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 and published the results in our 2024 Sustainability Report. We observed no significant changes in issues related to sustainable management within Samsung Electronics' value chain, leading us to maintain final material topics for the current reporting period. Our materiality assessment considered both relevant company activities' impacts to the external environment and relevant external factors' financial impacts to the company.

Materiality Assessment Process

Step 1. Understanding the Business

Analyze internal/external environments and value chain to extract preliminary relevant sustainability topics

Analyze internal/external environments

Disclosed company data such as our Annual Report and internal company data such as stakeholder inquiries

Understand and analyze the value chain

Upstream	[DX] Mineral mining, manufacturing of electronic components, optical devices, etc [DS] Mineral mining, manufacturing of electronic components, gases, chemical products, etc
Own Operations	[DX] Research, manufacturing, and sale of electronic products [DS] Research, manufacturing, and sale of semiconductors
Downstream	[DX] Product transportation, sales agents, product repair, call centers, consumers [DS] Manufacturing of home appliances, computers, cars, etc

Derive Primary Topics

Form Issue Pool	115 issues consisting of 92 European Sustainability Reporting Standards (ESRS) suggested sub-topics + 23 sector specific issues
Evaluation Criteria	Alignment with company strategy, alignment with global initiatives, key issues in the industry, value chain analysis results

Derive 52 issues → Select 13 primary topics encompassing the 52 issues based on ESRS topic taxonomy

Step 2. Identifying Impacts, Risks, and Opportunities (IROs)

Identify environmental/social impacts and financial risks/ opportunities of 13 preliminary sustainability topics

Provide Identification Basis

- Legal/regulative issues
- Externally disclosed information (media, Sustainability Website, Sustainability Report, etc)
- Stakeholder requests (customers, investors, suppliers, rating agencies, etc)

Identifying IROs

Environmental & Social Impacts	· Environmental & social impacts of sustainability related company activities · Classified as "positive" or "negative" & "actual" or "potential"
Financial Risks / Opportunities	· External impacts of sustainability related topics on company finances · Classified as "risks" or "opportunities"

Step 3. Evaluating IROs

Design evaluative scales for identified primary topics' IROs and perform evaluations based on robust stakeholder participation

Establish Assessment Criteria

Category		Assessment Standard
Environmental/ 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	Size & Reach	Quantitative size of risks and opportunities considering company sales, net worth, etc. & qualitative reach of risks and opportunities considering expected time of related decision making
	Likelihood	Time expected for financial risks/opportunities to occur

Collect Internal & External Key Stakeholder Opinions

Stakeholder Surveys	Conducted online survey for relevant Korean/global Samsung Electronics stakeholders including employees, customers, suppliers, investors, NGOs, and international organizations
Executive Management Interviews	Conducted interviews with DX/DS Division sustainability-related department executives to obtain their views on sustainability topics material to the company

Step 4. Selecting Material Topics

Combine quantitative/qualitative analyses of the survey results to select 8 material topics, which are reviewed by management and then reported to the Sustainability Committee under the Board of Directors

Qualitative Results		+ Quantitative Results
Environmental/ Social Impacts	Financial Risks/ Opportunities	Executive Management Interview Results

Final Material Topics

Environmental	Social	Governance
Climate Change and Energy	Working Conditions - Employees	Compliance & Ethics
Water	Supply Chain	
Resource Circularity and Waste	Information Security and Protection	
	Product Quality and Safety	

Further select environmentally material issues by Division to account for Divisional sectoral differences
- DX Division: climate change and energy, water, resource circularity and waste
- DS Division: climate change and energy, water, resource circularity and waste, pollutants

Material Topic Management

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

2025 Material Topics	UN SDGs	Governance	Strategy	Risk Management (Policy)	Activities (Major Progress)
Climate Change and Energy	13	· Sustainability Committee under the Board of Directors oversees sustainability management (including environmental management) strategy and progress · Sustainability Council and ESG Management Council chaired by respective Division Heads discuss and decide on current issues · Invest over KRW 7 trillion in environmental management activities by 2030 (including process gas reduction and water resource conservation)	· DX Division: net zero Scope 1 and 2 emission by 2030 · DS Division: net zero Scope 1 and 2 emission by 2050	· Identify key risks and opportunities due to climate change and develop response strategies by assessing financial impacts based on climate scenarios	· Reduce direct emissions, expand renewable energy, reduce external GHG emissions
Water	6, 15		· DX Division: replenish 100% of water used globally by 2030 · DS Division: achieve zero increase in water intake for Korean manufacturing sites relative to 2021 levels by 2030	· Assess water resource risks and develop regional response strategies	· Expand scope of AWS[1] certification 1) Alliance for Water Stewardship
Resource Circularity and Waste	12		· DX Division: apply recycled plastic to all plastic parts in our products by 2050 · DS Division: achieve 99.9% waste recycling rate across all Korean manufacturing sites by 2030	· Manage resource use and environmental impact risks throughout the entire product life cycle, from raw material procurement to production, use, disposal, and recycling	· Operate product waste retrieval system, attain Zero Waste-to-Landfill validations at business sites
Working Conditions - Employees	10, 3	· Sustainability Committee under the Board of Directors, Sustainability Council and ESG Management Council chaired by respective Division Heads and Labor and Human Rights Council oversees and manages employee and supply chain labor and human rights at various levels	· Respect human rights based on management philosophy of "People First", continue to pursue safe work environment,and create positive workplace culture	· 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	· 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	8		· Secure sustainable supply chain by assisting not only business competitiveness but also supplier labor and human rights, occupational health and safety, and talent development	· Establish various policies and standards including supplier Code of Conduct, global purchasing Code of Conduct · Provide supplier employee comm. channels, grievance channels, and operate combined supplier due diligence process	· Perform forced labor, child labor special audits · Perform regular EHS audits, consulting, and training for suppliers · Operate Partner Collaboration Academy
Information Security and Protection	9	· Privacy protection team leader acts as Chief Privacy Officer and Information Protection Center Head as Chief Information Security Officer to serve as control towers · Operate Privacy Protection Committee and Security Council	· Three Privacy Protection Principles: 'Transparency, Security, Choice' · Four Pillars of Cybersecurity: 'Preventing & Hardening, Prediction, Detection, Response'	· Establish global privacy protection policy · Operate Samsung Privacy Website and Samsung Security Reporting Portal	· Operate Privacy Legal Management System (PLMS) and educate employees · Operate security platform Samsung Knox and Samsung Knox Vault · Establish semiconductor technology security
Product Quality and Safety	17	· Operate Quality Innovation Committee, the highest product quality related decision making body · Global CS Center Head performs role of company-wide chief Customer Satisfaction (CS) officer	· Based on quality vision of "Pursuing Perfect Quality and Service for the Best Customer Experience," announce Code of Conduct for quality management centered on customer focus, fundamentals, professionalism, creation of premium products, and customer creation, committing to practicing quality responsibility	· Operate quality assurance system and incident response process	· Secure product safety and improve product quality/customer service
Compliance & Ethics	16	· Board of Directors and affiliated committees oversee compliance, performing relevant operations through Compliance Committee	· Establish and specify employee and business guidelines with compliance and ethics as top priorities for a fair and transparent business management	· CPMS[1] based risk management 1) Compliance Program Management System	· Operate education and reporting programs, evaluate corruption risk