2022-2023 SUSTAINABILITY REPORT

Sustainable Challenges for a Better Planet & Life

SAMSUNG ELECTRO-MECHANICS

SAMSUNG

About this Report

Samsung Electro-Mechanics is a global multi-component manufacturing company that develops and produces advanced electronic and mechanical components. We are a B2B company centered on components, optical communication solutions, and package solutions. Samsung Electro-Mechanics 2022-2023 Sustainability Report transparently discloses and informs our stakeholders about our main business areas, business performance, and sustainability management activities.

Reporting Period GRI 2-3

In general, the qualitative and quantitative data in this report are based on activities from January 2022 to December 2022. Regarding key issues, the report contains information from before 2022 and the first half of 2023. To demonstrate the changing trends, we used five years of quantitative data from 2018 to 2022.

Scope and Boundaries GRI 2-2

The scope of this report includes domestic and a portion of overseas production and sales sites. The scope has been limited to domestic business sites for the social and environmental indicators of overseas business sites that are physically difficult to obtain.

Reporting Principles

This report is compiled in accordance with the Global Reporting Initiative (GRI) Standards 2021, an international sustainability reporting standard. To report updates on our engagement in key industry-related issues, it reflects the industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB) and the disclosure recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In addition, the information disclosure guidelines of World Economic Forum-International Business Council Stakeholder Capitalism Metrics (WEF-IBC SCM) are applied. The financial information contained in this report is prepared in accordance with the Korean-International Financial Reporting System (K-IFRS).

Report Assurance

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

Efforts to Comply with Global Sustainability Standards

Samsung Electro-Mechanics has joined global initiatives to uphold global sustainability standards and create sustainable values. We also transparently disclose the ESG data of our sustainability activities through global institutions and raters.

Additional Information

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

Type 2, moderate level of assurance engagement based on AA1000AS v3 (2021)

Third-party assurance report

Compliance with ISO 14064, IPCC GHG Guidelines

Third-party GHG assurance report

2022 Audit Report (consolidated)

Articles of Incorporation

Corporate Governance Charter

Samsung Electro-Mechanics Employee Code of Conduct

Supplier Code of Conduct

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CEO's MESSAGE

Samsung Electro-Mechanics aims to become a top-notch tech component company by creating customer value through constant technological innovation as well as by leading the market with high-reaching goals and unparalleled No.1 products.

Dear respected stakeholders,

In 2022, We experienced the external uncertainties and encompassing macroeconomic concerns that had escalated in the wake of the pandemic crisis, ongoing U.S.-China trade conflicts, inflationary pressures, and geopolitical tensions. Additionally, the economic slowdown resulting from inflation and the rate hike has led to decreased demand and sluggish flows within the IT components market. Samsung Electro-Mechanics has been actively exploring new markets and undertaking the necessary steps to reshape our product portfolio, placing a strong emphasis on high-value offerings. Despite such efforts, it was not enough to overcome the wave of contraction in global consumption. As a result, sales in 2022 were KRW 9.42 trillion, a decrease of about 3% from last year.

Samsung Electro-Mechanics will continue to thrive as a company that remains steadfast in the face of external challenges. We will achieve this objective by creating customer value through technological innovation and developing No.1 products that surpass our competitors. Through the reorganization of our business structure, focused investment in future markets such as robotics, aerospace, and next-generation energy, and the development of new products, we will provide a framework for future growth to move forward as a top-notch tech components company. Furthermore, guided by our core values represented by RiGHT©, we will make every effort to uphold and respect the expertise and diversity of our employees and promote the challenging and innovative spirit for sustainable growth.

Samsung Electro-Mechanics aims to fulfill its environmental responsibility (Planet), pursue the happiness of society (People), and foster sustainable growth (Progress), creating value for stakeholders as an honest and credible company in the global market.

First, we will forge ahead as a company dedicated to creating a clean and sustainable environment for future generations.
Eco-friendly management serves as a crucial benchmark of value for business. In line with this, we integrate climate change response and operation of green business sites practices into our decision-making process, linking them to our management activities and strategies. As well as carbon neutral business activities, we plan to actively strengthen our investment in the development and production of eco-friendly products.

Second, we are committed to fostering mutual growth with our members and actively contributing to the creation of a harmonious and happy society.
In building the capacity of an organization, the most critical element is people. Samsung Electro-Mechanics actively encourages all employees to solidify ownership of their tasks and become experts in their respective fields. We cultivate inclusive work environments that value and acknowledge their capabilities, regardless of rank, age, or gender. By empowering individuals to grow, we foster the growth of the company as an organization. Based on our expertise, we will embrace and integrate an invigorating culture that fosters open communication and meaningful discussions among all members of the company. Our utmost priority in management is to establish a safe environment, which serves as a fundamental principle, and we will cultivate and set a healthy and joyful workplace for each and every employee.

Third, we will pursue unwavering growth through constant challenges.
We aim to strengthen our foothold in the current flagship market while simultaneously extending our reach into new markets. This will be achieved through the development of unique and differentiated products, leveraging our invaluable technology. Furthermore, we will focus on enhancing productivity, enabling us to further enhance our presence and influence in these markets. In order to effectively navigate business risks associated with the external environment, we will prioritize bolstering our ongoing efforts to enhance productivity. By doing so, we seek to not only increase profitability but also foster stable growth and development for our organization. We will continue to be a top-notch tech component company by providing a valuable experience for all stakeholders with the best products and solutions.

With the spirit of challenge and innovation, Samsung Electro-Mechanics is dedicated to becoming a resilient company that thrives amidst a dynamic management landscape. By fostering a culture of continuous technological innovation and a relentless focus on creating value for our customers, we seek to establish ourselves as a company that not only adapts to change but also achieve consistent growth. We strive to seize new opportunities while proactively adapting to market changes, are committed to safeguarding the well-being and satisfaction of our employees, and practice sustainable management to create new opportunities and sustainable values. We sincerely appreciate your attention and support as we embark on this journey toward becoming a leading growth-oriented company. Thank you.

President & CEO **Chang Duckhyun**

Mission, Vision, and Core Values

WEF SCM Governing Purpose

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

Mission

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

Vision

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

Core Values

Respect all

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

Integrity first

- Conduct consistently and fairly in accordance with the principles.

Growth mind

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

Harmony with

- Maintain physical and mental health.
- Pursuit of 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

Overview of Samsung Electro-Mechanics

GRI 2-1, 2-6, TC-HW-000.B

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

In our early days, we established the foundation for the self-reliant component industry in Korea through audio and video component production. In the 1980s, we expanded into materials and computer components, and our focus moved on to developing promising next-generation products, such as components for computer chips, mobile communication devices, and optical devices in the 1990s. Since the 2000s, we have been producing MLCC (Multilayer Ceramic Capacitors), power inductors, camera and communication modules, and substrates with world-class core technologies in materials, high-frequency wireless communication, and precision mechanics. Samsung Electro-Mechanics focuses on investment and development of technological convergence to advance our core products to the highest quality and plans to continuously expand our business portfolio through product development in the growing field of AI computing. We will also nurture our next-generation growth engines early on our way to become the No.1 company in the electronic components industry.

Key Financial Information (Data coverage: 100%, Unit: KRW million)

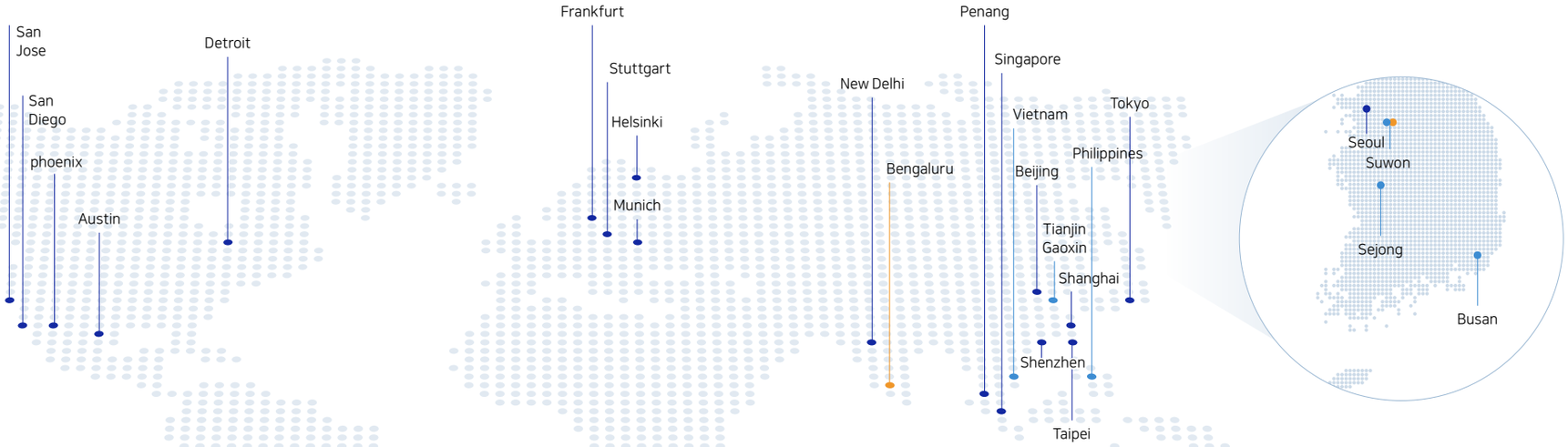
Sales	9,424,552
Operating income	1,182,836
Net income	993,519

Workforce by Region (Data coverage: 100%, Unit: persons)

Total employees	34,819
Korea	12,368
Asia	22,360
Americas	55
Europe	36

Sales by Region (Data coverage: 100%, Unit: KRW million)

Total	9,424,552
Korea	3,383,473
Southeast Asia	1,840,231
Europe	321,732
China	3,177,547
Americas	526,672
Japan	174,897



Production Bases
7 sites in 4 countries

Sales Bases and Offices
18 sites in 9 countries

R&D Centers
2 centers in 2 countries

Area of Manufacturing Facilities

Samsung Electro-Mechanics operates production sites, sales sites, and sales offices in the following five areas: the Americas, Europe, Japan, China, and Southeast Asia. In Korea, we have three business sites located in Suwon, Busan, and Sejong. The Suwon business site has R&D, marketing, and support features, and the Busan business site and the Sejong business site serve as major domestic production bases that produce high-value products such as next-generation semiconductor package substrate and MLCC. Our overseas business sites are forming a global network through production sites in four regions of three countries, China (Tianjin, Gaoxin), the Philippines, and Vietnam, and five major sales sites in the Americas, Europe, Southeast Asia, China, and Japan.

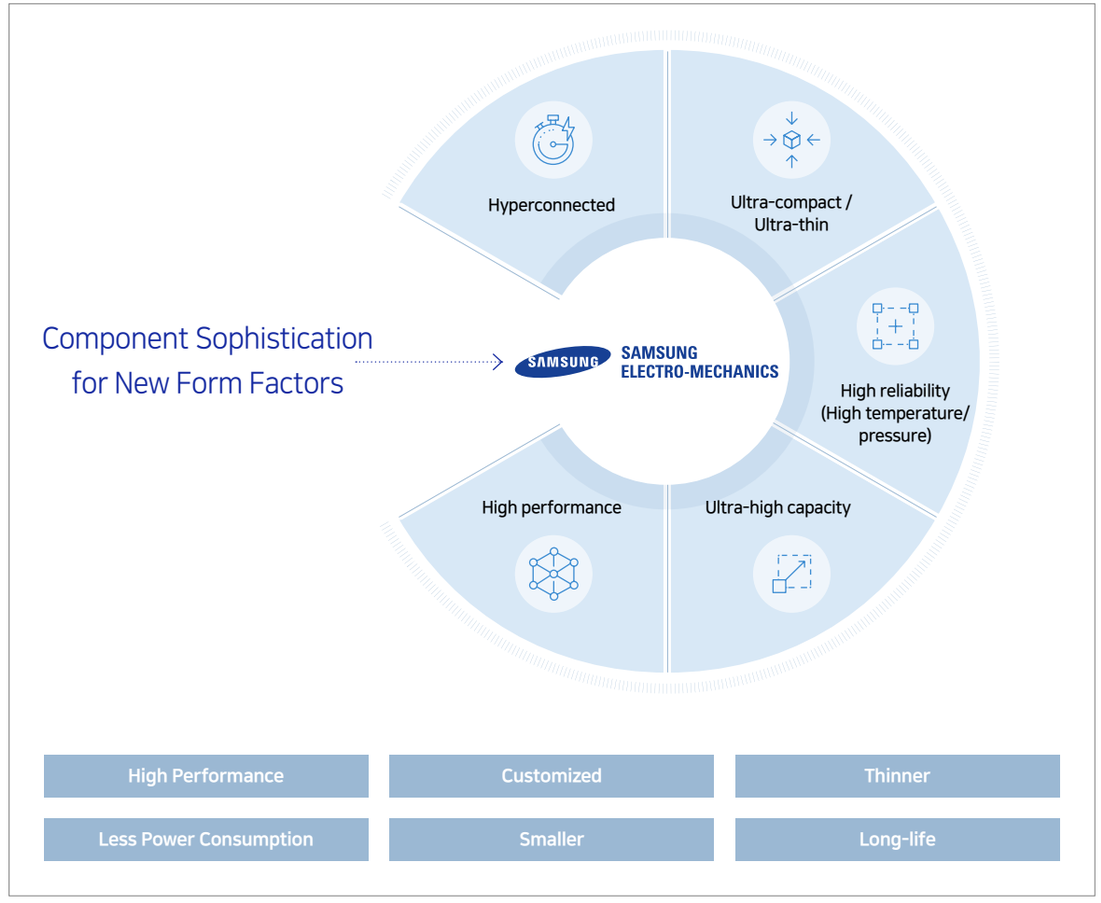
Business Areas GRI 2-6

Product Lineup

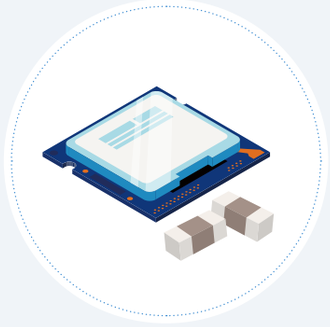
We bring the best components and compelling solutions that enrich people's experience.

Component Sophistication for New Form Factors

Samsung Electro-Mechanics is focusing on component sophistication to advance our chip components, substrates, camera modules, and communication modules into world-class products.



Introduction of Products GRI 2-6, TC-HW-000.A



Components

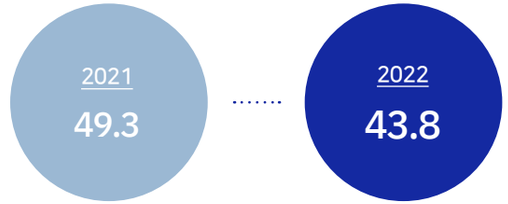
Our component business offers passive chip components that are essential for various kinds of electronic devices. The main product lineup includes MLCC (Multilayer Ceramic Capacitors), inductors, chip resistors, and tantalum. These essential components are used widely in smart IT and home appliances, as well as industrial, electronic, and medical devices. To develop competitive products, Samsung Electro-Mechanics continues to invest in R&D to establish original methods and facilities and acquire core materials such as dielectric materials and magnetic substances based on proprietary technology. Also, we are opening up new markets by developing highly reliable MLCC and are proactively responding to customer needs by strengthening the lineup of inductor products that are growing popular in demand, such as power inductors. Building upon these technologies, we will persistently broaden our range of high-value products by concentrating on the development of ultra-compact, high-capacity electronic units, as well as highly reliable products capable of withstanding high temperatures and pressures.

Link to Components

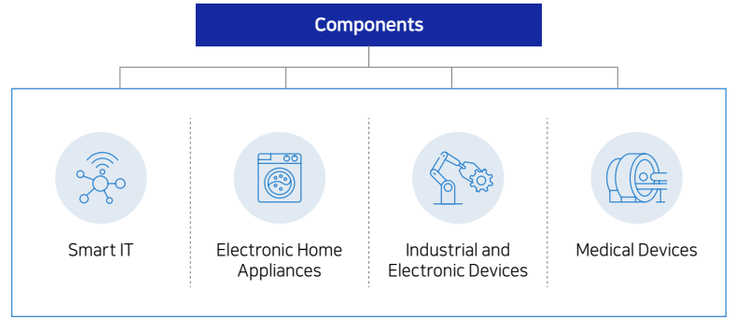
Sales and Sales Share of Components (Data coverage: 100%)

Sales (Unit: KRW million)	2021	2022
	4,771,830	4,132,283

Sales Share (Unit: %)

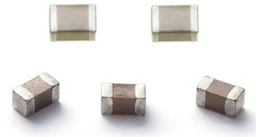


Components Applications



MLCC

MLCC is a ceramic capacitor stacked with dielectric materials and electrodes in the shape of a chip. It controls the current to flow constantly in the circuit and acts like a dam that prevents electromagnetic interference between components.



Power Inductors

The magnetic materials prevent the current from abruptly changing and allow the current to flow constantly inside the electronic circuit.

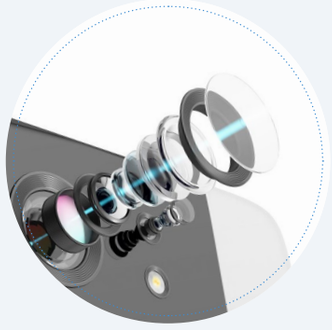
Chip Resistor

Chip resistors lower the voltage or stabilize the current inside an electronic circuit by limiting the direct or alternating current.

Tantalum

The design of this product takes the form of a chip so it can be applied to making it versatile for various applications such as surface mount devices, charging and discharging functions, and noise elimination.

Introduction of Products



Optical Communication Solutions

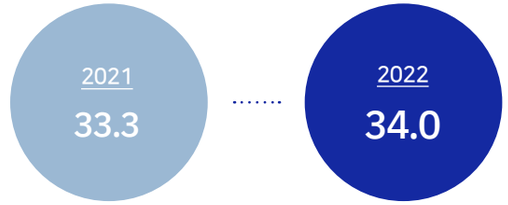
Our optical communication solutions consist of camera modules and communication modules. Camera modules and communication modules are utilized in smartphones, mobile devices, automobiles, and smart home appliances. Digital control and software technology are becoming increasingly important in these technology-intensive areas, as their applications are based on the convergence of new passive devices and materials. Across all applications, sophisticated technologies are required to produce high-definition imaging, ultra-compact, slim sizes, low power consumption, high rigidity, and multi-functionality. Samsung Electro-Mechanics combines our optical lens design, circuit design, packaging, and software technologies with expertise in materials to offer a wide variety of world-class camera and wireless communication modules and solutions.

Link to Optical Communication Solutions

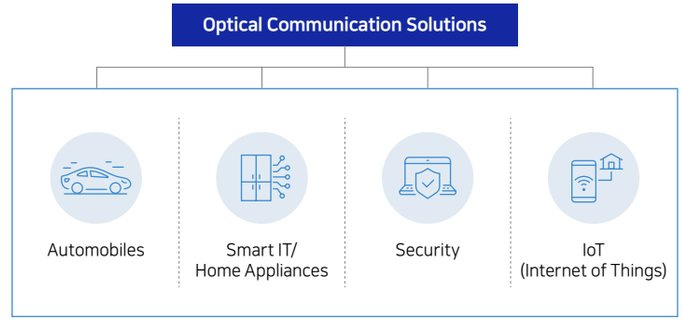
Sales and Sales Share of Optical Communication Solutions (Data coverage: 100%)

Sales (Unit: KRW million)	2021	3,224,056
	2022	3,203,950

Sales Share (Unit: %)



Optical Communication Solutions Applications



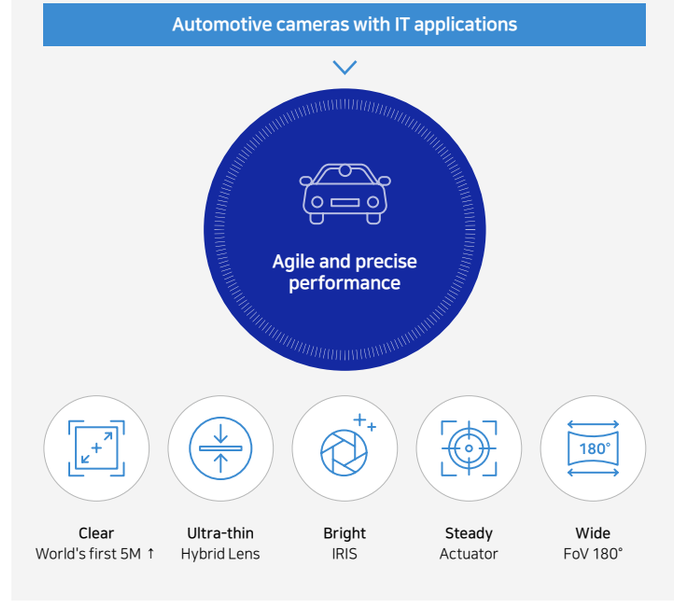
Camera Module

Camera modules could be applied in smartphones, automobiles, and smart homes include taking photos and videos and measuring, recognizing, and detecting objects. They require sophisticated technology to enable high-definition imaging, slim sizes, low power consumption, high rigidity, and multi-functionality. Beyond the increase in smartphone sales, the market size itself is growing due to technological advancement in camera modules with additional features that include autofocus, optical image stabilization (OIS), and a multi-camera system with folded optics. In response to these trends, Samsung Electro-Mechanics is leading the industry in bringing diverse experiences to users with unparalleled lens and actuator technologies for designing and manufacturing camera modules. We continue to develop superior solutions by incorporating IT camera technologies into automotive cameras.

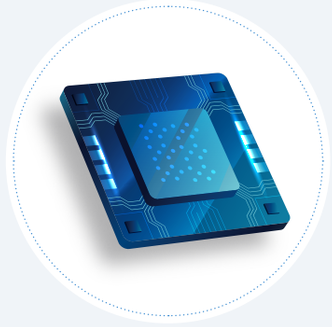
Communication Modules

The Sub6-Front End Modules included in the communication modules are RFFE modules used in the front-end for communication in the 5G Sub6 band. These components support two-way receptions between smartphone devices and base transceiver stations. In recent years, driven by the expanding market in 5G ultra-fast communication, as well as the increasing demand for mobile devices like smartphones, significant growth is anticipated for cellular RF (Radio Frequency) Front End Modules that play a vital role in wireless communication within communication modules. We are meeting consumer demands by internalizing core components such as circuit design and IC, enhancing complexity, achieving more compact and thinner sizes through package technology, and acquiring mobile devices using software technology and system solutions necessary for M2M (Machine To Machine).

Advanced Vehicle Camera Technology



Introduction of Products



Package Solutions

The main product of our package solution is the semiconductor package board, which has applications in almost all industries, from IT and home appliances to automobiles, aircraft, and ships. It consists of circuit components that electrically connect and mechanically support semiconductors and electronic components. Due to the recent rapid growth of data usage, semiconductor chips' performance is being advanced, leading to larger, denser, and more layered package boards. Although overall demand is sluggish in 2023 due to the macroeconomic slowdown, the package board market is expected to grow in the network sector with the expansion of the cloud and data center markets. In addition, the substrate industry is expected to continue to grow from the expected recovery of downstream industries such as smartphones, TVs, and laptops in emerging markets. As such, we are focusing on strengthening our R&D capabilities for creating highly functional, thin, lightweight, and compact IT devices by developing highly thin, dense, multilayered, and ultra-miniaturized critical dimensions based on our accumulated product technology, stable supply chain, and close cooperation with our clients.

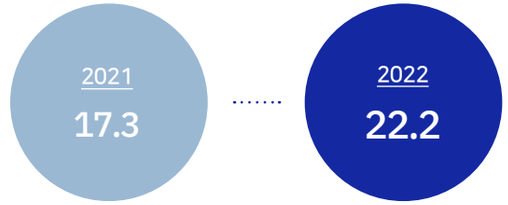
Link to Package Solutions

Sales and Sales Share of Package Solutions (Data coverage: 100%)

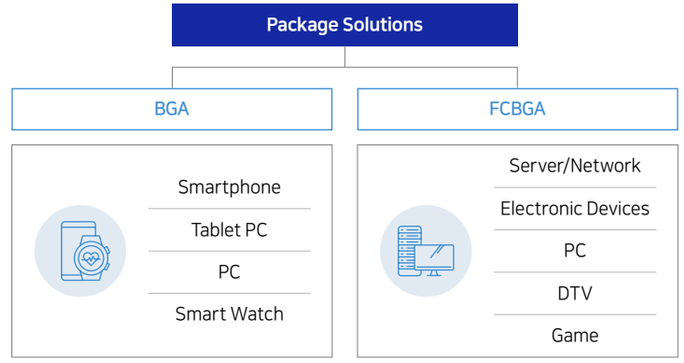
Sales (Unit: KRW million)

2021	1,679,150
2022	**2,088,319**

Sales Share (Unit: %)

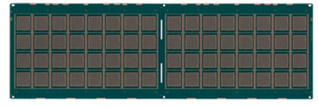


Package Solutions Applications



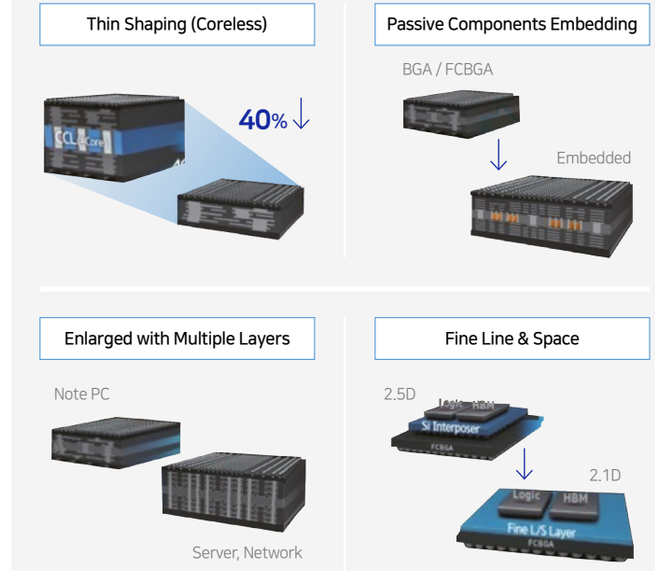
BGA (Ball Grid Array)

BGA is a package substrate used in core semiconductors of devices such as mobile and PC, which transmits electrical signals between semiconductors and mainboards and protects semiconductors from the outside. The FCCSP is a representative BGA product that connects the semiconductor chips and the substrate using ball-shaped bumps instead of wire bonding. The chip occupies over 80% of the board, and it is mainly used in AP (application processor) chips inside mobile IT devices.



FCBGA (Flip Chip Ball Grid Array)

FCBGA is a highly integrated package substrate that connects to semiconductor chips using bumps with increased electric and thermal functionalities. Highly integrated CPU board circuits require the capacity to manufacture thin boards to allow additional board layers, fine matching between the layers, and slimmer sets.



SUSTAINABLE BUSINESS AMBITION

Sustainability Strategy and Vision

Sustainability Strategy WEF SCM Governing Purpose

Samsung Electro-Mechanics seeks to create value for our stakeholders, carry out sustainable growth, and enhance the value of our company. To practice sustainability management, we have established the ESG mission of 'Sustainable Challenges for a Better Planet & Life' and aim to create future values through the following priorities: realizing environmental responsibility, pursuing the happiness of the members of our society, and achieving sustainable growth.

Mission

» Sustainable Challenges for a Better Planet and Life

Sustainable Purpose

Planet	People	Progress
Dedicated to creating a clean and sustainable environment for future generations	Committed to fostering mutual growth with our members and creating a happy society	Pursuit of unwavering growth through constant challenges

Challenge

Climate Action
- Efforts to transition into 100% renewable energy by 2050
- 100% conversion of business vehicles to electric vehicles by 2030
- Continuous reduction of energy consumption

Operation of Green Business Sites
- Obtaining 'Zero Waste-to-Landfill' certification for all business sites by 2025
- Expanding the company-wide reuse of water
- Maintaining on average 30% lower levels compared to the standards mandated by air and water pollutants laws and regulations

Product Stewardship
- Acquisition of carbon footprint certifications for more products
- Compliance with global substance standards RoHS and REACH SVHC

Labor and Human Rights
- Maintaining an organizational health index over 70 points by 2030
- Continuous increase in female leaders and establishment of a diversity management system
- Continuously achieving zero serious accidents

Corporate Social Responsibility
- Expanding support for youth education (Blue Elephant)
- Encouraging employees' talent donation and promoting donation culture (Sharing Kiosks)

Customers and Suppliers
- Creating customer value through realizing the world-class quality
- Sharing our vision with customers and strengthening communication in both way
- Strengthening Field-oriented support and training assistance for suppliers

Governance Structure
- Maintaining the ratio of female independent directors as more than 50%
- Enhancing the board of directors' expertise and diversity
- Maintaining the ratio of independent directors as more than 50%

Ethical Management
- Preventing corruption through fraud prevention training for employees
- Strengthening compliance inspections and monitoring system, and implementing compliance training for employees
- Establishing a response system against security threats in headquarters and overseas business sites

Creating Economic Value
- Improving product competitiveness and securing future technologies
- Maintaining market leadership in material and component technology

External Evaluation Ratings and Awards

External Evaluation Ratings

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	FTSE4Good	Korea Institute of Corporate Governance and Sustainability	SUSTAINALYTICS a Morningstar company RATED	MSCI ESG RATINGS A (CCC B BB BBB A AA AAA)	CDP DISCLOSURE INSIGHT ACTION
14 Consecutive Years Included in DJSI World, Asia Pacific, and Korea	**12 Consecutive Years** Included in FTSE4Good	**Rated A** the Korea Institute of Corporate Governance and Sustainability for Five Consecutive Years	**Obtained Low Risk** Sustainalytics ESG Risk Ratings	**Rated A** MSCI ESG Ratings	**Rated A-** Climate Change and Water Security by CDP

Awards

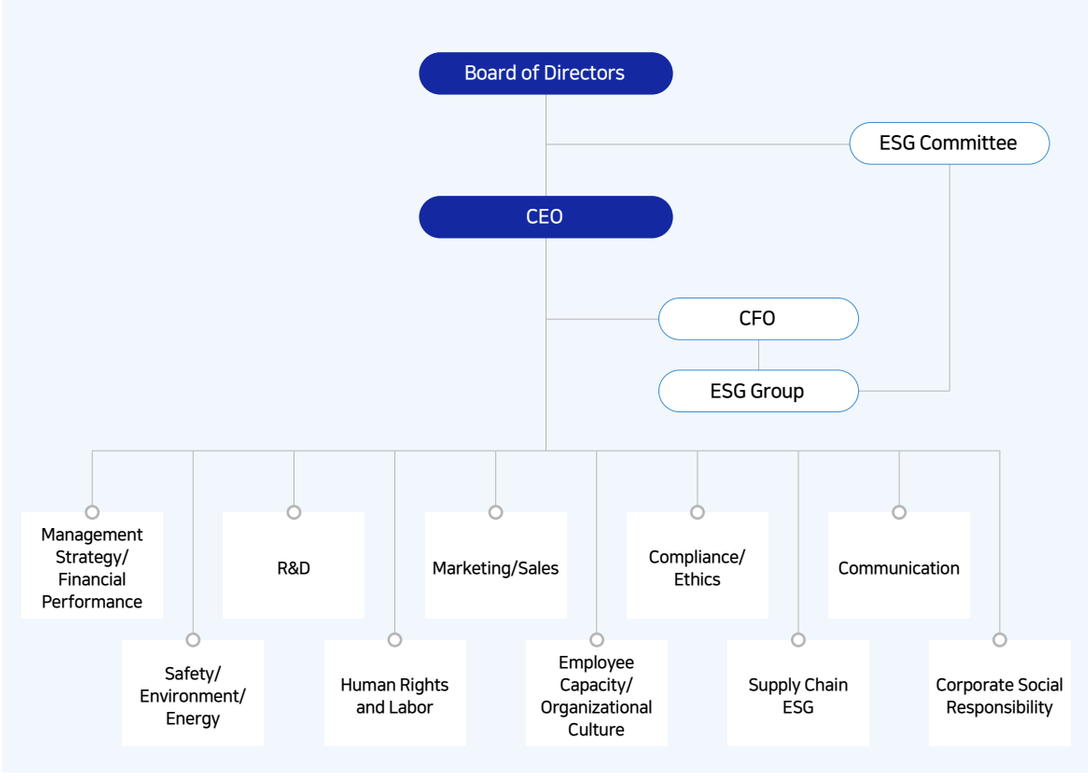
- Philippines business site awarded the 'Best Company Award'
- Rated 'Excellent' in the Suppliers Shared Growth Index
- Awarded the Presidential Award as a 'Leading Company in Resource Circulation with Outstanding Performance'
- Awarded the Grand Prize in the 2022 Korea IR (Investor Relations) Awards
- Obtained 'Zero Waste-to-Landfill' certification for all domestic business sites
- Awarded the Comprehensive ESG Grand Prize at the 2022 K-ESG Management Awards
- Awarded the 2022 ESG Company of the Year in Korea

Certifications

- Suwon and Busan business sites Rated P by PSM
- Philippines business site acquired the certification for a COVID-19 safe business site
- Maintained ISO 14001, 45001, 50001, and 22301 certifications

Sustainability Governance System GRI 2-14

To create sustainable value and communicate with stakeholders, Samsung Electro-Mechanics established an ESG Committee under the Board of Directors in 2021. It serves as the highest decision-making organization that determines Samsung Electro-Mechanics' sustainability management activities and deliberates ESG disclosures. In March 2022, Lee Yoonjeong, an environmental lawyer at Kim & Chang, was appointed as an independent director to enhance the diversity and expertise of the committee. We have also established an ESG Group under the CFO to operate a company-wide sustainability management system. The ESG Group, which oversees our internal sustainability activities, sets strategies for overall sustainability management in collaboration with relevant departments by field and is responsible for information disclosure, external cooperation, and communication.



ESG Committee (Under the Board of Directors)

Committee Members		Roles and Activities
Independent director	Lee Yoonjeong	• **Members:** 4 independent directors, 2 inside directors • **Roles and Responsibilities** - Supervision of sustainability management directions and performance - Management and supervision of matters for ESG disclosures • **Meetings:** at least once semiannually
	Kim Yongkyun	
	Yuh Yoonkyung	
	Choi Jongku	
Inside director	Chang Duckhyun	
	Kim Sungjin	

* As of March 2023

ESG Committee Meetings

Dates	Agendas	Attendance
Apr. 27, 2022	Appointment of ESG Committee Chair	100%
	Publication of Corporate Governance Report	
	Publication of Sustainability Report	
Oct. 26, 2022	Approval of Environmental Management Declaration	

ESG Group

Roles and Responsibilities

- **Supervision of sustainability activities and cooperation with the board of directors and relevant departments**
  - Formulation of sustainability strategies and implementation of priority issues
  - ESG information disclosure and response to ESG evaluation agencies
  - ESG management in supply chain
  - Monitoring of key policies and issues

Sustainability Remuneration Policies GRI 2-19

Samsung Electro-Mechanics quantifies sustainability management performance and reflects it in the evaluation of management performance. Performance evaluation is monitored according to indicators related to safety management, compliance activities, and environmental improvement. When evaluating executives, sustainable management performance is selected as an evaluation item to strengthen their ability to practice sustainable management.

Sustainability Performance Evaluations

Evaluation Workflow	- Establishment and management of goals linked to company-wide safety level improvement	- Evaluation of essential compliance activities for the practice of compliance management by executive	- Quantifying and evaluating environmental improvement activities and objectives

Sustainability Performance Evaluation Items

Classification	Safety Accident Management : Upgrading safety culture and environmental management activities	Conducting Compliance Activities : Compliance accident management and compliance activities	Environmental Improvement Activities : Environmental improvement and energy saving activities
Evaluation Items	- Preventive diagnosis of serious accidents and improvement - Management of employees' legal safety educational attainment - Resolution of irrational matters on-site - Precision inspection and improvement of equipment, etc.	- Compliance accident management - Employee's attendance of training - Employee self-inspection - Executive's attendance of training - Autonomous compliance activities, etc.	- Energy saving activities - GHG emission targets, etc.

Key Sustainability Performance

Rated A- by CDP

Rated A- in Climate Change, Water Security by CDP in 2022

Zero Waste in Landfills

Obtained 'Zero Waste-to-Landfill' certification for all domestic business sites

Leadership in Resource Circulation

Awarded the Presidential Award as a 'Leading company in Resource Circulation with Outstanding Performance' from the Ministry of Environment

1,342,568 tCO_2e

8% year-on-year reduction in GHG emissions (Scope 1, 2)

131,983 ton

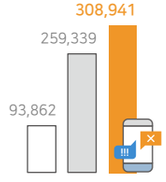
15% year-on-year reduction in waste generation

Certified as Best Family Friendly Management

Acquired the best family friendly management certification from the Ministry of Gender Equality & Family

662,142 persons

Continuing to participate in the 'Blue Elephant', a youth cyberviolence prevention Campaign for three years



14.8 %

Increase in female managers by 0.9%p year-on-year

0 cases

Achieved zero number of serious accidents

'Excellent' Rating in Suppliers Shared Growth Index

Rated 'Excellent' in the Shared Growth Index compiled by the Korea Commission for Corporate Partnership

Won the Grand Prize in IR Awards

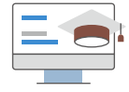
Awarded the Grand Prize in the Korea IR (Investor Relations) Awards

50 %

Maintained the ratio of female independent directors at 50%

100 %

100% of employees received fraud prevention training



Acquired the International Information Security Certification, TISAX

Production site in Vietnam acquired the certification

* Suwon business site and the sales site in Europe acquired the certification in 2021

KRW 577,140 million

R&D costs increased by 1.8% year-on-year

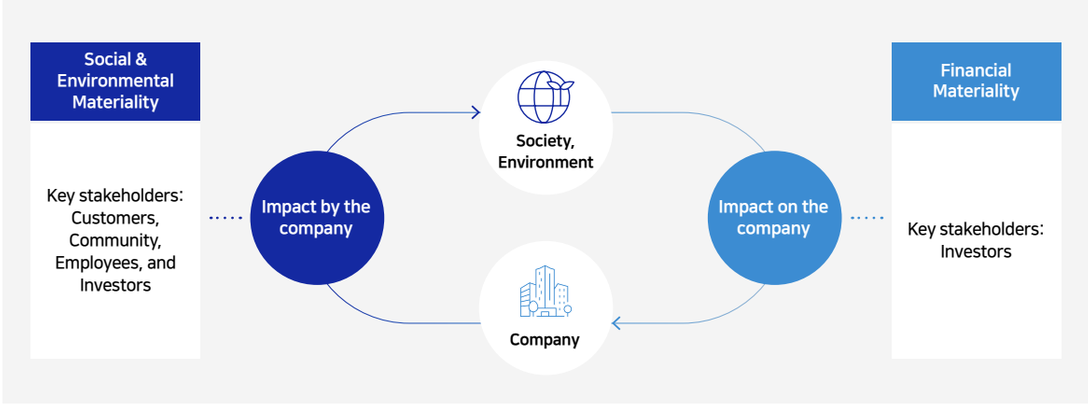
Materiality Assessment

Every year, Samsung Electro-Mechanics conducts materiality assessment to identify sustainability issues that are critical to our stakeholders and to establish appropriate response strategies. Through the materiality assessment, we analyze the opportunities and risks of sustainability issues to the business and stakeholders in depth and strive to ensure that the selected material issues are managed within the company-wide risk management system.

Double Materiality Assessment

The double materiality assessment examines the social and environmental impact of the company and assesses how sustainability management affects its financial conditions. We have advanced our double materiality assessment process by adopting the concept of double materiality presented in the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) and the concept of materiality assessment delineated in global sustainability disclosure guidelines such as the International Sustainability Standards Board (ISSB) and Global Reporting Initiative (GRI) Standards. In particular, we identified risks and opportunities by classifying positive and negative issues on important issues and established effective countermeasures.

The Concept of Double Materiality



Process to Determine Material Topics GRI 3-1, WEF SCM Stakeholder Engagement

The double materiality assessment was conducted through four steps: configuration of a pool of issues, analysis of double materiality, derivation of material issues, and management and report of material issues. Samsung Electro-Mechanics conducted a double materiality assessment from February to April 2023 to derive material issues. A total of 23 issues were derived based on global evaluation standards and guidelines, and detailed processes such as media research, ESG guidelines and evaluation analysis in Korea and abroad, competitor benchmarking, and impact assessment of sustainability issues for employees and external stakeholders were conducted for impact analysis.

Materiality Assessment Process

Step 1. Configuration of a Pool of Issues
- Analysis of material issues from domestic and international ESG guidelines (GRI, SASB, etc.) and rating agencies (DJSI, MSCI, etc.)
- Derivation of a pool of 23 issues

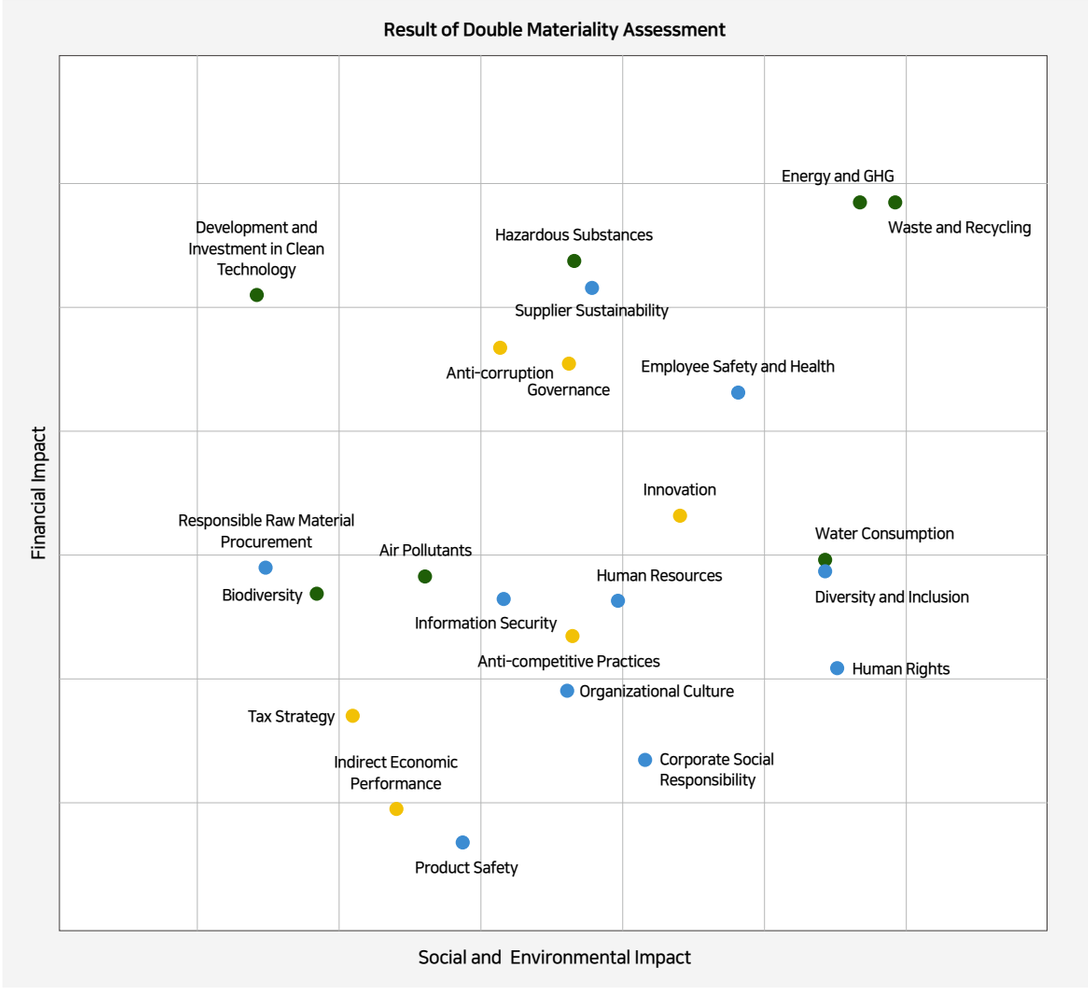
Step 2. Analysis of Double Materiality
- Social and environmental impact analysis: media analysis, analysis of domestic and international ESG guidelines (GRI, UN SDGs, K-ESG, etc.), competitor issue analysis, internal stakeholder surveys
- Financial impact analysis: analysis of domestic and international ESG guidelines (SASB, TCFD, CDP, etc.) and rating agencies (DJSI, MSCI, KCGS, etc.), internal and external stakeholder surveys, and internal document analysis (business reports, audit reports, and other internal documents).

Step 3. Derivation of Material Issues
- Identification of aggregate high-priority material issues based on social, environmental, and financial impact analyses

Step 4. Management and Report of Material Issues
- Reporting to the management
- Reporting of issues through the 2022-2023 Sustainability Report
- Sharing and collection of feedback from the initiative group

Materiality Assessment Results GRI 3-2, WEF SCM Stakeholder Engagement

Evaluation Result Matrix



Level of Impact

LOW MEDIUM HIGH

Issue	Impact Materiality (Social and environmental impact)	Financial Materiality (Financial impact)	Double Materiality Impact
Waste and Recycling	HIGH	HIGH	HIGH
Energy and GHG	HIGH	HIGH	HIGH
Employee Safety and Health	HIGH	MEDIUM	HIGH
Hazardous Substances	MEDIUM	HIGH	HIGH
Supplier Sustainability	MEDIUM	HIGH	HIGH
Water Consumption	HIGH	MEDIUM	HIGH
Diversity and Inclusion	HIGH	MEDIUM	HIGH
Human Rights	HIGH	LOW	MEDIUM
Governance	MEDIUM	HIGH	MEDIUM
Innovation	HIGH	MEDIUM	MEDIUM
Anti-corruption	MEDIUM	HIGH	MEDIUM
Human Resources	MEDIUM	MEDIUM	MEDIUM
Development and Investment in Clean Technology	LOW	HIGH	MEDIUM
Anti-competitive Practices	MEDIUM	LOW	MEDIUM
Corporate Social Responsibility	MEDIUM	LOW	MEDIUM
Information Security	MEDIUM	MEDIUM	MEDIUM
Organizational Culture	MEDIUM	LOW	LOW
Air Pollutants	LOW	MEDIUM	LOW
Biodiversity	LOW	MEDIUM	LOW
Responsible Raw Material Procurement	LOW	MEDIUM	LOW
Product Safety	LOW	LOW	LOW
Tax Strategy	LOW	LOW	LOW
Indirect Economic Performance	LOW	LOW	LOW

Highlights on Material Issues GRI 3-3

Samsung Electro-Mechanics analyzed the social/environmental and financial impacts of material issues and conducted cost, revenue, and risk-based analysis of financial impacts to identify risks and opportunities. We have also identified the impact of material issues on our value chain and stakeholders. Based on the analysis results, we plan to enhance sustainable management through the establishment of goals and response strategies aimed at effectively addressing the identified issues.

Waste and Recycling

Social and Environmental Impact

Due to the nature of the business, our business sites have a risk of generating hazardous waste and additional environmental pollution due to volatile substances. Failure to manage such risks can cause serious harm to the surrounding environment and can also cause damage, such as increased illness in the community. On the other hand, effective waste and recycling management can lead to positive external impacts, including environmental protection and the establishment of resource-circulating ecosystems with suppliers. Hence, to mitigate the adverse effects of waste and foster a resource-circulating environment in our business operations, it is essential to manage the resource circulation among the suppliers in our supply chain and within our own premises.

Financial Impact

The transition to a circular economy has become critical in global business. Businesses face potential risks in their operations if they do not respond to the increasing demand for effective management of recycling and reuse systems by stakeholders, including investors and clients.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Reducing environmental load by minimizing landfill waste and improving the waste recycling rate To counter the negative effects on the environment from waste generation, Samsung Electro-Mechanics is reducing absolute waste emissions and has established a system that prevents spills of volatile substances in hazardous waste. To this end, we are developing a company-wide waste reduction plan and monitoring progress levels through quarterly site inspections. We use the waste from business sites as raw materials for road construction aggregates and cement, and have found and expanded recycling processing companies to suppress the generation of environmental pollutants. Samsung Electro-Mechanics is committed to steadily investing in waste recycling facilities based on the goal of 'zero waste emissions' to transition to a circular economy.	p.36	- 0 +	V	V	V	V	V		V

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Energy and GHG

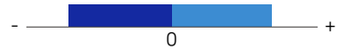
Social and Environmental Impact

The need for climate action is increasing due to rising temperatures, floods, and droughts caused by global warming, which has been emerging in recent years. In particular, energy use and GHG emissions affect the climate directly and indirectly, leading to negative effects on the environment and society as a whole. In other words, the energy use and GHG emissions during manufacturing processes can negatively affect the environment around the business sites.

Financial Impact

Key stakeholders emphasize climate action as an essential element of sustainable growth. As governments and investors at domestic and overseas tighten regulations on climate change response, demand to reduce GHG emissions and energy use by market and government are increasing. According to our analysis, responding to these needs and reducing costs through GHG emissions management may provide an opportunity to appeal to customers from a long-term perspective.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Commitment to global green management Through an energy management system, Samsung Electro-Mechanics continues to review the risks and opportunities that climate change poses to the company as a whole and strives to reduce GHG emissions and energy use. To reduce power consumption, which accounts for more than 90% of GHG emissions, we conduct regular analysis of energy fluctuations and manage GHG reduction targets by introducing highly efficient energy equipment and technology. We have also recently joined RE100 and committed to a 100% transition to renewable energy by 2050. Efforts to reduce GHG emissions not only have a positive impact on society and the environment but also on our business, such as the development of low-carbon products and the discovery of new markets. Accordingly, Samsung Electro-Mechanics plans to enhance the competitive edge of our eco-friendly products by developing eco-friendly camera module products.	p.27		V	V	V	V	V	V	

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Employee Safety and Health

Social and Environmental Impact

Due to the nature of electrical and electronic product manufacturing, there are risks in the work environment at Samsung Electro-Mechanics, such as the use of hazardous substances and dangerous equipment. Such risks may lead to industrial disasters and, in turn, social and human injuries, not only to employees at Samsung Electro-Mechanics' own business sites but also to those of our suppliers.

Financial Impact

In recent years, the risk of safety and health management has increased with tighter legal regulations for the management of employees' safety and health. At Samsung Electro-Mechanics, we prioritize the safety of our employees and are fully aware of the potential factors that may pose risks. We are dedicated to establishing a secure and safe environment within our business premises. As a result, we have successfully maintained a record of zero fatalities over the past five years. We are committed to systematic risk management as a medium to long-term strategy to prevent the resulting negative impact on operating costs and sales.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Achieving zero serious accidents through preventive activities Samsung Electro-Mechanics has established a management system to install an internal safety and health scheme and implement risk improvement activities. We regularly identify and monitor harmful risk factors in our business premises, conduct risk assessments, and strictly manage business sites and workplaces that are potentially hazardous. In recognition of our excellent systematic safety and health management, we acquired the highest P rating in process safety management from the Ministry of Employment and Labor in 2022.	p.50	- 0 +	V	V	V		V	V	V

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Supplier Sustainability

Social and Environmental Impact

Due to our wide range of supply chains, sustainability management is required across the board to expand the positive impact within the business ecosystem. Our vulnerability to supply chain sustainability risks stems from our extensive presence of business sites and suppliers encompass multiple regions across Korea and abroad. In addition to negative impacts on the community, including human rights violations within the supply chain and environmental pollution, inadequate sustainability management will lead to risks associated with reputation and business performance.

