

# A JOURNEY TOWARDS A SUSTAINABLE FUTURE

Samsung Electronics Sustainability Report 2022 – Executive Summary



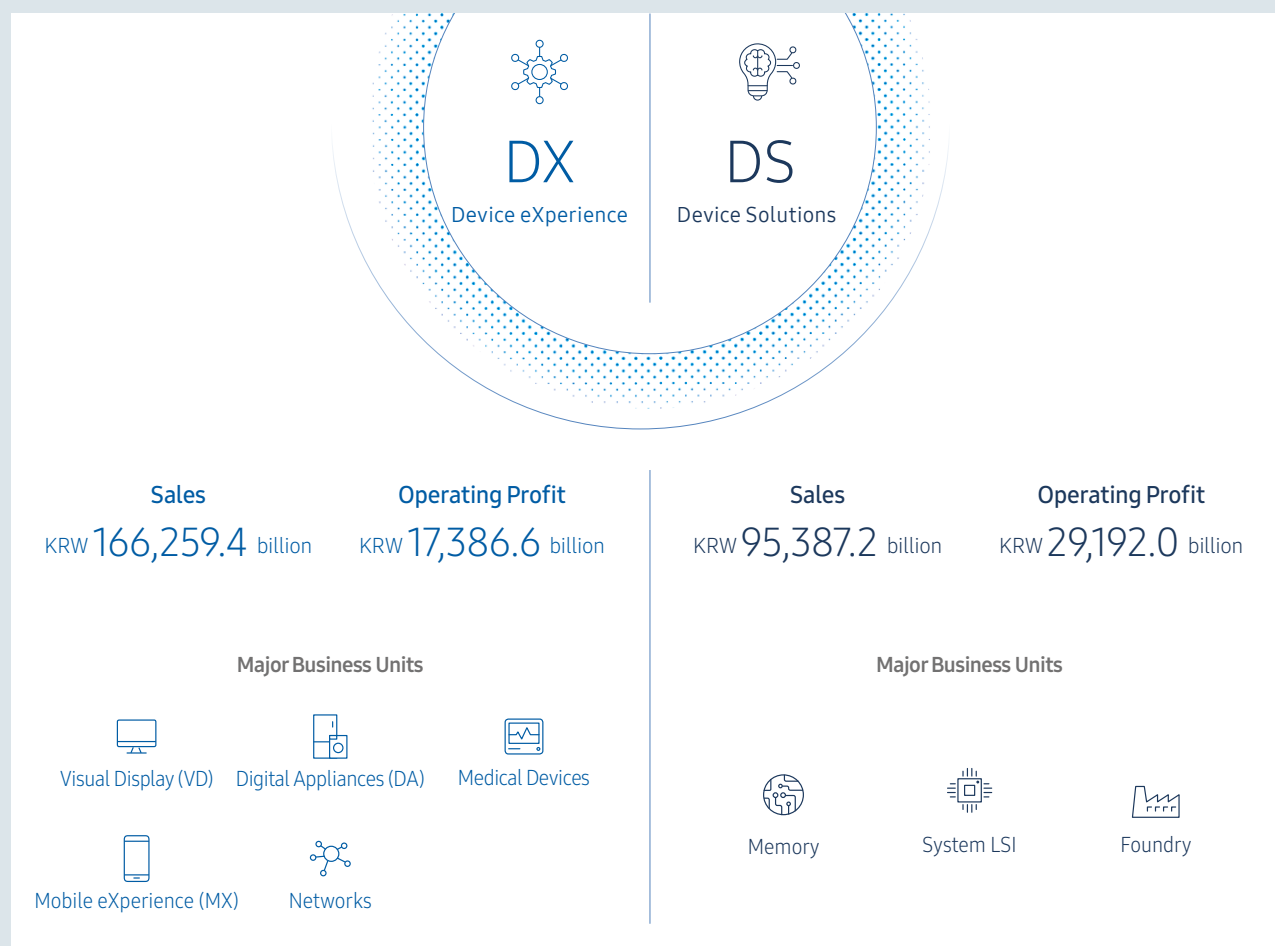
**SAMSUNG**

# A JOURNEY TOWARDS A SUSTAINABLE FUTURE

We aim to make a positive contribution to people's everyday lives by offering products and services of great quality built with our innovative technology by our talented workforce.

The Global Code of Conduct articulates our commitment to helping the world move forward based on our five Key Values. We will uphold the Key Values and achieve the goals of the Global Code of Conduct by challenging the status quo.

## Samsung Electronics' Core Businesses



\* Sales and Operating Profit above are based on 2021 figures, excluding SDC and Harman.

## Message from Our CEO

Dear shareholders, customers, partners and employees,

I would like to express my deepest gratitude for your unsparing support for Samsung Electronics in overcoming many unexpected obstacles over the past year.

In 2021, we came face-to-face with several challenges, from the prolonged COVID-19 pandemic to the accelerating climate crisis, which threatens the sustainable future of humanity, and from the economic impact of global supply chain disruptions to the intensifying conflicts among nations and communities. These challenges serve as a stark reminder of our call to action for securing a 'sustainable future.'

In this context, we drastically strengthened our sustainability governance to highlight that 'sustainability' remains our top priority in our business operations and to embed this priority in every aspect of the organization.

In addition to establishing the Sustainability Management Office within each business unit and elevating the existing company-wide function as the Corporate Sustainability Center, we expanded the Governance Committee under the Board of Directors as the Sustainability Committee in 2021 to reinforce the Board's oversight of sustainability activities. We also placed the Sustainability Council, an executive-level consultative body, under the direct leadership of the CEO in 2022.

These changes have perfected a virtuous cycle where the pursuit of sustainability leads to advanced products and enhanced business competitiveness.

Our sustainability governance serves as a momentum in identifying new drivers for sustainable growth, strengthening our future competitiveness, and fulfilling our corporate responsibility.

Our ultimate goal is to help consumers join us in our journey to build a better tomorrow through our innovations. We focus on stepping up our efforts to create technologies that further widen the gap with our competitors while linking consumer's decision to choose our products to reflect their sustainable lifestyles.

