

Samsung Electronics Sustainability Report 2021 - Executive Summary

# A JOURNEY TOWARDS A SUSTAINABLE FUTURE






**SAMSUNG**

# A JOURNEY TOWARDS A SUSTAINABLE FUTURE

Samsung Electronics' ultimate goal is to devote our exceptional human resources and technology to create the best products and services, contributing to make a better global society. To this end, we have implemented the five Samsung business principles into detailed action plans, establishing the Samsung Electronics Global Code of Conduct to guide our employees. Our thoughts and actions will demonstrate these core values internally and we will continue to work towards our growth.

## Samsung Electronics' Core Businesses

 CE	<b>Sales</b> KRW 48,173.3 billion	<b>Operating Profit</b> KRW 3,561.5 billion
 IM	<b>Sales</b> KRW 99,587.5 billion	<b>Operating Profit</b> KRW 11,472.7 billion
 DS	<b>Sales</b> KRW 72,857.8 billion	<b>Operating Profit</b> KRW 18,805.0 billion

\* Sales and operating profit exclude the display business(DS division) and Harman division.

# CEO's Message



Dear shareholders, customers, suppliers, and employees of Samsung Electronics, we thank you for your continuous support and interest in our company.

In 2020, the COVID-19 pandemic shook the world, fueling an unprecedented public health crisis and prompting an economic slowdown as nations closed borders and implemented new safety measures to protect their populations. At the same time, the damaging effects of racial discrimination and a prevalent digital divide have become strikingly clear, while the importance of tackling climate change continues to grow.

Against the backdrop of these unprecedented times, it is no surprise that consumer behavior has changed, with priorities shifting to focus on areas such as health, safety, and sustainability. Expectations also continue to grow on corporations for sustainable business practices and operations.

As a 'sustainable, centennial company', we need to grow together with society to ensure we create a lasting legacy for future generations to come. We have worked hard at every level to help our various stakeholders, supporting local communities and employees overcome challenges and adapt to the new environment as we return to our daily lives in a post-pandemic world.

We provided financial support to suppliers struggling from the COVID-19 situation to help them stabilize their operations. We provided medical staff and those particularly vulnerable to the crisis with medical and relief supplies as well as financial support. We contributed to accelerating COVID-19 testing and vaccine roll-outs by sharing our expertise and knowledge with small and medium-sized enterprises producing test kits and low dead space (LDS) syringes.

In addition, under the CSR vision of "Together for Tomorrow! Enabling People", we donated tools and equipment, such as tablet PCs, to support young students with their studies online, aiming to lessen the digital divide among students around the globe.

The pandemic has also served to remind us of the severe environmental issues we face. Notably, as the new climate regime has been implemented since 2021 in accordance with the Paris Agreement, the international community is now at a watershed moment in the fight against climate change.

As a responsible global company, we are engaged in numerous initiatives to minimize our environmental footprint, from product development to production and, finally, disposal.

As part of our efforts to tackle climate change, we are proud to report that from 2020, all of our worksites in the United States, Europe, and China were 100% powered by renewable energy sources. We plan to build on this success by expanding our renewable energy use in other regions.

Meanwhile, we continue to drive a circular economy through technological innovations and the development of high-efficiency products with greater durability. Our new programs, such as Galaxy Upcycling and Eco-Package, encourage consumers to participate in efforts to build a sustainable future in their day to day lives.

We are deeply aware of the fact that compliance and integrity management are at the foundation of sustainability management. We have updated our Global Anti-Corruption and Anti-Bribery Policy to cultivate a deeply rooted compliance culture, and work with the external Samsung Compliance Committee to strictly monitor and manage any compliance risks, throughout the company.

The unprecedented crisis has brought about rapid changes in the way people live their daily lives. Guided by our management philosophy which states, "we will devote our human resources and technology to create superior products and services, thereby contributing to a better global society," and capitalizing on our technological advances and knowledge gained through many years of experience, we will continue to work with our stakeholders and society as a whole to allow a smooth and successful return to normalcy.

Thank you.

Samsung Electronics Co., Ltd.  
Vice Chairman and CEO  
Kim, Kinam

A handwritten signature in black ink that reads "Kinam Kim". The signature is written in a cursive, flowing style.

# Corporate Governance

Under the principle of transparent and responsible business practices, our Board of Directors operate to support our management to lead the company in an innovative and proactive manner. The Board of Directors helps management to make right decisions by reviewing and resolving matters stipulated by law or the Articles of Incorporation, matters delegated by a general meeting of shareholders, and important matters related to our fundamental business policies and operations, as well as supervising the management's actions. The composition and operation of the Board of Directors are determined by our Articles of Incorporation and the Regulations of the Board of Directors, which are stricter than the standards stipulated by the Commercial Act of South Korea. This enables us to enhance the independence, transparency, expertise, and diversity of the Board.

