SAMSUNG SDI

To make the world greener and sustainable through our innovative technology



About this Report

Reporting Principles

This Report was prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, and discloses a range of sustainability data in reflection of the Industry Classification System of the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Reporting Period

This Report illustrates Samsung SDI's sustainability management activities and achievements during the 2023 fiscal year (Jan. 1, 2023 ~ Dec. 31, 2023). This may extend to the first half of 2024 for the timeliness and materiality of the information contained, and to the recent three years (2021~2023) for some data whose multi-year trajectory is required to help readers properly understand such data.

Reporting Scope

The scope of this Report spans the economic, social and environmental information of Samsung SDI and its associates. Financial data is stated on a consolidated basis in accordance with K-IFRS, and annotations were added when variations occurred in reporting scope and boundary.

Reliability of the Report

This Report contains financial data audited by KPMG Samjong Accounting Corp., as well as non-financial data assured by the Korea Management Registrar for its compliance with the principles of inclusivity, materiality, responsiveness and impact

Reporting Cycle

Reporting cycle | Annually

Most recent report | June 2023

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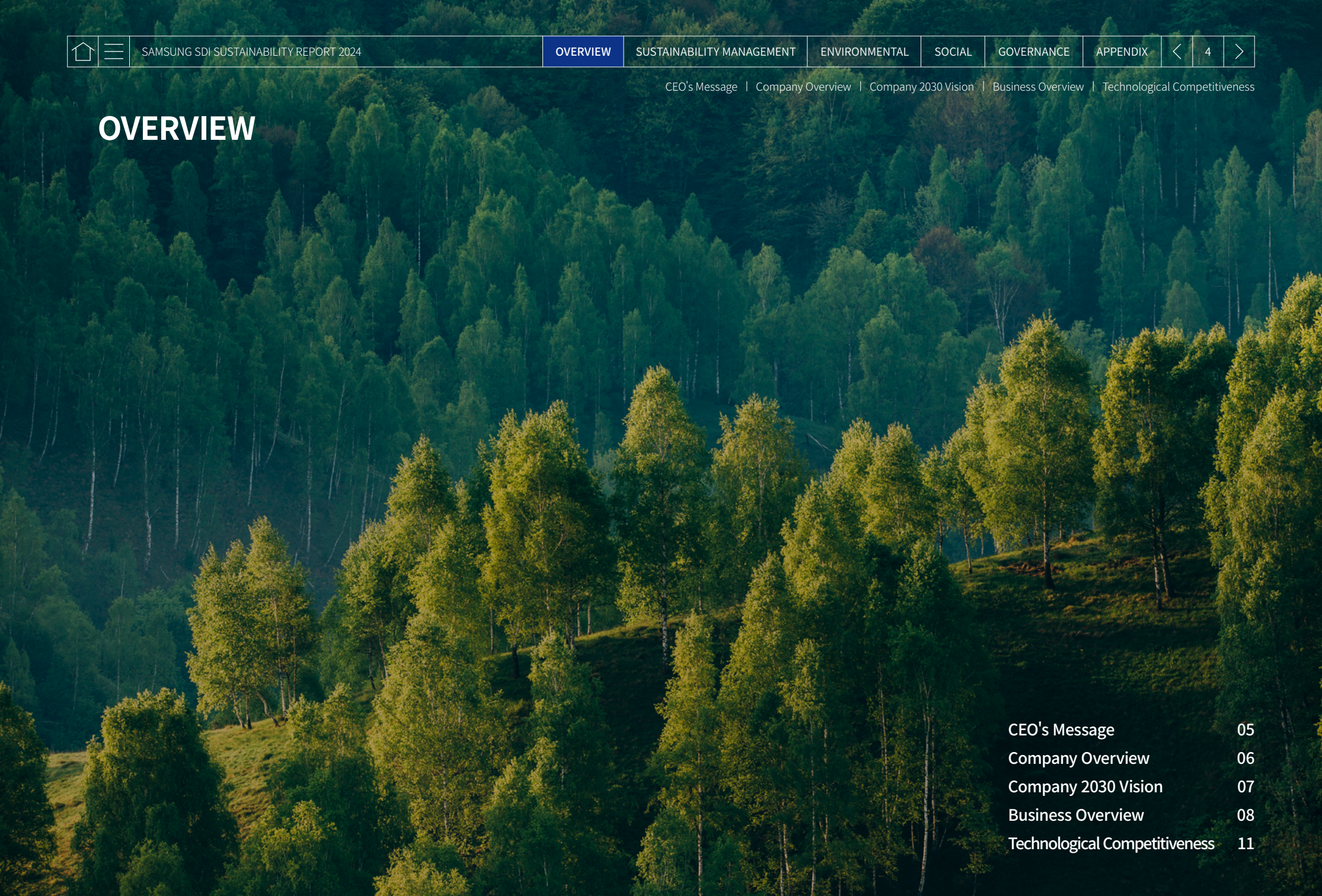
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OVERVIEW



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CEO’s Message



> We will take our commitment to a whole new level in pursuing change and innovation to bring to life our vision ‘To make the world greener and sustainable through our innovative technology’.

Dear Stakeholders of Samsung SDI,

The 2023 business landscape was characterized by the aggravating global compound crisis, from the economic slowdown caused by high interest rates and immense disruptions in the supply chains. Through it all, Samsung SDI remained steadfast in implementing our business growth strategy and achieved KRW 22.7 trillion in sales, the largest ever in our recorded history.

In 2023, we completed the pilot line for All Solid Battery and produced prototype products while fully setting up a mother line for 46-phi cylindrical batteries to expedite our efforts for the future. Meanwhile, we laid the groundwork for our mid-to-long term growth, strengthening strategic partnerships with key customers to reinforce our position in the North American market and inking supply deals with new customers.

We joined the Global Battery Alliance to help establish sustainable battery value chains, and received the Most Excellent rating for the first time in 12 years in the win-win growth index evaluations which have been performed by the Korea Commission for Corporate Partnership since 2011. We also stayed right on track in implementing the strategic tasks we promised to pursue in announcing our commitment to environmental management in 2022.
Turning to this year's business landscape, geopolitical uncertainties are mounting and due to global economic downturn and continued high interest rates, EV market that maintained a high growth is now showing a temporary slowdown.

Meanwhile, more and more stakeholders are speaking up to make the case for ESG management, as evidenced by the EU Battery Regulation which has gone into effect, the global mandate for ESG disclosure, and the demand for traceability along mineral supply chains.

Samsung SDI will remain committed to our unchanging, overarching philosophy that ‘ESG management lies at the core of our business growth strategy and offers a differentiating competitive edge’. This will reinforce our commitment to environmental management by transitioning to renewable energy, reducing GHG emissions, and recycling more batteries. Together with our partners, we will further advance ESG management along our supply chains by taking stock of ESG risks and mitigating carbon emissions.

We aim to establish a culture that values diversity and inclusion in reinforcing communication and collaboration with employees, partners, and other wide-ranging stakeholders, and to place our utmost priority on compliance management and workplace safety.

Going forward, we will take our commitment to a whole new level in pursuing change and innovation to bring to life our vision 'To make the world greener and sustainable through our innovative technology'. We look forward to your much encouragement and support each step of the way.

Thank you.

Yoonho Choi
President & CEO, Samsung SDI

Company Overview

Samsung SDI at a Glance

Since its foundation back in 1970, Samsung SDI produces and sells rechargeable batteries used for electric vehicle, IT device, and Energy Storage System (ESS) applications as well as materials for semiconductors and displays. We commit to securing super-gap technology through unimaginable transformation and innovation to shape a sustainable, eco-friendly future society.

Company name	Samsung SDI CO., Ltd
CEO	Yoonho Choi
Establishment	January 1970
Headquarters	150-20, Gongse-ro, Giheung-gu, Yongin City, Gyeonggi Province, Korea
Total No. of shares outstanding (common shares)	68,764,530 shares
Total workers (including overseas)	31,704
Shareholders with 5% or more ownership (as of Dec. 31, 2023)	Samsung Electronics: 13,462,673shares(19.58%) National Pension Service: 5,238,134shares(7.62%) BlacKRock Fund Advisors: 3,444,030shares(5.01%)

Global Network

Samsung SDI's global network consists of 34 locations in total, including the Headquarters, the R&D Center, production facilities and sales bases.

- Headquarters: 1
- Production subsidiaries: 13
- Sales subsidiaries/offices: 13
- R&D Center: 7

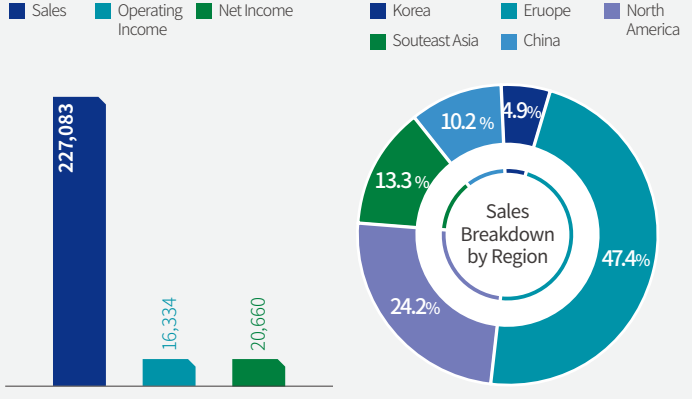
As of December 2023

34 locations in total



Financial Performance

(Based on 2023 consolidated financial statements, unit: KRW 100 million)



External Assessments made on Samsung SDI

1) Received A in ESG rating in 2023 for 5 consecutive years

2) Listed on the DJSI World for the 19th time in 2023

3) Obtained Prime status for ISS Corporate ESG Performance

4) Awarded CDP Carbon Management Sector Honors for 2 consecutive years
2023 Climate Change, Water Security Score: B

5) Ranked 55th in 2023, listed for 7 consecutive years

1) Supervised by MSCI(Morgan Stanley Capital International)
2) Supervised by S&P Dow Jones, RobecoSAM
3) Supervised by ISS(Institutional Shareholder Services)
4) Supervised by CDP(Carbon Disclosure Project)
5) Supervised by Corporate Knights

2030 Company Vision

Samsung SDI established a new 2030 vision to evolve into a global top-tier company by 2030. Everyone at Samsung SDI move towards the vision of 'To make the world greener and sustainable through our innovative technology'.

Vision Statement

To make the world greener and sustainable through our innovative technology

Business Goal

Battery
2030 Global Top Tier Battery Company

Electronic Materials
Global Top Materials Specialist

Mission & Strategy

TECHNOLOGY INNOVATION	PROFITABLE GROWTH	OPERATIONAL COMPETENCE	SUSTAINABILITY LEADERSHIP
Secure super-gap technology and differentiated products	Pursue profitable qualitative growth	Ensure quality leadership, Strengthen global operational competency and create a premier corporate culture	Bolster ESG management and seek win-win partnerships

Business Overview

Automotive & ESS Battery Business - Automotive Battery

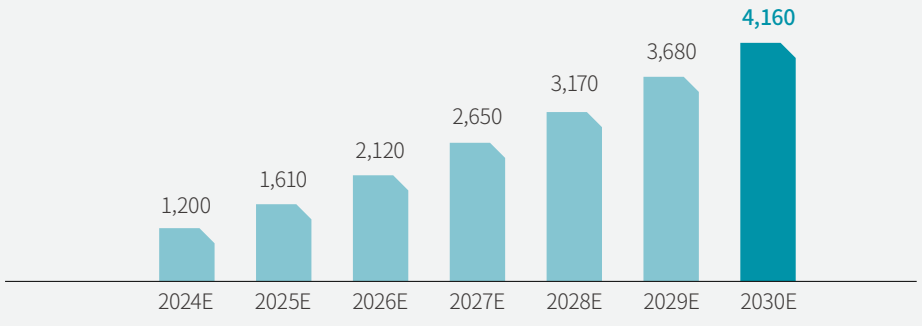
Business summary

In 2023, EVs surpassed 16% in global market share to go mainstream in the automobile market. Amid this shifting market landscape, Samsung SDI is taking the charge in the transition to the EV era with our innovative battery technology development. We are cementing our position as a leading EV battery maker with our innovative technology competitiveness and differentiated products while delivering high-efficiency, high-capacity Li-ion batteries to global automobile OEMs to do our part in driving global green initiatives.

Market outlook

In 2023, the COVID-19 pandemic and supply chain disruptions that had stalled the entire automobile market for several years finally settled down. Still yet, the prolonged inflationary pressure and high interest rates weakened consumers' real purchasing power, resulting in sluggish EV growth. With global EV sales reaching 16% of total, EVs are entering the chasm in the adoption curve where demand temporarily slows down as EVs evolve from the early to the mainstream market. To climb out of this chasm, major OEMs are planning to launch a range of new EV models targeting the mainstream market while improving their operational profitability. While EV's growth momentum would falter in the short-term, its growth is projected to continue over the mid-to-long term to reach 57 million units in annual sales by 2030, representing 55% of the total automobile market.

Global xEV Battery Demand Outlook[1)] (unit: GWh)



1) EV and PHEV combined* Source: Samsung SDI forecast (as of May 2024)

Automotive & ESS Battery Business - ESS Battery

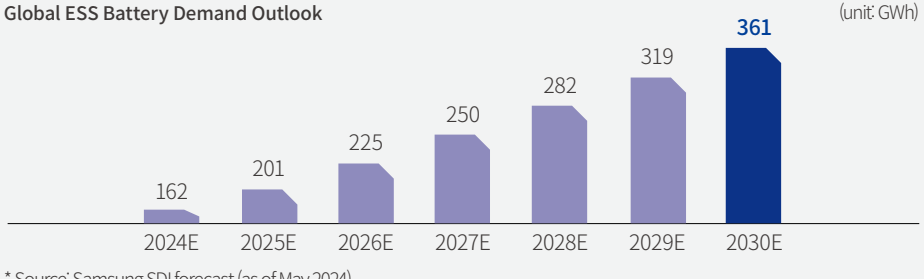
Business summary

Samsung SDI applies our technology and manufacturing process tested and proven in our EV battery business to ESS battery to secure high market shares and deliver reliable product quality. This ensures that we leverage our best-in-industry battery design competency and standardized modules to create a diverse product portfolio across the utility, commercial & industrial, residential, UPS and telecom sectors and deliver end-to-end ESS solutions that cater to varying customer needs.

Market outlook

As the imperative of net zero is gaining prominence globally, this is accelerating the growth of the renewable energy market. Many countries take note of ESS as a way to ensure the reliable supply of renewable power while reducing costs, and governments provide policy support by setting national ESS installation targets and allocating subsidies, boosting ESS demand as a result. The global ESS market is set to grow from 162GWh in 2024 to 361GWh in 2030 with the CAGR of 14%. This growth will be mainly fueled by the US, China, and Europe that are pursuing green policies at scale: the US enacted the Inflation Reduction Act (IRA) to dramatically increase investment support for ESS projects undertaken within the country; China set national ESS targets and mandated ESS connection with renewable power generation to facilitate ESS installation; Europe also announced REPowerEU and the Green Deal to achieve net zero and energy security, providing full support for the growth of renewables and ESS. This is followed by ESS support policies disclosed by countries across the globe. Meanwhile, Chile and Australia where renewables already make up a significant share of total are planning large-scale, government-led ESS tenders, and the expansion of data center construction driven by the explosive growth of Artificial Intelligence is giving rise to the growing demand for UPS, further brightening the future ESS market outlook.

Global ESS Battery Demand Outlook (unit: GWh)



* Source: Samsung SDI forecast (as of May 2024)

Business Overview

Small Battery Business

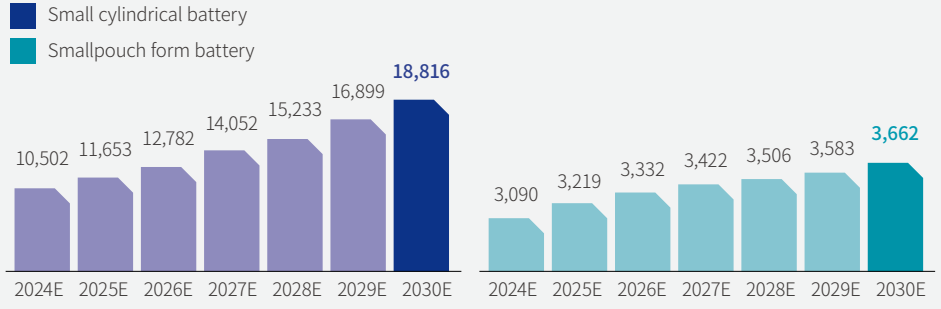
Business summary

Samsung SDI engages in the development and sale of small batteries that are categorized into cylindrical and pouch forms. Cylindrical batteries are expanding their application in line with the growing market demand for power tools, vacuum cleaners, and other wireless products and the increasing electrification of micromobility along with EVs. Pouch-type batteries serve to power smartphones, notebook PCs, wearables and other portable IT devices. Our quality-first management philosophy and sustained efforts for technology innovation ensure that we maintain solid market dominance in the global small battery market.

Market outlook

In 2024, the demand for small batteries is projected to reach 13.8 billion cells, up by 5% year-on-year. While the power application sector will slow down as our key customers producing power tools and e-bikes continue to reduce their inventory levels, the electrification trend will sustain over the mid-to-long term with countries expanding green regulations and subsidies. Turning to the EV market, its growth is expected to weaken temporarily: the demand for EVs, however, is set to rise continuously as our automobile OEM customers increase their EV sales in line with their mid/long-term goals and the EV charging infrastructure expands further. In the IT, the full-scale release of products enhanced with on-device AI including AI smartphones and AI PCs is expected to trigger recovery in demand.

Global Small Battery Demand Outlook (unit: million)



* Source: Samsung SDI forecast (as of May 2024) including EV cylindrical battery

Electronic Materials Business

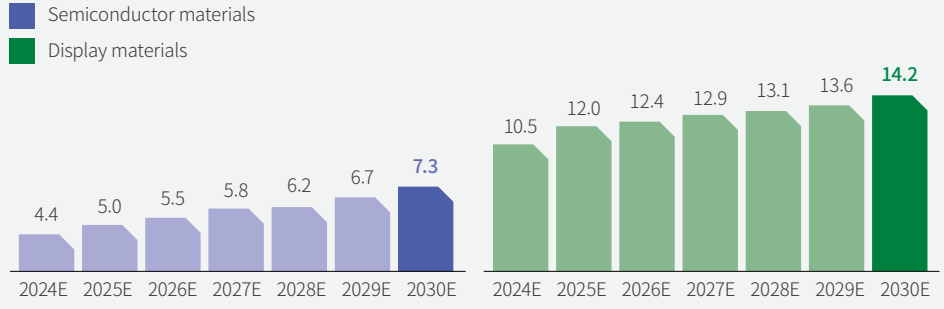
Business summary

Since the development of EMCs for the semiconductor manufacturing process in 1994, we have established our competitiveness in electronic materials business on the strength of our core technology and expert competency. Samsung SDI mainly engages in the development and sales of semiconductor and display materials. Not only do we bolster our leadership in the established market, but we also remain committed to securing our competitive advantage for such next-generation cutting-edge materials for QD, OLED, EUV lithography market.

Market outlook

The 2024 semiconductor market is projected to grow from the previous year in line with the launching of AI-enabled devices and recovery in memory prices. As key customers are set to increase their production, this will be translated into improvement in demand for the semiconductor materials that we supply. The release and expansion of high-performance semiconductors enabling HBM (High Bandwidth Memory) and AI (Artificial Intelligence) is also set to drive the continued growth of the semiconductor market well into 2030. While the TV market may grow slightly year-over-year, buoyed by the Olympics and other sports events, intensifying competition is expected in the conventional TV and mobile markets along with the facility expansion of Chinese polarizer makers. Going forward, electrification, tablets, and other new IT sectors will bloom and continue to grow. Turning to mobile devices, this market is forecast to stagnate due to shrinking consumption and the increasingly longer product replacement cycle. Meanwhile, the OLED market is projected to grow continuously in line with Chinese companies increasing their adoption of OLED panels and releasing foldable phones at scale to cater to the increasing needs for high-end smartphones as well as the launching of tablets featuring OLED panels, resulting in steady demand for the materials that we provide.

Outlook on the Electronic Materials Market with Samsung SDI's Presence (unit: USD billion)



* Source: Samsung SDI forecast (as of May 2024)

Business Overview

2023 Business Highlight

All Solid Battery



Shipping all solid battery prototype samples

In March 2023, a 6,500m-sized all solid battery pilot line was completed within the SDI R&D Center. To support and accelerate our efforts to commence the mass-production of all solid batteries by 2027, we launched the ASB Project Team in December 2023. In addition, our partnerships with car OEMs solidified as our all solid battery pilot line started shipping prototype samples. With a goal of mass-producing all solid batteries in 2027, we will continue to secure relevant technologies and methods.

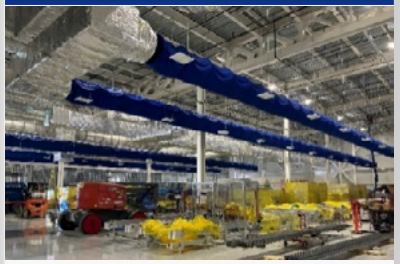
Automotive Battery



Successful line expansion and production capacity maximization at our Hungary corporation

Samsung SDI expanded assembly lines at Plant No.2 in Hungary through increased facility investment, and these new lines delivered reliable quality and production volume on par with existing lines in just one month after their ramp-up to mass-production, establishing a new standard model for line expansion. More to the point, the entire lines improved in equipment speed and efficiency to help us secure the largest-ever battery cell production capacity in our history. The technology we employed for stabilizing new lines will also apply to all our plant expansion, which will minimize losses that may occur during facility expansion and tremendously contribute to driving ESG management at Samsung SDI.

Automotive Battery



Preparing for mass production through JV with Stellantis

In 2022, Samsung SDI established a joint venture with Stellantis in Kokomo, Indiana, USA to target the American market. Currently, the first plant with an annual capacity of 33GWh is under construction, and the completion work is well underway with the goal of operating in 2025.

Based on Samsung SDI's advanced manufacturing capabilities and accumulated experience, we plan to develop a full-scale business in America through the first factory, and the second factory planned near the first factory will also begin construction to further strengthen our presence in the region.

Small Battery



Establishing the 46-phi battery mother line and readying for mass-production

Work is underway to expedite the mass-production of 46-phi batteries as a next-generation form factor for small cylindrical batteries. We have established a 46-phi M-line at our Cheonan worksite, and plan to gradually expand production scale from 2025 onwards. We will pursue mass-production of 46-phi batteries early on according to the set plan and expand our market share in electric vehicles and power applications, significantly contributing to the growth of our small-sized battery business.

Electronic Materials



Advancing OLED technology

OLED (Organic Light Emitting Diode) is a display technology that converts electrical energy into light, creating various colors by mixing the primary colors of light: green, red, and blue. Samsung SDI has focused on securing high efficiency and longevity of OLED materials, recently developing an 「OLED Premix Phosphorescent Green Host」 using a new technology called Organic Alloy*, which won the 2023 Jang Yeong-sil Award. Samsung SDI's OLED technology has firmly established itself as a leading technology in the market, with expectations for market expansion in TVs, mobile devices, and other IT products in the future.

*Organic Alloy: A technology where two organic substances are mixed to act as one material

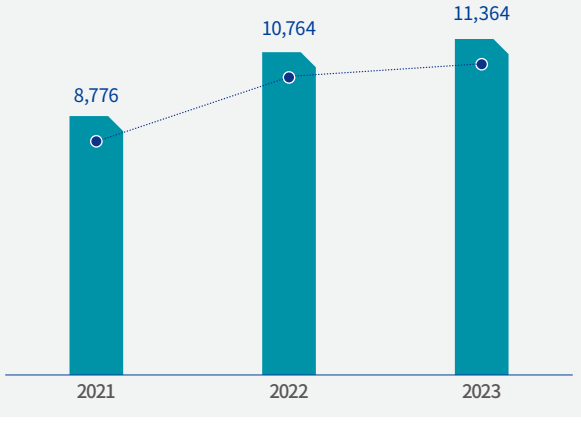
Technology Competitiveness

R&D Approach

To progress towards a sustainable, greener tomorrow, Samsung SDI commits to gaining unrivaled technology competitiveness by preemptively embracing new products and new technology with a focus on small batteries, Automotive/ESS Business batteries, and electronic materials for semiconductor/display applications. In the battery sector, a recent surge in the EV battery and ESS markets gave rise to the increasing needs for driving range and charging times in EV batteries and for prolonged service life in ESS batteries. Meanwhile, both small batteries and automotive/ESS batteries are required to adopt green technology and price competitiveness, which prompted our decision to focus on R&D efforts to cater to these needs. In the electronic materials sector, Samsung SDI develops key materials that go into cutting-edge IT products, covering semiconductors, displays, and batteries. Specifically, we leverage our exceptional technology to deliver the product that enables our customers to ensure reliable operation even for their state-of-the-art processes.

R&D Expenditure

(unit: KRW 100 million)

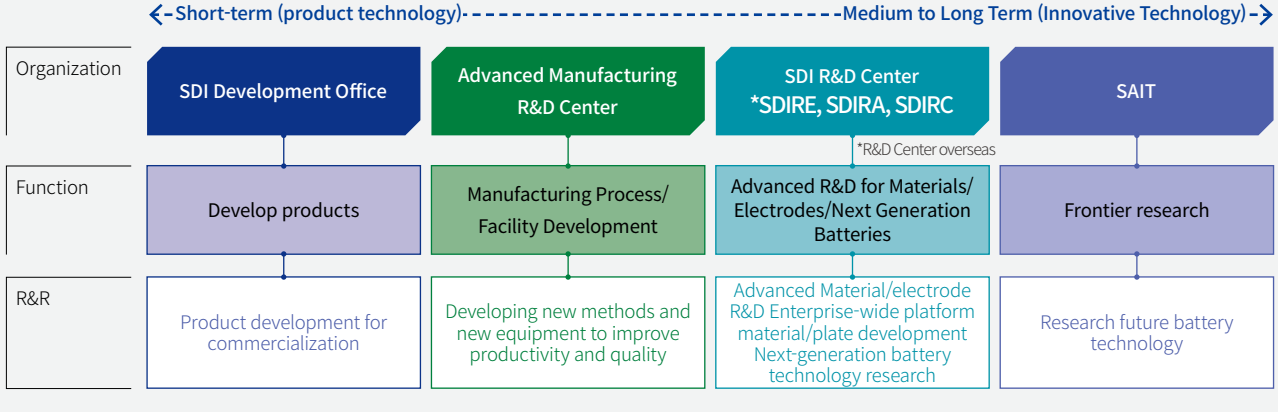


R&D Organization System

Samsung SDI operates SDI R&D Center, which is responsible for research and development of materials, electrodes, and next-generation batteries; the Advanced Manufacturing R&D Center, which is responsible for research and development of new methods/facilities; and the Development Organization, which is responsible for developing commercialized products within small batteries, automotive/ESS Business batteries, and electronic materials divisions to reinforce its global technology leadership through close collaboration across business divisions. Our small Battery and Automotive & ESS Businesses, Advanced Manufacturing R&D Center for manufacturing equipment are located at the Giheung worksite to improve efficiency in battery development, and the SDI R&D Center and the Electronic Materials Business moved into the Samsung Future Technology Campus to cooperate with the SAIT (Samsung Advanced Institute of Technology) and generate synergy in joint R&D efforts for materials and next-generation technology.

To tailor our R&D on new battery technology to different regions of the world, we opened overseas R&D centers in Munich, Germany (SDIRE, SDI R&D Europe) in July 2022, in Boston, the US (SDIRA, SDI R&D America) and in Shanghai, China (SDIRC, SDI R&D China) , paving the way to strengthen our global R&D capabilities.

R&D Organizational Structure



Technology Competitiveness

Battery R&D Activity

We move ahead in developing material, electrode, and cell technology differentiated from the competition to improve battery performance, providing platform battery products that meet the needs of customers.

All solid battery

Samsung SDI is developing all solid batteries which deploy solid electrolytes in lieu of liquid ones normally used for conventional batteries with an aim to improve battery safety and energy density. With our success in designing and mass synthesizing of solid electrolytes, we have led the way in technology development by manufacturing all solid battery prototypes. We also developed anode-less all solid battery technology with improved cycle life through the adoption of independently-configured solid electrolyte materials and lithium anodes, progressing towards our goal of ensuring best-in-industry energy density and performance. In March 2023, a 6,500㎡-sized all solid battery pilot line was completed within the SDI R&D Center. We shipped prototype samples produced at this pilot line in December 2023. Going forward, we will secure all solid battery technology and processes with the goal of mass-production in 2027.

46-phi cylindrical battery

Recently, cylindrical high-capacity batteries are transitioning from 21700 products to the new 46-phi to increase energy per product, and SDI is developing a variety of form factors with different heights to meet the differentiated design needs of customers. Samsung SDI's proprietary anode and cathode material technology enables a high capacity for enhanced range, which is the strength of Samsung SDI's prototype battery, and the company is on track for mass production in 2025. In addition, in line with product differentiation and eco-friendly management, a long-life battery with a stronger life cycle is under development, which will secure our industry leading product competitiveness within xEV and micromobility markets.

Premium EV platform technology

To deliver differentiated performance for premium platform batteries that prioritize driving ranges, we have focused on high energy density materials to raise the nickel content of cathode active materials and the silicon content and efficiency of anode active materials. This allowed us to release the first-ever cylindrical batteries made of our differentiated high-nickel NCA cathode materials and SCN anode materials, and the new materials are expanding their application to prismatic EV batteries. Following the use of Ni88%, we have also pioneered the mass production of premium batteries using Ni91% cathode and SCN anode materials.

We will continue to acquire differentiated high energy density technology to retain the competitive edge of our premium battery products.

Volume segment EV platform technology

For volume platform batteries that consider price competitiveness as the top priority, we are working on cobalt-free NMX cathode materials. Cobalt serves as a key battery raw material playing a crucial role in ensuring battery stability and performance. Meanwhile, its high prices and concentrated reserves in specific regions give rise to heightened supply/demand risk. To mitigate such risks, we have continued to explore cobalt less cathode materials to produce high-capacity batteries with reduced cobalt content as well as cobalt-free cathode materials that contain zero cobalt. This led us to continue developing cobalt-free 'NMX' materials that still retain the advantages and basic properties of conventional cathode materials to the fullest possible extent. As NMX materials are eco-friendly, less prone to sourcing risk, and exceptional in price competitiveness and lifespan, their application to mass-production will help us gain competitive advantages in the volume EV battery market.

Entry EV and ESS platform technology

We have recently started the development of LFP materials to boost the price competitiveness of our entry EV platform and ESS batteries, with a goal of mass-producing ESS batteries in 2026. We will successfully advance into the LFP market by securing cost competitiveness and top-notch quality on the strength of our unique optimal product designs and our process and facility innovation.

Technology Competitiveness

Battery R&D Activity

Currently, we are focused on developing fast charging technology to meet key performance requirements of EV battery customers and dry-type electrode process technology for innovative, eco-friendly electrode manufacturing.

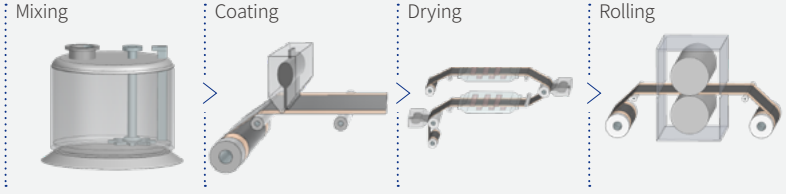
Ultra-fast charging (material, electrode, and cell technology)

We are developing high input/output cathode and low-resistance electrode materials to secure fast-charging performance, which is important for electric vehicle batteries, along with new processes and cell components that reduce electrode and cell resistance. As a result, we are developing an ultra-fast charging battery that significantly reduces charging time compared to conventional batteries, with a target of mass production in 2026.

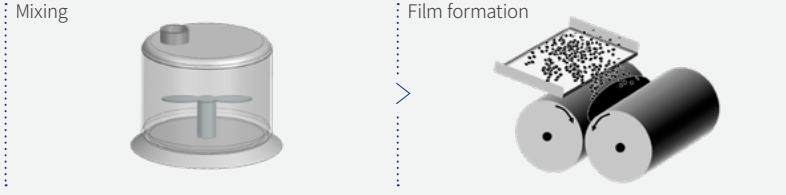
Dry-type electrode manufacturing (process technology)

During the electrode production process using the organic solvent NMP, a significant amount of energy is required to dry and safely recover the solvent. We expect to minimize solvent usage and energy consumption through the development of eco-friendly and sustainable dry electrode manufacturing methods, delivering a more competitive battery performance as a result.

Wet-type Electrode Manufacturing Process



Dry-type Electrode Manufacturing Process



External Awards

Awarded at the 69th Engineer of Korea Award

In September 2023, Soon Rewl Lee, the executive director at the SDI R&D Center was awarded at the 69th Engineer of Korea Award hosted by the Korea Industrial Technology Association. He was recognized for his noteworthy contributions to developing long-life high-nickel cathode active materials with the industry's largest capacity for ESS and xEV applications, boosting Korea's competitive edge and the Samsung SDI's growth in so doing.



Awarded at the Engineer Awards – SDI R&D Center, Soon Rewl Lee, the executive director

Cylindrical 21700 lithium rechargeable battery awarded at the 45th IR52 Jang Young-shil Award

In November 2023, our cylindrical 21700 model was awarded at the 45th IR52 Jang Young-shil Award hosted by the Korea Industrial Technology Association and the Maeil Business Newspaper. This model, measuring 21mm in diameter and 70mm in height, was created by integrating differentiated technology, from high-capacity/low-resistance materials to components with increased safety, delivering battery capacity 6% higher than previous models.



Cylindrical 21700 lithium rechargeable battery

Expanding the recruitment of overseas experts

Samsung SDI has recruited a large number of overseas experts and scholars in various fields, including materials, systems, processes and facilities, and R&D, and will continue to expand the recruitment of talented people at the leadership level to secure super-gap technological competitiveness.

Technology Competitiveness

Patent Management

Samsung SDI safeguards research outcomes that enable the development of exceptional products through patents and trade secrets to retain our innovative technology capabilities. We operate a dedicated organization staffed by intellectual property rights (IPR) professionals to respond to IPR-related risk such as global patent disputes as well as to secure IPR.

Following patent application, we ensure technology-specific portfolio management to develop technology in areas requiring further advances, strengthen patents in key areas, and apply such patents to our business operations to pursue stable, profitability-driven growth. To encourage our employees to engage in patent activities, we created a range of award programs to regularly recognize employees and departments generating excellent inventions, along with tailormade patent training provided to raise employees' awareness on patents.

The patent competitiveness established as such allows us to maintain and continuously expand reliable business relationships with customers and partners. As of the end of 2023, Samsung SDI's patent pool included 6,355 patents in Korea and 14,636 patents overseas.

2024 IP Fair

To raise employees' patent awareness and encourage their patent application, we hosted the IP (Intellectual Property) Fair at our Headquarters in Giheung in May 2024. This event served to grant nine awards in three categories: exceptional inventions (4 cases) for the generation of quality patents, top-performing departments (4 cases) for their patent-related contribution in each business division, and the IP Award (1 case) given to an employee associated with 1,000 patent applications to greatly contribute to our company-wide IP portfolio.
CEO Yoonho Choi also emphasized the importance of IP by stating, "IP competitiveness is one of the most critical core competencies for Samsung SDI to become a global Top Tier company by 2030" while also mentioning how "acquiring competitive IP is essential to secure 'super gap technology competitiveness', one of Samsung SDI's three management principles."





2024 IP FAIR

Patents Registered on a Cumulative Basis

Category	Unit	2021	2022	2023
Korea	Cases	5,231	5,782	6,355
United States	Cases	3,976	4,107	4,391
China	Cases	2,042	2,326	2,584
Japan	Cases	1,336	1,435	1,532
Europe	Cases	4,410	4,743	5,291
Others	Cases	740	804	838
Total	Cases	17,735	19,197	20,991

Open Innovation

We commit to securing differentiated technology through sustained partnerships with domestic and overseas universities leading in battery research. Our industry-academia cooperation programs enable us to secure battery component technology and outstanding talent, and our collaboration with top-notch experts helps us develop highly advanced differentiated technology.

We operate R&D centers in the US, Europe, and China to bolster our global research and development capabilities. Each of these centers draws on their national-specific field of research to secure innovative battery technology early on: SDIRA in the US focuses on next-generation battery, SDIRE in Europe on battery processes, and SDIRC in China on battery materials.

Technology Competitiveness

Smart Factory Operation

Samsung SDI is pursuing the smart factory initiative in a way that suits the distinctive characteristics of the battery business with the ultimate goal of establishing unmanned automated plant operations. This essentially aims to maximize investment feasibility on plant construction or line expansion and to deliver uniform product quality across global production locations to enhance operational efficiency as a result.

Starting with the manufacturing system, work is underway to upgrade the functionality of the MES (Manufacturing Execution System) that has been operated separately at respective production locations while developing and applying the One Source approach to all global locations to establish an integrated shopfloor big data collection, monitoring, analysis and response system. The data gathered as such will feed into AI technology to detect signs of abnormalities in facilities or process quality and reduce failures and defects for increased production efficiency, pursuing an intelligent facility engineering system in so doing.

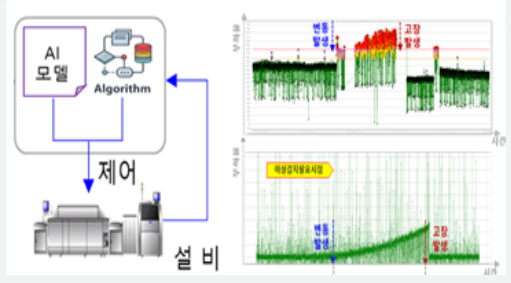
As to automation, we continue to expand logistics automation for in-process materials, semi-finished products, and finished products while downscaling logistics facilities and streamlining their routes and improving the warehouse facility layout to eventually optimize logistics areas at our plants.

When it comes to digital twin, we are upgrading the functionality of process logistics simulation to build a system capable of detecting a drop in production efficiency for optimization. In manufacturing new facilities, virtual verifications are performed on facility-system alignment, and shopfloor workers are trained on facility operation methods in virtual reality settings to provide strengthened support for reliable line set-up and mass-production. We are also extending the scope of digital twin technology application to shorten the time taken for work execution while increasing the accuracy of decision-making in performing work such as predicting battery characteristics based on material/electrode/cell designs in the R&D function and estimating necessary areas and investment expenses in line with the set plant layout design in the construction function.

