2024-2025
SAMSUNG ELECTRO-MECHANICS SUSTAINABILITY REPORT

Sustainable Challenges for a Better Planet & Life

SAMSUNG
ELECTRO-MECHANICS

About This Report

Report Overview

Samsung Electro-Mechanics publishes an annual sustainability report to enhance stakeholder trust and to communicate its commitment to sustainable management in a responsible manner. This report, the 14th edition, presents a structured overview of the company's vision, strategy, key achievements, and improvement initiatives across environmental, social, and governance (ESG) dimensions. Through this report, Samsung Electro-Mechanics endeavors to transparently share its efforts and progress toward sustainability management with stakeholders.

Reporting Standards

This report has been prepared in accordance with the 2021 Global Reporting Initiative (GRI) Standards, a globally recognized framework for sustainability reporting. To address industry-specific material issues, the standards of the Sustainability Accounting Standards Board (SASB) have been applied. Furthermore, disclosures regarding the status and performance of the company's climate change response have been prepared with reference to the IFRS S2 sustainability disclosure standard issued by the International Sustainability Standards Board (ISSB). Samsung Electro-Mechanics also endorses the United Nations Sustainable Development Goals (UN SDGs) and reports implementation activities aligned with each goal. The financial information contained in this report has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period GRI 2-3

This report covers performance data from January 1, 2024 to December 31, 2024. In addition, selected qualitative performance information deemed significant from the first half of 2025 has also been included. Quantitative performance data is presented for the five-year period from 2020 to 2024 to facilitate year-on-year comparisons.

Reporting Scope GRI 2-2

This report encompasses key economic, social, and environmental information generated by Samsung Electro-Mechanics and its domestic and overseas subsidiaries, based on consolidated financial statements prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS). Due to practical limitations, separate calculation methodologies were applied to certain environmental and social indicators at some overseas sites. Revisions to data resulting from discontinued operations are indicated in the footnotes.

Report Assurance

To ensure the objectivity and credibility of this report, it has undergone third-party assurance, including on-site verification and document review. The assurance process applied the four principles of sustainability, namely inclusivity, materiality, responsiveness, and impact, as outlined in AA1000AS v3 (2021). Additionally, Samsung Electro-Mechanics annually commissions an independent organization to verify its greenhouse gas emissions in accordance with ISO 14064 and the Intergovernmental Panel on Climate Change (IPCC) greenhouse gas guidelines.

Efforts to Comply with Global Sustainability Standards

Samsung Electro-Mechanics adheres to global sustainability standards and participates in various international initiatives to create sustainable value. Furthermore, the company discloses ESG-related data through global institutions and rating agencies to ensure transparent communication of its sustainability management practices.

Forward-Looking Statements

This report contains not only current and past circumstances but also forward-looking statements that refer to future events. Such statements include terminology such as "expect," "plan," "anticipate," "intend," "target," "strategy," and "estimate" to describe Samsung Electro-Mechanics' future business strategies, environmental objectives (including greenhouse gas emissions and energy consumption), external sustainability management-related commitments, and operational approaches. These forward-looking statements are based on information, estimates, and forecasts available at the time of report preparation and deemed reasonable. However, their accuracy is not guaranteed. The purpose of these statements is to assist stakeholders in understanding Samsung Electro-Mechanics' perspectives on key ESG matters, strategies, initiatives, and projected operating environments. Accordingly, they should not be relied upon unreasonably as the sole basis for investment decisions or other purposes. Such statements are subject to change due to various external factors, including geopolitical developments, global economic conditions, and other variables beyond the company's control, such as assumptions, inherent risks, and uncertainties, all of which may cause actual results to differ materially from those expressed herein. Unless required by applicable laws or regulations, Samsung Electro-Mechanics does not undertake any obligation to revise or update these forward-looking statements in light of new information, future events, or other outcomes. Therefore, readers should not consider the information contained herein as current or accurate beyond the date of publication.

Report Preparation Optimized for AI Analysis

This report has been structured to support effective comprehension and analysis by artificial intelligence models based on large language models (LLMs). Titles and main text are organized with logical coherence, and tables and graphs are formatted to ensure clarity and accessibility. Data units are applied consistently throughout, and the use of complex symbols or images has been minimized. In addition, metadata describing the document's structure and key information embedded in hyperlinks is provided in complete sentence form to support efficient AI-driven search and analysis.

Contents

CEO Message GRI 2-22

> All employees of Samsung Electro-Mechanics will remain united in the spirit of ‘Be professional!’ and continue their collective efforts to build a better future, even in the face of change.”

Dear Stakeholders,

The year 2024 presented unprecedented challenges, with low growth becoming the new norm in the global economy due to geopolitical uncertainty and economic volatility. Despite these adverse conditions, Samsung Electro-Mechanics reached a significant milestone by exceeding KRW 10 trillion in annual sales for the first time since its establishment, through its steadfast commitment and passion for transforming crisis into opportunity. This success was driven by the strategic restructuring of our business portfolio around high value-added products, our expansion into future-oriented, high-growth sectors, and company-wide initiatives to improve internal operational efficiency.

While the global economic outlook for 2025 remains subdued and competition within the industry is expected to intensify, we also foresee promising opportunities in high value-added markets such as AI/server applications and electronic devices. In response to these evolving trends, Samsung Electro-Mechanics is preparing to take its next major leap forward, guided by the following strategic directions.

First, we will expedite the transition of our portfolio toward high value-added products.

Leveraging its unparalleled technological prowess, Samsung Electro-Mechanics continues to launch leading products in the IT sector, including ultra-small MLCCs and ultra-close-up camera modules. To sharpen our competitiveness in growing markets such as electronic devices and AI/server applications, we are also focusing on the development of high-temperature, high-pressure, and high-reliability MLCCs, as well as expanding the supply of large-area, high-multilayer, high-end package substrates. Underpinned by this strategy, Samsung Electro-Mechanics aims to achieve growth that outpaces the market by restructuring its business portfolio to prioritize high value-added products.

Second, we will secure growth momentum in emerging future industries.

Through the Mi-RAE project, which encompasses the mobility, robotics, AI/server, and energy sectors, Samsung Electro-Mechanics is committed to securing next-generation technologies. We plan to establish a glass substrate pilot line at our Sejong facility and introduce prototypes of high-performance package solutions for AI and servers. Furthermore, we are accelerating the development and mass production of next-generation components, including silicon capacitors, solid-state batteries, and hybrid lenses for automotive electronic devices. These technological investments and implementations will enable us to respond proactively to future core demands while laying a robust foundation for Samsung Electro-Mechanics’ mid- to long-term growth.

Third, we will establish ourselves as a trustworthy company by internalizing sustainability management.

Samsung Electro-Mechanics has adopted the slogan “Sustainable Challenges for a Better Planet & Life” and is progressively advancing its mission of sustainability management. We are making our utmost efforts to address a broad range of sustainability challenges, including responding to climate change, minimizing environmental impact, spreading a corporate culture of mutual respect, and ensuring workplace safety. Notably, we have worked to enhance the independence and diversity of the Board of Directors by maintaining a composition of at least 50% female independent directors and appointing an independent director as Chairperson of the Board. As a result of these efforts, we have earned the distinction of being the first Korean company to be included in the “DJBIC World” index for 16 consecutive years. We will continue to take the lead in embedding sustainability management, grounded in the belief that responsible decision-making fosters more valuable growth.

Amid economic headwinds, Samsung Electro-Mechanics has consistently advanced toward its goal of becoming a “top-tier parts company.” This achievement has been realized through the concerted efforts of all employees united by the singular spirit of “Be professional!” Building on this passion, Samsung Electro-Mechanics will shape a better future through technological innovation at the forefront of forthcoming change.

Thank you.

CEO

Chang Duckhyun

Company Overview

About Company GRI 2-1

Founded in 1973, Samsung Electro-Mechanics has evolved into a global comprehensive component manufacturer, producing advanced electronic components as well as precision mechanical components. In its early years, Samsung Electro-Mechanics laid the foundation for technological self-reliance in Korea's component industry through the production of audio and video components. Since then, we have focused on developing next-generation core products, including materials, computer components, chip components, mobile communication components, and optical components. Since the 2000s, we have secured world-class technologies in key electronic components such as MLCCs, power inductors, camera and communication modules, and package substrates.

Samsung Electro-Mechanics continues to pursue leadership in its core products through continuous technological innovation and the strengthening of convergence capabilities. Recently, Samsung Electro-Mechanics has been enhancing its products, diversifying its business portfolio, and cultivating next-generation growth engines in response to emerging trends in future industries, such as electronic devices and AI computing. Through these efforts, we are advancing as a global leader ushering in a new era.

Key Financial Information

Revenue	Operating profit	Net profit
KRW 10,294,103 million	KRW 735,005 million	KRW 703,215 million

Employee Distribution by Region

No. of employees	35,990 persons
Korea	12,164 persons
Asia	23,735 persons
Americas	54 persons
Europe	37 persons

Revenue by Region

Total amount	KRW 10,294,103 million
Korea	KRW 3,467,731 million
Southeast Asia	KRW 1,990,016 million
Europe	KRW 328,321 million
China	KRW 4,054,406 million
Americas	KRW 363,763 million
Japan	KRW 89,866 million

Management Philosophy

Samsung Electro-Mechanics aspires to become a "top-tier tech component company" that delivers valuable experiences to all stakeholders by offering the finest components and distinctive solutions. To this end, we established our mission and vision through the active participation of our employees. In 2023, marking the 50th anniversary of our founding, we proclaimed a new vision that reflects our determination to embrace challenges and lead the digital future: “The Core of a Digital Future.” Samsung Electro-Mechanics faithfully implements its core values (RiGHT©) to ensure that all stakeholders, including employees, customers, shareholders, and suppliers, can grow together and share in mutual satisfaction, supported by strategic efforts to enhance technological competitiveness, expand business operations, establish an efficient organizational structure, and attract outstanding talent.

Mission and Vision

Mission

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

Vision

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

Vision Slogan

The Core of a Digital Future

Core value

Respect all	Integrity first	Growth mind	Harmony with	Technology for Great	Challenge
· Express opinions openly. · Embrace each other’s diversity.	· Act consistently in accordance with established principles. · Demonstrate integrity in all actions.	· Pursue growth and learning with curiosity. · Take ownership and strive for personal development.	· Maintain both physical and mental well-being. · Pursue joy and fulfillment through work. · Contribute to customers, communities, and humanity.	· Prioritize the best technology to ensure customer success. · Consistently embrace new challenges without fear of failure. · Engage in deep exploration until reaching the core essence.	· Boldly take on challenges grounded in the core value RiGHT©. · Become top-level experts in the core fields.

Leadership Principle

Encourage curiosity, Stimulate learning, Generate energy and Deliver success

Global Network

Samsung Electro-Mechanics operates production plants, distributors, and sales offices across Korea, the Americas, Europe, Japan, China, and Southeast Asia, conducting business both domestically and internationally in alignment with the unique characteristics and market environments of each region. Among our three domestic business sites, the Suwon Plant performs integrated functions encompassing production, research and development, marketing, and management support. The Busan and Sejong Plants serve as major domestic production bases, specializing in next-generation semiconductor package substrates and high value-added products such as MLCCs. Overseas, we have established a robust global network, comprising production subsidiaries in Vietnam, the Philippines, and China; sales subsidiaries across the Americas, Europe, and Asia; and a research and development subsidiary in India.

▲ R&D Center	■ Production base	● Sales base and office
2 sites in 2 countries	6 sites in 4 countries	18 sites in 9 countries

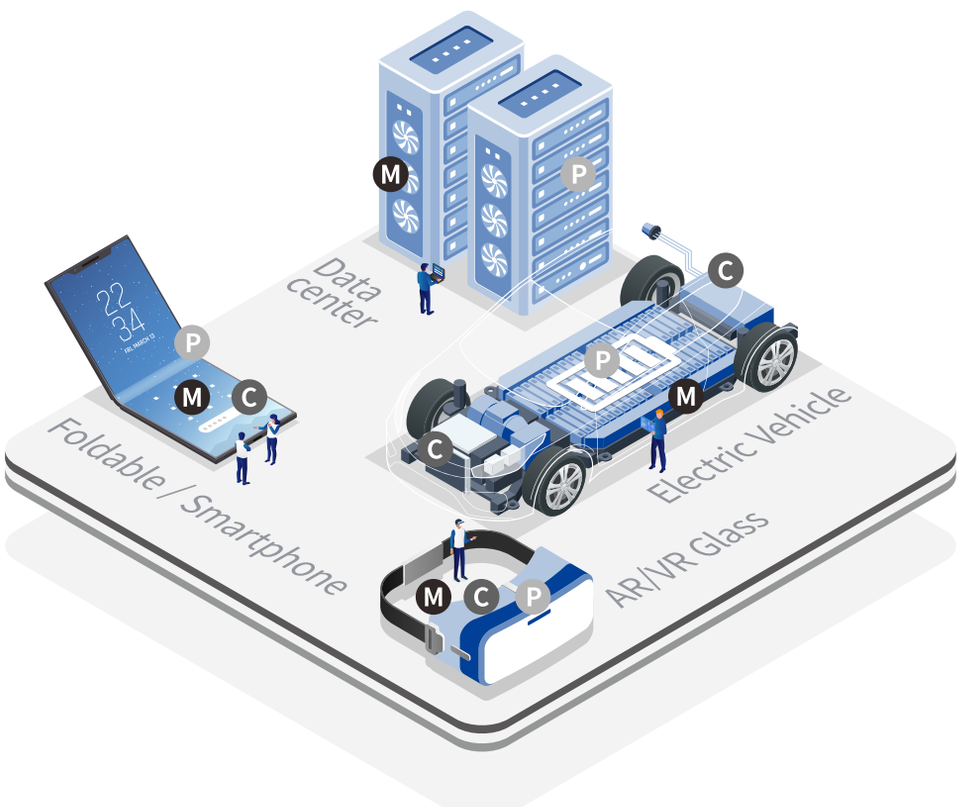
Business Area

Main Business

Samsung Electro-Mechanics' Flagship Products

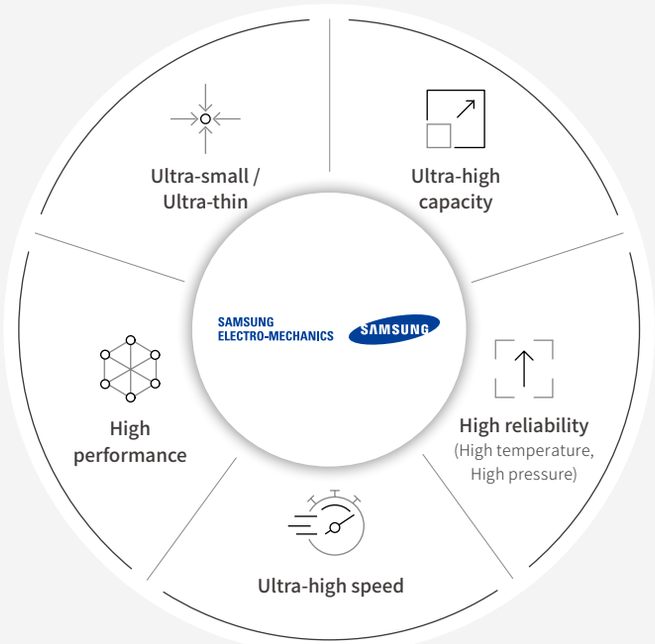
Samsung Electro-Mechanics delivers valuable experiences to customers and society through best-in-class components and differentiated solutions.

M Components	C Optics Solutions	P Package Solutions
		



Advanced Components for New Form Factors

Samsung Electro-Mechanics is concentrating on advanced components to elevate its chip components, package substrates, and camera module businesses to world-class standards.



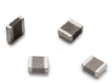
High Performance	Customized	Thinner
Less Power Consumption	Smaller	High Performance

Product Introduction GRI 2-6

Components

The component business encompasses passive chip components essential for a wide range of electronic devices. Primary products include multilayer ceramic capacitors (MLCCs), inductors, chip resistors, and tantalum capacitors. These components are indispensable in smart IT devices, home appliances, industrial equipment, electronic devices, and medical equipment. Samsung Electro-Mechanics continuously develops competitive new products by investing in research and development, establishing proprietary manufacturing methods and equipment, and securing core materials such as dielectric and magnetic materials through independently developed technologies. To meet growing demand and expand into emerging markets, including automotive and industrial applications, Samsung Electro-Mechanics is strengthening its inductor product portfolio, including power inductors, while advancing the development of high-reliability MLCCs. Building on this technological prowess, Samsung Electro-Mechanics will continue to broaden its lineup of high value-added products, with a strategic focus on high-reliability components such as ultra-compact, high-capacity electronic components and products designed to endure high temperatures and pressures.

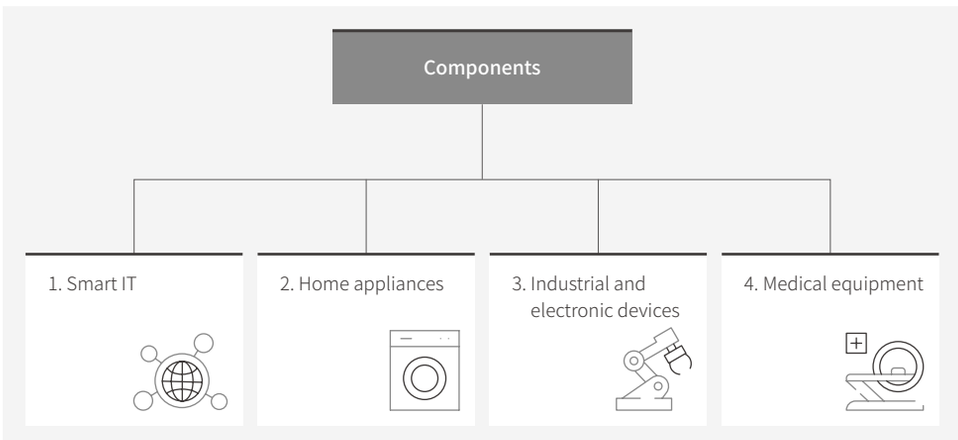
Main Components Products

MLCC		A ceramic capacitor formed by stacking dielectric materials and electrodes in a chip-type structure. It regulates the stable flow of current within circuits and mitigates electromagnetic interference between components, functioning as a 'dam'.
Power Inductor		A component utilizing magnetic substances to suppress sudden changes in current, thereby ensuring stable current flow within the electronic circuit.
Chip Resistor		A component that uses the property of limiting direct or alternating current to reduce voltage or maintain a constant current within an electronic circuit.
Tantalum		Designed in a chip form for application in surface-mounted devices, it serves to charge and discharge electric charges and eliminate noise.

Components Sales and Sales Share

Category	2023	2024
Sales	KRW 3,903,022 million	KRW 4,462,050 million
Sales Share	43.81%	43.35%

Components Application Fields



Product Introduction

Optics Solutions

The optics solution business includes IT camera modules and automotive camera modules, which are applied in smartphones, mobile devices, and vehicles. These application fields require advanced technologies such as high image quality, miniaturization, slim profiles, low power consumption, and enhanced durability. In response to these demands, Samsung Electro-Mechanics delivers superior camera modules and solutions by integrating optical lens design, circuitry, packaging technology, and software-driven materials expertise.

Main Optics Solutions Products

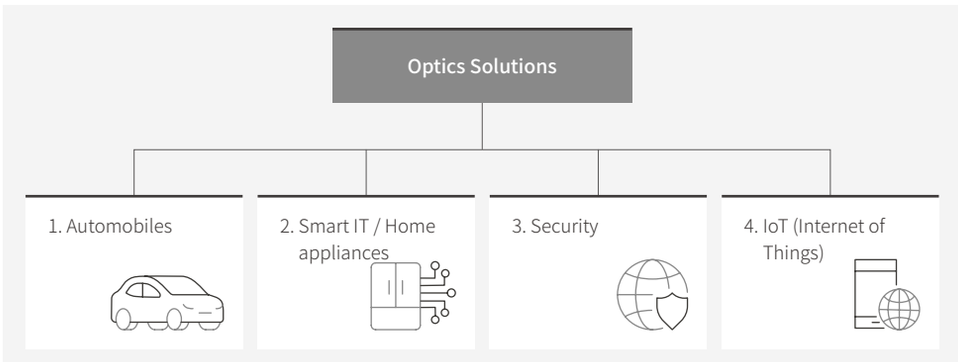
Camera Modules   	Camera modules are components that require advanced technologies such as high resolution, slim profiles, low power consumption, high durability, and multifunctionality, as they perform key roles in image and video capture, as well as in sensing, recognition, and detection across smartphones, automobiles, and smart home applications. In particular, as smartphone cameras become increasingly high-performance, the market is expanding in response to growing demand for advanced features such as autofocus, optical image stabilization (OIS), and the adoption of folded optics. Samsung Electro-Mechanics is at the forefront of technologies that address the diverse needs and expectations of users through its proprietary lens and actuator technologies. We are also consistently developing differentiated solutions by applying IT camera technologies to automotive camera systems.

Optics Solutions Sales and Sales Share

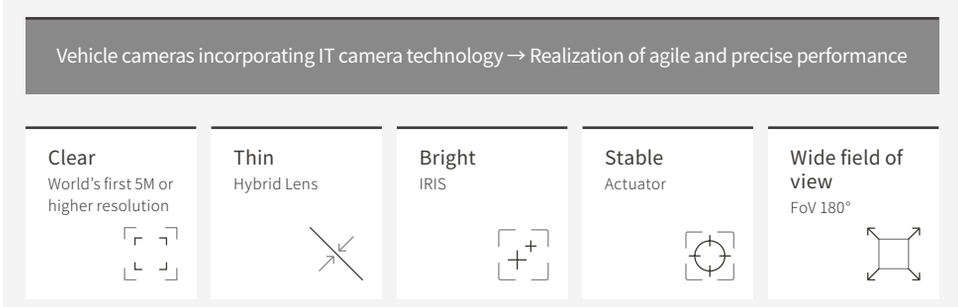
Category	2023	2024
Sales[1)]	KRW 3,289,048 million	KRW 3,797,396 million
Sales Share[1)]	36.92%	36.89%

1) Data for 2023 have been restated for comparative purposes due to the occurrence of discontinued operations.

Optics Solutions Application Fields



Advancement of Vehicle Camera Technology

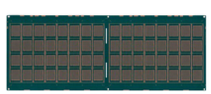


Product Introduction

Package Solutions

The package solutions business primarily focuses on semiconductor package substrates. These substrates are fundamental to a wide range of industries, including IT, home appliances, automobiles, aerospace, and vessels, and serve as circuit interconnect components that electrically connect and mechanically support semiconductors and other electronic parts. Recently, due to the rapid increase in data usage and the enhanced performance of semiconductor chips, package substrates have been evolving toward larger sizes, higher densities, and multilayer structures. In response, Samsung Electro-Mechanics is advancing technologies related to thin, high-density, multilayer substrates with fine line widths, leveraging its accumulated technological expertise and stable production capabilities. Building on this foundation, we are also enhancing its R&D capacity to achieve high functionality, reduced weight, and miniaturization in IT devices. Furthermore, Samsung Electro-Mechanics is effectively translating this technological competitiveness into market impact through close cooperation with its customers.

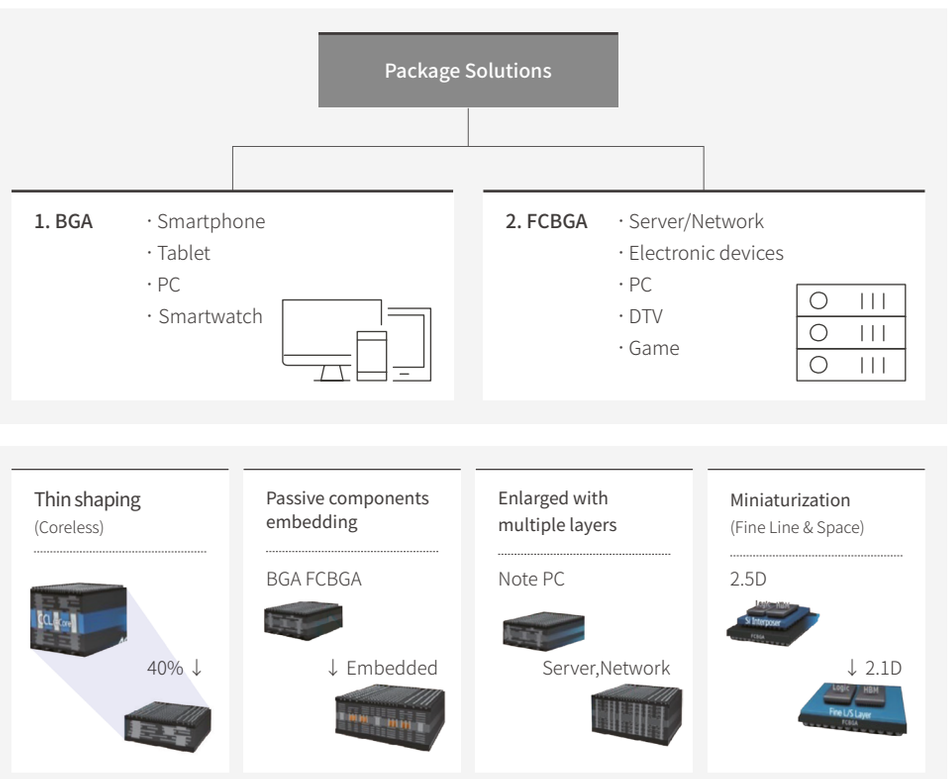
Main Package Solutions Products

Ball Grid Array (BGA) 	A type of package substrate used for core semiconductors in mobile devices and PCs. It transmits electrical signals between semiconductors and main boards while also providing protection for semiconductors against external factors. The representative BGA product, the flip chip chip scale package (FCCSP), connects semiconductor chips and substrates using ball-shaped bumps instead of conventional wire bonding. With semiconductor chips occupying over 80% of the package substrate area, it achieves a high level of integration and is primarily used in AP semiconductors for mobile IT devices.
Flip Chip Ball Grid Array (FCBGA) 	A highly integrated package substrate that enhances electrical and thermal performance by connecting semiconductor chips and package substrates through bumps. As circuit integration in CPU substrates increases, the number of substrate layers also grows. In response, thin substrate manufacturing technology is gaining importance to enable finer interlayer alignment and support slimmer device designs.

Package Solutions Sales and Sales Share

Category	2023	2024
Sales	KRW 1,717,378 million	KRW 2,034,657 million
Sales Share	19.27%	19.76%

Package Solution Application Fields



Sustainability Management

In This Section

Sustainability Strategy

Samsung Electro-Mechanics is committed to creating stakeholder value and enhancing corporate value through sustainable growth. As part of these efforts, Samsung Electro-Mechanics has established the mission of “Sustainable Challenges for a Better Planet & Life” to guide its sustainability management practices and has specified “SYNC” as a four-pillar framework for implementation. SYNC consists of four core focus areas: creating a sustainable global environment, expanding positive social impact, co-prosperity with local communities, and ensuring transparent decision-making and communication. Through this framework, Samsung Electro-Mechanics aims to continuously generate future value.

Mission and Framework

Mission

“Sustainable Challenges for a Better Planet and Life”

Framework

Strive for Sustainability	**Y**ield Positive Changes	**N**urture our Communities	**C**raft Credible Communication
Challenge			
Sustainable global environment	**Positive social impact**	**Contribution to communities**	**Transparent decision-making and communication**
Response to climate change	Mutual respect and a safe workplace	Fostering future generations	Establishing leading governance
Minimizing environmental impact	Strengthening supply chain sustainability	Promoting a culture of donation	Implementing ethical management

Progress Indicator

		KPI definition	2024 performance	Target	Target year
S Strive for Sustainability	**Response to climate change**				
	・Promoting continuous reduction in energy and electricity consumption	Reducing electricity consumption	**5% reduction**	5% annual reduction	Continued
	・Expanding carbon-neutral certified products	Cumulative number of certified products	**23 items**	23 items	2024
	・Converting all corporate business vehicles to zero-emission by 2030[1)]	Zero-emission vehicle conversion rate	**5%**	100%	2030
	・Pursuing 100% renewable energy conversion by 2050	Renewable energy conversion rate	**Secured a total of 240,083 MWh of renewable energy**	30%	2030
	Minimizing environmental impact				
	・Reducing use of disposable products	Zero disposable products[2)]	**100%**	100%	2024
	・Expanding water reuse across the company	Increasing the water reuse rate	**33.0%**	41.8%	2030
	・Achieving zero waste landfill certification at all business sites by 2025	Certification rate	**100%**	100%	2025
	・Producing work clothes with used materials	Adoption rate of recycled-material work clothes	**Produced 330 samples of work clothes**	100%	2027
Y Yield Positive Changes	**Mutual respect and a safe workplace**				
	・Maintaining an organizational health index of 70 points or higher by 2030	Organizational health index	**74.4 points**	70 points or above	Continued
	・Expanding female leadership and establishing a diversity management system	Proportion of female key personnel (No. of female key personnel/Total number of key personnel)	**10.5%**	12.2%	2027
	・Maintaining zero cases of serious accidents	Number of serious accidents	**0 cases**	0 cases	Continued
	Strengthening supply chain sustainability				
	・Sharing visions with customers and enhancing two-way communication	Number of customer engagement activities	**2 times**	Twice a year	Continued
	・Providing on-site support and expanding training programs for suppliers	Target number and frequency of trainings for co-prosperity and innovation	**30 companies / 164 sessions**	At least 30 companies / 130 sessions annually	Continued

1) Conversion to zero-emission vehicles in line with the vehicle replacement cycle
2) 102 types of handmade and finished products (PLA material) used in restaurants and cafés

Progress Indicator

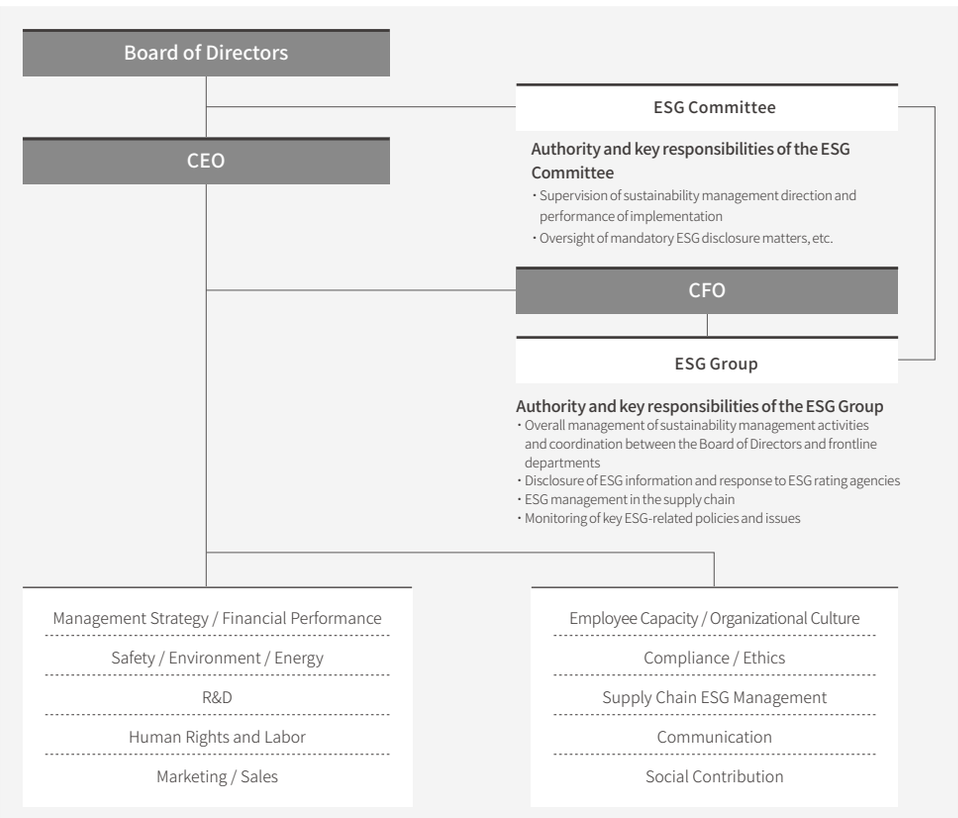
		KPI definition	2024 performance	Target	Target year
N Nurture Our Communities	**Fostering future generations**				
	・Expanding youth education support (Blue Elephant)	Cumulative number of participants	**1.34 million**	3 million	2029
	Promoting a culture of donation				
	・Promoting employee talent donation and donation culture (Sharing Kiosk)	Cumulative number of sponsored children	**162 children**	350 children	2029
C Craft Credible Communication	**Establishing leading governance**				
	・Maintaining 50% or more female independent directors	Proportion of female directors among independent directors	**50%**	50% (2 out of 4)	Continued
	・Strengthening board expertise and diversity	Ensuring independent director expertise and diversity	**1 director per area of expertise, 4 activity sessions to strengthen professional capabilities**	1 director per area of expertise, 4 activity sessions to strengthen professional capabilities	Continued
	・Maintaining majority independent directors	Proportion of independent to total directors	**57%**	57% (4 out of 7)	Continued
	Implementing ethical management				
	・Preventing corruption through anti-corruption training for employees	Anti-corruption training completion rate	**100%**	100%	Continued
	・Conducting employee compliance training	Compliance training completion rate	**100%**	100%	Continued
	・Establishing a security threat response system across domestic and overseas subsidiaries	Security threat monitoring and improvement	**Completed in Korea, Tianjin, Gaoxin, and the Philippines**	100%	2026

Sustainability Management System

Governance GRI 2-14

Samsung Electro-Mechanics has established the ESG Committee under the Board of Directors to realize sustainable value creation and to strengthen communication with stakeholders. As the highest decision-making body, the ESG Committee plays a central role in advancing Samsung Electro-Mechanics' sustainability management strategy and reviewing ESG-related disclosures. In parallel, we have built a systematic foundation for sustainability management, centered on the ESG Group under the CFO, to enhance company-wide execution capabilities. The ESG Group oversees internal sustainability management initiatives and is responsible for the practical implementation of ESG-related activities. This includes strategy formulation, ESG information disclosure, external stakeholder engagement, and communication in collaboration with relevant frontline departments.

Sustainability Management Organization Chart



Performance Compensation System

Samsung Electro-Mechanics operates an organizational and executive performance evaluation system that incorporates relevant ESG indicators. This system is designed to strengthen management accountability for ESG and to ensure the systematic incorporation of sustainability management into the company's overall strategy and execution. Sustainability performance is assessed based on specific goals within the environmental and social domains, including renewable energy transition, energy efficiency, development of eco-friendly infrastructure, safety enhancement, compliance management efforts, and the promotion of a culture of mutual respect. Evaluations also take into account the distinct roles and responsibilities of each organizational unit and executive. Evaluation outcomes are linked to the executive compensation system. We will remain committed to continuously improving the performance evaluation and compensation framework for both the organization and its executives.

ESG Committee Meeting Status

Date of meeting	Agenda	Attendance rate
Apr. 29, 2024	• Approval of ESG information disclosure • Report on ESG evaluation status and future plans	100%
Nov. 27, 2024	• Report on the progress of resource circulation initiatives • Report on the climate change response status	100%

Awards & Recognition

Samsung Electro-Mechanics actively participates in both domestic and international ESG evaluations, leveraging them as benchmarks to assess and improve the company's sustainability management practices.

Dow Jones Best-in-Class World

Included for 16 consecutive years

S&P Dow Jones
Best-in-Class Indices

FTSE4Good

Selected for 14 consecutive years

FTSE4Good

Korea Institute of Corporate Governance and Sustainability

Grade A for 7 consecutive years

KCGS
Korea Institute of Corporate Governance and Sustainability

Sustainalytics ESG Risk

Rated Low Risk for 7 consecutive years

SUSTAINALYTICS

MSCI ESG Ratings

Grade A for 3 consecutive years

MSCI

CDP Climate Change, Hall of Fame

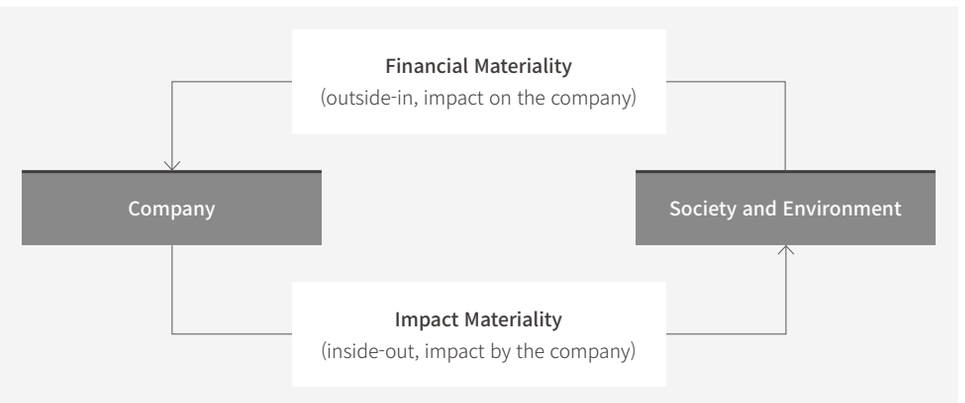
Platinum Club

CDP
DRIVING SUSTAINABLE ECONOMIES

Double Materiality Assessment

Samsung Electro-Mechanics conducts an annual double materiality assessment to identify sustainability management issues that may significantly impact stakeholders and to formulate effective response strategies. This assessment method evaluates the materiality of sustainability issues by concurrently considering the impact of corporate activities on the environment and society (inside-out) and the effect of environmental and social changes on the company's financial performance (outside-in). Based on the results of the double materiality assessment, Samsung Electro-Mechanics conducts an in-depth analysis of the potential opportunities and risks posed by sustainability issues related to business operations and stakeholders, and systematically manages identified material issues through an enterprise-wide risk management system.

Concept of Double Materiality Assessment



Issue Identification and Assessment Process GRI 3-1

Samsung Electro-Mechanics conducted a double materiality assessment through four key stages: understanding the company, identifying impacts/risks/opportunities (IRO), conducting an impact assessment, and selecting material issues. To gain a comprehensive understanding of the company's business, analyses were carried out across internal contexts, investor perspectives, industry trends, and the value chain. Based on these analyses, a shortlist of 14 material issues was developed to proceed with IRO identification. For each IRO element, environmental and social impacts were assessed based on the likelihood of occurrence, severity (scale and scope), and irreversibility. Financial impacts were evaluated by examining associated risks and opportunities, as well as applicable regulations and policies. The final list of material issues was reported to the Board of Directors, the company's highest decision-making body. Issues deemed to be of high priority were confirmed following the Board's review.

Step 1
Understanding the company

A process to understand the company's business context:

① Defining the reporting scope and boundaries
② Assessing the level of stakeholder engagement at each stage of the assessment
③ Reviewing the topic pool (long list)
④ Determining a shortlist of priority topics

Step 2
Identifying impacts, risks, and opportunities (IRO)

A process for verifying and identifying the impacts, risks, and opportunities associated with the company:

① Identifying IRO elements by stakeholder group
② Conducting impact pathway analysis

Step 3
Impact assessment

A process for evaluating the level of identified impacts, risks, and opportunities:

① Conducting environmental and social impact assessment (inside-out)
② Conducting financial impact assessment (outside-in)

Step 4
Selection of material issues

A process for selecting material issues based on assessment results and reporting to the highest decision-making body:

① Establishing a threshold and selecting final material issues
② Reporting to the highest decision-making body

Results of the Materiality Assessment GRI 3-2

Based on a quantitative assessment of environmental, social, and financial impacts, combined with qualitative judgment aligned with Samsung Electro-Mechanics' ESG strategic direction and internal priorities, six key material issues were identified. The highest-priority topics, in order of significance, were climate change response, human resource management, and ethical management.

Category	Topic	Environmental and Social Impact	Financial Impact
Environment	Response to Climate Change[1)]	High	High
	Waste Management	Mid	Mid
Society	Human Resource Management[1)]	High	High
	Safety and Health	High	Mid
	Supply Chain Management	High	Mid
Governance	Ethical Management[1)]	Mid	High

1) These material topics represent high-level areas of focus, and related information is disclosed in reference to IFRS guidelines.

Stakeholder Communication GRI 2-29

Samsung Electro-Mechanics is committed to sustainable growth by maintaining effective communication with a diverse range of stakeholders, including customers, shareholders and investors, employees, suppliers, local communities, and the media. We foster trust by actively incorporating key interests and expectations, gathered through stakeholder-specific communication channels, into its management practices. Looking ahead, Samsung Electro-Mechanics will continue to expand and enhance its communication channels to promote transparency and strengthen collaborative relationships with all stakeholders.

Stakeholder	Communication Channels	Key Interest	Key Activities
Customers 	・Newsroom, SNS channels ・Online PR Hall ・Product catalog ・Component Library	・Product and service quality ・Accurate product information ・Prompt response ・Transparent communication	・Listening to customers' voices and identifying solutions ・Introducing the latest technology and industry trends ・Monitoring hazardous substance policies applicable to customer and national requirements
Shareholders and investors 	・General shareholders' meeting ・Analyst meeting ・Quarterly management conference ・Samsung Electro-Mechanics newsroom ・Business report	・Financial performance ・ESG risk management ・Stable business operations ・Transparent disclosure of information	・Operation and disclosure of transparent governance structure ・Efforts to strengthen shareholder return policy ・Operation of ESG Committee under the Board of Directors ・Quarterly performance announcements
Employees 	・Hanulim Council (labor-management council) ・Mental health center ・Education platform ・Compliance management program ・One-on-one meeting ・Town hall meeting	・Safe and happy work environment ・Labor-management relations ・Mental health ・Opportunities for education and growth ・Welfare and compensation	・Listening to employee feedback and resolving grievances ・Operating mental health counseling and meditation programs for employees ・Providing tailored education programs ・Conducting compliance education and distributing manuals for each compliance topic
Suppliers 	・Win-win Cooperation Academy ・Supplier Code of Conduct Manual ・Workshops for supplier representatives ・Mutual growth program ・Procurement portal site	・Strategic partnerships ・Fair trade ・Mutual growth ・Workers' human rights	・Listening to suppliers' concerns and identifying solutions ・Enhancing suppliers' regulatory compliance capabilities ・Strengthening cooperation for joint development ・Conducting compliance management evaluations
Local community 	・Meetings with local governments ・Meetings with social welfare organizations	・Revitalizing local economies ・Corporate social contribution ・Protection of local community health	・Environmental conservation activities around business sites ・Promoting a spirit of sharing through employee volunteer activities ・Operating social contribution programs related to education and employment
Media 	・Press releases ・Newsroom ・Seminars for reporters	・Information transparency ・Information accuracy ・Information promptness	・Organizing seminars on topics such as industry trends and technological or product insights

Material Topics

In This Section

Response to Climate Change

Governance

Role of the Management and Supervisory Body GRI 2-12

At Samsung Electro-Mechanics, the ESG Committee, under the Board of Directors, manages and oversees company-wide ESG management, including environmental topics such as climate change, energy, greenhouse gas emissions, and water resources. The committee, composed of four independent directors and two inside directors, deliberates on and makes decisions regarding both short-term and mid- to long-term strategies related to climate change and other key issues tied to the transition toward carbon neutrality. Agenda items are submitted following consultation with relevant departments, such as the Safety and Environment Team and the Infrastructure Team, under the coordination of the ESG Group.

The ESG Committee holds regular meetings twice a year, with two regular meetings convened in 2024. In 2022, the committee approved an environmental management strategy encompassing climate change response and resource circulation targets. Major progress and achievements have been reported annually since its adoption.

Board's Oversight and Management Functions Related to Climate Change

Board's role	ESG Committee	Purpose and function	Management and supervision of key ESG strategies and issues including climate change
		Composition	4 independent directors, 2 inside directors
		Reporting system	Major discussion items reported to the Board of Directors
Management's role	Safety and Environment Conference	Purpose and function	Management and supervision of safety and environmental strategies and issues, including accident prevention and legal compliance
		Composition	Participation of key management, led by the CSO[1)]
		Reporting system	Major discussion items reported to the CSO

1) CSO: Chief Safety Officer

Management Role GRI 2-13

Samsung Electro-Mechanics' management continuously reviews the risks and opportunities that climate change presents to overall corporate operations and works to minimize environmental impact through the implementation of climate response strategies. In addition, management and business division heads regularly hold Safety and Environment Conferences to address climate-related risks and evaluate potential business and financial impacts associated with operational activities. The outcomes of these discussions are integrated into the company's carbon risk management process.

Board Performance, Evaluation, and Compensation in Relation to Climate Change

Samsung Electro-Mechanics has incorporated safety- and environment-related criteria into the regular performance evaluation system for management to embed climate risk management into its operations. Both management and employees are encouraged to prioritize safety and environmental considerations across all business processes.

Strategy

Identification of Key Climate Change Risks and Opportunities, and Scenario Analysis

Climate risks are categorized into physical risks, arising from natural disasters, and transition risks, which occur during the implementation of carbon neutrality strategies. Conversely, opportunities refer to potential new business avenues generated through climate change responses, such as the development and production of low-carbon products.

In alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP), Samsung Electro-Mechanics conducted a survey of internal stakeholders to identify material risks and opportunities. The identified risks and opportunities were further analyzed for their potential impact on the company, guided by scenario frameworks from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the Network for Greening the Financial System (NGFS), in accordance with the requirements of the International Financial Reporting Standards (IFRS) S2 and the European Sustainability Reporting Standards (ESRS). The insights derived from these analyses were integrated into the company's climate response strategy to assess expected impacts over short-, medium-, and long-term horizons.

Climate Change-Related Risk and Opportunity Factors

Category		Type	Risk factor	Scope	Period[1]		
					Short-term	Medium-term	Long-term
Risk	Transition risk	Policy and law	1. Increase in greenhouse gas (GHG) credit prices	Direct operations	Low	High	High
			2. Tightening of climate-related regulations	Direct operations	Mid	High	High
			3. Exposure to climate-related litigations	Direct operations	Low	Mid	Mid
		Technology	4. Replacement of existing products and services with low-carbon alternatives	Direct operations	Low	Low	Low
			5. Unsuccessful investment in emerging technologies	Direct operations	Low	Low	Low
			6. Costs associated with adopting low-carbon technologies	Direct operations	Low	Mid	Mid
		Market	7. Increased climate-conscious behavior among customers	Downstream	Mid	High	High
			8. Uncertainty in market demand for low-carbon products	Downstream	Low	Low	Low
			9. Rising costs of raw materials	Direct operations, Upstream	Low	Mid	High
		Reputation	10. Shifts in consumer preferences due to insufficient climate responses	Downstream	Low	Low	Mid
			11. Heightened stakeholder concern or negative feedback	Downstream	Low	Low	Mid
	Physical risk	Acute	1. Asset damage caused by climate-related disasters (e.g., typhoons, floods)	Direct operations, Upstream	Low	Mid	High
		Chronic	2. Water depletion	Direct operations	Low	Low	Mid
			3. Rising average temperatures	Direct operations	Low	Mid	High

Category	Type	Opportunity factor	Scope	Period[1]		
				Short-term	Medium-term	Long-term
Opportunity	Resource efficiency	a. Enhancement of production and distribution process efficiency	Direct operations	Low	High	High
		b. Relocation to energy-efficient buildings	Direct operations	Mid	High	High
		c. Reduction of water use and consumption in production processes	Direct operations	Low	Mid	Mid
	Energy resource	d. Adoption of low-carbon energy sources	Direct operations	Low	Low	Low
		e. Utilization of government support, policies, and incentives	Direct operations	Low	Low	Low
		F. Involvement in carbon trading markets	Direct operations	Low	Mid	Mid
	Products and services	g. Development or expansion of low-carbon products and services	Downstream	Mid	High	High
		h. Shifts in consumer preferences toward low-carbon products	Downstream	Low	Low	Low
	Market	i. Access to new markets	Direct operations, Upstream	Low	Mid	High
	Resilience	j. Participation in renewable energy programs and implementation of energy efficiency measures	Direct operations	Low	Low	Mid
		k. Substitution or diversification of resources used in production processes	Direct operations	Low	Mid	High

1) Short-term: Up to 2025, medium-term: 2025–2030, long-term: 2030–2050. Impact level is classified as Low, Mid, or High.

Response to Climate Change

Strategy

Response Based on Climate-Related Risk and Opportunity Materiality Assessment GRI 201-2

Samsung Electro-Mechanics has conducted an assessment of the financial impacts associated with key transition and physical risks and opportunities identified through its analysis of climate-related risk and opportunity factors. Based on this assessment, we have established response measures for minimizing environmental impact, with a focus on reducing greenhouse gas emissions and energy consumption.

Financial Impacts and Response Measures for Major Climate-Related Risks and Opportunities

Category			Scope	Financial Impact	Response
Transition risk	Policy and law	Increase in greenhouse gas (GHG) credit prices	Direct operations	• Increased cost of purchasing carbon credits in response to the Emissions Trading Scheme	• Reducing credit purchases through emission reduction activities • Establishing renewable energy usage targets and monitoring relevant policies
		Tightening of climate-related regulations	Direct operations	• Enhanced reporting obligations for greenhouse gas emissions • Decrease in revenue from high-carbon products due to climate-related regulations (e.g., carbon tax)	• Establishing a response system for climate-related disclosure requirements • Development of products with reduced carbon emissions per unit of product
	Market	Increased climate-conscious behavior among customers	Downstream	• Increased operational costs due to customer requests to convert production energy sources to renewable energy • Decrease in sales resulting from failure to meet customer expectations, including ESG evaluations or RE100 membership	• Monitoring renewable energy market and policy trends; securing renewable energy supply via direct generation or procurement • Reducing energy consumption through implementation of energy saving initiatives
		Rising costs of raw materials	Direct operations, Upstream	· Increased energy costs due to stricter fossil fuel regulations · Higher production costs driven by rising raw material prices	• Reducing energy consumption and costs through energy-saving initiatives • Lowering energy expenses through the adoption of low-carbon fuels and renewable energy sources
Physical risk	Acute	Productivity reduction caused by water resource depletion, asset damage, and supply chain disruption resulting from climate disasters	Direct operations, Upstream, Downstream	• Increased operating costs due to damage to production and infrastructure facilities at business sites caused by climate-related disasters • Decreased production volume resulting from disruptions in raw material supply caused by damage to suppliers and transportation infrastructure due to climate-related disasters • Increased water resource operating costs due to changes in precipitation patterns, droughts, and heat waves	• Minimizing damage to workplaces through the establishment of an emergency response system for climate-related disasters and periodic assessments of facility aging • Diversifying raw material suppliers • Assessing and managing water-related risks and promoting enhanced water resource management throughout the supply chain
	Chronic	Rising average temperatures	Direct operations	• Increased electricity consumption for cooling due to rising average temperatures	• Monitoring electricity usage and optimizing indoor temperature management
Opportunity	Resource efficiency	Reduction of water use and consumption in production processes	Direct operations	• Reduction in water purchase costs through lower water usage	• Establishing plans to improve water and wastewater reuse rates
	Energy resource	Adoption of low-carbon energy sources	Direct operations	• Reduced greenhouse gas emissions and lower credit costs through the use of low-carbon energy sources	• Introducing on-site renewable energy generation facilities, monitoring renewable energy market and policy developments, and establishing mid- to long-term usage targets
	Products and services	Shifts in consumer preferences toward low-carbon products	Downstream	• Increased profits driven by growing demand for low-carbon products	• Conducting an energy efficiency review prior to the introduction of new production facilities • Promoting R&D for low-power product development • Development of products with reduced carbon emissions per unit of product

Response to Climate Change

Strategy

Transition Risk Analysis GRI 201-2

Analysis Target

Samsung Electro-Mechanics conducted an analysis of transition risks focusing on its domestic and international business sites and sales corporations.

Analysis Method

Transition risks arising from climate change are expected to exert broad impacts through complex pathways. Accordingly, Samsung Electro-Mechanics analyzed fluctuations in carbon emission prices based on climate change scenarios provided by the Network for Greening the Financial System (NGFS, Green Finance Council). In particular, the analysis identified the impact of the greenhouse gas emissions trading systems in each relevant country on the company's transition risks, with emphasis on business sites subject to emissions trading regulations, including those located in Korea (Suwon, Sejong, Busan, etc.) and Tianjin, China.