Our eco-conscious advances, including low-power semiconductors, the SmartThings Energy service designed to reduce energy consumption using AI-based energy-saving features on smart appliances, the SolarCell Remote Control charged by sunlight or indoor lighting, and smartphone models made with materials recycled from discarded fishing nets, are the proud results of our continued pursuit of sustainability.

The COVID-19 pandemic and intensifying international conflicts once again remind us that cooperation with diverse stakeholders is imperative in ensuring success as a global company. We will continue to mutually grow and advance with communities we serve by capitalizing on our rich legacy, expertise, and wealth of resources.



We will expand our corporate citizenship activities centered on nurturing the technological prowess of the younger generations, while reinforcing and launching forward-looking initiatives to narrow the technological gap amid the transition to a digital society, including support for SMEs through the smart factory system. We will provide tailored training and consulting for our partner companies and related smart factory support to assist them with the green transition.

To achieve meaningful progress and have material impact, we believe it is critical to communicate and work together with all stakeholders. In this context, we joined the United Nations Global Compact, an initiative to encourage businesses to adopt sustainable policies, earlier this year. We will continue to seek opportunities to reach out to and cooperate with our diverse stakeholders to catalyze more meaningful changes to the environment and communities by engaging in partnerships with other industrial sectors, civil society groups, and international organizations.

The world is currently facing many tough challenges – political, economic and social. There are even skepticisms about whether a sustainable future for our planet is possible. However, we firmly believe that our competitiveness and sustainable growth goes hand in hand with harnessing our technological solutions to preserve the environment and contribute to building a better world.

We look forward to your continued interest and support in our journey to achieving a sustainable future.

Thank you.

CEO and Vice Chairman  
Samsung Electronics

Han Jong-hee



## Corporate Governance

Our Board of Directors welcomed new members appointed at the general shareholders meeting in March 2022. The heads of all major business divisions, including DX and DS, are now executive directors on the Board, with the goal of achieving responsible management. Additionally, outside experts in a range of fields are serving as independent directors to help maintain accountability. A former global investment expert was appointed as an independent director to help us better identify the needs and views of global investors, and to enhance diversity and inclusion, we appointed additional non-Korean director. In July 2021, the Governance Committee was replaced by the Sustainability Committee to better promote sustainability management while enhancing shareholder value.


### Board Composition

Position	Name	Area of Specialty	Career Highlights
Chairman and Independent director	Kim Han-jo*	Finance and CSR	Chairman, Hana Nanum Foundation/ Former Vice Chairman, Hana Financial Group
Executive directors	Han Jong-hee	DX	CEO and Vice Chairman, Samsung Electronics/ Head, DX Division and Visual Display Business, Samsung Electronics
	Kyung Kye-hyun*	DS	CEO and President, Samsung Electronics/ Head, DS Division, Samsung Electronics
	Roh Tae-moon*	MX	President and Head, MX Business, Samsung Electronics/ Former Head, Development Office, Mobile Division, Samsung Electronics
	Park Hark-kyu*	Corporate Management	President and Head, Corporate Management Office, DX Division, Samsung Electronics/ Former Head, Corporate Management Office, DS Division, Samsung Electronics
	Lee Jung-bae*	Memory Business	President and Head, Memory Business, Samsung Electronics/ Former Head, DRAM Development Office, Memory Business, Samsung Electronics
Independent directors	Kim Sun-uk	Law and Human Rights	Professor Emeritus, School of Law, Ewha Womens University/ Former Minister, Ministry of Government Legislation/ Former member, Policy Advisory Committee, National Human Rights Commission of Korea
	Kim Jeong-hun	IT and Business Operation	Executive Chairman, Kiswe Mobile/ Former President, Alcatel-Lucent Bell Labs
	Kim Jun-sung*	Finance and Investment	CIO, Endowment Fund, National University of Singapore/ Former Managing Director, Government of Singapore Investment Corporation (GIC)

\* Directors newly appointed or reappointed at the general shareholders meeting in March 2022

\*\* Independent Directors Han Wha-jin and Park Byung-gook resigned from the Board on April 20, 2022 and May 17, 2022, respectively. Their posts will be filled by the resolution of the next general shareholders meeting.

### Committees under the Board

 <p><b>Management Committee</b></p> <ul style="list-style-type: none"> <li>Responsible for deliberating and making decisions on general management matters, finance-related issues, and matters delegated by the Board</li> <li>All five members are executive directors.</li> </ul>	 <p><b>Sustainability Committee</b></p> <ul style="list-style-type: none"> <li>Responsible for taking action to promote sustainability management and enhance shareholder value</li> <li>All four members are independent directors.</li> </ul>
 <p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>Responsible for auditing all business affairs including the financial status</li> <li>All three members are independent directors.</li> </ul>	 <p><b>Independent Director Recommendation Committee</b></p> <ul style="list-style-type: none"> <li>Screening and recommending candidates based on the requirements of their independence, diversity and individual competence</li> <li>One member (Independent Director)</li> </ul>
 <p><b>Compensation Committee</b></p> <ul style="list-style-type: none"> <li>Aimed at ensuring objectivity and transparency in the decision-making process for compensation for directors.</li> <li>Both members are independent directors.</li> </ul>	 <p><b>Related Party Transactions Committee</b></p> <ul style="list-style-type: none"> <li>Aimed at enhancing business transparency by promoting voluntary adherence to fair transaction regulations</li> <li>All three members are independent directors.</li> </ul>

\* The Sustainability Committee was established in July 2021 by reorganizing the Governance Committee under the aim of promoting sustainability management and enhancing shareholder value in ESG-related matters.

\*\* Director Han Wha-jin was a member of the Independent Director Recommendation Committee and The Sustainability Committee, but resigned from the BoD on April 20, 2022.

\*\*\* Independent director Park Byung-gook was a member of the Compensation Committee, the Sustainability Committee, and the Independent Director Recommendation Committee, but resigned from the Board on May 17, 2022.

# Compliance and Ethics

## Compliance and Ethics Training

We conduct training on ethical standards in various formats for all of our employees at least once a year. Additionally, we conduct annual mandatory compliance training (including anti-corruption training) to highlight our focus on compliance and ethical management. In June 2021, the Chief Compliance Officer conducted training for the CEOs and top executives on precautions to take while performing their duties.