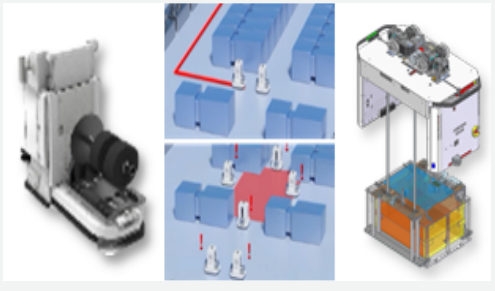
Smart Factory



Integrated monitoring and control



Detect and control AI anomalies

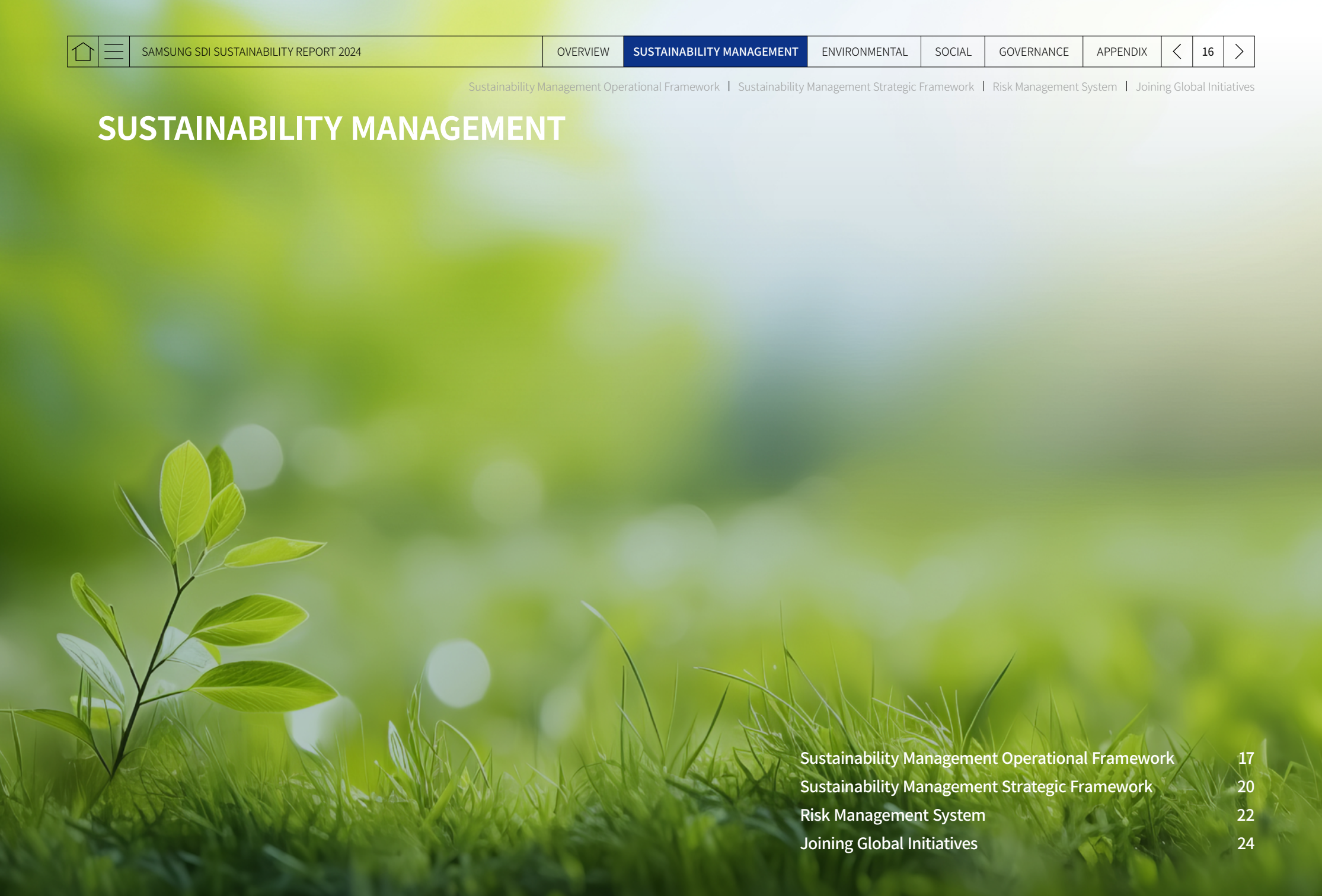


Automate process logistics



Facility Operations VR Training

SUSTAINABILITY MANAGEMENT



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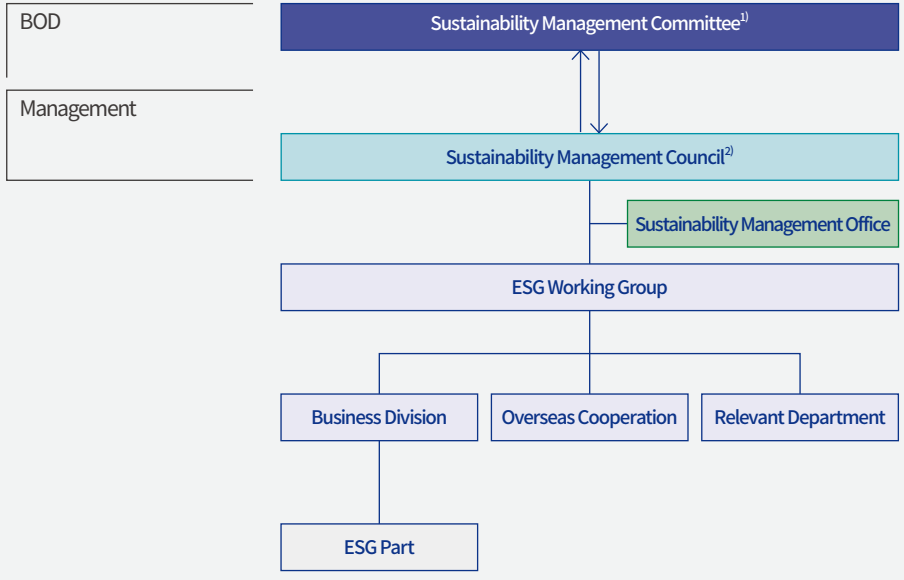
Sustainability Management Operational Framework

Sustainability management governance

In 2022, Samsung SDI created the Sustainability Management Committee under the Board of Directors and the Sustainability Management Office under the direct leadership of the Chief Financial Officer(CFO) to bolster our company-wide sustainability management governance. We also launched the Sustainability Management Council as a C-level consultative body led by the CEO to reinforce the role of top management in advancing sustainability management. In early 2023, we created the ESG Part under the support team of respective business divisions to disseminate ESG management at each level of the Company.

The Sustainability Management Office serves to support the operation of the Sustainability Management Committee and the Sustainability Management Council, and works closely with the ESG Part of respective business divisions, overseas corporations, and relevant departments to expand and bolster sustainability management across the board.

Sustainability Management Governance Structure



1) Convene on a semi-annual basis in principle, and may convene more frequently on an as-needed basis
2) Convene on a quarterly basis

Sustainability Management Governance interview

Mee Kyung Lee, Chair of the Sustainability Management Committee



Samsung SDI's vision is to put our 'super gap' technology to work in shaping a sustainable tomorrow. To this end, we launched the Sustainability Management Committee in 2022 to pursue technological capabilities that further set us apart from the competition while aligning our management strategy with the principles of sustainability management and integrate these principles into our day-to-day operations. We transparently disclose the achievements we make through sustainability management to investors, employees, and all stakeholders in our value chain, creating a virtuous cycle of interactive communication in so doing.

Looking ahead, we aim to broaden the scope of stakeholder engagement and set specific goals for respective tasks to generate tangible, practical outcomes. In particular, we will set a clear roadmap to reduce GHG emissions so that we attain our mid/long-term goal of achieving net zero by 2050, fulfilling our social responsibility as a global leading company. We will encourage our employees to engage in proactive and specific actions and take pride in becoming part of the greater initiative to tackle the global challenge of climate change.

Oh Kyong Kwon, Senior Independent Director

Samsung SDI adopted the Senior Independent Director System in October 2023 to reinforce the transparency of the Board and its role in holding management in check, ensuring the Chair of the Board and the senior independent director serve to bolster the independence of the Board while generating mutual synergy. Samsung SDI remains committed to reaching our ESG management goals all while "gaining dominance in technological competitiveness", "delivering top-notch quality", and "pursuing qualitative growth".

Sustainability reporting allows us to transparently disclose our performance to build trust with stakeholders and to identify potential risk and opportunity to preemptively reflect them in our sustainability management strategy. We will move beyond abiding by external regulations governing ESG management to build a corporate culture that aligns the whole of the organization towards the 2050 net zero goal, doing our part in improving sustainability across the global community.



Sustainability Management Operational Framework

Activities of the sustainability management committee in 2023

Date	Agenda
Jan. 27, 2023	• Joining the GBA (Global Battery Alliance) • Reporting sustainability management operational plans for 2023 - Developing a sustainability management system, calculating Scope 3 emissions, establishing a culture of sustainability management, etc. • Reporting the progress made on environmental management tasks - Transitioning to renewable energy, installing PV generators in the workplace, etc. • Reporting on IR trends - Stock prices, key issues of interest for investors, IR responses, etc.
Apr. 26, 2023	• Appointing the chair of the Sustainability Management Committee • Reporting on GBA membership results • Reporting on global ESG disclosure trends • Reporting sustainability report publication plans - Disclosure on the website, double materiality assessment, posting of Scope 3 emissions calculation results, etc. • Reporting on IR trends - Stock prices, key issues of interest for investors etc.
Jul.26, 2023	• Reporting sustainability report publication results • Reporting Scope 3 calculation results • Reporting on the achievement of the Carbon Trust certification • Reporting on IR trends Stock prices, key issues of interest for investors etc.
Oct. 25, 2023	• Amending the Supplier Code of Conduct • Reporting 1st anniversary achievements made following official commitment to environmentally friendly management - Employee surveys on environmentally friendly management, progress made on environment management tasks • Reporting on response to global disclosure standards • Reporting on IR trends - Stock prices, key issues of interest for investors etc.

Activities of the sustainability management council in 2023

Date	Agenda
Jan. 17, 2023	• Reporting sustainability management operational plans for 2023 - Establishing a sustainability management system, calculating Scope3, establishing a sustainability management culture, etc. • Reporting the progress made on environment management TF tasks - Transitioning to renewable energy, installing solar power in business sites, etc.
Apr. 12, 2023	• Plans to respond to global disclosure standards • Reporting the progress made on sustainability management operations - Scope 3 emissions calculation progress, manufacturing site ESG audit plans, etc. • Reporting the progress made by the environmental management taskforce team - Reporting the progress toward installing solar and reducing water use at worksites
Jul.11, 2023	• Reporting the progress made on sustainability management operations - Scope 3 emissions calculations and sustainability report results, etc. • Reporting the progress made by the environmental management taskforce team - Reporting the results of the 10 Environmental Management Goals for the first half of the year, and plans for the second half of he year
Oct. 18, 2023	• 1st anniversary achievements made following official commitment to environmentally friendly management - Employee surveys on environmentally friendly management, environmental management task progress results • Progress made on key operations of sustainability management - Progress of ESG screening at manufacturing sites, revision of partners code of conduct, etc. • Progress made on operations associated with supply chain ESG

Sustainability Management Operational Framework

Incorporating ESG performance in executive and organizational assessment

We have assessed ESG performance on all our executives since 2022 to effectively manage our ESG management performance and reinforce the top management's responsibility. In particular, we introduced sustainability KPIs specialized in each function to increase the participation of all executives in ESG management activities associated with their respective functions and to encourage their engagement in improving our ESG performance. In setting individual MBOs (Management by Objectives) for executives at the start of the year, sustainability management tasks are identified and goals are set in alignment with their specific responsibility while the assessment results of the tasks they implemented are included in their year-end performance appraisal and are tied with their remuneration system accordingly. To strengthen the execution of ESG management at the business division level, we have shared organizational ESG goals along with year-end performance measurement and assessment, and have incorporated the results in determining financial incentives for employees at each business division since 2023.



Company-wide ESG training

Samsung SDI provided online training twice in 2022 to domestic employees and expatriates at overseas corporations on importance of ESG management and Samsung SDI's mid/long-term strategy for ESG management. This training was completed by 6,821 employees out of 7,268 and by 7,290 employees out of 7,611 in the first and second half respectively.

We surveyed all employees who completed the training to identify its effectiveness, and 85% of respondents provided positive answers (very effective, effective), demonstrating the benefits of such training in improving employees' understanding on the overview of ESG management and our ESG activities. We also provided on-site ESG courses to help our employees better understand the link between ESG management and their roles, offering customized training to 333 employees and 14 teams a year.

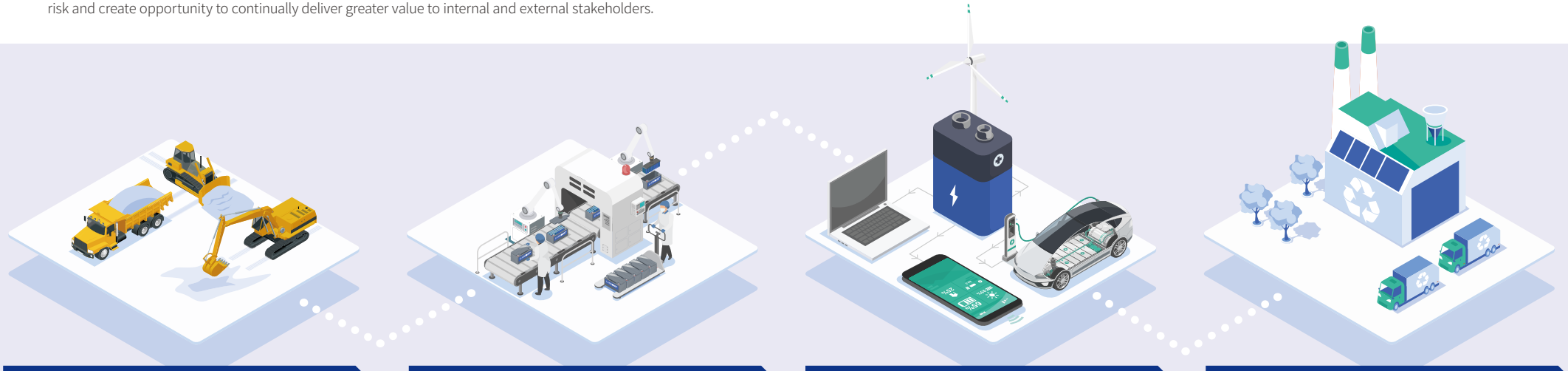
Samsung SDI ESG Training

Date	Training Content
First half of 2023	• Identifying internal/external ESG needs and risks • Understanding ESG management • Necessity for ESG management • Samsung SDI's ESG management vision
Second half of 2023	• Background for the emergence of sustainability management and ESG management • Alignment between Samsung SDI's mid/long-term strategy and ESG management strategy • Samsung SDI's ESG focus areas and goals • Environmental: Environmental management declaration, approaches to and goals of environmental management tasks - *Environmental management task: Fully shifting to renewable energy, reducing GHG emissions, switching to zero-emission vehicles for all corporate fleet vehicles, expanding carbon footprint-certified products, increasing battery recycling, minimizing waste landfill, reducing water consumption, minimizing the use of single-use products, conserving power consumption, installing PVs at operational sites - Social: Supply chain social responsibility, CSR, diversity & inclusion - Governance: Advancing the BOD, transparent disclosure, ethical/compliance management

Sustainability Management Strategic Framework

Managing Value Chain ESG Risk and Opportunity

There exist a range of social and environmental risks and opportunities across the value chain spanning upstream, owned, and downstream operations. In response, Samsung SDI will advance sustainability management to mitigate non-financial risk and create opportunity to continually deliver greater value to internal and external stakeholders.



Raw material mining and manufacturing	Battery manufacturing	Manufacturing of finished products and product use	Disposal (resource circulation)
Increasing demand to minimize raw material mining in areas specifically requiring biodiversity protection	Mandate to calculate and disclose product carbon footprints	Increasing customer demand for renewable energy use and low-carbon battery production	Mandate to collect end-of-life products and meet raw material recovery goals
Tightening laws and regulations over human rights and environmental risk along supply chains	Increasing social requirements associated with health and safety regulations (e.g. Serious Accidents Punishment Act) and labor and human rights	Growing social concerns over product safety and quality incidents	Introduce regulations setting a minimum threshold for recycled content
	Rising market share via meeting regulations and customer needs concerning preemptive reduction in product carbon footprint	Increasing sales of EVs and ESS products in line with global net zero initiatives	Improve operational efficiency by facilitating a closed loop process for process scrap and end-of-life battery recycling

Perform rigorous ESG due diligence on supply chains including owned operations

Calculate and reduce GHG emissions and product carbon footprints

Retrieve raw materials from end-of-life batteries and scraps and increase the usage of recycled raw materials in products

Risk factor Opportunity Factor

Sustainability Management Strategic Framework

Sustainability Focus Areas

Samsung SDI will remain committed to our unchanging, overarching philosophy that 'ESG management lies at the core of our business growth strategy and offers a differentiating competitive edge'. This will reinforce our commitment to environmental management through climate change mitigation and resource circulation etc. We also identify and implement various tasks to fulfill our corporate social responsibility, including boosting sustainability of our supply chains, ensuring employee and product safety, and fostering a culture of diversity and inclusion. Furthermore, we strive to promote the participation of various stakeholders and transparently disclose information related to sustainable management.

SUSTAINABILITY LEADERSHIP



- Climate change mitigation and energy consumption
- Resource circulation
- Workplace environmental impact



- Boosting sustainability of our supply chains
- Employee and product safety
- Diversity & inclusion



- Advancing the BOD
- Transparent disclosure
- Stakeholder grievance mechanism

Risk Management System

Company-wide Risk Management System

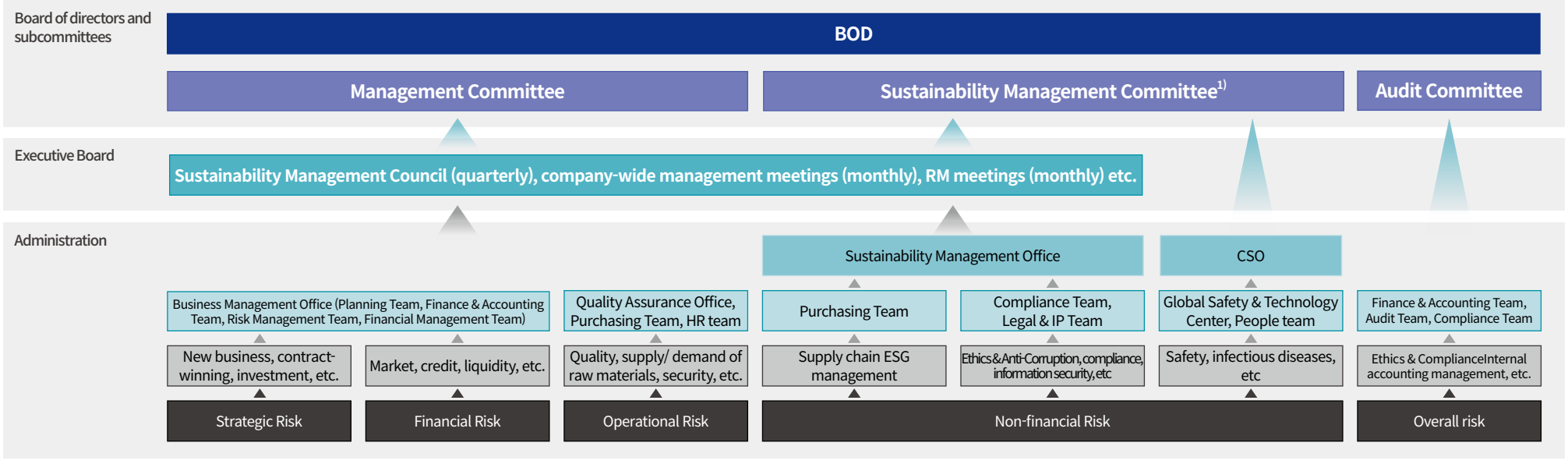
Samsung SDI's Board of Directors comprehensively manages a range of risk that may occur in the business environment concerning operations, finance, and workplace safety, and makes major decisions. We established an internal control system for systemic risk management to specify area-specific risk policies and potential risk categories. Responsible departments engage in preemptive management and regular assessment for respective risks, and the results and response strategies are eventually reported to the Board of Directors either through the Management Committee or the Sustainability Management Committee. In addition, risks associated with the material topics identified through annual materiality assessment are regularly reviewed through the Sustainability Management Council to develop and implement countermeasures.

Our key business has changed in its nature to win large-scale project orders and supply our products over extended periods of time, and it is increasingly paramount that we manage potential risks in the order-landing and supply phases. This prompted us to create and operate the Risk Management Team as a dedicated organization for the systemic management of project-related risks. In addition, we have established an emergency contact system for immediate response in case of emergency, and we manage risks so that they can be reported to the committee.

In addition, we build company-wide consensus on our key risks to create a culture of risk management at all levels so that our employees identify and preemptively respond to risk in their own working environment. Risk factors associated with product safety & quality, injuries, and compliance are incorporated in executive and manager performance appraisal metrics, and appraisal outcomes are reflected in determining their compensation. Employees, who immediately report quality risk that may arise throughout our entire operations spanning manufacturing, purchasing, and sales, are recognized with the Quality Hero award to encourage proactive risk identification and reporting. We conduct ESG due diligence on our partners to monitor and manage ESG risk that may arise along our supply chains, and have established a system for employees to immediately report any potential risk that could potentially lead to injuries upon detecting such risk to ensure workplace safety.

For compliance risk, our Compliance Program Management System (CPMS) assists employees in obtaining information on risk prevention themselves and submit their whistleblowing reports for work-related compliance issues.

Company-wide risk management framework



1) Convene on a semi-annual basis in principle, and may convene more frequently on an as-needed basis

Risk Management System

Tax Strategy

Tax management policy

Samsung SDI honestly and faithfully fulfills our tax filing and payment obligations in many countries where we operate. We do not employ tax structures without commercial substance for the purpose of tax avoidance, and do not engage in any cross-border income transfer or tax avoidance transactions using tax havens. We sincerely implement the task policies of respective countries and remain agile to keep pace with the changing tax policies. To this end, all our tax employees perform their duty in line with Samsung SDI's lawful tax policy.

Tax risk assessment

We strive to minimize tax risk across all our business operations. To ensure no tax issues occur in conducting business including making general goods transactions, acquiring shares, launching new business, engaging in cross-border transactions, and changing our transactional structure among others, we seek consulting from or collaboration with external experts when necessary to identify unexpected risk and improve identified issues.

Tax risk management

We believe in the principles of full disclosure and uniformity in managing tax risk. We take a precautious approach to tax risk management: we establish a uniform decision-making system for tax risk management, provide compliance training, and stipulate uniform operational guidelines. From general expense processing to international transaction, we retain and manage legal evidence required by the tax authorities of respective countries and specifically maintain arm's length pricing for transactions we enter into with third-parties or related parties.

Contributing to community development through tax management

Samsung SDI makes tax payment in line with the tax policies of respective countries to contribute to community development in the countries where we are based. The corporate income taxes we pay for our income, the value-added tax that arise from various transactions, and the withholding taxes that accompany job creation all help us make a positive difference for community development.

Emerging Risk

Energy supply/demand

Description	- Geological and climatic factors such as heatwaves and severe cold and geopolitical factors such as war and political unrest could result in surging energy demand, making it impossible for companies to secure the energy they need for business operations
Impact	- Risk of operational disruptions that may occur due to power outages during peak hours - Risk of costs occurring due to increasing power charges - Risk of operational disruptions due to prolonged energy shortages
Our Response	- Reduce peak power demand in summer by discharging ESSs (Energy Storage System) and suspending office HVAC operation during peak hours - Sign PPAs (Power Purchase Agreement) to reduce power prices - Introduce new energy-saving technology such as low-power, high-efficiency equipment, and continue with energy-saving activities

EU's PFAS (per- and polyfluoroalkyl substances) restriction regulations

Description	- The EU is forecast to impose restrictions on PFAS (per- and polyfluoroalkyl substances) used for automotive battery production as these substances do not naturally decompose and may cause severe pain, cough, suffocation, pulmonary edema, and cancer. Such restrictions may take effect in 2026.
Impact	- Risk of decline in revenue due to consumers' boycotts - Risk of operational disruptions due to employee injuries - Risk of reputation including declining corporate image and brand value
Our Response	- Continue monitoring PFAS regulations and submit opinions on relevant regulations in partnership with industry peers and trade associations - Review research to develop fluorine-free battery components required for PFAS-free battery development

Joining Global Initiatives

Samsung SDI voluntarily engages wide-ranging global initiatives to bolster sustainability management. This allows us to share ideas and take action on a host of topics, from renewable energy and social responsibility to battery value chain, conflict minerals and ecosystem protection. Going forward, Samsung SDI will cement our ESG leadership on par with global standards in the Environmental, Social, and Governance areas.

RE100 (Renewable Energy 100%)

Samsung SDI joined RE100 in October 2022 and committed to transitioning to full renewable energy by 2050. We aim to achieve RE100 at all overseas corporations by 2025, and at all domestic operations by 2050.

UNGC (United Nations Global Compact)

Samsung SDI joined the UN Global Compact to strengthen corporate social responsibility in July 2022, and enunciated the 10 UNGC principles in the areas of human rights, labor, environment, and anti-corruption.

GBA (Global Battery Alliance)

We joined the GBA that aims to establish sustainable battery value chains in March 2023. We will participate in the GBA's Battery Passport development efforts to thoroughly prepare for the battery passport which is expected to become mandatory.

RMI (Responsible Minerals Initiative)

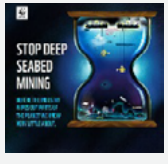
Samsung SDI joined the RMI (Responsible Minerals Initiative) to make concerted efforts with the global community to improve mineral sourcing practices in May 2020. As a member of the RMI, we step up our efforts to make improvements on supply chain due diligence.

'Cobalt for Development' Project

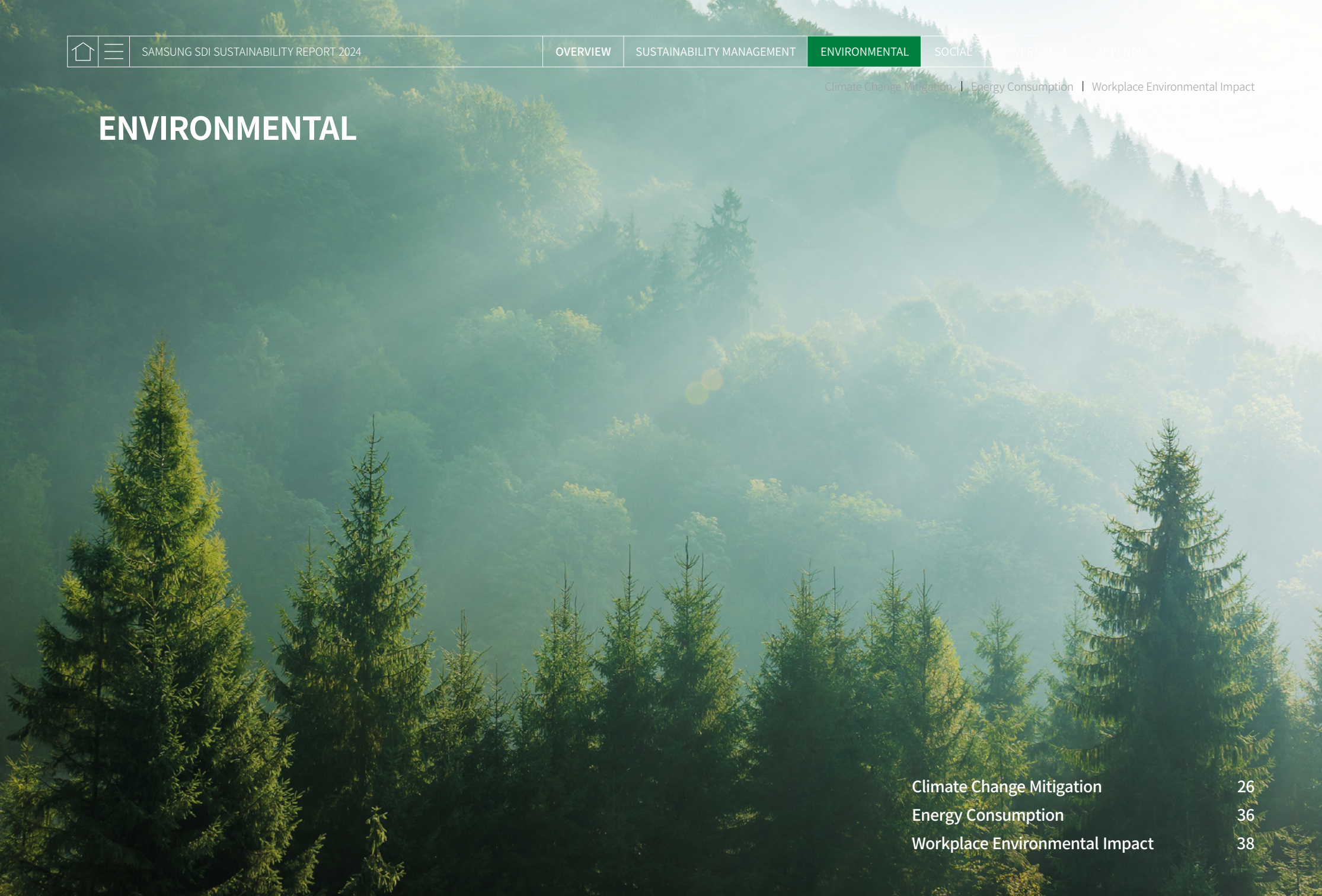
In September 2019, Samsung SDI partnered with Samsung Electronics, BMW, and BASF in undertaking the Cobalt for Development Project for the betterment of working conditions and communities in the vicinity of cobalt mines in the Democratic Republic of the Congo.

Ban on Deep Seabed Mining Initiative

In March 2021, Samsung SDI became the first in the battery industry to call for moratoriums on deep seabed mining (DSB) in conjunction with BMW, Volvo and Google among others to protect the marine ecosystem.



ENVIRONMENTAL



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Climate Change Mitigation

Governance

Decision-making body for managing and overseeing climate-related risk and opportunity

Samsung SDI established the Sustainability Management Committee under the Board of Directors in January 2022. This Committee, composed of four independent directors, serves as our highest decision-making body to take action for the climate crisis. The Committee conducts final review and grants approval on double materiality assessment results and climate-related risk and opportunity. The Committee convenes on a semiannual basis in principle, and may do so more often as the need arises. In 2023, the Committee met four times to make important decisions to lead our action for the climate crisis, by approving our GBA membership and monitoring the achievements made in implementing our environmental management declaration and environmental management strategic tasks. For further details on its operation, please see page 18.

Composition of the sustainability management committee

The Sustainability Management Committee consists of independent directors who bring their extensive knowledge and experience on ESG strategies among others all while satisfying the qualifications set by applicable laws and our Articles of Incorporation so that their expertise across diverse areas helps us making informed business decisions. Mee Kyung Lee, the Chair of the Committee and an independent director, previously served as the President of the Korea Green Foundation and a private-sector member of the Presidential Commission on Carbon Neutrality and Green Growth established to pursue Korea's transition into a net zero society, along with a breadth of experience and expertise required for climate change response.

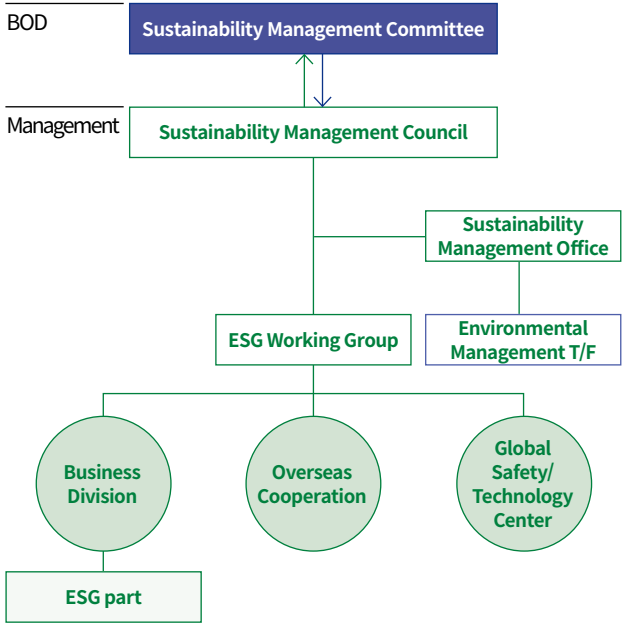
Role of leadership

The Sustainability Management Council, a C-level consultative body supervised by our CEO, served to strengthen the role of our leadership in driving sustainability management. The Council meets each quarter to report, discuss, review, and decide on all issues and tasks associated with Samsung SDI's sustainability management, and is the largest meeting body supervised by the CEO. In 2023, the Council convened four times starting from January to go over the strategies implemented by the environmental management taskforce team for their progress and issues. For further details of its operation, please see page 18.

The Sustainability Management Office created under the direct leadership of the Chief Financial Officer (CFO) allowed us to reinforce our sustainability management governance across the board. The Office identifies climate-related risk and opportunity, develops company-wide response strategies in alignment with business strategies, and supports the operation of the Sustainability Management Committee and the Sustainability Management Council. The Office closely collaborates with the ESG Part of respective business divisions, overseas corporations, and relevant departments to expand and bolster our sustainability management at all levels.

The Global Construction/Infra Team under the Global Safety/Technology Center engages in a wide range of activities for climate change response, from the collection and management of GHG emissions data and GHG emissions reduction to renewable energy transition and energy-saving efforts.

Governance Structure for Climate Change Mitigation



Composition of the Sustainability Management Committee

Category	Name	Position	Date of first appointment	Gender
Independent Director	Mee Kyung Lee	Committee chair	Mar. 15, 2023	Female
	Oh Kyong Kwon	Committee member	Mar. 18, 2020	Male
	Duk Hyun Kim	Committee member	Mar. 18, 2020	Female
	Won Wook Choi	Committee member	Mar. 18, 2020	Male

Climate Change Mitigation

Strategy – Climate-related Risk and Opportunity Identified

The climate-related risk identified by Samsung SDI includes transition risk - current and emerging regulations & policies, technology & markets, and stakeholder reputation – and acute and chronic physical risk. We consider calculating product carbon footprint to abide by the EU Battery Directive, increasing indirect costs due to rising carbon credit prices and increasing facility investments to improve energy efficiency as short-term risk. Over the mid-to-long term, we forecast such risks as customers' demand for reducing product carbon emissions and transition to renewable energy for power consumption. Meanwhile, we identify mid/long-term opportunity in growing sales of low-carbon products represented by ESS and xEV battery. To seize such opportunity, we are working to establish an LCA system and expand products certified to carbon footprint programs, decarbonize our products, and invest in and commercialize high-efficiency technology.

Type			Factor	Financial Impact[1]			Stakeholder	Our Response
				Short-term	Mid-term	Long-term		
Risk	Transition Risk	Current Regulation & Policy	Emissions Trading Schemes	Low	Mid	High	Governments	• Develop and implement direct GHG emissions reduction strategies • Analyze emissions trends and unit-level increase/decrease factors by worksite • Strengthen management of each business division by reflecting changes in emissions during division evaluations
		Emerging Regulation & Policy	Proposal for an EU Regulation concerning batteries and waste batteries	High	High	High	EU regulators, Customers, Partners, Investors	• Join RE100 and switch to renewable energy for power consumption across all worksites by 2050 • Establish an LCA system and implement carbon footprint reduction plans with partners
			EU Corporate Sustainability Reporting Directive	Low	Mid	Mid	EU regulators, Customers, Partners, Investors	• Operate a Task Force for Global ESG Disclosure Response • Calculate GHG emissions on a consolidated basis for subsidiaries, equity method investees, etc.
		Technology	Expansion of R&D in low carbon technology and product	Low	Low	Low	Customers, Partners	• Invest in and commercialize technology to make low-carbon and high-efficiency products
		Market	Customers' demand for product carbon emission reduction	Mid	High	High	Customers, Partners	• Secure the ability to respond to markets' and customers' requirements due to the climate crisis • Establish an LCA system and implement carbon footprint reduction plans with partner
			Increasing demand for renewable energy transition	Mid	High	High	Customers, Partners	• Join RE100 and switch to renewable energy for power consumption across all worksites by 2050 • Implement the Environmental Management Task Force's tasks
		Reputation	Call for climate-related risks assessment and disclosure	Low	Mid	Mid	Shareholders/Investors, Customers	• Develop and disclose strategies to respond to the climate crisis, including carbon neutrality strategies • Disclose information on response to the climate crisis in accordance with the CDP and TCFD recommendation
	Physical Risk	Acute	Typhoons, floods, heat waves, and fires	Low	Low	Low	Customers, Partners, Employees, Communities	• Check workplace emergency response manuals on an on-going basis • Bolster facility safety, subscribe to emergency insurance plans, et
		Chronic	extreme heat, drought, sea level rise	Low	Low	Low	Customers, Partners, Employees, Communities	• Prevent low productivity by increasing energy efficiency of cooling and air conditioning system and increase water reuse • Consider chronic risks when changing the business plan or reviewing new worksites
Oppor-tunity	Product/Service		Increasing sales by securing low-carbon products	High	High	High	Customers, Partners, Shareholders/ Investors	• Establish an LCA system and expand carbon footprint certified products • Invest in and commercialize technology to make low-carbon and high-efficiency products
	Resource efficiency		Operation cost reduction through resource efficiency improvement	Mid	Mid	Mid	Customers, Partners, Shareholders/ Investors	• Expand a scrap recovery system and end-of-life batteries closed-loop process • Reduce water consumption by increasing reus

1) Respective risks and opportunities are classified into short-term (2024~2026), mid-term (2027~2031), and long-term (2032~) according to the duration of their impact. (e.g. The impact of the GHG emissions trading system is set to rise in line with the declining future allocation of allowances.)

Climate Change Mitigation

Strategy – Impact on Our Business Model and Value Chain

Samsung SDI identifies the impacts of climate-related risks and opportunities from the perspectives of the business model and value chain. Our business model encompasses product and technology research and development, production and manufacturing of outputs, and sales and marketing. Value chain activities are divided into the purchase of inputs such as raw materials, the distribution and transportation of inputs and outputs, and the use and disposal phases of sold products.

Among the identified risks and opportunities, significant impacts include regulations and policies related to carbon emissions and market demands. These factors drive the procurement of renewable energy and the transition to low-carbon manufacturing processes. Additionally, comprehensive carbon management across the entire value chain, including the supply chain, may be required if carbon pricing regulations are strengthened.

The market shift towards eco-friendly, low-carbon products significantly influences product and technology research and development, while increasing customer demands for reduced product carbon emissions has an impact on the entire supply chain, including the establishment of LCA (Life Cycle Assessment) system and collaborative efforts to reduce carbon footprint with partners.

To mitigate physical risks such as extreme heats, there may be changes made to manufacturing processes such as enhancing the energy efficiency of cooling and air conditioning systems, and expanding water reusage, which may also affect the review of new worksites and changes to the distribution network.

Strategy – Strategy and Performance

Renewable energy transition

In October 2022, Samsung SDI joined RE100 and declared its commitment to transition 100% of the electricity used in all its domestic and international operations to renewable energy by 2050. Since then, we have been increasing our renewable energy conversion rate on an annual basis. The conversion rate, which was at 9% in 2022, was raised to 27% in 2023.

