Sustainable Challenges
for a Better Planet & Life

SUSTAINABILITY REPORT 2021-2022

SAMSUNG ELECTRO-MECHANICS

SAMSUNG

ABOUT THIS REPORT

Samsung Electro-Mechanics is a global multi-component manufacturing company that develops and produces advanced electronic and mechanical components. We are a B2B company centered on Component, Optics & Communication Solution, and Package Solution. Samsung Electro-Mechanics 2021-2022 Sustainability Report details and informs our wide range of stakeholders about our main business solutions and the overall economic, environmental, and social aspects of our management activities.

Reporting Period

In general, the qualitative and quantitative data in this report are based on activities from January 2021 to December 2021. Some of the key issues from before 2021 and the first half of 2022 are also included. If necessary, we used 3 years of data from 2019 to 2021 to indicate changes in time series.

Scope and Boundaries

This report covers the economic, environmental, and social performance of production and sales sites in Korea and a portion of overseas sites. However, the scope has been limited to domestic business sites for the social and environmental indicators of overseas business sites that are physically difficult to obtain.

Reporting Principles

This report is compiled in accordance with the core requirements of the Global Reporting Initiative (GRI), an international sustainability reporting standard. To report on major issues relevant to the industry, it reflects the industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB) and the disclosure recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The data for Samsung Electro-Mechanics's ESG Datapack is categorized into environment, social, and governance. The financial information contained in this report is prepared in accordance with the consolidated financial statement of the Korean-International Financial Reporting Standards (K-IFRS).

Type 2, Moderate Level of Assurance Engagement based on AA1000AS v3 (2021)	Third-Party Assurance Report
Compliance with ISO 14064, IPCC Guidelines	Third-Party GHG Assurance Report

Report Assurance

To ensure the objectivity of the contents of this report and to provide transparent information to our stakeholders, this report has been verified by a third-party institution, the Korea Management Registrar (KMR). KMR verified the report based on field examination and document review, and Samsung Electro-Mechanics faithfully reflected their recommendations for change and improvement. Based on the AA1000AS v3 (2021), 4 sustainability principles of inclusivity, materiality, responsiveness, and impact were applied throughout the report. The assurance was completed with a moderate level of Type 2 assurance engagement. We also have independent agencies that conduct GHG assurances every year to comply with ISO 14064 and IPCC Guidelines for National Greenhouse Gas Inventories.

Efforts to Comply with Global Sustainability Standards

Samsung Electro-Mechanics is participating in global initiatives to internalize sustainability management and create sustainable values. We also disclose ESG data through international institutions and raters to implement transparent sustainability activities.

Additional Information

Samsung Electro-Mechanics regularly discloses management-related data on our website to provide our investors and stakeholders with transparent information. Additional information related to this report can also be accessed on Samsung Electro-Mechanics' website, Management Report, Audit Report, as well as the Financial Supervisory Service's disclosure site.

2021 Audit Report (Consolidated)	2021 Audit Report (KOR) (Non-consolidated)	2021 Annual Report (KOR)
2021 Management Report (KOR)	2021 Corporate Governance Report (KOR)	Corporate Governance Charter
Articles of Incorporation	Code of Conduct	Supplier Code of Conduct

SAMSUNG ELECTRO-MECHANICS SUSTAINABILITY REPORT 2021-2022

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CEO'S MESSAGE

Samsung Electro-Mechanics will continue on our path to grow as an exceptional tech company with our first-class products, through consistently challenging our limits in areas of development, technology, product quality, safety and environment.

Dear respected stakeholders,

In 2021, we faced many external uncertainties, including the prolonged pandemic, the US-China trade conflict, and the insecure supply of semiconductors. Despite such conditions, Samsung Electro-Mechanics has strengthened our competitiveness by developing products that reflect the needs of customers and improving our portfolio with high-value-added products. As a result, sales reached KRW 9.675 trillion, a 25% year-on-year growth, and operating profit increased by 63%, achieving record highs in both.

We are moving forward with an aim to continue our steady growth with unparalleled products and challenging goals, and create a happy working environment for our employees. To become an exceptional tech component company, we will strive our utmost to acquire technological competitiveness, expand our businesses, build an effective organization, recruit excellent talent, and enhance our employees' expertise. Building on innovative technology, we will create new business opportunities amid paradigm changes in the industry, such as robotics, the metaverse, and autonomous driving. Samsung Electro-Mechanics seeks to continue our growth with first-class products regardless of adverse conditions.

Our top priorities include "Planet, People, and Progress", which correspond to environmental responsibility, happiness for members of society, and sustainable growth. We will focus on the implementation and management of the above 3 goals to become a trusted company on a global level.

First, we will fulfill our corporate social responsibility in creating a clean environment.

In response to the growing importance of environmental protection and green business practices, Samsung Electro-Mechanics began incorporating environmental considerations in our management and strategic decision-making processes. By setting mid-to-long-term goals, we will reinforce our environmental and energy management system and proactively join the global effort for carbon neutrality.

Second, we will do our best to ensure that all members' health and wellness are satisfied.

People grow through learning, and organizations gain competitiveness through the growth of their members. Samsung Electro-Mechanics will foster the growth of our employees by developing a flexible organizational culture that enhances employees' focus level on core tasks, respects individual free will and responsibility, and guarantees diversity, equity, and inclusiveness. We will create a working environment that cultivates all employees to become top experts in their field. By putting safety and environment first in our management, we will establish a happy and healthy workplace that likewise puts employees' safety first.

Third, with a challenging spirit, we will be steadfast in our pursuit of sustainable growth in spite of external conditions.

We will transform our product portfolio with high-value-added products and bring innovation to lead the market in the component, optics & communication solution, and package solution business to enhance our business competitiveness. By increasing productivity, we will expand our supply capacity and respond to customer demands in advance to achieve stable growth and development. Our products and solutions are of the highest quality and will provide a priceless experience to our customers, and through cooperating with our stakeholders, we will further enhance our company's value.

Despite the uncertainties in the global business environment, Samsung Electro-Mechanics aims to surpass our competitors and market growth and rise as an exceptional tech components company. We request your continued attention and support as we respond defiantly to market changes, ensure the health and wellness of our employees, practice sustainability management, communicate with stakeholders, and create a sustainable future. Thank you.

President & CEO
Chang Duckhyun

MISSION, VISION, AND CORE VALUES

Samsung Electro-Mechanics aims to become an exceptional tech component company that provides valuable experiences for everyone with the best quality components and unique solutions. We have established our mission, vision, and core values to achieve such excellence with our employees. In an effort to fulfill our vision, we are developing our technological capacity, expanding the scope of business, building a more effective organization, and recruiting outstanding talent. Furthermore, we actively practice core values, abbreviated as "RiGHT," to achieve growth with our employees, customers, shareholders, and suppliers and to provide valuable experiences and the highest level of satisfaction to our stakeholders. Starting in 2022, we are adding "Challenge" to the existing core values to become a company that innovates by taking on bold challenges and where everyone grows into experts in their field.

Mission

We bring the best components and compelling solutions that enrich people's experience.

Vision

Enable all lives to experience an unparalleled journey through excellence and growth
(All lives includes employees, customers, vendors and any other associates)

Core Values

Respect all	Integrity first	Growth mind	Harmony with	Technology for Great	Challenge
· We feel free to suggest opinions. · We recognize each other's diversity.	· We act consistently according to principles. · We uphold fairness.	· We pursue growth and learning with curiosity. · We take ownership and strive for self-growth.	· We maintain physical and mental health. · We pursue happiness through work. · We contribute to the betterment of customers, local communities, and humanity.	· We focus on advancing technologies for customer success. · We constantly take on new challenges without fearing failure. · We explore in depth until reaching the essence.	· We boldly take on challenges based on the core values of RiGHT. · We grow into leading experts in core business areas.

Leadership Principles

Encourage curiosity, Stimulate learning, Generate energy, and Deliver success

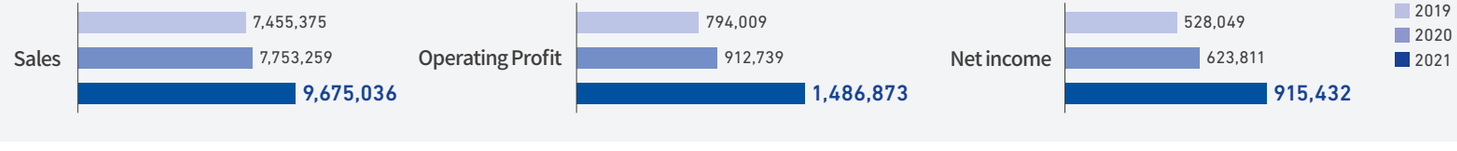
OVERVIEW

Founded in 1973, Samsung Electro-Mechanics has grown into a world-class company that develops and produces major electronic components.

After building the foundation for a self-reliant component industry in Korea through audio and video component production, we expanded into materials and computer components in the 1980s. In the 1990s, our focus moved on to developing promising next-generation products, such as components for computer chips, mobile communication devices, and optical devices. Since the 2000s, we have been producing MLCC (Multilayer Ceramic Capacitors), power inductor, camera and communication module, and substrate with world-class core technologies in materials, high-frequency wireless communication, and precision mechanics. Samsung Electro-Mechanics plans to continue expanding our business portfolio as we seek to develop new products and advance our core products to the highest quality through technological convergence. We will also nurture our next-generation growth engines early on our way to becoming the No. 1 company in the electronic components industry.

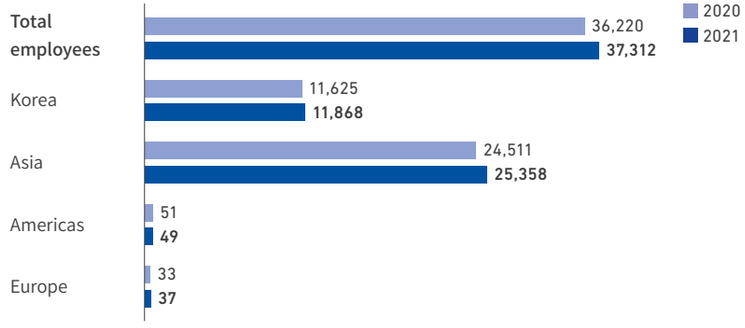
Key Financial Information

(Data Coverage: 100%, Unit: KRW million)



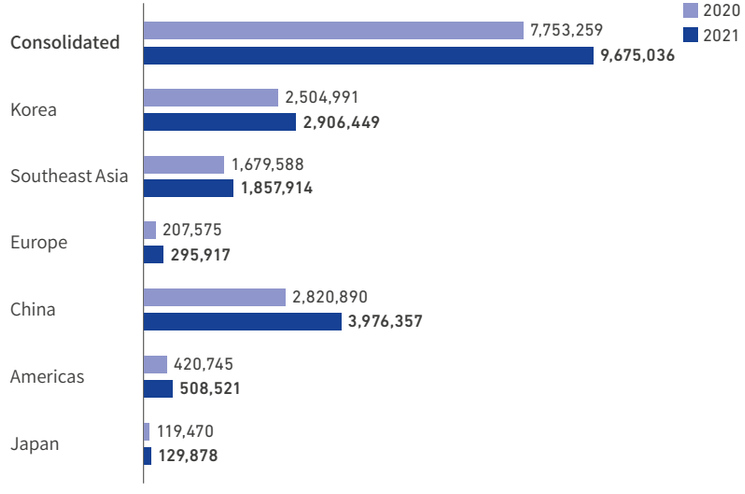
Employees by Region

(Data Coverage: 100%, Unit: persons)



Sales by Region

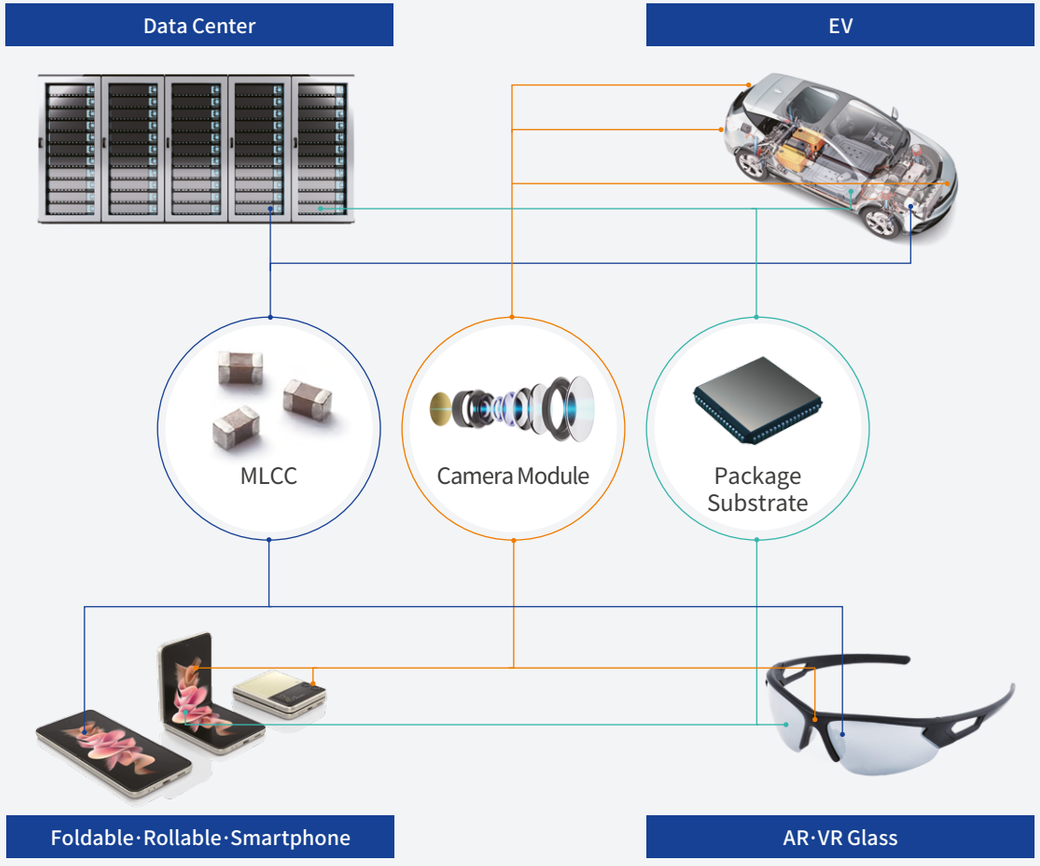
(Data Coverage: 100%, Unit: KRW million)



BUSINESS AREAS

We bring the best components and compelling solutions that enrich people's experiences.

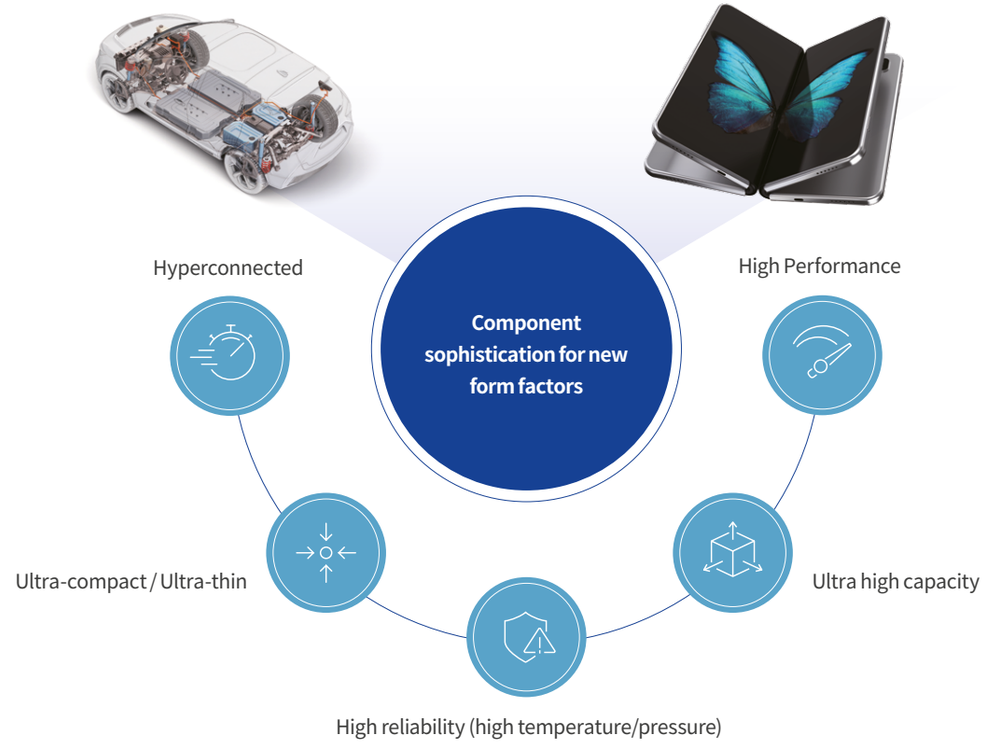
PRODUCT LINEUP



Component Sophistication for New Form Factors

Samsung Electro-Mechanics is focusing on component sophistication to respond proactively to the changing market.

High Performance	Customized	Thinner
Less Power Consumption	Smaller	Long-life



COMPONENT

Component

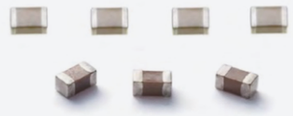
Our component business offers passive chip components that are essential for many electronic devices. The main product lineup includes MLCC (Multilayer Ceramic Capacitors), inductor, and chip resistor.
The passive component business has a high barrier to entry and requires material development, process technology, equipment technology, and quality assurance. To develop competitive products, Samsung Electro-Mechanics continues to invest in R&D to establish original methods and facilities and acquire core materials such as dielectric materials and magnetic substances based on proprietary technology.

Sales and Sales Share of Component Business

(Data Coverage: 100%, Unit: KRW million, %)

MLCC

MLCC is a ceramic capacitor stacked with dielectric materials and electrodes in the shape of a chip. It controls the current to flow constantly in the circuit and acts as a dam that prevents electromagnetic interference between components. Technological edge is vital, because the amount of electricity stored within the chip depends on how thin and densely stacked the dielectric layers are.



Power Inductor

Power inductor has a coil for electric currents inside and are covered by magnetic materials such as iron (Fe). The magnetic materials prevent a rapidly changing current in the circuit and allows a constant current to flow inside the electronic circuit.

Tantalum

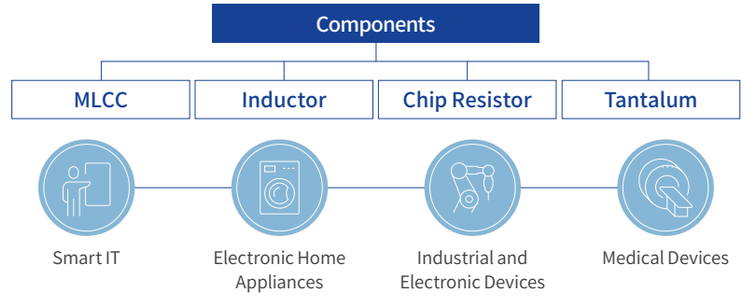
Tantalum has the same functionalities as MLCC.
The thin oxide layer between the tantalum electrodes and the polymer electrodes also act as a dam.

Chip Resistor

Chip register has the property that controls the flow of the current in the electronic circuit. This property is used to lower the voltage inside the electronic circuit or maintain the current constant.

Our component business focuses on passive components with the main products MLCC (Multilayer Ceramic Capacitors), inductor, and chip resistor. These essential components are used widely in smart IT and home appliances, as well as industrial, electronic, and medical devices. This is an industry with high entry barriers that requires expertise in source material technologies such as dielectric, magnetic and conductive paste, and core process technologies such as dispersion, molding, printing, lamination, and firing, that are based on material/construction/facility technology.
Due to the enhancement of functionalities in the most prominent applications, including smartphones, tablet PCs, and smart TVs, the installation of electronic equipment to enhance driver convenience, and the increased use of electronic devices to improve safety devices and fuel efficiency, the demand for related components is expected to increase. In line with the advancement of set functionalities, our passive component business will continue to grow in the future.
Samsung Electro-Mechanics is gaining a competitive edge in the market by strengthening production technologies for ultra-compact and high-capacity materials and core process technologies such as molding, printing, lamination, and firing, as well as enhancing development speed and reinforcing advantages in product manufacturing. We will continue to improve productivity and increase synergies between products to bolster our market dominance. Also, we are opening up new markets by developing highly reliable MLCC. In response to customer demands, we are strengthening the lineup of popular inductor products, including power inductor. The essence of MLCC technology is to maintain quality while maximizing capacity per unit volume. It is important to stack as many dielectric materials and internal electrodes as possible by making them thinner. This year, Samsung Electro-Mechanics has developed the world's first 0402-size MLCC with 1uF (6.3V, 20.9μF/mm^3) for applications in IT and is currently developing the 0603-size MLCC with 4.7uF(6.3V, 28.6μF/mm^3).

Component Applications

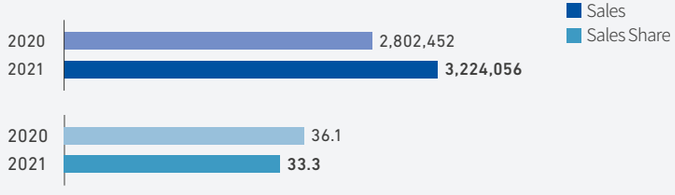


OPTICS & COMMUNICATION SOLUTION

Optics & Communication Solution

Our optics & communication solution business consist of camera module and communication module. From the production side, it is classified as the assembly and module business, and from the development side, it consists of optical, circuit design, and packaging process technologies. It is an application business that constantly creates set-leading solutions through the convergence of new passive components and materials. Also, it is a technology-intensive industry where digital control and SW technology are becoming increasingly important.

Sales and Sales Share of Optics & Communication Solution Business (Data Coverage: 100%, Unit: KRW million, %)



Camera Module

Camera module in smartphones, automobiles, and smart homes are used to take photos and videos, and measure, recognize, and detect objects. They require high-level technology to produce high-definition imaging, slim sizes, low power consumption, high rigidity, and multi-functionality.

Sub6 - Front End Module

These are RF Front End modules used in the front-end for communication in the 5G Sub6 band. These components support two-way receptions between smartphone devices and base transceiver stations.

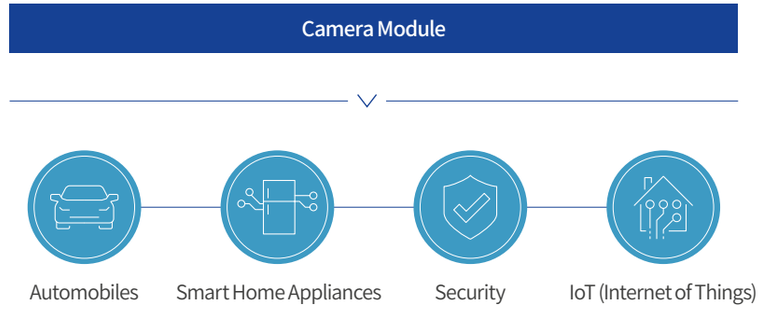
Combining our optical lens design, circuit design, packaging, and software technologies with expertise in materials, Samsung Electro-Mechanics offers various camera and wireless communication modules and solutions that meet our customers' needs.

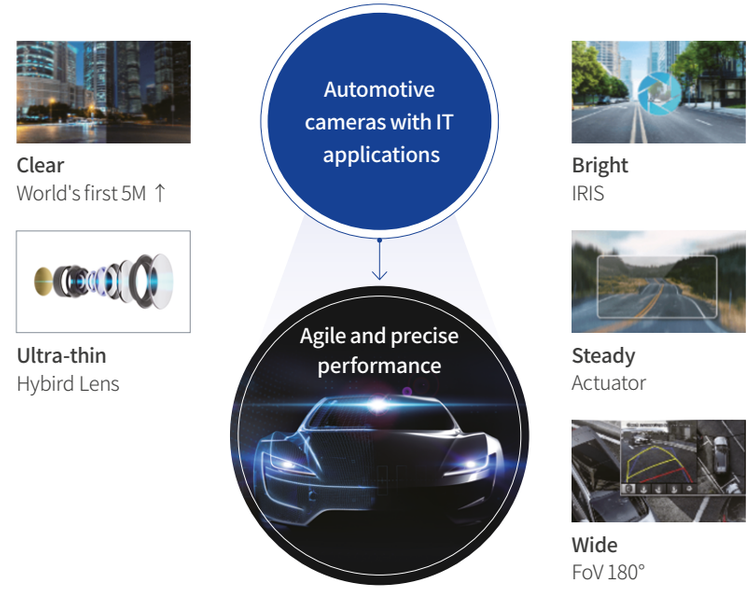
Camera Module

Camera module provide optimal solutions with our ultra-precise, high-performance actuators manufactured by internal expertise in lens design, mold technology, autofocus, and optical image stabilization, as well as software technology. Based on these strengths, we are focusing on our competitiveness to expand our business into the automobile industry.

Samsung Electro-Mechanics is focusing on our capacity to broaden their applications, which are currently centered around personal devices such as mobile phones and increasingly expanding into areas such as automobiles, smart home security systems, and IoT (Internet of Things). Beyond the boost in smartphone sales, the market size itself is growing due to technological advancements in camera module such as autofocus, optical image stabilization (OIS), and multi-camera system with folded optics. In response to these trends, Samsung Electro-Mechanics is leading the industry in bringing diverse experiences to users with unparalleled lens and actuator technologies for designing and manufacturing camera module. We continue to develop superior solutions by incorporating IT camera technologies into automotive cameras.

Camera Module Applications





Communication Module

With the sophistication of data communication and the increase of mobile devices such as smartphones, the market for RF (Radio Frequency) modules such as cellular FEM (Front End Module), a core component for wireless communication, is also expected to grow. In addition, with the rise of the Internet of Things, the M2M (machine-to-machine) communication module market is expected to flourish along with products and services that apply communication technologies between various identities. Now that the market and technological bases are being formed for hyper-connected 5G communication, considered the new paradigm of communication, another watershed point is expected to arrive soon.

We are meeting consumer demands by internalizing core components such as circuit design and IC (Integrated Circuit), enhancing complexity, achieving more compact and thinner sizes through package technology, and acquiring mobile devices using software technology and system solutions necessary for M2M. Our next step is accomplishing technological convergence in diverse applications by utilizing Samsung Electro-Mechanics' internalized technological capacities such as passive components, magnetic materials, and substrates.

Samsung Electro-Mechanics plans to strengthen our market dominance by strengthening the lineup of high-performance products and distinguished new products, focusing on growth markets, continuing tailored marketing and technical support for customers, and obtaining a competitive advantage through reducing costs.

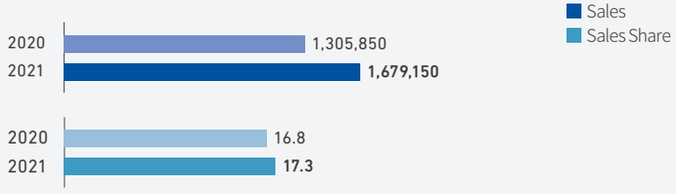
PACKAGE SOLUTION

Package Solution

Our package solution business offers printed circuit boards. Main products include our semiconductor package substrates that connect semiconductors and electronic components electrically and mechanically support circuit connections. They are used in all industries, from IT and home appliances to automobiles, aircraft, and ships.

Sales and Sales Share of Package Solution Business

(Data Coverage: 100%, Unit: KRW million, %)

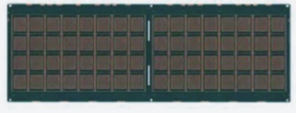


FCBGA
(Flip Chip Ball Grid Array)

FCBGA is a highly integrated package substrate that connects to semiconductor chips using Flip Chip Bump with increased electric and thermal functionalities. High integration of CPU substrate circuits requires increased number of substrate layers and fine-matching between layers, while demanding the abillity to manufacture this substartes for slimming sets simultanuously.

FCCSP
(Flip Chip Chip Scale Package)

FCCSP is a substrate where semiconductor chips are connected using ball-shaped bumps instead of wire bonding. The board is no bigger than 120% of the chip and has applications in AP (Application Processor) chips inside mobile IT devices.



The package solution of Samsung Electro-Mechanics' electronics segments, including smartphones and computers, comprise our upstream business, while the downstream business consists of materials such as ink, boards and facilities, including plating, printing, and exposure. As they are highly interrelated, they have an immense synergistic impact. Because we are in the process industry that requires massive investment and a complex set of technologies, such as chemical, electrical, and mechanical processing, the barrier to entry is very high.

Due to the high-end performance of semiconductors, substrates are becoming enlarged with higher densities and multiple layers. High-end products such as AP boards, 5G antenna boards, as well as substrates for laptops, servers, and networks are driving market growth. Emerging markets such as India, South America, and Africa have relatively higher rates of economic growth compared to the global average rate and are being rapidly industrialized. The rise in demand in these markets is expected to vitalize the upstream industries, such as entry-level smartphones, TVs, and laptops, and lead to the growth of the substrate market as well.

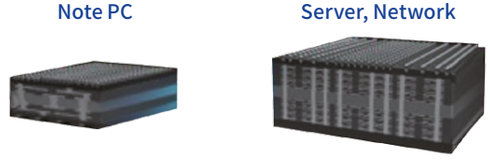
Samsung Electro-Mechanics has maintained close relations with clients through the long-term accumulation of material control, process technology, manufacturing, and steady supply. We also continue to focus our outstanding R&D capabilities on developing new technologies and products, such as micro-circuit patterns and next-generation packages.

To further enhance our market leadership, Samsung Electro-Mechanics is responding to the increased functionalities and super-small, thin, and light-weight trend of IT devices by producing high-density, multi-layered, and thin boards and micro-line width for semiconductor package substrates. We accommodate customer demands with a competitive edge in material and equipment technology. For instance, our bending control capacity prevents the bending of super-thin boards, and technological advance allows the micro-fine line widths.

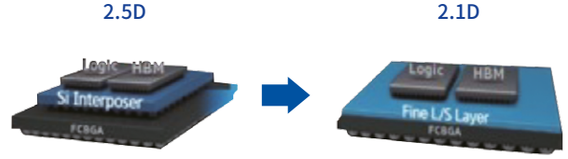
Thin Shaping (Coreless)

Passive Components Embedding

Enlarged with Multiple Layers



Fine Line & Space



OUR APPROACH TO SUSTAINABILITY

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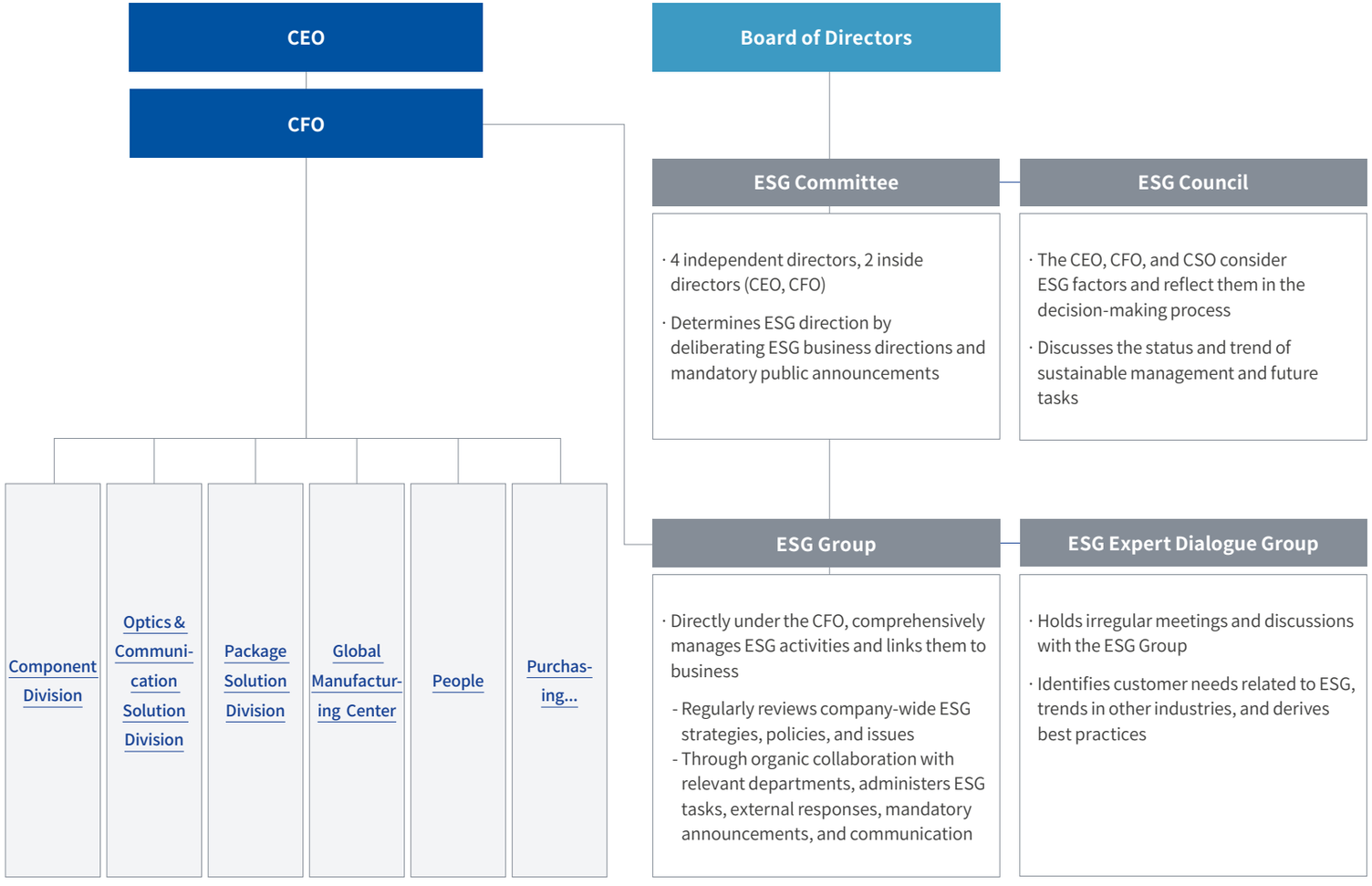
SUSTAINABILITY STRATEGY

| Sustainability Management Governance Framework |



ESG Committee

Samsung Electro-Mechanics actively promotes sustainability management to create value and share it with stakeholders. In October 2021, we established the ESG Committee under the board of directors. The ESG Committee serves as the highest decision-making body that implements projects in major ESG fields and reviews disclosures related to ESG for Samsung Electro-Mechanics to fulfill our social responsibilities. The committee consists of four independent and two inside directors. In 2022, we elected Lee Yun-jeong, an environmental lawyer at Kim & Chang, as an independent director to achieve both diversity and expertise.

ESG Council

Samsung Electro-Mechanics operates the ESG Council presided by the CEO. Its members include the CEO, CFO, CSO (Chief Safety Officer), heads of each business division, People Team leader, Safety and Environment Team leader, and Infrastructure Team leader. By linking ESG factors with existing business activities and strategies, we ensure that global management trends from an integrated perspective are reflected in the Samsung Electro-Mechanics' decision-making process. Key issues include the current status of our sustainability management, recent trends, and prospective projects. We have also installed the ESG Group directly under the CFO in 2021 to lead the incorporation of ESG factors into our management. The ESG Group creates synergies through organic collaboration with each department in activities such as ESG committee and ESG evaluation agencies, client response, publication of sustainability reports, and communication. We pursue sustainable development by strengthening communication with external stakeholders.

ESG Expert Dialogue Group

The ESG Group operates a dialogue group with ESG experts for consulting and collecting opinions on ESG activities from various stakeholders, including investors, academics, evaluation agencies, and NGOs, and discussing new ESG trends. We seek to become a global company that complies with a higher level of social responsibility by reviewing their opinions and reflecting them in our ESG policies.

ESG Focus Areas

Samsung Electro-Mechanics has established a sustainability management strategy and vision to create value for our stakeholders, carry out sustainable growth, and enhance the value of our company. We have selected seven focus areas after examining the level of interest and global trends in ESG in the electrical and electronic components industry. To concentrate on these and related projects, we have organized the ESG Committee, a subcommittee of the board of directors, and the ESG Council, a working-level operating group, to monitor and implement the progress of each project. In addition to the seven focus areas, we plan to monitor and manage ongoing global trends for other ESG focus areas. We will further strengthen ESG capabilities, enhance our corporate value, communicate with stakeholders, and promote both inside and outside the company to transform our employees' ESG awareness.

Sustainable Challenges for a Better Planet & Life

Environment	Social	Governance
Energy & Emissions · Continued efforts to reduce GHG emissions for carbon neutrality · Expanding the lineup of eco-friendly certified products	**Diversity & Inclusion** · Participatory subcommittees for collecting diverse feedback · Improving interactive communication channels · Fostering more women leaders	**Governance & Risk Management** · Establishing sustainable growth engines for the company through enhancing board members' expertise · Improving the ESG Committee's executive ability · Operation of the ESG Council · Development of a data-driven digital ESG platform
Waste & Recycling · Plan to obtain zero waste-to-landfill certification for all business sites by 2025 · Further investment in the waste resource circulation	**Decent Work** · Expansion of the flexible working system · Introduction of personalized employee benefit system · Enhanced experience through employee career planning	
Water Managemen · Increasing water reuse · Expansion of water reuse facilities across all business sites	**Community Relations** · Advancing youth education projects · Encouraging employee talent contributions · Creating a healthy donation culture	

Awards and Certifications

Key Results

Samsung Electro-Mechanics is strengthening communication related to Social Responsible Investment (SRI), which values disclosure of environmental and social performance. Socially responsible investment is a key long-term corporate investment evaluation index for major domestic and overseas investors, such as global pension funds. There is a growing trend of disclosing ESG information such as ethics, human rights, environment, and governance to shareholders and investors. As such, Samsung Electro-Mechanics strives to provide timely information on important issues such as transparent management and ESG activities. In turn, we have acquired Grade A from the Korea Corporate Governance Service's integrated ESG rating for 4 consecutive years and Low Risk from Sustainalytics ESG Risk Ratings. We were also included by Dow Jones Sustainability World Index (DJSI) for 13 consecutive years and the FTSE4Good Index for 11 consecutive years.

Awards and Certifications

Included in DJSI World for 13 Consecutive Years	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
Included in FTSE4Good for 11 Consecutive Years	FTSE4Good
Acquired Grade A from the Korea Corporate Governance Service for 4 Consecutive Years	KCGS Korea Corporate Governance Service
Obtained Low Risk from Sustainalytics ESG Risk Ratings	SUSTAINALYTICS a Morningstar company RATED

Won the Bosch Global Supplier Award
- For supplying anti-lock braking system (ABS), advanced driver assistance system (ADAS), and MLCCs for automotive powertrains

Won the Outstanding Corporation Award (Philippines business site)
- Organized by PEZA (Philippine Economic Zone Authority)
- Inducted into the Hall of Fame in all fields, including Export, Employer, Community Project, and Environmental Performers

Busan business site became the industry's first to acquire the Zero Waste to Landfill validation
- Gold validation from UL (Underwriters Laboratories) for generating zero waste to landfill
- Average waste recycling rate at Busan business site: 97.2%

MLCC received simultaneous carbon and water footprint certification for the first time in the semiconductor package substrate industry
- English Carbon Trust Certification
- Obtained carbon and water footprint certification from Korea Environmental Industry & Technology Institute

Suwon business site recognized for "Excellent Promotion of Worker Health"
- Selected by KOSHA as "Excellent Business Site for Promotion of Worker Health" in 2021
- First among Samsung manufacturing affiliates, highest score among excellent business sites (90.5 points)

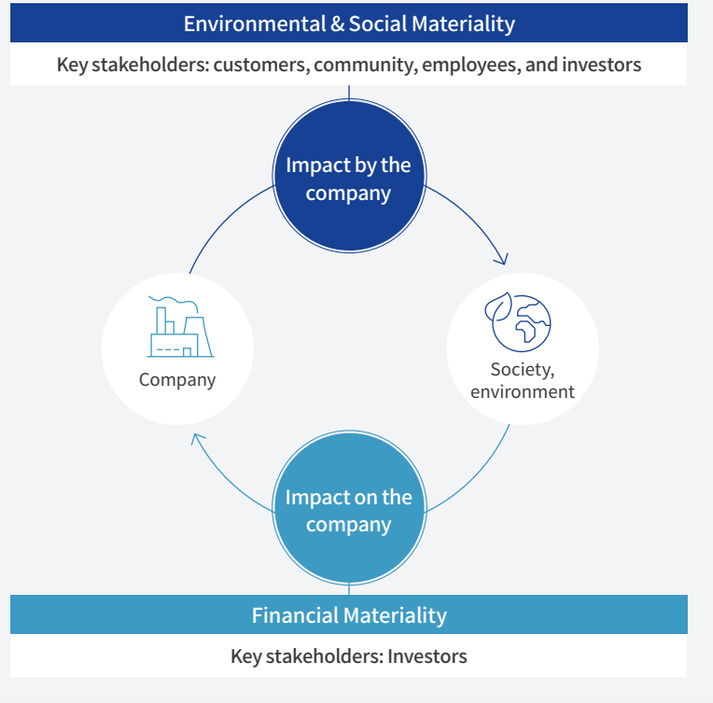
MATERIALITY ANALYSIS

Samsung Electro-Mechanics has conducted a materiality analysis to identify sustainability issues that are critical to our stakeholders, including customers and investors, and to establish appropriate response strategies. The Materiality Analysis is an in-depth analysis of the opportunities and risks that we face in each of our stakeholders' areas of interest and serves as an important process for selecting key sustainability issues for Samsung Electro-Mechanics. We selected key issues by applying a double materiality analysis to bolster the reliability of the materiality analysis of the 2021-2022 Sustainability Report and to reflect the latest disclosure standards. Moreover, from our critical responses, key issues for sustainability management have been selected. Key issues derived through this process coverd in detail in the ESG Highlights in the structure of Goals-Progress in 2021-Looking Ahead.

Double Materiality Analysis

The double materiality analysis simultaneously examines the social and environmental impact of a company from an external perspective and assesses its financial importance from an internal perspective. Recent trends have emphasized the adoption of double materiality - reflecting corporates' internal and external impact - on the key issue selection process, as shown in global sustainability management disclosures such as the EU's(European Union) CSRD(Corporate Sustainability Reporting Directive) and GRI(Global Reporting Initiative) Standards. Accordingly, Samsung Electro-Mechanics has also applied the analysis to reflect the latest sustainability management disclosure standards and enhance our reliability in identifying key issues.

The Concept of Double Materiality



Analysis Process

The double materiality analysis for Samsung Electro-Mechanics' 2021-2022 Sustainability Report was conducted over five steps, including ESG issue pool composition, social and environmental impact analysis, financial impact analysis, key issue identification, and issue reporting. A pool of 21 issues was formed to evaluate the materiality, and detailed processes such as media research, analysis of domestic and overseas ESG standards such as GRI and K-ESG, stakeholder survey, competitor benchmarking, and employee survey on the impact of ESG issues were conducted. The detailed materiality analysis process is as follows.

Materiality analysis process

01 I Configuring a pool of ESG issues

- Identifying issues based on ESG strategic goals, in consideration of key stakeholders, external factors (media / exemplary businesses in the industry), business impact, and urgency
- Retitling the issues in line with international standards
- Confirming validity of issue, in consideration of global and local ESG standards (GRI, RBA, SASB, TCFD, UN SDGs, K-ESG) and evaluation institutions (CDP, DJSI, KCGS, MSCI)
- Deriving a pool of 21 key issues

02 I Social and environmental impact analysis

- Media analysis
- Analysis of global and local standards (GRI, RBA, UN SDGs, K-ESG) and evaluation institutions (CDP, DJSI, KCGS, MSCI)
- Stakeholders survey
- Analysis of competitor issues
- Executive survey
- Calculating social and environmental impact scores through quantification of each area

02 I Analysis of the financial Impact

- Weight of respective issues from finance-related ESG rating agencies
- Inquiry to major investors
- Analysis of global disclosure standards in relation to financial impacts of ESG factors (SASB, TCFD)
- Calculating financial impact scores through quantification of each area

03 I Deriving key issues

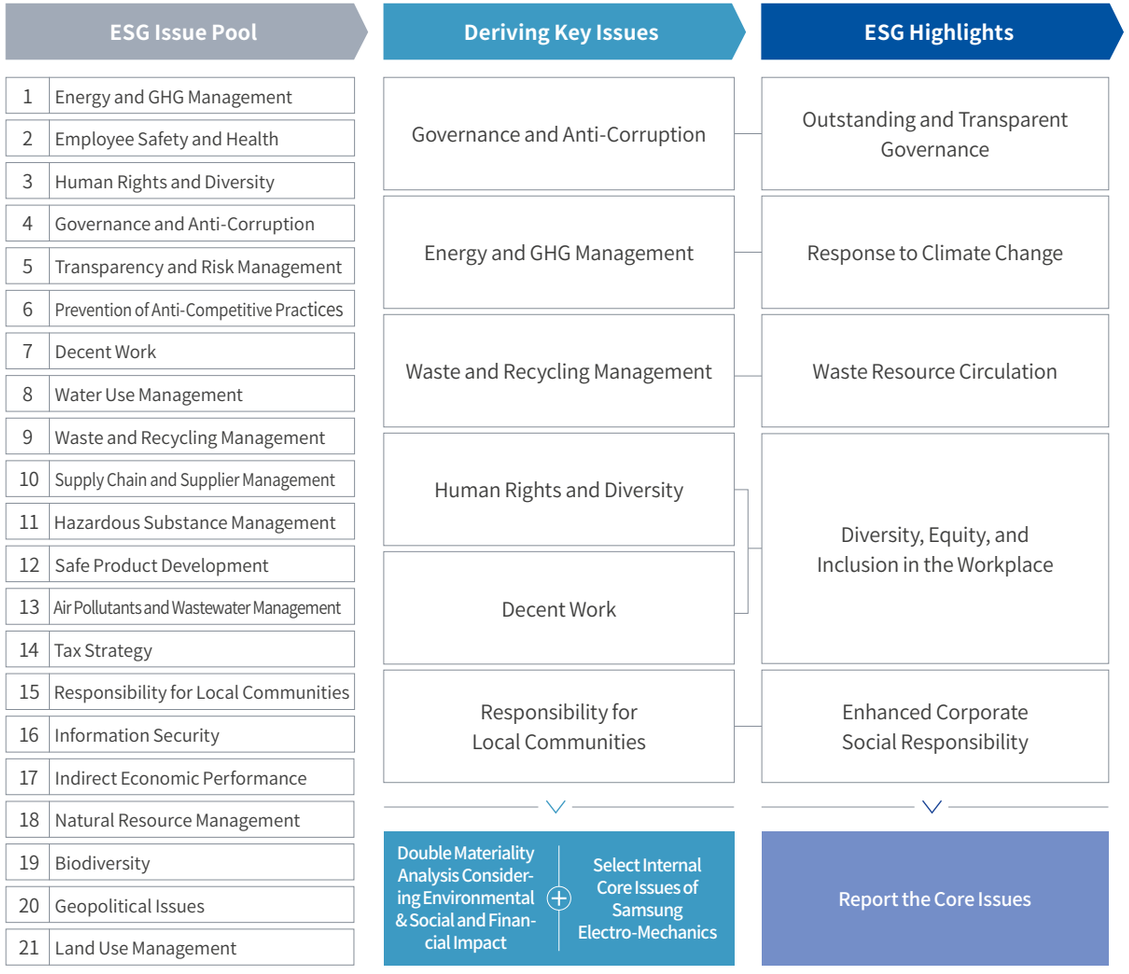
- Prioritizing issues by analyzing social, environmental, and financial impacts
- Deriving key issues based on evaluation results

04 I Reporting the issues

- Reporting issues through Samsung Electro-Mechanics' 2021-2022 Sustainability Report
- Reflecting the evaluation results in the report

Reporting key Issues

In our sustainability report, Samsung Electro-Mechanics discloses the key issues selected through double materiality analysis in detail. ESG Highlight emphasizes sustainability management issues with high impact priorities and issues that Samsung Electro-Mechanics considers critical, and all other issues are systematically explained under the Sustainable Planet, Sustainable People, and Sustainable Progress categories of the ESG Factbook.



Stakeholder Engagement

Samsung Electro-Mechanics values open communication with our stakeholders. Based on transparent management activities and mutual trust, we conduct exchanges via point of contact for each stakeholder. Their opinions are reviewed carefully and reflected in our sustainability policy. To provide transparent and accurate information, we continue to improve the quantity and quality of the information we disclose through sustainability reports and our website.

Stakeholder Engagement

Stakeholders	Main Interests	Communication Channels	Main Activities
Customer	· Product and service quality · Accurate product information · Prompt response · Transparent communication	· Newsroom, social media channels · Online Exhibition Hall 2022 · Product catalog · Component Library	· Quick delivery of Samsung Electro-Mechanics' latest news · Attention to customers' voices and exploring solutions · Introduction of the latest technology and industry trends · Monitoring and adjusting hazardous substance policy for different customers and countries
Shareholder and investor	· Financial Performance · ESG risk management · Stable corporate operations · Transparent disclosure of information	· General meeting of shareholders · Analyst meetings · Quarterly management meetings · Newsroom	· Transparent operations and disclosure of governance · Efforts to strengthen shareholder return · ESG Committee under the board of directors · Quarterly Earnings Release
Employee	· A safe workplace and delightful working environment · Employment relations · Mental health · Opportunities for learning and growth · Benefits and rewards	· Hanulim Council (works council) · Mental Health Center · Education platform · Compliance program · One-on-one meetings	· Listening to employees' voices and solving difficulties · Counseling and meditation classes for employee mind health · Customized training programs · Compliance training and item-specific manuals
Supplier	· Strategic partnerships · Fair trade · Shared growth · Workers' human rights	· Win-win Cooperation Academy · Supplier Code of Conduct · Workshops for the head of suppliers · Shared growth programs · Purchasing portal	· Attention to suppliers' voices and exploring solutions · Strengthen suppliers' regulatory response capabilities · Strengthen joint development cooperation · Conduct compliance management evaluation
Local community	· Revitalize the local economy · Corporate social responsibility · Local environment protection	· Meetings with local autonomous governments · Meetings with welfare agencies	· Environmental conservation activities near business sites · Sharing through employee volunteer activities · Social contribution programs related to education and employment
Press	· Transparency of information · Accuracy of information · Speed of information	· Press release · Newsroom · Seminar for journalists	· Quick delivery of Samsung Electro-Mechanics' latest news · Seminars on industry trends, technology, and product knowledge

ESG HIGHLIGHTS

CONTENTS

OUTSTANDING AND TRANSPARENT GOVERNANCE

Outstanding and transparent governance is considered directly linked to delivering the interests of stakeholders, including shareholders and customers, and the long-term growth of the company. To strengthen the expertise and diversity of the board and to secure its independence and transparency, Samsung Electro-Mechanics established an ESG committee under the board of directors, appointed additional female independent directors, and introduced an electronic general meeting of shareholders. To solidify our outstanding governance, we plan to appoint independent directors who are experts and capable of maintaining their independence, and will continue to operate the electronic voting system for the general shareholders' meeting.

| GOALS |

Expertise and Diversity in the Board of Directors

- Establishment of the ESG Committee and appointment of independent directors in the environment sector
- Achieving and maintaining a 50% of female independent directors

Independence and Transparency of the Board of Directors

- Separate appointment of CEO and Chairman of the board
- Maintaining the ratio of independent directors as more than 50%
- Comprising all members of the 4 committees with independent directors except for the Management Committee and the ESG Committee
  - Audit Committee
  - Internal Transaction Committee
  - Independent Director Candidate Recommendation Committee
  - Compensation Committee
- Operating electronic general meeting of shareholders

PROGRESS IN 2021

Expertise and Diversity in the Board of Directors

Establishment of the ESG Committee and Appointment of Independent Directors in the Environment Sector

Samsung Electro-Mechanics has established an Independent Director Candidate Recommendation Committee within the board of directors to elect competent and diverse directors. When selecting independent directors, we exclude discriminatory factors such as place of origin, gender, occupation, race, and nationality. Moreover, we appoint experts from the fields of law, finance, ESG, economics, and engineering.