Analysis Results

To quantify the financial impact of transition risks resulting from policy, technological, and market changes linked to the shift toward a low-carbon economy, Samsung Electro-Mechanics established impact assessment criteria and calculation methodologies focused on key risk pathways. Future price variables critical to the financial impact analysis were derived from data provided by the IEA and scenario models developed by the NGFS. This analysis indicates that the financial burden from rising emission prices is expected to increase progressively. To mitigate these risks, Samsung Electro-Mechanics plans to implement measures such as achieving 100% renewable energy usage and reducing energy consumption by 2050. We will also continue to monitor climate-related legislation and emission price trends on a regular basis to minimize potential financial risks.

Physical Risk Analysis GRI 201-2

Analysis Target

Samsung Electro-Mechanics assessed physical risks at twelve domestic and overseas locations, encompassing production sites, sales corporations, and warehouses.

Analysis Method

We employed Jupiter Intelligence™, an AI-driven assessment solution, to evaluate physical risks potentially affecting assets, supply chains, and personnel due to climate change-induced natural disasters. This solution utilizes the Shared Socioeconomic Pathways (SSP) scenarios adopted in the IPCC Sixth Assessment Report to project physical risks through the year 2100. Samsung Electro-Mechanics assessed the potential impact of physical risks on the company under both net-zero and high-emission scenarios, in alignment with the requirements of IFRS S2 and the ESRS.

Analysis Results

Based on the geographic distribution of its domestic and international operations, Samsung Electro-Mechanics projected the financial implications of physical risks, identifying potential losses arising from events such as floods, typhoons, and droughts. To mitigate these impacts, we renew our disaster compensation insurance annually, invest in the modernization of aging infrastructure, establish an emergency response system, and conduct regular training exercises. Furthermore, Samsung Electro-Mechanics has established mid- to long-term targets for improving water resource reuse rates and is actively implementing annual improvement measures, while also pursuing additional opportunities to minimize energy consumption.

Response to Climate Change

Strategy

Key Initiatives for Climate Change Response

The international community has identified achieving carbon neutrality by 2050 as a critical priority to minimize corporate environmental impacts on society and limit global temperature rise to 1.5°C. In alignment with this global objective, Samsung Electro-Mechanics supports the goals of the Paris Agreement and actively engages in climate action through a range of initiatives. These include energy conservation efforts at business sites to reduce carbon emissions, reduction of gas usage in manufacturing processes, acquisition of product carbon footprint certifications, and the transition of company vehicles to electric models. To implement the RE100 initiative, Samsung Electro-Mechanics will first prioritize minimizing electricity consumption in manufacturing operations by adopting high-efficiency equipment. We then aim to achieve 100% renewable energy use by 2050 through a range of measures, including the installation of on-site solar power systems, execution of on-site power purchase agreements (PPAs) for renewable energy generation and use, procurement of renewable energy certificates (RECs), and adoption of off-site PPAs.

Greenhouse Gas Reduction Efforts

Samsung Electro-Mechanics is committed to reducing the use of electricity and energy, which together account for over 90% of its total greenhouse gas emissions. To this end, we conduct annual analyses of factors influencing energy consumption and establish emissions reduction targets. These efforts are supported by company-wide initiatives, including enhancing product productivity, improving cost competitiveness, introducing high-efficiency energy equipment and technologies, and strengthening climate change response measures.

Investment and Operations in Eco-Friendly Energy

Samsung Electro-Mechanics is expanding its climate change mitigation efforts by investing in the environmentally friendly energy sectors. Key activities include the transition to high-efficiency equipment to reduce electricity consumption and the construction of facilities designed to minimize gas emissions from manufacturing processes.

Greenhouse Gas Management at Overseas Subsidiaries

Approximately 70% of Samsung Electro-Mechanics' greenhouse gas emissions originate from overseas production subsidiaries located in China, Vietnam, and the Philippines. Accordingly, emissions at these sites are regularly monitored. Prior to expanding overseas production facilities, Samsung Electro-Mechanics consults with relevant departments to gather necessary data and assess potential increases in emissions. We also ensure compliance with greenhouse gas-related laws and regulations in each country and region. Notably, the Tianjin plant in China is subject to the local government's Emissions Trading System, and we continue to fulfill its obligations by preparing and submitting an annual carbon report.

Conversion of Corporate Vehicles to Electric Vehicles

Samsung Electro-Mechanics has set a target to convert 100% of its corporate vehicles[1)] to electric vehicles by 2030 and is actively working toward this goal. To support this transition, we are installing electric vehicle charging infrastructure at parking facilities across our domestic business sites, thereby fostering a more convenient environment for employee use of electric vehicles.

1) Refer to all purchased or leased vehicles, including executive cars and commuter buses.

Response to Climate Change

Strategy

Energy Consumption Reduction Activities GRI 302-4

Samsung Electro-Mechanics sets annual energy reduction targets and continuously promotes the operation of high-efficiency facilities, along with ongoing initiatives to improve energy efficiency, led by a dedicated energy task force. Efforts are particularly focused on reducing energy consumption in conversion processes, with a target of achieving a 5% reduction compared to the energy usage projected in the year-end energy cost plan. When introducing new facilities, we adopt energy-saving equipment subject to a technical specification review. Furthermore, we actively review the application of high-efficiency equipment and new renewable energy technologies during the construction and expansion of buildings and production plants to drive company-wide energy reductions.

Renewable Energy Transition (RE100)

In pursuit of carbon neutrality, Samsung Electro-Mechanics joined the RE100 initiative in 2022 and committed to transitioning to 100% renewable energy by 2050. As part of this effort, we converted a total of 240,083 MWh of electricity to renewable energy in 2024. A new direct renewable energy Power Purchase Agreement (PPA) project was also promoted at the Busan site, including the installation of solar power generation facilities. In addition, the proportion of renewable energy usage is being steadily increased at subsidiaries in Tianjin (China), the Philippines, and Vietnam through the purchase of Renewable Energy Certificates (RECs) and the expansion of off-site PPAs.

CASE | **Employee Participation in Global Climate Crisis Response Campaign**

In March 2024, in commemoration of the global “Earth Hour” climate crisis response campaign organized by the World Wide Fund for Nature (WWF), Samsung Electro-Mechanics conducted a home lights-off initiative for employees in Korea. This campaign, which aims to raise awareness of the importance of climate change and energy conservation, has been held four times annually since 2022. Remarkably, we organize an “Energy Saving Certification Photo” campaign, encouraging voluntary participation among our employees.

Energy Conservation Management System

Samsung Electro-Mechanics promotes company-wide energy conservation at both domestic and overseas business sites in accordance with the ISO 50001 Energy Management System. We analyze key drivers of annual energy usage fluctuations, set clear conservation targets, and apply standardized processes to track and verify performance. To drive company-wide engagement, each department is assigned specific energy reduction goals. We have also strengthened execution through the formation of a cross-functional energy conservation body, comprising representatives from all departments, including manufacturing, development, facilities, and quality. Furthermore, energy management indicators are embedded in management evaluation metrics, and the executive council plans and implements reduction initiatives. These efforts enhance accountability and encourage active participation at the executive level.

Energy Use Inspection and Energy Reduction Task Force (TF) Operation

Samsung Electro-Mechanics conducts annual assessments to identify the causes of fluctuations in energy consumption, determine the types and volumes of energy used, and pinpoint areas of loss. Based on these findings, we set reduction targets and implement a range of improvement initiatives. To facilitate these efforts, a company-wide Energy Saving Task Force has been established, consisting of 273 members as of the end of 2024, including the CFO as team leader and personnel from manufacturing sites. The task force leads energy-saving initiatives such as optimizing the operational efficiency of facilities based on production volumes, managing energy-saving features like Sleep Mode, and identifying and utilizing site-specific opportunities for energy reduction. Identified opportunities are shared laterally across business sites to enhance overall energy efficiency. Moreover, energy usage and the implementation status of assigned tasks are regularly reviewed through joint meetings chaired by the CFO and CSO.

Training for Developing Energy Expertise

Samsung Electro-Mechanics enhances the energy efficiency competencies of operational personnel through specialized training programs. These programs cover infrastructure-related technologies, such as inverters and solar power systems, as well as professional topics related to carbon neutrality. In 2024, a total of 15 training sessions were conducted through leadership lectures and job-specific study sessions within relevant departments.

Response to Climate Change

Strategy

Data-Driven Energy Consumption Reduction GRI 302-5

Samsung Electro-Mechanics conducts detailed management of energy consumption in the product manufacturing process by classifying energy usage according to its application and correlating it with production volume, thereby enhancing manufacturing energy efficiency. Building on this methodology, we perform comprehensive analyses of data related to production volume, climatic conditions, and energy usage. These insights support the standardization and advancement of energy efficiency measures through cross-site benchmarking. In relation to cleanroom1) operations, we have successfully saved energy by minimizing freezer usage during the winter season through the strategic utilization of outdoor air and heat exchangers. Additionally, facility and production conditions are analyzed using internal data to optimize energy efficiency while maintaining facility performance and product quality.

We have adopted a load management system for major utility facilities, enabling energy supply optimization by time zone through data analysis and improving operational efficiency. Moreover, unnecessary energy consumption is reduced by applying Sleep Mode to facilities that require continuous operation but are not directly involved in production. When introducing new equipment, we proactively consider adopting high-efficiency models with Sleep Mode functionality, following a prior evaluation of their energy performance.

1) A cleanroom is a space specifically designed to control the concentration of airborne particles, thereby ensuring the stable operation of production processes and maintaining product quality. It requires the regulation of specific temperature, humidity, and pressure conditions.

Activity Details and Expected Outcomes

	Improvement of integrated supply efficiency	Enhancement of waste heat utilization in heating facilities	Formation of work environment based on production volume
Activity details	Conducted load analysis of utility facilities and enhanced energy supply efficiency through integrated supply	Utilized waste heat generated during utility facility operations to achieve pure temperature increases	Enhanced energy efficiency through daily management of non-operating equipment status and additional operations in response to fluctuations in daily unit production volume
Expected outcomes	Reduced electricity and fuel consumption, and improved efficiency in facility maintenance operations	Decreased LNG consumption	Reduced electricity consumption

Risk Management

Climate Change Risk Management

Company-Wide Integrated Opportunity and Risk Management Process

Samsung Electro-Mechanics has established and operates a systematic four-phase response process, comprising identification, assessment, management, and follow-up, to respond effectively to climate change-related risks.

1. Risk identification
- Identifying physical and policy regulation risk factors
- Identifying risk levels and financial impacts

2. Risk assessment
- Conducting surveys on financial impacts from physical risk factors
- Assessing risks based on analyses of policy trends and peer industries

3. Risk management
- Planning and implementing greenhouse gas reduction activities
- Monitoring natural disasters at major logistics bases (ports, airports, production and sales subsidiaries)
- Forecasting emission intensity based on facility expansions and future production volumes

4. Follow-up measures
- Managing overall climate change risks across the company through the energy management system
- Operating the company-wide climate strategy committee (once per quarter)
- Reporting major climate-related risks to the ESG committee for risk management

Climate Change Risk Identification and Assessment

Samsung Electro-Mechanics has identified and assessed risks arising from climate change and has determined that increased production costs due to rising raw material prices and the financial impact associated with the expanded adoption of low-carbon and renewable energy sources are expected to escalate over time. In response, we are actively advancing energy saving initiatives and reducing Scope 2 emissions resulting from electricity consumption by increasing the use of electricity generated from renewable energy sources such as solar and wind power. Concurrently, we intend to continue investing in the enhancement of our products' energy efficiency.

Climate Change Risk Management Process

Based on the Energy Management System (ISO 50001), Samsung Electro-Mechanics conducts a comprehensive review of the status and performance of climate change response targets, stakeholder engagement, opportunities for improvement, and actions taken in accordance with previous management reviews. Building upon this foundation, we are working to enhance the effectiveness of our energy management by evaluating the implications for the organization's strategic direction and identifying the need for system improvements. In addition, Samsung Electro-Mechanics conducts regular internal and external audits annually to verify the operational effectiveness of the system and maintains international certification through external audits by accredited third-party certification bodies.

Metrics & Targets

Climate Change Response Management Indicators

Samsung Electro-Mechanics systematically manages environmental indicators, including Scope 1, 2, and 3 greenhouse gas emissions; location-based and market-based Scope 2 emissions; greenhouse gas emissions intensity; and energy and water consumption, in order to effectively respond to climate change. To institutionalize climate risk management, we incorporate safety and environmental considerations into the regular performance evaluations of management. This approach promotes a company-wide commitment, spanning executive leadership to all employees, to uphold safety and environmental principles throughout all business operations. Samsung Electro-Mechanics intends to further refine and enhance its environmental performance indicators and to continuously improve the evaluation and compensation framework going forward.

Greenhouse Gas and Energy Reduction Targets

Samsung Electro-Mechanics is committed to achieving carbon neutrality by 2050 by reducing greenhouse gas emissions across all categories of Scope 1 and Scope 2. We continuously implement energy-saving initiatives each year and respond flexibly to internal developments such as the establishment of new business divisions and the expansion of overseas manufacturing sites, as well as to external market factors such as rising demand for electronic devices and parts.

We are pursuing our greenhouse gas reduction goals through the progressive expansion of renewable energy use, the enhancement of operational efficiency in production and utility facilities, and the transition to high-efficiency equipment. In particular, in alignment with the global shift toward renewable energy, Samsung Electro-Mechanics joined the RE100 initiative in 2022 and aims to convert 100% of electricity used at all business sites to renewable energy by 2050. Furthermore, Samsung Electro-Mechanics is managing energy costs to remain within 5% of total sales by 2050 and is installing and operating treatment systems to reduce Scope 1 emissions arising from the use of process gases. We are also reviewing offset measures to eliminate any residual emissions. For Scope 3 reductions, we are continuing efforts such as minimizing business travel and promoting the use of remote video conferencing.

Disclosure of Scope 3 Greenhouse Gas Emissions GRI 305-3

Samsung Electro-Mechanics discloses Scope 3 greenhouse gas emissions transparently, covering emissions generated throughout the entire business process. This is part of our effort to strengthen emissions management across the value chain. To ensure reliability and accuracy, we conduct third-party verification of such data.

Greenhouse Gas Emissions GRI 305-1, 305-2, 305-3, 305-4, 305-5

Category		Unit	Data scope	2020	2021	2022	2023	2024
Scope 1, 2, and 3 emissions	Total greenhouse gas emissions (Scope 1, 2, 3) (region-based)	tCO_2e	-	1,354,578	1,655,830	1,624,979	1,984,830	2,141,400
	Total greenhouse gas emissions (Scope 1, 2, 3) (market-based)	tCO_2e	-	1,354,578	1,650,525	1,621,668	1,898,185	1,990,275
Scope 1 and 2 emissions	Total greenhouse gas emissions (Scope 1 and 2) (Region-based)	tCO_2e	100%	1,204,128	1,466,843	1,345,879	1,408,035	1,493,659
	Total greenhouse gas emissions (Scope 1 and 2) (market-based)	tCO_2e	100%	1,204,128	1,461,538	1,342,568	1,321,390	1,342,534
	Scope 1	tCO_2e	100%	79,240	113,118	117,758	106,477	94,478
	Scope 2 (region-based)	tCO_2e	100%	1,124,888	1,353,725	1,228,121	1,301,558	1,399,181
	Scope 2 (market-based)	tCO_2e	100%	1,124,888	1,348,420	1,224,810	1,214,913	1,248,056
	Carbon intensity[1]	tCO_2e/sales (KRW 100 million)	100%	15.5	15.1	14.2	14.8	13.0
Scope 3 emissions	Total Scope 3 emissions	tCO_2e	-	150,450	188,987	279,100	576,795	647,654
	Purchased goods and services	tCO_2e	-	34,583	39,826	144,311	318,807	302,191
	Capital goods	tCO_2e	-	3,690	2,740	3,853	1,869	2,133
	Fuel/Energy (excluding Scope 1 and 2)	tCO_2e	-	12,113	9,434	9,054	7,964	39,707
	Transportation and distribution (upstream)	tCO_2e	-	41,662	60,442	49,800	30,710	33,119
	Waste treatment	tCO_2e	-	6,875	20,686	20,648	14,125	20,642
	Business trip	tCO_2e	-	2,238	1,547	3,865	4,565	5,247
	Employee commuting	tCO_2e	-	11,120	13,730	11,005	14,411	14,453
	Leased assets (upstream)	tCO_2e	-	693	895	1,170	1,129	1,772
	Processing of sold products	tCO_2e	-	353	436	467	134,804	146,151
	Use of sold products	tCO_2e	-	11,622	14,349	15,390	27,340	53,605
	Disposal of sold products	tCO_2e	-	197	243	261	961	2,864
	Investment[2]	tCO_2e	-	25,304	24,659	19,276	20,110	25,770

1) Carbon intensity is calculated based on Scope 1 and Scope 2 (market-based) greenhouse gas emissions.
2) Refers to greenhouse gas emissions from investee companies subject to investment activities.

Human Resource Management

Strategy

Talent Recruitment and Management

Ideal Talent and Fair Recruitment Procedures

Samsung Electro-Mechanics operates a fair and equitable recruitment process that ensures equal opportunities for all applicants, regardless of gender, educational background, or other characteristics. Through job competency-based recruitment, we respect individual diversity and foster an environment where all individuals have the opportunity to develop into key talent.

Attraction of Outstanding Talent

Samsung Electro-Mechanics actively seeks to recruit outstanding individuals across various fields who will shape the future. For new graduate recruitment, we provide opportunities to a wide range of candidates, including university, technical college, and high school graduates. Through our university internship program, we offer students valuable hands-on experience in a corporate environment, enhancing their practical knowledge. For experienced professionals, we are expanding a competency-based recruitment culture by conducting ad-hoc hiring tailored to the specific needs of each job function and business area.

CASE | **University Student Corporate Experience Program for New Employee Recruitment**

Samsung Electro-Mechanics operates a variety of programs designed to cultivate and identify outstanding future engineers. Among these, the “Engineering Practical Course,” offered during the winter break for students in science and engineering fields, serves as a flagship initiative. Through this program, Samsung Electro-Mechanics seeks to identify and secure outstanding future talent at an early stage and contribute to business growth by offering students hands-on experience in corporate life and engineering responsibilities, supported by field training, product education, and mentoring programs.

Enhancement of Recruitment Branding

Samsung Electro-Mechanics engages in diverse branding initiatives to enhance recognition and approachability, in line with its identity as a B2B company. In 2024, initiatives included dispatching a coffee truck to university campuses during exam periods, operating a career consultation booth, and distributing character keychains modeled after three of Samsung Electro-Mechanics’ flagship products, as an effort to embed brand awareness into everyday experiences. We also hosted a corporate introduction program at Hangang Park for university students interested in the company, which included a “plogging” activity (a combination of the Swedish word plocka upp and jogging) to promote both health and environmental sustainability. Additionally, we continue to explore a range of direct and indirect engagement channels to provide outstanding talent with both direct and indirect opportunities to engage with Samsung Electro-Mechanics.

Data-Driven Human Resource Management

Samsung Electro-Mechanics applies statistical analysis and data interpretation techniques to monitor the status of its human resources. These data-driven insights are used to hire high-performing talent, establish strategic workforce plans, enhance employee satisfaction, and measure organizational performance. Key indicators, such as total workforce, leave of absence, and attrition rates, are systematically monitored through internal systems, enabling effective talent acquisition and management strategies aligned with business objectives.

Contribution to the Development of Talent in Science and Engineering

Samsung Electro-Mechanics continuously operates an on-site training program in which engineering students support R&D activities over a six-month period. This initiative not only enhances the company’s internal technological capabilities but also provides students with valuable practical experience in a corporate environment. As of 2024, a total of 20 university students participated in the annual on-site training program.

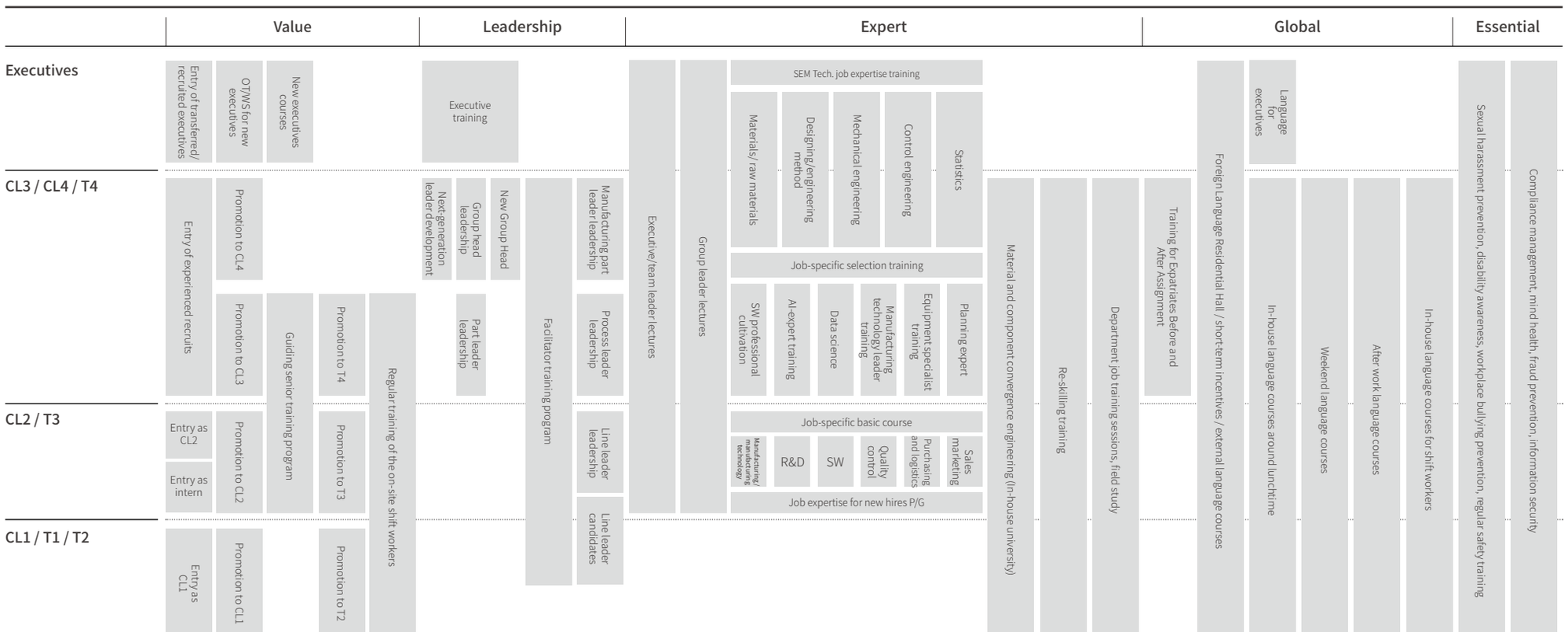
Human Resource Management

Strategy

Talent Development

Samsung Electro-Mechanics has established tailored talent development strategies aligned with the roles, competencies, and career stages of its employees, nurturing globally competitive professionals. We offer training in leadership, job expertise, foreign languages, core corporate values, and organizational culture, customized according to employees' positions and career progressions across both domestic and overseas sites. Through these efforts, we pursue the mutual growth of both the company and its personnel. As part of our job competency building programs, we provide the “SEM Tech Job Expertise Enhancement Course” to executives, equipping them with advanced technological knowledge and managerial insight. For employees in CL3, CL4, and T4 positions, we offer training in advanced technological fields such as materials, mechanical engineering, control engineering, AI, and data science. For CL2 and T3 employees, we provide foundational education aligned with their job functions, including manufacturing, R&D, quality, and marketing. These programs are delivered directly by company leaders, including executives, team leaders, and group heads, allowing the transfer of real-world experience and the development of practical capabilities applicable to the field. In addition, we support a variety of language courses and partnership programs with external language institutes to enable employees to improve their language proficiency, befitting our status as a global company.

Samsung Electro-Mechanics Talent Development Framework



Human Resource Management

Strategy

Customized Competency Enhancement Programs GRI 404-2

Introductory Training

Samsung Electro-Mechanics operates a variety of training programs designed to support new employees who are expected to become future leaders. These programs foster foundational attitudes, instill an understanding of the organizational culture, and provide essential knowledge, thereby cultivating the basic competencies required of all employees at Samsung Electro-Mechanics. Additionally, we operate a mentoring system to promote job comprehension and support adaptation to departmental roles. Activities such as on-site visits and identifying improvement opportunities help trainees develop Samsung Electro-Mechanics' distinctive professional awareness and expertise. To enhance digital literacy and problem-solving skills required in the AI era, we also provide intensive training in digital transformation (DX).

Job Training

Samsung Electro-Mechanics operates a structured job training system to strengthen employee expertise. We have established a capability roadmap based on specific job functions and required competencies by level, and we are cultivating a self-directed learning culture that empowers employees to take ownership of their development. To support these efforts, we launched a dedicated learning platform, "SEM Academy," which offers a wide range of educational content. We also enhance job-related competencies through initiatives such as MBA course sponsorship and regional expert training programs. In addition, a field expert system and domestic training programs for personnel from overseas subsidiaries are operated to reinforce global competencies.

Competency Enhancement Program Outcomes

Category		Output	Outcome
MBA[1]	Master's programs at prestigious domestic and international institutions designed to cultivate business leaders	2024 Participants: 2	• Strengthened employee expertise and work motivation by supporting academic degree acquisition. • Enhanced global competency through international assignments. • Expanded new business opportunities and employee capabilities through the cultivation of AI experts, a core technology for the future.
Academic training	Master's (2 years) and doctoral (4 years) programs at renowned domestic and international universities to secure advanced strategies and technologies	2024 Participants: 2	
Regional specialist	One-year global talent development course focused on language acquisition and cultural immersion	2024 Participants: 12	
AI course	A six-month intensive group training program covering AI theory and application for nurturing AI experts	2024 Participants: 25	

1) MBA, EMBA, Sungkyunkwan University Graduate School of China

Competency Enhancement Program Completion Status

Category	2022	2023	2024
MBA	3 persons	3 persons	2 persons
Academic training	6 persons	4 persons	2 persons
Regional specialist	-	-	12 persons
AI course	25 persons	25 persons	25 persons

Global Talent Development Training

Samsung Electro-Mechanics offers a diverse range of language training programs to develop employees' foreign language communication skills. The focused "Foreign Language Center" and "Short-term Intensive Course" programs support global talent development by providing immersive learning opportunities focused on various expressions and scenario-based communication in environments separate from daily work duties. For employees who wish to continue language learning alongside their regular responsibilities, various options are available, including "In-house Language Courses" (including programs tailored to shift workers), as well as "E-learning, phone, and video-based language courses". Furthermore, employees can take regular linguistic exams through "In-house Language Proficiency Evaluations."

Employees' Foreign Language Qualifications (Korea)

Category	2022	2023	2024
Overall grade[1]	3,506 persons	3,564 persons	3,696 persons
Expatriate grade[2]	1,300 persons	1,348 persons	1,432 persons

1) Number of employees holding Group-recognized overall grades (Grades 4 to S) in English, Chinese, Japanese, or Vietnamese.
2) Number of employees with upper-level grades (English/Japanese Grade 2 or higher; Chinese/Vietnamese Grade 3 or higher).

Human Resource Management

Strategy

Employee Language Course Completion Status (Korea)

Category	2022	2023	2024	Remark
Foreign language center	117 persons	82 persons	61 persons	· Intensive residential language training designed to cultivate global experts and build foreign language proficiency to expatriate-ready levels
In-house language course	991 persons	1,472 persons	2,011 persons	· Internal language courses conducted during lunch or dinner hours to support employees' foreign language development (together with work duties)
e-learning	2,338 persons	2,642 persons	3,153 persons	· Online foreign language programs

Promotion of Company-wide Coaching Culture

Samsung Electro-Mechanics promotes a company-wide coaching culture and encourages regular one-on-one conversations between leaders and team members to foster mutual understanding and individual capability development. To support this initiative, we have developed and distributed the One-on-One Guide for Executives and Group Leaders, ensuring structured and consistent conversations. Coaching and feedback training are also provided to group heads to strengthen their performance management and developmental coaching skills. We plan to regularly review inquiries related to performance management and coaching to enable leaders to conduct effective one-on-one conversations. We will also continue to provide timely and practical support by linking these efforts with online coaching sessions.

ESG Training for New and Experienced Employees

Since 2022, Samsung Electro-Mechanics has incorporated ESG education as a mandatory course of the onboarding program for new employees. This training fosters an understanding of the company's ESG direction and vision, and encourages alignment with Samsung Electro-Mechanics' core value, RiGHTⓒ , specifically 'H (Harmony with)' principle. The program also presents real-world cases that illustrate the company's meaningful contributions to customers and society, thereby enhancing ESG awareness and engagement.

Leadership Capacity Enhancement Program

Samsung Electro-Mechanics implements leadership capacity enhancement programs to support all members in achieving exceptional performance through professional growth. We provide biannual training for group heads and part leaders, and in 2024, focused on performance management training in preparation for the introduction of an absolute evaluation system. This training helped leaders set ambitious goals and guide members to higher performance levels. For newly appointed group heads, we offer dedicated onboarding courses to enhance their understanding of leadership responsibilities and to develop their ability to exercise leadership and impact effectively in work, organizational, and interpersonal contexts. For leadership training in the manufacturing sector, we provide conflict management and interdepartmental collaboration promotion training for manufacturing part leaders to strengthen their capabilities across key areas such as production, quality, and delivery due dates. For manufacturing process leaders, we offer coaching-based leadership training essential for managers responsible for nurturing junior employees and overseeing organizational operations. For line leaders who practically manage on-site operations, we conduct training focused on conflict management to promote collaboration and drive performance. Additionally, pre-appointment training is offered for line leader candidates to help them understand the role and responsibilities of supervisors in advance and enable seamless transition upon promotion.

Leadership Development Programs

Category	2024	Number of completions / Number of intended participants[1]
Group head leadership training	· Leadership training for department personnel management and performance management by leaders (conducted twice annually) · (First half) Training on the absolute evaluation system, performance management, and emotional coaching for leaders · (Second half) Training on enhancing acceptance of performance evaluations and film-based leadership lessons	(First half) 91.7% / (Second half) 85.4%
Part leader leadership training		(First half) 98.3% / (Second half) 95.3%
Field leader training	· Redefinition of the roles and required competencies for each position and provision of training aligned with R&R · Manufacturing part leader: conflict management and collaboration leadership training, manufacturing team leader meetings · Manufacturing process leader: coaching leadership and on-site automation training - Manufacturing line leader: (First half) Conflict management in the manufacturing field, manufacturing G-manager meetings (Second half) Accident prevention and conflict-specific interview solutions	Manufacturing part leader 93.3% Manufacturing process leader 84.3% Manufacturing line leader (First half) 95.6% / (Second half) 94.9%
Training for field leader candidates	· Training on the roles and responsibilities of field leaders, comprehensive organizational management (A to Z), and HR guidelines	Line leader candidates 97.5%

1) Leadership training was completed by all participants, excluding a small number of absentees due to overseas assignments or urgent on-site duties.

Human Resource Management

Strategy

Education Hours Per Person (Korea) GRI 404-1

	2024
Education hours per employee	48 hours

Position	2024
Executives	27 hours
Managing staff	55 hours
Staff	44 hours
Non-regular	22 hours

Gender	2024
Male	48 hours
Female	49 hours

Age	2024
Under 30 years	47 hours
30–50 years	48 hours
Above 50 years	49 hours

Advanced Welfare System for Each Employee Life Cycle GRI 401-2

Samsung Electro-Mechanics provides a wide range of welfare benefits equally to all employees, including both regular and contract staff. In addition to mandatory welfare offerings such as the four major insurances, we provide comprehensive support across daily living, culture, and medical care. Employees receive various living and cultural benefits, including welfare points, access to rest facilities, on-site daycare centers, and dormitory accommodations. Medical benefits encompass support for treatment expenses, comprehensive health checkups, and access to services through in-house affiliated hospitals and mental health centers. Furthermore, through the "Disease Support Fund System," we offer additional financial assistance for employees diagnosed with critical illnesses such as heart disease or cancer. Some welfare items, especially those linked to long-term service, may be subject to eligibility depending on an employee's tenure or contract type. Samsung Electro-Mechanics also operates a customized welfare system tailored to each stage of the employee life cycle to promote individual growth and job satisfaction. We support the well-being of employees and their families through club activities, regular health checkups, and educational expense support throughout their tenure. For employees aged 50 and above, we also offer retirement planning programs to help ensure a smooth transition and a stable post-retirement life.

Welfare System by Employee Life Cycle

Joining	Self-development	Resort and club usage, wellness programs (including in-house fitness facilities), rewards for long-term service, and life-transition meditation programs
	Childcare support	Childbirth assistance, in-house daycare facilities, and support for children's medical expenses
	Health management	Periodic health checkups, support for treatment of the three major critical illnesses (stroke, cancer, and heart disease), life and disease insurance, and a family care leave system
	Financial planning	Coverage insurance, children's tuition support, investment techniques, and comprehensive financial consulting covering taxes and debt management
Retiring	Support for personal pensions and retirement	Personal pension contributions, retirement pensions, retirement planning programs, and comprehensive financial consulting covering taxes and debt management

Health Management GRI 403-6

Samsung Electro-Mechanics manages employee health through the operation of an in-house fitness center and a structured health checkup program. To prevent illness or occupational disease among employees and their spouses, we offer health checkups every four years for employees in their 20s, every two years for those in their 30s, and annually for those aged 40 and above. All employees are covered by group medical insurance, which reimburses actual hospitalization and outpatient costs within the policy's limits. In the event of one of the three major critical illnesses, stroke, cancer, or heart disease, employees are eligible for up to KRW 10 million in emergency support funds, along with unlimited coverage of actual medical expenses.

If an employee's child is diagnosed with a critical illness, emergency support of up to KRW 20 million is provided to cover actual medical costs. We also operate a "family care leave system" for employees who need to care for family members undergoing major surgery or requiring long-term nursing care.

Strategy

Support for Childcare and Family Care

Samsung Electro-Mechanics provides a range of family care benefits to help employees focus on childbirth and childcare responsibilities. To this end, we operate a flexible working hours system, enabling employees to effectively manage their time between work and family. Female employees are eligible for prenatal and postnatal leave, infertility-related leave or leave of absence, and access to maternity protection rooms for rest and breastfeeding. We also offer paid infertility leave and up to 20 days of spouse parental leave for male employees. Employees with children receive a variety of forms of support, including gifts for milestones such as elementary school entry and college entrance exams, as well as educational assistance such as tuition support. Notably, we provide full tuition coverage for employees raising children with disabilities. To encourage a healthy work-life balance, we host family-oriented events throughout the year, including Children's Day celebrations and family camps that invite employee family members to participate.

Childcare and Family Care Support by Life Cycle Stage

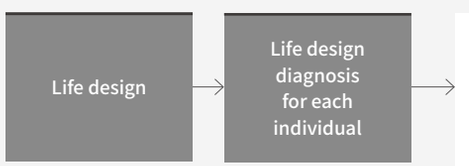
Life cycle stage	Support items
Preparation	Health leave, support for infertility-related medical expenses, infertility leave or leave of absence
Pregnancy	Mommy leave, childcare leave, reduced working hours during pregnancy, prenatal checkup leave, prenatal/postnatal leave, maternity protection room (Moabang)
Childbirth	Prenatal/postnatal leave, spouse childbirth leave, miscarriage/stillbirth leave, financial support for childbirth or adoption, congratulatory items, non-annual family allowances, child medical expenses, maternity protection room (Moabang)
Childcare	Childcare leave, reduced working hours during childcare, family care leave, in-house daycare center, kindergarten and secondary school tuition, university tuition, tuition for children with disabilities, family distress support

Post-Retirement Life Support GRI 404-2

Samsung Electro-Mechanics supports employees in preparing for post-retirement life through a range of planning and transition programs. These include personal pension support (for those who opt in), retirement pension contributions, career counseling, reemployment assistance, and entrepreneurship education. To ensure financial preparedness, we offer ongoing financial consulting services. Employees aged 40 and above may participate in a life-transition meditation program, while those aged 50 and above are eligible for structured retirement design programs. We assist employees approaching retirement with job matching services, resume writing, and interview preparation. Furthermore, we provide diverse opportunities for life after retirement, such as a start-up support program covering business item selection, business plan development, and business registration procedures. Additional programs include the support for returning to farming and rural living, specialized programs for executives and opportunities to serve as industry-academic cooperation professors.

Retirement pension	Provided to all employees with more than one year of continuous employment.
Personal pension	Employees who opt into the company-linked personal pension scheme at the time of employment receive partial contributions from Samsung Electro-Mechanics.

Reemployment and Second Life Design



Career change	Job search preparation and strategy (reemployment)
Career design	Certification acquisition for new jobs (career development)
Startup fundamentals	Business planning and industry exploration
Returning to farming and rural areas	Hands-on rural experience in cooperation with local governments
Industry-academic cooperation professorship	Job performance competency and coaching skills

Human Resource Management

Strategy

Selective Welfare System

Samsung Electro-Mechanics operates a selective welfare system that allows employees to choose benefits aligned with their personal lifestyles. Employees are provided with annual welfare points, which can be used to purchase goods and services such as clothing, groceries, access to sports centers, medical checkups, travel, and cultural performances.

Self-Directed Work System

To enhance work efficiency and support work-life balance, Samsung Electro-Mechanics operates a self-directed work system, enabling employees to determine their working hours based on personal circumstances and job requirements. Flexible working arrangements, including adjustable working schedules and selective working hours, are implemented in accordance with employees' work environments. In particular, to strengthen maternal protection and family care support, we provide a reduced working hour option for pregnant employees, employees requiring childcare, or those managing family or personal health concerns. To support work-life balance for employees with childcare responsibilities, we also operate the "Home Run Day" system, which designates two days per month for employees to leave work on time. Additionally, as part of our commitment to smart work practices, we have adopted a part-time annual leave system, enabling employees to effectively manage their working hours and vacation schedules.

Work Environment Support

Samsung Electro-Mechanics continuously strives to optimize the working environment to support greater work efficiency and employee engagement.

Work Environment Support Status

Dormitory	・Providing dormitory accommodation to employees in accordance with internal eligibility criteria ・Allowing employees to enter and rest without time restrictions ・Conducting semi-annual fire and earthquake evacuation drills
In-house cafeteria	・Staffed by professional personnel, including licensed nutritionists and cooks ・Providing four complimentary daily meals (breakfast, lunch, dinner, and late-night), featuring a diverse selection of Korean, Chinese, Western, and healthy options, along with monthly special menus and themed events to enhance meal satisfaction ・Conducting regular monthly hygiene and safety inspections to ensure the sanitation of food and facilities

Mental Health Center

Samsung Electro-Mechanics operates the Mental Health Center, a professional psychological counseling institution staffed by certified experts to support employees in achieving psychological stability. The center offers a wide range of services, including individual, couple, and child counseling; leadership coaching for position holders; psychological assessments; on-site counseling at manufacturing sites; and group counseling programs tailored to departmental needs. In support of employees' effective stress management, we also operate an in-house meditation room and collaborate with external meditation organizations. Furthermore, to enhance accessibility for employees both in Korea and abroad, we have established multiple digital counseling channels, including a dedicated messenger service for psychological counseling, a mobile application, video counseling, and a 24-hour telephone counseling line for immediate support in emergency situations.

CASE | **"Gatekeeper"**

Samsung Electro-Mechanics conducts annual mental health training sessions for designated 'gatekeepers,' department managers trained to serve as quasi-counselors, at both domestic and overseas worksites. We also promote the dissemination of mental health information on a regular basis to enhance the quality and effectiveness of our employee mental health management.

Human Resource Management

Strategy

Horizontal Organizational Culture

Fostering a Bottom-Up Culture of Employee-Centered Communication and Participation

Samsung Electro-Mechanics engages employees in organizational culture activities to foster a bottom-up, employee-centered culture that encourages horizontal communication. In 2023, the "Town Hall Meeting" was introduced as a direct and informal communication channel between the CEO and employees. In 2024, we launched the "CEO Reverse Mentoring" program to promote generational understanding through two-way dialogue. This initiative brought together 21 employees in their 20s and 30s from various departments and job functions, who participated in six mentoring sessions across three groups.

CASE | Town Hall Meeting

To promote transparent communication, Samsung Electro-Mechanics actively hosts CEO Town Hall Meetings. Beginning with the Electronic Component Business Team in February 2023, a total of 35 sessions have been held across the Suwon, Sejong, and Busan sites, with an average attendance of approximately 150 employees per session. During these meetings, the CEO shares insights on company vision, business direction, and future plans and engages with employees in an open and informal setting, which has received highly positive feedback.

Communication Activities with Employees

Monthly Board Council	・Holding a GWP Board Council meeting once per month to deliberate on key issues raised by employees and management ・Board council composition and deliberation topics ① Trust Board: Overall HR and training systems, along with compensation and well-being criteria ② Fun Board: Employee contribution activities, support for distress, organizational vitality activities, etc. ③ Pride Board: Enhancements in company-wide welfare infrastructure and working environments and productivity/competitiveness improvements. ④ Women Board: Improvements to welfare facilities and HR systems relevant to female employees, etc.
Hanulim Suggestions	・The Hanulim Council, which represents the employee body, continuously collects feedback on infrastructure and work-related inconveniences. ・All issues raised are reviewed with the relevant departments, with improvement discussions initiated within 24 hours.
SEM Talk	・An anonymous internal bulletin board ・Allowing employees to freely post opinions

RiGHT© Now Activity

In 2024, Samsung Electro-Mechanics initiated the RiGHT© Now activity, empowering employees to autonomously define specific behavioral standards aligned with the RiGHT© core values. Ten representative items, including working hours, collaboration practices, utilization of communal or working spaces, and communication styles, were identified through prior employee surveys and workshops.

Culture Fair Activity

Recognizing the pivotal role of leadership in driving organizational cultural transformation, Samsung Electro-Mechanics has hosted the annual "Culture Fair" since 2020, led by its organizational leaders. These leaders actively identify their teams' strengths, establish cultural goals in collaboration with team members, and implement year-round initiatives to improve an organizational culture. This initiative seeks to foster a workplace environment where employees learn from one another and grow collectively through the sharing of best practices.

Valuable Leader/Colleague Award

Samsung Electro-Mechanics selects exemplary employees who serve as role models in fostering a desirable organizational culture through communication and collaboration. Award recipients are honored with cash prizes, plaques, photo frames, and floral bouquets during the company's founding anniversary and are granted additional points during formal personnel evaluations.

Establishing a Culture of Recognition and Appreciation Among Colleagues

Samsung Electro-Mechanics operates SEMQ,[1] an internal praise bulletin board designed to embed a sound culture of praise, recognition, gratitude, and encouragement into everyday work life. Using SEMG, employees can express appreciation toward colleagues, seniors, or juniors by posting compliments or allocating points. This initiative cultivates positive sentiments within the organization and promotes a virtuous cycle of praises. In 2024, a total of 9,559 executives and employees in Korea participated, generating 83,652 compliments.

1) A compliment bulletin board based on the corporate core value "Respect All," providing employees with a platform to acknowledge and express gratitude to colleagues, superiors, and subordinates

Strategy

Employee Job Satisfaction

Samsung Electro-Mechanics conducts the annual "Samsung Culture Index (SCI)" survey as part of its "Creating a Workplace Where People Want to Work" initiative. The survey results are analyzed from multiple perspectives and actively utilized to inform and drive organizational improvement activities. In 2022, the existing satisfaction survey was reorganized into an "Organizational Health Diagnosis," which measures employee satisfaction across three key areas: Enjoyable Work, Collaborative Colleagues, and Proud Company. Based on these diagnostic results, we comprehensively assess and manage employees' levels of trust[1], motivation[2], stress[3], and job satisfaction[4]. Survey results are transparently shared with all employees. Group-level analysis reports are also provided to leaders, enabling them to identify improvement opportunities and implement targeted actions within their respective departments Furthermore, Samsung Electro-Mechanics promotes cultural development through initiatives such as upward feedback, peer evaluations, surveys on the use of respectful language, and assessments of core value internalization. These surveys not only facilitate the analysis and diagnosis of the current organizational climate and the anticipation of potential risks but also guide the formulation of internal policies aimed at addressing employee voices (VOC) and pinpointing areas for enhancement. Through these efforts, we contribute to establishing an engaging and healthy work environment that ensures employee satisfaction across the company.

1) Trust: 71.3 points
2) Immersion 78.5 points, Growth 71.7 points, Performance 76.6 points
3) Cooperation 76.6 points, Respect 77.9 points
4) Job Satisfaction: 75.9 points

Organizational Health Index Survey (Korea)

A total of 12 items are surveyed to assess the organizational health Index.

Enjoyable job		Collaborative colleagues		Pride in the company	
Immersion	Growth	Cooperation	Performance	Trust	Fairness
Efficiency	Job satisfaction	Respect	Department satisfaction	Communication	Company satisfaction
74.8 points		76.0 points		72.4 points	

Risk Management

Fair Employee Evaluation and Compensation GRI 404-3

Operation of an Objective-Driven Evaluation System

Samsung Electro-Mechanics implements a goal-based evaluation system grounded in the Management by Objectives (MBO) methodology, empowering employees to set clear work objectives and take ownership of their responsibilities. All employees, including contract workers,[1] are evaluated based on MBO criteria. Evaluation outcomes are fairly reflected in compensation components, including annual salaries and performance bonuses. To enhance the objectivity and acceptance of the evaluation process, interim reviews and regular one-on-one meetings are conducted. The entire cycle, from goal setting to performance assessment and feedback, is systematically managed through quarterly "One-on-One Weeks." Specifically, in the first quarter, annual goals are established. In the second and third quarters, interim performance is reviewed and necessary support measures are identified. In the fourth quarter, we conduct evaluations based on final performance and the achievement level of each goal established at the beginning of the year. If an employee disagrees with the evaluation outcome, they may request a re-evaluation. To strengthen evaluator capabilities, Samsung Electro-Mechanics provides regular training for leaders and distributes evaluator manuals. A 360-degree leadership assessment is conducted annually for key leaders, incorporating evaluations from supervisors, peers, and subordinates. The results are followed by individualized feedback and coaching to support leadership competency development. Evaluation outcomes are reflected in leadership selection and promotion decisions, thereby enhancing the fairness of the system. Employee competency evaluations focus on behavioral attributes, such as ethical awareness and cultural inclusivity, and are directly linked to compensation. ESG-related objectives are incorporated into the evaluations of executives and managers, while outcomes related to safety and quality incident management impact evaluation results and incentives for all employees. High-performing projects are recognized through regular awards, with winning teams receiving plaques, monetary prizes, and personnel points.

1) Excludes contract workers in manufacturing roles

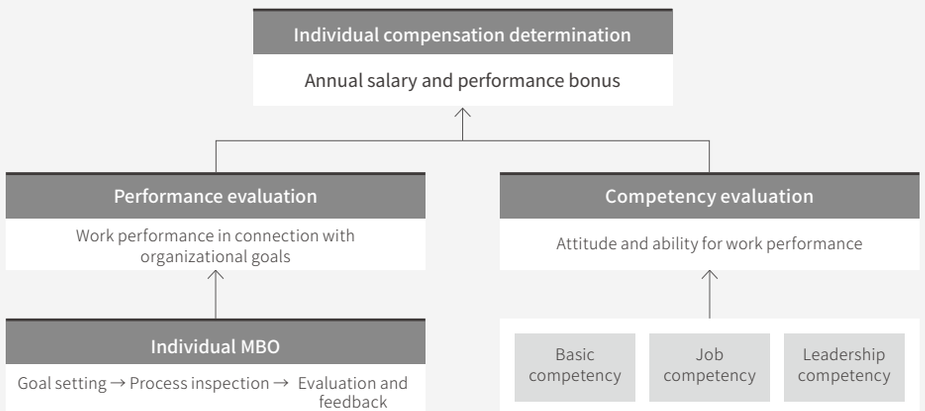
360-Degree Leadership Diagnosis

Frequency	Once a year
Assessment target	Key leaders
Evaluators	Self, supervisors, colleagues, and subordinates
Evaluation Items	Leadership competencies, behaviors that inhibit leadership effectiveness, identified strengths, and areas for development.
Evaluation Process	360-Degree leadership diagnosis → Diagnosis result analysis → Individual feedback and coaching for enhancing strengths and improving weaknesses
Utilization	Reflected in the selection of training participants, leadership appointments, and promotion decisions.

Human Resource Management

Risk Management

Evaluation and Compensation Principles



Evaluation Process

1. Establish individual annual goals through discussion between leaders and department members
2. Manage interim progress toward goals
3. Record annual performance for each goal
4. Conduct performance evaluations based on annual performance

Consultation Process for Setting KPIs

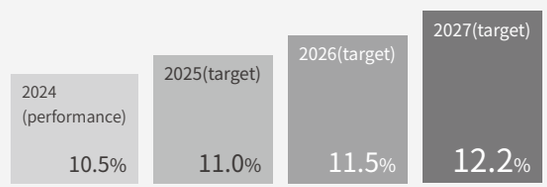
1. **Establish and submit individual annual goals (MBO)**
   - Each item is reflected as a quantifiable KPI
2. **Evaluator determines the appropriateness of the established goals**
   - If the proposed items are deemed appropriate, they are approved with accompanying feedback.
   - If revisions are required, the leader requests changes and gives feedback
3. **Submit revised goals in case of changes to work or responsibilities**
   - Ongoing updates may be made through one-on-one discussions.

Metrics & Target

Ratio of Key Female Personnel

Samsung Electro-Mechanics remains committed to enhancing the representation of key female personnel as part of its ongoing efforts to promote diversity and inclusion. As of 2024, the proportion of key female personnel stood at 10.5%. We aim to progressively increase this ratio to 11.0% in 2025, 11.5% in 2026, and 12.2% in 2027. By achieving these targets, Samsung Electro-Mechanics seeks to strengthen gender diversity within its core workforce and foster a more balanced leadership structure.

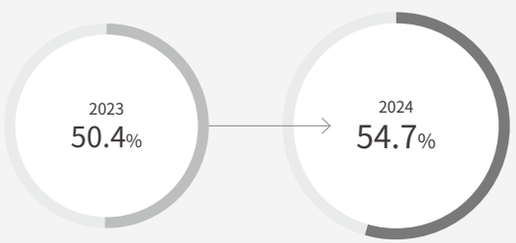
Goal for Expanding Key Female Personnel



Pro Grade Acquisition Rate in SW Certi. Sector

Samsung Electro-Mechanics continues to provide support to enhance software competencies by promoting the acquisition of the Pro grade certification within its internal qualification system, 'SW Certi.' As a result of these efforts, the Pro grade acquisition rate increased from 50.4% in 2023 to 54.7% in 2024, reflecting a year-on-year growth of 4.3 percentage points. Moving forward, Samsung Electro-Mechanics will persist in strengthening the technological capabilities of its workforce to secure a competitive advantage and effectively adapt to the rapidly evolving technological landscape, thereby driving future growth.

Pro Grade Acquisition Rate in SW Certi. Sector



Up by 4.3%p compared to the previous year

Ethical and Compliance Management

Governance

Compliance Management System

Compliance Management Committee

Samsung Electro-Mechanics has established a structured compliance management implementation unit to enhance company-wide awareness of compliance. The Compliance Management Committee, the highest-level body within this unit, receives reports on key compliance activities, provides strategic direction, and is responsible for making decisions on significant compliance-related matters.

Dedicated Compliance Management Organization

Samsung Electro-Mechanics operates a dedicated, company-wide Compliance Team that reports directly to the CEO. The head of the Compliance Team is appointed as the Compliance Officer upon approval by the Board of Directors and participates in all board meetings to support major corporate decision-making.

Anti-Corruption Policy GRI 2-24

As a global enterprise, Samsung Electro-Mechanics continuously strives to strictly prevent bribery intended to obtain improper business advantages across all business locations, while leading an organization culture of integrity and transparency. The anti-corruption policy serves as a guideline that defines the company's ethical responsibilities and is publicly disclosed on the official website.

