

**SUSTAINABLE CHALLENGES**

**FOR A BETTER PLANET & LIFE**

# INTRODUCTION

About this Report	03
Contents	04
CEO's Message	05
Mission, Vision, and Core Values	06
Business Overview	07
Business Areas	08
Our Products	09

# ABOUT THIS REPORT

## Reporting Period GRI 2-3, ESRS BP-1-3

This report provides an overall snapshot of our qualitative and quantitative achievements from January 2023 to December 2023. It also includes some key operations from the first half of 2024. For a better understanding of the trends, we have provided 5-year data (from 2019 to 2023) related to our quantitative performance.

## Reporting Scope and Boundaries GRI 2-2, ESRS BP-1-5 (a)

Based on the consolidated financial statements in accordance with the Korean-International Financial Reporting System (K-IFRS), this report includes economic, societal, and environmental data of Samsung Electro-Mechanics and its subsidiaries. Data outside the scope is clearly marked with footnotes.

## Reporting Principles

This report adheres to the Global Reporting Initiative (GRI) Standards 2021, ensuring comprehensive coverage of industry-specific activities. It is based on the Sustainability Accounting Standards Board (SASB) to reflect key issues accurately. Moreover, our climate change response status is disclosed in alignment with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and was written to reflect the implementation guidance documents of European Sustainability Reporting Standards (ESRS). Furthermore, this report endorses the UN Sustainable Development Goals (SDGs), reporting on activities aligned with each goal. Financial information within the report follows the Korean-International Financial Reporting Standards (K-IFRS).

## Efforts to Align with Global Sustainability Standards

Samsung Electro-Mechanics has joined forces in global initiatives with the aim to comply with global sustainability standards and create sustainable value. Furthermore, we disclose our ESG data through global institutions and rating agencies to ensure transparency in our sustainable management.

## Data Assurance

To ensure the objectivity and transparency of the data included in this report, we have had the report verified by a third-party verifier. Guided by the AA1000AS v3 (2021), the four principles of inclusivity, materiality, responsiveness, and impact are incorporated throughout the entire report. The report has been verified through on-site inspections and document reviews. Additionally, our GHG emissions have also been verified by an independent agency, thereby ensuring our adherence to the ISO 14064 and IPCC Guidelines for National Greenhouse Gas Inventories.

## Forward-looking Statements

This report includes forward-looking statements in addition to the facts of the past and present. These statements are typically expressed using terms such as 'plan,' 'promote,' 'expect,' 'aim,' 'goal,' 'strategy,' 'projection,' 'expectation,' and 'scheme.' They pertain to our goals, external ESG commitments, and strategies to achieve them, particularly in environmental aspects such as GHG emissions and energy consumption. Since these Forward-looking Statements are based on current estimates and predictions, and current available information, we cannot guarantee their accuracy. The primary purpose of these statements is to help our stakeholders better understand our approach to key ESG areas, strategies, initiatives, and anticipated operational environment. Therefore, it is advised not to overly rely on these Forward-looking Statements for other purposes, such as investments. These statements are subject to change due to various factors beyond our control, such as geopolitical incidents and global economic conditions, inherent risks, and uncertainties. As a result, the statements provided in this report may differ from actual outcomes. Except in cases related to legal or regulatory compliance, we have no obligation to update our statements as a result of new information, future events, or other factors. Therefore, it is advised not to rely on the information after the publication of this report on the assumption that its data is updated or accurate.

## Additional Information

With the objective of transparently providing information for investors and stakeholders, we regularly disclose our management-related materials on our website. For additional data regarding the report, you can refer to our homepage, Sales Report, Audit Report, as well as the Financial Supervisory Service's disclosure site.

 [Third-party Assurance Statement](#)

 [Articles of Incorporation](#)

 [Third-party GHG Assurance Statement](#)

 [Corporate Governance Charter](#)

 [2023 Audit Report \(consolidated\)](#)

 [Samsung Electro-Mechanics Employee Code of Conduct](#)

 [Supplier Code of Conduct](#)

# CONTENTS

<div>INTRODUCTION02</div> <div>About this Report03</div> <div>CONTENTS04</div> <div>CEO'S Message05</div> <div>Mission, Vision, and Core Values06</div> <div>Business Overview07</div> <div>Business Areas08</div> <div>Our Products09</div>	<div>SUSTAINABLE BUSINESS AMBITION12</div> <div>Sustainability Strategy13</div> <div>Materiality Assessment18</div> <div>Material Issue Highlights19</div> <div>SUSTAINABLE PEOPLE43</div> <div>Labor and Human Rights44</div> <div>Corporate Social Responsibility65</div> <div>Customers and Suppliers70</div>	<div>SUSTAINABLE PLANET26</div> <div>TCFD REPORT27</div> <div>Minimization of Environmental Impact34</div> <div>Product Stewardship41</div> <div>SUSTAINABLE PROGRESS79</div> <div>Corporate Governance80</div> <div>Ethical Management86</div> <div>Economic Value Creation97</div>	<div>APPENDIX101</div> <div>Reporting Methodology102</div> <div>GRI104</div> <div>ESRS107</div> <div>SASB110</div> <div>UN SDGs111</div> <div>ESG Datapack112</div> <div>Code of Conduct124</div> <div>Financial Statement130</div> <div>GHG Assurance Statement132</div> <div>Third-party Assurance Statement133</div>
--	--	--	---



# CEO'S MESSAGE GRI 2-22

Samsung Electro-Mechanics is advancing toward sustainable growth, driven by a spirit of relentless challenge and innovation, and the concerted efforts of our employees in a business landscape brimming with diverse opportunities and risks.

President & CEO **Chang Duckhyun**



Dear esteemed stakeholders,

The year of 2023 presented a series of challenges that worsened the external business climate, with inflationary pressures and geopolitical conflicts contributing to a sluggish global economic expansion. In the face of these obstacles, we concentrated our efforts on transforming our business structure to focus on high-value-added products and to scale up burgeoning businesses in areas such as automotive electronic devices and AI. Nevertheless, these efforts were insufficient to counteract the downturn in the set market. Consequently, our consolidated sales for the year stood at KRW 8.9094 trillion, a decrease of 5% from the prior year while our operating income was recorded at KRW 639.4 billion, approximately 46% lower than in 2022.

To rise to the challenge of the unpredictable business climate as well as to build a resilient and enduring business framework, Samsung Electro-Mechanics will continuously invest in sharpening its R&D capabilities. We will also enhance our technological competitiveness in the high-end product market and expedite the transition to a business structure oriented towards high-value-added products. Particularly as the electronics industry is expected to grow into humanoid, aerospace, and energy sectors beyond smartphones and mobility platforms we will leverage our core capabilities to pursue new business opportunities. In line with our core value, RiGHT®, we are committed to honoring our employees' expertise and diversity, reinforcing a culture of challenge and innovation, and thus securing sustainable progress.

To fulfill our mission, 'Sustainable Challenges for a Better Planet & Life,' we have established goals that encompass environmental initiatives (Planet), the well-being of our employees (People), and the pursuit of sustainable growth (Progress). In pursuit of these objectives, we are committed to creating value for our stakeholders and positioning ourselves as a reliable and ethical entity in the global marketplace.

**First and foremost, our goal is to shape a sustainable environment for our planet.**

As climate change becomes a critical factor in corporate sustainability, and with climate regulations intensifying both locally and globally, we have integrated strategic actions towards net-zero emissions into our overall business operations. Concurrently, we are enhancing our waste recycling processes, acknowledging the importance of resource circulation. Our commitment extends across all business domains to make our planet sustainable.

**Secondly, we strive to act as a responsible member of our community.**

At Samsung Electro-Mechanics, multifaceted efforts are in full swing to create a workplace where all employees can unlock their full potential, supported by an inclusive corporate culture. Our dedication also extends to building a sustainable corporate ecosystem with endeavors to enhance the competitiveness of our supply chain. Moreover, we are actively involved in social contribution activities to tackle societal challenges. Looking ahead, we will maintain a work environment that ensures safety, diversity, and equity for all employees, and contribute to the flourishing of the global community.

**Thirdly, we will become an ever-evolving company underpinned by our transparent and clean corporate culture.**

We envision our growth as becoming a leading innovator with the introduction of high-value-added products. Concurrently, we aim to be recognized as a reliable and ethical company through honest business practices in strict compliance with both local and international laws and regulations. To achieve this, we will embed a transparent and clean corporate culture, founded on ethical management principles, into every facet of our operations, thus ensuring responsible management.

All our employees will be committed to propelling Samsung Electro-Mechanics toward sustainable growth, driven by a spirit of relentless challenge and innovation amidst a business environment filled with various opportunities and risks. We look forward to your continued interest and support as we journey toward becoming a premier growing company that leads in creating sustainable value. Thank you very much.

# MISSION, VISION, AND CORE VALUES

As we forge ahead in our quest to be recognized as a 'top-notch tech parts company' that provides customers with exceptional experiences through the best components and unique solutions, we have established our mission, vision, and core values that guide our workforce to achieve them. To this end, we are actively pursuing technological leadership, business expansion, structural efficiency, and the recruitment of top-tier talent to bring our vision to fruition. Furthermore, we ensure our alignment with the core value RiGHT® so that we move forward hand in hand not only with our employees but also with customers, shareholders, and suppliers to grow and provide valuable experiences and unparalleled satisfaction for a wide range of stakeholders. In celebration of our golden jubilee in 2023, we unveiled a new vision slogan that embodies our bold aspirations and determination to be the core of a digital future.

## 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)

## Vision Slogan

The Core of a Digital Future

## Core Values



Respect all

- Feel free to express opinions
- Recognize diversity of individuals.



Integrity first

- Conduct consistently and fairly in accordance with the principles.
- Conduct fair and square.



Growth mind

- Desire to learn and grow with curiosity.
- Strive for growth with a sense of ownership.



Harmony with

- Maintain physical and mental health.
- Pursue happiness at work.
- Contribute to customers, societies, and people.



Technology for Great

- Focus on the best technology for customer's success.
- Challenge the new things continuously without the fear of failure
- Dive deep until to achieve the essence.



Challenge

- Challenge with RiGHT® core values.
- Strive to become core subject matter experts.

## Leadership Principles

Encourage curiosity, Stimulate learning, Generate energy and Deliver success

BUSINESS OVERVIEW

ESRS SBM-1-40 (b), SBM-1-42

Samsung Electro-Mechanics at a Glance

GRI 2-1

History

Since its inception in 1973, Samsung Electro-Mechanics has evolved into a globally leading company that develops and manufactures core electronic components. Starting as a manufacturer of parts for audio and video equipment, we have laid the foundation for the technological independence of electronic components in Korea.

With a focus on unlocking technological potentials for burgeoning next-generation businesses, we have concentrated on precision mechanical technologies, which has spearheaded the development of next-generation electronic components, such as those for computers and mobile devices. Moreover, we have consistently spurred the development of high-quality products characterized by high performance and reliability. These efforts have positioned us as a leading player, particularly in technologies for passive components, camera modules, and package substrates. Aiming to produce best-in-class products that leverage the convergence of technologies, we have been steadfast in our constant investment and development. Specifically, we plan to expand our business portfolio, enhancing our products to keep pace with the growth of the electric vehicle and AI computing sectors. Samsung Electro-Mechanics is poised to become the number one electronic components company, paving the way for the future by nurturing emerging businesses from an early stage.

Financial Performance Highlights

(Unit : KRW million)

Sales	Operating income	Net income
8,909,448	639,424	450,482

Workforce by Region

(Unit : persons)

Total employees
34,742
Korea
11,973
Asia
22,679
Americas
54
Europe
36

Sales by Region

(Unit: KRW million)

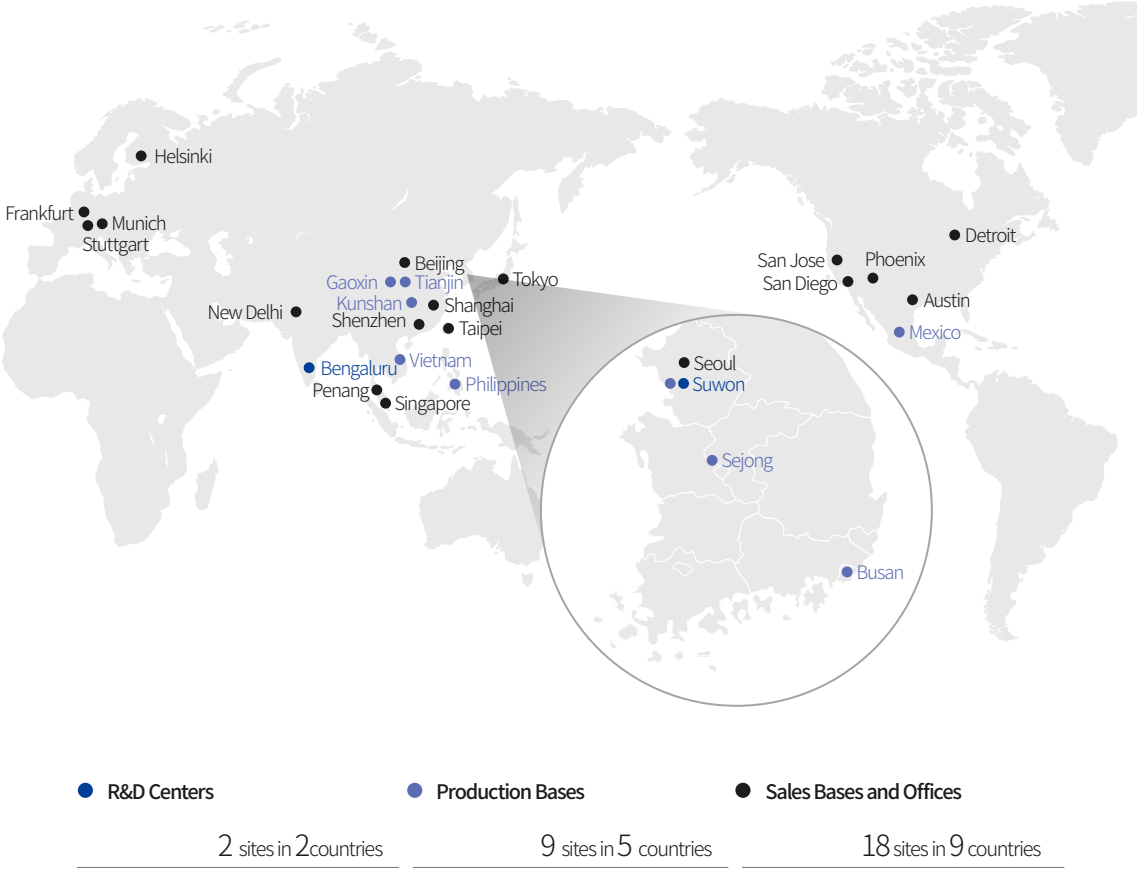
Total
8,909,448
Korea
2,833,974
Southeast Asia
1,917,253
Europe
295,063
China
3,393,488
Americas
368,331
Japan
101,339

Our Business Site Network

TC-HW-000.B

Samsung Electro-Mechanics operates an extensive network of production bases, sales bases, and sales offices across the world, including North America, Europe, Japan, China, and Southeast Asia, aligning them with local needs and characteristics. In Korea, we have three business sites in Suwon, Busan, and Sejong. The Suwon business site functions as a hub for manufacturing, R&D, marketing, and business support while the Busan and Sejong sites serve as key production bases in Korea, manufacturing high-value-added products including next-generation semiconductor package substrates and MLCCs. Our overseas network of production bases spans six regions across four countries, including China (Tianjin, Gaoxin, Kunshan<sup>1)</sup>), the Philippines, Vietnam, and Mexico while five overseas sales bases are located across North America, Europe, Southeast Asia, China, and Japan.

1) Liquidation is underway



# BUSINESS AREAS

ESRS SBM-1-40 (a) i. / ii.

## Product Lineup

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

M

Components



C

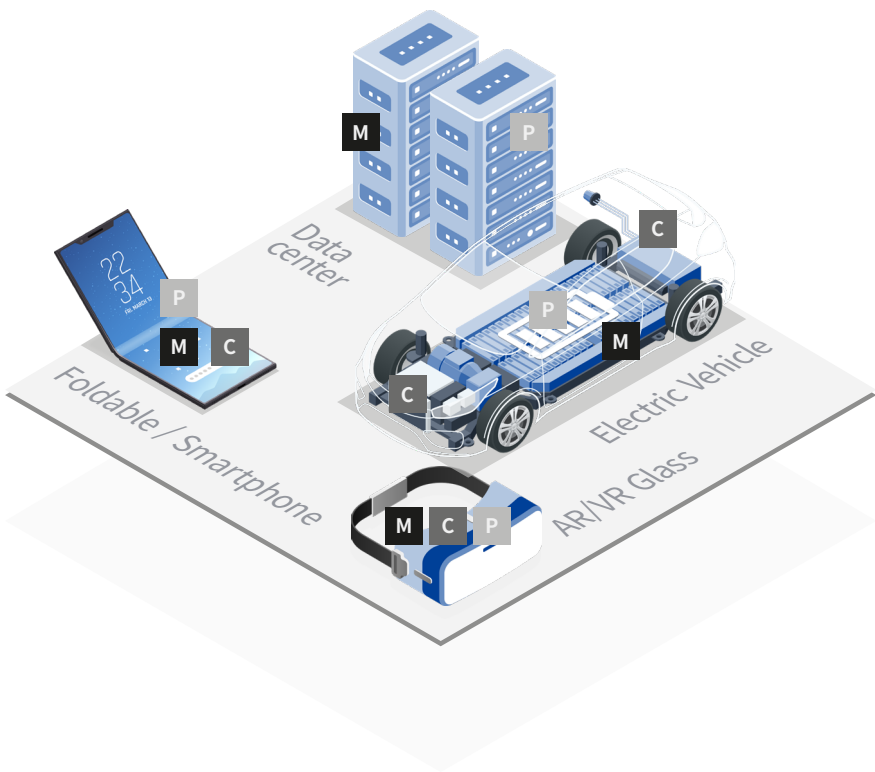
Optical Communication Solutions



P

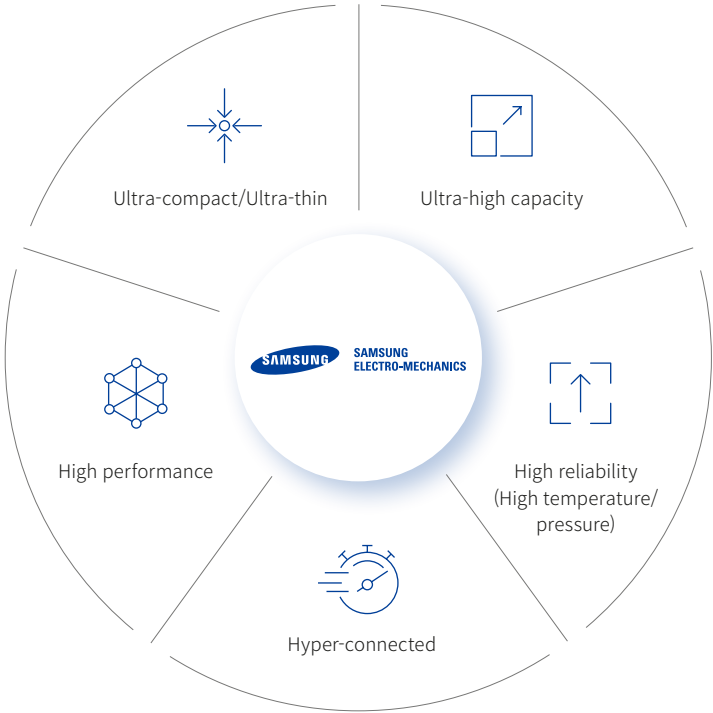
Package Solutions





## Component Sophistication for New Form Factors

Concentrating on the refinement of our components, we are advancing our chip components, substrates, and camera modules to achieve global excellence.



High Performance

Customized

Thinner

Less Power Consumption

Smaller

Long-life





# OUR PRODUCTS

GRI 2-6, ESRS SBM-1-40 (b), TC-HW-000.A

Components <a href="#">↗</a>	Optical Communication Solutions	Package Solutions
------------------------------	---------------------------------	-------------------

Our component business specializes in passive chip components, pivotal for a multitude of electronic devices. Our primary offerings encompass Multilayer Ceramic Capacitors (MLCC), inductors, chip resistors, and tantalum. These components are integral to the functionality of smart IT and electronic home electronics, and devices across the industrial, electronic, and medical sectors. Committed to innovation, we consistently invest in research and development to devise unique methods, establish advanced facilities, and secure essential materials like dielectric materials and magnetic substances through our proprietary technology. Furthermore, we are expanding our market presence by developing highly reliable MLCCs and meeting the rising demand for inductor products, including power inductors. Leveraging these technologies, we are dedicated to expanding our portfolio of high-value products, focusing on the creation of ultra-compact, high-capacity electronic units, and ensuring the reliability of our offerings under extreme temperature and pressure conditions.

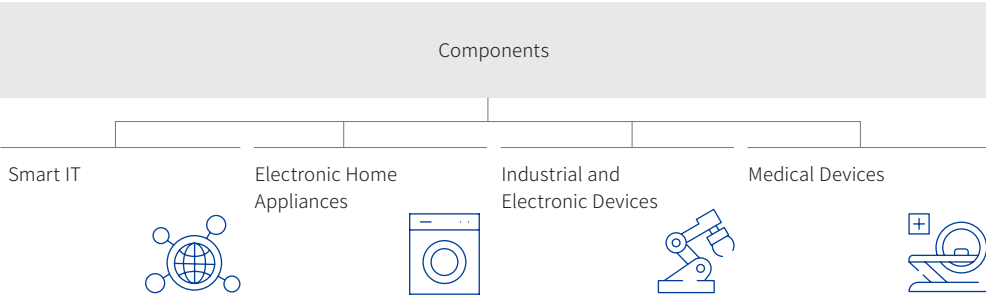
## Major Component Products

<b>MLCC</b> 	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 like a dam that prevents electromagnetic interference between components.
<b>Power Inductor</b> 	The magnetic materials prevent the current from abruptly changing and allow the current to flow constantly inside the electronic circuit.
<b>Chip Resistor</b> 	Chip resistors lower the voltage or stabilize the current inside an electronic circuit by limiting the direct or alternating current.
<b>Tantalum</b> 	The product is designed as a versatile chip, suitable for a range of applications including surface-mounted devices, and it has charge and discharge functions and noise reduction functions.

## Sales and Sales Share of Components

	2022	2023
Sale (Unit: KRW million)	4,132,283	3,903,022
Sales share (Unit: %)	43.8	43.8

## Components Applications



# OUR PRODUCTS

Components	<b>Optical Communication Solutions</b> <a href="#">↗</a>	Package Solutions
------------	--	-------------------

Our optical communication solutions feature camera modules tailored for IT and electronic devices. These modules are integral to smartphones, mobile devices, and automotive systems. The demand for high-definition imaging, ultra-compact and slim profiles, low power consumption, and high durability is universal across these applications, necessitating advanced technology. To meet these requirements, we integrate our strengths in optical lens design, circuitry, packaging, and software with our material expertise to deliver an expansive selection of top-tier camera modules and solutions.

## Major Optical Communication Solutions Products

### Camera Module

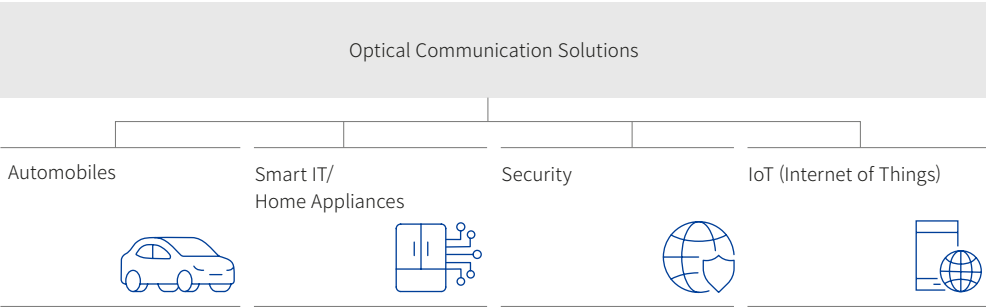


Camera modules play a role of capturing photos and videos, as well as measuring, identifying, and sensing objects in smartphones, vehicles, and smart homes. These modules demand advanced technology to facilitate high-definition imaging, compact design, energy efficiency, structural strength, and versatile functionality. Specifically within the smartphone sector, the market is expanding, driven by technological advancements in camera modules, including autofocus, optical image stabilization (OIS), and multi-camera systems featuring folded optics. In tune with these developments, we are at the forefront of the industry, realizing a variety of user experiences through our unmatched lens and actuator technologies for camera module design and production. We are also continuously advancing our solutions, merging IT camera technologies with automotive camera systems to set new industry standards.

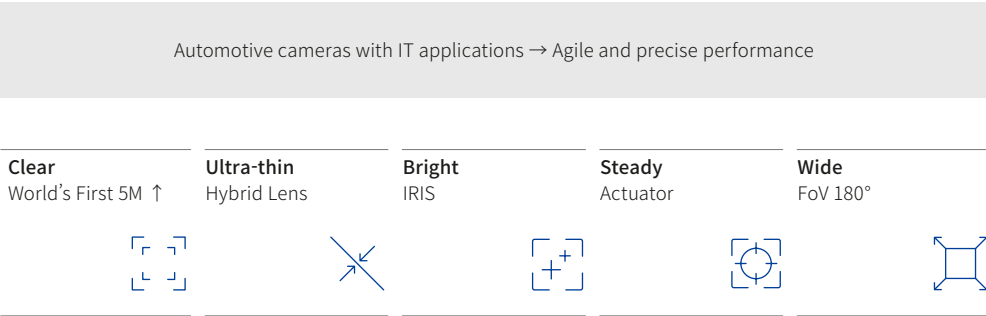
## Sales and Sales Share of Optical Communication Solutions

	2022	2023
Sale (Unit: KRW million)	3,203,950	3,289,048
Sales share (Unit: %)	34.0	36.9

## Optical Communication Solutions Applications



## Advanced Vehicle Camera Technology



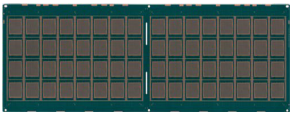
# OUR PRODUCTS

Components	Optical Communication Solutions	Package Solutions
------------	---------------------------------	-------------------

Our key product within the package solution is the semiconductor package board, which finds applications across diverse industries, from IT and home appliances to automobiles, aircraft, and ships. These boards consist of circuit components that not only electrically connect but also mechanically support semiconductors and other electronic elements. As data usage continues to surge, semiconductor chip performance advances, resulting in larger, denser, and more intricate package boards. Our focus lies in creating highly functional, thin, lightweight, and compact IT devices by meticulously developing ultra-thin, densely layered, and ultra-miniaturized critical dimensions leveraging close collaborative relationship with clients based on our accumulated product technology and stable supply chain.

## Major Package Solutions Products

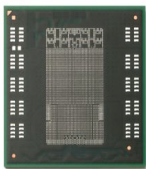
### Ball Grid Array (BGA)



Ball grid array (BGA) is a type of package substrate essential for the core semiconductors found in mobile devices and computers. It serves a dual purpose of facilitating the transmission of electrical signals between the semiconductors and the mainboards and safeguarding the semiconductors from external elements.

Flip Chip Chip Scale Package (FCCSP) is a distinguished BGA product that connects semiconductor chips to the substrate using ball-shaped bumps instead of wire bonding. The chip takes up more than 80% of the board's area, predominantly serving in application processor (AP) chips within mobile IT devices.

### Flip Chip Ball Grid Array (FCBGA)

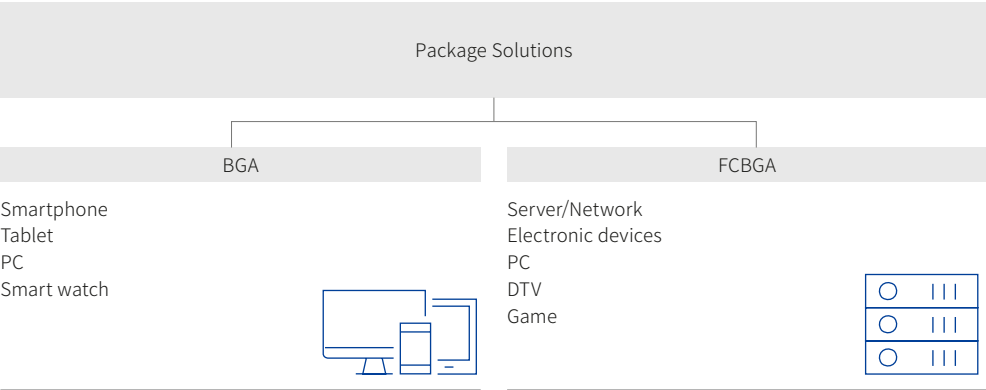


FCBGA is an advanced package substrate that establishes connections to semiconductor chips through bumps, enhancing both electrical and thermal performance. The intricate design of CPU board circuits necessitates the ability to produce thin substrates, enabling the addition of extra layers, precise interlayer alignment, and the creation of more compact assemblies.

## Sales and Sales Share of Package Solutions

	2022	2023
Sale (Unit: KRW million)	2,088,319	1,717,378
Sales share (Unit: %)	22.2	19.3

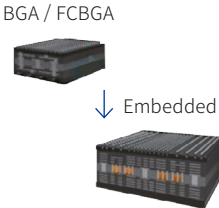
## Package Solutions Applications



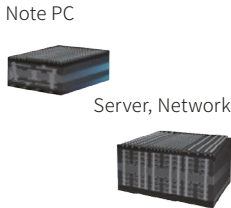
### Thin Shaping (Coreless)



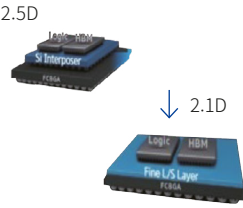
### Passive Components Embedding



### Enlarged with Multiple Layers



### Fine Line & Space



# SUSTAINABLE BUSINESS AMBITION

Sustainability Strategy	13
Materiality Assessment	18
Material Issue Highlights	19



# SUSTAINABILITY STRATEGY

Samsung Electro-Mechanics is committed to creating value for stakeholders, achieving sustainable growth, and elevating its corporate value. To embody sustainable management, guided by our ESG mission, ‘Sustainable Challenges for a Better Planet & Life,’ We have established four key frameworks of focus, collectively known as SYNC. By putting a sustainable planet, positive social impact, contributions to local communities, and transparent decision-making and communication at the heart of our management, we are committed to delivering future value.

## Mission

“Sustainable Challenges for a Better Planet and Life”

## Framework

**S**trive for  
Sustainability

**Y**ield Positive  
Changes

**N**urture our  
Communities

**C**raft Credible  
Communication

## Challenge

### Sustainable Planet

Bring climate action into full swing



Minimization of environmental impact



### Positive Social Impact

Promote mutual respect and create a safe workplace



Ramp up supply chain ESG management



### Contribution to Local Communities

Cultivate future generations



Instill a culture of donation into every corner



### Transparent Decision Making and Communication

Establish a leading governance



Ensure ethical management



# SUSTAINABILITY STRATEGY

## Progress Indicator : Key ESG Tasks and Achievements in 2023

ESRS GOV-3-29 (b), SBM-1-40 (g), MDR-T-80 (a) / (b)-1 / (b)-2 / (c) / (d)-1 / (d)-2 / (e)-1 / (e)-2 / (i), S1-4-AR 33 (c)

		KPI	Achievements in 2023		Targets	Target Year
S Strive for Sustainability	Bring climate action into full swing					
	· Constantly reduce energy and power consumption	Reduction in power consumption	5% reduction	<div><div></div></div>	5% reduction per year	On a constant basis
	· Expand the range of carbon-neutral certified products	Accumulated number of certified products	17	<div><div></div></div>	23	2024
	· Switch all corporate vehicles to non-polluting cars by 2030 <sup>1)</sup>	Rate of conversation to non-polluting vehicles	4.3%	<div><div></div></div>	100%	2030
	· Strive for complete renewable energy adoption by 2050	Rate of transitioning to renewable energy	139,600MWh of renewable energy secured in total		30%	2030
	Minimization of environmental impact					
	· Lower the use of single-use products	Zero uses of single-use products	80%	<div><div></div></div>	100%	November 2024
	· Boost water reuse company-wide	Expanded rate of water reuse	31.9%	<div><div></div></div>	36.7%	2030
Y Yield Positive Changes	· Make all business sites certified to zero waste landfill by 2025	Rate of business sites certified	All domestic business sites and one overseas site certified		100%	2025
	· Repurpose waste materials into work uniforms and cleanroom garments	Adoption rate for work uniforms and cleanroom garments	Sample production (5 work uniforms, 15 cleanroom garments)		100%	2027
	Ensure mutual respect and safety in the workplace					
	· Maintain our organizational health index at 70 points or above by 2030	Organizational health index	76.6 points	<div><div></div></div>	70 or above	On a constant basis
	· Continuously promote female leadership and establish a diversity management system	Rate of core female talent (female core talent / total core workforce)	10.5%	<div><div></div></div>	12.20%	2027
	· Reach zero serious accidents in a row	Number of serious accidents occurrences	Zero cases in a row	<div><div></div></div>	Zero	On a constant basis
	Ramp up supply chain ESG management					
	· Share visions with customer companies and promote two-way exchanges	Number of customer touchpoint engagements	2 times	<div><div></div></div>	Twice a year	On a constant basis
· Provide more on-site support and education for suppliers	Companies subject to activities for co-prosperity and innovation and number of education provided	36 companies / 146 times	<div><div></div></div>	30 companies per year / 130 times or more	On a constant basis	

1) Transition to pollution-free vehicles in line with the vehicle replacement schedule

# SUSTAINABILITY STRATEGY

## Progress Indicator : Key ESG Tasks and Achievements in 2023

		KPI	Achievements in 2023		Targets	Target Year
N Nurture Our Communities	Cultivate future generations					
	· Expand educational support for teenagers (Blue Elephant)	Accumulated number of participants	940,000	<div></div>	3,000,000	December 2029
	Instill a culture of donation into every corner					
	· Encourage employees' talent donation and promote donation culture (Sharing Kiosks)	Accumulated number of children who have benefitted from donations	99	<div></div>	350	December 2029
C Craft Credible Communi- -cation	Establish a leading governance					
	· Maintain the ratio of female independent directors at 50% or above	Ratio of female independent directors to total independent directors	Maintain at 50%	<div></div>	50% (2/4 directors)	On a constant basis
	· Enhance board expertise and diversity	Independent directors' expertise and diversity composition	One from each area and four activities to sharpen professionalism	<div></div>	One from each area and four activities to sharpen professionalism	On a constant basis
	· Ensure a majority of independent directors on the board	Ratio of independent directors to total directors	Maintain at 57%	<div></div>	57% (4/7 directors)	On a constant basis
	Ensure ethical management					
	· Educate employees on anti-corruption for the prevention of corruptions	Anti-corruption education rate	Maintain at 100%	<div></div>	100%	On a constant basis
	· Provide compliance education for employees	Education completion rate	Maintain at 100%	<div></div>	100%	On a constant basis
	· Establish a system to address security threats between the headquarters and overseas business sites	Inspections on security threats and their mitigation	Completed in Korea, Tianjin, and Gaoxin	<div></div>	100%	2026년

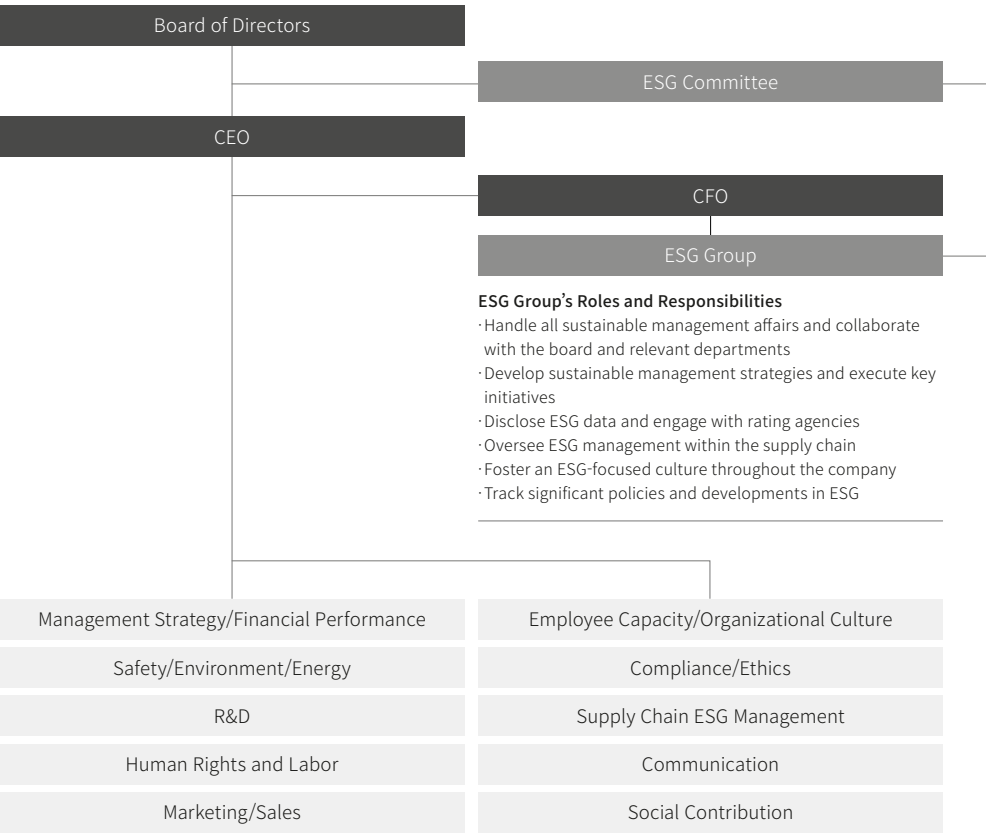
# SUSTAINABILITY STRATEGY

GRI 2-14, ESRS GOV-1-22 (c) i. / i. / ii., GOV-2-26 (a)

## Sustainability Governance System

With the objective of creating sustainable value and communicating with stakeholders, we have established an ESG Committee under the Board of Directors. The ESG Committee assumes the roles of managing sustainable activities and deliberating on ESG matters to be disclosed, acting as the primary decision-maker for ESG issues. Additionally, we have instituted the ESG Group under the leadership of the CFO as part of the company-wide sustainable management system. The ESG Group, which is responsible for general sustainable management, is tasked with formulating strategies across all areas of sustainable management in collaboration with relevant departments, disclosing pertinent data, and fostering external cooperation and communication.

### Organizational Structure for Sustainable Management



## Performance and Compensation System for Sustainable Management ESRS GOV-3-29

At Samsung Electro-Mechanics, items related to sustainable management are incorporated into the performance evaluation system for organizations and executive members with the objective to strengthen management responsibility and embed sustainability practices into all aspects of business operations. Specifically, the categories associated with sustainable management are reflected in the goals of organizations and the roles of executive members, tailored to the characteristics of their positions, which form the basis for their performance evaluations. These categories include the transition to renewable energy, reduction of energy use, establishment of an environmentally conscious management foundation, safety enhancement, compliance, and the establishment of a culture of mutual respect. The results of these assessments determine the management compensation system. In the years ahead, we plan to refine the system to evaluate and compensate the performance of organizations and executives more effectively.

### ESG Committee (Committees under the Board)

Board Members		Roles and Activities
Independent Directors	Lee Yoonjeong	· Board composition: four independent directors and two inside directors
	Yuh Yoonkyung	
	Choi Jongku	
Inside Directors	Jeong Seungil	· Roles and responsibilities - Overseeing directions for sustainable management and its progress - Managing and supervising obligatory ESG data disclosure
	Chang Duckhyun	
	Kim Sungjin	
		· Meeting frequency: at least once semiannually

### ESG Committee Meetings

Date of Convocation	Agenda Items	Attendance Rate
April 26, 2023	Publication of corporate governance report	100%
	Publication of sustainability report	
	Joining of an ESG initiatives	
November 29, 2023	Report on climate action status	100%
	Report on ESG task implementation and the plans for 2024	

# SUSTAINABILITY STRATEGY

## External Evaluation Ratings

Samsung Electro-Mechanics has actively responded to various ESG evaluations assessing our sustainable management status. Based on these evaluation criteria, we review our current sustainability practices and undertake activities for continuous improvement.

Member of  
**Dow Jones**  
**Sustainability Indices**  
Powered by the S&P Global CSA

### 15 consecutive years

DJSI World, Asia Pacific, Korea



FTSE4Good

### 13 consecutive years

FTSE4Good



**Korea Institute of Corporate  
Governance and Sustainability**

### Rated A for 6 consecutive years

by the Korea Institute of Corporate Governance and  
Sustainability



### Low Risk obtained for 6 consecutive years

Sustainalytics ESG Risk



### Rated A for 2 consecutive years

MSCI ESG Ratings



### Rated A- for 2 consecutive years

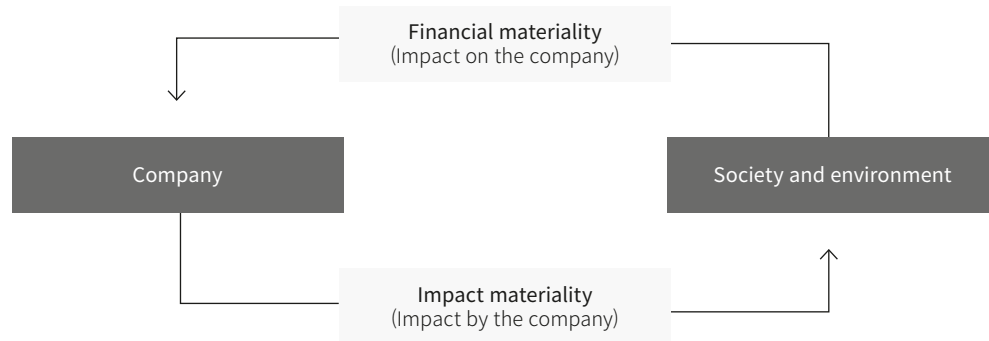
by CDP (Climate Change and Water Security)

# MATERIALITY ASSESSMENT

To grasp the sustainability management issues that affect stakeholders and to develop the necessary countermeasures, we conduct a double materiality assessment annually. This assessment enables us to perform an in-depth analysis of the opportunities and risks that these issues pose to our business and stakeholders. The identified material issues are then managed within our company-wide risk management framework.

## Double Materiality Assessment ESRS IRO-1-53 (b) / (b) i. / (b) ii. / (b) iii. / (b) iv.

The double materiality assessment enables us to consider both impact materiality (Inside-out) and financial materiality (Outside-in) for evaluation.



## Process for Issue Identification and Materiality Assessment

GRI 3-1, ESRS IRO-1-53 (a) / (c) / (c) i. / (c) ii. / (c) iii. / (d) / (e), IRO-2-59

The double materiality assessment underwent four processes: understanding, identifying impacts, risks, and opportunities (IRO), evaluating impact, and selecting material issues. From the stage of understanding the company, we analyzed material issues from multiple perspectives, including internal, investor, industry, and value chain perspectives. Based on this, we identified a total of 14 issues and a short list, and assessed impacts, risks, and opportunities (IRO). For the identified impacts, risks, and opportunities, we measured them in terms of their scale, scope, correctability, and occurrence probability, while assessing financial risks and opportunities for their severity and likelihood. The findings from the impact assessment were used to select material issues, which were then reported to the top decision-maker, the Board of Directors, for final approval.

## Double Materiality Assessment Process

Step 1 Understanding on the company	Stage for understanding the current state of company business ① Defining reporting scope and boundaries ② Identifying stakeholder engagement at each stage of evaluation ③ Checking the topic pool (long list) ④ Prioritizing the topics (short list)
Step 2 Identification of Impacts/risks/ opportunities (IRO)	Stage for evaluating company-related impacts, risks, and opportunities ① Articulating impacts, risks, and opportunities (IRO) as perceived by stakeholders ② Executing an Impact Pathway analysis
Step 3 Impact assessment	Stage for assessing the identified impacts, risks, and opportunities ① Assessing the impact materiality (Inside Out) ② Assessing the financial materiality (Outside In)
Step 4 Material issue selection	Stage for determining material issues and reporting to the governing body ① Defining the threshold and selecting material issues ② Reporting to the top decision-making body

## Materiality Assessment Results GRI 3-2

We have selected a total of six major issues by evaluating social and environmental impacts on a quantitative basis and company's ESG strategic directions and internal materiality on a qualitative basis.

ESG Issue <sup>1)</sup>	Quantitative Assessment		Qualitative Assessment
	Impact Materiality	Financial Materiality	
Labor conditions (Employees) health and safety, labor-management consultation, work-life balance	●	●	●
Anti-corruption	●		●
Energy and greenhouse gas emissions	●	●	●
Equal treatment and opportunities (Employees) diversity and inclusion, human rights, education and capacity development	●	●	●
Waste management	●	●	●
Supplier sustainability	●	●	●

1) Listed in the order of Korean letter

# MATERIAL ISSUE HIGHLIGHTS

GRI 3-3, ESRS S1-4-AR 33 (d), SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

## Working Conditions (Employees)

Health and safety, labor-management consultation, work-life balance

Anti-corruption

Energy and greenhouse gas emissions

Equal treatment and opportunities (Employees)  
Diversity and inclusion, human rights, education and capacity development

Waste management

Supplier sustainability

## Defining issue-related activities

Management activities include assessing labor and human rights, workplace safety, risks, compliance, and environmental aspects to enhance labor conditions for employees

## Impact Materiality

- Providing quality labor conditions for employees results in the reinforcement of our human capital, representing a foundation for the culture of leading companies. It has a significant impact on business continuity and sustainable management capacity.
- Safety risks, such as exposure to dangerous environments in the workplace, and the occurrence of labor issues, such as working hours and wages, could undermine the quality of life for employees and their families. Poor relationships between labor and management could incur demands for improved labor conditions and negative impacts such as social disorder.

## Financial Materiality

- Deteriorating working conditions at business sites could lead to compromised productivity and subsequent additional management costs.

## Cause of the impact within the value chain

Own business operation	●
Products/services	—
Supply chain	—

## Stakeholders affected

Environment	—
Society	●
Customers	●
External employees	—

## 4 Pillars

### Governance

- Under the supervision of the Chief Safety Officer (CSO), the Safety and Environment Team assumes the roles of assessing health and safety, and conducting disaster management operations.
- The regular consultative meetings of working-level officials of the Occupational Safety and Health Committee are held every other month, and the Occupational Safety and Health Committee, which is attended by representatives of workers and representatives of workplaces, is operated quarterly. As of 2023, a total of 64 occupational health and safety issues were deliberated and resolved.
- We have provided those in charge with opportunities to receive educational courses aimed at cultivating expertise in accident investigation and risk assessment offered by external health and safety institutions.
- We allocate 5% to 15% of environmental goals in the Management by Objectives (MBO) for management and supervisors with the aim of embedding an autonomous safety culture and creating safe workplaces.
- In accordance with the 'Act on the Promotion of Employees' Participation and Cooperation,' the Labor-Management Council is in operation, and its members are elected through elections.
- The council that discusses safety agenda items operates on a regular basis with the elected members of the Labor-Management Council. Efforts are made to address grievances and protect human rights.
- We incorporate items related to work-life balance and employee satisfaction into the management performance evaluation system.

### Management of Risks and Opportunities

- We have established 13 Compliance Guidelines to prevent serious accidents and regularly inspect compliance.
- We conduct an annual review of risk assessments at business sites and perform ad-hoc assessments to identify hazards and risks. We also develop mitigation countermeasures and cultivate professionals in risk assessment.
- We have devised scenarios to respond to 15 risks, including fire, earthquakes, exposure to chemicals, and food poisoning, and we conduct drills monthly.
- Employees receive training on health and safety with a curriculum tailored to their specific duties.
- We accept grievances related to human rights through the grievance resolution bulletin board and address them accordingly. These actions are transparently shared with employees via the Hanulim website, operated by the Labor-Management Council.
- To improve access to consultation services for local and overseas employees, we offer multiple online channels, including a dedicated messenger for psychological counseling, mobile applications, and video consultations.

### Strategy

- We foster a culture of safety based on our business principle putting safety first in business operations.
- We conduct a series of health and safety activities based on the precautions. We share related issues and safety activities through regular council meetings and engage in discussions to proactively address risks.
- We have established a robust cooperation system through private-public joint drills to respond swiftly and minimize damage in emergencies, such as accidents or disasters.
- We make every effort to comply with our safety rules, 'Not To Do List,' within the workplace.
- To support our employees' growth and job satisfaction, we offer benefit packages tailored to their life cycle stages and job roles, assisting them and their families in achieving stability during their term of office.
- We run a retirement planning program for employees aged 50 and above to ensure they enjoy a stable life post-retirement.
- Our employees benefit from the Self-directed Work System, which allows them to schedule their working hours according to their lifestyle and duties, enhancing work efficiency and promoting work-life balance.
- We employ professional consultants who hold public certifications with the operation of the Mental Health Center.

### Targets and Indicators

- We have achieved zero serious accidents through relentless prevention activities.
- In 2022, our Suwon and Busan business sites, which are subject to the Process Safety Management (PSM) system, obtained the highest rating, a P rating, in the assessment conducted by the Ministry of Employment and Labor and have maintained the rating since then.
- We have managed the employee accident rate effectively.
- We have consistently maintained ISO 45001 certification at 100%.
- We have put efforts into ensuring that grievances and suggestions reported on the Hanulim website are answered within 24 hours and addressed within 10 days after submission, and the outcomes are shared.
- 'Home Run Day' is a system we operate that mandates employees to leave on time, twice a month.
- We have analyzed the Samsung Culture Index (SCI), a job satisfaction survey for all employees, from multiple angles, enhanced areas needing improvement, and aim to maintain the organizational health index at 70 points or above by 2030.

# MATERIAL ISSUE HIGHLIGHTS

ESRS SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

Working Conditions (Employees) Health and safety, labor-management consultation, work-life balance	Anti-corruption	Energy and greenhouse gas emissions	Equal treatment and opportunities (Employees) Diversity and inclusion, human rights, education and capacity development	Waste management	Supplier sustainability
---	-----------------	-------------------------------------	--	------------------	-------------------------

Defining issue-related activities

Ethical education to all employees to mitigate anti-corruption risks, the operation of reporting channels for any violations of ethical management, and regular inspections to ensure the implementation of ethical management practices

Impact Materiality

- Driving a clean and transparent corporate culture is an integral part of sustainable management for us as a global company.
- Corruption risks occurring in business operations for electronic component manufacturing could lead to undermined trust from diverse stakeholders, including customers, shareholders, employees, and local communities.

Financial Materiality

- Breaches of anti-corruption laws and regulations could pose risks of incurring fines, penalties, and litigation costs.
- Failing to meet the growing demand from stakeholders, including investors and customers, for an anti-corruption and ethical corporate culture could pose risks to business operations.

Cause of the impact within the value chain

Own business operation	●
Products/services	
Supply chain	●

Stakeholders affected

Environment	
Society	●
Customers	●
External employees	●

4 Pillars

Governance

- We have built a transparent corporate culture founded on our Code of Ethics and Code of Conduct.
- We integrate elements related to ethical awareness into our management performance assessments.
- With the goal of strengthening compliance oversight for key Samsung affiliates and their functions, the Samsung Compliance Monitoring Committee was established as an external and independent body. It consists of seven members with expertise and experience in the compliance field, tasked with inspecting and managing the legal risks of affiliates.
- We have established a Compliance Management Practicing Organization System and make decisions on compliance-related matters through the highest-ranked body within the system, the Compliance Management Committee.
- We operate a Compliance Team dedicated to ensuring company-wide compliance management, under the direct supervision of the CEO.
- We have appointed compliance officers and leaders within our organizations, both domestically and abroad, who are responsible for actively addressing related issues at various levels.

Management of Risks and Opportunities

- We have developed inspection plans for all business sites, both domestic and overseas, and conducted diagnoses.
- We operate a reporting channel for any breaches of ethical regulations.
- We ensure adherence to the compliance control standards and report the results of the compliance validity evaluation to the board.
- We maintain control over compliance risks through the continuous operation of the Compliance Program Management System (CPMS).
- We convene a Preliminary Review Council before making donations or conducting transactions among affiliates, and we have added a function of the Compliance Team's approval when contracting with or registering new suppliers to strengthen our compliance oversight.
- We have enhanced our compliance inspection and monitoring systems.

Strategy

- We have required all employees to pledge their commitment to compliance and ethical management, and have provided them with anti-corruption training.
- Our Compliance Program Management System enables employees to self-check their adherence to legal requirements, and we provide rules and guidelines to prevent any breaches.
- We have identified fair transactions, ethics (including anti-corruption), personnel management, occupational safety, and intellectual property as key areas for compliance management.

Targets and Indicators

- We offer comprehensive compliance education to all employees, covering topics such as fair trade, anti-corruption, and the prevention of trade secrets infringement.



# MATERIAL ISSUE HIGHLIGHTS

ESRS SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

Working Conditions (Employees)  
Health and safety, labor-management  
consultation, work-life balance

Anti-corruption

Energy and greenhouse gas emissions

Equal treatment and opportunities (Employees)  
Diversity and inclusion, human rights, education  
and capacity development

Waste management

Supplier sustainability

## Defining issue-related activities

In recognition of energy's finiteness, activities to reduce energy consumption, such as setting targets for energy use reduction, operating high-efficiency equipment, improving energy efficiency, and activities to secure sustainable energy resources

## Impact Materiality

- There is a growing need to combat climate change which could incur rising temperatures, floods, and droughts stemming from intensifying global warming across the world.
- In particular, energy use and GHG emissions have both direct and indirect impacts on abnormal temperatures, which, in turn, could likely lead to adverse external impacts across the environment and society.
- As the GHGs emitted from energy use during manufacturing cause climate change, such as weather anomalies, changing precipitation patterns, and sea level rises, key stakeholders emphasize the response to climate change as a determining factor for sustainable growth.
- As domestic and international governments and investors have tightened climate change regulations, there is an increasing demand from the market and government for the mitigation of energy consumption.

## Financial Materiality

The costs associated with transitioning to renewable energy sources, such as purchasing carbon credits, Renewable Energy Certificates (RECs), and green premiums, are projected to increase. However, managing and reducing costs through GHG emissions management can serve as an opportunity to appeal to customers from a long-term perspective.