In 2023, the primary methods for transitioning to renewable energy included purchasing renewable energy certificates, participating in green pricing programs, and installing solar panels at facilities. For overseas operations, the conversion rate was increased through the purchase of Guarantees of Origin (GO) or International Renewable Energy Certificates (I-REC), while for domestic worksites, it was through participation in green pricing programs and the installation of solar panels at facilities.

At the Giheung headquarters, a 0.3 MW solar power facility was directly invested in, enabling the eco-friendly procurement of 300 MWh of electricity annually. On-site Power Purchase Agreements (PPA) have been signed at the Cheonan, Ulsan, and Gumi worksites, where power generation companies are installing solar power facilities on rooftops.

Recently, the company has also been actively considering the introduction of off-site PPA. It is anticipated that the proportion of renewable energy transitioned through PPA will continue to increase in the future.

Renewable Energy	2022 Performance	2023		2024 Goal	2025 Goal
		Goal	Performance		
Transition rate(%)	9	26	27	34	72

GHG emissions management

To reduce our direct Scope 1 GHG emissions, we are undertaking various initiatives to reduce LNG consumption at all our domestic and overseas operations. In 2023, we installed flash steam recovery equipment while recovering and reusing exhaust air through dust filtering and exhaust equipment to reduce our LNG consumption and managed to reduce 16,000 tons of direct GHG emissions.

Direct GHG Emissions	2022 Performance	2023		2024 Goal	2025 Goal
		Goal	Performance		
Amount reduced (10 thousand tCO_2e)	0.6	1.4	1.6	3	4

Our emissions calculation methodology is in accordance with the GHG Protocol Corporate Accounting and Reporting Standard for Scope 3 emissions, and our Scope 3 emissions calculation covers 12 out of 15 categories that are closely associated with our business. We also make our emissions calculation more accurate by extending the scope of calculation, increasing the proportion of primary data, and applying emissions factors specific to different countries, fuels, and regions.

The emissions calculated as such inform our efforts to set our Scope 3 reduction goals by 2030, reflecting the requirements from the global community - SBTI (Science-Based Target initiative) and others- and internal/external stakeholders.

To mitigate our Scope 3 emissions, it is first essential to reduce our partner's emissions, so we will bolster our cooperation with partners to encourage their reduction efforts and identify and implement reduction tasks in collaboration.

Climate Change Mitigation

Strategy – Strategy and Performance

Building infrastructure for EVs and electric buses

Samsung SDI joined the K-EV100 led by the Ministry of Environment to fully transition to zero-emission vehicles for all our owned and leased corporate fleet vehicles by 2030, and has since gradually progressed towards this commitment.

In 2024, Korea's first-ever high-floor electric buses equipped with Samsung SDI batteries were released, and are being operated to support employee commutes, shuttle transport to affiliated companies, and visits to local operations.

We also expanded our EV charger infrastructure across all our operations, exceeding the mandatory requirement specified by the Enforcement Decree of the Ministry of Industry, Trade and Energy to allocate 2% of total parking lots for EV charging.

Our corporation in the Americas (SDIA) also installed 13 EV charging units to encourage employees' EV use.

Zero-emission Vehicles Deployed and Our Goals

Zero-emission vehicles	2022 Performance	2023		2024 Goal	2025 Goal
		Goal	Performance		
Transition rate(%)	11	15	15	20	30

Category	Unit	2023 Performance	2024 Goal
Total number of electric vehicles	No. of vehicles	29	40
- Passenger cars	No. of vehicles	26	37
- Buses	No. of vehicles	3	3
Transition rate (%)	%	15	20

Company-wide EV Charging Areas

Worksite	Total no. of parking spaces	No. of charging spaces
Giheung	1,200	29
Cheonan	1,700	35
Ulsan	800	18
Cheongju	300	6
Gumi	500	14
Total	4,500	102



Eco-friendly high-floor electronic bus


EV charging area at our America corporation(SDIA)


EV charging area at our Giheung worksite

Climate Change Mitigation

Strategy – Strategy and Performance

Conducting LCA and reducing product carbon footprint

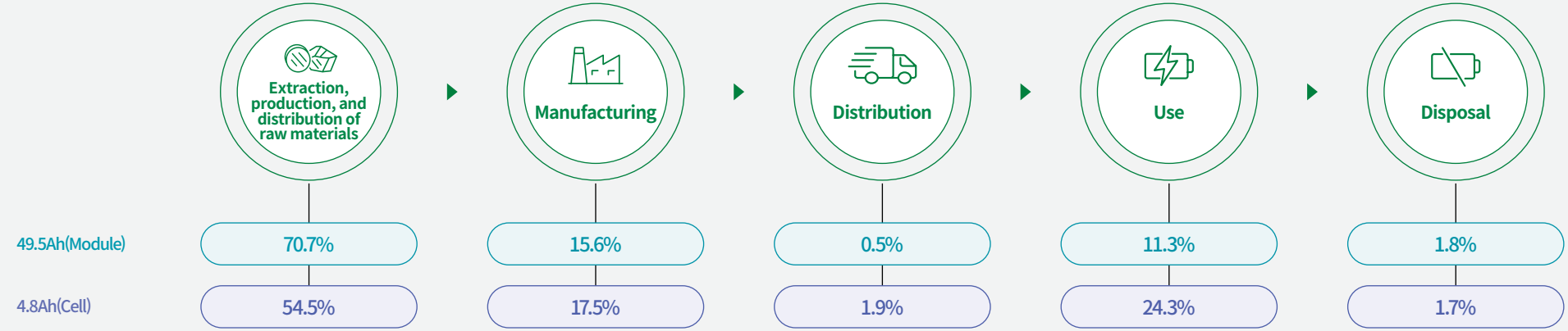
Samsung SDI performs LCA (Life Cycle Assessment) to quantitatively analyze the environmental impact generated along a product's life cycle from raw material extraction and product use to disposal and recycling. This bases our efforts to explore ways to improve any adverse impact on the environment and respond to EU's Batteries Regulation.

We will also gradually expand products certified for their carbon footprint performance to calculate and transparently disclose our carbon footprint left behind along the entire lifecycle. To this end, we will strive to build internal capabilities for carbon footprint calculation and work with partner companies to reduce our carbon footprint.

Achieving carbon footprint certification for 49.5Ah (module) and 4.8Ah (cell) batteries

Samsung SDI is working to certify our key products to the carbon footprint certification program of Carbon Trust, and our 49.5Ah (module) and 4.8Ah (cell) products achieved this certification in 2023. This revealed that the pre-manufacturing phase of extracting, producing, and distributing raw/subsidiary materials accounted for over 50% of our total GHG emissions. In response, we will pursue emissions management and renewable energy transition in the raw/subsidiary material extraction phase involving partners as well as in the manufacturing phase. In 2024, we are continuing to certify these two products to additional certification programs.

Carbon footprint impact at each stage of the life cycle



Climate Change Mitigation

Strategy – Strategy and Performance

Building a circular economy for batteries

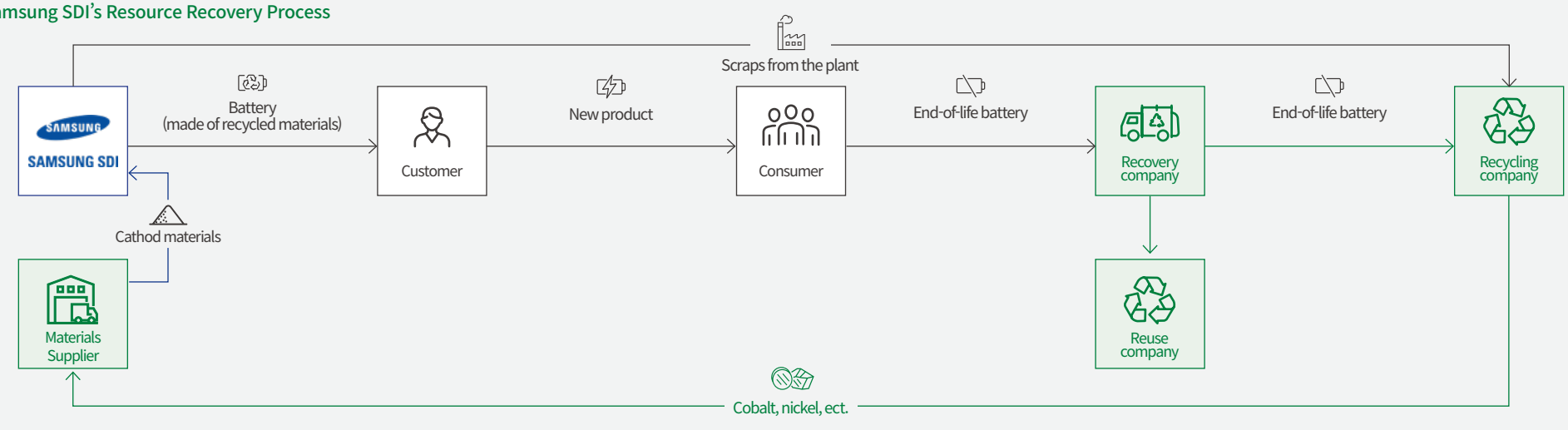
The expanding battery market highlights the growing need for resource recovery through recycling and reuse as a way to mitigate environmental impact brought by end-of-use batteries from the battery lifecycle perspective. Samsung SDI is raising the proportion of recycled minerals for such key battery materials as nickel, cobalt, and lithium, to stay ahead of the curve in responding to the US IRA (Inflation Reduction Act), the EU Battery Regulation, and other overseas market mandates for battery recycling and to cater to our customers' demand to opt for recycled materials in line with their green policy. Furthermore, we continue our cooperation with material partners and our research efforts for process innovation, establishing high quality and cost competitiveness for recycled materials.

Establishing a closed-loop process

The closed-loop process is designed to reclaim mineral resources either from process scraps or from end-of-life batteries. The critical minerals extracted from scraps generated from the manufacturing process are directly supplied to our material partners – precursor and cathode makers- and are fed back into our manufacturing process. The end-of-life batteries used and discarded by end-consumers are also reclaimed by customers and recycling partners and delivered to our material suppliers. This closed loop process will enable Samsung SDI to expand the proportion of recycled materials used for our battery manufacturing each year.

Work is underway to improve the competitiveness of recycled materials with the Recycling Research Lab under our R&D Center playing a pivotal role. This will drive our efforts to develop technology to increase the percentage of recycled materials reclaimed and recover eco-friendly materials while exploring new recycling technology through technology cooperation with partners and industry-academia collaboration.

Samsung SDI's Resource Recovery Process



Climate Change Mitigation

Strategy – Strategy and Performance

Recycling raw materials

To source recycled minerals, we collaborate with recycling partners and customers to establish a regional end-of-life battery recovery and recycling system with a focus on our domestic/overseas production and sales locations. Working with recycling partners known for top-tier technology, we are sourcing mineral materials retrieved from end-of-life batteries and process scraps generated by customers and partners as well as our own process scraps. Building on our collaboration model with recycling companies with exceptional competitiveness, we will establish advanced recycling technology and proactively use recycled materials above the mandatory proportions set by customers and markets.

Our Goal in Using Recycled Metal

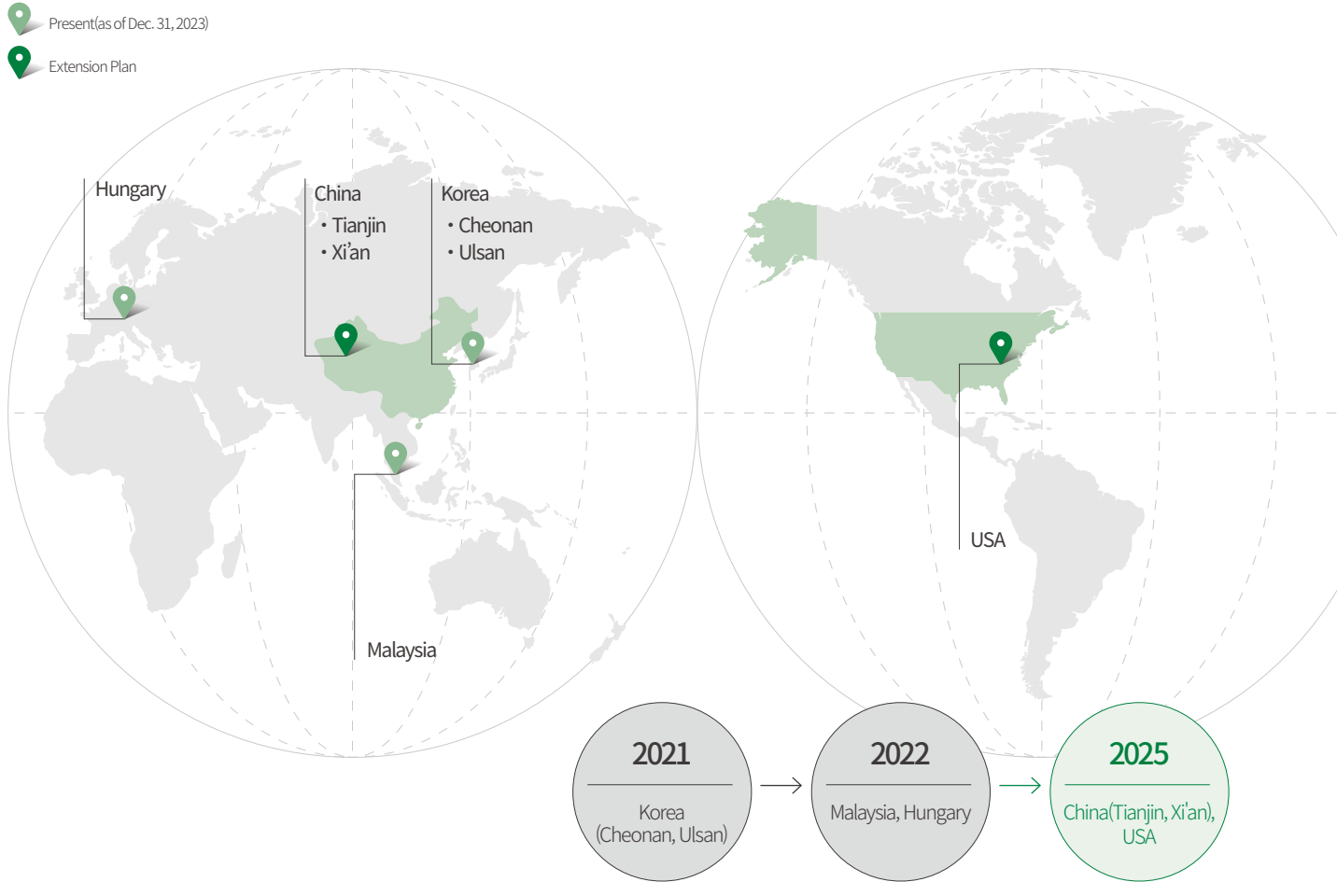
Recycled metals[1]	2022 Performance	2023		2024 Goal	2025 Goal
		Goal	Performance		
Rate of usage[2] (%)	8	12	12	18	21

1) Cobalt, nickel, and lithium
2) Until 2022, only the recycling rate of scrapped materials within Samsung SDI's processes was measured. However, starting in 2023, the calculation also includes recycled metals from material partners.

Our progress towards reuse

We are exploring the possibility of reusing end-of-service EV batteries for ESS and other applications. As part of R&D efforts to this end, we are participating in an 'end-of- service EV·ESS battery recycling industrialization project' led by Jeollanam-do and a 'reused, refurbished battery-powered, renewable energy-aligned MWh-capacity ESS technology development and demonstration' project designed to review renewable energy-aligned ESS for battery reuse. Our plan is to examine the technical conditions and feasibility requirements to be met to reuse end-of-life batteries through R&D and demonstration project outcomes on battery reuse.

Samsung SDI's Plant Scrap Collection Locations



Climate Change Mitigation

Strategy – Financial Status, Financial Performance, and Cash Flow Impact

Physical risk analysis

Analysis overview and scope

We followed the TCFD recommendations to go over the impact and exposure level of physical risks under varying scenarios. For this year's reporting, we analyzed our operations in Cheonan in Korea and Hungary, and will extend the scope of scenario-based analyses to cover all our key global operations.

Analysis methodology and scenario description

In conducting scenario analyses, we adopted the Hazard-Vulnerability-Risk modeling methodology of S&P Global Climanomics. This led us to identify financial impact on our respective operations in line with the eight key climate hazards of extreme heat, inland flood, coastal flood, drought, wildfire, tropical cyclone, water stress, and fluvial flood. Such financial impact is analyzed according to estimated annual average asset losses and modeled average annual losses for each scenario at the 10-year interval by 2100. Our analysis modeling chose IPCC SSPs (Shared Socioeconomic Pathways) as physical risk scenarios.

Level of Physical Risk	SSP Scenarios	Eco-friendly and sustainable economic growth is feasible due to the advancement of renewable energy technology
Low ↑ ↓ High	SSP1-2.6	Climate change mitigation and socioeconomic development follow the 'Middle of the Road' pathway
	SSP2-4.5	Climate change mitigation and socioeconomic development follow the 'Middle of the Road' pathway
	SSP3-7.0	A social structure becomes vulnerable to climate change due to reactive climate change mitigation policy and delayed technology development
	SSP5-8.5	A focus on the rapid advancement of industrial technology results in the increased use of fossil fuels and the expansion of reckless development

Overall analysis results

Under all climate change scenarios including the RCP 8.5 with the highest level of physical risk, our exposure to overall physical risks is low. Extreme heat proved to be the greatest risk, and other climate hazards such as drought, inland flooding, tropical cyclone, and forest fire produced only minimal financial impact. The financial impact of extreme heat includes asset and revenue losses caused by increasing cooling costs, declining functionality of the HVAC system, and lost employee productivity.

Financial Impact by Risk

Category	Risk[1]	Scenario	Financial Impact[2] 2020~2029	Financial Impact[2] 2030~2039	Financial Impact[2] 2040~2049	Stakeholders	Our Response
Chronic	Extreme Heat	High(SSP5-8.5)				Employees	- Bolster the energy efficiency of cooling and HVAC systems to prevent productivity from falling
		Low(SSP1-2.6)					
	Drought	High(SSP5-8.5)				Government, Local community	- Reuse and recycle water and others
		Low(SSP1-2.6)					
Acute	Inland flooding	High(SSP5-8.5)				Customers, Partners, Employees, Local Community	- Constantly check emergency response manuals in the workplace - Strengthen facility safety and purchase insurance against disasters
		Low(SSP1-2.6)					
	Tropical cyclone	High(SSP5-8.5)					
		Low(SSP1-2.6)					
	Forest Fire	High(SSP5-8.5)					
		Low(SSP1-2.6)					

* SSP Scenario: A scenario that models future socio-economic conditions by considering factors such as population, economy, energy, and technology policies that influence climate change.
The scope of calculation does not include coastal flood, water stress, and fluvial flood.
Based on the Mean Annual Average Loss (MAAL) criteria, it is categorized as follows: (less than 0-0.5%), (0.5-1%), (1-5%), (more than 5%).

Climate Change Mitigation

Risk Management

Risk management process

Samsung SDI's process for managing climate change-related risks and opportunities is integrated into the company-wide risk management system. Samsung SDI's risk management process starts with identifying and assessing climate-related risks to understand their impact, and moves on to develop response strategies based on their impact on our operations and make decisions accordingly. In line with the ISO 14001 environmental management system standard to which all our operations were certified, relevant departments from EHS, infrastructure, marketing and procurement functions identify climate change impacts associated with external regulations and trends, internal organizational activities, and products. When risks and opportunities are identified, the ESG Strategy Group and the ESG Working Group analyze and prioritize them in consideration of their financial impact, the timepoint of their physical occurrence, and our current response levels. This is reported to the company-wide Sustainability Management Council that meets regularly on a quarterly basis to discuss response strategies and action plans, and critical risks are reported and agendas are proposed to the Sustainability Management Committee for its decision-making. Climate-related, country-specific regulatory risks are included in our company-wide business decision-making process for their integrated management.

Internal Process for Risk Management



Metrics and Targets

GHG Emissions

Category		Unit	2021	2022	2023
Total emissions (the sum of direct/indirect emissions)[1]		tCO_2e	1,573,530	1,660,732	1,458,880
- Direct/indirect emissions intensity		tCO_2e/KRW 100 million	11.6	8.3	6.4
- Direct/indirect emissions	Direct emissions	tCO_2e	225,594	242,116	272,196
	Indirect emissions	tCO_2e	1,347,936	1,418,616	1,186,684
- By region	Domestic	tCO_2e	587,846	582,503	595,569
	Overseas	tCO_2e	985,684	1,078,229	863,311
- By sector	Small battery	tCO_2e	868,223	892,538	732,028
	Automotive & ESS battery	tCO_2e	454,820	516,853	479,262
	Electronic materials	tCO_2e	184,720	186,114	176,210
	R&D and others	tCO_2e	65,767	65,227	71,380
Other indirect emissions		tCO_2e	235,941	1,203,935	2,208,938

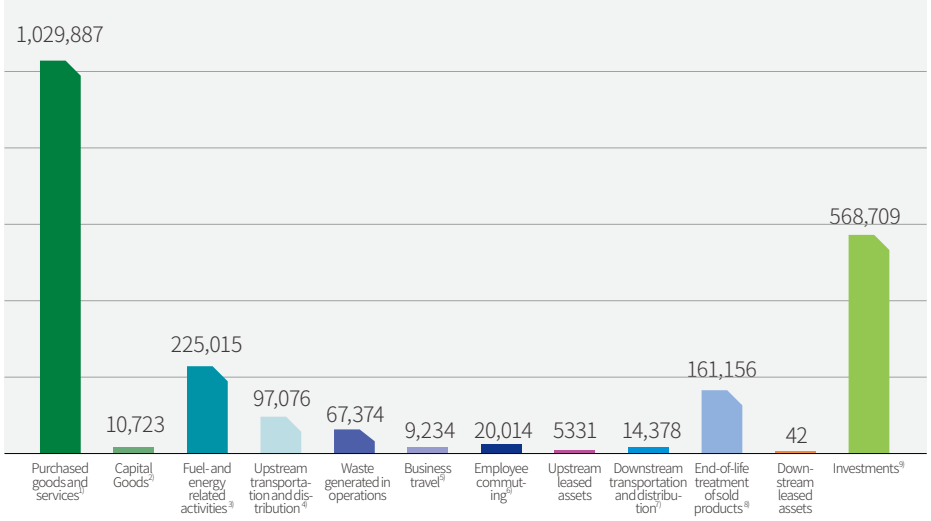
1) Total emissions were reported as market-based GHG emissions that reflect the transition to renewable energy. Our location-based 2023 GHG emissions amounted to 1,839,034tCO2e

2) 14,180 tons saved through reduced LNG usage

3) 380,154 tons saved through renewable energy transition (RECs, Green Premium, solar)

Scope 3(Other Indirect Emissions) in 2023: 2,208,938tCO_2e

(Unit: tCO_2e)



※ Excluded 10) Processing of sold products, 11) Use of sold products, and 14) Franchises from the 15 GHG Protocol categories

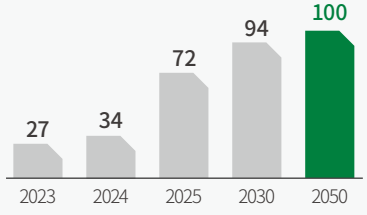
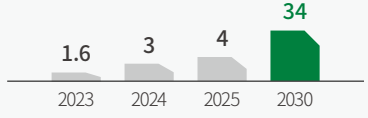
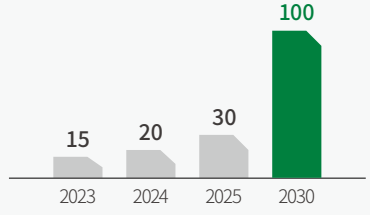
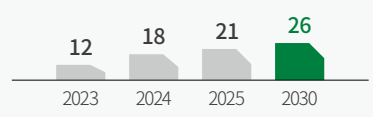
1) Calculated for the top 90% of the raw/subsidiary material purchase expense
2) Calculated for the top 90% of the raw/subsidiary material purchase expense
3) Upstream emissions and power transmission and distribution losses of purchased fuel/power
4) Calculated for the top 80% of the transport/logistics service loads
5) Domestic and overseas worksites, but not included land transport used overseas
6) Domestic/international worksite commuter buses and commuter cars operated at domestic worksites
7) Calculated for the top 80% of the transport/logistics service loads
8) Energy Solutions (excluding ESS) and Electronic Materials
9) Joint/associated entities (excluding fund investments and investees included in other categories of emissions)

Climate Change Mitigation

Metrics and Targets

Samsung SDI's strategic task for action for climate crisis

In October 2022, we made our environmental management declaration to define strategic tasks to achieve net zero by 2050 and mitigate climate change, and are setting and managing task-specific short/mid/long-term goals. The Sustainability Management Council supervised by our CEO serves to review the progress made for each task on a quarterly basis, including 100% transitioning to renewable energy, reducing direct GHG emissions, switching to zero-emissions vehicles for all corporate fleet vehicles, and expanding resource recovery through battery recycling.

Themes	Renewable Energy Transition	GHG Emission Reduction		Battery Circular Economy
Tasks	**100% Transition to Renewable Energy** Fully shift to renewable energy power for all worksites by 2050 through the increased use of renewable energy at key locations	**Reduce direct GHG emissions** Reduced direct greenhouse gas emissions by lowering LNG use	**Shift to zero-emission vehicles for all business vehicles** Make a 100% switch to zero-emission vehicles powered by Samsung SDI batteries for business vehicles by 2030	**Expand battery recycling** Establish a closed-loop recycling system for process scrap and waste batteries and expanding the use of recycled metals
Performance and Goals	Transition to renewable energy (Unit: %) 	GHG direct emissions target reductions (Unit: 10 kiloton) 	Transition to zero-emission vehicles (Unit: %) 	Use of recycled metals (Unit: %) 

Energy Consumption

Reduction of Energy Use

Energy consumption reduction implementation system

We set our yearly goals for electricity and LNG consumption reduction by 2050, and are implementing the company-wide key tasks identified to reach these goals by introducing high-efficiency equipment and recycling waste energy. The progress made in reducing energy consumption is reported to the Sustainability Management Council supervised by the CEO on a quarterly basis.

In 2023, we conducted self-checks on the utility power grid to prevent energy losses, and rolled out energy conservation best practices such as recovering exhaust air through dust filtering and exhaust equipment for reusage. All our utility equipment is also subject to annual ageing evaluation to ensure old equipment with decreased operational efficiency is replaced with high-efficiency one in a timely manner. We also send energy and equipment experts to new or expanded operations to undertake intensive efforts to conserve energy and optimize operating standards.

Reinforcing the energy management system at the worksite level

In alignment with our smart factory development efforts, we are upgrading our energy management system which was previously operated through manual documentation into one enabling real-time energy consumption monitoring by process, line, and equipment. We are piloting its system deployment first at our Ulsan worksite, and will complete the deployment of this new system across our production worksites in Korea by the end of 2024. To optimize the energy consumption of large-capacity UT equipment, we are considering the introduction of a digital twin-based simulation system.

As to our four production worksites in Korea, their energy management system has been up and running in conformity with the ISO 50001 (energy management system) international standard, and they all remain certified following the renewal audits performed in 2023.

Key Achievements in Energy Savings by Worksite

Business Division	Worksite	Activity	Achievement
Company-wide	Cheonan, Ulsan, Gumi, Cheongju, Giheung	Manage peak power consumption in summer	Minimized increases in peak power consumption
HQ	Giheung	Install on-site PV power generators on rooftop spaces	Reduced power consumption
Small Battery, Automotive & ESS	Cheonan, Malaysia, Xi'an	Recover exhaust air from dust filtering and exhaust equipment and reuse such air	Reduced power and LNG consumption
	Cheonan, Ulsan, Hungary	Pilot the application of low-temperature regenerative dessicant rotors	Reduced power and LNG consumption
	Cheonan, Tianjin, Hungary	Install flash steam recovery equipment	Improved heat energy losses
Electronic Materials	Cheongju	Introduce high-efficiency refrigerators and boilers	Improved energy consumption efficiency
	Wuxi	Improve the retention of combustion gas to increase RTO's operational efficiency	Reduced LNG consumption

Global Company-wide Energy Investments and Achievements in Reducing Energy Use

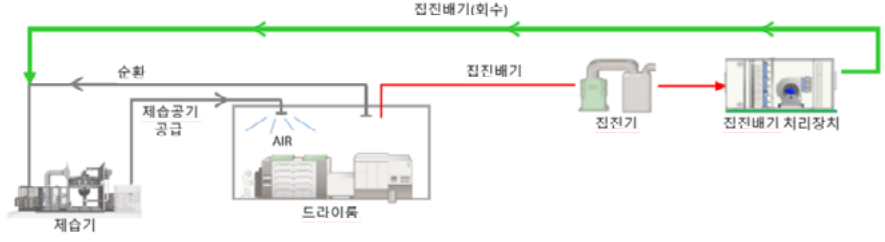
Category		Unit	2021	2022	2023
Total investments		KRW million	4,710	4,692	6,183
Fuel saving activities		cases	78	61	99
Electricity & steam saving activities		Cases	595	404	644
Savings genera-ted	Total reductions made	TJ	1,741	1,905	1,702
	- Fuel reduced	TJ	247	277	280
	- Electricity & steam reduced	TJ	1,494	1,628	1,422
	Total savings generated	KRW 100 million	213	313	375
	- Fuel savings generated	KRW 100 million	28	43	78
	- Electricity & steam savings generated	KRW 100 million	185	270	297

Energy Consumption

Reduction of Energy Use

Recovering exhaust air from dust filtering and exhaust equipment for reuse

We installed additional dust filtering and exhaust processing equipment to reuse the exhaust air generated from the dry room. As battery manufacturing inherently requires dehumidifying conditions, high-priced dehumidifying air is supplied to create a dry room environment. Meanwhile, a significant amount of such air is released outside through dust filtering and exhaust for the purpose of in-process particle management. To reduce the supply of expensive dehumidifying air, we installed more dust filtering and exhaust processing equipment to reuse the exhaust air that would be otherwise discarded. Installing such equipment at our operations in Cheonan, Malaysia, and Xi'an in 2023 demonstrated that this ensured stable management of particles within the dry room while reducing the exhaust air released. In so doing, we were able to lower the operating load of dehumidifiers and save 2GWh of power consumption and 740,000Nm³ of LNG consumption per year.



Increasing the operational efficiency of RTOs through improved combustion gas retention

We operate rotary-type RTOs (Regenerative Thermal Oxidizer) to treat VOCs (Volatile Organic Compounds) generated from the electronic materials manufacturing process. These RTOs are composed of multiple zones filled with porous materials with exceptional regenerative performance, and each zone undergoes repeated heating and cooling to incinerate and treat VOCs below the legal emission threshold.

In 2023, our Wuxi corporation inspected two RTOs with decreased efficiency, and discovered cracks between the board panels dividing zones and the regenerative materials, which dislocated the boards from their intended position to lead to regenerative deficiencies in the affected zones. In response, we switched from refractory soil to high-temperature resistant concrete to fill the space between the boards and the regenerative materials, and increased the height of boards by 40cm so that combustion gas could stay long enough within each zone. This resulted in a 910,000Nm³ yearly consumption reduction of LNG used for VOC incineration.

Workplace Environmental Impact

Waste Management

Minimizing waste generation and ensuring safe treatment

We continue to explore ways to increase recycling as a way to reduce the landfill or incineration of waste generated from our domestic and overseas operations. In 2022, we obtained the Zero Waste to Landfill (WZTL) certification for our domestic production facilities. In 2023, our entire operations including the Suwon worksite earned Platinum Validation, the highest rating under the WZTL program, and all our overseas production facilities also achieved Gold and above Validation. In particular, our corporations in Wuxi, Xi'an and Vietnam received Platinum Validation.

To ensure the reliable and lawful treatment of waste generated from our operations, we request waste outsourcing companies to submit their confirmation on regulatory compliance to verify they abide by applicable laws. When detecting any non-compliance, we communicate our opinion on regulatory compliance to encourage their legally appropriate treatment. In 2024, we will request specialized organizations to inspect our major waste outsourcing companies to ensure these companies engage in self-directed environmental management in addition to improving the operational efficiency of our own personnel responsible for waste management, making necessary improvement in so doing.

We fully recycle scraps generated from our manufacturing process and end-of-life batteries generated from our R&D and process operations with the help of recycling companies. We will also work with our customers to seek ways to recycled batteries used and discarded by end-consumers, and in so doing, will review and introduce appropriate end-of-life battery recycling methods.

Our Progress and Goals towards Waste Management

Category	Unit	2022 Performance	2023		2024 Goal	2025 Goal
			Goal	Performance		
Waste recycling rate[1]	%	93.0	94.0	94.7	95.0	95.5
Number of Platinum validated worksites	No.	2	6	9	12	12

1) Waste recycled/waste generated

6 domestic worksites and Xi'an, Wuxi, Vietnam corporation earned ZWTL Platinum validations



Water Resources Management

Reducing water consumption while increasing water reuse

To protect water resources, Samsung SDI set yearly water reuse targets by 2050, and identified company-wide common tasks to progress towards these targets. The progress made in attaining water reuse and reduction targets is reported to the Sustainability Management Council supervised by the CEO on a quarterly basis.

In 2023, our water reuse rose by 7.9%p year-over-year to 30.9%. In 2023, our Ulsan worksite introduced an effluent reuse system to reclaim and treat water that had been previously discharged into the environment after wastewater treatment and to use such water as industrial water. We also roll out best practices of our domestic operations for water reuse at across the board, which allowed our overseas corporations to treat and reuse low-concentration product cleaning water as makeup water for cooling towers.

Our Progress and Goals towards Water Management

Category	Unit	2022 Performance	2023		2024 Goal	2025 Goal
			Goal	Performance		
Water reuse rate[1]	%	23.0	26.2	30.9	38.9	45.6
Amount of reused water	10 thousand tons	285	345	418	626	844

1) Water reused/(water discharged+reused)

Ulsan worksite introducing an effluent reuse system

To keep increases in our water withdrawal to a necessary minimum, we defined reusing wastewater discharged from our operations as our company-wide common task, and are developing water reuse systems appropriate to the water treatment processes of respective worksites and the characteristics of wastewater. In 2023, our Ulsan worksite introduced an effluent reuse system. The end-of-pipe quality analysis of the effluents released by the worksite revealed that they could be treated for use as industrial water by leveraging the reserve capacity of the existing raw water treatment facility. A new effluent recovery line was installed connecting the wastewater treatment facility and the raw water tank, and this resulted in an up to 2000㎥ of effluents reused a day. This recovery line was also built with the pipes left unused within the worksite to save on investment expenses. Undertaking this task allowed our Ulsan worksite to achieve a year-on-year improvement of 39%p in water reuse while lowering its water withdrawal from nearby lakes in 2023. In 2024, we plan to establish a new wastewater reuse system at the Cheonan worksite and expand the wastewater reuse systems at the Tianjin and Xi'an operations.

Workplace Environmental Impact

Pollutant Management

Managing air pollutant emissions

We install optimal air pollution control equipment at respective facilities emitting air pollutants to minimize air pollutants stemming from our operations. In particular, we apply internal standards that are more stringent than legally-mandatory ones (below 30% of the legal threshold), and regularly monitor air pollutants released into the environment through analyses performed either by external certified bodies or internally while continuously keeping track of our emissions, leading the way in mitigating air pollutants.

To minimize the generation of particulate matters and mitigate our environmental impact on nearby communities, we switched to super low-NOx burners emitting less NOx for boilers used at our operations, and continue with our efforts to control the total amount of air pollutants.

Air Pollutants Emissions status

(Unit: kg)

Category		2021	2022	2023
Air Pollutants	NOx	58,475	39,548	40,301
	SOx	1,871	1,281	5,648
	PM	46,349	44,554	45,828
	VOC	-	-	76,826[1)]

1) VOC data collected from 2023, only includes overseas corporation

Managing water pollutant discharges

We introduced alternatives to harmful chemicals in treating wastewater at our domestic operations, and are currently using substitutes for sulfuric acid and caustic soda at our wastewater treatment facilities. We raise the bar in operating and managing the wastewater treatment facilities of our worksites to minimize the release of water pollutants and preserve the quality of water in so doing. In particular, our internal standards are more rigorous than legally-permissible ones (below 30% of the legal threshold), and we are operating the TMS(Tele Monitoring System) for water quality to monitor the discharge of water pollutants in real time even at worksites not subject to any statutory obligations to do so in order to ensure that we abide by our own discharge standards. Daily monitoring is performed through analyses conducted either by external certified bodies or internally, and water quality data are stored and regularly managed.

Water Pollutant Emissions Status

(Unit: kg)

Category		2021	2022	2023
Water Pollutants	BOD	27,447	14,098	6,467
	TOC[1)]	-	-	7,836
	SS	43,288	48,654	31,997

1) TOC data collected from 2023, only includes domestic worksites

Hungary corporation (SDIHU) introducing dry discharging for end-of-use batteries

SDIHU introduced 'dry (electricity) discharging' as an eco-friendly method for neutralizing the remaining charge of end-of-use batteries in Q4 2023 in step with our ESG management initiative. Moving away from the conventional 'wet (seawater) discharging' approach to dry-discharging for over 90% of discarded batteries resulted in a tremendous reduction in the waste seawater generated. This also helps conserve resources that go into using and disposing of seawater and preventing environmental pollution.

SDIHU developed the optimal 'dry discharging algorithm' for end-of-life batteries to enable full, safe discharging without causing the voltage to return to its high level. SDIHU also retrofitted a facility that were left unused for dry discharging to introduce this new discharging process with only minimal investment, making valuable contributions to resource circulation.



Seawater Discharge



Dry Discharge

Workplace Environmental Impact

Minimizing the Use of Single-Use Products

To reduce the use of disposable products, we replaced plastic water bottles, straws, plastic bags, and paper cups with alternatives made of metals or glass across our entire overseas operations by 2023. To ensure that stores operating at our worksites also use less single-use products, we started switching to reusable cups at the in-house cafe at our Giheung worksite and will gradually expand the use of reusable cups across our entire operations in 2024.

We plan to provide all our employees with eco bags and shift from plastic utensils to reusable ones at our in-house cafeterias, further expanding our efforts to reduce the use of disposables in our daily routines.

Our Progress and Goals towards Reducing the Use of Disposables

Category		2023 Performance	2024 Goal
In-house cafeteria	Plastic supplies and bags, paper cups	Completed for overseas operations	-
	Reusable bags and utensils	-	Pursue a consecutive switch at the entire domestic operations
Stores operating at our worksites	Reusable cups	Switch completed at the Giheung worksite	

Campaign for reusable cup usage



Guidance on returning reusable cups



Workplace Environmental Impact

Biodiversity

Biodiversity policy

Samsung SDI recognizes the importance of ecological restoration and biodiversity preservation. This is embedded in our EHS management guidelines, and we endorse the objectives of the Convention on Biological Diversity (CBD) and the UN SDGs associated with biodiversity.