Prohibition of bribery	Prohibition of inappropriate bribery to Korean and foreign public officials and trading companies
Convenience standards	Presentation of standards for the "provision of conveniences in business (gifts, meals, transportation, accommodation, etc.)"
Third-party agents	Specification of obligations for third-party agents and business partners to comply with guidelines

Compliance Management System

The Compliance Team manages the "Compliance Program Management System (CPMS)," an IT platform that systematically supports compliance management. This system is used to manage various legal violation risks such as collusion, fair trade, subcontracting, corruption, and misappropriation of trade secrets. The compliance management system includes functions such as handling legal inquiries and responses, facilitating compliance-related reporting, conducting prior consultations on matters including contact with competitors, and maintaining logs of voluntary compliance activities. The system consistently provides access to compliance management regulations, codes of conduct, guidelines, and related issues, thereby promoting employee engagement in compliance practices and enhancing awareness. The compliance portal is always displayed on the main page of the company's intranet (Knox portal), with dedicated 'Compliance Management' and 'Compliance' menus to facilitate quick and easy access to relevant information by employees. Furthermore, a reporting system is operated through both online and offline channels, with strict measures in place to protect whistleblower anonymity. It is also clearly stipulated that no disadvantages shall be imposed in personnel decisions, even when a report is submitted under the whistleblower's real name.

Legal and Regulatory Sensing and Guidelines

Samsung Electro-Mechanics regularly monitors revisions in relevant laws and regulations concerning fair trade, anti-corruption, human rights and labor, intellectual property, safety, and the environment. Upon detection, we promptly notify the relevant departments and personnel. Based on this monitoring, we have developed internal guidelines to ensure employees remain compliant in the performance of their duties. These guidelines include detailed procedures and codes of conduct and are continuously made available through the compliance management system for easy employee access.

Ethical and Compliance Management

Strategy

Compliance Management Policy

Grounded in the Compliance Management Code of Conduct, which reflects Samsung's core values, Samsung Electro-Mechanics continuously strives to comply with laws and ethical standards, maintain a transparent organizational culture, and fulfill its fundamental corporate role and social responsibility. To this end, we have established governance and a management system to implement compliance management. A comprehensive compliance program is also in place to ensure ongoing adherence to relevant laws and regulations, while proactively identifying and mitigating potential risks. Additionally, we implement a range of compliance activities including inspections, monitoring for legal violations, compliance education, and voluntary practice initiatives.

Key Compliance Activities

Compliance Education

Samsung Electro-Mechanics provides compliance education to all employees at least once annually, covering topics such as fair trade, anti-corruption, and prevention of trade secret infringement. In particular, specialized education is provided to departments that engage with suppliers and customers, as well as to high-risk groups. Local employees working at overseas sales subsidiaries receive training on prohibitions against collusion and abuse of market dominance.

Voluntary Practice Activities

All employees of Samsung Electro-Mechanics annually access the intranet to participate in the "Compliance Practice Pledge," whereby they voluntarily commit to compliance and conduct self-assessments of their compliance practices. To encourage employees' voluntary compliance and instill it as part of the organizational culture, we operate a system that quantifies indicators such as compliance incident management, employee training, self-assessments, and key compliance messages, and reflects the results in executive evaluations. In addition, we promote awareness of compliance management by communicating our compliance-related activities to executives and employees through diverse channels such as meetings, employee participation programs, employee guideline announcements, and internal broadcasts.

Fair Trade

Samsung Electro-Mechanics is committed to fulfilling its ethical responsibilities in relationships with external stakeholders, including suppliers and customers.

Fair Operation Practices

Anti-corruption	Samsung Electro-Mechanics fosters a transparent organizational culture by developing ethical standards and codes of conduct to prevent and eliminate corruption. Along with anti-corruption training for all employees, we conduct an annual "Pledge for Compliance and Ethical Management." We design and implement anti-corruption inspection plans to proactively identify and address weaknesses in internal processes. These efforts also serve to communicate our commitment to ethical management and promote awareness throughout the supply chain. Furthermore, we operate a reporting channel for violations of ethical regulations. Under strict confidentiality protocols, whistleblowers' identities are protected, and any form of retaliation or disadvantage in personnel decisions is strictly prohibited and subject to serious disciplinary action.
Responsible political participation	Samsung Electro-Mechanics maintains strict political neutrality and does not intervene in political activities. Samsung Electro-Mechanics respects employees' political beliefs and rights to participation, and these principles are explicitly outlined in its Code of Conduct. Accordingly, all employees act with responsibility and in full compliance with the Code's provisions.
Fair competition	Samsung Electro-Mechanics conducts annual training and audits on prohibitions against collective acts (collusion), abuse of market dominance, and unfair support practices for all employees. When compliance issues are identified, we conduct root cause analyses and process reviews, followed by corrective actions, including targeted training for relevant departments to prevent recurrence. Particularly, for employees of overseas sales subsidiaries, additional training is offered. We also monitor legislative and regulatory trends related to fair trade and notify relevant departments to ensure legal compliance and reduce risk exposure. Moreover, we support employees by providing legal compliance guidelines and enabling self-assessments through the compliance management system.
Promotion of social responsibility in the value chain	Samsung Electro-Mechanics is committed to "strengthening supply chain competitiveness based on mutual trust" to build a sustainable corporate ecosystem. We require suppliers to adhere to ethical, compliance, and CSR standards, and operate a regular evaluation system to assess supplier compliance. Business relationships are subject to termination if a supplier is found to be in violation of global regulations related to human rights, discrimination, or responsible mineral sourcing. We have established a Supplier Code of Conduct based on the RBA Code and made it publicly available on our website. The Code applies to all suppliers and is included as a mandatory compliance requirement in supplier contracts. To ensure responsible supply chain management, we regularly audit the suppliers' compliance with labor rights and require corrective actions when instances of non-compliance are identified. In addition, we support our suppliers through a mutual growth system, which includes joint technology development, shared growth fund assistance, and the Mutual Growth Academy.
Respect for property rights	Samsung Electro-Mechanics enhances its intellectual property (IP) competitiveness in response to evolving technological trends by developing proprietary technologies and engaging in advanced research and development. We thoroughly inspect intellectual property risks, coordinate with relevant departments to mitigate such risks, and operate a stable system for managing intellectual property rights.

Ethical and Compliance Management

Strategy

Ethical Management System

Regular Ethical Management Diagnosis

Samsung Electro-Mechanics formulates an annual inspection plan for its domestic and overseas production and sales corporations and conducts systematic audits. Through this process, we identify management vulnerabilities within the organization and implement necessary improvements, thereby supporting the practical implementation of ethical management. Furthermore, based on the Ethical Management Guide, we analyze the risks of irregularities at domestic and overseas business sites and detect abnormal signs to prevent the escalation and spread of potential misconduct. We are also continuing our efforts to eliminate causes of irregularities by improving vulnerable work processes.

Ethical Management Target Categories

Business relationships	Bribery, acceptance of entertainment, financial transactions, and business interference
Company funds and assets	Embezzlement of funds, theft of assets
Work attitude	Habitual negligence, unethical financial transactions between employees
Others	Leakage of information and human resources

Key Ethical Management Programs for Employees

Key ethical management programs for employees	Reporting channels for illegal or unfair conduct accessible to internal and external stakeholders
Company funds and assets	Annual anti-corruption and code of conduct training for all domestic and overseas employees (including non-regular employees)
Others	Annual anti-corruption and ethical management education for all employees provided through an online education platform

Ethical Management Activities

Prevention of Corruption by Employees

Samsung Electro-Mechanics operates an annual ethical management program for domestic and overseas employees based on the “Ethical Management Guidelines” to internalize ethical principles. We are strengthening employee awareness and adherence to ethical conduct through mandatory ethics training for all employees, the operation of multilingual reporting channels (Korean, English, Chinese, and Vietnamese) for ethics violations, and regular audits of ethical management practices.

Ethical Education for Employees

To foster an honest and transparent organizational culture, Samsung Electro-Mechanics has integrated the Anti-Corruption Code of Conduct into its “Employee Guidelines” and actively works to prevent a wide range of corruption risks, such as improper dealings with suppliers, mismanagement of company funds and assets, inappropriate work attitude, and unauthorized disclosure of information or loss of personnel. We provide annual anti-corruption training to all employees, including non-regular workers, across both domestic and overseas sites. Separate ethics training programs are offered for leadership groups, including executives, managerial position holders, and expatriates. As of 2024, all targeted employees completed the ethics training program. We are making consistent efforts to further increase participation rates by offering cyber-based courses.

Efforts to Prevent Recurrence of Corruption

Samsung Electro-Mechanics provides tailored training and guidance to prevent the recurrence of corruption-related incidents and obtains an annual “Pledge of Practice for Compliance and Ethical Management” from all employees. In addition, we are reinforcing preemptive measures to avoid recurrence by posting quarterly case studies of incidents on the company intranet, establishing and executing periodic inspection plans for each production and sales base, and promptly addressing and improving vulnerable processes.

Corruption Prevention Program

Target	Details	
Employees	・Ethical management practice pledge ・Ethics education (online/offline)	・Identification and improvement of vulnerable processes
Suppliers	・Ethical management practice agreement ・Sharing of business guidelines - Regular supplier meetings - Website for interaction with suppliers	・Issuance of formal requests to cooperate in ethical management (regular)

Ethical and Compliance Management

Strategy

Ethical Management Reporting and Action Process GRI 2-25

Samsung Electro-Mechanics has established and operates diverse reporting channels to ensure fair and timely handling of violations of ethical regulations. Reports can be submitted through the “Ethical Management Cyber Audit Office” website, as well as via email, mail, and telephone. The ethics website supports Korean, English, Chinese, Japanese, and Vietnamese, enabling both domestic and overseas employees and stakeholders to report misconduct or unfair practices at any time.

To enhance accessibility, a “Report Ethical Violations” link is prominently placed on the main page of our corporate website. Reported cases undergo a thorough fact-checking process, after which corrective actions are implemented within the relevant departments. The outcome of the case is then communicated to the whistleblower. The identity of the informant is strictly protected in accordance with the principle of complete anonymity and the whistleblower protection system. Executives and employees found to have engaged in irregularities are subject to strict disciplinary action. We implement appropriate measures, including disciplinary actions and sanctions, through a rigorous fact-finding and enforcement process. In addition to executives and employees involved in corrupt practices, suppliers found to have offered cash or valuables are also subject to measures such as suspension of transactions and formal requests to prevent recurrence.

Whistleblower Protection System

Samsung Electro-Mechanics strictly upholds confidentiality principles to protect the identities of reporters and whistleblowers and ensures that they are safeguarded from retaliation or adverse personnel consequences. Upon receiving reports of corruption or unfair practices, we conduct factual investigations, implement corrective measures, and communicate the results to the whistleblower. We impose strict sanctions on executives, employees, and suppliers involved in unethical conduct. In cases involving suppliers, actions may include suspension of transactions or the requirement to implement preventive measures, depending on the severity of the violation.

Reporting Channel Process

1. Receipt of report	2. Notification of acceptance	3. Conducting investigation	4. Communication of investigation results
・Samsung Electro-Mechanics website ・E-mail, mails, and phone	・Feedback to the reporter within 24 hours of receiving the report	・Fact-finding	・Investigation results and corrective measures

Prevention of Corruption in Suppliers GRI 2-24

Samsung Electro-Mechanics has established the “Supplier Ethics Charter” to promote the commitment of its suppliers to ethical management and has signed an ethics agreement with all suppliers. In January 2013, we enacted the “Business Guidelines” for our suppliers and posted them on the business websites used by suppliers and customers, thereby consolidating a culture of integrity and fair trading. Furthermore, to promote a clean and transparent corporate culture, we prohibit employees and executives from accepting condolence money or wreaths from suppliers in connection with weddings or funerals.

Establishment of the Supplier Code of Conduct

Samsung Electro-Mechanics has established the Supplier Code of Conduct based on the RBA Code of Conduct to enhance compliance management, which serves as the foundation for mutual growth with its suppliers. This code applies to all suppliers that design, sell, manufacture, or provide parts and services used in the production of Samsung Electro-Mechanics products, as well as to all sub-supply chains that provide assembly, parts, raw materials, and packaging to our suppliers.

Supplier Code of Conduct

Compliance with Ethical Management by Supplier Members

Samsung Electro-Mechanics issues a formal letter on ethical management practices to all domestic and overseas suppliers twice annually, including during holiday periods, to encourage ethical practices in transactions with current and prospective business partners.

Request for Suppliers to Submit an Ethical and Compliance Management Practice Pledge

Samsung Electro-Mechanics communicates the ethics charter and code of conduct to all suppliers and requires the submission of a practice pledge. Through this, we aim to encourage supplier participation in Samsung Electro-Mechanics’ integrity management and win-win management and to promote mutual development based on transparent and fair transactions and compliance with applicable laws and regulations.

Ethical and Compliance Management

Risk Management

Compliance Management Program

Samsung Electro-Mechanics operates a compliance management program to prevent legal risks and foster an ethical corporate culture. We promptly identify legal and regulatory changes, offer preventive procedures and guidance, and conduct regular monitoring and consulting through specialized departments based on function. Based on these efforts, we devise and implement improvement measures and monitor the progress of their implementation. Furthermore, we assess the effectiveness of compliance implementations and establish recurrence prevention measures and appropriate sanctions, ensuring that compliance management is firmly embedded across all business sites.

Program	Details
Sensing/Prevention	· Monitoring of enactments/revisions of laws · Provision of risk prevention processes and guidance
Monitoring	· Consulting and monitoring by specialized departments for each function · Proposal and follow-up management of improvement measures based on monitoring results
Evaluation/Post-management	· Evaluation of the compliance program operation status · Establishment of recurrence prevention measures and sanctions

Compliance Inspection and Monitoring

Samsung Electro-Mechanics conducts regular compliance inspections to identify legal risks and promote corrective actions. Inspections cover various areas, including abuse of market dominance, subcontracting practices, and anti-corruption. In particular, we focus on preventing the leakage and misuse of technological data of suppliers to protect their intellectual property and prevent infringement. When issues are identified during inspections, we collaborate with relevant departments to develop improvement measures and report the implementation plans and results to management. In addition, we communicate causes and preventive actions to relevant departments to avoid recurrence of similar issues and reflect them in employee compliance regulations and training materials.

Preliminary Review System

Samsung Electro-Mechanics operates a preliminary review committee for internal transactions between affiliates as well as for external sponsorships and donations. We also strengthen the compliance monitoring system by requiring prior consultation with the Compliance Team when registering new suppliers or signing contracts.

Compliance Effectiveness Evaluation

Samsung Electro-Mechanics evaluates compliance with internal control standards related to the compliance environment and associated activities. The effectiveness of these measures is assessed annually, and the results are reported to the Board of Directors.

Metrics & Target

Zero Risk in Ethics, Anti-Corruption, and Compliance

Samsung Electro-Mechanics is continuously working to foster a corporate culture in which all employees act in compliance with laws and principles, guided by the “Zero” principle regarding ethical management and anti-corruption and compliance risk. In particular, we conduct company-wide training to enhance compliance awareness among our employees. In 2024, training was implemented across domestic business sites, achieving a 100% completion rate among the targeted participants. We plan to maintain a 100% training completion rate for domestic employees in the future.

Initiative	2024 plan	2024 performance	2025 target
Completion rate of employee compliance education	Domestic employees 100%	Domestic employees 100%	Domestic employees 100%

Education and Activities Related to Ethical Management

Samsung Electro-Mechanics is strengthening its ethical management education and implementation efforts to build a transparent and integrity-driven organizational culture. In addition to conducting anti-corruption education for employees, we operate an ethics reporting and response system, and promote corruption prevention initiatives in cooperation with suppliers to realize comprehensive ethical management.

Item	Main activities	Frequency
Establishing an organizational culture of integrity	· Monitoring violations of ethical management to prevent corruption among domestic and international employees	Always
	· Improving vulnerable processes	
	· Preventing fraudulent activities by conducting preemptive risk assessments and detecting early signs of anomalies	
Reporting and taking action on ethical management	· Accepting and addressing reports through internal and external reporting channels	Always
	· Providing feedback to the reporter after verifying the facts and taking appropriate action	
Corruption prevention education for employees	· Providing online and offline anti-corruption education for domestic and international employees	Once a year
Corruption prevention activities for suppliers	· Implementing the Ethical Management Practice Pledge for suppliers	Upon supplier registration
	· Sending official letters to suppliers to promote ethical management practices	Twice a year

Sustainability Performance

In This Section

Planet

Environmental Management

Environmental Management Framework

Amid growing social interest in environmental issues and escalating international demands, environmental regulations are being strengthened each year. Consequently, corporate environmental management has become a critical strategic element in achieving sustainability management. In response to these developments, Samsung Electro-Mechanics establishes environmental policies grounded in environmental laws, compliance obligations, stakeholder expectations, and an understanding of environmental impacts, while actively working to prevent inefficient use of resources. We have implemented a comprehensive environmental management system (ISO 14001) and an energy management system (ISO 50001) across all business sites. Our environmental management practices are based on an integrated plan that encompasses environmental management and protection throughout the entire lifecycle, from product manufacturing and usage to disposal, distribution, and logistics. Moreover, all activities are subject to periodic monitoring and evaluation via systematic process management to ensure the achievement of environmental management system objectives. To enhance system efficiency and reliability, we undertake systematic efforts such as supporting environmental improvement activities, strengthening communication with stakeholders including suppliers and outsourcing partners, and submitting regular reports to management. Samsung Electro-Mechanics also consistently identifies relevant key policies and applicable laws concerning its business activities and operates a management system to ensure compliance. Additionally, we actively implement various environmental conservation initiatives, including climate change mitigation, ecosystem preservation, and biodiversity promotion, in line with our internal safety, environment, and energy policies.

Environmental Management System

Samsung Electro-Mechanics engages in a wide range of initiatives to prevent adverse environmental impacts, conserve resources, and enhance environmental performance within local communities, grounded in its environmental management system. We have formulated internal regulations to ensure compliance with the environmental management system and continuously improve our initiatives by applying the PDCA1) cycle. Environmental impacts are also thoroughly reviewed during facility expansions and mergers or acquisitions. Annual internal audits are conducted to verify the effectiveness of the environmental management system, and management undertakes a comprehensive review once a year to evaluate the system's appropriateness, adequacy, and effectiveness. This review assesses progress toward environmental goals, stakeholder communications, and the outcomes of previous corrective actions. It also supports decision-making on organizational strategy, the need for change, and opportunities for improvement. Moreover, Samsung Electro-Mechanics has obtained certification for its environmental management system through external audits conducted by accredited third-party certification bodies, thereby reinforcing the credibility of the system.

To ensure efficient operation of the environmental management system and raise employee environmental awareness, we conduct regular group training sessions for practitioners, along with annual environmental impact assessments at the departmental level. Based on evaluation outcomes, significant environmental risks are identified, and improvement plans are formulated and executed to fulfill the organization's environmental policies and objectives. In addition, the CEO's clear articulation of leadership and commitment to environmental management ensures that responsibilities, goal-setting, strategic direction, and all business processes related to the management system are governed in an integrated manner.

1) PDCA: Plan, Do, Check, and Act

Safety, Environment, and Energy Policy

Samsung Electro-Mechanics is a global manufacturer of advanced electronic components. Guided by our core management principle that "safety and the environment are our highest priorities," we are committed to preventing accidents involving all stakeholders, including employees and contractors, through adherence to international standards and comprehensive risk assessments throughout the product life cycle. Recognizing environmental stewardship and enhanced energy efficiency as essential pillars of sustainability management, we aim to create a safe and pleasant work environment and to fully uphold our corporate social responsibilities by encouraging active participation from all employees.

1. Strengthening the global safety, environment, and energy management system

- Comply with applicable domestic and international laws, regulations, and agreements concerning safety, health, the environment, and energy, and implement them through rigorous internal standards.
- Ensure leadership and active employee participation in the pursuit of our goals, and secure transparency by disclosing relevant policies to stakeholders.

2. Implementing environmental and energy management practices

- Proactively integrate environmentally responsible practices throughout all operational processes, including product development and production.
- Strive to minimize wastewater and waste generation during production and to reduce environmental pollutants and greenhouse gas emissions by using resources and energy efficiently.

3. Building a safe and healthy workplace

- Cultivate a safety-first culture involving all employees to ensure a safe and pleasant working environment.
- Implement autonomous safety management and establish a proactive risk management system that identifies and addresses hazards in advance to prevent safety and environmental incidents.

4. Foster mutually beneficial partnerships rooted in safety and the environment

- Share our safety and environmental management systems and technologies with our suppliers to build collaborative partnerships focused on safety and environmental responsibility.
- Consistently engage in environmental protection initiatives and maintain open communication with local communities to fulfill our responsibilities for safety and environmental stewardship as a member of the local community.

Waste and Pollutant Management

Waste Management GRI 306-1, 306-3

Enhancement of Waste Recycling Rate

Samsung Electro-Mechanics is making concerted efforts to increase its waste recycling rate, targeting an internal goal of achieving a 95% recycling rate by 2025, as calculated based on the Korean government's recycling methodology. For waste that is challenging to recycle, we explore improvement measures through a company-wide consultative body that convenes on a bi-monthly basis. We proactively address waste-related issues by conducting quarterly on-site inspections and regularly reviewing changes in environmental regulations. In addition, internal waste discharge inspections are performed to promote resource circulation and ensure strict adherence to prescribed waste separation standards for incineration. To raise awareness among employees, we carry out annual training sessions and promotional campaigns on waste management practices. As a result of these efforts, our recycling rate reached 98.5% in 2024.

Waste Monitoring and Management Process GRI 306-2

Samsung Electro-Mechanics conducts preliminary environmental assessments when introducing new processes or modifying existing ones. We manage the entire lifecycle of waste, from generation and storage to discharge and treatment, through a dedicated waste monitoring system in full compliance with legal requirements. For general office waste, we employ a five-stage separation system to ensure sorting by material type. For designated waste, sealed containers are used to enhance discharge management. To prevent leakage incidents during transportation, waste discharge is restricted to certain time windows, and we conduct annual on-site audits of waste treatment contractors to confirm proper handling and treatment.

Waste Monitoring and Management Process

1. Establishment of annual management plans

- Developing waste management plans covering legal compliance, on-site improvements, and operational oversight
- Setting inspection schedules for areas requiring periodic monitoring (e.g., quarterly, semi-annually)

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2. Separate storage of waste

- Managing designated storage areas to prevent cross-contamination between general and designated waste
- Ensuring compliance with legal requirements regarding storage standards and retention periods by waste type

→

3. Selection of waste treatment service providers

- Reviewing waste treatment processes such as on-site conditions, permit status, and storage conditions of candidate providers to ensure legal compliance and proactively manage potential violations

4. Management of waste treatment service providers

- Verifying whether secondary byproducts are being recycled after initial treatment
- Ensuring legal treatment through on-site inspections of all vendors at least annually

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5. Waste treatment management

- Reviewing the waste treatment performance of each site and formulating targeted improvement plans for the focused management of government-reportable and non-recyclable waste
- Securing third-party verification of recycling rates through ZWTL certification

Zero Waste Landfill Certification

Samsung Electro-Mechanics has pursued “zero waste to landfill (ZWTL)” certification across our sites as part of our strategy to “reduce environmental impact by minimizing incineration and landfill volumes through improved recycling practices.” The ZWTL certification is granted by UL Solutions, a global safety science organization, and is awarded at Platinum (100%), Gold (95–99%), and Silver (90–94%) levels based on the percentage of total waste reused as resources. This certification serves as a key indicator of corporate performance in resource circulation. To this end, we operate a quarterly company-wide council to monitor performance and improve the management of non-recyclable waste. As a result, all seven of our domestic and overseas business sites achieved Platinum-level ZWTL certification in 2024. Additionally, we have developed a resource circulation process that reuses cleaning fluids generated during production in collaboration with external suppliers.

Based on these efforts, our Tianjin, China operation was recognized in 2024 as an exemplary "Zero Waste" company under the Chinese government's “Zero Waste Enterprise Certification System,” in acknowledgment of its outstanding performance in minimizing resource loss and promoting waste reuse.

Waste Reduction Initiative

Details of Waste Reduction Initiatives

Reduction of waste generation	Enhanced recycling rate of incineration heat recovery	Social contribution campaign
Securing official recognition of seven waste types as “circular resources[1)]” to reduce overall waste generation	Reusing and selling designated waste subject to incineration	Conducting annual milk carton collection campaigns in collaboration with local governments and donating the recycled output to vulnerable groups
・Recycled resource volume in 2023: 3,424 tons ・Recycled resource volume in 2024: 6,141 tons	・Converting certain waste into recyclable materials by establishing a separate disposal process in collaboration with household waste treatment companies	・2022: 540 rolls of toilet paper donated ・2023: 510 rolls of toilet paper donated ・2024: 510 rolls of toilet paper donated

1) Circular resources refer to materials or objects, other than waste, that are officially recognized by the Minister of Environment pursuant to Article 21 of the Act on the Promotion of Transition to Circular Economy and Society.

Waste and Pollutant Management

Waste Management

Enhancements to Waste Treatment Methods

Samsung Electro-Mechanics is systematically advancing waste sorting management by expanding the recycling of waste subject to incineration and landfill at its business sites and enhancing the efficiency of waste treatment processes. Key improvement activities include recycling waste alkali and acid as wastewater treatment chemicals at Korean plants and repurposing construction waste as aggregates for road construction, cement, and other auxiliary materials at overseas plants. Notably, the Suwon plant is reducing the use of new materials by utilizing pH regulators and coagulants derived from recycled process waste.

Improvements in Waste Treatment Methods

Region	Improvement details	Change in treatment method
Suwon	Recycling wastewater treatment chemicals using waste alkali	Recycling → Converting to useful resources
Sejong	Recycling wastewater treatment chemicals using waste acid	Recycling → Converting to useful resources
Gaoxin	Converting designated incineration waste to heat recovery recycling	Incineration → Heat recovery and recycling
Philippines	Strengthening separation and discharge of construction waste subject to landfill	Landfill → Recycling
Vietnam	Converting industrial waste into recyclable raw materials	Heat recovery and recycling → Recycling

Activities to Reduce the Use of Disposable Products

Samsung Electro-Mechanics is implementing various initiatives under the goal of achieving “Zero Use of Disposable Products.” Specifically, we have replaced plastic food containers and PET beverage bottles used in the company cafeteria with paper and canned alternatives, and substituted plastic takeout bags with reusable eco-bags. Additionally, we replaced beverages and paper cups in employee welfare facilities, such as the cafeteria and “Cheer up Bar,” with more sustainable options. We are also conducting an ongoing campaign titled “Miracle Routine—Small Habits That Save Me and the World,” which promotes the separation and collection of milk cartons generated within the company. Under an agreement signed with Suwon City Hall in 2020, Samsung Electro-Mechanics has exchanged the collected milk cartons for roll paper and donated it annually to underprivileged communities. As a result, we collected 450 kg of milk cartons in 2020, 970 kg in 2021, 1,080 kg in 2022, and 1,020 kg in 2023. In 2024, we exchanged 610 kg of collected milk cartons for 510 rolls of toilet paper, which were subsequently delivered to the sponsored institutions.

Higher Efficiency in Resource Use

Samsung Electro-Mechanics is enhancing resource circulation systems centered on reuse and recycling by standardizing packaging dimensions, optimizing box space utilization, and minimizing the use of disposable packaging materials. These initiatives apply not only to products delivered to customers but also to materials and products exchanged between suppliers and overseas subsidiaries. In particular, failure to localize packaging materials used by overseas manufacturing subsidiaries may result in continued maritime and air freight costs. Accordingly, we have adopted the principle of localizing packaging materials as a key component of our waste management strategy. In May 2023, we procured 18 types of packaging materials locally for new products of our Vietnam subsidiary, reducing logistics costs. Going forward, Samsung Electro-Mechanics will continue to identify and actively implement initiatives to improve resource efficiency.

Resource Circulation Goals

Following the attainment of Zero Waste to Landfill Platinum certification across all domestic and overseas business sites in 2024, Samsung Electro-Mechanics has been implementing systematic waste management practices to maintain this certification. We aim to sustain a recycling rate of over 95% by 2025 by regularly monitoring waste types and causes and expanding investment in recycling infrastructure.

Investments for Waste Minimization

After assessing available technologies to reduce organic waste generated during manufacturing, Samsung Electro-Mechanics invested approximately KRW 16 billion to establish a (vacuum) evaporation concentration facility at the Busan plant. As a result of this investment, the volume of organic waste generated at the site was reduced by an average of 80%.

Waste and Pollutant Management

Water Resource Management GRI 303-1, 303-5

Improvement of Water Use Efficiency

Samsung Electro-Mechanics has established and is systematically implementing a plan to increase the water reuse rate, with the goal of "achieving a reuse rate of 41.8% by 2030." Through initiatives to recycle concentrated water, wash water, and effluent that would otherwise be discharged as wastewater, we reused 11.01 million tons of water in 2024, exceeding the annual target of 10.21 million tons. We also continue to invest in the enhancement of water treatment facilities and perform regular risk analyses to ensure the stability of water quality. We monitor flow rate, pressure, and the operational status of water treatment processes across the entire cycle, from intake to supply to manufacturing facilities, and immediately address identified abnormalities. These efforts enable us to minimize water loss and maintain efficient operations. To prepare for potential water shortages, we maintain storage facilities capable of sustaining operations for more than 12 hours and have established contingency measures such as dual-source supply systems. Additionally, we regularly assess the water resource status at each site, report necessary improvements to management, and implement prompt corrective actions as needed.

Water Usage Reduction Activities

Samsung Electro-Mechanics recognizes water as a critical resource for product manufacturing and site operations and is committed to efficient water management and increasing reuse rates. In particular, we are implementing a mid- to long-term plan to upgrade water reuse facilities across both domestic and overseas business sites through 2030 to elevate the water reuse rate. We conduct monthly self-assessments to compare actual reused water volumes against targets and actively share successful reuse practices across all sites. As a result of these efforts, we have expanded reuse infrastructure across our business sites and steadily enhanced performance, increasing the water reuse rate from 31.9% in 2023 to 33.0% in 2024.

Major Activities to Reduce Water Usage

Facility Improvement Activities details	Water reuse volume in 2024
Expansion of UF rinse water reuse at Busan plant	Over 106,000 tons per year
Expansion of RO concentrated water reuse at Busan plant	Over 211,000 tons per year
Improvement of rinse water reuse at Philippines facility	Over 1,000 tons per year
Expansion of condensate reuse at Philippines facility	Over 3,000 tons per year

Environmental Pollutant Management

Water Pollution Reduction Activities GRI 303-2, 303-4

Samsung Electro-Mechanics monitors the entire process from the generation of wastewater at manufacturing sites to its final treatment and discharge. To ensure the quality of treated water, we conduct regular internal analyses and, when necessary, employ external agencies to ensure that water pollutant concentrations remain at or below 30% of the legal threshold. We also stay abreast of changes in relevant laws and regulations and respond proactively to evolving regulations by adopting new technologies and investing in facility upgrades.
In 2022, the Suwon plant expanded its chelating tower to improve the efficiency of removing, separating, and concentrating heavy metals. In 2023, the Sejong plant adopted a Membrane Bio-Reactor (MBR) system to enhance wastewater treatment efficiency. In 2024, the Busan plant introduced an evaporation concentration system and applied new technologies to improve effluent water quality and reduce environmental pollutant discharge. Furthermore, the Suwon plant contributes to local ecosystem preservation by discharging treated water into the Woncheonri Stream, thereby helping to prevent the stream from drying up.

Air Pollution Reduction Activities

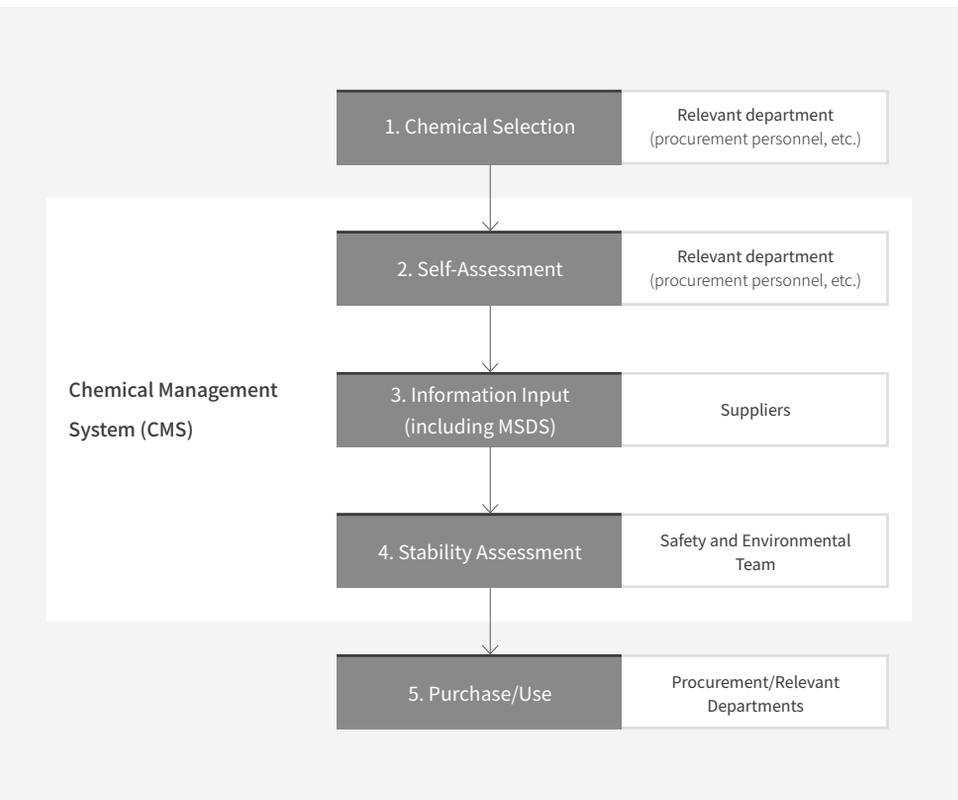
Samsung Electro-Mechanics has installed and operates optimized prevention facilities to improve air quality and minimize environmental impact at its business sites, thereby continuously enhancing pollutant treatment efficiency. For high-concentration pollutants that are particularly difficult to treat, we utilize regenerative thermal oxidizers (RTOs) to maintain emissions at an average of 30% or less of the legal threshold. Preliminary environmental reviews are conducted in line with plant expansion plans, and our prevention facilities are designed to address the specific characteristics of anticipated emissions. We monitor the operational status of air pollution prevention facilities in real time through a dedicated monitoring system, with immediate corrective actions taken upon detection of any abnormalities. Furthermore, we have established internal improvement plans by concluding a voluntary fine dust reduction agreement and actively support government environmental conservation policies by reducing fine dust emissions through regular inspections of prevention facilities and optimized operational efficiency.

Hazardous Chemicals Management

Hazardous Chemicals Management System

Samsung Electro-Mechanics is committed to the systematic management of hazardous chemicals and endeavors to maintain a safe working environment. All chemicals purchased are reviewed in advance for potential hazards through the Chemical Management System (CMS), and a quarterly committee reviews substances with potential health risks and evaluates alternatives to restrict their use. We continue to reduce worker exposure risks by replacing hazardous substances used in the workplace with safer alternatives. In 2024, we reviewed a database of approximately 230,000 chemicals and updated information for 10,692 substances. Additionally, we provided legal education to a total of 13,155 individuals throughout the year, including chemical handlers, employees at domestic sites, and supplier personnel, to raise awareness of the hazardous properties of chemicals in use and management practices.

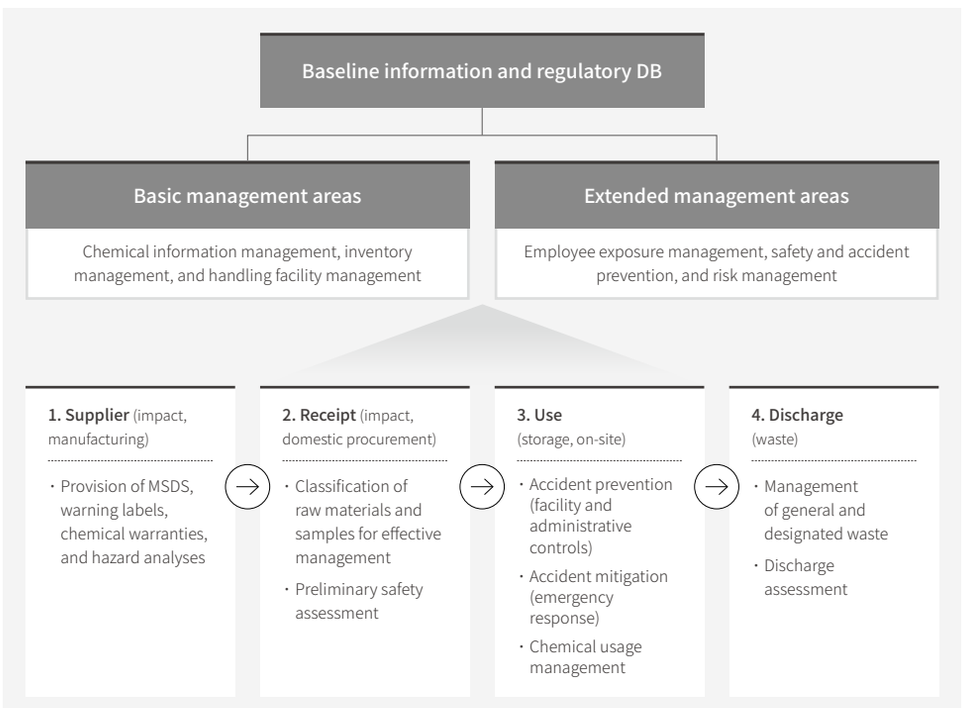
Hazardous Chemicals Management Process



Verification System for Hazardous Chemicals

Samsung Electro-Mechanics operates a structured verification system throughout the entire process to ensure the safe handling and management of hazardous chemicals. At the import or manufacturing stage, we collect information such as Material Safety Data Sheets (MSDS), warning labels, chemical warranties, and hazardous substance analysis reports from suppliers to identify the properties and potential risks of each substance. At the receipt stage, we conduct preliminary safety assessments for raw materials and samples separately, enabling us to proactively eliminate potential hazards. At the usage stage, we implement both engineering controls and management measures to prevent accidents during storage and handling on-site. We have also established emergency response systems to mitigate incidents and ensure systematic monitoring of chemical usage. At the discharge stage, we manage both general and designated waste and monitor discharge volumes through regular assessments. Across all these stages, we are building a standardized information and regulatory database that encompasses fundamental areas such as chemical inventory and handling facility management, as well as expanded areas including employee exposure monitoring, safety and accident prevention, and risk management.

Hazardous Chemicals Verification Process

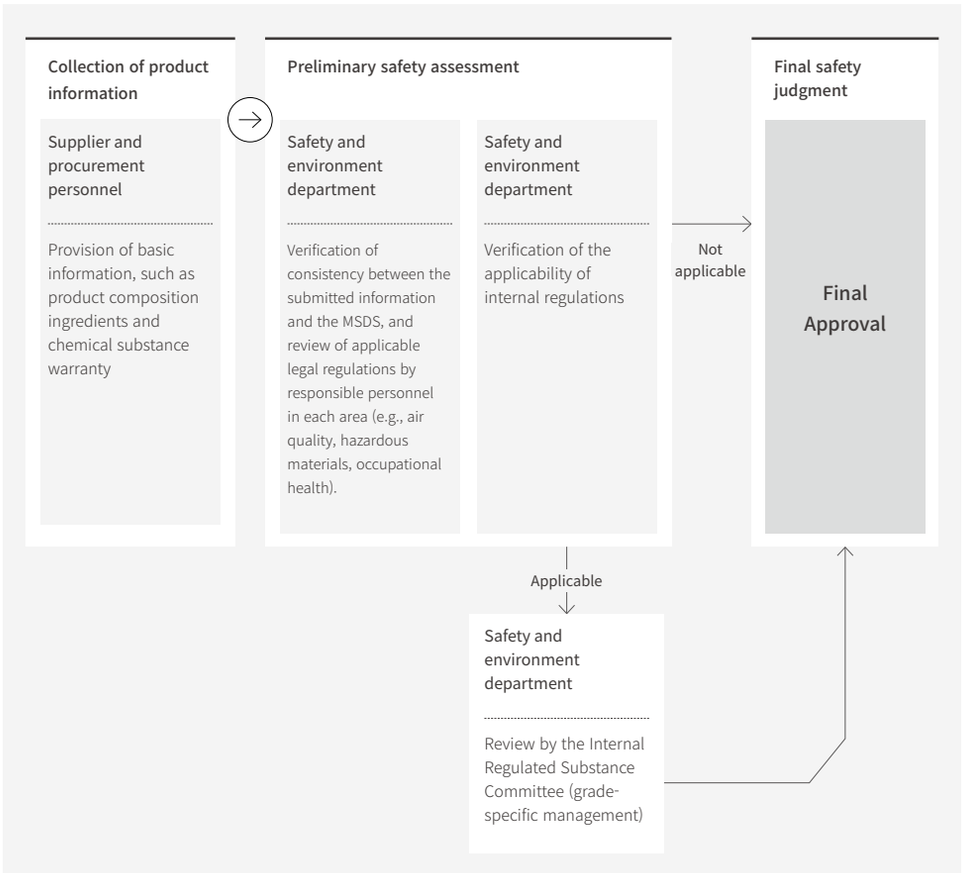


Hazardous Chemicals Management

Safety Assessment System

Samsung Electro-Mechanics operates a safety assessment process to evaluate the safety of chemicals contained in products. The process begins when suppliers and procurement personnel register basic information, including product composition and chemical substance warranties. The Safety and Environment Department then verifies whether the material's MSDS aligns with the submitted information, while personnel responsible for hazardous materials and occupational health review the applicability of relevant laws and regulations. If a substance falls under internal regulation, it is reviewed by the Internal Regulated Substance Committee, which classifies and manages its risk level. If not, a final safety determination is made, and approval for product use is granted accordingly.

Safety Assessment Process



Biodiversity Protection

Biodiversity Conservation Policy

Biodiversity Conservation Policy

Samsung Electro-Mechanics recognizes that its business activities can impact the broader ecosystem, particularly in areas surrounding its business sites. To help conserve biodiversity, we strive to minimize negative impacts and actively contribute to ecosystem preservation. To this end, we signed the "Joint Declaration on Biodiversity Conservation and Sustainable Use" with relevant government ministries and have established an internal biodiversity conservation policy aligned with this commitment. Furthermore, we promote global environmental protection efforts, such as ecosystem conservation and climate crisis response, through policies like a deforestation ban. We are also extending our biodiversity and deforestation policies to the supply chain by incorporating them into our Supplier Code of Conduct.

Samsung Electro-Mechanics is striving to preserve and restore the local ecosystem affected by its business operations. We prohibit business activities in nationally designated biodiversity protection areas, including national parks and green belts, to help safeguard local biodiversity. We also work to minimize deforestation at and near our sites. In cases where deforestation is unavoidable, we pursue ecosystem conservation and recovery through active reforestation efforts.

Basic Philosophy and Action Plan of Biodiversity Conservation Policy

Facility improvement activities	Actively promote ecosystem conservation by recognizing biodiversity impacts and minimizing adverse effects.
Action plan	Ensure all employees recognize biodiversity conservation as a core management value.
	Analyze and assess the company's impact on biodiversity, and work to minimize negative effects.
	Implement biodiversity conservation initiatives tailored to the characteristics of each region.
	Continuously communicate with stakeholders and local communities and contribute to biodiversity conservation.
	Collaborate for the sustainable use of biological resources within the industry.
	Integrate biodiversity considerations into business decision-making processes.

Six Principles of the Joint Declaration on Biodiversity

❶ Recognize the value of biodiversity.	❹ Promote cooperation for the sustainable use of biological resources within the industry.
❷ Expand government policies on biodiversity conservation, and encourage companies to integrate biodiversity considerations into decision-making.	❺ Engage in exchange and collaboration with relevant domestic and international organizations to protect biodiversity.
❸ Collaborate to implement biodiversity conservation initiatives.	❻ Raise public awareness of biodiversity across all levels of society.

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

Samsung Electro-Mechanics does not operate any business sites within ecological and natural management areas as designated by the National Institute of Ecology under Korea's Ministry of Environment. However, recognizing that one of our sites is located in a Level 2 ecological and natural area, we are committed to minimizing our impact on the surrounding ecosystem. To assess our dependence on natural capital and potential environmental impacts, we utilize the Exploring Natural Capital Opportunities, Risks, and Exposure (ENCORE) tool, which provides analysis based on industry classification criteria. According to this assessment, the electrical and electronic components industry is dependent on resources such as groundwater and surface water, with a potentially medium or higher impact on water quality and waste generation. In response, Samsung Electro-Mechanics manages water quality and air emissions at an average of 30% or less of legal thresholds across our domestic sites.

We are also working to mitigate the environmental impact of industrial activities by steadily increasing our waste recycling rate. We conduct ongoing environmental monitoring of rivers near our Suwon and Sejong Plants in collaboration with external agencies to proactively detect any potential ecological impacts. In addition, we undertake a variety of ecosystem conservation initiatives, including the development of ecological parks around our business sites and the removal of invasive species that pose risks to the surrounding ecosystem.

Samsung Electro-Mechanics will stay committed to preventing environmental degradation resulting from business activities in accordance with the Mitigation Hierarchy. We will continue to minimize confirmed impacts and pursue the restoration of affected biodiversity.

Endangered Species in Areas Surrounding Domestic Business Sites

Suwon	6 bird species, 2 amphibian species, and 1 plant species
Sejong	3 mammal species, 14 bird species, 2 fish species, 2 amphibian and reptile species, and 2 insect species
Busan	3 mammal species, 30 bird species, 1 amphibian species, and 3 plant species

Biodiversity Protection

Biodiversity Conservation Policy

River Cleanup near Business Sites

Samsung Electro-Mechanics conducts annual ecosystem preservation activities along the Woncheonri Stream, one of Suwon's four major rivers located near the Suwon business site. These efforts include river cleanup campaigns and vine planting to support ecological health.

Improving the Ecological Environment of the Woncheonri Stream

To further protect the local ecosystem, Samsung Electro-Mechanics is working to enhance the quality of water discharged into the Woncheonri Stream. The Suwon Plant operates a three-stage water treatment process before discharge to protect the surrounding ecosystem, with pollutant concentrations in the effluent continuously monitored through a real-time system. Moving forward, we plan to expand our environmental protection efforts in the local community, building on ongoing ecological improvement efforts for Woncheonri Stream.

Sohwang Sand Dune Ecosystem Conservation

The Sohwang Sand Dune in South Chungcheong Province, where Samsung Electro-Mechanics' Sejong plant is located, has been designated by the Ministry of Environment since 2005 as a habitat for endangered species, wild flora and fauna, and natural monuments, making it a valuable environmental conservation area. It is the only ecological landscape conservation area on the west coast where the entire sand dune remains intact. To preserve this unique ecosystem, Samsung Electro-Mechanics signed a memorandum of understanding (MOU) with the Geumgang River Basin Environmental Office, the Boryeong City Sustainable Development Council, and other Samsung affiliates in Chungcheongnam-do. Conservation efforts include the protection of endangered species such as the Chinese egret and great northern diver, as well as native flora and fauna such as Siberian sea rosemary and roundleaf chastetrees. Through this partnership, we continue to implement a variety of conservation activities, including the removal of invasive plant species, installation and maintenance of ecological trails, and community-based initiatives. In 2024, we carried out two conservation programs to help protect the Sohwang Sand Dune and surrounding coastal ecosystems in partnership with the local community.

Biodiversity Risk Assessment Process

Identification of Species and Organisms near the Site Boundary

Samsung Electro-Mechanics conducted a biodiversity risk assessment for the Suwon business site using the biogeographic information service provided by the Ministry of Environment. The assessment confirmed that approximately three biological species inhabit the area within a 1 km radius of the business site, and none of these species are classified as endangered.

Implementation of Environmental Impact Assessment for the Site Boundary

Samsung Electro-Mechanics carried out an environmental impact assessment of the external boundary in December 2024. Testing was conducted on both the discharged water and the river water before and after discharge. The results confirmed that the discharged water met domestic environmental regulations and contributed to improved downstream river water quality. For instance, the concentration of total organic carbon in the discharged water showed a 29% improvement after mixing with river water. Samsung Electro-Mechanics plans to continue its environmental impact assessments at its business sites, monitor surrounding ecosystems, and work to mitigate risks to biodiversity.

Product Stewardship

Product Environmental Compliance Framework

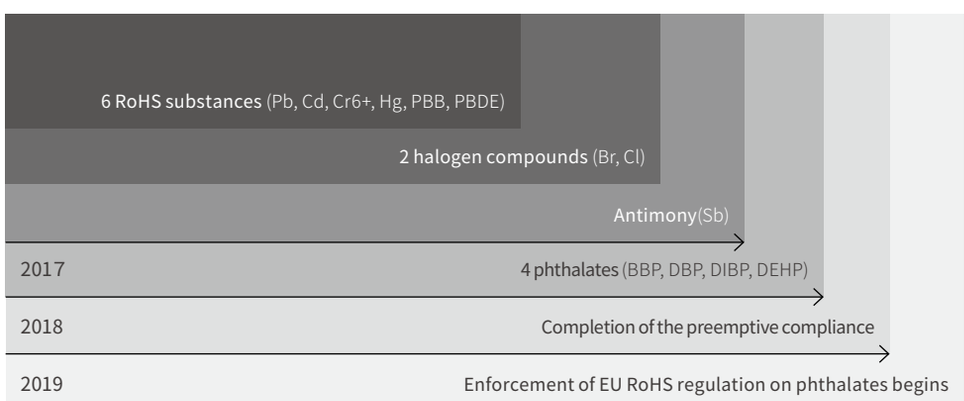
Samsung Electro-Mechanics operates a regular consultative body comprising personnel responsible for product environmental regulations from the development, quality, and procurement departments. This body serves as a platform to continuously share updates on global environmental regulations and evolving customer requirements. In addition, we are strengthening internal hazardous substance management standards and enhancing related capabilities by revising internal environmental regulations on products and providing training throughout the supply chain.

Product Hazardous Substance Management Process GRI 416-1

Compliance with Global Environmental Regulations

To comply with global environmental regulations, including the European Union's Restriction of Hazardous Substances (RoHS) Directive and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation, Samsung Electro-Mechanics has established internal management standards that restrict the use of environmentally hazardous substances starting from the product research and development stage. Since the declaration of full RoHS compliance in 2006, we have operated the Green Purchase System, and established a systematic database of hazardous substances present in raw materials across the supply chain for systematic management. Substances subject to management include the ten restricted substances under EU RoHS (e.g., lead, mercury, cadmium, and hexavalent chromium), substances of very high concern (SVHC) under EU REACH, as well as halogen, antimony, and beryllium, all of which may adversely affect human health and the environment. Samsung Electro-Mechanics plans to continue promoting voluntary reduction initiatives for SVHC candidate substances through 2030.

Reinforce hazardous substance control in final products



Hazardous Substance Management Process

	1. Design	2. Approval	3. Mass production	4. Shipping
	Consideration of hazardous substance restrictions	Preliminary environmental review	Inspection of hazardous substances in materials	Product-level hazardous substance inspection
Development	Evaluate alternative materials free of hazardous substances	Approve hazardous substance evaluation results during component approval		
Procurement	Distribute product environmental management standards to suppliers	Collect raw material composition data and analysis results from suppliers	Encourage suppliers to submit raw material composition data and analysis results	
Quality		Reach agreement on evaluation outcomes during parts approval	Perform sampling and testing of incoming materials for hazardous substances	Conduct sampling and testing of finished products prior to shipment
Safety and environment	Provide hazardous substance management guidelines to relevant internal departments		Operate a digital green procurement management system	

Material Analysis System

Samsung Electro-Mechanics conducts regular screening of raw materials supplied by suppliers using simple analytical equipment to identify environmentally hazardous substances. Regular chemical analyses are also performed on raw materials. If a substance of concern is identified, detailed analysis is requested from an accredited third-party testing organization. All analytical results are managed through our dedicated material analysis system.

Hazardous Substance Management in R&D

To ensure compliance with global product environmental regulations, Samsung Electro-Mechanics rigorously verifies the presence of hazardous substances from the product development process. We apply internally defined environmental hazardous substance management standards across all stages, from initial concept, design, and implementation to final validation and development review, to prevent human exposure to hazardous substances.

