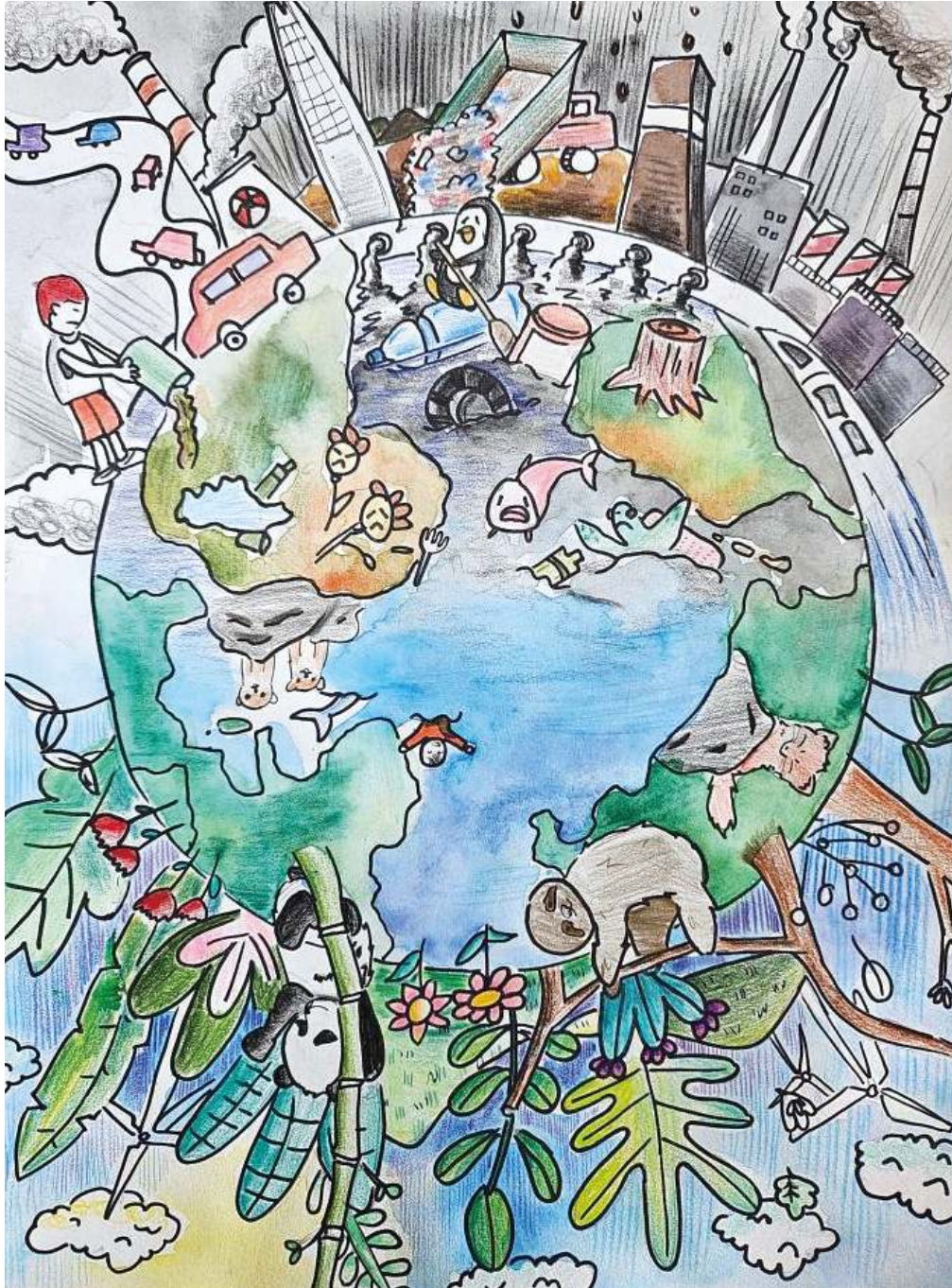




# **SAMSUNG SDS**

## **CLIMATE REPORT 2025**

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**SAMSUNG SDS**

# CLIMATE REPORT OVERVIEW

## Report Overview

Samsung SDS is committed to transparent communication with various stakeholders by disclosing the economic, social, and environmental value generated through its business activities. While the Sustainability Report presents our key ESG initiatives and achievements across a broad spectrum, this Climate Report specifically incorporates the disclosure requirements of IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation, as well as E1 Climate Change of the European Sustainability Reporting Standards (ESRS).

## Reporting Scope

This report covers Samsung SDS's headquarters, all domestic and overseas business sites, and key subsidiaries on a consolidated basis. The scope of sustainability data disclosure is based on the consolidated standard, aligned with the consolidated financial statements under K-IFRS. However, certain data requiring caution with respect to reporting scope or boundaries is marked with separate annotations. In addition, data related to selected suppliers are included, while information classified as trade secrets or sensitive data are excluded from the reporting scope.

- Headquarters: All domestic business sites of Samsung SDS
- Global: Headquarters, overseas entities, and key subsidiaries on a consolidated basis

## Reporting Period

Covering the period from January 1st January to 31st December, 2024 with the partial inclusion of the first-half of the 2025 data, this report highlights our environmental management efforts and accomplishments.

## Information Linked to the Consolidated Financial Statements

The data and assumptions used to prepare sustainability-related financial information have been applied consistently with those used in the preparation of the consolidated financial statements, in accordance with the requirements of Korean International Financial Reporting Standards (K-IFRS).

## Limitations

The climate-related financial disclosures in this report contain forward-looking information based on various assumptions. These assumptions are qualitatively disclosed throughout the report. As this report is based solely on currently available facts, circumstances, and assumptions, the disclosed information may be subject to changes should new or revised factors emerge. Samsung SDS does not undertake any obligation to update forward-looking statements or to reflect events or circumstances occurring after the reporting date. Furthermore, Samsung SDS is not liable for any costs, losses, or damages resulting from changes to the information in this report or related materials due to unforeseen events.

## Measurement Uncertainty

Climate-related financial information often involves estimates based on assumptions about future events, which inherently introduces uncertainty. While such assumptions and estimates are grounded in the best available data at the time of reporting, current conditions and future outlooks are subject to change due to external factors such as market fluctuations that are difficult to predict. The following are key areas within our climate-related financial disclosures that are subject to uncertainty, along with the underlying causes:

## Estimated Financial Impact of Climate-Related Risks and Opportunities

Samsung SDS discloses the anticipated financial impact of climate-related risks and opportunities over the short, medium, and long term. Although all available information has been utilized in making these estimates, the forward-looking nature of the assumptions introduces a degree of uncertainty into the disclosed figures.

## Scope 3 Emissions Estimation

Samsung SDS reports on its Scope 3 GHG emissions, which involve estimations based on assumptions and proxy data. While we have made reasonable efforts to use all available information, the inherent reliance on estimates and assumptions results in a certain level of uncertainty in the reported data.

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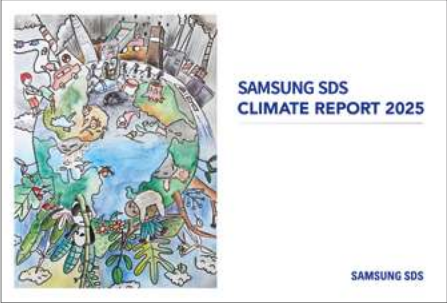
SAMSUNG SDS  
CLIMATE REPORT 2025

### Reader’s Guide

This report is published in an interactive PDF format, featuring clickable links to related sections.

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### Cover Story



The cover of this report features artwork titled ‘We Can Turn It Around! Because the Earth is Round!’, which received the second-place award in the elementary school category of the ‘SDS Kids Green Drawing Contest,’ held for the children of Samsung SDS employees.

# INTRODUCTION



- 05 Company Overview
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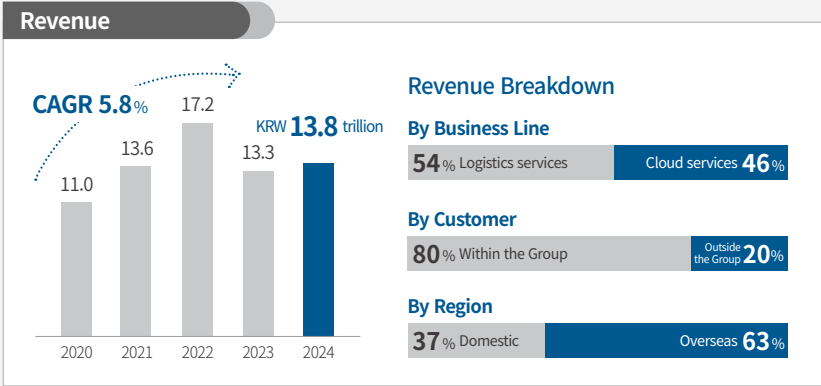
# Company Overview

## At a Glance

Samsung SDS provides a full suite of generative AI- and cloud-based IT services, as well as digital logistics solutions. We serve customers through optimized generative AI technologies and the establishment of cloud environments, underpinned by the Samsung Cloud Platform tailored to each company’s specific needs. The expertise we’ve built across diverse industries over the past 40 years has culminated in our All-in-One Managed Services, delivering value to customers. In addition, our SaaS solutions, backed by a proven record of success, empower customers to enhance operational efficiency and innovate their services.

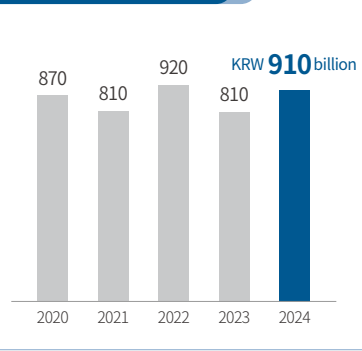
|                     |                                                             |
|---------------------|-------------------------------------------------------------|
| Company Name        | SAMSUNG SDS CO.,LTD.                                        |
| CEO                 | Junehee Lee                                                 |
| Establishment       | May 1985                                                    |
| Headquarters        | 125, Olympic-ro 35-gil, Songpa-gu, Seoul, Republic of Korea |
| Workforce Headcount | 26,401                                                      |
| Total Assets        | KRW 13.2383 trillion                                        |
| Website             | www.samsungsds.com                                          |

## Financial Highlights



※ Sales surge in 2022: The pandemic gave rise to soaring freight volumes and shipping rates.

## Operating Profit



## External Recognition



## Key Business Areas

### Cloud Services



We help customers navigate digital transformation through end-to-end services, backed by outstanding technologies, such as the Samsung Cloud Platform, advanced AI and data analytics capabilities, and deep cross-industry expertise.

### Digital Logistics Services

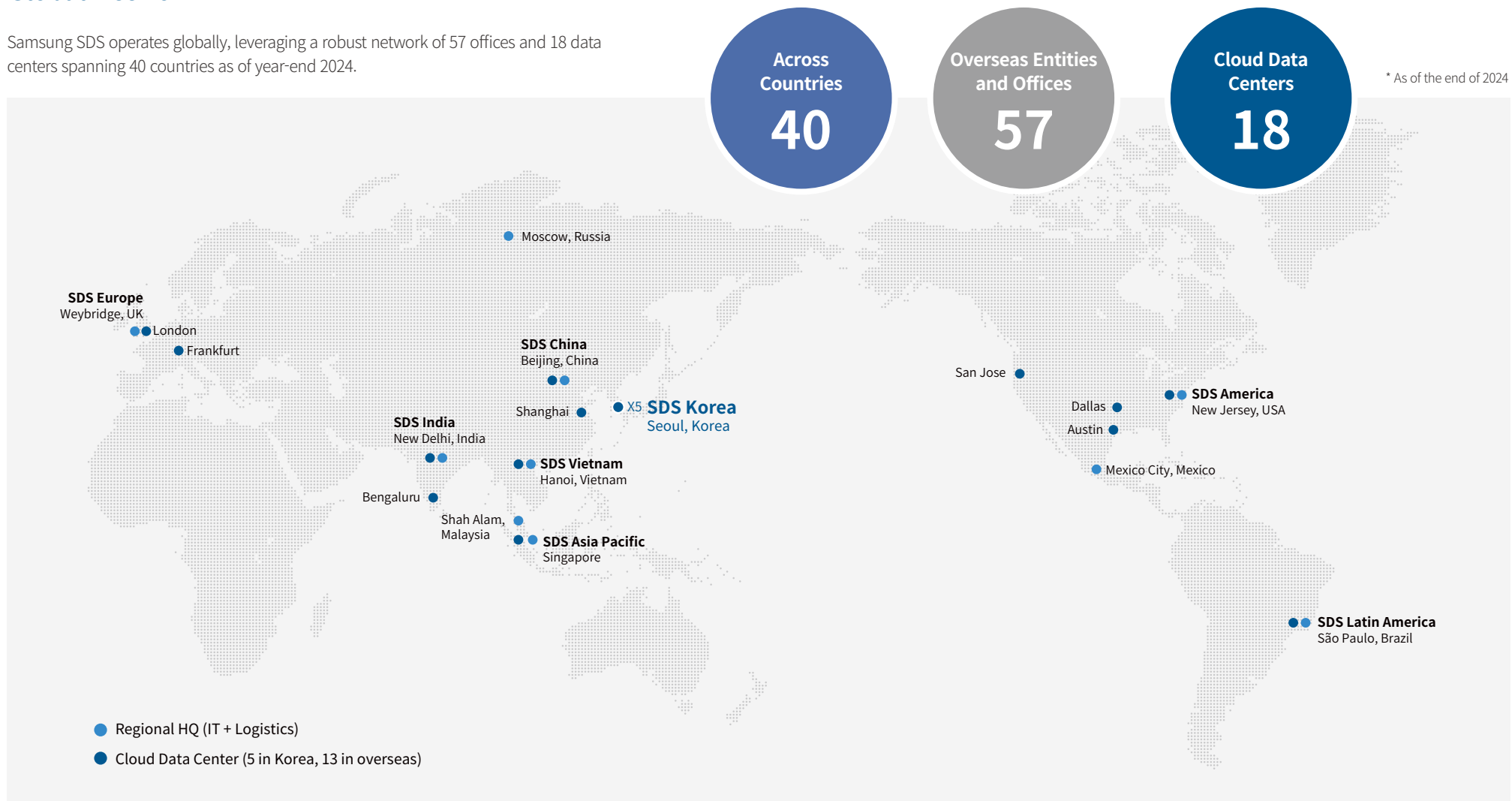


Leveraging our digital logistics platform (Cello Square), combined with cutting-edge IT technologies, we deliver proven import and export logistics services.

# Company Overview

## Global Network

Samsung SDS operates globally, leveraging a robust network of 57 offices and 18 data centers spanning 40 countries as of year-end 2024.

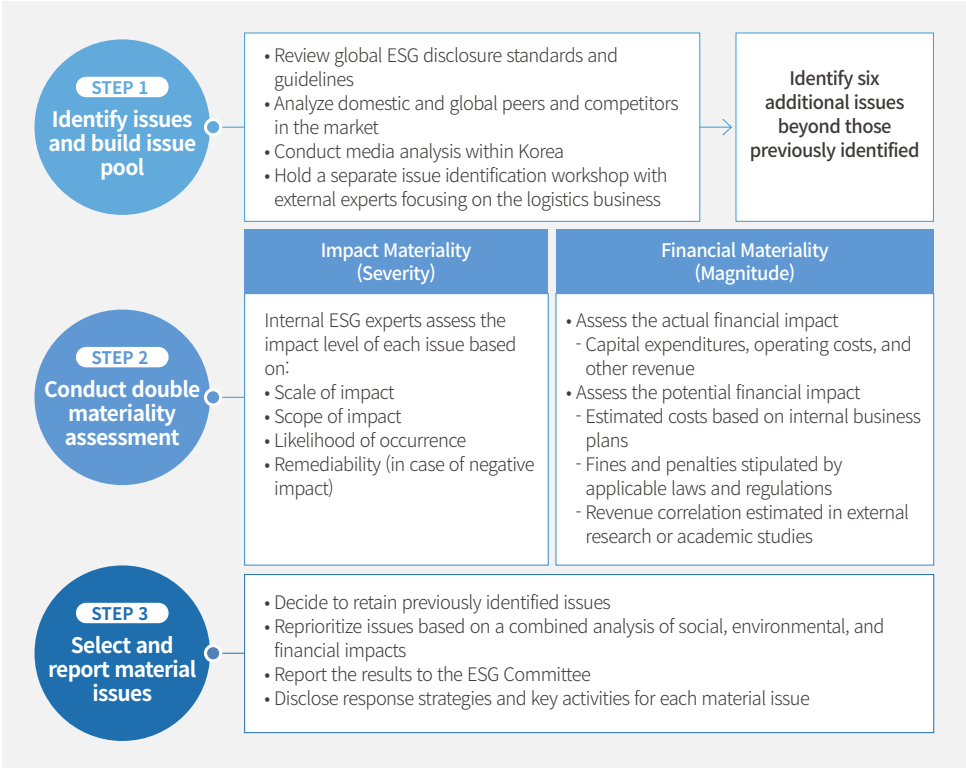


# Materiality Assessment

## Risk Identification and Prioritization

Samsung SDS conducts an annual materiality assessment to identify key issues that impact our sustainability. The results are used to identify and assess the materiality of sustainability-related risks and opportunities, and to prioritize our response accordingly. The assessment conducted considering both the social and environmental impacts of our business activities on the external environment (impact materiality), and the financial impacts of external factors on our operations (financial materiality). The results of the assessment are reported to the ESG Committee. The assessment is guided by methodologies recommended in the Global Reporting Initiative (GRI) Standards and the Corporate Sustainability Reporting Directive (CSRD).

### Double Materiality Assessment Process



### Double Materiality Assessment Results

| No. | Area          | Material Issues                         | Impact Materiality | Financial Materiality | Ranking Change (YoY) |
|-----|---------------|-----------------------------------------|--------------------|-----------------------|----------------------|
| 1   | Governance    | Information security                    | ●●●●●              | ●●●●●                 | -                    |
| 2   | Social        | Digital responsibility                  | ●●●●●              | ●●●●●                 | Up (5 → 2)           |
| 3   | Environmental | Expand renewable energy usage           | ●●●●●              | ●●●●●                 | Up (4 → 3)           |
| 4   | Governance    | Compliance and business ethics          | ●●●●●              | ●●●●●                 | Down (3 → 4)         |
| 5   | Environmental | GHG emissions management and reduction  | ●●●●●              | ●●●●●                 | Down (2 → 5)         |
| 6   | Social        | Create a quality organizational culture | ●●●●●              | ●●●●●                 | Up (10 → 6)          |
| 7   | Social        | Supply chain ESG management             | ●●●●●              | ●●●●●                 | Up (8 → 7)           |
| 8   | Social        | Talent attraction and development       | ●●●●●              | ●●●●●                 | Down (7 → 8)         |
| 9   | Social        | Manage health and safety                | ●●●●●              | ●●●●●                 | -                    |
| 10  | Social        | Respect for human rights and diversity  | ●●●●●              | ●●●●●                 | Down (6 → 10)        |

The materiality assessment identified the key environmental issues Samsung SDS faces as ‘Expand renewable energy usage’ and ‘GHG emissions management and reduction.’ Accordingly, this special Climate Report is structured to engage stakeholders by presenting climate actions related to these identified material issues in Section I, while addressing other environmental topics such as biodiversity and waste management in Section II. The climate actions section aligns with the disclosure requirements set forth in IFRS S2 Climate-related Disclosures, issued by the International Sustainability Standards Board (ISSB), as well as E1 Climate Change under the European Sustainability Reporting Standards (ESRS).

# CLIMATE CHANGE

# Governance

## Board of Directors

### Board’s Oversight of Climate-related Risks and Opportunities

In accordance with the Articles of Incorporation and the Board of Directors (BOD) Regulations, an ESG Committee has been established under the Board. The committee is responsible for overseeing climate action strategies, policies, and their implementation, while also deliberating and making decisions on key agenda items. The ESG Committee Operation Regulations outline the delegated responsibilities from the Board and the committee’s roles and authority in matters related to sustainability and climate action.