## Audits and Whistleblowing

### · Compliance and Ethics Audits

We perform both regular and special audits of ethical standards and compliance on our business sites in Korea and abroad and report the results to the Board of Directors at least once a year. We identify points of improvement based on the results and reflect them in our business activities to ensure company-wide compliance with all relevant laws and regulations.

### · Compliance and Ethics Whistleblowing

In addition to the existing in-house whistleblowing channel targeting our employees, we opened a new whistleblowing channel for external stakeholders on our website (Samsung.com > Ethics&Compliance Management <https://sec-compliance.net>) in 2020. Contact information including the email address, telephone number, and fax number is posted online to help whistleblowers submit reports easily.

## Major Improvements for Compliance and Ethical Management

### · Anti-Corruption Policy and Guidelines

We provide employees with our revised Global Anti-Corruption and Bribery Policy in 2020 to highlight our unwavering commitment to compliance with domestic and international anti-corruption laws and ethical business practices. The Policy and detailed guidelines are posted on CPMS.

### · Process for Anti-Corruption

We have strengthened the review process for external sponsorship expenditures in order to prevent potential corruption. The anti-corruption review process was also established to conduct a necessary review and attain the Compliance Team's approval prior to vendor registration and contract conclusion.

### · Improvements for Compliance-Oriented Culture

To foster a culture of compliance, we increased the weight of compliance-related factors in the executive evaluation in 2020 and added compliance related factors to the organizational performance evaluation in 2021 as well. In 2020, we also implemented the SEC Annual Awards, presented by the CEO, which acknowledge the achievements of employee or organization in compliance management.

## Samsung Compliance Committee

The Samsung Compliance Committee (the Committee) was launched on February 5, 2020 under the aim of practicing integrity-based management, which is one of our key values, by reinforcing compliance monitoring and control over the seven major member companies<sup>1)</sup> of Samsung Group. The Committee is an external organization with its independence and autonomy guaranteed. The Committee communicates with the Chief Compliance Officers of member companies through monthly meetings as well as special meetings. The Committee delivers recommendations for a range of issues to improve the compliance management practices of member companies. We have faithfully crafted and implemented measures to ensure such recommendations are followed.

# Business Sustainability

## DS | Device Solutions Division

We strive to enhance the energy efficiency of major semiconductor products, including memory devices, image sensors, and driver ICs, to reduce the power consumption of data centers and IT devices such as smartphones and laptops.

### Eco-Conscious Manufacturing Process

- Reducing GHG emissions by 6.03 million tonnes in the manufacturing process
  - Reducing GHG emissions by 3.03 million tonnes through improving flue gas treatment, change to alternative gases and reducing fuel consumption
  - Reducing GHG emissions by 480,000 tonnes by using high-efficiency equipment and parts, and by managing equipment power systems
  - Reducing GHG emissions by 2.52 million tonnes by using renewable energy
- Eco-conscious performance in the semiconductor manufacturing process
  - Managing water resources to save 6,857 tonnes of water per day and reducing sulfate ion concentration
  - Reducing and recycling waste



### Energy Consumption Reduction

- Reduce the power consumption of LED products
  - Improve luminance efficiency of the lighting LED package (LM301B) device by 2% each year
  - Improve luminance efficiency of the vehicle head lamp LED solution (C-series) device by 3% each year
- Implementing semiconductor products with lower energy consumption through the commercialization of an ultra-fine foundry process
  - Reduce power consumption by nearly 50% compared to the 5nm process by applying gate-all-around technology<sup>1)</sup> to the 3nm process
- Enhance the System on Chip (SoC) design and applying fan-out wafer-level packaging<sup>2)</sup>
- Reduce Large-scale Integration (LSI) power consumption by securing IPs that reinforce its power competitiveness

1) Gate-all-around refers to a modified transistor structure where the gate contacts the channel from all sides and enables continued scaling.

2) Fan-out wafer-level packaging is an integrated circuit packaging technology that carries out redistribution first and then dices the wafer. In this process, the surface area of redistribution is larger than the chip.

## DX | Device eXperience Division

Sustainability is a core value and key driver of our operations, and we strive to embed it in every product and service that we offer. We will remain committed to activities that minimize our environmental impact, including the use of recycled materials in all stages of mobile device and home appliance manufacturing processes by 2025.

### Use of Recycled Materials

- Galaxy S22 and Tab S8, as well as high-resolution monitors released in 2022, are equipped with parts made with recycled ocean-bound plastic<sup>1)</sup>

1) PET bottles and discarded fishing nets, etc

- All the Visual Display models<sup>2)</sup> will use recycled plastic materials in 2022

2) TVs, monitors, and remote controls.  
(including outsourced products)



### Eco-Packaging

- EPS cushions inserted in the box for Visual Display products and plastic used for sub packaging<sup>1)</sup> are made with recycled materials

1) Sub packaging: Accessory bag, PP band, box holder, and stand bag

- Eco-Packaging, designed to be upcycled as small and versatile household items, has been implemented in all TV products and is scheduled to be expanded to the vacuum cleaners, air purifiers, Bespoke Qooker and more

### Lifetime Warranty for Key Parts

- To reduce home appliance waste, we began to provide lifetime warranties for the key parts (digital inverter motor/ compressor) of new products released in Korea from 2021
- Plan to provide 20-year warranty of digital inverter motor and digital inverter compressor for washers sold in the US (for washers made in the US) and refrigerators and washers sold in Europe (From the 2nd Half of 2022)



Image of Lifetime Warranty for Key Parts

### Reducing the Release of Microplastics

- Through a collaboration with renowned active wear brand Patagonia, Samsung is developing a specialized washer that reduces the release of microplastics, particles that are highly damaging to the world's oceans and our health

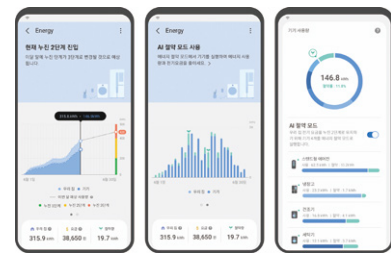
### SmartThings Energy

- SmartThings Energy enables users to monitor total power consumption of their household as well as the power consumption for connected smart home appliances<sup>1)</sup>. It also offers the SmartThings Energy Service<sup>2)</sup> designed to help reduce energy consumption by using an AI-based smart power saving mode

1) Service available in Korea, the US, the UK, India, and Brazil

2) Service available in Korea only

\* Total power consumption monitoring service is available only for those households connected to a smart meter.