## Organization of the Board of Directors

Position	Name	Expertise	Career Highlights
Chairman of the Board & Independent Director	Jae-wan Bahk	Public sector, Finance	<ul style="list-style-type: none"> <li>· Professor Emeritus at Department of Public Administration, Sungkyunkwan University</li> <li>· Former Minister of Economy and Finance</li> </ul>
Executive Directors	Ki-nam Kim	DS Division	<ul style="list-style-type: none"> <li>· Vice Chairman &amp; CEO of Samsung Electronics</li> <li>· Head of the DS Division</li> </ul>
	Hyun-suk Kim	CE Division	<ul style="list-style-type: none"> <li>· President &amp; CEO of Samsung Electronics</li> <li>· Head of the CE Division</li> </ul>
	Dong-jin Koh	IM Division	<ul style="list-style-type: none"> <li>· President &amp; CEO of Samsung Electronics</li> <li>· Head of the IM Division</li> </ul>
	Jong-hee Han	VD Business	<ul style="list-style-type: none"> <li>· President &amp; Head of the Visual Display Business of Samsung Electronics</li> </ul>
	Yoon-ho Choi	Corporate management	<ul style="list-style-type: none"> <li>· President &amp; Head of the Corporate Management Office of Samsung Electronics</li> </ul>
Independent Directors	Sun-uk Kim	Law, Human Rights	<ul style="list-style-type: none"> <li>· Professor Emeritus at School of Law, Ewha Womens University</li> <li>· Former Minister of Government Legislation</li> </ul>
	Byung-gook Park	Semiconductor	<ul style="list-style-type: none"> <li>· Professor at School of Electrical Engineering, Seoul National University</li> <li>· Former President of Institute of Electronics and Information Engineers</li> </ul>
	Jeong H. Kim	IT, Business management	<ul style="list-style-type: none"> <li>· Executive Chairman of Kiswe Mobile</li> <li>· Former President of Alcatel-Lucent Bell Labs</li> </ul>
	Curie Ahn	Medicine, CSR, Human Rights	<ul style="list-style-type: none"> <li>· Fellow Doctor in Nephrology at the National Medical Center</li> <li>· Chair of the Board, Raphael International</li> </ul>
	Han-jo Kim	Finance, CSR	<ul style="list-style-type: none"> <li>· Former Chairman of Hana Foundation</li> <li>· Former Vice President of Hana Financial Group Inc.</li> </ul>

## Composition of the Board Committees

<b>Management Committee</b>	<ul style="list-style-type: none"> <li>· Deliberates and decides on matters related to business management and finance, and other matters delegated by the Board of Directors</li> <li>· Composed of five Executive Directors</li> </ul>	<b>Governance Committee</b>	<ul style="list-style-type: none"> <li>· Ensures that the company fulfills its corporate social responsibility and enhances the shareholder value</li> <li>· Composed of six Independent Directors</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>· Oversees matters concerning the overall management including the company's financial status</li> <li>· Composed of three Independent Directors</li> </ul>	<b>Independent Director Recommendation Committee</b>	<ul style="list-style-type: none"> <li>· Recommends candidates for independent directorship by assessing their independence, diversity and capabilities</li> <li>· Composed of three Independent Directors</li> </ul>
<b>Compensation Committee</b>	<ul style="list-style-type: none"> <li>· Ensures the objectivity and transparency of decisions related to directors' compensation</li> <li>· Composed of three Independent Directors</li> </ul>	<b>Related Party Transactions Committee</b>	<ul style="list-style-type: none"> <li>· Enhances the transparency of our business management by voluntarily complying with fair transaction regulations</li> <li>· Composed of three Independent Directors</li> </ul>

# Steps Taken to Strengthen Compliance in 2020

## 01 — Strengthened the Compliance Officer's Independence and Authority

The Compliance Team, which previously reported to the Corporate Legal Office, is now directly overseen by the CEO, and the compliance control standard has been updated to strengthen the Compliance Officer's independence and authority.

## 02 — System Strengthened for Reporting of Compliance Violations

In 2020, in addition to the in-house reporting system in CPMS, we created a new reporting channel that accepts anonymous reports about violation of law from external stakeholders and disclosed the e-mail address, phone number, and fax number for reporting, which has enhanced the effectiveness of the reporting system.

## 03 — Intensified Compliance Management for Anti-Corruption

### 1) Updating the anti-corruption policy and detailed guidelines

We updated our 'Global Anti-Corruption and Bribery Policy' in 2020, reflecting our commitment to complying with all domestic and foreign anti-corruption laws as well as conducting our business practices in an ethical manner. The updated policy has been shared with all employees, and the detailed guidelines on the policy implementation have been posted on CPMS.

### 2) Enhancing anti-corruption controls

We have strengthened the review process for external sponsorship expenditures in order to prevent potential corruption. External Sponsorship Council, formed in 2017, conducts prior review of external sponsorships of KRW 10 million or above and reports the findings to the Audit Committee under the Board of Directors, and the Board's approval is required for external sponsorships of KRW 1 billion or above. In 2020, we further strengthened the system by appointing the Compliance Officer as the Chairman of the External Sponsorship Council and also extending the review scope to include overseas subsidiaries. The review results are now submitted to Samsung Compliance Committee for review.

### 3) Strengthening anti-corruption training

Anti-corruption training is included as part of mandatory employee compliance education which takes place annually. In 2020, contents focused on the improved anti-corruption policy and internal control processes. We also increased the education requirement for team compliance officers from one training session to two sessions per year, and expanded the anti-corruption training to senior executive education and top management development curriculum.