## Cause of the impact within the value chain

Own business operation	●
Products/services	●
Supply chain	●

## Stakeholders affected

Environment	●
Society	●
Customers	●
External employees	

## 4 Pillars

### Governance

- The ESG Committee, under the Board of Directors, functions as a supervisor of key ESG strategies, including actions for energy saving, GHG emissions reduction, and response to climate change.
- The ESG Committee convenes semiannually and determines agenda items for discussion through consultations with responsible departments, including the Safety and Environment Team and the Infrastructure Team.
- Management ensures a continuous review of climate-related risks and opportunities that could impact the entire business operations.
- Activities for environmental improvement and energy saving are incorporated into management performance assessments.

### Management of Risks and Opportunities

- We identify transition risks posed by the Emissions Trading Scheme at business sites in Korea and Tianjin, which are subject to the regulations of emission trading.
- We have carried out reduction activities and set mitigation targets annually by operating the Energy Saving Task Force.

### Strategy

- We have established the Environmental Management (ISO 14001) and Energy Management (ISO 50001) Systems.
- We identify risks and opportunities affecting the company and formulate countermeasures accordingly.
- Based on the 'climate-related risks and opportunities, and their potential financial impact' presented by the TCFD recommendations, we conduct materiality assessment related to Climate change.
- We have devised measures to counteract climate change, such as establishing GHG reduction targets and transitioning to 100% renewable energy sources.
- We have developed countermeasures for key issues associated with energy and GHG emissions based on the findings of the materiality assessments.

### Targets and Indicators

- We manage GHG emissions, GHG emission intensity, and energy consumption.
- We are moving towards net-zero by 2050 by curtailing GHG emissions, including Scope 1 and 2 emissions.
- Efforts are being made to transition to 100% renewable energy sources by 2050.
- We are striving to convert all corporate vehicles to electric ones by 2030.
- We aim to ensure that energy costs account for less than 5% of our sales by 2025.

# MATERIAL ISSUE HIGHLIGHTS

ESRS SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

Working Conditions (Employees) Health and safety, labor-management consultation, work-life balance	Anti-corruption	Energy and greenhouse gas emissions	Equal treatment and opportunities (Employees) Diversity and inclusion, human rights, education and capacity development	Waste management	Supplier sustainability
---	-----------------	-------------------------------------	--	------------------	-------------------------

### Defining issue-related activities

Activities to prevent both direct and indirect discriminatory treatment across all our business operations, guided by our human rights protection policy, and operation of systematic talent development programs to ensure fair assessments based on clearly defined objectives

### Impact Materiality

- Offering equal treatment and opportunities to employees embodies a universal value across society and, at the same time, has a critical impact on improving employee harmony, morale, and reinforcing human capital.
- Both direct and indirect discrimination occurring in business activities could infringe upon human rights. Moreover, insufficient education for employees’ capacity building could adversely affect the establishment of human and social capital through future talent development.
- Based on our own calculation tool, our social value related to diversity, inclusion, human rights, education, and capacity building is estimated at KRW 29.8 billion. Notably, it reveals that education for employee capacity development and activities promoting diversity provide the most positive social value<sup>1)</sup>.

### Financial Materiality

Violations of laws and regulations associated with diversity and the employment of disabled persons could incur litigation costs, compromise corporate reputation, and decrease capital inflow. Additionally, they could lead to increased costs for personnel management and education.

1) The measurement period was from January 1, 2023, to December 31, 2023. The measurement was based on the data we managed, utilizing national statistics and research findings. The monetary value used for the measurement is subject to change depending on new research findings. It is not considered financial disclosure since the results of the measurement cannot be verified in terms of their integrity.

### Cause of the impact within the value chain

Own business operation	●
Products/services	—
Supply chain	—

### Stakeholders affected

Environment	—
Society	●
Customers	●
External employees	—

### 4 Pillars

#### Governance

- Human rights protection activities are carried out through collaboration among the Legal Team, Compliance Team, People Team, Audit Team, and Counselling Office.
- A task force (TF) dedicated to corporate culture affairs, including diversity and inclusion, is operated.
- A Human Rights policy is formulated to protect the rights of employees.
- We stipulate respect for individual diversity and equal opportunity in the Code of Conduct (Principle 1-2).
- We affirm our commitment to safeguarding the human rights of individuals and treating employees with dignity and respect in the Code of Conduct (Principle 1-2).
- Samsung Electro-Mechanics Employment Rules clearly state equal treatment in Chapter 1 (General Rules), the prohibition of forced labor (Article 7), and our policy in Chapter 2 (Human Resources) that we employ applicants who are 18 years or older (Section 2).
- We operate a department responsible for employee capacity building and the operation of educational programs.
- Our commitment to actively supporting employees in enhancing the skills required for their job performance is stated in the Code of Conduct (Principle 3-3).
- Capabilities associated with mutual respect and inclusion are incorporated into management performance assessments.

#### Management of Risks and Opportunities

- We provide education on diversity, fairness, and inclusion through various channels (Newsletter on Organizational Culture and specialized DEI training)
- We have installed amenities to accommodate the daily needs of disabled employees and ensure their maintenance (transfer ramps, building entries, and stair braille blocks)
- We conduct organizational diagnoses at all domestic business sites and for employees to assess the state of human rights, take corrective action against identified issues, and monitor progress.
- We train all employees on the prevention of sexual harassment and discrimination.
- An email account dedicated to reporting workplace bullying and sexual harassment is operational at all domestic business sites.
- Onboarding training is provided to new hires to instill professionalism, while intensive software education is offered to enhance talents’ digital literacy and problem-solving skills.
- We offer a variety of support programs for employee development, such as MBA degree programs (leadership master’s courses at prestigious universities at home and abroad), programs for local talent, and academic programs (master’s and doctoral courses at

prestigious local and international universities to secure strategic knowledge and technologies).

- We provide diverse language programs to help employees enhance their foreign communication skills (Foreign Language Residential Hall, in-house language courses, and e-learning courses).

#### Strategy

- We are actively fostering a better corporate culture through engaging employee communications, such as Culture Fairs and CEO Town Hall meetings.
- To prevent career interruptions for female employees, we operate various support programs for childbirth and childcare.
- Efforts are in full swing to promote an inclusive corporate culture that respects diversity across generations, genders, nationalities, disabilities, and religions.
- We are committed to increasing the employment of persons with disabilities, adhering to the special provisions for calculating the employment of disabled individuals.
- We diligently work to protect human rights, adhering to the principles outlined in the Constitution and Labor Laws, known as human rights protection items.
- Employment rules have been established in foreign languages (English and Japanese) for our international workforce, and we ensure that our overseas business sites are informed about the necessity of having employment rules available in the local languages.
- Strategies have been put in place to develop talent according to individual career paths, capabilities, and roles, providing training on various themes such as leadership, job skills, foreign languages, and the company’s core values and culture, with the aim of mutual growth.
- We are dedicated to creating a learning culture where employees are encouraged to take initiative in their development, supported by roadmaps tailored to their job functions and levels.

#### Targets and Indicators

- We have expanded the ratio of female core talent (core out of total core) to 12.2%.
- We ensure that two female employees are included in the course for next-generation leaders (20% of the total participants).
- We evaluate the ‘respectful language index’ to establish a culture of respectful language usage and promote mutual respect.
- We have maintained the family-friendly company certification since 2013.

# MATERIAL ISSUE HIGHLIGHTS

ESRS E5-3-23, E5-3-24 (e) / (f), E5-3-25, SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

Working Conditions (Employees) Health and safety, labor-management consultation, work-life balance	Anti-corruption	Energy and greenhouse gas emissions	Equal treatment and opportunities (Employees) Diversity and inclusion, human rights, education and capacity development	Waste management	Supplier sustainability
--	-----------------	-------------------------------------	---	------------------	-------------------------

### Defining issue-related activities

Management of the entire process ranging from waste generation to disposal in a legitimate manner through our waste monitoring system

### Impact Materiality

- Due to the nature of our business, we generate designated waste and face the risk of additional environmental pollution from volatile substances. If we fail to manage this risk, it could harm the surrounding environment and potentially cause diseases in local communities.
- Conversely, effective waste management and recycling can lead to positive external impacts, such as the establishment of a resource circulation system that includes our suppliers and contributes to environmental protection.
- To prevent negative effects from waste generation and foster a circular economy in our business operations, it is essential to manage the resource circulation of our suppliers in addition to our business sites.

### Financial Materiality

- Transitioning to a circular economy is an integral part of the global market. Responding to waste-related regulations incurs operational costs.
- Failure to meet the rising demands from investors, customers, and stakeholders for recycling and reuse system management could pose a risk to business operations.

### Cause of the impact within the value chain

Own business operation	●
Products/services	●
Supply chain	●

### Stakeholders affected

Environment	●
Society	●
Customers	●
External employees	

### 4 Pillars

#### Governance

- A company-wide council is operated every month to come up with measures to facilitate recycling and waste reduction.
- Through the Safety and Environment Conference, attended by management and responsible figures, discussions are made on the risks posed by waste generated during operations and their impact on business and finance, which are incorporated into the environmental risk management process.
- We have made the obtaining of zero waste to landfill certification part of the goals for management, and its implementation is reflected in their performance assessment.

#### Management of Risks and Opportunities

- We conduct preliminary environmental assessments of waste-related matters, such as the introduction of new processes and changes to existing procedures.
- We carry out on-site inspections on a quarterly basis and proactively keep track of changes in laws and regulations to address waste issues.
- We ensure lawful management of the entire waste management process, from waste generation to disposal, through the waste monitoring system.
- We conduct activities to reduce the use of single-use products.

#### Strategy

- We have formulated plans for the product life cycle that span from production and use to disposal, including the management of distribution and logistics, as well as environmental protection, which form the basis of our environmental management.
- In line with our strategy to minimize waste sent to landfills by increasing recycling and thus mitigating our environmental load, we verify the performance of resource circulation.
- We have upgraded our waste disposal process to a more efficient one and expanded the recycling of waste that would otherwise go to incineration or landfill.

#### Targets and Indicators

- We have set a goal to acquire Zero Waste to Landfill (ZWTL) certification for all business sites by 2025 (certification issuer: UL Solutions). (All local business sites and our business site in Tianjin have been certified Platinum for Zero Waste to Landfill)
- We aim to achieve a 95% waste recycling rate by 2025.

# MATERIAL ISSUE HIGHLIGHTS

ESRS IRO-2-58, SBM-3-48 (a) / (b) / (c) i. / (c) ii. / (c) iv. / (f)

Working Conditions (Employees) Health and safety, labor-management consultation, work-life balance	Anti-corruption	Energy and greenhouse gas emissions	Equal treatment and opportunities (Employees) Diversity and inclusion, human rights, education and capacity development	Waste management	Supplier sustainability
--	-----------------	-------------------------------------	---	------------------	-------------------------

## Defining issue-related activities

Establishment of appropriate procurement practices and related risk management in recognition of the significance of sustainability management across the entire supply chain

## Impact Materiality

- We have an extensive network of business sites and suppliers not only in Korea but also in many overseas countries, which makes us susceptible to supply chain sustainability risks.
- Uncertain supplier sustainability could have an adverse impact on local communities, such as infringement on human rights within the supply chain, environmental pollution, and imbalance of socioeconomic benefits. It could also undermine corporate reputation due to decreasing trust from stakeholders and compromise business performance.
- Based on our own calculation tool, it is revealed that the social value of our management of supplier sustainability is estimated at KRW 1.7 billion. In particular, loan support at lower interest rates for suppliers created the most positive social value.<sup>1)</sup>

## Financial Materiality

- There is a risk of incurring fines, penalties, or litigation costs due to violations of fair trade-related laws and regulations.
- There is a risk that could directly affect sales due to a poor response to the tightening regulations and growing demand for sustainable supply chain management from global customer companies and investors, especially in advanced countries.

1) The measurement period was from January 1, 2023, to December 31, 2023. The measurement was based on the data we managed, utilizing national statistics and research findings. The monetary value used for the measurement is subject to change depending on new research findings. It is not considered financial disclosure since the results of the measurement cannot be verified in terms of their integrity.

## Cause of the impact within the value chain

Own business operation	●
Products/services	—
Supply chain	●

## Stakeholders affected

Environment	●
Society	●
Customers	●
External employees	●

## 4 Pillars

### Governance

- Our Procurement Team and Win-Win Cooperation Team work together to manage sustainability across the entire supply chain.
- We state our commitment to building co-existence- and co-prosperity-oriented relationships with suppliers and creating a system for cooperation in pursuit of shared growth in our Code of Conduct (Principle 5-3).
- We conduct joint inspections with suppliers on a quarterly basis to mitigate safety risks through the operation of the Health and Safety Council.

### Management of Risks and Opportunities

- We conduct comprehensive assessments for suppliers to identify their competitiveness and manage supply chain risks.
- We mandate approximately 226 suppliers in 19 countries across the world to comply with ethics, compliance, and Corporate Social Responsibility (CSR) requirements to elevate supply chain sustainability.
- We assess the credit of all suppliers, with specialized credit rating agencies on a regular basis to evaluate supply chain financial risks.
- We have established a network between the headquarters and the person in charge of each business site through our procurement portal (MaPS, Masterpiece of Procurement System) to respond to any possible supply chain risks, such as natural disasters, law breaches, and decreasing credit.
- We conduct technology review meetings and technology exchange meetings with our key suppliers on a regular basis in an effort to secure a stable supply chain. We also prepare for potential risks of disruption to supply by diversifying suppliers and supply hubs.
- With the establishment of the 'Code of Conduct for Suppliers,' we require new suppliers to pledge compliance with the code, and we select key suppliers for management, thereby addressing supply chain risks.
- We select suppliers subject to sustainable management (compliance) assessment and conduct assessments for the management of supply chain sustainability.
- We carry out on-site inspections and interviews with employees of suppliers with the objective to verify their implementation of ongoing policies, the reliability of their reports and documents submitted, and on-site working conditions.
- We provide guides and consulting services for suppliers, and support suppliers who have difficulties in making improvements through regular monitoring and revisiting.

### Strategy

- We have built strategic, cooperative relationships with suppliers to sharpen our capabilities in producing best-in-class products and technological prowess, and strive for co-prosperity.
- We regularly assess the sustainable management of suppliers and formulate principles that we discontinue trade with suppliers who violate global regulations, such as human rights abuses, discrimination, and responsible mineral sourcing.
- We promote procurement policies where the entire procurement process is conducted locally to foster the development of overseas production places and contribute socially.
- With the purpose of making an autonomous compliance culture permeate every corner of the supply chain, we conduct compliance checks and follow-up management to help suppliers build their capacity and embed compliance within them.

### Targets and Indicators

- We have established a set of standards for assessing a total of eight categories, suppliers' capabilities, and non-financial risks for comprehensive supplier assessment.
- We have maintained excellent results in terms of the Corporate Partnership Shared Growth Index.
- We provide education for those involved in activities for win-win innovation.
- We select and award excellent suppliers in terms of sustainable management.

## Stakeholder Engagement

GRI 2-29, ESRS SBM-1-42 (c), SBM-2-45 (a) / (a) i. / (a) ii. / (a) iii.

Stakeholders	Major Concerns	Communication Channels		Key Activities
<b>Customers</b> 	<ul style="list-style-type: none"> <li>- Product and service quality</li> <li>- Accurate product information</li> <li>- Prompt response</li> <li>- Transparent communication</li> </ul>	<ul style="list-style-type: none"> <li>- Newsroom, Social media channels</li> <li>- Online PR Hall</li> <li>- Product catalog</li> <li>- Component library</li> </ul>		<ul style="list-style-type: none"> <li>- Quick delivery of Samsung Electro-Mechanics' latest news</li> <li>- Paying attention to customers' voices and exploring solutions</li> <li>- Introducing the latest technologies and industry trends</li> <li>- Monitoring and applying hazardous substance policies in products by client and country</li> </ul>
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- ESG risk management</li> <li>- Stable business operations</li> <li>- Transparent disclosure of information</li> </ul>	<ul style="list-style-type: none"> <li>- General meetings of shareholders</li> <li>- Analyst meetings</li> <li>- Quarterly management meetings</li> <li>- Newsroom</li> <li>- Business reports</li> </ul>		<ul style="list-style-type: none"> <li>- Transparent governance operation and its disclosure</li> <li>- Efforts to strengthen shareholder return</li> <li>- ESG Committee operation under the Board of Directors</li> <li>- Quarterly earnings release</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>- Safe and happy workplace</li> <li>- Labor/Management relations</li> <li>- Mental health</li> <li>- Opportunities for learning and growth</li> <li>- Benefits and compensation</li> </ul>	<ul style="list-style-type: none"> <li>- Hanulim Council (Works Council)</li> <li>- Mental Health Center</li> <li>- Training platform</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance management program</li> <li>- One-on-One meetings</li> <li>- Town Hall meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Listening to employees' voices and addressing their difficulties</li> <li>- Counseling and meditation classes for employee mental health</li> <li>- Customized training programs</li> <li>- Providing compliance training and itemized manual for compliance management</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>- Strategic partnership</li> <li>- Fairtrade</li> <li>- Shared growth</li> <li>- Workers' human rights</li> </ul>	<ul style="list-style-type: none"> <li>- Win-win cooperation academy</li> <li>- Supplier Code of Conduct</li> <li>- Workshops for heads of suppliers</li> <li>- Shared growth programs</li> </ul>	<ul style="list-style-type: none"> <li>- Procurement portal</li> </ul>	<ul style="list-style-type: none"> <li>- Listening to suppliers' voices and presenting solutions</li> <li>- Sharpening suppliers' regulatory response capabilities</li> <li>- Stepping up joint development cooperation</li> <li>- Conducting compliance management evaluation</li> </ul>
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>- Revitalization of the local economy</li> <li>- Corporate social responsibility</li> <li>- Protection of healthy local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings with local governments</li> <li>- Meetings with welfare agencies</li> </ul>		<ul style="list-style-type: none"> <li>- Environmental conservation activities near business sites</li> <li>- Sharing through employee volunteer activities</li> <li>- Social contribution programs related to education and employment</li> </ul>
<b>Press</b> 	<ul style="list-style-type: none"> <li>- Transparency of information</li> <li>- Accuracy of information</li> <li>- Speed of information</li> </ul>	<ul style="list-style-type: none"> <li>- Press releases</li> <li>- Newsroom</li> <li>- Journalists seminar</li> </ul>		<ul style="list-style-type: none"> <li>- Quick delivery of Samsung Electro-Mechanics' latest news</li> <li>- Seminars on industry trends, technology and product knowledge</li> </ul>

# SUSTAINABLE PLANET

TCFD REPORT	27
Minimization of Environmental Impact	34
Product Stewardship	41

# TCFD REPORT

## Governance

### Board of Directors’ Roles GRI 2-12

The ESG Committee, under the Board of Directors (BOD), is responsible for supervising and managing overall ESG issues, which include climate change and water resources. Comprising four independent directors and two inside directors, the committee assumes the role of making final deliberations on overarching agenda items, such as short- and mid-term climate-related strategies and the transition to net-zero, and resolving them. The agenda items for the committee are selected for discussion in consultation with responsible teams, such as the Safety and Environment Team and the Infrastructure Team. The ESG Committee convenes semiannually and there were two meetings held in 2023. When necessary, ad-hoc meetings are held, and the results are reported to the board.

### Board of Directors’ Management and Supervision Role on Climate Change



### Management’s Roles GRI 2-13

Our management constantly reviews climate-related risks and opportunities that could affect the entire business management and seeks sustainable progress through climate action. Through the Safety and Environment Conference, comprised of management and responsible employees from each business division, we discuss the risks posed by climate change and their impact on business and finance, and the findings are incorporated into our carbon-related risk management process.

### Assessment and Compensation for Board’s Climate Action Performance ESRS E1.GOV-3-13

With the objective of embedding climate risk management into our business operations, we have included safety-related items in the regular management’s performance evaluation system so that management and all employees consider these at every level of the business.

# TCFD REPORT

ESRS E1.SBM-3-18

## Strategy

### Climate Action Risk Response Strategy

The growing global attention on climate change risks has brought an increasing impact on our business operations. Samsung Electro-Mechanics is actively engaged in identifying the climate change risks and opportunities impacted to the company, and we are dedicated to formulating action strategies to effectively address these challenges. We have conducted materiality assessment by referring to the 'examples of risks, opportunities, and potential financial impacts related to climate change' recommended by TCFD and analyzed the results based on the assessment.

### Materiality Assessment on Climate-related Risks and Opportunities

We have categorized the risks and opportunities presented by the TCFD recommendations across our business sites, upstream, and downstream to facilitate efficient analysis. The results of the analysis indicate that the cost of carbon credits, increasing obligations for climate change-related data disclosure, and customers' intensifying climate actions constitute our principal transition risks. Concurrently, extreme heat and rising average temperatures represent our primary physical risks. Among the significant opportunities identified are the adoption of low-carbon energy sources and the reduction of water usage and consumption in manufacturing procedures. For the issues identified, we have devised countermeasures and consistently monitored them.

● Low ● Mid ● High  
Short-term: ~2025, Mid-term: 2025~2030, Long-term 2030~2050

Category	Type	Risk	Target	Short-term	Mid-term	Long-term
Risk	Transition Risks	Policy and legal	1 Rising costs of carbon credits	Direct business site	●	●
			2 Stricter climate regulations	Direct business site	●	●
			3 Exposure to climate litigation	Direct business site	●	●
	Technology		4 Transition to low-carbon products and services	Direct business site	●	●
			5 Failure to invest in new technologies	Direct business site	●	●
			6 Costs of transitioning to low-carbon technologies	Direct business site	●	●
	Market		7 Customers' intensifying climate actions	Downstream	●	●
			8 Market uncertainty for low-carbon products	Downstream	●	●
			9 Escalating costs of raw materials	Direct business site, Upstream	●	●
	Reputation		10 Consumer preference shift due to climate action deficiency	Downstream	●	●
			11 Growing stakeholder concerns and their impact	Downstream	●	●
	Physical Risks	Acute	1 Asset damage from climate events (typhoons, floods, etc.) and management cost increase	Direct business site, Upstream	●	●
		Chronic	2 Water scarcity	Direct business site	●	●
			3 Rising average temperatures	Direct business site	●	●

Category	Type	Opportunity	Target	Short-term	Mid-term	Long-term
Opportunities	Resource efficiency	a Production and distribution efficiency	Direct business site	●	●	●
		b Relocation to energy-efficient buildings	Direct business site	●	●	●
		c Reduction of water usage and consumption in manufacturing procedures	Direct business site	●	●	●
	Energy resources	d Adoption of low-carbon energy sources	Direct business site	●	●	●
		e Leveraging inventive policies	Direct business site	●	●	●
		f Engagement in the carbon market	Direct business site	●	●	●
	Products and services	g Development and expansion of low-carbon products and services	Direct business site	●	●	●
		h Consumer shift towards low-carbon products	Downstream	●	●	●
	Markets	i New approach to the market	Direct business site	●	●	●
	Resilience	j Engagement in renewable energy programs and adoption of energy efficiency measures	Direct business site	●	●	●
		k Replacement and diversification of energy sources in production	Upstream	●	●	●



# TCFD REPORT

## Response to the Materiality Assessment of Climate-related Risks and Opportunities

GRI 201-2, ESRS E1.IRO-1-AR 11 (a), E1.IRO-1-AR 12 (a)

We analyzed the financial impact and our response directions to key items of transition/physical risks and opportunities identified in the analysis of risk/opportunity factors related to climate change

Category			Subject	Financial impact	Our response directions
Transition risks	Policies and Laws	Rising costs of carbon credits	Direct business sites	- Rising cost of purchasing carbon credits to be in line with the emissions trading system	- Reducing the purchase of emission credits through GHG emissions reduction activities
		Stricter climate regulations	Direct business sites	- Decreased profits from the sales of products with high carbon emissions due to tightened product regulations related to climate change, such as carbon tax	- Establishing renewable energy use goals and monitoring related policies
	Market	Customers' intensifying climate actions	Downstream	- Increased costs due to requests to convert energy used in product production to renewable energy - Reduction in sales due to failure of meeting customer demands, such as ESG assessment and RE100 subscription	- Acquiring low-carbon product certifications
		Escalating costs of raw materials	Direct business sites, Upstream	- Higher energy costs from reinforced regulations on fossil fuel usage due to climate change	- Monitoring renewable energy market and policies and pursuing direct production and purchase of renewable energy - Cutting energy usage down through energy reduction activities - Responding to customer requirements, such as joining the RE100 initiative and participating in ESG evaluations (CDP, DJSI, etc.)
Physical risks	Acute	Reduced production due to logistics damage and supply chain disruption caused by climate disasters	Direct business sites, Upstream, Downstream	- Rising operating costs due to damage to production facilities and infrastructure at business sites caused by climate disasters - Decreased production due to disruption in supply of production raw materials due to damage to suppliers and transportation facilities caused by climate disaster	- Reducing energy usage and energy costs through energy saving activities - Cutting energy costs through the use of low-carbon fuels and conversion to renewable energy, etc.
	Chronic	Rising average temperatures	Direct business sites	- Increasing power consumption for office air conditioning due to the rise in average temperature	- Minimizing damage to business sites by establishing an emergency response system related to climate crisis and regularly assessing aging facility, etc. - Diversifying raw material suppliers
Opportunities	Resource efficiency	Reduced water consumption during production stage	Direct business sites	- Reduced water purchase costs due to less usage of water	- Monitoring power usage and optimizing indoor temperature
	Energy resources	Usage of low-carbon energy sources	Direct business sites	- Reduced cost of purchasing carbon credits by mitigating GHG emissions based on the use of low-carbon energy sources	- Establishing the plan to improve water/wastewater reuse rate
	Products and services	Consumer shift towards low-carbon products	Downstream	- Rising profits based on increased demand for low-carbon products	- Introducing direct development facilities for renewable energy within business sites, monitoring renewable energy markets/policies, and establishing mid- to long-term renewable energy usage goals - Conducting energy efficiency reviews when introducing new product manufacturing equipment - Promoting R&D to produce low-power products - Acquiring low-carbon product certifications

# TCFD REPORT

## Transition Risk Analysis GRI 201-2

### Scope of Analysis

We conducted a transition risk analysis targeting production bases where emissions trading systems are currently in effect, such as in Korea and China.

### Method of Analysis

The analysis of cost of purchasing carbon credits through scenarios provided by the Network for Greening the Financial System (NGFS) was conducted. The transition risk impact of the GHG emission trading system by country was identified for domestic business sites (Suwon, Sejong, Busan, etc.) and Tianjin site in China which are regulated by the emission trading system. According to the NGFS's Net Zero 2050 scenario, cost of purchasing carbon credits are expected to continue to increase by 2050.

### Results

We found out that financial impact will gradually rise due to the growing costs of carbon credits. To reduce the impact, we will promote 100% conversion of renewable energy and energy use reduction tasks by 2050, and continuously monitor climate-related legal regulations and cost of purchasing carbon credits on a regular basis to minimize related risks.

## Physical Risk Analysis GRI 201-2, ESRS E1.IRO-1-20 (b), IRO-1-AR 11 (c)

### Scope of Analysis

We conducted a physical risk analysis for production bases in Asia, including Korea, China, Vietnam, and the Philippines.

### Method of Analysis

Due to the nature of electrical and electronic product manufacturing, Samsung Electro-Mechanics requires a constant supply of water in the production process. Rising temperatures and increasing days of heat wave due to the recent intensification of climate change are expected to lead to the risk of water shortages and affect production. In addition, this climate change is likely to lead to longer periods of cooling and an increase in energy consumption, resulting in direct and indirect financial impacts such as increased power costs. In response, Samsung Electro-Mechanics used the Climate Change Scenario provided by the Korea Meteorological Administration's Climate Information Portal to determine the impact of climate change on domestic business sites by 2050 based on the RCP 8.5<sup>1)</sup> scenario. The result indicated that the average temperature at domestic business sites will rise by 2°C in 2050 compared to 2021, and the number of heat wave days per year, which refers to days with maximum temperature surpassing 33°C, will increase by 12 days. For overseas business sites, we used the Climate Impact Explorer provided by NGFS for analysis. At Tianjin and Gaoxin sites in China, we confirmed that the temperature will rise by up to 4°C in 2050 in comparison with the reference period 1986-2006. The Vietnam business site will experience a rise in temperature by up to 3.3°C, and the increase will be 2.7°C in the Philippines.

1) When GHG are emitted without reduction, the temperature will rise to about 4.7°C by the year of 2100.

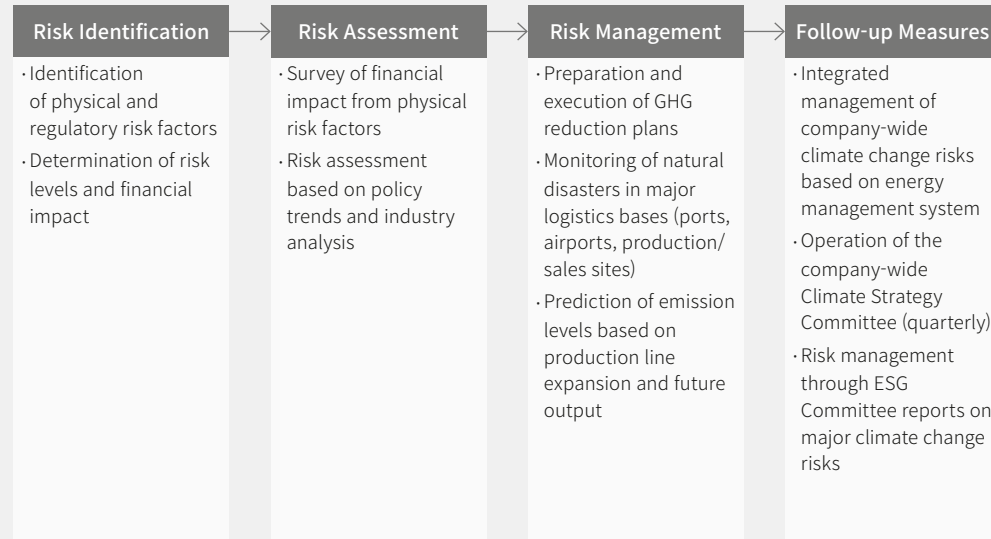
### Results

It has been confirmed that the heat wave, attributed to climate change, will lead to an increase in energy operation costs due to the higher operation rates of air conditioners in workplaces and the rise in water supply costs caused by water shortages. To minimize the financial impact of water shortages, we have established medium to long-term planning and implementation challenges to improve water resource reuse rates. We are conducting energy saving challenges every year to minimize the cost of energy consumption as well. Moving forward, we will persist in conducting climate change-related impact analyses to anticipate the financial impact and mitigate potential damages to our business.

# TCFD REPORT

## Climate Change Risk Management ESRS E1-IRO-1-20 (a)

### Integrated Company-wide Opportunity and Risk Management Process



### Identification and Assessment of Climate Change Risks

We proactively assess and analyze corporate climate change risks. Our evaluations include financial impact surveys, policy trend analysis, and industry analysis, focusing on physical risk factors at each business location. We also forecast emissions to anticipate operational-level climate change risks associated with line expansion and future production. Annually, we report the company-wide GHG emissions to management. Additionally, through the Energy Council, which encompasses the entire company, we foster GHG reduction efforts by disseminating and executing energy usage and conservation initiatives across all business sites.

### Climate Change Risk Management Process

Based on our energy management system(ISO 50001), we evaluate the achievement of objectives, performance metrics, stakeholder engagement, and identify opportunities for ongoing enhancement. We review the measures adopted in prior management reviews and make informed decisions about their influence on the organization's strategic trajectory, the need for systematic reforms, and prospects for additional advancements. Annually, we carry out comprehensive internal and external examinations to guarantee the system's effective implementation and upkeep. Moreover, we sustain our system certifications by submitting to evaluations conducted by independent professional certification bodies.

## Metrics and Targets ESRS E1-4-32, ESRS E1-4-33

### Climate Change Response Management Indicators

To respond to climate change, we manage metrics such as greenhouse gas emissions, greenhouse gas emissions per unit, energy usage, waste generation, and water usage. In order to internalize climate change risk management, all management and employees are actively considering safety and environment items throughout the business, including safety and environment-related items in the management's regular performance evaluation system. Samsung Electro-Mechanics plans to continue to develop environmental performance indicators and improve the evaluation and compensation system in the future.

### GHG and Energy Reduction Targets

Our commitment is to achieve carbon neutrality by 2050, which entails a comprehensive reduction of GHG emissions across all scopes (1, 2, and 3). Despite internal developments, including the creation of new business divisions and the growth of our overseas corporate plants, as well as external factors like the rising demand for electrical and electronic components, we remain steadfast in our annual energy reduction initiative, and have been reducing GHG emissions progressively by transitioning to renewable energy sources.

In our ongoing efforts to meet annual GHG reduction targets, we focus on enhancing the efficiency of production and utility operations, as well as upgrading to more efficient facilities. We are gradually increasing our investment in renewable energy to further decrease emissions. Our commitment to RE100 since 2022 aligns with our goal of transitioning to 100% renewable energy by 2050, aiming for a complete elimination of Scope 2 emissions by that year. On top of that, we are implementing a facility dedicated to the reduction of Scope 1 emissions from process gas usage. To address any remaining emissions, in addition, we explore offset strategies and try to reduce Scope 3 emissions by reducing business trips and by encouraging teleconferences.

### Disclosure of Scope 3 GHG Emissions GRI 305-3

To manage GHG emissions across the chain, Samsung Electro-Mechanics discloses the data of our Scope 3 GHG emissions generated from all aspects of the business in a transparent manner. We also strive to improve data reliability through third-party verification.

### Resource Circulation Goals ESRS E5-2-20 (b)

Our aim is to obtain zero waste-to-landfill certifications for all business sites by 2025. We will closely monitor waste by type and source to manage generation effectively and expand investments in waste recycling infrastructure to achieve a resource recycling rate exceeding 95%. In addition, we are actively working to achieve a 36.7% water reuse rate by 2030 by focusing on reduction of water consumption, which includes expanding water reuse facilities and investing in the enhancement of water treatment facilities.

## OUR MAJOR CLIMATE ACTIONS

The international community recognizes that achieving carbon neutrality in 2050 is a top priority for companies to minimize the environmental impact on society and limit global temperature rises to less than 1.5 °C. In support of the Paris Climate Agreement goals, Samsung Electro-Mechanics actively participates in climate change response by promoting energy reduction activities in business sites to lower carbon emissions. We also focus on reducing process gas, obtaining carbon footprint certification for products, and transitioning business vehicles to electric vehicles. In addition, to implement the RE100 initiative, we plan to reduce the power used in the manufacturing process as much as possible by introducing high-efficiency facilities, and to convert 100% of our energy consumption to renewable energy by 2050 through the production and use of renewable energy through solar self-generation and the purchase of renewable energy such as REC.

### GHG Reduction Efforts ESRS E1-1-14

We are committed to actively reducing GHG emissions by reducing power and energy consumption, which accounts for more than 90% of our total GHG emissions. Each year, we analyze energy reduction factors and establish GHG reduction targets by leveraging company-wide efforts such as enhancing product productivity, enhancing cost competitiveness, adopting highly efficient energy equipment and technology, and addressing climate change concerns.

#### Reduction of GHG Emissions

(Data coverage : 100%, Unit : tCO<sub>2</sub>e)

Category	2023
Total GHG reductions	96,671
Electricity/Steam	80,527
LNG/LPG/Diesel	11,196
Process gas	4,212
Conference call	736

### Environmental Energy Investments and Operations

We are dedicated to broadening our climate change initiatives by concentrating on strategic investments and operational enhancements within the environmental energy sector. For instance, we upgraded to high-efficiency facilities to minimize power consumption and introduced process gas reduction facilities to curtail GHG emissions.

### GHG Management System in Overseas Business Sites

Samsung Electro-Mechanics' overseas production sites in China, Vietnam and Philippines account for about 70% of the company's total GHG emissions. Accordingly, we regularly monitor GHG emissions of overseas business sites. We strive to systematically manage and collect data in advance in consultation with the department in charge of the amount of GHG emitted when overseas business sites are expanded. Additionally, we actively comply with GHG-related laws and regulations in the countries and regions where our business sites are located. For instance, since our Tianjin business site in China is subject to the Chinese government's GHG emissions trading system, we diligently prepare a comprehensive carbon report on an annual basis.

### Transition of Business Vehicles to EVs ESRS E1-1-16 (b) / (i) / (j)

To advance our commitment to green energy, we aim to transition all business vehicles<sup>1)</sup> to electric vehicles (EVs) by 2030 and are actively working towards this objective. Additionally, we are constructing an EV charging network at our domestic business sites' parking areas, fostering a convenient environment for employees to drive EVs.

1) All purchased/leased vehicles including the vehicles for executives, commuter buses, etc.

### Energy Saving Activities GRI 302-4

To enhance energy efficiency, we establish annual energy reduction targets and engage in ongoing energy conservation efforts, such as the operation of high-efficiency facilities and the enhancement of energy performance, under the guidance of the Energy Task Force. Our company aims for a 5% reduction in energy use relative to the annual energy cost plan. We are also committed to reducing the need for renewable energy conversion through continuous conservation measures. Furthermore, when constructing new facilities, we incorporate energy-efficient designs that meet stringent energy-saving criteria. We strive to minimize energy consumption by evaluating the adoption of high-efficiency energy equipment and innovative renewable energy technologies during the construction or expansion of buildings and plants.

### Transition to Renewable Energy (RE100)

To realize our ambition of carbon neutrality, Samsung Electro-Mechanics became a member of RE100 in 2022 and is actively working towards a complete shift to 100% renewable energy by 2050. In 2023, we secured 139,600 MWh of renewable energy, and we plan to further our contribution to GHG emission reduction by exploring the potential of a direct renewable energy PPA project on idle land at our Busan business site.

#### CASE\_Employee Participation in Global Climate Action Campaigns

In March 2024, we participated in 'Earth Hour', the global climate action initiative by the World Wide Fund for Nature (WWF), to highlight the urgency of climate change and the need for energy conservation. To underscore our commitment, we organized a lights-off event at the residences of our domestic employees. This annual campaign, now in its third year since 2022, also featured an 'Energy Saving Photo' event for our domestic employees, promoting their active involvement in energy-saving practices.

## OUR MAJOR CLIMATE ACTIONS

### Systematic Energy Saving Management System

We have established an energy management system (ISO 50001) to systematically manage energy saving activities for all domestic and overseas business sites. To this end, we analyze energy growth factors every year, set goals, establish reduction activities and verification process standards, and conduct a systematic performance analysis against energy saving goals. To achieve savings goals, we have run an energy saving organization encompassing all departments, including manufacturing, development, equipment, and quality. To institutionalize energy saving efforts within the organization, we incorporate energy use management as a key evaluation criterion within the evaluation framework of the management and also foster management and executive engagement by operating an executive council dedicated to planning and implementing energy saving initiatives based on target-driven promotion challenges.

### Audits on Energy and Energy Saving Task Force

With an aim to identify the types and quantities of energy utilized, as well as areas of energy wastage, we conduct thorough investigations into the factors influencing fluctuations in energy consumption bi-monthly or as required. We then focus on enhancing these reduction factors. As of the end of 2023, the energy saving task force consists of 254 members from various departments such as development, manufacturing, and infrastructure. It operates with a structured hierarchy led by the CSO, extending down to personnel at manufacturing sites. Our approach to energy conservation involves optimizing facility operations by correlating production volumes with manufacturing site outputs, implementing sleep mode protocols, and identifying and executing energy-saving measures. These initiatives are shared across all business sites through a coordinated management strategy. Furthermore, we conduct regular bi-monthly meetings led by the CSO to review energy usage patterns and the progress of energy reduction efforts at each site.

### Training on Energy Efficiency

We provided internal training on performance analysis and the efficient operation of essential equipment such as pure water systems, boilers, and refrigerators. The education included the fundamental training to enhance the proficiency of our operators in energy efficiency (15 departmental leader lectures and job training sessions delivered in 2023) and specialized training to those responsible for calculating the impact of energy-saving tasks.

### Reductions in Energy Consumption through Data Analysis GRI 302-5

To enhance the energy efficiency of our manufacturing process, Samsung Electro-Mechanics has categorized energy consumption according to where it is used and manages energy usage in detail in the product manufacturing process by linking energy usage and production. Through this, we are analyzing production, climate conditions, and energy used, and comparing the results between workplaces to improve energy efficiency. We also used outside air during winter and heat exchangers to deactivate the chillers utilized for clean room<sup>1)</sup> maintenance. By carefully analyzing data, production processes, and facility operations inside clean rooms, we have enhanced energy efficiency without compromising the integrity of our facilities and products. Moreover, for major utility facilities, we introduced load rate management system and analyzed data so that we can use energy differently by time zone, thereby increasing energy efficiency. For facilities that do not directly contribute to production and cannot be powered off completely, Sleep Mode is implemented to effectively reduce energy consumption. When constructing new facilities, we carefully consider the energy perspective and make concerted efforts to incorporate facilities equipped with Sleep Mode.

1) This is an environment where airborne particle concentration is carefully controlled and limited to ensure the seamless operation of processes and facilities and maintain the quality of products. It needs to meet specific requirements such as temperature, humidity, and pressure.

### Our Activities and Expected Results

	Improvement in integrated supply	Improved use of waste heat from heating equipment	Configuration of work environment linked to production volume
Activities	Improving efficiency through integrated supply after the analysis of utility equipment load	Increasing temperature of water by using heat generated during equipment operation	Improving energy efficiency by managing the OFF status and additional operation status of non-operating facilities on a daily basis according to daily unit production changes
Expected results	Reducing power and fuel usage and improving facility maintenance efficiency	Reducing LNG usage	Reducing power usage

# MINIMIZATION OF ENVIRONMENTAL IMPACT

## ENVIRONMENTAL MANAGEMENT POLICY

As environmental awareness grows, regulations are increasingly stringent, making corporate environmental management policies a crucial aspect of sustainable management. Against this backdrop, Samsung Electro-Mechanics has formulated environmental policies in line with environmental laws, compliance obligations, stakeholder expectations, and an understanding of environmental impacts. These policies aim to prevent resource inefficiency, address climate change, conserve ecosystems, and avert biodiversity loss. Our company is actively engaged in various environmental conservation efforts. We have implemented a comprehensive environmental (ISO 14001) and energy (ISO 50001) management system across the company. This system encompasses management and environmental protection plans for the entire product lifecycle, including production, use, disposal, distribution, and logistics. We are committed to managing these activities effectively. All activities are subject to regular monitoring and evaluation to meet the goals of our environmental management system. We continuously support environmental improvement initiatives, maintain communication with stakeholders such as supply chain and outsourcing partners, and provide regular updates to management. Furthermore, we have established a system to consistently identify and adhere to key policies and laws relevant to our business operations.

## Safety, Environment and Energy Policy

Samsung Electro-Mechanics, a global parts manufacturer that provides cutting-edge electronic components to customers, proactively prevents accidents from stakeholders including employees and suppliers 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.

### Strengthening Safety, Environment and Energy Management as Global Level

- We comply with domestic and international laws and agreements related to safety, health, environment, and energy, and set strengthened internal standards and faithfully implement.
- We ensure leadership and active participation of employees to achieve goals, as well as transparency by disclosing policies to stakeholders.

### Practicing Environment and Energy Management

- We take the lead in environmental protection by using environmentally conscious 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.

### Creating a Safe and Healthy Workplace

- 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.

### Win-win Partnerships based on a Safe Environment

- 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

Through its environmental management system, Samsung Electro-Mechanics pursues various activities to prevent negative environmental impacts, protect the environment and promote environmental performance. We operate internal regulations for compliance with the environmental management system, use the PDCA<sup>1)</sup> Cycle to continuously conduct improvements, and consider the environmental impact of new contracts, acquisitions, and mergers. We verify the effectiveness of the environmental management system through an internal examination on a regular basis every year and conduct executive review once a year to ensure the appropriateness, completeness, and effectiveness of the environmental management system. Through this, we assess the degree of achievement of environmental goals, stakeholder communication, and previous measures and determine the impact on the direction of the organization's strategy, the need for changes, and the opportunities for improvement. In order to improve the reliability of the system, we acquired the system certification by having third-party professional certification agencies conduct external screenings.

To operate the environmental management system efficiently and raise the awareness of employees regarding its importance, we provide collective training on environmental management certification requirements, 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. By demonstrating leadership and a strong commitment to environmental management, spearheaded by the CEO, we have successfully integrated management system responsibilities, goal setting, and strategic direction into our business processes.

1) PDCA : Plan, Do, Check, Act

## Global Safety and Environment Management System

To align with global standards and incorporate them into our management practices, Samsung Electro-Mechanics has implemented an environmental (ISO 14001) and energy (ISO 50001) management system. This system oversees the entire product lifecycle and enhances environmental performance through dedicated protection activities. We are diligently working towards these objectives. Our environmental management system guides us in setting and executing goals, as well as managing processes to achieve them. We address significant risks by innovating solutions such as recycling in-house waste for wastewater treatment and optimizing RTO operating conditions to reduce LNG consumption. We are committed to refining our management programs. Furthermore, we set targets to fulfill diverse environmental requirements, including adherence to environmental laws, mandatory compliance standards, and stakeholder expectations, aiming to promote resource efficiency and safeguard the ecosystem and biodiversity. All activities are continuously monitored and evaluated through reviews by internal and external professional institutions, and management reports are regularly conducted to verify the adequacy, sufficiency, and effectiveness of our management system.

## WASTE MANAGEMENT GRI 306-1, 306-3

In our pursuit of environmental sustainability, we set an ambitious target in 2019 to reach a 95% waste recycling rate by 2025. To address the challenge of non-recyclable waste, we continuously refine recycling methods through a monthly company-wide council. Our proactive approach includes quarterly on-site inspections to stay abreast of legal and regulatory changes. We also enhance resource circulation by adhering to in-house waste discharge inspections and separating waste for incineration. To foster a culture of environmental responsibility, we conduct annual training and promotional activities aimed at raising employee awareness. These concerted efforts culminated in us surpassing our goal, achieving a 96% recycling rate in 2023.

### Waste Monitoring and Management Process GRI 306-1, 306-2

We conduct an environmental assessment of waste, encompassing the implementation of new processes and modifications to existing ones, and oversee the entire waste management process from generation to disposal. In our offices, we utilize a 5-tier recycling bin system to segregate waste by material type, and for specific waste categories, we employ a specialized sealed collection bin to enhance discharge management. To avert leakage incidents during transit, we restrict waste discharge to designated times and conduct annual in-person visits to waste disposal facilities, fostering win-win and capacity development with our suppliers.

#### Waste Monitoring and Management Process





## WASTE MANAGEMENT

### Zero Waste-to-Landfill Certification ESRS E5-2-19

In alignment with our strategy to lessen the environmental impact by reducing landfill waste and boosting recycling rates, we aim to secure zero waste-to-landfill certifications at all business sites by 2025. The Zero Waste-to-Landfill certification, assessed by UL Solutions, a globally recognized safety science firm, is awarded in platinum (100%), gold (99-95%), and silver (94-90%) categories, reflecting the proportion of waste recycled and transformed into valuable resources at business sites. This serves as a testament to a company's dedication to resource circulation. With an aim to obtain this certification, we conduct monthly and quarterly consultative sessions across the company to evaluate performance and enhance the management of non-recyclable waste. Consequently, in 2023, all our domestic business sites and our Tianjin site attained platinum level certification, while four out of seven company sites received certification.

### Our Waste Reduction Activities ESRS E5-2-20 (c) / (d)

#### Details of Waste Reduction Activities

Decrease in Waste Generation	Increase in the Waste Recycling Rate	Corporate Social Responsibility Campaigns
Reduced the amount of waste generated by acquiring 7 types of 'circular resource recognition'	Switched treatment type of construction waste from landfill to recycling into cover material	Donated to disadvantaged groups through a milk carton collection campaign in collaboration with local governments
Annually 5,556 tons reduced ·Waste poly film: 4,312 tons/year ·Waste pater: 890 tons/year ·Transparent protective film: 336 tons/year ·Copper foil: 18 tons/year	General waste that used to be landfilled has been treated to be recycled to heat recovery	Donated 540 rolls of toilet paper in 2022 and 510 rolls in 2023

### Improving Waste Treatment Methods ESRS E5-2-20 (e)

We are enhancing the recycling of incineration and landfill waste at our business sites and refining waste disposal methods, thereby contributing to management through effective waste segmentation. A significant improvement initiative includes domestic business sites converting waste alkalis and acids into chemicals for wastewater treatment, while overseas sites repurpose construction waste as materials like road building aggregate and cement. For instance, the Suwon and Sejong plants recycle the waste generated during the process, utilizing it as a pH adjuster and coagulant in their wastewater treatment facilities, thereby minimizing reliance on new resources.

#### Waste Treatment Methods Improvements

Region	Improvement details	New processing method
Suwon	Reuse of wastewater treatment chemicals using waste alkali	Recycling → Reuse
Sejong	Reuse of wastewater treatment chemicals using waste acid	Recycling → Reuse
Gaoxin	Conversion of incinerated designated waste to the heat recovery incineration	Incineration → Heat recovery recycling
Philippines	Stricter separation for recycling in discharge of construction waste to be landfilled	Landfill → Recycling
Vietnam	Conversion to recycling of raw materials such as industrial waste	Heat recovery recycling→ Recycling

### Reduction of Disposable Product Use ESRS E5-2-AR 11

To realize our goal of 'Zero Usage of Disposable Products,' we transitioned to paper and canned beverages in place of plastic packaging and PET drinks in the company cafeteria and replaced take-out plastic bags with reusable eco bags. Our in-house cafe and 'Himnae Bar' now offer canned drinks and paper cups. We've also launched the 'Miracle Routines: Small Habits that Save Us and Save The World' campaign to promote the separate collection of milk cartons within the company. Since 2020, in partnership with Suwon City Hall, we have been exchanging waste tissues for roll tissues based on milk carton recycling performance. Additionally, we contribute to socially disadvantaged groups annually. These efforts led to the collection of 450kg in 2020, 970kg in 2021, 1,080kg in 2022, and 1,020kg in 2023, which was then donated to sponsors in exchange for 510 rolls of toilet paper.

#### Streamlining the Use of Resources

To minimize transportation volume and wastes, we optimize packaging box space by standardizing packaging material dimensions and reducing disposable packaging use, promoting resource conservation through reuse and recycling. This approach extends to customer products, as well as materials and products exchanged with raw material suppliers and overseas corporations.

Recognizing the impact of non-localized packaging materials on sea and air logistics costs, we prioritize localization. Following the expansion of our Vietnam site, we localized 18 packaging material types for new product mass production, resulting in KRW 1.2 billion in logistics savings from reduced sea and air transport. We will continue to push forward localization in our overseas production processes.

### Investments to Minimize Waste

We invested about KRW 2 million to a project aimed at recycling waste stripping solution for use as a pH adjuster in wastewater treatment plants and invested around KRW 40 million in a new wastewater sludge mixing treatment process to decrease landfill volume.

Furthermore, we invested KRW 537 million in a project to minimize waste chemical emissions by replacing pure water production equipment wholesale within the manufacturing process.



## WATER RESOURCE MANAGEMENT

GRI 303-1, 303-5, ESRS E3-2-17

Samsung Electro-Mechanics is operating a water reuse improvement plan to meet our goal of a 36.7% water reuse rate by 2030. By recycling concentrated water, washing water, and effluent water previously discharged as wastewater, we achieved a reuse of 9.78 million tons in 2023, surpassing our water reuse target of 7.58 million tons by 2.2 million tons. Additionally, we are investing in the enhancement of water treatment facilities to assess associated risks and uphold water quality standards. To ensure prompt action during water outages, we have implemented response strategies such as utilizing storage capable of sustaining operations for over 12 hours and securing multiple suppliers. We systematically monitor the status of workplace water resources and promptly report any identified improvement areas to management for immediate action.

### Efforts to Reduce Water Resource Usage

We recognize that water resources are essential for product manufacturing and business operations and constantly strives to practice efficient water resource management and improve water reuse rates. To enhance the reuse of water in our manufacturing processes, we have expanded water reuse facilities at both domestic and overseas business sites. As a result, the water reuse rate has increased from 26.1% in 2022 to 31.9% in 2023.

#### Our Activities to Reduce Water Resource Usage

Facility Improvement	Water Reuse Performance in 2023
Expansion of washing water reuse facilities at Suwon business site	More than 7,000 tons per year
Establishment of new process es at Sejong business site	More than 66,000 tons per year
Expansion of RO concentrated water reuse facilities at Sejong business site	More than 397,000 tons per year
Expansion of RO concentrated water reuse facilities at Busan business site	More than 763,000 tons per year

## ENVIRONMENTAL POLLUTANT MANAGEMENT

ESRS E2-1-15 (b) / (c), E2-2-18, E2-3-22

### Water Pollution

GRI 303-2, 303-4, ESRS E2-2-AR 15, E2-23 (b)

We oversee the entire wastewater management process, from its generation at the manufacturing site through to the final treatment and discharge stages. Regular self-analysis is conducted to ensure consistent water quality in the treated effluent. When necessary, the concentration of water pollutants is managed through external analysis, ensuring that it remains, on average, 30% below the legal standards. Additionally, we proactively respond to relevant regulations by regularly monitoring changes in laws, adopting new technologies, and making strategic investments in facilities.

In 2022, we expanded the use of chelating resin to easily remove, separate, and enrich heavy metals in wastewater from the Suwon business site. At the Sejong site, we have taken steps to improve wastewater treatment efficiency by implementing a demonstration facility that employs the Membrane Bio-Reactor (MBR) method in 2023. Furthermore, the Busan site is incorporating innovative technologies like an evaporation concentration system to lower the organic substance concentration in wastewater treatment water. Meanwhile, the Suwon site is releasing treated water into the Woncheonri Stream, ensuring the local ecological rivers remain hydrated.

### Air Pollution

ESRS E2-3-23 (a)

We are continuously enhancing air pollutant treatment efficiency by implementing and managing advanced prevention facilities, thereby improving air quality and reducing the environmental footprint of our business sites. Specifically, for pollutants with high concentrations that pose treatment challenges, we utilize a Regenerative Thermal Oxidizer (RTO) to meet the legal standard by an average of 30%. Concurrently, we conduct environmental reviews in tandem with plant expansion plans to ensure pollutant discharge remains within acceptable limits. Our air pollution prevention facilities are equipped with monitoring systems to oversee real-time operations and swiftly address any issues.

On top of that, we actively engage with the government's environmental conservation initiatives by entering into voluntary agreements on fine dust reduction, formulating our own action plans, and participating in efforts to curtail fine dust emissions. This includes measures such as controlling air emissions, regularly inspecting prevention facilities, and optimizing operational rates to contribute to cleaner air.