1. We will engage in all necessary studies and actions to prevent, minimize, and mitigate factors threatening biodiversity in undertaking new projects, including advancing into new markets and expanding operations. We will make sure this policy applies to our partners.
2. We are aware of the international conventions governing World Heritage areas and IUCN (International Union for Conservation of Nature) Category I-IV protected areas, abide by national and local regulatory requirements in our operations based in the areas covered by these conventions, and seek out cooperation with external professional organizations and expert groups when necessary.
3. We will ensure that no net loss of biodiversity occurs while net positive impact is promoted across our operations. We will mitigate the environmental impact of our operations including biological toxicity, and identify biodiversity impact along our products' lifecycle through lifecycle assessment to do our utmost to preserve ecosystems and biodiversity.
4. We prioritize the protection of rare species and endemic species at the risk of extinction, and will consider our membership at national, regional, and global biodiversity protection initiatives. To elevate our knowledge and understanding of biodiversity protection issues, we will keep our employees and stakeholders informed of relevant information.

No deforestation policy

Samsung SDI will stay at the forefront of fighting deforestation to continue with our policy to protect the planet earth, including ecological protection and climate change response. This is embedded into our ESH management guidelines, and we endorse the UN SDGs associated with the prevention of deforestation.

1. We will ensure our newly-established operations do not result in any deforestation, and promise to restore forests and other green areas when our existing operations shut down.
2. We advance sustainable environmental policies to deliver on the Net Deforestation Zero commitment to offset forest losses through forest restoration by 2050.
3. We will establish procedures to review partners for their risk of deforestation and roll out our environmental management system among partners to make concerted efforts towards combating deforestation and environmental conservation.
4. We will partner with civic groups and environmental organizations, and also with expert organizations when necessary to promote forestation and greening efforts in the vicinity of our operations.

Our Efforts for Biodiversity Protection

Hungary corporation(SDIHU)'s support for animal shelters

Hungary corporation (SDIHU) has supported animal shelters near its operations since 2022. SDIHU employees volunteer to maintain and clean up these shelters to provide a more pleasant environment for over 600 stray animals while donating animal feeds and toys to reach out closer to community members. Rescuing a fox trapped in a sewage drain near the operations and placing food in nearby areas to keep migratory birds from entering the plant, SDIHU continues with its efforts for biodiversity conservation on multiple fronts.





Malaysia corporation(SDIEM)'s environmental cleanup activities

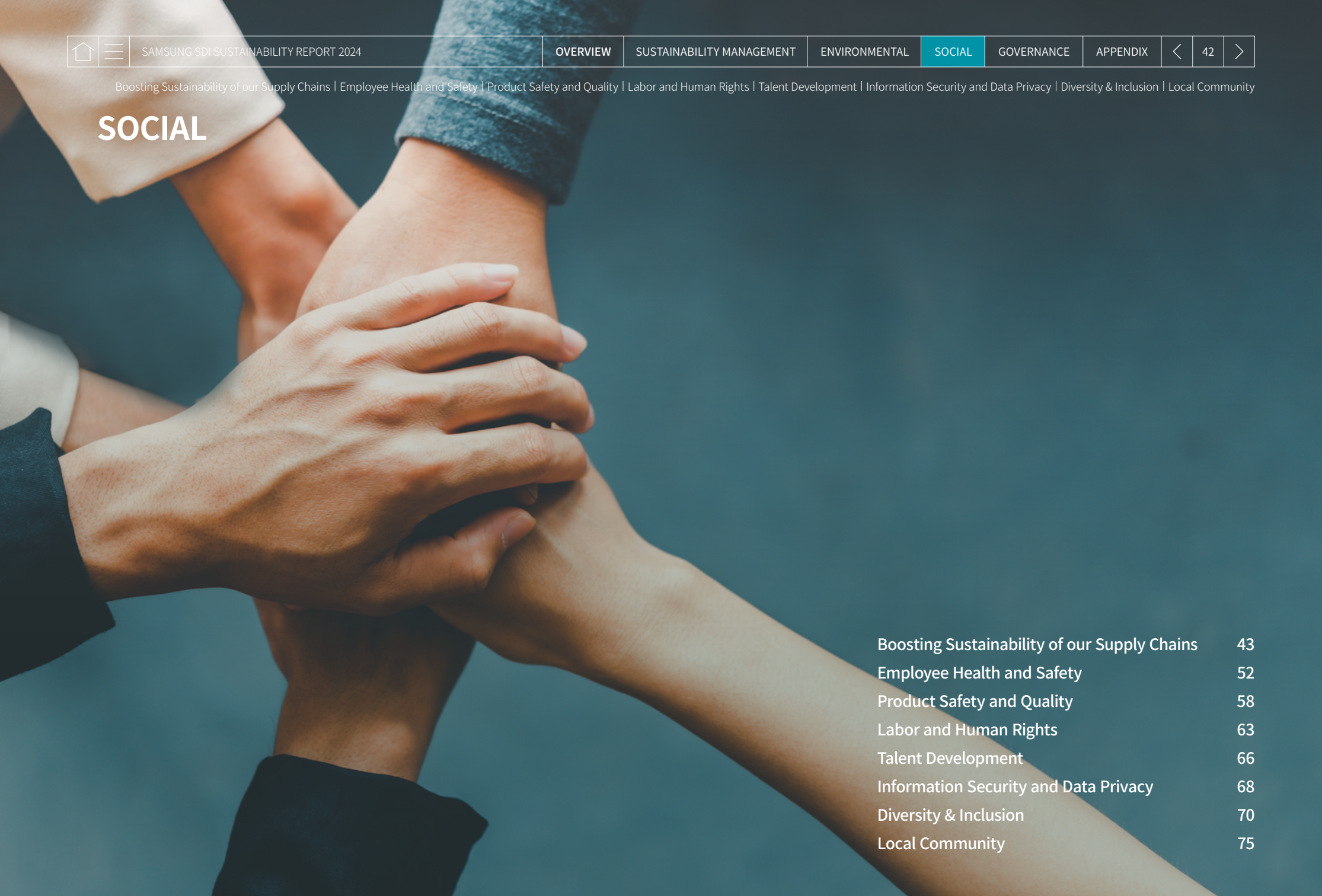
Malaysia corporation (SDIEM) engages in environmental cleanups on beaches and mountains for the benefit of the local communities where it is based. In June 2023, 75 SDIEM employees collected 195kg of litter along the Teluk Kemang beach near Port Dickson, cleaning up along the 500-meter stretch of the beach. In July 2023, 25 SDIEM employees picked up trash while trailing along Kepayang Hill. Such activities earned SDIEM recognition for its ESG management, and SDIEM was honored with the ESG Award at the ESG Forum hosted by the MITI[1)] and the Korean Embassy in Malaysia.

1) MITI : Ministry of Investment, Trade and Industry





SOCIAL



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Boosting Sustainability of our Supply Chains

Supply Chain Management System

We conduct ESG due diligence on our partners to advance responsible supply chains, and preemptively manage ESG risks across the areas of safety, environment, ethics, and human rights that may occur along our supply chains. We also provide training on the recent legal and regulatory amendments made on labor, environmental, and other issues as well as guides and case studies addressing compliance requirements, supporting our partners in faithfully fulfilling their social responsibility. We also perform risk due diligence on our mineral supply chains to ensure social issues, ranging from environmental pollution to human rights violation, do not occur in the mining process while joining global conflict mineral initiatives along with customers and partners.

Our ESG risk review and improvement activities undertaken through due diligence on partners are headed and overseen by our leadership from their planning to implementation and completion, and relevant specifics are regularly reported to top management through the Sustainability Management Council. The operational results of ESG due diligence on partners are also reflected in setting annual goals for the responsible executive (head of the Procurement Strategy Group) and are managed accordingly.



ESG organization for procurement operations

Following the launching of a dedicated ESG organization in 2022, our Procurement Strategy Group established our supply chain ESG management system, spanning ESG due diligence on partners in conformity with RBA (Responsible Business Alliance) standards and estimating real world data on carbon emissions of respective partners. In 2024, the scope of ESG due diligence is expanding to include partners in Europe, the Americas, and China in line with our growing battery business, and work is underway to set reduction goals and specific pathways towards these goals to help partners lower their carbon emissions in substantive ways. We also provide training and support activities for respective partners to ensure they better understand ESG management and build necessary working-level capabilities.

Definition of partners

Samsung SDI manages our supply chains by classifying partners into first-, second-, and third-tier partners. We define first-tier partners as suppliers of raw/subsidiary materials that go into our products as well as equipment required for product manufacturing. Second-and third-tier partners are the ones who supply raw/subsidiary materials to our first-tier partners. We specifically define the suppliers of key raw materials and components as primary partners, and provide them with a range of support. In selecting and managing partners, we perform paper-based assessment and due diligence to ensure transparency and fairness.

Supplier Code of Conduct

Samsung SDI established the Samsung SDI Supplier Code of Conduct in reflection of the RBA Code of Conduct which sets out how businesses should fulfill social responsibility along their supply chains, and shares the Code with partners and requests their compliance with the Code.

In 2023, we amended Supplier Code of Conduct to keep pace with the latest changes made to the RBA (Responsible Business Alliance) Code of Conduct and the key requirements of customers and other stakeholders. We provided trainings, meetings, and notifications on the amended Code to encourage partners' voluntary compliance and implementation. We also make our partners submit confirmation outlining their commitment to adhere to our Supplier Code of Conduct and responsible minerals sourcing policy, driving sustainability management across the entire supply chains. Our efforts to publicize our policies and improve awareness extend to both internal and external stakeholders, including customers, investors, and our leadership and purchasing department.

For the updated Supplier Code of Conduct, please follow the link below.

Samsung SDI Supplier Code of Conduct

Boosting Sustainability of our Supply Chains

Managing Partners' Sustainability

ESG due diligence on partners

Since 2023, we have performed ESG due diligence on our partners with the help of professionals working at RBA-accredited auditing organizations. We assess our domestic and overseas suppliers of raw/subsidiary materials for their compliance with our Partner Code of Conduct by referencing the standards suggested by the RBA, the RSCI (Responsible Supply Chain Initiative) and such international organizations as the ILO and the ISO as well as market requirements, supporting them with making necessary improvements. In addition to third-party professionals, our ESG personnel from the Procurement Strategy Group also participate in on-site due diligence to ensure effective assessment and support improvement activities.

The partner ESG due diligence process follows the cycle of self-assessment, on-site due diligence performed by external experts, improvement, and final review. Partners identified for non-conformities through on-site due diligence are required to submit their improvement plan within one month, and the improvements made are verified through final review. For critical non-conformities related to compulsory labor and child labor, we apply the zero tolerance principle to encourage rigorous compliance for our partners. In 2023, due diligence was performed on 41 partners in Korea and 24 partners overseas (Malaysia, Vietnam, Japan). In 2024, we are making progress on the ESG due diligence plans that we developed for partners in Europe, China, the Americas and Korea.

Overview of the partner ESG due diligence conducted in 2023

In 2023, no critical non-compliance was found through the ESG due diligence conducted on partners in mandatory compliance items such as ban on compulsory labor, ban on child labor, wages and compensation, environmental permit, hazardous substances management, and occupational safety. When non-conformities are found as a result of assessment, we ensure immediate improvements are made or improvement plans are developed and implemented through regular review according to the severity of the issue at hand and improvement measures. We will strengthen working-level training to help our leadership and partners improve their ESG performance.

Partner ESG Due Diligence Conducted in 2023 (Unit: no. of partners, no. of cases)

Category	No. of partners	Average number of non-conformities identified for each partner
Domestic	41	24.5
Malaysia	9	33.3
Vietnam	11	16.1
Japan	4	12.8
Total	65	23.6

ESG Due Diligence on Partners

Conduct self-assessment
- New partners and existing key partners

→ **Conduct on-site assessment**
- External experts
- ESG personnel at the Procurement Strategy Group

→ **Submit improvement plans and take action**
- Partners identified for findings

→ **Conduct final review (verify improvements made)**
- External experts
- ESG personnel at the Procurement Strategy Group

ESG due diligence performed on overseas partners in 2023

Conducting ESG due diligence on partners allows us to identify and prevent risk for partners overseas as well as in Korea. Between July and October 2023, we consecutively conducted ESG due diligence on our key suppliers of raw/subsidiary materials in Malaysia, Vietnam, and Japan. Working with third-party expert organizations, our HQ personnel assessed these partners in the areas of labor, health & safety, ethics, environment, and management system. This revealed that some partners were in need of shopfloor improvement concerning their process environment and safety as well as operator training. This process also identified partners lacking investment in safety equipment or engaging in excessive overtime work. These partners made immediate improvement on identified non-conformities or prepared and submitted their improvement plan based on due diligence findings, and we will regularly monitor the progress they make and provide necessary support.

Boosting Sustainability of our Supply Chains

Managing Partners' Sustainability

Our ESG management expectations for partners

In the event a critical incidence of non-compliance occurs at our partners in relation to compulsory labor, child labor, and conflict minerals, Samsung SDI may request that partners seek improvement for the set period of time. If this does not lead to any improvement beyond the set time period, we have the right to terminate part or all of the contract pursuant to our policy. We also have our partners submit their confirmation indicating their consent to such provisions.

In registering raw/subsidiary material suppliers, we request them to conduct ESG self-audits and submit the results. This aims to encourage prospect partners to internally go over our ESG requirements, identify deficiencies, and manage them on their own.

We also request that partners declare their certification to such third-party environmental standards as ISO 14001 and ISO 5001 and upload their certificates on the G-SRM, our partner management system.



ESG training for partners

Between February and November of 2023, we provided on/offline training to the management and working-level personnel of our partners on five occasions to raise their ESG awareness and inform them of necessary requirements. In particular, training courses for working-level personnel not only delivered basic theoretical information concerning global ESG regulatory trends, market requirements, and response timeline, but also focused on the substantive preparations required to eliminate ESG risk for partners, ranging from RBA requirements for ESG due diligence to GHG emissions calculation and management methods, along with Q&As for working-level issues.

Supporting partners to enhance EHS capabilities

Our environmental management system is up and running to respond to EHS regulations and prevent relevant management risk. In 2023, two-day training was provided between August 23 and August 24 under the Consortium for HRD Ability Magnified Program at our Ulsan worksite: we recruited participants from all our partners, and 48 employees from 36 partners joined the training which addressed such topics as ESG requirements, GHG management, response to product environmental regulations, and chemical substances policies. In 2024, we will cover topics associated with tightened or amended regulations governing environmental and safety issues and ensure increased participation from Samsung SDI partners.

Partner ESG Training Provided in 2023

Category	Date	Topic	Participating Company (companies)	Participants (persons)	Instructor	Format
Working-level training	Feb. 27	Pre-ESG due diligence training	67	98	External instructor	Online
	Aug. 24	Environmental training for partners	36	48	In-house instructor	Offline
	May. 18	CDP GHG training	70	74	External instructor	Online
Management training	Oct. 31	ESG training for partner management (joint subcommittee meeting for SSP members)	43	43	External instructor	Offline
	Nov. 14	ESG training for partner management (Shared Growth Day)	90	170	In-house instructor	Offline

* Others: Distribution of GHG video training materials to partners (186 raw material companies, 28 facilities)

Boosting Sustainability of our Supply Chains

Responsible Minerals Sourcing

Implementation system for responsible minerals sourcing

At Samsung SDI, the Sustainability Management Committee under the Board of Directors and the Sustainability Management Council attended by top management serve to manage and oversee overall supply chain risks, including conflict minerals and responsible minerals sourcing.
The Purchasing Strategy Group and the Sustainability Management Office are responsible for establishing our responsible minerals sourcing policy and management procedures and identifying supply chain risk while developing and implementing improvement measures.

Responsible minerals sourcing policy

In October 2023, Samsung SDI stipulated our 'responsible minerals sourcing policy'. We endorse and adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and strictly ban the use of minerals sourced in a way that may cause adverse impact from the social and environmental aspects, from funding for armed groups and serious human rights violation to health and safety risk and environmental destruction. This policy applies to tin, tantalum, tungsten, gold and other minerals mined in conflict-affected areas (conflict minerals) as well as cobalt, nickel, lithium, manganese, graphite, talc and other minerals that may have significant negative impact in the social and environmental aspects (responsible minerals).

To facilitate the implementation of our responsible minerals sourcing policy, we make all our suppliers of raw and subsidiary materials sign and submit the pledge to comply with this policy. We also make this policy publicly available on our website for partners, customers, employees and all other stakeholders. We also conduct annual online and offline trainings for stakeholder such as suppliers and internal related departments, to ensure that they understand Samsung SDI's policies and implement them in their daily work.

Samsung SDI responsible minerals sourcing policy

Supply chain risk management for minerals

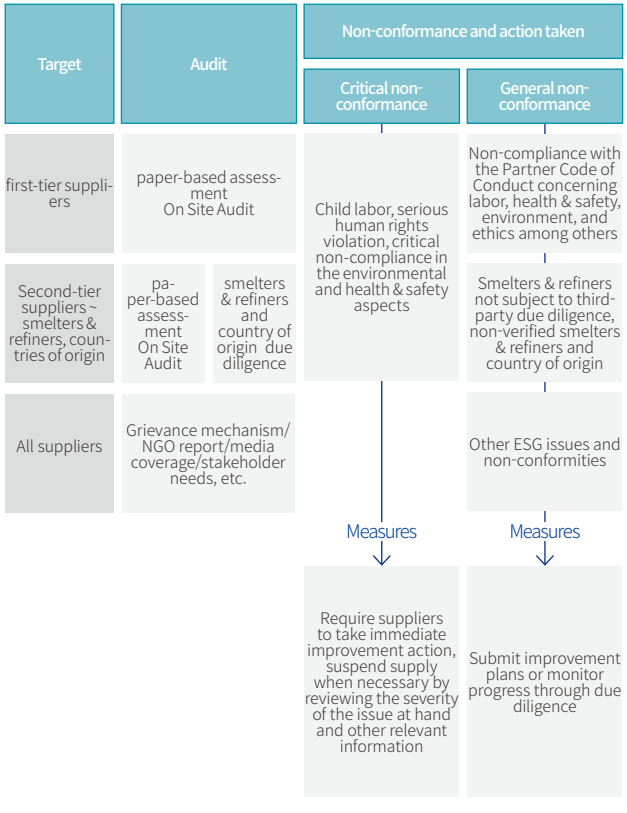
Samsung SDI has designated and manages minerals that could have negative environmental and social impacts as responsible minerals. These include the four major conflict minerals (tin, tantalum, tungsten, gold) and minerals used in the production of secondary batteries such as cobalt, nickel, lithium, manganese, graphite, and mica. When it is confirmed that a supplier, smelter, or mine is associated with conflict, child labor, human rights abuses, or other risks frequently occurring in conflict-affected and high-risk areas, the supplier is classified as a high-risk supplier and managed according to risk response mechanisms.
To manage risks along our mineral supply chains, we established our management system in line with the 5-Step Framework of the OECD Due Diligence Guidance for Minerals. We conduct regular surveys to ensure traceability and identify social and environmental risk along the supply chains of key minerals, and recommend all smelters & refiners within our supply chains to verify their conformance with the RMAP (Responsible Minerals Assurance Program). We also receive due diligence performed by independent third-party organizations for our supply chain sourcing of such critical minerals as cobalt, nickel, and lithium.

1	Establish a management system	- Adopt a mineral supply chain policy - Establish a robust management system and build internal capacity
2	Identify and assess risk	- CMRT, EMRT, supply chain mapping for key minerals - Conduct supply chain risk surveys/ assessments
3	Develop and implement risk mitigation measures	- Report risk assessment results to senior management - Develop and adopt risk management plans
4	Conduct supply chain due diligence	- Perform third-party audits on key mineral suppliers - Request smelters & refiners to become RMAP-conformant under the RMI
5	Report due diligence results	- Disclose due diligence results and activities (sustainability report, website, etc.)

Risk due diligence System

Our risk due diligence system applies to all our suppliers of raw and subsidiary materials. This informs our efforts to identify risks along mineral supply chains and to establish and implement risk mitigation measures along with suppliers.

Samsung SDI Supply Chain Risk Due Diligence Process



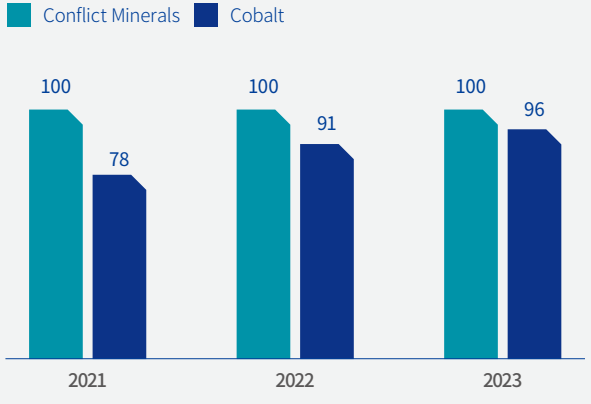
Boosting Sustainability of our Supply Chains

Responsible Minerals Sourcing

Update on our responsible minerals management

Samsung SDI includes key minerals for which human rights violation or environmental destruction issues are raised in their mining and sourcing process in addition to conflict minerals – 3TG (Tin, Tantalum, Tungsten and Gold) – mined in the Democratic Republic of the Congo and its adjacent countries in our scope of management to ensure we abide by the principle of responsible minerals sourcing. We check the CMRT (Conflict Minerals Reporting Template) and the EMRT (Extended Minerals Reporting Template) that our suppliers submit under the RMI to keep track of our list of smelters & refiners, and ensure that all our partners source minerals exclusively from smelters & refiners that are conformant with the RMI's RMAP. All smelters & refiners were RMI-conformant for the conflict minerals of 3TG while 25 out of 26 smelters & refiners were RMI-conformant for cobalt.

Proportion of RMAP-conformant smelters and refiners (Unit: %)



Samsung SDI's List of cobalt smelters and refiners

No.	Cobalt Smelters & Refiners	Country
1	Dynatec Madagascar Company	Madagascar
2	Chemaf Etoile	DRC
3	Zhejiang Greatpower Cobalt Co.,Ltd.	China
4	Gangzhou Yi Hao Umicore Industry Co.	China
5	Ganzhou Tengyuan Cobalt New Material Co., Ltd.	China
6	Gem (Jiangsu) Cobalt Industry Co., Ltd.	China
7	Guangdong Jiana Energy Technology Co., Ltd.	China
8	Hunan Yacheng New Materials Co., Ltd.	China
9	Hunan CNGR New Energy Science & Technology Co., Ltd.	China
10	Jiangsu Xiongfeng Technology Co., Ltd.	China
11	Jiangxi Jiangwu Cobalt industrial Co., Ltd.	China
12	Jingmen GEM Co., Ltd.	China
13	NORILSK NICKEL HARJAVALTA OY	Finland
14	Kamoto Copper Company	DRC
15	Kisanfu Mining(Kimin)	DRC
16	Lanzhou Jinchuan Advanced Materials Technology Co., Ltd.	China
17	Metalkol S.A	DRC
18	Mutanda Mining SPRL	DRC
19	Zhejiang New Era Zhongneng Technology Co., Ltd.	China
20	Quzhou Huayou Cobalt New Material Co., Ltd.	China
21	SungEel HiTech Co.,Ltd.	Korea
22	Tianjin Maolian Science & Technology Co., Ltd.	China
23	Umicore Finland Oy	Finland
24	Umicore Olen	Belgium
25	ZheJiang Huayou Cobalt Co., Ltd.	China
26	Zhuhai Kelixin Metal Materials Co., Ltd.	China

Third party due diligence

To ensure traceability along our mineral supply chains and identify and improve socio-environmental risks, Samsung SDI conducted third-party due diligence on our supply chains of minerals including cobalt, nickel, and lithium that are consumed as key battery raw materials. Between 2022 and 2023, due diligence was completed on nine partners ranging from first-tier partners to smelters & refiners, including three cathode suppliers, three precursor suppliers, and three smelters & refiners. According to due diligence findings, none of the minerals we use were sourced from mines at increased risk for human rights violation and environmental destruction. Meanwhile, some non-conformities were identified in responsible minerals management concerning policy, risk management system, and due diligence, and we provided guidance in developing and implementing improvement plans. In 2024, we plan to expand third-party due diligence to include mining areas based on the supply chain mapping results verified through due diligence.

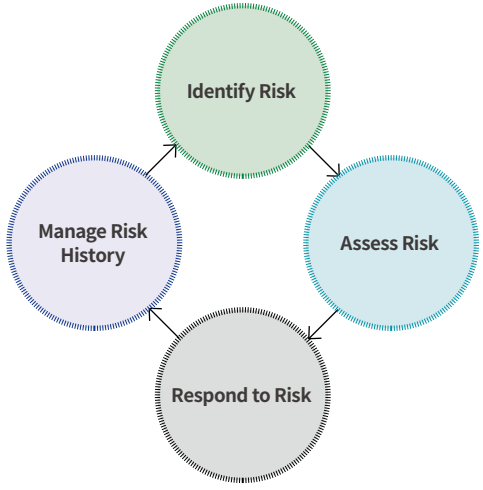
Boosting Sustainability of our Supply Chains

Managing Supply Chain Procurement Risks

Managing supply chain procurement risks

Supply chain risks include risks that may occur in the parts procurement process as well as environmental and social risks that may arise at partners themselves. Samsung SDI's purchasing risk management follows the 4-step process. The Purchasing Team identifies purchasing-related risks in line with the IATF16949[1)] process and investigates risks that may affect Samsung SDI. The risks investigated are assessed for the severity of the resulting impact and their probability of occurrence, followed by the development of risk-specific short/mid/long term response strategies. We build a database of risks that occurred historically to assess and manage risks projected to arise in the future.

Managing Purchasing Risks



1) International quality management system standard for the automotive industry, jointly developed by the IATF(International Automotive Task Force) and the ISO(International Organization of Standardization)

Diversifying supply chains for customers in the Americas

The US Inflation Reduction Act (IRA) which took effect in August 2022 further highlights the strong demand to move away from China in sourcing critical minerals and producing components for batteries that are mounted on EVs manufactured in North America. Samsung SDI is diversifying our suppliers of critical minerals into the countries that signed FTAs with the US to reduce our reliance on China while establishing battery production locations in North America. Our key partners are following suit by ensuring their supplies of raw materials come from countries outside China or from North America, developing and implementing plans to respond to IRA requirements.

Establishing a local procurement system in the EU

The EU-UK Trade and Cooperation Agreement (TCA) and the EU Critical Raw Materials Act strongly demand that raw/subsidiary materials and critical minerals consumed for EV batteries be localized within the EU region. We are encouraging our key raw/subsidiary partners to establish their presence in Europe as part of our efforts to expand sourcing partners primarily in Europe. To secure critical minerals within the region, we are monitoring the strategic partnerships the EU is forging for critical minerals while engaging in consultations with relevant partners.

1) EU-UK TCA (Trade and Cooperation Agreement) : EVs made in the EU and exported to the UK are eligible for tariff exemption on the condition that their battery components originate in the EU 2) CRMA (Critical Raw Materials Act): Regulations that aim to diversify the sources of strategic raw material import to gradually expand EU's own capacity for the extraction, processing, and recycling of these strategically important materials and not to exceed 65% in its consumption of each strategic raw material from a single third country by 2030 to reduce EU's dependence on such raw materials.

Responding to the prolonged risk of logistics disruptions

On December 3, 2023, Houthi rebels launched attacks off the coast of the Red Sea in Yemen, causing the risk of delayed marine transportation and supply of raw/subsidiary materials. Currently, it is difficult to predict when this risk of disrupted maritime shipping ends, and we immediately set up our taskforce team in response and initiated daily trend monitoring. In consideration of the prolonged disruptions, our sales and procurement plans were updated in reflection of delayed shipping days to ensure our customer response remains unaffected.

Boosting Sustainability of our Supply Chains

Strengthening Win-win Partnerships

Implementation system for joint growth

Our vision is to emerge as a global top tier company alongside our partners through win-win partnership. To create a win-win partnership ecosystem to this end, we implement three joint growth missions. In so doing, we help our partners hone their competitive edge and broaden the foundation for sustainable growth while abiding by fair trade principles to promote fair and free competition, paving the way for the continued growth of our partners.



Nov. 2023 Win-win partnership day

Operating the Samsung SDI partners' association

The Samsung SDI Partner Association (SSP) aims to maintain mutually-beneficial partnerships, pursue joint growth, and promote wholesome development in line with the spirit of co-existence and co-prosperity. The SSP consists of the subcommittees of materials, components, and equipment and is launched every two years. As of 2022, the 10th SSP was up and running in its first year. A total of 47 partners joined the 10th SSP to share industry prospects in Korea and abroad as well as Samsung SDI's business outlook and strengthen strategic partnerships. Key activities in 2023 include the SSP general assembly, SSP executive/manager seminars, overseas benchmarking for SSP executives, and subcommittee meetings. We also hosted Shared Growth Day to share innovation best practices, award top-performing partners, exhibit products, and hold procurement consultations with Samsung affiliates to promote joint growth. In 2024, we will realign the 11th SSP to continue to support shared growth activities.

Implementation System for Joint Growth

Vision	Growth into a Global Top-Tier Corporation through Win-win Partnership
Goal	Promote win-win cooperation within the ecosystem for win-win partnership
Strategy & Assignment	**Boost the competitiveness of partners** - Support the generation of key performances - Nurture global operational experts - Support management strategies for our hidden champions **Expand the basis for sustainable growth** - Collaborate in building an ESG management system - Facilitate technology/contest/development proposals - Expand open communication channels **Comply with fair trade principles** - Establish and broaden the fair trade ecosystem - Advance our compliance monitoring system - Expand fair trade with our first~second/third tier partners

Interview

Hwan-Sik Kim, CEO of Hanjung NCS

Q. What are the products that you supply to Samsung SDI?

We provide cooling/firefighting system components for ESS, EVs, and batteries, including ESS HVAC, chiller, ESS module assembly, and manifold assembly. Our core capabilities span the areas of R&D (FEM (Finite Element Method) interpretation and 3D design equipment), electric and electronics (inverter, converter and other high-voltage power conversion technology), manufacturing (smart factory), and quality assurance (advanced reliability assurance), and we ready ourselves to emerge as a global key partner for ESS and EV parts.

Q. What are the benefits and achievements you gained from joining Samsung SDI's win-win partnership program in 2023?

In our transition to ESS business and the resulting shift towards multi-variety, small-batch manufacturing, we suffered increased losses due to work in-process, and logistical complexity made it unfeasible to pursue demand flow manufacturing. The strategic change in our business structure underscored the utmost need for innovative process logistics. We ensured the operational alignment of our key injection model to enable make-to-stock, and designed new layouts for equipment affected by structural congestion to ensure first-in, first-out and synchronized demand flow manufacturing. Communication of visibility information also improved through alignment of production speeds, logistics equipment management, and checklist management for materials, parts, and in-process materials through the establishment of the operational system. More to the point, we applied time management in operating our unloading area for receiving materials from respective suppliers to minimize waste from the outset of production, and pursued area standardization in our warehouse operation through max-min incoming inventory management. With the help of Samsung SDI's win-win partnership program, we achieved innovative layouts and logistics to establish a waste-free production system for multi-variety, small-batch manufacturing and a pull, synchronized production system.

Q. What are your expectations for Samsung SDI in promoting shared growth?

During the critical time of transitioning our business to battery ESS, Samsung SDI's win-win partnership program supported us to establish a logistics platform for new lines as the foundation for synchronized demand flow manufacturing in just four months. We will increase our investment in battery ESS module parts and EV parts, and aim to develop advanced technology in line with our vision of establishing one-stop production lines for ESS and battery parts. Samsung SDI's continued, systemic, and proactive support will help us lay the basis for sustainable growth and move forward to emerge as a top tier ESS and EV partner for shared growth.

Boosting Sustainability of our Supply Chains

Strengthening Win-win Partnerships

Management consulting for partners

Samsung SDI has provided win-win cooperation consulting since 2020 to support partners to improve the efficiency of their business operations. Consultants draw on their extensive field experience, management knowhow and expert knowledge to offer management advice to meet the specific needs of partners. This assists partners in improving their management competency and boosting their overall competitive edge in the areas of productivity, quality innovation, strategy, and marketing to join us on our joint growth journey. In 2023, we implemented regular tasks with nine partners on 69 occasions, along with engineering technology support and counseling for five partners on 12 occasions and 13 special lectures for eight partners.

Management Advisory

Development/ Quality	New product development, technology strategy, technology development roadmap, New material/ process/facility development
Management/ Overseas corporation operation	Overseas production facility operation, audit process, Operational manufacturing system, SCM KPI operation
Development/ Business strategy	New business/product development strategy formulation, Product competitiveness/ differentiation improvement plan
Quality/ Marketing	Quality assurance strategy setting & development process development, Development and mass-production quality assurance system development

Assisting partners with talent recruitment

Leveraging the training system and infrastructure available at the Samsung SDI Training Center, we assist partners with their employee capacity-building. The training curriculum consists of 29 courses on job skills, quality management, process management, and business administration. In 2023, training was provided to 1,765 employees from 80 partners through 80 courses. We also help partners with recruitment and talent development training so that our partners hire talented individuals armed with both job skills and desired personality characteristics. In 2023, our recruitment and development support program helped create jobs for 49 persons at two partners.

In response to global regulations governing supply chain ESG management and stakeholder needs, we provided environmental management training to help partners bolster their ESG capabilities. This training covered the topics of net zero trends and business approaches, ESG management, occupational health and safety management, and response to product environmental regulations, which was completed by 68 persons from 2 partners.

Providing financial support for partners

We team up with financial institutions to implement financial support programs for partners and contribute to their stable business operations in so doing. We raised KRW 130 billion joint growth funds with the Industrial Bank of Korea, and the interest income generated goes to help second- and third-tier partners as well as first-tier partners pay interest on their loans. In 2023, 64 partners were provided support worth KRW 127.6 billion through the funds.

Improving partners' manufacturing capabilities

We engage in supply chain manufacturing innovation tasks to support partners to bolster their manufacturing capabilities. We expanded our support from seven partners in 2022 to 12 partners in 2023, and engaged in innovation activities at the request of Hanjung NCS, our partner pursuing a transition to ESS business. These activities were led by the taskforce team composed of Hanjung NCS staff and our innovation experts to analyze the issues with the company's existing line production. This identified improvement tasks concerning the lack of logistics flow synchronization, extended manufacturing times and increases in necessary work in-process due to improper work in-process management, and the shortage of warehouse spaces due to unreasonable raw material receiving processes. This was followed by innovation activities undertaken for five months to enable first-in, first-out synchronized demand flow manufacturing. The improved operational methods allowed the company to manage appropriate quantities of work in-process, order quantities, and raw material receiving times to secure more warehouse areas and to establish a waste-free production system, supporting its shift to ESS business.

Innovation Task Execution Outcomes in 2023

Category	Productivity	Logistics	Process improvement	3R5S	Total
No. of tasks identified	10	5	7	6	28
No. of tasks completed	10	5	7	6	28

Boosting Sustainability of our Supply Chains

Strengthening Win-win Partnerships

Operating the benefit sharing system

The benefit sharing system aims to facilitate win-win cooperation with SMEs. In 2023, 14 benefit sharing tasks were identified with 13 partners in the areas of innovation and smart factory. Collaborating with partners in undertaking these tasks, we assisted them in pursuing productivity gains through reduced defects, improved manhour-based production, and enhanced quality, boosting their manufacturing competitiveness as a result.

Supporting win-win smart factory development

To help our small/mid-sized partners improve their manufacturing competitiveness, we support the smart factory deployment for win-win partnership among large businesses and SMEs program. In so doing, we assist our partners in establishing their management support system and in ensuring efficient management through ICT alignment between production facilities and operation systems. We also support their shopfloor innovation activities to help eliminate unreasonable waste factors while improving productivity and quality on the back of a stronger innovation mindset. As of 2023, we supported five partners who are currently building their ERP and MES. In 2024, we will increase the number of partners that we support under this program.

Rated most excellent in the win-win growth index

Guided our vision to emerge as a global top tier company alongside our partners through win-win partnership, we commit to creating a win-win partnership ecosystem to pursue shared growth with partners. Our efforts were duly recognized when we were rated Most Excellent for the first time in the Win-win Growth Index assessments made in 2023. The Win-win Growth Index was designed to facilitate shared growth between large businesses and SMEs by assessing large businesses for their shared growth performance in the areas of fair trade, win-win partnership, and real benefits provided to SMEs. Samsung SDI operates a wide range of shared growth programs for partners spanning financial, technology, and training support to grow alongside our partners on an ongoing basis.

Grievance mechanism for partners

Samsung SDI operates the Partner VOP system to listen to various opinions arising from transactions with partners, reflect them in internal work, and adjusts issues that may arise due to differences in mutual interests. Suggestions, inquiries, compliments, complaints, and dispute resolutions related to transactions with partners are received through the VOP banner in the partner transaction portal system (G-SRM). In 2023, we received 3 cases and handled 100% of them according to the VOP operation process.

Establishing Fair Trade

Fair trade principles

4 Action Principles

To establish transparent transaction practices, we make it a rule to use the standard contract form in doing business with partners, and observe the four action principles stipulated and amended by the Fair Trade Commission to promote compliance with subcontract regulations.

4 Action Principles

- Execution of desirable agreements
- Fair selection and registration of partners
- Operation of unfair trade practice prevention and monitoring systems
- Issuance and retention of written agreements

Supporting the signing of the fair trade agreement

Samsung SDI commits to establishing fair trade practices not only in our transactions with first-tier partners but also in transactions made among first-, second-, and third-tier partners, and furthers our efforts to bolster competitiveness across the whole of the industry. We support partners to enter into the fair trade agreement among themselves and encourage them to improve their payment criteria so that payments could be made in cash within 30 days and through the win-win payment system. We also encourage the use of the standard subcontract agreement between first-tier and second-tier partners, and expand our joint growth activities including ESG support and open bidding for key areas of work.

Performance in Supporting the Signing of the Fair Trade Agreement

Category	Unit	2020	2022	2023
Samsung SDI – First-tier partners	No. of companies	111	112	109
First-tier – Second-tier partners	Cases	136	157	149
Second-tier – Third-tier partners	cases	45	54	48

Employee Health and Safety

Health and Safety Management System

Pursuant to the nation's Serious Accidents Punishment Act which went into effect on January 27, 2022, we are bolstering our safety incident prevention system to achieve zero injuries and accidents for our employees and on-site partners. Our executives directly perform on-site checks on their responsible areas, and we perform theme-based monthly checks to identify and improve risk, provide regular and year-round risk assessment and training, assess on-site partners for their safety performance in the first and second half, and operate the health and safety council between contractors and subcontractors, making continuous progress towards rigorous health and safety management for both our own employees and on-site partners across the board.

Health and Safety Goal

Achieve zero high-consequence incidents in 2030

Reinforcing the Board's responsibility for health and safety

We hold regular Board of Directors meetings each year to report on general business management, finance, and other operational issues in line with our health and safety plans developed pursuant to Article 14-1 of the Occupational Safety and Health Act [Board of Directors Reporting and Approval among others] and Paragraph 20, Clause 2, Article 12 of the Regulations for the Operation of the BOD [Matters Submitted for Consideration]. This ensures that our Board is briefed on our health and safety policy, organizational composition and role, budget and facility status, and performance for the previous year and plans for the current year.