Financial Impact

Given the rising demands and legal regulations for sustainable supply chain management by global clients, investors, and developed countries, it is crucial to prioritize supply chain management from a business risk management standpoint. Especially with the recent surge in clients demanding direct supply chain sustainability management, certain risks are directly tied to sales in the event of a failure to respond effectively.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Enhanced supply chain competitiveness based on mutual trust Samsung Electro-Mechanics is conducting sustainability management assessments for our suppliers, existing and new, in order to manage sustainable supply chains. In accordance with the Responsible Business Alliance (RBA) guidelines, our suppliers conduct self-assessments using checklists that cover five major areas: labor, health and safety, environment, ethics, and management systems. In addition, we carry out separate field inspections to identify problems and support their improvement.	p.79	- 0 +	V		V	V	V	V	V

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Governance

Social and Environmental Impact

Samsung Electro-Mechanics has established fair and transparent governance through the separation of the chair and the CEO. Through efforts such as appointing female independent directors on our board of directors, we are also committed to fostering diversity and ensuring a broader range of perspectives and experiences. By securing transparency, independence, and diversity within our board, we aim to create a positive impact on stakeholders, including shareholders and investors.

Financial Impact

Samsung Electro-Mechanics drives the company's long-term growth and creates shareholder value through transparent and independent governance. This, in turn, fosters greater trust among shareholders and investors, thereby positively influencing business operations.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Increased corporate transparency and more responsible management Samsung Electro-Mechanics maintains an independent governance structure by separating the roles of the chair of the board and CEO and retaining a majority of independent directors. Moreover, we are actively broadening the expertise and diversity of our board to ensure optimal decision-making across diverse management environments. We will persist in maintaining a proportional representation of female independent directors and actively engage in regular professional training for the board, aiming to have a positive impact on both the social environment and our financial endeavors.	p.93	- 0 +	V		V	V	V	V	V

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Innovation

Social and Environmental Impact

Business and technology development strategies play a pivotal role in creating new business opportunities for shareholders, investors, and customers. Additionally, they contribute to addressing social and environmental issues through sustainable product development, further enhancing our positive impact.

Financial Impact

Developing new markets through technological innovation helps secure profitability and improves sales. By constantly generating profit through securing technological leadership and reinvesting in future growth businesses, we actively contribute to the development of a sustainable and prosperous ecosystem. This, in turn, plays a significant role in fostering an overall positive and circular environment, benefiting not only us but also our suppliers.

Impact Analysis Results and Response Strategies

Response Strategies	Goals and Achievements	Financial Impact Risk Analysis[1]	Cause of the Impact within the Value Chain			Impacted Stakeholders			
			Operations	Goods/ Services	Supply Chain	Environment	Society	Customers	External Employees
Improving product competitiveness and securing future technologies Samsung Electro-Mechanics is dedicated to establishing data-driven R&D practices aimed at optimizing resource operations and shortening development timelines while developing new technologies and products. This approach will enhance efficiency by leveraging structured R&D data and digitizing R&D processes. Moreover, we have a strategic plan to nurture future technologies in green energy and eco-friendly business areas while also enhancing our research influence to promote increased investment in eco-friendly technologies.	p.113	- 0 +	V	V	V	V	V	V	V

1) In the risk analysis, + refers to revenue generation and - refers to risk and cost generation.

Stakeholder Engagement GRI 2-29

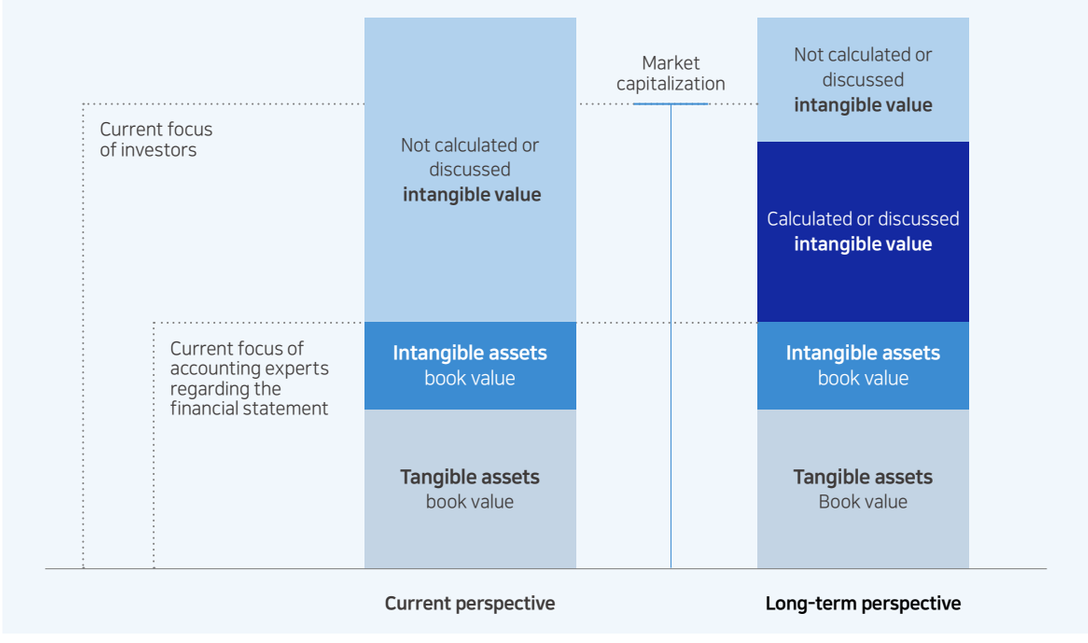
Stakeholders	Major Interests	Communication Channels	Major Activities
Customers	- Product and service quality - Accurate product information - Prompt response - Transparent communication	- Newsroom, Social media channels - Online PR Hall - Product catalog - Component library	- Quick delivery of Samsung Electro-Mechanics' latest news - Hearing customers' voices and exploring solutions - Introducing the latest technology and industry trends - Monitoring and applying hazardous substance policies in products by client and country
Shareholders and Investors	- Financial performance - ESG risk management - Stable corporate operations - Transparent information disclosure	- Annual general meeting - Analyst meetings - Quarterly management meetings - Newsroom	- Transparent operations and disclosure of governance - Efforts to strengthen shareholder return - Operation of an ESG Committee under the board of directors - Quarterly Earnings Release
Employees	- Safe and happy workplace - Labor/Management relations - Mental health - Opportunities for learning and growth - Benefits and compensation	- Hanulim Council (Works Council) - Mental health center - Training platform - Compliance management program - One-on-One meetings - Town Hall meetings	- Listening to employees' voices and solving difficulties - Counseling and meditation classes for employee mind health - Customized training programs - Providing compliance training and itemized manual for compliance management
Suppliers	- Strategic partnership - Fairtrade - Shared growth - Workers' human rights	- Win-win cooperation academy - Supplier Code of Conduct - Workshops for heads of suppliers - Shared growth programs - Purchasing portal	- Listening to suppliers' voices and exploring solutions - Strengthening suppliers' regulatory response capabilities - Strengthening joint development cooperation - Conducting compliance management evaluation
Local Communities	- Revitalization of the local economy - Corporate social responsibility - Maintenance of healthy communities	- Meetings with local autonomous governments - Meetings with welfare agencies	- Environmental conservation activities near business sites - Sharing through employee volunteer activities - Social contribution programs related to education and employment
Press	- Transparency of information - Accuracy of information - Speed of information	- Press releases - Newsroom - Journalists seminar	- Quick delivery of Samsung Electro-Mechanics' latest news - Seminars on industry trends, technology and product knowledge

Social Value of Sustainability

Value Creation through Corporate Activities from a Long-term Perspective

GRI 201-1, 203-2, WEF SCM Climate Change, Employment and Wealth Generation

To recognize the importance of intangible values that are not measured or discussed, and to translate these non-financial values into measurable financial values, we utilized the EY Long-Term Value methodology to evaluate the value generated for stakeholders through our management activities in 2022. The value of a company extends beyond what is reflected in financial statements, encompassing diverse perspectives and formats. It is essential to measure and manage the tangible/intangible value of a company in alignment with its strategic priorities. The EY Long-term Value methodology acknowledges the limitations of prevailing market-based value measurement methods and seeks to capture the long-term value of an enterprise by incorporating the measurement of intangible and non-financial values.



In terms of the long-term growth of the company, Samsung Electro-Mechanics has measured and discloses the value delivered to all stakeholders included in the value chain in 2022 by dividing it into four value categories (Customer value, People value, Social value, and Financial value) of the EY Long-term Value Framework.

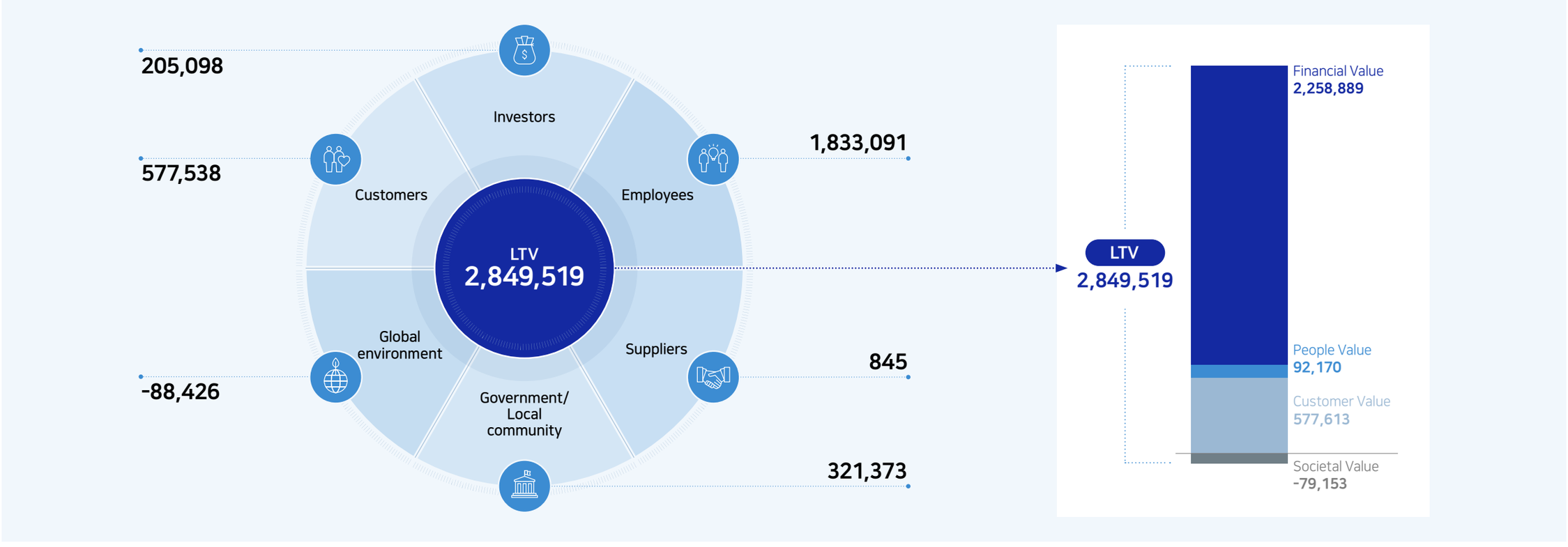
Value Recognition Criteria and Metrics for EY Long-term Value

Value Categories	Value Recognition Criteria	Metrics
Customer Value	The value of designing, developing and providing products and services that meet customer needs from the perspective of innovation, trust, and the brand	• Product R&D - R&D costs • Customer communication - advertising costs • Technology development support - the cost of supporting joint development tasks through the R&D cooperation fund
People Value	Values provided to improve long-term quality of life, including culture, engagement, DEI, leadership, and safety	• Support for suppliers' working environment – ESG diagnosis and consulting costs for improvement • Financial support for suppliers - Win-win Fund loan costs • Training costs – Employee education and training costs • Safety and health support - Investment costs related to safety and health • Parental benefits – The number of people who use parental leaves and the average period of use • Diversity activities - Cost of training to strengthen DEI, cost of installing accessibility facilities • Costs due to safety incidents – Number of industrial disasters
Societal Value	Values provided by companies from the environmental, supply chain, regulatory, community, and economic perspectives	• GHG Emissions - Scope 1 and 2 GHG emissions • Air/water pollutant emissions - Dust, SOx, NOx, COD emissions • Waste discharge - Amount of waste incinerated and landfilled • Corporate social responsibility - Donations, volunteer activities hours
Financial Value	Values provided for the sustainable, long-term growth of stakeholders' financial value through monetization, cost optimization, and economic allocation	• Dividends • Interest expenses • Wages • Corporate tax

Samsung Electro-Mechanics' Long-term Value

Samsung Electro-Mechanics' Long-term Value is measured at KRW 2.85 trillion. This estimation indicates that the size of the long-term intangible and non-financial values that Samsung Electro-Mechanics provides to stakeholders through its business activities but are not measured or discussed amounts to KRW 2.85 trillion. We also measured the social value we provide for each stakeholder and found that the company offers positive value to most stakeholders. In particular, the most positive social value is provided through employee capacity development, safety and health support, and diversity support. Samsung Electro-Mechanics will continuously advance management activities, ensuring long-term value for stakeholders in the future.

Samsung Electro-Mechanics Evaluation Result (Unit : KRW million)



Measurement period: Jan. 1-Dec. 31, 2022
Accounting type: consolidated
Business sites: domestic and overseas business sites
* This measurement was based on data managed by the Company, using national statistics and research outcomes. The value of the currency used in the measurement may fluctuate based on new studies, and it cannot be considered part of the financial disclosure due to the inability to verify the accuracy of the measurement results.
** Employees' training expenses, parental leave and period of use, diversity promotion, number of industrial disasters, and volunteer activities are based on domestic business sites.

SUSTAINABLE PLANET

Climate Action (TCFD Report)

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.

	Goals	Future Plans	Key Achievements
Renewable Energy Use	Efforts to transition into 100% renewable energy by 2050 - Strengthening monitoring of renewable energy policy trends by country - Reducing the amount of renewable energy conversion through energy saving	Achieving 30% conversion to renewable energy by 2030	Declaration to join RE100 in 2022 RE100 CLIMATE GROUP | CDP Renewable energy acquired (Unit : MWh) 2020 119 2021 6,116 2022 6,829
Energy Saving	Drive continuous reduction of energy consumption - Review, introduction, and application of high-efficiency materials, equipment, and renewable energy technologies in new constructions and expansion of buildings and plants - Priority introduction of high-efficiency equipment when replacing old equipment	Managing energy use costs within 5% of sales in 2023-2025 - Introduction of high-efficiency equipment and improvement of operation methods at each business site - Production-linked energy use management by managing energy intensity (energy consumption/ production) for each stage of the production process	Total energy usage (Unit : MWh) 2020 2,438,906 2021 2,909,016 2022 2,684,888

Special page

TCFD Report WEF SCM Climate Change

Governance

The Role of the Board of Directors GRI 2-12

The ESG Committee, under the Samsung Electro-Mechanics board of directors, manages and supervises climate change and overall ESG issues. The committee, consisting of four independent directors and two inside directors, engages in final deliberations and resolutions concerning material climate change issues, including short and medium to long-term strategies, and transitioning towards carbon neutrality. Its agendas are organized by the ESG Group and are introduced through consultation with relevant departments such as the Safety and Environment Team and Infrastructure Team. The ESG Committee holds meetings semiannually, and a total of two meetings were held in 2022. It also convenes temporary meetings when in necessary to regularly report the discussion outcomes to the board of directors.

Organization Chart for the Board of Directors' Management and Supervision on Climate Change

ESG Committee's Voting on Environmental Issues

Dates	Agendas	Attendance	Results
Apr. 27, 2022	Publication of sustainability report (environmental management, waste management goals and future plans)	100%	Approved
Oct. 26, 2022	Approval of environmental management declaration (joining RE100, etc.)		

The Role of Management GRI 2-13

The management at Samsung Electro-Mechanics constantly reviews the risks and opportunities of climate change throughout our business and pursues sustainable development in our response. Through the Safety and Environment Conference, which consists of executives and heads of each business department, we discuss the risks of climate change, business impact, and financial impact at the operational level and reflect them in the carbon management risk management process.

The Board of Directors' Performance, Evaluation, and Remuneration on Climate Change

To internalize climate change risk management, Samsung Electro-Mechanics is actively considering safety environment items throughout its business, including items related to safety environment in the management regular performance evaluation system.

Strategy

Climate Action Risk Response Strategy WEF SCM Risks and Opportunities Oversight

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. Furthermore, we have assessed the financial impact associated with significant risks to the company and implemented measures to effectively respond to them.

Special page

TCFD Report

Materiality Assessment on Climate-related Risks and Opportunities

WEF SCM Risk and Opportunity Oversight

Samsung Electro-Mechanics has conducted a materiality assessment of the risks and opportunities suggested in the TCFD recommendations based on the likelihood of their occurrence and business impacts. The assessment identified a total of four climate change-related risks and three opportunities. The four major risks include rising prices of GHG credit, rights and regulations regarding existing products and services, customers' growing action on climate change, and heat wave. We will establish climate action plans such as establishing GHG reduction targets, using 100% renewable energy, and continuously monitor climate change-related issues based on this materiality assessment.

Classification	Type		Risk Factors
Risks	Transition risks	Policies and Laws	1 Increase in the price of GHG emissions
			2 Strengthened reporting obligations on GHG emissions
			3 Rights and regulations for existing products and services
			4 Exposure to climate-related litigation
		Technology	5 Replacement of existing products and services with low-carbon options
			6 Failure to invest in new technologies
			7 The cost of converting to low-carbon technology
		Market	8 Customers' intensified behaviors on climate change issues
			9 Uncertainty of market signals
			10 Increase in raw material costs
		Reputation	11 Change in consumer preferences
			12 Increase in stakeholder concerns or negative feedback
	Physical risks	Acute	1 Typhoon (damage on supply chain/customer due to transport disruptions, etc.)
			2 Flood (damage on supply chain/customer due to transport disruptions, etc.)
			3 Heat wave
		Chronic	4 Changing precipitation patterns
			5 Rise of average temperature
			6 Rise of sea levels

Classification	Type		Risk Factors
Opportunities	Resource efficiency	a	Streamlined production and distribution processes
		b	Relocation to energy-efficient buildings
		c	Reduction of water usage and consumption in production
	Energy resources	d	Use of low-carbon energy sources
		e	Application of support policies such as incentives
		f	Carbon market participation
	Products and services	g	Development and/or expansion of low-carbon products and services
		h	Change in consumer preferences for low-carbon products
	Market	i	Access to new markets
		j	Application of incentives in the public sector
	Resilience	k	Participation in renewable energy programs and adoption of energy efficiency measures
		l	Replacement and diversification of resources used in production processes

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Response to Materiality Assessment on Climate-Related Risks and Opportunities GRI 201-2, WEF SCM Risk and Opportunity Oversight

We have analyzed the financial impact and response to transition risks such as policies and laws, market segments, and acute physical risks, as well as opportunities in energy resources, products and services, and resource efficiency identified in the materiality assessment.

Risks			Financial Impact	Response	Short, Medium and Long-term
Transition risks	Policies and laws	Increase in the price of GHG emission credit	• Increase in the purchasing cost of GHG emission credit to comply with the emissions trading system	• Setting a goal for renewable energy use and monitoring of related policies • Installation of mitigation facilities for reducing CF4 gas[1] emissions	Medium and long-term
		Rights and regulations for existing products and services	• Increase in the cost of responding to new climate change regulations due to strict climate change regulations such as carbon tax • Increase in the cost of R&D and investment in high-efficiency equipment for producing low-carbon products	• Implementation of LCA (Life Cycle Assessment) for major products and acquisition of carbon footprint certification • Establishment and implementation of energy saving reduction tasks	Short, medium and long-term
	Market	Customers' intensified behaviors on climate change issues	• Increase in the cost of mitigating GHG Scope 1, 2, and 3 emissions to response emission reduction requests from customers • Increase in the cost of production energy due to requests for conversion to renewable energy	• Establishment of medium to long-term GHG reduction targets and implementation tasks • Monitoring of renewable energy markets and policies, renewable energy purchases	Short, medium and long-term
Physical risks	Acute	Heat wave	• Increase in power consumption for air conditioning in the office • Reduction of productivity and operating profit due to employee illness from heat wave	• Monitoring of power consumption and optimized operation of indoor temperature • Continuous monitoring of heat wave related diseases	Short-term

Opportunities			Financial Impact	Response	Short, Medium and Long-term
Opportunities	Resource efficiency	Reduction of water use in the production process	• Reduction of water purchase costs due to reduced water consumption	• Development of a plan to improve water and wastewater reuse rates	Short, medium and long-term
	Energy resources	Use of low-carbon energy sources	• Reduction of the cost of purchasing emission credits by using low-carbon energy sources to reduce GHG emissions	• Monitoring renewable energy markets and policies, establishing medium to long-term consumption goals	Medium and long-term
	Products and services	Change in consumer preferences for low-carbon products	• Increase in revenue due to increased demand for low-carbon products	• Review of energy efficiency when introducing new product facilities • R&D for developing low-power products	Medium and long-term

1) Fluorinated gas

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TCFD Report

Transition Risks Analysis GRI 201-2

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, 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. 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 Risks Analysis GRI 201-2

Scope of Analysis

Samsung Electro-Mechanics 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 and Climate Change Risk Assessment System (CRAS) by the Korea Environment Institute to determine the impact of climate change on domestic business sites by 2050 based on the RCP 8.5[1)] 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. In Tianjin and Gaoxin, 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 3.4°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 in 2100.

Results

It has been confirmed that the heat wave caused by climate change will affect the increase in energy operation costs due to the increase in the operation rate of air conditioners at workplaces and the increase in water supply costs due to 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.

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Climate Change Risk Management WEF SCM Risk and Opportunity Oversight

Integrated Company-wide Opportunity and Risk Management Process

Risk Identification	Risk Assessment	Risk Management	Follow-up Measures
- Identification of physical and regulatory risk factors - Determination of risk levels and financial impact	- Survey of financial impact from physical risk factors - Risk assessment based on policy trends and industry analysis	- Preparation and execution of a 3-year GHG reduction plan - Monitoring of natural disasters in major logistics bases (ports, airports, production/sales sites) - Prediction of emission levels based on production line expansion and future output	- Integrated management of company-wide climate change risks based on energy management system - Operation of the company-wide Climate Strategy Committee (quarterly) - Risk management through ESG Committee reports on major climate change risks

Identification and Assessment of Climate Change Risks

Samsung Electro-Mechanics is actively identifying and evaluating corporate climate change risks. We conduct risk assessments through financial impact surveys, policy trend analysis, and industry analysis from physical risk factors at each business site and identify and evaluate climate change risks that may arise at the operational level through emissions forecasts reflecting line expansion and future production. The status of company-wide GHG emissions is reported annually to the management, and through the Energy Council that involves the entire company, we promote GHG reduction activities by sharing and implementing energy usage and reduction initiatives across various business sites.

Climate Change Risk Management Process

Based on the energy management system, Samsung Electro-Mechanics reviews the level of goal attainment, performance, communication with stakeholders, opportunities for continuous improvement, measures implemented in previous management reviews, and makes decisions regarding their impact on the organization's strategic direction, the necessity for systematic changes, and opportunities for further improvement. We also conduct regular internal and external screening programs every year to ensure the effective execution and maintenance of the system. Furthermore, we maintain system certifications by undergoing examinations by third-party professional certification agencies.

Metrics and Targets

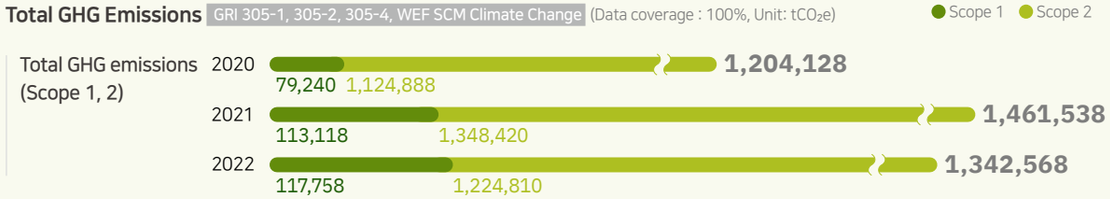
Climate Action Management Indicators

Samsung Electro-Mechanics manages indicators such as GHG emissions, GHG intensity, energy consumption, amount of waste generated, and water consumption levels to respond to climate change. To ensure the effective implementation of climate change risk management, every member of Samsung Electro-Mechanics is actively integrating safety and environment considerations into all business activities, including the relevant elements from the regular performance evaluation system for executives. We will persist in developing green performance indicators while enhancing the evaluation and compensation system.

GHG and Energy Reduction Targets WEF SCM Climate Change

Despite internal changes such as new business departments and expansion of overseas business sites and market variables such as the increase in demand for electric and electronic components, Samsung Electro-Mechanics has been pursuing a 5% annual energy reduction target and has been reducing our GHG emissions through a gradual transition to renewable energy. Samsung Electro-Mechanics will strive to achieve its GHG reduction targets by setting annual energy reduction targets, enhancing the efficiency of production and utility facilities, and replacement to high-efficiency facilities in major facilities. We are gradually increasing renewable energy purchases every year to reduce energy consumption. By joining RE100 in 2022, we are driving efforts to make a 100% transition to renewable energy by 2050.

Total GHG Emissions GRI 305-1, 305-2, 305-4, WEF SCM Climate Change (Data coverage : 100%, Unit: tCO_2e)



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Scope 3 GHG Emissions GRI 305-3, WEF SCM Climate Change

To manage GHG emissions across the chain, we transparently disclose the data of our Scope 3 GHG emissions generated from all aspects of the business. We also strive to improve data reliability through third-party verification.

(Unit: tCO_2e)

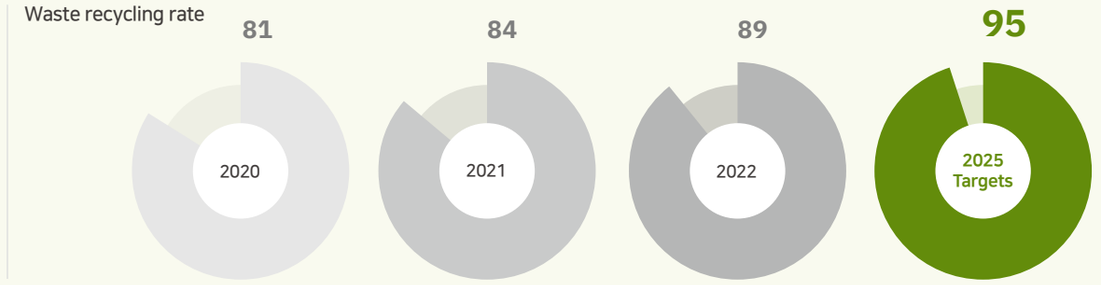
Category	2020	2021	2022
Total Scope 3 emissions	150,450	188,987	279,100
Purchased goods & services	34,583	39,826	144,311
Capital goods	3,690	2,740	3,853
Fuel and energy related activities not included in Scope 1 or 2	12,113	9,434	9,054
Transportation & distribution (upstream)	41,662	60,442	49,800
Waste disposal	6,875	20,686	20,648
Business travel	2,238	1,547	3,865
Employee commuting	11,120	13,730	11,005
Leased assets (upstream)	693	895	1,170
Transportation & distribution (downstream)[1)]	-	-	-
Processing of product	353	436	467
Use of product	11,622	14,349	15,390
Disposal of product	197	243	261
Leased assets (downstream)[1)]	-	-	-
Investment	25,304	24,659	19,276

1) Not applicable

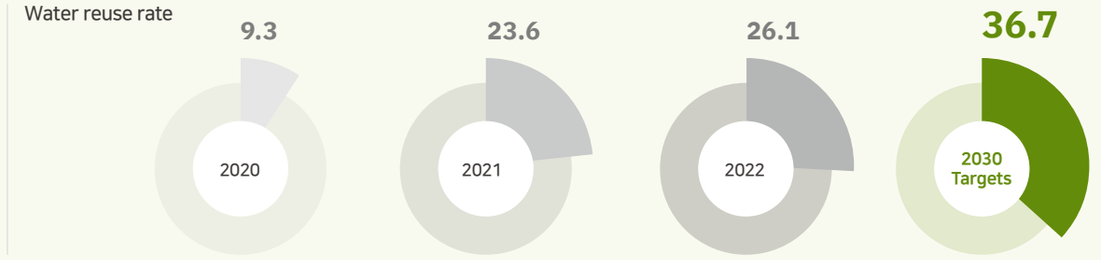
Resource Circulation Goals

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%. Moreover, 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.

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



Water Reuse (Data coverage: 100%, Unit: %)



Key Climate Action Efforts

GHG Reduction Efforts

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 high-efficiency energy equipment and technology, and addressing climate change concerns.

Reduction of GHG Emissions GRI 305-5 (Data coverage: 100%, Unit: tCO_2e)

Category	2020	2021	2022
GHG reductions	94,327	102,075	**120,740**
Electricity	88,817	92,836	**111,767**
LNG	2,759	7,650	**6,002**
Video conferencing	2,751	1,589	**2,971**

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

To respond to climate change, we are expanding our operations and investments in high-efficiency facility conversion and environmental pollutant reduction facilities.

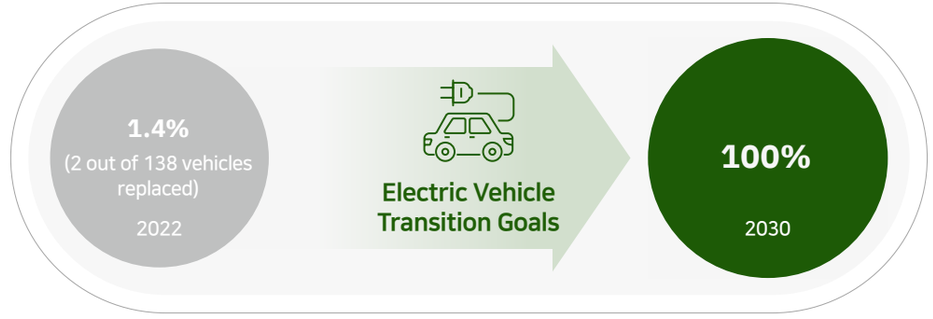
Category	2020	2021	2022
Investment costs in environment and energy	25,492	35,352	**26,599**
Operating expenses for environment and energy	259,893	272,486	**337,134**

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.

100% Transition of Business Vehicles to Electric Vehicles

Samsung Electro-Mechanics is actively advancing a phased replacement strategy for its corporate business vehicles, aiming to achieve a complete transition to electric vehicles by 2030. Moreover, we have plans to establish an electric vehicle charging infrastructure within both the internal and external parking areas of our domestic business sites. This initiative will facilitate the use of electric vehicles and create an environment where our employees can use electric vehicles more conveniently.

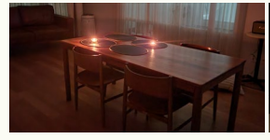


Employee Participation in Global Climate Action Campaigns

On March 15, 2023, we joined Earth Hour, the largest global campaign against climate change organized by the World Wide Fund for Nature (WWF). Our employees actively took part in an internal lights-out event to raise awareness about climate change and emphasize the significance of energy conservation. Samsung Electro-Mechanics in the campaign for the second year following 2022 and turned off the power at the main buildings of Suwon, Sejong, and Busan business sites. In addition, we conducted an 'Energy Saving Photo Campaign' on the same day to encourage our employees' voluntary participation.



Suwon Business Site



Energy Saving Photo Campaign

Reduction of Energy Consumption GRI 302-4

To minimize energy consumption, Samsung Electro-Mechanics establishes annual energy reduction targets and consistently drives energy saving activities. These efforts primarily revolve around the operation of high-efficiency facilities and the enhancement of energy efficiency, spearheaded by our dedicated Energy Task Force. Between 2022 and 2025, our focus is on managing energy costs to remain within 5% of sales. We also persistently pursue reduction activities aimed at minimizing the amount of energy required for conversion into renewables. Furthermore, when implementing new facilities, we prioritize the installation of energy saving equipment that meets stringent energy saving specifications. We proactively seek to reduce energy consumption by assessing the adoption of high-efficiency energy equipment and incorporating renewable energy technologies during the construction and expansion of buildings and plants.

Energy Use

(Data coverage: 100%, Unit: MWh, MWh/sales (M $))

Category	2020	2021	2022
Total energy consumption	2,438,906	2,909,016	**2,684,888**
Energy intensity	372.9	356.4	**365.6**

Energy Use Goals and Performance[1)]

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

Category	2020	2021	2022
Energy use goals	2,513	2,744	**3,107**
Energy use performance	2,354	2,549	**3,079**

1) Recalculated 2020 data due to changes in internal calculation standards

Conversion to Renewable Energy (RE100)

Samsung Electro-Mechanics has established a medium to long-term energy saving plan to be carbon neutral and joined RE100 in the second half of 2022 to implement a 100% transition to renewable energy by 2050. To enhance the adoption of renewable energy, we have been operating solar power facilities with a capacity of 100 kW, which allows us to generate an annual supply of 100-120 MWh of renewable energy. Additionally, our overseas business sites have progressively transitioned towards renewable energy, procuring 6,730 MWh of renewable energy in 2022.

Renewable Energy Acquired (Data coverage: 100%, Unit: MWh)

Systematic Energy Saving Management System

Samsung Electro-Mechanics has established an energy management system (ISO 50001:2018) 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, since 2016, 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. In addition, we operate an energy saving award system to encourage the active participation of our employees. We promote energy saving practices and incentivize participation by implementing awards such as prizes to recognize and reward middle managers and employees who have made significant contributions to energy saving.

Energy Saving Task Force Operation

The Energy Saving Task Force is comprised of 200 members from diverse departments, including development, manufacturing, and infrastructure. It plays a crucial role in achieving energy saving across all sites through several initiatives, including optimizing facility operations by integrating production processes at manufacturing sites, implementing and managing Sleep Mode, identifying and implementing energy saving tasks, as well as sharing and managing these findings across other sites to ensure widespread adoption. In addition, the bimonthly CSO-organized conference checks energy consumption and saving tasks at each business site.

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, which was previously managed by each business site and unit, into two parts: base load and manufacturing. Furthermore, to micromanage energy use in the manufacturing process, we have segmented each process to better track our energy consumption in relation to production. Through this, we analyze input, supply, climate conditions, and base load energy used by the process and compare results between business sites to level energy efficiency upward. We also used water during winter and heat exchangers to deactivate the chillers utilized for clean room[1)] 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, we piloted load factor management at the Suwon Business Site to control indoor temperature and humidity and efficient supply steam, vacuum, compressed air, chilled water, and water used in the manufacturing process. We plan to configure high-efficiency operating conditions through the pilot operations and apply them to all business sites after analyzing their performance. 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.

	Configuration of Production-linked Work Environment	Improvement of Production Equipment	Improvement of Heat-related Equipment
Activities	· Turning off non-operational equipment and enhancing energy efficiency through production-linked clean room operating conditions	· Increasing productivity by upwardly leveling the output of identical equipment	· Reducing heating system power consumption by improving heating equipment insulation · Improving load and reducing power consumption of air conditioners by insulating heat exhausts and pipes
Expected Results	Reduced electricity and steam consumption	Increased productivity, Reduced electricity consumption	Reduced electricity consumption

Operation of Green Business Sites

To mitigate any potential negative environmental impacts resulting from our management activities, Samsung Electro-Mechanics applies a systematic approach to identify and manage associated risks and consistently strives to enhance our environmental performance. We diligently monitor environmental regulations domestically and internationally, enhancing our environmental management system to ensure proactive compliance. We also regularly evaluate the effectiveness, appropriateness, and overall completeness of the system through routine screenings. Recognizing the significance of resource circulation, we are intensifying our endeavors to enhance waste recycling rates, such as acquiring zero waste-to-landfill certification. Furthermore, we actively engage in the conservation of biodiversity, which encompasses activities such as reducing water resource consumption through facility improvements and combating the introduction of non-native flora and fauna that disrupt ecosystems. We also employ systematic measures to manage water and air pollutants, and hazardous chemicals, to foster a healthy environment and to deliver eco-friendly value.

	Goals	Future Plans	Key Achievements
Waste Management	Improve waste management and treatment - Acquiring zero waste-to-landfill certifications at all business sites by 2025	Acquisition of Platinum validation as a zero waste-to-landfill at Sejong business site in 2023 - Plan: Platinum 2, Gold 2 → Platinum 3, Gold 1	Obtained certification for zero waste-to-landfill at business sites Suwon and Tianjin (Platinum), Sejong and Busan (Gold) Waste recycling rate (Unit: %) 2020: 81 2021: 84 2022: 89
Water Management	Plan to boost the company-wide reuse of water - Achieving a 36.7% water reuse rate by 2030	Implementation of a roadmap to increase water reuse - Additional construction of reuse facilities for concentrated water, washing water, and effluents discharged into wastewater	Water reuse rate (Unit: %) 2020: 9.3 2021: 23.6 2022: 26.1 Expanding water reuse facilities Approx. 528,000 tons throughout the year
Environmental Pollutants Management	Continue to maintain on average 30% lower levels compared to the standards mandated by air and water pollutants laws and regulations - Managing the total amount of air pollutant emissions - Regularly inspecting through the monitoring system	Continuous management of air and water pollutants - Obtained an integrated environmental permit under the Ministry of the Environment for reducing pollutant emissions - Continuous management of air and water pollutants	Maintains on average 30% lower levels compared to the standards mandated by air and water pollutants laws and regulations

Environmental Management Policy

Samsung Electro-Mechanics is instituting environmental policies and targets based on our understanding of environmental laws and compliance obligations, stakeholder requirements, and significant environmental impacts. Through these, we seek to mitigate inefficient use of resources, climate change, destruction of ecosystems, and loss of biodiversity. We have established company-wide environmental (ISO 14001) and energy (ISO 50001) management systems and plans for environmental protection to consistently promote green business practices throughout the entire life cycle of products, including manufacturing, use, and disposal, as well as distribution and logistics. Furthermore, we conduct regular monitoring and evaluation of all activities, ensuring the operation of processes aligned with the goals of our environmental management system. Through continuous support for environmental improvement activities and effective communication with stakeholders, we strive to enhance the efficiency and reliability of our environmental management system. In addition, in the case of mergers and acquisitions due to the expansion of new factories or business expansion, we identify the environmental regulations of each country and operate a system that complies with laws and regulations.

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	Practicing Eco-friendly and Energy Management	Creating a Safe and Healthy Workplace	Win-win Partnerships based on a Safe Environment
- We comply with domestic and international laws and agreements related to safety, health, environment, and energy, and set strengthened internal standards and faithfully implement.	- We take the lead in environmental protection by using eco-friendly methods throughout the cycle of product development and production.	- To create a safe and pleasant work environment, we build a safety culture in which all employees participate.	- By sharing our safe environment management system and technology with suppliers, we build partnerships on a safe environment.
- We ensure leadership and active participation of employees to achieve goals, as well as transparency by disclosing policies to stakeholders.	- 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.	- 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.	- 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 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 maintain 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 and online training once a year, and each department conducts environmental impact assessments annually. Through the impact assessment, we identify significant environmental risks and establish and implement detailed targets and improvement plans to achieve environmental policies and targets. Led by the CEO, we will exemplify leadership and dedication to environmental management, upholding accountability within our management system, establishing goals and strategic directions, and seamlessly integrating these principles into our business processes.

Global Safety and Environment Management System

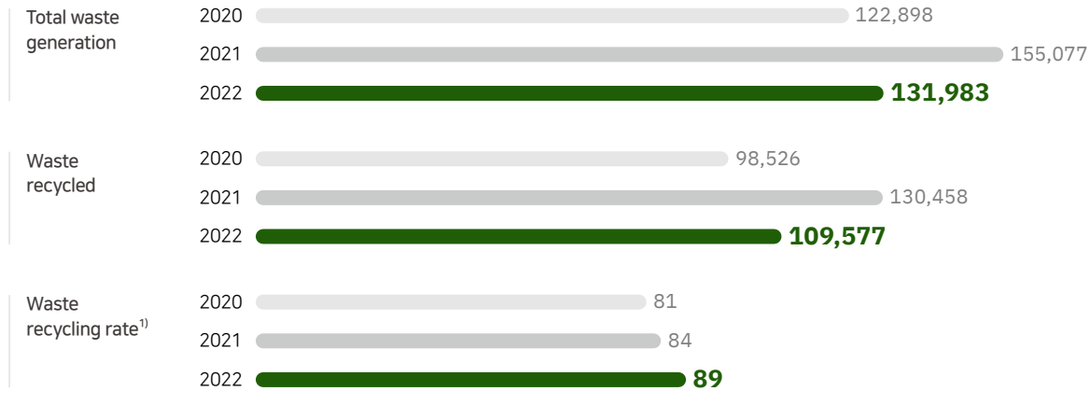
To align with global standards and incorporate them into our management practices, Samsung Electro-Mechanics aims to attain environmental performance through the implementation of ISO 14001 and ISO 50001 management systems. We also emphasize life cycle management and engage in activities geared towards environmental protection. Building upon the environmental management system, we are implementing a systematic process to accomplish our goals and objectives, consistently monitoring and evaluating all safety and environmental activities through regular assessments. In addition, we establish targets to meet various environmental needs and impacts, such as environmental laws, compliance with obligations, and stakeholder requirements, to promote the efficient use of resources and limit the destruction of ecosystems and loss of biodiversity. All of the above activities are subject to ongoing monitoring and evaluation.

ISO 14001 Certifications
(Data coverage: 100%, Unit: %)

Waste Management GRI 306-1, 306-3, WEF SCM Solid Waste

Samsung Electro-Mechanics is preemptively responding to waste issues by establishing a focus management improvement plan for major waste generated every year, conducting site inspections and detecting changes in laws and regulations every quarter. In addition, we carry out in-house waste discharge inspections and separate discharge of waste for incineration to improve resource circulation, as well as conduct relevant training and campaigns once a year to increase the awareness of our employees. Consequently, we achieved the target of an 89% recycling rate in 2022.

Waste Recycling GRI 306-3 (Data coverage: 100%, Unit: ton, %)



1) Waste recycling rate=(waste recycled+energy recovery)/waste generated

Waste Monitoring and Management Processes GRI 306-1, 306-2, WEF SCM Resource Availability

Samsung Electro-Mechanics has built a waste monitoring system to track and manage the entire process from generation to disposal of waste. In our pursuit of 'minimizing landfill waste,' we adopt a proactive approach when dealing with new waste generated in our processes. We conduct pre-evaluations of treatment methods and carefully assess the waste circulation utilization rate, as well as the occurrence of incineration residues in our selection process for waste disposal companies. General waste undergoes a meticulous collection and sorting process, where it is categorized into five distinct groups, and our expert management personnel further segregate the waste to ensure there is no mixing between different waste types. Hazardous waste is safeguarded against external spills by utilizing dedicated waste bags, operating sealed collection boxes, and strictly adhering to specified discharge times. We ensure the legality of waste disposal by conducting pre-contract site visits for all waste transport and treatment consignees and performing site visits at least once a year to further verify their compliance with waste management regulations.

Waste Monitoring and Management Processes

Establishing the Annual Management Plan	Sorting and Storing Waste	Selecting Consignment Companies for Waste Treatment	Managing Consignment Companies for Waste Treatment	Waste Treatment Management
· Waste management plans for compliance with laws and regulations, improvement of sites, operation management · Annual management plan for the sector that needs regular inspection, quarterly and semi-annually	· Management of storage compartment to prevent mixing of hazardous and general waste · Compliance with legal storage standards and period by waste type	· Preemptive prevention of illegal disposal by identifying waste disposal processes of selected processing companies, including the site conditions, the legality of permits, and storage conditions	· Identification of secondary by-product ratio after waste treatment and recycling outcomes · Inspection of the legality of the waste treatment process for all companies at least once a year	· Review of waste treatment at business sites and reporting to the government · Focused management and improvement plans for generated and non-recyclable waste · Verification of waste recycling rate through zero landfill waste certification by external agencies

Zero Waste-to-Landfill Certification

In line with our strategy to reduce environmental burden by minimizing landfill waste and enhancing waste recycling rates, our objective is to obtain zero waste-to-landfill certifications across all business sites by 2025. The Zero Waste-to-Landfill certification, evaluated by UL Solutions, a renowned global safety science company, is classified into platinum (100%), gold (99-95%), and silver (94-90%) categories. This certification is based on the percentage of waste that is recycled and converted into valuable resources at business sites, serving as an indicator of a company's commitment to resource circulation. Thanks to our diligent waste reduction efforts, we are proud to announce that in 2022, all of our domestic business sites have been certified to send zero waste-to-landfill. This achievement reflects our commitment to sustainable practices and responsible waste management. The Busan business site was recertified as a gold level for the second consecutive year. In July 2022, Suwon business site was certified platinum with an average resource circulation rate of 100%, and the Sejong business site was certified gold with a resource circulation rate of 96%. In order to achieve zero waste-to-landfill certification as soon as possible, we are evaluating and managing the implementation performance by reflecting the acquisition of certification as the goal of the management.

Since establishing our goal to emit 'zero waste' in 2019, Samsung Electro-Mechanics has continued to invest in waste recycling facilities. In particular, in order to recycle trace amounts of copper in wastewater sludge, we have established a system that can recycle 150 tons of wastewater sludge every month by supplementing the copper agglomeration facility of the wastewater treatment plant and installing a high-efficiency dewatering facility.

Zero Waste-to-Landfill Certification Award Ceremony

Waste Reduction Activities

Improving Waste Treatment Methods

Samsung Electro-Mechanics is committed to increasing the recycling of incinerated and landfill waste at our sites and establishing efficient waste disposal processes. Our domestic business sites actively engage in activities such as utilizing incinerated waste alkali and acid as pH adjusters in wastewater treatment plants. Meanwhile, our overseas business sites have implemented recycling measures, including recycling construction waste as road-building aggregate and incorporating cement as part of the raw materials. We improved recycling conditions by discovering new recycling companies for alkaline waste, which curbed the amount of secondary waste that go to landfill or are incinerated and other environmental pollutants that may be generated during waste disposal.

Waste Treatment Methods Improvements

Classification	Improvements	New processing method
Suwon	Improved treatment method for waste stripper solution, etc	Incineration → Recycling
Sejong	Improved treatment method for cleaner waste solution, etc	Incineration → Recycling
Busan	Converted landfilled gypsum board and process sludge into recycling	Landfill → Recycling
Tianjin/Gaoxin	Improved treatment of office waste into solid RDF, etc	Incineration/landfill → Recycling
Philippines	Improved treatment method of waste film into recycled yarn (fillers), etc	Landfill → Recycling
Vietnam	Improved treatment method of construction waste into road construction aggregates, etc	Landfill → Recycling

Reduction of Disposable Product Use

To work towards the goal of achieving 'Zero Usage of Disposable Product' by 2024, Samsung Electro-Mechanics has established an internal task force focused on reducing the company's internal usage. We have also initiated a campaign to encourage our employees to actively reduce their consumption of disposable items. In order to reduce the internal use of disposable products, we launched a campaign to use personal cups at in-house cafes. We changed the disposable straws and stirrers used at the in-house restaurants and cafes to paper materials, plastic containers and PET bottles to paper materials and cans, and plastic bags to multi-use eco bags. To encourage further participation, we have organized a campaign titled 'Miracle Routines: Small Habits that Save Us and Save The World' to promote the sorting of milk cartons by employees at our in-house restaurants and cafes. The collected milk cartons were exchanged for recycled toilet paper through an agreement with the Suwon City Hall and donated to underprivileged social groups. In 2020, we successfully collected 450kg of materials, followed by 970kg in 2021 and further reaching 1,080kg in 2022. These efforts allowed us to contribute 540 rolls of toilet paper to our recipients.

Streamlining the Use of Resources

We are analyzing and monitoring our packaging usage to ensure efficient resource use. Through the optimization of packaging box space, we effectively reduce transportation volume and minimize waste emissions. Additionally, we actively strive to minimize the utilization of disposable packaging materials by promoting resource conservation through their reuse and recycling. These standards are not only applied to products for clients but also to materials and products from raw material suppliers and Samsung Electro-Mechanics' overseas business sites. Furthermore, we make ongoing efforts to minimize usage, promote sharing, and enhance the recycling capability of packaging materials during their development.

Water Resource Management GRI 303-1, 303-5

Samsung Electro-Mechanics is operating a water reuse improvement plan to meet our goal of a 36.7% water reuse rate by 2030. In 2022, we began recycling concentrated water, washing water, and effluents from wastewater and expanded the reuse facility to process approximately 528,000 tons per year. We are also investing in water treatment facilities to analyze related risks and maintain water quality standards. To immediately respond to potential water outages, we have implemented effective measures such as utilizing reserves with a capacity exceeding 12 hours and establishing redundant supply sources. Our systematic monitoring system allows us to identify and analyze the status of water resources at our business sites. Issues and areas that require improvements are reported to management and instant action is taken to implement necessary measures.

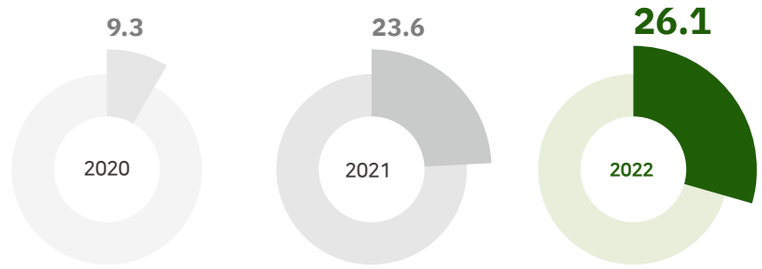
Water Consumption GRI 303-3 (Data coverage: 100%, Unit: m³)

Water withdrawal

2020	19,708,294
2021	20,834,376
2022	**19,699,860**

Water Reuse (Data coverage: 100%, Unit: %, m³)

Water reuse rate

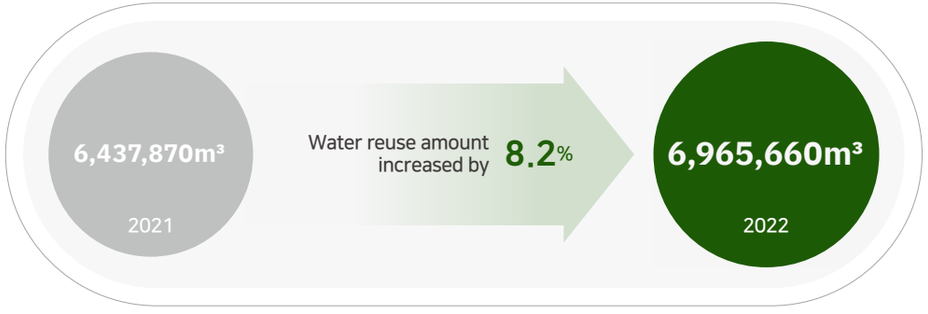


Water reuse amount

2020	1,827,990
2021	6,437,870
2022	**6,965,660**

Water Resource Reduction Activities

Samsung Electro-Mechanics recognizes 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 23.6% in 2021 to 26.1% in 2022.



Status of Water Resource Reduction Activities

Facility Improvement	Improved Performance (Reuse rate)
Expansion of RO concentrate reuse facilities at Suwon business site	Over 28,000 tons throughout the year
Expansion of washing water reuse facilities at the Sejong business site	Over 168,000 tons throughout the year
Expansion of recycled water reuse facilities at the Busan business site	Over 200,000 tons throughout the year
Expansion of RO concentrate reuse facility at Tianjin production site	Over 95,000 tons throughout the year
Expansion of RO concentrate reuse facility at Gaoxin production site	Over 37,000 tons throughout the year

Environmental Pollutant Management

Water Pollution GRI 303-2, 303-4, WEF SCM Water Pollution

Samsung Electro-Mechanics monitors the entire process, starting from wastewater generation at the manufacturing site until the final treatment and discharge phase. We perform regular self-analysis to maintain stable water quality in the treated water. 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.

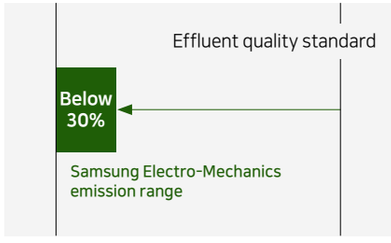
In 2022, Samsung Electro-Mechanics expanded the use of chelating resin to easily remove, separate, and enrich heavy metals in wastewater from the Suwon business site. Additionally, at the Sejong business site, we sought to enhance the efficiency of wastewater treatment by introducing a demonstration facility that utilizes the MBR (membrane bio-reactor) method. This method helps minimize sedimentation sites during wastewater treatment while maintaining high microbial concentrations. In addition, the Suwon business site prevents the drought of the Woncheonli Stream by directly releasing treated water into the river and conducts environmental impact assessments twice a year (once in the first half of the year and the second half of the year.) near the business site to analyze the impact on the surrounding water ecosystem. The result confirmed that we are contributing to lowering the environmental load on the Woncheonli Stream : BOD by 29%, T-P by 89%, and SS by 32%.