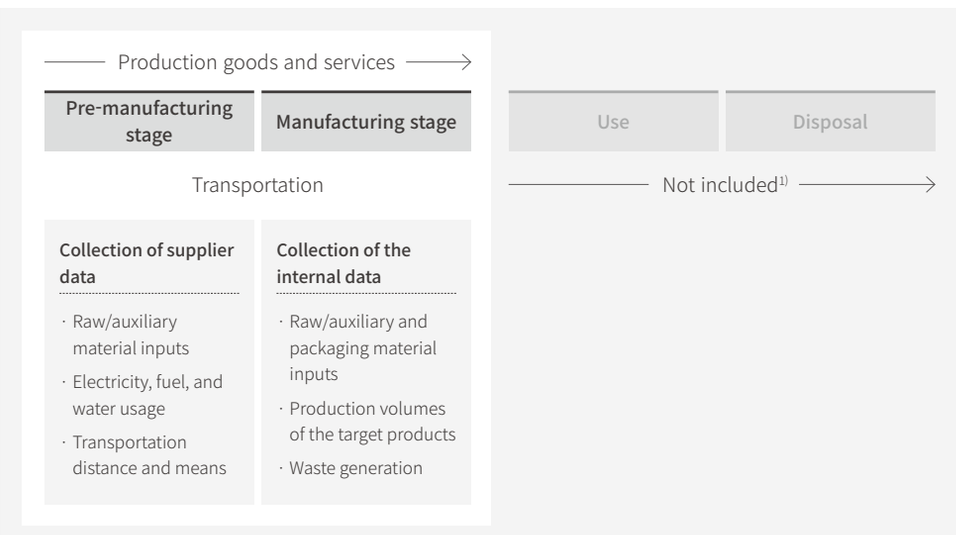
Product Stewardship

Life Cycle Assessment (LCA) GRI 416-1

Samsung Electro-Mechanics, as a B2B manufacturer and supplier of electronic components, systematically manages the environmental impacts associated with the entire product life cycle. As part of these efforts, we calculate carbon emissions in accordance with the environmental performance labeling guidelines issued by the Korea Environmental Industry & Technology Institute under the Ministry of Environment. During the pre-manufacturing stage, we collect detailed data from suppliers, including quantities of raw and auxiliary materials used, electricity, fuel, and water consumption, transportation distances, and modes of transport. During the manufacturing stage, we additionally gather information on raw and packaging material inputs, production volumes of target products, and waste generation to enable a comprehensive assessment of environmental impact.

As demand for carbon neutrality grows, an increasing number of customers are requesting carbon emissions data for products in addition to emissions from operational sites. In response, Samsung Electro-Mechanics is exploring the development of an internal methodology for calculating carbon emissions, along with the establishment of a product-specific emissions database, to enable the systematic management of carbon emissions at the product level.

Life Cycle Assessment Process



1) As Samsung Electro-Mechanics is a B2B company, environmental impact assessments are limited to the pre-manufacturing and manufacturing stages.

Acquisition of Carbon Footprint Certification

Samsung Electro-Mechanics is seeking to obtain carbon footprint certifications as part of its commitment to achieving carbon neutrality by 2050. This initiative is aligned with our efforts to reduce energy consumption and process gas emissions, as well as to transparently disclose environmental impacts across the entire product life cycle. We became the first in the industry to obtain a carbon footprint (environmental performance labeling) certification for MLCCs in 2010. In 2024, we expanded our certifications to include six additional products (two MLCCs, two BGAs, and two camera modules), bringing the cumulative total to 23 certified products.

Green Purchasing System

Samsung Electro-Mechanics operates a green purchasing system to proactively respond to global product environmental regulations and customer requirements, while systematically managing environmentally hazardous substances in products. Under this system, suppliers of raw materials are required to submit detailed information, including material composition data, Material Safety Data Sheets (MSDS), and precision analysis reports that verify compliance with Samsung Electro-Mechanics' hazardous substance management standards. These analysis reports are regularly updated and verified to ensure data accuracy and relevance. In support of green procurement practices, Samsung Electro-Mechanics also voluntarily prioritizes the procurement of environmentally certified products.

Support for Suppliers on Product Environmental Regulations

To enhance the supply chain's capacity to respond effectively to environmental regulations, Samsung Electro-Mechanics provides annual training to personnel responsible for product environmental management. These training programs deliver timely updates on global regulatory developments, guidance on managing environmentally hazardous substances, and practical instruction on the use of our in-house chemical substance management system. The objective is to enhance regulatory compliance awareness and encourage suppliers to reinforce their internal management standards. To reinforce proactive responses to environmental challenges, Samsung Electro-Mechanics holds training sessions twice a year. In 2024, training was provided to 75 companies, with a total of 109 participants.

People

Human Rights Management

Human Rights Protection Policy GRI 2-23, 402-1

Samsung Electro-Mechanics has established a comprehensive framework of institutional mechanisms to safeguard the human rights of its executives and employees, in accordance with the Labor Standards Act. Our employment rules incorporate provisions for the protection of human rights, including the prohibition of discrimination based on nationality, gender, religion, academic background, or social status; the prohibition of forced labor; and the assurance of equal remuneration. Samsung Electro-Mechanics remains fully cognizant of and strictly complies with the human rights-related provisions set forth in the Constitution and the Labor Standards Act. Notably, Samsung Electro-Mechanics ensures equal treatment, as stipulated in Article 6 of Chapter 1 (General Provisions) of the "Samsung Electro-Mechanics Employment Rules," and faithfully enforces provisions such as the prohibition of forced labor (Article 7) and the employment of individuals aged 18 or older (Section 2 of Chapter 2: Personnel). We also align our practices with internationally recognized labor and human rights standards and guidelines, including the core conventions of the International Labour Organization (ILO), the Universal Declaration of Human Rights of the United Nations, the Ten Principles of the United Nations Global Compact (UNGC), and the Responsible Business Alliance (RBA) Code of Conduct. In accordance with the labor legislation applicable in each country where we operate, we strictly prohibit human trafficking, forced labor, and child labor.

We also respect our employees' right to peaceful assembly as well as their freedom to refrain from such activities. Freedom of association encompasses the right of employees to form and join organizations of their own choosing, and the right to collective bargaining provides a mechanism through which workers and employers can collaboratively establish fair working conditions, ensure equal opportunity, and promote sound labor-management relations. Accordingly, we uphold and respect the activities of labor unions and other forms of employee representation. To this end, we take appropriate measures to ensure that no employee is subject to discrimination, retaliation, or harassment due to joining a labor union, requesting or participating in collective bargaining, or exercising the rights to organize or bargain collectively. Our human rights policy also stipulates the continuous implementation of activities such as evaluation, monitoring, cooperation, and support to ensure that the human rights of a broad range of stakeholders, including employees, suppliers, suppliers in new business relationships such as mergers and acquisitions, and local communities, are duly protected and not infringed upon.

Oversight and Evaluation of Human Rights Protection GRI 2-25

Samsung Electro-Mechanics implements human rights protection at the organizational level through collaboration among the Legal Team, Compliance Team, People Team, Management Advisory Team, and Counseling Office. In addition, a consultative body comprising elected members of the labor-management council is operated to address employee grievances and ensure the protection of human rights. The labor-management council, composed of both executives and employees, manages a grievance resolution bulletin board on the internal website, through which it continuously receives and addresses human rights-related concerns in a timely manner. All related activities are transparently disclosed to executives and employees via the council website.

Human Rights Policy

❶ Respect for the freedom of association, the right to collective bargaining, and the right to collective action
❷ Prohibition of all forms of discrimination (including on the basis of nationality, gender, religion, academic background, or social status), prohibition of forced labor, and provision of equal pay
❸ Comprehensive understanding of human rights protections as stipulated in the Constitution and labor laws, with proactive efforts to ensure compliance
❹ Prohibition of human trafficking, forced labor, and child labor
❺ Guarantee of all employees' right to participate in peaceful assembly and their right to refrain from participation
❻ Respect for employees' freedom of expression, both individually and collectively
❼ Ongoing evaluation, monitoring, cooperation, and support activities to prevent human rights violations at suppliers

Human Rights Policy

Key Areas of Human Rights Risk Management

Occupational safety	・Detailed classification and management of hazardous work performed by suppliers ・Implementation of employee safety awareness initiatives ・Prevention of worker exposure to hazardous substances through material substitution and automation
Working environment	・Protection of maternity rights, and management of working hours and wages in accordance with the Labor Standards Act and the Equal Employment Opportunity and Work-Family Balance Assistance Act
Discrimination and harassment	・Operation of grievance handling procedures both online and offline (e.g., workplace/sexual harassment, etc.)

Human Rights Management

Human Rights Respect Inspections GRI 2-25, 2-26

Samsung Electro-Mechanics conducts annual human rights respect inspections across all domestic business sites through an organizational diagnostic process targeting all employees. The People Team administers an organizational management diagnostic survey to assess the level of mutual respect and workplace culture related to human rights protection, and to identify any unreasonable practices, with the aim of fostering a respectful and inclusive working environment. When issues are identified, we analyze the root causes, take corrective action, and carry out follow-up monitoring to confirm that improvements have been made. In addition, each business site designates a grievance handling manager responsible for receiving and addressing employee concerns. An anonymous reporting center is also available via the Knox portal and a dedicated email account. When pursuing business expansion activities such as mergers and acquisitions, we thoroughly evaluate whether the target company poses any significant human rights risks, including forced labor, child labor, or industrial accidents. Moreover, as part of our efforts to support foreign employees, we provide employment rules in Japanese and English and ensure that overseas subsidiaries post employment rules in the respective local language to uphold the principle of human rights respect.

Human Rights Respect Process

Establishment of a culture of human rights respect through a regular inspection system

1. Detection
- Labor law compliance
- Human rights policy adherence
- Identification of global human rights issues
- Inspection of customers' RBA compliance
- online and offline reporting channel

2. Investigation
- Verification of compliance with applicable laws in Korea, including labor laws
- Impact analysis of global issues
- Due diligence for RBA compliance
- Preliminary investigations of potential human rights violations

3. Action
- Identification of improvement measures for non-compliance with domestic and international laws and potential risk factors
- Disciplinary action against violators and protective measures for victims

4. Management
- Sharing of human rights inspection findings
- Ongoing tracking of improvement initiatives
- Monitoring of implementation and compliance status

Human Rights Risk Mitigation Measures

Potential risks	Affected party	Mitigation plan	Remedy
Discrimination and harassment	Employees, women	Establishment of a workplace culture that prohibits sexual harassment and discrimination	・Mandatory training for all employees on sexual harassment and discrimination prevention (Training on sexual harassment prevention, workplace harassment prevention, and disability awareness) ・Development and operation of a grievance resolution system ・Dedicated email accounts for workplace harassment/sexual harassment reporting at three domestic sites (Suwon, Sejong, Busan)
		Promotion of women's rights	・Implementation of a personnel system for human rights protection ・Women's rights promotion: Maternal protection and W Board
Forced labor and child labor	Suppliers, contracted workers, and entities involved in new business relationships, such as M&As	On-site inspections of suppliers and active employees	・Provision of guidance on the Code of Conduct to suppliers and collection of their consent to comply ・Evaluation of compliance with minimum wage requirements and prohibition of forced labor (including unpaid or involuntary overtime) for suppliers and M&A entities ・Verification of provisions and policies prohibiting the employment of minors, and review of employee rosters, for suppliers and M&A entities ・Availability of anonymous reporting channels for suppliers (suggestion box, bulletin board, hotline, etc.)
Industrial accidents		Enhanced safety and health management at supplier sites	・Operation of a segmented contractor council, management of direct-order construction system, execution of daily risk inspection (DRI) for hazardous tasks, and implementation of a supplier suggestion system

Human Rights Management

Human Rights Management Response Strategy

Initiative Compliance

Samsung Electro-Mechanics adheres to the RBA Code of Conduct, which is grounded in international frameworks, such as the Universal Declaration of Human Rights, the ILO International Labour Standards, the OECD Guidelines for Multinational Enterprises, and ISO standards. Based on the five core areas of the RBA Code of Conduct—labor, health and safety, environment, ethics, and supply chain management—we carry out comprehensive inspections and related activities across our global supply chain, including domestic and overseas business sites and suppliers. In 2023, in conjunction with the expansion of our electronic components business, we became the first company in Korea to join Drive+, a consultative body within the electronic components supply chain. Drive+ is a Tier-1 working group under Drive Sustainability and promotes sustainability within the automotive industry, based on codes of conduct concerning corporate ethics, the environment, and human rights/working conditions. Samsung Electro-Mechanics strictly complies with global initiatives such as RBA and Drive+, supply chain due diligence guidelines, and international forced labor legislation. We remain committed to continuously improving the working environment for both Samsung Electro-Mechanics employees and workers employed by our suppliers.

Inspection and Improvement Process

Samsung Electro-Mechanics conducts an annual RBA self-assessment questionnaire (SAQ) at both domestic and overseas production sites. All production sites are also subject to on-site audits by external specialized audit firms in accordance with the RBA validated assessment program (VAP). The VAP is a third-party audit process that evaluates production site compliance with the RBA Code of Conduct and applicable local laws. Based on the VAP framework, we conduct initial audits, and sites that fall under the non-VAP category undergo initial audits every 1 to 2 years. For all identified findings, the responsible department formulates and implements corrective action plans. Where necessary, a closure audit is conducted by a third-party agency to verify completion of the improvement measures. In addition, we conduct integrated evaluations related to human rights and sustainability using SAQ 5.0, a tool developed by Drive Sustainability.

Inspection and Improvement Cases

Samsung Electro-Mechanics requires all primary suppliers and their employees to comply with the Samsung Electro-Mechanics Supplier Code of Conduct and the Responsible Business Alliance (RBA) Code of Conduct. Where local laws exist, the more stringent standard between the two is applied. When non-conformities are identified, we take corrective action to align with global compliance standards by providing targeted training and improvement guidelines to the relevant personnel.

CASE | **Post-Monitoring for Reporter Protection and Retaliation Prevention**

Samsung Electro-Mechanics has established procedures to protect the identity of whistleblowers and prevent retaliation in connection with internal and external grievance reporting systems. However, it was determined that post-monitoring to verify whether the reporter had experienced retaliation or other adverse consequences was insufficient. In response, we immediately conducted a re-inspection and completed appropriate corrective measures.

CASE | **Labor and Human Rights (Revision of Supplier Employment Rules)**

All wages for regular and overtime work must be calculated accurately and paid to workers in a timely manner. However, a 2024 inspection revealed that retirement wages for former employees of a primary supplier were disbursed beyond the legally mandated payment deadline (14 days following the termination of the employment contract) without prior agreement. The investigation concluded that the supplier had not fully understood the requirements of the Samsung Electro-Mechanics Supplier Code of Conduct and the RBA Code of Conduct. Accordingly, we promptly notified the responsible personnel at the supplier of the violation and provided guidance on improvement measures to revise its employment rules, ensuring compliance with the statutory retirement payment timeline.

Human Rights Management

Human Rights Management Response Strategy

RBA Audit Status

Business site[1]	Sejong	Busan	Tianjin	Philippines	Vietnam	Gaoxin
Human rights Inspection status	complete	complete	complete	complete	complete	complete
Method	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA SAQ RBA VAP Audit	RBA SAQ RBA Non-VAP Audit	RBA Non-VAP Audit
Implementation year[2]	2024	2023	2023	2023	2025	2023
Third-party inspection	complete	complete	complete	complete	complete	complete
Inspection result						
Labor	89.6%	93.1%	100%	100%	100%	100%
Safety and health	91.6%	83.3%	91%	96%	91.6%	87.5%
Environment	94.1%	100%	100%	100%	100%	100%
Ethics	100%	100%	100%	100%	100%	100%
Supply chain management	100%	100%	93%	100%	100%	85.7%

1) SAQ implemented at Suwon Plant; implementation scheduled for Tianjin and Philippines Plants in 2025
2) Based on initial audits

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

Evaluation Process for Supplier Labor Rights

Samsung Electro-Mechanics regularly assesses compliance with labor rights by incorporating labor rights criteria into the compliance management self-assessment checklist, which is based on the RBA Code of Conduct and applicable Korean legislation. In addition to the self-assessment, labor rights evaluations are also conducted through on-site inspections, during which Samsung Electro-Mechanics representatives visit suppliers in person to verify the results of their self-diagnosis. The outcomes of these inspections are reflected in each supplier's annual comprehensive evaluation and serve as key indicators for determining the continuation of business relationships. For any non-conformities identified during the inspection process,
we not only request corrective actions but also provide education and consulting support based on RBA standards and applicable national labor laws. In 2024, a total of 87 Korean and overseas suppliers participated in the self-assessment process, and labor rights on-site inspections were conducted for 58 of these suppliers. As a result, 40 suppliers (69% of those inspected) received a score of 90 or higher in the labor rights category.

Results of Supplier Labor Rights Evaluation

Category		2022	2023	2024
No. of suppliers	Total	97(82) companies	92(67) companies	87(58) companies
	Korea	52(50) companies	48(46) companies	47(31) companies
	Overseas	45(32) companies	44(21) companies	40(27) companies
No. of suppliers with high scores[1]	Total	51 companies	55 companies	40 companies
	Korea	30 companies	38 companies	24 companies
	Overseas	21 companies	17 companies	16 companies
No. of suppliers with high risks[2]	Total	7 companies	2 companies	5 companies
	Korea	2 companies	0 companies	0 companies
	Overseas	5 companies	2 companies	5 companies

* Numbers in parentheses indicate the number of suppliers subject to on-site inspection.
1) Number of suppliers with a labor rights score of 90 or above based on on-site evaluation
2) Number of suppliers with an evaluation score below 80

Human Rights Management

Evaluation of Supplier Labor Rights

Supplier Labor Rights Evaluation Criteria

Voluntary employment	Prohibition of forced labor. execution of employment contracts, and guarantee of freedom to resign or transfer
Wages and benefits	Minimum/additional wages, timely payment of wages, issuance of wage statements, subscription to social insurance, and prohibition of disciplinary wage deductions
Freedom of association	Formation and operation of labor-management councils and democratic election of worker representatives
Underage workers	Prohibition of child labor, verification of worker age through supporting documents, regulation of working hours, and prohibition of night and holiday work
Humane treatment	Prohibition of inhumane treatment and protection of pregnant employees (e.g., restrictions on working hours and night/holiday work)
Corporate ethics	Whistleblower protection (reporting channels), prohibition of the use of conflict minerals, and protection of personal information
Working hours	Compliance with RBA and legal requirements, voluntary consent for overtime, and guarantee of weekly rest days, legal holidays, and break times
Prohibition of discrimination	Fairness in recruitment postings, applications, and medical checks, and prohibition of discrimination against irregular workers
Management system	Legal violations, compliance training, and compliance audits across the supply chain

Remediation Process Through Human Rights Reporting Channels GRI 2-25

Operation of Human Rights Reporting Channels

Samsung Electro-Mechanics has established a “Workplace Sexual Harassment and Bullying Reporting Center” on its intranet to facilitate reporting of human rights violations, such as discrimination and workplace harassment. All reports are addressed in accordance with internal procedures, and appropriate measures are taken without delay. To ensure the utmost protection of reporters, a dedicated reporting email account has been established to guarantee anonymity. If violations are confirmed, appropriate disciplinary measures, including warnings, salary reductions, or suspension, are imposed on the perpetrator. In addition, employees are provided with access to counseling and grievance resolution support through the in-house counseling center and a mobile consultation/reporting channel.

Operation of Human Rights Reporting Channels

Company intranet	· Operation of the “Workplace Sexual Harassment (verbal, physical, visual) and Workplace Bullying (verbal abuse, assault, unfair orders, emotional abuse, etc.) Reporting Center” · Dedicated email address for easier reporting: respect.sem@samsung.com(respect.sem@samsung.com)
In-House Counseling Center	Provision of counseling programs to resolve employee grievances
Mobile Application “Mobile 7979”	Mobile messenger platform for consultation and anonymous reporting

Working Environment Improvements 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.” The Hanulim Council, the representative labor-management body, reviews all matters related to the employee working environment at monthly board meetings and submits key issues to the workplace council for resolution. Among these, major matters concerning the working conditions of executives and employees are disclosed transparently to all personnel through regular quarterly meetings.

Human Rights Management

Remediation Process Through Human Rights Reporting Channels

Status of Human Rights Violations and Grievance Handling

Samsung Electro-Mechanics' labor-management council continuously collects employee feedback, including grievances and suggestions, through the Hanulim website. Upon receipt of feedback, an initial response is provided within 24 hours, and the corresponding actions and outcomes are communicated within 10 days to ensure prompt resolution. In 2024, a total of 2,182 suggestions were submitted, all of which received timely responses and were resolved.

Status of Suggestions Submitted via Hanulim (Korea)

Category		2022	2023	2024
Number of cases accepted		2,060 cases	1,861 cases	2,182 cases
Suggestion Ratio by cases	Health/safety	4.7%	3.8%	3.7%
	Education	2.6%	2.4%	2.0%
	Working infrastructure	17.1%	18.7%	19.4%
	Salary/Attendance	9.9%	9.0%	9.9%
	Sungwoo Club/Community service	8.4%	10.6%	7.5%
	Personnel system (including recruitment)	4.7%	5.1%	4.3%
	Information protection (including systems)	6.6%	5.5%	4.5%
	General affairs (cafeteria, lounge, and commuter bus)	45.9%	44.9%	48.8%

Human Rights Education

Samsung Electro-Mechanics provides annual workplace training on the prevention of sexual harassment and bullying, as well as disability awareness training, to all domestic employees. These programs are designed to strengthen respect for human rights and raise sensitivity to human rights issues.

Minimum Wage System GRI 202-1

Samsung Electro-Mechanics ensures that all employees receive wages above the minimum statutory requirements to promote financial stability and attract and retain high-quality talent. Operating across Korea, China, the Philippines, and Vietnam, we provide wages that exceed the legal minimum standards in each region, thereby supporting stable livelihoods for our global workforce.

Equity and Inclusion GRI 405-1

Cultivation of a Fair Organizational Culture

Samsung Electro-Mechanics is committed to fostering an inclusive organizational culture that ensures equitable opportunities for all employees, regardless of gender, age, nationality, race, religion, or sexual orientation. We offer a variety of programs and training sessions to promote a work environment that values diverse perspectives on work and encourages mutual respect and collaboration.

Gender Equity

Samsung Electro-Mechanics strives to foster a culture of gender equality within the organization and to create an environment where all employees can realize their full potential under conditions of equal opportunity. As of 2024, women comprised 23.9% of the domestic workforce and 52.4% of the overseas workforce. Among these, the proportion of women in executive roles (including managers, senior managers, and general managers) reached 17.1%, reflecting a 1.3 percentage point increase from the previous year. Remarkably, the proportion of female managers stood at 26.7%, indicating a steady rise in female leadership representation.

Cultivation of Female Leaders

Samsung Electro-Mechanics supports the career development and capacity building of female employees with the objective of expanding the pool of female leaders. Each year, we identify key female employees with strong leadership potential and provide them with various leadership development programs. Furthermore, we have steadily increased the proportion of women designated as key personnel from 5.6% in 2020 to over 10% since 2021, thereby enhancing motivation. Female employees are continuously enrolled in next-generation leadership training programs to cultivate future female leaders with strong growth potential in business management. As a result of these efforts, Samsung Electro-Mechanics has produced at least one female executive annually since 2020.

Enhancement of Systems to Prevent Career Disruptions for Women

Samsung Electro-Mechanics is committed to building a corporate culture that enables female employees to maintain continuous career development while achieving work-life balance. In recognition of these efforts, we have maintained the Family-Friendly Company Certification since 2013 and continue to enhance our family-friendly systems.

Age Diversity

Samsung Electro-Mechanics' workforce comprises a wide range of age groups, from employees in their 20s to those in their 50s and older. To promote intergenerational communication, we operate various internal exchange programs. As a result, the average length of service among employees in Korea stood at 15.1 years as of 2024, reflecting strong employee retention.

Human Rights Management

Equity and Inclusion

Country-Specific Diversity

As of 2024, Samsung Electro-Mechanics employs a total of 35,990 individuals across its domestic and overseas business sites.

No. of Employees in Korea and Overseas Sites

Category		2024
Korea		12,164 persons
Overseas	Asia	23,735 persons
	China	9,495 persons
	Philippines	7,716 persons
	Vietnam	6,275 persons
	Others	249 persons
	Americas	54 persons
	Europe	37 persons
Total		35,990 persons

Diversity Education (Korea)

Category	Education to strengthen the respect for cultural diversity	Facilitator training program for effective collection of diverse ideas and viewpoints
Target	An online channel (Thursday Talk) made accessible to all employees	・10 employees from the MCA/FCA. ・2 basic training sessions/42 participants, 1 in-depth training session/10 participants.
Details and outcomes	Deepening understanding of varying cultural value systems shaped by historical context and encouraging openness to diverse perspectives.	Promoting an inclusive and welcoming environment where employees feel comfortable contributing, regardless of cognitive differences.

Childbirth and Childcare Support System

Samsung Electro-Mechanics operates a comprehensive range of policies to support childbirth and childcare for all employees. These include shortened working hours during pregnancy and legally mandated prenatal and postnatal leave of up to 90 days, extended to 120 days for multiple births and 100 days for premature births. Additional provisions encompass miscarriage and stillbirth leave for spouses, as well as leave for infertility treatment, aimed at supporting employees' physical and mental well-being. Employees with children under the age of 12 may take up to two years of childcare leave, with one paid year available to employees with children under eight years old or those in the second grade of elementary school (each employee is eligible for a minimum of three months of childcare leave, while single parents and parents of children with severe disabilities are entitled to up to two years and six months of leave, with one year and six months of paid leave). Furthermore, various supplementary childcare support programs are offered, including Mommy Leave, which can be flexibly utilized throughout pregnancy and up to childbirth. Through these continued efforts, Samsung Electro-Mechanics has maintained its Family-Friendly Company Certification since first receiving it in 2013.

Childbirth and Childcare Support System

Shortened working hours during pregnancy	Available for up to 2 hours per day — paid leave before 12 weeks and after 32 weeks of pregnancy, unpaid between 13 and 31 weeks. ※ In the case of a high-risk pregnancy, paid leave is provided throughout the entire pregnancy.
Prenatal and postnatal leave	Provided for up to 90 days (120 days for multiple births, 100 days for premature births).
Childcare leave	Available for up to 2 years for all employees with children aged 12 or younger. (Extended up to 2 years and 6 months for children aged 8 or in the 3rd grade of elementary school or younger, if one of the following conditions is met: ① Each parent using childcare leave for at least 3 months ② Single parent ③ Parent of a severely disabled child)
Shortened working hours for childcare	Can be used for up to 3 years in increments of at least 1 month, in addition to the childcare leave period.
Mommy leave	Leave available from pregnancy through childbirth (up to 8 months).
Childbirth incentive/ congratulatory gift	Provided to employees who give birth and to their spouses.
Miscarriage or stillbirth leave for spouses	Provided for up to 3 days.
Spouse maternity leave	Up to 20 days (paid).
Infertility leave/vacation	Up to 1 year of unpaid leave available; up to 6 days of infertility vacation per year (5 paid days + 1 unpaid day).
Child adoption support	Equivalent support provided as for childbirth.

Human Rights Management

Equity and Inclusion

CASE | **Event to Celebrate International Women's Day**

Samsung Electro-Mechanics hosted a communication session between the CEO and female leaders on March 8 in celebration of International Women's Day. During the session, the company listened to the concerns and suggestions of female leaders across various departments, including development, technology, and sales. Discussions focused on strategies for developing female leadership and fostering a more inclusive organizational culture.

Guaranteeing Gender-Equal Compensation

Samsung Electro-Mechanics ensures that compensation standards applied to female employees are equally applied to male employees based on objective and fair performance evaluations. Employees in equivalent positions and job grades receive equal wages regardless of gender.

2024 Gender Pay Gap[1](Korea)

Category	2024
Average wage gap[2]	80.0%
Median wage gap[3]	75.0%
Average performance-based pay gap[4]	69.2%
Median performance-based pay gap[5]	69.7%

1) Calculations are based on 2023 business report data, and wage figures include monthly salary, annual leave allowance, additional allowances, tuition support, and medical expenses. Bonus figures include OPI, TAI, performance pay, and other performance-based compensation. The number of employees is based on the average annual workforce.
2) Average wage of female employees/average wage of male employees
3) Median wage of female employees/median wage of male employees
4) Average performance-based pay of female employees/average performance-based pay of male employees
5) Median performance-based pay of female employees/median performance-based pay of male employees

Recruitment of Persons with Disabilities

Samsung Electro-Mechanics maintains a consistent policy of hiring persons with disabilities through a fair and equitable recruitment process. In accordance with special provisions for calculating the number of employees with disabilities, the number of employees with disabilities at Samsung Electro-Mechanics in 2024 stands at 220[1], accounting for 1.82% of the domestic workforce. Samsung Electro-Mechanics will remain committed to expanding employment opportunities for persons with disabilities.

1) Based on the figure confirmed by Korea Employment Agency for Persons with Disabilities

Safety and Health

Safety and Health Management System GRI 403-1

Strengthening the Safety and Health Management System

Samsung Electro-Mechanics applies the international standard Occupational Health and Safety Management System (ISO 45001) and internal safety and health regulations to all business sites to build a safe workplace. Through this system, we endeavor to provide a safe and healthy working environment for all stakeholders, including employees, suppliers, and visitors. We actively engage in identifying and mitigating hazardous and risk factors in the workplace and are fostering an interdependent safety culture.

Safety and Health Policy

Guided by the principle that "safety and the environment are top management priorities," Samsung Electro-Mechanics conducts comprehensive safety and health compliance assessments in alignment with global standards to prevent workplace accidents. We also promote a participatory safety culture where all employees voluntarily engage in creating a safe and pleasant work environment. Our safety and health policy is uniformly applied to all individuals under our management and supervision, including employees of Samsung Electro-Mechanics, and forms the foundation of an integrated safety and health management framework.

Safety and Health Management System

As of 2022, all business sites of Samsung Electro-Mechanics have completed the transition to the ISO 45001 Safety and Health Management System. Since then, we have conducted internal audits and third-party certification reviews annually to ensure the continued effectiveness of the system. We are pursuing systematic improvements by integrating eight key elements, such as risk assessment, root cause analysis, and corrective actions, into the safety management system, with the aim of evolving from an 'independent' to an 'interdependent' safety culture.

Serious Accident Response System

Samsung Electro-Mechanics has established 13 compliance guidelines to prevent serious industrial accidents and developed an implementation management system to ensure systematic execution. Under this framework, we regularly monitor and document compliance with the safety and health management system to drive continuous improvement.

13 Compliance Guidelines for Preventing Serious Accidents

❶ Formulation and review of safety and health management policies	❽ Establishment of supplier safety evaluation standards
❷ Deployment of safety and health structures across all management levels	❾ Procedures for cause investigation and prevention of recurrence
❸ Development and implementation of procedures to improve risk factors	❿ Reporting to government agencies and implementation of related instructions
❹ Allocation and management of safety and health personnel and budgets	⓫ Periodic implementation of safety audits, training sessions, and meetings
❺ Assignment of safety professionals and operational support	⓬ Compliance with applicable laws on safety and health and management of safety training and inspections
❻ Development of procedures for collecting feedback from employees and suppliers	⓭ Other safety management initiatives (e.g., executive participation in safety activities)
❼ Development and inspection of response procedures for serious accidents	

Autonomous Safety and Health System

To cultivate a culture of voluntary safety, Samsung Electro-Mechanics clearly defines the roles and responsibilities of management, supervisors, and employees and operates a range of participatory safety programs. Management and supervisors conduct monthly safety inspections, identify areas for improvement, and promptly implement corrective actions. Employees contribute actively by independently identifying hazards and submitting safety suggestions. To further promote safety awareness, the 4th of each month is designated as "Safety Inspection Day," and a "Safety and Environment Award" system has been introduced to encourage employee engagement.

10 Commandments for a Safe Environment

Safety and the environment are top management priorities.	
❶ All accidents are preventable. [Safety Philosophy]	❻ Do not proceed with tasks unless safety is ensured. [Work Standards]
❷ Comply with and exceed legal and regulatory requirements. [Principles of Behavior]	❼ Identify root causes and address them thoroughly. [End-to-End Improvement]
❸ Seek answers on-site. [Field-Oriented Approach]	❽ Treat suppliers and colleagues as family. [People-Centered Culture]
❹ The true threat to safety is not danger but apathy. [Safety Awareness]	❾ Continuously study and apply improvements. [Capacity Development]
❺ Disclose and share all issues and changes. [Open Communication]	❿ Create a workplace safer than your own home. [Safety Standard]

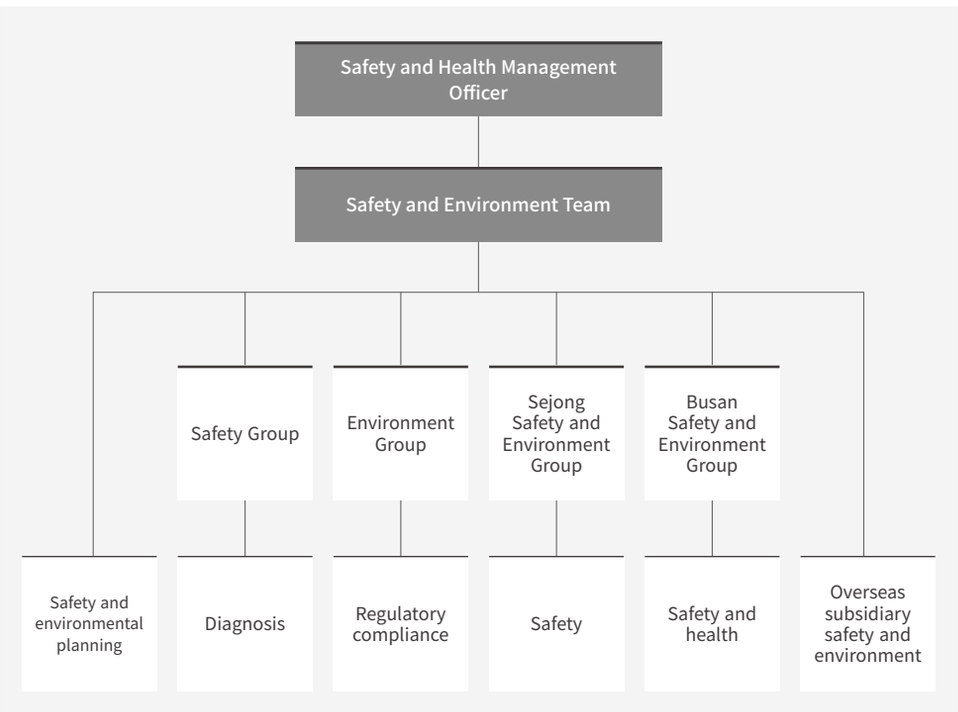
Safety and Health

Safety and Health Management System

Autonomous Safety and Health System

Samsung Electro-Mechanics is building a safety and health governance framework that places the highest priority on the safety and health of its employees. The Safety and Environment Team, a dedicated body reporting directly to the Safety and Health Management Officer, is composed of the Safety Group, Environment Group, Sejong Safety and Environment Group, Busan Safety and Environment Group, safety and environment planning organization, and overseas subsidiary safety and environment organization. These entities collectively implement safety and environmental management tailored to the characteristics and specific needs of each business site and region.

Safety and Health Governance



Safety and Health Council GRI 403-4

Occupational Safety and Health Committee

Samsung Electro-Mechanics convenes an Occupational Safety and Health Committee on a quarterly basis, with equal representation from labor and management. As of 2024, the committee has deliberated and resolved a total of 90 key safety and health-related agenda items.

Operational Performance of the Occupational Safety and Health Committee

Regular Consultative Body for Frontline Workers	Occupational Safety and Health Committee	Key agenda
Once per quarter	Once per quarter	· Revision of safety and health management regulations · Operation plans and implementation status of employee health checkups · Plans and outcomes of protective equipment evaluation meetings · Status of regular safety and health education programs · Results of work environment assessments and related improvement activities · Accident prevention initiatives (e.g., fire safety, pedestrian safety)

Safety and Environment Meeting

Samsung Electro-Mechanics holds safety and environment meetings and safety and environment councils, which are attended by the heads of each business division, including the Safety and Health Management Officer. These meetings serve as platforms to share and discuss safety and health issues, review safety initiatives, and reinforce safety management responsibilities through departmental goal management and the direct involvement of leadership.

Supplier Safety and Health Management

Samsung Electro-Mechanics is also committed to enhancing the working environment of its suppliers and preventing accidents. To this end, the Supplier Safety and Health Council is convened on a monthly basis to address key safety issues, and support measures are implemented based on identified areas for improvement to raise overall safety and health standards.

Safety and Health

Establishment of a Safety-Centered Workplace

Improvement of the Work Environment GRI 403-2

Samsung Electro-Mechanics conducts work environment surveys to establish a safety-centered workplace and takes corrective measures as necessary based on the findings.

Work Environment Improvement Process

1. Basic examination
- Identification of legal compliance issues
- Collection of departmental complaints
- Benchmarking of exemplary business sites
- Identification of online VOC

→

2. Current status examination
- Measurements and investigations
- Employee interviews
- Identification of key influencing factors

→

3. Improvement measures
- Discussion on direction of improvement
- Construction for improvement
- Analysis of improvement outcomes

Employee Safety Evaluation

To consolidate an autonomous safety culture and foster a safe workplace, Samsung Electro-Mechanics incorporates a 5–15% weighting for safety and environmental performance into the management and supervisory MBO (management by objectives) targets. At the employee level, we conduct an annual evaluation of safety culture maturity to assess and analyze employees' safety management practices. Furthermore, Samsung Electro-Mechanics seeks to enhance employee engagement and safety capabilities through internal safety and environment campaigns and participatory programs.

Workplace Risk Assessment GRI 403-2

Samsung Electro-Mechanics reviews risk assessments annually and additionally conducts ad hoc evaluations in response to any operational changes. Our risk assessment system is designed to systematically identify hazardous risk factors and establish mitigation measures, thereby supporting continuous improvement of workplace safety conditions. We also strengthen employee capabilities by inviting internal and external instructors annually to train risk assessment professionals.

Workplace Risk Assessment Process

Step 1. Conduct risk assessment
- Perform assessments in response to new processes or facility changes
- Conduct regular periodic assessments

→

Step 2. Identify hazards and risk factors
- Identify safety and health risks through the active participation of all employees

→

Step 3. Take measures for improvement
- Address identified risks and apply preventative measures in advance
- Apply results from risk assessments to annual re-evaluations and continuous improvement activities

Major Work-Related Injury Types GRI 403-9, 403-10

As part of its efforts to monitor and prevent safety and health incidents, Samsung Electro-Mechanics manages major types of workplace injuries. In 2024, a total of 15 safety and health incidents were reported, 8 of which occurred during work-related activities.

Types of Accidents

Accident Type	Work-related	Others
Total	8 cases	7 cases
Entrapment	4 cases	0 cases
Trips	0 cases	7 cases
Hit	1 case	0 cases
Collision	1 case	0 cases
Others	2 cases	0 cases

Safety and Health Evaluation Results

As a business site subject to Process Safety Management (PSM), Samsung Electro-Mechanics' Busan site received the highest rating of "P" in the 2022 performance evaluation conducted by the Ministry of Employment and Labor—a rating it has consistently maintained. The Suwon site was re-certified as an exemplary business site for health promotion, and the Sejong site was recognized as an excellent site for fire safety management on Firefighting Day. The Gaoxin site was awarded the Advanced Company Award for Safety Production in acknowledgment of its outstanding safety initiatives. In addition, Samsung Electro-Mechanics recorded zero serious accidents, reduced its package insurance premium rates by 10% compared to 2022, and identified and addressed 127,506 potential risk factors through internal suggestions for safe and environments and potential risk detection efforts. Furthermore, 52 improvements to hazardous substance handling processes were completed through measures such as material substitution, elimination, and automation, with additional phased improvements planned through 2027.

Safety and Health

Safety Accident Prevention Activities and Management

Safety Accident Prevention Activities

Samsung Electro-Mechanics implements a range of activities to prevent safety accidents, including the dissemination of safety messages from the CSO, employee safety pledges, and the establishment of a “Not-To-Do List” outlining fundamental safety rules. We actively promote employee participation in identifying potential risks through structured activities and have introduced a real-time, bidirectional safety communication platform (SEM-S) to support the development of a self-directed safety culture. In addition, we set workplace safety objectives, conduct various safety culture initiatives, and organize grid inspection teams to identify and address unsafe conditions across our business sites. In the event of operational changes, we conduct safety reviews and risk assessments to develop mitigation measures and implement appropriate safety and health controls to effectively manage relevant risks. A total of 124,489 potential risk factors were identified and mitigated in 2024, and 3,017 safety-related suggestions were registered and addressed through the SEM-S platform.

Performance and Goals of Safety Accident Prevention Activities

Item	2022	2023	2024	Target
Identification of potential risks	167,745 cases	144,879 cases	124,489 cases	More than 3.5 cases per person
SEM-S suggestion submission/ improvement	2,556 cases	2,912 cases	3,298 cases	10% increase compared to the previous year
Executive participation in safety efforts	100%	100%	100%	At least once per week
Work environment improvement	61 cases	38 cases	52 cases	Minimum of 30 cases annually
Safety and first aid training	616 persons	6,282 persons	5,656 persons	Completion by all domestic employees
Company-wide emergency response drills	100%	100%	100%	On a monthly basis
Employee health examinations	100%	100%	100%	100% participation rate

Workplace Safety Rules

Not To Do List	Work-related rule
For employees	1. Do not service or repair equipment while it is in operation. * Before beginning any maintenance, ① shut off the power and ② lock the operating switch. 2. Do not disable safety devices. * Removing safety devices installed for approved equipment safety is prohibited. 3. Do not perform tasks without wearing the required protective equipment for each risk. * Wear the designated protective gear appropriate for each hazardous task or equipment, as indicated. 4. Do not operate equipment without having received the necessary training.
For suppliers	1. Do not perform high-place work without a safety harness or conduct simultaneous tasks without securing the work area. 2. Do not engage in hazardous work in unsafe conditions (right to cease to work under unsafe conditions). 3. Do not conduct high-place work, hot work, or heavy equipment operations without obtaining the required work permits.

* Safety rules for employees and suppliers have been in effect since 2021.

Prevention and Intensive Management of Serious Industrial Accidents

Samsung Electro-Mechanics has developed and operates an independent prevention and management system targeting 12 key PSM[1] items, including fire and explosion, with the goal of achieving the highest level of PSM operation and zero serious industrial accidents. For processes involving large volumes of hazardous substances, we prepare comprehensive documentation such as process safety data, risk assessments, safe operation procedures, and process safety reports that incorporate emergency response measures. Furthermore, we use the PSM system to drive continuous improvements in process safety management, conduct annual consistency checks and both qualitative and quantitative assessments, and engage external expert organizations to perform third-party verification of PSM implementation.

1) Refers to a system designed to prevent serious industrial accidents—such as leaks, fires, or explosions of hazardous substances—by applying rigorous safety controls to workplaces that manufacture, handle, or store such substances, as defined under the Occupational Safety and Health Act.

Safety and Health

Safety Accident Prevention Activities and Management

Hazardous Work Management Through Prior Review/Approval

Samsung Electro-Mechanics maintains a rigorous pre-management system for tasks involving exposure to hazardous substances and for nine designated high-risk work categories, such as hot work, asbestos handling, and electrical operations. Relevant departments must submit work plans, including safety procedures, in advance through the hazardous work permit system and obtain formal approval prior to commencing work. This system tracks the entire work process, from pre-initiation to completion, ensures pre-documentation and on-site DRI, and supports the strict implementation of on-site safety management.

Safety Accident Prevention Process for Hazardous and High-Risk Tasks

1. Pre-application	2. Pre-work phase	3. During task execution	4. Post-completion
· Preparation and system registration of hazardous work plans · Approval by responsible department executives and consultation with the Safety and Environment Manager	· Completion of preliminary documentation and on-site daily risk inspection (DRI) · Verification of safety management plans · Provision of safety education for workers · Implementation of preventive measures, including assignment of safety supervisors	· Continuous monitoring by safety and infrastructure managers and safety monitoring teams	· Confirmation of and response to any remaining risk factors

Management of Work Environment and Employee Exposure to Hazardous Substances

Measurement and control of work environments handling hazardous substances	· Measurement of work environments involving 114 substances used by Samsung Electro-Mechanics, from among 192 substances listed in Table 21 of the Enforcement Regulations of the Occupational Safety and Health Act · Maintenance of in-process exposure levels at or below 30% of the legal thresholds
Improvement of work environments	· Provision of general and special health checkups for employees exposed to hazardous substances · Specification of appropriate personal protective equipment (PPE) for each site · Distribution of PPE for each worker · Confirmation of PPE safety through fit-testing
Safety and Environment Council and Training	· Operation of a dedicated council for PPE management · Training on PPE handling and proper usage

Safety and Health Training GRI 403-5

Safety and Health Training for Employees

Samsung Electro-Mechanics delivers structured safety and health education programs tailored to the roles and job characteristics of various employee groups, including executives, managers, indirect personnel, and production workers. Additionally, risk response capabilities are reinforced through scenario-based training such as evacuation procedures for fire and earthquakes, safety accident simulations utilizing virtual reality (VR) and mixed reality (MR), cardiopulmonary resuscitation (CPR) training, and use of automated external defibrillators (AEDs). We also encourage participation in training programs provided by external professional institutions, including courses on accident investigation and risk assessment, to enhance occupational safety expertise in each domain.

Safety and Health Training for Employees

Category	Program name	Training hours per employee
Korea	General safety and health training, onboarding for new employees, executive training, special safety training, hands-on safety training, etc.	108 hours
Overseas	Safety and health training by overseas affiliates, work standard training, fire safety training, etc.	51 hours

Emergency Response Training for Accidents and Disasters

Samsung Electro-Mechanics has developed 15 emergency response scenarios designed to prepare for diverse emergency situations such as fires, earthquakes, chemical spills, and food poisoning. Regular monthly drills are conducted based on pre-defined crisis scenarios to ensure rapid and effective responses and to minimize damage in actual emergency situations. In addition, we carry out joint training programs with external public and private institutions to establish robust collaboration systems and enhance real-world emergency response capabilities.

Training Status

Program	Target	Frequency	Details
Joint training	All employees	Annually	Joint disaster response and evacuation training with external agencies
Response drills	Relevant departments	Monthly	Response training based on 15 key crisis scenarios
Basic training	Manufacturing process	Quarterly by theme	Self-directed training for each scenario for fire, chemical leaks, etc.
Other training	Professional engineers	Semiannually (each in the first/second half)	Nighttime surprise fire and evacuation drills
	Daycare center	Monthly	Fire and evacuation training

Safety and Health

Supplier Safety and Health Management

Support for Supplier Safety and Health Management

Samsung Electro-Mechanics promotes a wide range of initiatives to enhance the safety and health standards of its suppliers. We provide structured support through activities such as risk assessment consulting for high-risk sites, specialized training, safety campaigns, provision of safety equipment, and the operation of the Win-Win Cooperation Council. For suppliers residing onsite, we conduct best practice competitions, onboarding safety education, and proactive management of hazardous tasks. Furthermore, we perform safety consulting and RBA-based compliance evaluations for processing suppliers, organize supplier safety councils to share safety issues, and carry out quarterly joint inspections to continuously improve identified risks.

Status of Safety and Health Management for Suppliers

Category	Details
Co-Existence and Cooperation Program for Supplier Safety and Health	· Support for risk assessment of explosion-hazardous locations (a total of 7 external companies) · Production and distribution of safety and health materials (provided twice annually) · Support for specialized safety and health education (3 sessions in total) · Implementation of safety and health campaigns (e.g., heat wave awareness and safety consciousness enhancement, twice a year) · Provision of safety and health supplies (e.g., heat wave/cold wave preparedness, health and safety supplies) · Operation of a win-win cooperation council (held five times annually)
Safety activities for on-site suppliers	· Best practice competition for safety and health management (risk assessment) (once a year) · Pre-work safety education for construction workers, management of a direct-order construction systems, implementation of DRI for hazardous tasks, etc. · Operation of a suggestion system for suppliers and provision of mobile safety education for on-site visitors[1)]
External safety activities for suppliers	· Support for specialized safety consulting for processing suppliers (a total of 18 companies at 24 business sites) · Evaluation of safety and health levels through compliance management assessments (RBA) for raw material/processing suppliers (a total of 31 companies)
Safety and Health Council	· Communication of issues and suggestions through the operation of councils involving related suppliers (e.g., construction, service, indirect, and non-resident construction companies) · Improvement of risk factors through quarterly joint inspections

1) Mobile safety and health training is provided to visiting suppliers who have difficulty attending in-person sessions.

Employee Health GRI 403-3, 403-6

Employee Health Promotion

Samsung Electro-Mechanics implements a range of health management programs to promote employee health, under the guidance of the Occupational Safety and Health Committee and in accordance with systematically established activity plans. Major programs include the mobile health promotion program, personalized 1:1 exercise prescriptions and dietary management, personal training (PT) support, remote medical consultations for expatriates, and mental health and emotional stability programs. Among these, the mobile health promotion program, which is designed to address major chronic diseases such as diabetes, hypertension, dyslipidemia, and obesity, was delivered over a 12-week non-face-to-face period in 2024. Approximately 400 employees participated, with health indicators such as blood pressure and blood sugar monitored. As a result, 70% of participants experienced improvements in body mass index (BMI) through tailored exercise and dietary guidance. Furthermore, for employees experiencing challenges with body fat management, we provided personalized exercise plans, tailored dietary programs, and support from health trainers. We also conducted a step-count challenge to raise awareness of the importance of maintaining good health. As a result, the proportion of employees diagnosed with health issues decreased by 6% compared to the previous year.

For expatriate employees, remote medical services are provided in partnership with general hospitals. These services include consultations with specialists across 17 medical departments, as well as the issuance of English-language medical certificates and prescriptions for locally occurring symptoms and chronic conditions. Additionally, Samsung Electro-Mechanics operates a Mental Health Center to support employees' mental well-being and stress management. We also offer a range of mental health programs, including external couple counseling, psychiatric care, and mindfulness training.

Social Contribution

Social Contribution Strategy

Vision

Together for Tomorrow!
Enabling People

SOLVING SOCIAL CHALLENGES USING
SAMSUNG'S CORE CAPABILITIES AND RESOURCES

Key Implementation Strategies

Youth Education

Blue Elephant Campaign
Provides cyberviolence prevention education for youths

Samsung Software Academy For Youth (SSAFY)
Enhances the skill set of young individuals in future-oriented software technology

Hope Stepping Stones
Supports the transition to independence for youths aging out of foster care

Dream Class
Offers career guidance and future capacity building for vulnerable middle school students, alongside basic education

Contribution to Local Communities

Nanum Kiosk

Community engagement

Employee volunteer activities

One-company, several village activities

UN SDGs[1] (Sustainable Development Goals)

Quality Education · Decent Work · Reduced Inequalities · No Poverty · Zero Hunger · Life on Land · Partnerships

1) UN Sustainable Development Goals — A set of 17 universal goals adopted by the United Nations (70th Session of the General Assembly in 2015), aimed at achieving integrated environmental, economic, and social development by 2030 to realize the vision of sustainable development.

Social Contribution Programs GRI 203-2

Blue Elephant

Cyber Jungle Guardian "Blue Elephant" is an educational initiative focused on prevention, designed to enhance the pro-social behavior of youth and address the growing social issue of "youth cyberbullying." Samsung Electro-Mechanics leads the Blue Elephant project as part of its corporate social responsibility. This long-term initiative spans from 2020 to 2029 and is conducted in collaboration with seven Samsung affiliates[1], the Blue Tree Foundation (a youth violence prevention NGO), the Ministry of Education, the Ministry of Gender Equality and Family, the National Police Agency, and the Community Chest of Korea. The name "Blue Elephant" combines "blue," symbolizing peace and stability, with "elephant," an animal known for protecting members of its group from predators in the wild. The project name reflects our aspiration for youth to grow safely and healthily by supporting and protecting one another in the digital environment, often referred to as the "cyber jungle." To address the proliferation of cyber violence stemming from increased smart device use, Blue Elephant promotes five core programs: 1) online and offline prevention education to foster youth's pro-social abilities, 2) psychological counseling for victims' emotional recovery, 3) awareness campaigns to eradicate cyberbullying, 4) academic research to analyze root causes and policy responses, and 5) platform development.

1) 7 participating affiliates: Samsung Electro-Mechanics, Samsung SDI, Samsung SDS, Samsung Display, Samsung Logistics, and Samsung Bioepis.