In 2021, the ESG Committee was newly established under the board to promote sustainable growth and development. The ESG Committee, consisting of 4 independent directors and 2 inside directors, includes environmental, social, and governance experts. It has strengthened the competence by appointing Lee Yoonjeong, an independent director who is active in various institutions as an environmental and legal expert, as the chair.

Enhancing Diversity by Appointing 50% of Independent Directors as Women

Samsung Electro-Mechanics is promoting the diversity of the board, reflecting various feedback from stakeholders, including shareholders and customers, and to practice sustainability management. We have been consecutively appointing female independent directors since 2014, including one more in 2022.

Percentage of female independent directors — 50%

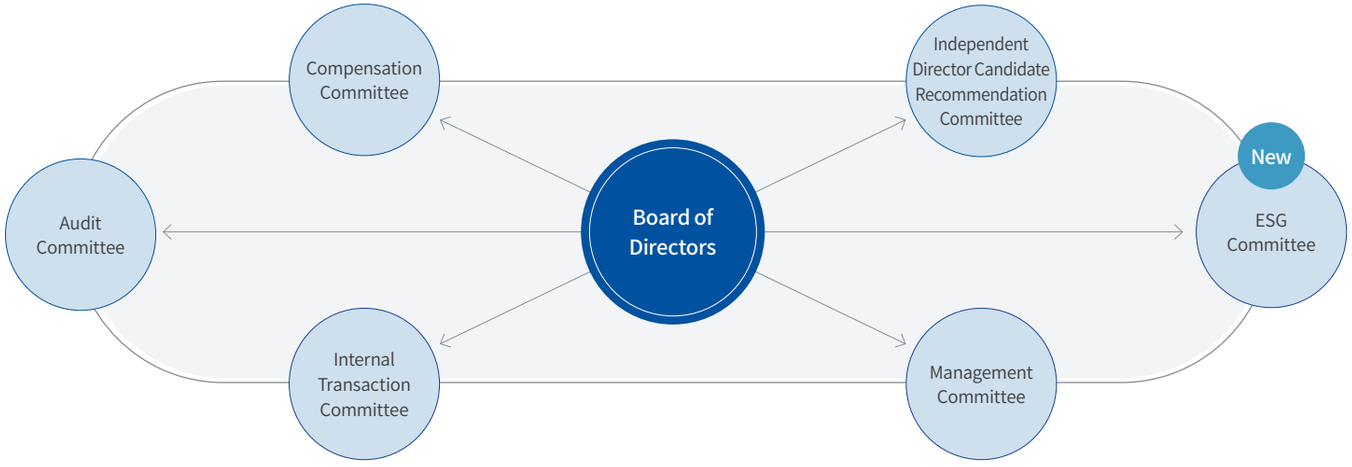
Corporate Training Support for Board-Centered Management

In 2021, Samsung Electro-Mechanics provided six training sessions, including regular product training and site visits, to help independent directors conduct active and diverse activities on the board and affiliated committees based on a comprehensive understanding of the company's business and sufficient information.

Reinforcing Training Programs for Board of Directors' Expertise

Samsung Electro-Mechanics provides a variety of training to enhance the board's expertise. For independent directors to be more active and independent, we provide all the necessary support including regular visits to domestic and overseas business sites and provision of updates on the company's current status. In 2021, Samsung Electro-Mechanics supported six training sessions for independent directors to prepare for their professional service on the board of directors and its committees.

Composition of the Board of Directors



Training Support for Independent Directors in 2021

Training date	Instructor	Main content
Jan 27	Kim & Chang	The role of the Board of Directors in the ESG Era (Identifying ESG trends in Korea and abroad, ESG risk management strategies)
April 28	Samsung Electro-Mechanics	Status of corporate social responsibility (Corporate social responsibility projects, annual donations)
July 28	Samsung Electro-Mechanics	MLCC products and market conditions
July 28	Samil PwC	Advance notice on the focused review of financial statements by the Financial Supervisory Service in 2022
October 27	Samil PwC	Evaluation checkpoints on the Audit Committee's internal accounting management system
December 8	Samsung Electro-Mechanics	Substrates and market conditions

Independence and Transparency of the Board of Directors

Separate Appointment of CEO and Chair of the Board and Retention of an Independent Director Majority

Since 2016, Samsung Electro-Mechanics has separated the chair of the board of directors from the CEO to ensure the independence of the board of directors and has appointed an independent director as the chair of the board. Also, 4 out of 7 board members are independent directors (57%) so that the board can make objective and independent decisions.

For the board's independent operations, 4 committees under the board—Audit, Internal Transactions, Independent Director Candidate Recommendation and Compensation—excluding the Management and ESG Committees, are operated exclusively by independent directors. In particular, since 2021, all members of the Compensation Committee have been independent directors to enhance the objectivity and transparency of the directors' remuneration process. However, the newly organized ESG Committee in 2021 includes inside directors to verify the applicability of agendas and implement them in earnest.

Reinforced Independent Director Support for Board of Directors' Independence

To assist independent directors in important decision-making processes, Samsung Electro-Mechanics supports them to the best of our ability by referring them to external experts such as legal counsel and accountants. We also organize meetings to share opinions and gather suggestions from them about communication between independent directors and management as a whole. Six such meetings have been held in 2021.

Independent Operation of the Audit Committee

All members of the Samsung Electro-Mechanics' Audit Committee are independent directors. This helps ensure independence from management and governance to maintain the objectivity and transparency of audits. In accordance with Article 13 of the Audit Committee regulations, the Audit Committee may solicit advice from external experts at the company's expense when necessary for business purposes. They have been given a greater scope of access to management information to enhance the committee's objectivity in auditing the board's agendas and decisions. We have designated a support department for the Audit Committee for its sound operations. The Accounting Group under the Finance & Accounting Team supports the practical work necessary to perform the Audit Committee's business, such as responding to the Committee's requirements, issuing key data related to financial reporting, and conducting meetings. The Internal Accounting Management Group under the Finance & Accounting Team assists the Audit Committee in comprehensively evaluating the design and operation of the internal control system. Additionally, the Internal Audit Department under the Auditing Team reports to the Audit Committee twice a year on internal audit results, audit plans, and fraud risk assessment results.

Training for the Audit Committee

To enhance the capacity of Audit Committee members in their required tasks, Samsung Electro-Mechanics conducted 2 training sessions at Samil PwC in 2021. The sessions focused on changes in accounting policies, laws and the Audit Committee's roles and responsibilities. The main content includes an advance notice on the focused review of financial statements by the Financial Supervisory Service and evaluation checkpoints on the Audit Committee's internal accounting management system. The Audit Committee may also solicit advice from external experts at the company's expense when necessary for business purposes, in accordance with Article 13 of the Audit Committee regulations. In 2021, we conducted the necessary training for the Audit Committee through external auditors.

Training for the Audit Committee throughout the recent 3 years

Training date	Instructor	Participating committee members	Main content
Feb. 26, 2019	EY Hanyoung	Choe Hyuncha, Kwon Taekyun, Kim Yongkyun	- Background and impact of standard audit hours
Jul. 24, 2019	EY Hanyoung	Choe Hyuncha, Kwon Taekyun, Kim Yongkyun	- Impact and implications of reinforced regulations on external audits
Jun. 23, 2020	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	- Changes in the financial environment in 2020 and the role of the Audit Committee - Trend analysis by the Audit Committee
Oct. 21, 2020	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	- Analysis of audit reports on listed companies and examples of accounting and supervision enforcement actions in 2019
Jul. 28, 2021	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	- Advance notice on the focused review of financial statements by the Financial Supervisory Service in 2022
Oct. 27, 2021	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	- Evaluation checkpoints on the Audit Committee's internal accounting management system

Electronic General Meeting of Shareholders

Samsung Electro-Mechanics introduced an electronic general meeting of shareholders in 2021 to reinforce transparency and improve the active participation of shareholders. To make it more convenient for shareholders to attend regular shareholders' meetings, we strongly recommended their participation via the online live broadcast, and boosted their participation in the management decision-making by introducing an electronic voting system.

Active Communication with Stakeholders

Samsung Electro-Mechanics has built stable relationships based on trust with our shareholders, investors, and customers through engaging communication. To reflect our corporate values fairly, we hold quarterly earnings briefing sessions to introduce the current business and management status and deliver information on the company's growth and profitability. The management directly explains our performance and holds Q&A sessions to communicate directly with shareholders and investors. After each quarterly earnings announcement, we hold meetings and introduce the main business strategy to major institutional investors and analysts in Korea and abroad. Moreover, we listen to the interests of capital markets and opinions on Samsung Electro-Mechanics to reflect on the company's management strategy.

Communication Activities with Stakeholders

Shareholders

Quarterly earning release conference call

Investors

IR meetings for major institutional investors in Korea and abroad

Customers

Constant disclosure of the company's financial and non-financial performance on the website

Anti-Corruption

Providing Anti-Corruption Training for Employees

To establish an organizational culture with integrity, Samsung Electro-Mechanics is preventing corruption through a detailed Anti-Corruption Code Of Conduct within the "Employee Guidelines," which covers suppliers, company funds, assets, work discipline, and leakage of information and workforce. As part of anti-corruption risk management, we conduct fraud prevention training for all employees in domestic and overseas business sites (including part-time employees) every year. We also strive to prevent corruption by providing separate anti-corruption training for leadership, including executives, managers, and expatriates. As of 2021, 100% of employees have completed employee ethics training, and to increase their participation rate, we offer both offline and online training courses.

Completion rate of employee ethics training — 100%

Efforts to Prevent the Recurrence of Corruption

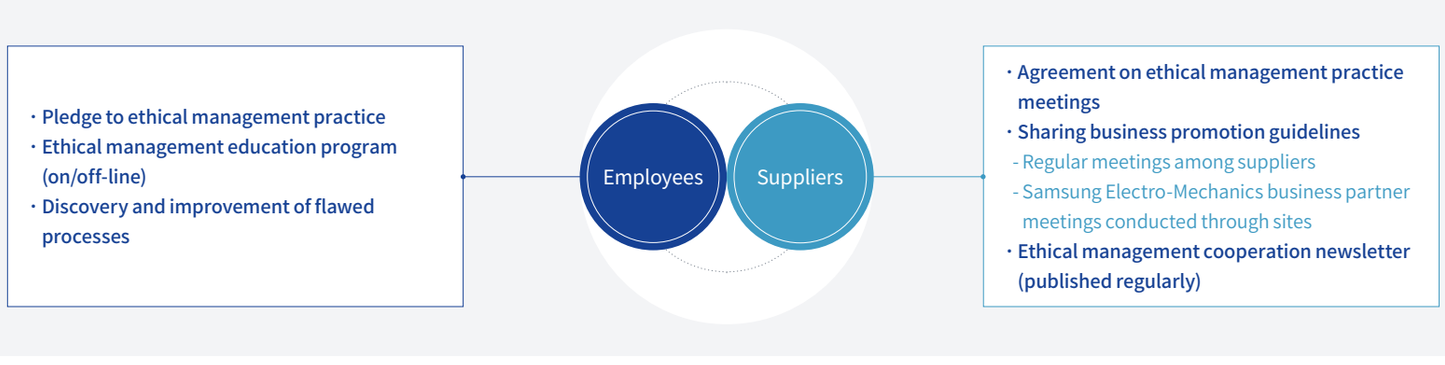
Samsung Electro-Mechanics is committed to preventing the recurrence of corruption by providing customized training and clear guidelines for the sectors where related incidents have occurred. To raise awareness and alert employees on ethics, everyone at Samsung Electro-Mechanics, including the executives, annually make their "Pledge for Compliance and Ethical Management." We publish cases of quarterly incidents on our intranet. Moreover, in addition to the around the clock audits through our monitoring system, we have annually established and implemented regular audit plans for anti-corruption and/or fair trade violations for each domestic and overseas production and sales sites and execute audits accordingly. After the audits, we take anti-corruption actions such as immediate corrective measures and horizontal deployment in the sectors where vulnerable processes are identified.

Ensuring the Transparency of Corruption Reporting Channels

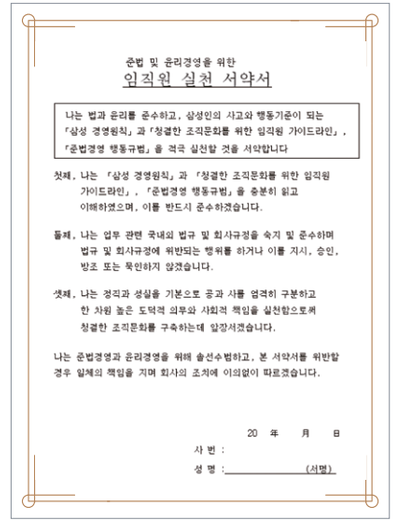
Samsung Electro-Mechanics operates a variety of information and consultation channels for stakeholders to prevent corruption. Currently, we are receiving reports at all times through the "Cyber Audit Office for Ethics Management" website, e-mail, mail, and telephone. The Ethics Management website is supported in Korean, English, Chinese, Japanese, and Vietnamese so that domestic and overseas stakeholders and whistleblowers can access it at any time to report on the misconduct or unfair conduct of employees. In addition, to improve our employees' access to internal reporting channels, we have improved the webpage for reporting ethics management violations on the main screen of our official website.

In accordance with the confidentiality principle, Samsung Electro-Mechanics thoroughly protects the identity of informers and whistleblowers and takes severe disciplinary actions against retaliatory measures such as disclosing the identity of whistleblowers or demoting them.
When any misconduct or unfair actions of employees are reported, the relevant department takes corrective action after determining the facts about the report. Then, the relevant department responds to the informer and whistleblower with the results. Fraudulent employees undergo severe disciplinary actions, and we also take serious measures against retaliation, such as disclosing the identity of whistleblowers or demoting them. Severe disciplinary measures are taken on employees and executives involved in corruption. For the suppliers who offer money or valuables to employees, measures such as suspension of trade or prevention of recurrence are taken depending on the severity of the matter.

Fraud Prevention at Samsung Electro-Mechanics



Pledge to Practice Ethical Management


준법 및 윤리경영을 위한
임직원 실천 서약서

나는 법과 윤리를 준수하고, 삼성인의 사고와 행동기준이 되는 「삼성 경영원칙」과 「청결한 조직문화를 위한 임직원 가이드라인」, 「준법경영 행동규법」을 적극 실천할 것을 서약합니다

첫째, 나는 「삼성 경영원칙」과 「청결한 조직문화를 위한 임직원 가이드라인」, 「준법경영 행동규법」을 충분히 읽고 이해하였으며, 이를 반드시 준수하겠습니다.

둘째, 나는 업무 관련 국내외 법규 및 회사규정을 숙지 및 준수하며 법규 및 회사규정에 위반되는 행위를 하거나 이를 지시, 승인, 방조 또는 묵인하지 않겠습니다.

셋째, 나는 정직과 성실을 기본으로 공과 사를 엄격히 구분하고 한 차원 높은 도덕적 의무와 사회적 책임을 실천함으로써 청결한 조직문화를 구축하는데 앞장서겠습니다.

나는 준법경영과 윤리경영을 위해 솔선수범하고, 본 서약서를 위반할 경우 일체의 책임을 지며 회사의 조치에 이의없이 따르겠습니다.

20 年 月 日

사 번 :

성 명 : (서명)

LOOKING AHEAD

EXPERTISE AND DIVERSITY IN THE BOARD OF DIRECTORS

1 **Appointment of independent directors who can contribute to the sustainable growth of the company**
Appointment of directors with expertise and experience in ESG, engineering, corporate management, law, accounting, etc.

2 **Provision of regular professional training for directors**
Various training programs on products, technology, business strategy, technology trends, CSR, and management site visit

3 **Pursuit of diversity in independent directors' specialties**

4 **Promoting gender diversity on the board of directors (at least 2 female independent directors)**

INDEPENDENCE AND TRANSPARENCY OF THE BOARD OF DIRECTORS

1 **Continued discovery of candidates for independent directors who are not in a special relationship with the executives and can maintain the independence of board of directors**

2 **Constant operation of the electronic voting system at the general meeting of shareholders**

3 **Online live streaming of general meeting of shareholders**

RESPONSE TO CLIMATE CHANGE

The international society recognizes climate change as a top priority in order to minimize the environmental impact of business and allow future generations to enjoy the earth environment. Samsung Electro-Mechanics is actively participating in climate change response through analysis and prediction of GHG emissions, carrying out enterprise-wide energy reduction activities, and obtaining eco-friendly product certifications. In particular, we strive to meet our annual GHG reduction goals and detailed targets. In the future, we will organize a step-by-step strategy to become carbon neutral, expand the acquisition of eco-friendly product certifications, introduce high-efficiency facilities in the business site, and establish measures to secure renewable energy.

GOALS

Reduction of Carbon Emissions

- 7% reduction by 2025 compared to 2014
- Monitoring the carbon emissions of key products through the acquisition of eco-friendly product certifications
- 100% electric vehicle conversion of corporate business vehicles by 2030

Energy Saving

- Average annual savings of 7% from 2022 to 2025 compared to power usage forecast
- Introduction of high-efficiency utility to replace old utility equipment at business sites
- Steady energy savings activities with company-wide TF (Task Force) group

Renewable Energy Use

- Effort to transition into 100% renewable energy by 2050

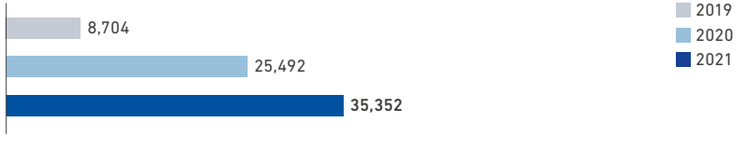
PROGRESS IN 2021

Response to Climate Change

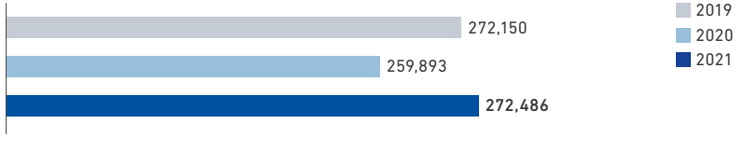
To reduce GHG emissions based on company-wide GHG and energy management business policies (including domestic and overseas business sites), Samsung Electro-Mechanics predicts and evaluates GHG emissions and climate change risks by identifying the future expansion of production lines, production increase, and the recent five-year trend of GHG emissions. We set year-by-year reduction goals and carry out goal-based reduction plans to analyze the target achievement rate regularly.

Despite internal changes such as new business divisions and additional overseas factories and market variables such as the increase in demand for electric and electronic components, in comparison to 2014, we aim for 7% reduction in GHG intensity relative to overall sales by 2025 and 57% reduction in absolute volume by 2040. Samsung Electro-Mechanics will strive to achieve its GHG reduction goals through 3 years of energy reduction tasks, raising the efficiency of production and utility facilities, and the replacement of major facilities with high-efficiency facilities.

Investments in Environment and Energy (Data coverage: 100%, Unit: KRW million)



Expenses for Operating Environment and Energy (Data coverage: 100%, Unit: KRW million)



Reduction of Carbon Emissions

Carbon Neutrality Strategy

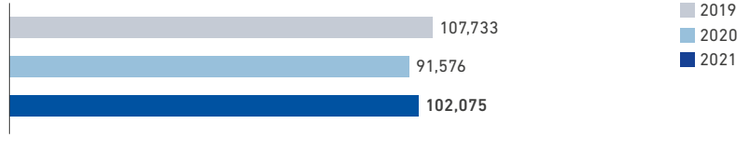
The Korean government has declared that it will achieve carbon neutrality by 2050 and set the 2030 Nationally Determined Contributions (NDCs) target to reduce emissions by 40% compared to the total emissions in 2018 (728 million tons). Samsung Electro-Mechanics is also conducting activities to go carbon neutral in line with national policy. We are reviewing the conversion of electricity consumption to renewable energy by 2050 and establishing and carrying out reduction tasks to reduce energy consumption every year. In addition, we are planning to install reduction facilities to reduce the GHG emissions produced during the manufacturing processes.

GHG Reductions

Samsung Electro-Mechanics analyzes energy consumption factors and sets goals every year. We manage energy-saving goals based on company-wide reduction activities such as improving productivity, enhancing cost competitiveness, introducing high-efficiency energy equipment and technology, and responding to climate change. These efforts have enabled us to reduce electricity and other energy consumption, which accounts for more than 90% of total GHG emissions. We have been able to further reduce GHG emissions by holding online video conferences to comply with social distancing policies.

Total GHG Emissions (Scope 1&2) (Data coverage: 100%, Unit: tCO_2e)

GHG Reductions (Energy Use: Electricity and LNG) (Data coverage: 100%, Unit: tCO_2e)



Joint Declaration for Carbon Neutrality

In 2021, Samsung Electro-Mechanics signed the 2050 Carbon Neutrality Joint Declaration by Electronic, Electric, and Battery Industries for Carbon Neutrality with seven industry leaders—Samsung Electronics, Samsung SDI, LG Electronics, LG Innotek, LG Energy Solution, LS Cable & System, and ENTEC Electric & Electronic. Together, we are participating in efforts to reduce carbon emissions in the electric, electronic and battery industry. Building on this, we have set plans for achieving carbon neutrality and will strive to identify medium-to-long-term challenges and further reduce carbon emissions.

* Source: Ministry of Trade, Industry and Energy

Response to GHG Emissions Trading System

Samsung Electro-Mechanics has been selected to participate in the national GHG emission trading system. Through internal control evaluations, we report GHG emissions and third-party verification results to the CEO and the Audit Committee of the board of directors once a year. Through the Climate Strategy Committee, which determines the sales of future emissions, we continue to operate the decision-making process in response to the emissions trading system. Headed by the committee, information and suggestions on GHG emissions and trading markets are shared between internal departments such as finance and legal affairs, and we systematically monitor GHG on a regular basis.

Systematic Energy Savings Management System

Samsung Electro-Mechanics has established an energy management system (ISO50001:2018) as part of its transition efforts, currently in operation within all domestic and overseas business sites. Since 2016, we have been operating an energy-saving organization that includes all departments—manufacturing, development, equipment, and quality control—to achieve our energy-saving goals. It analyzes energy consumption factors every year, sets goals to carry out reduction activities, and establishes standards for verification processes to manage energy saving goals systematically.

We carry out energy management in a top-down structure by including energy-related goals and factors in measuring the performance of executive officers. Furthermore, our executive council continuously discovers and promotes action items to achieve goals. Every year, we hold energy-saving awards to reward executives and employees who helped reduce energy use. It motivates our employees to save energy and increase their participation so to vitalize energy-saving activities.

Internal Carbon Cost Pricing

To identify business opportunities and risks through energy savings and GHG reduction activities, Samsung Electro-Mechanics quantitatively sets the value of carbon and determines the cost of carbon internally. Through this, we analyze the financial impact of GHG emissions and incorporate the findings into decision-making on GHG reduction effects, investment, and energy-saving projects.

Environmental Labels and Declarations

Samsung Electro-Mechanics continues to expand our carbon footprint certification by applying it to our main products. To respond to customer demands for environmental information and improve the environmental friendliness of products, we have acquired the environmental product declarations for multiple products, and their share of sales reached 3.71% in 2021. We have also adopted the self-declared environmental claims, and related products accounted for 99% of sales volume in 2021. In 2010, we obtained the MLCC industry's first environmental performance label for carbon emissions, which has since expanded to 3 product lines and 10 certifications in total, including low carbon certification. In 2021, we could accomplish the outcome of 48,448 tons of GHG reduction compared to conventional products through our certified MLCC products. In the same year, we acquired the environmental product declarations for four products including 2 BGA products and 2 MLCC products. Among them, one BGA and one MLCC product have been certified with product carbon footprint labels from UK's Carbon Trust. With the growing importance of carbon neutrality worldwide, it became imperative to monitor carbon emissions from manufacturing products. In response, we plan to keep expanding our acquisition of eco-friendly product certifications.

Environmental Labels and Declaration

Acquisition of environmental product declarations	Carbon Trust's product certification
4 products (2 BGA, 2 MLCC)	2 products (1 BGA, 1 MLCC)

First in the Industry to Acquire Product Carbon Footprint from Carbon Trust in 2021

- Simultaneous carbon and water footprint certification from UK's Carbon Trust
  - First-in-industry certification for MLCC and semiconductor package substrate
  - Official recognition of efforts to reduce carbon and water emissions in products and during manufacturing processes
  - Certification obtained from Korea Environmental Industry & Technology Institute
- Manufacturing process innovation for an aggressive response to climate change
  - Reusing wash water generated during production, switching to standby mode when production facilities are not in operation
  - Reduction of unnecessary energy by introducing real-time power and water monitoring systems

Green Purchasing

To purchase green products proactively, Samsung Electro-Mechanics opts to primarily purchase products with a valid eco-label, low-carbon certification, and certified as an outstanding recycled product. Every year, we take the initiative to report our performance to government institutions for minimizing the environmental impact from using our products.

Green Purchasing (Data coverage: 100%)

Category	Unit	2019	2020	2021
Green purchasing amount	KRW 100 million	59	25	23

Energy Saving

Operation of Energy Saving TF (Task Force)

Samsung Electro-Mechanics sets an annual energy reduction target based on a carbon-neutral system. Alongside the leadership of the Energy Saving Task Force, all employees participate in reduction activities such as improving productivity, and enhancing cost competitiveness. When manufacturing new equipment, we utilize energy-saving equipment by evaluating energy consumption specifications. When constructing new or additional buildings and factories, we select high-efficiency energy equipment, materials, and renewable energy technologies upon review.

Increase in Energy Efficiency Through Improving Working Environment

	Introduction of high-efficiency equipment and materials	Adoption of vaporizers	Replacement of old facilities
Activities	Reducing power usage by improving pump and HVAC inverter applications	Reducing fuel consumption by using air conditioning vaporizers	Replacement of old air compressors, refrigerators, and transformers with high-efficiency equipment
Expected Results	Reduced power usage	Reduced stream usage	Reduced power usage

Participation in Global Climate Crisis Response Campaigns

Samsung Electro-Mechanics participated in 2022 Earth Hour, the world's largest climate crisis response campaign hosted by the World Wildlife Fund (WWF) with our employees. It aimed to inform the seriousness of climate change and emphasize the importance of saving energy. Through the campaign, we saved about 300kW of electricity by turning off the lights at the front gates and main buildings of our business sites for one hour starting at 8:30 pm on the last Wednesday in March. We will continue to participate in global campaigns to inform internal and external stakeholders of the importance of saving energy.

Suwon Business Site Before and After Participation

Before

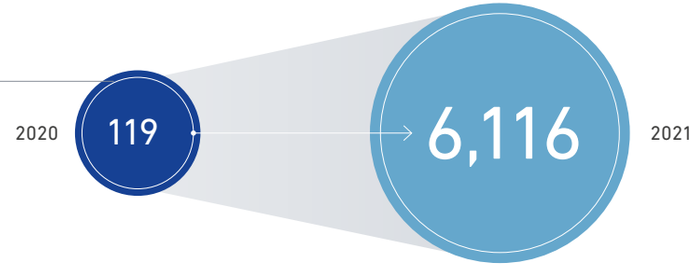
After

Earth Hour Poster

Securing Renewable Energy

Samsung Electro-Mechanics has established a mid- to long-term energy-saving plan to build a foundation for carbon neutrality. We are constantly carrying out energy-saving activities to reduce the volume of renewable energy that needs to be converted. Through solar power generation facilities (100kW), we are generating 100–120MWh of renewable energy every year. In 2021, we joined the global response to climate change by purchasing 6,000MWh of renewable energy at overseas business sites and gradually expanding the conversion to renewable energy.

Renewable Engery Acquired (Data coverage: 100%, Unit: MWh/year)



Responding to Climate Change by Converting Business Vehicles into Electric Vehicles

As part of ESG management, Samsung Electro-Mechanics is preparing to convert 100% of its business vehicles to electric vehicles. In consideration of the replacement period for current business vehicles, our plan is to convert 40% by 2025 and 100% by 2030. Also, when we go through the transition to electric cars in 2024, 2% of employee parking spaces at domestic business sites will be converted to charging stations for the convenience of employees driving electric vehicles.

LOOKING AHEAD

REDUCTION OF CARBON EMISSIONS

1. Formulation of company-wide strategic challenges for carbon neutrality
2. Measurement and monitoring of carbon emissions by each product through the additional acquisition of eco-friendly product certifications
3. Converting 40% of business vehicles into electric vehicles by 2025, 100% by 2030

ENERGY SAVING

1. Introduction of high-efficiency utility to upgrade aging utility equipment at business sites
2. Steady energy savings activities with company-wide TF group

EXPANDED USE OF RENEWABLE ENERGY

1. Focus on monitoring renewable energy policy trends in countries with business sites
2. Establishing measures to obtain renewable energy in each country

WASTE RESOURCE CIRCULATION

Waste resource circulation is imperative to use limited resources sustainably and contribute to resource circulation. By devising and applying specific ways to recycle waste generated in domestic and overseas business sites, Samsung Electro-Mechanics has been improving the waste recycling rate every year. We are reducing waste emissions and improving treatment methods through campaigns to reduce the use of disposables, obtaining zero waste-to-landfill certifications, and introducing legal waste management and treatment processes. Samsung Electro-Mechanics will expand investment in infrastructure for advanced waste recycling and obtain zero waste-to-landfill certifications for all business sites for our future resource circulation efforts.

GOALS

Improving Waste Management and Treatment

- Measures to improve waste recycling rate at each business site
- Reduction in use of raw materials (MRO/Process)

Operation of Green Business Sites

- Achieve over 95% of resource circulation by acquiring a zero waste-to-landfill certification system for all business sites by 2026
- Employee training and campaigns to reduce waste generation

PROGRESS IN 2021

Improving Waste Management and Treatment

Key Performances in Waste Treatment and Recycling

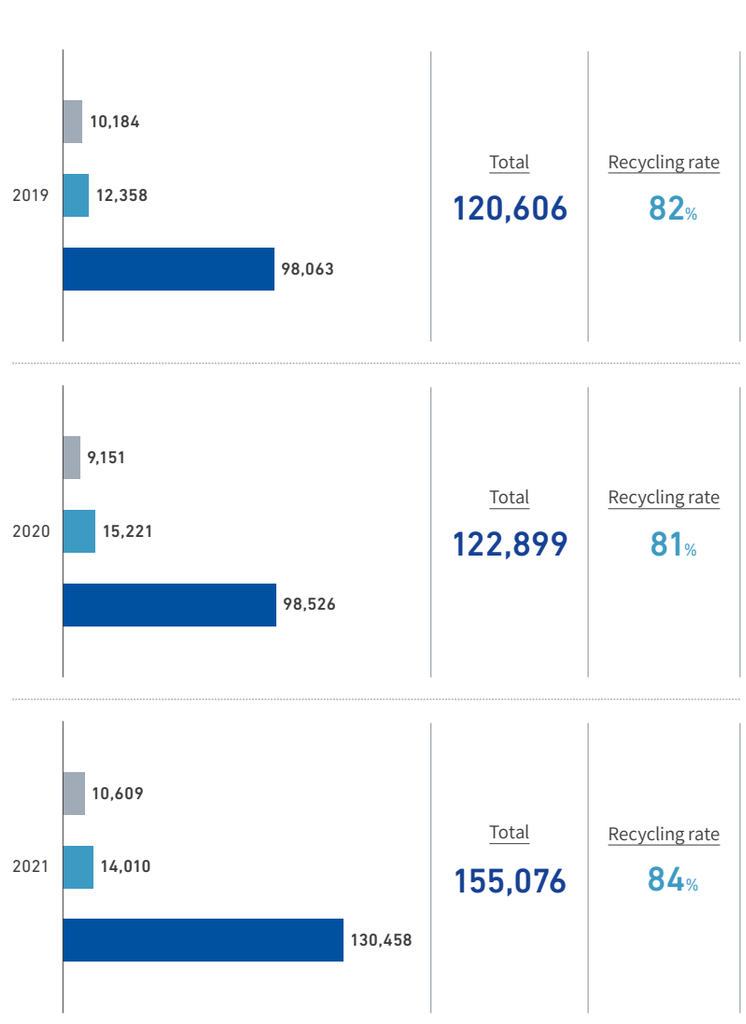
With the growing awareness on the circular economy, which maximizes and maintains the value of resources and minimizes the impact on the environment, the management and treatment of waste are also becoming more important. In order to circulate waste resources, Samsung Electro-Mechanics carried out various activities to save raw materials used in maintenance, repair, operation (MRO) and processing stages, as well as enhance the portion of recycled waste. To that end, we coordinated our operations to recycle waste previously incinerated or landfilled, and discovered waste-processing solutions. At domestic business sites, we reused alkaline and acid waste, which used to be incinerated, to control the pH of wastewater at treatment plants. At overseas business sites, we found and applied ways to reuse domestic waste and construction waste that used to go to landfills such as reusing it as methane and cover material. As a result, we were able to improve the recycling rate at all business sites by 3%p (81% → 84%) compared to the previous year.

Reason for the fluctuation of total waste generated	Reason for the fluctuation of waste recycling rate in 2020-2021	
Expansion of production and office facilities, Increase in production, increase in the use of disposables due to COVID-19	Incinerated waste	Partially converted to produce thermal energy

Classification	improvement details	Processing method improvement
Suwon	Improved treatment method for waste stripper solution in inductor manufacturing	Incineration → Recycling
Sejong	Improved treatment method for cleaner waste solution in the plating process	Incineration → Recycling
Busan	Improved sorted discharge of waste organic solvent by quality	Incineration → Recycling
Tianjin	Addition of waste storage boxes	Incineration/landfill → Recycling
Gaoxin	Addition of recycling items through better sorted discharge	Incineration → Recycling
Philippines	Better waste treatment methods	Landfill → Thermal energy production
Vietnam	Improved construction waste treatment methods	Landfill → Recycling

Waste Treatment

(Data coverage: 100%, Unit: ton)



Waste Reduction Activities

01 Wastewater reuse

· Improving wastewater treatment process to recycle 100% of sludge

Before improvement

Sludge generated during the general wastewater treatment process contains a trace amount (0.8%) of copper and cannot be recycled

After improvement

A new water collection tank is installed in the wastewater treatment plant to collect the wastewater with a high concentration of copper generated in the manufacturing process and transfer it to the wastewater treatment process. The copper content in sludge is maintained at 10% or more, all of which is recycled

02 Reduction of plastic generation

· **Reduction of the amount of plastics used in the manufacturing process by changing or reusing plastic materials in the manufacturing process**
- Out of 137 items and 228 tons/year of plastics used in the domestic manufacturing processes, 64 (47%) items can be reduced, and 14 (10%) items are considered for replacement. Following the measure, it resulted in a reduction and substitution effect of 169 tons/year (74%)

· **Reduction of disposable plastics in in-house restaurants and cafes**
- Items such as disposable forks, spoons, straws, and packaging containers are replaced with wood or paper materials, and plastic beverages are changed to cans, resulting in a reduction and substitution effect of 57 tons/year

03 CSR campaigns with employee participation

· **CSR through the Miracle Routine project's waste reduction and sorting activities**
- Raising awareness of resource circulation through the abandoned mobile phone collection campaign (supporting the underprivileged with the proceeds from abandoned mobile phone sales)
- Collaborative project with Suwon City Office to sort and discharge milk cartons and waste batteries and donate the recycled proceeds to the underprivileged in local communities

Special Task Force for Reducing Disposable Products

Since July 2018, Samsung Electro-Mechanics has been operating a special task force to reduce disposable products, replacing plastic disposables with paper, and conducting a campaign to use personal cups in in-house cafes to help reduce waste. In 2020, through the "Miracle Routine" campaign, which promotes small habits to save the world, we collected milk cartons from in-house restaurants and cafes. As part of our CSR effort, we made an arrangement with Suwon City Office to exchange them for toilet paper and donated them to underprivileged groups. The Miracle Routine campaign collected 450 kg of milk cartons in 2020 and 970 kg in 2021 through the active participation of employees. They were exchanged for 650 rolls of toilet paper and delivered to the recipients.

'Miracle Routine' Campaign

Waste Management and Treatment Processes

01 Establishing the annual management plans
- Formulating plans for waste management and treatment methods such as legal response and prevention, on-site improvement, operation and management
- Setting up the annual management plan for sectors that require regular (quarterly or semi-annual) inspections

02 Sorted waste storage
- Conducting random waste inspections
- Establishing facilities for safe hazardous waste management
- Compliance with legal storage standards and period by waste type

03 Selecting consignment companies for waste treatment
- Choosing waste transport and treatment company through GIMS (Global Infra Management System)
- Identifying the legality of treatment processes at selected treatment companies by visiting to inspect their treatment sites, permits, and proper storage conditions

04 Managing consignment companies for waste treatment
- Identifying resource circulation rates (ensuring secondary byproduct generation rate and treatment conditions)
- Inspecting the legality of the waste treatment process for all companies at least once a year

05 Waste treatment management
- Reviewing waste treatment at business sites and reporting to the government
- Establishing focused management and improvement plans for generated and non-recyclable waste

Expanding Resource Recycling

Industry's First International Certification for Zero Waste-To-Landfill

In 2021, Samsung Electro-Mechanics' Busan business site received a Gold validation from UL (Underwriters Laboratories), a global safety certification company, for generating Zero Waste to Landfill. UL quantifies the rate of recycling waste into resources at business sites and gives Platinum (100%), Gold (99–95%), and Silver (94–90%) ratings. This system is one of the most widely cited measures for assessing the level of resource circulation at each business site. The average recycling rate of resources at Samsung Electro-Mechanics' Busan business site is 97.2%, which is approximately over 9%p higher than the average recycling rate in Korea (88.1%[1]). Since establishing our goal to emit "zero waste" in 2019, Samsung Electro-Mechanics continued to invest in waste recycling facilities and succeeded in developing new fuel. In particular, in order to recycle trace amounts of copper in wastewater sludge, we have established a system that can recycle 150 tons of wastewater sludge every month by supplementing the copper agglomeration facility of the wastewater treatment plant and installing a high-efficiency dewatering facility.

Considering the business impact and urgency of environmental issues, we are planning to have all business sites receive zero waste-to-landfill certifications by 2026 as part of our ESG management. This initiative is based on the strategy to reduce the environmental load by improving the waste recycling rate and minimizing landfill waste.

1) Source: Ministry of Environment (as of 2020)

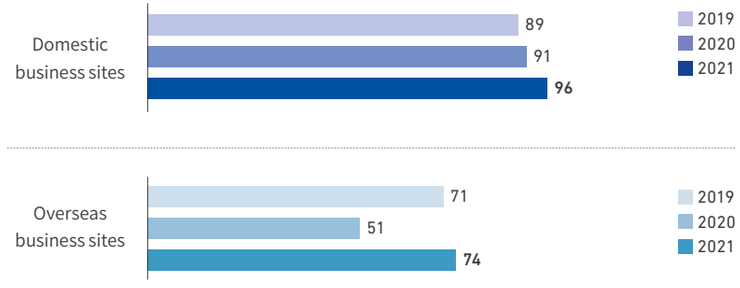
Zero Waste-to-Landfill Certification Award Ceremony

Hazardous Waste Management and Recycling

We are operating CCTV cameras and leak sensors at storage sites to safely manage hazardous wastes and respond quickly in case of accidents such as leaks or fires. We also provide information on hazardous waste at the storage site to enable quick and appropriate responses in the event of an accident. When handling hazardous waste, designated personnel must wear appropriate protective gear, and anyone other than designated personnel is prohibited from entering and handling them. In accordance with the law, hazardous waste is disposed of after observing the 45-day storage period.

In the case of alkaline waste, we select companies that are capable of recycling the waste to dispose of them. By establishing and implementing such improvements, we limit the generation of secondary landfills and incineration wastes and environmental pollutants that may be emitted during waste treatment.

Hazardous Waste Recycling Rate (Data coverage: 100%, Unit: %)



Improving Product Packaging

To achieve the quality of packaging materials suitable for customer needs, Samsung Electro-Mechanics has been collaborating with users to analyze and observe the use of packaging materials. We are also optimizing the packaging box spaces to reduce shipping volume and waste emissions. Moreover, we limit the use of disposable packaging materials to save resources through active reuse and recycling. These standards are not only applied to products for clients but also to materials and products traded between raw material suppliers and Samsung Electro-Mechanics' overseas business sites.

LOOKING AHEAD

IMPROVING WASTE MANAGEMENT AND TREATMENT

1. Usage management by tracking the status of each waste type and source
2. Expanding investment in waste recycling infrastructure

OPERATION OF GREEN BUSINESS SITES

1. Zero waste-to-landfill certification at Suwon, Sejong, and Tianjin business sites
2. Training and campaigns for employees to reduce disposable product use at business sites

DIVERSITY, EQUITY, AND INCLUSION IN THE WORKPLACE

Employees are the most important resource and engine for growth and success of a company. Samsung Electro-Mechanics seeks to ensure diversity, equity, and inclusion in the workplace to create an environment where our employees are satiafied and able to focus on work. To this end, we are strengthening the institution to prevent career discontinuity for women, implementing an objective-based fair competency evaluation, establishing a welfare system that accommodates employees' life cycles, and expanding communication channels to promote horizontal communication and engagement. We will continue the efforts for all employees to enjoy the values of diversity, equity, and inclusion by including questionnaire on diversity in the employee satisfaction survey, expanding female leadership courses, and strengthening support programs for employees and their families.

GOALS

Fair Evaluation and Compensation for Employees

- Reinforcement of MBO (management by objectives) year-based fair evaluation system
- Strengthening regular employee evaluations and interview processes

Expansion of Employee Benefits and Achieving Work-Life Balance

- Introduction of the optional benefits system
- Reinforcing the support for career design and consulting for employees

Establishing a Process of Nurturing Talent and Advancing Leadership

- Expanding cultivation of leaders through leadership training
  - Leadership training for senior managers twice a year
  - Extended training to team leaders, part leaders, on-site leaders, and candidates
- Upgrading job training system for nurturing talent

Improving Organizational Culture

- Fostering challenge and growth oriented culture through organizational culture workshops for leadership
- Enhancing equity and transparency through employee engagement for systematic changes
- Maintaining employee satisfaction score of 70 or higher until 2030

Respecting Diversity

- Continuing cultivation of women leaders
- Establishing a diversity management structure

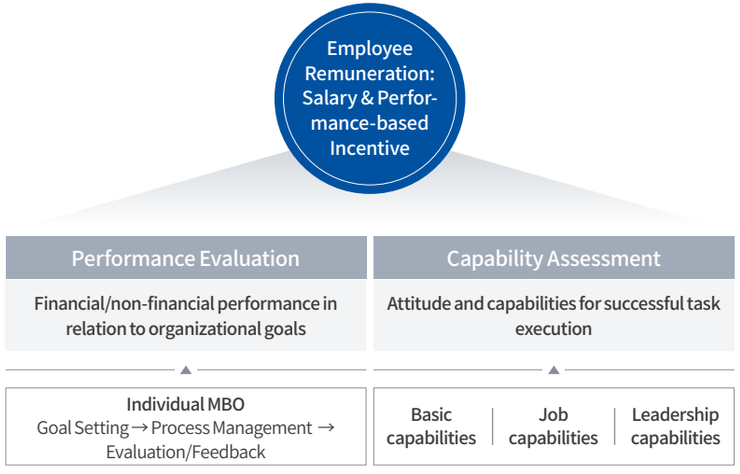
PROGRESS IN 2021

Fair Evaluation and Compensation for Employees

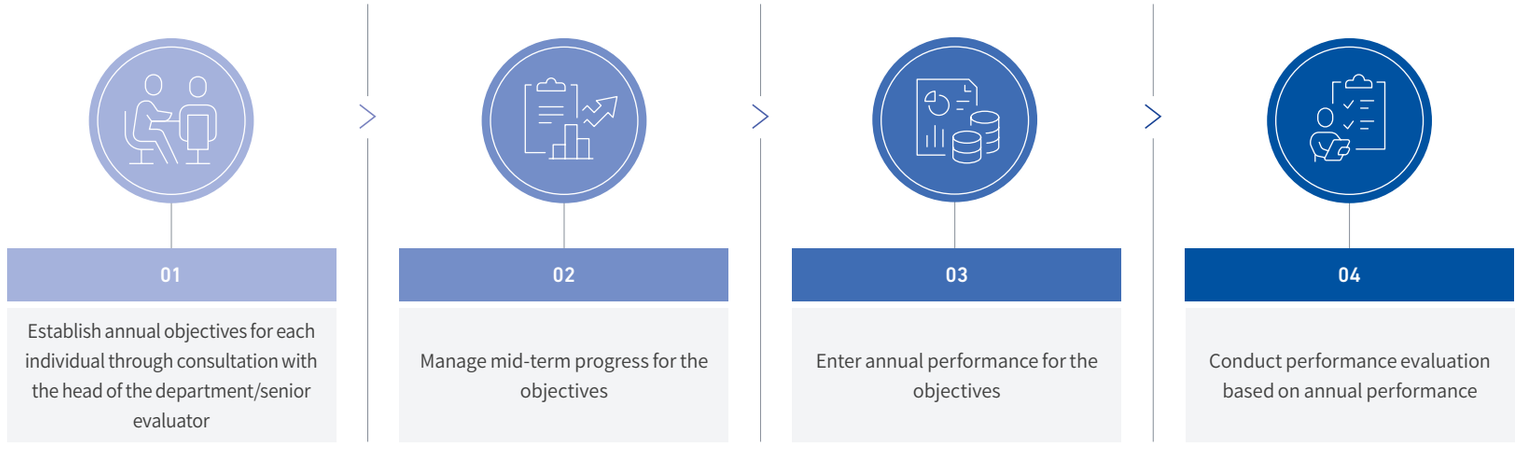
Objective-Based Fair Employee Evaluation System

To establish a coherent business direction and help employees take ownership of their work, Samsung Electro-Mechanics conducts relative evaluations of all employees through the MBO (Management By Objectives) system. For a fairer and more acceptable process, employees are able to appeal their MBO and performance-linked evaluation results and have them re-examined in case they have an objection. We also strive to build the evaluator's capacity by providing manuals and relevant training four times a year. The employee capability evaluations include behavioral models such as ethics and intercultural acceptance. In addition, ESG items such as industrial accidents and information protection are used for executive evaluations. On the risk items for executive and manager MBOs that affect performance reviews, we assign objectives such as product-specific business environment and internal risks, accident prevention, and compliance management and reflect them on evaluations. In particular, items such as accident and disaster management and quality issues are reflected in the performance evaluation for all employees, including executives and managers, and these performances are linked to their financial incentives.

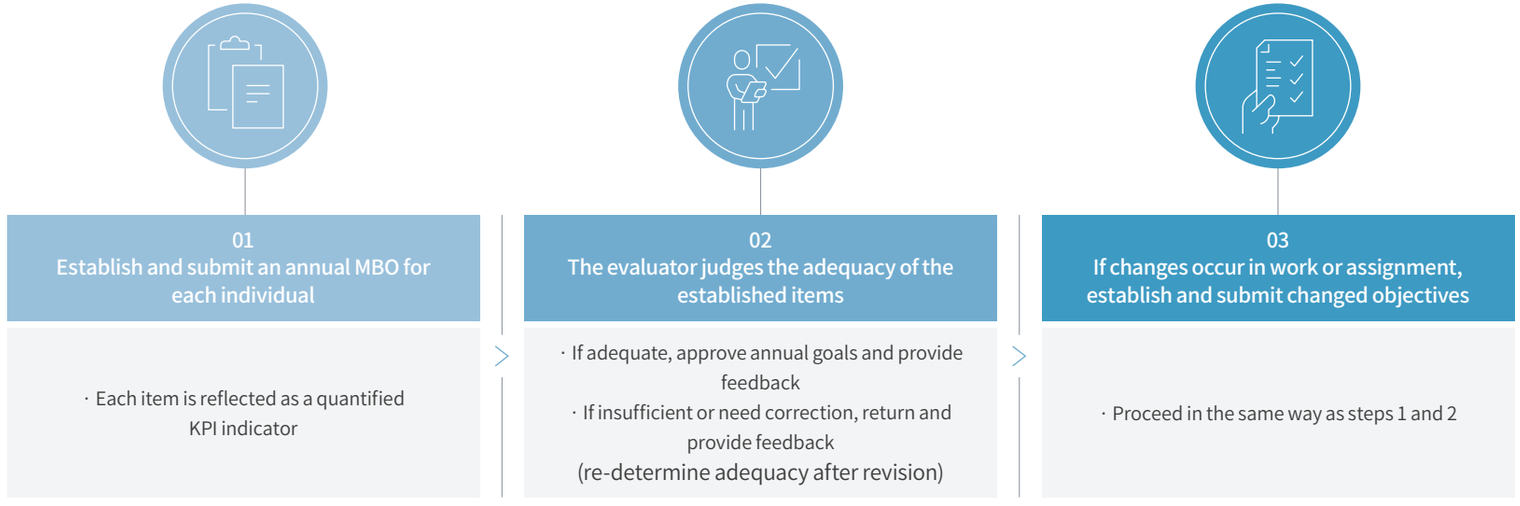
Employee Evaluation and Remuneration Principle



Employee Evaluation Process



Consultation Process for Setting KPIs



Improving Employee Benefits

Advanced Welfare System Accommodating each Employee's Life Cycle

Samsung Electro-Mechanics strives to provide welfare programs that fit the life cycle and lifestyle of our employees, helping them grow with the company and feel more satisfied. First, we encourage our employees to enjoy their time at recreation centers, wellness programs, water parks, and clubs.

