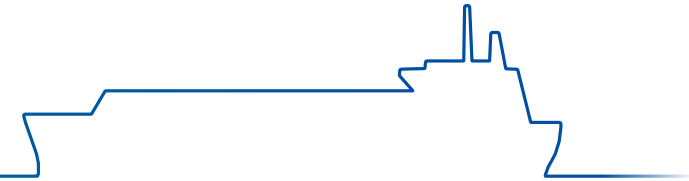


SAMSUNG HEAVY INDUSTRIES SUSTAINABILITY REPORT 2025



SAMSUNG HEAVY INDUSTRIES

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ESG Management

About this Report

Report Overview

Samsung Heavy Industries is implementing various strategies and activities across the overall ESG area to become a sustainable company. To transparently provide our activities and performance to stakeholders, we have published the Sustainability Report annually since 2011. This report is the fifteenth issued by Samsung Heavy Industries, presenting our efforts and achievements on key material topics identified through a double materiality assessment and interviews conducted with stakeholders during the reporting process.

Reporting Period

The reporting period covers from January 1, 2024, to December 31, 2024, and includes some performance data up to the first half of 2025. For quantitative performance, data for three years from 2022 to 2024 are presented to allow trend analysis.

Reporting Scope

The financial information in this report is prepared based on K-IFRS consolidated standards. Non-financial information includes Samsung Heavy Industries headquarters (Pangyo R&D Center), Geosje Shipyard, Daedeok Research Center, Busan R&D Center, and all other domestic and overseas worksites, as well as sustainability management performance of some consolidated subsidiaries. For certain data with differing reporting scopes, separate notes are provided.

Reporting Standards

This report is prepared in accordance with the global guidelines for Sustainability Statement publication, the GRI (Global Reporting Initiative) Standards, and comprehensively considers the International Sustainability Standards Board’s (ISSB) international sustainability disclosure standards (IFRS S1 General Requirements, IFRS S2 Climate-related Disclosures), industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB), TCFD (Task Force on Climate-related Financial Disclosure) recommendations, UN Global Compact principles, and UN SDGs. Additionally, the financial information included complies with Korean International Financial Reporting Standards (K-IFRS).

Report Verification

To enhance the reliability of the report content, third-party verification was commissioned to BSI, a professional verification institution, securing the trustworthiness and fairness of the preparation process, calculation criteria and methodologies of disclosed data. The verified report is submitted to the highest decision-making body. BSI’s verification statement can be found in the Appendix.

Report Verification

If you have any questions about this report, please contact us at the information below:
Samsung Heavy Industries Communication Public Relations Group hongbo.shi@samsung.com
Samsung Heavy Industries ESG Strategy Group esg.shi@samsung.com

Report Publication Date

June 25, 2025 (Korean version)

July 30, 2025 (English Version)

Cautionary Statement regarding forward-looking Statements

This report may include forward-looking statements that pertain not only to current or past facts but also to future events. Such statements often use words and terms like “plan,” “promote,” “expect,” “intend,” “anticipate or predict,” “goal,” and “strategy.” In particular, statements related to Samsung Heavy Industries’ business strategies, environmental goals including greenhouse gas emissions and energy consumption, external ESG commitments, and operational strategies may be included. Examples of forward-looking statements include expectations regarding Samsung Heavy Industries’ financial condition, operational results, and business outlook based on current expectations and estimates. These statements are subject to significant internal and external risks and uncertainties, including natural disasters, changes in economic conditions, legal regulations, and market fluctuations, which are beyond Samsung Heavy Industries’ control. Such statements aim to help stakeholders understand Samsung Heavy Industries’ approach, strategies, initiatives in key ESG areas, and anticipated operating environment but may not be suitable for investment or other purposes. Therefore, investors should exercise caution not to rely excessively on these forward-looking statements. Except as required by law or regulation, Samsung Heavy Industries does not undertake any obligation to update forward-looking statements in response to new information, future events, or other factors.



CEO Message



We appreciate your continued interest and engagement as Samsung Heavy Industries advances toward a better future.



Respected Shareholders, Customers, Investors, and other Stakeholders!

We sincerely thank you for your unwavering support for Samsung Heavy Industries. In recent years, the global economy has faced expanded geopolitical risks such as the Russia-Ukraine war and Middle East conflicts. Coupled with rising protectionism and tariff wars prioritizing national interests, these factors have led to a decline in maritime trade volumes and a slowdown in global economic growth, significantly heightening uncertainty.

In response, Samsung Heavy Industries firmly believes that securing fundamental and differentiated technological competitiveness is key to maintaining stable operations amid rapidly changing external environments. Over the past several years, we have accelerated smart manufacturing innovation aimed at building a future-oriented shipyard through automation and unmanned operations, concentrating our capabilities on developing alternative-fuel propulsion ship technologies—including LNG, ammonia, and hydrogen—and on commercializing fully autonomous navigation solutions.

Leveraging these technological advancements, Samsung Heavy Industries will develop existing businesses while establishing new business models that commercialize our technologies and capabilities. We will practice responsible management across the entire value chain regarding human rights and the environment, growing into a company that thrives for a hundred years and beyond leading ESG management.

Dear Stakeholders!

The '2025 Sustainability Report', published for the fifteenth time this year, covers △Climate Change/Energy △Sustainable Product & Technology △Occupational Health and Safety △Business Ethics & Compliance △Supply Chain Management △DEI & Human Rights, including detailed impact identification of key issues and proactive incorporation of disclosure standards such as the IFRS Four Frameworks.

Samsung Heavy Industries promises to continuously communicate by strictly adhering to global standards and transparently disclosing information. We ask you to join Samsung Heavy Industries on its vigorous journey toward a better future.

Thank you.

Vice Chairman & CEO of
Samsung Heavy Industries
Sung-an Choi





Stakeholders Message



Hyun-wook Cho, Chairman of the ESG Committee

Current) Lawyer
Former) Judge, Human Rights Commission
Member

Expertise - ESG (Human Rights), Law

Despite the increasing uncertainty in the management environment, ESG continues to be recognized as both a corporate responsibility and a strategic imperative. Last year, Samsung Heavy Industries strengthened its transparent governance system by composing all five subcommittees under the Board of Directors, —excluding the Management Committee—entirely of independent directors, and achieved tangible results in key areas such as establishing environmental management policies and conflict minerals management policies.

In particular, the ESG Committee enhanced its oversight role, not only in environmental fields centered on climate change response but also in social and governance fields such as human rights, supply chain, and risk, thereby contributing to improving corporate brand equity and external trust.

“In 2025, the ESG Committee will work to ensure that key corporate strategies and risk management are rigorously assessed through an ESG aspect and will take the lead in positioning Samsung Heavy Industries as a more transparent and trusted company.”



Kyung-hee Kim, Head of Management Support Office (CFO)

Former) Head of Production Support Division,
Overseas Business Team Leader

**Expertise - Finance/Management
Strategy, ESG Overall**

In 2024, Samsung Heavy Industries reinforced the integration of ESG into its management strategy by reorganizing the ESG KPI management system. In particular, it laid the foundation for ESG disclosures by establishing plans for managing both financial and non-financial data, assessing financial impacts, and conducting full life-cycle environmental impact assessments. Going forward, Samsung Heavy Industries will pursue ESG management with consistency and flexibility, ensuring it remains responsive to a rapidly changing business environment while continuously strengthening ESG practices.

“In 2025, we will further advance ESG management through structured efforts based on a roadmap for future ESG disclosures and by reinforcing supply chain oversight. As the Chief ESG Officer and Chief Financial Officer, I will strive to realize both sustainability and financial soundness.”



Jong-chul Park, Member of the ESG Advisory Committee

Current) Director of Woori Management
Institute, Vice President of Korea
ESG Society

**Expertise - ESG Policy, Corporate
Management, Sustainability Strategy**

Sustainability management can only be realized when a company's philosophy and systems are embedded beyond short-term performance. The ESG Advisory Committee at Samsung Heavy Industries contributes by evaluating the alignment of ESG policies and strategies from an independent perspective, thereby enhancing the effectiveness of ESG implementation. Additionally, three to four training sessions are held annually to support the continued development of expertise among ESG Committee members.

“In 2025, responding to climate risks, enhancing supply chain ESG practices, and advancing policies aligned with international standards will become increasingly important. The ESG Advisory Committee will continue to offer strategic guidance and support to enable Samsung Heavy Industries to lead in setting global standards and play a central role in building a sustainable industrial ecosystem.”



Stakeholders Message

Mr. T. K. Guan, Site Manager of Evergreen

Downstream (Customer)

Responding to climate change is a critical turning point for the shipbuilding industry. Evergreen is expanding the introduction of low-carbon vessels and places great expectations on Samsung Heavy Industries' ammonia demonstration to ensure reliability and enable the commercialization of ammonia-fuelled ships. This demonstration facility will become a key milestone that goes beyond simple technology validation to lead the next-generation alternative fuel propulsion ship market. The technological capabilities and responsible response demonstrated by Samsung Heavy Industries serve as a strong foundation for trust as a global partner, and we look forward to continuing our joint efforts to promote a sustainable shipbuilding and shipping industry.

Se-chul Park, CEO of Oriental Precision & Engineering Co., Ltd.

Upstream (Supply Chain)

Collaboration with Samsung Heavy Industries is more than a simple business deal. It is an important partnership for achieving sustainable growth. We are striving to expand the application of materials to reduce environmental impact and improve workplace safety management in alignment with environmental and social responsibility requirements across the supply chain, while continuously enhancing our practices through Samsung Heavy Industries' evaluations and feedback. To grow together in the changing global market, we continue building a more transparent and accountable supply chain based on trust.

Beom-sik Park, Professional of HSE Team (Safety & Health)

#SafetyFirst #Zero Serious Accidents

Under the philosophy that 'Safety is the first principle of management', Samsung Heavy Industries prioritizes safety as its highest value and conducts various safety activities to ensure the safety of all personnel, including employees and Suppliers' workers. By internalizing risk assessments, we proactively identify and eliminate harmful and dangerous factors in workplaces, enhance safety training programs to raise employees' safety awareness, and introduce a SMART HSE-based safety management system to further advance safety management levels. Samsung Heavy Industries will continue systematic and accountable efforts to create an accident-free workplace and improve safety management levels, thereby contributing to sustainable management and the realization of ESG.

Jong-ung Choi, Director of Autonomous Ship Research Center

#AI #Autonomous Navigation Technology

The convergence of eco-conscious and digital technologies is the future of the shipbuilding industry. Samsung Heavy Industries aims to enhance both safety and operational efficiency through advancing autonomous navigation technology, and AI-based route optimization technology also contributes to reducing fuel consumption. In particular, smart ship technology linked with alternative fuels will be an important means of realizing ESG management. We will continue our research and development efforts not to replace humans with technology, but to create a better environment for people.

Seong-gu Han, Professional of Compliance Team

#Compliance Management #Trust and Transparency

Compliance management is the foundation of a company's sustainable growth and a core pillar of ESG management. Samsung Heavy Industries is refining work procedures and enhancing preemptive risk reviews at the operational level to mitigate legal violation risks. Through internal training, policy promotion, and expanded monitoring aligned with global regulatory changes, we aim to raise employees' compliance awareness and foster a strong compliance culture. I will continue my work with the belief that small efforts to practice compliance serve as the foundation for building greater trust and transparency within the company.

Ahmad Muslih, Employee of Hull Erection Team (Welder from Indonesia)

#Diversity #Discrimination Free Workplace

What I have felt most strongly while working at Samsung Heavy Industries is that an inclusive environment has been created where workers of diverse nationalities are respected and can collaborate effectively. Through various communication channels such as meetings for foreign workers and grievance procedures, everyone is encouraged to freely share their thoughts and opinions. Comprehensive job and safety training, interpretation services, company-provided housing, international meal options, and cultural events help employees adapt to both the company and life in Korea, enabling them to work with stability. I hope that going forward, Samsung Heavy Industries will remain a workplace where all employees are treated with respect and without discrimination.

Business Overview

General Status

Samsung Heavy Industries have become the world’s leading shipbuilder by receiving the largest number of orders from global shipping lines not only in shipbuilding sectors including container carriers and LNG carriers, but also in offshore facility sectors including FLNG, FPSO, and drillships, based on differentiated technological competitiveness and turnkey manufacturing capabilities.

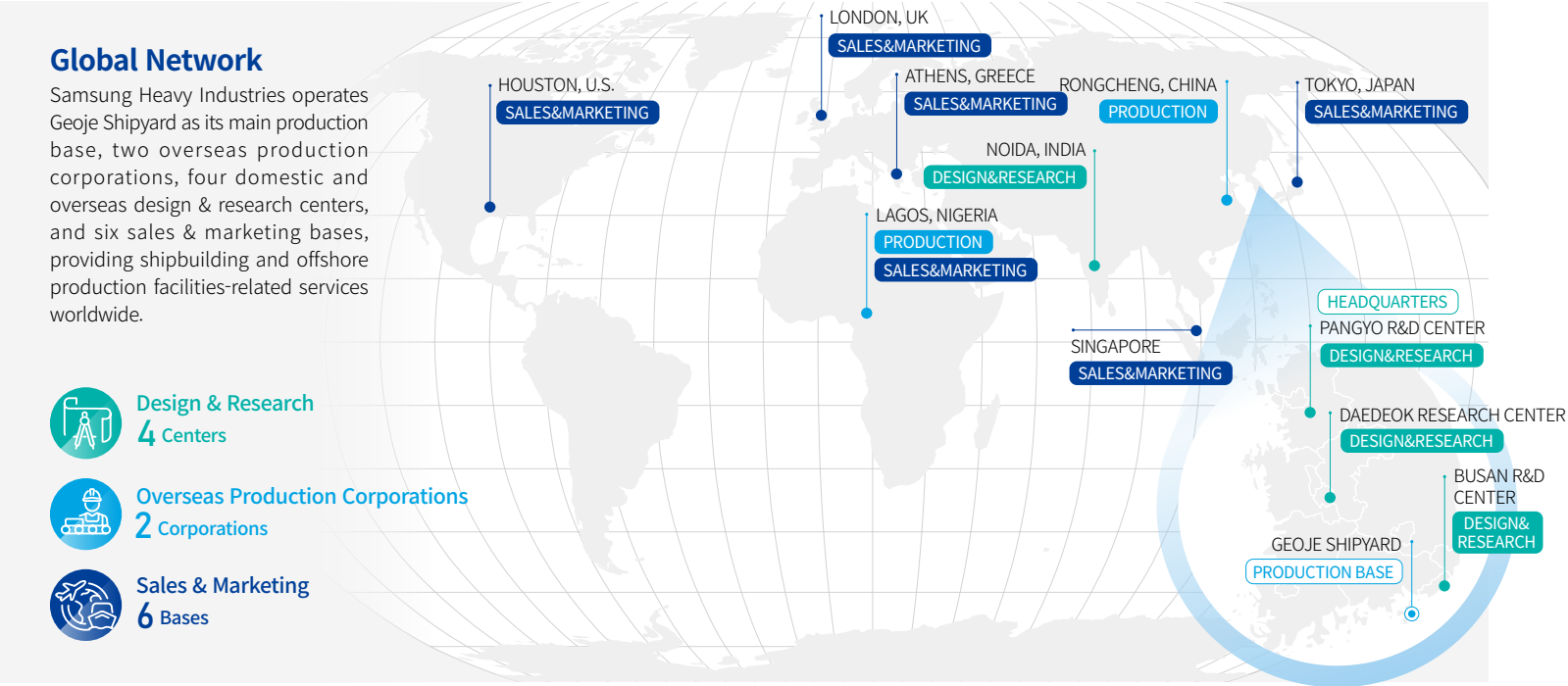
Samsung Heavy Industries aims to lead the future of the shipbuilding and offshore industries by developing carbon abatement products and technologies, combined with digital and AI technologies.

Company Status	(As of Dec. 31, 2024)
Company Name	Samsung Heavy Industries Co., Ltd.
Date of Establishment	Aug. 5th, 1974
CEO	Sung-an Choi
No. of Employees	10,112 persons
Sales	KRW 9,903.1 billion
Total Asset	KRW 3,749.5 billion
Head Office	23, Pangyo-ro 227beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do
Telephone	031-5171-7000

Samsung Heavy Industries reaffirmed its competitiveness in the global shipbuilding market by achieving orders for a total of 36 ships worth USD 7.3 billion in 2024, focusing on high value-added ships such as LNG Carriers, Very-large ammonia carriers, and shuttle tankers.

Through a high-end project order strategy including LNG Carriers and offshore production facilities, Samsung Heavy Industries secured an order backlog of USD 31.6 billion based on deliveries scheduled by the end of March 2025. Based on a reduced proportion of low-priced general commercial vessels and continuous sales growth driven by offshore projects, a more ambitious order target has been set for 2025.

The resumption of shale gas development, the shift in U.S. energy policy direction and the emergence of the ship MRO market present new challenges and opportunities. Alongside the commercialization movement of ships using alternative fuels such as ammonia and methanol, Samsung Heavy Industries plans to respond swiftly to market demand changes by securing next-generation sustainable technologies including LNG and ammonia propulsion technologies and CO₂ capture technology. In particular, as U.S. LNG export approvals resume, demand for alternative-fuel ships such as LNG carriers is expected to rise, further strengthening Samsung Heavy Industries’ competitive position in the FLNG market.



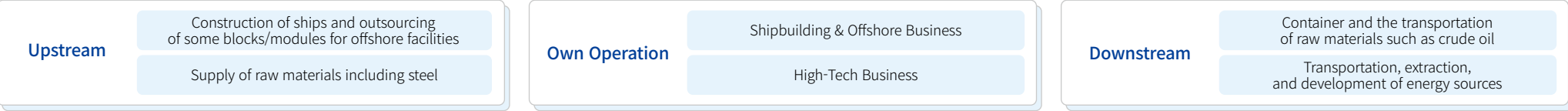
Business Overview


[Samsung Heavy Industries Website](#)


[Samsung Heavy Industries 51st Annual Report](#)

Business Introduction

Samsung Heavy Industries procures raw materials to manufacture vessels and offshore production facilities, constructing and selling Very-large container carriers, LNG carriers, crude oil carriers, and FLNG. Additionally, based on experience in shipbuilding & offshore projects, the company also executes architecture and civil engineering construction. Samsung Heavy Industries’ main products are used for transporting large cargoes and for the transportation, extraction, and development of resources such as crude oil, LNG, and ammonia.



Shipbuilding & Offshore Business

In 2024, Samsung Heavy Industries successfully completed multiple projects, meeting the highest technical standards and externally demonstrating industry-leading quality and reliability.

In particular, Samsung Heavy Industries is focusing on sustainable product and technology development in the shipbuilding & offshore business. In the shipbuilding sector, efforts are concentrated on developing ships using alternative fuels such as LNG, methanol, and ammonia to respond climate change and reduce carbon emissions. Additionally, by incorporating digital and smart technologies, the company plans to continue developing future-oriented product & technology through autonomous operation and navigation solutions. In the offshore production facilities sector, advanced technologies like FLNG and OCCS are employed to minimize environmental impact.

Shipbuilding & Offshore Samsung Heavy Industries is transforming into a future-oriented company based on proven technology and accumulated experience in the shipbuilding and offshore sectors. Extensive portfolio of our product is accessible on our website and business report.

High-Tech Business

Based on experience in shipbuilding & offshore projects, Samsung Heavy Industries successfully executes civil engineering, architecture, and high-tech construction through differentiated technologies such as automated welding and module construction methods that assemble and install modules manufactured offsite.

Leveraging differentiated manufacturing capabilities, Samsung Heavy Industries is developing a certification qualification system incorporating digital non-destructive testing and AI analysis technologies. The company plans to continuously focus on technological development to innovate high-tech construction in the future.

High-Tech Samsung Heavy Industries leverages its accumulated architecture and shipbuilding & offshore experience and technology to primarily undertake high-tech construction projects. Detailed status about our project is available on our website and business report.



(As of December 31, 2024)

Business Overview

Shipbuilding · Offshore Business Performance

Shipbuilding

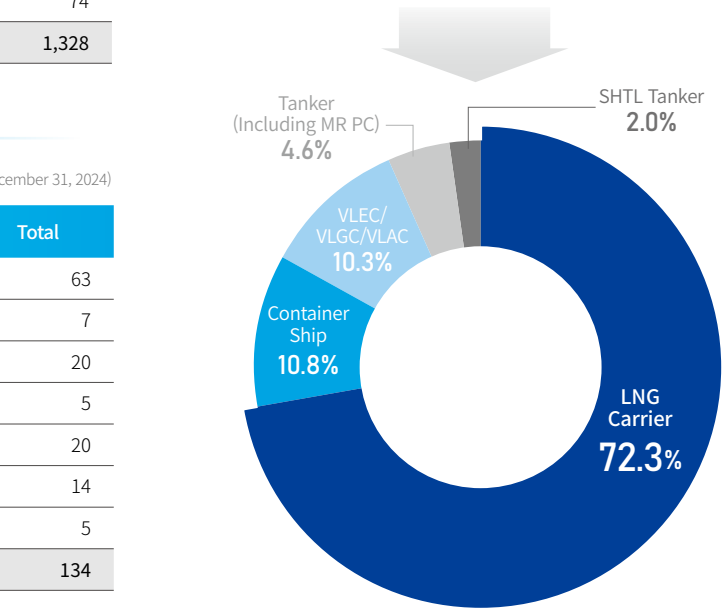


Shipbuilding Performance Record
(Unit: vessels, as of December 31, 2024)

Ship Type	Delivery Completed	Under Construction	Total
Tanker(Incl.MR PC)	419	6	425
SHTL Tanker	64	3	67
Container Ship	451	32	483
LNG Carrier	174	75	249
LNG FSRU/RV	10	-	10
VLEC/VLGC/VLAC	11	9	20
Cruise/Ferry/Bulk/Other	74	-	74
Sub Total	1,203	125	1,328

2024 Order Performance

Ship Type	No. of Ships	Amount (USD Million)
Tanker (Including MR PC)	4	332.0
SHTL Tanker	1	149.0
Container Ship	4	785.7
LNG Carrier	22	5,258.2
VLEC/VLGC/VLAC	5	749.1
Total	36	7,274.0



(Based on vessel type amount: 2024 order performance)

Offshore



Offshore Performance Record
(Unit: ships, as of December 31, 2024)

Ship Type	Delivery Completed	Under Construction	Total
Drillship	63	-	63
Semi/Jack-up Rig	7	-	7
FPSO/FSU	20	-	20
LNG-FPSO	3	2	5
Platform	20	-	20
FPU/CPF/TLP	14	-	14
WTIV/FDS	5	-	5
Sub Total	132	2	134



2024 Highlight

Environmental

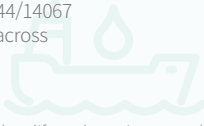
Establishment of Environmental Management Policies

Policy including biodiversity and Deforestation prohibition



Product LCA¹⁾ Analysis

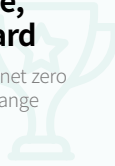
Application of ISO 14040/14044/14067 Environmental load analysis across seven impact categories including carbon footprint



1) LCA: Life Cycle Assessment, product life cycle environmental impact assessment

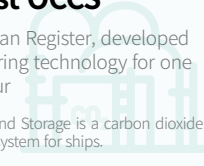
2024 Green Management Award received Minister of Trade, Industry and Energy Award

Recognized for achievements in leading net zero in shipbuilding and proactive climate change response in green management



Completion and Demonstration of the World's Largest OCCS¹⁾

With HMM, Panasia, and Korean Register, developed capturing, liquefying, and storing technology for one ton of carbon dioxide per hour



1) OCCS: Onboard Carbon Capture and Storage is a carbon dioxide capture, liquefaction, and storage system for ships.

Achieved a Cumulative Electric Vehicle Conversion Rate of 20%

8% conversion rate in 2023
20% conversion rate in 2024



Renewable energy usage increased by 3.3 times compared to 2023

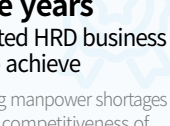
64.3 MWh in 2023
209.3 MWh in 2024



Social

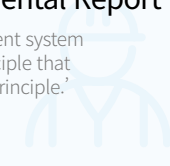
Selected as the best institution for three consecutive years in three government-supported HRD business sectors, the first company to achieve

Support and coexistence by alleviating manpower shortages and strengthening human resource competitiveness of SMEs using Samsung Heavy Industries' infrastructure.



The First Publication of Health, Safety, and Environmental Report

Disclosure about HSE management system and key activities under the principle that 'Safety is the first management principle.'



Establishment of Conflict Minerals Management Policy

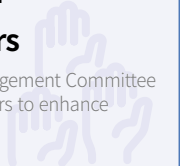
Supporting the Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1502 and EU OECD Due Diligence Guidelines to fulfill social responsibility efforts.



Governance

Board of Directors' Subcommittees Composed Entirely of Independent Directors

All subcommittees except the Management Committee are exclusively independent directors to enhance independence.



Implementation of ESG KPI/MBO

Evaluation and direct linkage to compensation for executives directly or indirectly related to ESG.



First in the Shipbuilding Industry to Obtain ISO 31000 Certification (Risk Management Standard)



Three-year ESG Evaluation Results (2022~2024)

ISS

D+ → C- → C

CDP

B- → B → B

MSCI

CCC → B → BB

Sustainalytics

High Risk → Medium Risk → Medium Risk

DJSI

55 → 59 → 65

Included in KOREA Index for 14 consecutive years

Korea ESG Standards Institute

B+ → A → A

Environment A, Social A, Governance B+

ESG Management

Governance

Roles and Responsibilities of the BOD

Samsung Heavy Industries has established an efficient decision-making system spanning the Board of Directors, management, and working-level organization to conduct ESG management based on prompt and clear decisions. The ESG Committee is the highest decision-making body with ultimate management and supervisory authority over key matters affecting the company’s sustainability management, convening regularly at least once a year in accordance with the ESG Committee operating regulations. Additionally, the ESG Committee may request advice from the ESG Advisory Committee on referred agenda items as needed, enabling more in-depth and systematic discussions.

ESG Committee

Samsung Heavy Industries strengthened independence by composing all ESG Committee members as independent directors through the Board of Directors’ resolution in 2024. Additionally, to enhance the effectiveness of the ESG Committee, the number of meetings was gradually increased, holding four sessions in 2024 to deliberate and resolve various ESG agenda items.

Detailed information regarding the composition and capabilities of the ESG Committee can be found under [Board of Directors > Board Skills Matrix \(BSM\)](#), and detailed contents discussed at the ESG Committee are available on the [ESG website](#).

| ESG Committee Agenda Items

Date	Classification	Agenda Item	Resolution Status	Attendance Rate
2024.03.21	Resolution	Appointment of Chairperson of the ESG Committee	Approved	100%
2024.04.26	Resolution	Introducing ESG internal Chief Executive Officer system	Approved	100%
	Resolution	ESG Disclosure Response Plan	Approved	
	Report	ESG Management Performance, Change of ESG Advisory Committee Member, Double Material Assessment Result, ESG KPI/MBO Assessment, Calculation and Verification about Scope 3	-	
2024.10.24	Resolution	Legislating for Conflict Mineral Policy	Approved	100%
	Report	Preparation Status and Plan for ESG Disclosure	-	
2024.12.20	Resolution	Legislating for Environmental Policy	Approved	100%
	Report	Awarded ‘the Ministry of Trade, Industry and Energy Award’ for Green Management Excellence Awards, Result of Analyzing Climate Change Scenario, Product LCA Evaluation Result and Plan, Performance and Plan of Supply Chain ESG Support Project	-	

ESG Advisory Committee

Samsung Heavy Industries operates a separate ESG Advisory Committee to complement the expertise of the ESG Committee. ESG Advisory Committee consists of three members with diverse expertise who provide recommendations on ESG Committee agenda items and offer ESG education to members and management, thereby supporting in understanding and tracking domestic and international ESG trends.

| ESG Advisory Committee Composition

Classification	Name	Gender	Expertise	Term ¹⁾
ESG Advisory Committee	Jong-cheol Park	Male	ESG Management/ Consulting	(Current) Director of Woori Management Institute ~2025.10.16
	Jae-yeol Kwon	Male	Law, Investment Strategy	(Former) Expert Committee Member at National Pension Service Stewardship Committee (Current) Professor of Law at Kyung Hee University ~2025.10.16
	Gil-jong Oh	Male	ESG Management, Environment	(Former) President of Korea Waste Association (Current) Director of Korea Packaging Resources & Recirculation Technology Institute ~2025.10.16

1) Advisory committee members serve a one-year term, renewed annually.

| ESG Advisory Committee Training Details

Date	Title
2024.04.26	- Enhancing ESG Management Expertise for executives and management level - Response Strategies to Investors’ ESG Evaluation Indicators - Scope 3 Greenhouse Gas Emissions, LCA, Plastic Reduction Strategy Development
2024.10.24	- Launch of Government ESG Forum and Legislation of Basic ESG Act - Status and Strategies for SMEs and Mid-sized companies’ Compliance with Corporate Sustainability Due Diligence Directive
2024.12.20	- Matters concerning investor responses to climate change risk management - Status and trends of domestic and international regulations on climate change

ESG Management

Governance

Roles and Responsibilities of the Management

Samsung Heavy Industries emphasizes the roles and responsibilities of the management team alongside the Board of Directors for efficient sustainable management. The Management Executive Council, composed of C-Level executives including the CEO, discusses sustainability-related agendas together, reviews company strategies and directions, and makes final decisions.

Furthermore, the 2024 ESG Committee resolution appointed the CFO as the Chief ESG Officer to strengthen the drive for ESG management. As the Chief ESG Officer, the CFO, utilizing industry expertise and leadership, reviews the overall ESG management status of the company, supervises key tasks and performance, and oversees all ESG operations.

The ESG Working Organization operates an ESG Working Council, centered around the ESG Strategy Group. The ESG Strategy Group functions as a control tower integrating ESG issues and is staffed with specialized personnel. The ESG Working Council consists of practitioners from four divisions: Safety and Environment, Social Responsibility, Ethical Management, and Governance. They identify risks in each area and develop response measures. Improvement items raised by each division are discussed in the Management Executive Council before being finally submitted as agenda items to the ESG Committee.

In particular, to prepare for coming mandatory ESG disclosure items, the company first identified ESG disclosure to implement phased improvement tasks. An initial operation manual was also established, setting disclosure data management guidelines and departmental work procedures.

Selected Agenda Items Discussed by the Management Executive Council

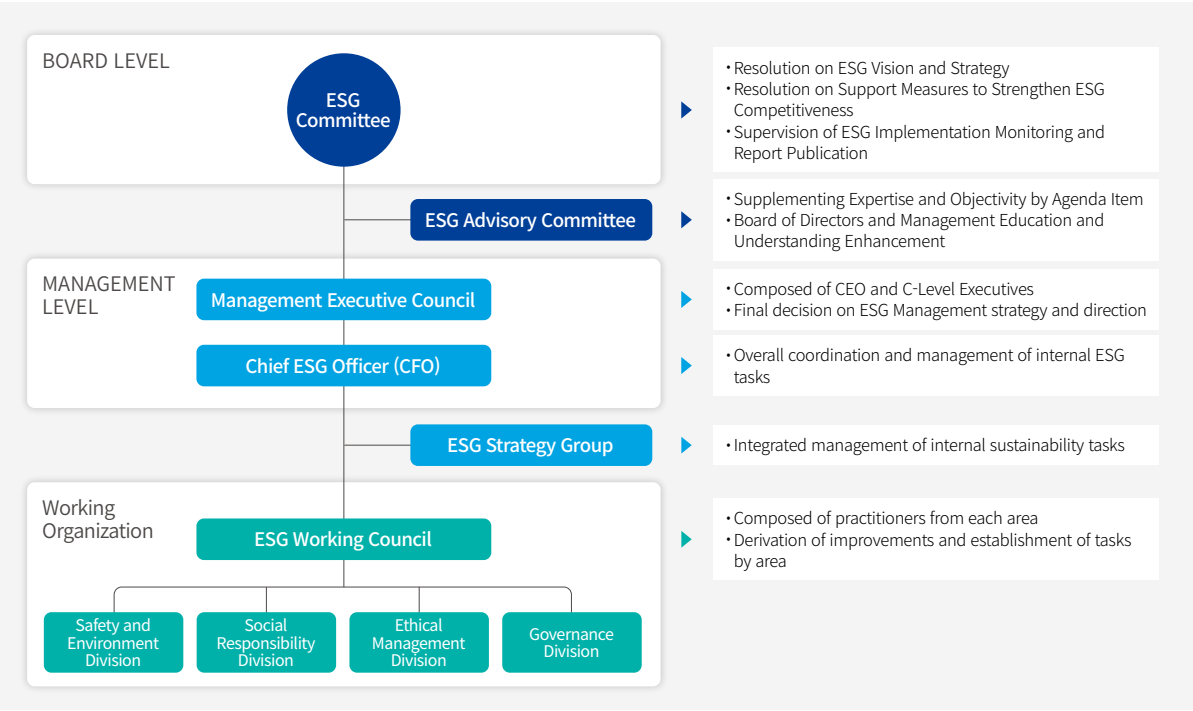
Date	Field	Title
2024.02.21	E	2024 LNG Market Trends and Order Strategy
2024.03.06	E	Status of Ammonia Demonstration Facility Progress
2024.03.27	S	Domestic External Supplier Operation Plan
2024.04.03	S	E-7 Operation Status
2024.04.24	S	Monopoly Check on Carriers
2024.09.04	E	Domestic CO ₂ Market Status
2024.09.04	S	Participation in Win-win Cooperation Support Projects for Suppliers
2024.10.23	S	Establishment of Conflict Minerals Management Policy

ESG Management Performance Metrics & Remuneration Policy

Samsung Heavy Industries links ESG performance with the management’s compensation system to continuously generate ESG management outcomes. For executives and above, separate evaluations are conducted on individual items such as safety and compliance, as well as ESG MBO (Management By Objectives), and the evaluation results affect the management’s compensation.

The ESG assessment consists of a quantitative section evaluating achievement rates of seven major environmental KPIs (greenhouse gas, renewable energy, zero-emission vehicles, carbon abatement shipbuilding and offshore products and technologies, waste, eco-friendly paints, disposable products) and a qualitative section assessing the implementation level of 23 tasks across categories (Environment 10, Social 11, Governance 2) to ensure effective evaluation. Additionally, ESG-related items (including safety, human rights, compliance, etc.) account for an average of 25-30% of total MBOs per division, directly linked to management compensation.

ESG Management Governance Structure



ESG Management

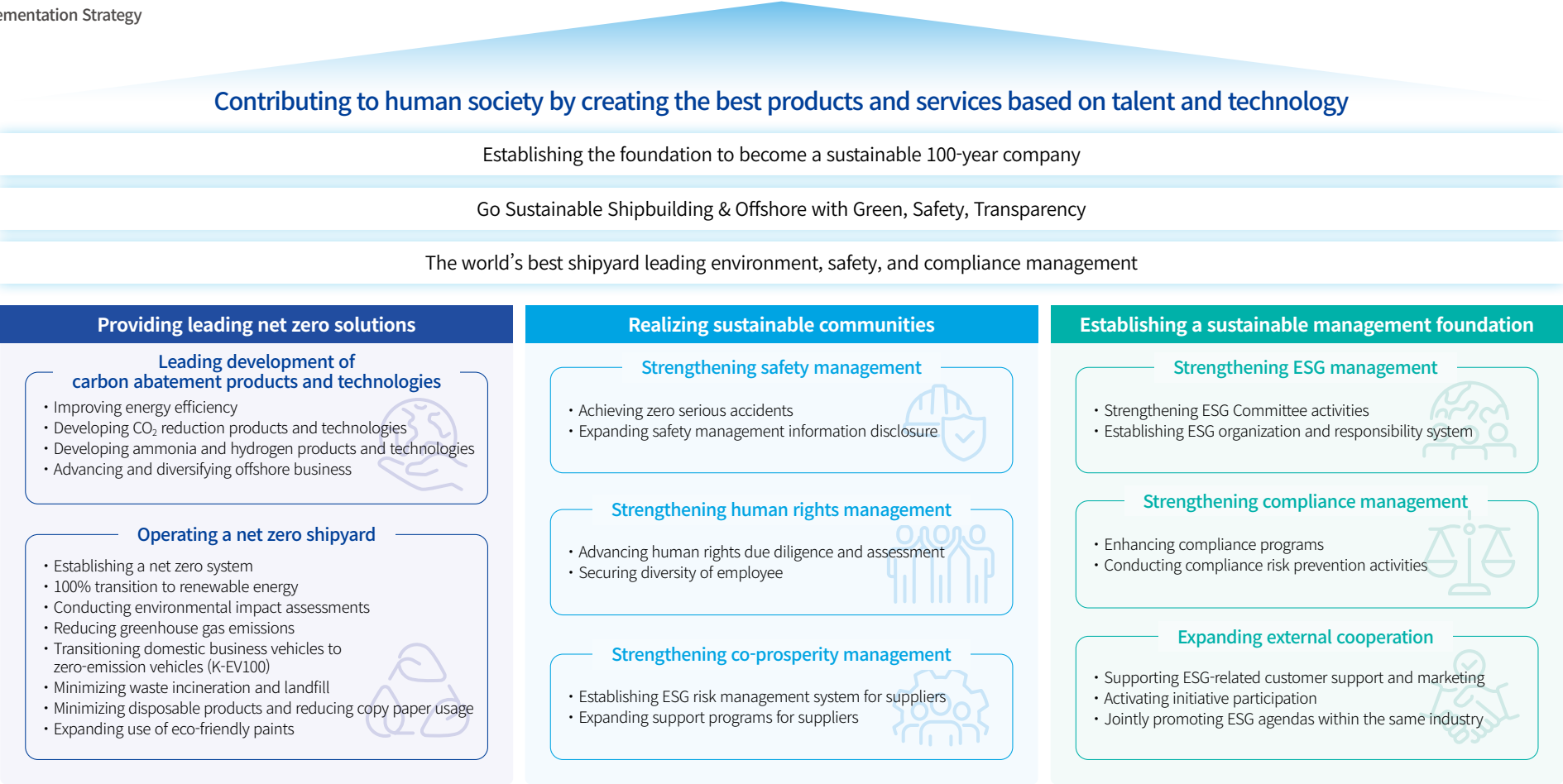
Strategy

Strategy and Decision-making

Samsung Heavy Industries aims to be the world’s best shipyard leading environment, safety, and compliance management, establishing a foundation for the sustainable growth of the shipbuilding and offshore industry. To this end, the company established three strategic directions and KPIs in eight key focus areas: providing leading net zero solutions, realizing sustainable communities, and establishing a sustainable management foundation. Based on ESG vision and implementation strategy, Samsung Heavy Industries will enhance corporate value and contribute to creating social value.

| Vision and Implementation Strategy

Management Philosophy
ESG Value
ESG Vision
ESG Goal
Strategic Directions
Focus Areas and Mid-to-long-term KPIs



ESG Management

Strategy

Status of ESG Management Implementation

Samsung Heavy Industries is striving to achieve mid-to-long-term KPIs in key areas according to its strategic direction.

Strategic Directions	Focus Areas	Mid-to-long-term KPIs	2024 Performance
Providing leading net zero solutions	Leading development of carbon abatement products and technologies	Improving energy efficiency	- Development of Wing Sail and Forward bridge placement - Application of SAVER Wind(C) to new-build container carrier
		Development of CO ₂ reduction products and technologies	- Completion and demonstration of the world's largest OCCS - Development of LCO₂ carrier equipped with OCCS - Development of FCSU applying new concept liquefied CO₂ storage tank
		Development of ammonia and hydrogen products and technologies	- Completion of ammonia demonstration facility - Development of ammonia carrier with ammonia fuel cell propulsion - Development of floating ammonia production facility - Development of liquefied hydrogen storage tank
		Advancing and diversifying offshore business	Development of standard model for floating LNG production facility - MLF-N in 2023, MLF-O in 2025 development
	Operating a net zero shipyard	Establishing a net zero system	Enactment of environmental management policy (including biodiversity and deforestation prohibition policies)
		100% transition to renewable energy	Operation of solar power pilot complex at Daedeok Research Center (Company-wide renewable energy usage increased 3.3 times compared to previous year)
		Conducting environmental impact assessment	Introduction of product LCA (174K LNG Carrier)
			Reviewing revision of net zero roadmap
		Reducing greenhouse gas emissions	Reduced greenhouse gas by 5,423 tCO₂eq through efficient commissioning operations (149% achievement against goal)
		Transitioning domestic business vehicles to zero-emission vehicles (K-EV100)	20% of company-wide business vehicles converted to electric vehicles (100% achievement against goal) 70% establishment of company-wide EV charging infrastructure (100% achievement against goal)
		Minimizing waste incineration and landfill	Waste recycling rate at 81% (109% achievement against goal)
		Minimizing use of disposable products and reducing copy paper usage	50% reduction in expected use of disposable products (100% achievement against goal) 22% reduction in copy paper usage (147% achievement against goal)
		Expanding use of Eco-friendly Paints	37% usage of eco-friendly paints (123% achievement against goal)

Strategic Directions	Focus Areas	Mid-to-long-term KPIs	2024 Performance
Realizing Sustainable Communities	Strengthening safety management	Achieving zero serious accident	- LTIF 0.55 (115% achievement against goal) - TRCF 1.94 (79% achievement against goal)
		Expanding safety management information disclosure	- Publication of Health and Safety Environment Report - Preparation of ISSB S1 Standard Pilot Report for health and safety section
	Strengthening human rights management	Advancing human rights due diligence and assessment	Conducting employee human rights impact assessment (100% achievement against goal)
		Securing diversity of employee	- Deployment of 18 interpreters across 7 languages - Support for foreign workers through the establishment of a Global Help Desk - Strengthening Korean language and Korean culture training - Preparation of multicultural meals and prayer rooms
	Strengthening co-prosperity management	Establishing ESG risk management system for suppliers	- Enactment of conflict minerals management policy (100% achievement against goal) - Conducting ESG self-assessment for external suppliers
		Expanding support programs for suppliers	198 cases of technical support and approximately KRW 4.5 billion in technical development costs provided to 335 suppliers - Support for suppliers registration targeting global electronics companies and major domestic clients to expand sales channels - Hosting ESG workshops on greenhouse gas management and reduction technologies, and emissions calculation practices
	Strengthening ESG management	Strengthening ESG Committee activities	- Expansion of ESG Committee meetings from 2 to 4 sessions - Expansion of ESG Advisory Committee meetings from 2 to 3 sessions
		Establishing ESG organization and responsibility system	- Introduction of ESG Chief Officer system - Implementation of ESG MBO to link ESG performance with rewards
Establishing a sustainable management foundation	Strengthening compliance management	Enhancing compliance programs	- Introduction of team-based compliance self-assessment system - Regular publication of newsletters and production/distribution of promotional posters
		Conducting compliance risk prevention activities	- Inspection of corporate CP implementation status and visits/education at overseas branches - Regular inspection of anti-corruption and subcontracting law compliance status
	Expanding external cooperation	Supporting ESG-related customer support and marketing	100% response and handling of customer ESG-related inquiries (100% achievement against goal)
		Activating initiative participation	Participation and activities in UNGC working meetings
		Jointly promoting ESG agendas within the same industry	Development of Scope 3 methodology for shipbuilding industry



Material Topic

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Material Topic 6
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Rights



Stakeholder Engagement

Samsung Heavy Industries' shipbuilding, offshore, and high-tech businesses are industries intensive in technology, capital, and labor, creating business value through collaboration with diverse stakeholders. Considering the characteristics of these industries and mutual influence and dependence with stakeholders, six major internal and external stakeholders have been identified, with communication channels established for each group to gather opinions. The collected opinions of stakeholders are comprehensively utilized in management activities such as double materiality assessment and deriving key strategies.

Community

#Environmental Protection #Contribution to Local Economy
#Job Creation #Social Contribution



This group of stakeholder is directly or indirectly affected by business activities. Samsung Heavy Industries aims to realize sustainable development and social responsibility based on interactions with the community.

Social Contribution Activities (Ongoing)

Sisterhood Activities (Ongoing)

Press Releases (Ongoing)

Consumers/Customers

#Climate Action #Future Technology Enhancement
#Supply Chain Management #Quality Control
#Customer Satisfaction Enhancement



This group of stakeholder directly experience Samsung Heavy Industries' products and services and influence the company's sustainability. They provide opportunities to enhance market competitiveness through feedback on products and services.

Customer Satisfaction Survey (Annually)

VOC Survey (Ongoing)

International Exhibitions (Ongoing)

Sustainability Report (Annually)

Visits to Customers (Ongoing)

Employees

#Organizational Culture #Welfare Benefits
#Labor-Management Relations
#Fair Evaluation and Compensation #Capacity Building



As members of Samsung Heavy Industries, they directly impact organizational operations and performance, serving as key assets driving value creation across the entire value chain.

Labor-Management Council (Ongoing)

Management Status Briefings (Quarterly)

Organizational Culture Diagnosis (Annually)

Suppliers

#Fair Trade #Shared Growth
#Occupational Safety and Health
#Communication



This group of stakeholder maintains collaborative relationship within the supply chain. They play vital role in maintaining production and quality.

Supply Chain Council (Annual Meeting, Roundtable, Conference etc., Annually)

Regular Communication Channels (Online/Offline)

Shareholders and Investors

#Enhancement of Corporate Value #Governance
#Risk Management #Transparent Disclosure



This group of stakeholder can influence corporate decision-making, with high interest in management performance and long-term value creation.

Management Disclosure (Ongoing)

Conferences/Roundtables (Ongoing)

Shareholders' Meeting (Annually)

Website (Ongoing)

Corporate Governance Report (Annually)

Inquiry Responses (Ongoing)

Government

#Compliance #Job Creation
#Industry Trends and Performance



This group of stakeholder has the authority to enact and force laws and regulations related to shipbuilding, significantly impacting the company's operating environment.

Participation in National Projects (Ongoing)

Conferences/Roundtables (Ongoing)



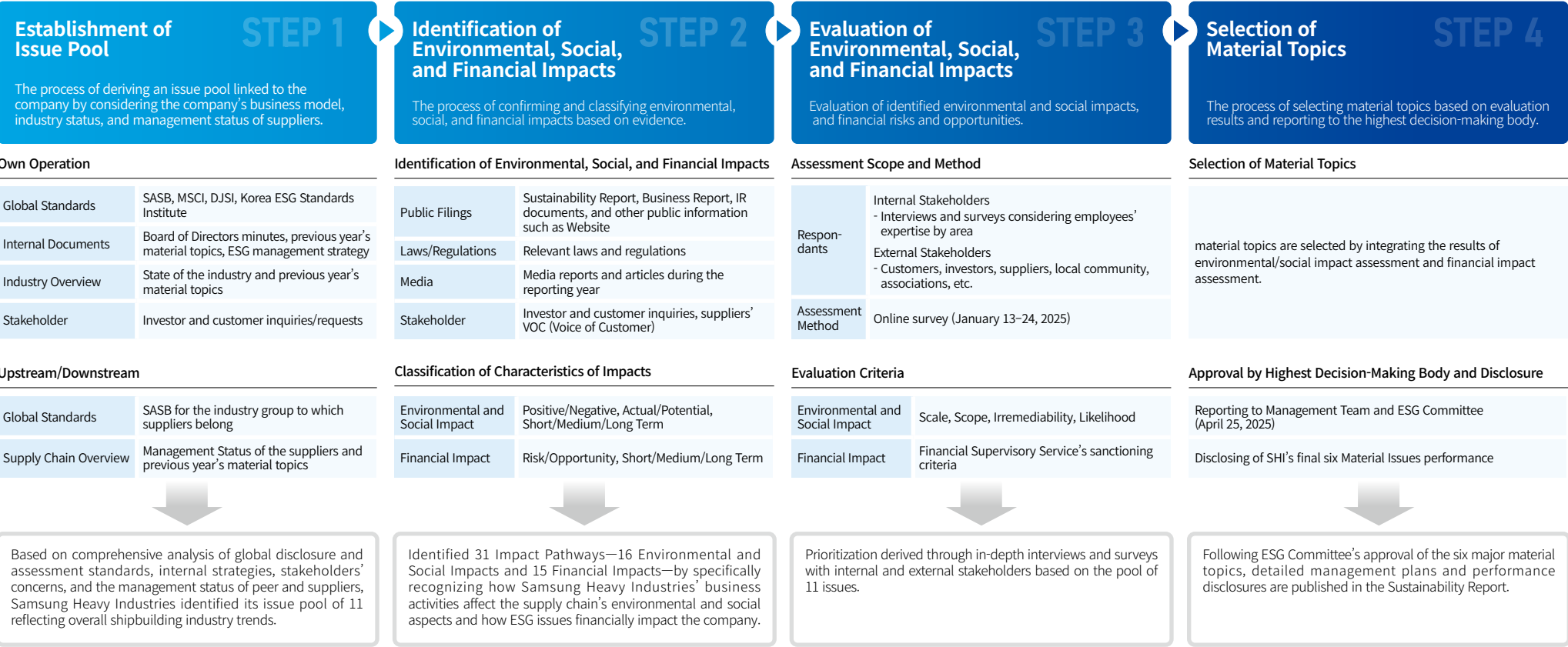
SAMSUNG HEAVY INDUSTRIES

Double Materiality Assessment

Overview of Double Materiality Assessment

Samsung Heavy Industries identifies key issues related to the company’s sustainability annually through the Double Materiality Assessment. Samsung Heavy Industries’ Double Materiality Assessment follows the EU’s Corporate Sustainability Reporting Directive (CSRD), considering both the environmental and social impacts of the company (Impact Materiality) and the financial impacts of each ESG issue on the company (Financial Materiality). By considering these two perspectives, it clearly identifies the concerns and expectations of stakeholders, reflects them in management strategies, and links them with the integrated risk management process to improve tangible business performance.

Double Materiality Assessment Process



Double Materiality Assessment

Results of Double Materiality Assessment

From January 13 to 24, 2025, double materiality assessment was conducted targeting internal stakeholders (employees) and external stakeholders (customers, investors, suppliers, community, associations, etc.). Through the assessment, 11 issue pools were prioritized, and applying a threshold, six major material topics were selected.

Material Topic	Ranking (Compared to Previous Year)	Environmental and Social Impact				Financial Impact		
		Location	Positive/ Negative	Actual/ Potential	Degree of Impact	Location	Risk/ Opportunity	Degree of Impact
Climate Change/Energy	1(-)	Across Value Chain	Negative	Actual	●●●	Across Value Chain	Risk	●●●
Sustainable Product & Technology	2(▲1)	Own Operations	Positive	Actual	●●●	Across Value Chain	Opportunity	●●●
Occupational Health and Safety	3(▼1)	Across Value Chain	Negative	Actual	●●●	Across Value Chain	Risk	●●●
Business Ethics & Compliance	4(▲1)	Across Value Chain	Positive Negative	Actual	●●●	Across Value Chain	Risk Opportunity	●●●
Supply Chain Management	5(▼1)	Own Operations Upstream	Negative	Potential	●●●	Across Value Chain	Risk	●●●
DEI & Human Rights	6(-)	Across Value Chain	Positive	Actual	●●●	Across Value Chain	Risk	●●●
Pollutant Management (Air Pollution)	7 ¹⁾	Across Value Chain	Negative	Actual	●●●	Across Value Chain	Risk	●●●
Biodiversity and Ecosystem Protection	8	Own operations Downstream	Positive Negative	Actual	●●●	Own operations Downstream	Risk Opportunity	●●●
Labor-Management Relations	9	Own operations	Negative	Potential	●●●	Own operations	Risk	●●●
Waste and Circular Economy	10	Own operations Upstream	Positive Negative	Actual Potential	●●●	Own operations Upstream	Risk Opportunity	●●●
Water and Marine Resources	11	Across Value Chain	Negative	Potential	●●●	Across Value Chain	Risk	●●●

1) Last year, the top seven issues were selected as material topics; however, this year, the top six issues were selected as material topics, resulting in exclusion from the material topics.

Double Materiality Assessment

The factors affecting environmental, social, and financial impacts for each material topic are as follows.

Rank	Material Topic	Environmental and Social Impact					Financial Impact					Report Location
		Location	Triggering Factors		Classification		Location	Triggering Factors		Classification		
1	Climate Change/ Energy	Across Value Chain	Using fuel and power in steel, equipment, and materials production and transportation		Negative	Actual	Across Value Chain	Facing regulations from IMO, EU, etc.		Risk	p.21	
			Using fuel and power in shipbuilding, constructing offshore facilities, and operating shipyard					Adopting to global greenhouse gas reduction related policies				
			Using fuel and power during drilling, gas extraction, transportation, distribution, and ship scrapping					Increasing frequency of disasters caused by climate change and facility restoration due to disasters				
2	Sustainable Product & Technology	Own Operations	Strengthening investment and R&D in alternative fuel propulsion ships, development of automation/unmanned systems, advancement of digital transformation		Positive	Actual	Across Value Chain	Increasing orders for low carbon shipbuilding and offshore products due to stringent global greenhouse gas regulations		Opportunity	p.41	
								Increasing importance of product and technology development for ships and offshore facilities adopting alternative fuels				
								Changes in trend of global renewable energy transition due to resource depletion and worsening environmental pollution				
3	Occupational Health and Safety	Across Value Chain	Increasing risks of safety accidents due to use of various machinery and chemical substances in manufacturing processes		Negative	Actual	Across Value Chain	Strengthening of safety accident regulations such as the Serious Accident Punishment Act		Risk	p.47	
			Increasing possibilities of safety accidents due to use of various machinery and chemical substances during shipbuilding and constructing offshore facilities					Resulting in production stoppage and associated costs due to safety accidents				
			Increasing exposure to health and safety risks for workers due to adverse weather during ship operation or safety accidents during handling of ship machinery or cargo					Increasing investments in facilities and equipment to create safe workplace				
4	Business Ethics & Compliance	Across Value Chain	Minimizing CP risks including anti-corruption, US sanctions, subcontracts , strengthening monitoring systems and improving compliance programs		Positive	Actual	Across Value Chain	Declining stakeholder trust due to issues such as bribery and unfair trade allegations		Risk	p.63	
			Increasing risk of insufficient management of business ethics and compliance risk		Negative			Strengthening of domestic and international related laws (Fair Trade Act, Subcontracting Act, Anti-Corruption Act, etc.) regulations				
5	Sustainable Supply Chain Management	Own operations	Increasing instability due to insufficient supply chain management		Negative	Potential	Across Value Chain	Strengthening of supply chain management regulations (CSDDD, etc.) and expansion of evaluation and due diligence requirements according to regulations		Risk	p.72	
		Upstream	Rising possibility of human rights violations and negative environmental issues due to non-compliance with relevant laws and policies					Damaging corporate reputation due to illegal acts within the supply chain (human rights/working condition violations, etc.)				
6	DEI & Human Rights	Across Value Chain	Operating Global Help Desk due to increased employment of foreigners and persons with disabilities		Positive	Actual	Across Value Chain	Increasing foreign workers within the supply chain		Risk	p.79	
			Providing mandatory training for all employees on prevention of workplace harassment, sexual harassment, and awareness of the disabilities					Undermining healthy organizational culture due to inadequate DEI management				
			Providing training programs for suppliers (quality, safety, environment, technology, etc.)					Reducing or withdrawing capital investment due to reputational damage from human rights concerns				
			Adhering to legal compliance obligations such as the Act of Employment of Persons with Disabilities and Anti-Discrimination Laws									

Material Topic 1
Climate Change/Energy
Governance

Samsung Heavy Industries operates a dedicated governance structure to respond swiftly to internal and external changes caused by climate change. The structure supports strategic decision-making and accountable governance at the Board and management levels.

Climate Change-related Decision-making Bodies



Material Topic 1
Climate Change/Energy
Governance

Board of Directors and Management
ESG Committee Operation

| Major Climate-related Agendas in 2024 Meeting

Date	Type	Agenda Details
March 21, 2024	Resolution	Appointment of the Chair of the ESG Committee
April 26, 2024	Resolution	Agenda on Introduction of In-house Chief ESG Officer System
	Resolution	Agenda on ESG Disclosure Response Plan (Including Financial Impact Assessment of Climate Change)
	Report	SHI ESG Management Status (Net Zero Direction and 7 Major Tasks, Key Performances etc.)
	Report	Changes in ESG Advisory Committee Members, Double Materiality Assessment, Introduction of ESG MBO Evaluation, and Scope 3 Emissions in 2023
October 24, 2024	Resolution	Agenda on Establishment of Conflict Minerals Management Policy
	Report	Status and Plan for ESG Disclosure Preparation (Climate Disclosure Diagnosis and Master Plan Establishment, etc.)
December 20, 2024	Resolution	Agenda on Establishment of Environmental Management Policy
	Report	Recipient of the Minister’s Award at the Green Management Awards
	Report	Climate Change Scenario Analysis Results and LCA Results/Plans

Board of Directors Capability Enhancement

Samsung Heavy Industries actively enhances the expertise and performance of Independent Directors by providing relevant information, resources, and training through the ESG Advisory Committee upon request. By operating the ESG Advisory Committee, Samsung Heavy Industries reinforces the ESG Committee’s decision-making capabilities through advisory input and agenda recommendations. For further details on Board competency, refer to [Board of Directors > Board Skills Matrix \(BSM\)](#).

| ESG Advisory Committee Meeting Status in 2024

Date	Advisory and Training Activities
2024.04.26	- Reviewed key climate-related performances for 2024 and plans for 2025, and provided feedback on climate-related disclosures - Shared climate trend analyses covering topics such as sustainable energy transition solutions, growing investment opportunities in climate adaptation, and shifts in the carbon market
2024.10.24	Offered advisory input on the scope of application for the internal carbon pricing system
2024.12.20	- Provided recommendations based on the results of climate scenario analysis and reviewed the implementation plan for product life cycle assessment (LCA) - Delivered climate trend analyses, including the EU Climate Transition Plan and global trade regulations.

Investment Review

Samsung Heavy Industries evaluates both climate-related risks and opportunities as part of its investment review process when making strategic investment decisions. The company proactively manages physical and regulatory risks, identifies emerging investment opportunities, and promotes responsible investment practices that integrate sustainability considerations. This approach enables Samsung Heavy Industries to enhance long-term financial stability, strengthen its corporate social responsibility, build a positive brand reputation, and improve adaptability to dynamic market environments.

| Investment Consideration Strategy

Internal Carbon Pricing System	- Application of Potential Cost (Shadow Price) Method - Used for investment decision-making on facilities consuming energy and new businesses exceeding KRW 300 million * For details, please refer to Implementing an Internal Carbon Pricing System.
Board of Directors (ESG Committee)	- Required Board resolution for investments exceeding 10% of equity capital - Reviewed climate and environmental risks prior to decision-making on mergers and acquisitions
Climate-related Risk Monitoring	- Managed climate risks that may increase or decrease through investment activities - Monitored related indicators and targets

Management Performance and Compensation

Samsung Heavy Industries operates the Compensation Committee to determine executive compensation by evaluating the value of roles and responsibilities, accountability, and capabilities based on performance ratings. Since 2023, the company has strengthened ESG performance management by incorporating the performance of internal ESG KPIs and the execution of division level improvement tasks into executive MBO evaluations. The company has aligned these tasks with subordinate KPI items to enhance implementation across all levels.

In 2024, Samsung Heavy Industries included the achievement of climate-related targets in the ESG MBO evaluation criteria for all applicable executives and reflected the completion of improvement tasks in the evaluation of responsible heads of divisions and related executives. These ESG items accounted for 3% of the total MBO evaluation and directly influenced executive compensation.

Material Topic 1

Climate Change/Energy Strategy

Samsung Heavy Industries implements a four-step process to continuously identify and monitor climate-related risks and opportunities. Through this, the company are systematically managing climate-related risks and at the same time preemptively discovering business opportunities.

Step 1. Identification of Climate-related Risks and Opportunities

Samsung Heavy Industries identifies climate-related physical risks, transition risks, as well as opportunities that are expected to impact its business. The company assesses their effects across its operations and value chain to establish the foundation for analyzing key risks and opportunities.

| Climate-related Risks and Opportunities

Risks and Opportunities				Description	Expected Time of Impact		
					Short-term (~1 year)	Mid-term (2~5 years)	Long-term (6 years~)
Physical Risk	Acute	Natural disasters such as typhoons and floods	Since major worksites are located in coastal and adjacent areas, there are risks of product and facility damage, flooding, loss, and power outages caused by natural disasters such as typhoons and floods		●	●	●
	Chronic	Abnormal temperatures	An increase in the number of extreme heat days may lead to deteriorating worker health and reduced labor productivity during outdoor operations, potentially resulting in delays in construction and delivery as well as increased risk of quality defects			●	●
Transition Risk	Policy and Law	Increase in the price of greenhouse gas emission permits	Rising prices of emission permits are expected to increase overall operational costs		●	●	●
		Strengthening environmental regulations (IMO etc.)	An increase in the number of extreme heat days may lead to deteriorating worker health and reduced labor productivity during outdoor operations, potentially resulting in delays in construction and delivery as well as increased risk of quality defects			●	●
		Greenwashing Risk	As external scrutiny of ESG disclosures and advertisements intensifies, including the risk of greenwashing litigations, there is an increasing risk of reputational damage and legal or regulatory penalties.			●	●
	Technology	Increased costs for carbon abatement products and technology	As competition in the transition to carbon abatement products and technologies intensifies, the need to secure market competitiveness is increasing			●	●
	Market	Rising energy costs	Rising energy prices are expected to directly increase operational costs		●		
	Reputation	Increased concerns from stakeholders	Inadequate response to climate change may result in reputational damage and the formation of negative public perception		●		
Opportunity	Resource Efficiency	Manufacturing process efficiency improvement	Enhancing energy and resource efficiency can lead to operational cost savings and productivity improvement, while also emphasizing the company's responsibility in responding to climate change.		●		
		Strengthening circular use of products and resources	Greenhouse gas emissions can be reduced through resource circulation, and cost savings may be achieved through a circular economy approach		●		
	Products and Services	Increase in sales of carbon abatement products and technology	Demand for low-carbon products and services is expected to grow, potentially leading to increased revenue		●		
	Energy Sources	Use of low-emission energy sources	Opportunity to reduce manufacturing costs in the mid-to-long-term through the use of renewable electricity such as solar power			●	●

Integration of Strategic Decision-making Across Planning Periods

Samsung Heavy Industries executes strategic decision-making through a structured planning system that includes a one-year business plan, an operational management plan and product technology development roadmap (up to five years), and a mid-to-long-term management strategy (five to ten years). The company formulates the operational management plan and development roadmap in five-year units, reflecting the characteristics of the shipbuilding and offshore industry such as ship replacement cycles, projected global cargo volumes, expected order intake, project execution periods, and R&D timelines. The company also sets the period of the mid-to-long-term management strategy based on timelines for revenue planning, advancement of existing businesses, and development of new business areas.

	Short-term	Mid-term	Long-term
Business Plan	●		
Operational Management Plan	●	●	
Product and Technology Development Roadmap	●	●	
Mid-to-long-term Management Strategy		●	●



Material Topic 1

Climate Change/Energy

Strategy

Impact on Business Model and Value Chain

Business Model and Value Chain		Upstream	Own Operation				Downstream
		Material Procurement and Transportation	Research and Development	Marketing and Order Acquisition	Design and Procurement	Construction and Delivery	Ship Operation and Disposal
		The company procures materials required for high-quality shipbuilding through a global supply chain and manages the logistics journey in cooperation with key suppliers.	The company secures differentiated product competitiveness centered on low-carbon technology and fuel efficiency improvement.	The company enhances market competitiveness and builds trust-based relationships by proposing customer-specific technologies.	The company ensures both quality and cost efficiency through customized design and systematic procurement management.	The company manufactures and delivers high-quality ships according to set milestones to enhance customer satisfaction.	During operation, the company continuously supports the customers through long-term maintenance services, and contributes to resource recycling at ship recycling yards through recycling-friendly design during the ship dismantling stage.
Impact of	Physical Risks	Acute Natural disasters such as typhoons and floods Chronic Abnormal temperatures				Acute Natural disasters such as typhoons and floods Chronic Abnormal temperatures	Acute Natural disasters such as typhoons and floods Chronic Abnormal temperatures
	Transition	Policy and Law Increase in the price of greenhouse gas emission permits	Technology Increased costs of carbon abatement products, technologies, and services Market Rising energy costs	Policy and Law Strengthening environmental regulations, greenwashing risk Reputation Increased concerns from stakeholders	Policy and Law Strengthening of environmental regulations Market Rising energy costs	Policy and Law Increase in the price of greenhouse gas emission permits Market Rising energy costs	
Impact of Opportunities		Resource Efficiency Manufacturing process efficiency improvement	Products and Services Increase in sales of carbon abatement products and technology	Products and Services Increased sales of carbon abatement products and technology	Resource Efficiency Manufacturing process efficiency improvement Energy Source Use of low-emission energy sources	Resource Efficiency Manufacturing process efficiency improvement Strengthening circular use of products and resources Energy Source Use of low-emission energy sources	Resource Efficiency Strengthening circular use of products and resources Products and Services Increased sales of carbon abatement products and technology



Material Topic 1

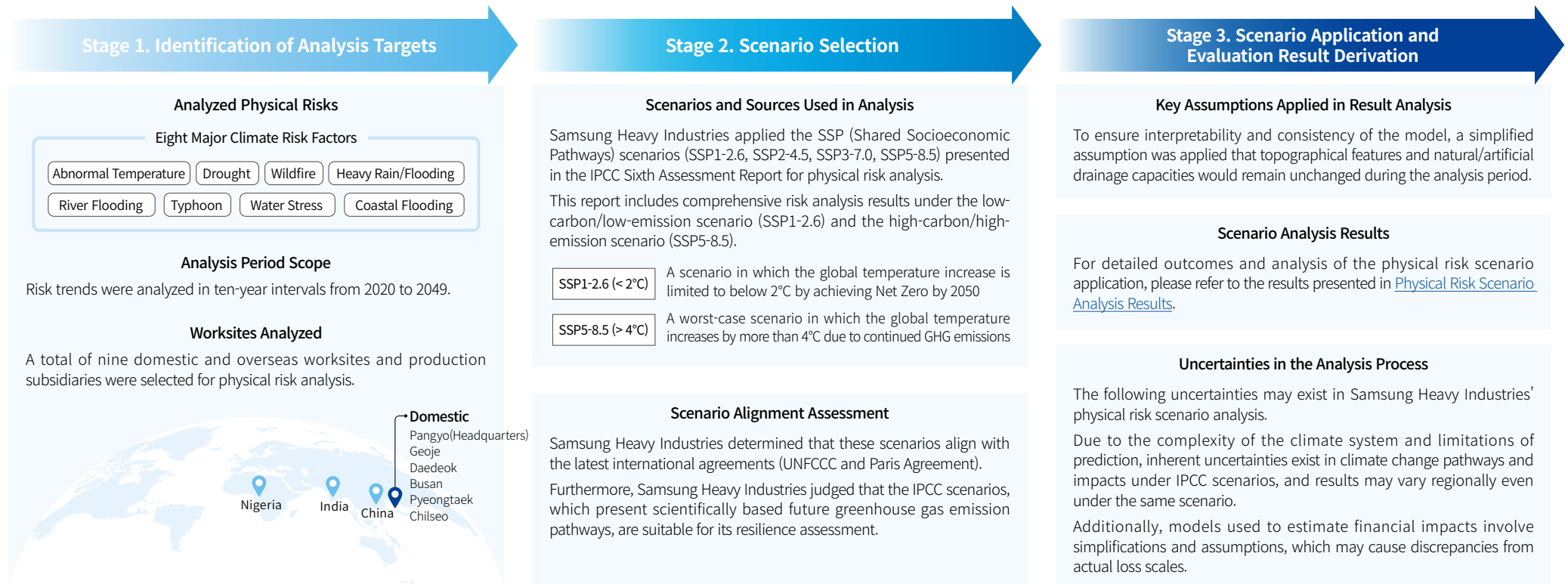
Climate Change/Energy Strategy

Step 2. Climate Scenario Analysis

Samsung Heavy Industries performs qualitative and quantitative scenario analyses on key climate-related risks and opportunities identified through internal assessments. The company selects climate scenarios relevant to its business context, establishes major assumptions and parameters, and evaluates resilience based on its response strategies.

Physical Risk Scenario Analysis

Analysis Overview Samsung Heavy Industries utilized the climate modeling tool S&P Global Climanomics® to calculate the Modeled Average Annual Loss (MAAL) for domestic and international worksites based on eight major climate risk factors. Based on the quantitative analysis of result, the company identified physical risks associated with acute and chronic climate hazards across its worksites and established response strategies.



* Samsung Heavy Industries conducted climate-related scenario analysis within a short-term reporting period.

Material Topic 1
Climate Change/Energy
Strategy

Physical Risk Scenario Analysis Results

Average Annual Loss Rate* of Major Worksites
(Unit: %)

Type	2020~2029		2030~2039		2040~2049	
	SSP1-2.6 (Low Carbon)	SSP5-8.5 (High Carbon)	SSP1-2.6	SSP5-8.5	SSP1-2.6	SSP5-8.5
Geoje Shipyard (Total Risk Factors)	2.4	2.4	3.0	3.4	3.4	4.2
Abnormal Temperature	2.1	2.1	2.6	2.9	2.9	3.5
Heavy Rain/Flooding	0.2	0.2	0.2	0.2	0.3	0.3
Nigeria Corporation (Total Risk Factors)	1.8	1.8	3.0	3.1	3.3	4.0
Abnormal Temperature	1.4	1.3	1.7	1.7	2.0	2.4
Heavy Rain/Flooding	0.1	0.1	0.2	0.2	0.2	0.3
Pangyo R&D Center (All Risk Factors)	2.1	2.0	2.5	2.8	2.9	3.5
Abnormal Temperature	1.7	1.7	2.1	2.3	2.4	2.9
Heavy Rain/Flooding	0.3	0.3	0.4	0.4	0.4	0.6
China Rongcheng Corporation (All Risk Factors)	2.1	2.2	2.7	3.1	3.4	4.0
Abnormal Temperature	1.9	2.0	2.4	2.7	3.0	3.4
Heavy Rain/Flooding	0.1	0.1	0.2	0.2	0.2	0.3

* Loss rates are indicated based on the top four worksites among all analyzed and two major risk factors (abnormal temperature, heavy rain/flooding).

Results of Analysis Samsung Heavy Industries utilized the S&P Global Climanomics® hazard modeling tool to assess corporate-level physical risks and calculated the Modeled Average Annual Loss (MAAL) for domestic and overseas worksites based on eight major climate risk factors. Under the SSP5–8.5 high-carbon scenario, Geoje Shipyard (85.9%), China Rongcheng Corporation (5.9%), Nigeria Corporation (4.9%), and the Pangyo R&D Center (2.1%) accounted for 98.8% of the total asset-weighted MAAL. Among the eight risk factors, abnormal temperature (84.4%) posed the greatest impact, followed by heavy rain and flooding (7.7%), typhoons (3.1%), and wildfires (2.0%). These four risk factors represented 97.2% of the total impact, based on the asset-weighted average under the SSP5–8.5 scenario.

All worksites were commonly exposed to abnormal temperature and heavy rain/flooding risks. Transitioning from the low-carbon scenario (SSP1-2.6) to the high-carbon scenario (SSP5-8.5) by 2049 revealed the most significant increase in abnormal temperature risk, which is expected to remain a critical factor affecting key worksites. Annual trend analysis indicated that the MAAL across all worksites is projected to increase under all scenarios through 2049, highlighting the growing financial impact of physical climate risks.