#### ESG Committee Operation Regulations

| Category              | Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 1 (Purpose)   | These regulations stipulate the composition and operation of the ESG Committee (hereinafter referred to as the “ESG Committee” or the “Committee”), established pursuant to Article 34, Paragraph 1 of the Articles of Incorporation of Samsung SDS (hereinafter the “Company”). The ESG Committee is established with the aim of enhancing the Company’s corporate value through environmental, social, and governance (ESG) perspectives, and of generating sustainable value in collaboration with a wide range of stakeholders, including customers, employees, shareholders, business partners, and local communities. |
| Article 6 (Authority) | <div>The Committee is authorized to deliberate on or resolve the following matters delegated by the Board of Directors, as part of key business activities.</div> <div><div>1. Establishment of ESG strategies and policies</div><div>2. Review and implementation of pressing ESG-related agenda items</div><div>3. Other matters deemed necessary in relation to ESG affairs</div></div> <div>In cases where the Committee Chairperson considers Board approval essential, the matter shall be presented to the Board.</div>                                                                                              |

The ESG Committee comprises four independent directors and one executive director. All members bring expertise from diverse backgrounds, including law, finance, technology, and business to assess and make decisions on the impacts of climate-related risks and opportunities on our business and corresponding countermeasures. Furthermore, we provide relevant education, host workshops, and distribute materials to help them stay informed on climate-related trends and constantly develop their capabilities.

#### Composition and Roles of ESG Committee

| Position    | Name         | Director Type            | Expertise and Responsibilities                                                               |
|-------------|--------------|--------------------------|----------------------------------------------------------------------------------------------|
| Chairperson | Insill Yi    | Independent Director     | Examining the economic impacts of climate-related issues and corresponding countermeasures   |
|             | Hyunhan Shin | Independent Director     | Analyzing climate-related risks and their financial implications                             |
| Members     | Mooil Moon   | Independent Director     | Reviewing climate-related laws and regulations                                               |
|             | Jaejin Lee   | Independent Director     | Examining carbon reduction technologies for data center operations                           |
|             | Junehee Lee  | Executive Director (CEO) | Reviewing response strategies to climate change and their alignment with business objectives |

#### ESG Committee Workshops Held

| Date of Event      | Participants | Content                                                                         |
|--------------------|--------------|---------------------------------------------------------------------------------|
| April 13, 2022     | All members  | Global net-zero trends and their strategic importance                           |
| May 16, 2022       | All members  | Key measures for achieving net-zero goals and transitioning to renewable energy |
| September 26, 2023 | All members  | Deliberation on ESG strategies                                                  |
| February 18, 2025  | All members  | Emerging ESG trends and key issues in 2025                                      |

# Governance

## Board of Directors

### Board-level Management Process for Climate-related Risks and Opportunities

The ESG Committee is responsible for formulating business strategies, making relevant decisions, and integrating climate-related risks and opportunities into the risk management process. It leads the identification and analysis of the financial implications stemming from climate change and incorporates those findings into decision-making. For example, when reviewing the establishment of a new data center, climate-related risks and opportunities, such as carbon emissions and fluctuations in carbon pricing in Korea, are considered during the economic feasibility assessment and reflected in final decisions. In 2024, five agenda items pertaining to climate-related matters were tabled for ESG Committee deliberation. The Committee reviewed the implementation of strategic tasks related to climate issues, GHG emissions, and material sustainability concerns, thereby managing climate-related risks and opportunities.

#### Primary Agenda Items on Climate Risks and Opportunities

| Date of Convocation | Agenda Item                                       | Key Areas of Review                                                                                                       |
|---------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| January 25, 2024    | ESG work plans in 2024                            | • Examining strategic tasks for technology-based carbon emissions mitigation                                              |
| April 25, 2024      | ESG briefing in 2023                              | • Monitoring the progress of climate action<br>• Reviewing 2023 GHG emissions                                             |
|                     | Tasks for environmental management implementation | • Reviewing the application of immersion cooling systems                                                                  |
| July 25, 2024       | Report on the issuance of sustainability report   | • Making decisions on climate-related material issues                                                                     |
| October 24, 2024    | ESG briefing for the first half of 2024           | • Monitoring the development of our climate initiatives<br>• Examining GHG emissions and unpacking the causes of increase |

At times, climate risks may conflict with climate opportunities. For example, proactive efforts to reduce GHG emissions can mitigate physical climate risks. However, they may also lead to increased costs related to emissions credit purchases and renewable energy transitions, thereby elevating transition risks. Accordingly, the Board examines these conflicting risks and opportunities as part of its oversight of climate-related matters. Through an integrated approach, it seeks to minimize risks while maximizing opportunities when making strategic decisions.

### Incorporating Climate Metrics into Board Compensation

Samsung SDS utilizes climate-related metrics for Board members’ performance management and their remuneration policy. The progress in net-zero efforts, including renewable energy transition and promoting sustainability at data centers, is embedded in critical KPIs. The remuneration system is designed so that compensation fluctuates based on evaluation outcomes, including KPI achievement. Since the weightings and application styles, such as rewards or penalties, differ among members, it’s not possible to apply a single calculation method for the KPI reflection rate. On average, 3–5% is reflected.

### Council-Driven Approach to Identifying and Addressing Key Issues

Overarching issues regarding climate risks and opportunities are managed by the Environmental Management Council (Environmental Subcommittee of the ESG Council) under the direct leadership of the Chief Financial Officer (CFO), and are reported to the ESG Committee. And we bring together all the departments involved in the management of such risks and opportunities, across ESG, environment, and data center innovation sectors, to share pending business issues and come up with tasks for improvement with an integrated approach. Environmental Management Council convenes once a quarter, and the discussions at the council are reported to the ESG Committee.

#### Environmental Management Council Operations

| Category          | Content                                                                                                                                                 |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meeting Frequency | Once a quarter                                                                                                                                          |
| Attendants        | Departments across ESG, environment, data center innovation, people, planning, procurement, and other sectors                                           |
| Agenda Items      | Pending issues regarding environmental management tasks (net-zero goals, establishment of implementation plans, and achievements in reduction included) |

# Governance

## Executive Management

### Management’s Role in Managing Climate-related Risks and Opportunities

At Samsung SDS, the CEO and CFO, who oversee the assessment and management of climate-related risks and opportunities, are the primary personnel responsible for responding to environmental and climate crises. The executive in charge of environmental affairs manages the detailed execution. Our CEO recognizes the gravity of the opportunities and risks posed by climate change to our business, as well as our impact on the external environment and stakeholders in achieving sustainable progress. In accordance with our policy on environmental and energy management, the CEO receives regular reports on mid- to long-term climate action plans for carbon neutrality and the development of related policies. The ESG Committee supports deliberation and decision-making on key agenda items.

The CFO assumes the roles of overseeing not only financial structure and business strategies, but also the efficient operations of relevant businesses and departments, in alignment with our climate action policies. Moreover, the CFO takes charge of identifying climate-related risks and reporting the assessment results to the Board, and assisting the CEO in making decisions, serving as the Chief Risk Officer (CRO) of the Risk Management Council.

The Head of the EHS Center makes decisions on concrete strategies to support the continuous and efficient implementation of environmental strategies, including responses to climate change, while formulating action plans for environmental management with the Environmental Management Working Group and assessing the progress.

| Management      | Key Responsibilities in Climate Action                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CEO             | <ul style="list-style-type: none"><li>• Approving and supervising sustainability-related policies and objectives</li><li>• Making strategic decisions on key matters related to green solutions, services, and business strategies</li><li>• Overseeing the development of our climate actions, such as improving energy efficiency and reducing GHG emissions, and assessing overall performance</li></ul> |
| CFO             | <ul style="list-style-type: none"><li>• Taking comprehensive responsibility for climate-related matters and supporting decision-making processes</li><li>• Managing climate risks and opportunities in an integrated manner from identification and assessment to execution</li></ul>                                                                                                                       |
| EHS Center Head | <ul style="list-style-type: none"><li>• Deciding on detailed environmental strategies and putting them into action</li><li>• Taking charge of external communication and responding to environmental institutions and initiatives</li></ul>                                                                                                                                                                 |

### Detailed Executive Management Approach and Remuneration Alignment

To support effective decision-making in environmental management, we incorporate environmental performance indicators into the KPIs of leadership and relevant departments. This integration demonstrates our commitment to embedding environmental practices into the company’s overall operations by holding top executives accountable for their environmental responsibilities.

### Climate-related Goals and Achievements in 2024

| Environmental Goals                                                                                                                  | Achievements                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enhancing the integrity of GHG emissions data     | <ul style="list-style-type: none"><li>• Built the SGMS (SamsungSDS Greenhouse Gas Management System)</li><li>• Established a management process for overseas environmental data</li></ul>                               |
| Boosting energy efficiency across business sites  | <ul style="list-style-type: none"><li>• Replaced lighting with LEDs at business sites</li><li>• Introduced high-efficiency equipment at data centers</li><li>• Adopted low-power technologies at data centers</li></ul> |
| Shifting to low-emission vehicles                 | <ul style="list-style-type: none"><li>• Transitioned 18 vehicles to low-emission models</li><li>• Upgraded electric vehicle (EV) charging infrastructure</li></ul>                                                      |

### Climate Action Performance Indicators in 2025

|                                                                       |                                                                   |
|-----------------------------------------------------------------------|-------------------------------------------------------------------|
| Achieving international environmental certifications and confirmation | Increasing carbon emissions reduction through employee engagement |
|-----------------------------------------------------------------------|-------------------------------------------------------------------|

# Risk Management

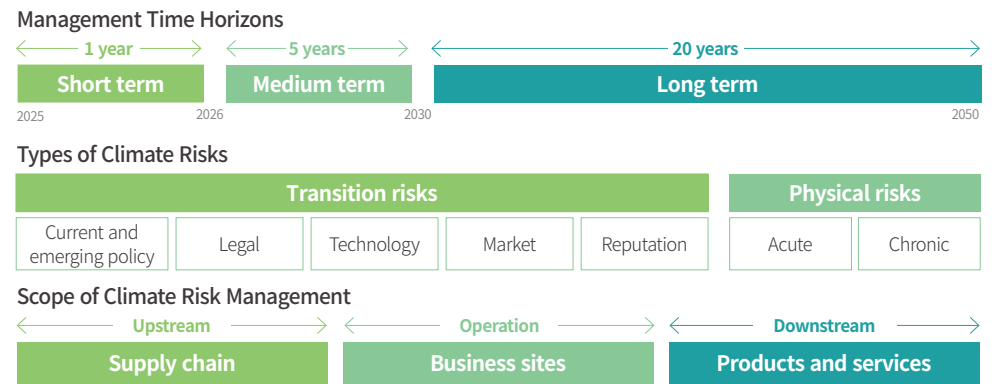
## Integrated Climate Risk Management Process

Samsung SDS has established a process to identify, assess, and manage climate-related risks, which is integrated into the company-wide risk management framework through bodies such as the Risk Management Council. The Chief Risk Officer (CRO), who also serves as the Head of the Business Support Office, is designated as the responsible officer, overseeing the coordination of financial and non-financial risk issues in collaboration with relevant departments to develop response strategies. In particular, climate-related risks, categorized as non-financial risks, are managed under the leadership of the Chief Financial Officer (CFO), also Head of the Business Support Office, through the ESG Council, which includes participation from the Corporate Sustainability Management Office and the EHS Center. The ESG Council convenes monthly to conduct in-depth discussions on climate change as well as broader environmental, social, and governance issues. Significant matters arising from these discussions are reported to the ESG Committee.

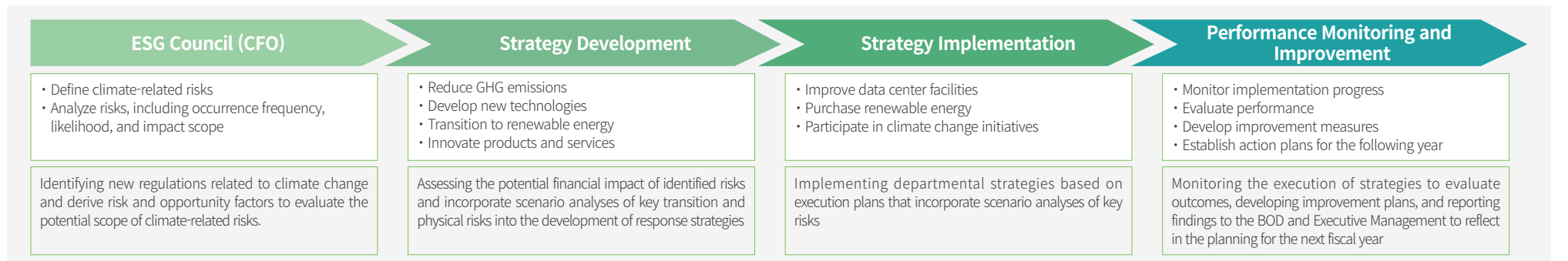
### Climate Risk Management Process



### Scope and Types of Climate Risk Identification and Assessment



### Climate Risk Identification and Assessment Process



# Strategy

## Climate-related Risks and Opportunities

Based on the frameworks of the IFRS Sustainability-related Standards, the European Sustainability Reporting Standards (ESRS), and the Task Force on Climate-related Financial Disclosures (TCFD), we have identified climate-related risks and opportunities and categorized them into several types. Furthermore, we have projected the time horizons over which these risks and opportunities may have a significant financial impact. These time horizons are classified as short-term (1 year, 2025), mid-term (5 years, 2026~2030), and long-term (20 years, 2031~2050), taking into account the business planning period, including the upcoming fiscal year (1~5 years), and our sustainability strategies and goals such as carbon neutrality.

### Climate-related Risks

| Classification   | Type             | Risks                                                                       | Potential Financial Implications                                             | Time Horizons |          |           |
|------------------|------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------|----------|-----------|
|                  |                  |                                                                             |                                                                              | Short-term    | Mid-term | Long-term |
| Transition Risks | Policy and Legal | Rising carbon prices arising from tightening regulations                    | Increase in non-current liabilities (provisions), and decrease in net income | ●             | ●        | ●         |
|                  |                  | Increasing litigation risks due to stricter climate disclosure requirements |                                                                              | ●             | ●        | ●         |
|                  | Technology       | Growing expenditures on low-power technologies for data center operations   | Increase in non-current assets, and decrease in net income                   | ●             |          |           |
|                  |                  | Risk of failure in investments in new technologies                          |                                                                              |               | ●        | ●         |
|                  | Market           | Intensifying competition in low-carbon IT and logistics services            | Sales decrease                                                               | ●             | ●        |           |
|                  |                  | Escalating energy costs driven by the transition to renewable energy        | Decline in operating profits                                                 | ●             | ●        | ●         |
|                  | Reputation       | Increasing negative feedback from stakeholders                              | Sales decrease                                                               | ●             | ●        |           |
|                  |                  | Deteriorating ESG assessment results regarding climate change               | Decrease in net income                                                       | ●             |          |           |
| Physical Risks   | Acute            | Asset damage and business disruption caused by urban flooding               | Decrease in non-current assets, and decline in operating and net income      | ●             |          |           |
|                  |                  | Asset damage and business disruption caused by drought                      |                                                                              | ●             |          |           |
|                  |                  | Asset damage and business disruption caused by typhoons                     |                                                                              | ●             |          |           |
|                  | Chronic          | Rising cooling costs and declining productivity due to extreme heat         | Decline in operating profits                                                 | ●             | ●        | ●         |

### Climate-related Opportunities

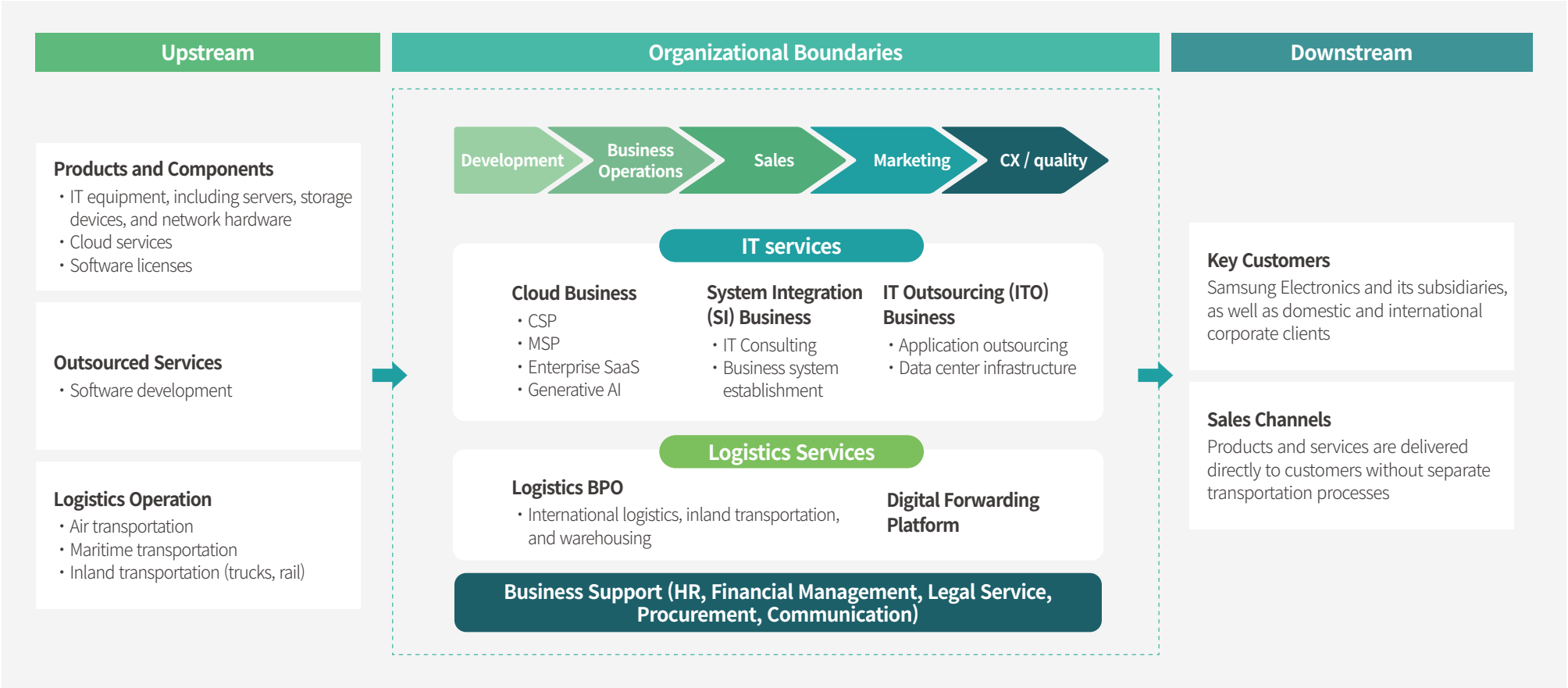
| Classification | Type                  | Opportunities                                                                                                  | Potential Financial Implications | Time Horizons |          |           |
|----------------|-----------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------|---------------|----------|-----------|
|                |                       |                                                                                                                |                                  | Short-term    | Mid-term | Long-term |
| Opportunities  | Resource Efficiency   | Reducing energy consumption at data centers through the adoption of high-efficiency equipment and technologies | Increase in operating profits    | ●             | ●        |           |
|                |                       | Enhancing transportation efficiency through a digital logistics platform                                       |                                  | ●             | ●        | ●         |
|                | Energy Source         | Taking advantage of incentives from renewable energy-related policies                                          | Increase in net income           |               | ●        |           |
|                |                       | Participating in the carbon emissions trading (purchasing carbon credits or selling surplus credits)           |                                  | ●             | ●        |           |
|                | Products and Services | Rising consumer preference for low-carbon products and services                                                | Sales increase                   | ●             | ●        |           |
|                |                       | Developing low-carbon cloud and logistics products and services                                                |                                  | ●             | ●        | ●         |
|                | Markets               | Digital transformation to reduce total energy consumption and growing demand for IT services                   | Sales increase                   |               | ●        | ●         |
|                |                       | Increasing access to the low-carbon logistics market                                                           |                                  |               | ●        | ●         |
|                | Resilience            | Utilizing public-sector policy incentives, such as price subsidies for low-carbon products                     | Increase in net income           |               | ●        | ●         |
|                |                       | Mitigating electricity cost fluctuations through long-term renewable energy supply contracts                   | Increase in net income           |               |          | ●         |

# Strategy

## Business Model and Value Chain

### Samsung SDS’s Business Model and Value Chain

We operate primarily in the IT services and logistics sectors. We procure products, raw materials, and outsourced labor necessary for cloud-based solutions and related services, enabling us to deliver services to our customers. In the logistics business, we create value through collaboration with logistics operators.