Also, to help prevent illness or occupational diseases in advance, we offer regular health checkups to our employees and their spouses. These are conducted every four years in their 20s, every 2 years in their 30s, and every year in their 40s. For employees with the top 3 severe conditions (stroke, cancer, and heart diseases), the company provides up to KRW 10 million of medical expense support in addition to the full cost of treatment, and KRW 20 million of expense support if their child is seriously ill. For employees whose children are entering school, we offer scholarships, education fee support, and gifts. If the employee has children with disabilities, the company pays for their tuition in full.

Moreover, we provide financial consulting at all times to help employees plan stable lives. For employees in their 40s and older, we operate a life-changing meditation program. Lastly, a retirement planning program is offered to employees in their 50s and older.

Welfare System

Self-Development	Parenting Support	Financial Planning	Personal Pension Retirement Support
Corporate Resorts	Maternity Support	Coverage Insurance	Personal Pension Support
Social Clubs	Medical Expenses	Scholarships	Long-serving Employees Rewards
Wellness Programs	In-house Childcare Facilities	Health Screenings	Retirement Planning
Life-Changing Meditation Programs		Comprehensive Financial Consulting on Personal finance, Tax, and Debt	

Planning for Re-Employment and Second Life

Career Change	Career Design	Start-Up Fundamentals	Agriculture and Farming	Industry-Academia Cooperation Professor
Job preparation/ strategy (re- employment)	New job/ qualifications (career development)	Business planning/ Industry investigations	Connection to local governments / farming experience	Job competency/ coaching skills

Diagnosis of Personal Life Design

Life Design

Samsung Electro-Mechanics provides a variety of retirement support programs, from career counseling to re-employment and start-ups. We provide personal pension support to support retirement and help employees plan their second life. Our assistance ranges from discovering work for re-employment to resume writing and interview preparations: the diverse set of programs includes an entrepreneurship program, which guides employees through the whole process of starting a business: item selection, planning, and registration. Other programs help rural settlement and offer services tailored for executives.

Flexible Working System and Adjustable Working Hours

To adjust working hours according to jobs and lifestyles and improve work efficiency, Samsung Electro-Mechanics has a flexible working system (discretionary, selective, open clock-in time, open clock-out time). We also offer "Home Run Days"—two days per month when employees must go home on time and "Recommended Holidays" for day before or after public holidays or long weekends. Our corporate system allows employees to manage individual working hours and vacation plans, helping them "work smart" and benefitting both employees and the company. By respecting their privacy and having a synergistic effect at work, work-life balance can be sustained which may eventually contribute to the increase in employee satisfaction. It is popular among working parents as it alleviates the burden of raising children and helps them build stable careers. In addition, we are implementing selective working hours for the convenience of our employees. Starting in 2022, we will have more employees work from home to prevent the spread of infectious diseases at our business sites and to facilitate more flexible working hours.

Family-Friendly Management

As part of its family-friendly management, Samsung Electro-Mechanics holds various family events that are beloved by employees. Children's Day events, family camping, and various themed trips are planned every month, and a family counseling program is offered in the counseling room to assist harmonious life at work and home. In addition, financial support is provided to employees and family members suffering from serious illnesses to lessen the burden of unexpected medical costs. If their family members are getting major surgeries or need sick care, employees can take the caregiver leave to be there for them.

Establishing Talent and Leadership Training Programs

Leadership Coaching Programs

Samsung Electro-Mechanics provides communication and coaching training to leaders and encourages them to have regular conversations with members to help them learn and grow through work. All executives were required to complete the 1:1 coaching program so that they experience coaching and improve their words and actions as leaders. Nine executives in 2020 and 61 executives and director-level managers received the coaching in 2021.

After the end of coaching, we survey the members' perception of change in leaders' behaviors. After the 2021 coaching training, members responded that they are "experiencing changes from their leaders (4.28/5.00)." In 2022, on a voluntary basis, we will continue to strengthen our leaders' two-way communication in the organization through coaching, taking into account the organizational culture and leadership diagnosis results.

Leaders Participating in the Leadership Coaching Programs (Data coverage: 100%)

Capacity Building for Leadership

Samsung Electro-Mechanics holds a capacity-building program for leaders to ensure that all members grow through work, take on challenges, and achieve optimal results. In 2021, we began to offer a business leadership training program for our executives to cultivate their perspectives as business leaders and gain essential competencies in finance, accounting, and strategy. Through simulations and discussions, participants reviewed data and practices at Samsung Electro-Mechanics and learned the latest global trends. The program plans to recruit more participants and fortify business-related content to train prospective executives. Following coaching skill training for group leaders in 2020, we offered intensive coaching training in 2021 for leading organizational change and inviting member participation. There is also a new program for part leaders under each group leader to strengthen their basic leadership capacity, held twice a year.

New Programs for Leadership Capacity Building

Program	Content and Performance
Business leader training program	· Essential capacity training for executives on finance, accounting, and strategic skills · Reviewing data and practices and studying the latest global trends through simulations and discussions · Performance: Participants rated the program 4.88 out of 5.0 in the satisfaction survey
Organizational culture training for group leaders	· Strategy to lead organizational change and invite member participation through conversational skills, offered twice a year
Basic leadership capacity training for part leaders	· Leadership training for part leaders to cultivate leadership basis for the next generation and carry out management alongside group leaders, offered twice a year

Various Programs for Members' Capacity Development

Samsung Electro-Mechanics provides systematic job training to nurture the expertise of our employees. We analyze the required competencies by specific job and level so to create a roadmap to support their growth. At "SEM Academy," an integrated learning platform, employees can continue to cultivate their capacities.

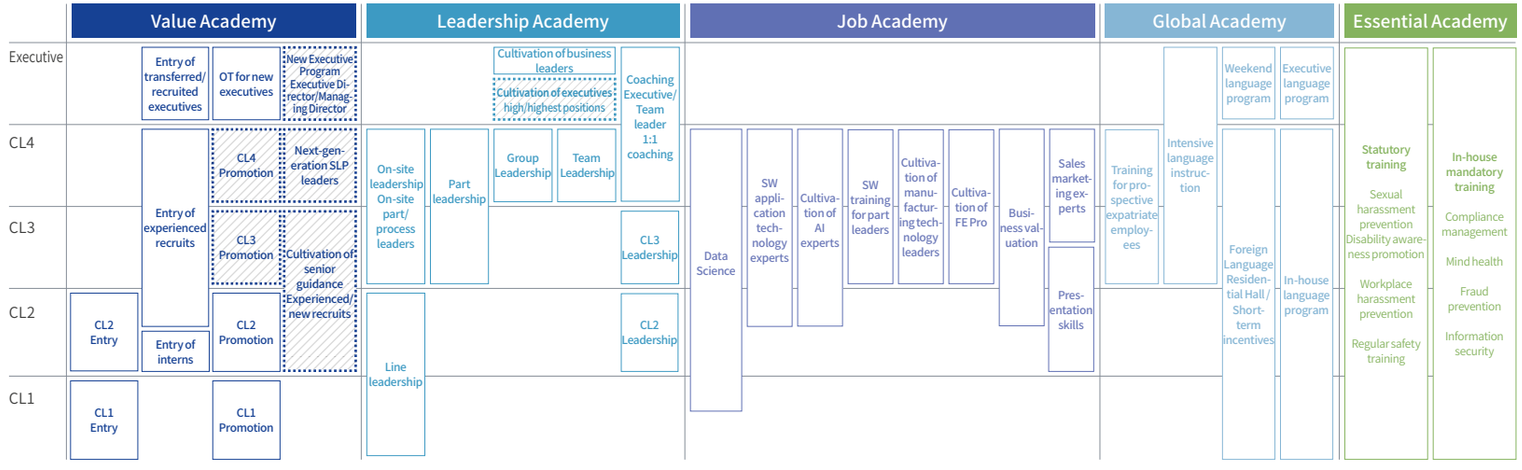
Samsung Electro-Mechanics also supports employees' acquisition of academic degrees and offers area expert training programs, as well as AI courses to help employees develop their skills. In 2022, we plan to introduce on-site experts program and invite employees from overseas business sites to training programs in Korea, enhancing our employees' global mobility.

Employees Dispatched in MBA, Area Studies, and Academic Programs

Classification	Total	2019	2020	2021	Remarks
MBA[1]	5	2	2	1	Master's degree programs at top universities in Korea for cultivating business leaders
Area experts[2]	10	10	-	-	Through one year of (overseas) area studies, reinforcing global competencies in culture and language
Academic research training	9	5	3	1	Master's (2 years) and Ph. D. (4 years) programs at outstanding Korean and overseas universities to acquire strategic technologies
AI programs	85	33	30	22	Nurturing AI experts through 6-month collective education on AI theories/practices

1) MBA, EMBA, Sungkyunkwan University's Graduate School of Chinese Studies
2) On hold from 2020 due to COVID-19

Human Resource Development Structure



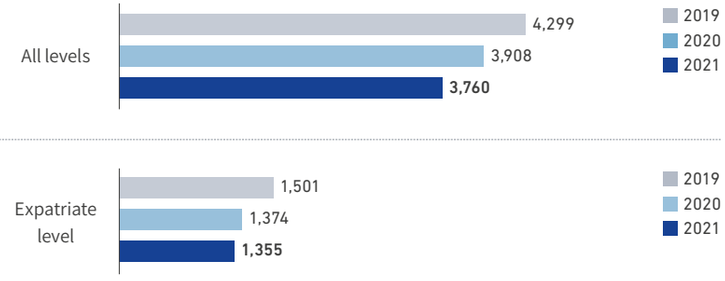
Samsung Electro-Mechanics established a reskilling/upskilling training program in 2021 to ensure employees' quick adaptation in the event of changes in their departments and jobs. It provides basic and in-depth training on products and technologies.
We also provide various language classes for employees to improve foreign language communication skills necessary in a global company. The intensive courses including "Foreign Language Residential Hall" and "Short-Term Intensive Program (The Miracle of Nine Days)" support the growth of global professionals with various expressions and contextual learning in an environment separated from work during the enrollment period. Employees who wish to study while doing their work can also learn foreign languages through programs such as "In-house Language Studies" and "e-learning/Video Conferencing Language Program." We also built an in-house language evaluation system using the company's multimedia room to encourage employees to take regular evaluations.

Completion of Language Programs (Data coverage: 32%, Unit: persons)

Classification	Total	2019	2020	2021	Remarks
Foreign Language Residential Hall	281	120	68	93	Intensive training course for improving language proficiency to grow into a global expert at the level of expatriates
In-house Language Courses	4,098	2,737	812	549	In-house language courses using lunch and dinner times to learn foreign languages (work-and-study)
e-learning	7,691	2,795	2,549	2,347	Online foreign language courses

* Limited collective education due to COVID-19 (2020-2021)

Employees with Foreign Language Qualification Certificates (Data coverage: 32%, Unit: persons)



* Recalculated 2019–2020 data due to changes in internal calculation standards

Improving Organizational Culture

Employee-Oriented Bottom-Up Culture, Horizontal Communication, and Engagement

In order to build an organizational culture where employees are the center and subject of change, we are developing employee participatory activities for organizational culture. In 2020, the mission, vision, and core values were established at the initiative of the employees. In 2021, each division held workshops and called for best practices to practice core values in everyday life and at work. Every Thursday, "Thursday Talk," a time for communication between management and employees, is held to enable transparent and horizontal communication and engagement between the employees and executives. Everyone, including the CEO and our employees, can participate in this sessions as speakers. It is also streamed live online, and anyone can freely ask questions and share their opinions through live chat. Through an anonymous message board and an improvement suggestion system, we communicate with employees to respond to their grievances in real-time. We also operate an anonymous message board that allows employees to praise and encourage colleagues. The praise is publicly disclosed and allows employees to express their gratitude with points to colleagues, leading to a virtuous circle of positive sentiment and complimenting culture in the organization.

Efforts to Improve Employee Work Satisfaction Survey

Samsung Electro-Mechanics conducts work satisfaction surveys called SCI (Samsung Culture Index) once a year in Korea and abroad as part of our activities to create a good working environment. We analyze the results of the survey from multiple angles to make improvements. In the last 3 years, our employees' SCI has all reached high scores of over 70 points. The results of the satisfaction survey are shared with employees. The report for each group is sent to the leaders to derive points for improvement. Each case of organizational management is spread across the company through the Culture Fair, one of the annual organizational cultural activities.
In addition to the annual work satisfaction survey, we regularly identify employee sentiments to improve the organization's culture through upward and peer evaluations, surveys using honorific language, and core value internalization surveys. The results are used to analyze the current status and predict or diagnose future conditions. They are reflected in the in-house policy for building a working environment and organizational culture that satisfies all members, such as resolving employee VOCs and discovering factors for improvement.

Communication Activities with Employees

Monthly Board Council

- GWP board council is held once a month to deliberate user's agenda with workers
- Composition and deliberations of the Board Council
  - 01 I **Trust Board :** All systems related to HR, training, salary, and benefit standards
  - 02 I **Fun Board :** Employees' social contributions, support for illness, and activities to revitalize the organization
  - 03 I **Pride Board :** Company-wide welfare facilities, improving the working environment, and enhancing productivity/competitiveness
  - 04 I **Women Board :** Improvement of overall welfare facilities related to female employees and HR system

Hanulim's Suggestions

- The Hanulim Council, the representative of the workers' side, constantly receives complaints on infrastructures and work-related inconveniences from employees.
- Within 24 hours of the reception, the issue will be addressed after a discussion with relevant departments in the company.

SEM Talk

- In-house anonymous message boards
- Open for all employees to post

Employee Work Satisfaction Survey (Data coverage: 100% in 2019, production sites were excluded in 2020–2021 due to the prohibition of gathering during COVID-19)

* Work satisfaction in 2018: 80.0 (data coverage:100%)

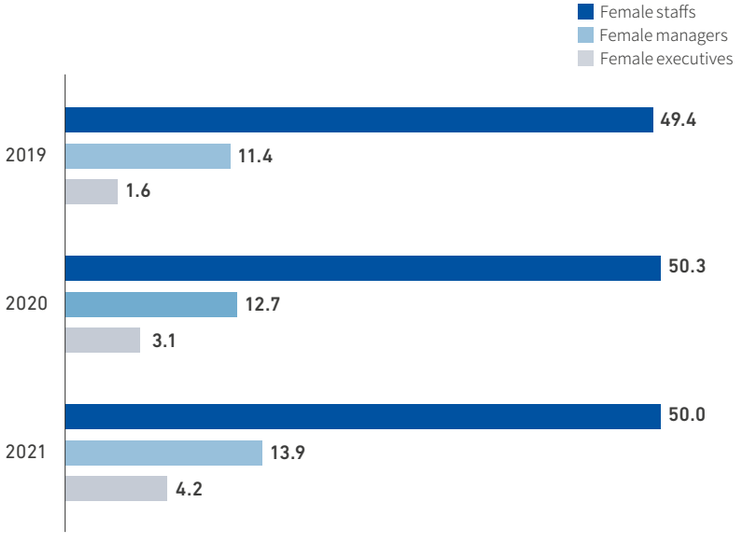
Respecting Diversity

Female Employees by Position

In 2021, approximately 24% of domestic and 53% of overseas employees are women at Samsung Electro-Mechanics. The ratio of managerial-level female employees (managers, deputy managers, general managers) is 13.9%, the ratio of women working in profit-generating functions (sales, technology, manufacturing) is 12.0%, and the ratio of female executives is about 4.2%. Considering that 22.6% of managers are women, the proportion of managerial-level women is expected to increase continuously.

While the proportion of total female employees has remained at a similar figure for the last 3 years, the proportion of female managers in Korea has risen from 12.7% in 2020 to 13.9% in 2021. The proportion of female middle managers, including overseas business sites, has risen every year (29.2% in 2020 to 30.4% in 2021).

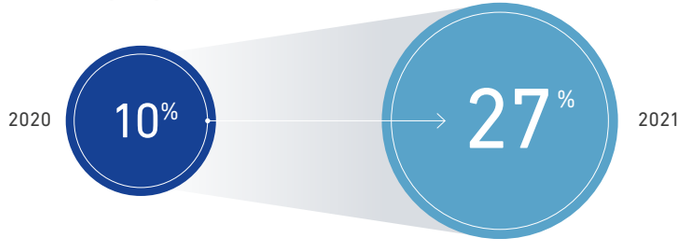
Ratio of Female Employees by Position (Data coverage: 100%, Unit: %)



Selection and Leadership Development of Female Core Talent to Promote Female Executives

We are motivating core female talent by expanding their selection from 5.6% in 2020 to 11% in 2021. The proportion of female employees enrolled in the next-generation leader training program has also increased from 10% in 2020 to 27% in 2021, where we train promising female business leaders with high potential for growth. These efforts have led to the appointment of first female executive in 2019 and continued appointment of 1 female executive per year.

Percentage of Women Enrolled in the Next-Generation Leader Training Program (Data coverage: 32%)



Guarantee of Equal Pay for Men and Women

The value of women's labor must be properly evaluated and recognized to empower their participation in society as it is one of significant factors of economic growth. Samsung Electro-Mechanics guarantees equal pay for women and men, where compensation for female workers is paid the same as for men.

Systematic Enhancement to Prevent Women's Career Discontinuities

Since being officially recognized as a family-friendly company in 2013, Samsung Electro-Mechanics has maintained the certification to this day. In order for female employees to continue their careers without discontinuities, we offer a wide range of parental support programs such as legally guaranteed pre-and post-natal maternity leaves of up to 90 days, shortened working hours during childrearing years, and Mommy leaves which can be used during pregnancy until birth. Birth mothers and their spouses are congratulated at the company level with maternity stipend and congratulatory gifts. In 2016, we strengthened the parental leave policy to allow employees with children aged 12 or younger to spend up to 2 years for leave. In 2017, we set up the leave policy of 3 days for miscarriages or stillbirths of spouses, and in 2018, we introduced the fertility leave up to 1 year as well as a child adoption support program. We provide in-house childcare facilities for female employees who are juggling career with childcare and support kindergarten expenses for employees who find it difficult to use in-house childcare. We also try to reduce the financial burden on childcare by supporting medical expenses for our employees' children. The period of parental leave is counted as continuous years of work and working days for promotion calculations, and employees who take long-term parental leaves of more than six months are excluded from evaluations so to eliminate their disadvantage in the HR system from receiving negative assessments.

Providing Diversity Training

Samsung Electro-Mechanics is implementing company-wide activities on diversity, equity, and inclusion so that individuals can demonstrate their capabilities without limits whilst diversity is fully acknowledged. In 2021, we established the behavioral principle among division leaders to adopt "Respect for All," one of Samsung Electro-Mechanics's core values, which was announced and implemented in the company. To improve members' awareness, key in-house communication channels such as Thursday Talks (four times) and the organizational culture newsletter (six times) are sharing issues such as diversity, equity, inclusion, unconscious bias, and definition and practice of psychological safety. We also support facilitator training for Change Agents to bring out a wide range of opinions and respect everyone's ideas without alienating anyone.

Diversity Education Programs in 2021 (Data coverage: 32%)

Program	No. of Sessions	Content and Results
Thursday Talk, CEO Talk	4	· Introducing definitions and examples of diversity, equity, and inclusion to all employees
Newsletter on organizational culture	6	· Leadership levels (manager or higher) Definitions and practices of unconscious bias, inclusive culture, and psychological safety
Facilitative leadership workshop for leaders	1	· Workshop on respecting diverse ideas, psychological safety, and inclusive culture for 55 executives in 2020, for 172 executives and group leaders in 2021
Facilitator training for Change Agents (CA)	1	· Introduction of facilitator techniques in work and daily life to 37 MCA, Hanulim council, and managers of organizational culture in 2020 and 160 Change Agents representatives in 2021

LOOKING AHEAD

IMPROVING ORGANIZATIONAL CULTURE

1. Fostering the communication between leaders and employees through executive/division organizational culture workshops with themes of challenge and growth
2. Employee Experience Index survey and promoting its improvement
3. Organizing “Future Innovator,” a participatory subcommittee to collect various employee feedback and reinforce interactive communication channels

RESPECTING DIVERSITY

1. Evaluation of in-house diversity culture under Employee Experience Index survey
2. Including diversity-related indicators within the individual employee and executive evaluation process
3. Appointing core female talent and continued cultivation of female leaders by expanding enrollment in the next-generation leader program

EXPANSION OF EMPLOYEE BENEFITS AND ACHIEVING WORK-LIFE BALANCE

1. Enriching employee experience through career design and enhancing career consulting
2. Bolstering support programs for employees and families (caregiver leaves, housing loan support, etc.)
3. Spreading flexible working systems, including discretionary, flexible hours, and work from home

ESTABLISHING A PROCESS OF NURTURING TALENT AND ADVANCING LEADERSHIP

1. Continued cultivation of leaders through expanding leadership training
   - Continued leadership training once a year for team leader levels, twice a year for group leaders/part leaders/on-site leaders
   - Installation of on-site leader candidate training in 2022
2. Reinforcing the job training system and job competency programs to foster talent

FAIR EVALUATION AND COMPENSATION FOR EMPLOYEES

1. Enhancing constant feedback in connection with adding more 1:1 for executives and group leaders
2. Strengthening employee performance coaching by establishing quarterly evaluation and interview processes

ENHANCED CORPORATE SOCIAL RESPONSIBILITY

With the growing social impact of corporations, the role of businesses is expanding beyond profit generation to fulfilling our social responsibilities. Based on the vision, “Let’s Go Together into the Future: Enabling People,” Samsung Electro-Mechanics conducts corporate social responsibility activities aimed at solving social problems and realizing mutual prosperity with local communities. Our local contributions include supporting the eradication of cyberviolence through the youth cyberviolence prevention project “Blue Elephant,” contributing to local communities affected by forest fires, contactless donations, and employee volunteer activities. By 2029, we plan to conduct cyberviolence education and counseling for 3 million persons in the “Blue Elephant” project and to establish a community environmental protection program based on the idea contest for employees to further practice social responsibility.

GOALS

Enrichment of Youth Education Project

· Expansion of youth education support
  - Achieving 3 million cumulative participants in “Blue Elephant,” a youth cyberviolence prevention project by 2029
  - Training 10,000 persons for 5 years from 2021 to 2025 (about 2,000 per year) in Youth SW Academy, reaching over 80% employment rate

Enhancing Community Contributions

· Strengthening environmental protection activities in communities
  - Nurturing companion plants, restoring forest trees in Gang-won-do forest fire area
  - Donating 4,000 trees from 2021 to 2023
  - Discovery and promotion of new environmental projects in 2022

· Expansion of employee engagement in community programs
  - Establishment and operation of talent donation service team, 4 teams → 15 teams
  - Promotion of donation culture (contactless donations, kiosk[1] operations)

1) Hope-giving Kiosk: A donation system installed in the business sites to spread the culture of voluntary sharing; deducts KRW 1,000 each time from the salary by tagging the employee ID card

PROGRESS IN 2021

Vision and Strategy for Social Responsibility

Vision

Let's go together into the future! Enabling People

Solving social problems through Samsung's core capabilities and resources

Main Strategies

Youth education	Contribution to local communities
· **"Blue Elephant" project** - Cyberviolence prevention education for the youth · **SSAFY (Samsung Software Academy For Youth)** - Youth Competency Enhancement Education for Future Technology Software	· **Communication with local communities** - Networking in local communities (environment, talent donation) - One company per village activities - Employee volunteer activities - SEM-IRANG - hello! SEM Orchestra - National music competitions for students with disabilities

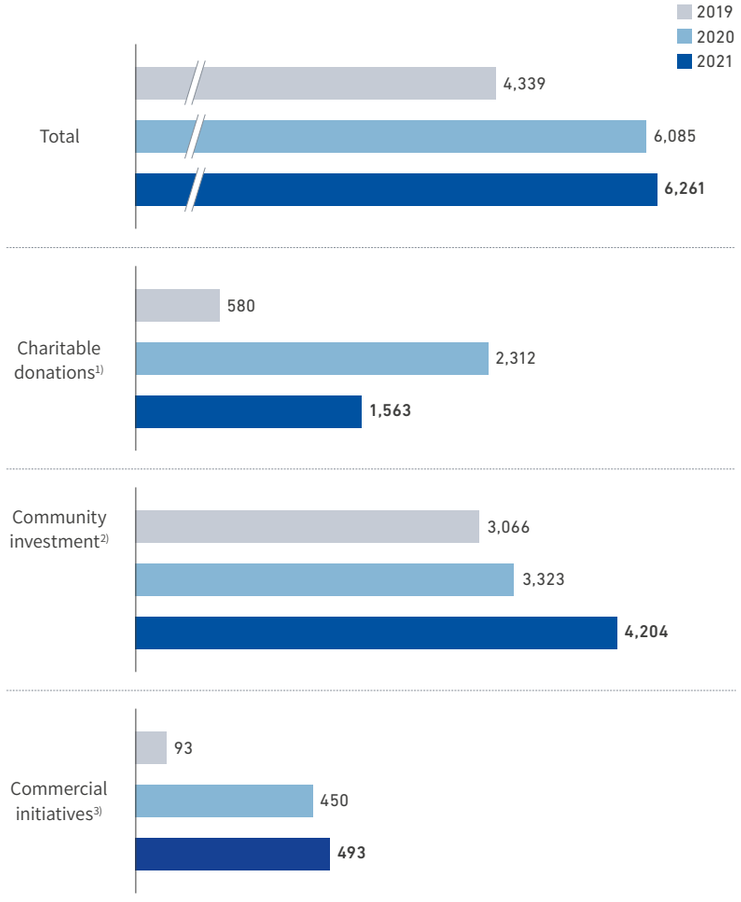
UN SDGs[1] (Sustainable Development Goals)

Quality education | Decent work and economic growth | Reduced inequalities | No poverty | Zero hunger | Life on land | Partnerships for the goals

1) **UN Sustainable Development Goals:** 17 common goals for humanity, including environmental, economic, and social integration, to achieve by 2030 to realize the sustainable development ideology resolved by the UN General Assembly (70th UN General Assembly Resolution in 2015)

Corporate Social Responsibility Investment Performance

Corporate Social Responsibility Costs (Data coverage: 100%, Unit: KRW million)



1) **Charitable donations:** Activities that have provided or donated once or intermittently for necessary resources, such as charities and community organizations
2) **Community investment:** Strategic participation in solving social problems from a long-term perspective as part of sustainability management
3) **Commercial initiatives:** Business-related activities to promote the company and brand Identity

Strengthening Support for Youth Education

Youth Cyberviolence Prevention Project "Blue Elephant"

With the widespread development of youth cyberviolence alongside the distribution of smartphones and IT devices, Samsung Electro-Mechanics is promoting youth cyberviolence prevention projects with electronics-related Samsung affiliates (led by Samsung Electro-Mechanics, joined by Samsung Electronics, Samsung Display, Samsung SDI, and Samsung SDS) since 2020.

The "Blue Elephant" refers to the blue color that symbolizes peace and stability and the elephant's habit of protecting themselves from predatory attacks by herding together. By 2021, the Blue Tree Foundation and Samsung have conducted online and collective prevention education, psychological counseling to support victims' emotional stability and recovery, and anti-cyberbullying campaigns for a cumulative 350,000 elementary, middle, and high school students. In addition, we strive to solve the root causes of cyberviolence by supporting academic research on its causal analysis and response policy. Samsung Electro-Mechanics will continue to contribute to solving cyberviolence problems for our youth, the leaders of our future, to enjoy happier lives.

Performance of "Blue Elephant"

Cumulative participants: 350,000 (100,000 in 2020, 250,000 in 2021)

350,000 persons

Ministry of Education's initiative in 2020 and 2021

Selected for "Implementation Plan for School Violence Prevention and Countermeasures"

* Recalculated 2020 data due to changes in calculation standards for online forum participation

Blue Elephant Project Support

Activity	Details
Preventive education	Inducing inner changes in children through education (teenagers, parents, teachers, and instructors)
Counseling treatment	Recovery support with personal, home, school, and community resources
Preventive culture	Discovering and spreading a culture of anti-cyberviolence through voluntary participation of youth and adults
Academic research	Evidence-based prevention education and establishment of institutional foundation by identifying causes of cyberviolence
Platforms	Establishing a cyberviolence prevention system that can respond timely to the rapidly changing online environment

Blue Elephant Project

Samsung Software Academy For Youth

Since 2021, Samsung Software Academy For Youth (SSAFY) has been fostering future technology capabilities in young people as a cooperative effort between electronics-related Samsung affiliates (Samsung Electro-Mechanics, Samsung Electronics, Samsung Display, Samsung SDI, Samsung SDS, S-1 Corporation) and the Ministry of Employment and Labor.

In addition to the training sites in Seoul, Daejeon, Gwangju, and Gumi, we opened an additional Busan-Ulsan-Gyeongnam Campus within the Busan business site in July 2021 that can accommodate 200 persons to improve the accessibility of youth in the local area. We offer theory and practice training for a year to boost the employment competitiveness of young people who dream of becoming software developers.

Performance of SSAFY

Cumulative graduates (1st to 5th Sessions)

Graduated	Employed
2,785 persons	2,326 persons (84%)

* In 2022, 2,100 students are being trained in the second semester of the 6th session and the first semester of the 7th session. (As of May 2022)

Selected students

2019	2020	2021	2022
1st session 500 persons	3rd session 750 persons	5th session 750 persons	7th session 1,150 persons
2nd session 500 persons	4th session 500 persons	6th session 950 persons	

Employment rate of graduates

As of May 2022, 2,326 graduates were employed in various fields such as IT and finance, recording an employment rate of 84%

84%

SSAFY

Enhancing Community Contributions

Forest Fire Support Program

In connection with ESG activities, Samsung Electro-Mechanics conducted a hands-on volunteer activity called “Companion Plant Raising” to restore the forests in the Gangwon region where many trees were burned down in forest fires, delivering the fresh scent of the spring to the underprivileged in the community. “Companion Plant Raising” is a project that plants one tree in a forest for every tree that an employee raises as a companion plant for 2 weeks and donates it to the community’s underprivileged. Over 2,000 air purifying plant pots, raised with love by our employees, were delivered to the community’s elderly citizens living alone, children, people with disabilities, and multicultural families. By matching them, 2,000 mountain cherry trees were donated to the Gangwon mountainous areas to help restore the forests damaged by forest fires. At the entrance to the forest for Gangwon’s forest and ecology restoration, a plaque was also installed to commemorate the employees and their families who participated.

Presenting Companion Plant Pots to the Local Community

Trees Being Planted at Gangwon Forest and Ecology Restoration

Community Problem-Solving Contest (Open Call for Employee Ideas in New Environmental Businesses)

To build a sustainable ecosystem that coexists with nature, thereby contributing to a sustainable society, Samsung Electro-Mechanics hosted an employee idea contest on the ways to conserve the ecosystem. Over 300 employees participated in the event to help save the planet.

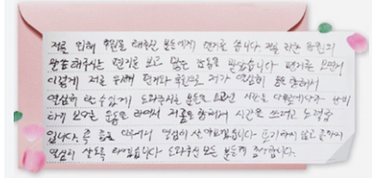
Open Call for Employee Ideas in New Environmental Businesses

Contactless Donation: “Giving Love, Click of Empathy”

“Click of Empathy”‘ is a contactless CSR program organized during COVID-19, which uses the company’s intranet to introduce the stories of the underprivileged in local communities who need financial and emotional support. Through the “Click of Empathy” online, employees were able to raise funds and donate them. With more than 10% of employees clicking the “Empathy” icon for the story introduced, donations up to KRW 7 million were delivered to the subject of the story. Through Click of Empathy, 24 recipients received KRW 73.13 million in 2021, and a cumulative 7,902 employees participated annually in the charity program.

The contributions built study rooms for the financially struggling youth, improved the residential environment for families of people with disabilities living in deteriorated conditions, and supported education for a child whose mother suffers from a rare disease to continue dreaming of becoming a pianist.

SEUNGMIN's (pseudonym) letter of appreciation striving to reach his dream



I was moved by the letter of support for me. Seeing people who help me to work hard for my dream, I am trying to use it for my dream rather than wasting time.

I will do my best without giving up until the end. Thank you to everyone who helped.

LOOKING AHEAD

ENRICHMENT OF YOUTH EDUCATION PROJECT

1 Offering education, counseling, and campaign for 3 million persons through “Blue Elephant,” a youth cyberviolence prevention project by 2029

2 Providing quality professional software education and offering job placement opportunities to 10,000 persons (2,000 persons per year) unemployed youth for 5 years from 2021 to 2025 via SSAFY

ENHANCING COMMUNITY CONTRIBUTIONS

1 Launching an environmental protection program for local communities based on the employee idea contest; environmental protection activities involving community residents and employees

2 Establishing 15 dedicated volunteer teams to encourage employee participation in talent donation and reinforcing mentoring services for youth education

3 Establishing a culture of donation by sponsoring 15 persons per year through Hope-giving Kiosk, running contactless Click of Empathy 3 times per year, participating in Hands-On[1)] volunteer activities 2 times per year

1) An outreach effort that “delivers sincerity with hands”; a participatory CSR activity by employee volunteers who make items for donations

ESG FACTBOOK

CONTENTS

SUSTAINABLE PLANET

ENVIRONMENTAL MANAGEMENT

Environmental Management Policy

As a provider of advanced electronic components to our customers, Samsung Electro-Mechanics aims to prevent accidents by complying with global standards for safety, health, environment, and energy and conducting life-cycle assessments of risk factors. Protecting the environment and efficient use of energy are the pillars of our sustainability management, and everyone at Samsung Electro-Mechanics strives to prioritize those practices to establish a safe and comfortable working environment and uphold our social responsibility.

We have set up a company-wide environmental (ISO 14001) and energy (ISO 50001) management system and established an administrative plan for distribution, logistics and the entire life cycle of products from manufacturing and use to disposal. Along with activities for environmental protection, we continue to take the initiative to improve our environmental performance. We are instituting environmental policies and targets based on our understanding of environmental laws and compliance obligations, stakeholder requirements, and significant environmental impacts to limit inefficient use of resources, climate change, destruction of ecosystems, and loss of biodiversity. To accomplish the targets set forth by the environmental management system, Samsung Electro-Mechanics produces and carries out specific processes. We regularly monitor and evaluate all activities to constantly support activities that improve the environment and communicate with stakeholders to enhance the efficiency and reliability of the environmental management system.

Safety, Environment and Energy Policy

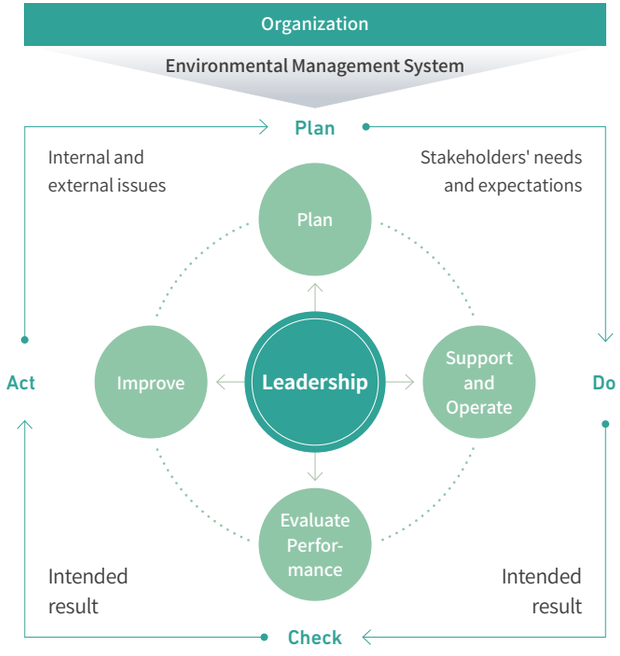
Samsung Electro-Mechanics, a global parts manufacturer that provides cutting-edge electronic components to customers, proactively prevents accidents by complying with global standards and evaluating risk factors throughout the entire manufacturing process under the management principle "A safe environment is our top priority."
We also recognize that environmental protection and efficient use of energy are key elements of sustainable management. Therefore, all employees put this into practice to create a safe and pleasant workplace and fulfill corporate social responsibilities.

Global-level safety,environment and energy management system	Practicing eco-friendly and energy management	Creating a safe and healthy workplace	Win-win partnerships based on a safe environment
- We comply with domestic and international laws and agreements related to safety, health, environment, and energy, and set and faithfully implement high internal standards. - We ensure leadership and active participation of employees to achieve goals, as well as transparency by disclosing policies to stakeholders.	- We take the lead in environmental protection by using eco-friendly methods throughout the cycle of product development and production. - We strive to minimize the wastewater and waste generated in the production process and to reduce pollutants and GHG emissions by efficiently using resources and energy.	- To create a safe and pleasant work environment, we build a safety culture in which all employees participate. - We prevent safety-related accidents by practicing voluntary safety management and establishing a risk management system in which we recognize and prevent risk factors in advance.	- By sharing our safe environment management system and technology with suppliers, we build partnerships on a safe environment. - As a member of the local community, we will continuously engage in environmental conservation and communicate with residents to fulfill our social responsibility for a safe environment.

Environmental Management System

Samsung Electro-Mechanics aims to reduce negative environmental impacts in conducting business through the introduction of environmental management system processes and undertakes various activities that enhance our environmental protection and environmental performance. We establish and operate internal regulations to comply with the requirements of the environmental management system, respond quickly to changes, and continue to improve conditions using the PDCA Cycle. In addition to considering the environmental impacts on new contracts, mergers and acquisitions, every year, we regularly operate internal and external evaluations to verify whether the environmental management system is implemented and maintained effectively. Through evaluations by specialized third-party certification agencies, we keep the system certified.

PDCA Cycle



Based on the environmental management system, we identify related changes such as internal and external issues, review achievement of environmental targets, environmental performance, stakeholder communication, continuous improvement opportunities, and the measures taken in previous management reviews. We also determine the impact on the strategic direction of the organization, the need for revising the system, and decisions related to continuous improvement opportunities.

To operate the environmental management system efficiently and raise the awareness of employees regarding its importance, we provide collective training and online training once a year, and each department conducts environmental impact assessments annually. Through the impact assessment, we identify significant environmental risks and establish and implement detailed targets and improvement plans to achieve environmental policies and targets. To enhance the operative structure of the environmental management system, Samsung Electro-Mechanics is engaging the executives' participation. By stating our initiative and commitment to environmental management with our CEO at the helm, Samsung Electro-Mechanics affirms that we will collectively take responsibility through the management system, set goals and strategic directions forward, as well as integrate our business process.

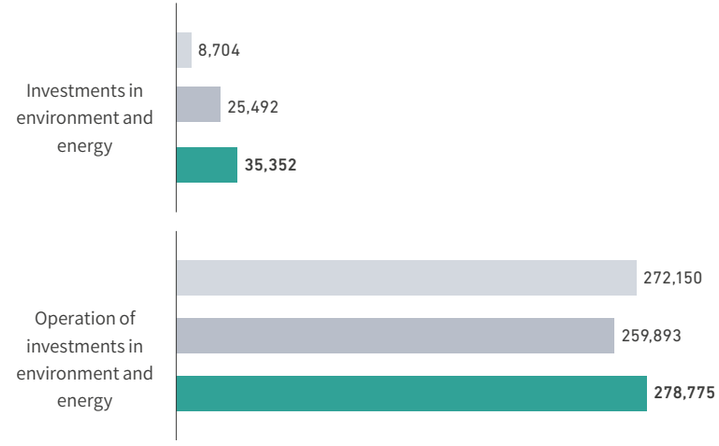
Environment Protection Activities Through Establishment of Environmental Management System

Samsung Electro-Mechanics strives to improve our environmental performance through establishing the environmental (ISO 14001) and energy (ISO 50001) management system, administering the entire life cycle of products, and participating in activities for environmental protection. In addition, we establish targets to meet various environmental needs and impacts, such as environmental laws, compliance with obligations, and stakeholder requirements, to promote efficient use of resources and limit the destruction of ecosystems and loss of biodiversity. To accomplish the targets set forth by the environmental management system, we produce and carry out specific processes and regularly monitor and evaluate all activities.

ISO 14001 Certification Rate (Data coverage: 100%)

Investments in Environment and Energy and Operation

Investments and Operation Status in Environment and Energy (Data coverage: 100%, Unit: KRW million)



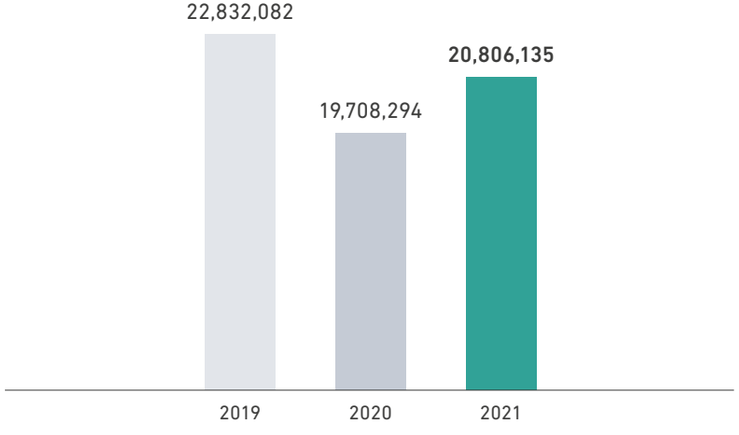
OPERATION OF GREEN BUSINESS SITES

Water Resources

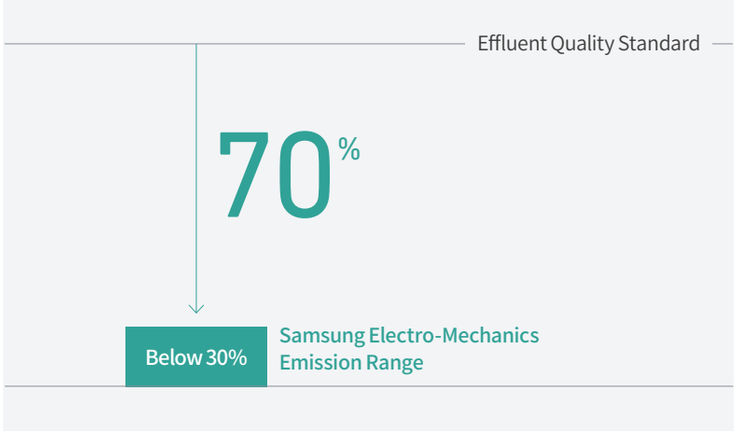
Based on systematic monitoring of water resources, Samsung Electro-Mechanics regularly identifies and analyzes the use of water in all business sites. Through monitoring, we analyze water management status, report necessary measures to the management, and make improvements. If we cannot secure the quality and supply of water resources suitable for the manufacturing process, it may lead to a decline in production capacity and a rise in water treatment costs, which is a major stumbling block to the continuity of business operations. As such, Samsung Electro-Mechanics invests in improving water treatment facilities and strives to analyze water treatment system risks and maintain the water quality up to the management standards. To respond immediately in case the water supply is discontinued, we have prepared measures such as water storage that lasts over 12 hours and having 2 suppliers.

Water Consumption

(Data coverage: 100%, Unit: m^3)



Strengthen Management of Air and Water Pollutants

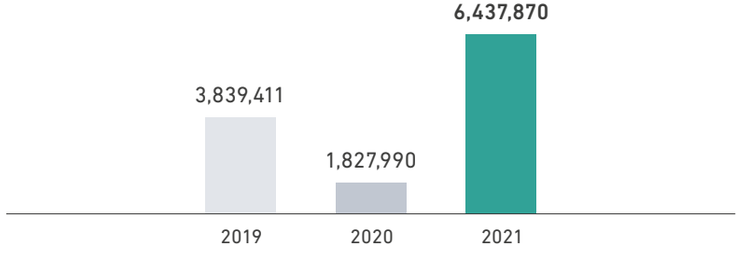


Water Reduction Targets and Efforts

By setting challenging water reduction targets and introducing performance management, Samsung Electro-Mechanics reduces energy consumption and checks maintenance in water use at domestic and overseas business sites. We review equipment purchases to establish a water-saving system when new manufacturing equipment is introduced. We will institute operational plans to improve the water recycling rate and increase the recycling rate to 40% by 2030. To this end, we are planning to recycle concentrated water, washing water, and effluent that used to be discharged as wastewater. In 2021, 6.44 million tons were reused to achieve a reuse rate of 23.6%, and in 2021, the reuse capacity increased to 420,000 tons per year. In 2022, we are expanding the water reuse facility with a capacity of 400,000 tons per year.

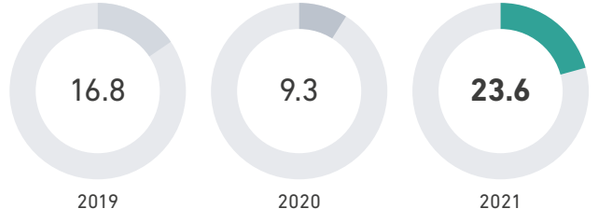
Volume of Reused Water

(Data coverage: 100%, Unit: m^3)



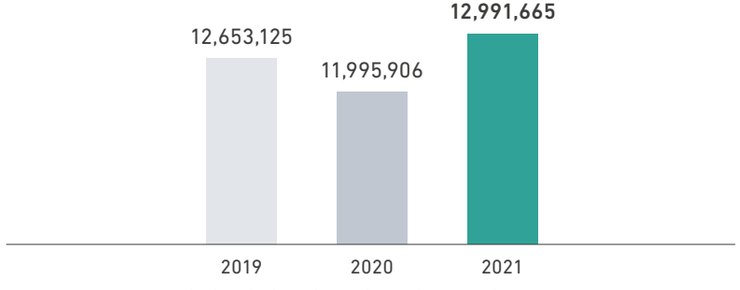
Water Reuse Rate

(Data coverage: 100%, Unit: %)



Volume of Discharged Water(at the water supply level)

(Data coverage: 100%, Unit: m^3)

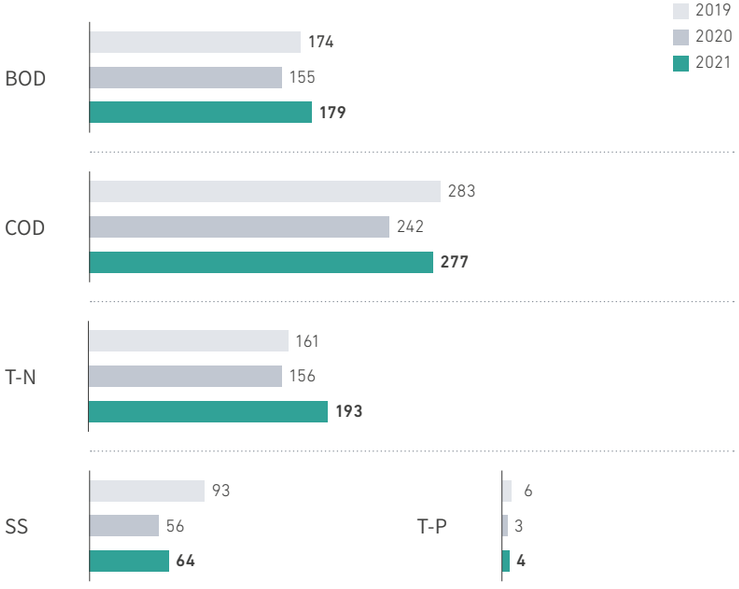


* New management standard applied to volume of reused water and water reuse rate since 2021

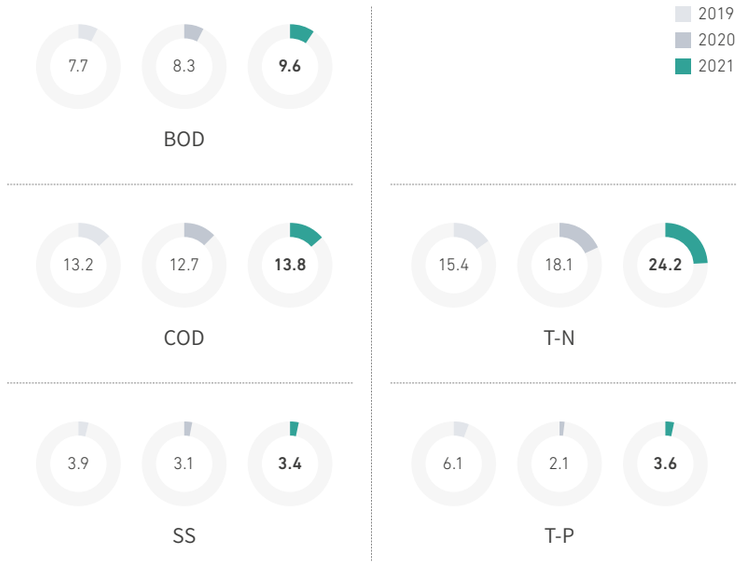
Water Pollution Discharge Management

Samsung Electro-Mechanics has instituted water quality and environment management regulations and complies with the Water Environment Conservation Act through monitoring, equipment investment, and evaluation. Water pollutants in raw water and fully-treated water are analyzed and monitored on our own or in conjunction with external agencies. We apply rigorous standards within the 30% permitted by laws and regulations. We further respond preemptively by constantly monitoring changes to existing laws and newly enforced laws. Moreover, we are reducing the concentration of contaminants and trying to have a positive impact on the surrounding aquatic ecosystem by expanding chemical treatment facilities, installing impurity removing facilities, and replacing settling tanks and filtration facilities. At the Suwon business sites, we conduct environmental impact assessments in the area twice a year in the first and second halves of the year to analyze our impact on the surrounding ecosystem. As a result, it has helped to reduce the concentration of pollutants in Woncheon-ri Stream, where the water is discharged, by 8% for BOD, 12% for T-P, and 62% for SS. We also contribute to other aspects of the water quality in the area, such as preventing the stream from drying out.

