PENGUIN
SOLUTIONS

2023 ESG Report

Table of Contents

PENGUIN
SOLUTIONS

Forward-Looking Statements

This report contains certain forward-looking statements based on Penguin Solutions management's current assumptions and expectations (including statements regarding our sustainability targets, goals, commitments, and programs and other business plans, initiatives, and objectives) and are subject to a number of significant risks, uncertainties and other factors, many of which are outside of our control. These statements are typically accompanied by the words "aim," "could," "hope," "believe," "estimate," "plan," "aspire," or similar words. All such statements are intended to enjoy the protection of safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995, as amended.

Our actual future results, including the achievement of our targets, goals, or commitments, could differ materially from our expected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed in Item 1A of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) and our other SEC filings, as well as the risks, uncertainties, and factors identified in this report. Such risks, uncertainties, and factors do not constitute all risks, uncertainties, and factors that could cause our actual results to be materially different from our forward-looking statements. You should consider the forward-looking statements in this report in conjunction with our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. Penguin Solutions urges you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully when evaluating the forward-looking statements in this report. Penguin Solutions cannot assure you that the results reflected or implied by any forward-looking statement will be realized. Even if such results are substantially realized, Penguin Solutions cannot guarantee that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this report are made as of the date of this report, unless otherwise indicated, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances.

A Message From Our CEO

As I reflect upon the previous year, I feel a profound sense of pride and gratitude for our global team's efforts, which have driven significant progress in our transformational journey from a holding company structure to a unified enterprise model.

As a part of this transformation, on October 15, 2024, we announced the change of our company's name to Penguin Solutions, signifying our focus on delivering leading-edge infrastructure solutions that help our valued customers solve the complexity of AI.

While with any transformation there is an element of change, our foundation and dedication to company values remains the same. Built on years of strong governance and an unwavering commitment to corporate responsibility, our environmental, social, and governance (ESG) strategy is as strong as ever. Detailed below are some of the most notable updates we have to share for 2023.

Environmental Sustainability

Our commitment to environmental sustainability is visible in the progress we continue to make year-over-year, as we work toward achieving net-zero emissions by 2030. We have continued to increase our sourcing and generation of renewable energy and invested in renewable energy credits to offset our direct emissions.

These activities contributed to a 76% reduction in our total Scope 1 and 2 greenhouse gas (GHG) emissions from 2022.

Equitable and Inclusive Workplace

In the same spirit of continual growth and progress, we have enhanced our programs and policies to maximize employee benefits and integrate inclusive practices. For example, in 2023, we conducted a global, gender-based pay parity study, building on the 2022 study conducted at our U.S. sites. We also unveiled a new people strategy to unify our workforce under one broad vision, empowering our employees with the resources needed to achieve both their personal and professional goals while at Penguin Solutions.

Leadership and Governance

Penguin Solutions leadership is deeply engaged in executing our ESG strategy, implementing programs throughout numerous functions of the company. In 2023, we joined Sustainable IT,

an organization dedicated to advancing sustainability through technology leadership, and we maintained our membership with the Responsible Business Alliance (RBA), embracing opportunities to engage with our industry peers on sustainability practices. We also centralized and fortified our global information security program to help us stay ahead of current and emerging risks.

I want to express my sincere appreciation for your continued support and engagement during this exciting company transition. As we continue to evolve, we are propelled forward by positive momentum and grounded in the values and principles that made Penguin Solutions into the company it is today.

Mark Adams
Chief Executive Officer

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About
Penguin Solutions

Enabling our customers to harness the power of accelerated computing.
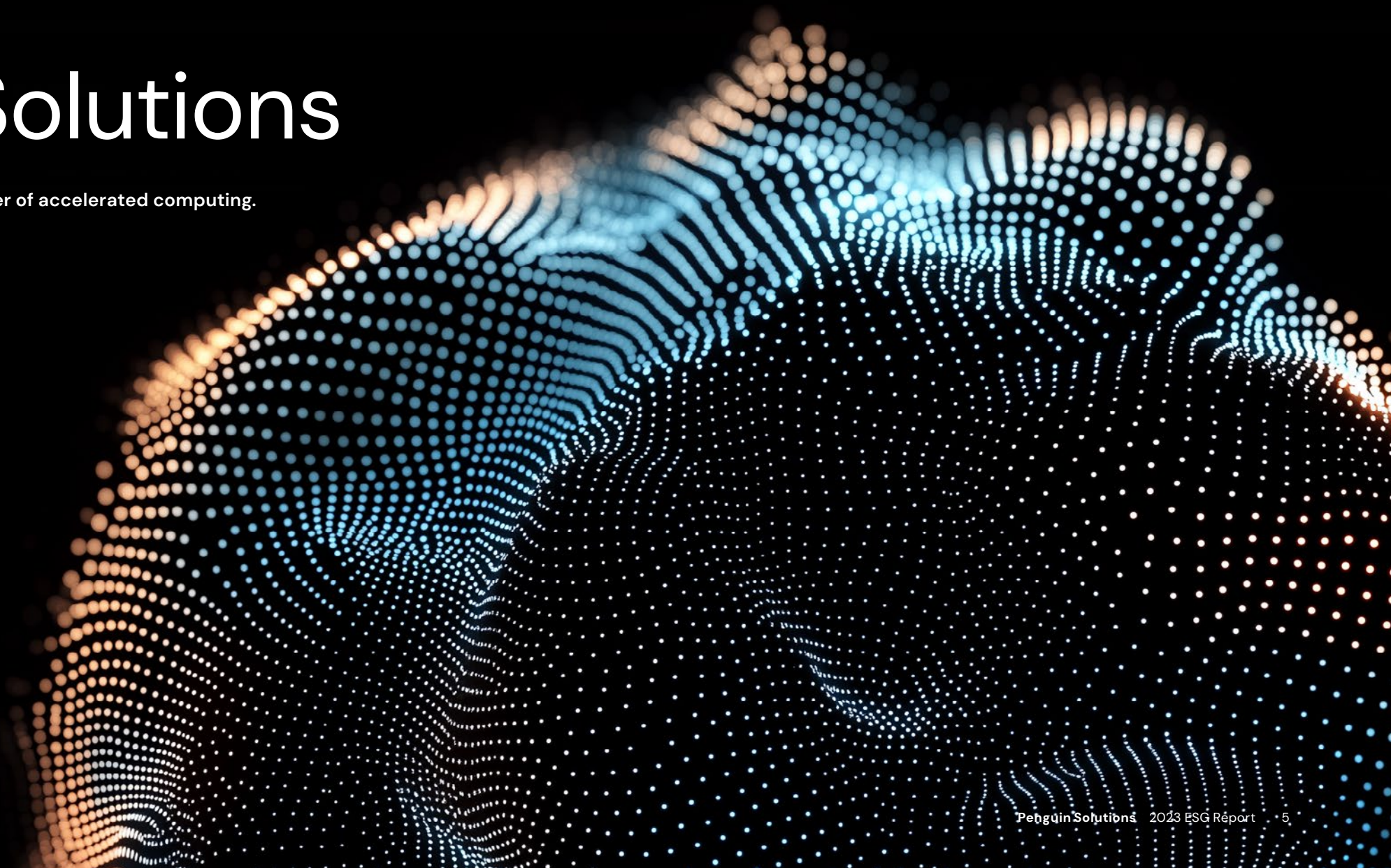
Solving complexity.
Accelerating results.

Our Profile

At Penguin Solutions, we understand the boundless potential of technology and support our customers in turning cutting–edge ideas into outcomes—faster, and at any scale.

With over two decades of experience as trusted advisors, Penguin Solutions is an end-to-end technology company solving complex challenges in computing, memory, and LED solutions. Penguin Solutions designs, builds, deploys, and manages high–performance, high-availability enterprise solutions, allowing customers to achieve their breakthrough innovations.

We do this in partnership with our customers — customizing solutions while ensuring rapid time to production, optimized long–term performance, high availability, and enhanced value.

PENG
NASDAQ

1988
Year Founded

$1.4B
FY 2023 Revenue*

2,063
Worldwide Patents and Applications as of December 2023

~3,000
Employees as of December 2023

$2.52
FY 2023 Non-GAAP EPS*

*Figures are based on continuing operations, which exclude SMART Brazil

Our Shared Purpose And Values

At Penguin Solutions, our purpose is to foster growth, uncover new opportunities, and broaden horizons for our employees, businesses, customers, and shareholders. Guided by this purpose, we are able to achieve sustainable financial performance while advancing technology. Our company values of putting people first, acting with purpose, driving progress, and delivering results inform our interactions with our customers, our partners, and our colleagues. We live these values every day by investing in our workforce, championing innovation, and exemplifying operational excellence.

Put people first

- Respect, include, and support one another
- Seek diverse perspectives
- Listen to understand

Act with purpose

- Solve for the customer
- Flex to every challenge
- Aim for impact

Drive progress

- Be curious about what's possible
- Think outside the box
- Care for the world we live in

Deliver results

- Take action and ownership
- Reflect, learn, and grow
- Raise the bar every day

Ballycoolin, Ireland
Stratus Manufacturing Site

Milpitas, CA, U.S.
Penguin Solutions Headquarters

Newark, CA, U.S.
SMART Modular
Manufacturing Site

Fremont, CA, U.S.
Penguin Solutions
Manufacturing Site

Maynard, MA, U.S.
Stratus Lab

Durham, NC, U.S.
Cree LED Headquarters and
Research and Development Site

Tempe, AZ, U.S.
Penguin Edge™ Integration Site

Huizhou, China
Cree LED Manufacturing Site

Penang, Malaysia
Manufacturing Site

Our Global Footprint

Across our solution offerings for compute, memory, and LED, we generate sales and manufacture products at locations all around the world. Our global footprint allows us to deliver innovative products and solutions wherever they are needed so that we can meet the demands of our customers with speed and flexibility. The global scale of Penguin Solutions allows us to leverage the distinctive strengths of different markets and regions, thereby increasing our capacity to generate value for our shareholders. This map captures our significant operational sites around the world.

*Note: In 2023, we completed our divestiture of SMART Brazil.

Our Business Segments

Advanced Computing

Our Advanced Computing segment offers high-performance, high-availability, fault-tolerant integrated computing platforms and services for artificial intelligence (AI), accelerated computing, machine learning (ML), and the internet of things (IoT) that span the continuum of edge, core, and cloud. Within our Advanced Computing segment, we have two main product brands—Penguin Solutions™ and Stratus®. Our Penguin Solutions product offerings include the design, build, deployment, and management of advanced computing solutions in HPC and AI. Our Stratus product brand offers simplified, protected, and autonomous fault-tolerant computing solutions in the data center and at the edge.

Integrated Memory

Our Integrated Memory segment enables high-performance, high-availability computing solutions through the design, development, and advanced packaging of specialty memory and storage solutions under the SMART Modular Technologies® brand. Products include dynamic random-access memory (DRAM) modules, solid-state/flash storage, and other advanced integrated memory solutions critical to networking and telecom, data analytics, AI, and ML. Our Integrated Memory segment also offers SMART Supply Chain Services, which provides customized, integrated supply chain services to enable our customers to better manage supply chain planning and execution, reduce costs, and increase productivity.

Optimized LED

Our Optimized LED segment offers a broad portfolio of application-optimized LEDs focused on improving lumen density, intensity, efficacy, optical control, and/or reliability. Backed by expert design assistance and superior sales support, our Optimized LED products enable our customers to develop and market LED-based products for lighting, video screens, and specialty lighting applications. This business segment, which operates under the Cree LED® brand, a leader in the LED lighting technology industry for over 30 years.

Through our customer-centered approach, we are committed to delivering the highest quality products and services across all of our business segments.

Our Focus On Corporate Responsibility

We maintain high standards of safety and ethical conduct and remain committed to sustainability and social responsibility. Our corporate policies and practices throughout the world are informed by principles of environmental stewardship and a people-first approach.

We aim to minimize the negative impacts of our operations while working to make a positive difference in the lives of our employees, their communities, and the planet. We comply with the **International Organization for Standardization** (ISO) standards ISO 9001, ISO 14001, and ISO 45001 certifications across all our sites, and 100% of our manufacturing sites are certified to ISO 14001 and 45001 (or equivalent). This helps ensure consistent application of best practices in quality control, environmental management, and health and safety.

Certifications at Our Manufacturing Facilities

Facility	ISO 14001	ISO 45001	ISO 9001
Atibaia, Brazil	Yes	Yes	Yes
Manaus, Brazil	Yes	Yes	Yes
Huizhou, China	Yes	This facility maintains the Chinese equivalent of ISO 45001	Yes
Penang, Malaysia	Yes	Yes	Yes
Fremont, USA	Yes	Yes	Yes

*In November 2023, we divested an 81% ownership interest in our Brazil business, which had manufacturing facilities in Atibaia and Manaus, Brazil. Moving forward, our reporting data will not include metrics from these facilities.

We are proud to be members of the **Responsible Business Alliance** (RBA), the world's leading industry coalition committed to corporate social responsibility within global supply chains. As an RBA member for over ten years, Penguin Solution supports the organization's mission to improve working conditions, environmental consideration, and business performance by upholding rigorous standards and collaborating with our supply chain partners. We participate in the RBA Validated Assessment Program (VAP), which assesses performance on social, ethical, occupational health and safety, and environmental practices with third-party audits of our key manufacturing locations. Our high scores on these audits reflect our commitment to these critical concerns.

Our corporate policies govern our approach to corporate responsibility. These policies are aligned with leading frameworks such as the RBA **Code of Conduct** (version 7.0), the United Nations (UN) **Guiding Principles on Business and Human Rights** and **Universal Declaration of Human Rights**, the International Labor Organization (ILO) **International Labor Standards**, and the Organization for Economic Co-operation and Development's (OECD) **Guidelines for Multinational Enterprises**.

Awards and Recognition

In 2023, our ESG performance and product excellence were recognized by the following organizations:

BrightStar Awards

Cree LED received three BrightStar awards from LEDs Magazine: two in the LED Light Sources category for the XLamp® Element GLEDs and XLamp Pro9™ LEDs and one in the Horticultural SSL and Controls Systems for our Photophyll™ Select LEDs. Cree LED was also selected as an honoree by a panel of judges drawn from the LED and lighting design and manufacturing community.

Top 500 and Green 500

In November 2023, Penguin Computing made the Top 500 and Green 500 lists six times each. These lists showcase the most powerful and efficient computing systems available.

RBA Audit Recognition

Our Penang site received platinum-level recognition for its 2023 audit score in the RBA Validated Assessment Program (VAP). In January 2024, Penguin Computing also received a platinum-level score in the VAP.