Appointing a C-level executive for safety operations

In February 2022, we appointed the Chief Safety Officer (CSO). Pursuant to Article 4 of the Serious Accidents Punishment Act (Duties of Business Owners and Responsible Managing Officers to Secure Safety and Health), our CSO represents Samsung SDI in relation to health and safety operations and has the authority and responsibility to head our EHS organization, personnel, and budget as the final decision-maker while engaging in overall coordination and oversight for work suspension and subcontracting.

Dedicated EHS organization

To keep abreast with the societal needs for rigorous safety management, we created the Global EHS Team under the Global Safety & Technology Center as our dedicated EHS organization in 2022, and enhanced this Team with the added HR and supporting function. The Global EHS Team takes the lead in conjunction with Safety and Environment Groups from respective worksites in raising safety awareness by conducting on-site checks on our employees and on-site partners to improve risk and providing safety trainings and campaigns.

Safety Management Organizational Chart



Interview

Jaehyun Cho, Professional, EHS Group, Global EHS Team

Q. Can you tell us about Samsung SDI's health and safety management?

Samsung SDI's priority is to prevent and manage all possible risks along the PDCA cycle based on our EHS management system, drawing on the interest and participation of our safety leadership and employees. In 2023, we analyzed internal/external health and safety regulatory trends and health and safety best practices to identify 10 mid/long-term ESH strategic key issues that align with our management strategy. In line with our mid/long-term health and safety management strategy, we will also pursue advanced, science-based, efficient health and safety operations, lay the basis for self-initiated health and safety management for continuous management, establish a training system for practical capacity building and reinforcement for EHS personnel, and support partners in bolstering health and safety capabilities.

Q. What are the key achievements made in 2023?

Since we introduced Virtual Reality-enabled, hands-on safety training in 2022, we developed and operated nine new training courses for VR video viewing in addition to five hands-on courses. We also provided training conducted in life-like settings for fire extinguisher/fire hydrant drills and darkroom/earthquake experience to prevent safety accidents while enhancing our existing forklifts with AI safety features to prevent high-consequence injuries. Furthermore, we engaged in participatory safety culture activities, hands-on CPR training, and virtual safety training while distributing VR content for vulnerable community groups, signing an MOU for the children's safety diary project and hosting a drawing contest for pedestrian safety, which earned us the Presidential Award at the Safety Culture Awards 2023 hosted by the Ministry of the Interior and Safety in December 2023. As a member of the 'health and safety win-win partnership' program led by the Ministry of Employment and Labor, we assisted our partners in strengthening their health and safety risk assessment capabilities along with training to receive the Minister of Employment and Labor Award in February 2024.

Q. What are the necessary improvements to pursue to embed a safety-first culture into Samsung SDI's day-to-day operations?

Building a safety culture can't be done with the efforts of only a few departments. This is why we are pursuing a range of safety culture activities to engage not just employees in manufacturing and technology roles but also those in R&D and administrative roles. Theme-based accident prevention activities,, participatory EHS newsletter publication, and open competitions are just some of the efforts that we make to raise safety awareness at all levels.

Employee Health and Safety

Building an Advanced Safety Culture

Providing occupational health and safety training

We provide health & safety training to all our employees to elevate their occupational health and safety awareness. Our diverse training curriculum offers over 240 courses, ensuring that employees receive statutory health and safety training on a quarterly basis. Managers, new hires, employees handling hazardous substances, and those assigned to specific or new tasks are also supported in receiving tailor-made training depending on their job category or level and work processes. From 2022 onwards, we are providing risk assessment personnel at our domestic operations with professional risk assessment training to elevate their risk assessment performance to identify and improve hazard/risk factors in the work environment. Through such training sessions for employees, we are preventing safety accidents and complying with laws and regulations by strengthening awareness of safety and health compliance.

Disseminating a culture of safety

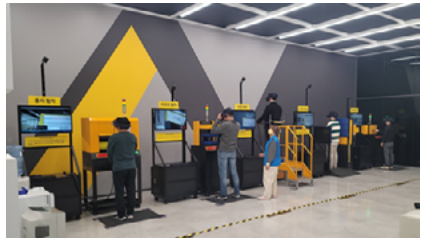
Each year, we perform safety culture assessments on employees. Currently, our employees are in the phase of voluntary participation, and we are working to bolster communication, compliments, and participation to move onto the next phase where employees encourage and respect each other. Since 2023, plans and achievements for monthly accident prevention activities have been shared and discussed at domestic operations along with manufacturing and R&D personnel under the supervision of executives from the Global EHS Team, and the "Safety Talk" event has been hosted to award best practices and to heed the voice of employees and make improvement. Newsletters are also sent monthly to communicate accidents that occurred and safety rules to employees. Since 2022, all our executives have visited My Areas each month to take responsibility for identifying and improving inconsistencies. We will also expand hands-on and participatory activities for our employees at overseas corporations, including health & safety video contests and VR-assisted safety/firefighting drills, elevating safety awareness as the prerequisite for accident prevention.

Providing VR safety training

We opened VR-assisted safety training rooms at respective locations to provide VR safety training courses. Employees wear Oculus goggles and receive either hands-on training to directly experience safety accidents or viewing-based training to watch VR content. This is available for all domestic and overseas employees, and is positively reviewed by our employees for its immersive and memorable outcomes. This prompted us to produce additional VR training content each year to keep injuries, accidents, and regulatory non-compliance at bay.

VR Safety Training Content

Category	Content
Experience	① Cell on fire/smoking ② Being jammed in the lift ③ Being jammed in the roller ④ Fall from height ⑤ Collision with the forklift
Viewing	① Handling battery ② Handling chemicals ③ Handling heavy objects ④ Chemical spill drill ⑤ Fire/explosion drill ⑥ Potential risk identification/improvement ⑦ Being jammed while working with moving carts transporting reels (manufacturing) ⑧ Risk of being cut and safety rules (R&D center) ⑨ Prevention of musculoskeletal diseases(administration)



VR safety training rooms

Workplace safety management

Establishing and amending the EHS procedures

To elevate employees' safety awareness and execution and keep pace with the changing statutory regulations, we establish and amend our company-wide regulations and worksite standards serving as our EHS standard operating procedures. We appointed the Chief Safety Officer (CSO) to abide by Korea's Serious Accidents Punishment Act, along with re-defining the roles and responsibilities of the CSO in line with the Act, and this was publicly disclosed on our internal standard regulation management system (PMM) for all employees to access.

Operating an integrated EHS system

Our company-wide EHS management system spans the eight categories of safety, environment, health, chemicals, disease prevention, partners, audits and common areas. All our domestic operations and overseas production facilities were certified to the international health and safety management system standards of ISO 14001 and ISO 45001, and are operating their management system accordingly.

Building an emergency response system

Our domestic and overseas worksites respectively operate in-house firefighting units 24/7 to swiftly respond to any emergencies that may occur, and we have established a joint response system through regular training with relevant departments. Additionally, to prepare for the escalation of emergency situations, we have formed an Emergency Response Team (ERT) with senior management directly overseeing the site. We maintain a constant state of emergency preparedness through regular education and training.

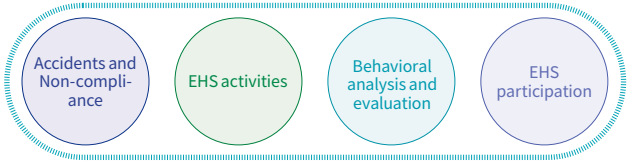
Employee Health and Safety

Building an Advanced Safety Culture

Assessing workplace safety for EHS management performance

As our workplace is extensively exposed to risk factors for its proximity to shopfloor production facilities, we regularly review its EHS capabilities. To create an injury-free, safe working environment, annual assessments are made on respective worksites for their EHS management performance based on the selected assessment items. In 2023, such assessments were performed on nine occasions (Ulsan, Cheonan, Gumi, Cheongju), and we continue to encourage the manufacturing department to engage in EHS operations to prevent accidents and improve safety performance.

4 Evaluation Areas of EHS Management



Gaining recognition at the safety culture awards

Samsung SDI was honored with the Presidential Citation at the Safety Culture Awards 2023 hosted by the Ministry of the Interior and Safety on December 2023. This event recognizes organizations and individuals for their contribution to disseminating a safety culture in each sector of our society, and Samsung SDI was awarded for our role in proactively promoting a safety-first culture internally based on our corporate culture which puts safety before all else. Key activities undertaken to this end include employee-engaging safety culture activities, hands-on CPR training, virtual safety training, distributing VR content to vulnerable community groups, signing an MOU for the children's safety diary project, and hosting a drawing contest for pedestrian safety.



Presidential Citation at the Safety Culture Awards

Workplace Safety Risk Assessment

Workplace risk assessment

We perform risk assessment to identify and improve hazard/risk factors that may lead to occupational injuries on employees' own initiative as a key tool for self-disciplined prevention. Following the inaugural assessment, risk assessment is made regularly each year, and is also made on an as-needed basis when machines or equipment is newly introduced or modified, and the results are registered on our computer system for all employees to access. The identified hazard/risk factors are assessed for their risk level (intensity*frequency), and high-risk ones are registered as improvement task within our system so that improvements are made to reduce their risk level and prevent potential accidents.

Health and Safety Mitigation Action and Effectiveness Assessment

Key Risk Identified	Mitigation Action Taken	Outcome
Risk of fall while working on errors on top of equipment	Installed elevated work platforms for fall protection when working on top of equipment	Completion rate 100% (risk level 8 – 2)
Risk of heavy objects falling while being transported by multi-joint robots or working on errors	Installed clamps for fall protection ※Clamp : A device used to hold transport materials firm	Completion rate 100% (risk level 8 – 2)
Risk of temporary moving carts being inverted due to holes in the floor of labs	Filled the holes	Completion rate 100% (risk level 6-1)
Risk of tripping over while moving within CT equipment work areas	Installed footholds using SUS boards	Completion rate 100% (risk level 6-2)

Safety management support for overseas corporations

To assist our overseas corporations in strengthening safety management, pursuing plant/line expansion, and gaining approvals, we send intensive support groups composed of subject matter experts as well as local experts to support them in areas requiring EHS management or operation. This includes reviewing and verifying local regulations and implementation processes in relation to EHS approval, ensuring management and supervision as well as risk identification and improvement for plant expansion, and improving overseas corporations' performance to the level of best practices in Korea. In doing so, we make sure local workers stay safe and minimize the possibility of safety incidents occurring in the construction and manufacturing sites. Samsung SDI prioritizes EHS as our top priority in business operations as we journey towards sustainable management globally, and will advance EHS operations to provide a safe, trustworthy workplace for our employees in Korea and abroad.

Improving potential process-related risk

We continue to identify and improve potential risk hidden in our processes and facilities at domestic and global operations, and identified potential risks are registered on our computer system for all employees to access. In 2023, a total of 296,053 potential risks were identified across the board based on manufacturing workforce, which is translated into 41.5 risks per person to exceed our initial target by 245.8%.

In addition, we made the Safety Culture bulletin board available starting from January 2023 to upload best practices of improving potential risk on a monthly basis, and these best practices help all our employees to raise the bar on their safety performance and prevent accidents as a result.

Employee Health and Safety

Best Practice in Taking Mitigation Action against Safety Risk

Improving p-type fire sensor receivers to prevent fires

While the disaster prevention center within our Giheung worksite should supposedly be able to check the power status of p-type fire sensor receivers in real time, this was possible for only four out of 17 receivers, making it difficult to properly monitor fires and activate initial response. This was resolved by connecting their communication lines using repeaters so that the main receiver could check whether power was turned off for these receivers in real time, allowing for quick response when detecting any fire. This improvement was rolled out across our Cheongju and Gumi worksites that adopted the same configuration of fire sensor receivers to prevent fires.



Improving p-type fire sensor receivers – Before (left) and After (right)

Reinforcing the slitter winding lift moving cart conveyer and installing door sensors to prevent safety accidents

The electrode slitter winding process of our Ulsan worksite raised the risk of safety accidents when lift moving cart conveyor shocks resulted in disengagement within the process and in damaged moving cart stoppers. A new winding lift cover was produced and detection sensors were installed to eliminate potential squeeze points.

Original Issues

- Misalignment of the conveyor due to collision with the cart (requires reinforcement)
- Potential for finger entrapment between the lift door and the operator's hand

Improvements

- Remove the anti-shock cover, and produce and install a new one
- Remove the existing moving cart stopper along with repositioning, and produce and install a new one
- Remove the existing winding lift anchor, and produce and install a new type
- Install a light curtain for the winding lift door

Installing human detection sensors at the rear of equipment to prevent safety accidents

The rear interior of the cylindrical pouch winding equipment installed at our Cheonan worksite presented the risk of safety accidents as it was impossible to detect human presence when operators were working inside the equipment for inspection. To prevent such accidents, photo sensors were installed at both ends of the rear of the equipment to allow for the detection of humans inside, and the equipment was modified to ensure it is made inoperable during sensor detection.

Original Issues

- Inability to detect operator entry at the rear of the equipment
- Difficulty in communication among operators, leading to missed judgments
- Communication errors due to ambient noise around the process

Improvements

- Installation of photo sensors at both ends of the rear of the equipment to detect human presence, causing the equipment to stop operating

Employee Health and Safety

Supply Chain Safety Management

Assessing partners for safety performance

We have been conducting safety assessment on partners since 2020 to ensure our subcontractors are capable of taking action to prevent occupational injuries and to prevent occupational injuries that may arise in subcontracting. Such assessments are made when work is performed in locations controlled, operated, or managed by Samsung SDI. For partner companies operating at our domestic operations, they received safety assessment twice in the first and second half of the year respectively, and new construction partners are assessed in the pre-bidding process. In 2023, safety performance assessments were made on 192 occasions, and one construction partner failed to meet our safety criteria and could not bid for any contract. Since September 2023, our Partner-EHS system has been up and running for partners to directly register their safety self-assessment results and to check our assessment results, allowing for web-based communication with partners.

As Korea's Serious Accidents Punishment Act extended its scope of application to include establishments employing five or more permanent workers as of January 27, 2024, we will update the items and assessment criteria of our safety assessment check sheet and perform partner safety performance assessment accordingly.

Supporting partners with their safety efforts

In May 2023, we participated in the win-win partnership project for health and safety between large businesses and SMEs led by the Korean Ministry of Employment and Labor.

Under this support matching program, Samsung SDI and the Korean government worked together to assist partners in improving their health and safety performance by undertaking consulting and health & safety activity projects, and we were recognized for our excellent performance as a project participant in 2023 by the Ministry of Employment and Labor. In 2024, we will continue to contribute to this project and fully support our suppliers operating both inside and outside Samsung SDI.

1) Implemented consulting projects to strengthen the execution of risk assessment, improve safety management capabilities, and disseminate safety awareness

Beneficiary companies in 2023 (monetary value)

13 companies
(KRW 147 million)



Award ceremony for outstanding companies in the safety and health win-win partnership project for large and medium-sized enterprises (Feb 2024)

Health and safety grievance mechanism for partners

We heed the voice of partner employees and make necessary improvements through wide-ranging communication channels, including the occupational health and safety committee and the health and safety council joined by contractors and subcontractors. In 2023, 37 grievances were submitted to the occupational health and safety committee and 28 grievances to the health and safety council at our domestic operations, and all of them were 100% resolved at the worksite level.

Employee Health and Safety

Chemical Substances Management

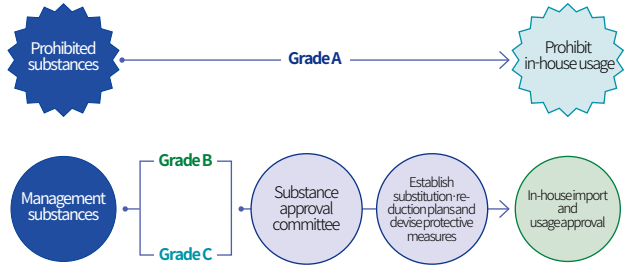
Operating a chemical substances management system

Our Global Environment, Health & Safety (G-EHS) system, developed to respond to domestic and international regulations related to chemical substances, ensures that chemicals are inspected for possible conflict with applicable laws and regulations and are managed for their use at our operations. Any and all chemical substances entering our operations in Korea and abroad should receive EHS impact assessment as well as review for the legal measures to be taken following their entry into our operations before purchases are made. Periodic re-assessments are conducted in accordance with our internal standards to avoid any legal risk in relation to purchases.

Operating the internally regulated substances grading and approval system

The scope of our internally regulated substances includes carcinogens, reprotoxic chemicals and other substances harmful to the human body as well as legally regulated substances. We prioritize highly toxic substances (SVHCs, CMR, PAHs) based on their hazards and manage them accordingly to keep our employees safe and protect them from work-related illnesses. Internally regulated substances identified in accordance with our internal substances grading and approval system are graded into A, B, and C, and these chemicals are verified for their inclusion in the prohibited substances list, applicable substitution and mitigation plans, and protective measures prior to their entry and consumption at our operations. Furthermore, periodic risk assessment is conducted on chemicals used in our process for their hazards, exposure levels, and work characteristics, and assessment results inform our efforts to continuously monitor the work environment including sealing conditions. Total inspections are also performed on chemical substances every quarter to identify the overall status of chemical handling and regulatory compliance concerning the Material Safety Data Sheet (MSDS) as well as the installation of warning signs. To abide by the Act on Registration and Evaluation of Chemical Substances, we ensure regular inventory management across all our domestic operations so that chemicals are registered properly within the relief period set for respective chemicals according to their consumption amount.

Grading and Approval of Internally Regulated Substances[1)]



1) Classified into Grade A, B, and C according to their level of hazards

Managing in-process hazards

In the event of change in the production process or the addition of new materials in the early phase of new R&D project undertakings, year-round measurements are made on relevant hazards to safeguard the health and safety of our employees. In particular, we commission third-party professional organizations to perform semi-annual assessment on our hazard-handling processes. In doing so, we apply internal standards that are more stringent than legal standards in managing exposures to hazards and substances requiring special management as well as ventilation facilities. For carcinogenic, reprotoxic or mutagenic substances that require special management, we apply our internal standards that are below 10% of the legal threshold. In case there are processes that exceed our internally-set exposure limits, we pursue continuous process improvements by sealing affected equipment or even by replacing and/or mitigating the chemicals currently being used. In addition, local exhaust and ventilation devices installed within our processes handling chemical substances receive inspection and assessment at least once a year to keep our employee safe from the exposure to chemical substances.

Employee Healthcare

Health promotion activity

To promote healthcare and disease prevention for our employees, we provide either comprehensive health checkups or general health checkups according to their age. Employees handling chemical substances are provided with special health checkups, and employees diagnosed with specific medical conditions such as hypertension and diabetes through health checkup results are eligible for counseling offered by specialists to help them manage their condition.

We operate health improvement programs with the help of healthcare apps for employees to address such health concerns as obesity as well as for those diagnosed with certain medical conditions through health checkups. Healthcare lectures are provided by medical specialists while a broad array of healthcare facilities are made available, including in-house clinic, physiotherapy clinic, pharmacy, musculoskeletal center, and gym, to help our employees improve their health. Work environment measurement is conducted to keep our employees and operators safe from hazards and to create a pleasant workplace. This allows us to monitor the exposure of our processes to such hazards as noise, dust, and chemicals and make necessary improvement for work environment management.

Preventing work-related illnesses

We regularly assess musculoskeletal risk to analyze our working environment and pursue improvement with an aim to prevent and manage musculoskeletal risk that may occur in the workplace.
The musculoskeletal center is up and running at all our six domestic worksites to help our employees prevent musculoskeletal diseases and improve physical strength. This allows our employees to receive one-on-one counseling from professionals through body composition test, sense of balance test, and body type analysis and participate in personalized exercise programs.

Produce Safety and Quality

Quality Management

Guided by our motto 'All for nothing without quality', Samsung SDI puts product safety and quality before all else: we continuously pursue robust quality throughout the entire product lifecycle and elevate a quality mindset at all levels. In particular, we continue to advance our data-based monitoring system to detect issues before they occur through proactive risk management, and are upgrading our processes and systems to support this approach. Our belief remains unchanged that the quality of our partners directly translates into the quality of our products, and we go beyond merely managing the quality of products we receive from partners to extend support to our partners for their capacity improvement. We ensure that we respond to the Voice of Customer more promptly to deliver greater customer satisfaction, and engage in special activities to shorten the time taken for our VOC handling.

Our Electronic Materials Business launched its PQ (Partner Quality) Part to identify pre-detection tools that help avoid escaped defects and ensure the tailor-made management of polarizing film partners. As a result, the number of quality-related VOCs raised by customers has been on the decline.

Quality management principles

To secure best-in-class quality on the back of top-tier technology, it is essential that all employees are aligned towards the quality first principle. The Quality Management 10 Commandments we established in this regard continued to apply to our entire operations in 2022 and 2023, laying the foundation for all our employees to develop their quality-first mindset.

Quality management system

Our quality management system complies with global standards, and this is verified through the certification audits conducted across our global operations in accordance with ISO 9001 and IATF 16949.

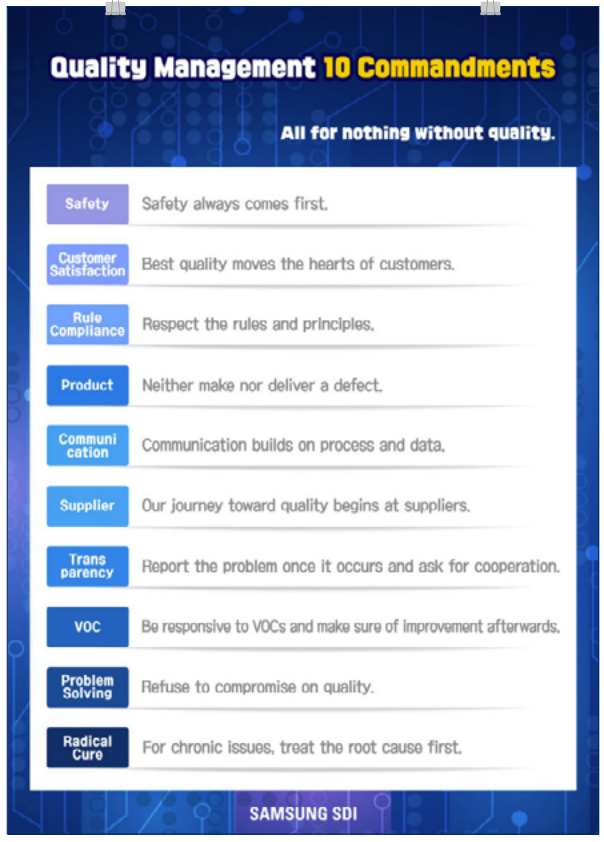
Ulsan worksite acquiring the UL test lab certification

In light of the growing ESS market, safety is increasingly gaining even greater importance, and ESS-related safety certification programs are introducing more rigorous standards globally. Certification is absolutely instrumental as it serves to assure that products, systems, qualifications, and services meet the specified requirements. Achieving certification granted by broadly credible organizations constitutes an important asset demonstrating efforts and commitment to product quality, setting one apart from the competition as a result.

Samsung SDI commits to raising the bar on verifying the fire safety of our products and satisfying the test criteria of the UL9540A (evaluation of thermal runaway fire propagation in battery ESS). Our Ulsan worksite acquired the WTDP (Witness Test Data Program) lab certification from UL[1] in May 2022, and continues to operate its lab accordingly. This certification allows for official installation (system) unit testing, and the rest results produced with UL's certification personnel attending to witness are recognized as official results.

1) UL: Underwriters Laboratories Inc.

Quality Management 10 Commandments



Produce Safety and Quality

Bolstering Battery Safety

Reinforcing safety reviews for products under development

Samsung SDI predicts changes in battery condition throughout their lifecycle ranging from Beginning of Life (BOL) to End Of Life (EOL) as early as from the battery development phase to make products even safer. We specifically ensure that risk is preemptively reviewed and is reflected in the design and manufacturing process in developing new form factors. New types of safety performance are identified and verified through non-destructive testing, accelerated verification, and limit assessment to proactively detect product safety risk that may arise as cells degrade while in use as well as at the time of shipment. As such, we put product safety as our top priority and enhance product safety early from the development phase.

Deploying a fire extinguishing system

ESS products come in a single container unit at a minimum, which is composed of over 7,000 cells inside. When an event occurs due to system misuse or malfunctioning cells, this may result in a fire producing over 500°C heat and huge amounts of inflammable gas, eventually leading to total system loss along with tremendous damages. To prevent such fires early in their occurrence, we apply technology to swiftly detect events, quickly vent inflammable gas to prevent explosion, and accelerate the cooling of event cells to minimize the sustained duration of fires. When a cell event takes place, this activates both the BMS (Battery Management System) to sense voltage and temperature levels and external smoke detectors to sense gases, making it possible to identify a fire within 10 seconds. Upon detecting a fire, the direct spray kit filled with NOVEC fire extinguishant that is connected with the system releases the fire extinguishing agent, and the nozzle's injection part at the top of the module melts to start spraying the extinguishant within 20 seconds specifically targeting the event cells for over 10 minutes, achieving rapid cooling and suppressing the fire in the process. In addition, Active Venting, Deflagration Panels were installed at the container level to discharge inflammable gas generated in large quantities in the initial phase of the event, eliminating the risk of explosion and maximizing fire safety. Last but not least, we plan to deploy a remote monitoring system designed to preemptively detect cells showing abnormality for our products targeting overseas markets. In doing so, we aim to meet the cyber security requirements of respective countries and proactively remove risk to make our ESS offerings even safer.

The Mechanism of a Fire Extinguishing Agent Direct Spray System for ESS

1. A cell event (heat/smoke) occurs
2. Nozzle's injection parts melt due to heat/flames to open the hole
3. Increase in module temperature due to heat/flames stimulates the fire detection signal receptor
4. The agent valve opens and sprays primarily to the event cell









Produce Safety and Quality

Bolstering Battery Safety

Thermal propagation prevention technology

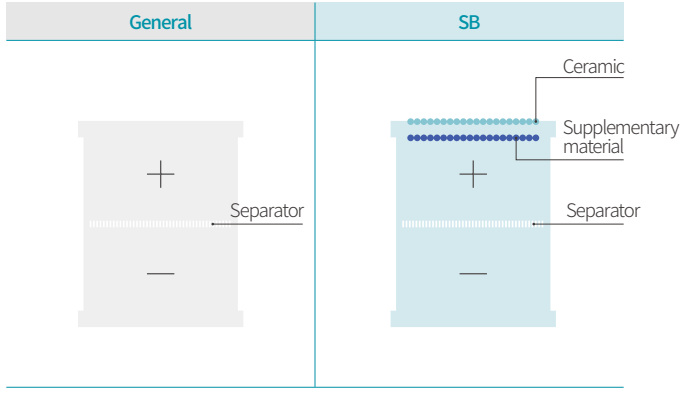
Battery packs used as the primary power source for EVs are made up of at least 100 battery cells. If any single one of these cells is damaged due to stress or misuse, this may trigger thermal runaway generating large amounts of heat and inflammable gases in a short period of time. When the resulting flame and high-temperature inflammable gases affect adjacent, well-functioning cells through thermal preparation, this causes a chain of thermal runaway reactions across all the cells within the battery pack, leading to fires and explosions as a result. This prompted automobile and battery makers to develop products with a goal of preventing battery thermal propagation. Samsung SDI is working on heat propagation prevention technology to keep pace with the market requirements and changes for safety performance, raising awareness on EV safety and addressing concerns for potential fires. Last year, we developed thermal propagation prevention technology by connecting cells, modules, and battery packs, and are currently applying this to our products. We share our technology with automobile makers to ensure product safety early from the product development phase through collaboration with customers. Our thermal propagation prevention council joined by experts from respective product categories (cell, module, battery pack) serves to identify and prove thermal propagation prevention technology for each of these categories to propose and apply optimal, category-specific solutions. From the early phase of product development, we characterize cells according to their chemical composition and take into account the key design variables for modules and packs in order to predict the characteristics of thermal propagation. We developed a thermal propagation characteristic prediction program to improve the accuracy of our predictions, continuing with our efforts to further upgrade our thermal propagation prevention technology.

SB battery

Samsung SDI is developing Safety Battery models that deliver improved safety features even when users misuse them to improve the safety and reliability of our products. When excessive physical forces are applied from the outside such as 90° folding/unfolding, falling from extreme heights, or penetrating nails, ordinary batteries suffer electrode plate cracks and/or separator ruptures, causing shortcircuits affecting cathode current collectors and anodes or cathode current collectors and anode current collectors.

Our SB models adopted highly flexible electrode plates to control cracks while employing ceramic insulation layers and supplementary current collectors to prevent shortcircuits and improving battery safety. Furthermore, safety additives were used to micro-control lithium dendrite.

SB Battery Overview



Strengthening global process safety quality and Q-Gate[1)] implementation

Our quality system enables us to strengthen our safety quality and G-Gate implementation throughout the battery production process. Incoming parts that go into mass-production are reviewed for their adherence to intended specifications to ensure proper partner management, and 4M change risk is verified at the line/plant/product level before mass-production is approved. To ensure products are checked for their compliance with the set specifications before shipping and deliver uniform quality, continuous efforts are made to improve the quality assurance process at respective production facilities through quality change management and to stabilize mass-production quality and assure outgoing quality through our quality system. Leading examples of robust G-Gate implementation include expanding the FDC interlock-warning and ensuring its operational advancement through global roll-out, establishing an image storage and omission cell assurance process, and improving the AI program through reflecting X-Ray items. We also engage in mass-production safety activities to focus on improving and strengthening initial mass-production quality.

1) Q-Gate(Quality Gate): Pre-validation of process quality

Produce Safety and Quality

Promoting Customer-centric Product Safety and Quality Management

Managing and improving customer satisfaction

We continue to reflect customer satisfaction management as the KPI representing the core capabilities of our CS team. In 2023, we pursued CSI improvement for our major customers of xEV as a key emerging application, rather than simply increasing average CSI (Customer Satisfaction Index) scores. It is noteworthy that we established our entire customer response process through customer consultation covering operational methods to analyze and address quality issues. We also developed a VOC 8D[1)] response system by integrating the Q-Portal system while incorporating the improvements made for our automotive and ESS operations through our QIP (Quality Improvement Plan) into small battery operations, establishing the foundational process to respond to xEV customers and upgrading our quality response services to the next level.

Our Electronic Materials Business is updating its customer satisfaction questionnaire to meticulously compare its product competitiveness against industry peers: the coverage of target items and customers expanded from 12 to 13 target items and 24 to 33 companies compared to 2022. The customer satisfaction survey conducted in the five categories of product quality, issue response, technology response, delivery & supply, and development performance revealed that we were comparable or above industry peers in 11 categories while we were somewhat behind industry peers in two categories. The results were communicated to relevant departments to develop and implement improvement plans to gain competitiveness. For the two items where we lagged behind, work is underway to ensure we outperform industry peers in the survey to be conducted in 2024.

1) 8 Discipline. The process of responding to quality issues from customers by identifying root causes, taking corrective actions, and preventing recurrence.

Proactively addressing VOC

To bolster the quality competitiveness of our products, we included protracted delays in responding to customer issues as a new metric for VOC management in addition to VOC response times. Taskforce operating standards were set to ensure customer issues are addressed within the first 90 days, a taskforce response system was established according to the severity of the issue at hand including frequency and safety to ensure the timely resolution of issues, and system improvement was made to reach 5% and below in protracted delays in VOC resolution. To achieve this goal, we standardized VOC registration criteria for both small battery and automotive & ESS products to properly address customer issues and complaints according to their severity rather than based on the number of VOCs received. For quality issues affecting small battery products, we expanded the 8D response process to more systematically address issues. To prevent the reoccurrence of VOC, our VOC system was improved in a way to make it mandatory to check the reflection of Lessons Learned D/P FMEA (Failure Mode & Effects Analysis) in verifying the VOC measures developed and to keep track of the date of implementing measures based on the clean date[1)] to verify their effectiveness .

Our Electronic Materials Business regularly keeps close tabs on customers in terms of changing processes or testing environments and inputs the data gathered into its database to be shared among relevant departments with an aim to cater to customer needs that grow increasingly demanding each year. This ensures that we satisfy customer requirements in developing new products as well as in the mass-production phase.

1) Period in which products without any actual issues are manufactured following the implementation of improvements

Reaching the set customer satisfaction goal

As our 2023 strategic priority to deliver innovation in customer satisfaction and reliable market quality through improved xEV quality, we launched a project to achieve 1ppm in defects for small-sized cylindrical xEV products and the highest rating in xEV customer assessment. We did so by defining departmental R&Rs to respond to 0Km defects[1)] and establishing a defective product recovery and analysis process, which allowed us to reclaim actual 0Km defective cells from customers to identify and make improvements by type of defect. This improvement activity enabled us to reach 54ppm in 0Km defects against the set goal of 100ppm, and 0.1 ppm in market defects against the initial goal of 1ppm. Our QIP(Quality Improvement Plan) roll-out and regular quality meetings also resulted in an over 20% improvement in the CSI scores for specific customers from 6.9 points to 8.3 points.

Customer CSI Score



6.9points → 20% → 8.3points

1) Poor quality that causes problems after installing car parts and prevents the car from moving.

Produce Safety and Quality

Extending the Scope of Quality Improvement Management

Supporting overseas corporations with quality improvement

Supporting Overseas Corporations with Quality Improvement

We continue with rigorous Q-Gate implementation to ensure quality competitiveness at our production facilities in Korea and abroad. To strengthen the TQR (Total Quality Review) process operation for the new and expanded lines of domestic and overseas corporations and establish mass-producibility early on, we launched efforts to compile historical failures as white papers, ensure equipment homogeneity, upgrade yellow standards, and review equipment quality risk to make sure quality is considered in equipment specification deliberation. Work is also underway to improve standards through equipment reporting in the pre-TQR process, impact discussion and verification, and homogeneous quality validation tools. Following TQR approval, safety activities are undertaken for the first one month of mass-production to focus on improving and stabilizing initial mass-production quality. With the help of rigorous global QC (Quality Control) monitoring, 18 testing methods were systematized in addition to beading[1] test, along with digitizing and automating testing items to reduce human errors. We monitored the entirety of inline data generated from our global operations, and performed image monitoring to prevent such leakage defects as thread-like defects and anode distance abnormalities at the bottom of the can. Following warning and interlocking for all sites, we also established the PDCA system to improve leakage defects from the process as well as chronic defects. In 2024, we will continue to pursue automation, efficiency improvement, and advancement of our inspection system in line with the expanding overseas production facilities to deliver best-in-industry quality.

Our Electronic Materials Business also supports the improvement efforts of overseas corporations. We keep monitoring their defect rates and process anomalies. When a quality issue occurs, defective samples are taken both from our Wuxi and Cheongju plants to analyze defects together, identify their causes. and make necessary improvements.

Supporting partners with quality improvement

In 2023, we achieved year-on-year reductions in the occurrence of material/part defects that pose the highest risk to our operations through preemptive management of partners' potential risk. Our quality system audits were conducted on more overseas partners, from 67 companies in 2022 to 68 companies in Korea and 45 companies overseas in 2023. We also strengthened SQA (Supplier Quality Assurance) capabilities to take on greater responsibility in managing partners by region. In an effort to establish the Executive Champion system designed to ensure best-in-industry quality, reviews were made on partners on 218 occasions to ensure these companies develop a quality mindset comparable to Samsung SDI. In addition, 30 top management members from 16 partners were invited under the leadership of the head of our Quality Assurance Office to discuss quality management benchmarking, and special on-site activities were undertaken on 43 occasions for partners identified for emerging/quality issues and changes.

Our Electronic Materials Business has been also designating executives to take responsibility for partner management since 2023 to prevent critical issues and risks associated with raw materials in line with the growing importance of partner management. Executives and team leaders from the four departments of development, technology, manufacturing, and quality develop and implement plans to visit partners each year. In 2023, 11 executives and team leaders visited partners on 75 occasions to tour around their operations and consult on new products. In 2024, such efforts will expand to cover partners related to equipment, consumables, and packaging.

1) Beading: Resistance welding, also referred to as spot welding where welded beads appear as dots

Labor and Human Rights

Human Rights Management

Samsung SDI endorses the fundamental conventions of the ILO (International Labor Organization), the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact's 10 principles, the RBA (Responsible Business Alliance)'s Code of Conduct and other globally-recognized labor/ human rights standards while abiding by the laws and regulation of countries and regions where we operate. We respect universal human rights, the freedom of association, and political/religious/personal freedom while strictly prohibiting discrimination and harassment on the grounds of gender, race, religion, disability, origin, and sexual minority. We also prohibit compulsory labor, bonded labor, involuntary labor, human trafficking for the purpose of exploitation, human rights crime associated with loss of freedom, and modern slavery. We uphold labor by free will, and will continue to prevent and mitigate negative human rights impact that may affect our wide-ranging stakeholders.

Human Right Compliance Violations



0 cases

Implementation system for human rights management

Our ESG review process covers labor and human rights issues, and the necessary improvements identified through this process are reported to the Sustainability Management Council attended by key management members to monitor the progress made and the action taken. In 2023, internal reviews were made on five key operations in Korea and abroad (Tianjin, Hungary, Cheonan, Gumi, and Cheongju) to complete improvements for the areas of labor and human rights.

Roadmap for Human Rights Management

2016-2022	2023-2024	2025-2027
Strengthen internal capabilities	Establish a human rights management system	Advance human rights management
• Manage compliance with labor laws and regulations • Perform self-review by country	• Stipulate human rights management policies • Perform human rights management assessment • Improve the operation of grievance mechanisms • Make employees sign the pledge for mutual respect	• Strengthen prevention activities in relation to human rights • Improve systems in reflection of human rights management assessment • Assess the effectiveness of activities undertaken to improve human rights management

Respect for Human Rights

Preemptively managing labor/human rights risks

To prevent potential human rights risks that may affect our stakeholders in our business conduct, we identify worksites located in vulnerable human rights/labor conditions to make sure risk factors do not occur. Our worksites are reviewed for their compliance with human rights standards concerning child labor and compulsory labor, working hours, wages and welfare benefits, humanitarian treatment, anti-discrimination/harassment, and freedom of association either under the supervision of the Headquarters and through self-checks. In response to the amendments made to applicable laws, we give notices and immediately make necessary institutional improvements to continuously advance human rights protection.

Disseminating human rights management across overseas corporations

We conduct regular HR and labor consulting and preemptively identify and manage risk at 15 overseas corporations each year to ensure compliance with local labor laws in the areas of working hours, wage, non-discrimination, compulsory labor, labor contract, and maternity protection. To this end, review is performed in the four areas of HR, labor, security, and general affairs, and this process is updated in line with changing labor conditions and major regulatory amendments to highlight the importance of human rights and compliance management. The vulnerabilities discovered through such review are addressed by developing stepwise improvement plans and making necessary improvement. We also help employees at our overseas corporations raise their corporate culture awareness and strengthen the operation of grievance mechanisms to advance human rights management. For new locations to be operable in the near future or existing locations requiring improvement, we conduct additional reviews to prevent future problems.