### SolarCell Remote Control

- We developed SolarCell Remote Control that can be charged via sunlight or illumination without the need for disposable batteries. Recycled materials are used in the exterior of the remote control (for QLED TV from 2021, expanded to air conditioners in 2022)
- We plan to replace the lithium-ion battery with a supercapacitor, which emits less GHGs, and use this remote control for all smart TV products in 2022



### Samsung Global Goals

- The Samsung Global Goals app introduces our global efforts to meet the 17 Sustainable Development Goals of the United Nations and allows users to donate directly to the goals of their choice
- Donations raised in 2021<sup>1)</sup> amount to USD 2.69 million

1) November 2020 ~ October 2021

### Galaxy Upcycling

- Galaxy Upcycling at home program: A recycled smartphone can be repurposed into a sound sensor, illumination sensor, and notification sender for your current smartphone via the SmartThings app

- Digital vision tester (EYELIKE™): This device is designed to diagnose various eye disorders that may lead to loss of vision using a used Galaxy smartphone. Devices are provided to developing countries such as Vietnam, India, Morocco, and Papua New Guinea



## Recognition and Awards

### Rankings

**5**th in Best Global Brands 2021 (USD 74.6 billion, 20% increase from previous year)






**1**st in World's Best Employers for two consecutive years in 2020 and 2021





### Certifications

#### Product Carbon Footprint Label by the Carbon Trust

- 11 TV models, 3 monitor, and 2 signage 
- 10 smartphone models including Galaxy S22 Ultra and 4 tablet models
- 4 system semiconductors 
- 20 memory semiconductors 

#### Lower Carbon Label by the Carbon Trust

- Galaxy S21, S21+, and S21 Ultra
- 13 TV models, 3 monitor, and 2 signage 
- 5 memory semiconductors 

#### 4 LED Package Products, Underwriters Laboratories (UL) Certification

#### Common Criteria Certification<sup>1)</sup> for 5G Solutions

1) Global security certification

#### Carbon Trust Triple Standard

All semiconductor business sites certified for reduced impacts related to carbon, water, and waste—a first for any manufacturer in the industry.



#### UL Gold Certification

- Galaxy S22, S22+, S22 Ultra and 16 other models

#### Electronic Product Environmental Assessment Tool Certification (US)

- 6 TV models including BE75T-H, 14 Signage models including LH43QMBEBCXZA, 90 Monitor models including S27A400UJN, Note PC NP930QDBA, etc.



#### Win-Win Index by Korea Commission for Corporate Partnership under the Korean Ministry of SMEs and Startups

- Rated outstanding for 10 consecutive years



### Awards

#### CES 2022 Innovation Awards

- Selected as the highest rated winner (4 products) 
- Selected as the winner (39 products) 

#### 2021 Sustainable Materials Management Electronics Challenge by the United States Environmental Protection Agency

- Sustained Excellence for SolarCell Remote
- Gold Tier for excellence in the responsible collection and recycling of electronic waste

#### ENERGY STAR Awards, US EPA

- Partner of the year awards for environmental protection
- Honored with sustained Excellence nine times



#### IDEA 2021 (48 products)



#### National Quality Management Awards by the Korean Ministry of Trade, Industry and Energy

- Presidential Citation
- Foundry Business for securing unmatched quality eness

#### National Technology Awards by the Korean Ministry of Trade, Industry and Energy

- Presidential Prize
- Foundry Business for developing processing technology for 14nm RF and succeeding in the world's first mass-production

#### Energy Winners of the Year by Consumers Korea

- 8 prizes including Grand Prize and Minister of Trade, Industry and Energy Prize 

#### Health-Friendly Company Certification by the Korean Ministry of Health and Welfare

- Minister of Health and Welfare Prize
- Certified for the operation of tailored healthcare programs, in-house clinics, the Musculoskeletal Disorder Prevention Exercise Center, health-care-themed concerts, etc.



# Sustainability Governance

**We strive to achieve sustainability governance through the establishment of company-wide governance system including the Board of Directors and Sustainability Management Office in each business unit.**

The Board oversees our sustainability activities as the overarching decision-making body. The Sustainability Committee under the Board was established in July 2021 by expanding the role of the existing Governance Committee to push ahead with various ESG activities and increase shareholder value. The Sustainability Council brings together heads of business units and functional teams responsible for a wide range of sustainability issues. The Council, previously led by the head of the Corporate Management Office, has been placed under the direct supervision of the CEO since 2022.

Sustainability training is offered to employees and executives to integrate ESG principles into their day-to-day tasks. Since 2021, we have included sustainability-related items in our performance evaluation system for executives and business units to ensure adherence to sustainable practices. We plan to continually update our evaluation and compensation system.



## Joining UN Global Compact (UNGC)

We joined the United Nations Global Compact, a global initiative to encourage businesses to align their operations and strategies with universal sustainability principles, in March 2022. By joining the UN Global Compact, we expressed our commitment to embedding its principles in all aspects of our management and corporate culture and expanding our cooperation with global stakeholders, including the United Nations.



# Environment

Based on our strong conviction that the future hinges on the wellbeing of the planet, we take an environmentally conscious approach to business. This approach is reflected in our commitment to advancing the co-prosperity of humanity and nature and building a brighter future for the planet. Our commitment is the driving force behind our continued pursuit of sustainability in everything we do.