GDUSA Magazine's American Graphic Design Award

Our 2022 ESG Report was Recognized as a winner in GDUSA Magazine's 60th Anniversary American Graphic Design Awards. This recognition is a true testament to our unwavering commitment to sustainability, social responsibility, and transparent reporting.

Stakeholder Engagement

The relationships that we have cultivated with our key stakeholders—such as employees, customers, suppliers, shareholders, regulatory agencies, non-governmental organizations and trade associations—are integral to the success of Penguin Solutions. These relationships are defined by our commitment to communication, honesty, and excellence. We engage with these and other stakeholders on a regular basis through surveys, assessments, meetings, business reviews, business contracts, earnings calls, codes of conduct, and disclosures on emerging ESG concerns that are critical to our business operations and our industry.

Material ESG Topics

Our ESG strategy, programs, risk management, and disclosure practices aim to address ESG-related concerns with the greatest potential impact on our business and our stakeholders. To determine which topics are material to our business, we conduct regular reviews of current and emerging ESG issues and assess their related risks, opportunities, and relevance using an internal review process. Guided by the results of these reviews and feedback from our key stakeholders, our ESG Steering Committee then decides which topics will be included in our ESG strategy and reporting.

In 2024, we conducted our first formal double materiality assessment, which involved interviews with our key stakeholders on a range of ESG topics. This assessment and its topics align with best practices outlined by the Global Reporting Initiative (GRI), the UN Sustainable Development Goals (SDGs), the UN Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD), and the European Sustainability Reporting Standards (ESRS).

The results of our assessment will be reviewed and approved by our senior leadership in 2024 and will inform our ESG strategy, goals, programs, and reporting in 2025 and beyond. The table below presents our ESG materiality topics, issues covered, and applicable GRI disclosures as of 2023.

Penguin Solutions Material Topic	Issues Covered	GRI Disclosure
Data Privacy and Security	Stakeholder privacy, cybersecurity, and responsible data management	GRI 418
Role of Information Technology (IT) in Society	Business ethics, environment, and social issues in operations and the supply chain	GRI 205, 206, 308, 414
Diversity, Equity, and Inclusion	Diversity, equity, and inclusion (DEI) in the workplace	GRI 405
Flexible Workforce	Work-life balance, flexible work, and employee engagement	GRI 404
Energy and Emissions	Energy consumption, sourcing, and GHG emissions management	GRI 302, 205
Product Stewardship	Product sustainability management	GRI 301
Human Rights	Rights of employees and workers in our supply chain	GRI 407, 409

Our ESG Goals

Each year, our ESG Steering Committee sets our ESG goals and meets regularly to track progress over time. These goals support our corporate ESG strategy and align with our material ESG topics as of 2023.

Throughout the year, we achieved many of our annual goals and continued to make progress on our 2025 and 2030 climate goals. We continue to work toward our goal of achieving net zero Scope 1 and 2 carbon emissions by 2030.

2023 ESG Goals

Goal	Deadline	Status
All major sites maintain ISO 14001 Environmental Management certification	2023	Complete. We maintained our ISO 14001 Environmental Management certification at all of our major in-scope sites.
All major sites maintain ISO 45001 Health and Safety certification	2023	Complete. We maintained our ISO 45001 Health and Safety certification, or equivalent, at all of our major in-scope sites.
All sites maintain Low Risk in the annual RBA Self-Assessment Questionnaire (SAQ)	2023	Complete. We completed SAQs for 100% of our facilities, each of which received a "low risk" rating.
All new key suppliers agree to Penguin Solutions Supplier Code of Conduct or Equivalent	2023	Complete. All new key onboarded suppliers committed to our Supplier Code of Conduct or its equivalent.
100% supplier response to conflict minerals requests	2023	Incomplete. We achieved an 88% response rate in 2023, due mainly to information collected on legacy components.
Improve our public ESG scores from key ratings and rankings organizations	2024	Complete. We increased our CDP Climate Change score to a B.
Achieve net-zero carbon emissions (Scope 1 and Scope 2)	2030	Ongoing. In 2023, we achieved a 76% reduction in our Scope 1 and Scope 2 (market-based) emissions from 2022.
Source 75% of our energy from renewables globally	2025	Ongoing. In 2023, we achieved 78% renewable energy in our total energy use.

Environment

Penguin Solutions is dedicated to being a good steward of the environment.

Environmental Stewardship

At Penguin Solutions, we strive to balance strong economic growth with environmental responsibility. We prioritize sustainability across every aspect of our operations so that our employees, communities, industry, and planet can thrive.

Our approach to environmental stewardship involves setting goals, tracking performance, and engaging with stakeholders on sustainability initiatives identified and managed by our ESG Steering Committee. A summary of our environmental performance can be found in the 2023 ESG Performance Summary index of this report.

To counter the risks that climate change poses to the planet and to our business, we have undertaken a number of initiatives focused on reducing our carbon footprint and overall environmental impact. We are on track to meet our goal of achieving net zero scope 1 and 2 emissions by 2030 and worked to reduce our water and energy consumption over the course of 2023. Our commitment to sustainability will remain strong as we develop innovative solutions to complex challenges within our industry.

In November 2023, Penguin Solutions divested an 81% ownership interest in SMART Brazil, which had manufacturing facilities in Atibaia and Manaus, Brazil. The environmental data included in this report covers these facilities' performance through November 2023.

Penguin Solutions Partners with Sea Hugger for California Beach Clean Up

In 2023, employees from our Newark, Fremont, and Milpitas offices partnered with Sea Hugger, a non-profit organization working to protect marine ecosystems from plastic pollution, for a beach clean-up in Half Moon Bay. Over the course of this one-day event, our employees collected trash and recyclables from more than a mile of coastline. Events such as this one create opportunities for us to play our part in supporting sustainability and improving the health of our physical environment.

Product Stewardship and Life Cycle Impacts

Design and production processes play major roles in reducing the environmental impact of Penguin Solution products. In each of our business segments, we use design standards that enhance energy efficiency, lower total cost of ownership, and reduce emissions—all while dedicated to best-in-class product performance. We seek out new ways to reduce waste and reuse materials in order to create high-quality products that have less impact on the environment:

Penguin Solutions' offerings include liquid immersion cooling, which requires less energy compared to traditional air-based cooling methods.

SMART's DDR5 memory module enhances efficiency by using low-voltage technology, which means less energy needs to be consumed during use.

Cree LED's products consume up to 90% less energy, provide superior light quality, and have a significantly longer lifespan than traditional lighting.

Celebrating Earth Day at SMART Malaysia

Every April, Penguin Solutions marks the celebration of Earth Day with actions that support the planet. In 2023, SMART employees at our Penang, Malaysia site donated 100 native trees, 40 of which were planted on the Penang campus. This day of action gave our employees a way to contribute to a greener and more sustainable future

Climate Action

At Penguin Solutions, we believe that we have a responsibility to mitigate the effects of climate change by reducing the environmental impact of our business operations. We have a long history of substantial investments in renewable energy and strategic efforts to reduce our emissions. We are passionate about our mission to net zero and have been working toward net–zero Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 2030 across all Penguin Solutions business segments since 2022.

To advance toward our 2030 goal, we are identifying, evaluating, and mitigating our climate–related risks wherever possible and refining our data collection and reporting practices to better track change over time. Both our executive leadership team and our Board of Directors see net–zero Scope 1 and Scope 2 emissions as a companywide priority, and we are confident that we will meet our goal.

Emissions Performance

Effective emissions management sits at the heart of our climate strategy. Our drive to net–zero emissions focuses on improving energy efficiency, reducing energy consumption, shifting to renewable sources of energy, and investing in carbon offsets for emissions that we are unable to eliminate from our operations. We also offer flexible working arrangements for our employees that combine work at home and on–site, which helps reduce emissions related to employee commutes.

Scope 2 emissions—indirect GHG emissions related to energy production— contribute to a large portion of our emissions profile. By shifting to energy from renewable sources, we have achieved sizable reductions in our Scope 2 emissions footprint. For Scope 1

emissions that cannot eliminated, we purchase accredited third–party international renewable energy credits (I–RECs). In 2023, we invested $50,000 in I–RECs to offset the Scope 1 & 2 emissions generated by our industrial manufacturing facility in Huizhou, China.

We're proud to have made enormous strides in reducing our Scope 1 and 2 emissions in 2023. By investing in carbon offsets and sourcing more renewable energy, we achieved a reduction in Scope 1 and market–based Scope 2 emissions by 91% and 74%, respectively, for a total reduction of over 76% from our 2022 emissions.

GHG emissions (in MTCO$_2$e)

	2023*	2022	2021
Scope 1	315	3,599	2,395
Scope 2 (Market)	9,974	39,370	55,589
Scope 2 (Location)	43,243	60,316	58,937
Emissions offset	315	3,600	0
Total Scope 1 and Scope 2 (Market) emissions (including offsets)	9,974	42,970	57,984

*In November 2023, we divested an 81% ownership interest in our Brazil business, which had manufacturing facilities in Atibaia and Manaus, Brazil. Moving forward, our reporting data will not include metrics from these facilities.

> In 2023, we offset 100% of our Scope 1 emissions for the second year in a row.
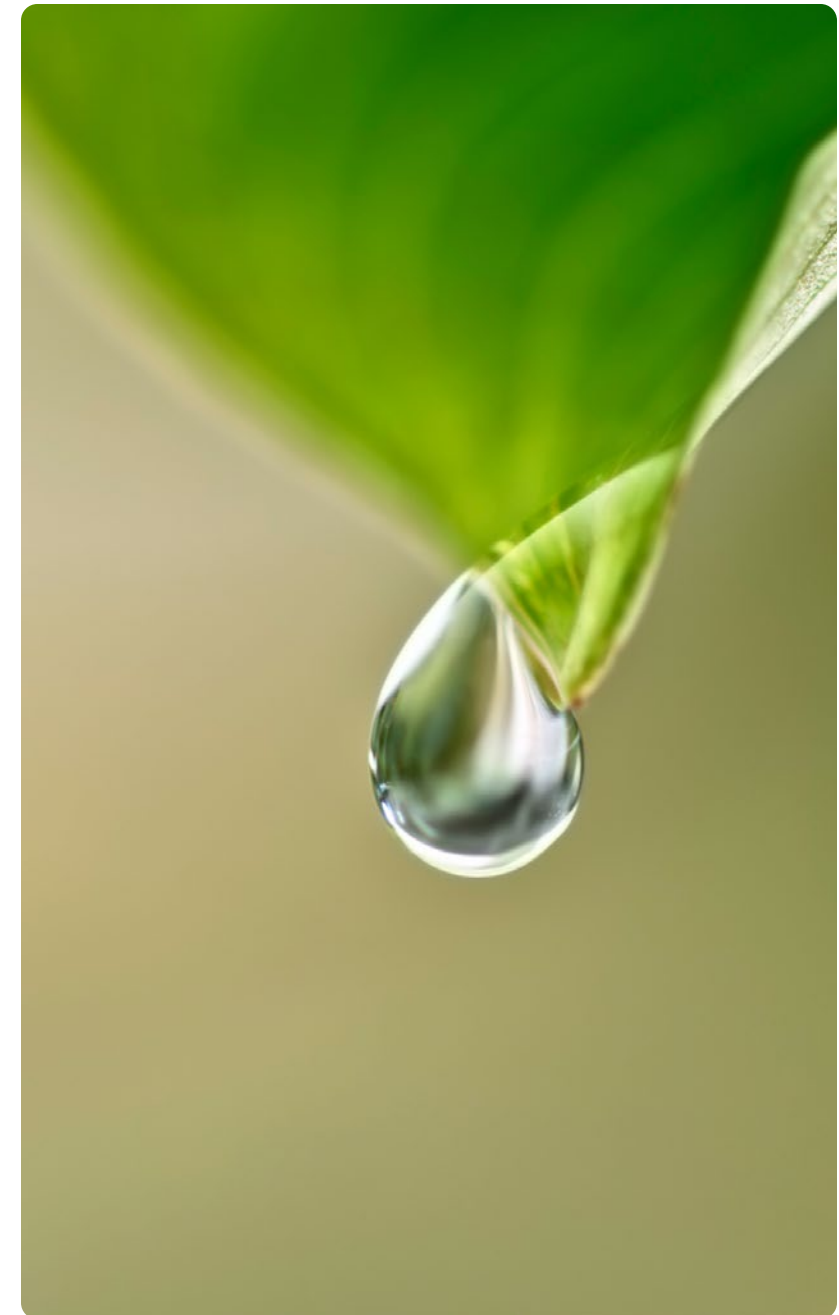
Climate Risk Management

Identifying and managing climate-related risks that are relevant to our business is a key component of our climate strategy. Our business risks associated with climate change, such as more frequent extreme weather events, rising oceanic and atmospheric temperatures, and sufficient access to renewable energy, and determines their potential impact on our operations. Our ESG Steering Committee uses these analytics to inform the design of our environmental initiatives and our management strategy, making certain that our approach is appropriate for the climate risks facing our company and our stakeholders.

Data and Disclosure

We diligently monitor our emissions data and environmental performance at each of our global manufacturing sites. Our monitoring systems allow us to track our performance over time and evaluate potential impacts, risks, and opportunities related to our climate and ESG strategies. We use third-party validation to verify our Scope 1 and 2 emissions. We are also working to expand our data collection efforts beyond our own operations to gather and track environmental data from our suppliers. This expanded performance measurement function will be crucial for calculating our Scope 3 emissions.

We believe that good data leads to good policy and that consistent disclosure promotes accountability. To that end, we provide

detailed energy and emissions data through our annual response to CDP's Questionnaire for climate change and water security. For the second year in a row, we increased our score. We went from a B- in 2022 to a B in 2023.

Our CDP Climate Change Score Improves for the Second Year in a Row

We are proud that for the second year in a row, we were able to enhance our CDP response and increase our performance. Our score, which rose to a B in 2023, validates our achievements in climate-related categories, including emissions reduction initiatives, energy management, and more.

Energy Management

Our energy management efforts are focused on reducing electricity consumption and increasing our use of renewable energy. We base our goals on data collected on-site, which is analyzed against baseline usage metrics. These baselines can fluctuate as we acquire companies and incorporate their energy consumption and emissions outputs into our companywide profile. We strive to always apply best practices in energy efficiency and renewable energy sourcing to achieve measurable reductions in our emissions.

We continue to look for ways to reduce our energy consumption. One way that we have been able to reduce our energy consumption is through the use of renewable energy, where possible. Throughout 2023, we received emissions reduction benefits from our solar power purchase agreement with GSPARX Sdn. Bhd. for our Penang, Malaysia manufacturing site. 100% of the renewable energy we source comes from the grid, as the solar energy we generate gets discharged to the grid and then credited back to us.