## 04 — Samsung Compliance Committee

Samsung Compliance Committee (the "Committee") was officially launched on February 5, 2020, with the purpose of implementing Integrity Management, a core value of Samsung, by strengthening the compliance and control functions of Samsung's seven affiliated companies.

The Committee was established as an independent organization separate from Samsung Electronics to ensure independence and autonomy. The Committee consists of six external members including the chairman and one internal member, and is led by Chairman Ji-Hyung Kim, a former Supreme Court Justice.

Samsung Electronics will work in collaboration with the Committee to establish an advanced monitoring program and compliance system and carefully manage the legal risks of the company and the management, implementing Integrity Management and building trust and respect from the public.



# Business Sustainability

**"We will continue to earn the trust of our consumers by being conscious of the environment and developing products for all."**

*Kisu Lee, Executive Vice President, Sustainability Management Office, Digital Appliances Business*

**We will continually seek to discover new innovations, take part in resource recirculation, and make contributions to creating sustainable world for all.**

*Sung-Koo Kim, Vice President, Sustainability Management Office, Mobile Communications Business*

**We will produce eco-conscious semiconductors that maximizes energy efficiency, contributing to reducing greenhouse gases and doing our utmost to contribute to humanity.**

*Seong-dai Jang, Senior Vice President, Sustainability Management Office, Device Solutions Division*

## CE | Consumer Electronics Division

Guided by the vision "Screens Everywhere, Screens for All", Samsung Electronics Visual Display Business develops solutions for a sustainable future. The Digital Appliance Business strives for products that are durable, eco-conscious, and accessible.

### Samsung Eco-Package

- An upcycling program enabling customers to use our TV and home appliances product packaging to make small, versatile household items
- Piloted on Lifestyle TV product packing in 2020
- Planned for application on all TV and soundbars products in 2021
- Planned for application on several home appliances including vacuum cleaners and air purifiers, etc. in 2021

### Accessibility

- Reinforced accessibility of home appliances including TVs, to ensure that all customers enjoy a convenient user experience
- Twice winner of the CES Best of Innovation Award for Smart TV Accessibility (2016, 2021)
- First-ever TV product to received 'Tried and Tested Accreditation' from the United Kingdom's Royal National Institute of Blind People (RNIB)
- MOU agreement with the Korea Blind Union to improve accessibility of Samsung TVs
- Received the Grand Prize for Ergonomic Design from the Ergonomic Society of Korea Grand Prize for Grande AI Washer and Dryer



## IM | IT & Mobile Communications Division

We have delivered unrivalled innovation in mobile technology over the past three decades with our Galaxy products and services. As a leading international company, we remain committed to resolving complex challenges on a global scale, contributing to a more sustainable world.

### Galaxy Upcycling

- The program takes used Galaxy phones and creates new value, allowing transformative uses for the device.
- Sustainable Materials Management Award<sup>1)</sup> 2019, United States Environmental Protection Agency

1) Winner of the Cutting-Edge Award in the Champion Awards category of "Sustainable Materials Management Awards"

### Samsung Global Goals

- The "Samsung Global Goals" app: A mobile application that introduces the 17 UN "Sustainable Development Goals" and allows users give a donation for a goal of their interest
- Generated \$1.5 million in donations (as of Dec 2020)
- An honoree in both Software & Mobile Apps and Tech for a Better World categories at the CES Innovation Awards (2020)
- SDG Impact Award (Highly Commended) at the Reuter's Responsible Business Awards (2020)
- Honorable mention in the SDG Action Awards (2021)



## DS | Device Solutions Division

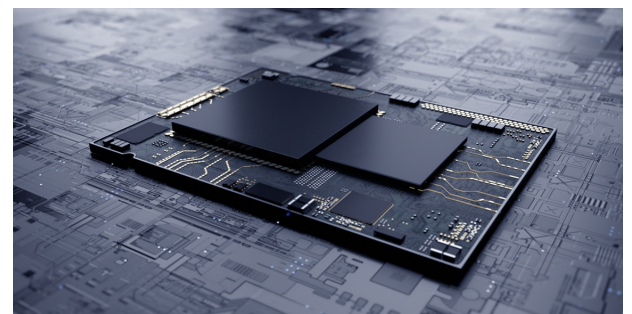
We are the driving force of the global memory industry. We provide cutting-edge technologies and services and are recognized for our achievements, such as the industry's first commercialization of Extreme Ultraviolet (EUV) lithography. We also seek to enhance our technological competitiveness and expand our presence in the global market by focusing on developing next-generation products in the fabless (a business specialized in semiconductor design) field. In the LED business, we are replacing existing light sources to ensure greater energy efficiency and healthier and smarter lighting solutions.

### Product Energy Consumption Reduction

- We improved our products' energy efficiency by applying the EUV lithography, which was the first for the DRAM industry.
- We have developed low-power processing and low-power circuits for the System LSI Business's flagship products, including the mobile AP, 5G SoC (System on Chip), CIS (CMOS Image Sensor), and DDI (Display Driver IC) products.

### Carbon Reduction in the Manufacturing Process

- Reduction of carbon emissions from the memory manufacturing process
- Improving processing technologies: Process gases that generate carbon emissions during the memory manufacturing process have been reduced.
- Reducing the power consumption: The amount of power consumption has been reduced by adopting high-efficiency and low-power equipment and parts and by strengthening the power control of equipment and facilities.
- Our Foundry Business developed a 5-nanometer (nm) process, a low-power advanced processing technology, in the first half of 2020, saving the electricity power by 20% compared to the 7-nm process.