## Performance in 2021

GHG Reduction

**6.41** million tonnes

Renewable Energy Use

**5,278** GWh \* 31% increase YoY

Reduction in GHG Emissions in the Product Use Phase

**334** million tonnes (cumulative 2009 ~ 2021)

Collected E-Waste

**5.07** million tonnes (cumulative from 2009)

Waste from Manufacturing Sites

**96** % recycled

## Future Targets

Continue to reduce GHG Emissions

Continue to expand use of renewable energy

Continue to reduce power consumption  
standby for major products

Collected E-Waste

**7.5** million tonnes (cumulative from 2009)

Acquire Zero Waste to Landfill Certification for  
All Manufacturing Sites



# Empowering Communities

We remain committed to fulfilling our corporate social responsibility to create a better world for all. Based on Samsung's core values of 'People First' and 'Co-prosperity', our CSR activities aim to help individuals reach their full potential.

Total employee volunteer hours

9,903,186

\* Cumulative sum, 2012-2021



Number of beneficiaries of our CSR activities

22,150,865

\* Cumulative sum, 2012-2021



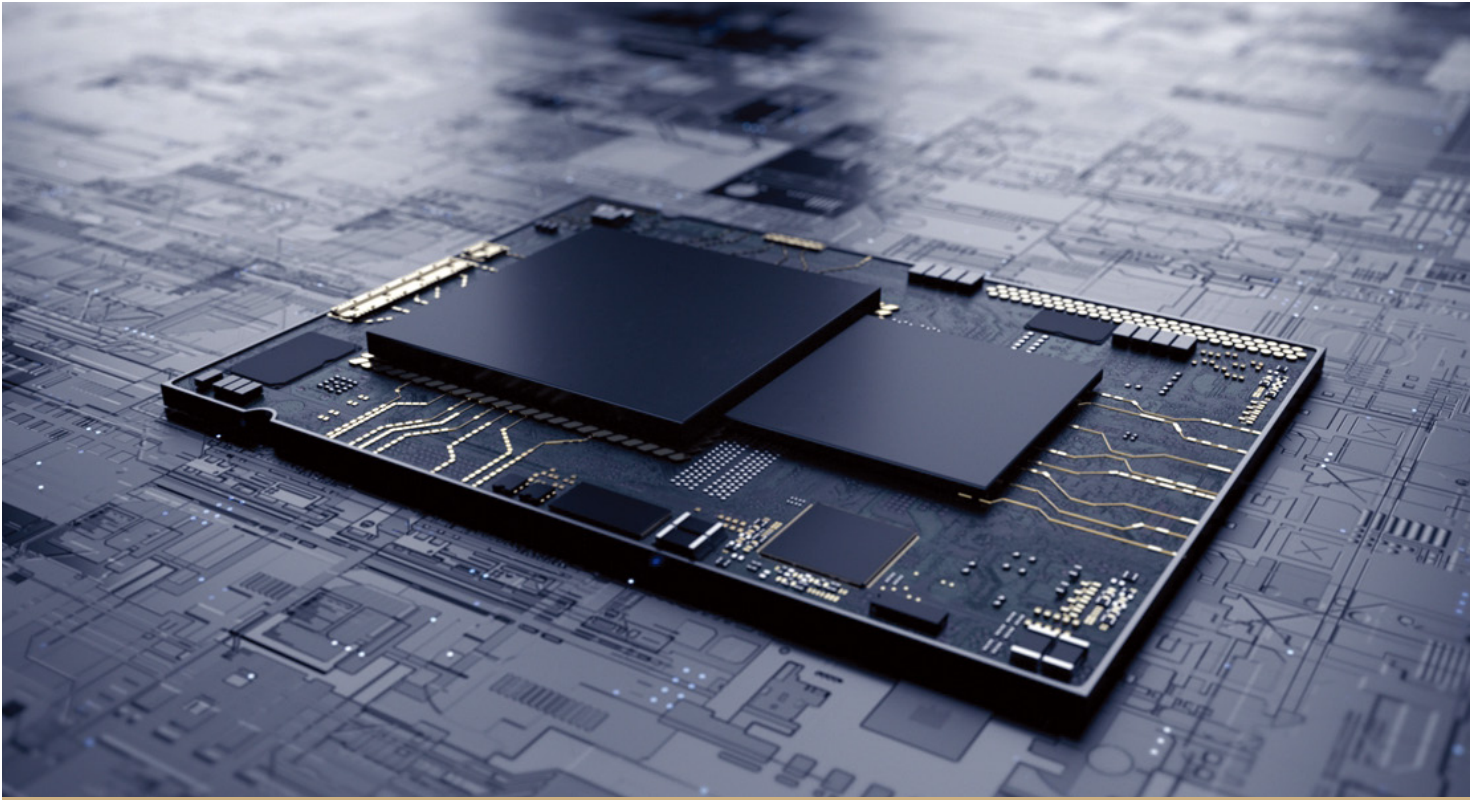
Number of beneficiaries of the Smart Factory Support Program

2,812

\* Cumulative sum, 2015-2021







# Digital Responsibility

The COVID-19 pandemic has accelerated the pursuit of digital transformation. As the impact of digital technology on our lives continues to expand, it is imperative to deliver products and services in a more responsible manner. Our efforts to protect users' privacy and maintain the highest level of product security are embedded in every aspect of our operations from planning to design, testing, release, and post-release. We strive to fulfill our corporate, social, and ethical responsibilities in relation to our expansion in the field of AI, while also seeking ways to reinforce the accessibility of our products and services. Additionally, we focus on moving the balanced use of digital devices for consumers.

## 2021 Digital Inclusion Benchmark

4<sup>th</sup> (ICT sector)

\* Digital Inclusion Benchmark conducted by the World Benchmarking Alliance.



## In-house consulting cases on privacy

9.7%

Increase from 2020



Selected as a winner in the Accessibility category of the CES Innovation Awards five times (2015-2018, 2021)

\* Won Best of Innovation for TV accessibility features at the CES Innovation Awards (2016, 2021)







# Our Employees

We operate under our corporate philosophy “People First” and strive to reflect our respect for human rights, diversity, and inclusion in all of our day-to-day activities. We take measures to eliminate the risk of potential human rights violations at our business sites and raise our employees’ awareness on the importance of human rights. We conduct the yearly employee satisfaction survey to build a better corporate culture and help our employees achieve both personal and professional development. We also strive to create a safety-centric workplace by assessing our safety-first initiatives, improving the working environment, and ensuring strict management of chemical substances.