In pursuit of continuous improvement, we are always striving for better collection and accuracy of our data. In previous years, we estimated the energy consumption of our shared facility in North Carolina due to a lack of available data. We are now able to collect that data directly and no longer need to estimate it.

Global Energy Consumption

	2023*	2022	2021
Total energy consumed (in MWh)	98,837	141,969	145,000
Renewable energy consumed (in MWh)	77,262	54,531	29,000
Percent of energy from renewable sources and I-RECs	78%	38%	20%
Energy use normalized to the square footage of operations (1.24M ft^2)	0.08 MWh/ft^2	0.11 MWh/ft^2	0.11 MWh/ft^2

*In November 2023, we divested an 81% ownership interest in our Brazil business, which had manufacturing facilities in Atibaia and Manaus, Brazil. Moving forward, our reporting data will not include metrics from these facilities.

Water Management

Water is an essential resource for our business, our industry, and the communities where we live and work. Responsible water management is crucial to our operations and our ability to implement our ESG strategy. We believe that access to clean water is a fundamental human right and a vital contributor to biodiversity. With sources of global freshwater dwindling and water insecurity on the rise, we have a responsibility to conserve this valuable resource.

Effective and efficient water management is integral to our quality, environment, health, and safety (QEHS) management systems and our global business practices. We continually seek out innovative water management solutions for all of our facilities, with special attention paid to locations that have the highest water consumption and face the greatest potential risk. We detail our water risks, management, and use practices annually in CDP's questionnaire for water security.

Water Withdrawal, Consumption, and Treatment

As part of our commitment to environmental stewardship, we diligently monitor the water stress levels in the areas where we operate. In 2023, none of our factories withdrew water from high-stress areas, as identified by the World Resources Institute's Water Risk Atlas (WRI). In 2023, our manufacturing sites were primarily located in regions categorized as low or low-medium stress by the WRI. Much of our reduction in water use from 2022 to 2023 stemmed from our divestment from SMART Brazil, which had two of our most water-intensive manufacturing facilities. We also refer to the WRI to track the water stress levels of our locations and use this information to inform our strategy.

We collect our water consumption data using metering systems provided by local governments and municipal utility districts at each of our locations. This data assists us in identifying and implementing water-efficiency measures and mechanisms, including the adoption of water-conscious appliances at our facilities and the use of water-efficient technologies in our manufacturing processes. We have reduced water usage further by installing low-flow, water-saving bathroom fixtures in our offices and have adopted sustainable landscaping designs and practices at some of our sites.

We also make efforts to reuse water in our manufacturing processes and facilities whenever possible. Closed-loop practices in our operations have resulted in greater water reuse over time. The table below provides a look into our water consumption data over the past four years. In 2023, we recycled over 65% of water used across all our facilities and were able to reduce our overall water withdrawal by more than 18% compared to 2022. At all of our locations, we ensure appropriate water treatment in compliance with local laws before discharge.

For more information on our water-related risks, practices, and metrics, please refer to our 2023 ESG Performance Summary index.

Water Consumption (2020–2023)

Water Withdrawal (ML)	2023*	2022	2021	2020
Total	381	466	593	99

*In November 2023, we divested an 81% ownership interest in our Brazil business, which had manufacturing facilities in Atibaia and Manaus, Brazil. Moving forward, our reporting data will not include metrics from these facilities.

Waste And Recycling

At Penguin Solutions, we recognize that responsible waste management begins at the source of production. Informed by guidance from our QEHS team, we implemented a robust waste management program that aligns with our company values, ESG goals, and quality management priorities. This program aims to reduce natural resource use whenever possible and advances responsible consumption practices at all of our facilities and operations worldwide. It also pursues waste reduction through sustainable product design, improvements in packaging and shipping practices, reuse of materials, and accessible recycling services across all of our sites.

In 2023, we saw continued success in our waste management initiatives, including our hazardous, non-hazardous, and e-waste data collection and reporting practices, as well as our **Fill it Forward** reusable water bottle program. Our employees recorded more than 15,000 bottle refills over the course of the year, equaling 8,700 kWh of power savings, 460 lbs of waste diverted from landfills, and 14,800 lbs of CO2-equivalent emissions reduction. In an effort to further reduce what is sent to the landfill, many of our sites use only reusable or recyclable utensils, cups, and plates. We also recycle all paper materials used in our facilities and send e-waste to specialized recycling companies for reuse and responsible disposal.

We strive for continuous improvement in our waste management practices and hold ourselves accountable by setting goals, tracking progress, and maintaining data integrity and transparency. We consider the impacts of our waste management practices at a global scale and encourage our employees to take part in our waste reduction programs and sustainability initiatives. For a detailed look into our waste management performance, please see the 2023 ESG Performance Summary index.

Hazardous Waste

Our manufacturing processes necessitate a comprehensive waste management system that provides for the safe and responsible disposal of hazardous waste. Our hazardous waste management practices are informed by industry best practices and comply with applicable laws and regulations. We continuously seek ways to improve the effectiveness of our hazardous waste management and strive to reduce waste outputs whenever possible. Our hazardous waste recycling rate was 59% in 2023. In the future, we plan to implement measures that will boost our recycling rate and reduce our hazardous waste generation.

Packaging and Shipping Solutions

We prioritize using packaging materials that are reusable, recyclable, and/or compostable, which allows us to divert waste from landfills. By reducing unnecessary packaging materials, we have reduced total waste and lowered shipping costs without negatively affecting product quality or distribution schedules. Regular engagement with our customers helps us understand and respond to their delivery needs so that we can reduce waste and exceed customer expectations.

Some of our sustainable packing and shipping practices include:

- Increasing packing density to minimize the need for multiple deliveries
- Locating product distribution centers closer to customers to speed up delivery, improve efficiency, and reduce disruptions due to lengthy transportation routes
- Eliminating heavy and expensive custom-cut foam, non-recyclable foam, and cardboard whenever possible
- Packaging products using air pillows that are recyclable, reusable, and made of post-consumer materials
- Using and reusing recycled packing materials such as bubble wrap, boxes, crates, and cases made of reclaimable metals and plastic reels
- Requiring suppliers to ship certain components in reusable containers that can be reused or returned to the supplier when empty

We comply with all relevant international regulations, including the EU's Waste Electrical and Electronic Equipment Directive and Packaging and Packaging Waste Directive, as well as other customer-specific requirements.

Governance and Ethics

Making progress on ESG matters is a priority supported by the highest levels of Penguin Solutions management.

ESG Steering Committee

Jeff Milano
VP, Global Quality & Sustainability

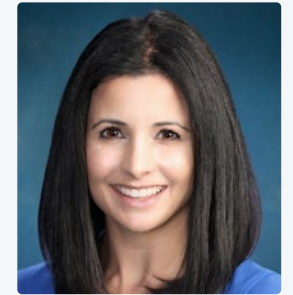**Michael Wellman**
Chief Human Resources Officer

Anne Kuykendall
SVP and Chief Legal Officer

Suzanne Schmidt
Investor Relations

Jack Pacheco
Chief Operating Officer and President of Integrated Memory

Valerie Sassani
VP of Marketing and Communications

ESG Management and Oversight

Each year, we make progress on our ESG goals and initiatives. By incorporating attention to ESG across all segments of our company, we have developed a management strategy that serves the interests of our business, our employees, our shareholders, our partners, and the world around us.

Our ESG Steering Committee tracks ESG performance, champions our ESG initiatives, and manages related concerns. Composed of executive members from our Operations, Marketing, Supply Chain, Human Resources (HR), and Legal teams, this committee ensures that ESG is supported at the highest levels of the company. The

ESG Steering Committee meets regularly to address ESG matters, including emerging concerns, regulatory compliance, progress on goals, and public disclosures. The ESG Steering Committee also advises on updates to ESG objectives and policies. Additionally, the ESG Streering Committee proactively identifies and mitigates ESG risks pertinent to our business activities and manages their potential effects.

Our Nominating and Corporate Governance Committee (NCGC) is responsible for overseeing our corporate ESG strategy, with the ESG Steering Committee updating the NCGC on company progress at least once per year. The NCGC also reviews annual ESG goals, addresses various ESG matters, and updates the full Penguin Solutions Board as necessary.

To ensure the quality of our ESG data and reporting practices, we employ a third-party platform that manages, analyzes, and

calculates our ESG metrics for regular internal updates and annual public disclosures. We use benchmarks from external ESG ratings to maintain accountability, monitor our progress, and continuously improve our approach to ESG. The table below presents our 2023 scores on four key ESG indexes.

ESG Ratings Performance

Key Index	2023	2022
CDP Climate Change	B	B-
CDP Water Security	C	B-
MSCI	A	A
Sustainalytics	23.2	22.9

Ethics and Compliance

Our ethics and compliance program is anchored in our core values and reflects our unwavering dedication to integrity across all of our business segments. Each year, we conduct a thorough review of all Penguin Solutions governance policies to ensure that they are relevant, coherent, and compliant with applicable laws and regulations. Our Compliance Review Boards, which include leaders from each of our global sites, meet quarterly to discuss our corporate compliance practices and identify potential business risks. We keep our workforce informed of any updates made to our governance policies via regular communications, staff meetings, and online training sessions.

Our **Code of Business Conduct and Ethics** details our requirements for ethical conduct and compliance with applicable laws. Informed by the **UN Guiding Principles on Business and Human Rights**, it sets out our expectations for each of our employees, contractors, officers, directors, and other business partners. All Penguin Solutions employees and contractors are required to complete ethics training when they begin working with Penguin Solutions and regularly thereafter on topics such as anti-corruption, conflicts of interest, and bribery. In 2023, our ethics and compliance training completion rate among our employees was 98%.

We also require that our suppliers and business partners adhere to our Supplier Code of Conduct or demonstrate that their own code is at least as stringent. We screen 100% of our direct suppliers at the time of onboarding and regularly thereafter to flag potential risks. Penguin Solutions complies with applicable laws and regulations in every country where we operate. In 2023, we had no confirmed instances of corruption and were not involved in any legal proceedings related to anti-competitive behavior, nor did we receive any fines or penalties for environmental violations.

Reporting Concerns

Given our commitment to operating ethically and with integrity, we strive to provide an environment where employees, customers, suppliers, contractors, and other business partners feel comfortable voicing concerns, particularly those related to potential non-compliance or wrongdoings within the company.

We encourage individuals to report instances of non-compliance online via **PenguinSolutions.ethicspoint.com** or through our 24/7 toll-free whistleblower hotline, both of which can be accessed anywhere that Penguin Solutions or one of its subsidiaries has a physical presence. Our **Whistleblower Policy** details our commitment to ethical conduct and our procedure for reporting concerns. Information about the hotline is publicly accessible and prominently displayed in all of our global facilities in local language(s). Anyone who submits a complaint or participates in an investigation is protected from any and all forms of retaliation. In 2023, we had no substantiated whistleblower reports or complaints related to discriminatory behavior.

All concerns reported online or via the hotline are reviewed by our Chief Legal Officer, Chief Financial Officer, Chairperson of the Audit Committee, and/or the full Board of Directors or Audit Committee, depending on the nature and severity of the concern.

Please see our Code of Business Conduct and Ethics and our Whistleblower Policy for additional details on our approach to reporting concerns and anti-retaliation.

Political Engagement

We consider it our responsibility to stay informed and engaged on public policy issues relevant to our industries and our business. We believe that effective public policy grows out of ongoing collaboration and open dialogue, and we regularly engage with local governments, regulatory bodies, industry associations, and non-governmental organizations on key issues affecting our industry and business. All political engagement activities follow the guidelines set forth in our Code of Business Conduct and Ethics. We do not engage in any lobbying activities or make any political contributions.

Privacy, Data Security, and Intellectual Property Protection

In our rapidly evolving digital world, securing our systems and networks is more important than ever. Our employees, customers and partners rely on us to protect their data and intellectual property—a responsibility we take seriously. Our **Cybersecurity and Technology Risk Management Committee** oversees our IT strategy, which governs our policies and procedures for data collection and management, privacy protection, risk mitigation, compliance with applicable information security and data protection laws, and ensuring the resilience and security of our business operations. This committee also directs our Information Security Risk Management framework, which aligns with the National Institute of Standards and Technology (NIST) and ISO standards. The Cybersecurity and Technology Risk Management Committee meets regularly and updates the Board of Directors at least once each year, providing updates on topics such as the company's IT strategy, emerging concerns, and other relevant matters.

In 2023, we took steps to further strengthen our IT strategy. We increased the size of our cybersecurity team, bringing on new global perspectives and expertise. We also implemented a Generative AI Use in the Workplace Policy to safeguard our systems and promote fair use of this rapidly developing technology.

Employee awareness is the first line of defense for every successful cybersecurity program. This past year, we worked to strengthen this frontline protection with a new comprehensive cybersecurity training program. Since the program's implementation in 2023, our phish-prone percentage decreased by nearly 10% compared to the previous year. This achievement is a testament to the strength of our training program and the diligence of our employees.

We also taken steps to improve our cybersecurity vulnerability assessments. Using third-party software, we conducted an automated, 24/7 vulnerability assessment of our systems to identify, manage, and address any risks uncovered. Results from these assessments revealed that our vulnerability risk had decreased since the previous year. Over the course of 2023, we also improved our mean response times and strengthened our incident response plan so that we can better address threats in real-time and maintain compliance with SEC regulations.

Cybersecurity: A Globally Streamlined Approach

In 2022, we set out on a mission to consolidate our security management systems with a globally centralized set of IT standards and controls developed internally at Penguin Solutions. In 2023, we expanded on these efforts by shifting to a streamlined global system in alignment with the industry's most rigorous standards: ISO 27001, CMMC, and SOC 2.

Aligning our cybersecurity program with these standards allows us to benchmark our performance across leading industry guidelines while also meeting the expectations of our global customers. As we continue to refine our program, we will expand this alignment to include other industry frameworks.