# Sustainability Management Governance

The Governance Committee is tasked by the Board to consider sustainability related matters and items that are of interest to various stakeholders, in order for us to fulfill our responsibility as a responsible global company. The Committee provides suggestions and opinions on defining our sustainability management strategy. In 2020, the Sustainability Council was further strengthened at the executive level.

Sustainability Council is led by our Head of Corporate Management Office, and if necessary, the head of each division participates as well, discussing various issues with those responsible for relevant businesses.

In 2020, we also promoted the Sustainability Management Office to Corporate Sustainability Center, as a direct organization under the CEO to ensure a more systematic and professional sustainable management. To reinforce execution of sustainability on our business (product-service planning, R&D-Marketing-CS), we also established the Sustainability Management Office in main divisions.

## Reflecting Sustainability Achievements in Performance Evaluations and Compensation

From 2021, we have added sustainability KPIs to the performance evaluation and compensation of executives, encouraging them to consider sustainability management in all parts of the business. The performance indicator reflects appropriate and relevant sustainability items matching the specialties and conditions of each business division and department. This will be supplemented with further development of the performance evaluation and compensation.





# Sustainability in the Pandemic Era

## Response System

In January 2020, we formed a taskforce comprising members from across the business, including the Global EHS Center, Corporate Human Resources Team and Corporate Communications Team. The taskforce monitors the COVID-19 status and measures, while sharing real-time updates with the management and employees.

## Employee Infection Prevention

To prevent COVID-19 infection, we conduct mobile triage for employees and check for high-risk and multi-facilities visitors and those with symptoms. In addition, we installed thermal imaging cameras and automatic temperature measuring devices at the entrances to the business sites. We were also the first company to establish an in-house screening clinic to offer prompt examinations for both our own employees and those of our suppliers, promptly offering. We operated three in-house screening clinics in Hwaseong, Suwon and Gumi.



## Responses to Business Risks

With COVID-19, as there are shutdown measures implemented in different countries and logistics transport setback, timely response upon changes in local specified business environment is crucial.

We have formed a Stockpile Management Council led by the Global Technology Center and are preparing for any potential crises through scenario planning. We take into consideration the unique business characteristics and product categories, and customize plans for material sourcing, product manufacturing, logistics, sales, inventory and sales channel management.

## Protecting our Suppliers and Customers

We provided financial support for business stability efforts and logistics expenses to suppliers who were having difficulties in their operations due to COVID-19. Suppliers were supported through various programs such as Win-Win Fund and payment support fund, and logistics expenses were provided in cases where delivery was converted to air shipping for urgently needed supplies. Through the Smart Factory Support Program, Samsung Electronics transferred the technological expertise to companies that manufacture masks, diagnostic kits and vaccine syringes. If there is any difficulty in visiting the service centers due to movement restrictions in different countries, we visit the customer directly to assist with pickup and delivery of the products. In addition, we operate a video consultation service that allows call center consultants to view products directly and provide consultations on product repairs.



# Environment

As a responsible company, we have joined efforts to deal with worldwide environmental agenda such as climate change, resource circulation, and environmental pollution. We are also responding to climate change by reducing GHG, increasing use of renewable energy, and developing eco-conscious products. We continuously strive to enhance resource efficiency by increasing re-used and recycled resource and expanding product life span.

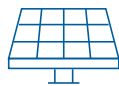
## Accomplishments in 2020

Use of Renewable energy

**100** %

(US, Europe, China)

We have transitioned to 100% renewable energy at all worksites in the United States, Europe, and China.



Waste from Manufacturing sites

**95** % reused

We reuse wastes from manufacturing sites and are developing recycling technology for zero waste to landfill.

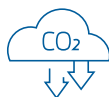


Reduction in CO<sub>2</sub>e Emissions in the Product Use Phase

**301** million tonnes

(cumulative from 2009)

We have continually reduced CO<sub>2</sub>e emissions from 2009 by enhancing energy efficiency of our key products.



Collected E-waste

**4.54** million tonnes

(cumulative from 2009)

Since 2009, we have collected e-wastes through various recycling programs in 55 different countries.



# Empowering Communities

Our citizenship activities are in line with the “human-centered” management philosophy that the company has been pursuing for a long time, and we work to put into practice the ideas of “People First” and “Co-Prosperity”, which are Samsung’s core values. Through our technological competency and experience in nurturing talents, we support young people in materializing their future dreams, and we seek to promote mutual benefits with the local community by delivering innovations and technological know-hows to suppliers.

## Accomplishments in 2020

Total Hours of Employees’ Volunteer Service

**9,078,857** hours

(cumulative from 2012)

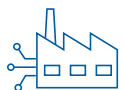
We offer numerous employee volunteer activities including social contribution programs, youth mentoring, and disaster responses.

Beneficiaries of the Smart Factory Support Program

**2,530** companies

(cumulative from 2015)

Smart Factory: We dispatched 200 experts in various fields including quality assurance, logistics, and molding to SMEs, supporting them to set up automation solutions in production and achieve manufacturing innovations.