## Recognition of Our Efforts to Respect Human Rights

# Ranked 1<sup>st</sup>

Among companies benchmarked by Global Child Forum<sup>1)</sup> (electronics sector)

1) An international non-profit organization established in 2009 by the Swedish royal family to share best practices and evaluation tools and encourage corporations to integrate them into their business operations



## Safety and Health Certification at our production sites

# 100%

 ISO 45001<sup>1)</sup> certified

1) International standard for occupational health and safety management systems





# Sustainable Supply Chain

We seek to foster a responsible, eco-conscious supply chain to achieve mutual growth with our suppliers and reinforce supply chain sustainability. We offer a range of programs designed to help our suppliers enhance their global competitiveness. We strive to ensure labor and human rights protection, environment preservation, and workers' health and safety throughout our supply chain, while also minimizing the negative impacts that may be incurred by the mineral mining process.

## Win-Win Index

### Highest Index Rating for 10 Consecutive Years

\*Evaluation of large corporations' efforts to achieve mutual growth by the Korea Commission for Corporate Partnership based on their SME support history and surveys



## CDP Supply Chain Program

### Operated for 3 years

\* Program designed to help suppliers effectively respond to risks and opportunities through GHG management



## Management of Responsible Minerals in the Supply Chain

100% of smelters and refiners are validated by the Responsible Minerals Assurance Process of the Responsible Minerals Initiative

\*Using only minerals mined in a socially responsible manner that ensures human rights protection and environmental preservation across the entire supply chain

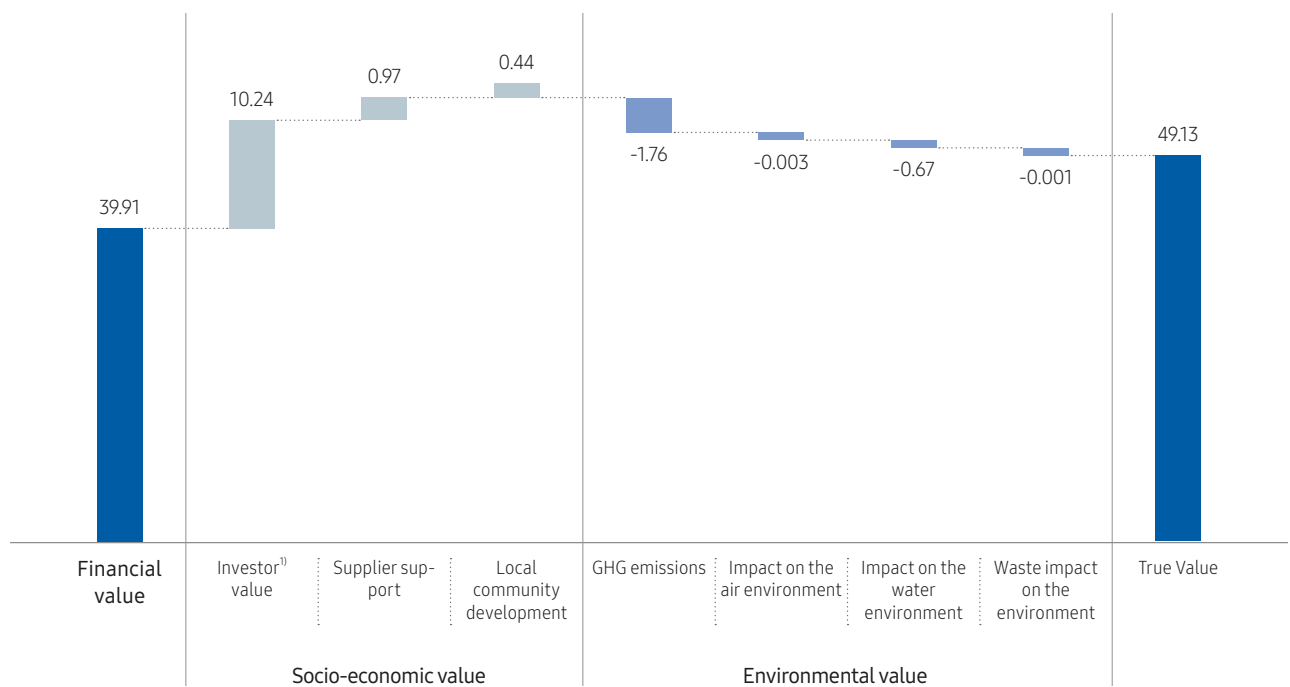


# Sustainability Value Creation

## Our Sustainability Values in 2021

Over the period from January 1 to December 31, 2021, we created sustainability management values equivalent to KRW 49.13 trillion. Among them, the financial value stands at KRW 39.91 trillion, a 34% increase from 2020 due to the rise in net income. We continually pursue the creation of socioeconomic and environmental values through diverse activities. We promote the development of local communities by providing training for future generations and support for SMEs and startups. We fully converted our business sites in the US, Europe, and China to 100% renewable energy use, while steadily expanding renewable energy use in Brazil, Mexico, etc. As a result, our socioeconomic and environmental values in 2021 are calculated to reach KRW 9.22 trillion.

Our Sustainability Management Values in 2021 (Unit: KRW trillion)



1) Sustainability Value was calculated based on the figures in the Free Cash Flow Statements. 2021 Special dividends (KRW10.7 trillion) are not included in the investor values, since they were reflected in our Sustainability Values for 2020.

As an extension of our efforts to more accurately assess the values created by our sustainability activities, we have monitored the latest developments in research on social and environmental value assessment around the world. In this context, we plan to include wages and taxes in the assessment from 2023 onwards considering the significance of these two items and global trends.

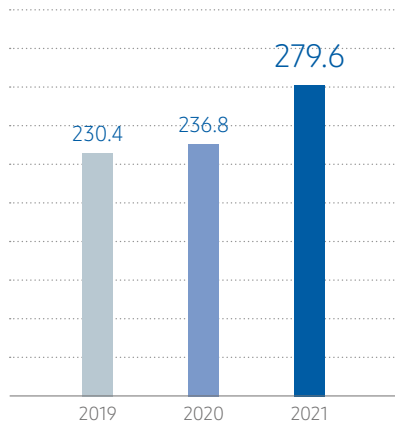
→ Including wages and taxes, we estimate our sustainability values for 2021 at approximately KRW 98 trillion.