Resilience of Strategy

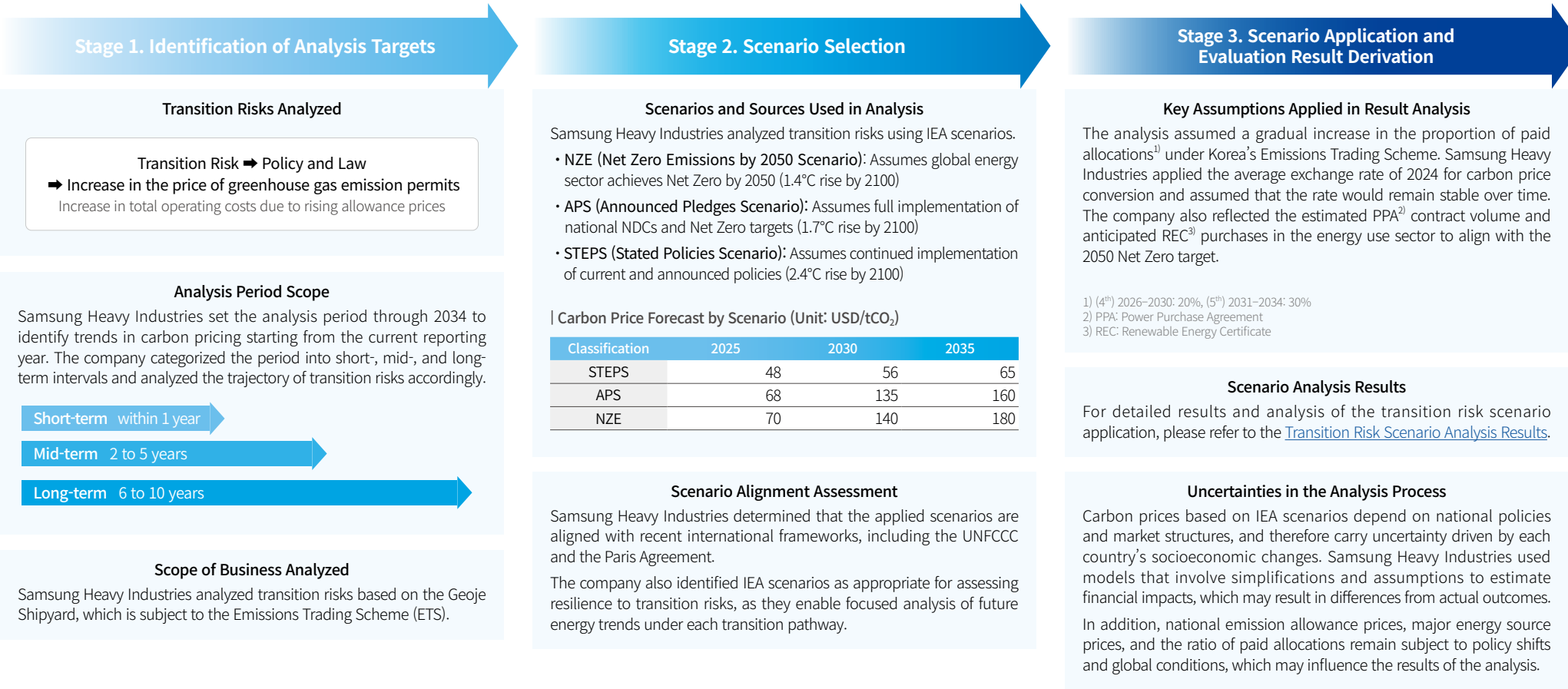
The Geoje Shipyard, identified as the most impacted site in the scenario analysis of major physical risks, is located in coastal and adjacent areas, making it vulnerable to natural disasters such as typhoons and floods. Samsung Heavy Industries introduced a climate change monitoring system (Safety Alert) and an Energy Storage System (ESS) to detect and respond to climate-related risks in real time. These systems enable the company to respond swiftly in the event of natural disasters.

Samsung Heavy Industries also established a natural disaster response manual and an emergency communication network to ensure effective communication during emergencies. The company strengthens its capability to minimize losses from major disasters such as flooding, product damage, and facility loss by conducting regular facility inspections and emergency response drills to identify and response potential risks in advance. Please refer to [Step 3. Strategy and Decision-Making](#) for detailed strategies and progress.

Material Topic 1
Climate Change/Energy
Strategy

Transition Risk Scenario Analysis

Analysis Overview As the proportion of free allocation is expected to decrease to achieve national NDCs (Nationally Determined Contributions), companies under the Cap-and-Trade system are likely to incur higher costs for purchasing excess emission allowances and face greater emission-related liabilities. Samsung Heavy Industries, recognizing the Emissions Trading Scheme (ETS) as a key transition risk, calculated the projected financial impact using IEA’s (International Energy Agency) STEPS (Stated Policies Scenario), APS (Announced Pledges Scenario), and NZE (Net Zero Emissions by 2050 Scenario), reflecting the company’s climate strategy implementation.



Material Topic 1
Climate Change/Energy
Strategy

Transition Risk Scenario Analysis Results

Cumulative Financial Loss by Scenario and Change in Financial Loss from Strategy Implementation

Classification	Unit	Mid Term (2025~2028)			Long Term (2029~2034)		
		STEPS	APS	NZE	STEPS	APS	NZE
Financial Loss Based on BAU ¹⁾							
Financial Loss Based on Strategy Aligned Target Achievement ²⁾							
Change in Financial Loss from Strategy Implementation ³⁾	Cumulative Basis %	-2.7	-17.9	-19.0	-39.5	-58.8	-59.3

1) Calculated as the expected cost of purchasing emission allowances under each scenario if no GHG reduction efforts are implemented. This includes Scope 1 and 2 emissions from domestic and overseas production facilities, research centers, and offices as of the end of the reporting period and in the future, exceeding the free allocation under the industrial GHG reduction target. The excess emissions are multiplied by the annual carbon prices applied in each scenario.
2) Calculated by summing the cost of achieving the GHG reduction target and the cost of purchasing emission allowances for any remaining emissions after reductions are implemented.
3) Calculated as the ratio of financial loss with GHG reduction efforts (2) to the financial loss without such efforts (1), indicating the rate of increase or decrease in financial impact due to implementation of the strategy.

Transition scenario analysis results Samsung Heavy Industries identified the “Emissions Trading Scheme” as a key transition risk under the policy and legal category, anticipating a decrease in the ratio of free allocations due to strengthened national policies to achieve Korea’s Nationally Determined Contributions (NDCs). The company applied the STEPS, APS, and NZE scenarios presented by the International Energy Agency (IEA) to calculate financial losses resulting from the ETS and the implementation of related climate strategies.

Samsung Heavy Industries compared greenhouse gas emissions under the BAU scenario (without reduction efforts) with the projected emissions under its strategy implementation through 2034 and assessed transition risks by applying scenario-based carbon prices. The analysis confirmed that no financial loss is expected in the short term (within one year). However, under the BAU scenario, financial losses are projected to begin accumulating in the mid-term (2025~2028) and expand significantly in the long term (2029~2034).

By achieving the targeted reduction volume through climate strategy implementation, Samsung Heavy Industries expects to mitigate financial losses compared to the BAU scenario. In particular, under the high-intensity NZE scenario, the company confirmed a reduction in financial loss of approximately 59.3% compared to BAU.

Strategy Resilience

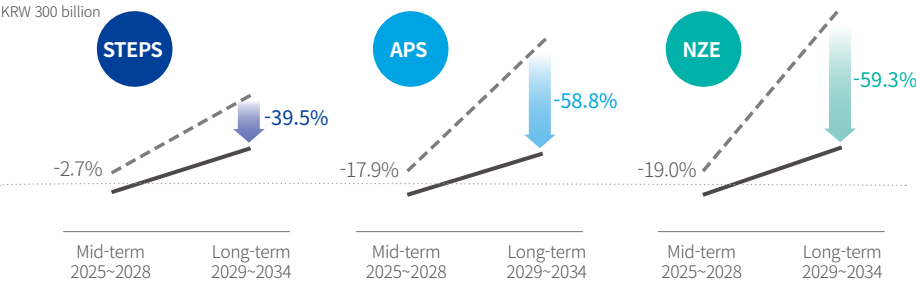
Samsung Heavy Industries established a 2050 Net Zero Roadmap to respond to environmental changes and regulatory pressure. As part of this roadmap, the company is participating various reduction initiatives, including renewable energy procurement and K-EV100 implementation. Over the mid- to long-term, the company aims to reduce emissions from stationary and mobile combustion sources by implementing direct reduction measures such as transitioning to zero-emission vehicles and replacing heavy equipment, thereby maintaining long-term greenhouse gas reduction effects.

By achieving the projected reduction through these mitigation measures in line with the 2050 Net Zero Roadmap, Samsung Heavy Industries expects a significant decrease in the volume of allowances required compared to the BAU scenario. As a result, financial losses related to carbon allowance regulations are expected to be mitigated across all scenarios during the mid-to-long-term period (2025~2034). As carbon prices increase with the pace of the low-carbon transition, the cost-saving effect of reduction measures expands. A higher ratio of paid allocations further enhances the reduction in financial losses compared to BAU, thereby strengthening financial resilience.

Based on these findings, Samsung Heavy Industries is closely monitoring the implementation of reduction measures and strengthening its capacity to respond to transition risks. Through these efforts, the company plans to proactively respond to future tightening of IMO environmental regulations.

Please refer to [Step 3. Strategy and Decision-Making](#) for detailed strategies and progress.

Expected Financial Loss Trend Depending on Strategy Implementation Status





Material Topic 1

Climate Change/Energy Strategy

Opportunity Scenario Analysis Overview and Results

Analysis Overview

Analyzed Opportunity Factors

The global shipbuilding market is expected to maintain a stable annual order volume of over 40 million CGT (Compensated Gross Tonnage) through 2030, driven by growing cargo volumes and increasing demand for alternative-fuel ships. Samsung Heavy Industries identified the growth in sales of carbon abatement products and technologies as a key opportunity and reflected this in its analysis.

Analysis Period

The analysis period was set through 2050 to capture projected trends in ship orders and fuel use starting from the current reporting year.

Scope of Analyzed Business

The analysis of the opportunity scenario was based on the Geosje Shipyard, which manages the company's major business contracts.

Scenarios and Sources Used in Analysis

The analysis identified opportunity scenarios using the NZE scenario from the IEA, which outlines a pathway for the global energy sector to achieve net zero carbon emissions by 2050.

Scenario Alignment Assessment

The scenario aligns with the latest international agreements, including the UNFCCC and the Paris Agreement. It also provides a suitable basis for assessing resilience to key opportunity factors, as it offers insight into future energy consumption trends through the IEA scenarios.

Opportunity Scenario Analysis

Scenario Analysis Results

The adoption of the International Maritime Organization (IMO)'s "2023 IMO GHG Strategy" has led to an increase in orders for alternative-fuel ships. According to Clarksons Research, the commercialization and technological development of low-carbon fuels are expected to accelerate from 2030, expanding the use of biofuels, hydrogen, and ammonia. Under the IEA's NZE scenario, alternative fuels are projected to account for approximately 84% of marine fuels by 2050, with ammonia representing the largest share at 46%. Given its CO₂-free combustion and ease of storage and transport compared to hydrogen, ammonia is gaining attention as a next-generation fuel, and commercial deployment of ammonia-powered ships is expected to begin from 2025–2026.

Considering market trends and the competitiveness of Korean shipbuilders, orders for ship replacement and alternative-fuel ships are expected to increase, which is projected to have a positive impact on sales growth and market share expansion. Samsung Heavy Industries has identified rising demand for alternative-fuel ships as a new growth opportunity and is focusing on technology advancement and the development of carbon abatement products and technologies, based on its mid-to-long-term roadmap for LNG, ammonia, hydrogen, and CO₂ solutions.

The company has accumulated extensive experience in delivering LNG solutions across the entire value chain and is preparing for the commercialization of boil-off gas (BOG) reliquefaction and emission reduction technologies through the construction of ammonia demonstration facilities. In 2024, Samsung Heavy Industries initiated the demonstration of an Onboard Carbon Capture System (OCCS), jointly developed with HMM, PANASIA, and the Korean Register, by installing it on a 2,100 TEU container ship. As of July 2024, the OCCS is the world's largest onboard system, capable of capturing, liquefying, and storing up to 1 ton of CO₂ per hour (24 tons per day).

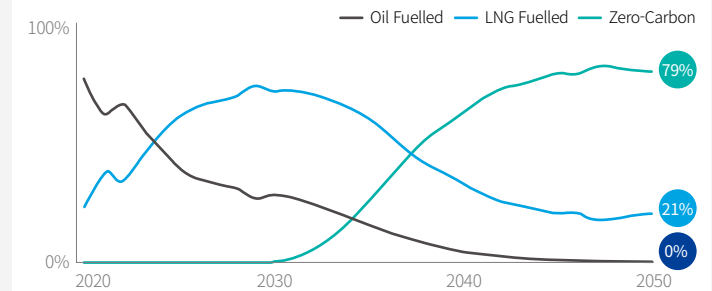
Samsung Heavy Industries will continue to strengthen its competitiveness by advancing products and technologies, and contribute to achieving Net-Zero targets in the shipbuilding and maritime industries. For more details on product and technology development, please refer to [Material Topic 2: Sustainable Products & Technology](#).

Key Assumptions and Uncertainties

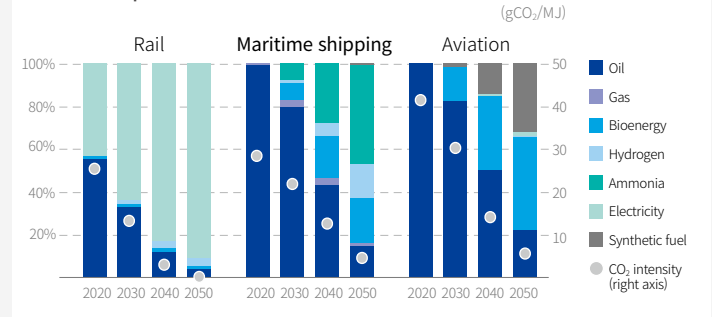
Samsung Heavy Industries applied a simplified assumption that the technologies and resources required for the development of sustainable alternative-fuel ships would be reliably secured and continuously advanced throughout the analysis period.

The opportunity scenario analysis also contains inherent uncertainties. As the IEA scenarios reflect assumptions regarding technological progress and changes in consumer behavior, the analysis may be affected if the actual pace of technology development or the level of policy implementation differs from the scenario assumptions.

Global Ship Order Forecast (by Fuel Type)



Global Transport Fuel (Final Use) Forecast





Material Topic 1

Climate Change/Energy Strategy

Step 3. Strategy and Decision-making

Samsung Heavy Industries establishes response strategies based on the analysis of key risks and opportunities, and discloses current performance, progress, progress status, and follow-up plans.

Mitigation and Adaptation to Climate-Related Risks and Opportunities

Samsung Heavy Industries' response strategies are classified into 'Mitigation' and 'Adaptation' based on the type of climate change response activity. Mitigation refers to efforts to reduce greenhouse gas emissions to limit the rise in global average temperature to within 1.5°C, such as the expansion of renewable energy use. Adaptation refers to efforts to minimize the impacts of existing or anticipated climate risks, such as implementing protective infrastructure to address sea level rise and other physical changes.

Mitigation

Transition Risk

Policy and Law

Strengthening environmental regulations

Expanding Renewable Energy Use

Current and Expected

Direct

- Signing power purchase agreements (PPAs)
- Purchasing renewable energy certificates (RECs)
- Establishing pilot solar power sites and expanding in-house generation

Transition Risk

Market

Rising energy costs

Introducing High-Efficiency Equipment and Reducing GHG and Energy Use

Current and Expected

Direct

- Replace old fluorescent light with LED
- Optimizing schedules and shortening sea trial periods to reduce trial ship fuel consumption
- Operating tugboats at economical speeds and improving navigation efficiency to reduce fuel use
- Replacing crane control systems with inverter-based systems to enhance energy efficiency
- Closing incinerators to reduce GHG emissions
- Transitioning domestic business vehicles to zero-emission vehicles (K-EV100)
- Converting facility fuels to LNG and electricity

Opportunity

Products & Services

Increase in sales of carbon abatement products and technology

Developing Carbon Abatement Products and Technologies

Current and Expected

Direct

- Advancing LNG cargo containment systems
- Developing proprietary liquefaction processes and standard models for FLNG
- Developing large ammonia carriers and large LCO₂ carriers
- Developing OCCS, fuel supply systems, and cargo handling systems
- Developing liquefied hydrogen storage tanks and drag reduction devices
- Establishment and operation of LNG and ammonia pilot test facility
- Developing wind-assisted propulsion systems
- Developing floating blue ammonia production facilities
- Developing floating CO₂ liquefaction, storage, and injection units

Adaptation

Physical Risk

Acute

Typhoons/floodings and abnormal temperatures

Establishing Natural Disaster Response Processes

Current

Direct

- Reinforcing infrastructure, including facilities and equipment, based on scenario analysis results
- Establishing disaster response manuals and conducting response drills
- Enhancing forecasting capabilities and strengthening weather monitoring systems
- Building emergency communication networks and performing regular facility inspections
- Introducing Energy Storage Systems (ESS) to manage electricity demand peaks

Transition Risk

Policy and Law

Rising greenhouse gas permits price and strengthening environmental regulations

Advancing Greenhouse Gas Management

Current and Expected

Direct

- Establishing a product Life Cycle Assessment (LCA) framework and improving environmental impact review
- Implementing an internal carbon pricing scheme
- Calculating and managing emissions across the entire value chain

Improving climate sustainability across the supply chain

Current and Expected

Indirect

- Providing training on greenhouse gas emissions accounting
- Sharing SHI's GHG reduction best practices
- Hosting ESG engagement sessions with suppliers

Transition Risk

Market

Rising energy costs

Enhancing energy efficiency management

Current

Direct

- Upgrading the energy management monitoring system
- Conducting energy audits and implementing reduction strategies

Opportunity

Products & Services

Increase in sales of carbon abatement products and technology

Collaborating on carbon abatement technology development

Current

Indirect

- Signing MOUs on carbon abatement technologies with clients
- Participating in public-private open innovation programs



Material Topic 1

Climate Change/Energy Strategy

Key Mitigation and Adaptation Strategies for Climate-related Risks and Opportunities

Developing carbon abatement products and technologies Samsung Heavy Industries is developing carbon abatement products and technologies focused on alternative-fuel-based ships such as LNG, methanol, ammonia, and hydrogen, along with high-efficiency propulsion systems. For strategic roadmaps and performance, please refer to [Material Topic 2: Sustainable Product & Technology](#).

Energy management Samsung Heavy Industries conducts regular energy audits to identify efficiency improvement areas and establishes reduction strategies accordingly. In 2024, an external audit reviewed major energy sources and usage patterns, identifying potential areas for reduction. The company continuously monitors quantitative targets and integrates them into future energy management planning. In 2024, the company recorded energy consumption of 9,160 TJ, representing 99% of the target of 9,065 TJ¹⁾, and set a 2025 target of 6,968 TJ.

Samsung Heavy Industries invested KRW 24.7 billion in improving facilities, replacing and repairing equipment, and introducing LED lighting and electric refrigeration systems to support direct energy reduction. The company is also enhancing power supply efficiency through the operation of Energy Storage Systems (ESS) and has maintained an energy management system certified to ISO 50001 to support effective energy use. Monthly training is also provided to employees to foster a culture of energy conservation.

Implementing an Internal Carbon Pricing System Samsung Heavy Industries has implemented an internal carbon pricing system to proactively respond to climate-related regulations, address stakeholder expectations, and integrate the financial impact of greenhouse gas emissions into investment decisions. The system assigns a notional carbon price to emissions to quantify potential costs per investment case, which is then reflected in the decision-making process.

This approach enables early identification of financial risks associated with high-carbon businesses and guides the transition toward low-carbon alternatives by supporting strategic investment decision-making. By incorporating GHG emissions as a mandatory evaluation factor in investment reviews, the company promotes energy efficiency, expands low-carbon investments, and contributes to embedding sustainability throughout its business operations.

Since November 2023, the system has applied to investment proposals exceeding KRW 300 million, using an internal carbon price of KRW 40,000²⁾ per tCO₂eq. In 2024, approximately 30% of the total investment volume was subject to the system, and the company actively promoted its internalization.

Unlike market-based pricing, this system is based on a shadow price that estimates the social and environmental costs of emissions. It supports long-term evaluation of capital investments and new businesses, enabling the company to reflect the financial impact of GHG emissions in real decisions and strengthen its strategic direction in the transition to a low-carbon economy.

Value Chain GHG Emissions Management Samsung Heavy Industries systematically identifies and manages greenhouse gas emissions across the entire value chain, spanning from the production of steel and equipment required for ship and offshore facility construction to product end-of-life. Due to the characteristics of the shipbuilding industry, approximately 99% of total emissions (Scope 1, 2, and 3) fall under Scope 3, with emissions during the use phase of sold products (Scope 3, Category 11) accounting for about 90%. While direct emissions from the manufacturing process account for less than 1%, upstream emissions (e.g., from suppliers) and downstream emissions (e.g., during ship operation and disposal) represent approximately 5–10% and 90–95%, respectively.

Enhancing Scope 3 Inventory Methodology and Data Infrastructure The company estimated its 2024 Scope 3 emissions based on the industry-wide methodology jointly developed by Korea's three major shipbuilders. Internally, it established a data collection and management system to improve data accuracy and completeness. Rather than relying on the existing methodology and boundaries, the company has advanced the calculation methodology and expanded the application scope to enable more accurate analysis and effective management of emissions across the value chain.

Scope 1 and 2 Emissions Trends and Reduction Initiatives In 2024, the number of ships included in the emissions inventory increased from 30 to 44 compared to the previous year, resulting in an overall increase in emissions. Additionally, approximately 120,000 tons of emissions were recorded due to the maintenance of four drillships that had remained undelivered since 2011, contributing to a temporary rise in Scope 1 and 2 emissions. To reduce these emissions, the company has continued to improve energy efficiency and expand the use of renewable energy at its worksites. Key measures include in-house facility upgrades, operational optimization, and real-time energy monitoring, all of which have strengthened management capabilities for stationary emission sources.

Internal Carbon Pricing Review Process

Screening of Investment Proposals for Internal Carbon Pricing

The ESG Strategy Group selects investment proposals subject to internal carbon pricing based on defined criteria and requests the proposing departments to submit the Internal Carbon Pricing Checklist and the Carbon Cost Review Form.

Calculation of Carbon Costs

The proposing departments fill out the checklist and calculate the estimated carbon costs associated with the proposal.

Reviewing and Approving Carbon Costs

The ESG Strategy Group reviews the submitted documents and grants final approval to ensure consistency with internal carbon pricing procedures.

Deliberation at the Investment Committee

The ESG Strategy Group reviews the submitted documents and grants final approval to ensure consistency with internal carbon pricing procedures.

1) The 2024 target was temporarily set at a higher level due to the one-time inclusion of fuel consumption for the maintenance of four undelivered drillships. The 2025 target reflects a return to normal operating conditions.

2) Considering a decrease in free allocation and stricter regulations, the carbon price was set at approximately four times the 2023 domestic emission trading price. The carbon price is subject to future adjustments.

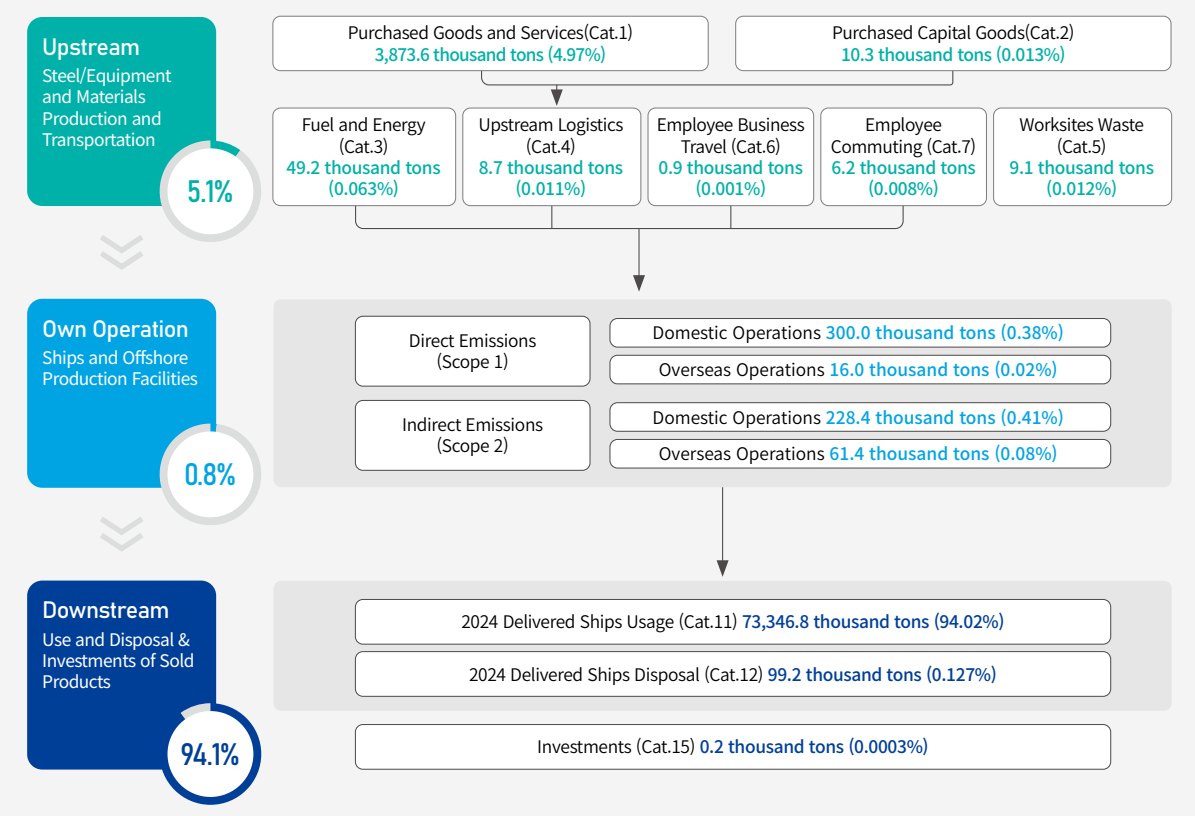
Material Topic 1

Climate Change/Energy

Strategy

Efforts to Reduce Emissions Across the Entire Value Chain Samsung Heavy Industries is implementing a comprehensive reduction strategy targeting Category 11 emissions, which account for the largest portion of the company’s total value chain emissions. The strategy combines energy-efficient ship design, development of alternative fuel technologies, and strengthened supply chain management, thereby establishing a holistic emission reduction framework. Leveraging its integrated management capability based on precise emissions data across Scope 1, 2, and 3, the company aims to contribute to the realization of its 2050 net zero roadmap and the sustainable transformation of the shipbuilding and offshore industry.

| Value Chain Emissions Overview



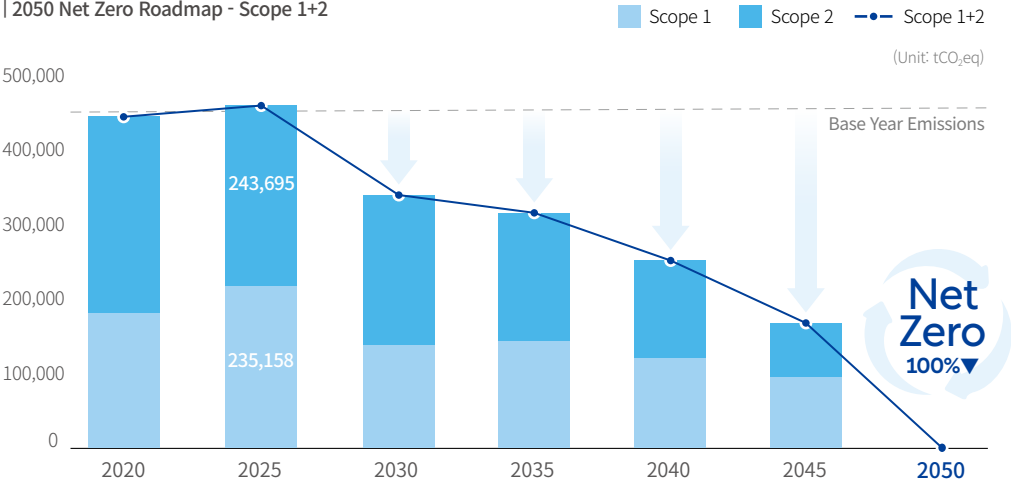
Greenhouse Gas Reduction Targets and Achievement Plans

Samsung Heavy Industries endorses the Paris Agreement’s goal of limiting global temperature rise to below 2°C compared to pre-industrial levels, and has established mid-to-long-term GHG reduction targets aligned with this commitment. The company developed a net zero roadmap covering Scope 1 and 2 emissions from domestic sites and major overseas production subsidiaries, aiming to achieve net zero by 2050. It also set a separate roadmap targeting at least a 95% reduction in Scope 3 emissions by 2050, and is progressively implementing measures to reduce value chain wide GHG emissions. The detailed action plans to achieve Scope 1+2 reduction targets include reducing fuel consumption by replacing outdated equipment, improving energy efficiency, expanding the use of renewable energy, and transitioning domestic business vehicles to zero-emission vehicles. For Scope 3, the company aims to reduce emissions through the use of carbon abatement materials and development of low-carbon products and technologies. Please refer to [Greenhouse Gas Target Achievement Plan](#) for detailed implementation schedules.

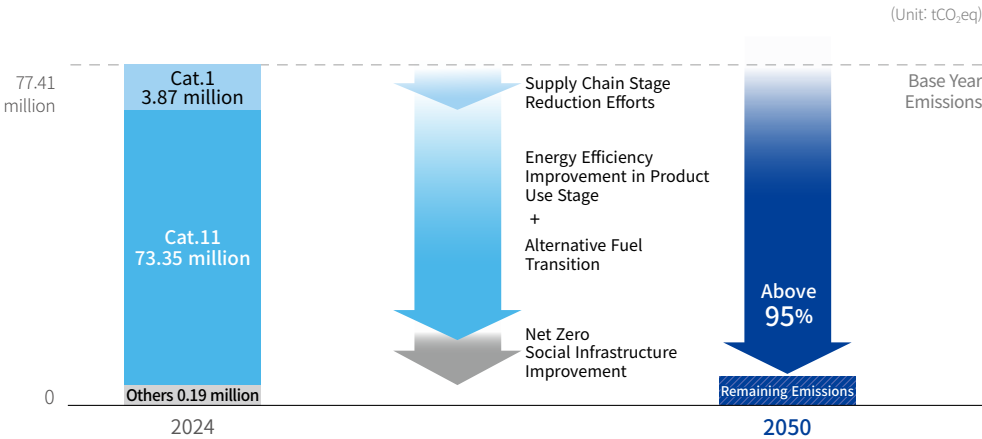
Key Assumptions and Dependencies Samsung Heavy Industries based its overall reduction strategy on science-based scenarios and industry-specific feasibility assessments. It applied a realistic BAU baseline that reflects its global market share in shipbuilding and set reduction pathways consistent with the Paris Agreement, incorporating external factors such as rising carbon prices and accelerated energy transition. Realization of the targets may be influenced by external variables, including the commercialization of key low-carbon technologies such as CCUS and hydrogen fuel cells, expansion of renewable energy generation and grid infrastructure, and securing resources needed for transition. Scope 3 emissions present significant prediction challenges, as they occur across the value chain beyond direct control. Accordingly, the Scope 3 reduction target assumes a constant baseline in terms of ship type and delivery count, and defines the goal as a range (minimum to maximum), acknowledging variability depending on future ship deliveries and fuel types. Samsung Heavy Industries will continue refining its methodology to enhance the precision of Scope 3 emission forecasts and the reliability of its targets.

Material Topic 1
Climate Change/Energy
Strategy

2050 Net Zero Roadmap - Scope 1+2



2050 Net Zero Roadmap - Scope 3



Greenhouse Gas Target Achievement Plan

Classification	Target	Timeline	Achievement Plan
Scope 1	2026 – Convert 100% of refrigeration units at Geoje Shipyard to electric	Mid-term	• Achieve 100% conversion rate of refrigerators (LPG → Electric) at Geoje Shipyard by 2026, resulting in a cumulative reduction of 5,504 tCO ₂ eq
	2030 – Convert 100% of domestic business vehicles to zero-emission models (K-EV100)	Mid-to-long-term	• Achieve 100% conversion rate of domestic business vehicles by 2030, resulting in a cumulative reduction of 767.9 tCO ₂ eq
	2050 – Transition facility fuel use	Long-term	• Fuel conversion of major emission facilities (Diesel, LPG, LNG → Electric) • Offset remaining emissions (CCS, external reduction projects, etc.)
Scope 2	2050 – Achieve 100% renewable energy use	Long-term	• Expand investments in solar power facilities for renewable energy transition • Promote 100% renewable energy usage at pilot site (Daedeok Research Center) by 2030 • Introduce renewable energy at all worksites including overseas sites by 2050 • Review use of green tariffs, PPA, and REC
Scope 3	Upstream • Reduce value-chain emissions	Long-term	• Use of carbon abatement equipment and materials (e.g., considering introduction of low-carbon equipment certification system through shipbuilding industry collaboration)
	Downstream • Reduce emissions during ship operation	Long-term	• Development of carbon abatement ship and offshore products and technologies (e.g., sustainable products exceeding IMO’s new ship greenhouse gas emission regulations)

Enhancing Product Life Cycle Assessment (LCA)

Product Life Cycle Assessment (LCA)

Samsung Heavy Industries conducted a cradle-to-grave environmental evaluation in 2024 on a single 174K LNG carrier. The analysis quantified inputs, outputs, and potential environmental impacts across the full life cycle, including not only the carbon footprint but also all seven environmental impact categories. This process enabled the company to internalize LCA methodologies and systems. Going forward, Samsung Heavy Industries plans to build an LCA framework covering its entire ship portfolio and pursue related certifications.

LCA Methodology

Samsung Heavy Industries conducted a cradle-to-grave environmental evaluation in 2024 on a single 174K LNG carrier. The analysis quantified inputs, outputs, and potential environmental impacts across the full life cycle, including not only the carbon footprint but also all seven environmental impact categories. This process enabled the company to internalize LCA methodologies and systems. Going forward, Samsung Heavy Industries plans to build an LCA framework covering its entire ship portfolio and pursue related certifications.

LCA Measurement Items (Seven Impact Categories)

Samsung Heavy Industries evaluated the environmental impact of ships throughout their full life cycle across seven categories: carbon footprint, resource footprint, water footprint, ozone depletion, acidification, eutrophication, and photochemical smog.

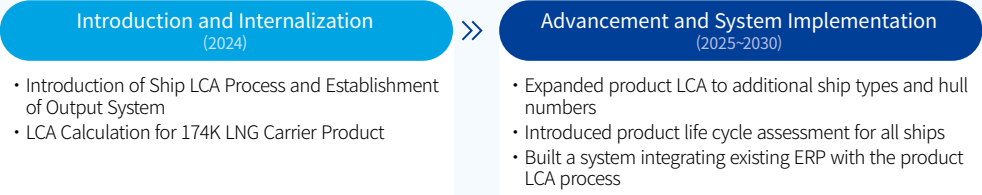
LCA Execution Procedure

Defining Purpose and Scope	Life Cycle Inventory Analysis	Life Cycle Impact Assessment	Utilizing LCA Results
- Define the study objective - Set the system boundary - Define function and functional unit	- Collect raw material and component data - Review and apply allocation rules - Analyze life cycle inventory results	- Analyze substances within the system boundary - Assess the environmental impacts across the product's life cycle	- Draw conclusions and conduct analysis - Respond to major supply chain requirements and regulatory obligations

LCA Scope (Product Life Cycle)



LCA Implementation Roadmap



LCA Results

Samsung Heavy Industries conducted a Life Cycle Assessment (LCA) for a 174K LNG carrier and identified that the use phase accounted for the largest environmental burden throughout the product's life cycle. Among the non-operational phases, the pre-construction phase generated the highest impact, indicating the necessity of establishing a mid-to-long-term strategy for sourcing low-carbon materials across each process.

An analysis of phase-specific average values across the seven environmental impact categories showed that, except for the resource footprint, the use phase contributed the highest share in all categories. Specifically, the carbon footprint was distributed as follows: pre-construction (3.9%), construction (0.8%), use (95.2%), and end-of-life (0.1%).

The input materials that significantly contributed to environmental impact by life cycle phase were also analyzed. In the pre-construction phase, carbon steel had the greatest impact across four environmental categories. During construction, electricity and low-sulfur fuel oil (LSFO) were the primary contributors. In the use phase, liquefied natural gas (LNG) was the key contributor, while in the end-of-life phase, liquefied petroleum gas (LPG) was identified as the major impact source.

Based on these results, Samsung Heavy Industries has derived improvement directions to reduce the environmental burden at each phase and is continuously reviewing material substitution and efficiency enhancement strategies. The company has strengthened environmental assessments by establishing an LCA-based framework to cover the full life cycle of its products and has been quantifying greenhouse gas emissions from the end-of-life phase (Scope 3, Category 12) since 2021. In addition, Samsung Heavy Industries is gradually increasing the ratio of eco-friendly procurement and is recycling key components such as steel through offshore ship recycling yards during the end-of-life phase.

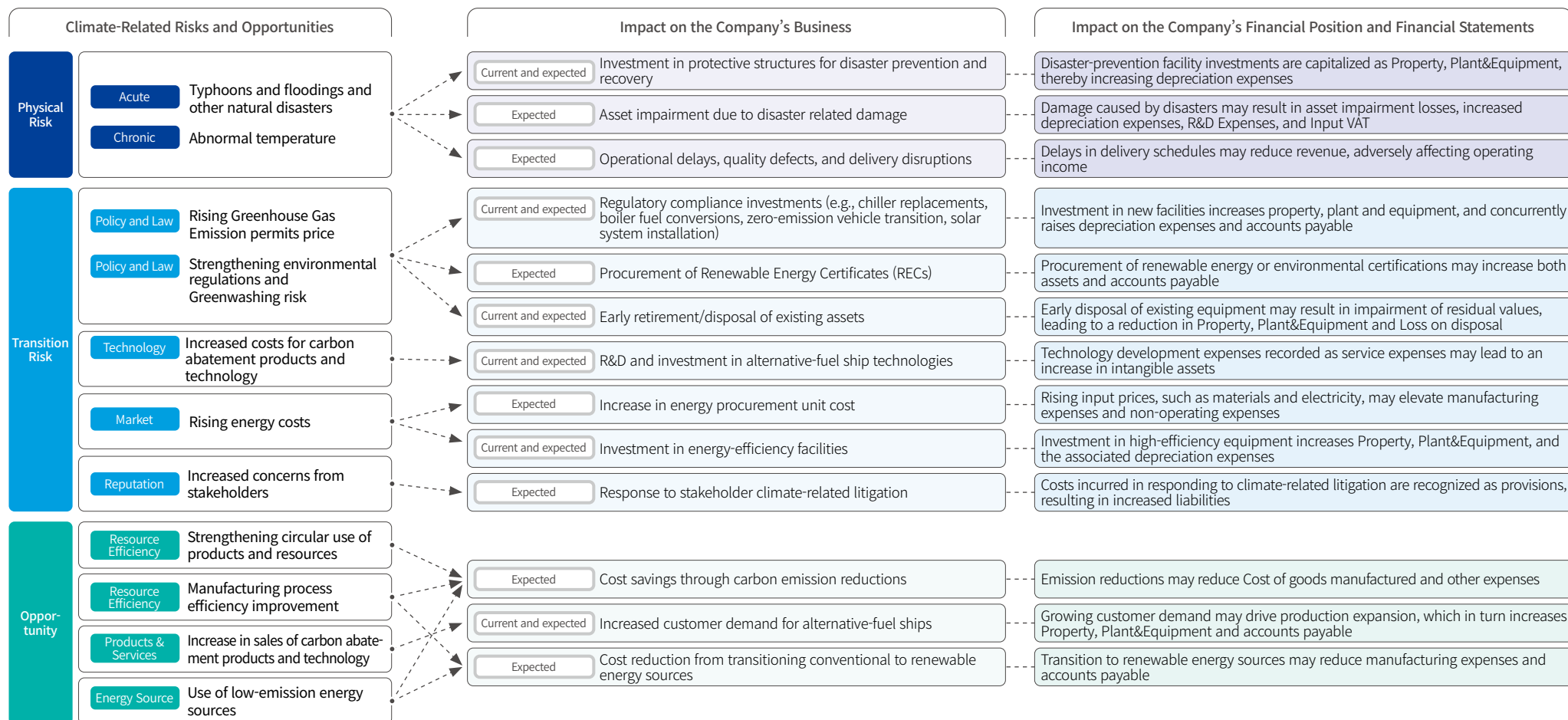


Material Topic 1

Climate Change/Energy Strategy

Step 4. Financial Impact Analysis

Samsung Heavy Industries has established a foundation for comprehensively assessing its adaptive capacity and resilience by analyzing the financial impacts of key climate-related risks and opportunities. This approach supports efforts to mitigate risks and expand opportunities associated with climate change.





Material Topic 1

Climate Change/Energy Strategy

Financial Impact Analysis of Risks and Opportunities

Funding Strategy Samsung Heavy Industries is implementing a range of strategies by utilizing internal reserves to mitigate climate-related risks and expand opportunities.

To address transition risks, such as the strengthening of environmental regulations and the rising cost of greenhouse gas emissions permits, the company has consistently financed renewable energy procurement, facility upgrades, vehicle replacement, and fuel conversion through retained earnings. To prepare for rising energy prices and enhance monitoring capabilities, the company has invested in an integrated energy management platform. Given the physical risk characteristics of facilities located in disaster-prone areas, the company plans to continuously invest in structural reinforcements to mitigate potential damages.

Furthermore, Samsung Heavy Industries is committed to developing zero-carbon ships and next-generation energy technologies through cooperation with same industries and relevant associations. The company is continuing nuclear propulsion and power system technology collaboration through an MOU with the Korea Atomic Energy Research Institute, and is also advancing the construction and commercialization of ammonia-fuelled Very Large Crude Carriers (VLCCs) based on MOUs with MISC (a Malaysian shipping company), Lloyd's Register, and YARA (a Norwegian chemical firm).

Through such efforts, Samsung Heavy Industries is conducting in-depth analysis of the financial impacts associated with climate-related risks and opportunities, and has developed a systematic funding strategy to secure the necessary financial resources.

Comprehensive Resilience Evaluation of Climate Change & Energy Strategy Considering Financial Impacts

Samsung Heavy Industries has systematically identified climate-related risks and opportunities, and conducted scenario analysis to specifically define key elements. Based on this, the company has established and implemented response strategies aimed at mitigating risks and expanding opportunities.

Samsung Heavy Industries has set mid-to-long-term GHG reduction targets and prepared concrete implementation measures to achieve net zero. It is actively conducting a range of reduction activities such as direct emission reductions, transition to zero-emission vehicles, and procurement of renewable energy. For sites vulnerable to physical risks, the company has been stably allocating retained earnings to invest in facility upgrades and expansions.

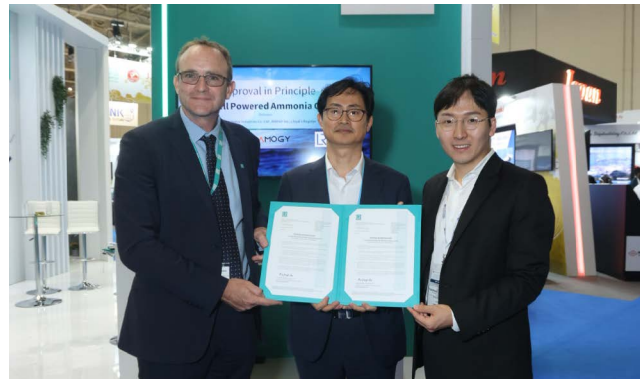
Operationally, to mitigate cost increase risks associated with rising energy prices, Samsung Heavy Industries has promoted phased replacement of reduction equipment and transition of existing assets. It has enhanced monitoring systems for energy and climate issues and continued to improve energy efficiency of assets. Meanwhile, the company recognizes regulatory tightening and shifts in the industrial environment due to climate change as strategic opportunities and is concentrating on the development of alternative fuel-powered ships and new technologies. These efforts contribute not only to short-term risk mitigation but also to strengthening mid-to-long-term competitiveness and are supported by sustained R&D investment.

Through this integrated approach—covering identification, analysis, response, and financing—Samsung Heavy Industries has confirmed its strong resilience in managing climate-related risks and capturing associated opportunities.

| Samsung Heavy Industries Floating Blue Ammonia Production Facility



| Ammonia Fuel Cell Propulsion AIP Certification



| MOU for Molten Salt Reactor Product Development with Korea Atomic Energy Research Institute

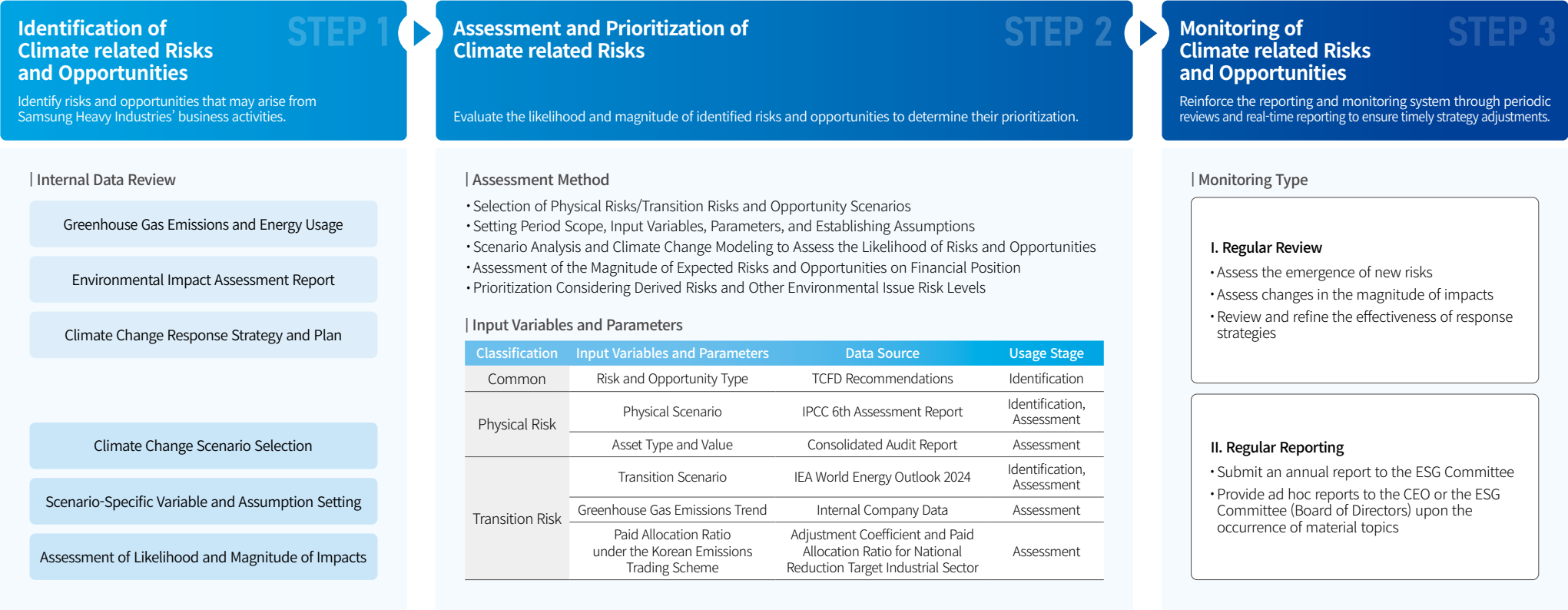


Material Topic 1
Climate Change/Energy
Risk Management

Samsung Heavy Industries recognizes risks arising from climate change as significant management risks and systematically responds by integrating them into the company risk management system. Climate risks are managed company-wide through identification, assessment, response, and review processes, thereby strengthening the organization’s resilience and response capabilities to external environmental changes.

Climate Change Risk Management Process

Samsung Heavy Industries systematically manages climate-related risks by identifying, assessing, and monitoring climate-related risks once a year.



Assessment of Likelihood and Magnitude of Impacts

Samsung Heavy Industries integrates financial and non-financial risks and incorporates climate related risks and opportunities into its company risk management system. For detailed procedures on how climate related risks are integrated into the system, please refer to the [Integrated Risk Management](#) section.

Material Topic 1
Climate Change/Energy
Metrics & Targets

Climate-Related Metrics
Greenhouse Gas Emissions

Samsung Heavy Industries discloses Scope 1 and 2 emissions generated at domestic and overseas sites, as well as category-specific Scope 3 emissions. For further details, please refer to [DATAPACK > Environmental Performance Data > GHG Management](#).

| Scope 3 Calculation Methodology

Samsung Heavy Industries calculated its 2024 Scope 3 GHG emissions based on a standardized methodology jointly developed by the three major Korean shipbuilding companies. However, specific calculation methods and scopes may vary depending on each company’s internal circumstances.

Classification	Input Variables		Key Assumptions and Reasons
	Activity Data	Parameters	
Category 1 (Purchased Products and Services)	Raw Materials - Weight of purchased steel Equipment and Services - Quantity of purchased equipment - Price of purchased equipment - Energy consumption of equipment suppliers - Actual expenditure for non-verified suppliers	- Emission factor per life cycle of purchased products and services - Emission factors per market value of purchased products and services	Included over 90% of the 2024 expenditure on purchased products and services. For certain equipment lacking life cycle emission factors, applied a hybrid method combining emissions from raw material production and Tier 1 supplier manufacturing stages.
Category 2 (Capital Goods)	Capital goods procurement expenditure	Industry emission factor per capital goods category	Included over 90% of the 2024 capital goods investment in calculations.
Category 3 (Fuel- and Energy-Related Activities)	Types and quantities of energy consumed (fuel, electricity, steam)	Upstream emission factors for fuel and electricity	Estimated GHG emissions from upstream production, transportation, and other activities associated with fuel and energy purchased and consumed by SHI in the reporting year, excluding those covered under Scope 1 and 2.
Category 4 (Upstream Transportation and Distribution)	- Weight of transported goods by transportation mode - Transportation distance by transportation mode	Average emission factor by mode of transport	Estimated a portion of the total emissions using supplier-specific data, while the remainder was derived using average emission factors.
Category 5 (Waste)	- Amount of waste generated by type during operations - Waste treatment methods applied by waste type	Average emission factors by waste type and treatment method	Operational emissions covered landfill, incineration with energy recovery, dismantling, and wastewater treatment.
Category 6 (Business Travel)	- Number of business travelers - Travel distance by transportation mode	Average emission factor by transportation mode	Calculated business travel emissions using the company’s in-house travel management system.
Category 7 (Employee commuting)	- Number of working days - Number of employees by commuting mode - Average commuting distance	Average emission factor by commuting mode	Estimated commuting emissions using a hybrid approach including access control records, surveys, and statistical sampling.
Category 8 (Leased Assets)	- GHG emissions from external data centers (e.g., Samsung SDS) - SHI’s server usage share	Country-specific grid emission factor	Accounted for GHG emissions from leased building assets under Scopes 1 and 2 in accordance with the Korean Emissions Trading Scheme (K-ETS).
Category 11 (Use of Sold Products)	- Deadweight tonnage of each ship - Annual traveling distance by ship category - Average lifespan by ship category	- Achieved EEDI* value per ship * EEDI (Energy Efficiency Design Index): an index that quantifies the energy efficiency of a ship at the design stage.	Limited this category to ships, based on the reliability of usage data (e.g., fuel/electricity consumption, service life) and alignment with IMO regulatory standards.
Category 12 (End-of-life Treatment of Sold Products)	Light Deadweight Tonnage of ships	- IPCC default calorific value - GHG emissions from energy use during ship dismantling	Estimated emissions during ship dismantling using Light Deadweight Ton (LDT) of delivered ships and the GHG emissions from energy sources consumed throughout the dismantling process.
Category 13 (Leased Assets)	-	-	Included GHG emissions from leased buildings under Scopes 1 and 2 as regulated by the Korean Emissions Trading Scheme (K-ETS).
Category 15 (Investments)	- GHG emissions of investee companies - SHI equity share in investee companies	Emission factor for each electricity and fuel type	Estimated investee company emissions by multiplying each investee’s Scope 1 and 2 emissions by SHI’s equity share, without applying any additional parameters.

Material Topic 1

Climate Change/Energy

Metrics & Targets

Other Climate-related Metrics

Climate-related Executive Compensation

Executive	Key Evaluation Tasks (Major KPIs)	Current Climate-Related Compensation Weight* for the Current Year
Production Support Headquarters (Vice President)	Greenhouse Gas Emissions and Renewable Energy Transition (Rate)	3%
HR Division (Vice President)	Zero-emission Vehicle Transition (Rate)	
Engineering Division (Vice President)	Sustainable Product and Technology Development	

* Proportion of climate-related performance indicators among total MBO KPIs

Status of Climate-related Management System Certification

Classification	Certified Worksites	Application Ratio ¹⁾
ISO 14001 (Environmental Management)	Geoje Shipyard, China Rongcheng Corporation, Nigeria Corporation	Approximately 92%
ISO 50001 (Energy Management)	Geoje Shipyard	Approximately 92%

1) The indicated application ratio refers to the proportion of total sales; the application ratios based on consolidated employees are approximately 90% for ISO 14001 and approximately 75% for ISO 50001.

Climate-related Targets

Samsung Heavy Industries has established mid-to-long-term GHG reduction targets aligned with the temperature goals of the Paris Agreement. These targets are connected to the identified and assessed major climate-related risks and opportunities. The company aims to achieve net zero for Scope 1 and 2 emissions by 2050, while addressing Scope 3 emissions through a separate roadmap for value chain-wide reductions.

Each target reflects considerations of reduction potential and implementation feasibility and is supported by detailed action plans for each reduction measure, including facility upgrades, energy efficiency improvements, and application of low-carbon technologies.

Detailed Greenhouse Gas-related Goals

For detailed execution strategies to achieve greenhouse gas goals, please refer to [the Greenhouse Gas Target Achievement Plan](#).

Scope 1	Scope 2	Scope 3
• 100% Conversion to Electric Chillers at Geoje Shipyard by 2026 • 100% Conversion to Zero-emission Vehicles for Domestic Business Vehicles by 2030 • Fuel Conversion of Facilities by 2050	• 100% Transition to Renewable Energy by 2050	• Greenhouse Gas Reduction in Supply Chain Stage • Greenhouse Gas Reduction in Ship Operation Stage

Greenhouse Gas Reduction Targets and Performance

(Unit: tCO₂eq, %)

Classification	2022			2023			2024			2025	
	Reduction Target	Reduction Performance	Achievement Rate	Reduction Target	Reduction Performance	Achievement Rate	Reduction Target	Reduction Performance	Achievement Rate	Reduction Target	Reduction Target
Greenhouse Gas (Scope 1+2)	10,061	14,955	149	32,280	35,299	109	41,989	30,541 ²⁾	73	35,508	
Scope 1	4,941	5,198	105	25,303	35,080	139	37,101	19,782	54	29,385	
Scope 2	5,120	9,757	191	6,977	219 ¹⁾	3	4,888	10,759	220	6,123	

1) Includes electricity use reflecting higher than expected production levels; however, actual emissions were reduced compared to BAU.

2) Lower achievement due to cumulative inclusion of maintenance fuel used for four unclaimed drillships over the past 10 years, along with increased fuel use driven by greater-than-expected production output.

Details of Greenhouse Gas Related Targets

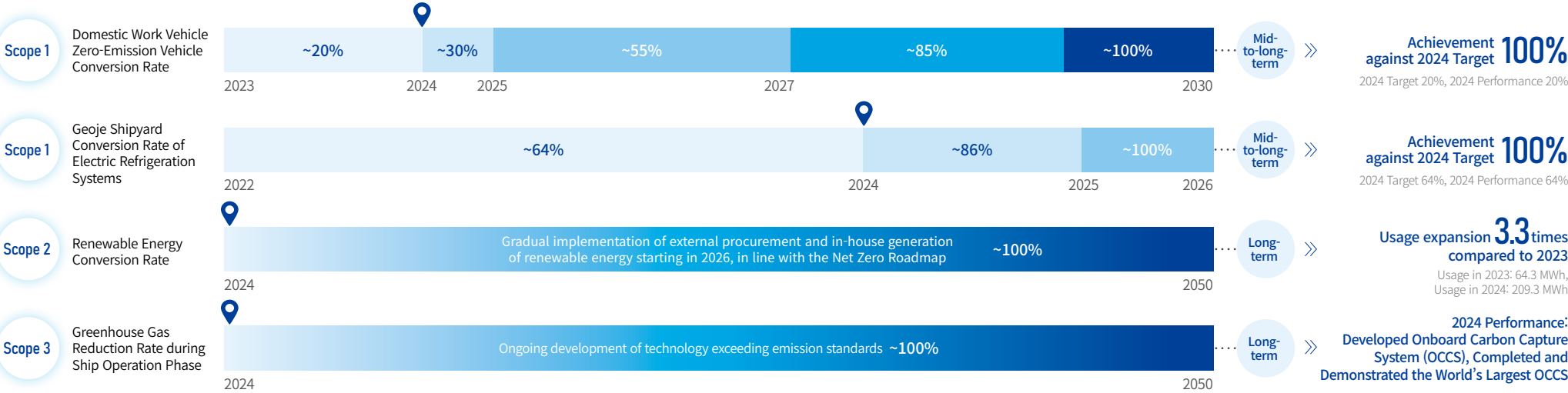
Decarbonization Approach As of the end of the reporting period, Samsung Heavy Industries has not adopted a decarbonization approach in setting GHG reduction targets. However, the company is reviewing the use of sector-specific decarbonization pathways for future target updates to enhance reduction effectiveness.

Use of Carbon Credits As of the end of the reporting period, Samsung Heavy Industries is not utilizing carbon credits. To meet its GHG targets, the company is considering offsetting any residual emissions through CCS businesses or external mitigation projects.

Third-Party Verification of GHG Emissions In compliance with Articles 24 and 25 of the 「Act on the Allocation and Trading of Greenhouse Gas Emission Permits」, Samsung Heavy Industries obtains annual third-party verification for Scope 1 and 2 emissions, which are reported and disclosed to the government. Additionally, Samsung Heavy Industries voluntarily verifies Scope 3 emissions and discloses the results in its sustainability report. The verification process covers direct and indirect emissions from domestic operations. Greenhous gas emissions from overseas operations are calculated and disclosed internally without third-party assurance.

Material Topic 1
Climate Change/Energy
Metrics & Targets

Mid-to-long-term Roadmap for Achieving Detailed Greenhouse Gas Related Targets



Major Greenhouse Gas and Energy Reduction Activities in 2024
Short-term

Classification	Activity	Energy Reduction Amount	Greenhouse Gas Reduction
		GJ	tCO ₂ eq
Replacement of Aging Equipment	Replaced aged heaters/chillers at the quay, Design & Research Center, Production Office, and Pipe Workshop; replaced CO ₂ welding machines, forklifts, and crane control systems	12,705	705
Fuel Substitution	Converted painting shop boiler fuel from kerosene to LNG	6,857	461
Operational Efficiency Improvement	Reduction of LNG usage during commissioning; operate tugboats at economic speeds to reduce fuel consumption	77,461	5,423
Emission Source Removal	Incinerator closure and enhancement of recycling activities	-	29,236
Facility Improvement	Conversion of domestic work vehicles to zero-emission vehicles	852	60
Renewable Energy	Solar power generation at Daedeok Research Center	1,414	66

Greenhouse Gas and Energy Reduction Plan for 2025
Short-term

Samsung Heavy Industries is striving to achieve the mid-to-long-term roadmap for each greenhouse gas management indicator. Please refer to the table below for specific details on greenhouse gas and energy reduction in 2025.

Classification	plan
Replacement of Aging Equipment	Replacement of heaters/chillers at dormitories
Operational Efficiency Improvement	Expansion of fuel savings through efficient commissioning operations
Emission Source Removal	Expansion of activities to increase waste recycling rate
Facility Improvement	Expansion of domestic work vehicle conversion to zero-emission vehicles (cumulative target of 30% by 2025)
Renewable Energy	Review of company-wide solar power facility expansion

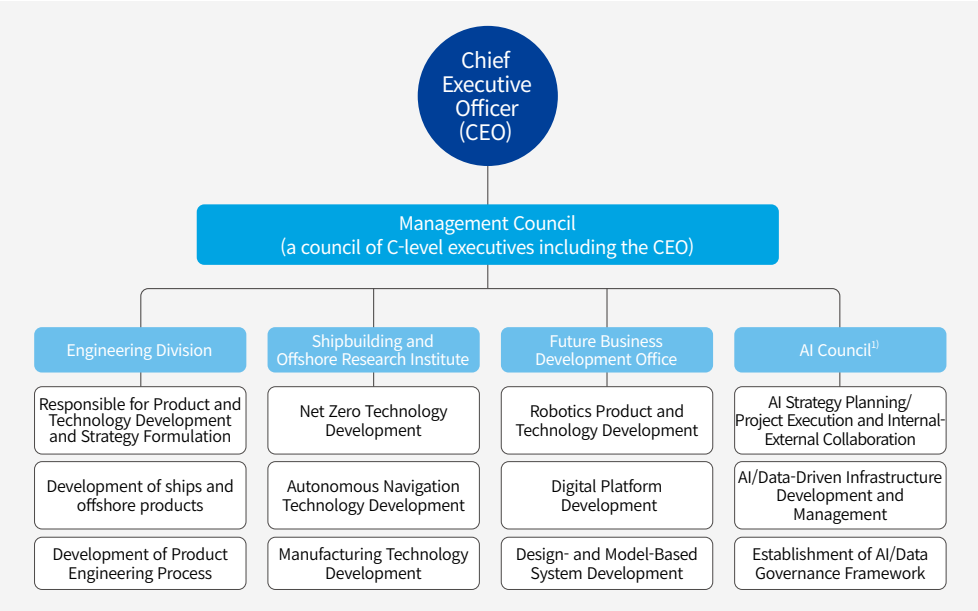
Material Topic 2
Sustainable Product & Technology

Governance

Roles and Responsibilities of the Management

Samsung Heavy Industries established the Engineering Division under the Chief Technical Officer (CTO) in 2018. In 2023, the company launched the Future Business Development to strengthen R&D capabilities for high-value-added ships and offshore plants, in collaboration with the Ship & Offshore Research Institute. In 2024, to accelerate AI Transformation (AX), Samsung Heavy Industries integrated AI-related organizations under the Chief Financial Officer (CFO) and formed a dedicated council led by the Head of the Smart Yard Research Center (Chief AI Officer, CAIO). This initiative is accelerating advancements in automation and unmanned operations. To secure mid-to-long-term competitiveness in sustainable products and technologies, the company has been working with relevant departments to establish development strategies and roadmaps, which are reviewed through the Management Council. In 2024, the Council reviewed key items including the business progress of SENSE LNG, the development status of the Ammonia Pilot Test Facility, and technology development for hydrogen cargo tanks.

| Product and Technology Development Management Governance Structure



1) Composed of the Smart Yard Research Center, Smart SHI Secretariat, Information Systems Team, and Information Security Team under the Strategic Support Division.

Strategy

Risks and Opportunities

Samsung Heavy Industries has identified risks and opportunities in terms of sustainable product and technology development, based on the strengthening of international environmental regulations and the resulting shifts in market and policy trends. The company recognizes that failure to respond to such regulations in a timely manner may pose a risk to its business model itself, whereas timely compliance may serve as an opportunity to pioneer and lead emerging markets.

| Risks and Opportunities Related to Product and Technology Development

Risks and Opportunities		Description	Expected Time of Impact		
			Short-term (~1 year)	Mid-term (2~5 years)	Long-term (6~10 years)
Risk	Market	Loss of market With the continued tightening of international environmental regulations on maritime transport, orders for alternative-fuel propulsion ships are increasing. Failure to respond in a timely manner may result in a decline in orders and revenue.	●	●	●
	Policy and Law, Reputation	Greenwashing Issues With the increasing number of greenwashing lawsuits, false claims of eco-consciousness may lead to fines and a decline in brand value.	●	●	●
Opportunity	Market	Market pioneering and Leadership International environmental regulations on maritime transport may lead to increased demand for alternative-fuel propulsion ships and sustainable products and technologies. Securing technological competitiveness in these areas can present opportunities for market entry and leadership.	●	●	●
		 With the tightening of international environmental regulations, ship owners are increasingly demanding alternative-fuel propulsion ships and enhanced operational efficiency. By constructing vessels that meet these customer needs, the company can improve its revenue.	●	●	●

Material Topic 2
Sustainable Product & Technology
Strategy

Strategy and Decision-making

Green Solution

Environmental protection and energy efficiency are top priorities in the development of sustainable products and technologies. Samsung Heavy Industries is reducing carbon emissions through the development of alternative-fuel propulsion ships, including those powered by LNG, ammonia, methanol, and hydrogen, while also minimizing marine fuel consumption through high-efficiency propulsion systems. In particular, the company aims to secure differentiated competitiveness in sustainable products and technologies by establishing a world-class LNG value chain centered on Floating Liquefied Natural Gas (FLNG) production facilities.

	Short-to-mid-term Roadmap					Long-term Roadmap
	2024	2025	2026	2027	2028	2029~
 LNG	- Development of forward bridge replacement, Wing Sail, SAVER Wind(C) - Development of a Standard Model for Deepwater LNG Floater (MLF-O) - Advancement of Proprietary Natural Gas Liquefaction Process for FLNG (SENSE)	Advancement of LNG Cargo Containment System		Delivery of Ship Equipped with Fuel Cells		Development of Next-Generation Product Line for the LNG Value Chain
 Ammonia	- Development of Very Large Ammonia Carrier (VLAC) - Development of Fuel Supply and Cargo Handling Systems	- Development of Ammonia Carrier Powered by Ammonia Fuel Cells - Development and Advancement of Floating Blue Ammonia Production Facility				Proactive Development of Product Line for the Future Energy Value Chain
 Hydrogen	- Development of Membrane-Type Liquefied Hydrogen Carrier - Participation in Demonstration Project for Liquefied Hydrogen Carrier		Development and Advancement of Liquefied Hydrogen Storage Tank			
 CO ₂	- Demonstration and Advancement of Onboard Carbon Capture System (OCCS) - Development and Advancement of Floating CO₂ Liquefaction, Storage, and Injection Unit (FCSU)			Development of Large Liquefied CO₂ (LCO₂) Carriers		Advancement of Product Line for the CO₂ Value Chain

Overview of Key Products and Technologies for Green Solutions

Floating Blue Ammonia Production Facility

Blue ammonia is produced using Carbon Capture and Storage (CCS) technology, which reduces carbon emissions generated during the production process by over 90%. In September 2024, Samsung Heavy Industries developed the world’s first floating blue ammonia production facility. The company continues to pursue solutions that span the entire value chain, from ammonia production to utilization.



Onboard Carbon Capture and Storage (OCCS) System

Samsung Heavy Industries has jointly developed an onboard carbon capture and storage (OCCS) system based on post-combustion capture technology. This system is currently being demonstrated in collaboration with partners by installing it on a 2,100 TEU-class container ship. Based on the results of this demonstration, the company plans to apply OCCS to large vessels it builds in the future and actively utilize the technology in the development of liquefied CO₂ carriers.



Wing Sail

Wing Sail and SAVER Wind(C) are expected to improve fuel efficiency and effectively reduce carbon emissions by reducing wind resistance and utilizing wind power as a propulsion source. In 2024, Samsung Heavy Industries obtained Approval in Principle for the basic design of an LNG carrier equipped with a Wing Sail, and the company will continue to focus on developing products and technologies that leverage wind power and other energy sources.



Material Topic 2

Sustainable Product & Technology

Strategy

Digital Solution

Samsung Heavy Industries is enhancing energy efficiency, vessel lifespan and durability, and operational safety during the operational phase by integrating digital technologies and artificial intelligence into autonomous navigation and vessel operation systems. Technologies such as SVESSEL, SVISION, and SCBM not only contribute to carbon emission reduction, but also support optimized vessel operations by minimizing human error, reducing operational expenditures, enabling safe navigation, and providing remote maintenance solutions. Moving forward, the company aims to further improve not only vessel lifespan and energy efficiency, but also economic performance and safety through its digital solutions.

Product Roadmap	Short-to-mid-term Roadmap				Long-term Roadmap
	2025	2026	2027	2028	2029~
 Smart Ship Technology	Securing Monitoring Technologies for Economical and Safe Navigation (GHG Regulations, Voyage Optimization, Performance Analysis, Energy Efficiency, etc.)	AI-Based Equipment and System Simulation and Optimization (Energy Efficiency, Voyage Optimization, Individual System Performance Enhancement)		AI-Based Digital Twin Ship Certification for Electric Cables (Optimization in Cable Performance and Operational Management)	
 Autonomous Operation Technology	Verification of Core Technologies for the Smart Remote Operation Center	Integrated Remote and Control Management		MASS Level 3 Autonomous Operation Prototype Certification	
 Autonomous Navigation Technology	Package-Level Technology Verification	Integration of Cargo Automation Technologies		MASS Level 3 Autonomous Navigation Prototype Certification	
 Virtual Reality Technology	Training Solution for Crews of Alternative Fuel-Powered Ships	3D-Based Remote Monitoring System for Ship Operation and Navigation Information		Digital Twin System for Remote Control of Autonomous Ships	

Overview of Key Products and Technologies for Digital Solutions

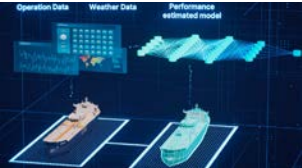
Condition-Based Maintenance (CBM) System

Samsung Heavy Industries' Condition-Based Monitoring system is a solution that utilizes advanced IoT sensors to provide real-time monitoring and early warnings for ship machinery and equipment. CBM continuously monitors all onboard equipment, collects operational data, and analyzes trends. Based on these insights, crew members can detect abnormalities in engines, shafts, bearings, motors, and other components in advance and carry out preventive maintenance.



Digital Twin

Samsung Heavy Industries has developed and applied a remote monitoring system for ships by integrating real-time navigational communication technologies with 3D visualization. Digital twin technology is a core enabler for remote control of unmanned ships from land. The real-time digital twin system, which incorporates secure two-way communication between ship and shore as well as 3D rendering of the vessel and its operational environment, is expected to drive innovation in ship automation and unmanned operations.



Samsung Autonomous Ship(SAS)

SAS is an autonomous navigation assistance system that enables ships to sail independently to their destination. It analyzes real-time signals from onboard navigation and communication equipment such as radar, GPS, and AIS to detect nearby vessels and obstacles, assess collision risk based on the ship's maneuvering characteristics, determine the optimal avoidance route, and automatically control propulsion and steering systems.



Material Topic 2

Sustainable Product & Technology

Strategy

Smart Yard Solution

Samsung Heavy Industries is striving to build the shipyard of the future as a SMART Mover, leveraging its capabilities in Digital Transformation (DT), robotics, and AI technologies. The company applies robotic systems to various ship and offshore production facility processes—such as welding, painting, and inspection—achieving both cost savings and optimal quality. To maximize safety in ship manufacturing and improve operational efficiency, SHI launched the company-wide second phase of the smart SHI initiative in 2023, expanding automation, digitalization, visualization, and intelligence across production, design, and procurement functions. The initiative also aims to optimize the entire value chain by enhancing connectivity between upstream and downstream industries.