Beneficiaries of the Corporate Citizenship Activities

**21,497,633** people

(cumulative from 2012)

More than 20 million people have benefited from our CSR programs, including Samsung Solve for Tomorrow, Samsung Innovation Campus, Samsung Dream Class, and Samsung Semiconductor Science Academy.

Support for Ventures and Startups

**182** companies

(cumulative from 2018)

We select competitive startups and provide them with business grants, consulting services, and infrastructure through C-Lab Outside.

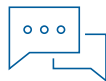


# Digital Responsibility

We pursue technology development that not only considers innovations, but also ethics and social responsibilities. We are well-aware of the magnitude of personal information protection and information security with the goal to minimize risk, and we strive to use AI technology ethically. We also develop various accessibility features to enable everyone to use our products and services without any difficulties and to offer ways for consumers to use digital devices in a balanced manner.

## Accomplishments in 2020

Internal Consultations on Personal information



**20** % Increase from 2019

Personal information risks are carefully managed during development of our products and services.

Smart TV, Smartphone Products with Accessibility Features



**100** %

\* Accessibility features vary by models  
Accessibility features are available on all Smart TVs and smartphones so that every user can equally enjoy our products and services.

Samsung Knox



**12** Countries Knox Certification

We provide strong security solutions to business customers around the world by acquiring various security certifications from governments around the world.

Industry's First, VDE



**'Eye Care'** Certification

2021 QLED lineup including the 2021 Neo QLED<sup>1)</sup> wins Industry-First 'Eye Care' certification from VDE<sup>2)</sup>

1) Models that have completed testing: QN900, QN800, QN95, QN90, QN85, Q80, Q70, Q60

2) Verband Deutscher Elektrotechniker

# Our Employees

We respect the freedom and human rights of all people. For our employees, we ensure fair opportunities without any discrimination while being provided with the support to develop and demonstrate their abilities. In addition, we respect the values of diversity and inclusion. Not only are we forming a corporate culture that balances work and life, but we also strive in building a safe working environment.

## Accomplishments in 2020

Growth in female leadership:

**5**-fold increase in female executives

**2**-fold increase in female managers

(compared to the numbers in 2010)

We ensure equal opportunities for female employees in the decision making process and in leadership. We nurture next-generation female leaders by providing training and mentoring.



Corporate Equality Index

**100** points for **2** consecutive years



Since 2019, in recognition of its inclusion policy for LGBTQ+ employees, we have been awarded a perfect score in the Human Rights Campaign Foundation's Corporate Equality Index<sup>1)</sup> for two consecutive years.

1) An index that evaluates corporate diversity and inclusion policies and activities hosted by the Human Rights Campaign Foundation

The Employee Satisfaction Score of

**80** % or above for **3** consecutive years



(2018-2020)

Each year, we conduct our annual employee satisfaction survey, Samsung Culture Index (SCI), to identify our strengths as well as areas for improvement in our organizational culture. In 2020, we received a total score of 84.

All Global Worksites

**ISO 45001** certified



As of end of 2020, all of our manufacturing worksites had acquired ISO 45001 and implemented an OH&S management framework that meets the latest ISO 45001 specifications.

# Sustainable Supply Chain

We seek to grow alongside its global partners based on the philosophy of fairness, openness, and co-prosperity. Toward this end, we not only manage our supply chain in compliance with relevant laws and regulations, but also strive to minimize the negative impacts on society and the environment. We contribute to revitalizing local communities and mutual growth with suppliers by establishing a responsible and environmentally sustainable supply chain ecosystem.

## Accomplishments in 2020

### Comprehensive Evaluation of Suppliers



**73** % (suppliers given "Excellent" rating)

\*Evaluated once a year based on the competitiveness of the companies in the supply chain

To build a competitive supply chain, we conduct comprehensive evaluations of our suppliers based on technology, quality, responsiveness, delivery, cost, EHS (environment, health and safety), finances and business ethics.

### On-site Audit



**95** % (Average Compliance Rate)

In 2020, we conducted on-site audits on 376 suppliers considered to be of high risk<sup>1)</sup>. RBA standard were applied to on-site audits and correction action plans were implemented, resulting in an average compliance rate of 95%.

1) Criteria for determining high-risk suppliers: Companies with geopolitical risks related to labor and human rights or highly influential suppliers (based on business volume and ratio in their transactions with Samsung Electronics, low rank in self-assessment, or mentioned in the context of work environment issues raised by stakeholders such as NGOs)

### Win-Win Index



**9** Consecutive years (highest index rating)

\*Rating of conglomerates by the government based on measurement of support provided to small and medium-sized enterprises and surveys

To enhance the competitiveness of the supply chain and to seek mutual growth with our suppliers, we offer support programs in various areas including training, funding, new technology development, and product commercialization.

### Conflict Minerals Sourcing



**100** % (RMAP<sup>1)</sup> Certified Smelters)

\*Assure that minerals used in the supply chain that are sourced in ways that are respectful of human rights, environment and comply with social responsibilities

1) Responsible Minerals Assurance Process

All suppliers of Samsung Electronics fully comply with the requirements of our policies on responsible mineral sourcing, and we only use minerals supplied by smelters that have obtained the RMAP certification.