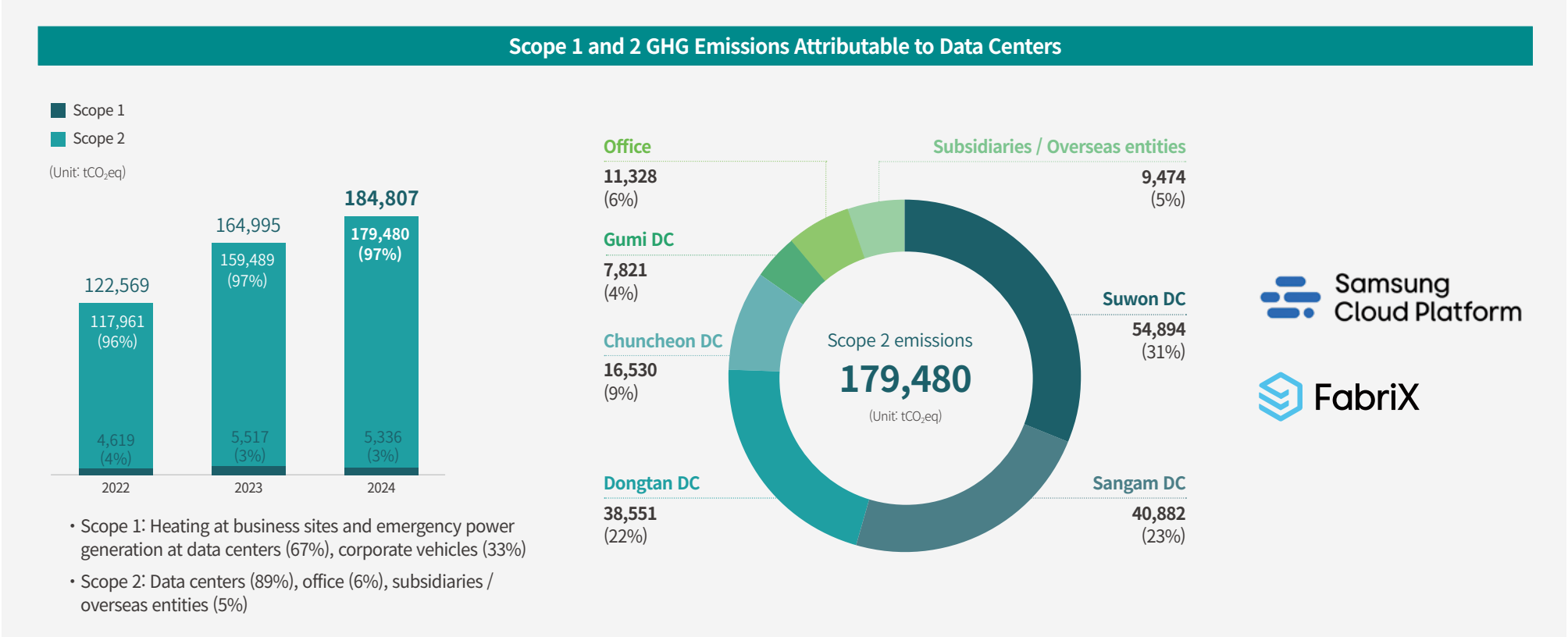


# Strategy

## Business Model and Value Chain

### Climate-Related Risks and Opportunities in Our Business Model and Value Chain

Approximately 96% of our total direct and indirect (Scope 1 and 2) GHG emissions are attributable to purchased electricity, with the vast majority generated by our domestically owned and operated data centers in Suwon, Sangam, Dongtan, and Chuncheon. In addition, the rapid surge in demand for AI technologies is expected to significantly accelerate the increase in data center-related emissions. Based on an analysis of these emissions and their potential impacts, climate-related risks and opportunities are found to be heavily concentrated in our data centers, which account for the largest portion of Scope 2 emissions within the organizational boundary, and in the cloud services supported by these facilities.



# Strategy

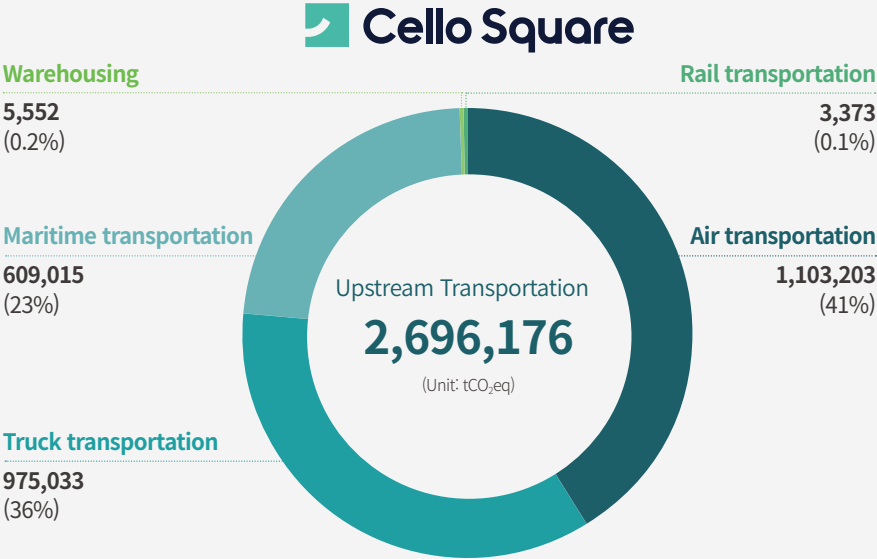
## Business Model and Value Chain

### Climate-Related Risks and Opportunities in Our Business Model and Value Chain

Within the value chain, climate-related risks and opportunities are primarily concentrated in the logistics operations phase. GHG emissions from mobile combustion during logistics activities are significant, with trucks and air transportation accounting for a substantial share of these emissions. Currently, other indirect GHG emissions (Scope 3) are not subject to regulation under mechanisms such as emissions trading schemes or carbon taxes. However, should such regulations be introduced in the future, they may represent transition risks. Accordingly, in the digital forwarding business utilizing Cello Square, the selection criteria for logistics operators may incorporate carbon management practices, including the use of environmentally friendly fuels. Moreover, the business model is expected to evolve by providing customers with relevant information to encourage the adoption of low-carbon transportation options.

Scope 3 GHG Emissions Attributable to Upstream Transportation

| (Unit: tCO <sub>2</sub> eq)                   |           |           |           |
|-----------------------------------------------|-----------|-----------|-----------|
| Category                                      | 2022      | 2023      | 2024      |
| Total Emissions                               | 3,154,519 | 2,909,796 | 2,992,478 |
| 1. Purchased goods and services               | 22,647    | 112,260   | 29,799    |
| 2. Capital goods                              | 84,216    | 60,857    | 195,662   |
| 3. Fuel- and energy-related activities        | 7,718     | 10,469    | 15,791    |
| 4. Upstream transportation and distribution   | 2,996,426 | 2,663,923 | 2,696,176 |
| 5. Waste generated in operations              | 290       | 2,174     | 1,599     |
| 6. Business travel                            | 8,646     | 4,905     | 6,585     |
| 7. Employee commuting                         | 5,222     | 34,048    | 13,992    |
| 8. Upstream leased assets                     | 14,773    | 7,250     | 15,821    |
| 9. Downstream transportation and distribution | -         | -         | 207       |
| 11. Use of sold products                      | -         | -         | 1,259     |
| 15. Investments                               | 14,581    | 13,910    | 15,588    |



# Strategy

## Business Model and Value Chain

### Impacts of Climate-Related Risks and Opportunities on Our Business Model and Value Chain

Indirect GHG emissions from data centers are a primary source of both transition and physical risks expected to affect Samsung SDS. In particular, the growing demand for AI services, which require intensive energy, is projected to significantly increase future emissions from data center operations. In response, we have constructed the high-performance Dongtan Data Center and are actively adopting energy-efficient technologies such as immersion cooling systems to reduce power consumption. In the logistics business, customer demand for low-carbon transportation services is also steadily increasing. Consequently, we anticipate that both our cloud and logistics service models and value chains will evolve toward reducing GHG emissions across the service delivery process. To support customers in achieving carbon neutrality, we plan to strengthen related services including emissions tracking and low-carbon service offerings.

#### Growing stakeholder demand for low-carbon IT and logistics services

- Strengthening of carbon-related regulations
- Rising energy costs
- Increasing physical risks to data centers

## SAMSUNG SDS

- Advancements in energy-efficient data center technologies
- Growth of the low-carbon service market
- Expansion of renewable energy generation
- Commercialization of eco-friendly fuels

#### Low-carbon, high-efficiency cloud service

- Diversification of sales channels targeting carbon-neutral clients
- Establishment of procurement policies for energy-efficient products (e.g., servers, storage devices)
- Strengthened carbon emissions management across the supply chain

#### Low-carbon, eco-friendly logistics services

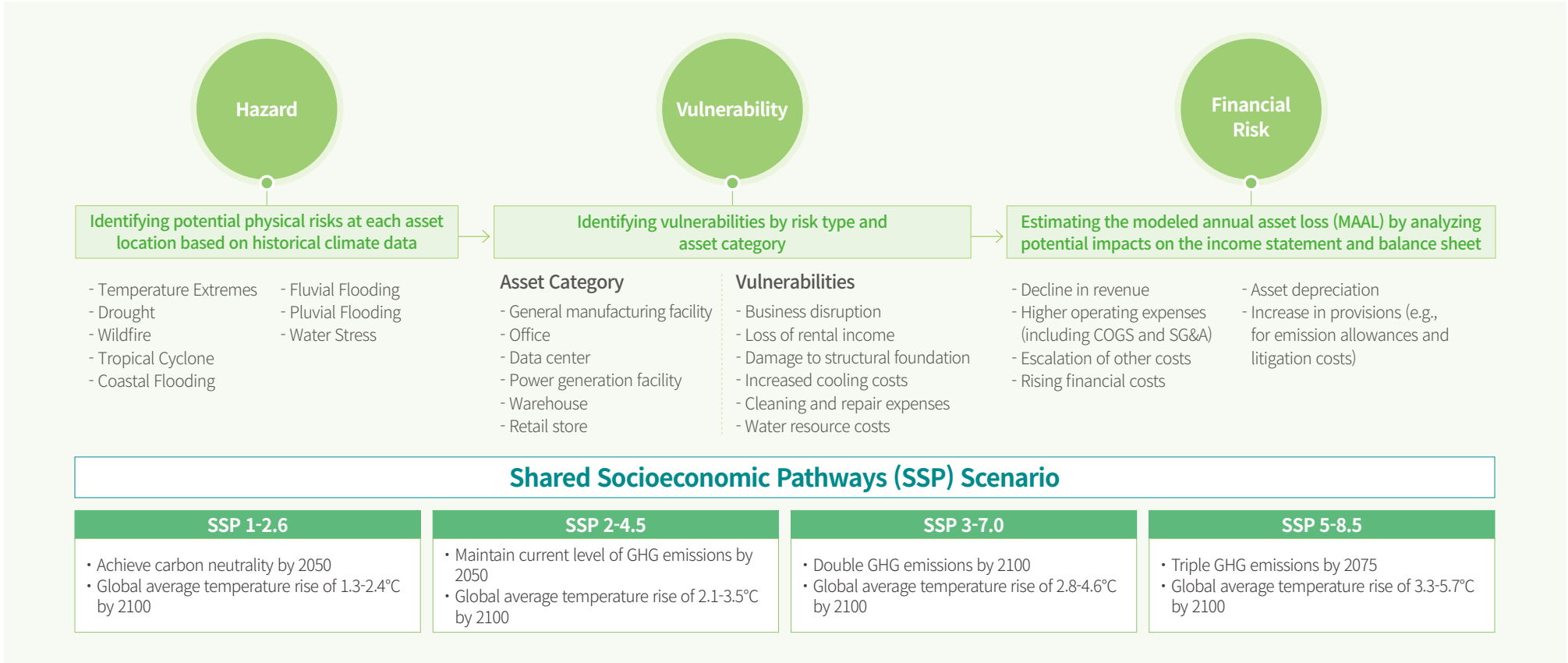
- Enhanced partnerships with low-carbon logistics operators
- Provision of emissions tracking and low-carbon service offerings

# Strategy

## Physical Risks

### Methodology for Assessing Physical Risks

We assessed the level of physical risks and their potential financial impact using the Hazard-Vulnerability-Risk framework applied in the Climonomics platform provided by S&P Global. Leveraging historical climate data based on geographic location, we identified risk types and likelihoods of potential physical risks, pinpointed vulnerabilities by asset type. We then analyzed financial impact factors under various climate scenarios to estimate the modeled average annual asset loss.



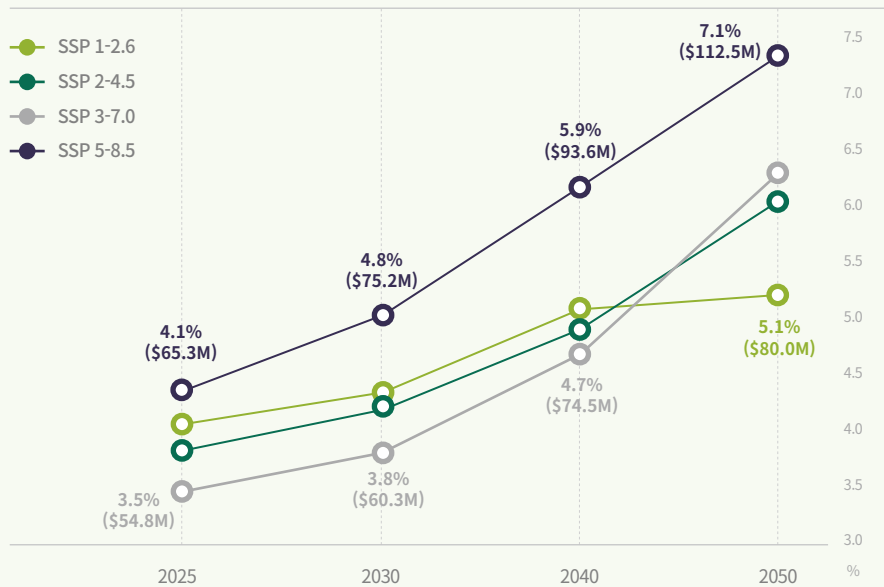
# Strategy

## Physical Risks

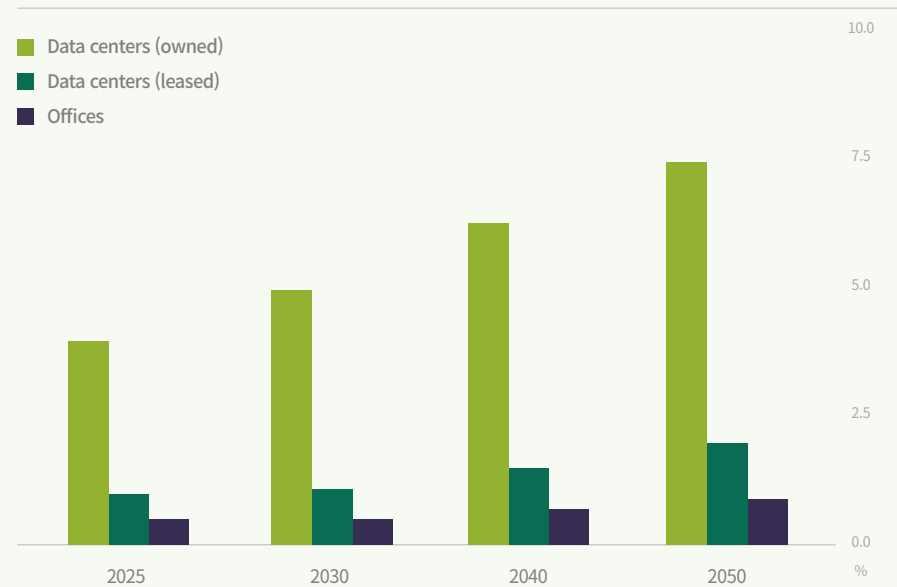
### Evaluation of Physical Risk Severity and Associated Financial Impacts

Based on projected asset loss ratios, physical climate risks were assessed by asset location and type to quantify potential financial impacts. Under the SSP 1-2.6 scenario, the modeled annual asset loss (MAAL) is estimated at 3.8% by 2030, increasing to 4.7% by 2050. In contrast, under the SSP 5-8.5 pathway, the loss rate could reach 4.8% in 2030 and escalate to 7.1% by 2050. Among the asset categories, Samsung SDS's directly owned data centers are expected to face a relatively higher degree of exposure to such risks.

Estimated MAAL from Physical Climate Risks



Projected MAAL by Asset Type (Based on SSP 5-8.5 Scenario)



# Strategy

## Physical Risks

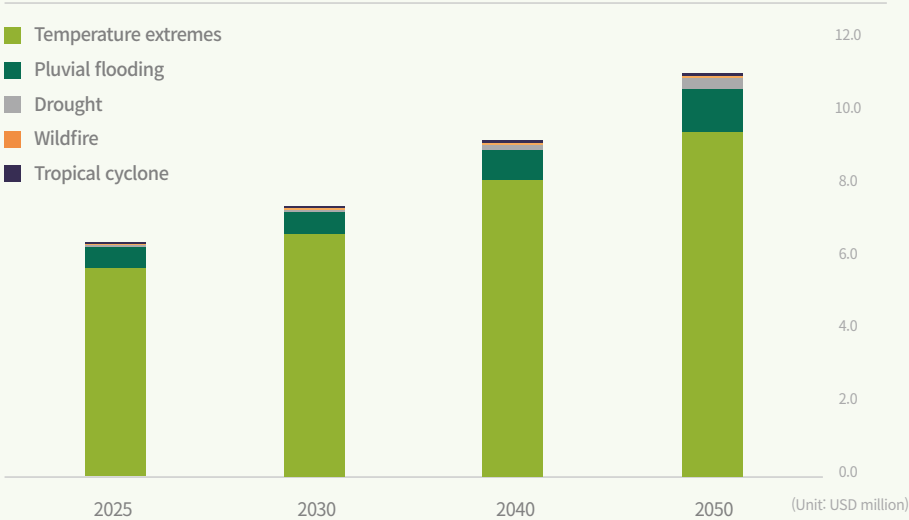
### Evaluation of Physical Risk Severity and Associated Financial Impacts

In order to identify assets exposed to material physical risks, we analyzed the estimated modeled annual asset loss (MAAL) and projected financial losses for each asset under the high-emissions scenario (SSP 5-8.5). In terms of loss ratio, the data centers located in Shanghai, China and Dallas, USA showed the highest MAALs by 2050, at 17.9% and 18.0%, respectively. However, when assessed by total loss amount, the Suwon and Dongtan data centers recorded the largest expected losses due to their higher asset values. Nonetheless, considering the conventional depreciation rate of assets not subject to physical risks (2.7% per year, or 27% over 10 years based on the last five fiscal years), no assets were deemed to be critically exposed or particularly vulnerable. Among the physical hazards analyzed, chronic risks such as extreme heat accounted for a significant portion of the projected impact, while acute risks like urban flooding also partially contributed.