Social Contribution

CASE | Blue Elephant Campaign

First Offline Session of the "4th Blue Elephant Forum"

Due to the COVID-19 pandemic, the Blue Elephant Forum was held online from its inception in 2020. In 2024, the 4th forum took place offline for the first time under the theme "Normalization of Cyber Violence: Sustainable Response and Vision." The forum brought together diverse stakeholders, including representatives from international organizations, students affected by or responsible for cyber violence, public and private sector experts, academics, law enforcement, and educators. Participants examined the current landscape of cyber violence and explored potential solutions. The discussions featured keynote speeches on international responses to cyber violence, testimonies from students both affected by and responsible for cyber violence, and presentations on the Blue Elephant project's effectiveness and social and economic benefits in preventing cyberbullying. In addition, we operated a Blue Elephant cyberbullying prevention education booth, offering forum attendees the opportunity to directly engage with the outcomes and impact of the Blue Elephant project.

"Students who participated in the Blue Elephant training demonstrated significant improvement in cyberbullying prevention."

"Students who participated in the preventive education demonstrated enhanced prosocial skills and increased efficacy in coping with cyberbullying. Their defensive behaviors in cyberbullying situations rose significantly by 34.3%, while the incidence of cyberbullying perpetration decreased by 14.3%."

* Sources: "Effectiveness Verification of Blue Elephant Prevention Education via Mixed Multilevel Analysis" (Prof. Park Jonghyo, Konkuk University)

"The Blue Elephant project reduces the social and economic burdens of cyberbullying, including treatment and legal expenses."

"The economic return of the Blue Elephant prevention program is over six times the investment cost."

* Sources: "Socioeconomic Value Study of the Blue Elephant Cyberbullying Prevention Project" (Prof. Lee Yonggi, Sejong University)

Social Contribution

Youth Education GRI 203-2

Samsung Software Academy For Youth (SSAFY)

The “Youth SW Academy (SSAFY)” is a program designed to enhance the employability of unemployed college graduates aged 29 or younger by providing high-quality software (SW) education, leveraging Samsung’s expertise and experience in SW education. Implemented in collaboration with the Ministry of Employment and Labor, SSAFY has been supported by Samsung affiliates, including Samsung Electro-Mechanics, Samsung Electronics, Samsung Display, Samsung SDI, Samsung SDS, and S1, since 2021. In 2023, five major banks (Kookmin, Shinhan, Hana, Woori, and NH Nonghyup) joined the initiative through a business agreement, followed by Cheil Worldwide in 2024. SSAFY offers a year-long SW education and employment support program to students of humanities, science, engineering, and software disciplines at five campuses across Korea—Seoul, Daejeon, Gwangju, Gumi, and Busan-Ulsan (located in Busan). Mentoring is also provided through talent donation by Samsung employees to support participants in building practical capabilities and increasing job competitiveness as aspiring software developers.

Dream Class

Since 2022, Samsung Electro-Mechanics has participated in the ‘Dream Class’ education project, which offers education and mentoring to middle school students from underprivileged environments. To narrow the educational gap among vulnerable student groups, the program provides instruction in English and mathematics, SW education, and career mentoring. It has shifted from traditional methods to a blended learning model combining online-centered and offline learning to enhance educational outcomes. Additionally, approximately 5,000 students are selected annually to take part in career exploration and job experience programs such as ‘Dream Fair,’ ‘Education Donation Fair,’ and ‘Employee Mentoring,’ thereby empowering students to pursue their aspirations.

Hope Stepping Stones

The ‘Hope Stepping Stone’ program aims to support the complete independence of youth aging out of care, offering a solid foundation as they transition into society. The program provides residential support and fosters economic independence through job training and employment capability enhancement for young adults who have exited childcare facilities or foster care at the age of 18. Beginning in 2023, the initiative evolved into ‘Hope Stepping Stone 2.0,’ offering more robust support for practical self-sufficiency through job training in fields such as electronics/IT manufacturing and semiconductor precision piping.

Contribution to Local Community GRI 203-2

Nanum Kiosk

To promote a culture of sharing within the company, Samsung Electro-Mechanics has operated ‘Sharing Kiosks’ at its domestic sites since April 2022. These kiosks enable employees to donate KRW 1,000 by simply tagging their employee ID cards. Once contributions reach KRW 5 million, the funds are delivered to vulnerable children recommended by local NGOs. Thanks to strong participation, more than 10,000 employees, approximately 90% of the domestic workforce, have joined the initiative. As of 2024, a total of KRW 820 million has been raised, benefitting 162 children, including 63 children in 2024 alone. Beyond one-time financial support, employee volunteers provide ongoing mentorship and extracurricular activities, such as tutoring and music or art lessons. The program also fosters goodwill through seasonal events and gift deliveries on occasions such as Children’s Day, traditional holidays, and Christmas.

Employee Volunteer Activities

Samsung Electro-Mechanics continues to carry out both in-person and remote volunteer programs, while expanding talent-based volunteer initiatives tailored to the needs of social welfare institutions and local communities. Major programs include remote volunteer initiatives such as preparing side dishes and assembling meal kits for elderly individuals living alone, learning assistance and badminton classes to support children's physical development in community study rooms, birthday party sponsorships for children in childcare facilities, employee blood donation drives to help alleviate blood supply shortages, and hands-on DIY volunteer activities. Through these efforts, employees are actively contributing their time and talents to help build a better society.

Community Support GRI 413-1

As part of its commitment to co-prosperity, Samsung Electro-Mechanics engages in close communication with the local community to accurately identify their needs and undertakes various initiatives based on these insights. We participate in the Local Community Security Council near its business sites and serve as a member of the Steering Committee of the Suwon Global Youth Dream Center, a social welfare organization, to gain a deeper understanding of the challenges faced by the community. In addition, Samsung Electro-Mechanics strengthens cooperation with local companies by taking part in the “Corporate Welfare Net” hosted by the Busan Social Welfare Council. Through these efforts, we foster mutually beneficial relationships by addressing social blind spots in collaboration with local councils and by planning and implementing joint initiatives for advancing local community development.

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

Samsung Electro-Mechanics operates an online direct transaction market in collaboration with its sister villages during major holidays to promote urban–rural co-prosperity. By purchasing local specialty products, we help secure stable sales channels and contribute to increasing the income of its sister villages.

Social Contribution

Community Engagement

Community Environment Protection Initiatives

Samsung Electro-Mechanics employees actively participate in various environmental conservation efforts in collaboration with local communities. In addition to engaging in plogging and environmental cleanup activities near business sites, we have signed an agreement with Suwon City Hall to implement a program that exchanges waste paper and milk cartons, collected from in-house cafeterias and cafés, for recycled toilet paper. The recycled paper is donated annually to nearby social welfare facilities. Furthermore, we continue to pursue environmental preservation through various eco-friendly initiatives, including the reduction of disposable product usage, PET film recycling, and a collaborative in-house hand towel recycling project with Yuhan-Kimberly.

Donations by Employees

To foster a culture of sharing and encourage voluntary employee engagement, Samsung Electro-Mechanics operates various donation programs, including regular and one-time contributions. Employees make regular donations from their monthly salaries to support selected youth education and community engagement programs. Samsung Electro-Mechanics reinforces these efforts through a matching grant program, contributing an equal amount to that donated by employees. Moreover, we conduct an annual year-end donation campaign to raise awareness of Samsung's youth education programs. Additional donation channels include the "Sharing Kiosk" and an "Irregular Donation System," which allows for the donation of internal and external award money and lecture fees to support low-income families in the local community. Since 1996, all employees have also voluntarily donated less than KRW 1,000 from their monthly salaries.

Global Social Contribution Activities

Expansion of Global Social Contributions GRI 203-2

Samsung Electro-Mechanics faithfully fulfills its corporate social responsibilities by identifying and supporting social contribution projects that address the diverse needs of the global community, thereby helping to alleviate inequality. Starting in 2024, we have expanded our successful domestic programs by installing and operating "Sharing Kiosks" at overseas sites to encourage greater employee participation.

China

In China, Samsung Electro-Mechanics collaborates with Samsung China to support various initiatives, including "Solve for Tomorrow," a national science competition for youth; "STEM Girls," a science and technology development program for female students; and "Samsung Sharing Village," a part of the One Heart–One Village initiative. We also support the rehabilitation of children with autism, promote environmental conservation, and provide daily necessities and care services to vulnerable groups, such as children and the elderly, in local communities.

Philippines

Samsung Electro-Mechanics has established partnerships with underprivileged public schools in the Philippines to provide equipment, hygiene products, and school supplies for students. We also carry out food and relief goods donation activities for local residents, alongside employee fundraising campaigns and scholarship programs for underprivileged community members. Additionally, we contribute to improving the local environment through tree-planting activities and environmental cleanup initiatives in areas surrounding our business sites.

Vietnam

Samsung Electro-Mechanics has established sisterhood partnerships with public schools in Vietnam, providing educational equipment and essential living supplies to underprivileged students to help them pursue learning in an improved environment. In addition, we donate wheelchairs to individuals with disabilities, support local communities with educational and daily necessities, and organize blood donation drives to foster hope and promote community well-being.

Donations

Sponsorship Policy

Samsung Electro-Mechanics strictly prohibits any form of corruption or bribery in relation to external sponsorships. To ensure transparency and fairness, we operate an "External Sponsorship Review Committee." This committee, composed of team leaders from five major divisions, conducts preliminary reviews of both tangible and intangible sponsorships exceeding KRW 10 million. Sponsorships over KRW 100 million require board-level approval. Following the execution of any sponsorship, we require a confirmation of usage from the beneficiary and carry out a thorough verification process to ensure appropriate use.

Monitoring Procedure

1	2	3
Preliminary review of donations exceeding KRW 10 million	Request for donation usage reports	Post-verification and result reporting

Customer Satisfaction

Quality Management Governance

Samsung Electro-Mechanics has established a quality governance system centered on the Quality Assurance Office. In June 2022, a product-specific quality assurance framework was introduced, grounded in core quality principles, to enhance the efficiency of quality management. As part of this initiative, the Quality Assurance Office was restructured, and specialized quality teams were established for each product.

Quality Control Systems

Quality Assurance Office	Components Quality Team	Optics Quality Team	Package Quality Team	CS Team
Quality control framework	Quality Management System IATF 16949	Plan-Do-Check-Act (PDCA) cycle	Shift-left verification system in the development phase	

Quality Management Operational System

Category	Activities		Effects
Design/ Development	· Continuous improvement of the Qual[1] verification framework · Incorporation of mass production verification checkpoints · Verification of reliability and development of new evaluation methods	· Enhancement of lifetime prediction accuracy based on customer usage conditions	· Increased product development completeness through the shift-left verification system · Quality control/assurance based on predictive analysis of customer usage environments
Raw material quality	· Establishment of a system-based quality control framework	· Implementation of a distribution data management system for suppliers	· Assurance of raw material safety and mass production quality
Manufacturing/ Process	· Management of SPC[2] and process capabilities · Implementation of an equipment anomaly detection and response system	· Ongoing reinforcement of mass production quality assurance procedures (abnormality control, change management, and shipment assurance)	· Monitoring and control to ensure mass production quality
Shipment	· Focused management of items prone to customer-facing defects · Development of measurement databases and anomaly detection systems	· Enhancement of data-driven shipment quality assurance processes	· Reducing customer-facing defects through proactive leakage prevention measures
Customer quality	· Analysis of customer issue data → Linkage to internal improvement initiatives · Target-based management of customer response turnaround time (TAT)[3]	· Operation of expert task forces for intensive customer support · Execution of customer quality competitiveness surveys	· Reduction in recurrence of customer issues · Improvement in overall customer satisfaction with products

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

Quality Management Vision and Strategy

Samsung Electro-Mechanics is enhancing its global quality competitiveness through a leading-edge quality management system aimed at maximizing customer value. To strengthen this framework, we operate all key processes, including development, mass production, and customer response, under the ISO 9001 system, with continuous inspection and monitoring. In new product development, we proactively identify and address potential quality risks at an early stage. Post-issue management is conducted systematically through the PDCA (Plan-Do-Check-Act) cycle and a closed-loop system that encompasses immediate reporting, progress tracking, and confirmation of issue resolution to prevent recurrence and control leakage. During the development phase, we reinforce quality completeness by applying a shift-left verification system that emphasizes early-stage risk identification and pre-development activities. Predictive capabilities are further advanced through ongoing research into reliability technologies. In the mass production phase, we ensure quality by improving the detection of process anomalies using statistical process control (SPC), thereby minimizing defect occurrence.

Quality Management Vision and Strategy

Vision	Create Customer Value through Best-in-Class Quality
Quality principles	❶ Make decisions and take actions based on customer expectations and specifications ❷ Execute tasks in compliance with regulations and regulations ❸ Transparently report issues using data ❹ Pursue continuous improvement through collaboration and synergy ❺ Act with ownership, authority, and responsibility
Quality assurance organization and its responsibilities	The Quality Assurance Office consists of the CS Team, Component Quality Team, Optics Quality Team, and Package Quality Team.

Customer Satisfaction

Quality Education

Quality Capacity Enhancement Training

Samsung Electro-Mechanics ensures that all production activities are carried out in accordance with standardized rules and procedures based on the ISO 9001 and IATF 16949 quality management systems. To support this, we operate the “Quality University,” a dedicated training platform designed to raise employees’ quality awareness and enhance their professional competencies. The program covers a range of quality methodologies, including SPC, measurement system analysis (MSA), AIAG-VDA failure mode and effects analysis (FMEA), and design of experiments, all rooted in statistical data analysis. In 2024, a total of 16 courses and 66 training sessions were offered, with 843 employees successfully completing quality training programs.

Customer Satisfaction Evaluation

Samsung Electro-Mechanics operates a comprehensive system that manages the entire process from receiving customer complaints to implementing corrective actions, establishing fundamental improvement measures, and evaluating their effectiveness to enhance customer satisfaction. Through this system, we promptly address customer issues and prevent their recurrence. Additionally, we regularly conduct customer demand and satisfaction surveys covering six key areas, including product quality, customer responsiveness, and support processes, targeting major customers. In 2024, the average satisfaction score among major customers reached 4.3 out of 5.

Customer Satisfaction Activities

Enhancing Customer Contact Channels

Samsung Electro-Mechanics is continuously enhancing its user-centered website to improve customer accessibility. We are advancing search engine optimization (SEO) to reflect the search behaviors of major portal users and ensure easy access to essential information, including details on Samsung Electro-Mechanics products. To improve navigability, we are refining the website’s menu structure and information pathways based on visitor usage patterns. In addition, we are strengthening web accessibility by adhering to established web accessibility standard guidelines, enabling individuals with visual, auditory, and color vision impairments, as well as socially disadvantaged groups such as the elderly, to use the website without difficulty. Thanks to such efforts, we have successfully obtained annual web accessibility certification each year. Furthermore, we are continuously enhancing screen functionalities to deliver an optimized user experience across mobile platforms.

CASE | **SAT (SAMSUNG Automotive MLCC Tech-Day)**

Samsung Electro-Mechanics regularly hosts product education programs and seminars, inviting both domestic and international customers to foster continuous communication. In 2024, the SAT (SAMSUNG Automotive MLCC Tech-Day) was held in Busan for domestic electronic device customers, attracting 87 participants from 37 companies. The event served to strengthen relationships and enhance mutual understanding between Samsung Electro-Mechanics and its customers.

Supply Chain Management

Responsible Raw Material Management

Procurement Policy

Samsung Electro-Mechanics endeavors to produce the highest quality products and strengthen technological prowess through transactions and cooperation with globally competitive suppliers. To this end, we are continuously pursuing shared growth based on strategic collaboration and ethical business practices. To strengthen the sustainability of our supply chain, we require suppliers to establish ethical and compliance-based management systems and to fulfill their corporate social responsibility (CSR) obligations, which are evaluated through formal assessments. Furthermore, we conduct regular evaluations to verify supplier compliance with global standards, including human rights protection, anti-discrimination principles, and responsible mineral sourcing. Our supplier management system enables the suspension of transactions with suppliers found to be in violation of applicable standards or regulations.

Responsible Raw Material Policy

Samsung Electro-Mechanics is committed to minimizing water use, energy consumption, and waste generation throughout the sourcing and production of raw materials, while preventing human rights infringements and adverse effects on local communities. To ensure responsible raw material sourcing, we manage the entire procurement process in a structured and ongoing manner, while also enhancing collaboration with external stakeholders. We conduct sustainability (compliance) evaluations of our raw material suppliers to identify and mitigate any environmental or social risks that may arise in the production process. When such issues are identified, we take appropriate corrective actions to reduce the impact.

Raw Material Priority Assessment

Samsung Electro-Mechanics assesses the priority level of key raw materials based on their usage volume and cost in order to evaluate sustainability-related potential risks. In the component business division, paste/powder, which are core materials for passive components, account for 45.4% of the total procurement volume. In the package solution business division, copper-clad laminate (CCL) and prepreg (PPG), which are essential for substrates, account for 26.3%. Materials whose usage volume exceeds 10% of the total input in product manufacturing are classified as high-priority procurement items and are managed accordingly.

Global Procurement Status and Supply Chain GRI 2-6, 204-1

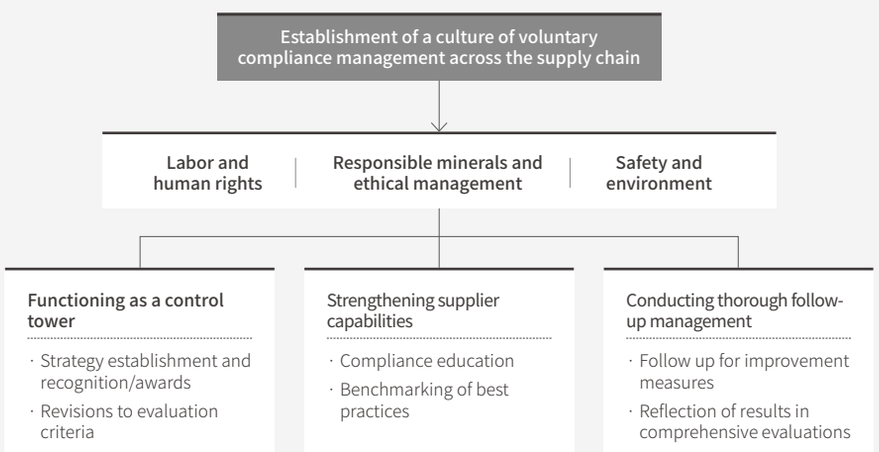
Samsung Electro-Mechanics procures approximately KRW 4.2 trillion worth of raw materials annually, including semiconductors, semi-finished products, raw materials, and chemicals, through 236 suppliers across 19 countries. For imported raw materials, the country of origin information is fully recorded in the procurement portal system at the time of vendor invoice (Vendor I/V) entry, enabling complete traceability of the origin of the raw materials. Additionally, in line with our global production site development and social contribution initiatives, we promote a local procurement strategy, achieving a local purchasing ratio of 27.7% as of 2024. In 2025, Samsung Electro-Mechanics plans to procure approximately KRW 4.2 trillion worth of raw materials through 255 suppliers in 19 countries. As of 2024, our thermoplastic resin usage amounted to 1,347 tons, and no recycled plastic raw materials were utilized.

Supply Chain Risk Management GRI 2-24

Supply Chain Management System

Samsung Electro-Mechanics is working to establish a culture of compliance-oriented management across the supply chain to proactively prevent and effectively manage potential supply chain risks. To this end, we manage risks related to labor rights, responsible mineral sourcing, ethical management, and safety and environmental matters through systematic measures such as strategy formulation, improvement initiatives, supplier training, and the implementation of comprehensive evaluations.

Supply Chain Management Policy



Supply Chain Management

Supply Chain Risk Management

Supplier Code of Conduct 5.0 GRI 2-23

Samsung Electro-Mechanics has established a Code of Conduct for its suppliers to improve their working environments, which is publicly disclosed on our official website. This Code of Conduct is based on the Responsible Business Alliance (RBA) standards and consists of five core areas: labor rights, safety and health, environment, corporate ethics, and management systems. It is applied to all suppliers and included as a mandatory compliance clause in supplier contracts. To strengthen supply chain management effectiveness, new suppliers are also required to submit written consent to comply with the Code of Conduct.

Five Major Areas of the Supplier Code of Conduct 5.0

Labor rights	· Prohibition of forced labor · Protection of underage workers · Compliance with working hours regulations	· Wages and benefits · Humane treatment	· Prohibition of discrimination · Freedom of association
Safety and health	· Occupational safety · Emergency preparedness · Prevention of occupational accidents and diseases	· Minimization of exposure to hazardous substances · Physically strenuous tasks · Safe use of hazardous equipment, machinery, and facilities	· Provision of safe dormitories and sanitary facilities · Provision of safety and health education
Environmental protection	· Acquisition of environmental permits · Pollution prevention and resource usage reduction · Management of hazardous substances	· Solid waste · Air pollutants · Compliance with product substance regulations	· Water resource management · Energy use and greenhouse gas emissions · Biodiversity · Prohibition of deforestation
Ethical management	· Integrity · Prohibition of unfair gains · Disclosure of information	· Protection of intellectual property · Fair trade, advertising, and competition · Protection of whistleblower identity and prevention of retaliation	· Responsible mineral sourcing · Personal information protection
Management system	· Demonstration of commitment to compliance · Roles and responsibilities of management · Compliance with legal and customer requirements · Risk management	· Establishment of improvement objectives · Education · Communication · Employee feedback and participation	· Audits and evaluations · Process for corrective actions · Documentation and records · Supply chain engagement and fulfillment of responsibilities

Supply Chain Risk Management Process

Samsung Electro-Mechanics assesses the competitiveness of its suppliers through a comprehensive evaluation process and systematically manages risks across the entire supply chain. Key suppliers undergo regular credit assessments by accredited credit rating agencies to assess financial risks. In addition, by establishing a network among the head office and subsidiaries via the purchasing portal system, we effectively respond to various risk factors, including natural disasters, legal or regulatory violations, and credit downgrades. We are also securing supply chain stability by entering into long-term supply agreements for core components and conducting regular technical reviews and technology exchange meetings with key suppliers. For components with a high risk of supply disruption, we enhance our ability to respond to unforeseen risks such as natural disasters through strategies such as dual sourcing and supplier diversification.

Supply Chain Risk Management Process

1) General registration evaluation (management, procurement, technology, quality), compliance evaluation (safety environment evaluation, labor rights evaluation), quality process evaluation, and credit evaluation

Supply Chain Management

Responsible Supply Chain Management GRI 2-24, 2-26

Selection and Registration of Suppliers GRI 308-2

To responsibly manage the supply chain, Samsung Electro-Mechanics conducts a comprehensive evaluation of general business operations, quality and process standards, and compliance and environmental practices when selecting new suppliers. This process involves careful examination of the supplier's credit rating and financial status. Only suppliers meeting the company's standards are approved as business partners. Selected suppliers are required to comply with the Responsible Business Alliance (RBA) Code of Conduct, prohibit the use of conflict minerals, submit a CSR compliance agreement, respond to regulations concerning environmentally hazardous substances, and provide environmental management assurance certificates, such as RoHS and REACH. Additionally, suppliers must submit a compliance management pledge affirming adherence to the 7 core Codes of Ethics and the Codes of Conduct.

On-Site Evaluation for New Supplier Registration

Samsung Electro-Mechanics conducts an on-site compliance management evaluation using the same checklist applied for self-assessments to suppliers newly entering into business relationships. If the evaluation reveals violations of mandatory compliance requirements or a failure to meet required standards, the supplier will be restricted from registering for new transactions.

Significant Suppliers

When designating key suppliers, Samsung Electro-Mechanics conducts a comprehensive review of environmental factors (greenhouse gas, energy, waste, etc.), social factors (child labor, forced labor, safety and health, etc.), and governance issues (corruption, bribery, etc.), in addition to business relevance such as the expected transaction amount and volume. We also consider the political, social, and economic risks associated with the country where the supplier operates, industry-specific risks, and potential risks throughout the product lifecycle, from manufacturing and distribution to end use. Key business-related suppliers, such as those with high transaction volumes, those supplying irreplaceable or critical components, and those related to emerging businesses, are subject to separate evaluation and management. As of 2024, Samsung Electro-Mechanics has designated 19 such suppliers[1].

1) 19 Tier 1 suppliers, accounting for 56% of total procurement volume

Employee Training

Samsung Electro-Mechanics provides internal personnel involved in supplier-related work with training programs covering business etiquette, fair trade, protection of suppliers' technical data, the Fair Transactions in Subcontracting Act, and the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises. Additionally, all executives and employees are required to complete annual online training on the Fair Transactions in Subcontracting Act and the protection of suppliers' technical information.

Comprehensive Supplier Evaluation

Samsung Electro-Mechanics conducts a comprehensive evaluation each year for suppliers with whom it has maintained business relationships for over one year. The evaluation consists of two main components: one that assesses supplier capabilities, including quality, technology, delivery performance, transaction volume, and financial soundness, and another that evaluates non-financial risk factors such as compliance, environmental management, and responsiveness. The results of these evaluations serve as a critical basis for determining the continuation of business relationships. Suppliers with excellent performance are granted opportunities for enhanced strategic cooperation, including preemptive acquisition of new technologies and joint technology development. Conversely, suppliers with unsatisfactory evaluation outcomes are supported through business improvement and risk management initiatives, including training and technical assistance.

Comprehensive Evaluation System for Suppliers

Evaluation target	· Evaluation target: Raw material suppliers (those engaged in business for more than one year)
Evaluation method	· Scoring across eight major categories (T, Q, R, D, C, E, F, L), based on a 100-point scale
Evaluation grades	· Five-tier grading system (Best: A, Excellent: B, Good: C, Average: D, Poor: E)

Supplier Operation Strategy

Suppliers with high grades	· Advance acquisition of new technologies and formation of strategic partnerships · Opportunities to participate in new product development initiatives for outstanding suppliers
Suppliers with low grades	· Provision of technical support to enhance product competitiveness · Green purchasing education/consulting for safety and environment; evaluation of continued business viability

Comprehensive Evaluation Process

1. Regular audit	2. Evaluation planning	3. Comprehensive evaluation	4. Follow-up
Inspection of supplier status and performance in relation to core procurement items	Confirmation of evaluation items and target suppliers	Annual evaluation conducted at the beginning of the year, with results shared with suppliers	Establishment and monitoring of improvement plans for suppliers based on evaluation outcomes

Supply Chain Management

Responsible Supply Chain Management

Comprehensive Evaluation Results

In 2024, Samsung Electro-Mechanics conducted a comprehensive evaluation of 96% of its suppliers, excluding those with less than one year of transactions. Among those evaluated, 74% received Excellent grade. The results of these evaluations are incorporated into the supplier procurement policy for the following year, and corrective actions are requested for any deficiencies identified.

Comprehensive Evaluation Results

Item	2022	2023	2024
Percentage of suppliers[1] evaluated	94%	95%	96%
Percentage receiving Excellent grade[2]	80%	75%	74%

1) Excluding suppliers with less than one year of transactions
2) Evaluation grade of B or higher

Sustainability Management (Compliance) Evaluation GRI 202-1

Samsung Electro-Mechanics selects approximately 100 domestic and overseas suppliers annually for sustainability management (compliance) evaluations. Selection is based on a comprehensive review of the previous year's transaction volume, geographic location, and historical issues to ensure responsible supply chain management. The evaluation is conducted through a combination of self-diagnosis and on-site inspections. For self-diagnosis, a checklist based on the RBA Code of Conduct and applicable national laws is provided. Suppliers assess whether their policies and operational practices comply with these standards. Following approval by the supplier's CEO, the diagnosis results are registered in the procurement portal system. Samsung Electro-Mechanics then reviews these results and conducts an on-site inspection of the supplier.

The on-site inspection includes verification of the actual operational policies and the credibility of supporting documentation, as well as evaluation of the supplier's implementation of sustainability management practices through workplace assessments and worker interviews. Based on these results, issues and areas requiring improvement are identified, and Samsung Electro-Mechanics provides guidance and consulting support to ensure effective corrective actions. For suppliers experiencing challenges in implementing improvements, we provide ongoing assistance through regular monitoring and follow-up visits. Samsung Electro-Mechanics also annually recognizes and awards suppliers that demonstrate excellence in sustainability management practices, encouraging suppliers' voluntary participation in sustainability management.

Evaluation Items

Labor	· Verification of compliance with laws regarding forced labor, child labor, employment contracts, and wage standards · Inspection of non-discrimination, protection of minors and pregnant workers · Verification of compliance with working hour regulations
Safety and health	· Identification and improvement of workplace hazards and risk factors · Inspection of the adequacy of protective safety equipment · Proper operation of emergency response and evacuation facilities
Environment	· Compliance with environmental permits · Adherence to MSDS legal standards · Assessment of the adequacy of waste disposal practices and contractors · Management of water quality and air pollutant emissions · Compliance with product-related environmental regulations
Corporate ethics	· Availability of anonymous reporting channels · Protection of personal information · Responsible minerals
Management system	· Verification of measures taken in case of legal or regulatory violations · Participation in training on RBA regulations and applicable laws · Monitoring of legal compliance concerning labor rights for secondary suppliers

CASE | **Detailed Labor Rights Evaluation Items and Indicators**

Item	Indicator
Guarantee of one day off per week	Whether working seven consecutive days is permitted
Compliance with statutory working hours	Rate of non-compliance with overtime limits
Inclusion of legally required terms in employment contracts	Whether legally required matters are specified
Timely severance payment	Number of violations of the severance payment deadline
Compliance with minimum wage	Payment above the minimum wage

Supply Chain Management

Responsible Supply Chain Management

Sustainability Management (Compliance) Evaluation Results

Samsung Electro-Mechanics conducts annual sustainability management (compliance) evaluations of key domestic and international suppliers to assess and improve sustainability-related risks. The results are reported to management, including the leader of the Win-Win Cooperation Team. Over the past three years (2022 to 2024), a total of 276 suppliers (147 domestic and 129 overseas) completed the self-diagnosis process, while 207 suppliers (127 domestic and 80 overseas) underwent direct on-site inspections. The evaluations were based on the RBA Code of Conduct and relevant national laws. As a result, 25 high-risk suppliers (3 domestic, 22 overseas) were identified either for scoring below 80 points or failing to meet minimum compliance thresholds. In 2024, the single-year evaluation identified 6 overseas suppliers as high-risk.

Samsung Electro-Mechanics ensured that suppliers addressed issues that could be immediately corrected during the inspection. For remaining issues, suppliers were required to develop and implement follow-up improvement measures through capacity-building efforts, based on provided guidelines, prior to the next evaluation. Notably, suppliers failing to meet mandatory compliance requirements are subject to separate follow-up reviews within one month to verify that corrective actions have been completed.

CASE | **Cases of Improvement Measures for Suppliers** GRI 414-2

As a result of the on-site inspections of domestic suppliers conducted in 2024, no high-risk suppliers were identified as having non-compliance issues or scores below 80 points, based on the standards of the RBA Code of Conduct and relevant national laws. However, in order to address and improve partial non-conformance issues identified during the inspection process at each supplier site, Samsung Electro-Mechanics operates a monthly “Check-In Day” initiative to facilitate ongoing improvements in areas of non-compliance.

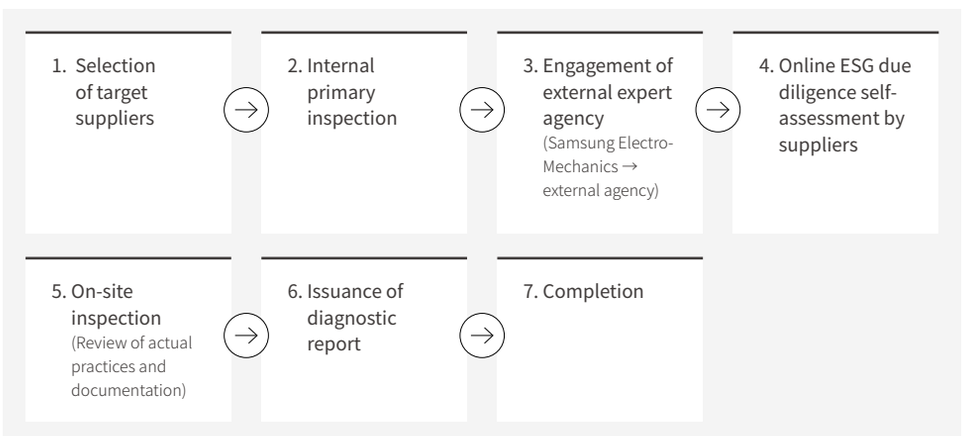
Third-Party ESG Level Diagnosis

Following an internal CEO report, Samsung Electro-Mechanics commissioned an independent third-party ESG level assessment in 2024 for suppliers that volunteered to undergo the evaluation. In 2023, 21 suppliers participated, and in 2024, 20 major suppliers (including 6 component suppliers, 11 package suppliers, and 3 optical suppliers) underwent the third-party ESG evaluation. The assessment included both an online self-diagnosis survey and on-site inspection. A comprehensive diagnosis report was provided based on the results, and Samsung Electro-Mechanics supported the implementation of identified improvement tasks. Going forward, Samsung Electro-Mechanics plans to expand the scope of suppliers subject to evaluation in order to systematically assess and manage their sustainability management practices, while providing full support for their voluntary improvement efforts. Additionally, additional points are awarded in the comprehensive evaluation to suppliers that participate in the third-party ESG evaluation process.

Third-Party ESG Level Diagnosis Evaluation Item

	Total	Environmental sector	Social sector	Governance sector	Safety competency diagnosis
No. of items	131 items	28 items	68 items	11 items	24 items

Diagnosis Process



Supply Chain Management

Shared Growth System GRI 203-2

Samsung Electro-Mechanics is committed to achieving sustainable, shared growth with its suppliers and undertakes a variety of initiatives to this end. We hold regular meetings with suppliers to strengthen communication and offer education and consulting services for higher productivity. Additionally, we operate a shared growth fund that provides low-interest loans to suppliers, thereby helping to alleviate their financial burdens. Samsung Electro-Mechanics will continue to foster a co-prosperity ecosystem through consistent communication and collaboration with suppliers.

Shared Growth Strategy

Goals and direction	Samsung Electro-Mechanics shares its spirit of innovation with suppliers and seeks to achieve mutual and sustainable growth.		
Strategic pillars	Productivity enhancement	Support for safety and environmental management	Strengthening communication
Support activities	• Operation of a KRW 110 billion shared growth fund, offering low-interest loans of up to KRW 4 billion to primary and secondary suppliers • Provision of training programs for suppliers • Consulting support through the Management Doctor system	• Safety and environmental consulting, including complimentary fire safety inspections by the Samsung Fire & Marine Insurance Corporate Safety Research Institute	• Operation of communication and support channels via the corporate website and procurement portal • Hosting of “Supplier Communication Meetings” twice a year

Productivity Innovation GRI 203-2

Support through Shared Growth Fund

Since 2010, Samsung Electro-Mechanics has operated a KRW 78 billion shared growth fund in partnership with Woori Bank to help suppliers secure working capital and investment funding. In 2021, the Industrial Bank of Korea (IBK) joined the initiative, and low-interest loans of up to KRW 4 billion are now being provided to our primary and secondary suppliers. In 2024, an additional KRW 32 billion was raised at year-end to expand support for suppliers’ operational and investment activities, increasing the total fund to KRW 110 billion. Of this amount, KRW 9.6 billion was newly disbursed as loans, and as of year-end, KRW 72.3 billion is being provided in support to 44 suppliers.

Support for Secondary Suppliers

Samsung Electro-Mechanics promotes shared growth of secondary suppliers by supporting favorable payment terms, direct cash settlements, and the establishment of supplier councils. We also continue to expand direct support measures, including access to the shared growth fund and complimentary training programs, in order to improve the overall management conditions of secondary suppliers.

Training Support for Suppliers GRI 205-2

Since 2020, Samsung Electro-Mechanics has operated the “Win-Win Cooperation Academy” to support the systematic development of human resources among primary and secondary suppliers. The Win-Win Cooperation Academy provides specialized job-focused technical training in areas such as productivity, equipment, quality, and safety/environment, tailored to the specific needs of suppliers in collaboration with both internal and external experts. Leadership training is also offered across all levels, from management to operational staff. To maximize training effectiveness, we offer a range of formats, including on-site instruction at supplier locations, group sessions, and real-time online courses for multiple suppliers. In 2024, a total of 164 courses were delivered to 170 suppliers[1)] and 3,839 individuals. The proportion of face-to-face training increased to 64%, compared to 41% the previous year. Furthermore, the Academy continues to expand its curriculum based on feedback gathered through supplier management meetings and training manager workshops. Training on sustainability management, including topics such as safety, labor rights, and ESG, is also being continuously enhanced.

1) Includes five key suppliers

Supply Chain Management

Support for safety and environmental management GRI 203-2

Safety and Health Cooperation and Accident Prevention Support GRI 403-7

Since 2013, Samsung Electro-Mechanics has operated the "Co-Existence Cooperation Program" to enhance accident prevention and safety and health management capabilities among its suppliers. As of 2024, we have provided complimentary support to 143 suppliers in obtaining safety and health management system certifications. Additionally, we have dispatched environmental and chemical experts to suppliers with significant usage of hazardous chemicals to assist with regulatory compliance, including inspections of storage and handling facilities, verification of usage facilities, and accident prevention guidance.

Between 2014 and 2021, we entered into safety inspection agreements with non-life insurance firms such as Samsung Fire & Marine Insurance and provided complimentary safety diagnostics for fire and explosion risks to a total of 99 suppliers. In 2022, we dispatched fire safety experts to four suppliers to conduct on-site safety assessments and provided tailored guidance based on the findings, thereby encouraging voluntary safety improvements by the suppliers. Since 2023, we have actively expanded our industrial accident prevention efforts by participating in the government's initiative to promote mutually beneficial cooperation between large and small enterprises. As part of this program, we have provided on-site support to small and medium-sized suppliers by dispatching internal experts in risk assessment, electrical systems, fire protection, and occupational safety and health.

Energy Saving Consulting

Samsung Electro-Mechanics operates various programs to improve the energy efficiency of its suppliers. In collaboration with the Korea Energy Agency, we offer free energy conservation consulting to help suppliers establish robust environmental and energy management practices. To date, a total of 15 suppliers have participated in this initiative. Through these efforts, we contribute to improving suppliers' energy efficiency, reducing greenhouse gas emissions, and establishing energy management systems. Since 2022, we have further supported energy diagnostics and the identification of reduction measures by dispatching our internal energy experts to 12 suppliers.

Supplier Communication GRI 203-2

Samsung Electro-Mechanics regularly conducts supplier surveys and collects VOCs through various communication channels to systematically address complaints and support requests. Our corporate website and procurement portal serve as regular communication channels, through which designated personnel collect supplier feedback and incorporate it into relevant decision-making processes. The number of VOC cases received was zero in 2022, two in 2023, and two in 2024. All reported cases were addressed with appropriate actions and responses. Additionally, we hold the "Supplier Communication Meeting" twice a year—once in the first half and once in the second half—in an online format for both primary and secondary suppliers. We also produce and distribute a "Shared Growth Program Guidebook" to promote understanding of our shared growth policies and win-win cooperation support initiatives. In 2025, Samsung Electro-Mechanics plans to provide KRW 110 billion in financial support, facilitate personnel and recruitment assistance for 20 individuals, and offer education and training programs for 3,000 supplier employees. These efforts aim to strengthen supplier competitiveness by fostering equitable and effective communication.

Hotline	031-8093-8282	**Website**	www.samsungsem.com
Email	semco.vos@samsung.com	**Procurement Portal**	www.semcobuy.com

CASE | **Supplier Communication Forum**

Samsung Electro-Mechanics actively promotes regular communication initiatives to foster win-win cooperation and shared growth with its suppliers. In March 2024, we hosted the "Win-Win Cooperation DAY," inviting approximately 120 representatives and frontline workers from suppliers. The event served as a platform to share business updates and market outlooks across each business division and to engage in two-way communication for co-prosperity. Furthermore, outstanding suppliers who contributed to shared growth were recognized and awarded. In October 2024, we held an online co-prosperity forum, during which we discussed supplier product characteristics relevant to the production processes of each business division. In collaboration with the Shared Growth Committee, we conducted explanatory sessions on systems such as the "Supply Price Linkage System" and the "Win-Win Payment System" to enhance supplier understanding. Furthermore, we introduced the "Win-Win Cooperation Support Program" operated by our Win-Win Cooperation Team. Through such initiatives, we continue to reinforce our win-win cooperation support programs, enabling suppliers to respond proactively to a rapidly changing business environment and improve their competitive strength.

Responsible Minerals

Responsible Minerals Management

Samsung Electro-Mechanics is committed to minimizing the negative social and environmental impacts, such as human rights violations and environmental degradation, that may arise during the mineral extraction process by establishing a responsible supply chain management system. Through the Masterpiece of Procurement System (MaPS), we rigorously manage all suppliers to ensure they do not use conflict minerals (3TG, cobalt, or mica that have been unethically mined in the Democratic Republic of the Congo and 10 surrounding conflict-affected countries in Africa. Samsung Electro-Mechanics has developed, and continues to enhance, its responsible minerals management process to improve the reliability of operational data. As of the end of 2024, all suppliers of Samsung Electro-Mechanics have sourced minerals exclusively from smelters certified under the Responsible Minerals Assurance Process (RMAP). We continue to encourage smelters with non-certified or indeterminate status to transition to RMAP-certified sources. In addition, Samsung Electro-Mechanics requires all suppliers to adopt the “Supplier Code of Conduct,” which is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. This ensures ethical sourcing and responsible mineral procurement practices are consistently maintained.

Responsible Mineral Management System

Establishment of a Responsible Mineral Management System

Samsung Electro-Mechanics has established and is systematically operating a responsible mineral management system in collaboration with its suppliers to ensure that customers receive products sourced through legitimate and ethical distribution channels. Through this system, we thoroughly verify the use of responsible minerals across the entire supply chain. We ensure that not only conflict minerals (3TG) but also cobalt and mica are sourced exclusively from smelters certified by the RMAP.

In addition, Samsung Electro-Mechanics has developed internal guidelines for responsible mineral usage and is actively engaging in monitoring and continuous improvement activities. We collect 100% of the CMRT and EMRT reports from our suppliers, analyze the certification status of smelters and assess potential risks, and implement control measures, including transaction restrictions on supplier registration, if any risks are identified, thereby ensuring compliance with relevant regulations.

In 2024, we confirmed that 100% of the 3TG minerals, cobalt, and mica used in our products were sourced from RMAP-certified smelters. Going forward, we will prohibit the use of uncertified smelters and continue to encourage their transition to RMAP certification. Furthermore, we support our suppliers in conducting supply chain due diligence and offer training to enable voluntary compliance with responsible mineral regulations. Samsung Electro-Mechanics remains deeply concerned about issues related to minerals, including unethical mining practices, human rights violations, and environmental degradation, and is committed to sourcing responsible minerals in collaboration with its suppliers.

See more information on responsible mineral usage

Responsible Minerals Management Process

1. Compliance assessment items for suppliers

- Obtaining written consent for non-use of minerals from non-RMAP-certified smelters
- Distributing and providing training on conflict and high-risk area mineral policies and guidelines
- Requesting suppliers to extend their policy prohibiting the use of non-certified minerals to their subcontractors

2. Investigation of the use of conflict and high-risk area minerals

- Gathering information on raw material suppliers handling conflict and high-risk minerals
- Investigating and monitoring the smelters used within the supply chain

3. Reasonable verification of investigation results

- Validation of information submitted by suppliers and conducting on-site inspections
- Identifying and sharing best practices in mineral management among suppliers

4. Identification and assessment of supply chain risk factors

- Evaluating the level of management based on submitted documents and on-site inspection results
- Implementing follow-up management activities

5. Development of improvement plans and reporting of relevant information

- Prohibiting procurement from suppliers using non-RMAP-certified smelters
- Recommending that smelters used in the supply chain obtain RMAP certification

Responsible Minerals Management System and Cooperation Framework

Management system	Operation through the procurement portal system
Cooperation framework	Participation in the Responsible Minerals Initiative (RMI) led by RBA and GeSI

Operation of RMAP-Certified Smelters

A total of 608 smelters are used in the supply chain: 220 for gold, 50 for tantalum, 144 for tin, 78 for tungsten, 100 for cobalt, and 16 for mica. Samsung Electro-Mechanics will continue to strengthen a robust inspection and oversight system to prevent the introduction of products containing minerals sourced from uncertified smelters into the supply chain.

Responsible Minerals

Management of Minerals from Conflict and High-Risk Areas

Usage Status Research

Samsung Electro-Mechanics conducts a survey at least annually to assess the use of responsible minerals over the entire supply chain and reinforce the responsible supply chain management framework. From January to April each year, we use the latest versions of the RMI Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to assess suppliers' usage of conflict minerals, cobalt, and mica, as well as to gather information on smelters across the supply chain. We also request our suppliers to strengthen their policies prohibiting the use of minerals sourced from conflict areas and work with them to implement such measures. If any non-RMAP-certified smelters are identified, we immediately consult with the supplier to recommend a transition to RMAP certification and initiate procedures to verify the origin of the minerals. Samsung Electro-Mechanics discloses its responsible mineral policy and the list of smelters used on its website, ensuring transparency for all stakeholders.

Validation of Survey Results

To enhance the reliability and transparency of responsible mineral usage survey results, Samsung Electro-Mechanics thoroughly verifies all information submitted by its suppliers. We conduct on-site inspections for suppliers requiring further verification, during which we assess the use of RMAP-certified smelters, internal policies on responsible minerals, and information management systems. If nonconformities are identified during the inspection process, we offer necessary support to ensure corrective actions are taken.

Risk Factor Identification and Improvement Measures

Samsung Electro-Mechanics systematically monitors the use of responsible minerals and the country of origin for each material provided by each supplier to prevent the use of non-certified minerals. We review the accuracy and management status of responsible mineral data submitted by suppliers, request additional documentation from those with insufficient data, and provide on-site guidance when necessary. Procurement from suppliers utilizing smelters not certified by RMAP is strictly prohibited. In such cases, we proactively identify alternative sourcing options to mitigate the risk of supply chain disruptions.

Support for Suppliers

Supplier Training

Samsung Electro-Mechanics has established a responsible mineral policy and developed training materials to enhance suppliers' capabilities in responsible mineral sourcing. We also provide practical training to raise awareness on responsible mineral issues, such as transitioning to RMAP-certified smelters and reporting smelter information. In 2024, we enhanced suppliers' understanding of responsible mineral mining issues through remote training sessions and on-site inspections, while emphasizing the prohibition of using non-RMAP-certified smelters.

Support for Suppliers' Transition to RMAP-Certified Smelters

As of the end of 2024, all suppliers of Samsung Electro-Mechanics conduct transactions only with smelters certified by RMAP for all applicable responsible minerals. We continue to encourage any smelters with ambiguous origins or lacking RMAP certification to pursue certification and transition accordingly.

Progress

Governance

Board Composition GRI 2-9, 2-11, 2-17

To enhance the independence of the Board of Directors, Samsung Electro-Mechanics separated the roles of the Board Chair and the Chief Executive Officer in 2016. Furthermore, the appointment of an independent director as the Board Chair has further reinforced the Board's autonomy, thereby enabling it to effectively fulfill its oversight function over management. Moving forward, we will continue to pursue sustained innovation and growth by establishing a robust governance framework that facilitates transparent decision-making, supported by the sharing of information and responsibilities between the Board of Directors and the CEO.

Board members

		Inside Director			Independent Director			
								
Name		Chang Duckhyun (male)	Kim Sungjin (male)	Choi Jaeyeol (male)	Choi Jongku (male)	Yuh Yoonkyung (female)	Lee Yoonjeong (female)	Cheong Seungil (male)
Category		CEO, Inside Director	Executive Vice President, Inside Director	Executive Vice President, Inside Director	Board Chair, Independent Director	Independent Director	Independent Director	Independent Director
Year of birth		1964	1965	1970	1957	1968	1968	1965
Term of office		March 2022 – March 2028 (6 years, 1 re-appointment)	March 2022 – March 2028 (6 years, 1 re-appointment)	March 2024 – March 2027 (3 years)	March 2023 – March 2026 (3 years)	March 2020 – March 2026 (6 years, 1 re-appointment)	March 2022 – March 2028 (6 years, 1 re-appointment)	March 2024 – March 2027 (3 years)
Current positions		CEO, Samsung Electro-Mechanics	Chief of Corporate Business Support Team (CFO), Samsung Electro-Mechanics	Head of Component Business Samsung Electro-Mechanics	Special Advisor, Yoon & Yang LLC	Professor of Business Administration, Ewha Womans University	Attorney, Kim & Chang Law Office	Advisor, Truston Asset Management
Committee memberships		· Management Committee · ESG Committee	· Management Committee · ESG Committee	· Management Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · Internal Transactions Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Internal Transactions Committee · ESG Committee	· Independent Director Candidate Recommendation Committee · Compensation Committee · Audit Committee · Internal Transactions Committee · ESG Committee
Professional experience and expertise	Educational background	Ph.D. in Electronic Engineering, University of Florida	B.A. in Economics, Korea University	M.S. in Ceramic Engineering, Yonsei University	M.P.P. in Public Policy, University of Wisconsin	Ph.D. in Personal Finance, Ohio State University	LL.M. in Environmental Law, University of London	M.B.A., Seoul National University
	Professional experience	· Sensor Business Team Leader (Vice President), System LSI Business Division, Samsung Electronics · Head of SOC Development Office (Vice President), System LSI Business Division, Samsung Electronics	· Support Team Leader (Vice President), Wireless Business Division, Samsung Electronics · Support Team Leader (Vice President), Home Appliance Business Division, Samsung Electronics	· Team Leader (Vice President), MLCC Development Team, Samsung Electro-Mechanics	· Chairperson, Financial Services Commission · President, Export-Import Bank of Korea	· Member, Public Official Pension Management Committee · Member, Investment Pool Management Committee, Ministry of Strategy and Finance	· Legal Advisor, Ministry of Environment · Member, Administrative Appeals Commission, Seoul Metropolitan Government	· President, Korea Electric Power Corporation · Vice Minister, Ministry of Trade, Industry and Energy
	Leadership	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
	Engineering	Applicable		Applicable				
	Finance/ Economy		Applicable		Applicable	Applicable		Applicable
	Law						Applicable	
	Risk management	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
	ESG strategy						Applicable	Applicable
Interests in Samsung Electro-Mechanics		Executive	Executive	Executive	-	-	-	-

Governance

Board Operation GRI 2-16, 2-17

Samsung Electro-Mechanics operates its Board of Directors in a systematic manner in accordance with its own Board of Directors Regulations. To ensure sufficient review of agenda items, relevant materials are distributed at least five days prior to each meeting. For significant matters such as large-scale strategic investments, prior reporting is made to the Board of Directors, and final resolutions are adopted after thorough deliberation and reflection of feedback from the directors. In 2024, a total of seven board meetings were held, during which 22 agenda items were reported and resolved, including the convocation of the ordinary general shareholders' meeting, approval of donations, and reports on business performance and outlook. Pursuant to the Articles of Incorporation, resolutions of the Board of Directors require the attendance of a majority of its members. The attendance rate of inside and independent directors in 2024 stood at 94%.

Committee under the Board of Directors

Samsung Electro-Mechanics operates six subordinate committees under the Board of Directors.

Committees under the BOD	Primary role	Key agenda items
Audit Committee	· Supervises the company's overall business operations, including financial oversight.	· Report on 2023 internal accounting control system operation status, report on external auditor's audit results, etc. · Report on 2024 financial statements, report on execution of external sponsorship funds, etc.
Compensation Committee	· Ensures objectivity and transparency in determining director compensation.	· Review of the compensation limit for 52nd registered directors · Review of individual annual salaries for 52nd internal directors
Independent Director Candidate Recommendation Committee	· Recommends candidates for independent directors based on independence, diversity, competence, etc.	· Recommendation of independent director candidates
Internal Transactions Committee	· Enhances corporate management transparency through voluntary fair trade compliance	· Reports on internal transactions (2023–2024) · Review of large-scale internal transactions
ESG Committee	· Deliberates and makes decisions on matters delegated by the Board including general business and financial issues	· Approval of ESG disclosures · Reports on the status of climate change responses · Report on the progress of resource circulation initiatives
Management Committee	· Deliberates and makes decisions matters delegated by the Board including general business and financial issues	· Asset disposals · Supplementation of mass production facilities · Expansion of the production volume

* Based on Board of Directors in 2024

Board Operation

Number of meetings	Number of reported/resolved agenda	Attendance rate (inside/independent directors)	Ratio of independent directors	Ratio of female independent directors
7 times	22 cases	94%	57%	50%

Board Committee Composition

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

* After the general shareholders' meeting in March 2025

Governance

Board Expertise and Diversity GRI 2-17

Policy on the Appointment of Independent Directors

Samsung Electro-Mechanics has established an Independent Director Candidate Recommendation Committee under the Board of Directors and maintains a policy of appointing directors with diverse backgrounds. In appointing independent directors, we uphold diversity by eliminating discriminatory factors such as origin, gender, occupation, race, and nationality. Furthermore, we appoint professionals with specialized knowledge and practical experience in fields including law, accounting, engineering, and ESG, all of which contribute to the sustainable growth of the company. In particular, the ESG Committee consists of four independent directors and two inside directors, all possessing expertise in the environmental, social, and governance sectors.

