

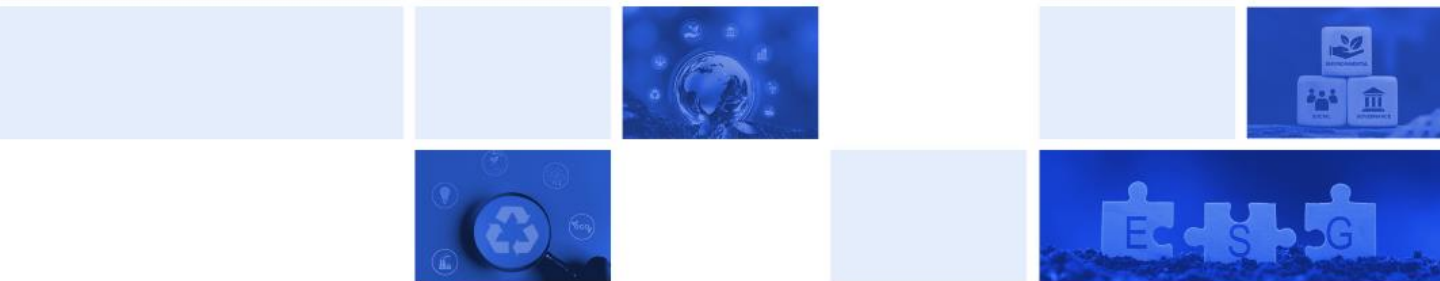
Samsung SDS America, Inc.'s

Climate-Related Financial Disclosures Report

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SAMSUNG SDS AMERICA



Introduction

Samsung SDS America, Inc. (“SDSA”) presents this Climate-Related Financial Risk Report in accordance with the requirements of California Senate Bill 261. As the U.S. subsidiary of Samsung SDS Co., Ltd. (“Samsung SDS”), SDSA provides IT services, cloud solutions, and digital logistics offerings across our U.S.-based operations, integrating advanced analytics, automation, and secure cloud architectures to improve operational efficiency, strengthen supply chain visibility, and support digital transformation initiatives. Our corporate and logistics facilities serve as hubs for delivering these capabilities, enabling businesses to optimize critical workflows, streamline transportation and warehousing activities, and enhance the reliability and resilience of their technology environments. We deliver cloud-based services through secure, scalable infrastructure, leveraging Samsung SDS’s global platforms, technical standards, and enterprise-grade security and resilience capabilities to support our customers’ evolving digital needs.

This report adapts the methodologies, climate risk categories, and analytical approaches disclosed in Samsung SDS’s Climate Report 2025 and applies them to SDSA’s operations. The assessment draws on the enterprise-wide governance, environmental policies, and risk management systems that guide our work across the Samsung SDS organization. This report was prepared to provide transparent, high-level insights into climate-related financial risks and opportunities that may affect SDSA and includes disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD):

Governance (a) and (b), **Strategy** (a), (b), and (c),
Risk Management (a), (b), and (c),
Metrics and Targets (a), (b), and (c).

Disclaimer

The content of this report is solely intended to be informational and has not been verified to any level of assurance or against a specific standard. The risks and opportunities identified and described in this table are derived from Samsung SDS’s global climate-related disclosures and have been adapted for SDSA’s operational context, utilizing publicly available information and SDSA’s internal understanding of its activities. Additional risks and uncertainties, whether currently unknown, unavailable in parent disclosures, or considered immaterial at this time, may emerge as material factors affecting SDSA’s business in the future as climate science, regulatory expectations, and market conditions evolve.

Governance



- Ⓐ Describe the board's oversight of climate-related risks and opportunities.
- Ⓑ Describe management's role in assessing and managing climate-related risks and opportunities.

For more information please see: Samsung SDS Climate Report 2025 | pp. 09-11

Our governance approach to climate-related risks and opportunities is grounded in the enterprise-wide structures established by Samsung SDS. The Samsung SDS Board of Directors (BOD), through its ESG Committee, oversees global climate strategy, evaluates major climate-related risks and opportunities, and monitors progress toward enterprise-wide environmental goals. Through this governance structure, climate-related priorities, such as the implications of acute and chronic physical risks, energy and cost impacts associated with the low carbon transition, and customer expectations for climate aligned IT and logistics services, are elevated for strategic consideration and integrated into overall business planning, technology development, and investment decision-making.

At the global management level, the Samsung SDS Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Risk Officer (CRO) oversee the assessment and management of climate-related risks and opportunities. Management at SDSA applies this enterprise-wide direction to our U.S.-based operations. Senior leaders across IT services, cloud delivery, logistics, operations, and corporate functions work together to assess how global climate risks manifest locally and to determine appropriate operational responses. This includes evaluating physical risks across our leased facilities, monitoring evolving U.S. climate policy, understanding customer expectations for low-carbon services, and coordinating closely with global teams on resilience planning and technology standards.

