁾	Cases	814,504	617,224	442,909	-
	Process rate	%	100	100	100	-

1) Random sampling was done for customer satisfaction surveys starting in 2023

2) Reflecting the decline in number of VoC cases due to sell-off of the Home IoT business in July 2022

Number of Failure and Customer Downtime

Category	Unit	2023
Performance issues (number of failures that lasted 10 to less than 30 minutes)	Cases	34
Number of service interruptions (number of failures that lasted 30 minutes or longer)	Cases	57
Customer downtime (continued hours for each service interruption * number of software of IT licenses affected)	Hours	145

Distribution Channel Management and Audits

Category	Unit	2023	
Distribution Channel Quality Management System	Ratio of distribution network that receives regularly revised customer service quality standard documents and that received such documents from the company in the previous year	%	100
	Ratio of distribution network participating in regular customer service quality management workshops for each region, country, and customer group, and their participation in such workshops held by the company in the previous year	%	100
	Ratio of distribution network participating in official training programs for distribution networks and participation in the company's customer service quality management training programs offered in the previous year	%	100
Audits	External distribution network carries out own audit	%	100
	Third-party audits on distribution networks outside the organization being in compliance with the company's customer service quality management system	%	100
	Third-party audits on distribution networks outside the organization being in compliance with ISO9000 or other customer service quality management system standards	%	100

Personal Information Management

Category	Unit	2021	2022	2023
Number of privacy data breaches	Cases	0	0	0
Number of reports filed by external institutions on violations of the Personal Information Protection Act	Cases	0	0	0
Number of reports filed by regulatory bodies on violations of the Personal Information Protection Act	Cases	0	0	0
Number of requests received from the government and law enforcement agencies on user data and information	Times	45	47	17
Rate of data submission to requests	%	100	100	100
Number of cases of purposes other than gathering customer information	Cases	0	0	0

ESG Data

Environmental

Scope 1, 2 GHG Emissions

Category	Unit	2021	2022	2023	
Total Scope 1, 2 emissions	tCO ₂ eq	101,882	122,842	166,046	
Direct GHG emissions (Scope 1)	tCO ₂ eq	3,354	4,539	6,252	
Indirect GHG emissions (Scope 2)	Market-based	Emissions	98,528	118,308	159,799
		Ratio of total emissions	%	96.7	96.3
	Location-based	Emissions	98,528	118,308	159,799
		Ratio of total emissions	%	96.7	96.3
Emissions intensity ¹⁾	tCO ₂ eq/KRW 100 million	0.75	0.71	1.25	

1) Scope 1, 2 GHG emissions in relation to consolidated revenues

Energy Consumption

Category	Unit	2021	2022 ²⁾	2023	
Total energy consumption ¹⁾	TJ	2,117	2,522	3,221	
Total energy cost	KRW million	28,471	38,414	71,453	
Energy intensity	TJ/KRW 100 million	-	0.015	0.024	
Consumption by business site	Headquarters (include campus)	TJ	248	288	318
	Sangam Data Center	TJ	548	615	735
	Suwon Data Center	TJ	921	1,052	1,214
	Gumi Data Center	TJ	176	170	141
	Chuncheon Data Center	TJ	224	284	331
	Dongtan Data Center	TJ	-	-	375
	Others	TJ	-	113	107

1) Energy consumption includes use of fuel, electricity, heat, heating, and steam in the organization