Air Pollution WEF SCM Air Pollution

Samsung Electro-Mechanics continually strives to comply with the stricter emission tolerance standards mandated by the Clean Air Conservation Act and the Act on the Integrated Control of Pollutant-Discharging Facilities. We are improving processing efficiency by installing and managing optimized prevention facilities. Through the utilization of regenerative thermal oxidizers (RTO), our objective is to improve the processing efficiency of highly concentrated contaminants that are challenging to process. Currently, we implement control standards that remain, on average, 30% below the legal standards.

In addition, when expanding our processes, we conduct a safety environmental pre-examination to identify the characteristics of emissions and minimize contaminants generated by installing proper air pollution prevention facilities. We maintain stable processing efficiency by immediately checking and improving the operating conditions and problems through the real-time monitoring system of air pollution prevention facilities. We are striving to minimize air pollutants emitted by examining ways to improve the treatment of pollutants, such as changing the treatment method of prevention facilities.

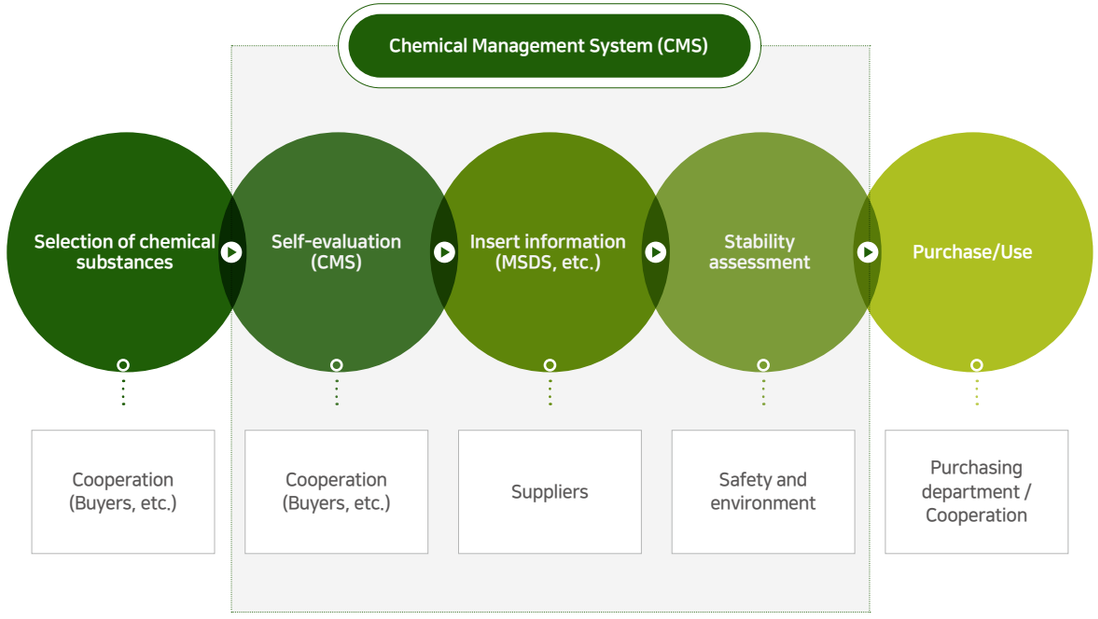
Strengthen Management of Air and Water Pollutants



Hazardous Substances Management TC-HW-410a.1

Hazardous Chemicals Management Strategy

Samsung Electro-Mechanics strives to create a safe and comfortable work environment thorough management of hazardous chemicals. We have obtained permits for the handling of hazardous chemicals as stipulated by the Chemical Substances Control Act for our domestic business sites. All purchased and imported chemicals undergo verification of compliance with legal requirements through our Chemical Management System (CMS) before procurement and entry. Since 2019, Samsung Electro-Mechanics has been working to eliminate the risk by establishing and implementing measures to remove high-risk substances used in its business sites or to replace them with safe substances by installing the Substitute Substances Committee, consisting of experts from the relevant departments. In 2022, we conducted a thorough review of a database consisting of 220,000 chemical substances. As part of our commitment to global regulations, we updated the data for 6,749 substances that we use, ensuring our compliance and ability to respond effectively to regulatory requirements. In addition, we provided annual training to around 10,000 related department managers handling or managing hazardous chemicals to raise employees' awareness of the management methods and hazards of chemicals.



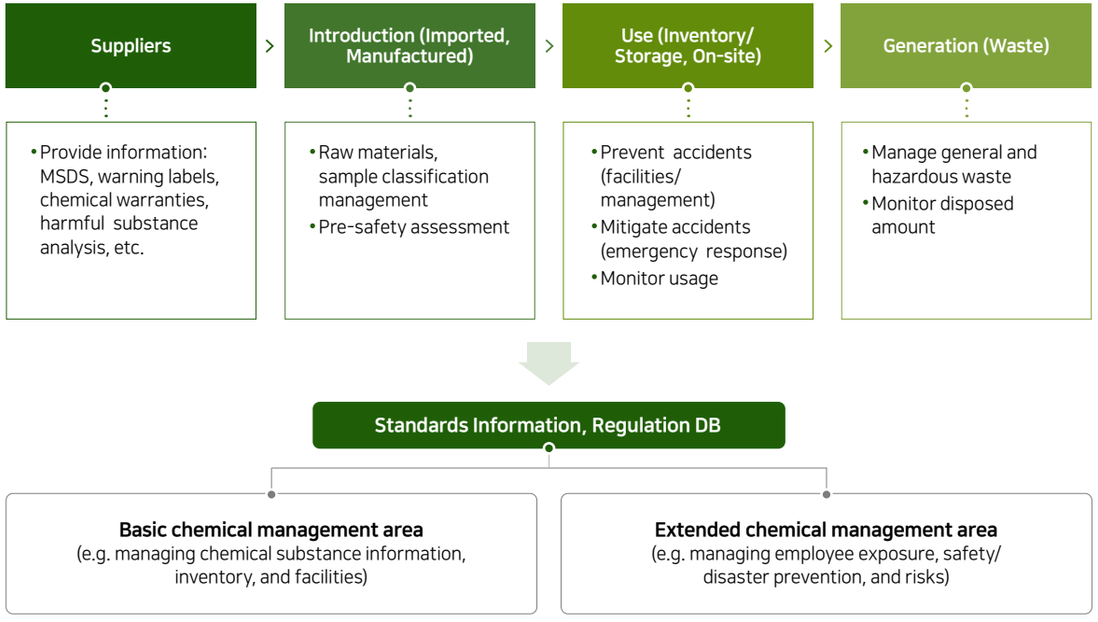
Hazardous Chemicals Verification Process

Samsung Electro-Mechanics performs pre-safety assessments on all chemicals that enter the company through our chemical management system. All chemicals undergo stability evaluation approval before they can be used, and highly hazardous chemicals are categorized as restricted substances to be managed according to risk ratings.

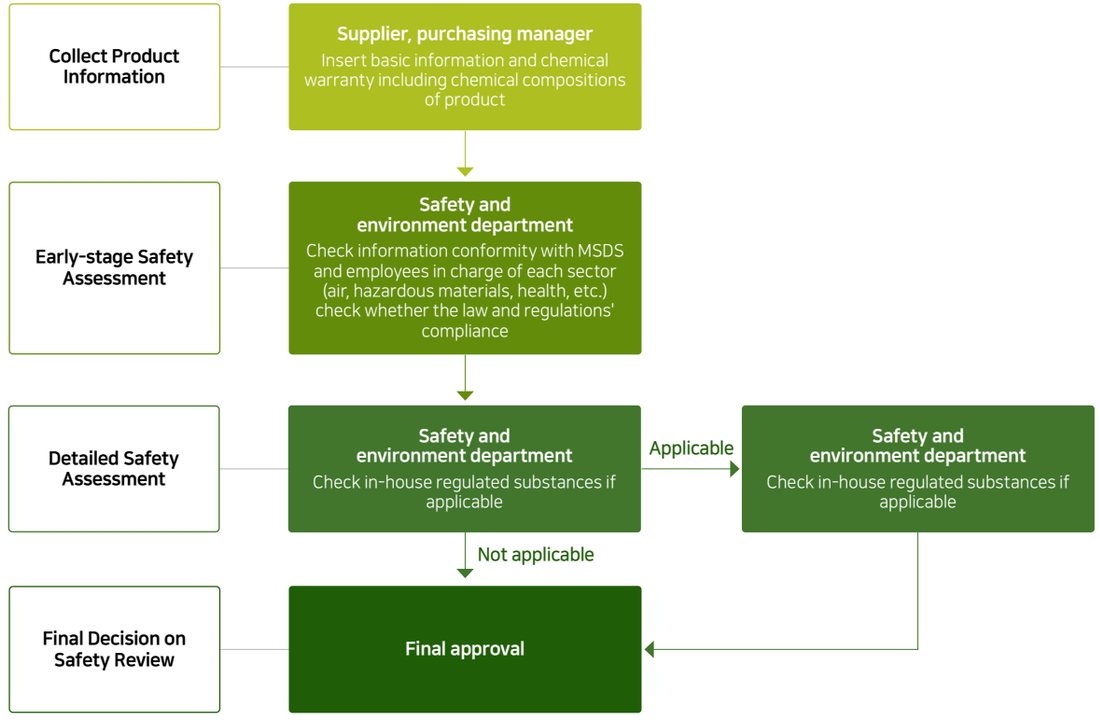
In addition, we have a regulatory review committee to limit the indiscreet use of chemicals. Starting from the initial stage of introduction, the committee carries out risk assessments for CMR substances (carcinogenic, mutagenic, reproductive toxicity). In cases where these substances are classified as high-risk, to effectively prevent and manage exposure at the source, safety and health measures are established and implemented, including material replacement, facility sealing, localization of exhaust systems, and automation.

Moreover, comprehensive inspections of chemical handling facilities and self-assessments of facility protection conditions are conducted in manufacturing and research departments, which include aspects such as automation, sealing, and exhaust system localization. The facilities are regularly examined to ensure their continued performance and to maintain their protective capabilities.

Hazardous Chemicals Verification Process



Safety Assessment Process



Management of Hazardous Chemicals in Products

Material Analysis System GRI 416-1

Samsung Electro-Mechanics actively utilizes simple analysis equipment to swiftly monitor environmentally harmful substances in the raw materials provided by our suppliers. We regularly conduct analyses of chemicals such as Pb (lead), Cd (cadmium), Cr6+ (hexavalent chromium), Hg (mercury), Br (bromine), Cl (chlorine), and Sb (antimony) from the supplied raw materials. If the investigation results indicate the presence of harmful substances, precise analyses are carried out by an authorized external testing agency to ensure accurate verification. The results of the analyses are then managed internally through our in-house system.

Biodiversity Management

Biodiversity Conservation Policy

Samsung Electro-Mechanics recognizes the impact of our management activities on the entire ecosystem and strives to contribute to its conservation by minimizing the negative impact on biodiversity. In 2013, we signed a Joint Declaration on Conservation of Biodiversity and Sustainable Use with relevant government agencies and established a biodiversity conservation policy.

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 Statement on Biodiversity

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

Biodiversity Monitoring and Activities for Conservation GRI 304-1, 304-2, 304-3, 304-4

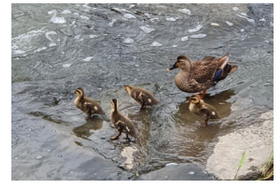
Based on the government's assessment of biodiversity and endangered species, Samsung Electro-Mechanics has identified the ecological nature map and the distribution of endangered species by domestic production and sales sites. It does not fall under the ecological management area based on the National Ecological Nature Map provided by the Ministry of Environment of Korea, but there is an ecological area with ecological nature grade 2 nearby. Every year, Samsung Electro-Mechanics analyzes ecological toxicity that affects rivers around Suwon and Sejong business sites through external specialized institutions to continuously monitor the impact on biodiversity. In addition, in order to preserve biodiversity, we are carrying out diversity conservation activities such as creating an ecological park in the area around the business site, combating the introduction of non-native flora and fauna that disrupt ecosystems, and furthermore. We also plan to expand biodiversity conservation activities by encouraging the activities of the supply chain.

Suwon Woncheonli Stream	Sejong Geum River	Endangered Species in Domestic Business Sites[1)]
Ecotoxicity: No specifics	Ecotoxicity: No specifics	Suwon: One type of amphibian Gangseo-gu, Busan: Three types of plants

1) Source: National Institute of Ecology (https://www.nie.re.kr/)

Improvement of Ecological Environment at Woncheonli Stream

Samsung Electro-Mechanics is dedicated to enhancing the ecological environment by purifying the discharged water that flows into Woncheonli Stream, located near the Suwon business site. The Suwon business site conducts three stages of purification of used water to protect the surrounding ecosystem. After undergoing a rigorous purification process, the clean water is brought upstream and discharged using a pump. We also monitor the pollution concentration of the discharged water in real-time. The effluent, which is cleaner than Grade 2 water, is mixed with Grade 3 water in Woncheonli Stream. This process effectively decreases the pollutant concentration in the stream and cleanses the water by approximately 18% in COD (chemical oxygen demand), resulting in the purification of the stream to the Grade 2 level. Building upon our ecosystem improvement initiatives in the Woncheonli Stream, we are committed to further expanding our range of environmental protection activities within the community.



Waterfowl Habitat on Woncheonli Stream

Ecosystem Conservation at Sohwang Sand Dune

The Sohwang Sand Dunes in Chungcheongnam-do, where the Sejong business site is located, has been designated by the Ministry of Environment as an ecosystem conservation area with high conservation value, as they are home to endangered species, wild animals and plants, and natural monuments. To preserve the ecosystem of Sohwang Sand Dunes, we have established partnerships through Memorandums of Understanding (MOUs) with the Geumgang Basin Environmental Office, Boryeong City Sustainable Development Council, and Samsung affiliates in Chungcheongnam-do. Through these collaborations, we are actively engaged in conservation activities focused on Sohwang Sand Dunes and coastal ecosystems, including the removal of harmful plants and the installation of ecological exploration routes to further enhance the conservation of the area.

Ecosystem Conservation Activities at Sohwang Sand Dune

Purification of Rivers near Business Site

To preserve the ecosystem of Woncheonli Stream, one of the four prominent rivers in Suwon near our Suwon business site, we collaborate with Suwon City Hall and various non-governmental organizations (NGOs). Together, we clean up the stream and plant vines every year to conserve the local river ecosystem and ensure its long-term sustainability.

River purification activities at Woncheonli Stream

Product Stewardship

Samsung Electro-Mechanics implements the principle of product stewardship through the management of hazardous substances in the raw materials of suppliers and our own products and the life cycle assessment in product manufacturing. Through the operation of the hazardous materials management system, we preemptively respond to domestic and overseas product environmental regulations, and we prevent the use of hazardous substances from the product development stage based on hazardous substance management standards on our products. In 2010, we acquired the MLCC industry's first product carbon footprint certification, and a total of 11 carbon footprint certifications were obtained by 2022. We will strive to develop and manage environmentally appropriate and eco-friendly products through the green purchase system and support for training our suppliers.

	Goals	Future Plans	Key Achievements
Product Life Cycle Assessment	Expansion of product carbon footprint certification and establishment and operation of an independent carbon information calculation system (introduction of LCA)	Carbon footprint certification for 6 new products scheduled in 2023 Obtaining carbon footprint certification for 23 products (cumulative) in 2024	2022, a total of **7** products (MLCC 2, BGA 3, FCB 2) * 11 cumulative certified products from 2021 to 2022
Management of Environmentally Hazardous Substances in Products	Reduction and substitution of EU REACH SVHC candidates by 2030 - Extension of coverage to proposed EU REACH SVHC candidates and conduct constant monitoring Compliance with global product environmental regulations and our product environmental policy standards - Enhancement (maintenance) of personnel awareness of compliance with product environmental regulations - Formation of organic partnerships with suppliers	Products are Pb free, RoHS free, and comply with global standards on phthalate materials Providing environment training for suppliers twice a year	Compliance with global standards for EU RoHS[1] and REACH SVHC[2] substances Number of product environment training for suppliers' product environment representative twice in 2022

1) Restriction of hazardous substances, restrictions on the use of hazardous substances in electrical and electronic products
2) Registration, evaluation, authorization & re-striction of chemicals substances of very high concern, substances of high-risk concern as defined in the chemical management system

Product Environment Response System

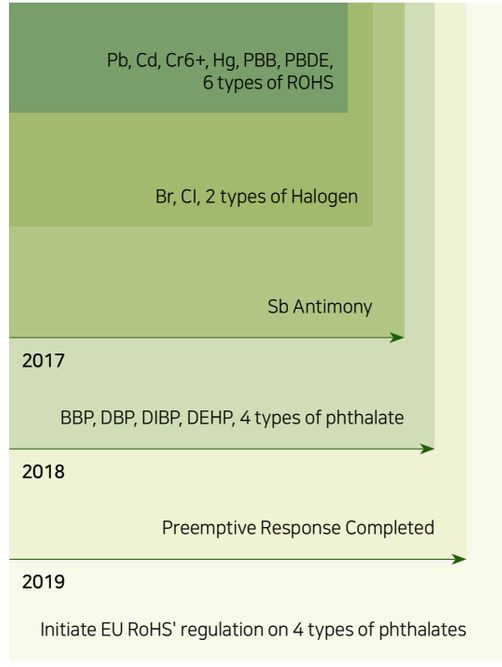
Samsung Electro-Mechanics continuously analyzes domestic and international environmental regulation trends and the product environmental needs of global customers through communication led by the Safety and Environment Team with representatives from related departments (Development, QA, Purchasing). In addition to systematically responding to product environmental regulations, such as reflecting the conclusions derived from analyses into in-house policies, we also strive to strengthen the capacity of hazardous substance management, e. g., conducting regular training for the personnel in departments related to the product environment.

Management of Hazardous Chemicals in Products GRI 416-1, TC-HW-410a.1

We comply with domestic and international product environmental regulations such as the EU RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) to prevent the inclusion of hazardous substances in our products from the product development stage. Since the declaration to comply with RoHS-free standards in 2006, we have operated a green purchase system (GPS) in products and managed the chemicals in the raw materials of our supply chain by establishing a database.

In addition to the top 10 EU RoHS substances (Cd, Pb, Hg, Cr6+, PBBs, PBDEs, BBP, DBP, DEHP, and DIBP), which are the mainly managed substances, we are voluntarily managing substances that can potentially negatively affect the human body and the environment, such as REACH SVHC (Substance of Very High Concern), halogen, antimony, and beryllium, and we plan to promote the voluntary reduction of use in SVHC candidate substances by 2030.

Strengthening the Management of Hazardous Substances in Products



Process of Hazardous Substances Management

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

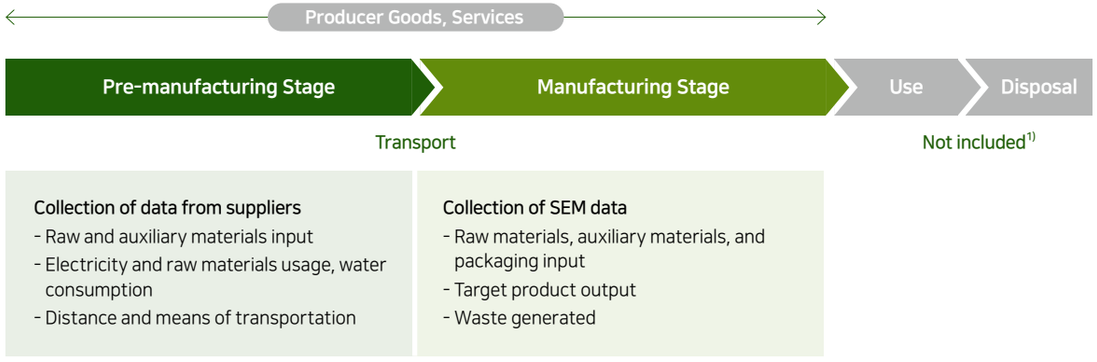
Hazardous Substance Management at the R&D Stage

Samsung Electro-Mechanics has established and managed hazardous materials management standards in its products to prevent the use of hazardous materials from the research stage of developing products. We identify the materials used in all R&D stages including the initial development, design, implementation, completeness verification, and development deliberation stages. We also limit the use of the materials when they contain hazardous substances to ensure that harmful substances are not exposed to the human body.

Life Cycle Assessment (LCA)

Samsung Electro-Mechanics is a business to business (B2B) company that manufactures and supplies the components of finished products to other companies. We calculate the information of carbon generated from the pre-manufacturing stage (supply chain) to the manufacturing stage (Samsung Electro-Mechanics business site) of products in accordance with the guidelines for compiling Environment Product Declaration for producer goods provided by the Korea Environmental Industry and Technology Institute. In recent years, customer demand for carbon information has increased, and corporations' carbon information has expanded beyond the business site level to the product level. Samsung Electro-Mechanics will continue to explore our own calculation methods to build a database of product carbon information and continue to expand the certification of carbon footprints for our products.

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

Samsung Electro-Mechanics continues to expand our product carbon footprint certification to calculate the environmental impact of the entire product life cycle process and to disclose it transparently. Since acquiring carbon footprint certifications (Environment Product Declaration) for the first time in the MLCC industry in 2010, we have obtained a total of 11 products' (10% of sales) carbon footprint certifications and are constantly expanding our certified products.

Environmental Labels and Declarations

Acquisition of Environment Product Declaration
7 in 2022 (MLCC 2, BGA 3, FCB 2) * 11 cumulative certified products from 2021 to 2022

Green Purchase System

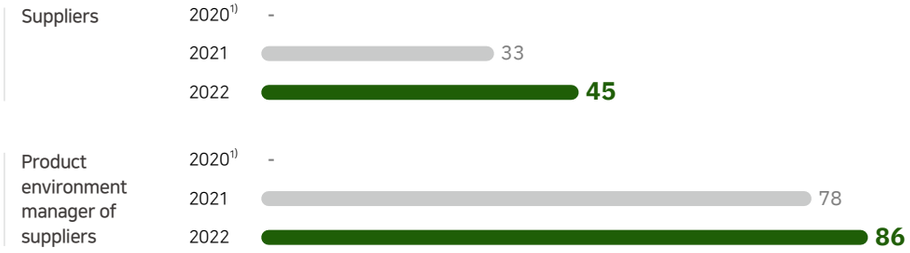
Samsung Electro-Mechanics operates a green purchase system for the systematic management of hazardous substances in its products and strives to respond efficiently to our customers' requests for information and provide them with products. All suppliers of raw materials must submit their chemical information, Material Safety Data Sheets (MSDS), and precision analysis reports of hazardous substances to the green purchase system to prove that they meet our hazardous substance management standards.

Moreover, Samsung Electro-Mechanics voluntarily purchases eco-labeled products to promote green purchases. We actively manage the program through annually reporting to the government agency every year to minimize the environmental impact of product use.

Product Stewardship of Suppliers

We conduct trainings every year to strengthen our suppliers' ability to respond to environmental regulations. By providing the latest information in the field of product environment, such as domestic and overseas trends, product environment operating regulations, and instructing the utilization of Samsung Electro-Mechanics systems, we support our partners to raise awareness in the field of product environmental regulations and strengthen the management of environmentally hazardous substances in products.

Environmental Training on Hazardous Substances for Suppliers (Domestic) (Data coverage: 100%, Unit: number of companies, persons)



1) Training not held due to COVID-19

SUSTAINABLE PEOPLE

Labor and Human Rights

Employees are the most important resource and engine for the growth and success of the company. Samsung Electro-Mechanics is committed to creating a workplace that is safe, diverse, inclusive and fair based on respect for people. To internalize an inclusive organizational culture, we do our best to conduct organizational culture workshops for leaders, build a horizontal organizational culture by strengthening communication channels between leadership and employees, bolster systems to prevent women's career breaks, operate diversity management systems, and build safety-centered field sites. We will strengthen career design consulting for employees in the future, practice a culture of mutual respect with respectful words and compliments, promote company-wide coaching programs for leadership, and evaluate the diversity culture to enable all employees to work in a workplace where safety, diversity, and fairness are guaranteed.

Organizational Culture

Human Resource Management

Goals

Expand employee benefits and maintaining work-life balance
- Introduction of the optional benefits system
- Career design and consulting for employees

Improve organizational culture
- Accelerating challenge and growth-oriented culture through organizational culture workshops for leadership
- Maintaining an organizational health index of over 70 points by 2030

Fair evaluation and compensation for employees
- Diversification of job-based evaluation methods and provision of compensation systems
- Capacity and skill diagnosis according to job

Establish a process of nurturing talent and advancing leadership
- Training according to the leadership pipeline of group leaders, part leaders, on-site leaders, and candidate groups
- Upgrading job training system for nurturing talent

Future Plans

Expansion of employee benefits and maintaining work-life balance
- Expansion of support programs for childbirth and childcare for employees by 2023 (expansion of reduced working period during pregnancy, increase in the number of split use of paternity leave)
- By 2023, provision of consulting (training) on necessary information for each stage of employees' life for each age group

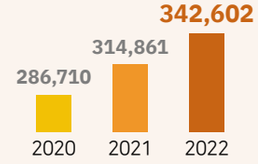
Improving organizational culture
- Practicing a culture of mutual respect with respectful words, compliments and recognition
- Maintaining an organizational health index of over 70 points by 2024

Fair evaluation and compensation for employees
- Strengthening periodic employee evaluations and enhancing goal management process
- Strengthening the compensation system based on performance

Establishing a process of nurturing talent and advancing leadership
- Continuing nurturing of leaders by expanding leadership training
  - Continuing leadership training twice a year for group leaders, part leaders, on-site leaders
  - Vitalization of company-wide coaching practices through coaching guide for all leaders
- Continuous support for job training systems and training programs to nurture talent

Key Achievements

Employee benefits
(Unit: KRW million)



Promotion of organizational health index diagnostic surveys

Organizational health index
(Unit: points)

Work engagement	71.7
Company pride	72.1
Team collaboration	73.6

Evaluation progress based on annual Management By Objectives (MBO) 100%

Training cost per person Aprrox. KRW 950,000

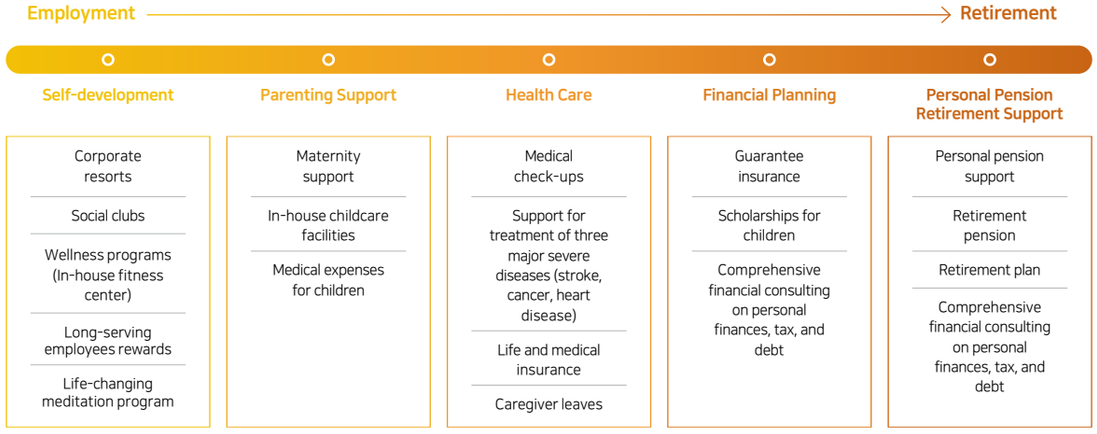
Total training time per person 49hours

	Goals	Future Plans	Key Achievements
Respect for Human Rights	**Promote respect for diversity and inclusive culture** - Increasing the ratio of female leaders to 8% by 2030 - Establishing a diversity management structure by 2030	**Promoting respect for diversity and inclusive culture** - Continuing development of female leaders by increasing enrollment in the Next Generation Leadership Program to 20% by 2024 - Encouraging participatory behavior to enhance cognitive diversity	Certified as a Family-Friendly Company Percentage of female employees: 42% Percentage of female executives: 4.3%
Safety and Health	**Achieve zero serious accidents through constant prevention activities** - Elimination of significant risks through audits and planned inspections - Improving safety awareness by establishing a safety-first atmosphere	**Continuously achieving zero serious accident with prevention activities through customized safety management** - Risk assessment of harmful risk factors and enhancing close contact management - Preventing non-business accidents with customized and specialized	Achieving zero serious accidents Employee injury incidence rate: 0.011 (2020), 0.038 (2021), 0.026 (2022) ISO 45001 certification rate: 100%

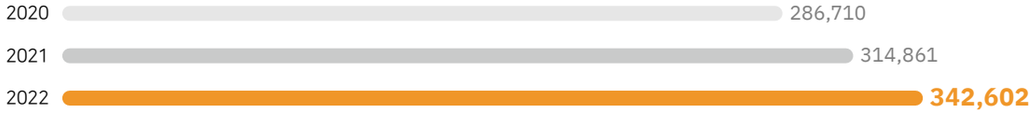
Organizational Culture

Advanced Welfare System Accommodating each Employee's Life Cycle GRI 401-2

Samsung Electro-Mechanics provides a wide range of benefits to all employees, including full-time and contract workers. It provides benefits throughout the lives of executives and employees, including life, culture, and medical care, as well as four major insurance support items, which are legal support items. We provide various welfare benefits related to life and culture, such as welfare points, corporate resorts, in-house childcare facilities and dormitories, support for medical expenses and comprehensive health check-ups, operation of in-house affiliated clinics, and mental health care center to all employees. In addition, employees suffering from severe diseases such as heart disease and cancer are provided through the contingency support system. However, some benefits aimed at long-term service may not be applied depending on the period of service and the contract period for non-regular workers. Also, We provide welfare programs tailored to the lifecycle of our employees to help them grow and improve their work satisfaction. During their tenure at Samsung Electro-Mechanics, we assist the stability of our employees and family lives by supporting club activities, medical check-ups, and scholarships for children. In addition, we also provide retirement planning programs for our employees in their 50s and above to prepare for their comfortable lives after retirement.



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



Health Care GRI 403-6

Samsung Electro-Mechanincs operates an in-house fitness center for employess to help managing their health. To help prevent illness or work-related conditions in advance, we offer regular medical check-ups to our employees and their spouses, and it is conducted every four years in their 20s, every two years in their 30s, and every year in their 40s. In addition, Samsung Fire & Marine's medical insurance is provided for all employees, which covers medical expenses within their coverage limit for hospitalization and outpatient treatment. For employees with three major serious diseases (stroke, cancer, and heart disease), we cover up to KRW 10 million of illness support in addition to the full cost of treatment, and we also provide KRW 20 million in illness support for employees with children suffering serious illnesses. In addition to medical expenses, we provide caregiver leaves for employees who have a family member in need of major surgery or illness.

Parenting and Family Care Support

Samsung Electro-Mechanics is committed to support our employees' family care, including maternity and parenthood. We provide pre- and post-natal leaves and infertility leaves for female employees and up to 15 days of fully paid paternity leave for male employees. For employees whose children are entering school, we offer scholarships, education fee support, and gifts. If the employee has children with disabilities, we cover their full tuition fee. We also support our employees' work-life balance by hosting events for families, such as Children's Day celebrations and employee family camps.

Maternity Protection Program[1]	Childcare Support	Improvement in Infrastructure	W Board
· Maternity leave · Resting and nursing spaces for pre and post-natal employees · Shortened working hours for childrearing years · Mommy leave[2] · Operating two-year parental leave[3] · Infertility leave · Maternity leave for spouses[4]	· In-house childcare facilities · Financial support for kindergarten and child medical expenses	· Providing designated ID cards for pregnant employees · Snacks for pregnant employees · Dedicated parking spaces for pregnant employees	· Women's Committee in the Labor-management council · Receipt and improvement of female employees' complaints

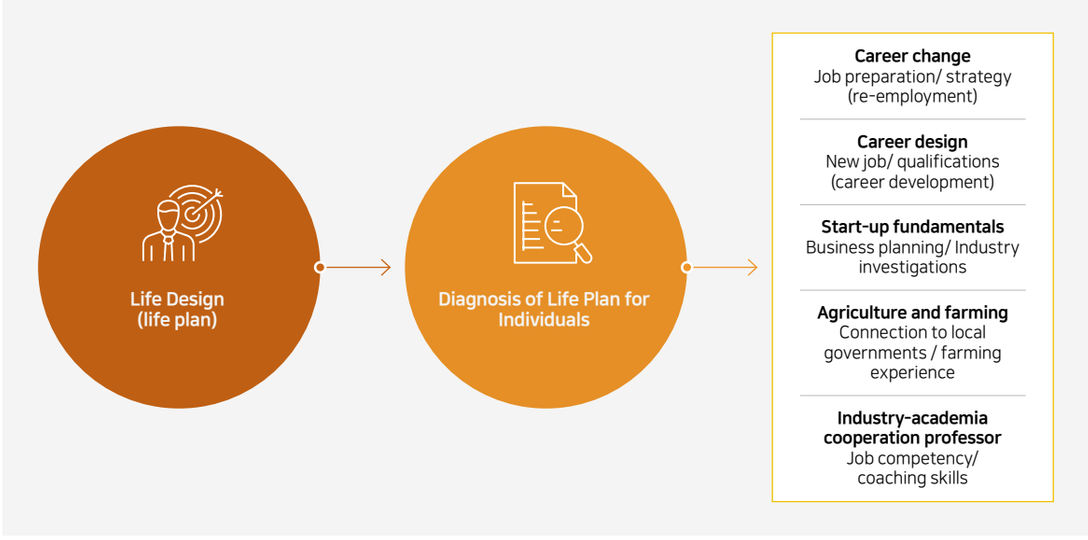
1) It exceeds the legal standard
2) A leave that can be granted before childbirth for pregnant women, and it can be used for up to 10 months until childbirth
3) Parental leave is available for up to two years, paid for one year and unpaid for one year
4) Supported up to 15 days

Post-retirement Support GRI 404-2

To help employees plan their second life and secure their retirement, Samsung Electro-Mechanics offers a variety of retirement support programs, including personal pension and retirement pension support, career counseling, re-employment, and entrepreneurial opportunities. We provide financial consulting at all times to help employees plan stable lives. For employees in their 40s and older, we operate a life-changing meditation program, and a retirement planning program is offered to employees in their 50s and older. For retirees, we help them finding new employers, writing resumes, and practicing interviews. In addition, we operate a start-up support program to help them learn how to select items for starting new businesses, develop business plans, and register their businesses, as well as a wide variety of other programs, including programs to facilitate their adaptation to farming villages, specialized programs for executives, and a program for Industry-academia cooperation professor.

Retirement Pension	Personal Pension
Provide to all employees who have worked for over one year	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 Benefits Program

Samsung Electro-Mechanics offers an optional benefits program for the employees to choose the benefits that fit their lifestyle. Employees can redeem their annual wellness points for optional items such as clothing, groceries, sports center access, medical check-ups, travel, performances, and more.

Self-directed Work System

To improve the efficiency of employees' work, Samsung Electro-Mechanics offers a self-directed work system that allows employees to autonomously choose their working hours and workspace according to their lifestyle and job duties. Commuting times and work hours can be adjusted to meet employees' working environment, and working from home is also possible for a more flexible working style. On 'Home Run Days', employees are mandated to get off work on-time twice a month, and employees with children are proactively utilizing them to facilitate their work-life balance. Moreover, we operate 'Work Smart' that enables our employees to manage individual work hours and vacation plans individually.

Flexible working system
Discretionary, optional, and autonomous clock-in and out[1] are offered to optimize time utilization

Work from home
Work from home to ensure spatial flexibility

1) A system that allocates working hours by working day according to the freedom of workers
- Minimum working hours: 4 hours per day ↑
- Minimum working hours per month: Weekdays of the month * 8 hours

Work Environment Support

Samsung Electro-Mechanics constantly strives to provide a work environment optimized for employee efficiency and engagement.

Dormitories	· Provided to employees with the need in accordance with in-house standards · Free access and rest without time constraints · Periodic semi-annual fire and earthquake evacuation drills
Cafeterias	· Staffed with professionals (nutritionists, cooks) · A total of four meals per day (breakfast, lunch, dinner, and night meal), and one free meal per day with a variety of diets, including Korean, Chinese, and Western cuisine, and healthy meals · Monthly food and safety inspections to ensure hygiene and safety in dining facilities

Mental Health Care Center

Samsung Electro-Mechanics the Mental Health Care Center, a professional psychological counseling agency staffed by professionals with certified qualifications, offers individual counseling, counseling and education programs for couples and children, workplace leadership coaching, psychological testing, manufacturing site visits, and department-level counseling programs. We also alleviate employees' stress by providing meditation programs through in-house meditation rooms and external meditation education providers. To strengthen the accessibility of counseling services for our employees, we provide online channels such as dedicated messengers, mobile applications, and video counseling and offer 24-hour telephone counseling for emergency counseling.

'Gatekeeper' in Each Department

Every year, Samsung Electro-Mechanics provides employee mental health training for 'gatekeepers' who serve as counselors within their departments. By sharing mental health information every month, we help employees manage their mental health.

Horizontal Organizational Culture

Employee-oriented Bottom-up Culture, Horizontal Communication and Engagement

Samsung Electro-Mechanics conducts employee participation activities to build a bottom-up culture centered on employees and promotes an organizational culture based on horizontal communication. To this end, in 2022, we improved the direct communication between our employees and the CEO and held 35 on-site meetings to share first-hand stories and respond directly to each other. We have also opened an online space where the employees can freely exchange their opinions, called PluSEM, where employees can openly discuss organizational issues and problems and share videos and information with each other.

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Town Hall Meeting

Samsung Electro-Mechanics held a total of seven town hall meetings at its Suwon, Sejong and Busan business sites until May 2023, starting with the Electronic Device Business Team in February 2023 to facilitate free communication between employees and the CEO. A total of 100 employees attended the meeting and had various discussions with the CEO about technology, business, and organizational culture. The response from employees was positive, as having direct access to the CEO helped them feel more connected to the company's vision.

Town Hall Meeting

Communication with Employees

Monthly Board Council	· GWP board council is held once a month to deliberate user's agenda with workers · Composition and deliberations of the Board Council **01 I Trust Board :** All systems related to HR, training, salary, and benefit standards **02 I Fun Board :** Employees' social contributions, support for illness, and activities to revitalize the organization **03 I Pride Board :** Company-wide welfare facilities, improving the working environment, and enhancing productivity/competitiveness **04 I Women Board :** Improvement of overall welfare facilities related to female employees and HR system
Hanulim's Suggestions	· The Hanulim Council, the representative of the workers' side, constantly receives complaints on infrastructures and work-related inconveniences from employees. · Within 24 hours of the reception, the issue is addressed after a discussion with relevant departments in the company.
SEM Talk	· In-house anonymous message boards · Open for all employees to post

Bottom-up Activities through RiGHT© Challenge

As part of the employee-oriented organizational culture innovation project, we selected more than 200 employees from various levels to establish our mission, vision, and core values through an eight-month workshop in 2020. In 2021, we held Deep Dive RiGHT workshops by business department to specify each business department's topics. In 2022, based on the topics determined at Deep Dive Talks, we identified action items and discussed ways to spread RiGHT© wider and more in-depth, the behavioral principles for business departments and leaders. In addition, we created 20 core value emoticons that best represent the actions and slogans that best represented RiGHT© through a company-wide contest, which are used widely in our internal messenger.

RiGHT© emoticons

Creative Leadership Workshop

Samsung Electro-Mechanics has been conducting leader workshops on organizational culture, recognizing the importance of leaders' roles in changing the organizational culture. In 2022, we hosted a workshop on inclusive workplaces where people from various all backgrounds can collaborate to challenge and grow. We strive to establish an atmosphere where leaders lead by example and create an open culture of equal opportunity.

'The Leader and Colleague for All' Awards

Samsung Electro-Mechanics awards prizes, plaques/frames, and flowers on the company's founding anniversary to employees who have contributed to creating an organizational culture in which people want to work through communication and collaboration, and who can be a good example to others. We provide extra performance points for those awarded.

Culture of Mutual Respect and Compliment

Samsung Electro-Mechanics is conducting a campaign to use respectful language to establish a culture of mutual respect within the company. We conduct quarterly surveys to understand the extent of change following the campaign and engage employees by calling for best practices. Through an online compliment message board (SEMQ), we also provide a venue for posting peer-to-peer compliments and expressing gratitude to coworkers with points. This contributes to a virtuous cycle of positivity and compliment culture within the organization.

SEMQ : A platform for praising employees and to give recognition and gratitude towards colleagues/seniors and juniors based on our core value, 'Respect all'

Number of participating employees in domestic **10,476** persons

Number of compliments **95,924** cases

Future Innovators

Through a participatory subcommittee called 'Future Innovators', Samsung Electro-Mechanics operates a two-way communication channel to gather diverse feedback from our employees. Future Innovators play the role of opinion leaders who actively share the views from actual work sites by attending public hearings when we try to implement changes in the field, such as four-group three-shifts and field specialist systems. We selected 217 employees to ensure an even distribution of members from all levels, including those who volunteered and were nominated by each department, and held four rounds of 38 public hearings to reach 1,264 employees. We managed that the discussions during the public hearings were communicated to other employees through Future Innovators, and we incorporated the feedback from these sessions into the system.

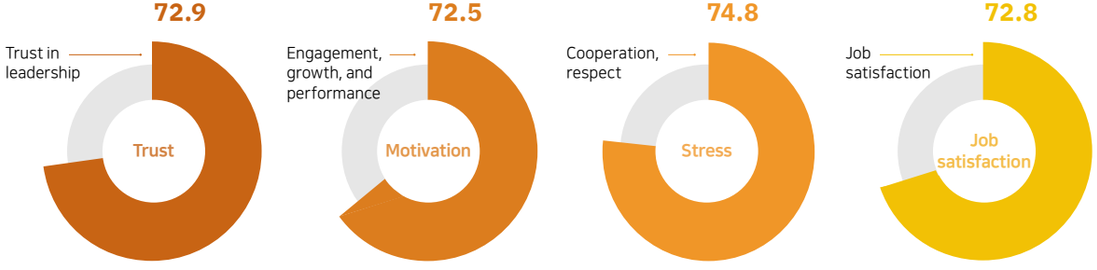
Employee Job Satisfaction

Samsung Electro-Mechanics conducts work satisfaction surveys called SCI (Samsung Culture Index) once a year in domestic and overseas as part of our activities to create a good working environment. We analyze the results of the survey from multiple angles to make improvements. In 2022, we reorganized the employee satisfaction score into an organizational health index. We assessed the level of health in each of the following categories: work engagement, team collaboration, and company pride. The results showed improvement in all three areas. The satisfaction survey results are shared with employees, and the report for each group is sent to the leaders to derive points for improvement. In addition to the annual job satisfaction survey, we strive to improve the organization's culture through upward and peer evaluations, surveys using respectful language, and core value internalization surveys. Also, from April to September 2022, we identified the stress and happiness of employees using a messenger chatbot and shared them with all employees, making efforts to understand the emotions of employees by sharing. The results are used to analyze the current status and predict or diagnose future conditions. They are reflected in the in-house policy for building a working environment and organizational culture that satisfies all members, such as eliminating employee VOCs and discovering room for improvement.

Organizational Health Index (Domestic) (2022) (Data coverage: 100%, Unit: %)

Conducted a 12-item Organizational Health Index Survey in 2022

Work engagement		Team collaboration		Company pride	
Engagement	Growth	Cooperation	Performance	Trust	Fairness
Efficiency	Job satisfaction	Respect	Satisfaction on department	Communication	Company satisfaction
71.7 points		73.6 points		72.1 points	



C·A·S·E

Zero Wave Program: Participatory ESG Events for Employees

Employees at Samsung Electro-Mechanics are the key drivers of our ESG management. To commemorate Samsung Electro-Mechanics' 50th anniversary, we have organized and implemented Zero Wave, a collection of events featuring forward-thinking ESG initiatives that revolve around employee engagement.

Zero Wave aims to start a 'Wave' of ESG activities integrated into our daily routines, representing our commitment to attain zero environmental impact across five key categories.

The five categories were chosen based on the employee ESG awareness survey and the materiality assessment conducted for the 2022 Sustainability Report: Waste & Recycle, Energy & Emission, CSR, DEI, and Water Management. Today, Zero Wave has developed into a company-wide ESG initiative with sector-specific specializations. Employees voluntarily and autonomously participate in the Zero Wave Program, and participating executives and employees are provided with Eco-friendly products as compensation.

Zero Wave Program Five Classification

Zero Waste

Reducing waste
Using refill stations, Using Eco-Bags, and etc.

Net Zero

Mitigating carbon emissions
Using carbon points,
Taking the shuttle bus, and etc.

Zero Bias

No discrimination
Engaging in intergenerational 1:1 within the department, Watching cultural diversity related contents, and etc.

Zero Water Scarcity

No polluting water and reducing water use
Using cleaning products in solid form,
Using right amount of detergent, and etc.

Zero Social Distance

Reducing social distancing
Using products from social enterprises,
Pro bono, and etc.

Zero Wave Program - ① Operation of Zero Waste Week

Samsung Electro-Mechanics held Zero Waste (reducing waste) Week as our first Zero Wave Program. It featured five ESG activities that employees can implement in their daily lives, such as using refill stations, properly discarding waste, using reusable cups, reducing paper printouts, and using Eco-Bags[1].

Zero Wave Weeks will sequentially include Net Zero (mitigation of carbon emissions), Zero Bias (no discrimination), Zero Water Scarcity (water consumption), and Zero Social Distance (social outreach) programs.

1) Eco-Bags: Takeaway bags provided at SEM restaurants made of 100% recyclable materials (Re-PET)

Employee Participation during Zero Waste Weeks

Human Resource Management

Talent Recruitment and Management

Talent and Fair Recruitment Process

Samsung Electro-Mechanics conducts open recruitment centered on job skills and excludes discriminatory factors such as education and gender to provide equal opportunities to all job applicants. We respect the diversity of our talent and provide foundations for any hardworking employee to grow into a key player.

Recruiting Outstanding Talent

Samsung Electro-Mechanics strives to attract outstanding talents who will lead the future in various fields. We attract talented people based on a fair recruitment process that gives equal opportunities to all those who want to work for us, and when hiring new employees, we recruit not only university graduates but also vocational and high school graduates to provide employment opportunities to a wide range of applicants. We also have a college intern program that offers students the opportunity to gain experience and knowledge of the corporate environment. Samsung Electro-Mechanics is committed to promoting a merit-based recruitment culture by hiring experienced employees on a rolling basis according to the needs of each job and business department.

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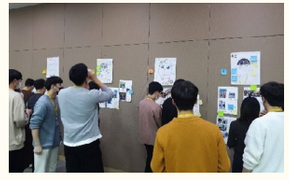
Recruitment of Outstanding Talent in Domestic and Overseas (Ph. D. degree holders, experienced applicants from leading companies)

To attract talent to develop and produce core components for advanced IT and electronic devices, Samsung Electro-Mechanics is always recruiting talent with competitiveness in major fields such as material development, product development, facility development, process development, and base technology. We will continue to strengthen our business capabilities by recruiting outstanding individuals with doctorate degrees and experience at leading global companies.

Work Experience Program for College Students to Recruit New Hires

Samsung Electro-Mechanics offers various programs to foster and hire outstanding future engineers. In particular, we operate the Practical Engineering Program during the winter break for engineering students. By providing students with experiences in corporate environments and engineer jobs, such as on-site training, product training, and mentoring programs, we strive to entice future talent who can contribute to our business.



Practical Engineering Program

Enhancing Our Brand for Recruitment

Samsung Electro-Mechanics utilizes various media forms, including YouTube and blogs to introduce jobs, working environments, and benefits to find the suitable talent and broaden our talent pool. In 2022, we posted interviews with managers about their roles and jobs on our website and YouTube to provide direct and indirect job experience to our applicants.

Job Introduction Video

Link to 'Honest talk about job with employees'

Link to 'The daily life of a Samsung Electro-Mechanics' MLCC developer'

Data-driven Workforce Management

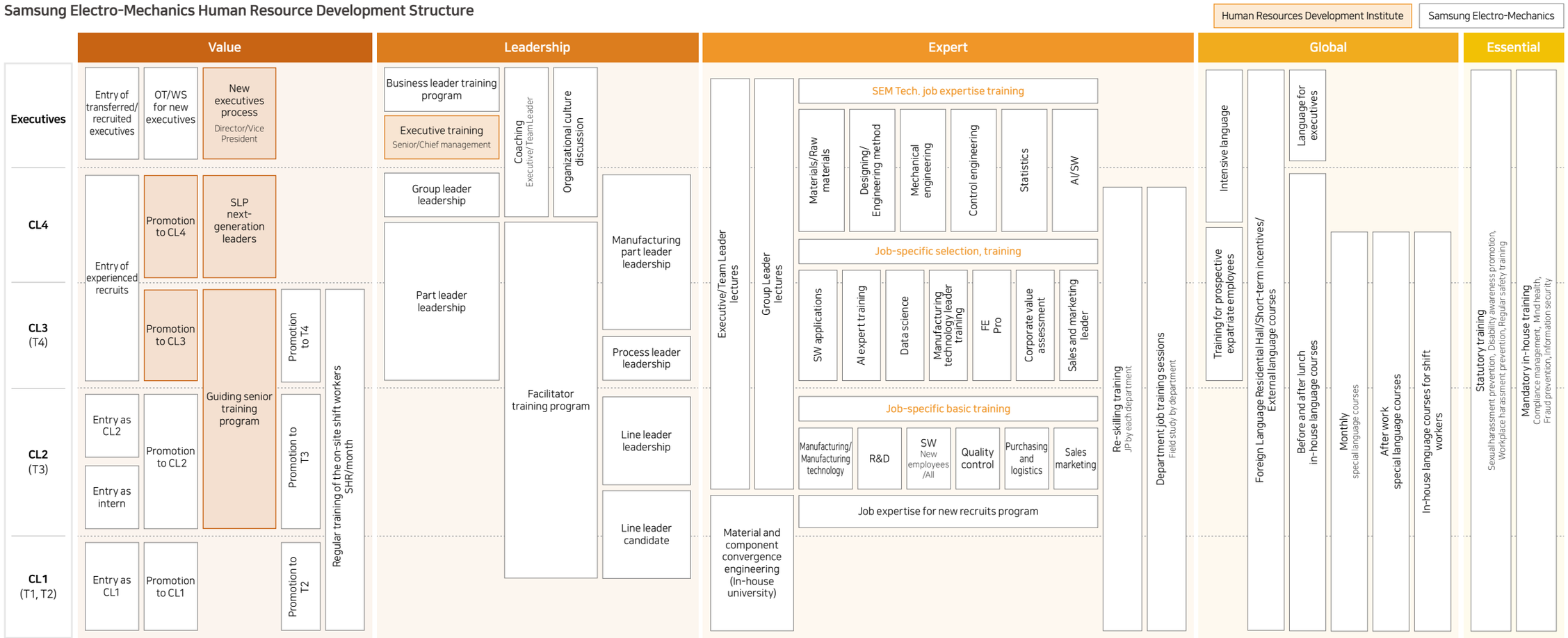
Samsung Electro-Mechanics uses statistical and data analysis to recruit suitable talent, develop strategic human resource management plans, improve employees' job satisfaction at work, and measure employee performance. Through the system, we also identify key data, such as leave and turnover rates, the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

Human Resource Development

Vision for Human Resource Development

Samsung Electro-Mechanics has established a customized and global talent cultivation strategy based on employees' experience, competencies, and job functions. We strive to promote corporate and individual growth by providing leadership, job, and foreign language training by position and career for domestic and overseas employees, as well as training on corporate core values and organizational culture.