Water Pollution Emissions (Data coverage: 100%, Unit: ton)



Emission Intensity Compared to Statutory Standards (Data coverage: 100%, Unit: %)

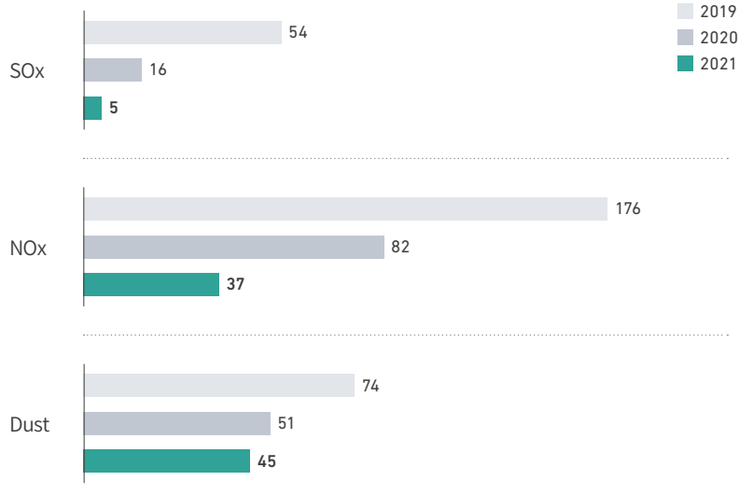


Air Emissions

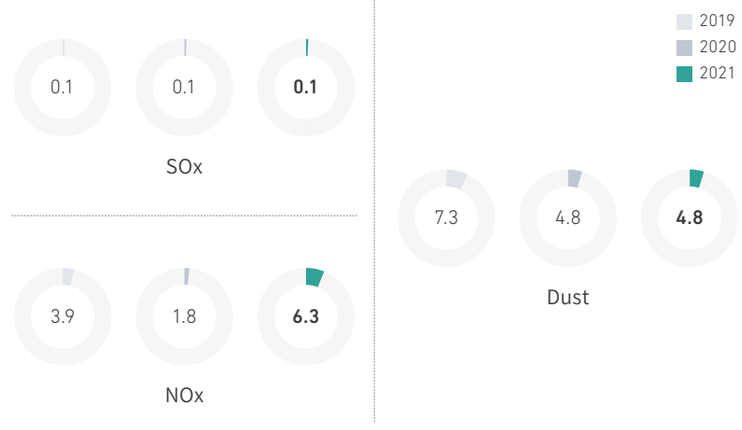
Samsung Electro-Mechanics is enhancing efficiency by installing optimized prevention facilities to reduce air emissions and improve air quality In installing new manufacturing processes, we conduct safety and environment assessments and review emissions at the time of installation to keep emissions volume to a minimum. We also manage the concentration of emissions within 30% of the emission statutory standards.

As of 2021, we are operating 206 anti-air pollution facilities and 21 RTO (Regenerative Thermal Oxidizer) facilities for optimal management of air emissions. Once a year, we identify the presence of new emissions by conducting a concentration analysis of all emission items, including substances that are not expected to be discharged. Through continued environmental investment, we repair and replace aging equipment and maintain them in optimal conditions at all times.

Air Emissions (Data coverage: 100%, Unit: ton)



Emission Intensity Compared to Statutory Standards (Data coverage: 100%, Unit: %)



Waste

To enhance the circulation of resources, we internally perform random discharge inspections and comply with waste sorting and discharge regulations for waste for incineration. Externally, we continuously find new waste recyclers and identify secondary by-product generation rates and disposal status of waste treatment companies. Every year, we establish focused management and improvement plans for generated and non-recyclable waste and do our best to manage waste through quarterly site inspections. With the reinforcement of waste-related laws and policies, we regularly detect changes in laws and regulations to respond to newly enforced laws and reinforced existing laws, and prepare company-wide measures to respond preemptively.

To solve the problem of waste generation at the source, Samsung Electro-Mechanics operates a special task force for reducing disposable products, which launches campaigns to replace disposable plastic containers with eco-friendly paper products or to use personal reusable cups at in-house cafes. As a result, we were able to reduce 57 tons of plastic waste in 2021. Also, in collaboration with the Suwon City Office, we came up with a process to collect milk cartons generated from in-house cafes and exchange them for toilet paper, which is donated to the underprivileged in the local community. This practice is now adopted across all domestic business sites.

By devising various methods for recycling waste that was previously incinerated or sent to landfills, we were able to achieve our goal of an 84% recycling rate. We improved recycling conditions by discovering new recycling companies for alkaline waste, which curbed the amount of secondary waste that goes to landfill or are incinerated and other environmental pollutants that may be generated during waste disposal. Furthermore, we provide training and campaigns once a year to promote effective waste sorting and raise employees' awareness of resource circulation.

Waste Treatment (Data coverage: 100%)

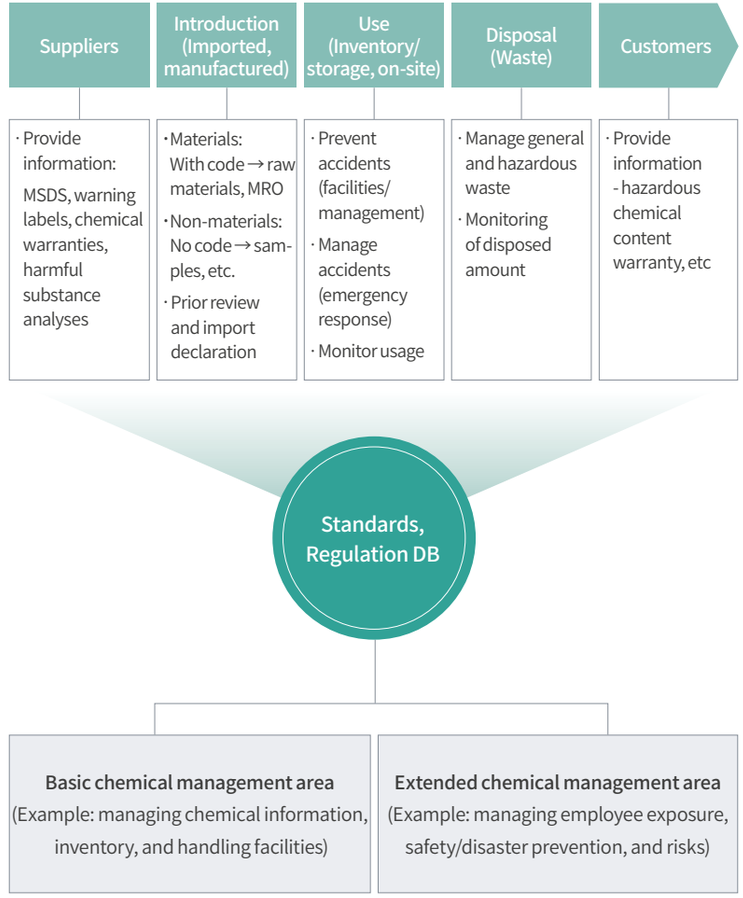
Classification	Category	Unit	2019	2020	2021
Waste generation	Total waste generation	ton	120,606	122,899	155,076
General waste treatment and recycling	General waste generation	ton	72,471	78,064	90,765
	General waste incinerated	ton	4,673	4,257	5,861
	Recovered energy	ton	886	688	419
	Unrecovered energy	ton	3,787	3,569	5,442
	General waste landfilled	ton	7,851	8,434	9,024
	General waste recycled	ton	59,947	65,372	75,880
Hazardous waste treatment and recycling	Hazardous waste generation	ton	48,135	44,835	64,311
	Hazardous waste incinerated	ton	5,511	4,894	4,748
	Recovered energy	ton	-	-	-
	Unrecovered energy	ton	5,511	4,894	4,748
	Hazardous waste landfilled	ton	4,507	6,787	4,986
	Hazardous waste recycled	ton	38,116	33,154	54,578
Waste treatment and recycling	Total waste generated (waste incinerated, waste landfilled, waste recycled)	ton	120,605	122,898	155,077
	Waste incinerated	ton	10,184	9,151	10,609
	Waste incinerated with energy recovery	ton	886	688	419
	Waste incinerated without energy recovery	ton	9,298	8,463	10,190
	Waste landfilled	ton	12,358	15,221	14,010
	Waste recycled	ton	98,063	98,526	130,458
	Waste recycling rate	%	82	81	84

Chemical Safety

Hazardous Chemicals Management Strategy

Samsung Electro-Mechanics has obtained a permit to handle hazardous chemicals as stipulated in the Chemical Substances Control Act for domestic business sites for more rigorous management. All chemicals we purchase are subject to a prior safety evaluation by the CMS (Chemical Management System) before purchasing and importing, through a verification process that applies the relevant laws and regulations to verify whether they are legal. In order to manage hazardous chemicals, it is critical to prevent health problems during the handling or exposure to hazardous chemicals and create a pleasant workplace. Since 2019, Samsung Electro-Mechanics has been working to eliminate the risk by establishing and implementing measures to remove high-risk substances used in its business sites or to replace them with safe substances by installing the Substitute Substances Committee, joined by experts from the relevant departments. If new substances being used includes CMR (carcinogenic, mutagenic, reprotoxic) substances, we operate an in-house Regulatory Substance Review Committee from the purchasing stage. To manage exposure to workers, we improve the working conditions by using local exhaust ventilation, sealing, and automation at the workplace where the substance is handled.

Hazardous Chemicals Verification Process



Preliminary Safety Assessment

Samsung Electro-Mechanics has implemented a Preliminary safety assessment for all chemicals entering the company through a chemical management system (CMS), and all chemicals must be approved for stability before being used in production processes. Out of these, highly hazardous chemical substances are listed by their risk class. To limit their indiscreet use, the Regulatory Review Committee assesses the risk of substances before finally approving them. During the deliberation, CMR substances are evaluated for hazardous risks from the stage of introduction. When classified as high-risk substances, safety and health measures such as substance replacement, equipment sealing, local exhaust ventilation, and automation are taken to prevent and manage exposure at the source.

Managing the Class of Chemical Substances

Samsung Electro-Mechanics manages the chemical substances handled in-house by class. The substances that are highly hazardous to the human body are examined in advance, and a list of restricted substances is created for control. From the introduction stage, we operate a review committee to prevent their indiscreet use. We manage the use of new substances through an approval process and establish and implement exposure prevention measures according to the level of risk based on the results of chemical hazard assessments to block exposure at the source. In addition, we constantly try to improve the situation by adopting alternative and reduction plans for high-risk materials.

Chemical Handling Facilities

To manage the risk of chemicals handled in-house, highly hazardous chemical substances are listed by their risk class. To limit their indiscreet use, the Regulatory Review Committee assesses the risk of substances before finally approving them. In addition, a full inspection of chemical handling facilities and self-investigation of facility protection (automation, sealing, local exhaust ventilation) are conducted in the manufacturing and research departments, regularly checking the performance of chemical handling facilities and maintaining their protection.

PRODUCT STEWARDSHIP

Policy and Strategy

Samsung Electro-Mechanics voluntarily restricts and replaces the use of hazardous substances in manufactured products and purchased raw materials in response to product stewardship regulations operating in several countries, such as the EU RoHS (Restriction of Hazardous Substances in electrical and electronic products) and REACH(Registration, Evaluation, Authorization & Restriction of Chemicals, Chemical substances management system). In addition to RoHS regulations, four kinds of phthalates (DINP, DIDP, DnOP, DnHP) and substances currently designated as REACH SVHC will also be voluntarily reduced for use in raw materials by 2030.

Response System and Expertise

Led by our Safety and Environment Team, Samsung Electro-Mechanics systematically responds to product stewardship regulations by analyzing environmental regulatory trends in major markets such as Europe, the United States, and China and the environmental needs of global customers. We reflect them in our own policies through continuous communication between relevant departments. Samsung Electro-Mechanics also conducts regular training for departments related to product stewardship to build their capacity in managing hazardous substances.

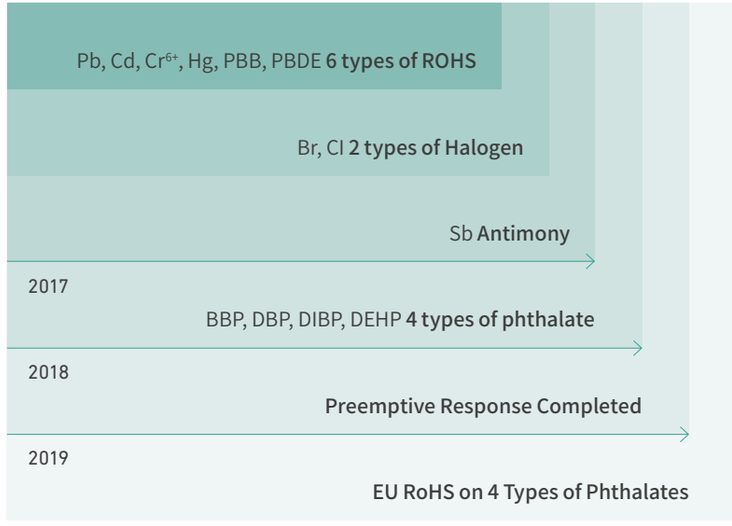
Life Cycle Assessment (LCA)

Based on our experience in the national LCI (Life Cycle Inventory) database-building project, Samsung Electro-Mechanics is building a system to expand the life cycle assessment of our products. Several flagship products, such as MLCC and BGA, have already been evaluated, which account for 52% of all products. The percentage of MLCC and BGA product lines that have undergone simplified LCA, such as environmental certificates, is 11%. Starting with the 4 products' acquisition of environmental certification in 2021, we will gradually expand the application of LCA to our products.

Management of Hazardous Chemicals in Products

Since the declaration to comply with RoHS free standards in 2006, Samsung Electro-Mechanics has been managing all chemical information of raw materials from our suppliers with a database in the hazardous substance management system. In addition to internationally regulated substances such as EU's 10 RoHS (Cd, Pb, Hg, Cr6+, PBBs, PBDEs, BBP, DBP, DEHP, and DIBP) and REACH SVHC (Substances of Very High Concern), we voluntarily manage major chemicals that have the potential to negatively affect the environment and human body, such as halogen, antimony, and beryllium. To manage REACH SVHC, we are monitoring the use of newly added SVHC among our raw materials at least once every half-year . We identify whether the regulated substances are used and take measures by using alternative materials.

Strengthening the Management of Hazardous Substances in Products



Process of Hazardous Substances Management

	Development	Purchasing	Quality Control	Safety and Environment
Design Design eco-friendly products	Review hazardous substance content	Relay product stewardship standards to suppliers		Notify the sector in charge of hazardous substances management standards
Approval Conduct preliminary environmental review	When approving components, approve hazardous substance review results	Obtain ingredient information and analysis report for raw materials from suppliers	When approving components, reach consensus on hazardous substance review results	
Mass-Production Inspect hazardous substances in products		Encourage suppliers to submit ingredient information and analysis reports for raw materials	Sample hazardous substances to inspect materials in stock	Digitalized system for green purchase
Shipment Inspect hazardous substances in products			Sample hazardous substances to inspect products for shipment	

R&D Products

From the R&D phase, Samsung Electro-Mechanics closely examines hazardous substance content to prevent their use in our products . We check whether the materials used in the R&D phase, including the development, midpoint design, implementation, quality check, and review, contain hazardous substances and limit the use of such materials. In 2018, 4 phthalates (BBP, DBP, DIBP, and DEHP) were adjusted to items subject to mandatory precision analysis.

Material Analysis System

Samsung Electro-Mechanics uses simple analysis equipment to manage the information of hazardous substances in raw materials from our suppliers. We regularly analyze the raw materials in stock for Pb (lead), Cd (cadmium), Cr6+ (hexavalent chromium), Hg (mercury), Br (bromine), Cl (chlorine), and Sb (antimony). If necessary, the contents of hazardous substances are verified through authorized external analytical institutions, and the results are managed through the system.

Green Purchasing System

Samsung Electro-Mechanics operates a green purchasing system for the systematic management of hazardous substances in its products. All suppliers that trade with Samsung Electro-Mechanics submit raw material ingredient information, Material Safety Data Sheet (MSDS), and precision analysis report on hazardous substances issued by accredited institutions to the green purchasing system to prove that they meet our hazardous substance management standards. This system enables us to respond efficiently to clients' inquiries about hazardous substances in products. We strive to steadily provide customers with eco-friendly products that do not contain hazardous substances.

Product Stewardship of Suppliers

Samsung Electro-Mechanics conducts product stewardship training for our suppliers every year to strengthen their response capability to regulations on environmentally hazardous substances and to improve the eco-friendliness of our products. We preemptively respond to global product stewardship regulations by providing our suppliers with the latest information in product stewardship, such as domestic and overseas trends and operating regulations, and training them on how to use Samsung Electro-Mechanics' systems.

Product Stewardship Training for Suppliers (Data coverage: 43%)

Classification	Unit	2019	2020*	2021
Suppliers	number of companies	93	-	32
Employees of suppliers	persons	112	-	78

*No training due to COVID-19

Biodiversity

In September 2013, Samsung Electro-Mechanics signed the "Joint Declaration on Biodiversity Conservation and Sustainable Use" with government agencies to create ecological parks around business sites and combat invasive flora and fauna that disrupt the ecosystem. We also measure and control water quality indicators such as COD, BOD, and SS for the conservation of aquatic ecosystems.

6 Principles of the Joint Statement on Biodiversity

01	Understand the value of biological diversity.	02	The government shall expand the biological diversity policies and corporations shall consider the preservation of biological diversity in their decision-making processes.
03	Work together to preserve biological diversity.	04	Industries shall cooperate to use biological resources in a sustainable way.
05	Exchange and cooperate with related domestic and overseas organizations for the preservation of biological diversity.	06	Strive to raise public awareness of biological diversity.

Activities for Protecting Biodiversity

Arrangement	Planting fine dust purifying trees	Planting trees on Arbor Day	Conservation activities in coastal and ecological and landscape conservation areas
Target	Grass square within the site boundaries	Near the site boundaries	Sohwang Sand Dune, Boryeong City
Activities	Planted 50 retusa fringe trees for fine dust purification, expected to absorb 310kg of CO_2 per year	Planted 32 trees for Arbor Day celebration	Supported 10 environmental purification activities, including marine garbage collection and special lectures on the environment

CLIMATE STRATEGY

Climate Change Governance

Through the internal control assessment system, Samsung Electro-Mechanics reports GHG emissions and third-party verification results to the CEO and the Audit Committee under the board of directors once a year. Our Climate Strategy Committee has established a decision-making process to respond to the emissions trading system, sharing information and opinions on GHG emissions between internal departments such as finance and legal. We also established a system to monitor GHG emissions regularly.

GHG Management

In support of the Paris Agreement, Samsung Electro-Mechanics is strengthening efforts to reduce carbon emissions. To reduce GHG emissions, we identify GHG emission sources and operate an inventory. We also monitor emissions from domestic and overseas business sites on a monthly basis and transparently disclose information on emissions every year. In addition, we expanded the scope of disclosure to emission sources across the corporate value chain (Scope 3) and managed the reliability of information through expert verification.

Scope 1 & 2 Emissions (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total GHG emissions (Scope 1, 2)	tCO_2e	1,309,687	1,204,128	1,466,843
Scope 1	tCO_2e	76,506	79,240	113,118
Scope 2	tCO_2e	1,233,181	1,124,888	1,353,725
Carbon intensity	tCO_2e/Sales (M $)	184.6	184.1	179.7

Scope 3 Emissions (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total Scope 3 emissions	tCO_2e	169,526	150,450	188,987
Purchased goods and services	tCO_2e	21,419	34,583	39,826
Capital goods	tCO_2e	1,852	3,690	2,740
Fuel and energy-related activities not included in Scope 1 or Scope 2	tCO_2e	12,716	12,113	9,434
Upstream transportation and distribution	tCO_2e	47,780	41,662	60,442
Waste generated in operations	tCO_2e	6,025	6,875	20,686
Business travel	tCO_2e	7,367	2,238	1,547
Employee commuting	tCO_2e	11,816	11,120	13,730
Upstream leased assets	tCO_2e	747	693	895
Downstream transportation and distribution	tCO_2e	-	-	-
Processing of sold products	tCO_2e	1,037	353	436
Use of sold products	tCO_2e	34,179	11,622	14,349
End-of-life treatment of sold products	tCO_2e	579	197	243
Downstream leased assets	tCO_2e	-	-	-
Investments	tCO_2e	169,526	25,304	24,659

GHG Reduction Strategies and Plans

Despite internal changes such as new business divisions and overseas plants and market variables such as the increase in demand for electric and electronic components, in comparison to 2014, we aim for 7% reduction in GHG intensity relative to overall sales by 2025 and 57% in absolute volume by 2040. Samsung Electro-Mechanics will strive to achieve its GHG reduction targets through 3 years of energy reduction challenges, the efficiency of production and utility facilities, and replacement with high-efficiency facilities in major facilities.

GHG Reduction Efforts

In response to climate change, international investment institutions are rejecting or withdrawing investment in industries with excessive GHG emissions. Today, it is essential to review our responses to climate change in business operations. To reduce GHG emissions based on company-wide GHG and energy management business policies (including domestic and overseas business sites), Samsung Electro-Mechanics predicts and evaluates emissions and climate change risks by identifying the future expansion of production lines, production increase and the 5 year trend of GHG emissions. We are also operating reduction plans to achieve our year-by-year reduction targets.

GHG Reduction Performances (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total	tCO_2e	109,912	94,327	102,075
Electricity	tCO_2e	103,431	88,817	92,836
LNG	tCO_2e	4,302	2,759	7,650
Video Conferencing	tCO_2e	2,179	2,751	1,589

GHG Management System in Overseas Sites

Samsung's overseas production sites in China, Vietnam and the Philippines account for about 70% of the company's total GHG emissions. In particular, the Chinese government has announced a plan to implement a national emissions trading system for power companies. In consultation with the department in charge, we strive to systematically manage and collect the data on GHG emissions in advance when expanding plants in overseas business sites.

Energy Use Management

Samsung Electro-Mechanics sets an annual energy reduction target based on a carbon-neutral system. Led by the Energy Saving Task Force, all employees participate in reduction activities such as improving productivity, enhancing cost competitiveness, and responding to climate change. When manufacturing new equipment, we introduce energy-saving equipment by evaluating specifications. For the construction of new or additional buildings and factories, we select high-efficiency energy equipment, materials, and renewable energy technologies upon review.

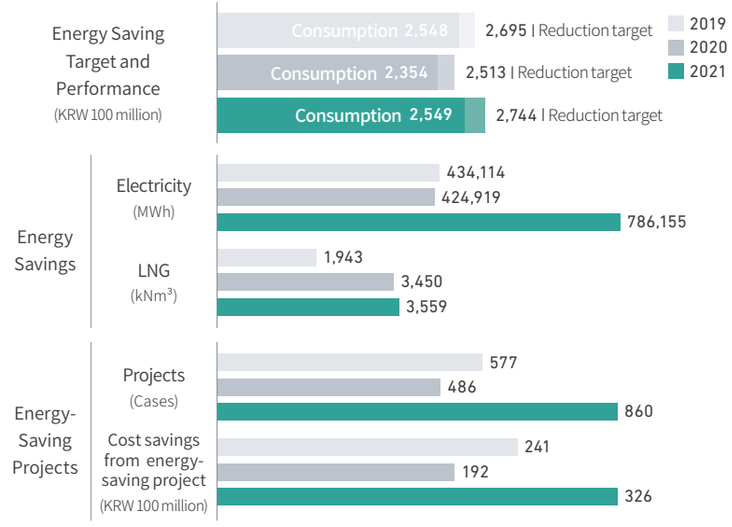
Energy Consumption (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total Energy Consumption	MWh	2,617,288	2,438,906	2,909,016
Electricity	MWh	2,084,623	1,975,597	2,224,870
LNG	MWh	295,948	280,448	467,804
Diesel	MWh	25,643	22,562	27,039
Gasoline	MWh	4,133	3,122	2,880
Kerosene	MWh	-	-	-
LPG	MWh	28,556	29,801	23,917
Purchased steam	MWh	178,384	127,376	162,506
Energy intensity	MWh/Sales (M $)	368.9	372.9	356.4
Fuel consumption	GJ	1,917,592	1,667,912	1,877,906

Energy-Saving Activities

Samsung Electro-Mechanics has established an energy-saving plan of 7% per year between 2022 and 2025 to build a foundation for carbon neutrality. We are constantly performing energy-saving activities to reduce the volume of renewable energy that needs to be converted.

Energy-Saving Performance (Data coverage: 100%)



* Recalculated 2019–2020 data due to changes in internal calculation standards

Improving Energy Efficiency in Products

Plan to Expand Eco-Friendly Product Line up

With the rise in implementation of the global carbon-neutral target in 2050, each industry group in Korea is also joining the global focus on reducing GHG emissions. Korea has set an upward target of reducing GHG by 40% compared to 2018 by 2030, and Samsung Electro-Mechanics is keenly moving toward reducing GHG from our business sites and product manufacturing. The developed world, including Europe and the United States, which are interested in reducing GHG emissions, are trying to apply trade restrictions on products that emit high levels of GHG through the carbon border adjustment mechanism that imposes separate tariffs on products manufactured in countries with high carbon emissions. Currently, the EU plans to introduce a carbon border adjustment mechanism in 2023 for 5 items: steel, cement, aluminum, fertilizers, and electricity. They announced the plan to expand it fully starting in 2026.

Such international measures are driving companies to disclose GHG emissions data, and in addition to building their own databases, it is expected that they disclose data on products sourced from the supply chain. In line with global trends, Samsung Electro-Mechanics has established a carbon footprint database (DB) of its flagship electrical and electronic products produced at its domestic and overseas business sites. We have developed a plan to acquire more eco-friendly product certifications to respond preemptively to the upcoming global paradigm changes and customer needs.

Eco-Friendly Product 01 I Camera Module

Cameras are one of the most distinguishing and decisive factors consumers consider when buying smartphones, along with displays and batteries. With smartphone users' growing needs for high-quality photos, videos, and multiple functions, today's smartphones apply high-performance camera modules such as higher resolutions through more pixels, image stabilization, wide-angle, long-focus, and low-light imaging. Also, low-power solutions that minimize battery consumption are becoming prominent as it is difficult to replace embedded batteries in smartphones, which continue to be popular for aesthetic reasons. In addition to enhancing various existing functions, based on our hardware and software capabilities, Samsung Electro-Mechanics applied a structure with ball guide type actuators to develop camera modules that improved consumption by over 50% compared to the spring type. They are currently being supplied to multiple smartphone manufacturers. We will continue to expand our camera module business by providing excellent solutions that stand out among our competitors, based on our core component technologies for lenses and actuators.

Eco-Friendly Product 02 I Communication Module

The Sub 6 module is a product that supports high-speed communication from a smartphone using a 5G network and IC produced by CMOS and GaAs processes is the key component.

IC must first undergo the main process at the foundry, then go through the sawing and ball bump processes at the specialized post-process manufacturers. Samsung Electro-Mechanics is optimizing the SCM for mass production by minimizing logistics movement and improving the cooperation of OSAT companies, enabling turnkey operations from the IC post-process to module manufacturing.

Camera modules

Communication modules

Risk Analysis

Physical Risks

In response to climate change, Samsung Electro-Mechanics conducts physical risk inspections of seasonal disasters at business sites. Based on the assessment, we introduce and manage seasonal response systems and run risk surveys regularly for typhoon and rainy season damage. In addition, we conduct safety diagnosis and improvement of buildings, set up strategies to defend against storm and flood damages, and prepare for natural disasters through regular emergency response training. We prioritize monitoring and identifying physical risks, risks from national policy regulations, and financial impacts, and reduce risks through renewing the digital GHG climate change system and inventory for the identified risks.

Transition Risks

The Korean government set the target to reduce GHG emissions by 40% compared to 2018. The Nationally Determined Contributions (NDCs) is closely related to the quota for the Korean emissions trading system, and the government is adjusting the quota to achieve that target. In response, we conducted a scenario analysis based on the figures presented in the NDCs update report distributed by the government to implement legal regulations. The scenario analysis estimated that by 2040, an absolute reduction of 57% compared to 2014 was required. In turn, we planned to achieve the goal by reducing GHG emissions and innovating processes at the business sites.

Response Strategies for Physical and Transition Risks

Samsung Electro-Mechanics has financial risks of physical damage to its business sites from climate change, caused by droughts and typhoons. The financial impact of suspending operations at the domestic Suwon, Sejong, and Busan business sites for one week is expected. In response, the company conducts regular risk surveys and invests in aging infrastructure to prevent production losses from extreme weather events. In 2021, we invested in aging facilities to response risks. In addition, we are striving to stabilize logistics by establishing a system that automatically notifies the person in charge in the event of a natural disaster at major logistics bases (ports, airports, production/sales sites).

The financial impact of the government's allocation of GHG emissions targets and emissions trading between companies as needed is expected to generate costs. To respond to regulations, Samsung Electro-Mechanics is managing and reducing GHG emissions by establishing an in-house GHG energy system and rewarding energy savings. These activities are expected to reduce the financial impact.

Opportunity Analysis

Opportunities

Among Samsung Electro-Mechanics's products, camera modules are mainly used as components for smartphones. Customers are increasingly demanding low-power and high-efficiency products with improved efficiency in power consumption. To respond actively to customer needs, we are developing low-power drivetrains for continuous mobile use. We are also enhancing product efficiency standards for clients who need focused management of climate risks and developing eco-friendly products. These measures are expected to have a positive impact on our revenues.

Opportunity and Risk Management Process

01 | Identification of Risks and Opportunities	02 | Establishment of GHG Management System	03 | Climate Change Response Activities	04 | Internal Reporting
Risks ・Identifying physical and regulatory risk factors ・Identifying risk level and financial impact **Opportunities** ・Identifying Emissions Trading Systems (ETS) markets and opportunities to enhance product eco-friendliness ・Preemptive responses to risks and strengthening management	・Establishment of a GHG climate change system (2005) ・Establishment of a GHG inventory ・Emission source management and internal verification (twice/year) external verification (once/year)	・Estimation of emissions intensity based on additional lines and productivity increases ・Planning and implementing 3-year GHG emissions reduction activities ・Periodic monitoring of the state of reduction activities ・Detection of natural disasters in major logistics bases (ports, airports, production/sales sites)	・Operation of a company-wide Climate Strategy Committee (once/quarter) ・Reporting on company-wide GHG emissions status to executives (once/year)

Response Strategies for Physical and Transition Risks and Opportunities

	Item	Risk	Financial Impact	Opportunities	Financial Impact	Short/ Medium/ Long-Term
Transition Risks	Policy	GHG emissions trading system	· Increased cost of acquiring carbon credits · Increased cost of investing in GHG reduction facilities	Reduced GHG emissions through GHG reduction activities and reduction facilities	· Reduced costs for purchasing carbon credits	Short-term Medium-term
	Market	Increased stakeholder needs for low-carbon products	· Increased product R&D costs · Increased costs for obtaining low-carbon product certifications	Raising consumer awareness by launching low-carbon products	· Increased sales by meeting customer needs for low-carbon products	Long-term
Physical Risks	Natural disasters such as typhoons and floods	Damage to facilities caused by typhoons and floods	· Financial loss from repairing facilities	Considering damages from natural disasters when designing facilities	· Reduced damage from natural disasters	Short-term
	Heatwaves, droughts	Difficulty in obtaining water resources due to drought and abnormal climate	· Financial loss due to production delays	Increased water efficiency and reuse at production facilities	· Reduced water costs due to reduced consumption	Short-term
		Increased energy consumption from operating cooling facilities	· Increased energy costs			Mid to long-term

SUSTAINABLE PEOPLE

LABOR AND HUMAN RIGHTS

Organizational Culture

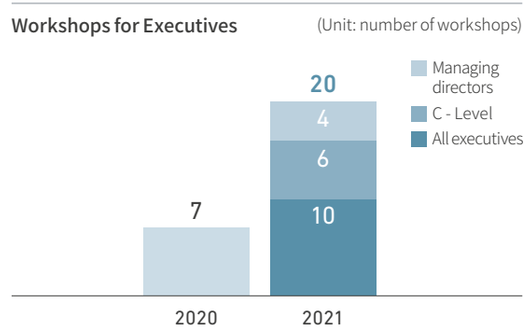
Samsung Electro-Mechanics strives to create an organizational culture to become the leading company that continues to grow through positive employee experience.

Bottom-Up Activities Through RiGHT Challenge

As part of the employee-oriented organizational culture innovation project, we selected more than 200 employees from various levels to establish our mission, vision, and core values through an 8 month workshop in 2020. In 2021, each business division held 5 sessions of Deep Dive RiGHT workshops and RiGHT Challenge: call for best practices for practicing core values in everyday life and at work. In 2022, we are adding “challenge” to the existing core values RiGHT to build an organizational culture where all employees can recognize and demonstrate their unique values.

Creative Leadership Workshops

Believing that the role of leaders is critical for change, we have been conducting leader workshops on organizational culture. In 2021, we held creative leadership workshops for executives to boost their courage and curiosity to drive creativity. Through discussions, they tried to derive and practice behavioral principles for ideal leaders that employees want. In 2022, we will prepare a variety of programs to help leaders set examples for their organizational culture with the theme, "Challenge and Growth."



Culture of Mutual Respect and Compliment

To establish a culture of mutual respect, we started a campaign to use polite language in July 2020. Since the polite language campaign, we have been conducting quarterly surveys to determine the extent of the change and calling for best compliments. We are also working to strengthen communication and collaboration through an online forum that allows employees to compliment and encourage colleagues. As they post compliment comments on their colleagues, they can also express gratitude by sending points. It helps to create a positive atmosphere in the organization and initiate a virtuous cycle of celebratory culture.

Number of participating domestic employees
9,166 persons

Number of compliments
81,399 compliments (6.8 per person)

Employee Benefits

Employee Benefits and Support (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Labor costs	KRW million	1,174,928	1,362,318	1,675,110
Employee benefit cost	KRW million	430,484	286,710	314,861
Employee pensions (Severance)	KRW million	92,574	70,809	77,425

Mind Health Center

Samsung Electro-Mechanics the Mind Health Center, a professional psychological counseling agency staffed by professionals with certified qualifications, provides personal counseling and psychological examination services to employees and their immediate family members. We offer counseling programs for married couples and children, leadership coaching for managers, themed psychological testing, counseling at manufacturing sites, and departmental counseling programs. Meditation programs are also available in the in-house meditation rooms for managing the stress of our employees. We provide necessary support in connection with external institutions specializing in meditation training. Moreover, online channels such as dedicated chat services, mobile applications, and video counseling are always accessible for our employees to enjoy counseling services at ease. A 24-hour counseling hotline is also available for emergencies.

The Mind Health Center complies with its obligation to protect the personal information learned during the counseling process in accordance with the Ethics Regulations that prioritize respect and protection for the individual concerned.

"Gatekeeper" in each Department

Twice a year, Samsung Electro-Mechanics provides training for "gatekeepers" who serve as quasi-counselors in each department to assist employees' mind health management. By sharing mind health information every month, we help employees manage their mental health.

Dormitories and Cafeterias

Dormitories

Samsung Electro-Mechanics provides dormitories to enhance the benefits of employees who are shift workers or live far away from work. Dormitory residents are free to enter, exit, and relax without any time constraints. We conduct fire and earthquake evacuation drills semi-annually for safety.

Cafeterias

At the cafeteria, professional nutritionists and cooks provide 4 meals a day for free. Options include Korean food, Chinese food, western food, and health-conscious meals. For hygienic and safe facility maintenance, we check the cafeteria facilities every month and take proactive measures against health-related risks.

Work and Life Balance

Childbirth and Childcare Support Programs

Maternity Protection Programs	· Maternity leave · Resting and nursing spaces for pre and post-natal employees · Shorter working hours for childrearing years · Mommy leave[1] · 2-year parental leave[2] · Fertility leave · Maternity leave for spouses[3]
Childcare Support	· In-house childcare facilities · Financial support for kindergarten and child medical expenses
Improvement in Infrastructure	· Designated ID card for pregnant employees · Snacks for pregnant employees · Dedicated parking spaces for pregnant employees
W Board	· Women's Committee in the Labor-management council · Grievances and improvements for female employees

1) A leave that can be granted before childbirth for pregnant women, can be used for up to 10 months until childbirth
2) Parental leave is available for up to 2 years, paid for 1 year and unpaid for 1 year
3) Supported up to 15 days

Parental Leave Usage (Data coverage: 32%)

Classification	Unit	2019	2020	2021
Number of employees taking parental leave[1]	Persons	477	508	504
Men	Persons	129	153	136
Women	Persons	348	355	368
Rate of retention longer than 12 months after returning to work[2]	%	89	86	67
Rate of returning to work after parental leave[3]	%	86	85	84

1) Based on the number of employees who took parental leave in each year
2) Employees currently working in March of each year among reinstated employees after parental leave/ total number of employees who returned to work after parental leave
3) Employees currently working and taking parental leave in March of each year among reinstated employees after parental leave

Employee Job Satisfaction Results (Data coverage: 32%)

Classification	Category	Unit	2019	2020	2021
Employee job satisfaction (by gender)	Employee satisfaction survey	Points	72.8	72.6	72.2
	Men	Points	74.8	74.5	73.8
	Women	Points	66.1	66.7	67.0
Employee job satisfaction (by position)	Managers	Points	76.8	75.2	75.8
	Staffs	Points	70.4	70.9	69.4
Employee job satisfaction (by age)	20–29	Points	68.0	68.7	68.1
	30–39	Points	72.3	71.8	70.9
	40 and older	Points	77.5	76.6	76.1

Employee Capacity Building

Vision for Human Resource Development

Samsung Electro-Mechanics strives to nurture global talent by providing specialized leadership, jobs, and foreign language education. We support the leaders to lead the organization according to the changing circumstances, helping them exert their best backed by team members' moral support. By appointing "Education Agent" in each department, we help foster a culture of self-learning, provide customized training for jobs, and offer software competency training including AI and data science to enhance employees' digital competency. We also educate our domestic and overseas employees on the core values and organizational culture to enhance individual and organizational values and improve our expertise.

Employee Training Results (Data coverage: 32%)

Classification	Unit	2019	2020	2021
Education and training costs	KRW million	11,135	9,786	9,713
Training expenses per person	KRW million/ persons	0.98	0.86	0.85
Total training time	hours	712,411	945,857	774,852
Training time per person	hours	61	74	62
Return on investment in human capital	%	2.17	2.14	2.23

Customized Competency Training

Introductory Training

Introductory training is provided for new recruits at Samsung Electro-Mechanics to facilitate their understanding and acclimation to the company. Through this, new entrants learn the etiquette and mindset required at Samsung Electro-Mechanics and familiarize themselves with the company's unique organizational culture and core values. They will also acquire Samsung Electro-Mechanics' exclusive professionalism through programs such as understanding the basics of work, conducting projects, and mentoring for adaptation to their department. To strengthen their data analysis capabilities, they receive intensive software training to nurture talented persons equipped with digital literacy and problem-solving skills.

Facilitator Training

Samsung Electro-Mechanics is building an organizational culture that respects each other and acknowledges diversity. To foster our employees' free discussion and creative ideas from diverse perspectives, we have been cultivating facilitators in each department. Starting with the executives in 2020, regular training has extended to managers and CAs.

Recruitment and Composition of the Workforce

Samsung Electro-Mechanics excludes discriminatory factors such as educational background and gender that are independent of individual abilities and undertakes open, job competency-oriented recruitment that grants equal opportunities to all applicants. We also offer internship opportunities for university students so that they can work in actual corporate settings and gain practical experience and knowledge.

Fair Recruitment Process

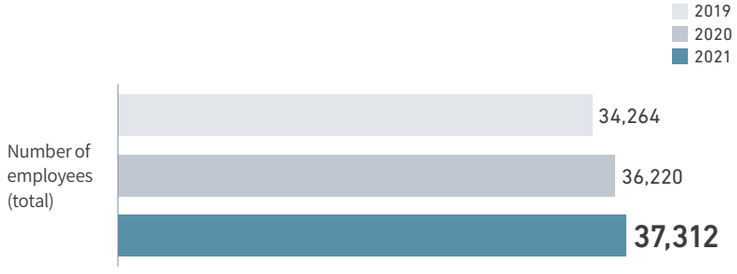
Samsung Electro-Mechanics operates a fair recruitment process to hire excellent talent in a wide range of fields and give equal opportunities to all who wish to work with us. To discover new recruits, we hold open recruitment for graduates from universities, junior colleges, and high schools and give opportunities to people from all walks of life. We are recruiting experienced employees on a rolling basis based on their capacity and competency in consideration of jobs and departments.

Strategic Workforce Management Through Statistical Analysis

Samsung Electro-Mechanics uses statistical and data analysis to recruit suitable talent, develop strategic human resource management plans, review employees' performance and improve employees job satisfaction at work. The system also identifies key data such as the total number of employees, and leave or turnover rates, and performs talent recruitment and operational strategies that are suitable for our business direction.

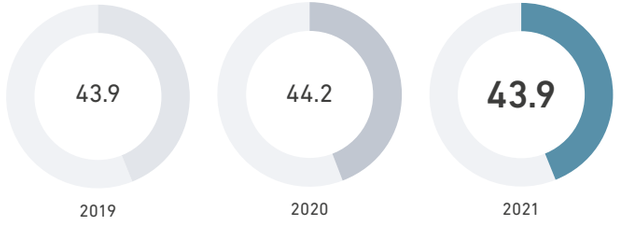
Total Number of Employees

(Data coverage: 100%, Unit: persons)



Percentage of Female Employees

(Data coverage: 100%, Unit: %)



Number of Employees

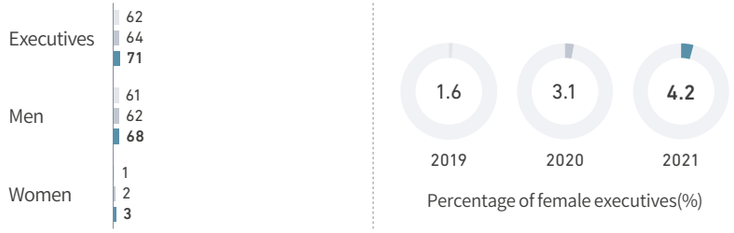
(Data coverage: 100%)

Classification	Category	Unit	2019	2020	2021
Domestic	Number of domestic employees	persons	11,471	11,625	11,868
	Men	persons	8,738	8,849	9,056
	Women	persons	2,733	2,776	2,812
Overseas	Number of overseas employees	persons	22,793	24,595	25,444
	Men	persons	10,577	11,355	11,875
	Women	persons	12,216	13,240	13,569

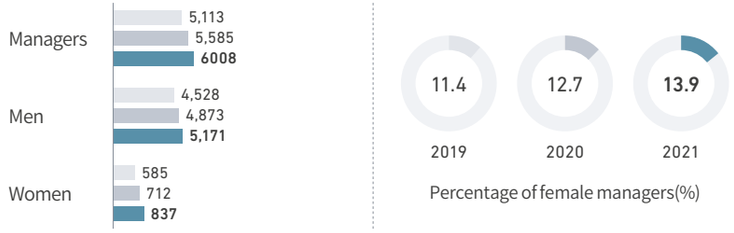
Employees by Position

(Data coverage: 100%, Unit: persons)

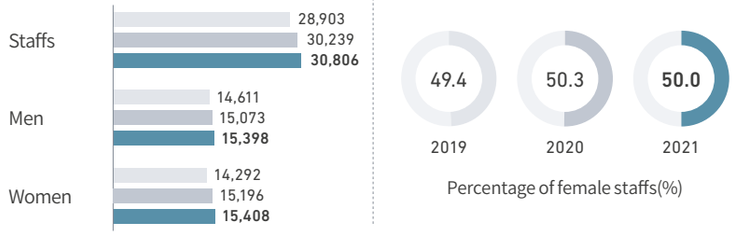
Executives



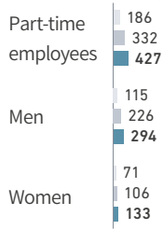
Managers



Staffs



Part-time Employees



Age Diversity

Amid the rapid aging of Korean society, Samsung Electro-Mechanics introduced a wage peak system to employ the older workforce after the current retirement age of 55 and provide them with stable jobs. As of 2021, the average tenure of Samsung Electro-Mechanics' domestic employees is 13.6 years.

Composition of Workforce According to Age Groups

(Data coverage: 100%)

Classification	Unit	2019	2020	2021
Under 30	%	53.2	50.9	48.3
30–50	%	44.9	46.9	49.0
Over 50	%	1.9	2.2	2.7

Diversity by Country

In 2021, Samsung Electro-Mechanics' employees consist of 31.8% domestic and 68.2% overseas employees. The proportion of managing positions by region is 82.4% in Korea, 16.8% in Asia, 0.5% in the Americas and 0.2% in Europe.

Employees by Country

(Data coverage: 100%)

Classification	Unit	2019	2020	2021
Korea	persons	11,471	11,625	11,868
Asia	persons	22,713	24,511	25,358
China	persons	9,070	9,944	10,876
Vietnam	persons	6,768	7,466	6,584
Philippines	persons	6,282	6,540	7,340
Other[1)]	persons	593	561	558
Americas	persons	45	51	49
Europe	persons	35	33	37

1) Other: Thailand, India, Singapore, and Japan

Recruitment of People with Disabilities

Through a fair process, Samsung Electro-Mechanics continues to employ people with disabilities. After joining us, we assign jobs that match the individual's capabilities and improve the working environment through constant communication to facilitate their acclimation to company life. At Samsung Electro-Mechanics, in accordance with the Special Exception to Calculation of Number of Employee with Disabilities, 230 employees with disabilities account for 2.0% of domestic employees as of 2021. We are working on expanding their employment.

Employees with Disabilities (Data coverage: 32%)

Classification	Unit	2019	2020	2021
Number of employees with disabilities	persons	232	231	230
Percentage of employees with disabilities	%	2.0	2.0	2.0

* Special criteria for calculating employees with disabilities

Employee Tenure (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total employee tenure	years	7.6	7.9	8.3
Domestic	years	12.6	13.1	13.6
Overseas	years	5.1	5.4	5.8

Respect for Human Rights

Human Rights Policy

In accordance with the Labor Standards Act, Samsung Electro-Mechanics has several mechanisms to protect the human rights of our employees. Our employment rules stipulate human rights protections, such as prohibiting all kinds of discrimination (nationality, gender, religion, education, class) and forced work, and provision of equal pay. We thoroughly examine the human rights protection items set out in the Constitution and labor laws and comply with them through preemptive preparations. In "Samsung Electro-Mechanics Employment Rules," Chapter 1(General Rules) provides equal treatment (Article 6), prohibits forced work (Article 7), and Chapter 2 (Human Resources) states that we employ applicants who are 18 years or older (Section 2). These clauses continue to be upheld today. We also comply with RBA regulations and prohibit human trafficking, forced labor, and child labor in accordance with labor laws of respective country.

Samsung Electro-Mechanics has established reasonable procedures to provide convenience for our employees' religious observances. Moreover, we respect the right of all employees to peaceful assembly, as well as the right not to participate in the assembly. We respect the right of employees to express their thoughts and opinions as individuals or organizations. Samsung Electro-Mechanics constantly undertakes a series of activities such as evaluation, monitoring, collaboration, and support to ensure that the human rights of stakeholders, such as employees, suppliers, new business relations like mergers, acquisitions and communities, are protected from being violated.

Human Rights Policy

1	Respect for freedom of association and the right to collective bargaining and collective action
2	Prohibition of all kinds of discrimination (nationality, gender, religion, education, class), no forced work, equal pay
3	Preemptive compliance efforts by thoroughly examining the human rights protection items set out in the Constitution and labor laws
4	Prohibition of human trafficking and forced or child labor
5	Ensuring the right of all employees to participate in peaceful assemblies and the right to refuse to participate
6	Respect the right of employees to express as an individual or organization
7	Constant pursuit of activities such as evaluation, monitoring, collaboration, and support to prevent violations of suppliers' human rights

Inspection for Human Rights Commitment

Samsung Electro-Mechanics performs organizational diagnostics every year for all employees in our domestic business sites, and conducts human rights impact assessments on violations such as expletives, assaults, and sexual harassment. The People Team detects and resolves irrational issues through organizational management surveys so to create a workplace where all employees are respected. We inspect whether the culture of mutual respect and human rights protection is properly established in the workplace and whether there is any case of irrational behaviors. If problems are discovered after diagnosing the organizational management, we analyze the causes and take measures to improve them, and continuously monitor the issues to ensure their resolution. To the suppliers responsible for the security of our business sites, we stress the importance of preventing human rights violations and conduct human rights training for all domestic and overseas security personnel.

Inspection Process for Human Rights Commitment

Establishing a Culture of Respect for Human Rights Through Regular Inspections

Detect	Investigate	Take measures	Manage
· Comply with labor laws · Update global issues related to human rights · Inspect clients' RBA compliance · Receive on/offline reports	· Check compliance with domestic laws, including labor laws · Analyze impact of global issues · Conduct due diligence on compliance with RBA standards · Investigate human rights violations	· Identify non - compliance/ potential risks related to domestic laws and global standards, derive improvement measures by item · Discipline offenders, protect victims	· Share human rights impact assessment results · Manage progress of key tasks · Monitor enforcement and compliance

Mandatory human rights education for all employees to raise human rights awareness

Relief Process Through Human Rights Reporting Channels

Operation of Human Rights Reporting Channels

Samsung Electro-Mechanics operates a "Sexual Harassment (verbal, physical, and visual) and other types of harassment (use of expletives, assault, unfair orders, workplace bullying, and violation of human dignity) Report Center" on the company intranet. In conjunction with our internal counseling office, we also offer smartphone application "Mobile 7979" and mobile messenger counseling to support the resolution of grievances. For foreign workers, we provide employment rules written in languages they can understand (Japanese and English), and each overseas sites also notifies them of employment rules written in their local language.

Supervision and Evaluation of Human Rights Protection

Samsung Electro-Mechanics' efforts for protecting human rights are practiced at the company level through the collaboration of our Legal Team, the Compliance Group, the People Team, the Auditing Team, and the Counseling Office. We also operate an agenda meeting of elected labor-management council members, and carefully attend to the voices of employees during grievance responses for the protection of human rights. The labor-management council operates an online grievance resolution bulletin board on its website, constantly receiving and trying to resolve employees' human rights-related grievances. All of these activities are transparently disclosed to employees on the labor-management council website.

Improving Working Conditions Through the Labor-Management Council

Samsung Electro-Mechanics operates a labor-management council in accordance with the "Act on the Promotion of Employees' Participation and Cooperation." Hanulim Council, the labor-management council representing 89% of our employees, reviews all matters related to the working environment of employees every month through the Board Council and introduces the selected agenda to each business site's council. In particular, important issues related to the employees' working conditions are discussed every month and disclosed to all employees within 5 days.

Status of each Deliberation Organization of the Hanulim Council (Data coverage: 32%)

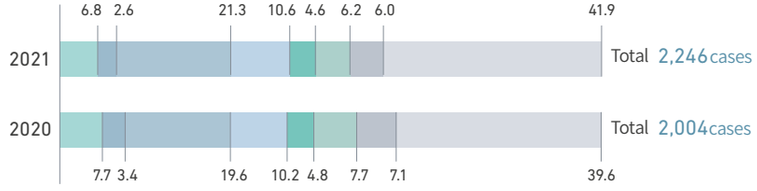
Classification	Unit	2019	2020	2021
FUN[1]	cases	15	21	15
PRIDE[2]	cases	15	22	12
TRUST[3]	cases	9	18	14
WOMEN[4]	cases	7	10	7
Total deliberations	cases	46	71	48

1) Employees' social contributions, support for illness, and activities to energize the organization
2) Improving company-wide welfare facilities and enhancing working environment, productivity, and competitiveness
3) All systems related to HR, training, wages, and benefit standards
4) Improvement of overall welfare facilities related to female employees and HR system

Human Rights Violations and Grievance Responses

The labor-management council constantly receives feedback such as grievances and suggestions from employees through the Hanulim website. When employees submit feedback, they will receive the initial response within 24 hours, and the detailed action and outcome of the processing within 10 days. Samsung Electro-Mechanics will continue to respond effectively to our employees' grievances.