Between 2020 and 2023, paper-based review was made on all overseas corporations amid the COVID-19 pandemic. We will resume local HR and labor consulting from 2024 onwards, and our efforts will continue to prevent risk associated with human rights and labor in line with the expansion of new overseas corporations.

Status and Goals for overseas corporation HR and labor consulting (Unit: no. of consulting conducted)

2016	2017	2018	2019	2020-2023	2024	2025	2026
6	4	1	2	-	2	2	2

* No local consulting conducted in 2020-2023 due to COVID-19

Labor and Human Rights

Respect for Human Rights

Human rights impact assessment

We conduct an annual human rights impact assessment on all employees to prevent human rights risk affecting our employees across all domestic operations. Titled 'Blind Survey', our human rights impact assessment is led by the Headquarters, and covers the areas of verbal/physical violence, alcohol use, sexual harassment, mental health, safety accident, and communication. The survey results are communicated first to respective worksites and are internally verified at the worksite level. This is followed by launching campaigns and providing training to address labor and human rights risks before they occur. In 2023, the survey was conducted for three weeks from March, and response rate was over 50%. In 2024, we will conduct human rights impact assessment, and those departments which continued to perform poorly into 2024 from 2023 will be subject to improvement activities, including providing coaching programs for leaders, arranging leadership training content, and operating self-initiated departmental campaigns.

Process	Activity
Identify Risk	Identify human rights risk factors in line with changing external labor conditions and regulatory amendments (working conditions, occupational safety, workplace bullying, etc.)
Conduct human rights impact assessment	**- Update the questionnaire in reflection of internal/external change factors** **- Survey and interview employees** - Human rights impact assessment in 2023 - Period: Mar. 2023 (3 weeks) - Target: All employees - Method: Internal survey tools - Questionnaire: 31 items in total in relation to events and accidents such as workplace bullying, safety awareness, mental health, and communication
Analyze assessment results	Classify results by organization, job category, and age, share results at each worksite, and develop improvement ideas
Take action and review implementation outcomes	Develop plans to take improvement action Assign implementation items to each worksite and review implementation outcomes

Raising company-wide human rights awareness

We receive whistleblowing reports on human rights issues through wide-ranging channels, from e-mails submitted anonymously or under one's real name to phone and department head/HR reports. When a concern is submitted, this is addressed depending on the severity of the issue at hand in compliance with internal guidelines including those governing disciplinary actions. To raise human rights awareness and prevent any potential human rights risk, we provide company-wide human rights training to prevent sexual harassment, improve perceptions on disability, and build a culture of mutual respect in response to the enforcement of the Anti-Bullying Law. Our training curriculum is updated each year to keep up-to-date with human rights-related regulatory amendments, human rights impacts identified internally, and changing employee needs. In addition, training materials on the topics of sexual harassment prevention and a culture of mutual respect, implementation guides for employees, and other basic-level human rights guideline materials are made available on the 'It Basic' bulletin board of our in-house website. This provides our employees with information on behavioral precautions and proper responses in preventing verbal violence and improving drinking practices on an on-going basis to elevate their awareness on the importance of protecting and respecting human rights.

The activities and cases mentioned above are communicated to department heads through the Leader's Channel, which operates within each worksite through department heads. The Leader's Channel serves as our dedicated communication platform to keep department heads and Change Agents (CAs) at each worksite informed about HR updates and other important notifications. Information is then shared further through department Q&A sessions on significant topics. Approximately 50 employees participate in the Leader's Channel at their respective worksites, and this channel ran 12 times monthly in 2023.

Grievance mechanism for employees[1)]

In operating internal online/offline grievance handling channels, we extended the scope of concerns raised to include grievances, requests, and suggestions on working conditions, which exceeds the requirements set in the UN Global Compact's 10 principles. Such grievances can be submitted anonymously, and relevant principles including the prohibition of retaliation against whistleblowers are specified in the 'obligation to comply with the employee code of conduct' to ensure the transparent and fair operation of grievance handling channels. Work-related grievances or suggestions for improvement raised by employees either anonymously or under their real names as they wish are handled within 24 hours in principle, and relevant departments ensure prompt response to respective issues. In 2023, a total of 1,848 grievances and inquiries were submitted, and all of them were 100% addressed. We also established a separate internal online whistleblowing channel. If concerns are raised over human rights violation, we handle them promptly in accordance with our grievance handling process set in line with the grievance mechanism of the UN Guiding Principles on Business and Human Rights (UNGPs) and continue with monitoring to prevent their reoccurrence while eliminating potential risk factors.

Out of grievances submitted to Sisicolcol, general ones are resolved at the manager level and the reply is uploaded to inform the final improvements made, and those requiring decision-making are first escalated to department heads or team leaders in respective divisions when necessary, and then the improvement action taken is communicated in reflection of reporting results. The improvement action taken is automatically e-mailed to the employee who raised the grievance along with the replay provided by responsible staff on the Sisicolcol webpage.

1) Sisicolcol (dedicated grievance handling bulletin board on the intranet), e-mail sent either anonymously or under one's real name, telephone, etc.

Labor and Human Rights

Providing a Great Work Place

Employees' representative body

At Samsung SDI, two domestic and five overseas 'Labor Unions' are up and running. In Korea, our 'employee code of conduct' stipulates that we respect the freedom of association, the right to collective bargaining, and the right to collective action. To put the health and safety of our employees first in building mutually-beneficial, cooperative labor relations, we uphold the three basic labor rights in making negotiations on working conditions, and sign collective and wage agreements based on the agreed-upon negotiation outcomes. Pursuant to the Act on the Promotion of Workers' Participation and Cooperation, our six domestic and four overseas 'Works Council' convenes at least once every quarter depending on the characteristics of each worksite, and labor representatives to the Council are elected by employees themselves through direct secret voting. The Council makes decisions on the agenda items proposed by respective worksites, which span grievances and HR system improvements in addition to issues related to working conditions. Our overseas corporations operate labor unions and/or councils in conformity with local labor laws to abide by applicable laws and regulations, and engage in consultations to improve working conditions through communication based on mutual respect between labor and management.

Striking the right work-life balance

We provide a wide array of work arrangements to ensure our employees strike the right work-life balance while engaging in their work. Our flexible hours and hourly annual leave allow employees to schedule their own working hours to bring flexibility to their work routine beyond temporal limitations. Our employees may also work at home, free from spatial constraints, and may do so for up to four days a week when possible. On semi-monthly Family Day, we encourage our employees to leave early and arrange shuttle buses to ensure employees go home early and invest in their self-development or spend quality time with their family.

Our work-life balance support programs apply equally to all employees including both contract and dispatched employees, irrespective of gender, to help meet their childbirth and childcare needs. In 2024, we extended the period of reduced work hours made available to help meet employees' childcare needs to up to three years, including double the unused portion of parental leave. As to reduced work hours during pregnancy, our expecting employees may work reduced hours before 12th week and/or after 32nd week of their pregnancy, which is longer than the statutory period set before 12 weeks and/or 36 weeks of pregnancy. Furthermore, our paternal leave program was made more flexible by increasing the time it could be split from two to three times.

Improving the quality of life

We operate a range of benefit programs to help improve the quality of life for our employees. In 2023, we raised the limit of the housing loans that we provide to cater to employee needs to KRW 70 million for employees over five years of continuous employment and to KRW 50 million for employees less then five years of employment, along with support for loan interest payment. To better support unmarried employees, we upgraded our anniversary point program: while employees previously received KRW 30,000 points on their birthday and KRW 50,000 points on their wedding anniversary, they can now choose to receive KRW 100,000 points either on their birthday or wedding anniversary.

Housing loans and financial support for family events	- Operate a loan program for employees who have yet to purchase a home to support their housing purchase - Provide financial support for employees' family events
Selective welfare & benefits program	- Grant welfare points that employees can redeem to use for their favored activities, be it health management, leisure or self-development
Leisure	- Provide discounts for the Caribbean Bay/ amusement parks - Provide memberships to condominiums and resorts nationwide
e-Library	- Make e-books and audio-books available at any given time and location
Educational expense support/ in-house daycare centers	- Provide tuition support for employees' children - Operate daycare centers at each worksite
Psychological support	- Provide professional counseling through the Counseling Center - Operate the mental health clinic
Health management	- Support all employees to receive health check-ups - Support to pay medical expenses for employees and their spouse for specific medical conditions, injuries or childbirth - Operate fitness centers and physiotherapy clinic

Talent Development

Employee Training and Performance Appraisal

Nurturing job experts

We offer tailormade training across all functions of development, technology, manufacturing, sales & marketing, and management support, to support employee competent enhancement.

Based on personal competency develop needs and competency analysis results, the employees develop their own learning plans by the courses provided by the company to improve their competency.

In particular, the STEP (SDI Technology Education Program) is up and running to provide technical job training customized to our business operations. We systematized the technical training conducted under this program in the areas of development, process/facility, and quality, and 117 courses were attended by 2,519 employees in 2023.

In addition to these training courses, the EA (Education Agent) program ensures that field-driven job training is provided to meet departmental training needs. With EAs taking the lead, departmental-level customized job training is conducted including learning cells and learning seminars, and 14,535 employees attended 874 courses in 2023.

Our employees may participate in a range of external talent development programs as well as internal training programs. For instance, our academic training program encourages employees who have been with the company for at least three years, to acquire MBA degrees or engineering master/PhD degrees in Korea and overseas to aid their growth into job experts.

Talent development system

	Internal Training				External Training
Goal	Vision/Value sharing	Leadership skill improvement	Global talent development	Job expert development	MBA[1] Local experts-Field expert-sAcademic training[1]
Educational training	Onboarding training for new hires	Leadership training	Intensive courses provided at the Foreign Language Residence Hall	Job training	

Integrated Education Portal 'SDI Edu Park'

1) Degree sponsorship program

Training effectiveness assessment

We collect employee feedback on our training programs to measure their effectiveness and explore ways to further develop these programs. The 5-point scale effectiveness analysis helps us measure course-specific satisfaction, necessary improvements, and transfer of learning among others to make sure our training programs contribute to practical competency improvement for employees.

Integrated job training for new hires

- Program overview : Understanding basic battery knowledge and development/manufacturing processes
- Course satisfaction: 4.6 points
- Feedback from participants[1]: Working as a material developer, there were lots of things that I didn't fully understand about the manufacturing process. The manufacturing process training and the line tour program greatly helped me in performing my work.

1) Response from a participant on how the integrated job training helped acquire practical skills applicable to one's own work

Bolstering global capabilities

The growth of global markets and the broadening overseas business presence of Samsung SDI further highlights the importance of building global capabilities among employees. To bolster our employees' global capabilities, we continue to provide and expand our foreign language skill development courses. Not only do we operate the Foreign Language Residence Hall (5-10 weeks) for future expatriates and employees whose work requires foreign language skills, we also operate wide-ranging courses in parallel including 1-week intensive courses for employees who can't be removed from their work for extended periods of time. Our Global Lounge operates 1-hour/day 1-month courses to meet the varying learning needs of employees by allowing them to choose their desired language, proficiency level, and time (morning, noon, evening). These personalized courses were attended by 3,627 employees in 2023, and resulted in continuous increases in the percentage of employees in advanced language skill levels from 32% in 2021 to 34% in 2022 and 36% in 2023.

Meanwhile, we operate local expert/field expert programs to nurture a globally-competent workforce and preemptively respond to the increasing number of expatriates and employees traveling overseas for business. Under the local expert program, our employees are sent to strategic countries and learn their local language and culture to improve their understanding while the field expert program assigns employees to overseas corporations to help them improve global capabilities. In 2023, 62 employees participated in these programs to grow into global experts.

Opening an integrated education portal

In 2023, Samsung SDI opened SDI Edu Park to cater to the needs of our employees to pursue continuous growth through education. Our employees may access SDI Edu Park to apply for and take any courses, and its mobile app version enables them to stay connected outside the Company and overseas to ensure continuity in their learning journey at any given time and location.

Along with the opening of SDI Edu Park, we upgraded our online training program which supports employees' self-directed learning in line with their personal preferences and choices, to make it available all year-round. This eliminated the need for prior application and limitations in course-taking, and 23,337 course sessions were attended, a 36% increase year-over-year. In 2024, we will continue to introduce highly applicable courses to assist our employees with competency building.



SDI Edu Park

Talent Development

Employee Training and Performance Appraisal

Leadership training

We help all employees strengthen their leadership capabilities by providing a wide range of training programs. Onboarding training is conducted for all new hires. The training covers the sharing of Samsung SDI vision and values, self-management, and goal-setting to help acquire self-leadership skills. As our employees climb up the career ladder and are promoted to executives, they are offered different promotion trainings to help shift the focus of their mindset to successfully assume new roles and become leaders themselves.

In addition to our career level-specific training, we provide customized leadership training for employees in different leader roles. This training targets executives, team/group leaders, PMs and frontline managers to bolster their leadership skills appropriate for their respective roles and responsibilities.

Operating the technology training center

Our Technical Training Center provides equipment/process technical staff with systemic training to develop common competencies and technical expertise. Our Technology Training Center operates tailormade technical training at each level from introductory to practical to help employees strengthen their competency and develop into technical experts. Expert courses specifically aim to resolve equipment-related challenges and chronic issues affecting process quality, and were attended by six employees in 2023 to reach 60 employees in the cumulative number of experts trained, assisting participants in acquiring differentiated expertise To effectively operate the training curriculum from theoretical understanding to hands-on practice, each trainee is provided with their own training kit containing equipment made of core components and modules that are deployed in real-life conditions.

To support overseas corporations to reinforce their equipment technology engineering capabilities and ensure self-sufficiency, we are improving our local technical instructor training process and expanding our equipment training infrastructure.

Our Technology Training Center continues to uncover new content and develop technical training courses, driving Samsung SDI's efforts to secure next-generation technology competitiveness and improve productivity.

Performance appraisal system

Our annual employee performance management is aligned with competency assessments conducted in line with Samsung's standard competency requirements and with performance appraisals made based on individual MBO. Leaders and their members set mutually-agreed work goals and capacity-building plans, and the year-round frequent feedback process facilitates members' goal attainment and supports their capacity-building. This also comes with the appeals process for employees who disagree with their performance review to appeal their performance appraisal to make our performance appraisal system more acceptable. Our peer review program was designed to facilitate collaboration and communication among employees working together through mutual feedback. For leaders who have significant influence within a given organization, we perform 360-degree leadership assessments and provide feedback. Such assessment results provide the baseline to determine differential compensation and promotions, including annual salary increases, performance-based pay, and performance-based incentives for each individual. To ensure greater fairness, we also refer to other diverse feedback in operating training programs that meet the needs of employees and in selecting leaders and key personnel.

Retiree support system and program

Samsung SDI operates the Career Consulting Center (CCC) to provide outplacement services that help employees prepare for their after-retirement life. These services consist of individual assessments and life/career designs that leverage standardized analytics, outplacement training, career consulting, and job matching support made possible through the Center's extensive network.

The Center informs employees nearing their retirement of outplacement services through its online bulletin board and handouts as specified in the Elderly Employment Act. This ensures that employees gain information in advance on outplacement services and seek further information through interviews when needed while using such services to meet their distinctive needs.

Outplacement Support Services

Life · Career design	Perform highly reliable analyses on occupational values, preferences, and job competences to use the results for training and consulting
Career consulting	Provide counseling, coaching and mentoring to help set and attain individual outplacement goals
Outplacement support training	Explore diverse career alternatives, including moving to another company or starting one's own business, depending on individual assessment outcomes, competences, and preferences
Job matching	Match applicants' needs with businesses and educational institutions in need of talent in a customized manner

Information Security and Data Privacy

Information Security

Samsung SDI is reinforcing our information security system to safeguard our critical assets and key information in response to increasingly sophisticated security threats. In particular, Samsung SDI's battery-related technology has been designated as national core technology and a national cutting-edge strategic technology, and is safely managed with a protection system in accordance with the 'Act on Prevention and Protection of Industrial Technology Leakage'. We also implement regular information security reviews and awareness building activities to prevent risks associated with information security.

Information security policy

Our information security policy consists of basic principles and their implementation guidelines for Samsung SDI and employees to follow. Our information security policy defines all tangible/intangible information assets owned or generated by Samsung SDI, and applies to all outsiders who visit Samsung SDI including partner employees as well as our own employees. We keep our information security policy up-to-date by reflecting applicable laws in Korea and overseas and security measures associated with new information technology and new security threats each year, and the amendments made are posted on our in-house online bulletin board so that they are communicated to all employees.

Information security management group

We appoint the Chief Information Security Officer (CISO) in accordance with the Act on Promotion of Information and Communications Network Utilization and Information Protection. For national core technologies and national cutting-edge strategic technologies, we designate a person in charge of management and protect them in accordance with the standards set forth in the law. A security working council composed of information security managers from the headquarters and domestic and overseas business sites is operated monthly to share information related to information security and resolve various issues.

Information security management system

We installed digital CCTVs and established an access control management system to safeguard facilities within our operational sites and control third-party access and unauthorized export of assets. We deploy a range of IT systems to keep our critical information safe, from a blocking system to detect external security threats early to a control system to block unauthorized outgoing transmissions and an encryption system to enable viewing on company PCs only. To deter IT system hacking and service outrage, we test our system each year to ensure our incident response process works properly by conducting exercises under hacker attack simulation scenarios. Our disaster recovery system enables normal system operation even in the event of natural and man-made disasters, and mock drills are conducted every year to ensure the well-functioning operation of this system.

To reinforce top-down security management and field-centered security operation, security is included as a mandatory item in setting executive work goals, and team-level internal security activities, mock security test results, and security training attendance are all aggregated and reflected in year-end executive performance appraisal.

To effectively respond to the security requirements of the EV industry and OEM customers, we extended the scope of our operations certified to the TISAX information security standards from the Headquarters to our global operations. In response to the automotive cybersecurity regulations being enforced in Europe, a taskforce organization was set up among relevant departments and work is underway to align our internal process and security system in preparation for audits with a goal of achieving the automotive Cyber Security Management System (CSMS) certification by the end of 2024.

Employees Who Completed Information Security Training

Category	Unit	2021	2022	2023
Employees Who Completed Information Security Training	No. of persons	8,786	10,502	11,655

Raising awareness on information security

Samsung SDI conducts various activities to raise information security awareness among employees. An information security training is conducted for all employees every year require them to sign a confidentiality agreement, and special security training is conducted separately for employees handling battery technology classified as national core technology and national cutting-edge strategic technology to recognize the importance of battery technology and so as to prevent information leakage.

We conduct monthly simulation-based malicious code e-mail tests and leverage in-house broadcasts, campaigns, and other varying channels to guide employee practices for information security. Upon detecting signs of hacking such as suspicious issues raising concerns over data leaks or the infiltration of malicious codes, we follow the set process involving in-house whistleblowing channels and automatic e-mail alerts to take prompt action and prevent the risk of data leaks before they occur. We also provide partners with annual security training to raise the security awareness of their employees and deter data leaks.

Information Security Training

Target	Format	Cycle	Topic	Attendance
Incumbent employees	Online	Annual	Data leaks and others	11,655 persons
Personnel handling national core/cutting-edge strategic technology	Online	Annual	Industrial Technology Protection Act and others	3,280 persons
New hires (experienced/ non-experienced)	Offline	Year-round	Security compliance for employees and others	882 persons
Expatriates	Offline	Semi-annual	Global information security strategy and others	41 persons
Partner employees	Offline	Semi-annual	Latest security incidents and others	1,583 persons

Information Security and Data Privacy

Personal Information Protection

Samsung SDI established the Global Privacy Office under the Legal & IP Team as a dedicated personal information protection organization in order to protect and manage personal information. We have also implemented technical, managerial and physical measures to ensure the personal information of our employees, customers, partners and visitors is kept safe and prevent any security breaches.

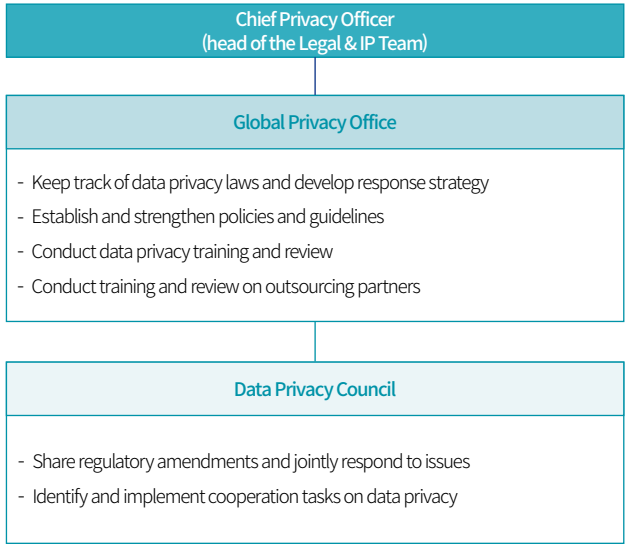
Personal information protection policy

In September 2023, the Global Privacy Office revised our Personal Information Protection Policy in line with the amended Personal Information Protection Act. In particular, our publicly disclosed Privacy Policy was upgraded with convenience features and labeling(pictograms) to make it easier for employees, customers, partners, visitors and other data subjects to understand the policy. The Personal Information Internal Management Plan, a company-wide personal information protection policy, was updated extensively and more rigorous technical and managerial measures were reinforced to comply with the amended Act. In addition, the Visual Data Processing Device Operation and Management Policy ensures the proper management of matters associated with our image visual data processing devices and personal visual data.

Samsung SDI enters into a Consignment Agreement with partners entrusted with processing personal information on behalf of the Company, to ensure that the partners use personal information exclusively for the purpose of executing the agreement. The partners are required to establish appropriate technical, managerial and physical measures to safeguard the entrusted personal information. In the event a partner fails to comply with the agreement, they may be held liable for damages and/or termination of the agreement. In addition, the Company provides partners with personal information protection training and self-evaluation checklist and conducts an overall supervision of the training and evaluation results once a year.

Personal information protection management organization

The Global Privacy Office appointed the Head of Legal & IP Team as the Chief Privacy Officer(CPO) and is responsible for overall personal information protection operations, ranging from strategy setting, policy implementation and process establishment to providing legal opinion on personal information protection-related matters, data privacy training and audits. In September 2023, the Company organized a quarterly council, Personal Information Protection Council, which consists of Global Privacy Office and relevant departments(Compliance Team, Information Security Group and Information Strategy Group) in order to promote efficient operation and communication in personal information related matters.



Personal information protection management system

The Global Privacy Office regularly reviews any change in personal information collected from the data subjects and partners entrusted with processing personal information on behalf of the Company in order to maintain the current status up-to-date. Especially, the Personal Information Protection Commission, a government agency, conducts periodic inspections regarding Personally Identifiable Information, which is considered the most critical personal information, pursuant to applicable laws.

In the second half of 2023, the Company conducted a status survey of the fixed image visual data processing devices(CCTV) installed across our business sites in order to review the protective measures taken and make necessary improvements. The Global Privacy Office also developed and distributed 'Fixed image Visual Data Processing Device Guidelines' to ensure that all our operations are managed in accordance with a unified standard. In the event that personal information breaches and/or leaks occur due to violation of the personal information protection policy, the Company may take disciplinary and other actions against violators according to our internal regulations and the severity of the issue at hand. Such violation may also be subject to criminal punishment pursuant to the Personal Information Protection Act and other pertinent laws.

Personal information protection training

Samsung SDI provides training to our personal information handling employees at least once a year to improve their understanding of personal information protection. Training topics are chosen in reflection of internal/external issues including enactments and amendments of regulations/guidelines concerning personal information protection. In 2023, a total of 427 employees handling personal information received training on understanding the Personal Information Protection Act and compliance provisions necessary in the processing of personal information.

Diversity & Inclusion

Diversity & Inclusion System

Our approach

Samsung SDI respects the diversity of employees and ensures equal opportunity for all. We prohibit any type of discrimination on the grounds of gender, nationality, race, religion, and cultural background in hiring, assessment, promotion and compensation. At Samsung SDI, all employees have equal and fair access to a range of training and leadership opportunities, and we keep track of various diversity metrics, including the percentage of female managers.

Facilitating understanding among generations, classes, and nations

To minimize conflict among different generations and classes and establish a culture of mutual respect and understanding, we regularly engage in sustained, sincere communications for our employees in Korea and abroad, ranging from Lunch Meeting and Female Leader Meeting hosted by our CEO and Gen.Z Mentoring joined by our CEO and key management members. Global NEWSDI, our monthly publication, also serves to communicate news from our overseas operations to promote mutual understanding and dialogue among different countries and cultures.



Gen.Z Mentoring

Ban on discrimination, harassment and equitable system operation

To respect the human rights of each individual, we operate manuals to prevent and address workplace harassment to ensure no one suffers from discrimination at work. We also prioritize fairness in operating our systems to eliminate discrimination in our hiring, assessment, promotion and compensation procedures. We seek out talent among foreigners studying in Korea as well as from overseas and provide them with specialized services to help them settle in Korean society. Our global mobility program is actively up and running to help exceptional talent at overseas corporations unleash their potential here in Korea.

Establishing our DEI[1)] principles and creating a specialized organization

To implement a consistent DEI policy across our global operations, we are currently establishing our Diversity, Equity, and Inclusion (DEI) principles for all our employees to keep in mind, and will create a specialized organization to advance our DEI initiative and swiftly establish our DEI culture in the upcoming years.

1) Diversity, Equity, Inclusion

Interview

Christina Earley, Executive Vice President, SDIA)Sales Team

Q. What is your current role and work history?

A. Prior to joining SDIA as the EVP of Sales, I was the Vice President of Purchasing and Senior Vice President of Global Supply at Stellantis. I've been in the automotive industry for over 20 years with a focus on Purchasing, Supplier Quality, and Supply Chain.

Q. What support do you think SDI needs to attract more female executives?

A. We need to continue recruiting top external talent and create a strong career development path for internal talent at all levels. Helping women (and other minorities) integrate into the corporate culture and providing development opportunities creates trust, harmony, innovation, and ensures we retain the best talent. It is also critical we consider the experiences of all employees when we design and implement new strategies and policies. When SDI/SDIA shows employees it cares about them, the employees will care about the company and perform their best. This harmonious relationship will propel SDI/SDIA to new levels of competitiveness in the industry

Q. Diversity, equity, and inclusion are becoming increasingly important. Please tell us about SDI's DEI strengths.

A. Diversity drives innovation and growth. We are putting a lot of effort in recruiting and developing a diverse team to ensure everyone, regardless of background, has the opportunity to participate in company growth and development.

Q. Finally, what are your goals and plans as SDIA's first female VP?

A. My goal is to inspire my team by setting a good example and pushing them beyond their comfort level to execute our mission – as our CEO stated – "for super-gap' technological competitiveness, superior quality, and qualitative growth that prioritizes profitability."

I believe we need to "lift as we climb," not just for women and minorities, but for all talent in our organization. I am committed to preparing future leaders, providing mentorship opportunities, and recruiting the best talent to accommodate/support the needs of our team.

Diversity & Inclusion

Talent Acquisition

Recruiting talent from diverse backgrounds

With the belief that our future at Samsung SDI hinges on our talent, we commit to acquiring exceptional talent globally. Our transparent recruitment process offers all applicants wishing to join Samsung SDI an equal opportunity free from any discriminatory factors irrelevant to individual competency, and this enables us to hire inexperienced employees through open recruitment and experienced employees on an as-needed basis, bringing in top-tier talent in the process.

We also recruit undergraduate interns and offer scholarships to vocational high school students as part of our wide-ranging programs aiming at offering these students access to hands-on experience and knowledge and securing talent with great potential competency early on. We also continue our efforts to increase the recruitment of individuals with disabilities.

Acquiring global talent

We engage in campus recruiting not only in Korea but also at leading universities in the Americas, Europe, and other regions to recruit top-tier talent and establish our global competitiveness. We have opened new R&D centers in the US, Germany and China since 2022 and have recruited talent in respective countries to capitalize on the distinctive technological strengths of each country in the areas of next-generation battery, battery technology and equipment, and material technology. In 2023, we initiated recruiting experienced hires for R&D roles among foreigners studying in Korea to bring in talented foreign residents from diverse countries.

We provide employees at global locations an equal opportunity for promotion and nurturing for their career development.

We continue to expand our global leadership and appointed a locally-hired employee to head our sales corporation in Europe (SDIEU) in February 2024 as part of our commitment to improving diversity.

Acquiring industry professionals

We engage in various activities to identify industry's top-notch talent and boost our brand as an employer. The Tech & Career Forum is our flagship talent recruitment initiative joined by our key executives in the development and technology function, including our CEO, heads of R&D centers, and heads of the development office. In 2023, this Forum was hosted in Korea, Germany and the US to support our all-out efforts to discover competent talent globally, serving to share our vision and goal and presenting our corporate culture, latest technologies for each key business area, and recruitment process to help participates better understand our business and job roles.

In addition, we attend major battery-related events such as conferences including the Electrochemical Society of the US, and the Interbattery Job Fair to interact with experts from academia and industry.

Nurturing future talent

To select outstanding talent who will lead our efforts to gain 'super gap' technology competitiveness, we operate bachelor, master, and doctoral degree courses in partnership with six domestic universities with an aim to provide tailormade education to nurture key talent in the areas of battery materials, cells, and systems. The chosen students engage in relevant research along with taking battery-related courses. They are also given an opportunity to attend various programs and competitions hosted by Samsung SDI and their universities to sharpen their competitive edge. Meanwhile, we undertake industry-academic projects in conjunction with prestigious universities in Korea and abroad and pursue open innovation through internships and scholarships to expand opportunities for both industry and academia to grow together.



Tech & Career Forum



SSBT Battery Idea Fair

Diversity & Inclusion

Nurturing Female Talent

Mentoring program for exceptional female talent

Our mentoring program for exceptional female talent aims to respect diversity and equality and facilitate female talent's career development and leadership skill enhancement. Between April and December of 2023, eight executive mentors and 27 mentees chosen as outstanding female talent participated in the program, and mentees were supported by mentors who brought their abundant experience from various fields to provide invaluable advice and coaching. This program assists our female employees in developing effective career strategies and acquire work knowledge while promoting exchange and networking among employees recognized for expertise in their own diverse fields.

Interview Female Mentoring Program Attendee

Q. Can you elaborate on your participation in this program in terms of the benefits and meaningful experiences you gained?

A. This was such a great opportunity for me to be coached directly by our executives, which is not always readily available at work, and get advice for my leadership and career concerns and my future career development. As a woman having a child to take care of, this helped me learn tips on how to handle both work and childcare at and get the much-needed motivation.

Q. What are your future expectations for this program or for Samsung SDI's female talent development efforts?

A. I wish such mentoring opportunities are made available for more women. As we have more and more female employees at Samsung SDI, having this opportunity to engage in candid, in-person dialogue with female executives was of great help and this made me set a goal of becoming a female leader myself to mentor my juniors in the future.

Progressing towards the goal of promoting female leadership

To expand our female leadership in a way to improve our diversity and inclusion while generating organizational performance and social value, we systematically manage our goals for hiring, assessing, promoting, and nurturing female workforce, and provide a female mentoring program to facilitate the professional growth and development of female leaders. This allowed us to nearly double the percentage of our female executives from 3.7% to 7.1% and triple the percentage of female managers from 4.3% to 13.2% over the past 10 years.

Category		Unit	2013	2018	2023
By function	Development	%	15.3	20.6	26.3
	Sales and marketing	%	16.6	20.1	31.2
Leadership	Female Executives * Percentage of female executives out of total	%	3.7	5.3	7.1
	Female managers * Percentage of female managers out of total	%	4.3	8.2	13.2

Managing gender-based pay gap

In line with our principle of equal pay for work of equal value, we do not tolerate any gender-based pay gap. Our new hires receive the same annual salary irrespective of gender, and are not discriminated against on the grounds of gender in determining their performance pay raises according to individual performance results and their promotion-aligned pay raises. As a result of analyzing our gender-based pay gap, the wage level of females compared to men was 83% with a 17% disparity as of 2023. It should be noted, however, that this is attributable to differences in the years of employment between men and women and the proportion of men and women in high-level roles, and that this does not indicate any presence of gender-based discrimination in Samsung SDI's wage policy.

Support for childbirth and childcare

Our work-life balance support programs apply equally to all employees including both contract and dispatched employees, irrespective of gender, to help meet their childbirth and childcare needs. While the statutory age limit of parental leave is eight years old, we internally raised this to 12 years old to make our parental leave more flexible. Our employees may also split their entire parental leave which include one-year statutory leave and one-year leave that we additionally provide into two and use it as such. We have extended parental leave from the legally-guaranteed 10 days to up to 15 days, and provide paid leave for its entire duration to make our programs truly employee-friendly. To alleviate the fertility concerns of our employees and their family members, we provide applicants five days of paid leave and support a portion of the medical costs required. At Samsung SDI, facilities are up and running across our operations to support work-life balance, including maternity protection rooms open for pregnant and breastfeeding employees and in-house daycare centers.

Diversity & Inclusion

Creating an Inclusive Corporate Culture

SCI and HCI survey

Each year, we conduct SCI (Samsung Culture Index) surveys on employees to identify the strengths and weaknesses of our corporate culture and make necessary improvements. Over the past three years, our SCI score has been on the rise by more than three points every year (70.0 points in 2021 → 73.5 points in 2022 → 77.1 points in 2023). The SCI assessment covers the three main categories of Engagement, Collaboration, and Pride. Specific survey items in each of these categories help us assess employees' job satisfaction based on their work engagement and personal growth as well as for department/corporate satisfaction based on the culture of cooperation and respect. The assessment results are graded into excellent, good, possible improvement, and warning, and are provided to all employees in reporting format. Analyzing and sharing the multi-year score trajectory allows us to build consensus on the need for corporate culture improvement efforts. The SCI survey includes assessment items on diversity and inclusion to help create a healthy corporate culture where employees with different values co-exist in harmony regardless of their age, gender, race, and hometown. Our score in the diversity and inclusion category was above the company-wide average (77.1 points) in 2023.

① Samsung SDI operates fair systems that do not discriminate against employees on the grounds of age, gender, race, and hometown among others. (79.2 points)
② Members of my department respect each other as a person and the diversity in our own set of values. (83.3 points)
③ I feel free to express my opinions different from those of my boss. (77.6 points)

In addition, annual HCI (Happiness Care Index) surveys are performed to help employees with mental health management. This enabled our employees to self-check their status of mental health concerning individual happiness and stress management and to verify the results and management guides. If necessary, they may receive one-on-one Mind Care Service provided by professional counselors.

Top-tier corporate culture

Samsung SDI aims to create an organizational culture that aligns all our employees towards shared growth through communication and collaboration. To this end, we operate the Change Agents (CA) program to plan and execute corporate culture improvement tasks at the department level on an annual basis, and appointed 331 CAs in 2023. These CAs roll out department-level activities to create a top-tier organizational culture, and facilitate motivation and engagement to drive employees for performance generation in line with the five goals of fair appraisal, team member development, open communication, improved work efficiency, and better collaboration. Such CA activities help our competent global talent improve their work satisfaction and better assimilate themselves to their new environment.

Expanding communication with management

To facilitate communication between top management and employees, our key executive members host 'Open Talk' each quarter as our town hall meeting. Employees who can't physically attend these meetings may watch live broadcasts on their PCs and participate through text messaging to ensure all employees have an opportunity to interact with senior management. Since 2022, Open Talk has served to share ideas on possible action for communication and collaboration, an efficient work culture, professionalism, and Samsung SDI's mid/long-term vision while keeping all our employees up to date with our policies and vision and addressing their grievances on an ongoing basis. We also launched 'Lunch Meeting' and Gen.Z Reverse Mentoring to collect and respond to the voice of employees each week. Leader's Channel attended by department heads each month ensures that overall specifics on our business operations and system operation are shared among participants and then communicated to department members.

5 Organizational Culture Goals and Activities to Create a Top-tier Organizational Culture

Fair appraisal	- Improve appraiser competency through strengthened appraisal training - Establish the procedural fairness of the appraisal process and improve the acceptance of appraisal outcomes by expanding appraisal interviews concerning interim appraisals for process management and feedback
Team member development	- Select department-level EAs (Education Agent) to provide customized job-specific training and promote learning led by working-level staff such as learning cells and in-house seminars - Create a career market for employees looking to relocate to apply for the department of their choosing to aid in employees' career development
Open communication	- Expand communication infrastructure to unleash the power of collective intelligence through free-flowing exchange of ideas and a culture of constructive debate - Support organizational enhancement activities combined with employee communication workshops and trend experience activities as well as diverse ways of communication including townhall meetings with top management (with online streaming)
Improved work efficiency	- Identify and award best practices of improving work efficiency to disseminate a culture of encouraging employees to fully engage in high value-added work - Create efficient meeting practices by reducing meeting durations and unnecessary attendance and streamlining meeting materials
Active collaboration	- Expand interactions among relevant departments to create a culture of cross-departmental collaboration - Operate a collaboration project process to engage relevant departments to select their collaboration projects and to award those who successfully resolve project challenges

Diversity & Inclusion

Creating an Inclusive Corporate Culture

Improving positive experience for employees

To ensure our employees and their families have positive experience at Samsung SDI and enhance their sense of belonging in so doing, we invite employees' family members to respective worksites on Children's Day each year to host theme park-type events. We also send online compliments to facilitate collaboration through the sharing of positive experiences among employees. Our online system is up and running year-round for employees to convey their praise and gratitude when working with their co-workers within or outside their own team. During the intensive implementation period set once or twice per year, we actively seek out best practices of collaboration and award employees involved.

Facilitating a culture of collaboration

In order to spread a culture of collaboration, we carry out various collaborative tasks between related departments every year, creating new results by gathering the experience and knowledge of various departments, and creating an opportunity to enhance the individual capabilities of executives and employees by improving understanding of other fields. We host events at the 4th quarter of each year on an annual basis to share the progress made and outcomes generated under the collaboration projects undertaken for the past one year. Each project is assessed against such criteria as collaboration, competitiveness, creativity and challenging spirit, and exceptional ones are awarded.

Family outing

To help our employees and their families develop positive experiences about Samsung SDI along with a strong sense of belonging and loyalty, we hosted the employee family invitation program titled 'Family Outing'.
Invited employees and their family members are first briefed on Samsung SDI, tour around SDIUM[1] along with key facilities and offices, have lunch at the in-house cafeteria, and return home. In 2023, this program ran on 17 occasions with 1,170 employees and their family members participating. In 2024, we will present an upgraded version of this program under the title Family Outing Season 2.



Children's Day Theme Park Event



Online compliment card sending system



Collaborative task performance sharing meeting



Family Outing

1) Under the name created by combining Samsung SDI and the ending 'um' of the word museum, this exhibition hall provides a gallery-like environment to learn Samsung SDI's history, vision, core capabilities and the value of its PRiMAX brand.

Interview

Seungwoo Song, Professional,
Employee Engagement Group, People Team

Q. What do you think was the most notable change in SDI's corporate culture in 2023?

I would like to point out Samsung SDI engaged in various activities to take into account employee needs as evidenced by the family invitation program and the fall corporate unity event hosted to ensure employees and family members have positive experience through the Company to eventually develop a sense of belonging and loyalty. Open Talk, Lunch Meeting, and Gen.Z Mentoring endorsed by our top management to heed the voice from the ground are being established stably to serve as a venue for communication to address employees' grievances on an ongoing basis.