2) Subsidiary and overseas business site data included from 2022

Scope 3 GHG Emissions

Category ¹⁾	Unit	2021	2022	2023	
Total Scope 3 emissions	tCO ₂ eq	3,409,452	3,154,520	2,909,796	
1. Purchased goods and services	tCO ₂ eq	38,755	22,647	112,260	
2. Capital goods	tCO ₂ eq	77,435	84,216	60,857	
3. Energy not included in Scope 1, 2	tCO ₂ eq	-	7,718	10,469	
4. Upstream transportation ²⁾	Total	tCO ₂ eq	3,214,027	2,996,426	2,663,923
	Air	tCO ₂ eq	1,617,183	1,388,921	1,027,207
	Truck	tCO ₂ eq	982,347	1,023,681	1,034,641
	Ocean	tCO ₂ eq	607,285	575,023	575,448
	Train	tCO ₂ eq	7,212	8,055	8,974
5. Waste generated in operations	tCO ₂ eq	339	290	2,174	
6. Business travel	tCO ₂ eq	2,177	8,646	4,905	
7. Employee commuting	tCO ₂ eq	6,980	5,222	34,048	
8. Upstream leased assets	tCO ₂ eq	69,739	14,773	7,250	
15. Equity investments	tCO ₂ eq	-	14,581	13,910	

1) Scope 3 categories ③~④ are irrelevant to Samsung SDS and therefore omitted from the category list

2) Upstream transportation is based on refined calculations of GLEC (Global Logistics Emission Council)

Renewable Energy Consumption (HQ)

Category	Unit	2021	2022	2023	Target
Total energy consumption	MWh	217,252	249,998	322,671	281,270
Non-renewable energy consumption ¹⁾	MWh	217,007	249,692	321,456	280,903
Renewable energy consumption	MWh	245	306	1,215	367
Renewable energy production	MWh	245	306	1,215	367
Ratio of renewable energy	%	0.11	0.12	0.37	0.13

1) Use of non-renewable energy includes the organization's indirect energy consumption (sum of purchased power, purchased steam, and hot water)

ESG Data

Environmental

Data Center Eco-friendly Investments

Category	Item	Unit	2023
Suwon Data Center	Adoption of open-type cooling tower and inverter	KRW 100 million	111

Investments in EV Charging Facilities

Category	EV Charging Station	Unit	2023
Suwon Data Center	Number of facilities installed	Units	7
	Investments	KRW 100 million	1.55
Dongtan Data Center	Number of facilities installed	Units	4
	Investments	KRW 100 million	0.84
Gumi Data Center	Number of facilities installed	Units	4
	Investments	KRW 100 million	0.92
Chuncheon Data Center	Number of facilities installed	Units	3
	Investments	KRW 100 million	0.90

Data Center Average PUE

Category	Unit	2021	2022	2023	Target
Average PUE	-	1.50	1.47	1.41	1.44
Data coverage	%	100	100	100	-

PUE of each Data Center

Category	Unit	2023
Sangam Data Center	-	1.35
Suwon Data Center	-	1.50
Gumi Data Center	-	2.17
Chuncheon Data Center	-	1.30
Dongtan Data Center	-	1.14

Water Consumption

Category	Unit	2021	2022 ¹⁾	2023	Target	
Water-intake	Waterworks	Tonnes	323,461	469,111	532,649	482,041
	Groundwater	Tonnes	167,784	164,997	165,008	164,403
Discharge	Groundwater ²⁾	Tonnes	167,784	164,997	165,008	164,403
Consumption	Tonnes	323,461	469,111	532,649	482,041	

1) Subsidiary and overseas business site data included from 2022, and changes made to water-intake and consumption figures due to correction in data errors

2) Groundwater refers to groundwater runoff at the Sangam Data Center with the amount of water-intake and discharge being the same

※ Samsung SDS does not use groundwater runoff as it involves discharge costs and government permits

Water Consumption at HQ Business Sites

Category	Unit	2023
Sangam Data Center	Tonnes	57,834
Suwon Data Center	Tonnes	192,663
Gumi Data Center	Tonnes	24,033
Chuncheon Data Center	Tonnes	13,825
Dongtan Data Center	Tonnes	44,457
General Operations	Tonnes	188,972