Top 5 Estimated MAAL Ratios and Amounts (Based on SSP 5-8.5 Scenario)

|                                            | Assets                | Short-term | Mid-term | Long-term |         |
|--------------------------------------------|-----------------------|------------|----------|-----------|---------|
|                                            |                       | 2025       | 2030     | 2040      | 2050    |
| Estimated Modeled Annual Asset Loss Ratio  | Shanghai Data Center  | 8.9%       | 16.3%    | 17.1%     | 17.9%   |
|                                            | Dallas Data Center    | 2.2%       | 2.5%     | 17.2%     | 18.0%   |
|                                            | Chuncheon Data Center | 4.6%       | 5.2%     | 6.5%      | 7.8%    |
|                                            | Dongtan Data Center   | 4.4%       | 5.0%     | 6.3%      | 7.6%    |
| Estimated Modeled Annual Asset Loss Amount | Dongtan Data Center   | \$21.8m    | \$25.1m  | \$31.5m   | \$37.8m |
|                                            | Suwon Data Center     | \$21.6m    | \$24.9m  | \$30.9m   | \$37.2m |
|                                            | Sangam Data Center    | \$16.2m    | \$18.7m  | \$23.1m   | \$27.5m |
|                                            | Chuncheon Data Center | \$4.8m     | \$5.6m   | \$6.8m    | \$8.2m  |
|                                            | Gumi Data Center      | \$0.5m     | \$0.7m   | \$0.9m    | \$1.2m  |

Key Physical Climate Risk Factors (Based on SSP 5-8.5 Scenario)

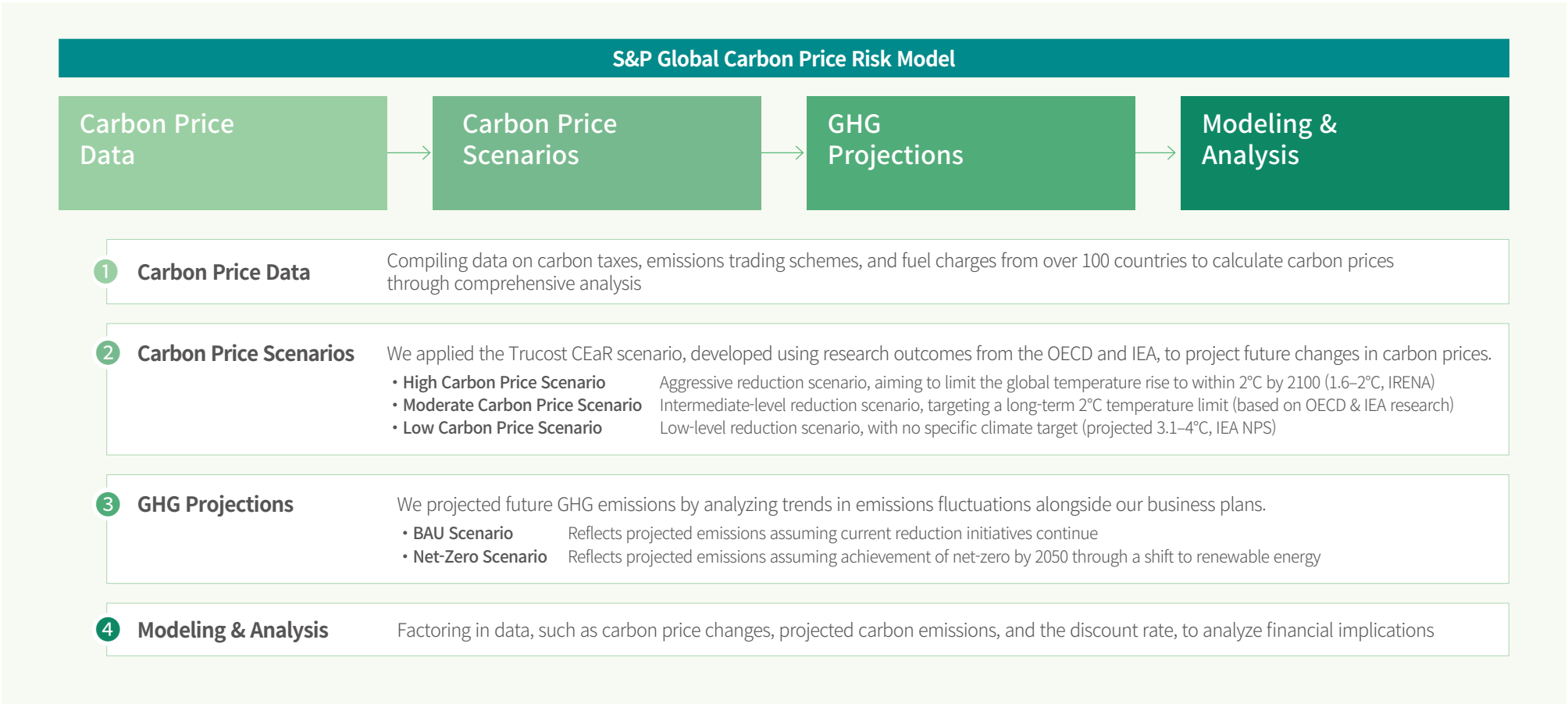


# Strategy

## Transition Risks

### Methodology for Assessing Transition Risks

By applying the S&P Global Carbon Price Risk Model, we analyzed the financial implications of policy and legal risks, as part of the broader set of transition risks, for Samsung SDS.

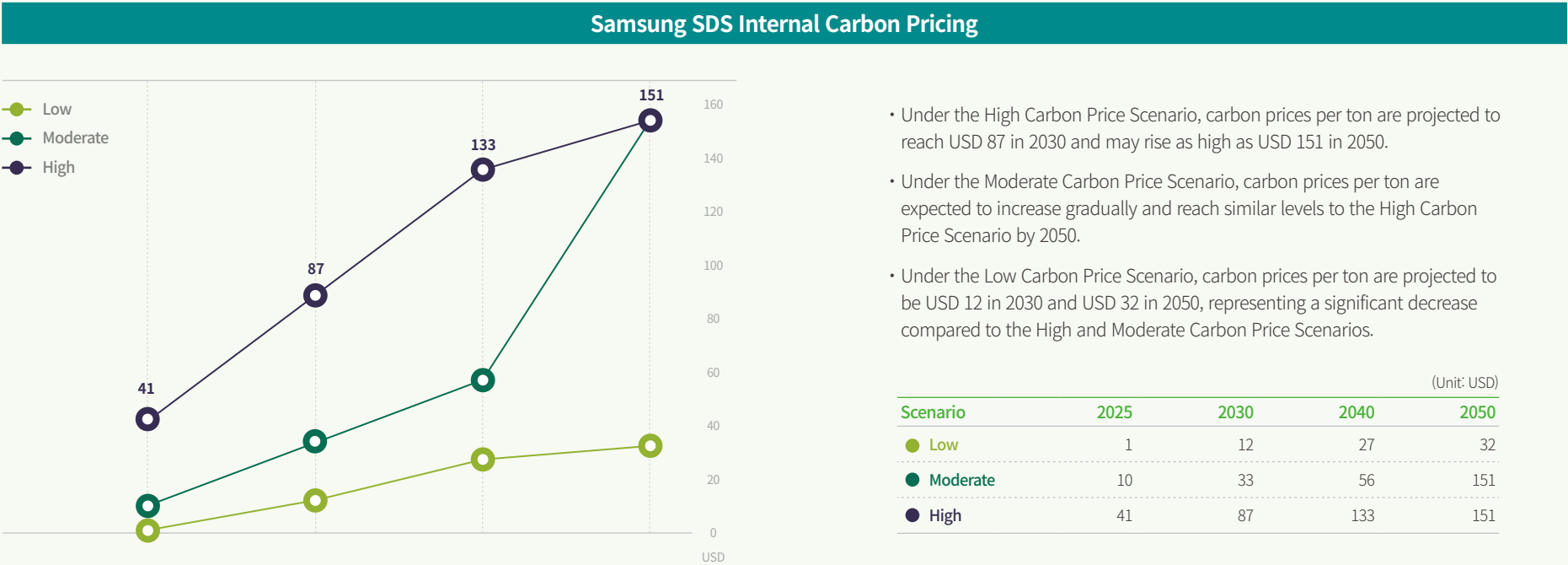


# Strategy

## Transition Risks

### Evaluation of Transition Risk Severity and Associated Financial Impacts

With the objective of measuring the carbon price premium, we calculated carbon prices by comprehensively factoring in elements such as carbon regulations, carbon credit prices, and renewable energy transition costs across countries worldwide. The assessment reveals that, as of 2025, the carbon price stands at USD 41 under the High Carbon Price Scenario, USD 10 under the Moderate Carbon Price Scenario, and USD 1 under the Low Carbon Price Scenario. Looking ahead, carbon prices could rise to as high as USD 151 by 2050 in an aggressive reduction scenario, or up to USD 32 in a low-level emission scenario.



- Under the High Carbon Price Scenario, carbon prices per ton are projected to reach USD 87 in 2030 and may rise as high as USD 151 in 2050.
- Under the Moderate Carbon Price Scenario, carbon prices per ton are expected to increase gradually and reach similar levels to the High Carbon Price Scenario by 2050.
- Under the Low Carbon Price Scenario, carbon prices per ton are projected to be USD 12 in 2030 and USD 32 in 2050, representing a significant decrease compared to the High and Moderate Carbon Price Scenarios.

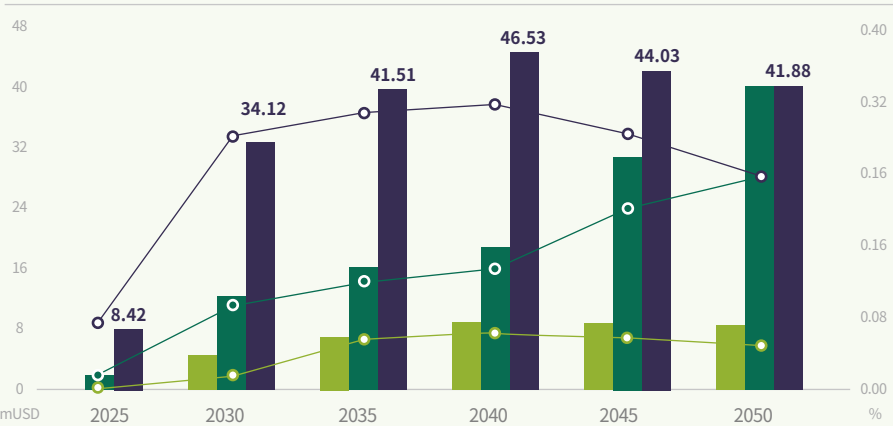
# Strategy

## Transition Risks

### Evaluation of Transition Risk Severity and Associated Financial Impacts

In 2023, we conducted our first scenario analysis on policy and legal transition risks. For this year’s reanalysis, we updated a wide range of inputs, including projected GHG emissions that reflect new business plans, financial data such as discount rates, revenue, and operating costs, as well as exchange rates. According to this analysis, under a high-intensity transition scenario based on business as usual (BAU) emissions, the estimated cost of policy and legal risks is projected to reach up to USD 46.53 million, or 0.33% of the annual operating cost, and USD 41.88 million (0.25%) by 2050. Under a high-intensity transition scenario based on Net-Zero emissions, the policy and legal risk cost is projected to be USD 23.24 million in 2030, accounting for 0.20% of that year’s operating cost. The risk is projected to decline gradually in line with reduced emissions.

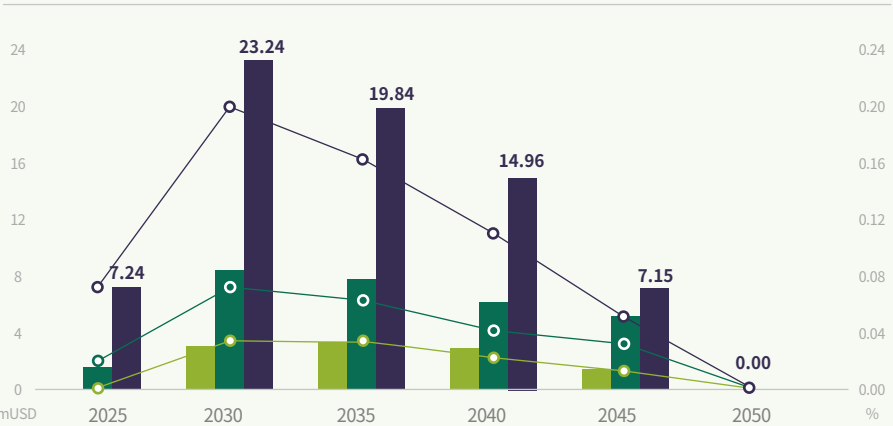
BAU Emissions Scenario



(Unit: USD million)

| Scenario | 2025 | 2030  | 2035  | 2040  | 2045  | 2050  |
|----------|------|-------|-------|-------|-------|-------|
| Low      | 0.16 | 4.81  | 7.33  | 9.32  | 9.14  | 8.96  |
| Moderate | 2.03 | 12.93 | 16.88 | 19.71 | 32.15 | 41.88 |
| High     | 8.42 | 34.12 | 41.51 | 46.53 | 44.03 | 41.88 |

Net-Zero Emissions Scenario



(Unit: USD million)

| Scenario | 2025 | 2030  | 2035  | 2040  | 2045 | 2050 |
|----------|------|-------|-------|-------|------|------|
| Low      | 0.00 | 3.07  | 3.37  | 2.92  | 1.45 | -    |
| Moderate | 1.57 | 8.46  | 7.80  | 6.16  | 5.18 | -    |
| High     | 7.24 | 23.24 | 19.84 | 14.96 | 7.15 | -    |

# Strategy

## Transition Risks

### Evaluation of Transition Risk Severity and Associated Financial Impacts

We also identify and manage the financial impacts of climate-related transition risks, specifically technological, market, and reputational risks, on Samsung SDS. Technological risk was assessed based on investment costs in new technologies for lowering data center energy efficiency and the potential financial impact of failed investments, using inputs such as technology investment costs, potential emissions from data centers, and projected carbon prices. Market risk was comprehensively quantified by analyzing renewable energy supply prices and estimating the increased costs associated with the energy transition in the power sector. Reputational risk was evaluated by estimating potential financial impacts caused by increased negative stakeholder feedback owing to insufficient climate-related disclosures or greenwashing, based on projected revenue and related assumptions.

| Category            | Key Risk Factors                                                                        | Estimated Financial Impact | Basis for Estimation                                                                                                                                                                                                                                                                                                          |
|---------------------|-----------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technological Risks | Cost burden from investing in new technologies to improve data center energy efficiency | KRW 84.4 billion           | <ul style="list-style-type: none"><li>• Direct cost increase due to investments in IT equipment cooling technologies for GHG emissions reduction</li><li>• Calculated based on investment and deployment cost of immersive liquid cooling, which is part of Eco-Cloud technologies</li></ul>                                  |
|                     | Growing costs from purchasing carbon credits caused by failed technology investments    | KRW 194.1 billion          | <ul style="list-style-type: none"><li>• Financial risks arising from failed investments in low-power technologies (Eco-Cloud) and data center remodeling</li><li>• Estimated based on the purchase cost of domestic carbon credits until 2050, excluding direct mitigation and renewable energy purchases</li></ul>           |
| Market Risks        | Higher energy expenses from transitioning to renewable energy in the power sector       | KRW 692.4 billion          | <ul style="list-style-type: none"><li>• Direct cost rise from supplying renewable energy to reduce GHG emissions from data centers and business sites</li><li>• Calculated as additional cost of renewable energy needed to offset remaining emissions after own reduction efforts under the BAU scenario (by 2050)</li></ul> |
| Reputational Risks  | More negative feedback from stakeholders due to reputational risks                      | KRW 138.2 billion          | <ul style="list-style-type: none"><li>• Revenue loss due to deteriorated corporate reputation caused by insufficient climate-related disclosures and greenwashing</li><li>• Estimated based on 1% reduction in total revenue for 2024 (about KRW 13.8 trillion)</li></ul>                                                     |

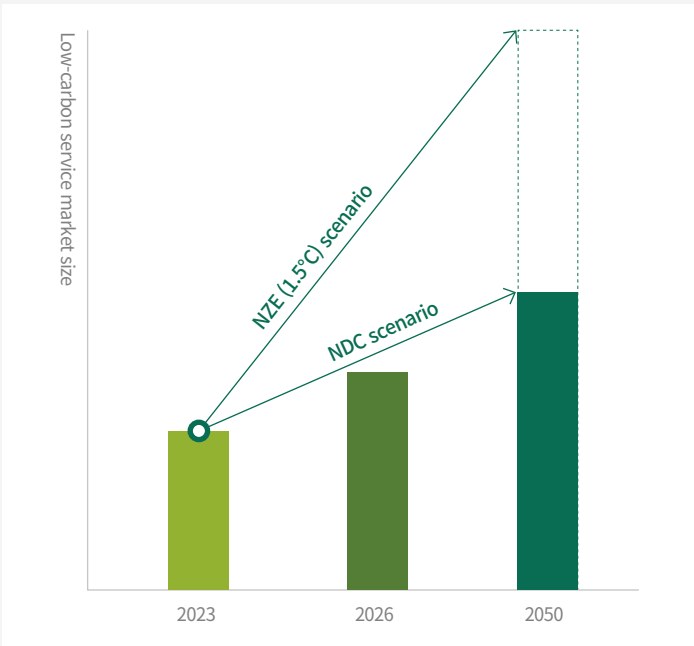
Transition risks often lead to decreased operating profits due to factors such as carbon credit purchases, technology investments, and rising energy costs. Accordingly, we established materiality assessment criteria by reflecting the operating profit margins over the past five fiscal years and projected revenue growth through 2050. As a result, no transition risks have been identified that would exert a financial impact exceeding the operating profit margins projected in our revenue forecasts.

# Strategy

## Opportunities

### Analysis of Climate-Related Business Opportunities

Samsung SDS’s core business activities support the global transition toward the 1.5°C target. According to IEA<sup>1)</sup>, its Net-Zero Roadmap<sup>2)</sup> published in 2023 estimates that consumer behavior change and demand-side responses could reduce CO<sub>2</sub> emissions by 2.6 Gt by 2050. We support such efforts through data center-based cloud services that enable efficient resource use, and its digital forwarding service, Cello Square, which enhances logistics operations and promotes a shift to low-carbon transportation. In addition, the Brity Meeting video conferencing solution facilitates behavioral change. The Global Enabling Sustainability Initiative (GeSI)<sup>3)</sup>, in its SMARTer 2030 report, projected that the revenue potential of ICT products and services could reach USD 1.8 trillion by 2030. Markets&Markets also forecasts that the ESG disclosure and data platform market will grow from USD 700 million in 2022 to USD 1.5 billion in 2027, with a compound annual growth rate of 16.5%.



With an aim to evaluate climate-related opportunities and reflect them in our business strategy, we have defined low-carbon solutions that can contribute to both climate change mitigation and adaptation. Following the EU Taxonomy framework, we reviewed our business operations for their eligibility and alignment with climate mitigation objectives. Based on this assessment, we calculated the corresponding shares of net sales, CAPEX, and OPEX, linked to aligned activities. However, quantifying the short, mid-term, and long-term financial impacts of our defined low-carbon solutions and conducting climate scenario analysis remain highly challenging due to the lack of sufficient data and research findings, as well as the absence of established methodologies necessary for reliable analysis. Although growth projections for low-carbon IT solutions are highly favorable under Net-Zero scenarios, available sources remain insufficient to serve as a solid basis for quantification. For this reason, we have presented estimates of the potential market size and anticipated revenue growth for our low-carbon solutions, drawing on service-specific market outlooks and mid-term revenue goals. We also plan to further refine our analytical approach over time.

| Category                                                                                             | Growth Rate |
|------------------------------------------------------------------------------------------------------|-------------|
| Potential market size of low-carbon products and services or adaptation solutions (CAGR)             | 4.1~19%     |
| Expected changes to net revenue from low-carbon products and services or adaptation solutions (CAGR) | 7%          |

1) IEA: International Energy Agency  
2) IEA, Net-Zero Roadmap - A Global Pathway to Keep the 1.5°C Goal in Reach 2023 update (September 2023)  
3) Global Enabling Sustainability Initiative (GeSI): An initiative established to promote sustainable development in the ICT industry

# Strategy

## EU Taxonomy Disclosure

### EU Taxonomy Eligibility and Alignment Assessment

Samsung SDS conducted a comprehensive review of all its products and services to assess their eligibility and alignment with the EU Taxonomy. The EU Taxonomy is a classification system established by the European Union to define environmentally sustainable economic activities in pursuit of carbon neutrality by 2050. We identified economic activities that align with the EU Taxonomy’s six environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In accordance with EU regulations 2020/852 and 2021/2178, we calculated the key performance indicators (KPIs) for each eligible activity, including turnover, capital expenditure (CapEx), and operating expenditure (OpEx).