HMGSTRATEGY
**GLOBAL LEADERSHIP INSTITUTE AWARDS**

PROUD TO BE A WINNER

SRINI TANIKELLA
SMART Global Holdings

Penguin Solutions VP of IT Receives Global Leadership Award

In 2024, our Chief Information Officer (CIO) and Vice President of IT, Srini Tanikella, was presented with the Global Leadership Institute Award from HMG Strategy for his thought leadership in cybersecurity.
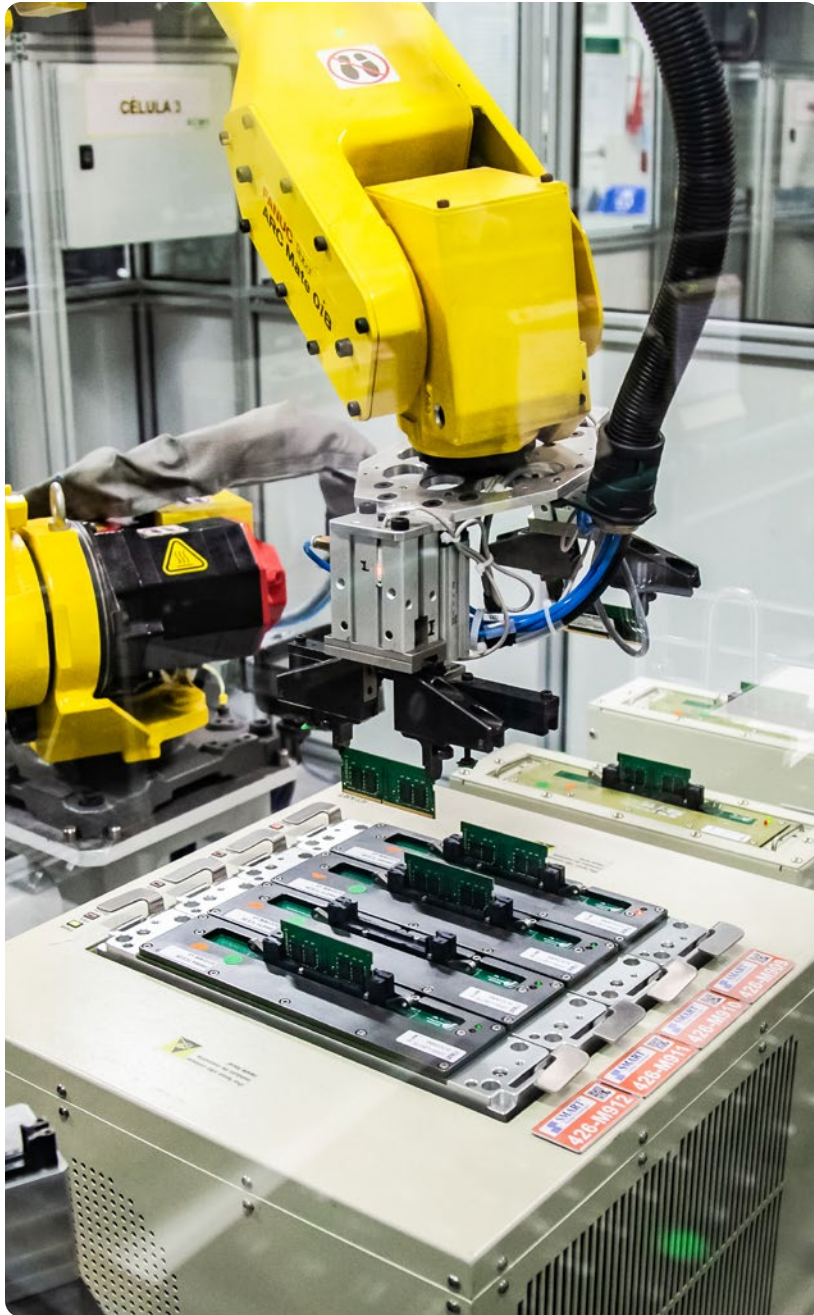
Product Safety and Compliance

At Penguin Solutions, protecting our employees, customers, other stakeholders, and the environment from harm is of the utmost importance. Our approach to product safety and compliance reflects this priority. We are committed to ensuring that hazardous and chemical substances are properly managed and handled by those trained to do so safely using the proper protective equipment. Across all of our operations, we hold ourselves to the highest product safety standards and follow industry best practices and stringent legally required procedures.

As we develop new products and leverage new innovations, we follow the precautionary principle as a way to mitigate risk and prevent harm. For example, we apply safety and labeling precautions for all of our products, regardless of whether they contain International Electrotechnical Commission (IEC) 62474 declarable substances.

We comply with applicable local, state, federal, and international regulations related to the protection of human health and the environment. Throughout all of our operations, providing a safe working environment is a core priority. More detail on our approach to occupational health and safety can be found in the "Worker Health and Safety" and "Quality, Environmental, Health, and Safety Management Systems" sections of this report.

Product Regulatory Compliance

In partnership with our suppliers, we work to ensure our products are lead-free and meet all relevant safety standards, including the European Union's Restriction of Hazardous Substances (RoHS) directive. We also strive to eliminate chemicals that are harmful to humans and the environment. If a hazardous substance is

identified, we monitor and manage any related risks in compliance with the E.U.'s Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) directive until we are able to phase the substance out of our production processes and supply chain.

We adhere to the State of California's Proposition 65 regulations by informing individuals of potential exposure to chemicals known to cause cancer or reproductive harm. Many of our products contain at least one substance from the Proposition 65 list of carcinogenic, teratogenic, and endocrine-disrupting chemicals. Each of our California facilities has signage posted at the entrances to inform employees and visitors about potential exposure to these substances. We also include Proposition 65 information in our product declarations to enhance transparency for our customers and enable our partners to notify their customers as needed.

We also monitor emerging regulations and take a proactive approach to implementing requirements in advance of regulatory deadlines. In 2023, we responded to growing concerns about per- and polyfluoroalkyl substances (PFAS) by working closely with our suppliers to identify associated risks and prepare relevant substance declarations.

Quality, Environment, Health, and Safety Management Systems

At each of our global sites, we uphold our commitment to the safety and well-being of our employees, other stakeholders, and the environment through our Quality, Environment, Health, and Safety (QEHS) program. This program is led by our Vice President of QEHS, who reports to our Chief Operating Officer (COO) and meets with our CEO regularly to provide updates on the program. The CEO reports updates to our Board of Directors as needed. It is guided by our **QEHS Policy**, which sets out our robust operating standards for optimal workplace health and safety. This policy is anchored by five key imperatives:

- Prevent conditions that pose a threat to human health, safety, and/or the environment

- Facilitate an environment that prioritizes employee health and safety and environmental protection

- Identify and eliminate or reduce hazards and risks

- Protect the environment

- Promote employee and partner involvement in QEHS matters

We put these principles into practice through our QEHS management system, which is implemented each at our sites throughout the world. Global adoption of this system within the company has enabled the consistent application of our QEHS standards. The QEHS program aligns with the principles of ISO, ensuring our policies and practices support industry standards of evidence-based quality, health, and safety management.

Maintaining Global Excellence

During 2023, each of our manufacturing sites in the United States., Brazil, and Malaysia maintained their certifications on ISO 9001, ISO 14001, and ISO 45001 standards. Our manufacturing facility in China also holds ISO 9001 and ISO 14001 certifications. To learn more about our current ISO 9001, ISO 14001, and ISO 45001 certifications, please visit our **website**.

We also continued our internal and external audit programs to ensure ongoing compliance with ISO standards and maintain QEHS certifications. In 2023, our sites in Newark, CA, and Penang, Malaysia, completed audits through the RBA VAP. Our Penang site received platinum-level recognition for its audit score, and our Newark site had no findings in its final closure audit. In addition, all of our sites that submitted an SAQ to the RBA were deemed low risk. We had no health and safety violations, product recalls, issues of non-compliance, or monetary losses due to legal proceedings associated with environmental violations.

Supply Chain

We hold ourselves and our fellow business partners accountable to ethical principles and pursue ongoing compliance in all areas of our business operations.
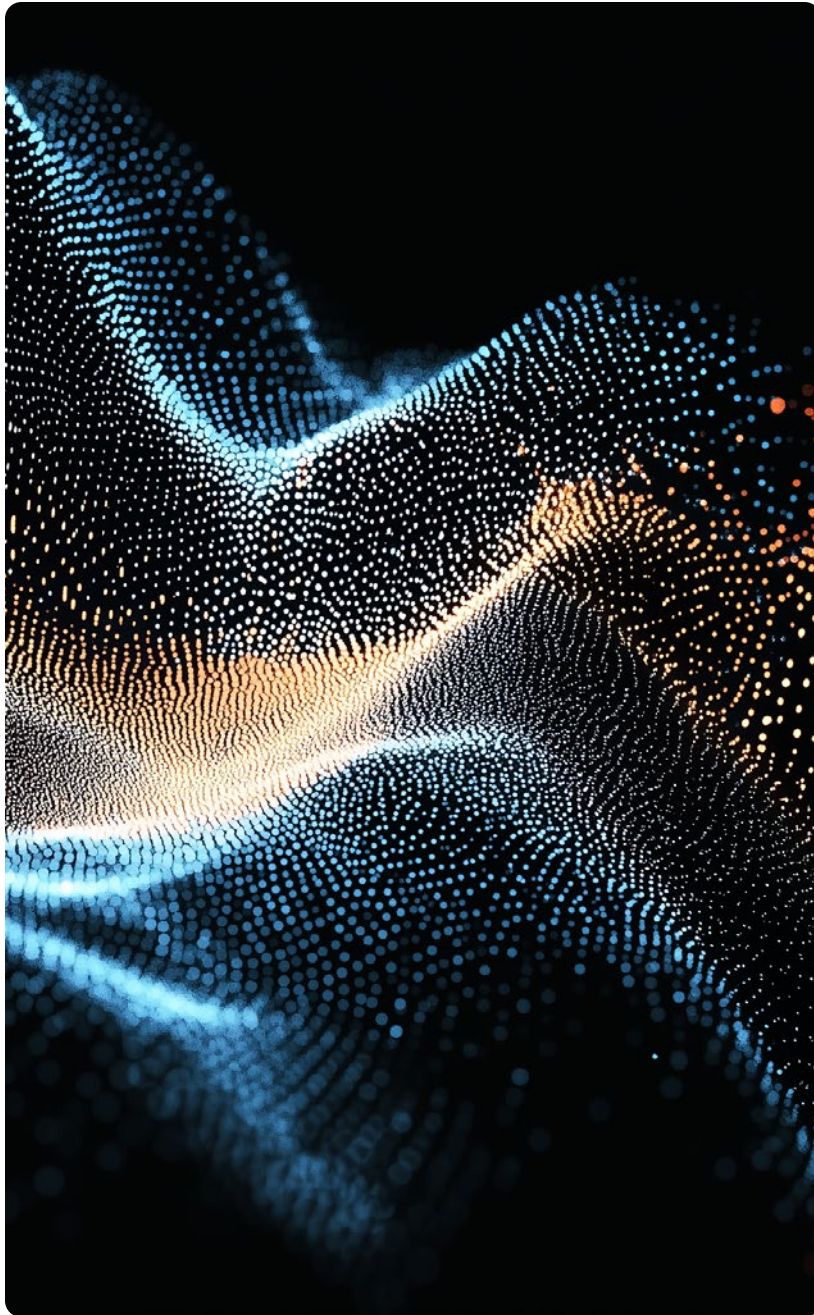
Supply Chain Strategy and Impact

We strive to model ethical and sustainable business practices and hold our business partners to the same bar. We push for exceptional quality and responsible business across our operations and in our supply chain, leveraging our deep expertise, global reach, and commitment to ESG best practices.

We hold ourselves and our business partners to these standards and aim for continuous improvement and unwavering compliance in all aspects of our work.

All Penguin Solutions suppliers must commit to ethical business practices and compliance with all applicable laws and regulations. Our **Supplier Code of Conduct** outlines our expectations for suppliers, who must meet these standards before we consider conducting business with them. All Penguin Solutions' suppliers must adhere to RBA practices and principles as well as our Supplier Code of Conduct, which aligns with the RBA Code of Conduct (version 7.0).

Assessing Supplier Performance

We diligently monitor our supply chain to maintain optimal performance and identify potential risks and have assessment processes in place for our global suppliers. In order to work with Penguin Solutions, suppliers must commit to our Supplier Code of Conduct or provide evidence that their Code of Conduct is at least as rigorous as our own. Penguin Solutions suppliers are also expected to maintain ISO 14001 certification. By the end of 2023, 82% of our suppliers in the top 80% of spend were ISO

14001-certified and had active environmental management systems in place. Additionally, 40% of our supply chain spending went to suppliers with RBA memberships, which allows us to leverage the RBA's rigorous standards for supplier self-assessment, independent audits, and other forms of evaluation.

We have a vendor onboarding assessment process in place that applies to all new vendors. We use the vendor assessment process to gather company-level information about performance on labor practices, human rights, water and energy use, climate change, and other areas of concern. These assessments ensure new suppliers engage in responsible business practices and inform our interactions with our suppliers, our approach to mitigating supply chain risk, and our ongoing efforts to strengthen our ESG program.

After onboarding, we monitor our suppliers' risk level and performance using a third-party due diligence platform that allows us to screen and monitor our supply chain on a daily basis. This platform has enabled us to streamline and automate many aspects of our supplier due diligence process that previously were conducted by hand. As a result, we are able to collect supplier performance data, protect against fraud, and manage supply chain risk more effectively. Through continuous monitoring, we can better ensure that our suppliers live up to our expectations.

Our suppliers also help mitigate our risks in the supply chain through their own practices and programs. We did not identify any high-risk suppliers or any suppliers that were found noncompliant with our social and environmental standards in 2023.

Human Rights

It is our aim to protect the human rights of every person in our company and across our value chain. We do not allow any form of forced or involuntary labor or child labor, nor do we permit working conditions that violate internationally recognized human rights. Our expectations on human rights are outlined in our Human and Workforce Labor Rights Policy, which is aligned with industry best practices and global human rights frameworks, including the RBA's Code of Conduct (version 7.0), the UN Universal Declaration of Human Rights, the ILO Standards and Declaration on Fundamental Principles and Rights at Work, the ISO standards, the OECD Guidelines for Multinational Enterprises, and the UN General Comment No. 15 on the Right to Water. This policy details our commitment to responsible labor, workplace safety, anti-discrimination, freedom of association, and upholding the dignity of all people. It applies to our own operations as well as those of our business partners.

We respect our employees' right to freedom of association and explicitly support our employees' legal right to join or refrain from joining trade unions and other worker associations. In 2023, approximately 0.85% of our global workforce was covered by a collective bargaining agreement. At all sites with collective bargaining agreements, we work with employee representatives to protect the collective bargaining rights of those employees covered by the agreement.

To promote responsible labor practices, our Supplier Code of Conduct outlines our expectations for our suppliers on topics such as forced or involuntary labor, child labor, wages and benefits, working hours, health and safety, nondiscrimination, respect and dignity, and freedom of association. To ensure adherence to this Code of Conduct, we conduct supplier risk assessments to ensure that our supply chain is free of human rights violations. We work closely with our suppliers to ensure compliance with the U.K. Modern Slavery Act and promote transparency in our global supply chain.

We regularly review our human rights and labor policies and revise them as needed in order to maintain the highest ethical standards and best practices across our business operations and our supply chain. Throughout 2023, we reviewed and updated our Human and Workforce Labor Rights Policy and our Supplier Code of Conduct to better align with our standards and mitigate our exposure to labor-related risks. We expect to enhance our human rights program with additional employee training on human rights issues in the future.