Types of Feedback Submissions to Hanulim (Data coverage: 100%, Unit: %)



Health and Safety | Training | Working Infrastructure | Salary/Work attitude | Friends of Samsung Social Service, Volunteer Work | Human Resources (Job Placement+Recruitment) | Information Security (Information Security+System) | General Affairs (Cafeteria, rest areas, commuter buses)

Human Rights Education

To raise human rights awareness, every employee at Samsung Electro-Mechanics received 3 hours of human rights education in 2021. We also provide sexual harassment and harassment prevention training, as well as education to raise employees' awareness of people with disabilities. Samsung Electro-Mechanics will not spare any effort to create a fair working environment where everyone is respected.

Status of Human Rights Education (Data coverage: 32%)

Classification	Unit	2019	2020	2021
Duration of human rights training per employee	hours	3	3	3
Percentage of employees who completed sexual harassment prevention training	%	100	100	100

Minimum Wage System

Samsung Electro-Mechanics aims to improve labor productivity by ensuring minimum living wages, providing stability in employees' living, and enhancing the quality of labor. Throughout our global network in Korea, China, the Philippines, and Vietnam, we guarantee financial stability for our employees by paying wages at a higher level than the minimum wage determined by local laws.

Inspection of Suppliers' Labor Rights Protection

Evaluation and Management Process for Suppliers' Labor Rights Protection

Samsung Electro-Mechanics has produced our own compliance management checklist based on the RBA Code of Conduct and national laws, and regularly and continuously inspects the compliance of its suppliers. Compliance management checks include evaluation of new suppliers, self-diagnosis of suppliers which are already working with us, and visiting inspections by Samsung Electro-Mechanics to investigate the self-diagnosis results. Registration of a new supplier may be restricted upon evaluation if they violate mandatory compliance items or fail to achieve the minimum level required. In the case of existing suppliers, Samsung Electro-Mechanics visits them to conduct field inspections. We demand measures to be taken for non-conformance while also providing support to ensure their proper implementation.
The results of the field inspection are reflected in the comprehensive evaluation of suppliers every year and used to determine whether the business with them is sustainable. Also, we annually support training and consulting for the suppliers' executives and field staff on the RBA Code of Conduct, national legal information, and ESG management that are necessary for compliance management. We are conducting compliance management checks for more than 100 supplier companies every year. In 2022, we plan to carry on this inspection on more than 100 suppliers in domestic and overseas. We aim to improve the level of our suppliers' compliance management and establish a sustainable supply chain through the process of compliance management.

Evaluation of Suppliers' Labor Law Compliance

(Data coverage: 100%, Unit: number of suppliers)

Classification	Category	2019	2020	2021
Number of evaluated suppliers	Total	100(66)	99(66)	101(47)
	Domestic	42(32)	54(34)	54(31)
	Overseas	58(34)	45(32)	47(16)
High-ranking suppliers in labor and human rights[1)]	Total	17	28	24
	Domestic	8	17	11
	Overseas	9	11	13

1) Suppliers ranking 90 points or higher after visiting evaluations
* (): Visiting evaluations completed

Suppliers' Labor Rights Inspection Items

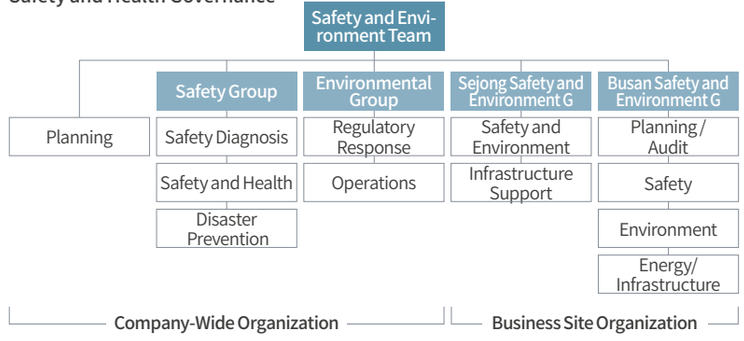
Classification	Key Inspection Items
Voluntary work	Prohibition of forced work, signing of work contracts, guaranteed voluntary turnover and retirement
Underage workers	Prohibition of child employment, proof of age identification, working hours, prohibition of night and holiday work
Working hours	Compliance with RBA standards and laws, voluntary agreement on extended work, guarantee of paid holidays, legal holidays, and breaks
Wages and benefits	Minimum wage, additional pay, delay in wage payment, earnings statement, social security subscriptions, prohibition of reducing benefits as a disciplinary action
Humane treatment	Prohibition of inhumane actions, protection of pregnant women (working hours, prohibition of night/holiday work)
Anti-discrimination	Prohibition of discrimination in job postings, application forms, medical examinations, and toward part-time employees
Freedom of association	Establishment and operation of the labor-management council, democratic election of workers' commissioners
Corporate ethics	Whistleblower protection (reporting channels), prohibition of conflict minerals, protection of personal information
Management system	Violation of law, compliance education, compliance inspection of supply chain

Safety and Health

Safety and Health System

At Samsung Electro-Mechanics, the CEO announces the safety and health policy to the public, and the organization develops, implements, monitors, and evaluates detailed goals and plans as necessary. Every quarter, the Occupational Safety and Health Committee consisting of employee and management representatives discusses proposed agendas to create safe working conditions.

Safety and Health Governance



Occupational Safety and Health Committee

Samsung Electro-Mechanics has an Occupational Safety and Health Committee for deliberating and voting on important matters regarding safety and health at each business site. The committee consists of the same number of members from the employer and employee sides. After attending to matters directly related to the health and safety of employees as well as grievances, such as disaster prevention, safety and health measures, maintenance and promotion of safety and health of workers, they take measures to improve them and promote a safe and pleasant workplace and health for employees.

Safety and Health Management System

Samsung Electro-Mechanics is committed to achieving the highest global standards through management activities that prioritize safety. The CEO announces the safety and health policy to the public, and the company continues to develop, implement, monitor, and evaluate detailed goals and plans. In addition, the entire domestic and overseas business sites have been operating the ISO45001 safety and health management system since 2018, and we are constantly improving and developing safety and health performance through internal audits and certification by specialized third-party agencies every year.

The certification rate of ISO 45001 in 2021

100%

Work Environment Improvement Process

Conduct basic survey	Inspect current conditions	Take improvement measures
· Identify legal compliance · Receive grievances by department · Benchmarking of outstanding business sites · Identify online VOC	· Measure and Investigate · Interview workers · Derive key factors	· Agree on direction of improvement · Carry out improvement measures · Analysis of the effect of improvement measures

Autonomous Safety and Health System

Samsung Electro-Mechanics operates a department dedicated to safety and environment under the direct supervision of the Chief Safety Officer(CSO) for the safety and health management of the business sites. We appoint SHE leaders in each department and constantly communicate through regular meetings to solve problems. To prevent accidents, we implement the 10 commandments for Safety and Environment and Basic Safety Rules (Not to do list) for the employees to put in practice. In addition, we provide training and support for individuals' responsibilities and roles for autonomous safety and health activities to enhance their practice.

The executive team conducts monthly safety checks and improves measures, and employees are participating in the activities for discovering potential risks. In addition, if the safety of the worker or work is not secured, we guarantee their right to stop or refuse the work. For our suppliers, we prohibit the delivery of hazardous risky work and guarantee the right to stop work if anyone finds a risk. We communicate issues and suggestions through the Safety and Health Council every month and improve risk factors through quarterly joint inspections. Through a symbiotic cooperation program for in-house and external suppliers, we could maintain Grade A in 2021 Parent Company's Best Practice for Supplier Support in Safety and Health rated by the Ministry of Employment and Labor.

10 SH&E Commandments

* In 2019, Samsung affiliates established common safety rules for compliance

Safety and Health Management of Suppliers

Classification	Details
Symbiotic Cooperation Program for Supplier Safety and Health	· Supporting safety and health management system (KOSHA MS) certification · Evaluating safety and environment conditions (once a year) · Providing safety and health/environmental education and materials (online /offline) · Conducting Safety and Health Council (monthly)
Safety and Health Council	· Communicating issues and suggestions · Improving risk factors through quarterly joint inspections

A grade — 2021 Parent Company's Best Practice for Supplier Support in Safety and Health rated by the Ministry of Employment and Labor

Basic Safety Rules

* In 2021, we established safety rules for employee and supplier compliance

Safety-Oriented Site Construction

Safety and Environment Conference

Samsung Electro-Mechanics sets safety and environment as the top priority of management and conducts safety and environment meetings presided by the CEO on a monthly basis to discuss issues and activities related to safety and health for each division. By giving the head of each department the responsibility for managing the goals of safety and environment, we started at the managerial level to work toward reliable safety and health management.

Preliminary Identification and Management of Risk Factors

Samsung Electro-Mechanics conducts business site risk inspections to identify and improve hazardous and risk factors in advance. In the event of changes to new processes and facilities, we assess the risks before the change to identify and try to eliminate hazardous and risk factors. We are also re-evaluating the results of previous risk inspections each year and implementing the necessary measures to proactively oversee them in advance. Risk inspection is based on the participation of all employees, and through continuous activities, we are also enhancing their safety management capabilities.

Focused Management to Prevent Major Industrial Accidents

Samsung Electro-Mechanics strives to achieve the highest level of Process Safety Management (PSM) and workplaces free of major industrial accidents. To prevent major industrial accidents such as fires and explosions, we are creating, evaluating, and managing process safety reports that reflect process safety data, risk inspection, safe operation, and emergency response elements for processes that handle large amounts of hazardous substances. We are also operating a system that manages the 12 elements of PSM as a series of processes. We are verifying and improving the operating level of process safety management by voluntarily requesting audits by specialized third-party institutions.

Safety Indicators[1)] (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Total fatalities	Persons	0	0	0
Employee fatalities	Persons	0	0	0
Supplier fatalities	Persons	0	0	0
Injury incidence rate[2)]	%	0.012	0.011	0.038
Lost time injury frequency rate[3)]	10^{-4}%	0.049	0.046	0.156
Lost workday rate[4)]	%	0.664	1.216	2.053
Occupational disease rate	%	0	0	0

1) Including employees and contractors working on-site
2) Injury incidence rate = (Number of incidents/Number of employees)×100
3) Lost time injury frequency rate = (Number of injured employees/Working hours)×1,000,000
4) Lost workday rate = (Number of lost workdays/Number of employees)×100

Preliminary Approval and Management of Hazardous Risk Operations

For 9 types of hazardous work (hot work, asbestos, electricity, etc.), the implementing department must apply for and obtain permission from the hazardous work permit system for a work plan that includes a safe work plan. Daily Risk Inspection (DRI) is conducted one day before all risky operations to verify the safety management plan. At the site on the day of work, we take preventive measures such as worker safety training and the placement of safety supervisors before starting to work. During work, safety and infrastructure managers and safety supervisors inspect in rounds to prevent accidents, and after work is completed, we manage the safety thoroughly by checking whether risk factors remain and taking action to prevent accidents.

Workplace and Worker Management from Exposure to Hazardous Factors

Classification	Details
Inspect and manage hazardous substances at the workplace	· Inspect for 192 hazardous substances twice a year or when changes occur in the workplace · Maintain exposure levels in processes 30% or below of legal standards
Improve workplaces	· Conduct general health screenings and special health screenings related to exposure to hazardous substances for field workers · Assign proper workplace-specific protective gear · Distribute protective gear individually · Acquire stable protection through inspecting tight fitting
Safety and Environment Council and training	· Safety Gear Council · Conduct training on how to care and wear protective gear

Employee Safety Assessment

Samsung Electro-Mechanics assesses the level of safety culture to ensure safety at business sites and promote a voluntary safety culture. The level assessment is conducted as individual surveys including items such as participation, consultation, motivation, personal competency, and performance management. While the current level of safety management is dependent on management supervision, we plan to foster voluntary management and carry out activities that enhance safety and health, enabling the self-management of safety among our employees.

Safety and Health Training

Every year, Samsung Electro-Mechanics conducts mandatory training to boost our employees' interest in safety and health. Specifically, the safety and health training program includes regular training for all employees (6 hours/quarter), training for supervisors (16 hours/year), training for new recruits (8 hours), and mandatory training for the executives. The completion rate is 100%. We also operate safety education experience centers in Suwon and Busan business sites where all stakeholders, including employees, local residents, and suppliers, can learn from. To engage executives in safety and health issues, we provide safety and health training programs that all executives at Samsung Electro-Mechanics must complete.

Status of Safety and Health Training

Program	Target	Hours	Frequency
Regular safety and health training	Employees	6 hours	Quarterly
Safety and health training for supervisors	Department heads and Line/Process Leaders	16 hours	Yearly
Safety and health training at the time of hiring	New recruits	8 hours	At the time of hiring
Special safety training	Required trainees under the Occupational Safety and Health Act	16 hours	Before the first on-site job
Executive safety training	Executives	6 hours	Yearly
Experience-based safety and environment training	Employees	2 hours	-

Safety Activities for Accident Prevention

Samsung Electro-Mechanics has introduced a process for all employees to help prevent accidents and identify and evaluate risks. To discover potential risks at business sites, we introduced activities for employees to find and improve risk factors at the workplace by themselves. By having all employees participate in risk inspection, we are able to detect and improve harmful risk factors in advance when introducing new processes or changing facilities. We have also introduced a constant patrol system to eliminate all safety and environment risks at business sites in addition to existing inspection activities, for example, various safety and environment inspections, inspections and preventive maintenance of utilities, and discovery of potential risks.

Classification	Details
Risk inspection	· All employees · Identifying and improving hazardous and dangerous factors when introducing new processes and changing facilities · Conducting regular reassessments of the inspection results
Potential risk detection	· Employee activities to find and improve risk factors in the workplace by themselves · Voluntary identification and improvement of risk factors at all workplaces, including manufacturing sites, office spaces, and R&D offices · Establishing a dedicated system for managing the entire process, from potential risk discovery to improvement for sharing details about potential risks between employees · Summarizing problems at each business site and sharing cases from other business sites weekly and monthly · Distributing "Recommended Casebook for Transverse Deployment" that summarizes all risk factors discovery cases during the year
Constant patrol system	· Close on-site inspections · Safety and environment experts' professional measurement and inspection of manufacturing, utility, gas, and environmental facilities to identify problems · Improving the discovered problems immediately or take measures through registration of the task management system

Health Promotion and Prevention of Infectious Diseases

For employee health management, Samsung Electro-Mechanics conducts a wide range of health screening programs, including general health screening, special health screening, as well as comprehensive medical screening that includes precision diagnosis, mental health, and life-cycle precision screening for cancer. For more professional health care, we operate an in-house affiliated clinic that conducts family medicine and dermatology. We also operate a physical therapy and posture correction room. Body composition and blood pressure measuring devices are available at the health screening zone for voluntary health management as well.

In addition to this, we provide preventive vaccinations, caregiving programs for returnees after sick leave, and hazard and risk assessment for maternal caregivers. For overweight employees, we support expert training on dietary management and recovering metabolic activities. We also operate a certification system and a program for former smokers who quit smoking.

Samsung Electro-Mechanics has established an emergency response manual for the prevention of infectious diseases and prepared 4 steps of in-house response standards. Through the Centre for Disease Control, we update the real-time status of infectious diseases such as AIDS, tuberculosis, malaria, norovirus, influenza, MERS, and COVID-19 virus.

Disaster Response Training

Samsung Electro-Mechanics has installed an emergency response system that allows employees to respond quickly and minimize damage through regular drills at least once a year. We prepared 14 emergency response scenarios for emergency situations that may occur at business sites. The emergency scenarios reflect the latest issues such as infectious diseases and facilitate all employees to master their individual duties. We are constantly updating the system by reviewing the drill performances.

As fire accidents have become massive in scale, we conduct emergency response drills for fires and explosions jointly with fire departments and surrounding companies to build an organic cooperative system. In addition, Self-Defense Fire Brigades provide basic training for employees working in the manufacturing process once a month to improve employees' emergency capabilities, teaching them how to respond to fire, inducing evacuation, and covering evacuation procedures. After the training, employees also receive safety training useful for everyday life, such as using fire extinguishers, recommended disaster-specific responses, and CPR. Samsung Electro-Mechanics continues to provide training on emergency response and evacuation procedures to enable all employees to respond quickly to disasters.

Step-By-Step Response to Infectious Diseases

Step 1 | Concern	Step 2 | Caution	Step 3 | Alert	Step 4 | Serious
· Promote and strengthen disease prevention and control	· Step 1 items and secure in-house access-restricted emergency items	· Step 2 items and wear masks inside the company	· Stage 3 items and no collective education · Personal temperature management · Suspension of business trips · Distribution of hand sanitizers

Training

Classification	Target	Frequency	Details
Comprehensive training	All employees	Once a year	Disaster response and evacuation drills
Response training	Applicable buildings	Once a month	14 emergency response scenario drills
Basic training	Manufacturing processes	By theme Once a month	Basic training by Self-Defense Fire Brigades
Other training	Employees	4 times a year (2 each in the first and second half of the year)	Emergency fire/evacuation drills at night
	Daycare center	Once a month	Emergency fire/ evacuation drills

CORPORATE SOCIAL RESPONSIBILITY

Major Corporate Social Responsibility Programs

Programs	Details
SEM-IRANG	SEM-IRANG is a talent training program where Samsung Electro-Mechanics becomes a 'teacher' for the youth. The number of participants grew from 36 in 2020 to 63 in 2021. SEM-IRANG consists of scholarship support, a self-development camp for fostering self-esteem and a sense of purpose, tutoring during the school year, including English conversation skills, and emotional support through counseling. The program helps youth grow into talented individuals who can contribute to the betterment of the nation and society. In 2021, camps, tutoring, and emotional support were provided online due to COVID-19.
Hello! SEM Orchestra	Since 2013, we have organized "Hello! SEM Orchestra," where professional musicians such as orchestra conductors provide 1 to 1 classical music lessons to youth with disabilities. Through this program, we supported 35 students in 2021, helping them gain a new sense of confidence.
National Music Contest for Students with Disabilities	Together with the Ministry of Education and Taejon Broadcasting Corporation (TJB), Samsung Electro-Mechanics hosts the National Music Contest for Students with Disabilities. The event discovers musically talented students with disabilities and helps raise awareness of disabilities. Due to COVID-19, it was held online in 2021 with more than 300 participants.
Community Outreach	Samsung Electro-Mechanics participates in local autonomous committees and NGO steering committees in communities near our business sites to identify and alleviate the challenges they face. In addition, we participate in the Corporate Welfare Net organized by the Council on Social Welfare to operate joint projects for the development of local companies and communities.
Support for Multicultural Families	In 2016, we established the Global Youth Dream Center in Suwon City to provide education and emotional support and to help the self-reliance of multicultural families and youth from migrant backgrounds. It provides Korean language education for multicultural youth, runs a consigned alternative school for migrant youth, and provides employment education and counseling.
Open Call for Solving Community Problems	Every year, through the community problem-solving competition, we solicit specific program proposals in the 4 welfare sectors: children and youth, people with disabilities, the elderly, and multicultural families. We sponsor 1 year's expenses for programs selected by external experts and employees.
Sister Village (One Company-Multiple Village for Mutual Prosperity)	We established relations with 17 sister villages across the country and purchased local specialties worth over KRW 500 million every year through agricultural funds and direct online marketplaces during holidays. These projects helped secure the market and boost income for the sister villages.
Investment in Social Infrastructure	To assist learning and protection of underprivileged children and youth, Samsung Electro-Mechanics renovates local children's centers. To date, we have provided 10 study rooms for children and youth to enjoy high-quality education and childcare in a comfortable environment.

Employee Volunteer Activities

Samsung Electro-Mechanics employees are participating actively in a variety of volunteer programs that share the love with children, people with disabilities, and elders every year. Despite the difficult time for outreach due to COVID-19, more than 2,600 employees continuously sent their love to neighbors in need. Their activities include online learning guidance, hands-on services, click of empathy, and side dishes for single elderly households. In particular, as part of our eco-friendly CSR activities, we continued to practice sharing by providing companion plants, solar lanterns to people in need of energy, environmental pop-up books, and natural moss picture frames to 4,200 underprivileged people in Korea and overseas.

Donation of solar lanterns to underprivileged children in the Philippines

Donation of envrionment related pop-up books to children in community child care center

Donation of natural moss frames to single elderly households

Thank-you letter from a 12-year-old Filipino child who received a solar lantern living in a floating house

I have received a solar lantern, which has been a great help. I feel very grateful.
Whenever we do not have electricity, it will help us by providing light. Thank you for everything and God bless you.

Performance

Employees' total volunteering hours in 2021

14,580 hours

* Due to COVID-19, employee volunteering was reduced and contactless activities were operated on a small scale.

Percentage of employees' participation on donations and the amount of donations in 2021

Percentage of employees' participation on donations
100 %

Total amoount of donations by employees
KRW 1.22 billion

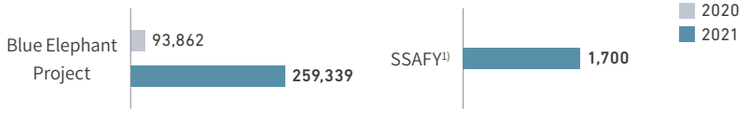
Samsung Electro-Mechanics employees voluntarily donate a certain amount of their monthly salary to youth education and CSR programs of their choice. The company joins the CRS program through "Matching-grants" which refers to donating the identical amount of funds of employee's donations. In December 2021, we promoted the "Employee Donation Campaign," allowing employees to voluntarily donate to the youth education project of their choice. The campaign significantly increased the size of the donation.

Moreover, all employees are donating the amount below 1,000 won out of their salary each month since 1996, and we have also been supporting local communities in need through internal and external awards.

Major Domestic CSR Performances

Youth Education

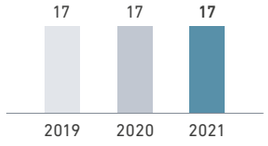
(Data coverage: 100%, Unit: persons)



1) SSAFY launched in 2021

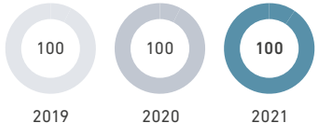
Contribution to Local Communities

(Data coverage: 100%, Unit: number of villages)



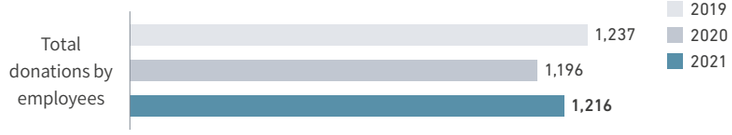
Sister villages

(Data coverage: 100%, Unit: %)



Percentage of donating employees

(Data coverage: 100%, Unit: KRW million)



Overseas CSR Performances

Country	CSR Performance
China	Psychological education and mental and physical recovery support for autistic children through roller skating team activities, Encouragement and supplies for local hospitals and police stations, education for low-income students in mountainous areas, nursing and counseling for the elderly with dementia, visiting sister villages, etc.
Philippines	School supplies for low-income public elementary school students and disaster support
Vietnam	Repairing, painting, and cleaning outdated elementary school buildings, supporting supplies for low-income families, donating lighting and wires to villages without street lights

[Vietnam] Wheelchair Presentation Ceremony

[China] Roller Skating Team for Rehabilitation of Autistic Children

[China] Social Service Opening Ceremony

Donations

Sponsorship Policy

Samsung Electro-Mechanics operates the External Sponsorship Committee for a transparent and fair management of donations. The members consist of team leaders from 5 sectors, including the Compliance Team. They are responsible for preliminary reviews of donations greater than KRW 1 million, and the donations larger than KRW 100 million are executed after being approved by the board of directors. After the donation is completed, the committee requests a statement of how the donation was spent, and reports the evidence once every half-year to monitor whether the contribution was used properly.

Monitoring Procedure

01	02	03
Preliminary reviews for donations larger than KRW 1 million	Request and monitoring of statement of use twice a year	Reflect evaluation results

CUSTOMERS AND SUPPLIERS

Customers and Quality

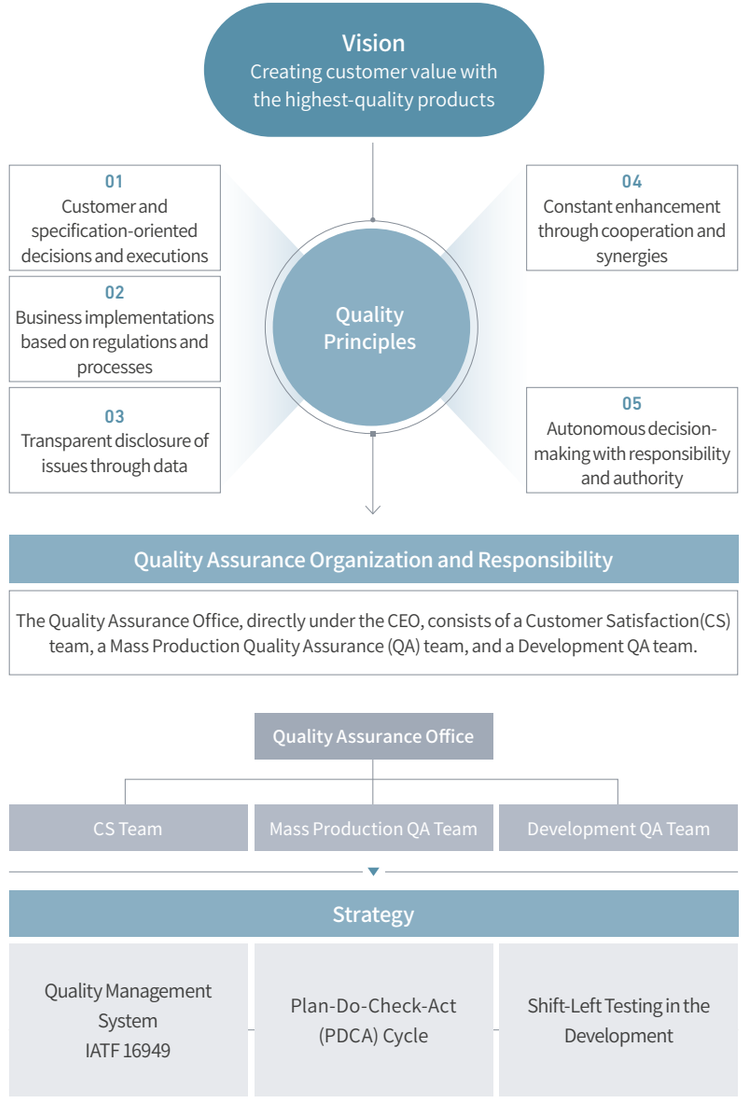
Vision and Strategy for Quality Management

In order to improve the quality system, Samsung Electro-Mechanics has completed the transition to IATF 16949 (established in 2016), a new quality management system in the automotive industry, since 2018. Throughout the process, such as development, mass production, and customer response, we constantly check and give feedbacks to ensure that all production is carried out in accordance with agreed rules and processes based on the ISO quality system to facilitate the company-wide achievement of quality goals.

Through field analysis, we actively and preemptively pursue quality improvement by early detection of problems that are inherent in existing products or may occur during the production of new products. For quality problems that arise, we constantly resolve them through the PDCA (Plan-Do-Check-Act) cycle. Also, we apply a closed-loop (immediate, progress, and final reporting) system to establish fundamental solutions, implementing detailed management such as preventing the recurrence from identical causes and leakage and taking follow-up measures.

Samsung Electro-Mechanics has established Shift-Left testing during the development phase (improvement of completion of prior development challenges, pre-derivation of risk by development phase) and improvement of predictive ability through statistical-based reliability technology research to ensure development completion. In the mass production phase, by upgrading the specification-based early/fine anomaly detection system at our e-Spec center, we are securing mass production quality and preventing the outflow of defects. We are realizing customer satisfaction and acquiring global competitiveness in quality by improving the speed of customer response and resolving the fundamental sources of defects.

Vision and Strategy for Quality Management



Quality Management System

	Category	Details
Design/ Development	Actions	· Continuous improvement of qualification verification system · Reflecting verification points for mass production · Developing reliability verification and new evaluation methods · Enhancing the consistency of product lifetime prediction by reflecting customer use environment
	Effects	· Applying the Shift-Left testing in the development stage to improve the product quality · Verifying and securing quality based on predicting customer use environment
Raw Material Quality	Actions	· Establishing a system-based management · Operating data dispersion management of suppliers
	Effects	· Securing stable quality of raw materials and mass production quality
Manufacturing and Process	Actions	· SPC[1] and process capacity management · Facility anomaly management system · Continued improvement of quality assurance process for mass production (anomaly management, change management, shipment guarantee) · Building an integrated quality system DX[2]
	Effects	· Ensuring mass production quality through monitoring control
Shipment	Actions	· Focused management of defect-related items · Creating a DB out of measured data and systemization of anomaly detection · Improvement of the data-based shipment quality assurance system
	Effects	· Improving defects through anti-leak activities
Customer Quality	Actions	· Analysis of customer issue data to lead to improvement · Meeting customer response TAT[3] goals · Expert team for focused customer support · Survey of customer quality competitiveness
	Effects	· Reducing the incidence of customer issues · Improving customer satisfaction with products

1) Statistical Process Control
2) Digital Transformation
3) Turn Around Time

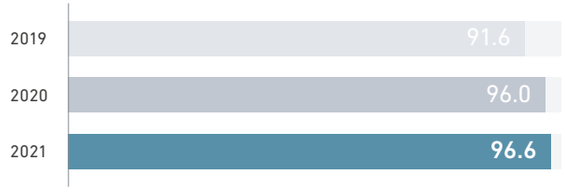
Quality Control Training

Based on ISO 9001 and IATF quality management systems, Samsung Electro-Mechanics ensures every production is completed with agreed rules and processes. Starting in the second half of 2021, we opened a quality academy that provides learning opportunities from basic to expert levels, training quality professionals through on and offline courses. In 2021, 457 employees completed quality control training while 2,030 persons joined quality academy campus. We are improving the mindset and capacities of our employees through provision of various education programs so to ultimately make a progress in customer satisfaction based on quality assurance.

Online Communication

Our website was designed to enhance user convenience and accessibility. We incorporated users' browsing patterns into the menu structure to help them find the desired information quickly, and created links between information to improve data accessibility. Product data is consistently presented and the upgraded functionality is easier for visitors to search for the information they want. Moreover, we are upgrading the browsing functions to provide integrated product data and to make visitors find specific information they want more easily. It provides optimized user interfaces on both PC and mobile. We comply with the web accessibility standards and obtain the web accessibility certification every year to enhance the convenience for all customers, including people with disabilities in vision, hearing, and color vision, as well as socially disadvantaged, such as seniors.

Customer Satisfaction (Data coverage: 100%, Unit: %)



Supply Chain Management

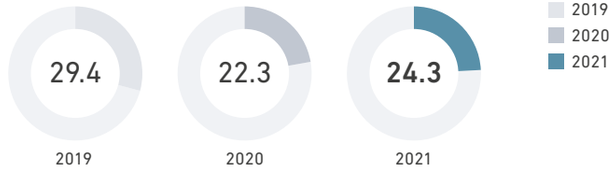
Purchasing Policy

Samsung Electro-Mechanics strives for shared growth with suppliers by practicing strategic cooperation and ethical management. By establishing trade or partnerships with internationally competitive suppliers, we seek to produce the highest quality products and increase our technological edge. In addition, through shared growth, we are gaining a competitive edge over our competitors and building new growth engines. To be a socially responsible and ethically managed company, Samsung Electro-Mechanics requires our suppliers to exercise ethical and compliance management and practice corporate social responsibility (CSR). In order to strictly comply with global regulations such as human rights protection, anti-discrimination, and prohibition of the responsible minerals, we have established a system to suspend transactions with suppliers that violate them.

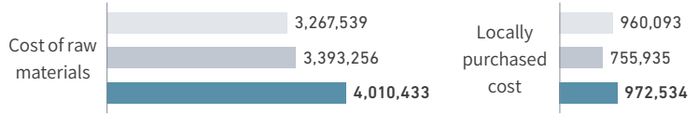
Purchasing and Global Supply Chain

Through 249 suppliers in 21 countries, Samsung Electro-Mechanics purchases semiconductors, semi-finished products, raw materials, and pharmaceuticals worth KRW 4 trillion per year. Our policy is to source completely locally to contribute to the social and regional development of where our overseas production sites are located. In 2022, we plan to purchase raw materials worth KRW 3.8 trillion through transactions with 260 suppliers in 21 countries.

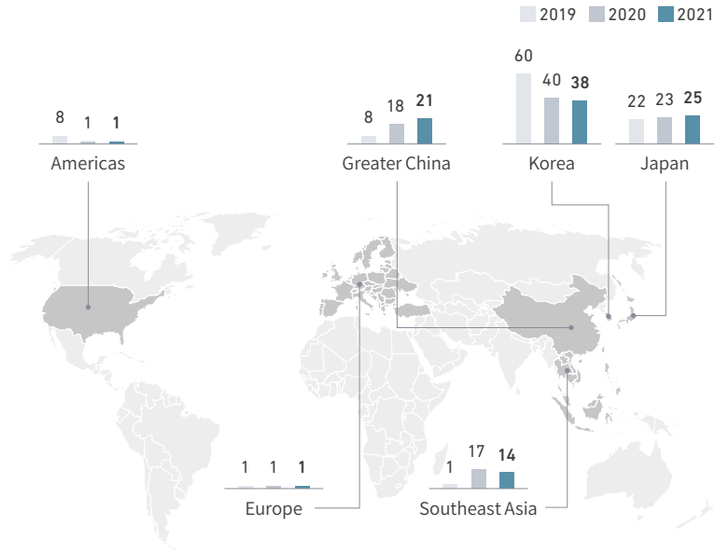
Local Purchases (Data coverage: 100%, Unit: %)



(Data coverage: 100%, Unit: KRW million)



Purchasing by Region (Data coverage: 100%, Unit: %)



* Recalculated 2020 data due to changes in internal calculation standards

Supply Chain Risk Management

Supply Chain Management Policy

Establishing the culture of voluntary compliance management

Labor and human rights/ Responsible minerals and ethical management/ Safety and environment

Role as a control tower	Supplier capacity building	Thorough follow-up
· Strategic establishment and awarding · Revision of evaluation criteria	· Compliance education · Benchmarking best practices	· Follow-up with improvement measures · Incorporation of a comprehensive evaluation

Supplier Code of Conduct 4.0

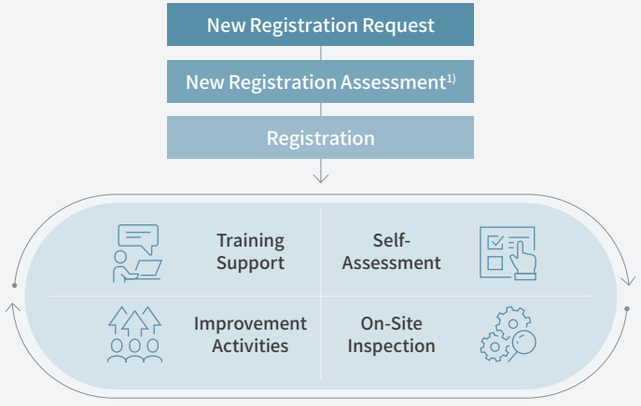
To improve suppliers' working conditions and hold them accountable, Samsung Electro-Mechanics introduced the Supplier Code of Conduct in 2017 based on the RBA Code of Conduct. There have been 4 revisions to the Code so far. The most recent version, Code of Conduct 4.0, was updated and released on the website in June 2021. The Code of Conduct applies to all suppliers and is included as a compliance requirement in the supplier contract. It is mandatory for all of our new suppliers to sign the compliance agreement.

Labor rights	Safety and health	Management system
· Prohibition of forced labor · Protection of underage workers · Compliance with working hours · Wages and benefits · Humane treatment · Anti-discrimination · Freedom of association	· Industrial safety · Emergency preparedness · Prevention of industrial accidents and illnesses · Reduction of exposure to hazardous factors · Physically taxing work · Safety management of hazardous machinery, instruments, and facilities · Provision of dormitory and sanitation facilities · Safety and health training	· Willingness to comply · Duties and responsibilities of the management · Response to laws and customer demands · Risk management · Establish improvement goals · Training · Communication · Employee feedback and engagement · Audit and evaluation · Corrective action process · Documents and records · Supply chain engagement and accountability
Environmental protection	**Ethical management**	
· Acquisition of environmental permits · Pollution prevention and resource savings · Hazardous substance management · Solid waste · Air pollutants · Compliance with regulations on product content · Water management · Energy consumption and GHG emissions	· Integrity · Prohibition of unfair profits · Information disclosure · Intellectual property protection · Fair trade, advertising and competition · Identity protection and prohibition of retaliation · Responsible mineral procurement · Privacy protection	

Supply Chain Risk Management Process

In recent years, the global business environment has turned more unpredictable, and risk management is essential to the survival and competitiveness of the company. With the help of professional credit rating agencies, Samsung Electro-Mechanics conducts regular credit assessments for all business partners currently trading with the company to minimize financial risks.

By constantly upgrading our comprehensive evaluation of suppliers every year, we are committed to managing supply chain management (SCM) risks in addition to evaluating the competitiveness of our suppliers. Through our purchasing system MaPS, Samsung Electro-Mechanics has established a network of staff in headquarters and each site that enables us to respond effectively to and manage various risks that may arise at any moment, such as natural disasters, violations of laws, and credit rating downgrades. In addition to signing long-term agreements on key components, we regularly hold technical review meetings and technical exchange meetings with major suppliers to ensure the long-term stability of our supply chain. For components with a high risk of supply disruption, we are taking the initiative to respond to unexpected risks such as natural disasters by building a strong supply chain through acquiring multiple suppliers and diversifying sourcing.



1) General registration evaluation (management, purchase, technology, quality control), compliance evaluation (safety environment evaluation, labor human rights evaluation), quality process evaluation, and credit evaluation.

Selection and Evaluation of Suppliers

Selection and Registration of Suppliers

Samsung Electro-Mechanics selects its suppliers based on transparent and fair evaluation standards. Key items on the criteria for new suppliers include general evaluation of the process and overall management, quality and process evaluation, as well as compliance management and environmental evaluation. With the help of external professional agencies, we check the credit rating and financial status of the supplier company and select only those who meet the standards as business partners.
We provide our suppliers with multi-lingual translations of our environmental management guarantees covering RBA (Responsible Business Alliance) compliance, prohibition of responsible minerals and cobalt, CSR compliance agreement, and response to regulations on environmentally hazardous substances, RoHS, and REACH. It is mandatory for our suppliers to submit these documents. In addition, we call on all suppliers to implement the 7 principles of our Ethics Charter and the Code of Conduct through their pledge to practice ethical and compliance management.

On-Site Evaluation of New Transaction Registration

Samsung Electro-Mechanics conducts a compliance management site evaluation for new suppliers using the same checklist as self-diagnosis. We restrict their registration if mandatory compliance items are violated or the evaluation results are below a certain level.

Key Suppliers

We select and manage key suppliers such as large-scale suppliers, suppliers that deliver important components, irreplaceable suppliers, and new business-related suppliers.

Comprehensive Evaluation of Suppliers

Every year, Samsung Electro-Mechanics conducts a comprehensive evaluation of all suppliers who have traded with us for more than one year. The comprehensive evaluation consists of 8 major items that are important measures to determine whether a supplier can continue to trade with us, including quality, technological excellence, on-time delivery, transaction size, and financial stability, as well as non-financial risks such as compliance, environmental, and response capabilities.
After a comprehensive evaluation, we support outstanding suppliers to strengthen strategic collaborations such as securing new technology in advance, building strategic partnerships, and undertaking joint development. For the suppliers with comparatively low evaluation ratings, we provide empowerment and strategic risk analysis, including technical support, strategies for improvement, and a review of the feasibility of continued partnership.

Comprehensive Evaluation System of Suppliers

Overview

- **Target of Evaluation:** Raw material suppliers (suppliers trading with Samsung Electro-Mechanics for more than 1 year)
- **Evaluation Methods:** 8 categories (T, Q, R, D, C, E, F, L) Score calculation (out of 100)
- **Grades:** 5 grades (Excellent A, Good B, Fair C, Pass D, Bad E)

Establish Operating Strategies for Suppliers in Accordance to the Results of the Comprehensive Evaluation

Suppliers with High Ratings	· Prior designation of new models and establish strategic partnerships · Providing opportunities for entry into new products for outstanding suppliers
Suppliers with Poor Ratings	· Providing technical support · Providing consulting services for compliance and safety and environment, judge whether to continue business relationship

Comprehensive Evaluation Process

01 I Regular Inspection	02 I Evaluation Review	03 I Comprehensive Evaluation	04 I Follow-Up Care
Inspection on suppliers regarding the standards and implementations of main items	Confirm items for the comprehensive evaluation and evaluation targets	Comprehensive evaluation at the beginning of the year and notification of results	Establish plans to improve suppliers' performance and follow-up with results

Management of Supplier Risks by Area

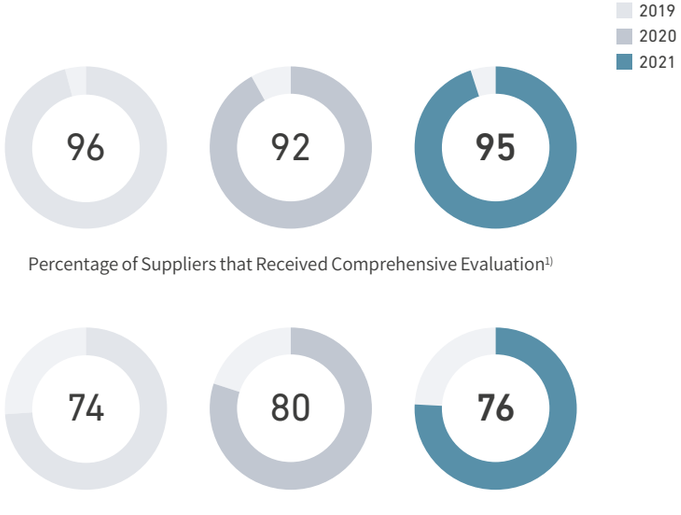
Classification	Details
Labor rights	· Prohibition of forced and child labor, signing labor contracts, and compliance with payroll laws · Anti-discrimination and protection of underage and pregnant workers · Working hours compliance
Safety and health	· Identifying and improving harmful risk factors in the workplace · Adequacy of protective gear · Proper operation of emergency response facilities and evacuation facilities
Environment	· Compliance with environmental permits · Compliance with MSDS legal standards · Appropriateness of waste and disposal companies · Water quality and air pollutant management · Response to environmental regulations on products
Corporate ethics	· Existence of an anonymous reporting channel · Personal information protection · Responsible minerals
Management system	· Evaluation on necessary actions taken when legal violations are detected · Encouraging participation in training sessions on RBA regulations and related laws · Evaluation of tier 2 suppliers for compliance with labor laws

Result of Comprehensive Supplier Evaluation

To establish a competitive supply chain, Samsung Electro-Mechanics conducts a comprehensive evaluation of its suppliers every year. The evaluation is based on transaction data, and the results of the evaluation are reflected in the purchasing policy for the subsequent year to maintain the competitiveness of our supply chain and encourage suppliers to improve insufficiencies. In 2021, we conducted a comprehensive evaluation of 95% of the suppliers, excluding those who have traded with us for less than 1 year. As a result, 76% received an oustanding rating, and 1.4% needed improvements.

Comprehensive Evaluation Results

(Data coverage: 100%, Unit: %)



1) All suppliers who have been trading with Samsung Electro-Mechanics for over a year

Evaluation of Suppliers' Sustainability Management

Evaluation and Support for Suppliers' Sustainability Management

For the sustainability management of our supply chain, Samsung Electro-Mechanics selects more than 100 suppliers for compliance management inspections each year, taking into account the previous year's transaction size, geopolitical location, and past issues. Suppliers registered through new registration assessment are selected for regular inspection of compliance management when the transaction occurs. Suppliers already trading with us annually conduct compliance managment self-diagnosis and take measures for improvement.

Samsung Electro-Mechanics provides compliance management checklist to suppliers based on the RBA Code of Conduct and national laws, and suppliers use the checklist to carry out evaluations and self-diagnoses. Through the self-diagnosis, the supplier will determine whether its policies and operations are in line with the RBA Code of Conduct and national laws, and take actions for improvement if they find any non-compliances.

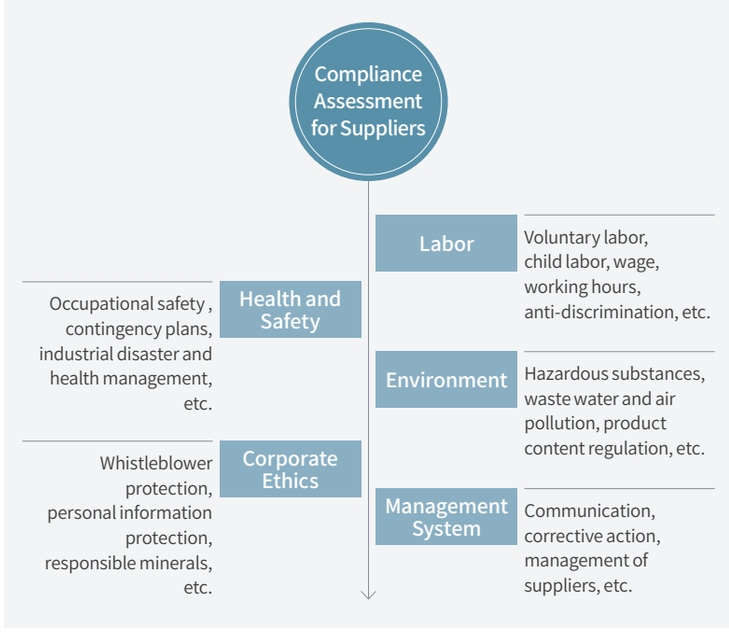
After suppliers complete their self-diagnoses, Samsung Electro-Mechanics visits them and uses the same compliance management checklist to check the actual operating policies and evidence. We also examine the working environment and interview workers on the site to ensure that the compliance management is being implemented correctly. For non-conformance found in the inspection process, we explain the management standards, require the establishment of an aligned improvement plan, provide guidance and consulting to ensure that the supplier can improve correctly, regularly monitor the progress of the improvement, and revisit to support any supplier that is struggling with improvement measures.

The results of on-site inspections are reflected in the comprehensive evaluation of suppliers every year and used to determine whether or not to continue the partnership. The RBA Code of Conduct and national laws are changing in line with the market conditions, and Samsung Electro-Mechanics operates a training program to ensure that these changes can be notified and applied by our suppliers. In the wake of the COVID-19 situation, we established facilities for the contactless training of our suppliers. We are also reviewing the installation of a dedicated organization to provide various training programs that cater to their needs. The wide range of our educational support will enable our suppliers to build their compliance management capacities, which will facilitate their voluntary practices.

Evaluation Questionnaire for Sustainability Management of Suppliers

Classification	Evaluation Questionnaire
Labor rights	Voluntary work, prohibition of child labor, working hours, wages and benefits, humane treatment, and anti-discrimination
Safety and health	Occupational safety, emergency preparedness, industrial disaster, and health care
Environment	Hazardous substances, wastewater, and air pollution, and product content regulation
Corporate ethics	Whistleblower protection, personal information protection, and conflict minerals
Management system	Communication, corrective action, inspection of supplier compliance

Process of Supplier Sustainability Assessment



Self-Diagnosis

Samsung Electro-Mechanics shares the self-diagnosis checklist prepared based on the RBA Code of Conduct and national laws so that suppliers can identify their level of sustainability management and generate improvement on their own. In addition to evaluations, suppliers conduct self-diagnosis once a year. Through the self-diagnosis, suppliers determine whether their policies and operations are in line with the RBA Code of Conduct and national laws, and take actions for improvement if they find any non-conformance. After the final approval by suppliers' CEOs, the results of self-diagnoses are registered on MaPS. We review the content and visit our suppliers to conduct on-site inspections.

On-Site Inspection and Support for Improvement

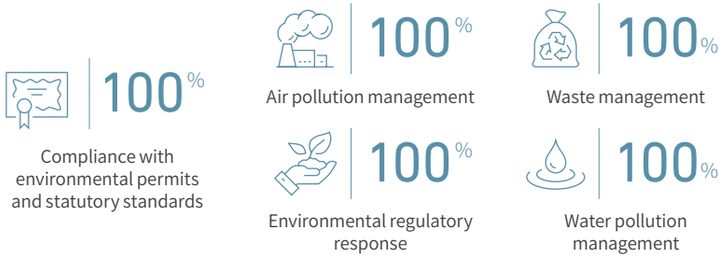
To enhance the level of sustainability management implemented by suppliers, Samsung Electro-Mechanics visits them and inspects the actual operating policies and evidence-based on the checklist identical to the self-diagnosis checklist. We assess the on-site working environment and interview the workers to ensure that they are properly implementing sustainability management. For non-conformance found in the inspection process, we explain the management standards, require the establishment of an aligned improvement plan, provide guidance and consulting to ensure that the supplier can improve correctly, regularly monitor the progress of the improvement, and revisit to support any supplier that is struggling with improvement measures. The results of on-site inspections are reflected in the comprehensive evaluation of suppliers every year and used to determine whether or not to continue the partnership.

Evaluation Result of Suppliers' Sustainability Management

Every year, Samsung Electro-Mechanics selects domestic and overseas suppliers for inspection to diagnose and improve their sustainability risks. Since 2015, we have selected major suppliers every year, and have completed 100% inspection through self-diagnosis and visits. Despite the restriction on travel due to the global spread of COVID-19, we inspected 300 (153 excluding overlapping companies) suppliers in 2019-2021 based on the RBA Code of Conduct and national laws. As a result, we found 51 high-risk suppliers whose mandatory compliance items do not meet the sustainability criteria or fall below 80 points. Out of these, 39 companies established improvement plans and implemented them, 18 of which made progress in their ESG performance within 12 months.