Product Roadmap		Short-to-mid-term Roadmap				Long-term Roadmap
		2025	2026	2027	2028	2029~
 Automation/ Unmanned Operation	- Expansion of welding/inspection Automation - Development of Logistics Automation					- Establishment of an Intelligent and Autonomous Unmanned Shipyard through AI-Based Human-Robot Collaboration - Automation and Optimization of Design Systems - Work Innovation through DX/AX Initiatives
	24-Hour Unmanned Factory for Cutting and Angle - Intelligent Welding Automation for Structure - Automation of Root Pass for Pipe Installation					
	- Unmanned Welding and Layout/Fitting Operations - Unmanned Internal and External Blasting Operations					
 Digitalization Technology	- Establishment and Advancement of 3D Production Drawings - Automation of 3D Modeling, etc.					- Establishment of an Intelligent and Autonomous Unmanned Shipyard through AI-Based Human-Robot Collaboration - Automation and Optimization of Design Systems - Work Innovation through DX/AX Initiatives
 Visualization Technology	Establishment of Digital Twin system					
 Intelligent Technology	AI-Based Production Planning Optimization and 3D-Driven Production System					

Overview of Key Products and Technologies for Smart Yard Solution

Angle Cutting Robot System

The system achieves enhanced dimension check and quality compared to conventional methods through robotic touch-sensing technology and simulation testing. Developed based on digital twin technology, it allows a single operator to control multiple machines simultaneously, laying the groundwork for a fully unmanned 24-hour production environment.



Automated Below-Block Spray and Blasting System

Samsung Heavy Industries has successfully automated the painting and blasting processes, which were previously performed manually. The automation of below-block spray operations significantly reduces exposure to toxic paint substances and eliminates overhead work, thereby improving worker safety. This system has also increased production speed by more than 60% compared to manual methods.



Berthing Simulation System for LNG Carriers

Samsung Heavy Industries has implemented a berthing simulation system for LNG carriers to identify potential interferences during approach and docking. By leveraging digital twin technology, the company can pre-check critical points—more numerous compared to other ship types—minimizing re-berthing costs and delays due to standby times.



Material Topic 2

Sustainable Product & Technology

Strategy

Financial Position, Performance, and Cash Flows

Samsung Heavy Industries has identified key financial impact pathways and mapped the corresponding accounting line items to analyze how risks and opportunities related to sustainable product and technology development affect the company’s financial performance. In the short term, expenditures such as technology investments, R&D, and facility adoption may be incurred. However, the company has confirmed that in the mid- to long term, these efforts may generate financial opportunities including increased revenue, cost savings, and reductions in environment-related expenses.

Impact on Financial Position, Financial Performance, and Cash Flow during the Reporting Period

Issue	Pathway	Account Items Linked to Financial Impact	
Sustainable Product & Technology	Investment Expenditures Incurred for Sustainable Product and Technology Development	Tangible assets	Capital Investment for Sustainable Product and Technology Development
		Research and Development Expenses	R&D Expenditures for Sustainable Technologies
	Increase in Revenue Driven by Rising Customer Demand for Sustainable Product & Technology	Intangible assets	Development and Patent Filing of Low-Impact Materials
		Depreciation Expenses	Upfront Costs Associated with Adoption of New Technologies
		Revenue	Revenue Growth from Increased Sales of Sustainable Products
		Gross Profit	Margin Improvement from High Value-Added Sustainable Products
	Reduction in Carbon Credit Purchase Costs and Environmental Liabilities through Lower Carbon Emissions	Operating Profit	Expansion of Service and Maintenance Contracts Applying Sustainable Technologies
		Operating Expenses	Carbon Credit Purchase Costs

Risk Management

Samsung Heavy Industries, led by its executive management, continuously analyzes its business status, market conditions, and the progress of future technology development in collaboration with relevant departments. Based on this analysis, key risks and opportunities are identified and assessed during management strategy meetings. The company formulates its business plans (short-term), operational management plans (short-and-mid-term), product and technology development roadmaps (short- and mid-term), and mid-to-long-term management strategies (long-term) to minimize risks and maximize opportunities for new business creation. Operational management plans and product and technology development roadmaps are established in up to five-year increments, reflecting the characteristics of the shipbuilding industry such as expected order performance based on ship replacement cycles, project execution schedules, and R&D periods. Mid-to-long-term management strategies are set for target periods depending on the scope of new business development, enhancement of existing businesses, and revenue planning periods.

Risk Management Process for Product and Technology Development



Special Page

Extended Producer Responsibility (EPR) at the End-of-Product-Life Stage

Unlike many other products, ships have long operated within a well-established end-of-life management system, even prior to the formal legislation of Extended Producer Responsibility in jurisdictions such as the EU. Dedicated ship recycling yards have played a central role in this system, handling waste treatment and material recovery at the vessel decommissioning stage. These yards focus heavily on maximizing the recovery of recyclable materials to improve profitability and are strictly regulated under international environmental frameworks such as those of the International Maritime Organization (IMO).

In this context, Samsung Heavy Industries is committed to contributing to producer responsibility by minimizing negative environmental impacts across the entire product life cycle—including the end-of-life phase—starting from the design stage.

Contributing to Environmental Protection through Recycling-Oriented Design

* Minimizing the use of hazardous substances and expanding the application of recyclable materials such as steel to facilitate end-of-life recycling and reduce environmental pollution.

Supporting Environmentally Responsible Ship Recycling through IHM (Inventory of Hazardous Materials)

* Providing structured information on hazardous materials contained in ships in accordance with the IMO Hong Kong Convention (mandatory as of June 2025) and the EU Ship Recycling Regulation (mandatory as of December 2020).

Enhancing Maintenance Support for Shipowners through Digital Monitoring

* Upon request, Samsung Heavy Industries supports condition-based maintenance (CBM) by enabling real-time monitoring of onboard equipment using digital technologies.

Material Topic 2

Sustainable Product & Technology

Metrics & Targets

Samsung Heavy Industries recognizes the importance of research and development in realizing a sustainable future society and securing competitiveness. In addition to securing sustainable products and technologies, the company is laying the foundation for sustainable growth by building next-generation shipyards based on its accumulated digital and AI capabilities, while also leading smart ship technologies to proactively respond to rapidly evolving market demands.

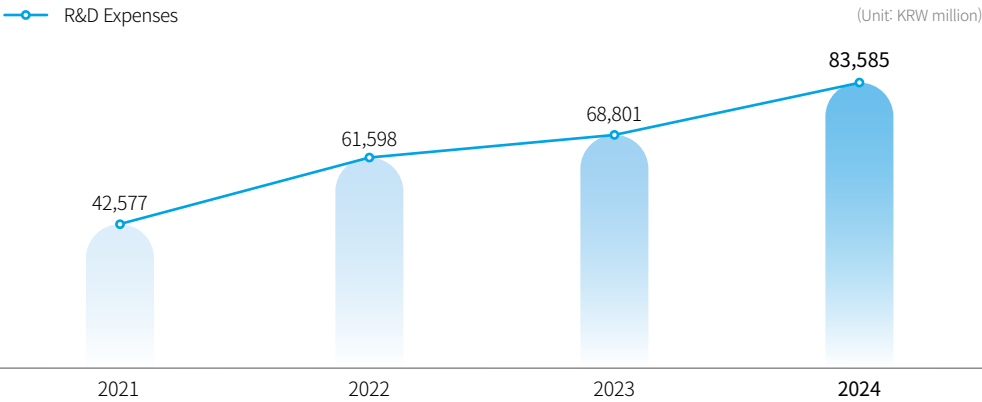
Key Research and Development Achievements

Samsung Heavy Industries is investing in research and development to advance carbon-free/smart ships and smart shipyards. The following outlines key R&D achievements by responsible departments in 2024. The company will continue to make progress toward its mid-to-long-term goal of developing sustainable products and technologies.

Department	Key Research and Development Achievements in 2024	Mid-to-long-term R&D Goals
Engineering Division	Development of Development of the FLNG Standard Model	Design Optimization and Delivery Lead Time Reduction for FLNG
	Development of Floating Blue Ammonia Production Facility	Responding to Future Energy Demand
	Development of Wing Sail	
Green Energy Technology Center	Completion and Demonstration of the World's Largest Onboard Carbon Capture and Storage (OCCS) System	Providing Leading Decarbonization Solutions through the Development of carbon abatement Products and Technologies
	Completion of Ammonia Fuel Demonstration Facility	
Ship & Offshore Performance Research Center	Development and Application of SAVER Wind(C)	
Production Technology Research Center	Development of Eco-Friendly Paints for Outdoor Exposure Areas	Reducing Pollutant Emissions by Expanding the Use of Eco-Friendly Paints
Autonomous Ship Research Center	Development of Next-generation Unmanned Ship with Autonomous Navigation Capabilities	Securing Core Digital Smart Ship Technologies for the Development of Next-generation Ships
Digital Platform Team	Development of AI/Data-based Operation Optimization Solutions	
Smart Yard Research Center	Advancement of Air Compressor Control Algorithm	Building a Smart Shipyard through the Development of Design, Production Automation, and Unmanned Technologies
Robotics Development & Business Team	Development of Remote Control System for Outdoor Cranes; Conceptual Design for Automation of LNG Outfitting Production Process	

Research and Development Expenses

Samsung Heavy Industries' R&D expenditure increased by approximately 21.5% year-on-year, continuing an upward trend since 2021. This reflects the growing need for research on alternative fuel ships in response to rising orders, as well as the company's strong commitment to R&D for realizing shipyard automation and unmanned operations. SHI will continue to invest in R&D over the mid-to-long-term to secure technological competitiveness.



Special Page

Environmentally Conscious Design

Samsung Heavy Industries systematically analyzes environmental impacts from the design stage of ships and offshore production facilities and continuously develops and enhances equipment and systems to reduce such impacts. Rather than merely installing devices, the company takes a proactive approach to environmental protection through integrated design encompassing hull structures and overall systems.

Key air pollutant reduction technologies include SCR (Selective Catalytic Reduction) systems tailored to ship engine specifications to reduce nitrogen oxides (NOx), and SOx scrubbers to lower sulfur oxides (SOx) emissions—ensuring compliance with emission standards in major port areas such as IMO Tier III and ECAs. The company also incorporates various [green solutions](#) to reduce greenhouse gases and meet IMO regulatory requirements from the design and R&D stages.

To minimize the spread of harmful substances into the atmosphere and to protect marine ecosystems, Samsung Heavy Industries applies eco-friendly VOCs-reducing paints and anti-fouling paints that limit hazardous ingredients. Furthermore, the [Ballast Water Treatment System](#) helps prevent the spread of invasive species in marine environments.

The company also installs bilge/sewage treatment systems, slop/oily water management and monitoring systems to prevent the discharge of marine pollutants during ship operations. Additionally, onboard Coaming structures are designed to contain oil spills in the event of an accidental release. Through these environmentally conscious design practices, The company proactively meets global environmental regulations and responds to ESG demands from customers. Going forward, the company will continue expanding the application of eco-conscious technologies and lead the future of a sustainable shipbuilding industry through design innovation.

Material Topic 3 Occupational Health and Safety Governance

Samsung Heavy Industries operates a dedicated organization aligned with the Board of Directors and management to prioritize on-site safety and actively respond to rapidly changing occupational health and safety regulations and societal expectations.

Health and Safety Decision-making Bodies

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graph TD;
    Board[Board of Directors] --> CSO[Chief Safety Officer CSO];
    CSO --- Committee[Occupational Health and Safety Advisory Committee  
2024 Operational Performance  
No. of meeting: 4 Quarterly];
    CSO --> SHQ[Safety Management Headquarters];
    SHQ --> SET[Safety and Environment Team];
    SHQ --> Sites[Geosje Shipyard, Pangyo R&D Center, Busan R&D Center, High-Tech Headquarters, Daedeok Research Center, Chilseo Factory, China Rongcheng Corporation, Nigeria Corporation];
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▶ **Board of Directors** The Board of Directors functions as the highest decision-making body on safety and health-related risks and opportunities across the head office and consolidated subsidiaries. It exercises oversight by approving objectives and supervising strategies on occupational health and safety. In 2024, the Board deliberated and approved the agenda item “Report and Approval of Occupational Health and Safety Plans.” The company operates under the Board’s structured supervision by annually reporting on the HSE Management Policy, organizational structure and roles, budgets and facilities, key activities and outcomes, and future plans.

▶ **Chief Safety Officer (CSO)** Responsibility and authority for the execution of occupational health and safety are assigned to the Chief Safety Officer (CSO), who also serves as the Head of Shipyard. In accordance with the “Regulations on the Authority and Responsibilities of the CSO,” the CSO represents and oversees company-wide occupational health and safety, holding final decision-making authority over organizational structure, workforce, and budgets. The CSO is appointed through a resolution of the Board of Directors upon recommendation from the Occupational Health and Safety Advisory Committee. The CSO supervises risks and opportunities related to occupational health and safety, and receives support in the form of consultation, guidance, incident analysis, and operational evaluation from the Occupational Health and Safety Advisory Committee composed of experts.

▶ **Occupational Health and Safety Advisory Committee** To proactively respond to major safety issues such as the Serious Accidents Punishment Act, Samsung Heavy Industries operates an advisory committee composed of external experts. The committee holds quarterly regular meetings and ad-hoc meetings when necessary to support the enhancement of company-wide safety culture and the advancement of a prevention-centered safety management system. It shares best practices in safety management at home and abroad, provides objective evaluation and consultation on CSO activities, and reviews the appropriateness of occupational health and safety initiatives, thereby reinforcing its role in realizing safer worksites.

▶ **Dedicated Occupational Health and Safety Organization** Under the Chief Safety Officer (CSO), Samsung Heavy Industries operates a dedicated occupational health and safety system consisting of the Safety Management Division, which includes the Safety and Environment Team and safety organizations at each worksite. The Safety Management Division functions as the control tower overseeing occupational health and safety across all sites, including the Geosje Shipyard, Daedeok Research Center, and Pyeongtaek High-Tech Plant. It supports legal compliance by establishing policies for the prevention of hazards and risks and by allocating and executing budgets in accordance with relevant regulations, including the Serious Accidents Punishment Act. The Safety and Environment Team is composed of eight groups, including the Safety and Health Group, Environment Group, and High-Tech Safety Group. Each site assigns safety managers, area leaders, and line safety officers within the production organization to implement on-site safety management. Samsung Heavy Industries’ dedicated occupational health and safety organization is structured to enable focused execution of safety and health duties, with each member fully responsible for tasks within their respective areas.

Material Topic 3
Occupational Health and Safety
Governance

Board of Directors and Management Team
Board Operation

The Safety Management Division primarily reports agenda items related to occupational health and safety risks and opportunities submitted to the Board of Directors. In accordance with the Board of Directors Regulations, the company presents major safety and health risks and corresponding strategic response plans as board agenda items, thereby strengthening review and actions at the highest decision-making level.

Samsung Heavy Industries designates safety, health, and the environment as its highest core values through the HSE Management Policy and operates under the principle that ‘Safety is the First Principle of Management.’ The company analyzes and manages risk factors across all processes and provides unwavering support in human, financial, and technological resources. These efforts not only help prevent serious accidents but also serve as a foundation for strategic decisions at the board level, contributing to the safety of employees and suppliers and reinforcing a sustainable management system.

 HSE Management Policy

Major Occupational Health and Safety Agendas of the Board in 2024

Date	Classification	Contents
2024.02.07	Resolution	Report and approval of the 2024 health and safety plan

Enhancing Board Competency

Major Agendas of the Occupational Health and Safety Advisory Committee in 2024

Classification	Name	Gender	Affiliation and Expertise		Term ¹⁾
Health and Safety Advisory Committee	Soon-young Oh	Male	Occupational Safety and Health	(Current) Professor at Dong-Eui University, Safety and Health Evaluation Committee Member for Shipbuilding at Korea Occupational Safety & Health Agency	~2026.02.28
	Jong-woon Kim	Male	Occupational Safety and Health	(Current) Good Industrial Safety Technology, Industrial Safety and Health Instructor	~2026.02.28
	Chang-ho Kim	Male	Occupational Safety and Health	(Current) CEO of Best One Occupational Safety and Health, Mechanical Safety Engineer, Industrial Safety Instructor	~2026.02.28
	Tae-su Shin	Male	Occupational Safety and Health	(Current) Director of Sejong Safety and Health Technology Institute, Member of the Safety and Health Management Committee of Daejeon Transportation Corporation	~2026.02.28
	Jin-ho Kim	Male	Labor-Management Relation, Law	(Current) Representative of JH Kim Jin-ho Certified Labor Attorney	~2026.02.28

1) The term of advisory committee members is one year and renewed annually.

Budget Allocation and Execution

Samsung Heavy Industries allocates its safety management budget by comprehensively assessing the likelihood and impact of occupational health and safety risks. The company reflects not only items likely to incur costs due to such risks, but also periodic activities and anticipated environmental changes through 2025. The company has prioritized budget allocation for the introduction of automation and unmanned systems, as well as the improvement of aging yard facilities, to proactively eliminate safety and health hazards stemming from outdated equipment. These efforts aim to strengthen workplace safety and establish a sustainable safety and health management system over the long term.

Samsung Heavy Industries also ensures that all decisions comply with the internal procedures for budgeting and executing occupational health and safety expenditures. The procedures require a review of whether the proposed budget effectively mitigates safety and health risks. Risks identified during the evaluation process are incorporated into performance indicators and targets, which are monitored annually to drive continuous improvement.

In 2024, SHI invested KRW 412.7 billion in occupational health and safety, marking a 23% increase from the previous year, and will continue to reinforce safety and health management through sustained investment.

Performance and Remuneration Policy for Management

Samsung Heavy Industries has established and operates an executive compensation policy through the Compensation Committee, which governs the remuneration of both registered and non-registered executives. Compensation is determined based on performance evaluation results, taking into account the value of the position and role, level of responsibility, and ability to perform the job.

To strengthen the management of occupational health and safety performance, The company includes key indicators such as the number of serious accidents, LTIF¹⁾, TRCF²⁾, and accident rates in the MBO (Management by Objectives) evaluation of executives in relevant departments. These indicators are further linked to KPIs at the subordinate organizational level according to specific tasks.

In 2024, Samsung Heavy Industries prioritized the assignment of occupational health and safety KPIs for managerial-level employees, with these indicators accounting for approximately 10% of the total MBO evaluation.

1) LTIF: Lost Time Injury Frequency, frequency of work loss accidents
2) TRCF: Total Recordable Case Frequency, frequency of recorded accidents

Material Topic 3

Occupational Health and Safety

Strategy

Samsung Heavy Industries operates a four-step process to identify and monitor occupational health and safety risks and opportunities. This enables the company to systematically manage safety risks while proactively identifying opportunities to enhance business competitiveness through improved safety.

Step 1. Identification of Occupational Health and Safety Risks and Opportunities

Samsung Heavy Industries identifies occupational health and safety risks and opportunities that may impact the business into transition risks and opportunities. The company assesses their potential effects across its operations and value chain to establish the foundation for developing its occupational health and safety response strategies.

Risks and Opportunities			Description	Expected Time of Impact		
				Short-term (~1 year)	Mid-term (2~5 years)	Long-term (6~10 years)
Risk	Policy and Law	Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations	Increasing regulatory compliance costs due to the strengthening of occupational health and safety regulations, including the Occupational Safety and Health Act and the Serious Accidents Punishment Act, Increasing expenditures for establishing and maintaining on-site safety infrastructure, including periodic risk assessments	●	●	●
		Risk of legal sanctions and accidents resulting from non-compliance with relevant laws and regulations	Increasing expenditures for establishing and maintaining on-site safety infrastructure, including periodic risk assessments	●	●	●
	Physical Operations	Decrease in productivity due to insufficient safety management	Facing heightened legal liabilities and penalties across the value chain due to non-compliance with safety and health laws, and increasing post-incident response costs in the event of industrial or serious accidents	●	●	●
	Human Operations	Weakening of safety culture and deterioration of employees' physical and mental health	Increasing health risks and accident potential due to ineffective management of harmful factors such as hazardous chemicals, noise, heat and cold exposure, and excessive workloads; and decreasing safety training efficiency amid a growing number of foreign and newly hired workers	●	●	●
	Value Chain Operations	Growing need for safety risk management across the value chain	Growing necessity for comprehensive management of occupational health and safety risks throughout suppliers and overseas sites	●	●	●
	Technology	Increase in investment costs to address occupational health and safety technologies	Increasing investment costs for digital transformation and implementation of smart safety technologies to address risks in high-hazard areas	●	●	●
	Reputation	Decline in stakeholder trust	Damaging corporate reputation and undermining stakeholder trust—including investors, customers, and regulatory bodies—due to inadequate response to occupational health and safety risks	●	●	●
Opportunity	Resource Efficiency	Optimization of occupational health and safety management through SMART HSE	Internalizing a SMART HSE system by advancing digital safety technologies, deploying automated inspection systems, and integrating AI-based monitoring solutions			●
	Market Competitiveness	Enhancement of business competitiveness through SMART HSE systems	Enhancing order competitiveness and reinforcing customer trust by demonstrating a sophisticated safety management system built on SMART HSE capabilities			●

Linkage of Strategic Decision-making Across Planning Periods

Samsung Heavy Industries conducts strategic decision-making through the Business Plan (1 year), Operational Management Plan (up to 5 years), SMART HSE Development Roadmap (up to 5 years), and mid-to-long-term Management Strategy (5 to 10 years). The operational management plan and SMART HSE roadmap are formulated in five-year units, considering the characteristics of the shipbuilding industry such as ship replacement cycles, expected order volumes, project execution, and R&D timelines. The mid-to-long-term strategy is developed based on the advancement of existing businesses, new business initiatives, and sales planning periods.

	Short-term	Mid-term	Long-term
Business Plan	●		
Operational Management Plan	●	●	
SMART HSE Development Roadmap	●	●	
Mid-to-long-term Management Strategy		●	●

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Occupational Health and Safety
Strategy

Impact on Business Model and Value Chain

Business Model and Value Chain	Upstream	Own Operation				Downstream
	Procurement and Transportation of Materials	Research and Development	Marketing and Order Acquisition	Design and Procurement	Construction and Delivery	Ship Operation and Disposal
	Procure high-quality materials for shipbuilding through a global supply chain and manage the transportation process in collaboration with key partners.	Secure differentiated product and business competitiveness by developing alternative fuel efficiency technologies and safety technologies based on SMART HSE.	Secure order competitiveness by providing customer-specific technical proposals and building trust-based relationships.	Ensure both quality and cost efficiency through customized design and procurement management.	Construct and deliver ships in accordance with designated milestones based on worker safety and process quality, thereby realizing customer satisfaction.	Provide continuous customer support through long-term maintenance services during the operation phase, and contribute to resource recycling at ship-recycling yards through design for recyclability at the disposal stage.
Impact of Risks	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Value Chain Growing need for safety risk management across the value chain Reputation Decline in stakeholder trust	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Technology Increase in investment costs to address occupational health and safety technologies	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Reputation Decline in stakeholder trust	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Risk of legal sanctions and accidents resulting from non-compliance with relevant laws and regulations Physical Operation Decrease in productivity due to insufficient safety management Human Operation Weakening of safety culture and deterioration of employees' physical and mental health	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Risk of legal sanctions and accidents resulting from non-compliance with relevant laws and regulations Physical Operation Decrease in productivity due to insufficient safety management Human Operation Weakening of safety culture and deterioration of employees' physical and mental health	Policy and Law Increase in regulatory compliance costs due to the strengthening of occupational health and safety regulations Value Chain Growing need for safety risk management across the value chain Reputation Decline in stakeholder trust
Impact of Opportunities	Resource Efficiency Optimization of occupational health and safety management through SMART HSE	Resource Efficiency Optimization of occupational health and safety management through SMART HSE Market Competitiveness Enhancement of business competitiveness through SMART HSE systems	Market Competitiveness Enhancement of business competitiveness through SMART HSE systems	Resource Efficiency Optimization of occupational health and safety management through SMART HSE	Resource Efficiency Optimization of occupational health and safety management through SMART HSE	Resource Efficiency Optimization of occupational health and safety management through SMART HSE

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Strategy

Step 2. Risk and Opportunity Assessment • Analysis

Samsung Heavy Industries identifies key items among identified risks and opportunities and systematically analyzes their likelihood and impact. This enables the company to quantitatively evaluate the level of each risk and opportunity and reflect the results in formulating practical response strategies, thereby enhancing the company-wide safety management level.

Occupational Health and Safety Risk and Opportunity Assessment

Criteria for Assessing Occupational Health and Safety Risks and Opportunities

Samsung Heavy Industries evaluates risks related to occupational health and safety by integrating both qualitative and quantitative elements. Specifically, the company assesses risk levels using a predefined risk assessment matrix that combines likelihood (frequency) and severity (impact), and determines the final risk based on the derived score. For opportunities, the company assesses changes in the internal and external environment and the company’s strategic response capabilities.

- ① **Likelihood (Frequency):** Assessed based on the status of site facilities, level of preventive measures, and occurrence of similar past incidents
- ② **Severity (Impact):** Evaluated in three dimensions: environmental impact, physical damage, and human injury, and determined by selecting the highest severity based on the worst-case scenario

| Health and Safety Risk Assessment Matrix

Risk Assessment				Impact/Severity				
				Classification	Negligible	Minor	Moderate	Severe
Occurrence Likelihood/ Impact Definition	Environment				Immediately restorable	...	Recoverable within 1 month	...
	Physical				Less than KRW 3 million	...	KRW 10 million to less than KRW 1 billion	...
	Human				No medical treatment required	...	Involves lost time injury (LTI)	...
Occurrence Likelihood/ Frequency	Very Low	Site	Safety facilities and protective devices are fully in place, posing minimal risk of accidents					
		Accident	No incidents have occurred within the past year	1	6	8	14	15
	Low	Site	Safety facilities and protective devices are installed, but complacency may lead to potential risk	2	7	12	18	21
		Accident	Similar incidents have occurred in the same industry within the past year					
	Possible	Site	Safety facilities and protective devices are installed, but lack of inspection may pose a risk; caution is required	3	9	13	19	22
		Accident	Incidents have occurred at our company or worksite within the past year					
	High	Site	Safety facilities and protective devices are installed, but can be easily disabled; caution is required	4	10	16	20	24
		Accident	Incidents have occurred in our department or similar work settings within the past year					
	Very High	Site	Safety facilities and protective devices are not installed; risk persists even with caution	5	11	17	23	25
		Accident	Incidents occur frequently in our department or similar work settings within the past year					

| Risk Assessment Criteria

Range of Score	Level of Risk	Description
1 to 8	Low	• Risk level is very low, with no possibility of damage occurring.
9 to 15	Medium	• Risk level is relatively low with negligible impact.
16 to 18	High-Low	• Risk level is moderate with limited impact.
19 to 22	High-Medium	• Risk level is high with significant impact. • Potential issues in relationships with customers and stakeholders.
23 to 25	High-High	• Risk level is extremely high with substantial impact. • Critical issues likely in relationships with customers and stakeholders. • Legal penalties may be imposed.

Material Topic 3
Occupational Health and Safety
Strategy

Key Risk Factor Assessment and Analysis

Risk - Policy and Law

Compliance costs and legal exposure arising from stricter enforcement of safety-related regulations, including the Occupational Safety and Health Act and the Serious Accidents Punishment Act

Assessment Overview Industrial safety incidents can potentially occur at any time within production facilities, and heightened regulatory expectations call for a more sophisticated risk evaluation process

Detailed Risk Item	Likelihood (Frequency)	Impact (Severity)	Score
Persistent Risk of Accident Occurrence	Possible ●○○	Moderate ●○○	13
Inadequate Risk Assessment	Low ●○○	Moderate ●○○	12
Average			12.5
Maximum Value			13

Analysis Results Samsung Heavy Industries has classified “Policy and Regulation Risk” as a core company-wide risk that requires comprehensive management. The company identified two sub-categories: “Persistent Incident Risk” and “Inadequate Risk Assessment.”

“Persistent Incident Risk” refers to the inherent possibility of safety incidents occurring at any time or place, necessitating tailored safety activities aligned with site-specific characteristics.

“Inadequate Risk Assessment” denotes the risk that erroneous evaluations may compromise on-site hazard controls and jeopardize safety operations. Based on quantitative assessment of the two sub-risks, the average score reflecting likelihood and severity was 12.5, indicating a ‘Moderate’ risk level. While the likelihood was assessed as low, the impact was determined to be moderate, underscoring the need for continuous legal compliance and enhancement of internal systems such as risk assessment frameworks.

Risk - Human Operation

(New Workers) Weakening of safety culture and deterioration of employees’ physical and mental health

Assessment Overview Human operation risk stems from structural changes such as the continued influx of foreign and newly recruited workers into the workplace. Samsung Heavy Industries identifies this as a composite risk and manages it through multiple sub-risks rather than a single factor. This risk is not limited to insufficient training or worker negligence but is grounded in the potential weakening of the safety culture across the system due to changes in workforce composition.

Foreign and newly hired workers are more likely to be exposed to accidents due to language and cultural barriers, lack of proficiency, and low training completion rates. Repetitive and one-way training materials fail to effectively communicate safety protocols to these groups. Accidents such as traffic incidents and heat-related illnesses also tend to occur more frequently during their early stage of adjustment to the work environment.

Detailed Risk Item	Likelihood (Frequency)	Impact (Severity)	Score
Continued risk of traffic accidents due to influx of foreign workers and new personnel	Possible ●○○	Moderate ●○○	13
Deterioration in safety culture level due to influx of new personnel	Low ●○○	Moderate ●○○	12
Reduced effectiveness of repetitive safety training	Low ●○○	Minor ○○○	7
Accident risk for foreign workers	Possible ●○○	Moderate ●○○	7
Heatstroke during heatwave occurrence	Possible ●○○	Moderate ●○○	13
Average			11.6
Maximum Value			13

Analysis Results To address this complex risk, Samsung Heavy Industries categorized it into five specific sub-risks and conducted a quantitative risk assessment. The average risk score across the sub-categories was 11.6, with notably high scores observed in areas related to safety incidents involving foreign and newly recruited workers and heat-related illnesses during peak summer periods. These results indicate that human operation risk is closely linked to the company’s safety competency and underscore the need for enhanced oversight and targeted reinforcement, particularly for workers in their early phase of adaptation.

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Occupational Health and Safety

Strategy

Key Risk Factor Assessment and Analysis

Risk - Value Chain Operation

Increasing need to manage safety risks across direct and indirect supply chains and overseas entities

Assessment Overview Value chain operation risk arises from structural changes in the external operational environment, such as diversification of domestic and international supply chains, expansion of overseas operations, and increased reliance on outsourced personnel. Samsung Heavy Industries has defined this risk more specifically as ‘the need to maintain and strengthen the safety management capability of on-site contractors’ and has conducted a quantitative risk assessment.

Historically, safety and health management primarily targeted directly employed personnel within the worksites. However, the management scope has expanded across the entire value chain including suppliers, outsourced personnel, and overseas subsidiaries, thereby heightening the importance of the company’s role in safety control.

While key domestic suppliers operate safety management systems with support from the company, these systems require time to become self-sustaining. A potential risk remains that safety culture and response capabilities could weaken in the absence of such support.

Detailed Risk Items	Likelihood (Frequency)	Impact (Severity)	Score
Need to Maintain and Strengthen Safety Management Capability of on-site contractors	Low ●○○	Minor ●○○	7

Analysis Results To address these management blind spots and growing external stakeholder demands for sustainability, the company has evaluated this risk as a separate category. The risk score for value chain operation was assessed at 7, which corresponds to a ‘Low’ level under the company’s risk assessment criteria. Despite the relatively low score, Samsung Heavy Industries plans to treat this as a managed item for ongoing monitoring, recognizing its nature as a latent risk.

Risk - Technology

Increase in investment costs to address occupational health and safety technologies

Assessment Overview Technology risk arises from changes in the business environment that increasingly require digital technologies and automation systems to address limitations in on-site safety management such as access to high-risk areas and processing of unstructured safety information. Samsung Heavy Industries has defined this risk more specifically as insufficient data integration between HSE systems and has conducted a quantitative risk assessment.

The growing adoption of smart safety technologies and digital transformation is reshaping the overall health and safety management framework. Consequently, establishing an integrated data-driven management system, beyond unit-based operation, has become a key challenge. Currently, health (H), safety (S), and environment (E) management systems are operated independently within the company. However, data such as incident cases, evaluation results, and guidelines remain fragmented, restricting seamless interconnection and effective utilization.

This inefficiency is believed to hinder not only accident prevention capabilities but also the company’s ability to promptly trace root causes and establish response mechanisms in the event of an incident.

Detailed Risk Items	Likelihood (Frequency)	Impact (Severity)	Score
Insufficient linkage of data between HSE systems	Low ●○○	Minor ●○○	7

Analysis Results According to the quantitative evaluation, the risk score for increased investment costs in response to new technologies was assessed at 7, which corresponds to a “Low” level under the company’s risk assessment criteria. Although the current risk remains low due to ongoing investment efforts, any delay in transitioning to an integrated system could raise the risk level. The company plans to continuously monitor these trends and reflect them as a key consideration in strategic technology investment decisions.



Material Topic 3

Occupational Health and Safety

Strategy

Key Risk Factor Assessment and Analysis

Opportunity - Resource Efficiency

Optimization of occupational health and safety management through SMART HSE System

Assessment and Analysis

Resource Efficiency related opportunity is defined as the potential to enhance the quality of occupational health and safety management while reducing operational costs and maximizing resource utilization through the deployment of the SMART HSE system currently being implemented.

Integrating digital technologies such as safety-focused R&D, automated inspection systems, and AI-based monitoring significantly lowers dependence on manual operations compared to conventional safety management processes and enables preemptive control of accident risks in high-risk work environments.

This opportunity was assessed qualitatively, focusing on its applicability, scalability, and expected benefits across the organization. The analysis centered on whether the adoption of SMART HSE technologies would lead not only to a one-time system upgrade, but also to structural improvements in company-wide resource operations.

Additionally, technological feasibility was evaluated based on the stability of pilot technologies, organizational acceptance, and system interoperability. Based on these considerations, the opportunity is deemed a strategic lever to drive both short-term operational improvements and mid-to-long-term enhancements in asset utilization and cost efficiency.

※ This opportunity is managed separately based on strategic significance and is not subject to quantitative scoring.

Opportunity - Market Competitiveness

Enhancement of business competitiveness through SMART HSE systems

Assessment and Analysis

Market competitiveness related opportunity is defined as a strategic opportunity for Samsung Heavy Industries to strengthen its business competitiveness in the global market by leveraging the SMART HSE system.

As global occupational health and safety regulations become increasingly stringent and customer demands for safety management continue to rise, Samsung Heavy Industries has positioned its SMART HSE system as a practical enabler of advanced safety management capabilities. This system not only supports the construction phase of ships and offshore production facilities, but also enhances safety during the product use phase through diverse [Product & Service Safety Program](#), thereby enabling preemptive mitigation of safety risks throughout the value chain.

The company qualitatively analyzed this opportunity based on criteria such as competitiveness, differentiation, and internal capabilities. The analysis also considered the increasing demand for smart safety solutions in high-risk worksites and the accelerating industry-wide trend toward digital transformation.

Clients are recognizing SMART HSE management technologies as core competencies for reducing safety risks, which in turn are expected to support the acquisition of new orders and expansion of strategic partnerships. Samsung Heavy Industries' SMART HSE capabilities are thus regarded as a strategic opportunity to enhance sustainable competitiveness and brand credibility in the market.

※ This opportunity is managed separately based on strategic significance and is not subject to quantitative scoring.

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Occupational Health and Safety
Strategy

Step 3. Strategy and Decision-making

Samsung Heavy Industries has developed strategies centered on ‘Mitigation’ and ‘Adaptation’ for potential occupational health and safety risks, and on ‘Exploitation’ for opportunities, based on the results of the risk and opportunity assessment. Through this approach, the company aims to systematically manage occupational health and safety risks and further reinforce the foundation for sustainable management.

Response strategies for Health and Safety risks and opportunities

IMPLICATIONS





Material Topic 3

Occupational Health and Safety Strategy

Samsung Heavy Industries has identified three key themes to address occupational health and safety risks and opportunities: strengthening safety execution through leadership-driven management, establishing a self-regulated safety system among employees, and advancing SMART HSE management. The company develops and implements detailed strategies under each theme.

Enhancement of Manager-led Safety Execution

Inspection of Safety and Health-Related Laws and Regulations The Safety and Environment Team's SRP Group conducts inspections of applicable laws and regulations twice a year, in the first and second half of each year, and reports the outcomes to the management. In June and November 2024, the team examined 718 legal provisions over a two-week period, identified 3,715 nonconformities, and completed corrective actions for all. Samsung Heavy Industries will continue to monitor regulatory developments in real time, identify revisions proactively, and implement improvements to ensure robust compliance with all safety-related legislation.

Revision of Safety R&R, KPI, and Incentive System To align safety protocols with the operational characteristics of each production team, Samsung Heavy Industries develops team-specific procedural manuals that delineate roles and responsibilities (R&R) by position. Also, these R&R frameworks form the basis for establishing safety KPIs. At the Geoje Shipyard, the company assigns safety officers to each worksite and ship, ensuring that each yard is operated under the direct responsibility of the assigned personnel.

Samsung Heavy Industries has comprehensively revised its safety incentive system by expanding the scope of zero-incident rewards to more detailed organizational units and increasing the scale of individual rewards. The new program also strengthens recognition for foreign workers and introduces a new award category for managerial positions, thereby enhancing employee engagement and reinforcing Samsung Heavy Industries' overall safety execution.

Regular Inspection and Reinforcement of Safety Management

Samsung Heavy Industries conducts safety inspections across multiple dimensions, including job grade, team, type of accident, and risk factors. The company has formalized daily on-site safety inspections involving senior management, covering all affiliated worksites. The company operates a three-tier monitoring system composed of line safety personnel, production managers, and the Safety and Environment Team, with designated inspection items by time slot and weekday.

Through these measures, Samsung Heavy Industries aims to promote routine safety practices and heighten safety awareness across the workforce. The company monitors violations of the Five Safety Compliance Principles and tracks associated disciplinary records on a quarterly basis.

In addition to regular inspections, Samsung Heavy Industries has reinforced inspection activities for serious accidents and high-risk worksites. The company identifies potential incidents such as forklift collisions, crane impacts, structural collapses, and scaffold falls in advance and prepares countermeasures accordingly. The company selects high-risk sites based on work progress and ship-specific operations and conducts focused safety inspections accordingly.

In 2024, Samsung Heavy Industries identified and addressed 81,675 hazards and risk factors through various safety improvement initiatives, including monthly theme-based inspections, intensive inspections for high-risk tasks, fall prevention checks, and inspections during off-hours such as holidays and nighttime shifts.

Operation of the Safety Audit System

Samsung Heavy Industries conducts annual safety audits across all production divisions to institutionalize a structured and advanced level of safety management. Despite implementing countermeasures for risks identified through risk assessments, certain hazards recur due to short-lived interventions, limited retention in the field, or repeated incidents of a similar nature. To prevent such cases, the company performs routine safety audits to ensure safety processes are effectively applied and sustained in worksites.

The safety audit consists of a document review and a field inspection. The document review focuses on the implementation of management plans, compliance with core safety systems, and the qualitative enhancement of risk assessments. The field inspection evaluates the effectiveness of countermeasures across 12 categories, including fundamental safety, safety facilities, hot work, work at height, electrical work, material handling, and equipment operation.

Enhancement of Risk Assessment Samsung Heavy Industries conducts risk assessments to identify and prevent potential hazards in advance. To move beyond procedural formalities and produce meaningful results, the company holds regular review meetings by production team and continuously shares the assessment outcomes with employees.

To improve the quality of risk assessments, the company provides competency training to all job levels within production teams and distributes standardized risk assessment guides. The company has also established a framework that enables on-site managers to perform assessments at any time. To reflect dynamic work conditions and emerging safety issues, Samsung Heavy Industries carries out risk assessments not only on a regular and ad-hoc basis but also on a monthly, weekly, and daily schedule.

.....▶ 2024 Hazards and Risk Factor Identification and Improvement



81,675 Cases

Material Topic 3
Occupational Health and Safety
Strategy

Operation of the Occupational Safety and Health Committee Samsung Heavy Industries operates the Occupational Safety and Health Committee, a labor-management joint body, to reinforce workplace safety and health management and to promote autonomous accident prevention activities. The committee convenes once every quarter and may hold ad hoc meetings when a serious accident occurs or an urgent matter arises, ensuring timely decision-making.

To ensure active employee engagement and strengthen collaboration, the committee is composed of 11 labor representatives and 11 management representatives. In 2024, the committee convened four times and addressed all 13 agenda items.

Samsung Heavy Industries remains committed to managing the committee with a goal of achieving 100% resolution of agenda items. For unresolved issues, the company establishes improvement action plans and maintains continuous follow-up.

Quarter	Key Agenda	Result
Q1	Operation of Happy Well-being Center Counseling Room, etc.	10/10 resolved
Q2	Request for AED (Automated External Defibrillator) Information and Location Guidance	1/1 resolved
Q3	Implementation of detailed Safety Inspections of Buildings	1/1 resolved
Q4	Operation of Health Check-up and Health Management center	1/1 resolved

Enhancing Self-Sufficiency in Occupational Safety and Health for overseas subsidiaries Samsung Heavy Industries’ subsidiaries in China and Nigeria fundamentally comply with local occupational health and safety laws and regulations. Where local provisions are lacking, the company applies its internal HSE management system as the operational standard.

To enhance the health and safety capabilities of its overseas entities, the Safety and Environment Team regularly and irregularly conducts audits to monitor compliance. Technical support is systematically provided to build a safety network among Geoje Shipyard, China Rongcheng Corporation, and Nigeria Corporation. Support measures include the provision of safety guidelines and tailored HSE competency-building programs.

The China Rongcheng Corporation in particular, conducts monthly safety performance reviews and holds regular quarterly safety meetings. Upon occurrence of an incident, it immediately reports the case and disseminates preventive measures horizontally across sites. A mentoring system is also in place to ensure continuous technical support.

Establishment of Self-Discipline Safety System for All Employees

Strengthening Collaboration on Occupational Health and Safety with Suppliers and Clients Samsung Heavy Industries conducts safety qualification assessments prior to contracting with both on-site contractors and external suppliers. For suppliers with insufficient results, the company provides safety technical guidance to enhance their overall safety capabilities before entering into a contract.

Following contract execution, Samsung Heavy Industries continues to deliver both regular and special (theme-based) safety technical guidance to strengthen the safety and health self-sufficiency of all partners. The company particularly targets suppliers with an increased number of new or foreign workers, or a high incidence of accidents, for customized safety guidance.

To support external suppliers in establishing occupational health and safety management systems, SHI offers consulting on the Serious Accident Punishment Act and risk assessment training. When necessary, representatives from the Safety and Environment Team visit suppliers to provide on-site assistance.

In addition, SHI distributes checklists outlining items potentially subject to fines under the Serious Accident Punishment Act and related regulations, enabling suppliers to ensure compliance with legal requirements.

	Classification	Target	Result
Pre-contract	safety qualification assessment	203 companies	1 company with nonconformities supplemented and re-evaluated
	Regular Safety Technical Guidance	155 companies	628 identified issues resolved
Post-contract	Special (Theme-Based) Safety Technical Guidance	12 companies	142 identified issues resolved

Samsung Heavy Industries fosters transparent communication with shipowners and classification societies to share safety and health issues and promote a culture of safety. Since introducing the HSE Alliance Committee at Geoje Shipyard in 2001, the company has held monthly meetings with shipowners and classification societies to review safety and health matters and gather feedback.

Samsung Heavy Industries analyzes incidents on a weekly basis by severity, type, description, and location, and shares the results transparently with clients. For incidents classified as HIPO (High Potential Incident) or higher, the company issues Safety Alerts containing detailed information on the incident and engages in discussions on root causes and countermeasures.

Considering that weather conditions can impact yard and site operations, Samsung Heavy Industries provides clients with daily weather updates to support timely and appropriate actions.

Support for the Implementation of Safety Systems by External Suppliers Recognizing supplier safety as a key component of sustainable partnerships, Samsung Heavy Industries conducts comprehensive inspections and provides continuous support across work environments. Upon identifying weaknesses in safety management at supplier sites, the company expands technical support to strengthen their capabilities.

In particular, the Fabrication Solution Group within the Production Technology Division provides technical support for adopting safety monitoring systems to suppliers with limited experience or resources in safety system implementation. Samsung Heavy Industries continues to promote autonomous and systematic safety management among its partners.

Material Topic 3
Occupational Health and Safety
Strategy

Enhancing Safety Education for Vulnerable Groups Samsung Heavy Industries classifies newly hired and foreign workers, who typically exhibit higher accident rates, as safety and health vulnerable groups and strengthens their occupational health and safety training. The company conducts pre-employment safety experience programs for new hires to raise safety awareness and provide firsthand exposure to potential hazards at worksites. The training covers general safety, traffic safety, emergency response (CPR), STAR (Stop-Think-Act-Review) card usage, scaffold work, and electrical/fire safety simulations.

To effectively deliver training to foreign workers without interpreters, Samsung Heavy Industries provides electronic training materials in 10 languages, offering personalized templates. The company also operates newly developed hands-on training programs. In particular, foreign new hires receive reminder-based experiential training within the following quarter in their native languages after initial onboarding.

In response to the growing number of foreign workers, the company also provides ongoing training to cultivate in-house instructors in various languages, thereby internalizing foreign worker education.

| Worker Health and Safety Training

Classification	Target	Contents	Frequency
Statutory Training	Temporary Visitors (Short-term)	Temporary Visitor Safety Training I (Online)	Daily
	Temporary Visitors (Long-term)	Temporary Visitor Safety Training II (In-person)	As needed
	New Employees	Special Occupational Health and Safety Training for New Employees	As needed
	Managers and on-site managers (Direct/suppliers)	Supervisor Statutory Training I & II (In-person/Online)	Once a year
Internal Training	Executives and Team Leaders in Production Departments	Special Training for Executives/Team Leaders	Three times a year
	Safety instructors in production departments	CPR Instructor Training and Dissemination Education	Four times a year
	Line/Safety Officers (Direct/suppliers)	Safety Capacity Building Training	Twice a year
	Newly Appointed Foremen	Special Training for Newly Appointed Foremen	Twelve times a year
	Training Applicants (Managers/Employees)	Manager Participatory TBM Training, Risk Factor Occurrence	4 sessions per year
	Applicant Department Members	Worksite Safety Meeting Training	As needed
	Foreign Workers (including new workers)	Foreigners Remind Training·Special Safety Training	2 to 4 sessions per year
	Foreign Team Leaders	Foreign Worker Safety Leadership Training	2 sessions per year
	Workers with low risk perception	VR-based Risk Sensitivity Training	Monthly
	Risk Assessment Specialists	Risk Assessment Training	As needed
	Violators and Affiliated Managers (Direct/suppliers)	Safety & Traffic Regulation Violation Training	Monthly
	New hires who did not pass the training	Reassessment training for those who did not pass the initial training	Monthly
	In-house Vehicle/Motorcycle/Electric Bicycle Drivers	Traffic Safety Training (Including Traffic Permits)	Weekly

Employee Health Management Samsung Heavy Industries has established a proactive disease prevention system to promote the health of its employees while continuously improving workplace conditions. In addition to regular health check-ups for all employees, the company operates musculoskeletal disorder prevention programs, post-medical examination follow-up programs, and collaborative health promotion programs with public health centers.

Samsung Heavy Industries supports industrial accident returnees who wish to rejoin the workforce by offering rehabilitation programs for up to six months, helping them reintegrate through adaptation training.

To minimize exposure to hazardous elements such as noise, dust, heavy metals, and hazardous chemicals at worksites, Samsung Heavy Industries conducts work environment assessment semiannually. Based on these results, the company implements hearing conservation and respiratory protection programs and continuously improves the work environment by enhancing work methods, blocking exposure to hazardous substances, and reinforcing the use of personal protective equipment. In 2024, the company carried out focused improvement activities for ventilation in assembly workshops and onboard ships.

| Channels for Worker Participation and Consultation on Health and Safety

Participation	• Statutory and in-house occupational health and safety training for employees • Occupational safety and health training for new workers and vulnerable groups, including foreign workers • Safety Inspections and Risk Factor Identification • Risk Assessment	Consultation	• Labor-Management Council • Occupational Safety and Health Committee • HSE Alliance Committee • Occupational Safety and Health Meetings
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Introduction of Design for Safety (Dfs) System Samsung Heavy Industries proactively identifies potential safety hazards in the production process and reflects mitigation measures at the design stage to fundamentally eliminate or reduce inherent risks. This approach secures worker safety while enhancing operational stability and efficiency in production.

The concept of Design for Safety (Dfs), which involves integrating potential risk factors into design drawings to preemptively eliminate hazards, originated in the construction industry and has been preemptively applied to shipbuilding by Samsung Heavy Industries. Dfs has now become a core component of the company’s safety design strategy.

Dfs enables the removal, substitution, or reduction of risks prior to production at a relatively low cost and internalizes safety from the design phase, creating a safer work environment and enabling worker-centered field management.

Samsung Heavy Industries also achieves a more efficient fabrication environment by minimizing unnecessary work risks and production losses through risk-reducing design. In particular, the Fabrication Solution Group leads the company-wide review and implementation of Dfs across all processes, while continuously advancing the technology-based integrated management system.

| Dfs Proposal Procedure



.....▶ 2024 Dfs Implementation Plan
60 cases



Material Topic 3

Occupational Health and Safety Strategy

SMART HSE Management

Advancement of Integrated Monitoring System Samsung Heavy Industries has enhanced its incident response capability by advancing an integrated monitoring system. Previously dispersed risk monitoring systems managed by the Safety and Environment Team, Infrastructure Technology Team, and Information Security Team were consolidated to enhance the efficiency of occupational health and safety risk management. The company has significantly expanded monitoring coverage through the deployment of thermal imaging cameras at EV charging stations, mobile CCTV units for high-risk operations, and drone-based surveillance systems. In addition, the Traffic Management System (TMS) was implemented to streamline the entry/exit process and reduce yard congestion, thereby reinforcing traffic safety management.

In May 2025, the company established an Integrated Safety Control Center at the Geoje Shipyard, serving as a smart control tower that enables real-time monitoring of safety, security, and infrastructure using AI-powered CCTV and smart helmets to verify information of accident victims in real time.

Enhancing Occupational Health and Safety Training through Digital Transformation Samsung Heavy Industries utilizes VR-based training programs to realistically simulate hazardous situations that may arise in actual worksites, aiming to raise safety awareness and train employees in identifying and eliminating risk factors. A total of 55 training modules, covering forklift operation, aerial work platforms, fall hazards, and other shipyard-specific risks, have been developed and are currently in operation. Feedback from employees is actively incorporated to improve training quality, and new content will continue to be developed based on risk assessments.

| Safety Integrated Control Center



| VR Safety Training



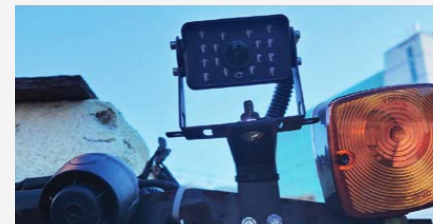
Implementation of Smart Control System Samsung Heavy Industries has introduced a smart control system to enhance safety in high-risk operations. All forklifts at worksites are equipped with human-detection cameras to prevent accidents, and the company has integrated the system with a qualification monitoring platform to block unlicensed operation of heavy equipment. In addition, real-time monitoring of operating units and utilization rates in real time to enhance operational efficiency.

To ensure a safe working environment in confined spaces, Samsung Heavy Industries is actively applying smart technologies. A confined space work management system has been developed to enable real-time monitoring, and efforts are underway to automate gas detection using Mesh-Network technology, thereby continuously strengthening safety management.

| Cases for Smart Control Application

Case Study 1. Forklift Collision Prevention System

To prevent workplace accidents, Samsung Heavy Industries installed a four-channel camera system on forklifts, which automatically activates internal and external alarms upon detecting a human presence within a designated range. This system preemptively identifies potential collisions between equipment and workers, contributing to accident prevention through immediate alerts.



Case Study 2. Confined Space Integrated Management

To address the risk of hazardous environments such as gas leaks in confined spaces, Samsung Heavy Industries installed low-power wireless gas detectors and connected them to an integrated management system. This enables real-time monitoring of hazardous conditions and establishes an immediate response system, significantly enhancing onsite safety.



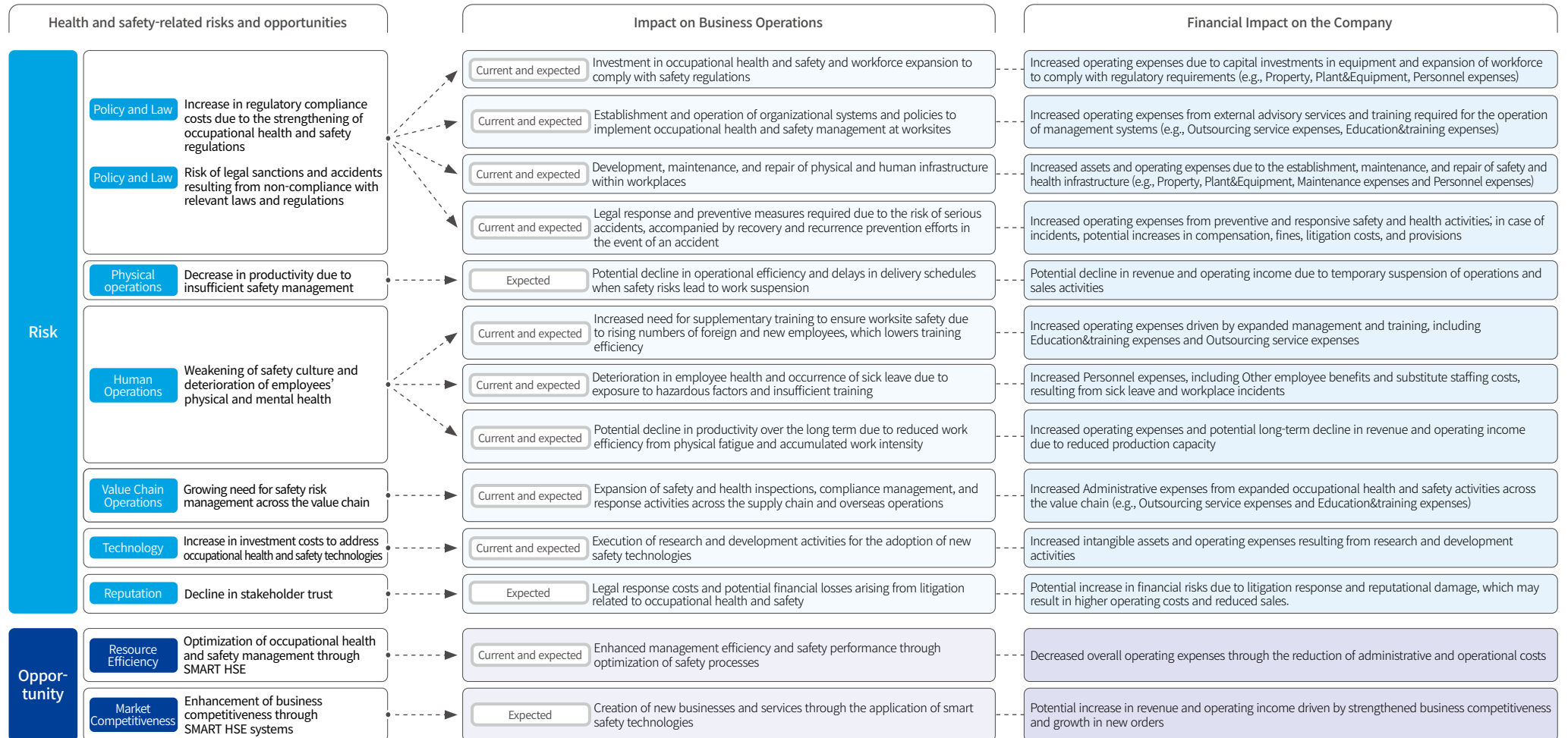


Material Topic 3

Occupational Health and Safety Strategy

Step 4. Financial Impact Analysis

Samsung Heavy Industries has established a foundation to holistically assess its response capabilities and resilience by analyzing how key occupational health and safety-related risks and opportunities impact its financial performance, and by evaluating the financial implications of implementing corresponding response strategies.



Material Topic 3

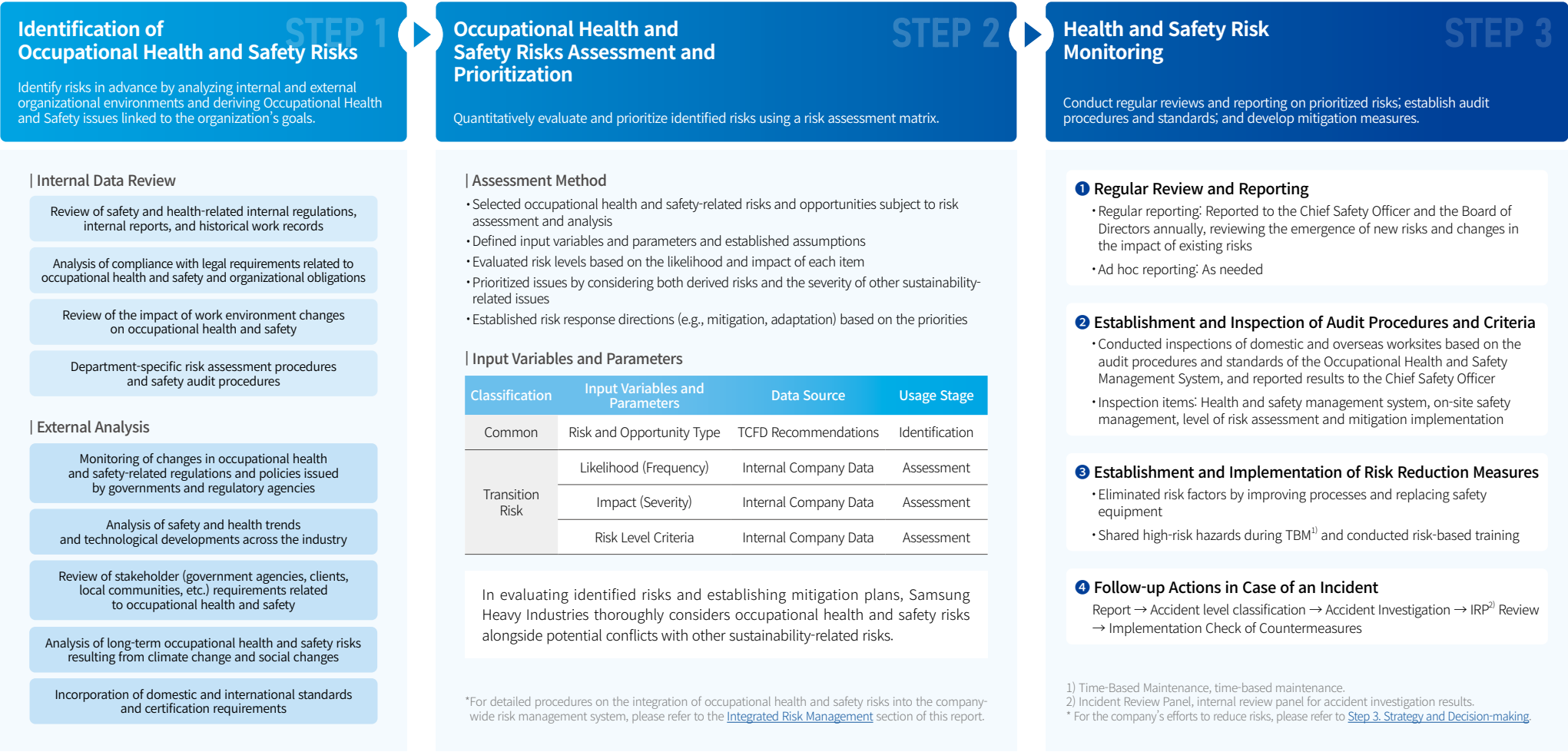
Occupational Health and Safety

Risk Management

Samsung Heavy Industries recognizes occupational health and safety risks as a core management risk and incorporates them into its company-wide risk management system for structured response. These risks are managed company-wide through a structured process of identification, assessment, response, and review, thereby continuously enhancing the organization’s resilience and response capabilities against workplace hazards.

Occupational Health and Safety Risk Management Process

Samsung Heavy Industries identifies and assesses occupational health and safety related risks annually and monitors them systematically to ensure proactive management.



Material Topic 3
Occupational Health and Safety
Metrics & Targets

Samsung Heavy Industries places the life and health of its employees and supplier’s personnel as its top priority. The company operates an integrated occupational health and safety management system that applies uniform goals regardless of employment type. Based on company-wide implementation, the company manages performance using key indicators such as the number of actual incidents and the lost time incident frequency (LTIF), while systematically promoting field-oriented activities to enhance preventive and response capabilities. Aiming for zero serious accidents, the company is expanding the scope of application, refining performance management, and internalizing proactive prevention as key directions, pursuing these efforts through both short-term outcomes and mid-to-long-term improvements.



Health and Safety System and Management Framework

Number of Worksites covered by the Occupational Health and Safety Management System¹⁾ (ISO 45001)

Application Rate of the Occupational Health and Safety Management System²⁾ (ISO 45001)

Performance

4 locations

Approximately 99%

2025 Goal

Maintain ISO 45001 certification

Mid-to-long-term Goal

Strengthen occupational health and safety management framework through advancement of safety and health systems

1) Geoje Shipyard, Pyeongtaek High-Tech Plant, China Rongcheng Corporation, Nigeria Corporation
 2) The indicated application ratio refers to the proportion of total sales; based on consolidated employees, the application ratio is approximately 93%.



Accident Performance and Rates

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Serious Accidents	0 case	1 case	Achieve Zero Serious Accidents	Achieve Zero Serious Accidents and major industrial accidents
Lost Time Injury Frequency (LTIF)	0.65 cases per million hours	0.55 cases per million hours	Achieve LTIF ≤ 0.60	Achieve LTIF ≤ 0.5
Total Recordable Case Frequency (TRCF)	1.6 cases per million hours	1.94 cases per million hours	Achieve TRCF ≤ 1.6	Achieve TRCF ≤ 1.5
Near Miss Incidents		59 cases	Establish a reporting culture for near miss incidents and expand related training	Enhance predictive risk response capabilities by utilizing near miss incidents data



Activities to Enhance Occupational Health and Safety Response Capabilities

	Performance	2025 Goal	Mid-to-long-term Goal
Safety Improvement Activities (S-CAR)	86,053 cases	Strengthen safety improvement activities and emergency response drills	Establish SMART HSE system by advancing digital-based HSE and emergency response systems
Emergency Response Drills	330 sessions		

Material Topic 4

Business Ethics & Compliance

Governance

Role and Responsibilities of the BOD

Samsung Heavy Industries’ Board of Directors determines the Compliance Control Standards and significant matters, and supervises their effective operation in accordance with Article 17 of the Compliance Control Standards (Compliance Officer’s Compliance Inspection) and Article 29 of the Compliance Program Operating Regulations (Management Review). The Compliance Officer reports the status of compliance support activities to the Board annually at the beginning of the year and immediately reports any compliance issues to enable prompt response.

Roles and Responsibilities of the Management

Samsung Heavy Industries operates a Compliance Committee as a decision-making body on compliance control. The Compliance Committee is chaired by the CEO and composed of top executives. It convenes regularly and as needed to share compliance issues and reviews the appropriateness, sufficiency, and effectiveness of the compliance program once a year. Furthermore, Samsung Heavy Industries operates a Compliance Officer system to efficiently operate and control the compliance program. The Compliance Officer, selected as a legal expert under relevant laws, inspects compliance training programs and adherence to compliance standards and reports annually to the Board. In case of compliance issues, reports are made to the Board to minimize risks of legal violations.

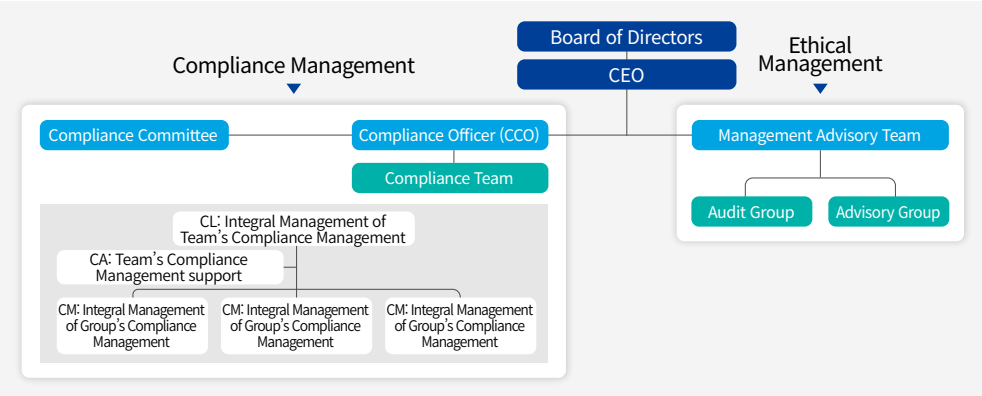
Samsung Heavy Industries has a Compliance Team directly under the CEO dedicated to compliance management, empowered with authority to independently control compliance issues through prompt reporting procedures when such issues arise. Regular reports on compliance status are made to the CEO and CFO to establish a rapid response system for compliance issues. Additionally, embedding compliance management, training, and dissemination of compliance messages within the organization are included in MBO evaluation criteria. Efforts are made to foster compliance awareness and culture by selecting exemplary compliance cases among employees. Each operational unit appoints Compliance Practitioners known as CL (Compliance Leader), CM (Compliance Manager), and CA (Compliance Assistant). These practitioners are responsible for managing compliance within their units and handle compliance control training and communication.

To practice ethical management, Samsung Heavy Industries operates an independent Management Advisory Team directly under the CEO that conducts ongoing audit activities and provides fraud prevention training to employees. The team also operates an internal whistleblowing and reporting program under security maintained by the Compliance Group within the team.

| 2024 Compliance Committee Operation Results

Classification	Date	Main Contents
Regular (First Half of the Year)	2024.03.08	- Report on 2023 Operational Results and 2024 Key Implementation Strategy - Report on Major Compliance Issues (Sanctions, Anti-Corruption, Serious Accident Punishment Act, etc.)
Regular (Second Half of the Year)	2024.08.29	2024 CP Key Focus Areas Progress - Major Compliance Regulation Amendments (Anti-Corruption Compliance Policy and Procedures)

| Compliance Management and Ethical Management Governance Structure



Controls and Procedures of the Management

Acquisition of ISO Integrated Certification and Corruption Risk Assessment

Samsung Heavy Industries has strived to enhance the reliability of its ethics and compliance management system and establish internal systems that meet international standards. As a result, in September 2023, it became the first in the shipbuilding industry to acquire integrated certification for Compliance/Anti-Corruption Management Systems (ISO 37001/37301), and passed the follow-up audit in September 2024. During the certification process, internal management systems compliant with international standards were reestablished across relevant laws including accounting and tax law, fair trade, anti-corruption, governance, export regulations, and employment labor. Based on this, annual corruption risk assessments are conducted at two domestic worksites where ISO 37001/37301 apply, with necessary measures taken for identified risks. Additionally, in 2023, Samsung Heavy Industries became the first in the domestic shipbuilding industry to voluntarily join the UN Global Compact (UNGC), faithfully implementing its ten principles on human rights, labor, environment, and anti-corruption.

| Management System Certification

Classification	Certification Standard ¹⁾	Validity Period
Geoje Shipyard	ISO 37001/37301	~2026.09.20
Pangyo R&D Center	ISO 37001/37301	~2026.09.20

1) The certification applies to approximately 92% of total sales, and to approximately 79% of employees on a consolidated basis.



Material Topic 4
Business Ethics & Compliance
Governance

Establishment of Key Compliance Management Regulations

Samsung Heavy Industries establishes and discloses key regulations related to compliance management to enable stakeholders to make proper judgments in the event of ethical or compliance-related conflicts.

Through the ‘Code of Conduct’, Samsung Heavy Industries acknowledges that ethics and compliance management are the foundation of sustainable management and commits to corporate social responsibility and roles. The Code of Conduct is managed in three languages—Korean, English, and Chinese—to cover all worksites. The ‘Ethics Charter’ within the Code of Conduct includes provisions that all Employees at domestic and overseas Worksites must comply with, and encourages suppliers, communities, customers, shareholders/investors related to the company’s business activities to adhere to the Ethics Charter.

Additionally, to prevent Employees from violating anti-corruption laws, standards and procedures to be followed during work are stipulated in the ‘Compliance Control Standards’ and ‘Anti-Corruption Compliance Policy and Procedures.’ Requirements for Samsung Heavy Industries’ suppliers are defined in the ‘Third party CP Guide.’

-  Code of Conduct
-  Compliance Control Standard
-  Anti-Corruption Compliance Policy and Procedures
-  Third Party CP Guide

Performance Metrics & Remuneration Policy

Samsung Heavy Industries operates an evaluation and remuneration system for executives and operational departments to internalize compliance management. The MBO evaluation criteria for executives include activities to disseminate compliance messages within the organization, and team leaders (CL, Compliance Leader) of each operational department are also evaluated based on the same standards. This ensures that management leads by example in practicing compliance management. For operational departments, CP activity performance of compliance assistants (CA) is evaluated to encourage compliance activities. Key evaluation indicators include CP training completion rates, number of internal training sessions conducted, and participation rates in compliance pledges, enabling systematic management of compliance activities by each department. Since 2016, the ‘Compliance Best Practices’ system has been in place to select and award employees who demonstrate outstanding compliance activities, and since 2020, annual company-wide exemplary awards (CP category) have been presented. In 2024, based on achievements such as strengthening internal cartel prevention activities and operating compliance bulletin boards within teams, one top employee and three outstanding employees were selected as Best Practices. Additionally, one employee who contributed to risk management related to economic sanctions was awarded the company-wide exemplary award (CP category). Samsung Heavy Industries aims to encourage employees’ implementation of compliance management and establish a sustainable compliance culture based on this evaluation and compensation system.

Strategy

Risks and Opportunities

Samsung Heavy Industries has assessed risks and opportunities that could affect the company, taking into consideration policies and operational environments related to corporate ethics and compliance. Samsung Heavy Industries has identified risks and opportunities that may impact the company. With ESG-related regulations tightening, failure to comply with laws in a timely manner can lead to operational uncertainties and legal risks, while concerns about ethical risks among stakeholders are increasing. Conversely, strengthening ethical management and internal controls presents opportunities to improve organizational culture and enhance corporate trust.