Conflict Minerals

We are committed to the responsible, ethical sourcing of raw materials used in our products and firmly oppose all forms of corruption and human rights abuses within and beyond our supply chain. Our Responsible Minerals Policy details our approach to sourcing critical minerals such as tin, tantalum, tungsten, gold, and cobalt from the Democratic Republic of Congo and surrounding regions. This policy aims to ensure that our products are made from ethically sourced materials and that the funds used to purchase these materials do not contribute to bribery, child labor, forced labor, extortion, or armed conflict. To enhance our due diligence and risk mitigation efforts, we use third-party software to screen suppliers for risks associated with human rights abuses, ethical breaches, and other concerns.

To ensure that our due diligence activities are in line with industry best practices, Penguin Solutions is an active member of the RBA Responsible Mining Initiative (RMI). As an RMI member, we maintain rigorous reporting standards and conduct due diligence in order to enhance supply chain transparency and, when possible, verify that our product components are conflict-free. Because we do not source minerals directly from smelters and are several steps removed from interactions with smelters and refiners, we rely on our upstream suppliers to provide accurate information about identified risks, mitigation efforts, and potential concerns related to mineral sourcing.

We actively encourage our suppliers to join the RMI and require them to complete the RMI Conflict Minerals Reporting Template annually. We also require all direct and indirect suppliers dealing with conflict minerals to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

People

We understand that diverse, inclusive, and equitable workplaces require continuous and intentional actions to achieve success.

Our Team

We believe that our employees are the cornerstone of our success. We are dedicated to building a workplace that champions diversity, equity, and inclusion (DEI), prioritizes safety and well–being, and nurtures the growth and development of our employees.

Through our DEI initiatives, wellness programs, benefits packages, and learning opportunities, we are working to foster a sense of belonging and provide ways for our employees to advance their personal and professional aspirations.

By the close of 2023, Penguin Solutions' global workforce included a total of 2,684 workers, with a significant presence in the United States, China, and Malaysia.

Global Employee Distribution

32% United States	**36%** China
3% Europe	**6%** India
	3% Japan
16% Malaysia	**2%** Southeast Asia
	2% Taiwan

Employee Engagement and Development

We offer a wide range of employee engagement and development opportunities designed to help our employees everywhere develop a sense of belonging and deepen their professional and personal growth. In 2023, we reviewed our approach to employee engagement and culture to ensure that it meets the needs of our evolving workforce, which extends across multiple lines of business as well as in-person and remote locations. We also unveiled our new people strategy, focusing on talent retention, equitable compensation, and HR service delivery. This new strategy will guide our efforts to ensure

that all Penguin Solutions employees feel heard and supported in fulfilling their professional and personal goals.

We use regular companywide meetings, online professional development courses, and virtual and in-person events and activities to support our employees regardless of whether they have remote, hybrid, or in-office working arrangements. When communicating with our employees about issues of importance, we use multiple distribution channels to make certain that the message reaches everyone. These communications keep employees informed about new developments and raise awareness about key policies, programs, and activities. At our quarterly All Employee Meetings, our CEO and other Penguin Solutions leaders share

updates on company priorities, goals, and accomplishments. These meetings also solicit employee feedback and allow employees to raise questions and concerns with Penguin Solutions leadership.

Employee Development

We are deeply invested in our employees and committed to supporting their career development, continuous learning, and lifelong improvement. This commitment allows us to cultivate the exceptional talent that our workforce is known for. We encourage candid conversations about career progression so that managers understand each team member's goals and priorities and can connect them with appropriate development programs and

training opportunities. Employees also have access to a tuition reimbursement program and other benefits that aim to promote their growth and success.

Workforce Development

In 2023, we standardized our recruitment and development processes across the company in order to improve the experiences of our employees and job candidates. As we reviewed each policy and process, we prioritized the needs of our employees. This people-first perspective allowed us to improve our processes with an eye toward providing a consistent employee experience worldwide.

We also worked to improve our HR insights and analytics by adopting third-party cloud-based human capital management software. This suite of services allowed us to globally standardize our workforce planning, talent management, and other HR processes. It also provides data insights that can inform strategy development, identify gaps to be addressed, and prioritize our activities. We conduct our employee performance evaluations and goal-setting exercises through this platform as well to ensure a consistent performance review process. In 2023, all of our employees received performance reviews, and 48% set individual goals.

Equitable Compensation

Over the past year, we conducted a global evaluation of gender-based pay equity. Building on our 2022 study of our U.S. manufacturing workforce, this evaluation yielded new information about gender equity in our workforce and highlighted instances of

pay disparities. Guided by the outcomes of this assessment, we have developed and implemented a strategic review of our pay structure to address any gender-based discrepancies. We also expanded the use of our HR management software by developing and implementing a recruiting and talent management module in the US, with plans to expand globally in the next year.

Training and Education

Our employees complete regular training in ethics and compliance, cybersecurity, diversity and inclusion, and other topics as defined by their roles. Our internal training programs on workplace culture are available in the local languages of each region where we operate so that all Penguin Solutions employees have access to these programs regardless of their location. These training modules cover essential topics such as harassment and discrimination in the workplace, maintaining a safe and healthy work environment, DEI, and ethics and compliance.

We support our employees in their professional growth and pursuit of further education with a competitive tuition reimbursement program for full-time employees who have been with Penguin Solutions for over six months. More details about this program can be found in the "Employee Benefits and Well-being" section of this report.

Diversity, Equity, and Inclusion

Our dedication to a diverse, inclusive, and equitable workplace is not just a testament to our core values; it is also a strategic advantage. By leveraging the collective strengths of our employees, we are better equipped to deliver innovative solutions to customers throughout the world. Our global workforce is a diverse team that represents a wide range of identities, ages, ethnicities, life experiences, and perspectives. We value their unique perspectives, which enhance our ability to collaborate, innovate, and bring new solutions to market. Our commitment to diversity, equity, and inclusion goes beyond mere representation. We are dedicated to creating an inclusive environment where every employee feels respected, valued, and empowered to bring their authentic self to work.

We prioritize DEI through a variety of policies, programs, and initiatives, including mandatory DEI training for all employees and the formation of employee resource groups (ERGs) to better support our employees. We host regular events and workshops that celebrate diversity, promote cultural awareness, and provide forums for employees to engage in meaningful discussions together and learn from one another's experiences.

We are committed to equitable hiring and promotion practices and believe that all Penguin Solutions employees deserve equal access to opportunities for growth and advancement. The input of our Diversity Council helps inform our talent recruiting process, talent acquisition strategies, and professional development programs. This core group conducts regular reviews of our HR policies and practices and suggests improvements to increase the success of our initiatives. We actively engage with external organizations and communities to support broader initiatives aimed at promoting diversity and inclusion, including Historically Black Colleges and Universities (HBCUs) and Hispanic-serving Institutions (HSIs). We partner with educational institutions, non-profits, and industry groups to promote diversity in STEM fields and provide opportunities for people from historically underrepresented communities to pursue careers in technology.

Discrimination and harassment of any kind against our employees or business partners is strictly prohibited. Our employee handbook details our anti-discrimination policy, which emphasizes equitable treatment and fair practices in recruitment, promotion, performance evaluation, compensation, and training.

Celebrating Our Diverse Workforce

Throughout 2023, we organized cultural awareness programs, diversity training sessions, and inclusive team-building events that encouraged employees to share their experiences and celebrate their cultures. These initiatives included celebrating heritage months, hosting guest speakers, and creating forums for discussion on topics related to diversity, equity, and inclusion.

We will continue to build on these efforts in the coming years. By celebrating the rich tapestry of backgrounds, perspectives, and experiences that our employees bring to Penguin Solutions, we recognize one another and affirm our commitment to diversity, equity, and inclusion in the workplace and beyond.

January:

We celebrated Martin Luther King Jr. Day and Lunar New Year

March:

We celebrated Women's History Month, International Women's Day, and Nowruz (Persian New Year)

May:

We conducted weekly interviews highlighting the perspectives of our Asian American and Pacific Islander (AAPI) employees in honor of AAPI Heritage Month

June:

We recognized Juneteenth as a United States holiday and celebrated our LGBTQIA+ employees with a number of Pride events

September:

We held Q&As with our Hispanic team members about their cultures, inspirations, and perspectives in honor of Hispanic Heritage Month

November:

We recognized Native American Heritage Month and celebrated Veterans Day, Thanksgiving, and Diwali

Workforce Demographics

Recruiting and retaining a skilled and diverse workforce is of the utmost importance at Penguin Solutions. We strive for representation across multiple demographics.

Through our growing employee benefits and development programs, equitable pay practices, and recruiting efforts, we're focused on enhancing the employee experience to attract and retain a talented, diverse workforce.

Worldwide Employee Gender Breakdown

- 42% Female
- 58% Male

Female Male

U.S. Employee Gender Breakdown

- 26% Female
- 74% Male

Female Male

U.S. Ethnicity

- 57.0%
- 26.6%
- 6.8%
- 2.5%
- 3.8%
- 0.5%
- 2.8%
- 8%
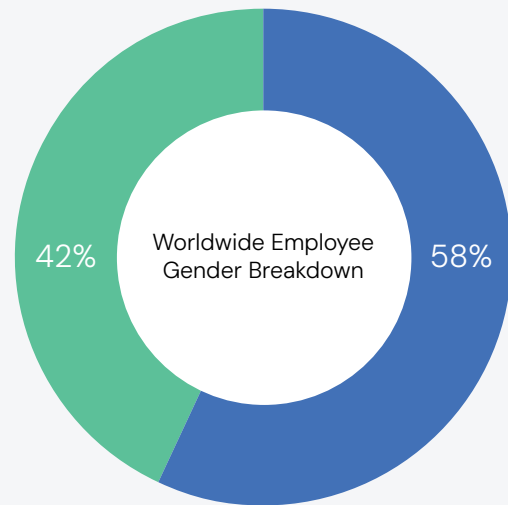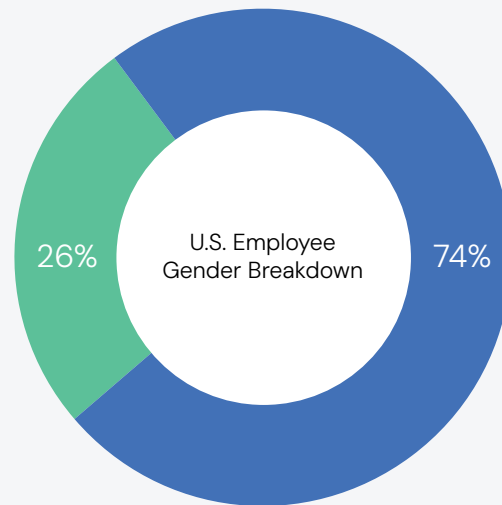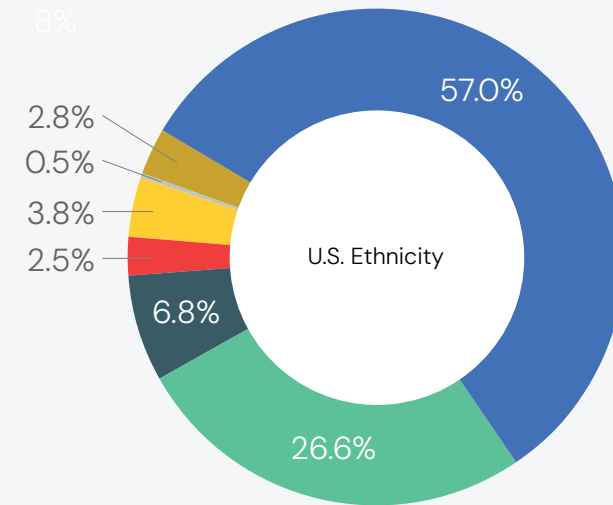
- White
- Asian
- Hispanic or Latino
- Two or More Races
- Native Hawaiian or Other Pacific Islander
- Black or African American
- Undeclared

Note: Data as of December 2023

Engaging Young People in STEM

A key part of our DEI strategy involves developing relationships with universities and organizations that have strong relationships with HBCUs and HSIs. In 2023, Penguin Solutions sponsored a team of six University of New Mexico students at the 2023 Student Cluster Competition. The team showcased the talents and brilliance of local students who are considered traditionally underrepresented in STEM fields. Providing these and other STEM-related opportunities for young people from historically marginalized demographics allows us to forge relationships with a wide range of bright and capable candidates.

Employee Resource Groups

In 2023, we continued to support and develop our employee resource group (ERG) program, which creates spaces for our employees to connect over their shared backgrounds and experiences. Each of our ERGs has an executive sponsor who supports the group's development and activities. The following ERGs were active at Penguin Solutions throughout 2023:

Wellness Together

Wellness Together is dedicated to promoting employee wellness and mental health. It is led by our Senior Director of HR. Throughout 2023, the group held quarterly events that centered on fostering open conversations about wellness, reducing the stigma surrounding mental health, and encouraging employees to seek support when they need it. Other activities included partnering with providers Remote Team Wellness and SuperWellness on a guided meditation and mindfulness session for employees to learn about mechanisms for reducing stress, improving focus, and enhancing creativity in the workplace. The group also organized several events for Mental Health Awareness Month in May.

Women at Penguin Solutions

Co-sponsored by our SVP and Chief Legal Officer and our VP of Marketing and Communications, Women at Penguin Solutions provides support and a sense of belonging to all Penguin Solutions employees who identify as women. In March 2023, the group celebrated Women's History Month through a number of events that brought awareness to the many contributions that women have made throughout the centuries and today. In honor of International Women's Day, the group gave out cards and pins that read, "There's no limit to what we, as women, can accomplish." The group also spearheaded a book drive for the Milpitas Public Library. From leading projects to driving innovation, members of Women at Penguin Solutions are making a lasting and positive impact within and beyond Penguin Solutions.

Wellness, Health, and Safety

At Penguin Solutions, workplace safety is paramount. We know that our ability to deliver exceptional products and services is contingent upon maintaining a safe and healthy environment for our employees. Our commitment to health and safety is reflected in our comprehensive policies and programs, which are in effect worldwide.

We offer specific programming to support the physical, mental, emotional, and overall well-being of our employees. Through our Employee Assistance Program (EAP), employees and their immediate family members can access free counseling sessions and other wellness-oriented activities and programs. We regularly review and improve these programs and raise awareness about available EAP benefits so that employees can take advantage of these supports.