Supplier Environmental Assessment Compliance Rate by Item

(As of 2021)



Evaluation Result of Suppliers' Sustainability Management

(Data coverage[1]: 100%, Unit: number of suppliers)

Classification	2019	2020	2021
Number of suppliers evaluated[2]	100	99	101
Domestic	42	54	54
Overseas	58	45	47
Number of suppliers taking self-diagnosis	100	99	101
Domestic	42	54	54
Overseas	58	45	47
Number of suppliers that received on-site inspection[3]	66	82	54
Domestic	32	50	38
Overseas	34	32	16

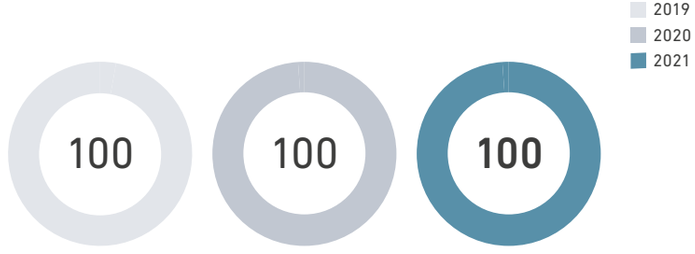
1) The number of enterprises confirmed according to the selection criteria
2) The number of suppliers confirmed according to the selection criteria (excluding large corporations, agencies, foreign-invested companies, and prospective elite companies among suppliers with transaction amount of KRW 500 million or more in the previous year)
3) Suppliers subject to on-site inspections among those subject to self-diagnosis (visited every other year for suppliers with excellent compliance management)

Transparent and Responsible Mineral Management

By establishing a responsible supply chain management system, Samsung Electro-Mechanics minimizes the negative effects on society and the environment, such as human rights violations and environmental destruction that may occur in the mineral mining process. Through MaPS, we prohibit all suppliers from using cobalt and mica that are unethically mined in 10 conflict zones, including the Democratic Republic of the Congo and neighboring countries. As of the end of 2021, all of our suppliers are trading with RMAP-certified smelters after establishing, improving, and managing the process for responsible minerals. We constantly recommend smelters not to use minerals from unidentified sources and to become RMAP-certified if they are not yet certified. To ensure ethical mining and procurement of responsible minerals, Samsung Electro-Mechanics demands suppliers to adopt the Supplier Code of Conduct which was established based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. We are also involved in consultative bodies such as the Responsible Minerals Initiative (RMI), the Global e-Sustainability Initiative (GeSi), and the Korea Electronics Association (KEA) with the stakeholders.

Investigation on Responsible Minerals Use

(Data coverage: 100%, Unit: %)



Responsible Minerals Use

(Data coverage: 100%)

Classification	Unit	2019	2020	2021
Number of tantalum smelters	facilities	37	37	37
Percentage of RMAP-certified tantalum smelters	%	100	100	100
Number of tin smelters	facilities	45	53	52
Percentage of RMAP-certified tin smelters	%	100	100	100
Number of tungsten smelters	facilities	40	36	39
Percentage of RMAP-certified tungsten smelters	%	100	100	100
Number of gold smelters	facilities	102	101	107
Percentage of RMAP-certified gold smelters	%	100	100	100
Number of cobalt smelters	facilities	4	23	34
Percentage of RMAP-certified cobalt smelters	%	100	100	100
Total number of smelters	facilities	228	250	269
Total percentage of RMAP-certified smelters	%	100	100	100

Responsible Mineral Management Process

Samsung Electro-Mechanics thoroughly inspects the entire supply chain to use minerals including conflict minerals (3TG), cobalt, and mica from RMAP (Responsible Minerals Assurance Process)-certified smelters and operates a supplier management process to provide our customers with products that underwent normal distribution processes.

Management System for Responsible Minerals

Process	Compliance assessment questionnaires for suppliers	· Gather consent forms agreeing to comply with non-use of minerals without RMAP certification · Provide minerals policy for conflict and high-risk areas, distribute guidelines, and provide training · Request expanded implementation of the policy for non-use of uncertified minerals for lower-tier suppliers
	Investigate the status of the use of minerals from conflict and high-risk areas	· Information related to conflict and high-risk area minerals from all suppliers · Investigate and monitor the status of smelters in use in the supply chain
	Reasonable verification of the investigation results	· Verify submitted information from suppliers and conduct on-site assessments · Identify and share exemplary cases of supplier's mineral management
	Identify and evaluate risks within the supply chain	· Verify management standards based on document review and inspections · Conduct follow-up management
	Establish plans to make corrections against risks and report related information	· Terminate transactions with suppliers that use uncertified smelting plants · Suggest smelters within the supply chain to acquire certifications
Management System	Establish exclusive CMRT online system, MapS (Masterpiece of Procurement System: Supplier Portal)	
Cooperation System	Taking part in RBA, GeSI and RMI activities	

Raising Supplier Awareness

Samsung Electro-Mechanics does not allow suppliers' use of unethically mined conflict minerals or cobalt and mica produced in 10 conflict or high-risk areas, including the Democratic Republic of the Congo and neighboring countries in Africa. We also require them to sign the Supplier CSR Compliance Agreement, a non-use agreement for responsible minerals, which prohibits the sourcing of unverified minerals, and further demand them to adopt this policy throughout their operations. All the related information is managed through MaPS.

Supplier Training

Samsung Electro-Mechanics creates and shares training materials on responsible mineral policy and management with our suppliers, facilitates their conversion to RMAP-certified smelters, and guides them to enter smelter information to raise awareness on the related issues. Since 2018, we have conducted on-site inspections of our suppliers every year and provided additional training for insufficient management. Samsung Electro-Mechanics shared our responsible minerals policy and guide with all suppliers to help their training and practice in 2020. In 2021, we provided contactless training to improve their understanding on responsible minerals and worked together to ban the use of non-certified smelters.

Investigation of Using Minerals from Conflict and High-Risk Zones

Samsung Electro-Mechanics conducts responsible mineral use surveys across the entire supply chain regularly, at least once a year. From January to April 2021, we used the latest RMI Conflict Minerals Reporting Template (CMRT) and Cobalt Reporting Template (CRT) to check the information on conflict minerals and cobalt from our suppliers, as well as and smelters in the supply chain. In addition, we require our suppliers to expand the banning the use of conflict minerals, and if they discover smelters without RMAP certification, we initiate a concerted effort with suppliers to encourage them to be certified and determine the origin of minerals. Our policy on responsible minerals and information on the smelters are available to everyone through our website.

Reasonable Verification of the Inspection Results

Samsung Electro-Mechanics reviews the information submitted by all suppliers to verify the presence of non-conformance. Since 2018, we have started conducting on-site inspections of suppliers to further verify their data. We review their RMAP-certified responsible mineral use, responsible mineral policies, and information management system for responsible minerals and facilitate their improvement in insufficiencies.

Risk Identification and Efforts for Improvement

Samsung Electro-Mechanics prohibits all suppliers from using unverified minerals. From the beginning of development, we monitor the use of responsible minerals and sources of each material to prevent suppliers from using unverified minerals. In addition, depending on the reliability and management level of the supplier's data on responsible minerals, we demand additional evidence or conduct additional on-site guidance as needed. We also terminate the trade of materials sourced from non-RMAP certified smelters.

Efforts for Suppliers to Convert to RMAP-Certified Smelters

As of the end of 2021, all of Samsung Electro-Mechanics' suppliers are trading with RMAP-certified smelters for all responsible minerals. We constantly recommend smelters not to use minerals from unidentified sources and to become RMAP-certified if they are not yet certified.

Shared Growth

Shared Growth Structure

Strengthening Technology Development

Starting in 2015, Samsung Electro-Mechanics has been supporting our suppliers' technology development and growth through joint development projects. In 2021, we developed and reviewed 16 development projects with suppliers, selecting and implementing 4 outstanding proposals as joint development projects. In addition, we conducted 11 regular technology exchanges with key suppliers to enhance our technological edge.

Joint Technology Development

Samsung Electro-Mechanics helps our suppliers grow further through technology development and increased sales. Every year, we share our future business and technology roadmap and operate a program that comprehensively supports development funds, technology, and workforce for the outstanding suppliers' development proposals. In 2021, 4 projects from 4 suppliers were selected for joint development. From 2015 to 2021, we generated a financial effect worth KRW 68.1 billion by acquiring core technology capabilities through 34 joint development projects with our suppliers. In 2005, we established "Win-Win Plaza", a dedicated space for technical collaboration with our suppliers. 7 suppliers moved in and worked on 10 projects here in 2021. In addition, in collaboration with the Korean government, we are raising KRW 50 billion in R&D support funds and mobilizing excellent employees to provide technical support. To date, we have supported 81 cumulative projects and KRW 46.3 billion in development expenses.

Enhancing Supplier Productivity

Since 2020, Samsung Electro-Mechanics has been promoting SEM-WID, a win-win innovation brand for sharing SEM's Innovation DNA with suppliers. Our consulting efforts in all areas, including productivity, quality, and logistics, have offered customized innovation activities to 6 companies in 2020 and 11 companies in 2021.

Shared Growth Fund

Since 2010, Samsung Electro-Mechanics has created a shared growth fund worth KRW 100 billion with Woori Bank to support suppliers' own facility investment and liquidity support. For tier 1 and 2 suppliers, we are providing low-interest loans of up to KRW 4 billion. In 2021, we signed an additional agreement with the Industrial Bank of Korea that led to competition among banks, which in turn lowered interest rates and benefited the suppliers. As of the end of 2021, we are supporting a total of KRW 48.4 billion to 40 suppliers.

Status of Shared Growth Fund (Data coverage: 100%)

Classification	Category	Unit	2019	2020	2021
SEM-WID	Customized innovation consulting	number of companies	-	6	11
Support for shared growth	Shared growth fund	KRW 100 million	213	289	484

Consulting Through Management Doctor System

To enhance the business feasibility of suppliers and help their mid- to long-term growth strategies, Samsung Electro-Mechanics provides management consulting in management strategy, enhancing technology and productivity in cooperation with a panel of external expert advisors. In 2021, we provided consulting to 3 companies.

Supplier Training Support

Samsung Electro-Mechanics has been operating a Win-Win Academy since 2010 for the systematic training of the key workforce in tier 1 and 2 suppliers. In addition to fostering their workforce, the training also helps improve their product and cost competitiveness. In 2021, we provided 83 training courses for 1,600 workers in different levels and jobs. Samsung Electro-Mechanics holds regular communication meetings and workshops for the executives and management of our suppliers. We also offer training in sustainability management, including labor rights, environment, health, and ethics, for our suppliers' working-level staff. Due to COVID-19, we recently opened new contactless training programs, and we plan to provide more support in connection with specialized educational institutions.

Supplier Training (Data coverage: 100%)

Classification	Unit	2019	2020	2021
Win-Win Academy training	number of courses	10	88	83
	persons	928	939[2]	1,600
RBA (Labor and Human Rights) education[1]	number of suppliers	35	0	44
Product stewardship training	number of suppliers	92	2	33
Safety environment training	number of suppliers	78	12	99

1) Training program in 2021: Understanding ESG and related issues in small and medium-sized enterprises (contactless video conference)
2) Recalculated 2020 data from Win-win Academy due to changes in internal calculation standards

Safety and Environment in the Supply Chain

Safety, Health, and Disaster Prevention for Coexistence and Cooperation

Since 2013, Samsung Electro-Mechanics has been offering coexistence and cooperation programs to prevent disasters and improve the safety and health management of its suppliers. From 2013 to 2021, a total of 123 companies received full financial support for obtaining the Occupational Safety and Health Management System certification. In addition, since 2013, we have been mobilizing experts to provide environmental and chemical consulting to our suppliers that treat hazardous substances more often than other suppliers. We facilitate their environmental regulatory response and disaster prevention by inspecting storage and facilities for chemical substances, as well as other facilities in use.

From 2014 to 2020, Samsung Electro-Mechanics signed a safety diagnosis agreement with Samsung Fire & Marine Insurance to provide fire and explosion safety diagnoses for 93 suppliers free of charge. In 2021, we dispatched disaster prevention experts from DB Insurance to 6 suppliers to conduct safety diagnoses, and led their voluntary improvements based on the results.

Energy Efficiency Consulting with Korea Energy Agency

Starting in 2013, Samsung Electro-Mechanics has been working with the Korea Energy Agency to provide free energy efficiency consulting to our suppliers. To date, 20 suppliers have received energy diagnosis and taken measures for efficiency, which contributed to their energy management by enhancing energy efficiency and reducing GHG emissions.

Environment and Safety of Suppliers (Data coverage: 100%, Unit: number of suppliers)

Classification	2019	2020	2021
Environmental facility consulting	3	12	38
GHG emissions and energy efficiency diagnosis	7	4	1
Risk assessment and fire safety diagnosis	5	40	6

Compliance with the RBA Code of Conduct

Samsung Electro-Mechanics has been providing RBA training, self-diagnosis, on-site inspections, improvement support, and consulting since 2015 to enhance the environment and safety of our suppliers and achieve compliance of the entire supply chain with the RBA Code of Conduct. Samsung Electro-Mechanics annually selects and awards outstanding suppliers in compliance management and facilitates the dissemination of voluntary compliance management among our suppliers.

Energy Efficiency

To enhance our suppliers' energy efficiency, Samsung Electro-Mechanics provides various support. We offer energy efficiency consulting with in-house experts, and starting in 2013, we have been supporting free energy efficiency consulting for our suppliers in association with the Korea Energy Agency. To date, 20 suppliers have received energy diagnosis and taken measures for efficiency, which contributed to their energy management by enhancing energy efficiency and reducing GHG emissions.

Safety Diagnosis for Power Facilities

To prevent power failures such as power outages, Samsung Electro-Mechanics provides precision diagnoses of power facilities, such as inspecting power systems and transformers and thermal imaging of major power facilities, and offers customized solutions for improvement.

Communication with Suppliers

Samsung Electro-Mechanics regularly conducts surveys of its suppliers and receives VOCs through various communication channels to systematically process complaints and requests for support. Our website and the MaPS also serve as communication channels at all times. We listen to various opinions and suggestions of our suppliers through each person in charge and reflect them in our decision-making process. Communication meetings had been organized twice every year for tier 1 and 2 suppliers, but due to the COVID-19 situation in 2021, we produced and distributed win-win cooperation pamphlets to share our shared growth policy and win-win cooperation support. We also continued to communicate with suppliers through online channels. To ensure the competitiveness of our suppliers based on horizontal and smooth communication, Samsung Electro-Mechanics plans to provide KRW 56 billion in financial support, 50 employees for workforce and recruitment assistance, and training support for 2,000 employees in 2022.

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SUSTAINABLE PROGRESS

GOVERNANCE

Board of Directors Management

Samsung Electro-Mechanics provides directors with detailed materials on the agenda items at least 5 days before the meeting to allow them sufficient time for prior reviews. Important matters such as large-scale strategic investments are reported in advance, discussed among the directors, and voted on at the board of directors meeting. In 2021, a total of 11 board of directors meetings were held, and 33 agendas were proposed and approved, including regular general meetings of shareholders, donations, and performance and outlook. According to the articles of incorporation, the attendance of a majority of the board of directors is required for the resolution of the board. The attendance rates of independent directors in the board of directors meetings, as well as the Audit Committee, Internal Transaction Committee, Compensation Committee, and Independent Director Candidate Recommendation Committee, are 100%.

Operation of the Board of Directors (Data coverage: 100%)

Classification		Unit	2019	2020	2021
Board of directors meetings	Number of meetings	times	7	11	11
	Reports and voting	cases	21	32	33
	Total attendance rates	%	100	97.2	98.7
	Inside directors	%	100	96.3	96.8
	Independent directors	%	100	97.7	100
Board of directors composition	Total	persons	7	7	7
	Inside directors	persons	3	3	3
	Independent directors	persons	4	4	4
Diversity	Men	persons	6	6	6
	Women	persons	1	1	1
Expertise	Financial experts	persons	1	1	1

Independence of the Board of Directors

At Samsung Electro-Mechanics, all committees except the Management Committee and the ESG Committee consist exclusively of independent directors. In consideration of diversity requirements such as nationality, gender, religion, and race, independent directors who meet the qualifications stipulated in the relevant laws and regulations are appointed through a resolution at the general meeting of shareholders. In addition, former employees who have not retired for less than 5 years, those who have a special relationship with the company, the CEO, or the largest shareholder, executives and employees of companies where an executive of Samsung Electro-Mechanics serves as an independent director, and employees of accounting firms that were in charge of auditing the company, and those who have retired for less than 5 years cannot be appointed as independent directors. Moreover, in accordance with the Commercial Act, the number of concurrent positions of independent directors at other companies is limited to 2 to ensure that independent directors can faithfully perform their duties. Resolutions on matters delegated by the board of directors have the same effects as board meetings and the Committee reports its results to the board. In 2021, the average length of service for independent directors was 3.08 years.

For an independent operation of the board of directors, we started appointing independent directors as the chair in 2016. It has allowed us to represent shareholder interests in a balanced manner. To establish a governance structure that ensures a righteous and transparent decision-making process, the board of directors and CEO work together, share information and responsibility, and practice innovation for the company's development.

Board Skill and Diversity Matrix

		Inside Directors			Independent Directors			
		 Chang Duckhyun (Male)	 Kim Dooyoung (Male)	 Kim Sungjin (Male)	 Kim Yongkyun (Male)	 Kim Joonkyung (Male)	 Yuh Yoonkyung (Female)	 Lee Yoonjeong (Female)
Classification		CEO, President	Executive Vice President, Inside director	Executive Vice President, Inside director	Board Chair, independent director	Independent director	Independent director	Independent director
Year of birth		1964	1966	1965	1954	1956	1968	1968
Tenure		March 2022–March 2025 (3 years)	March 2021–March 2024 (3 years)	March 2022–March 2025 (3 years)	March 2021–March 2024 (3 years) (reappointment - one time)	March 2020–March 2023 (3 years)	March 2020–March 2023 (3 years)	March 2022–March 2025 (3 years)
Current role		CEO, Samsung Electro-Mechanics	Head of Component Business (Vice President), Samsung Electro-Mechanics	Chief of Corporate Business Support Team (CFO), Samsung Electro-Mechanics	Attorney at law, Barun Law LLC	Professor, KDI Graduate School of Public Policy and Management	Professor, School of Business, Ewha Womans University	Attorney at law, Kim & Chang
Affiliated committees		· Management Committee · ESG Committee	· Management Committee	· Management Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · Internal Transactions Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee ·Internal Transactions Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Internal Transactions Committee · ESG Committee
Work experience & Skill	Education	Ph. D. in Electrical Engineering, University of Florida	Bachelor of Electrical Engineering, Konkuk University	Bachelor of Economics, Korea University	Bachelor of Law, Seoul National University	Ph. D. in Economics, UC San Diego	Ph. D in Personal Finance, Ohio State University	Master of Environmental Law, University of London
	Work experience	· Head of Sensor Business Team, S.LSI Division, Samsung Electronics · Head of SOC Development, S.LSI Division, Samsung Electronics	· EVP, Component Manufacturing Team, Samsung Electro-Mechanics	· Head of Support Team, IT & Mobile Communications (IM) Division, Samsung Electronics · Head of Support Team, Consumer Electronics (CE) Division, Samsung Electronics	· Chief Judge, Seoul Administrative Court and Seoul Family Court	· Chief, Korea Development Institute (KDI) · Secretary to the Presidential Office of Finance and Economy	· Member of the Government Employees Pension Operating Committee · Member of the Investment Pool Committee, Ministry of Economy and Finance	· Legal Counsel, Ministry of Environment · Member of Administrative Trial Committee, Seoul Metropolitan City
	Leadership	O	O	O	O	O	O	O
	Engineering	O	O					
	Financial/ Economic			O		O	O	
	Law				O			O
	Risk Management	O	O	O	O	O	O	O
	ESG Strategy				O			O
Conflict of interest		Executive	Executive	Executive	-	-	-	-

* As of May 2022

Committee Activities

6 committees are operated under the board of directors, including the ESG Committee established in 2021.

Committees

Classification	Activities
Audit Committee	·Evaluates and improves the adequacy and management of the internal control system ·Establishes and executes an internal audit plan, presents results, take follow-up measures, and offers measures for improvement
Compensation Committee	·Designs and operates a performance compensation system for management and determines the budget ·Determines the limit of the remuneration of registered directors to be submitted to the general meeting of shareholders and the compensation system for registered directors
Independent Director Candidate Recommendation Committee	·Ensures fairness and independence in the selection of independent directors
Internal Transactions Committee	·Increases transparency in internal transactions between affiliated companies ·Compiles, examines, deliberates, and votes on internal transaction reports, investigates, orders, reports, and takes corrective action ·Deliberates and votes on large-scale internal transactions of KRW 5 billion or more as stipulated by the Monopoly Regulation and Fair Trade Act ·Proposes corrective actions to the board on matters of internal transactions that are in serious violation of laws and regulations
ESG Committee	·Drives projects related to key ESG areas and reviews ESG disclosures
Management Committee	·General management, financial matters, and voting on key management matters delegated by the board

Operation of Committees (Data coverage: 100%)

Classification	Category	Unit	2019	2020	2021
Audit Committee	Number of meetings	times	4	5	5
	Attendance rate	%	100	93.3	100
	Number of attendees	persons	3	3	3
	Number of independent directors	persons	3	3	3
	Number of financial experts	persons	1	1	1
Compensation Committee	Number of meetings	times	1	1	2
	Attendance rate	%	100	100	100
	Number of attendees	persons	3	4	4
	Number of independent directors	persons	2	4	4
Independent Director Candidate Recommendation Committee	Number of meetings	times	-	1	1
	Attendance rate	%	-	100	100
	Number of attendees	persons	5	4	4
	Number of independent directors	persons	3	4	4
Internal Transactions Committee	Number of meetings	times	5	6	6
	Attendance rate	%	100	94.7	100
	Number of attendees	persons	3	3	3
	Number of independent directors	persons	3	3	3

* The attendance rate is based on the attendance rate of independent directors, and the number of independent directors is based on year-end headcount .

Shareholding Status

As of the end of 2021, Samsung Electro-Mechanics issued 74,693,696 common shares and 2,906,984 non-voting preference shares. Except for the 2,906,984 preferred shares and 2,122,552 common shares (2,000,000 treasury shares, 122,552 Samsung Life Insurance shares) in which shareholders are denied voting rights pursuant to related regulations, there are 72,571,144 common shares with voting rights. As of the end of 2021, the majority shareholder of Samsung Electro-Mechanics is Samsung Electronics with 17,693,084 shares (23.7%) and the National Pension Service holds 7,767,553 shares (10.4%).

Shareholding Status (Data coverage: 100%, Unit: share/%)

	Common shares		Preference shares		Total	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Total	74,693,696	100.0%	2,906,984	100.0%	77,600,680	100.0%
Individual shareholders	17,696,217	23.7%	2,304,305	79.3%	20,000,522	25.8%
Institutional shareholders	16,097,276	21.6%	299,369	10.3%	16,396,645	21.1%
Foreigners	21,207,119	28.4%	249,880	8.6%	21,456,999	27.7%
Samsung Electronics	17,693,084	23.7%	-	-	17,693,084	22.8%
Treasury stock	2,000,000	2.7%	53,430	1.8%	2,053,430	2.6%

Shareholders (Data coverage: 100%)

Classification	Category	Unit	2019	2020	2021
Top 5 domestic shareholders	Samsung Electronics	shares	17,693,084	17,693,084	17,693,084
	National Pension Service	shares	8,713,958	9,565,084	7,767,553
	Samsung Asset Management	shares	1,170,531	1,091,518	1,096,289
	Mirae Asset Financial Group	shares	653,212	571,373	834,770
	Korea Investment Management	shares	497,579	374,795	459,261
Top 5 overseas shareholders	BLACKROCK	shares	2,165,101	2,151,051	2,080,993
	VANGUARD	shares	226,947	1,658,252	1,760,651
	GIC	shares	1,451,759	1,045,889	997,490
	NBIM	shares	152,228	697,870	768,099
	PEOPLES BANK OF CHINA	shares	639,444	668,280	692,900

Appointment and Tenure of Directors

In accordance with Article 382 of the Commercial Act, the director is appointed by the resolution of the shareholders at the general meeting of shareholders. Inside directors are selected from candidates recommended by the board of directors, and independent directors are selected from candidates recommended by the Independent Director Candidate Recommendation Committee in accordance with Article 542-8 of the Commercial Act. In accordance with the applicable regulations, the Independent Director Candidate Recommendation Committee consists exclusively of independent directors and recommends independent directors through fair procedures. The term of each director is 3 years and they may be re-elected through a general meeting of shareholders after the expiration of the term. However, in accordance with the Commercial Act, the term of an independent director is limited to 6 years.

Promoting a Culture of Strategic Meetings

To understand and discuss the company's critical management issues in-depth, we hold strategy meetings with key executives, including the CEO, and independent directors. In addition to issues for each business segment, we also discuss topics such as trends in the electronic components industry. In 2021, we had an in-depth dialogue about our future businesses and the role of the board of directors in the ESG era.

Board of Directors Evaluation and Compensation

Samsung Electro-Mechanics has regulations for CEOs and executives to receive performance-based incentives determined by internal evaluations and performance over a period of time.

Payment of incentives based on long-term performance is part of a compensation system for performance aligned with corporate management performance. Target incentives are based on financial performance indicators such as ROIC, operating profit margin, and sales growth rate, as well as organizational performance, and these performances are linked to the size of financial incentives. Long-term performance incentives are based on management performance, such as return on equity (ROE), earnings per share, and pre-tax earnings during the 3 year performance evaluation period, which is paid in installments over 3 years based on the average annual salary within the limit of director remuneration. On the other hand, in the event of significant management losses during the evaluation and payment period for long-term incentive performance, the payment may be canceled or reduced.

The overall evaluation of independent directors' activities is conducted regularly every year in accordance with internal evaluation criteria consisting of quantitative evaluation indicators such as meeting attendance rate, number of agenda deliberations and affiliated committees as well as qualitative evaluation indicators such as expertise and business understanding.

Long-Term Incentives and Remuneration for the CEO (Data coverage: 100%)

Classification	Category	Unit	2019	2020	2021
Long-term incentives for the CEO	Deferral period for CEO's long-term incentives	years	3	3	3
	Percentage of CEO's long-term incentives	%	0	0	0
CEO-to-employee pay	CEO-to-employee pay ratio[1)]	%	1,731	1,123	1,822

1) Ratio of CEO's pay to the average annual salary of all employees

Tax Policy

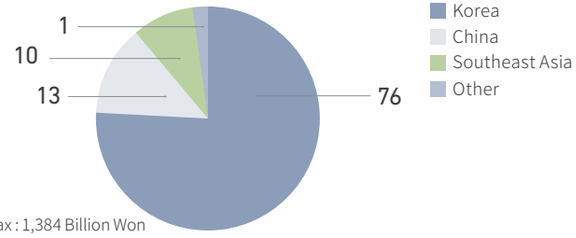
As set forth in the Tax Management Guidelines, Samsung Electro-Mechanics fulfills its obligations to report and pay taxes in good faith in compliance with the laws and regulations of each country. To this end, we maintain a transparent relationship with the taxation authorities of the country to which the local sites belong. We assess tax risks in various aspects, manage the tax experience of local staffs, and actively utilize external accounting experts to perform related tasks.

Samsung Electro-Mechanics complies with the tax laws of the countries where the headquarters and overseas sites operate, and does not transfer the value created from business activities to a jurisdiction with lower taxes for the purpose of avoiding tax. In particular, in accordance with domestic trading laws, we maintain a fair trading price when trading with third parties and affiliated parties. Our transfer pricing on international transactions also avoids international tax-related risks by trading according to the normal price.

Tax Management Guidelines

1. All laws and regulations shall prioritize accounting standards and tax laws imposed by headquarters and local countries.
2. We recognize the differences in the tax laws of each country, file tax returns and fulfill our tax obligations in good faith, and do not transfer income to low-tax countries such as tax havens to evade taxation.
3. Employees in charge of tax payments at local offices shall maintain transparent relationships with the tax authorities in each country and strive to prevent tax risks.
4. Overseas sites shall manage internal personnel and utilize external specialists to the fullest extent to comply with local tax laws and prevent tax risks.

Profit Before Tax Rate by Regional Jurisdictions in 2021 (Data coverage: 100%, Unit: %)



* Total Profit Before Tax : 1,384 Billion Won

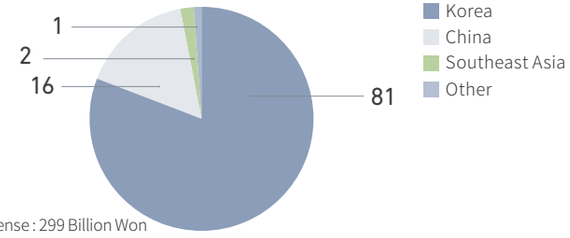
Policies on Dividends and Shareholder Return

Samsung Electro-Mechanics determines dividends based on investment, management performance, and cash flows. In 2021, we paid a dividend of KRW 2,100 per share, an increase of 50% from KRW 1,400 on common shares in the previous year, with a dividend payout ratio of 18%. To ensure that the dividend payout ratio is maintained at least 20% in the future, we plan to make adjustments considering the investment and cash flows to ensure future growth.

Dividends Policy Criteria

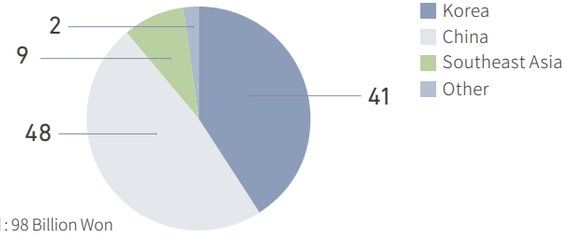
- The company's management performance
- Cash flows according to future investment (management) plans
- The average dividend trend of listed companies in the year
- Demands by major institutional and individual shareholders
- The impact of external institutional and legal changes on the company
- The dividend guidelines of domestic and overseas advisory bodies with voting rights

Income Tax Expense Rate by Regional Jurisdictions in 2021 (Data coverage: 100%, Unit: %)



* Total Income Tax Expense : 299 Billion Won

Income Tax Paid Rate by Regional Jurisdictions in 2021 (Data coverage: 100%, Unit: %)



* Total Income Tax Paid : 98 Billion Won

ETHICAL MANAGEMENT

Practicing Ethical Management

Samsung Electro-Mechanics is deeply aware that the formation of trust with employees and stakeholders is the greatest strength of the company. We are building a transparent organizational culture by adopting concrete practices of our code of conduct and ethical standards to prevent and prohibit corruption. In order for all employees and suppliers to practice ethical management, we conduct fraud prevention training for all employees of domestic and overseas business sites and identify and improve vulnerable processes. We also continue to disseminate the discipline and awareness of ethical management to our suppliers.

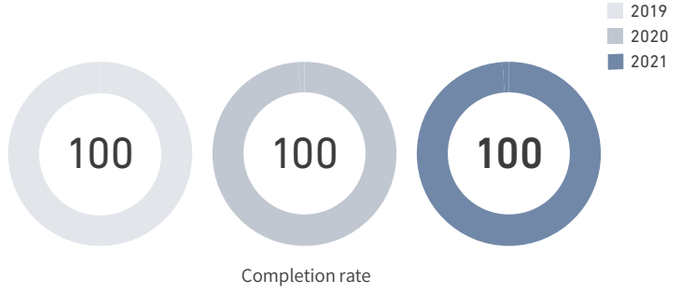
Managed Elements in Ethical Management

Classification	Index
Business relations	Receiving bribes and entertainment, monetary transactions, unfair treatment towards an enterprise, money laundering
Corporate funds and assets	Embezzlement, asset theft
Work discipline	Habitual negligence, improper monetary transactions between employees
Other	Leaking information, harassment in the workplace

Key Achievements in Ethical Management

Employee Ethics Training

(Data coverage: 100%, Unit: %)



(Unit: sessions, persons)

Ethical Management Reporting System and Measures

Samsung Electro-Mechanics introduced various internal and external reporting channels to resolve corruption-related issues fairly and quickly.

Samsung Electro-Mechanics Reporting Channel Process

Receive report	Reply to receipt of report	Conduct investigation	Notify investigation results
· Ethical Management webpage · E-mail, mail, and telephone	Respond to the informant within 24 hours of receipt	Investigate facts (Send interim feedback to the informer as necessary)	Investigation results and measures

Ethical Management Violations and Disciplinary Measures

(Data coverage: 100%)

Category	Unit	2019	2020	2021
Number of ethical management reports	cases	58	43	29
Number of fraud reports	cases	36	26	21
Number of consumer complaints	cases	22	17	8
Other	cases	-	-	-
Disciplinary and penalty measures	%	100	100	100

Whistleblower Protection System

Samsung Electro-Mechanics operates an anonymous reporting channel to protect the identity of an informer and prohibit any promotion-related disadvantages due to reporting. Moreover, Samsung Electro-Mechanics offers multiple reporting channels both online and offline to enable internal personnel as well as stakeholders across our supply chain, including suppliers, to report.

Preventing Employee Corruption

Based on the Ethical Management Guidelines for building an organizational culture with integrity, Samsung Electro-Mechanics offers an ethical management program for domestic and overseas employees every year. To prevent employee corruption, the program provides ethical training for all employees, reporting channels for ethical management violations in 4 languages (Korean, English, Chinese, and Vietnamese), and regular ethical management inspections.

Key Ethical Management Programs for Employees

Cyber Audit Office for Ethics Management	The reporting channel for unjust and illegal acts to internal and external stakeholders
Ethics Training	Conducts fraud prevention training and code of conduct compliance training every year for domestic and overseas employees (including part-time employees and contractors)
Cyber Training for Ethical Management	Conducts anti-corruption and ethical management training every year for all employees through an online training platform
Ethical Management Inspections	Establishes and implements regular inspection plans for domestic and overseas production and sales sites; prepares measures to improve vulnerable processes identified during inspections

Preventing Supplier Corruption

To disseminate our commitment to ethical management among our suppliers in domestic and overseas business sites, Samsung Electro-Mechanics has established an Ethics Charter for Suppliers and requires all suppliers to sign the agreement.
Since January 2013, we have established Business Guidelines and have been working to promote a business culture of integrity by stating them on the business website used by our suppliers and customers. In addition, we contribute to spreading a culture of integrity by preventing employees from receiving any cash or wreaths from suppliers for personal occasions of congratulations and condolences.

Compliance Management

To uphold Samsung's management philosophy, core values, and management principles, we established a code of conduct for compliance management and operated a compliance program based on it. Every year, Samsung Electro-Mechanics conducts training for all employees, provides manuals and guidelines to identify legal violations during the business, enables systematic self-inspections, operates a support center that handles violations or other inquiries, detects and manages the enactment and revision of various laws and regulations to prevent compliance risks in advance.
In addition, we constantly and regularly monitor legal violations of each critical element. When an issue is detected, we analyze the process and the results to find the root cause and strive to prevent the recurrence of compliance risks.

Compliance Program Management System

We established the Compliance Program Management System (CPMS) to publish compliance-related regulations, code of conduct, rules, and guidelines and constantly update compliance issues. "Compliance" is placed on the main screen and the top section of Knox Portal, the company intranet, to ensure continuous access to our employees. CPMS has features such as inquiries, advance consultation, and submission of autonomous compliance activities to support our employees' compliance practices.

Compliance Management Governance

Compliance Management Committee

Samsung Electro-Mechanics organizes and operates a compliance practice system to carry out systematic and effective compliance management. The Compliance Management Committee, the highest organization in charge of compliance practice, is a body that receives reports on the major management activities, proposes directions, and makes decisions on major compliance issues.

Dedicated Compliance Organization

As a dedicated compliance organization, the Compliance Team examines legal risks, conducts compliance training for employees, helps establish a compliance culture, and deliberates external sponsorship, internal transactions, contracts, and supplier registrations. In domestic and overseas organizations, at the team leader level, a CP organization leader who oversees compliance activities and a CP leader in charge of practical work are appointed to actively respond when issues arise. Pursuant to Article 542-13 of the Commercial Act, compliance officers are obliged to check whether the compliance guidelines are complied with and report the outcomes to the board. As such, the officers report the Compliance Validity Evaluation Results once every year at the board meetings attended by inside and independent directors. In 2021, it was reported at the board meeting in December and disclosed through the Data Analysis, Retrieval and Transfer System.

Major Compliance Management Performances

Compliance Inspection and Training (Data coverage: 100%)

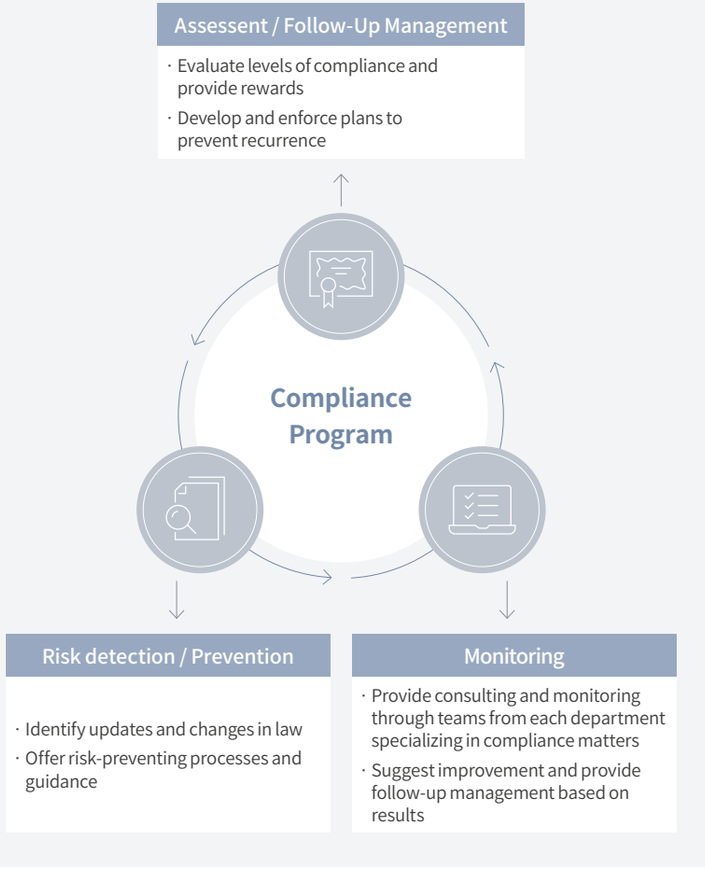
Classification	Unit	2019	2020	2021
Compliance inspection	times	6	6	6
Employees who completed compliance education[1)]	persons	14,169	15,311	15,760
Compliance training[1)]	times	28	17	20

1) Data coverage: 32% (domestic employees)

Compliance Management Program

Samsung Electro-Mechanics has established a dedicated program to conform to compliance management. The compliance management program is systematically managed through the process of detection, prevention, evaluation, follow-up, and monitoring. It enables us to detect compliance risk situations early and respond preemptively.

Compliance Program



Managed Items of Compliance Management

Fair trade	· Prohibition of unfair collaborative acts · Prohibition of unfair internal transactions · Prohibition of unfair subcontracting
Human resources management	· Compliance with employment equality · Compliance with labor standards
Intellectual property	· No infringement of trade secrets · No illegal use of software
Ethics	· Anti-corruption (no bribery)
Safety and environment	· Compliance with environmental and safety regulations
Other	· Compliance with disclosure and board of directors regulations · Prohibition of insider trading

Key Compliance Activities

Compliance inspection and monitoring	· Identification and monitoring the risk of legal violations through regular or constant inspections · Compliance checks on antitrust, subcontracting, and anti-corruption · Periodic inspection of risk in leakage and misuse of technical data to prevent infringement of small and medium-sized suppliers' intellectual property rights · Risks found through inspection are reported to the relevant departments and the management to establish improvement measures · Updating manuals and training materials for risks found through inspection to prevent recurrences · Preliminary Review Council on external sponsorship expenditures and internal transactions between affiliated companies · Stronger compliance monitoring system through a dedicated compliance organization for reaching consensus when contracting and registering suppliers
Consultation and reporting channels	· Online and offline reporting channels · Protection of informant identity · Guarantee of anonymity and prohibition of promotion-related disadvantages due to whistleblowing
Pledge for compliance	· Employee pledge to practice autonomous compliance · Request for all employees to submit a compliance pledge through the company intranet once a year
Compliance performance evaluation	· Reflected in performance evaluation through quantitative measurement of elements for team leader-level managers, including compliance incident management, employee training, self-inspection, and express statement to practice compliance
Compliance training	· Training for all employees on fair trade, anti-corruption, and trade secrets at least once a year (including part-time employees) · Intensive training for employees in purchasing, development, quality control, sales, and marketing · Special training on the prohibition of collusion, anti-monopoly, and abuse of market dominance for all local employees of overseas sales sites

Autonomous Practices

All employees at Samsung Electro-Mechanics are pledging to practice compliance by accessing the company intranet once a year to renew their resolution. To encourage their autonomous compliance and adopt a culture of compliance, we have institutionalized items such as compliance accident management, employee training, self-inspection, and express statement to practice compliance and measure them quantitatively to reflect in the evaluation of team leaders. Samsung Electro-Mechanics communicates the importance of compliance management by informing our stakeholders of related activities and key issues through various communication channels, such as on-site compliance practice meetings, compliance letters, and in-house broadcasts. In addition, we encourage all companies doing business with us to participate in compliance management by reconsidering business relations when suppliers and other business partners fail to meet the guidelines.

Detection of Changes in Laws and Guidelines

Samsung Electro-Mechanics constantly detects revisions of laws and regulations related to the company and immediately notifies relevant departments or employees of the detected information to prevent the risks. Based on the laws and regulations that have been detected, we create guidelines that employees must comply with and propose detailed business processes and rules of conduct to ensure that our employees do not violate laws and regulations in performing their work. Guidelines are always posted on the Compliance Program Management System (CPMS) so that employees can access them at any time.

Risk

Risk Management Governance

The highest person in charge of risk management at Samsung Electro-Mechanics is the CFO, and the highest person in charge of risk performance monitoring is the team leader of Compliance Team. The risk-related issues are reported to the board of directors and the Audit Committee. Risk management functions are operated independently of the business sector in each risk management sector, such as Finance, Auditing, and Environment and Safety.

Compliance Risk Management System

Externally, we manage the risk of legal violations through an agreement with the Samsung Compliance Monitoring Committee, an independent external organization set up for strengthening the compliance monitoring and control of affiliated companies. It is an independent and autonomous body established by an agreement among Samsung's major affiliates, including Samsung Electro-Mechanics, and consists of 7 members with professional knowledge and experience in the field of compliance monitoring. According to the agreement, Samsung Electro-Mechanics shall notify the Committee in advance of internal transactions and external sponsorship, which require the approval of the board, and is obliged to attempt to implement the Committee's demands and recommendations. In addition, we must provide compliance monitoring programs and systems with the necessary information and materials for the Committee's supervision and recommendations, and respond to the request to report to the board regarding the risk of compliance obligation violations.

Internally, we organize and operate a structure of compliance practice organizations to practice effective compliance management. The Compliance Management Committee, consisting of top management, receives reports on the major management activities, provides directions, and makes decisions on key compliance matters. There is also a dedicated compliance organization that builds and operates compliance programs to support the compliance practices of each organization by function. Moreover, in domestic and overseas organizations, at the team leader level , a CP organization leader who oversees compliance activities and a CP leader in charge of practical work are appointed to actively respond when issues arise.

Employee Participation in Risk Improvement

To make safe and healthy business sites, Samsung Electro-Mechanics established SEM-S (SEM-Safety), a risk reporting system, so that anyone can report potential hazards and risk factors, and provide feedbacks on improvement results from related departments. Through these measure, we are creating the work environment where our employees can work safely.

Moreover, employees can access the CPMS at any time to identify compliance risks in advance that can be seen in a workplace in advance and take necessary measures to prevent them.

Internal Accounting Management

Samsung Electro-Mechanics has established an internal accounting management system to improve the transparency of accounting information and provide reliable information to external stakeholders. It operates internal accounting management regulations and guidelines for the internal accounting management system. Through the internal accounting management system, we identify control items in all domestic and overseas business processes and evaluate them regularly every month, quarter, and year. The processes include 11 business areas, such as finance, purchasing, and sales, in the headquarters (including business divisions) and overseas sites. To ensure the accuracy of the evaluation and compliance with the business procedures, the headquarters conducts a cross-evaluation of the results for each organization every quarter. In the overseas sites, inspections of the operating conditions are carried out.

Tax Risk Management

Tax Risk Assessment

Samsung Electro-Mechanics strives to prevent all potential tax risks related to the business, such as transactions of goods and services, international transactions, new business ventures, and changes in the transaction structure. To this end, we assess tax risks for our headquarters and each overseas sites and take measures to minimize the risk of taxation in advance. The headquarters and each overseas site employ external experts such as accounting firms to preempt the risk of tax issues through careful assessments. These include analyzing the facts on each issue, reviewing the tax laws and regulations of the relevant countries, and estimating possible risks in the future.

Tax Risk Management

Samsung Electro-Mechanics has implemented a tax consulting system to respond to tax-related legal regulations and risks in the respective local settings when establishing new business sites or during the M&A process to expand our business. Before filing our headquarters and overseas sites' corporate taxes to the tax authorities, we ensure that external accounting firms verify in advance for complying with the tax laws of each country and omission of outstanding taxes.

All transactions are based on commercial substance, and related qualifications are documented and kept. We meet the payment deadlines for all of our profits and fulfill our tax obligations. In domestic transactions, we maintain fair prices when trading with third parties or affiliated parties in accordance with applicable laws. In the case of transactions between the headquarters and overseas sites, the risk of obtaining a proper profit margin is measured through a transfer price review by external experts. We obtain relevant reports to respond to tax risks that may arise in the future. In addition, Samsung Electro-Mechanics does not transfer the created value to lower tax jurisdictions, use tax structures to evade tax or use secret jurisdictions and tax havens. In recent years, we have been working continuously to prevent Base Erosion and Profit Shifting (BEPS) by signing Advance Pricing Arrangement (APA).

Response to Emerging Risks

Emerging Risks	Business Impact	Response Measures
Strengthening Eco-Friendly Policy With the rising demand for renewable energy and business continuity policies from our clients, it became imperative to strengthen our sustainable policy.	· In all business sites, including Korea, China, the Philippines, and Vietnam, the demand for eco-friendly products using renewable energy has risen. · At the same time, with it comes the risk of increasing R&D costs for products such as MLCCs, cameras, and substrates. · Lacking a sustainable policy can degrade customer confidence and damage our brand image.	· To expand a lineup of green products, we aim to develop an enterprise-wide sustainable business strategy. · We are working on new technologies and products that reduce electricity for production and consumption, such as MLCC and cameras, to expand entry into EV and eco-friendly industries. · Our goal is to respond preemptively by procuring stable renewable energy for each business site and country of operation.
Inflation Inflation triggered by global austerity policies and war is a major risk to the management of Samsung Electro-Mechanics, a producer of intermediate goods	· As we are a B2B company that imports raw materials and produces intermediate materials, there is a risk that our supply and cost of sales may be affected by the increased price of raw materials. · As we have number of overseas sites in addition to its domestic sites, inflation due to global trade disputes and supply chain disruptions may trigger SCM risks.	· We are doing our utmost to reduce costs and suppress increases through competition, i.e., dual and diverse SCM. · We are trying to reduce material costs and production costs by modifying specifications and improving our process efficiency. · We are hedging our risks from inflation by applying changes to raw materials and reducing consumption.

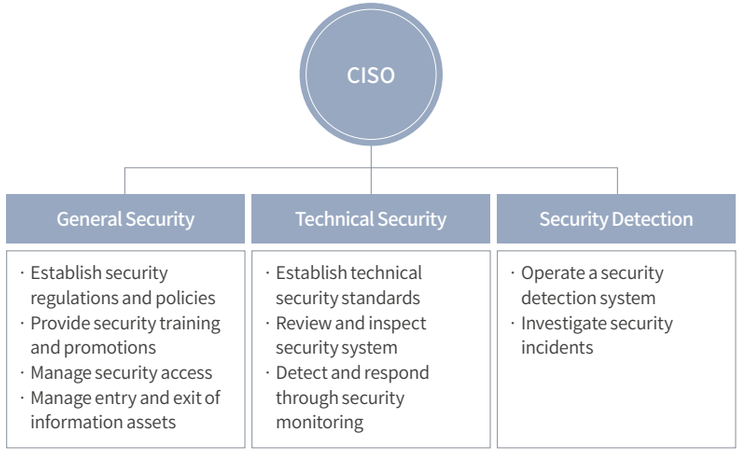
Information Security

In order to protect the company's important information and assets and comply with relevant laws, Samsung Electro-Mechanics has established physical, administrative, and technical protection standards to ensure compliance with information security regulations and enforcement guidelines and is committed to minimizing security risks through regular checks and improvement activities. In addition, we regularly check vulnerabilities in various ways, reflecting the latest hacking trends. As a result, there have been no cases of cybersecurity incidents and information security violations over the past 3 years.

Organization and System for Information Security

Samsung Electro-Mechanics has designated an executive-level Chief Information Security Officer(CISO) and installed a dedicated organization for information security. Samsung Electro-Mechanics reviews security policy revisions every year to reflect the provisions and revisions of security-related laws in Korea and abroad, management environment, technological changes, and security issues. Our security policy is announced through the internal system for all employees to access it at ease at all times. Furthermore, we conduct security checks and ongoing business exchanges with overseas site staff to enhance the security levels of our business sites. We constantly carry out practices to identify and improve security vulnerabilities.

Organization and System for Information Security



Education and Training on Information Security

Samsung Electro-Mechanics requires security pledges and provides annual on-and-offline training for our and suppliers' employees to prevent security incidents and increase security awareness. We also offer job training more than once a year for the capacity building of security professionals. We are also increasing awareness by conducting various mock drills similar to actual external threats and promoting regularly through in-house broadcasting, campaigns, and promotional materials to help employees follow security guidelines during work.

Information Security Education (Data coverage: 32%, including domestic employees and employees of suppliers)

Classification	Unit	2019	2020	2021
Target audience for information security education	persons	25,808	20,153	24,510

Information Asset Protection

To protect important information and facilities, Samsung Electro-Mechanics has installed access readers and CCTV in outer and major facilities to manage and control access rights for only authorized personnel. We also have security personnel on patrol 24 hours a day. We also deal with physical threats that can arise from unforeseen circumstances, such as natural disasters.

Samsung Electro-Mechanics operates multiple security systems for the technical protection of systems and networks, and has established an information security operating system that guards against hacking or leak of critical information at all times. We test twice a year to ensure that processes that prevent IT system outages and cyber attacks function as intended, and regularly conduct external audits and vulnerability analyses to ensure the safety of information management systems. Moreover, we have established an online security reporting center to encourage reports of accident symptoms for protecting key technology and management information.

Information Security Certification

In 2021, Samsung Electro-Mechanics acquired TISAX, an international information security certification in the camera module sector, at the Suwon business site and the European sales site to obtain customer trust in our automotive electronics business.

TISAX Certification

TISAX® RESULT AVAILABLE

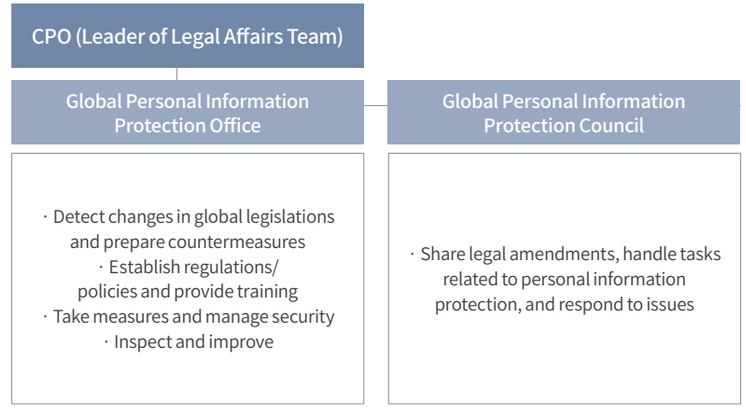
* An international information security certification designed for secure information exchanges between companies in the automotive industry, led by the ENX Association in Europe.

