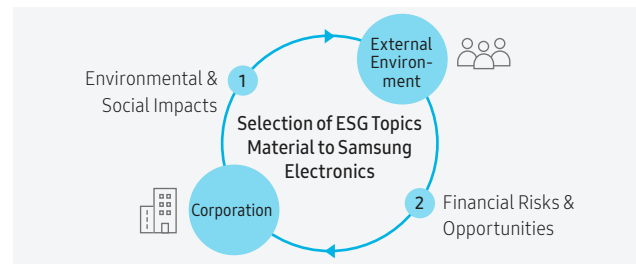


Materiality Assessment

Samsung Electronics conducts materiality assessments identifying and prioritizing key sustainability issues material to our business, transparently disclosing the processes and results. In 2024, We conducted a Double Materiality Assessment (DMA) adapted from the European Financial Reporting Advisory Group's (EFRAG) materiality assessment implementation guidance.

DMA Definition

Samsung Electronics' 2024 DMA evaluates topics of potential materiality to Samsung Electronics' sustainability, considering both relevant company activities' impacts to the external environment and relevant external factors' financial impacts to the company in order to ascertain material topics for Samsung Electronics' sustainable management.



DMA Process

Samsung Electronics' DMA process consists of four steps: ① understanding the business, ② identifying impacts, risks, and opportunities (IROs), ③ evaluating IROs, and ④ selecting material topics.

Step 1. Understanding the Business

Understanding the business involved analyzing our business' internal/external environments and value chain, then identifying primary topics. In the internal/external environment analysis, we reviewed disclosed company data such as our Annual Business Report and internal company data such as stakeholder inquiries to secure base materials for future evaluation processes.

We also conducted a value chain analysis to derive ESG topics that comprehensively consider relevant stakeholder characteristics within the value chain. We first organized the value chain into 'upstream (raw materials, parts, and other suppliers) – own operations (manufacturing, sales) – downstream (transportation, sales, repairs/services)' phases and identified each phase's key stakeholders' industrial sectors and business activities. We then analyzed ESG topics for each industrial sector referencing the Sustainability Accounting Standards Board (SASB) standards, after which we derived material ESG topics for each Division and Business Unit's individual value chain phases.

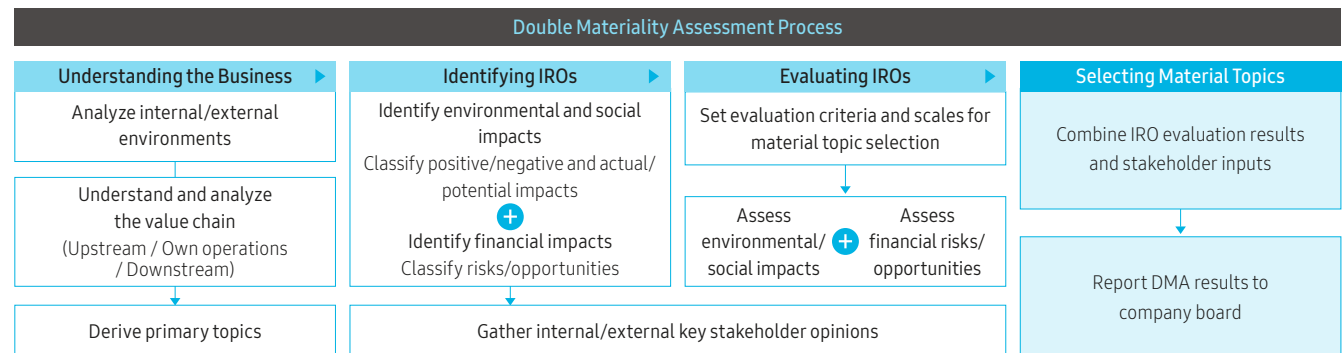
We also identified key stakeholder groups interested in our sustainability activities in order to widely gather stakeholder opinions during the assessment process. We also established various opinion gathering plans to accommodate our diverse stakeholders' characteristics.

Reflecting DX/DS Divisional Characteristics Samsung Electronics strived to reflect our Divisional characteristics during the DMA process. In the value chain analysis step we identified individual value chains by DX, DS Divisions and their respective Business Units to comprehensively consider sector-specific ESG topics in issue pool composition and assessment. We also identified and performed surveys/interviews with Division specific employees, customers, and suppliers while evaluating stakeholder groups.

[Derive Primary Topics]

Samsung Electronics formed an issue pool of 115 issues, constructed from 92 sub-topics as suggested by the European Sustainability Reporting Standards (ESRS) and 23 additional, sector specific issues. Each issue was evaluated against four criteria (alignment with company strategy, alignment with global initiatives, key issues in the industry, and results of value chain analysis) to derive 52 issues, and 13 primary topics were selected to encompass these 52 issues based on the topic taxonomy of the ESRS.