Risks and Opportunities Related to Compliance Management

Risks and Opportunities		Description	Expected Time of Impact		
			Short-term (~1 year)	Mid-term (2~5 years)	Long-term (6~10 years)
Risk	Policy and Law	Legal Risk As ESG-related regulations (e.g., supply chain due diligence obligations, environmental protection laws, anti-corruption regulations) are strengthened, failure to comply with domestic and international laws and regulations may increase business operation uncertainties due to legal sanctions and reduce trust in the market.	●	●	●
	Reputation	Corruption Risk Global stakeholders, including investors, emphasize supply chain ethics, meaning that ethical issues such as bribery, receipt of money or valuables, and unfair trade can lower corporate trust and lead to avoidance of transactions or negative impacts on ESG evaluations.	●	●	●
	Operations	Internal Control Risk If internal control processes are unclear or control mechanisms do not function effectively, operational issues such as accounting manipulation, internal information leakage, and inadequate risk management may arise, increasing inefficiency in decision-making. This can lead to resource misuse, expanded legal and regulatory risks, and weakened crisis response capabilities.	●	●	●
Opportunity	Reputation	Enhancement of Corporate Image By practicing ethical management, a positive organizational culture can be formed and fair trade order maintained, thereby enhancing trust among various stakeholders such as employees, suppliers, and communities.	●	●	●



Material Topic 4

Business Ethics & Compliance Strategy

Strategy

Strategy and Decision-making

Compliance Management Strategy Framework

Vision	Blocking the possibility of legal infringement during business activities and establishment of law-abiding management as a corporate culture
Goal	Global-level CP operation Focus management areas Minimization CP risks in key management areas (anti-corruption/US sanctions/subcontracting)
Goal	Sustainable management culture of compliance Integration of compliance programs into work procedures Compliance programs (preliminary prevention/monitoring/post-management) Management team's firm commitment to compliance

Employee Awareness Enhancement

Employee Training Samsung Heavy Industries operates effective and systematic ethics and compliance training programs to prevent and respond to legal risks employees may face during work. To enhance the effectiveness of compliance training, focused anti-corruption training on recent issues was conducted for high-risk departments such as sales departments with high anti-corruption risks, corporations with high economic sanctions and subcontracting risks, and high-risk departments such as production and purchasing, targeted departments, focusing on anti-corruption training on recent issues and subcontracting, economic sanctions, training was intensively conducted.

Since 2023, overseas corporations have been targeted for direct visits by Compliance Team lawyers for self-training status checks. Compliance Team lawyers directly visit overseas corporations to check their self-training status. The company conduct inspections and provide customized training tailored to local conditions. Additionally, Anti-corruption training for all employees, including new and experienced employees, and contract workers, We are conducting both online and offline lectures to enhance the ethical awareness of our employees and to raise their vigilance.

Supplier Training Samsung Heavy Industries is conducting third-party compliance due diligence for suppliers contracting with Samsung Heavy Industries. During the third-party compliance due diligence process, we provide training using video media on the Anti-corruption policy that must be followed when dealing with Samsung Heavy Industries, and in 2024, 1,839 internal and external suppliers completed this video training.

Compliance Newsletter Publication Samsung Heavy Industries publishes a monthly compliance management newsletter to inform employees of internal and external compliance-related news, essential information, updates on compliance-related policy establishment and revisions, and detailed contents. The newsletter includes information on overseas sanctions relevant to Samsung Heavy Industries, employee conduct guidelines to eradicate anti-corruption acts, and international community policies related to ESG. In 2025, short-form content will be added to the newsletter to help employees more easily understand complex legal information and contribute to spreading a company-wide compliance culture.

2024 Compliance Newsletter Publication Details

February	US Sanctions Authority Designates "Zvezda Shipyard" as SDN
June	US Sanctions Authority Designates "Ship Under Construction at Zvezda" as SDN
August	US Sanctions Authority Designates "Four NYK ships delivered from Samsung Heavy Industries" as SDN
April	Is it permissible to provide 'gifts' or 'meals' to public officials learned about through work?
July	Is it permissible to provide such gifts to shipowners?
September	A business partner invited me on an overseas business travel. Is it acceptable to participate?
November	For public officials invited to our company events, what are the limits for meals and gifts?
January	What is the EU Sustainability Disclosure Directive?
April	Only US vessels can enter US ports? (US Jones Act)
May	The European Parliament adopts the Corporate Sustainability Due Diligence Directive... What impact will it have on our company?
October	October The US Federal Trade Commission's effort to abolish the prohibition on dual employment was blocked by the court

CP Regulations/Guidelines Amendments and Revisions History	
March	Subcontracting Transaction Practice Guide Revision (6th) Reflecting changes due to related law amendments such as disclosure of subcontract payment terms
September	Anti-Corruption Law Compliance Regulations (6th) Establishment of regulations conforming to global standards such as anti-money laundering
September	Internal Transaction Guide Establishment Enhance transparency in internal transactions with group affiliates
October	Economic Sanctions and Export Control Compliance Guide Establishment To manage risks related to overall sanctions due to continuous strengthening of overseas economic sanctions and export controls



Material Topic 4
Business Ethics & Compliance
Strategy

Team-based Thematic Training and Self-Inspection Samsung Heavy Industries designates the third Tuesday of every month as ‘Compliance Day’, during which each team conducts thematic training and self-inspection of risks related to their respective duties.

| Team-based Training and Risk Assessment Theme in 2024

Date	Theme	Date	Theme
2024.01	Importance of Compliance Management	2024.07	Prohibition of Unfair Subcontract Payment Determination
2024.02	2024 Compliance Program and Compliance System	2024.08	Suppliers Technical Data Request
2024.03	Overseas Sanctions	2024.09	ESG and Compliance Management
2024.04	Anti-Corruption	2024.10	Trade Secret Protection
2024.05	Illegal Dispatch	2024.11	Personnel Information Security
2024.06	Issuance of Documents	2024.12	Compliance Management Activities by Operational Departments

Strengthening Compliance Management System

Securing Compliance Management Experts Samsung Heavy Industries has assigned one dedicated overseas lawyer to the Compliance Team, the compliance management organization, to operate a systematic compliance management program, and is focusing on cultivating Certified Compliance Professionals (CCP). Currently, we have six compliance management experts and four ISO 37301 certified auditors, striving to operate a compliance management system that meets international standards.

Compliance Program Samsung Heavy Industries establishes and manages performance of a Compliance promotion plan to build an autonomous compliance culture through the operation of compliance programs. We set feasible plans and annually conduct activities to reduce compliance risks within the company based on these plans. Additionally, based on compliance risk assessments, we set goals such as revising related policies, training and publicity, and supporting overseas subsidiaries, and faithfully implement them.

Continuous Operation of Compliance Management System The Compliance Team monitors daily trends on compliance-related policies and issues from media and government announcements through RPA (Robotics Process Automation), and regularly collects related information from law firms and other specialized institutions. Based on this, we publish a monthly compliance management newsletter or operate an urgent notification system called ‘CP HOT’ when necessary, distributing it to employees.

Also, compliance review is mandatory when drafting or revising work standard documents. All work standard documents within the company are reviewed by the Compliance Team to confirm whether they contain any content violating laws or company regulations before finalization. In 2024, a total of 1,121 work standard documents were reviewed and agreed upon. Samsung Heavy Industries operates a compliance advisory system that allows employees to consult one-on-one with experts in each field when they have questions during work or find it difficult to determine legality based on manuals alone. In 2024, 1,461 compliance and legal consultations were conducted.

| Major Compliance Inspection Activities in 2024

Classification	Inspection Target	Period
Internal Audit	Regular Internal Audit	July
Anti-Corruption	Compliance with Business CP Practices	Occasional
	Status of Provision of Gifts/Hospitality/Travel Provided by High-risk Departments	July
	Status of High-Risk External Sponsorships	July
	Compliance Due Diligence Implementation Status for Service Providers/Negotiated Contracts	July
Prevention of Collusion	Collusion Prevention Inspection (Competitor Contact Report Details)	October
Subcontracting	(Hi-Tech) Subcontracting Linkage System Implementation Status	January
	(Purchasing/Hi-Tech) Subcontracting Linkage System Implementation Status	April
	(Purchasing/Design) Contract Procedures (Issuance of Documents/Payment Determination, etc.)	December
	(Hi-Tech) Contract Procedures (Issuance of Documents/Payment Determination, etc.)	October
Serious Accidents	(Regular) Implementation status of safety and health duty obligations under the Serious Accidents Punishment Act	May, July
	(Special) Initial Response Inspection for Serious Accidents	April
	(Special) Serious Public Accident Prevention Inspection	October
Special Inspection of Overseas Branches	Special Inspection of London Branch	May

Material Topic 4

Business Ethics & Compliance

Strategy

Financial Position, Financial Performance, and Cash Flow

Samsung Heavy Industries identified the main financial impact pathways to understand how risks and opportunities related to corporate ethics and compliance affect financial performance. In this process, it was recognized that various factors such as legal compliance, internal controls, and ethical management could impose financial burdens. Conversely, it was also confirmed that establishing a trust-based management system can positively influence mid-to-long-term corporate value creation.

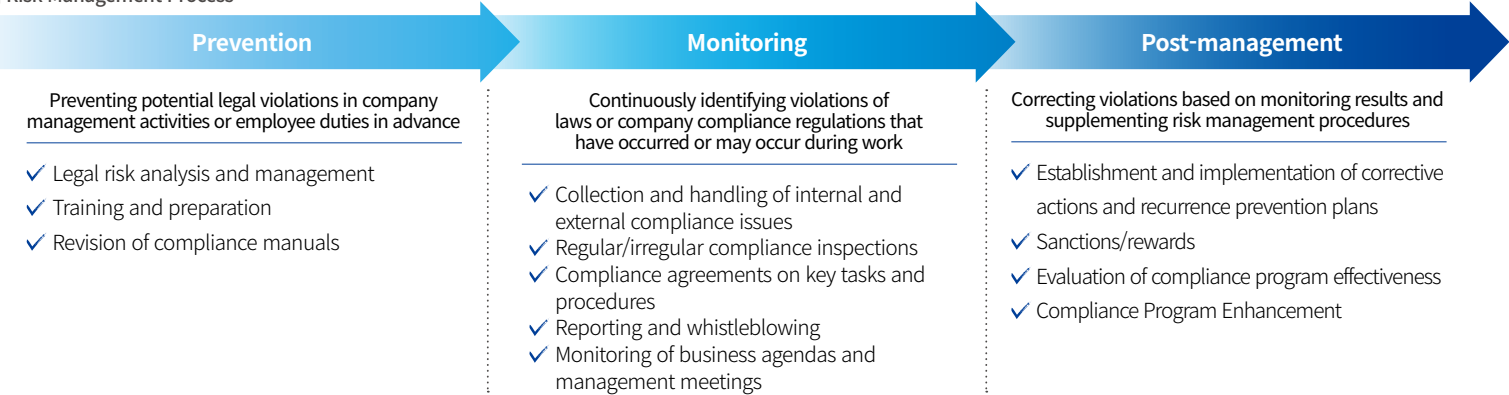
| Impact on financial position, financial performance, and cash flow during the reporting period

Issue	Pathway	Expected Financial Impact	
Business Ethics & Compliance	Costs arising from violations of relevant laws and regulations such as the Fair Trade Act and Supply Chain Due Diligence Act	Other General Administrative Expenses • Legal Advisory Fees • Audit Costs • Risk Assessment and Management Costs • Quality Control Costs • Preventive Measures and Improvement Costs	Intangible Assets • Compliance System Implementation • Development of Ethical Management Programs • Development of Internal Control Systems • Audit Infrastructure Establishment
	Decrease in sales due to decline in corporate trust and image caused by ethical issues such as unfair trade and corruption		
	Fraud or misconduct by employees due to inadequate internal controls, leading to financial losses		
	Errors in financial reporting processes due to improper internal controls, potentially resulting in incorrect financial information disclosure and subsequent lawsuits from investors and stakeholders	Education&training expenses • Ethics Training Expenses	Property, Plant&Equipment • Audit Infrastructure Establishment
	Increased operating costs or inefficient business operations due to weak internal controls, negatively impacting financial performance		
	Reduction of legal sanctions and fines through fostering a sound organizational culture by complying with the Code of Ethics and Business Conduct		
	Increase in product demand and sales due to enhanced corporate trust in the market		Revenue and Cost of Goods Sold Non-operating Expenses

Compliance Management Risk Control System

Samsung Heavy Industries' compliance management risk control system operates in a cyclical structure of 'prevention - inspection & monitoring - post-management.' Through systematic compliance activities, it identifies legal violation risks related to business areas such as fair trade and anti-corruption in advance. The company has established regulations, detailed guidelines, codes of conduct, and manuals for each area, which are continuously provided to employees. Through ongoing monitoring and active support, compliance risks by field are effectively managed. Since 2019, external professional organizations have conducted effectiveness assessments of compliance programs in key business areas. The 35 improvements identified during the 2023 ISO 37001/37301 integrated certification process were addressed through guideline and manual revisions and advancing the compliance program in 2024. Additionally, 14 improvements identified in 2024 have been incorporated into the 2025 compliance program operation plan to promote continuous improvement.

| Risk Management Process



| Identified Improvement Items (Partial)

- ✓ Diversification/segmentation of risk control measures
- ✓ Addition of Whistleblower Protection Provisions to the Reporting Procedure Guidelines
- ✓ Establishment of due diligence procedures when transferring to high-risk departments



Material Topic 4

Business Ethics & Compliance

Risk Management

Compliance Management Risk Control Activities

Compliance Risk Assessment

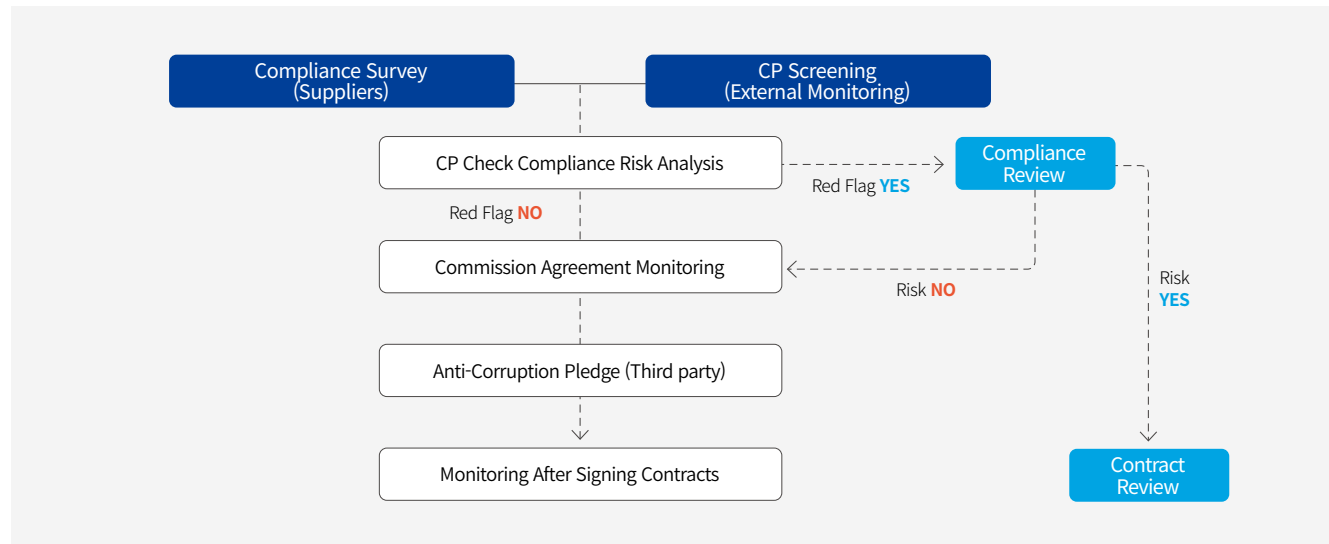
Samsung Heavy Industries conducts compliance risk assessments four times a year to reflect key internal and external issues related to compliance control and to enhance the effectiveness of compliance controls. Compliance risks are evaluated considering potential occurrence likelihood and impact on management, and the effectiveness of compliance controls (training, monitoring, inspections, etc.) for these risks is reviewed and improved.

To identify risks that may arise during employees' work processes, compliance self-assessments are conducted across 71 teams (company-wide). The compliance self-assessment evaluates the implementation and awareness of the company's compliance control system, including anti-corruption, fair trade, win-win cooperation, and labor/human rights areas. Based on the evaluation results, internal audits led by the Compliance Team are conducted to implement risk mitigation measures such as risk-type-specific training, enhanced monitoring, and CP sanctions.

Enhanced Risk Management Activities for the Business Areas

Samsung Heavy Industries implements more detailed and strengthened compliance controls for the business areas, which has a high risk of corruption. In particular, risk reviews and response measures at key sales stages such as pre-order agenda review meetings and order review meetings are mandatory. When compliance risks are identified during this process, in-depth compliance due diligence is conducted if necessary to understand detailed risk contents, and risks are managed through guidance provision and compliance agreements to resolve them before contract signing.

| CP Controls by Sales Stage



Third-Party Compliance Due Diligence

Samsung Heavy Industries distributes its commitment to compliance management and policies to suppliers. The Code of Ethics includes the company's own anti-corruption and internal regulation compliance content as well as codes of conduct necessary for shared growth with suppliers in areas such as human rights, environment, and health and safety. Annual compliance surveys and compliance pledges are conducted for suppliers to manage anti-corruption for third-parties.

In 2021, based on the results of an external professional institution's compliance assessment, the scope of compliance due diligence items was expanded. If compliance issues were found, transactions were either not conducted or in-depth compliance due diligence was performed to guide adherence to Samsung Heavy Industries' compliance management guidelines. In particular, compliance due diligence questionnaires were distributed to all current suppliers and all overseas suppliers transacting with overseas subsidiaries to reassess risks. For specific project suppliers, compliance risks were checked, and improvement and supplementation measures were established with relevant departments to build a reasonable supply chain system.

Furthermore, by producing videos outlining the requirements that suppliers must comply with, Samsung Heavy Industries supports clear understanding and adherence to its compliance policies by partners, thereby realizing shared growth and fulfilling social responsibility through positive mutual interaction. From 2023, a subcontracting dispute mediation body has been established within the Compliance Team to promote win-win cooperation with subcontractors.



Material Topic 4

Business Ethics & Compliance

Risk Management

Operation of Ethics and Compliance Reporting Channels and Whistleblower Safeguarding

Samsung Heavy Industries operates various ethics and compliance reporting channels to enable all stakeholders (including suppliers, customers, and third parties) to safely report illegal or unethical issues such as misconduct, human rights violations, and conflicts of interest. Online channels include email, a reporting hotline (available year-round), website ethics reporting channels (available in Korean and English), and anonymous mobile chat rooms, along with offline compliance mailboxes.

When an incident is reported or recognized through online or offline channels, the report officer receives it and decides whether to investigate according to the 'CP Report and Recognition Handling Guidelines.' Considering the severity of the matter, results are reported up to the Compliance Committee or Board of Directors, and the process is completed with follow-up actions.

| Process for Ethics and Compliance Management Reporting Channel



In particular, a system has been established to protect whistleblowers who utilize the ethics and compliance reporting channels. The Compliance Team is responsible for the whistleblower system and has enabled anonymous reporting to lower barriers. To protect the confidentiality of informants and reported content, report officers and investigators sign confidentiality agreements. Access to all related materials is restricted to designated personnel only and managed separately within the system. Furthermore, identities of related persons involved in reports are also protected to prevent identification of the informant. Retaliation or personnel disadvantages against whistleblowers are strictly prohibited, creating a safe environment for reporting.

Whistleblowing Hotline

Please find below a list of numbers connected to the whistleblowing hotline

The contents of the report and all informations related to whistleblower will be kept strictly confidential and will not incur any disadvantage to the whistleblower in accordance with our regulations.

Compliance team(Pangyo)	Tel : 82-31-5171-7755 Fax : 82-31-5171-6179
Compliance team(Geogje)	Tel : 82-55-631-9999 Fax : 82-55-631-3097 E-mail : cp.shi@samsung.com
Mobile report	

Report on Misconducts & Suggestion / Detail

Reporting Misconducts

Your valuable information/report on any unfair business process or misconducts will be put strictly confidential and will serve to establish a transparent and clear management.

Report to: (Reporting of illegal misconduct can be done from SHI Homepage)

TEL : 82-55-630-5952~4
FAX : 82-55-630-5959
E-mail : audit.shi@samsung.com
ADDRESS : 80, Janggyeong 3-ro Geole-si, Gyeongsangnam-do 656-710, Korea
23, Pangyo-ro 227beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do 463-400

| Actual Cases of Response to Misconduct, According to Reporting Channel

Details

Employee A was found to have repeatedly engaged in external actions contravening the company's ethical guidelines, including receiving personal favors during interactions with suppliers. These incidents included behaviors that could be seen as imposing certain burdens on suppliers or accepting private entertainment, which resulted in discomfort among individuals within the partner organizations.



Resolution Process

In the course of verifying the circumstances, the company obtained a handwritten statement from the individual alongside various reference materials, ensuring that the protection of the informant remained a top priority. To safeguard the informant's identity, no documents were disclosed to the subject under investigation, and the principles of anonymity and confidentiality were rigorously upheld throughout the disciplinary review process.

Furthermore, to proactively prevent any secondary exposure of the informant, document access rights were strictly limited, and informant-related materials were stored separately using a standalone system with multiple layers of protection measures implemented. This case has been documented as a practical application of the internal whistleblower protection system and is intended to serve as a benchmark for managing similar cases in the future.



Material Topic 4

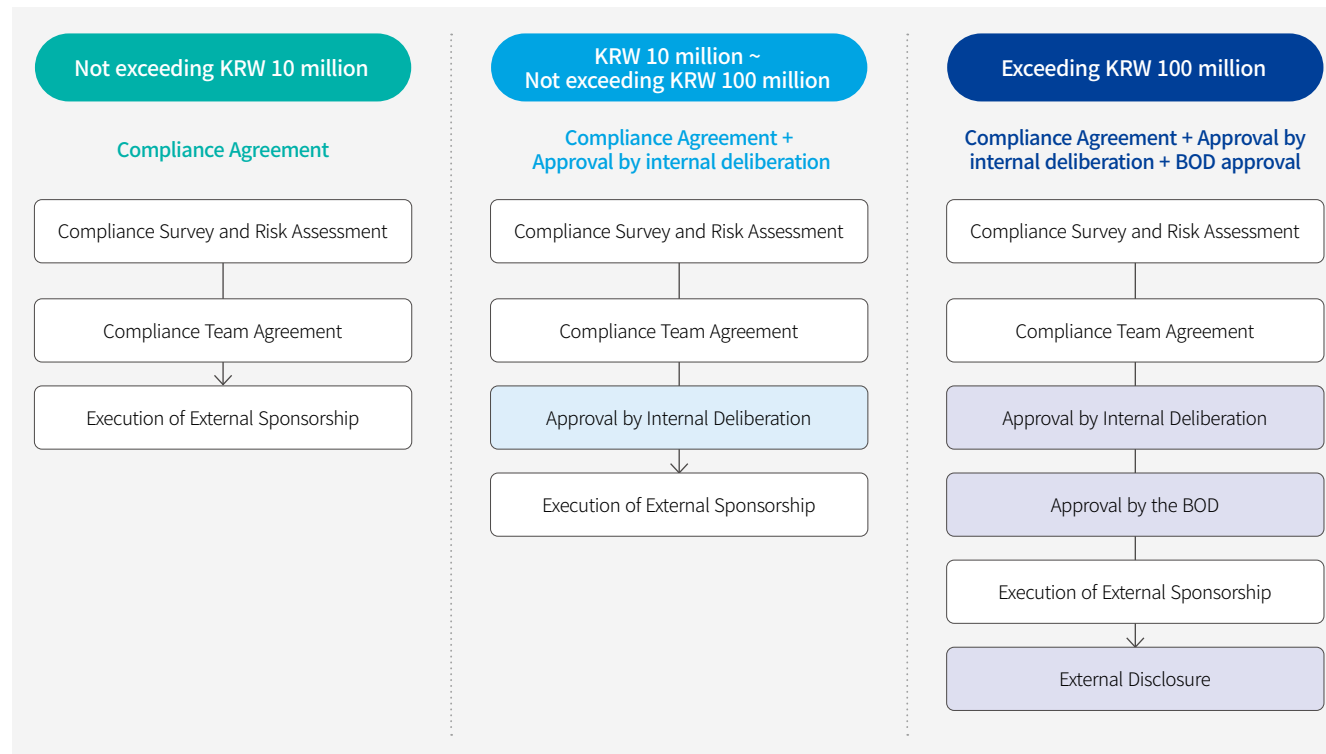
Business Ethics & Compliance

Risk Management

External Sponsorship Compliance Control

Samsung Heavy Industries prohibits any political donations in accordance with the “Anti-Corruption Compliance Regulations.” However, for sponsorships provided in good faith for social contribution purposes, strict internal control procedures are applied to prevent misuse for improper purposes. Since 2018, all external sponsorships have been subject to mandatory prior compliance review based on amount thresholds, and are executed following compliance agreements and internal deliberation committee approvals. For amounts exceeding a certain threshold, approval from the Board of Directors is obtained prior to external disclosure. Additionally, during external professional institution CP assessments, sponsorship-related details are separately reviewed to assess risks, and post-management systems are strengthened by verifying actual usage after payment.

| External Sponsorship Amount-Based CP Control Procedures



| Samsung Heavy Industries Anti-Corruption Compliance Policy and Procedures

Article 9

The company shall not provide any political donations, including contributions to public office candidates and members of the National Assembly.

Article 10

A facilitation payment refers to a small amount paid to lower-level public officials to expedite or facilitate routine government actions... (omitted) Company employees shall not pay facilitation fees under any circumstances.

Provision of Gifts/Hospitality/Travel Compliance Control

Samsung Heavy Industries, in accordance with the “Anti-Corruption Compliance Policy and Procedures,” fundamentally prohibits providing gifts and entertainment that could be considered improper business benefits beyond the scope permitted by law. However, based on goodwill and within reasonable costs allowed by local laws and customs, gifts and entertainment are provided, applying strict internal control procedures to prevent misuse for improper purposes.

Competitor Contact Reporting System

Samsung Heavy Industries strives to prevent collusion that may arise during employees’ business activities in accordance with the “Collusion Prevention Guide.” In principle, employee contact with competitors is prohibited; however, when unavoidable, an internal control procedure called the pre/post competitor contact reporting system is operated.

Material Topic 4
Business Ethics & Compliance
Metrics & Targets

Samsung Heavy Industries continuously strives to foster compliance awareness and cultivate a culture of compliance. To prevent potential legal violations in business activities and establish compliance management as a corporate culture, we operate a global-level Compliance Program (CP) and set goals to minimize compliance risks in high-risk areas such as anti-corruption, subcontracting, and economic sanctions

CP Risk Management

Regular CP (Compliance Program) risk assessments are conducted, with goals set to implement improvement actions for identified risks. In 2024, four risk assessments were conducted, achieving the initial target, and risk improvement actions also reached 100% of the goal. Moving forward, we will establish both short-term and mid to long-term goals to prevent CP risks and continuously improve.

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Number of CP Risk Assessment Sessions	4 sessions	4 sessions	4 sessions	Establishment of procedures for timely risk identification through periodic risk assessments and review of effectiveness after implementation of improvement actions
CP Risk Improvement Action Rate	100%	100%	100% Maintenance	

Enhancing Employee Compliance and Ethical Awareness

To promote employees' compliance and ethical awareness and foster a sound corporate culture, all employees pledge compliance to strengthen individual responsibility. Additionally, 'Compliance Day' is held regularly to reinforce the importance of compliance management, and CP (Compliance Program) publications are issued to provide employees with the latest laws and compliance cases. Through these efforts, we enhance employees' compliance awareness, increase the company's transparency and trustworthiness, and strengthen company-wide risk management capabilities. Furthermore, by setting specific goals for compliance and ethical management activities and systematically managing related metrics, Samsung Heavy Industries aims to effectively communicate its efforts and achievements to stakeholders.

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Employee Compliance Pledge Ratio	100%	100%	100% Maintenance	Based on customized education and advanced practical activities by organization, we internalize compliance and ethical management across all employees to establish a global-level compliance system.
Number of In-house Compliance Day Events Held	12 sessions	12 sessions	12 sessions or more	
Number of CP Publications Released	12 sessions	12 sessions	12 sessions or more	

Material Topic 5
Supply Chain Management
Governance

Role and Responsibility of the BOD

The ultimate authority and responsibility for managing and supervising Samsung Heavy Industries’ sustainable supply chain management lies with the ESG Committee. The ESG Committee deliberates and resolves policies and strategies for sustainable supply chain management, reviews management status and plans, and strives to minimize risks within the supply chain.

| ESG Committee Agenda Items

Date	Classification	Main Contents
2024.10.23	Resolution	Establishment of Conflict Minerals Policy
2024.12.20	Report	Supply Chain ESG Support Project Performance/Plan

Roles and Responsibilities of the Management

To strengthen sustainable supply chain management, the Head of Shipyard (CSO) is responsible for on-site contractors, the Head of Strategic Procurement Division Office (CPO) is responsible for on-site contractors, and the Head of Business Management Division (CFO) supports these efforts. Key supply chain issues are submitted to the Management Executive Council, including the CEO, for efficient decision-making. In 2024, a total of 11 supply chain issues were discussed. Continuous development is encouraged by linking the discovery of shared growth improvement tasks to ESG MBOs and performance compensation for executives and above.

| Management Executive Council (including CEO and C-Level executives) Agenda Items (Partial)

Date	Agenda
2024.01.10	Domestic Supply Chain Risk Assessment Results
2024.02.21	Key Procurement Item Supply Capacity Review
2024.03.13	Report on 2023 Performance and 2024 Plan for Large Company Collaboration Projects under Startup Leap Package
2024.03.27	Domestic external suppliers Company Operation Plan
2024.04.24	Monopoly Risk Assessment of Transport Ship Supply Chain
2024.04.24	Status of Withdrawal/Closure of on-site contractors
2024.09.04	Participation in ‘Shipyard Suppliers Win-win Cooperation’ Support Project Hosted by Gyeongsangnam-do Province
2024.10.23	Establishment of Policies for Conflict Minerals

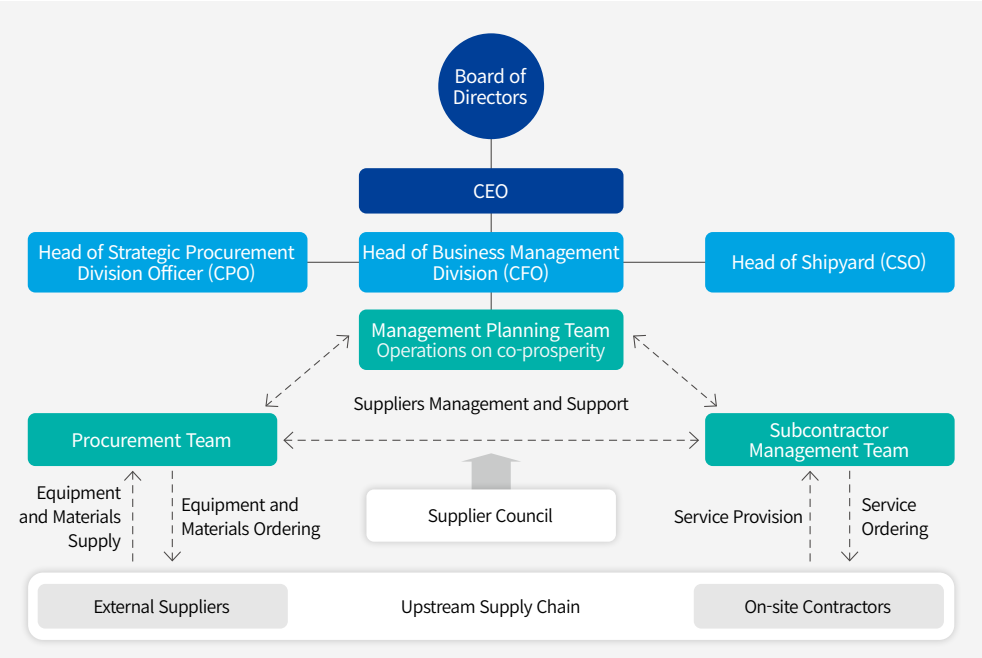
Controls and Procedures of the Management

Supplier Code of Conduct

Samsung Heavy Industries has introduced the ‘Supplier Code of Conduct’ to encourage compliance with social responsibilities, ethical standards, and relevant laws together with suppliers. The Supplier Code of Conduct is established based on global standards and guidelines including the Responsible Business Alliance (RBA), requiring suppliers to fulfill social and environmental responsibilities across five fields: human rights, health and safety, environment, corporate ethics, and management systems. In particular, the human rights field prohibits illegal forced labor & child labor, recommends compliance with statutory working hours, payment of wages above minimum level, and prevention of discrimination and harassment.


[Supplier Code of Conduct](#)

| Supply Chain Management Governance Structure



* External suppliers refer to those supplying equipment such as machinery and devices ordered by Samsung Heavy Industries, while on-site contractors refer to those providing labor for assembly and painting processes within Samsung Heavy Industries’ worksites.

Material Topic 5
Supply Chain Management
Strategy

Risks and Opportunities

Samsung Heavy Industries has identified risks and opportunities that may impact the company based on key regulations and operational conditions related to supply chain management. With the strengthening of ESG-related regulations, supply chain issues can lead to operational uncertainties and risks, increasing concerns among stakeholders.

Risks and Opportunities Related to Supply Chain Management

Risk and Opportunity		Description	Expected Impact Timing		
			Short-term (~1 year)	Mid-term (2~5 years)	Long-Term (6~10 years)
Risk	Policy and Law	Risk of Tightened Supply Chain Regulations		●	●
	Operations	Production Disruptions Due to Supply Chain Instability	●	●	●
	Reputation	Decline in Brand Value Due to Supply Chain Issues	●	●	●

Supply Chain Management Strategy Framework

Vision	Managing supply chain sustainability through establishing a transparent trading culture and enhancing suppliers' competitiveness.
Goal	Co-prosperity management, shared growth and risk management, securing suppliers' capabilities, strengthening equipment procurement competitiveness.
Implementation Strategy	Risk Management on Suppliers
	Supply Chain Sourcing and Advancing
	Cooperation and Competitiveness Enhancement

Strategy and Decision-making

Partnership and Supply Chain Competitiveness Enhancement

Financial Support Samsung Heavy Industries operates various financial programs by sector to support suppliers' fund management. In the Shipbuilding and Offshore sectors, financial support continues through shared growth funds and export finance agreements to reduce suppliers' financing costs. In the High-Tech sector, direct financial support measures are strengthened by easing advance payment criteria to improve the suppliers' cash flow.

Shipbuilding & Offshore Sector

Classification	Key Support Details	Partner Institutions	Expected Effects and Objectives
Shared Growth Fund	Suppliers can borrow at low interest rates using deposit interest.	Financial Institutions	Reduction of suppliers' financing costs.
Export Finance Agreement	Suppliers can borrow when purchasing raw materials for export.	-	Promotion of exports and alleviation of raw material procurement burdens.
Equipment Manufacturer Guarantee Support	Guarantee support to resolve production cost shortages.	Guarantee Institutions (Korea Credit Guarantee Fund, Korea Technology Finance Corporation)	Support for raw material procurement and strengthening order response capabilities of equipment manufacturers.
Contribution Support	Provision of contributions to establish a foundation for equipment manufacturer guarantees.	Ministry of Trade, Industry and Energy, local governments, other shipbuilders, equipment manufacturers, etc.	Building a cooperative foundation and strengthening the ecosystem.

High-Tech Sector

Classification	Key Support Details	Expected Effects and Objectives
Advance Payment	Advance payment standard: differentiated payment from basic 10% up to maximum 30%	Support for securing liquidity of suppliers and establishment of a stable supply chain operation foundation
Emergency Progress Payment	Emergency payment of progress payments in case of unavoidable circumstances for suppliers, in addition to regular payment schedules	Prevention of cash flow disruption for suppliers
Improvement of Retirement Mutual Aid Contribution Payment Method	Improvement of retirement mutual aid contribution payment method for suppliers facing financial difficulties	Mitigation of financial burden on suppliers

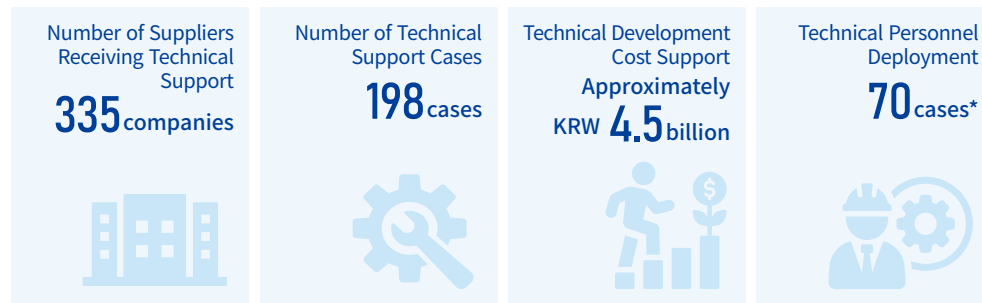


Material Topic 5

Supply Chain Management Strategy

Technical Support Samsung Heavy Industries implements various technical support programs to facilitate mutual growth with suppliers. By providing tailored support aligned with shipyard processes, we help suppliers stabilize productivity and quality. For key processes, we deploy personnel to offer on-site technical improvements. We enhance suppliers' technological independence through collaborations like joint R&D, consignment research, technology usage agreements, and free patent licensing. To safeguard supplier technologies, we fully cover rental fees, offering financial support. These initiatives aim to boost the technological competitiveness of the supply chain and promote a sustainable industrial ecosystem.

| Technical Support for Suppliers in 2024



* Targeted to 29 outfitting process companies, and 41 external structural process companies

Management Support for Sales/Operations Samsung Heavy Industries supports suppliers by enhancing competitiveness in areas like new market development, business stability, and production innovation. In 2024, 253 suppliers were newly registered, with procurement totaling KRW 45.5 billion from 125 of them. We also track payment status between tier-one and tier-two suppliers, improving cash payment ratios to tier-two suppliers and reducing payment cycles. In the high-tech sector, we directly support proposals from suppliers of new construction materials and facilitate supply approval processes with clients to broaden their market reach. In 2024, we proposed registration of equipment suppliers to major electronics firms and domestic clients, and are advancing in the registration process.

Talent Support Samsung Heavy Industries provides training in various fields such as quality, safety, environment, and technology for employees of suppliers and assists in securing overseas labor by supporting their E-7 visa acquisition. We also offer specialized technical training in the shipbuilding and offshore sector for job seekers and facilitate job-matching between them and on-site contractors. In 2024, technical training was provided to 227 individuals in areas including ship electrical systems and CO₂ welding, with 203 of them joining on-site contractors.

Training Support Samsung Heavy Industries regularly conducts workshops and training sessions to embed and promote ESG practices among suppliers. In 2024, the Head of Subcontractor Management Team hosted 15 meetings with representatives of on-site contractors. The ESG Strategy Group organized workshops and training for practitioners, focusing on greenhouse gas management and reduction technologies, emissions calculation practices, and introducing ESG performance of leading suppliers. Our goal is to continually expand ESG principles throughout the supply chain through ongoing engagement. We are committed to promoting ESG integration across the entire supply chain through sustained collaboration.

| ESG Workshops and Training for Suppliers



Cooperation Consultative Body Samsung Heavy Industries operates a biweekly Cooperation Consultative Body on-site to strengthen shared growth with suppliers. This promotes field-centered communication, solidifies trust with suppliers, and fosters a culture of shared growth. These activities contribute to enhancing cooperation during project execution and deepening mutual understanding.

Material Topic 5
Supply Chain Management
Strategy

Supply Chain Sourcing and Advancing

Samsung Heavy Industries strives to minimize supply chain instability caused by external factors such as natural disasters and political/economic turmoil, as well as internal factors like supply chain rigidity leading to reduced market competitiveness, credit ratings, and financial conditions. To this end, the company continuously discovers new supply chains and establishes phased strategies from discovery to nurturing and transactions with potential suppliers to secure a stable supply chain. Additionally, proactive management is conducted for suppliers expected to face disruptions in delivery.

Subcontracting Monitoring Program

Samsung Heavy Industries implements an annual subcontracting monitoring program led by the Compliance Team to enhance employees’ foundational understanding of subcontracting. Online training and assessments are conducted twice a year for employees in design, procurement, and interfaces with suppliers, with results integrated into executives’ performance objectives. Furthermore, an internal audit committee operates to proactively review the fairness and compliance of subcontracting transactions, mitigating risks of Subcontracting Act and related regulations violations.

Compliance Efforts in Purchasing

Samsung Heavy Industries leads efforts to realize fair trade and transparent transactions with suppliers. To achieve this objective, the company implemented a system-based contract conclusion process. This system applies the delivery payment linkage system¹⁾ and is designed to prevent compliance risks such as violations of the Subcontracting Act.

Fair Trade Samsung Heavy Industries encourages first and second-tier suppliers, as well as second and third-tier suppliers, to enter into fair trade agreements. The fair trade agreements between suppliers consist of identical items such as cash payments, disclosure, and expanded support.

1) A system that supports mitigating suppliers’ cost burdens and management risks by reflecting their opinions from the quotation stage considering major raw material price fluctuations and operating it systematically.

Financial Position, Financial Performance, and Cash Flow

Samsung Heavy Industries has derived financial impact pathways to analyze how identified risk factors related to sustainable supply chain management affect the company’s financial performance. Strengthened regulations and transparency demands across the supply chain can lead to increased due diligence costs, customer attrition and sales decline due to ESG issues, and fines resulting from regulatory violations, all of which have financial implications.

| Impact on Financial Position, Financial Performance, and Cash Flow during the Reporting Period

Issue	Pathway	Expected Financial Impact	
Sustainable Supply Chain Management	Increased Due Diligence Costs Due to Strengthened Supply Chain Risk Regulations	Business promotion expenses	Supply Chain Transparency Management Costs
	Production Disruptions and Delays Due to Supply Chain ESG Risks	Commissions paid	Supply Chain Impact Assessment Costs
	Increased Operating Costs for Supply Chain ESG Management	Education&training expenses/Subsidies	Support Costs for Improving Supply Chain Sustainability
	Increased Fines, Penalties, and Litigation Costs Due to Violations of Fair Trade Laws/Regulations	Intangible Assets	Establishment of Supply Chain Transparency and Tracing Systems
	Brand Value Decline Caused by Supply Chain ESG Issues Leading to Sales Decline and Increased Customer Response Costs (e.g., Marketing Expenses)	Investment Assets	Building Supply Chain Collaboration Networks and Partnerships
		Revenue and Cost of Goods Sold	
		Non-operating Expenses	

Material Topic 5
Supply Chain Management
Risk Management

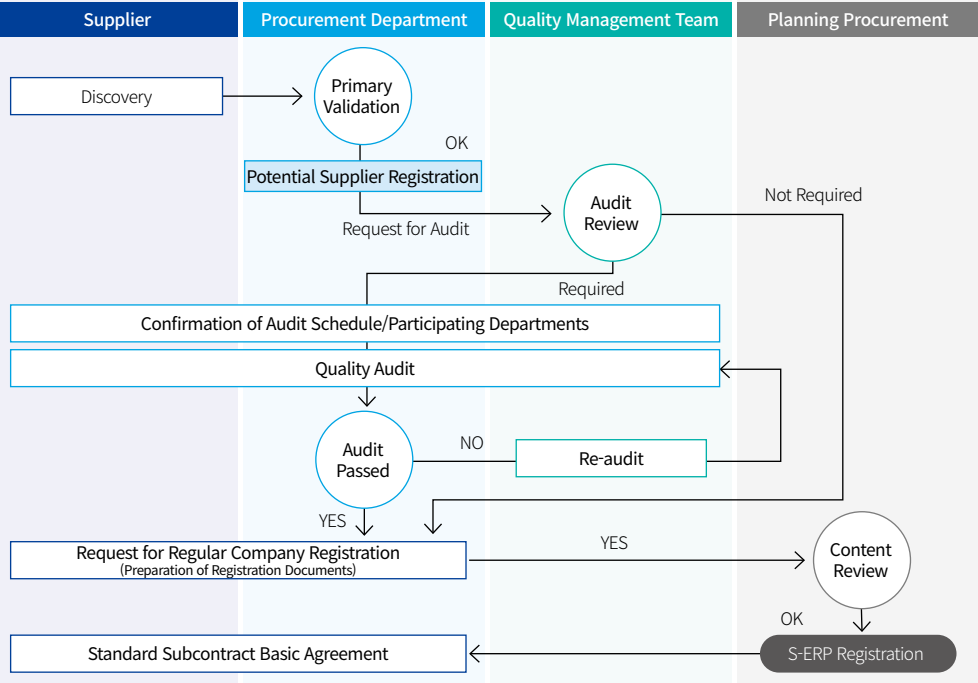
Supply Chain Risk Assessment

Samsung Heavy Industries recognizes that supply chain risks equate to company risks and has established processes to manage all risks that may arise before and during transactions with suppliers. Identified risks are minimized through improvement activities, and the outstanding suppliers receive separate incentives to promote a sustainable supply chain.

Preliminary Risk Assessment

All new suppliers of Samsung Heavy Industries undergo a strict primary verification before transaction registration. When necessary, quality audits and in-depth evaluations verify sustainable procurement capabilities. Based on this, potential risks are closely identified and managed during the selection of supplier process to continuously strengthen the stability of supply chain.

| New Supplier Registration Procedure



Post Risk Assessment

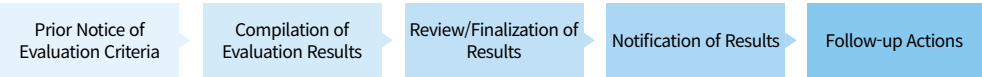
Identification of Supply Chain Subject to Assessment Samsung Heavy Industries comprehensively considers various factors such as business relevance and ESG Management when selecting key suppliers. Business relevance is evaluated based on the importance of materials supplied and procurement proportions, while ESG Management assessment considers risks inherent in the suppliers' location, industry sector and the feature of product.

On-site Contractors Assessment Samsung Heavy Industries conducts a comprehensive evaluation twice a year for registered on-site contractors. The evaluation covers five categories: production, quality, safety, management, and cooperation. To ensure transparency and fairness, evaluation criteria and standards are announced in advance. Specifically, the safety

category includes detailed criteria such as occurrence of safety accidents, attendance rate at safety training, identification of HIPO (High Potential Incident) near-misses, and risk assessments.

Additionally, Samsung Heavy Industries regularly reviews the comprehensive assessment criteria every March and September to ensure fair assessments. During this process, feedback from related departments is collected, the appropriateness of VOC (Voice Of Customer) is evaluated, and interdepartmental consultations determine improvement directions. Finally, improvements to the comprehensive evaluation criteria are compiled and distributed to suppliers. This enhances the reliability of on-site contractors assessments and operates a fair and transparent management system through continuous improvement.

| On-site contractor Regular Evaluation Flow



Follow-up Actions for On-site Contractors Assessment Samsung Heavy Industries implements follow-up actions based on on-site contractors risk assessment results by awarding incentives such as prize money and plaques to outstanding suppliers and requiring improvement plans from underperforming suppliers. To enhance the effectiveness of assessments on contractors, the company decided to expand incentives and penalties starting in 2025. The incentive recipients will increase from 10% to 15% of all evaluated suppliers, with prize money adjusted for A/B grades from 5% to 10% and 2.5% to 5% of the average monthly progress payment respectively. In 2024, a total of KRW 369 million in prize money was awarded to leading suppliers.

On the other hand, if on-site contractors accumulate penalty points above a certain threshold due to poor performance, four measures are implemented to strengthen risk management: volume reduction, contract termination, expansion of contract performance deposit collateral, and exclusion from financial support. These measures focus on inducing performance improvement in on-site contractors and minimizing risks. Furthermore, through this assessment and subsequent actions, we strive for sustainable mutual growth with contractors and work to maintain a stable supply chain.

Material Topic 5
Supply Chain Management
Risk Management

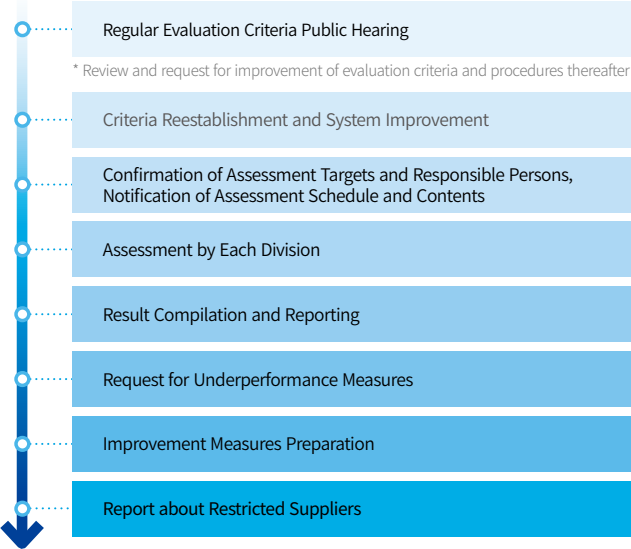
External Suppliers Assessment Samsung Heavy Industries conducts an annual regular assessment of external suppliers supplying parts and equipment. The assessment consists of four categories: quality, purchasing, delivery, and management status, assessing the operational capabilities of suppliers and supply chain stability. ESG (Environmental, Social, Governance) factors are incorporated into the regular evaluation to promote sustainable management among external suppliers. Evaluation items include ESG external assessments and self-assessments, carbon emissions disclosure, and reduction target setting. Notably, the ESG self-assessment is significantly utilized by suppliers to establish their own improvement goals.

Follow-up Actions for External Suppliers Assessment Samsung Heavy Industries conducts an annual risk assessment of external suppliers. Based on assessment results, incentives such as plaques are awarded to well-rated companies, while underperforming companies are required to submit improvement plans. This process systematically manages supply chain risks and strives to ensure operational stability.

ESG Self-Assessment Components

Topic	Details
Disclosure	Disclosure Format on ESG Issues
Governance	Ethical Management
Environment	Environmental Management System, Hazardous Substances, Resources, Air Pollution, Energy and Greenhouse Gas, Water Pollution
Social Responsibility	Labor, Human Rights, Work Environment Improvement, Industrial Accident Prevention, Diversity and Gender Equality, Shared Growth, Information Security, Health and Safety System

External Suppliers Assessment Flow



Number of External Suppliers Undergoing Environmental and Social Audit



¹⁾ In 2024, there are no new suppliers subject to environmental and social audits (based on sales criteria, etc.)

2024 Regular Assessment Results on Suppliers

(Unit: number of companies)

	On-site Contractors		External Suppliers
	First Half	Second Half	
Companies Subject to Assessment	73	77	208
Well-performing Suppliers (Grades A/B)	9	9	46
Underperforming Suppliers (Grades D/E)	11	11	5

Supply Chain Risk Mitigation

On-site Contractors Risk Mitigation Activities Samsung Heavy Industries fully implemented the Escrow System in May 2024 to prevent wage arrears for employees of on-site contractors. The Escrow System involves the client transferring labor cost payments into an escrow account when making progress payments, ensuring that suppliers pay their employees' wages only after client confirmation. This system prioritizes securing labor costs for partner company employees and prevents wage arrears. The company bears the transfer fees incurred from using the service providers, supporting approximately KRW 10 million monthly on average.

External Suppliers Risk Mitigation Activities Samsung Heavy Industries' Procurement departments conduct financial risk assessments on major external suppliers with potential insolvency risks. These assessments are performed twice a year on primary suppliers exceeding a certain transaction amount, using third-party institutions such as credit rating agencies, to evaluate the financial soundness of companies. Selected suppliers are comprehensively reviewed for delivery disruptions, impact if disruptions occur, and short-term substitution possibilities to determine and manage insolvency risk ratings.

The Shipbuilding Procurement Group conducts monthly on-site inspections of suppliers with high insolvency risk, reviewing production status, financial impact, and improvement measures. Inspection results are reported to the Leader of the Procurement Team and used as decision-making data for actions such as order suspension.

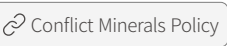
The Procurement Planning Group compiles reports from purchasing departments on suppliers with high insolvency risk and reports the status to management, including purchasing executives, as needed. Through these risk mitigation activities, risks on external suppliers are systematically managed to ensure operational safety.

Material Topic 5
Supply Chain Management
Risk Management

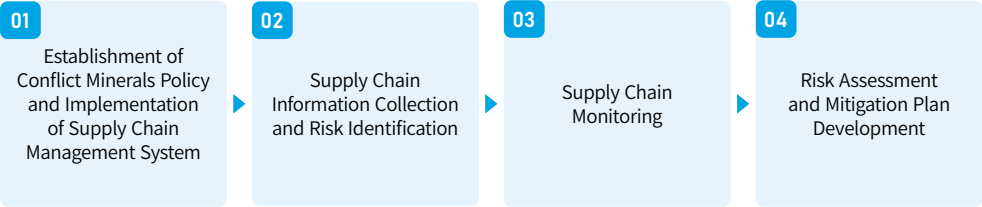
Conflict Minerals Management

Samsung Heavy Industries has established and implemented a conflict minerals policy to realize responsible mineral purchasing. The Supplier Code of Conduct explicitly prohibits the use of conflict and responsible minerals, requiring proof that minerals are mined in a manner that respects human rights and the environment and fulfills social responsibility.

Additionally, at the ESG Committee held in October 2024, it was recommended to prepare detailed procedures for the conflict minerals policy. Accordingly, Samsung Heavy Industries plans to establish specific procedures for the conflict minerals policy within 2025.



| Conflict Minerals Management Process



Metrics & Targets

Samsung Heavy Industries is making various efforts to contribute to the sustainability of the shipbuilding and offshore industry value chain. Sustainable supply chain management is essential for the company’s stable business. Therefore, through activities such as ESG workshops and training, ESG consulting, and assessment support for suppliers, we aim to induce voluntary ESG management and support its internalization.

Strengthening ESG Capabilities of Suppliers

Samsung Heavy Industries supports ESG assessments for approximately 100 suppliers and plans to conduct ESG consulting for about 20 supply chains by 2025 in collaboration with local governments. Since 2023, through ESG workshops, Samsung Heavy Industries has been identifying the ESG management status and challenges of suppliers and plans to share know-how for internalizing and establishing ESG management. Samsung Heavy Industries will continue to actively discover and support activities to promote sustainability management across the entire value chain.

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Supplier ESG Workshop	1 sessions	1 sessions	At least once	To secure sustainability across the shipbuilding and offshore industry by inducing and supporting voluntary ESG management practice and establishment among suppliers.
Supplier Greenhouse Gas Calculation Training	1 sessions	1 sessions	At least once	
Supplier ESG Assessment Support	Project Approval		Support for assessment of approximately 100 companies	
Supplier ESG Consulting Support	Project Approval		Support for consulting of approximately 20 companies	

Material Topic 6

DEI & Human Rights

Governance

Role and Responsibilities of the BOD

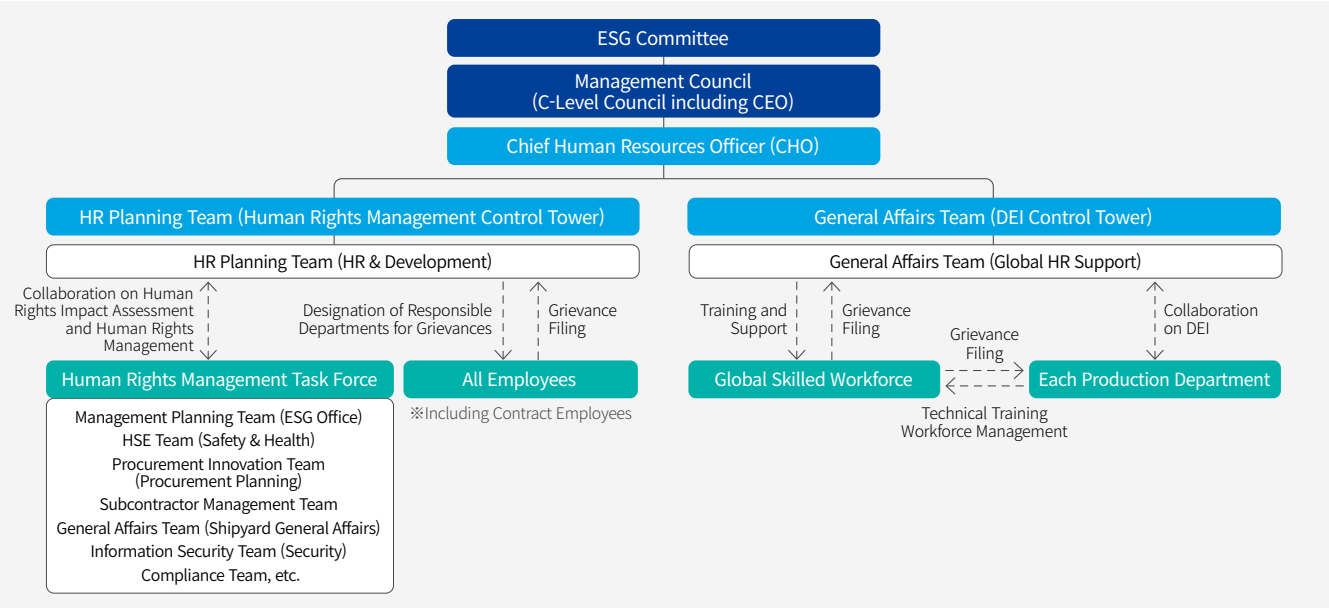
Samsung Heavy Industries delegates the ultimate decision-making authority and performance review on human rights management, including Diversity, Equity, and Inclusion (DEI), to the ESG Committee. The ESG Committee regularly receives reports and makes resolutions on matters related to DEI and human rights management.

Roles and Responsibilities of the Management

Samsung Heavy Industries grants the Chief Human Resources Officer (CHO) overall authority for DEI and human rights management to ensure systematic oversight. The Management Council, including the CEO and C-Level executives, regularly discusses key improvement tasks such as human rights impact assessments, global workforce management, and establishment of human rights management processes. Furthermore, by linking establishment of human rights management framework, risk identification and mitigation plans to ESG MBOs, management’s compensation is linked to human rights management performance and reflects their efforts to enhance the effectiveness of human rights management.

The Human Rights Management Task Force consists of related departments (Management Planning Team (ESG Office), HSE Team (Safety & Health), Procurement Innovation Team (Procurement Planning), Subcontractor Management Team, General Affairs Team (Shipyard General Affairs), Information Security Team (Security), Compliance Team, etc.) and is responsible for establishing and executing annual human rights management plans as well as conducting inspection processes to identify potential risks in the human rights field. DEI is led by the HR Planning Team (HR & Development) and General Affairs Team (Global HR Support), which collaborate with various departments to proactively identify related risks and systematically manage them through diverse welfare systems and training/support programs.

| DEI & Human Rights Management Governance Structure



| 2024 Management Council Operation Results

Date	Key Contents
2024.01.07	Global Skilled Workforce Operation Plan
2024.04.03	E-7 Workforce Operation Status
2024.07.24	Plan to Secure Additional Accommodation for Global Skilled Workforce

Controls and Procedures of the Management

Human Rights Commitments

Samsung Heavy Industries has established the ‘Code of Conduct’ and ‘Human Rights Charter’ based on internationally recognized human rights management principles. Through these, human rights commitments are clearly defined, and efforts are made to realize the value of respecting human rights in all business activities.

Code of Conduct protects labor rights such as respect for human dignity, fair personnel practices, talent development, prohibition of forced and child labor based on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) conventions.

In particular, all forms of discrimination including age, gender, race, and religion are strictly prohibited throughout the personnel system. Diversity and inclusion are considered integral to the company’s human rights commitments.

Furthermore, through the ‘Human Rights Charter’, discrimination prohibition, respect for diversity, and zero tolerance for harassment, forced labor, and child labor are clearly stated. Additionally, Samsung Heavy Industries complies with relevant laws and regulations, including ILO Conventions and local labor laws, to maintain a safe work environment and protect human rights.

 Code of Conduct

Material Topic 6

DEI & Human Rights Strategy

Risks and Opportunities

Considering the strengthening of global human rights regulations, such as the Corporate Sustainability Due Diligence Directive, and evolving labor environments, Samsung Heavy Industries has identified potential human rights and diversity-related risks. Specifically, the increase in foreign workers and deficiencies in the human rights management system are considered potential threats to operational stability and reputation.

Risks and Opportunities			Description	Expected Time of Impact		
				Short-term (~1 year)	Mid-term (2~5 years)	Long-term (6~10 years)
Risk	Policy and Law	Increased Human Rights Regulations	The EU Supply Chain Due Diligence Directive (CSDDD) is driving increased requests from European ship owners for environmental and human rights due diligence and information disclosure.		●	●
	Operation	Discrimination against and integration of foreign workers	The substantial increase in foreign workers presents potential risks, including cultural and workplace integration challenges, as well as possible discrimination. These issues may adversely affect the productivity of the foreign workforce.	●	●	●
		Labor shortage due to inadequate human rights management	The lack of a comprehensive human rights policy, including diversity, equity, and inclusion (DEI), may lead to increased employee turnover and difficulty in attracting talent.	●	●	●
	Reputation	Community concerns related to influx of foreign workers	An increase in foreign workers may contribute to heightened community anxieties and potential security issues, which could negatively impact the company's reputation.	●	●	●

Strategy and Decision-making

| DEI & Human Rights Management Strategy Framework

Vision	Implementing a human rights management system that prioritizes human dignity and value
Goal	Cultivating a work environment where all employees are treated with dignity and respect
Implementation Strategy	Establishing a human rights management system
	Strengthening human rights and diversity training
	Fostering a culture of diversity and mutual respect

Establishing a Human Rights Management System

Samsung Heavy Industries is committed to establishing a human rights management system based on the following roadmap. While actively implementing Human Rights Management, the company enacted the Human Rights Charter in 2023 to prevent human rights violations arising from business operations and mitigate related risks. In 2024, the company conducted a Human Rights Impact Assessment and plans to advance measures to identify and reduce human rights risks in the mid-to-long-term.

| Human Rights Management Roadmap

Short-term (2024~2025)		Mid-to-long-term (2026~2030)
Goal	• Establishment of Human Rights Impact and Risk Inspection System	• Expansion and Advancement of Human Rights Management
Detailed Activities	• Enactment of Human Rights Management Policy • Enhancement of Human Rights Impact Assessment Metrics	• Inspection of Human Rights Risks and Advancement of Human Rights Impact Assessment Criteria • Expansion of human rights impact assessment scope to include the value chain

| Human Rights Charter

- Non-Discrimination** Samsung Heavy Industries prohibits discrimination in hiring, compensation, and other employment practices based on age, disability, ethnicity, gender, race, religion, national origin, sexual orientation, or union affiliation.
- Harassment** Samsung Heavy Industries strictly prohibits all forms of harassment, including sexual harassment, disrespectful or inappropriate behavior, and retaliation among employees and with suppliers.
- Freedom of Association and Collective Bargaining** Samsung Heavy Industries recognizes and respects employees' rights to freely associate, form and join or not join a labor union, and engage in or refrain from collective bargaining and peaceful assembly.
- Occupational Health and Safety** Samsung Heavy Industries is committed to providing a safe and healthy work environment for its employees, temporary workers, and business partners in compliance with applicable health and safety laws and regulations and internal standards.
- Working Conditions and Hours** Samsung Heavy Industries adheres to local laws regarding working hours and overtime, recognizing employees' rights to rest and leisure.
- Prohibition of Forced and Child Labor** Samsung Heavy Industries prohibits all forms of forced and child labor.
- Others** Samsung Heavy Industries complies with International Labour Organization (ILO) conventions and local labor laws in the countries where it operates.



Material Topic 6

DEI & Human Rights Strategy

Human Rights Training Samsung Heavy Industries mandates training for all employees on prevention of workplace harassment, sexual harassment prevention, and disability awareness. Since 2023, 'Human Rights Violation Prevention Training' has been added to inform human rights violation cases and remediation procedures. The company will continue to enhance a culture of respect for human rights within the workplace.

Strengthening Human Rights and Diversity Education

Foreign Worker Training Samsung Heavy Industries provides adaptation training for foreign workers scheduled to join locally and actively supports their adjustment to Korean society after employment.

Korean Language and Korean Culture Education

Samsung Heavy Industries selects personnel meeting job-specific criteria through agents in each country and conducts approximately three months of training at local training centers. In addition to job training required on-site, the centers provide over 115 hours of Korean language education and Korean culture education covering 19 subjects (banking, telecommunications, health/medical care, waste separation, traffic safety, etc.).

After joining, Samsung Heavy Industries hosts and operates social integration programs in cooperation with related organizations to improve Korean language proficiency and obtain Korean language certificates necessary for visa extensions. As a result, the completion rate of Stage 1 pre-assessment exceeded 70%, and in 2024, 361 persons obtained Korean language certificates.



Korean Society and On-site Adaptation Programs

Samsung Heavy Industries directly hires interpreters from each country to be stationed on-site so that foreign workers can communicate smoothly and harmoniously with domestic workers. As of February 2025, 18 interpreters from seven countries are deployed. Additionally, the company established the Global Help Desk (GHD) in December 2023, staffing counselors to support foreign workers with grievance counseling, interpretation, and translation services.

Considering that most foreign workers are from Southeast Asia, winter protection items such as insulated jackets, earmuffs, and neck warmers were provided to help them stay warm during winter season in Korea.



Community Harmony and Contribution

Samsung Heavy Industries supports foreign workers' adaptation as members of Geoje City and alleviates community concerns by co-hosting the Foreigners' Harmony Day event annually with Geoje City. The event has become a major local festival with about 1,000 foreign workers participating, including the company's foreign workers, featuring awards for exemplary foreigners and various country-specific talent shows.

In December 2023, Samsung Heavy Industries launched a Foreigners' Volunteer Patrol Team in cooperation with Geoje City police and community centers. Night patrols are conducted twice a week jointly by city police and foreign workers to improve perceptions of foreign workers and create a safe community. After being upgraded to a Volunteer Crime Prevention Team in 2024, activities have continued to date.



Respect for Foreign Workers' Cultures

Samsung Heavy Industries strives not only to help foreign workers adapt to the community and workplace but also to respect their diverse cultural backgrounds. A forum involving senior management and representatives from seven countries was held to gather concerns and suggestions regarding work and daily life, listening empathetically to difficulties faced living abroad. Accordingly, global menus are provided for foreign workers, prayer rooms for Muslim workers are established in company dormitories, and a national sports competition (cricket, foot volleyball) is held during Chuseok to alleviate homesickness.



Material Topic 6

DEI & Human Rights

Strategy

Fostering a Culture of Diversity and Mutual Respect

Efforts to Expand Gender Diversity Due to the nature of the shipbuilding and offshore industries, which require advanced technical skills and physical labor, the proportion of male employees is relatively high. Despite this environment, Samsung Heavy Industries continuously strives to create a work environment where all employees have equal opportunities on recruitment and career development.

Establishing a Respectful Workplace Culture Samsung Heavy Industries aims to enhance an organizational culture where all employees are respected and can work safely regardless of gender, age, or job role. To this end, we provide a discrimination-free communication environment and continuously promote flexible working conditions that consider work-life balance.

Maternity Protection and Family-Friendly Policies We operate various welfare programs to support employees in balancing work and family life. Parental leave can be freely used by both men and women, and convenience facilities for female employees, such as maternity protection rooms for pregnant employees, are provided. Additionally, through diverse family-friendly policies such as tuition support for children, scholarship classes for middle school students in Geoje, and workplace daycare centers for preschool children, we aim to improve the quality of life for employees and their families.

Financial Position, Financial Performance, and Cash Flow

Based on the key risks identified related to DEI & human rights, Samsung Heavy Industries has derived the pathways for financial impact occurrence. Violations of the Labor Standards Act, discrimination against foreign workers and adaptation issues, and deficiencies in human rights management systems can cause conflicts within the organization and reputation risks. These factors may lead to inefficiencies in workforce management and increased costs, resulting in financial risks.

| Maternity protection and family-friendly benefits programs

Classification		Target	Description
Maternity Protection Rooms		Pregnant women and female workers raising infants under 1yr old	• Paid nursing time of at least 30 minutes twice a day (Provision of electromagnetic shielding aprons) • A total of 13 maternity protection rooms established at headquarters
Fetal Examination Support		Pregnant female workers	• According to the Labor Standards Act, paid fetal examination time of 4 hours in the morning/afternoon is granted
Infertility Treatment Leave		Male and female workers undergoing infertility treatment	• 6 days annually (first 2 days paid, 4 days unpaid)
Pre- and Postnatal Leave		Primary caregiver (Pregnant female workers)	• Single birth Paid 60 days, unpaid 30 days of pre- and postnatal leave provided • Multiple births Paid 75 days, unpaid 45 days of pre- and postnatal leave provided • Premature birth Paid 60 days, unpaid 40 days of pre- and postnatal leave provided
		Secondary caregiver (spouse of pregnant female worker)	• 20 days of paid leave provided
Flexible Working Hours Operation	Reduced Working Hours During Childcare Period	Employees with children aged 8 or younger or in second grade or below	• Reduced working hours period available for at least 3 months and up to 1 year separately from parental leave period • Working hours are 20 hours per week (4 hours per day), selectable between morning or afternoon shifts
	Flexible Time (Staggered Hours System)	Married female workers who are pregnant or have children in third grade or below	• Choose staggered start times among 08:30, 09:00, 09:30, or 10:00 (modifiable every 3 or 6 months) • Working hours: 8 hours after starting work

| Impact on Financial Position, Financial Performance, and Cash Flow During the Reporting Period

Issue		Pathway	Expected Financial Impact	
DEI & Human Rights	Increase in fines and penalties due to violations of labor law		General Administrative Expenses	Costs Related to Organizational Culture
			Commissions paid	Human Rights Impact Assessment Costs
	Reputational damage and decreased capital investment may result from adverse DEI & Human Rights issues		Education&training expenses/Subsidies	Foreign Employees Adaptation Training Costs
			Intangible Assets	Human Rights Management System Implementation
	Decreased productivity due to declining employee work efficiency		Property, Plant& Equipment	Establishment of Training Facilities for Foreign Workers
Inadequate DEI & Human Rights practices may negatively impact talent acquisition, increase attrition rates, and drive up labor costs			Revenue and Cost of Goods Sold	
			Non-operating Expenses	

Material Topic 6

DEI & Human Rights

Risk Management

Human Rights Impact Assessment

Samsung Heavy Industries regularly conducts human rights impact assessments to identify the effects of its business activities on the human rights of stakeholders. In 2024, the assessment included vulnerable groups such as women, persons with disabilities, and foreign workers. The evaluation results confirmed that no significant human rights risks were identified company-wide, and vulnerable groups were not exposed to human rights risks. To achieve a higher level of human rights protection, we plan to continuously enhance human rights management framework, employee training, and investments on facilities.

Assessment Items	A total of 7 categories with 34 items Prohibition of Discrimination (7), Prohibition of Child Labor (3), Working Conditions (6), Occupational Health & Safety (8), Remediation (2), Information Rights (3), Prohibition of Forced Labor (5)	
2024 Human Rights Impact Assessment	Date: 2024.2.19~23 Scope: All domestic worksites Result: No significant risks identified	
Assessment Process	Establish assessment questions ▶ Conduct human rights impact assessment ▶ Derive risks ▶ Report results and improve risks ▶ External communication	

Metrics & Targets

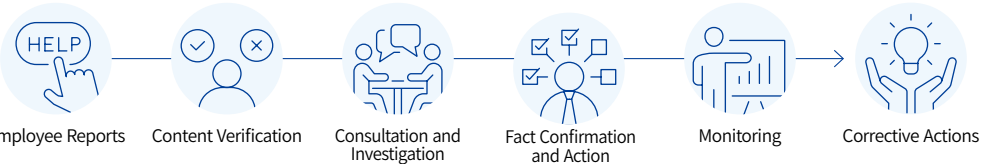
Samsung Heavy Industries recognizes diversity, equity, inclusion, and human rights as key management priorities to secure global competitiveness in the shipbuilding and offshore industries and to establish a sustainable workforce foundation. To this end, the company is laying the groundwork for respecting human rights and ensuring diversity through conducting human rights impact assessments at domestic worksites and strengthening support systems for foreign workers. Moving forward, the company will systematically manage indicators related to diversity, equity, inclusion, and human rights and continuously ensure that all employees can work in a safe and respectful workplace.