Samsung Electro-Mechanics Human Resource Development Structure



Customized Capacity Building Program GRI 404-2, WEF Skills for the Future

At Samsung Electro-Mechanics, we foster a culture of self-directed learning and support customized training relevant to the job. We offer a variety of training programs to help leaders guide their organizations amid changing conditions and provide environment where people can perform at their best.

Introductory Training | We have a wide range of programs to cultivate new recruits into future leaders. They learn the core values of Samsung Electro-Mechanics, such as basic mindset and attitudes, organizational culture, and ways to prevent corruption, as well as developing a sense of professionalism through a mentoring system for understanding their jobs and adapting to respective departments. In addition, we provide intensive SW training and nurture them with digital literacy and problem-solving skills.

Job Training | Samsung Electro-Mechanics provides systematic job training to nurture the expertise of our employees. We establish a roadmap based on required competencies for each job and level and provide a self-directed learning culture for their continued independent growth. To this end, we established 'SEM Academy', an integrated learning platform. Samsung Electro-Mechanics also supports employees' acquisition of MBA degrees and offers area expert training programs, as well as AI courses to help employees develop their skills. To further enhance our employees' global capacity, we have introduced domestic on-site expert programs and training programs for overseas employees.

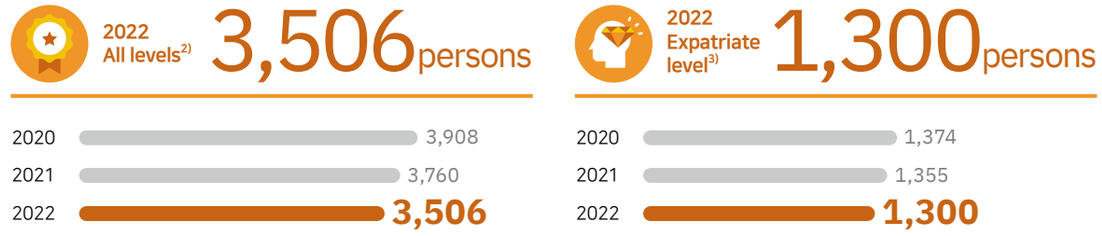
(Unit: persons)

Program	Output	Outcome
MBA[1] Master's degree programs at outstanding universities in domestic and overseas for cultivating business leaders	2021 Number of students: 1 2022 Number of students: 3	Motivating outstanding employees to develop expertise and work by supporting 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	2021 Number of students: 1 2022 Number of students: 6	
AI programs Cultivation of AI experts through six-month collective training on AI theories/practices	2021 Number of students: 22 2022 Number of students: 25	Creating new business opportunities and empowering employees by training AI experts, a key technology for the future

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

Global Talent Nurturing Training | We provide various language classes for employees to improve foreign language communication skills. The intensive courses 'Foreign Language Residential Hall' and 'Short-Term Intensive Program' support the growth of global professionals with various expressions and contextual learning in an environment separated from work during the enrollment period. Furthermore, we support employees who wish to learn foreign languages in parallel with their work through programs such as in-house language courses, e-learning/video language courses and in-house language assessment system. Through an in-house language program, we support employees to learn foreign languages and take language assessments regularly.

SEM Members' Foreign Language Qualifications[1] (Domestic) (Data coverage: 100%, Unit: persons)



1) Recalculated 2020 data due to changes in internal calculation standards
2) Status of holders of English/Chinese/Japanese/Vietnamese overall grades (Grade 4~S) recognized by the group
3) Status of holders of higher grades recognized by the group (English/Japanese level 2 or higher, Chinese/Vietnamese level 3 or higher)

SEM Members' Completion of Language Courses[1] (Domestic) (Data coverage: 100%, Unit: persons)

Classification	2020	2021	2022	Remarks
Foreign language residential hall	68	93	117	· Intensive training course for improving language proficiency to grow into global experts at the level of expatriates
In-house language courses	812	549	991	· In-house language courses using lunch and dinner times to learn foreign languages (work-and-study)
e-learning	2,549	2,347	2,338	· Online foreign language courses

1) Limited collective training due to COVID-19 (2020-2021)

Employees Dispatched in MBA, Area Experts, and Academic Programs (Domestic) (Data coverage: 100%, Unit: persons)

Classification	2020	2021	2022
MBA[1]	2	1	3
Area experts[2]	-	-	-
Academic research	3	1	6
AI programs	30	22	25

1) MBA, EMBA, Sungkyunkwan University's Graduate School of Chinese Studies 2) Dispatch pending due to COVID-19 since 2020

CA Workshop

Samsung Electro-Mechanics selects CA (Change Agent) for each department and conducts training through workshops every year. During a workshop held on the first half of the year in 2023, 349 CAs (189 in Suwon, 37 in Sejong, 123 in Busan) were selected and provided with standard CA activities, tips as well as a variety of discussions and trainings to fulfill their duties as an organization culture manager and gatekeeper in their team.

Promoting the Company-wide Leadership Coaching

Samsung Electro-Mechanics encourages leaders to have regular one-on-one conversations with their department members. We have developed and distributed a 'One-on-One Guide for Executives and Group Leaders', which leaders can refer to in their one-on-one conversations with department members, and provided group leaders with coaching and feedback training related to performance management and competency development. Going forward, we will support leaders to apply one-on-one conversation guide at appropriate moments by developing online micro-learning content on performance management and coaching.

ESG Training for New/Experienced Employees

Samsung Electro-Mechanics conducts ESG lectures in the introductory training as a required training for new recruits. Samsung Electro-Mechanics has been conducted the training since 2022, provided it not only for the meaning and purpose of ESG but also for introducing our ESG activities. We also provide the lecture in connection with H (Harmony with) of our core values RiGHT© to let employees learn the practical items that contribute to customers and humanity.

Leadership Capacity Building Program

Samsung Electro-Mechanics holds capacity-building programs to ensure that all employees grow through work, take on challenges, and achieve best results. In 2022, we organized and trained based on the role of each leader under the topic of 'strengthening the leader's drive and inclusiveness' to provide an environment where all employees can focus on their work in a flexible workplace environment. Group leaders and part leaders received a total of two trainings, in the first half of the year on 'Performance Management and Diversity' and on the second half 'Solutions for Organizational Management Issues'. Manufacturing part leaders received training focused on conflict management and promoting collaborative work culture to perform as experts in the manufacturing department who manage their respective manufacturing sites such as production/quality/delivery, etc. Manufacturing process leaders received training on strengthening organization management as front-line managers who oversee human resource management and the improvement of manufacturing sites, while line leaders received training on communication and contextual interview skills as beginner managers who face the employees on-site. In addition, through line leader candidate training, a pre-training system is in place to learn the responsibilities and roles as future leaders and to be able to perform their duties immediately when they are appointed.

Leadership Capacity Building Program

Classification	Content and Performance	Number of Participating Employees (Completed Employees/Targeted Employees)[1]
Leadership capacity training for group leaders	· Offered twice a year for leaders to take the initiative and embrace inclusivity · H1: Performance management and diversity/generational empathy · H2: Organizational management issues (solving performance issues, coaching, collaborations)	132 persons/143 persons
Leadership capacity training for part leaders	· Offered twice a year to cultivate leadership basis for the next generation, and simultaneously lead the group and carry out management	402 persons/421 persons
Training for on-site leaders	· Different programs are offered based on the skills required for each position. · Manufacturing part leaders: collaboration/conflict management, decision making, coaching skills · Manufacturing process leaders: organizational management, resilience · Manufacturing line leaders: communication skills, a guide for situational interviewing	Manufacturing part leaders: 29 persons/29 persons Manufacturing process leaders: 75 persons/87 persons Manufacturing line leaders - Manufacturing line leaders (H1): 212 persons/234 persons - Manufacturing line leaders (H2): 272 persons/275 persons
Training on-site leader candidates	· Roles and responsibilities of field supervisors, organizational management A to Z, HR guide	47 persons/57 persons

1) Leadership training has been completed except for some absentees due to overseas business trips and emergency work-related issues

Leadership Training

Training time per person (Domestic) GRI 404-1, WEF SCM Skills for the Future (Data coverage: 100%, Unit: hours)

Classification	2022	Classification	2022
Training time per person	49	Men	49
Executives	19	Women	47
Managers	59	Under 30	42
Staffs	42	30-50	51
Part-time employees	30	Over 50	49

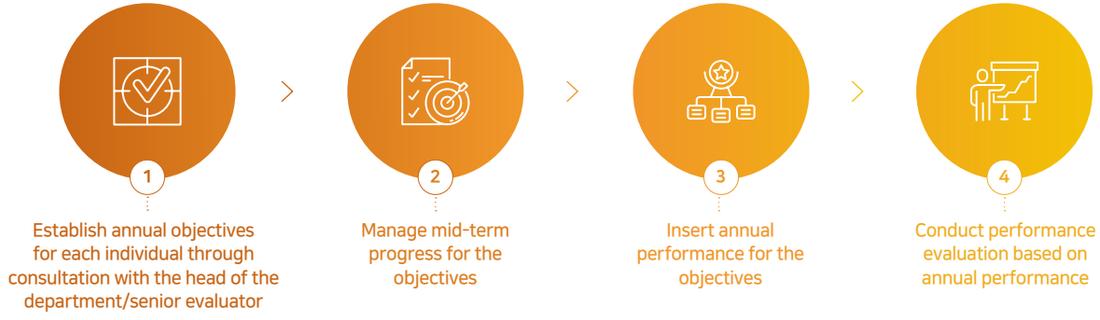
Fair Evaluation and Compensation for Employees

Goal-Oriented Assessment System GRI 404-3

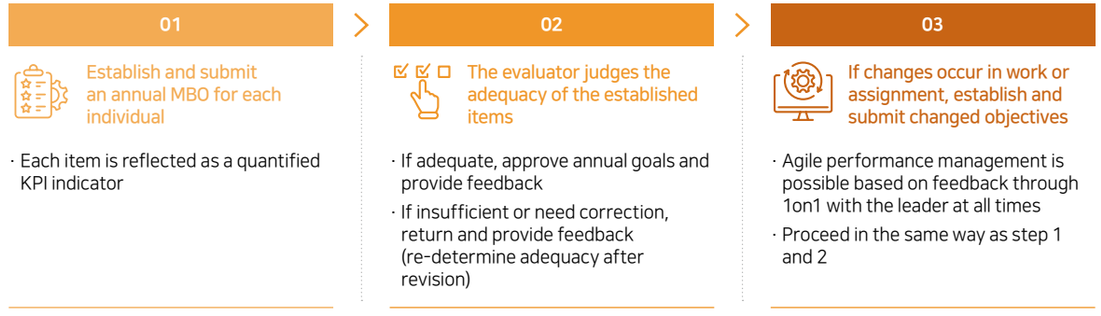
Samsung Electro-Mechanics utilizes MBO (Management By Objectives) to set goals for all employees to help them establish clear work directions and take the initiative. To enhance the fairness and reception of evaluations, we conduct mid-term inspections and encourage employees to voluntarily concentrate through regular one-on-one meetings between leaders and employees. We also check the progress and performance, consult in areas that require capacity development, and provide feedback to help derive best results. We operate an appeals system to provide re-evaluation for those who disagree with the final evaluation results, and we are committed to building the capacity of our evaluators by providing regular leader training and evaluating manuals. In particular, 360-degree leadership diagnosis and feedback are provided to leaders. Through these evaluation results, various feedbacks, and individual coaching, we support leaders to develop their strengths and compensate for their weaknesses, and improve system fairness by reflecting them in the selection and promotion of leaders in the organization. The behavioral model for employee capacity evaluation includes behavioral norms such as ethical awareness and cross-cultural acceptance. ESG-related topics that include risk management, industrial accidents, accident prevention, information protection, and compliance are included in the MBO evaluation of our executives. In particular, safety accidents, disaster management, and quality accident management are reflected in the performance evaluation for all executives and employees, including executives and managers, and these achievements are linked to financial incentives. In addition, we regularly award awards for tasks that have performed well annually in each department to motivate employees to achieve their goals. The team that runs the selected task will be given a plaque, prize money and extra performance points.

Employee Evaluation and Remuneration Principle

Evaluation Process



Consultation Process for Setting KPIs



Respect for Human Rights

Human Rights Policy GRI 2-23, 402-1

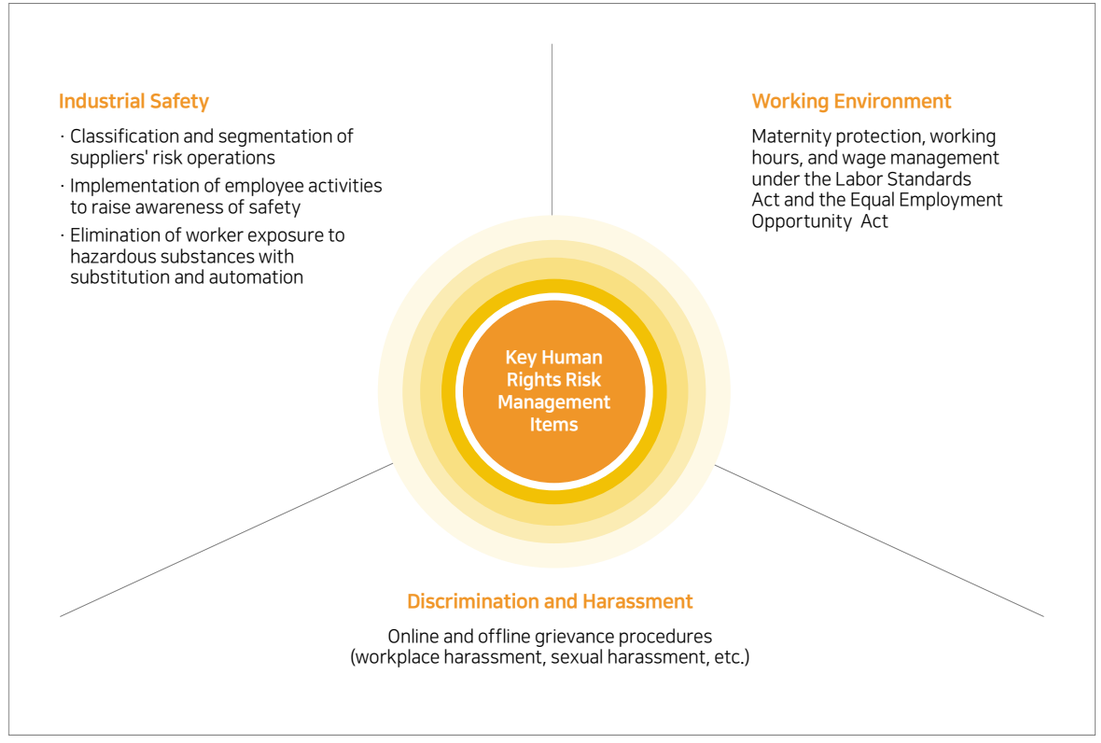
In accordance with the Labor Standards Act, Samsung Electro-Mechanics has several mechanisms to protect the human rights of our employees. Our employment rules stipulate human rights protections, such as prohibiting all kinds of discrimination (nationality, gender, religion, education, class, etc.) and forced work and providing equal pay. We thoroughly examine the human rights protection items set out in the Constitution and labor laws and comply with them through preemptive preparations. In 'Samsung Electro-Mechanics Employment Rules', Chapter 1 (General Rules) provides equal treatment (Article 6), prohibits forced work (Article 7), and Chapter 2 (Human Resources) states that we employ applicants who are 18 years or older (Section 2). These clauses continue to be observed today. We also comply with the international labor rights standards and guidelines such as International Labor Organization (ILO) Fundamental Conventions, UN Universal Declaration of Human Rights, United Nations Global Compact (UNGC) 10 Principles, Responsible Business Alliance (RBA) regulations, and prohibit human trafficking, forced labor, and child labor in accordance with local labor laws of business sites around the world. Moreover, we respect the right of all employees to peaceful assembly, as well as the right not to participate in the assembly. Samsung Electro-Mechanics constantly undertakes a series of activities such as evaluation, monitoring, collaboration, and support to ensure that the human rights of stakeholders, such as employees, suppliers, new business relationships (mergers and acquisitions), and communities, are protected from being violated.

Human Rights Policy

1. Respect for freedom of association, the right to collective bargaining, and collective action
2. Prohibit all kinds of discrimination (nationality, gender, religion, education, class), forced work, equal pay
3. Preemptive compliance efforts by thoroughly examining the human rights protection items set out in the Constitution and labor laws
4. Prohibit human trafficking and forced and child labor
5. Ensure the right of all employees to participate in peaceful assemblies and the right to refuse to participate
6. Respect for the right of employees to express themselves as an individual or organization
7. The constant pursuit of activities such as evaluation, monitoring, collaboration, and support to prevent violations of suppliers' human rights

Supervision and Evaluation of Human Rights Protection GRI 2-25

Samsung Electro-Mechanics' efforts to protect human rights are practiced at the company level through the collaboration of our Legal Team, the Compliance Group, the People Team, the Audit Team, and the counseling office. We also operate an agenda meeting of elected labor-management council members to resolve grievance and protect human rights. The labor-management council operates a grievance resolution bulletin board online, open for year-round submittance, and trying to resolve employees' human rights-related grievances. All of these activities are transparently disclosed to employees on the council's website.



Inspections on Human Rights Violations GRI 2-25

Every year, Samsung Electro-Mechanics conducts inspections on human rights violations on all employees at our domestic business sites through an organizational assessment. To create a workplace where all employees are respected, the People Team administers an organizational management assessment through a survey to cultivate mutual respect, foster the culture of human rights protection at the business site, and detect and alleviate any unreasonable issues. If an issue is discovered from the organizational management assessment, we take measures to correct the issue through causal analysis and check the progress through continuous monitoring. For foreign employees, we provide employment rules written in languages they can understand (Japanese and English), and each overseas business sites also notifies them of employment rules written in their local language.

Evaluation of the Human Rights Assessment Results

Potential Risks	Affected Persons	Mitigation Plan	Remedial Measures
Discrimination and harassment	Employees, women	Establishing a culture that prohibits sexual harassment and discrimination against employees	· Conducting training on the prohibition of sexual harassment and discrimination for all employees (sexual harassment prevention, workplace harassment prevention, disability awareness) · Operation of an employee grievance system · Overseeing an e-mail account for reporting harassment and sexual harassment in the workplace of three main domestic business sites (Suwon, Sejong, Busan)
		Advancing the rights of female employees	· Human resources system to uphold human rights · Advancing women's rights: maternity protection, W board
Forced labor Child labor	Suppliers, workers in labor contracts, new business relationships	On-site due diligence checks for suppliers and workers	· Guide to Code of Conduct for suppliers and confirmation of Code of Conduct compliance agreements · Completing an assessment of suppliers and merged companies on minimum wage and forced labor (failure to pay for overtime and forcing extra work) · Verification of suppliers' and merged companies' clauses and policies on prohibiting minors from working and worker lists - Checking whether suppliers operate a channel for reporting human rights violations (anonymous box, bulletin board, hotline, etc.)
Industrial accidents		Strengthening safety and health management of suppliers	Operation of segmented councils for contractors, managing directly ordered construction system, conducting DRI for risky work, applying suggestion system for suppliers

Inspection Process for Management Based on Respect for Human Rights

Culture of Respect for Human Rights Through Regular Inspections

Assessment of Supplier Labor Rights GRI 407-1, 408-1, 409-1

Management Process for the Assessment of Supplier Labor Rights

Samsung Electro-Mechanics includes labor rights in our own compliance management checklist based on the RBA Code of Conduct and national laws, and regularly and continuously inspects the compliance of its suppliers. In addition to self-diagnosis, we visit our suppliers in person to administer labor rights inspections to check the results of the self-diagnosis. The results of such inspections are reflected in the comprehensive evaluation of the supplier company every year and are used as an indicator to determine whether to continue the partnership. For non-conformities found during the inspection process, we request improvement measures from our suppliers and provide training and consulting, such as information on RBA Code of Conduct and national laws related to labor rights. In 2022, a total of 97 domestic and overseas suppliers were assessed through self-diagnosis, and a total of 82 suppliers were assessed on labor rights by on-site inspections. As a result, 62% (51) of them received a high score in the labor rights category.

Assessment Results of Supplier Labor Rights WEF SCM Dignity and Equality (Data coverage: 100%, Unit: Number of companies)

Classification	Category	2020	2021	2022
Number of suppliers subject to labor rights assessment	Total	99(66)	101(47)	97(82)
	Domestic	54(34)	54(31)	52(50)
	Overseas	45(32)	47(16)	45(32)
High-ranking suppliers in labor and human rights[1)]	Total	28	24	51
	Domestic	17	11	30
	Overseas	11	13	21
High-risk suppliers in labor and human rights[2)]	Total	-	-	7
	Domestic	-	-	2
	Overseas	-	-	5

* ( ) refers to the number of total suppliers that were inspected.
1) Number of suppliers with a labor rights score of 90 or higher following the direct inspection
2) Number of suppliers with less than 80 points

Suppliers' Labor Rights Inspection Items

Voluntary work
Prohibition of forced work, signing of work contracts, guaranteed voluntary turnover and retirement

Wages and 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
Establishment and 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 and 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), prohibition of responsible minerals, protection of personal information

Working hours
Compliance with RBA standards and laws, voluntary agreement on extended work, guarantee of paid holidays, legal holidays, and breaks

Anti-discrimination
Job postings, application forms, medical examinations, non-regular workers

Management system
Violation of law, compliance training, compliance inspection of supply chain

Relief Process through Human Rights Reporting Channels GRI 2-25

Operation of Human Rights Reporting Channels

Samsung Electro-Mechanics has set up Workplace Sexual Harassment and Harassment Reporting Center on its intranet to report human rights violations such as discrimination and harassment, and takes appropriate measures according to the complaint resolve process. If we confirm that there is damage caused by the subject of the complaint, the predator may face an appropriate level of disciplinary action such as reprimands, salary reductions, suspension of work. We also provide support to resolve grievances through an in-house counseling office and a consultation and reporting channel on our mobile messenger platform.

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 on the company intranet

In-house Consultation Office

Grievance resolution through the provision of in-house consultation support programs

Mobile Application 'Mobile 7979'

Consultation and reporting channel on mobile messenger

Improving Working Conditions through the Labor-management Council GRI 2-30, 402-1

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

Processing of Hanulim Council's Deliberation by Board (Domestic) (Data coverage: 100%, Unit: cases)

Category	2020	2021	2022
Total	71	48	61
FUN[1]	21	15	21
PRIDE[2]	22	12	16
TRUST[3]	18	14	18
WOMEN[4]	10	7	6

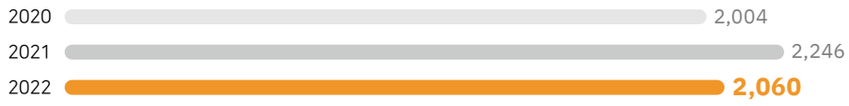
1) Employees' social contributions, support for illness, and activities to revitalize the organization
2) Company-wide welfare facilities, improving the working environment, and enhancing productivity/competitiveness
3) All systems related to HR, labor relations, training, wages, and benefit standards
4) Improvement of overall welfare facilities related to women employees and the HR system

Human Rights Violations and Grievance Responses WEF SCM Dignity and Equality

The labor management council constantly receives feedback, such as grievances and suggestions from employees, through the Hanulim website. When employees submit feedback, they receive the initial response within 24 hours and the detailed action and outcome of the processing within 10 days.

Types of Feedback Submitted to Hanulim (Domestic, 2020-2022) (Data coverage: 100%)

Number of submissions (Unit: cases)



Submission details (Unit: %)

Category	2020	2021	2022
Health and safety	7.7	6.8	4.7
Training	3.4	2.6	2.6
Working infrastructure	19.6	21.3	17.1
Payroll and attendance	10.2	10.6	9.9
Friends of Samsung social service, Volunteer work	4.8	4.6	8.4
Human resources (job placement, recruitment)	7.7	6.2	4.7
Information security (information security+system)	7.1	6.0	6.6
General affairs (cafeteria, rest areas, commuter buses)	39.6	41.9	45.9

Human Rights Training

Samsung Electro-Mechanics strives to respect the human rights of its employees and improve their human rights awareness by conducting workplace sexual harassment and harassment prevention training and disability awareness training for all employees. In addition to our own employees, we emphasize the prevention of human rights violations and provide human rights protection training once a quarter for all the suppliers' personnel who are responsible for security at our domestic and overseas business sites.

Minimum Wage System GRI 202-1

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

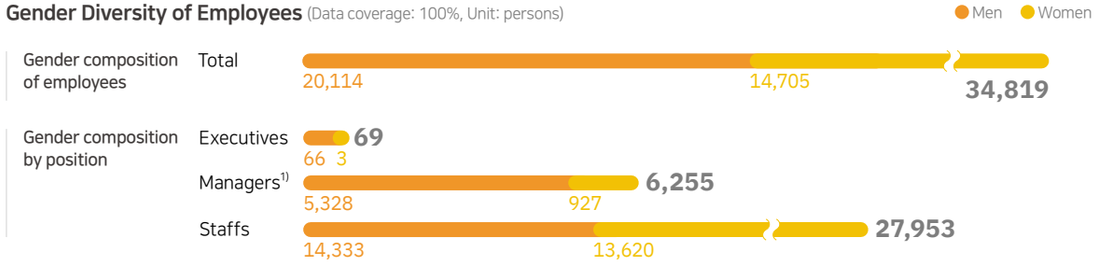
Diversity and Inclusion

Samsung Electro-Mechanics is committed to building an organizational culture where we share diverse backgrounds and ideas and respect each other's diversity. Through diversity programs and training, we foster an environment of respect and inclusion for all employees regardless of gender, race, age, nationality, sexual orientation, and religion.

Gender Diversity GRI 405-1, TC-HW-330a.1, WEF SCM Dignity and Equality

We are committed to promoting a culture of gender equality within our organization and building an environment where all employees can excel with equal opportunities. As of 2022, approximately 23.6% of domestic employees and 52.5% overseas are women. The percentage of female in top-management position (managers, deputy managers, general managers) is approximately 14.8%, an increase of approximately 0.9 percentage points from the previous year and especially, the percentage of female managerial-level is 23.8%. The percentage of female employees working in profit-generating functions (sales, technology, manufacturing) is 12.9% and the percentage of female executives is approximately 4.3%.

Gender Diversity of Employees (Data coverage: 100%, Unit: persons)



1) Managers middle management positions (CL3-4)

Fostering Female Leaders

Samsung Electro-Mechanics is committed to expanding the pool of female leaders and cultivating them by supporting the career development and empowerment of female employees. To this end, we select a core group of female employees who have the potential to become future leaders every year and provide them with various leadership training courses. In 2022, the percentage of core female employees increased from 5.6% in 2020 to 12% to empower them, and we are also nurturing future female business leaders with growth potential by inducting two female executives every year (20%) into the next-generation leader training program. These efforts have led to the appointment of one female executive per year since 2020.

Systematic Enhancement to Prevent Women's Career Discontinuities

We strive to prevent career breaks for female employees and create an organizational culture where employees can balance work and family life. Samsung Electro-Mechanics has engaged in diverse initiatives towards achieving this goal and obtained the certification as a family-friendly company in 2013, which continues to this day.

Childbirth and Parental Benefits | Samsung Electro-Mechanics provides childbirth and parental support for all employees. We support employees' mental and physical recovery by reducing their working hours during pregnancy, ensuring legally guaranteed pre and post natal leaves of up to 90 days, and offering spousal leaves for miscarriages or stillbirths, as well as fertility treatment leaves. To support employees' childcare, we accommodate parental leaves for up to two years for employees with children under the age of 12 and operate various childcare support programs such as mommy leave for pregnancy and childbirth. Through these efforts, we have been certified and maintained as a family-friendly company.

Maternity Leave	Reduced Working Hours for Childrearing Years	Mommy Leave	Maternity Incentive and Congratulatory Gift
Up to 90 days	Reduced working hours for childrearing years1)	Available from pregnancy to childbirth	Provided to employees who give childbirth (spouses included)
Parental Leave	**Spousal Leave for Miscarriages or Stillbirths**	**Fertility Treatment Leave**	**Child Adoption Support**
Available for employees with children under 12 years of age up to two years	Up to three days	Up to one year	Identical support as childbirth

1) Reduced working for childrearing years can be used for up to two years when combined (freely used with a minimum of three months per leave). Reduced working hours during pregnancy can be taken up to two hours per day, paid during the first 12 weeks and after 36 weeks of pregnancy, and unpaid between 13 weeks and 35 weeks.

Guarantee of Equal Pay for Men and Women

Samsung Electro-Mechanics guarantees equal pay and ensures that women are compensated at the same level as men based on fair performance evaluations. Due to these efforts, wages are paid equally for all positions as long as the starting salary and job title are identical.

Gender Pay Gap (Data coverage: 100%)

Ratio of the basic salary of women to men in 2022

100%

Classification	2022
Ratio of the basic salary of women to men	100%
Executives	100%
Managers	100%
Staffs	100%

Diversity training (Domestic) (Data coverage : 100%)

	Thursday Talk, SEM Posts	Newsletter on Organization Culture	Training to strengthen DEI for Mid-level Leaders	Creative Leadership Workshop for Executives
No. of Sessions	5	2	1	2
Content and Performance	Introduction to inclusive behaviors and how to mitigate prejudice based on generational differences (all employees)	Learning the meaning of diversity, equity, and inclusion and how to practice them (leaders and above)	Understanding discriminatory behaviors in everyday life and participatory behaviors that reduce them, and practicing advising in problem situations (140 group leaders)	Workshop on fair opportunities for people of all backgrounds to collaborate, challenge, and grow (all executives)

C·A·S·E

International Women's Day celebration Event on March 8

In honor of International Women's Day on March 8, we introduced the meaning and history to the employees to raise awareness of diversity, equity and inclusion (DEI). We also strive to increase diversity and inclusion within our organization by collecting messages of support from our employees in honor of Women's Day and giving away gifts through a raffle.

Age Diversity

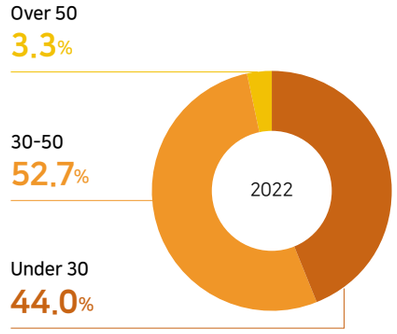
Samsung Electro-Mechanics consists of a wide range of age groups, from 20s to over 50s. We are committed to improving intergenerational communication through employee exchange programs and more. Due to such active efforts, the average continuous service of our domestic employees is 13.6 years as of 2022.

Diversity by Country

As of 2022, Samsung Electro-Mechanics' employees consist of 36% domestic and 64% overseas employees.

Composition of Employees by Age

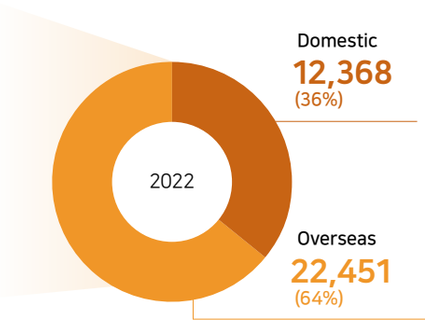
(Data coverage: 100%, Unit : %)



Employee Breakdown by Country

(Data coverage: 100%, Unit : persons)

Asia	22,360
China	9,421
Vietnam	6,005
Philippines	6,747
Other	187
Americas	55
Europe	36



Recruitment of People with Disabilities

Through a fair process, Samsung Electro-Mechanics continues to employ people with disabilities. At Samsung Electro-Mechanics, in accordance with the Special Exception to Calculation of Number of Employees with Disabilities, 225 employees with disabilities account for 1.82% of domestic employees as of 2022. We are working on expanding their employment.

Safety and Health

Safety and Health System GRI 403-1, WEF SCM Health & Wellbeing

To build a safe workplace, we have established a safety and health policy and operate the Safety and Environment Department under the direct supervision of the Chief Safety Officer (CSO) to manage safety and health in the workplace. In order to implement the company-wide safety and health policy, the safety and health plan is reported and approved by the board of directors every year. We have also appointed SHE leaders in each department and communicate with them regularly through a council to resolve issues. We also work towards enhancing employee safety and health through the establishment, implementation, monitoring, and evaluation of comprehensive organizational safety and health objectives and strategies.

Safety and Health Management System

At Samsung Electro-Mechanics, all domestic and overseas plants have been operating under the ISO 45001 safety and health management system since 2018. As of 2022, 100% of our domestic and overseas business sites have completed ISO 45001 certification, and we regularly conduct internal audits and third-party certification audits every year to internalize the safety and health system, improve risks, and develop the system.

ISO 45001 Certification rate in 2022 100%

Response System for Serious Accidents

To prevent serious accidents, Samsung Electro-Mechanics has established 13 compliance guidelines and conducts periodic implementation status checks on the safety and health management system through the implementation management system.

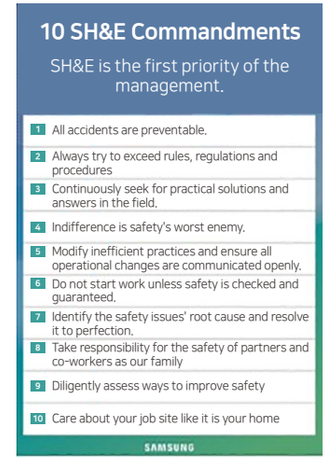
13 Compliance Guidelines for Prevention of Serious Accidents

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

Autonomous Safety and Health system

Samsung Electro-Mechanics provides training and support for individuals' responsibilities and roles for autonomous safety and health activities to enhance their practice. Management conducts monthly safety inspections, identifies and takes action on improvements, and encourages employees to constantly discover potential risks. On-site workers have the right to stop working and refuse to work if it is unsafe or a safe working environment is not guaranteed. We are working to ensure their rights to stop working are protected through procedural guidance. We also prohibit the contracting of hazardous work to employees of suppliers and guarantee their rights to stop working to prevent risks. In addition, we receive reports of safety and health-related grievances from our suppliers through our website and separate system (SAFE ONE), and there is a separate time to make suggestions during the Safety and Health Council of our suppliers (monthly). As of 2022 ~ 2023, the number of reports and suggestions was two on the website, four on SAFE ONE, and 11 on the Safety and Health Council, and related measures and responses were completed for all cases.

10 SH&E Commandments



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

Safety and Health Governance

Safety and Health Council

Occupational Safety and Health Committee GRI 403-4 | Samsung Electro-Mechanics regularly deliberates and resolve important issues related to safety and health through the Occupational Safety and Health Committee, which is composed of workers and company representatives. The Occupational Safety and Health Committee helps employees perform their duties in a comfortable and safe work environment by completing 100% of the items selected for deliberation and resolution between labor and management on matters related to employee safety and health.

Safety and Environment Conference | With safety and environment as the top priority of management, Samsung Electro-Mechanics conducts safety and environment meetings every other month by managers of each business department, including the head of safety and health management. At the meetings, we discuss safety and health issues and the results of safety promotions by business department. Each department head takes responsibility for managing safety activity goals to strengthen management's responsibility and participation in upholding workplace safety and health.

Building a Safety-oriented Worksite

Workplace Improvement Process GRI 403-2, 403-10

Conduct Basic Inspection
· Identify legal compliance
· Receive grievances by department
· Benchmark for excellent business sites
· Identify online VOC

Inspect Current Conditions
· Measure and Investigate
· Interview workers
· Derive key factors

Take Improvement Measures
· Agree on the direction of improvement
· Carry out improvement measures
· Analyze measures' effects

Employee Safety Assessment

Samsung Electro-Mechanics conducts safety culture level assessments for employees to build a safe worksite and establish an autonomous safety culture. As active participation of employees is necessary to establish a safety and health culture, we survey individual employees to evaluate items such as participation, consultation, motivation, personal competence, and performance management to identify and analyze the level of employees' safety management. Through campaigns and safety and health programs, we facilitate employees to develop independent capacity to manage their own safety.

Workplace Risk Assessment GRI 403-2

Samsung Electro-Mechanics regularly assesses workplace risks to proactively identify and improve safety risk factors in our workplaces. When conducting worksite risk assessments, we process based on the grades according to priority by calculating the frequency and intensity of inherited risks in each element. In principle, all employees participate in the risk assessment, with the aim of building employee capacity for managing safety.

Step 1 Conduct Risk Assessment
· Perform assessment when changes occur due to new processes, facilities, etc.
· Conduct regular assessments

Step 2 Identify Harmful and Dangerous Factors
· Identify safety hazards and dangerous risks through the participation of all employees

Step 3 Improve Conditions
· Improve identified risks and implement preemptive management
· Implement necessary measures through annual reassessment based on risk assessment results

Accomplishments from Safety and Health Assessment

As a workplace subject to process safety management (PSM), Samsung Electro-Mechanics' Suwon and Busan business sites received the highest P grade[1)] in recognition of their excellent activities in the 2022 performance evaluation conducted by the Ministry of Employment and Labor. We were recognized for the following three components: 1) systematic operation of all changes, hazardous work, and risk assessment occurring during processes, 2) matching of the worksite to the drawings, and 3) reduction of damages through crisis response scenarios and drills in the event of an emergency. In addition, the result of identifying potential risks in 2022 was 164,951 cases based on employees in manufacturing, that is 9.5 cases per person, exceeding the target (5 cases per person) by 190%. We will maintain our dedication to establishing a safety-oriented worksite by persisting with independent initiatives and fostering internal and external collaborations.

1) Out of 2,163 business sites nationwide, only 95 business sites, or about 5%, are rated P.

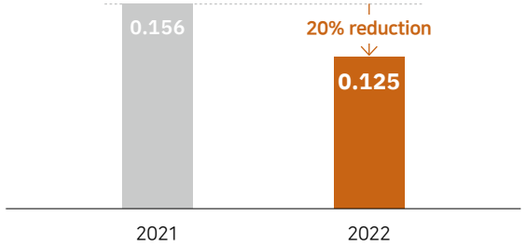
Key Results

Achieved Zero Serious Accidents

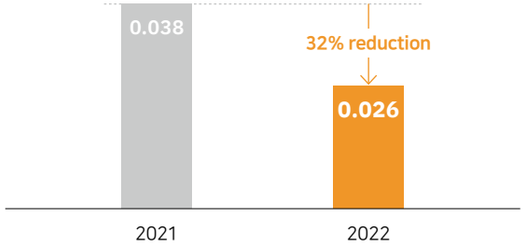
2022 performance evaluation conducted by the Ministry of Employment and Labor	Package insurance rates compared to 2021	Hazardous substances handling improvement activitiesthrough safety and environment suggestions and potential hazard detection[1]	Safety and environment suggestions and potential hazard detection
Acquired Grade P (Suwon and Busan business sites)	8.6% reduction	Completed 190 activities (Material changes/ deletions, automation, etc.)	Detected and improved 166,414 cases

1) Improvement measures will be implemented sequentially by 2024

Lost Time Injury Frequency Rate (Data coverage: 100%, Unit: %)



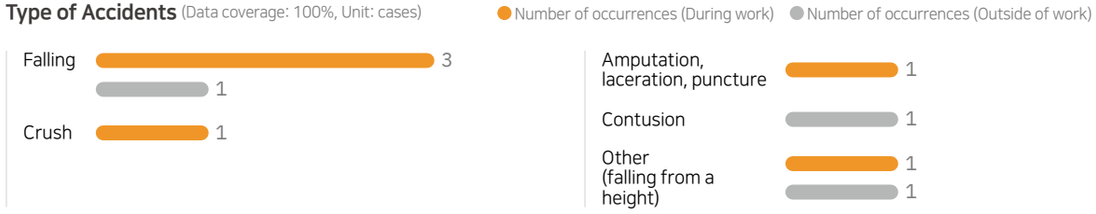
Injury Incidence Rate (Data coverage: 100%, Unit: %)



Major Work-related Injury Types GRI 403-9, 403-10, WEF SCM Health & Wellbeing

We identify and monitor major types of injuries in the workplace for follow-up and prevention. Of the nine safety and health incidents that occurred in the workplace in 2022, a total of six (67%) were on-the-job accidents.

Type of Accidents (Data coverage: 100%, Unit: cases)



Accident Prevention Activities GRI 403-9

To prevent minor accidents and near misses, Samsung Electro-Mechanics continuously conducts accident prevention activities to improve safety culture, including CEO safety messages, employee safety pledges, and the establishment of a Not To Do List to comply with basic safety rules. In addition, we strive to spread an autonomous safety culture through two-way communication by introducing potential risk discovery activities that all employees can voluntarily participate in and a real-time safety communication system (SEM-S). We have also organized a grid inspection team to eliminate safety and environment risks, who conduct grid inspections to discover and improve irregularities across all business sites, as well as themed inspections called 'conclusive inspections' to find and resolve the root causes of problems. We established an emergency response system and improved it by grading the importance and prioritizing problems. Furthermore, we continuously implement accident prevention campaigns, such as raising the awareness of employees and preventing recurrences through training on case studies and the implications of inspection results.

Workplace Safety Rules

Not To Do List

Employee Compliance	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 after wearing the provided protective equipment which is customized for the risk factors for dangerous work/facility according to the sign
	4 Do not use untrained equipment. * If you have a full understanding of how to use the equipment, call an engineer
Supplier Compliance	1. Do not work at high places without securing safety belts and simultaneous work without control of work.
	2. Do not work in dangerous condition. (right to stop working)
	3. Do not work at high places, perform hot work, or work with heavy equipment before the work is permitted.

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

Focused Management to Prevent Major Industrial Accidents

Samsung Electro-Mechanics strives to achieve the highest level of Process Safety Management (PSM)[1] and workplaces free of major industrial accidents. To this end, we developed our own PSM 12 system to prevent and control fire and explosions. The achievement of zero serious accidents is also applied to the MBO of the executive in charge.

We compile, evaluate, and manage process safety reports that reflect process safety data, risk assessment, safe operation, and emergency response elements for processes that handle large amounts of hazardous substances. Moreover, we request audits on status of process safety management implementation from specialized third-party institutions to improve the operating level of process safety management.

1) A system for preventing major industrial accidents caused by leakage of hazardous substances from the facility, fire, explosion, etc., for workplaces with facilities that manufacture, handle, and store hazardous and dangerous substances prescribed by the Occupational Safety and Health Act.

Prior Approval and Management of Hazardous Risk Operations

For the nine types of hazardous work (hot work, asbestos, electricity, etc.) and work with risk of exposure to hazardous substances, the implementing department must apply beforehand to obtain permission from the hazardous work permit system for a work plan that includes a safe work plan. Through the hazardous work permit system, we monitor the entire process from the beginning to the end of the work to prevent accidents and implement thorough safety management.

Accident Prevention Process for Hazardous Risk Operations

Before Work

- Daily Risk Inspection (DRI) for all hazardous tasks one day prior to execution
- Verification of safety management plan
- Provision of safety training to workers
- Implementation of prevention measures, including the deployment of safety supervisors

During Work

- Walk-around inspections by safety and infrastructure officers and safety supervision teams

After Completion of Work

- Identification and action on remaining risk factors

Workplace and Worker Management from Exposure to Hazardous Factors

Inspect and Manage Hazardous Substances at the Workplace	· Inspect workplaces for 110 substances used by Samsung Electro-Mechanics out of 192 hazardous substances according to the Attached Table 21 of the Enforcement Rules of the Occupational Safety and Health Act · Maintain exposure levels in processes 30% or below of legal standards
Improve Workplace	· Conduct general medical check-ups and special medical check-ups related to exposure to hazardous substances for field workers · Assign proper workplace-specific protective gear · Distribute protective gear individually · Secure stable protection through inspecting tight fitting
Safety and Environment Council and Training	· Safety Gear Council · Conduct training on how to care and wear protective gear

Safety and Health Training GRI 403-5, WEF SCM Health & Wellbeing

The Status of Employee Safety and Health Training

Every year, we conduct in-depth safety and health training, including risk assessment training, facility safety training, and safety experience training, to improve employees' interest in safety and health and their level of safety awareness. We also provide accurate accident simulations such as VR/MR experiential training through the Safety Training and Experience Center. In addition, we regularly update the contents of experiential training and provide industry-specific experiential training for our suppliers. Samsung Electro-Mechanics strives to build the risk management capacities of our employees by continuously improving the virtual experiential training system.

Classification	Program	Training Time per Person
Domestic	Safety and health training, new member training, executive training, special safety training, and safety experiential training, etc.	32 hours
Overseas	Overseas business sites' internal safety and health training, work standards training, fire safety training, etc.	75 hours

Disaster Response Training

Samsung Electro-Mechanics has prepared 13 emergency response scenarios, including chemical leakage, fire, explosion, earthquake, wind and water damage, etc. and established an emergency response system for quick response and minimization of damage through regular monthly drills. In addition, we have prepared an emergency response manual for emergency environments and safety accidents. Improved conditions are continuously updated by conducting related training and reviewing training results. In particular, fire and explosion emergency response drills are conducted in collaboration with government offices and neighboring companies to establish an organizational cooperative system that prevents large-scale fires and minimizes the scale of damage in the event of an accident.

Disaster Response Training

Program	Target	Cycle	Details
Joint training	All employees	Once a year	Joint emergency response and evacuation training with external agencies
Response training	Responsible department by type	Once a month	13 emergency response scenario drills
Basic training	Manufacturing processes	Once a quarter per theme	Self-training by scenarios such as fire, chemical leakage, etc.
Other training	Dormitories	Twice a year (once each in the first and second half)	Emergency fire at night time/evacuation drills at night
	Daycare center	Once a month	Emergency fire/evacuation drills

Safety and Health Management of Suppliers

Classification	Details
Symbiotic and cooperative safety and health program with suppliers	· Supports safety and health management system (KOSHA MS) certification · Evaluates safety and environment conditions (once a year) and imposes penalties on suppliers scoring less than 70 points from the assessment results when signing the contract · Provides safety and health/environmental training and materials (online/offline) · Conducts Safety and Health Council (monthly)
Safety activities of in-house resident suppliers	· Operates the segmented council for contractees (construction, services, indirect services, and non-resident contractors) and presentation of awards · Safety training for construction workers before entering the worksite, managing directly ordered construction system, and Daily Risk Inspection (DRI) of dangerous tasks · Adopts supplier's suggestion to the system, BCM COVID-19 response system, mask support, and mobile training for in-house visitors[1)]
Safety activities of external suppliers	· Provides specialized safety consulting to toll processors (15 companies) · Evaluates safety and health conditions through compliance management RBA (Responsible Business Alliance) assessment (52 companies)
Safety and health council	· Communicates issues and suggestions · Improves risk factors through quarterly joint inspections

1) Mobile safety and health training provided for trading suppliers who have difficulty attending offline training sessions

Employee Health GRI 403-3, 403-6

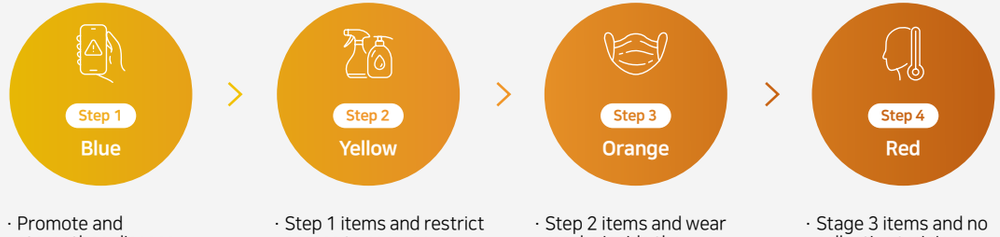
Promotion of Employee Health

For employee health management, Samsung Electro-Mechanics conducts a wide range of medical check-ups programs, including general medical check-ups, special medical check-ups, as well as comprehensive medical check-ups that includes precision assessment, mental health, and life-cycle precision screening for cancer. To promote the health of employees and prevent and manage diseases and occupational illness, we operate an in-house medical center to provide family medicine and dermatology services, as well as physical therapy and posture correction. We also offer care programs for those returning from sick leave and risk assessments for maternity protection. Three medical check-ups programs, including smoking, obesity, and mobile health guidance, also help employees improve their health.

Prevention of Infectious Diseases

Samsung Electro-Mechanics is committed to protecting our employees from infectious diseases through regular immunizations. We have established an emergency response manual and prepared four steps of in-house response standards. To respond immediately to infectious diseases, we receive real-time updates from Korea Disease Control Prevention Agency (KCDC) on the status of infectious diseases such as AIDS, tuberculosis, malaria, norovirus, influenza, MERS, and COVID-19 virus.

Step-By-Step Response to Infectious Diseases



Corporate Social Responsibility

With the growing social impact of businesses, our roles have expanded from economic activities to proactive social responsibility. Based on the vision of 'Let's go together into the future! Enabling People' our corporate social responsibility activities aim to solve social issues and realize mutual prosperity with the local community. Our main social contribution projects focus on 'Youth Education', 'Community Service', and 'Talent Donation by Employees', which have high contributive value. Through 'Blue Elephant', our youth cyberviolence prevention education, we aim to eradicate school violence for elementary, middle, and high school students. As part of our social contribution to meet the needs of the local community, we proactively sponsor vulnerable children through 'Sharing Kiosks' and encourage dedicated volunteer activities of our employees.

Youth Education

Goals

Strengthen youth education programs

- Blue Elephant
  - · Education, counseling, academic research, cultural creation, and platform operation for the prevention of 'youth cyberviolence'

Achieving 3 million cumulative participants by 2029

- Samsung Software Academy For Youth (SSAFY)
  - · Software education and employment support for unemployed youths to solve the social issue of 'youth unemployment'

Educating 2,000 annually and reach 80% employment rate

Future Plans

Enrichment of youth education projects

- Expansion of Blue Elephant and public declaration
  - · Expanding prevention education nationwide, a campaign to improve public awareness of non-violence, and conducting domestic and international expert and citizen participation forums

Achieving 1.6 million cumulative participants by 2025

- Operation of Samsung Software Academy For Youth (SSAFY)
  - · Providing quality SW professional education and employment support services for youth employment to five campuses across the country

Educating 10,000 persons between 2021-2025

Key Achievements

Hosting and elevating the Blue Elephant campaign

(Youth cyberviolence prevention campaign) 2020-2022 Cumulative participants

662,142 persons

(308,941 persons in 2022[2])

Expanding the youth education project

(SSAFY, Hope Stepping Stones, Dream Class, and Junior SW Academy programs)

54,004 persons

(Trainees in 2021-2022)

Contribution to Local Communities

Goals

Enhance community contributions

- Establishing a culture of sharing with local communities
  - · Operation of Sharing Kiosks[1] and spreading donating culture

Sponsoring 350 vulnerable children by 2029

- Encouraging employees to contribute talent
  - · Strengthening employees with expertise with pro bono activities

Achieving 40 talent donation volunteer teams' participation by 2025

Future Plans

Enhancing community contributions

- Strengthening the operation of Sharing Kiosks company-wide

Fundraising cumulative KRW 350 million in 2022-2023, sponsoring 80 persons

- Employee talent donations reflecting local community needs

Launching 15 talent donation volunteer teams in 2023

- Ecological restoration forest tree planting in Gangwon-do

Donating 4,000 trees from 2021 to 2023

Key Achievements

New installation of Sharing Kiosks

Annual size of fundraising

KRW 120 million

Percentage of a regular contribution from wages

(Including contributions of less than KRW 1,000)

100%

Total social contribution expenses[3]

(Unit: KRW million)

2020	6,085
2021	6,261
2022	9,174

Community investment[4]

(Unit: KRW million)

2020	3,323
2021	4,204
2022	5,926

1) Sharing kiosks: voluntary donation system installed at business sites to spread the culture of voluntary sharing that deducts KRW 1,000 from employees' wages when tagging their employee ID cards, donating to vulnerable children
2) Included lower-level elementary students to broaden the range of audience, reflecting the trend of cyber violence among younger children
3) Overseas business sites are included since 2022
4) Community investment: as part of sustainability management, we have strategically participate to resolve social issues from a long-term perspective, including overseas from 2022

Corporate Social Responsibility Strategies

Vision

Let's go together into the future! Enabling People

Solving Social Problems through Samsung's Core Capabilities and Resources

Main Strategies

Youth Education	Contribution to Local Communities
Blue Elephant Campaign · Cyberviolence prevention education for youths	Sharing Kiosks
Samsung Software Academy For Youth (SSAFY) · Capacity building of the young generation in future-oriented software technology	Community outreach(environment, talent donation)
Hope Stepping Stones · Support for the independence of youths aging out of foster care	Employee volunteer activities
Dream Class · Career search for vulnerable junior high school students, future capacity building, basic education	One-company, several village activities
Junior SW Academy · Capacity building of youth in future-oriented software technology	

UN SDGs[1] (UN Sustainable Development Goals)

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

Corporate Social Responsibility Programs

Youth Education

Youth Cyberviolence Prevention Campaign 'Blue Elephant'

Samsung Electro-Mechanics hosted the Blue Elephant Campaign and Samsung affiliates (Samsung Electronics, Samsung Display, Samsung SDI, and Samsung SDS) participated to promote youth cyberviolence prevention. The Blue Elephant Campaign is a long-term project operated for 10 years (2020-2029), implemented through an MOU between Samsung Electro-Mechanics, the Ministry of Education, Blue Tree Foundation, and Community Chest of Korea to improve social skills among the youth and prevent occurrences of cyberviolence.