By working within our parent company's governance system, we integrate climate considerations into day-to-day decisions, long-term planning, and operational management. This alignment ensures a consistent, risk-aware approach to climate matters while enabling adaptation to regional regulatory, environmental, and market conditions.

Strategy



- Ⓐ Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- Ⓑ Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.
- Ⓒ Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.

For more information please see: Samsung SDS Climate Report 2025 | pp. 13-31

We have identified and assessed a range of relevant climate-related risks and opportunities that have the potential to influence aspects of our business strategy and operations. Additionally, we have evaluated potential financial impacts across the short-term (1 year, 2025), mid-term (5 years, 2026-2030), and long-term (20 years, 2031-2050), consistent with our parent company’s approach, while tailoring our analysis to the nature of SDSA’s business model and the operating conditions of our office and logistics facilities. The relevant risks and opportunities are summarized in Table 1.

Table 1. Relevant Climate-related Risks and Opportunities

Classification	Type	Risks	Potential Financial Implications	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		X	X
		Increasing litigation risks due to stricter climate disclosure requirements		X	X	X
	Technology	Costs of low-power and energy-efficient technologies	Decrease in net income	X	X	
	Market	Intensifying competition in low-carbon IT and logistics services	Sales decrease	X	X	
		Escalating energy costs driven by the transition to renewable energy	Decline in operating profits	X	X	X
	Reputation	Increasing negative feedback from stakeholders and reputation damage	Sales decrease, and decrease in net income	X	X	
Physical Risks	Acute	Asset damage and business disruption caused by acute climate-linked weather events	Increase in non-current assets, and decrease in operating and net income	X		
	Chronic	Declining productivity, rising cooling costs, and increased grid instability from rising temperatures	Decline in operating profits	X	X	X

Classification	Type	Risks	Potential Financial Implications	Short-term	Mid-term	Long-term
Opportunities	Resource Efficiency	Enhancing transportation efficiency through digital logistics platform	Increase in operating profits	X	X	X
	Energy Source	Leverage incentives from renewable energy-related policies	Increase in net income		X	
	Products and Services	Rising consumer preference for low-carbon products and services	Sales increase	X	X	
		Developing low-carbon cloud and logistics products and services		X	X	X
	Markets	Digital transformation to reduce total energy consumption and growing demand for IT services	Sales increase		X	X
		Increasing access to the low-carbon logistics market			X	X
	Resilience	Improving electricity cost stability through long-term renewable energy procurement options	Increase in net income			X

The climate-related risks and opportunities identified influence multiple dimensions of SDSA’s business strategy and financial planning. Transition risks, such as regulatory changes, increased disclosure expectations, and the growing importance of low-carbon solutions, shape our assessment of future operational costs, compliance needs, and competitive positioning. Physical risks inform our approach to business continuity, employee safety, infrastructure resilience, and operational flexibility. At the same time, the opportunities related to digital transformation, logistics optimization, and low-carbon cloud services create pathways for innovation within SDSA’s service portfolio.

These considerations align with Samsung SDS’s transition plan, which guides enterprise-wide priorities for climate change mitigation and adaptation. Key initiatives of the plan include strategic investments to enhance energy efficiency, expand renewable electricity use, and advance low-carbon technologies and systems across operations. Together, these factors inform SDSA’s near- and long-term strategic decisions by helping us anticipate shifts in customer demand, evaluate operational vulnerabilities, and align our financial planning with enterprise decarbonization and resilience efforts.

To better understand the potential financial impacts of transition and physical climate factors, Samsung SDS evaluates risks under various climate scenarios, including a low-level emission scenario aligned with limiting global temperature increases to 2°C or lower. This analysis incorporates projected changes in policy ambition, carbon pricing, energy system transformation, customer expectations, and physical climate hazards, drawing on external modeling tools. SDSA relies on this analysis to gauge how shifts in policy ambition, energy markets, customer expectations, and physical climate hazards could affect our operations and service delivery.

Under higher-ambition transition scenarios, accelerated regulatory change and increased demand for low-carbon solutions reinforce the importance of our digital services and logistics capabilities. Under scenarios characterized by more severe physical impacts, the analysis highlights the potential for increased operational disruptions and the need for strengthened resilience measures. These results support the overall robustness of SDSA’s digital-first business model, centered on cloud delivery, logistics platforms, and technology-enabled efficiency, supported by our emphasis on flexibility, proactive risk monitoring, and close coordination with global resilience teams.