Advancing Human Rights Impact Assessment 	2024 Goal Performance		2025 Goal Mid-to-long-term Goal
	Scope of Human Rights Impact Assessment All domestic worksites	All domestic worksites	All domestic worksites + Overseas subsidiaries Phase 1: Assessment covering all employees Phase 2: Assessment covering community and supply chain
Number of Foreign Employees 	2024 Goal Performance		2025 Goal Mid-to-long-term Goal
	Number of Foreign Employees 1,145person	1,397person	2,100persons Creating respectful workplace where global talents grow together

Operation of Employee Grievance Mechanism

Samsung Heavy Industries operates continuous reporting channels through the in-house network (Sorisaem, Workplace Harassment/Sexual Harassment Reporting) and holds Smile Week at least once a year (a mobile anonymous reporting period for verbal/physical abuse, sexual harassment, bullying, fraud, etc.). Smile Week is an intensive reporting period encouraging employees to report various workplace grievances, while the ‘Sorisaem’ and ‘Workplace Harassment/Sexual Harassment Reporting’ boards are channels employees can use anonymously at any time. In cases reported through the Workplace Harassment/Sexual Harassment board, the whistleblower and the accused are immediately separated, followed by one week of interviews with the whistleblower, accused, and related parties, along with evidence compilation. Subsequently, after a review period, actions are taken regarding the accused. If necessary, an external verification process is conducted.

| Sorisaem Grievance Handling Procedure





General Topic

03

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Environmental
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Communities &
Social
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Information
Security



Environmental

Responding to climate change and environmental protection are no longer distant future issues but promises to the next generation and core to company's competitiveness. Samsung Heavy Industries, based on systematic Environmental Management, closely manages the environmental impact across all worksites and leads the development of alternative fuel propulsion ships, to create a sustainable future for the shipbuilding and offshore industries.



086 Environmental Management

096 Biodiversity

Environmental Management

Governance

Responsibilities and Structure of the Governance Body

Samsung Heavy Industries has established an integrated governance framework for comprehensive environmental impact management. The ESG Committee is the highest decision-making body overseeing and resolving key matters related to environmental management. The CFO serves as the internal Chief ESG Officer, authorized to coordinate and oversee ESG management activities, including environmental matters. Additionally, the Head of Shipyard (CSO) is responsible for the operational execution and decision-making of environmental management. The Environmental Management Working Team Leader, dedicated to environmental management, acts as the secretary and operates the Environmental Subcommittee Working Group, which drives continuous improvement through cross-functional discussions on pollutants, water and marine resource, resource circulation, and biodiversity.

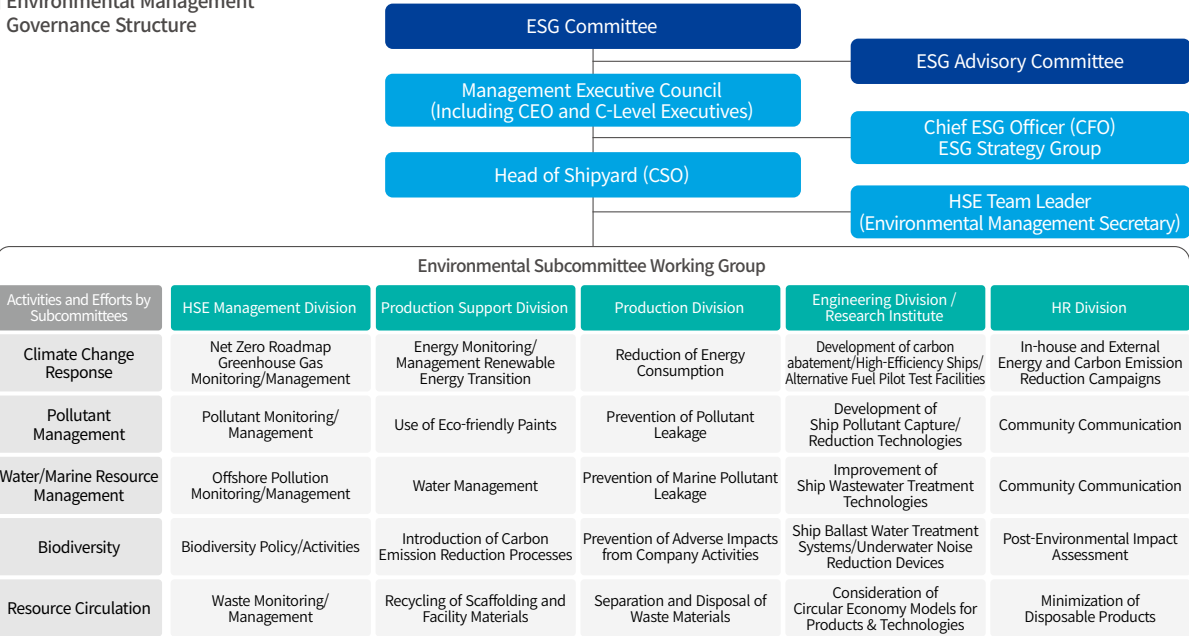
ESG Committee Resolution Agendas

Date	Classification	Agenda
2024.04	Resolution	Introduction of In-House Chief ESG Officer System
2024.12	Resolution	Establishment of Environmental Management Policy

Key Agendas of Management Council

Date	Agenda
2024.01	Establishment of CCU value in cooperation with Local Governments
2024.12	Progress Review on CCUS construction
2024.12	Utilization Plan for LNG and Ammonia Pilot Test Facilities

Environmental Management Governance Structure



Environmental Policy

Samsung Heavy Industries has implemented an HSE Management Policy guided by a people-centric philosophy to promote sustainable development and harmonious coexistence among people, society, and the environment. This policy is rigorously applied across all corporation including sales and production, and both domestically and internationally, including subsidiaries and employees. It encourages compliance within the primary supply chain and promotes participation from customers, suppliers, and other stakeholders. The company surpasses basic legal compliance by adopting an environmental management system aligned with global standards, focusing on climate change mitigation, resource efficiency, hazardous substance control, biodiversity protection, and anti-deforestation measures.

 Environmental Policy

Environmental Management Performance and Reward System

Samsung Heavy Industries has introduced a performance management system to enhance the effectiveness and outcomes of ESG management and to strengthen accountability for ESG management. In 2023, a pilot performance management system was introduced to assess achievement rates of seven major environmental tasks and progress on improvement tasks by ESG sector. In 2024, this system is reflected in ESG KPI/ MBO evaluations for executives, directly linking their compensation to these assessments.

Seven Major Environmental Tasks

- 100% Renewable Energy Transition
- Development of carbon abatement Shipbuilding and Offshore Products
- Greenhouse Gas Emission Reduction
- Minimization of Waste Incineration and Landfill
- Transition to Zero-Emission Vehicles for Domestic Business Use (K-EV100)
- Minimization of Disposable Product
- Expansion of Eco-friendly Paints Usage

Progress on Tasks to be improved (Partial)

- Establishment of Energy Policies, Goals, Implementation Plans, and Company-wide Performance Management
- Establishment of Environmental Sector System Beyond Greenhouse Gases
- Review of Net Zero Roadmap Revision
- Expansion of Environmental Certification Scope
- Introduction of LCA

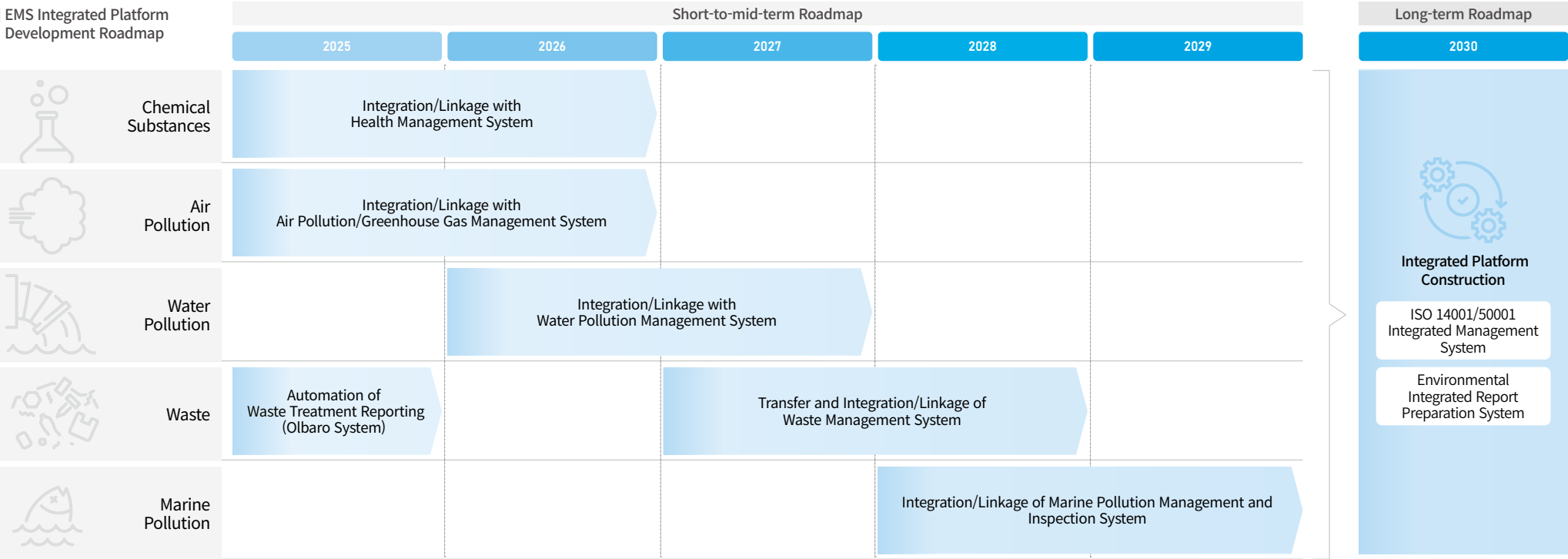
Environmental Management

Strategy & Risk Management

Strengthening Pollutant Management through System Enhancement

Samsung Heavy Industries manages pollutants by applying internal control standards that are more stringent than legal requirements, based on ISO 14001¹⁾ (Environmental Management System). When pollutant levels exceed internal thresholds, we root causes are analyzed and countermeasures are developed in collaboration with relevant departments.

To ensure systematic management and reduction of pollutant usage and emissions, Samsung Heavy Industries has established a roadmap for developing an integrated Environmental Management System (EMS) platform. The current pollutant management systems, such as those for chemical substances, air pollutants, water pollutants, marine pollutants, and waste, are currently operated independently. These systems will be progressively enhanced and integrated through improved interoperability with the goal of full platform unification by 2030.



1) Certification coverage applies to approximately 92% of total sales and about 90% of employees company-wide.



Environmental Management

Strategy & Risk Management

Environmental Impact Assessment

Samsung Heavy Industries systematically conducts environmental impact assessments in accordance with ISO 14001 standards.

Regular environmental impact assessments are conducted every three years across all departments. In addition, non-regular assessments are performed in cases of process changes, new construction, new product and technology development, requests from customers and stakeholders, and amendments to international and domestic laws and regulations to thoroughly assess and address to environmental impacts.

Environmental Impact Assessment Survey Items

Classification	Description
Air Quality	• Survey on Air Quality Conditions • Assessment of Dust Suppression Measures including watering at construction sites and installation of dust prevention nets
Water Quality	• Surface water and groundwater quality monitoring • Review of Operational Status of Water Quality Management Facilities
Topography and Geology	• Assessment of Compliance with Sediment Runoff Reduction Measures (e.g., sedimentation basins and drainage channels)
Soil	• Waste oil storage and treatment status • Measurement of Selected Soil Contaminant of Concern • Installation of soil contamination reduction facilities, soil monitoring implementation and management status
Flora and Fauna	• Distribution and habitat movement status of flora and fauna • Vegetation restoration status • Presence of legally protected species • Vegetation establishment status
Marine Water Quality	• Marine water quality measurement
Noise and Vibration	• Noise and vibration measurement
Resource Circulation	• Proper management and disposal of generated waste

Response System for Environmental Accident Occurrence

Operation of Emergency Organization System

In the event of a major environmental accident, Samsung Heavy Industries activates an emergency response framework led by a Temporary Standing Committee. The Head of Shipyard (CSO) oversees the temporary standing committee, and the Safety and Environment Team Leader is accountable for implementing all decisions made by the committee. The Safety and Environment Team Leader must promptly take measures to prevent the spread of major environmental accidents, and if spread is anticipated, request cooperation from relevant agencies. Additionally, essential personnel and equipment for environmental risk mitigation are maintained and managed during routine operations.

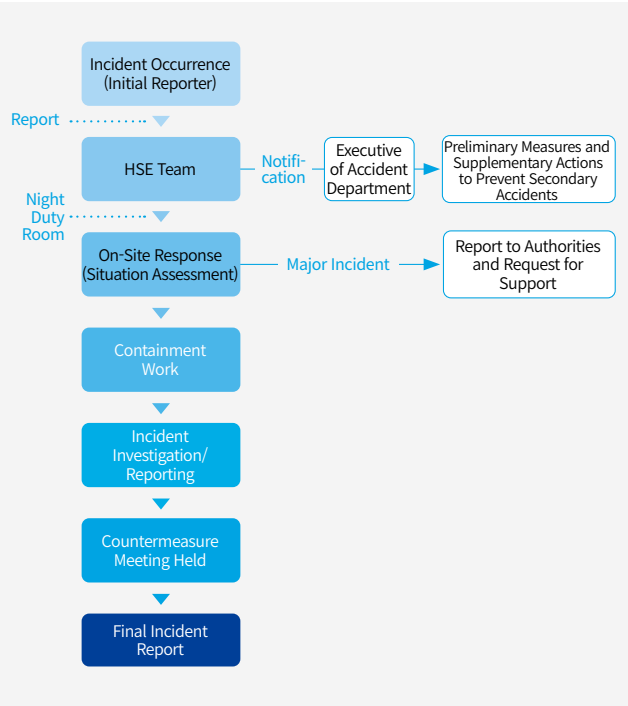
Emergency Response Structure for Major Environmental Incidents



Response Process for Environmental Pollution Accident

Samsung Heavy Industries has established internal emergency response guidelines to prevent the spread of environmental pollution incidents. The guideline specifies the organizational structure and response procedure for incidents such as oil spills, wastewater discharges, air pollutant emissions, and chemical substance leaks to ensure prompt and effective response. Further more, root causes analyses are conducted to prevent recurrence of similar environmental incidents.

Environmental Pollution Incident Response Process





Environmental Management

Strategy & Risk Management

Air Pollution Management

Air Pollution Management Structure

According to Samsung Heavy Industries' own 'Air Environment Management Procedure', the Environmental Group oversees comprehensive management to ensure compliance with the Air Environment Conservation Act and other regulations, collaborating with emission and prevention facility teams to operate and maintain facilities in compliance with legal standards.

Additionally, based on the 'Air Emission/Prevention Facility Operation Guidelines', prevention facilities employing Best Available Techniques are installed and operated according to pollutants generated by each air emission facility. For other emissions such as dust and refrigerants, reduction methods and management standards are strictly followed during operation.

Air Pollution Reduction Activities

During the construction of ships and offshore production facilities, pollutants such as total suspended particulates (TSP), heavy metals, and VOCs (Volatile Organic Compounds) are inevitably generated. Samsung Heavy Industries has installed air pollution prevention facilities including filter dust collectors, activated carbon adsorption towers, washing dust collectors, Regenerative Thermal Oxidizers (RTO), and Rotor Concentrator Regenerative Thermal Oxidizers (RC-RTO) to reduce pollutants with over 90% efficiency. Since 2020, eco-friendly paints have been actively applied to fundamentally reduce VOCs, a primary cause of fine dust.

Voluntary Agreement for Fine Dust Reduction Samsung Heavy Industries has participated in the second phase (2020–2024) of the Voluntary Agreement for Fine Dust Reduction led by Gyeongsangnam-do Provincial Government, establishing annual emission and reduction targets and managing them proactively. To minimize dust dispersion from outdoor work sites, cleaning vehicles are operated, and mobile dust collectors and dust prevention nets are installed during work. Furthermore, the company closely monitors emitted pollutants to assess their impact on surrounding areas, regularly measuring concentrations of fine dust (PM2.5/PM10) as well as causative substances (VOCs/heavy metals), actively communicating with the community for environmental improvement.

Air Pollution Risk Management

Samsung Heavy Industries conducts annual analyses of air pollutants at worksites and surrounding areas.

| Air Pollution Measurement Targets and Frequency

Classification	Inspection Targets (Frequency)
Type 1 Facilities	• General/Specific Air Pollutants (Weekly)
Type 2 Facilities	• General/Specific Air Pollutants (Biweekly)
Type 3–5 Facilities	• General Air Pollutants (Monthly) • Specific Air Pollutants (Biweekly)
Wood Processing Facilities, Low-NOx Burner	• Dust (Semiannually)
Installed Boilers, Facilities Exempt from	• NOx (Semiannually)
Prevention Installation Obligation, Surrounding	• 11 Locations (Annually)
worksites	• 7 Sites (Quarterly)

2024 Achievement

In December 2024, Samsung Heavy Industries signed the third phase of the Voluntary Agreement for Fine Dust Reduction with Gyeongsangnam-do Provincial Government, further strengthening efforts to reduce air pollutants. While the previous second phase agreement (2020–2024) focused on managing and setting reduction targets for dust and fine dust, the third phase (from December 2024 onward) systematically expands these efforts to reduce emissions of major air pollutants including dust, sulfur oxides, nitrogen oxides, and volatile organic compounds. Accordingly, Samsung Heavy Industries has established a Fine Dust Reduction Implementation Plan and manages it systematically to achieve annual reduction targets. During periods of high-concentration fine dust occurrence, emission and prevention facilities are thoroughly inspected and their normal operation is frequently verified to reduce air pollutant emissions. Especially when emergency fine dust reduction measures for high-concentration ultrafine dust are issued, rapid response systems are implemented such as reducing or adjusting operating hours of emission facilities to maximize actual reduction effects. Samsung Heavy Industries will continue to strengthen efforts to reduce air pollutants and collaborate with local communities to create a healthier air environment.



Environmental Management

Strategy & Risk Management

Soil Pollution Management

Soil Pollution Management System

In accordance with Samsung Heavy Industries’ ‘Soil Environment Management Procedure’, the Environmental Group conducts permit management, contamination inspections, training, and audits. Additionally, in collaboration with the EMS Operations Department and Infrastructure Technology Team, the Environmental Group thoroughly operates and supervises facilities that may potentially cause soil contamination.

Specifically, for soil contamination management target facilities (such as fuel storage tanks and paint storage areas) and production processes that may cause soil contamination, pollutants specified in ‘Appendix 1 of the Enforcement Rules of the Soil Environment Conservation Act and Ministry of Environment Ordinances’ are strictly controlled. Through this, the potential for soil contamination is proactively blocked, and the management system is continuously strengthened.

Soil Pollution Risk Management

Samsung Heavy Industries operates fuel and paint storage facilities and conducts regular contamination and leakage inspections. If any nonconformities are identified at the target facilities or work sites, immediate corrective actions are taken to prevent the spread of contamination.

Furthermore, quarterly contamination inspections for 12 types of pollutants, including pH and heavy metals, are conducted at production sites to continuously monitor the impact of production activities on the soil. This enables proactive prevention of potential soil contamination at worksites and ongoing preemptive responses for environmental protection.

Water Resources and Water Quality Pollution Management

Water Quality Pollution Management System and Risk Management

Samsung Heavy Industries manages facilities and operations subject to domestic environmental regulations related to water quality (Water Environment Conservation Act, Sewerage Act) that may impact the lives of local communities, employees, and suppliers. Each operating department establishes its own management standards, stricter than legal regulations, based on ISO 14001 (Environmental Management System) to prevent water pollution incidents. The company consistently strives to conserve water resources used in processes through efficient process development and management.

| Water Quality Pollution Measurement Targets and Frequency

Classification	Inspection Targets (Frequency)
Worksite Wastewater (7 Wastewater Treatment Facilities)	• Discharged Water TOC etc. (Twice a month) • Raw Water Quality All Items (Once a year)
Worksite Wastewater (8 Sewage Treatment Facilities)	• Discharged Water BOD, SS, TN, TP, Total Coliform (Twice a month) • Raw Water BOD, SS, TN, TP, Total Coliform (Twice a year)
Surrounding Areas of Worksites	• Marine Water Quality Regular Survey (Quarterly)

| Samsung Heavy Industries Worksites Water Stress Measurement Map

Location	Water Stress ¹⁾			Water Depletion ²⁾		
	Baseline	BAU		Baseline	BAU	
		2030	2050		2030	2050
Geoje Shipyard	Low	Low	Low	Medium-High	Low	Low
Pangyo R&D Center	Medium-High	Medium-High	Medium-High	Low-Medium	Low-Medium	Low-Medium
Daedeok Research Center	High	High	Medium-High	Low	Low-Medium	Low-Medium
Busan R&D Center	Medium-High	Medium-High	Medium-High	Low-Medium	Low-Medium	Low-Medium
China Rongcheng Corporation	Extremely High	Extremely High	Extremely High	Low-Medium	Extremely High	Extremely High
Nigeria Corporation	High	Extremely High	Extremely High	Extremely High	Extremely High	Extremely High

* Refer to WRI Aqueduct Water Risk Atlas (<https://www.wri.org/applications/aqueduct/water-risk-atlas>). Utilizing WRI Aqueduct 4.0 Framework
1) Water Stress Index: Indicator representing current water scarcity (ratio of annual average available water resources to water demand)
2) Water Depletion Index: Indicator representing the rate of water depletion

Water Resource Management System and Risk Management

Samsung Heavy Industries continuously endeavors to save water resources used in production activities through efficient process development and management. According to the ‘Water Quality Management Procedure’, the Environmental Group inspects facilities related to water pollutant discharge and prevention facilities daily and manages operation inspection records.

According to the WRI Aqueduct Water Risk Atlas, the Daedeok Research Center, China Rongcheng Corporation, and Nigeria Corporation are identified as high water stress areas. Accordingly, Samsung Heavy Industries reflects the water resource risk assessment results in its business strategy to identify and improve measures that eliminate or minimize water quality risks at the source. Notably, 27,200 tons of water used in the large tank for ship research/testing at Daedeok Research Center were reused through filtration systems, 34,000 tons of reclaimed water were reused for irrigation within the China Rongcheng Corporation site, and 15,000 tons of process wastewater were reused at Geoje Shipyard. Based on these activities, Samsung Heavy Industries continuously implements water resource conservation efforts across all worksites.

Low  Extremely High

Environmental Management

Strategy & Risk Management

Offshore Resources · Offshore Pollution Management

Offshore Pollution Management System

In response to increasingly stringent offshore environmental regulations aimed at preventing climate change and marine pollution incidents, Samsung Heavy Industries has established an offshore pollution management and prevention system based on ISO 14001 (Environmental Management System). As our production facilities are located near coastal areas, we place particular emphasis on incidents prevention. Accordingly, Samsung Heavy Industries strictly oversees all work processes conducted at docks, moored vessels, and quay areas in accordance with the Offshore Environmental Management Procedure.

Offshore Pollution Reduction Activities Samsung Heavy Industries operates its own pollution response vessels to proactively prevent offshore pollution. We regularly collect floating debris such as styrofoam introduced from external sources and carry out seabed cleanup activities near our business locations to maintain a consistently clean marine environment.

| Environmental Cleanup Activities at Geoje Shipyard



Regular Offshore Pollution Monitoring Samsung Heavy Industries conducts regular monitoring of surrounding offshore and seabed pollutants, reports the results to relevant authorities, and implements transparent and proactive management to minimize the impact of offshore environmental pollution on local communities.

Comprehensive Supervision of Offshore Work Processes The Environmental Group of Samsung Heavy Industries conducts continuous environmental patrols and inspections in accordance with the Offshore Environmental Management Procedure to prevent offshore pollution. When non-compliant activities are identified, relevant departments are immediately instructed to take corrective action. In addition, field supervisors provide training and guidance to ensure compliance with internal management standards.

Types of Work	Management Standards
Painting Work	• Install containment nets before work to prevent paint and contaminants from entering the sea. • Pre-check for damage to spray hoses.
Scaffold Installation and Dismantling Work	• Install nets to prevent objects from falling into the sea during scaffold installation and dismantling. • Collect wires and metal scraps generated during work in designated collection containers.
Oil-Related Work	• Immediately report oil spills during oil-related work to the Safety and Environment Team. • Prepare spill response kits and containment equipment before initiating work. • A work permit is required for bunkering operations. • Install oil containment booms around fueling vessels.
Other Work	• Prohibit work directed toward the sea (if unavoidable, implement preventive measures to avoid contaminants falling into the sea). • Stop work when average wind speed exceeds 8 m/s.
Discharge Water Generated after Testing on Vessels and Offshore Production Facilities	• Discharge of water containing chemicals from vessels and offshore production facilities into the sea is prohibited. • Discharge regulations comply with the Safety and Environment Team’s wastewater management guidelines.

Environmental Management

Strategy & Risk Management

Hazardous Chemical Management

Hazardous Chemical Management System

Hazardous chemicals require meticulous management as they directly affect the health of employees, suppliers, customers, and the local communities, as well as the environment. Accordingly, based on ISO 14001 (Environmental Management System), Samsung Heavy Industries manages hazardous chemicals in accordance with internal standards that are stricter than legal requirements, aiming to minimize negative environmental impacts.

| Hazardous Chemical Product Management Process

Classification	~2024	2025~2026	2027~
Compliance with legal standards	Obtain business license for hazardous chemical usage	Establish and apply shipbuilding industry-specific hazardous chemical regulations	Achieve zero legal risk in chemical substance management
Strengthening training	Safety training for users (handlers, managers) and expanded safety training for all employees (workers)	Expanded multilingual education support (English, Nepali, Uzbek, Sinhalese Language (Sri Lanka), Russian, Thai, Vietnamese, Indonesian)	Training chemical substance management experts (experts specialized in shipbuilding industry)
Strengthening monitoring	Establishment of hazardous chemical management system (In-house standards, handling criteria, etc.)	Development of hazardous chemical management system	Enhancement of transparency in chemical substance management
Strengthening reduction efforts	Establish standards and usage plans for eco-friendly paints (sustained use of over 60% after 2026)	Strengthen environmental impact and hazard assessments (life cycle assessment of hazardous chemicals and establishment of substitution plans)	Establishment of eco-friendly procurement system

Hazardous Chemical Reduction Activities

Samsung Heavy Industries, in cooperation with other domestic shipbuilders, established industry-wide standards for the safe bunkering of hazardous chemicals in the shipbuilding sector. In addition, the company developed separate guidelines for supplying chemicals such as methanol, ammonia, and caustic soda to vessels moored at the quay. Additionally, hazardous chemicals used in wastewater treatment plants were replaced with chemicals containing lower methanol content.

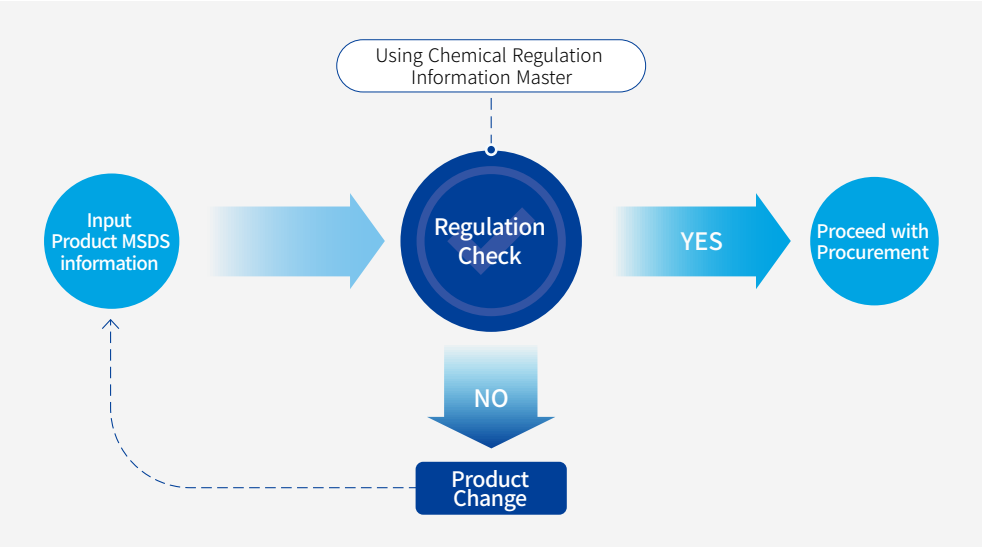
Field	Before	After	Remarks
Name	Organic Carbon Source (DW-NO1)	Composite Carbon Source (ME-20 PLUS)	
Component	Methanol 35%	Methanol 9.5%	Methanol content above 10% is classified as a toxic substances
Usage Amount	640 tons/year (Methanol 224 tons/year)	640 tons/year (Methanol 61 tons/year)	

Hazardous Chemical Risk Management

Hazardous Chemical Product Assessment Samsung Heavy Industries operates a systematic process to evaluate products containing hazardous chemical substances by material code to ensure legal compliance and prevent environmental incidents. For this purpose, information such as substance names per product, composition ratios, and Material Safety Data Sheets (MSDS) are entered into the ‘Chemical Regulation Information Master’ system to automatically review whether the product is subject to domestic or international legal regulations.

Based on the input information, the system automatically checks legal regulations daily, and if they are not regulated, the product proceeds to the purchasing process. If regulated, an error message is generated to enable further review and action. Samsung Heavy Industries continuously monitors changes in chemical regulations and collaborates with relevant departments to enhance operational efficiency and ensure legal compliance in hazardous substance management.

| Hazardous Chemical Product Management Process





Environmental Management

Strategy & Risk Management

Waste and Resource Circulation Management

Waste and Resource Circulation Management System

Samsung Heavy Industries strictly manages general and designated waste generated at worksites in compliance with legal standards and the requirements of stakeholders, based on ISO 14001 (Environmental Management System). The Environmental Group classifies all waste generated at worksites by type and characteristics, and thoroughly manages the amount generated and processed, based on the internally established 'Waste Management Procedure'.

In addition, Samsung Heavy Industries provides guidance, supervision, and training on waste generation and treatment procedures, and takes corrective actions when necessary to ensure proper operations.

Going forward, Samsung Heavy Industries will aims to further enhances its waste management process, promote resource circulation, and strengthen environmental management.

Efforts to Minimize Waste and Enhance Resource Circulation

In 2023, Samsung Heavy Industries shut down its internal incineration facility and supplemented sorting facilities to promote waste resource recovery. In the short term, we aim to recycle 100% of waste wood, and in the mid to long term, we plan to minimize waste generation by recycling waste that is currently consigned for landfill or incineration.

STEP 1 2023~2025

Closure of In-house Incineration Facility
• Supplementation of Sorting Facilities
• 100% Recycling of Waste Wood

STEP 2 2026~2028

Expansion of Recycling for Consigned (Landfill or Incineration) Waste

Samsung Heavy Industries is improving its waste mineral materials, which were previously disposed of by final landfill, by establishing an internal sorting system to enable recycling treatment. In addition, for insulation materials that are 100% landfilled, efforts are being made to minimize waste generation by identifying recycling-capable companies.

For waste synthetic resins recycled as Solid Refuse Fuel (SRF), we have strengthened sorting standards and are collaborating with affiliates to enable raw material extraction through pyrolysis of tarpaulins or vinyl materials. Through this, waste generated during shipbuilding and offshore production facility construction will be utilized in packaging materials of affiliate products.

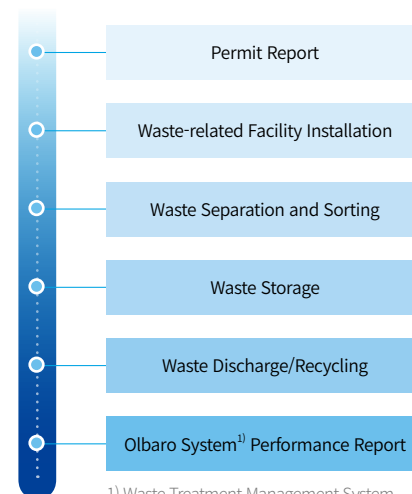
Additionally, following the closure of the in-house incineration facility, Samsung Heavy Industries conducts company-wide campaigns and educates employees to minimize indiscriminate waste disposal. Waste two-wheel vehicles (bicycles/motorcycles) can be collected at designated collection points within the Geosje Shipyard, and for waste electrical/electronic products, employees are educated to consult with the Environmental Group before return or disposal to ensure procedures are followed.

Waste Risk Management

Waste Environmental Impact Assessment Samsung Heavy Industries conducts component analysis on waste newly included in environmental impact assessments. Based on these assessments, negative environmental impacts by waste type are identified and properly managed through lawful treatment methods. We are gradually expanding recycling to reduce waste generation and improve resource recycling.

Waste Hazard Assessment Samsung Heavy Industries complies with domestic waste management laws for proper treatment of waste generated from its business activities and conducts annual hazard assessments by waste type.

| Waste Management Process



| Environmental Impact Assessment Results by Waste Type

Classification	Associated Environmental Load upon Emission	Urgency	Impact	Response
General Waste	• Greenhouse Gas Emissions • Ecosystem Destruction	Medium	Medium	• Incineration • Consignment • Sale
Scrap Metal	• Resource Waste, Soil Pollution • Dust Emission	Low	Medium	• Sale
Abandoned Wires	• Heavy Metal Pollution • Plastic Coating Pollution • Fire Risk	High	High	• Sale
Cut Wire, Spool	• Corrosion, Resource Waste • Dust Emission	Low	Medium	• Sale
Zinc Primer	• Heavy Metal Pollution • Toxic Substance Generation	High	High	• Sale
Waste Paint	• Toxic Substances, Air Pollution	High	High	• Consignment
Waste Oil	• Water Quality Pollution, Soil Pollution • Fire and Explosion Risk	Very High	Very High	• Consignment
Waste Synthetic Resin	• Non-biodegradable • Microplastic Issue	Medium	High	• Consignment • Incineration

Environmental Management

Metrics & Targets

Samsung Heavy Industries aims to be the world’s leading shipyard in environmental leadership. In addition to greenhouse gas and energy, we strictly comply with legal standards across all areas including air, soil, water resources and water quality pollution, marine resources and marine pollution, hazardous chemicals, waste, and resource circulation, managing them through internal control standards. Moving forward, the company will not only comply with environmental standards but also continuously strive to minimize various pollutants.

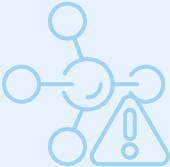
* CGRT: Compensated Gross Register Tonnage

Air Pollution Management		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Dust (TSP) Emissions (per unit)	0.0080 kg/CGRT	0.0064 kg/CGRT	0.0070 kg/CGRT	Establish a preventive air environment management system by reducing air pollution sources through alternative fuel conversion and process improvements, and by introducing a smart air management system.
	SOx Emissions (per unit)	0.55 g/CGRT	0.14 g/CGRT	0.15 g/CGRT	
	NOx Emissions (per unit)	0.0095 kg/CGRT	0.0020 kg/CGRT	0.0025 kg/CGRT	
Water Resource Management		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Water Usage Amount	2,692 thousand ton	2,528 thousand ton	2,617 thousand ton	Establish a foundation to minimize water resource risks in response to climate change by increasing reuse of recycled water.
	Water Usage (per unit)	0.60 ton/CGRT	0.60 ton/CGRT	0.59 ton/CGRT	
Water Pollution Management		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Annual Average TOC Emission Concentration ¹⁾	15 mg/L	1.2 mg/L	15 mg/L	Strengthen water quality and marine environment protection based on internal control standards stricter than legal standards.
	Annual Average BOD Emission Concentration ²⁾	9 mg/L	1.2 mg/L	9 mg/L	
	Annual Average SS Emission Concentration ³⁾	9 mg/L	1.6 mg/L	9 mg/L	

1) Legal standard: 25mg/L 2) Legal standard: 30mg/L 3) Legal standard: 30mg/L

Environmental Management

Metrics & Targets

Hazardous Chemical Management			2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Eco-friendly Paints Usage Rate		30%	37%	45%	60%
	Hazardous Chemicals Usage (per unit)		0.268kg/CGRT	0.235kg/CGRT	0.235kg/CGRT	Expand reduction of hazardous chemical usage
	Hazardous Chemical Spill Cases		0cases	0cases	0cases	0cases
Resource Circulation Management			2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Reduction Rate Compared to Expected Disposable Products Usage		50%	50%	50%	Minimize disposable products usage and expand reduction activities
	Reduction Rate of Copy Paper Usage		15%	22%	30%	① 45% reduction by 2030 ② 90% reduction by 2050
	Carbon Abatement Product Procurement Ratio in MRO Purchases ¹⁾		3.5%	4.3%	3.5%	Strengthen sustainable procurement system through expanded purchase of carbon abatement products and eco-friendly equipment
	Eco-friendly Equipment and Materials Procurement Cost ²⁾	KRW 1,091 billion			Maintain eco-friendly equipment and materials procurement ratio	
Waste Management ³⁾			2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Waste Emissions		46,627ton	46,009ton	43,612ton	Minimize waste through enhanced waste recycling and resource circulation
	Waste Emissions (per unit)		0.010ton/CGRT	0.011ton/CGRT	0.010ton/CGRT	
	Waste Recycling Rate		74%	81%	74%	

1) Samsung Heavy Industries defines and classifies its own standards (e.g., energy efficiency, recycled materials).

2) Samsung Heavy Industries defines and classifies technologies considering the environment, including DF (Dual Fuel) engines and related equipment, selective catalytic reduction devices, sulfur oxide capture devices, and eco-friendly paints.

3) Management Scope: Geosje Shipyard

Biodiversity

Governance

Responsibilities and Structure of the Governance Body

Samsung Heavy Industries has established an effective governance system to minimize the impact of business activities at its worksites on surrounding biodiversity. The Environmental Group and ESG Strategy Group carry out practical tasks for biodiversity conservation, and the Head of Shipyard (CSO) oversees and decides on the execution of environmental management including biodiversity. Key biodiversity-related issues are discussed at the C-Level Management Executive Council attended by the CEO, and depending on the nature of the agenda, they are reviewed and resolved by the ESG Committee.

Biodiversity Management Governance Structure



Biodiversity Policy

Samsung Heavy Industries' environmental policy includes a biodiversity policy. The policy recognizes the importance of biodiversity conservation and forest preservation in response to global climate change, and expresses commitment to minimizing biodiversity destruction and environmental impact in existing business operations such as shipbuilding and offshore production facilities construction/research and development processes, as well as business expansion. It also states efforts to prevent biodiversity loss (No Net Loss, NNL) within worksites and nearby areas by 2050, and to achieve a Net Positive Impact (NPI). In particular, environmental impact assessments related to biodiversity will be conducted, and if major risks are identified, mitigation activities will be pursued. Existing biodiversity-related activities will continue, and we aim to strengthen conservation activities.

 Environmental Policy

Strategy & Risk Management

LEAP Approach

Samsung Heavy Industries applied the TNFD LEAP approach to identify dependencies on ecosystem services provided by natural capital and the company's impacts on natural capital. Considering both dependency and impact perspectives, biodiversity-related risks and opportunities were derived. Based on this, the company developed its response strategy. The LEAP approach consists of locating interactions with nature (Locate), diagnosing dependency and impact on natural capital (Evaluate), assessing risks and opportunities related to natural capital (Assess), and preparing reports to respond to natural capital risks and opportunities (Prepare).

Classification	Contents
Locate	Identifying ecosystems with significant interaction with business activities
Evaluate	Analyzing interactions (dependency and impact) between SHI and surrounding ecosystems
Assess	Deriving risks and opportunities faced by SHI considering interactions and preparing response measures
Prepare	Setting key goals and indicators for SHI's future strategies and performance measurement for biodiversity conservation

Locate

Samsung Heavy Industries used Key Biodiversity Areas (KBA) to identify whether key production subsidiaries, research centers, and supply chain locations are near biodiversity areas. The analysis found no biodiversity areas adjacent to the company or its supply chain.

Key Biodiversity Areas Near Samsung Heavy Industries and Value Chain

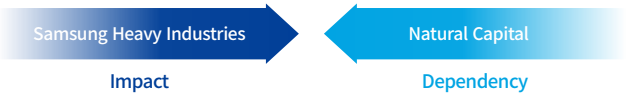
Classification	Location	Key Biodiversity Areas	Distance from Key Biodiversity Areas (straight-line distance)		
			1~5 KM	5~10 KM	10 KM ~
Upstream	Pohang	Gumi Haepyeong Wetland			●
	Gwangyang	Suncheonman Wetland			●
	Changwon	Junam Reservoir			●
	Ulsan	Nakdong River Estuary			●
Own Operation	Geoje Shipyard	Nakdong River Estuary			●
	Nigeria Corporation	Nigeria Forest Reserve			●
	China Rongcheng Corporation	Rongcheng Swan Nature Reserve			●
		Haliu Dao			●
	Busan R&D Center	Nakdong River Estuary			●
	Daedeok Research Center	Geum River and Geum River Estuary			●
	Pangyo R&D Center	Sihwa Lake			●
Downstream	Alang Ship Breaking Yard (India)	Salt pans of Bhavnagar			●

Biodiversity

Strategy & Risk Management

Evaluate

According to ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) developed by the Nature Capital Finance Alliance, the shipbuilding industry including Samsung Heavy Industries depends on ecosystem services such as climate regulation, greenhouse gas accumulation, air filtration, flood mitigation, and water resources in areas near worksites. Conversely, production processes may negatively impact ecosystems through noise, odor, pollution generation, greenhouse gas, air pollutant, toxic chemical emissions, waste generation, and water resource usage.



Dependencies and impacts identified by ENCORE

Dependency	
Climate regulation, greenhouse gas accumulation, flood mitigation	Worksites are adjacent to coastal areas and vulnerable to tsunamis and typhoons originating from the sea, which may pose risks to the safety and operation of production facilities.
Flood mitigation, water resources	Water resources are used in steel or equipment and materials production and water is used in fresh water systems within products.
Impact	
Noise	Noise and vibration generated during the manufacturing and operation of ships and offshore production facilities can have negative effects on marine ecosystems.
Greenhouse gas emissions	Greenhouse gases emitted during the manufacturing and operation of ships and offshore production facilities contribute to global warming.
Toxic chemical emissions	Paints used in the manufacturing process of ships and offshore production facilities negatively impact the ecosystem environment.
Air pollutant emissions	Pollutants such as dust, heavy metals, and VOCs are used during the drying process.
Water resource usage	External discharge of water resources and ballast water used in the production process affects marine ecosystems.

Assess

Risks and Opportunities

Samsung Heavy Industries analyzed biodiversity risks for certain regions where major production subsidiaries, research centers, and supply chains are located using the Biodiversity Risk Filter (WWF¹⁾).

1) WWF: World Wildlife Fund

| WWF Biodiversity Risk Filter Levels

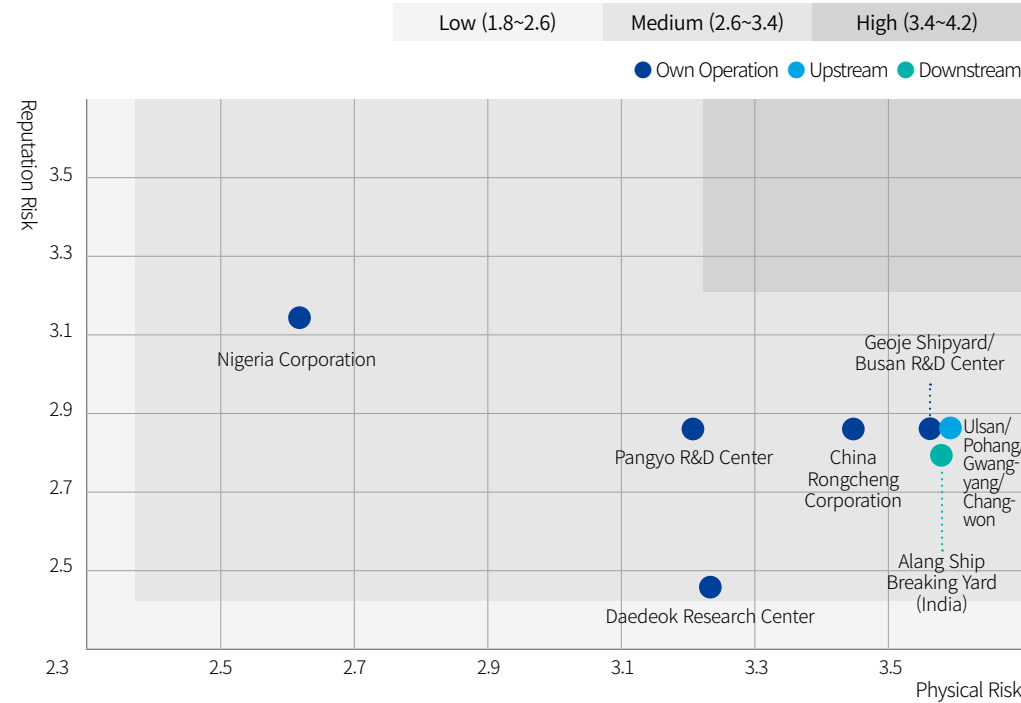
WWF Biodiversity Risk Filter Levels			Low (1.8~2.6)					Medium (2.6~3.4)			High (3.4~4.2)		
			Upstream					Own Operation				Down stream	
			Pohang	Gwang-yang	Chang-won	Ulsan	Geoje Shipyard	Nigeria Corporation	China Rongcheng Corporation	Pangyo R&D Center	Busan R&D Center	Daedeok Research Center	Alang Ship Breaking Yard (India)
Physical Risk	Natural Resource Availability	Key natural resources required for product manufacturing •Water scarcity, limited timber use, limited use of wild flora and fauna, limited marine fishery use, etc.											
	Ecosystem service Availability	Ecosystem services that regulate or support natural resource production processes • Soil condition, water quality, air quality, ecosystem condition, moisture											
	Natural disaster Risk mitigation	Natural disaster functions of ecosystems that can mitigate natural disaster impacts •Landslides, wildfire risk, pests and diseases, herbicide resistance, etc.											
	Biodiversity pressures	Biodiversity pressures from corporate activities that negatively affect biodiversity • Land, freshwater and marine use changes, deforestation, invasive species, etc.											
Reputation Risk	Environmental conditions	Environmental conditions that may affect local environmental reputation • Proximity to protected or conservation areas, ecosystem conditions, etc.											
	Socio-economic conditions	Socioeconomic conditions that may affect socioeconomic reputation • Food and water scarcity and air quality, labor/ human rights, financial inequality											
	Other Factors	Other factors that may affect reputation • Media control, political situation, etc.											

Analysis Results Physical risks exhibited minimal variance across the value chain. Nonetheless, ‘Natural Resource Availability’ was consistently evaluated at a high level across upstream, downstream, and internal operations (manufacturing) without value chain categorization. In contrast, ‘Natural Disaster Risk’ manifested relatively elevated levels at select business sites within internal operations (manufacturing, research).

Reputational risk analysis indicated that variations were more pronounced by worksite due to specific factors like ‘Local Environmental Conditions’, rather than distinctions across the value chain. Notably, the Nigeria Corporation’s reputation risk was deemed the highest, while among internal operations, the Pangyo R&D Center and Busan R&D Center demonstrated comparatively higher levels.

Biodiversity

Strategy & Risk Management



Post Environmental Impact Assessment Samsung Heavy Industries monitors the status of major nearby flora and fauna through post Environmental Impact Assessments following the development of Jukdo National Industrial Complex and the establishment of the Geoje Obi 3 District factory. Through quarterly or semi-annual on-site surveys, we thoroughly assess vegetation status and changes, legally protected species habitats, fauna trends, invasive plants, and the conservation of pristine areas. Results indicate that the fluctuations in the number of observed animal species mostly reflect their inherent characteristics, like seasonality, with no significant changes. In contrast, although rare plants designated by the Korea Forest Service were found during the post Environmental Impact Assessment, their impact on species conservation is analyzed to be minimal.

| Samsung Heavy Industries Flora and Fauna Status and Impact Analysis

Classification		Legally Protected Species	Impact
Animal	Plant	• Ae-gi-deung (National Protected Species_Rare Plant)	• Past pine wilt nematode removal work caused damage to pine trees, but no further vegetation changes observed • Numerous natural habitats of Ae-gi-deung, a rare plant designated by the Korea Forest Service, were confirmed; impact on species conservation is minimal.
	Mammals	• Otter (Natural Monument, Endangered Wildlife Grade I)	• Minimal impact
	Birds	• Black Kite (Endangered Wildlife Grade II) • White-tailed Eagle (Natural Monument, Endangered Wildlife Grade II) • Eurasian Sparrowhawk (Natural Monument, Endangered Wildlife Grade II)	• Minimal impact
	Amphibians & Reptiles	• None	• Minimal impact
	Terrestrial Insects	• None	• Minimal impact
	Freshwater Fish	• None	• Minimal impact
	Benthic Large Invertebrates	• Brackish Water Snail (Endangered Wildlife Grade II)	• Minimal impact



Biodiversity

Strategy & Risk Management

Prepare

Risk Improvement Efforts and Response Measures

Samsung Heavy Industries plans to further advance and systematically internalize the currently operated LEAP methodology through future linkage with post Environmental Impact Assessment. Additionally, it will progressively review the establishment of goals and strategies to analyze biodiversity-related risks more precisely and minimize their negative impacts. The company continues its efforts in prevention, regeneration and restoration, and innovation as response measures to biodiversity risks.

| Risk Improvement Based on AR3T* Framework

Prevention	Activities that limit ecosystem transition by ensuring no additional impact on ecosystems compared to the baseline year
Regeneration and Restoration	Restore damaged ecosystems and utilize them in ways that have a positive impact on ecosystems based on measurable indicators
Innovation	Methods to minimize impact through transition to environmentally friendly business models

* AR3T: Alliance for Regenerative Rehabilitation Research and Training

Prevention No Deforestation Policy Samsung Heavy Industries' environmental policy recognizes forest conservation as a critical issue, mandating continuous assessment and monitoring of deforestation throughout operations to prevent and minimize it proactively. The policy aims for proactive management to reach the No Net Deforestation goal by 2050. Additionally, in January 2025, the Sanwoollim Volunteer Group carried out social contribution activities, such as pine wilt disease prevention and wildfire caution, around Geoje Shipyard. The Company strives to enhance the quality of life for community members through forest and environmental protection and biodiversity conservation.

Regeneration and Restoration Gyuldo Egret Habitat Restoration Gyuldo, known as a major habitat for egrets, was experiencing vegetation damage due to bird droppings and kudzu vines, leading to decreased planting density and reduced green coverage. Samsung Heavy Industries collaborated with experts to carry out environmental improvement work, successfully restoring planting density and green coverage on Gyuldo, preserving vegetation and restoring its function as a bird habitat.

| Before and After Gyuldo Egret Habitat Restoration



Innovation Development of Products and Technologies for Biodiversity Conservation

Samsung Heavy Industries is developing products and technologies for biodiversity conservation and applying them to ships. In accordance with the International Maritime Organization (IMO) Ballast Water Management Convention, the company applies BWTS (Ballast Water Treatment System) to ships. Ballast water, essential for adjusting a ship's center of gravity, uses seawater, which can release marine organisms from the origin into the destination, potentially disrupting ecosystems. BWTS removes marine organisms through sterilization, filtration, and heat treatment before ballast water discharge to prevent origin marine species from becoming invasive species at the destination.

Furthermore, underwater radiated noise generated by propeller cavitation during navigation and by hulls and machinery directly affects marine ecosystems such as marine mammals and fish. Underwater radiated noise is known to impact marine organisms' reproduction, growth, communication, migration routes, and induce stress. Samsung Heavy Industries has secured technology to precisely analyze underwater radiated noise by analyzing underwater acoustic signals detected by sonar. This technology will minimize damage to marine ecosystems.



Biodiversity

Metrics & Targets

Samsung Heavy Industries is deeply aware of the potential impacts that the shipbuilding and offshore industries may have on biodiversity. Currently, the company is focusing on ecological environment improvement and monitoring activities primarily around key biodiversity areas near the Geoje Shipyard. Additionally, the company will continue to pay close attention to the impacts on biodiversity during vessel navigation and operation, and pursue product and technology development activities aimed at minimizing related impacts.

Biodiversity Conservation Activities

Samsung Heavy Industries is improving and monitoring the environment of biodiversity areas near its worksites. In the case of Gyuldo, known as a major habitat for egrets, the vegetation environment had been damaged and green coverage was decreasing. However, through environmental improvement efforts, its function as a bird habitat has been fully restored.



* With the stabilization of Gyuldo’s ecological environment, inspection goals for basic maintenance have been established

Biodiversity Investment Costs

Samsung Heavy Industries recognizes its responsibility for biodiversity conservation and accordingly invests in various conservation activities, including post-environmental impact assessments. Key investment items include prior reviews to minimize habitat damage, species protection measures, and restoration projects. Going forward, we plan to systematically manage ecosystem impacts and expand the scope of activities linked to biodiversity conservation.

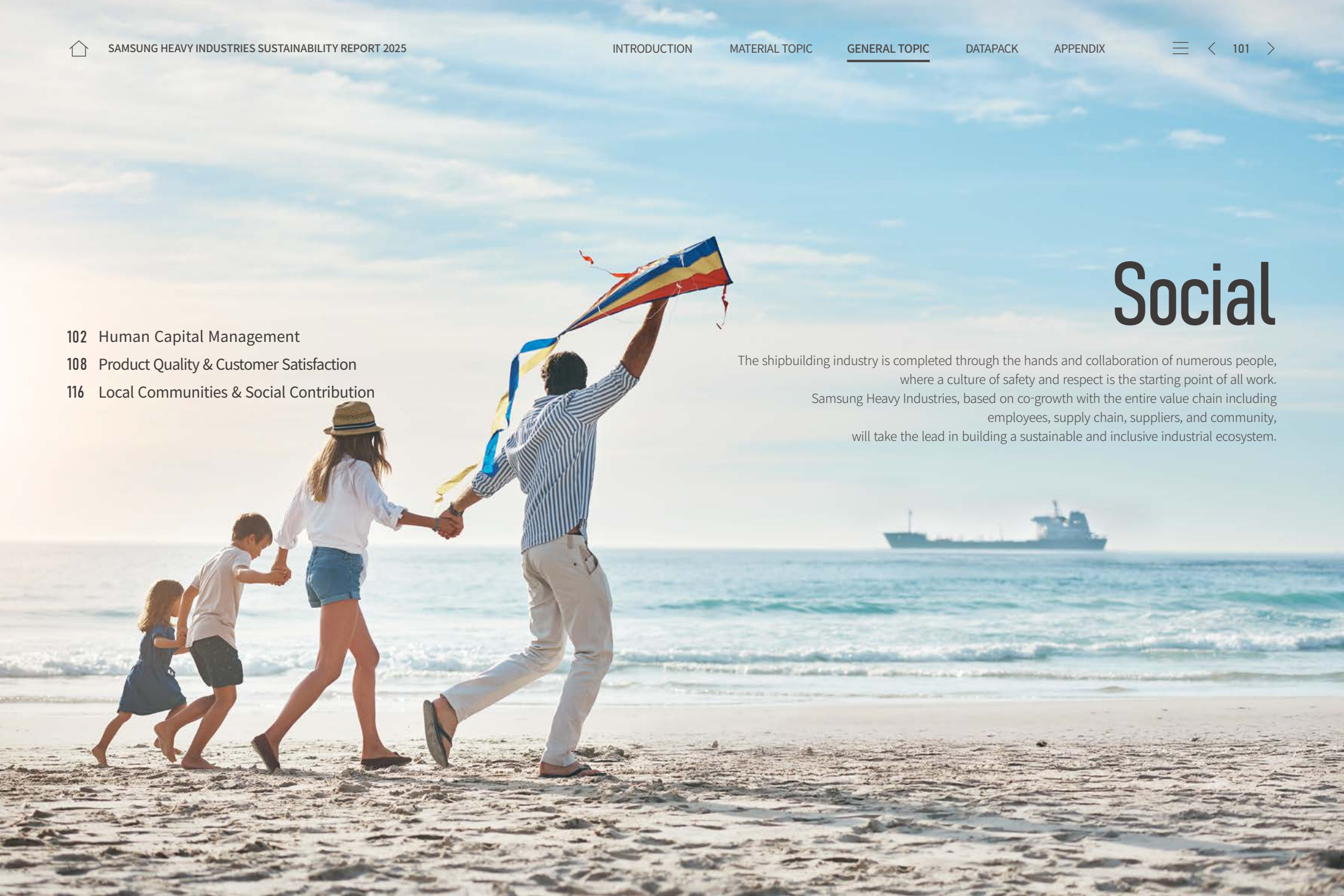




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Social

The shipbuilding industry is completed through the hands and collaboration of numerous people, where a culture of safety and respect is the starting point of all work. Samsung Heavy Industries, based on co-growth with the entire value chain including employees, supply chain, suppliers, and community, will take the lead in building a sustainable and inclusive industrial ecosystem.



Human Capital Management

Governance

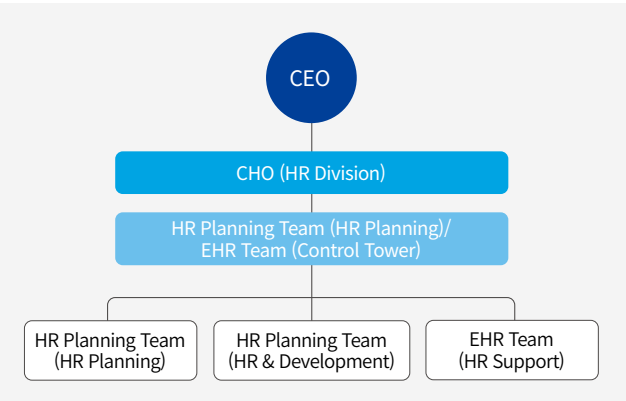
Responsibilities and Structure of the Governance Body

Samsung Heavy Industries aims to lead innovation in the shipbuilding and offshore industry while enhancing the professionalism and career growth of its employees. The talent development strategy is managed by the HR Planning Team ((HR & Development), EHR Team (HR Support), and HR Planning Team (HR Planning), with coordination and oversight by the CHO (HR Division). Key issues related to talent development are discussed and decided upon by the Management Council, a C-level executive committee that includes the CEO.

| 2024 Management Council Key Discussion Agenda

Date	Agenda
2024.01	E-7 Workforce Operation Plan
2024.04	E-7 Workforce Operation Status
2024.05	2024 Production Position Open Recruitment Status
2024.11	Offshore Project Workforce Review
2024.12	Proactive Measures for Securing and Retaining Offshore Workforce

| Human Capital Management Governance Structure



Strategy

| Talent Management Strategic Framework

Vision	Goal	Implementation Strategy
Discover global talent who can contribute to human progress through the shipbuilding and offshore industry and nurture top talent through self-directed learning.	Securing top-tier talent capable of contributing to the advancement of the shipbuilding and offshore industries, supported by a self-directed learning framework to maintain world-class capabilities.	DT Capability Enhancement
		Self-directed Learning System
		Developing Outstanding Talent

Talent Recruitment

Samsung Heavy Industries is committed to securing outstanding talent based on a rational and open recruitment policy. The hiring of non-regular employees is restricted to cases of temporary workforce demands and is strictly managed by the respective department heads. Non-regular employees receive the same treatment and benefits as regular employees, ensuring a non-discriminatory work environment. A recruitment process aimed at enhancing diversity has been established, focusing on hiring new graduates, experienced professionals from other industries, individuals with disabilities, veterans, and foreign nationals.

New Employee Recruitment

Samsung Heavy Industries conducts public recruitment twice a year to fairly select new employees with excellent job competencies. The open recruitment system of Samsung is grounded in the unique characteristics and fairness of job roles, applying a differentiated process that includes fit-for-duty assessments, job aptitude tests, and interviews specific to the Samsung Group.

| Samsung Heavy Industries New Recruitment Process



Foreign Employee Recruitment

With an emphasis on mid-to-long-term goals, Samsung Heavy Industries recruits and manages workers of diverse nationalities. Employees recruited from each country participate in job-specific training and receive education in Korean language and culture locally to secure essential skills prior to final interviews for employment.



Human Capital Management

Strategy

High School Graduate Recruitment

Samsung Heavy Industries aims for organizational vibrancy and sustainable growth by hiring talent from diverse backgrounds in education, age, and nationality. High school graduate recruitment is part of a mid-to-long-term strategy for workforce development, with structured hiring and placement, technical education, practical experience, and mentoring to ensure smooth integration. Expansion of high school graduate hiring is planned to support industry growth for talent with various educational backgrounds.

Disabled Employee Recruitment

Samsung Heavy Industries prioritizes the employment of nationally registered persons with disabilities in compliance with relevant laws and internal regulations, as stated on its recruitment website, Samsung Careers.

Intern Recruitment

Samsung Heavy Industries offers regular college internships and industry-academia cooperation programs, providing practical experience for those interested in the shipbuilding and offshore sectors. The regular college internship spans approximately two months, during which participating students alternate between shipyard sites and office departments, handling task-oriented projects. This initiative enhances participants' technical knowledge, practical skills, and organizational understanding. After the internship period, outstanding interns are offered opportunities for regular new employee recruitment through assessment. These programs are designed for early identification and development of outstanding individuals who will lead the future shipbuilding and offshore industries.

Internal Recruitment Process

Job Posting System Samsung Heavy Industries operates a 'Job Posting' system to support employees' career development and competency expansion, allowing members to voluntarily apply for desired jobs or projects. After reviewing applications and conducting interviews, job transfers or project participation are facilitated, promoting broader job experience and growth.

Talent Development Programs

Rank-based Training

New Employee Training Samsung Heavy Industries conducts training for new hires, both entry-level and experienced, to support their successful onboarding. Through orientation and on-the-job training (OJT), the program establishes essential mindsets for corporate life, aiming to improve initial retention rates and organizational engagement through successful onboarding. The orientation includes various collaborative programs such as team building, virtual work simulations, cargo hold manufacturing, and tours of the Geoje Shipyard to foster bonds among new employees and enhance organizational commitment.

Leadership Salon Samsung Heavy Industries operates leadership programs targeting various leader groups within the organization including department heads, middle managers, newly appointed team leaders, female leaders, and global site managers. This builds a pipeline based on the Samsung-style leadership model, exploring desirable and undesirable leadership traits and enhancing understanding of responsible leadership. The program includes dialogues with senior executives, female leadership-focused training developed with external partners, lectures by internal and external speakers, and wellness initiatives. Training modules cover the Samsung leadership competency model, strengths feedback diagnostics, self-leadership, and mindfulness practices.

Women Leadership Program Samsung Heavy Industries operates a women's leadership program as part of a strategic approach to enhance long-term organizational competitiveness by strengthening leadership capabilities and securing a future leader pool among female talent. The program targets female leader groups within the organization and includes training on the Samsung-style leadership model along with female-specific leadership training conducted in collaboration with external professional institutions. Samsung Heavy Industries plans to continue supporting women to grow as leaders and actively demonstrate their capabilities. The program targets female leader groups within the organization and includes training on the Samsung-style leadership model along with female-specific leadership training conducted in collaboration with external professional institutions. Samsung Heavy Industries plans to continue supporting women to grow as leaders and actively demonstrate their capabilities.

Job Competency Enhancement Training

Samsung Heavy Industries operates programs to strengthen employees' job competencies in response to rapid changes in the energy market, strengthening environmental regulations, and digital transformation. These initiatives aim to proactively address anticipated paradigm shifts in the global shipbuilding and offshore market by fostering core talent and embedding technologies across all sectors, including design and production, to secure next-generation market leadership.

Program for Cultivating Future Innovation Leaders Samsung Heavy Industries runs training courses composed of four areas: AI & Big Data, Alternative Fuel Propulsion Ships, Smart Ships, and Smart Yard to proactively respond to digital transformation and expansion of eco-conscious technologies in the shipbuilding and offshore industry. By improving comprehension of swiftly advancing technologies, enhancing capabilities in net zero and alternative fuel ship development, and implementing digital transitions and smart yards, the company aims to cultivate specialized talent aligned with its sustainability strategies, solidifying its role as a technology leader.

Human Capital Management

Strategy

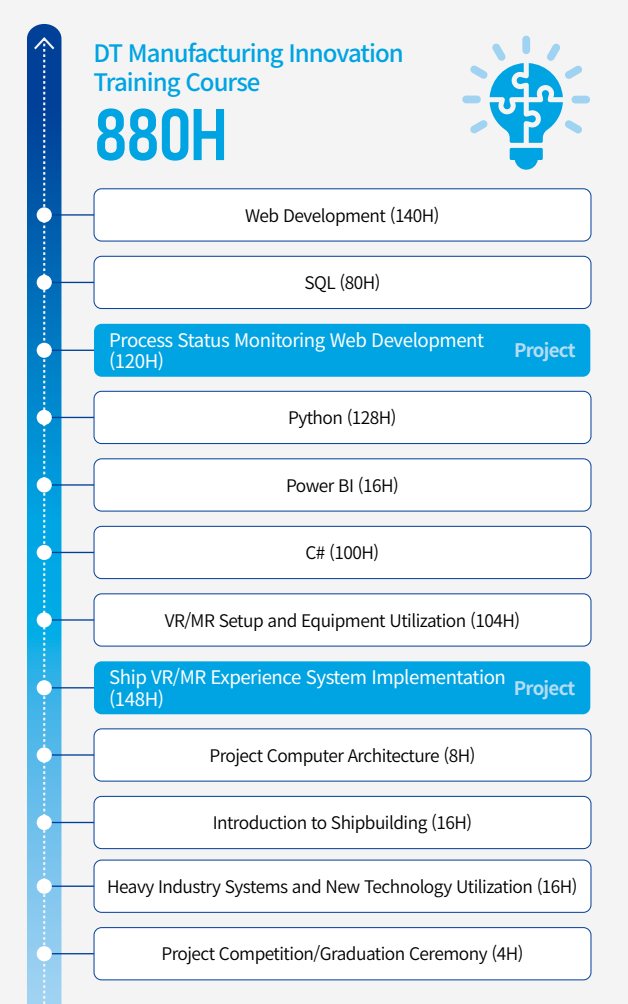
DT Capability Enhancement Training (Digital Transformation Training)

Samsung Heavy Industries is adopting Digital Transformation (DT) organization-wide to foster new business models and maintain a competitive edge. Training initiatives are in place to strengthen AI and automation proficiency among the workforce, including technical support employees and contract workers. The company enhances DT expertise systematically through a DT certification program, domain expert training, research and legacy specialist programs, and courses for generative AI application. In partnership with the Ministry of Employment and Labor, the company conducts a DT Manufacturing Innovation Training Program, which delivers specialized instruction in AI, big data, VR/MR, and web development. The goal is to train 30 workers by 2024 and integrate them into departments requiring strong DT capabilities, thereby executing key roles in digital transformation.

Foreign Worker Job Competency Improvement Program Samsung Heavy Industries conducts pre-employment training for foreign workers through local training centers to enhance job competencies. Instructors from technical institutes and exceptional field managers are dispatched to local centers in each country to conduct skill enhancement training. This training consists of customized job training by occupation and regular trainee competency assessments, fostering individual capability improvements through hands-on guidance.

Through local training center training, the time required for workers to acquire technical qualifications has been significantly reduced, improving their adaptability on site. This initiative addresses labor shortages and aging workforce challenges in the shipbuilding industry, ensuring the stable supply and retention of foreign workers, thereby preventing productivity declines and maintaining quality competitiveness.

| Summary of DT Manufacturing Innovation Training Course



Basic Competency Enhancement Training

Introduction of Creative Working Skills To enhance new employees' creative work capabilities, Samsung Human Resources Development Center has introduced the Creative Working Skills course. This program focuses on early detection of potential issues in the workplace and encourages employees to identify and implement improvements directly.

This approach aims to strengthen the foundation of an innovative organizational culture by fostering thinking-centered talents who can think flexibly and solve problems in complex and unpredictable industrial environments.

Mentoring & Strength Revolution Workshop Samsung Heavy Industries has developed a workshop for new college graduates that extends beyond the traditional mentor-mentee relationship. The workshop is designed to facilitate mutual growth and development.

The program fosters a horizontal workshop environment, moving beyond vertical mentor-mentee relationships. Through role and responsibility definitions, individual trait analysis, departmental integration assistance, and goal setting for professional growth, it supports a 'Pro' mindset. This approach aims to enhance early adaptation, utilizing individual strengths to promote long-term organizational commitment and maximize job productivity.

Foreign Language Intensive Course Samsung Heavy Industries offers an intensive language course to boost global business acumen and improve foreign language proficiency among its workforce, including those in technical support and production roles. The course is conducted as an 11-week residential program at Samsung Heavy Industries Sancheong Training Institute, inviting expert instructors for subjects such as business/current affairs/daily English and OPIC/TSC, providing high-quality language education.

This initiative is designed to strengthen global communication skills for technical negotiations with international clients, improve competitive bidding capabilities, and expand global partnerships to support overseas business growth.

Human Capital Management

Strategy

Self-directed Learning Support

Training Platform ‘Udemy’ Samsung Heavy Industries offers the ‘SHIFT: the square’ online training program as part of its On-the-Job Training (OJT) process for new employees. Utilizing Udemy, the world’s leading global training platform, the program provides a wide range of training programs and languages to support self-directed learning tailored to individual interests and capabilities. This initiative lays the foundation for systematic self-guided learning from the beginning of employment, fostering the growth and development of new hires.

Operation of Autonomous Training Platform Samsung Heavy Industries operates CiC, an online self-learning site, as part of establishing a self-learning system for all employees. It offers diverse content such as leadership, language, and job skills to provide insights to employees. To strengthen job capabilities across different professions, autonomous campuses are run by headquarters and team units, with the ‘Let’s Learn’ academy facilitating learning anytime and anywhere through its online platform. By providing rich content through this platform, the company supports employee advancement in areas such as design, safety, quality, and digital transformation (DT) without the limitations of time and place. The plan is to further expand job training courses and link them with competency assessments, ensuring the platform remains a valuable resource for self-guided learning.

| Samsung Heavy Industries Talent Development Program

Classification	Contents	Target Audience
New Employee On-boarding	• SHIFT: the Start (Introductory Training) • SHIFT: the Square (OJT Training) • SHIFT: the Festival (1st Anniversary Event)	New Employees (Excluding Contract and Part-time Employees)
Leadership Salon	• New/Department Heads • CL2/3 Promotees • Junior/Senior • Team/Section Leaders	Promotees (Excluding Contract and Part-time Employees)
DT Campus (Digital Transformation Training)	• Domain Experts • Legacy Expert Programming • DT Manufacturing Innovation Training Course	Technical Support Staff and Contract Employees
Talent Development Programs	• Samsung EMBA • Overseas Academic Training • EPM • Industry-Academia Cooperation University Short-term Training • Outsourced Job Training • Global Exchange Program	Employees (Excluding Contract and Part-time Employees)

Measurement of Training Program Effectiveness

Samsung Heavy Industries conducts follow-up surveys targeting the company-wide training program, qualitatively analyzing each program’s effectiveness and on-the-job contribution based on participants’ training feedback and learning outcomes. This approach aims to continuously enhance the strategic alignment and practical effectiveness of the training. Additionally, trainee VOC is separately collected to reflect the vivid voices from the training field, which serves as the basis for specifying the direction and operational guidelines for the next training session.

| DT Capability Enhancement Training Results

Classification	(Unit: Persons)	DT Competency Certification Holders	(Unit: Persons)
Domain Expert Training Course	624	Level 1	2
Research Personnel and Legacy Expert Training Course	138	Level 2	39
Generative AI Utilization Expert Course	464	Level 3	520
		Level 4	398
Total	1,226	Total	959
		DT Competency Certification Acquisition Rate	78%

Labor-Management Relations

Labor-Management Representatives Co-prosperity Management

Samsung Heavy Industries clearly defines employees’ freedom of association and collective bargaining through its Human Rights Charter, recognizing and guaranteeing employees’ rights to freely form or join labor unions or not, and to participate or not in collective bargaining and peaceful assemblies. Based on these principles, to enhance employee participation in management activities and expand communication between labor and management, various management partner activities such as attending naming ceremonies and visiting overseas worksites are conducted centered on the Labor-Management Council. In the past three years, Labor-Management Representatives have actively engaged in 21 events, such as naming ceremonies, international business site visits, and contract signing celebrations, all contributing to business growth. Funds received from shipowners during naming ceremonies are entirely dedicated to employee welfare enhancement and the improvement of working conditions, administered transparently through the Labor-Management Council and specialized departments.