Worker Health and Safety

The health and safety of our workers begins with prevention. We equip all employees with appropriate tools and resources and encourage a companywide culture of occupational health and safety (OSH), communication, and accountability. Accident prevention is a top priority across our manufacturing, research and development, and corporate sites. We apply the same precautionary principles to worker safety that we do in other risk-prone areas of our business.

The key objectives of our health and safety management approach are:

- Implement effective OSH procedures and policies
- Promote workers' participation in and awareness of OSH programs

- Demonstrate leadership and commitment to improving OSH
- Conduct risk assessments and mitigation efforts
- Establish efficient measures for risk control
- Ensure competent and trained employees in the workplace
- Comply with safety legislation
- Continuously monitor, review, and audit operations

We comply with all relevant workplace safety legislation and ISO 45001 certification standards. At all times, we strive for continuous improvement and to maintain the highest levels of safety in our facilities. Our QEHS team regularly conducts risk assessments and safety inspections to minimize employee exposure to workplace hazards. When improvements are necessary, we work with subject matter experts and Penguin Solutions leadership to perform root-cause analyses and implement corrective actions. In order to ensure our workforce is prepared for adverse situations, all Penguin Solutions employees must complete our safety training program as well as additional job-specific trainings that cover topics such as fire prevention, crime prevention, and emergency response.

Our health and safety program keeps safety-related incidents to a minimum at our facilities throughout the world. Our global injury rate has remained low at 0.33 incidents per 100 full-time equivalent workers in 2023 with no instances of high-consequence work-related injuries or fatalities. We continue to seek and implement mechanisms that can reduce instances of injury and strengthen our culture of workplace safety.
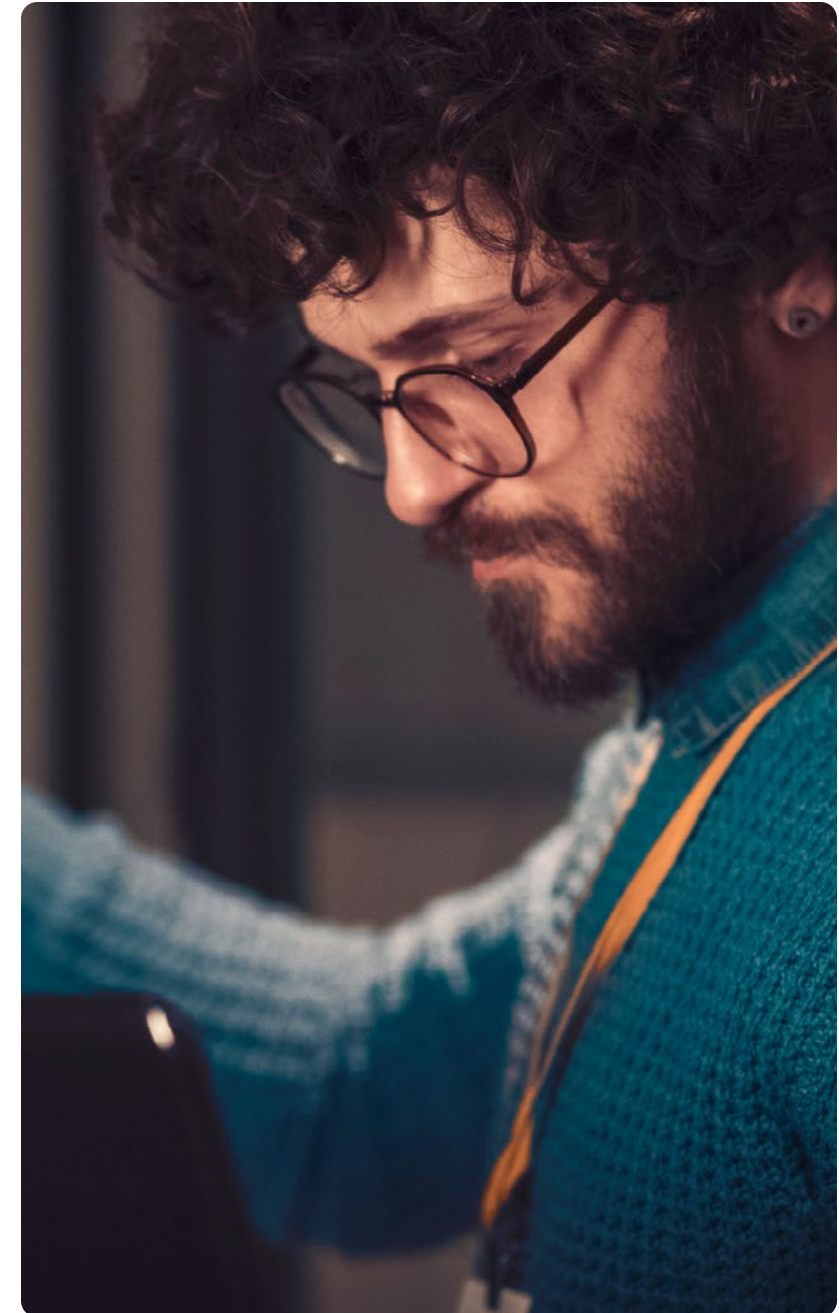
Employee Benefits and Well-Being

We are committed to supporting our employees in meaningful ways that enhance their lives and well-being, and we designed our employee benefits program to demonstrate that commitment. Our comprehensive benefits package is available to all Penguin Solutions employees and includes medical, dental, and vision insurance, mental healthcare, family planning and reproductive services, accident and disability coverage, and life insurance. Throughout 2023, we focused on improving our benefits policies and wellness activities to make them more employee-friendly and more attuned to the needs of our workforce.

We support our employees' rights to make informed healthcare and financial decisions, and we empower them to do just that. In 2023, we continued to work with our insurance carriers to ensure equitable access to family planning and reproductive healthcare services for our U.S. employees. We also updated our parental leave policy to include up to six weeks of paid leave for our U.S. employees. We maintained our 401(k) retirement savings plan in the U.S., with immediate vesting of our company match—100% of the first 3% of employee contributions and 50% of the next 2%—to give employees more flexibility as they plan for retirement.

We recognized Mental Health Awareness Month in May and held a global walking challenge with prizes to encourage employees to take part. These and other events foster a company culture that empowers employees to prioritize their physical, emotional, and mental health and well-being.

Educational Opportunities for Our Employees

To encourage ongoing learning and growth, we offer a tuition reimbursement program for all full-time U.S. employees who have completed at least six months of employment. Eligible employees can receive up to $7,000 per year for tuition-related expenses upon completing their coursework and submitting their final grades. Employees and their managers work together to set expectations and ensure they have the support they need to pursue continuing education while working at Penguin Solutions. Our locations outside the U.S. offer similar programs.

DeVry University offers a multitude of different undergraduate and graduate degrees, as well as certifications in accredited programs. Our partnership with DeVry is another way that we are working to support our employees' pursuit of further education. Through this partnership, Penguin Solutions employees can receive up to 30% savings on tuition for DeVry courses and credit hours. Additional details about our partnership with DeVry University can be found **here**.

Penguin Solutions Walking Challenge

Walking is associated with a multitude of positive health benefits, including improved mood, sharper brain function, and better cardiovascular health. Studies show that people who walk on a regular basis experience less stress, anxiety, and depression. In 2023, we put these findings to the test with a global walking challenge that saw Penguin Solutions employees across each of our sites pledging to walk 6,000 steps per day. The challenge took place over four weeks, with participants logging their step counts each day. Our employees participated worldwide and logged over 118 million steps. At the end of the challenge, the five employees with the greatest number of steps received prizes to celebrate their accomplishments.

Community Engagement

At Penguin Solutions, we believe it is our responsibility to be engaged members of the global communities in which we operate.

Impacting Our Communities

We take great pride in contributing to the global communities where our company operates and where our employees live.

Across each of our business segments, we give back to these communities in multiple ways. We offer both in-person and virtual community engagement initiatives so that our employees can take part whether they work remotely or on campus. In 2023, we were involved with a number of community events, including volunteering, corporate donations, and employee donation matching.

Employee Volunteer Opportunities

Our commitment to excellence extends beyond our internal operations and into the communities around us. We empower our employees to make a positive difference in their local communities by hosting a variety of volunteer opportunities throughout the year. Building upon our work in 2022, we offered employees virtual volunteer education sessions through Visit.com, a social impact organization that provides online volunteer experiences. In these sessions, employees learned how they can make a positive impact on the environment.

Many of our employees volunteered their time in 2023 by participating in a wide range of activities, including the following:

Second Harvest Food Drive:
Employees from our California offices spent an afternoon hosting a food drive for the Silicon Valley branch of Second Harvest Food Bank.

Thaipusam Go-Green Campaign:
Our team in Penang contributed to the Go-Green Awareness campaign for the local Thaipusam festival, which is an annual three-day Hindu event. Employees distributed food in biodegradable containers using recycled materials for over 1,500 servings of food.

School Supplies Drive:
Throughout our Bay Area locations, members of our Penguin Solutions team organized a school supplies drive to benefit students of Russo/McEntee Academy. The group gathered monetary and in-kind donations, including notebooks, personal whiteboards, markers, tissues, and disinfectant wipes for distribution to students in need.

New Taipei City Beach Adoption:
Employees from SMART Taiwan cleaned up trash along a beach in the coastal area of New Taipei City.

Viola Blythe Food and Toy Drive:
Our California offices teamed up with Viola Blythe Community Services to collect food and toys for those in need.

Employee Donation Match

Our employee donation matching program encourages our employees to contribute to the non-profits they care about by providing an annual match of up to $2,500 per employee. Employees also have the option to donate accrued vacation time, which is then converted into cash contributions to their chosen charities.

Corporate Giving

Throughout 2023, we proudly supported local and global causes through our corporate giving program. Our monetary and in-kind donations helped numerous non-profit organizations involved in disaster relief, educational programs, and diversity initiatives. Some of the organizations that received Penguin Solutions donations in 2023 include the following:

Asian American Legal Defense and Education Fund (AALDEF), which offers vital resources to address various issues faced by Asian Americans, including immigrant rights, voting rights and democracy, housing, environmental justice, the elimination of anti-Asian violence, police misconduct, and human trafficking.

Doctors Without Borders, which provides medical care to people affected by natural and man-made disasters, conflict, disease, and a lack of healthcare infrastructure.

GERANDO FALCÕES

Gerando Falcões, a global non-profit organization that directs resources to social and economic development in Brazil. Recent efforts have focused on helping rebuild communities in northern São Paulo that were affected by devastating landslides and flooding.

GlobalGiving

GlobalGiving, which is a non-profit organization that connects donors with charitable projects around the world. Its Earthquake Relief Fund for Turkey and Syria helps to provide essential resources to people in these regions affected by natural disasters.

HISPANIC SCHOLARSHIP FUND

The Hispanic Scholarship Fund (HSF), which empowers Hispanic students and parents by providing them the knowledge and resources they need to be successful in higher education.

THURGOOD MARSHALL COLLEGE FUND
WHERE EDUCATION PAYS OFF®

The Thurgood Marshall College Fund (TMCF), which offers scholarships and advancement programs to ensure that Black students have the chance to pursue postsecondary education.

Supporting the People of Turkey and Syria

In 2023, Turkey and Syria were affected by a severe earthquake that caused widespread destruction. In a demonstration of solidarity and support, Penguin Solutions made a charitable donation to GlobalGiving's Earthquake Relief Fund for Turkey and Syria. The Fund enabled non-profit organizations and first responders in the region to take swift response on the front lines of this disaster and drive long-term recovery and resilience in these regions.

Appendix
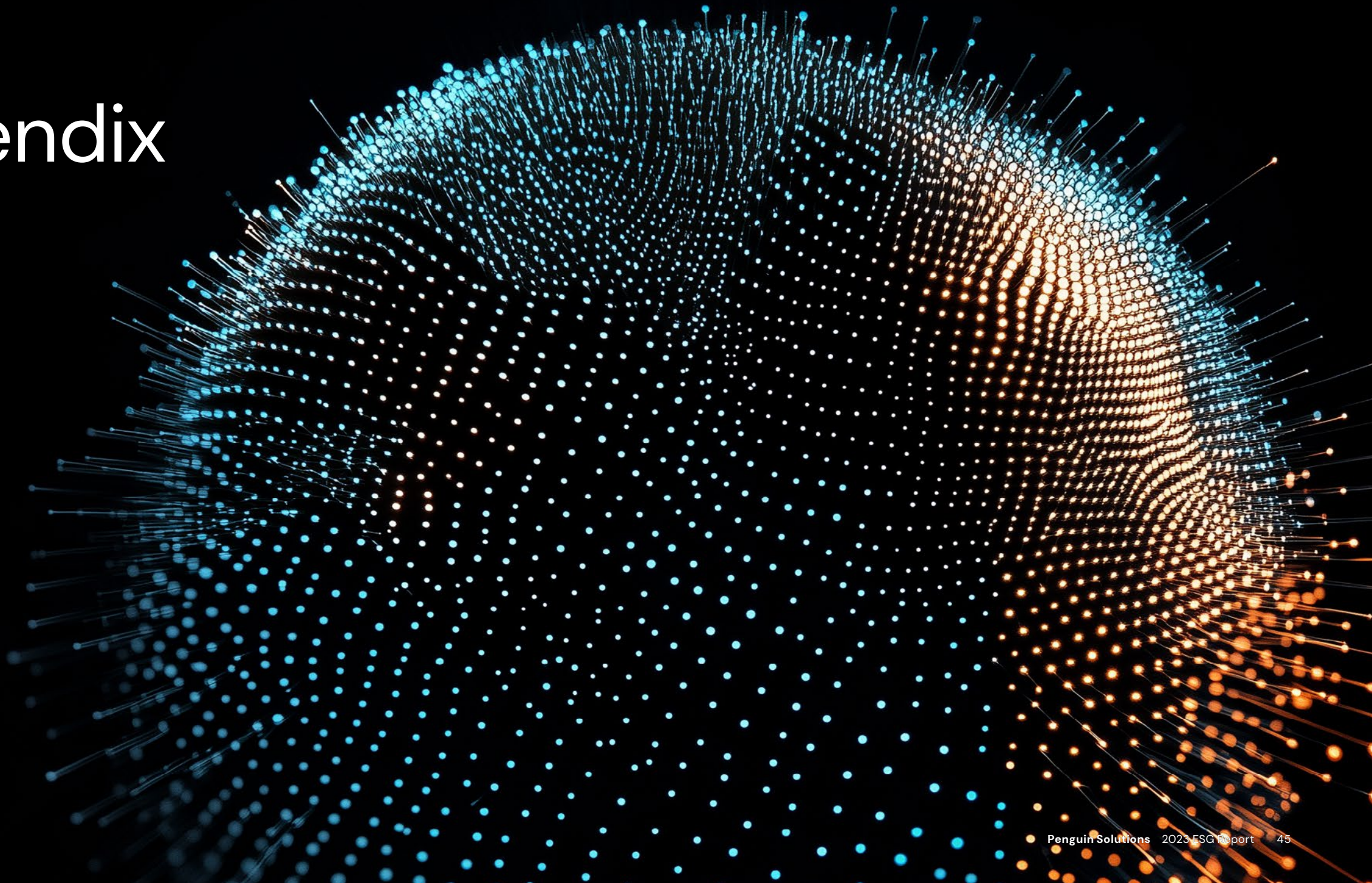
Index A. 2023 ESG Performance Summary