Personal Information Protection

Personal Information Protection Governance System

To strengthen personal information protection, Samsung Electro-Mechanics has set up a Global Privacy Office to monitor the amendments to the relevant laws and regulations and apply them to our privacy policy. The Global Privacy Office establishes and manages a privacy policy to ensure that all personal information collected and used by Samsung Electro-Mechanics, including those of customers, suppliers, and employees, is protected safely. A company-wide CPO (Chief Privacy Officer) has been designated for the active protection of personal information, and the Personal Information Protection Council is operated on a regular basis to promote effective work and communication between related departments.

Personal Information Protection Organizational Chart



Role of the Global Privacy Office

Establishment of company regulations and compliance guide	Detects domestic and overseas legal changes and prepares countermeasures	· Detects changes to relevant laws and regulations, analyzes impact, and establishes countermeasures
	Establishes internal regulations and reviews inspection pledges and agreements	· Revises and inspects implementation of security regulations, handling policies, and internal management plans related to personal information · Reviews the Privacy Agreement and the Pledge for staff handling personal information
Risk management and prevention	Carries out internal inspections and discovers and alleviates risks	· Conducts regular inspections on on the supplier that consigns processing of the personal information and implementation of internal management plans once a year · Discovers risks beforehand and improves them through inspections
	Reviews the security of the personal information processing system and trains relevant workforce in and out of the company	· Checking and managing stability when creating a personal information system · Conducts mandatory training for personal information handlers
External Response	Establishes procedures for responding to personal information leakages and responds in the event of an accident	· Establishes R&R and response procedures by business sector in the event of an accident · Serves as the control tower in case of personal information leakage
	Responds to inspections by external institutions	· Responds to administrative investigations and Samsung Security Center's inspections
	Responds to inquiries related to personal information and provides damage relief	· Receives and responds to inquiries and damage relief requests related to personal information

Establishment of Response Procedures for Personal Information Leakage and Prevention measures

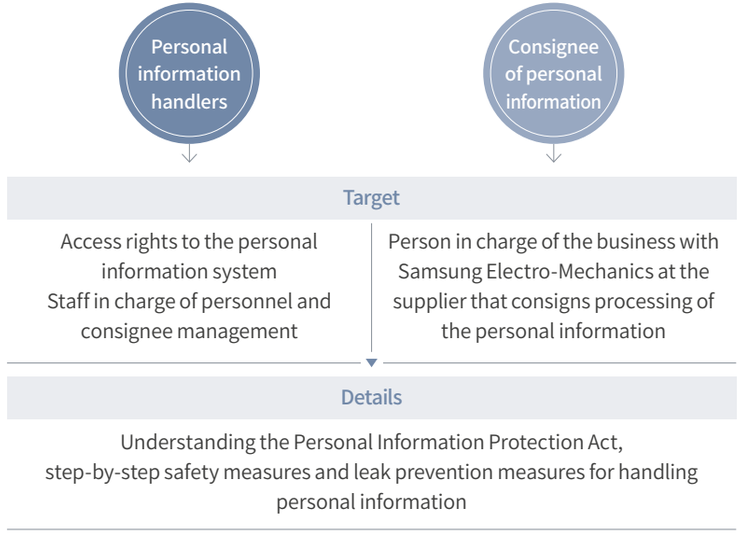
Samsung Electro-Mechanics is committed to establishing a company-wide integrated response system to personal information leakages to prevent additional leaks and minimize risks by taking swift action. To receive personal information related incident reports, we have established a proactive incident detection and response process by notifying our contact information and reporting method on the website. If the detected incident is determined to be a leakage, a Security Incident Response Council will be formed. In accordance with the protocols, the staff in charge will review the investigation of damages, emergency system measures, damage and impact analysis, progress announcements, and legal actions. They will also establish and propose a comprehensive direction for response to the personal information security officer and implement the measures. To strengthen the responsibility for information security management, Samsung Electro-Mechanics has established disciplinary regulations for those who violate information security management standards and the parties responsible for management and supervision.

Inspection and Training on Personal Information Protection

Samsung Electro-Mechanics conducts inspections through the Samsung Security Center for personal information related risk management. We also carry out internal checks at least once a year, including the implementation of internal management plans. If we consign personal information, we specify the respective responsibilities in the contract and inspect once a year to check whether the consignee handles personal information safely.

In addition, we provide personal information training every year to the staff in charge and require their completion of the program. We also make sure to train the supplier that consigns processing of the personal information, and every year, 100% of the required personnel complete the training. Samsung Electro-Mechanics recognizes the importance of protecting personal information and will continue to support the training of our employees to utilize and manage the relevant policies and regulations in practice.

Target and Content of Personal Information Protection Training



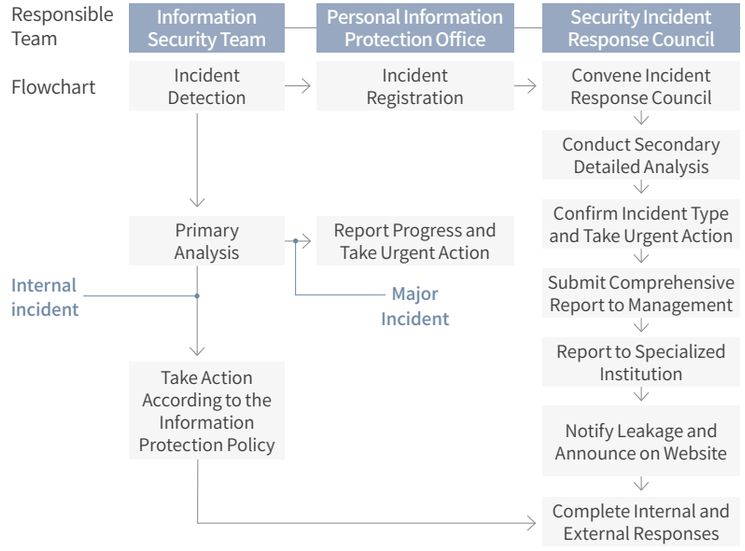
Legal Counsel on Personal Information

Samsung Electro-Mechanics operates a legal counsel system for personal information for our employees to comply with personal information related laws and regulations. Employees can submit their inquiries about personal information at any time, and domestic and overseas lawyers at the Global Privacy Office will legally review and provide guidance on legal measures for them to check and prevent legal risks in advance.

Personal Information Processing Policy

Samsung Electro-Mechanics strives to protect personal information safely and discloses its usage history transparently to win the trust of our customers. Through the Privacy Policy at the bottom of Samsung Electro-Mechanics' official website, we disclose which personal data items we are collecting, the purpose of handling, the duration of storage, and the method of protection. It also includes the contact information of the department responsible for inquiries, complaints, damages, and requests for viewing, allowing information subjects to choose how personal information is collected, used, stored, and handled. In addition, when entrusting the handling of personal information to another party, we notify our visitors of the company name and business affairs of the consignee. In accordance with the relevant laws and regulations, personal information is only collected after the information subject consents to the items and purposes of collection and is used only for the said purposes.

Flowchart for Personal Information Leakage Response



CREATING ECONOMIC VALUE

Business Vision

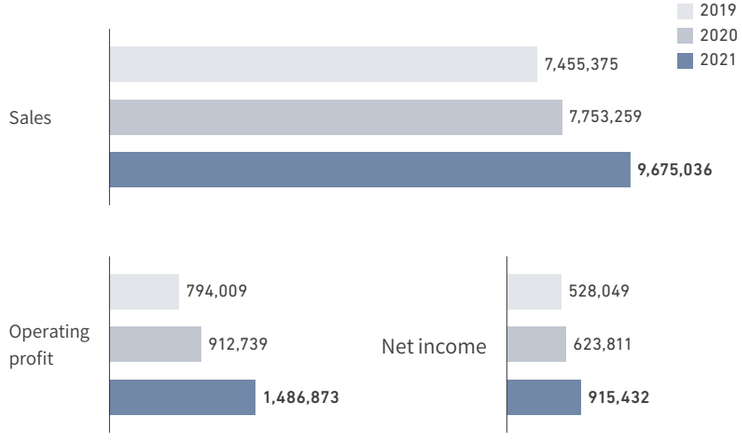
Samsung Electro-Mechanics aspires to rise as a leader in the electronic components industry by responding to the changing market demands. With the convergence and sophistication of technology in recent years, information technology is expanding beyond telecommunications to a wide range of industries such as finance and the automotive industry. This change is expected to accelerate through the Fourth Industrial Revolution, involving AI (artificial intelligence) and 5G. To become the world's leading component manufacturer, Samsung Electro-Mechanics is developing its business based on the 3 core technologies of material, multilayered thin-film molding, and high-frequency circuit design technologies.

We consist of 3 business divisions: component, optics & communication solution, and package solution. The 3 domestic business sites are located in Suwon, Busan, and Sejong. The Suwon business site has R&D, marketing, and support features, and the Busan business site and the Sejong business site serve as major domestic production bases that produce high-value-added products such as next-generation semiconductor package substrates and MLCC. Our overseas business sites are forming a global network through 4 production sites in 3 countries, China (Tianjin, Gaoxin), the Philippines, and Vietnam, and 5 major sales sites in the Americas, Europe, Southeast Asia, China, and Japan.

Management Performance

In 2021, smartphone and car SET demands did not grow as expected due to semiconductor supply issues. While several factors caused the decline of SET demand for components, including those for TVs, thanks to the product demand for high-value-added smartphones, PCs, servers, networks, and automotive electronics, Samsung Electro-Mechanics ended our performance with consolidated sales of KRW 9.675 trillion and operating profit of KRW 1.486 trillion. In 2022, uncertainty is expected to continue, such as the omicron variant and reduced consumption due to inflation, however we plan to expand our business opportunities through a new technological watershed of 5G, AI, servers, and automotive electronics. To respond to such a business environment, Samsung Electro-Mechanics intends to strengthen its marketing capabilities for developing new markets and platforms for high-end markets. We also aim to expand our lineup of industrial and automotive products, such as servers and networks, which are expected to grow continuously.

Sales and Operating Profit[1] (Data coverage: 100%, Unit: KRW million)



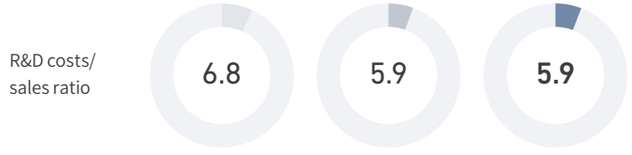
1) Due to discontinued businesses in 2021, the financial statements for 2020 and 2019 have been revised.

R&D Activities

The application of IT technology ranges from telecommunications and home appliances to automobiles, industries, medicine, broadcasting, and finance, and this phenomenon is expected to intensify in the future. To consolidate our position as a global leader in the electronic components industry, we are enriching our material, multilayered thin-film molding, and high-frequency circuit design technologies. Through technological convergence, we are also cultivating chip components, substrates, camera modules, communication modules, and next-generation packages. Samsung Electro-Mechanics has established Corporate R&D Institute and Global Technology Center dedicated to research and development to advance technologies and products that pioneer the global market. Each business division also has an R&D department to promote high profitability of products that are manufactured and sold. Through process innovation, we achieved savings of 0.23% in the cost of sales in 2021. In addition to reducing costs, we have significantly improved our working conditions and safety levels through highly effective factory management.

R&D costs (Data coverage: Consolidated Financial Statement based on K-IFRS, Unit: KRW million)

(Unit: %)



Intellectual Property Rights

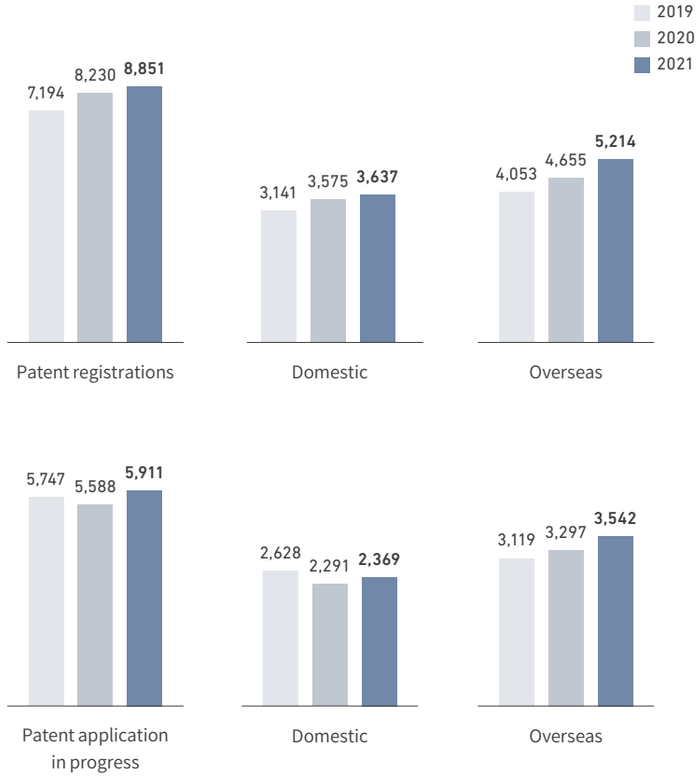
As a global leading component company, Samsung Electro-Mechanics is strengthening our intellectual property competitiveness by identifying technological trends through source technology and leading R&D. The rapidly changing speed and trend of technology development demonstrates the clear correlation between corporate survival and intellectual property rights. The importance of securing competitiveness through the intellectual property is growing day by day. As a result, Samsung Electro-Mechanics is focusing on strengthening our technological capabilities to protect its R&D achievements, not only for its current business but also to prepare for the future.

In order to utilize patents as management assets and thoroughly check and prevent risks related to intellectual property rights, we have established a stable intellectual property operating system and cooperation system with relevant departments, and are focusing on securing patents, patent dispute responses, and licensing.

Samsung Electro-Mechanics is constantly monitoring the status of patent registrations in the global market and the expansion of patent share within the industry to respond to patent disputes effectively and protect our intellectual property rights. In addition, we are preparing qualitative improvement in this sector through collaborations with global law firms. Furthermore, we aim to develop technologies we lack through managing the portfolio for each product and key project for the patents applied, and by strengthening the rights of important patents and discovering patents that can be utilized for business, we seek to maximize their synergy.

As of the end of 2021, Samsung Electro-Mechanics has registered and applied for 6,006 domestic and 8,756 overseas patents. In 2021, 3,637 domestic and 5,214 overseas patents were registered, securing our intangible intellectual assets.

Patent Registrations and Applications (Data coverage: 100%, Unit: cases)



SPECIAL CASE

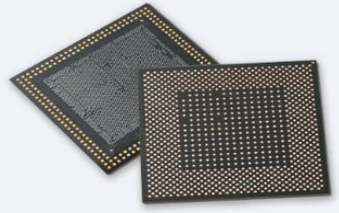
Major R&D Achievements

Following the decision to invest KRW 1.3 trillion in Vietnam's production site, Samsung Electro-Mechanics invested an additional KRW 300 billion in the expansion of the FCBGA plant in Busan and the construction of production facilities. With this investment, we plan to focus our capabilities on the semiconductor package substrate business, where high growth is expected in the long term.

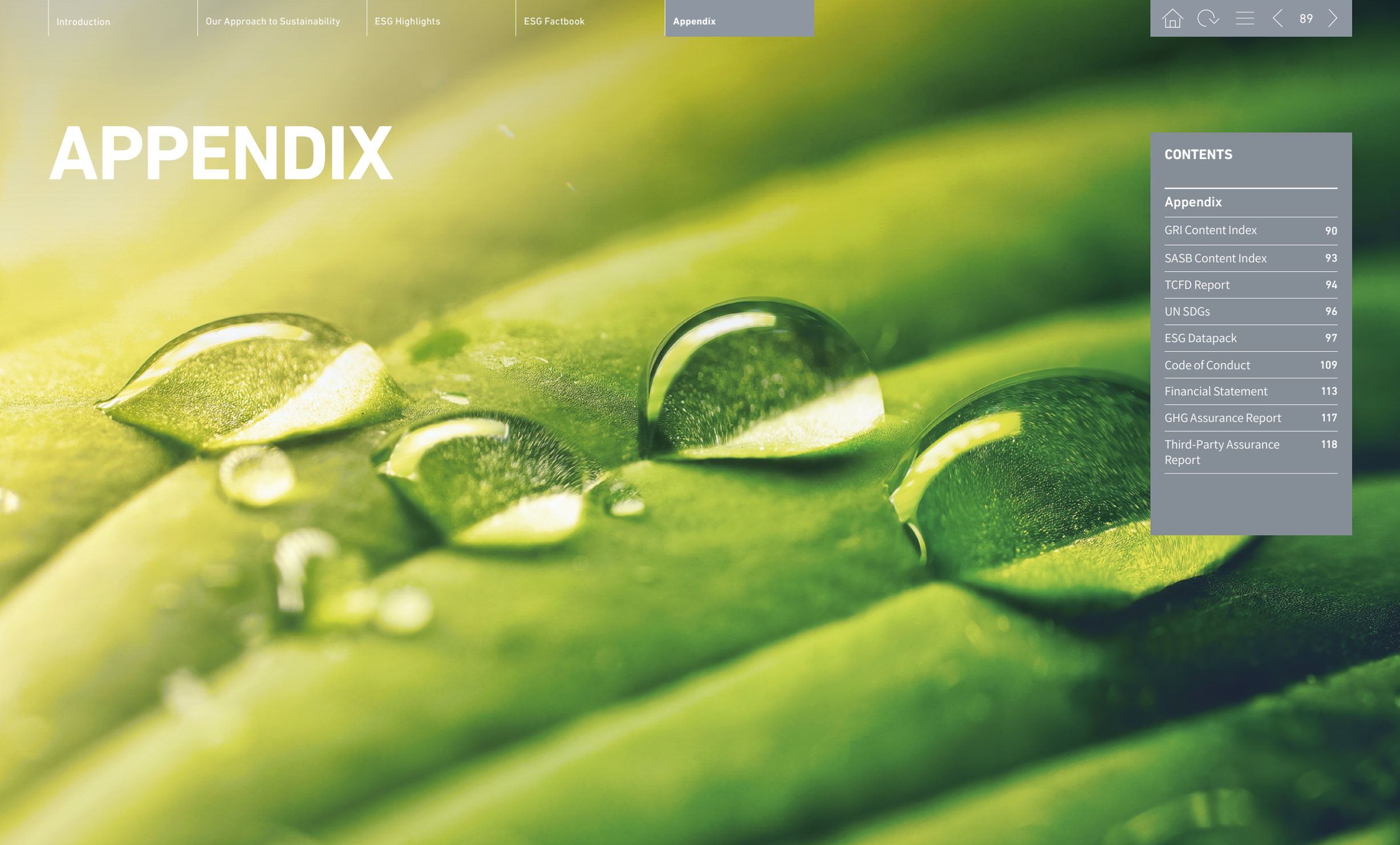
"We are witnessing a paradigm shift in the package substrate, and the system-on-substrate has the potential to become a platform for seamless integration of all systems," said Jang Deok-hyun, CEO of Samsung Electro-Mechanics, suggesting a new direction for the next-generation package substrates.

Semiconductor package substrates connect high-density semiconductor chips to the mainboard to transmit electrical signals and power, and FCBGA is the most difficult product to manufacture among these. In particular, the higher the semiconductor performance, the greater the number of signal input/output (I/O), requiring a multi-chip package (MCP) that integrates multiple functions by arranging 2 or more semiconductor chips on a substrate.

Through this investment, Samsung Electro-Mechanics will actively respond to the growing demand for package substrates due to semiconductor sophistication and market growth. In the medium to long term, we plan to establish a foundation for preoccupying the high-end product market, such as networks.



APPENDIX



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	GRI 414-2	Negative social impacts in the supply chain and actions taken	p.69-70
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Marketing and Labeling	GRI 417-1	Requirements for product and service information and labeling	-
	GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	No cases of violation
	GRI 417-3	Incidents of non-compliance concerning marketing communications	No cases of violation
Customer Privacy	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No cases of violation
Socioeconomic Compliance	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No cases of violation

SASB CONTENT INDEX

Sustainability Disclosure Topics & Accounting Metrics(Hardware)

Topic	Code	Accounting Metric	Responses from Samsung Electro-Mechanics
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	p.85-87
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	p.35, p.100
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Samsung Electro-Mechanics complies with global regulations such as EU RoHS, REACH, and SVHC (Substance of Very High Concern). We manage all chemical information of raw materials in a database, monitor their usage, and conduct follow-up processes. For related details, please refer to p.48-49 of the report.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	N/A
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	N/A
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Since Samsung Electro-Mechanics manufactures micro-sized, ultra-thin components used as small intermediary parts in end products, it is impossible for us to recover our manufactured products. For example, our key products such as CHIP parts, circuit boards, and camera modules are micro-sized parts that are built into our clients' end-products (e.g., cell phones), making it impossible for us to individually recover them. In addition, compliance for Waste from Electrical and Electronic Equipment (WEEE) directive is required only for end-products, exempting Samsung Electro-Mechanics from its scope of appliance.
Supply Chain Management	TC-HW-430a.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	p.68-70, p.103
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	p.70-72, p.103
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	p.72-73

Activity Metrics

Topic	Code	Accounting Metric	Responses from Samsung Electro-Mechanics
Activity Metrics	TC-HW-000.A	Number of units produced by	p.8-10
	TC-HW-000.B	Area of manufacturing facilities	p.6
	TC-HW-000.C	Percentage of production from owned facilities	2021 Business Report p.14-17

TCFD REPORT

Governance

	TCFD Report	Responses from Samsung Electro-Mechanics	CDP Reference	Page
a	Describe the board's oversight of climate-related risks and opportunities.	To create value and share it with our stakeholders, we have strengthened the board's management and oversight of climate change and ESG issues in general. In 2021, we established the ESG Committee under the board of directors for final deliberations and resolutions on important issues such as strategic direction for climate change response and the transition to Net-Zero. The ESG Committee consists of 4 independent directors and 2 inside directors. Since its inception last year, the committee has convened once. The ESG Committee holds 1 regular meeting every half year, convenes temporary meetings as necessary, and reports the outcome of the discussion to the board. Through the internal control assessment system, GHG emissions and third-party verification results are reported once a year to the Audit Committee under the board after the CEO. Our Climate Strategy Committee has established a decision-making process to respond to the emissions trading system, sharing information and opinions on GHG emissions between internal departments such as finance and legal. We also installed a system to monitor GHG emissions regularly.	C1.1b	p.12
b	Describe management's role in assessing and managing risks and opportunities.	The management at Samsung Electro-Mechanics constantly reviews the risks and opportunities from climate change throughout our business and pursues sustainable development in our response. We operate the ESG Council presided by the CEO. Its members include the CEO, CFO, CSO (Chief Safety Officer), heads of each division, People team leaders, safety environment team leaders, and infrastructure team leaders. By linking ESG factors with existing business activities and strategies, we ensure that global management trends from an integrated perspective are reflected in the Samsung Electro-Mechanics' decision-making process. In particular, it examines and assesses key points such as establishing mid-to-long-term GHG reduction goals, ways to achieve them, and responding to climate risks. Reviewed agendas are reported to the ESG Committee and reflected in our ESG policy.	C1.2, C1.2a	p.12

Strategy

	TCFD Report	Responses from Samsung Electro-Mechanics	CDP Reference	Page
a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Samsung Electro-Mechanics classifies short, medium, and long-term climate change risks into physical and transition risks from a company-wide perspective, measuring the likelihood of occurrence, business impact, and financial impact of each risk factor. Based on the analysis of climate change risks, we are developing response strategies to reduce them. At the same time, we identify opportunities from climate change and analyze the impact to formulate a company-wide climate change response strategy. The physical risk assessment of climate change is conducted through seasonal disaster impact analysis of business sites. In particular, we conduct regular risk surveys for typhoons and rainy season damage to accurately assess the financial impact. Transition risk assessments prioritize and identify financial impacts by continuously monitoring national policy and regulatory trends and their risks.	C2.1a C2.3, C2.3a C2.4, C2.4a	p.53-54
b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Samsung Electro-Mechanics has financial and physical risks of damage to its business sites from climate change caused by droughts, typhoons and etc. The financial impact of suspending operations at the domestic Suwon, Sejong, and Busan business sites for 1 week is expected. In response, the company conducts regular risk surveys and invests in aging infrastructure to prevent production losses from extreme weather events. In 2021, we invested in aging facilities to response risks. The major transition risks we have identified include the government's allocation of GHG emissions targets and need-based trading of emission allowances between companies. It is expected that such risks will generate costs. To respond to regulations, Samsung Electro-Mechanics is managing and reducing GHG emissions by establishing an in-house GHG energy system and rewarding energy savings. These activities are expected to reduce the financial impacts.	C2.3a, C2.4a	p.53-54
c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Samsung Electro-Mechanics has been developing counterplans for the Emissions Trading Scheme since 2015, while also analyzing climate change scenarios. Based on the analysis outcomes, we expect that 45% reduction of GHG emissions is required by 2030, compared to our 2014 level. To this end, we are driving our reduction activities by setting annual energy-saving goals and inviting all employees to participate in activities such as upgrading productivity for manufactured goods, strengthening price competitiveness, and responding to climate change, governed by the Energy-Saving Task Force. Samsung Electro-Mechanics uses energy-efficient equipment in developing new equipment, through a deliberation process for its energy-saving functions. We also review and implement high-efficiency energy equipment and renewables technology when constructing buildings and factories.	C3.2, C3.2a, C3.2b	p.43-54

Risk Management

	TCFD Report	Responses from Samsung Electro-Mechanics	CDP Reference	Page
a	Describe the organization's processes for identifying and assessing climate-related risks.	Samsung Electro-Mechanics identifies and evaluates corporate climate change risks based on our carbon management risk management processes. We conduct risk assessments through financial impact surveys, policy trend analysis, and industry analysis from physical risk factors at each business site, and identify and evaluate climate change risks that may arise at the operational level through emissions forecasts reflecting expansion lines and future production. The risks identified by these efforts are reported to the ESG Committee and the Climate Strategy Committee to assess the risk response status. The company-wide GHG emissions are reported to the management once a year. Moreover, through the ESG Council, which consists of executives and heads of each business division, we discuss climate change risks and their business and financial impacts arising at the operational level, and reflect them in the carbon management risk management process.	C2.2, C2.2a	p.12, p.43-44
b	Describe the organization's processes for managing climate-related risks.	Applying the PDCA cycle to our environmental management system, we identify related changes such as internal and external issues, review achievement of environmental targets, environmental performance, stakeholder communication, continuous improvement opportunities, and the measures taken in previous management reviews. We also determine the impact on the strategic direction of the organization, the need for revising the system, and decisions related to continuous improvement opportunities. Every year, we regularly operate internal and external evaluation programs to verify whether the environmental management system is implemented and maintained effectively. Through evaluations by specialized third-party certification agencies, we keep the system certified. We also conduct an executive review once a year to ensure the relevance, sufficiency, and effectiveness of the environmental management system. Major climate change risks are discussed and decided through the ESG Committee and the ESG Council to be reflected in the company's ESG policy.	C2.2	p.12, p.43-44
c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Samsung Electro-Mechanics has integrated climate change-related risks through the establishment of a company-wide environmental (ISO 14001) and energy (ISO 50001) management system. Through these, we systematically manage climate change risks within the general risk management system and develop environmental protection and climate change response plans through life cycle management from production to use to disposal of products. To enhance the operative structure of the environmental management system, Samsung Electro-Mechanics is engaging the executives' participation. Led by the CEO, we have strengthened the initiative and commitment to implement environmental management, taking responsibility through the management system, setting objectives and strategic direction, and integrating business processes.	C2.2	p.43-44

Metrics and Targets

	TCFD Report	Responses from Samsung Electro-Mechanics	CDP Reference	Page
a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Samsung Electro-Mechanics manages indicators such as GHG emissions, GHG intensity, energy consumption, amount of waste generated and recycled, and air and water pollution emissions to respond to climate change. To incorporate sustainability management, we included items on eco-friendly management in the performance assessment of executives and goal management system for each division and organization in 2021. This has encouraged the executives and employees to keep sustainability management in mind in our business in general. For each division and department, the system reflected items that are relevant to its nature of business. We will continue to develop sustainable performance indicators and improve the system for evaluation and compensation.	C2.2, C4.2	p.12, P.43-44
b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.	To reduce GHG emissions, we identify GHG emission sources and operate an inventory. We also monitor emissions from domestic and overseas business sites on a monthly basis and transparently disclose information on emissions every year. In addition to Scope 1 and 2, we expanded the disclosure to Scope 3 data to manage the value chain of our entire business. The details of each item are disclosed through third-party verification. As of 2021, our Scope 1 emissions amounted to 113,118 tCO_2e, Scope 2 emissions reached 1,353,725 tCO_2e, and Scope 3 emissions recorded 188,987 tCO_2e. Detailed reporting of our GHG data can be found on p.51.	C6	p.51
c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	By 2025, Samsung Electro-Mechanics aims to reduce GHG emissions by 7% compared to 2014. We plan to establish a company-wide strategy for carbon neutrality based on the emissions reduction target and measure and monitor carbon emissions for each product by acquiring additional eco-friendly product certifications. Furthermore, our GHG reduction efforts will be strengthened through a step-by-step internal goal of converting 40% of business vehicles to electric vehicles by 2025 and 100% by 2030. In order to transition to a low-carbon economy, we aim to transition to 100% renewable energy by 2050, strengthen the monitoring of renewable energy policy trends in countries with business sites, and establish measures to secure renewable energy in business sites around the world. In addition, with the goal to achieve 95% resource circulation rate for obtaining zero waste-to-landfill certifications for all business sites by 2026, we plan to track the status of waste by type and source to manage their amount and expand investment in waste recycling infrastructure. As shown below, Samsung Electro-Mechanics reports in detail the company-wide climate change response goals, performance, and future plans in the ESG Highlights of our 2021-2022 Sustainability Report, disclosing its efforts to reduce GHG emissions and specific results of its practices. Detailed goals and future plans for our climate change response can be found on p.22-29.	C4	p.22-29

UN SDGs

The Sustainable Development Goals are specific goals and indicators adopted by the United Nations for sustainable development, consisting of 17 economic, social, and environmental goals and 169 targets. Samsung Electro-Mechanics supports the UN SDGs and practices sustainability management by carrying out activities that are aligned with each goal. We will continue to undertake additional activities to achieve more goals.

UN SDGs	Samsung Electro-Mechanics' Activities	Page
Goal 1. No Poverty	· Supporting financial resources for vulnerable groups through contactless donation and volunteer activities	p.37-41, p.65-66
Goal 3. Good Health and Well-being	· Providing regular health screenings · Supporting treatment costs for employees and their children diagnosed with the top 3 severe conditions · Maternal protection programs (parental leave and nursing facilities)	p.30-36, p.55-56
Goal 4. Quality Education	· SSAFY (Samsung Software Academy For Youth)	p.39
Goal 5. Gender Equality	· Guarantee of equal pay for men and women · A higher percentage of female managers	p.35, p.58
Goal 6. Clean Water and Sanitation	· Achieved 24% water recycling rate in 2021 · Aim to reach a 40% water recycling rate by 2030	p.45-46

UN SDGs	Samsung Electro-Mechanics' Activities	Page
Goal 7. Affordable and Clean Energy	· Effort to transition into 100% renewable energy by 2050 · Expansion of investment in environment and energy every year · Enhancing energy efficiency through energy reduction task force operations and workplace improvements	p.25, p.52
Goal 12. Responsible Production and Consumption	· Achieved 84% waste recycling rate in 2021 · Special task force for reducing disposable products · Busan business site received Gold validation for generating Zero Waste to Landfill	p.26-29, p.47
Goal 13. Climate Action	· Proactively responding to climate change as the first in the industry to simultaneously receive carbon footprint and water footprint certifications	p.24
Goal 15. Life on Land	· Planting fine dust purifying trees · Conservation activities in coastal, ecological, and landscape conservation areas	p.40, p.50

ESG DATAPACK

ENVIRONMENT

GHG Emissions

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Scope 1,2 emissions	Total GHG emissions (Scope 1, 2)	tCO_2e	100%	1,135,721	1,276,422	1,309,687	1,204,128	1,466,843
	Scope 1	tCO_2e	100%	59,513	66,138	76,506	79,240	113,118
	Scope 2	tCO_2e	100%	1,076,208	1,210,284	1,233,181	1,124,888	1,353,725
	Carbon intensity	tCO_2e/Sales (M $)	100%	189.7	191.5	184.6	184.1	179.7
Scope 3 emissions	Total Scope 3 emissions	tCO_2e	100%	159,557	270,010	169,526	150,450	188,987
	Purchased goods and services	tCO_2e	100%	33,595	37,253	21,419	34,583	39,826
	Capital goods	tCO_2e	100%	2,641	2,345	1,852	3,690	2,740
	Fuel and energy-related activities not included in Scope 1 or Scope 2	tCO_2e	100%	11,137	11,170	12,716	12,113	9,434
	Upstream transportation and distribution	tCO_2e	100%	55,351	165,843	47,780	41,662	60,442
	Waste generated in operations	tCO_2e	100%	6,562	7,839	6,025	6,875	20,686
	Business travel	tCO_2e	100%	5,840	5,811	7,367	2,238	1,547
	Employee commuting	tCO_2e	100%	11,063	11,702	11,816	11,120	13,730
	Upstream leased assets	tCO_2e	100%	309	629	747	693	895
	Downstream transportation and distribution	tCO_2e	100%	-	-	-	-	-
	Processing of sold products	tCO_2e	100%	184	154	1,037	353	436
	Use of sold products	tCO_2e	100%	4,907	4,102	34,179	11,622	14,349
	End-of-life treatment of sold products	tCO_2e	100%	77	64	579	197	243
	Downstream leased assets	tCO_2e	100%	-	-	-	-	-
	Investments[1]	tCO_2e	100%	27,891	23,098	24,009	25,304	24,659
GHG reductions	Total	tCO_2e	100%	86,904	42,220	109,912	94,327	102,075
	Electricity	tCO_2e	100%	81,786	35,785	103,431	88,817	92,836
	LNG	tCO_2e	100%	2,847	4,256	4,302	2,759	7,650
	Video conferencing	tCO_2e	100%	2,271	2,179	2,179	2,751	1,589

1) Investments: GHG emitted by companies who are recipients of our investment

Energy Consumption

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Energy consumption	Total energy consumption	MWh	100%	2,306,205	2,547,250	2,617,288	2,438,906	2,909,016
	Electricity	MWh	100%	1,820,516	2,033,290	2,084,623	1,975,597	2,224,870
	LNG	MWh	100%	259,821	259,462	295,948	280,448	467,804
	Diesel	MWh	100%	20,636	18,623	25,643	22,562	27,039
	Gasoline	MWh	100%	4,550	3,948	4,133	3,122	2,880
	Kerosene	MWh	100%	-	-	-	-	-
	LPG	MWh	100%	24,258	26,463	28,556	29,801	23,917
	Purchased steam	MWh	100%	176,424	205,464	178,384	127,376	162,506
	Energy intensity	MWh/Sales (M $)	100%	385.2	382.1	368.9	372.9	356.4
Energy consumption (domestic)	Total energy consumption	MWh	68%	1,041,091	1,158,370	1,179,145	1,158,868	1,218,098
	Electricity consumption[1]	MWh	68%	737,016	828,678	837,314	832,719	864,251
Fuel consumption	Fuel consumption[2]	GJ	100%	1,195,939	1,306,447	1,917,592	1,667,912	1,877,906
Energy reduction[3]	Electricity	MWh	100%	178,454	78,524	434,114	424,919	786,155
	LNG	kNm^3	100%	1,288	3,732	1,943	3,450	3,559
Energy savings	Energy saving projects	cases	100%	575	460	577	486	860
	Cost savings from energy saving projects	KRW 100 million	100%	181	125	241	192	326

1) Based on power use in domestic business sites
2) Fuel consumption refers to LNG consumption, based on the 2017 country-specific calorific value of 43.1MJ
3) Based on the amount from energy-saving tasks completed each year

Investment in and Operation of Environment and Energy

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Investment in environment and energy	Investment in environment and energy	KRW 1 million	100%	4,703	30,092	8,704	25,492	35,352
Operation of environment and energy	Expenses for operating environment and energy	KRW 1 million	100%	238,359	268,379	272,150	259,893	272,486

Raw Material Usage

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Raw material usage	Total raw material consumption	ton	100%	106,457	106,308	110,453	104,419	116,528
	Chemicals	ton	100%	88,318	86,721	91,911	85,682	94,483
	Powder	ton	100%	13,473	15,589	15,081	15,039	18,108
	Non-ferrous metals	ton	100%	2,849	2,703	2,276	2,036	1,988
	Resin	ton	100%	920	1,077	975	1,309	1,593
	Paste	ton	100%	642	12	19	6	16
	Precious metals	ton	100%	1	1	1	1	1
	Other	ton	100%	254	204	190	346	340

Water Consumption

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Water consumption	Total water consumption	m^3	100%	21,338,128	23,689,267	22,832,082	19,708,294	20,834,376
	Surface water	m^3	100%	14,138,679	19,131,221	19,234,466	16,605,868	17,602,886
	Ground water	m^3	100%	2,934,056	3,479,574	3,597,616	3,102,426	3,231,490
	Urban water	m^3	100%	4,265,393	1,078,472	-	-	-
Water reuse	Reuse amount	m^3	100%	2,658,461	3,787,453	3,839,411	1,827,990	6,437,870
	Reuse rate	%	100%	12.5	16.0	16.8	9.3	23.6
Discharge	Discharge amount (at the water supply level)	m^3	100%	3,673,953	13,685,647	12,653,125	11,995,906	12,991,665
Water intensity	Water Intensity	m^3/Sales (M $)	100%	3,564	3,553	3,218	3,013	2,553

Water Pollution

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Water pollution emissions	BOD	ton	100%	162	215	174	155	179
	COD	ton	100%	332	329	283	242	277
	SS	ton	100%	47	105	93	56	64
	T-N	ton	100%	130	155	161	156	193
	T-P	ton	100%	3	7	6	3	4
Emission intensity compared to statutory standards	BOD	%	100%	7.9	10.0	7.7	8.3	9.6
	COD	%	100%	17.8	13.4	13.2	12.7	13.8
	SS	%	100%	2.1	3.5	3.9	3.1	3.4
	T-N	%	100%	13.2	13.3	15.4	18.1	24.2
	T-P	%	100%	3.3	5.9	6.1	2.1	3.6

Air Pollution

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Air pollution emissions	SOx	ton	100%	80	73	54	16	5
	NOx	ton	100%	315	212	176	82	37
	Dust	ton	100%	74	60	74	51	45
Emission intensity compared to statutory standards	SOx	%	100%	1.4	0.2	0.1	0.1	0.1
	NOx	%	100%	12.3	9.6	3.9	1.8	6.3
	Dust	%	100%	8.7	6.6	7.3	4.8	4.8
VOC emissions	VOC	ton	74%[1)]	3	2	4	4	3

1) Sales in separate financial statement / sales in consolidated financial statement

Waste

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Waste generated	Total waste generated	ton	100%	117,684	142,632	120,606	122,899	155,076
General waste disposed and recycled	General waste generated	ton	100%	65,396	87,173	72,471	78,064	90,765
	General waste incinerated	ton	100%	4,605	4,508	4,673	4,257	5,861
	Waste incinerated with energy recovery	ton	100%	852	783	886	688	419
	Waste incinerated without energy recovery	ton	100%	3,753	3,725	3,787	3,569	5,442
	General waste landfilled	ton	100%	13,496	11,105	7,851	8,434	9,024
	General waste recycled	ton	100%	47,295	71,561	59,947	65,372	75,880
Hazardous waste disposed and recycled	Hazardous waste generated	ton	100%	52,289	55,459	48,135	44,835	64,311
	Hazardous waste incinerated	ton	100%	7,628	9,042	5,511	4,894	4,748
	Waste incinerated with energy recovery	ton	100%	-	-	-	-	-
	Waste incinerated without energy recovery	ton	100%	7,628	9,042	5,511	4,894	4,748
	Hazardous waste landfilled	ton	100%	6,544	6,681	4,507	6,787	4,986
	Hazardous waste recycled	ton	100%	38,117	39,736	38,116	33,154	54,578
Waste disposed and recycled	Total (incinerated, landfilled, recycled)	ton	100%	117,685	142,632	120,605	122,898	155,077
	Waste incinerated	ton	100%	12,233	13,550	10,184	9,151	10,609
	Waste incinerated with energy recovery	ton	100%	852	783	886	688	419
	Waste incinerated without energy recovery	ton	100%	11,381	12,767	9,298	8,463	10,190
	Waste landfilled	ton	100%	20,040	17,785	12,358	15,221	14,010
	Waste recycled	ton	100%	85,412	111,296	98,063	98,526	130,458
	Waste recycling rate	%	100%	73	79	82	81	84

Environmental Certifications and Information Requirements

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
ISO 14001	ISO 14001 certification rate	%	100%	100	100	100	100	100
Information requirements	Response to information requirements for product stewardship	cases	100%	2,522	2,558	2,021	2,400	2,748

SOCIAL

Composition of Employees

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Number of employees[1]	Total number of employees	persons	100%	34,411	37,884	34,264	36,220	37,312
	Number of domestic employees	persons	100%	10,697	12,136	11,471	11,625	11,868
	Men	persons	100%	8,174	9,356	8,738	8,849	9,056
	Women	persons	100%	2,523	2,780	2,733	2,776	2,812
	Percentage of female employees	%	100%	23.6	22.9	23.8	23.9	23.7
	Number of overseas employees	persons	100%	23,714	25,748	22,793	24,595	25,444
	Men	persons	100%	10,844	12,600	10,577	11,355	11,875
	Women	persons	100%	12,870	13,148	12,216	13,240	13,569
	Percentage of female employees	%	100%	54.3	51.1	53.6	53.8	53.3
Employees by position (total)	Executives	persons	100%	62	63	62	64	71
	Men	persons	100%	62	62	61	62	68
	Women	persons	100%	-	1	1	2	3
	Percentage of female executives	%	100%	-	1.6	1.6	3.1	4.2
	Managers[2]	persons	100%	4,587	4,943	5,113	5,585	6,008
	Men	persons	100%	4,154	4,424	4,528	4,873	5,171
	Women	persons	100%	433	519	585	712	837
	Percentage of female managers	%	100%	9.4	10.5	11.4	12.7	13.9
	Staffs	persons	100%	27,793	31,382	28,903	30,239	30,806
	Men	persons	100%	13,601	16,448	14,611	15,073	15,398
	Women	persons	100%	14,192	14,934	14,292	15,196	15,408
	Part-time employees	persons	100%	1,969	1,496	186	332	427
	Men	persons	100%	1,201	1,022	115	226	294
	Women	persons	100%	768	474	71	106	133

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employees by position (domestic)	Executives	persons	100%	57	57	48	55	62
	Men	persons	100%	57	56	47	53	59
	Women	persons	100%	-	1	1	2	3
	Managers[2]	persons	100%	3,897	4,158	4,266	4,605	4,941
	Men	persons	100%	3,650	3,860	3,922	4,179	4,428
	Women	persons	100%	247	298	344	426	513
	Percentage of female managers	%	100%	6.3	7.2	8.1	9.2	10.4
	Staffs	persons	100%	6,619	7,388	6,988	6,653	6,485
	Men	persons	100%	4,386	5,021	4,652	4,392	4,281
	Women	persons	100%	2,233	2,367	2,336	2,261	2,204
	Part-time employees	persons	100%	124	533	169	312	380
	Men	persons	100%	81	419	112	225	288
	Women	persons	100%	43	114	52	87	92
Employees by position (overseas)	Executives	persons	100%	5	6	9	9	9
	Men	persons	100%	5	6	9	9	9
	Women	persons	100%	-	-	-	-	-
	Managers[2]	persons	100%	690	785	847	980	1,067
	Men	persons	100%	504	564	606	694	743
	Women	persons	100%	186	221	242	286	324
	Percentage of female managers	%	100%	27.0	28.2	28.5	29.2	30.4
	Staffs	persons	100%	21,174	23,994	21,915	23,586	24,321
	Men	persons	100%	9,215	11,427	9,959	10,651	11,117
	Women	persons	100%	11,959	12,567	11,956	12,935	13,204
	Part-time employees	persons	100%	1,845	963	22	20	47
	Men	persons	100%	1,120	603	3	1	6
	Women	persons	100%	725	360	19	19	41

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employees in sales-generating departments[3]	Total number of employees in sales-generating departments	persons	100%	3,767	4,081	4,237	4,614	4,951
	Men	persons	100%	3,487	3,736	3,836	4,114	4,356
	Women	persons	100%	280	345	401	500	595
	Domestic	persons	100%	9,405	10,881	10,240	10,341	10,504
	Men	persons	100%	7,173	8,379	7,791	7,857	8,007
	Women	persons	100%	2,232	2,502	2,449	2,484	2,497
	Overseas	persons	100%	477	558	623	730	800
	Men	persons	100%	376	424	472	545	586
	Women	persons	100%	101	134	151	185	214
Employees in STEM departments[4]	Total number of employees in STEM departments	persons	100%	11,228	12,455	12,275	13,156	13,709
	Men	persons	100%	7,662	8,457	8,316	8,840	9,127
	Women	persons	100%	3,566	3,998	3,959	4,316	4,582
	Percentage of female employees in STEM departments	%	100%	31.8	32.1	32.3	32.8	33.4
	Domestic	persons	100%	5,374	8,203	5,746	5,923	6,009
	Men	persons	100%	4,331	4,598	4,453	4,583	4,660
	Women	persons	100%	1,043	3,605	1,293	1,340	1,349
	Overseas	persons	100%	5,854	6,655	6,529	7,233	7,650
	Men	persons	100%	3,331	3,859	3,863	4,257	4,467
	Women	persons	100%	2,523	2,796	2,666	2,976	3,183
Composition of employees by age	Under 30	%	100%	58.1	59.1	53.2	50.9	48.2
	30-50	%	100%	40.5	39.5	44.9	46.9	49.2
	Over 50	%	100%	1.4	1.4	1.9	2.2	2.5

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employees by country	Korea	persons	100%	10,697	12,136	11,471	11,625	11,868
	Asia	persons	100%	23,641	25,676	22,713	24,511	25,358
	China	persons	100%	11,179	12,490	9,070	9,944	10,876
	Vietnam	persons	100%	5,923	5,531	6,768	7,466	6,584
	Philippines	persons	100%	5,874	7,064	6,282	6,540	7,340
	Other	persons	100%	665	591	593	561	558
	Americas	persons	100%	46	42	45	51	49
	Europe	persons	100%	27	30	35	33	37
Employees with disabilities	Number of employees with disabilities[5]	persons	32%[6]	227	227	232	231	230
	Percentage of employees with disabilities	%	32%[6]	2.34	2.10	2.03	2.00	2.00

1) Including part-time employees
2) Managers: Middle management positions (CL3~4)
3) Including manufacturing, technology, and sales (excluding management support)
4) Including employees in departments associated with STEM (science, technology, engineering, and mathematics), usually technicians, technological research, and R&D team
5) Based on the Special Exception to Calculation of Number of Employee with Disabilities
6) Domestic employees/All employees

Employee Turnover Rate

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employee turnover rate	Total employee turnover rate	%	100%	24.6	22.2	16.0	11.3	13.1
	Domestic	%	100%	3.4	3.9	3.5	2.7	2.9
	Overseas	%	100%	31.6	28.5	20.8	14.9	17.2
Employee turnover by position	Total employee turnover	persons	100%	10,968	10,273	6,880	4,433	5,446
	Executives	persons	100%	10	12	8	8	18
	Managers	persons	100%	177	147	100	108	166
	Staffs	persons	100%	10,781	10,114	6,772	4,317	5,262
Retirees by gender	Total number of retirees (gender)	persons	100%	10,968	10,273	6,880	4,433	5,446
	Men	persons	100%	4,874	5,136	3,533	1,759	2,342
	Women	persons	100%	6,094	5,137	3,347	2,674	3,104
Employee tenure	Total employee tenure	years	100%	12.3	11.6	12.6	13.1	13.6
	Domestic	years	100%	12.3	11.6	12.6	13.1	13.6
	Overseas	years	100%	4.1	4.0	5.1	5.4	5.8

Corporate Social Responsibility

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
CSR costs	CSR expenses	KRW 1 million	100%	4,638	3,088	4,339	6,085	6,261
	Charitable donation[1]	KRW 1 million	100%	1,415	894	1,180	2,312	1,563
	Community Investment[2]	KRW 1 million	100%	1,818	2,094	3,065	3,323	4,204
	Commercial activities[3]	KRW 1 million	100%	1,405	100	93	450	493
Volunteer service by employees (domestic)	Employees' total volunteering hours	hours	100%	111,628	45,661	58,490	16,917	14,580
	Number of volunteer teams	teams	100%	76	67	63	55	52
	Number of participating employees	persons	100%	9,743	6,204	8,643	3,704	2,579
Donation by employees (domestic)	Participation rate	%	100%	100	100	100	100	100
	Total donations	KRW 1 million	100%	1,220	1,242	1,237	1,196	1,216
Youth education	Blue Elephant Project [4]	persons	100%	-	-	-	93,862	259,339
	SSAFY [4]	persons	100%	-	-	-	-	1,700
Contribution to local communities	Percentage of donating employees	%	100%	100	100	100	100	100
	Total donations by employees	KRW 1 million	100%	1,220	1,242	1,237	1,196	1,216
	Sister villages	number of villages	100%	17	17	17	17	17
Management indirect costs	Salary of employees in charge of corporate social responsibility	KRW 1 million	100%	578	546	507	572	770

1) One-time or non-regular sponsorship for innocent purposes, such as charity, community needs, and emergency relief
2) Strategic participation in resolving social problems from a long-term perspective as part of sustainability management
3) Business-related activities to promote company and brand Identity
4) No data available as the Blue Elephant project started in 2020 and SSAFY launched in 2021

Support and Activities for Shared Growth

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Supplier training	Win-win Academy training	number of courses	100%	41	40	10	88	83
	Supplier employees who completed training at Win-win Academy	persons	100%	1,074	954	928	939	1,600
	RBA (Labor and Human Rights) training[1]	number of suppliers	100%	62	57	35	-	44
	Product stewardship training	number of suppliers	100%	117	101	92	2	33
	Safety and environment training	number of suppliers	100%	-	-	78	12	99
Support for suppliers' sustainability management	Environmental facility consulting	number of suppliers	100%	16	17	3	12	38
	GHG and energy efficiency diagnosis	number of suppliers	100%	44	35	7	4	1
	Risk assessment and fire safety diagnosis	number of suppliers	100%	30	38	5	40	6
Support for shared growth	Shared growth fund	KRW 100 million	100%	383	335	213	289	484