ESG Data

Environmental

Waste Generation

Category	Unit	2021	2022 ¹⁾	2023	
Total waste generation	Tonnes	953	2,183.8	2,892.9	
Waste used/recycled/sold	Tonnes	361	897.2	1,345.4	
Disposed waste	Total	Tonnes	592	1,286.6	1,547.5
	Landfilled waste	Tonnes	576	1,019.4	1,278.8
	Incinerated waste with energy recovery	Tonnes	0	3.8	16.7
	Incinerated waste without energy recovery	Tonnes	15	11.4	0.0
	Waste otherwise disposed	Tonnes	1	252.0	252.0
Waste with unknown disposal method	Tonnes	0	0.0	0.0	

1) Data from subsidiaries and overseas operations were included since 2022

Waste Disposal by Type (HQ)

Category	Disposal Type	Unit	2022	2023
Total waste		Tonnes	496.7	1,205.8
General waste	Landfilled	Tonnes	371.2	629.6
	Incinerated	Tonnes	11.4	12.7
	Recycled	Tonnes	95.3	543.2
Designated waste	Landfilled	Tonnes	0.0	1.0
	Incinerated	Tonnes	0.7	0.8
	Recycled	Tonnes	18.2	18.5

Environmental Management System (ISO 14001)

Category	Unit	2023
Total	%	100
Verification coverage in accordance with international standards	%	100
Third-party verification coverage received from specialized external organization	%	100
Verification coverage from internal expert dispatched from HQ	%	100

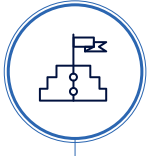
Physical Climate Risk

Category	Unit	2023
Revenue ratio from existing operations that include risks assessments and planning	%	100
Revenue ration from new operations that include risk assessments and planning	%	100

Environmental Training for Employees

Category	Unit	2023
Number of participating employees	Persons	51
Hours of training per person	Hours	9