Performance Area	2023	YoY % Change	2022
Environment			
Energy and Emissions			
Energy consumption (MWh)	98,837	–30.4%	141,969
Percent of global energy from renewable sources	78.17%	40.17%	38%
Energy intensity per square footage of operations (MWh/ft^2)	0.08	–27.3%	0.11
Scope 1 emissions (MTCO$_2$e)	315.85	–91.2%	3,599.69
Nitrogen oxides (NOx) emissions (g/MWh)	4,840	–66.9%	14,602
Sulfur oxides (SOx) emissions (g/MWh)	4,511	–69%	14,548
Scope 2 emissions (Market) (MTCO$_2$e)	9,974.19	–74.7%	39,370.47
Scope 2 emissions (Location) (MTCO$_2$e)	43,243.06	–29.2%	61,079.62
Emissions offset (MTCO$_2$e)	315.85	–91.2%	3,600
Total Scope 1 and Scope 2 (Market) emissions (MTCO$_2$e) [includes offsets]	9974.19	–90.1%	100,450.09
Waste and Recycling			
Hazardous waste generation (metric tons)	158.14	–71.9%	561.77
Hazardous waste recycling rate	59%	–1%	60%
Non-Hazardous Waste Generation (metric tons)	61,765	–35.7%	96,012.49
Non-Hazardous Waste Recycling rate	87.62%	–6.38%	94%
E-waste generation (metric tons)	4082	–3.7%	4,240
E-waste recycling rate	100%	0%	100%

Index A. 2023 ESG Performance Summary

(continued)

Performance Area	2023	YoY % Change	2022
Water Management			
Water usage (million liters)	762.3	63.9%	466
Water recycling rate	65%	0%	65%
Governance and Ethics			
Number of full-time employees	2,949	–23.7%	3,867
Revenue	$1.4B	40%	$1.8B
Assessing Supplier Performance			
Percentage of suppliers with ISO 14001 certification	84%	–2%	86%
Percentage of suppliers with RBA membership (based on spend)	71%	–1%	72%
Workplace Demographics			
Gender Representation			
Percent of employee population identifying as male (global)	58%	1%	57%
Percent of employee population identifying as male (U.S.)	74%	0%	74%
Percent of employee population identifying as female (global)	42%	–1%	43%
Percent of employee population identifying as female (U.S.)	26%	0%	26%
Ethnicity (U.S.)			
White	57.0%	4%	53%
Asian	26.6%	.6%	26%
Hispanic or Latinx	6.8%	–.2%	7%

Index A. 2023 ESG Performance Summary

(continued)

Performance Area	2023	YoY % Change	2022
Two or more races	2.5%	.5%	2%
Black or African American	3.8%	–.2%	4%
Native Hawaiian or other Pacific Islander	0.5%	.1%	0.4%
American Indian or Alaska Native.	0.0%	–.1%	0.1%
Undeclared	2.8%	–5.2%	8%
Worker Health and Safety			
Global injury rate (per 100 full–time equivalent workers)	0.33	.1%	0.30

Site Level Environmental Data

Water Risk Levels by Site			
Penguin Solutions Location	Facility Type	Business Segment	WRI – Water Risk Atlas 3.0
Atibaia, State of Sao Paulo, Brazil	Factory/Office	Integrated Memory	Low – Medium (10–20%)
Manaus, State of Amazonas, Brazil	Factory/Office	Integrated Memory	Low (<10%)
Hong Kong, China	Office	Optimized LED	Low – Medium (10–20%)
Huizhou, Guangdong Province, China	Factory/Office	Optimized LED	Low – Medium (10–20%)
Shanghai, China	Office	Optimized LED	Extremely High (>80%)
Shenzhen, Guangdong Province, China	Office	Optimized LED	Low – Medium (10–20%)

Index A. 2023 ESG Performance Summary

(continued)

Site Level Environmental Data (Continued)

Kochi, Kerala, India	Office	Advanced Computing	High (40-80%)
Bengaluru, Karnataka, India	Office	Advanced Computing	Extremely High (>80%)
Penang, Malaysia	Factory/Office	Integrated Memory	Low (<10%)
Seongnam-si, Gyeonggi-do, South Korea	Office	Integrated Memory	Medium - High (20-40%)
New Taipei City, Taiwan	Office	Integrated Memory	Low - Medium (10-20%)
East Kilbride, Glasgow, UK	Office	Integrated Memory	Low (<10%)
Durham, North Carolina, USA	Office	Optimized LED	High (40-80%)
Tewksbury, Massachusetts, USA	Office	Integrated Memory	Medium - High (20-40%)
Irvine, California, USA	Office	Integrated Memory	Extremely High (>80%)
Newark, California, USA	Office	Integrated Memory	Medium - High (20-40%)
Tempe, Arizona, USA	Office	Advanced Computing	Extremely High (>80%)
Fremont, California, USA	Factory/Office	Advanced Computing	Medium - High (20-40%)

Hazardous Waste, Generated and Landfilled by Site (measured in metric tons)

Penguin Solutions Site	2023		2022	
	Generated	Landfilled	Generated	Landfilled
Atibaia, State of Sao Paulo, Brazil	14.74	0	13.84	0
Manaus, State of Amazonas, Brazil	2.609	0	1.6	0
Huizhou, Guangdong Province, China	108	0	155	0

Index A. 2023 ESG Performance Summary

(continued)

Penguin Solutions Site	2023		2022	
	Generated	Landfilled	Generated	Landfilled
Kochi, Kerala, India	0	0	0	0
Bengaluru, Karnataka, India	0	0	0	0
Penang, Malaysia	22.59	0	30.74	0
Seongnam-si, Gyeonggi-do, South Korea	0	0	0	0
New Taipei City, Taiwan	0	0	0	0
East Kilbride, Glasgow, UK	0	0	0	0
Durham, North Carolina, USA	7.47	7.47	10.10	10.10
Tewksbury, Massachusetts, USA	0	0	0	0
Irvine, California, USA	0	0	0	0
Newark, California, USA	2.41	0	2.34	2.34
Tempe, Arizona, USA	0	0	0.03	0.03
Fremont, California, USA	0	0	0	0
Totals	157.819	7.47	213.65	12.47

*All figures are for the calendar year, with the exception of revenue which is presented on a fiscal year basis. K is defined as thousand, M is defined as million, and B is defined as billion. These data have been rounded slightly.

Index B. United Nations Global Compact (UNGC)

As responsible corporate citizens, we embrace the ten principles of the **UNGC**, which together address human rights, labor rights, environmental concerns, and anti–corruption

Principle	Report Section
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Human Rights
Principle 2: Businesses should ensure they are not complicit in human rights abuses.	Human Rights
Labor	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Human Rights
Principle 4: Businesses should support the elimination of all forms of forced and compulsory labor.	Human Rights Conflict Minerals
Principle 5: Businesses should support the effective abolition of child labor.	Human Rights Conflict Minerals
Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.	Human Rights Diversity, Equity, and Inclusion

Index B. United Nations Global Compact (UNGC)

(continued)

Principle	Report Section
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Quality, Environment, Health, and Safety Management Systems
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Stewardship Climate Action
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	Product Stewardship and Life Cycle Impacts
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Ethics and Compliance Conflict Minerals

Index C.
Task Force on Climate-Related Financial Disclosures (TCFD)

We set out our approach to climate change, including details on climate governance, strategy, risk management, and metrics and targets in this report and in our annual climate response to **CDP's Questionnaire**. The table below provides key areas of disclosure and the respective sections of our annual submission to CDP, which provides the greatest level of detail.

	Governance	Strategy	Risk Management	Metrics and Targets
Disclosure:	Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.
Disclosure Indicator:	a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities that the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
Our Response:	Our board of directors is engaged in the oversight of climate-related risks and opportunities. Our ESG Steering Committee, which includes our CEO, CFO, and COO, meets every other week to review Penguin Solutions' ESG strategy which covers our climate-related strategy, risks, and opportunities. *Please see the "Governance" section of our annual CDP response.*	Our organization's climate-related risks and opportunities over the short, medium, and long term include extreme weather, natural disasters, current and emerging regulation, technological advancement, acute and chronic physical, market, reputation, and legal risks into our climate-related risk strategy. *Please see the "Disclosure of Risks and Opportunities" section of our annual CDP response.*	Our organization's processes for identifying and assessing climate-related risks is informed and overseen by our ESG Steering Committee. It incorporates risk assessments of our operations and suppliers, engagement with stakeholders, and integration into our corporate risk management program. *Please see the "Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities" section of our annual CDP response.*	The metrics used by our organization to assess climate-related risks and opportunities include likelihood, magnitude of impact, financial impact, and more. We have set an absolute target and have committed to reach zero emissions by 2030. *Please see the "Disclosure of Risks and Opportunities" section of our annual CDP response.*

Index C.
Task Force on Climate-Related Financial Disclosures (TCFD)

(continued)

	Governance	Strategy	Risk Management	Metrics and Targets
Disclosure Indicator:	b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and related risks.
Our Response:	Out ESG Steering Committee oversees Penguin Solutions' ESG strategy which covers our climate-related strategy, risks, and opportunities. *Please see the "Governance" section of our annual CDP response.*	The impacts of climate-related risks and opportunities risks could cause disruption in our manufacturing, operations, and distribution of our products, which could have material impacts on our business. *Please see the "Disclosure of Risks and Opportunities" section of our annual CDP response.*	Our organization's processes for managing climate-related risks includes aligning our climate strategy to our business strategy, setting a net-zero emissions goal, and establishing measurable targets over short-term intervals. *Please see the "Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities" section of our annual CDP response.*	Our Scope 1 and Scope 2 GHG emissions and related risks are disclosed in our annual ESG report. We have set an absolute target and have committed to reach zero emissions by 2030. *Please see the "Environmental Performance: Climate Change" section of our annual CDP response.*

Index C.
Task Force on Climate–Related Financial Disclosures (TCFD)

(continued)

	Governance	Strategy	Risk Management	Metrics and Targets
Disclosure Indicator:	N/A	c) Describe the resilience of the organization's strategy, taking into consideration different climate–related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate–related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate–related risks and opportunities and performance against targets.
Our Response:	N/A	Our organization does not currently use scenario analysis, though we are actively considering doing so in the near future. *Please see the "Business Strategy" section of our annual CDP response.*	Our processes for identifying, assessing, and managing climate–related risks are integrated into our corporate risk assessments and our annual financial disclosures. *Please see the "Identification, Assessment, and Management of Dependencies, Impacts, Risks, and Opportunities" section of our annual CDP response.*	Our targets to manage climate–related risks and opportunities include our targets for net–zero Scope 1 and 2 emissions and sourcing 75% renewable energy. We disclose our performance against these targets in our annual ESG Report. *Please see the "Environmental Performance: Climate Change" section of our annual CDP response.*

Index D. Sustainability Accounting Standards Board (SASB)

We disclose metrics in alignment with SASB's standards for the semiconductor and hardware industries.

Semiconductor Industry

Activity Metric	Code	Disclosure
Total production	TS-SC-000.A	Penguin Solutions sold approximately 3.2 billion units in FY 2023. This includes products across all business segments. Revenue breakdown across business segments is below (in millions): Intelligent Platform Solutions: $750 Memory Solutions: $443 LED Solutions: $248
Percentage of production from owned facilities	TS-SC-000.B	95%

Topic	Accounting Metric	Code	Disclosure / Report Section
Greenhouse Emissions	1.) Gross global Scope 1 emissions 2.) Amount of total emissions from perfluorinated compounds	TC-SC-110a.1	1.) 316 metric tons 2.) Not applicable For more information, please refer to the "Emissions Performance" section for more information.
	Discussion of long- and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	See the "Emissions Performance" section and "TCFD Index' for our publicly available Scope 1 emission targets and performance.
Energy Management in Manufacturing\	1.) Total energy consumed 2.) Percentage grid electricity 3.) Percentage renewable	TC-SC-130a.1	1.) 98,837,387 MWh 2.) Not applicable 3.) 78%

Index D. Sustainability Accounting Standards Board (SASB)

(continued)

Topic	Accounting Metric	Code	Disclosure / Report Section
Water Management	1.) Total water withdrawn 2.) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC–SC–140a.1	1.) 381 ML 2.) Water consumption at Penguin Solutions is minimal as our manufacturing processes do not consume significant amounts of water. According to the World Resources Institute's Water Risk Atlas tool, none of our factory locations operate in regions with High or Extremely High Baseline Water Stress with the exception of Irvine, CA, which withdraws a minimal amount of water. We have office locations that operate in areas of High or Extremely High Baseline Water Stress, but water consumption in those offices is very low. *For more information, please refer to the "Water Management" section.*
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	TC–SC–150a.1	157.82 metric tons of hazardous waste was generated, and 23% (36.30 metric tons) was recycled in 2023. *For more information, please refer to the "Hazardous Waste" section.*
Employee Health & Safety	1.) Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards 2.) Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	TC–SC–320a.1 TC–SC–320a.2	1.) See the "Wellness, Health, and Safety" section for our publicly available breakdown of employee health hazards. 2.) $0
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC–SC–330a.1	(1) Less than 1% (2) Less than 1%

Index D. Sustainability Accounting Standards Board (SASB)

(continued)

Topic	Accounting Metric	Code	Disclosure / Report Section
Product Lifecycle Management	1.) Percentage of products by revenue that contain IEC 62474 declarable substances 2.) Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	TC-SC-410a.1 TC-SC-410a.2	1.) We operate under the assumption that 100% of our products contain declarable substances and take the precautions necessary. 2.) Not applicable
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-SC-440a.1	See the "Conflict Minerals" section for our publicly available breakdown of risks associated with the use of critical materials
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	TC-SC-520a.1	$0

Hardward Industry

Activity Metric	Code	Disclosure
Number of units produced by product category	TC-HW-000.A	Penguin Solutions sold approximately 3.2 billion units in FY 2023. This includes products across all business segments. Revenue breakdown across business segments is below (in millions): Intelligent Platform Solutions: $750 Memory Solutions: $443 LED Solutions: $248
Area of manufacturing facilities (square feet)	TC-HW-000.B	1.24M square ft. (in China, Brazil, USA, Malaysia, Ireland)
Percentage of production from owned facilities	TC-HW-000.C	95%

Index D.
Sustainability Accounting Standards Board (SASB)

(continued)

Topic	Accounting Metric	Code	Disclosure / Report Section
Product and Data Security	Description of approach to identifying and addressing data security risks in products	TC–HW–230a.1	See the "Privacy, Data Security, and Intellectual Property Protection" section for our publicly available breakdown of identifying and addressing data security risks in products
Diversity & Inclusion	Percentage of gender and racial/ ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC–HW–330a.1	See the "Workforce Demographics" section for our publicly available breakdown of employees by gender and racial/ethnic group
Product Lifecycle Management	1.) Percentage of products by revenue that contain IEC 62474 declarable substances 2.) Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent 3.) Percentage of eligible products, by revenue, meeting ENERGY STAR criteria 4.) Weight of end–of–life products and e–waste recovered, percentage recycled	TC–HW–410a.1 TC–HW–410a.2 TC–HW–410a.3 TC–HW–410a.4	1.) We operate under the assumption that 100% of our products contain declarable substances and take the necessary precautions. 2.) Not applicable 3.) Not applicable 4.) 4082 metric tons, or 100% of e–waste was recycled in 2023
Supply Chain Management	1.) Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high–risk facilities 2.) Tier 1 suppliers' (1) nonconformance rate with the RBA VAP or equivalent, and (2) associated corrective action rate for (a) priority non–conformances and (b) other non–conformances	TC–HW–430a.1 TC–HW–430a.2	1–2.) While we do not presently audit our suppliers' compliance with VAP guidelines, 71% of Penguin Solutions' annual global supply chain spend is with RBA members whose facilities are audited by RBA in compliance with VAP procedures.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC–HW–440a.1	See the "Conflict Minerals" section for our management of risks associated with the use of critical materials.