# Economic Performance

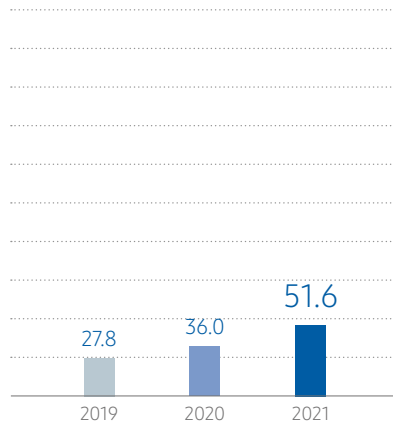
## Key Financial Performance

\* Based on the consolidated financial statement

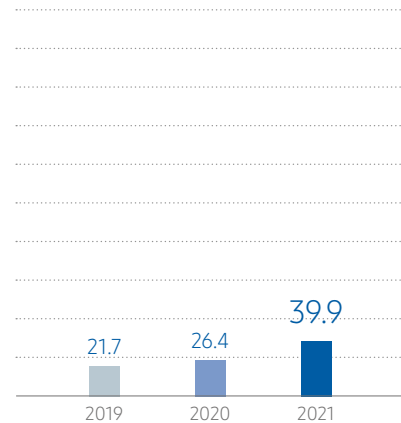
Sales (Unit: KRW trillion)



Operating profit (Unit: KRW trillion)



Net income (Unit: KRW trillion)



Economic Value Distribution		2019	2020	2021	Unit
[Suppliers] Purchasing costs		173.3	168.7	192.0	KRW trillion
[Local communities] CSR costs		0.5	0.5	0.4	KRW trillion
[Shareholders and investors] Dividends		9.6	20.3	9.8	KRW trillion
[Shareholders and investors] Dividend payout ratio		45	78	25	%
Creditors] Interest costs		0.7	0.6	0.4	KRW trillion
[Employees] Personnel expenses		28.1	31.0	34.6	KRW trillion
[Government]	Total amount	9.7	11.1	14.8	KRW trillion
Regional taxes and public duties	Asia	15	11	8	%
	Korea	69	73	80	%
	Americas and Europe	14	14	10	%
	Others	2	2	2	%

## Percentages of Distributed Economic Value

(Unit: %)

Suppliers <sup>1)</sup>	Local communities <sup>2)</sup>	Shareholders and investors <sup>3)</sup>	Creditors <sup>4)</sup>	Employees <sup>5)</sup>	Government <sup>6)</sup>
76.2	0.1	3.9	0.2	13.7	5.9

1) Costs in relation to all products and services purchased for business

2) Total cost of corporate citizenship activities.

3) Dividends

4) Interest costs

5) Sum of wages, retirement benefits, and welfare benefits included in sales costs, R&amp;D expenses, and SG&amp;A expenses

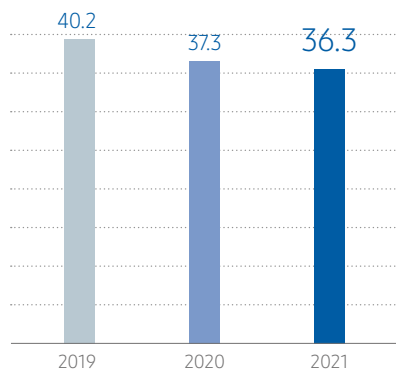
6) Sum of consolidated corporate income taxes, other taxes, and public duties (based on accrual accounting)



# Social Performance

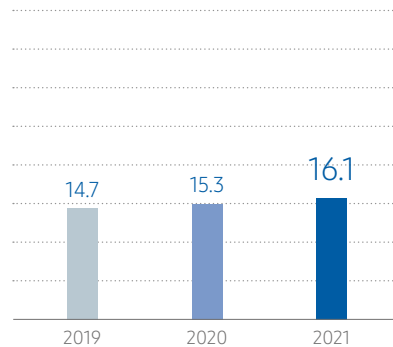
## Diversity and Inclusion

Percentage of female employees<sup>1)</sup> (Unit: %)

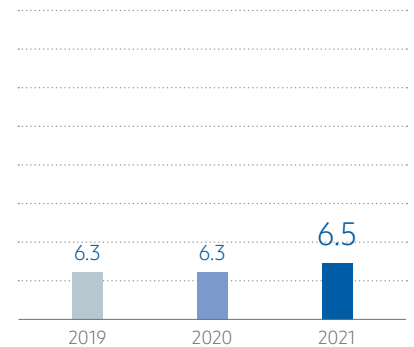


1) The figures are based on the total number of employees

Percentage of female employees in Managers (Unit: %)



Percentage of female employees in Executives<sup>2)</sup> (Unit: %)



2) The figures include those at the Vice President level and higher, including Masters and Fellows, at our overseas subsidiaries.

Compliance and Ethics	2019	2020	2021	Unit
Compliance training <sup>1)</sup>	110,919	115,787	141,723	Persons
Ethics training <sup>2)</sup>	279,255	187,228	198,592	Persons
Compliance whistleblowing <sup>3)</sup>	116	549	911	Cases
Ethics whistleblowing <sup>4)</sup>	584	728	929	Cases

1) Scope of data collection: Employees in Korea (including cases of cross-attendance)

2) Scope of data collection: Employees in Korea and abroad

3) Based on our compliance management site (<https://sec-compliance.net>)

4) Based on our ethical management site (<https://sec-audit.com>)

Corporate Citizenship	2019	2020	2021	Unit
Hours of employees' volunteer work	878,448	635,564	824,329	Hours
Hours of volunteer work per employee <sup>1)</sup>	3.06	2.37	3.04	Hours

1) Hours of employees' volunteer work / Number of employees in Korea and abroad

SME Support	2019	2020	2021	Unit
Number of beneficiaries of smart factory support	566	369 <sup>1)</sup>	286	Companies