# Honors and Awards

## Ranking

Best Global Brands in 2020

No. **5**, Interbrand



Supply Chain Labor and Human Rights Benchmark in 2020, ICT Sector

No. **2**, KnowTheChain



Digital Inclusion Benchmark in 2020

No. **10**, World Benchmarking Alliance

Corporate Human Rights Benchmark in 2020, ICT Sector

No. **6**, World Benchmarking Alliance



World's Best Employer in 2020

No. **1**, Forbes

2021 Green Power Partnership

No. **11**, US Environmental Protection Agency



## Awards

CES Best of Innovation Award

**2** times winner (2016, 2021)

\* Smart TV Accessibility



Energy Star Awards, US EPA

- Corporate Commitment Award (2021.4)
- Honored with Sustained Excellence eight times



2020 Sustainable Materials Management Award, US EPA<sup>1)</sup>

- Champion Award in the Program Category
- Gold Tier Award

\* For the Galaxy S10 Eco-Packaging

\* Leadership in responsible e-waste collection and recycling

1) United States Environmental Protection Agency

Energy Winner Awards from the Korean Ministry of Trade, Industry and Energy

\* Regarding eight products (including the Prime Minister's Award)



Ergonomic Design Award Grand Prix Award, Ergonomics Society of Korea

\* Grande AI Washer and Dryer



## Certifications

Triple Standard certification<sup>1)</sup> in all semiconductor manufacturing sites (The first in the industry), Carbon Trust



Highest index rating on "Win-Win Index" from the Korean Ministry of SMEs and Startups

**9** consecutive years



Galaxy S20, Galaxy Note10 was the first in the smartphone industry to receive Amobil Seal<sup>3)</sup>



2020 Smart TV was the first in the industry to receive 'Tried and Tested Accreditation', recognized by RNIB<sup>2)</sup>



- 1) A certification and mark of excellence that enables organisations to demonstrate their success in cutting their carbon, water and waste footprints
- 2) Royal National Institute of Blind People
- 3) Amobil Seal: Certification award created by ONCE Foundation, a Spanish non-profit organization, and ILUNION Tecnología y Accesibilidad, a management consulting firm

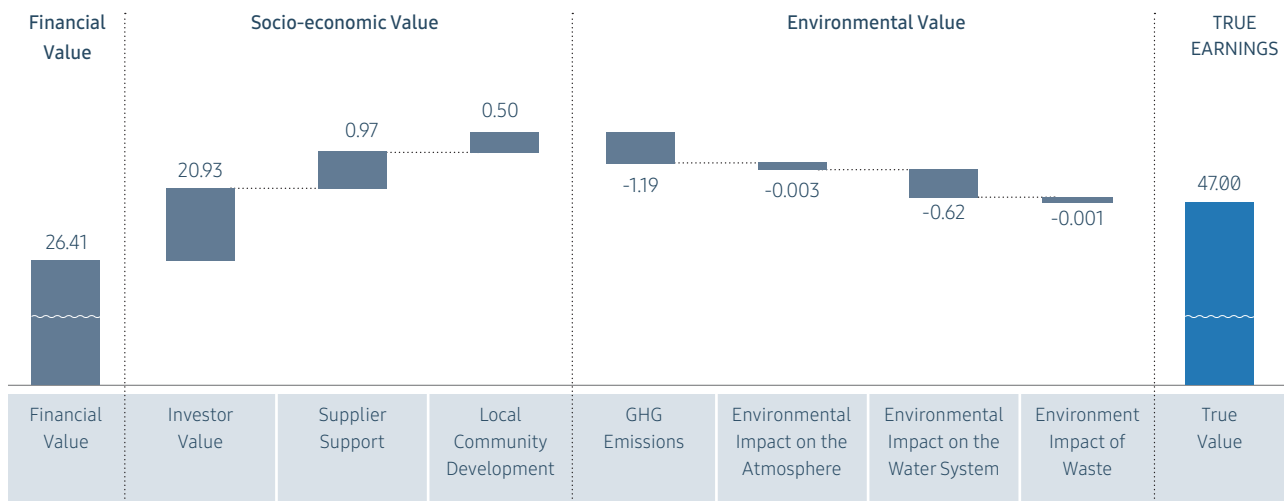
# Sustainability Value Creation

## 2020 Value Creation Achievements

From January 1 to December 31, 2020, the total value of sustainability management created by Samsung Electronics amounted to approximately KRW 47 trillion. The financial value was KRW 26.41 trillion, up 21% from 2019 due to increased net income. Under the CSR vision of 'Together for Tomorrow! Enabling People' which pursues socio-economic value creation, we increased our support for future generations and consistently strengthened our partner collaboration programs to improve the competitiveness of our supply chain. Furthermore, we delivered on our commitment to 100% renewable energy in the United States, Europe and China to improve the environmental value. As a result, we generated a total socio-economic and environmental value of KRW 20.59 trillion in 2020.

Sustainability Value Creation by Samsung Electronics in 2020

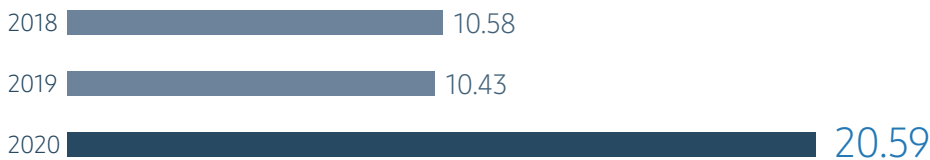
(Unit: trillion KRW)



1) Includes KRW 10.7 trillion special dividend payment for end of the fiscal year in 2020.