ESG Policy Book



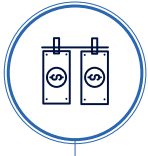
Code of Conduct Guidelines



Anti-corruption Policy



Fair Competition Policy



Tax Strategy



Supplier Code of Conduct



Supplier Code of Conduct Guide



Human Rights Policy



AI Ethics Principles



Open Source Policy



Safety and Health Management Policy

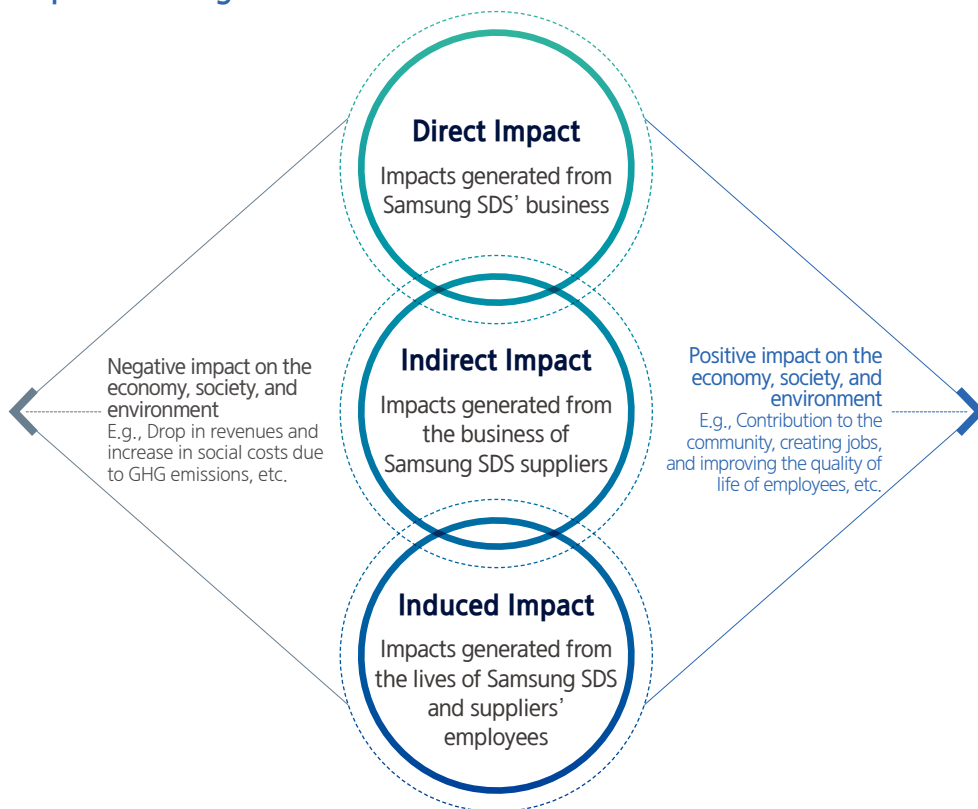


Environment and Energy Management Policy

ESG Value Creation Calculation Process

To make better decisions, Samsung SDS measures and manages the environmental and social impacts created across our business activities and analyzes the various impacts created by Samsung SDS as a responsible member of society. The values created by Samsung SDS in 2023 were measured and calculated based on economic impact, social impact, and environmental impact.

Impact coverage



Impacts

Category		Factors	Impact
Economic	It is the sum of factors that can affect Gross Domestic Production (GDP) such as the company's profit creations, acquisition of tangible and intangible assets, research and development, and employee wages. It also includes impact such as tax payments that can affect public finances.	Payrolls	Employees
		Profits	Shareholders
		Investments	Shareholders/suppliers
		Intangible assets	Shareholders/suppliers
Social	Impacts from corporate social contributions and win-win partnership activities that affect creating a better life for members of society were taken into consideration. The impact was measured as a sum of quantified impacts such as corporate donations and production and added value resulting from employee welfare and benefits.	Taxes	Government
		Support for shared growth	Suppliers
		Social contribution donations	Community
		Work-life balance	Employees
Environmental	Sum of quantified impacts that can affect nature and the environment such as GHG emissions and reductions, energy consumption, and waste discharge, etc.	Welfare and benefits	Employees
		Reduction in GHG emissions	Government/community
		GHG emissions	Government/community
		Reduction in energy consumption	Government/community
		Waste	Government/community

GRI Standards Index

Statement of use | Samsung SDS has reported on sustainability management in accordance with the GRI Standards for the period of January 1, 2023 to December 31, 2023.

GRI 1 used | GRI 1: Foundation 2021

Applicable GRI Sector Standards | Sector standards not applicable as of the date of issue

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	2-3	Reporting period, frequency, and contact point	2	
	2-4	Restatements of information	123-135	Data changes are indicated in the annotations
	2-5	External assurance	146-147	
	2-6	activities, value chain and other business relations	7-11	Business report 14-15
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	2-8	Workers who are not employees	-	Business report 346
	2-9	Governance structure and composition	100-104	
	2-10	Nomination and selection of the highest governance body	101	
	2-11	Chair of the highest governance body	100	
	2-12	Role of highest governance body in overseeing the management of impacts	17	
	2-13	Delegation of responsibility for impact management impacts	17	
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	2-18	Evaluation of the performance of the highest governance body	102	
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GRI Standards Index

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GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	56-57	
Material Topic 7	Talent attraction and development			
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GRI 404 : Training and education	404-1	Average hours of training per year per employee	128	
	404-2	Programs for upgrading employee skills and transition assistance	62-63	
	404-3	Percentage of employees receiving regular performance and career development reviews	130	
Material Topic 8	Supply chain ESG management			
Management method of material topics	3-3	Management of material topics	80-83	
GRI 308: Supplier environmental assessment	308-2	Negative environmental impacts in the supply chain and actions taken	76-79	
GRI 414: Supplier social assessment	414-2	Negative social impacts in the supply chain and actions taken	76-79	
Material Topic 9	Manage health and safety			
Management method of material topics	3-3	Management of material topics	70	
GRI 403 : Occupational Health and Safety	403-1	Occupational health and safety management system	70-71	
	403-2	Hazard identification, risk assessment, and incident investigation	72-73	
	403-3	Occupational health services	74-75	
	403-4	Employee engagement, counseling and communication regarding occupational health and safety	70	
	403-5	Worker education on occupational health and safety	73	
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GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	123	
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	201-3	Defined benefit plan obligations and other retirement plans	124	
GRI 203: Indirect Economic impacts	203-2	Significant indirect economic impacts	33, 137	
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	207-2	Tax governance, control, and risk management	106-107	
GRI 303: Water and effluents	303-3	Water withdrawal	50, 134	
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GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65	
	401-3	Parental leave	60, 129	
GRI 415: Public policy	415-1	Political contributions	124	