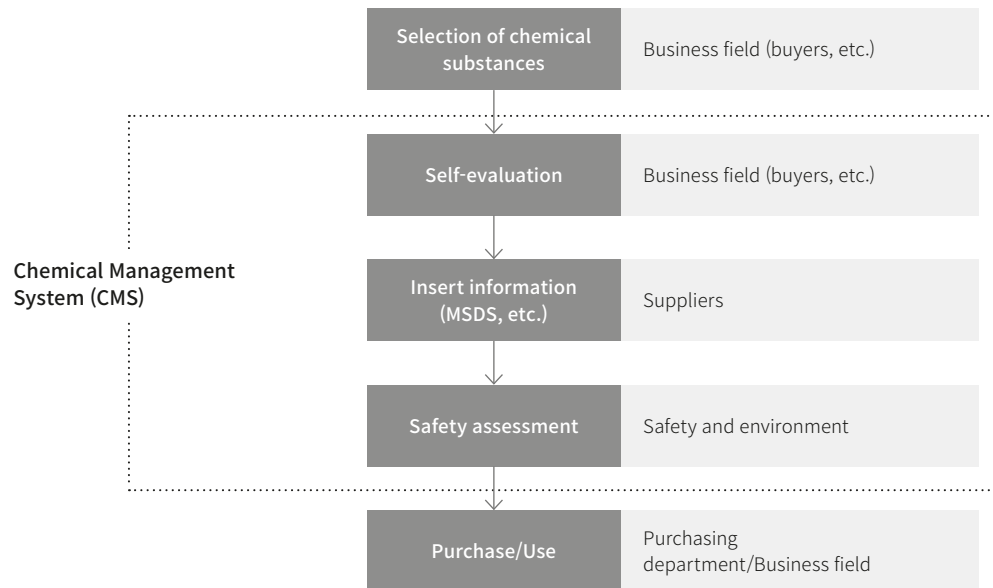
# HAZARDOUS SUBSTANCES MANAGEMENT TC-HW-410a.1

## Hazardous Chemicals Management Strategy

We are dedicated to creating a secure and enjoyable work environment by meticulously managing hazardous chemicals and highly toxic substances. We have obtained the requisite authorization to manage chemicals as per the Chemical Substances Control Act at our domestic sites, ensuring that all chemical purchases adhere to legal requirements through the Chemical Management System (CMS) prior to acquisition. Furthermore, we have formed a quarterly committee tasked with evaluating the toxicity of hazardous substances, with the goal of minimizing their use and reducing risks by discontinuing high-risk substances in our operations or formulating and implementing plans to replace them with safer options.

To keep our chemical substance data current, we reviewed approximately 220,000 databases in 2023 and updated information on 34,142 chemical substances. Additionally, we conducted annual training for 11,302 individuals involved in handling or managing hazardous chemicals to enhance their understanding of chemical management practices and associated hazards. We are also actively fulfilling our duty to inform administrative bodies and the comprehensive chemical information system, ensuring harmonious coexistence with our local community.

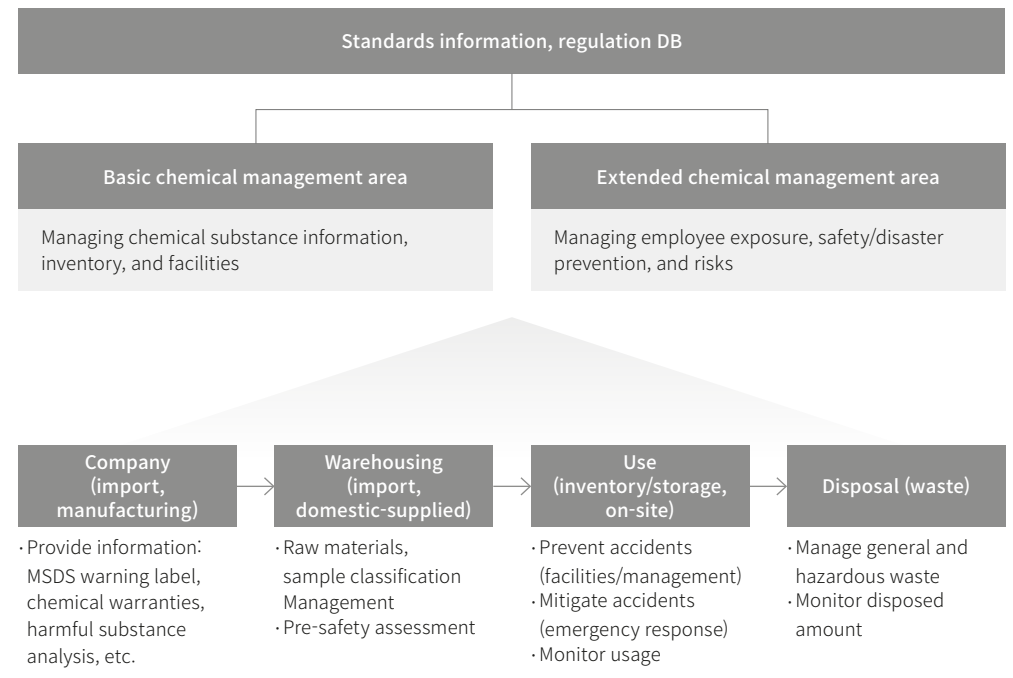
### Hazardous Chemicals Management Process



## Hazardous Chemicals Verification Process

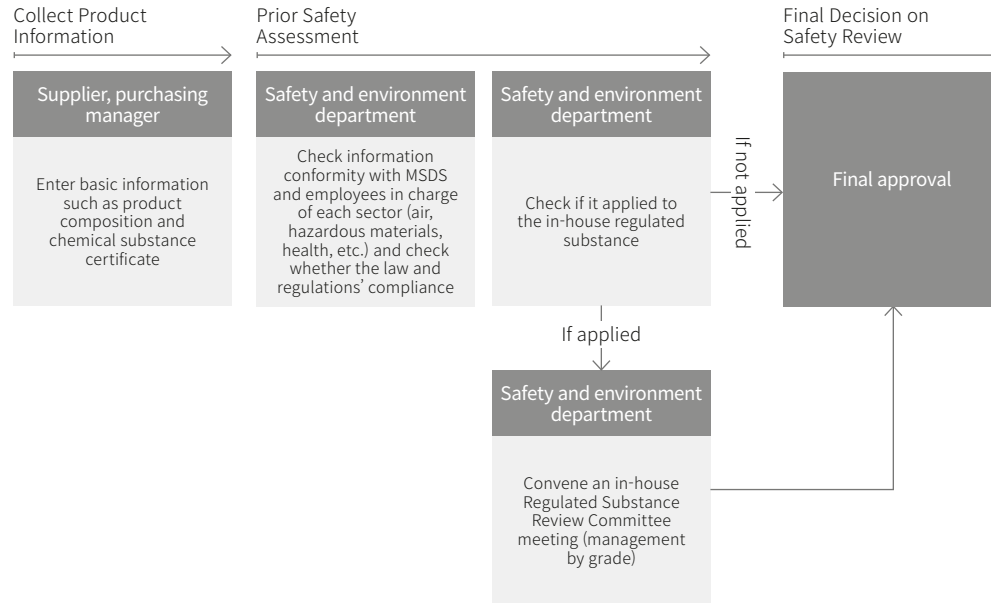
We conduct thorough safety assessments for all chemicals entering through our chemical management system. Each chemical must receive safety assessment approval prior to use, with highly hazardous chemicals designated as restricted substances managed based on their risk ratings. Moreover, we have established a Regulated Substance Review Committee to enhance employee health by addressing the dangers and risks associated with chemical substances. This committee performs a risk assessment on CMR substances (Carcinogenic, Mutagenic, Reproductive toxicity) from the moment they are introduced. If deemed high-risk, we implement measures such as material substitution and facility sealing to fundamentally prevent exposure. We also establish and enforce health and safety protocols, including local exhaust ventilation and automation, to manage and minimize exposure risks.

### Hazardous Chemicals Verification Process



## HAZARDOUS SUBSTANCES MANAGEMENT

### Safety Assessment Process



## BIODIVERSITY MANAGEMENT

### Biodiversity Conservation Policy

We acknowledge the influence of its operations on the ecosystem, particularly in the regions where our business sites are situated. We are committed to ecosystem preservation by reducing adverse effects on biodiversity. We entered into a 'Joint Declaration on Conservation of Biodiversity and Sustainable Use' with government entities, leading to the creation and implementation of our internal biodiversity conservation policy. Furthermore, we are broadening our forest conservation efforts by incorporating a no-deforestation policy into our supply chain code of conduct. We aim to protect and rehabilitate ecosystems impacted by our activities and refrain from conducting operations in areas designated for biodiversity conservation, such as national parks and greenbelts, thereby positively affecting local biodiversity.

Moreover, to combat deforestation, we actively reduce tree clearing at and near our business sites, and in instances where deforestation is unavoidable, we commit to ecosystem restoration through reforestation efforts.

### Basic Principles and Code of Conduct for Biodiversity Conservation

Basic Principles	We actively promote ecosystem conservation activities through recognizing the impact by biodiversity and minimizing negative impact on biodiversity
Code of Conduct	All employees shall recognize conservation of biodiversity as an important management value
	We analyze and assess our impact on biodiversity and strive to minimize negative impact
	We implement various activities for conservation of biodiversity that accommodate local specificities
	We shall continuously engage with stakeholders and local communities and contribute to biodiversity conservation
	We shall cooperate in industrial efforts for sustainable uses of biological resources
	We shall consider biodiversity conservation in our decision-making process

### Six Principles of the Joint Declaration on Biodiversity

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

# BIODIVERSITY MANAGEMENT

## Biodiversity Monitoring and Activities for Conservation

GRI 304-1, 304-2, 304-3, 304-4, ESRS E4.SBM-3-16 (a) ii. / (c), E4.IRO-1-17 (a), E4-3-27, E4-5-35

We have mapped the ecological characteristics and habitats of endangered species at our domestic bases using government-provided biodiversity and endangered species data. The National Institute of Ecology's map, as supplied by the Ministry of Environment of Korea, indicates that our area is not within an ecology and nature management zone. Nonetheless, given its proximity to a grade 2 ecological area, we are actively working to lessen our impact on the adjacent ecosystem. Utilizing the Exploring Natural Capital Opportunities, Risks Exposure (ENCORE) tool, which adheres to industry classification standards, we assess our reliance on natural capital and its potential effects. Our analysis, based on standards for the electrical and electronic component industry, reveals a reliance on resources like groundwater and surface water, with a moderate to high risk of contributing to water pollution and waste generation. We maintain water and air quality at levels below 30% of the domestic workplace law standards and are dedicated to reducing any potential environmental impacts from our industrial activities by increasing our waste recycling efforts.

Additionally, we conduct annual analyses and monitoring of the ecotoxicity in rivers adjacent to our Suwon and Sejong business sites via an external professional organization, ensuring early detection of any potential ecosystem impacts. In response to domestic forest fires, we have collaborated with an international NGO to plant 2,000 pine trees in Gangneung's fire-affected areas and are engaged in various ecosystem conservation efforts, including the establishment of an ecological park near our business site and the removal of invasive species. To promote biodiversity within our supply chain, we are broadening conservation initiatives by integrating biodiversity and deforestation prohibition clauses into our partners' codes of conduct, aiming for zero net deforestation by 2050. We are committed to mitigating the adverse effects of our business activities on nature through a biodiversity mitigation hierarchy, minimizing confirmed impacts, and restoring affected biodiversity.

### Endangered Species in Domestic Business Sites

Suwon	6 types of birds, 2 types of amphibians, 1 type of plant
Sejong	3 types of mammals, 14 types of birds, 2 types of fish, 2 types of amphibians and reptiles, 2 types of insects
Gangseo-gu, Busan	3 types of mammals, 30 types of birds, 1 type of amphibian, 3 types of plants

### Improvement of Ecological Environment at Woncheonri Stream

We strive to enhance the ecological environment by treating the effluent released into Woncheonri Stream, which flows near our Suwon business site. Our Suwon site employs a three-stage water purification process to safeguard the nearby ecosystem, with the concentration of contaminants in the treated water being closely monitored in real-time. The stream's water quality has improved by approximately 16% in terms of suspended solids removal, and measures are in place to prevent the drying of Woncheonri Stream. Looking ahead, we aim to broaden our environmental protection initiatives within the local community, building on the ecosystem restoration efforts of Woncheonri Stream.

### Ecosystem Conservation at Sohwang Sand Dune

The Sohwang Sand Dunes, situated in Chungcheongnam-do near our Sejong business site, have been designated by the Ministry of Environment since 2005 for their exceptional environmental conservation value, serving as a habitat for endangered species, wildlife, and natural monuments. Notably, it stands as the sole undamaged sand dune along the West Coast, representing a vital ecological and landscape conservation area. Collaborating with the Geumgang River Basin Environmental Office, Boryeong City Sustainable Development Council, and Samsung affiliates in the Chungcheongnam-do region, we are committed to preserving the ecosystem and the diverse flora and fauna of endangered species such as yellow-billed egrets, black-fronted plovers, sandy borage, and sunbeam trees that call the Sohwang Sand Dunes home. We have established a Memorandum of Understanding and are actively engaged in initiatives like the eradication of invasive plants and the maintenance of ecological trails to support these efforts.

### Purification of Rivers nearby Business Sites

In our efforts to conserve the ecosystem of Woncheonli Stream, a key river in Suwon adjacent to our business site, we partner with Suwon City Hall and various NGOs. Annually, we undertake stream cleanups and vine planting initiatives. Furthermore, we are actively engaged in safeguarding the Suwon tree frog, an endangered species, and in the preservation of the local river ecosystem.

## Biodiversity Risk Assessment Process

### Identification of Species nearby Our Business Sites

We conducted a biodiversity risk assessment at our Suwon business site utilizing biogeographic information services from the Korean Ministry of Environment. The evaluation revealed that the site within a 1km radius is home to approximately three biological groups, none of which are classified as endangered species.

### Environmental Impact Assessment of Site Boundaries

In November 2023, we performed an environmental impact assessment at 10 locations surrounding our business sites, evaluating air and water quality, noise, vibration, and odor. Our analysis of the effluent's water quality and the river's water quality before and after effluent discharge confirmed compliance with domestic environmental standards. Notably, the river water quality improved post-discharge, with Total Organic Carbon (TOC) levels decreasing from 2.8 to 2.7 and suspended solids (SS) levels from 2.4 to 2.0. We are committed to ongoing environmental impact assessments, ecological monitoring around our business sites, and efforts to mitigate biodiversity risks.

# PRODUCT STEWARDSHIP

## Product Environment Response System

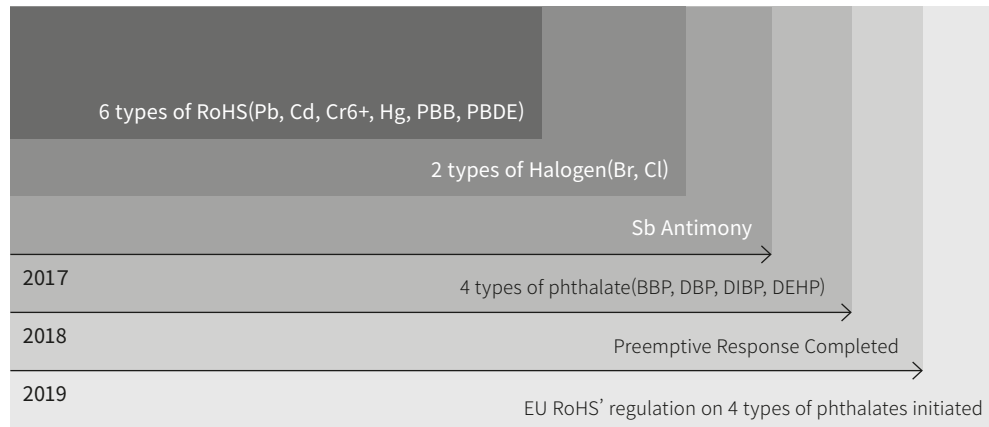
We consistently convene a consultative committee joined by persons in charge of product environmental regulation, including development, quality, and purchasing, to stay attuned to and share global trends in product environmental regulation and customer requirements. Furthermore, in our efforts to update internal product environmental regulations, we are enhancing our management standards and competencies for environmentally hazardous substances through targeted content dissemination and educational initiatives.

## Management of Hazardous Chemicals in Products

Samsung Electro-Mechanics complies with international product environmental regulations, including the EU's RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization & Restriction of Chemicals) directives. By setting our own management standards, we aim to minimize the use of environmentally hazardous substances from the earliest stages of product development and research. Since achieving RoHS Free status in 2006, we have implemented an environmentally hazardous substances management system (GPS, Green Purchase System), established a comprehensive database of hazardous substances within our supply chain, and systematically managed them. Our focus includes the EU RoHS 10 substances (Cd, Pb, Hg, Cr6, PBBs, PBDEs, BBP, DBP, DEHP, DIBP), as well as REACH SVHC (Substance of Very High Concern) and halogens. We actively manage substances that could adversely affect human health and the environment, such as antimony and beryllium. We plan to make voluntary reduction efforts for SVHC candidate substances by 2030.

### Strengthening the Management of Hazardous Substances in Products

GRI 416-1, TC-HW-410a.1



### Process of Hazardous Substances Management

	Development	Purchasing	Quality Control	Safety and Environment
<b>Design</b> Design environmentally conscious products	Review hazardous substance content	Spread product stewardship standards to suppliers		Notify the sector in charge of hazardous Substances management standards
<b>Approval</b> Conduct preliminary environmental review	When approving components, approve hazardous substance review results	Obtain information of raw materials and analysis report for raw materials from suppliers	When approving components, reach consensus on hazardous substance review results	
<b>Mass-Production</b> Inspect hazardous substances in materials		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
<b>Shipment</b> Inspect hazardous substances in products			Sample hazardous substances to inspect products for shipment	

### Substance Analysis System GRI 416-1

We utilize basic analysis equipment to swiftly detect the presence of environmentally hazardous substances in raw materials provided by our partners. Substances such as Pb (lead), Cd (cadmium), Cr6 (hexavalent chromium), Hg (mercury), Br (bromine), Cl (chlorine), and Sb (antimony) are subject to regular scrutiny. Should a product test positive for these substances, we engage an external, certified analysis testing agency to perform a comprehensive examination for precise confirmation. The results are meticulously recorded and managed via our proprietary material analysis system.

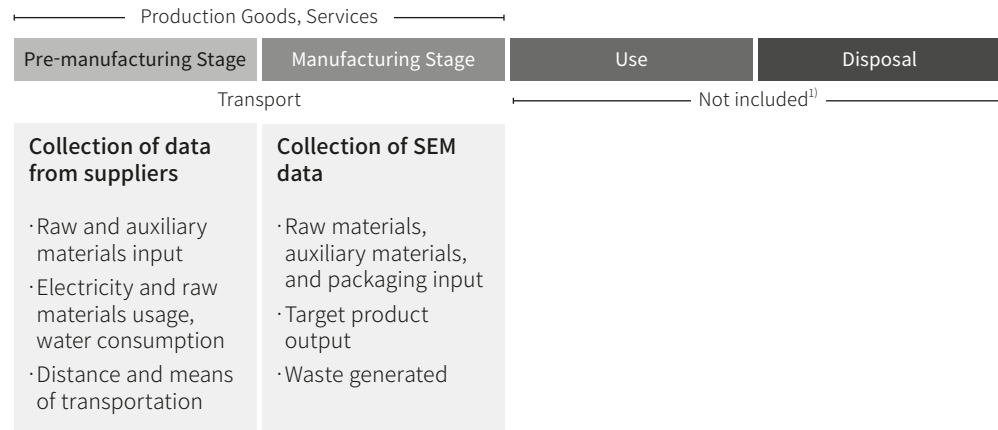
### Hazardous Substance Management at the R&D Stage

We review the use of environmentally hazardous substances from the product development and research stage in order to comply with global product environmental regulations. Our self-imposed management standards guide us to prevent human exposure to these substances, ensuring thorough oversight throughout all phases, from initial development and design to implementation, verification of completion, and final deliberation stages.

## Life Cycle Assessment (LCA) ESRS E5.IRO-1-11 (a)

As a B2B manufacturer and supplier of parts, Samsung Electro-Mechanics adheres to the guidelines of the Korea Environmental Industry & Technology Institute under the Ministry of Environment for environmental product labeling. We manage the carbon footprint from the pre-manufacturing supply chain stage through to the manufacturing stage at our facilities. With a growing demand from business partners for carbon information at both the site and product levels, we are developing methods to calculate our carbon footprint and constructing a database for each product to ensure systematic and responsive reporting.

### Life Cycle Assessment Process



1) As a Business to Business (B2B) company, we calculate environmental impact only up to the manufacturing stage.

## Environmental Labels and Declarations

We are actively engaged in a range of initiatives aimed at reducing energy consumption and process emissions to achieve our 2050 carbon neutrality target. In pursuit of carbon footprint certification, we strive to assess and openly communicate the environmental impact throughout the product lifecycle. Having secured Environmental Product Labeling certification for the first time in the MLCC industry in 2010, we have since certified 6 products (4 MLCC, 2 BGA) in 2023, bringing our total to 17 certified products. We remain committed to increasing the number of products with this certification.

## Green Purchase System

We implement a green purchase system to manage hazardous substances in our products effectively, ensuring prompt and accurate responses to customer inquiries and providing environmentally responsible products. Suppliers of raw materials are required to provide chemical information, Material Safety Data Sheets (MSDS), and detailed analysis reports of hazardous substances through our green purchase system, demonstrating compliance with our management standards. Should suppliers fail to meet these standards, we request improvements. In addition, we prioritize the acquisition of eco-labeled products and actively minimize the environmental impact of product use by managing and reporting our performance annually to government agencies.

## Product Stewardship of Suppliers

We conduct annual training for product environment managers to bolster the supply chain's proactive engagement with product environmental regulations. The training covers the latest developments in the product environment sector, including global product environmental regulations and management standards for environmentally hazardous substances. It also emphasizes the significance of adhering to product environmental regulations through instruction on our in-house systems and fortifies our company's internal management standards for environmentally hazardous substances.

We offer biannual training sessions to our suppliers. In 2023, we provided training for 60 companies and 82 individuals. We aim to foster shared growth and enhance the capabilities of our suppliers.

# SUSTAINABLE PEOPLE

Labor and Human Rights	44
Corporate Social Responsibility	65
Customers and Suppliers	70

# LABOR AND HUMAN RIGHTS

## ORGANIZATIONAL CULTURE

### Welfare Programs Tailored to Employees' Life Cycles GRI 401-2

Our comprehensive welfare benefits cover both permanent and contract employees. In addition to statutory benefits such as the four major insurance schemes, we offer a wide range of welfare programs that address all aspects of employees' lives, including living, cultural, and medical needs. These benefits include welfare points, vacation facilities, childcare support, dormitory accommodation, various lifestyle and cultural perks, medical expense coverage, comprehensive health check-ups, an in-house clinic, and a mental health care center. Furthermore, we have an illness support system to assist eligible employees suffering from severe diseases such as heart disease and cancer. However, some benefits aimed at long-term employment may vary depending on the length of service and the duration of non-regular contracts.

Additionally, to enhance employee growth and job satisfaction, we provide welfare programs tailored to employees' life cycles. During their tenure, employees and their families benefit from support for social club activities, health check-ups, and children's tuition assistance. For a stable post-retirement life, we offer retirement planning programs for employees aged 50 and above.

Employment	Self-development	Vacation facilities, social clubs, wellness programs (in-house fitness center), long-serving employees rewards, life-changing meditation program.
	Parenting support	Maternity support, in-house childcare facilities, medical expenses for children
	Health care	Medical check-ups, support for treatment of three major severe diseases (stroke, cancer, heart disease), life and medical insurance, caregiver leaves
	Financial planning	Guarantee insurance, children's tuition assistance, comprehensive financial consulting on personal finances, tax, and debt
Retirement	Personal pension / retirement support	Personal pension support, retirement pension, retirement plan, comprehensive financial consulting on personal finances, tax, and debt

### Health care GRI 403-6, S1-11-74 (a)

We operate an in-house fitness center to promote employee health. We also provide regular health check-ups for employees and their spouses to proactively prevent diseases and work-related illnesses: every four years for employees in their 20s, every two years for those in their 30s, and annually for those in their 40s and above. Additionally, we offer group health insurance to all employees, covering medical expenses for both inpatient and outpatient treatments within the policy limits. For employees diagnosed with one of the three major critical illnesses (stroke, cancer, heart disease), we provide up to KRW 10 million in illness support and cover the full cost of treatment without any limit. If an employee's child is diagnosed with a severe illness, we offer KRW 20 million in illness support. Beyond financial assistance for treatment, we also offer caregiver leave for employees who need to care for a family member undergoing major surgery or requiring extensive medical care.

### Parenting and Family Care Support

We support employees with childbirth, childcare, and family care needs. Through our flexible working hours system, employees can efficiently manage their time for parenting and family care. Female employees can take maternity leave before and after childbirth, infertility leave, and utilize resting, breastfeeding and nursing spaces. Male employees are also entitled to infertility leave and up to 15 days of paid paternity leave. Employees with children receive various benefits, including tuition assistance, educational expenses, and gifts for school entry and college entrance exams. Notably, employees with children with disabilities receive full tuition support. Additionally, we host family-friendly events such as Children's Day celebrations and employee family camps to help our employees strike a balance between work and family life.

### Parenting and Family Care Support by Life Cycle

Life Cycle	Support
Preparation	Health leave, medical expense support for infertility, infertility leave, leave of absence for infertility
Pregnancy	Mommy leave, parental leave, reduced working hours during pregnancy, prenatal check-up leave, maternity leave, nursing spaces (mother's room)
Childbirth	Maternity leave, paternity leave, leave for miscarriage or stillbirth, congratulatory cash gifts for childbirth or adoption, birth celebration gifts, family allowance for wage-earning employees, child medical expenses, nursing spaces (mother's rooms)
Childcare	Parental leave, reduced working hours during childcare, family care leave, tuition support for childcare center, kindergarten, middle and high school, university, tuition support for children with disabilities, illness support



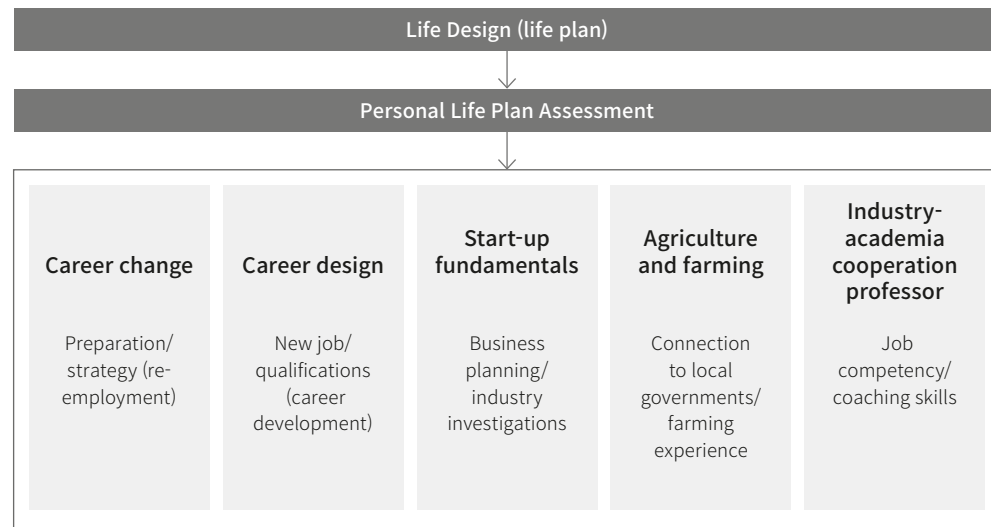
## ORGANIZATIONAL CULTURE

### Post-retirement Support GRI 404-2, ESRS S1-11-74 (b) / (e)

To assist employees in planning for their post-career phase and ensuring a secure retirement, we offer a diverse range of retirement support programs. These include (optional) personal pension plans, retirement pension support, career counseling, opportunities for re-employment, and avenues for entrepreneurship. We provide ongoing financial consulting to aid employees in crafting stable life plans. Specifically tailored to employees in their 40s and beyond, we provide a life-changing meditation program. Employees in their 50s and older benefit from a dedicated retirement planning program. We aid retirees in job search endeavors, assisting with resume writing, and conducting interview practice sessions. Furthermore, we operate a start-up support program spanning from guidance on selecting business items, developing business plans, and navigating the process of business registration. Additionally, our offerings encompass initiatives to facilitate transition to rural farming communities, specialized executive programs, and academia-industry collaboration professors.

Retirement Pension	Provide to all employees who have worked for over one year
Personal pension	For the employees who signed up for a personal pension at the time of employment, the company partially supports their personal pension.

### Plan for Re-employment and Second Life



### Optional Employee Benefits ESRS S1-11-74 (a)

We provide an optional benefits program, empowering employees to tailor their benefits to suit their lifestyle. Through this program, employees can redeem their annual wellness points for a range of optional items, including clothing, groceries, access to sports centers, medical check-ups, travel opportunities, performances, and more.

### Self-directed Work System ESRS S1-11-74 (d)

To enhance employees' work efficiency and work-family balance, we offer a self-directed work system that empowers employees to independently choose their working hours based on their lifestyle and job requirements. This flexible approach allows for adjustments in commuting times and work hours to accommodate employees' preferences, including the option to work from home for added flexibility. Additionally, we operate a system that allows anyone who are pregnant or in need of child care, family care, and personal care can opt to shorten their working hours during the week than what is deemed full-time employment if needed in order to protect motherhood and support work-family balance. As part of this system, we implement Home Run Day, mandating employees to leave work on time twice a month, which is particularly beneficial for those with children, helping to support their work-life balance. Additionally, we are implementing work smart by introducing the hourly leave system and operating a system that can manage individual's working hours and vacation plans.

### Work Environment Support

We are dedicated to maintaining an optimal work environment that enhances employee efficiency and engagement.

#### Support Programs

Dormitories	<ul style="list-style-type: none"> <li>• Provided to employees based on in-house standards and individual needs</li> <li>• Free access and unrestricted rest</li> <li>• Regular semi-annual fire and earthquake evacuation drills</li> </ul>
Cafeterias	<ul style="list-style-type: none"> <li>• Staffed with professionals (including nutritionists and cooks)</li> <li>• Offering a total of four complimentary meals per day (breakfast, lunch, dinner, and a night meal), featuring diverse Korean, Chinese, and Western cuisine options, as well as healthy choices and monthly special menu events are provided for additional entertainment in their dining experience</li> <li>• Monthly food safety inspections ensure hygiene and safety standards are met in our dining facilities.</li> </ul>

# ORGANIZATIONAL CULTURE

## Mental Health Care Center

Our Mental Health Care Center is staffed by certified professionals dedicated to psychological counseling. We offer a wide range of services including individual counseling, educational programs for couples and children, workplace leadership coaching, psychological testing, on-site visits to manufacturing facilities, and department-level counseling initiatives. To further support our employees' well-being, we provide meditation programs through dedicated in-house meditation rooms and external meditation education providers. In order to enhance the accessibility of our counseling services, we offer online channels such as dedicated messengers, mobile applications, and video counseling. Additionally, we provide 24-hour telephone counseling for emergency situations.

### CASE \_ Departmental Gatekeeper

We offer mental health training to designated 'gatekeepers' within each department, both domestically and internationally. These gatekeepers serve as counselors, providing support and guidance to their colleagues. Through consistent dissemination of mental health information, we exemplify an elevated standard of employee mental health management.

## Horizontal Organizational Culture ESRS S1-2-AR 25 (c)

### Employee-centric, Bottom-up Approach, and Horizontal Communication and Engagement

We foster a bottom-up culture that prioritizes employee input and promotes horizontal communication within our organization. In pursuit of this goal, we introduced a direct communication channel between employees and the CEO, known as the Townhall Meeting, where open and casual dialogue is encouraged, in 2023. Furthermore, in celebration of our 50th anniversary, the My Innovation Task Force was formed through voluntary participation of employees, aimed at cultivating a self-driven work culture. Various initiatives are being planned and executed under this framework.

### CASE \_ Townhall Meeting

In our commitment to transparent communication within the organization, we actively conduct CEO Town Hall Meetings. We hosted a total of 20 town hall meetings across our Suwon, Sejong, and Busan business sites, beginning with the Electronic Device Business Team in February 2023, with about 150 employees attending each time. The employees' response was overwhelmingly positive, highlighting the opportunity to engage in candid dialogue and to listen, about the company, business, and future endeavors from the CEO through on-the-ground communication.

### Communication with Employees

Monthly Board Council	<ul style="list-style-type: none"> <li>• Monthly GWP Board Council to deliberate user's agenda with workers</li> <li>• Composition and deliberations of the Board Council               <ul style="list-style-type: none"> <li>① Trust Board : All systems related to HR, training, salary, and benefit standards</li> <li>② Fun Board : Employees' social contributions, support for illness, and activities to revitalize the organization</li> <li>③ Pride Board : Company-wide welfare facilities, improving the working environment, and enhancing productivity /competitiveness</li> <li>④ Women Board : Improvement of overall welfare facilities related to female employees and HR system</li> </ul> </li> </ul>
Hanulim's Suggestions	<ul style="list-style-type: none"> <li>• The Hanulim Council, the representative of the workers' side, constantly gather complaints on infrastructures and work-related inconveniences from employees.</li> <li>• Within 24 hours of the reception, the issue is addressed after a discussion with relevant departments in the company.</li> </ul>
SEM Talk	<ul style="list-style-type: none"> <li>• In-house anonymous message boards</li> <li>• Open for all employees to post</li> </ul>

### Bottom-up Initiatives through RiGHT© Challenge

As part of our employee-centric organizational culture innovation project, we engaged more than 200 employees from diverse levels in establishing our mission, vision, and core values through an eight-month workshop in 2020. In 2021, we conducted Deep Dive workshops by business department to delve into specific topics relevant to each department. In 2022, we organized a company-wide contest to create 20 core value emoticons that best exemplify the actions and slogans encapsulating RiGHT©, which are now widely utilized in our internal messenger platform. In 2023, we furthered our commitment by conducting a self-assessment event, aimed at gauging the implementation level of our core value 'Respect All' and fostering a personal commitment to the use of respectful language.

### Spreading Creative Leadership

We have been conducting leader workshops focused on organizational culture, acknowledging the pivotal role leaders play in driving cultural change. In 2023, we launched programs aimed at fostering inclusive workplaces by raising awareness of cognitive diversity. We endeavor to foster positive interactions between leaders and team members, while cultivating an open organizational culture where individuals recognize and understand the diversity in behaviors and preferences among their peers.

### The 'Leader and Colleague for All' Awards

We commend employees who have contributed to cultivating a positive organizational culture through their effective communication and collaboration. Winners are presented with prizes, plaques, or framed certificates, as well as flowers, during the company's founding anniversary celebration. Additionally, recipients receive extra performance points for their exemplary leadership.

# ORGANIZATIONAL CULTURE

## Creating a Culture of Mutual Respect and Appreciation

To cultivate a workplace culture where compliments, recognition, gratitude, and encouragement thrive in our daily interactions, we implemented an online compliment message board named SEMQ<sup>1)</sup>. This platform enables employees to share peer-to-peer compliments and express appreciation towards their colleagues, fostering a virtuous cycle of positivity and nurturing a culture of recognition within the organization. In 2023, a total of 10,131 domestic employees participated, resulting in 93,699 compliments exchanged.

1) SEMQ: Grounded in our core value of 'Respect All,' this compliment message board serves as a platform for expressing recognition and gratitude to their colleagues, peers, and superiors.

## Employee Job Satisfaction

In our endeavor to create a workplace where employees want to work, we conduct an annual survey on employee satisfaction (SCI, Samsung Culture Index), analyzing the results from various perspectives to gain insights for improvement. We have transformed the job satisfaction survey into an organizational health assessment, which we have been conducting since 2022. This survey is divided into three areas: pleasant work, co-workers, and company pride, to comprehensively measure their satisfaction. In 2023, we observed an increase in all indicators across 12 categories in these three areas compared to the previous year. On the other hand, we have managed the survey results from the perspectives of trust<sup>1)</sup>, motivation<sup>2)</sup>, stress<sup>3)</sup>, and job satisfaction<sup>4)</sup>. The results are shared with employees, followed by feedback on the results to the leaders by group so that they can identify areas for improvement. In addition, multifaceted efforts are being made to enhance our organizational culture through upward evaluation and peer assessment, honorific survey, and the survey on the degree to which core values are embedded. The results of the surveys are utilized to analyze the current status, and predict and diagnose the future in advance. We also strive to address employees' VOCs (Voice of Customers) and identify areas for improvement, incorporating the commitments to establishing working conditions and a corporate culture satisfying all employees into our policies.

1) Trust 76.0 points  
2) Work engagement 79.6 points, Growth 73.6 points, Performance 78.4 points  
3) Cooperation 78.4 points, Respect 79.5 points  
4) Job satisfaction 77.4 points

## Organizational Health Index (Domestic) (2023)

(Data coverage : 100%, Unit : Score)

### 12 items of Organizational Health Index Survey in 2023

Pleasant work		Co-workers		Company pride	
Engagement	Growth	Cooperation	Performance	Trust	Fairness
Efficiency	Job satisfaction	Respect	Satisfaction on department	Communication	Company satisfaction
76.5		77.8		75.7	

## CASE \_ Zero Wave Program: Engaging Employees in ESG Initiatives

At Samsung Electro-Mechanics, employees are the driving force behind our ESG management. In 2023, commemorating our 50th anniversary, we introduced the Zero Wave initiative. Symbolizing the relentless wave of ESG permeating employees' daily lives, 'Zero Wave' encompasses activities aimed at achieving zero impact across five key areas. These categories were identified based on employee ESG awareness surveys and materiality assessments conducted for the 2022 Sustainability Report: Waste & Recycling, Energy & Emissions, CSR, DEI, and Water Management. Throughout 2023, we conducted Zero Waste, Net Zero, and Zero Water Scarcity weeks, providing participating employees with rewards such as environmentally conscious products.

## CASE\_ Five Key Areas of Zero Wave Program

Zero Waste	<ul style="list-style-type: none"> <li>Reducing waste</li> <li>Using refill stations and eco bags</li> </ul>
Net Zero	<ul style="list-style-type: none"> <li>Mitigating carbon emissions</li> <li>Using carbon points, taking the shuttle bus</li> </ul>
Zero Bias	<ul style="list-style-type: none"> <li>No discrimination</li> <li>Engaging in intergenerational 1:1, watching cultural diversity related contents</li> </ul>
Zero Water Scarcity	<ul style="list-style-type: none"> <li>No polluting water and reducing water use</li> <li>Using cleaning products in solid form, using right amount of detergent</li> </ul>
Zero Social Distance	<ul style="list-style-type: none"> <li>Reducing social distancing</li> <li>Using products from social enterprises, pro bono</li> </ul>

## Zero Wave Weekly Programs

Zero Waste Week	Five activities to easily practice avoiding unnecessary single-use items and waste disposal in our daily lives, such as using refillable products, practicing proper waste separation, utilizing reusable cups, reducing paper usage, and using eco bags.
Net Zero Week	Five initiatives to reduce carbon emissions, such as utilizing carbon points, turning off lights when leaving work, setting computers to power-saving mode, taking the shuttle bus for commuting, and unplugging unused household appliances.
Zero Water Scarcity Week	Five water-saving activities in our daily routines include using solid cleaning products, measuring the right amount of detergent, utilizing a toothbrush cup, reducing household water usage (by using a dishwashing basin and doing laundry in large loads), and committing to water-saving pledges.

# HUMAN RESOURCE MANAGEMENT

## Talent Recruitment and Management

### Talent Strategy and Fair Recruitment Process ESRS S1-1-AR 17 (a)

We conduct open recruitment focused on job skills, excluding discriminatory factors such as educational background and gender, to provide equal opportunities for all job applicants. We respect the diversity of our talent and lay the groundwork for any dedicated employee to grow into a key player.

### Recruiting Outstanding Talent

We strive to attract exceptional talent who will drive future success across various fields. Our fair recruitment process ensures equal opportunities for all aspiring candidates, targeting not only university graduates but also vocational and high school graduates to broaden employment opportunities. We also offer a college intern program, providing students with valuable experience and insights into the corporate environment. Additionally, we are committed to promoting a merit-based recruitment culture by hiring experienced employees on a rolling basis according to the specific needs of each job and business department.

### CASE \_ Signing MOUs and Hosting Welcome Days for Developing Key Talent

We operate a variety of programs aimed at nurturing and selecting outstanding future engineers. Specifically, to secure specialized talent in the materials and processes related to our key products, MLCCs and substrates, we have signed a recruitment-integrated MOU with POSTECH (Pohang University of Science and Technology). Through this partnership, we run tailored education programs and research projects focused on materials and components. In 2023, we hosted the 'Next-Gen Materials and Components Talent Welcome Day' at our Busan site, inviting approximately 40 professors and students from the Department of Materials Science and Engineering who participate in recruitment-integrated projects. During this event, attendees were provided with advanced technology briefings on MLCC and semiconductor substrates, and were given a tour of our key process lines. Moving forward, we will continue to concentrate on enhancing our capabilities in materials and components through such industry-academia collaborative programs.

### CASE: Revamping Job Descriptions Based on Employee Experience

We are proactively enhancing our recruitment process to nurture and select outstanding future engineers. Specifically, we have completely revamped our job descriptions to share the company's vision with applicants and deepen their understanding of various roles from the recruitment stage. By providing detailed job descriptions, career pathways for each position, and organizational information rooted in our core values, we consistently strive to attract top talent that aligns with our company.

### Strengthening Recruitment Branding

To promote Samsung Electro-Mechanics, a B2B company, in a more approachable manner, we engage in various branding activities. In 2023, we targeted university campuses during exam periods, by providing coffee trucks, and job consultation booths to support students. Additionally, we created character keychain merchandise inspired by three of our flagship products, seamlessly integrating awareness of Samsung Electro-Mechanics into daily life. We are committed to creating opportunities for top talent to interact with and learn about the company, both directly and indirectly.

### Data-driven Workforce Management ESRS S1-1-AR 17 (f)

Utilizing statistical and data analysis, we recruit suitable talent, develop strategic human resource management plans, enhance employees' job satisfaction, and measure performance. Additionally, we leverage this system to identify key metrics such as leave and turnover rates, total employee count, and implement operational strategies aligned with our business direction.

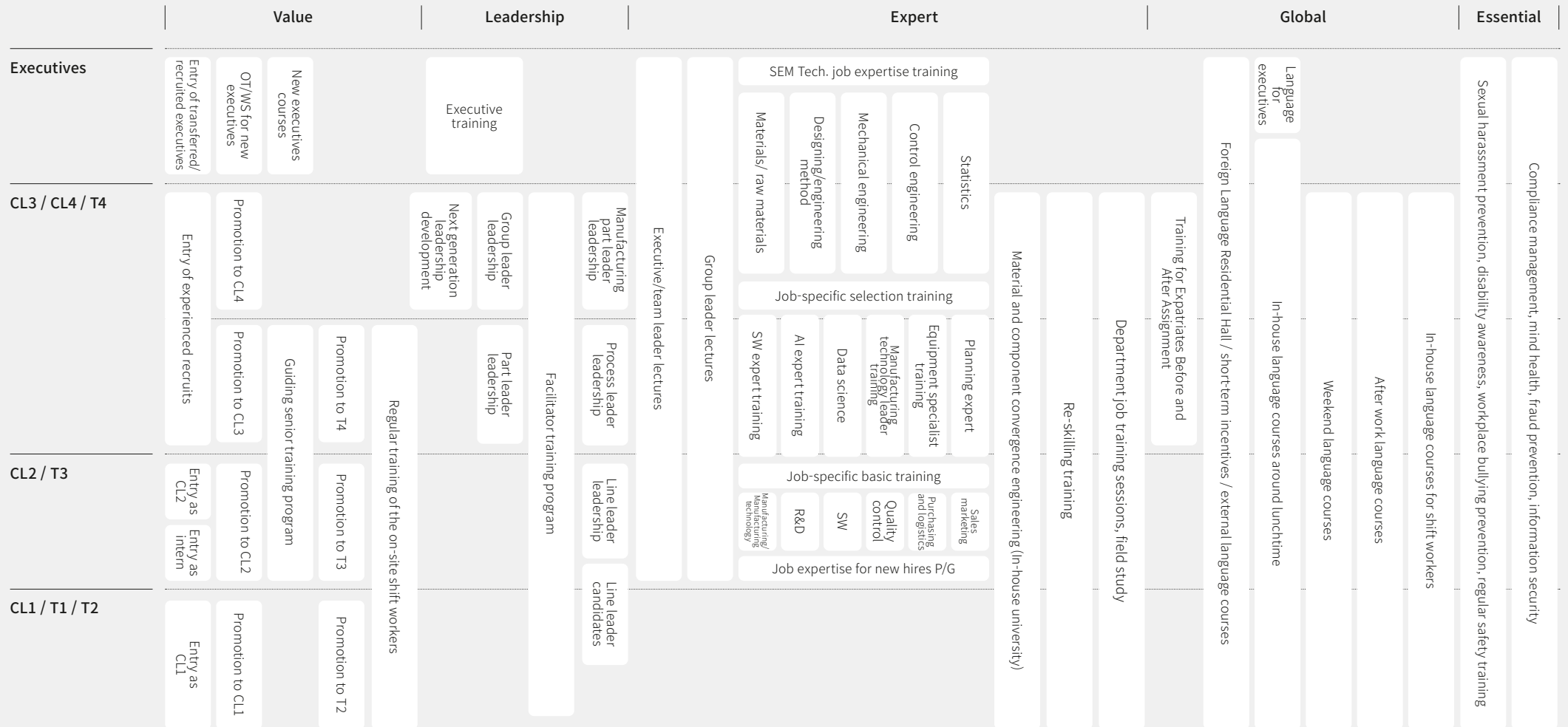
# HUMAN RESOURCE MANAGEMENT

## Human Resource Development

### Vision for Human Resource Development

We have implemented a tailored, global talent cultivation strategy grounded in employees' experiences, competencies, and job functions. Our aim is to foster both corporate and individual growth through leadership development, job-specific training, foreign language proficiency enhancement, and career advancement for both domestic and overseas employees. Furthermore, we provide comprehensive training on our corporate core values and organizational culture.

### Human Resource Development Structure



# HUMAN RESOURCE MANAGEMENT

## Customized Capacity Building Programs GRI 404-2

### Introductory Training

We implement a diverse range of programs designed to cultivate newly onboarded employees into future leaders. Our comprehensive mandatory education programs for new hires aim to instill crucial foundational attitudes and organizational culture, ensuring they embody the essential qualities expected of Samsung Electro-Mechanics personnel. Moreover, we cultivate a distinct sense of professionalism and expertise among our workforce through mentoring programs aimed at enhancing job comprehension and facilitating seamless departmental integration, coupled with on-site visits and assignments focused on identifying areas for improvement. Additionally, we prioritize software-focused education to nurture digital literacy and problem-solving capabilities essential for navigating the AI era.

### Job Training

We offer systematic job training sessions to cultivate the expertise of our employees. We have developed a competency roadmap customized for each job and level, fostering a culture of self-directed learning to facilitate the ongoing independent growth of our employees. In pursuit of this objective, we have established the 'SEM Academy', an integrated learning platform. Additionally, we facilitate employees' pursuit of MBA degrees and provide specialized local expert training programs, along with AI courses aimed at enhancing their job skills. To bolster our employees' global capabilities, we have introduced field expert programs and domestic training programs for our overseas employees.

### Capacity Building Programs

Category	Output	Outcome
MBA <sup>1)</sup> Master's degree programs at outstanding universities for cultivating business leaders	Number of students in 2023 : 3	· Motivating exceptional employees and enhancing their expertise by supporting enrollment in degree programs
Academic research Master's (two-year) and Ph. D. (four-year) programs at outstanding universities in domestic and overseas to acquire strategies and technologies	Number of students in 2023 : 4	· Creating new business opportunities and strengthening workforce capacities through the development of future key AI specialists
Local expert training programs Global talent development program acquiring language and cultural proficiency worldwide over one year	Deployment suspended since 2020 due to COVID-19	
AI courses Cultivation of AI experts through six-month collective training on AI theories/practices	Number of students in 2023 : 25	

1) MBA, EMBA, Sungkyunkwan University's Graduate School of Chinese Studies

### ESG Education for New and Experienced Employees

Since 2022, ESG lectures have been integrated as a mandatory component of our orientation training for new employees. This education is designed to provide them with an understanding of the desirable goals and directions that a company should pursue, while also aligning with the core value of RiGHT®, specifically 'H' (Harmony with). Through this initiative, employees naturally engage in learning and comprehending the substantial contributions our company makes to customers and society.

### Global Talent Development Program

We offer a range of language courses to enhance employees' foreign language communication skills. Our intensive programs, such as the Foreign Language Residential Hall and Short-Term Intensive Program, foster the development of global professionals by providing immersive learning experiences and contextual understanding in an environment separate from the workplace. Additionally, we support employees interested in language acquisition alongside their professional responsibilities through in-house language courses, e-learning platforms, and remote language learning opportunities via phone or video. Through our in-house language assessment system, we facilitate regular language assessments for employees.

### SEM Members' Foreign Language Qualifications (Domestic)

(Data coverage : 100%, Unit : Persons)

Category	2021	2022	2023
All levels <sup>1)</sup>	3,760	3,506	3,564
Expatriate level <sup>2)</sup>	1,355	1,300	1,348

1) Status of employees holding English/Chinese/Japanese/Vietnamese language proficiency certificates (grade 4 to S) recognized by the group  
2) Status of employees holding higher-level language proficiency certificates recognized by the group (English/ Japanese Level 2 or Higher, Chinese / Vietnamese Level 3 or Higher)

### SEM Members' Completion of Language Courses<sup>1)</sup> (Domestic)

(Data coverage : 100%, Unit : Persons)

Category	2021	2022	2023	Note
Foreign Language Residential Hall	93	117	82	Intensive residency program for advancing language proficiency to foster global experts at the expatriate level
In-house language courses	549	991	1,472	In-house language courses using lunch and dinner times to learn foreign languages (work-and-study)
e-learning	2,347	2,338	2,642	Online foreign language courses

1) Limited operation of off-line group training due to COVID-19 (2021)

# HUMAN RESOURCE MANAGEMENT

## CA Workshop

We have established a departmental Change Agent (CA) program, selecting and training CAs through annual workshops. In the first half of 2024, we selected 344 CAs (187 in Suwon, 37 in Sejong, and 120 in Busan). These CAs participated in workshops where they received comprehensive training on standard CA activities, along with practical tips and engaging in various discussions. This training equips them to effectively serve as organizational culture managers and gatekeepers within their teams.

## Promoting Company-wide Leadership Coaching

We encourage leaders to engage in regular one-on-one conversations with their department members to foster unity and build capabilities. To support this, we have developed and distributed a 'One-on-One Guide for Executives and Group Leaders' as a reference for these conversations. Additionally, group leaders receive coaching and feedback training focused on performance management and competency development. Moving forward, we will create online micro-learning content on performance management and coaching to further assist leaders in effectively utilizing the one-on-one conversation guide at appropriate moments.

## Leadership Capacity Building Programs

We hold capacity-building programs to ensure that all employees grow through their work and achieve the best results. In 2023, to commemorate the 50th anniversary of Samsung Electro-Mechanics, we developed and conducted tailored programs for each leader's role to reflect on our past and future. Group leaders and part leaders participated in two regular training sessions aimed at enhancing leadership and technical expertise. In 2023, we introduced a Leadership Enhancement Program focused on supporting members' performance based on clear self-awareness, and a Technical / Expertise Development Program covering data analysis and future industry technology trends for leaders. These initiatives were designed to cultivate outstanding leaders with both organizational management capabilities and technical leadership. As a result, six out of eight new executive-level promotions in 2023 were internal, with all of them having completed these training programs. These results provided direct cost savings of approximately KRW 450 million, based on standard executive recruitment expenses. Additionally, we realized qualitative benefits, including improved performance from new executives due to faster role adaptation and enhanced employee engagement with a clearer future vision. The training programs for group leaders and part leaders are mandatory, with a total of 594 participants completing the courses in 2023. Specifically, for manufacturing part leaders, we focused on conflict management and collaboration promotion to equip them with the necessary skills to oversee production, quality, and delivery. Manufacturing process leaders, as frontline managers responsible for process improvement and workforce management, received training to enhance their organizational management skills. Line leaders, who directly interact with on-site personnel, were provided with training in organizational communication (1:1) skills and situational interview techniques. Additionally, our line leader candidate pre-training system is designed to familiarize future leaders with their responsibilities and roles, ensuring they are prepared to effectively fulfill their duties upon appointment.

## Schedule for the First and Second Half of 2023

Category	H1	H2
Leadership	Self-awareness (Birkman Assessment), Innovative organization (Radical Candor)	Performance management 1:1 skills, Mental health support for leaders
Technical/expertise development	SW methodologies and data utilization cases	Future Industry/Technology Development and Response Strategy

## Leadership Capacity Building Programs

Category	Content	Completed employees/ Targeted employees <sup>1)</sup>
Group leaders	• Training for personnel and performance management (twice a year) - H1: Leader's self-awareness / management, SW methodologies, innovative organization	(H1) 95.8% / (H2) 95.8%
Part leaders	- H2: Technology development and future strategies, new business / technology, mental health management, performance management 1:1	(H1) 94.9% / (H2) 93.0%
On-site leaders	• Training aligned with redefined R&R and required competencies for each position - On-site part leaders: Collaborative/facilitative leadership, coaching, manufacturing team leader meetings - Process leader: Collaborative/ facilitative leadership, coaching, clean management - Line leaders: (H1) Resilience, 1:1 interview skill, evaluation system (H2): Incident prevention, solution for handling challenging interview scenarios	On-site part leaders 93.3% Process leaders 84.3% Line leaders (H1) 95.6%, (H2) 94.9%
On-site leader candidates	• R&R of frontline leaders, organizational management A to Z, HR guide	On-site leader candidates 97.5%

1) Leadership training is completed by all participants except for a few who missed due to overseas business trips or urgent tasks.