Risk Management



- Ⓐ Describe the organization's processes for identifying and assessing climate-related risks.
- Ⓑ Describe the organization's processes for managing climate-related risks.
- Ⓒ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

For more information please see: Samsung SDS Climate Report 2025 | pp. 07, 12

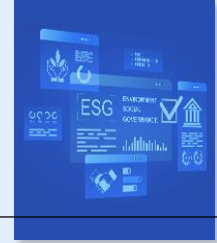
Our process to identify and manage climate-related risk management builds directly on the enterprise-wide processes established by Samsung SDS and is supplemented with localized analysis for SDSA's U.S. operations. Samsung SDS identifies and assesses climate-related risks through a structured framework that includes materiality assessments, horizon scanning, value chain mapping, regulatory monitoring, engagement with internal business units, and scenario analysis. Group-level materiality assessments serve as a general reference and are applied proportionally at the subsidiary level. Risks are categorized across transition and physical dimensions, and risks are evaluated for their potential financial and operational impacts using analytical tools, including S&P Global's Climonomics platform.

To localize these risks and opportunities for SDSA, we engaged a third-party consultant to supplement this enterprise-wide process with analysis designed to capture regional climate drivers and factors specific to our U.S.-based operations. This included mapping parent-defined risks to SDSA's service model and geographic footprint, reviewing relevant U.S. climate policies and regulatory trends, and analyzing the acute and chronic physical climate hazards associated with our office and logistics locations, along with operational insights from SDSA teams. Furthermore, we conducted a detailed climate hazard review using FEMA National Risk Index data to identify localized exposure to flooding, severe storms, heat, wildfire, and other hazards. This process will continue to be refined as new data, models, and methodologies become available.

Processes for managing climate-related risks at SDSA draw on enterprise expectations while remaining rooted in our operational context. At the parent company level, overarching issues regarding climate-related risks and opportunities are managed by the ESG Council, under the leadership of the Samsung SDS Chief Financial Officer (CFO) and the Risk Management Council, overseen by the Chief Risk Officer (CRO). These bodies bring together relevant departments involved in the management of risks and opportunities to review pending business issues and operationalize efforts to address these factors in an integrated manner. The Corporate Sustainability Management Office and EHS Center develop and manage climate response strategies, monitor implementation progress, and report to senior leadership. Ultimate review and approval of these strategies, implementation plans, and performance is conducted by the ESG Committee of the Board of Directors. SDSA collaborates with Samsung SDS and regularly provides updates to the global teams responsible for resilience planning, technology standards, and digital infrastructure strategy to ensure that climate-related risks are addressed consistently across regions.

Climate-related risks are integrated into Samsung SDS's enterprise-wide risk management approach. SDSA relies on this system and operationalizes risk management based on insights from our parent company. Climate considerations inform key business decisions like operational planning, vendor and facility assessments, technology decisions, and customer service commitments. Through an integrated approach, we ensure that climate-related insights are incorporated into business strategy with the aim of minimizing risks while maximizing opportunities when making strategic decisions.

Metrics and Targets



- Ⓐ Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Ⓑ Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
- Ⓒ Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

For more information please see: Samsung SDS Climate Report 2025 | pp. 33-40

SDSA tracks several operational metrics relevant to understanding climate-related risks and opportunities, electricity use, fuel and mileage associated with business travel and transportation activities, and other energy-related indicators. These metrics provide useful insights into operational efficiency, exposure to rising energy costs, and potential opportunities for low-carbon service innovation.

Samsung SDS calculates annual greenhouse gas (GHG) emissions for the global organization, including emissions associated with SDSA's activities. As part of this consolidated reporting process, SDSA's energy and activity data contribute to our parent company's Scope 1, Scope 2, and relevant Scope 3 calculations. SDSA does not currently publish standalone GHG emissions. However, we plan to begin disclosing entity-level emissions in calendar year 2026, in accordance with the requirements of California Senate Bill 253, using fiscal year 2025 data.

Enterprise-level climate targets set by our parent company guide the broader environmental strategy under which SDSA operates. These targets include reducing greenhouse gas emissions in alignment with global best practices, expanding renewable electricity use, and advancing energy-efficient technologies across operations and digital infrastructure. SDSA supports progress toward these goals through responsible energy management, renewable energy procurement, participation in data-gathering processes, and alignment with our parent company's decarbonization strategy, including the implementation of an internal carbon pricing system.

Conclusion

This Climate-Related Financial Risk Report reflects SDSA’s initial application of Samsung SDS’s enterprise-wide climate governance, scenario analysis, and risk management frameworks to our U.S.-based operations. By aligning our approach with the methodologies used across the global organization, we are establishing a consistent foundation for understanding how climate-related risks and opportunities may shape our business environment over time.

SDSA’s digital-first business model, supported by the technological expertise and global strategy of Samsung SDS, positions us to adapt to emerging climate-related risks while contributing to enterprise-wide environmental objectives. We will continue integrating climate considerations into operational planning and decision-making, reinforcing our commitment to responsible business practices and long-term organizational resilience.



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