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Topic	Code	Accounting Metric	Page	Category	Unit of Measure
Environmental footprint of hardware infrastructure	TC-SI-130a.1	1) Total energy consumed 2) percentage grid electricity 3) percentage renewable	43, 133	Quantitative	TJ, %
	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	50-51, 134	Quantitative	m ³
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	40-41, 43, 48	Discussion and Analysis	N/A
Data privacy and freedom of expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	97-98	Discussion and Analysis	N/A
	TC-SI-220a.2	Number of user whose information is used for secondary purposes	98, 132	Quantitative	Numbers
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	119, 126	Quantitative	Reporting currency
	TC-SI-220a.4	1) Number of law enforcement requests for user information, 2) number of user whose information was requested, 3) percentage resulting in disclosure	98, 132	Quantitative	Numbers, %
	TC-SI-220a.5	List of countries where core products of services are subject to government-required monitoring, blocking, content filtering, or censoring	98	Discussion and Analysis	N/A
Data security	TC-SI-230a.1	1) Number of data breaches, 2) percentage involving personally identifiable information(P11), 3) Number of users affected	119, 126	Quantitative	Numbers, %
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybers security standards	114~121	Discussion and Analysis	N/A
Recruiting and managing global, diverse, and skilled workforce	TC-SI-330a.1	Percentage of employees that are 1) foreign nationals and 2) located offshore	127	Quantitative	%
	TC-SI-330a.2	Employee engagement as a percentage	66-67	Quantitative	%
	TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for 1) management 2) technical staff, and 3) all other employees	127	Quantitative	%
Intellectual property protection and competitive behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	126	Quantitative	Reporting currency
Managing systemic risks from technology disruptions	TC-SI-550a.1	Number of 1) performance issues and 2) service disruptions; 3) total customer downtime	132	Quantitative	Numbers, Days
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	91-92	Discussion and Analysis	N/A

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	10	Climate-related risks and opportunity	45-49
	13	Impact of climate-related risks and opportunities on the company's business modelss and value chain	45
Strategy	14	Company response to climate-related risks and opportunities	18-22, 40-43, 53
	15	Financial impact of climate-related risks and opportunities on the company	45-47
	16	Financial performance and cash flow for managing climate-related risks and opportunities	45-47
Risk Management	25	Scenario analysis for identifying climate-related risks	48
Metrics and Targets	29	Scope 1, 2, 3 emissions	39, 134

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General disclosure

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	BP - 2	Disclosures in relation to specific circumstances	2, 39, 50, 52, 89, 123, 129, 133, 136	
Governance	GOV - 1	The role of the administrative, management, and supervisory bodies	17, 100-104	
	GOV - 2	Reporting and overseeing sustainability issues	17, 100-102, 104	
	GOV - 3	Sustainability performance incentives	103	
Strategy and Business Model	ESRS2	SBM - 1	Strategy, business model, and value chain	7-9, 21-23, 127, 33, 137
		SBM - 2	Interests and views of stakeholders	31, 17
		SBM - 3	Material impacts, risks and opportunities, and their interaction with strategy and business model	32, 21-23
Impact, Risk, and Opportunity Management	IRO - 1	Identify and assess material impacts, risks, and opportunities	32, 100-102	
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Metrics and Targets	MDR - M	Metrics in relation to material sustainability matters	32, 123-136	