Labor-Management Council

Samsung Heavy Industries is dedicated to building a labor-management culture grounded in trust and collaboration, emphasizing communication and respect. Significant managerial changes requiring labor-management consultation are announced beforehand, with outcomes decided through the Labor-Management Council applied throughout the organization. This Council, equally balanced between worker representatives and company leadership, resolves key matters like wage discussions and working conditions, and discusses enhancements in welfare and human resources policies. In September 2024, the company successfully concluded its wage negotiations, marking a first among South Korea’s three major shipbuilding companies.



Human Capital Management

Risk Management

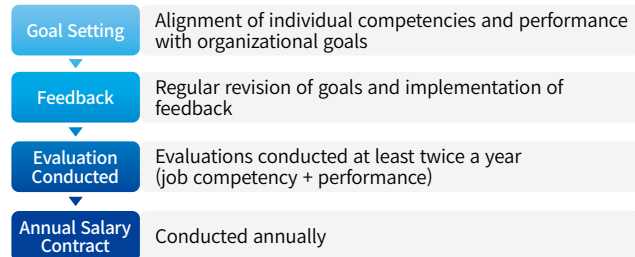
Evaluation and Compensation

Performance Assessment System

Samsung Heavy Industries operates a fair performance evaluation system to provide reasonable compensation based on performance. To ensure fairness and reliability of assessments, evaluations are conducted based on clear guidelines, including reviews and multi-faceted assessments according to various criteria such as job, rank, organization, and worksites, comprehensively judging employees' performance and capabilities.

Competency diagnostics and feedback interviews are conducted at least once a year for all job groups, including technical roles such as production and design, to identify individual strengths and areas for development. Additionally, for management positions, pre-training is provided to enhance evaluators' competencies, along with regular surveys and feedback interviews to raise awareness among those being evaluated.

| Employee Performance Evaluation Process



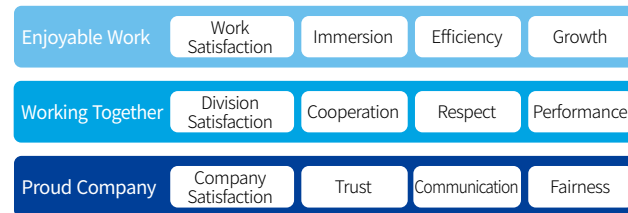
Compensation System

Samsung Heavy Industries operates various performance-linked compensation systems such as position allowances, individual performance bonuses, goal achievement incentives, and performance incentives. Individual performance bonuses are paid annually to employees with excellent yearly performance based on evaluations conducted at least once a year. Goal achievement incentives are paid semi-annually depending on the company's annual management goal achievement level. Performance incentives are distributed based on exceeding corporate performance goals, calculated as a percentage (0 to 50%) of the annual salary.

Organizational Culture Diagnosis (SCI)

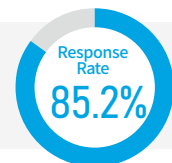
The Samsung Culture Index (SCI) serves as an annual assessment tool, focused on discovering strengths and potential improvements in organizational culture by surveying employee satisfaction and commitment. This survey encompasses 12 items, organized into four detailed components across three major domains. The insights gained from the SCI help diagnose the current cultural landscape and rectify unreasonable or inefficient elements, fostering an environment where employees can be fully immersed in their roles.

| SCI Evaluation Items



| Overview of 2024 SCI Survey

- Diagnosis Period: 2024.10.14 ~ 10.18
- Diagnosis Subject: 8,182 employees
- Participants: 6,968 employees
- Response Rate: 85.2%



Employee Welfare Programs

Samsung Heavy Industries promotes employee well-being and health by providing a variety of welfare facilities and programs. The company offers accommodation for employees who have relocated from other regions, including dormitories and company apartments. A daycare center is also operated to support employees' families. Additionally, a scholarship class is offered for children of employees and on-site contractors attending middle school in Geoje, helping to reduce private education expenses.

Classification	Program	
Housing Support	• Housing Funds	• Dormitory
Child Support	• Tuition for children (high school and college students, preschool children)	• Daycare Center • Scholarship Class (including suppliers)
Family Support	• Personal Pension • Group Insurance	• Congratulations and Condolences
Medical Support	• Medical Costs	• Comprehensive Health Checkup
Leisure Support	• Leisure Facilities • Welfare Points	• Longs Service Award
Health, Culture, Education Support	• Cultural Education Programs • Support for Resorts and Sports Leisure Activities (Gym, Soccer Field, etc.) • Employee Tuition Support	
Others	• Commute Shuttle Bus	• Labor Welfare Fund

Flexible Working Hours System

Samsung Heavy Industries adheres to internal employment rules, specifically Article 58 (Standard Working Hours) sections 1 and 2, to regulate working hours and promote a culture of autonomy and responsibility among employees. The company implements a Selective Working Hours System, allowing employees to distribute their total working hours (8 hours/day) across a standard accounting period, typically one month. This system enables flexible daily start and end times, and employees can utilize this system without restrictions when working more than four hours per day. By encouraging employees to manage their working hours proactively, the program aims to enhance work engagement and support a healthy work-life balance. All office employees, except pregnant women and those in specialized roles, are eligible for this flexible work schedule. Regular feedback from employees is incorporated to continually improve the system.



Human Capital Management

Metrics & Targets

Samsung Heavy Industries recognizes talent development as the core of corporate competitiveness and systematically manages human resources across organizational culture, performance management, welfare, and training. In particular, it regularly assesses employee satisfaction and competency levels, continuously improving human resource management methods based on these assessments to pursue both organizational stability and efficiency. The company plans to further advance its human resource management system going forward.

Organizational Culture Diagnosis (SCI)

The Samsung Culture Index (SCI) survey is conducted annually across the workforce to assess cultural strengths and areas for enhancement within the organization. Structured with 12 questions across three main areas and four subcategories, the results guide improvements in work environment efficiency and support the creation of a more immersive working atmosphere. Moving forward, the company will consistently monitor and manage SCI findings, focusing on sustaining a steady level of organizational culture through effective execution of improvement initiatives.



Management of Employee Welfare Budget

Samsung Heavy Industries is dedicated to fostering a stable working environment and enhancing employee welfare through diverse benefit programs. Practical housing support, including dormitories and company apartments, supplements statutory welfare benefits to aid employees working in different regions. The company maintains an approach that takes the work environment into account across all welfare initiatives. Moving forward, Samsung Heavy Industries will continue to assess these programs' operation and efficacy, ensuring necessary improvements are made.



Management of Employee Training Budget

Samsung Heavy Industries views talent development as a critical component for sustainable growth, providing structured training to strengthen job-related skills. Training programs are crafted to connect employee competencies with organizational strategies, prioritizing leadership, technical expertise, and digital skills. The company is continually expanding its investments on training in these core areas. In the future, the company plans to implement a quantitative evaluation framework to measure training effectiveness and enhance tailored training systems by service years and job categories.





Product Quality & Customer Satisfaction (Product Quality)

Governance

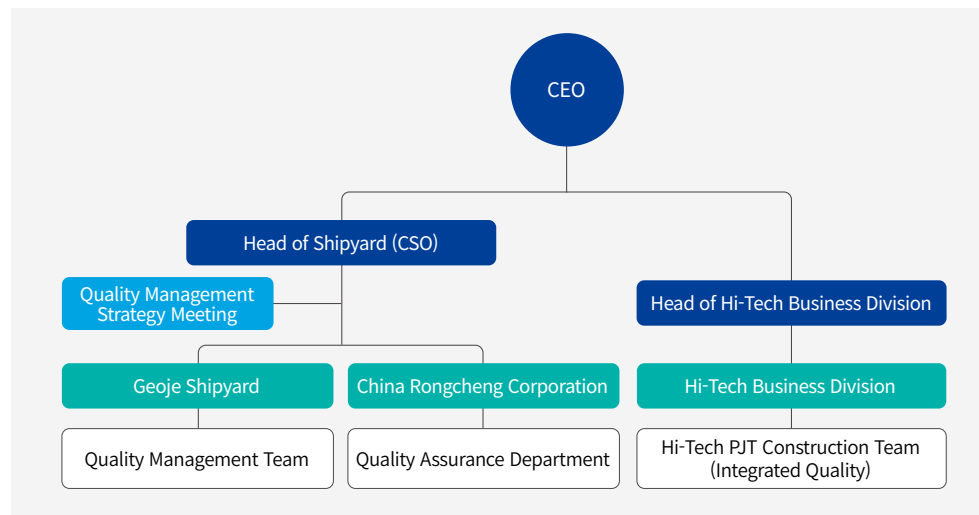
Responsibilities and Structure of the Governance Body

Samsung Heavy Industries has organized a Quality Management Team that is in-charge under the Head of Shipyard (CSO) to oversee comprehensive quality management at the Geoje Shipyard. Considering the distribution of its sites and divisions, quality-focused teams have been formed at the Hi-Tech Business Division in Pyeongtaek and the Rongcheng Corporation to streamline quality operations.

An annual Quality Management Strategy Meeting addresses current matters and discusses long-term strategies, involving the Head of Shipyard and heads from design, production, and quality sectors at the Geoje Shipyard. The meeting reviews the past year's quality performance and outlines future quality strategies. The Quality Management Team Leader provides regular updates to the Head of Shipyard (CSO), sharing insights on quality issues weekly through in-person and written reports.

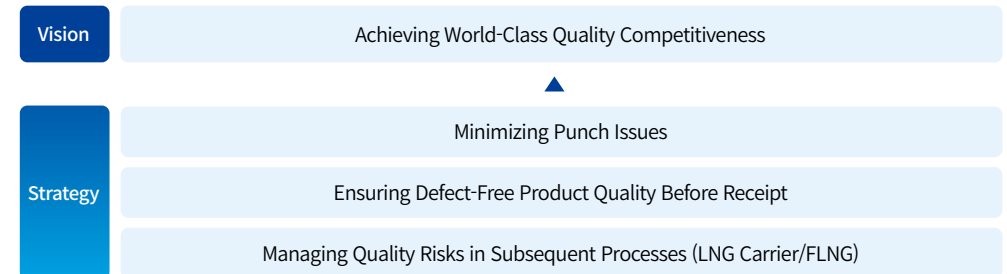
Samsung Heavy Industries utilizes KPIs such as welding defect rates, inspection pass rates, Punch lead time and Cost of Poor Quality (COPQ) to consistently measure quality management outcomes. Looking ahead to 2025, the company plans to implement more intuitive and refined KPI management standards, anticipating operational volumes and workforce factors.

| Quality Management Governance Structure



Strategy & Risk Management

| Quality Management Strategy Framework



Samsung Heavy Industries has prioritized maximizing customer satisfaction as its foremost goal in quality management. To achieve this, the company has implemented a quality management system in line with ISO 9001, ISO/TS 29001, and ISO 3834-2 standards. The focus is on delivering products and differentiated quality services that exceed customer expectations.

The company continuously formulates and executes strategies for quality innovation. In 2024, the key strategies include strengthening quality indicator management, enhancing preemptive material quality management, securing quality for carriers and offshore projects, and improving quality through AI/DT technologies. For 2025, the focus shifts to minimizing punch items, ensuring zero-defect quality before receipt, and managing quality risks in subsequent processes, thereby elevating overall quality satisfaction.

| Quality Management System Certification Status



- 1) The certification applies to approximately 99% of total sales, and to approximately 94% of employees on a consolidated basis.
- 2) The certification applies to approximately 92% of total sales, and to approximately 75% of employees on a consolidated basis.
- 3) The certification applies to approximately 92% of total sales, and to approximately 75% of employees on a consolidated basis.



Product Quality & Customer Satisfaction (Product Quality)

Strategy & Risk Management

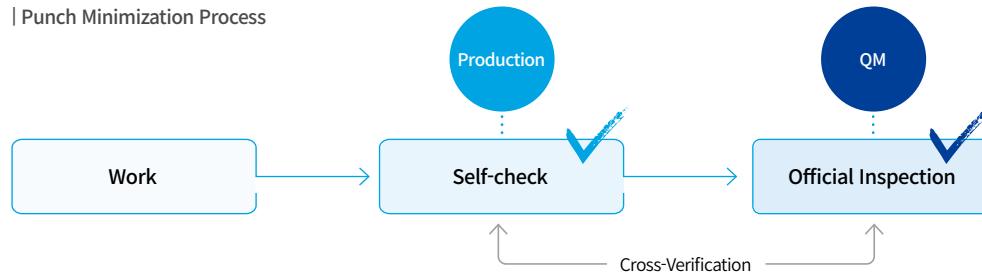
Minimizing Punches

Samsung Heavy Industries is focused on successfully managing Punch lists, which are project review results and quality concerns, to ensure timely delivery of products that meet customer requirements. The company has designated Punch lead time as a key quality metric, emphasizing rapid closure and undertaking company-wide preventive quality activities to reduce Punch occurrences.

Through actual data analysis, high-risk Punch items are identified, with preventive measures implemented from the design phase. Additionally, any deficiencies or incomplete work are proactively addressed through strengthened self-inspections, and quality inspectors use cross-verification and feedback to prevent Punch occurrences.

Production sites with a high inflow of new and global workforce or heightened quality risk are subject to focused monitoring and tailored guidance activities. Through these efforts, Samsung Heavy Industries aims to elevate quality awareness among production employees, foster an environment for standard operations, and eliminate Punch and quality incidents.

| Punch Minimization Process



| LNG Cargo Hold Inspection



| Quality Inspection



| Propeller Quality Inspection



Ensuring Defect-Free Product Quality Before Receipt

Samsung Heavy Industries actively engages in value chain management and preventive quality activities to ensure defect-free product quality and maintain stability across production processes. The company inspects materials involved in projects to ensure they meet quality specifications and addresses pre-existing quality risks for improvement.

In collaboration with research centers, the company provides technical support to External Suppliers for welding quality enhancement, ensuring close management of quality risks. The Weld Committee administers qualification management for welders, equipment inspection and calibration, improved fit-up inspections, and enhanced verification of NDE (Non-Destructive Examination) procedures.

Quality management of initially produced and applied products plays a crucial role in reducing defect rates and securing stable product quality. In 2024, processes were improved to bolster the management of critical-to-quality (CTQ) related to initial equipment and Suppliers. For 2025, a Focusing Task Force will be established to address risks not identified through CTQ procedures at the individual equipment level. The dedicated TF will conduct performance issue analysis and review commissioning procedures to proactively identify and resolve risks.

Additionally, the company bolsters pre-check efforts for equipment and Suppliers prone to quality issues, enhancing the effectiveness of Factory Acceptance Tests (FAT). This ensures thorough performance verification prior to receipt.

Through constructive communication with External Suppliers, Samsung Heavy Industries shares improvement strategies, technical expertise, and lessons learned to realize shared values and ensure defect-free product quality.



Product Quality & Customer Satisfaction (Product Quality)

[Strategy & Risk Management](#)

Post-Process (LNG Carrier/FLNG) Quality Risk Management

LNG Carrier

Samsung Heavy Industries concentrates on cargo containment system quality management to ensure the timely delivery of LNG carriers, a key segment of its operations.

The company utilizes data-driven preventive quality management to analyze quality risks by type. Immediate issues are prioritized for swift resolution, while fundamental improvements are addressed through mid-to-long-term initiatives. Additionally, the company is committed to implementing systems and policies to enhance the quality awareness of its production teams.

FLNG Project

Samsung Heavy Industries analyzes key quality risk items and establishes quality assurance measures to successfully execute the FLNG (Floating Liquefied Natural Gas) project, continuously managing these efforts.

By 2025, the approach includes strengthening verification and oversight of new subcontractors and workers to address quality risks associated with increased offshore construction personnel and inspection demands. Verification of new companies begins at the pre-deployment audit stage, followed by focused monitoring and feedback on work results after deployment. The company reinforces pre-evaluation and cross-checks of inspection outcomes for new inspectors, while ensuring compliance with ten quality golden rules during construction tasks. Using three-dimensional analysis, fundamental quality issues in offshore projects are identified and directly managed by production team leaders and group heads.

| FLNG Construction Site



Employee Quality Management Training

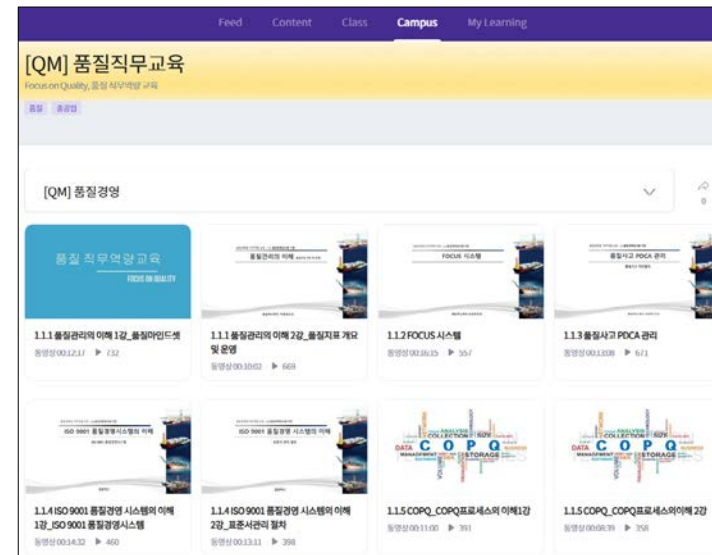
Samsung Heavy Industries' products and services undergo extremely complex and long-term processes from order receipt to delivery, and throughout the ship warranty period and lifespan, due to the nature of the order-based industry.

To guarantee integrated quality, it is essential for the entire organization and each member to comply with quality standards, establish quality awareness, and participate voluntarily. Samsung Heavy Industries actively collects quality-related feedback from internal and external stakeholders and conducts diverse quality training and promotional activities to meet these demands.

To strengthen the self-check capabilities of production team leaders and foremen, quality training is provided through offline and online training platforms to enhance quality awareness. During daily pre-work toolbox meetings, all production workers receive quality training and promotional materials along with support.

Furthermore, Samsung Heavy Industries develops and broadcasts a CATV quality promotion program for all employees, using various channels like internal bulletin boards and social media to deliver proactive quality training. Suppliers also benefit from provided quality training resources and shared promotional content to boost their quality capabilities.

| Online Quality Training Platform



Product Quality & Customer Satisfaction (Product Quality)

Metrics & Targets

Samsung Heavy Industries systematically manages key indicators such as production process quality levels, product quality, and quality issue responses to improve company-wide quality levels and achieve customer satisfaction quality goals. Each indicator serves as a standard to assess not only quality levels but also response levels to quality issues and overall quality management system operational capabilities, based on which the advancement of quality management is pursued. In 2024, all indicators exceeded targets or showed improvement trends, demonstrating the achievements of quality management. In 2025, while maintaining superior quality levels compared to competitors, precise and effective quality improvement goals are established considering expected volume, workforce supply status, and work environment. Continuous quality improvement activities and advancing quality management processes will be pursued to realize stable customer satisfaction in quality.

Production Process Quality Level

Samsung Heavy Industries ensures adherence to standard work practices by establishing standard operational processes and elevating company-wide quality awareness, thereby reinforcing autonomous quality management systems in production. Comprehensive management and training of welder qualifications, adherence to welding procedures, and active technical support through the Welding R&D Center contribute to maintaining high welding quality standards. Additionally, the operation of an efficient quality management system enables process innovation in inspections, proactive quality management, and the adoption of various smart systems to achieve quality levels that meet product and customer requirements.

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal	
	Welding Defect Rate (Structure)	0.27%	0.24%	- Establishing detailed forecasts of welding defect rates in preparation for expanding global workforce (E7 welders), analyzing welding volume, and securing stable welding quality through efficient workforce management and enhanced training. - Improving quality inspection pass rates through segmented management of targets reflecting organizational field inspection completeness and seasonal factors based on accumulated big data analysis results.	By analyzing repetitive chronic defect types, establishing segmented and effective key management items by process, and advancing the quality management process to minimize defect rates and enhance product reliability and customer satisfaction.
	Welding Defect Rate (Piping)	1.38%	0.97%		
	Quality Inspection Pass Rate (Process)	99.0%	99.5%		

Quality Issue Handling and Management

Samsung Heavy Industries has established and manages the Punch processing process, strengthening coordination among response organizations and continuously improving processes to shorten processing days. Recurrent quality issues are systematically analyzed to identify root causes and develop effective preventive measures. Proactive quality activities are conducted to ensure early detection and elimination across work types, key milestones and vessel types. The enhancement of the quality management process focuses not only on preventing recurrence but also on anticipating potential quality issues. Additionally, factors contributing to quality costs are closely monitored to reduce unnecessary loss through an enhanced preemptive prevention framework targeting major defect types.

	2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
	Company-wide Average Punch Processing Days	7 days	5 days	Establishing detailed Punch processing day targets by inspection process and meticulous management to shorten Punch processing days and reduce COPQ, thereby enhancing response speed and efficiency to quality issues and improving operating profit. Establishing a proactive response system based on quality data to continuously reduce the occurrence of quality issues and COPQ, securing global-level quality competitiveness.
Cost of Poor Quality (COPQ) to Sales	0.51%	0.44%		



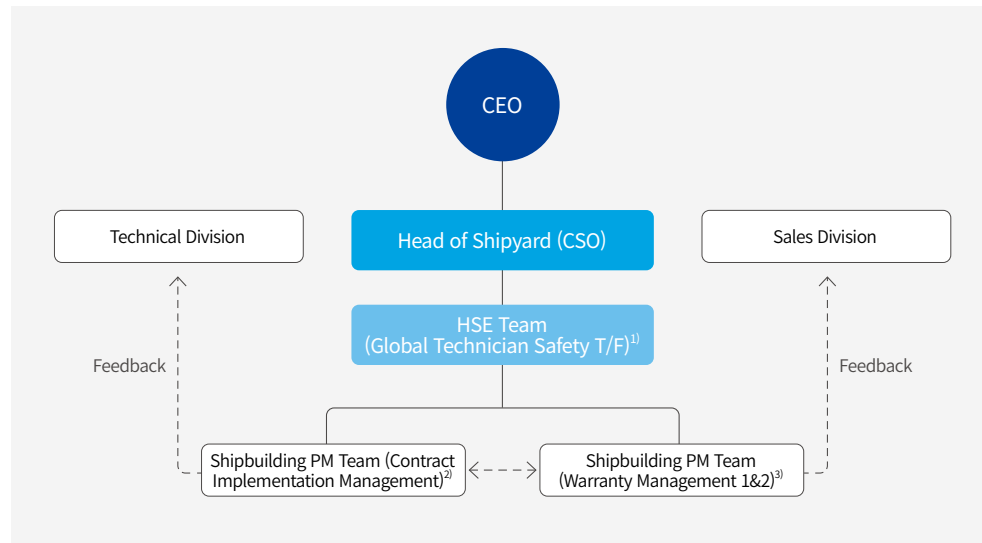
Product Quality & Customer Satisfaction (Customer Satisfaction)

Governance

Responsibilities and Structure of the Governance Body

Samsung Heavy Industries has established a customer satisfaction management system centered on the management team and related departments. Customer feedback raised during the construction of ships and offshore production facilities is collected weekly by the Shipbuilding PM Team (Contract Implementation Management), while feedback received after delivery is gathered by Shipbuilding PM Team (Warranty Management 1&2). The collected Voice of Customer (VOC) is communicated to the Technical Division and Sales Division respectively to develop response measures. These matters are reported to the management team, including the CEO, and after management review, feedback is provided to the shipowners.

| Customer Satisfaction Governance Structure



1) HSE Team (Global Technician Safety T/F): Secretary of Customer Satisfaction Committee

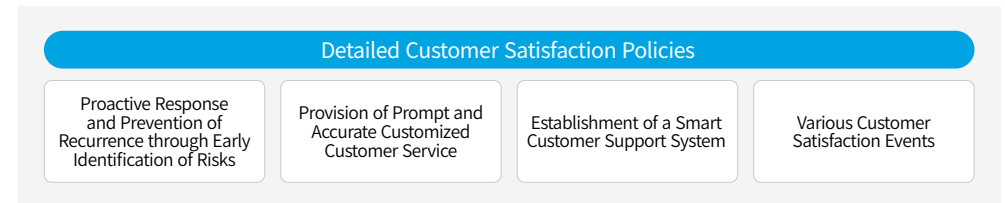
2) Shipbuilding PM Team (Contract Implementation Management): Customer satisfaction management during construction

3) Shipbuilding PM Team (Warranty Management 1&2): Customer satisfaction management after delivery

Strategy & Risk Management

Samsung Heavy Industries aims to realize customer satisfaction by leveraging a database accumulated throughout the entire project lifecycle—from project initiation to maintenance periods—to advance various strategies.

| Detailed Customer Satisfaction Policies



Proactive Response and Recurrence Prevention through Early Risk Identification

Samsung Heavy Industries conducts proactive risk management activities regarding quality claims. To minimize quality claims and ensure safe ship operation, a smart feedback system is operated to provide prompt and appropriate feedback, striving to prevent claims in advance.

In 2024, the feedback system was applied to 38 projects, reflecting a total of 76 timely feedback instances. This resulted in preventing claims and minimizing quality failure costs. Ship claims are complex in nature and require various measures considering operational and geographical specificities. Despite difficulties in specifying response deadlines due to these characteristics, the company endeavors to enhance customer satisfaction by shortening the average response time through selective claim management and providing accurate services promptly.

Providing Prompt and Accurate Customized Customer Service

Samsung Heavy Industries is committed to continuously listening to the voice of customers. For resident customers, VOC is collected more than once a week, collaborating with relevant departments to build strong relationships with clients and seek optimal response measures. Additionally, differentiated customer satisfaction and service activities are conducted to foster amicable relations with customers. In case of customer complaints or inconveniences, immediate feedback on requests is provided through consultation with related departments, and major customer requests and progress are reported weekly to management, striving to fulfill customer needs.

Product Quality & Customer Satisfaction (Customer Satisfaction)

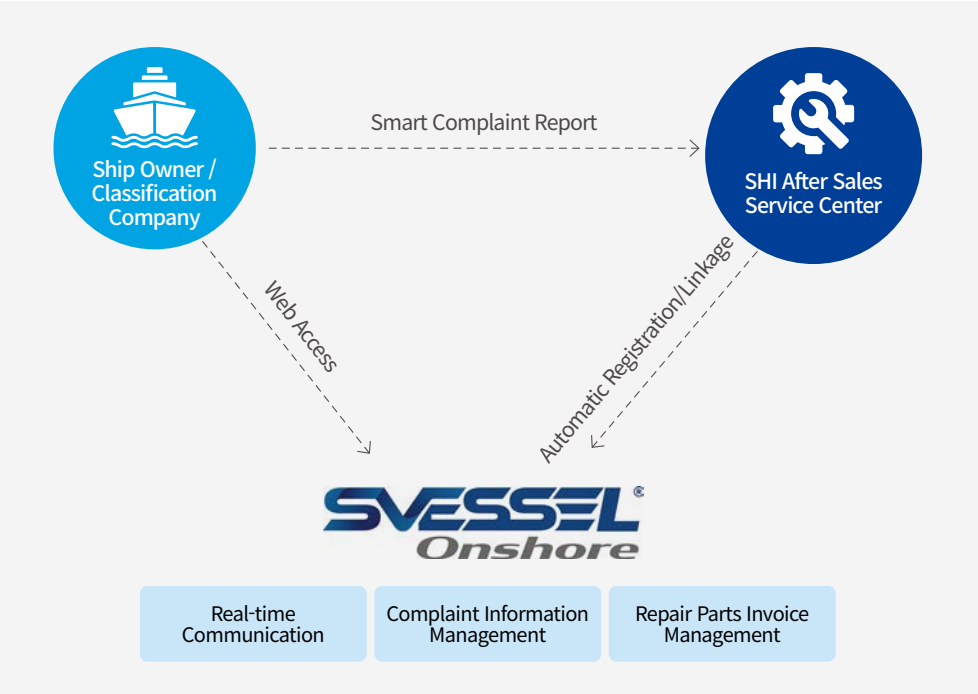
Strategy & Risk Management

Establishment of Smart Customer Support System

Smart A/S System

Samsung Heavy Industries is striving to enhance customer satisfaction by establishing an integrated claim management system based on the Smart A/S System, which integrates ICT technology. Through the BIG (Board Integrated Gateway) system equipped with Smart Ship solutions, ship data collection devices gather all onboard data in real time and transmit it instantly to the onshore service center. The collected ship big data is continuously remotely monitored through the integrated fleet system. Additionally, by utilizing AIS (Automatic Identification System) data in real time, the ship's route can be proactively confirmed, and necessary support measures are taken promptly based on that information.

| Smart A/S System



S-Lounge

Samsung Heavy Industries launched and operates the S-Lounge, an all-in-one support system introduced in September 2023. This platform allows online inquiry, application, submission, and processing of resident customer requests and grievance handling tasks, such as access applications, safety gear requests, invitations, visas, and living information, which were previously managed manually or by phone.

| S-Lounge Operation

Function	Description
Customer Satisfaction, Cost Reduction	Customer Satisfaction: Standardizing responses to common inquiries and providing valuable information
	Cost Reduction: Shift from manual to direct entries in the shipowner's system, reducing man-hours and enabling tracking of issuance progress.
Providing Information	• Essential On-Site Information at SHI: Shuttle and commute schedules, meal plans, emergency assembly points by building, along with useful details like local hospital information and events in Geoje. • Various Announcements and FAQs: Includes notices on holidays and changes to internal regulations. • System-based Applications: For access badges (including vehicles) and safety gear.

Various Events for Customer Satisfaction

Samsung Heavy Industries conducts a variety of customer satisfaction events on a monthly and quarterly basis for employees and resident customers. These events aim to foster unity and provide a platform for active engagement, contributing to the successful execution of projects.

| Customer Satisfaction Program

Naming Ceremonies Invitation for Shipowner Headquarters and On-site employees, Celebration of Ship Completion	Customer events Sports Competitions and Holiday Events, World Food Day Celebrations (Held Twice Annually)	Occasional events Opening Ceremonies and Major Milestone Events Conducted for Each Project
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Product Quality & Customer Satisfaction (Customer Satisfaction)

Metrics & Targets

Samsung Heavy Industries recognizes customer feedback as a core factor in refining products and services, persistently engaging in structured activities to elevate satisfaction levels and ensure swift claim handling. By actively addressing various needs and issues at customer touchpoints and linking them to quality enhancement efforts, the company aims to build trust. Continuous management of satisfaction surveys and claim resolution indicators supports the realization of customer-centric management, informed by survey results and feedback.

Customer Satisfaction Survey (CSI)

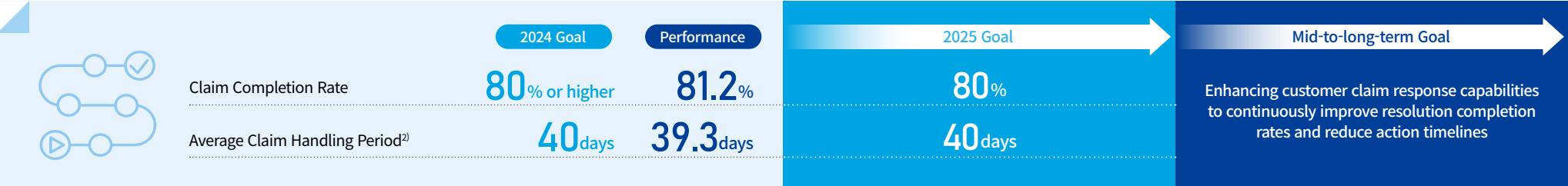
Samsung Heavy Industries listens to customers frequently and provides immediate feedback on customer requests by consulting relevant departments when complaints or inconveniences arise. Key customer requests and progress status are shared across divisions (weekly management report on customer trends). Additionally, an annual CSI survey is conducted targeting shipowners residing at the company to assess satisfaction by division and identify and improve dissatisfaction.



1) Refers to shipowners residing at Samsung Heavy Industries.

Management of Customer Complaints

Samsung Heavy Industries enhances customer satisfaction by providing prompt and precise responses to various types of claims arising after ship delivery. Given the differing handling methods and time frames based on claim types, it is challenging to specify a uniform resolution period. However, the company is consistently focused on reducing the average claim resolution time and maintaining stable claim resolution rates, thereby continually strengthening overall response capabilities. Moving forward, efforts will continue to be directed towards improving service quality through systematic response management.



2) Due to industry characteristics, this includes material lead time, actions taken, engineer verification, and closure period.



Special Page

Product & Service Safety Program

Samsung Heavy Industries continuously strives to ensure not only the safety of its employees but also the safety of its customers. Based on international standards and advanced technologies, Samsung Heavy Industries provides safe products and services, aiming to establish a prevention-oriented safety culture and achieve world-class safety performance through an integrated company-wide safety management system.

Product Safety Policy and Responsibility System

Samsung Heavy Industries guarantees product and service safety to its clients based on the Employee Code of Conduct, HSE Management Policy, and Quality Management Policy. These policies clearly define standards to secure safety at every stage from product design through production, delivery, and post-management. Decision-making related to product safety is assigned to responsible departments at each stage. The design phase is managed under the Engineering Division (CTO), while production and quality are overseen by the Head of Shipyard. Each department appoints project-specific personnel to ensure execution capability.

 Quality Policy HSE Policy Code of Conduct

Product Safety · Performance Inspection and Evaluation

Samsung Heavy Industries secures product safety based on quality management as disclosed in [Strategy and Risk Management](#) regarding the Quality Management System. Product inspections such as preventive checks and witnessing inspections are conducted to verify that safety-related devices and design elements are clearly implemented in products. The actual reflection of product safety is confirmed through multiple stages. Additionally, by utilizing digital technology to acquire key quality data of products for monitoring and analysis, quality errors during processes are prevented, quality risks are managed, thereby ensuring quality.

| Product Safety·Performance Inspection and Evaluation System

Achieving product quality management through a quality management system

Checking whether product safety is reflected through company-wide and comprehensive quality management

Operation of the ship quality assurance system from drying through product delivery

Conduct environmental and safety tests with customer/class attendance through sea trials before vessel delivery

Product Safety Monitoring and Performance Goals

Samsung Heavy Industries provides Inspection Test Plans to customers who actually use ships and offshore production facilities, designating Safety Devices as mandatory quality inspection items to conduct regular inspections throughout the product usage period. Additionally, by utilizing the SVESSEL™ Digital Twin Platform developed in-house, the performance and safety status of operating vessels can be monitored in real time. When risks are detected, information is immediately shared with shipowners for proactive maintenance. Furthermore, monitoring is conducted through an ICT Technology Convergence-based [Smart A/S System](#).

To enhance product safety, Samsung Heavy Industries establishes goals such as design failure rates and inspection pass rates related to product safety, reflecting these in executive KPIs/MBOs and linking them to executive compensation.

Product Safety Design and Evaluation

Samsung Heavy Industries applies a multi-layered safety review process centered on risk analysis starting from the initial design stages of ships and offshore production facilities.

HAZOP (Hazard & Operability Analysis): Systematically identifying all risk factors early in the project to reflect them in design requirements.

HAZID (Hazard Identification Study): Analyzing design appropriateness, abnormal operation scenarios, and control device effectiveness for major processes/facilities.

SIL (Safety Integrity Level): Identifying required safety integrity levels for automated systems (FGS, ESD, etc.) through evaluation and reflecting them in design.

In addition, regulations from IMO and IACS, SOLAS/MARPOL standards, and customer requirements are faithfully incorporated. Furthermore, a DFS (Design for Safety) system is introduced and operated to preemptively identify and resolve potential safety accidents during production by reflecting them in design drawings. Moreover, IMO and IACS regulations, SOLAS/MARPOL standards, and customer requirements are thoroughly reflected. Additionally, a [DFS \(Design for Safety\) system](#) is implemented to identify potential safety accidents arising during production in advance and prevent them by incorporating solutions into design drawings.

Employee Training and Accident Response System

As disclosed in [Material Topic 3. Occupational Health and Safety](#), Samsung Heavy Industries thoroughly manages health and safety within the yard through an advanced safety management system. This system applies not only to employees but also extends to all personnel working within the yard, including suppliers, clients, classification societies, and third-party inspectors. Additionally, before starting new projects, separate additional training is conducted regarding product safety standards applicable to the relevant ships and offshore production facilities.

In case of product safety-related accidents, real-time response is possible through an early warning system and a 24-hour emergency response system. After an accident occurs, an accident investigation committee is formed to analyze causes and establish recurrence prevention measures, with corrective actions implemented immediately. Serious accidents and corrective actions are registered in the in-house IT system and shared across the entire organization.

External Verification and Public Disclosure

Policies, performance, and serious accident response cases related to product safety are regularly disclosed externally through the Sustainability Statement and Samsung Heavy Industries' official website. Moreover, from design drawing verification to quality and performance testing (commissioning), external verification is conducted by third-party certification bodies (global classification societies).

“Samsung Heavy Industries recognizes product safety not merely as a quality issue but as a core ESG factor directly linked to corporate sustainability. Going forward, the company will realize sustainable safety leadership based on a company-wide responsibility system, proactive design and verification, and a digital-based real-time management system.”



Local Communities & Social Contribution

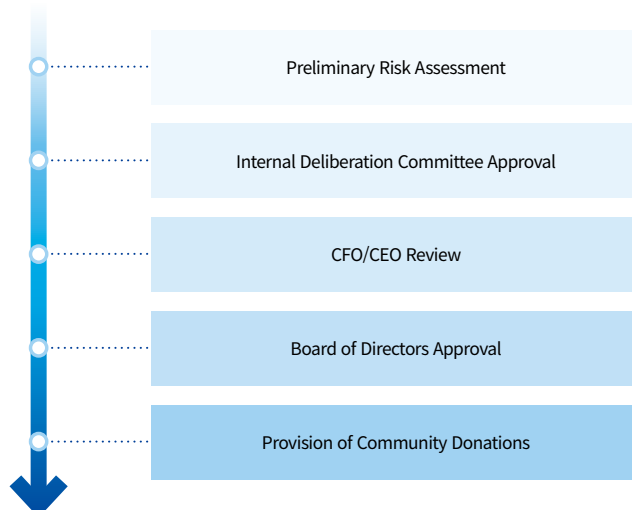
Governance & Strategy

Responsibilities and Structure of the Governance Body

Samsung Heavy Industries recognizes that community donations may be subject to domestic and international anti-corruption laws and operates strict internal control procedures. When providing donations, the company requires approval after comprehensively considering the legitimacy of the sponsoring organization's existence and purpose, appropriateness of the amount, and transparency of donation management.

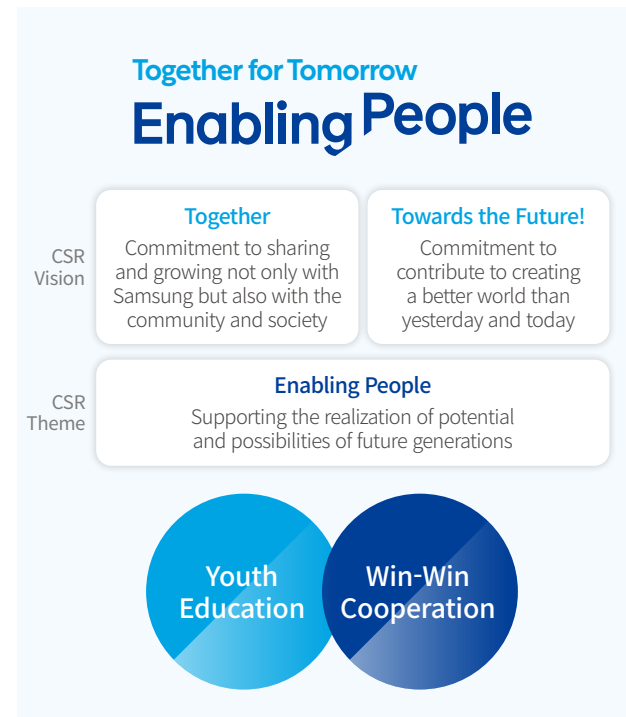
The 'Anti-Corruption Law Compliance Regulations' and 'External Donation Operation Standards' stipulate the process for providing community donations. Departments wishing to provide donations must conduct a preliminary risk assessment and obtain approval from the Internal Deliberation Committee, which includes participation from the HR Planning Team (Pangyo General Affairs). Only after receiving Internal Deliberation Committee approval can donations be provided following confirmation by the CFO or CEO depending on the amount, and subsequent approval by the Board of Directors.

Community Donation Provision Process



Under the social contribution vision 'Together for Tomorrow! Enabling People', Samsung Heavy Industries practices social responsibility focusing on two themes: 'Youth Education' and 'Win-win Cooperation.' Through this, the company aims to build a happy and safe society for all and grow together with local communities. Social contribution activities are carried out with active participation and support from employees, with the company matching employee donations at the same scale, while communicating and collaborating with community welfare organizations and various partners.

Social Contribution Strategy Framework



Youth Education Program

The Youth Education Program is jointly operated by all Samsung affiliates, and Samsung Heavy Industries actively supports this program to help youth discover their potential and grow into healthy members of society in the future.

Dream Class (Supporting Students from Low-income Families)

Since 2021, Samsung Heavy Industries has participated in the Dream Class program, supporting the education of middle school students from low-income families. The initiative aims to break the cycle where economic disparity leads to educational inequality by providing equal learning opportunities.

Participating students form mentor-mentee relationships with college students, professionals, and Samsung Heavy Industries employees, receiving support and guidance to foster their dreams and aspirations while acquiring the learning necessary for realization.

In June and November 2024, two sessions of career experience events were held for a total of approximately 120 middle school students. These career experience events are the most favored content by students. They included yard tours through visits to the Geosje Shipyard, welding AR and painting VR experiences at the Technical Training Center, and mentor lectures, providing vivid career experiences for youth.





Local Communities & Social Contribution

Strategy

Stepping Stones of Hope (Supporting Self-Reliance of Youths Becoming Independent)

Samsung Heavy Industries provides secure housing and personalized one-on-one education to support independent living for youth aged 18 who are leaving childcare facilities and entering society.

As part of the self-reliance employment education, a 'Ship Manufacturing Technician' training course has been launched and is actively conducted at the Samsung Heavy Industries Technique Training Center, with additional contributions from employee volunteers.



| Hope Stepping Stone

Win-win Cooperation Program

Samsung Heavy Industries operates various collaborative programs aimed at improving the lives of vulnerable groups within the community. The company provides assistance to those facing challenges such as youth issues, illness, elderly isolation, and social isolation.

Support for Community-Specific Development Initiatives

Samsung Heavy Industries partners with external welfare agencies to deliver community-specific support initiatives. Efforts include the Crisis Family Support Program, designed to ensure the stability of households facing crises such as job loss, family dissolution, or health issues through preventive and remedial measures. The company also aids the Integrated Community Care Project, focusing on building support networks within small rural and fishing village communities.

Happy Meal Sharing Program

When employees use convenient breakfast meals (bread & milk), KRW 1,000 of ingredient costs is donated to support meals for underserved children in the community. Focused on summer and winter school vacation periods without school meals, nutritional Happy Meal sets were provided over a total of 11 weeks throughout 2024 to 67 and 73 households of underserved children respectively. This special donation culture encourages continuous employee participation at Samsung Heavy Industries.



| Happy Meal Sharing Program

Supporting Housing Safety for the Vulnerable Group

Samsung Heavy Industries is committed to aiding energy efficiency improvement endeavors that form part of broader efforts to better the living conditions of vulnerable community members.

Support for Geoje City Hope Welfare Foundation

Samsung Heavy Industries supports the Geoje City's Hope Welfare Foundation to enhance community well-being by assisting vulnerable groups in welfare blind spots. Through the foundation, the company aids low-income families with living expenses, medical costs, GED exam fees, scholarships, and emergency living expenses, fostering self-sufficiency among marginalized populations.



| June 2024 Love Kimchi Sharing

Sharing Kimchi with the Vulnerable Group

Samsung Heavy Industries has conducted kimchi sharing activities for low-income and underserved households in the community for 12 years, distributing Kimchi. These volunteer activities involve employees and their families. In June 2024, kimchi sharing event was held for 380 local low-income and underserved households and welfare center senior dining halls. In December, the Happy Sharing Kimchi Day event continued these happiness-sharing activities.



| December 2024 Happy Sharing Kimchi Day

Other Employee Volunteer Activities

| Volunteer Activities and Performance

Classification	Performance
Talent Donation	• Paperhanging, landscaping, haircutting, technical guidance at Meister High Schools, marine underwater purification, etc.
Youth Guidance	• Operation of a volunteer group guiding and patrolling the adolescents to return home safely at night • Emergency adolescent guidance
Sharing Week Volunteer/ Donation Activities	• Every November, two weeks of employee Sharing Week volunteer activities are conducted along with company-employee joint donation pledge campaigns. • In-house diving club leads marine debris collection efforts.
Holiday Hope Sharing Campaign	• Annually, employee volunteer groups visit partnered villages, senior centers, households, and welfare facilities during holidays, delivering donation items and engaging in community interaction.
Regular Blood Donation Campaign	• Campaign operation during blood supply shortage period due to school vacations in January ~ February and July~ August. • In 2024, 2,726 employees participated (a 32% increase compared to 2023).
Foreign Volunteer Crime Prevention Team	• Operation of the Local Volunteer Crime Prevention Unit involving Police, Community Center, and Foreign Employees (conducted twice weekly)

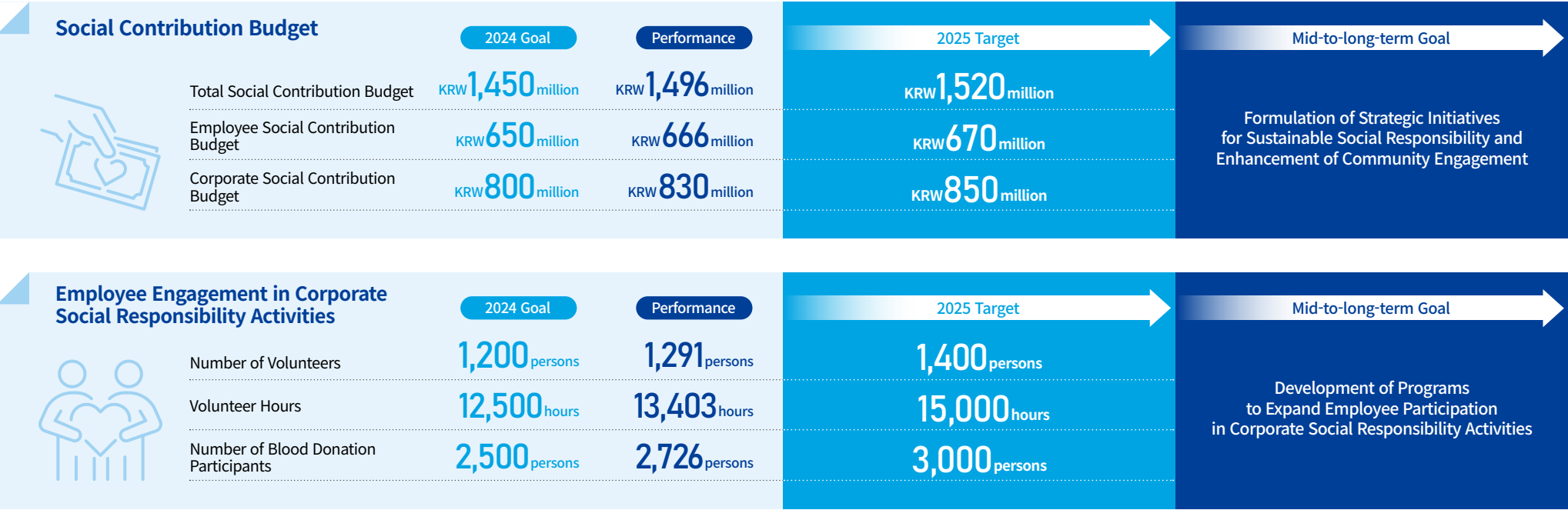
Local Communities & Social Contribution

Risk Management

Samsung Heavy Industries strives to reduce adverse regional impacts by maintaining continuous communication with community stakeholders. The CEO participates in meetings with leaders from various local organizations, such as the Community Security Council, to understand regional concerns and gather community perspectives.

Metrics & Targets

Samsung Heavy Industries is committed to promoting sustainable co-growth through diverse social contribution efforts, enhancing both corporate contributions and employee involvement. The company establishes quantitative goals for critical components, including social contribution budgets and volunteer activities, systematically monitoring and managing annual performance. By doing so, the company strives to diligently carry out its corporate social responsibilities, build trust with the community, and develop a sustainable framework for social contributions over the mid-to-long-term.





Governance

Transparent and Responsible Governance is a compass guiding the company in the right direction and holds even greater value in the shipbuilding and offshore industries, which involve diverse stakeholders and legal responsibilities. Samsung Heavy Industries will continuously strengthen the trust of all stakeholders through the managing of the Board of Directors with independence and expertise, as well as ethical and compliance management. We will continuously enhance the trust of all stakeholders.

- 120 Board of Directors
- 128 Integrated Risk Management
- 133 Information Security



Board of Directors

Overview of the Board of Directors

Samsung Heavy Industries has established the Board of Directors centered on independent directors to enhance the objectivity and transparency of the board, ensuring maximum independence in the operation of the board and all subcommittees. Additionally, the board is composed of directors with professional expertise to increase its credibility.



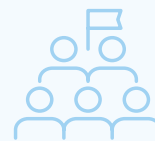
| Principles for the BOD Composition



Composition of the BOD
centered on independent
directors



Managing of the BOD
and subcommittees with
expertise

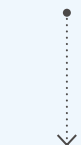


Strengthening
Independence of
BOD and Subcommittees

BOD Responsibilities

Samsung Heavy Industries enhances corporate value and the long-term interests of shareholders through strengthening the responsibilities of the Board of Directors. In accordance with Articles 433 and 434 of the Commercial Act, amendments to the Articles of Incorporation are permitted through special resolutions at the general shareholder's meeting. Furthermore, pursuant to Article 542-8 of the Commercial Act, the appointment of independent directors who concurrently serve as directors, executive officers, or auditors at two or more other companies is restricted. The Articles of Incorporation also prohibit directors from holding concurrent positions without approval from the board or delegated committees, with exceptions only when such concurrent service was known at the time of appointment. Lastly, Samsung Heavy Industries' Articles of Incorporation do not include provisions for limiting board responsibility. In addition, the company manages the following metrics as measures of responsible governance.

Board Attendance
Rate



94.6%

Existence of CEO
Succession Plan



Yes

Implementation of
Board Performance
Evaluation



Yes

Requirement
for Shareholder
Approval on Articles
Amendment



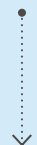
Yes

Four or Fewer
Position Held



Yes

Limitation on Board
Responsibility



No

* However, liability insurance is
subscribed at company expense

BOD Diversity

Samsung Heavy Industries considers diversity an essential principle for the board of directors to derive rational decisions based on broad perspectives. During director nomination and appointment stages, no discrimination is made based on gender, age, race, ethnicity, nationality, birthplace, or cultural background. In March 2020, a female independent director was appointed as main efforts to improve BOD diversity.

BOD Independence

Composition Centered on Independent Directors

Samsung Heavy Industries primarily has a board of independent directors. From appointment, candidates are chosen based on independence standards to avoid conflicts of interest. The company's rules mandate that independent directors make up the majority of the board. Currently, 57% of the BOD are independent directors.

Additionally, except for the Management Committee, all subcommittees comprise only independent directors, bolstering oversight and check. The Audit Committee includes three independent directors, exceeding the legal requirement of at least two-thirds.

Target Ratio for the Appointment of Independent Director

Samsung Heavy Industries aims to appoint at least a majority (over 50%) of independent directors among board members and complies with this goal.

Prevention of Conflicts of Interest in the BOD

Samsung Heavy Industries prevents conflicts of interest within the board through its Articles of Incorporation and board operation regulations. Directors are generally restricted from engaging in business activities identical to those of the company without approval from the board or delegated committees. Directors with special interests in board resolutions are not permitted to exercise voting rights.

Board of Directors

Independence Requirements for Independent Directors

Samsung Heavy Industries verifies the independent directors’ independence to strengthen checks on management and ensure the Board functions independently. When appointing or reappointing independent directors, the following checks are conducted to verify compliance with legal qualifications and the absence of direct contracts or transactions with related parties. Additionally, thorough assessments are performed to confirm independence from affiliates, subsidiaries, or controlling individuals, ensuring alignment with shareholder interests. Candidates’ expertise in relevant fields is meticulously considered, with periodic monitoring during their tenure as directors.

Samsung Heavy Industries complies with exclusion criteria for independent director appointments under Article 25-2 Paragraph 3 of its Articles of Incorporation and Articles 382-3 and 542-8 of the Commercial Act. Independence requirements and conflict of interest are confirmed upon appointment and reappointment; if an independent director becomes disqualified during tenure, they must vacate their position. All currently serving independent directors at the company meet all qualification requirements stipulated by applicable laws and internal regulations.

Introduction of Senior Independent Director System

Samsung Heavy Industries introduced the Senior Independent Director system within the Board of Directors’ operating regulations in October 2023 to enhance the independence of independent directors. As specified in Article 5-2 (Senior Independent Director) of the Board Operating Regulations, the Senior Independent Director may convene and preside over meetings attended only by independent directors, support communication between the chairman of the BOD, management, and independent directors, and assist in the efficient performance of independent directors’ duties. The company appointed Independent Director Hyun-wook Cho as Senior Independent Director in March 2025.

Enhancement of Board Expertise and Capabilities

BOD Expertise Building

Samsung Heavy Industries conducts regular training to strengthen independent directors’ expertise regarding the business. To share management status and enhance audit expertise, a total of six external accounting firm training sessions were hosted during 2024 and the first half of 2025, providing training on internal accounting control and company risk management, achieving a 100% attendance rate.

Board of Directors Trainings

Date	Trainer	Trainee	Reason for Absence	Contents
2024.02.19	Samil Pricewaterhouse Coopers	Gang-sik Choi, Ki-seop Nam, Ki-kwon Lee	-	Changes to regulations on evaluation and reporting of the Internal Accounting Control System
2024.04.24	Samil Pricewaterhouse Coopers	Sang-jik Yoon, Ki-seop Nam, Won-jae Lee	-	Legal roles and responsibilities of the Audit Committee
2024.07.25	Samil Pricewaterhouse Coopers	Sang-jik Yoon, Ki-seop Nam, Won-jae Lee	-	Explanation of corporate fund reporting cases and checkpoints
2024.10.24	Samil Pricewaterhouse Coopers	Sang-jik Yoon, Ki-seop Nam, Won-jae Lee	-	Roles and responsibilities of the Audit Committee, evaluation and reporting standards
2025.2.17	Samil Pricewaterhouse Coopers	Sang-jik Yoon, Ki-seop Nam, Won-jae Lee	-	Explanation of key audit issues for the 2024 financial statements
2025.4.24	Samil Pricewaterhouse Coopers	Sang-jik Yoon, Won-jae Lee, Sang-gyu Kim	-	Accounting treatment of forward exchange contracts and audit procedures for estimated costs, etc.

Board of Directors

Board Skills Matrix

Samsung Heavy Industries appoints top experts in the shipbuilding and offshore sectors as internal directors to effectively respond to changes in the external economic environment. Independent directors are also appointed from professionals with extensive experience in industry, academia, government policy, finance, and law. Since 2022, the company has introduced the Board Skills Matrix (BSM) to disclose various competency factors such as expertise and independence of board members, thereby enhancing transparency and trust in Samsung Heavy Industries’ sustainable governance system.

BSM¹⁾

● Chairman ○ Member

Classification		Internal Director			Independent Director			
		Sung-an Choi ²⁾	Wang-geun Lee	Kyung-hee Kim	Hyun-wook Cho	Sang-jik Yoon	Won-jae Lee	Sang-gyu Kim
Major Career		- (Former) CEO of Samsung E&A - (Current) Vice Chairman and CEO	- (Former) Head of Production Support Division - (Current) Head of Shipyard (CSO)	- (Former) Head of Overseas Business Team Former Head of Production Support Headquarters - (Current) Head of Management Support Office (CFO)	- (Former) Judge, Member of Human Rights Commission - (Current) Lawyer, Senior Independent Director	- (Former) Minister of Ministry of Trade, Industry and Energy - (Current) General Counsel at Law Firm	- (Former) 1st Vice Minister of Ministry of Land, Infrastructure and Transport - (Current) Advisor at Housing Industry Research Institute	- (Former) Fiscal Affairs Manager at Ministry of Strategy and Finance, Administrator of Public Procurement Service - (Current) Chairman of Korea Procurement Research Institute
Competency	Leadership	✓	✓	✓	✓	✓	✓	✓
	Finance & Accounting	✓		✓				✓
	Law/Policy				✓	✓	✓	✓
	Industry Experience	✓	✓	✓				
	Independence				✓	✓	✓	✓
	ESG	✓	✓	✓	✓			✓
	Risk Management	✓	✓	✓	✓	✓	✓	✓
Age (Full Years)		64	54	55	58	68	60	64
Gender		Male	Male	Male	Female	Male	Male	Male
Ethnicity (Nationality)		Asian (Korea)	Asian (Korea)	Asian (Korea)	Asian (Korea)	Asian (Korea)	Asian (Korea)	Asian (Korea)
First Appointment Year (Tenure) ³⁾		2023.03.17 (25 months)	2024.03.21 (13 months)	2025.03.20 (1 month)	2020.03.20 (61 months)	2024.03.21 (13 months)	2024.03.21 (13 months)	2025.03.20 (1 month)
Term End Date		2026.03.31	2027.03.31	2028.03.31	2026.03.31	2027.03.31	2027.03.31	2028.03.31
Affiliated Subcommittee	Management Committee	●	○	○				
	Audit Committee					●	○	○
	Independent Director Candidate Recommendation Committee				●	○		○
	Internal Transaction Committee					○	●	○
	Compensation Committee				●	○		○
	ESG Committee				●	○	○	○

1) As of March 31, 2025

2) Samsung Heavy Industries’ CEO concurrently serves as Chairman of the Board of Directors to strengthen decision-making processes and promote efficient communication.

3) In case of reappointment, the initial appointment date is indicated.



Board of Directors

Support for Independent Directors' Duties

Samsung Heavy Industries provides human capital and material resources as well as information on management status and key issues upon request by independent directors. In 2024, to enhance independent directors' understanding of the business and provide necessary information for their duties, quarterly management status updates, internal accounting control system briefings, and domestic and international inspection opportunities were offered. Additionally, the Pangyo General Affairs serves as the board support organization, with one group leader and one executive dedicated to providing materials supporting the Board of Directors and its subcommittees, thereby assisting independent directors in fulfilling their roles and responsibilities.

In particular, for ESG agenda items that require specialized understanding such as net zero, a separate ESG Advisory Committee was convened prior to the ESG Committee meetings to offer suggestions, advice on agenda and reporting items, and explanations on ESG trends. Furthermore, in 2024, Samsung Heavy Industries conducted four training sessions for independent directors covering topics such as changes in internal accounting control system regulations, legal roles and responsibilities of the Audit Committee, cases of corporate financial misconduct and inspection points, and key accounting issues in the 2024 financial statements review.

BOD Operation

Appointment and reappointment of the BOD

When a director appointment agenda is included in the general shareholders' meeting, Samsung Heavy Industries provides information about director candidates in advance through the convocation resolution or notice of the general shareholders' meeting to ensure shareholders have sufficient time to make informed decisions. The provided information includes detailed career history, independence status, current occupation, reasons for recommendation, and other necessary details for judgment.

Independent directors are appointed only from those recommended by the Independent Director Candidate Recommendation Committee and are finally appointed through the general shareholders' meeting to maintain independence and transparency, ensuring a fair appointment process.

Internal directors undergo thorough evaluation and monitoring of long-term assessment and performance from the BOD trainings to ensure fairness in candidate selection. Additionally, suitable candidates for internal directors are developed and managed through the unique Core Post Succession Plan, which focuses on competency and leadership performance management.

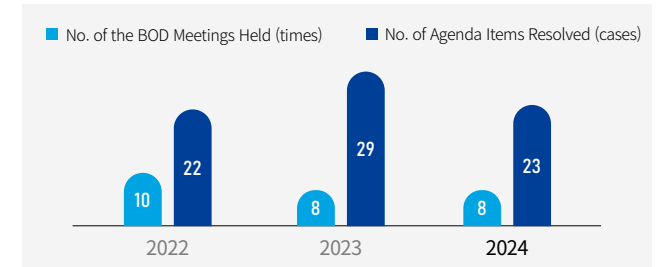
For detailed information on the appointment and re-appointment of the Board of Directors, please refer to the [Independent Director Candidate Recommendation Committee](#).

BOD Operation

Samsung Heavy Industries stipulates as a principle in its regulations to hold one regular board meeting per quarter and convenes extraordinary board meetings as needed for company management decisions.

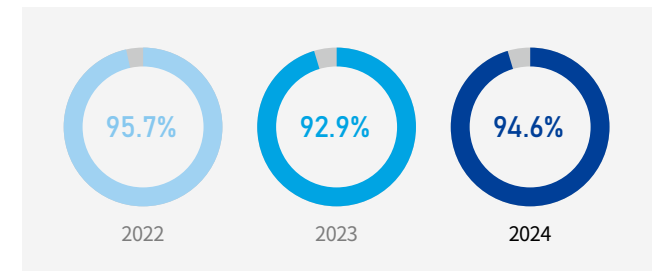
Resolutions from the BOD require a majority attendance and approval by a majority of attending directors, and directors with special interests in agenda items are not permitted to exercise voting rights.

Board meeting Held and No. of Agenda Items to be Resolved



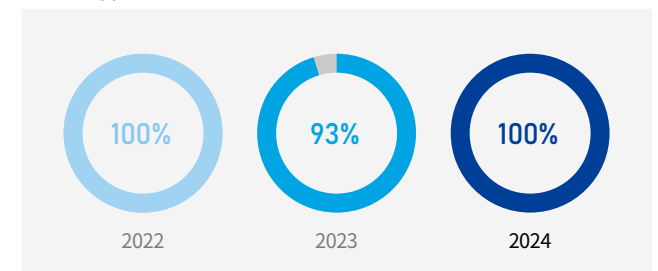
※ The detailed contents about each agenda would refer to the website of in the Corporate Governance Report.

Board Attendance Rate



※ Calculated based on the business report reflecting changes such as CEO and independent director replacements.

Board Approval Rate

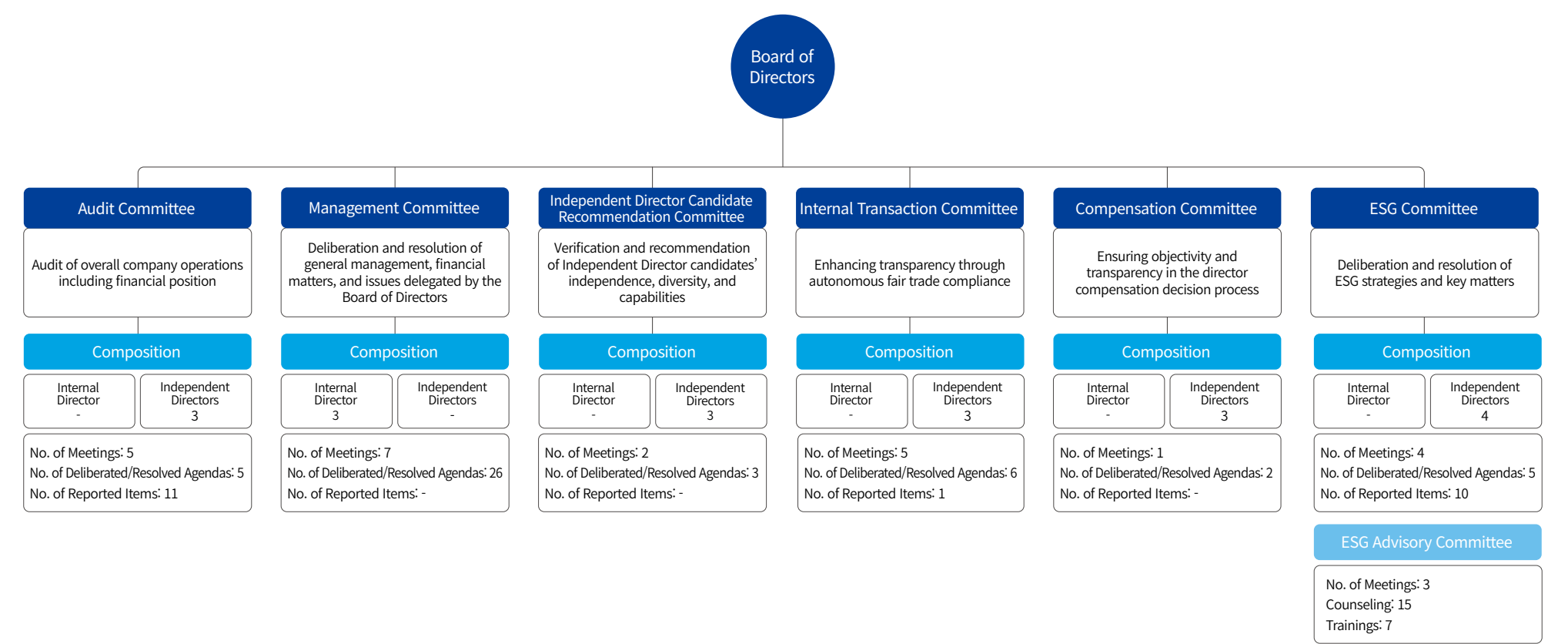


※ Some agenda items in 2023 were deferred with reserved opinions and subsequently re-approved at later board meetings.

Board of Directors

Committees under the BOD

Samsung Heavy Industries has a total of six subcommittees within the Board of Directors: Audit Committee, Management Committee, Independent Director Candidate Recommendation Committee, Internal Transaction Committee, Compensation Committee, and ESG Committee. These committees enhance the Board’s expertise, independence, and decision-making efficiency. Except for the Management Committee, all are composed entirely of Independent Directors. They focus on substantive discussions and decisions on key strategies, audits, risk management, ESG, and compensation matters. This structure ensures transparent and independent governance led by Independent Directors. A significant portion of the Board’s authority is delegated to these committees, effectively safeguarding the Board’s independence and expertise.



* The composition of all committees is as of March 2025, and the number of agenda items is counted from January to December 2024.

Board of Directors

Audit Committee

Composition of the Audit Committee Samsung Heavy Industries has established the Audit Committee through a resolution of the Board of Directors and operates it based on the Audit Committee Operating Regulations, which define its goals, organization, authority, and responsibilities. The Audit Committee maintains checks and balances over management and performs supervisory and supportive roles to maximize corporate value.

Additionally, the Audit Committee reviews and approves non-audit service contracts with the external auditor in advance and reports the results of discussions with the external auditor quarterly. Furthermore, in accordance with Article 16, Paragraph 10 of the Operating Regulations, it holds consent rights regarding the appointment and dismissal of the head of the internal audit department.

Currently, the Audit Committee is composed entirely of Independent Directors. As of March 21, 2024, independent director Sang-jik Yoon and Won-jae Lee were newly appointed, and as of March 20, 2025, independent director Sang-gyu Kim was newly appointed. As of March 31, 2025, one out of the three Audit Committee members is an accounting and financial expert.

Audit Committee
As of March 31, 2025

Name	Composition		Key Roles and Activities	Remarks
	Position	Classification		
Sang-jik Yoon	Chairman	Independent Director	- Former Minister of Trade, Industry and Energy (2013–2016) - Current Advisor at Law Firm Yulchon	
Won-jae Lee	Member	Independent Director	- Former Administrator of the Administrative City Construction Agency (2017–2018) - Former Administrator of Incheon Free Economic Zone Authority (2019–2022) - Former 1st Vice Minister of Land, Infrastructure and Transport (2022–2023) - Current Advisor at Housing Industry Research Institute	
Sang-gyu Kim	Member	Independent Director	- Former Economic Budget Review Officer at Ministry of Strategy and Finance (2010–2012) - Former Administrator of Public Procurement Service (2014–2016) - Former Auditor at Board of Audit and Inspection (2016–2020) - Current Chairman (Non-executive) of Korea Procurement Research Institute	Accounting and Financial Expert

Regular Meetings Samsung Heavy Industries’ Audit Committee meetings are divided into regular and extraordinary meetings. Regular meetings occur once per quarter, while extraordinary meetings are convened as needed. In 2024, the Audit Committee held a total of five meetings, with all three members attending each session to discuss five resolutions and review eleven reports. Additionally, the Audit Committee continuously consults with the external auditor on key audit-related issues.

Regular Meetings

Date	Quarter	Contents
2024.02.19	1st Quarter	- Audit Completion Report (Key Audit Matters, Group Audit Related Issues, Internal Accounting Control System Audit, etc.) - Subsequent Events, Auditor Independence, etc.
2024.03.21	1st Quarter	Appointment of Audit Committee Chairman
2024.04.24	2nd Quarter	- Audit Contract and Independence - Audit Strategy - Fraud and Fraud Risk, Compliance with Other Laws and Regulations, etc.
2024.07.25	3rd Quarter	- Audit Contract and Independence - Audit Strategy - Fraud and Fraud Risk, Compliance with Other Laws and Regulations, etc.
2024.10.24	4th Quarter	- Audit Contract and Independence - Audit Strategy (Audit Approach, Scope and Timing, Key Audit Matters, Group Audit Overview, etc.) - Strengthening Responsibility of the Internal Accounting Control System and the Role of Auditors

Support Organization for the Internal Audit Organization Samsung Heavy Industries establishes the basis for the Audit Subsidiary Organization through Chapter 4 (Audit-Affiliated Organization) of the Audit Committee Operating Regulations. Instead of operating an independent Audit Subsidiary Organization, audit activities are supported using personnel from the Accounting & Tax Team and the Management Advisory Team. Additionally, Article 22 (Qualifications of Internal Auditors, etc.) of the Audit Committee Operating Regulations mandates that audit personnel possess the necessary knowledge, skills, and professional qualifications for audit duties.