## Data Management Capacity Enhancement Programs

We conduct comprehensive training to enhance the organization's data management capabilities. Specifically, through Spotfire program training, we are boosting efficiency in data preprocessing, visualization, analysis, and decision-making. Previously, data preprocessing, analysis, visual data generation was done manually, but through Spotfire training, now data can be easily preprocessed and analyzed after loading and visual indicators can be created and shared by dragging and dropping. This reinforcement of Spotfire training and analysis systems has resulted in an average improvement effect of 6,513 hours by eliminating manual work. The training is divided into beginner, intermediate, and hands-on sessions, tailored to each trainee's level. This training also ensures relevance to trainees' work by utilizing manufacturing data from each business unit. Beginner and intermediate courses are open to any employee who desires to participate, with 796 employees completing the program in 2023.

Average improvement effect per screen (minutes)	Number of screens created in 2023	Total improvement effect in 2023 (hours)
112.3	3,481	6,513



# HUMAN RESOURCE MANAGEMENT

## Training time per person

GRI 404-1

(Data coverage: 100%, Unit: Hours)

	2023	Position	2023	Gender	2023	Age	2023
Training hours per person	58	Executives	44	Male	54	Under 30	53
		Managers	56	Female	63	Under 30	62
		Staffs	59			Over 50	49
		Part-time	36				

## Fair Evaluation and Compensation for Employees

GRI 404-3

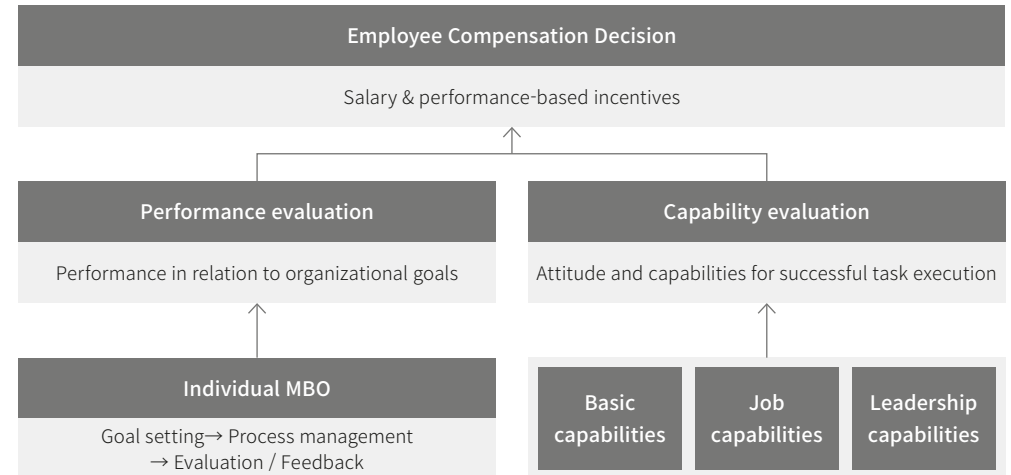
### Goal-Oriented Assessment System

We employ the Management By Objectives (MBO) approach to establish clear work directions and goals while fostering initiative among all employees. All employees, including contract workers<sup>1)</sup>, are evaluated based on their MBO and compensation, including salaries and performance bonuses, are linked to their evaluation results. To ensure fairness and engagement in evaluations, we conduct mid-term inspections and encourage focused effort through regular one-on-one meetings between leaders and employees. These meetings serve as opportunities to monitor progress, provide performance feedback, and discuss capacity development needs. We also offer an appeals process for employees who disagree with their evaluation results. Additionally, we invest in the development of our evaluators through regular training and evaluation manuals. Notably, leaders with significant organizational influence receive comprehensive 360-degree leadership diagnosis and feedback. Through evaluation outcomes, feedback, and individual coaching, we support leaders in leveraging their strengths and addressing weaknesses. These evaluation outcomes are also reflected in our selection and promotions of leaders in the organization and those eligible for training programs, to ensure the fairness of the system.

The behavioral model utilized for evaluating employee capacity encompasses key behavioral norms, such as ethical awareness and cross-cultural acceptance, which are directly tied to salary structures and performance bonuses. Within our MBO evaluation framework, which is correlated with personnel evaluation, ESG-related topics such as risk management, industrial accident prevention, information security, and compliance are integral components evaluated for our executives and managers. Particularly, safety incidents, disaster management, and quality accident prevention efforts are meticulously considered in the performance evaluation of all executives and employees, including managers and the achievements are correlated with financial incentives. Moreover, we regularly recognize outstanding performance by granting awards to tasks that demonstrate exceptional results. The teams behind these achievements are honored with plaques, monetary rewards, and additional performance points.

1) Except for manufacturing contract workers

## Employee Evaluation and Compensation Principle



### Evaluation Process

1	Establish annual objectives for each individual through consultation with the leader
2	Manage mid-term progress
3	Insert annual performance
4	Conduct performance evaluation based on annual performance

### KPI Setting Consultation Process

1	Submit an annual MBO for each individual	· Each item is represented as a quantified KPI indicator
2	Evaluator judges the adequacy of MBO	· If adequate, approve annual goals and provide feedback · If revisions are needed, leaders request modifications and provide feedback
3	If there are changes in tasks, updated objectives are submitted	· It can be done at anytime based on 1:1 feedback



# RESPECT FOR HUMAN RIGHTS

## Human Rights Policy

GRI 2-23, 402-1, ESRS S1-1-19, S1-1-20 / 20 (a) / 20 (b), S1-1-21, S1-1-22, S1-1-24 (a) / (b), S1-2-AR 25 (e), S2-1-17 (a)

In alignment with the Labor Standards Act, we have established multiple mechanisms to uphold the human rights of our employees. Our employment regulations encompass various human rights protections, including the prohibition of discrimination based on nationality, gender, religion, education, or social class, as well as the prevention of forced labor and ensuring equal pay. We meticulously review human rights protection provisions outlined in the Constitution and labor laws and take proactive measures to adhere to them. Within the ‘Samsung Electro-Mechanics Employment Rules,’ Chapter 1 (General Rules) ensures equal treatment (Article 6) and prohibits forced labor (Article 7), while Chapter 2 (Human Resources) mandates the employment of individuals aged 18 years or older (Section 2). These clauses remain steadfastly upheld today. Furthermore, we uphold international labor rights standards and guidelines, including those established by the International Labor Organization (ILO), the UN Universal Declaration of Human Rights, the United Nations Global Compact (UNGC) 10 Principles, and the Responsible Business Alliance (RBA) Code of Conduct. Additionally, we strictly prohibit human trafficking, forced labor, and child labor in accordance with local labor laws across our global business sites.

In addition, we respect not only the right of all employees to peaceful assembly, but also the right not to participate in the assembly. The freedom of association grants both employees and employers the right to form and join organizations of their choice. Collective bargaining serves as a legitimate means for labor unions and employers to establish fair labor conditions, ensure equal opportunities, and foster healthy labor-management relations. We respect the activities of labor unions and all forms of employee representative activities. We ensure that employees are not discriminated against, retaliated against, or harassed for reasons such as joining a labor union, demanding collective bargaining, participating in collective bargaining, or exercising the right to collective bargaining.

Currently, we are engaged in collective bargaining in 2024, approaching negotiations with openness, mutual trust, and a commitment to sincere and constructive discussions to resolve issues. This human rights policy entails a series of activities, including evaluation, monitoring, collaboration, and support, to ensure that the rights of employees as well as stakeholders such as partner companies, new business relationships through M&A, and local communities are respected and protected without infringement.

## Supervision and Evaluation of Human Rights Protection

GRI 2-25

Our endeavors to uphold human rights are carried out at the company level through collaboration among various teams, including the Legal Team, Compliance Group, People Team, Audit Team, and counseling office. Additionally, we convene regular agenda meetings with elected members of the Labor-Management Council to address grievances and safeguard human rights. The Labor-Management Council operates an online grievance resolution bulletin board accessible for year-round submissions, with a focus on addressing employees’ human rights-related concerns. All these initiatives are transparently communicated to employees through the council’s website.

### Human Rights Policy

- ① Respect for freedom of association, the right to collective bargaining, and collective action
- ② Prohibition of all forms of discrimination (based on nationality, gender, religion, education, or social class), forced labor, and ensuring equal pay
- ③ Preemptive compliance efforts through thorough examination of human rights protection provisions outlined in the Constitution and labor laws
- ④ Prohibition of human trafficking, forced labor, and child labor
- ⑤ Ensuring the right of all employees to participate in peaceful assemblies and the right to refuse participation
- ⑥ Respect for employees’ right to express themselves as individuals or through organizations
- ⑦ Continuous engagement in activities such as evaluation, monitoring, collaboration, and support to prevent violations of suppliers’ human rights

### Key Human Rights Risk Management Items

Industrial safety	· Classifying and segmenting partner companies’ high-risk operations · Enhancing safety awareness among employees · Eliminating worker exposure to hazardous substances through substitution and automation
Working environment	· Maternity protection, working hours and wage management under the Labor Standards Act and the Equal Employment Opportunity Act
Discrimination and harassment	· Online and offline grievance handling procedures (workplace bullying, sexual harassment, etc.)

# RESPECT FOR HUMAN RIGHTS

## Human Rights Assessments GRI 2-25, ESRS S1-1-20 (c), S1-1-24 (c)

We conduct annual human rights assessments among all employees at our domestic business sites through an organizational assessment. The People Team oversees this organizational management assessment via a survey to foster mutual respect, instill a culture of human rights protection at the workplace, and identify and address any unreasonable issues. In the event that issues are identified during the organizational management assessment, we undertake corrective measures through causal analysis and monitor progress through continuous monitoring. In addition to designated personnel at each business site handling employee grievances, we operate a reporting center within the Knox portal and provide an anonymous reporting email account to proactively address issues. For the identification of potential concerns, we conduct thorough assessments prior to business expansions such as mergers and acquisitions to ensure that target companies do not pose significant risks related to human rights violations, including forced labor, child labor, and industrial accidents. For foreign employees, we provide employment rules written in languages they can understand (such as Japanese and English). Additionally, each overseas business site notifies them of employment rules written in their local language.

### Human Rights Assessments Process

Promoting human rights culture through regular inspections	Detection	<ul style="list-style-type: none"> <li>Adhering to labor laws</li> <li>Complying with the human rights policy</li> <li>Updating global issues related to human rights</li> <li>Meeting customers' RBA requests</li> <li>Receiving on/offline reports</li> </ul>
	Investigation	<ul style="list-style-type: none"> <li>Checking compliance with domestic laws, including labor laws</li> <li>Analyzing the impact of global issues</li> <li>Conducting due diligence on compliance with RBA standards</li> <li>Investigating human rights violations</li> </ul>
	Action	<ul style="list-style-type: none"> <li>Identifying non-compliance/potential risks related to domestic laws and global standards, and deriving improvement measures by item</li> <li>Disciplining offenders and protecting victims</li> </ul>
	Management	<ul style="list-style-type: none"> <li>Sharing the results of the human rights assessment</li> <li>Managing the progress of key tasks</li> <li>Monitoring enforcement and compliance</li> </ul>

### Measures to Mitigate Human Rights Risks

Potential Risks	Affected Persons	Mitigation plan	Remedial measures
Discrimination and harassment	Employees, women	Creating a culture against sexual harassment and discrimination towards employees	<ul style="list-style-type: none"> <li>Providing training for all employees on preventing workplace and sexual harassment, as well as disability awareness</li> <li>Implementing an employee grievance handling system</li> <li>Managing an email account for reporting workplace and sexual harassment at our three main domestic business sites (Suwon, Sejong, Busan)</li> </ul>
		Advancing the rights of female employees	<ul style="list-style-type: none"> <li>HR system upholding human rights</li> <li>Advancing women's rights: maternity protection, Operation of W Board</li> </ul>
Forced labor Child labor	Suppliers, workers in labor contracts, new business relationships	On-site checks for suppliers and workers	<ul style="list-style-type: none"> <li>Guiding suppliers on and confirming compliance with the Code of Conduct</li> <li>Assessing suppliers and merged companies for compliance with minimum wage regulations and to prevent forced labor (including failure to pay for overtime and coercion to work overtime)</li> <li>Verifying suppliers and merged companies' policies on prohibiting minors from working and maintaining worker lists</li> <li>Checking if suppliers have mechanisms for reporting human rights violations (such as anonymous boxes, bulletin boards, or hotlines)</li> </ul>
Industrial accidents		Enhancing health and safety management for suppliers	<ul style="list-style-type: none"> <li>Implementing segmented councils for contractors, managing directly ordered construction systems, conducting Daily Risk Inspection (DRI) for high-risk work, and establishing a suggestion system for suppliers.</li> </ul>

# RESPECT FOR HUMAN RIGHTS

## Compliance with Initiatives

We rigorously adhere to the Responsible Business Alliance (RBA) Code of Conduct. The RBA Code of Conduct is based on the Universal Declaration of Human Rights, International Labour Organization (ILO) standards, OECD Guidelines for Multinational Enterprises, ISO. We meticulously review and operate our domestic and overseas business sites and supply chains in accordance with the five areas of the RBA Code of Conduct: labor, health and safety, environment, ethics, and management systems. Additionally, in 2023, as part of our global business expansion, we became the first Korean company to join Drive+, an initiative dedicated to pursuing sustainability in the automotive electronics components industry. Drive+ is a Tier-1 initiative of Drive Sustainability, focusing on three core areas: corporate ethics, environmental sustainability, and human rights and labor conditions. We strictly comply with the RBA, Drive+, and other global initiative codes of conduct, supply chain audit guidelines, and international forced labor laws, striving to ensure a sustainable working environment for all employees and contractors.

### Inspection and Improvement Process

We conduct an annual Self-Assessment Questionnaire (SAQ) based on RBA standards at all production sites. Additionally, on-site inspections are conducted at all production sites<sup>1)</sup> according to the RBA Validated Assessment Program (VAP) criteria. VAP is a process that third-party specialized audit organizations inspect production facilities based on RBA Code of Conduct and local laws. Sites subject to RBA VAP undergo an initial audit every two years, while those subject to RBA Non-VAP undergo it every one to two years. All identified non-compliance issues are addressed through departmental improvement plans and actions. Moreover, third-party audit organizations conduct closure audits to verify the improvement measures taken. As of December 2023, 15 out of 21 findings were completed by the end of the closing audit, and in particular, all human rights (labor and ethics)-related findings were improved. Furthermore, we leverage SAQ 5.0 developed by Drive Sustainability for comprehensive assessments of human rights and sustainability aspects.

1) The assessment for the Vietnam site is scheduled for 2024.

### Inspection and Improvement Cases

We require our Tier-1 suppliers to comply with the Supplier Code of Conduct and the RBA Code of Conduct, in addition to our own employees. When local regulations are in place, we apply the stricter of the two standards. When issues are identified, we provide education to the responsible personnel with improvement guidelines, and ensure corrective actions are taken to comply with global standards.

### CASE\_Follow-Up Monitoring for Protection and Prevention of Retaliation

We have established processes to protect the identity of whistleblowers and prevent retaliation in cases of both internal and external grievance resolution or internal reporting. However, we identified that our follow-up monitoring to ensure whistleblowers were not facing retaliation was insufficient. Consequently, the follow-up monitoring process has been reviewed and immediately improved.

### CASE\_Labor Management System Control Process (Amendment of Supplier Employment Rules)

Under the principle of 'equal pay for equal work,' employees must be guaranteed wages for the hours they work. During the 2023 inspection, we identified that some Employment Rules of our Tier-1 suppliers included policies related to wage reductions and pay cuts, followed by immediate revisions. It was found that these suppliers were insufficiently aware of the Supplier Code of Conduct and the RBA Code of Conduct. We promptly communicated the violations to the responsible personnel at the suppliers and provided guidance on corrective measures, resulting in the removal of the wage reduction and pay cut policies.

### RBA VAP Audit

Production facility <sup>1)</sup>	Sejong	Busan	Tianjin	Philippines	Gaoxin
Implementation of human rights assessments	●	●	●	●	●
Audit criteria	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA Non-VAP Audit
Year of implementation <sup>2)</sup>	2022	2023	2023	2023	2023
Third-party Audit	●	●	●	●	●
Compliance rate					
Labor	100%	93%	100%	100%	100%
Health and safety	83%	83%	91%	96%	88%
Environment	83%	100%	100%	100%	100%
Ethics	88%	100%	100%	100%	100%
Management system <sup>3)</sup>	100%	100%	93%	100%	86%

1) SAQ was conducted at the Suwon site, and completed at the Vietnam site, with an RBA Audit scheduled for 2024.

2) Following the initial audit criteria, regular checks are performed every 1-2 years

3) The Busan and Gaoxin sites are inspected with the supply chain management category, following RBA V7.1 criteria.

## RESPECT FOR HUMAN RIGHTS

### Labor Rights Assessment for Suppliers GRI 407-1, 408-1, 409-1

#### Suppliers Labor Rights Assessment Process

By incorporating labor rights into our compliance management checklist, we regularly and continuously inspect our partners for adherence to the RBA Code of Conduct and national laws. In addition to self-assessments, we conduct on-site labor rights inspections to verify the self-assessment results. These inspection results are included in the annual comprehensive evaluation of each partner company and serve as an indicator for deciding whether to continue the partnership. For any non-compliance identified during the inspections, we request corrective actions from our suppliers and provide training and consulting on the RBA Code of Conduct and relevant labor laws. In 2023, 92 domestic and overseas suppliers completed self-assessments, and 67 suppliers underwent on-site labor rights inspections. Of these, 82% (55 suppliers) received high scores, exceeding 90 points in the labor rights category.

#### Labor Rights Assessment Outcome for Suppliers

(Data coverage : 100%, Unit : Number of companies)

Category	Location	2021	2022	2023
Number of suppliers	Total	101(47)	97(82)	92(67)
	Domestic	54(31)	52(50)	48(46)
	Overseas	47(16)	45(32)	44(21)
Number of high-scoring suppliers <sup>1)</sup>	Total	24	51	55
	Domestic	11	30	38
	Overseas	13	21	17
Number of high-risk suppliers <sup>1)</sup>	Total	-	7	2
	Domestic	-	2	-
	Overseas	-	5	2

\* ( ) refers to the number of suppliers underwent on-site inspections

1) Number of suppliers scoring 90 or higher in on-site inspections

2) Number of suppliers scoring less than 80 points

#### Key Areas of Supplier Labor Rights Assessment

Voluntary work	Prohibition of forced work, signing of work contracts, guaranteed voluntary turnover/retirement
Wages / benefits	Minimum wage, additional pay, prohibition of delay in wage payment, earnings statement, social security subscriptions, prohibition of reducing benefits as a disciplinary action
Freedom of association	Operation of the Labor-Management Council, democratic election of workers' commissioners
Underage workers	Prohibition of child employment, proof of age identification, working hours, prohibition of night/holiday work
Humane treatment	Prohibition of inhumane actions, protection of pregnant women (working hours, prohibition of night / holiday work)
Business ethics	Whistleblower protection (reporting channels), use of responsible minerals, protection of personal information
Working hours	Compliance with RBA standards/laws, voluntary agreement on extended work, guarantee of paid holidays, legal holidays, and breaks
Anti-discrimination	Job postings, application forms, medical examinations, prohibition of discrimination against non-regular workers
Management system	Violation of law, compliance training, compliance inspection of supply chain

## RESPECT FOR HUMAN RIGHTS

### Grievance Handling Process through Human Rights Reporting Channel

GRI 2-25, ESRS S1-3-32

#### Human Rights Reporting Channel

ESRS S1-1-AR 17 (g), S1-3-32 (a) / (b) / (c), S1-17-103 (d)

We have established a Workplace sexual harassment and harassment reporting center on our intranet to address human rights violations, including discrimination and harassment, and take suitable actions following our complaint resolution process. Additionally, we have introduced an anonymous reporting email account. If we determine that the accused individual has caused harm, appropriate disciplinary actions, such as warnings, salary deductions, or work suspensions, may be taken. Moreover, we offer support for resolving grievances through our in-house counseling office and a consultation/reporting channel on our mobile messenger platform.

#### Human Rights Reporting Channels

In-house intranet	Operation of workplace sexual harassment (verbal, physical, and visual) and harassment (use of expletives, assault, unfair orders, work-related bullying, and violation of human dignity) reporting center Introducing an anonymous reporting email account to enhance reporting accessibility (respect.sem@samsung.com)
In-house consultation office	Grievance handling through in-house consultation support programs
Mobile application 'Mobile 7979'	Consultation and reporting on mobile messenger

#### Enhancing Working Conditions through the Labor-Management Council

GRI 2-30, 402-1

In alignment with the Act on the Promotion of Employees' Participation and Cooperation, we operate a Labor-Management Council. The Hanulim Council, representing 89% of our workforce, convenes monthly Board Council meetings to review all aspects concerning employee working conditions. Selected agenda items are then shared with each business site's council. Monthly discussions on significant matters pertaining to employee working conditions occur, with outcomes disseminated to all employees within five days.

#### Human Rights Violations and Grievance Handling

ESRS S1-3-32 (c) / (e), S1-17-AR 103

The Labor-Management Council continuously gathers feedback, including grievances and suggestions from employees, via the Hanulim website. We are committed to addressing grievances promptly. When employees submit feedback, they receive an initial response within 24 hours, followed by detailed action and outcomes within 10 days. In 2023, a total of 1,861 suggestions were received, and responses have been provided for all of them.

#### Types of Feedback Submitted to Hanulim (Domestic)

(Data coverage : 100%, Unit : Cases, %)

		2021	2022	2023
Number of submissions (Unit: Cases)		2,246	2,060	1,861
Submission details (Unit: %)	Health and safety	6.8	4.7	3.8
	Training	2.6	2.6	2.4
	Working infrastructure	21.3	17.1	18.7
	Payroll and attendance	10.6	9.9	9
	Friends of Samsung social service, Volunteer work	4.6	8.4	10.6
	HR (job placement, recruitment)	6.2	4.7	5.1
	Information security (information security, system)	6	6.6	5.5
	General affairs (cafeteria, rest areas, commuting buses)	41.9	45.9	44.9

### Human Rights Training

ESRS S1-1-AR 17 (c)

We conduct annual human rights training sessions for all employees, focusing on preventing workplace bullying, sexual harassment, and promoting disability awareness. Through these sessions, we aim to uphold the human rights of our employees and enhance their awareness of human rights issues.

### Minimum Wage System

GRI 202-1, ESRS S1-10-69

We strive to enhance labor quality by ensuring minimum living wages and stability in employees' living standards. Across our global network in Korea, China, the Philippines, and Vietnam, we ensure financial security for our employees by paying wages above the minimum wage mandated by local laws.

# RESPECT FOR HUMAN RIGHTS

## Diversity and Inclusion

We are dedicated to fostering an inclusive organizational culture that ensures equal opportunities for all employees, irrespective of gender, age, nationality, race, religion, or sexual orientation. Moreover, we implement programs and training designed to cultivate a work environment where employees can thrive by respecting and collaborating with one another, even with diverse work styles and perspectives.

### Gender Diversity GRI 405-1, TC-HW-330a.1

We are creating a culture of gender equality and ensuring an environment where all employees can realize their full potential with equal opportunities. As of 2023, women constitute approximately 23.4% of our domestic workforce and 53.1% of our overseas workforce. The representation of women in top management positions (managers, deputy managers, general managers) stands at 15.8%, an increase of about 1.0 percentage point from the previous year. Furthermore, women hold 23.8% of managerial-level positions.

### Cultivating Female Leaders

We are focused on expanding our pool of female leaders and empowering them through career development and capacity-building initiatives. Each year, we identify and support a core group of female employees with the potential to become future leaders, providing them with various leadership training programs. Since 2021, the percentage of these core female employees has increased from 5.6% in 2020 to over 10%(10% in 2021, 12% in 2022, 10% in 2023). Additionally, we nurture future female business leaders by inducting two female executives (20% of all participants) annually into our next-generation leader training program. These efforts have resulted in the appointment of one female executive each year since 2020.

### Creating a Systematic Framework to Minimize Career Gaps for Women

We aim to minimize career disruptions for female employees and promote an organizational culture that encourages work-family balance. Our initiatives in this regard have led to our certification as a family-friendly company since 2013, which we continue to uphold.

### Age Diversity

Samsung Electro-Mechanics is composed of a diverse range of age groups, spanning from individuals in their 20s to those aged 50 and above. We endeavor to enhance intergenerational communication through programs facilitating exchange among employees. Through such vibrant communication, we demonstrates an average tenure of 14.7 years among domestic employees as of 2023.

## Country Diversity

As of 2023, our workforce consists of 34% domestic employees and 66% overseas employees..

### Details of Domestic and Overseas Employees

#### Domestic Employees in 2023

11,973<sup>(34%)</sup>

#### Overseas Employees in 2023

22,769<sup>(66%)</sup>

### Composition of Overseas Employees

(Data coverage: 100%, Unit : Persons)

Category	2023
Asia	22,679
China	9,168
Philippines	7,141
Vietnam	6,130
Others	240
Americas	54
Europe	36

## Diversity Education (Domestic)

(Data coverage : 100%)

	DEI training to enhance understanding of cognitive diversity	Organizational engagement program for an inclusive work environment
Participants	83 executives/team leaders (1 session) 140 group leaders (1 session) 445 part leaders (1 session)	686 employees across 30 departments
Content and achievements	Gaining insights into individual behavioral diversity and preferences through the Birkman assessment to integrate them into organizational interactions	Program designed to foster an environment where diverse individuals communicate and collaborate without bias

# RESPECT FOR HUMAN RIGHTS

## Childbirth and Parental Support Program ESRS S1-15-94

At Samsung Electro-Mechanics, we provide comprehensive support throughout the childbirth and parenting journey. We offer reduced working hours to expecting mothers during pregnancy. Additionally, we ensure that our employees benefit from legally mandated pre- and post-natal leave of up to 90 days. We extend paternity leave for circumstances such as miscarriages or stillbirths, along with leave for fertility treatments to foster the mental and physical well-being of our employees during challenging time. Moreover, we offer parental leave for up to two years for employees with children under the age of 12. Notably, for parental leave utilized for children aged 8 or younger, or up to the second grade in elementary school, one year is provided as paid leave. Also, we operate various childcare support programs such as mommy leave that can be used during pregnancy and childbirth. As a result, we are proud to have maintained our certification as a family-friendly company since 2013.

### Childbirth and Parental Support Program

Reduced working hours during pregnancy	Before 12 weeks and after 36 weeks (paid), weeks 13-35 (unpaid), up to 2 hours per day
Pre- and post-natal leave	Up to 90 days
Parental leave	Up to two years for employees with children under the age of 12
Childcare reduced working hours	Can be used for up to 2 years, in minimum 3-month increments, combined with childcare leave period
Mommy leave	Can be used during pregnancy and childbirth
Congratulatory cash gifts/ childbirth celebration gifts	Provided to employees and their spouses upon childbirth
Spousal leaves for miscarriages or stillbirths	Up to three days
Paternity leave	Up to 15 days (up to 20 days for multiple birth (paid)) and can be split into two periods
Leave/leave of absence for infertility	Unpaid leave up to one year, with up to five paid days per year
Adoption Support	Same support system as for childbirth

### CASE\_ International Women's Day Event

In celebration of International Women's Day on March 8, we hosted a meeting between the CEO and female leaders. This event brought together women from various fields, including development, technology, and sales, to discuss challenges and offer suggestions. The meeting focused on strategies for leadership development and fostering an inclusive organizational culture.

## Ensuring Equal Pay for Men and Women ESRS S1-16-98

We ensure that compensation standards for female employees are applied equally to those of male employees based on fair performance evaluations. As a result of these efforts, we guarantee equal pay for all positions, provided that the starting salary and job title are identical.

### Gender Pay Gap in 2023<sup>1)</sup> (Domestic)

(Data coverage : 100%)

Category	2023
Average gender pay gap <sup>2)</sup>	78.9%
Median gender pay gap <sup>3)</sup>	74.8%
Average gender bonus gap <sup>4)</sup>	63.7%
Median gender bonus gap <sup>5)</sup>	67.3%

1) Based on the 2023 annual report, compensation consist of monthly salary, annual leave allowance, additional benefits, scholarships, medical expenses. Bonuses include OPI, TAI, performance bonuses, and merit bonuses. The personnel count is the average annual number of employees.

2) Average wage per female/average wage per male

3) Median wage for females/median wage for males

4) Average bonus per female/average bonus per male

5) Median bonus for females/median bonus for males

### Recruitment of People with Disabilities

We continue to implement policies for the employment of individuals with disabilities and employ them through a fair process. As of 2023, in accordance with the special exception for calculating the number of employees with disabilities, 220<sup>1)</sup> employees with disabilities represent 1.84% of our domestic workforce. We are actively working to expand their employment opportunities.

1) Based on the criteria provided by the Korea Employment Agency for Persons with Disabilities.

# HEALTH AND SAFETY

## Health and Safety System GRI 403-1

To ensure a safe workplace, we have implemented an occupational health and safety management system (ISO 45001) and applied comprehensive health and safety standards across all our sites. This commitment guarantees a safe and healthy environment for all stakeholders, including employees, suppliers, and visitors. Additionally, we are promoting an interdependent safety culture by continuously identifying and mitigating potential hazards.

### Health and Safety Policy

At Samsung Electro-Mechanics, we adhere to the management principle ‘A safe environment is our top priority’. Through compliance evaluations based on global standards, we proactively prevent accidents and foster a culture of safety where all employees participate in creating a safe and pleasant working environment. This policy applies to our employees and all stakeholders under our supervision, pursuing comprehensive health and safety for everyone involved.

### Health and Safety Management System ESRS S1-14-AR 81

As of 2022, all our business sites completed the transition audit for the ISO 45001 Occupational Health and Safety Management System certification. We verify the system’s effectiveness every year through regular internal audits and follow-up audits by third-party certification bodies. Our goal is to elevate our safety culture from the current independent stage to an interdependent stage. To achieve this, we are undertaking improvement activities across eight safety culture elements, including risk management, root cause analysis, and corrective actions, all integrated into our safety management framework.

### Response System for Serious Accidents

To prevent serious accidents, we have established 13 Compliance Guidelines and developed an implementation management system. This system conducts periodic status checks on the health and safety management system and records the results.

#### 13 Compliance Guidelines for Prevention of Serious Accidents

- |   |   |
|---|---|
| 1. Establishment of health and safety management policy and review of revisions             | response procedures   |
| 2. Placement of a health and safety organization in a company-wide supervisory position     | 8. Establishment of safety evaluation criteria and procedures for partners                                |
| 3. Implementation of work procedures that alleviate risk factors                            | 9. Formulation of protocols for identifying accident causes and preventing recurrence                     |
| 4. Provision of health and safety personnel, budget formulation, and enforcement procedures | 10. Reporting of government requests and orders and implementation results                                |
| 5. Deployment of health and safety professional personnel and support for their duties      | 11. Regular health and safety inspections and training sessions   |
| 6. Preparation of procedures to attend to employee and supplier opinions                    | 12. Compliance with health and safety-related laws and regulations, management and inspection of training |
| 7. Preparation and inspection of serious accident   | 13. Other safety management measures (including executive participation in safety activities)             |

## Autonomous Health and Safety System

We defined roles and responsibilities for management leadership, supervisors, and employees at all levels to foster a culture of autonomous safety. Management leadership and supervisors conduct monthly safety inspections, identifying and implementing improvements. Meanwhile, employees are encouraged to voluntarily identify potential risks and provide suggestions for enhanced safety, actively contributing to the creation of a safe working environment. Additionally, to enhance safety awareness among employees, we have introduced Safety Inspection Days on the 4th of every month and a Workplace Safety Award, increasing employee engagement.

### 10 SH&E Commandments

#### A safe environment is our top priority

- |   |   |
|---|---|
| ① All accidents are preventable [Safety philosophy]                           | ⑥ Do not start work unless safety is guaranteed [Work standard]                                 |
| ② Abide by laws and guidelines, and go one step further [Principle of action] | ⑦ Find the source of the risk and continue to resolve it to perfection [Continuous improvement] |
| ③ Seek practical solutions and answers in the field [Field-centric approach]  | ⑧ Think of partners and colleagues as family [People-centered approach]                         |
| ④ The enemy of safety is not risk but indifference [Safety consciousness]     | ⑨ Continue researching and applying findings [Capacity enhancement]                             |
| ⑤ Disclose and share injustices and changes [Open-mindedness]                 | ⑩ Make the workplace safer than your own home [Safety standard]                                 |

## Health and Safety Governance





# HEALTH AND SAFETY

## Health and Safety Council

### Occupational Health and Safety Committee GRI 403-4

We quarterly convene an Occupational Health and Safety Committee composed of an equal number of workers and company representatives. As of 2023, a total of 64 health and safety agendas were deliberated and resolved. Our partner companies also hold monthly health and safety committee meetings to discuss significant matters and support activities aimed at enhancing health and safety standards.

### Occupational Health and Safety Committee Performance

Regular Working Level Council, Occupational Health and Safety Committee	Occupational Health and Safety Committee	Main Agendas
Bi-monthly meeting	Quarterly meeting	<ul style="list-style-type: none"> <li>Revision of Occupational Health and Safety Management Regulations</li> <li>Measures to improve employee pedestrian safety awareness</li> <li>Operational plan for health check-ups</li> <li>Measurement plan for workplace environment</li> <li>Emergency drills</li> <li>Conducting precision safety assessments at corporate research institutions</li> </ul>

## Safety and Environment Conference

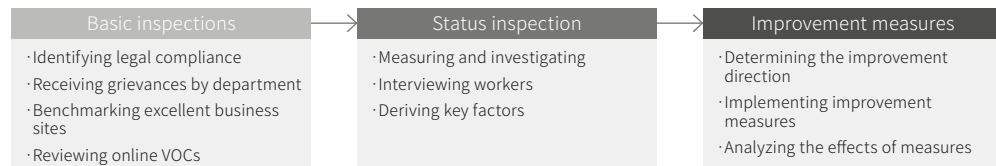
We conduct the Safety and Environment Conference and Safety and Environment Council, where managers from each business department, including the Safety Management Officer, participate. At these meetings, we discuss and share health and safety issues, as well as the results of safety activities. As the heads of each department take responsibility for managing safety objectives, we strengthen management's accountability and participation in upholding workplace health and safety.

## Creating a Safety-oriented Workplace ESRS S1-4-38 (a), S1-4-39, S1-4-41, S1-4-AR 33 (a)

### Workplace Enhancement GRI 403-2, 403-10

To cultivate a culture that prioritizes on-site safety, we conduct surveys on working conditions and implement improvement measures in areas that need enhancement.

### Workplace Enhancement Process



## Employee Safety Assessment

We assign a 5-15% target for workplace safety activities within the Management By Objectives (MBO) framework for executives and managers to establish an autonomous safety culture and a safe workplace. For employees, we conduct an annual safety culture assessment to evaluate and analyze safety management levels. Additionally, we promote internal workplace safety campaigns and employee participation programs to enhance safety awareness and capabilities.

### Workplace Risk Assessment GRI 403-2

We review annual risk assessments and perform additional evaluations whenever changes occur. This risk assessment system enables us to identify hazardous risk factors and establish mitigation measures for continuous improvement. Additionally, every year, we invite internal and external instructors to cultivate risk assessment experts equipped with enhanced capabilities.

### Workplace Risk Assessment Process

Step 1 Conduct risk assessment	Step 2 Identify risk factors	Step 3 Improve conditions
<ul style="list-style-type: none"> <li>Additional evaluations for changes such as new processes/facilities</li> <li>Regular assessment</li> </ul>	<ul style="list-style-type: none"> <li>Discovery of safety hazards and risks through the participation of all employees</li> </ul>	<ul style="list-style-type: none"> <li>Addressing identified risks and implementing preemptive management strategies</li> <li>Implementing necessary measures through annual re-evaluations guided by risk assessment results</li> </ul>

### Types of Work-related Injuries GRI 403-9, 403-10

We identify and monitor major types of workplace injuries for follow-up and prevention. Out of the 13 health and safety incidents recorded in the workplace in 2023, ten were on-the-job accidents.

### Types of Accidents

(Data coverage : 100%, Unit : Cases)

Types	On-the-job	Off-the-job
Total	10	3
Unbalanced and strenuous movements	1	0
Falling	0	3
Collision	4	0
Crush	4	0
Contact with objects at abnormal temperatures	1	0

## HEALTH AND SAFETY

### Achievements in Health and Safety Evaluations

Since 2022, we have consistently achieved the highest P-grade in the Process Safety Management (PSM) evaluations conducted by the Ministry of Employment and Labor for our Suwon and Busan sites, designated as PSM target sites. Furthermore, our Suwon and Busan sites were recognized as outstanding fire prevention sites on Fire Service Recognition Day. Additionally, our Tianjin production site has been certified as a safety excellence company by the Safety Production Association, while the Gaoxin production site has been honored with the Safety Production Enterprise Award for its excellence in safety activities. Moreover, we have accomplished significant milestones including zero serious accidents and a 10% decrease in package insurance rates compared to 2022. Through proactive safety environment recommendations and rigorous risk identification, we have identified and improved 147,791 cases. Furthermore, we have successfully implemented improvements in handling hazardous substances for 38 cases through material changes/deletions and automation, with continued plans for sequential enhancements until 2025.

### Preventive Measures for Safety Incidents

We continuously execute preventive measures for safety incidents, including CEO safety messages, employee safety pledges, and the establishment of a 'Not To Do List' outlining basic safety rules. Additionally, we have introduced voluntary potential risk discovery activities for all employees and a real-time safety communication system (SEM-S), all aimed at ensuring workplace safety. Furthermore, we have formed a Grid Inspection Team to detect and address irregularities across all business sites. In the event of changes, we carry out safety reviews and risk assessments to formulate measures for reducing risks and implement necessary health and safety measures. Through these efforts, we remain committed to ongoing endeavors aimed at eliminating health and safety risks in our work environment.

### Accomplishments and Goals of Safety Incident Prevention Measures

Category	Unit	2021	2022	2023	Goals
Potential risk discovery activities	Cases	165,961	167,745	144,879	Over 3.5 cases per person
Registering safety recommendations on SEM-S for improvement	Cases	-	2,556	2,912	10% increase from previous year
Executive participation in safety activities	%	100	100	100	Participation for every week
Workplace enhancement	Cases	55	61	38	Over 30 cases annually
Safety experience/emergency treatment training	Persons	-	616	6,282	Completion by all domestic employees
Near miss incidents	Cases	40	40	61	20% decrease from previous year
Internal vehicular accidents	Cases	0	0	0	Zero
Company-wide crisis response training	%	100	100	100	Monthly
Health check-ups	%	100	100	100	100%

### Preventive Measures for Safety Incidents

GRI 403-9, ESRS S1-1-23

We continuously execute preventive measures for safety incidents, including CEO safety messages, employee safety pledges, and the establishment of a 'Not To Do List' outlining basic safety rules. Additionally, we have introduced voluntary potential risk discovery activities for all employees and a real-time interactive safety communication system (SEM-S), all aimed to establish a autonomous safety culture. Furthermore, we have formed a Grid Inspection Team to detect and address irregularities across all business sites. In the event of changes, we carry out safety reviews and risk assessments to formulate measures for reducing risks and implement necessary health and safety measures. Through these efforts, we remain committed to ongoing endeavors aimed at eliminating health and safety risks in our work environment. As a result, in 2023, we identified and improved 144,879 potential risks, and 2,912 safety recommendations were registered and addressed through the SEM-S.

### Workplace Safety Rules

#### Not To Do List

Employee compliance requirements	1. Do not perform maintenance or repair on equipment in operation. * For maintenance and repair of facilities, work after 1) turning off the power and 2) locking the operation switch
	2. Do not remove safeguards. * Removing safety devices installed for facility safety approval for the purpose of work convenience is prohibited
	3. Do not work without protection gear designated for each risk. * Work only after wearing the provided protective equipment tailored to the risk factors associated with hazardous tasks/facilities, as indicated by signage
	4. Do not use untrained equipment.
Supplier compliance requirements	1. Do not work at high places without securing safety belts and simultaneous work without control of work.
	2. Do not work in dangerous conditions. (right to stop work)
	3. Do not work at high places, perform hot work, or work with heavy equipment without prior authorization.

\*Workplace safety rules have been enforced for employee and supplier compliance since 2021.

### Disaster Response Training

Our commitment lies in achieving the pinnacle of PSM<sup>1)</sup> and fostering workplaces devoid of major industrial accidents. To realize this vision, we have established our proprietary prevention and management system, encompassing PSM's 12 fire and explosion elements. We meticulously compile, evaluate, and oversee process safety reports, integrating essential components such as process safety data, risk assessment, safe operations, and emergency response protocols, particularly for processes involving significant quantities of hazardous substances. Harnessing the capabilities of the PSM system, we conduct yearly assessments to ensure compliance with drawing specifications and conduct qualitative and quantitative evaluations. Additionally, we engage specialized institutions to conduct third-party audits on the implementation status of process safety management, thus elevating our operational standards in process safety management.

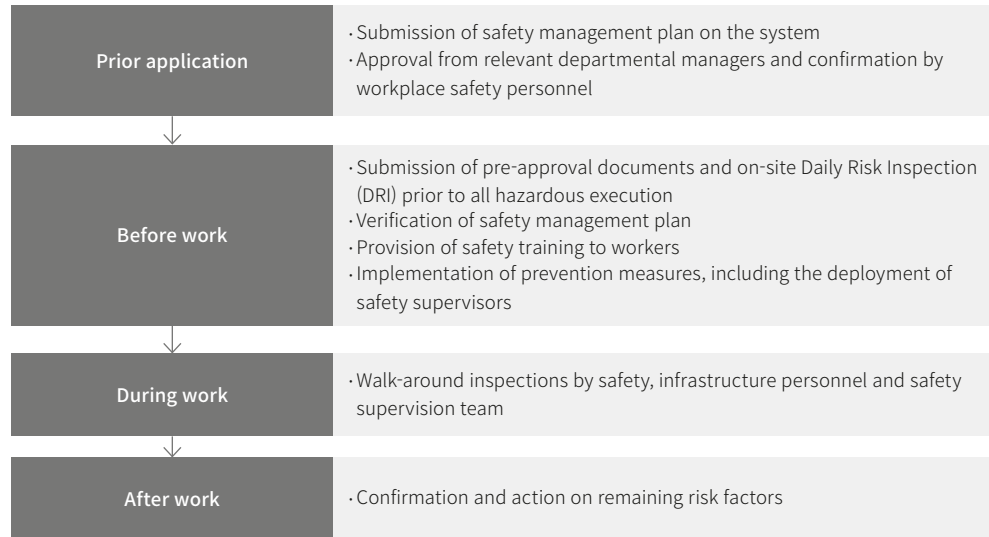
1) A system for preventing serious industrial accidents caused by the leakage of hazardous substances, fires, or explosions at workplaces where hazardous and dangerous substances are manufactured, handled, or stored, as prescribed by the Occupational Health and Safety Act.

## HEALTH AND SAFETY

### Pre-Approval and Supervision of Hazardous Operations

For nine categories of hazardous work, such as hot work, asbestos handling, and electrical tasks, the relevant department must seek prior approval through the hazardous operations permit system. This entails submitting a comprehensive work plan, inclusive of safety measures, for evaluation. Leveraging the Hazardous Operations Permit System, we meticulously oversee the entire operation, employing documentation and on-site Daily Risk Inspection (DRI), to preempt accidents and ensure stringent safety management.

#### Accident Prevention Process for Hazardous Operations



#### Management for Hazardous Substance Exposure to Workplace and Workers

Measurement and management of hazardous substances in the workplace	<ul style="list-style-type: none"> <li>Inspection of workplaces for 114 substances used by Samsung Electro-Mechanics out of 192 hazardous substances, as per Attached Table 21 of the Enforcement Rules of the Occupational Health and Safety Act</li> <li>Ensuring exposure levels in processes are maintained at 30% or below of legal standards</li> </ul>
Workplace enhancement	<ul style="list-style-type: none"> <li>Conducting regular medical check-ups for field workers and specialized medical check-ups for those exposed to hazardous substances</li> <li>Providing appropriate workplace-specific protective gear</li> <li>Ensuring the provision of individualized protective equipment</li> <li>Ensuring safety by inspecting the proper fit of protective gear</li> </ul>
Workplace Safety Council and training	<ul style="list-style-type: none"> <li>Safety Gear Council</li> <li>Training on how to care and wear protective gear</li> </ul>

### Health and Safety Training GRI 403-5

#### Employee Health and Safety Training

We tailor our training programs with customized curriculum to executives, managers, indirect workers, production staff, and each job characteristic. Additionally, our Safety Training and Experience Center serves as a venue to enhance situational risk management skills through training in earthquake and fire situations, safety incident simulations using Virtual Reality (VR)/ Mixed Reality (MR) technology, CPR practice, and Automated External Defibrillator (AED) usage. Moreover, we participate in external health and safety training courses offered by specialized institutions, such as accident investigation and risk assessment expert training programs, to enhance expertise in specific fields.

#### Employee Health and Safety Training

Category	Programs	Training hours per person
Domestic	Health and safety training, new member training, executive training, special safety training, and safety experiential training	112 hours
Overseas	Overseas business sites' internal health and safety training, work standards training, fire safety training	65 hours

#### Disaster Response Training ESRS S1-11-74 (c)

Aiming to ensure swift response and minimize damage in emergency situations, we have developed 15 crisis response scenarios covering fire, earthquake, chemical leaks, and food poisoning, and training sessions are held every month. Additionally, we established collaborative system through joint public-private training.

#### Disaster Response Training

Program	Participants	Cycle	Content
Joint training	All employees	Annual	Joint emergency response and evacuation training with external agencies
Response training	Responsible department by type	Monthly	15 crisis response scenario drills
Basic training	Manufacturing processes	Quarterly per theme	Self-training by scenarios such as fire, chemical leakage
Others	Dormitories	Twice a year (once each in the first and second half)	Nighttime fire and evacuation drills
	Daycare center	Monthly	Fire and evacuation drills

# HEALTH AND SAFETY

## Health and safety Management for Suppliers

### Health and Safety Management for Suppliers

Category	Content
Collaborative health and safety program for partner companies	<ul style="list-style-type: none"> <li>· Supporting the acquisition of health and safety management system (KOSHA MS) certification</li> <li>· Conducting annual workplace safety evaluations and imposing penalties on partners scoring below 70 points when signing the contract</li> <li>· Providing safety, health &amp; environment training and educational materials (online/offline)</li> <li>· Monthly Health and Safety Council</li> </ul>
Safety activities for resident partners	<ul style="list-style-type: none"> <li>· Operating a segmented council for contractors (construction, services, indirect services, and non-resident contractors) and presenting awards</li> <li>· Providing safety training for construction workers before entering the worksite, managing a directly ordered construction system, and conducting DRI of hazardous tasks</li> <li>· Establishing a suggestion system for partners, implementing a Business Continuity Management COVID-19 response system, providing mask support, and offering mobile training<sup>1)</sup> for visitors</li> </ul>
Safety activities for external partners	<ul style="list-style-type: none"> <li>· Offering specialized safety consulting to 17 partner processors</li> <li>· Assessing health and safety status through compliance management RBA (46 companies)</li> </ul>
Health and Safety Council	<ul style="list-style-type: none"> <li>· Communicating issues and suggestions</li> <li>· Mitigating risk factors through quarterly joint inspections</li> </ul>

1) Mobile health and safety training is provided for newly contracted partners who have difficulty attending offline training sessions

## Employee Health

GRI 403-3, 403-6

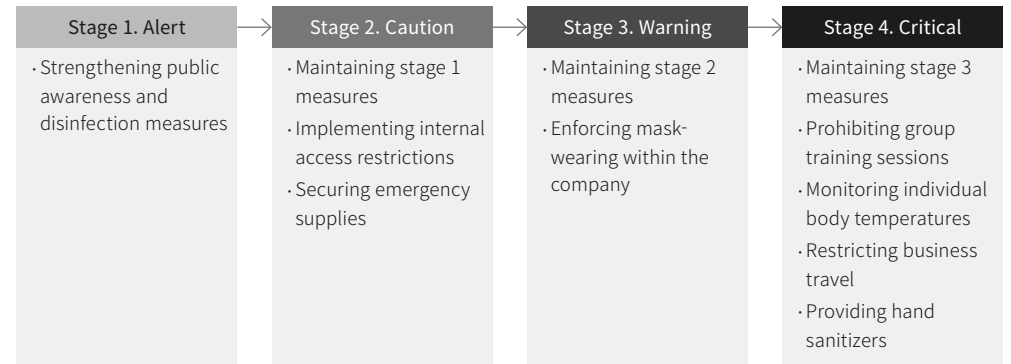
### Employee Health Management

Prioritizing the health and well-being of our employees, we implement a comprehensive range of medical check-up programs. These include regular health examinations, specialized medical check-ups, and extensive medical assessments that encompass detailed physical evaluations, mental health screenings, and cancer screenings. To further support employee health and prevent occupational diseases, we maintain an in-house medical clinic offering services in family medicine, dermatology, physical therapy, and posture correction. Additionally, we have implemented care programs for employees returning from sick leave and conduct risk assessments to protect maternal health. Our health improvement initiatives include three specialized programs targeting smoking cessation, obesity management, and mobile health guidance, all designed to enhance the overall health of our workforce.

### Infectious Disease Prevention

To prevent the entry of infectious diseases into our workplaces, we have established an emergency response scenario and a four-tier internal response system (Alert, Caution, Warning, Critical) for suspected and confirmed cases. In the event of an outbreak, we immediately establish the disease control and prevention division to coordinate, monitor and respond in real-time.

### Infectious Disease Response Process by Stage



# CORPORATE SOCIAL RESPONSIBILITY

## CORPORATE SOCIAL RESPONSIBILITY STRATEGIES

Together for Tomorrow!

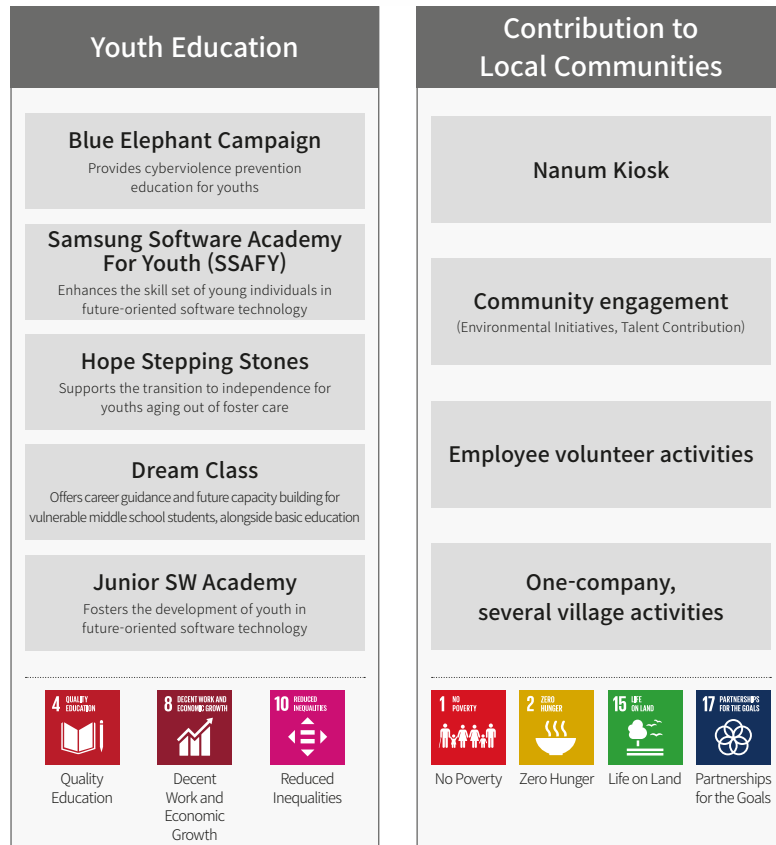
## Enabling People

SOLVING SOCIAL CHALLENGES USING  
SAMSUNG'S CORE CAPABILITIES AND RESOURCES

Vision

Vision

UN SDGs<sup>1)</sup>



## CORPORATE SOCIAL RESPONSIBILITY PROGRAMS GRI 203-2

### Youth Education

#### Samsung Software Academy For Youth (SSAFY)

The Samsung Software Academy For Youth is a project aimed at enhancing the employability of unemployed youth by providing high-quality education utilizing Samsung's software education expertise and experience, focusing on unemployed college graduates under the age of 29. In collaboration with the Ministry of Employment and Labor, Samsung affiliates (including Samsung Electro-Mechanics, Samsung Electronics, Samsung Display, Samsung SDI, Samsung SDS, and S-1 Corporation) have been actively engaged in this initiative since 2021. Starting from 2023, five major banks (KB Kookmin Bank, Shinhan Bank, Hana Bank, Woori Bank, and NH Nonhyup Bank) have also signed agreements to participate in the program. Currently, the program operates five campuses nationwide (in Seoul, Daejeon, Gwangju, Gumi, and Busan), providing one year of tailored software education and employment support services to students majoring in humanities, engineering, and software engineering. Additionally, we enhance the job competitiveness of aspiring software developers by offering mentoring through talent donations from our employees. As a result, graduates from the first to eighth terms have achieved a cumulative employment rate of approximately 85%. They have secured positions not only at Samsung Electro-Mechanics but also at various other software companies, including Kakao, Naver, and LG CNS. Moreover, more than 150 companies prioritize hiring SSAFY graduates in their recruitment processes.

#### Dream Class

We are engaged in the Dream Class Education Project, aimed at supporting middle school students facing challenges in their educational journey. This initiative offers tutoring in English and math, software education, and career mentoring to bridge the educational gap for middle school students in vulnerable groups. Departing from traditional teaching methods, the Dream Class Project has transitioned to a blended approach, combining online education with offline classes. We have carefully selected 5,000 middle school students to participate in activities such as the Dream Fair, Educational Donation Fair, and Employee Mentoring sessions, empowering them to explore career paths and gain practical job experience.

#### Junior SW Academy

The Samsung Junior SW Academy is a pioneering educational program for adolescents, designed to empower them to lead the upcoming changes in the rapidly evolving era of the Fourth Industrial Revolution leveraging software and artificial intelligence (AI). Operated jointly by five electronics-related Samsung affiliates, this initiative aims to support elementary, middle, and high school students by providing software education through trained instructors. Initially introduced at a time when software was unfamiliar and challenging for youth, the Junior SW Academy has conducted training for over 4,300 teachers and delivered quality software education to 200,000 students, contributing to the development of government's policies on software and AI education. Consequently, the groundwork for public software education has been firmly established, supported by enhanced policies and augmented funding, with classroom hours expected to double in updated curricula. In response to the evolving landscape of domestic public software education, the Junior SW Academy concluded its activities by the end of 2023, aiming to share its accumulated educational content and expertise with frontline educators through open sourcing until 2025.