The 'Blue Elephant' refers to the blue color that symbolizes peace and stability and the elephant's habit of protecting themselves from predatory attacks by herding together. By 2022, we have conducted online and collective prevention education, psychological counseling to support victims' emotional stability and recovery, and anti-cyberviolence campaigns for a cumulative 660,000 elementary, middle, and high school students, parents, and teachers. In addition, we strive to solve the roots of cyberviolence by sponsoring academic research on causal analysis and response policies, as well as National Assembly discussions on legal policies.

Thanks to such efforts, our statement was adopted by the plenary session of the Social Development Committee of the UN Economic and Social Council for two years in a row, and the campaign became an official project certified by UNESCO's Education for Sustainable Development (ESD). Samsung Electro-Mechanics will continue to contribute to solving cyberviolence problems so that our youth, the leaders of our future, can have happier lives.

Blue Elephant Campaign Programs

Prevention Education	Inducing inner changes in children through education (youth, parents, teachers, instructors, and etc.)
Counseling Treatment	Recovery support by linking individual, home, school, and community resources
Prevention Culture	Discovering and spreading a culture of anti-cyberviolence through voluntary participation of youth and adults
Academic Research	Fact-based prevention education and establishment of institutional foundation by identifying causes of cyberviolence
Platforms	Establishing a cyberviolence prevention system that can respond timely to the rapidly changing online environment

Achievement of Blue Elephant Campaign

Cumulative Participants
662,142 persons[1)]

Satisfaction with Prevention Education
99%

Satisfaction with Blue Elephant Forum
94.7%

- Our statement was adopted for two consecutive year (59th and 60th sessions) of the plenary session of the Social Development Committee of the United Nations Economic and Social Council
- Selected as an official certified project for UNESCO's Education for Sustainable Development (ESD).
- Selected as a project promoted by the Ministry of Education under 'Prevention and Countermeasures Implementation Plan for School Violence' in 2020-2022
- The educational effectiveness of our prevention education was validated in a study in collaboration with the Department of Education at Konkuk University: reduced experience of cyberviolence, increased defensive behaviors to help victims, learning of efficacy in responding to cyberviolence, and increased social skills

On the Way to School Campaign

Employees' Talent Donation as Assistant Instructors

Blue Elephant Forum

UNESCO Official Project Certificate

1) 93,862 in 2020, 259,339 in 2021, 308,941 in 2022

Analysis Report on Blue Elephant Program's Effectiveness[1)]

	Acquiring Efficacy in Dealing with Cyberviolence - Student experience of efficacy from taking action	Acquiring Efficacy in Dealing with Cyberviolence - Class experience of efficacy from taking action	Cyberviolence Reduced Experience of Victimization	Improved Social Skills
Before	4.27	4.39	0.97	4.00
After	**4.35**	**4.45**	**0.82**	**4.11**

1) The educational effectiveness of our prevention education was validated in a study in collaboration with the Department of Education at Konkuk University in Aug.-Dec. 2022; out of 5 points

Link to Blue Elephant Forum

Samsung Software Academy For Youth (SSAFY)

Samsung Software Academy For Youth, a collaboration with the Ministry of Employment and Labor, is a project to strengthen the employability of unemployed youth by providing quality education using Samsung's software education experience and know-how. Since 2021, electronics-related Samsung affiliates (Samsung Electro-Mechanics, Samsung Electronics, Samsung Display, Samsung SDI, Samsung SDS, and S-1 Corporation) have joined the effort. Currently, the program operates five campuses nationwide (Seoul, Daejeon, Gwangju, Gumi, and Busan) and selects unemployed college graduates under the age of 29 for one year of theoretical and practical training. Trainees learn algorithms, coding, and web technologies in the basic course and develop practical skills to utilize Industry 4.0 technologies, such as AI and IoT, in the advanced course. In addition, we help young people who aspire to become software developers improve their job competitiveness through employment support activities such as job consulting, job search events, and mentoring through talent donations of our employees. As a result, by the end of 2022, 3,575 (76%) were employed by companies in the IT and finance sectors, and as of 2023, trainees are being trained in the 8th and 9th terms.

Performance of SSAFY

Cumulative Number of Completed Students (1st-7th terms)
(As of December, 30, 2022)

Completed 4,732 persons

Employed 3,575 persons(76%)

Selected Students[1)]
(Unit: persons)

2019	2020	2021	2022	2023
Term 1 500	Term 3 500	Term 5 750	Term 7 1,150	Term 9 1,150
Term 2 500	Term 4 500	Term 6 950	Term 8 1,150	

Graduate Employment Rate
76%

As of the end of 2022, 3,575 graduates are employed by companies in various fields, such as IT and finance

Term 7 Completion Ceremony

Meet up

1) SSAFY began in 2019 and Samsung Electro-Mechanics joined in 2021

Junior SW Academy

The Junior SW Academy is a project that supports software education for elementary, middle, and high school students by fostering professional teachers. It has been jointly offered by five major electronics-related affiliates since 2022. As they learn using computational and logical thinking skills, students develop problem-solving skills based on SW and AI. By organizing project classes that allow them to proactively consider various problems in society, the classes help them understand the meaning of social collaboration and the ethical use of IT. In 2022, we trained a total of 140,000 students and 3,600 teachers. We also held the Samsung Junior SW Creative Contest, where 1,673 students from elementary, middle, and high schools across the country in 619 teams showed off their skills and enthusiasm under the theme of 'Using Software to Solve Environmental and Social Problems (Solutions to ESG Problems for a Better Future).' A total of 15 teams won awards, including one that developed a mobile application to compare low-carbon certified products. For the students who are curious about SW-related careers, we organized special lectures and mentoring sessions with Samsung employees, empowering them with dreams and visions and providing insights.

Dream Class

Since 2022, Samsung Electro-Mechanics has been participating in the Dream Class Education Project, which provides education and mentoring to middle school students who struggle with their educational environment. Offering English and math tutoring, software education, and career mentoring to close the education gap for middle school students in vulnerable groups, Dream Class Project has moved away from traditional education methods and moved onto online education. In 2022, we selected 5,000 middle school students to help them find their dreams through offline activities such as the Dream Fair, Educational Donation Fair, and Employee Mentoring to explore careers and experience jobs.

Hope Stepping Stones

Hope Stepping Stones is a program that supports young adults who have aged out of foster care by providing housing and education to help them achieve independence. To help young people who have turned 18 and are taking their first steps into society, we operate 10 independence support centers nationwide and provide financial support through collaboration with local governments and NGOs. We support young adults to achieve real independence by providing studio-type single-person housing for up to two years and 1:1 integrated case management service tailored to their individual needs. Furthermore, we also foster their interaction with individuals who have undergone similar experiences, enabling them to acquire practical knowledge. We actively promote their autonomy and well-being through Stepping Stone Food Trucks, which facilitate the establishment of small-scale enterprises, as well as commemorate important milestones such as Coming-of-Age Day and provide emotional support programs.

Junior SW Academy

During Class

SW Creative Contest Awards Ceremony

Dream Class

Educational Donation Fair

Online Dream Fair during School Breaks

Hope Stepping Stones

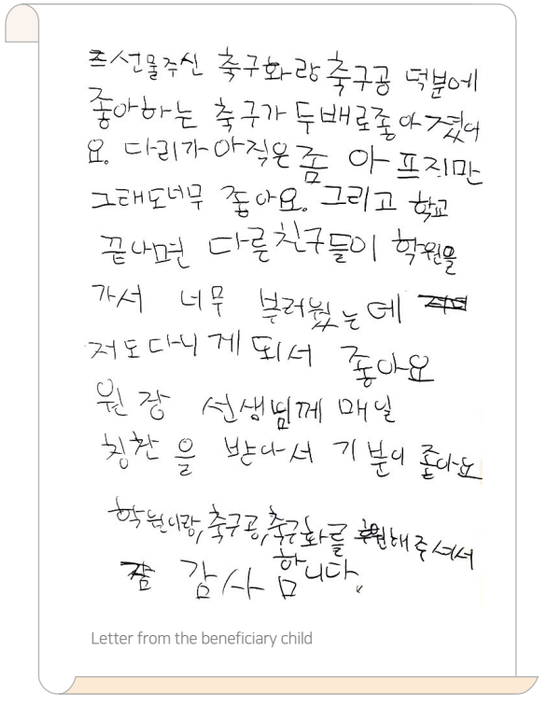
Stepping Stone Food Truck Campaign

Workshop on Strengthening Support for Independence of Youth aging out of Foster Care

Contribution to Local Communities

Sharing Kiosks

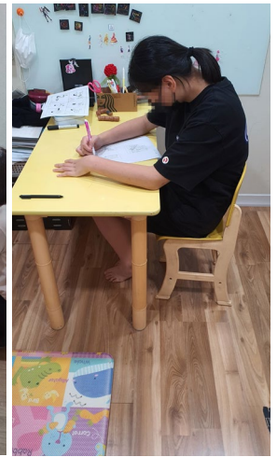
Sharing Kiosks, which sponsors children in vulnerable groups, is a donation system that contributes KRW 1,000 when an employee's ID is tagged on a kiosk. When the contribution reaches KRW 5 million, the donation is delivered to the recipient child. The kiosks have been installed and operated at domestic business sites since April 2022 to spread the culture of sharing within the company. Thanks to our employees' active and voluntary participation in sponsoring children in low-income households, more than 6,000 donors, representing one out of two employees in Korea, raised KRW 100 million within eight months of operation through 100,000 tags. In addition to financial support, our employees have continued to donate their talent through academic tutoring, piano lessons, and art education to children who are in need of help for their future growth. At the end of the year, we host various events to spread goodwill, such as delivering encouraging messages written by employees to children along with Christmas gifts.



Letter from the beneficiary child

Number of sponsored children in 2022 **29 persons**


A Child Receiving Learning Guidance


Child Receiving a Speech Therapy

Employee Volunteer Activities

Due to the impact of COVID-19, Samsung Electro-Mechanics' 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 that cater to the requirements of social welfare institutions and local communities.

Employees' total volunteering hours in 2022 **10,785 hours**

Through practices such as making side dishes and meal kits contactlessly for the elderly living alone in local communities, providing hot packs and wooden pillows to facilities for people with disabilities and children through hands-on volunteer activities, art therapy for the emotional stability of children in study halls, sponsoring birthday parties for children in childcare centers, and winter blood donation drives to overcome blood shortages, our employees are working together to create a better society with their talents and efforts, despite the difficulty of social distancing.


Art Therapy


Blood Donation Campaign


Safety Training

Community Support GRI 413-1

Pursuit of Mutual Prosperity | As part of our pursuit of coexistence, Samsung Electro-Mechanics identifies local needs through communication with communities and implements various activities based on those needs. To promote communication with local 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 understand community issues. We also take part in the Corporate Welfare Net organized by the Busan City Social Welfare Council to collaborate with local companies. Through community councils, we support blind spots in need and plan and operate joint projects for community development.

Investment in Social Infrastructure GRI 203-1, WEF SCM Employment and Wealth Generation

As part of our investment in social infrastructure, Samsung Electro-Mechanics remodels local children's centers to assist their learning and protection of underprivileged children and youth. To date, we have provided 11 study rooms for children and youth to get high-quality education and childcare in a comfortable environment.

Promotion of Mutual Prosperity for Cities and Villages | In order to practice rural-urban mutual prosperity, Samsung Electro-Mechanics purchases local specialty from sister villages and operates online direct sales markets on holidays to ensure sales channels and increase their income.

Kimchi for Wintering of Vulnerable Groups


Heating Fuel Sponsorship


Sponsoring Study Room Renovations

Community Environment Protection Initiatives GRI 413-1

Every year, Samsung Electro-Mechanics restores forests in areas where many trees have been lost due to forest fires or logging to protect local biodiversity and woods. We also raise companion plants to share the green news of spring with underprivileged members of our community. 'Companion Plant Raising' is a project where Samsung Electro-Mechanics plants one tree in a forest for every tree that an employee raises as a companion plant for two weeks and donates to the community's underprivileged. In 2022, 1,000 air-purifying plant pots, raised with love by our employees, were delivered to the community's single adults, children, people with disabilities, and multicultural families. In addition, 1,000 seedlings were planted to create a carbon-neutral forest for ecological restoration in the mountainous areas of Gangwon-do. At the entrance to the forest, a plaque has been installed to commemorate the employees and families who participated.


Restoration of Hongcheon Ecological Forest, Gangwon-do

Donations by Employees

Samsung Electro-Mechanics operates various donation programs that include regular and temporary donations to create a culture of sharing in the company and to encourage employees' voluntary participation. Our employees voluntarily donate a certain amount of their monthly salary to youth education and CSR programs of their choice, and the company contributes grants by matching their donations. Furthermore, our annual Employee Donation Campaign at the end of the year serves as a catalyst for fostering empathy among our employees towards Samsung's youth education programs. We also operate Sharing 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. Since 1996, all employees have donated less than KRW 1,000 of their salary every month.

Number of trees donated for reforestation in 2022 1,000 trees

Percentage of donating employees 100%

Total donations by employees KRW 1.62 billion

Overseas CSR Activities

Samsung Electro-Mechanics is dedicated to fulfilling our corporate social responsibility by actively identifying and supporting social contribution projects that address both global and local needs, aiming to alleviate inequality in our communities.

China

Samsung Electro-Mechanics actively hosts 'Solve For Tomorrow' with business sites in China, a national science contest for youth to inspire their interest in science and technology, as well as the 'STEM Girls' program, which fosters talented female students in science and technology. As part of our 'One-city, One-village' campaign, we also actively manage the 'Samsung Sharing Village'. In addition, we support the rehabilitation of children with autism, carry out protection activities for the community environment (public relations, child education), and provide daily necessities and quarantine supplies to underprivileged children, people with disabilities, and the elderly.

China


Rehabilitation of Children with Autism

Youth Education


One-city, One-village


Promotion of Community Environmental Protection

Philippines

Samsung Electro-Mechanics has partnered with a low-income public school in the Philippines to provide equipment, hygiene products, and school supplies for students, as well as food and relief supplies for the local community. We also organized employee fundraising and disaster assistance activities for those affected by Typhoon Odette in 2022. We also engage with the local community through various employee volunteer activities such as blood donations.

Philippines


Food and Relief Supplies Support


Learning and School Supplies Support for Sister Schools


Blood Donations

Vietnam

Samsung Electro-Mechanics has established sisterhood relationships with public schools in Vietnam, sponsoring equipment for education and providing learning and living supplies for vulnerable students to help them learn in a better environment. To give hope and share with the local community, we also donate wheelchairs for people with disabilities in need, deliver thank-you gifts to war veterans on Memorial Day, and volunteer to donate blood.

Vietnam

Supporting Learning and Living Supplies to Sister Schools


Thank you Gifts to War Veterans on Memorial Day

Sponsoring Social Welfare Centers

Donations

Sponsorship Policy

Samsung Electro-Mechanics operates the External Sponsorship Committee for transparent and fair management of donations. The members consist of five team leaders who are responsible for preliminary reviews of donations greater than KRW 10 million, and donations larger than KRW 100 million are executed after approval by the board of directors. After the donation is completed, the committee requests a statement of how the donation was spent and reports the evidence to monitor whether the donation was used properly.

Monitoring Procedure

01	02	03
Pre-deliberation for donations over KRW 10 million	Request for statement on donation use	Post-verification and result report

Customers and Suppliers

To strengthen the network competitiveness between companies and create a sustainable corporate ecosystem, Samsung Electro-Mechanics strives to strengthen the supply chain competitiveness based on mutual trust. By establishing a mutual horizontal cooperation network with our suppliers and strengthening strategic partnerships based on mutual trust, we conduct various support programs for the continued growth of our suppliers. In addition, we strive to build a sustainable supply chain by integrating sustainability perspectives throughout the selection of new suppliers and evaluation of existing suppliers. To implement sustainable partnerships in the future, we plan to expand third-party sustainability assessment and training support.

Customer and Quality

Supply Chain Management and Shared Growth

Goals

Create customer value through realizing the world-class quality
- To prevent customer issues through a leak-proof system
- To gain an advantage in customer satisfaction over competitors

Enhance customer touchpoint activities
- To strengthen customer network, share medium to long-term vision through a better understanding of our products, and expand two-way exchanges

Field-centric support and medium to long-term improvement activities
- Introduce customized innovation to enhance suppliers' worksites
- Provide professional training to nurture key talent for suppliers

Manage supply chain risks
- Improve the level of suppliers by inducing active participation in compliance with the RBA Code of Conduct

Expand supplier training support
- Provide customized courses that meet each supplier's characteristics
- Support for expanding product stewardship and safety and environment training
  - · Understanding environmentally hazardous substances, product stewardship regulation and response measures, safety and environmental risk prevention training, etc.

Future Plans

Creating customer value through realizing the world-class quality
- Continuous improvement of the product-specific anti-leak system reflecting customer usage conditions
- Constant upgrading of the quality assurance system and enhancing the expertise
- Identification and improvement of customer needs through customer satisfaction surveys

Enhancing customer touchpoint activities
- Organizing customer touchpoint activities at least two times a year

Field-centric support and medium to long-term improvement activities
- Expanding the application of professional skills and training courses for each level
- Expanding the number of target suppliers for innovation activities

Managing supply chain risks
- Reflecting new content in the RBA Code of Conduct and revising evaluation policy to induce supplier compliance

Expanding supplier training support
- Development and operation of practical application courses and expanding leadership courses for each level
- Launching an online training portal to provide training

Target for 2023	114 sessions for 78 total courses, one session for one product stewardship course, 13 sessions for ten safety environment courses

Key Achievements

Increasing customer touchpoint activities by hosting Samsung Automotive MLCC Tech-Day (SAT)

* A total of 104 clients from 31 companies attended

Customer satisfaction score **4.8**points/5points

Rated 'Excellent' in the Corporate Partnership Shared Growth Index

Conducting a third-party ESG diagnostic assessment

Implementing compliance inspections and providing communication and improvement support for field staff at suppliers to improve non-compliance issues

(Domestic: 52 companies, overseas: 45 companies)

Capacity building training for suppliers' management and employees

(Labor rights, safety and environment training, etc.)

Customer and Quality

Vision and Strategy for Quality Management

Samsung Electro-Mechanics' outstanding global competitiveness in quality is rooted in our leading quality management system that increases customer value. To improve the quality assurance system, we continuously check and monitor the entire process, including development, mass production, and customer response, to ensure that it is operated based on the ISO 9001 management and to achieve company-wide quality goals. Problems that may occur during the production of new products are identified early and preemptively responded to, and quality problems that occur are improved through the Plan-Do-Check-Act (PDCA) cycle and follow-up measures such as prevention of recurrence and prevention of leakage are subdivided based on the closed loop system of immediate reporting, interim reporting, and closure reporting.

In addition, in the development stage, we ensure the quality of development by establishing a Shift-Left verification system that improves the quality of early development tasks and deriving risks for each development stage in advance, as well as enhancing predictive capabilities through reliability technology research. In the mass production stage, we strive to achieve high quality and prevent defects by upgrading the Statistical Process Control (SPC) based system that detects anomalies in the process.

Vision

Creating Customer Value with the Highest-quality Products

Quality Principles

1. Customer and specification-oriented decisions and executions
2. Business implementations based on regulations and processes
3. Transparent disclosure of issues through data
4. Constant enhancement through cooperation and synergies
5. Autonomous decision-making with responsibility and authority

Quality Assurance Organization and Responsibility

The Quality Assurance Office consists of the CS Team, MLCC Quality Team, Optical Communication Quality Team, and Package Quality Team

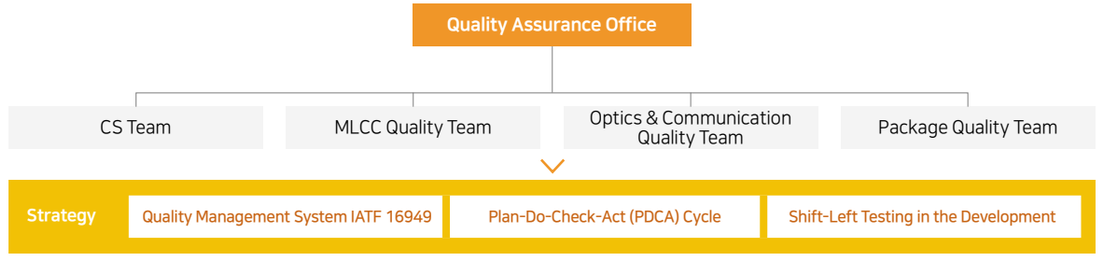
Quality Management System

Category	Actions		Effects
Design/ Development	· Continuous improvement of Qual.[1] verification system · Reflecting verification points for mass production · Developing reliability verification and new evaluation methods	· Enhancing the consistency of product lifetime prediction by reflecting customer use environment	· Applying the Shift-Left testing in the development stage to improve the product quality · Verifying and securing quality based on predicting customer use environment
Raw Material Quality	· Establishing a system-based management	· Operating data dispersion management of suppliers	· Securing stable quality of raw materials and mass production quality
Manufacturing and Process	· SPC[2] and process capacity management · Facility anomaly management system	· Continued improvement of quality assurance process for mass production (anomaly management, change management, shipment guarantee) · Building an integrated quality system DX[3]	· Ensuring mass production quality through monitoring control
Shipment	· Focused management of defect-related items · Creating a DB out of measured data and systemization of anomaly detection	· Improvement of the data-based shipment quality assurance system	· Improving defects through anti-leak activities
Customer Quality	· Analysis of customer issue data to lead to improvement · Meeting customer response TAT[4] goals	· Expert team focusing on customer support · Survey of customer quality competitiveness	· Reducing the incidence rate of customer issues · Improving customer satisfaction with products

1) Qualification 2) Statistical Process Control 3) Digital Transformation 4) Turn Around Time

Quality Management Governance

Samsung Electro-Mechanics has established a quality management governance system based on the Quality Assurance Office. In June 2022, we reorganized the Quality Assurance Office to establish a customized quality assurance system for each product based on the principle of quality first and started operating a quality organization system for each product to streamline quality management.



Quality Control Training

Based on ISO 9001 and IATF 16949 quality management systems, Samsung Electro-Mechanics ensures that every production is completed with agreed rules and processes. In order to improve the quality awareness and capacity of employees, we have established a quality training university that provides program with online and offline courses at basic and advanced levels every year.

Based on the statistical data analysis, we included various quality tools such as SPC (Statistical Process Control), MSA (Measurement System Analysis), AIAG-VDA FMEA and the methodology of designing experiments. In 2022, through 76 sessions in 18 courses, 842 employees completed the quality training program.

Quality training Program

Customer Satisfaction Activities

Expansion of Customer Touchpoint Activities

Our website was designed to enhance user convenience and accessibility. We incorporated users' browsing patterns into the menu structure to help them find the desired information quickly, and links between information also improved data accessibility. Product data is consistently presented, and the functionality is upgraded to make it easier for visitors to search for the information they want. We enhance web accessibility through complying with the web accessibility standards to improve convenience for all customers, including people with disabilities in vision, hearing, and color vision, as well as socially disadvantaged, such as seniors. As a result, we obtain web accessibility certification every year and put effort to provide optimized screens not only for the web, but also for mobile environments.

Customer Satisfaction Ratings

To improve customer satisfaction, Samsung Electro-Mechanics has systematized the process of resolving complaints at each stage, from receiving complaints to corrective actions, establishing fundamental improvement measures, and evaluating effectiveness. Based on the system, issues are handled quickly, and recurrence is prevented. Since 2021, we have conducted an annual customer survey of major customers.

Through customer surveys, we evaluate six items, including product quality level, customer response and support process, etc., and strive to satisfy customer by identifying customer needs and product satisfaction.

Customer satisfaction rating results (2022)[1)] **4.8 points**

* Out of 5 points

1) Self-calculated score

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SAT(SAMSUNG Automotive MLCC Tech-Day)

Samsung Electro-Mechanics invites domestic and overseas customers every year to conduct training/seminars on our products to constantly improve our communication with clients. In 2022, we held Samsung Automotive MLCC Tech-Day (SAT) for domestic electronic component customers and fostered stronger connections with the 31 companies and 104 attending clients.

Supply Chain Management

Purchasing Policy

Samsung Electro-Mechanics seeks to produce the highest quality products and strengthen its technological competitiveness by trading and establishing cooperative relationships with competitive global suppliers. To this end, we practice strategic partnerships and ethical management and strive for mutual growth. In order to create a sustainable supply chain, we require our suppliers to comply with ethical and compliance management and corporate social responsibility (CSR) obligations. We regularly evaluate our suppliers on overall sustainability management, and operate a system to terminate business with suppliers who violate relevant global regulations regarding human rights, discrimination, and responsible minerals.

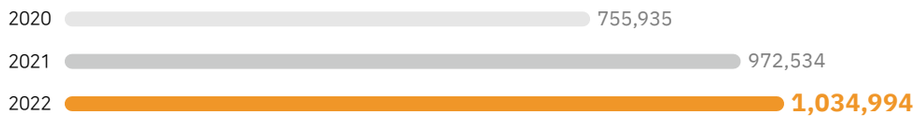
Global Purchasing and Supply Chain GRI 2-6, 204-1

Samsung Electro-Mechanics purchases raw materials, including semiconductors, semi-finished products, raw materials, and pharmaceuticals, etc., from about 236 suppliers[1)] in 19 countries with an annual value of approximately KRW 3.5 trillion. We also have a localized purchasing policy for the development of overseas production sites and social contribution. In 2023, we plan to purchase KRW 3.5 trillion worth of raw materials through 243 suppliers in 19 countries.

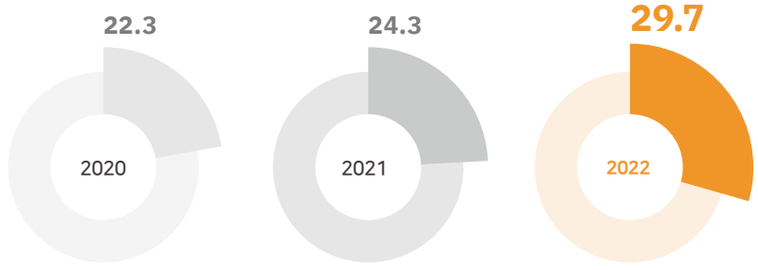
1) Total number of Tier-1 suppliers: 200

Local Purchases (Data coverage: 100%)

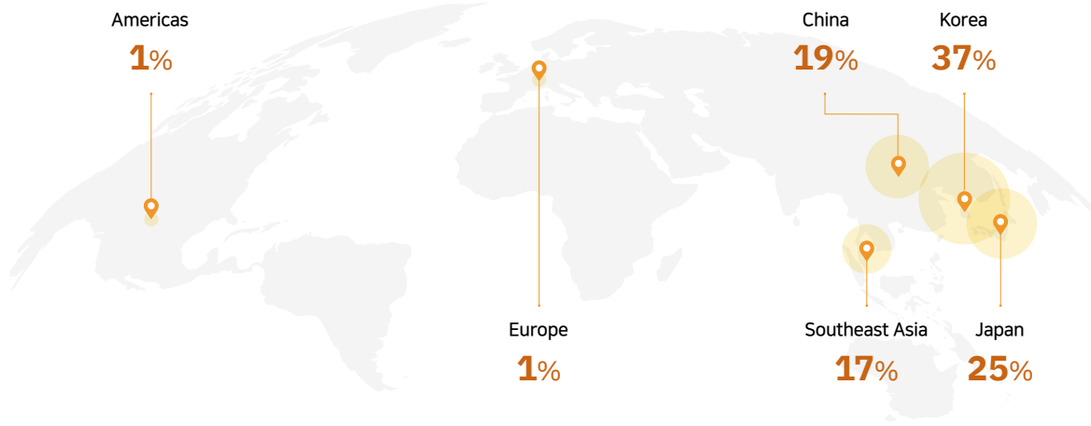
Amount of local purchases
(Unit: KRW million)



Percentage of local purchases
(Unit: %)



Purchase by Region GRI 204-1 (Data coverage: 100%)



Supply Chain Risk Management

Supply Chain Management Policy

Establishing the Culture of Voluntary Compliance Management

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

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

Supplier Code of Conduct 4.0 GRI 2-23, 2-24, TC-HW-430a.1

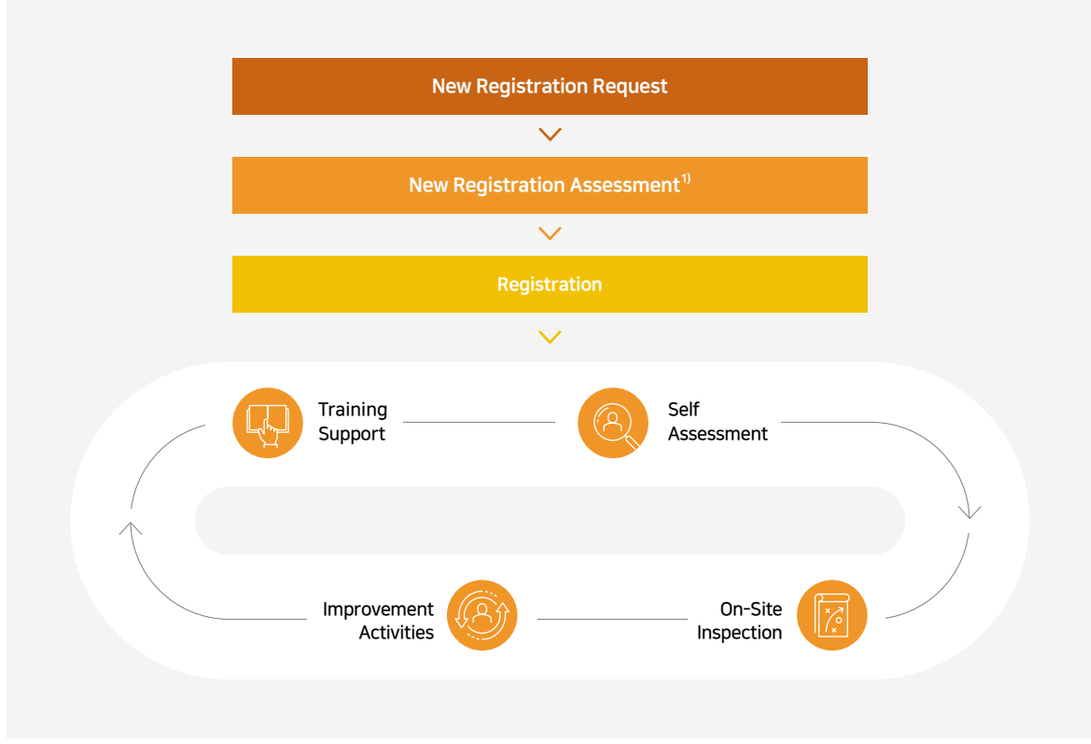
Samsung Electro-Mechanics has established the Code of Conduct for Suppliers and disclosed it on its website to improve the sustainable working environment of our suppliers. The Supplier Code of Conduct is based on the Responsible Business Alliance (RBA) and consists of five areas (labor rights, safety and health, environment, business ethics, and management system). We apply the code to all suppliers and include it as a compliance requirement in supplier contracts. In addition, we strengthen sustainable supply chain management by requiring all new suppliers to sign an agreement to comply with the code.

5 Major Areas of Supplier Code of Conduct 4.0

Labor	· 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 · Safety and health training
Management system	· Willingness to comply · Duties and responsibilities of the management · Response to laws and customer demands · Risk management	· Establish improvement goals · Training · Communication · Employee feedback and engagement	· Audit and evaluation · Corrective action process · Documents and records · Supply chain engagement and accountability
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 GHG emissions
Ethics	· Integrity · Prohibition of unfair profits · Information disclosure	· Intellectual property protection · Fair trade, advertising and competition · Identity protection and prohibition of retaliation	· Responsible mineral procurement · Privacy protection

Supply Chain Risk Management Process GRI 2-24

Samsung Electro-Mechanics strives to evaluate the competitiveness of our suppliers and manage supply chain risks through a comprehensive evaluation of suppliers. We assess financial risks in the supply chain by regularly rating the credit of all suppliers through specialized credit rating agencies and effectively respond to all possible risks, such as natural disasters, violations of laws and regulations, and deterioration of credit based on a network with the head office and representatives of each subsidiary through the purchase portal system (MaPS). For core components, we sign long-term agreements and strive to secure a stable supply chain through regular technical review meetings and technical exchanges with significant suppliers. For components with a high risk of supply disruptions, we take the initiative in preparation for unexpected risks, such as import restrictions or natural disasters related to a specific country or region, by securing multiple suppliers and diversifying procurement sources.



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

Sustainable Supply Chain Management GRI 308-2

Selection and Registration of Suppliers

Key items on the criteria for new suppliers include general evaluation of overall management, quality and process evaluation, as well as compliance management and environmental evaluation for sustainable supply chain management. We check the credit rating and financial status of the supplier company and select only those who meet the standards as business partners. We provide our suppliers with our environmental management guarantees covering RBA (Responsible Business Alliance) compliance, prohibition of responsible minerals, CSR compliance agreement, response to regulations on environmentally hazardous substances, RoHS, REACH, etc., and mandate them to submit these documents. In addition, we call on all suppliers to implement the Ethics Charter and the Code of Conduct through their pledge to practice compliance management.

On-site Evaluation of New Transaction Registration

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

Significant Suppliers

Samsung Electro-Mechanics considers environmental aspects (GHG, energy, waste, etc.), social aspects (child labor, forced labor, safety and health, etc.), governance aspects (corruption, bribery, etc.) as well as business relevance such as expected transaction amount and volumes of products in selecting significant suppliers. Moreover, we comprehensively consider risks related to politics, society, economy, etc. of the country where the target company is located, risks due to industrial characteristics, and risks related to manufacturing, distribution, and use of products.

We select and manage critical suppliers[1)] such as large-scale suppliers, suppliers that deliver important components, irreplaceable suppliers, and new business-related suppliers.

1) Total number of critical suppliers in Tier-1: 21, % of total spend on critical suppliers in Tier-1: 45%

Training for Employees

Samsung Electro-Mechanics conducts training on business manners and fair trade-related technology data protection, Subcontracting Law, and the Act on The Promotion of Mutually Beneficial Cooperation to employees in charge of work related to suppliers. In addition, we provide online training to all employees once a year related to the Subcontracting Law and the protection of technology data of suppliers.

Comprehensive Evaluation of Suppliers

Every year, Samsung Electro-Mechanics conducts a comprehensive evaluation of all suppliers who have traded with us for more than one year. The comprehensive evaluation consists of a total of eight items, including the evaluation of supplier capabilities such as quality, technology, delivery, transaction size, and financial items, and the evaluation of non-financial risks such as compliance, environment, and responsiveness. The evaluation results become indicators for determining whether to continue trading with a supplier and for excellent suppliers, we provide programs to strengthen strategic collaboration, such as securing new technologies in advance and conducting joint technology development. For low-performing suppliers, we offer ways to upgrade their business through training and technical support and strategies for risk management.

Comprehensive Evaluation of Suppliers System

Comprehensive Evaluation of Suppliers

Overview

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

Establish Operating Strategies for Suppliers

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

Suppliers with High Ratings

- Prior designation of new models and establish strategic partnerships
- Providing opportunities for entry into new products for outstanding suppliers

Suppliers with Poor Ratings

- Providing technical support
- Providing consulting services for green purchasing, safety and environment, and judging whether to continue business relationship

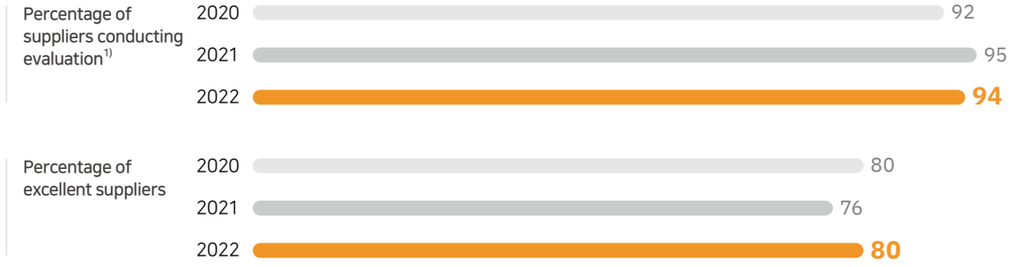
Comprehensive Evaluation Process

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

Comprehensive Evaluation Results

In 2022, Samsung Electro-Mechanics conducted a comprehensive evaluation of 94% of its suppliers, excluding those with less than one year of transaction, and 80% received excellent ratings. The results of the evaluation will be reflected in the next year's supplier purchasing policy, and we require them to improve any inadequacies.

Status of the Comprehensive Evaluation Results (Data coverage: 100%, Unit: %)



1) Excluding suppliers with a transaction period of less than one year

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Detailed Assessment Items and Indicators of Labor Rights

Item	Indicator
Guaranteed one day off per week	Whether the employees work seven consecutive days
Compliance with legal working hours	Rate of non-compliance on overtime limit
Reflection of statutory express items in the labor contract	Whether statutory express items are reflected
Payment of severance within the statutory deadline	Number of non-compliance with the severance payment deadline
Compliance with minimum wage	Payment of wages above the minimum wage

Evaluation of Suppliers' Sustainability (Compliance) Management GRI 2-24, 202-1

For the sustainability management of our supply chain, Samsung Electro-Mechanics selects more than 100 suppliers for sustainable management (compliance) inspections each year, considering the previous year's transaction size, geopolitical location, and past issues. The assessment is conducted through self-diagnosis and on-site inspections. Self-diagnosis is conducted by providing suppliers with a sustainability assessment checklist based on the RBA Code of Conduct and national laws. Through self-diagnosis, the supplier determines whether its policies and operations are in line with the RBA Code of Conduct and national laws and supports continuous improvement for any non-compliance. After the final approval by suppliers' CEOs, the results of diagnoses are registered on MaPS. 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.

Evaluated Items

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

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

Every year, Samsung Electro-Mechanics conducts a sustainability (compliance) assessment of major domestic and overseas suppliers to diagnose and improve their sustainable management risks. Since 2015, we have selected major suppliers every year and have completed 100% inspection through self-diagnosis and visits. Despite limited activities due to the spread of COVID-19, Samsung Electro-Mechanics conducted self-diagnosis of 297 suppliers (160 in domestic and 137 overseas) and visited 218 suppliers (138 in domestic and 80 overseas) for the last three years from 2020 to 2022. As a result, during on-site inspection, we found 62 sustainability high-risk suppliers (a total of 24 in domestic and 38 overseas, 23 in 2022) whose mandatory compliance items did not meet the standards or scored less than 80 points based on the RBA Code of Conduct and national laws. These suppliers improved their ESG performance before the next inspection by carrying out activities for improvement after establishing relevant plans.

Compliance Rate by Area of Sustainability (Compliance) Assessment

Area	Evaluation Questionnaire	Compliance Rate (%)
Labor rights	Voluntary work, underage workers, working hours, wages and benefits, humane treatment, and anti-discrimination	89.7%
Safety and Health	Industrial safety, emergency preparedness, industrial disaster, and healthcare	83.8%
Environment	Compliance with environmental permits, licenses, and legal standards, and regulation of hazardous substances, wastewater, air pollution, and substance contained in products	96.0%
Business ethics	Whistleblower protection, personal information protection, and responsible minerals	94.0%
Management system	Communication, corrective action, and inspection of supplier compliance	88.6%
Total		88.9%

C·A·S·E

Case of a Supplier's Improvement Measures GRI 414-2

As a result of the sustainability assessment, Samsung Electro-Mechanics selects suppliers that need improvement and actively support them to implement improvement tasks and prevent recurrences. During a visit to a supplier in 2021, we found a case where a worker dispatch service calculated and paid retirement benefits to retirees at the end of January at the previous year's minimum wage and took improvement measures to recalculate and pay the difference at the rate of minimum hourly wage that increases in January of every year.

Third-party ESG Diagnostics

In 2022, we conducted a third-party ESG diagnostic assessment through an external expert agency for suppliers who wanted to participate in the assessment. A total of 16 major suppliers in each of the key products in component, optical communication, and package participated in the assessment, and we provided a comprehensive diagnostic report based on the online ESG self-diagnosis survey and on-site inspections and supported the implementation of their improvement tasks. Samsung Electro-Mechanics will constantly increase the number of evaluated suppliers to systematically identify and better support the sustainable management of our suppliers.

Status of Third-party ESG Diagnostics

Diagnostic Process

1. Call for suppliers that want to participate
2. Primary inspection by SEM
3. Commissioned to an external professional agency (SEM → external agency)
4. Prior survey of suppliers using an online ESG table
5. On-site due diligence (due diligence on the ESG table and documents)
6. Issuance of a diagnostic report
7. Completed

Transparent Responsible Mineral Management TC-HW-440a.1

By establishing a responsible supply chain management system, Samsung Electro-Mechanics minimizes the negative effects on society and the environment, such as human rights violations and environmental destruction that may occur in the mineral mining process. Through MaPS, we prohibit all suppliers from using conflict minerals (3TG), cobalt, and mica that are unethically mined in 10 conflict or high-risk areas, including the Democratic Republic of the Congo and neighboring countries. We have established, improved, and are managing the process for responsible minerals. As of the end of 2022, all of our suppliers are trading with RMAP (Responsible Minerals Assurance Process)-certified smelters, and we continue to urge smelters that are uncertain or not RMAP certified to transition to become RMAP-certified. For ethical and responsible mineral mining and procurement, Samsung Electro-Mechanics demands suppliers to adopt the Supplier Code of Conduct, established based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. We are also involved in consultative bodies such as the Responsible Minerals Initiative (RMI), the Global e-Sustainability Initiative (GeSI), and the Korea Electronics Association (KEA) with the stakeholders.

Investigation on Responsible Mineral Use in 2022

100%

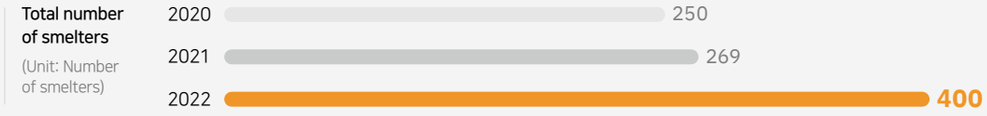
Link to information on responsible mineral use

Management System for Responsible Minerals

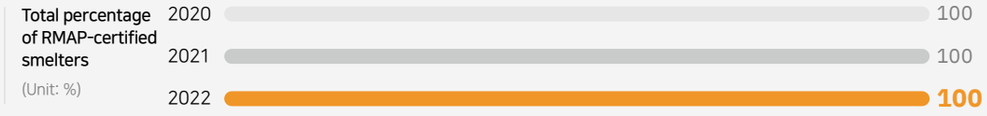
In order to provide customers with products that have gone through the normal distribution process, we have established and operate a responsible mineral management system for our suppliers. To systematically check the inclusion of responsible minerals in products throughout the supply chain, we thoroughly investigate the use of minerals from RMAP-certified smelters for conflict minerals (3TG), cobalt, and mica.

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

Percentage of RMAP-certified Smelters (Data coverage: 100%)



Category	2020	2021	2022
Number of tantalum smelters	37	37	36
Number of tin smelters	53	52	81
Number of tungsten smelters	36	39	50
Number of gold smelters	101	107	173
Number of cobalt smelters	23	34	59
Number of mica smelters	-	-	1
Total number of smelters	**250**	**269**	**400**



Category	2020	2021	2022
Percentage of RMAP-certified tantalum smelters	100	100	100
Percentage of RMAP-certified tin smelters	100	100	100
Percentage of RMAP-certified tungsten smelters	100	100	100
Percentage of RMAP-certified gold smelters	100	100	100
Percentage of RMAP-certified cobalt smelters	100	100	100
Percentage of RMAP-certified mica smelters	-	-	100
Total percentage of RMAP-certified smelters	**100**	**100**	**100**

Investigation of Using Minerals From Conflict and High-risk Areas

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

Verification of Investigation Results

Samsung Electro-Mechanics verifies 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 Efforts for Improvement

Samsung Electro-Mechanics monitors the use and origin of all supplied responsible minerals in our suppliers' materials to ensure that no one uses uncertified minerals. In addition, depending on the reliability and management level of the supplier's data on responsible minerals, we demand additional evidence or conduct additional on-site guidance as needed to insufficient suppliers. In addition, we terminate transactions with suppliers that use minerals supplied without RMAP-certified smelters.

Support for Suppliers

Supplier Training

Samsung Electro-Mechanics creates and shares training materials on responsible mineral policy and management with our suppliers and facilitates their conversion to RMAP-certified smelters, and guides them to enter smelter information to raise awareness on the related issues. In 2022, 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 Suppliers to Convert to RMAP-Certified Smelters

As of the end of 2022, all of Samsung Electro-Mechanics' suppliers are trading with RMAP-certified smelters for all responsible minerals. We constantly recommend smelters not to use minerals from unidentified sources and to become RMAP-certified if they are not yet certified.

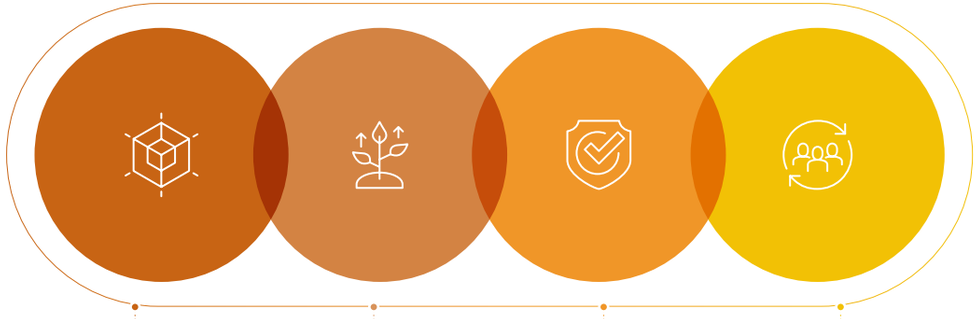
Shared Growth

Shared Growth Structure

Goals and Orientations

Sharing Samsung Electro-Mechanics' Innovation DNA with Suppliers in Pursuit of Continuous Shared Growth

Axes



Strengthening technology development	Increasing productivity	Supporting safety and environment	Extending communication
Support Activities			
· Selecting joint development projects, funding and workforce support for supplier companies	· Creation of shared growth funds worth KRW 78 billion and low-interest loans up to KRW 4 billion for tier 1 and 2 suppliers · Training support for suppliers · Consulting through Management Doctor System	· Supported environmental safety consulting for 25 business sites of package processors and provided free fire safety diagnosis by Samsung Fire & Marine Insurance's Corporate Safety Research Center	· Handling complaints and support requests through channels such as the website and MaPS · Communication meetings with suppliers held twice a year

Joint Technology Development

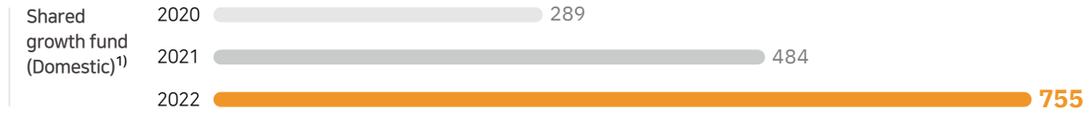
From 2010 to 2022, in collaboration with the Korean government, Samsung Electro-Mechanics raised KRW 50 billion in R&D support funds and mobilized excellent employees to provide technical support. We also supported our suppliers to grow through technology development and increase sales through joint development projects. Every year, we share our future business and technology roadmap and operate a program that comprehensively supports development funds, technology, and workforce for development proposals from outstanding suppliers. From 2010 to 2022, a total of 81 cumulative projects and KRW 46.4 billion were financially supported. In 2022, we carried out one collaborative project with one supplier (selected in 2021) which is planned to be completed in 2023. In 2022, a total of eight suppliers moved into Win-win Plaza, which was built for technical collaboration with suppliers, and took on 13 projects. Win-win Plaza is a space for developing collaborations with suppliers and is engaged in activities to improve cost competitiveness such as shortening the development period and securing early-stage quality through participation in the advanced development stage of new technologies and products.

Innovation in Productivity

Shared Growth Fund

Since 2010, Samsung Electro-Mechanics has created a shared growth worth KRW 78 billion with Woori Bank to support suppliers' own facility investment and liquidity. In 2021, the Industrial Bank of Korea (IBK) also joined and provided low-interest loans of up to KRW 4 billion for tier 1 and 2 suppliers. In 2022, we expanded loan support for operational capital and investment funds needed for the business activities of our suppliers, providing new loans of KRW 31.9 billion out of a total fund worth KRW 78 billion, and a total of KRW 75.5 billion for 49 suppliers are being financially supported as of the end of year.

Shared Growth Fund Support (Data coverage: 100%, Unit: KRW 100 million)



1) Based on the outstanding balance of the loan

Consulting through Management Doctor System

To enhance the business feasibility of suppliers and help their medium to long-term growth strategies, Samsung Electro-Mechanics provides management consulting in management strategy and enhancing technology and productivity in cooperation with a panel of external expert advisors. In 2022, we provided consulting to two companies.

Smart Factory Support

A smart factory is an intelligent production plant that applies information and communication technology (ICT) combined with digital automation solutions to production processes such as design, development, manufacturing, and distribution logistics to improve productivity, quality, and customer satisfaction. To improve the competitiveness of Samsung Electro-Mechanics' suppliers, we collaborate with external organizations to support construction costs and suppliers' on-site innovation activities. As a result, we provided support to 20 companies in their smart factory construction funds and innovation activities.

Workplace Innovation Consulting

Workplace Innovation Consulting is a support project organized by the Ministry of Employment and Labor, which allows companies to improve and change their systems, including labor-management cooperation and workforce cultivation, to enhance both corporate performance and the quality of working life. In 2022, Samsung Electro-Mechanics collaborated with external agencies to provide consulting for six companies.

Department	Components	Optical communication	Package
Number of Suppliers	3suppliers	1suppliers	2suppliers
Consulting Areas	Improving wage and evaluation systems, long work hours, work organization and workplace environment, establishing lifelong learning structure, safety in the workplace, long-term employment stability, enhancing employment practices, establishing labor-management partnership		

Support for Tier 2 Suppliers

Samsung Electro-Mechanics provides better payment terms, cash payments, and facilitates the establishment of supplier councils to encourage our tier 1 suppliers to support shared growth with tier 2 suppliers. We also support our tier 2 suppliers directly to help them improve their management through efforts such as the shared growth fund and free training.

Supplier Training Support GRI 205-2

Samsung Electro-Mechanics has been operating a win-win academy since 2010 for the systematic training of the key workforce in tier 1 and 2 suppliers. In addition to fostering their workforce, the training also helps improve their product and cost competitiveness. In 2022, we expanded contactless training to create more opportunities for our suppliers to join Win-Win Academy. As a result, we provided training opportunities for 161 suppliers[1] and 3,395 workers in 106 courses by tier and job, which is more than double the number of supplier employees compared to the previous year. Samsung Electro-Mechanics holds regular communication meetings for executives and management and workshops for the employees in charge of the training of our suppliers. We also offer training in sustainable management, including labor rights, environment, health, and ethics for our suppliers' working-level staff. Due to COVID-19, we recently opened new contactless training programs, and provide a variety of support in connection with specialized training institutions.