Q. What are you most proud of in Samsung SDI's corporate culture?

We have a flexible and family-friendly corporate culture that is broadly established at all levels of the Company. We operate commute shuttle buses at different time ranges to support flexible work hours. Our semi-monthly Family Day encourages us to leave early through in-house announcements, elevator Digital Information Display, and e-mails so that we can spend more time with family members.

Q. Please share with us how Samsung SDI's corporate culture can further improve and the Company's future key priorities.

We have recently brought in a large number of new competent hires, and we will develop programs to facilitate inter-generational, cross-functional harmony so that these new recruits smoothly blend in with existing employees. Our goal is to create a corporate culture where employees from diverse backgrounds and generations work and thrive together.

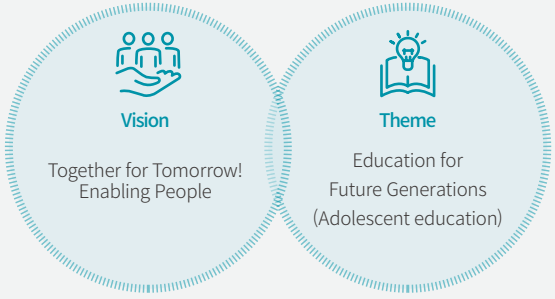
Local Community

CSR Strategy

Samsung SDI, guided by its CSR vision of 'Together for Tomorrow! Enabling People', is making the world a better place and helps children and adolescents dream a big dream and unleash their full potential with Samsung's core competencies and resources. In 2023, we operated employee-involving programs aligned with our distinctive business characteristics, along with our flagship teen education programs that support capacity-building for future generations in partnership with Samsung affiliates. Going forward, we will partner with Samsung affiliates to jointly operate Samsung's leading CSR programs and bolster the expertise and social contribution of respective programs.

CSR Goal

Samsung SW Academy for Youth	Samsung SW Academy for Youth
Blue Elephant	Provide education to 3 million elementary, middle, and high school students nationwide for 10 years from 2020 to 2029



Samsung-wide Programs

Samsung SW academy for youth

Six Samsung affiliates[1)] including Samsung SDI operate Samsung SW Academy for Youth to offer a year of theoretical and practical training to help youth wishing to become SW developers improve their competitiveness in the job market. Trainees learn algorithms, coding, web technology and more in the introductory course, and develop real-world capabilities to use AI, IoT, and other 4th Industrial Revolution technologies in the advanced course. A total of 5,831 persons completed this program between 2018 and 2023 and they landed a job across diverse industries, achieving 85% in employment rate.

1) Samsung SDI, Samsung Electronics, Samsung Display, Samsung ElectroMechanics, Samsung SDS, and S-1



Commencement ceremony for Samsung SW Academy for Youth

Samsung junior SW academy

Samsung Junior SW Academy started back in 2013 when SW education was lacking both recognition and accessibility in school settings, and has since provided SW and AI convergence education opportunities to ensure many students across the nation are not left behind in SW learning and develop competencies required in the age of Artificial Intelligence. This assists current school teachers in receiving training during school vacation twice a year to improve their SW and AI competency while offering learning content, educational programs, and practice kits developed in partnership with educational experts to help schools provide high-quality SW and AI education. Students also receive special lectures and mentoring from Samsung employees to design their future career pathways. This program has supported the growth of over 4,300 teachers and 200,000 teens over the years as of 2023, ever enlarging the base for Korea's SW and AI education.



Samsung Junior SW Academy Teacher Training

Local Community

Togetherness with Community

Samsung Dream Class

Samsung Dream Class, launched as a combination of afterschool class and summer camp in 2012, was upgraded into Dream Class 2.0 offering both online and offline education in hybrid format in 2021. This provides three types of learning content - career path guidance to help teens discover their talent and dream and explore various career pathways, future competency development in the areas of global communication, coding, mathematics, and reasoning, and finally, school curriculum learning essential for bringing one's dream to life. Multi-layered mentoring provided by undergraduates, Samsung employees, and experts help teens awaken their career ambition and improve potential capabilities, growing into responsible and competent professionals for future society. In 2023, 6,905 middle school students benefited from this program with the help of 700 undergraduates serving as their mentors. In recognition of its contribution to supporting over 100,000 teens for the past 12 years, Samsung Dream Class was honored with three awards from government agencies in 2023. This program was named 'excellent educational donor' by the Ministry of Education for its contribution to establishing a culture of educational donation in August 2023, and was awarded the Presidential Commendation, the highest prize in the enterprise category, at the Korean Sharing Awards hosted by the Ministry of Health and Welfare for its continued sharing activities in October that year. In November 2023, Samsung Dream Class received the Minister Award at the Korean Educational Donation Awards hosted by the Ministry of Education for the second time since 2015, widely publicizing the genuine commitment of this program and gaining recognition as such.



Samsung Dream Class

Samsung stepping stone of hope

Stepping Stone of Hope, launched through employee's donation and participation, is Samsung's flagship CSR program designed to provide integrated services for residential stability and self-reliance to teens who were raised at care facilities and are required to live on their own when turning 18 years old as their statutory protection period terminates. Since the opening of the Busan center in 2016, Stepping Stone of Hope centers are up and running across 10 major cities across the nation, and new centers are set to open in Daejeon and Chungbuk in 2024. This program serves as the base camp to enable self-reliance for these challenged youth by aligning resources among local individuals, organizations, and institutions, and provides them a range of job training and employment support to become economically self-sufficient. Samsung employees also share their concerns and serve as their mentor to help prepare for the future, journeying alongside with them as they become a responsible member of society.



Launch ceremony of Samsung Stepping Stone of Hope

Blue Elephant

As cyber violence affecting teens is spreading further amid the increased impact of smartphones and IT devices, Samsung affiliates have worked to prevent cyber violence among teens since 2020 through the 'Blue Elephant' project. The color blue symbolizes calmness and stability and elephants are known for their behavior to group together to protect themselves from predators. Under the Blue Elephant program, we help teens learn how to prevent and cope with cyber violence, provide psychological counseling for victims to regain their emotional stability and recover, and launch campaigns to eliminate cyber violence. The Blue Tree Foundation and Samsung have engaged in online/offline prevention training, psychological counseling for victims, and anti-cyber violation campaigns for nearly 940,000 elementary/middle/high school students, parents, and teachers as of 2023. This program also allows us to support academic research on causal analysis and policy response for cyber violation and legal and policy discussions at the National Assembly to help provide fundamental solutions to cyber violence issues.



Blue Elephant - Cyberbullying prevention education delivered to schools

Local Community

Employee-involving programs

Dream walking school forest

Samsung SDI implements wide-ranging CSR programs to achieve net zero emissions and resolve particulate matter pollution, bringing us one step closer to a sustainable future. CO2 , particulate matters (PM), and other air pollutants give rise to increases in average global temperature and cause global warming as a result, posing highly critical social challenges of undermining the health and living environment of our future generations. Dream Walking School Forest aims to create forests that help reduce particulate matter emissions for elementary schools in the vicinity of our worksites through the funds raised in proportion to the steps taken by our employees. This program is operated for three years for each school and consists of outdoor forestation in the first year, indoor forestation in the second year, and environmental training in the third year. In 2023, 6,441 Samsung SDI employees donated 31,357 hours of steps to create a school forest for Samnan Elementary School in Ulsan. This school forest program helped prevent hazardous gases and particulate matters from penetrating from the outside to provide a safe and pleasant environment for students and teachers, also serving to reduce PM levels across the local community.

Hands-on environmental education book

As part of our educational donation initiatives for children and teens, we donate environmental education books that we directly develop. In 2023, over 1,900 Samsung SDI employees participated in creating a pop-up book with ‘renewable energy’ chosen as the theme, and copies of this book were donated to local children centers nationwide to aid children’s environmental education.

Hands-on Nanum Green campaign

As an eco-friendly energy company, Samsung SDI runs an upcycling program: our employees volunteer to make beaded jump ropes out of recycled waste plastic and donate them to children at local children centers nationwide. In 2023, nearly 2,400 Samsung SDI employees participated in making beaded jump ropes.
This allows the kids to stay healthy while also caring for the environment.

Green Planet Future Science School

Since 2016, Green Planet Future Science School has benefited underprivileged children who spend their afterschool hours at local children centers in the vicinity of our domestic operations. As the Green Planet Future Science School program provides continuous education on science/ environment to children who are marginalized from educational opportunities, the children experienced science and produced results with employee volunteers who participated as assistant lecturers. A total of 2,772 children attended this program in 2023 alone, and Green Planet Future Science School helped nurture the growth of 12,321 children in total since 2016 to date. In supporting this program, Samsung SDI will continue contributing to narrow the educational divide across our local communities.

Hungary corporation(SDIHU) newborn baby program

Hungary corporation partners with a group of mothers in Göd where it is based to provide gifts to newborn babies under the ‘Samsung SDI Newborn Baby Program’. In 2023, this initiative helped us donate hand-made baby clothes, decorations, and other supplies for newborns to over 200 households, along with an opportunity for newborn parents to take much-needed rest at the local café. Going forward, we will explore even more CSR programs in the mutually-beneficial journey that we take along with our communities.



Dream Walking – Ulsan Samnan Elementary School Forest Signing Ceremony



Hands-on – environmental education book



Green Planet Future Science School



SDIHU Newborn Baby Program

GOVERNANCE



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Board of Directors

Corporate Governance Report

Board Composition[1)]

The Board of Directors makes decisions on matters stipulated by applicable regulations and the Articles of Incorporation, matters delegated by the general shareholder meeting, and key issues related to Samsung SDI's basic management policy and business execution. The Chair of the Board of Directors (BOD) is appointed among directors through the decision made by the Board. Unless the BOD is chaired by an independent director, a senior independent director is appointed to represent independent directors through consultation among independent directors to ensure transparency in governance. At the 54th General Shareholder Meeting held on March 20, 2024, Zin Park was appointed as a new member of our Board in recognition of his expertise in automotive and ESS battery development as well as marketing to bolster the expertise of our battery business.

Executive Director



Name	Yoonho Choi	Gender	Male
First appointment	17-Mar-22		
Expertise	General management	Career	CEO and President, Samsung SDI
Role within the BOD	Chair of the BOD Member of the Management Committee		



Name	Jong Sung Kim	Gender	Male
First appointment	17-Mar-21		
Expertise	Overall management	Career	Executive Vice President, Business Management Office, Samsung SDI
Role within the BOD	Member of the Management Committee		



Name	Zin Park	Gender	Male
First appointment	20-Mar-24		
Expertise	Overall management	Career	Executive Vice President, Automotive Battery and ESS Business, Samsung SDI
Role within the BOD	Member of the Management Committee		

Independent Director



Name	Oh Kyong Kwon	Gender	Male
First appointment	18-Mar-20		
Expertise	Electrical and electronics industry	Career	Professor of Electronic Engineering, Hanyang University
Role within the BOD	Senior Independent Director/ Chair of the Compensation Committee/ Member of the Independent Director Candidates Recommendation Committee, the Audit Committee, the Related Party Transactions Committee, and the Sustainability Management Committee		



Name	Duk Hyun Kim	Gender	Female
First appointment	18-Mar-20		
Expertise	Law and human rights	Career	Attorney, Jin-Sung (law firm)
Role within the BOD	Chair of the Related Party Transactions Committee/ Member of the Compensation Committee, the Independent Director Candidates Recommendation Committee, and the Sustainability Management Committee		



Name	Won Wook Choi	Gender	Male
First appointment	18-Mar-20		
Expertise	Accounting and tax	Career	Professor at School of Business, Yonsei University
Role within the BOD	Chair of the Audit Committee/ Member of the Related Party Transactions Committee, the Independent Director Candidates Recommendation Committee and the Sustainability Management Committee		



Name	Mee Kyung Lee	Gender	Female
First appointment	15-Mar-23		
Expertise	Climate change and environment	Career	President, Korea Green Foundation
Role within the BOD	Chair of the Sustainability Management Committee/ Member of the Audit Committee, and the Compensation Committee		

1)Board members as of Mar. 20, 2024
* Reappointment: Jong Sung Kim, an executive director, was reappointed at the 54th General Shareholder Meeting held on March 20, 2024.
* New appointment: Zin Park was appointed as an executive director at the 54th General Shareholder Meeting held on March 20, 2024.
* Directors assuming multiple roles: Samsung SDI's independent directors may assume no more than two roles as director, executive member, or auditor outside the Company pursuant to Korea's Commercial Act to ensure they focus on their engagement as an independent director of Samsung SDI.
* Average tenure of Board members: 2.6 years as of Mar. 20, 2024

Board of Directors

Appointment of the BOD

Board Composition Policy

Independence	Exclude those who engaged in the Company's commercial matters for the recent 2 years, family members of the Company's largest shareholder and executives, and employees working at corporations that have major interests in Samsung SDI from the appointment of independent directors
Diversity	Proactively consider diversity factors in nominating director candidates, including gender, race, religion, ethnicity, nationality, cultural backgrounds, and expertise
Expertise	Consider extensive knowledge and experience in the areas of management & economy, law, electronic engineering, risk management, and ESG strategy among others

Appointment of a Senior Independent Director

In 2023, Samsung SDI introduced the Senior Independent Director system to prevent any excessive concentration of authority within the Board of Directors that may occur when the Board is chaired by an executive director to ensure the Board duly assumes its role in holding top management in check, and to respond to the external need to substantially ensure the independence of independent directors and to advance ESG management.

Establishing the independence and transparency of the Board

To ensure the independence of the Board of Directors, the Board and the Independent Director Candidates Recommendation Committee select qualified director candidates following their review on these candidates for any potential disqualifications as set forth in applicable regulations (Article 382, Clause 3 and Article 542, Clause 8 of the Commercial Act). Specifically, we ensure that independent director candidates meet our independence requirements and exclude those who currently engage in Samsung SDI's commercial matters or have done so for the past two years, Samsung SDI's largest shareholder and his/her spouse and direct descendants/ascendants, executives' spouse and their direct descendants/ascendants, and employees working at corporations (customers and suppliers) that have major interests in Samsung SDI. The final appointment of directors is made by gaining approval at the general shareholder meeting.

Improving the diversity of the Board

We establish the diversity of the Board to build balance into its composition. In selecting director candidates, diversity factors – gender, race, religion, ethnicity, nationality, and cultural backgrounds – are considered so that we have a balanced composition in terms of backgrounds and expertise. We prioritize those candidates who contribute their broader views and embrace diverse stakeholder perspectives to promote objective decision-making. Our Board diversity policy is specified in our sustainability reports and corporate governance reports. As part of our efforts to improve the diversity of the Board, we brought in one more female independent director to our Board in March 2023.

Board Skills Matrix

Category	Yoon-ho Choi	Jong Sung Kim	Zin Park	Oh Kyong Kwon	Duk Hyun Kim	Won Wook Choi	Mee Kyung Lee
Leadership	●	●	●	●	●	●	●
Risk management	●	●	●	●	●	●	●
ESG	●	●	●	●	●	●	●
Finance	●	●				●	
Engineering			●	●			
Law					●		

Improving the expertise of the Board

We appoint independent directors for their wealth of knowledge and experience in the areas of management & economy, law, electronic engineering, risk management, and ESG strategy in addition to their qualifications as stipulated by applicable laws and the Articles of Incorporation so that our business decisions are made based on expertise across diverse areas.

We provide independent directors with information on agenda items prior to Board and committee meetings so that they can sufficiently review such information and faithfully fulfill their management and oversight roles. We also regularly share with them our quarterly business status and outlook, and actively cater to their requests for information in relation to business decision-making. We provide Board members with training to enhance their understanding on our business and their expertise on Board operations. In 2023, we arranged an introduction to our current business status and a tour around our production line for a newly-appointed independent director, and all our independent directors were given the opportunity to visit our overseas corporations and review production lines.

Training Provided to Independent Directors

Date	Training Topic	Attendee
April 27, 2023	- Battery market outlook - Electronic materials business market outlook - Introduction to the internal accounting control system - Introduction to compliance operations	- Mee Kyung Lee
Aug 11, 2023	- Introduction to our Cheonan worksite - Tour of the mid/large-sized M line - Tour of the small-sized line	- Mee Kyung Lee
Aug 28, 2023	- Tour of the automotive pack line at the American corporation - Tour of the Stellantis' assembly plant line - Tour of the StarPlus Energy site - Introduction to the Samsung Electronics R&D center in San Jose, the US	- Oh Kyong Kwon - Duk Hyun Kim - Won Wook Choi - Mee Kyung Lee
Jan 11, 2024	- Visit to the CES 2024	- Oh Kyong Kwon - Duk Hyun Kim - Won Wook Choi - Mee Kyung Lee

Board of Directors

Operation of the Board

Board meetings are categorized into regular meetings held at least once every quarter and ad-hoc meetings held when the need arises. Board agenda items are decided by a majority of the directors present and voting for, given the quorum is reached (a majority of the total number of directors). In 2023, seven regular meetings and three ad-hoc meetings were held to deliberate and decide on a total of 42 agenda items.

Attendance in BOD Meetings Held in 2023 (%)

Category	Executive Director	Independent Director	Total
Average attendance	100	100	100

BOD subcommittees

To help the Board efficiently and professionally fulfill its roles and responsibilities, we operate the six committees of the Management Committee, the Audit Committee, and Related Party Transactions Committee, the Independent Director Candidates Recommendation Committee, the Compensation Committee, and the Sustainability Management Committee under the Board. To ensure objective and transparent decision-making, five subcommittees under the Board, except for the Management Committee, are all composed of independent directors only, and operated as such since 2023.

BOD Subcommittees (as of Apr. 2024)

Committee	Composition	Role
Management Committee	3 executive directors	- Perform work in accordance with the Articles of Incorporation and the decisions made according to Board regulations - Deliberate and decide on matters delegated by the Board
Audit Committee	3 independent directors	- Conduct accounting and work audits
Related Party transactions committee	3 independent directors	- Ensure transparency in related party transactions and compliance with fair trade regulations
Compensation committee	3 independent directors	- Deliberate on the remuneration limits imposed on registered directors - Deliberate on other matters delegated by the BOD
Independent Director Candidates Recommendation Committee	3 independent directors	- Nominate independent director Candidates
Sustainability Management Committee	4 independent directors	- Deliberate and decide on strategies, policies and major activities related to sustainability management - Deliberate on shareholder return policies in advance

BOD Performance Appraisal and Remuneration

Independent Director appraisal

Our independent directors receive regular performance appraisals each year for their activity. Such appraisals are conducted fairly in accordance with the set internal criteria which include both quantitative and qualitative indicators, and appraisal results are reflected in deciding their reappointment.

Independent Director Appraisal System

Quantitative Indicator	BOD meeting attendance, number of deliberations made on agenda items, activities at the associated subcommittees
Qualitative Indicator	Expertise and understanding of Samsung SDI's business

Board remuneration

The Compensation Committee deliberates on the appropriateness of limits on director remuneration, and the limit is determined at the general shareholder meeting pursuant to Article 388 of the Commercial Act. Remuneration for respective directors is paid within the approved boundary in consideration of the work assumed and the outcomes of fulfilling their given Remuneration for executive directors consists of position-specific base salary and performance-based bonus. Performance-based bonus is calculated in consideration of financial performance indicators (sales, net income, and stock prices) and non-quantitative indicators related to environmental and social performance (safety, labor relations, insolvency, corruption, security, and compliance). Remuneration for independent directors consists of base pay, benefits, and diverse expenses paid to perform their work as independent directors. While remuneration for independent directors is not aligned with their performance appraisal results to ensure the independence of their decision-making, full consideration is given to the level of compensation paid by industry peers as well as risk, responsibility and time involved in performing their work to provide reasonable compensation.

Remuneration Provided to the Board of Directors in 2023 (Unit: KRW million)

Category	No. of people	Total	Average remuneration per person
Registered directors (excluding independent directors and Audit Committee members)	3	7,712	2,352
Independent directors (excluding Audit Committee members)	1	95	95
Members of the Audit Committee	4	283	91

※ The above headcount and total remuneration cover not only incumbent directors and auditors in accordance with the corporate disclosure form preparation standards, but also directors and auditors who resigned during the period between the start of the fiscal year and the disclosure document preparation reference date.

※ Total remuneration is as of 2023, and average pay per person was calculated by summing up monthly average pay (total pay for the concerned month + average number of employes who worked for the concerned month) between January and December of 2023 in conformity with the corporate disclosure form preparation standards.

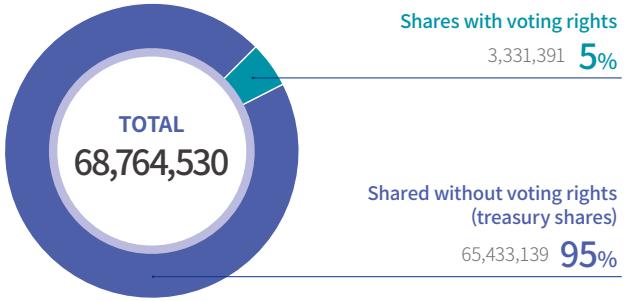
Shareholder

Increasing Shareholder Value

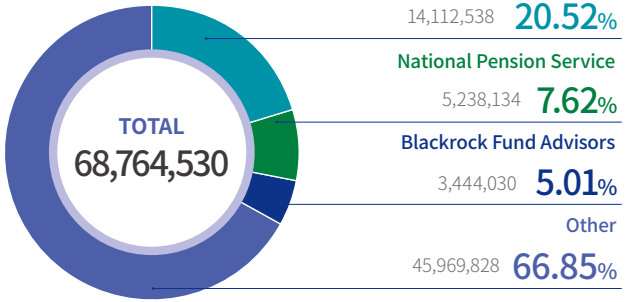
Shareholder composition and status

Samsung SDI's shares issued include 68,764,530 common shares, and 1,617,896 preferred shares. Out of these, 65,433,139 shares carry voting rights, excluding 3,331,391 common shares owned by Samsung SDI and 1,617,896 preferred shares. Each and every shareholder is given equal voting rights based on the type and number of shares they own.

Total number of shares (based on common shares)



Shareholder Status (based on common shares)



Announcing our shareholder return policy

To improve the visibility of our shareholder return, we announced our shareholder return policy in January 2022 to pay 5%~10% of our free cash flow each year on top of KRW 1,000 basic dividends over the next three years between 2022 and 2024.

This ensures that we maintain a minimum level of shareholder return even when our free cash flow decreases due to investment expansion, and raise our dividend payouts in proportion to improving free cash flow.

Dividend details

Category	Unit	2021	2022 1000KRW+FCF 5%	2023
Dividends per share (common shares)	KRW	1,000	1,030	1,000
Dividends per share (preferred shares)	KRW	1,050	1,080	1,050
Cash dividends	KRW 100 million	669.4	689.5	669.4
Dividend payout ratio	%	5.7	3.5	3.3
Dividend yield	%	0.2	0.2	0.2

Facilitating Shareholder Communication

IR activities

We provide quarterly earnings call conferences in line with our tentative operating results both in Korean and English webcasts to make them accessible to all stakeholders including shareholders and investors. In tandem with this, we proactively reach out to domestic/global investors through IR activities and make relevant specifics available on our website.

We make our corporate website available in English for foreign shareholders, and provide information on our financial status, credit ratings, earnings reports, annual audit reports, and sustainability reports among others. In addition, we have established communication channels for shareholders to make their inquiries through our official IR phone number and e-mail address.

In addition, materials associated with hosting the general shareholder meeting are made available on our website so that our shareholders may sufficiently review agenda items prior to their decision-making.

Ethics·Compliance

Compliance Management System

Samsung SDI operates distinctive dedicated organizations for systemic ethics and compliance implementation to manage and prevent ethics and compliance risks in line with Samsung's management principle that values regulatory and ethical compliance. We operate compliance programs across various areas of risk, ranging from trade secrets and subcontracting to fair trade, workplace safety, HR & labor relations, anti-corruption, data privacy, and win-win partnerships. Specifically, we implement compliance systems to disseminate a culture of compliance and conduct training and review on an ongoing basis to minimize the risk of regulatory non-compliance that may arise during the course of our employees' business conduct.

Dedicated compliance organization

The Compliance Team under the direct leadership of the CEO serves as our dedicated compliance organization. The Compliance Team is headed by the Compliance Officer appointed by the Board, and the Compliance Officer attends all Board and committee meetings to support Samsung SDI's decision-making on compliance matters.

We appoint the compliance chief managers in department head positions and working-level team compliance managers (TCM) to create department-level compliance implementation units to establish and disseminate a field-driven compliance culture. Compliance chief managers assume ownership for compliance management within their own department, and encourage members to engage in compliance activities, including adherence to compliance systems and guidelines and compliance training and checks. Team compliance managers (TCM) support compliance chief managers and perform compliance activities at the frontline, including theme-based self-checks conducted at the team level.

Compliance control regulations

We operate the Compliance Control Regulations as the highest-level regulations that specify basic procedures for our employees to follow in business conduct as well as overall matters in conformity with the Commercial Act. These Regulations govern the operation of the compliance control system, authorities and obligations of the Compliance Officer, and employees' compliance obligations and compliance control activities. The Compliance Officer reviews whether our operations conform to these Regulations and assesses the Regulations for their effectiveness, and reports the results to the Board each year.

Compliance system operation

Samsung SDI operates the Compliance Program Management System (CPMS) to encourage voluntary participation in compliance management and raise employees' compliance mindset. While we have already been making our bulletin board and content available in English, we opened a new bulletin board in Chinese for our corporations in China and added Chinese-language content to make our compliance system easily accessible and useful for overseas corporations while continuously supporting compliance management at the global level. Our technical data request system aims to keep the technical data of our partners safe. In 2023, we upgraded the functionality of this system to more rigorously manage the risk of regulatory non-compliance on the part of our employees in relation to technical data.

Compliance Management Operations

Compliance system

Samsung SDI operates a compliance programs to prevent the risk of regulatory non-compliance. We implement a 24/7 system to report contacts made with industry peers to prevent cartel from occurring. It is mandatory for all our employees to report their participation in meetings, seminars, and exhibitions where they are likely to come into contact with industry peers, both before and after their attendance.

We operate the internal deliberation committee in respective areas to ensure the integrated management of key compliance risks. The external sponsorship deliberation committee engages in preliminary review of anti-corruption risks, and reports quarterly deliberation results to the Audit Committee. Furthermore, sponsorships in excess of the set amount of value require prior approval from the Samsung Compliance Committee and the Board of Directors. The internal transaction deliberation committee is also up and running to advance our internal transaction risk management process and improve transparency in transactions made among affiliated companies.

Furthermore, we operate assessment and award programs to incentivize employee's voluntary implementation of compliance management and establish compliance management as an essential part of our corporate culture. The compliance index is considered in executive performance assessment, and its detailed assessment items include compliance training and test, message dissemination, self-check, and voluntary theme-based department reviews. The SDI Global Annual Awards serves to recognize employees and departments for their contribution to creating and establishing a culture of compliance, and our CEO directly grants them awards. Since 2023, compliance assessment items – employees' implementation of compliance obligations, adherence to compliance systems, and completion of compliance training – have been included in conducting organizational performance assessment at the business division level and the results are tied to employee incentives.

Ethics·Compliance

Compliance Management Operations

Compliance review and monitoring

Each year, regular review and monitoring are made for departments at increased risk for non-compliance to verify their regulatory and contractual compliance to prevent and manage risks and reflect the results in future trainings. We analyze internal/external trends and perform non-routine reviews on risk areas to preemptively address and manage such areas. In 2023, key risk areas were reviewed in the areas of trade secrets, subcontracting, and fair trade while training was conducted and actions were taken to pursue necessary improvements.

For areas requiring year-round risk management, compliance reviews are integrated as mandatory requirements in the decision-making process to prevent regulatory non-compliance.

Each compliance implement unit also performs voluntary department-level, theme-based reviews under the supervision of compliance chief managers and TCMs to ensure corrective measures are taken autonomously to address identified risks.

Compliance whistleblowing channels

Samsung SDI operates a compliance whistleblowing mechanism to promptly recognize and prevent regulatory non-compliance and risk factors. Whistleblowers can report all types of violations of law, including violations of antitrust laws, trade secret infringement, false and misleading advertising, anti-corruption laws, and labor law violations.

Reports can be made through various channels, including the Compliance Management System (CPMS), the company's website, email, phone, and fax, and all reports are handled confidentially and anonymity is fully guaranteed through internal regulations.

Compliance risk assessment

We identify compliance risks by categorizing major acts of regulatory non-compliance associated with the Company in reflection of regulatory enactment/amendment, status of sanctions, and regulatory authority monitoring results. In 2023, eight compliance risk areas - trade secrets, subcontracting, fair trade, workplace safety, HR & labor relations, anti-corruption, data privacy, and win-win partnership - were identified as requiring intensive management. As a common approach to these eight risk areas, we engage in system implementation, training, and review including risk sensing and promotional activities.

To address the risk of subcontracting in relation to anti-trust, fair trade (insider trading, cartel), and win-win partnership, we ensure our employees report their contact with industry peers, make agreement on CP in advance, and operate the internal transaction deliberation committee and the technical data request system. In dealing with trade secrets as a key risk area associated with anti-competitive acts, we deploy the CPGS (ComPliance Guide Service) word filtering system for outgoing e-mails to inspect externally-shared presentation materials and safeguard our confidential information, taking an advanced risk management approach in so doing.

Compliance management training

To advance compliance management and prevent the risk of regulatory non-compliance, we focus on diverse tailor-made, specialized training programs that cater to the distinctive needs of departments and individual employees.

In 2023, we conducted company-wide online compliance training in case study and Q&A formats to address key compliance risks (fair trade, trade secrets, anti-corruption) to improve employees' focus on and understanding of such risks. Business compliance training was also provided to pursue shared growth with partners and help them strengthen their compliance management capabilities, along with training on the delivery price indexation system for preemptive risk management. In tandem with this, we created an in-house compliance training process led by local personnel to establish a self-directed compliance culture at overseas corporations. In 2023, training materials were distributed in Chinese for corporations based in China in addition to English-language materials to assist our overseas corporations in bolstering their training capabilities.

Compliance review in relation to the appointment of independent directors

In appointing independent directors, we perform preliminary reviews on compliance issues, including disqualifications specified in the Commercial Act. Once appointed, our new independent directors receive compliance training. To elevate their overall understanding on Samsung SDI, we assist their regular visit to our domestic and overseas operations (line tour), and send them the quarterly 'SDI Compliance Letter' outlining major media reports and regulatory enactment and amendment to better support compliance management related decision-making. In 2023, such compliance training was provided to one newly appointed independent director.

Ethics·Compliance

Compliance Management Operations

Expanding communication on compliance

We engage in a wide array of communication activities to raise compliance awareness at all levels. Our CEO regularly communicates our commitment to compliance both internally and externally, and executives share compliance messages with their department members on a regular basis. The Compliance Team regularly provides employees with compliance information, including compliance-related media reports and regulatory enactment/amendment trends. The 'SDI Compliance Letter' is sent to independent directors each quarter to keep them up to date with key compliance issues. In 2023, CP card news[1] was distributed 15 times at all levels to elevate employees' understanding of and interest in compliance topics.

CP Card News



1) CP card news: Card-type news communicating information on compliance risk

Compliance Management at Overseas Cooperations

Compliance management operations at overseas corporation

Our compliance team at the headquarters sets up separate compliance organizations for overseas corporations while operating a range of tailormade programs to help them establish compliance management. To assist overseas corporations in undertaking self-directed compliance activities, training materials are produced in English and Chinese in reflection of regulatory amendments as well as checklists to be used for compliance self-review at the beginning of each year. We also ensure that all overseas corporations organize their own sponsorship deliberation committee and build a communication system with the headquarters to raise the bar on our anti-corruption risk management process governing overseas corporations.

In 2023, regional online exchange meetings were launched for overseas corporations to share each others' compliance issues, and the discussions made base our efforts to develop additional support measures. The Compliance Monthly Report overseas corporations submit each month helps us keep close tabs on pending and other issues affecting respective overseas corporations. In 2023, the compliance team at the headquarters provided on-site consulting to three corporations located in China and conducted compliance review and training.

Samsung Compliance Committee

Purpose and composition

The Samsung Compliance Committee (the 'Committee' hereinafter) was launched in 2020 to bolster compliance oversight and control at Samsung's seven major affiliates[1] and advance integrity management as Samsung's core value. The Committee is guaranteed its independence and autonomy as an independent organization created outside of Samsung SDI, and is mandated to review and manage the risk of regulatory non-compliance for Samsung SDI and other major affiliates. The Committee consists of six outside members and one internal member, and outside members are appointed for their expert knowledge and experience in compliance. The 2nd Committee (chaired by Lee Chan-hee) has been up and running since 2022 to weave compliance management into the fabric of Samsung's corporate culture, strengthening compliance oversight in the process.

1) Samsung SDI, Samsung Electronics, Samsung Electro-Mechanics, Samsung SDS, Samsung C&T, Samsung Life Insurance, Samsung Fire & Marine Insurance

Major activities

The Committee meets regularly with compliance officers from Samsung affiliates on a monthly basis, and also convenes ad-hoc meetings when necessary. The Committee reviews affiliates for their external sponsorships and related transactions, and receives reports on affiliates' violation of regulatory compliance obligations through separate whistleblowing channels including post, e-mail, and third-party organizations. The Committee has its own website to post annual reports, details of the meetings held, and external statements and to receive relevant reports. The Committee engages in a wide array of activities by hosting discussions joined by affiliate CEOs, providing compliance training to high-level affiliate executives, and holding discussions among compliance experts. In 2023, Committee members visited Samsung SDI's Cheonan worksite to tour around the battery production plant while sharing and reviewing our plans to respond to the climate crisis by reducing GHG emissions and to establish a circular economy system by increasing battery recycling.

Ethics·Compliance

Ethical Management System

Dedicated ethics organization

Samsung SDI operates the Audit Team under the direct leadership of the CEO to advance ethical management. We continuously review ethics and anti-corruption issues to establish a transparent corporate culture. Our domestic and overseas operations receive ethics and anti-corruption evaluations and compliance audits, and the results are regularly reported to the Audit Committee under the Board of Directors each year. Operational audit findings for 2023 (3 cases), domestic/overseas compliance audit findings (3 cases), and audit work plans for 2024 were reported to the 1st Audit Committee meeting held on January 29, 2024.

Ethics management guidelines

We implement guidelines to prevent and counter corruption in relation to ethical management, and present clear determination standards and behavioral guidelines concerning corruption to establish a corporate culture of integrity. Our management principles were made public on the whistleblowing section and the ethical management section of our corporate website to uphold our commitment to ethical management.

Ethics management guidelines

Samsung SDI Business Principles

We at Samsung SDI deliver top-notch products and services on the strength of our talent and technology and make a positive difference for all as a Global Top-tier Company. We progress towards this goal by prioritizing Samsung Value – People, Excellence, Change, Integrity, Co-prosperity – that all Samsung people share and abide by. To abide by law and ethics and fulfill our given role and social responsibility, we stipulate the following 'Management Principles' guiding how Samsung people think and behave in all their business conduct, and vow to fully adhere to these principles.

- We comply with laws and ethical standards
- We maintain a clean organizational culture
- We respect customers, shareholders and employees
- We care for the environment, health and safety
- We are a socially responsible corporate citizen

Ethical Management Operations

Ethics review and monitoring

Samsung SDI continues with year-round monitoring with a focus on departments that interact with partners to prevent corruption involving partners, and launches full investigation when issues or whistleblowing reports are substantiated. In addition, we conduct compliance audits on all our operations in Korea and abroad every four years, and this resulted in disciplinary actions taken against 25 individuals in 2023.

Whistleblowing mechanism

We have a variety of whistleblowing programs up and running internally and externally to ensure the fair and prompt resolution of corruption-related concerns. We are establishing an independently-functioning hotline available 24/7 by leveraging a host of whistleblowing channels spanning our in-house ethical management system, third-party whistleblowing websites, and e-mail and phone dedicated to whistleblowing. In accordance with the principle that the identity of whistleblowers should remain confidential and whistleblowers should not be subject to any disadvantage, we perform regular checks on the encryption of whistleblowing data twice a year. A dedicated whistleblowing organization is up and running within the audit team: once a whistleblowing report is submitted, this is notified to the whistleblower and the process starts to establish factual grounds in an impartial way to produce investigation results.

Ethics training

All our employees receive regular on/offline anti-corruption training each year (Jun. in Korea, Jul.~Aug. overseas) We also provide experience/non-experienced new hires with in-person anti-corruption training year-round (39 times in 2023). In particular, separate anti-corruption training was launched for personnel assigned to overseas operations in 2023 to raise their compliance awareness.

Stakeholder Communication

Stakeholder Communication Activities in 2023

Samsung SDI defines our key stakeholders as customers, shareholders, investors, employees, partners, communities, civic organizations, industry associations, universities, research institutes, governments, and media. We operate communication channels to efficiently gather varying feedback from respective stakeholder groups and effectively reflect such feedback in our business operations to forge even closer partnerships with internal/external stakeholders.

Stakeholder	Communications in 2023	Ways to Increase Value
Customers	- Customer visits - QBR(Quarterly Business Review) meetings - QTR(Quarterly Technical Review) meetings - Website	- Enhance product safety, eco-friendliness and other quality aspects - Swiftly provide information across wide-ranging communication channels
Shareholders & investors	- IR earnings conference calls - IR NDR - IR website and company phone number - General shareholder meetings - IR conferences and year-round meetings - Disclosures	- Establish sound governance - Increase shareholder return through improved corporate value - Improve business competitiveness
Employees	- Works Council - Counseling Center - Management briefings - Satisfaction surveys - Change Agent - SDI talk - Global SDI talk - Newsletters	- Create a working environment with safety and respect for human rights - Create an advanced corporate culture - Support employees with capacity building - Improve the quality of life by operating benefit programs
Partners	- Purchasing portal system - SSP(Samsung SDI Partner's Association) - Exchange meetings with partners - CEO and executives' visits to partners	- Establish the principles of fair trade and operate the benefit sharing system - Improve business competitiveness through win-win cooperation consulting and technology/ personnel/ financing support - Increase ESG management performance
Communities & civic organizations	- Community councils - CSR activities - Sisterhood ties	- Participate in CSR activities to contribute to help solve community issues - Revitalize the local economy - Prevent adverse environmental impact
Industry associations/universities/ research institutes	- Memberships at associations and societies - R&D (Open Innovation) - Joint cooperation programs	- Support R&D - Expand industry-academia cooperation
Governments	- Participation in government-led projects - Joint cooperation programs	- Participate in governmental policies and abide by laws - Faithfully pay taxes - Transparently disclose information
Media	- Prompt, transparent, and accurate disclosures - Press releases and newsletters on our products, technologies and markets	- Ensure prompt and transparent communication with the media - Disclose accurate and diverse information

Stakeholder Communication

Key Communication Channels

We operate a range of communication channels to promptly communicate the latest news of Samsung SDI while identifying and reflecting stakeholder needs. In addition to content on industry trends and useful daily information, we also share content that manifests Samsung SDI's distinctive characteristics.