#### Activity 8.1 – Data Processing, Hosting, and Related Activities (Contribute to Climate Change Mitigation)

Samsung SDS provides data center and cloud services that fall under Activity 8.1, ‘Data Processing, Hosting, and Related Activities,’ which contributes to the EU Taxonomy’s environmental objective of climate change mitigation. This activity is classified as a Transitional Activity<sup>1)</sup> under Article 10(2) of Regulation (EU) 2020/852. As of the 2024 fiscal year, we did not meet the technical screening criteria for Taxonomy alignment under Activity 8.1. For instance, the current refrigerants used in our data centers exceed the global warming potential (GWP) threshold of 675. Immediate replacement of these refrigerants to meet the criterion would result in the generation of hazardous waste and could compromise data center stability. Therefore, we plan to transition to Taxonomy-compliant refrigerants gradually, in accordance with our regular maintenance schedule, once the technical safety and stability of low-GWP alternatives are confirmed. In addition, the colocation and hyperscaler services we currently use have not yet fully met the standards outlined in the Taxonomy regulation. We intend to assess the applicability of the Taxonomy criteria to these service suppliers and consider future alignment from a long-term strategic perspective.

1) Activities that supports the transition to a climate-neutral economy in consistent with pathways limiting global warming to below 1.5°C, despite the absence of technologically and economically feasible low-carbon alternatives at present.  
2) Activities that enable other activities to make a substantial contribution to environmental objectives.

#### Activity 8.2 ‘Data-Driven Solutions for GHG Emission Reduction’ (Contribute to Climate Change Mitigation)

Samsung SDS provides solutions that align with Activity 8.2, which contributes to climate change mitigation under the EU Taxonomy’s six environmental objectives. This activity is classified as an Enabling Activity<sup>2)</sup> as defined in Article 10(2) of EU Regulation 2020/852. As of the 2024 fiscal year, we have not yet met the Taxonomy alignment criteria required for Category 8.2. For instance, when alternative solutions are available in the market, we must demonstrate a reduction in GHG emissions throughout the entire lifecycle compared to the best-performing alternative. Currently, however, there is a lack of a reliable database with adequate data to substantiate such reductions. Looking ahead, we plan to expand sales and investments in solutions that qualify as eligible activities and to explore measures to achieve alignment with the Taxonomy criteria from a long-term perspective.

# Strategy

## EU Taxonomy Disclosure

## Turnover

[illegible]

# Strategy

## EU Taxonomy Disclosure

## Capital Expenditure (CapEx)

| Fiscal Year                                                                   | 2024             |                          |                               | Substantial Contribution Criteria      |                                        |                                         |                            |                  |                                           | Do No Significantly Harm (DNSH) Criteria |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
|-------------------------------------------------------------------------------|------------------|--------------------------|-------------------------------|----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------|------------------|-------------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|-----------------------------|-------------------|-------------------------------------------|-------------------------------|----------------------------------------------------------|----------------------------------------------|--------------------------------------------------|
| Economic activities<br>(1)                                                    | NACE code<br>(2) | Absolute<br>CapEx<br>(3) | Proportion<br>of CapEx<br>(4) | Climate<br>change<br>mitigation<br>(5) | Climate<br>change<br>adaptation<br>(6) | Water and<br>marine<br>resources<br>(7) | Circular<br>economy<br>(8) | Pollution<br>(9) | Biodiversity<br>and<br>ecosystems<br>(10) | Climate<br>change<br>mitigation<br>(11)  | Climate<br>change<br>adaptation<br>(12) | Water and<br>marine<br>resources<br>(13) | Circular<br>economy<br>(14) | Pollution<br>(15) | Biodiversity<br>and<br>ecosystems<br>(16) | Minimum<br>safeguards<br>(17) | Taxonomy-aligned<br>proportion of<br>CapEx, 2023<br>(18) | Category<br>(Enabling<br>activities)<br>(19) | Category<br>(Transitional<br>activities)<br>(20) |
|                                                                               |                  | KRW 100 million          | %                             | %                                      | %                                      | %                                       | %                          | %                | %                                         | Y/N                                      | Y/N                                     | Y/N                                      | Y/N                         | Y/N               | Y/N                                       | Y/N                           | %                                                        | E                                            | T                                                |
| A. Taxonomy-eligible activities                                               |                  |                          |                               |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| A.1. Taxonomy-aligned activities                                              |                  |                          |                               |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| CapEx of<br>Taxonomy-aligned activities<br>(A.1)                              |                  | -                        | -                             | -                                      | -                                      | -                                       | -                          | -                | -                                         |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| Enabling activities                                                           |                  | -                        | -                             | -                                      | -                                      | -                                       | -                          | -                | -                                         |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| Transitional activities                                                       |                  | -                        | -                             | -                                      | -                                      | -                                       | -                          | -                | -                                         |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| A.2. Taxonomy-eligible but not Taxonomy-aligned activities                    |                  |                          |                               |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| 8.1 Data processing, hosting,<br>and related activities                       | J63.11           | 1,994                    | 42.1                          | EL                                     |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| 8.2 Data-driven solutions for<br>GHG emission reduction                       | J62              | 21                       | 0.4                           | EL                                     |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| CapEx of<br>Taxonomy-eligible but not<br>Taxonomy-aligned activities<br>(A.2) |                  | 2,015                    | 42.5                          |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| Total<br>(A.1 + A.2)                                                          |                  | 2,015                    | 42.5                          |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| B. Taxonomy-non-eligible activities                                           |                  |                          |                               |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| CapEx of Taxonomy-non-<br>eligible activities                                 |                  | 2,728                    | 57.5                          |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |
| Total<br>(A+B)                                                                |                  | 4,743                    | 100                           |                                        |                                        |                                         |                            |                  |                                           |                                          |                                         |                                          |                             |                   |                                           |                               |                                                          |                                              |                                                  |

# Strategy

## EU Taxonomy Disclosure

## Operating Expenditure (OpEx)

[illegible]

# Strategy

## Plans for Climate Change Mitigation and Adaptation

### Transition Plan for Climate Change Mitigation

Samsung SDS supports the Paris Agreement, which aims to limit the rise in global average temperature to below 1.5°C above pre-industrial levels. We understand that realizing this goal calls for decisive corporate action, and we are committed to advancing a company-wide transition plan to address climate change across all facets of our operations.

We also anticipate the implementation of national-level regulations and policies aimed at accelerating climate change mitigation, such as increased allocation costs and rising carbon credit prices, which could place additional financial pressure on our business. To ensure alignment across the organization, our transition plan was submitted to the ESG Committee under the BOD, as well as to the CEO and CFO. Their feedback was incorporated into the plan, and final approval was obtained for its implementation. Following this, we established a range of transition measures based on a thorough review of various scientific pathways outlined by the Intergovernmental Panel on Climate Change (IPCC), ensuring alignment with the goals of the Paris Agreement.

| Ongoing and Planned Climate Change Mitigation Measures and Targets |                                                                                                                      |                                                                                                                    |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                                                                    | [Transition Measure]                                                                                                 | [Target]                                                                                                           |
| Renewable Energy Transition                                        | Transition to renewable energy by purchasing Green Premiums, RECs, and entering into PPAs                            | Achieve 100% renewable energy at overseas operations by 2030, and 100% renewable sourcing for all new data centers |
| Low-carbon Data Center Operations                                  | Development and design of technical standards for immersion cooling technology                                       | Phase in immersion cooling technology to cover 75% of the Dongtan and newly built data centers by 2035.            |
| Reduction of Direct Emissions                                      | Transition all company vehicles to zero-emission alternatives and replace conventional boilers with electric models. | Convert 100% of domestic company vehicles to zero-emission alternatives by 2030                                    |

### Implementation of Transition Plan

Samsung SDS has been making continuous efforts to implement its transition plan effectively. In 2024, we successfully transitioned approximately 90% of our overseas emissions to renewable energy through the purchase of international Renewable Energy Certificates (RECs). Additionally, in the second half of 2025, we plan to initiate a pilot Power Purchase Agreement (PPA) procurement to support renewable energy sourcing for newly established data centers. The renewable energy transition through RECs purchases and green premium acquisitions in 2024 incurred an operating expense (OpEx) of approximately KRW 280 million. Looking ahead, we anticipate that securing renewable energy via PPAs and REC purchases by 2030 will require an investment of about KRW 7.4 billion.

We also completed performance simulations for various cooling methods through industry-academic research to support the design of immersion cooling systems. A pilot immersion cooling lab has been established at the Dongtan Data Center, and we are continuously working to enhance performance through trial operations. In 2024, we invested approximately KRW 240 million in capital expenditures (CapEx) for the pilot installation of the immersion cooling system at the Dongtan Data Center. Including the KRW 150 million spent in 2023 on industry-academic research and other related efforts, the total accumulated investment for this initiative amounts to approximately KRW 390 million.

In addition, we converted 18 of our 146 company fleets to zero-emission vehicles in 2024 and completed the installation of 18 EV charging stations across four data centers. The 2024 transition to low-emission vehicles required an OpEx of approximately KRW 90 million. Combined with the KRW 420 million spent in 2023 for the installation of EV chargers at the four data centers, the total cumulative cost incurred to date amounts to approximately KRW 510 million.

Implementation of the transition plan is proceeding as scheduled, in alignment with our mid- to long-term roadmap. The investments required to implement the plan, such as the construction of eco-friendly data centers and the transition to zero-emission vehicles, were estimated during the planning phase and incorporated into the financial plans of the relevant departments. Progress and outcomes of the transition plan are reported to executive management on a quarterly basis, and we will continue our efforts to ensure the achievement of our initial targets.

# Strategy

## Plans for Climate Change Mitigation and Adaptation

### Plans for Climate Change Adaptation

As climate change increasingly becomes an unavoidable global challenge, we recognize the critical importance of preparing for its impacts through comprehensive adaptation planning. To this end, we are actively developing and implementing diverse measures to enhance our capacity to adapt. We believe that raising awareness about climate change among employees and local communities is fundamental to promoting effective adaptation. Accordingly, we have undertaken a range of initiatives to foster understanding and engagement.

| Ongoing and Planned Climate Change Adaptation Measures and Targets |                                                                                                         |                                                                                          |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
|                                                                    | [Adaptation Measure]                                                                                    | [Target]                                                                                 |
| RE:Duce Campaign                                                   | Implement campaigns such as disposable product recycling in on-site cafés and zero leftover initiatives | Raise climate awareness among employees and local communities through continuous efforts |
| Paperless Campaign                                                 | Promote digital reporting and manage shared printers by floor                                           |                                                                                          |
| Environmental Education                                            | Provide carbon neutrality training to employees                                                         |                                                                                          |
| Environmental-Themed Art Contest                                   | Conduct an art contest focused on environmental themes for employees' children                          |                                                                                          |

### Implementation of Adaptation Plan

We have been consistently implementing climate adaptation initiatives and monitoring their outcomes. In April 2024, approximately 3,700 employees participated in our ‘zero leftover campaign’ in observance of Earth Day. In July 2024, we launched the RE:Duce disposable products campaign at our in-house cafés in the Sangam Data Center, successfully collecting 135 disposable cups. To promote sustainable work practices, we continue to run a paperless campaign encouraging electronic reporting. Additionally, our carbon neutrality training achieved a 100% completion rate among employees, and our environmental-themed art contest for employees’ children attracted 71 participants from kindergarten and elementary divisions, with 12 winners selected.

By undertaking diverse and proactive adaptation initiatives, we remain committed to raising climate change awareness and strengthening our adaptive capacity to ensure business continuity amid an evolving climate landscape.

# Climate Resilience

Navigating the increasing risks posed by climate change, Samsung SDS continues to strengthen its climate resilience through the implementation of GHG reduction technologies in data centers and proactive measures to prevent and respond to physical climate risks. Our owned assets and services have demonstrated robust resilience, with no damage reported in surrounding areas or operational disruptions at any of our domestic data centers, even during recent extreme weather events. We have also established a comprehensive Disaster Recovery Plan (DRP) and response manuals within the Samsung Cloud Platform (SCP) environment to ensure business continuity and operational stability. In addition, we offer tailored disaster recovery solutions to meet the needs of our clients. For leased data centers operated by our overseas entities, we are formulating effective response strategies based on long-term climate risk exposure assessments, leveraging reliable climate modeling data. Beyond climate-related risks, we recognize the vital importance of water resources and are actively enhancing our water resilience through ongoing water risk assessments and consumption reduction initiatives.

## Climate Adaptation Plans for Physical Risks

### Temperature Extreme and Drought

Temperature extreme poses a significant threat that can disrupt data center operations. Water, a critical resource for maintaining optimal operating conditions, also becomes a risk factor during severe droughts, potentially reducing cooling efficiency, increasing operational costs, and lowering productivity. To minimize these risks, we are continuously enhancing our cooling efficiency through the expansion of cooling facilities, replacement of outdated systems, and the adoption of advanced liquid-cooling technologies.

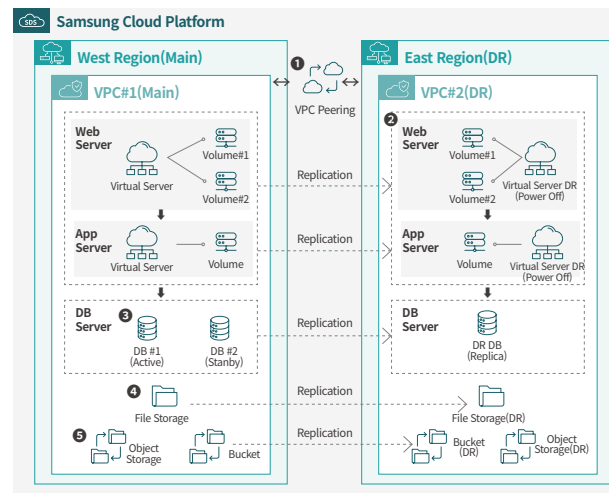
### Fluvial Flooding (River Overflow)

To prepare for the risk of fluvial flooding, we have developed response scenarios that take into account the elevation of each data center site and historical peak flood levels. For facilities more susceptible to flooding, such as parking areas and entryways, we have installed flood barriers, security shutters, and pre-positioned sandbags to ensure swift and effective protection.

## Disaster Recovery

### Disaster Recovery (DR) Plans and Solutions

With the growing frequency of unpredictable climate-related crises, the critical importance of robust disaster recovery (DR) systems and processes for data centers is being further underscored. The Samsung Cloud Platform (SCP) offers the broadest range of disaster recovery solutions and managed services among domestic cloud service providers, covering compute, networking, storage, and database functions.



## Water Resilience

### Water Risk Assessment

Due to the high dependence and sensitivity of our data centers on water resources, systematic management of water resilience is essential in response to climate change-induced water stress. Accordingly, we assess water-related risks using the World Resources Institute (WRI)'s Aqueduct tool, evaluating risk levels based on the geographic locations of our domestic and overseas operations. The assessment indicates that domestic sites face low to medium levels of water risk, while leased overseas sites exhibit relatively higher risk levels. However, no actual water stress events have occurred to date. Further research and analysis will be necessary to understand the potential frequency and severity of future water stress as risk levels evolve.

### Water Resource Management and Data Disclosure

We optimize water management by integrating water-saving technologies from the data center design phase. Additionally, we promote transparency by publicly disclosing our intake, discharge, and usage of both municipal and groundwater, along with associated targets and performance metrics.

# Metrics and Targets

## GHG Emissions

### Scope 1 and 2 GHG Emissions

| Category                                         | Unit                                    | 2021    | 2022 <sup>4)</sup> | 2023    | 2024    | Target  |
|--------------------------------------------------|-----------------------------------------|---------|--------------------|---------|---------|---------|
| (Market-based) GHG emissions <sup>1), 2)</sup>   | tCO <sub>2</sub> eq                     | 101,588 | 122,569            | 164,995 | 184,807 | 171,955 |
| Direct emissions (Scope 1)                       | tCO <sub>2</sub> eq                     | 3,420   | 4,619              | 5,517   | 5,336   | 5,885   |
| Indirect emissions (Scope 2)                     | tCO <sub>2</sub> eq                     | 98,167  | 117,961            | 159,489 | 179,480 | 166,070 |
| (Location-based) GHG emissions <sup>1), 2)</sup> | tCO <sub>2</sub> eq                     | 101,588 | 122,569            | 164,995 | 187,509 | 171,955 |
| Direct emissions (Scope 1)                       | tCO <sub>2</sub> eq                     | 3,420   | 4,619              | 5,517   | 5,336   | 5,885   |
| Indirect emissions (Scope 2)                     | tCO <sub>2</sub> eq                     | 98,167  | 117,961            | 159,489 | 182,182 | 166,070 |
| Emissions intensity <sup>3)</sup>                | tCO <sub>2</sub> eq/<br>KRW 100 million | 0.75    | 0.71               | 1.24    | 1.34    | 1.24    |

- ※ Calculations were made based on standards such as the national GHG management guidelines by country, IPCC Guidelines, and ISO 14064.
- 1) Total emissions may differ from the sum of Scope 1 and Scope 2 emissions due to the application of rounding standards at the individual business site level prior to aggregation.
- 2) Data corrections were made due to succession of rights and obligations at business sites from 2021 to 2023.
- 3) Scope 1 and 2 emissions are reported on a market-based basis against sales on a consolidated basis.
- 4) Since 2022, data from subsidiaries and overseas entities have been included.

### GHG Emissions Allowance Status

| Category                   | Unit | 2022      | 2023      | 2024      |
|----------------------------|------|-----------|-----------|-----------|
| Initial quantity           | KAU  | 104,222   | 115,594   | 93,143    |
| Prior free allocation      | KAU  | 93,044    | 93,044    | 92,172    |
| Additional free allocation | KAU  | -         | 12,600    | 41,332    |
| Purchased allowances       | KAU  | 21,290    | -         | 47,089    |
| Sold allowances            | KAU  | (1,080)   | (9,988)   | -         |
| Submitted allowances       | KAU  | (101,882) | (118,107) | (149,538) |
| Ending quantity            | KAU  | 115,594   | 93,143    | 124,198   |

### Scope 3 GHG Emissions

※ Samsung SDS has calculated emissions for all applicable categories across the entire supply chain in accordance with the GHG Protocol Scope 3 guidelines and has undergone third-party verification. This encompasses over 98% of total Scope 3 emissions.

| Category <sup>1), 2)</sup>                                                     |           | Unit                | 2022      | 2023      | 2024      |
|--------------------------------------------------------------------------------|-----------|---------------------|-----------|-----------|-----------|
| Total Scope 3 emissions                                                        |           | tCO <sub>2</sub> eq | 3,154,519 | 2,909,796 | 2,992,478 |
| 1. Purchased goods and services                                                |           | tCO <sub>2</sub> eq | 22,647    | 112,260   | 29,799    |
| 2. Capital goods                                                               |           | tCO <sub>2</sub> eq | 84,216    | 60,857    | 195,662   |
| 3. Fuel- and energy-related activities<br>(not included in Scope 1 or Scope 2) |           | tCO <sub>2</sub> eq | 7,718     | 10,469    | 15,791    |
| 4. Upstream<br>transportation and<br>distribution                              | Total     | tCO <sub>2</sub> eq | 2,996,426 | 2,663,923 | 2,696,176 |
|                                                                                | Air       | tCO <sub>2</sub> eq | 1,388,921 | 1,027,207 | 1,103,203 |
|                                                                                | Truck     | tCO <sub>2</sub> eq | 1,023,681 | 1,034,641 | 975,033   |
|                                                                                | Ocean     | tCO <sub>2</sub> eq | 575,023   | 575,448   | 609,015   |
|                                                                                | Train     | tCO <sub>2</sub> eq | 8,055     | 8,974     | 3,373     |
|                                                                                | Warehouse | tCO <sub>2</sub> eq | 746       | 17,653    | 5,552     |
| 5. Waste generated in operations                                               |           | tCO <sub>2</sub> eq | 290       | 2,174     | 1,599     |
| 6. Business travel                                                             |           | tCO <sub>2</sub> eq | 8,646     | 4,905     | 6,585     |
| 7. Employee commuting                                                          |           | tCO <sub>2</sub> eq | 5,222     | 34,048    | 13,992    |
| 8. Upstream leased assets                                                      |           | tCO <sub>2</sub> eq | 14,773    | 7,250     | 15,821    |
| 9. Downstream transportation and distribution                                  |           | tCO <sub>2</sub> eq | -         | -         | 207       |
| 10. Processing of sold products                                                |           |                     |           |           |           |
| 11. Use of sold products                                                       |           | tCO <sub>2</sub> eq | -         | -         | 1,259     |
| 12. End-of-life treatment of sold products                                     |           |                     |           |           |           |
| 13. Downstream leased assets                                                   |           |                     |           |           |           |
| 14. Franchises                                                                 |           |                     |           |           |           |
| 15. Investments                                                                |           | tCO <sub>2</sub> eq | 14,581    | 13,910    | 15,588    |

- 1) Scope 3 categories (⑩, ⑫~⑭) are not applicable to Samsung SDS's business activities.
- 2) New categories (⑨, ⑪) have been added due to the changes in Scope 3 emissions calculation and standards (products manufactured by subsidiaries included) in 2024.