Index E. Global Reporting Initiative (GRI)

This report has been prepared to the best of our ability in accordance with the Global Reporting Initiative's Universal Standards. The material ESG topics below align with the ESG topics deemed material to Penguin Solutions' business and its stakeholders, as described in the "Material ESG Topics" section of this report.

Standard	Disclosure	Report Section
General Disclosures		
GRI 2: General Disclosures 2021	2–1 Organizational details	About Penguin Solutions'
	2–2 Entities included in the organization's sustainability reporting	Reporting Scope, Boundaries, and Alignment
	2–3 Reporting period, frequency and contact point	Reporting Scope, Boundaries, and Alignment Credits and Contact
	2–4 Restatements of information	No restatements
	2–5 External assurance	Emissions Verification Statement Reporting Scope, Boundaries, and Alignment
	2–6 Activities, value chain and other business relationships	About Penguin Solutions
	2–7 Employees	Workforce Demographics **Some information is unavailable:** the worker data we currently have available for public disclosure is limited and may not satisfy portions of this disclosure's requirements.
	2–8 Workers who are not employees	Workforce Demographics **Some information is unavailable:** the worker data we currently have available for public disclosure is limited and may not satisfy portions of this disclosure's requirements.
	2–9 Governance structure and composition	**2023 Proxy Statement** **2023 Annual Report**

PENGUIN
SOLUTIONS

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 2: General Disclosures 2021 (continued)	2–10 Nomination and selection of the highest governance body	**2023 Proxy Statement** **Nominating and Corporate Governance Committee Charter**
	2–11 Chair of the highest governance body	**2023 Proxy Statement** **2023 Annual Report**
	2–12 Role of the highest governance body in overseeing the management of impacts	ESG Management and Oversight **2023 Proxy Statement** **2023 Annual Report**
	2–13 Delegation of responsibility for managing impacts	ESG Management and Oversight **2023 Proxy Statement** **2023 Annual Report**
	2–14 Role of the highest governance body in sustainability reporting	ESG Management and Oversight **2023 Proxy Statement** **2023 Annual Report**
	2–15 Conflicts of interest	Ethics and Compliance **2023 Proxy Statement** **Audit Committee Charter** **Nominating and Corporate Governance Committee Charter**
	2–16 Communication of critical concerns	Reporting Concerns **2023 Proxy Statement**
	2–17 Collective knowledge of the highest governance body	**2023 Proxy Statement** **Nominating and Corporate Governance Committee Charter**

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 2: General Disclosures 2021	2–18 Evaluation of the performance of the highest governance body	**2023 Proxy Statement** **Nominating and Corporate Governance Committee Charter** **Compensation Committee Charter**
	2–19 Remuneration policies	Employee Development **2023 Proxy Statement** **Compensation Committee Charter**
	2–20 Process to determine remuneration	Employee Development **2023 Proxy Statement** **Compensation Committee Charter**
	2–21 Annual total compensation ratio	**2023 Proxy Statement**
	2–22 Statement on sustainable development strategy	Information unavailable: we do not yet have a formal statement on our sustainable development strategy, but we are evaluating the development of such a statement in the future. Please refer to the "ESG Management and Oversight" section of this report for details on our ESG strategy.
	2–23 Policy commitments	Our Focus on Corporate Responsibility ESG Management and Oversight Ethics and Compliance Reporting Concerns Privacy, Data Security, and Intellectual Property Protection Quality, Environment, Health, and Safety Management Systems Supply Chain Strategy and Impact Human Rights Conflict Minerals References

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 2: General Disclosures 2021 (continued)	2–24 Embedding policy commitments	Our Focus on Corporate Responsibility ESG Management and Oversight Ethics and Compliance Privacy, Data Security, and Intellectual Property Protection Quality, Environment, Health, and Safety Management Systems Supply Chain Strategy and Impact Human Rights Conflict Minerals
	2–25 Processes to remediate negative impacts	ESG Management and Oversight Reporting Concerns
	2–26 Mechanisms for seeking advice and raising concerns	Reporting Concerns
	2–27 Compliance with laws and regulations	Ethics and Compliance Privacy, Data Security, and Intellectual Property Protection Supply Chain Strategy and Impact Sustainability Accounting Standards Board Index
	2–28 Membership associations	Membership of Associations
	2–29 Approach to stakeholder engagement	Stakeholder Engagement **2023 Proxy Statement**
	2–30 Collective bargaining agreements	Human Rights

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material ESG Topics
	3-2 List of material topics	Material ESG Topics
Data Privacy and Security		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material ESG Topics Privacy, Data Security, and Intellectual Property Protection
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy, Data Security, and Intellectual Property Protection
Role of I.T. in Society		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material ESG Topics Supply Chain Strategy and Impact Ethics and Compliance
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Information unavailable: we do not have the percentage of operations at risk of corruption available for public disclosure.
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance
	205-3 Confirmed incidents of corruption and actions taken	Information unavailable: we do not have the number of incidents of corruption available for public disclosure.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Ethics and Compliance

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 308: Supplier Environmental Assessment 2016	308–1 New suppliers that were screened using environmental criteria	Ethics and Compliance Assessing Supplier Performance
	308–2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Strategy and Impact Human Rights
GRI 414: Supplier Social Assessment 2016	414–1 New suppliers that were screened using social criteria	Ethics and Compliance Assessing Supplier Performance
	414–2 Negative social impacts in the supply chain and actions taken	Supply Chain Strategy and Impact
Diversity, Equity, and Inclusion		
GRI 3: Material Topics 2021	3–3 Management of material topics	Material ESG Topics Diversity, Equity, and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405–1 Diversity of governance bodies and employees	Diversity, Equity, and Inclusion Workforce Demographics
	405–2 Ratio of basic salary and remuneration of women to men	Information unavailable: we do not have the salary and remuneration of women to men available for public disclosure.
Flexible Workforce		
GRI 3: Material Topics 2021	3–3 Management of material topics	Material ESG Topics Employee Development
GRI 404: Training and ducation 2016	404–1 Average hours of training per year per employee	Information unavailable: we do not have the average hours of training per year per employee available for public disclosure.

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 404: Training and Education 2016 (continued)	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development
Energy and Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material ESG Topics Climate Action Energy Management
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management **CDP Climate Change 2023**
	302-2 Energy consumption outside of the organization	Information unavailable: we do not track energy consumption outside of our organization.
	302-3 Energy intensity	2023 ESG Performance Summary
	302-4 Reduction of energy consumption	Energy Management **CDP Climate Change 2023**
	302-5 Reductions in energy requirements of products and services	Our Business Segments Product Stewardship and Life Cycle Impacts
GRI 305: Emissions 2016 (continued)	305-1 Direct (Scope 1) GHG emissions	Emissions Performance **CDP Climate Change 2023**
	305-2 Energy indirect (Scope 2) GHG emissions	Emissions Performance **CDP Climate Change 2023**

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
GRI 305: Emissions 2016 (continued)	305-3 Other indirect (Scope 3) GHG emissions	Information unavailable: we do not have 2023 Scope 3 emissions data available for public disclosure. We aim to include 2024 Scope 3 data in our 2025 disclosures.
	305-4 GHG emissions intensity	**CDP Climate Change 2023**
	305-5 Reduction of GHG emissions	**CDP Climate Change 2023**
	305-6 Emissions of ozone-depleting substances (ODS)	Information unavailable: we do not have 2023 ODS data available for public disclosure beyond what is included in our 2023 CDP Climate Change response.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	**CDP Climate Change 2023**
Product Stewardship		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material ESG Topics Product Stewardship and Life Cycle Impacts Packaging and Shipping Solutions
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Information unavailable: we do not currently track the weight of recycled versus non-recycled materials used in our products. We will evaluate the need to do so in the future.
	301-2 Recycled input materials used	Packaging and Shipping Solutions
	301-3 Reclaimed products and their packaging materials	Packaging and Shipping Solutions

Index E. Global Reporting Initiative (GRI)

(continued)

Standard	Disclosure	Report Section
Human Rights		
GRI 3: Material Topics 2021	3–3 Management of material topics	Material ESG Topics Human Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407–1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information unavailable: we do not have 2023 data available for risk levels of operations with regard to freedom of association. The information that is currently available is found in the "Human Rights" section of this report.
GRI 409: Forced or Compulsory Labor 2016	409–1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Conflict Minerals

Membership of Associations

In 2023, we served as a corporate-level member of multiple associations. At the business segment and site levels, we participate in standards-setting groups for technology innovation and other business-related best practices groups, including:

Associação Brasileira da Indústria de Semiconductors (ABISEMI)

Associação Brasileira da Indústria Elétrica e Eletrônica (ABINEE)

Associação Brasileira de Internet das Coisas (ABINC)

Responsible Business Alliance

Responsible Minerals Initiative

Sustainable IT

Emissions Verification Statement

In 2023, we sought third-party verification of our Scope 1 and Scope 2 GHG emissions with a reasonable level of assurance. Below is the statement of assurance from DNV.

DNV

STATEMENT

Introduction

DNV Business Assurance USA, Inc. (DNV) has been commissioned by the management of SMART Global Holdings to carry out an independent verification of its greenhouse gas (GHG) emissions (*Scope 1 and 2*). These assertions are relevant to the 2023 calendar year.

SMART Global Holdings has sole responsibility for preparation of the data and external report. DNV, in performing our assurance work, is responsible to the management of SMART Global Holdings. Our assurance statement, however, represents our independent opinion and is intended to inform all stakeholders including SMART Global Holdings.

Verification Objective

The objective of this verification is to verify conformance with applicable verification criteria, including the principles and requirements of relevant standards or GHG programmes, within the scope of the verification; The organization's inventory of GHG emissions; any significant changes in the organization's GHG inventory since the last reporting period; and the organization's GHG-related controls.

Verification Scope

2023 GHG emissions inventory Scope 1 and 2 (Location-based and Market-based)

Verification Level of Assurance

The verification was conducted by DNV to a reasonable level of assurance with the qualification reported in the below Verification Conclusions.

Materiality Level

Errors / omissions which represent, single or aggregated, the 5% of total emissions are considered material.

Verification Criteria

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard (Scope 1 & 2)

Verification Protocols

- ISO 14064-3:2019 Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

DNV Business Assurance USA, Inc., 1400 Ravello Drive, Katy, TX 77449

VERIFICATION STATEMENT DNV-2024-ASR-714639   Page **1** of **2**

DNV

Operational Boundary

- Global sites
- Operational Control
- Reporting Period: 1 January 2023 to 31 December 2023

Data Verified

Greenhouse Gas Emissions

Scope 1 Emissions	315.85 (MtCO$_2$e)
Scope 2 Emissions (Location based)	43,243.06 (MtCO$_2$e)
Scope 2 Emissions (Market based)	9,974.19 (MtCO$_2$e)

Assurance Opinion

Based on the verification process conducted by DNV, we provide a Reasonable Assurance of the GHG Emissions Inventory for SMART Global Holdings. DNV found that the assertion:

- is materially correct
- is a fair representation of the GHG emissions information; and
- is prepared in accordance with the *Reporting Criteria*

Independence

DNV was not involved in the preparation of any part of SMART Global Holdings' data or report. We adopt a balanced approach towards all stakeholders when performing our evaluation.

DNV Business Assurance USA, Inc.
1 August 2024

Lead Verifier
Chandran Ilango

Technical Reviewer & Approver
Shruthi Bachamanda

DNV Business Assurance USA, Inc., 1400 Ravello Drive, Katy, TX 77449

VERIFICATION STATEMENT DNV-2024-ASR-714639   Page **2** of **2**

References

To learn more about Penguin Solutions, please visit the links below:

Penguin Solutions

Annual Reports

Code of Business Conduct and Ethics

Supplier Code of Conduct

Corporate Governance Guidelines

UK Modern Slavery Statement

Human and Workforce Labor Rights

Policy RBA Member Commitment

Quality, Environmental, Health and Safety Policy

Anti-Corruption Policy

Whistleblower Policy

References

Penguin Solutions would like to thank our leadership team and our employees around the globe for their unwavering dedication, innovation, and ongoing work to move us forward. If you have any questions regarding this report or our ESG activities and programs, please contact sustainability@penguinsolutions.com.

Reporting Scope, Boundaries, and Alignment

This annual Environmental, Social, Governance (ESG) report summarizes the relevant activities and performance of Penguin Solutions during the 2023 calendar year (January 1, 2023 to December 31, 2023) unless otherwise noted. It covers all of our operating sites, including Stratus, which was acquired by Penguin Solutions in 2022.

This report has been prepared with reference to the GRI Universal Standards and in alignment with the Sustainability Accounting Standards Board (SASB), as well as the UN Global Compact and TCFD. It has not been externally assured. Topic boundaries are detailed in the GRI Index which can be found on page 59. We welcome questions or comments about this report and our sustainability initiatives at sustainability@penguinsolutions.com.

PENGUIN
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