Enhancing the Board Expertise

Samsung Electro-Mechanics offers a variety of training programs to enhance the expertise and efficiency of the Board's activities. To support independent directors in fulfilling their roles in management oversight and decision-making more actively and independently, we provide internal training programs such as business site visits (domestic and international) and operational status briefings, helping all directors to deepen their understanding of the organization, business structure, and internal systems. Notably, to strengthen risk management capabilities, the Board of Directors regularly receives quarterly reports on global management trends and market outlooks, and participates in training sessions on the company's mid- to long-term strategic direction. In 2024, a total of seven training sessions were conducted to enhance the professional performance of independent directors, focusing on the Board and its committees.

2024 Board of Directors Training Summary

Date	Provider	Key topics
Jan. 31, 2024	Samsung Electro-Mechanics	MLCC business and product overview
Apr. 29, 2024	Samsung Electro-Mechanics	Orientation for newly appointed directors
Apr. 29, 2024	Samil PricewaterhouseCoopers	Board responsibilities in the ESG era
Jul. 30, 2024	Deloitte Anjin LLC	Trends in major regulations
Sep. 27, 2024	Samsung Electro-Mechanics	Review of domestic business operations
Oct. 28, 2024	Deloitte Anjin LLC	AI potential and implications for the Audit Committee
Nov. 27, 2024	Samsung Electro-Mechanics	Optics solution product and industry trends

Professional Training for Independent Directors

To enable independent directors to perform their supervisory roles and participate in critical decision-making more effectively, Samsung Electro-Mechanics actively facilitates access to external expertise, including legal and accounting advisory services. In 2024, two professional training sessions were provided to members of the Audit Committee to strengthen their auditing capabilities. Moreover, independent directors are encouraged to convene exclusive meetings to share insights and collect opinions necessary for fulfilling their roles. In 2024, a total of five such meetings were held, including four independent director meetings and one onboarding session for newly appointed independent directors.

Promoting Board Diversity

Samsung Electro-Mechanics is committed to enhancing board diversity as a means to implement sustainability management and integrate a wide range of stakeholder perspectives, including those of shareholders and customers. As part of this initiative, we have continuously appointed female independent directors since 2014. As of 2024, two of its independent directors are women.

Development Support for Independent Directors

	Independent director meeting	Training for newly appointed independent directors	Audit Committee member training
Scope	All independent directors	Cheong Seungil	Yuh Yoonkyung, Choi Jongku, and Cheong Seungil
Number of meetings and training sessions provided	4 times	1 time	2 times
Key topics	· MLCC business and product overview · Board responsibilities in the ESG era · Review of domestic business operations · Optics solutions product and industry trends	· Orientation for newly appointed directors	· Trends in major regulations · AI potential and implications for the Audit Committee

Board Expertise and Diversity Requirements

Samsung Electro-Mechanics actively seeks individuals who can contribute diverse and innovative perspectives to the Board, regardless of race, gender, cultural background, or area of expertise. In particular, independent directors are selected from among individuals with substantial expertise or experience in management, economics, accounting, law, or relevant technologies, in accordance with the requirements of the Commercial Act and applicable laws.

See more information on board expertise and diversity requirements

Governance

Board Independence and Transparency GRI 2-15

Strengthening the Independence of the Board

To enhance the independence of the Board of Directors, Samsung Electro-Mechanics appoints an independent director to serve as the Chair of the Board. Of the seven board members, four (57%) are independent directors, and four board committees (Audit, Internal Transactions, Independent Director Candidate Recommendation, and Compensation) are composed entirely of independent directors. This ensures the Board's effective oversight function and maintains a clear separation from management. Since 2021, the Compensation Committee has been composed entirely of independent directors, thereby reinforcing fairness and transparency in decisions regarding director compensation.

Independent Audit Committee Operation GRI 2-26

The Audit Committee of Samsung Electro-Mechanics is composed exclusively of independent directors to ensure its independence from management and to strengthen corporate governance. In accordance with Article 13 of the Audit Committee Regulations, the Committee may seek external expert advice at the company's expense to enhance its effectiveness. In October 2023, an Audit Committee Secretariat was established to provide systematic support, including responses to committee requests, distribution of key materials related to financial reporting, and coordination of meetings. The Internal Accounting Management Group within the Finance Team supports the Audit Committee in evaluating the design and effectiveness of internal control systems. In parallel, the Internal Audit Department (Audit Team) submits semiannual reports to the Committee outlining internal audit performance, audit plans, and assessments of misconduct risks.

Audit Committee Training

In 2024, Samsung Electro-Mechanics engaged its external auditor, Deloitte Anjin LLC, to conduct two training sessions to strengthen the Audit Committee's capabilities. The training addressed the challenges and opportunities presented by AI in managing risks related to governance and stakeholder trust, under the themes of "Key Regulatory Trends" and "AI Potential and Key Considerations for the Audit Committee."

Audit Committee Trainings

Date	Provider	Participants	Key topics
Jul. 27, 2022	Samil PricewaterhouseCoopers	Yuh Yoonkyung, Kim Yongkyun[1], and Kim Joonkyung[2]	Advance notice of 2023 intensive financial statement reviews by the Financial Supervisory Service
Oct. 26, 2022	Samil PricewaterhouseCoopers	Yuh Yoonkyung, Kim Yongkyun, and Kim Joonkyung	Considerations regarding the consolidated internal accounting management system
Jul. 25, 2023	Deloitte Anjin LLC	Yuh Yoonkyung, Kim Yongkyun, and Choi Jongku	Major accounting issues arising from legislative revisions
Oct. 25, 2023	Deloitte Anjin LLC	Yuh Yoonkyung, Kim Yongkyun, and Choi Jongku	Types of fund misappropriations and countermeasures
Jul. 30, 2024	Deloitte Anjin LLC	Yuh Yoonkyung, Choi Jongku, and Cheong Seungil	Trends in major regulations
Oct. 28, 2024	Deloitte Anjin LLC	Yuh Yoonkyung, Choi Jongku, and Cheong Seungil	AI potential and implications for the Audit Committee

1) The term of Independent Director Kim Yongkyun expired in March 2024.
2) The term of Independent Director Kim Joonkyung expired in March 2023.

Introduction of Electronic General Shareholders' Meeting

Samsung Electro-Mechanics introduced the electronic general shareholders' meeting system in 2021 to enhance the transparency of the Board of Directors and to encourage broader participation from shareholders. We actively promote participation from shareholders who are unable to attend in person by providing real-time online broadcasts of the general shareholders' meetings via this electronic system. Additionally, to further strengthen shareholder engagement in management decision-making, we have implemented an electronic voting system.

Transparent Communication with Stakeholders

Samsung Electro-Mechanics ensures transparency in disclosing management performance and establishes robust trust-based relationships by engaging in active communication with various stakeholders, including shareholders, investors, and customers. We hold quarterly performance briefings to update stakeholders on our business operations, growth prospects, and profitability. These briefings also provide opportunities for direct communication through Q&A sessions with both domestic and overseas stakeholders, including shareholders. Following each earnings release, we also hold meetings with major domestic and international institutional investors and analysts to gather insights on business strategies and capital market concerns, which are then reflected in our management decisions.

Governance

Board Independence and Transparency

Stakeholder Communication Activities

Stakeholder	Activity details
Stakeholders	Holding quarterly performance briefings
Investors	IR meetings with major domestic and international institutional investors
Customers	Continuous disclosure of financial and non-financial performance via the company website

Independence Requirements for Independent Directors

Samsung Electro-Mechanics verifies the "independence" of independent director candidates based on strict internal criteria to assess any potential grounds for ineligibility. Individuals falling under any of the following categories are deemed ineligible:

i) Individuals involved in the company's general business; ii) Individuals with material interests in or partnerships (including individual service contracts) with the company's major shareholders, the company or its CEO, or key customers and suppliers; iii) Spouses or lineal relatives of directors, auditors, or executive officers; iv) Individuals employed by the company within the past five years; v) Executives or employees of a company where a Samsung Electro-Mechanics executive serves as an independent director; and vi) Former employees of accounting firms that audited the company within the past year. Samsung Electro-Mechanics' independence criteria comply with Article 382 and Article 54-8 of the Commercial Act as well as Article 22-2 of the Articles of Incorporation.

See more information on the independence requirements for independent directors

Board Operation and Responsibilities GRI 2-10

Appointment and Term of Directors

Samsung Electro-Mechanics appoints directors through a transparent process comprising nomination, review, resolution, and approval at the general shareholders' meeting. Each director is elected individually through a separate approval vote, and in accordance with Article 23 of the Articles of Incorporation, the term of office is set at three years. Pursuant to the Commercial Act, a director may serve for up to six years. Of the six committees under the Board of Directors, four—Internal Transactions, Audit, Compensation, and Independent Director Candidate Recommendation—are composed entirely of independent directors. Independent directors are appointed by resolution of the general shareholders' meeting, with consideration given to diverse backgrounds including nationality, gender, religion, and ethnicity. They must also meet the qualifications stipulated by relevant laws and regulations.

Under the Articles of Incorporation, individuals in the following categories are ineligible for appointment as independent directors: former employees within the last five years, those with special relationships with the company, the CEO or major shareholders, employees of companies where a Samsung Electro-Mechanics executive serves as an independent director, and former employees of audit firms that audited the company within the past year. To ensure that independent directors can faithfully perform their duties, we limit the number of concurrent directorships held at other companies to two, as stipulated in the Commercial Act. As of 2024, the average tenure of Samsung Electro-Mechanics' independent directors is 2.6 years.

Independent Director Appointment Process

Samsung Electro-Mechanics nominates candidates for independent director positions based on their independence, expertise, and qualifications through the Independent Director Candidate Recommendation Committee, which is composed entirely of independent directors. Candidates are then appointed upon approval by the general shareholders' meeting in accordance with Article 382 of the Commercial Act. The Committee rigorously evaluates candidates based on statutory qualification requirements, potential conflicts of interest, relationships with the largest shareholder, job loyalty, and ethical standards.

1 Nomination of candidates

- Qualifications and expertise of preliminary candidates are reviewed to establish a talent pool.
- Maintain a candidate pool by area of specialization, including expertise, engineering, business management, law, accounting, and more

2 Review of candidates

- The Independent Director Candidate Recommendation Committee evaluates the candidates (legal qualifications, potential conflicts of interest with the company, relationship with major shareholders, job integrity, and ethical standards).

3 Appointment of independent directors

- After the evaluation of the eligibility for an independent director, final candidates are recommended to the general shareholders' meeting in accordance with Article 382 of the Commercial Act and are appointed upon approval.

Governance

Appointment and Term of Office of Directors

Board Evaluation and Compensation GRI 2-18, 2-19, 2-20

Samsung Electro-Mechanics conducts annual self-assessments of the Board of Directors' roles, functions, and responsibilities to evaluate its performance and identify areas for improvement, thus supporting its continuous enhancement. For inside directors, evaluations cover not only financial performance indicators but also qualitative aspects such as leadership, roles, and responsibilities. To ensure fair compensation, incentive payments are reviewed by the Compensation Committee, composed entirely of independent directors, and finalized through a resolution at the general shareholders' meeting following the Board's review.

The compensation structure for inside directors comprises three elements: target incentives, performance-based incentives, and long-term performance incentives. Target incentives are paid based on financial performance such as semiannual operating profit margin and sales growth rate by business division, as well as business competitiveness indicators such as talent and quality. Performance-based incentives are granted when the company exceeds its annual financial targets, within the established limits, and are adjusted based on individual performance evaluations. Long-term performance incentives are calculated based on three-year performance indicators, including return on equity (ROE), earnings per share (EPS), and pre-tax profit margin, and are paid out in installments over a subsequent three-year period. If an inside director causes significant losses during the evaluation or payment period, their incentives may be subject to reduction or cancellation. Evaluations for independent directors are conducted annually based on both quantitative indicators, such as attendance rate, number of agenda deliberations, and committee participation, and qualitative criteria, including expertise and business understanding. However, in order to preserve independence, independent directors are compensated separately through fixed remuneration and benefits, without linking compensation to performance evaluations.

Board Evaluation Items

	Quantitative indicators	Qualitative indicators
Inside Director	ROIC, ROE, operating profit margin, EPS, pre-tax profit margin, and sales growth rate	Executive leadership, role, and responsibility
Independent Director	Meeting attendance rate, number of agenda deliberations, and number of committees served	Expertise and business understanding

Shareholder-Friendly Management

Stock Ownership Status

As of the end of 2024, Samsung Electro-Mechanics had issued a total of 74,693,696 common shares and 2,906,984 non-voting preferred shares. Excluding the 2,906,984 preferred shares and 2,107,778 common shares with restricted voting rights under applicable laws (comprising 2,000,000 treasury shares and 107,778 shares held by Samsung Life Insurance), the number of voting common shares amounts to 72,585,918. The largest shareholder of Samsung Electro-Mechanics is Samsung Electronics, which holds 17,693,084 shares, representing a 23.7% stake. The National Pension Service holds 7,551,895 shares (10.1%).

Stock Ownership Status (As of the end of 2024)

	Total		Common share		Preferred share	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Total	77,600,680 shares	100.0%	74,693,696 shares	100.0%	2,906,984 shares	100.0%
Individual shareholders	20,808,619 shares	26.8%	18,670,557 shares	25.0%	2,138,062 shares	73.6%
Institutional shareholders	15,181,218 shares	19.6%	14,856,551 shares	19.9%	324,667 shares	11.2%
Foreigners	21,864,329 shares	28.2%	21,473,504 shares	28.7%	390,825 shares	13.4%
Samsung Electronics	17,693,084 shares	22.8%	17,693,084 shares	23.7%	-	-
Treasury shares	2,053,430 shares	2.6%	2,000,000 shares	2.7%	53,430 shares	1.8%

Shareholder Return Policy

Samsung Electro-Mechanics formulates its dividend policy by comprehensively considering its business performance, future-oriented investment plans, and cash flow. In 2024, we paid a dividend of KRW 1,800 per common share, corresponding to a dividend payout ratio of approximately 20%. While the dividend policy is subject to adjustments based on future investment and liquidity requirements, we plan to maintain a dividend payout ratio of 20% or higher and remain committed to enhancing shareholder returns through appropriate dividend distributions.

Dividend Policy Criteria

- Determine dividend amounts in alignment with the company's business performance
- Reflect future investment (business management) plans and cash flow considerations
- Take into account historical dividend payout trends by year among listed companies
- Incorporate dividend expectations of major institutional and individual shareholders
- Consider the impact of changes in external systems and laws
- Reference dividend guidelines set by domestic and international proxy advisory firms

Risk Management

Risk Management Governance GRI 207-2

Samsung Electro-Mechanics fosters an enterprise-wide risk management culture, enabling all employees to identify risks early in their respective areas and respond proactively. At the operational level, employees across all business sites, including manufacturing, procurement, and sales, hold direct responsibility for identifying and managing risks. We have established a dedicated reporting process to allow immediate reporting of risks in areas such as safety and environment, information protection, corruption, and human rights. Notably, employees who make meaningful contributions to risk prevention through the safety communication system (SEM-S) are recognized with awards and incentives. Departments and business unit support teams are also responsible for reviewing financial risks such as business feasibility, investment soundness, and post-investment evaluations, in addition to managing operational risks. These teams work to prevent issues related to hazardous substance control and patent disputes during product development and approval.

Risk oversight at the enterprise level is carried out by the Corporate Business Support Team and other executive-level organizations. The highest-ranking executive responsible for risk management is the Chief of Corporate Business Support Team (CFO). Specific categories of risks are managed by respective teams: financial risks by the Finance Team, human rights and personnel-related risks by the People Team, and safety and environmental risks by the Safety and Environment Team. Company-wide risks related to finance and compliance are reported to the Board of Directors and the Audit Committee. The Compliance Team and the Management Diagnosis Team, serving as internal audit bodies, objectively monitor compliance with applicable regulations and evaluate process efficiency. The head of the Compliance Team also serves as a compliance officer and attends all Board meetings to support sound decision-making.

Risk Management Training

Samsung Electro-Mechanics conducts regular training programs to enhance its risk management capabilities. We provide Board of Directors training at least twice a year and conduct site inspections biennially. In 2024, independent directors received training on mandatory sustainability disclosure trends as well as an overview of Samsung Electro-Mechanics' products and industry developments. For executives and employees, various training sessions are provided according to job function and level, including education on safety and environmental risks, compliance management issues, and specialized programs such as compliance training, safety and environmental training, information protection training, and industry trend education.

Risk Management Areas

Risk	Details
Tax risk	· Conduct prior assessments of all tax-related risks, such as goods/service transactions, new business models, and changes in transaction structures, by engaging external experts (e.g., accounting firms) for each headquarters and overseas subsidiary Manage associated risks including local tax law and regulatory compliance, omission of tax reporting, and transfer pricing in international transactions between the head office and overseas subsidiaries
Liquidity risk[1]	· Periodically assess cash flows and available liquidity for each entity (company/subsidiary) to effectively manage liquidity risk · Minimize the risk of collection defaults in export/import transactions through export insurance and negotiation/factoring arrangements
Compliance risk	· Verify compliance with internal control standards and report the results of the "Compliance Effectiveness Evaluation" to the Board of Directors annually · Senior management makes decisions and provides direction on critical compliance issues through the "Compliance Management Committee" · Manage compliance risks that may arise in the course of business operations by enabling employees to proactively identify and prevent risks through continuous operation of the compliance management system
Market risk[2]	· Interest rate risk: Periodically review interest rate conditions for borrowing and deposit management (forming an optimal portfolio by reviewing the borrowing by fixed/floating interest rates, reducing reliance on high-interest borrowings, and diversifying deposit products) · Foreign exchange risk: Regularly monitor foreign exchange risks arising from exchange rate fluctuations and manage the company's overall foreign exchange exposure accordingly
Safety risk	· Operate the SEM-S (SEM-Safety) risk reporting system to identify potential hazards and risk factors, and provide feedback on corrective actions taken by relevant departments · Foster a culture of autonomous safety management by introducing "not-to-do" lists and conducting proactive activities to identify potential risks

1) Risk of failing to secure sufficient liquidity to fulfill financial obligations as they come due
2) Risk of fluctuations in the fair value of financial instruments due to changes in market conditions

Risk Management

Compliance Risk Management

The Samsung Compliance Committee (SSCC) is an independent oversight body established to enhance compliance monitoring and control across seven major Samsung affiliates.[1] The SSCC operates with full autonomy and independence. Comprised of seven experts with substantial experience in compliance oversight, the SSCC systematically identifies and manages legal compliance risks across 7 affiliates. Samsung Electro-Mechanics has implemented a compliance management execution system to ensure effective practice of compliance throughout the organization. Top management receives regular updates on key compliance matters through the Compliance Management Committee and provides strategic direction and decision-making on critical issues. A dedicated compliance management team has also been established to support the implementation of compliance activities across various departments. Moreover, Samsung Electro-Mechanics designates a compliance officer at the team leader level for each business unit and appoints a compliance manager responsible for operational tasks, thereby facilitating timely responses to compliance risks at each unit.

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 Committee

- Obligation to provide prior notification to the committee regarding internal transactions and external sponsorships subject to Board approval, and to endeavor to reflect the committee's recommendations or requests regarding such matters
- Provision of necessary data and materials to enable the committee to supervise and make recommendations on compliance monitoring programs and systems
- Obligation to respond when the Board of Directors requests reports on potential violations of compliance-related obligations

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

Tax Policy

Samsung Electro-Mechanics complies with applicable tax laws in all jurisdictions where it operates, as stipulated in its tax operation management guidelines, and faithfully fulfills all tax reporting and payment obligations. We maintain transparent and cooperative relationships with local tax authorities and engage external experts, such as experienced tax professionals and certified accountants, to manage tax risks from multiple perspectives.
We proactively manage tax risks in accordance with domestic and international tax regulations by complying with the tax laws applicable to our headquarters and overseas subsidiaries. We ensure fair transaction pricing with both third parties and related parties, strictly adhering to laws that prohibit value transfer to low-tax jurisdictions for the purpose of tax avoidance. In international transactions, arm's length pricing principles are strictly applied to prevent tax risks arising from inappropriate transfer pricing.

Tax Management and Operation Guidelines

1 Among all applicable regulations, the accounting standards and tax laws of the headquarters and relevant local jurisdictions shall take precedence.

2 Differences in tax laws across jurisdictions shall be duly recognized, and all tax reporting and payment obligations shall be fulfilled in accordance with applicable laws. Income transfers to tax havens for the purpose of tax avoidance are prohibited.

3 Tax managers at each local entity shall maintain transparent relationships with their respective tax authorities and strive to prevent tax-related risks.

4 Internal tax expertise shall be effectively managed, and external professionals shall be fully utilized to ensure compliance with local tax regulations and to preemptively manage potential risks.

5 In transactions between related parties, such as between headquarters and overseas subsidiaries, the appropriateness of profit margins shall be reviewed through transfer pricing assessments conducted by external experts. Relevant reports shall be secured to mitigate future tax risks.

6 All transactions shall be based on commercial substance. Artificial tax structures that lack such substance are prohibited. In this regard, valid documentation shall be maintained, and timely tax payments shall be ensured to maintain full compliance with relevant regulations.

Risk Management

Tax Risk Management

Tax Share by Jurisdiction in 2024

	Korea	China	Southeast Asia	Others[1]
Profit before tax	49.9%	28.8%	18.9%	2.4%
Corporate tax	9.0%	69.6%	17.7%	3.7%
Corporate tax expense reflected in profit and loss[2]	20.1%	62.5%	12.7%	4.7%

1) United States, Germany, Japan, and India
2) Represents the simple sum before reflection of consolidation adjustments

Tax Risk Assessment

Samsung Electro-Mechanics proactively identifies and mitigates potential tax risks associated with business-related goods and services transactions, international transactions, new business initiatives, and structural changes in transactions. Tax risks are assessed at both the headquarters and overseas subsidiaries, enabling early identification of risk factors related to tax obligations and development of corresponding response measures to minimize such risks. To conduct thorough tax risk assessments, the headquarters and overseas entities collaborate with external experts (accounting firms) and preemptively respond to tax risks through factual issue analysis, review of applicable national tax laws, and anticipation of future risk scenarios.

Tax Risk Management Policy

Samsung Electro-Mechanics has established and operates a tax consulting framework that identifies and addresses local tax regulations and risks in advance during the establishment of new corporations or mergers and acquisitions. Moreover, prior to the submission of corporate tax returns for headquarters and overseas subsidiaries, compliance with local tax laws is verified through external accounting firm reviews. All transactions are supported by proper documentation that reflects their commercial substance and are preserved accordingly. In compliance with tax payment deadlines, we faithfully fulfill its tax obligations for all generated revenue. In domestic transactions, we apply fair pricing in dealings with both third parties and related parties. In cross-border transactions between the headquarters and overseas subsidiaries, tax risks related to securing appropriate profit margins are measured through transfer pricing reviews conducted by external experts, with supporting reports obtained for future reference.

Samsung Electro-Mechanics strictly refrains from shifting value to low-tax jurisdictions, utilizing tax avoidance structures, or engaging with secret jurisdictions or tax havens. Furthermore, we have been actively working to prevent Base Erosion and Profit Shifting (BEPS) by entering into Advance Pricing Arrangements (APAs) and implementing related measures.

Internal Accounting Management

Samsung Electro-Mechanics operates a consolidated internal accounting management system to enhance financial transparency and ensure the reliability of information provided to external stakeholders. The system is based on the "Act on External Audit of Stock Companies," its enforcement decree, and related legislation, using internal accounting regulations and operational guidelines as its standards. Quarterly operational evaluations are conducted for both headquarters and overseas subsidiaries. Identified deficiencies are improved through consultations among auditors, responsible departments, and on-site personnel. To enhance objectivity and reliability, we perform third-party cross-evaluations, while regularly inspecting the operational status of overseas subsidiaries. Beginning in 2024, Samsung Electro-Mechanics established an Audit Committee Secretariat to support the Audit Committee in conducting independent and objective evaluations of the operation of the consolidated internal accounting management system.

Risk Management

Emerging Risks

Samsung Electro-Mechanics identifies emerging risks with potential long-term impacts on the business, assesses their implications from a sustainability management perspective, formulates response measures, and systematically manages these risks.

Risk Items	Definition	Business impact	Response Measures
Strengthened disclosure regulations	• Growing global demand for transparent, consistent, and verifiable disclosure of corporate sustainability-related risks and opportunities in capital markets • Ongoing discussions in Korea on mandatory ESG disclosures, with domestic sustainability disclosure standards (KSSB) being developed based on IFRS requirements	• As a global exporter and technology company, it is critical for Samsung Electro-Mechanics to respond to international sustainability disclosure guidelines • Failure to meet the expectations of the global capital market and stakeholders may lead to reduced business competitiveness and potential disputes • For European entities, the applicability of the EU CSRD necessitates appropriate response measures	• Establish a system to comply with both domestic and international sustainability disclosure laws and regulations, and begin managing relevant data accordingly • Continuously monitor developments in domestic ESG disclosure requirements and global regulations such as IFRS S1 and S2, and the EU CSRD • Actively participate in stakeholder engagement forums, including corporate opinion gathering sessions, to contribute views and stay informed on emerging trends
Risk of strengthened supply chain due diligence regulations	• Increasing regulatory pressure, particularly in Europe, for companies to conduct supply chain due diligence focused on human rights and environmental protection • With the enforcement of the German Supply Chain Due Diligence Act (LkSG) in January 2023, companies operating in Germany have established and implemented policies to identify and manage actual and potential risks throughout their operations and supply chains. • Due to the expanded scope of application, including both internal and supply chain-level due diligence, a structured and systematic approach is required	• Samsung Electro-Mechanics has received multiple risk management requests related to human rights and environmental concerns from key customers subject to these regulations • As Samsung Electro-Mechanics expands into the electronic device business, where supply chains are more complex and subject to higher management standards, the risk of regulatory exposure increases	• Conduct annual risk assessments and implement improvements in line with established inspection procedures for human rights and environmental risks, covering both internal operations and suppliers • Carry out third-party on-site audits at all business sites and promptly address identified risks through corrective actions • Respond to requirements by leveraging ESG evaluation platforms, including joining Drive+, a supply chain initiative under Drive Sustainability, a global ESG collaboration focused on the electronic device industry (first participation in Korea) • Conduct regular sustainability management evaluations for suppliers

Information Protection

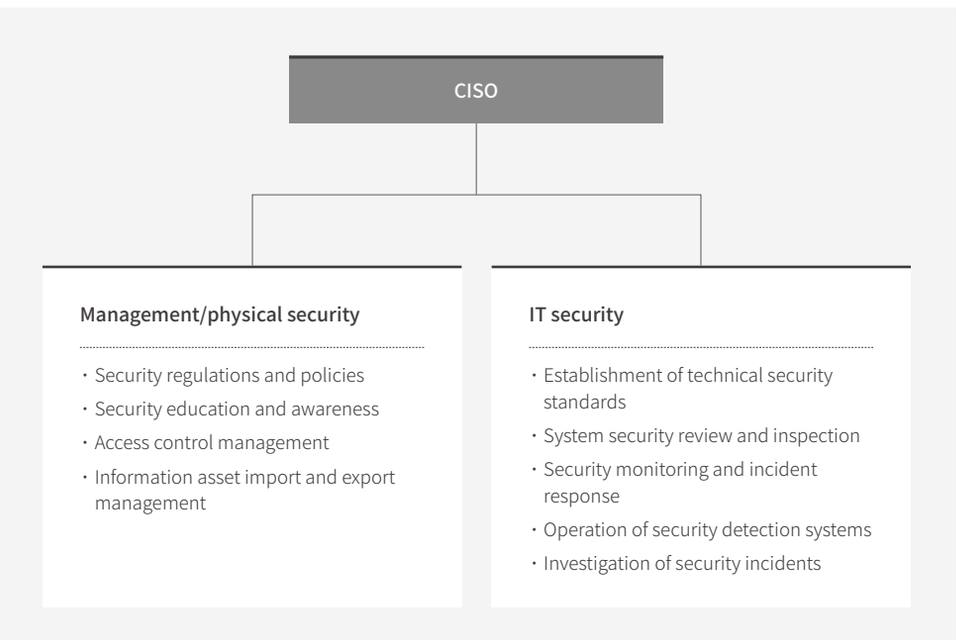
Information Protection Management

Information Protection Management System

Samsung Electro-Mechanics has established information protection regulations and implementation guidelines to safeguard key information assets, including core technologies and personnel, and to ensure compliance with applicable laws. Based on these regulations, we have defined physical, administrative, and technical protection standards, and we conduct regular inspections and improvement activities to proactively manage and prevent risks such as information leakage and breaches. Due to the strength of these systemic information protection efforts, no cybersecurity incidents have occurred in the past three years.

Information Protection Governance

Samsung Electro-Mechanics has appointed a Chief Information Security Officer (CISO) at the executive level and operates a dedicated organization staffed by security experts. The unit develops, executes, and manages information protection strategies aligned with corporate strategy. Moreover, we conduct security audits to enhance workplace security standards, maintain regular communication with overseas subsidiaries, and continuously identify and address potential vulnerabilities.



Information Protection Regulations

Samsung Electro-Mechanics has established information protection regulations comprising fundamental principles and implementation guidelines, and systematically manages the security standards that all employees are required to follow to enhance business competitiveness. These regulations apply to all information assets owned or created by the company and are enforced for employees, supplier staff, and external visitors. They also define the standards and procedures necessary for managing information assets and responding to security incidents. Samsung Electro-Mechanics conducts an annual review and revision of its information protection standards to effectively respond to rapidly evolving IT technologies and changes in the work environment. This process reflects updates to laws and regulations stemming from shifts in the management environment, technological advancements, and emerging security-related challenges. The information protection regulations are made readily accessible to all employees via the company's internal system, allowing them to review the content at any time.

Information Protection Management System

Samsung Electro-Mechanics maintains and operates a comprehensive information protection management system that integrates physical, administrative, and technical controls. To enhance the security of critical information and key facilities, access control card readers and CCTV systems are installed at site perimeters and in key areas, with access strictly limited to authorized personnel. Security personnel are on duty 24 hours a day, and a physical threat response system is in place to address unexpected emergencies such as natural disasters. On the technical front, various security systems are deployed to safeguard networks and systems. Samsung SDS, as a third-party partner, and our company regularly conduct mock hacking and vulnerability assessments on internal and external systems. We also operate a security control system to defend against cyberattacks, including malware and hacking attempts. Emergency preparedness is reinforced through periodic training. In the first half of each year, we conduct cybersecurity drills simulating external attacks. In the second half, we carry out scenario-based training to ensure that preventive procedures against IT system disruptions and cyberattacks are functioning as intended.

Information Protection

Information Protection Management

Information Protection Education and Training

Samsung Electro-Mechanics operates various systems to ensure that all employees are fully aware of and comply with information protection standards and procedures. All employees are required to sign confidentiality agreements, and employees of suppliers also participate in information protection pledges and periodic training sessions. Specialized education is provided to employees, sharing case studies involving violations or incidents related to third-party security, and role-specific training is conducted at least once annually to enhance the expertise of information protection personnel. To strengthen our ability to respond to security threats, we also conduct simulated training using malicious emails modeled on real-world threats. Additionally, we implement continuous awareness campaigns through internal broadcasts, campaigns, and promotional materials to promote consistent employee compliance with security protocols. Finally, an online reporting center has also been established and is actively operated to allow members to report signs of incidents involving core technologies and management information.

Information Protection Certification

Samsung Electro-Mechanics is actively acquiring global information protection certifications to gain customer trust in its electronic device business. In 2021, we obtained the international information protection certification TISAX (Trusted Information Security Assessment Exchange)[1] for its Suwon headquarters and successfully renewed it in 2024. Additionally, ISO 27001 certification was newly obtained. In 2023, the Vietnam production subsidiary obtained TISAX certification. Subsequently, in 2024, the Tianjin and Philippines subsidiaries, along with the Busan plant, also acquired TISAX certification. Additionally, the Gaoxin plant achieved ISO 27001 certification in 2024.

1) An international certification established by the European Automotive Industry Association to ensure the secure exchange of information among companies in the automotive industry.

Information Protection Training Participation[1](Korea)

	2022	2023	2024
Employees	12, 545 persons	12,051 persons	12,304 persons

1) Duplicate counts are excluded

Personal Information Protection Management

Personal Information Protection Governance

Samsung Electro-Mechanics has appointed a Chief Privacy Officer (CPO) to reinforce the protection of personal information and has established the Personal Information Protection Office as a dedicated body for this function. The office continuously monitors amendments and legislative trends related to personal information and reflects them in company-wide protection policies. These policies ensure the secure handling and systematic management of personal information collected from various stakeholders, including customers, suppliers, and employees. Furthermore, we operate a regular personal information protection council in collaboration with related departments such as the information protection and system operations teams to enhance responsiveness and operational efficiency.

Personal Information Protection Organization

Information Protection

Personal Information Protection Management

Role of the Personal Information Protection Office

Establishing internal regulations and ensuring legal compliance	Monitoring domestic and international legal trends and developing response strategies	· Analyzing related legal amendments and assessing their impact to establish countermeasures
	Drafting and reviewing internal regulations, pledges, and consent forms	· Revising and inspecting implementation of personal information security regulations, processing policies, and internal management plans · Reviewing consent forms and pledges related to personal information handlers
Risk prevention and management	Conducting internal inspections to identify risks and implement improvements	· Performing annual reviews to ensure the execution of internal management plans and inspecting contractors handling personal information · Proactively identifying and addressing risks through inspections
	Reviewing the security of personal information processing systems and providing training for internal and external personnel	· Inspecting and managing safety measures in the development of personal information systems · Enforcing mandatory training for all personal information handlers
External response	Establishing procedures for responding to personal information leak incidents and managing responses when such events occur	· Defining roles and responsibilities and response protocols by business division in the event of a personal information breach · Acting as the control center during personal information leak incidents
	Managing inspections by external agencies	· Responding to investigations by administrative authorities and Samsung Integrated Security Center
	Handling inquiries and damage relief requests related to personal information	· Receiving and addressing inquiries and damage relief requests related to personal information

Personal Information Processing Policy

Samsung Electro-Mechanics endeavors to be a trusted company by safeguarding personal information and ensuring transparent disclosure of how such data is utilized. We disclose the items collected, purposes of processing, retention periods, protection measures, and other details related to personal information through the “Personal Information Processing Policy” available at the bottom of website. The policy also includes contact information for the responsible department to address inquiries concerning personal information, complaints, damage relief, and inspection requests. This allows data subjects to fully understand and make informed decisions regarding the collection, use, retention, and processing of their personal information. When outsourcing the processing of personal information, we disclose the name of the service provider and a description of the entrusted tasks. We collect personal information only after obtaining consent from the data subject in accordance with applicable laws and regulations. The collected information is used solely within the agreed scope and is not utilized for any purposes beyond the scope of the given consent. Furthermore, Samsung Electro-Mechanics has established a mechanism for individuals to select “Agree” or “Disagree,” thereby allowing them to voluntarily determine whether to provide personal information.

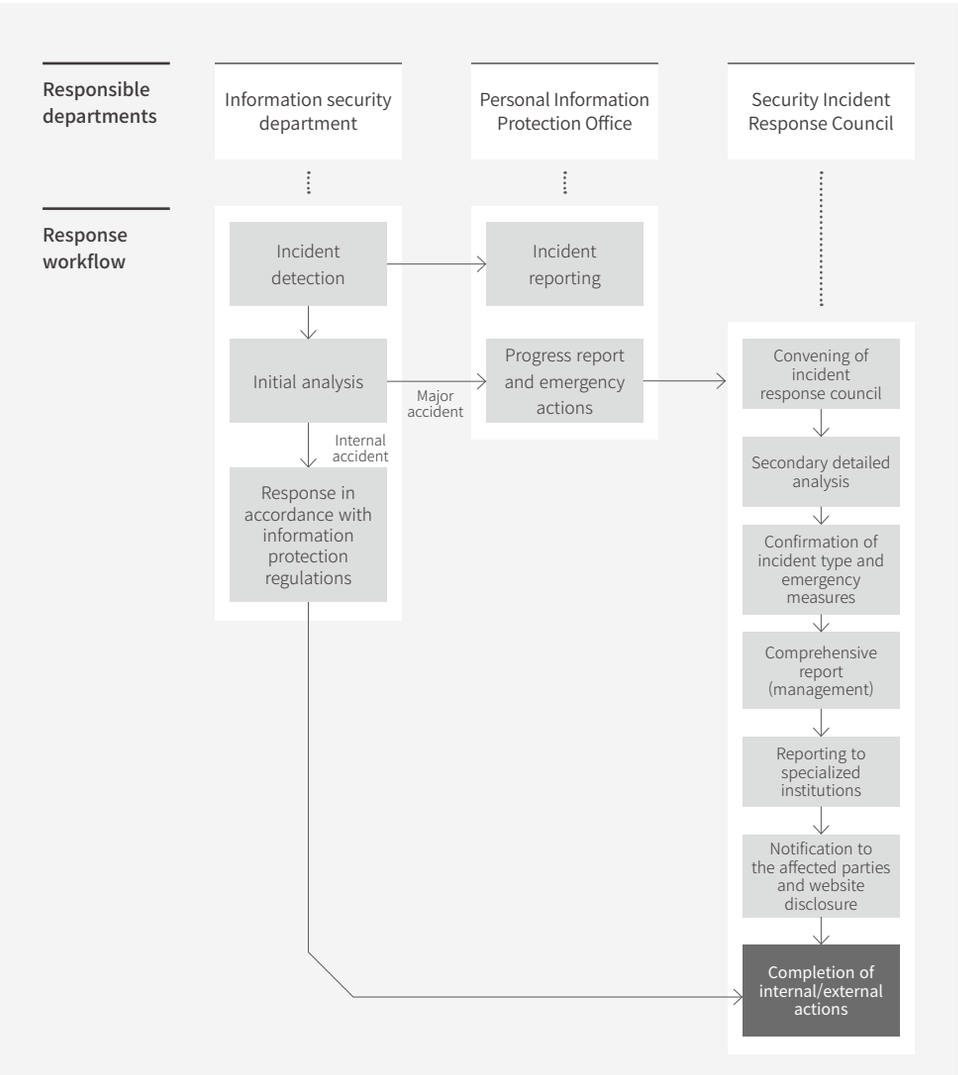
Personal Information Security Response System

Samsung Electro-Mechanics seeks to minimize secondary damage by promptly responding through a company-wide integrated personal information breach response system. We actively detect incidents through reports submitted via the website. If a reported incident is determined to be a personal information breach, we immediately convene a security incident response council. The council reviews incident-specific matters such as damage investigation, emergency system actions, impact assessment, progress updates, and legal responses. Based on established protocols, it formulates a comprehensive response strategy, reports the situation to the Chief Privacy Officer, and implements necessary measures. Additionally, to reinforce accountability in information protection management, Samsung Electro-Mechanics has instituted disciplinary policies applicable to both violators of information protection regulations and the personnel responsible for their oversight and enforcement.

Information Protection

Personal Information Protection Management

Personal Information Breach Response Workflow



Personal Information Protection Inspection

Samsung Electro-Mechanics conducts inspections at least annually to evaluate the implementation of its internal management plan for enhancing personal information protection at the company level. Moreover, when entering into contracts that involve the outsourcing of personal information processing, we explicitly stipulate responsibilities related to personal information protection in the contract or related documents, and perform annual inspections of the entrusted parties.

Personal Information Protection Training

Samsung Electro-Mechanics mandates that all employees who handle personal information as part of their duties complete personal information protection training at least once a year. We verify whether entrusted companies responsible for processing personal information have completed the required training. As a result, the training completion rate for all targeted employees has reached 100% annually. Samsung Electro-Mechanics will continue to enhance ongoing training programs and provide support to ensure that employees understand the significance of personal information protection and can apply related policies and procedures effectively in their work.

Personal Information Protection Training Targets and Contents

Target	Personnel handling personal information	Personnel with access to personal information systems and entrusted company's staff
	Entrusted company's staff handling personal information	Entrusted company's staff in charge of Samsung Electro-Mechanics' personal information
Details		Understanding of personal information protection laws, implementation of safety measures at each stage of personal information processing, and responses for preventing information breaches

CASE | **Legal Consultation System for Personal Information**

Samsung Electro-Mechanics operates a personal information legal consultation system to ensure employee compliance with personal information-related laws and regulations. The system receives internal inquiries, conducts legal reviews through the Personal Information Protection Office and domestic and international legal counsel, and provides guidance on required actions. This helps the company identify and mitigate legal risks in advance.

Creation of Economic Value

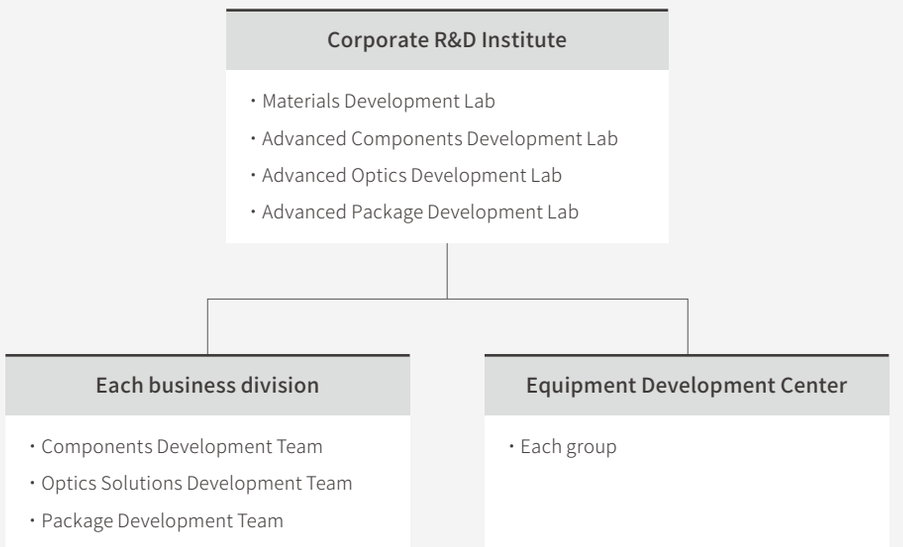
Business Vision

Founded in 1973, Samsung Electro-Mechanics has evolved into a global leader in core electronic component development and manufacturing. In the 1980s, we expanded into key materials and computer components to achieve technological independence in Korea's electronic components industry. In the 1990s, its focus shifted to next-generation products, including chip components, communication components, and optical components. Since the 2000s, Samsung Electro-Mechanics has cultivated world-class technologies in MLCCs, camera modules, and substrates. In the MLCC sector, we continue to launch industry-leading products driven by proprietary material technologies and advanced processes. In the camera module sector, we leverage IT-related technical strengths to build a lineup of high-reliability products for electronic components, securing future growth engines. In the package substrate sector, we are expanding high value-added offerings in high-growth areas such as AI/servers and electronic components, while developing next-generation technologies to transition toward a high-end product-centric business model.

Samsung Electro-Mechanics will continue to reinforce its R&D capabilities and invest strategically to consolidate its technological leadership in advanced and high-end products, thereby establishing a foundation for stable, sustainable growth. We also anticipate that future markets and new business sectors, such as electronic components, robotics, AI/servers, and energy, will present growth opportunities, as Samsung Electro-Mechanics possesses core competencies in parts and materials technologies. Therefore, we aim to proactively respond to industry changes while promoting the balanced development of the economy, environment, and society, fulfilling its corporate social responsibility and earning trust in the global market.

R&D

R&D Governance



R&D Strategy

Samsung Electro-Mechanics develops core components, chip components, substrates, and camera modules, using world-leading technologies in materials and components. In addition to digital products, it leads miniaturization and performance innovations critical to the advancement of the automotive sector. It has established a global R&D network with global corporations, academic institutions, and domestic and overseas research institutes, aiming to secure core, original technologies through open innovation in next-generation materials and components. The Corporate R&D Institute also spearheads the exploration of environment-conscious technologies, such as green energy.

To improve development efficiency and resource allocation, we are introducing data-driven R&D and Digital Transformation throughout all product development stages. Samsung Electro-Mechanics will continue to bolster its technological competitiveness by harnessing R&D data and reducing the need for physical testing through Digital Twin simulations.

Creation of Economic Value

R&D

R&D Process

Samsung Electro-Mechanics relies on a global product lifecycle management (GPLM) system to systematize and manage the entire process from technology development to mass production of materials and products. Through this system, R&D innovations and technology assets are shared company-wide, while outputs, resources, and costs at each project stage are comprehensively managed to continuously strengthen technological capabilities and product competitiveness. We have also developed and applied manufacturing-oriented technologies such as measurement and sensing, logistics, and clean technology, contributing to cost reduction, enhanced factory efficiency, and significant improvements in work environment and safety. In particular, the Corporate R&D Institute operates a process to preemptively assess risks related to hazardous substances, developer safety, and the supply chain at the initial project stage.

R&D Outcomes and Plans

The application of IT technology is gradually expanding beyond telecommunications and home appliances into fields such as AI, automotive, robotics, and aerospace. Notably, the rise in demand for AI, driven by rapid growth in AI servers, the proliferation of AI functions in PCs and smartphones, and the advancement of automotive electronic components through autonomous driving and ADAS adoption, is accelerating the growth of high-end markets that Samsung Electro-Mechanics is targeting. In response, Samsung Electro-Mechanics is focusing its business capabilities on future growth markets by expanding its product lineup in areas such as server/electronic MLCC, FCBGA for AI, and high-reliability automotive camera modules.

We continue to advance core materials and process technologies through our Corporate R&D Institute and Equipment Development Center and are transitioning our business portfolio toward high-growth and high value-added products, while improving internal efficiency through enhanced Operation Excellence. In alignment with our mid- to long-term strategy, we are also investing in promising domestic and overseas ventures with strong technological capabilities to enhance the quality and productivity of existing businesses, secure new technologies at an early stage, and identify new business opportunities. As a result, Samsung Electro-Mechanics is achieving milestones such as the first development of MLCC for autonomous driving LiDAR, expanded mass production of next-generation semiconductor substrates, and the development of the industry's leading ultra-close-up camera module.

We are also promoting the 'Mi-RAE Project' to respond to future markets, including the mobility industry (electronic components), robotics (humanoids), AI/servers, and energy, leveraging our core component and material technologies. Samsung Electro-Mechanics will continue to enhance the competitiveness of high-end products through differentiated technological strength and timely investment, and aims to become a leading global growth company by providing distinctive value to customers based on accumulated expertise in the IT sector.

Intellectual Property Status

As a leading global component company, Samsung Electro-Mechanics proactively identifies technology trends by securing original technologies and leading R&D, and continuously strengthens its competitiveness in intellectual property. We have established a stable intellectual property rights operating system and interdepartmental cooperation structure to utilize patents as management assets and thoroughly manage and mitigate related risks. Particular emphasis is placed on patent acquisition, dispute resolution, and license management. In addition to securing patents in the global market, we work with global law firms to enhance the quality of intellectual property rights and strengthen our capabilities in responding to patent disputes. We systematically manage applied patents by product and major task portfolios and actively identify patents applicable to business by addressing technological gaps and strengthening the rights of core patents to maximize synergy.

Patent Registration Status

Category	2022	2023	2024
Korea	3,781 cases	4,001 cases	3,931 cases
Overseas	5,872 cases	6,635 cases	6,881 cases

CASE | **Key Achievements in R&D**

Samsung Electro-Mechanics has expanded its technology development and business focus in the IT sector, emphasizing miniaturization, high capacity, fine-line width, and high-definition components. We are also committed to developing next-generation components by leveraging original materials, innovative facilities, and new manufacturing methods to address future markets such as intelligent devices and automobiles. In addition, Samsung Electro-Mechanics continues to cultivate future growth engines through the development of high-reliability, high-capacity MLCCs for electronic devices, semiconductor substrates for ARM-based CPUs, and ultra-small solid-state batteries for wearable devices. These advancements are supported by our expertise in ultra-fine component and material technologies achieved through technological convergence.

Creation of Economic Value

R&D

CASE | Development of the World's Highest-Capacity and High-Voltage MLCC for Autonomous Vehicles (16V)

In January 2024, Samsung Electro-Mechanics developed high-voltage, high-capacity MLCCs for installation in ADAS (Advanced Driver Assistance Systems), a core technology in autonomous vehicles, and entered the market by expanding its portfolio of high-performance electronic components. This product features a high-voltage rating of 16V and is offered in a 0603 size (0.6 mm width, 0.3 mm height) with a capacitance of 100 nF, as well as in a 1608 size (1.6 mm width, 0.8 mm height) with a capacitance of 4.7 µF. It has achieved the industry's highest capacitance and voltage specifications within each respective size category. In March 2024, we further expanded its lineup by developing five types of high-voltage MLCCs suitable for electric vehicles. These products are rated for operating voltages of 1,000V and 630V, approximately 100 times higher than the conventional 6.3V used in IT applications. Building on its technological leadership in ultra-compact, high-capacitance MLCCs, Samsung Electro-Mechanics is strengthening its product portfolio to support high-temperature, high-pressure, and high-reliability applications, while expanding supply to global automotive parts suppliers and vehicle manufacturers.

CASE | Development of Semiconductor Substrates for ARM-Based AI PCs

Samsung Electro-Mechanics has developed semiconductor substrates designed for ARM-based AI PCs. On-device AI requires large-scale computational capabilities to independently deliver AI services, which are supported by high-performance semiconductor packaging substrates. Samsung Electro-Mechanics has successfully expanded substrate area by over 30% compared to existing products, reduced circuit line width by more than 30%, and lowered power loss by more than 50% through the application of microfabrication, microcircuit implementation, and embedding technologies. Leveraging its technological prowess accumulated through high-end IT products such as servers, Samsung Electro-Mechanics is expanding its product portfolio to include semiconductor substrates for AI PCs, which involve high levels of manufacturing complexity.

CASE | Development of Ultra-Small Solid-State Batteries for Wearables

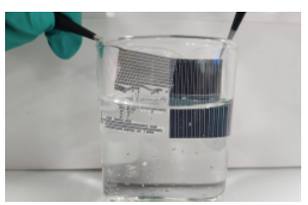
Samsung Electro-Mechanics has developed an ultra-small solid-state battery for wearable devices. This innovative product boasts an energy density of 200 Wh/L—the highest in the industry. Unlike lithium batteries, these batteries use non-flammable solid electrolytes, offering greater safety and resistance to external impacts. Their design flexibility allows for various shapes and applications. Building on its expertise in MLCC technologies, Samsung Electro-Mechanics succeeded in developing a compact oxide-based solid-state battery with performance comparable to lithium batteries but in a smaller size. We are dedicating our capabilities to expanding into new business areas by leveraging technological prowess accumulated through continuous innovation in MLCCs, camera modules, and package substrates.

CASE | Eco-Conscious Product and Technology

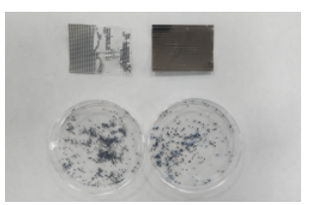
Samsung Electro-Mechanics is actively developing technologies that minimize environmental impact from production to usage stages and is applying these technologies to its product lines. We will stay focused on expanding eco-friendly product development using our differentiated technological capabilities.

MLCC

Samsung Electro-Mechanics is working to replace fossil fuel-based organic solvents with water in its MLCC production processes to reduce environmental impact. To apply the new method to MLCCs, we need to develop water-dispersible organic materials that exhibit properties equivalent to those of green sheets produced with conventional materials, as well as to optimize the MLCC manufacturing process. In 2022, we initiated the development of a new material composition and, in 2023, successfully applied the invented composition to laminate over 100 layers using lab-scale printed sheets. In 2024, the focus shifted to developing process-specific technologies necessary for pilot-scale production, aiming to produce MLCC proto-chips for IT applications.