Socio-economic and Environmental Value Created by Samsung Electronics

(Unit: trillion KRW)



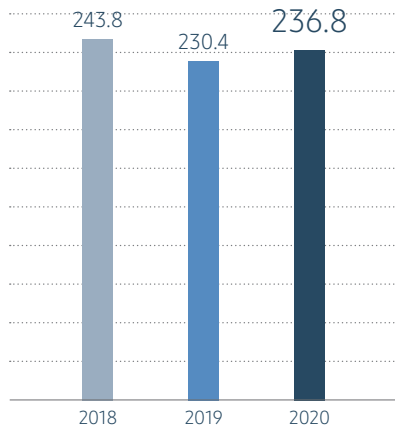


# Economic Performance

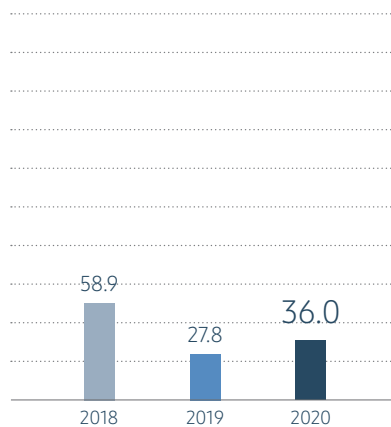
## Key Financial Performance

\* Based on the consolidated financial statement

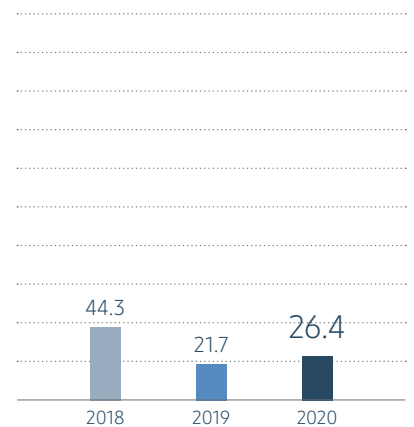
Sales (Unit: trillion KRW)



Operating Profit (Unit: trillion KRW)



Net Income (Unit: trillion KRW)



	2018	2019	2020	Unit
<b>Economic Value Distribution</b> * Based on the consolidated financial statement				
[Suppliers] Procurement costs	156.0	173.3	168.7	KRW trillion
[Local Communities] Social contributions	0.4	0.5	0.5	KRW trillion
[Shareholders & Investors] Dividends	9.6	9.6	20.3	KRW trillion
[Shareholders & Investors] Dividend payout ratio	22	45	78	%
[Creditors] Interest expenses	0.7	0.7	0.6	KRW trillion
[Employees] Employment Costs	27.8	28.1	31.0	KRW trillion
[Government]	17.8	9.7	11.1	KRW trillion
Taxes and duties in each region				
Asia	6	15	11	%
South Korea	86	69	73	%
Americas & Europe	7	14	14	%
Others	1	2	2	%

Ratio of Economic Value Distributed in 2020 (Unit: %)					
Suppliers <sup>1)</sup>	Local Communities <sup>2)</sup>	Shareholders & Investors <sup>3)</sup>	Creditors <sup>4)</sup>	Employees <sup>5)</sup>	Government <sup>6)</sup>
72.7	0.2	8.8	0.2	13.3	4.8

1) Total cost of materials, products, facilities, and services procured for business operations.

2) Total cost of corporate citizenship activities.

3) Dividends.

4) Interest expenses.

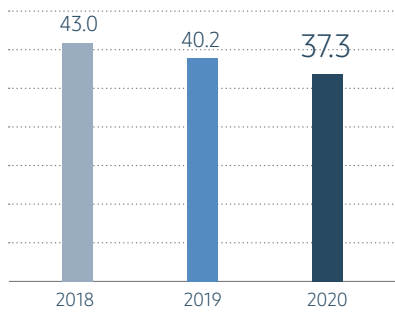
5) The sum of salary expenses, severance payments, and welfare benefits included in the cost of sales, R&D expenditures, and SG&A expenses.

6) The sum of consolidated corporate income taxes, other taxes, and public duties.

# Social Performance

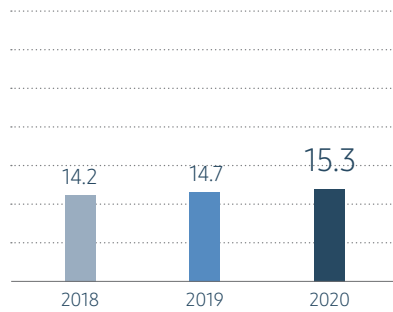
## Diversity and Inclusion

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

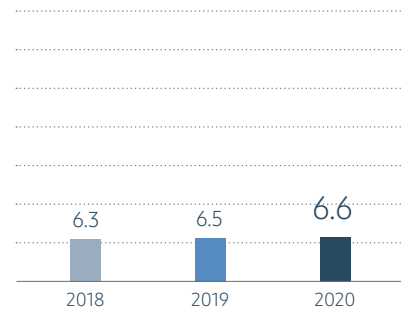


1) Based on the total number of employees.