1) Number change due to 4 companies which dropped Smart Factory Business after 2020 Sustainability Report publication

Labor and Human Rights	2019	2020	2021	Unit
Number of employees <sup>1)</sup>				
Total	287,439	267,937	266,673	Persons
Overseas	185,380	161,607	155,547	Persons
Korea	102,059	106,330	111,126	Persons

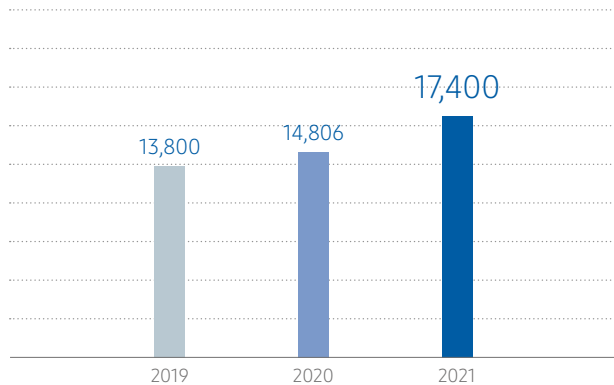
1) The figures exclude workers dispatched by subcontractors, workers on leave, interns, and full-time students.

Sustainable Supply Chain	2019	2020	2021	Unit
Management of suppliers' working environments				
Third-party audit	93	78	108	Suppliers

# Environmental Performance

## GHG Emissions Management

GHG emissions from business sites<sup>1) 2)</sup> (Unit: 1,000 tonnes CO<sub>2</sub>e)

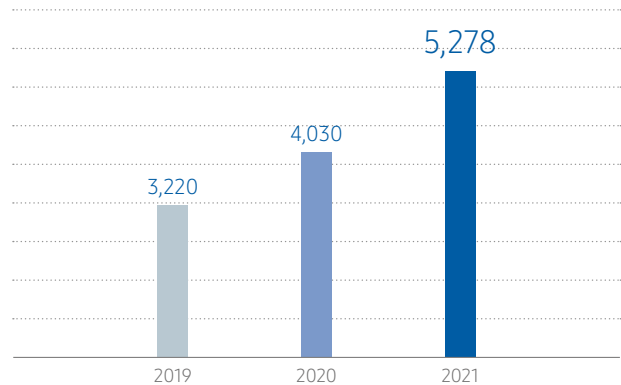


1) Calculated by applying the GHG regulations and management guidelines of each respective country, PICC's guidelines, and ISO 14064 standards

2) Location-based GHG emissions that do not reflect renewable energy use:  
16,065,000 tonnes CO<sub>2</sub>e in 2019, 17,571,000 tonnes CO<sub>2</sub>e in 2020,  
and 20,173,000 tonnes CO<sub>2</sub>e in 2021

## Energy Management

Renewable energy use (Unit: GWh)



GHG Emissions Management		2019	2020	2021	Unit
GHG emissions from business sites	Direct emissions (Scope 1)	5,067	5,726	7,604	1,000 tonnes CO <sub>2</sub> e
	Indirect emissions (Scope 2) <sup>1)</sup>	8,733	9,079	9,796	1,000 tonnes CO <sub>2</sub> e

1) Market-based GHG emissions that reflect renewable energy use

Energy Management		2019	2020	2021	Unit
Energy consumption at		26,899	29,024	32,322	GWh
Renewable energy use					

Waste management		2019	2020	2021	Unit
Waste generated		1,099,197	1,181,741	1,324,972	Tonnes
Waste recycling rate		95	95	96	%

Water management		2019	2020	2021	Unit
Water usage		134,479	141,648 <sup>2)</sup>	163,660	1,000 tonnes
Reused water <sup>1)</sup>		68,555	70,181	93,949	1,000 tonnes

1) Including rainwater, wastewater, and reused manufacturing process water

3) Water usage data for 2020 corrected

Chemical management <sup>1)</sup>		2019	2020	2021	Unit
Chemical consumption <sup>2)</sup>		384	455 <sup>3)</sup>	520	1,000 tonnes

1) Scope of data collection: Korea

2) Based on Pollutant Release and Transfer Registers (PRTR) from 2018

3) 2020 Numerical Error Correction

# About this report

This is our 15<sup>th</sup> Sustainability Report, published in 2022 under the aim of transparently sharing our ESG performance and activities with our stakeholders.

## Reporting Standard

This report aligns with the Global Reporting Initiative (GRI) Standards: Core Option, which are global standards for sustainability reporting. This report also reflects the indicators of the Sustainable Development Goals (SDGs), Task Force on Climate-Related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB).

## Covered Activities

This report covers the ESG activities of all of our business sites in Korea and abroad as well as all of our partner companies in our supply chain. Our financial performance is described based on K-IFRS, and our performance in relation to workplace environments is based on data collected from our 32 domestic and overseas production sites.

## Covered Period

This report illustrates our ESG performance and activities during the period of January 1-December 31, 2021. Information through May 2022 has also been used in some areas. Data for the last three years is provided to measure yearly changes in quantitative performance.

## Reporting Cycle

Once a year (previous period's report published in June 2021)

## Third-Party Verification

EY Hanyoung Accounting Corp., an independent verification body, conducted a third-party verification to ensure confidence in the report-making process and information posted. The verification criteria are ISAE3000.

## Related Information

- Samsung Electronics website  
<http://www.samsung.com/sec>
- Sustainability  
<http://www.samsung.com/sec/aboutsamsung/sustainability>
- IR  
<http://www.samsung.com/sec/ir>
- Samsung Newsroom  
<http://news.samsung.com/kr>  
<http://news.samsung.com/global>

## Organizational Unit in Charge

- Samsung Electronics Corporate Sustainability Center
- Address: 129 Samseong-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do (16677)
- Email: [csr.partner@samsung.com](mailto:csr.partner@samsung.com)

## References


[Annual Business Report](#) 

[Corporate Governance Report](#) 

[Responsible Minerals Report](#) 

[CDP Report](#) 

[Global Code of Conduct](#) 

[Guidelines on the Global Code of Conduct](#) 

**SAMSUNG**