1) Including three critical suppliers

Supplier Training Support Outcome (Data coverage: 100%, Unit: number of courses, persons)

Win-Win Academy (Domestic)[1]
(Unit: number of courses)

2020	88
2021	83
2022	106

1) Manufacturing productivity, quality, equipment, business management, etc.

Number of graduates from supplier employees (Domestic)[2]
(Unit: persons)

2020	938[3]
2021	1,600
2022	3,395

2) Trainees from suppliers who completed in-person, collective, and contactless courses
3) Data is corrected due to the data collection error

Supplier training (Domestic)
(Unit: number of companies)

RBA (labor and human rights) training[1]	Product stewardship training	Safety and environment training
34	45	144

1) Training in 2022: Understanding of labor-related laws to be aware of in practice, supply chain ESG regulation trends, understanding of RBA, etc

Support for Safety and Environment

The Status of Support for Safety and Environment (Domestic) (Data coverage: 100%, Unit: number of companies)

Category	2020	2021	2022
Environmental facility operation consulting	12	38	24
GHG and energy efficiency diagnosis	4	1	11
Risk assessment and fire safety diagnosis	40	6	29

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

Since 2013, Samsung Electro-Mechanics has been offering coexistence and cooperation programs to prevent disasters and improve the safety and health management of its suppliers. From 2013 to 2022, a total of 123 companies received full financial support for obtaining the occupational safety and health management system certification. In addition, since 2013, we have been mobilizing experts to provide environmental and chemical substance consulting to our suppliers with a high volume of hazardous substance use. We facilitate their environmental regulatory response and disaster prevention by inspecting storages and facilities for chemical substances, as well as other facilities in use. From 2014 to 2021, Samsung Electro-Mechanics signed a safety diagnosis agreement with Samsung Fire & Marine Insurance to provide fire and explosion safety diagnosis for 99 suppliers free of charge. In 2022, we dispatched experts in the field of disaster prevention to four of our suppliers to conduct safety diagnostics and induced voluntary improvements based on the diagnostic results.

Energy Saving Consulting

Samsung Electro-Mechanics provides various programs to help suppliers improve energy efficiency. In cooperation with the Korea Energy Agency, we provide free energy saving consulting for suppliers to practice environmental management. To date, a total of 12 suppliers have participated in the program, contributing to the establishment of an energy management system that improves energy efficiency and reduces greenhouse gas emissions. In addition, in 2022, we dispatched our energy experts to nine suppliers to help them diagnose their energy consumption and discover ways to save energy.

Communication with Suppliers

Samsung Electro-Mechanics regularly conducts surveys of its suppliers and receives VOCs through various communication channels to systematically process complaints and requests for support. Our website and the MaPS also serve as communication channels at all times. We listen to various opinions and suggestions of our suppliers through each person in charge and reflect them in our decision-making process. There were zero cases received through the channel in 2018, two cases in 2019, four cases in 2020, three cases in 2021, and zero cases in 2022, and related measures and responses have been completed. We also hold 'Supplier Communication Meetings' for tier 1-2 suppliers twice a year, each in the first and second half of the year and continued to interact with them through online channels for three years during the COVID-19 pandemic. Additionally, we are producing and distributing a shared growth program guidebook to share information about Samsung Electro-Mechanics' shared growth policy and support for win-win cooperation. To ensure the competitiveness of our suppliers based on horizontal and smooth communication, Samsung Electro-Mechanics plans to provide KRW 78 billion in financial support, 40 employees for manpower and recruitment assistance, and training support for 3,000 employees in 2023.

Direct Phone Line
031-8093-8282

Email Account
semco.vos@samsung.com

Website
www.samsungsem.com

Procurement
www.semcobuy.com

C·A·S·E

Field Staff Communication Forum for Suppliers

In March 2022, Samsung Electro-Mechanics held an online Shared Growth Communication Forum and invited 100 executives and field staff from our suppliers. It introduced the business conditions and market outlook by product, global trends in the IT market, and future technology trends of major players and shared our medium to long-term roadmap for win-win cooperation and support programs.

SUSTAINABLE PROGRESS

Corporate Governance

Transparent and independent governance is recognized as fundamental to a company's long-term growth and realization of shareholder value. Samsung Electro-Mechanics is striving to build sustainable governance by strengthening the expertise and diversity of the board of directors and ensuring its independence and transparency. To this end, we appointed independent directors with proven independence and expertise, and operated various training programs for the board of directors. We will continue to strive to realize responsible management based on a sound governance system that can serve as a foundation for protecting stakeholders' interests and corporate growth.

Expertise and Diversity of the Board of Directors

Independence and Transparency of the Board of Directors

Goals

Pursue diversity in independent directors' specialties
- Appointment of experts in key areas that can contribute to the growth of the company

Maintain the ratio of female independent directors as more than 50%
- Efforts to reflect at least 20% female candidates in the independent director candidate group

Establish policy to strengthen board expertise
- Regular internal training programs
- Enhancing expertise through seminars and educational opportunities provided by external experts

Comprise all members of the four committees with independent directors except for the Management Committee and the ESG Committee
- Audit Committee
- Internal Transactions Committee
- Independent Director Candidate Recommendation Committee
- Compensation Committee

Separation of board chair and CEO

Maintaining the ratio of independent directors as more than 50%

Continue operation of the electronic annual general meeting

Future Plans

Pursuing diversity in independent directors' specialties
- Recommendation and appointment of director candidates for the skill sets of the entire board of directors to contribute to the long-term growth and development of the company

Appointment of independent directors who can contribute to the sustainable growth of the company
- Appointment of directors with expertise in ESG, engineering, corporate management, law, accounting, and finance

Continuous enhancement and expansion of gender diversity within the board of directors
- Maintenance of the ratio (2 or more) of female independent directors

Providing regular professional training for directors
- Various training programs on products, technology, business strategy, technology trends, CSR, and management site visit

Continue to identify independent director candidates who do not have special relationships with management and can maintain board independence

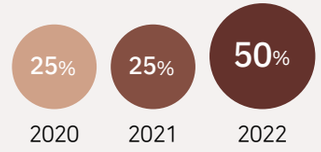
Constant operation of the electronic voting system at the annual general meeting

Online live streaming of annual general meeting

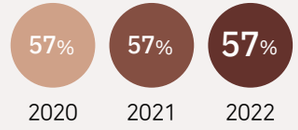
Key Achievements

Korea Institute of Corporate Governance and Sustainability rating in 2022 — **A Grade**

Percentage of female independent directors



Percentage of independent directors



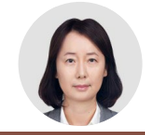
Operating electronic annual general meeting

Board of Directors

Composition of the Board of Directors GRI 2-9, 2-11, WEF SCM Quality of Governing Body

To increase the independence of the Board of Directors, Samsung Electro-Mechanics has separated the chair of the board and the CEO since 2016. We also strengthened the independence of the board of directors to fulfill its role as a check on management by appointing an independent director as the chair of the board. To build a governance structure that ensures correct and transparent decision-making, our board of directors and the CEO will work together, share information and responsibilities, and implement the Company's innovation and development.

Board Skill and Diversity Matrix

		Inside Director			Independent Director			
								
		Chang Duckhyun (Male)	Kim Dooyoung (Male)	Kim Sungjin (Male)	Kim Yongkyun (Male)	Yuh Yoonkyung (Female)	Lee Yoonjeong (Female)	Choi Jongku (Male)
Classification		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	1966	1965	1954	1968	1968	1957
Tenure		March 2022-March 2025 (3 years)	March 2021-March 2024 (3 years)	March 2022-March 2025 (3 years)	March 2018-March 2024 (6 years) (reappointment - one time)	March 2020-March 2026 (6 years) (reappointment - one time)	March 2022-March 2025 (3 years)	March 2023-March 2026 (3 years)
Current Role		CEO, Samsung Electro-Mechanics	Head of Component Business (Vice President), Samsung Electro-Mechanics	Chief of Corporate Business Support Team (CFO), Samsung Electro-Mechanics	Attorney at law, Barun Law LLC	Professor, School of Business, Ewha Womans University	Attorney at law, Kim & Chang	Special Advisor to Yoon & Yang LLC.
Affiliated Committees		· Management Committee · ESG Committee	· Management Committee	· Management Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · Internal Transactions Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · 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 Electrical Engineering, Konkuk University	Bachelor of Economics, Korea University	Bachelor of Law, Seoul National University	Ph. D in Finance, Ohio State University	Master of Environmental Law, University of London	Master of Public Affairs, University of Wisconsin-Madison
	Work Experience	· Head of Sensor Business Team, S.LSI Division, Samsung Electronics · Head of SOC Development, S.LSI Division, Samsung Electronics	· EVP, Component Manufacturing Team, Samsung Electro-Mechanics	· Head of Support Team, IT & Mobile Communications (IM) Division, Samsung Electronics · Head of Support Team, Consumer Electronics (CE) Division, Samsung Electronics	· Chief Judge, Seoul Administrative Court and Seoul Family Court	· 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	· Chair of the Financial Services Commission · President of the Export-Import Bank of Korea
	Leadership	○	○	○	○	○	○	○
	Engineering	○	○					
	Finance/Economy			○		○		○
	Law				○		○	
	Risk Management	○	○	○	○	○	○	○
	ESG Strategy				○		○	
Conflict of Interest		Executive	Executive	Executive	-	-	-	-

* As of March 2023

Board of Directors Management GRI 2-16

The board of directors operates in accordance with its regulations, and agenda materials are provided at least five days in advance of the meeting so that the board can fully review the agenda. Important matters, such as large-scale strategic investments, are reported to the board in advance and discussed by the directors, and feedback is provided before it votes on the agenda. In 2022, a total of nine board meetings were held, and a total of 27 items were presented to and approved, including convening the annual general meeting, donations, and reporting on business performance and outlook. Under the Articles of Incorporation, the board's resolutions require the attendance of a majority of the directors, and in 2022, the attendance rate at board meetings for both inside and independent directors was 95.2%.

Operation of the Board of Directors

Board meetings
9times

Reports and voting
27cases

Inside director/ independent director attendance rate
95.2%

Percentage of independent directors
57%

Percentage of female independent directors
50%

* As of the end of December 2022

Committees under the Board of Directors

The Board of Directors has a total of six committees.

The Board of Directors

Main Role and Agenda of the Board of Directors Committees

Audit Committee

Main role
- Evaluates and improves the adequacy and management of the internal control system
- Establishes and executes an internal audit plan, presents results, takes follow-up measures, and offers measures for improvement

Main agenda
- In 2022, financial statement/external auditor review results, external donation execution result, audit performance report, etc.
- In 2023, establishment of criteria for selection of external auditors, selection of external auditors, etc.

Compensation Committee

Main role
- Designs and operates a performance compensation system for management and determines the budget
- Determines the limit of the remuneration of registered directors to be submitted to the annual general meeting and the compensation system for registered directors

Main agenda
- Review of the 50th registered directors' remuneration limit
- Review on the 50th inside directors' individual annual salary

Independent Director Candidate Recommendation Committee

Main role
- Ensures fairness and independence in the selection of independent directors
  - Recommends director candidates to be elected by the annual general meeting
  - Verifies director candidates

Main agenda
- Nominate independent directors candidates
- Report 2021, 2022 internal transaction performance

Internal Transactions Committee

Main role
- Increases transparency in internal transactions between affiliated companies
- Compiles, examines, deliberates, and votes on internal transaction reports, investigates, orders, reports, and takes corrective action

Main agenda
- Review large-scale internal transaction
- In 2023, review transaction limit with affiliated persons

ESG Committee

Main role
- Drives projects related to key ESG areas and reviews ESG disclosures

Main agenda
- Appointment of the Chair of ESG Committee
- Publication of corporate governance report and sustainability report
- Promotion of declaration on environmental management

Management Committee

Main role
- Votes on general management, financial matters, and key management matters delegated by the Board of Directors

Main agenda
- Increase in production volume
- Infrastructure/mass production facility security
- Invest on development/expansion/ improvement

* As of March 2023

Composition of the Board of Directors

✓ Board Chair ● Chair

Name	Classification	Committees under the Board of Directors: Audit Committee	Internal Transactions Committee	Compensation Committee	Independent Director Candidate Recommendation Committee	ESG Committee	Management Committee
Chang Duckhyun	CEO					○	●
Kim Dooyoung	Inside director						○
Kim Sungjin	Inside director					○	○
Kim Yongkyun	Independent director ✓	○	○	●	●	○	
Yuh Yoonkyung	Independent director	●		○	○	○	
Lee Yoonjeong	Independent director		○	○	○	●	
Choi Jongku	Independent director	○	●	○	○	○	

* As of March 2023

Expertise and Diversity of the Board of Directors

Samsung Electro-Mechanics has established an Independent Director Candidate Recommendation Committee within the board of directors to elect directors with diverse backgrounds as part of our corporate policy. When appointing independent directors, we consider diversity and exclude discriminatory factors such as origin, gender, occupation, race, and nationality, and appoint professionals with expertise or practical experience in various fields such as law, accounting, engineering, and ESG that can contribute to the sustainable growth of the company. In particular, the ESG Committee, consisting of four independent directors and two inside directors, includes environmental, social, and governance experts.

Enhancing the Expertise of the Board of Directors GRI 2-17

We offer a variety of training programs to enhance the expertise and effectiveness of the board. We support independent directors to carry out management supervision and decision-making actively and independently and conduct internal training for all independent directors to understand the organization, business structure, and internal systems of the Company, which includes visits to domestic and overseas business sites and providing them with status reports.

In particular, the board of directors receives quarterly reports on the domestic and international global business environment and market prospects to strengthen risk management. We also provide the board of directors with regular training on Samsung Electro-Mechanics' medium to long-term strategies. In 2022, the board of directors and its committees provided a total of seven training sessions to strengthen the professional performance of independent directors.

Training Date	Instructor	Main Content
Jan. 26, 2022	Samsung Electro-Mechanics	· Optical communication products and market conditions
Apr. 27, 2022	Samsung Electro-Mechanics	· Orientation for new directors
Jul. 27, 2022	Samsung Electro-Mechanics	· Medium to long-term business strategies - Medium to long-term business plans and strategies - Identifying key business issues
Jul. 27, 2022	Samil PwC	· Advance notice on a focused review of financial statements by the Financial Supervisory Service in 2023
Sep. 18, 2022	Samsung Electro-Mechanics	· Inspection of overseas management - Overview of overseas business sites (Vietnam business site) - Inspection of major product manufacturing processes
Oct. 26, 2022	Samil PwC	· Audit Committee's considerations for the consolidated internal accounting control system
Nov. 29, 2022	Samsung Electro-Mechanics	· Identification of technology trends - Overview of key technology trends and related issues

Training for Independent Directors' Expertise

Samsung Electro-Mechanics actively operates various external expert support programs, including legal and accounting advisors, to help independent directors effectively carry out management supervision and important decision-making processes. In 2022, a total of two audit committee trainings were held to strengthen the audit committee's expertise in auditing. We also organize meetings to share opinions and gather suggestions about communication between independent directors and management. A total of five meetings (four independent director meetings, one newly elected independent director meeting) were held in 2022.

Status of Independent Directors Support

	Meetings for Independent Directors	Training of New Independent Directors	Training of Audit Committee Members
Target	All independent directors	Lee Yoonjeong	Kim Yongkyun, Kim Joonkyung[1], Yuh Yoonkyung
Number of meetings	4 times	1 time	2 times
Activities	· Optical communication products and market conditions · Medium to long-term business strategy · Inspection of overseas management (Vietnam business site) · Identification of technology trends	· Orientation for new directors	· Advance notice on a focused review of financial statements by the Financial Supervisory Service in 2023 · Audit Committee's considerations for the consolidated internal accounting control system

* As of the end of December 2022
1) Independent director Kim Joonkyung's term expired in March 2023.

Enhancing Diversity in the Board of Directors

We are increasing the diversity of our board members to practice sustainable management and gather feedback from various stakeholders, including shareholders and customers. To this end, we have continuously appointed female independent directors since 2014, and with the appointment of an additional female independent director in 2022, we have a total of two female independent directors.

Board of Directors Expertise and Diversity Requirements

The Company does not set restrictions pertaining to race, gender, cultural background, or area of expertise when considering Board members. In the board nomination process, it actively considers race, sex, cultural background, or area of expertise of individuals who can participate in the Board with new and diverse perspectives. In particular, for independent directors, the Company seeks candidates who meet the qualifications set forth by relevant laws and regulations, and have expertise or experience in areas such as management, economics, accounting, law or relevant technologies.

Independence and Transparency of the Board of Directors GRI 2-15

In order to ensure the independence of the board of directors, Samsung Electro-Mechanics has appointed an independent director as chair of the board. To ensure the board's check on management, one of its most critical roles, we have comprised four out of seven board members (57%) as independent directors, and four committees under the board—Audit, Internal Transactions, Independent Director Candidate Recommendation, and Compensation— excluding the Management and ESG Committees, consist exclusively of independent directors and are operated independently from management. In particular, since 2021, all members of the Compensation Committee have been comprised of independent directors to enhance the objectivity and transparency of the directors' remuneration process.

Requirements for the Independence of Independent Directors

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.

Independent Operation of the Audit Committee GRI 2-26

To ensure that the Audit Committee is independent of management and governance, Samsung Electro-Mechanics' Audit Committee is composed entirely of independent directors. For the effective performance of the Audit Committee's duties, external expert advice is provided at the Company's expense as necessary in accordance with Article 13 of the Audit Committee Regulations. We have also designated a support department for the Audit Committee for its sound operations. The Accounting Group under the Finance & Accounting Team supports the practical work necessary to perform the Audit Committee's business, such as responding to its requirements, issuing key data related to financial reporting, and conducting meetings. The Internal Accounting Management Group under the Finance & Accounting Team assists the Audit Committee in comprehensively evaluating the design and operation of the internal control system. Additionally, the Internal Audit Department under the Audit Team reports to the Audit Committee twice a year on internal audit results, audit plans, and fraud risk assessment results.

the Audit Committee

Training of the Audit Committee

To enhance the competencies required for the Audit Committee's work, Samil PwC, our external auditor, provided two training sessions in 2022 on changes in accounting policies, laws, and regulations and the roles and responsibilities of the Audit Committee. Highlights of the training sessions included a preview of the Financial Supervisory Service's 2023 Advance Notice on Focused Examination of Financial Statements and Audit Committee considerations for a consolidated internal accounting control system.

Training of the Audit Committee in 2022

Training Date	Instructor	Participating Committee Members	Main Content
Jun. 23, 2020	Samil PwC	Yuh Yoonkyung Kim Yongkyun Kim Joonkyung[1]	· Changes in the financial environment in 2020 and the role of the Audit Committee · Analysis of Audit Committee trends
Oct. 21, 2020	Samil PwC	Yuh Yoonkyung Kim Yongkyun Kim Joonkyung	· Analysis of audit reports on listed companies and examples of accounting and supervision enforcement actions in 2019
Jul. 28, 2021	Samil PwC	Yuh Yoonkyung Kim Yongkyun Kim Joonkyung	· Advance notice on 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

1) Independent director Kim Joonkyung's term expired in March 2023.

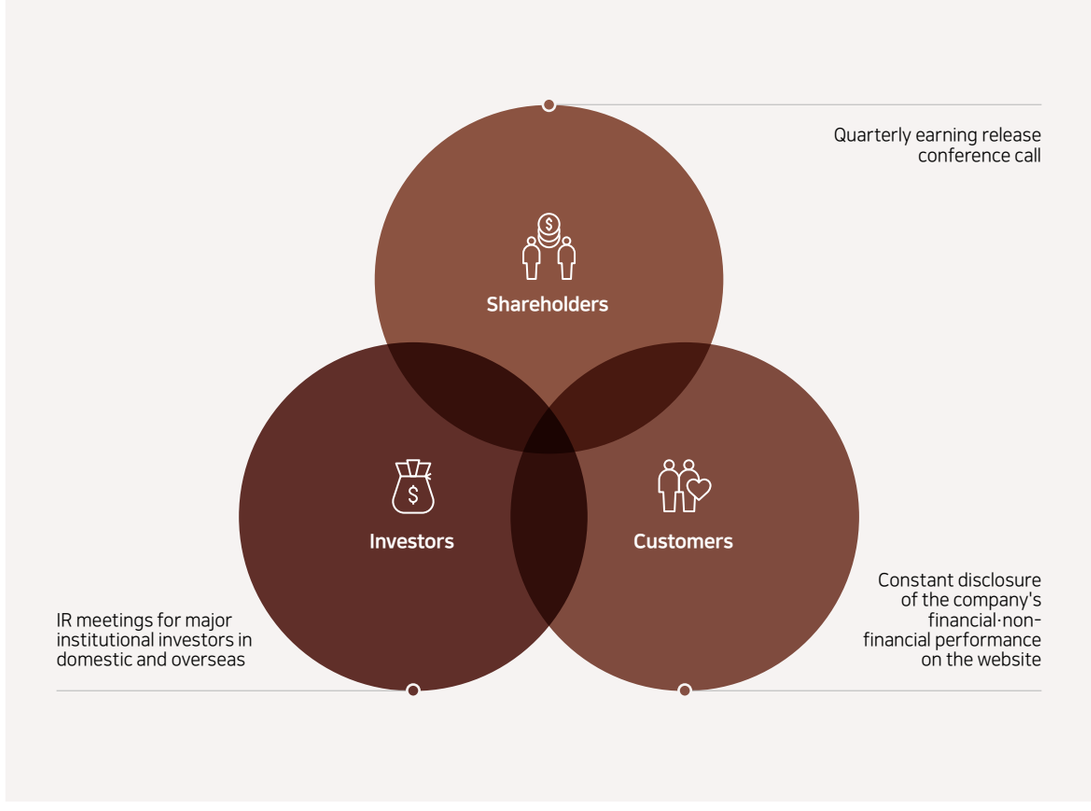
Electronic Annual General Meeting

Samsung Electro-Mechanics has 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

Through active communication with various stakeholders such as shareholders, investors, and customers, Samsung Electro-Mechanics transparently discloses our management performance 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



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. In 2022, the average length of service for independent directors is 2.83 years.

Average service of independent directors **2.83 years**

Independent Director Appointment Process

Samsung Electro-Mechanics' 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.

Recommendation of Independent Director Candidates

- Form a group of candidates for Independent directors by deliberating on the qualifications and expertise of prospective candidates
- Manage ESG expertise, engineering, corporate management, law, accounting, and other expert candidates.

Review of Independent Director Candidates

- The Independent Director Candidate Recommendation Committee closely reviews candidates for independent directors. (legal qualifications, conflict of interest with Samsung Electro-Mechanics, relationship with the largest shareholder, loyalty to duties, and ethics)

Appointment of Independent Directors

- 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

Board of Directors Evaluation and Compensation GRI 2-18, 2-19, 2-20, WEF SCM Quality of Governing Body

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.

Area	Evaluation Items
Inside Director	**Quantitative indicators |** ROIC, ROE, operating profit margin, earnings per share, profit before tax, revenue growth rate
	Qualitative indicators | Leadership, role, and responsibility as an executive
Independent Director	**Quantitative indicators |** Meeting attendance, number of deliberations, affiliated committee
	Qualitative indicators | Expertise, understanding of business

Tax Policy GRI 207-1

As stated in the Tax Management Operating Guidelines, Samsung Electro-Mechanics complies with the tax laws and regulations of the countries in which we conduct business and faithfully fulfills our obligations to report and pay taxes. To this end, we maintain a transparent relationship with the taxation authorities of the country to which the local sites belong. We actively oversee the career development of our tax specialists within local sites and engage external experts, such as accountants, to effectively manage and evaluate tax risks across different areas.

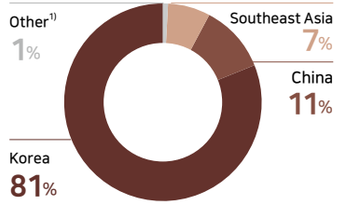
Samsung Electro-Mechanics effectively mitigates tax risks arising from domestic and international tax policies by adhering to the tax laws of the countries where our headquarters and overseas business sites operate. Moreover, we do not transfer generated business value to low-tax jurisdictions for the purpose of tax avoidance. In particular, in accordance with domestic trading laws, we maintain a fair trading price when trading with third parties and affiliated parties. Our transfer pricing on international transactions also avoids international tax-related risks by trading according to the normal price.

Tax Management Guidelines

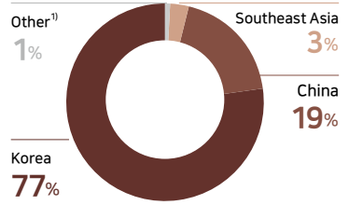
1. All laws and regulations shall prioritize accounting standards and tax laws imposed by headquarters and local countries.
2. We recognize the differences in the tax laws of each country, file tax returns and fulfill our tax obligations in good faith, and do not transfer income to low-tax countries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

(Data coverage: 100%, Unit: %)

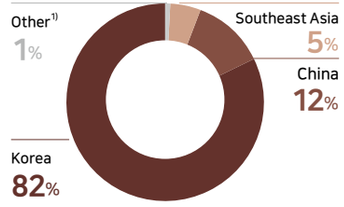
Profit Before Tax Rate by Regional Jurisdictions in 2022



Income Tax Expense Rate by Regional Jurisdictions in 2022



Percentage of Corporate Tax Expenses Reflected in 2022 Gains and Losses by Tax Jurisdiction[2]



1) Americas, Europe, Japan, India
2) Simple sums before reflecting consolidation adjustments

Shareholder-Friendly Management

Shareholding Status

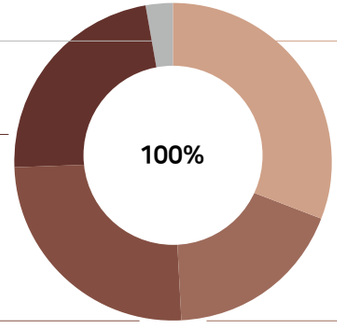
As of the end of 2022, Samsung Electro-Mechanics issued 74,693,696 common shares and 2,906,984 non-voting preference shares. Of these, there are 72,578,858 common shares with voting rights, excluding 2,906,984 preferred shares and 2,114,838 common shares whose voting rights are restricted by applicable laws and regulations (2,000,000 common shares and 114,838 shares of Samsung Life Insurance). As of the end of 2022, the majority shareholder of Samsung Electro-Mechanics is Samsung Electronics, with 17,693,084 shares (23.7%). The National Pension Service holds 6,133,055 shares (8.2%).

Shareholding Status (Data coverage: 100%, Unit: share/%) (As of the end of December 2022)

	Common Shares		Preference Shares	
	Number of shares	Ownership percentage	Number of shares	Ownership percentage
Total	74,693,696	100.0%	2,906,984	100.0%
Individual shareholders	21,674,057	29.0%	2,368,141	81.5%
Institutional shareholders	13,798,202	18.5%	303,591	10.4%
Foreigners	19,528,353	26.1%	181,822	6.3%
Samsung Electronics	17,693,084	23.7%	-	-
Treasury Shares[1)]	2,000,000	2.7%	53,430	1.8%

1) No Treasury shares in 2022

Total 77,600,680 shares



2.6% 2,053,430 shares
Treasury shares

24,042,198 shares 31.0%
Individual shareholders

22.8% 17,693,084 shares
Samsung Electronics

25.4% 19,710,175 shares
Foreigners

14,101,793 shares 18.2%
Institutional shareholders

Shareholders Status (Data coverage: 100%, Unit: shares)

Area		2020	2021	2022
Top 5 domestic shareholders	Samsung Electronics	17,693,084	17,693,084	17,693,084
	National Pension Service	9,565,084	7,767,553	6,133,055
	Samsung Asset Management	1,091,518	1,096,289	948,375
	Mirae Asset Financial Group	571,373	834,770	670,395
	Korea Investment Management	374,795	459,261	662,758
Top 5 overseas shareholders	BLACKROCK	2,151,051	2,080,993	2,325,572
	VANGUARD	1,658,252	1,760,651	1,943,253
	GIC	1,045,889	997,490	1,225,963
	NBIM	697,870	768,099	785,577
	PEOPLES BANK OF CHINA	668,280	692,900	672,395

* As of the end of December 2022

Policies on Shareholder Return

Samsung Electro-Mechanics' dividend policy is strategically determined by reflecting business performance and investments to secure future growth engines and cash flows. In 2022, we paid a dividend of KRW 2,100 per common shares, the same as in 2021. Going forward, we plan to continue our efforts to increase corporate value through investment and growth while strengthening shareholder return through appropriate dividends. To ensure that the dividend payout ratio is maintained at least 20% in the future, we plan to make adjustments considering the investment and cash flows to ensure future growth.

Dividend Policy

- 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

Legal and ethical compliance are key factors for sustainable management. Samsung Electro-Mechanics is striving to internalize ethical management as an innovative company that is respected by customers, stockholders, employees, business partners, and local community members. Using the principles for realizing the core values of Samsung as our guideline, we have enacted a code of conduct that serves as the standards for decision-making, and we disclose this on our website. We will continue to strive to realize responsible management based on transparent ethical management.

	Goals	Future Plans	Key Achievements
Ethical Management	**Construct an open platform for fraud prevention training** - Construct and expand online platform so that personnel, including on-site workers, overseas personnel, etc. can easily take classes even while outside of company grounds	**Corruption prevention by strengthening fraud prevention training** - Continuously update training materials and lecture plans by reflecting corruption incident trends	Fraud prevention training completion rate in 2022 **100%**
Compliance Management	**Risk prevention through employee compliance training** - Annual compliance training for employees **Strengthen compliance inspection and monitoring system** - Inspect annually through an organization in charge of compliance inspection **Systemize anti-corruption and fair competition training** - Continuously educate employees and operate guidelines	**Compliance training for employees** - Hold regular training sessions **Compliance inspection and monitoring** - Inspect violations of each management item **Anti-corruption and fair competition training** - Educate employees and operate guidelines	Number of compliance training in 2022 **19 times** Employees who completed compliance training in 2022 (Unit: persons) 2020: 15,311 2021: 15,760 2022: 23,894 Operation of employee guidelines for anti-corruption and fair competition
Information Security	**Construct rapid joint response system for security threats between headquarters-overseas business sites** - Construct joint response system between headquarters and overseas business sites for prompt response to various security threats such as infection by malicious codes, hacking attacks, attempts to leak important information, etc.	**Conduct inspections on response status to security threats through on-site visits of overseas production sites** - Resume on-site visitations starting in 2023 for security threat response status inspections in all sectors that have been conducted via remote inspections due to COVID-19	Acquired additional international information security certification TISAX for Vietnam production sites in 2022 * Suwon business site and the Europe sales site acquired certification in 2021

Ethical Management

Ethical Management Practical Strategy GRI 2-24

Samsung Electro-Mechanics has constructed a transparent organization culture by establishing a code of ethics and code of conduct to be aware of the importance of ethical management and to prevent and stop corruption. Fraud prevention training is being conducted for all employees of both domestic and overseas business sites so that all employees and suppliers can practice ethical management and improvements are being made to vulnerable processes. Meanwhile, ethical management practicing will and awareness spreading activities are being carried out for suppliers.

Ethical Management Control System

Regular Audits on Ethical Management

Samsung Electro-Mechanics has established inspection plans for domestic and overseas production and sales sites and has been conducting audits. We identify problems through regular inspections and making improvements to areas in the organization with vulnerable management to support the practicing of ethical management. Additionally, we are operating a full-time ethical management monitoring system and analyzing corruption risks for domestic and overseas business sites in advance to detect irregular signs in advance to prevent incidents from growing out of control and spreading. Furthermore, we are making improvements to vulnerable processes as part of our efforts to eradicate factors that can result in corruption.

Managed Elements in Ethical Management

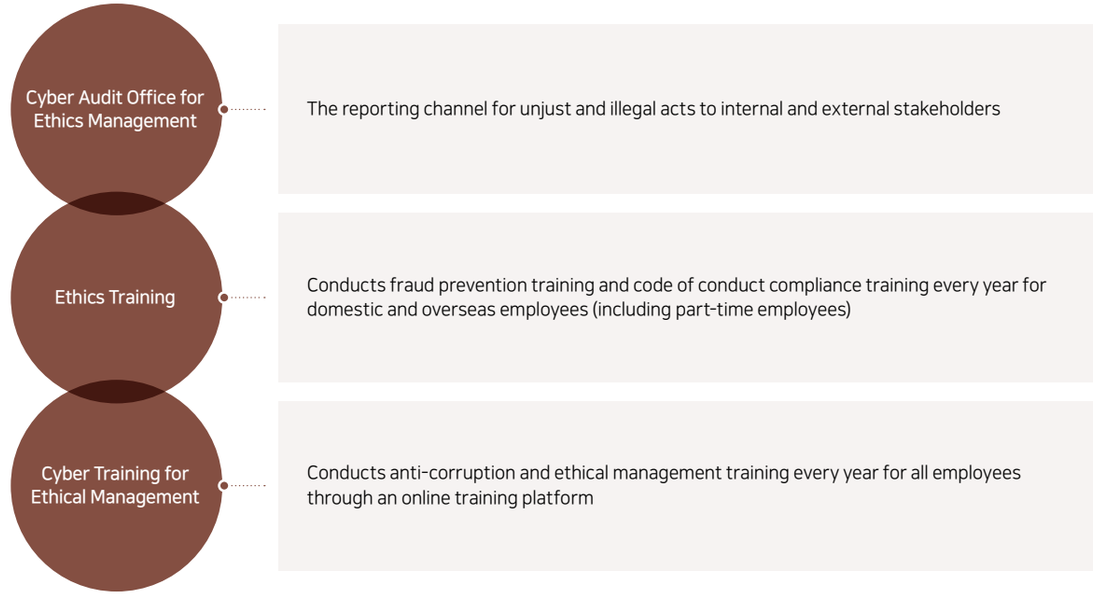
Classification	Index
Business Relations	Receiving bribes and entertainment, monetary transactions, unfair treatment towards an enterprise, money laundering
Corporate Funds and Assets	Embezzlement, asset theft
Work Discipline	Habitual negligence, improper monetary transactions between employees
Other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

Ethical Management

Preventing Employee Corruption

Samsung Electro-Mechanics operates ethical management programs annually for domestic and overseas employees based on the 'Ethical Management Guideline' in order to internalize the practice of ethical management. Company-wide ethics training , operation of ethical management violation report channels (in Korean, English, Chinese, and Vietnamese), regular inspection of ethical management, etc., are carried out to reinforce implementation of ethical management for employees.

Key Ethical Management Programs for Employees



Ethics Training for Employees

To establish an organizational culture with integrity, Samsung Electro-Mechanics prevents corruption risks through detailed Anti-Corruption Code of Conduct within the 'Employee Guidelines,' which covers suppliers, company funds, assets, work discipline, and leakage of information and workforce. Fraud prevention training is conducted annually for all employees (including part-time employees) in our domestic and overseas business sites, and leader-level (executives, managers, expatriates, etc.) employees receive separate ethics training. As of 2022, 100% of employees completed ethics training and cyber training courses are offered as part of our efforts to increase employee participation rate in this training.

Completion rate of employee ethics training in 2022

100%

Ethics Training Status for Employees

(Data coverage: 100%, Units: cases, persons)

Classification	2020	2021	2022
Number of ethics training sessions	329	368	242
Number of employees receiving ethics training	33,037	35,182	30,792

Efforts to Prevent Recurrence of Corruption WEF SCM Ethical Management

Samsung Electro-Mechanics offers customized training and guidelines to prevent recurrence of incidents related to corruption, and the 'Pledge to Practice Compliance and Ethical Management' is being conducted for all employees, including executives, every year. Incidents are posted on the intranet quarterly and regular inspection plans are being established and implemented for each production and sales sites to perform immediate actions to make improvements to vulnerable processes.

Fraud Prevention at Samsung Electro-Mechanics

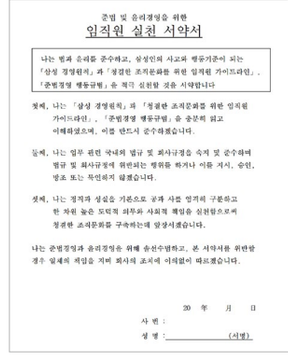
Employees

- Pledge to ethical management practice
- Ethical management training program (on/off-line)
- Discovery and improvement of flawed processes

Suppliers

- Agreement on ethical management practice
- Sharing business guidelines
  - Regular meetings among suppliers
  - Online sites where we can contact suppliers
- Sending an official letter requesting cooperation in ethical management (published regularly)

Pledge to Practice Ethical Management



준법 및 윤리경영을 위한

임직원 실천 서약서

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

첫째, 나는 「삼성 경영원칙」과 「청결한 조직문화를 위한 임직원 가이드라인」, 「준법경영 행동규범」을 숙지하고 준수하며 이해하였으며, 이를 반드시 준수하겠습니다.

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

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

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

20 년 월 일

사 번 :

성 명 : (서명)

Ethical Management Reporting and Handling Process GRI 2-25, WEF SCM Ethical Management

Samsung Electro-Mechanics has constructed and operated various reporting channels for the fair and prompt handling of violations of ethics regulations. Currently, we are receiving reports at all times through the 'Cyber Audit Office for Ethics Management' website, e-mail, mail, and telephone, etc,. The ethical management website offers services in Korean, English, Chinese, Japanese, and Vietnamese, and domestic and overseas stakeholders and whistleblowers can report corruption of employees or unfair acts at any time. We also posted the 'Ethical Management Violation Report' window on the main screen of the company website to enhance accessibility to the reporting channel for employees. Once reports are received, we will conduct fact-finding missions and take corrective actions, and after the actions have been taken, the results will be notified to the whistleblower.

Moreover, Samsung Electro-Mechanics takes strict actions against corruption cases. These actions not only include reprimands for employees involved in the corruption cases, but also include stopping business deals or demanding prevention of recurrence to suppliers that provided cash or goods, etc.

Whistleblower Protection Program

Samsung Electro-Mechanics observes the rules on protecting confidentiality and protects the identities of informers or whistleblowers, and gives strong penalties against retaliations in order to prevent disadvantages to the whistleblower. Once corruptions or unfair acts are reported, fact-finding missions are carried out and then corrective actions for work are performed. Afterwards, the results of the actions are notified to the informer or whistleblower. Strong punishments are given to employees or suppliers involved in corruption cases, and depending on the severity of the incident, business dealings are stopped or prevention of recurrence are demanded to suppliers.

Reporting Channel Process

Receive Report	Respond upon Receipt of the Report	Conduct Investigation	Notify Investigation Results
• Ethical management page • E-mail, mail, or phone	• Respond to the informant within 24 hours of receipt	• Investigate facts (Send interim feedback to the informer as necessary)	• Inspection results and measures

Ethical Management Violations and Disciplinary Measures (Data coverage: 100%, Units: cases, %)

Classification		2020	2021	2022
Ethical Management Reports	**Number of ethical management reports**	43	29	42
	Number of corruption reports	26	21	29
	Number of consumer complaints	17	8	13
	Other	-	-	-
	Percentage of disciplinary measures and actions	100	100	100

Preventing Supplier Corruption

Samsung Electro-Mechanics has enacted the 'Ethics Charter for Suppliers' to spread the will for practicing ethical management, and we enter ethics agreements with all suppliers. Since January 2013, we have established Business Guidelines and have been working to promote a business culture of integrity by stating them on the business website used by our suppliers and customers. In addition, we contribute to spreading a culture of integrity by preventing employees from receiving any money or wreaths from suppliers for personal occasions of congratulations and condolences.

Ethical Management Support for Suppliers

Enactment of the Supplier Code of Conduct | Samsung Electro-Mechanics enacted the Supplier Code of Conduct to strengthen compliance management that serves as the backbone of shared growth with suppliers and requests suppliers to implement ethical management. In addition, all sub-supply chains that provide assembly, parts, materials, packaging, etc. to suppliers are required to observe these codes, and this is announced in the Samsung Electro-Mechanics website.

Link to **Supplier Code of Conduct**

Compliance of Ethical Management by Supplier Members | Samsung Electro-Mechanics sends official letters for practicing ethical management twice a year on holiday to all domestic and overseas suppliers, and encourages practicing ethical management in the relationship of suppliers who are doing business with us or hope to do business with us.

Requiring Written Pledge for Practicing Ethical/Compliance Management of Suppliers | Samsung Electro-Mechanics notifies all suppliers about the ethics charter and action guide, and also requires submission of a written pledge to practice ethical/compliance management. We are making efforts to encourage suppliers to take part in Samsung Electro-Mechanics' integrity and win-win management, and to achieve mutual growth through transparent and fair trade and legal compliance.

Compliance Management

Compliance Management Policy WEF SCM Ethical Management

Samsung Electro-Mechanics strives to observe the highest levels of legal and ethical standards as a global company. Samsung Electro-Mechanics enacted corruption prevention policies in order to completely stop the act of providing bribes for gaining inappropriate business profits and to take the lead in establishing a clean organizational structure, and the main contents are disclosed on the Samsung Electro-Mechanics website.

Compliance Management Governance

Compliance Management Committee

Samsung Electro-Mechanics has constructed a compliance management practicing organization system to enhance its level of awareness for compliance management. The Compliance Management Committee, the highest level of compliance management practice organization, is an organization that receives reports on key compliance activity results to present directions, and that makes decision on important issues regarding compliance management.

Dedicated Organization of Compliance Management

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

Compliance Management Control System WEF SCM Ethical Management

Samsung Electro-Mechanics has constructed and operated a compliance management control system based on compliance management code of conducts that includes the key values and principles of Samsung. Regular training, legal violation verification manuals, and guidelines are provided for all employees, and compliance management is being carried out through self-inspection via using a system, operating a support center, and sensing and management of enactment/revision of various laws and regulations. Furthermore, inspection monitoring on legal violations per item is performed constantly or regularly, and compliance management risks are being prevented through improvement activities on finding the root cause by analyzing the process and results of issues that occur.

Critical Elements of Compliance Management

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

Compliance Program Management System

Samsung Electro-Mechanics has constructed and is operating the CPMS (Compliance Program Management System) with functions such as inquiries, prior consultation, inputting autonomous compliance activities, etc. Regulations related to compliance management, code of conduct, manuals and guidelines, and compliance management issues are posted all the time on the main screen of the company's intranet called Knox Portal, and 'Compliance Management' and 'Compliance' are placed on the top section of the screen to provide support so that employees can access issues at any time.

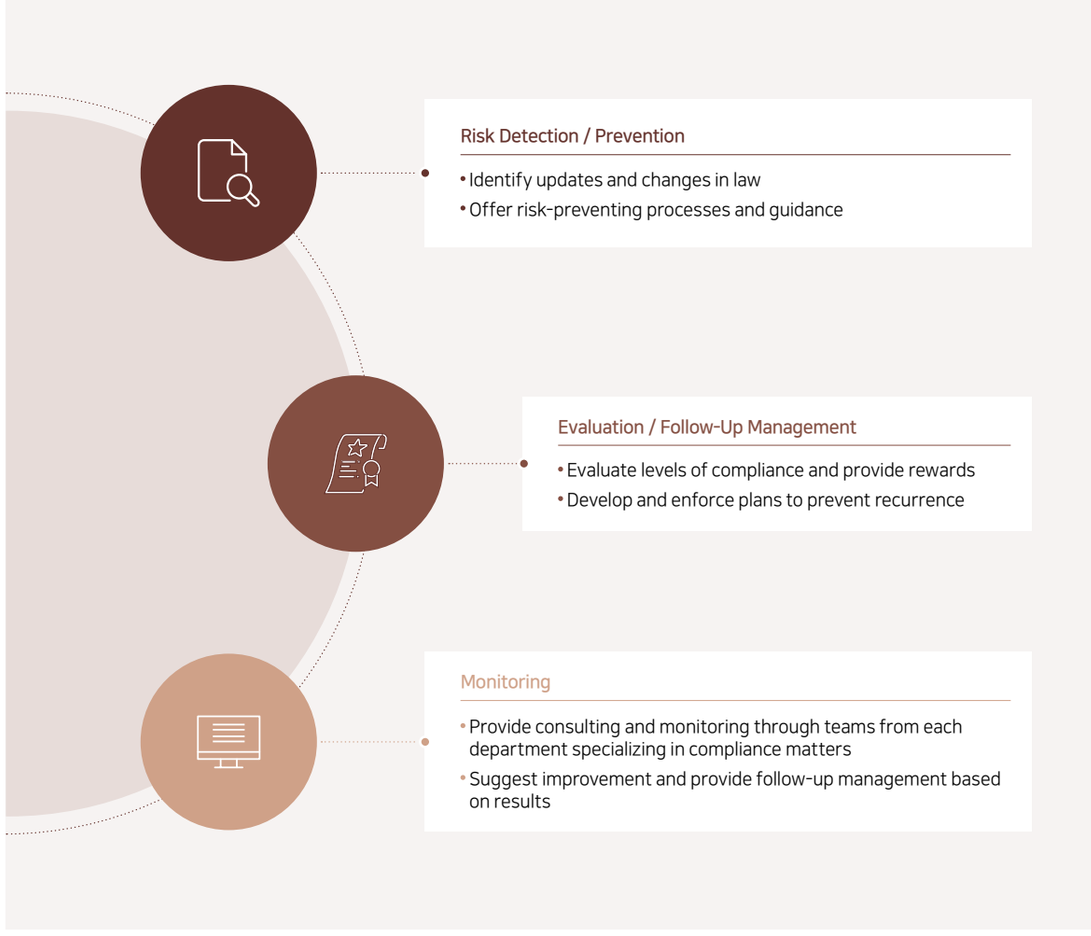
Legal Sensing and Guidelines

Samsung Electro-Mechanics regularly identifies revisions of laws and regulations related to the company and immediately announces them to the relevant departments or employees. Guidelines are prepared based on the identified laws and regulations to prevent employees from violating laws while working as part of the efforts to present detailed work processes and code of conduct, and it is announced at all times on the CPMS (Compliance Program Management System) to allow employees to access at any time.

Compliance Management Program

Samsung Electro-Mechanics constructed a compliance management program for the efficient control of compliance management. The program is operated with the 'Risk Detection/Prevention-Evaluation/Follow-Up Management-Monitoring' process, and efforts are being made to detect compliance risks in advance in order to make preemptive responses.

Compliance Program



Major Compliance Activities

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

Autonomous Practices

All employees of Samsung Electro-Mechanics connect to the company intranet to participate in the pledge for practicing compliance to show their resolve to be compliant once a year. To encourage their autonomous compliance and adopt a culture of compliance, we have institutionalized items such as compliance accident management, employee training, self-inspection, and express statement to practice compliance and measure them quantitatively to reflect in the evaluation of executives. Samsung Electro-Mechanics is sharing the activities and key issues related to compliance of Samsung Electro-Mechanics to stakeholders through various channels such as meetings, compliance letters, in-company broadcasts, etc., in order to spread the importance of compliance management. Sanctions such as reviewing business relationships for violations of compliance management by suppliers and business partners are being used to encourage all companies that do business with Samsung Electro-Mechanics to take part in compliance management.

Fair Trade

Fair Management Practices

Samsung Electro-Mechanics is committed to fulfill its ethical responsibilities regarding external relations such as with suppliers and clients.

Issue	Response Status
Anti-corruption	Samsung Electro-Mechanics has constructed a transparent organization culture by establishing a Code of Ethics and Code of Conduct to prevent and block corruption. Fraud prevention training is being carried out for all employees and 'Pledge to Practice Compliance and Ethical Management' is received annually. Corruption inspection plans have been established and are being implemented to conduct immediate improvement measures for vulnerable processes, and activities for spreading the will and awareness for practicing ethical management are being conducted for suppliers. Furthermore, reporting channels have been constructed and are in operation for violations against the ethics regulations, and the identities of informers and whistleblowers are being protected according to the rules for protecting confidentiality, while giving strict punishments for retribution so that whistleblowers do not receive promotion-related disadvantages.
Responsible Political Participation	Samsung Electro-Mechanics maintains political neutrality and does not engage in politics. In addition, we respect the political opinions and rights to participate in politics for employees, and contents regarding this are listed in the Samsung Electro-Mechanics code of conduct. All employees are complying with the rules set forth in the code of conduct with a sense of responsibility.
Fair Competition	Samsung Electro-Mechanics has constructed and is operating a compliance management program based on the Compliance Management Code of Conduct. We manage issues such as prohibiting unfair collaborative actions, prohibiting unfair insider trading, prohibiting unfair subcontracting, etc., through the Code of Conduct. Training is provided on fair trade, corruption prevention, prohibiting violation of business secrets, etc., at least once a year for all employees, and special training on prohibiting collusion, antitrust, prohibiting abuse of dominant market position, etc., for local employees at overseas sales sites to promote fair competition. Furthermore, manuals and guidelines for checking legal violations are provided to all employees and self-inspection through the compliance management system, operation of support centers, management of enactment/revisions of various laws and regulations are being managed. Moreover, when issues occur, the process and result for such are analyzed in order to make improvements.
Facilitating Social Responsibility in the Value Chain	Samsung Electro-Mechanics is striving to 'strengthen supply chain competitiveness based on mutual trust' in order to establish a sustainable corporate ecosystem. Suppliers are requested to perform ethical and compliance management and observe CSR. We have operated systems for regularly evaluating suppliers and suspending business transactions with suppliers that violate global regulations related to protecting human rights, discrimination, and the responsible minerals. The Supplier Code of Conduct was established based on the RBA code of conduct and is announced on the company website. This code is applied to all suppliers and it is included in supplier contracts as compliance requirements. Compliance with labor rights of suppliers is being inspected regularly for sustainable supply chain control, and improvement plans are being required for inappropriate issues discovered during the inspection process. Furthermore, shared growth system was constructed to practice supporting suppliers such as joint technological development with suppliers, supporting shared growth funds, win-win academies, etc.
Respect for Property Rights	Samsung Electro-Mechanics is strengthening our intellectual property competitiveness by identifying technological trends through source technology and leading R&D. Risks related to intellectual property rights are being inspected thoroughly, and cooperation systems with relevant departments to prevent risks have been constructed, and a stable intellectual property rights operation system is in operation. Furthermore, risks related to the leak and misuse of technological data are being inspected regularly to prevent violation of the intellectual property rights of small and medium-sized suppliers.

Risk Management

Risk Management Governance GRI 207-2

The Chief of Corporate Business Support Team (CFO) has the final responsibility for risk management of Samsung Electro-Mechanics, and the Team Leader of Compliance Team has the final responsibility for risk management performance monitoring. Risk issues are reported to the executive board and Audit Committee, and the risk management functions are being operated independent from the business sectors in each of the risk management sectors such as safety and environment, finance, audit, etc.

Risk Management Activities

Risk Management Criteria WEF SCM Risk and Opportunity Oversight

Tax Risk	• For all tax risks such as goods/service transactions, new businesses, change of transaction structure, etc., for headquarters and overseas business sites, outside experts (accounting firms) are being utilized to conduct prior assessments and to manage risks related to the tax laws of local countries, omissions of tax reports, international transaction transfer prices between headquarters and business sites, etc.
Liquidity Risk[1)]	• Cashflow and cash reserves are measured regularly for the entire company and for each business sites to manage liquidity risks • During import/export transactions, risks related to accounts receivable collection are minimized through export insurance and negotiation/factoring, etc.
Compliance Risk	• Compliance with compliance regulation standards are inspected and the 'compliance validity evaluation results' are reported to the Board of Directors every year • The top executives make decisions on major issues on compliance management and present directions through the 'Compliance Management Committee' • By operating the Compliance Program Management System (CPMS) at all times, employees are able to check in advance and prevent compliance risks that may occur during work
Market Risk[2)]	• Interest rate risk: Loans are procured, and savings are managed by regularly considering interest rates (review fixed/variable interest rate loans, reduce high-interest loans, diversify savings products, etc. to build an effective portfolio) • Exchange rate risk: Exchange rate risks due to changes in exchange rates are regularly measured to manage the company-wide overseas exchange position
Safety Risk	• The risk report system SEM-S (SEM-Safety) was constructed to identify potential hazards and risk factors and feedback on improvements results are provided to relevant departments

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

Compliance Risk Management

Samsung Electro-Mechanics manages the risk of legal violations through an agreement with the Samsung Compliance Monitoring Committee, an independent external organization set up to strengthen the compliance monitoring and control of affiliated companies. It is an independent and autonomous body established by an agreement among Samsung's major affiliates[1)], including Samsung Electro-Mechanics, and consists of seven members with professional knowledge and experience in the field of compliance monitoring.