# Metrics and Targets

## GHG Emissions

### Scope 1 and 2 GHG Emissions by Business Site

| Category              | Unit                | 2022   |        |        | 2023   |        |        | 2024   |        |        |
|-----------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                       |                     | Scope1 | Scope2 | Total  | Scope1 | Scope2 | Total  | Scope1 | Scope2 | Total  |
| Headquarters          | tCO <sub>2</sub> eq | 2,632  | 11,130 | 13,759 | 2,801  | 12,454 | 15,252 | 2,497  | 11,328 | 13,823 |
| Sangam Data Center    | tCO <sub>2</sub> eq | 85     | 29,355 | 29,440 | 91     | 35,090 | 35,181 | 161    | 40,882 | 41,043 |
| Suwon Data Center     | tCO <sub>2</sub> eq | 502    | 49,929 | 50,431 | 999    | 57,242 | 58,241 | 647    | 54,894 | 55,541 |
| Gumi Data Center      | tCO <sub>2</sub> eq | 261    | 7,932  | 8,193  | 311    | 6,487  | 6,798  | 346    | 7,821  | 8,167  |
| Chuncheon Data Center | tCO <sub>2</sub> eq | 19     | 13,602 | 13,620 | 9      | 15,874 | 15,883 | 18     | 16,529 | 16,547 |
| Dongtan Data Center   | tCO <sub>2</sub> eq | 1      | 2,396  | 2,396  | 11     | 17,964 | 17,974 | 3      | 38,551 | 38,553 |
| Others                | tCO <sub>2</sub> eq | 1,119  | 3,616  | 4,730  | 1,294  | 14,378 | 15,666 | 1,665  | 9,474  | 11,133 |

※ Market-based Scope 1 and 2 GHG Emissions

### Energy Consumption by Business Site

| Category              | Unit | 2022  | 2023  | 2024  |
|-----------------------|------|-------|-------|-------|
| Headquarters          | TJ   | 283   | 314   | 286   |
| Sangam Data Center    | TJ   | 615   | 735   | 857   |
| Suwon Data Center     | TJ   | 1,052 | 1,214 | 1,159 |
| Gumi Data Center      | TJ   | 170   | 141   | 170   |
| Chuncheon Data Center | TJ   | 284   | 331   | 345   |
| Dongtan Data Center   | TJ   | 50    | 375   | 805   |
| Others                | TJ   | 61    | 94    | 98    |

### Scope 1 and 2 GHG Emissions Calculation Methodology

| Category |                       | Emission Sources    | Calculation Methodology | Activity Data                                      | Emission Factors                                                                                                                                                                       |
|----------|-----------------------|---------------------|-------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope 1  | Stationary combustion | Boiler              | Tier 1                  | Utility bills, meters, lease agreements            | Heat value and emission factors under the Emissions<br>* Trading Scheme Based on 2006 IPCC Guidelines for National GHG Inventories                                                     |
| Scope 1  | Stationary combustion | Emergency generator | Tier 1                  | Operation logs                                     |                                                                                                                                                                                        |
| Scope 1  | Mobile combustion     | Company vehicles    | Tier 1                  | Credit card statements, and vehicle operation logs |                                                                                                                                                                                        |
| Scope 2  | Purchased electricity | -                   | Tier 2                  | Utility bills, meters, lease agreements            | Domestic: Emission factors based on Korea's national grid emission factor<br>Overseas: Country-specific electricity emission factors provided by the International Energy Agency (IEA) |
| Scope 2  | Purchased steam       | -                   | Tier 2                  | Utility bills, meters, lease agreements            | Emission factors provided by the supplier (Korea District Heating Corporation)                                                                                                         |

# Metrics and Targets

## GHG Emissions

### Scope 3 GHG Emissions Calculation Methodology

| Category                                                              | Calculation Methodology         | Scope of Calculation                                                                                                                                                                        | Emission Factors                                                                                                                                                                                          |
|-----------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Purchased goods and services                                       | Spend-based                     | Goods and services purchased by HQ in the reporting year<br>Intangible assets acquired on a consolidated basis (excluding goodwill)                                                         | • Industry-specific factors from EU ETS Phase 4 and K-ETS Phase 3 carbon intensity data                                                                                                                   |
| 2. Capital goods                                                      | Spend-based                     | Tangible assets acquired on a consolidated basis during the reporting year (excluding land)                                                                                                 | • Industry-specific emission factors from EU ETS Phase 4 and K-ETS Phase 3<br>• UK ONS carbon intensity data for construction used when purchasing buildings                                              |
| 3. Fuel- and energy-related activities (not included in scope 1 or 2) | Consumption-based               | Fuel and energy used for Scope 1 and 2 emissions by domestic sites, subsidiaries, and overseas entities                                                                                     | • Electricity: LCI DB, emissions from electricity generation excluding national grid factors<br>• Steam, LNG, diesel, gasoline: WTT emission factors from UK GHG Conversion Factors for Company Reporting |
| 4. Upstream transportation and distribution                           | Distance-based                  | Transport volumes recorded in FIS/TMS during the reporting year (excluding customs clearance), and non-directly operated domestic/overseas logistics warehouses of customers and affiliates | • Emission factors for aircraft, rail, truck, and maritime transport based on ISO 14083 and GLEC Framework                                                                                                |
| 5. Waste generated in operations                                      | Waste volume-based              | Waste generated by 10 domestic sites, subsidiaries, and overseas entities in the reporting year                                                                                             | • Carbon footprint emission factors by waste type and disposal method from the Korean Ministry of Environment's Environmental Performance Labeling                                                        |
| 6. Business travel                                                    | Hybrid (distance + spend-based) | Domestic and international business travel by employees of HQ, subsidiaries, and overseas entities (excluding accommodation)                                                                | • Emission factors by transport mode (airplane, car, KTX, subway, bus) from Ministry of Environment                                                                                                       |
| 7. Employee commuting                                                 | Distance-based                  | Commuting data of employees from HQ, subsidiaries, and overseas entities                                                                                                                    | • Emission factors from US EPA's Scope 3 Category 7: Employee Commuting                                                                                                                                   |
| 8. Upstream leased assets                                             | Consumption-based               | Electricity usage of 13 leased overseas data centers not included in Scope 1 or 2                                                                                                           | • Electricity emission factors by country where each data center is located                                                                                                                               |
| 9. Downstream transportation and distribution                         | Spend-based                     | Transportation for sales of produced products (limited to SECUI among subsidiaries)                                                                                                         | • Emission factors from National Institute of Environmental Research's Scope 3 GHG Calculation and Reporting Guideline, Category 9                                                                        |
| 11. Use of sold products                                              | Consumption-based               | Use of products by consumers (limited to SECUI among subsidiaries)                                                                                                                          | • National electricity emission factors used in emissions trading scheme                                                                                                                                  |
| 15. Investments                                                       | Spend-based                     | Companies invested in as of the end of the reporting year (excluding subsidiaries and overseas entities)                                                                                    | • Domestic: emission intensity based on revenue and emissions of companies under emissions trading scheme<br>• Overseas: industry-specific carbon intensity from UK Office for National Statistics        |

# Metrics and Targets

## Climate Risk Financial Impact Indicators

### Assets Vulnerable to Climate Risks (Transition and Physical)

| Asset Item | Unit | Asset Value | Percentage of Total Assets | Risk Type  |          |
|------------|------|-------------|----------------------------|------------|----------|
|            |      |             |                            | Transition | Physical |
| N/A        |      |             |                            |            |          |

### Business Activities Exposed to Climate Risks (Transition and Physical)

| Business Activities | Unit | Revenue | Percentage of Total Revenue | Risk type  |          |
|---------------------|------|---------|-----------------------------|------------|----------|
|                     |      |         |                             | Transition | Physical |
| N/A                 |      |         |                             |            |          |

### Capital Expenditures, Financing, or Investment Amounts Allocated to Address Climate Risks and Opportunities

| Category            | Item                                           | Unit            | 2024 |
|---------------------|------------------------------------------------|-----------------|------|
| Suwon Data Center   | UPS replacement                                | KRW 100 million | 69   |
| Dongtan Data Center | Expansion of solar power generation facilities | KRW 100 million | 3.2  |
| HQ                  | Shift to low-emission (hybrid) vehicles        | KRW 100 million | 0.86 |
|                     |                                                | Unit            | 18   |
| Data Center         | Installation of EV charging facilities         | KRW 100 million | 0.73 |

### Assets Aligned with Climate-Related Opportunities

| Asset Item            | Unit        | Asset Value | Percentage of Total Assets |
|-----------------------|-------------|-------------|----------------------------|
| Dongtan Data Center   | KRW million | 220,881     | 1.7%                       |
| Suwon Data Center     | KRW million | 208,038     | 1.6%                       |
| Sangam Data Center    | KRW million | 301,823     | 2.3%                       |
| Chuncheon Data Center | KRW million | 85,457      | 0.6%                       |

### Business Activities Aligned with Climate-Related Opportunities

| Business Activities                              | Unit            | Revenue | Percentage of Total Revenue |
|--------------------------------------------------|-----------------|---------|-----------------------------|
| Data processing, hosting, and related activities | KRW 100 million | 13,039  | 9.4%                        |
| Data-driven solutions for GHG emission reduction | KRW 100 million | 12,390  | 9.0%                        |

# Metrics and Targets

## Climate Target

### Climate Targets and Metrics

Samsung SDS has established and manages a range of climate-related targets. As the majority of our emissions fall under Scope 2, stemming from electricity consumption, we have set specific goals for transitioning to renewable energy and are actively managing progress toward them. These targets align with the objectives of the Paris Agreement to contribute to global climate change mitigation and are tracked using absolute values.

Given the significant share of Scope 2 emissions in our overall footprint, we are accelerating efforts to transition to renewable energy. We have defined interim milestones and developed implementation strategies to reach a 25% renewable energy share across all domestic operations and overseas entities by 2030. Until the domestic Power Purchase Agreement (PPA) market becomes more stable, we plan to focus on overseas renewable energy sourcing through Renewable Energy Certificates (RECs), while also promoting pilot PPA initiatives and green premium purchases. Starting in 2028, with the commissioning of new data centers, our renewable energy transition will be centered on PPA procurement. From 2040 onward, we intend not only to expand our PPA-based sourcing but also to further reduce Scope 2 emissions through the deployment of high-efficiency equipment and other energy-saving measures.

### Target Implementation Progress

We have established renewable energy transition targets, and we regularly monitor progress and report implementation status to executive management on a quarterly basis.

In 2024, we achieved a total renewable energy transition of 5,796 tCO<sub>2</sub>eq, 3,057 tCO<sub>2</sub>eq in Korea and 2,739 tCO<sub>2</sub>eq overseas. In Korea, we became the first in the industry to purchase 2,555 tCO<sub>2</sub>eq through the Green Premium program and additionally transitioned 502 tCO<sub>2</sub>eq through on-site renewable energy generation at our data centers. Overseas, we transitioned 2,739 tCO<sub>2</sub>eq through the purchase of RECs. All RECs and Green Premiums were sourced from certified providers, and the resulting emission reductions were independently verified as part of the third-party assurance process for our sustainability report. Going forward, we plan to continue increasing our renewable energy transition rate through a variety of implementation measures.

Renewable Energy Transition Roadmap

[~2028]

[2029-2040]

[2041-2050]

- Transition to renewable energy at overseas entities through REC purchases
- Pilot adoption of Power Purchase Agreements (PPAs)
- Purchase of Green Premium in Korea

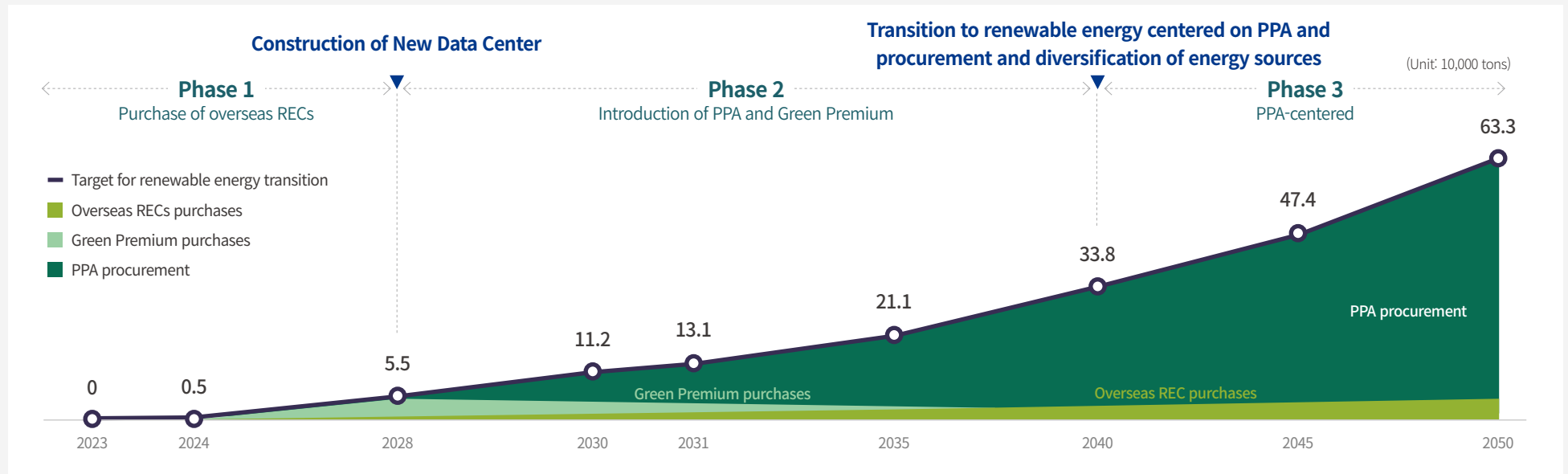
- Full-scale adoption of PPAs centered on newly established data centers
- Continued transition to renewable energy at overseas entities through REC purchases

- Ongoing increase in the share of renewable energy across domestic and overseas operations

Introduction of high-efficiency, low-carbon equipment and data center expansion

# Metrics and Targets

## Detailed Renewable Energy Transition Plan



- **Promote overseas RECs purchases**
  - Prioritize transition at overseas sites where stable REC procurement is feasible
- **Pursue renewable energy transition through Green Premium purchases until the domestic PPA market stabilizes**
- **Establish foundation for renewable energy procurement for new data centers**
  - Pilot 3-year PPA contracts
  - Secure renewable energy through PPA contracts in line with the establishment of a new data center in Gumi in 2028

- **Pursue full-scale transition to renewable energy leveraging PPA procurement after 2028**
  - Target 100% renewable energy procurement through PPA for the new Gumi Data Center, in coordination with local governments and power generators
  - For other domestic emissions, collaborate with renewable electricity suppliers to secure PPA contracts

- **Achieve a renewable energy transition centered on PPAs**

# Metrics and Targets

## Climate-Related Targets

### Targets for GHG Reduction and Renewable Energy Transition

#### Performance in 2024

We have been sincerely committed to curbing GHG emissions through the adoption of high-efficiency, low-carbon infrastructure at our data centers, while also striving to accelerate the transition to renewable energy. As a result, we achieved a reduction of 6,923 tCO<sub>2</sub>eq in 2024 by raising the energy efficiency of our data centers. Additionally, we generated renewable energy equivalent to 502 tCO<sub>2</sub>eq through in-house production. An additional 5,294 tCO<sub>2</sub>eq of emissions were compensated for through the acquisition of Green Premiums and Renewable Energy Certificates (RECs).

#### [2024 Performance]

|                                                                                                                            |                                                                                                |                                                                                                            |                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Energy efficiency improvements in data centers: 6,923 tCO <sub>2</sub> eq reduced                                          |                                                                                                |                                                                                                            |                                                                                          |
| [Suwon Data Center]<br>Replacement with high-efficiency equipment through facility remodeling<br>4,425 tCO <sub>2</sub> eq | [Sangam Data Center]<br>Inverter-based chilled water pump operation<br>501 tCO <sub>2</sub> eq | [Chuncheon Data Center]<br>Optimized control of chillers and air handling units<br>292 tCO <sub>2</sub> eq | [Dongtan Data Center]<br>Operation of water-side economizer<br>1,705 tCO <sub>2</sub> eq |
| Self-generated Renewable Energy in Data Centers: 502 tCO <sub>2</sub> eq                                                   |                                                                                                |                                                                                                            |                                                                                          |
| Renewable energy purchased: 5,294 tCO <sub>2</sub> eq                                                                      |                                                                                                |                                                                                                            |                                                                                          |
| [Domestic] Green Premium purchase (2,555 tCO <sub>2</sub> eq)                                                              |                                                                                                | [Overseas] Renewable Energy Certificates (RECs) purchase (2,739 tCO <sub>2</sub> eq)                       |                                                                                          |

#### Target Setting

Given that the majority of our GHG emissions fall under Scope 2 from electricity consumption, it is critical to establish a clear reduction target in this area. For 2025, we aim to reduce a total of 20,559 tCO<sub>2</sub>eq by adopting high-efficiency, low-carbon equipment at our data centers and by generating and procuring renewable energy. On top of that, we have set a target to transition 25% of our energy consumption to renewable sources by 2030.

Carbon neutrality targets and the associated reduction roadmaps for Scope 1, 2, and 3 emissions have been developed and are currently being monitored internally. Although the specific data has not been disclosed yet, we are currently preparing to share these internally managed targets and data with stakeholders in the future.

#### [Target for 2025]

|                                                                                                |
|------------------------------------------------------------------------------------------------|
| Self-reduction of GHG emissions and transition to renewable energy: 20,559 tCO <sub>2</sub> eq |
|------------------------------------------------------------------------------------------------|

#### [Target for 2030]

|                                                    |
|----------------------------------------------------|
| Share of renewable energy in total energy use: 25% |
|----------------------------------------------------|

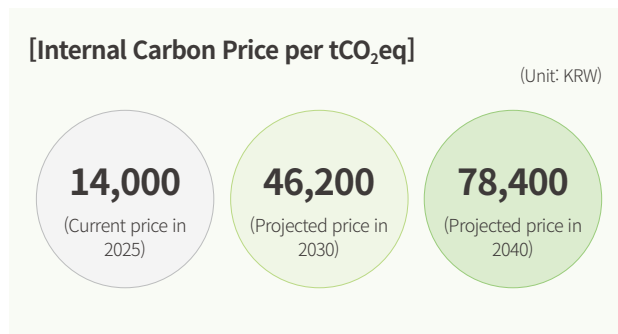
# Metrics and Targets

## Specific Management Indicator: Internal Carbon Pricing System

### Internal Carbon Price Setting

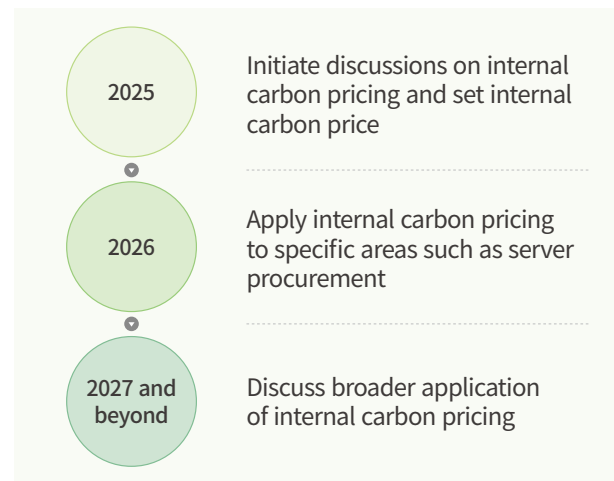
We plan to implement an internal carbon pricing system to incorporate the economic cost of carbon emissions into internal decision-making and accelerate the achievement of carbon neutrality.