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		S1-3	Processes to remediate negative impacts and channels to raise concerns	66, 31, 109-113
		S1-4	Taking action on material impacts, approaches to managing material risks and pursuing material opportunities, and their effectiveness	62-63, 66, 73, 65, 66, 59-60, 55-57
		S1-5	Targets related to managing negative material impacts, advancing positive impacts, as well as to risks and opportunities	59, 70
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		S1-14	Health and safety metrics	131, 70-71
		S1-15	Work-life balance	60, 129
		S1-16	Pay gap and total compensation	130
		S1-17	Incidents and human rights impact	108-109, 113

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		S2-2	Processes for engaging value chain workers about impacts	78, 83
		S2-3	Processes to remediate negative impacts and channels to raise concerns	31, 83
		S2-4	Taking action on material impacts, approaches to managing material risks and pursuing material opportunities, and their effectiveness	76-79, 132, 55, 80-83
		S2-5	Targets related to managing negative material impacts, advancing positive impacts, as well as to risks and opportunities	76
Affected Communities	S3	S3-1	Policies related to affected communities	55-57, 31, 84-88
		S3-4	Taking action on material impacts, approaches to managing material risks and pursuing material opportunities, and their effectiveness	84-88, 123
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		S4-3	Processes to remediate negative impacts and channels to raise concerns	89
		S4-4	Taking action on material impacts, approaches to managing material risks and pursuing material opportunities, and their effectiveness	89-92, 97-98, 117-120
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		G1-2	Management relations with suppliers	80-81, 78
		G1-3	Prevention and detection of corruption and bribery	108, 126, 111
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		E1-3	Actions and resources in relation to climate change	40-43
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GHG Verification Statement

GHG Verification Statement (Scope 1, 2)

Samsung SDS Co., Ltd. Consolidation standards (including overseas subsidiaries)

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1,2) of Samsung SDS CO., Ltd. (hereinafter “the Company”) in 2023.

SCOPE

Verification of places of business and emission facilities under the control of the company.

- **Domestic workplaces** : Suwon DC, Sangam DC, Gumi DC, Chuncheon DC, Dongtan DC, Headquarters (West Campus), East Campus, Pangyo Logistics Campus, Seoul R&D Campus, Giheung Tera Tower, Pangyo IT Campus
- **Overseas workplaces** : SDSA(United States), SDSE(United Kingdom, Germany, Netherlands, Hungary), SDSLA(Brazil, Chile, Panama, Peru), SDSI(India), SDSC(China), SDSV/SDSAP(Singapore, Vietnam)

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “unmodified” opinion.
- Criticality: meets the criterion, which is less than 5%

GHGs Emission	Direct emission (Scope1)	Indirect emission (Scope2)	Total (tCO ₂ -eq)
Domestic workplaces	4,121	145,422	149,538
Overseas workplaces	529	12,101	12,630
Subsidiary company	1,602	2,276	3,878
Total	6,252	159,799	166,046

※ Note : There is a difference in the total amount of emissions and emissions by greenhouse gas and by workplace. (Total emissions are cut to a decimal point for each workplace unit and emissions are summed up for each workplace unit.)

RESULTS

We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

- ※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.
- ※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

May 21, 2024



Authorized By CEO Eun Ju Hwang

E J Hwang

GHG Verification Statement

GHG Verification Statement (Scope 3)

Samsung SDS Co., Ltd. Consolidation standards (including overseas subsidiaries)

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 3) of Samsung SDS CO., Ltd. (hereinafter “the Company”) in 2023.

SCOPE

Verification of places of business and emission facilities under the control of the company.