<sup>1)</sup> The UN Sustainable Development Goals comprise 17 universal objectives for humanity, including environmental, economic, and social integration, to achieve sustainable development by 2030. This reflects a steadfast commitment to realizing sustainability ideals and tackling global challenges. (The 70th UN General Assembly resolution in 2015)

## CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

### Hope Stepping Stones

Hope Stepping Stones is a program designed to serve as a solid foundation for youth as they take their first steps into society upon reaching 18 years of age, providing support for them to establish independence in a stable environment. We assist young adults transitioning from childcare facilities at ages 18 to 25 to achieve genuine independence by offering studio-type single-person housing for up to two years, accompanied by 1:1 integrated case management service tailored to their specific needs. Currently, there are 10 independent living support centers operating nationwide, with an additional two centers under construction. Starting in 2023, we are not only focusing on housing support but also establishing a comprehensive solution for independent living by providing nine practical training programs and employment support activities to enhance their job readiness.

### Contribution to Local Community ESRS S3.SBM-3-9 (c)

#### Nanum Kiosk

Nanum Kiosk is a donation system where KRW 1,000 is contributed whenever an employee's ID is tagged on the kiosk. Since April 2022, these kiosks have been installed and operated at various business sites across the country, fostering a culture of sharing within the company. Through local community NGOs, we receive recommendations for vulnerable children in need of assistance. Once the total contribution reaches KRW 5 million, the donation is then delivered to the identified recipient child. Thanks to the active and voluntary participation of our employees, over 10,000 donors—representing eight out of ten domestic employees—raised KRW 490 million within just one year and eight months of operation, benefiting a total of 99 sponsored children (Number of children sponsored in 2023 is 70). Going beyond one-time financial support, our employees have continued to contribute their talents through academic tutoring, piano lessons, art education to help these children grow. On major holidays such as Children's Day, traditional Korean holidays, and Christmas, we organize various events to spread goodwill, such as delivering gifts to the children.

#### Employee Volunteer Activities

In the aftermath of COVID-19, our employee volunteers have been conducting both face-to-face and contactless activities. We have consistently strived to engage in meaningful volunteer initiatives by expanding our range of programs to meet the needs of social welfare institutions and local communities. In 2023, total employee volunteer hours stood at 15,255 hours. Our employees are working together to create a better society with their talents and efforts through activities such as contactless meal preparation for elderly residents living alone, providing educational and physical development support for children in study rooms through badminton classes, sponsoring birthday parties for children in childcare centers, and organizing blood donation campaigns to alleviate blood shortages. Additionally, they are involved in DIY volunteer activities to distribute air-purifying plants and providing solar lanterns to youth in regions with limited electricity access.

### Community Support GRI 413-1

In pursuit of mutual prosperity, we communicate with local communities to identify their needs and implement various activities accordingly. For active engagement with these communities, we participate as a member of the steering committee of community security councils and social welfare organizations (Suwon City Global Youth Dream Center) near our business sites, to better understand local issues. Additionally, we collaborate with local companies through our involvement in the Corporate Welfare Net, organized by the Busan City Social Welfare Council. Through these community councils, we support vulnerable groups in overlooked areas and plan and operate joint projects for community development.

### Promotion of Mutual Prosperity for Cities and Villages GRI 203-1

To achieve rural-urban mutual prosperity, we purchase local specialties from sister villages and operate online direct sales markets during national holidays to secure sales channels and increase their income.

### Community Environment Protection Initiatives

Every year, we restore forests in areas affected by forest fires or logging to protect local biodiversity and forests. Additionally, we engage in a project called Companion Plant Raising, where employees raise plants and donate them to underprivileged members of the community. For every tree raised as a companion plant for two weeks, a tree is donated to create a forest. In 2023, our employees raised 1,000 air-purifying plant pots, which were then delivered to the elderly living alone, children, people with disabilities, and multicultural families. Furthermore, 2,000 pine seedlings were planted for ecological restoration in the mountainous areas of Okgyemyeon, Gangneung damaged by wildfires. These seedlings were provided through the Companion Plant Raising project and the Employee Plogging activity held to commemorate our 50th anniversary. A plaque has been installed at the forest entrance to honor the employees and families who participated in the project.

### Donations by Employees

At Samsung Electro-Mechanics, we operate various donation programs that include both regular and temporary contributions to foster a culture of sharing within the company and to encourage employees' voluntary participation. Our employees voluntarily donate a portion of their monthly salary to youth education and CSR programs of their choice, while the company participates in social contribution activities by matching their donations with equivalent grants. Our annual Employee Donation Campaign at the end of the year acts as a catalyst for fostering empathy among our employees towards Samsung's youth education programs. We also operate Nanum Kiosks, where employees can donate KRW 1,000 to underprivileged children every time they tag their employee card, and Irregular Donation Funds, where internal and external awards and lecture fees are donated to low-income households in the community. Moreover, all employees have been contributing less than KRW 1,000 of their salary every month since 1996.

## CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

### Overseas CSR Activities

We are committed to fulfilling our corporate social responsibility by identifying and supporting social contribution projects that reflects the local needs of the overseas regions, with the aim of reducing inequality in our communities.

#### China

We organize ‘Solve For Tomorrow’ in collaboration with our business sites in China, a national science contest aimed at cultivating youth interest in science and technology. Additionally, our ‘STEM Girls’ program nurtures talented female students in these fields. As part of our ‘One-city, One-village’ campaign, we actively oversee the ‘Samsung Sharing Village’. Furthermore, we contribute to the rehabilitation of children with autism, engage in community environmental protection efforts, and provide essential daily items to support underprivileged children and the elderly in our outreach activities.

#### Philippines

In partnership with a low-income public school in the Philippines, we provide equipment, hygiene products, and school supplies for students, as well as food and relief supplies for the local community. We have also organized employee fundraising and scholarship programs. Additionally, we engage with the local community through various employee volunteer activities, including blood donations.

#### Vietnam

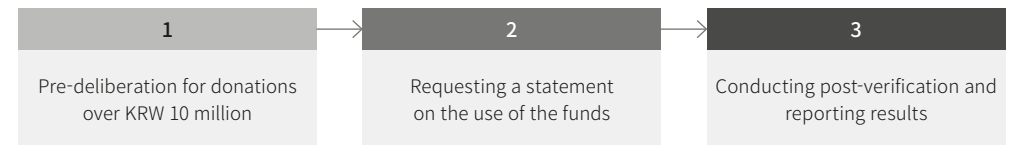
We have established sisterhood relationships with public schools in Vietnam, sponsoring educational equipment and providing learning and living supplies for vulnerable students to enhance their educational environment. To give hope and support to the local community, we also donate wheelchairs to people with disabilities in need, deliver thank-you gifts to war veterans on Memorial Day, and organize blood donation drives, all of which contribute to creating a more inclusive society.

## DONATIONS

### Sponsorship Policy

We strictly prohibit corruption and bribery in relation to external sponsorships. In this regard, we operate the External Sponsorship Committee for the transparent and fair management of donations. The committee consists of five team leaders who conduct preliminary reviews of donations exceeding KRW 10 million, while donations larger than KRW 100 million are executed only after approval by the board of directors. After the donations are made, we request a report from the recipients to verify the proper use of the funds, ensuring accountability and transparency in the execution of external sponsorships.

#### Monitoring Procedure





## CASE\_ BLUE ELEPHANT CAMPAIGN

# CYBERVIOLENCE PREVENTION CAMPAIGN FOR YOUTHS, BLUE ELEPHANT

Blue Elephant is our proactive CSR project designed to address the escalating issue of cyberbullying in the digital era. In order to fulfill our social responsibility, we have been operating this as a long-term project for the past ten years (2020 - 2029) in collaboration with Samsung affiliates (Samsung Electronics, Samsung Display, Samsung SDI, Samsung SDS), the Blue Tree Foundation (a specialized NGO for preventing school violence), the Ministry of Education, and the Fruit of Love. In 2023, we signed a business agreement with the Ministry of Gender Equality and Family and the Korean National Police Agency on the prevention of cyberbullying among teenagers, thereby strengthening our collaboration with responsible organizations. The name 'Blue Elephant' is a compound of 'elephant', symbolizing creatures that protect each other from predators in the jungle, and 'blue', a color symbolizing peace and stability. It represents the idea that teenagers safeguard each other in the cyber jungle and grow in a safe and healthy manner. To this end, Blue Elephant aims to thoroughly address the new societal issue of cyberbullying, not just scratch the surface, through the establishment of a comprehensive system. With a long-term approach to creating a safe cyber world, five programs are underway. These include 'on and offline prevention education with a focus on enhancing teenagers' prosocial skills,' 'psychological consultations to help victims restore their feelings and emotions,' 'campaigns for the elimination of cyberbullying,' and 'academic research aimed at analyzing cases of cyberbullying and formulating countermeasures.

As a result, a total of 940,000 students and citizens have joined the initiative over the past four years. This has drawn the attention of the public and responsible organizations, contributing to amendments to the law governing measures against school violence and policy tasks. The Blue Elephant was incorporated into the 'Five-Year Plan for School Violence Prevention and Measures (2020-2024)' driven by the Ministry of Education. This was followed by a revision to the 'Act on the Prevention and Countermeasures Against Violence in Schools' in March 2024, which included the newly coined and defined term for cyberbullying. We remain committed to addressing cyberbullying so that our teenagers, the pillars of future society, can enjoy healthy and bright lives.

### Accomplishments of Our Five Main Programs

Category	Main activities	Participants(person)		
		In 2023	Cumulated	Date
①Prevention education	Training of instructors and assistants for prevention education School visits/online sessions * Instructors: 360 counselors and others, Assistants: 70 employees * Total of 438 schools (332 in-person visits, 106 online sessions)	118,000	327,000	During the semester
②Psychological counseling	Psychological assessment/therapy, mediation support for cyberbullying incidents at school * The Blue Tree Foundation provides 30 specialized personnel for psychological counseling and mediation support.	2,000	9,000	Ongoing
③Prevention culture	Blue Elephant National Campaign Against Violence * MOU in May 2023 Forum on Program Effectiveness and Best Practices * Nov. 2020-2022	142,000	471,000	May/Nov. (biennially)
④Academic research	Publication of school cyberviolence report and government policy recommendations * Conducted interviews with elementary, middle, and high school students/parents/teachers nationwide * The amendment of relevant laws	10,000	41,000	Ongoing
⑤Platform	Introduction and promotion of projects and activities (via website, mobile app, social media)	5,000	92,000	Ongoing
Total		277,000	940,000	-

### Accomplishments of Blue Elephant Programs



- Contributed to the revision of laws and policies regarding the government's school violence measures by attracting the interests of the public and related organizations through the participation of 940,000 people in total for the last four years
- Integrated into the Ministry of Education's 5-Year Prevention and Countermeasures Implementation Plan for School Violence (2020-2024)
- Selected as the 'official sustainability education project' by UNESCO (during 2022 to 2025)
- Strengthened collaboration with relevant ministries through a six-party MOU in May 2023
- Revised the 'Act on the Prevention of and Countermeasures Against Violence in Schools' (effective Mar. 2024)
- ① Addition of cyberviolence to the School Violence Prevention Act (Article 2: new terms and definitions), ② Establishment of support for cyberviolence victims (deletion of recorded materials) (Article 16)
- 1) '20: 90,000, '21: 260,000, '22: 310,000, '23: 280,000



Signing a six-party MOU



Non-violence campaign performance together with youth



Non-violence campaign booth



Awards Ceremony for the Cyberviolence Prevention Contest





## CASE\_ BLUE ELEPHANT CAMPAIGN

## CYBERVIOLENCE PREVENTION CAMPAIGN FOR YOUTHS, BLUE ELEPHANT

Reviews from teachers, citizens, and executive assistant instructors who participated in Blue Elephant Campaign

### On-Site School Prevention Education

“Through the Blue Elephant prevention education, students were able to gain a concrete understanding of cyberviolence, which they were previously unaware of. Additionally, the activity in which students choose actions as a bystander, rather than as a perpetrator or victim, provided them with an opportunity to indirectly experience a variety of situations.”

- Jung oo, Teacher at Dongbaek Elementary School -

“The excellent quality of the workbooks and teaching materials sparked interests among the children, encouraging active participation. Moreover, they had the chance to share their learnings afterward while building nano blocks. Prior to the educational session, they lacked a clear understanding of cyberviolence. However, through the program, they gained insight into various forms of cyberviolence and learned effective coping strategies.”

- Lee oo, Teacher at Daepyung Elementary School -

“Through the education, I clearly learned how to handle cyberbullying when witnessing or experiencing it and ways I can help my friends. If a friend were to experience such a situation, I would actively help them.”

- Kim oo, 5th Grade Student at NaeSung Elementary School

### Blue Elephant National Campaign Against Violence: School Bullying and Cyberbullying Prevention

“In the campaign, the topic of violence, which can be difficult to approach, were addressed in a joyful and lively atmosphere with various booths, celebrity performances, and performances prepared by young people. I would like to participate in the next year event with even more friends.”

- Youth participants in the campaign -

“The event was enjoyable for both children and adults, offering a meaningful opportunity to reflect on the importance of ‘consideration.’ In a climate where the seriousness of school bullying and cyberbullying is increasingly apparent, participating in the anti-violence campaign was truly valuable. The event provided a platform to raise awareness about school bullying and cyberbullying. Thank you for organizing such a commendable campaign.”

- Parent participants in the campaign -

### Employee Assistant Instructors in Prevention Education

“While participating as an assistant instructor, I learned about the many types of cyberbullying. The education, tailored to the children’s level, was fun and easy to understand. Encouraging more employees to join through active promotion would be great. I look forward to participating again.”

-Kim oo, Employee of Samsung Electro-Mechanics-



# CUSTOMERS AND SUPPLIERS

## CUSTOMER AND QUALITY

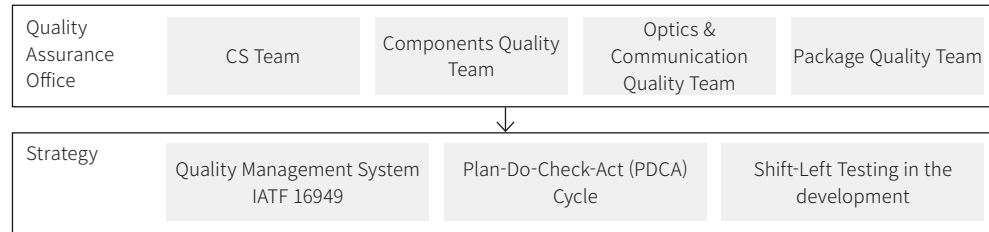
ESRS S4-4-30

### Quality Management Governance

ESRS S4-4-AR 41

We have established a quality management governance system centered around the Quality Assurance Office. In June 2022, we reorganized the Quality Assurance Office to implement a customized quality assurance system for each product, adhering to the principle of quality first. This led to the creation of a dedicated quality organization system for each product to streamline quality management.

#### Quality Management Governance



### Quality Management System

ESRS S4-4-31 (a)

#### Quality Management System

Category	Actions	Effects
Design/development	<ul style="list-style-type: none"> <li>Continuous improvement of Qual.<sup>1)</sup></li> <li>Reflecting verification points for mass production</li> <li>Developing reliability verification and new evaluation methods</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing the consistency of product lifetime prediction by reflecting customer use environment</li> </ul>
Raw quality material	<ul style="list-style-type: none"> <li>Establishing a system-based management</li> </ul>	<ul style="list-style-type: none"> <li>Operating data dispersion management of suppliers</li> </ul>
Manufacturing and process	<ul style="list-style-type: none"> <li>SPC<sup>2)</sup> and process capacity management</li> <li>Facility anomaly management system</li> </ul>	<ul style="list-style-type: none"> <li>Continued improvement of quality assurance process for mass production (anomaly management, change management, shipment guarantee)</li> </ul>
Shipment	<ul style="list-style-type: none"> <li>Focused management of defect-related items</li> <li>Creating a DB out of measured data and systemization of anomaly detection</li> </ul>	<ul style="list-style-type: none"> <li>Improving the data-based shipment quality assurance system</li> </ul>
Customer quality	<ul style="list-style-type: none"> <li>Analysis of customer issue data for improvement</li> <li>Achieving TAT<sup>3)</sup> goals in customer response</li> </ul>	<ul style="list-style-type: none"> <li>Expert team focusing on customer support</li> <li>Survey of customer quality competitiveness</li> </ul>

1) Qualification 2) Statistical Process Control 3) Turn Around Time

## Vision and Strategy for Quality Management

ESRS S4-3-25 (a), S4-4-31 (b)

We maintain our global competitive edge in quality through a robust quality management system that enhances customer value. We continually enhance our quality assurance processes by rigorously monitoring the entire lifecycle from development and mass production to customer response, ensuring alignment with ISO 9001 standards and meeting company-wide quality objectives. Early identification and preemptive resolution of potential issues in new product production are paramount priorities for us. We utilize the PDCA cycle to respond to any quality issues that arise during production. Additionally, we implement comprehensive follow-up measures, which are segmented into recurrence prevention and leak prevention. These measures are based on a closed-loop system that includes immediate, interim, and closure reporting to ensure effective resolution of quality concerns. Moreover, in the development phase, we implement a Shift-Left Testing to bolster the quality of early development tasks and proactively identify risks at each stage of development. This is complemented by ongoing reliability technology research to bolster predictive capabilities. In mass production, we prioritize high quality and defect prevention through an enhanced Statistical Process Control (SPC) system designed to detect process anomalies effectively.

#### Vision and Strategy for Quality Management

Vision	Creating Customer Value with the Highest-quality Products
Quality principles	<ul style="list-style-type: none"> <li>① Customer and specification-oriented decisions and executions</li> <li>② Business implementations based on regulations and processes</li> <li>③ Transparent data disclosure on issues</li> <li>④ Constant enhancement through cooperation and synergies</li> <li>⑤ Autonomous decision-making with responsibility and authority</li> </ul>
Quality assurance organization and responsibility	The Quality Assurance Office consists of the CS Team, Components Quality Team, Optical Communication Quality Team, and Package Quality Team.

## CUSTOMER AND QUALITY

### Quality Control Training

We ensure that every production is completed according to agreed-upon rules and processes in line with ISO 9001 and IATF 16949 quality management systems. To enhance the quality awareness and capabilities of our employees, we have established a quality training university offering programs at basic and advanced levels, available through both online and offline courses. Utilizing statistical data analysis, the university incorporates various quality tools such as SPC, Measurement System Analysis (MSA), AIAG-VDA Failure Mode and Effects Analysis (FMEA), and the methodology of designing experiments. In 2023, a total of 1,104 employees completed the quality training program through 80 sessions across 15 courses.

### Customer Satisfaction Ratings

To enhance customer satisfaction, we have standardized our complaint resolution process, covering stages from complaint reception to corrective actions, implementing fundamental improvement measures, and assessing their effectiveness. This structured approach enables us to promptly address issues and effectively prevent recurrences. Additionally, we conduct customer surveys among our major clients, evaluating six key areas, including product quality and customer support processes. By aligning with customer needs and enhancing product satisfaction, we aim to ensure customer satisfaction. As a result of our efforts, the Customer Satisfaction Rating for 2023, based on a 5-point scale, was recorded at 4.4 points.

### Customer Satisfaction Activities

#### Expansion of Customer Touchpoint Activities ESRS S4-3-AR 20

Our website is designed with a focus on enhancing user convenience and accessibility. Recognizing that many users utilize search engines, we continuously improve Search Engine Optimization (SEO) to ensure easy access to necessary information about our products and services. To expedite information retrieval, we have structured our menu based on users' browsing patterns. Additionally, we have enhanced data accessibility by establishing links between related pieces of information. In line with web accessibility standards, we strive to cater to the needs of all customers, including those with disabilities such as visual, auditory, and color impairments, as well as socially disadvantaged groups such as seniors. This commitment has led to our annual certification for web accessibility. In addition, we extend our endeavor to provide optimized experiences for mobile users beyond web users.

#### CASE\_SAT(SAMSUNG Automotive MLCC Tech-Day)

Each year, we extend invitations to both domestic and overseas customers to participate in training and seminars focused on our products, aiming to continually enhance our communication with clients. In 2023, we organized the Samsung Automotive MLCC Tech-Day (SAT) exclusively for our domestic electronic component customers. This event served as a platform to strengthen our connections with 36 companies and 106 attending clients, building deeper engagement.

## SUPPLY CHAIN MANAGEMENT

### Purchasing Policy

We seek to produce the highest quality products and bolster our technological competitiveness through strategic partnerships and ethical management practices with global suppliers. In pursuit of a sustainable supply chain, we hold our suppliers to rigorous standards of ethical and compliance management, as well as Corporate Social Responsibility (CSR). Regular evaluations ensure that our suppliers uphold these principles, with a stringent system in place to discontinue business with any supplier found in violation of global regulations concerning human rights, discrimination, and responsible minerals.

### Sustainable Raw Material Policy

We maintain a steadfast commitment to reducing water usage, energy consumption, and waste generation throughout the production and procurement of raw materials. Concurrently, we endeavor to prevent infringements on human rights and adverse effects on local communities. Our ongoing efforts include a meticulous evaluation of the availability of sustainable raw materials and the collaboration with external stakeholders. We also conduct sustainability (compliance) management assessments of our raw material suppliers to ensure that their production processes do not result in negative environmental/social impacts. In instances where adverse impacts are identified, we promptly implement corrective measures to address and mitigate them.

### Prioritizing Key Raw Materials

We prioritize key raw materials based on their usage and price to assess sustainability-related risks. In the component sector, paste/powder, essential for passive elements, constitutes 46.8% of procurement expenditures, while in the Package Solution sector, Copper Clad Laminate (CCL)/Pre Preg (PPG), crucial for substrates, represents 22.6% of expenditures. These materials, comprising over 10% of product volume, are prioritized for procurement.

### Global Purchasing and Supply Chain GRI 2-6, 204-1

We procure raw materials, including semiconductors, semi-finished products, raw materials, and pharmaceuticals, from approximately 226 suppliers across 19 countries, with an annual value of approximately KRW 3.7 trillion. To ensure traceability of raw material origins, we mandate 100% entry of country-of-origin information in our purchase portal system when inputting vendor I/V information. Additionally, we have a localized purchasing policy aimed at supporting the development of overseas production sites and promoting social contribution. In 2023, the proportion of local purchases stood at 29.1%. For the year 2024, we plan to procure raw materials totaling KRW 3.9 trillion through 251 suppliers across 19 countries. In 2023, we utilized 1,617 tons of thermoplastics, with no usage of recycled plastic materials.



# SUPPLY CHAIN MANAGEMENT

## Supply Chain Risk Management

### Supply Chain Management Policy



### Supplier Code of Conduct 5.0 GRI 2-23, 2-24, ESRS S2-1-18, S2-4-AR 30, TC-HW-430a.1

We have implemented a Supplier Code of Conduct, publicly available on our website, to enhance the sustainability and ethical standards of our suppliers' operations. Aligned with the Responsible Business Alliance (RBA) guidelines, this code encompasses five key areas: labor rights, health and safety, environment, business ethics, and management systems. We enforce compliance with this code across all supplier relationships, integrating it as a contractual requirement in supplier agreements. Furthermore, to reinforce sustainable practices, we mandate all new suppliers to commit to adhering to these standards through a formal agreement.

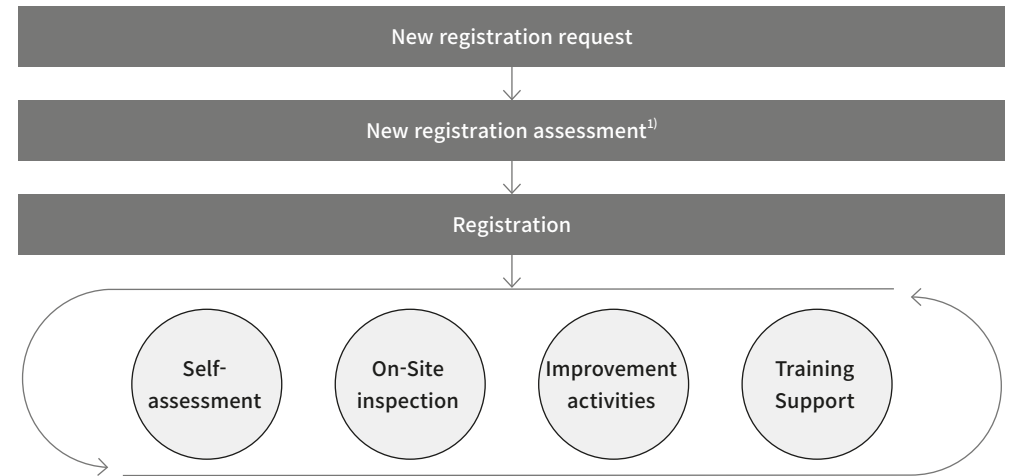
### Major Areas of Supplier Code of Conduct 5.0

Labor rights	· Prohibition of forced labor · Protection of underage workers · Compliance with working hours	· Wages and benefits · Humane treatment	· Anti-discrimination · Freedom of association
Health and safety	· 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 · Health and safety training
Environment	· 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 GHGs · Bio diversity · Ban on deforestation
Business ethics	· Ban on deforestation · 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
Management system	· Willingness to comply · Duties and responsibilities of the management · Response to laws and customer demands · Risk management	· Setting improvement goals · Training · Communication · Employee feedback and engagement	· Audit and evaluation · Corrective action process · Documents and records · Supply chain engagement and accountability

### Supply Chain Risk Management Process GRI 2-24, ESRS S2-3-27 (b), G1-2-15 (a)

We endeavor to assess the competitiveness of our suppliers and mitigate supply chain risks through a comprehensive supplier evaluation process. This involves regularly evaluating the financial stability of all suppliers by leveraging specialized credit rating agencies. In addition, we proactively address various risks, including natural disasters, regulatory compliance issues, and credit deterioration, by maintaining a robust communication network with headquarters and representatives across our business sites via our purchase portal system. For critical components, we establish long-term agreements and ensure a stable supply chain by conducting regular technical review meetings and fostering technical exchanges with key suppliers. Furthermore, to mitigate the risk of supply disruptions for components with high vulnerability, we adopt a proactive approach by diversifying our supplier base and securing multiple procurement sources, thereby preparing for unforeseen challenges such as natural disasters.

### Supply Chain Risk Management Process



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

# SUPPLY CHAIN MANAGEMENT

## Sustainable Supply Chain Management

### Selection and Registration of Suppliers GRI 308-2

We implement a comprehensive assessment when selecting new suppliers, which includes evaluating their overall management, quality/process performance, compliance management, and environmental practices for sustainable supply chain management. We scrutinize the credit rating and financial status of potential suppliers, partnering only with those meeting our stringent standards. We provide our suppliers with our environmental management guarantees covering RBA compliance, prohibition of responsible minerals, CSR compliance agreement, response to regulations on environmentally hazardous substances, RoHS, REACH, and mandate them to submit these documents. Additionally, we require all suppliers to commit to our Ethics Charter for Suppliers and Code of Conduct, by submitting a Pledge to Practice Compliance Management.

### On-site Evaluation of New Transaction Registration

We conduct on-site compliance management evaluations for new suppliers using the same criteria as our self-assessment checklist. Suppliers that violate mandatory compliance items or receive evaluation results below a certain threshold are restricted from registration.

### Significant Suppliers ESRS G1-2-15 (b)

In selecting significant suppliers, we conduct a multi-faceted review covering various aspects including environmental factors (GHG emissions, energy usage, waste management), social factors (child labor, forced labor, health and safety), and governance factors (corruption, bribery). Business relevance such as expected transaction amounts and volumes of products is also considered. Moreover, we comprehensively assess risks related to the political, social, and economic conditions of the country where the supplier is located, industry-specific risks, and risks associated with manufacturing, distribution, and product use. We select and separately manage critical suppliers, which include large-scale suppliers, suppliers delivering essential components, irreplaceable suppliers, and suppliers related to new business initiatives. As of 2023, the number of suppliers categorized as critical stood at 19<sup>1)</sup>.

1) Total number of Tier-1suppliers: 19, accounting for 56% of our procurement volume

### Employee Training

We conduct training on business etiquette, fair trade-related technology data protection, the Subcontracting Act, and the Act on the Promotion of Mutually Beneficial Cooperation for employees responsible for supplier-related work. Additionally, we provide online training to all employees once a year on the Subcontracting Act and the protection of suppliers' technology data.

### Comprehensive Evaluation of Suppliers

We carry out an annual comprehensive evaluation of all suppliers who have traded with us for more than one year. This evaluation includes a total of eight items, covering supplier capabilities such as quality, technology, delivery, transaction size, and financial metrics, as well as non-financial risks like compliance, environmental impact, and responsiveness. The evaluation results serve as indicators for determining whether to continue trading with a supplier. For excellent suppliers, we offer programs to enhance strategic collaboration, including securing new technologies in advance and conducting joint technology development. For low-performing suppliers, we provide opportunities to improve their business through training, technical support, and risk management strategies.

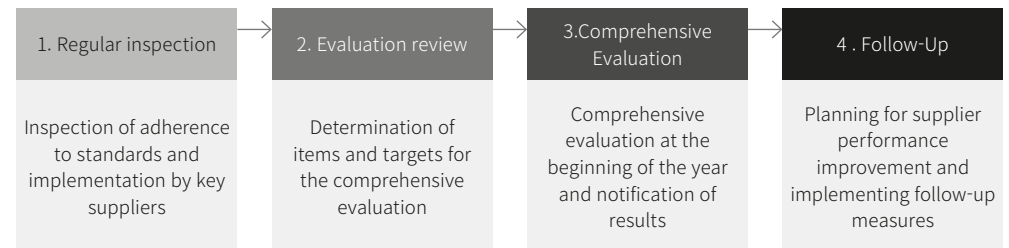
### Comprehensive Evaluation System for Suppliers

Target	· Target of Evaluation : Raw material suppliers (suppliers trading for more than 1 year)
Methods	· 8 items (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)

### Operating Strategies for Suppliers

Suppliers with high ratings	· Enhancing strategic collaboration and securing new technologies in advance · Providing opportunities for outstanding suppliers to launch their new products
Low-performing suppliers	· Technical support · Providing consulting services for safety and environmental practices, green purchasing, and evaluating the continuation of business relationships

### Comprehensive Evaluation Process ESRS S2-4-33 (a)



# SUPPLY CHAIN MANAGEMENT

## Comprehensive Evaluation Results

In 2023, we performed a comprehensive evaluation of 95% of our suppliers, excluding those with less than one year of transactions, and 80% received a rating of Good or above. The outcomes of this evaluation will be incorporated into our purchasing policy for the following year, and we expect suppliers to address any identified shortcomings.

### Status of the Comprehensive Evaluation Results

(Data coverage : 100%, Unit : %)

	2021	2022	2023
Percentage of suppliers underwent evaluation <sup>1)</sup>	95	94	95
Percentage of suppliers with high rating <sup>2)</sup>	76	80	80

1) Excluding suppliers with less than one year of transactions

2) Grade B or above

### CASE\_ Detailed Assessment Items and Indicators of Labor Rights

Item	Indicator
Guaranteed one day off per week	Verification of consecutive seven-day work schedules for employees
Compliance with legal working hours	Percentage of instances exceeding overtime limits
Integration of statutory provisions within the labor contract	Verification of statutory provisions integration
Payment of severance within the statutory deadline	Number of non-compliance with the severance payment deadline
Compliance with minimum wage	Payment above the minimum wage

## Evaluation of Suppliers' Sustainability (Compliance) Management

GRI 2-24, 202-1, ESRS S2-4-32 (a) / (b)

For the sustainability management of our supply chain, we select more than 100 suppliers(domestic/overseas) for sustainable management (compliance) evaluation each year, considering the previous year's transaction size, geopolitical location, and past issues. The evaluation is conducted through self-assessment and on-site inspections. Self-assessment is conducted by providing suppliers with a sustainability assessment checklist based on the RBA Code of Conduct and national laws. Through self-assessment, the supplier determines whether its policies and operations are in line with the RBA Code of Conduct and national laws while we support continuous improvement for any non-compliance. After the final approval by suppliers' CEOs, the results of self-assessment are registered on purchase portal system. We review the content and visit our suppliers to conduct on-site inspections. On-site inspections are conducted by Samsung Electro-Mechanics' representatives to verify our suppliers' implementation of sustainability management by checking the actual policies in operation, the reliability of supporting documents, and interviewing workers and the working environment on site. Based on the results, we identify problems and room for improvement, provide guidance and consulting to help suppliers adopt the correct improvement tasks, and regularly monitor and revisit to facilitate the progress of those who have difficulties in correcting the issues. We also select and award suppliers that practice excellent sustainability management every year to encourage their voluntary participation.

### Items for Evaluation

Labor	<ul style="list-style-type: none"> <li>Prohibition of forced and child labor, signing labor contracts, and compliance with payroll laws</li> <li>Anti-discrimination and protection of underage and pregnant workers</li> <li>Working hours compliance</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>Identification and improvement of hazardous risk factors in the workplace</li> <li>Adequacy of protective gear</li> <li>Proper operation of facilities for emergency response and evacuation</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Compliance with environmental permits</li> <li>Compliance with MSDS legal standards</li> <li>Appropriateness of waste and disposal companies</li> <li>Water quality and air pollutant management</li> <li>Response to environmental regulations on products</li> </ul>
Business ethics	<ul style="list-style-type: none"> <li>Operation of an anonymous reporting channel</li> <li>Personal information protection</li> <li>Responsible minerals</li> </ul>
Management system	<ul style="list-style-type: none"> <li>Evaluation on necessary actions taken when legal violations are detected</li> <li>Encouraging participation in training sessions on RBA regulations and related laws</li> <li>Evaluation of tier 2 suppliers for compliance with labor laws</li> </ul>



# SUPPLY CHAIN MANAGEMENT

## Evaluation Result of Suppliers’ Sustainability (Compliance) Management GRI 414-2, TC-HW-430a.2

Every year, we conduct a comprehensive sustainability (compliance) assessment of our major domestic and overseas suppliers to identify and mitigate risks related to sustainable management. The assessment results are reported to the executive (head of the Win-Win Cooperation Team). Since 2015, we have selected key suppliers annually and achieved a 100% compliance inspection rate through self-assessments and on-site inspections. From 2021 to 2023, a total of 290 suppliers (154 domestic and 136 overseas) completed self-assessments, while 203 suppliers (134 domestic and 69 overseas) underwent on-site inspections. As a result of these inspections, we identified 23 high-risk suppliers (11 domestic and 12 overseas, with 3 identified in 2023) that did not meet mandatory compliance standards or scored below 80 points based on the RBA Code of Conduct and national laws. These suppliers addressed immediately rectifiable issues on-site, and for other concerns, we provided guidelines and support to help them develop improvement plans. By the time of the next assessment, these suppliers had enhanced their sustainability compliance evaluation results. Specifically, for suppliers that failed to meet mandatory compliance standards, we verified within one month that corrective actions were completed.

### CASE\_Supplier’s Improvement Measures GRI 414-2

In 2023, the on-site inspections of domestic suppliers revealed no high-risk suppliers that failed to meet mandatory compliance standards or scored below 80 points based on the RBA Code of Conduct and national laws. However, to ensure continuous improvement of non-compliant items identified during inspections, we have implemented a monthly Check-In Day. This initiative helps to address and rectify any non-conformities on an ongoing basis.

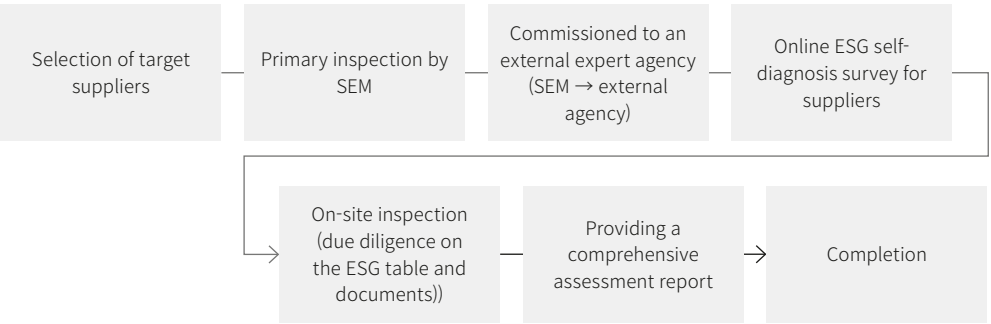
## Third-party ESG Diagnostic Assessment ESRS S2-4-35

After reporting to the CEO, we conducted a third-party ESG diagnostic assessment through an external expert agency for suppliers who opted to participate. A total of 21 major suppliers across key product categories—6 in components and 15 in packaging—took part in the assessment. We provided a comprehensive assessment report based on an online ESG self-diagnosis survey and on-site inspections, offering support for their improvement initiatives. Moving forward, we will progressively increase the number of suppliers subject to evaluation to systematically identify and enhance our suppliers’ sustainability management. This effort will be complemented by integrating incentives into future supplier evaluations.

### Areas of Third-party ESG Diagnostic Assessment

	Total	Management’s level of interest	Environment	Social	Governance	Safety
Number of items	114	8	33	43	17	13

### Diagnostic Process



# TRANSPARENT RESPONSIBLE MINERAL MANAGEMENT

TC-HW-440a.1

We have established a responsible supply chain management system to minimize the negative impacts on society and the environment, such as potential human rights infringements and environmental destruction in the mineral mining process. Through Masterpiece of Procurement System (MaPS), we prohibit all suppliers from using conflict minerals (3TG), cobalt, and mica that are unethically mined in 10 conflict-affected countries, including the Democratic Republic of the Congo and neighboring regions. We have developed and refined our responsible minerals management process to enhance the reliability of operational data. As of the end of 2023, all our suppliers are trading with Responsible Minerals Assurance Process (RMAP)-certified smelters. We continuously encourage smelters that are uncertain or not RMAP certified to transition to RMAP certification. To ensure ethical mining and procurement of responsible minerals, we require suppliers to adopt our Supplier Code of Conduct, which is based on the OECD Due Diligence Guidance for Responsible Supply Chains.

## Management System for Responsible Minerals

[Link to information on the use responsible minerals](#)

To provide customers with products that have gone through a normal distribution process, we have implemented a responsible minerals management system for our suppliers. To systematically verify the inclusion of responsible minerals throughout the supply chain, we ensure the use of conflict minerals (3TG), cobalt, and mica sourced from RMAP-certified smelters.

### Process

1.Compliance assessment questionnaires for suppliers	<ul style="list-style-type: none"><li>Collecting consent forms agreeing for compliance with non-use of minerals without RMAP certification</li><li>Providing policy, guidelines, and training for minerals from conflict-affected and high-risk areas</li><li>Initiating the expansion of the policy to ensure lower-tier suppliers refrain from using uncertified minerals</li></ul>
2. Investigating the use of minerals from conflict-affected and high-risk areas	<ul style="list-style-type: none"><li>Information related to minerals from conflict-affected and high-risk areas for raw material suppliers</li><li>Investigation and monitoring on the status of smelters in the supply chain</li></ul>
3. Reasonable verification of the investigation results	<ul style="list-style-type: none"><li>Verifying submitted information from suppliers and conduct on-site inspection</li><li>Identifying and sharing exemplary cases of supplier's mineral management</li></ul>
4. Identifying and assessing risks within the supply chain	<ul style="list-style-type: none"><li>Verifying management standards based on document review and inspections</li><li>Conducting follow-up management</li></ul>
5. Management system for mitigating risks and reporting relevant information	<ul style="list-style-type: none"><li>Terminating transactions with suppliers that use uncertified smelter</li><li>Encouraging smelters to acquire certifications</li></ul>

### Management System and Cooperation System

Management System	Establishing purchase portal system
Cooperation system	Joining in Responsible Minerals Initiative (RMI) with RBA and GeSI

### The operation of RMAP-certified smelters

Smelters used for each mineral within the supply chain encompasses a total of 408 facilities, including 35 for tantalum, 81 for tin, 51 for tungsten, 167 for gold, 70 for cobalt, and 4 for mica. Through ongoing inspections, we will ensure that products from uncertified smelters are not used.

## Investigation of Using Minerals from Conflict-affected and High-risk Areas

We conduct regular surveys on the use of responsible minerals throughout our entire supply chain, at least once a year. From January to April, we utilize the latest RMI Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to assess information regarding conflict minerals, cobalt, and mica from our suppliers, as well as smelters within the supply chain. Furthermore, we mandate our suppliers to extend the policy prohibiting the use of minerals produced from conflict-affected areas. In cases where we identify smelters lacking RMAP certification, we collaborate with our suppliers to encourage them to obtain certification and verify the mineral origins. Our policy on responsible minerals and information regarding smelters within our supply chain are accessible to everyone through our website.

### Verification of Investigation Results

We verify the information submitted by all suppliers to increase the transparency of the results. For suppliers that require additional verification, we conduct on-site inspections to check the use of RMAP-certified responsible minerals, responsible minerals policies, and responsible minerals information management systems and help them improve any inadequacies.

### Risk Identification and Mitigation Efforts

We monitor the use and origin of all responsible minerals in our suppliers' materials to ensure that no uncertified minerals are used. Depending on the reliability and management level of the supplier's data on responsible minerals, we may request additional evidence or conduct further on-site guidance for those suppliers with insufficient data. Furthermore, we terminate transactions with suppliers that use minerals from non-RMAP-certified smelters. We continually investigate alternative supply sources to prevent disruptions in our supply chain in such cases.

## Support for Suppliers

### Supplier Training

we create and share training materials on responsible minerals policy and management with our suppliers and facilitates, we educate their conversion to RMAP-certified smelters, and guide them to enter smelter information to raise awareness on the related issues. In 2023, we strived to increase understanding of responsible minerals mining issues through training during on-site inspections and banned the use of uncertified smelters.

### Efforts for Converting Suppliers to RMAP-Certified Smelters

As of the end of 2023, all our suppliers are trading with RMAP-certified smelters for all responsible minerals. We consistently recommend that smelters without RMAP certification, or those using minerals from unidentified sources, obtain RMAP certification if they are not yet certified.



# SHARED GROWTH GRI 203-2

## Shared Growth Structure

We strive for continued shared growth with our suppliers. We engage in meaningful dialogue through our annual meetings and facilitate their development through the mutual growth fund, which offers low-interest loans while providing training and consulting for them to raise productivity. Going forward, we will endeavor to enhance these communications and promote shared growth together with our suppliers.

### Shared Growth Strategy

Goals and orientations	Sharing Samsung Electro-Mechanics' Innovation DNA with Suppliers in Pursuit of Continuous Shared Growth		
Axes	Increasing productivity	Supporting safety and environment	Extending communication
Support activities	<ul style="list-style-type: none"> <li>Creation of shared growth funds worth KRW 78 billion and the provision of low-interest loans up to KRW 4 billion for tier 1 and 2 suppliers</li> <li>Training support for suppliers</li> <li>Consulting through Management Doctor System</li> </ul>	<ul style="list-style-type: none"> <li>Support for safety and environment consulting and provided fire safety diagnosis by Samsung Fire&amp;Marine Insurance for free of charge</li> </ul>	<ul style="list-style-type: none"> <li>Addressing complaints and support requests via channels including the website and MaPS</li> <li>Conducting biannual communication meetings with suppliers</li> </ul>

## Innovation in Productivity

### Shared Growth Fund

Since 2010, we have established a shared growth fund valued at KRW 78 billion in partnership with Woori Bank to bolster the investment funds and liquidity of our suppliers. In 2021, the Industrial Bank of Korea (IBK) joined this initiative, offering low-interest loans of up to KRW 4 billion for tier 1 and 2 suppliers. In 2023, we further expanded our loan support to encompass operational capital and investment funds required for the business activities of our suppliers. We allocated new loans totaling KRW 9.12 billion from the existing KRW 78 billion fund. Currently, a total of KRW 73.7 billion has been disbursed to 46 suppliers to facilitate their financial activities as of the year-end.

### Consulting through Management Doctor System

In collaboration with external expert advisors, we offer management consulting services in strategy formulation, technology, and productivity development. These services aim to enhance the business feasibility of our suppliers and facilitate their medium to long-term growth. In 2023, we provided consulting to two companies.

### Smart Factory Support

A smart factory utilizes information and communication technology (ICT) alongside digital automation solutions to enhance productivity, quality, and customer satisfaction across various production processes from development, manufacturing, distribution to logistics. In line with our commitment to bolster the competitiveness of our suppliers, we partner with external organizations to subsidize construction costs and support on-site innovation activities. Presently, we are providing assistance to three companies in their smart factory construction funds and innovation initiatives.

### Workplace Innovation Consulting

Workplace Innovation Consulting represents a support project facilitated by the Ministry of Employment and Labor. This initiative enables companies to enhance and reform their systems, encompassing labor-management cooperation and workforce development, thereby improving both corporate performance and the quality of working life. In 2023, we engaged in consulting for one company in collaboration with external agencies.

### Support for Tier 2 Suppliers

We offer improved payment terms, facilitate cash payments, and establish supplier councils to encourage our tier 1 suppliers to promote shared growth with tier 2 suppliers. Additionally, we provide direct support for the management enhancement of tier 2 suppliers through initiatives such as the shared growth fund and complimentary training sessions.

### Training Support for Suppliers GRI 205-2

Since 2020, we have operated the Win-Win Academy to systematically cultivate the workforce in tier 1 and 2 suppliers. Tailoring our support to the specific characteristics of each supplier, we offer customized training in productivity, equipment, quality, safety and environment, as well as leadership courses for executives and working-level employees. For optimal training effectiveness, we provide a comprehensive range of both offline and online courses. This includes on-site training where instructors visit respective suppliers, group training sessions for multiple companies, and real-time online courses. In 2023, we provided training opportunities for 166 suppliers<sup>1)</sup> and 3,462 workers across 146 courses. We significantly expanded the proportion of face-to-face training sessions from 41% to 64% compared to the previous year. To continually enhance our training offerings, we conduct regular meetings for executives and management, as well as workshops for employees responsible for supplier training. We are broadening the scope of training topics to encompass sustainable management, covering areas such as safety and environment, labor rights, and ESG principles.

1) Including five significant suppliers

## SHARED GROWTH

### Support for Safety and Environment

#### Coexistence and Cooperation Program for Health and Safety and Disaster Prevention GRI 403-7

Since 2013, we have initiated coexistence and cooperation programs aimed at disaster prevention and enhancing the health and safety management practices of our suppliers. By 2023, a total of 123 suppliers have received full financial support for obtaining occupational health and safety management system certification. Moreover, we have deployed experts to provide environmental and chemical substance consulting to suppliers with a high usage of hazardous substances, thereby facilitating their compliance with environmental regulations and disaster prevention measures through inspections of storage and facility areas for chemical substances. From 2014 to 2021, we entered into safety assessment agreements with insurance companies such as Samsung Fire & Marine Insurance to provide complimentary fire and explosion safety diagnoses for 99 suppliers. In 2022, we dispatched fire safety experts to four of our suppliers to conduct safety diagnostics and encouraged voluntary improvements based on the diagnostic findings. Starting in 2023, we actively participated in a government-led collaborative cooperation project between large enterprises and small-medium enterprises. Through this initiative, we supported small to medium-sized suppliers by providing internal expertise in risk assessment, electrical systems, fire safety, and occupational health and safety. This proactive involvement has contributed significantly to the prevention of industrial accidents.

#### Energy Saving Consulting

We implement diverse programs aimed at enhancing energy efficiency among our suppliers. In collaboration with the Korea Energy Agency, we offer complimentary energy-saving consulting to suppliers, promoting environmental management practices. To date, 15 suppliers have participated in this program, aiding in the establishment of an energy management system that enhances efficiency and reduces GHGs. Additionally, since 2022, we have deployed our energy experts to 12 suppliers to diagnose energy consumption patterns and identify opportunities for energy conservation.

### Communication with Suppliers

We perform regular surveys of our suppliers and gather feedback through various communication channels to systematically address complaints and requests for support. Our website and purchase portal system also serve as ongoing communication channels. We actively listen to various opinions and suggestions from our suppliers, incorporating them into our decision-making processes through designated personnel. The number of cases received through these channels was three in 2021, zero in 2022, and two in 2023. Each case is promptly addressed with relevant measures and responses. Additionally, we host online 'Supplier Communication Meetings' twice a year for tier 1 and 2 suppliers, fostering deeper engagement. Furthermore, we are distributing a Win-Win Program Guidebook to disseminate information about our shared growth policy and support for win-win cooperation. To ensure the competitiveness of our suppliers through effective horizontal and seamless communication, we plan to provide KRW 78 billion in financial support, allocate 20 employees for manpower and recruitment assistance, and offer training support for 3,000 supplier employees in 2024.

Direct Phone Line	+82-31-8093-8282	Website	<a href="http://www.samsungsem.com">www.samsungsem.com</a>
Email Account	<a href="mailto:semco.vos@samsung.com">semco.vos@samsung.com</a>	Procurement	<a href="http://www.semcobuy.com">www.semcobuy.com</a>

#### CASE\_Supplier Communication Forum

In March and October 2023, we hosted the Online Communication Forum for Shared Growth, inviting over 100 representatives and practitioners from our suppliers. The forum provided a platform for presentations covering various topics, including the business status and market outlooks by product category, domestic and international safety and environmental issues, global economic and financial market outlooks, policies supporting small and medium-sized enterprises, and trends in AI solutions and competitiveness. During the forum, suppliers were provided with guidance and information on support programs for win-win cooperation.

# SUSTAINABLE PROGRESS

Corporate Governance	80
Ethical Management	86
Economic Value Creation	97








# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

### Composition of the Board GRI 2-9, 2-11, ESRS GOV-1-21 (c), GOV-1-22 (a), G1.GOV-1-5 (b)

Aiming to enhance the independence of the BOD, we have separated the roles of Chair of the Board and CEO since 2016. Additionally, by appointing an independent director as the Chair of the Board, we have strengthened the BOD's independence, enabling effective oversight of the management leadership. With the goal of building a governance structure essential for accurate and transparent decision-making, our Board and CEO collaborate closely, sharing information and responsibilities to drive the company's innovation and development.

#### Board Skill and Diversity Matrix

		Inside Director			Independent Director			
								
		Chang Duckhyun (Male)	Kim Sungjin (Male)	Choi Jaeyeol(Male)	Choi Jongku (Male)	Yuh Yoonkyung (Female)	Lee Yoonjeong (Female))	Cheong Seungil(Male)
Category		CEO, Inside Director	Executive Vice President, Inside Director	Executive Vice President, Inside Director	Board Chair, Independent Director	Independent Director	Independent Director	Independent Director
Year of birth		1964	1965	1970	1957	1968	1968	1965
Tenure		Mar. 2022-Mar. 2025 (3 years)	Mar. 2022-Mar. 2025 (3 years)	Mar. 2024-Mar. 2027 (3 years)	Mar. 2023-Mar. 2026 (3 years)	Mar. 2020-Mar. 2026 (6 years) (Reappointed for a second term)	Mar. 2022-Mar. 2025 (3 years)	Mar. 2024-Mar. 2027 (3 years)
Current role		CEO, Samsung Electro-Mechanics	Chief of Corporate Business Support Team (CFO), Samsung Electro-Mechanics	Head of Component Business(Executive Vice President), Samsung Electro-Mechanics	Special Advisor to Yoon & Yang LLC.	Professor, School of Business, Ewha Womans University	Attorney at law, Kim & Chang	Advisor to Truston Asset Management
Affiliated committees		·Management Committee ·ESG Committee	·Management Committee ·ESG Committee	·Management 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	·Independent Director Candidate Recommendation Committee ·Compensation Committee ·Audit Committee ·Internal Transactions Committee ·ESG Committee
Work experience & skill	Education	Ph. D. in Electrical Engineering, University of Florida	Bachelor of Economics, Korea University	Master of Ceramic Engineering, Yonsei University	Master of Public Affairs, University of Wisconsin-Madison	Ph. D in Finance, Ohio State University	Master of Environmental Law, University of London	Master of Business Administration, Seoul National University
	Career highlights	·Head of Sensor Business Team, S.LSI Division, Samsung Electronics(Executive Vice President) ·Head of SOC Development, S.LSI Division, Samsung Electronics(Executive Vice President)	·Head of Support Team, IT & Mobile Communications (IM) Division, Samsung Electronics(Executive Vice President) ·Head of Support Team, Consumer Electronics (CE) Division, Samsung Electronics(Executive Vice President)	·Head of MLCC Development Team, Samsung Electro-Mechanics(Executive Vice President)	·Chair of the Financial Services Commission ·President of the Export-Import Bank of Korea	·Member of the Government Employees Pension Management 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	·President, Korea Electric Power Corporation (KEPCO) ·Vice Minister, Ministry of Trade, Industry, and Energy
	Leadership	●	●	●	●	●	●	●
	Engineering	●		●				
	Finance/Economy		●		●	●		●
	Law						●	
	Risk Management	●	●	●	●	●	●	●
	ESG Strategy						●	●
Conflict of Interest		Executive	Executive	Executive	-	-	-	-

# BOARD OF DIRECTORS

## Board Operation

GRI 2-16, ESRS GOV-1-5 (a), GOV-1-21 (b), GOV-1-22

Our board operation regulations guide us in the operation of the Board of Directors. To give directors enough time to review agenda items, we provide the materials associated with the items at least five days before the meeting. For overarching matters, such as large-scale strategic investments, we ensure that they are reported to the board in advance for discussion, and then feedback is provided. The directors then make resolutions on these matters at the board meetings. In 2023, a total of nine board meetings were held, with a total of 29 agenda items. These items, which included the regular convocation of shareholders' meetings, approval for donations, and reports on business performance and projections, were reported and approved by the board. In accordance with the Articles of Incorporation, a resolution requires the attendance of a majority of directors. In 2023, the attendance rate of both independent and inside directors was 97%.

### Committees under the Board of Directors

Under the Board of Directors, we put in place six committees.