Primary Topics		
Climate Change and Energy	Working Conditions - Employees	Information Security and Protection
Pollution	Equal Treatment and Opportunities - Employees	Product Quality and Safety
Water	Forced Labor - Employees	Accessibility
Resource Circularity and Waste	Supply Chain	Business Conduct
		Governance



Step 2. Identifying IROs

Samsung Electronics identified environmental/social impacts and financial risks/opportunities for the 13 primary ESG topics. We first prepared identification bases for primary topics including related regulations, media, Sustainability Website and Report contents as well as requests from key stakeholders like our customers, investors, and rating agencies, then analyzed topic relevant Samsung Electronics business activities. Next we identified environmental/social impacts of relevant value chain business activities and classified each impact into positive/negative and actual/potential traits. Using the identification bases, we also identified and analyzed how topical external environments can financially impact us and classified each impact into risks and opportunities, analyzing the respective account subjects.

ID Bases	Identifying IROs	
<ul style="list-style-type: none"> Legal/Regulative Issues Externally disclosed information (media, Sustainability Website, Sustainability Report, etc.) Stakeholder requests (customers, investors, suppliers, rating agencies, etc.) 	Environmental/Social Impacts <ul style="list-style-type: none"> Company activity's environmental and social impacts related to ESG topics Classified as positive/negative, actual/potential 	
	Financial Risks/Opportunities <ul style="list-style-type: none"> External environmental impacts on company finances related to ESG topics Classified as risks/opportunities 	

Step 3. Evaluating IROs

Samsung Electronics designed evaluative scales for identified primary topics' IROs referencing EU ESRs requirements and performed evaluations based on robust stakeholder participation.

Classification	Assessment Standard	
Env./Social Impacts	Scale	Size of impacts
	Scope	Geographic/physical reach of impacts
	Remediability	Time required to remediate negative impacts
	Likelihood	Time estimated for potential impacts to occur
Financial Risks/Opportunities	Quantitative size	Quantitative size of risks/opportunities considering company sales, net worth, net income before tax, etc.
	Qualitative reach	Qualitative reach of risks/opportunities considering expected or realized time of executive managements' strategy formation and decision making
	Likelihood	Time expected for financial risks/opportunities to occur

Stakeholder Engagement-Based Assessment

Stakeholder Surveys

In March 2024, we conducted an online survey for relevant internal/external stakeholders including Samsung Electronics employees, customers, partners, investors, NGOs, and international organizations. We distributed assessment guides and video materials to aid stakeholders in understanding the survey. We also held separate briefing sessions for our employees to inform them in detail of survey purpose, participation method, evaluation scale, and result usage.

Executive Management Interviews

In March 2024, we conducted in-person and written interviews with DX/DS Division sustainability-related executives to obtain their views on ESG topics material to the company.

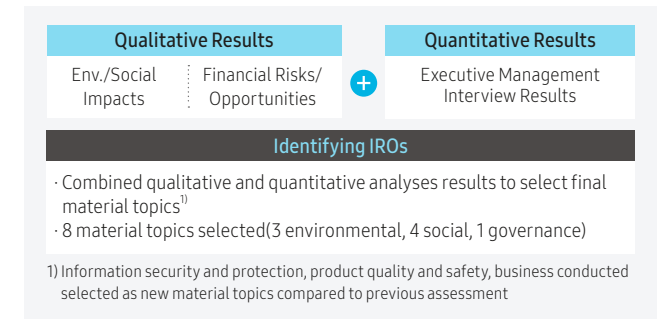
EU Stakeholder Forum

In March 2024, we held a sustainability forum in Brussels, Belgium, titled 'Innovate & Empower: Samsung's Sustainability Journey' for EU stakeholders. Key stakeholders including European government agencies such as EFRAG and DG GROW, international organizations such as the ILO, OECD, UNDP, UNEP, UNGC, and UN PRI, associations such as the RBA and WBCSD, and professional organizations discussed major challenges and opportunities for non-financial disclosure standards and regulations, climate action, resource circularity, and labor rights in Europe. Samsung Electronics also identified areas for improvement through meetings with stakeholders, and plans to continue to strengthen communication with stakeholders in the future.



Step 4. Select Material Topics




















Samsung Electronics selected eight material topics based on a combination of quantitative and qualitative analyses of the survey results, including: climate change and energy, water, resource circularity and waste, working conditions - employees, supply chain, information security and protection, product quality and safety, and business conduct. Due to sectoral differences between each Division, we further selected environmentally material issues by Division. The DX Division's material environmental issues included climate change and energy, water, resource circularity and waste, while the DS Division's material environmental issues included climate change and energy, water, resource circularity and waste, and pollutants. After management review, selected material issues were reported to the Sustainability Committee under the Board of Directors.



Final Material Topics		
Environmental	Social	Governance
Climate Change and Energy	Working Conditions - Employees	Business Conduct
Water	Supply Chain	
Resource Circularity and Waste	Information Security and Protection	
	Product Quality and Safety	

Material Topic Management

Samsung Electronics identifies the impacts of selected material topics on the company, and reports on company activities to manage these topics.