1) The title of training program in 2021: Understanding EGS and Related Issues of Small and Medium-sized Enterprises (video conference)

Evaluation of Suppliers' Sustainablility Management

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Sustainable management evaluation results	Number of suppliers evaluated[1]	number of suppliers	100%	105	95	100	99	101
	Domestic	number of suppliers	100%	52	48	42	54	54
	Overseas	number of suppliers	100%	53	47	58	45	47
	Number of suppliers taking self-diagnosis	number of suppliers	100%	105	95	100	99	101
	Domestic	number of suppliers	100%	52	48	42	54	54
	Overseas	number of suppliers	100%	53	47	58	45	47
	Number of suppliers receiving on-site inspection[2]	number of suppliers	100%	76	80	66	66	47
	Domestic	number of suppliers	100%	50	44	32	34	31
	Overseas	number of suppliers	100%	26	37	34	32	16
Supplier environmental compliance rate by item	Compliance with environmental permits and legal standards	%	100%	98	100	100	100	100
	Waste management	%	100%	98	100	100	100	100
	Air pollution management	%	100%	98	100	100	100	100
	Water pollution management	%	100%	98	100	100	100	100
	Environmental regulatory response	%	100%	98	100	100	100	100

1) Same as the number of suppliers subject to self-diagnosis
2) Suppliers subject to on-site inspections among those subject to self-diagnosis (performed only partially since 2019 due to COVID-19)

Supply Chain Management

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Purchasing and global supply chain	Cost of raw materials	KRW 1 million	100%	3,138,017	3,168,622	3,267,539	3,393,256	4,010,433
	Local purchasing cost	KRW 1 million	100%	596,024	835,339	960,093	755,935	972,534
	Local purchasing rate	%	100%	19.0	26.4	29.4	22.3	24.3
Purchasing by region	Korea	%	100%	61	54	60	40	38
	China	%	100%	5	7	8	18	21
	Japan	%	100%	14	28	22	23	25
	Southeast Asia	%	100%	8	2	1	17	14
	Europe	%	100%	3	2	1	1	1
	Americas	%	100%	9	7	8	1	1
Investigation on responsible minerals	Investigation on current use of responsible minerals	%	100%	100	100	100	100	100

Employee Wages and Benefits

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employee benefits	Labor costs	KRW 1 million	100%	1,025,176	1,042,375	1,174,928	1,362,318	1,675,110
	Employee benefit costs	KRW 1 million	100%	312,544	399,146	430,484	286,710	314,861
	Employee pensions (severance)	KRW 1 million	100%	62,784	74,559	92,574	70,809	77,425
Parental leave (domestic)	Number of employees taking parental leave[1]	persons	100%	576	507	477	508	504
	Men	persons	100%	130	103	129	153	136
	Women	persons	100%	446	404	348	355	368
	Rate of retention longer than 12 months after returning to work[2]	%	100%	95	93	89	86	67
	Rate of returning to work after parental leave[3]	%	100%	99	82	86	85	84

1) Based on the employees who took parental leave in the each year
2) Employees currently working in March of each year among reinstated employees after parental leave/ total number of employees reinstated after parental leave
3) Employees currently working and taking parental leave in March of each year/ total number of employees reinstated after parental leave

Employee Training

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Education and training costs (domestic)	Education and training costs	KRW 1 million	100%	7,917	10,108	11,135	9,786	9,713
	Training expenses per person	KRW 1 million/person	100%	0.74	0.86	0.98	0.86	0.85
Training time (domestic)	Total training time	hours	100%	849,749	1,116,459	712,411	945,857	774,852
Training time per person (domestic)	Training time per person	hours	100%	79	95	61	74	62
	Training time per person (executives)[1]	hours	100%	-	-	-	-	51.7
	Training time per person (managers)[1]	hours	100%	-	-	-	-	70.9
	Training time per person (staffs)[1]	hours	100%	-	-	-	-	59.3
	Training time per person (part-time employees)[1]	hours	100%	-	-	-	-	16.4
Human rights training	Human rights training time per person[2]	hours	100%	3	3	3	3	3
Sexual harassment training	Percentage of employees who completed sexual harassment prevention training	%	100%	100	100	100	100	100
Fraud prevention training	Percentage of employees who completed fraud prevention training	%	100%	93	99	100	100	100
	Number of fraud prevention training	cases	100%	487	509	389	329	368
	Number of employees who completed fraud prevention training	persons	100%	30,775	36,025	34,585	33,307	35,182
Return on investment in human capital	Return on investment in human capital[3]	%	100%	1.90	2.45	2.17	2.14	2.23

1) Prior data unavailable as data management began in 2021
2) Prevention of sexual harassment (1), prevention of workplace harassment (1), education to improve disability awareness (1)
3) Return on investment in human capital=(sales-(sales costs-labor costs))/labor costs

Employee Satisfaction

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Employee satisfaction (domestic)	Employee satisfaction survey score	points	100%	71.5	73.2	72.8	72.6	72.2
By gender (domestic)	Men	points	100%	73.8	75.2	74.8	74.5	73.8
	Women	points	100%	64.0	66.5	66.1	66.7	67.0
By position (domestic)	Managers	points	100%	76.6	76.7	76.8	75.2	75.8
	staffs	points	100%	68.6	71.1	70.4	70.9	69.4
By age (domestic)	20s	points	100%	66.4	69.1	68.0	68.7	68.1
	30s	points	100%	70.9	72.5	72.3	71.8	70.9
	Above 40s	points	100%	77.0	77.5	77.5	76.6	76.1

Industrial Accidents

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Injury incidence rate and fatalities[1]	Total fatalities	persons	100%	-	-	-	-	-
	Employee fatalities	persons	100%	-	-	-	-	-
	Supplier fatalities	persons	100%	-	-	-	-	-
	Injury incidence rate[2]	%	100%	0.017	0.011	0.012	0.011	0.038
	Lost time injury frequency rate[3]	10^{-4}%	100%	0.073	0.044	0.049	0.046	0.156
	Lost workday rate[4]	%	100%	1.457	0.547	0.664	1.216	2.053
	Occupational disease rate	%	100%	-	-	-	-	-

1) Including employees and contractors working on-site
2) Injury incidence rate = (Number of incidents/Number of employees and contractors)×100
3) Lost time injury frequency rate = (Number of injured employees and contractors/Working hours)×1,000,000
4) Lost workday rate = (Number of lost workdays/Number of employees and contractors)×100

Safety and Health Certification(ISO45001)

(All data coverage based on 2021)

Classification	Unit	Data coverage	2017	2018	2019	2020	2021
ISO 45001 certification rate	%	100%	91	91	100	100	100

Processing of Hanulim Council's Deliberation by Board

(All data coverage based on 2021)

Classification	Unit	Data coverage	2017	2018	2019	2020	2021
Total deliberations	cases	100%	47	63	46	71	48
FUN[1]	cases	100%	15	37	15	21	15
PRIDE[2]	cases	100%	14	10	15	22	12
TRUST[3]	cases	100%	13	11	9	18	14
WOMEN[4]	cases	100%	5	5	7	10	7

1) Employees' social contributions, support for illness, and activities to energize the organization
2) Company-wide welfare facilities, improving working environment, and enhancing productivity/competitiveness
3) Institutional systems regarding HR, employment relations, and training, and standards for wages and benefits
4) Improvement of overall welfare facilities related to female employees and HR system

GOVERNANCE

Key Financial Performance

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Sales/ operating income	Sales	KRW 1 million	100%	6,694,046	7,719,087	7,455,375	7,753,259	9,675,036
	Operating income	KRW 1 million	100%	333,861	1,169,867	794,009	912,739	1,486,873
	Net income	KRW 1 million	100%	177,256	685,019	528,049	623,811	915,432
Dividends	Dividends	KRW 1 million	100%	56,803	75,690	83,245	105,909	158,792
	Cash dividend payout ratio	%	100%	35.1	11.5	16.2	17.5	17.8
Liabilities	Liabilities ratio	%	100%	79.3	74.8	59.7	56.1	44.7

* Due to discontinued businesses in 2021, the financial statements for 2020 and 2019 have been revised

Corporate Tax

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Corporate tax	Income tax expense	KRW 1 million	100%	76,292	255,374	167,922	158,823	357,068
	Income tax paid	KRW 100 million	100%	174	464	2,646	1,357	982
	Korea	KRW 100 million	100%	-	-	1,690	901	399
	China	KRW 100 million	100%	109	418	885	385	476
	Southeast Asia	KRW 100 million	100%	35	28	53	38	85
	Americas	KRW 100 million	100%	4	11	6	15	10
	Europe	KRW 100 million	100%	20	6	8	15	7
	Japan	KRW 100 million	100%	6	1	2	1	3
	India	KRW 100 million	100%	-	-	2	2	2

Government Subsidies

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Subsidies	Government subsidies	KRW 1 million	100%	21	-	5,334	6,105	10,661

Sales and Production Sites

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Sales and production sites	Sales sites and offices	number of sites	100%	14	15	16	16	16
	Production sites	number of sites	100%	12	12	11	10	10

R&D and Patents

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
R&D and patents	R&D costs	KRW 1 million	100%	392,357	482,914	504,776	460,599	567,194
	R&D costs/sales ratio	%	100%	5.9	6.3	6.8	5.9	5.9
	Patent registrations	cases	100%	6,921	6,693	7,194	8,230	8,851
	Patent applications in progress	cases	100%	7,241	7,238	5,747	5,588	5,214
	R&D centers	number of centers	100%	2	2	2	2	2

* Consolidated, written in accordance with K-IFRS standards

Customer Satisfaction

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Customers	Customer Satisfaction	points	100%	78.3	88.1	91.6	96.0	96.6

Operation of the Board of Directors

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Board of directors meeting	Number of meetings	times	100%	7	8	7	11	11
	Reports and voting items	cases	100%	16	19	21	32	33
	Total attendance rate	%	100%	95.9	98.1	100	97.2	98.7
	Inside director attendance rate	%	100%	90.4	87.5	100	96.3	96.8
	Independent director attendance rate	%	100%	100.0	96.8	100	97.7	100
Board of directors composition	Total	persons	100%	7	7	7	7	7
	Inside directors	persons	100%	3	3	3	3	3
	Independent directors	persons	100%	4	4	4	4	4
Diversity in the board of directors	Men	persons	100%	6	6	6	6	6
	Women	persons	100%	1	1	1	1	1
Expertise in the board of directors	Number of financial experts	persons	100%	1	1	1	1	1

Committee activities

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Operation of the Audit Committee	Number of meetings	times	100%	4	8	4	5	5
	Attendance rate	%	100%	100	100	100	93.3	100
	Number of members	persons	100%	3	3	3	3	3
	Number of independent directors	persons	100%	3	3	3	3	3
	Number of financial experts	persons	100%	1	1	1	1	1
Operation of the Compensation Committee	Number of meetings	times	100%	1	1	1	1	2
	Attendance rate	%	100%	66	66	100	100	100
	Number of members	persons	100%	3	3	3	4	4
	Number of independent directors	persons	100%	2	2	2	4	4
Operation of the Independent Director Candidate Recommendation Committee	Number of meetings[1)]	times	100%	1	1	-	1	1
	Attendance rate	%	100%	80	80	-	100	100
	Number of members	persons	100%	5	5	5	4	4
	Number of independent directors	persons	100%	3	3	3	4	4
Operation of the Internal Transactions Committee	Number of meetings	times	100%	5	5	5	6	6
	Attendance rate	%	100%	100	100	100	94.7	100
	Number of members	persons	100%	3	3	3	3	3
	Number of independent directors	persons	100%	3	3	3	3	3

1) Meeting was not held in 2019 due to no election of new directors

CEO Compensation

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
CEO's long-term incentives	Carryover period for CEO's long-term incentives	years	100%	3	3	3	3	3
	Percentage of CEO's long-term incentives	%	100%	-	-	-	-	-
CEO-to-employee pay	CEO-to-employee pay ratio[1]	%	100%	1,609	1,962	1,731	1,123	1,822

1) Ratio of CEO's pay to the average annual salary of all employees

Shareholders

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Top 5 Domestic Shareholders	Samsung Electronics	shares	100%	17,693,084	17,693,084	17,693,084	17,693,084	17,693,084
	National Pension Service	shares	100%	8,193,497	8,096,559	8,713,958	9,565,084	7,767,553
	Samsung Asset Management	shares	100%	1,406,959	380,097	1,170,531	1,091,518	1,096,289
	Mirae Asset Financial Group	shares	100%	477,312	547,808	653,212	571,373	834,770
	Korea Investment Management	shares	100%	1,547,610	872,594	497,579	374,795	459,261
Top 5 Overseas Shareholders	BLACKROCK	shares	100%	1,968,808	711,272	2,165,101	2,151,051	2,080,993
	VANGUARD	shares	100%	1,329,607	280,722	226,947	1,658,252	1,760,651
	GIC	shares	100%	587,106	194,343	1,451,759	1,045,889	997,490
	NBIM	shares	100%	654,741	78,032	152,228	697,870	768,099
	PEOPLES BANK OF CHINA	shares	100%	517,366	616,855	639,444	668,280	692,900

Compliance/Ethics

(All data coverage based on 2021)

Classification		Unit	Data coverage	2017	2018	2019	2020	2021
Compliance inspection	Number of inspections	times	100%	7	7	6	6	6
Compliance training	Employees who completed compliance education	persons	32%[1]	14,314	13,713	14,169	15,311	15,760
	Number of compliance training	times	32%[1]	28	26	28	17	20
Workplace ethics training	Total number of trainees	persons	100%	30,775	36,025	34,585	33,037	35,182
	Domestic employees	persons	100%	9,267	11,557	11,137	10,959	11,593
	Overseas employees	persons	100%	21,508	24,468	23,448	22,078	23,589
Ethical Violation Reports	Number of ethical violation reports	cases	100%	49	42	58	43	29
	Fraud reports	cases	100%	21	20	36	26	21
	Consumer complaints	cases	100%	20	19	22	17	8
	Other	cases	100%	8	3	-	-	-
	Percentage of disciplinary measures and actions	%	100%	100	100	100	100	100

1) Domestic employees/Overseas employees

CODE OF CONDUCT

Preface to the Code of Conduct

Samsung Electro-Mechanics seeks to become a company that is innovative and is loved and respected by our customers. We are continuously developing products and services by utilizing the latest technologies, top-of-the-line talents and resources so that we can all enjoy an improved livelihood. We pledge to grow into a company that is loved and respected by our customers, shareholders, employees, business partners and community residents by establishing a guiding standard composed of the Samsung Values (People, Excellence, Change, Integrity, and Co-prosperity) and principles that concretize our core values.

This Code of Conduct contains principles that embody the Samsung Values. At every step and under any circumstances, the Code will serve as a moral compass that leads to wise decisions and actions. Being guided by the compass suggests that we follow not only the written laws and policies but the implications embedded in them. Based on loyalty of the company and with the company's interests in mind, we make ethical and dignified decisions and take actions accordingly.

In other words, the Code of Conduct is a standard each employee of Samsung Electro-Mechanics should responsibly adhere to, and employees should carry out right-minded actions by following the provided guidelines. If a guideline to a certain circumstance is not found on the Code of Conduct, it is important to adopt a law-abiding spirit embedded in the Samsung Values and the Code of Conduct, and take actions grounded on common sense and rational judgements within the boundary of relevant laws. Each one of you is crucial to Samsung Electro-Mechanics. Your words and actions matter regardless of your position, environment, and your professional responsibilities. We ask you to regard Samsung Electro-Mechanics' Code of Conduct as top priority and implement the principles that are included in the Samsung's Values day after day.

Principle 1: We comply with laws and ethical standards.

1-1 Samsung Electro-Mechanics upholds all related laws.

- The company strives to uphold domestic laws and those of the countries that it operates in, and all employees are responsible for acquiring full knowledge of laws related to their tasks, company policies, and work procedures. Employees must act within the borders permitted by law. In addition to the laws and the company policies, their implications must also be observed.
- Regardless of their positions within the company, all employees shall not violate any laws related to the Code of Conduct and cannot instruct, authorize, aid and abet, or condone any violations by other employees. Instead, employees shall comply with the Code of Conduct and the company policy. Employees shall not condone matters perceived or suspected as violations of the Code of Conduct. An argument that a violation of the company's laws and the Code was inevitable due to the nature of work is unacceptable.

1-2 Samsung Electro-Mechanics respects dignity and diversity of each individual.

- The company observes the labor laws of the countries that it operates in.
- The company strives to protect each individual's basic human rights and treats workers with dignity and respect as agreed by the international community.
- During recruitment processes or task performances, the company does not discriminate against race, ethnicity, nationality, gender, religion, place of birth, disability, marriage status, pregnancy, maternity, political and sexual orientation, and membership in the union. The company provides equal opportunity by respecting diversity of each individual.
- The company strictly prohibits child labor.
- The company does not discriminate against any workers including temporary workers, migrant workers, student workers, contract workers, directly hired workers, job applicants and other stakeholders. We comply with anti-discrimination laws by determining wages and recruitment conditions fairly.
- To maintain and develop labor-management relations that co-prosperously cooperate based on mutual trust and integrity, the company respects the freedom of association, collective bargaining, and rights to collective actions in accordance with local labor laws in domestic and foreign countries in which it operates in.
- The company provides a healthy work environment and complies with labor-related laws, policies and standards such as preventing overtime of maximum working hours, guaranteeing minimum wage and providing social insurance.

1-3 Samsung Electro-Mechanics engages in fair and ethical competition within the borders of the law.

- The company competes in a healthy manner by complying with each country's trade regulations and does not agree upon cost, production quantity, bids, sales territories and conditions offered for unfair competition with competitors.
- The company complies with laws and policies related to international trade such as export controls, economic sanctions, etc.
- Employees cannot receive anything of financial value such as money, gifts and hospitality from external stakeholders such as customers, business partners, or anyone in a trading relationship with the company, and shall take a zero-tolerance approach to any acts that reflect adversely from fair trading relationships.
- Employees shall not solicit external stakeholders for fraudulent business interests, and shall not directly or indirectly offer, pledge, or provide goods for advantage.
- The company respects trade secrets of third parties and acquires information about third parties or information from third parties only through legal and ethical methods.
- The company does not encourage any acts on customers or business partners that places its competitors at a disadvantage.

1-4 Samsung Electro-Mechanics maintains transparency through accurate accounting practices and disclosure.

- The company accurately records and manages all fact-based information on its trade operations in compliance with internationally recognized standards, accounting policies by country and company policies related to accounting practices.
- The company's records are regularly assessed by external auditing services.
- The company observes laws related to Anti-Money Laundering, Anti-Corruption, and support for terrorist groups. Moreover, we refrain from trading with partners with ambiguous identity and secretive trading practices. We only trade with business partners who engage in economic activities with lawful funds. We refuse to engage in or cooperate with illegal, false and anomalous transactions.
- The company complies with publicly disclosed regulations of the country it is listed on, and discloses major economic information as required by related laws.

1-5 Samsung Electro-Mechanics remains politically neutral and does not intervene in politics.

- The company respects its employees' political opinions and the right to freedom of expression through practices such as voting. However, the company does not allow its employees to engage in political activities while on duty without the company's permission. Employees must ensure that their political views or activities will not affect their work-related tasks.
- The company respects the rights of its employees to engage in politics but each employee shall practice their rights as private citizens. They shall do so outside of their work hours and with their own funds as to refrain from influencing their work-related tasks.
- The company respects the civil rights of employees and individuals. When an employee requests for hours to practice their civil rights in a fair manner, the company grants permission according to related laws.
- Employees shall not use the company's funds, human resources, facilities, etc. for political purposes.
- The company respects and complies with government-related laws of each country. When an employee engages in government-related activities, he or she shall not use corporate funds to make illegal contributions or engage in unfair trade practices.

1-6 Samsung Electro-Mechanics protects the information of individuals and business partners.

- The company complies with relevant laws and established policies when handling personal information of customers, employees, business partners, and visitors.
- Company personnel that handles personal information is responsible for preventing loss, theft, leakage, forgery, alteration or tampering of the information and shall comply with relevant laws at all times.
- The company shall collect and use personal information only for the purpose of business operation. If there is a third-party with access to such information, he or she should manage the information according to the relevant laws and contracts so as to prevent unauthorized leakage.

Principle 2: We maintain a reputable corporate culture.

2-1 Samsung Electro-Mechanics strictly distinguishes public and private affairs in all business activities.

- As employees of Samsung Electro-Mechanics, you shall not engage in unlawful activities using your position and duties for personal advantage, such as using corporate funds or assets for appropriation, embezzlement, theft and modifying expenses.
- Employees cannot directly trade shares, securities, and real estate through a third-party by using non-disclosed information they were provided for the purpose of their duties. Non-disclosed information shall not be used for personal advantage or for activities that defile the reputation of the company.
- If there is a conflict of interest between the company and an employee, the employee shall consider the company's legal benefits first and foremost. All employees must ensure that the company's legal benefits are reflected in all task-related decisions and actions. Objective judgments considering the company's benefits shall also be made in relationships with customers, business partners, and competitors.
- The company's assets and facilities shall only be used for business operation or other approved purposes.

2-2 Samsung Electro-Mechanics respects the intellectual property rights of the company and others.

- Employees shall protect the company's intellectual assets and confidential information from leakage.
- Employees shall accurately record and report significant information acquired while performing their duties and shall manage it as all other intellectual assets.
- Employees must report intellectual property acquired not only while working but also after retirement and must apply for a patent through the company.
- The company respects intellectual property rights such as patents, trademarks and copyrights, and does not practice unauthorized use or deliberate infringement.

2-3 Samsung Electro-Mechanics creates a healthy organizational atmosphere.

- The company provides a healthy work environment to its employees and does not allow any direct or indirect behavior that can be seen as workplace harassment. Workplace harassment may include any kind of harassment such as sexual harassment, physical harm, insult, posting or sending of blatantly sensational or offensive material through email or text messages, misuse of personal information, establishment of a hostile or threatening environment, bullying, and dissemination of malicious rumors.
- The company strives to respect its employees and treat them equally by maintaining and refining an organizational atmosphere of integrity and co-prosperity based on loyalty.

2-4 Employees must preserve dignity as a member of Samsung Electro-Mechanics in all activities.

- As a principle, employees shall not have additional jobs, duties and tasks while working for the company. However, there are exceptions if prior permission was received.
- The employee must receive official approval in the occasion that the company's financial information has to be disclosed.
- While employed for Samsung Electro-Mechanics, employees shall not serve as a member of another company with conflict of interest or is a competitor of this company.
- The company respects the personal views of its employees and the right to freedom of expression. However, when expressing their views such as through social media, employees shall clarify that the views are personal and that they do not represent the views of the company.

Principle 3: We respect our customers, shareholders and employees.

3-1 Samsung Electro-Mechanics considers customer satisfaction the foremost priority in its management activities.

- The company focuses on producing products and services and developing technology from the customer's perspective. Moreover, the company strives to accommodate the customer's needs and suggestions and reflects them in product design and service improvement.
- With the belief that 'Samsung Electro-Mechanics exists because of customers,' the company prizes customers and the relationships with them.
- The company competes on the basis of products and services. Employees shall actively engage in fair competition and refrain from using deception. Communication with customers shall be true and accurate.
- The company places customer satisfaction as its utmost priority and administers customer-oriented management. Customers' complaints must quickly and transparently be resolved based on customer respect.

3-2 Samsung Electro-Mechanics pursues management focused on shareholder value.

- The company operates for its shareholders. By raising shareholder value through transparent and ethical management, we actively seek to heighten shareholder rights.
- The company is responsible for its shareholders. Timely disclosure of accurate information is a component of our responsibility. Employees must accurately and truthfully record information about the company's business operations so that key management information, including financial information, can be properly provided.
- The company values shareholders' opinions. Shareholders' legitimate statement of opinions will be carefully reviewed and considered according to relevant laws.

3-3 Samsung Electro-Mechanics strives to improve the employees' quality of life.

- The company provides equal opportunities to all employees and treats them fairly according to individual qualifications, expertise, competencies, performance in recruitment and career advancement.
- The company actively encourages employees to engage in various activities for development of competencies needed to fulfill their duties.
- The company creates a work environment where employees can work autonomously and creatively.
- The company complies with the labor laws of the countries that it operates in and respects the individual rights of all types of workers such as temporary, migrant, student and dispatched.

Principle 4: We care about the Environment, Safety and Health.

4-1 Samsung Electro-Mechanics pursues environmentfriendly management.

- The company complies with laws and regulations, international standards, and internal policies related to the environment. Employees must also comply with all applicable laws and regulations regarding environment, safety, and health.
- The company strives to develop cleaner, safer, more convenient, and eco-friendly products and technologies. We make strenuous efforts to minimize harmful impacts on the environment during the overall operational process including product planning, design, development, production, sales, and disposal to provide various eco-friendly products.
- The company is striving to implement solid environment-friendly management activities by pursuing fewer use of harmful substances, efficient use of resources, and reuse of wastes.
- The company introduces a cleaner production technology that minimizes GHG, emission of pollutants and chemical substances, energy and water resources to establish a production process that is environment-friendly.

4-2 Samsung Electro-Mechanics values health and safety of our employees and customers.

- The company aims to provide a safe environment to its employees and visitors of the company's operating sites including members of its business partners and customers. To this end, the company observes health and safety related laws and regulations, international standards, internal policies.
- The company creates a culture of safety in which all employees engage in. We advise our employees to create a safe work environment by actively following the company's guidelines established to minimize and eliminate risk factors.
- In case of natural disasters, fire, epidemics and other external risk factors, the company establishes emergency response procedures to maintain business continuity and manages accordingly.
- The company places health and safety of its customers first in the overall operational process of product planning, design, development, production, sales, and disposal.
- The company clearly provides customers with information about safe use and management of its products and services.

Principle 5: We fulfill our social responsibility as a global corporate citizen.

5-1 Samsung Electro-Mechanics diligently performs its foundational duties as a corporate citizen.

- The company strives for a better future for the company, as well as its customers, shareholders, business partners, local communities, and the global society.
- The company puts effort into creating stable jobs and diligently carries out its tax responsibilities and legal obligations within the community.
- Employees who work on behalf of the company shall act in a sound manner. The company's employees shall carry out their tasks based on healthy and rational judgments, and understand that each action is directly associated with the company's reputation of a responsible and trusted corporate citizen.
- The company asks that its employees instill trust in the local community by taking actions in an ethical and honorable manner based on loyalty and honesty.

5-2 Samsung Electro-Mechanics respects the social and cultural values of local communities and operates on the idea of mutual development.

- The company strictly complies with the laws of the community and respects its culture and values. The company contributes to improving the local residents' quality of life, and employees are also encouraged to participate in the established internal policies.
- The company creates employment opportunities in the country that it operates in and contributes to the local community through the development of human resources in the region.
- The company contributes to the development of academics, arts and sports in the local communities through contribution activities, fulfilling its role as a corporate citizen.
- As a member of the community, the company actively seeks and engages in social contribution activities such as volunteering and disaster relief. The company asks its employees to engage in the company's social contribution activities and also proactively take part in each of their own volunteer services.

5-3 Samsung Electro-Mechanics builds relationships of coexistence and co-prosperity with its business partners.

- As the company grows with the help of its business partners, Samsung Electro-Mechanics promises to strive for collective development. The company recognizes its business partners as strategic partners seeking mutual value of customer satisfaction on the basis of trust, and builds a healthy system of cooperation.
- The company applies fair standards without discrimination during the process of selecting a business partner.
- The company ensures that its partners comply with laws related to human rights, child labor, work hours, forced labor, discrimination, environmental regulations and international standards and the results are reflected in the comprehensive assessment.

5-4 Samsung Electro-Mechanics pursues the expansion of technology innovation and IT accessibility.

- The company is committed to developing innovative products that contribute to the human society through ongoing investments in R&D.
- The company pursues improved accessibility so that anyone can have access to Samsung Electro-Mechanics' cutting-edge technology regardless of the social status.
- The company recognizes that improving accessibility signifies providing more convenient opportunities to users with physical constraints. Therefore, the company strives to reflect this idea throughout the stages of product planning, design, and development.

5-5 Samsung Electro-Mechanics pursues superior quality for customer value and happiness.

- The company places its customers' first in its business operations, and each employee shall strive to produce products of superior quality in order to optimize the value of customers.
- To achieve customer satisfaction, the company strictly adheres to regulations, international standards and internal policies related to product quality and develops products with the highest standard of product management. Employees shall refrain from performing any actions that goes against these regulations.
- The company aims for quality innovation and works closely with its business partners to develop a quality product system of flawless components.

[Appendix] Compliance Obligations of the Code of Conduct

Employees of Samsung Electro-Mechanics must be aware and comply with applicable laws and regulations regarding their tasks. Employees must always act within the borders of the related laws and regulations, and observe their implications in addition to what is stated. If acquiring complete knowledge of regulations applicable to their tasks is unmanageable, they must have a thorough understanding of the major regulations that serve as the foundation of their tasks. If questions arise regarding the laws and regulations in application and interpretation, employees shall contact the Compliance team or the Legal team for advice without hesitation.

Scope of Coverage

This Code of Conduct applies to Samsung Electro-Mechanics and its affiliated employees, as well as domestic and overseas companies holding the majority of the company's share and their employees. Business partners working with and for Samsung Electro-Mechanics shall adhere to the Code of Conduct when carrying out tasks for the company.

Reporting Violations

Any violations or suspected violations of the Code of Conduct shall be immediately reported through Samsung Electro-Mechanics' Compliance Program Management System (CPMS), the Compliance Team's email (compliance.semco@samsung.com), the whistle-blowing platform on the ethics webpage, the Auditing Team's email (audit.semco@samsung.com), etc.
We advise that you do not hesitate to report when violations or suspected violations of the Code of Conduct are found. The company operates a corporate-wide communication channel to address employee's grievances. To allow employees to report without fear of any retaliatory acts, the company guarantees anonymity of whistleblowers and also prohibits any actions of discrimination, harassments, and threats.

Disciplinary Sanctions and Administrative Responsibilities for Violations

Any employee that violates this Code of Conduct is subject to sanctions as determined by the characteristics of the matter and the employment policies.
Directors and officers should be aware of any possible violations of the Code of Conduct, internal policies, and work procedures. In case of violations or suspected violations, directors and officers are responsible for immediately resolving the matter or reporting it to the appropriate personnel.

FINANCIAL STATEMENT

Consolidated Statement of Financial Position

(Unit: KRW 1,000)

	2019	2020	2021
Assets			
Ⅰ. Current assets	**3,507,524,565**	**4,150,302,652**	**4,598,268,759**
Cash and cash equivalents	803,810,428	1,479,767,417	1,185,206,918
Other current financial assets	56,203,252	54,107,909	60,740,975
Trade and other receivables	1,095,676,585	995,621,016	1,287,006,556
Short-term loans	489,791	229,606	282,464
Advance payments	3,846,857	963,181	2,730,712
Prepaid expenses	44,692,659	57,320,074	53,916,760
Prepaid income tax	20,584,030	7,596,884	11,699,702
Inventories	1,271,273,631	1,337,915,721	1,818,409,548
Right of return assets	14,246,213	17,784,713	22,614,442
Assets held for sale	196,701,119	198,996,130	155,660,681
Ⅱ. Non-current assets	**5,166,723,665**	**5,075,195,825**	**5,343,105,280**
Investment in associates	68,259,880	72,461,000	80,048,733
Financial assets measured at fair value	173,348,301	200,955,142	264,413,214
Long-term loans	2,333,652	2,315,314	2,625,595
Property, plant and equipment	4,514,510,148	4,424,362,288	4,639,381,068
Right-of-use assets	78,741,834	93,006,082	122,801,116
Intangible assets	141,150,901	138,250,895	141,837,667
Other non-current financial assets	14,932,285	18,867,166	21,241,136
Long-term trade and other receivables	5,046,027		
Long-term prepaid expenses	24,565,589	26,323,606	29,560,583
Deferred tax assets	143,835,047	98,654,332	41,196,169
Total assets	**8,674,248,230**	**9,225,498,476**	**9,941,374,038**

	2019	2020	2021
Liabilities			
Ⅰ. Current liabilities	**1,850,405,466**	**1,914,879,974**	**2,234,656,821**
Trade and other payables	891,582,052	1,126,272,811	1,475,009,293
Short-term borrowings	569,189,648	406,200,835	56,486,397
Advances received	18,178,519	26,897,880	29,806,130
Income tax payables	103,820,682	29,335,879	195,870,047
Current-portion of long-term borrowings	173,835,740	204,681,307	316,116,596
Current lease liabilities	17,096,172	14,531,143	22,873,314
Provisions	4,984,208	1,772,851	3,188,491
Refund liabilities	19,531,121	23,400,025	29,762,091
Liabilities directly associated with the assets held for sale	18,874,866	34,813,348	6,936,366
Other current liabilities	33,312,459	46,973,894	98,608,096
Ⅱ. Non-current liabilities	**1,393,745,878**	**1,400,222,563**	**835,591,575**
Long-term borrowings	1,219,727,736	1,233,208,709	619,762,227
Long-term other payables	91,209,212	80,567,012	77,745,406
Net defined benefit liabilities	38,962,230	30,567,570	24,176,014
Long-term lease liabilities	31,575,052	48,066,764	67,305,047
Deferred tax liabilities	1,196,332	1,127,598	971,825
Other non-current liabilities	11,075,315	6,684,910	45,631,056
Total liabilities	**3,244,151,344**	**3,315,102,537**	**3,070,248,396**
Equity			
Ⅰ. Equity attributable to owners of the parent company	**5,285,046,661**	**5,772,289,015**	**6,718,948,996**
Share capital	388,003,400	388,003,400	388,003,400
Capital surplus	1,045,201,199	1,045,201,199	1,053,516,215
Other components of equity	(146,701,456)	(146,701,456)	(146,701,456)
Accumulated other comprehensive income	425,665,288	412,519,338	616,908,618
Reserves	2,158,965,257	2,481,265,257	2,716,865,257
Retained earnings	1,413,912,972	1,592,001,276	2,090,356,960
Ⅱ. Non-controlling interests	**145,050,225**	**138,106,925**	**152,176,647**
Total equity	**5,430,096,886**	**5,910,395,939**	**6,871,125,643**
Total liabilities and equity	**8,674,248,230**	**9,225,498,476**	**9,941,374,038**

Consolidated Statement of Comprehensive Income

(Unit: KRW 1,000)

	2019	2020	2021
I. Sales	**7,455,374,958**	**7,753,259,286**	**9,675,036,128**
II. Cost of sales	**5,420,019,891**	**5,784,472,159**	**7,127,098,009**
III. Gross profit	**2,035,355,067**	**1,968,787,127**	**2,547,938,119**
IV. Selling and administrative expenses	**1,241,345,635**	**1,056,048,450**	**1,061,065,285**
V. Operating income	**794,009,433**	**912,738,677**	**1,486,872,834**
VI. Non-operating income and expenses	**(39,934,417)**	**(43,824,008)**	**4,436,121**
Finance income	19,133,732	9,992,327	8,859,701
Finance expenses	70,281,334	42,826,688	39,757,132
Share of profit of associates	11,923,013	9,943,018	10,354,077
Other income	178,711,015	253,666,807	225,459,259
Other expenses	179,420,842	274,599,471	200,479,783
VII. Profit before income tax from continuing operations	**754,075,016**	**868,914,669**	**1,491,308,955**
Income tax expense for continuing operations	86,466,503	184,608,858	413,648,216
Profit for the year from continuing operations	667,608,514	684,305,812	1,077,660,739
Profit and loss from discontinued operations after tax	(139,559,962)	(60,494,634)	(162,228,286)
VIII. Profit for the year	**528,048,551**	**623,811,178**	**915,432,453**
IX. Other comprehensive income	**32,574,777**	**(35,313,508)**	**165,661,960**
Items that will not be reclassified subsequently to profit or loss:			
Net gains on valuation of financial assets measured at fair value through other comprehensive income	21,217,611	20,116,868	19,062,712
Net gains on disposal of financial assets measured at fair value through other comprehensive income	4,424,547	176,433	
Remeasurement of net defined benefit liabilities	(44,193,312)	(20,328,932)	(52,580,805)
Capital changes in equity method	(1,284,727)	37,751	1,728,459

	2019	2020	2021
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas operations	52,410,657	(35,315,628)	197,451,594
X. Total comprehensive income	**560,623,328**	**588,497,669**	**1,081,094,413**
Profit for the year from continuing operations attributable to:			
Owners of the parent company	652,482,885	664,471,772	1,055,411,300
Non-controlling interests	15,125,629	19,834,040	22,249,439
Profit for the year attributable to:			
Owners of the parent company	514,296,121	603,961,889	892,445,317
Non-controlling interests	13,752,430	19,849,289	22,987,136
Total comprehensive income attributable to:			
Owners of the parent company	540,567,282	570,487,007	1,044,253,793
Non-controlling interests	20,056,045	18,010,663	36,840,620
XI. Earnings per share			
Basic and diluted profit for the year attributable to common shares	6.81	7.99	11.81
Basic and diluted profit for the year attributable to preference shares	6.86	8.04	11.86
Basic and diluted profit for the year from continuing operations attributable to common shares	8.64	8.79	13.97
Basic and diluted profit for the year attributable to preference shares	8.69	8.84	14.02

Consolidated Statements of Changes in Equity

(Unit: KRW 1,000)

	Equity								
	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital surplus	Other components of equity	Accumulated other comprehensive income	Reserves	Retained earnings	Total attributable to owners of the parent company		
January 1, 2020	**388,003,400**	**1,045,201,199**	**(146,701,456)**	**425,665,288**	**2,158,965,257**	**1,413,912,972**	**5,285,046,661**	**145,050,225**	**5,430,096,886**
Effects of revisions to the accounting standards									
Amount after adjustments	**388,003,400**	**1,045,201,199**	**(146,701,456)**	**425,665,288**	**2,158,965,257**	**1,413,912,972**	**5,285,046,661**	**145,050,225**	**5,430,096,886**
Profit for the year						**603,961,889**	**603,961,889**	**19,849,289**	**623,811,178**
Other comprehensive income									
Net gains on valuation of financial assets measured at fair value through other comprehensive income				20,116,868			20,116,868		20,116,868
Net gains on disposal of financial assets measured at fair value through other comprehensive income				176,433			176,433		176,433
Remeasurement of net defined benefit liabilities						(20,328,932)	(20,328,932)		(20,328,932)
Capital changes in equity method				37,751			37,751		37,751
Exchange differences on translation of overseas operations				(33,477,002)			(33,477,002)	(1,838,626)	(35,315,628)
Total comprehensive income				**(13,145,950)**		**583,632,957**	**570,487,007**	**18,010,663**	**588,497,669**
Dividends						**(83,244,653)**	**(83,244,653)**	**(24,991,003)**	**(108,235,655)**
Increase in reserves					**322,300,000**	**(322,300,000)**			
Changes to scope of consolidation								**37,040**	**37,040**
December 31, 2020	**388,003,400**	**1,045,201,199**	**(146,701,456)**	**412,519,338**	**2,481,265,257**	**1,592,001,276**	**5,772,289,015**	**138,106,925**	**5,910,395,939**
January 1, 2021	**388,003,400**	**1,045,201,199**	**(146,701,456)**	**412,519,338**	**2,481,265,257**	**1,592,001,276**	**5,772,289,015**	**138,106,925**	**5,910,395,939**
Effects of revisions to the accounting standards									
Amount after adjustments	**388,003,400**	**1,045,201,199**	**(146,701,456)**	**412,519,338**	**2,481,265,257**	**1,592,001,276**	**5,772,289,015**	**138,106,925**	**5,910,395,939**
Profit for the year						**892,445,317**	**892,445,317**	**22,987,136**	**915,432,453**
Other comprehensive income									
Net gains on valuation of financial assets measured at fair value through other comprehensive income				19,062,712			19,062,712		19,062,712
Net gains on disposal of financial assets measured at fair value through other comprehensive income									
Remeasurement of net defined benefit liabilities						(52,580,805)	(52,580,805)		(52,580,805)
Capital changes in equity method				1,728,459			1,728,459		1,728,459
Exchange differences on translation of overseas operations				183,598,109			183,598,109	13,853,484	197,451,594
Total comprehensive income				**204,389,281**		**839,864,512**	**1,044,253,793**	**36,840,620**	**1,081,094,413**
Dividends						**(105,908,828)**	**(105,908,828)**		**(105,908,828)**
Increase in reserves					**235,600,000**	**(235,600,000)**			
Changes to scope of consolidation		**8,315,016**					**8,315,016**	**(22,770,898)**	**(14,455,882)**
December 31, 2021	**388,003,400**	**1,053,516,215**	**(146,701,456)**	**616,908,618**	**2,716,865,257**	**2,090,356,960**	**6,718,948,996**	**152,176,647**	**6,871,125,643**

Consolidated Statement of Cash Flows

(Unit: KRW 1,000)

	2019	2020	2021
Cash flows from operating activities			
Cash generated from operations	1,285,068,686	1,747,183,037	1,866,485,419
Interest received	21,135,700	11,987,369	8,274,287
Income tax paid	(284,934,155)	(171,093,796)	(143,515,600)
Total cash flows from operating activities	**1,021,270,230**	**1,588,076,610**	**1,731,244,106**
Cash flows from investing activities			
Decrease in other financial assets	220,527,892	10,785,736	11,148,052
Increase in other financial assets	(12,875,944)	(12,975,411)	(20,941,015)
Disposal of financial assets measured at fair value	10,919,488	3,561,086	480,684
Acquisition of financial assets measured at fair value	(1,109,772)	(3,745,493)	(35,813,233)
Disposal of property, plant and equipment	36,227,293	46,953,081	18,551,678
Acquisition of property, plant and equipment	(1,547,971,687)	(756,667,712)	(844,237,018)
Receipt of government grant			44,881,469
Disposal of intangible assets	15,502,733	41,512	
Acquisition of intangible assets	(25,950,645)	(23,726,796)	(30,879,135)
Acquisition of right-of-use assets		(2,797,608)	
Dividends received	2,687,533	6,175,651	5,752,874
Disposal of assets held for sale	785,000,000		6,000,000
Total cash flows from investing activities	**(517,043,108)**	**(732,395,953)**	**(845,055,643)**

	2019	2020	2021
Cash flows from financing activities			
Proceeds from short-term borrowings	147,300,644	841,894,567	200,193,000
Repayment of short-term borrowings	(429,314,170)	(1,001,788,923)	(553,411,119)
Repayment of current portion of long-term borrowings	(362,490,729)	(530,298,773)	(700,629,521)
Proceeds from long-term borrowings	553,257,197	630,847,815	79,250,456
Repayment of long-term borrowings	(329,569,784)		
Payment of lease liabilities	(33,506,787)	(19,576,493)	(20,388,259)
Interest paid	(89,095,646)	(47,347,073)	(40,354,694)
Dividends paid	(75,983,779)	(83,242,156)	(131,170,767)
Increase (decrease) in non-controlling interests	(139,384)	37,040	(14,455,882)
Total cash flows from financing activities	**(619,542,439)**	**(209,473,997)**	**(1,180,966,786)**
Increase (decrease) in cash and cash equivalents	**(115,315,317)**	**646,206,660**	**(294,778,323)**
Exchange differences on translation of overseas operations	**(31,570,364)**	**(16,241,358)**	**41,899,740**
Cash and cash equivalents at January 1	**1,002,374,472**	**855,488,790**	**1,485,454,092**
Cash and cash equivalents at December 31	**855,488,790**	**1,485,454,092**	**1,232,575,508**

GHG ASSURANCE REPORT

Verification Opinion Samsung Electro-Mechanics Co., Ltd.

Scope

- The annual GHG emissions for 2017, 2018, 2019, 2020 & 2021 calendar years inclusive.
- The physical scope is within the boundary of the sites mentioned below.
- GHG emissions for SCOPE 1(Direct-emissions from the plant), SCOPE 2(Indirect-energy related) and SCOPE 3(Indirect-emissions from logistic, commuting etc.) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries"

Data Verified

(Unit: tCO_2e)

- GHG Emissions of Scope 1 and Scope 2 for the period from 2017 to 2021 are as follows.

Country	Plant	Reporting Year				
		2017	2018	2019	2020	2021
Korea	Suwon	74,609	76,592	73,245	78,498	81,942
	Sejong	80,965	85,585	88,274	101,958	113,473
	Busan	194,953	229,553	271,660	260,041	263,129
	Cheonan	17,973	29,655	-	-	-
	Ulsan	15,315	13,294	8,831	3,282	-
	Others	636	597	583	322	179
China	Gaoxin	46,901	41,624	42,715	42,048	41,939
	Binhai	1,314	-	-	-	-
	Tianjin	298,298	336,083	370,675	387,564	651,448
	Kunshan	135,445	162,366	145,841	12,226	-
	Dongguan	6,476	6,195	-	-	-
	Shenzhen Logistic Ctr.	349	413	450	397	394
Philippines	Philippines	152,197	184,830	189,895	186,669	203,574
Thailand	Bangpakong	8,380	7,766	8,325	8,271	6,839
Vietnam	Vietnam	101,910	101,869	109,193	122,852	103,926
Total		1,135,721	1,276,422	1,309,687	1,204,128	1,466,843

※ Scope 3 GHG Emissions accounted according to 「The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard of WRI/WBCSD」 is described in the following Appendix.

GHG Criteria & Protocols used for Verification

· The verification was carried out at the request of the Samsung Electro-Mechanics Co., Ltd. using:
  - Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
  - The GHG Protocol of the WRI/WBCSD
  - IPCC Guideline for National Greenhouse Gas Inventories
  - ISO14064 Part 1 & 3
  - BSI GHGEV Manual
· The standard confidentiality principle of BSI Group Korea is applied to the all verification activities.

Verification Opinion

· BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.
  - This verification of the sites in Korea were conducted to provide a reasonable level of assurance in accordance with the 'Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme' and overseas operations have been verified under the limited assurance level.
  - Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
  - No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidences were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:
Issue: 16/06/2022

Managing Director Korea, SeongHwan Lim

Appendix: GHG Emission of Scope3

Verification Scope

GHG Emissions from purchased goods and services, used capital goods, logistics of materials and products, waste disposal, employee business travel, employee commuting, leased assets, processing of products, use of sold products, end of life treatment of sold products accounted according to 「The GHG Protocol Corporate Value Chain(Scope3) Accounting and Reporting Standard of WRI/WBCSD」.
The emission calculation criteria, scope, and assumptions for each category are described in the verification report.

Data Verified

(Unit: tCO_2e)

Category	Description	Reporting Year		Remark
		2020	2021	
Purchased Goods & Services	Extraction, production, and transportation of goods & services purchased or acquired by the reporting company in the reporting year	34,583	39,826	
Capital Goods	Extraction, Production and transportation of capital goods purchased or acquired by the reporting company in the reporting year	3,690	2,740	
Fuel and Energy Related Activities Not Included in Scope 1 or 2	All activities related to fuel and energy consumed by the reporting company, not already accounted for in scope 1 or 2	12,113	9,434	
Transportation & Distribution (Upstream)	Third-party transportation & distribution of products purchased by the reporting company in the reporting year	41,662	60,442	
Waste Disposal	Third-party disposal/treatment of waste generated in the reporting company's operations in the reporting year	6,875	20,686	
Business Travel	Transportation of employees for business-related activities in vehicles owned or operated by third parties	2,238	1,547	
Employee Commuting	Transportation of employees between their homes and their worksites	11,120	13,730	
Leased Assets (Upstream)	Operation of assets leased by the reporting company in the reporting year	693	895	
Transportation & Distribution (Downstream)	Third-party transportation & distribution of products produced by the reporting company in the reporting year	-	-	Not Applicable
Processing of Product	Processing of intermediate product to final product	353	436	
Use of Product	Use of product by customer	11,622	14,349	
Disposal of Product	Final disposal of product by end-user	197	243	
Leased Assets (Downstream)	Operation of assets owned by the reporting company and leased to other entities in the reporting year	-	-	Not Applicable
Investment	Emission from invested enterprise	25,304	24,659	
Total		150,450	188,987	

For and on behalf of BSI:
Issue: 21/04/2022

Managing Director Korea, SeongHwan Lim

THIRD-PARTY ASSURANCE REPORT

To readers of Samsung Electro-Mechanics Sustainability Report 2021-2022

Introduction
Korea Management Registrar (KMR) was commissioned by Samsung Electro-Mechanics to conduct an independent assurance of its Sustainability Report 2021-2022 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Samsung Electro-Mechanics. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Samsung Electro-Mechanics and issue an assurance statement.

Scope and Standards
Samsung Electro-Mechanics described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations and SASB.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - GRI 102: General Disclosures (3. Ethics and integrity, 4. Governance, 6. Reporting practice)
  - GRI 205: Anti-Corruption
  - GRI 206: Anti-Competitive Behavior
  - GRI 207: Tax
  - GRI 302: Energy
  - GRI 303: Water and Effluents
  - GRI 305: Emissions
  - GRI 306: Effluents and Waste
  - GRI 308: Supplier Environmental Assessment
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 405: Diversity and Equal Opportunity
  - GRI 412: Human Rights Assessment
  - GRI 413: Local Communities
  - GRI 414: Supplier Social Assessment
  - GRI 418: Customer Privacy
  - GRI 419: Socioeconomic Compliance
- SASB Sustainability Disclosure Topics & Accounting Metrics
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of Samsung Electro-Mechanics' partners, suppliers and any third parties.

KMR's Approach
To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:
- Reviewed the overall Report;
- Reviewed materiality assessment methodology and the assessment report;
- Evaluated sustainability strategies, performance data management system, and processes;
- Interviewed people in charge of preparing the Report;
- Reviewed the reliability of the Report's performance data and conducted data sampling;
- Assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations
KMR's assurance engagement is based on the assumption that the data and information provided by Samsung Electro-Mechanics to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion
Based on the document reviews and interviews, we had several discussions with Samsung Electro-Mechanics on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

| Inclusivity |
Samsung Electro-Mechanics has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

| Materiality |
Samsung Electro-Mechanics has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

| Responsiveness |
Samsung Electro-Mechanics prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Samsung Electro-Mechanics' actions.

| Impact |
Samsung Electro-Mechanics identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information
In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence
KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Samsung Electro-Mechanics and did not provide any services to Samsung Electro-Mechanics that could compromise the independence of our work.

June 2022 Seoul, Korea

KMR SRV1000 Sustainability Committee Assurance AA1000 Licensed Report 000-129/V3-SH7WB

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SAMSUNG
ELECTRO-MECHANICS

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