Support Organization

Department	No. of Members	Positions	Main Roles and Activities
Internal Accounting Group	5	1 Group Leader, 2 Managers, 2 Staff Members	- Establishment and revision of Audit Committee Operating Regulations - Planning and operational management of the Audit Committee - Audit Committee member training - Management (operation) and training of the Internal Accounting Control System - Advancing and restructuring of the Internal Accounting Control System
Management Diagnosis Team (Audit)	17	1 Team Leader, 13 Domestic (2 Group Leaders, 11 Managers), 3 China (1 Group Leader, 2 Managers)	- Receipt and handling of reports related to accounting fraud - Inspection and measures for employee fraud incidents (reports, internal investigations, etc.) - Diagnosis of business processes and establishment of countermeasures - Fraud prevention training for all employees

Board of Directors

Communication between the Internal Audit Organization and External Auditor Samsung Heavy Industries stipulates in the Audit Committee Operating Regulations that the Audit Committee and the external auditor shall regularly discuss the progress of audits. The Audit Committee, composed solely of three independent directors, separately consults with the external auditor at least once per quarter on key external audit matters, excluding the company’s internal directors and employees.

Key consultation topics include audit schedules, issues and significant findings discovered during the audit process, progress and subsequent events related to key audit items, and auditor independence. Samsung Heavy Industries plans to actively reflect any matters from these consultations that significantly impact the company’s management and financial reporting.

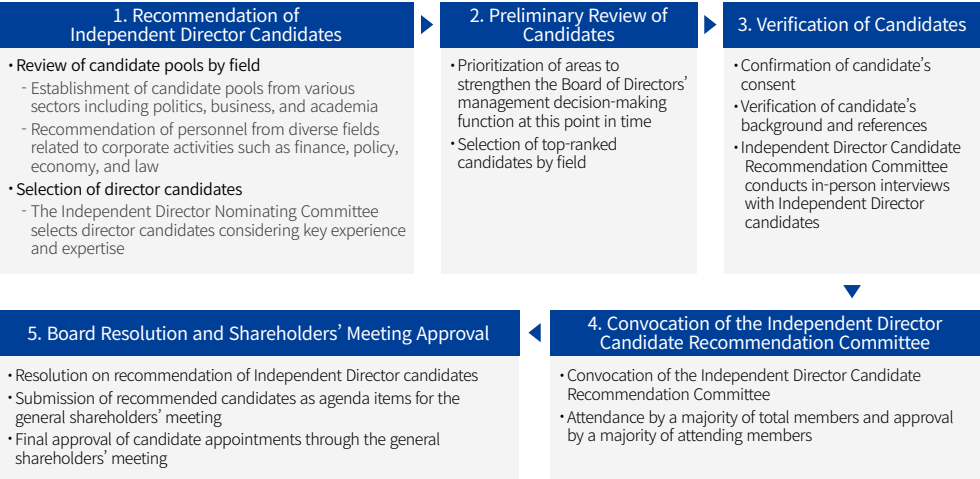
Regular Training for the Audit Committee Samsung Heavy Industries provides necessary training for the Audit Committee through regular training sessions led by the external auditor. In 2024, a total of four Audit Committee training sessions were conducted.

Audit Committee Training			
As of December 31, 2024			
Date	Attendance Rate	Contents	Trainer
2024.02.19	100%	Changes to Regulations on Evaluation and Reporting of Internal Accounting Control System	Samil Pricewaterhouse Coopers
2024.04.24	100%	Legal Roles and Responsibilities of the Audit Committee	Samil Pricewaterhouse Coopers
2024.07.25	100%	Explanation of Corporate Financial Accident Cases and Checkpoints	Samil Pricewaterhouse Coopers
2024.10.24	100%	Explanation of Key Audit Issues for the 2024 Financial Statements	Samil Pricewaterhouse Coopers

Independent Director Candidate Recommendation Committee

Principles for the Independent Director Candidate Recommendation Committee and Appointment To build effective governance, Samsung Heavy Industries assembles a Board with directors possessing independence and expertise for unbiased decision-making. Internal directors are nominated by the Board, while independent directors are recommended by the Independent Director Candidate Recommendation Committee, ensuring impartial review. Final appointments are resolved at the general shareholder’s meeting. Compliance with Article 25-2 Paragraph 3 of the Articles of Incorporation requires disqualification criteria under Articles 382 Paragraph 3 and 542-8 of the Commercial Act, disqualified independent directors must vacate their positions. Additionally, the company adheres to Article 34 Paragraph 5 of the Enforcement Decree of the same law, ensuring appointed independent Directors perform duties objectively and neutrally.

Independent Director Appointment Process



BOD Evaluation and Compensation

Samsung Heavy Industries regularly evaluates the activities of the Board of Directors and its subcommittees to enhance efficiency. Additionally, to encourage proactive performance by directors, their activities are fairly assessed, with compensation and reappointment decisions made based on these evaluations.

The Compensation Committee reviews and resolves not only compensation but also salaries and incentive payments for registered executives, transparently disclosing detailed compensation information and calculation methods for registered executives through the annual report.

BOD Evaluation

Samsung Heavy Industries conducts qualitative and quantitative evaluations annually for individual independent directors based on various criteria including committee participation, BOD resolution evaluation, management contribution, and expertise, rating each as high/medium/low. The company also conducts annual performance evaluations for both registered and non-registered executives, applying differential adjustments to executive salaries based on evaluation results.

In October 2024, the assessment of independent directors was conducted. Furthermore, to ensure the effectiveness of the evaluation and encourage proactive duty performance, regulations stipulate that only Independent Directors with an evaluation result of ‘Excellent’ are eligible for one reappointment.

Board of Directors

Independent Director Assessment and Reappointment

Samsung Heavy Industries conducts assessments of independent directors based on internal criteria, evaluating individual performance such as attendance at the BOD and its subcommittees and advocacy of the interests of all shareholders. The assessment results are comprehensively reviewed by the Independent Director Candidate Recommendation Committee upon the expiration of the independent director’s term to decide on reappointment recommendations.

BOD Compensation

Samsung Heavy Industries determines director compensation within the limits approved by the general shareholder’s meeting according to the Articles of Incorporation, paying it based on a combination of base salary and performance pay with Board approval. Compensation for internal directors, including the CEO, is calculated considering rank, nature and results of delegated duties, and decided through resolutions of the Compensation Committee in accordance with Article 11, Paragraph 2 of its regulations. For independent directors, fixed salary is paid without performance-based differentiation to ensure decision-making independence. Compensation for non-registered executives is set by job and role value, responsibility level, and performance ability according to executive compensation regulations, with wage ranges varying by evaluation grade. Additionally, the company connects executive compensation, including internal directors, to ESG MBOs.

BOD and CEO Compensation

Classification			Unit	Total	Average Compensation per Person
Total Compensation	Internal Directors (3 persons)	Including Retirement Pay	KRW million	4,122	1,374
	Internal Directors (3 persons)	Excluding Retirement Pay		2,930	977
	Entire Board			4,549	650
	Internal Directors (3 persons)			4,122 ¹⁾	1,374 ¹⁾
	Independent Director (1 person)			99	99
	Audit Committee Member (3 persons)			328	109
	CEO Compensation				1,445
CEO Compensation Ratio to Employees			Times	15.4	

1) Increase due to retirement pay for former internal director Jin-han Bae

CEO Succession

Samsung Heavy Industries systematically manages CEO succession candidates through an internal process called the ‘Core Post Succession Plan.’ Candidates are categorized into a ‘Ready Now’ group capable of immediate activity upon appointment and a ‘Ready Later’ group expected to be ready within a few years. Each group’s candidates are updated annually.

Selection criteria include various factors such as leadership required for a CEO and understanding of the shipbuilding and offshore industries.

Executive and Management Training Program

Samsung Heavy Industries has established a leadership development training system targeting new and promoted executive candidates to cultivate executives and management with the competencies required for company management. This enables executive and senior management candidates to progressively enhance necessary management capabilities. The program includes courses to improve understanding of overall management such as business strategy, marketing, accounting, and finance, as well as leadership competency development.

2024 Training Program

Classification	No of. Participants	Duration
Next Generation Leader Training Program	6 persons	6 months
Senior Management Training Program	2 persons	10 days
CEO Training Program	1 person	20 days

Protection of Shareholders’ Rights

Samsung Heavy Industries is committed to protecting minority shareholder rights. During the director appointment process, it encourages minority shareholders to vote via proxy voting and the Shareholder Proposal System. To prevent appointing executives who might infringe on shareholder interests or harm corporate value, past performance and mistakes are rigorously evaluated. The Executive Treatment Regulations allow for contract termination if there are breaches of company rules or laws. These measures aim to prevent corporate value deterioration both during and after executive appointments. Moving forward, the company will fairly recommend candidates with management expertise and responsibility, provide shareholders with comprehensive information about director candidates, and ensure that director appointments represent all shareholders.

Additionally, Samsung Heavy Industries institutionalizes its commitment to protecting shareholder rights by specifying dividend-related clauses in its Articles of Incorporation. Dividends are determined within available profits, considering financial structure, investment plans, and market outlook, ensuring sincere returns to shareholders. Dividends can be paid in cash or stock, and interim dividends are permitted through Board resolutions in addition to year-end dividends. With this system, the company aims to establish a rational and responsible dividend framework.

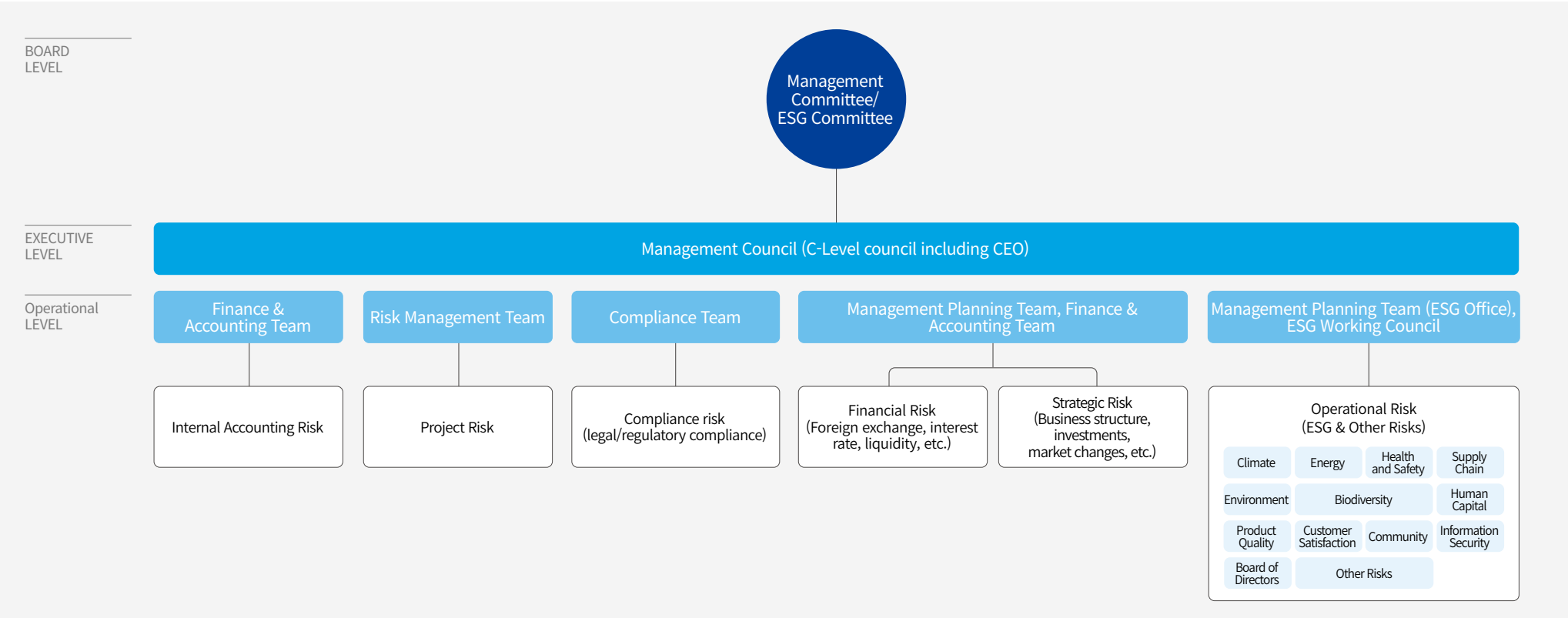
Integrated Risk Management

Governance

Integrated Risk Management Governance

Samsung Heavy Industries has established a governance framework for integrated risk management to effectively respond to the volatility and uncertainty of internal and external business environments. The Accounting Team, Risk Management (RM) Team, Compliance Team, Management Planning Team, Finance Team, ESG Strategy Group, and ESG Working Council function as operational units for risk management, continuously identifying and monitoring various risks—including internal accounting, project, compliance, financial, strategic, ESG, and operational risks. Risks deemed material to the company is managed and overseen by the Management Council, which includes the President & CEO, and are reported to either the Management Committee or the ESG Committee, depending on the nature of the risk. In particular, the Management Committee reviews and approves internal policies related to company-wide risk management, including financial risks such as foreign exchange, interest rate, and credit risks.

Integrated Risk Management Organizational Structure





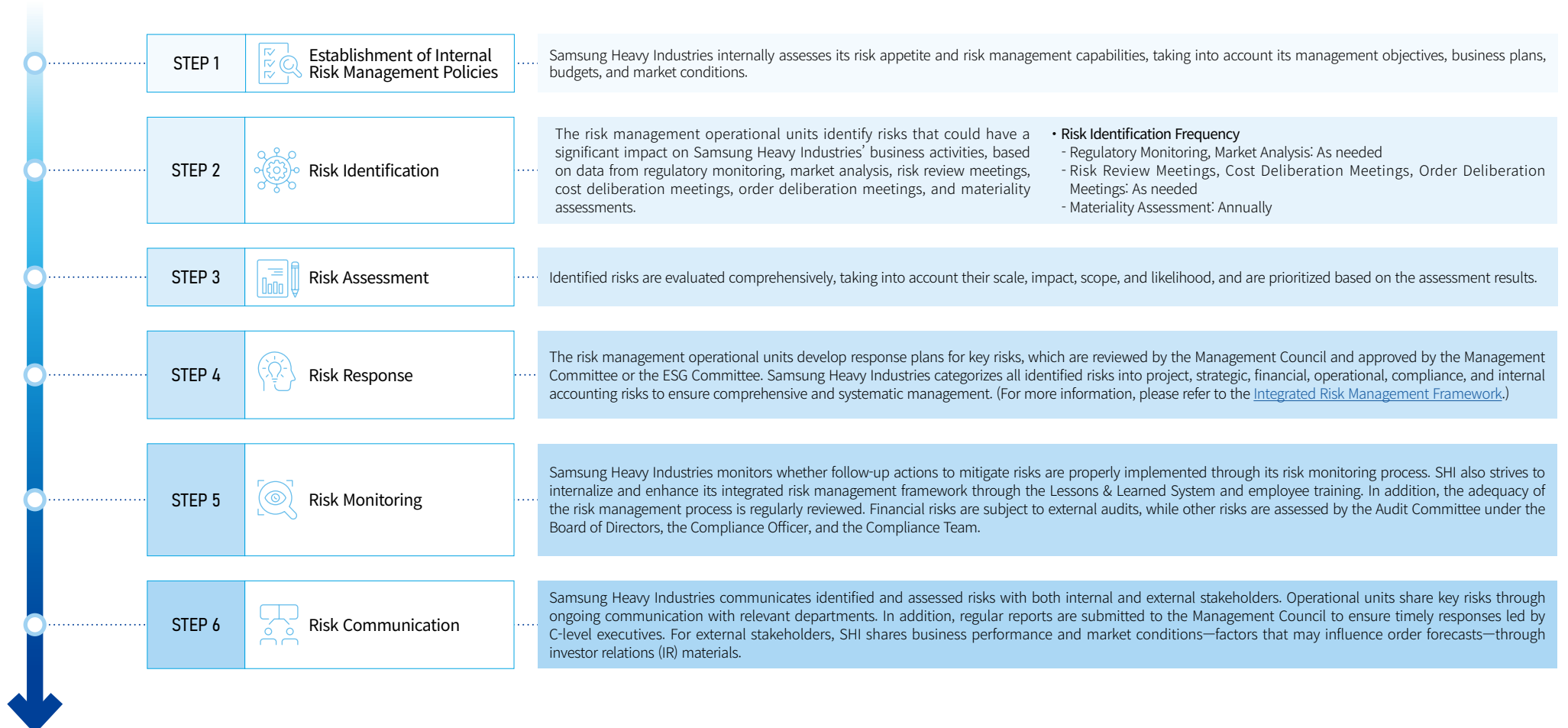
Integrated Risk Management

Strategy & Risk Management

Integrated Risk Management Process

Samsung Heavy Industries manages risks effectively by implementing a structured process for identification, assessment, response, monitoring, and communication, based on its internal risk management policies.

| Risk Management Process





Integrated Risk Management

Strategy & Risk Management

Company-wide Integrated Risk Management Training

Samsung Heavy Industries provides company-wide integrated risk management training through both company-level and division-specific programs. The company-level program offers a comprehensive overview of the purpose and importance of risk management, success and failure cases, and the overall risk management framework and processes.

In addition, SHI conducts targeted training for each risk category. Details on compliance training are available in [Material Topic 4. Business Ethics & Compliance > Team-based Thematic Training and Self-Inspection](#).

International Standard (ISO 31000) Certification

Samsung Heavy Industries has established and operated its project risk management process in alignment with the international standard ISO 31000, and in 2024, the process was verified for adequacy by a global certification body. Based on this, SHI continues to enhance its risk management capabilities and is building a more sophisticated response system to support stable business operations.

1) The certification applies to approximately 92% of total sales, and to approximately 79% of employees on a consolidated basis.



Integrated Risk Management Framework

Samsung Heavy Industries classifies risks into six categories—project, strategic, financial, operational, compliance, and internal accounting—to effectively manage potential risks that may negatively impact its future business, strategy, financial performance, or reputation.

Project Risk

Project risk refers to potential risks that may arise throughout the entire life cycle—from order intake to execution. In the order phase, risks include unproven project types, contract terms and specifications, and project cost structures. In the execution phase, risks may relate to production, quality, recurrence of defects, and overall project soundness. To mitigate execution-phase losses, Samsung Heavy Industries, led by the Risk Management (RM) Team, conducts agenda deliberation meetings, risk review meetings, cost deliberation meetings, and order deliberation meetings during the order phase to review profitability and schedule feasibility. During the execution phase, SHI identifies and assesses risks through risk workshops, regular inspections, and cross-functional consultations, followed by the establishment and implementation of countermeasures. In addition, SHI integrates risk evaluation criteria into its product and service development processes.

Strategy Risk

Strategic risk refers to risks arising from changes in the external business environment that could hinder Samsung Heavy Industries' ability to achieve its long-term goals and vision. Examples include global economic fluctuations, shifting market demands driven by IMO regulations, and the increasing automation and smartization of ships due to technological advancement. SHI proactively responds to future market shifts by developing and applying digital, automation, and intelligent technology solutions.

Financial Risk

Financial risk refers to risks such as foreign exchange, interest rate, credit, and liquidity risks that may affect Samsung Heavy Industries' financial performance, primarily stemming from the unpredictability of financial market. SHI's Finance Team works in close coordination with operational departments to mitigate financial risks.

Operational Risk

Operational risk refers to the direct and indirect risks posed to daily business activities by various internal and external factors. Samsung Heavy Industries defines operational risk not merely as productivity loss or safety incidents, but more broadly across ESG domains—including climate change, energy supply instability, occupational health and safety, environmental regulations, supply chain disruptions, quality degradation, talent acquisition and retention, information security threats, community conflicts, and biodiversity loss. Given its broad scope and high likelihood of occurrence, operational risk requires systematic prevention rather than isolated responses. Accordingly, SHI has established monitoring systems linked to each division, leverages data-driven analysis to anticipate and mitigate risks, and works to enhance operational resilience in alignment with its sustainability management goals.

Compliance Risk

Compliance risk refers to the risk arising from non-compliance with laws, regulations, or internal policies, which may lead to financial losses, legal penalties, reputational harm, or business disruptions. Samsung Heavy Industries is strengthening compliance control programs to ensure regulatory adherence in key areas, including industrial safety, fair trade, environmental protection, and supply chain management. These efforts reflect increasing societal expectations and awareness.

Internal Accounting Risk

Internal accounting risk refers to risks that may arise during the operation of the Internal Accounting Control System, potentially leading to financial statement errors, fraud, or regulatory violations. These risks require proactive management and prevention. Samsung Heavy Industries (SHI) has developed the SHI Internal Control Assessment System and conducts quarterly evaluations of the Internal Accounting Control System, along with regular employee training sessions.

Integrated Risk Management

Strategy & Risk Management

Identified Key Risks

Under the Integrated Risk Management Framework, Samsung Heavy Industries has identified the following key risks based on their likelihood and potential impact. In addition, SHI separately identifies and manages potential risks that could materially affect the business over the long term. Where strategic or business model adjustments are deemed necessary in the course of future operations, such cases are defined as risks with material impact on the business.

Type	Likelihood ¹⁾	Impact ¹⁾	Emerging Risk Applicability	Description and Impact of Key Risks	Risk Response Strategy
Project Risk	3	5	Not Applicable	Project Cost and Delivery Risk Management Given the nature of the shipbuilding industry, each project involves distinct contractual and construction conditions, which may result in cost overruns or delivery delays. Key drivers of such risks include rising raw material prices, supply chain instability, delays in material procurement, increasing labor costs, design changes, and quality issues.	Samsung Heavy Industries actively manages cost and delivery risks starting from the project bidding phase. Cost estimates are developed in consideration of client requirements and are reviewed and finalized through the Cost Deliberation Meeting. During the execution phase, SHI conducts workshops and ongoing reviews to verify project soundness. In addition, SHI applies Monte Carlo simulation-based Cost and Schedule Risk Analysis to manage the overall cost and delivery risk exposure of each project.
Strategic Risk	5	5	Applicable	Tightening Environmental Regulations The International Maritime Organization (IMO) mandates a 100% reduction in greenhouse gas emissions from ships by 2050. Non-compliance may lead to operational restrictions or increased costs for shipowners, driving the need for fuel transitions, enhanced vessel design, and improvements in operational efficiency. This presents the risk that Samsung Heavy Industries (SHI) may incur substantial expenditures for technology development and encounter technical barriers. In the long term, failure to align with evolving market demands could undermine SHI's competitiveness and reduce market share.	Samsung Heavy Industries views the tightening of environmental regulations not only as a risk, but as an opportunity to secure new growth engines—particularly through the expansion of alternative-fuel propulsion vessels and entry into new business areas. SHI is developing vessels powered by next-generation alternative fuels such as LNG, ammonia, and hydrogen, while also installing systems that enhance energy efficiency during vessel operation. In addition, SHI is adopting digital and smart technologies to support optimal route planning and operational performance.
Operational Risk	3	3	Not Applicable	Employee Health and Safety In the shipbuilding industry, where large structures are constructed, the risk of safety incidents is significantly elevated due to work at heights, the use of heavy equipment, and confined or hazardous environments. Tasks such as welding and painting are constantly exposed to fire, explosion, and fall hazards, while offshore operations involve additional risks posed by adverse weather conditions. As a result, shipbuilding tends to have higher accident frequency and severity compared to other industries.	Samsung Heavy Industries is working to prevent fatal on-site safety incidents by fostering a company-wide health and safety culture and introducing a SMART HSE Management framework. To support this cultural shift, SHI assigns clearly defined roles and responsibilities (R&R) and KPIs to all employees. Through the active adoption of smart technologies, high-risk tasks—such as gas detection in confined spaces—are being automated.
	5	5	Applicable	Decline in Working-Age Population According to various demographic forecasts, South Korea's population growth rate is expected to decline steadily due to falling birth rates and an aging society. In particular, the working-age population is projected to shrink by approximately 500,000 people each year starting in the 2030s. Given the labor-intensive nature of the shipbuilding industry, such labor shortages may result in production delays and rising labor costs, posing potential risks to business operations.	Samsung Heavy Industries is expanding the recruitment of foreign workers in response to the declining domestic working-age population and is establishing support systems to facilitate their adaptation to Korean culture and on-site operations. Foreign workers complete a three-month training program in their home countries, covering Korean language, cultural orientation, and technical skills. To further support their integration, SHI has introduced a global help desk, deployed 18 interpreters across seven countries, and provides culturally diverse meal options.
Financial Risk	3	3	Not Applicable	Exchange Rate Fluctuations Samsung Heavy Industries engages in international business operations, with the majority of sales denominated in U.S. dollars and euros. Unexpected fluctuations in foreign exchange markets may introduce financial uncertainty and volatility to SHI's overall financial position.	To mitigate foreign exchange risk, Samsung Heavy Industries employs derivative financial instruments to hedge all anticipated future foreign currency inflows and outflows. This hedging strategy minimizes the potential impact of major currency fluctuations on SHI's financial performance.
	3	3	Not Applicable	Interest Rate Fluctuations Samsung Heavy Industries is exposed to interest rate risk due to borrowings issued at variable interest rates. Rising bond issuance costs increase overall financing expenses and, under deteriorating conditions, may adversely impact SHI's financial stability.	Samsung Heavy Industries conducts scenario simulations that account for refinancing events, extension of existing borrowings, alternative financing options, and hedging strategies, in order to assess profit and loss impacts resulting from interest rate fluctuations. In addition, SHI mitigates interest rate risk through the use of currency swaps.
Compliance Risk	3	2	Not Applicable	EU Supply Chain Regulatory The EU Supply Chain Due Diligence Directive requires companies to establish and disclose procedures for identifying, preventing, mitigating, and monitoring adverse impacts related to environmental and human rights issues, including those involving directly or indirectly contracted Suppliers. Although Samsung Heavy Industries is not directly subject to the Directive, the company is facing growing pressure to respond to related compliance demands from European shipowners.	Samsung Heavy Industries is implementing various measures beyond regulatory compliance to enable Suppliers to fulfill their environmental and social responsibilities. ESG self-assessments have been introduced and reflected in supplier evaluations, and a conflict minerals policy has been established to reinforce the supplier management framework. In addition, the company promotes mutual growth with Suppliers through technical support, financial assistance, and ESG-related training.

1) Samsung Heavy Industries conducted an analysis by categorizing likelihood and impact separately on a five-point scale, ranging from 1 to 5.

Integrated Risk Management

Metrics & Targets

Samsung Heavy Industries systematically identifies all risks associated with its business activities through the integrated risk management system and establishes structured and effective response measures. In particular, the company aims to internalize and ensure the stable operation of its risk management framework through Board of Directors-centered governance. To this end, the frequency of risk reviews by the Board and risk-related training for Independent Directors have been designated as key indicators and targets.

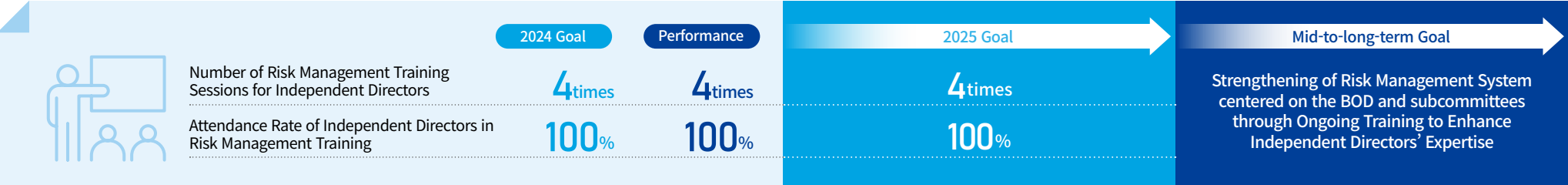
Integrated Risk Assessment Cycle

The Board of Directors, ESG Committee, and Management Committee conduct integrated risk assessments at least four times a year. These assessments aim to proactively identify risks that could significantly impact current or future business operations and to deliberate on appropriate management measures.



Risk Management Training

Samsung Heavy Industries provides risk management training to all independent directors more than four times a year. These efforts are intended to strengthen the Board’s risk oversight capabilities and to advance a Board-driven integrated risk management system.



Information Security

Governance

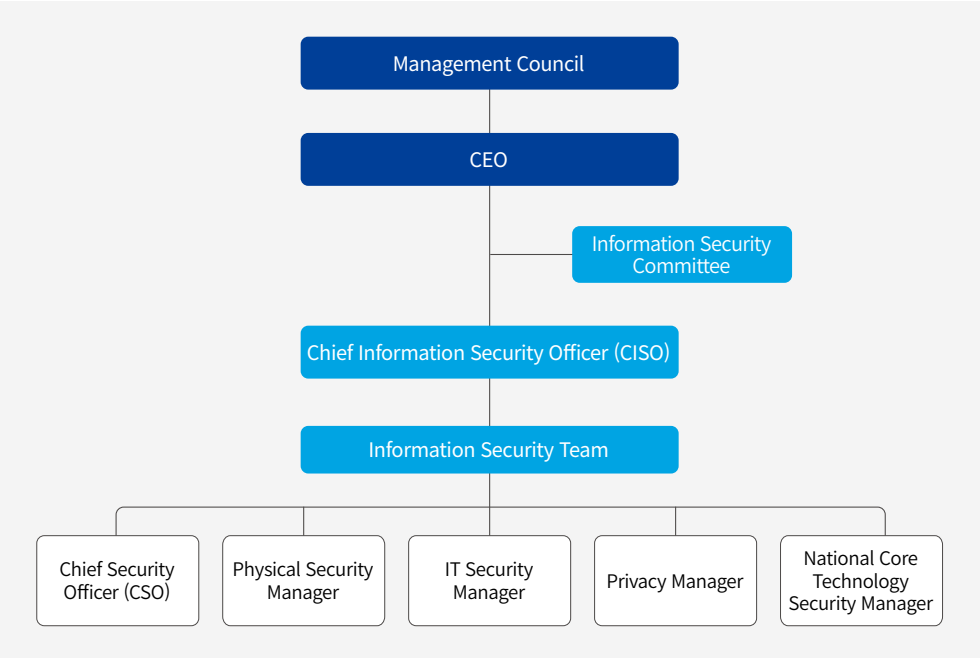
Responsibilities and Structure of the Governance Body

Samsung Heavy Industries has established a dedicated Information Security team led by the Chief Information Security Officer (CISO), who oversees all aspects of information security operations.

The CISO plays a central role through the Information Security Committee, working with the CFO, HR Division, and the Head of Legal to develop and amend information protection policies, establish major information security plans, and review security audit plans and simulation exercise results.

Additionally, Samsung Heavy Industries convenes biannual management strategy meetings to ensure that information security issues are reviewed and addressed at the executive level. These strategy meetings, coupled with discussions in the Management Council, provide a platform for thorough examination of security issues. In 2024, key agenda items included strengthening security inspections for overseas subsidiaries and enhancing email security features, ensuring these topics are actively incorporated into the decision-making processes of top management.

Information Security Governance Structure

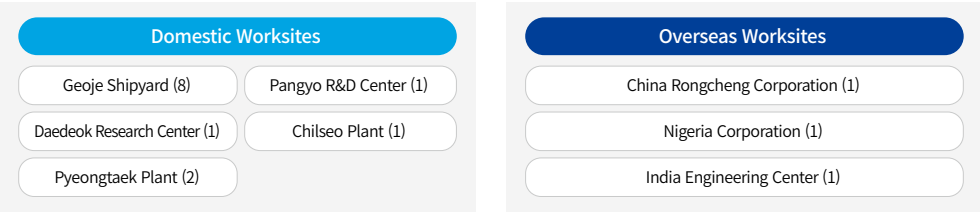


Key Information Security Agenda Discussed by the Management Council

Date	Discussion Items
2024.07	Security Reporting and Improvement Reward Program, Enhanced Security Audit for Overseas Subsidiaries
2024.09	Implementation of Multi-factor Authentication for External Open Systems, Strengthening Security Features for Outbound Emails

The Information Security team at Samsung Heavy Industries covers key areas including administrative security, IT security, physical security, management of national core technologies, and privacy protection. For each area, optimized security processes and systems are established to cater to specific needs.

Notably, dedicated security employees are positioned at strategic locations such as the Pangyo R&D Center, Daedeok Research Center, Pyeongtaek Plant, and various international sites to ensure safe and structured operations for information security at each site.



Information Security Regulations

Samsung Heavy Industries applies comprehensive information security regulations to safeguard its information assets from risks such as destruction, leakage, or tampering, whether intentional or accidental. These regulations extend not only to the company but also to employees and visitors from suppliers who access company premises. The information security regulations define responsibilities and roles for protecting information across key domains: administrative, technical, physical, national core technologies, and privacy protection.

Additionally, guidelines for managing information security incidents, disaster recovery (business continuity management), and compliance with relevant legal requirements are included. According to these regulations, security policies must reflect changes in management, technology, and work environments, and the need for revisions concerning suitability, appropriateness, and effectiveness should be reviewed at least once annually.

Samsung Heavy Industries also publicly demonstrates its commitment to information security through an information security declaration available on its website, emphasizing efforts to prevent employee data leaks, enforce access security procedures, comply with legal requirements, and establish a security incident response system.



Information Security Strategy

Information Security Strategy Framework

Vision	Enhancing customer trust through the operation of an information security management system compliant with international standards	
Goal	Segment the information protection strategy framework into five areas for detailed management, aiming to enhance response to security risks	
Strategy ① Administrative Security	• Disclosure of Information Protection • Maintenance of International Standard Security Certifications (ISO 27001:2022, ISPS)¹⁾ • Security Training for Employees and Collection of Security Pledges	• Revision of Information Security Policies • Simulated Phishing Exercises • Inspection of Domestic and International Worksites
Strategy ② Technical Security	• Expansion of SSL Traffic Security Monitoring for Cyber Intrusion Detection and Prevention at Worksites • Security Vulnerability Checks on Servers, Applications, and Cloud to Enhance Protection at Domestic and International Worksites • Revision of Cloud (MSP, CSP) Guidance	
Strategy ③ Physical Security	• CCTV Upgrade for Yard Blind Spots • Integrated Control Center Establishment • Perimeter CCTV Enhancement for Port Facility Security Areas	
Strategy ④ National Core Technology	• Security Training and Collection of Security Pledges from Handlers of National Core Technologies • Operation of HDD/SSD Hash Value Detection Equipment for Handlers of National Core Technologies	• Revision of National Core Technology Protection Guidelines • Classification of National Core Technology Data
Strategy ⑤ Privacy Protection	• Inspection of Personal Information Processing Systems and Management Practices • Personal Information Protection Training for Handlers • Revision and Disclosure of Personal Information Processing Policies	

1) ISPS: International Ship and Port facility Security

Administrative Security

Information Security Disclosure

Samsung Heavy Industries has established a transparent information security management system to effectively manage cyber security risks. In accordance with Article 8 of the Enforcement Decree of the Act on the Promotion of Information Security Industry, the company annually discloses its information security investments and operational status through the Information Security Disclosure Comprehensive Portal (isds.kisa.or.kr). This disclosure provides stakeholders with reliable information and reinforces trust.

.....▶ Number of Information Security Breaches 0 case

Information Security Management System

Since obtaining the ISO/IEC 27001 international standard certification²⁾ for information security management in July 2011, Samsung Heavy Industries has continuously maintained this certification, undergoing annual surveillance audits and triennial recertification audits. In February 2024, to address evolving work environments and security threats, the company completed the transition audit to ISO/IEC 27001:2022, in collaboration with DNV. Moving forward, the company plans to further enhance the credibility of its information security management system and strengthen its response to internal and external security threats.

Establishment of Information Security Frameworks in Response to AI Integration

As Samsung Heavy Industries moves forward with company-wide automation and unmanned operations utilizing AI, the company plans to establish robust security policies to ensure the secure adoption and management of AI technologies. In response, the company has developed policies that integrate AI security principles and standards, along with relevant regulatory compliance. The company has established security guidelines for the safe development and operation of AI services, covering critical aspects such as data management, model security, and authentication and monitoring frameworks. Additionally, comprehensive risk mitigation strategies have been prepared to address potential security threats arising from AI utilization.

Information Security Pledge

Samsung Heavy Industries mandates all personnel entering the company, including employees and suppliers, to sign an information security pledge in accordance with information security regulations.

Suppliers involved in design are required to annually sign a pledge tailored to their company characteristics to prevent leakage of design technology. For external visitors entering only once, they are requested to apply for visits through the company visitor system and are guided to visit only after completing prior security training.

2) The certification coverage ratio is approximately 92% of total sales, and about 79% of employees on a consolidated basis



Information Security

Strategy

Information Security Training

Samsung Heavy Industries conducts regular security training to enhance the information security and security awareness of its employees. All employees, including those from supplier companies, are required to complete security training at least once a year, thereby improving their information management capabilities. In 2024, the company invited the National Intelligence Service to conduct security training for all executives, including the CEO. Additionally, the company organized anti-hacking group sessions for IT-related supplier representatives. Security Managers are mandated to complete courses through professional training institutions.

To measure the effectiveness of the annual security training provided to employees and those from supplier companies, Samsung Heavy Industries conducts satisfaction surveys during the training sessions. The results of these surveys are used to enhance the impact of the training programs.

| 2024 Information Security Training

Classification	Target Audience	Contents
Information Security Training for Employees	All employees	Video training via CiC platform (2024 theme: Basic Security Keeper, Information Leakage Incident Cases)
Security Training for Handlers of National Core Technologies	National core technology handlers	Understanding national core technology, major security trends (penalty standards), etc.
Security Training for New/Experienced/E-7 Workforce	New hires	Company security compliance requirements, incident cases, information protection laws, etc.
Security Training for Personal Information Handlers	Personal information handlers	Understanding personal information and related laws, leakage cases, etc.
Security Training for Personal Information Handlers	Information security specialists	Customized specialized training according to group security training roadmap through Security Specialist Training Center
Security Training for Suppliers	All supplier employees	Access Security Training for Supplier Representatives, followed by Group Sessions on Security Fundamentals, with further dissemination training conducted by supplier managers
Security Training with Guest Security Experts	All executives, national core technology handlers	Group training with external experts invited from National Intelligence Service and others on technical and managerial security, national core technology-related topics

Simulated Phishing Exercises

Samsung Heavy Industries conducts phishing simulation exercises to prevent security incidents and enhance security awareness among all employees. This training is carried out using a phishing simulation system, which sends email content reflecting the latest industry issues and real incident cases.

In the 2024 training results, 22.3% of all participants opened the emails, and among them, an average of 2.1% clicked on links within the body. Those who engaged with the links were subsequently given detailed security guidance to improve their understanding and vigilance.

| 2024 Simulated Phishing Exercise Results

Classification	Content
Purpose	Simulation Training to Enhance Employee Security Awareness
Target	Employees: 9,461, Suppliers: 2,203 (Total: 11,664)
Period	July to December 2024 (once per month)
Results	Monthly average of 236 cases (2.1%) clicking links within the email body
Follow-up Action	Send notification emails to individuals with access to main text links and attachments; continue conducting simulation exercises

Information Security Campaign

Samsung Heavy Industries utilizes various internal communication mediums, including posters, the company bulletin board, and corporate CATV, to consistently emphasize the significance of information security. Security posters are produced quarterly and displayed at 95 locations, including 86 in Geoje, 4 in Pangyo, and 5 in Pyeongtaek, supporting increased security awareness among employees.

Furthermore, newly created content is broadcast monthly via internal CATV to continually generate interest and awareness around information security.

Enhancing Information Security Awareness for Foreign Workers

In response to changing business dynamics and an increasing foreign worker population, Samsung Heavy Industries is committed to enhancing overall security awareness across the company. When foreign workers join, security training is provided with translations facilitated by the General Affairs Team (Global HR Support) into multiple languages. Confidentiality agreements and personal information consent forms are also collected. Furthermore, the company has developed multilingual security training resources and regularly conducts security training. There are also plans to launch a security awareness campaign specifically tailored for foreign workers.





Information Security

Strategy

Physical Security

In its efforts to reinforce physical security, Samsung Heavy Industries has upgraded 687 analog CCTVs located in the yard's blind spots to digital devices. The recording systems (NVR) for each building are connected and managed through a centralized server in the control room. The company has also intensified monitoring along the outer areas of port facility security zones and established a 10-meter overlap between CCTV coverage areas to prevent blind spots. Additionally, in compliance with legal regulations related to port facility security, perimeter fencing repairs have been conducted.

Protection of National Core Technology

Samsung Heavy Industries operates a stringent security management system to prevent the leakage of national core technologies, including high-value-added ship and offshore production facility design technologies, as well as LNG carrier cargo tank manufacturing techniques. Each year, handlers of national core technologies are designated for specialized security training, and confidentiality agreements are obtained. The company actively participates in security assessments conducted by the Ministry of Trade, Industry, and Energy and the National Intelligence Service. Regular security inspections are performed for suppliers involved in design. Additionally, technical drawings are required to be handled exclusively in a virtualized environment. The company also adheres to the approval procedures set by the Minister of Trade, Industry, and Energy for the export of national core technologies abroad and conducts regular security checks at overseas facilities.

Privacy Protection

Samsung Heavy Industries maintains strict compliance with the Personal Information Protection Act and the Act on Promotion of Information and Communications Network Utilization and Information Protection. The company appoints the Chief Privacy Officer (CPO) as the Head of the Information Security Team. Each year, personal information handlers are designated and managed within internal departments and supplier entities, covering 2,796 employees and 483 supplier employees as of 2024. To prevent data breaches and enhance security awareness, these individuals participate in annual training, while monthly evaluations of access logs to personal information processing systems are conducted. All system users with access privileges are classified as personal information handlers, with new authorized users undergoing separate training. Additionally, regular assessments are conducted on internal departments and contracted service providers to ensure robust management frameworks and secure systems, with improvements applied where deficiencies are identified.

Technical Security

Samsung Heavy Industries implements regular security evaluations across its entire network of worksites to preemptively identify security risks and execute improvement and response measures. Evaluations include detailed reviews of security management levels, cloud security, internal systems, and IT infrastructure, with immediate rectification of any vulnerabilities found. Security review procedures are also undertaken prior to system deployment to identify and address potential vulnerabilities. The scope of security management includes overseas worksites and suppliers, with annual assessments mandated by headquarters. In 2024, headquarters conducted evaluations of Rongcheng Corporation and international block fabrication sites, while the India Engineering Center and Nigeria Corporation completed independent security assessments.

Risk Management

Security Incident Management System

Prevention of Security Incidents

Samsung Heavy Industries conducts regular monitoring activities and antivirus scans to preemptively block intrusions and threat attempts. The company maintains a continuous surveillance system through security management services, addressing risks such as DDoS attacks, malware, web hacking, cloud vulnerabilities, and SSL traffic.



Establishment of Security Incident Reporting System

Samsung Heavy Industries operates a security reporting center within its security department, providing procedures for employees to immediately report any signs of security incidents.



Operation of Incident Response Process

Each security incident at Samsung Heavy Industries is classified by impact, with specific response and follow-up criteria established. Incident management is handled by a dedicated team, ensuring responses are executed within a systematic framework.



Incident Analysis and Follow-up Response

At Samsung Heavy Industries, swift responses to security incidents minimize damage, as data on types like data breaches, physical incidents, and hacks are collected and analyzed to continuously refine the response system. The company plans to institutionalize annual DDoS drills, embedding a robust training framework for the mid-to-long-term.

Disaster Recovery Management

Samsung Heavy Industries ensures that essential operations continue smoothly during disruptions from disasters by implementing a comprehensive business continuity management system. Working in coordination with the Information Security Team, the management responsible develops and maintains disaster recovery protocols and backup systems. The company also carries out regular exercises for Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP), intending to institutionalize these practices for enhanced readiness and resilience.



Information Security

Metrics & Targets

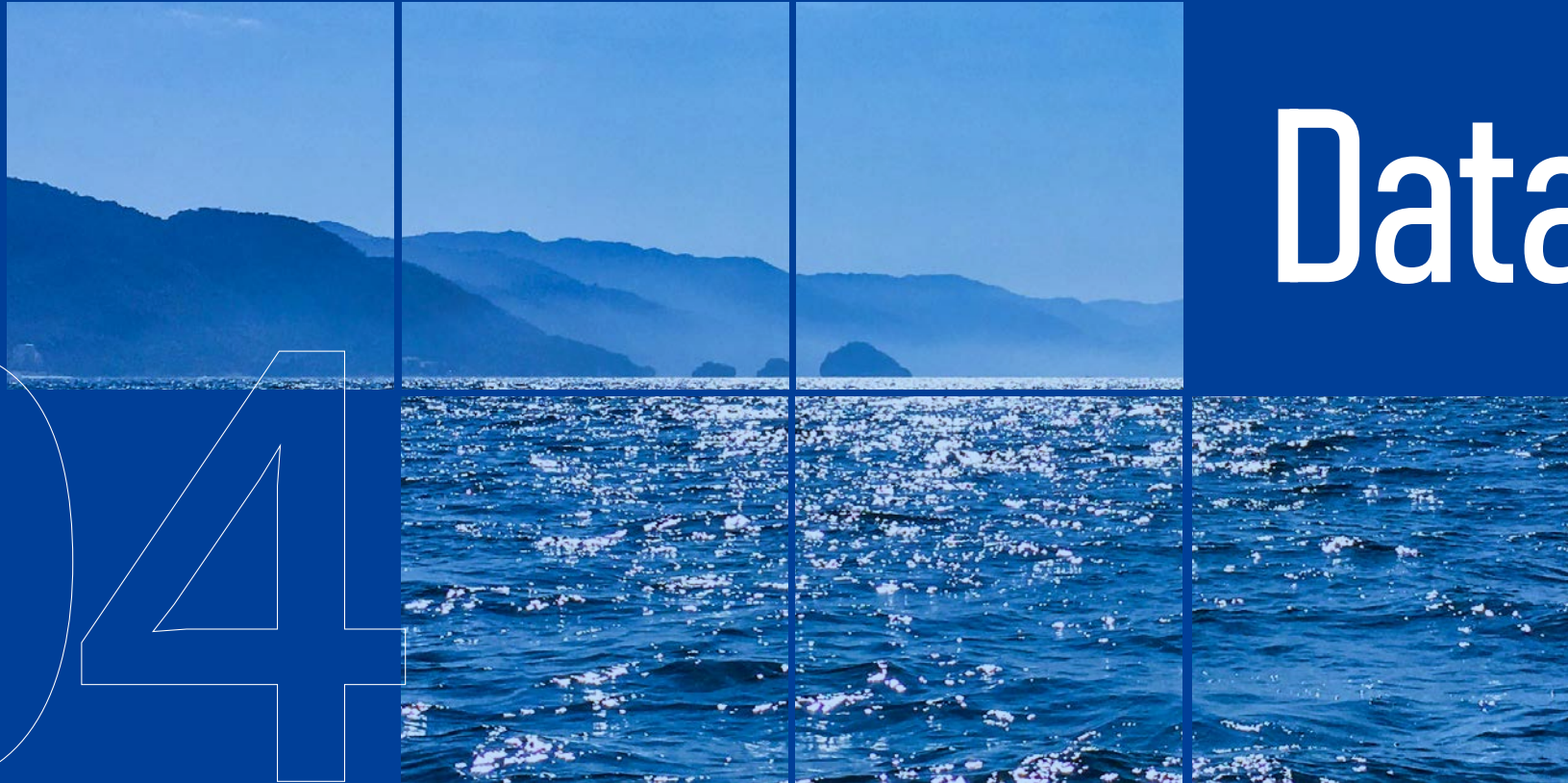
Samsung Heavy Industries systematically manages its Information Security strategy framework by classifying it into five areas: Administrative Security, Technical Security, Physical Security, Protection of National Core Technology, and Privacy. To enhance its capability to respond to information security risks, the company establishes and continuously manages short-, mid-, and long-term goals related to information security education, training programs, and security assessments.

Information Security Education 		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Employee Training Completion Rate		98%	99%	Maintain above 98%	Achieve 100% completion rate for employees and suppliers and raise information security awareness
Information Security Training 		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
DDoS Status Dissemination Training		1Session	1Session	Implementation of Each Training at Least Once and Development of Response Manuals	Regularize information security training and advance system-based response framework
Disaster Recovery Training		1Session	1Session		
DDoS Status Dissemination Training					
Security Incident Response 		2024 Goal	Performance	2025 Goal	Mid-to-long-term Goal
Regular Website Security Check		1per year	1per year	Maintenance of Inspection Systems and Automation	Advance integrated inspection system and establish prevention-focused security management system
Automated Website Vulnerability Detection Check		1per year	1per year		
Mobile App Security Check		Ongoing	Ongoing		



Datapack

04



139

Environmental
Data

145

Social Data

155

Governance
Data

Environmental Data

*For environmental data, discrepancies in the total may occur due to decimal point truncation

GHG Management¹⁾

Category	Indicator	Classification		Unit	2022			2023			2024		
						Domestic	Overseas ⁵⁾		Domestic	Overseas ⁵⁾		Domestic	Overseas ⁵⁾
GHG Emissions (Market-based)*	Total Emissions (Scope 1+2)			tCO ₂ eq	353,386	296,698	56,688	419,460	352,030	67,430	605,758	528,448	77,310
	Direct Emissions (Scope 1)	Subtotal		tCO ₂ eq	122,186	112,917	9,269	157,022	144,806	12,216	315,969	300,012	15,957
		By GHG Type	CO ₂	tCO ₂ eq	120,640	111,425	9,215	155,318	143,166	12,152	312,807	296,940	15,868
			CH ₄	tCO ₂ eq	190	182	8	254	244	10	674	607	67
			N ₂ O	tCO ₂ eq	1,356	1,310	46	1,449	1,395	54	2,487	2,465	22
		By Energy Source ²⁾	LNG	tCO ₂ eq	13,542	9,090	4,452	38,504	31,658 ⁴⁾	6,846	62,691	53,395 ⁴⁾	9,295
			LPG	tCO ₂ eq	12,978	12,578	400	14,875	14,277	598	13,991	13,526	465
			Gasoline	tCO ₂ eq	619	481	138	651	494	157	1,107	664	443
			Diesel	tCO ₂ eq	44,158	42,156	2,002	47,420	45,614	1,806	181,467	178,552	2,915
			Kerosene	tCO ₂ eq	2,347	2,347	-	2,852	2,852	-	1,228	1,228	-
			Heavy Oil	tCO ₂ eq	23,392	23,392	-	28,722	28,722	-	38,045	38,045	-
	Indirect Emissions (Scope 2)	Subtotal		tCO ₂ eq	231,200	183,781	47,419	262,437	207,224	55,213	289,789	228,435	61,353
		By Energy Source	Electricity	tCO ₂ eq	230,781	183,362	47,419	262,001	206,788	55,213	289,346	227,992	61,353
			Steam	tCO ₂ eq	419	419	0	436	436	0	443	443	-
	GHG Emissions Intensity	Total Sales		KRW Billion	5,945	-	-	8,009 ³⁾	-	-	9,903	-	-
		Scope 1&2 Emissions Intensity		tCO ₂ eq/KRW Billion	59.5	-	-	52.4	-	-	61.2	-	-
GHG Emissions (Region-based)*	Total Emissions (Scope 1+2)			tCO ₂ eq	353,449	296,761	56,688	419,524	352,095	67,429	605,838	528,527	77,310
	Direct Emissions (Scope 1)	Subtotal		tCO ₂ eq	122,186	112,917	9,269	157,022	144,806	12,216	315,969	300,012	15,957
	Indirect Emissions (Scope 2)	Subtotal		tCO ₂ eq	231,263	183,844	47,419	262,502	207,289	55,213	289,868	228,515	61,353
	GHG Emissions Intensity	Total Sales		KRW Billion	5,945	-	--	8,009 ³⁾	-	--	9,903	-	--
		Scope 1&2 Emissions Intensity		tCO ₂ eq/KRW Billion	59.5	-	--	52.4	-	--	61.3	-	--

* Reporting Scope: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation

1) GHG emissions are calculated based on the following guidelines

- Ministry of Environment/Korea Environment Corporation 「Certification Guidelines on Emissions Reporting and Verification under the GHG Cap-and-Trade System」
- Ministry of Environment/Korea Environment Corporation 「Cap-and-Trade Environmental Impact Statement Preparation Guidelines」

2) Data is disclosed only for major energy sources; therefore, differences exist between the total emissions by each energy source and the subtotal of direct emissions

3) Correction due to data notation error in the previous year's report

4) Increase in LNG usage due to increased LNG Carrier commissioning

5) Samsung Heavy Industries independently calculates GHG emissions for its overseas production subsidiaries (China Rongcheng Corporation, Nigeria Corporation), but external verification is not conducted due to physical limitations in data collection

Environmental Data

GHG Management

Category	Indicator	Classification		Unit	2022	2023	2024
Value Chain Emissions*	Scope 3	Total Emissions (Scope 3)		tCO ₂ eq	35,364,583	50,082,717	77,405,200
		By Category ¹⁾	Category 1 (Purchased Goods And Services)	tCO ₂ eq	4,087,391	4,293,256	3,873,565
			Category 2 (Capital Goods)	tCO ₂ eq	2,745	7,622	10,332
			Category 3 (Fuel- and Energy-Related Activities)	tCO ₂ eq	19,794	24,491	49,166
			Category 4 (Upstream Transportation and Distribution)	tCO ₂ eq	12,596	7,121	8,690
			Category 5 (Waste)	tCO ₂ eq	3,455	6,652	9,109
			Category 6 (Business Travel)	tCO ₂ eq	684	845	914
			Category 7 (Employee Commuting)	tCO ₂ eq	2,500	4,944	6,229
			Category 8 (Upstream Leased Assets) ^{2), 3)}	tCO ₂ eq	-	1,357	1,042
			Category 11 (Use of Sold Products)	tCO ₂ eq	31,230,651	45,670,245	73,346,773
			Category 12 (End-of-Life Treatment of Sold Products)	tCO ₂ eq	4,767	66,010	99,179
			Category 13 (Downstream Leased Assets) ²⁾	tCO ₂ eq	-	-	-
			Category 15 (Investment)	tCO ₂ eq	-	174	200
			GHG Reduction Contributions	GHG Reduction Contribution In Product Operation Phase			tCO ₂ eq

* Reporting Scope: Samsung Heavy Industries separate basis (However, the reporting scope of Category 7 includes Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation and other corporations)

1) Categories 9, 10, and 14 are not disclosed as they are unrelated to Samsung Heavy Industries' business

2) GHG emissions from buildings used among leased and rented assets of Samsung Heavy Industries are included in Scope 1 and 2 under the Korea Emissions Trading Scheme Act

3) GHG quantity calculated due to Samsung Heavy Industries' use of external data centers (servers)

Environmental Data

Energy Management*

Category	Indicator	Classification		Unit	2022	Domestic	Overseas	2023	Domestic	Overseas	2024	Domestic	Overseas
Energy Consumption ¹⁾	Total Energy Consumption			TJ	5,574 ²⁾	5,209	365 ²⁾	6,675 ²⁾	6,291	384 ²⁾	9,621	9,160	461
	Direct Energy Consumption	Subtotal		TJ	1,502	1,366	136	2,114	1,958	156	4,581	4,384	198
		By Energy Type	LNG	TJ	281	178	103	737	618	119	1,186	1,042	144
			LPG	TJ	224	217	7	256	246	10	240	233	7
			Gasoline	TJ	9	7	2	9	7	2	16	10	6
			Diesel	TJ	628	603	25	678	653	25	2,599	2,559	39
			Kerosene	TJ	35	35	0	42	42	0	18	18	0
			Heavy Oil	TJ	326	326	0	391	391	0	521	521	0
	Indirect Energy Consumption	Subtotal		TJ	4,072 ²⁾	3,843	229 ²⁾	4,561 ²⁾	4,333	228 ²⁾	5,040	4,777	263
		By Energy Type	Electricity ³⁾	TJ	4,061 ²⁾	3,832	229 ²⁾	4,549 ²⁾	4,321	228 ²⁾	5,027	4,764	263
			Outside Heat	TJ	11	11	0	12	12	0	12.63	12.63	0
	Energy Consumption Intensity	Total Sales		KRW Billion	5,945	-	-	8,009 ³⁾	-	-	9,903	-	-
		Total Energy Consumption per Unit		TJ/KRW Billion	0.94 ²⁾	-	-	0.83 ²⁾	-	-	0.97	-	-
		By Energy Type	Direct Energy Consumption per Unit	TJ/KRW Billion	0.25	-	-	0.26	-	-	0.46	-	-
			Indirect Energy Consumption per Unit	TJ/KRW Billion	0.68 ²⁾	-	-	0.57 ²⁾	-	-	0.51	-	-
	Renewable Energy Consumption	Solar Power (Self-generated Consumption)		TJ	0.2	0.2	0	0.2	0.2	0	0.8	0.8	0

* Reporting Scope: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation

1) Energy consumption is calculated based on the following guidelines

- Ministry of Environment/Korea Environment Corporation 「Guidelines for Reporting and Certification of Emissions under the Greenhouse Gas Cap-and-Trade System」
- The calorific values for major fuels utilize the values from 「National Unique Calorific Values and Emission Factors by Fuel Type」

2) Correction due to errors in applying overseas power emission factors for 2022 and 2023

3) According to the Enforcement Rules of the Energy Act of South Korea, domestic power is applied as 1MWh=9,600MJ, overseas power as 1MWh=3,600MJ

4) Correction due to data notation errors in the previous year's report

Environmental Data

Water Management*

Category	Indicator	Classification		Unit	2022	2023	2024		
								Domestic	Overseas
Water Withdrawal	Total Water Withdrawal ¹⁾			ton	2,400,423	2,537,316	2,952,964	2,758,609	194,355
		By Water Source	Water Supply	ton	41,998	48,745	248,888	57,325	191,563
			Industrial Water	ton	2,358,425	2,488,571	2,701,284	2,701,284	-
			Groundwater	ton	-	-	2,792	-	2,792
			Seawater	ton	-	-	-	-	-
			Freshwater	ton	-	-	-	-	-
	Total Water Withdrawal from Water-Stressed Areas			ton	-	-	9,023	9,023 ³⁾	-
		By Water Source	Water Supply	ton	-	-	9,023	9,023	-
			Industrial Water	ton	-	-	-	-	-
			Groundwater	ton	-	-	-	-	-
			Seawater	ton	-	-	-	-	-
Wastewater	Total Wastewater Discharge ¹⁾			ton	835,255	993,243	961,430	892,385	69,045
		By Processing Method	Internal Processing	ton	835,000	993,000	961,047	892,002	69,045
			Processing Through Third-Party Agencies	ton	255	243	383	383	-
Water Usage	Water Usage ^{1), 2)}			ton	1,565,168	1,544,073	1,991,534	1,866,224	125,310
	Water Reuse	Amount of Water Reuse		ton	34,800	41,400	76,200	42,200	34,000
		Water Reuse Rate ⁴⁾		%	2.22	2.68	3.83	2.26	27.13
	Intensity	Total Sales		KRW billion	5,945	8,009 ⁵⁾	9,903	-	--
		Water Consumption Energy Intensity		ton/KRW billion	263.3	192.8	201.1	-	--

* Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis
- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation
- 1) Expanded worksites aggregated resulting in increased totals
- 2) Water Usage = (Water Withdrawal) - (Wastewater Discharge)
- 3) According to Water Risk Framework update, Daedeok Research Center location changed to Water Stress High area
- 4) Water Reuse Rate = (Recycled and Reused Water Amount/Total Water Usage) * 100
- 5) Correction due to data notation error in the previous year's report

Environmental Data

Pollutant Management*

Category	Indicator	Classification		Unit	2022	2023	2024
Air Pollutant	Air Pollutant Emissions	Total Emissions		kg	48,845	53,765	36,232
		By Type	Dust (TSP)	kg	27,902	30,485	27,125
			NOx	kg	18,115	21,120	8,508
			SOx	kg	2,828	2,160	598
	Air Pollutant Intensity	By Type	PM10	μg/m ³	32.00	22.82	21.32
			PM2.5 (Fine Dust)	μg/m ³	18.90	11.43	13.18
			SO ²	ppm	0.003	0.002	0.005
			NO ²	ppm	0.01	0.01	0.01
Harmful Chemical Substances	Volume of Harmful Chemical Substances Used	Total Usage		kg	29,915	434,937	290,221
		By Type	Ammonia (NH3) (10% or more)	kg	0.00	2,695	8,200
			MDI Adhesives	kg	29,915	87,804	40,674
			Copper Oxide (1% or more) ¹⁾	Kg	-	306,232	206,836
			Copper Oxide (1% or more) ¹⁾	kg	-	10,029	8,825
			Pyrithione Copper (1% or more) ¹⁾	kg	-	19,545	15,608
			Pyrithione Zinc (1% or more) ¹⁾	kg	-	5,937	1,878
			Ammonia (10% or more) ¹⁾	kg	-	2,695	8,200
Chemical Substances	Emission of Chemical Substances	Total Emissions		kg	1,370,432	1,355,818	1,808,097
		By Type	2-Propanol	kg	58,820	132,478	179,483
			Ethyl Benzene	kg	250,277	239,206	325,064
			Toluene	kg	26,637	49,933	62,776
			Xylene	kg	1,015,724	900,938	1,201,098
			Ethylene	kg	18,974	22,953	25,759
			Methyl Ethyl Ketone ¹⁾	kg	-	10,310	13,918

* Reporting Scope: Samsung Heavy Industries Separate Basis
1) Change in management items from 2023 due to regulatory amendments

Category	Indicator	Classification		Unit	2022	2023	2024
Water Pollutant	Water Pollutant Emissions	Total Emissions		kg	106.51	179.50	169.38
		By Type	BOD	kg	12.71	18.40	19.88
			COD	kg	-	55.30	49.01
			T-N	kg	32.60	48.30	43.33
			T-P	kg	0.70	1.40	0.97
			TOC	kg	19.20	37.30	20.11
			SS	kg	8.10	14.90	27.14
			Ammonia Nitrogen (NH ₃ -N)	kg	32.60	0.00	0.00
			Fluorine (F)	kg	0.00	0.30	5.05
			Heavy Metal	kg	0.60	3.60	3.88
Marine Pollutant	Marine Pollutant Intensity	By Type	Copper	μg/ℓ	-	0.85	0.24
			Zinc	μg/ℓ	-	1.30	1.06
Ozone Depleting Substances	Volume of Ozone Depleting Substances Used	Production Volume		kg	-	-	-
		Import Volume		kg	-	-	-
		Export Volume		kg	-	-	-
		Purchase Volume		kg	200	100	100
		Consumed Volume		kg	46.5	28	20
		Retrieved Volume		kg	-	-	-
		Disposal Volume		kg	-	-	-
Pollutant Intensity	By Type	Air Pollutant Emissions Intensity		kg/KRW billion	8.22	6.71	3.66
		Chemical Substances Emissions Intensity		kg/KRW billion	230.52	169.29	182.58
		Water Pollutant Emissions Intensity		kg/KRW billion	0.02 ³⁾	0.02	0.02

2) HCFC R22 is purchased and used for in-house cooling facilities
3) Correction due to data notation error in the previous year's report



Environmental Data

Wastes and Resources*

Category	Indicator	Classification			Unit	2022	2023	2024	Domestic	Overseas
Waste Generation	Total Volume of Waste Generated ¹⁾				ton	40,925	45,577	75,057	46,753	28,304
	By Processing Method	Incinerated	Internal	ton	14,113	10,020	-	-	-	
			External ²⁾	ton	1,224	3,588	3,979	3,661	318	
		Landfill	External	ton	5,704	6,239	8,150	5,456	2,694	
		Recycled	External	ton	19,885	25,729	62,928	37,636	25,292	
		Recycling Rate		%	48.59	56.45	83.84	80.50	89.36	
	Total General Waste Generation				ton	37,245	40,143	68,632	41,093	27,539
	By Processing Method	Incinerated	Internal	ton	14,015	9,963	- ³⁾	- ³⁾	-	
			External	ton	19	584	613	613	-	
		Landfill	External	ton	5,019	5,868	8,146	5,452	2,694	
		Recycled	External	ton	18,192	23,728	59,872	35,027	24,845	
	Total Designated (Hazardous) Waste Generation				ton	3,681	5,434	6,425	5,660	765
	By Processing Method	Incinerated	In-house	ton	98	57	- ³⁾	- ³⁾	-	
			External	ton	1,206	3,005	3,367	3,049	318	
		Landfill	External	ton	685	371	4	4	-	
		Recycled	External	ton	1,692	2,001	3,055	2,608	447	
	Waste Intensity	Waste Energy Intensity	Total Sales		KRW billion	5,945	8,009 ³⁾	9,903	-	--
Total Waste			ton/KRW Billion	6.88	5.69	7.58	-	--		
By Waste Type			General Waste	ton/KRW Billion	6.26	5.01	6.93	-	--	
			Designated (Hazardous) Waste	ton/KRW Billion	0.62	0.68	0.65	-	--	

* Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis

- 2024: Samsung Heavy Industries, China Rongcheng Corporation

1) Waste values are stated based on Olbaro data

2) In 2023 and 2024, incineration (External) volume increased due to closure of in-house waste internal facilities

3) Attributed to closure of internal incineration facilities

4) Correction due to data notation error in the previous year's report

Management of Other Environmental Indicators*

Category	Indicator	Classification	Unit	2022	2023	2024
Environmental Investment	Total Investment		KRW Million	14,892	16,469	39,632 ⁵⁾
	Operating Expenses ⁶⁾		KRW Million	10,662	11,154	14,672
	Capital Investment (Climate Change Investment) ⁷⁾		KRW Million	3,950	5,030	24,675
	Post-Environmental Impact Assessment Investment Cost		KRW Million	280	285 ⁸⁾	285
	Percentage of Environmental Investment Relative to Sales Revenue		%	0.25	0.21	0.40
Environmental Due Diligence ⁹⁾	No. of Environmental Due Diligence Sessions		Times	9	9	15
Environmental Laws and Operation	Environmental Laws Violations	Total No. of Violations	Times	0	0	0
		No. of Environmental Accidents	Times	0	0	0
		Fines	KRW	0	0	0
		Penalties	KRW	0	0	0
		Non-monetary Sanctions	Times	0	0	0
		Amount of Damages	KRW	0	0	0
	Stakeholder Complaints	Total No. of Cases	Times	0	0	0
		Percentage of Actions Taken ¹⁰⁾	%	0	0	0
		Monetary Compensation	KRW	0	0	0
Environmental Education ¹¹⁾	Total No. of Hours of Education		Hours	120,806	158,218	153,943
	No. of Environmental Education per Person		Hours	6.0	6.0	6.2
Biodiversity	Habitat Protection	Protected or Restored Habitat ¹²⁾	Places	4	4	3
	Classification of Protected Animals And Plants	No. of State-Designated Endangered Species	Species	2	2	1
		No. of Protected Species of Wild Animals and Plants	Species	51	63	61

* Reporting Scope: Samsung Heavy Industries Separate Basis

5) Reflects increased investment costs for energy efficiency improvements through replacement of aging heating/cooling equipment, heavy machinery, and mechanical facilities

6) Includes environmental operating costs incurred by Samsung Heavy Industries in conducting its business

7) Refers to green process investment costs defined by Samsung Heavy Industries, including facility investments for pollution prevention and development costs for carbon abatement products and technologies by Safety and Environment Team, Infra F&U Technologies Team, and Research Institute

8) Correction due to data notation error in the previous year's report

9) Number of environmental audits conducted on companies entrusted with waste consignment by Samsung Heavy Industries

10) Number of complaints/reports from stakeholders was zero; no monetary compensation cases or remedial actions occurred

11) Environmental education conducted for employees and suppliers

12) Grey heron habitat, artificial reefs, otter resting area, and seagrass resting area

Social Data

Employee Status

Category	Indicator	Classification		Unit	2022	2023	2024	Domestic	Overseas
Composition of Employees*	Total No. of Employees	Total ¹⁾		Persons	8,775	9,640	11,951	9,998	1,953
		No. of Employees by Gender	Male	Persons	8,457	9,255	11,370	9,606	1,764
			Female	Persons	318	385	581	392	189
		No. of Employees by Nationality	South Korea	Persons	8,748	8,696	8,655	8,601	54
			China	Persons	-	-	1,667	-	1,667
			Indonesia	Persons	-	298	587	586	1
			Sri Lanka	Persons	-	289	278	278	-
			Uzbekistan	Persons	-	156	255	255	-
			India	Persons	27	201	243	90	153
			United States	Persons	-	-	3	3	-
			Bangladesh	Persons	-	-	82	82	-
			Vietnam	Persons	-	-	50	50	-
			Canada	Persons	-	-	2	2	-
			Turkey	Persons	-	-	2	2	-
			Pakistan	Persons	-	-	45	45	-
			Philippines	Persons	-	-	4	4	-
			Nigeria	Persons	-	-	77	-	77
			Others	Persons	-	-	1	-	1

Category	Indicator	Classification		Unit	2022	2023	2024	Domestic	Overseas	
Composition of Employees*	Total No. of Employees	No. of Employees by Job Function	Executives		Persons	36	38	41 ²⁾	38	3
			Research Positions		Persons	343	359	528	389	139
			Office Workers		Persons	-	-	619	269	350
			Technology/Production		Persons	3,304	3,297	3,088	3,040	48
			Sales		Persons	53	71	72	63	9
			Management Support		Persons	369	402	555	400	155
			Procurement		Persons	174	183	196	188	8
			Production		Persons	4,496	5,290	6,852	5,611	1,241
		No. of Employees by Contract Type	Management Executives	Male	Persons	36	38	39 ²⁾	36	3
				Female	Persons	-	-	-	-	-
			Employees Without Fixed Term Contracts	Male	Persons	8,268	8,075	8,080	7,904	176
				Female	Persons	276	314	311	296	15
			Employees With Fixed Term Contracts ³⁾	Male	Persons	153	1,142	3,251	1,666	1,585
				Female	Persons	42	71	270	96	174
		No. of Employees by Age Group	Under 30		Persons	279	558	930	649	281
			Aged 30- Under 50		Persons	5,910	6,165	7,648	6,092	1,556
			50 or older		Persons	2,586	2,917	3,373	3,257	116

* Reporting Scope
- 2022~2023: Samsung Heavy Industries Separate Basis
- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation, Houston Corporation, and other countries
1) Calculated on a company-wide basis including overseas local hires; figures differ from those in the Annual report based on domestic personnel

2) The difference between the number of executives by job classification (41 people) and the number of executive officers by contract type classification (39 people) is due to the inclusion of two permanent executives (MASTER)
3) Personnel performing clerical and support tasks such as administrative support (Samsung Partners, etc.)