Furthermore, Samsung Electro-Mechanics operates an internal compliance management practicing committee to practice compliance management effectively. The top executives operate the Compliance Management Committee to receive reports on key management activity results in order to present directions, while making decisions on important issues related to compliance management. In addition to this, the compliance management program is constructed and operated to select the dedicated compliance management organization that supports the activities for practicing compliance of organizations per function, CP organization leader that supervises compliance activities within domestic and overseas team leader-level organizations, and CP leaders that are in charge of the actual work, in order to actively respond to each unit when compliance issues occur.

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 outside sponsorships, which are subject to approval by the Board of Directors, to the committee and are responsible for making efforts for the requests or recommendations of the committee
- Provision of necessary information and materials for the supervision and recommendations of the committee on the compliance monitoring program and system
- Responsibility of responding to requests for reporting to the executive board regarding risks for violating compliance duties

Tax Risk Management GRI 207-2, 207-3

Tax Risk Assessment

Samsung Electro-Mechanics strives to prevent all potential tax risks related to the business, such as transactions of goods and services, international transactions, new business ventures, and changes in the transaction structure. To this end, we assess tax risks for our headquarters and each overseas business sites and take measures by minimizing the risk of taxation in advance. Headquarters and each overseas business sites utilize outside experts (accounting firms) to carefully evaluate tax risks and we are preemptively responding to tax risks by analyzing facts regarding issues, reviewing tax regulations of the applicable country, and finding risks that may occur in the future in advance.

Tax Risk Management Policy

Samsung Electro-Mechanics has constructed a tax consulting system to preemptively respond to tax regulations and risk of applicable countries when establishing new corporations or during M&A procedures, and compliance with tax laws and regulations of each country are constantly reviewed by an outside accounting firm for verification prior to submitting corporate tax reports for headquarters and overseas business sites. All transactions are based on commercial substance, and related qualifications are documented and kept. We meet the payment deadlines for all our profits and fulfill our tax obligations. In domestic transactions, we maintain fair prices when trading with third parties or related parties in accordance with applicable laws. In the case of transactions between the headquarters 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. In addition, Samsung Electro-Mechanics does not transfer the created value to lower tax jurisdictions, use tax structures to evade tax or use secret jurisdictions or tax havens. Furthermore, we have recently been continuing efforts to prevent BEPS (Base Erosion and Profit Shifting) by concluding APAs (Advance Pricing Arrangement).

Tax Payment Operation Guideline

Principle: Compliance with the Headquarter and tax laws of local countries

1. All laws and regulations shall prioritize accounting standards and tax laws imposed by headquarters and local countries.
2. Parties involved shall recognize differences between tax laws in each country, comply with tax laws in all transactions, and implement tax filing and tax paying obligations. we do not use secrecy jurisdictions or so-called 'tax havens' for tax avoidance, and do not transfer value created to low tax jurisdictions.
3. Employees in charge of tax payments at local subsidiaries shall maintain transparent relationships with the tax authorities in each country and strive to prevent tax risks.
4. Management of internal personnel and utilization of external specialists must be maximized to comply with tax laws in local countries of overseas subsidiaries 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.

Internal Accounting Management

Samsung Electro-Mechanics operates an internal accounting management system with the goal of enhancing transparency of financial statements and to provide reliable information to external stakeholders. It is being operated using the internal accounting management regulations and work guidelines as the standards based on the 'Act on External Audit of Stock Companies and Its Enforcement Decree' and support is being provided so that the Audit Committee can evaluate the operation status of the internal accounting management system both independently and objectively. Operation assessments are being conducted for the controlled items of each of the 11 work processes for the headquarters and overseas business sites annually, and areas for improvement discovered in the operation evaluation process are reflected in the controlled items through discussions among external auditors, dedicated departments, and control personnel. To ensure the objectivity of the evaluation, headquarters conducts a cross-evaluation of the results for each organization every quarter. In the overseas business sites, inspections of the operating conditions are carried out.

Risk Management Training

Samsung Electro-Mechanics provides risk management training for all employees. Training is provided on safety environment risks and compliance management issues for each job and position, and various training programs are offered such as compliance training, safety and environment training, information protection, and industrial training, etc.

Emerging Risks	Business Impact	Response Plans
Supply Chain Sustainability Management Increased demand for supply chain sustainability management due to relevant regulations such as the EU Corporate Sustainability Due Diligence going into effect	- Due to the nature of our company that has business sites and suppliers within Europe, there is the possibility that if we are unable to respond to the requests for supply chain management from European clients it may affect contracts with clients - If the policy on supply chain sustainability management in place is not sufficient, it may potentially reduce customer trust or hurt the brand image	- Provide regular ESG training and risk assessments for suppliers - Regular monitoring of related regulations and laws - Immediately respond to client requirements and issues related to supply chain sustainability
Supply Problems due to Increased Cost of Raw Materials Risk of rising raw material costs due to the war issue and US interest rate hikes	- Samsung Electro-Mechanics is a B2B company that imports raw materials to produce intermediary goods, and therefore there is the possibility of supply and finances being impacted by rising raw material prices - Samsung Electro-Mechanics possesses various overseas business sites outside of its domestic business sites, thus having the possibility of SCM risks due to rise in raw material prices	- In the case of raw materials with high issues related to price hikes, pursue hedging risks by changing raw materials or reducing usage - Suppress price increases through competition by applying dual/multiple raw material supply chains - Reduce material costs and reduce production costs by changing specifications and improving the company's process efficiency
Physical Risk due to Climate Change Due to climate changes resulting from abnormal climates, there has been an increase in equipment damages and shortage of resources because of typhoons, storm and flood damage, drought, etc., of domestic and overseas business sites	- Due to the recent abnormal climates and climate changes, there has been increasing possibility of damages to facilities resulting from typhoons and storm and flood damages for not only domestic, but also overseas business sites and sales sites. In addition, Increased likelihood of supply chain/ customer damage due to transportation disruptions - Increased financial losses due to production delays resulting from difficulties in procuring resources	- Conducting designs considering damages from natural disasters such as installing individual water tanks in the basement of the headquarters to prepare for water outages caused by droughts, etc. - Efforts to enhance efficiency for using resources
Increased Demand for Low Carbon Products Long-term increase in demand for low-carbon products by key clients in order to meet supply chain scope 3 reductions, etc.	- In the event that low-carbon product standards required by key clients are not satisfied, there is the risk of decreased business competitiveness and reduced reliability - Possibility of financial risks exists according to increased research costs to develop low-carbon products	- Samsung Electro-Mechanics performs product life-cycle assessments (LCA), and plan to expand the product line for applying LCA in order to secure objectivity and reliability regarding the environmental impact of our products

Information Security

Information Security

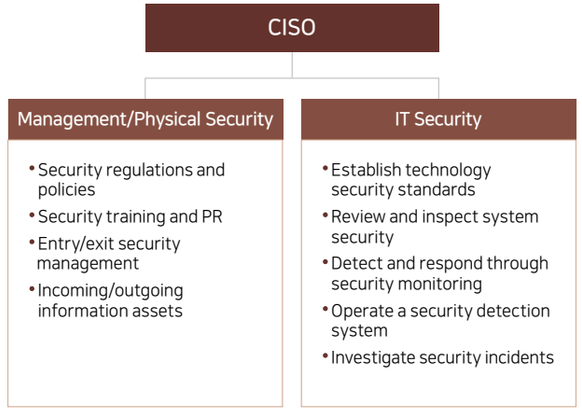
To protect the company's information assets including core technologies and personnel, and comply with relevant laws, Samsung Electro-Mechanics has enacted information protection regulations and implementation guidelines. Physical, managerial, and technological protective action standards have been put into place to comply with the regulations and guidelines, we are committed to prevent, manage and minimize security risks such as information leaks and infringements through regular inspections and improvement activities. As a result, no cases of cybersecurity incidents and information security breaches were found in the past three years.

Information Protection Policy

Samsung Electro-Mechanics manages 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 execution guidelines. The regulations apply to all information assets possessed, retained or generated by the company, and shall apply to company employees, supplier employees according to contract, and all outside visitors to the company, and shall include standards and procedures for information asset management, information incident response, etc. Furthermore, management environments, technological changes, enactment/revision of laws related to security issues, etc., are reviewed for annual revision to ensure that it serves as company-wide information protection standards that can respond to changes in IT technologies and work environments. This is announced through the in-company system that all employees can easily view at any time.

Information Protection Governance

Samsung Electro-Mechanics designates an executive-level CISO (Chief Information Security Officer) and operates a dedicated organization made up of experts under the CISO to establish, implement and manage information protection strategies that meet the company's management strategies. Furthermore, we conduct security inspections and continuous work exchange with relevant personnel at overseas business sites to enhance the level of its worksite security, and perform ongoing activities for finding and making improvements to security vulnerabilities.



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

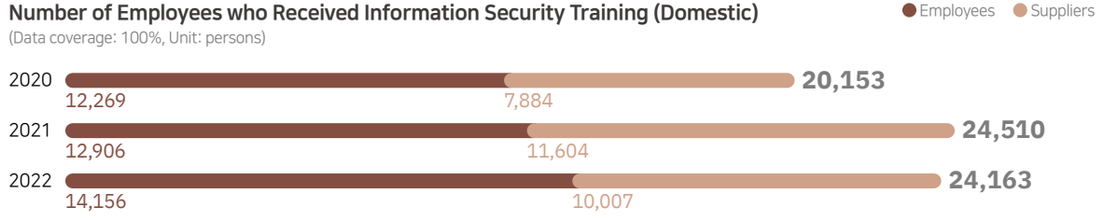
Samsung Electro-Mechanics organically maintains and operates a management system for all areas of information protection (physical, managerial, technological). To protect important information and facilities, we have installed access readers and CCTV in outer and major facilities to manage and control access rights for only authorized personnel. We also have security personnel on patrol 24 hours a day. We also deal with physical threats that can arise from unforeseen circumstances, such as natural disasters. Multiple security systems are arranged and operated as technological protection measures for the system and network, and simulated internal/external system hacking and vulnerability diagnoses are performed by the third party of Samsung SDS and by the company itself, while operating a security monitoring system to prepare against cyber-attacks such as malicious codes, hacking, etc. Furthermore, regular training is provided to verify whether the process that can prevent IT system crashes and cyber-attacks are being operated as intended.

Education and Training on Information Security

Samsung Electro-Mechanics conducts annual security pledges and training for employees and supplier employees so that all members of the company are adequately aware of the information protection standards and system. In addition, job training is carried out at least once a year to enhance the capabilities of personnel in charge of security. In addition, by performing mock training with malicious e-mails similar to actual external threats, we raise awareness against security threats, and carry out regular PR activities (in-company broadcasts, campaigns, PR material production, etc.) to help employees follow security guidelines during work. Furthermore, we have constructed and have been operating an online security report center to help employees report signs of incidents to protect core technologies and management information

Number of Employees who Received Information Security Training (Domestic)

(Data coverage: 100%, Unit: persons)



Information Security Certification

In 2021, Samsung Electro-Mechanics acquired Trusted Information Security Assessment Exchange (TISAX), an international information security certification at the Suwon business site and the European sales site to obtain customer trust in our automotive electronics business. In 2022, Vietnam production site also acquired certification.

TISAX Certification

TISAX RESULT AVAILABLE

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

Personal Information Protection

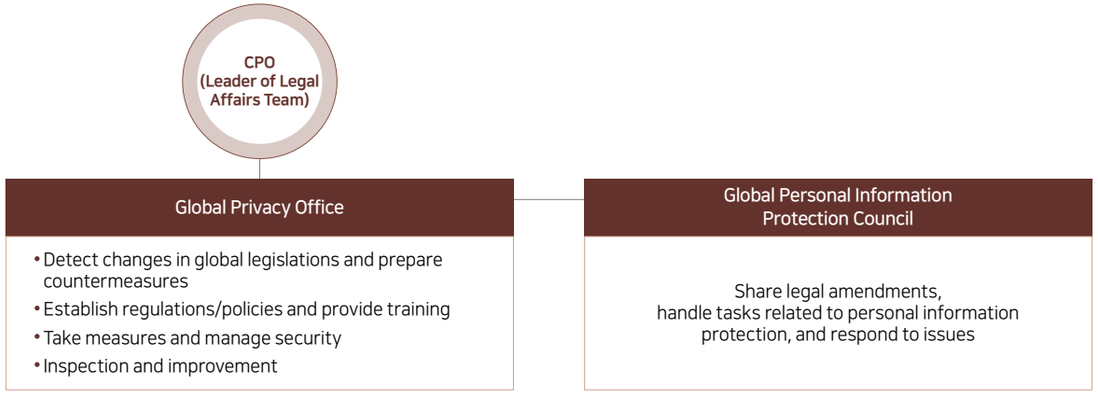
Personal Information Processing Policy

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

Personal Information Protection Governance

Samsung Electro-Mechanics designated the company-wide CPO (Chief Privacy Officer) to strengthen personal information protection, and it has installed and is operating the Global Privacy Office, which is the dedicated organization for personal information protection. Global Privacy Office monitors enactments and revisions of relevant laws and applies them in company-wide personal information protection policies. In addition, a personal information protection policy was established and managed to ensure all personal information collected and used by Samsung Electro-Mechanics, including those of suppliers and employees, is protected safely. The Personal Information Protection Council is operated on a regular basis to promote efficient communication and work between related departments.

Personal Information Protection Organizational Chart

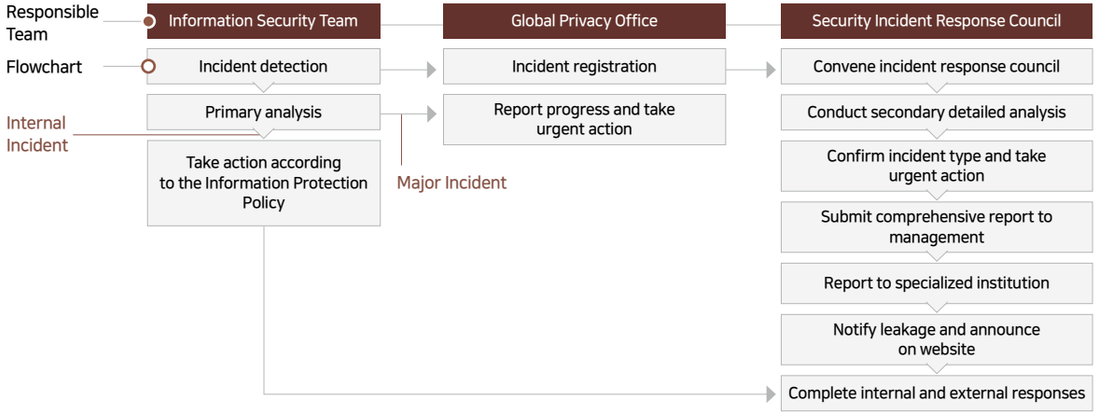


Role of the Global Privacy Office

Personal Information Security Response System

Samsung Electro-Mechanics strives to minimize additional damages through prompt actions using the company-wide integrated personal information leak response system. Proactive response is performed for accident detections based on the contents reported via the homepage, and if the detected incident is judged to be a leak, a security incident response council is organized. Each applicable personnel conducts reviews such as damage assessments, emergency system measures, damage/impact assessment, announcement of progress, legal responses, etc. according to the standards per incident type, and the comprehensive response direction is established for the personal information protection supervisor to file reports and take actions. In addition, reprimanded regulations against the person who violated the data security management standards and the person in charge of management and supervision were established and are in operation to reinforce responsibilities for data security management. In 2022, there were zero violations and accidents related to the security of customers' personal information, personal information of suppliers, and personal information of employees.

Personal Information Leak Response Procedures



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Personal Information Legal Counsel System

Samsung Electro-Mechanics operates a legal counsel system for personal information for our employees to comply with personal information-related laws and regulations. This system receives inquiries related to personal information of employees to receive legal review by the personal information protection secretariat and domestic/overseas attorneys, thereby preemptively inspecting and preventing legal risks by providing guidance for necessary measures.

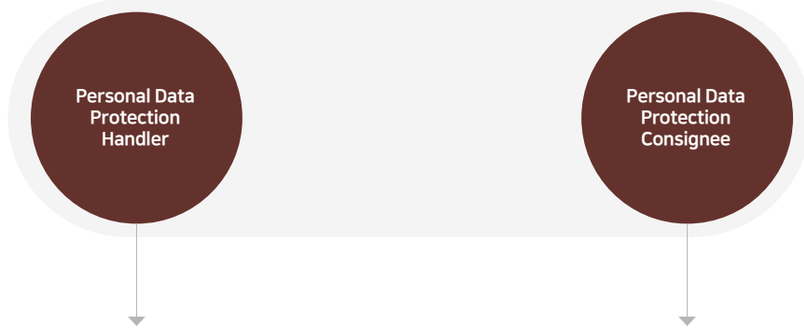
Personal Information Protection Inspection

Samsung Electro-Mechanics conducts inspections through the Samsung Security Center for personal information-related risk management. We also carry out internal checks at least once a year, including the implementation of internal management plans. In addition, when entering personal information consignment contracts, matters on the responsibility for personal information are clearly indicated in writing such as contracts, etc., and personal information protection inspections are conducted once a year for the consigned company.

Personal Information Protection Training

Samsung Electro-Mechanics requires employees in charge to receive training on personal information, and completion of consignee of personal information training is also inspected. In result, 100% of those subject to receive the training have completed. We recognize the importance of protecting personal information and will continue to support the training of our employees to utilize and manage the relevant policies and regulations in practice.

Target and Content of Personal Information Protection Training



Target	
Personnel authorized to access the personal information system and person in charge of the consigned company	Personal information consigned company personnel in charge of Samsung Electro-Mechanics

Details
Understanding of the Personal Information Protection Act, safety measures per personal information handling stage, leak prevention response, etc.

Creating Economic Value

Samsung Electro-Mechanics is becoming a world-class tech parts company that leads the market by focusing on developing our businesses in chip parts, substrates, camera modules, communication modules, etc., into global leaders. We will secure profitability through advancement of existing key products based on business development and technological development strategies for each business department such as components, optical communication solutions, and package solutions, and expand our business portfolio by continuously developing new products. We will nurture and invest in future growth businesses early on to become the No. 1 company in the electronic components industry.

	Goals	Future Plans	Key Achievements
Business	**Strengthen leadership in materials/components technology** - Maintain about 6% of R&D costs compared to sales	**Maintain leadership in materials/components technology** - Strengthen development of next-generation technologies to secure and maintain competitiveness in materials and components based on the product/factor technology development roadmap	Component sector sales: KRW 4.1 trillion Optical communication solution sector sales: KRW 3.2 trillion Package solution sector sales: KRW 2.1 trillion
R&D	**Improve product competitiveness and secure future technologies** - Intensify technologies possessed by the corporate R&D institute, equipment development research center, and development teams of each business department - Invest in future technologies to expand fields into various sectors	**Strengthen product competitiveness/develop differentiated technologies, and discover technologies to prepare for the future** - Timely development of key factor technologies for the three business departments of components/optical communication/package - Nurture future technologies in the fields of green energy and eco-friendly business and strengthen research capacities	R&D costs (Unit: KRW million) 460,599 (2020) 567,194 (2021) 577,140 (2022) R&D investment ratio * Compared to sales 5.9% (2020) 5.9% (2021) 6.1% (2022)

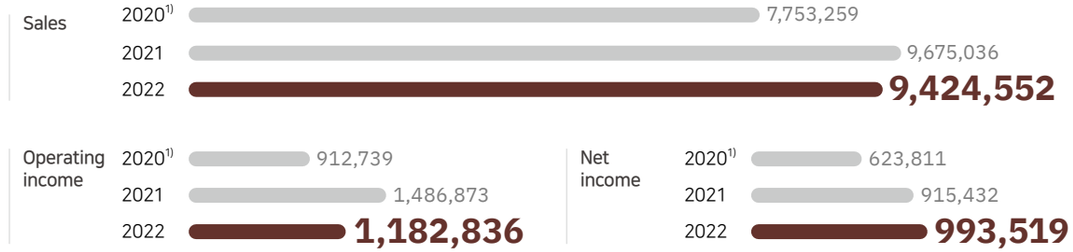
Business Vision

Founded in 1973, Samsung Electro-Mechanics has grown into a world-class company that develops and produces major electronic components. Samsung Electro-Mechanics established the grounds for technological independence in the Korean components industry from the electronic components industry and then expanded its business domains to materials and computer components in the 1980s. In the 1990s, we focused on developing prospective new next-generation products such as chip parts, mobile communication parts, optical parts, etc. When examining by key products, the world's first 1005 Size 2.2uF capacity product was developed in 2005 for MLCC and it established a springboard for the company. For camera modules, sales exceeded KRW 3 trillion in 2021 and optical 10x zoom folded camera, 200 million pixel resolution cameras were released, demonstrating remarkable growth in both technology and business over the past ten years. For package substrate, the base for future growth was built through concentrated investments in high-value substrate businesses for use in semiconductors and development of new products. Samsung Electro-Mechanics aims to create customer value through ceaseless technological innovation and become a continuously growing company based on challenging goals and with the best products superior over competitors. For this, we will make preparations not only in automobiles and servers that we are expanding our business in, but also for future markets such as robots that are expected to grow in the future in order to become a world-class tech components company that is trusted in the global market and leads the market.

Key Financial Performance

2022 was a year filled with external uncertainties due to the new COVID-19 variant, inflation, ongoing trade dispute between the US and China, and geopolitical instabilities. When taking a look at the market environment, the automobile sector has grown after components supply issues such as semiconductors eased, while smartphones, PCs, TVs, and other major IT sets saw their demand fall due to the economic slowdown caused by interest rate hikes, thus leading to sluggish flows for the IT components market. All of the employees at Samsung Electro-Mechanics worked together to enter new markets and to reorganize the product portfolio to center on high-value products, but our efforts were not enough to overcome the shrinking global consumption. In result, consolidated revenue in 2022 stopped short at KRW 9.42 trillion and operating profits of KRW 1.18 trillion. The ongoing COVID-19 situation, worsened international disputes, risks of economic slowdown due to intense economic retrenchment, and other uncertainties are expected to continue in 2023. In order to respond to such business environment, we will develop distinguished new products in a timely manner, expand the electronics business, and continue to expand high-value product sales. Furthermore, we will not only make preparations for the automobile and server sectors that are growing markets, but also the future market, such as robots, to achieve medium to long-term growth.

Key Financial Performance[1)] (Data coverage: 100%, Unit: KRW million)



1) Data for 2020 have been recompiled due to discontinued projects in 2021.

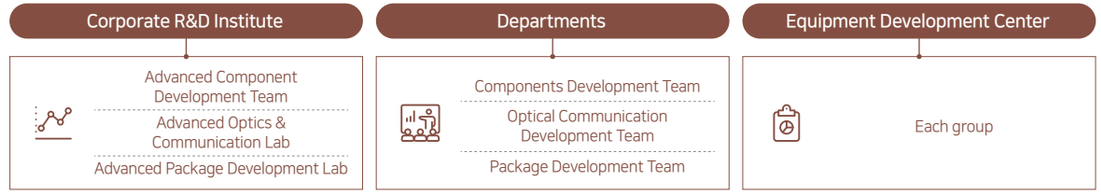
R&D

R&D Strategy

Samsung Electro-Mechanics is developing core parts for chips, substrates, camera modules, and communication modules based on the world's best materials and parts technologies, while leading the way in developing high-performance and compact parts, which is at the very core of development of not only digital products but also automobiles. In addition, we have built up a global R&D network with prominent company's research institutes and universities around the world as we seek to secure core platform technologies that can lead next-generation material and parts technologies through open innovation. Our corporate R&D institute is currently reviewing and developing future technologies in the green energy and eco-friendly business fields. Samsung Electro-Mechanics has been implementing digital transformation in the entire development stage for data-based R&D to ensure efficient resource operation and to shorten the development period of new technologies and products. By utilizing data generated through R&D and reducing the number of experiments through Digital Twin, we will continue growing through the ongoing development of new technologies.

R&D Governance

R&D Organization



R&D Process

Samsung Electro-Mechanics systemized the entire process from technological development to mass production of all materials and products by utilizing GPLM (Global Product Lifecycle Management). Through ceaseless R&D innovation, sharing technological assets company-wide, and comprehensively managing outcomes, resources, and expenses for each project stage, we are continuously enhancing the competitiveness of our technologies and products. With respect to process innovation, we have significantly improved working environment and safety levels by not only reducing costs but also increasing the effectiveness of factory management through applying and developing manufacturing-based technology such as measurement and sensing, logistics, and clean technology. In particular, the corporate R&D institute operates a process to check for issues such as hazardous substances, developer safety, and supply chains from an ESG perspective at the start of the project.

R&D Process Flow-chart

Concept > Plan > Development > Production

R&D Achievements

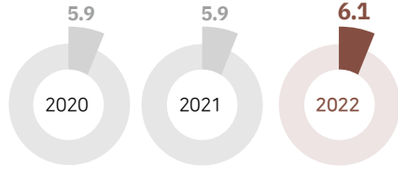
The scope of using IT technologies is gradually growing from communications and household appliances of the past to automobiles, industry, robots, and aerospace, etc. In particular, growth of high value industry markets such as electronic components, servers are expected to accelerate with the increased distribution of EVs and digitalization. Accordingly, as a world-class tech company, Samsung Electro-Mechanics is aiming to release industry-leading products to expand our electronics and service business, which are areas that will grow in the future. We established the corporate R&D institute and equipment engineering R&D institute that are dedicated to R&D work in order to advance our core materials and process technologies. In addition, we newly established electronics teams for each business sector to enhance responsiveness and internal operational efficiency for electronic parts demands that are growing. In addition, we invest in promising domestic and overseas venture companies with a high level of technology to create synergy with Samsung Electro-Mechanics' medium to long-term strategy and to create value by improving the quality and productivity of existing businesses, secure new technologies for future growth, and utilize them to discover new businesses. As a result, in 2022, Samsung Electro-Mechanics developed a high-temperature MLCC for powertrains, configured optical shaking compensation camera functions, mass-produced Korea's first FC-BGA for servers, and we are continuously launching other high-value products in growing markets. In 2023, we will solidify our position as a global leader of the electronic parts industry by supplying distinguished products to customers based on our accumulated technologies in IT.

R&D Costs (Data coverage: 100%, Unit: KRW million, %)

R&D costs

2020	460,599
2021	567,194
2022	**577,140**

R&D costs/ sales ratio



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Major R&D Achievement

Electronic Package Substrate

Based on key technologies such as materials, multi-layer film molding, high-frequency circuit design, and micro-circuits, Samsung Electro-Mechanics is developing next-generation parts in the IT and automobile sectors, and we are focusing on fostering our businesses in passive element, camera module, communication module, and semiconductor package substrate, etc., into world-class businesses by enhancing internal/external synergy effects. To strengthen our distinguished technological capabilities based on improved technological levels, we are continuously expanding the power for new growth in the future by developing highly reliable and high-capacity MLCC for electronics, semiconductor substrates for advanced driver-assistance systems (ADAS), and mass production of high-performance semiconductor package substrate for the first time in Korea.

Solution Product for Powertrain High Temperature Environments, 150℃ MLCC

In April 2022, Samsung Electro-Mechanics developed MLCC with high temperature properties that can be applied in automobile powertrains to pioneer the electronic parts market. The powertrain is the core driving device of automobiles. In short, the high electric consumption and heat generated to transmit automobile power to the engine of internal combustion engines or to the motor of electric vehicles, the internal operating temperature can rise to 150℃ and therefore, high reliability is necessary for parts. Furthermore, as there is growing demand for EVs due to recent carbon neutrality policies, etc., there has also been an increased demand for high-temperature MLCC needed in the power conversion system of EVs. Accordingly, Samsung Electro-Mechanics developed 13 types of MLCCs for electronic parts that guarantee usage environments of 150℃, thereby establishing a foothold to expand its market share by improving product competitiveness through the increase of its electronic components lineup.

Korea's First Mass Production of High-performance Server Semiconductor Package Substrates (FCBGA)

Samsung Electro-Mechanics mass-produced semiconductor package substrate for high-performance servers for the first time in Korea. By mass-producing semiconductor package substrate for servers, which require securing product reliability and production yield management due to the growing size and multi-layers of substrates, we are strengthening our high-end product lineup such as servers, networks, and electronic parts, etc. In June 2022, as we made an additional investment of approximately KRW 300 billion to construct a semiconductor package substrate (FCBGA) facility, a cumulative total of KRW 1.9 trillion. Through this, we plan to actively respond to the growing demand for package substrate following the increased performance of semiconductors and market growth.

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Eco-friendly Products and Technologies

MLCC

In order to reduce carbon emissions during the production process, Samsung Electro-Mechanics is developing eco-friendly methods of using water instead of using large quantities of organic solvents in the MLCC production process. Samsung Electro-Mechanics consumes 14,000 tons of organic solvents annually, and carbon emissions resulting from the production of organic solvents and the MLCC manufacturing process are estimated at 70,000 tons annually.[1] Also, while operating air pollution prevention facilities that treat volatile organic compounds (VOCs) that are generated in the manufacturing process, we are striving to reduce the carbon footprint of MLCC by implementing eco-friendly technologies that substitute organic solvents with water in order to reduce a high volume of energy consumed. In addition, we are continuously finding new polymer materials with low pyrolysis energy to reduce energy consumed in the process of removing organic materials in MLCC manufacturing. Plans are to complete development of elemental technology by the second half of 2023 for this technology, and continue with R&D for the goal of unveiling the MLCC prototype manufactured using eco-friendly techniques by the first half of 2024. We are also planning to gradually expand the models that are manufactured with eco-friendly methods.

1) Self calculation of emissions based on ethanol/toluene solvent purchase amount in 2022

Camera Module

Camera modules are important items for consumers to consider when purchasing smartphones, together with design, display, and battery. With the growing trend for high-capacity batteries and slim designs for smartphones, there have also been growing consumer needs for high performance such as slimmer design, shaking compensation, zoom, low luminance resolution, etc., as well as products with minimal power consumption in order to increase battery usage time. Samsung Electro-Mechanics utilized its competencies in circuit/apparatus design, software, and core parts (lens, ball guide type actuator) to improve current consumption by more than 50% compared to the spring type actuator and developed high-performance/ultra-slim camera modules, which are being supplied to multiple smartphone manufacturers. We are also planning to continuously expand the camera module business by supplying distinguished solutions compared to competitors based on our technological prowess.

Intellectual Property Rights Status

As a global leading component company, Samsung Electro-Mechanics is strengthening our intellectual property competitiveness by identifying technological trends through securing source technology and leading R&D. In order to utilize patents as management assets and thoroughly check and prevent risks related to intellectual property rights, we have established a stable intellectual property operating system and cooperation system with relevant departments, and are focusing on securing patents, patent dispute responses, and licensing. We are looking to secure patents in the global market and pursuing plans for qualitative improvement in connection with global law firms in order to ensure responsiveness to patent disputes and to protect intellectual property rights. Furthermore, we aim to develop technologies we lack by managing the portfolio for each product and key project for the patents applied, and by strengthening the rights of important patents and discovering patents that can be utilized for business, we seek to maximize their synergy.

Patent Registration and Application Status (Data coverage: 100%, Unit: cases)

Patent registrations (domestic)	2020	3,575
	2021	3,637
	2022	**3,781**
Patent registrations (overseas)	2020	4,655
	2021	5,214
	2022	**5,872**
Patent application (domestic)	2020	2,291
	2021	2,369
	2022	**2,311**
Patent application (overseas)	2020	3,297
	2021	3,542
	2022	**3,930**

APPENDIX

GRI

GRI content index

Statement of use: The reporting period (from January 1 2022 to December 31 2022) of Samsung Electro-Mechanics follows the GRI standard.
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.6, 2022 Business Report p.3	
	2-2	Entities included in the organization's sustainability reporting	p.2, 2022 Business Report p.43-45	
	2-3	Reporting period, frequency and contact point	p.2, p.146	
	2-4	Restatements of information	-	Modified information is annotated in the appropriate location
	2-5	External assurance	p.145	
Activities and Workers	2-6	Activities, value chain and other business relationships	p.6-10, p.82	
	2-7	Employees	p.129	
	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.94	
	2-10	Nomination and selection of the highest governance body	p.98	
	2-11	Chair of the highest governance body	p.94	
Governance	2-12	Role of the highest governance body in overseeing the management of impacts	p.28	
	2-13	Delegation of responsibility for managing impacts	p.28	
	2-14	Role of the highest governance body in sustainability reporting	p.14	
	2-15	Conflicts of interest	p.97	
	2-16	Communication of critical concerns	p.95, 2022 Business Report p.282	
	2-17	Collective knowledge of the highest governance body	p.96	
	2-18	Evaluation of the performance of the highest governance body	p.99	
	2-19	Remuneration policies	p.15, p.99	
	2-20	Process to determine remuneration	p.99	
	2-21	Annual total compensation ratio	p.137	
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	p.4	
	2-23	Policy commitments	p.61, p.83	
	2-24	Embedding policy commitments	p.83, p.85, p.102	
	2-25	Processes to remediate negative impacts	p.61-62, p.64, p.103	
	2-26	Mechanisms for seeking advice and raising concerns	p.97	
	2-27	Compliance with laws and regulations	-	No cases of violation
	2-28	Membership associations	p.136	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	p.23	
	2-30	Collective bargaining agreements	p.64	

GRI 3 : Material Topics

Standard	Index	Details	Page	Remarks
Disclosures on Material Topics	3-1	Process to determine material topics	p.17	
	3-2	List of material topics	p.18	
	3-3	Management of material topics	p.19-22	

Topic-Specific Standards

Standard	Index	Details	Page	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	p.24-25	
	201-2	Financial implications and other risks and opportunities due to climate change	p.31	
	201-3	Defined benefit plan obligations and other retirement plans	p.131	
	201-4	Financial assistance received from government	p.135, p.137	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.64, p.85, p.131	
	202-2	Proportion of senior management hired from the local community	p.129	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p.77	
	203-2	Significant indirect economic impacts	p.24-25	
Procurement Practices	204-1	Proportion of spending on local suppliers	p.82	
Anti-corruption	205-1	Operations assessed for risks related to corruption	p.134	
	205-2	Communication and training about anti-corruption policies and procedures	p.90, p.131, p.133	
	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, anti-trust, and monopoly practices	2022 Business Report p.275, p.337	
Tax	207-1	Approach to tax	p.99	
	207-2	Tax governance, control, and risk management	p.108-109	
	207-3	Stakeholder engagement and management of concerns related to tax	p.108-109	
	207-4	Country-by-country reporting	p.135, 2022 Business Report p.43-p.45	
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
Materials	301-3	Reclaimed products and their packaging materials	-	[Not applicable] Samsung Electro-Mechanics manufactures micro-sized, ultra-thin components used as small intermediary parts in end products, so it is impossible to individually re-collect our products
Energy	302-1	Energy consumption within the organization	p.126	
	302-2	Energy consumption outside of the organization	p.126	
	302-3	Energy intensity	p.126	
	302-4	Reduction of energy consumption	p.35, p.126	
	302-5	Reductions in energy requirements of products and services	p.35	
Water and Effluents	303-1	Interactions with water as a shared resource	p.41	
	303-2	Management of water discharge-related impacts	p.42	
	303-3	Water withdrawal	p.127	
	303-4	Water discharge	p.42, p.127	
	303-5	Water consumption	p.41, p.127	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.44	
	304-2	Significant impacts of activities, products, and services on biodiversity	p.44	
	304-3	Habitats protected or restored	p.44	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	p.44	
Emissions	305-1	Direct (Scope 1) GHG emissions	p.126	
	305-2	Energy indirect (Scope 2) GHG emissions	p.126	
	305-3	Other indirect (Scope 3) GHG emissions	p.33, p.126	
	305-4	GHG emissions intensity	p.126	
	305-5	Reduction of GHG emissions	p.34, p.126	
	305-6	Emissions of ozone-depleting substances (ODS)	-	No cases of emissions
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p.127	
Waste	306-1	Waste generation and significant waste-related impacts	p.38-39	
	306-2	Management of significant waste-related impacts	p.38-39	

Standard	Index	Details	Page	Remarks
Waste	306-3	Waste generated	p.38, p.128	
	306-4	Waste diverted from disposal	-	[Not applicable] Samsung Electro-Mechanics disposes of 100% of its waste (incineration, landfill) or recycles it, so there is no reuse or other recovery.
	306-5	Waste directed to disposal	p.128	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	p.134	
	308-2	Negative environmental impacts in the supply chain and actions taken	p.84, p.134	
Employment	401-1	New employee hires and employee turnover	p.130	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.51	
	401-3	Parental leave	p.131	
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	p.61, p.64	
Occupational Health and Safety	403-1	Occupational health and safety management system	p.67	
	403-2	Hazard identification, risk assessment, and incident investigation	p.68-69	
	403-3	Occupational health services	p.71	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p.68	
	403-5	Worker training on occupational health and safety	p.70	
	403-6	Promotion of worker health	p.51, p.71	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.91	
	403-8	Workers covered by an occupational health and safety management system	p.134	
	403-9	Work-related injuries	p.69, p.134	
	403-10	Work-related ill health	p.68-69, p.134	
Training and Education	404-1	Average hours of training per year per employee	p.59	
	404-2	Programs for upgrading employee skills and transition assistance programs	p.52, p.58	
	404-3	Percentage of employees receiving regular performance and career development reviews	p.60, p.132	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p.129-130, p.136	
	405-2	Ratio of basic salary and remuneration of women to men	p.131	

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.63	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	p.63	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.63	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	p.131	
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	No cases of violation
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	p.76-77, p.134	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	0 cases
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	p.134	
	414-2	Negative social impacts in the supply chain and actions taken	p.86	As a result of the 2022 sustainability assessment, no suppliers terminated from the contract
Public Policy	415-1	Political contributions	p.136	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	p.43, p.46, p.134	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No cases of violation
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	-	No cases of violation
	417-3	Incidents of non-compliance concerning marketing communications	-	No cases of violation
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No cases of violation

SASB

Theme	Code	Accounting Metric	Responses from Samsung Electro-Mechanics
Sustainability Disclosure Topics & Accounting Metrics (Hardware)			
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	p.110
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.65, p.129
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Samsung Electro-Mechanics complies with global regulations such as EU RoHS 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.46.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	This metric is not applicable as Samsung Electro-Mechanics is 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 Samsung Electro-Mechanics is a company that produces electronic components.
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Samsung Electro-Mechanics specializes in manufacturing ultra-compact and ultra-thin high-tech parts, which serve as essential components in various finished products. Due to their nature as intermediary products that comprise a small proportion of finished products, the industry faces challenges when it comes to product recovery. For example, our flagship CHIP components, substrates, and camera modules are incorporated into our customers' finished products, such as mobile phones, making it impossible to recover our products individually. In addition, Waste from Electrical and Electronic Equipment (WEEE) does not apply to us as the obligations are based on finished products, but Samsung Electro-Mechanics provides information necessary for manufacturers of finished products to respond to laws and regulations, and internally produces eco-friendly products, and obtains certification through 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.83, p.134
	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.86
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	p.87
Activity Metrics			
Activity Metrics	TC-HW-000.A	Number of units produced by product category	p.8-10
	TC-HW-000.B	Area of manufacturing facilities	p.6
	TC-HW-000.C	Percentage of production from owned facilities	2022 Business Report p.14-17

WEF-IBC SCM

Core Metric
Expanded Metric

Table	Theme	Metrics	Page	Remarks
Principles of Governance	Governing Purpose	Setting purpose	p.12	To practice sustainability management, we have established the ESG mission of 'Sustainable Challenges for a Better Planet & Life' and aim to create future values through the following priorities: realizing environmental responsibility, pursuing the happiness of the members of our society, and achieving sustainable growth.
		Purpose-led management	p.5	Furthermore, we actively practice core values, abbreviated as 'RiGHT©', to achieve growth with our employees, customers, shareholders, and suppliers and to provide valuable experiences and the highest level of satisfaction to our stakeholders.
	Quality of Governing Body	Governance body composition	p.94	Please refer to the 'Board Skill and Diversity Matrix' on p.94 for details on Samsung Electro-Mechanics' board skills, independence, and tenure.
		Remuneration	p.99	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.
	Stakeholder Engagement	Material issues impacting stakeholders	p.17	Every year, Samsung Electro-Mechanics conducts materiality assessment to identify sustainability issues that are critical to our stakeholders and to establish appropriate response strategies.
	Ethical Behavior	Anti-corruption	p.103	Samsung Electro-Mechanics offers customized education and guidelines to prevent recurrence of incidents related to corruption, and the 'Pledge to Practice Compliance and Ethical Management' is being conducted for all employees, including executives, every year.
			p.137	The number of training hours per employee for ethics training in 2022 can be found in Appendix-ESG Datapack Governance p.137
		Protected ethics advice and reporting mechanisms	p.103	Samsung Electro-Mechanics has constructed and operated various reporting channels for the fair and prompt handling of violations to ethics regulations.
		Alignment of strategy and policies to lobbying	p.105	Samsung Electro-Mechanics enacted corruption prevention policies in order to completely stop the act of providing bribes for gaining inappropriate business profits and to take the lead in establishing a clean organizational structure, and the main contents are disclosed on the Samsung Electro-Mechanics website.
	Risks and Opportunity Oversight	Integrating risk and opportunity into business process	p.29, p.108	For details of Samsung Electro-Mechanics' major risks and opportunities, please refer to 'Risk Management Areas' p.108 and 'Materiality assessment on climate-related risks and opportunities' p.29
			p.28-30	Samsung Electro-Mechanics has 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. Furthermore, we have assessed the financial impact associated with significant risks to the company and implemented measures to effectively respond to them.
			p.32	Samsung Electro-Mechanics is actively identifying and evaluating corporate climate change risks. We conduct risk assessments through financial impact surveys, policy trend analysis, and industry analysis from physical risk factors at each business site and identify and evaluate climate change risks that may arise at the operational level through emissions forecasts reflecting expansion lines and future production.

Table	Theme	Metrics	Page	Remarks
Planet	Climate Change	Greenhouse gas (GHG) emissions	p.32-33, p.126	GHG emissions for 2022 (Scope 1, Scope 2, and Scope 3) can be found in Appendix-ESG Datapack Environment p.126
		TCFD implementation	p.28-33	For details on the full recommendations in the TCFD Index, please see '[Special page] TCFD Report', p.28-33
		Paris-aligned GHG emissions targets	p.32	Despite internal changes such as new business departments and overseas business sites and market variables such as the increase in demand for electric and electronic components, Samsung Electro-Mechanics has pursued a 5% annual energy reduction target and has been reducing our GHG emissions through a gradual transition to renewable energy.
		Impact of GHG emissions	p.24-25	For details on the main social impacts of GHG emissions and estimates of the social cost of carbon emissions, please refer to the 'Social Value of Sustainability' on p.24-25
	Freshwater Availability	Water consumption and withdrawal in water-stressed areas	p.127	Water withdrawal from water stress areas for 2022 can be found in Appendix-ESG Datapack Environment p.127
	Air Pollution	Air pollution	p.127	Air pollution emissions for 2022 can be found in Appendix-ESG Datapack Environment p.127
		Impact of air pollution	p.42	Samsung Electro-Mechanics continually strives to comply with the stricter emission tolerance standards mandated by the Clean Air Conservation Act and the Act on the Integrated Control of Pollutant-Discharging Facilities.
	Water Pollution	Nutrients	-	This metric applies to industries with agriculture-related operations/supply chains, and Samsung Electro-Mechanics does not apply.
		Impact of water pollution	p.42	Samsung Electro-Mechanics monitors the entire process, starting from wastewater generation at the manufacturing site until the final treatment and discharge phase.
	Solid Waste	Impact of solid waste disposal	p.38-40	Samsung Electro-Mechanics is preemptively responding to waste issues by establishing a focus management improvement plan for major waste generated every year, conducting site inspections and detecting changes in laws and regulations every quarter.
	Resource Availability	Resource circularity	p.38-39	Samsung Electro-Mechanics has built a waste monitoring system to track and manage the entire process from generation to disposal of waste.
People	Dignity and Equality	Diversity and inclusion	p.129-130	The composition of employees by age group, gender, and position in 2022 can be found in Appendix-ESG Datapack Social p.129-130
		Pay equality	p.131	The employee pay gap in 2022 can be found in Appendix-ESG Datapack Social p.131
		Wage level	p.131, p.137	The ratio of employee wages in 2022 can be found in Appendix-ESG Datapack Social p.131 and Governance p.137
		Risk for incidents of child, forced or compulsory labor	p.63	The status of high-risk suppliers in labor and human rights in 2022 can be found in 'Assessment Results of Supplier Labor Rights' p.63.
		Pay gap	p.131, p.137	The employee pay gap in 2022 can be found in Appendix-ESG Datapack Social p131 and Governance p.137
		Human rights review, grievance impact & modern slavery	p.64	The labor management council constantly receives feedback, such as grievances and suggestions from employees, through the Hanulim website. When employees submit feedback, they will receive the initial response within 24 hours and the detailed action and outcome of the processing within 10 days.
		Living wage	p.131	The ratio of standard entry level wage compared to local minimum wage in 2022 can be found in Appendix-ESG Datapack Social p.131

Table	Theme	Metrics	Page	Remarks
People	Health and Well-being	Health and safety	p.67	To build a safe workplace, we have established a safety and health policy and operate the Safety and Environment Department under the direct supervision of the Chief Safety Officer (CSO) to manage safety and health in the workplace.
			p.69	We identify and monitor major types of injuries in the workplace for follow-up and prevention. Of the nine safety and health incidents that occurred in the workplace in 2022, a total of six (67%) were on-the-job accidents.
			p.134	The number of people injured in industrial accidents, injury incidence rate, and lost time injury frequency rate for 2022 can be found in Appendix-ESG Datapack Social p.134
		Employee well-being	p.70	Every year, we conduct in-depth safety and health training, including risk assessment training, facility safety training, and safety experience training, to improve employees' interest in safety and health and their level of safety awareness.
	Skills for the Future	Training provided	p.131	In 2022, employees training hours by age group, gender, and position can be found in p.59, and training costs can be found in Appendix-ESG Datapack social p.131.
		Monetized impacts of training	p.58	At Samsung Electro-Mechanics, we foster a culture of self-directed learning and support customized training relevant to the job.
Prosperity	Employment and Wealth Generation	Absolute number and rate of employment	p.130	The number of retirees and retirement rates by gender and position in 2022 can be found in Appendix-ESG Datapack Society p.130
		Economic contribution	p.24-25	Recognizing the importance of intangible values that are not measured or discussed, to translate these non-financial values into measurable financial values, we utilized the EY Long-Term Value methodology to evaluate the value generated for stakeholders through our management activities in 2022
			p.135	The status of government subsidies for 2022 can be found in Appendix-ESG Datapack Governance p.135
		Financial investment contribution	p.100, p.135	The 2022 share repurchases is available in p.100, and the dividend status is available in Appendix-ESG Datapack governance p.135
		Infrastructure investments and services supported	p.77	As part of our investment in social infrastructure, Samsung Electro-Mechanics remodels local children's centers to assist the learning and protection of underprivileged children and youth.
		Significant indirect economic impacts	p.132	The CSR costs for 2022 can be found in Appendix-ESG Datapack Social p.132
	Innovation of Better Products and Servicies	Total R&D expenses	p.136	R&D costs for 2022 can be found in Appendix-ESG Datapack Governance p.136
	Community and Social Vitality	Total tax paid	p.135	Corporate taxes for 2022 can be found in Appendix-ESG Datapack Governance p.135
		Total social investment	p.132	The CSR costs for 2022 can be found in Appendix-ESG Datapack Social p.132
		Total tax paid by country for significant locations	p.135	Corporate taxes for 2022 can be found in Appendix-ESG Datapack Governance p.135

UN SDGs

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

UN SDGs	Samsung Electro-Mechanics' Activities	Page
 Goal 1. No Poverty	· Supporting financial resources for vulnerable groups through contactless donation and volunteer activities	p.76-78
 Goal 3. Good Health and Well-being	· Providing regular health screenings · Supporting treatment costs for employees and their children diagnosed with three major serious diseases · Maternal protection programs (parental leave and nursing facilities)	p.51
 Goal 4. Quality Education	· SSAFY (Samsung Software Academy For Youth) · Junior SW Academy	p.74-75
 Goal 5. Gender Equality	· Guarantee of equal pay for men and women · A higher percentage of female managers	p.65-66
 Goal 6. Clean Water and Sanitation	· 26.1% water reuse rate achieved in 2022 · Efforts to achieve a 36.7% water reuse rate by 2030	p.41
 Goal 7. Affordable and Clean Energy	· Growing cost savings from energy saving projects year by year · Efforts to transition into 100% renewable energy by 2050 · Enhancing energy efficiency through task force operations and workplace improvements	p.35

UN SDGs	Samsung Electro-Mechanics' Activities	Page
 Goal 8. Decent work and Economic Growth	· Talent training and customized capacity building programs · Operation of fair employee evaluation compensation system	p.56-66
 Goal 9. Industry, Innovation and Infrastructure	· Korea's first mass production of high-performance server semiconductor package substrates (FCBGA) · Development of eco-friendly products and technologies	p.115-116
 Goal 11. Sustainable Cities and Communities	· Maintains on average 30% lower levels compared to the standards mandated by air and water pollutants laws and regulations · Support for suppliers' sustainable management	p.42, p.89-91
 Goal 12. Responsible Consumption and Production	· 89% waste recycling rate achieved in 2022 · Special task force for reducing disposable products · Suwon business site certified Platinum for 'Zero Waste-to-Landfill' · Publication of a Sustainability Report that encompasses sustainability-related information	p.38-40
 Goal 13. Climate Action	· Proactively responding to climate change as the first in the industry to receive carbon footprint certifications	p.47
 Goal 15. Life on Land	· Conservation activities in coastal, ecological, and landscape conservation areas · Donation of trees to form a carbon-neutral forest for ecological restoration	p.44, p.77
 Goal 16. Peace, Justice and Strong Institutions	· Strengthening transparency through the operation of independent audit committee · Management of compliance risk through operation of compliance management program	p.97, p.106

ESG Datapack

Environment

GHG Emissions

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Scope 1, 2 emissions	Total GHG emissions (Scope 1, 2)	tCO_2e	100%	1,276,422	1,309,687	1,204,128	1,461,538	1,342,568
	Scope 1	tCO_2e	100%	66,138	76,506	79,240	113,118	117,758
	Scope 2[1]	tCO_2e	100%	1,210,284	1,233,181	1,124,888	1,348,420	1,224,810
	Carbon Intensity	tCO_2e/ Sales(M $)	100%	191.5	184.6	184.1	179.1	182.8
Scope 3 emissions	Total Scope 3 emissions	tCO_2e	-	270,010	169,526	150,450	188,987	279,100
	Purchased goods & services	tCO_2e	-	37,253	21,419	34,583	39,826	144,311
	Capital goods	tCO_2e	-	2,345	1,852	3,690	2,740	3,853
	Fuel and energy related activities not included in Scope 1 or 2	tCO_2e	-	11,170	12,716	12,113	9,434	9,054
	Transportation & distribution (upstream)	tCO_2e	-	165,843	47,780	41,662	60,442	49,800
	Waste disposal	tCO_2e	-	7,839	6,025	6,875	20,686	20,648
	Business travel	tCO_2e	-	5,811	7,367	2,238	1,547	3,865
	Employee commuting	tCO_2e	-	11,702	11,816	11,120	13,730	11,005
	Leased assets (upstream)	tCO_2e	-	629	747	693	895	1,170
	Transportation & distribution (downstream)[2]	tCO_2e	-	-	-	-	-	-
	Processing of products	tCO_2e	-	154	1,037	353	436	467
	Use of product	tCO_2e	-	4,102	34,179	11,622	14,349	15,390
	Disposal of product	tCO_2e	-	64	579	197	243	261
	Leased assets (downstream)[2]	tCO_2e	-	-	-	-	-	-
	Investments	tCO_2e	-	23,098	24,009	25,304	24,659	19,276
GHG reductions	Total	tCO_2e	100%	42,220	109,912	94,327	102,075	120,740
	Electricity	tCO_2e	100%	35,785	103,431	88,817	92,836	111,767
	LNG	tCO_2e	100%	4,256	4,302	2,759	7,650	6,002
	Video conferencing	tCO_2e	100%	2,179	2,179	2,751	1,589	2,971

1) Scope 2 emissions (location-based), which do not reflect renewable energy usage, were 1,233,181 tCO_2e in 2019, 1,124,888 tCO_2e in 2020, 1,353,725 tCO_2e in 2021, and 1,228,121 tCO_2e in 2022.