We plan to manage our internal carbon pricing using a dual approach, distinguishing between the current price and future projections for 2030 and 2040. In order to determine appropriate internal prices, we conducted a comprehensive review of global carbon regulations, emissions trading prices, and the cost of transitioning to renewable energy. Based on this analysis, we set the 2025 internal carbon price at KRW 14,000 per tCO<sub>2</sub>eq (exchange rate applied: KRW 1,400 / USD). We also simulated future carbon prices under three reduction scenarios; high, moderate, low carbon price scenarios. Following the results of this simulation, we adopted the moderate carbon price scenario, under which the internal carbon price is projected to reach about KRW 46,200 in 2030 and KRW 78,400 in 2040.



### Implementation Plan for the Internal Carbon Pricing System

Our plan is to embed the internal carbon price into key decision-making processes to accelerate progress toward carbon neutrality. In the first half of 2025, we introduced current and projected internal carbon prices based on external carbon pricing trends and scenario analyses. We then engaged in in-depth discussions on how these prices could be integrated into internal decision-making, such as investment deliberations and business operations. As an initial step, we decided to incorporate the internal carbon price into the procurement process, enabling higher energy-efficient products, such as servers, to gain a competitive advantage in purchasing decisions. Although the internal carbon price is applied to only part of our Scope 1, 2, and 3 emissions at present, we aim to broaden its application in the future.



## Others

### GHG Removal and Storage

Samsung SDS is currently not engaged in any GHG removal or storage projects. Given that over 90% of our emissions stem from Scope 2 related to electricity consumption, we are committed to achieving carbon neutrality primarily through the transition to renewable energy. In addition, we will continuously strive to reduce GHG emissions across Scope 1, 2, and 3 by promoting zero-emission vehicle adoption, building high-efficiency data centers, and delivering ESG value to our customers.

### Use of Voluntary Carbon Credits

Currently, Samsung SDS has no short-term plans to reduce emissions through voluntary carbon credits. As noted, over 90% of our emissions stem from Scope 2 electricity consumption, so our priority is to reduce these emissions via REC purchases, green premium procurement, and the development of energy-efficient data centers. However, although Scope 1 emissions are relatively small, they persist. We aim to minimize Scope 1 emissions by 2035 through initiatives such as transitioning to electric vehicles and electric boilers. Any remaining emissions beyond that point will be offset through the use of voluntary carbon credits.

# ENVIRONMENTAL EFFORTS

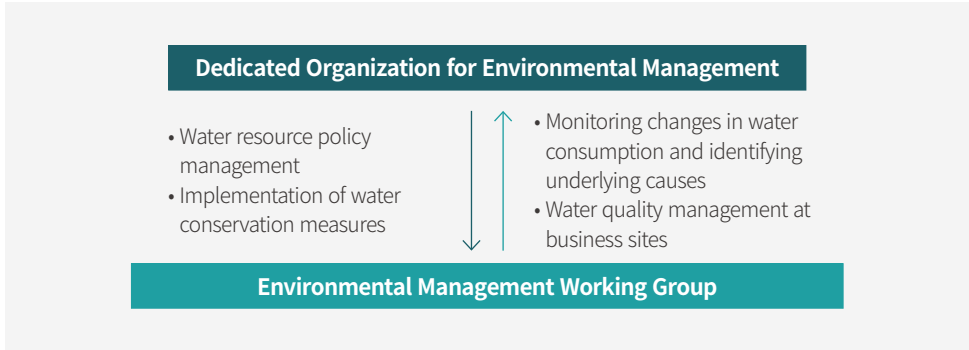
# Water and Marine Resources

## Water Stewardship System

Samsung SDS recognizes that water stewardship is essential to building a sustainable future. We endeavor to mitigate negative environmental impacts by reducing water withdrawal and ensuring that all water used is properly managed and treated, thereby supporting environmental preservation efforts.

### Water Management Policy

We monitor changes in water consumption and their underlying causes across all our business sites to develop water conservation measures. All water used at our facilities is sourced from municipal water supplies, treated through on-site filtration, and ultimately discharged to urban wastewater treatment systems. Water pollutants generated during data center maintenance activities, such as refrigerants and antifreeze from chillers and boiler cleaning, are classified as designated waste and are handled by professional vendors for designated waste, and we also track the final disposal process to ensure proper treatment. We conduct regular maintenance of water storage tanks and perform water quality testing to support a stable and clean water supply, continuously monitoring both quantity and quality of water.



### Reduction in Water Consumption

We strive to minimize water consumption by incorporating water-efficient systems from the initial design phase of our facilities, both domestically and internationally. In designing our data centers, we adopt water-saving technologies to ensure optimal water resource management. For instance, our Sangam Data Center uses district cooling water, which is approximately 5°C cooler (12°C) than conventional water sources (17–18°C). This enhances cooling efficiency and significantly reduces water evaporation, thereby contributing to water conservation. Additionally, the Sangam Data Center employs an air-side free cooling method to further reduce water usage.

### Water Withdrawal and Discharge

| Category         |                             | Unit   | 2022    | 2023    | 2024    | Target  |
|------------------|-----------------------------|--------|---------|---------|---------|---------|
| Water Withdrawal | Municipal water supply      | Tonnes | 469,111 | 532,649 | 605,579 | 688,643 |
|                  | Groundwater <sup>1)</sup>   | Tonnes | 164,997 | 165,008 | 158,585 | 163,643 |
| Water Discharge  | Sewage system <sup>2)</sup> | Tonnes | 469,111 | 532,649 | 605,579 | 688,643 |
|                  | Groundwater                 | Tonnes | 164,997 | 165,008 | 158,585 | 163,643 |

1) The groundwater figures represent inflow groundwater from the Sangam Data Center, with the intake volume equal to the discharge volume.

※ Due to regulatory constraints, including discharge fees and the need for government approval, Samsung SDS does not utilize this inflow groundwater.

2) Sewage treatment fees are being paid based on the total volume of municipal water intake.

# Water and Marine Resources

## Water Risk Assessment

We assessed water-related risks based on the locations of our business sites using the Aqueduct tool developed by the World Resources Institute (WRI). Risks were categorized by type into quantitative physical risks, qualitative physical risks, and regulatory and reputational risks, and assessed based on their severity using a five-tier scale; Low, Low-Medium, Medium-High, High, and Extremely High.

### Classification by Risk Nature

#### Quantitative Physical Risks

Quantitative physical risks refer to risks arising from the excess or scarcity of water resources.

- **Baseline water stress:** The ratio of total water withdrawals to available renewable supply, including both consumptive and non-consumptive uses.
- **Water depletion:** The ratio of consumptive water use to available renewable supply, focusing solely on water that is not returned to the source.
- **Inter-annual variability:** The variation in water supply from year to year, measured as the coefficient of variation of annual available water.
- **Seasonal variability:** The variation in water supply across months within a year, indicating the degree of seasonal fluctuation.
- **Groundwater table decline:** The average annual rate of decline in groundwater levels, typically measured in centimeters per year.
- **Riverine flood risk:** The percentage of population exposed to riverine flooding events each year.
- **Coastal flood risk:** The percentage of population exposed to coastal flooding from storm surges or sea level rise each year.
- **Drought risk:** The likelihood and potential impact of drought events, including the population and assets exposed.

#### Qualitative Physical Risks

Qualitative physical risks refer to risks associated with water quality that renders it unsuitable for use.

- **Untreated wastewater:** Share of domestic wastewater that is not treated to at least a primary treatment level
- **Coastal eutrophication potential:** Potential for harmful algal blooms due to accumulation of nitrogen (N), phosphorus (P), and silica (SiO<sub>2</sub>)

#### Regulatory and Reputational Risks

Regulatory and reputational risks stem from uncertainty around regulatory changes and the potential for reputational damage related to water issues.

- **Inadequate drinking water:** Percentage of population relying on unprotected wells, rivers, lakes, or other unsafe water sources for drinking
- **Inadequate sanitation:** Percentage of population practicing open defecation or using unimproved sanitation facilities

### Risk Assessment Results

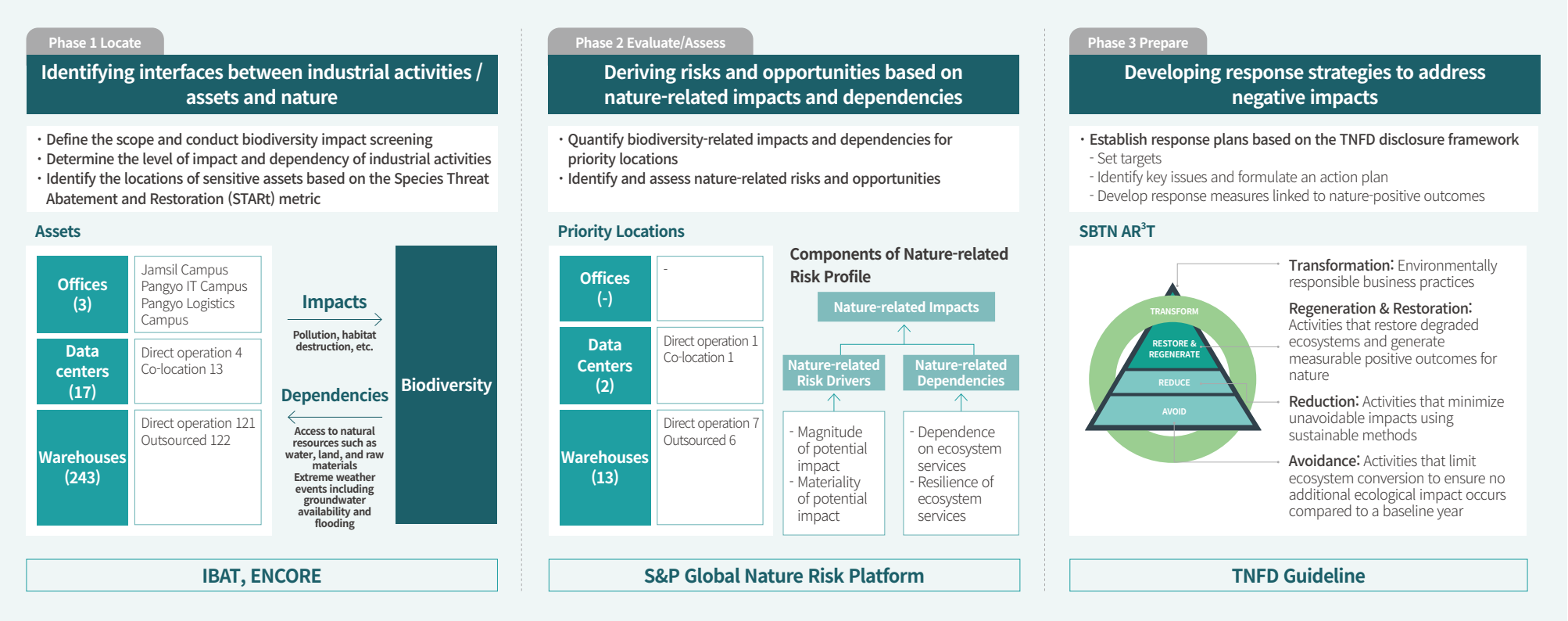
A comprehensive assessment indicated that our domestic sites are exposed to a low to medium level of water risk. Among overseas sites, higher levels of water risk were identified in China, Vietnam, and India, whereas relatively lower risks were found in the U.S., Europe, Singapore, and Latin America. However, it should be noted that these risk assessments are derived from WRI’s proprietary tool and may differ from the actual water management practices and conditions at our business sites.

| Category | Business site | Overall water risk |                          |                         |                                  |
|----------|---------------|--------------------|--------------------------|-------------------------|----------------------------------|
|          |               | Overall risk       | Physical risk - Quantity | Physical risk - Quality | Regulatory and reputational risk |
| Domestic |               |                    |                          |                         |                                  |
| Overseas | U.S.          |                    |                          |                         |                                  |
|          | China         |                    |                          |                         |                                  |
|          | Europe        |                    |                          |                         |                                  |
|          | Singapore     |                    |                          |                         |                                  |
|          | India         |                    |                          |                         |                                  |
|          | Vietnam       |                    |                          |                         |                                  |
|          | Latin America |                    |                          |                         |                                  |
| Low      | Low - Medium  | Medium - High      | High                     | Extremely High          |                                  |

# Biodiversity

As biodiversity emerges as the next key agenda following climate change in the global ESG landscape, collective action is being urged worldwide. Samsung SDS recognizes the significance of biodiversity and is committed to fulfilling its responsibilities as a global IT company. In line with the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD), we have identified the locations where our business activities interface with nature, the extent to which we depend on and impact biodiversity, and the associated risks and opportunities. Going forward, we aim to actively manage these factors to reduce and prevent potential negative impacts on biodiversity. Our biodiversity-related goals, action plans, and outcomes will be managed and monitored in phases under our governance framework, including the oversight by the Board. Beginning in 2026, we will actively fulfill our role as a responsible member of society by disclosing our nature-related mitigation and improvement actions.

## Approach



# Biodiversity

## Locate

### Identifying Interfaces with Nature and Priority Locations

In accordance with the TNFD LEAP approach, we conducted a global screening of 263 directly and indirectly operated assets, including offices, data centers, and warehouses, with an aim to identify interfaces with nature and nature-sensitive priority locations. This screening was based on the START (Species Threat Abatement and Restoration) framework, utilizing tools such as ENCORE and the iBAT (Integrated Biodiversity Assessment Tool). The results showed a very low threat level to nature, with an average START score of 0.29. However, two warehouse sites, located in Cajamar, Brazil and Sarawak, Malaysia, were found to overlap with Key Biodiversity Areas (KBAs) and Protected Areas (PAs). In order to better understand our interaction with biodiversity, we identified 15 priority assets (13 warehouses and 2 data centers) as priority locations for further analysis of dependencies and impacts, based on their relatively high START sensitivity.

Samsung SDS engages in computer programming consulting and related activities (as defined by ISIC). According to ENCORE analysis, our operations demonstrate a ‘low’ to ‘very low’ level of dependency on ecosystem services, while the potential impact was assessed as ‘moderate’ in the categories of ‘area of land use’ and ‘disturbances (e.g. noise, light).’

### Nature Impacts of Assets

| Category              |                             | Samsung SDS |                                       |                                                 |                                                                                                                                                                                                                                                                                                                                        |
|-----------------------|-----------------------------|-------------|---------------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       |                             |             | Offices                               | Data Centers                                    | Warehouses                                                                                                                                                                                                                                                                                                                             |
| No. of assets (START) |                             | 263 (0.29)  | 3 (0.02)                              | 17 (0.13)                                       | 243 (0.30)                                                                                                                                                                                                                                                                                                                             |
| No. of assets (START) |                             | 15 (2.87)   | -                                     | 2 (1.00)                                        | 13 (3.16)                                                                                                                                                                                                                                                                                                                              |
| Priority assets       | Asset locations (START)     |             | -                                     | São Paulo, Brazil (1.01), Dongtan, Korea (0.98) | Hong Kong, China (15.44), Sulawesi, Indonesia (6.7), Central Java, Indonesia (3.0), Tenjo, Colombia (2.8), Lima, Peru (2.79), Besakih, Indonesia (2.39), Mosman, Australia (1.8), Sarawak, Malaysia (1.23), Cajamar, Brazil (1.17), Garuva, Brazil (1.15), Shanghai, China (0.9), Durban, South Africa (0.9), Sydney, Australia (0.87) |
|                       | Interface with PAs and KBAs |             | Cajamar, Brazil and Sarawak, Malaysia |                                                 |                                                                                                                                                                                                                                                                                                                                        |

※ iBAT-based START risk classification: 0~0.1 Very Low, 0.1~1.0 Low, 1~10 Medium, 10~100 High, 10~1000 Very High

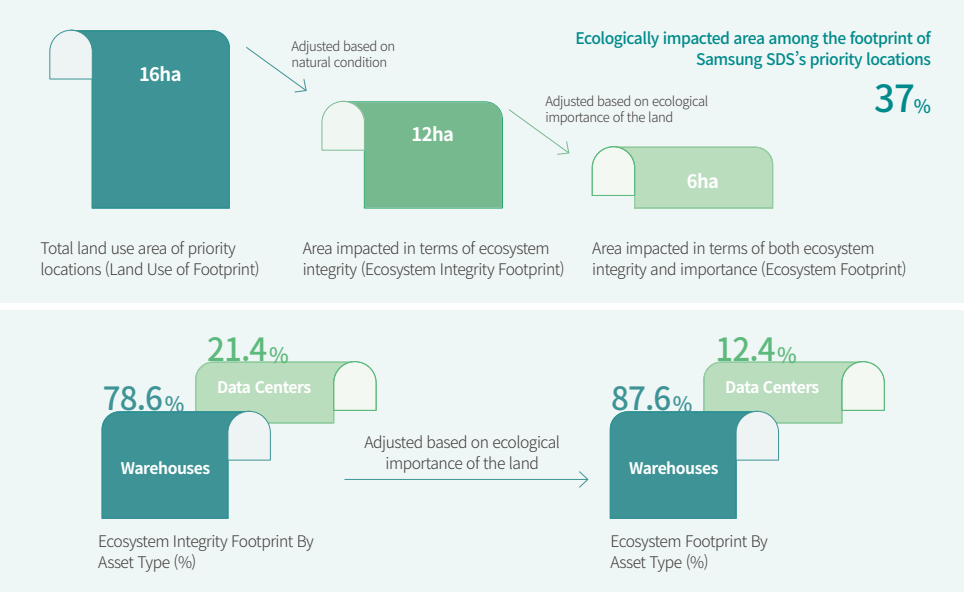
# Biodiversity

## Evaluate

### Assessing Impacts and Dependencies of Priority Assets

In the Evaluate phase, we conducted both quantitative and qualitative assessments of the nature-related dependencies and impacts of the priority locations identified during the Locate phase. This analysis was carried out using the Nature Risk Platform provided by S&P Global Sustainable1, which integrates asset-specific characteristics with location-based ecosystem data. According to the TNFD framework, nature-related risk is defined by a combination of impact and dependency. S&P Global quantifies a company’s impact on nature and biodiversity using Ecosystem Footprint (ha eq.), expressing the effect as an equivalent land area. We assessed the level of ecosystem impact associated with our 15 priority assets, which resulted in a combined Ecosystem Footprint of approximately 6 ha eq. The majority of impacted areas, both in terms of ecosystem integrity only and ecosystem integrity and importance combined, were found to be concentrated within warehouse operations. Understanding corporate dependency on ecosystem services is essential in evaluating business risks. Dependency is assessed by combining two key elements: Reliance and Resilience. The average dependency score across priority locations was 0.61, with Reliance at 0.42 and Resilience at 0.93. The assets were found to be relatively dependent on white and noise damping (0.6), decomposition (0.61), protection from floods and storms (0.4), filtration (0.3), surface water (0.2), and groundwater (0.2).