- **Domestic workplaces** : Suwon DC, Sangam DC, Gumi DC, Chuncheon DC, Dongtan DC, Headquarters (West Campus), East Campus, Pangyo Logistics Campus, Seoul R&D Campus, Giheung Tera Tower, Pangyo IT Campus
- **Overseas workplaces** : SDSA(United States), SDSE(United Kingdom, Germany, Netherlands, Hungary), SDSLA(Brazil, Chile, Panama, Peru), SDSI(India), SDSC(China), SDSV/SDSAP(Singapore, Vietnam)

STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION

- GHG verification has been performed to meet the limited assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “unmodified” opinion.
- Criticality: meets the criterion, which is less than 5%

No	Category	SCOPE 3 emission	No	Category	SCOPE 3 emission
1	Purchased goods and service	112,260	6	Business travel	4,905
2	Capital goods	60,857	7	Employee commuting	34,048
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	10,469	8	Upstream leased asset	7,250
4	Upstream transportation and distribution	2,663,923	15	Investments	13,910
5	Waste generated in operations	2,174	Total		2,909,796

※ Note : There is a difference in the total amount of emissions and emissions by greenhouse gas and by workplace.
(Total emissions are cut to a decimal point for each workplace unit and emissions are summed up for each workplace unit.)

RESULTS

We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

- ※ The abovementioned company is responsible for preparing verification data in accordance with the “Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)”, and KMR’s responsibility is limited to the party in the verification contract according to the agreed contract terms, and is not responsible for other decisions, including investment decisions based on this verification statement.
- ※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

May 21, 2024



Authorized By CEO Eun Ju Hwang

Third-Party Assurance Statement

To: The Stakeholders of SAMSUNG SDS CO.,LTD.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the Samsung SDS Sustainability Report 2024 (hereinafter referred to as the "Report"). The Assurer is independent of the SAMSUNG SDS and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the SAMSUNG SDS report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the SAMSUNG SDS and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

SAMSUNG SDS is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SAMSUNG SDS only. The Assurer is responsible for providing SAMSUNG SDS management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of SAMSUNG SDS. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than SAMSUNG SDS in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with SAMSUNG SDS includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the Report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance levels and types are as follows:

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 AccountAbility Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by SAMSUNG SDS.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-1~3, 203-2, 205-1~3, 206-1, 207-1~2, 302-1, 302-3~4, 303-3~5, 305-1~5, 306-3~5, 308-2, 401-2, 401-3, 403-1~10, 404-1~3, 405-1~2, 406-1, 414-2, 415-1, 418-1

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities:

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the Samsung SDS Seoul HQ to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with SAMSUNG SDS. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Third-Party Assurance Statement

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that SAMSUNG SDS's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

SAMSUNG SDS defined customers, shareholders/investors, employees, communities, suppliers, media and government as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. SAMSUNG SDS conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. SAMSUNG SDS disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

SAMSUNG SDS implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. SAMSUNG SDS conducted benchmarking and media analysis of similar companies and institutions at home and abroad, identified financial impact and social/environmental impact, and determined key issues for the reporting year. SAMSUNG SDS derived 10 material issues through the relevant process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

SAMSUNG SDS operated a management process for material issues in the context of sustainability derived from the materiality assessment. The SAMSUNG SDS established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. SAMSUNG SDS disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

SAMSUNG SDS identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. SAMSUNG SDS established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for key issues, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic standards: 205-1~3, 206-1, 302-1, 302-3~4, 303-3~5, 305-1~5, 306-3~5, 308-2, 401-3, 403-1~10, 404-1~3, 405-1~2, 406-1, 414-2, 418-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance:

- It may be helpful to advance the sustainability management system by establishing management and guidelines for sustainability performance indicators and internal control procedures of consolidated subsidiaries, including overseas subsidiaries.
- According to established internal control procedures, such as self-verification of sustainability performance indicators, it may be helpful to strengthen the consistency of key sustainability performance indicators.

GRI-reporting

SAMSUNG SDS provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by SAMSUNG SDS and the sector standard was not applied.

Issue Date: 25/06/2024

For and on behalf of BSI (British Standards Institution):

BSI representative



Jungwoo Lee, Lead Assurer/ACSAP



Seonghwan Lim, Managing Director of BSI Korea

SAMSUNG SDS