2) Not applicable

Energy Consumption

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Energy consumption (consolidated)	Total energy consumption	MWh	100%	2,547,250	2,617,288	2,438,906	2,909,016	2,684,888
	Electricity[1]	MWh	100%	2,033,290	2,084,623	1,975,597	2,224,870	1,998,760
	LNG	MWh	100%	259,462	295,948	280,448	467,804	467,516
	Diesel	MWh	100%	18,623	25,643	22,562	27,039	21,060
	Gasoline	MWh	100%	3,948	4,133	3,122	2,880	2,950
	Kerosene	MWh	100%	-	-	-	-	-
	LPG	MWh	100%	26,463	28,556	29,801	23,917	7,456
	Purchased steam	MWh	100%	205,464	178,384	127,376	162,506	187,146
	Non-renewable energy consumption	MWh	100%	2,547,250	2,617,287	2,438,787	2,902,900	2,678,059
	Electricity	MWh	100%	2,033,290	2,084,623	1,975,478	2,218,754	1,991,931
	LNG	MWh	100%	259,462	295,948	280,448	467,804	467,516
	Diesel	MWh	100%	18,623	25,643	22,562	27,039	21,060
	Gasoline	MWh	100%	3,948	4,133	3,122	2,880	2,950
	Kerosene	MWh	100%	-	-	-	-	-
	LPG	MWh	100%	26,463	28,556	29,801	23,917	7,456
	Purchased steam	MWh	100%	205,464	178,384	127,376	162,506	187,146
	Renewable energy consumption	MWh	100%	-	-	119	6,116	6,829
	Solar	MWh	100%	-	-	119	116	99
	Geothermal	MWh	100%	-	-	-	6,000	6,730
	Energy Intensity	MWh/sales (M $)	100%	382.1	368.9	372.9	356.4	365.6
Energy consumption (domestic)	Total energy consumption	MWh	100%	1,158,370	1,179,145	1,158,868	1,218,098	1,248,627
	Electricity consumption[2]	MWh	100%	828,678	837,314	832,719	864,251	883,617
Energy consumption outside of the organization	Energy consumption outside of the organization[3]	MWh	-					339,537
Fuel consumption	Fuel consumption[4]	GJ	100%	1,306,447	1,917,592	1,667,912	1,877,906	1,894,335
Energy reductions[5]	Electricity	MWh	100%	78,524	434,114	424,919	786,155	170,413
	LNG	kNm^3	100%	3,732	1,943	3,450	3,559	2,583
Energy saving	Energy saving projects	cases	100%	460	577	486	860	810
	Cost savings from energy saving projects	KRW 100 million	100%	125	241	192	326	211
Energy use goals and performance[6]	Energy use goals	KRW 100 million	100%	2,488	2,695	2,513	2,744	3,107
	Energy use performance	KRW 100 million	100%	2,564	2,548	2,354	2,549	3,079

1) Renewable energy consumption is included
2) Based on power use in domestic business sites
3) Data collected from 2022
4) Fuel consumption refers to LNG consumption, data is based on the 2017 country-specific calorific value of 43.1MJ
5) Based on the energy saving tasks completed each year
6) Recalculated 2019-2020 data due to changes in internal calculation standards

Raw Material Usage

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Raw material usage	Total raw material consumption	ton	100%	106,308	110,453	104,419	116,528	97,324
	Chemicals	ton	100%	86,721	91,911	85,682	94,483	81,006
	Powder	ton	100%	15,589	15,081	15,039	18,108	13,123
	Non-ferrous metals	ton	100%	2,703	2,276	2,036	1,988	1,593
	Resin	ton	100%	1,077	975	1,309	1,593	1,242
	Paste	ton	100%	12	19	6	16	17
	Precious metals	ton	100%	1	1	1	1	1
	Other	ton	100%	204	190	346	340	342

Water Consumption

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Water withdrawal	Total water withdrawal	m³	100%	23,689,267	22,832,082	19,708,294	20,834,376	19,699,860
	Surface water	m³	100%	19,131,221	19,234,466	16,605,868	17,602,886	930,608
	Groundwater	m³	100%	3,479,574	3,597,616	3,102,426	3,231,490	3,006,686
	Municipal water[1)]	m³	100%	1,078,472	-	-	-	15,762,566
Water reuse	Reuse amount	m³	100%	3,787,453	3,839,411	1,827,990	6,437,870	6,965,660
	Reuse rate[2)]	%	100%	16.0	16.8	9.3	23.6	26.1
Water discharge	Total water discharge (at the water supply level)[3)]	m³	100%	20,427,121	19,539,198	15,156,642	15,298,946	15,255,852
Water consumption	Total water consumption	m³	100%	3,262,146	3,292,884	4,551,652	5,535,430	4,444,008
Water Intensity	Water Intensity	m³/sales (M $)	100%	3,553	3,218	3,013	2,553	2,683
Water withdrawal from water stress areas	Total water withdrawal from water stress area[4)]	m³	100%	8,804,916	8,864,639	8,809,021	9,119,767	6,730,252
	Surface water	m³	100%	5,406,348	5,317,891	5,774,773	5,953,134	-
	Groundwater	m³	100%	3,398,568	3,546,748	3,034,248	3,166,633	2,948,228
	Municipal water	m³	100%	-	-	-	-	3,782,024
	Percentage of areas with high water stress	%	100%	37	39	45	44	34

1) From 2022, water that has been used at an industrial complexes is classified as municipal water
2) Changes in calculation standards from 2021
3) Recalculated five years (2018–2022) of data due to changes in calculation standards
4) Based on locations of Tianjin, Gaoxin, Philippines, and Vietnam business sites

Water Pollution

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Water pollution emissions	BOD	ton	100%	215	174	155	179	512
	COD	ton	100%	329	283	242	277	418
	SS	ton	100%	105	93	56	64	56
	T-N	ton	100%	155	161	156	193	150
	T-P	ton	100%	7	6	3	4	2
Emission intensity compared to statutory standards	BOD	%	100%	10.0	7.7	8.3	9.6	19.8
	COD	%	100%	13.4	13.2	12.7	13.8	24.8
	SS	%	100%	3.5	3.9	3.1	3.4	4.1
	T-N	%	100%	13.3	15.4	18.1	24.2	9.1
	T-P	%	100%	5.9	6.1	2.1	3.6	0.2
Number of incidents of non-compliance with discharge limits		cases	100%	-	-	-	-	-

Air Pollution

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Air pollution emissions	SOx	ton	100%	73	54	16	5	29
	NOx	ton	100%	212	176	82	37	73
	Dust	ton	100%	60	74	51	45	37
Emission intensity compared to statutory standards	SOx	%	100%	0.2	0.1	0.1	0.1	0.3
	NOx	%	100%	9.6	3.9	1.8	6.3	9.3
	Dust	%	100%	6.6	7.3	4.8	4.8	4.7
VOC emissions (domestic)	VOC	ton	100%	2.2	4.4	3.9	3.0	3.0

Waste

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Waste generated	Total waste generated	ton	100%	142,633	120,605	122,898	155,077	131,983
General waste treatment and recycling	General waste generated	ton	100%	87,174	72,471	78,063	90,765	79,502
	General waste incinerated[1]	ton	100%	4,508	4,673	4,257	5,861	6,080
	Waste incinerated with energy recovery	ton	100%	783	886	688	419	5,616
	Waste incinerated without energy recovery	ton	100%	3,725	3,787	3,569	5,442	464
	General waste in landfilled[1]	ton	100%	11,105	7,851	8,434	9,024	6,396
	General waste recycled	ton	100%	71,561	59,947	65,372	75,880	67,026
Hazardous waste treatment and recycling	Hazardous waste generated	ton	100%	55,459	48,134	44,835	64,312	52,481
	Hazardous waste incinerated[1]	ton	100%	9,042	5,511	4,894	4,748	5,748
	Waste incinerated with energy recovery	ton	100%	-	-	-	-	2,161
	Waste incinerated without energy recovery	ton	100%	9,042	5,511	4,894	4,748	3,587
	Hazardous waste landfilled[1]	ton	100%	6,681	4,507	6,787	4,986	4,182
	Hazardous waste recycled	ton	100%	39,736	38,116	33,154	54,578	42,551
	Recycling rate at domestic business sites	%	100%	-	89	91	96	96
	Recycling rate at overseas business sites	%	100%	-	71	51	74	72
Waste treatment and recycling	Total (incinerated, landfilled, recycled)	ton	100%	142,633	120,605	122,898	155,077	131,983
	Waste incinerated	ton	100%	13,550	10,184	9,151	10,609	11,828
	Waste incinerated with energy recovery	ton	100%	783	886	688	419	7,777
	Waste incinerated without energy recovery	ton	100%	12,767	9,298	8,463	10,190	4,051
	Waste in landfilled	ton	100%	17,786	12,358	15,221	14,010	10,578
	Waste recycled	ton	100%	111,297	98,063	98,526	130,458	109,577
	Waste recycling rate[2]	%	100%	79	82	81	84	89

1) Treatment at business sites (ton)
2) Waste recycling rate=(waste recycled+energy recovery)/waste generated

Environmental Certifications and Information Requirements

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
ISO 14001	ISO 14001 certification rate	%	100%	100	100	100	100	100
Information requirements	Response to information requirements for product stewardship	cases	100%	2,558	2,021	2,400	2,748	3,545

Investment in and Operation of Environment and Energy

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Investments in environment and energy	Investment in environment and energy	KRW 1 million	100%	30,092	8,704	25,492	35,352	26,599
Operation of environment and energy	Expenses for environment and energy	KRW 1 million	100%	268,379	272,150	259,893	272,486	337,134

Green Purchasing

Classification	Unit	Data coverage	2018	2019	2020	2021	2022
Green purchasing amount (domestic)	KRW 100 million	100%	52	59	25	23	18

Social

Composition of Employees

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Number of employees[1]	Total number of employees	persons	100%	37,884	34,264	36,220	37,312	34,819
	Number of domestic employees	persons	100%	12,136	11,471	11,625	11,868	12,368
	Men	persons	100%	9,356	8,738	8,849	9,056	9,443
	Women	persons	100%	2,780	2,733	2,776	2,812	2,925
	Percentage of female employees	%	100%	22.9	23.8	23.9	23.7	23.6
	Number of overseas employees	persons	100%	25,748	22,793	24,595	25,444	22,451
	Men	persons	100%	12,600	10,577	11,355	11,875	10,671
	Women	persons	100%	13,148	12,216	13,240	13,569	11,780
	Percentage of female employees	%	100%	51.1	53.6	53.8	53.3	52.5
Employees by position (total)	Executives	persons	100%	63	62	64	71	69
	Men	persons	100%	62	61	62	68	66
	Women	persons	100%	1	1	2	3	3
	Percentage of female executives	%	100%	1.6	1.6	3.1	4.2	4.3
	Managers[2]	persons	100%	4,943	5,113	5,585	6,008	6,255
	Men	persons	100%	4,424	4,528	4,873	5,171	5,328
	Women	persons	100%	519	585	712	837	927
	Percentage of female managers	%	100%	10.5	11.4	12.7	13.9	14.8
	Staffs	persons	100%	31,382	28,903	30,239	30,806	27,953
	Men	persons	100%	16,448	14,611	15,073	15,398	14,333
	Women	persons	100%	14,934	14,292	15,196	15,408	13,620
Employees by employment type (direct employment) (total)	Permanent employees	persons	100%	36,388	34,078	35,888	36,885	34,277
	Part-time employees	persons	100%	1,496	186	332	427	542
	Men	persons	100%	1,022	115	226	294	387
	Women	persons	100%	474	71	106	133	155

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Employees by position (domestic)	Executives[3]	persons	100%	57	53	55	62	63
	Men	persons	100%	56	52	53	59	60
	Women	persons	100%	1	1	2	3	3
	Managers[2]	persons	100%	4,158	4,266	4,605	4,941	5,185
	Men	persons	100%	3,860	3,922	4,179	4,428	4,587
	Women	persons	100%	298	344	426	513	598
	Percentage of female managers	%	100%	7.2	8.1	9.2	10.4	11.5
	Staffs	persons	100%	7,388	6,988	6,653	6,485	6,596
	Men	persons	100%	5,021	4,652	4,392	4,281	4,412
	Women	persons	100%	2,367	2,336	2,261	2,204	2,184
Employees by employment type (direct employment) (domestic)	Permanent employees	persons	100%	11,603	11,307	11,313	11,488	11,844
	Part-time employees[4]	persons	100%	533	164	312	380	524
	Men	persons	100%	419	112	225	288	384
	Women	persons	100%	114	52	87	92	140
Employees by position (overseas)	Executives	persons	100%	6	9	9	9	6
	Men	persons	100%	6	9	9	9	6
	Women	persons	100%	-	-	-	-	-
	Managers[2]	persons	100%	785	848	980	1,067	1,070
	Men	persons	100%	564	606	694	743	741
	Women	persons	100%	221	242	286	324	329
	Percentage of female managers	%	100%	28.2	28.5	29.2	30.4	30.7
	Staffs	persons	100%	23,994	21,915	23,586	24,321	21,357
	Men	persons	100%	11,427	9,959	10,651	11,117	9,921
	Women	persons	100%	12,567	11,956	12,935	13,204	11,436
Employees by employment type (direct employment) (overseas)	Permanent employees	persons	100%	24,785	22,771	24,575	25,397	22,433
	Part-time employees	persons	100%	963	22	20	47	18
	Men	persons	100%	603	3	1	6	3
	Women	persons	100%	360	19	19	41	15

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Managers in sales-generating departments[5]	Total number of employees in sales-generating departments[6]	persons	100%	4,082	4,237	4,614	4,951	5,170
	Men	persons	100%	3,737	3,836	4,114	4,356	4,501
	Women	persons	100%	345	401	500	595	669
	Domestic	persons	100%	3,524	3,614	3,884	4,151	4,348
	Men	persons	100%	3,313	3,364	3,569	3,770	3,907
	Women	persons	100%	211	250	315	381	441
	Overseas	persons	100%	558	623	730	800	822
	Men	persons	100%	424	472	545	586	594
	Women	persons	100%	134	151	185	214	228
Employees in STEM departments[7]	Total number of employees in STEM departments	persons	100%	12,455	12,275	13,156	13,709	13,345
	Men	persons	100%	8,457	8,316	8,840	9,127	8,989
	Women	persons	100%	3,998	3,959	4,316	4,582	4,356
	Percentage of female employees in STEM departments	%	100%	32.1	32.3	32.8	33.4	32.6
	Domestic[8]	persons	100%	5,800	5,746	5,923	6,059	6,231
	Men	persons	100%	4,598	4,453	4,583	4,660	4,787
	Women	persons	100%	1,202	1,293	1,340	1,399	1,444
	Overseas	persons	100%	6,655	6,529	7,233	7,650	7,114
	Men	persons	100%	3,859	3,863	4,257	4,467	4,202
	Women	persons	100%	2,796	2,666	2,976	3,183	2,912
Composition of employees by age	Under 30	%	100%	59.1	53.2	50.9	48.2	44.0
	30–50	%	100%	39.5	44.9	46.9	49.2	52.7
	Over 50	%	100%	1.4	1.9	2.2	2.5	3.3
Employees by country	Korea	persons	100%	12,136	11,471	11,625	11,868	12,368
	Asia	persons	100%	25,676	22,713	24,511	25,358	22,360
	China	persons	100%	12,490	9,070	9,944	10,876	9,421
	Vietnam	persons	100%	5,531	6,768	7,466	6,584	6,005
	Philippines	persons	100%	7,064	6,282	6,540	7,340	6,747
	Other	persons	100%	591	593	561	558	187
	Americas	persons	100%	42	45	51	49	55
	Europe	persons	100%	30	35	33	37	36
Percentage of employees with disabilities (domestic)	Number of employees with disabilities[9]	persons	100%	227	232	231	230	225
	Percentage of employees with disabilities	%	100%	2.10	2.03	2.00	2.00	1.82

1) Including part-time employees
2) Managers: Middle management positions (CL3~4)
3) Recalculated 2019 data due to changes in internal calculation standards
4) Recalculated 2019 data for Part-time employees
5) Manufacturing, technology, and sales (excluding management support)
6) Recalculated 2019 data due to changes in internal calculation standards
7) Employees in departments associated with STEM (science, technology, engineering, and mathematics), usually technicians, technological research, and R&D team
8) Revised 2019, 2021 data due to the reaggregation of employees in STEM departments
9) Special criteria for calculating employees with disabilities

Employee Turnover

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Employee turnover rate	Total employee turnover rate	%	100%	22.2	16.0	11.3	13.1	8.8
	Domestic	%	100%	3.9	3.5	2.7	2.9	2.9
	Overseas	%	100%	28.5	20.8	14.9	17.2	11.4
Employee turnover by (position)	Total employee turnover	persons	100%	10,273	6,880	4,433	5,446	3,462
	Executives	persons	100%	12	8	8	18	12
	Managers	persons	100%	147	100	108	166	193
	Staffs	persons	100%	10,114	6,772	4,317	5,262	3,257
Employee turnover by (gender)	Total employee turnover	persons	100%	10,273	6,880	4,433	5,446	3,462
	Men	persons	100%	5,136	3,533	1,759	2,342	1,678
	Women	persons	100%	5,137	3,347	2,674	3,104	1,784
Employee tenure	Total employee tenure	years	100%	6.5	7.6	7.9	8.3	9.1
	Domestic	years	100%	11.6	12.6	13.1	13.6	13.6
	Overseas	years	100%	4.0	5.1	5.4	5.8	6.6

Employee Wages and Benefits

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Employee benefits	Employee labor costs	KRW 1 million	100%	1,042,375	1,174,928	1,362,318	1,675,110	1,741,691
	Employee benefit costs	KRW 1 million	100%	399,146	430,484	286,710	314,861	342,602
	Employee pensions (severance pay)	KRW 1 million	100%	74,559	92,574	70,809	77,425	86,946
	Ratio of employee labor costs to retirement pension	%	100%	7	8	5	5	5
Gender pay gap	Ratio of the basic salary of women to men	%	100%	100	100	100	100	100
	Executives	%	100%	100	100	100	100	100
	Managers	%	100%	100	100	100	100	100
	Staffs	%	100%	100	100	100	100	100
Ratio of standard entry level wage compared to minimum wage (domestic)	Men	%	100%	114.4	106.3	106.4	111.9	115.8
	Women	%	100%	114.4	106.3	106.4	111.9	115.8
Parental leave (domestic)	Number of employees taking parental leave[1]	persons	100%	507	477	508	504	463
	Men	persons	100%	103	129	153	136	131
	Women	persons	100%	404	348	355	368	332
	Number of employees who work longer than 12 months after returning to work[2]	persons	100%	173	143	124	133	209
	Men	persons	100%	24	21	30	26	79
	Women	persons	100%	149	122	94	107	130
	Ratio of retention longer than 12 months after returning to work[3]	%	100%	63	66	64	65	79
	Men	%	100%	73	81	77	74	90
	Women	%	100%	62	61	61	63	73
	Number of employees returning to work after parental leave[4]	persons	100%	258	200	174	174	251
	Men	persons	100%	29	24	36	31	84
	Women	persons	100%	229	176	138	143	167
	Rate of returning to work after parental leave[5]	%	100%	94	93	90	85	95
	Men	%	100%	88	92	92	89	95
	Women	%	100%	95	93	90	84	94

1) Employees who took parental leave in the each 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, overall data is recalculated
4) Employees currently working and taking parental leave as March of each year
5) Employees currently working and taking parental leave as March of each year/ total number of employees reinstated after parental leave, overall data is recalculated

Employee Satisfaction

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Employee satisfaction (domestic)[1]	Organizational health index score	points	100%	73.2	72.8	72.6	72.2	71.7 (Job) 73.6 (Colleagues) 72.1 (Company)

1) Employee satisfaction socre 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

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Training time per person (domestic)	Training time per person	hours	100%	95	61	74	62	49
Human rights training (domestic)	Human rights training time per person[1]	hours	100%	3	3	3	3	3
	Men	hours	100%	3	3	3	3	3
	Women	hours	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	100%	1	1	1	1	1
	Training time per person (women)	hours	100%	1	1	1	1	1
Fraud prevention training	Percentage of employees who completed fraud prevention training	%	100%	99	100	100	100	100
	Number of fraud prevention training	cases	100%	509	389	329	368	242
	Number of employees who completed fraud prevention training	persons	100%	36,025	34,585	33,307	35,182	30,792
	Training time per person (men)	hours	100%	6	6	6	8	8
	Training time per person (women)	hours	100%	6	6	6	8	8
Safety and health training	Number of participating employees	persons	100%	237,786	213,970	144,961	149,625	352,063
	Domestic	persons	100%	45,924	48,056	49,680	53,618	74,369
	Overseas	persons	100%	191,862	165,914	95,281	96,007	277,694
Return on investment in human capital	Return on investment of human capital[2]	%	100%	2.45	2.17	2.14	2.23	2.04

1) Prevention of sexual harassment (1), prevention of workplace harassment (1), education to improve disability awareness (1)
2) Return on investment in human capital=(sales-(sales costs-labor costs))/labor costs

Employee Performance Evaluation

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Percentage of employee performance evaluation[1]	Executives	%	100%	100	100	100	100	100
	Men	%	100%	100	100	100	100	100
	Women	%	100%	100	100	100	100	100
	Managers[2]	%	100%	100	100	100	100	100
	Men	%	100%	100	100	100	100	100
	Women	%	100%	100	100	100	100	100
	Staffs	%	100%	100	100	100	100	100
	Men	%	100%	100	100	100	100	100
	Women	%	100%	100	100	100	100	100

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)

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Status of each deliberation organization of the Hanulim Council	Total deliberations by Hanulim Council	cases	100%	63	46	71	48	61
	FUN[1]	cases	100%	37	15	21	15	21
	PRIDE[2]	cases	100%	10	15	22	12	16
	TRUST[3]	cases	100%	11	9	18	14	18
	WOMEN[4]	cases	100%	5	7	10	7	6

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

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
CSR costs[1]	CSR costs	KRW 1 million	100%	3,088	4,339	6,085	6,261	9,174
	Charity donations[2]	KRW 1 million	100%	894	1,180	2,312	1,563	2,158
	Community investment[3]	KRW 1 million	100%	2,094	3,065	3,323	4,204	5,926
	Commercial activities[4]	KRW 1 million	100%	100	93	450	493	1,090
Volunteer by employees (domestic)	Employees' total volunteering hours	hours	100%	45,661	58,490	16,917	14,580	10,785
	Number of volunteer teams	teams	100%	67	63	55	52	62
	Number of participated employees	persons	100%	6,204	8,643	3,704	2,579	1,785
Donations by employees (domestic)	Participation rate	%	100%	100	100	100	100	100
	Total donations	KRW 1 million	100%	1,242	1,237	1,196	1,216	1,615
Youth education (domestic)	Blue Elephant Project[5]	persons	100%			93,862	259,339	308,941
	SSAFY[5]	persons	100%				1,700	2,300
	Junior SW Academy[6]	persons	100%					43,720
	Hope Stepping Stones[6]	persons	100%					6,284
Contribution to local communities (domestic)	Sister villages	number of villages	100%	17	17	17	17	17
Indirect management costs (domestic)	Indirect management costs	KRW 1 million	100%	546	507	572	770	631

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)

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Supplier training	Win-win Academy Training[1]	Number of courses	100%	40	10	88	83	106
	Supplier employees who completed training at Win-win academy[2]	persons	100%	954	928	938[3]	1,600	3,395
	RBA (Labor and Human Rights) training[4]	number of suppliers	100%	57	35	-	44	34
	Product stewardship training	number of suppliers	100%	101	92	-[5]	33	45
	Safety and environment training	number of suppliers	100%	-	78	12	99	144
Support for suppliers' sustainable management	Environmental facility consulting	number of suppliers	100%	17	3	12	38	24
	GHG and energy efficiency diagnosis	number of suppliers	100%	35	7	4	1	11
	Risk assessment and fire safety diagnosis	number of suppliers	100%	38	5	40	6	29
Support for shared growth	Shared growth fund[6]	KRW 100 million	100%	335	213	289	484	755

1) Included manufacturing productivity, quality, equipment, business management, etc
2) Trainees from suppliers who completed in-person, collective, and contactless courses
3) Data is corrected due to the data collection error
4) Training programs in 2022: Labor related laws and regulations that should be paid attention to in practice, supply chain-related ESG regulatory trends and RBA understanding, etc.
5) Training is not conducted due to COVID-19
6) Based on the outstanding balance of the loan

Supply Chain Management

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Global purchasing and supply chain	Cost of raw materials	KRW 1 million	100%	3,168,622	3,267,539	3,393,256	4,010,433	3,484,413
	Amount of local purchases	KRW 1 million	100%	835,339	960,093	755,935	972,534	1,034,994
	Percentage of local purchases	%	100%	26.4	29.4	22.3	24.3	29.7
Purchasing by region	Korea	%	100%	54	60	40	38	37
	China	%	100%	7	8	18	21	19
	Japan	%	100%	28	22	23	25	25
	Southeast Asia	%	100%	2	1	17	14	17
	Europe	%	100%	2	1	1	1	1
	Americas	%	100%	7	8	1	1	1
Investigation on responsible minerals	Investigation on current use of responsible minerals	%	100%	100	100	100	100	100

Responsible Minerals Use

Classification	Unit	Data coverage	2018	2019	2020	2021	2022
Number of tantalum smelters	facilities	100%	-	37	37	37	36
Percentage of RMAP-certified tantalum smelters	%	100%	-	100	100	100	100
Number of tin smelters	facilities	100%	-	45	53	52	81
Percentage of RMAP-certified tin smelters	%	100%	-	100	100	100	100
Number of tungsten smelters	facilities	100%	-	40	36	39	50
Percentage of RMAP-certified tungsten smelters	%	100%	-	100	100	100	100
Number of gold smelters	facilities	100%	-	102	101	107	173
Percentage of RMAP-certified gold smelters	%	100%	-	100	100	100	100
Number of cobalt smelters	facilities	100%	-	4	23	34	59
Percentage of RMAP-certified cobalt smelters	%	100%	-	100	100	100	100
Number of mica smelters	facilities	100%	-	-	-	-	1
Percentage of RMAP-certified mica smelters	%	100%	-	-	-	-	100
Total number of smelters	facilities	100%	-	228	250	269	400
Total percentage of RMAP-certified smelters	%	100%	-	100	100	100	100

Evaluation of Suppliers' Sustainability (Compliance) Management

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Evaluation result of suppliers' sustainability (compliance) management	Number of suppliers subject to assessment[1)]	number of suppliers	100%	95	100	99	101	97[2)]
	Domestic	number of suppliers	100%	48	42	54	54	52
	Overseas	number of suppliers	100%	47	58	45	47	45
	Number of suppliers taking self-diagnosis	number of suppliers	100%	95	100	99	101	97
	Domestic	number of suppliers	100%	48	42	54	54	52
	Overseas	number of suppliers	100%	47	58	45	47	45
	Number of suppliers receiving on-site inspection[3)]	number of suppliers	100%	81	66	82	54	82
	Domestic[3)]	number of suppliers	100%	44	32	50	38	50
	Overseas	number of suppliers	100%	37	34	32	16	32
Supplier environmental compliance rate by item	Compliance with environmental permits and legal standards	%	100%	100	100	100	100	100
	Waste management	%	100%	100	100	100	100	100
	Air pollution management	%	100%	100	100	100	100	100
	Water pollution management	%	100%	100	100	100	100	100
	Environmental regulatory response	%	100%	100	100	100	100	100

1) Same as the number of suppliers subject to self-diagnosis
2) Number of new suppliers subject to assessment : 24 suppliers
3) Suppliers subject to on-site inspections among those subject to self-diagnosis (performed only partially since 2019 due to COVID-19), recalculated 2020-2021 data due to changes in internal calculation standards

Industrial Accidents

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Fatalities	Total fatalities[1)]	persons	100%	-	-	-	-	-
	Number of employee deaths[1)]	persons	100%	-	-	-	-	-
	Domestic	persons	100%	-	-	-	-	-
	Overseas	persons	100%	-	-	-	-	-
	Total employee mortality rate	10^{-4}%	100%	-	-	-	-	-
	Number of supplier deaths[1)]	persons	100%	-	-	-	-	-
	Domestic	persons	100%	-	-	-	-	-
	Overseas	persons	100%	-	-	-	-	-
	Total supplier mortality rate	10^{-4}%	100%	-	-	-	-	-
Injury incidences and work loss	Injury incidence rate[2)]	%	100%	0.011	0.012	0.011	0.038	0.026
	Lost time injury frequency rate[3)]	10^{-4}%	100%	0.044	0.049	0.046	0.156	0.125
	Frequency rate[4)]	10^{-4}%	100%	0.040	0.040	0.040	0.140	0.090
	Lost workday rate[5)]	%	100%	0.547	0.664	1.216	2.053	1.325
Serious injuries	Total number of serious injuries[1)]	persons	100%	-	-	-	-	-
	Number of employees seriously injured	persons	100%	-	-	-	-	-
	Domestic	persons	100%	-	-	-	-	-
	Overseas	persons	100%	-	-	-	-	-
	Percentage of employees seriously injured	10^{-4}%	100%	-	-	-	-	-
	Number of supplier seriously injured	persons	100%	-	-	-	-	-
	Domestic	persons	100%	-	-	-	-	-
	Overseas	persons	100%	-	-	-	-	-
	Percentage of supplier employees seriously injured	10^{-4}%	100%	-	-	-	-	-
Occupational diseases	Occupational disease rate[1)]	%	100%	-	-	-	-	-
	Percentage of employees who develop occupational diseases	%	100%	-	-	-	-	-
	Percentage of supplier employees who develop occupational diseases	%	100%	-	-	-	-	-

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 injured/Working hours)×1,000,000
4) Including employees and contractors working on-site, frequency rate = (Number of incidents/Working hours)×100
5) Including employees and contractors working on-site, lost workday rate = (Number of lost workdays/Number of employees and contractors)×100

Safety and Health Certification and Evaluation

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
ISO 45001 certification rate	Certification rate	%	100%	91	100	100	100	100
	Domestic	%	100%	80	100	100	100	100
	Overseas	%	100%	100	100	100	100	100

Governance

Key Financial Performance

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Sales/operating profit[1)]	Sales	KRW 1 million	100%	7,719,087	7,455,375	7,753,259	9,675,036	9,424,552
	Operating Income	KRW 1 million	100%	1,169,867	794,009	912,739	1,486,873	1,182,836
	Net income	KRW 1 million	100%	685,019	528,049	623,811	915,432	993,519
Dividends[1)]	Dividends	KRW 1 million	100%	75,690	83,245	105,909	158,792	158,792
	Cash dividend payout ratio	%	100%	11.5	16.2	17.5	17.8	16.2
Liabilities[1)]	Liabilities ratio	%	100%	74.8	59.7	56.1	44.7	42.9

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

Corporate Tax

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Corporate tax	Income tax expense[1)]	KRW 100 million	100%	1,841	1,691	1,435	3,045	2,662
	Korea	KRW 100 million	100%	991	921	860	2,366	2,171
	China	KRW 100 million	100%	757	706	480	548	318
	Southeast Asia	KRW 100 million	100%	62	21	69	93	131
	Americas	KRW 100 million	100%	8	19	10	12	11
	Europe	KRW 100 million	100%	20	20	11	20	25
	Japan	KRW 100 million	100%	1	2	3	3	2
	India	KRW 100 million	100%	1	2	2	2	3
	Income tax paid	KRW 100 million	100%	464	2,646	1,357	982	3,121
	Korea	KRW 100 million	100%	-	1,690	901	399	2,409
	China	KRW 100 million	100%	418	885	385	476	585
	Southeast Asia	KRW 100 million	100%	28	53	38	85	89
	Americas	KRW 100 million	100%	11	6	15	10	12
	Europe	KRW 100 million	100%	6	8	15	7	22
	Japan	KRW 100 million	100%	1	2	1	3	2
	India	KRW 100 million	100%	-	2	2	2	2
	Tangible property by tax jurisdiction[1)]	KRW 100 million	100%	46,202	46,953	45,871	47,590	54,424
	Korea	KRW 100 million	100%	21,126	18,993	18,982	20,270	21,367
	China	KRW 100 million	100%	9,884	12,987	14,976	16,754	16,167
	Southeast Asia	KRW 100 million	100%	15,188	14,965	11,906	10,559	16,876
	Americas	KRW 100 million	100%	1	1	1	2	4
	Europe	KRW 100 million	100%	2	4	4	3	3
	Japan	KRW 100 million	100%	-	-	-	-	-
	India	KRW 100 million	100%	1	3	2	2	6

1) Simple sums before reflecting consolidation adjustments

Government Subsidies

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Government financial support (domestic)	Subsidies	KRW 1 million	100%	-	5,334	6,105	10,661	6,563

Political Contributions and Business Associations

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Political contributions		KRW 1 million	100%	-	-	-	-	-
Business association donations (domestic)	Korea Electronics Association	KRW 1 million	100%	104	112	104	104	104
	Suwon Chamber of Commerce	KRW 1 million	100%	41	41	41	41	41
	Busan Chamber of Commerce	KRW 1 million	100%	40	40	40	40	40
	Sejong Chamber of Commerce	KRW 1 million	100%	12	24	24	24	24
	Climate Union Association[1)]	KRW 1 million	100%	-	-	-	-	20

1) RE100 membership fee

R&D and Patents

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
R&D and patents	R&D costs	KRW 1 million	100%	482,914	504,776	460,599	567,194	577,140
	R&D costs/sales ratio	%	100%	6.3	6.8	5.9	5.9	6.1
	Patent registrations	cases	100%	6,693	7,194	8,230	8,851	9,653
	Patent application	cases	100%	7,238	5,747	5,588	5,911	6,241
	R&D centers	number of centers	100%	2	2	2	2	2

Customer Satisfaction

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Customers	Customer satisfaction[1)]	points	100%	4.4	4.6	4.8	4.8	4.8

1) Self-calculated score, Out of 5 points

Operation of the Board of Directors

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Diversity in the board of directors	Men	persons	100%	6	6	6	6	5
	Women	persons	100%	1	1	1	1	2
	Under 30	persons	100%	-	-	-	-	-
	30-50	persons	100%	-	-	-	-	-
	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	1

Committee Activities

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Operation of the Audit Committee	Number of meetings	times	100%	8	4	5	5	4
	Attendance rate	%	100%	100	100	93.3	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	1
Operation of the Compensation Committee	Number of meetings	times	100%	1	1	1	2	1
	Attendance rate	%	100%	66	100	100	100	100
	Number of members	persons	100%	3	3	4	4	4
	Number of independent directors	persons	100%	2	2	4	4	4
Operation of the Independent Director Candidate Recommendation Committee	Number of meetings[1)]	times	100%	1	-	1	1	1
	Attendance rate	%	100%	80	-	100	100	100
	Number of members	persons	100%	5	5	4	4	4
	Number of independent directors	persons	100%	3	3	4	4	4
Operation of the Internal Transactions Committee	Number of meetings	times	100%	5	5	6	6	6
	Attendance rate	%	100%	100	100	94.7	100	100
	Number of members	persons	100%	3	3	3	3	3
	Number of independent directors	persons	100%	3	3	3	3	3

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

CEO Compensation

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
CEO's long-term Incentives	Carryover period for CEO's long-term incentives	years	100%	3	3	3	3	3
	Percentage of CEO's long-term incentives	%	100%	-	-	-	-	-
CEO-to-employee pay	Average CEO-to-worker pay ratio[1)]	%	100%	1,962	1,731	1,123	1,822	1,393
	Median CEO-to-worker pay ratio[2)]	%	100%	2,289	2,077	1,300	2,045	1,553

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	2018	2019	2020	2021	2022
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%	8,096,559	8,713,958	9,565,084	7,767,553	6,133,055
	Samsung Asset Management	shares	100%	380,097	1,170,531	1,091,518	1,096,289	948,375
	Mirae Asset Financial Group	shares	100%	547,808	653,212	571,373	834,770	670,395
	Korea Investment Management	shares	100%	872,594	497,579	374,795	459,261	662,758
Top 5 Overseas shareholders	BLACKROCK	shares	100%	711,272	2,165,101	2,151,051	2,080,993	2,325,572
	VANGUARD	shares	100%	280,722	226,947	1,658,252	1,760,651	1,943,253
	GIC	shares	100%	194,343	1,451,759	1,045,889	997,490	1,225,963
	NBIM	shares	100%	78,032	152,228	697,870	768,099	785,577
	PEOPLES BANK OF CHINA	shares	100%	616,855	639,444	668,280	692,900	672,395

Compliance/Ethics

Classification		Unit	Data coverage	2018	2019	2020	2021	2022
Compliance inspection	Number of inspections	times	100%	7	6	6	6	6
Compliance training (domestic)	Employees who completed compliance training	persons	100%	13,713	14,169	15,311	15,760	23,894
	Number of compliance training	times	100%	26	28	17	20	19
Workplace ethics training	Total number of trainees	persons	100%	36,025	34,585	33,037	35,182	30,792
	Directors	persons	100%	-	-	-	3	3
	Executives	persons	100%	-	-	-	60	63
	Managers[1)]	persons	100%	34,906	34,461	32,911	34,708	30,574
	Staffs	persons	100%	1,092	98	100	383	126
	Part-time employees	persons	100%	27	26	26	28	26
Workplace ethics training (domestic)	Total number of trainees (domestic)	persons	100%	11,557	11,137	10,959	11,593	8,127
	Directors	persons	100%	-	-	-	3	3
	Executives	persons	100%	-	-	-	51	57
	Managers[1)]	persons	100%	11,456	11,042	10,863	11,159	7,942
	Staffs	persons	100%	81	77	82	361	107
	Part-time employees	persons	100%	20	18	14	19	18
Workplace ethics training (overseas)	Total number of trainees (overseas)	persons	100%	24,468	23,448	22,078	23,589	22,665
	Directors	persons	100%	-	-	-	-	-
	Executives	persons	100%	-	-	-	9	6
	Managers	persons	100%	23,450	23,419	22,048	23,549	22,632
	Staffs	persons	100%	1,011	21	18	22	19
	Part-time employees	persons	100%	7	8	12	9	8
Ethical violation reports	Number of ethical violation reports	cases	100%	42	58	43	29	42
	fraud reports	cases	100%	20	36	26	21	29
	Consumer complaints	cases	100%	19	22	17	8	13
	Other	cases	100%	3	-	-	-	-
	Percentage of disciplinary measures and actions	%	100%	100	100	100	100	100

1) Managers: middle management positions (CL3-4)

Code of Conduct

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

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

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

Principle 1. We comply with laws and ethical standards

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

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

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

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

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

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

· The company respects trade secrets of third parties and acquires information about third parties or information from third parties only through legal and ethical methods.
· The company does not encourage any acts on customers or business partners that places its competitors at a disadvantage.

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

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

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

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

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

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

Principle 2. We maintain a reputable corporate culture

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

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

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

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

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

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

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

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

Principle 3. We respect our customers, shareholders and employees

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

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

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

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

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

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

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

4-1. Samsung Electro-Mechanics pursues 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, safety, and health.
- The company strives to develop cleaner, safer, more convenient, and eco-friendly products and technologies. We make strenuous efforts to minimize harmful impacts on the environment during the overall operational process including product planning, design, development, production, sales, and disposal to provide various eco-friendly products.
- The company is striving to implement solid environment-friendly management activities by pursuing fewer use of harmful substances, efficient use of resources, and reuse of wastes.
- The company introduces a cleaner production technology that minimizes 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 (CPMS), 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 Statement of Financial Position (Unit: KRW 1,000)

	2020	2021	2022
Assets			
Ⅰ. Current assets	4,150,302,652	4,598,268,759	4,888,318,771
Cash and cash equivalents	1,479,767,417	1,185,206,918	1,677,067,100
Other current financial assets	54,107,909	60,740,975	66,362,459
Trade and other receivables	995,621,016	1,287,006,556	1,055,693,111
Short-term loans	229,606	282,464	94,173
Advance payments	963,181	2,730,712	25,891,473
Prepaid expenses	57,320,074	53,916,760	49,412,985
Prepaid income tax	7,596,884	11,699,702	4,968,964
Inventories	1,337,915,721	1,818,409,548	1,901,579,578
Right of return assets	17,784,713	22,614,442	20,384,009
Assets held for sale	198,996,130	155,660,681	86,864,920
Ⅱ. Non-current assets	5,075,195,825	5,343,105,280	6,108,852,128
Investment in associates	72,461,000	80,048,733	71,089,149
Financial assets measured at fair value	200,955,142	264,413,214	245,763,578
Long-term loans	2,315,314	2,625,595	3,432,638
Property, plant, and equipment	4,424,362,288	4,639,381,068	5,235,280,994
Right-of-use assets	93,006,082	122,801,116	117,039,322
Intangible assets	138,250,895	141,837,667	150,053,393
Net-defined benefit assets	-	-	111,842,773
Other current financial assets	18,867,166	21,241,136	19,621,752
Long-term prepaid expenses	26,323,606	29,560,583	31,353,287
Deferred tax assets	98,654,332	41,196,169	123,375,242
Total assets	9,225,498,476	9,941,374,038	10,997,170,899

	2020	2021	2022
Liabilities			
Ⅰ. Current liabilities	1,914,879,974	2,234,656,821	2,525,123,480
Trade and other payables	1,126,272,811	1,475,009,293	1,193,565,532
Short-term borrowings	406,200,835	56,486,397	810,257,330
Advances received	26,897,880	29,806,130	73,382,678
Income tax payables	29,335,879	195,870,047	77,119,296
Current portion of long-term borrowings	204,681,307	316,116,596	274,390,225
Current lease liabilities	14,531,143	22,873,314	23,894,998
Provisions	1,772,851	3,188,491	1,459,642
Refund liabilities	23,400,025	29,762,091	25,227,794
Liabilities directly associated with the assets held for sale	34,813,348	6,936,366	-
Other current liabilities	46,973,894	98,608,096	45,825,985
Ⅱ. Non-current liabilities	1,400,222,563	835,591,575	778,562,739
Long-term borrowings	1,233,208,709	619,762,227	336,606,576
Long-term other payables	80,567,012	77,745,406	77,900,143
Net defined benefit liabilities	30,567,570	24,176,014	16,861,659
Long-term advances from customers	-	-	-
Long-term lease liabilities	48,066,764	67,305,047	60,087,422
Deferred tax liabilities	1,127,598	971,825	1,320,619
Other non-current liabilities	6,684,910	45,631,056	-
Total liabilities	3,315,102,537	3,070,248,396	3,303,686,219
Equity			
Ⅰ. Equity attributable to owners of the parent	5,772,289,015	6,718,948,996	7,538,493,973
Share capital	388,003,400	388,003,400	388,003,400
Capital surplus	1,045,201,199	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	412,519,338	616,908,618	623,163,733
Reserves	2,481,265,257	2,716,865,257	3,315,765,257
Retained earnings	1,592,001,276	2,090,356,960	2,304,746,823
Ⅱ. Non-controlling interests	138,106,925	152,176,647	154,990,706
Total equity	5,910,395,939	6,871,125,643	7,693,484,679
Total liabilities and equity	9,225,498,476	9,941,374,038	10,997,170,899

Consolidated Statement of Comprehensive Income (Unit: KRW 1,000)

	2020	2021	2022
Ⅰ. Sales	**7,753,259,286**	**9,675,036,128**	**9,424,551,868**
Ⅱ. Cost of sales	**5,784,472,159**	**7,127,098,009**	**7,161,405,784**
Gross profit	**1,968,787,127**	**2,547,938,119**	**2,263,146,084**
Ⅳ. Selling and administrative expenses	**1,056,048,450**	**1,061,065,285**	**1,080,310,160**
Ⅴ. Operating profit	**912,738,677**	**1,486,872,834**	**1,182,835,924**
Ⅵ. Non-operating income and expenses	**229,606**	**282,464**	**94,173**
Finance income	9,992,327	8,859,701	29,253,949
Finance expenses	42,826,688	39,757,132	46,306,452
Share of profit of associates	9,943,018	10,354,077	(2,916,492)
Other income	253,666,807	225,459,259	504,596,302
Other expenses	274,599,471	200,479,783	480,635,144
Ⅶ. Profit before income tax from continuing operations	**868,914,669**	**1,491,308,955**	**1,186,828,088**
Income tax expense for continuing operations	184,608,858	413,648,216	164,121,857
Profit for the year from continuing operations	684,305,812	1,077,660,739	1,022,706,231
Profit and loss from discontinued operations after tax	(60,494,634)	(162,228,286)	(29,187,049)
Ⅷ. Profit for the year	**623,811,178**	**915,432,453**	**993,519,182**
Ⅸ. Other comprehensive income	**(35,313,508)**	**165,661,960**	**(9,601,079)**
Items that will not be reclassified subsequently to profit or loss:	93,006,082	122,801,116	117,039,322
Net gains on the valuation of financial assets measured at fair value through other comprehensive income	20,116,868	19,062,712	(16,110,674)
Net gains on disposal of financial assets measured at fair value through other comprehensive income	176,433	-	-
Remeasurement of the net defined benefit liabilities	(20,328,932)	(52,580,805)	(8,469,877)
Capital changes in equity method	37,751	1,728,459	(827,239)
Items to be reclassified subsequently to profit or loss:	98,654,332	41,196,169	123,375,242
Exchange differences on translation of foreign operations	(35,315,628)	197,451,594	15,806,711
Ⅹ. Total comprehensive income	**588,497,669**	**1,081,094,413**	**983,918,103**
Profit for the year from continuing operations attributable to:	1,914,879,974	2,234,656,821	2,525,123,480
Owners of the parent	664,471,772	1,055,411,300	1,009,738,691
Non-controlling interests	19,834,040	22,249,439	12,967,540
Profit for the year attributable to:	26,897,880	29,806,130	73,382,678
Owners of the parent	603,961,889	892,445,317	980,551,642
Non-controlling interests	19,849,289	22,987,136	12,967,540
Total comprehensive income attributable to:	14,531,143	22,873,314	23,894,998
Owners of the parent	570,487,007	1,044,253,793	978,336,880
Non-controlling interests	18,010,663	36,840,620	5,581,223
Ⅺ. Earnings per share	**34,813,348**	**6,936,366**	**-**
Basic and diluted profit for the year attributable to common shares	7.99	11.81	12.98
Basic and diluted profit for the year attributable to preference shares	8.04	11.86	13.03
Basic and diluted profit for the year from continuing operations attributable to common shares	8.79	13.97	13.36
Basic and diluted profit for the year attributable to preference shares	8.84	14.04	13.41

GHG Assurance Report

Samsung Electro-Mechanics Co., Ltd.

Scope

- The annual GHG emissions for 2018, 2019, 2020, 2021 & 2022 calendar years inclusive.
- The physical scope is within the boundary of the sites mentioned below.
- GHG emissions for SCOPE 1(Direct-emissions from the plant), SCOPE 2(Indirect-energy related) and SCOPE 3(Indirect-emissions from logistic, commuting etc.) as defined in WBCSD/WRI GHG protocol Chapter 4 'Setting Operational Boundaries'

Data Verified

(Unit: tCO_2e)

- GHG Emissions of Scope 1 and Scope 2 for the period from 2018 to 2022 are as follows.

Country	Plant	Reporting Year				
		2018	2019	2020	2021	2022
Korea	Suwon	76,592	73,245	78,498	81,942	82,971
	Sejong	85,585	88,274	101,958	113,473	123,961
	Busan	229,553	271,660	260,041	263,129	267,532
	Cheonan	29,655	-	-	-	
	Ulsan	13,294	8,831	3,282	-	-
	Others	597	583	322	179	345
China	Gaoxin	41,624	42,715	42,048	41,939	37,419
	Tianjin	336,083	370,675	387,564	646,143	603,737
	Kunshan	162,366	145,841	12,226	-	-
	Dongguan	6,195	-	-	-	-
	Shenzhen Logistic Ctr.	413	450	397	394	418
Philippines	Philippines	184,830	189,895	186,669	203,574	161,807
Thailand	Bangpakong	7,766	8,325	8,271	6,839	-
Vietnam	Vietnam	101,869	109,193	122,852	103,926	64,378
Total		**1,276,422**	**1,309,687**	**1,204,128**	**1,461,538**	**1,342,568**

- Emissions in 2021 and 2022 are power market-based emissions that reflect renewable energy use at Tianjin plant in China in 2021 and renewable energy use at Philippine plant in 2022.
- Emissions from renewable energy use in 2021 5,305 tCO_2eq/ emissions from renewable energy use in 2022 3,311 tCO_2eq
- Scope 3 GHG Emissions accounted according to The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard of WRI/WBCSD is described in the following Appendix.

GHG Criteria & Protocols used for Verification

The verification was carried out at the request of the Samsung Electro-Mechanics Co., Ltd. using:

· Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
· The GHG Protocol of the WRI/WBCSD
· IPCC Guideline for National Greenhouse Gas Inventories
· ISO14064 Part 1 & 3
· BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea is applied to the all verification activities.

Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

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

For and on behalf of BSI:
Issue:19/06/2023

Managing Director Korea,
SeongHwan Lim

Appendix: GHG Emission of Scope3

Verification Scope

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

Data Verified

(Unit: tCO_2e)

Category	Description	Reporting Year	
		2021	2022
Purchased Goods & Services	Extraction, production, and transportation of goods & services purchased or acquired by the reporting company in the reporting year	39,826	144,311
Capital Goods	Extraction, production and transportation of capital goods purchased or acquired by the reporting company in the reporting year	2,740	3,853
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	9,434	9,054
Transportation & Distribution (Upstream)	Third-party transportation & distribution of products purchased by the reporting company in the reporting year	60,442	49,800
Waste Disposal	Third-party disposal/treatment of waste generated in the reporting company's operations in the reporting year	20,686	20,648
Business Travel	Business trips of employees at domestic sites by air, train, taxi, private car, etc.	1,547	3,865
Employee Commuting	Calculated for employee commuter buses	13,730	11,005
Leased Assets (Upstream)	Operation of assets leased by the reporting company in the reporting year	895	1,170
Transportation & Distribution (Downstream)	Third-party transportation & distribution of products produced by the reporting company in the reporting year	N/A	N/A
Processing of Product	Processing of intermediate product to final product	436	467
Use of Product	Use of product by customer	14,349	15,390
Disposal of Product	Final disposal of product by end-user	243	261
Leased Assets Downstream)	Operation of assets owned by the reporting company and leased to other entities in the reporting year	N/A	N/A
Investment	Emission from invested enterprise	24,659	19,276
	Total	**188,987**	**279,100**

For and on behalf of BSI:
Issue: 01/05/2023

Managing Director Korea,
SeongHwan Lim

Third-Party Assurance Report

To readers of 2022-2023 Samsung Electro-Mechanics Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Samsung Electro-Mechanics to conduct an independent assurance of its 2022-2023 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 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. 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 2023 Seoul, Korea

KMR

SRV1000 Sustainability Committee Assurance

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CEO

E. J Hwang

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