Committees	Main Roles	Key Agenda Items
Audit Committee	• Audit of the overall company operations, including financial status	• Reporting on the operational evaluation of the internal accounting management system in 2022 and the audit results by external auditors • Reporting on financial statements for 2023 and the execution results of external donations
Compensation Committee	• Ensuring objectivity and transparency in the process of determining director remuneration	• Review of the 51st registered directors' remuneration limit • Review of the individual annual salary of the 51st inside directors
Independent Director Candidate Recommendation Committee	• Ensuring objectivity and transparency in the process of determining director remuneration	• Recommendation of independent director candidates
Internal Transactions Committee	• Enhancing transparency in management through voluntary fair-trade compliance	• Report 2022, 2023 internal transaction performance • Review large-scale internal transaction
ESG Committee	• Elevating shareholder value based on environmental, social, and governance considerations, deliberation and resolution on matters related to corporate social responsibility	• Publication of corporate governance report and sustainability report • Reporting on climate actions • Reporting on ESG efforts and plans for 2024
Management Committee	• Deliberation and resolution on general management, financial matters along with affairs delegated by the board	• Asset divestment • Facility upgrade for mass production • Increase in production output

\* Based on the Board of Directors in 2023

### Board operation

ESRS GOV-1-21 (d)

Board meetings	Reports and voting	Inside director/ independent director attendance rate	Percentage of independent directors	Percentage of female independent directors
9 times	29 cases	97%	57%	50%

### Composition of Committees under the Board of Directors

ESRS GOV-1-21 (a) / (e)

(● : Chair / ○ : Member)

Name	Duty	Audit Committee	Internal Transactions Committee	Compensation Committee	Independent Director Candidate Recommendation Committee	ESG Committee	Management Committee
Chang Duckhyun	CEO					○	●
Kim Sungjin	Inside Director					○	○
Choi Jaeyeol	Inside Director						○
Choi Jongku	Independent Director (Board Chair)	○	○	●	●	○	
Yuh Yoonkyung	Independent Director	●		○	○	○	
Lee Yoonjeong	Independent Director		○	○	○	●	
Cheong Seungil	Independent Director	○	●	○	○	○	

\* As of Mar. 2024 after the shareholders' meeting

## BOARD OF DIRECTORS

### Board Expertise and Diversity ESRS GOV-1-21

We have implemented a policy to appoint directors from diverse backgrounds through the establishment of the Independent Director Candidate Recommendation Committee. We have appointed directors, taking into account diversity, without regard to their backgrounds, gender, profession, race, and nationality. We ensure that individuals with expertise and experience in various fields, such as law, accounting, engineering, and ESG, are selected for director positions. In particular, the ESG Committee, which consists of four independent directors and two inside directors, is composed of professionals from various fields including environment, society, and governance sectors.

### Enhancing Board Expertise GRI 2-17, ESRS GOV-1-23 (a)

With the goal of enhancing the efficiency and expertise of our board, we have offered a variety of educational courses. Specifically, we support independent directors in actively and independently overseeing business operations and making decisions. This is achieved by providing them with internal education on various topics, including visits to local and overseas business sites and reports on the current status. Notably, the board receives reports on the global business environment and projections for domestic and overseas markets, in an effort to bolster risk management. Regular educational programs on our mid- to long-term strategies are also provided to them. In 2023, we conducted five educational sessions for independent directors to assist them in improving their professional performance within the board and committees.

#### Board Education Provided in 2023

Date	Instructor	Instructor
Apr. 26, 2023	Samsung Electro-Mechanics	New director orientation
Jul. 25, 2023	Samsung Electro-Mechanics	Status of win-win cooperation
Jul. 25, 2023	Deloitte Anjin	Major accounting issues due to revision of laws, etc.
Oct. 25, 2023	Deloitte Anjin	Types of financial accidents and countermeasures
Nov. 29, 2023	Kim & Chang	Domestic and international policy trends due to climate crisis

### Training for Sharpening Independent Directors' Expertise

We ensure comprehensive support for independent directors to perform their duties as supervisors and decision-makers. This includes inviting diverse external experts, such as legal and accounting advisors, to assist them. In 2023, as part of our efforts to enhance the expertise of the audit sector, we provided relevant education to the members of the Audit Committee twice. Furthermore, we facilitate gatherings for independent directors so they can exchange opinions and suggestions necessary for their duties through communication. In 2023, there were three such gatherings, including two meetings for independent directors and one educational session for a new independent director.

### Enhancing Board Diversity

With the purpose of putting sustainable management into action and embracing opinions from a broad range of stakeholders, we have promoted board diversity. This is evidenced by the continuous appointment of a female director since 2014. As of 2023, we have two female independent directors in place.

### Supporting Independent Directors

	Independent director meeting	Education for new independent director	Education for Audit Committee members
Target	All independent members	Choi Jongku	Kim Yongkyun, Choi Jongku, Yuh Yoonkyung
Number of meetings	2 times	1 times	2 times
Activities	· Current status of cooperation · Domestic and overseas policy trends associated with climate change	· Orientation for a new director	· Key accounting issues arising from amendments to laws · Types of financial accidents and countermeasures

#### Requirements for Board Expertise and Diversity

[Link to the requirements](#)

In the appointment of directors, we have embraced a new approach and diverse perspectives, without limiting race, gender, cultural background, and expertise. Specifically, we ensure that the directors appointed are equipped with expertise and extensive experience in fields such as business management, economics, accounting, law, and relevant technologies. At the same time, they meet the requirements stipulated in pertinent laws

# BOARD OF DIRECTORS

## Board Independence and Transparency GRI 2-15

To ensure the independence of the board, we have appointed an independent director as the chair of the Board of Directors. With the aim of guaranteeing a core function of the board, which is to keep management in check, we have ensured that four out of seven board members, accounting for 57%, are independent directors. In addition, with the exception of the ESG Committee, the four committees (Audit, Internal Transactions, Independent Director Candidate Recommendation, and Compensation Committees) are composed entirely of independent directors, which reinforces independence. Notably, since 2021, independent directors have made up the entire Compensation Committee, which has led to improved objectivity and transparency in the process of determining director remuneration.

### Independent Audit Committee GRI 2-26

With the objective of ensuring the independence of management and governance, the Audit Committee is composed entirely of independent directors. In accordance with Article 13 of the Audit Committee Regulations, we provide the advice of external professionals required for the duties of the Audit Committee, at the company's expense. The Accounting Group under the Finance & Accounting Team is responsible for supporting the Audit Committee by responding to its demands and sending materials related to financial reports. The Internal Accounting Management Group, also under the Finance & Accounting Team, assists the Audit Committee in assessing the design and operation of the internal control system. The Internal Audit Department, under the Audit Team, reports the results of internal audits, audit plans, and the outcomes of corruption risk inspections to the Audit Committee twice a year. Furthermore, with the aim of securing the independence of the Audit Committee, we have established an Audit Committee Office to handle the affairs of the committee.

### Training for the Audit Committee

In order to enhance the capacity of the Audit Committee, we engaged Samil PwC, an external auditor, to provide education on changes in accounting policies and laws, as well as the roles and responsibilities of the Audit Committee. The key content of this education includes major accounting issues arising from amendments to laws, and types of financial accidents along with their countermeasures.

#### Audit Committee Education in the Recent Three Years

Date	Instructor	Recipients	Key Content
Jul. 28, 2021	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung <sup>1)</sup>	• Advance notice on a 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
Jul. 27, 2022	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	• Advance notice on a focused review of financial statements by the Financial Supervisory Service in 2023
Oct. 26, 2022	Samil PwC	Yuh Yoonkyung, Kim Yongkyun, Kim Joonkyung	• Audit Committee's considerations for the consolidated internal accounting control system
Jul. 25, 2023	Deloitte Anjin	Yuh Yoonkyung, Kim Yongkyun, Choi Jongku	• Major accounting issues arising from amendments to laws
Oct. 25, 2023	Deloitte Anjin	Yuh Yoonkyung, Kim Yongkyun, Choi Jongku	• Types of financial accidents along with their countermeasures.

1) Director Kim Joonkyung's tenure ended in March 2023

## Electronic General Shareholders Meeting

We have introduced an electronic annual general meeting in 2021 to increase transparency and improve the active participation of shareholders. To make it more convenient for shareholders to attend regular shareholders' meetings, we strongly recommend their participation via the online live broadcast, and we are working to improve their participation in management decision-making by introducing an electronic voting system.

### Active Communication with Stakeholders ESRS SBM-2-45 (d)

Through active communication with various stakeholders such as shareholders, investors, and customers, we disclose our management performance in a transparent manner to build a stable relationship of trust. We hold quarterly earnings briefs to provide information on management status, company growth and profitability and answer questions to create an environment for active communication with shareholders and domestic and overseas stakeholders. After each quarterly earnings announcement, we hold meetings and introduce the main business strategy to major institutional investors and analysts in domestic and overseas. We discuss interests and opinions of capital markets on Samsung Electro-Mechanics to reflect on the company's management strategy.

#### Communication with Stakeholders

Stakeholders	Activity details
Shareholders	Quarterly earning release conference call
Investors	IR meetings for major institutional investors in domestic and overseas
Customers	Constant disclosure of the company's financial and nonfinancial performance on the website

### Requirements for Independent Director Independence

[Link to the requirements](#)

Samsung Electro-Mechanics judges the 'independence' independent directors. If a requirement is not met, a determination of no 'independence' is made. The requirements are as follows.

①Individuals who engage in company business, ②Individuals who have key interests or affiliations (including personal services contract) with the company, the CEO, the significant customer or supplier of the company, or the largest shareholder, ③The spouses, lineal ascendants, and lineal descendants of directors, auditors, and executive officers of the company, ④Individuals who have worked as executives and employees of the Company within the past five years, ⑤Executives and employees of companies where an executive of Samsung Electro-Mechanics serves as an independent director, ⑥An employee or a partner of an accounting firms that were in charge of auditing the company during the past year, are prohibited from serving as independent directors. The standards for independence of independent directors of our company meet the requirements of Articles 382 and Article 54-8 of the Commercial Act, and Article 22-2 of the Articles of Incorporation of the Company.

# BOARD OF DIRECTORS

## Appointment and Tenure of Directors GRI 2-10

Samsung Electro-Mechanics appoints directors through the process of candidate recommendation, deliberation, decision, approval at the annual general meeting. Each director's appointment is elected through individual voting. The tenure of directors is three years according to Article 23 of the Articles of Incorporation, and they can be re-elected for up to six years in accordance with the Commercial Act. Out of a total of six committees, four committees (Internal Transactions, Audit, Compensation, and Independent Director Candidate Recommendation) are composed of independent directors, excluding the Management Committee and ESG Committee. 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 annual general meeting. In accordance with the Articles of Incorporation, ex-employees who have not retired for less than five 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 and who have not retired for less than five years of accounting firms that were in charge of auditing the Company cannot be appointed as independent directors. Based on the Commercial Act, the number of concurrent positions of independent directors at other companies is limited to two to ensure that independent directors can faithfully perform their duties. As of 2023, the average length of service for independent directors is 3.0 years.

### Independent Director Appointment Process

Our candidates for independent directors are recommended through the Independent Director Candidate Recommendation Committee, which considers independence, expertise, and competence, and makes the appointment after approval by the annual general meeting in accordance with Article 382 of the same Act. The Independent Director Candidate Recommendation Committee scrutinizes candidates for independent directors, who will be appointed by the annual general meeting, not only for meeting legal qualifications but also for their conflict of interest with the Company, relationship with the largest shareholder, loyalty to their duties, and ethics.

Process	Recommendation of Independent Director Candidates	Review of Independent Director Candidates	Appointment of Independent Directors
Details	<ul style="list-style-type: none"> <li>Form a group of candidates for independent directors by deliberating on the qualifications and expertise of prospective candidates</li> <li>Manage ESG expertise, engineering, corporate management, law, accounting, and other expert candidates</li> </ul>	<ul style="list-style-type: none"> <li>The Independent Director Candidate Recommendation Committee closely reviews candidates for independent directors. (legal qualifications, conflict of interest with the company, relationship with the largest shareholder, loyalty to duties, and ethics)</li> </ul>	<ul style="list-style-type: none"> <li>The Independent Director Candidate Recommendation Committee reviews whether the candidates meet the qualifications as independent directors and recommends the final candidates in accordance with Article 382 of the Commercial Act for approval and appointment by annual general meeting.</li> </ul>

## Board of Directors Evaluation and Compensation GRI 2-18, 2-19, 2-20

Samsung Electro-Mechanics conducts an annual self-assessment of the roles, functions, and responsibilities of the board of directors to improve various aspects of the board's operation for its development. The evaluation of inside directors is based on the evaluation of quantitative financial indicators related to the business and qualitative evaluation of leadership, roles, and responsibilities. To ensure fair compensation, the Compensation Committee, which is composed exclusively of independent directors, reviews the compensation limits and finalizes them at the annual general meeting upon approval of the board. There are three types of incentive compensation for inside directors: target incentives, performance incentives, and long-term performance incentives. Target incentives are paid based on the evaluation of financial performance, such as operating profit margin and sales growth rate by each organization every half-year and business competitiveness indicators, such as human resources and quality. Performance incentives are paid within a certain level when the target is exceeded through the evaluation of company profit every year, and the amount is adjusted according to individual results. Long-term performance incentives are calculated by evaluating business performance over a three-year evaluation period, including return on equity (ROE), earnings per share, and profit before tax, and are paid in installments over three-year. Payments may be canceled or reduced in the event of causing a material business loss during the evaluation and payment period.

The evaluation of independent directors is conducted on an annual basis based on quantitative indicators such as meeting attendance, number of deliberations, and affiliated committees, and qualitative indicators such as expertise and business performance. If the compensation of independent directors is linked to the evaluation results, there is a risk that the independence of independent directors' decision-making may be reduced. As such, we operate a separate compensation policy for independent directors, including salary and benefits, based on the same standards.

### Board of Directors Evaluation Factors

	Quantitative indicators	Qualitative indicators
Inside director	ROIC, ROE, operating profit margin, earnings per share, profit before tax, revenue growth rate	Leadership, role, and responsibility as an executive
Independent director	Meeting attendance, number of deliberations, Number of committees where they belong	Expertise, understanding of business



# SHAREHOLDER-FRIENDLY MANAGEMENT

## Shareholding Status

As of the end of 2023, Samsung Electro-Mechanics issued 74,693,696 common shares and 2,906,984 non-voting preference shares. Of these, there are 72,560,757 common shares with voting rights, excluding 2,906,984 preferred shares and 2,132,939 common shares whose voting rights are restricted by applicable laws and regulations (2,000,000 treasury shares and 132,939 shares of Samsung Life Insurance). As of the end of 2023, the majority shareholder of Samsung Electro-Mechanics is Samsung Electronics, with 17,693,084 shares (23.7%), and the National Pension Service holds 7,935,549 shares (10.6%).

### Shareholding Status

(Data coverage : 100%, Unit : Shares, %)

	Total		Common Shares		Preference Shares	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Total	77,600,680	100.0%	74,693,696	100.0%	2,906,984	100.0%
Individual shareholders	20,020,284	25.8%	17,812,161	23.8%	2,208,123	76.0%
Institutional shareholders	16,636,313	21.4%	16,255,680	21.8%	380,633	13.1%
Foreigners	21,197,569	27.3%	20,932,771	28.0%	264,798	9.1%
Samsung Electronics	17,693,084	22.8%	17,693,084	23.7%	-	-
Treasury Shares	2,053,430	2.6%	2,000,000	2.7%	53,430	1.8%

## Shareholder Return Policy

ESRS SBM-1-42 (b)

Our dividend policy is strategically formulated by aligning management performance with investment and cash flow considerations to ensure sustained growth. In 2023, we have distributed dividends with a dividend payout ratio of approximately 21%, translating to a dividend of KRW 1,150 per share for common stock. While we may adjust our dividend policy based on investment and cash flow needs to foster future growth, our commitment remains to enhance shareholder returns, striving to maintain a dividend payout ratio above 20% in the long term.

### Dividend Policy Standards

- 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

# ETHICAL MANAGEMENT

## ETHICAL MANAGEMENT

### Strategies for Ethical Management Practice GRI 2-24

Recognizing the importance of ethical management, we are cultivating a transparent organizational culture by implementing a Code of Ethics and Code of Conduct aimed at preventing and combating corruption. We provide fraud prevention training for all employees across both domestic and overseas business sites, with the goal of fostering ethical management practices and addressing vulnerabilities in our processes. Additionally, we are actively promoting a commitment to ethical management and raising awareness among our suppliers.

### Ethical Management Control System ESRS G1-3-18 (a)

#### Regular Audits on Ethical Management

We conduct audits at both domestic and overseas production and sales sites according to established inspection plans. Through these audits, we identify issues and address vulnerabilities to promote ethical management practices. Additionally, we analyze corruption risks at both domestic and overseas business sites to detect irregularities and prevent potential incidents from escalating. Furthermore, we are implementing improvements to vulnerable processes as part of our ongoing efforts to eliminate factors that may lead to corruption.

#### Components of Ethical Management

Category	Index
Business Relations	Acceptance of bribes and gifts, financial transactions, disadvantaged treatment of partners
Corporate funds and assets	Embezzlement, theft of assets
Work discipline	Habitual negligence, improper financial transactions between employees
Others	Information and human capital leakage

#### Key Ethical Management Programs for Employees

Program	Content
Cyber Audit Office for Ethics Management	Reporting channel for unjust and illegal acts of internal and external stakeholders
Ethics Training	Annual fraud prevention training and Code of Conduct compliance training for domestic and overseas employees (including part-time employees)
Cyber Training for Ethical Management	Annual anti-corruption and ethical management training for all employees through an online learning platform

## Ethical Management

### Preventing Employee Corruption

Annually, we conduct ethical management programs for both domestic and overseas employees, adhering to the Ethical Management Guideline to instill the principles of ethical conduct within our organization. These programs include company-wide ethics training and the operation of channels for reporting ethical management violations, available in Korean, English, Chinese, and Vietnamese languages. Furthermore, we conduct regular inspections to ensure the consistent implementation of ethical management practices among our employees.

### Ethics Training for Employees ESRS G1-3-21 (a), G1-3-AR 7

To foster an organizational culture grounded in integrity, our Employee Guidelines delineate an Anti-Corruption Code of Conduct, addressing corruption risks related to suppliers, company funds/assets, work discipline, and the protection of information and human capital. We conduct annual fraud prevention training for all employees, (including part-time employees), across both domestic and overseas business sites. Additionally, leaders (at the executive, managerial, and expatriate levels) receive separate ethics training. As of 2023, 100% of our employees have completed ethics training, and we are further enhancing employee engagement by offering cyber training courses.

### Efforts to Prevent Recurrence of Corruption ESRS G1-3-20

We provide customized training and guidelines aimed at preventing the recurrence of corruption-related incidents. We encourage all employees, including management leadership, to demonstrate their commitment through the annual Pledge to Practice Compliance and Ethical Management. Additionally, we quarterly post relevant incidents on the intranet and conduct regular inspections at each production and sales site. These inspections allow us to take immediate actions to improve vulnerable processes.

#### Fraud Prevention Programs

Target	Content
Employees	<ul style="list-style-type: none"> <li>· Pledge to Practice Ethical Management</li> <li>· Ethical management training program (on/off-line)</li> <li>· Discovery and improvement of flawed processes</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>· Agreement on ethical management practice</li> <li>· Sharing business guidelines</li> <li>· Regular meetings among suppliers</li> <li>· Online platforms for contacting suppliers</li> <li>· Regularly sending official letters to request cooperation in ethical management</li> </ul>

# ETHICAL MANAGEMENT

## Ethical Management Reporting and Handling Process GRI 2-25, ESRS G1-1-10 (e)

We have established various reporting channels to ensure the fair and prompt handling of violations of ethics regulations. Currently, we maintain ongoing reporting channels, including the website of the Cyber Audit Office for Ethics Management, email, mail, and telephone. Our ethical management website, available in Korean, English, Chinese, Japanese, and Vietnamese, allows domestic and overseas stakeholders and whistleblowers to report instances of employee corruption or unfair practices at any time. Additionally, we have prominently displayed the Ethical Management Violation Report window on the main screen of our company website to enhance accessibility for employees. Upon receiving reports, we conduct thorough fact-finding investigations and implement corrective actions, followed by notifying the whistleblower of the results. Furthermore, our strict actions against corruption include terminating transactions with suppliers that provided cash or goods beyond disciplinary measures against employees involved in the corruption, and demanding prevention of recurrence.

### Whistleblower Protection Program

We adhere to strict confidentiality principles to protect the identities of informers or whistleblowers, and we impose severe penalties against any retaliatory actions to prevent disadvantages to the whistleblower. Upon receiving reports of corruption or unfair acts, we conduct thorough fact-finding investigations and take corrective actions, followed by notifying the informer or whistleblower of the results. Stringent disciplinary measures are imposed on employees or suppliers involved in corruption and depending on the severity of the incident, transactions are terminated, or we demand that suppliers take measures to prevent recurrence.

### Reporting Channel Process

Report	<ul style="list-style-type: none"> <li>• Company website</li> <li>• E-mail, mail, or phone</li> </ul>
Receipt response	<ul style="list-style-type: none"> <li>• Responding to the informant within 24 hours of receipt</li> </ul>
Investigation	<ul style="list-style-type: none"> <li>• Fact-finding</li> </ul>
Results notification	<ul style="list-style-type: none"> <li>• Inspection results and measures taken</li> </ul>



## Preventing Supplier Corruption

We have enacted the 'Ethics Charter for Suppliers' to promote a commitment to ethical management and have entered into agreements on ethical management practices with all suppliers. Since January 2013, Business Guidelines have been posted on the business website used by our suppliers and customers to foster a culture of integrity. Additionally, we contribute to this culture by prohibiting employees from receiving any congratulatory money or wreaths from suppliers for personal occasions of congratulations and condolences.

### Enactment of the Supplier Code of Conduct

[Link to Supplier Code of Conduct](#) ↗

We enacted the Supplier Code of Conduct to strengthen compliance management, which serves as the backbone of shared growth with suppliers, and to encourage them to uphold ethical management practices. Additionally, all sub-supply chains that provide assembly, parts, materials, and packaging to our suppliers are also required to observe these codes, which are announced on our website.

### Compliance of Ethical Management by Supplier Members

We send official letters twice a year, during Korean national holidays, to all domestic and overseas suppliers. This initiative promotes ethical management practices among current and prospective suppliers.

### Requiring Suppliers to Pledge Compliance and Ethical Management

We inform all suppliers about the Ethics Charter and Code of Conduct and require the submission of a Pledge to Practice Compliance and Ethical Management. We are making efforts to encourage suppliers to participate in our integrity and win-win management and to achieve mutual growth through transparent and fair trade and legal compliance.

# COMPLIANCE MANAGEMENT

## Compliance Management Policy

As a global company, we are committed to maintaining the highest levels of legal and ethical standards. To this end, our corruption prevention policies have been developed to completely eliminate the practice of providing bribes for improper business gains and to lead in establishing a transparent organizational structure. The key details of these policies are disclosed on our website.

## Compliance Management Governance

### Compliance Management Committee

To bolster our commitment to compliance management, we have established a structured organizational system dedicated to practicing compliance principles. At the helm of this system is the Compliance Management Committee, serving as the highest authority in overseeing compliance practices. This committee receives reports on key compliance activities, sets strategic directions, and makes decisions on critical issues related to compliance management.

### Dedicated Organization of Compliance Management

We have formed a dedicated organization, the Compliance Team, directly under the CEO's supervision, to ensure company-wide compliance management. The Compliance Team Leader serves as the Compliance Officer, attending all board meetings to facilitate the company's decision-making processes. The Compliance Team operates the Compliance Program Management System (CPMS), an IT system designed to support compliance management. This system enables us to manage legal risks, including fair-trade such as collusion, subcontracting, corruption, and infringement of trade secrets.

### Compliance Management Policy

No bribery	Prohibition of improper bribery of domestic and overseas officials and business partners
Standards for business-related hospitality	Providing standards for business-related gifts and hospitality (such as presents, meals, transportation, accommodation)
Third-party agents	Outlining obligations for third-party agents and business partners to comply with guidelines

## Compliance Management Control System

We have implemented a compliance management control system grounded in the Compliance Management Code of Conduct, which embodies Samsung's key values and principles. In addition to regular training, we provide legal violation verification manuals and guidelines to all employees. We also advance compliance management through various initiatives, including self-inspections using the system, operation of a support center, and monitoring the enactment and revision of various laws and regulations. Furthermore, we conduct continuous and regular inspections to monitor for legal violations, identify root causes through process and issue analysis, and mitigate non-compliance risks.

### Compliance Program Management System (CPMS)

We operate the Compliance Program Management System, incorporating features such as legal inquiries and responses, reporting compliance issues and competitor contacts, and inputting autonomous compliance activities. Our intranet platform, Knox Portal, consistently displays compliance management regulations, the Code of Conduct, manuals, and guidelines on the main page, with dedicated sections for Compliance Management and Compliance for easy access by employees. Additionally, we maintain an online and offline reporting system, ensuring the anonymity of reporters. In cases of named reporting, our policy protects them from any adverse consequences.

### Legal Sensing and Guidelines

We routinely monitor updates to laws and regulations pertinent to our operations and promptly communicate them to relevant departments and employees. Guidelines are developed based on these updates to ensure compliance and prevent inadvertent violations. Additionally, we provide detailed work processes and the Code of Conduct, accessible at any time through our Compliance Program Management System, to facilitate employee adherence to legal requirements.

### Components of Compliance Management

Category	Content
Fair trade	Prohibition of unfair collaborative activities (collusion), internal transactions, and subcontracting
HR management	Compliance with employment equality and labor standards
Intellectual property	No infringement of trade secrets and illegal use of software
Ethics	Anti-corruption (no bribery)
Safety and environment	Compliance with environmental and safety regulations
Others	Compliance with disclosure BOD regulations

# COMPLIANCE MANAGEMENT

## Compliance Management Program ESRS G1-1-10 (a)

We have developed a compliance management program to ensure efficient oversight of compliance practices. This program operates through a process encompassing risk detection and prevention, evaluation and follow-up, and monitoring. Our aim is to proactively identify compliance risks and make preemptive response.

### Compliance Management Program

Program	Content
Risk detection / prevention	<ul style="list-style-type: none"> <li>· Monitoring legal updates</li> <li>· Providing work processes and guidance for risk prevention</li> </ul>
Evaluation / follow-up management	<ul style="list-style-type: none"> <li>· Assessing Compliance Levels</li> <li>· Formulating and Implementing Recurrence Prevention Plans</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>· Consultation and monitoring by specialized departments for each role</li> <li>· Proposing improvement measures and offering follow-up management</li> </ul>

## Major Compliance Activities

### Compliance Inspection and Monitoring

We conduct ongoing compliance inspection activities to identify and address risks of legal violations. These inspections cover various areas such as abuse of market dominant position, subcontracting, and anti-corruption measures. Particularly, we inspect the leakage and misuse of technical data from suppliers to protect their technology and prevent infringement. Upon discovering issues during compliance inspections, we collaborate with relevant departments to devise improvement measures. We then report these measures and their outcomes to the management leadership. Furthermore, to prevent the recurrence of similar incidents, we disseminate the causes and prevention measures to relevant departments and incorporate them into employee compliance guidelines and training materials. For the expenditure of external sponsorship funds and internal transactions between affiliates, we operate a Preliminary Review Council. Additionally, we have the Compliance Team reach consensus in contract and registration with suppliers to strengthen the compliance monitoring system.

### Compliance Training

We provide annual compliance training for all employees, covering topics such as fair trade, anti-corruption, and protection of trade secrets. Particularly, intensive training is provided to high-risk departments in contact with suppliers/customers, while overseas sales site employees are educated on topics including the prohibition of collusion and abuse of market dominance.

### Autonomous Practices

At Samsung Electro-Mechanics, all employees engage with the company intranet annually to pledge their commitment to practicing compliance management. This initiative is aimed at fostering autonomous compliance and instilling a culture of compliance within the organization. We have institutionalized measures such as compliance accident management, employee training, self-inspection, and the expression of commitment to compliance, quantitatively measuring them to incorporate into the evaluation of executives. Furthermore, we disseminate information about our compliance activities and key issues to stakeholders through various communication channels such as meetings, compliance letters, and in-company broadcasts, with the goal of emphasizing the importance of compliance management.

# COMPLIANCE MANAGEMENT

## Fair Trade

We are committed to fulfill our ethical responsibilities regarding external relations such as with suppliers and client.

### Fair Management Practices

Issue	Response
Anti-corruption	We are fostering a transparent organizational culture by instituting a Code of Ethics and Code of Conduct to proactively prevent and combat corruption. All employees participate in fraud prevention training annually and are required to submit the Pledge to Practice Compliance and Ethical Management. We have implemented corruption inspection plans to promptly address any vulnerabilities in our processes. Additionally, we are actively promoting a commitment to ethical management and raising awareness among our suppliers. Moreover, we maintain reporting channels for ethics violations and ensure the confidentiality and protection of whistleblowers, imposing severe penalties against any retaliatory actions to prevent any adverse consequences for the whistleblower.
Responsible political participation	We uphold political neutrality and refrain from involvement in political activities. Furthermore, we respect the political opinions and rights of our employees to engage in politics, as outlined in our Code of Conduct. All employees adhere to the regulations outlined in the code with a strong sense of responsibility.
Fair competition	We conduct annual compliance training for all employees, covering topics such as the prohibition of unfair collaborative activities (collusion), abuse of market dominant position, and unfair supportive activities. Additionally, upon identifying any issues during inspections, we implement improvement measures based on root cause analysis and provide training to the relevant organizations to prevent similar incidents from recurring. Intensive training sessions are also provided to employees at overseas sales sites. We regularly monitor updates and changes in fair trade regulations and policy trends of regulatory agencies to prevent risks, and communicate this information to relevant departments. Furthermore, through the Compliance Program Management System (CPMS), employees can conduct self-inspections to check for compliance violations. We provide legal compliance requirements and guidelines to support employees in adhering to regulations.
Facilitating social responsibility in the value chain	We are striving to ‘strengthen the supply chain competitiveness based on mutual trust’ to establish a sustainable corporate ecosystem. Suppliers are expected to uphold ethical and compliance management, and adhere to corporate social responsibility (CSR) principles. To ensure compliance, we regularly evaluate suppliers and suspend transactions with those found to violate global regulations concerning human rights protection, discrimination, and responsible minerals. Our Supplier Code of Conduct, based on the RBA code, is publicly available on our company website and is a mandatory component of supplier contracts. We conduct regular inspections to assess suppliers’ adherence to labor rights standards, addressing any deficiencies with improvement plans as necessary. Additionally, we have implemented a shared growth system to support our suppliers, including initiatives such as joint technological development, a shared growth fund, and win-win academy programs.
Respect for property rights	To bolster our intellectual property competitiveness, we proactively identify technological trends through source technology and spearhead research and development efforts. We conduct comprehensive risk assessments related to intellectual property rights and establish collaboration systems with relevant departments to mitigate risks and ensure the smooth operation of our intellectual property rights management system.

# RISK MANAGEMENT

## Risk Management Governance GRI 207-2

We are fostering a company-wide risk management culture to empower all employees to identify and proactively address risks within their respective work environments. Frontline employees in manufacturing, procurement, and sales have dedicated channels to report risks related to safety, environment, information security, corruption, and human rights. Notably, our safety communication system (SEM-S) recognizes outstanding contributors to safety risk management with awards and incentives. Support teams within each business department conduct thorough financial risk reviews, including feasibility studies for investments and post-investment evaluations, alongside operational risk assessments. Moreover, rigorous risk assessment processes are in place for product development and approval to mitigate risks such as hazardous material management and patent litigation.

Company-wide organizations, such as the Corporate Business Support Team and direct organizations, monitor and support the risk management process across the company. The CFO holds the final responsibility for risk management at Samsung Electro-Mechanics. Each significant issue is overseen by the appropriate company-wide organization. The Finance & Accounting Team manages financial risks, while the People Team addresses human rights and personnel-related risks, and the Safety and Environment Team handles safety and environmental concerns. Financial and compliance risks are communicated to the Board of Directors and the Audit Committee. The Compliance Team and Audit Team function as independent internal audit bodies, providing objective oversight and ensuring adherence to regulations and process efficiency across various risk areas. Additionally, the Compliance Team leader concurrently fulfills the role of a compliance officer and is present at all board meetings to aid in the company's decision-making.

### Components of Risk Management ESRS GOV-5-36 (c)

Category	Content
Tax risk	· Engaging external experts (accounting firms) to conduct prior assessments for all tax risks, encompassing goods and service transactions, new ventures, and changes in transaction structures both at headquarters and across overseas business sites. Ensuring compliance with local tax laws, address any gaps in tax reporting, and managing transfer pricing issues in international transactions between the headquarters and overseas business sites.
Liquidity risk <sup>1)</sup>	· Conducting regular assessments of cash flow and cash reserves for the entire company and each business site · Mitigating risks associated with accounts receivable collection with export insurance and negotiation/ factoring in import/export transactions
Compliance risk	· Annually reporting compliance validity evaluation results to the BOD following compliance inspections on compliance regulation standards · Making decisions and presenting directions on compliance management through the Compliance Management Committee · Preventing inadvertent compliance risks through the ongoing operation of the Compliance Program Management System, where employees can proactively check for potential risks.
Market risk <sup>2)</sup>	· Interest Rate Risk: Procuring loans and managing savings with regular consideration of interest rates, (including reviewing fixed/variable interest rate loans, reducing high-interest loans, and diversifying savings products to build an effective portfolio) · Exchange Rate Risk: Regularly measuring exchange rate risks resulting from changes in exchange rates to manage the company-wide overseas exchange position
Safety risk	· Operating risk reporting system, SEM-S (SEM-Safety) to identify potential hazards and risk factors, followed by feedback on improvement results from relevant departments. · Formulating a Not To Do List and carrying out identification of potential risks to ensure an autonomous safety culture

1) Risk of being unable to procure execution funds for agreements set forth in financial contracts before the date of maturation

2) Risk of change of fair value of financial products due to changes in market prices

## Risk Management Training

We provide risk management training regularly, including training for board members at least twice a year and biennial business site inspections by the board members. In 2023, we educated our independent directors on our win-win cooperation initiatives and domestic and international policy trends related to the climate crisis. For employees, we conduct annual training on safety and environment risks and compliance management, tailored to their specific roles and levels. Additionally, we offer various training programs, including compliance, safety and environment, information security, and industrial trends.

## Compliance Risk Management

The Samsung Compliance Monitoring Committee, an independent external body established by agreement, was created to strengthen the compliance monitoring and control of Samsung's seven major affiliates<sup>1)</sup>. The committee consists of seven members with professional knowledge and experience in compliance monitoring, who check and manage legal violation risks for these affiliates. Furthermore, we operate an internal compliance management practicing committee to ensure effective compliance management. The Compliance Management Committee serves as a platform for top executives to receive reports on key management activities, present directions, and make decisions on important compliance-related issues. Additionally, the Compliance Management Program formulates a dedicated compliance management organization that supports the compliance activities of each department according to their role. We have appointed a Compliance Management Officer to supervise compliance activities within both domestic and overseas leader-level organizations. Additionally, we have designated Compliance Leaders who handle practical compliance tasks. Together, these roles proactively address compliance issues within their respective areas.

1) Samsung Electro-Mechanics, Samsung Electronics, Samsung C&T, Samsung SDI, Samsung SDS, Samsung Life Insurance, Samsung Fire & Marine Insurance

### Key Agreements of the Samsung Compliance Monitoring Committee

- Prior notification of internal transactions and external sponsorships, which require BOD approval, must be notified in advance to the committee. Efforts must be made to address the committee's requests or recommendations.
- Providing necessary information and materials to the committee to facilitate their supervision and recommendations concerning the compliance monitoring program and system
- Obligation to respond to the BOD's requests for reporting on risks associated with violating compliance duties

# RISK MANAGEMENT

## Tax Risk Management GRI 207-1, 207-2, 207-3

### Tax Policy

As stated in the Tax Management Guidelines, we adhere to the tax laws and regulations of the countries in which we operate and diligently fulfill our tax reporting and payment obligations. To ensure compliance, we maintain a transparent relationship with the tax authorities of each country where our local sites are based. We actively oversee the career development of our tax specialists at these sites and engage external experts, such as accountants, to effectively manage and evaluate tax risks from multiple perspectives.

We mitigate tax risks arising from both domestic and international tax policies by strictly adhering to the relevant tax laws in the countries where our headquarters and overseas business sites are located. We do not transfer generated business value to low-tax jurisdictions for the purpose of tax avoidance. In compliance with domestic trading laws, we ensure fair trading prices when dealing with both 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 business sites shall manage internal personnel and utilize external specialists to the fullest extent to comply with local tax laws and prevent tax risks.
5. In the case of transactions between related parties, such as the headquarter and overseas business 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.
6. All transactions are based on commercial substance (prohibition of tax structure without commercial substance), and related qualifications are documented and kept. We meet the payment deadlines for all of our profits and fulfill our tax obligations.

### Tax Rate by Regional Jurisdictions in 2023

(Data coverage : 100%, Unit : %)

	Korea	China	Southeast Asia	Others <sup>1)</sup>
Profit Before Tax	40.2	36.8	20.6	2.4
Income Tax	52.6	37.3	8.2	1.9
Corporate Tax Expenses Reflected in Gains and Losses <sup>2)</sup>	14.0	62.8	17.9	5.3

1) America, Germany, Japan, India

2) Simple sums before reflecting consolidation adjustments

### Tax Risk Assessment

We are committed to proactively preventing all potential tax risks, including those arising from business-related transactions, international trade, new business ventures, and changes in transaction structures. To achieve this, we conduct comprehensive assessments of tax risks at both our headquarters and each overseas business site and implement measures to minimize taxation risks in advance. Our headquarters and each overseas business site collaborate closely with external experts, (such as accounting firms), to conduct thorough evaluations of tax risks. By analyzing relevant facts, reviewing tax regulations in each applicable country, and identifying potential risks in advance, we are able to take preemptive responses to mitigate tax risks effectively.

### Tax Risk Management Policy

To ensure compliance with tax regulations and mitigate associated risks, we have established a robust tax consulting system which enables us to proactively respond to tax regulations and risks in applicable countries, particularly during the establishment of new corporations or M&A procedures. We conduct regular reviews of tax compliance with the assistance of external accounting firms, verifying adherence to tax laws and regulations in each country before submitting corporate tax reports for both our headquarters and overseas business sites. All transactions are conducted with a focus on commercial substance, and relevant qualifications are meticulously documented and retained. In domestic transactions, we uphold fair pricing principles when engaging with third parties or related entities. Similarly, transactions between our headquarters and overseas business sites undergo thorough transfer price reviews by external experts to assess the proper profit margin and mitigate associated risks. We refrain from transferring value to jurisdictions with lower tax rates, employing tax structures for tax evasion purposes, or utilizing secretive jurisdictions or tax havens. Moreover, we actively combat Base Erosion and Profit Shifting (BEPS) by entering into Advance Pricing Arrangements (APA).

### Internal Accounting Management

We established a consolidated internal accounting control system aimed at enhancing the transparency of financial statements and providing reliable information to external stakeholders. This system operates in accordance with internal accounting management regulations and work guidelines as outlined in the Act on External Audit of Stock Companies and Its Enforcement Decree. We conduct quarterly operational assessments for both our headquarters and overseas business sites. Any vulnerabilities identified during these assessments are promptly addressed through collaborative discussions involving external auditors, dedicated departments, and control personnel. Additionally, to maintain objectivity in the evaluation process, headquarters conducts cross-evaluations, while overseas business sites undergo inspections of their operational performance. To further facilitate the independent and objective operational performance evaluation by the Audit Committee, we have established the Audit Committee Office to support the evaluation process.



# RISK MANAGEMENT

## Emerging Risk ESRS G1-1-10 (g)

We analyze potential risks that are expected to have long-term implications on our future business and formulate strategies to assess business impacts and respond to them with a sustainability perspective.

Risk Items	Definition	Business Impact	Response Measures
Risk of strengthened disclosure regulations	<ul style="list-style-type: none"> <li>Increased demand for information on risks and opportunities related to corporate sustainability in the global capital markets, necessitating globally consistent and comparable information</li> <li>Ongoing domestic discussion regarding the mandatory disclosure of ESG data, with the establishment of Korea Sustainability Standards Board (KSSB) in alignment with IFRS requirements</li> </ul>	<ul style="list-style-type: none"> <li>Mandated to address the global sustainability disclosure guidelines affecting us as a global export company and tech firm</li> <li>Inadequate response to the demands of global capital markets and stakeholders leading to weakening business competitiveness and potential disputes</li> <li>Compelled to take appropriate responses to ESRS disclosure requirements for our European sales site, falling under the application of the EU CSRD</li> </ul>	<ul style="list-style-type: none"> <li>Initiating efforts to establish a system capable of complying with domestic and international information disclosure laws and regulations and undertaking tasks to manage necessary information</li> <li>Continuous monitoring on the domestic development of the mandatory disclosure of ESG data, along with global regulations such as IFRS S1 and S2 and the EU CSRD</li> <li>Active engagement in communication platforms such as corporate opinion gathering meetings to express opinions and stay abreast of trends</li> </ul>
Risk of enhanced supply chain due diligence regulation	<ul style="list-style-type: none"> <li>Recent regulatory developments regarding supply chain due diligence related to human rights and the environment have been observed in Europe</li> <li>With the enactment of the German Supply Chain Due Diligence Act (LkSG) in January 2023, policies have been devised and put into practice for scrutinizing significant and potential risks associated with human rights and the environment among companies based in Germany</li> <li>The expansion of the scope to include supply chains beyond internal audits necessitates the implementation of a systematic process</li> </ul>	<ul style="list-style-type: none"> <li>Facing multiple demands regarding risk management related to human rights and the environment from our key clients, who are subject to supply chain due diligence regulations</li> <li>In the automotive electronics sector, where we are expanding our presence, diverse supply chains are associated with the high standards and interests of our customers. This situation has led us to confront numerous risks associated with stringent supply chain due diligence regulations</li> </ul>	<ul style="list-style-type: none"> <li>Annual risk assessments for improvements guided by the human rights and environmental inspection process targeting both the company and our suppliers</li> <li>Conducting third-party on-site inspections at all business sites, promptly addressing identified areas for improvement and mitigating risks</li> <li>Establishing our position as the inaugural domestic member of Drive+ (a supply chain organization under the Drive Sustainability initiative focused on the automotive electronics business), thus ensuring compliance through ESG online assessment platforms</li> <li>Implementing regular sustainability management assessments for suppliers</li> </ul>

# INFORMATION SECURITY

## Information Security

To safeguard the company's information assets, including core technologies and personnel, and to comply with relevant laws, we have enacted comprehensive information protection regulations and implementation guidelines. We have established physical, managerial, and technological protective action standards in accordance with these regulations and guidelines. Our commitment to preventing, managing, and minimizing security risks, such as information leaks and infringements, is demonstrated through regular inspections and continuous improvement activities. Consequently, we have successfully maintained a record of no cybersecurity incidents or information security breaches over the past three years.

### Information Protection Policy

We manage security standards that must be observed by the company and all employees to strengthen business competitiveness through information protection regulations composed of basic principles and implementation guidelines. These regulations apply to all information assets possessed, retained, or generated by the company and extend to company employees, supplier employees under contract, and all external visitors. They include standards and procedures for information asset management and incident response. Furthermore, we review management environments, technological changes, and the enactment or revision of security-related laws annually to ensure our regulations serve as comprehensive, company-wide information protection standards. These standards are designed to adapt to changes in IT technologies and work environments. The updated standards are announced through the in-company system, making them easily accessible to all employees at any time.

### Information Protection Governance

We designate an executive-level Chief Information Security Officer (CISO) and operate a dedicated team of experts under the CISO to establish, implement, and manage information protection strategies aligned with our management strategies. Additionally, we conduct security inspections and maintain continuous collaboration with relevant personnel at our overseas business sites to enhance the worksite security. We also perform ongoing activities to identify and rectify security vulnerabilities.



### Information Security Management System TC-HW-230a.1

We maintain an integrated management system for all areas of information protection (physical, managerial, and technological). To safeguard important information and facilities, we have installed access readers and CCTV at outer and major facilities, ensuring that access rights are managed and controlled for authorized personnel only with security personnel on patrol 24 hours a day. To address physical threats that may arise from unforeseen circumstances, such as natural disasters, multiple security systems are arranged and operated as technological protection measures for both systems and networks. We conduct simulated internal and external system hacking and vulnerability assessments through Samsung SDS and internally. Additionally, we operate a security monitoring system to defend against cyber-attacks, including malicious codes and hacking. Furthermore, every year in the first half, we conduct drills simulating emergency scenarios where external parties attack our servers, focusing on defense and response. In the second half, we regularly conduct drills to ensure that processes designed to prevent IT system crashes and cyber-attacks are functioning as intended.

### Education and Training on Information Security

We conduct annual security pledges and training for employees and supplier employees to ensure that all members of the company are adequately aware of the information protection standards and system. In addition to regular training, we offer specialized training sessions for employees to disseminate information about security violations and incidents at other companies. Job-specific training is conducted at least once a year to enhance the capabilities of personnel in charge of security. Furthermore, we perform mock training using malicious emails that simulate actual external threats to raise awareness of security risks. Regular PR activities, (including in-company broadcasts, campaigns, and the production of promotional materials), are conducted to encourage employees to adhere to security guidelines in their work processes. Additionally, we operate an online security report center where employees can report signs of incidents, thereby protecting core technologies and management information.

### Information Security Certification

To secure customer trust for our automotive electronics business, we obtained the international information security certification, Trusted Information Security Assessment Exchange (TISAX)<sup>1)</sup> for our Suwon business site and European sales site in 2021. In 2022, our Vietnam production site also received this certification, followed by our Philippines production site in 2023.

<sup>1)</sup> An international information security certification created primarily by the European Automobile Manufacturers Association to facilitate secure information exchange among companies in the automotive industry

### Number of Employees who Received Information Security Training<sup>1)</sup> (Domestic) (Data coverage : 100%, Unit : Persons)

	2021	2022	2023
Total	24,510	24,163	26,189
Employees	12,906	14,156	17,901
Supplier employees	11,604	10,007	8,288

<sup>1)</sup> Including overlapping participants

# INFORMATION SECURITY

## Personal Information Protection Governance

We have appointed a company-wide Chief Privacy Officer (CPO) to enhance personal information protection and established the Global Privacy Office as a dedicated organization for this purpose. The Global Privacy Office monitors the enactment and revision of relevant laws to incorporate them into our company-wide personal information protection policies. Furthermore, rigorous management of personal information protection policies ensures the safeguarding of all personal data collected and utilized by Samsung Electro-Mechanics, encompassing information from both suppliers and employees. The Personal Information Protection Council is regularly convened to facilitate efficient communication and collaboration among relevant departments.

### Personal Information Protection Organizational Chart



### Personal Information Processing Policy

We are dedicated to ensuring the safe protection of personal information and providing transparent disclosures regarding its usage history, thereby earning the trust of our customers. Through the Privacy Policy located at the bottom of our official website, we disclose the personal information items we collect, the purposes for which they are handled, the duration of storage, and the methods of protection. Additionally, it includes the contact information of the department responsible for inquiries, complaints, damages, and requests for viewing, enabling individuals to choose how their personal information is collected, used, stored, and managed. Moreover, when entrusting the handling of personal information to another party, we provide notification of the company name and business affairs of the recipient. In accordance with relevant laws and regulations, personal information is collected only after obtaining consent from the individuals regarding the items and purposes of collection, and is used solely for the specified purposes. Furthermore, we have established procedures to allow individuals to choose whether to consent or decline.

### Role of the Global Privacy Office

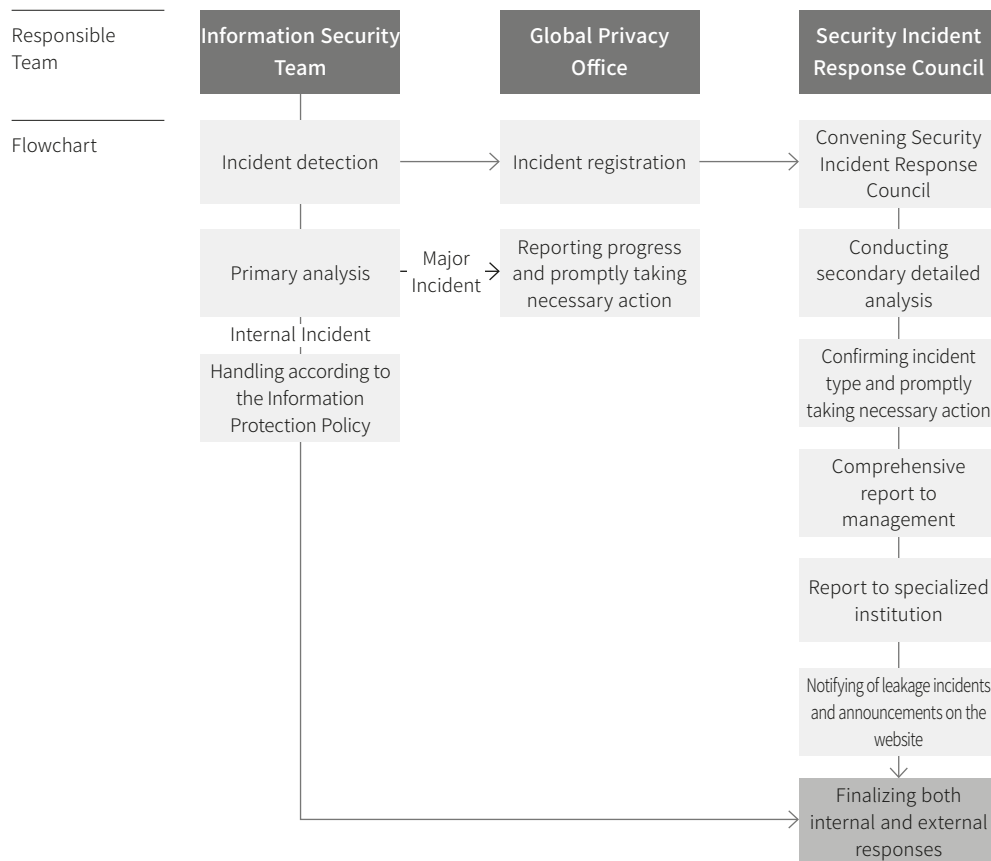
Role	Establishment of company regulations and compliance guide	Monitoring domestic and overseas legislative developments and preparing corresponding countermeasures	<ul style="list-style-type: none"> <li>· Detecting changes to relevant laws and regulations, analyzing their impact, and establishing corresponding countermeasures</li> </ul>
		Establishing and inspecting internal regulations	<ul style="list-style-type: none"> <li>· Revising and inspecting security regulations, handling policies, and internal management plans related to personal information</li> </ul>
		Reviewing pledges and agreements	<ul style="list-style-type: none"> <li>· Reviewing the Privacy Agreement and the Pledge for Staff Handling Personal Information.</li> </ul>
Risk management and prevention		Conducting internal inspections to identify/mitigate risks	<ul style="list-style-type: none"> <li>· Conducting annual inspections to evaluate the implementation of internal management plans, as well as regular assessments of entrusted companies with personal information</li> <li>· Proactively identifying risks during inspections to facilitate improvement measures</li> </ul>
		Reviewing the security of the personal information processing system / training relevant workforce in and out of the company	<ul style="list-style-type: none"> <li>· Ensuring security measures during the creation of a personal information system</li> <li>· Conducting mandatory training for personnel handling personal information</li> </ul>
External response		Establishing response procedures for personal information leakages and responding promptly in the event of accidents	<ul style="list-style-type: none"> <li>· Establishing R&amp;R and response procedures for each business sector in the event of accidents</li> <li>· Serving as the control tower in case of personal information leakage incidents</li> </ul>
		Responding to inspections by external institutions	<ul style="list-style-type: none"> <li>· Responding to administrative investigations and inspections conducted by the Samsung Security Center</li> </ul>
		Addressing inquiries related to personal information and providing damage relief	<ul style="list-style-type: none"> <li>· Receiving and addressing inquiries and requests for damage relief related to personal information</li> </ul>

# INFORMATION SECURITY

## Personal Information Security Response System

We strive to minimize additional damages through prompt actions utilizing our company-wide integrated personal information leak response system. Upon detection of an incident through proactive monitoring as reported on the website, we initiate a proactive response process. If the detected incident is determined to be a leak, a Security Incident Response Council is convened. Depending on the incident type, responsible personnel conduct comprehensive reviews, including damage assessments, implementation of emergency system measures, analysis of damage/impact, announcement of progress, and legal responses, to establish a comprehensive response direction. Subsequently, reports are filed with the personal information protection supervisor, and corresponding actions are taken. Furthermore, we have implemented reprimand regulations against individuals who violate data security management standards and against personnel responsible for management and supervision. This measure aims to reinforce accountability for data security management.

### Personal Information Leak Response Procedures



## Inspection of Personal Information Protection

We ensure personal information-related risk management through inspections conducted by the Samsung Security Center. Additionally, internal checks are performed at least once a year, including evaluations of internal management plan implementation. Moreover, when entering into personal information consignment contracts, responsibilities for personal information are clearly delineated in documents such as contracts, and annual personal information protection inspections are conducted for the consigned company.

## Personal Information Protection Training

At Samsung Electro-Mechanics, employees responsible for handling personal information are required to participate in annual personal information protection training. Furthermore, personnel at personal information consignees undergo inspections to verify completion of training. As a result, we have achieved a 100% completion rate for mandatory training targets. Recognizing the critical importance of personal information protection, we remain committed to providing ongoing training to our employees, enabling them to effectively implement and manage relevant policies and regulations in practice.

### Target and Content of Personal Information Protection Training

Target	Personal data protection handler	Personnel authorized to access the personal information system and the individual responsible for managing the consigned company
	Personal data protection consignee	Personnel responsible for handling personal information belonging to Samsung Electro-Mechanics at the consigned company
Content		Understanding of the Personal Information Protection Act, safety measures per personal information handling stage and leak prevention response

### CASE\_Personal Information Legal Counsel System

We have established a legal counsel system for personal information to ensure compliance with relevant laws and regulations. Through this system, inquiries concerning personal information from our employees are collected and addressed by providing guidance on necessary measures following legal review by the personal information protection secretariat and domestic/overseas attorneys. This proactive approach enables us to preemptively inspect and mitigate potential legal risks.

# ECONOMIC VALUE CREATION

## BUSINESS VISION

Founded in 1973, Samsung Electro-Mechanics has evolved into a world-class company specializing in the development and production of major electronic components. With the aim of fostering technological independence in the Korean electronic components industry, we expanded our business domains to include materials and computer components in the 1980s. Throughout the 1990s, our focus shifted towards the development of innovative next-generation products such as chip parts, mobile communication parts, and optical parts. Since the 2000s, we have been nurturing MLCCs, camera modules, and substrates to the highest global technological standards. Our MLCCs, with core and differentiated process technologies, achieved sales exceeding KRW 4 trillion in 2021. For camera modules, we have expanded our business into the field of high-reliability products for automotive electronic devices, leveraging our technological competitiveness in IT. With package substrates, we are expanding our product lineup in growth areas such as servers and automotive electronic devices, while continuously pursuing next-generation product technologies. We are transitioning towards a business structure centered around high-end products. Moving forward, we remain committed to enhancing our R&D capabilities and making continuous investments to reinforce our technological leadership and competitiveness in the premium and high-end product segments. We aim to build a robust business foundation that ensures stable and sustainable growth. Additionally, we see opportunities for new growth in emerging business sectors such as automotive electronic devices, robotics, AI/servers, and energy, leveraging our core technologies in components and materials. Lastly, we are dedicated to promoting harmonious and sustainable development in the economy, environment, and society. We pledge to fulfill our corporate social responsibilities and strive to evolve into a trustworthy global company.