2024 Material Topics	UN SDGs	Governance	Strategy	Risk Management (Policy)	Activities (Major Progress)
 Climate Change and Energy		<ul style="list-style-type: none"> Sustainability Committee under the Board of Directors oversees sustainability management (including environmental management) strategy and progress 	<ul style="list-style-type: none"> DX Division: net zero Scope 1, 2 emission by 2030 DS Division: net zero Scope 1, 2 emission by 2050 	<ul style="list-style-type: none"> Board of directors approved New Environmental Strategy Operate Environmental Management Task Force 	<ul style="list-style-type: none"> Reduce direct emissions, expand renewable energy, reduce external GHG emissions
 Water	 	<ul style="list-style-type: none"> Sustainability Council (chaired by CEO) and Environmental Management Task Force (consisting of relevant departments) and decide on current issues 	<ul style="list-style-type: none"> DX Division: replenish 100% of water used globally by 2030 DS Division: achieve zero increase in water intake relative to 2021 levels by 2030 	<ul style="list-style-type: none"> Board of directors approved New Environmental Strategy Operate Environmental Management Task Force and Net Zero Committee Assess water resources risk assessment and establish response strategy by region 	<ul style="list-style-type: none"> Expand scope of AWS¹⁾ certification for Korean manufacturing sites <p>1) Alliance for Water Stewardship</p>
 Resource Circularity and Waste		<ul style="list-style-type: none"> Invest over KRW 7 trillion in environmental management activities by 2030 (including process gas reduction and water resource preservation) 	<ul style="list-style-type: none"> DX Division: apply recycled resin to all plastic parts by 2050 DS Division: achieve 99.9% waste recycling rate across all Korean manufacturing sites 	<ul style="list-style-type: none"> Board of directors approved New Environmental Strategy Operate Environmental Management Task Force and Net Zero Committee 	<ul style="list-style-type: none"> Set up product waste retrieval system, attain Zero Waste-to-Landfill certifications at business sites
 Working Conditions - Employees	 	<ul style="list-style-type: none"> Sustainability Committee under the Board of Directors, Sustainability Council chaired by the CEO and Labor and Human Rights Council oversees and manages employee and supply chain labor and human rights at various levels 	<ul style="list-style-type: none"> Respect human rights based on management philosophy of "People First", continue to pursue safe work environment, and create positive workplace culture 	<ul style="list-style-type: none"> Establish various policies and standards including fundamental principles of human rights, grievance policy, environmental health and safety policy Operate employee communication and grievance channels and perform human rights due diligence 	<ul style="list-style-type: none"> Observe freedom of association and right to collective bargaining Analyze and improve living wage gap Operate manufacturing site safety management programs and employee health promotion programs Provide fringe benefits and work policies for work-life balance
 Supply Chain			<ul style="list-style-type: none"> Secure sustainable supply chain by assisting supplier labor and human rights, occupational health and safety, and talent development as well as business competitiveness 	<ul style="list-style-type: none"> Establish various policies and standards including supplier Code of Conduct, global purchasing Code of Conduct Provide supplier employee comm. channels, grievance channels, and operate integrated workplace environment management process 	<ul style="list-style-type: none"> Perform force labor, child labor special audits Perform regular ESG audits, consulting and training for suppliers Operate Partner Collaboration Academy
 Information Security and Protection		<ul style="list-style-type: none"> CPO (Chief Privacy Officer) and Information Protection Center head, acting as CISO (Chief Information Security Officer), perform control tower role and operate Privacy Protection Committee and Security Council 	<ul style="list-style-type: none"> Provide strategic direction through the Three Privacy Principles and Four Pillars of Cybersecurity 	<ul style="list-style-type: none"> Establish global privacy protection policy, operate Samsung privacy website  	<ul style="list-style-type: none"> Operate Privacy Legal Management System (PLMS) and educate employees Operate security platform Samsung Knox and Samsung Knox Vault Semiconductor technology security
 Product Quality and Safety		<ul style="list-style-type: none"> Global CS Center (Customer Satisfaction Center) and business unit organizations in charge of quality perform operations 	<ul style="list-style-type: none"> Announce Code of Conduct based on vision of top class pursuit of quality 	<ul style="list-style-type: none"> Operate quality assurance system and incident response process 	<ul style="list-style-type: none"> Secure product safety and improve product quality
 Business Conduct		<ul style="list-style-type: none"> Board of directors and affiliated committees provide oversight on compliance, Compliance Committee performs operations 	<ul style="list-style-type: none"> Establish and specify employee and business guidelines 	<ul style="list-style-type: none"> CPMS¹⁾ based risk management <p>1) Compliance Program Management System</p>	<ul style="list-style-type: none"> Operate education and reporting programs, evaluate corruption risk