Water solubility test



Comparison of printed sheets (top) and cut chips (bottom) by method (Left: Eco-friendly method, Right: Conventional method)

Camera Module

Camera modules are among the key features consumers consider when purchasing a smartphone, alongside design, display, battery, and AI functions. To meet these expectations, Samsung Electro-Mechanics is addressing the need to slim down camera modules in response to the increasing adoption of large-capacity batteries and slim smartphone designs. Furthermore, we are actively responding to consumer demands for high-performance functions, including large sensors (for high resolution or large pixels), zoom capabilities, video stabilization, and low-light photography. At the same time, we are commercializing products with reduced power consumption to extend battery life. Samsung Electro-Mechanics has developed high-performance and ultra-slim camera modules that improve current consumption by over 50% compared to conventional spring-type actuators. This is achieved by leveraging its capabilities in circuit and mechanical design, software, and core components such as lenses and ball guide-type actuators. We are supplying these advanced modules to various smartphone manufacturers. By offering differentiated solutions based on its technological expertise, Samsung Electro-Mechanics intends to continue expanding its camera module business.

Creation of Economic Value

Mi-RAE Project

Samsung Electro-Mechanics is advancing the “Mi-RAE” project, which represents the company’s strategic focus on four sectors: Mobility Industry (electronic devices), Robots, AI/Servers, and Energy. The project name is an acronym derived from the initials of these focus areas. This initiative reflects Samsung Electro-Mechanics’ commitment to identifying new growth engines in anticipation of a future where AI-integrated humanoids become embedded in daily life and various industries through mobile and mobility platforms. Since components and materials form the foundation of future industry technologies, Samsung Electro-Mechanics aims to secure core technologies in these fields as the basis for a new phase of growth.

R&D Achievements in Each Field

Research area	Details
SOEC	Samsung Electro-Mechanics is developing the solid oxide electrolysis cell (SOEC), a core technology for green hydrogen production, by applying ceramic material expertise and manufacturing processes such as lamination and sintering, cultivated through its MLCC business. We have achieved one of the highest current density levels, which is a key performance indicator, in the commercial market.
Small-sized solid-state battery	Samsung Electro-Mechanics is developing an oxide-based solid-state battery optimized for miniaturization and mass production. Compared to conventional lithium-ion batteries, this small-sized solid-state battery offers easier miniaturization, greater shape flexibility, and no risk of explosion, making it highly practical and efficient for wearable devices that maintain close contact with the human body.
Silicon capacitor	Samsung Electro-Mechanics is developing a silicon capacitor produced by depositing electrodes and dielectric layers onto a silicon substrate using semiconductor processes. This ultra-thin capacitor, placed in proximity to the system semiconductor, ensures voltage stability during current fluctuations and is effective at suppressing high-frequency noise, making it suitable for high-performance packages. As a customer-tailored product, it can be manufactured in various configurations including size, terminals, and capacity. The silicon capacitor production process includes “design, wafer fabrication, packaging, post-processing, and testing.” Notably, we have independently developed testing equipment by applying MLCC single-unit testing know-how and completed preparations for mass production.
Glass substrate	Samsung Electro-Mechanics is developing a glass substrate to replace the plastic core traditionally used in package substrates, with the goal of improving semiconductor performance. Glass substrates exhibit superior mechanical properties and processability. Due to minimal deformation under heat and high compatibility with fine-pitch processing, they offer advantages for both large-area integration and miniaturization.
Hybrid lenses for automotive electronic robots and cameras	Samsung Electro-Mechanics is developing a hybrid lens for use in electronic robots and cameras that combines the strengths of plastic and glass materials. Hybrid lenses maintain consistent performance under temperature changes and offer high production efficiency, making them advantageous for miniaturizing and lightening camera modules. Moreover, since they use only a small amount of glass, these lenses are less susceptible to contamination during production. We are working on technologies to reduce plastic deformation and are conducting rigorous reliability testing.

Appendix

In This Section

Reporting Methodology

Environmental Performance Calculation Criteria

Environmental performance data has been calculated and recorded in accordance with the following criteria.

Data classification		Scope	Calculation criteria and methodology
Greenhouse gas (GHG) emissions	Scope 1 and 2 emissions	Korean business sites and overseas production subsidiaries	Korea: Guidelines for Reporting and Certification of Greenhouse Gas Emission Trading Scheme Overseas: IPCC Guidelines for National Greenhouse Gas Inventories
	Scope 3 emissions	Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Based on verified third-party data
	Carbon intensity	Korean business sites and overseas production subsidiaries	Total GHG emissions (Scope 1 and 2, market-based) / Consolidated revenue disclosed in business reports
Energy consumption	Energy consumption	Korean business sites and overseas production subsidiaries	Energy consumption statements
	Renewable energy consumption		Calculated based on renewable energy purchase certificates by energy source
	Energy intensity		Energy intensity
	Energy reduction performance		Total amount of energy saved through reduction initiatives
Water consumption	Water withdrawal	Korean business sites and overseas production subsidiaries	Water intake statement
	Water consumption		Water withdrawal – Water discharge
	Water discharge		Calculated based on flow meter readings; only volumes discharged at the water supply level are included
	Water reuse volume		Calculated based on flow meter readings; if unavailable, estimated using facility capacity and operational conditions
	Water reuse rate		Water reused / (Water reused + Water withdrawn)
	Water intensity		Water usage / Consolidated revenue disclosed in Corporate reports
	Water withdrawal in water-stressed regions		Water withdrawal volume calculated for areas classified as having “Extremely High” or “High” water stress according to the World Resources Institute (WRI) Aqueduct Water Risk Atlas, based on site locations
	Percentage of withdrawal from water-stressed areas		Water withdrawn in water-stressed areas / Total water withdrawn
Water pollutant discharge	BOD, SS, T-N, T-P	Korean business sites and overseas production subsidiaries	Korea: Based on the wastewater discharge source investigations Overseas: Based on internal measurements
Air pollutant emissions	SOx, NOx, and dust emissions	Korean business sites and overseas production subsidiaries	Korea: Based on the air emission source management system Overseas: Based on internal measurements
	VOC emissions	Korean business sites	Based on official guidelines for chemical substance survey and emission coefficients
Waste	Waste generation	Korean business sites and overseas production subsidiaries	Monthly aggregation by facility
	Recycling rate		(Total recycled waste + Waste-to-energy volume) / Total waste generated
Investment and operations in eco-friendly energy	Environmental and energy investment expenditures	Korean business sites and overseas production subsidiaries	Investment expenditures related to air and water quality and energy
	Environmental and energy operating expenditures		Operating expenditures related to air and water quality and energy use
Green purchasing status	Green purchasing performance	Korean business sites	Costs associated with purchasing office equipment and supplies certified under eco-labels such as the Korea Eco-Label, Greenguard, Energy Star, etc.

Social Performance Calculation Criteria

Social performance data has been calculated and recorded in accordance with the following criteria.

Data classification		Scope	Calculation criteria and methodology
Workforce composition	Total number of employees	Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Includes all regular and non-regular employees in Korea and abroad
	Managers in revenue-generating departments		Manufacturing, engineering, and sales departments (excluding administrative and support units)
	STEM department employees		Includes personnel from departments related to science, technology, engineering, and mathematics (mostly technical staff, research personnel, R&D teams, etc.)
	Employee turnover		Total number of employees who left the company / (Monthly average number of employees + Total number of leavers)
	Number of employees with disabilities	Korean business sites	Calculated using the special criteria for employment of individuals with disabilities
	Percentage of employees with disabilities		Number of employees with disabilities / Total number of employees in Korea
Compensation and benefits	Employee-related expenditures	Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Employee personnel expenses + welfare expenses + pension (retirement benefits)
	Wage ratio compared to the minimum wage	Korean business sites	Clerical monthly wage system; New employee hourly wage / Statutory minimum hourly wage in Korea
	Number of employees granted parental leave	Korean business sites	Number of employees newly approved for parental leave in the reporting year (not actual users)
	Number of employees who remained employed for at least 12 months after returning from parental leave		Number of employees who returned in the previous year and remained employed throughout the reporting year
	Rate of employees who remained employed for at least 12 months after returning from parental leave	Korean business sites	Number of returning employees from the previous year retained during the reporting year / Total number of returnees from the previous year
	Number of employees who returned from parental leave		Number of employees who returned from parental leave during the reporting year
	Parental leave return rate		Number of employees who returned in the current year / Number scheduled to return in the current year
Employee training	Training hours per person	Korean business sites	Total training hours / Total number of employees
	Human rights and sexual harassment prevention training	Korean business sites	Workplace bullying prevention training (including sexual harassment prevention training)
	Safety and health training	Korean business sites and overseas production subsidiaries	Number of employees who completed safety and health training by type
Return on human capital investment		Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	{(Revenue) – [(Cost of sales) – (Employee-related expenditures)]} / Employee-related expenditures * Employee-related expenses = Salary and bonus + retirement benefits + welfare expenses
Employee performance evaluation rate		Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Number of employees who underwent regular performance evaluations based on KPIs / Number of target employees Targets: all domestic and overseas employees, excluding new hires, those on extended leave, and dispatched workers
Social contribution		Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Data collection for overseas operations began in 2022; prior data reflects only domestic performance
Comprehensive supplier evaluation		Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	Raw material suppliers (those engaged in business for more than one year)
Safety and health certification and evaluation		Korean business sites and overseas production subsidiaries	Number of sites certified under ISO 45001 / Total number of manufacturing and production facilities

Reporting Methodology

Social Performance Calculation Criteria

Data classification		Scope	Calculation criteria and methodology
Industrial accidents[1]	Fatality rate	Korean business sites and overseas production subsidiaries	(Number of work-related fatalities / Annual employee working hours) * 1,000,000
	Accident rate		(Number of total accidents / Number of employees) * 100 Korea: Based on the national industrial accident survey submission criteria Overseas: Based on incidents resulting in 28 or more days of work suspension
	Lost time injury frequency rate (LTIFR)		(Number of lost time injuries / Annual employee working hours) * 1,000,000 * Calculated based on 200,000 hours as the standard reference for hourly injury rates
	Injury frequency rate		(Number of total accidents / Annual employee working hours) * 1,000,000
	Lost day rate		(Number of lost workdays / Number of employees) * 100
	Serious injury rate		Number of employees sustaining serious work-related injuries (excluding fatalities) / Number of employees

1) Includes both direct employees and in-house contract workers (excludes supplier workforce)

Governance Performance Calculation Criteria

Governance performance data has been calculated and recorded in accordance with the following criteria.

Data classification	Scope	Calculation criteria and methodology
Contributions to government and business associations	Korean business sites	Aggregate value of association-related contributions
Compliance training	Korean business sites and overseas sales subsidiaries	Korea: Training conducted through internal learning platform Overseas: Group training
Ethics training	Korean and overseas sites (production subsidiaries, sales subsidiaries, and R&D centers)	

Correction and Restatement of Information GRI 2-4

The following information has been revised from the previous reporting year due to changes in calculation criteria.

Category	Indicator name		Changes in calculation criteria
Environment	Energy consumption targets and performance	Target	Recalculated 2020 data due to updates in internal aggregation criteria
	Water reuse	Reuse rate	Updated aggregation criteria beginning in 2021
	Water discharge	Total discharge volume	Five years of data recalculated due to changes in the aggregation methodology
	Water pollutant discharge	COD	Data from 2020 to 2022 now includes Korean business sites
	Designated waste treatment and recycling	Others	Additional volume from treatment methods other than recycling, incineration, and landfill included (from 2023 onward)
		Recycling rate in Korean and overseas business sites	Designated waste recycling rates in Korean and overseas business sites excluded to prevent confusion with the total company waste recycling rate
	Waste		2023 waste data revised due to inclusion of additional data indicators and correction of prior errors
Society	Parental leave	Number of employees granted parental leave	Recalculated as 'Number of employees newly approved (not those who utilized the leave) during the reporting year'
		Number of employees retained 12 months after returning	Recalculated as 'Number of returnees from the previous year who remained employed during the reporting year'
		Retention rate 12 months after return from leave	Recalculated as 'Percentage of returnees from the previous year who remained employed throughout the reporting year'
		Number of employees returning from parental leave	Recalculated as 'Number of employees who returned from leave during the reporting year'
		Return-to-work rate after parental leave	Recalculated as 'Percentage of employees who returned during the reporting year among those scheduled to return'
	Employee training	Training hours per person	Data from 2020–2023 limited to Korea; 2023 data updated due to changes in the domestic scope
	Procurement in the global supply chain	Local procurement amount	Correction of errors in 2022 and 2023 data
		Local procurement ratio	Correction of errors in 2022 and 2023 data
	Accidents and lost workdays	Days lost	New indicator added
Governance	Revenue and operating profit	Revenue	2022 and 2023 figures restated for comparison purposes due to discontinued operations
		Operating profit	2022 and 2023 figures restated for comparison purposes due to discontinued operations
	Research and development / patents	R&D expenditure	Data for 2023 has been restated for comparative purposes due to the occurrence of discontinued operations.
		R&D expenditure-to-revenue ratio	Data for 2023 has been restated for comparative purposes due to the occurrence of discontinued operations.
	Top five overseas shareholders	PRUDENTIAL	Updated as of the end of 2024 to reflect changes in major shareholders
		EPF	
		PBOC	

ESG Databook

Environmental

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

Category		Unit	Data scope	2020	2021	2022	2023	2024
Energy consumption (consolidated)	Total energy consumption	MWh	100%	2,438,906	2,909,016	2,696,928	2,820,983	3,034,542
	Electricity[1]	MWh	100%	1,975,597	2,224,870	1,998,760	2,131,357	2,343,483
	LNG	MWh	100%	280,448	467,804	467,516	417,373	406,257
	Diesel[2]	MWh	100%	22,562	27,039	33,100	37,208	39,507
	Gasoline	MWh	100%	3,122	2,880	2,950	2,949	3,009
	LPG	MWh	100%	29,801	23,917	7,456	26,337	30,453
	Purchased steam	MWh	100%	127,376	162,506	187,146	205,759	211,833
	Non-renewable energy consumption	MWh	100%	2,438,787	2,902,900	2,690,099	2,681,383	2,974,459
	Electricity	MWh	100%	1,975,478	2,218,754	1,991,931	1,991,757	2,103,400
	LNG	MWh	100%	280,448	467,804	467,516	417,373	406,257
	Diesel	MWh	100%	22,562	27,039	33,100	37,208	39,507
	Gasoline	MWh	100%	3,122	2,880	2,950	2,949	3,009
	LPG	MWh	100%	29,801	23,917	7,456	26,337	30,453
	Purchased steam	MWh	100%	127,376	162,506	187,146	205,759	211,833
	Renewable energy consumption	MWh	100%	119	6,116	6,829	139,600	240,083
	Solar	MWh	100%	119	116	99	33,968	70,083
	Geothermal	MWh	100%	0	6,000	6,730	50,000	60,000
	Hydroelectric	MWh	100%	0	0	0	37,632	0
	Wind	MWh	100%	0	0	0	18,000	110,000
	Energy intensity[2]	MWh/ revenue (KRW 100 million)	100%	31.5	30.1	28.7	31.7	29.5
Energy consumption (Korea)	Total energy consumption	MWh	100%	1,158,868	1,218,098	1,248,627	1,203,757	1,224,957
	Electricity consumption[3]	MWh	100%	832,719	864,251	883,617	854,429	894,802
Energy reduction performance	Electricity[4]	GJ	100%	1,529,708	2,830,158	613,487	409,075	746,632
	LNG	kNm³	100%	3,450	3,559	2,583	5,850	13,430
Energy saving	Energy saving project	Cases	100%	486	860	810	1,089	3,113
	Amount saved through energy saving projects	KRW 100 million	100%	192	326	211	245	423
Energy consumption targets and performance	Target[5]	KRW 100 million	100%	2,513	2,744	3,107	3,693	4,009
	Actual result	KRW 100 million	100%	2,354	2,549	3,079	3,501	3,865

1) Includes renewable energy usage
2) 2022 data corrected due to previous errors
3) Based on the electricity consumption at business sites in Korea
4) Based on the amount of energy saved through projects completed annually
5) 2020 data recalculated due to changes in internal aggregation criteria

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

Category		Unit	Data scope	2020	2021	2022	2023	2024
Water withdrawal	Total water withdrawal volume	m³	100%	19,708,294	20,834,376	19,699,860	20,918,985	22,323,851
	Surface water	m³	100%	748,181	874,030	930,608	727,470	775,247
	Sejong	m³	100%	748,181	874,030	930,608	727,470	775,247
	Underground water	m³	100%	3,102,426	3,231,490	3,006,686	2,982,969	3,313,542
	Sejong	m³	100%	68,178	64,857	58,458	0	0
	Philippines	m³	100%	3,034,248	3,166,633	2,948,228	2,982,969	3,313,542
	Urban water[1]	m³	100%	15,857,687	16,728,856	15,762,566	17,208,546	18,235,062
	Suwon	m³	100%	1,636,747	1,441,286	1,335,415	1,148,360	1,149,306
	Sejong	m³	100%	2,689,395	3,141,770	3,345,142	3,857,387	3,931,841
	Busan	m³	100%	5,655,526	6,163,052	7,299,985	6,434,020	6,723,761
	Tianjin	m³	100%	1,345,138	2,611,176	2,490,294	2,213,878	2,451,398
	Gaoxin	m³	100%	269,440	244,875	169,427	150,985	172,826
	Vietnam	m³	100%	4,160,195	3,097,083	1,122,303	3,403,916	3,805,930
	Others	m³	100%	101,246	29,614	-	-	-
Water reuse	Reused volume	m³	100%	1,827,990	6,437,870	6,965,660	9,782,861	11,006,416
	Reuse rate[2]	%	100%	9.3	23.6	26.1	31.9	33.0
Water discharge	Total discharge volume[3] (discharge at the supply water level)	m³	100%	15,156,642	15,298,946	15,255,852	16,951,808	17,290,757
Water consumption	Total water consumption	m³	100%	4,551,652	5,535,430	4,444,008	3,967,177	5,033,094
Water intensity	Water intensity[4]	m³/revenue (KRW 100 million)	100%	254	215	209	235	217
Water withdrawal in water-stressed areas	Total volume of water withdrawn in water-stressed areas[5]	m³	100%	8,809,021	9,119,767	6,730,252	8,751,748	4,707,088
	Surface water	m³	100%	5,774,773	5,953,134	0	0	775,247
	Underground water	m³	100%	3,034,248	3,166,633	2,948,228	2,982,969	0
	Urban water	m³	100%	0	0	3,782,024	5,768,779	3,931,841
	Percentage of areas with high water stress[6]	%	100%	45	44	34	42	21

1) From 2022, water used through industrial complexes is classified as urban water
2) Aggregation criteria revised from 2021
3) Starting in 2021, the criteria for calculating water reuse were expanded to include all business sites.
   - 2020: Data was calculated and managed only for select facilities at the Sejong Business Site equipped with water reuse systems, Reuse rate = (Volume reused / Water withdrawal volume) × 100
   - 2021: After establishing company-wide criteria for calculating water reuse, data calculation and management were expanded across all business sites, Reuse rate = (Volume reused / (Water withdrawal volume + Volume reused)) × 100
4) Water intensity=Water withdrawal volume/Revenue
5) Based on the locations of business sites in Tianjin, Gaoxin, the Philippines, and Vietnam
6) From 2020 to 2023, data was calculated based on the Tianjin, Gaoxin, Philippines, and Vietnam business sites; however, in 2024, due to changes in water stress areas, the Sejong business site was used as the basis for calculation.

Environmental

Raw Material Consumption

Category		Unit	Data scope	2020	2021	2022	2023	2024
Raw material consumption	Total raw material consumption	ton	100%	104,419	116,528	97,324	90,423	108,186
	Chemicals	ton	100%	85,682	94,483	81,006	74,024	88,422
	Powders	ton	100%	15,039	18,108	13,123	13,232	16,577
	Nonferrous metals	ton	100%	2,036	1,988	1,593	1,423	1,582
	Resins	ton	100%	1,309	1,593	1,242	1,475	1,335
	Paste	ton	100%	6	16	17	14	18
	Precious metal	ton	100%	1	1	1	1	1
	Others	ton	100%	346	339	342	254	251

Water Pollution

Category		Unit	Data scope	2020	2021	2022	2023	2024
Water pollutant discharge[1]	BOD	ton	100%	210	264	557	421	229
	TOC (Korea)[2]	ton	100%	-	-	-	148	121
	COD (Overseas)[3]	ton	100%	333	397	442	81	94
	SS	ton	100%	72	87	58	84	73
	T-N	ton	100%	166	220	159	102	121
	T-P	ton	100%	3	5	2	2	2
Violation of wastewater discharge limits	Number of violations	Cases	100%	0	0	0	0	0

1) Data from 2020 to 2022 corrected due to expanded calculation scope
2) Actual measurements began in 2023; based on the Ministry of Environment press release (May 27, 2019), if COD emissions are converted to TOC, estimated TOC emissions in 2022 are 209 tons.
3) Data from 2020 to 2022 includes domestic data.

Air Pollution GRI 305-7

Category		Unit	Data scope	2020	2021	2022	2023	2024
Air pollutant emissions	SOx	ton	100%	16	5	29	30	20
	NOx	ton	100%	82	37	73	68	64
	Dust	ton	100%	51	45	37	55	52
VOC emissions (Korea)	VOC	ton	100%	3.9	3.0	3.0	3.2	3.4

Waste[1] GRI 306-3, 306-4, 306-5

Category		Unit	Data scope	2020	2021	2022	2023	2024
Waste generated	Total volume of waste generated	ton	100%	122,898	155,077	131,983	114,195	136,244
General waste treatment and recycling	Volume of general waste generated	ton	100%	78,063	90,765	79,502	66,939	73,784
	General waste incinerated	ton	100%	4,257	5,861	6,080	3,742	4,604
	Energy recovery	ton	100%	688	419	5,616	3,742	4,604
	No energy recovery	ton	100%	3,569	5,442	464	0	0
	General waste landfilled	ton	100%	8,434	9,024	6,396	3,379	0
	General waste recycled	ton	100%	65,372	75,880	67,026	59,818	69,180
Designated waste treatment and recycling	Volume of designated waste generated	ton	100%	44,835	64,312	52,481	47,256	62,460
	Designated waste incinerated	ton	100%	4,894	4,748	5,748	2,382	5,886
	Energy recovery	ton	100%	0	0	2,161	2,382	5,871
	No energy recovery	ton	100%	4,894	4,748	3,587	0	15
	Designated waste landfilled	ton	100%	6,787	4,986	4,182	138	177
	Others[2]	ton	100%	-	-	-	1,356	1,547
	Designated waste recycled	ton	100%	33,154	54,578	42,551	43,380	54,850
Designated waste treatment and recycling	Total (incineration + landfill + recycling)	ton	100%	122,898	155,077	131,983	114,195	136,244
	Waste incinerated	ton	100%	9,151	10,609	11,828	6,124	10,490
	Energy recovery	ton	100%	688	419	7,777	6,124	10,475
	No energy recovery	ton	100%	8,463	10,190	4,051	0	15
	Waste landfilled	ton	100%	15,221	14,010	10,578	3,517	177
	Others[2]	ton	100%	-	-	-	1,356	1,547
	Volume of waste recycled	ton	100%	98,526	130,458	109,577	103,198	124,030
	Waste recycling rate[3]	%	100%	81	84	89	96	99

1) 2023 waste data revised due to inclusion of additional data indicators and correction of prior errors
2) "Others" refers to remaining processed volumes excluding recycling, incineration, and landfill; applied from 2023
3) Waste recycling rate = (volume of waste recycled + energy recovered) / total waste generated

Environmental

Environmental Certification and Information Requests

Category		Unit	Data scope	2020	2021	2022	2023	2024
ISO 14001	ISO 14001 certification rate	%	100%	100	100	100	100	100
Information Requests	Responses to product- and environment-related Information Requests	Cases	100%	2,400	2,748	3,545	4,138	4,759

Investment and Operations in Eco-Friendly Energy

Category		Unit	Data scope	2020	2021	2022	2023	2024
Environmental energy investment	Environmental energy investment expenses	KRW million	100%	25,492	35,352	26,599	21,265	25,739
Environmental energy operation	Environmental energy operation expenses	KRW million	100%	259,893	272,486	337,134	296,731	340,704

Green Purchasing Status

Category	Unit	Data scope	2020	2021	2022	2023	2024
Green purchasing performance (Korea)[1)]	KRW 100 million	100%	25	23	18	17	27

1) Green purchasing performance (Korea): Green purchasing refer to the cost of office PCs and supplies certified with eco-labels such as Korea Eco-Label, Greenguard, and Energy Star.

Social

Workforce Composition GRI 2-7, 202-2, 405-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Total number of employees	Total number of employees	Persons	100%	36,220	37,312	34,819	34,742	35,990
	Male	Persons	100%	20,204	20,931	20,114	19,851	20,582
	Female	Persons	100%	16,016	16,381	14,705	14,891	15,408
	Percentage of female employees	%	100%	44.2	43.9	42.2	42.9	42.8
	Full-time	Persons	100%	35,888	36,885	34,277	34,435	35,486
	Executives	Persons	100%	64	71	69	68	69
	Male	Persons	100%	62	68	66	65	65
	Female	Persons	100%	2	3	3	3	4
	Percentage of female employees	%	100%	3.1	4.2	4.3	4.4	5.8
	Managing staff[1)]	Persons	100%	5,585	6,008	6,255	6,737	7,098
	Male	Persons	100%	4,873	5,171	5,328	5,672	5,883
	Female	Persons	100%	712	837	927	1,065	1,215
	Percentage of female employees	%	100%	12.7	13.9	14.8	15.8	17.1
	Staff	Persons	100%	30,239	30,806	27,953	27,630	28,319
	Male[2)]	Persons	100%	15,043	15,398	14,333	13,912	14,296
	Female	Persons	100%	15,196	15,408	13,620	13,718	14,023
	Percentage of female employees	%	100%	50.3	50.0	48.7	49.6	49.6
	Non-regular	Persons	100%	332	427	542	307	504
	Male	Persons	100%	226	294	387	202	338
	Female	Persons	100%	106	133	155	105	166

1) Managing staff: Middle management (CL3–4)
2) 2020 data corrected due to previous errors

Social

Workforce Composition

Category		Unit	Data scope	2020	2021	2022	2023	2024
Domestic employees (direct hires)	Total number of employees in Korea	Persons	100%	11,625	11,868	12,368	11,973	12,164
	Full-time	Persons	100%	11,313	11,488	11,844	11,681	11,675
	Executives	Persons	100%	55	62	63	63	63
	Male	%	100%	53	59	60	60	59
	Female	Persons	100%	2	3	3	3	4
	Percentage of female employees	Persons	100%	3.6	4.8	4.8	4.8	6.3
	Managing staff[1]	Persons	100%	4,605	4,941	5,185	5,436	5,617
	Male	%	100%	4,179	4,428	4,587	4,765	4,852
	Female	Persons	100%	426	513	598	671	765
	Percentage of female employees[2]	Persons	100%	9.3	10.4	11.5	12.3	13.6
	Staff	Persons	100%	6,653	6,485	6,596	6,182	5,995
	Male	%	100%	4,392	4,281	4,412	4,141	4,004
	Female	Persons	100%	2,261	2,204	2,184	2,041	1,991
	Percentage of female employees	Persons	100%	34.0	34.0	33.1	33.0	33.2
	Non-regular	Persons	100%	312	380	524	292	489
	Male	Persons	100%	225	288	384	201	336
	Female	Persons	100%	87	92	140	91	153
Overseas employees (direct hires)	Total number of overseas employees	%	100%	24,595	25,444	22,451	22,769	23,826
	Full-time	Persons	100%	24,575	25,397	22,433	22,754	23,811
	Executives	Persons	100%	9	9	6	5	6
	Male	Persons	100%	9	9	6	5	6
	Female	%	100%	0	0	0	0	0
	Percentage of female employees	Persons	100%	0	0	0	0	0
	Managing staff[1]	Persons	100%	980	1,067	1,070	1,301	1,481
	Male	Persons	100%	694	743	741	907	1,031
	Female	Persons	100%	286	324	329	394	450
	Percentage of female employees	%	100%	29.2	30.4	30.7	30.3	30.4
	Staff	Persons	100%	23,586	24,321	21,357	21,448	22,324
	Male	Persons	100%	10,651	11,117	9,921	9,771	10,292
	Female	Persons	100%	12,935	13,204	11,436	11,677	12,032
	Percentage of female employees	%	100%	54.8	54.3	53.5	54.4	53.9
	Non-regular	Persons	100%	20	47	18	15	15
	Male	Persons	100%	1	6	3	1	2
	Female	Persons	100%	19	41	15	14	13

Category		Unit	Data scope	2020	2021	2022	2023	2024
Managers in revenue-generating departments[3]	Total	Persons	100%	4,614	4,951	5,170	5,590	6,004
	Male	Persons	100%	4,114	4,356	4,501	4,798	5,060
	Female	Persons	100%	500	595	669	792	944
	Percentage of female employees	%	100%	10.8	12.0	12.9	14.2	15.7
	Korea	Persons	100%	3,884	4,151	4,348	4,571	4,794
	Male	Persons	100%	3,569	3,770	3,907	4,063	4,187
	Female	Persons	100%	315	381	441	508	607
	Overseas	Persons	100%	730	800	822	1,019	1,210
	Male	Persons	100%	545	586	594	735	873
	Female	Persons	100%	185	214	228	284	337
STEM department employees[4]	Total	Persons	100%	13,156	13,709	13,345	13,630	14,037
	Male	Persons	100%	8,840	9,127	8,989	9,151	9,320
	Female	Persons	100%	4,316	4,582	4,356	4,479	4,717
	Percentage of female employees	%	100%	32.8	33.4	32.6	32.9	33.6
	Korea	Persons	100%	5,923	6,059	6,231	6,208	6,303
	Male	Persons	100%	4,583	4,660	4,787	4,782	4,829
	Female	Persons	100%	1,340	1,399	1,444	1,426	1,474
	Overseas	Persons	100%	7,233	7,650	7,114	7,422	7,734
	Male	Persons	100%	4,257	4,467	4,202	4,369	4,491
	Female	Persons	100%	2,976	3,183	2,912	3,053	3,243
Employees by country	Korea	Persons	100%	11,625	11,868	12,368	11,973	12,164
	Asia	Persons	100%	24,511	25,358	22,360	22,679	23,735
	China	Persons	100%	9,944	10,876	9,421	9,168	9,495
	Vietnam	Persons	100%	7,466	6,584	6,005	6,130	6,275
	Philippines	Persons	100%	6,540	7,340	6,747	7,141	7,716
	Others	Persons	100%	561	558	187	240	249
	Americas	Persons	100%	51	49	55	54	54
	Europe	Persons	100%	33	37	36	36	37
Employees with disabilities (Korea)	Number of employees with disabilities[5]	Persons	100%	231	230	225	220	220
	Percentage of employees with disabilities	%	100%	1.99	1.94	1.82	1.84	1.81

1) Managing staff: Middle management (CL3–4)
2) 2020 data corrected due to previous errors
3) Manufacturing, engineering, and sales departments (excluding administrative and support units)
4) Includes personnel from departments related to science, technology, engineering, and mathematics (technical staff, research personnel, R&D teams, etc.)
5) Calculated using the special criteria for employment of individuals with disabilities

Social

Workforce Composition

Category		Unit	Data scope	2020	2021	2022	2023	2024
Composition of employees by age[1]	Number of employees under 30	Persons	100%	18,445	18,048	15,341	13,932	13,765
	Number of employees aged 30–50	Persons	100%	16,976	18,275	18,337	19,484	20,747
	Number of employees over 50	Persons	100%	799	989	1,141	1,326	1,478
	Percentage of employees under 30[2]	%	100%	50.9	48.4	44.1	40.1	38.2
	Percentage of employees aged 30–50	%	100%	46.9	49.0	52.7	56.1	57.6
	Percentage of employees over 50[3]	%	100%	2.2	2.7	3.3	3.8	4.1

1) All employees at domestic and overseas business sites
2) 2022 data corrected due to previous errors
3) 2021 data corrected due to previous errors

Retired Employees GRI 401-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Employee turnover[1]	Total	%	100%	11.3	13.1	8.8	7.6	6.3
	Korea	%	100%	2.7	2.9	2.9	2.7	2.4
	Overseas	%	100%	14.9	17.2	11.4	10.0	8.1
Voluntary turnover rate	Total voluntary turnover rate	%	100%	10.1	9.7	7.1	6.5	5.0
	Korea	%	100%	2.6	2.6	2.5	2.4	2.0
	Overseas	%	100%	13.4	12.6	9.3	8.5	6.4
Retired employees by rank	Total	Persons	100%	4,433	5,446	3,462	2,837	2,358
	Executives	Persons	100%	8	18	12	10	15
	Managing staff	Persons	100%	108	166	193	165	185
	Staff	Persons	100%	4,317	5,262	3,257	2,662	2,158
Retired employees by gender	Total	Persons	100%	4,433	5,446	3,462	2,837	2,358
	Male	Persons	100%	1,759	2,342	1,678	1,465	1,143
	Female	Persons	100%	2,674	3,104	1,784	1,372	1,215
Retired employees by age	Total	Persons	100%	4,433	5,446	3,462	2,837	2,358
	Under 30 years	Persons	100%	3,133	3,821	2,404	1,928	1,538
	30–50 years	Persons	100%	1,238	1,540	943	792	694
	Over 50	Persons	100%	62	85	115	117	126
Average years of service	Total	Years	100%	7.9	8.3	9.1	9.8	10.1
	Korea	Years	100%	13.1	13.6	13.6	14.7	15.1
	Overseas	Years	100%	5.4	5.8	6.6	7.2	7.6

1) Retirement rate = Total number of retirements / (Average monthly number of employees + Total number of retirements)

Compensation and Benefits GRI 201-3, 202-1, 401-3, 405-2

Category		Unit	Data scope	2020	2021	2022	2023	2024
Welfare benefits	Employee-related expenditures	KRW million	100%	1,719,837	2,067,396	2,171,239	2,069,581	2,249,969
	Employee personnel expenses	KRW million	100%	1,362,318	1,675,110	1,741,691	1,629,411	1,788,890
	Employee welfare expenses	KRW million	100%	286,710	314,861	342,602	355,092	373,595
	Employee pension (retirement benefits)	KRW million	100%	70,809	77,425	86,946	85,078	87,484
	Employee personnel expenses to pension ratio[1]	%	100%	5.2	4.6	5.0	5.2	4.9
Wage ratio to minimum wage (Korea)	Male	%	100%	106.4	111.9	115.8	125.9	126.6
	Female	%	100%	106.4	111.9	115.8	125.9	126.6
Parental leave (Korea)[2]	Number of employees granted parental leave[3]	Persons	100%	576	484	543	488	504
	Male	Persons	100%	133	123	137	140	175
	Female	Persons	100%	443	361	406	348	329
	Number of employees retained 12 months after returning[4]	Persons	100%	264	273	249	320	250
	Male	Persons	100%	48	81	72	95	75
	Female	Persons	100%	216	192	177	225	175
	Retention rate 12 months after return from leave[5]	%	100%	89.2	86.4	77.8	91.4	80.9
	Male	%	100%	90.6	92.0	83.7	94.1	87.2
	Female	%	100%	88.9	84.2	75.6	90.4	78.5
	Number of employees returning from parental leave[6]	Persons	100%	309	292	323	288	334
	Male	Persons	100%	87	79	96	84	107
	Female	Persons	100%	222	213	227	204	227
	Return-to-work rate after parental leave[7][8]	%	100%	97.8	91.3	92.3	93.2	96.5
	Male[8]	%	100%	98.9	91.9	95.0	97.7	98.2
	Female[8]	%	100%	97.4	91.0	91.2	91.5	95.8

1) Data from 2020 to 2023 corrected due to previous errors
2) Data revised due to changes in the calculation formula for parental leave data
3) Number of employees granted parental leave = Number of employees newly approved (not those who utilized the leave) during the reporting year
4) Employees who returned from parental leave and remained employed for 12 months = Number of employees who maintained employment during the reporting year among those who returned in the previous year
5) Rate of employees who returned from parental leave and remained employed for 12 months = Percentage of employees who maintained employment during the reporting year among those who returned from parental leave in the previous year
6) Number of employees who returned from parental leave = Number of returnees in the reporting year
7) Rate of employees who returned from parental leave = Percentage of employees who returned during the reporting year among those scheduled to return
8) Data from 2020 to 2023 corrected due to previous errors

Social

Employee Satisfaction

Category		Unit	Data scope	2020	2021	2022	2023	2024
Employee satisfaction (Korea)[1]	Organizational health index	points	100%	72.6	72.2	71.7 (work) 73.6 (colleague) 72.1 (company)	76.5 (work) 77.8 (colleague) 75.7 (company)	74.8 (work) 76.0 (colleague) 72.4 (company)

1) Starting in 2022, employee satisfaction was restructured into an organizational health diagnosis. Rather than a single overall score, results are reported by work, colleagues, and company dimensions.

Employee Training GRI 205-2, 410-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Training hours per person[1]	Training hours per person[2]	Hours/person	100%	74	62	49	49	48
Training hours per person (Korea)	Training hours per person	KRW million/person	100%	0.86	0.85	0.95	0.99	0.91
Human rights training (Korea)	Training hours per person[3]	Hours/person	100%	3	3	3	3	3
	Male	Hours/person	100%	3	3	3	3	3
	Female	Hours/person	100%	3	3	3	3	3
Sexual harassment prevention training (Korea)	Sexual harassment prevention training completion rate	%	100%	100	100	100	100	100
	Training hours per person (male)	Hours/person	100%	1	1	1	1	1
	Training hours per person (female)	Hours/person	100%	1	1	1	1	1
Corruption prevention training	Employee corruption prevention training completion rate	%	100%	100	100	100	100	100
	Number of employee training sessions on corruption prevention	Sessions	100%	329	368	242	248	240
	Training hours per person (male)	Minutes/person	100%	6	8	8	8	8
	Training hours per person (female)	Minutes/person	100%	6	8	8	8	8
Safety and health training	Number of participating employees	Persons	100%	144,961	149,625	352,063	228,860	358,097
	Korea	Persons	100%	49,680	53,618	74,369	68,484	68,653
	Overseas	Persons	100%	95,281	96,007	277,694	160,376	289,444
Return on human capital investment	Return on human capital investment[4]	-	100%	2.14	2.23	2.04	1.83	1.87

1) Slight decrease in training hours per person due to an increase in non-regular workers; data from 2020 to 2023 is limited to Korea
2) 2023 data revised due to changes in the data scope for Korea
3) Sexual harassment prevention (1 hour), workplace bullying prevention (1 hour), and disability awareness training (1 hour)
4) Return on human capital investment = (Revenue – (Cost of sales) – (Employee-related expenditures)]] / (Employee-related expenditures)(Employee-related expenses = Salary and bonus + retirement benefits + welfare expenses)

Human Rights Violations and Grievance Handling Status (Korea)

Category		Unit	Data scope	2020	2021	2022	2023	2024
Hanulim Council deliberation body board-specific handling status (Korea)	Total number of cases deliberated and handled by Hanulim Council	Cases	100%	71	48	61	73	40
	FUN[1]	Cases	100%	21	15	21	18	21
	PRIDE[2]	Cases	100%	22	12	16	29	4
	TRUST[3]	Cases	100%	18	14	18	11	9
	WOMEN[4]	Cases	100%	10	7	6	15	6

1) Employee contribution activities, support for distress, organizational vitality activities, etc.
2) Improvements to company-wide welfare facilities, work environment, productivity, and competitiveness, etc.
3) All systems and compensation and benefits standards related to personnel, labor relations, and education, etc.
4) Improvements to welfare facilities and HR systems relevant to female employees, etc.

Employee Performance Evaluation GRI 404-3

Category		Unit	Data scope	2020	2021	2022	2023	2024
Employee performance evaluation rate[1]	Executives	%	100%	100	100	100	100	100
	Male	%	100%	100	100	100	100	100
	Female	%	100%	100	100	100	100	100
	Managing staff[2]	%	100%	100	100	100	100	100
	Male	%	100%	100	100	100	100	100
	Female	%	100%	100	100	100	100	100
	Staff	%	100%	100	100	100	100	100
	Male	%	100%	100	100	100	100	100
	Female	%	100%	100	100	100	100	100

1) Non-evaluation targets: New employees, employees on leave, dispatched workers, etc.
2) Middle management (CL3–4)

Social contribution

Category		Unit	Data scope	2020	2021	2022	2023	2024
Social contribution expenses[1]	Social contribution expenditures	KRW million	100%	6,085	6,261	9,174	8,924	7,248
	Charitable donations[2]	KRW million	100%	2,312	1,563	2,158	2,098	1,392
	Local community investment[3]	KRW million	100%	3,323	4,204	5,926	5,926	5,161
	Commercial activities[4]	KRW million	100%	450	493	1,090	900	695
Employee volunteer work (Korea)	Total volunteer hours of employees	Hours/person	100%	16,917	14,580	10,785	15,135	18,442
	Number of volunteer teams	Team	100%	55	52	62	69	69
	Number of participating employees	Persons	100%	3,704	2,579	1,785	2,244	3,874
Employee donations (Korea)	Participation rate	%	100%	100	100	100	100	100
	Donation amount	KRW million	100%	1,196	1,216	1,615	1,534	1,467
Youth education (Korea)	Blue Elephant Project	Persons	100%	93,862	259,339	308,941	277,887	400,169
	SSAFY[5]	Persons	100%	-	1,700	2,300	2,300	2,200
	Junior SW Academy[6]	Persons	100%	-	-	43,720	54,233	-
	Hope Stepping Stone[6]	Persons	100%	-	-	6,284	10,305	14,717
Local community contribution (Korea)	Sister villages	Villages	100%	17	17	17	17	17

1) Overseas data management began in 2022; therefore, data prior to 2022 applies only to Korea.
2) One-time or irregular sponsorships for public interest causes, such as charitable/community organization requests or emergency relief efforts.
3) Strategic participation in resolving social issues from a long-term perspective as part of sustainability management.
4) Business-related activities aimed at enhancing company and brand awareness.
5) The SSAFY project commenced in 2021; therefore, no prior data are available.
6) Samsung Electro-Mechanics participated in Samsung Electronics' social contribution project in 2022 and 2023.

Social

Support and Activities for Mutual Growth (Korea) GRI 205-2

Category		Unit	Data scope	2020	2021	2022	2023	2024
Supplier training	Mutual Growth Academy training[1]	Companies	100%	88	83	106	146	164
	Employees of suppliers who completed the Mutual Growth Academy[2]	Persons	100%	938	1,600	3,395	3,462	3,839
	RBA (labor rights) training	Companies	100%	-	44	34	44	41
	Product environment training	Companies	100%	-	33	45	60	66
	Safety environment training	Companies	100%	12	99	144	136	100
Support for sustainability management of suppliers	Environmental facility operation consulting	Companies	100%	12	38	24	5	4
	Greenhouse gas and energy efficiency diagnosis	Companies	100%	4	1	11	3	1
	Risk assessment and fire safety diagnosis	Companies	100%	40	6	29	18	25
Promoting Shared Growth	Mutual growth fund[3]	KRW 100 million	100%	289	484	755	737	723

1) Includes manufacturing productivity, quality, facilities, management, etc.
2) Refers to individuals who completed training via supplier site visits, group sessions, or virtual programs
3) Calculated based on the amount of loans currently in progress

Supply Chain Management

Category		Unit	Data scope	2020	2021	2022	2023	2024
Procurement in the global supply chain	Raw material purchase cost	KRW million	100%	3,393,256	4,010,433	3,484,413	3,718,951	4,217,398
	Local purchase amount[1]	KRW million	100%	755,935	892,746	974,034	1,019,794	1,166,834
	Local purchase ratio[1]	%	100%	22.3	22.3	28.0	27.4	27.7
Purchase ratio by region	Korea	%	100%	40	38	37	36	35
	China	%	100%	18	21	19	20	20
	Japan	%	100%	23	25	25	26	26
	Southeast Asia	%	100%	17	14	17	16	17
	Europe	%	100%	1	1	1	1	1
	Americas	%	100%	1	1	1	1	1
Responsible mineral survey	Responsible mineral usage status survey	%	100%	100	100	100	100	100

1) 2022 and 2023 data 2023 corrected due to previous errors

Responsible Mineral Usage Status

Category	Unit	Data scope	2020	2021	2022	2023	2024
Number of tantalum smelters	Smelters	100%	37	37	36	35	50
Percentage of tantalum RMAP-certified smelters	%	100%	100	100	100	100	100
Number of tin smelters	Smelters	100%	53	52	81	81	144
Percentage of tin RMAP-certified smelters	%	100%	100	100	100	100	100
Number of tungsten smelters	Smelters	100%	36	39	50	51	78
Percentage of tungsten RMAP-certified smelters	%	100%	100	100	100	100	100
Number of gold smelters	Smelters	100%	101	107	173	167	220
Percentage of gold RMAP-certified smelters	%	100%	100	100	100	100	100
Number of cobalt smelters	Smelters	100%	23	34	59	70	100
Percentage of cobalt RMAP-certified smelters	%	100%	100	100	100	100	100
Number of mica[1] smelters	Smelters	100%	-	-	1	4	16
Percentage of mica RMAP-certified smelters	%	100%	-	-	100	100	100
Total number of smelters	Smelters	100%	250	269	400	406	608
Total percentage of RMAP-certified smelters	%	100%	100	100	100	100	100

1) Data additionally collected from 2022 onward

Supplier Sustainability Management (Compliance) Evaluation

GRI 308-1, 308-2, 413-1, 414-1, 416-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Sustainability management (compliance) evaluation results	Number of companies subject to evaluation[1]	Companies	100%	99	101	97	92	87
	Korea	Companies	100%	54	54	52	48	47
	Overseas	Companies	100%	45	47	45	44	40
	Number of companies completing self-diagnosis evaluations	Companies	100%	99	101	97	92	87
	Korea	Companies	100%	54	54	52	48	47
	Overseas	Companies	100%	45	47	45	44	40
	Number of companies undergoing on-site inspections[2]	Companies	100%	82	54	82	67	58
	Korea	Companies	100%	50	38	50	46	31
	Overseas	Companies	100%	32	16	32	21	27
Sustainability management compliance rate by evaluation area[3]	Total compliance rate	%	100%	-	-	88.9	94.8	94.4
	Labor rights	%	100%	-	-	89.7	93.4	93.4
	Safety and Health	%	100%	-	-	83.8	90.3	90.1
	Environment	%	100%	-	-	96.0	99.1	96.9
	Corporate ethics	%	100%	-	-	94.0	97.6	99.0
	Management system	%	100%	-	-	88.6	93.5	92.6

1) Same as the number of self-diagnosis target suppliers
2) Number of on-site inspection suppliers among self-diagnosis targets (on-site inspections restricted since 2019 owing to COVID-19)
3) Data collection started from 2022 onward

Social

Industrial accidents GRI 403-9

Category		Unit	Data scope	2020	2021	2022	2023	2024
Personnel accidents (fatalities)	Total number of fatalities[1]	Persons	100%	0	0	0	0	0
	Number of fatalities among employees[1]	Persons	100%	0	0	0	0	0
	Fatality rate among employees[2]	10^{-4}%	100%	0	0	0	0	0
	Number of fatalities among in-house supplier employees[1]	Persons	100%	0	0	0	0	0
	Fatality rate among in-house supplier employees[3]	10^{-4}%	100%	0	0	0	0	0
Accidents and lost workdays[8]	Accident rate[4]	%	100%	0.025	0.056	0.040	0.037	0.042
	Lost time injury frequency rate[5]	10^{-4}%	100%	0.021	0.114	0.098	0.089	0.069
	Frequency rate[6]	10^{-4}%	100%	0.104	0.235	0.168	0.156	0.174
	Number of lost days (work suspension days)	Days	100%	454	1,742	1,360	692	1,817
	Lost day rate[7]	%	100%	1.253	4.669	3.906	1.992	5.049
Personnel accidents (serious injuries)	Total number of serious injuries[1]	Persons	100%	0	0	0	0	0
	Number of serious injuries among employees	Persons	100%	0	0	0	0	0
	Korea	Persons	100%	0	0	0	0	0
	Overseas	Persons	100%	0	0	0	0	0
	Serious injury rate among employees[9]	10^{-4}%	100%	0	0	0	0	0
	Number of serious injuries among in-house supplier employees	Persons	100%	0	0	0	0	0
	Korea	Persons	100%	0	0	0	0	0
	Overseas	Persons	100%	0	0	0	0	0
	Serious injury rate among in-house supplier employees[10]	10^{-4}%	100%	0	0	0	0	0

1) Includes employees and in-house contract workers
2) Includes employees and in-house contract workers; Total employee fatality rate = (Number of employees who died from work-related injuries / Annual working hours of employees) × 1,000,000
3) Total in-house supplier fatality rate = (Number of non-affiliated workers who died from work-related injuries / Working hours for non-affiliated workers) × 1,000,000
4) Includes employees and in-house contract workers; accident rate = (number of accidents / number of employees) × 100
5) Includes employees and in-house contract workers; Loss of work injury rate (LTIFR) = (Number of cases of absence from work for 1 day or more / Annual working hours of employees) × 1,000,000
6) Includes employees and in-house contract workers; frequency rate = (number of accidents / annual employee working hours) × 1,000,000
7) Includes employees and in-house contract workers; lost day rate = (number of lost days / number of employees) × 100
8) Five years of data recalculated due to changes in the measurement methodology
9) Includes employees and in-house contract workers; Ratio of serious injuries to employees = Number of employees injured from work-related serious accidents (excluding deaths) / Number of employees
10) Ratio of serious injuries to in-house suppliers = Number of non-affiliated workers injured from work-related serious accidents (excluding deaths) / Number of non-affiliated workers

Safety and Health Certification and Evaluation GRI 403-8

Category		Unit	Data scope	2020	2021	2022	2023	2024
ISO 45001 Certification rate	Certification rate	%	100%	100	100	100	100	100
	Korea	%	100%	100	100	100	100	100
	Overseas	%	100%	100	100	100	100	100

Governance

Key Financial Performance GRI 201-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Revenue and operating profit	Revenue[1]	KRW million	100%	7,753,259	9,675,036	9,406,610	8,892,412	10,294,103
	Operating profit[1]	KRW million	100%	912,739	1,486,873	1,205,798	660,544	735,006
	Net profit	KRW million	100%	623,811	915,432	993,519	450,482	703,216
Dividend	Dividend	KRW million	100%	105,909	158,792	158,792	87,022	136,128
	Cash dividend payout ratio	%	100%	17.5	17.8	16.2	20.6	20.0
Liabilities	Debt ratio	%	100%	56.1	44.7	42.9	45.2	41.9

1) 2022 and 2023 figures restated for comparison purposes due to discontinued operations

Governance

Corporate tax GRI 207-4

Category		Unit	Data scope	2020	2021	2022	2023	2024
Corporate tax expense recognized in profit and loss[1]	Total	KRW 100 million	100%	1,435	3,043	2,710	837	1,273
	Korea	KRW 100 million	100%	860	2,366	2,219	117	256
	China	KRW 100 million	100%	480	548	318	526	795
	Vietnam	KRW 100 million	100%	44	38	58	61	68
	Philippines	KRW 100 million	100%	14	47	71	83	83
	Thailand	KRW 100 million	100%	7	2	(1)	0	0
	Singapore	KRW 100 million	100%	4	5	4	6	11
	U.S.	KRW 100 million	100%	10	12	11	11	6
	Germany	KRW 100 million	100%	11	20	25	24	41
	Japan	KRW 100 million	100%	3	3	2	5	7
	India	KRW 100 million	100%	2	2	3	4	6
Corporate tax	Total	KRW 100 million	100%	1,488	1,222	2,893	1,344	986
	Korea	KRW 100 million	100%	901	399	2,409	707	89
	China	KRW 100 million	100%	505	681	347	502	686
	Vietnam	KRW 100 million	100%	13	72	56	34	73
	Philippines	KRW 100 million	100%	22	28	42	73	95
	Thailand	KRW 100 million	100%	7	6	0	0	0
	Singapore	KRW 100 million	100%	7	6	5	3	7
	U.S.	KRW 100 million	100%	5	10	12	5	10
	Germany	KRW 100 million	100%	25	16	16	16	17
	Japan	KRW 100 million	100%	2	3	5	2	7
	India	KRW 100 million	100%	1	1	1	2	2

Category		Unit	Data scope	2020	2021	2022	2023	2024
Tangible assets by tax jurisdiction[1]	Total	KRW 100 million	100%	45,863	47,577	54,012	56,505	57,238
	Korea	KRW 100 million	100%	18,974	20,257	20,956	21,296	21,489
	China	KRW 100 million	100%	14,976	16,754	16,167	12,930	11,792
	Vietnam	KRW 100 million	100%	6,467	5,295	11,162	16,820	18,432
	Philippines	KRW 100 million	100%	5,100	5,029	5,489	5,440	5,511
	Thailand	KRW 100 million	100%	339	235	224	0	0
	Singapore	KRW 100 million	100%	0	0	1	1	0
	U.S.	KRW 100 million	100%	1	2	4	8	6
	Germany	KRW 100 million	100%	4	3	3	3	2
	Japan	KRW 100 million	100%	0	0	0	1	1
	India	KRW 100 million	100%	2	2	6	6	5

1) Represents the simple sum before reflection of consolidation adjustments

Government Subsidy Benefits Received GRI 201-4

Category		Unit	Data scope	2020	2021	2022	2023	2024
Financial support from governments (Korea)	Subsidy	KRW million	100%	6,105	10,661	6,563	31,144	21,597

Contributions to Government and Business Associations GRI 2-28, 415-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Political contributions		KRW million	100%	0	0	0	0	0
Association donations (Korea)	Korea Electronics Association	KRW million	100%	104	104	104	103	103
	Suwon Chamber of Commerce and Industry	KRW million	100%	41	41	41	41	40
	Busan Chamber of Commerce and Industry	KRW million	100%	40	40	40	40	40
	Sejong Chamber of Commerce and Industry	KRW million	100%	24	24	24	24	24
	Climate Union Association[1]	KRW million	100%	0	0	20	24	26

1) RE100 membership fee; data collection started from 2022 (RE100 membership initiated in 2022)

Governance

R&D and Patent Status

Category		Unit	Data scope	2020	2021	2022	2023	2024
Research and development / patents	R&D expenditures[1)]	KRW million	100%	460,599	567,194	577,140	555,756	666,310
	R&D expenditure-to-revenue ratio[1)]	KRW million	100%	5.9	5.9	6.1	6.2	6.5
	Patent registration	KRW million	100%	8,230	8,851	9,653	10,636	10,812
	R&D entities and centers	KRW million	100%	2	2	2	2	2

1) 2023 figures restated for comparison purposes due to discontinued operations

Customer Satisfaction

Category		Unit	Data scope	2020	2021	2022	2023	2024
Customers	Customer satisfaction[1)]	points	100%	-	4.2	4.4	4.4	4.3

1) Major customers were selected by product category, and satisfaction surveys (on a 5-point scale) were conducted with selected customers. Data for 2021 and 2022 were recalculated due to changes in the data measurement method (data before 2021 omitted).