## Key Financial Performance GRI 201-1

In 2023, the global economy faced numerous challenges, including inflation and geopolitical instability, which contributed to a slowdown in economic growth. Examining the major market environments, sales of key IT sets such as smartphones, PCs, and TVs declined due to reduced consumer spending amid the economic downturn. In contrast, the markets for xEV/autonomous driving and AI servers experienced steady growth. Despite our efforts to restructure our business towards high-value products and expand into growth markets such as automotive electronic devices and AI, we were unable to fully overcome the challenges posed by the declining IT set market. As a result, our 2023 sales decreased by approximately 5% compared to the previous year to KRW 8.9094 trillion, and operating profit stood at KRW 639.4 billion. Looking ahead to 2024, we anticipate a mix of opportunities and challenges. Recovery in the IT market, the spread of AI, and advancements in autonomous driving present significant opportunities. However, concerns remain about stagnating global economic growth rates around the low 3% range, persistent low growth trends in markets worldwide, including China, and geopolitical risks, all of which may dampen global consumer sentiment. Leveraging these opportunities, we aim to overcome these challenges and achieve sales growth that surpasses market growth.

## Revenue Related to EU Taxonomy

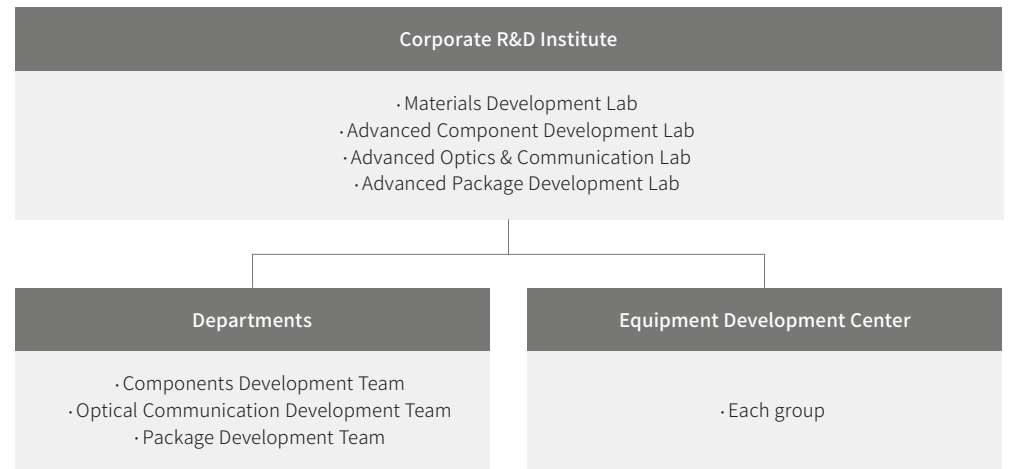
In 2023, we generated KRW 524 billion in revenue that qualifies as EU Taxonomy-Eligible. This revenue is derived from the sale of electric vehicle-related components, classified under sector-specific activities outlined by the EU's Taxonomy Navigator.

## R&D

### R&D Strategy

We develop core components for chips, substrates, camera modules, and communication modules using the world's leading materials and parts technologies. Our focus on high-performance and compact parts is critical not only for digital products but also for the automotive industry. Additionally, we have established a global R&D network in collaboration with prominent companies, research institutes, and universities worldwide. Through open innovation, we aim to secure core platform technologies that will drive next-generation materials and parts technologies. Our Corporate R&D Institute is actively engaged in reviewing and developing future technologies in green energy and environmental business fields. To enhance efficiency and shorten the development cycle for new technologies and products, we have implemented digital transformation across the entire development stage, emphasizing data-based R&D. By leveraging data generated through R&D and reducing the number of experiments via Digital Twin technology, we are committed to continuous growth through the ongoing development of new technologies.

### R&D Governance



R&D

R&D Process

Our Global Product Lifecycle Management (GPLM) systematizes the entire process from technological development to mass production of all materials and products. Through continuous R&D innovation, company-wide sharing of technological assets, and comprehensive management of outcomes, resources, and expenses at each project stage, we are continuously enhancing the competitiveness of our technologies and products. In terms of process innovation, we develop and apply manufacturing-based technologies such as measurement and sensing, logistics, and clean technology. These advancements not only reduce costs but also improve the efficiency of factory management, significantly enhancing the working environment and safety levels. Notably, our Corporate R&D Institute operates a process to address issues like hazardous substances, developer safety, and supply chains from an ESG perspective at the project’s inception.

R&D Achievements

The utilization scope of IT technologies is expanding from communications and household appliances to automobiles, industry, robots, and aerospace. The growth of high-value industry markets, such as automotive electronic devices and servers, is expected to accelerate with the increased distribution of EVs and digitalization. As a world-class tech parts company, we aim to release industry-leading products to expand our electronic devices and server business, which are poised for future growth. To advance our core materials and process technologies, we have established the Corporate R&D Institute and the Equipment Engineering R&D Institute. Additionally, we have formed electronics teams for each business sector to enhance responsiveness and operational efficiency in meeting the growing demands for automotive electronics. Furthermore, we invest in promising domestic and overseas venture companies with advanced technologies to create synergies with our medium to long-term strategy. This approach aims to enhance the quality and productivity of our existing businesses while securing new technologies for future growth and discovering new business opportunities. As a result, in 2022, we continued to release high-value products for growth markets, including the development of high-temperature MLCCs for powertrains, the implementation of optical image stabilization in cameras, and the mass production of server FC- BGAs, a first in Korea. In 2023, we began to explore and develop new technologies in emerging business items such as all-solid-state batteries, Solid Oxide Electrolysis Cell (SOEC), and Si Capacitors. In 2024, leveraging the technologies accumulated in the IT sector, we aim to supply differentiated products to customers, solidifying out position as a global leader in the electronic components industry. Additionally, we plan to secure distinct characteristics and advance the mass production of new business items.

INTELLECTUAL PROPERTY RIGHTS STATUS

As a global leading component company, we enhance our intellectual property competitiveness by identifying technological trends, securing core technologies, and leading R&D initiatives. To effectively use patents as management assets and mitigate risks related to intellectual property rights, we have established a robust intellectual property management system and collaboration system with relevant departments. We put emphasis on securing patents, responding to patent disputes, and licensing. We aim to secure patents in the global market and pursue qualitative improvements in collaboration with global law firms, ensuring responsiveness to patent disputes and protecting our intellectual property rights. In terms of applied patents, we manage the portfolio for each product and major project to identify and secure technologies where we have gaps. We aim to maximize synergy by strengthening the rights of key patents and exploring patents that can be leveraged for business purposes.

Patent Registration Status			
(Data coverage : 100%, Unit : cases)			
Category	2021	2022	2023
Domestic	3,637	3,781	4,001
Overseas	5,214	5,872	6,635

## CASE\_ Major R&D Achievement

Leveraging key technologies such as advanced materials, multi-layer film molding, high-frequency circuit design, and micro-circuitry, we are at the forefront of developing next-generation components for the IT and automotive sectors. We are strategically focused on elevating our passive element, camera modules, communication modules, and semiconductor package substrates business into world-class standards by enhancing both internal and external synergies. We are committed to continuously honing our technological capabilities, which distinguish us from others. This includes the development of highly reliable, high-capacity MLCCs for automotive electronic devices, semiconductor substrates for advanced driver-assistance systems (ADAS), and the pioneering mass production of high-performance semiconductor package substrates in Korea, all of which are aimed at securing new avenues for future growth.

### Semiconductor Substrates (FC-BGA) for Advanced Driver-Assistance Systems (ADAS)

In February 2023, we developed semiconductor substrates for advanced driver-assistance systems (ADAS), leading to the expansion of our lineup of high-end automotive electronic device substrates. Semiconductors used in automotive electronic devices are directly linked to safety, requiring a higher level of reliability to ensure safe operation under harsh conditions (high temperature, high humidity, shock) compared to traditional IT products. As the level of autonomous driving advances, the performance and reliability of semiconductors in vehicles become even more critical, highlighting the importance of semiconductor substrates. In response, we have developed FC-BGA semiconductor substrates for ADAS systems, thereby expanding our product portfolio to include the most technologically challenging products for electronic devices.

### Development of the World's Highest Capacity MLCC for EVs

We have developed the world's highest capacity MLCC for EVs. This MLCC features a capacity of 33nF (nanofarads) at 250V with minimal capacitance change with temperature variations, and 10μF (microfarads) at 100V for use at 125°C, achieving the highest capacity among MLCCs of the same voltage class in the industry. Harnessing our technological prowess in ultra-miniature and ultra-high-capacity MLCCs, we are strengthening our lineup of high-temperature, high-pressure, and high-reliability products for automotive electronic devices. Additionally, we are expanding MLCC supply to global automotive parts manufacturers and vehicle manufacturers.

### Industry's First Mass Production of Thin-Film Coupled Power Inductors

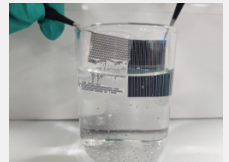
We have initiated the mass production of power inductors, a critical component for electric and autonomous vehicles, marking our aggressive entry into the automotive power inductor market. Each vehicle requires over 100 power inductors, more than twice the number used in smartphones. We have commenced mass production of power inductors for use in cameras of EVs equipped with autonomous driving systems, ensuring stable power supply to semiconductors that process autonomous driving information by mitigating rapid current changes. Additionally, we are leading the market by developing differentiated products based on world-class materials and manufacturing technologies, such as the mass production of coupled power inductors that integrate two power inductors into a single chip. This positions us as a top-notch tech parts company spearheading innovation in the power inductor market.

## CASE\_ Environmental Products and Technologies

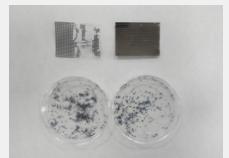
With the aim of minimizing the environmental impact of our products from production to usage, we develop and apply environmentally conscious technologies. Moving forward, we plan to continue developing and applying eco-products and technologies based on our differentiated technical expertise.

### MLCC

To minimize the environmental impact of the product manufacturing process, we are developing a method to replace large quantities of organic solvents used in the production process of MLCC with water. MLCCs are manufactured by printing nickel electrodes on green sheets composed of ceramic powder and organic materials, which are then stacked in multiple layers. In the conventional green sheet manufacturing process, organic solvents such as ethanol and toluene are extensively consumed, leading to an estimated annual emission of approximately 70,000 tons of carbon dioxide during their evaporation and decomposition processes<sup>1)</sup>. Our research on environmental materials and dispersion methods for reducing carbon emissions began in 2022. In the latter half of 2023, we successfully produced environmental printing sheets with a thickness of 3μm containing nickel electrodes and layered them in lab-scale configurations with over 100 layers. In 2024, we are in the process of developing key technologies for implementing layers thinner than 1μm and producing printing sheets at pilot-scale. We plan to unveil prototype MLCCs manufactured using these environmental methods in 2025.



Water solubility test



Comparison of printing sheets (upper) and cut chips (lower) by manufacturing method (Left: environmental method, right: conventional method)

1) Emissions were self-calculated based on the 14,000 tons of purchase quantity of ethanol and toluene solvents in 2022

### Camera Module

The camera module stands as a pivotal factor for consumers, alongside design, display, battery, and AI, when selecting a smartphone. Accordingly, Samsung Electro-Mechanics is adapting to the trend for slimmer cameras, driven by the widespread preference for high-capacity batteries and sleek smartphone designs. We also meet the consumer needs for superior performance, encompassing large sensors (with high resolution or larger pixels), advanced zoom capabilities, video image stabilization, and enhanced low-light photography. We are also dedicated to commercializing products that optimize power efficiency, thereby extending battery life. We have developed a high-performance, ultra-slim camera module that reduces current consumption by over 50% compared to spring-type actuators by leveraging our expertise in circuit and mechanical design, software, and core components such as lenses and ball guide type actuators. We have already supplied these to numerous smartphone manufacturers. Looking ahead, we plan to further grow our camera module business by offering solutions that stand out from competitors, drawing upon our advanced technological capabilities.



# Mi-RAE PROJECT

Samsung Electro-Mechanics is currently advancing ‘Mi-RAE’ projects across four key future industries, including mobility, robot, AI/server, and energy, which are encapsulated in the acronym of the project name. We are actively seeking new avenues for growth, anticipating a future where AI-integrated humanoids transcend mobile and mobility platforms, becoming integral to everyday life and various industries. The advent of technologies for future industries hinges on the foundation of parts and materials. By mastering core technologies, we expect to seize new growth opportunities in these essential areas.

## R&D Achievement and Plans

Category	Content
SOEC	Drawing on our expertise in ceramic material technology and process techniques like stacking and sintering, honed through our MLCC business, we are spearheading the development of the Solid Oxide Electrolysis Cell (SOEC), a pivotal technology for green hydrogen production. We have attained the highest level of current density, a pivotal metric, benchmarked against commercial market standards. Our timeline entails prototyping products by 2025 and commencing mass production by 2027. By venturing into the green hydrogen sector, we are steadfast in our dedication to fostering the carbon-neutral era and pioneering innovative energy solutions that generate societal and environmental value.
Small-sized solid-state battery	We are currently developing oxide-based all-solid-state batteries tailored for miniaturization and mass production. These small-sized solid-state batteries boast advantages such as easy miniaturization, high shape flexibility, and zero risk of explosion, distinguishing them from conventional lithium-ion batteries. Specifically designed for wearable devices that come into close contact with the body, these batteries offer enhanced safety and reliability. With our goal of meeting target capacity and reliability standards, we plan to penetrate the wearable market by 2026.
Silicon capacitor	We are developing silicon capacitors manufactured by depositing electrodes and dielectrics onto silicon substrates using semiconductor processes. These ultra-compact capacitors can be positioned close to system semiconductors, ensuring stable voltage maintenance during current fluctuations. They offer significant advantages for high-performance packaging applications by effectively mitigating high-frequency noise. Furthermore, they are highly customizable to meet diverse customer requirements, including size, terminals, and capacitance. Currently, our aim is to commence mass production of these capacitors for application in the S25 Exynos AP by September 2024. The business structure for silicon capacitors involves several stages, including design, wafer fabrication, post-package processing, and testing. For the testing phase, we have developed specialized equipment capable of individual product measurement after completing post-package processing, thereby finalizing the mass production setup. Additionally, alongside the ongoing development of SoC (PKG Cap), we are planning to expand into the medical and automotive electronics sectors by introducing high-temperature and high-voltage products.
Glass substrates	We are presently advancing glass core substrates to replace plastic cores in package boards, with the aim of enhancing semiconductor performance. Glass substrates exhibit excellent mechanical properties and processability, with minimal deformation at varying temperatures and the capability for fine pitch processing. making them ideal for large-scale integration and scaling-down. Leveraging these advantages, we anticipate significant growth in high-performance semiconductor applications, including server CPUs and AI accelerators. Our plan involves establishing a prototype production line for glass substrates in 2024, with prototype production scheduled for 2025 and mass production planned for 2026 and beyond.
Hybrid lenses for automotive electronic devices and robotic cameras	We are actively engaged in the development of hybrid lenses for automotive electronic devices and robotic cameras, integrating the advantages of plastic and glass lenses. These hybrid lenses offer temperature stability and high production efficiency, facilitating the reduction of camera size and weight. Furthermore, we address contamination-related concerns during production by minimizing the use of glass material. Additionally, we are advancing technology to minimize plastic deformation and conducting reliability tests. Mass production is scheduled to commence in 2025.



# APPENDIX

Reporting Methodology	102
GRI	104
ESRS	107
SASB	110
UN SDGs	111
ESG Datapack	112
Code of Conduct	124
Financial Statement	130
GHG Assurance Statement	132
Third-Party Assurance Statement	133

# Reporting Methodology

## Overview

We are committed to transparently disclosing our key businesses, business achievements, and overall sustainable management activities through the 2023-2024 Sustainability Report, with the aim of fostering communication with stakeholders. This report is organized into sections including Sustainable Business Ambition, which outlines our ESG strategy, vision, and key achievements, as well as Sustainable Planet, Sustainable People, and Sustainable Progress, which detail our environmental, social, and governance activities and an Appendix.

## Reporting Principles

This report adheres to the Global Reporting Initiative (GRI) Standards 2021, ensuring comprehensive coverage of industry-specific activities. It is based on the Sustainability Accounting Standards Board (SASB) to reflect key issues accurately. Moreover, our climate change response status is disclosed in alignment with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and was written to reflect the implementation guidance documents of European Sustainability Reporting Standards (ESRS). Furthermore, this report endorses the UN Sustainable Development Goals (SDGs), reporting on activities aligned with each goal. Financial information within the report follows the Korean-International Financial Reporting Standards (K-IFRS).

## Reporting Period and Scope

This report covers our performance from January 1, 2023, to December 31, 2023, with some key activities incorporating information from the first half of 2024. The reporting scope encompasses Samsung Electro-Mechanics and its domestic and overseas affiliates based on Samsung Electro-Mechanics' K-IFRS consolidated financial statements. For overseas business sites with physical limitations in data collection, specific criteria for calculating environmental and social indicators are outlined separately. Quantitative performance data is provided for the past five years (2019 to 2023), facilitating the assessment of annual trends.

## Calculation Criteria for Environmental Performance ESRS E5-5-40

Environmental performance is assessed based on the following criteria.

Category	Scope	Scope	Calculation criteria and methodologies
GHG Emissions	Scope 1, 2 emissions	Domestic business sites/overseas production sites	Domestic: Reporting and verification guidelines for the Korea Emissions Trading Scheme Overseas: IPCC GHG Guidelines
	Scope 3 emissions	Domestic/overseas business sites (production/sales sites, R&D institute)	Third-party verified data
	Carbon intensity	Domestic business sites/overseas production sites	Total GHGs(Scope 1, 2)/(Market-based) / Consolidated revenue in the business report
Energy consumption	Energy consumption	Domestic business sites/overseas production sites	Energy usage statement
	Renewable energy		Calculating monthly energy consumption based on renewable energy purchase certification
	Energy intensity		Total energy usage / Consolidated revenue in the business report
	Energy reductions		Total amount saved through conservation projects
Water consumption	Water withdrawal	Domestic business sites/overseas production sites	Water withdrawal statement
	Water consumption		Water withdrawal - Water discharge
	Water discharge		Based on flow meter readings, discharge calculated at supply level only
	Water reuse		Based on flow meter readings, for locations without flow meters, calculated based on equipment capacity and usage conditions
	Water reuse rate		Water reuse/(Water reuse + Water withdrawal)
	Water intensity		Water consumption / Consolidated revenue in the business report
	Water withdrawal from water stress area		Water withdrawal calculated for locations with extremely high- or high- water stress levels according to the WRI Aqueduct Water Risk Atlas
	Percentage of areas with high water stress		Water withdrawal from water stress area / Water withdrawal
Water pollution emissions	BOD, SS, T-N, T-P	Domestic business sites/overseas production sites	Domestic: Surveys of water pollution sources Overseas: Internal measurement standards
Air pollution emissions	SOx, NOx, Dust emissions	Domestic business sites/overseas production sites	Domestic: Stack emission management system Overseas: Internal measurement standards
	VOC emissions	Domestic business sites	Regulations on the investigation of chemical discharge volumes and calculation coefficients
Waste	Waste generated	Domestic business sites/overseas production sites	Monthly generation aggregated per site
	Recycling rate		(Total recycled waste + energy recovery)/Total waste generated
Investment in and operation of environment and energy	Investment in environment and energy	Domestic business sites/overseas production sites	Investment in air, water, and energy
	Expenses for environment and energy		Expenses for air, water, and energy
Green purchasing	Green purchasing amount	Domestic business sites	Purchase expenditures for office PCs and office supplies with Environmental Product Declaration (EPD), Greenguard, and Energy Star certificates

**Calculation Criteria for Social Performance** **ESRS S1-6-50 (d) / (d) i. / (d) ii., S1-7-55 (b) ii., S1-12-AR 76**

Social performance is assessed based on the following criteria.

Category	Scope	Calculation criteria and methodologies
Composition of employees	Number of employees	Total domestic and overseas permanent and part-time employees
	Managers in sales-generating departments	Production, technology, and sales (excluding business support)
	Employees in STEM departments	Employees in departments related to Science, Technology, Engineering, and Mathematics (typically technical roles, technical research, R&D teams)
	Turnover rate	Total number of retirees / (Average monthly workforce + Total number of retirees)
	Number of employees with disabilities	Based on special exception for calculating the number of employees with disabilities
	Percentage of employees with disabilities	Number of employees with disabilities / Total number of domestic employees
	Employee-related expenditures	Employee labor costs + Benefit costs + Pensions (severance pay)
	Ratio of standard entry level wage compared to minimum wage	Hourly wage for entry-level office workers under monthly pay system / Statutory minimum wage
	Number of employees taking parental leave	Employees who took parental leave during the respective year
	Employees working beyond 12 months post-return	Employees currently working as March of each year among reinstated employees after parental leave
Employee wages and benefits	Retention rate of employees working beyond 12 months post-return	Employees currently working as March of each year among reinstated employees after parental leave / Total number of employees reinstated after parental leave
	Number of employees returning from parental leave	Employees currently working + taking parental leave as March of each year
	Returning rate after parental leave	(Employees currently working + taking parental leave as March of each year) / Total number of employees reinstated after parental leave
Employee training	Training time per person	Total training time / Total number of employees
	Training on human rights and sexual harassment	Including prevention of workplace harassment and sexual harassment
	Health and Safety training	Total number of participants who completed each health and safety training session
Return on investment in human capital	Domestic/overseas business sites (production/sales sites, R&D institute)	$\frac{[(\text{sales}) - ((\text{sales costs}) - (\text{Employee-related expenditures}))]}{(\text{Employee-related expenditures})}$
Percentage of employee performance evaluation	Domestic/overseas business sites (production/sales sites, R&D institute)	Number of target population subject to regular performance evaluations based on KPIs / Total target population Target population: all domestic and overseas employees excluding new hires, employees on leave, and dispatched workers
Corporate social responsibility	Domestic/overseas business sites (production/sales sites, R&D institute)	Data prior to 2022 covers only domestic business sites as overseas data management commenced from 2022
Comprehensive supplier evaluation	Domestic and overseas business sites (production sites, sales sites, R&D institutes)	Raw material trading partners (partners trading for more than 1 year)
Health and safety certification and evaluation	Domestic/overseas business sites (production/sales sites, R&D institute)	Number of ISO 45001 certified business sites / Number of manufacturing and production business sites

Category	Scope	Calculation criteria and methodologies
Industrial Accidents <sup>1)</sup>	Fatalities	Number of fatalities due to work-related injuries / Total annual employee work hours*1,000,000
	Injury incidence rate	Number of accidents / Number of employees*100 Domestic: Industrial accident investigation criteria Overseas: Accidents resulting in more than 28 days of leave
	Lost time injury frequency rate	Number of absences more than 1 day / Total annual employee work hours*Injury rate per hour *The injury rate per hour is applied as 200,000
	Frequency rate	Number of accidents / Total annual employee work hours*1,000,000
	Lost workday rate	Number of lost workday / Number of employees*100
	Percentage of employees seriously injured	Number of employees injured due to work-related serious accidents(excluding fatalities) / Total number of employees
	Occupational disease rate	Number of employee fatalities due to work-related illnesses / Total number of employees

1) Employees and temporary workers of the company included (suppliers excluded)

**Calculation Criteria for Governance Performance** **ESRS G1-5-29 (b)**

Governance performance is assessed based on the following criteria.

Category	Scope	Calculation criteria and methodologies
Government and business association donations	Domestic business sites	Total amount of association donations
Compliance training	Domestic business sites/overseas sales sites	Domestic: Education via internal platforms Overseas: Group education
Ethics training	Domestic/overseas business sites(production/sales sites, R&D institute)	

**Data Corrections and Restatements** **GRI 2-4**

Changes in calculation criteria have led to adjustments in the information provided in this report compared to previous reports issued for the same reporting period. Here are the details of the modifications.

Category	Index	Changes in calculation criteria
Environment	Energy consumption	Reconfiguration of 2022 data due to data aggregation errors
	Water withdrawal	The amount of water withdrawal through the industrial complex is classified as municipal water and adjusted to reflect the data from 2019 to 2021
	Water Contaminants Emitted	Reconfiguration of 2019-2022 data due to expansion of data calculation range
Social	Number of employees	Reconfiguration of 2020 employee(male) data due to data aggregation errors
	Customer satisfaction	Data recalculated for five years due to a change in measurement methodology, implemented from 2021 onwards.
	Injury incidences and work loss	Data recalculated for five years due to a change in measurement methodology
Governance	Income tax expense	Reconfiguration of 2022 domestic data due to data aggregation errors
	Corporate tax	Data revised for the years 2019-2022 due to the overseas corporation corporate tax aggregation changed from the accrual basis to the cash-out basis
	Tangible property by tax jurisdiction	Reconfiguration of 2019-2022 domestic data due to data aggregation errors
	Ethics Training for Employees	Data recalculated for five years due data aggregation errors

# Global Reporting Initiative (GRI)

## GRI Content Index

Statement of Use : Samsung Electro-Mechanics has reported its data from January 1, 2023, to December 31, 2023, in accordance with the GRI Standards 2021.

GRI 1 used : GRI 1 : Foundation 2021

Applicable GRI Sector Standard(s) : N/A

## GRI 2 : General Disclosures 2021

Standard	Index	Details	Page	Remarks
The Organization and Its Reporting Practices	2-1	Organizational details	p.7, 2023 Business Report p.3	
	2-2	Entities included in the organization's sustainability reporting	p.3, 2023 Business Report p.47-49	
	2-3	Reporting period, frequency and contact point	p.3	
	2-4	Restatements of information	p.103	Modified information is annotated in the appropriate location
	2-5	External assurance	p.133	
Activities and Workers	2-6	Activities, value chain and other business relationships	p.9-11, p.71	
	2-7	Employees	p.115-116	
	2-8	Workers who are not employees	-	Information unavailable/ incomplete] Non-employee workers (outsourced workers (interpreters, secretaries), in-house subcontractors, etc.) exist, but number of workers data is unavailable because they are managed by business unit
Governance	2-9	Governance structure and composition	p.80	
	2-10	Nomination and selection of the highest governance body	p.84	

Standard	Index	Details	Page	Remarks
Governance	2-11	Chair of the highest governance body	p.80	
	2-12	Role of the highest governance body in overseeing the management of impacts	p.27	
	2-13	Delegation of responsibility for managing impacts	p.27	
	2-14	Role of the highest governance body in sustainability reporting	p.16	
	2-15	Conflicts of interest	p.83	
	2-16	Communication of critical concerns	p.81, Business Report p.272-273	
	2-17	Collective knowledge of the highest governance body	p.82	
	2-18	Evaluation of the performance of the highest governance body	p.84	
	2-19	Remuneration policies	p.84	
	2-20	Process to determine remuneration	p.84	
	2-21	Annual total compensation ratio	p.123	
Strategy, Policies and Practices ESRS G1-4-24 (a)	2-22	Statement on sustainable development strategy	p.5	
	2-23	Policy commitments	p.53, p.72	
	2-24	Embedding policy commitments	p.72, p.74, p.86	
	2-25	Processes to remediate negative impacts	p.53-54, p.57, p.87	
	2-26	Mechanisms for seeking advice and raising concerns	p.83	
	2-27	Compliance with laws and regulations	-	Zero violations
	2-28	Membership associations	p.122	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	p.25	
	2-30	Collective bargaining agreements	p.57	

## GRI 3 : Material Topics

Standard	Index	Details	Page	Remarks
Disclosures on Material Topics	3-1	Process to determine material topics	p.18	
	3-2	List of material topics	p.18	
	3-3	Management of material topics	p.19-24	

## Topic-Specific Standards

Standard	Index	Details	Page	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	p.97, p.121	
	201-2	Financial implications and other risks and opportunities due to climate change	p.29-30	
	201-3	Defined benefit plan obligations and other retirement plans	p.117	
	201-4	Financial assistance received from government	p.121	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.57, p.74, p.117	
	202-2	Proportion of senior management hired from the local community	p.115	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p.66	
	203-2	Significant indirect economic impacts	p.65, p.77	
Procurement Practices	204-1	Proportion of spending on local suppliers	p.71	
Anti-corruption	205-1	Operations assessed for risks related to corruption	p.120	
	205-2	Communication and training about anti-corruption policies and procedures	p.77, p.117, p.119	
	205-3	Confirmed incidents of corruption and actions taken	-	No suppliers have terminated or renewed contracts due to ethical management reports
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	2023 Business Report p.265-266, p.329	
Tax	207-1	Approach to tax (tax strategy and review, the governance body that reviews and approves the tax strategy, frequency of this review, and how the approach to tax is linked to the business and sustainable development strategies)	p.92	
	207-2	Tax governance, control, and risk management	p.91-92	
	207-3	Stakeholder engagement and management of concerns related to tax	p.92	
	207-4	Country-by-country reporting	p.121, 2023 Business Report p.47-49	
Materials	301-1	Materials used by weight or volume	-	[Information unavailable/incomplete] The data on reusable and non-reusable materials is incomplete
	301-2	Recycled input materials used	-	[Information unavailable/incomplete] The data on reusable and non-reusable materials is incomplete

Standard	Index	Details	Page	Remarks
Materials	301-3	Reclaimed products and their packaging materials	-	[Not applicable] Samsung Electro-Mechanics manufactures micro-sized, ultra-thin, and cutting-edge components, so it is impossible to individually re-collect its products
Energy	302-1	Energy consumption within the organization	p.112	
	302-2	Energy consumption outside of the organization	p.112	
	302-3	Energy intensity	p.112	
	302-4	Reduction of energy consumption	p.32, p.112	
	302-5	Reductions in energy requirements of products and services	p.33	
Water and Effluents	303-1	Interactions with water as a shared resource	p.37	
	303-2	Management of water discharge-related impacts	p.37	
	303-3	Water withdrawal	p.113	
	303-4	Water discharge	p.37, p.113	
	303-5	Water consumption	p.37, p.113	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.40	
	304-2	Significant impacts of activities, products, and services on biodiversity	p.40	
	304-3	Habitats protected or restored	p.40	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p.40	
Emissions	305-1	Direct (Scope 1) GHG emissions	p.112	
	305-2	Energy indirect (Scope 2) GHG emissions	p.112	
	305-3	Other indirect (Scope 3) GHG emissions	p.31, p.112	
	305-4	GHG emissions intensity	p.112	
	305-5	Reduction of GHG emissions	p.112	
	305-6	305-6 Emissions of ozone-depleting substances (ODS)	-	Zero emissions
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p.113	

Standard	Index	Details	Page	Remarks
Waste	306-1	Waste generation and significant waste-related impacts	p.35	
	306-2	Management of significant waste-related impacts	p.35	
	306-3	Waste generated	p.35, p.114	
	306-4	Waste diverted from disposal	p.114	
	306-5	Waste directed to disposal	p.114	
Supplier	308-1	New suppliers that were screened using environmental criteria	p.120	
Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	p.73, p.120	
Employment	401-1	New employee hires and employee turnover	p.116	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.44	
	401-3	Parental leave	p.117	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	p.53, p.57	
Occupational Health and Safety	403-1	Occupational health and safety management system	p.60	
	403-2	Hazard identification, risk assessment, and incident investigation	p.61	
	403-3	Occupational health services	p.64	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p.61	
	403-5	Worker training on occupational health and safety	p.63	
	403-6	Promotion of worker health	p.44, p.64	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.78	
	403-8	Workers covered by an occupational health and safety management system	p.120	
	403-9	Work-related injuries	p.61-62, p.120	
	403-10	Work-related ill health	p.61	Zero deaths or serious illness caused by occupational illness
Training and Education	404-1	Average hours of training per year per employee	p.52	
	404-2	Programs for upgrading employee skills and transition assistance programs	p.45, p.50	
	404-3	Percentage of employees receiving regular performance and career development reviews (by gender and contract type)	p.52, p.118	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p.58, p.115-116, p.122	
	405-2	Ratio of basic salary and remuneration of women to men	p.117	

Standard	Index	Details	Page	Remarks
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	[Confidentiality constraints] Difficult to disclose as it is our internal confidential information
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p.56	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	p.56	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.56	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	p.117	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	Zero violations
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	p.66, p.120	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	Zero
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	p.120	
	414-2	Negative social impacts in the supply chain and actions taken	p.75	As a result of the 2023 sustainability assessment, no suppliers whose contract terminated
Public Policy	415-1	Political contributions	p.122	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	p.41, p.120	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	Zero violations
Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	[Not applicable] We label basic product information. If there is a customer request, we attach a label based on the request.
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	Zero violations
	417-3	Incidents of non-compliance concerning marketing communications	-	Zero violations
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	Zero violations

# European Sustainability Reporting Standards (ESRS)

ESRS IRO-2-56

## ENVIRONMENT TOPIC STANDARDS

### E1 Climate Change

Framework	Category	Indicator No.	Title	Page
Governance	Governance for climate action	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	p.27
Strategy	Climate action strategy	E1-1	Transition plan for climate change mitigation	p.32
		E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	p.28
Impact, risk and opportunity management	Climate-related impacts, risks, and opportunities	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	p.29-31
Metrics and targets	Targets and metrics related to climate change mitigation and adaptation	E1-4	Targets related to climate change mitigation and adaptation	p.31
			Energy consumption and mix	p.112
			Gross Scopes 1, 2, 3 and Total GHG emissions	p.112, 131

### E2 Pollution

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Impacts, risks, and opportunities related to pollution	E2-1	Policies related to pollution	p.37
		E2-2	Actions and resources related to pollution	p.37
Metrics and targets	Targets and metrics related to pollution	E2-3	Targets related to pollution	p.37
			Pollution of air, water and soil	p.113

### E3 Water and Marine Resources

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Impacts, risks, and opportunities related to water and marine resources	E3-2	Actions and resources related to water and marine resources	p.37
		E3-4	Water consumption	p.113

### E4 Biodiversity and Ecosystems

Framework	Category	Indicator No.	Title	Page
Strategy	Strategies related to biodiversity and ecosystem	E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	p.40
Impact, risk and opportunity management	Biodiversity and ecosystem-related impacts, risks and opportunities	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	p.40
Metrics and targets	Targets and metrics related to biodiversity and ecosystems	E4-5	Impact metrics related to biodiversity and ecosystems change	p.40

### E5 Resource Use and Circular Economy

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Resource use and circular economy-related impacts, risks and opportunities	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	p.42
Metrics and targets	Targets and metrics related to resource use and circular economy	E5-2	Actions and resources related to resource use and circular economy	p.31, 35-36
		E5-3	Targets related to resource use and circular economy	p.23
		E5-5	Resource outflows	p.102, 114

## SOCIAL TOPIC STANDARDS

### S1 Own Workforce

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Impact, risk and opportunity related to own workforce	S1-1	Policies related to own workforce	p.48, 53, 54, 57, 62
		S1-2	Processes for engaging with own workers and workers' representatives about impacts	p.46, 53
		S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	p.57
		S1-4	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	p.14, 19, 61
Metrics and targets	Metrics and targets related to own workforce	S1-6	Characteristics of the Undertaking's Employees	p.103, 115, 116
		S1-7	Characteristics of non-employee workers in the undertaking's own workforce	p.103
		S1-9	Diversity indicators	p.116, 122
		S1-10	Adequate Wages	p.57
		S1-11	Social protection	p.44, 63
		S1-12	Persons with disabilities	p.103, 116
		S1-13	Training and Skills Development indicators	p.117-118
		S1-14	Health and safety indicators	p.60, 120
		S1-15	Work-life balance	p.59
		S1-16	Compensation indicators (pay gap and total compensation)	p.59, 123
		S1-17	Incidents and severe cases of human rights issues and incidents	p.57

### S2 Workers in the Value Chain

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Impact, risk and opportunity management related to workers in the value chain	S2-1	Policies related to value chain workers	p.53, 72
		S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	p.72
		S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	p.72-75

### S3 Affected Communities

Framework	Category	Indicator No.	Title	Page
Strategy	Affected communities strategy	S3.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s) related to affected communities	p.66

### S4 Consumers and End-users

Framework	Category	Indicator No.	Title	Page
Impact, risk and opportunity management	Impact, risk and opportunity management related to consumers and end-users	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	p.70-71
		S4-4	Taking action on material impacts on consumers and endusers, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	p.70



## GOVERNANCE TOPIC STANDARDS

### G1 Business Conduct

Framework	Category	Indicator No.	Title	Page
Governance	Business conduct governance	G1.GOV-1	The role of the administrative, management and supervisory bodies related to business conduct	p.80-81
Impact, risk and opportunity management	Impact, risk and opportunity management related to business conduct	G1-1	Business conduct policies and corporate culture	p.87-89, 93
		G1-2	Management of relationships with suppliers	p.72-73
		G1-3	Prevention and detection of corruption and bribery	p.86
Metrics and targets	Metrics and targets related to business conduct	G1-4	Incidents of corruption or bribery	p.104
		G1-5	Political influence and lobbying activities	p.81, 103, 122

### General Standards (General Disclosure)

#### General







Framework	Category	Indicator No.	Title	Page
General	General disclosure	BP-1	General basis for preparation of sustainability statements	p.3
		BP-2	Disclosures in relation to specific circumstances	p.112, 133
		BP-5	Scope of disclosures criteria	p.3
Governance	Sustainability governance	GOV-1	The role of the administrative, management and supervisory bodies	p.16, 80-82
		GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	p.16
		GOV-3	Integration of sustainability-related performance in incentive schemes	p.13, 14, 16, 27
		GOV-5	Risk management and internal controls over sustainability reporting	p.91
Strategy	Sustainability strategy	SBM-1	Strategy, business model and value chain	p.7-9, 14, 25, 116
		SBM-2	Interests and views of stakeholders	p.25, 83
		SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	p.19-24
Impact, risk and opportunity management	Sustainability impact, risk and opportunity management	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	p.18
		IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	p.18, 24
Metrics and targets	Sustainability metrics and targets	MDR-T	Tracking effectiveness of policies and actions through targets	p.14

# Sustainability Accounting Standards Boards (SASB)

Theme	SASB Code	Accounting Metric	Our Responses
<b>Sustainability Disclosure Topics &amp; Accounting Metrics</b>			
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	p.94
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.58, 115-116
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	We comply with global regulations such as EU RoHS and REACH Substance of Very High Concern (SVHC). We database and manage the chemical information of all raw materials and conduct follow-up management such as monitoring the usage status. For details, please refer to p.41.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	This metric is not applicable as we are a company that produces electronic components.
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR criteria	This metric is not applicable as we are a company that produces electronic components.
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	We specialize in the manufacturing of ultra-compact and ultra-thin high-tech parts, which are crucial components in a variety of finished products. As intermediary products that constitute a minor portion of the final goods, our industry encounters challenges in product recovery. For instance, our flagship chip components, substrates, and camera modules are integrated into our customers' finished products, such as mobile phones, rendering individual product recovery unfeasible. Furthermore, Waste from Electrical and Electronic Equipment (WEEE) regulations do not apply to us since they are based on finished products. However, we provide essential information to manufacturers of finished products to ensure compliance with laws and regulations. Internally, we produce environmental products and have obtained certification through Life Cycle Assessment (LCA).
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.72, 120
	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.75
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	p.76
<b>Activity Metrics</b>			
Activity Metrics	TC-HW-000.A	Number of units produced by product category	p.9-11
	TC-HW-000.B	Area of manufacturing facilities	p.7
	TC-HW-000.C	Percentage of production from owned facilities	2023 Business Report p.15-18

# UN Sustainable Development Goals (UN SDGs)

The Sustainable Development Goals (SDGs) are a set of specific objectives and indicators established by the United Nations to promote sustainable development. They encompass 17 economic, social, and environmental goals, along with 169 targets. We are committed to supporting the UN SDGs and implementing sustainability management practices. We align our activities with each goal and are dedicated to expanding our efforts to achieve additional goals.

UN SDGs	Our activities	Page
<b>Goal 1. No Poverty</b> 	<ul style="list-style-type: none"> <li>Supported financial resources for vulnerable groups through non-face-to-face donation and volunteer activities</li> </ul>	p.68-89
<b>Goal 3. Good Health and Well-being</b> 	<ul style="list-style-type: none"> <li>Provided regular health check-ups</li> <li>Supported treatment costs for employees and their children diagnosed with three major serious diseases</li> <li>Maternal protection programs (parental leave and nursing/breastfeeding facilities)</li> </ul>	p.44
<b>Goal 4. Quality Education</b> 	<ul style="list-style-type: none"> <li>SSAFY (Samsung Software Academy For Youth) unior SW Academy</li> <li>More educational programs for the youth (Blue Elephant project)</li> </ul>	p.66-68
<b>Goal 5. Gender Equality</b> 	<ul style="list-style-type: none"> <li>Ensured equal pay for men and women</li> <li>Raised a percentage of female managers</li> </ul>	p.58-59
<b>Goal 6. Clean Water and Sanitation</b> 	<ul style="list-style-type: none"> <li>Achieved 31.9% water reuse rate in 2023</li> <li>Made efforts to achieve a 36.7% water reuse rate by 2030</li> </ul>	p.37
<b>Goal 7. Affordable and Clean Energy</b> 	<ul style="list-style-type: none"> <li>Saved more costs from energy-saving projects year by year</li> <li>Strived for the transition into 100% renewable energy by 2050</li> <li>Enhanced energy efficiency through task force operations and workplace improvements</li> </ul>	p.32-33

UN SDGs	Our activities	Page
<b>Goal 8. Decent work and Economic Growth</b> 	<ul style="list-style-type: none"> <li>Provided talent training and customized capacity building programs</li> <li>Operated a fair employee evaluation compensation system</li> </ul>	p.48-59
<b>Goal 9. Industry, Innovation and Infrastructure</b> 	<ul style="list-style-type: none"> <li>Realized Korea's first mass production of high-performance server semiconductor package substrates (FCBGA)</li> <li>Developed environmental products and technologies</li> <li>Achieved the mass production of industry's first thin-film coupled power inductor</li> <li>Promoted the MI-RAE Project</li> </ul>	p.98-100
<b>Goal 11. Sustainable Cities and Communities</b> 	<ul style="list-style-type: none"> <li>Maintained 30% lower levels in average compared to the standards mandated by air and water pollutants laws and regulations</li> <li>Supported suppliers' sustainable management</li> </ul>	p.37, 77-78
<b>Goal 12. Responsible Consumption and Production</b> 	<ul style="list-style-type: none"> <li>Achieved 96% waste recycling rate in 2023</li> <li>Operated a special task force for reducing disposable products</li> <li>Suwon business site received Platinum for 'Zero Waste-to-Landfill' certification</li> <li>Published a Sustainability Report covering sustainability information</li> </ul>	p.35-36
<b>Goal 13. Climate Action</b> 	<ul style="list-style-type: none"> <li>Proactively responded to climate change as the first in the industry that received carbon footprint certifications</li> </ul>	p.42
<b>Goal 15. Life on Land</b> 	<ul style="list-style-type: none"> <li>Carried out conservation activities in coastal, ecological, and landscape areas</li> <li>Donated trees to form a carbon-neutral forest for ecological restoration</li> </ul>	p.40, 69
<b>Goal 16. Peace, Justice and Strong Institutions</b> 	<ul style="list-style-type: none"> <li>Strengthened transparency through operating an independent audit committee</li> <li>Managed compliance risks through operating compliance management programs</li> </ul>	p.83, 89

# ESG Datapack

ESRS BP-2:13 (a) / (b) / (c)

## Environment

### GHG Emissions GRI 305-1, 305-2, 305-3, 305-4, 305-5

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Scope 1, 2, 3 Emissions	Total GHG emissions (Scope 1, 2, 3) (Location-based)	tCO <sub>2</sub> e	-	1,479,213	1,354,578	1,655,830	1,624,979	1,984,830	E1-6-44, E1-6-52 (a)
	Total GHG emissions (Scope 1, 2, 3) (Market-based)	tCO <sub>2</sub> e	-	1,479,213	1,354,578	1,650,525	1,621,668	1,898,185	E1-6-44, E1-6-52 (b)
Scope 1, 2 Emissions	Total GHG emissions (Scope 1, 2) (Location-based)	tCO <sub>2</sub> e	100%	1,309,687	1,204,128	1,466,843	1,345,879	1,408,035	E1-6-52 (a)
	Total GHG emissions (Scope 1, 2) (Market-based)	tCO <sub>2</sub> e	100%	1,309,687	1,204,128	1,461,538	1,342,568	1,321,390	E1-6-52 (b)
	Scope 1	tCO <sub>2</sub> e	100%	76,506	79,240	113,118	117,758	106,477	E1-6-48 (a)
	Scope 2 (Location-based)	tCO <sub>2</sub> e	100%	1,233,181	1,124,888	1,353,725	1,228,121	1,301,558	E1-6-49 (a)
	Scope 2 (Market-based)	tCO <sub>2</sub> e	100%	1,233,181	1,124,888	1,348,420	1,224,810	1,214,913	E1-6-49 (b)
	Carbon intensity (Market-based)	tCO <sub>2</sub> e/sales (KRW 100 million)	100%	17.6	15.5	15.1	14.2	14.8 <sup>1)</sup>	
Scope 3 Emissions	Total Scope 3 emissions	tCO <sub>2</sub> e	-	169,526	150,450	188,987	279,100	576,795	E1-6-AR 46 (d), E1-6-51
	Purchased goods and services	tCO <sub>2</sub> e	-	21,419	34,583	39,826	144,311	318,807	E1-6-AR 46 (i)
	Capital goods	tCO <sub>2</sub> e	-	1,852	3,690	2,740	3,853	1,869	E1-6-AR 46 (i)
	Fuel and energy related activities not included in Scope 1 or 2	tCO <sub>2</sub> e	-	12,716	12,113	9,434	9,054	7,964	E1-6-AR 46 (i)
	Transportation & distribution (Upstream)	tCO <sub>2</sub> e	-	47,780	41,662	60,442	49,800	30,710	E1-6-AR 46 (i)
	Waste disposal	tCO <sub>2</sub> e	-	6,025	6,875	20,686	20,648	14,125	E1-6-AR 46 (i)
	Business travel	tCO <sub>2</sub> e	-	7,367	2,238	1,547	3,865	4,565	E1-6-AR 46 (i)
	Employee commuting	tCO <sub>2</sub> e	-	11,816	11,120	13,730	11,005	14,411	E1-6-AR 46 (i)
	Leased assets (Upstream)	tCO <sub>2</sub> e	-	747	693	895	1,170	1,129	E1-6-AR 46 (i)
	Processing of products	tCO <sub>2</sub> e	-	1,037	353	436	467	134,804	E1-6-AR 46 (i)
	Use of product	tCO <sub>2</sub> e	-	34,179	11,622	14,349	15,390	27,340	E1-6-AR 46 (i)
	Disposal of product	tCO <sub>2</sub> e	-	579	197	243	261	961	E1-6-AR 46 (i)
	Leased assets (Downstream) <sup>2)</sup>	tCO <sub>2</sub> e	-	0	0	0	0	0	E1-6-AR 46 (i)
	Investment <sup>3)</sup>	tCO <sub>2</sub> e	-	24,009	25,304	24,659	19,276	20,110	E1-6-AR 46 (i)

1) Market-based emissions decreased due to the procurement of renewable energy. However, the carbon intensity increased due to the rise in production at overseas sites  
2) Not applicable  
3) GHGs emitted from the companies in which we have invested

### Energy Consumption GRI 302-1, 302-2, 302-3, 302-4

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Energy Consumption(On a consolidated basis)	Total energy consumption	MWh	100%	2,617,288	2,438,906	2,909,016	2,696,928	2,820,983 <sup>3)</sup>	E1-5-37
	Electricity <sup>1)</sup>	MWh	100%	2,084,623	1,975,597	2,224,870	1,998,760	2,131,357	E1-5-38 (e)
	LNG	MWh	100%	295,948	280,448	467,804	467,516	417,373	E1-5-38 (c)
	Diesel <sup>2)</sup>	MWh	100%	25,643	22,562	27,039	33,100	37,208	E1-5-38 (b)
	Gasoline	MWh	100%	4,133	3,122	2,880	2,950	2,949	E1-5-38 (b)
	LPG	MWh	100%	28,556	29,801	23,917	7,456	26,337	E1-5-38 (d)
	Purchased steam	MWh	100%	178,384	127,376	162,506	187,146	205,759	E1-5-38 (e)
	Non-renewable energy consumption	MWh	100%	2,617,287	2,438,787	2,902,900	2,690,099	2,681,383	
	Electricity	MWh	100%	2,084,623	1,975,478	2,218,754	1,991,931	1,991,757	
	LNG	MWh	100%	295,948	280,448	467,804	467,516	417,373	
	Diesel	MWh	100%	25,643	22,562	27,039	33,100	37,208	
	Gasoline	MWh	100%	4,133	3,122	2,880	2,950	2,949	
	LPG	MWh	100%	28,556	29,801	23,917	7,456	26,337	
	Purchased steam	MWh	100%	178,384	127,376	162,506	187,146	205,759	
	Renewable energy consumption	MWh	100%	0	119	6,116	6,829	139,600	E1-5-37 (c)
	Solar	MWh	100%	0	119	116	99	33,968	
	Geothermal	MWh	100%	0	0	6,000	6,730	50,000	
	Hydroelectric	MWh	100%	0	0	0	0	37,632	
	Wind	MWh	100%	0	0	0	0	18,000	
	Energy intensity	MWh/sales (KRW100million)	100%	35.1	31.5	30.1	28.6	31.7	
Energy Consumption (Domestic)	Total energy consumption	MWh	100%	1,179,145	1,158,868	1,218,098	1,248,627	1,203,757	
	Electricity consumption <sup>3)</sup>	MWh	100%	837,314	832,719	864,251	883,617	854,429	
Energy Reductions <sup>4)</sup>	Electricity	GJ	100%	1,562,810	1,529,708	2,830,158	613,487	409,075	
	LNG	kNm <sup>3</sup>	100%	1,943	3,450	3,559	2,583	5,850	
Energy Saving	Energy saving projects	cases	100%	577	486	860	810	1,089	
	Cost savings from energy saving projects	KRW 100 million	100%	241	192	326	211	245	
Energy Use Targets and Performance	Targets	KRW 100 million	100%	2,695	2,513	2,744	3,107	3,693	
	Performance	KRW 100 million	100%	2,548	2,354	2,549	3,079	3,501	

1) Renewable energy consumption included  
2) Errors corrected in 2022 data  
3) Based on power use in domestic business sites  
4) Based on the savings from the energy-saving programs completed each year  
5) Energy consumption increased as a result of the expansion of our business sites in Vietnam and Busan

Water Consumption **GRI 303-3, 303-4, 303-5**

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Water withdrawal <sup>1)</sup>	Total water withdrawal	m <sup>3</sup>	100%	22,832,082	19,708,294	20,834,376	19,699,860	20,918,985 <sup>5)</sup>	E3-4-AR 32
	Surface water <sup>2)</sup>	m <sup>3</sup>	100%	716,841	748,181	874,030	930,608	727,470	
	Sejong	m <sup>3</sup>	100%	716,841	748,181	874,030	930,608	727,470	
	Ground water	m <sup>3</sup>	100%	3,597,616	3,102,426	3,231,490	3,006,686	2,982,969	
	Sejong	m <sup>3</sup>	100%	50,868	68,178	64,857	58,458	0	
	Philippines	m <sup>3</sup>	100%	3,546,748	3,034,248	3,166,633	2,948,228	2,982,969	
	Municipal water <sup>3)</sup>	m <sup>3</sup>	100%	18,517,625	15,857,687	16,728,856	15,762,566	17,208,546	
	Suwon	m <sup>3</sup>	100%	1,596,003	1,636,747	1,441,286	1,335,415	1,148,360	
	Sejong	m <sup>3</sup>	100%	2,576,740	2,689,395	3,141,770	3,345,142	3,857,387	
	Busan	m <sup>3</sup>	100%	6,695,029	5,655,526	6,163,052	7,299,985	6,434,020	
	Tianjin	m <sup>3</sup>	100%	1,332,730	1,345,138	2,611,176	2,490,294	2,213,878	
	Gaoxin	m <sup>3</sup>	100%	381,370	269,440	244,875	169,427	150,985	
	Vietnam	m <sup>3</sup>	100%	3,603,791	4,160,195	3,097,083	1,122,303	3,403,916	
	Others <sup>3)</sup>	m <sup>3</sup>	100%	2,331,962	101,246	29,614	-	-	
Water Reuse	Reuse amount	m <sup>3</sup>	100%	3,839,411	1,827,990	6,437,870	6,965,660	9,782,861	
	Reuse rate	%	100%	16.8	9.3	23.6	26.1	31.9	
Water Discharge	Total water discharge (at the water supply level)	m <sup>3</sup>	100%	19,539,198	15,156,642	15,298,946	15,255,852	16,951,808	E3-4-AR 32
Water Consumption	Total water consumption	m <sup>3</sup>	100%	3,292,884	4,551,652	5,535,430	4,444,008	3,967,177	
Water Intensity	Water intensity	m <sup>3</sup> /sales (KRW 100 million)	100%	306	254	215	209	235	E3-4-29
Water Withdrawal from Water Stress Areas	Total water withdrawal from water stress areas <sup>4)</sup>	m <sup>3</sup>	100%	8,864,639	8,809,021	9,119,767	6,730,252	8,751,748	E3-4-28 (b)
	Surface water	m <sup>3</sup>	100%	5,317,891	5,774,773	5,953,134	0	0	
	Groundwater	m <sup>3</sup>	100%	3,546,748	3,034,248	3,166,633	2,948,228	2,982,969	
	Municipal water	m <sup>3</sup>	100%	-	-	-	3,782,024	5,768,779	
	Percentage of highly water-stressed areas	%	100%	39	45	44	34	42	

1) No use of seawater  
2) The amount of water withdrawal through the industrial complex is classified as municipal water and adjusted to reflect the data from 2019 to 2021.  
3) Business sites that used to be operated  
4) Based on the worksite locations of Tianjin, Gaoxin, Philippines, and Vietnam  
5) Water withdrawal increased due to the expansion and new establishment in Vietnam and Philippines worksites