#### Impacts on Ecosystem



#### Nature Impact Factors

| Category            | Factors                                                         | Level    |
|---------------------|-----------------------------------------------------------------|----------|
| Ecosystem integrity | Local (micro and meso) climate regulation services              | Low      |
|                     | Biological control services                                     | Very Low |
|                     | Flood mitigation services                                       | Very Low |
|                     | Global climate regulation services                              | Very Low |
|                     | Rainfall pattern regulation services (at sub-continental scale) | Very Low |
|                     | Water supply                                                    | Very Low |
|                     | Soil and sediment retention services                            | Very Low |
|                     | Storm mitigation services                                       | Very Low |
|                     | Water flow regulation services                                  | Very Low |

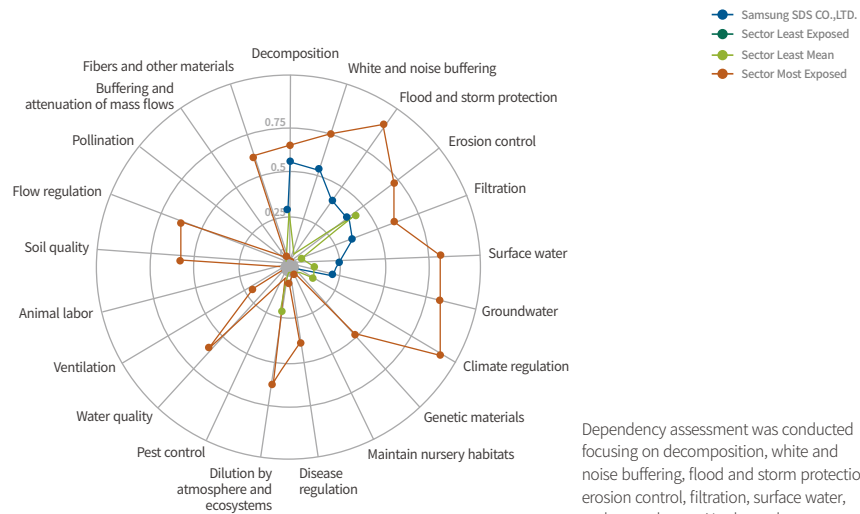
# Biodiversity

## Evaluate

### Assessing Dependencies of Priority Assets

Samsung SDS assessed the nature-related dependencies of its priority assets. Understanding the degree of dependency on ecosystem services provided by nature is essential for evaluating potential business risks. Dependency is assessed by combining two key elements; Reliance and Resilience. This dependency score ranges from 0 to 1. The average dependency score of Samsung SDS across priority locations was 0.61, with Ecosystem Service Reliance at 0.42 and Ecosystem Service Resilience at 0.93. The assets were found to be relatively dependent on White and noise buffering (0.6), Decomposition (0.61), Flood and storm protection (0.4), Filtration (0.3), Surface water (0.25), and Groundwater (0.25).

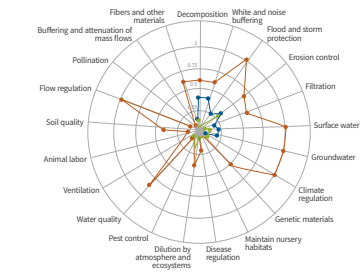
#### Dependencies on Ecosystems



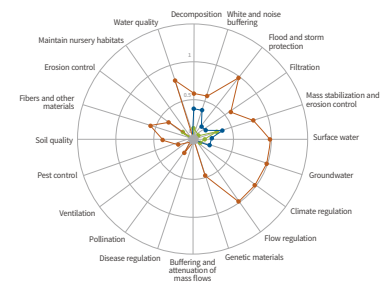
Dependency assessment was conducted focusing on decomposition, white and noise buffering, flood and storm protection, erosion control, filtration, surface water, and groundwater. No dependency was observed for other ecosystem services.

※ Classification thresholds are defined as: Very Low < 0.2, Low 0.2-0.4, Moderate 0.4-0.6, High 0.6-0.8, Very High ≥ 0.8.

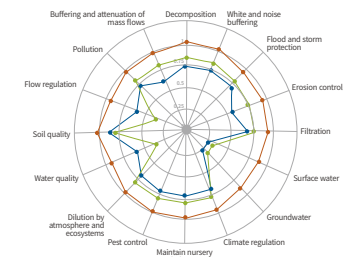
#### Ecosystem Service Reliance



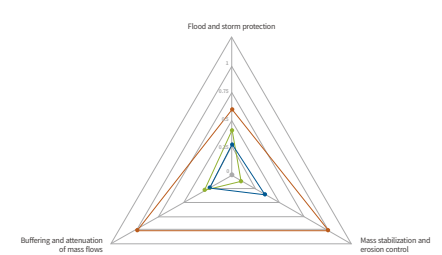
#### Ecosystem Service Materiality



#### Ecosystem Service Resilience



#### Ecosystem Service Relevance



# Biodiversity

## ASSESS

### Identifying Risks and Opportunities Based on Dependencies and Impacts

Based on the analysis of dependencies and impacts conducted during the Evaluate phase, we identified biodiversity-related risks and opportunities. We also assessed the potential influence of these risks and opportunities, including their expected business impact and time horizon.

#### Risks and Opportunities

| Category         | Priority Elements of Dependencies and Impacts                                                                                         | Identified Risks and Opportunities                                                                                                                                                                                                                                          | Potential Business Impact                                                                                                                                                                                                   | Time Horizon |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Physical Risks   | (Dependency) Protection from natural hazards such as droughts, floods, and strong winds (Dependency) Climate regulation by ecosystems | Risks related to the degradation of ecosystem services that help mitigate natural hazards, including landslides, wildfires, pest and disease outbreaks in vegetation / forests / aquatic systems, and extreme heat, may negatively affect our business sites.               | • Degradation of working conditions may lead to reduced productivity, increased turnover, and challenges in talent acquisition.<br>• Droughts, floods, and river overflows may result in disruptions to service operations. | Short-term   |
|                  |                                                                                                                                       |                                                                                                                                                                                                                                                                             | • Loss of vegetation around data center sites can reduce ecosystem services such as shading and soil erosion control, potentially increasing maintenance and cooling costs.                                                 | Long-term    |
| Transition Risks | (Impact) Potential loss or degradation of biological resources due to pollutant emissions                                             | (Policy) Designation of biodiversity conservation zones may hinder site acquisition for warehouses or data centers. (Policy) Stricter regulations related to natural capital may lead to increased compliance costs (e.g. green building certifications, waste management). | • Increased costs associated with securing alternative sites<br>• Rising expenses to comply with environmental regulations                                                                                                  | Long-term    |
|                  |                                                                                                                                       | (Reputation) Potential reputational risks associated with the degradation of natural capital at Samsung SDS sites or within its supply chain, possibly affecting customer acquisition, investor interest, and talent retention.                                             | • Additional costs required to identify and mitigate risks related to business sites and supply chains located near protected areas                                                                                         | Long-term    |
|                  | -                                                                                                                                     | (Market) Risk of revenue loss if customers demand natural capital-related targets and disclosures across the supply chain, and such requirements are not met.                                                                                                               | • Transition costs for shifting to a sustainable supply chain                                                                                                                                                               | Long-term    |
|                  | -                                                                                                                                     | (Technology) Increasing need to collect and manage biodiversity and natural capital data for key upstream and downstream partners.                                                                                                                                          | • Operational expenses from developing data platforms and implementing awareness and training programs for natural capital management across key suppliers                                                                  | Short-term   |
| Opportunities    | (Impact) Potential loss or degradation of biological resources due to pollutant emissions                                             | Opportunity to develop green logistics services by utilizing eco-friendly, low-carbon transportation methods                                                                                                                                                                | • Expansion of high value-added businesses through the growth of eco-friendly logistics services                                                                                                                            | Long-term    |

## Prepare

### Samsung SDS’s Role in Biodiversity Conservation

As a responsible member of society and nature, we have consistently engaged in eco-friendly initiatives on the foundation of our IT capabilities. Our commitment has been recognized through Green Data Center and Green Logistics Company certifications, affirming our credibility.

Today, AI is increasingly seen as a powerful technology for studying nature without disturbing ecosystems. Against this backdrop, we will continue to leverage AI and IT technologies to identify ways it can contribute to biodiversity conservation and restoration. Looking ahead, we plan to explore nature-positive opportunities to enhance ecosystem functions and strengthen our nature-friendly business strategy. In doing so, we will establish a regular monitoring system and prioritize nature-sensitive assets for setting and tracking biodiversity-related targets.



Green Data Center Certification



Green Logistics Company Certification

# Resource Use and Circular Economy

## Waste Management System

Samsung SDS continuously strives to enhance its waste management system to efficiently process the waste generated across its operations. Most of the waste consists of general waste, while designated waste is processed and reported in accordance with legal procedures. We go beyond simply increasing the volume of recyclables and actively manage the recycling rate of discharged materials to minimize incineration and landfill. We are committed to improving our internal recycling rate with the aim of obtaining ZWTL (Zero Waste To Landfill) certification<sup>1)</sup>, and plan to leverage the certification as a means to publicly share our achievements. To this end, we are also actively running environmental campaigns that encourage employees to reduce waste generation at the source.

1) ZWTL (Zero Waste To Landfill): A certification assessed by UL Solutions, awarded based on recycling rates. Certifications are granted as follows: Platinum (100%), Gold (99–95%), Silver (94–90%), and Certified (80%).

### Waste Generation

| Category                       |                                           | Unit   | 2022    | 2023    | 2024    |
|--------------------------------|-------------------------------------------|--------|---------|---------|---------|
| Total waste generated          |                                           | Tonnes | 2,183.8 | 2,892.9 | 4,702.0 |
| Waste reused / recycled / sold |                                           | Tonnes | 897.2   | 1,345.4 | 2,505.3 |
| Total waste treated            | Total                                     | Tonnes | 1,286.6 | 1,547.5 | 2,196.7 |
|                                | Landfilled waste                          | Tonnes | 1019.4  | 1,278.8 | 491.8   |
|                                | Incinerated waste with energy recovery    | Tonnes | 3.8     | 16.7    | 1,704.9 |
|                                | Incinerated waste without energy recovery | Tonnes | 11.4    | 0.0     | 0.0     |
|                                | Waste treated with other methods          | Tonnes | 252.0   | 252.0   | 0.0     |
|                                | Waste with unknown treatment method       | Tonnes | 0.0     | 0.0     | 0.0     |

### Waste Disposal by Type at HQ

| Category             | Disposal Type | Unit   | 2022  | 2023    | 2024    |
|----------------------|---------------|--------|-------|---------|---------|
| Total waste disposal |               | Tonnes | 496.7 | 1,205.8 | 2,083.9 |
| General waste        | Landfilled    | Tonnes | 371.2 | 629.6   | 0.0     |
|                      | Incinerated   | Tonnes | 11.4  | 12.7    | 572.9   |
|                      | Recycled      | Tonnes | 95.3  | 543.2   | 1,471.4 |
| Designated waste     | Landfilled    | Tonnes | 0.0   | 1.0     | 0.0     |
|                      | Incinerated   | Tonnes | 0.7   | 0.8     | 2.1     |
|                      | Recycled      | Tonnes | 18.2  | 18.5    | 37.4    |

# Resource Use and Circular Economy

## Waste Reduction Initiatives

### Cutting Down on Single-use Items in Company Cafés

We conduct the RE:Duce disposable products campaign at our in-house cafés to encourage employees to adopt eco-friendly habits. Since 2024, eco-friendly paper cups and biodegradable straws have been introduced to reduce the use of disposable items. Employees who bring personal cups such as tumblers are offered discount coupons as rewards, promoting the use of reusable cups instead of paper ones. In addition, to commemorate the International Plastic Bag Free Day, a campaign to promote zero disposable items was held at the in-house take-out corners, actively encouraging voluntary participation in environmental protection through internal awareness initiatives.

Effect of RE:Duce Campaign

Carbon reduction achieved: 987 kgCO<sub>2</sub>eq

Equivalent to planting: 108 30-year-old pine trees



RE:Duce On-site Event



International Plastic Bag Free Day

### Nephron: Resource Circulation Machine

RE:Cycle Campaign to promote resource recycling. In December 2024, we introduced a resource circulation machine called ‘Nephron’ to collect recyclables at our Jamsil Campus. This machine allows employees to separate PET bottles and cans after removing labels and earn points in return. Since the launch of the campaign, about 154 kg of PET bottles and cans have been collected, resulting in a carbon reduction of 322 kgCO<sub>2</sub>eq. Through this campaign, we aim to promote a culture of recycling from the perspective of a circular economy, with plans to expand the initiative to other domestic business sites.



Nephron, a Resource Circulation Machine

### Coffee Capsule Collection

With the growing use of coffee capsules in the office, the need for recycling what was previously disposed of as general waste has become evident. We have partnered with Nespresso to carry out the RE:Cycle Campaign for coffee capsule recycling. Under this initiative, used coffee capsules generated from in-house coffee machines are collected in designated bins and retrieved in batches for proper recycling. This campaign reflects our continued efforts to promote resource circulation awareness among employees and to establish a more environmentally friendly office environment.

Effect of RE:Cycle Campaign

Carbon reduction achieved: 882 kgCO<sub>2</sub>eq

Equivalent to planting: 97 30-year-old pine trees



Collected Coffee Capsules



Coffee Capsule Recycling

### True Love Sharing Festival and Plogging Campaign

For the purpose of commemorating the 39th anniversary of our inception, we hosted the ‘True Love Sharing Festival,’ during which a data plogging campaign was carried out as part of our environmental cleanup activities. Plogging refers to an eco-friendly activity that combines jogging with picking up litter, and data plogging incorporates data collection and tracking into this activity. Participants were able to log and manage information such as the location, type, and time of the waste collected using a dedicated web app. On top of that, a tumbler use and donation campaign was conducted to promote environmental protection and community sharing. Following the campaign, a total of 634 tumblers donated by employees were delivered to partner organizations.

# APPENDIX



|    |                 |
|----|-----------------|
| 50 | ESRS E1 Index   |
| 51 | IFRS S2 Index   |
| 53 | ESRS E2~5 Index |

# ESRS E1 Index

| Category             | ESRS Recommendation |                                                                                                                       | Page             |
|----------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------|------------------|
| E1<br>Climate change | GOV-3               | Integration of sustainability-related performance in incentive schemes                                                | 10~11            |
|                      | E1-1                | Transition plan for climate change mitigation                                                                         | 30               |
|                      | SBM-3               | Material impacts, risks and opportunities, and their interaction with strategy and business model                     | 14~17            |
|                      | IRO-1               | Description of the processes to identify and assess material climate-related impacts, risks and opportunities         | 18, 21, 25       |
|                      | E1-2                | Policies related to climate change mitigation and adaptation                                                          | 30~31            |
|                      | E1-3                | Actions and resources in relation to climate change policies                                                          | 30~31, 36        |
|                      | E1-4                | Targets related to climate change mitigation and adaptation                                                           | 30~31            |
|                      | E1-5                | Energy consumption and mix                                                                                            | 37~38            |
|                      | E1-6                | Gross Scopes 1, 2, 3 and Total GHG emissions                                                                          | 33~35            |
|                      | E1-7                | GHG removals and GHG mitigation projects financed through carbon credits                                              | 40               |
|                      | E1-8                | Internal carbon pricing                                                                                               | 40               |
|                      | E1-9                | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | 19~20, 22~24, 25 |

# IFRS S2 Index

| Core Content | IFRS S2 Recommendation                                                                                                                                                                                                                                                                                                                                    | Page           |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Governance   | <b>1. Information on the governance body or individuals responsible for oversight of climate-related risks and opportunities</b>                                                                                                                                                                                                                          |                |
|              | (1) How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s)                                                                                                                                          | 9              |
|              | (2) How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities                                                                                                                                       | 9              |
|              | (3) How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities                                                                                                                                                                                                                                              | 10             |
|              | (4) How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities | 10             |
|              | (5) How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies                                                                                         | 10~11          |
|              | <b>2. Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities</b>                                                                                                                                                                                              |                |
|              | (1) Whether responsibility is delegated to a specific management-level position or management-level committee, and how that position or committee oversees climate-related risks and opportunities                                                                                                                                                        | 10~11          |
|              | (2) Whether management uses controls and procedures to support oversight of climate-related risks and opportunities, and how these controls and procedures are integrated with other internal functions                                                                                                                                                   | 11~12          |
| Strategy     | <b>1. Climate-related risks and opportunities</b>                                                                                                                                                                                                                                                                                                         |                |
|              | (1) Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects                                                                                                                                                                                                                                            | 13             |
|              | (2) How the entity identifies whether climate-related risks are physical risks or transition risks.                                                                                                                                                                                                                                                       | 13, 18, 21, 24 |
|              | (3) The time horizons (short-, medium-, or long-term) over which the climate-related risks and opportunities are expected to materialize                                                                                                                                                                                                                  | 12~13          |
|              | (4) The definitions of 'short-, medium-, and long-term' and how the entity considers these timeframes in its strategic planning                                                                                                                                                                                                                           | 12~13          |
|              | <b>2. Business model and value chain</b>                                                                                                                                                                                                                                                                                                                  |                |
|              | (1) Description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain                                                                                                                                                                                                          | 14~17          |
|              | (2) Description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated                                                                                                                                                                                                                          | 14~17          |
|              | <b>3. Strategy and Decision-making</b>                                                                                                                                                                                                                                                                                                                    |                |
|              | (1) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation                                                 | 30~31, 37~39   |
|              | (2) Information about how the entity is resourcing, and plans to resource, the activities related to climate-related risks and opportunities                                                                                                                                                                                                              | 26~31, 37~39   |
|              | (3) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods related to climate-related risks and opportunities                                                                                                                                                                                       | 30~31, 37~39   |

# IFRS S2 Index

| Core Content        | IFRS S2 Recommendation                                                                                                                                                                                                                                                                    | Page         |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Strategy            | <b>4. Financial Position, Financial Performance, and Cash Flows</b>                                                                                                                                                                                                                       |              |
|                     | (1) The effects of climate-related risks and opportunities on the entity’s financial position, financial performance, and cash flows for the reporting period                                                                                                                             | 26~31, 37~39 |
|                     | (2) The anticipated effects of climate-related risks and opportunities on the entity’s financial position, financial performance, and cash flows over the short-, medium-, and long-term, and how climate-related risks and opportunities are included in the entity’s financial planning | 26~31, 37~39 |
|                     | (3) How the entity expects its financial position to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities                                                                                                                 | 26~31, 37~39 |
|                     | (4) How the entity expects its financial performance and cash flows to change over the short-, medium-, and long-term, given its strategy to manage climate-related risks and opportunities                                                                                               | 26~31, 37~39 |
|                     | <b>5. Climate resilience</b>                                                                                                                                                                                                                                                              |              |
|                     | (1) The entity’s assessment of its climate resilience as at the reporting date                                                                                                                                                                                                            | 32           |
|                     | (2) How and when the climate-related scenario analysis was carried out                                                                                                                                                                                                                    | 19~25, 32    |
| Risk Management     | <b>1. Processes for identifying and assessing climate-related risks and opportunities</b>                                                                                                                                                                                                 |              |
|                     | (1) The processes and related policies the entity uses to identify, assess, prioritize, and monitor climate-related risks                                                                                                                                                                 | 7            |
|                     | (2) The scenario analysis and related information the entity uses to identify, assess, prioritize, and monitor climate-related opportunities                                                                                                                                              | 7            |
|                     | (3) The extent to which, and how, the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the entity’s overall risk management process                                                              | 7, 12        |
| Metrics and Targets | <b>1. Industry-based climate-related financial and non-financial information</b>                                                                                                                                                                                                          |              |
|                     | (1) Greenhouse gas (GHG) emissions and related disclosures aligned with applicable industry-based metrics categories                                                                                                                                                                      | 33~35        |
|                     | (2) The amount and percentage of assets or business activities vulnerable to climate-related transition risks.                                                                                                                                                                            | 15~17, 36    |
|                     | (3) The amount and percentage of assets or business activities vulnerable to climate-related physical risks                                                                                                                                                                               | 15~19, 36    |
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|                     | (5) The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities (capital allocation)                                                                                                                                              | 30~31, 36    |
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