Percentage of female employees  
in Managers (Unit: %)



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



2) Including executives at overseas worksites who hold Vice President position or higher.

	2018	2019	2020	Unit
<b>Compliance-Ethical Management</b>				
Compliance education completion <sup>1)2)</sup>	83,368	81,634	88,150	No. of persons

1) Scope of data collection: Employees in South Korea.  
2) Duplicates unincurred starting from 2021 report.

	2018	2019	2020	Unit
<b>Corporate Citizenship</b>				
Total employee volunteer hours	1,131,915	878,499	635,564	No. of hours
Volunteer hours per employee <sup>1)</sup>	3.66	3.06	2.37	No. of hours

1) Total number of employee volunteer work hours divided by total number of employees.

	2018	2019	2020	Unit
<b>SMEs support</b>				
Smart factory support beneficiaries	505	566	373	No. of companies

	2018	2019	2020	Unit
<b>Labor and Human Rights</b>				
Total number of employees <sup>1)</sup>	309,630	287,439	267,937	No. of persons
Global (excluding Korea)	209,925	185,380	161,607	No. of persons
South Korea	99,705	102,059	106,330	No. of persons

1) Number at the end of 2020. (excluding staff dispatched third parties, employees on leave, interns, and those on leave of absence for full-time education).

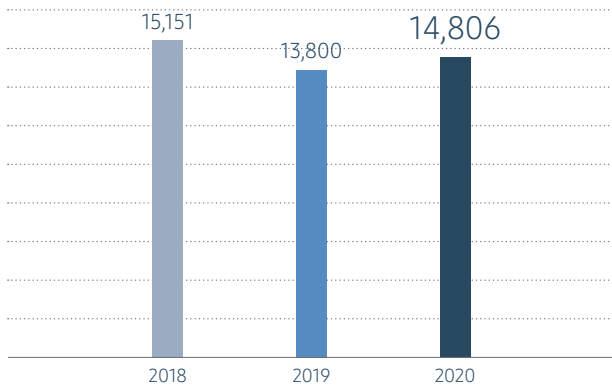
	2018	2019	2020	Unit
<b>Sustainable Supply Chain</b>				
Management of suppliers' working environment	306	399	477	No. of companies
Third-party audit of our suppliers' working environment <sup>1)</sup>				

1) The data are cumulative since 2013.

# Environmental Performance

## Greenhouse Gas Emission Management

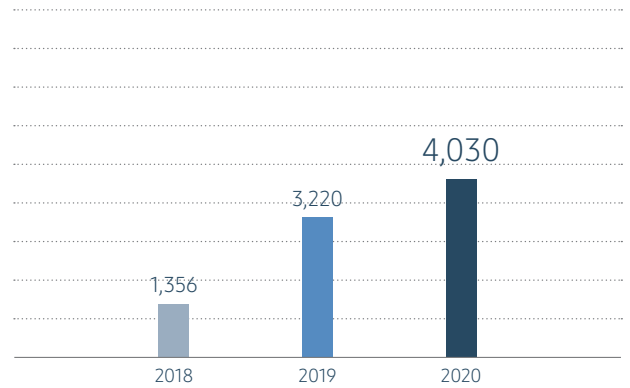
GHG emissions from worksites<sup>1)2)</sup> (Unit: thousand tonnes CO<sub>2</sub>e)



- 1) Calculated by applying GHG regulations and management guidelines of each respective country, IPCC's guidelines, and the ISO 14064 standards.
- 2) GHG emissions (location-based) that do not take account of renewable energy usage: 15,173,000 tonnes CO<sub>2</sub>e in 2018; 16,065,000 tonnes CO<sub>2</sub>e in 2019; and 17,579,000 tonnes CO<sub>2</sub>e in 2020.

## Energy Management

Renewable energy consumption (Unit:GWh)



		2018	2019	2020	Unit
<b>Greenhouse Gas Emission Management</b>					
GHG emissions from worksites	Direct GHG emissions (Scope 1)	4,855	5,067	5,726	thousand tonnes CO <sub>2</sub> e
	Indirect GHG emissions (Scope 2) <sup>1)</sup>	10,296	8,733	9,079	thousand tonnes CO <sub>2</sub> e

1) GHG emissions (market-based) calculation, taking into account the usage of renewable energy.

	2018	2019	2020	Unit
<b>Energy Management</b>				
Energy consumption at worksites	26,028	26,899	29,024	GWh

	2018	2019	2020	Unit
<b>Waste Management</b>				
Waste generated	1,210,521	1,099,197	1,181,741	tonnes
Rate of waste recycled	96	95	95	%

	2018	2019	2020	Unit
<b>Water Management</b>				
Water usage	134,230	134,479	142,294	thousand tonnes CO <sub>2</sub> e
Reused water	62,371	68,555	70,181	thousand tonnes CO <sub>2</sub> e

	2018	2019	2020	Unit
<b>Chemicals Management</b>				
Chemicals consumption <sup>1)</sup>	417	384	454	thousand tonnes CO <sub>2</sub> e

1) The calculating criteria was changed to PRTR in 2018. (\*PRTR: Pollutant Release and Transfer Registers).

**SAMSUNG**