Raw Material Usage

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Raw Material Usage	Total raw material consumption	ton	100%	110,453	104,419	116,528	97,324	90,423	
	Chemicals	ton	100%	91,911	85,682	94,483	81,006	74,024	
	Powder	ton	100%	15,081	15,039	18,108	13,123	13,232	
	Non-ferrous metals	ton	100%	2,276	2,036	1,988	1,593	1,423	
	Resin	ton	100%	975	1,309	1,593	1,242	1,475	
	Paste	ton	100%	19	6	16	17	14	
	Precious metals	ton	100%	1	1	1	1	1	
	Others	ton	100%	190	346	340	342	254	

Water Pollution

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Water Contaminants Emitted <sup>3)</sup>	BOD	ton	100%	255	210	264	557	421	E2-4-28 (a), E2-4-30 (a)
	TOC (Domestic) <sup>1)</sup>	ton	100%	-	-	-	-	148	E2-4-28 (a), E2-4-30 (a)
	COD (Overseas) <sup>2)</sup>	ton	100%	361	333	397	442	81	E2-4-28 (a), E2-4-30 (a)
	SS	ton	100%	105	72	87	58	84	E2-4-28 (a), E2-4-30 (a)
	T-N	ton	100%	175	166	220	159	102	E2-4-28 (a), E2-4-30 (a)
	T-P	ton	100%	6	3	5	2	2	E2-4-28 (a), E2-4-30 (a)
Incidents of non-compliance with discharge limits	Number of violations	cases	100%	0	0	0	0	0	

1) It has been measured since 2023, and if COD emissions are converted into TOC based on the Ministry of Environment's press release(May 27, 2019), TOC emissions are estimated to be 209 tons in 2022.  
2) Data from 2019 to 2022 includes domestic data  
3) Reconfiguration of 2019-2022 data due to expansion of data calculation range

Air Pollution **GRI 305-7**

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Air Pollutants Emitted	SOx	ton	100%	54	16	5	29	30	E2-4-28 (a), E2-4-30 (a)
	NOx	ton	100%	176	82	37	73	68	E2-4-28 (a), E2-4-30 (a)
	Dust	ton	100%	74	51	45	37	55	E2-4-28 (a), E2-4-30 (a)
	VOC (Domestic)	ton	100%	4.4	3.9	3.0	3.0	3.2	E2-4-28 (a), E2-4-30 (a)



## Waste GRI 306-3, 306-4, 306-5

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Waste Generation	Total waste generated	ton	100%	120,605	122,898	155,077	131,983	115,840	E5-5-37 (a)
General Waste Disposal and Recycling	General waste generated	ton	100%	72,471	78,063	90,765	79,502	67,456	
	General waste incinerated <sup>1)</sup>	ton	100%	4,673	4,257	5,861	6,080	2,614	E5-5-37 (c) i.
	Waste incinerated with energy recovery	ton	100%	886	688	419	5,616	2,614	
	Waste incinerated without energy recovery	ton	100%	3,787	3,569	5,442	464	0	
	General waste into landfills <sup>1)</sup>	ton	100%	7,851	8,434	9,024	6,396.00	3,379	E5-5-37 (c) ii.
Designated Waste Disposal and Recycling	General waste recycled	ton	100%	59,947	65,372	75,880	67,026	61,463	E5-5-37 (b) ii.
	Designated waste generated	ton	100%	48,134	44,835	64,312	52,481	48,384	E5-5-39
	Designated waste incinerated <sup>1)</sup>	ton	100%	5,511	4,894	4,748	5,748	4,030	E5-5-37 (c) i.
	Waste incinerated with energy recovery	ton	100%	0	0	0	2,161	3,510	
	Waste incinerated without energy recovery	ton	100%	5,511	4,894	4,748	3,587	520	
	Designated waste into landfills <sup>1)</sup>	ton	100%	4,507	6,787	4,986	4,182	336	E5-5-37 (c) ii.
	Designated waste recycled	ton	100%	38,116	33,154	54,578	42,551	44,018	E5-5-37 (b) ii.
	Recycling rate in domestic business sites	%	100%	89	91	96	96	98	
	Recycling rate in overseas business sites	%	100%	71	51	74	72	99	
Waste Disposal and Recycling	Total (incineration + landfill + recycling)	ton	100%	120,605	122,898	155,077	131,983	115,840	
	Waste incinerated	ton	100%	10,184	9,151	10,609	11,828	6,644	
	Waste incinerated with energy recovery	ton	100%	886	688	419	7,777	6,124	
	Waste incinerated without energy recovery	ton	100%	9,298	8,463	10,190	4,051	520	
	Waste into landfills	ton	100%	12,358	15,221	14,010	10,578	3,715	
	Waste recycled	ton	100%	98,063	98,526	130,458	109,577	105,481	
Rate of waste recycled <sup>2)</sup>		%	100%	82	81	84	89	96	E5-5-37 (d)

1) Amount disposed within business sites (ton)

2) Waste recycling rate =(waste recycled + energy recovered)/waste generated

## Environmental Certifications and Information Requirements

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
ISO 14001	Percentage of ISO 14001-certified business sites	%	100%	100	100	100	100	100	
Information Requirements	Response to information requirements for product stewardship	cases	100%	2,021	2,400	2,748	3,545	4,138	

## Investments in the Environment and Energy Sectors and Their Operations

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Investments in Environment and Energy	Investments in environment and energy	KRW million	100%	8,704	25,492	35,352	26,599	21,265	
Operation of Environment and Energy	Operational costs for environment and energy	KRW million	100%	272,150	259,893	272,486	337,134	296,731	

## Green Purchasing

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Green Purchasing Amount (Domestic) <sup>1)</sup>	KRW 100 million	100%	59	25	23	18	17	

1) Green purchasing refers to expenditures for office PCs and office supplies with Environmental Product Declaration (EPD), Greenguard, and Energy Star certificates



## Social

### Composition of Employees GRI 2-7, 202-2, 405-1, TC-HW-330a.1

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Number of employees <sup>1)</sup>	Total number of employees	persons	100%	34,264	36,220	37,312	34,819	34,742	S1-6-50 (a)
	Men	persons	100%	19,315	20,204	20,931	20,114	19,851	
	Women	persons	100%	14,949	16,016	16,381	14,705	14,891	
	Percentage of female employees	%	100%	43.6	44.2	43.9	42.2	42.9	
	Number of domestic employees	persons	100%	11,471	11,625	11,868	12,368	11,973	
	Men	persons	100%	8,738	8,849	9,056	9,443	9,167	
	Women	persons	100%	2,733	2,776	2,812	2,925	2,806	
	Percentage of female employees	%	100%	23.8	23.9	23.7	23.6	23.4	
	Number of overseas employees	persons	100%	22,793	24,595	25,444	22,451	22,769	
	Men	persons	100%	10,577	11,355	11,875	10,671	10,684	
	Women	persons	100%	12,216	13,240	13,569	11,780	12,085	
	Percentage of female employees	%	100%	53.6	53.8	53.3	52.5	53.1	
All employees	Total number of employees	persons	100%	34,264	36,220	37,312	34,819	34,742	
	Permanent employees	persons	100%	34,078	35,888	36,885	34,277	34,435	S1-6-50 (b)
	Executives	persons	100%	62	64	71	69	68	
	Men	persons	100%	61	62	68	66	65	
	Women	persons	100%	1	2	3	3	3	
	Percentage of female employees	%	100%	1.6	3.1	4.2	4.3	4.4	
	Managers <sup>2)</sup>	persons	100%	5,113	5,585	6,008	6,255	6,737	
	Men	persons	100%	4,528	4,873	5,171	5,328	5,672	
	Women	persons	100%	585	712	837	927	1,065	
	Percentage of female employees	%	100%	11.4	12.7	13.9	14.8	15.8	
	Staffs	persons	100%	28,903	30,239	30,806	27,953	27,630	
	Men <sup>3)</sup>	persons	100%	14,611	15,043	15,398	14,333	13,912	
	Women	persons	100%	14,292	15,196	15,408	13,620	13,718	
	Percentage of female employees	%	100%	49.4	50.3	50	48.7	49.6	
	Part-time employees	persons	100%	186	332	427	542	307	
	Men	persons	100%	115	226	294	387	202	
	Women	persons	100%	71	106	133	155	105	

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Domestic employees (Direct employment)	Total number of domestic employees	persons	100%	11,471	11,625	11,868	12,368	11,973	S1-6-52 (a)
	Permanent employees	persons	100%	11,307	11,313	11,488	11,844	11,681	
	Executives	persons	100%	53	55	62	63	63	
	Men	persons	100%	52	53	59	60	60	
	Women	persons	100%	1	2	3	3	3	
	Percentage of female employees	%	100%	1.9	3.6	4.8	4.8	4.8	
	Managers <sup>2)</sup>	persons	100%	4,266	4,605	4,941	5,185	5,436	S1-6-51
	Men	persons	100%	3,922	4,179	4,428	4,587	4,765	
	Women	persons	100%	344	426	513	598	671	
	Percentage of female employees	%	100%	8.1	9.2	10.4	11.5	12.3	
	Staffs	persons	100%	6,988	6,653	6,485	6,596	6,182	
	Men	persons	100%	4,652	4,392	4,281	4,412	4,141	
	Women	persons	100%	2,336	2,261	2,204	2,184	2,041	
	Percentage of female employees	%	100%	33.4	34.0	34.0	33.1	33.0	
	Part-time employees	persons	100%	164	312	380	524	292	S1-6-52 (b)
	Men	persons	100%	112	225	288	384	201	
	Women	persons	100%	52	87	92	140	91	
	Overseas employees (Direct employment)	Total number of domestic employees	persons	100%	22,793	24,595	25,444	22,451	22,769
Permanent employees		persons	100%	22,771	24,575	25,397	22,433	22,754	
Executives		persons	100%	9	9	9	6	5	S1-6-51
Men		persons	100%	9	9	9	6	5	
Women		persons	100%	0	0	0	0	0	
Percentage of female employees		%	100%	0	0	0	0	0	
Managers <sup>2)</sup>		persons	100%	848	980	1,067	1,070	1,301	S1-6-51
Men		persons	100%	606	694	743	741	907	
Women		persons	100%	242	286	324	329	394	
Percentage of female employees		%	100%	28.5	29.2	30.4	30.7	30.3	
Staffs		persons	100%	21,915	23,586	24,321	21,357	21,448	S1-6-51
Men		persons	100%	9,959	10,651	11,117	9,921	9,771	
Women		persons	100%	11,956	12,935	13,204	11,436	11,677	
Percentage of female employees		%	100%	54.6	54.8	54.3	53.5	54.4	
Part-time employees		persons	100%	22	20	47	18	15	
Men		persons	100%	3	1	6	3	1	
Women		persons	100%	19	19	41	15	14	



Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Managers in sales generating departments <sup>4)</sup>	Total	persons	100%	4,237	4,614	4,951	5,170	5,590	
	Men	persons	100%	3,836	4,114	4,356	4,501	4,798	
	Women	persons	100%	401	500	595	669	792	
	Percentage of female employees	%	100%	9.5	10.8	12.0	12.9	14.2	
	Domestic	persons	100%	3,614	3,884	4,151	4,348	4,571	
	Men	persons	100%	3,364	3,569	3,770	3,907	4,063	
	Women	persons	100%	250	315	381	441	508	
	Overseas	persons	100%	623	730	800	822	1,019	
	Men	persons	100%	472	545	586	594	735	
	Women	persons	100%	151	185	214	228	284	
Employees in STEM departments <sup>5)</sup>	Total	persons	100%	12,275	13,156	13,709	13,345	13,630	
	Men	persons	100%	8,316	8,840	9,127	8,989	9,151	
	Women	persons	100%	3,959	4,316	4,582	4,356	4,479	
	Percentage of female employees	%	100%	32.3	32.8	33.4	32.6	32.9	
	Domestic	persons	100%	5,746	5,923	6,059	6,231	6,208	
	Men	persons	100%	4,453	4,583	4,660	4,787	4,782	
	Women	persons	100%	1,293	1,340	1,399	1,444	1,426	
	Overseas	persons	100%	6,529	7,233	7,650	7,114	7,422	
	Men	persons	100%	3,863	4,257	4,467	4,202	4,369	
	Women	persons	100%	2,666	2,976	3,183	2,912	3,053	
Employees by country	Korea	persons	100%	11,471	11,625	11,868	12,368	11,973	SBM-1-40 (a) iii.
	Asia	persons	100%	22,713	24,511	25,358	22,360	22,679	SBM 1-40 (a)iii., S1-6-52
	China	persons	100%	9,070	9,944	10,876	9,421	9,168	SBM-1-40 (a) iii.
	Vietnam	persons	100%	6,768	7,466	6,584	6,005	6,130	SBM-1-40 (a) iii.
	Philippines	persons	100%	6,282	6,540	7,340	6,747	7,141	SBM-1-40 (a) iii.
	Others	persons	100%	593	561	558	187	240	SBM-1-40 (a) iii.
	Americas	persons	100%	45	51	49	55	54	SBM-1-40 (a) iii.
	Europe	persons	100%	35	33	37	36	36	SBM-1-40 (a) iii.
	Number of employees with disabilities <sup>6)</sup>	persons	100%	232	231	230	225	220	
	Percentage of employees with disabilities <sup>7)</sup>	%	100%	2.02	1.99	1.94	1.82	1.84	S1-12-79

1) Including part-time employees

2) Managers: Middle management positions (CL3-4)/(ESRS S1-12-AR 79)

3) Correction of 2020 data errors

4) Manufacturing, technology, and sales (excluding management support)

5) Employees in departments related to Science, Technology, Engineering, and Mathematics (typically technical roles, technical research, R&amp;D teams)

6) Special criteria for calculating employees with disabilities

7) Correction of 2019 data errors

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Composition of employees by age	Number of employees under 30	persons	100%	18,237	18,445	18,048	15,341	13,932	S1-9-66 (b)
	Number of employees between 30–50	persons	100%	15,368	16,976	18,275	18,337	19,484	S1-9-66 (b)
	Number of employees over 50	persons	100%	659	799	989	1,141	1,326	S1-9-66 (b)
	Under 30	%	100%	53.2	50.9	48.4	44	40.1	S1-9-66 (b)
	30-50	%	100%	44.9	46.9	49.0	52.7	56.1	S1-9-66 (b)
	Over 50	%	100%	1.9	2.2	2.6	3.3	3.8	S1-9-66 (b)

Employee Turnover GRI 401-1

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Employee turnover rate	Total employee turnover rate	%	100%	16	11.3	13.1	8.8	7.6	S1-6-50 (c)
	Domestic	%	100%	3.5	2.7	2.9	2.9	2.7	
	Overseas	%	100%	20.8	14.9	17.2	11.4	10.0	
Voluntary turnover rate	Total employee turnover rate	%	100%	13.0	10.1	9.7	7.1	6.5	
	Domestic	%	100%	3.3	2.6	2.6	2.5	2.4	
	Overseas	%	100%	16.9	13.4	12.6	9.3	8.5	
Employee turnover by position	Total employee turnover	persons	100%	6,880	4,433	5,446	3,462	2,837	
	Executives	persons	100%	8	8	18	12	10	
	Managers	persons	100%	100	108	166	193	165	
	Staffs	persons	100%	6,772	4,317	5,262	3,257	2,662	
Employee turnover by gender	Total employee turnover	persons	100%	6,880	4,433	5,446	3,462	2,837	
	Men	persons	100%	3,533	1,759	2,342	1,678	1,465	
	Women	persons	100%	3,347	2,674	3,104	1,784	1,372	
Employee turnover by age	Total employee turnover	persons	100%	6,880	4,433	5,446	3,462	2,837	
	Under 30	persons	100%	5,979	3,133	3,821	2,404	1,928	
	30-50	persons	100%	849	1,238	1,540	943	792	
	Over 50	persons	100%	52	62	85	115	117	
Employee tenure	Total employee tenure	years	100%	7.6	7.9	8.3	9.1	9.8	
	Domestic	years	100%	12.6	13.1	13.6	13.6	14.7	
	Overseas	years	100%	5.1	5.4	5.8	6.6	7.2	





## Employee Wages and Benefits

GRI 201-3, 202-1, 401-3, 405-2

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Employee-related expenditures	Employee-related expenditures	KRW million	100%	1,697,986	1,719,837	2,067,396	2,171,239	2,069,581
	Employee labor costs	KRW million	100%	1,174,928	1,362,318	1,675,110	1,741,691	1,629,411
	Employee benefit costs	KRW million	100%	430,484	286,710	314,861	342,602	355,092
	Employee pensions (Severance pay)	KRW million	100%	92,574	70,809	77,425	86,946	85,078
	Ratio of retirement pension to employee labor costs	%	100%	8	5	5	5	5
Ratio of standard entry level wage compared to minimum wage (Domestic)	Men	%	100%	106.3	106.4	111.9	115.8	125.9
	Women	%	100%	106.3	106.4	111.9	115.8	125.9
Parental leave (Domestic)	Number of employees taking parental leave <sup>1)</sup>	persons	100%	477	508	504	463	489
	Men	persons	100%	129	153	136	131	141
	Women	persons	100%	348	355	368	332	348
	Employees working beyond 12 months post-return <sup>2)</sup>	persons	100%	143	124	133	209	212
	Men	persons	100%	21	30	26	79	76
	Women	persons	100%	122	94	107	130	136
	Retention rate of employees working beyond 12 months post-return <sup>3)</sup>	%	100%	66	64	65	79	71
	Men	%	100%	81	77	74	90	90
	Women	%	100%	64	61	63	73	64
	Number of employees returning from parental leave <sup>4)</sup>	persons	100%	200	174	174	251	269
	Men	persons	100%	24	36	31	84	81
	Women	persons	100%	176	138	143	167	188
	Returning rate after parental leave <sup>5)</sup>	%	100%	93	90	85	95	90
	Men	%	100%	92	92	89	95	96
	Women	%	100%	93	90	84	94	88

1) Employees who took parental leave during the respective year

2) Employees currently working as March of each year among reinstated employees after parental leave

3) Employees currently working as March of each year among reinstated employees after parental leave/Total number of employees reinstated after parental leave

4) Employees currently working and taking parental leave as March of each year

5) Employees currently working as March of each year among reinstated employees after parental leave/Total number of employees reinstated after parental leave

## Employee Satisfaction

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Employee satisfaction (Domestic) <sup>1)</sup>	Organizational health index score	points	100%	72.8	72.6	72.2	71.7 (Job)	76.5 (Job)
							73.6 (Colleagues)	77.8 (Colleagues)
							72.1 (Company)	75.7 (Company)

1) Employee satisfaction score is reorganized into an organizational health index since 2022 and presented as individual scores for job, colleagues, and company, instead of a single overall score

## Employee Training

GRI 205-2, 410-1

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Training time per person <sup>1)</sup>	Training time per person	hours/person	100%	61	74	62	49	58
Training costs per person (Domestic)	Training costs per person	KRW million/person	100%	0.98	0.86	0.85	0.95	0.99
Human rights training (Domestic)	Human rights training time per person <sup>2)</sup>	hours/person	100%	3	3	3	3	3
	Men	hours/person	100%	3	3	3	3	3
	Women	hours/person	100%	3	3	3	3	3
Sexual harassment training (Domestic)	Percentage of employees who completed sexual harassment prevention training	%	100%	100	100	100	100	100
	Training time per person (Men)	hours/person	100%	1	1	1	1	1
	Training time per person (Women)	hours/person	100%	1	1	1	1	1
Health and Safety training	Number of participating employees	persons	100%	213,970	144,961	149,625	352,063	228,860
	Domestic	persons	100%	48,056	49,680	53,618	74,369	68,484
	Overseas	persons	100%	165,914	95,281	96,007	277,694	160,376
Return on investment in human capital <sup>3)</sup>	Return on investment in human capital <sup>3)</sup>	-	100%	2.20	2.14	2.23	2.04	1.83

1) Data from 2019 to 2022 is limited to Korea.

2) Prevention of sexual harassment (1), prevention of workplace harassment (1), education to improve awareness of the disabled (1)

3) Return on human capital investment = (Sales - (Cost of sales - Expenditures related to employees)) / Expenditures related to employees, Reconfiguration of 2019 data due to aggregation errors

Employee Performance Evaluation **GRI 404-3**

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Percentage of employee performance evaluation <sup>1)</sup>	Executives	%	100%	100	100	100	100	100	S1-13-83 (a)
	Men	%	100%	100	100	100	100	100	S1-13-83 (a)
	Women	%	100%	100	100	100	100	100	S1-13-83 (a)
	Managers <sup>2)</sup>	%	100%	100	100	100	100	100	S1-13-83 (a)
	Men	%	100%	100	100	100	100	100	S1-13-83 (a)
	Women	%	100%	100	100	100	100	100	S1-13-83 (a)
	Staffs	%	100%	100	100	100	100	100	S1-13-83 (a)
	Men	%	100%	100	100	100	100	100	S1-13-83 (a)
	Women	%	100%	100	100	100	100	100	S1-13-83 (a)

1) Not subject to evaluation: new employees, employees on leave, and dispatched workers

2) Middle management positions (CL3-4)

## Human Rights Violations and Grievance Responses (Domestic)

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Status of each deliberation organization of the Hanulim Council (Domestic)	Total deliberations by Hanulim Council	cases	100%	46	71	48	61	73	
	FUN <sup>1)</sup>	cases	100%	15	21	15	21	18	
	PRIDE <sup>2)</sup>	cases	100%	15	22	12	16	29	
	TRUST <sup>3)</sup>	cases	100%	9	18	14	18	11	
	WOMEN <sup>4)</sup>	cases	100%	7	10	7	6	15	

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

## Corporate Social Responsibility

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
CSR costs <sup>1)</sup>	CSR costs	KRW million	100%	4,339	6,085	6,261	9,174	8,924	
	Charity donations <sup>2)</sup>	KRW million	100%	1,180	2,312	1,563	2,158	2,098	
	Community investment <sup>3)</sup>	KRW million	100%	3,065	3,323	4,204	5,926	5,926	
	Commercial activities <sup>4)</sup>	KRW million	100%	93	450	493	1,090	900	
Volunteer by employees (Domestic)	Employees' total volunteering hours	hours	100%	58,490	16,917	14,580	10,785	15,135	
	Number of volunteer teams	teams	100%	63	55	52	62	69	
	Number of participated employees	persons	100%	8,643	3,704	2,579	1,785	2,244	
Donations by employees (Domestic)	Participation rate	%	100%	100	100	100	100	100	
	Total donations	KRW million	100%	1,237	1,196	1,216	1,615	1,534	
Youth education (Domestic)	Blue Elephant Project <sup>5)</sup>	persons	100%	-	93,862	259,339	308,941	277,887	
	SSAFY <sup>6)</sup>	persons	100%	-	-	1,700	2,300	2,300	
	Junior SW Academy <sup>6)</sup>	persons	100%	-	-	-	43,720	54,233	
	Hope Stepping Stones <sup>6)</sup>	persons	100%	-	-	-	6,284	10,305	
Contribution to local communities (Domestic)	Sister villages	Number of villages	100%	17	17	17	17	17	

1) Overseas data management started in 2022; the data before 2022 applies to domestic only

2) One-time or non-regular sponsorship for innocent purposes, such as charity, community needs, and emergency relief

3) Strategic participation in resolving social problems from a long-term perspective as part of sustainability management

4) Business-related activities to promote company and brand identity

5) Data before 2020 is unavailable since the Blue Elephant project started in 2020 and SSAFY launched in 2021

6) Samsung Electro-Mechanics started participating in 2022 (Samsung Electronics started in 2013)

Support and Activities for Shared Growth (Domestic) **GRI 205-2**

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Supplier training	Win-win Academy Training <sup>1)</sup>	number of courses	100%	10	88	83	106	146	
	Supplier employees who completed training at Win-win academy <sup>2)</sup>	persons	100%	928	938	1,600	3,395	3,462	
	RBA (labor and human rights) training	number of suppliers	100%	35	0	44	34	44	
	Product stewardship training	number of suppliers	100%	92	0	33	45	60	
	Safety and environment training	number of suppliers	100%	78	12	99	144	136	
	Environmental facility consulting	number of suppliers	100%	3	12	38	24	5	
Support for suppliers' sustainable management	GHG and energy efficiency diagnosis	number of suppliers	100%	7	4	1	11	3	
	Risk assessment and fire safety diagnosis	number of suppliers	100%	5	40	6	29	18	
Support for shared growth	Shared growth fund <sup>3)</sup>	KRW 100 million	100%	213	289	484	755	737	

1) Including manufacturing productivity, quality, equipment, business management

2) Trainees from suppliers who completed in-person, collective, and contactless courses

3) Based on the outstanding balance of the loan

## Supply Chain Management

Category		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Global purchasing and supply chain	Cost of raw materials	KRW million	100%	3,267,539	3,393,256	4,010,433	3,484,413	3,718,951	
	Amount of local purchases <sup>1)</sup>	KRW million	100%	960,093	755,935	892,746	1,034,994	1,083,966	
	Percentage of local purchases <sup>1)</sup>	%	100%	29.4	22.3	22.3	29.7	29.1	
Purchasing by region	Korea	%	100%	60	40	38	37	36	
	China	%	100%	8	18	21	19	20	
	Japan	%	100%	22	23	25	25	26	
	Southeast Asia	%	100%	1	17	14	17	16	
	Europe	%	100%	1	1	1	1	1	
	Americas	%	100%	8	1	1	1	1	
Investigation on responsible minerals	Investigation on current use of responsible minerals	%	100%	100	100	100	100	100	

1) Correction of 2021 data errors

## Responsible Minerals Use

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Number of tantalum smelters	facilities	100%	37	37	37	36	35	
Percentage of RMAP-certified tantalum smelters	%	100%	100	100	100	100	100	
Number of tin smelters	facilities	100%	45	53	52	81	81	
Percentage of RMAP-certified tin smelters	%	100%	100	100	100	100	100	
Number of tungsten smelters	facilities	100%	40	36	39	50	51	
Percentage of RMAP-certified tungsten smelters	%	100%	100	100	100	100	100	
Number of gold smelters	facilities	100%	102	101	107	173	167	
Percentage of RMAP-certified gold smelters	%	100%	100	100	100	100	100	
Number of cobalt smelters	facilities	100%	4	23	34	59	70	
Percentage of RMAP-certified cobalt smelters	%	100%	100	100	100	100	100	
Number of mica <sup>1)</sup> smelters	facilities	100%	-	-	-	1	4	
Percentage of RMAP-certified mica smelters	%	100%	-	-	-	100	100	
Total number of smelters	facilities	100%	228	250	269	400	408	
Percentage of RMAP-certified smelters	%	100%	100	100	100	100	100	

1) Mica: added since 2022



## Evaluation of Suppliers' Sustainability (Compliance) Management GRI 205-1, 308-1, 308-2, 413-1, 414-1, 416-1

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Evaluation result of suppliers' sustainability (compliance) management)	Number of suppliers subject to assessment <sup>1)</sup>	number of suppliers	100%	100	99	101	97	92
	Domestic	number of suppliers	100%	42	54	54	52	48
	Overseas	number of suppliers	100%	58	45	47	45	44
	Number of suppliers taking self-diagnosis	number of suppliers	100%	100	99	101	97	92
	Domestic	number of suppliers	100%	42	54	54	52	48
	Overseas	number of suppliers	100%	58	45	47	45	44
	Number of suppliers receiving on-site inspection <sup>2)</sup>	number of suppliers	100%	66	82	54	82	67
	Domestic	number of suppliers	100%	32	50	38	50	46
	Overseas	number of suppliers	100%	34	32	16	32	21
	Compliance rate	%	100%	-	-	-	88.9	94.8
Supplier environmental compliance rate by item <sup>3)</sup>	Labor	%	100%	-	-	-	89.7	93.4
	Safety & health	%	100%	-	-	-	83.8	90.3
	Environment	%	100%	-	-	-	96.0	99.1
	Business ethics	%	100%	-	-	-	94.0	97.6
	Management system	%	100%	-	-	-	88.6	93.5

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)

3) Data collection commenced since 2022

## Industrial Accidents GRI 403-9

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Fatalities	Total fatalities <sup>1)</sup>	persons	100%	0	0	0	0	0
	Number of employee deaths <sup>1)</sup>	persons	100%	0	0	0	0	0
	Total employee mortality rate	10 <sup>-4</sup> %	100%	0	0	0	0	0
	Number of supplier deaths <sup>1)</sup>	persons	100%	0	0	0	0	0
	Total supplier mortality rate	10 <sup>-4</sup> %	100%	0	0	0	0	0
	Injury incidence rate <sup>2)</sup>	%	100%	0.026	0.025	0.056	0.040	0.037
Injury incidences and work loss <sup>5)</sup>	Lost time injury frequency rate <sup>3)</sup>	%	100%	0.027	0.021	0.114	0.098	0.089
	Frequency rate <sup>4)</sup>	10 <sup>-4</sup> %	100%	0.109	0.104	0.235	0.168	0.156
	Lost workday rate <sup>3)</sup>	%	100%	1.742	1.253	5.032	4.173	2.661
	Total number of serious injuries <sup>1)</sup>	persons	100%	0	0	0	0	0
Worker injuries (serious injuries)	Number of employees seriously injured	persons	100%	0	0	0	0	0
	Percentage of employees seriously injured	10 <sup>-4</sup> %	100%	0	0	0	0	0
	Number of supplier staff seriously injured	persons	100%	0	0	0	0	0
	Percentage of supplier employees seriously injured	10 <sup>-4</sup> %	100%	0	0	0	0	0

1) Including employees and contractors working on-site

2) Including employees and contractors working on-site, injury incidence rate = (Number of incidents/Number of employees)×100

3) Including employees and contractors working on-site, lost time injury frequency rate = (Number of LTI/Total annual employee work hours) \* (Injury rate per hour)

4) Including employees and contractors working on-site, frequency rate = (Number of incidents / Total annual employee work hours) \* 1,000,000

5) Including employees and contractors working on-site, lost workday rate = (lost workdays / Number of employees) \* 100

6) Data recalculated for five years due to a change in measurement methodology

## Health and Safety Certification and Evaluation GRI 403-8

Category	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
ISO 45001 certification rate	Certification rate	%	100%	100	100	100	100	100
	Domestic	%	100%	100	100	100	100	100
	Overseas	%	100%	100	100	100	100	100



## Governance

### Key Financial Performance GRI 201-1

Classification	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Sales/operating profit	Sales	KRW million	100%	7,455,375	7,753,259	9,675,036	9,424,552	8,909,448
	Operating Income	KRW million	100%	794,009	912,739	1,486,873	1,182,836	639,424
	Net income	KRW million	100%	528,049	623,811	915,432	993,519	450,482
Dividends	Dividends	KRW million	100%	83,245	105,909	158,792	158,792	87,022
	Cash dividend payout ratio	%	100%	16.2	17.5	17.8	16.2	20.6
Liabilities	Cash dividend payout ratio	%	100%	59.7	56.1	44.7	42.9	45.2

### Corporate Tax GRI 207-4

Classification	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Income tax expense <sup>1)</sup>	Total	KRW 100 million	100%	1,691	1,435	3,043	2,710	837
	Korea	KRW 100 million	100%	921	860	2,366	2,219	117
	China	KRW 100 million	100%	706	480	548	318	526
	Vietnam	KRW 100 million	100%	0	44	38	58	61
	Philippines	KRW 100 million	100%	9	14	47	71	83
	Thailand	KRW 100 million	100%	6	7	2	-1	0
	Singapore	KRW 100 million	100%	6	4	5	4	6
	USA	KRW 100 million	100%	19	10	12	11	11
	Germany	KRW 100 million	100%	20	11	20	25	24
	Japan	KRW 100 million	100%	2	3	3	2	5
	India	KRW 100 million	100%	2	2	2	3	4

Classification	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Corporate tax	Total	KRW 100 million	100%	2,426	1,488	1,222	2,893	1,344
	Korea	KRW 100 million	100%	1,690	901	399	2,409	707
	China	KRW 100 million	100%	660	505	681	347	502
	Vietnam	KRW 100 million	100%	0	13	72	56	34
	Philippines	KRW 100 million	100%	41	22	28	42	73
	Thailand	KRW 100 million	100%	5	7	6	0	0
	Singapore	KRW 100 million	100%	1	7	6	5	3
	USA	KRW 100 million	100%	13	5	10	12	5
	Germany	KRW 100 million	100%	11	25	16	16	16
	Japan	KRW 100 million	100%	4	2	3	5	2
	India	KRW 100 million	100%	1	1	1	1	2
Tangible property by tax jurisdiction <sup>1)</sup>	Total	KRW 100 million	100%	46,977	45,863	47,577	54,012	56,505
	Korea	KRW 100 million	100%	19,017	18,974	20,257	20,956	21,296
	China	KRW 100 million	100%	12,987	14,976	16,754	16,167	12,930
	Vietnam	KRW 100 million	100%	8,427	6,467	5,295	11,162	16,820
	Philippines	KRW 100 million	100%	6,254	5,100	5,029	5,489	5,440
	Thailand	KRW 100 million	100%	284	339	235	224	0
	Singapore	KRW 100 million	100%	0	0	0	1	1
	USA	KRW 100 million	100%	1	1	2	4	8
	Germany	KRW 100 million	100%	4	4	3	3	3
	Japan	KRW 100 million	100%	0	0	0	0	1
	India	KRW 100 million	100%	3	2	2	6	6

1) Simple sums before reflecting consolidation adjustments

### Government Subsidies GRI 201-4

Classification	Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Government financial support (Domestic)	Subsidies	KRW million	100%	5,334	6,105	10,661	6,563	31,144

## Political Contributions and Business Associations GRI 2-28, 415-1

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Political contributions		KRW million	100%	0	0	0	0	0	G1-5-29 (b) i.
Business Association donations (Domestic)	Korea Electronics Association	KRW million	100%	112	104	104	104	103	
	Suwon Chamber of Commerce	KRW million	100%	41	41	41	41	41	
	Busan Chamber of Commerce	KRW million	100%	40	40	40	40	40	
	Sejong Chamber of Commerce	KRW million	100%	24	24	24	24	24	
	Climate Union Association <sup>1)</sup>	KRW million	100%	-	-	-	20	24	

1) RE100 membership fee, Data has been collected since 2022. (Joined RE100 in 2022)

## R&D and Patents

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
R&D and	R&D costs	KRW million	100%	504,776	460,599	567,194	577,140	587,818	
	R&D costs/sales ratio	%	100%	6.8	5.9	5.9	6.1	6.6	
	Patent registrations	cases	100%	7,194	8,230	8,851	9,653	10,636	
	Patent applications	cases	100%	5,747	5,588	5,911	6,241	6,633	
	R&D centers	numbers	100%	2	2	2	2	2	

## Customer Satisfaction

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Customers	Customer satisfaction <sup>1)</sup>	points	100%	-	-	4.2	4.4	4.4	

1) We identified key customers for each product and conducted a satisfaction survey, scoring them out of 5. We recalculated the data for 2021 and 2022, as the measurement method has been updated. Data collected using the previous method in 2021 and earlier are excluded.

## Operation of the Board of Directors GRI 405-1

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Diversity in the Board of Directors	Men	persons	100%	6	6	6	5	5	S1-9-66 (a)
	Women	persons	100%	1	1	1	2	2	
	Age under 30	persons	100%	0	0	0	0	0	
	Age 30-50	persons	100%	0	0	0	0	0	
	Age over 50	persons	100%	7	7	7	7	7	
Expertise in the Board of Directors	Number of financial experts	persons	100%	1	1	1	1	2	

## Committee Activities

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Audit Committee	Number of meetings	times	100%	4	5	5	4	4	
	Attendance rate	%	100%	100	93	100	100	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	2	
	Ratio of financial experts	%	100%	33	33	33	33	67	
Compensation Committee	Number of meetings	times	100%	1	1	2	1	1	
	Attendance rate	%	100%	100	100	100	100	100	
	Number of members	persons	100%	3	4	4	4	4	
	Number of independent directors	persons	100%	2	4	4	4	4	
Independent Director Candidate Recommendation Committee	Number of meetings <sup>1)</sup>	times	100%	0	1	1	1	1	
	Attendance rate	%	100%	-	100	100	100	100	
	Number of members	persons	100%	5	4	4	4	4	
	Number of independent directors	persons	100%	3	4	4	4	4	
Internal Transactions Committee	Number of meetings	times	100%	5	6	6	6	6	
	Attendance rate	%	100%	100	95	100	100	100	
	Number of members	persons	100%	3	3	3	3	3	
	Number of independent directors	persons	100%	3	3	3	3	3	

1) There were no directors appointed in 2019, so the number of meetings held was 0.

CEO Remuneration **GRI 2-21**

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
CEO's long-term incentives	Carryover period for CEO's long-term incentives	years	100%	3	3	3	3	3	S1-16-97 (b)
	Percentage of CEO's long-term incentives	%	100%	0	0	0	0	14	
CEO-to-employee pay	Average CEO-to-worker pay ratio <sup>1)</sup>	%	100%	1,731	1,123	1,822	1,393	1,438	
	Median CEO-to-worker pay ratio <sup>2)</sup>	%	100%	2,077	1,300	2,045	1,553	1,624	

1) CEO pay/average of all employees' pay, excluding the CEO

2) CEO pay/median of all employees' pay, excluding the CEO

## Shareholders

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
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%	8,713,958	9,565,084	7,767,553	6,133,055	7,935,549	
	Samsung Asset Management	shares	100%	1,170,531	1,091,518	1,096,289	948,375	920,306	
	Mirae Asset Financial Group	shares	100%	653,212	571,373	834,770	670,395	797,362	
	Korea Investment Management	shares	100%	497,579	374,795	459,261	662,758	655,202	
Top 5 overseas shareholders	BLACKROCK	shares	100%	2,165,101	2,151,051	2,080,993	2,325,572	2,582,607	
	VANGUARD	shares	100%	226,947	1,658,252	1,760,651	1,943,253	2,034,212	
	GIC	shares	100%	1,451,759	1,045,889	997,490	1,225,963	1,132,944	
	JP MORGAN <sup>1)</sup>	shares	100%	226,140	384,828	645,645	477,957	760,222	
	SCHRODERS <sup>1)</sup>	shares	100%	0	1,416	2,177	216,027	716,309	

1) Top 5 overseas shareholders were changed as of the end of 2023.

## Compliance/Ethics

Classification		Unit	Data Coverage	2019	2020	2021	2022	2023	ESRS
Compliance inspection	Number of inspections	times	100%	6	6	6	6	6	
Compliance training (Domestic)	Employees who completed compliance training	persons	100%	14,169	15,311	15,760	23,894	19,845	
	Number of compliance training	times	100%	28	17	20	19	24	
Compliance training (Overseas)	Total number of trainees	persons	100%	0	249	283	241	191	
	Number of compliance training	times	100%	0	1	1	1	1	
Employee ethics training <sup>1)</sup>	Total number of trainees	persons	100%	34,585	33,037	35,182	30,792	30,382	
	Directors	persons	100%	0	0	3	3	3	
	Executives	persons	100%	0	0	60	63	64	
	Managers <sup>2)</sup>	persons	100%	5,078	5,343	5,988	6,248	6,583	
	Staffs	persons	100%	29,409	27,594	28,748	24,352	23,617	
	Part-time employees	persons	100%	98	100	383	126	115	
Employee ethics training (Domestic) <sup>1)</sup>	Total number of trainees in Korea	persons	100%	11,137	10,959	11,592	8,127	8,160	
	Directors	persons	100%	0	0	3	3	3	
	Executives	persons	100%	0	0	51	57	60	
	Managers <sup>2)</sup>	persons	100%	4,188	4,398	4,897	5,141	5,287	
	Staffs	persons	100%	6,872	6,479	6,281	2,819	2,710	
	Part-time employees	persons	100%	77	82	360	107	100	
Employee ethics training (Overseas) <sup>1)</sup>	Total number of trainees overseas	persons	100%	23,448	22,078	23,590	22,665	22,222	
	Directors	persons	100%	0	0	0	0	0	
	Executives	persons	100%	0	0	9	6	4	
	Managers	persons	100%	890	945	1,091	1,107	1,296	
	Staffs	persons	100%	22,537	21,115	22,467	21,533	20,907	
	Part-time employees	persons	100%	21	18	23	19	15	
Ethics training	Completion rate of employee anti-corruption training	%	100%	100	100	100	100	100	
	Number of employee anti-corruption training	numbers	100%	389	329	368	242	248	
	Training time per person (Men)	minutes/ persons	100%	6	6	8	8	8	
	Training time per person (Women)	minutes/ persons	100%	6	6	8	8	8	
Ethical violation reports	Number of ethical violation reports	cases	100%	58	43	29	42	69	
	Number of corruption reports	cases	100%	36	26	21	29	28	
	Number of consumer complaints	cases	100%	22	17	8	13	41	
	Others	cases	100%	0	0	0	0	0	
	Percentage of disciplinary measures and actions	%	100%	100	100	100	100	100	
Violations on environmental pollution	Number of violations <sup>3)</sup>	cases	100%	0	0	0	0	0	

1) 5-year data was recalculated due to data aggregation error.

2) Managers: middle management positions (CL3-4)

3) Limited to cases where a fine of USD 10,000 or more is imposed

# 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 Coprosperity) 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, Health and safety

### 4-1. Samsung Electro-Mechanics pursues environment-friendly 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, health, and safety.
- The company strives to develop cleaner, safer, more convenient, and environmental 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 environmental 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 greenhouse gases, 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.

### 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 foreign 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, the Compliance Team's email (compliance.semco@samsung.com), the whistleblowing platform on the ethics webpage, the Audit 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 Financial Statement (Unit: KRW 1,000)

	2021	2022	2023
<b>Assets</b>			
I. Current assets	4,598,268,759	4,888,318,771	5,208,418,321
Cash and cash equivalents	1,185,206,918	1,677,067,100	1,669,189,597
Other current financial assets	60,740,975	66,362,459	65,119,675
Trade and other receivables	1,287,006,556	1,055,693,111	1,235,009,441
Short-term loans	282,464	94,173	121,487
Advance payments	2,730,712	25,891,473	22,667,419
Prepaid expenses	53,916,760	49,412,985	48,240,193
Prepaid income tax	11,699,702	4,968,964	25,421,553
Inventories	1,818,409,548	1,901,579,578	2,119,538,129
Right of return assets	22,614,442	20,384,009	23,110,826
Assets held for sale	155,660,681	86,864,920	-
II. Non-current assets	5,343,105,280	6,108,852,128	6,449,453,281
Investment stocks accounted in equity method	80,048,733	71,089,149	66,479,378
Financial assets measured at fair value	264,413,214	245,763,578	210,783,749
Long-term loans	2,625,595	3,432,638	4,159,968
Property, plant, and equipment	4,639,381,068	5,235,280,994	5,603,337,561
Right-of-use assets	122,801,116	117,039,322	107,155,092
Intangible assets	141,837,667	150,053,393	151,368,146
Net-defined benefit assets	-	111,842,773	125,719,440
Other current financial assets	21,241,136	19,621,752	14,162,946
Long-term prepaid expenses	29,560,583	31,353,287	40,144,644
Deferred tax assets	41,196,169	123,375,242	126,142,356
Total assets	9,941,374,038	10,997,170,899	11,657,871,602

	2021	2022	2023
<b>Liabilities</b>			
I. Current liabilities	2,234,656,821	2,525,123,480	2,900,459,629
Trade and other payables	1,475,009,293	1,193,565,532	1,283,198,829
Short-term borrowings	56,486,397	810,257,330	1,067,870,754
Advances received	29,806,130	73,382,678	196,206,367
Income tax payables	195,870,047	77,119,296	18,151,193
Current portion of long-term borrowings	316,116,596	274,390,225	237,120,413
Current lease liabilities	22,873,314	23,894,998	24,904,226
Provisions	3,188,491	1,459,642	1,184,997
Refund liabilities	29,762,091	25,227,794	26,315,440
Liabilities directly associated with the assets held for sale	6,936,366	-	-
Other current liabilities	98,608,096	45,825,985	45,507,410
II. Non-current liabilities	835,591,575	778,562,739	727,086,997
Long-term borrowings	619,762,227	336,606,576	216,522,310
Long-term other payables	77,745,406	77,900,143	79,828,943
Net defined benefit liabilities	24,176,014	16,861,659	20,872,781
Long-term advances from customers	-	285,786,321	358,469,093
Long-term lease liabilities	67,305,047	60,087,422	50,095,397
Deferred tax liabilities	971,825	1,320,619	1,298,473
Other non-current liabilities	45,631,056	-	-
Total liabilities	3,070,248,396	3,303,686,219	3,627,546,626
<b>Equity</b>			
I. Equity attributable to owners of the parent	6,718,948,996	7,538,493,973	7,847,712,344
Share capital	388,003,400	388,003,400	388,003,400
Capital surplus	1,053,516,215	1,053,516,215	1,053,516,215
Other components of equity	-146,701,456	-146,701,456	-146,701,456
Accumulated other comprehensive income	616,908,618	623,163,733	679,817,804
Reserves	2,716,865,257	3,315,765,257	3,842,665,257
Retained earnings	2,090,356,960	2,304,746,823	2,030,411,123
II. Non-controlling interests	152,176,647	154,990,706	182,612,631
Total equity	6,871,125,643	7,693,484,679	8,030,324,975
Total liabilities and equity	9,941,374,038	10,997,170,899	11,657,871,602

## Consolidated Statement of Comprehensive Income (Unit: KRW 1,000) ESRS E1-6-55, E1-6-AR 55

	2021	2022	2023
<b>I.Sales</b>	<b>9,675,036,128</b>	<b>9,424,551,868</b>	<b>8,909,448,484</b>
<b>II.Cost of sales</b>	<b>7,127,098,009</b>	<b>7,161,405,784</b>	<b>7,188,574,155</b>
<b>III.Gross profit</b>	<b>2,547,938,119</b>	<b>2,263,146,084</b>	<b>1,720,874,329</b>
<b>IV.Selling and administrative expenses</b>	<b>1,061,065,285</b>	<b>1,080,310,160</b>	<b>1,081,450,592</b>
<b>V.Operating profit</b>	<b>1,486,872,834</b>	<b>1,182,835,924</b>	<b>639,423,737</b>
<b>VI.Non-operating income and expenses</b>			
Finance income	8,859,701	29,253,949	52,981,551
Finance expenses	39,757,132	46,306,452	67,685,973
Share of profit of associates	10,354,077	-2,916,492	-4,742,266
Other income	225,459,259	504,596,302	341,648,413
Other expenses	200,479,783	480,635,144	418,415,341
<b>VII.Profit before income tax from continuing operation</b>	<b>1,491,308,955</b>	<b>1,186,828,088</b>	<b>543,210,122</b>
Income tax expense for continuing operations	413,648,216	164,121,857	84,846,197
Profit for the year from continuing operations	1,077,660,739	1,022,706,231	458,363,925
Profit and loss from discontinued operations after tax	-162,228,286	-29,187,049	-7,881,800
<b>VIII.Profit for the year</b>	<b>915,432,453</b>	<b>993,519,182</b>	<b>450,482,125</b>
<b>IX.Other comprehensive income</b>	<b>165,661,960</b>	<b>-9,601,079</b>	<b>46,706,948</b>
Items that will not be reclassified subsequently to profit or loss:			
Net gains on the valuation of financial assets measured at fair value through other comprehensive income	19,062,712	-16,110,674	-24,380,241
Net gains on disposal of financial assets measured at fair value through other comprehensive income	-	-	71,922,189
Remeasurement of the net defined benefit liabilities	-52,580,805	-8,469,877	-11,600,504
Capital changes in equity method	1,728,459	-827,239	99,372
Items to be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	197,451,594	15,806,711	10,666,132

	2021	2022	2023
<b>X.Total comprehensive income</b>	<b>1,081,094,413</b>	<b>983,918,103</b>	<b>497,189,073</b>
Profit for the year from continuing operations attributable to:			
Owners of the parent	1,055,411,300	1,009,738,691	430,838,506
Non-controlling interests	22,249,439	12,967,540	27,525,419
Profit for the year attributable to:			
Owners of the parent	892,445,317	980,551,642	422,956,707
Non-controlling interests	22,987,136	12,967,540	27,525,419
Total comprehensive income attributable to:			
Owners of the parent	1,044,253,793	978,336,880	468,010,274
Non-controlling interests	36,840,620	5,581,223	29,178,800
<b>XI.Earnings per share</b>			
Basic and diluted profit for the year attributable to common shares	12	13	6
Basic and diluted profit for the year attributable to preference shares	12	13	6
Basic and diluted profit for the year from continuing operations attributable to common shares	14	13	6
Basic and diluted profit for the year attributable to preference shares	14	13	6

# GHG Assurance Statement

## Samsung Electro-Mechanics Co., Ltd.

### Verification Scope

- The annual GHG emissions for 2019, 2020, 2021, 2022 & 2023 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

GHG Emissions of Scope 1 and Scope 2 for the period from 2019 to 2023 are as follows.

		[Unit: tCO <sub>2</sub> e]				
Country	Plant	2019	2020	2021	2022	2023
Korea	Suwon	73,245	78,498	81,942	82,971	77,017
	Sejong	88,274	101,958	113,473	123,961	120,348
	Busan	271,660	260,041	263,129	267,532	253,497
	Cheonan	-	-	-	-	-
	Ulsan	8,831	3,282	-	-	-
	Others	583	322	179	345	238
China	Gaoxin	42,715	42,048	41,939	37,419	37,490
	Tianjin	370,675	387,564	646,143	603,737	575,575
	Kunshan	145,841	12,226	-	-	-
	Dongguan	-	-	-	-	-
	Shenzhen Logistic Ctr.	450	397	394	418	573
Philippines	Philippines	189,895	186,669	203,574	161,807	160,438
Thailand	Bangpakong	8,325	8,271	6,839	-	-
Vietnam	Vietnam	109,193	122,852	103,926	64,378	96,214
<b>Total</b>		<b>1,309,687</b>	<b>1,204,128</b>	<b>1,461,538</b>	<b>1,342,568</b>	<b>1,321,390</b>

- Emissions for 2021, 2022 and 2203 are electricity market-based emissions that reflect renewable energy usage at Tianjin plant in China, Philippine plant, and Vietnam plant.
- Emissions from renewable energy use: 5,305tCO<sub>2</sub>eq in 2021, 3,311tCO<sub>2</sub>eq in 2022, 86,645tCO<sub>2</sub>eq in 2023
- 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
- ISO 14064-1: 2018
- ISO 14064-3: 2019
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea is applied to the all verification activities.

For and on behalf of BSI:  
Issue: 13/06/2024

Managing Director Korea,  
SeongHwan Lim




### 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 evidence were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is “appropriate”.

### 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 <sub>2</sub> e]	
Category	Description	Reporting Year	
		2022	2023
Purchased Goods & Services	Extraction, production, and transportation of goods & services purchased or acquired by the reporting company in the reporting year	144,311	318,807
Capital Goods	Extraction, production and transportation of capital goods purchased or acquired by the reporting company in the reporting year	3,853	1,869
Fuel and Energy Related Activities Not Included in Scope 1 or 2	All activities related to fuel (Scope1) consumed by the reporting company, not already accounted for in scope 1 or 2	9,054	7,964
Transportation & Distribution (Upstream)	Third-party transportation & distribution of products purchased by the reporting company in the reporting year	49,800	30,710
Waste Disposal	Third-party disposal/treatment of waste generated in the reporting company's operations in the reporting year	20,648	14,125
Business Travel	Business trips of employees at domestic sites by air, train, taxi, private car, etc.	3,865	4,565
Employee Commuting	Calculated for employee commuter buses	11,005	14,411
Leased Assets (Upstream)	Operation of assets leased by the reporting company in the reporting year	1,170	1,129
Processing of Product	Processing of intermediate product to final product	467	134,804
Use of Product	Use of product by customer	15,390	27,340
Disposal of Product	Final disposal of product by end-user	261	961
Leased Assets (Downstream)	Operation of assets owned by the reporting company and leased to other entities in the reporting year	0	0
Investment	Emission from invested enterprise	19,276	20,110
<b>Total</b>		<b>279,100</b>	<b>576,795</b>

For and on behalf of BSI:  
Issue: 13/06/2024

Managing Director Korea,  
SeongHwan Lim





# Third-Party Assurance Statement GRI 2-5, ESRS BP-2-AR 2-1, BP-2-AR 2-2

## To readers of Samsung Electro-Mechanics 2023-2024 Sustainability Report

### Introduction

Korea Management Registrar (KMR) was commissioned by Samsung Electro-Mechanics to conduct an independent assurance of its 2023-2024 Sustainability Report (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 GRI standards 2021 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 2021
- Universal standards
- Topic specific standards
  - GRI 201 : Economic Performance
  - GRI 203 : Indirect Economic Impacts
  - GRI 205 : Anti-corruption
  - GRI 206 : Anti-competitive Behavior
  - GRI 207 : Tax
  - GRI 301 : Materials
  - GRI 302 : Energy
  - GRI 303 : Water and Effluents
  - GRI 304 : Biodiversity
  - GRI 305 : Emissions
  - GRI 306 : Waste
  - GRI 308 : Supplier Environmental Assessment
  - GRI 401 : Employment
  - GRI 402 : Labor/Management Relations
  - GRI 403 : Occupational Health and Safety
  - GRI 404 : Training and Education
  - GRI 405 : Diversity and Equal Opportunity
  - GRI 406 : Non-discrimination
  - GRI 407 : Freedom of Association and Collective Bargaining
  - GRI 408 : Child Labor
  - GRI 409 : Forced or Compulsory Labor
  - GRI 410 : Security Practices
  - GRI 411 : Rights of Indigenous Peoples
  - GRI 413 : Local Communities
  - GRI 414 : Supplier Social Assessment
  - GRI 416 : Customer Health and Safety
  - GRI 418 : Customer Privacy
- 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 GRI Standards 2021. 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 2024 Seoul, Korea

E. J. Haway

**SAMSUNG  
ELECTRO-MECHANICS**



Date of publication July 2024  
Publisher Samsung Electro-Mechanics Co., Ltd.

<http://www.samsungsem.com>  
For more information about this report, please contact us below.  
150 Maeyeong-ro (Maetan-dong), Yeongtong-gu, Suwon-si,  
Gyeonggi-do 16674  
ESG Group, Samsung Electro-Mechanics Co., Ltd.  
E-mail. [esg.sem@samsung.com](mailto:esg.sem@samsung.com)