Social Data

Employee Status

Category	Indicator	Classification		Unit	2022	2023	2024	Domestic	Overseas
New Hires*	Number of New Hires	Total		Persons	183	1,229	1,037	910	127
		By Gender	Male	Persons	141	1,170	956	831	125
			Female	Persons	42	59	81	79	2
		By Age Group	Under 30	Persons	43	349	504	401	103
			Aged 30- Under 50	Persons	130	870	510	487	23
			50 or older	Persons	10	10	23	22	1
		By Position Level	Executive	Persons	-	1	1	1	-
			Middle Manager	Persons	1	5	1	-	1
			Junior Manager	Persons	-	-	34	-	34
			Employee	Persons	182	1,223	1,001	909	92
		By New/ Experienced	New	Persons	26	71	215	123	92
			Experience	Persons	157	1,158	822	787	35
		By Nationality	South Korea	Persons	183	302	388	387	1
			Indonesia	Persons	-	305	321	321	-
			Sri Lanka	Persons	-	294	-	-	-
			Uzbekistan	Persons	-	154	114	114	-
			India	Persons	-	83	46	-	46
			China	Persons	-	-	79	-	79
			Others	Persons	-	91	89	88	1

Category	Indicator	Classification		Unit	2022	2023	2024	Domestic	Overseas
New Hires*	No. of New Hires	By Race	White	Persons	-	-	-	-	-
			Black/African American	Persons	-	-	1	-	1
			Asian	Persons	183	1,229	1,035	909	126
			American/Alaska Native	Persons	-	-	1	1	-
			Native Hawaiian or Other Pacific Islander	Persons	-	-	-	-	-
			Others	Persons	-	-	-	-	-
	Internal Hiring	Internal Hiring Rate ¹⁾		%	39.0	6.3	9.0	10.2	-
Retirement	No. of Retirees	Total		Persons	700	461	471	437	34
		Gender	Male	Persons	634	433	420	391	29
			Female	Persons	66	28	51	46	5
	Retirement Rate	Total Retirement Rate		%	8.0	4.8	3.9	4.4	1.7
		Voluntary Retirement Rate ²⁾		%	6.1	2.7	2.1	2.5	0.1
Years of Service	Average Years of Service	Total		Years	19.6	18.2	15.9	17.7	6.5

1) The internal hiring rate is the ratio of internal hires to total hires (internal hires + new hires). When counting internal hires, E-7 visa personnel are excluded, while new hires include E-7 visa personnel

2) General retirees excluding contractual retirements, voluntary retirements, advisory retirements, dismissals, retirement, and death-in-service retirements

* Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis

- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation

Social Data

Employee Diversity*

Category	Indicator	Classification		Unit	2022	2023	2024	2024			
								Domestic	Overseas		
Employee Diversity	Status of Female Employees	Total Status of Female Executives	No. of persons		Persons	318	385	581	392	189	
			Percentage		%	3.6	4.0	4.9	3.9	9.7	
		Status of Female Workforce By Position	Management Position ¹⁾	No. of persons		Persons	118	165	189	164	25
				Percentage		%	3.6	5.0	5.5	4.9	0
			Executive	No. of persons		Persons	0	0	0	0	0
				Percentage		%	0	0	0	0	0
			Management Team	No. of persons		Persons	1	1	1	1	0
				Percentage		%	14.3	14.3	14.3	14.3	0
		Female Employees Working in STEM-Related (science, technology, engineering, math) Jobs	No. of persons		Persons	191	270	264	264	0	
			Percentage		%	5.2	7.4	7.7	7.7	0	
	Status of Minority Group Employees	Total Status of Minority Group Employees ²⁾	No. of persons		Persons	498	1,189	1,649	1,644	5	
			Percentage		%	5.7 ²⁾	12.3	13.8	16.4	0.3	
		Minority Group Classification	Foreigner Employees	No. of persons		Persons	247	944	1,400	1,397	3
				Percentage		%	2.8	9.8	11.7	14.0	0.2
			Employees with Disabilities ²⁾	No. of persons		Persons	251	245	249	247	2
				Percentage		%	2.9	2.5	2.1	2.5	0.1

*Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis

- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation, and other countries

1) Manager Level and Above

2) Correction of data due to error in the previous year's report on 'Number of Employees with Disabilities' for 2022~2023



Social Data

Safety

Category	Indicator	Classification		Unit	2022	2023	2024		
								Domestic	Overseas
Workplace Safety Management*	Safety Management Activities	Safety Improvement Activities (S-CAR)		Cases	66,461	70,923	86,053	82,785	3,268
		Emergency Response Training		Times	214	268	330	286	44
	Safety Indicators	No. of Accidents	Total	Cases	69	45	41	40	1
			Employees	Cases	35	14	9	9	0
			Suppliers	Cases	34	31	32	31	1
		No. of Deaths ¹⁾	Total	Persons	0	0	1	1	0
			Employees	Persons	0	0	0	0	0
			Suppliers	Persons	0	0	1	1	0
		Accident Rate	Total	Persons/Total No. of Workers	0.30	0.21	0.13	0.14	0.02
			Employees	Persons/Total No. of Workers	0.43	0.17	0.08	0.10	0.00
			Suppliers	Persons/Total No. of Workers	0.29	0.23	0.15	0.16	0.04
		Lost Time Injury Frequency (LTIF) ²⁾	Total	Cases / Million Hours	0.90	0.69	0.55	0.62	0.10
			Employees	Cases / Million Hours	0.84	0.58	0.39	0.47	0.00
			Suppliers	Cases / Million Hours	0.92	0.72	0.63	0.69	0.19
		Total Recordable Case Frequency (TRCF) ³⁾	Total	Cases / Million Hours	2.90	2.37	1.94	2.19	0.31
			Employees	Cases / Million Hours	4.59	3.44	2.55	3.01	0.45
			Suppliers	Cases / Million Hours	2.04	1.76	1.64	1.82	0.19
		No. of Near Misses ⁴⁾	Total	Cases	129	45	59	59	-
			Employees	Cases	62	19	24	24	-
			Suppliers	Cases	67	26	35	35	-
		No. of Occupational Disease Cases	Total	Cases	57	91	91	91	-
			Employees	Cases	49	72	67	67	-
			Suppliers	Cases	8	19	24	24	-
Safety-related Employee Awards**	Details of Safety-related Employee Awards	Total Awards	Amount	KRW Million	152	162	207	207	-
		Disaster-Free Awards ⁵⁾ (Organization Award)	Times	Cases	178	161	900	900	-
			Amount	KRW Million	102	101	135	135	-
		Comprehensive Safety Assessment ⁶⁾ (Organization Award)	Times	Cases	2	2	2	2	-
			Amount	KRW Million	31	31	31	31	-
		Safety Star ⁷⁾ (Individual Award)	No. of persons	Persons	180	199	2,735	2,735	-
			Amount	KRW Million	16	20	42	42	-

* Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis

- 2024: Samsung Heavy Industries, China Rongcheng Corporation, Nigeria Corporation

** Reporting Scope: Samsung Heavy Industries Separate Basis

1) Number of the deaths due to industrial accidents; no deaths from occupational diseases

2) Lost Time Injury Frequency (LTIF): The number of lost time incidents per million hours of work hours

3) Total Recordable Case Frequency (TRCF): The number of recordable incidents per million work hours

4) Near Miss: A situation that almost resulted in an incident but did not result in an accident

5) An organizational award system that recognizes periods of accident-free operation to establish autonomous safety management and enhance employees' safety awareness

6) An organizational award system that evaluates the safety performance of production departments and rewards outstanding teams to encourage continuous safety activities

7) An individual award system that quarterly recognizes employees who have demonstrated excellent performance in safety improvement activities and near-miss identification

Social Data

Safety

Category	Indicator	Classification	Unit	2022	2023	2024
Health and Safety Investments*	Details of Safety and Health Management Investments	Total	KRW Million	259,800	336,300	412,766
		Labor Costs and Various Work Allowances	KRW Million	63,000	66,200	77,046
		Cost for Improving Harmful/Hazardous Facilities	KRW Million	161,000	200,300	268,988
		Safety/Protection Device Purchase Cost	KRW Million	9,400	14,900	15,743
		Workplace Safety Diagnosis Fee	KRW Million	1,000	1,300	1,119
		Safety and Health Education Fees and Event Fees	KRW Million	700	1,700	1,293
		Employee Checkup Fee	KRW Million	17,300	12,000	13,612
		Head Office Usage Fee	KRW Million	7,400	39,900	34,964

* Reporting Scope: Samsung Heavy Industries Separate Basis

Organizational Culture*

Category	Indicator	Classification	Unit	2022	2023	2024
Organizational Culture	Organizational Culture Diagnosis Results	Satisfaction Level	Points	64.9	66.9	67.1
		Percentage of Employee Engagement	%	70.0	72.7	71.9
		Percentage of Organizational Culture Diagnosis Participation	%	85.0	73.5	85.2
	Status of Handling Grievance	No. of Registrations	Cases	199	206	181
		No. of Handled Cases	Cases	157	146	143

* Reporting Scope: Samsung Heavy Industries Separate Basis

Labor-Management Relations*

Category	Indicator	Classification		Unit	2022	2023	2024
Labor-Management Relations	Labor-Management Council	Labor-Management Council Membership	No. of Employees Subject to Labor-Management Council Registration	Persons	4,399	4,116	4,014
			Percentage of Employees Subject to Labor-Management Council ⁽¹⁾	%	100	100	100
		Labor-Management Council Meetings	No. of Labor-Management Council Meetings Convened	Times	4	4	4
			No. of Labor-Management Council Agenda Items	Cases	14	18	16
		Percentage of Employees Subject to Collective Agreement		%	100	100	100

* Reporting Scope: Samsung Heavy Industries Separate Basis
1) Members/All Employees and Executives

Employee Training*

Category	Indicator	Classification		Unit	2022	2023	2024
Employee Training	Training Hours	Average Time per Person		Hours	54.5	61.7	63.1
		Average Training Cost per Person ²⁾		KRW	222,385	309,129	406,082
		Total		Hours	473,736 ³⁾	594,777	632,669
		By Training Item	Talent fostering Training ⁴⁾	Hours	207,591	220,514	211,035
			Human Rights Training ⁵⁾	Hours	21,995	21,853	30,287
			Environmental Training ⁶⁾	Hours	52,650	64,834	54,208
			Safety Training	Hours	132,181	206,213	210,116
			Compliance Training	Time	37,135	55,052	53,027
			Quality Training	Time	2,380	2,100	7,977
			Design Training	Time	18,360	20,280	38,052
Security Training	Time	1,444	3,931	27,967			

* Reporting Scope: Samsung Heavy Industries Separate Basis
2) Training costs are calculated based on outsourced training expenses excluding internal training costs
3) Total hours revised due to exclusion of RPA training hours
4) Talent Nurturing Training consists of orientation, DT training, leadership, foreign language, job training, and E-7 (Foreign Workers) online training
5) Human Rights training includes anti-corruption education, workplace sexual harassment prevention education, workplace bullying prevention education, and disability awareness education
6) Environmental Education is conducted for all employees targeting GHG, waste, pollutants, and hazardous chemical management

Social Data

Performance Review*

Category	Indicator	Classification			Unit	2022	2023	2024		
									Domestic	Overseas
Performance Review	No. of Employees Eligible for Performance Reviews	Total			Persons	8,744	9,651	8,554	8,506	48
	No. of Employees Receiving Performance Reviews	Total			Persons	8,660	8,869	8,101	8,053	48
		By Job Type	Office Workers	Subtotal	Persons	4,306	4,012	4,034	3,993	41
				Male	Persons	4,005	3,703	3,727	3,687	40
				Female	Persons	301	309	307	306	1
		Production Workers	Subtotal	Persons	4,354	4,857	4,067	4,060	7	
			Production Position	Persons	4,353	4,856	4,067	4,060	7	
			Female	Persons	1	1	-	-	-	
	Proportion of Employees Receiving Performance Review	Total			%	99.0	91.9	94.7	94.7	100

* Reporting Scope

- 2022~2023: Samsung Heavy Industries Separate Basis

- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation, Houston Corporation, and other countries

Social Data

Welfare Benefits*

Category	Indicator	Classification		Unit	2022	2023	2024
Remuneration	Total Annual Remuneration	Total		KRW Million	754,629	821,046	931,971
		Gender	Male	KRW Million	734,421	798,386	904,935
			Female	KRW Million	20,208	22,660	27,036
	Average Base Remuneration (Contractual Annual Remuneration) ¹⁾	Management Position	Male	KRW Million	-	-	71
			Female	KRW Million	-	-	62
		Non-Management Position	Male	KRW Million	-	-	56
			Female	KRW Million	-	-	37
	Average Total Remuneration ¹⁾	Management Position	Male	KRW Million	-	-	120
			Female	KRW Million	-	-	85
		Non-Management Position	Male	KRW Million	-	-	88
			Female	KRW Million	-	-	50
	Percentage of Female to Male Remuneration ^{1), 2)}	Percentage of Average Base Remuneration	Management Position	%	-	-	88
			Non-Management Position	%	-	-	66
		Percentage of Average Total Remuneration	Management Position	%	-	-	70
			Non-Management Position	%	-	-	56
Retirement Pension System Operation Status	Total	Total No. of Subscribers		Persons	8,981	8,681	8,156
		Amount Under Management		KRW Million	610,763	701,080	781,099
	Defined Benefit Type – DB type	No. of Subscribers		Persons	8,052	7,511	6,681
		Amount Under Management		KRW Million	547,526	607,467	640,176
	Defined Contribution Type – DB type	No. of Subscribers		Persons	929	1,170	1,475
		Amount Under Management		KRW Million	63,237	93,613	140,923
Welfare System Operation Status	Medical Expenses Support			KRW Million	20,793	22,613	22,995
	Personal Pension			KRW Million	17,152	16,410	18,706
	Financial Aid for Education			KRW Million	13,165	9,672	11,971

* Reporting Scope: Samsung Heavy Industries Separate Basis
1) Data management began in 2024
2) Samsung Heavy Industries provides equal pay regardless of gender according to position and job, and the pay differences between genders are due to the nature of the industry related to performing high-risk tasks and differences in overtime hours

Social Data

Welfare Benefits

Category	Indicator	Classification		Unit	2022	2023	2024
Parental Leave	Status of Parental Leave Usage	Total Number of Employees Subject to Parental Leave		Persons	4,067	3,750	9,998
		Employees on Parental Leave	Subtotal	Persons	161	112	47
			Male	Persons	118	75	41
			Female	Persons	43	37	6
		No. of Employees Returning from Parental Leave	Subtotal	Persons	138	112	76
			Male	Persons	112	78	59
			Female	Persons	26	34	17
		Percentage of Employees Returning from Parental Leave ¹⁾	Subtotal	%	-	-	76.5
			Male	%	-	-	81.0
			Female	%	-	-	82.9
		No. of Employees Working 12 Months After Returning from Parental Leave	Subtotal	Persons	104	131	105
			Male	Persons	80	103	73
			Female	Persons	24	28	32
		Percentage of Employees Working 12 Months After Returning from Parental Leave	Subtotal	%	100	99.1	93.8
			Male	%	100	98.7	93.6
			Female	%	100	100	94.1

1) Data management began in 2024

Health*

Category	Indicator	Classification	Unit	2022	2023	2024
Employee Health	Status of Medical Checkup	Total No. of persons	Persons	21,048	21,482	26,473
		No. of General Medical Checkup	Persons	13,243	13,737	17,574
		No. of Comprehensive Medical Checkup	Persons	7,805	7,745	8,899
	Health Support Activities	Number of Times In-house Clinic Used	Times	34,783	32,621	15,309
		No. of Vaccination Completions	Times	9,167	8,967	12,063
		No. of Smoking Cessation Clinic Users	Persons	- ²⁾	665	618

* Reporting Scope: Samsung Heavy Industries Separate Basis

2) Not operated due to COVID-19

Social Data

Supply Chain Management and Shared Growth*

Category	Indicator	Classification		Unit	2022	2023	2024	
Supplier Identification	Key Suppliers	All 1st-Tier Suppliers ¹⁾	No. of Companies		No. of Companies	1,393	1,448	1,681
			Percentage Compared To All Suppliers		%	100	100	100
		Major 1st Tier Suppliers ²⁾	No. of Companies		No. of Companies	222	264	241
			Percentage Compared To All Suppliers		%	15.9	18.2	14.3
Supply Chain Assessment	Supply Chain Assessment (Sustainability Risk)	No. of Suppliers Evaluated	No. of Suppliers Subject to Evaluation		No. of Companies	222	264	208
			Percentage of Evaluated Suppliers		%	15.9	18.2	12.4
		High-risk Suppliers ³⁾	No. of High-Risk Suppliers		No. of Companies	9	11	5
			Percentage Compared to Major Primary Suppliers		%	4.1	4.2	2.1
Raw Materials Procurement and Usage	Procurement Costs	Total Amount	Total		KRW Million	6,281,521	6,087,821	6,275,220
			By Type of Raw Materials	Steel	KRW Million	1,326,101	1,231,658	1,148,664 ⁶⁾
				Equipment and Materials	KRW Million	4,749,735	4,364,867	4,898,757
				Equipment and Materials (Facility Maintenance)	KRW Million	2,100	1,256	6,009
				Equipment and Materials (Facility Investments)	KRW Million	44,657	416,724	118,543
				Equipment and Materials (for Research)	KRW Million	1,544	139	8,557
				Service/Engineering Contract (S/E)	KRW Million	157,384	73,177	94,690
		Sustainable Procurement Expenditures	Eco-friendly Product Procurement Cost ⁴⁾		KRW Million	2,670	4,910	4,878
			Eco-friendly Equipment and Materials Procurement Cost ⁵⁾		KRW Million	1,119,216	1,037,267	1,091,232
			Percentage of Eco-friendly Equipment and Materials Procured		%	17.8	17.0	17.4
Supplier Training Support	Suppliers Training Support	No. of Persons Completing Training			Persons	15,938	23,572	40,321
		Quality Training			Persons	20	40	44
		Safety Training			Persons	13,543	20,087	22,606
		Job Training			Persons	2,375	3,445	17,671
	Support for Supplier Workforce Development and Recruitment	No. of Persons Completing Training			Persons	266	199	227
		No. of Training Hours			Hours	46,816	35,024	47,192
		Total No. of Employees			Persons	247	182	203
		Total No. of Employed Youth			Persons	137	124	147

* Reporting Scope: Samsung Heavy Industries Separate Basis
1) Suppliers directly providing products, materials, or services to Samsung Heavy Industries
2) 1st-Tier Suppliers with significant relevance to Samsung Heavy Industries' business or carrying risks that may negatively impact ESG
3) Suppliers rated in the lower tier based on evaluation results
4) Classified according to standards independently established by Samsung Heavy Industries (e.g., energy efficiency, recycled materials)
5) Samsung Heavy Industries defines and classifies DF (Dual Fuel) engines and related equipment incorporating environmentally considerate technology, selective catalytic reduction devices, sulfur oxide capture devices, eco-friendly paint, etc
6) Usage amount is 1,095 thousand tons (steel accounts for the majority of purchases due to shipbuilding characteristics)

Social Data

Supply Chain Management and Shared Growth

Category	Indicator	Classification		Unit	2022	2023	2024
Financial Support for Suppliers	Supporting Supply Chain Sustainability	Benefits and Other Subsidies		KRW Million	27,242	33,647	44,602
		No. of Companies Receiving Support		No. of Companies	100	100	113
	Status of Shared Growth Fund Operation	Amount of Fund Raised	Total	KRW Million	300,500	300,500	300,500
			Deposits (Supported by the company)	KRW Million	80,500	80,500	80,500
		Financial Institution Support		KRW Million	220,000	220,000	220,000
		Execution (Loan) Amount		KRW Million	245,900	274,200	278,600
	Supplier Technology Development Support	Technology Development Support Agreement Amount ¹⁾		KRW Million	-	-	585
Management Support for Suppliers	Management Support	Operational Status of Cash Payment Monitoring System Between 1st and 2nd tier Suppliers	Amount of Cash Payments Monitored	KRW Million	591,200	569,300	589,100
			Number of 2nd tier Suppliers Covered by Cash Payment Monitoring System	No. of Companies	1,472	1,462	1,439
			Average Cash Payment Rate	%	73.0	66.0	70.2
			Average Duration of Cash Payments	Days	23	26	25

1) Data management began in 2024

Sharing Management*

Category	Indicator	Classification		Unit	2022	2023	2024
Social Contribution Activities	Participation in Social Contribution	Contributions	Total	KRW Million	1,225	1,144	1,496
			Corporate Contribution	KRW Million	574	515	830
			Contributions by Employees	KRW Million	651	629	666
		Donations		KRW Million	2,195	3,262	5,005
	Volunteer Activities	Total No. of Volunteer Work		Hours	7,117	10,880	13,403
		Volunteer Hours Per Person		Hours	6.8 ²⁾	8.6 ²⁾	10.4
		No. of Participants		Persons	1,053	1,267	1,291
	Regular Blood Donation Campaigns	No. of Blood Donations		Times	1,796	2,059	2,726

* Reporting Scope: Samsung Heavy Industries Separate Basis
2) Correction due to data notation error in the previous year's report

Governance Data

Board of Directors

Category	Indicator	Classification	Unit	2022	2023	2024
Board of Directors Operation	No. of Board Meetings Held		Times	10	8	8
	No. of Resolved Items		Cases	22	29	23
	Board Attendance Rate	Total	%	95.7	92.9	94.6
		Internal Directors	%	100	87.5	87.5
		Independent Directors	%	92.5	96.9	100
Board of Directors Remuneration Status	Actual Remuneration (Total)	Total	KRW Million	1,564	5,009 ¹⁾	4,549 ¹⁾
		Independent Directors	KRW Million	354 ²⁾	355 ²⁾	427
		Internal Directors	KRW Million	1,210	4,654	4,122
	Average Remuneration per Person	Total	KRW Million	224	716	650
		Independent Directors ³⁾	KRW Million	90	89	99
		Internal Directors	KRW Million	403	1,551 ¹⁾	1,374 ¹⁾
Board Diversity	Independent Directors	Male	Persons	3	3	3
		Female	Persons	1	1	1
	Internal Directors	Male	Persons	3	3	3
		Female	Persons	0	0	0
	Number of Foreign Independent Directors		Persons	0	0	0
Committees within the Board of Directors	Management Committee	Internal Directors	Persons	3	3	3
		Independent Directors	Persons	0	0	0
		No. of Meetings	Times	7	7	7
		No. of Resolved Agendas	Cases	37	36	26
		Independent Director Attendance Rate	%	-	-	-
	Internal Transaction Committee	Internal Directors	Persons	0	0	0
		Independent Directors	Persons	3	3	3
		No. of Meetings	Times	3	3	5
		No. of Resolved Agendas	Cases	4	4	6
		Independent Director Attendance Rate	%	100	100	100

Category	Indicator	Classification	Unit	2022	2023	2024
Committees within the Board of Directors	Compensation Committee	Internal Directors	Persons	1	1	0
		Independent Directors	Persons	2	2	3
		No. of Meetings	Times	1	1	1
		No. of Resolved Agendas	No. of Items	2	3	2
		Independent Director Attendance Rate	%	100	100	100
	Independent Director Candidate Recommendation Committee	Internal Directors	Persons	2	2	0
		Internal Directors	Persons	3	3	3
		No. of Meetings	Times	1	1	2
		No. of Resolved Agendas	No. of Items	2	1	3
		Independent Director Attendance Rate	%	100	80	100
	Audit Committee	Internal Directors	Persons	0	0	0
		Independent Directors	Persons	3	3	3
		No. of Meetings	Times	5	5	5
		No. of Resolved Agendas	No. of Items	5	7	5
		Report Items	No. of Items	16	16	11
		Independent Director Attendance Rate	%	100	100	100
	ESG Committee	Internal Directors	Persons	1	1	0
		Independent Directors	Persons	2	2	4
		No. of Meetings	Times	1	2	4
		No. of Resolved Agendas	No. of Items	3	3	5
		Report Items	No. of Items	1	8	10
		Independent Director Attendance Rate	%	100	100	100

1) Increase in Compensation Due to Internal Director Retirement
2) Correction due to data notation error in the previous year's report
3) Exclusion of Audit Committee Member

Governance Data

Ethical / Compliance Management*

Category	Indicator	Classification	Unit	2022	2023	2024	Domestic	Overseas
Key Counseling	No. of Compliance Advices	Total	Cases	536	423	378	374	4
		Fair Trade	Cases	147	140	119	119	-
		Anti-Corruption	Cases	60	62	140	139	1
		Others	Cases	329	221	119	116	3
	No. of Legal Advices	Total	Cases	1,171	1,174	1,066	640	426
		Contract Review	Cases	942	966	867	493	374
		Others	Cases	229	208	199	147	52
Overall Compliance Training	Total No. of Compliance Training Sessions		Times	135	124	374	292	82
	Total No. of Compliance Training Participants		Persons	46,819	48,664	46,665	46,392	273
	Total No. of Compliance Training Hours		Hours	37,135	55,052	53,318	53,027	291
	No. of Average Compliance Training Hours per Person		Hours	0.8	1.1	1.1	1.1	1.1
Compliance Practice Training	Total No. of Sessions		Times	23	17	49	37	12
	Total No. of Participants		Persons	1,026	522	519	497	22
	Total Hours		Hours	1,311	897	948	908	40
	Compliance Committee Member	No. of Sessions	Times	5	2	6	6	0
		No. of Participants	Persons	29	20	28	28	0
		Total Hours	Hours	29	20	28	28	0
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	0
	CL ¹⁾	No. of Sessions	Times	5	5	9	6	3
		No. of Participants	Persons	257	65	59	56	3
		Total Hours	Hours	257	65	59	56	3
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0

* Reporting Scope
- 2022~2023: Samsung Heavy Industries Separate Basis
- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center, Nigeria Corporation
1) CL (Compliance Leader): Team Leader

Governance Data

Ethical / Compliance Management

Category	Indicator	Classification	Unit	2022	2023	2024	Domestic	Overseas
Compliance Practice Training	CM ¹⁾	No. of Sessions	Times	6	5	13	10	3
		No. of Participants	Persons	626	312	289	276	13
		Total Hours	Hours	626	312	289	276	13
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0
	CA ²⁾	Number of Sessions	Times	7	5	21	15	6
		No. of Participants	Persons	114	125	143	137	6
		Total Hours	Hours	399	500	572	548	24
		Average Time per Person	Hours	3.5	4.0	4.0	4.0	4.0
Training by Position	Total No. of Training Sessions		Times	14	13	41	36	5
	Total No. of Training Participants		Persons	4,592	4,398	6,358	6,324	34
	Total No. of Training Hours		Hours	4,592	4,398	6,358	6,324	34
	New Employees	No. of Sessions	Times	2	3	14	14	0
		No. of Participants	Persons	21	69	195	195	0
		Total Hours	Hours	21	69	195	195	0
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	0
	Training for All Employees	No. of Sessions	Times	3	2	16	11	5
		No. of Participants	Persons	4,512	4,263	6,079	6,045	34
		Total Hours	Hours	4,512	4,263	6,079	6,045	34
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0
	Foreigners and Others	No. of Sessions	Sessions	3	1	1	1	0
		No. of Participants	Persons	29	32	37	37	0
		Total Hours	Hours	30	34	37	37	0
		Average Time per Person	Hours	1.0	1.1	1.0	1.0	0
	Training for New Position, etc.	No. of Sessions	Sessions	6	7	10	10	0
		No. of Participants	Persons	30	34	47	47	0
		Total Training Hours	Hours	30	34	47	47	0
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	0

1) CM (Compliance Manager): Head of each department
2) CA (Compliance Assistant): Manager of each team

Governance Data

Ethical / Compliance Management

Category	Indicator	Classification	Unit	2022	2023	2024	Domestic	Overseas
Compliance Reinforcement Training By Position	Total No. of Training Sessions		Times	26	33	133	94	39
	Total No. of Training Participants		Persons	30,965	33,990	29,784	29,661	123
	Total No. of Training Hours		Hours	30,965	39,981	35,517	35,394	123
	Sales/Projects In Russia, etc.	No. of Sessions	Times	3	9	16	13	3
		No. of Participants	Persons	830	951	916	889	27
		Total Hours	Hours	830	951	916	889	27
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0
	Subcontractor Monitoring Program	No. of Sessions	Times	3	4	9	9	0
		No. of Participants	Persons	5,114	5,991	5,733	5,733	0
		Total Hours	Hours	5,114	11,982	11,466	11,466	0
		Average Time per Person	Hours	1.0	2.0	2.0	2.0	0
	Themed Training By Team	No. of Sessions	Times	12	12	108	72	36
		Average Time per Person	Persons	24,950	26,859	23,135	23,039	96
		Total Hours	Hours	24,950	26,859	23,135	23,039	96
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0
Anti-corruption Training	Total No. of Training Sessions		Times	48	45	121	95	26
	Total No. of Training Participants		Persons	10,080	9,712	9,836	9,742	94
	Total No. of Training Hours		Hours	10,080	9,712	9,836	9,742	94
	Executives	No. of Sessions	Times	11	7	19	13	6
		No. of Participants	Persons	293	86	96	90	6
		Total Hours	Hours	293	86	96	90	6
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0
	Employees	No. of Sessions	Times	29	32	102	82	20
		No. of Participants	Persons	9,730	9,465	9,740	9,652	88
		Total Hours	Hours	9,730	9,465	9,740	9,652	88
		Average Time per Person	Hours	1.0	1.0	1.0	1.0	1.0

Governance Data

Ethical / Compliance Management

Category	Indicator	Classification	Unit	2022	2023	2024	Domestic	Overseas
Other Special Training ²⁾	Total No. of Training Sessions		Times	6	2	4	4	0
	Total No. of Training Participants		Persons	113	10	116	116	0
	Total No. of Training Hours		Hours	113	10	61	61	0
	On-the-Job Training Requests	No. of Sessions	Times	4	1	4	4	0
		No. of Participants	Persons	100	3	116	116	0
		Total Hours	Hours	100	3	61	61	0
		Average Time per Person	Hours	1.0	1.0	0.5	0.5	0
Specialized Training	Total No. of Training Sessions		Times	18	14	26	26	0
	Total No. of Training Participants		Persons	43	32	26	26	0
	Total No. of Training Hours		Hours	153	54	299	299	0
	Pending Issues, etc.	No. of Sessions	Times	2	1	- ¹⁾	- ¹⁾	0
		No. of Participants	Persons	13	7	- ¹⁾	- ¹⁾	0
		Total Hours	Hours	13	7	- ¹⁾	- ¹⁾	0
		Average Time per Person	Hours	1.0	1.0	- ¹⁾	- ¹⁾	0
	External Training/Seminars etc. ³⁾	No. of Sessions	Times	18	14	26	26	0
		No. of Participants	Persons	14	32	26	26	0
		Total Hours	Hours	153	54	299	299	0
		Average Time per Person	Hours	10.9	1.7	11.5	11.5	0

1) In 2024, no issues requiring training arose, so 'Issue Current Affairs Training' was not conducted
2) Includes internal transactions, purchasing subcontracting, overseas branch/corporation dispatches, and special training for the Outsourced Structural Process Group
3) Includes UNGC Anti-corruption Forum and ISO certification auditor training

Governance Data

Ethical / Compliance Management

Category	Indicator	Classification	Unit	2022	2023	2024		
							Domestic	Overseas
Violations	Fair Trade ¹⁾	No. of Violations	Cases	1	1	1	1	0
		No. of Violations with Fines Imposed	Cases	0	0 ²⁾	1	1	0
	Corruption and Bribery	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
	Discrimination and Harassment	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
	Leakage of Customers' Personal Information	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
	Leakage of Internal Information	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
	Conflict of Interest	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
	Money Laundering And Internal Transactions	No. of Violations	Cases	0	0	0	0	0
		No. of Violations with Fines Imposed	Cases	0	0	0	0	0
Ethical Management	Sharing Ethics Policy	No. of Board Members with whom the Ethics Policy is Shared	Persons	6	6	6	6	-
		Percentage of Board Members with whom the Ethics Policy is Shared	%	86	86	86	86	-
		No. of Executives and Employees With Whom Ethics Policies by Position Have Been Shared	Persons	8,775	9,640	11,951	9,998	1,953
		Percentage of Executives and Employees With Whom Ethics Policies by Position Have Been Shared	%	100	100	100	100	100
		No. of Suppliers With Which the Ethics Policy Has Been Shared ³⁾	No. of Companies	86	94	1,700	1,422	278
		Percentage of Suppliers With Which the Ethics Policy Has Been Shared	%	100	100	100	100	100
	Internal Checks and Measures for Ethical Risk	No. of Incidents of Code of Conduct/Ethics Violations	Cases	23	32	10	10	0
		Number of Corruption Cases	Cases	13	31	10	10	0
		Number of Instances where Workers have been Fired or Disciplined for Corruption	Cases	23	32	10	10	0

1) Number of fair trade violations: 2022 - Correction Order (concluded), 2023 - Surcharge (concluded), 2024 - Fine (concluded)

2) Correction due to data notation error in the previous year's report

3) From 2024, the calculation criteria have changed, expanding the scope of aggregation

Governance Data

Contributions and Other Expenditures*

Category	Indicator	Unit	2022	2023	2024
External Sponsorship Funds	Total	KRW Million	1,256	1,487	1,201
	Lobbying, Interest Representatives, or Similar Organizations	KRW Million	0	0	0
	National/Regional Political Campaigns/Organizations/Candidates ¹⁾	KRW Million	0	0	0
	Trade Associations or Tax-Exempt Organizations	KRW Million	1,256	1,487	1,201
	Others (Voting-Related Expenditures)	KRW Million	0	0	0
	Worksites with External Sponsorship Funds ²⁾	%	92.0	92.0	92.0

* Reporting Scope: Samsung Heavy Industries Separate Basis

1) Domestic corporate political donations are prohibited under the Political Funds Act. Samsung Heavy Industries strictly complies with the law by conducting prior consultations on donation recipients and appropriateness based on the 'Donation Operation Standards' to ensure that funds related to Industrial Bank of Korea are not provided as political donations, voting-related funds, or lobbying funds

2) External sponsorship funds from overseas worksites are not included, and the worksites' scope indicates the ratio of domestic sales accounted for by the worksites where external sponsorship funds occurred

Membership Initiatives/Academic Societies/Associations

EPIM JQS Supplier	Safety Management Association	Federation of Korean Industries
K-CCUS Promotion Team	Korean Chamber of Commerce in the UK	The Korean Society of Marine Engineering
UN Global Compact (UNGC)	The Society of Naval Architects of Korea	Korea International Trade Association
Korea Construction Engineers Association	Korea Offshore & Shipbuilding Association ¹⁾	Corrosion Science Society of Korea
Korean Master Hands Associations	Korea Business Association in Japan	Korea Association for Industrial Technology Security
Korea Chamber of Commerce and Industry	Korea AEO Association	Korea Industrial Technology Association
The Korean Welding and Joining Society	Korea IR Council	The Korea Heat Energy Engineers Association
The Society of Naval Architects of Korea	Korea LNG Bunkering Industry Association	The Korean Society of Ocean Engineers
Masan Port Logistics Association	KOREA EXCHANGE	Korean Port Logistics Association
Industrial Security Council	Korea Enterprises Federation	Unified Bulk Joint Industry Project (UBJIP)
Ship and Offshore Design Research Group	The Korea Fair Competition Federation	Korea Environmental Engineering Professionals Association
Ship and Offshore Plant Structure Research Group	Korea Customs Logistics Association	
The Korea Retired Generals and Admirals Association		
Korea Fire Facility Association		

1) Held a position in the governing body of the association (From December 2023 to April 2025, CEO Choi Sung-an serves as the chairman of the Korea Offshore & Shipbuilding Association

Quality and Customer-Satisfaction Management*

Category	Indicator	Classification	Unit	2022	2023	2024
Quality Goals	Welding Failure Rate	Structure	%	0.18	0.19	0.24
		Pipe	%	1.17	1.39	0.97
	Inspection Pass Rate	Processes	%	99.50	99.60	99.50
		MC	%	100	-	99.1
	Punch	Number of Cases per Vessel ³⁾	Cases/Vessels	38,958(Case)	1,196	1,381
		Average No. of Days of Processing	Days	6.0	7.7	5.0
	Cost of Poor Quality (COPQ) Compared to Sales		%	0.59	0.51	0.44
Quality Education	Quality Inspector Training	In-house Training	No. of Sessions	Times	10 ⁵⁾	10 ⁵⁾
			No. of Participants	Persons	238	210
			Total Hours	Hours	2,380	2,100
			Average Time per Person	Hours	10	10
	Quality Inspector Training	Supplier Training	No. of Sessions	Times	6 ⁵⁾	10 ⁵⁾
			No. of Participants	Persons	180	228
			Total Hours	Hours	1,080	2,280
			Average Time per Person	Hours	6.0	10.0
Customer Satisfaction Management	Customer Satisfaction Index (CSI) ⁴⁾	Average Score	Points	66.0	67.0	65.0
		No. of Implementation to Customer Companies	No. of Companies	16	17	15
	Response to Customer Complaints	Ratio of Complaint Handling Completion	%	80.4	85.4	81.2
		Average Action Time Against Complaints	Days	41.0	42.0	39.3

* Reporting Scope: Samsung Heavy Industries Separate Basis

3) Data for 2022 was aggregated by 'cases', and from 2023, due to changes in indicator management methods, it is managed based on 'cases/vessels'

4) CSI: Customer Satisfaction Index

5) Correction due to data notation error in the previous year's report

Governance Data

R&D Innovation*

Category	Indicator	Classification	Unit	2022	2023	2024
Research and Development	Research and Development Cost	Investment	KRW Million	7,800	8,726	16,306
		Operating Costs	KRW Million	53,798	60,075	67,279
		R&D Intensity Relative to Sales Revenue	%	1.04	0.86 ¹⁾	0.84
	No. of R&D Personnel		Persons	343	359	312
	Intellectual Property Rights (No. of Registered Cases)	Total	Cases	285	257	222
		Patents ²⁾	Cases	250	221	200
		Utility Model ³⁾	Cases	6	2	5
		Design ⁴⁾	Cases	21	22	12
		Copyrights Including Trademarks ⁵⁾	Cases	8	12	5

* Reporting Scope: Samsung Heavy Industries Separate Basis
1) Recalculation of intensity due to correction of sales figure error in the previous year's report
2) Excluding ship fuel supply systems
3) Excluding lifting devices for pipe installation
4) Excluding ships
5) Excluding SYARD

Information Security and Safety*

Category	Indicator	Classification	Unit	2022	2023	2024	Domestic	Overseas
Business Continuity/Contingent Risk Response Test	Total		Times	2	2	2	2	
	DDoS Situation Communication Training		Times	1	1	1	1	
	DR Disaster Recovery Training		Times	1	1	1	1	
External Inspection and Vulnerability Analysis	Total		Times	44	37	44	44	
	External System Security Inspection Frequency	Total	Times	33	30	35	35	
		Regular Security Inspection of Integrated Security Center Website	Times	1	1	1	1	
		Inspection for Automated Vulnerability Detection on Heavy Industry Websites	Times	12	12 ²⁾	12	12	
		Mobile App/Web Application Security Inspection	Times	Frequently	Frequently	Frequently	Frequently	
		Security Checks Before Modifying/Adding to Mobile Apps/Web Applications	Times	20	17	22	22	
	Internal System Security Inspection Frequency	Total	Times	11	7	9	9	
		Periodic Security Inspection of Internal Systems Holding Personal Information	Times	1	1	1	1	
		Internal Application Security Inspection	Times	Frequently	Frequently	Frequently	Frequently	
		Inspections Before Modifying/Adding Internal Applications	Times	10	6	8	8	
Security Training	Total		Hours	7,125	10,462	27,967	27,546	421
	Security Training For Executives And Employees		Hours	1,444	3,391	5,488	5,376	112
	Security Training For Suppliers		Hours	5,681	7,071	22,479	22,170	309

* Reporting Scope
- 2022-2023: Samsung Heavy Industries Separate Basis
- 2024: Samsung Heavy Industries, China Rongcheng Corporation, India Engineering Center
1) Overseas subsidiaries do not have separate websites; security incident response is integrated and managed by the domestic headquarters.
2) Correction due to data notation error in the previous year's report

Governance Data

Smart SHI*

Category	Indicator	Classification		Unit	2022	2023	2024
Smart SHI Training	DT Training	Total No. of Training Sessions		No. of Sessions	21	33	90
		No. of Participants		Persons	404	725	762
		Total No. of Training Hours		Hours	16,608	29,000	22,652
		Training Hours per Person		Time	41.1	40.0	29.7
		Domain Expert	Total No. of Training Sessions	No. of Sessions	15	27	69
			No. of Participants	Persons	292	593	624
			Total No. of Training Hours	Hours	12,128	23,720	16,488
			Average Time per Person	Hours	41.5	40.0	26.4
		Research Personnel/ System Managers	Total no. of training sessions	No. of sessions	6	6	21
			No. of participants	Persons	112	132	138
			Total no. of training hours	Hours	4,480	5,280	6,164
			Average Time per Person	Hours	40.0	40.0	44.7

* Reporting Scope: Samsung Heavy Industries Separate Basis

ISO Certification Status

ISO Standard	Worksite	Sales Basis	Employee Basis
14001	Geoje/China/Nigeria	92%	90%
45001	Geoje/China/Nigeria/Pyeongtaek	99%	93%
50001	Geoje	92%	75%
9001	Geoje/China/Nigeria/Pyeongtaek/Pangyo/Daedeok/Chilseo	99%	94%
3834-2	Geoje/Chilseo	92%	75%
29001	Geoje	92%	75%
31000	Geoje/Pangyo	92%	79%
27001	Geoje/Pangyo	92%	79%
37001/37301	Geoje/Pangyo	92%	79%



05

Appendix

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GRI Index

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ESRS Index

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UN SDGs Index

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Third-Party
Assurance
Statement

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Greenhouse Gas
Verification
Statement

GRI INDEX

GRI Standard 2021	Remarks	
GRI 1: Foundation 2021	Outline	Samsung Heavy Industries reports data from January 1, 2024, to December 31, 2024, based on the revised GRI Standard 2021 (including some information up to March 2025).
	Applied GRI Standard	GRI: Foundation 2021
	Applied GRI Sector Standards	As of the 2025 reporting date, the ‘GRI Sector Standard’ standard of shipbuilding and offshore industries applicable to Samsung Heavy Industries has not been announced.

GRI Standard 2021	Disclosure		Reporting Page
GRI 2 : General Disclosures 2021	2-1	Organizational details	p.8
	2-2	Entities included in the organization’s sustainability reporting	p.4, 8
	2-3	Reporting period, frequency and contact point	p.4
	2-4	Restatements of information (impact of modifications to information provided in previous reports and reasons for modification)	p.139, 141-144, 147, 154, 160, 162
	2-5	External assurance	p.173-175
	2-6	Activities, value chains, and other business relationships (the organization’s supply chain)	p.9
	2-7	Employee employment status (employee, laborer)	p.145
	2-8	Workers who are not employees	p.145
	2-9	Governance structure and composition	p.122, 155
	2-10	Nomination and selection of the highest governance body	p.126
	2-11	Chair of the highest governance body	p.122
	2-12	Role of the highest governance body in overseeing the management of impacts	p.12-13
	2-13	Delegation of responsibility for managing impacts	p.12-13
	2-14	Role of the highest governance body in sustainability reporting	p.12-13
	2-15	Conflicts of interest	p.120
	2-16	Communication of critical concerns	p.12-13
	2-17	Collective knowledge of the highest governance body	p.12, 22, 123
	2-18	Evaluation of the performance of the highest governance body	p.126-127
	2-19	Remuneration policies	p.126-127, Refer to business report p.324-328
	2-20	Process to determine remuneration	p.126-127, Refer to business report p.324-328
	2-21	Annual total compensation ratio	Refer to business report
	2-22	Statement on sustainable development strategy	p.5

GRI Standard 2021	Disclosure		Reporting Page
GRI 2 : General Disclosures 2021	2-23	Policy commitments	p.64, 72, 78-80, 86, 133
	2-24	Embedding policy commitments	p.64, 72, 78-80, 86, 133
	2-25	Processes to remediate negative impacts	p.69, 83
	2-26	Mechanisms for seeking advice and raising concerns	p.69, 83, 113
	2-27	Compliance with laws and regulations	p.144, 160
	2-28	Membership associations	p.161
	2-29	Approach to stakeholder engagement	p.17
	2-30	Collective bargaining agreements	p.149
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	p.17-20
	3-2	List of material topics	p.19-20
	3-3	Management of material topics	p.21-40, 41-46, 47-62, 63-71, 72-78, 79-83
Climate Change/Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	p.21-40
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	p.139
	305-2	Indirect (Scope 2) GHG emissions	p.139
	305-3	Other indirect (Scope 3) GHG emissions	p.140
	305-4	GHG emissions intensity	p.139
	305-5	Reduction of GHG emissions	p.40
	305-6	Emissions of ozone-depleting substances (ODS)	p.143
GRI 302 : Energy (2016)	302-1	Energy consumption within the organization	p.141
	302-3	Energy intensity	p.141
	302-4	Reduction of energy consumption	p.40

GRI INDEX

GRI Standard 2021	Disclosure		Reporting Page
Sustainable Product & Technology			
GRI 3 : Material Topics 2021	3-3	Management of material topics	p.41-46
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	Refer to business report
	201-2	Financial implications and other risks and opportunities due to climate change	p.23-37
	201-3	Defined benefit plan obligations and other retirement plans	p.151
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p.116-118, 154
Occupational Health and Safety			
GRI 3 : Material Topics 2021	3-3	Management of material topics	p.47-62
GRI 403: Occupational Safety and Health (2018)	403-1	Industrial health and safety management system	p.62
	403-2	Hazard identification, risk assessment, and incident investigation	p.61
	403-3	Occupational health services	p.55-59
	403-4	Worker participation, consultation, and communication on occupational health and safety	p.57-58
	403-5	Worker training on occupational health and safety	p.58
	403-6	Promotion of worker health	p.58
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.55-59
	403-8	Workers covered by an occupational health and safety management system	p.62
	403-9	Work-related injuries	p.148
	403-10	Work-related ill health	p.148

GRI Standard 2021	Disclosure		Reporting Page
Business Ethics & Compliance			
GRI 3 : Material Topics 2021	3-3	Management of material topics	p.63-71
GRI 205 : Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	p.63, 67-68
	205-2	Communication and training about anti-corruption policies and procedures	p.158
	205-3	Confirmed incidents of corruption and actions taken	p.160
GRI 206 : Anti-competitive Practices (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p.160
Supply Chain Management			
GRI 3 : Material Topics 2021	3-3	Management of material topics	p.72-78
GRI 308 : Supplier Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	p.77
	308-2	Negative environmental impacts in the supply chain and actions taken	p.77
GRI 414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	p.77
	414-2	Negative social impacts in the supply chain and actions taken	p.77
DEI & Human Rights			
GRI 3 : Material Topics 2021	3-3	Management of material topics	p.79-83
GRI 405 : Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	p.147, 155
	405-2	Ratio of basic salary and remuneration of women to men	p.151
GRI 406 : Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	p.83, 160

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GRI Standard 2021	Disclosure		Reporting Page
Material Topics and ESG issue reporting			
GRI 303: Water and Effluents (2016)	303-1	Interactions with water as a shared resource	p.90
	303-2	Management of water discharge-related impacts	p.94
	303-3	Water withdrawal	p.142
	303-4	Water discharge	p.142
	303-5	Water consumption	p.142
GRI 305: Emissions (2016)	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p.143
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	p.93
	306-2	Management of significant waste-related impacts	p.144
	306-3	Waste generated	p.144
	306-4	Waste diverted from disposal	p.144
	306-5	Waste directed to disposal	p.144
GRI 304: Biodiversity (2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.96-100
	304-2	Significant impacts of activities, products and services on biodiversity	p.97-98
	304-3	Habitats protected or restored	p.99
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p.144
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	p.146
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.82, 106-107
	401-3	Parental leave	p.82, 152
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	p.149
	404-2	Programs for upgrading employee skills and transition assistance programs	p.103-105
	404-3	Percentage of employees receiving regular performance and career development reviews	p.150
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	p.117
GRI 415: Public Policy	415-1	Political contributions	p.70, 161
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	p.115
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.160

ESRS Index

The ESRs is a governance tool for the implementation of the Corporate Sustainability Reporting Directive (CSRD), the EU’s directive requiring sustainability reports starting in March 2023, which sets out the scope and standard of information that companies should disclose about sustainability. The European Financial Reporting Advisory Group (EFRAG) published the finalized ESRs in November 2022, which includes two common standards, 11 thematic standards, 84 disclosure requirements, and 1,144 quantitative and qualitative data points.

Indicator No.	Disclosure	Reporting Page
ESRS 2. General Disclosures		
ESRS 2 BP-1	General basis for preparation of the sustainability statements	p.4
ESRS 2 BP-2	Disclosures in relation to specific circumstances	p.4
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	p.120-127
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	p.12-13, 22, 48
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	p.15, 39, 48, 75, 79, 115, 127
ESRS 2 GOV-4	Statement on sustainability due diligence	p.128-130
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	p.131
ESRS 2 SBM-1	Market position, strategy, business model(s) and value chain	p.8-10
ESRS 2 SBM-2	Interests and views of stakeholders	p.17-20
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	p.19
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	p.18-20
ESRS 2 IRO-2	Disclosure Requirements in ESRs covered by the undertaking’s sustainability statements	p.168-169
ESRS E1. Climate Change		
ESRS E1-1	Transition plan for climate change mitigation	p.30-34
ESRS E1-2	Policies related to climate change mitigation and adaptation	p.21-22
ESRS E1-3	Actions and resources in relation to climate change policies	p.21-22, 36
ESRS E1-4	Targets related to climate change mitigation and adaptation	p.32-33, 39-40
ESRS E1-5	Energy consumption and mix	p.141
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	p.139-140
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	p.27-28, 30-33, 39-40
	Avoided emissions of products and services	p.140
ESRS E1-8	Internal carbon pricing	p.31
ESRS E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities	p.35-36

Indicator No.	Disclosure	Reporting Page
ESRS E2. Pollution		
ESRS E2-1	Policies related to pollution	p.86, 89-93
ESRS E2-2	Actions and resources related to pollution	p.86-93
ESRS E2-3	Targets related to pollution	p.94-95
ESRS E2-4	Pollution of air, water and soil	p.143
ESRS E2-5	Substances of concern and substances of very high concern	p.143
ESRS E3. Water and Marine Resources		
ESRS E3-1	Policies implemented to manage water and marine resources	p.90-91
ESRS E3-2	Actions and resources related to water and marine resources	p.90-91
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ESRS E4-4	Targets related to biodiversity and ecosystems	p.100
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ESRS Index

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ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	p.83
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ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p.80-83
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ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	p.145
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ESRS S1-9	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage	p.151
	Persons subject to family care leave (maternity leave, parental leave, etc.), no. of persons who went on a leave, retention rate after returning to work after leave	p.152
ESRS S1-10	Adequate Wages	p.151
ESRS S1-12	Persons with disabilities	p.147
ESRS S1-13	Percentage of employees that participated in regular performance and career development reviews	p.150
	Average number of training hours and expenses per person	p.149
ESRS S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines	p.62
	Number and rate of work-related injuries and ill health, the number of days lost to work-related injuries, accidents, and ill health	p.148
ESRS S1-15	Work-life balance indicators	p.106, 152
ESRS S1-16	Ratio of the annual total compensation ratio of the highest paid individual to the median annual total compensation for all employees	Refer to business report p.322-323
ESRS S1-17	Number of work-related incidents and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period	p.83
	Number of complaints and severe human rights impacts and incidents within its own workforce and any related countermeasures and plans to prevent reoccurrence	p.149
ESRS S2. Workers in the Value Chain		
ESRS S2-1	Policies related to value chain workers	p.72, 79-80
ESRS S2-2	Processes for engaging with value chain workers about impacts	p.74, 83
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	p.83
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	p.83
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p.83

Indicator No.	Disclosure	Reporting Page
ESRS S3. Affected Communities		
ESRS S3-1	Policies related to affected communities	p.116
ESRS S3-2	Processes for engaging with affected communities about impacts	p.116-118
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	p.69
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	p.116-118
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p.83
ESRS S4. Consumers and End Users		
ESRS S4-1	Policies related to consumers and end-users	p.112
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	p.112-113
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	p.112-113
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	p.112-114
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	p.114
ESRS G1. Business Conduct		
ESRS G1-1	Top decision-making body's declaration of ethical management and roles and responsibilities in relation to management and supervision	p.63
	Requirements in the Ethics Charter and Code of Conduct	p.64
ESRS G1-2	Operating the compliance program, conducting activities to make payment improvements, such as the win-win payment system	p.73
	Diagnosing and conducting a due diligence on supplier ESG risks, reflecting diagnosis and due diligence results in supplier selection criteria	p.76-77
ESRS G1-3	Activities to prevent corruption or bribery, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	p.67-70
	Activities to prevent unfair trading, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	p.67-70
ESRS G1-4	Number of confirmed incidents of corruption or bribery, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	p.160
	Number of confirmed incidents of unfair trading, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	p.160
ESRS G1-5	Political influence and lobbying activities	p.161
ESRS G1-6	Payment practices	p.75

SASB Index

Samsung Heavy Industries belongs to the Industrial Machinery & Goods category under the Sustainability Accounting Standards Board (SASB) industry classification. Disclosures are presented based on the accounting standards required for this industry group, with information disclosed for each item at the respective reporting locations.

Theme	Code	Indicator	Classification	Unit of Measure	Samsung Heavy Industries' Response (2024 Performance)
Table 1. Accounting Metrics					
Energy Management	RT-IG-130a.1	(1) Total Energy Consumed	Quantitative	Gigajoules (GJ)	9,621 (TJ)
		(2) Percentage of grid electricity consumption		Percentage (%)	52.5
		(3) Percentage of renewable energy		Percentage (%)	0.008
Employee health & safety	RT-IG-320a.1	(1) Total Recordable Incident Rate (TRIR)	Quantitative	Cases/200,000 hours	0.39
		(2) Fatality rate of direct employees and suppliers' employees		Cases/200,000 hours	0.003
		(3) Near miss frequency rate (potential hazards): Human error that did not lead to an actual accident, or mistakes or accidents that could be taken lightly		Cases/200,000 hours	0.16
Fuel economy and emissions during use phase	RT-IG-410a.1	Sales-weighted Fleet Fuel Efficiency of Medium and Large Vehicles	Quantitative	gal/1,000 ton-mi	Not Applicable
	RT-IG-410a.2	Sales-weighted Fuel Efficiency of Off-Road Equipment	Quantitative	gal/h	Not Applicable
	RT-IG-410a.3	Sales-weighted Fuel Efficiency of Stationary Generators	Quantitative	W/gal	Not Applicable
	RT-IG-410a.4	(a) Marine diesel engines (b) Locomotive diesel engines (1) Nitrogen oxides (NOx) (2) Sales-weighted emissions of particulate matter (PM)	Quantitative	g/kJ	Not Applicable
Materials sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussions and analysis	N/A	Management of High-risk Suppliers and Regular Comprehensive Supply Chain Assessments
Re-manufacturing design & service	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Discussions	KRW	Not Applicable

TCFD Index

Classification	TCFD Recommendations	Reporting Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities. b) Describe management’s role in assessing and managing climate-related risks and opportunities.	p.21-22
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning. c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	p.23-36
Risk Management	a) Describe the organization’s processes for identifying and assessing climate-related risks. b) Describe the organization’s processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	p.37
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	p.38-40



UN SDGs Index

UN SDGs Indicator	Key Activities	Reporting Page
 1 POVERTY End poverty in all its forms everywhere	Local Communities & Social Contribution - Meal support for underserved children - Support for independent living of youth aging out of care - Support for low-income and marginalized groups in the community	p.117
 3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	Occupational Health and Safety - Strengthening employee health management and safety training - Enhancing health and safety collaboration with stakeholders (suppliers and shipowners) Human Capital Management - Employee welfare benefit programs Environmental Management - Management of air, soil, water quality, marine pollution, and hazardous chemicals	p.56-58 p.106 p.89-95
 4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Human Capital Management - Talent development programs Local Communities & Social Contribution - Education support for low-income youth Supply Chain Management - Education support for supplier's employees on quality, safety, environment, technology, etc.	p.103-105 p.116 p.74
 5 GENDER EQUALITY Achieve gender equality and empower all women and girls	DEI & Human Rights - Expand gender diversity, maternity protection, and family-friendly policies Human Capital Management - Women Leadership Program	p.82 p.103
 6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all	Environmental Management - Water resource management - Water quality pollution control	p.90
 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable, and modern energy for all	Climate Change/Energy - Renewable energy generation and usage Sustainable Product & Technology - Green Solution, Digital Solution products and technologies	p.15, 33, 40 p.42-43
 8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	Human Capital Management - Diverse talent recruitment (including foreigners, persons with disabilities, etc.) - Employee compensation and welfare benefits Supply Chain Management - Talent support for suppliers (Job-matching)	p.102-103, 106 p.74
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	Sustainable Product & Technology - Green Solution, Digital Solution, Smart Yard Solution - Research and investments in zero-carbon/smart ships and smart shipyards Supply Chain Management - Support suppliers' productivity and quality stabilization and establish research collaboration systems	p.42-46 p.74

UN SDGs Indicator	Key Activities	Reporting Page
 10 REDUCED INEQUALITIES Reduce inequality within and among countries	DEI & Human Rights - Establishment of human rights management system and training - Fostering a culture of diversity and mutual respect - Human rights impact assessment	p.80-83
 11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	Local Communities & Social Contribution Housing safety support for vulnerable groups	p.117
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	Climate Change/Energy - Recycling of resources (steel, etc.) from shipbreaking yards Environmental Management - Waste reduction and enhancement of resource circulation Supply Chain Management - Purchasing of eco-friendly equipment and products	p.34 p.93 p.153
 13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	Climate Change/Energy - Financial impact analysis of climate-related risks and opportunities - Mitigation and Adaptation Strategies for Climate-related Risks and Opportunities - Climate change risk management process	p.30-37
 14 LIFE BELOW WATER Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Environmental Management - Marine pollution management Biodiversity - Protection and restoration of key ecological environments near worksites - Development of products and technologies for marine biodiversity conservation	p.91 p.99-100
 15 LIFE ON LAND Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and prevent biodiversity	Environmental Management - Soil pollution management Biodiversity - Environmental impact assessment and analysis of flora and fauna status and impacts near worksites - Establishment of forest logging ban policy and forest protection activities around worksites	p.90 p.98-99
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Business Ethics & Compliance - Enhancement and education of compliance and ethical awareness for employees and suppliers Compliance Risk Assessment and Third-party Due Diligence - DEI & Human Rights - Employee Code of Conduct and Human Rights Charter - Fostering a culture of diversity and mutual respect	p.65-71 p.79-82
 17 PARTNERSHIPS FOR THE GOALS Strengthening Means of Implementation and Revitalizing Global Partnerships for Sustainable Development	ESG Management - Participation in UNGC and related activities Climate Change/Energy - Collaboration on carbon abatement shipbuilding and offshore technologies with customers, associations, and industry peers - Public-private partnership open innovation program	p.15 p.29, 36



Third-Party Assurance Statement

To: The Stakeholders of SAMSUNG HEAVY INDUSTRIES

Overview

The British Standards Institution (hereinafter referred to as the “Assurer”) was requested to verify the Samsung Heavy Industries’ 2025 Sustainability Report (hereinafter referred to as the “Report”). The Assurer is independent to Samsung Heavy Industries and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the Samsung Heavy Industries’ report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the Samsung Heavy Industries. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

Samsung Heavy Industries is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Samsung Heavy Industries only.

The Assurer is responsible for providing Samsung Heavy Industries’ management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of Samsung Heavy Industries. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with Samsung Heavy Industries includes the following.

- Report contents during the period from January 1st to December 31st 2024 included in the Report, some data of 2025 are included.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- Confirmation of the Report’s compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

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

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

Assurance Level and Type

The assurance level and type are as follows.

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

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by Samsung Heavy Industries.

[Universal Standards]

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

[Topic Standards]

201-1~3, 203-1, 205-1~3, 206-1, 302-1,3&4, 303-1~5, 304-1~4, 305-1~7, 306-1~5, 308-1&2, 401-1~3, 403-1~10, 404-1~3, 405-1&2, 406-1, 413-1, 414-1&2, 415-1, 416-1, 418-1

Methodology

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

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of Samsung Heavy Industries’ reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the Headquarters of Samsung Heavy Industries to confirm the data collection processes, record management practices.



Third-Party Assurance Statement

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by Samsung Heavy Industries. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

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

Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain Samsung Heavy Industries approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.

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

Conclusions

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

• Inclusivity: Stakeholder Engagement and Opinion

Samsung Heavy Industries has identified employees, shareholders/investors, consumers/customers, government agencies, partner companies, and local communities as its key stakeholders. The company has established and operates various communication channels and cycles for each stakeholder group. Through the stakeholder engagement process, it gathers expectations and diverse opinions from core stakeholder groups, incorporating the resulting key issues into sustainability-related decision-making. This process is disclosed through reports.

• Materiality: Identification and reporting of material sustainability topics

Samsung Heavy Industries has established a dual materiality assessment process in accordance with the GRI materiality principle and the EU Corporate Sustainability Reporting Directive (CSRD) to develop sustainability management strategies and identify reporting issues. This dual materiality assessment analyzes global disclosure and evaluation standards (such as SASB, MSCI, DJSI, and KCGSB), Samsung Heavy Industries' internal strategies, stakeholder interests, and industry and partner company management trends to derive a unique set of 11 key issues reflecting broader industry trends. Through impact materiality assessment and financial materiality assessment, the company has identified 6 core material issues, which are disclosed in its reports.

• Responsiveness: Responding to material sustainability topics and related impacts

Samsung Heavy Industries has identified the value chain impacts of the key material issues determined through the double materiality assessment. The company has analyzed environmental, social, and financial impact factors, defining organizational approaches and management methods for each material issue. It has reported major activities and performance related to these issues in its sustainability report.

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

Samsung Heavy Industries has established a process to identify and evaluate the impact on organizations and stakeholders related to key material issues. The results of the analysis of impact, risk, and opportunity factors for key material issues are used in decision-making to establish response strategies for each issue, and the process is disclosed through reports.



Third-Party Assurance Statement

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

Among the GRI Topic Standards, an assurance Type 2 were conducted against the following disclosers based on the information and data provided by Samsung Heavy Industries. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the Report were not found through assurance processes. The Samsung Heavy Industries manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected and the Assurer confirmed the final version of the Report prior to its final publication.

[Type 2 Disclosures]

201-1&3, 203-1, 205-1~3, 302-1,3&4, 303-3&5, 304-4, 305-1~5, 306-2~5, 401-1&3, 403-1~9, 404-3, 405-1&2

Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion.

- Samsung Heavy Industries has established a vision and goals for ESG management. To achieve these, the company has set three strategic directions (providing leading decarbonization solutions, realizing a sustainable community, and establishing a sustainable management foundation) along with mid-to-long-term KPIs, which are reported accordingly. When setting mid-to-long-term KPIs, defining measurable performance indicators and reporting both the year's results and areas for improvement alongside future strategies could further strengthen sustainability management.
- Samsung Heavy Industries has reported the six key material issues identified through the dual materiality assessment process and analyzed their environmental, social, and financial impact factors to disclose its response measures. Based on the dual materiality assessment results, reporting the organization's goals, achievements, and specific implementation plans to address these impacts within the reporting period could further enhance sustainability management responsiveness.

GRI-reporting

Samsung Heavy Industries has self-declared compliance with GRI Standards. Based on the data and information provided by Samsung Heavy Industries, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 12/06/2025

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

BSI representative

Nam Sangwoo, Lead Assurer(LCSAP)

CEO Lim Seonghwan, Managing Director

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Hold Statement Number: SRA 772146



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Greenhouse Gas Verification Statement

Scope 1, 2 Greenhouse Gas Emissions Verification Statement

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by Samsung Heavy Industries Co., Ltd. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2024-155 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2024-169 provided by Ministry of Environment, Republic of Korea)
- 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

Samsung Heavy Industries’s GHG emissions satisfies the under Reasonable Assurance (less than $\pm 2.5\%$ of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2024 GHG Emissions(Scope1, Scope2)				(Unit: tCO ₂ eq)
Year	Scope 1	Scope 2	Total	
2024	300,018	228,435	528,449	

* Note: Decimal place is not considered when calculating the emission of each workplace.

June 4, 2025



KOREAN STANDARDS ASSOCIATION

Greenhouse Gas Verification Statement

Scope 3 Greenhouse Gas Emissions Verification Statement

Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

Verification Scope

Korean Standards Association conducted limited assurance verification of Samsung Heavy Industries Co., Ltd.'s Scope3 GHG statement.

- Reporting Target: Samsung Heavy Industries Co., Ltd. Domestic operations (10 Business sites including Geosje Shipyard)
- Boundary: Scope 3 (Other indirect emissions)
 - Category 1. Purchased goods and service
 - Category 2. Capital goods
 - Category 3. Fuel and energy-related activities (not included in scope 1 or scope 2)
 - Category 4. Upstream transportation and distribution
 - Category 5. Waste generated in operations
 - Category 6. Business travel
 - Category 7. Employee commuting ※ Including overseas operations
 - Category 8. Upstream leased assets
 - Category 11. Use of sold products
 - Category 12. End-of-life treatment of sold products
 - Category 13. Downstream leased assets
 - Category 15. Investments
- Year: January 1, 2024 to December 31, 2024

Verification Standards and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated in ISO 14064-3: 2019.

- Calculation criteria
 - KS I ISO 14064-1:2018
 - WRI (World Resources Institute) Greenhouse Gas Protocol
 - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI)

Level of assurance verification and Responsibility

Korean Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection: Visit to Samsung Heavy Industries Co., Ltd.'s Geosje Shipyard
- Method of confirmation
 - Interview with greenhouse gas emissions manager and field staff
 - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
 - Tracking review of internal documents and basic data

Samsung Heavy Industries Co., Ltd. should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

Verification Conclusion

No errors or false facts were found in Samsung Heavy Industries Co., Ltd.'s GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

Appendix. Scope3 GHG Emissions

(Unit: tCO₂eq)

	Category	GHG Emissions
Category 1	Purchased goods and services	3,873,565
Category 2	Capital goods	10,332
Category 3	Fuel and energy-related activities (not included in scope 1 or scope 2)	49,166
Category 4	Upstream transportation and distribution	8,690
Category 5	Waste generated in operations	9,109
Category 6	Business travel	914
Category 7	Employee commuting	6,229
Category 8	Upstream leased assets	1,042
Category 11	Use of sold products	73,346,773
Category 12	End-of-life treatment of sold products	99,179
Category 13	Downstream leased assets	(including Scope1,2)*
Category 15	Investments	200
Total		77,405,200

* Among Samsung Heavy Industries' leased and leased assets, greenhouse gas emissions used in buildings are included in scope1, 2.

※ Note: Total emissions are expressed in integer units by cutting down the decimal point or less.

May 19, 2025

KOREAN STANDARDS
ASSOCIATION

Dongmin Moon

KSA



National Institute of
Environmental Research

Greenhouse Gas Verification Statement

Greenhouse Gas Reduction Verification Statement

Verification Scope

Korean Standard Association (KSA) has conducted verification for Greenhouse gas (GHG) reduction (hereinafter referred to as 'verification') based on supporting data and other documents related to the 'GHG Reduction Project through Low-carbon Ship Design and Construction' requested by Samsung Heavy Industries Co., Ltd.

- Reduction Project name: GHG Reduction Project through Low-carbon Ship Design and Construction
- Applied Methodology: Samsung Life Cycle Carbon Reduction Methodology (C11-05-ver01) Design and construction of ships with low carbon emissions
- Applied Technology: Technology of conversion from conventional ship oil to fuel with low-carbon content and shape resistance reduction, technology to reduce GHG emissions
- Reduction Period: January 1, 2024 - December 31, 2024
- Evidence data: Performance report for Samsung Heavy Industries' Scope 3 reduction (including evidence data) and other documents

Verification Standards and Guidelines

KSA performed verification based on risk assessment, data analysis and sampling by applying and referring to the following standards and guidelines.

- KS I ISO 14064-3: 2019
- Samsung Life Cycle Carbon Reduction Methodology (C11-05-ver01) Design and construction of ships with low carbon emissions
- IMO MARPOL Annex VI Chapter 4 Regulation 19, 20, 21

Level of assurance verification and Responsibility

KSA provides verification at limited level of assurance.

- On-site inspection: Visit to Samsung Heavy Industries Co., Ltd.'s Geosje Shipyard
- Method of confirmation
 - Interview with greenhouse gas reduction manager and field staff
 - Review of the management system and data used to calculate greenhouse gas reductions during the reporting period
 - Tracking review of internal documents and basic data

Samsung Heavy Industries Co., Ltd. is responsible for calculating, preparing and fairly submitting the amount of GHG reduction, and KSA is limited to guaranteeing the amount of GHG reduction.

Verification Limit

KSA performed verification by sampling the related reports, information and data presented by Samsung Heavy Industries Co., Ltd. which has its own limit. Although the verification team gas tried to conduct faithful evaluation that meets the evaluation criteria, there are potential limits that error, omissions and false statements could be found.

Verification Conclusion

KSA confirmed the appropriateness of business boundaries, baseline scenarios, data and reduction calculations and confirmed that no significant errors, omissions or false facts were found.

Appendix. Amount of GHG Reduction (Period: 2024/01/01 ~ 2024/12/31)		(Unit: tCO ₂ eq)
Methodology		GHG Reduction
Samsung Life Cycle Carbon Reduction Methodology (C11-05-ver01) Design and Construction of Ships with Low Carbon Emissions		60,735,949

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KOREAN STANDARDS ASSOCIATION


Greenhouse Gas Verification Statement

Greenhouse Gas Reduction Verification Statement_Solar Power

Verification Scope

Korean Standard Association (KSA) has conducted verification for Greenhouse gas (GHG) reduction (hereinafter referred to as 'verification') based on supporting data and other documents related to the 'SAMSUNG HEAVY INDUSTRIES Co., Ltd. GHG Reduction Project through Renewable Energy (On-site Solar Power Generation) Use for Electricity Consumption Reduction' requested by SAMSUNG HEAVY INDUSTRIES Co., Ltd.

- Reduction Project name: SAMSUNG HEAVY INDUSTRIES Co., Ltd. GHG Reduction Project through Renewable Energy (On-site Solar Power Generation) Use for Electricity Consumption Reduction
- Applied Methodology: Methodology for Renewable Electricity Generation for Captive Use and/or Grid Connection (01B-011-Ver01, External Projects)
- Applied Technology: technology that reduces greenhouse gas emissions by replacing grid electricity with self-consumed solar power, thereby decreasing the use of fossil fuel-based power generation.
- Reduction Period: January 1, 2024 - December 31, 2024
- Evidence data: Performance report for SAMSUNG HEAVY INDUSTRIES GHG reduction (including evidence data) and other documents

Verification Standards and Guidelines

KSA has conducted verification based on risk assessment, data analysis and sampling by applying and referring to the following standards and guidelines.

- KS I ISO 14064-3: 2019
- Guidelines on the Validation and Verification of GHG Emission Reductions for External Projects (Ministry of Environment Notice No. 2023-258)
- Methodology for Renewable Electricity Generation for Captive Use and/or Grid Connection (01B-011-Ver01, External Projects)

Level of assurance verification and Responsibility

KSA conducts verification to a reasonable level of assurance.

- On-site inspection: Visit to SAMSUNG HEAVY INDUSTRIES Co., Ltd.'s Daedeok Research Center, Obi Material Warehouse
- Method of confirmation
 - Interview with greenhouse gas reduction manager and relevant field staff
 - Review of the management system and data used to calculate greenhouse gas reductions during the reporting period
 - Tracking review of internal documents and source data

SAMSUNG HEAVY INDUSTRIES Co., Ltd. is responsible for calculating the amount of GHG reduction and fairly providing related information and supporting documents, while the KSA is limited to providing assurance solely on the verification of the GHG reduction amount.

Verification Limit

KSA conducted the verification through a combination of full review and sampling of the reports, information, and data provided by SAMSUNG HEAVY INDUSTRIES Co., Ltd., based on the applicable verification criteria. Due to inherent limitations of the verification process, there remains a possibility that material misstatements resulting from errors, omissions, or misrepresentations may not have been detected.

Verification Conclusion

KSA conducted the verification in accordance with the applicable criteria and expresses an unmodified opinion.

| Appendix: Amount of GHG emission reduction (Period: 2024/01/01 ~ 2024/12/31) (Unit: tCO₂eq)

Methodology	Project Boundary (Monitoring period)	GHG emission reduction
Methodology for Renewable Electricity Generation for Captive Use and/or Grid Connection (01B-011-Ver01, External Projects)	Daedeok Research Center (2024/01/10 ~ 2024/12/31)	66
	Obi Material Warehouse (2024/01/01 ~ 2024/12/31)	29
Amount of GHG emission reduction		95

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