Board of Directors Operation GRI 405-1

Category		Unit	Data scope	2020	2021	2022	2023	2024
Board diversity	Male	Persons	100%	6	6	5	5	5
	Female	Persons	100%	1	1	2	2	2
	Under 30 years	Persons	100%	0	0	0	0	0
	30–50 years	Persons	100%	0	0	0	0	0
	Over 50	Persons	100%	7	7	7	7	7
BOD expertise	Number of financial experts	Persons	100%	1	1	1	2	2

Board Committee Activities

Category		Unit	Data scope	2020	2021	2022	2023	2024
Audit Committee operation	Number of meetings convened	Meetings	100%	5	5	4	4	4
	Attendance rate	%	100%	93	100	100	100	100
	Number of members	Persons	100%	3	3	3	3	3
	Number of independent directors	Persons	100%	3	3	3	3	3
	Number of financial experts	Persons	100%	1	1	1	2	2
	Percentage of financial experts	%	100%	33	33	33	67	67
Compensation Committee operation	Number of meetings convened	Meetings	100%	1	2	1	1	1
	Attendance rate	%	100%	100	100	100	100	100
	Number of members	Persons	100%	4	4	4	4	4
	Number of independent directors	Persons	100%	4	4	4	4	4
Independent Director Candidate Recommendation Committee operation	Number of meetings convened	Meetings	100%	1	1	1	1	1
	Attendance rate	%	100%	100	100	100	100	100
	Number of members	Persons	100%	4	4	4	4	4
	Number of independent directors	Persons	100%	4	4	4	4	4
Internal Transactions Committee operation	Number of meetings convened	Meetings	100%	6	6	6	6	5
	Attendance rate	%	100%	95	100	100	100	100
	Number of members	Persons	100%	3	3	3	3	3
	Number of independent directors	Persons	100%	3	3	3	3	3

Governance

CEO Compensation GRI 2-21

Category		Unit	Data scope	2020	2021	2022	2023	2024
CEO Long-term incentive compensation	CEO long-term incentive deferral period	Years	100%	3	3	3	3	3
	CEO long-term incentive compensation rate	%	100%	0	0	0	14	13
CEO compensation compared to employee compensation	CEO-to-average employee compensation ratio	%	100%	1,123	1,822	1,393	1,438	1,461
	CEO-to-median employee compensation ratio	%	100%	1,300	2,045	1,553	1,624	1,588

Shareholder Status

Category		Unit	Data scope	2020	2021	2022	2023	2024
Top five 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%	9,565,084	7,767,553	6,133,055	7,935,549	7,551,895
	Samsung Asset Management	Shares	100%	1,091,518	1,096,289	948,375	920,306	726,487
	Mirae Asset Global Investment	Shares	100%	571,373	834,770	670,395	797,362	639,723
	Korea Investment Management	Shares	100%	374,795	459,261	662,758	655,202	626,831
Top five overseas shareholders	BLACKROCK	Shares	100%	2,151,051	2,080,993	2,325,572	2,582,607	2,569,633
	VANGUARD	Shares	100%	1,658,252	1,760,651	1,943,253	2,034,212	2,153,745
	PRUDENTIAL[1]	Shares	100%	5,937	10,796	519,188	486,990	844,163
	EPF[1]	Shares	100%	995,421	488,557	144,958	68,069	701,258
	PBOC[1]	Shares	100%	668,280	692,900	672,395	711,857	678,888

1) As of the end of 2024

Compliance and Ethics GRI 2-27

Category		Unit	Data scope	2020	2021	2022	2023	2024
Compliance audits	Number of audits conducted	Times	100%	6	6	6	6	6
Compliance training (Korea)	Number of employees who completed compliance training	Persons	100%	15,311	15,760	23,894	19,845	19,429
	Number of compliance training sessions conducted	Sessions	100%	17	20	19	24	23
Compliance training (overseas)	Number of employees who completed compliance training	Persons	100%	249	283	241	191	258
	Number of compliance training sessions conducted	Sessions	100%	1	1	1	1	1
Employee ethics training[1]	Total number of participants	Persons	100%	33,037	35,182	30,792	30,382	31,416
	Directors	Persons	100%	-	3	3	3	3
	Executives	Persons	100%	-	60	63	64	66
	Managing staff[2]	Persons	100%	5,343	5,988	6,248	6,583	7,518
	Staff	Persons	100%	27,594	28,748	24,352	23,617	23,720
	Non-regular	Persons	100%	100	383	126	115	109
Employee ethics training (Korea)[1]	Total number of participants	Persons	100%	10,959	11,592	8,127	8,160	8,177
	Directors	Persons	100%	-	3	3	3	3
	Executives	Persons	100%	-	51	57	60	60
	Managing staff[2]	Persons	100%	4,398	4,897	5,141	5,287	5,382
	Staff	Persons	100%	6,479	6,281	2,819	2,710	2,636
	Non-regular	Persons	100%	82	360	107	100	96
Employee ethics training (Overseas)[1]	Total number of overseas employees trained	Persons	100%	22,078	23,590	22,665	22,222	23,239
	Directors	Persons	100%	-	-	-	-	-
	Executives	Persons	100%	-	9	6	4	6
	Managing staff	Persons	100%	945	1,091	1,107	1,296	2,136
	Staff	Persons	100%	21,115	22,467	21,533	20,907	21,084
	Non-regular	Persons	100%	18	23	19	15	13
Ethical management reporting	Number of reports regarding ethical management	Cases	100%	43	29	42	69	68
	Number of misconduct reports	Cases	100%	26	21	29	28	31
	Number of complaint reports	Cases	100%	17	8	13	41	37
	Others	Cases	100%	-	-	-	-	-
	Ratio of disciplinary actions taken	%	100%	100	100	100	100	100
Environmental violations	Number of violations[3]	Cases	100%	0	0	0	0	0

1) Five years of data recalculated due to errors in data aggregation
2) Managing staff: Middle management (CL3–4)
3) Limited to cases involving fines of USD 10,000 or more

GRI

Global Reporting Initiative

GRI 1: Foundation 2021

Statement of Use	Samsung Electro-Mechanics has prepared this report in accordance with the GRI Standards 2021, for the reporting period (from January 1, 2024, to December 31, 2024).
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None applicable as of the publication date

GRI 2: General Disclosures 2021

Standard	Indicator	Indicator name	Page	Remark
The organization and its reporting practices	2-1	Organizational details	p.5, 2024 Corporate Report (p.3)	
	2-2	Entities included in the organization's sustainability reporting	p.2, 2024 Corporate Report (p.211)	
	2-3	Reporting period, frequency and contact point	p.2	
	2-4	Restatements of information	p.107	Any revised information is annotated in the corresponding section
	2-5	External assurance	p.133	
Activities and workers	2-6	Activities, value chain and other business relationships	p.8-10, p.76	
	2-7	Employees	p.110-112	
	2-8	Workers who are not employees	-	[Information unavailable/ incomplete] Non-employees such as dispatched workers (interpreters, secretaries) and in-house subcontractors are employed, but certain details including the total number of individuals are unavailable as they are managed by respective work units.
Governance	2-9	Governance structure and composition	p.86	
	2-10	Nomination and selection of the highest governance body	p.90-91	
	2-11	Chair of the highest governance body	p.86	
	2-12	Role of the highest governance body in overseeing the management of impacts	p.20	
	2-13	Delegation of responsibility for managing impacts	p.20	
	2-14	Role of the highest governance body in sustainability reporting	p.15	
	2-15	Conflicts of interest	p.89-90	
	2-16	Communication of critical concerns	p.87	
	2-17	Collective knowledge of the highest governance body	p.86-88	
	2-18	Evaluation of the performance of the highest governance body	p.91	
	2-19	Remuneration policies	p.91	
	2-20	Process to determine remuneration	p.91	
	2-21	Annual total compensation ratio	p.118	

GRI 2: General Disclosures 2021

Standard	Indicator	Indicator name	Page	Remark
Strategy, policies and practices	2-22	Statement on sustainable development strategy	p.4	
	2-23	Policy commitments	p.56, p.77	
	2-24	Embedding policy commitments	p.38, p.41, p.78-80	
	2-25	Processes to remediate negative impacts	p.41, p.56-57, p.60-61	
	2-26	Mechanisms for seeking advice and raising concerns	p.57, p.78-80, p.89	
	2-27	Compliance with laws and regulations	p.118	No violations reported
	2-28	Membership associations	p.116	
Stakeholder engagement	2-29	Approach to stakeholder engagement	p.18	
	2-30	Collective Agreement	p.60	

GRI 3: Material Topics 2021

Standard	Indicator	Indicator name	Page	Remark
Disclosures on material topics	3-1	Process to determine material topics	p.17	
	3-2	List of material topics	p.17	

Material Topics

Topic	Indicator	Indicator name	Page	Remark
Response to Climate Change	**3-3**	**Management of material topics**		
GRI 302: Energy	302-1	Energy consumption within the organization	p.108	
	302-2	Energy consumption outside of the organization	p.108	
	302-3	Energy intensity	p.108	
	302-4	Reduction of energy consumption	p.25, p.108	
	302-5	Reductions in energy requirements of products and services	p.26	
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	p.48	
	303-2	Management of water discharge-related impacts	p.48	
	303-3	Water withdrawal	p.108	
	303-4	Water discharge	p.48, p.108	
	303-5	Water consumption	p.48, p.108	

GRI
Global Reporting Initiative

Material Topics

Topic	Indicator	Indicator name	Page	Remark
Response to Climate Change	**3-3**	**Management of material topics**		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	p.27	
	305-2	Energy indirect (Scope 2) GHG emissions	p.27	
	305-3	Other indirect (Scope 3) GHG emissions	p.27	
	305-4	GHG emissions intensity	p.27	
	305-5	Reduction of GHG emissions	p.27	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	p.46-47	
	306-2	Management of significant waste-related impacts	p.46	
	306-3	Waste generated	p.46-47, p.109	
	306-4	Waste diverted from disposal	p.109	
	306-5	Waste directed to disposal	p.109	
Waste Management	**3-3**	**Management of material topics**		
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	p.46-47	
	306-2	Management of significant waste-related impacts	p.46	
	306-3	Waste generated	p.46-47, p.109	
	306-4	Waste diverted from disposal	p.109	
	306-5	Waste directed to disposal	p.109	
Human Resource Management	**3-3**	**Management of material topics**		
GRI 401: Employment	401-1	New employee hires and employee turnover	p.112	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.32-33	
	401-3	Parental leave	p.112	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	p.32	
	404-2	Programs for upgrading employee skills and transition assistance programs	p.30-32, p.33	
	404-3	Percentage of employees receiving regular performance and career development reviews	p.36-37, p.113	

Topic	Indicator	Indicator name	Page	Remark
Safety and Health	**3-3**	**Management of material topics**		
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	p.64-65	
	403-2	Hazard identification, risk assessment, and incident investigation	p.66	
	403-3	Occupational health services	p.69	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p.65	
	403-5	Worker training on occupational health and safety	p.68	
	403-6	Promotion of worker health	p.32, p.69	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.82	
	403-8	Workers covered by an occupational health and safety management system	p.115	
	403-9	Work-related injuries	p.66, p.115	
	403-10	Work-related ill health	p.66	No fatalities or serious illnesses reported due to work-related diseases.
Supply chain management	**3-3**	**Management of material topics**		
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	p.114	
	308-2	Negative environmental impacts in the supply chain and actions taken	p.78, p.114	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	p.114	
	414-2	Negative social impacts in the supply chain and actions taken	p.80	
Ethical Management	**3-3**	**Management of material topics**		
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	-	Insufficient/Samsung Electro-Mechanics plans to establish a workplace corruption risk assessment system and implement phased response measures going forward.
	205-2	Communication and training about anti-corruption policies and procedures	p.81, p.113, p.114	
	205-3	Confirmed incidents of corruption and actions taken	-	
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2024 Corporate Report (p.265-266)	

Non-Material Topics

Standard	Indicator	Indicator name	Page	Remark
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	p.115	
	201-2	Financial implications and other risks and opportunities due to climate change	p.22-23	
	201-3	Defined benefit plan obligations and other retirement plans	p.112	
	201-4	Financial assistance received from government	p.116	
GRI 202: Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.61, p.79, p.112	
	202-2	Proportion of senior management hired from the local community	p.110-112	
GRI 203: Indirect economic impacts	203-1	Infrastructure investments and services supported	p.72	
	203-2	Significant indirect economic impacts	p.70-73, p.81-82	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	p.76	
GRI 207: Tax	207-1	Approach to tax	p.94-95	
	207-2	Tax governance, control, and risk management	p.93, p.94-95	
	207-3	Stakeholder engagement and management of concerns related to tax	p.94-95	
	207-4	Country-by-country reporting	p.116	
GRI 301: Materials	301-1	Materials used by weight or volume	-	[Information unavailable/ incomplete] Data on the use of non-recyclable and recyclable raw materials is incomplete
	301-2	Recycled input materials used	-	[Information unavailable/ incomplete] Data on the use of non-recyclable and recyclable raw materials is incomplete
	301-3	Reclaimed products and their packaging materials	-	[Not applicable] Samsung Electro-Mechanics manufactures ultra-small, ultra-thin high-tech components used in final products. Individual product recall is not applicable due to the nature of the products.
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.51-52	
	304-2	Significant impacts of activities, products, and services on biodiversity	p.51-52	
	304-3	Habitats protected or restored	p.51-52	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by the organization's operations	p.51-52	
GRI 305: Emissions	305-6	Emissions of ozone-depleting substances (ODS)	-	No emissions reported
	305-7	Nitrogen oxides (Nox), sulfur oxides (Sox), and other significant air emissions	p.109	
GRI 402: Labor/ management relations	402-1	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.56, p.60	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p.61-63, p.110-112, p.117	
	405-2	Ratio of basic salary and remuneration of women to men	p.112	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	[Confidentiality constraints] Disclosure is restricted as this constitutes internal confidential information
GRI 407: 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.59-60	
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	p.59-60	
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.59-60	
GRI 410: Security practices	410-1	Security personnel trained in human rights policies or procedures	p.113	
GRI 411: Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	No violations reported
GRI 413: Local community	413-1	Operations with significant actual and potential negative impacts on local communities	p.72, p.114	
	413-2	Operations with significant actual or potential negative impacts on communities	-	0 Operations
GRI 415: Public Policy	415-1	Political contributions	p.116	
GRI 416: Customers Safety and Health	416-1	Assessment of the health and safety impacts of product and service categories	p.53-54, p.114	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No violations reported
GRI 417: Marketing and labeling	417-1	Requirements for product and service information and labeling	-	[Not applicable] Samsung Electro-Mechanics provides basic product labeling and includes additional labeling upon customer request
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No violations reported
	417-3	Incidents of non-compliance concerning marketing communications	-	No violations reported
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No violations reported

SASB

Sustainability Accounting Standards Board

Topic	SASB code	Metric	Samsung Electro-Mechanics responses
Sustainability Disclosure Topics & Accounting Metrics			
Product security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	**p.98-100** Samsung Electro-Mechanics operates a rapid response system that proactively identifies risks through regular inspections and mitigates potential impacts in the event of a personal information breach.
Employee diversity & inclusion	TC-HW-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	**p.61-63, p.90** Samsung Electro-Mechanics provides equal opportunities regardless of individual background and is committed to fostering female leadership and expanding employment opportunities for persons with disabilities. Management and independent directors are also appointed based on diverse expertise.
Product lifecycle management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	**p.53-54** Samsung Electro-Mechanics complies with international regulations such as EU RoHS and REACH Substance of Very High Concern (SVHC). All chemical substances in raw materials are managed through an internal database, and their usage is continuously monitored.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Samsung Electro-Mechanics is a producer of electronic components and does not manufacture products that fall under this category.
	TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Samsung Electro-Mechanics is a producer of electronic components and does not manufacture products that fall under this category.
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered; percentage recycled	Samsung Electro-Mechanics manufactures ultra-small, ultra-thin high-tech components that serve as parts within finished goods. Due to their nature as intermediate products with minimal weight, recovery at the product level is not feasible. For example, chip components, circuit boards, and camera modules are embedded in finished products such as mobile phones, making individual recovery infeasible. Although Samsung Electro-Mechanics is not subject to the obligations of the Waste Electrical and Electronic Equipment (WEEE) Directive, which applies to finished goods manufacturers, we provide necessary product information to such manufacturers and actively promote internal environmental initiatives through LCA certification and the development of environmentally conscious products.
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.79-80** Samsung Electro-Mechanics assesses supply chain risks through annual comprehensive and sustainability management evaluations of its suppliers. In 2024, 96% of suppliers were evaluated, and 74% received an excellent rating.
	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.80** Samsung Electro-Mechanics requires the use of RMAP-certified smelters for conflict minerals (3TG), cobalt, and mica, and conducts annual surveys on responsible mineral usage by suppliers. In 2024, all suppliers were confirmed to be sourcing through certified smelters.
Materials sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	**p.83-84** Samsung Electro-Mechanics requires the use of RMAP-certified smelters for conflict minerals (3TG), cobalt, and mica, and conducts annual surveys on responsible mineral usage by suppliers. In 2024, all suppliers were confirmed to be sourcing through certified smelters.
Sustainability Disclosure Topics & Accounting Metrics			
Activity metrics	TC-HW-000.A	Number of units produced by product category	**p.8-10** Samsung Electro-Mechanics' 2024 segment sales were KRW 4.462 trillion (43.35%) for components, KRW 3.797 trillion (36.89%) for optical solutions, and KRW 2.34 trillion (19.76%) for package solutions.
	TC-HW-000.B	Area of manufacturing facilities	**p.6** Samsung Electro-Mechanics operates R&D centers in Suwon and Bengaluru, with production facilities located in Sejong, Busan, Gaoxin and Tianjin (China), the Philippines, and Vietnam.
	TC-HW-000.C	Percentage of production from owned facilities	**Corporate Report (p.16)** Samsung Electro-Mechanics manufactures 94% of components, 5% of package solutions, and 1% of optics solutions in-house.

UN SDGs

UN Sustainable Development Goals

The Sustainable Development Goals are specific goals and indicators adopted by the UN for sustainable development, consisting of 17 goals and 169 detailed targets in the economic, social, and environmental fields. Samsung Electro-Mechanics upholds the UN SDGs and promotes sustainability management by implementing initiatives aligned with each goal. We plan to further expand its efforts to contribute to the achievement of these goals.

UN SDGs	Samsung Electro-Mechanics activities	Page
 Goal 1. No Poverty	・Support for vulnerable groups through participation in non-face-to-face donations and volunteer activities	p.72-73
 Goal 3. Good Health and Well-Being	・Implementation of regular health checkups ・Provision of 3 critical illness treatment support for employees and their children ・Operation of maternity protection programs (e.g., parental leave, breastfeeding facilities)	p.32-33
 Goal 4. Quality Education	・Samsung Youth SW Academy ・Dream Class ・Expansion of youth education support (Blue Elephant Project)	p.70-72
 Goal 5. Gender Equality	・Guarantee of equal pay for men and women ・Expansion of female executive appointments	p.61, p.63
 Goal 6. Clean Water and Sanitation	・Achievement of 33.0% water reuse rate in 2024 ・Target of 41.8% water reuse rate by 2030	p.48
 Goal 7. Affordable and Clean Energy	・Annual increase in the amount saved through energy-saving projects ・Promotion of 100% renewable energy transition by 2050 ・Enhancement of energy efficiency through the operation of a task force focused on energy savings and improvements to the work environment	p.24-26
 Goal 8. Decent Work and Economic Growth	・Operation of talent development and customized competency enhancement programs ・Implementation of fair employee evaluation and compensation systems	p.28-32

UN SDGs	Samsung Electro-Mechanics activities	Page
 Goal 9. Industry, Innovation and Infrastructure	・Mass production of high-performance server semiconductor package substrate (FCBGA) for the first time in Korea ・Development of eco-friendly products and technologies ・Mass production of thin-film coupled power inductors as an industry first ・Operation of the MI-RAE project	p.102-104
 Goal 11. Sustainable Cities and Communities	・Reduction of air and water pollutant emissions to below 30% of regulatory thresholds ・Support for the sustainability management of suppliers	p.48, p.81-82
 Goal 12. Responsible Consumption and Production	・Achievement of 98% waste recycling rate in 2024 ・Promotion of waste reduction and minimization of disposable usage ・Attainment of zero waste landfill (ZWTL) Platinum Level certification at all domestic and international sites in 2024	p.46-47
 Goal 13. Climate Action	・Acquisition of carbon footprint certification as an industry first to actively address climate change	p.54
 Goal 15. Life on Land	・Conservation of coastal areas and ecological landscapes ・River clean-up efforts near business sites and enhancement of surrounding ecosystems	p.51-52
 Goal 16. Peace, Justice, and Strong Institutions	・Enhancement of transparency through the operation of an independent audit committee ・Management of compliance risks through compliance management programs	p.38-40, p.89

Samsung Electro-Mechanics Code of Conduct

Samsung Electro-Mechanics aspires to be a company loved by customers, driven by innovation, and respected by society. Each day, we are committed to developing products and services by leveraging an outstanding workforce, resources, and advanced technologies. In doing so, we contribute to enhancing the quality of life.
We strive to grow as an innovative company that earns the trust and respect of customers, shareholders, employees, suppliers, and local communities, guided by Samsung's core values—People First, Pursue Excellence, Change Leadership, Integrity Management, and Co-Prosperity—and the principles that clarify these values.

This Code of Conduct outlines the principles that embody Samsung's core values and serves as a compass to guide us toward sound judgment and ethical behavior in every moment and circumstance.

Upholding the direction provided by this compass means adhering not only to the explicit language of applicable laws and internal policies, but also to the intent behind them. It also means acting in good faith and with honesty, always considering the company's interests while upholding ethical and honorable standards in all work-related decisions and actions. Simply put, the Code of Conduct represents the behavioral standard all Samsung Electro-Mechanics employees must uphold with a sense of responsibility. Employees are expected to embody appropriate conduct in accordance with the behavioral guidelines.

When the correct response to a specific situation is not clearly stated in the Code of Conduct, employees shall prioritize the spirit of compliance embedded in Samsung's core values and this Code, guided by sound judgment and common sense within the boundaries of applicable laws.

Each of you is at the core of Samsung Electro-Mechanics. Regardless of your role, location, or responsibilities, your words and actions are significant. We ask that you give priority to the Samsung Electro-Mechanics Code of Conduct and consistently put into practice the principles of Samsung's core values in your daily work.

Principle 1. Comply with laws and ethical standards

1-1. Samsung Electro-Mechanics complies with applicable laws and regulations.

- The company is committed to complying with all domestic and local laws and regulations of the countries in which it operates. All employees are responsible for understanding the laws, company policies, and procedures relevant to their duties. Employees shall act within the boundaries permitted by law. You shall comply not only with the letter of the law and company policies, but also with the intent underlying those provisions.
- Regardless of their position, employees must not violate this Code of Conduct or any applicable laws or regulations. They must not direct, authorize, support, or condone such violations by others. Employees shall comply with the Code of Conduct and company policies at all times. Suspected or observed violations of the Code of Conduct shall not be overlooked. Justifications that violations of laws, regulations, or the Code of Conduct were unavoidable in pursuit of business objectives shall not be accepted.

1-2. Samsung Electro-Mechanics respects human dignity and diversity.

- The company complies with labor laws in all countries where it conducts business.
- The company seeks to safeguard the fundamental human rights of all individuals and treat all workers with dignity and respect, as agreed upon by the international community.
- The company does not discriminate in employment or work performance based on race, ethnicity, nationality, gender, religion, place of origin, disability, marital status, pregnancy, childbirth, political orientation, sexual identity, or union membership. It values individual diversity and provides equal opportunities to all.
- The company does not engage in child labor.
- The company ensures that all workers, including job applicants, and individuals engaged as temporary, migrant, student, contract, or directly hired employees, are treated fairly and without discrimination. It also complies with anti-discrimination laws, including fair decisions regarding wages and other employment conditions.
- The company respects employees' rights to freedom of association, collective bargaining, and collective action in accordance with the labor laws of the countries in which it operates, with the aim of establishing and maintaining cooperative labor-management relations based on mutual trust and good faith.
- The company provides a safe and healthy work environment and complies with laws, policies, and standards regarding working conditions, including limitations on maximum working hours, guarantees of minimum wage, and the provision of social insurance.

Samsung Electro-Mechanics Code of Conduct

Principle 1. Comply with laws and ethical standards

1-3. Samsung Electro-Mechanics always competes fairly and ethically within the framework of competition laws.

- The company engages in fair competition by complying with the fair trade laws of each country, and does not enter into agreements with competitors, business partners, or other accounts regarding prices, production volumes, bidding, sales regions, or conditions that may unfairly restrict competition.
- The company adheres to all applicable laws and policies related to export controls and economic sanctions that govern international trade.
- Employees shall not receive money, valuables, entertainment, or any other items of economic value from external stakeholders such as business partners, suppliers, or prospective business contacts, nor shall they engage in any actions that undermine fair trading practices.
- Employees must not solicit unlawful business advantages from external stakeholders, nor directly or indirectly offer, promise, or provide anything of value for the purpose of obtaining improper benefits.
- The company respects third-party trade secrets and obtains information either from or about third parties only through lawful and ethical means.
- The company does not compel business partners or suppliers to take actions that would place competitors at a disadvantage.

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

- The company records and manages all transactions based on factual information in accordance with international accounting standards, national accounting laws, and internal regulations, and undergoes regular audits by external audit institutions.
- The company complies with laws related to anti-money laundering, anti-corruption, and prohibitions on support for terrorist organizations. It avoids transactions with parties whose identity is uncertain or whose trading practices lack transparency, and engages exclusively with suppliers that operate using legally sourced funds. The company neither participates in nor facilitates illegal, fraudulent, or irregular transactions.
- The company complies with disclosure regulations in countries where it is listed and discloses key management information in accordance with applicable laws.

1-5. Samsung Electro-Mechanics maintains political neutrality and refrains from political involvement.

- The company respects the political views of individual employees and their right to express such beliefs through lawful means, including voting. However, employees are not permitted to engage in political activities during working hours without prior approval from the company. They must ensure that their political opinions or actions do not interfere with company operations.
- While the company recognizes employees' rights to engage in political activities, such participation must be voluntary, conducted outside of working hours, and at the employee's own expense, with a clear separation from company affairs.
- The company respects the civil rights of individual employees. The company grants time off for the exercise of civil rights upon employees' request, in accordance with applicable laws.
- Employees are prohibited from using company funds, personnel, facilities, or other resources for political purposes.
- The company respects and complies with laws and regulations governing government relations in each country. When engaging in government-related activities, employees shall not use company funds to make political contributions or engage in improper transactions in violation of law.

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

- The company processes the personal information of customers, employees, business partners, and visitors in compliance with applicable laws and internal policies.
- Employees who handle personal information are responsible for safeguarding it against loss, theft, leakage, falsification, alteration, or damage, and must strictly comply with relevant laws and regulations at all times.
- Personal information shall be collected and used only for designated purposes directly related to work duties. When third parties are granted access to such information, the company shall manage it in accordance with applicable laws, regulations, and contractual obligations to prevent unauthorized disclosure.

Samsung Electro-Mechanics Code of Conduct

Principle 2. Maintain a clean organizational culture

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

- As employees of Samsung Electro-Mechanics, you shall not engage in any unethical conduct aimed at personal gain through misuse of your position or duties, including but not limited to misappropriation, embezzlement, theft of company funds or assets, or falsification of expenses.
- Employees shall not use undisclosed internal information obtained in the course of their duties to directly trade stocks, securities, or real estate, nor to trade through third parties. You shall also refrain from using undisclosed internal information for personal gain or engaging in any acts that may damage the company's reputation.
- When the interests of the company conflict with those of employees during work, employees must prioritize the company's legitimate interests. All decisions and actions undertaken during work must reflect these legitimate interests. You are also required to exercise objective judgment that considers the company's interests in business relationships with customers, suppliers, and competitors.
- Company assets and facilities shall be used solely for business purposes or for other approved uses.

2-2. Samsung Electro-Mechanics respects the intellectual property of the company and third parties.

- Employees shall protect and take necessary precautions to prevent leakage of the company's internal intellectual property and confidential information.
- Employees shall accurately record and report important information acquired during the course of their duties based on factual data, and shall store and manage it in accordance with applicable regulations on intellectual property.
- Employees shall report any intellectual property invented in relation to their work to the company during their employment and even after retirement, and shall apply for patents through the company.
- The company respects intellectual property rights such as patents, trademarks, and copyrights of others and does not intentionally infringe or use them without authorization.

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

- The company provides a healthy work environment and prohibits any direct or indirect behavior that may constitute bullying within the organization. Acts that may constitute internal harassment include sexual harassment, all forms of harassment, physical harm, insults, transmission of overtly sexual or offensive materials via email or text messages, misuse of personal information, creation of hostile or threatening environments, bullying, and spreading malicious rumors, among others.
- The company respects and treats its employees fairly, and strives to maintain and develop an organizational culture founded on sincerity, mutual cooperation, and coexistence based on good faith.

2-4. Employees shall maintain their dignity as members of Samsung Electro-Mechanics in all activities.

- Employees are prohibited from holding external positions, engaging in concurrent employment, or undertaking side jobs during their tenure, except when prior approval is granted as an exception.
- Official approval must be obtained before disclosing any confidential company information to external parties.
- Employees are prohibited from serving as board members of companies with conflicting interests or engaging in competitive business activities while employed.
- The company respects employees' personal opinions and their right to express them externally. However, when expressing opinions through social media or other channels, employees must clearly state that such opinions are their own and do not represent those of Samsung Electro-Mechanics.

Samsung Electro-Mechanics Code of Conduct

Principle 3. Respect customers, shareholders, and employees

3-1. Samsung Electro-Mechanics prioritizes customer satisfaction as the top priority in its management activities.

- The company endeavors to produce products and services and advance technologies from the customer's perspective. In addition, it accepts customer needs and suggestions to the fullest extent possible and incorporates them as a priority into improvement activities, including product design and services.
- The company values its relationship with customers and treats them with respect based on the belief that "Customers are the reason for the existence of Samsung Electro-Mechanics."
- The company competes based on its products and services. Employees are expected to compete actively, but must not resort to deceit. Communication with customers shall always be truthful and accurate.
- The company prioritizes customer satisfaction by adhering to a customer-centered management philosophy. Based on respect for customers, it responds to customer complaints in a prompt and transparent manner.

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

- The company conducts its business with shareholders in mind. It actively promotes shareholder value through transparent and integrity-driven management, thereby strengthening shareholder rights.
- The company bears responsibility toward its shareholders. Timely and accurate disclosure of relevant information forms part of this responsibility. Employees shall accurately document their work history to enable the company to appropriately disclose key management information, including financial data.
- The company values the views of shareholders. Legitimate opinions expressed by shareholders will be carefully reviewed and considered in accordance with applicable laws.

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

- The company offers equal opportunities to all employees and treats them fairly in hiring and promotion based on qualifications, expertise, capabilities, and performance.
- The company actively supports various programs to enhance employees' competencies required for the performance of their duties.
- The company cultivates a work environment that promotes autonomy and creativity.
- The company complies with the labor laws of the countries in which it operates and respects the rights guaranteed to all types of workers, including temporary, migrant, student, and dispatched workers.

Principle 4. Focus on the environment, safety, and health.

4-1. Samsung Electro-Mechanics pursues environmentally responsible management.

- The company complies with environmental laws, international standards, and internal regulations. Employees are also required to comply with all applicable laws and regulations concerning the environment, safety, and health.
- The company is committed to the development of cleaner, safer, more convenient, and environmentally friendly products and technologies. It continuously strives to minimize adverse environmental impacts and provides a range of eco-friendly products at every stage of the business process, including product planning, design, development, manufacturing, sales, and disposal.
- The company promotes environmentally responsible practices by minimizing the use of hazardous substances, utilizing resources efficiently, and encouraging the recycling of waste products.
- It adopts clean production technologies to reduce greenhouse gas emissions and pollutants, and establishes an eco-friendly production process by reducing the use of chemicals, energy, and water.

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

- The company strives to ensure a safe environment for its employees, as well as for those of its suppliers, business partners, and visitors to its business sites. Thus, it complies with applicable laws, international standards, and internal policies concerning health and safety.
- The company fosters a culture of safety with the active participation of all employees. Employees are encouraged to take part in the company's efforts to eliminate and minimize hazardous environmental factors and to contribute to building a safe working environment.
- The company establishes and maintains emergency response protocols to ensure business continuity in the face of external risks such as natural disasters, fires, or infectious diseases.
- The company prioritizes the health and safety of customers in all business operations, from product planning, design, and development to production, sales, and disposal.
- It clearly provides information to customers on the safe use and management of its products and services.

Principle 5. Fulfill social responsibility as a global corporate citizen

5-1. Samsung Electro-Mechanics faithfully fulfills its basic responsibilities as a corporate citizen.

- The company strives each day to ensure that not only the organization itself, but also its customers, shareholders, business partners, local communities, and the broader global society may experience a better future.
- The company endeavors to create stable employment and faithfully fulfills tax obligations and other legal responsibilities within the communities where it operates.
- Employees shall act with integrity. They shall perform their duties based on sound common sense and rational judgment, remaining aware that each individual's conduct directly impacts the company's reputation as a responsible and trustworthy corporate citizen.
- The company actively encourages all employees to foster trust within the local community by acting ethically and honorably, grounded in good faith and honesty.

5-2. Samsung Electro-Mechanics respects the social and cultural characteristics of local communities and strives for co-prosperity.

- The company strictly complies with the laws and regulations of local communities and respects their culture and values. It contributes to enhancing the quality of life of local residents and encourages employees to actively support this corporate commitment.
- The company creates employment opportunities in the regions where it operates and contributes to local development through initiatives to cultivate local talent.
- The company supports the development of local culture, including academia, the arts, and sports, and fulfills its role as a mature corporate citizen through related donation initiatives.
- As a member of the local community, the company proactively identifies and participates in social contribution activities, including volunteer work and disaster relief efforts. The company encourages employees to actively participate not only in company-level volunteer programs but also in their own voluntary service efforts.

5-3. Samsung Electro-Mechanics builds a relationship of coexistence and co-prosperity with its suppliers.

- Recognizing that its growth is supported by its suppliers, the company is committed to achieving mutual growth. The company regards its suppliers as strategic partners who pursue the shared value of customer satisfaction and establishes a sound framework for mutual collaboration.
- The company applies fair and unbiased criteria when selecting suppliers.
- The company ensures that suppliers comply with laws and regulations concerning human rights, child labor, working hours, forced labor, discrimination, and environmental responsibility, as well as international standards, and incorporates these compliance factors into its comprehensive supplier evaluations.

5-4. Samsung Electro-Mechanics pursues technological innovation and improved IT accessibility.

- The company intends to develop innovative products that contribute to human progress through continued investment in research and development.
- The company endeavors to enhance accessibility, ensuring that advanced technologies can be enjoyed equally by all, regardless of social background.
- The company recognizes that improving accessibility through technological innovation provides individuals with physical limitations greater ease of use, and endeavors to incorporate these considerations throughout product planning, design, and development stages.

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

- The company conducts its management activities with a customer-first mindset, and employees shall strive to enhance customer value by delivering world-class product quality.
- The company develops products through the implementation of top-tier quality management to achieve customer satisfaction, and strictly complies with applicable laws, international standards, and internal regulations on quality. Employees shall take particular care to avoid any conduct that may constitute a violation thereof.
- The company is dedicated to driving quality innovation to build a zero-defect parts quality system through close cooperation with its suppliers.

Samsung Electro-Mechanics Code of Conduct

Obligation to Comply with the Code of Conduct

Samsung Electro-Mechanics employees shall be familiar with and comply with the relevant laws and internal regulations applicable to them in relation to the company's business. Employees shall always act within the framework of the relevant laws and regulations, and shall adhere not only to the literal wording but also to the underlying intent of such provisions.

If it is not feasible to fully understand all applicable laws and regulations, employees shall, at a minimum, be familiar with the principal laws and regulations relevant to their responsibilities. Given that the application and interpretation of laws and regulations may vary depending on specific circumstances, employees shall seek advice from the Compliance Team or Legal Team without hesitation in the event of any uncertainties.

Scope of Application

This Code of Conduct applies to Samsung Electro-Mechanics, its employees, its domestic and overseas subsidiaries in which Samsung Electro-Mechanics holds a majority stake, and the employees of those subsidiaries. Business partners engaged in work related to Samsung Electro-Mechanics shall also comply with this Code of Conduct when performing such work.

Reporting Violations

Employees who become aware of any actual or potential violations of the Code of Conduct shall promptly report the matter through one of the following channels: the internal reporting system of the Samsung Electro-Mechanics Compliance Management System, the Compliance Team email (compliance.semco@samsung.com), the fraud reporting section on the Ethics Management website, or the Management Advisory Team email (audit.semco@samsung.com).

Employees are encouraged to report any violations or suspected violations of the Code of Conduct. The company operates a corporate-wide communication channel to address employee grievances. The company protects the identity of the reporting individual to ensure that concerns may be raised without fear of adverse consequences and strictly prohibits any form of discrimination, harassment, or retaliation against the reporter.

Disciplinary Action in Case of Violations and Managerial Responsibility

Employees who violate this Code of Conduct may be subject to disciplinary action in accordance with applicable employment rules, taking into account the nature of the misconduct. Executives and organizational heads shall remain vigilant to ensure that specific actions or circumstances do not breach the Code of Conduct, internal policies, or operational procedures. They shall be responsible for taking prompt action or reporting any actual or suspected violations to the appropriate personnel.

Financial Statements

Consolidated Statement Of Financial Position

(Unit: KRW thousand)

Category	2022	2023	2024
Assets			
I. Current assets	4,888,318,771	5,208,418,321	5,891,746,488
Cash and cash equivalents	1,677,067,100	1,669,189,597	2,013,326,032
Other financial assets	66,362,459	65,119,675	21,665,274
Trade and other receivables	1,055,693,111	1,235,009,441	1,484,142,850
Short-term loans	94,173	121,487	171,704
Advance payments	25,891,473	22,667,419	25,537,835
Prepaid expenses	49,412,985	48,240,193	53,011,843
Current tax assets	4,968,964	25,421,553	24,804,622
Inventories	1,901,579,578	2,119,538,129	2,250,799,629
Return assets	20,384,009	23,110,826	18,286,700
Asset held for sale	86,864,920	-	-
II. Non-current assets	6,108,852,128	6,449,453,281	6,900,656,433
Equity method investment	71,089,149	66,479,378	64,797,100
Financial assets measured at fair value	245,763,578	210,783,749	272,406,342
Loans	3,432,638	4,159,968	4,884,230
Tangible assets	5,235,280,994	5,603,337,561	5,933,216,999
Right-of-use assets	117,039,322	107,155,092	115,073,555
Intangible assets other than goodwill	150,053,393	151,368,146	145,642,952
Non-current net defined benefit asset	111,842,773	125,719,440	189,691,166
Other financial assets	19,621,752	14,162,946	75,886,212
Long-term advance payments and prepaid expenses	31,353,287	40,144,644	49,845,359
Deferred tax assets	123,375,242	126,142,356	49,212,517
Total assets	10,997,170,899	11,657,871,602	12,792,402,921

(Unit: KRW thousand)

Category	2022	2023	2024
Liabilities			
I. Current liabilities	2,525,123,480	2,900,459,629	3,056,860,858
Trade and other current payables	1,193,565,532	1,283,198,829	1,156,563,947
Current borrowings	810,257,330	1,067,870,754	1,313,774,795
Advance from customers	73,382,678	196,206,367	200,572,952
Current tax liabilities	77,119,296	18,151,193	32,607,131
Current portion of long-term borrowings	274,390,225	237,120,413	244,127,399
Current portion of lease liabilities	23,894,998	24,904,226	22,246,263
Provisions	1,459,642	1,184,997	3,749,485
Return liabilities	25,227,794	26,315,440	20,259,308
Other current liabilities	45,825,985	45,507,410	62,959,578
II. Non-current liabilities	778,562,739	727,086,997	719,688,031
Non-current portion of non-current borrowings	336,606,576	216,522,310	-
Other long-term payables	77,900,143	79,828,943	84,335,247
Remeasurements of net defined benefit liabilities	16,861,659	20,872,781	26,358,068
Long-term advances from customers	285,786,321	358,469,093	551,428,052
Long-term lease liabilities	60,087,422	50,095,397	55,859,009
Deferred tax liabilities	1,320,619	1,298,473	1,707,655
Total liabilities	3,303,686,219	3,627,546,626	3,776,548,889
Equity			
I. Equity attributable to owners of parent	7,538,493,973	7,847,712,344	8,789,160,639
Issued capital	388,003,400	388,003,400	388,003,400
Capital surplus	1,053,516,215	1,053,516,215	1,053,516,215
Other capital	(146,701,456)	(146,701,456)	(146,701,456)
Accumulated other comprehensive income (loss)	623,163,733	679,817,804	1,003,947,273
Reserve	3,315,765,257	3,842,665,257	3,965,465,257
Retained earnings	2,304,746,823	2,030,411,123	2,524,929,948
II. Non-controlling interest	154,990,706	182,612,631	226,693,393
Total equity	7,693,484,679	8,030,324,975	9,015,854,032
Total liabilities and equity	10,997,170,899	11,657,871,602	12,792,402,921

Financial Statements

Consolidated Statement of Income[1)]

(Unit: KRW thousand)

Category	2022	2023	2024
I. Revenue	9,406,610,256	8,892,411,943	10,294,102,976
II. Cost of sales	7,141,880,879	7,173,051,969	8,334,880,175
III. Gross profit	2,264,729,377	1,719,359,974	1,959,222,801
IV. Selling general administrative expenses	1,058,931,398	1,058,815,519	1,224,216,944
V. Operating profit	1,205,797,978	660,544,455	735,005,857
VI. Non-operating income (loss)			
Finance income	29,067,541	52,727,910	72,006,051
Finance costs	46,305,339	67,685,475	72,690,316
Income (loss) on valuation of equity method securities	(2,916,492)	(4,742,266)	(952,115)
Other gains	500,470,926	340,189,952	417,051,369
Other losses	477,931,035	417,797,019	353,124,800
VII. Net income before income taxes expenses	1,208,183,579	563,237,557	797,296,046
Income tax expense from continuing operations	169,245,807	85,855,396	132,345,905
Profit from continuing operations	1,038,937,773	477,382,160	664,950,141
Profit or loss from discontinued operations	(45,418,591)	(26,900,035)	38,265,496
VIII. Net profit	993,519,182	450,482,125	703,215,637
IX. Other comprehensive income	(9,601,079)	46,706,948	370,893,003
Items that are not subsequently reclassified as profit or loss			
Profit (or loss) on valuation of financial assets measured at fair value through other comprehensive income	(16,110,674)	(24,380,241)	49,663,521
Profit (or loss) on disposal of financial assets measured at fair value through other comprehensive income	-	71,922,189	-
Remeasurements of net defined benefit assets	(98,469,877)	(11,600,504)	25,210,771
Changes in unrealized gains on valuation of equity method investments	(827,239)	99,372	(547,623)
Items that are subsequently reclassified as profit or loss			
Profit (or loss) on foreign currency translation of operations	15,806,711	10,666,132	296,566,335

(Unit: KRW thousand)

Category	2022	2023	2024
X. Total comprehensive income	983,918,103	497,189,073	1,074,108,641
Profit from continuing operations attributable to:			
Equity attributable to owners of parent	1,025,970,233	449,856,742	640,864,574
Non-controlling interest	12,967,540	27,525,419	24,085,567
Net profit attributable to			
Equity attributable to owners of parent	980,551,642	422,956,707	679,130,070
Non-controlling interest	12,967,540	27,525,419	24,085,567
Total comprehensive income attributable to:			
Equity attributable to owners of parent	978,336,880	468,010,274	1,028,470,310
Non-controlling interest	5,581,223	29,178,800	45,638,331
XI. Earnings per share			
Earnings per share attributable to common stock	13	6	9
Earnings per share attributable to preferred stock	13	6	9
Earnings per share from continuing operations (common stock)	14	6	8
Earnings per share from continuing operations (preferred stock)	14	6	9

1) Certain figures from 2022 and 2023 have been restated for comparative purposes due to discontinued operations.

GHG Emissions Verification Statement

Samsung Electro-Mechanics Co., Ltd.

Scope

- The annual GHG emissions for 2020, 2021, 2022, 2023 and 2024
- 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(Other indirect-emissions) as defined in WBCSD/WRI GHG protocol Chapter 4 “Setting Operational Boundaries”

Data Verified

GHG Emissions of Scope 1 and Scope 2 for the period from 2020 to 2024 are as follows. (Unit: tCO_2e)

Country	Country	2020	2021	2022	2023	2024
Korea	Suwon	78,498	81,942	82,971	77,017	74,539
	Sejong	101,958	113,473	123,961	120,348	117,494
	Busan	260,041	263,129	267,532	253,497	264,378
	Ulsan	3,282	-	-	-	-
	Others	322	179	345	238	242
China	Gaoxin	42,048	41,939	37,419	37,490	32,681
	Tianjin	387,564	646,143	603,737	575,575	571,582
	Kunshan	12,226	-	-	-	-
	Shenzhen Logistic Ctr.	397	394	418	573	564
Philippines	Philippines	186,669	203,574	161,807	160,438	185,016
Thailand	Bangpakong	8,271	6,839	-	-	-
Vietnam	Vietnam	122,852	103,926	64,378	96,214	96,038
Total		**1,204,128**	**1,461,538**	**1,342,568**	**1,321,390**	**1,342,534**

- Emissions for 2021, 2022, 2023 and 2204 are electricity market-based emissions that reflect renewable energy usage at Tianjin plant in China, Philippines plant and Vietnam plant.
- Emissions from renewable energy use: 5,305tCO_2eq in 2021, 3,311tCO_2eq in 2022, 86,645tCO_2eq in 2023 and 151,125tCO_2eq in 2024
- 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 (Ministry of Environment Notice No. 2024-155)
- The GHG Protocol of the WBCSD/WRI WBCSD/WRI Technical Guidance for Calculating Scope 3 Emissions (version 1.0)
- IPCC 2006 Guideline for National Greenhouse Gas Inventories
- ISO 14064-1: 2018 & ISO 14064-3: 2019
- BSI GHGEV Manual

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.
- This verification may be affected by limited factors such as the limitation of provided data, non-execution of on-site verification, and sampling. Due to the limitation of this verification, there is an unavoidable risk that important errors may not be found and exist.
- No material misstatement in the GHG emission calculations was detected, related records were maintained appropriately.

Verification Scope

- Scope 3 other indirect emissions are as follows for 13 categories: purchased products and services, capital goods, fuel and energy-related activities not included in Scope 1 or 2, upstream/downstream transport and logistics, waste disposal, business travel, employee commuting, leased/rented assets, processing/use/disposal of products sold, and investments, based on the WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standards.
- 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	
		2023	2024
C1. Purchased Goods & Services	Extraction, production, and transportation of goods & services purchased or acquired by the reporting company in the reporting year	318,807	302,191
C2. Capital Goods	Extraction, production and transportation of capital goods purchased or acquired by the reporting company in the reporting year	1,869	2,133
C3. Fuel and Energy Related Activities Not Included in Scope 1 or 2	All activities related to fuel and electricity consumed by the reporting company, not already accounted for in scope 1 or 2	7,964	39,707
C.4 Transportation & Distribution (Upstream)	Third-party transportation & distribution of products purchased by the reporting company in the reporting year	30,710	33,119
C5. Waste Disposal	Third-party disposal/treatment of waste generated in the reporting company's operations in the reporting year	14,125	20,642
C6. Business Travel	Business trips of employees at domestic sites by air, train, taxi, private car, etc.	4,565	5,247
C7. Employee Commuting	Calculated for employee commuter buses	14,411	14,453
C8. Leased Assets (Upstream)	Operation of assets leased by the reporting company in the reporting year	1,129	1,772
C10. Processing of Product	Processing of intermediate product to final product	134,804	146,151
C11. Use of Product	Use of product by customer	27,340	53,605
C12. Disposal of Product	Final disposal of product by end-user	961	2,864
C13. Leased Assets (Downstream)	Operation of assets owned by the reporting company and leased to other entities in the reporting year	0	0
C15. Investment	Emission from invested enterprise	20,110	25,770
	Total emissions	**576,795**	**647,654**

For and on behalf of BSI:
Issue: 05/06/2025

Managing Director Korea,
SeongHwan Lim

National Institute of Environmental Research

Independent Assurance Statement GRI 2-5

To readers of Samsung Electro-Mechanics 2024-2025 Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by Samsung Electro-Mechanics to conduct an independent assurance of its Sustainability Report 2024 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of Samsung Electro-Mechanics. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with Samsung Electro-Mechanics and issue an assurance statement.

Scope and Standards

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

Confirmation that the Report was prepared in accordance with the GRI standards 2021 included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - GRI 205: Anti-Corruption
  - GRI 206: Anti-competitive Behavior
  - GRI 302: Energy
  - GRI 303: Water and Effluents
  - GRI 305: Emissions
  - GRI 306: Waste
  - GRI 308: Supplier Environmental Assessment
  - GRI 401: Employment
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 414: Supplier Social Assessment

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.

Independent Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Samsung Electro-Mechanics on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

Reliability of Specific Sustainability Performance Information

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

Competence and Independence

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

June 2025 Seoul, Korea

E. J Hwang

KMR SRV1000 Sustainability Committee Assurance AA1000 Licensed Report 000-129/V3-Y4ZLU

Additional Information

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

- 2024 Audit Report (consolidated)
- 2024 Audit Report (separate)
- 2024 Business Report
- 2024 Corporate Report
- 2024 Corporate Governance Report
- Articles of Incorporation
- Corporate Governance Charter

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