Website and social media channels

We make a range of corporate information available on such communication channels as our company website, blog and YouTube and reach out to stakeholders in so doing. In particular, we are working on video content to communicate our business, products and technology in easy-to-understand and intriguing ways to keep pace with the emerging trend of video content consumption, and also offer recruitment information through short-form videos providing an overview of specific jobs performed at Samsung SDI.

Website



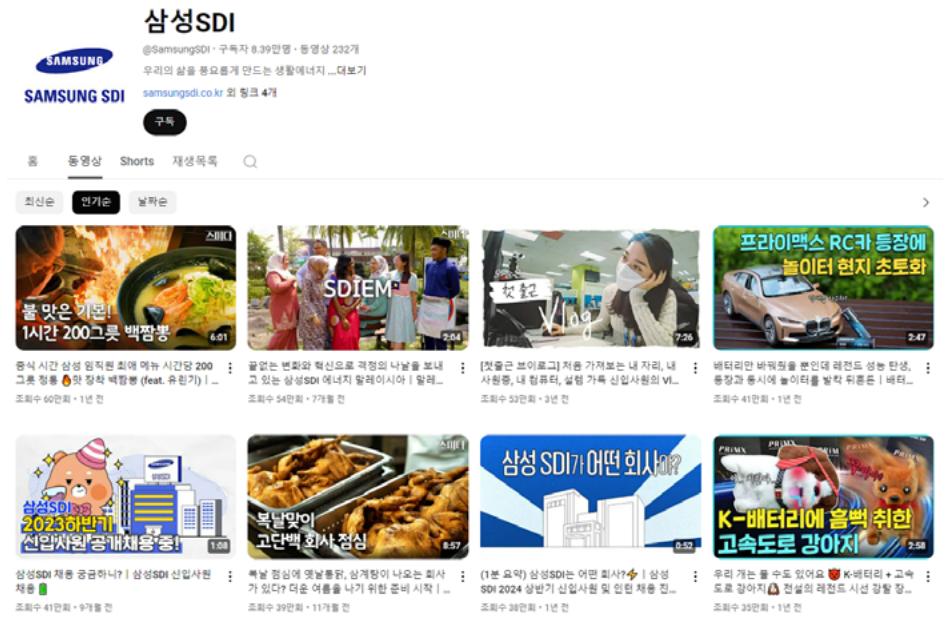
Official Blog



Official Facebook page



YouTube



APPENDIX

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Double Materiality Assessment

Samsung SDI conducts a double materiality assessment in accordance with the GRI (Global Reporting Initiative standards 2021), EU's CSRD (Corporate Sustainability Reporting Directive), and IFRS (International Financial Reporting Standards)'s Exposure Draft for sustainability disclosures on an annual basis. We identified ESG topics material to Samsung SDI based on understanding on our business context, and looked into each ESG topic for their inside-out impact – how our business operations impact economy, environment, and people (employees, customers, end-users, and value chain workers) - and for their outside-in impact – how respective ESG topics impact the financial aspect of Samsung SDI. This was followed by impact assessments conducted on internal/external experts who have in-depth understanding of Samsung SDI and ESG. Assessment results received Board's final review and approval, and this led us to arrive at nine key ESG topics. We integrated the materiality assessment findings into our enterprise risk management process to manage the material topics identified.

Double Materiality Assessment Process

Process		Detailed Process and Consideration		Output
STEP 1 **Create a pool of topics related to sustainability**	Understand Samsung SDI's activities, value chain, and sustainability context and derive a pool of sustainability topics based on that understanding	- Business operations in general: Mission, business model/strategy, products and services, location, type of workers, etc. - Value chain: Key business activities, upstream, own operations, downstream, across the value chain, etc. - Sustainability context: Economic, environmental, and social issues associated with industry, activity, and location as well as laws and regulations		List 18 topics
STEP 2 **Identify sustainability topic impacts**	Identify impacts, risks, and opportunities based on EU CSRD criteria and utilize classification criteria to identify impacts and determine how they are assessed based on the types identified	**Social and environmental impacts (impact)** - Analyze company business and value chain characteristics to define company activities related to each topic and identify social and environmental impacts of activities - Categorize the nature of impacts (positive or negative, actual or potential)	**Financial impacts (risk and opportunity)** - Identify the external environment of the company that is relevant to each topic, and its impact on company business and operations (cost, revenue, reputation, capital, etc.) - Categorize the business impact as a risk or opportunity	Describe and categorize impact, develop assessment tool
STEP 3 **Conduct a sustainability topic impact assessment**	Conduct a survey to determine priorities among internal and external experts with a high level of understanding of Samsung SDI and ESG (Feb. 15, 2024 -Mar. 7, 2024)	**Social and environmental impacts (impact)** - Scale - Scope - Remediability - Likelihood	**Financial impacts (risk and opportunity)** - Quantitative financial impact - Qualitative financial impact - Likelihood	Rank impact assessment results
STEP 4 **Select material topics**	Prioritize topics by reporting to the Sustainability Council, a C-level council led by the CEO and to the Sustainability Committee	- Conduct quantitative analysis on the results of the assessment regarding social and environmental impacts and financial impacts (risk and opportunity) - Review and approve the prioritized topics by management and the board of directors - Conduct third-party verification of the double materiality assessment process and results		Choose material topics and nine disclosure topics

Double Materiality Assessment

Double Materiality Assessment Result

1) ●●●●● Very High ●●●●○ High ●●●○○ Moderate ●●○○○ Low ●○○○○ Very Low

Material Topics				Environmental·Social Impact (Impact)			Financial Impact (Risk·Opportunity)			Note	
Category	Topic List		Value chain	Impact explaination	Identified Impact	Result[1]	Explaination of possible risks and opportunities	Classification	Result[1]	GRI Index	Page
E	Climate change mitigation	Building a battery circular economy	Downstream	Reducing environmental impact by establishing a resource circulation system, from designing for battery disassembly and recycling to recycling reclaimed materials	Positive-actual	●●●●●	Increased customer demand for products made from recycled materials boosts sales and drives cost savings by establishing an efficient resource circulation system	Opportunity	●●●●○	301-2	31-32, 36, 97
		GHG emissions	Owned	GHG emissions give rise to climate change including extreme climatic events, fluctuations in precipitation, rising sea levels, desertification, water shortage, spread of tropical diseases, and diminishing bio species among others	Negative-actual	●●●●●	Increasing investment costs for equipment and technology to reduce carbon emissions and rising costs of purchasing GHG emissions allowances	Risk	●●●●○	305-1~5	28-29, 35-36, 97
		Renewable energy transition	Owned	Transition to renewable energy to reduce GHG emissions from energy use and contribute to mitigating climate change	Positive-actual	●●●●●	Rising costs in relation to PPAs (Power Purchase Agreement) , RECs (Renewable Energy Certificate), and the Green Premium program to transition to renewable energy	Risk	●●●●○	302-1, 3	28, 36
		Product environmental LCA and environmental impact mitigation	Overall	Assess environmental impact of products throughout their lifecycle and lower carbon emissions to contribute to mitigating climate change	Positive-actual	●●●●●	Boosting sales and expanding market share by meeting customer needs through low-carbon products and LCAs	Opportunity	●●●●○	Non-GRI	30
	Energy consumption		Owned	Use of non-renewable energy causes climate change and brings negative environmental impact such as depletion of natural resources	Negative-actual	●●●●●	Increasing costs for process improvement and technology development to reduce energy consumption while improving energy efficiency	Risk	●●●●○	302-1, 3, 4	37-38, 97
S	Boosting sustainability of our supply chains		Upstream	Supply chain risks that arise in the areas of safety, labor, environment, and ethics do harm to workers at partners and nearby local communities.	Negative-potential	●●●○○	Occurrence of risk affecting the company to result in decreases in sales and capital inflow and costs occurring to identify and mitigate risk	Risk	●●●●○	308-1~2, 414-1~2	44-52, 99
	Employee health and safety		Owned	Workplace injuries and accidents threaten the health and life of employees and degrade the quality of life for their families.	Negative-actual	●●●●○	Injuries resulting in declining sales from operational disruptions, reimbursements made to compensate affected workers, and litigation costs if the company is responsible	Risk	●●●●○	403-1~9	53-58, 100-101
	Product safety and quality		Downstream	Incidents involving product safety and quality do direct/indirect harm to the safety of customers, consumers, and local communities.	Negative-actual	●●●●○	Product safety and quality issues resulting in declining sales, costs occurring for recalls and litigation, and the costs of product safety and quality inventory	Risk	●●●●●	416-1~2	59-63, 101
G	Stakeholder grievance mechanism		Owned	The whistleblower protection system improves trust in the company and maintains balance in the economic and social interests of wide-ranging stakeholders.	Positive-actual	●●●●○	Zero risk or opportunity expected from the business aspect	Opportunity	●●●●○	Non-GRI	57, 65, 103

Financial Performance

Consolidated Statement of Financial Position

54th as of Dec.31,2023
53rd as of Dec.31,2022
52nd as of Dec.31,2021
(unit: KRW)

Category	End of 54th	End of 53rd	End of 52nd
Assets			
Total current assets	9,187,029,193,265	9,651,702,375,329	7,444,907,068,203
Cash and cash equivalents	1,524,461,361,452	2,614,271,849,898	2,325,692,348,376
Trade and other receivables, net	3,402,869,054,756	2,933,814,798,893	2,195,425,598,789
Inventories, net	3,297,368,930,324	3,204,515,834,716	2,487,316,318,701
Other investments	602,098,500,787	534,662,104,634	164,541,358,730
Other assets	353,200,051,577	335,800,401,510	258,708,109,360
Current derivative assets	7,031,294,369	28,637,385,678	13,223,334,247
Total non-current assets	24,851,830,999,702	20,605,822,795,798	18,388,285,928,733
Trade and other receivables, net	33,739,219,162	6,879,322,583	13,538,047,881
Investments in equity-accounted investees	9,996,233,432,914	8,940,282,254,638	7,885,424,300,376
Tangible assets, net	11,893,348,076,900	8,965,469,798,907	7,635,995,590,121
Intangible assets, net	858,929,747,025	814,931,162,728	798,911,068,282
Investment property	147,320,485,846	147,558,866,183	150,410,177,327
Deferred tax assets	211,071,363,902	168,913,513,518	140,864,868,927
Other non-current investments, including derivatives	1,364,181,992,958	1,245,883,336,770	1,572,410,115,693
Other non-current assets	93,180,478,798	137,715,011,245	105,884,740,957
Derivative assets	0	6,070,437,854	84,847,019,169
Employee benefits assets	253,826,202,197	172,119,091,372	0
Total assets	34,038,860,192,967	30,257,525,171,127	25,833,192,996,936
Liabilities			
Total current liabilities	8,518,933,137,070	8,006,938,827,488	6,461,285,795,016
Trade and other payables	4,538,845,024,180	4,285,754,045,541	3,269,446,524,533
Income taxes payable	101,894,652,720	229,613,880,891	126,201,165,219
Advance received	607,331,856,215	230,132,847,224	211,277,273,149
Unearned revenue	18,823,553,350	78,688,354,316	39,131,549,681
Short-term borrowings	2,868,274,951,532	2,851,183,213,651	2,510,216,802,997
Derivative liabilities	0	57,510,091	2,330,249,501
Provisions	383,763,099,073	331,508,975,774	302,682,229,936
Total non-current liabilities	5,612,677,078,375	5,033,084,187,511	4,175,207,887,065
Trade and other payables	541,922,916,698	697,531,224,825	265,947,483,830
Long-term advance received	61,184,781,788	50,623,504,840	35,429,209,729
Long-term borrowings	2,849,524,920,000	2,297,040,000,000	2,107,760,803,273
Employee benefit liabilities, net	2,276,046,885	2,005,409,849	9,358,262,362
Derivative liabilities	0	82,319,778	10,016,686,557
Provisions	93,140,664,663	91,878,306,036	93,311,709,876
Deferred tax liabilities	2,064,627,748,341	1,893,923,422,183	1,653,383,731,438
Total liabilities	14,131,610,215,445	13,040,023,014,999	10,636,493,682,081
Total shareholders' equity			
Equity attributable to the ParentCompany	18,511,373,378,175	16,485,723,513,578	14,704,264,131,372
Capital stock	356,712,130,000	356,712,130,000	356,712,130,000
Capital surplus	5,001,974,693,202	5,001,974,693,202	5,001,974,693,202
Other capital	(345,131,583,767)	(345,131,583,767)	(345,131,583,767)
Accumulated other comprehensive income	1,162,152,892,848	1,003,816,893,169	1,174,235,557,799
Retained earnings	12,335,665,245,892	10,468,351,380,974	8,516,473,334,138
Non-controlling interests	1,395,876,599,347	731,778,642,550	492,435,183,483
Total shareholders' equity	19,907,249,977,522	17,217,502,156,128	15,196,699,314,855
Total liabilities and equity	34,038,860,192,967	30,257,525,171,127	25,833,192,996,936

Financial Performance

54th as of Dec.31,2023
53rd as of Dec.31,2022
52nd as of Dec.31,2021
(unit: KRW)

Consolidated Statements of Comprehensive Income

Category	End of 54th	End of 53rd	End of 52nd
Revenue	22,708,300,498,633	20,124,069,515,854	13,553,220,248,796
Cost of sales	18,726,384,091,221	15,903,322,834,044	10,475,602,069,114
Gross profit	3,981,916,407,412	4,220,746,681,810	3,077,618,179,682
Selling, general and administrative expenses	2,348,547,442,644	2,412,733,668,608	2,010,042,579,185
Operating Income	1,633,368,964,768	1,808,013,013,202	1,067,575,600,497
Other income	76,645,596,848	62,998,019,043	51,960,888,011
Other expenses	50,310,956,450	206,316,945,755	93,328,475,158
Financial income	1,055,087,474,681	1,390,645,972,964	547,619,989,802
Financial expenses	1,245,885,498,190	1,442,761,340,601	440,534,600,273
Share of profit equity accounted investees	1,017,238,435,301	1,039,696,669,877	530,041,919,350
Profit before	2,486,144,016,958	2,652,275,388,730	1,663,335,322,229
Income tax expenses	420,097,454,757	612,913,940,744	412,933,761,988
Profit tor the year	2,066,046,562,201	2,039,361,447,986	1,250,401,560,241
Other comprehensive income	66,016,033,843	(139,877,439,687)	629,464,562,852
Items that will never be reclassified profit or loss	5,067,564,442	(82,073,743,779)	232,418,639,469
Remeasurements of defined benefit liability	-99,099,458,346	87,645,868,605	(5,968,133,542)
Unrealized net changes in fair value of FVOCI financial assets	88,659,820,165	(166,678,916,451)	312,538,060,698
Related tax	15,507,202,623	(3,040,695,933)	(74,151,287,687)
Items that are or may be reclassified to profit or loss	60,948,469,401	(57,803,695,908)	397,045,923,383
Change in equity of equity-method accounted investees	-16,687,756,061	(9,615,209,282)	191,618,539,908
Change in gain on translation of foreign operations	90,240,991,087	17,859,070,952	238,564,516,062
Effective portion of unrealized changes in fair values of cash flow hedges	-23,111,865,796	(67,984,703,341)	17,423,534,765
Related tax	10,507,100,171	1,937,145,763	(50,560,667,352)
Total comprehensive income	2,132,062,596,044	1,899,484,008,299	1,879,866,123,093
Profit attributable to:			
Owners of the Parent Company	2,009,207,126,300	1,952,148,535,524	1,169,801,394,611
Non-controlling interests	56,839,435,901	87,212,912,462	80,600,165,630
Total comprehensive income attributable to:			
Owners of the Parent Company	2,094,600,653,447	1,848,403,992,006	1,793,592,722,080
Non-controlling interests	37,461,942,597	51,080,016,293	86,273,401,013
Earnings per share			
Ordinary share – Basic earnings per share	30,044	29,191	17,492
Preferred share – Basic earnings per share	30,094	29,241	17,542

Sales by Business Division

(unit: KRW 100 million)

Category	End of 54th	End of 53rd	End of 52nd
Energy solution	204,061	175,663	109,469
Electronic materials	23,022	25,578	26,063
Total	227,083	201,241	135,532

Sustainability Performance

Economic Performance

Production

Business Division		Unit	2021	2022	2023
Energy solution	Small battery	Millon cells	1,950	2,172	2,062
	Automotive battery	Millon cells	105.2	127.2	164.3
	ESS	Millon cells	20.3	20.8	20.6
Electronic Materials	Polarizing film	1,000 m2	98,802	77,872	91,321

Tax Information by Resident Entities in 2023

(Unit: KRW billon)

Country	Business place	Primary Activities	Revenue	Profit before tax	Accrued income tax	Income tax
Korea	Samsung SDI Co.,Ltd	Manufacturing and sales of secondary batteries and electronic materials products	19,799.1	793.3	16.7	(27.9)
Korea	STM Corp.	Manufacturing and sales of cathode active materials for secondary batteries	1,433.1	72.8	10.4	15.6
Japan	Samsung SDI Japan Co., Ltd.	Sales in Japan and purchasing support	10.6	0.8	0.2	0.4
USA	Samsung SDI America Inc.	Automotive battery production and sales, Sales support for secondary batteries, etc	1,411.5	44.2	10.6	12.2
USA	StarPlus Energy LLC.	Automotive battery production and sales	0	(30.2)	0	0
Hungary	Samsung SDI Hungary Zrt.	Automotive battery production and sales	8,554.1	222.8	40.8	32.6
Germany	Samsung SDI Europe GmbH	Sales in Europe and purchasing support	54.9	8.5	0.7	2.3
Austria	Samsung SDI Battery Systems GmbH	Automotive battery production and sales	252.9	31.3	4.2	7.5
Vietnam	Samsung SDI Vietnam Co., Ltd.	Secondary battery production and sales	1,013.9	33.2	0	1.6
Malaysia	Samsung SDI Energy Malaysia Sdn. Bhd.	Secondary battery production and sales	1,520.4	43.6	2.1	1.7
India	Samsung SDI India Pvt.	Support for purchasing secondary batteries, etc	5.7	5.1	0	1.3
Hong kong	Samsung SDI (Hong Kong) Ltd.	Sales of secondary batteries, etc	1.7	41.2	10.6	3.3
China	Tianjin Samsung SDI Co., Ltd.	Secondary battery production and sales	543.4	30.1	11.7	16.1
China	Samsung SDI China Co., Ltd.	Sales in China and purchasing support	27.5	5	0.3	1.3
China	Samsung SDI-ARN (Xi'An) Power Battery Co., Ltd.	Automotive battery production and sales	1,176.8	98.6	0.2	15.9
China	Samsung SDI (Tianjin) Battery Co., Ltd.	Secondary battery production and sales	2,122.7	68.9	26.6	11.7
China	Samsung SDI Wuxi Co., Ltd.	Manufacturing and sales of electronic material products	1,018.3	39.6	7.4	8.8
Germany	Novaled GmbH	Manufacturing and sales of electronic material products	113.7	67.9	0.1	22.8

Corporate Taxes Paid (consolidated)

On a consolidated basis	Unit	2021	2022	2023	Note
Pre-tax profit	KRW million	1,663,335	2,652,275	2,486,144	On a consolidated basis
Corporate tax expenses	KRW million	412,934	612,914	420,097	On a consolidated basis
Effective tax rate	%	24.83	23.11	16.90	On a consolidated basis
Corportate taxes paid[1]	KRW million	217,775	278,533	397,830	On a consolidated basis
Cash tax rate	%	13.09	10.50	16.00	On a consolidated basis

1) Corporate tax payment based on the cash flow statement

Contributions Other Spendings[1]

Category	Unit	2023
Lobbying, interest representation or similar	KRW million	0
Local, regional or national political campaigns/organizations/candidates	KRW million	0
Trade associations or tax-exempt groups (e.g., think tanks)[2]	KRW million	1,053

1) Samsung SDI does not make political donations accordance with Article 31 of the Political Fund Act.
2) 3 largest contributions in 2023
- Korea Battery Industry Association(KRW 450 million)
- Korea Chamber of Commerce and Industry(KRW 190 million)
- Korea Display Research Association(KRW 45 million)

Green Sales[1]

구분	단위	2021	2022	2023
Green sales	KRW 100 million	109,469	175,663	204,061

1) Green sales were calculated as revenues from our battery business which falls into the 'green' economy category under the EU Taxonomy. In 2023, our battery business (energy solutions) accounted for 89.9% of total sales, 98.5% of CAPEX, and 90.5% of OPEX.

Sustainability Performance

Environmental

Climate Change Mitigation

GHG Emissions

Category		Unit	2021	2022	2023
Total emissions (the sum of direct/indirect emissions)[1]		tCO_2e	1,573,530	1,660,732	1,458,880
- Direct/indirect emissions intensity		tCO_2e/KRW 100 million	11.6	8.3	6.4
- Direct/indirect emissions	Direct emissions	tCO_2e	225,594	242,116	272,196
	Indirect emissions	tCO_2e	1,347,936	1,418,616	1,186,684
- By region	Domestic	tCO_2e	587,846	582,503	595,569
	Overseas	tCO_2e	985,684	1,078,229	863,311
- By sector	Small battery	tCO_2e	868,223	892,538	732,028
	Automotive & ESS battery	tCO_2e	454,820	516,853	479,262
	Electronic materials	tCO_2e	184,720	186,114	176,210
	R&D and others	tCO_2e	65,767	65,227	71,380
Other indirect emissions		tCO_2e	235,941	1,203,935	2,208,938

1) Total emissions were reported as market-based GHG emissions that reflect the transition to renewable energy. Our location-based 2023 GHG emissions amounted to 1,839,034tCO2e

Green Purchases[1] Made

Category	Unit	2021	2022	2023
Use of recycled metals	%	3	8	12

1) Green purchases are defined from the perspective of recycling directly associated with Samsung SDI's business, and refer to raw materials collected after their use and disposal and recycled. Data for 2021 and 2022 have changed due to change in calculation formula.

Energy Consumption

Energy Consumption

Category		Unit	2021	2022	2023
Company-wide consumption		TJ	27,464	32,799	33,543
- Company-wide consumption intensity		TJ/KRW 100 million	0.20	0.16	0.15
- By region	Domestic	TJ	12,186	12,093	12,442
	Overseas	TJ	15,278	20,706	21,101

Waste Generation and Disposal

Category		Unit	2021	2022	2023
Total generation		ton	175,143	175,061	175,116
- Company-wide generation intensity		ton/KRW 100 million	1.29	0.87	0.77
- By region	Domestic	ton	74,151	69,262	66,448
	Overseas	ton	100,992	105,799	108,668
- General/ Hazardous	General waste	ton	88,516	90,547	84,850
	Hazardous waste	ton	86,627	84,514	90,266
Waste disposal volume		ton	175,143	175,061	175,166
- General waste	Incineration	ton	3,114	1,749	1,401
	Landfill	ton	725	2,386	895
	Recycling	ton	80,627	83,211	80,107
	Others (neutralization, etc.)	ton	4,050	3,199	2,447
- Hazardous waste	Incineration	ton	2,750	3,013	4,368
	Landfill	ton	3,910	1,602	63
	Recycling	ton	79,828	79,749	85,746
	Others (neutralization, etc.)	ton	140	151	88

Waste Recycling Rate and Landfill Rate

Category		Unit	2021	2022	2023
Domestic	Recycling rate	%	96.0	95.1	96.1
	Landfill rate	%	0.2	0.2	0.0
Overseas	Recycling rate	%	88.5	93	93.9
	Landfill rate	%	4.4	2.5	0.9

Sustainability Performance

Environmental

Workplace Environmental Impact

Environmental Management Investments Made

Category	Unit	2021	2022	2023
Plan	KRW million	29,281	17,973	29,214
Achievement	KRW million	30,916	18,436	27,997
Rate of Investment Execution	%	106	103	96

Water Withdrawal

Category		Unit	2021	2022	2023
Company-wide withdrawal		ton	8,714,979	9,551,318	9,319,084
- Company-wide generation intensity		kilo ton/KRW 100 million	0.06	0.05	0.04
- By region	Domestic	ton	4,018,931	3,643,041	3,231,422
	Overseas	ton	4,696,048	5,908,277	6,087,662
- By source	Industrial water	ton	4,667,804	5,299,663	5,142,494
	Utility water	ton	1,716,392	2,008,895	2,019,863
	Surface water	ton	2,127,482	2,007,605	1,894,749
	Underground water	ton	203,301	235,155	261,978

Detailed Water Withdrawal Data in 2023

Category		Unit	Industrial water	Utility water	Surface water	Underground water	Sum
Domestic	Headquarter and R&D center	㎥	0	290,064	0	0	290,064
	Manufacturing workplace	㎥	1,753,223	528,757	397,400	261,978	2,941,358
	Subtotal	㎥	1,753,223	818,821	397,400	261,978	3,231,422
Overseas	Subtotal	㎥	3,389,271	1,201,042	1,497,349	0	6,087,662
Total		㎥	5,142,494	2,019,863	1,894,749	261,978	9,319,084

Water Reuse

Category		Unit	2021	2022	2023
Company-wide water reuse	Water reused	ton	2,559,268	2,848,852	4,176,332
	Water consumed	ton	11,274,247	12,400,170	13,495,416
	Water reuse rate	%	22.7	23.0	30.9

Effluent Discharge

Category		Unit	2021	2022	2023
Company-wide discharge		ton	3,350,084	3,754,770	3,100,480
Company-wide discharge intensity		Kilo ton/ KRW 100 million	0.02	0.02	0.01
- By region	Domestic	ton	2,038,574	1,976,173	1,450,102
	Overseas	ton	1,311,510	1,778,597	1,650,378

Pollutant Generation

Category		Unit	2021	2022	2023
Water pollutant Discharge intensity	BOD	kg/KRW 100 million	0.2	0.07	0.03
	TOC[1]	kg/KRW 100 million	-	-	0.03
	SS	kg/KRW 100 million	0.32	0.24	0.14
Air pollutant emissions intensity	NOx	kg/KRW 100 million	0.43	0.2	0.18
	SOx	kg/KRW 100 million	0.01	0.01	0.02
	PM	kg/KRW 100 million	0.34	0.22	0.2
	VOC[2]	kg/KRW 100 million	-	-	0.34

1) TOC has been compiled from 2023 and only applies to domestic business sites.
2) VOC reflects only overseas business sites.

Environmental Law Infringement

Category	Unit	2021	2022	2023
Number of violations of legal environmental obligations/regulations	Case	0	0	0
Amount of fines/penalties[1] related to the above	KRW million	0	0	0
Allocated amount for environmental-related provisions	KRW million	0	0	0

1) Payment criteria USD $10,000 or more

Sustainability Performance

Social

Boosting Sustainability of our Supply Chains

Purchases Made along the Supply Chain

Category	Unit	2021	2022	2023
Total purchases made	KRW 100 millon	90,568	134,189	159,935
- Raw/subsidiary material purchases made	KRW 100 millon	75,157	118,744	136,948
- Equipment purchase made	KRW 100 millon	13,065	12,796	20,543
Ratio of local purchases made by partners (based on battery business)[1]	%	52.0	43.7	39.6

1) This is based on the battery division, and the 2022 data has been changed to recalculate the local purchase ratio

Shared Growth Support and Performance

Category		Unit	2021	2022	2023
Financial support	Direct support (credit assistance for molding fees, etc.)	KRW 100 million	158	213	336
	Contributions to the win-win fund[1]	KRW 100 million	650	650	1,000
Direct·indirect management support	On-the-job training(partners)	No. of persons	1,151	1,249	1,765
		No. of companies	96	103	80
	Online training(partners)	No. of persons	48	60	80
		No. of companies	29	36	57
	Recruitment support[2]	No. of persons	73	49	68
		No. of companies	3	2	2
	Innovation guidance	No. of companies	6	7	12
Performance in technology support and protection	Original trade secret certification system	cases	75	0	52
	Technology escrow system	cases	3	2	2
Performance in new market penetration	Buyer meetings hosted	cases	4	5	10
	Product exhibitions operated for partners	cases	0	1	1

1) For first-, second-, and third-tier partners.
2) Support for creating jobs for youth(aged 15 and older and 30 and under)

Fair Trade Agreement

Category	Unit	2021	2022	2023
Samsung SDI – first-tier partners	No. of companies	111	112	109
First-tier partners – second-tier partners	cases	136	157	149
Secnod-tier partners – third-tier partners	cases	45	54	48

Partners Due Diligence Results

Category	Unit	2021	2022	2023
Domestic	No. of companies	33	23	41
Overseas	No. of companies	42	49[1]	24
Total	No. of companies	75	72	65

1) Conduct paper audits for 37 overseas corporation

Partners Grievance Handling[1]

Category	Unit	2023
Number of grievances submitted by partners	cases	3
Number of grievances handled	cases	3
Ratio of grievance handled	%	100

1) Data calculation begins in 2023

Consumption of Major Raw Materials[1]

Category	Unit	2023
Cathodee material consumed	Ton	116,920
Anode material consumed	Ton	68,196
Separator film consumed	millon ㎡	713

1) Data calculation begins in 2023

Third-party Audit for Cobalt Smelters & Refiners

Category	Unit	2021	2022	2023
Smelters & refiners reported	No. of companies	23	23	26
Smelters & refiners reported[1]	No. of companies	22	22	25
- Conformant	No. of companies	18	21	25
- Active	No. of companies	4	0	0
- Other third-party audit[2]	No. of companies	0	1	0

1) Smelters and refiners participating in active RMI audit programs are included
2) Companies that have conducted independent third-party audits that are equivalent to RMI RMAP

Sustainability Performance

Social

Employee Health and Safety

Occupational Injury

Category		Unit	2021	2022	2023
Employees	Injuries	Cases	6	2	5[1]
	Accident rate[2]	%	0.021	0.007	0.016
	- Domestic	%	0.037	0.018	0.034
	- Overseas	%	0.011	0	0.005
	Illness rate	%	0	0	0
	Fatalities	No. of persons	1	0	1
In-house partners	Injuries	cases	1	0	0
	Accident rate[2]	%	0.035	0	0
	Fatalities	No. of persons	0	0	0

1) Accidents in grade D or higher that involved Samsung SDI employees (4 cases in domestic, 1 case in overseas)
2) (No. of injured employees/No. of employees) X 100

Detailed Occupational Injury Data in 2023

Category		Calculation	Domestic	Overseas	Total
Employees	Injury frequency rate	(No. of injuries/No. of annual work hours[1])X1,000,000	0.141	0.021	0.066
	Loss rate	(No. of lost work days/No. of annual work hours) X1,000,000	4.005	157.478	100.067
	Injury rate(accidents+illnesses)	(No. of injured employees/No. of employees) X 100	0.034%	0.005%	0.016%
In-house partners	Injury frequency rate	(No. of injuries/No. of annual work hours) X 1,000,000	0	0	0
	Loss rate	(No. of lost work days/No. of annual work hours) X1,000,000	0	0	0
	Injury rate(accidents+illnesses)	(No. of injured employees/No. of employees) X 100	0	0	0
Employees + In-house partners	Injury frequency rate	Injury rate(accidents+illnesses)	0.122	0.018	0.057
	Loss rate	(No. of lost work days/No. of annual work hours) X1,000,000	3.482	137.720	87.322
	Injury rate(accidents+illnesses)	(No. of injured employees/No. of employees) X 100	0.029%	0.004%	0.014%

1) Annual work hours = 8 hours X 300day X No. of employees

EHS (Environment, Health & Safety) Review and Audit

Category		Unit	2021	2022	2023
Company-wide EHS meetings		No. of meetings	5	4	3
Improvement tasks identified through EHS audits	Domestic	cases	242	326	724
	Overseas	cases	72[1]	47[1]	2,154[2]

1) Due to COVID-19, the audit was scaled down
2) Conducting focused audits of overseas corporations in 2023

Safety Job Qualification Training

Category	Unit	2021	2022	2023
Completion of safety job qualification training	%	100	100	100
Employees to be trained[1]	No. of persons	2,002	2,073	1,440
Employees who completed training	No. of persons	2,002	2,073	1,440

1) Full-time and contract employees are included

Sustainability Performance

Social

Employee Health and Safety

Acquisition of National Health & Safety Engineer Qualifications

Category	Unit	2021	2022	2023
Employees with engineer and above qualifications[1]	%	60	55	58
Employees with master engineer and above qualifications[2]	%	24	25	24

1) Qualifications recognized within the Safety and Environment Group (industrial safety engineers, industrial hygiene management engineers, firefighting equipment engineers + masters and technicians)
2) Qualifications recognized within the Safety and Environment Group (masters and technicians

Use of Hazardous Chemical

Category	Unit	2021	2022	2023
Hazardous chemical consumed	ton	23,786	26,977	22,214

Chemical Emissions

Category	Unit	2021	2022	2023
Chemical emissions	ton	1,782	8,442	7,952

Produce Safety and Quality

Development of Quality Workforce

Category	Unit	2021	2022	2023
Quality management training hour	hours	117	181	157

Customer Satisfaction Score

Business Division	Category	Unit	2021	2022	2023
Small Battery	Customer satisfaction score	Point	91.9	87.7	83.1
	Companies surveyed	No. of companies	22	24	11
	Customers surveyed	No. of persons	22	24	12
Automotive & ESS Battery	Customer satisfaction score	Point	81	81.6	82.5
	Companies surveyed	No. of companies	4	4	5
	Customers surveyed	No. of persons	4	4	5
Electronic material[1]	Customer satisfaction score	Point	-	-	82.5
	Companies surveyed	No. of companies	-	24	33
	Customers surveyed	No. of persons	-	58	90

1) A customer satisfaction survey was not conducted in 2021 due to COVID-19, and in 2022, the survey was conducted using a qualitative methodology, so a quantified score was not calculated. Conducting research using quantitative and qualitative methodologies starting in 2023

Sustainability Performance

Social

Labor and Human Rights

Employee Data

Category		Unit	2021	2022	2023
Total		No. of persons	28,913	30,716	31,704
- By gender	Male	No. of persons	21,923	23,077	24,234
	Female	No. of persons	6,990	7,639	7,470
- By region	Korea	No. of persons	10,859	11,412	11,860
	Asia (excluding Korea)	No. of persons	12,108	11,988	10,840
	Europe	No. of persons	5,572	6,691	7,875
	America	No. of persons	374	625	1,129
- By age	Under 30	No. of persons	12,134	12,353	11,353
	30~49	No. of persons	14,943	16,313	18,003
	50 and older	No. of persons	1,836	2,050	2,348
- By employment type	Full time	No. of persons	25,051	25,964	26,377
	Contact	No. of persons	1,316	1,453	1,439
	Dispatched[1)]	No. of persons	2,546	3,299	3,888
- By nationality	Korea	No. of persons	11,142	11,771	12,306
	China	No. of persons	7,121	6,875	6,206
	Malaysia	No. of persons	2,142	2,558	2,557
	Vietnam	No. of persons	2,483	1,972	1,487
	USA	No. of persons	348	572	1,066
	Others	No. of persons	5,677	6,968	8,082

1) Domestic dispatched employees mainly assume positions of executive secretaries and interpreters, and overseas dispatched employees are responsible for manufacturing and packaging inspection among others.

Remuneration[1)]

Category	Unit	2021	2022	2023
Wage	KRW million	1,463,694	1,669,172	1,895,882
Retirement benefits	KRW million	102,604	96,900	84,770

1) There is no gender-based disparity in wage

Turnover[1)]

Category			단위	2021	2022	2023
Total turnover			%	15.3	12.9	9.9
- Domestic/ overseas	Domestic		%	2.9	2.9	2.5
	Overseas		%	23.4	19.4	15.3
- By gender	Domestic	Male	%	2.9	3.2	2.6
		Female	%	3	1.6	1.9
	Overseas	Male	%	25.5	19.4	14.4
		Female	%	19.2	19.6	17.4
- By region	Asia		%	13.3	11.4	8.7
	Europe		%	28.7	20.6	14.2
	America		%	24.6	21.8	18.6
- By age	Domestic	Under 30	%	3.9	4.2	2.5
		30~49	%	1.4	1.5	1.3
		50 and older	%	9.8	8.3	8.5
	Overseas	Under 30	%	30.7	24.5	19
		30~49	%	16	15.2	13.1
		50 and older	%	14.3	15.1	11.5
Voluntary turnover			%	14.8	12	8.5
- Domestic/ overseas	Domestic		%	2.6	2.6	2
	Overseas		%	22.7	18.2	13.3

1) Turnover data is calculated by dividing the annual number of resignees by the annual average number of employees.

Sustainability Performance

Social

Labor and Human Rights

Employee Grievance Handling (Domestic)

Category	Unit	2021	2022	2023
Grievance submitted	cases	1,245	1,402	1,848
Grievance handling rate	%	100	100	100

Grievance Submitted in 2023

Category		Unit	2023
By channel	On·offline	cases	1,848
		%	100
By type of grievance	Working conditions	cases	1,074
		%	58.1
	Benefits	cases	224
		%	12.1
	HR system	cases	301
		%	16.3
	Health and safety	cases	29
		%	1.6
	Others	cases	220
		%	11.9

Talent Development

Training

Category	Unit	2021	2022	2023
Total training expenditures	KRW 100 million	87	122	161
Accumulated No. of trainees	No. of persons	55,621	70,339	126,934
Training hours per employee[1)]	Hours/No. of persons	91	93	86
Training expense per employee[1)]	KRW/No. of persons	876,066	1,005,018	1,334,767

1) Restatements were made for 2021 data as the data were re-calculated in line with the SCI calculation method updated in 2022

Information Security and Data Privacy

Information Security·Personal Data Privacy Training

Category	Unit	2021	2022	2023
Information security training	No. of persons	8,786	10,502	11,655
Data privacy training provided to employees handling personal data	No. of persons	388	370	427

Diversity & Inclusion

Diversity and Social Equality

Category			Unit	2021	2022	2023
Employees with disabilities[1)]			No. of persons	178	181	207
Local recruitment	Leaders at overseas worksites[2)]		No. of persons	271	280	332
	Locally-hired leaders		No. of persons	158	154	196
	Ratio of Locally-hired leaders		%	58.3	55	59
Female employees	By job category	STEM(R&D)	%	20.7	23	24.8
		Manufacturing	%	37.1	33.5	30.5
		Quality & EHS	%	38.9	33	32.5
		Sales & Marketing	%	25.4	30.8	33.7
		Others	%	14.9	19.3	18.5
	By region	Korea	%	14.1	15.9	17.2
		Asia(excluding Korea)	%	34.8	32	31
		Europe	%	19.4	25.8	21.1
		America	%	27.8	32	31.5
	By position	Rank-and-file employees	%	26.7	27.3	25.6
		Managers (senior professionals and higher positions)	%	12	13	14.3
		Executives (unregistered executive and higher positions)	%	8.6	8.5	8.6

1) Based on the number of employees reported to Korea Employment Agency for Persons with Disabilities(KEAD)
2) Leader positions include group/team leaders and other leaders assuming such official positions.

Sustainability Performance

Social

Diversity & Inclusion

Recruitment

Category		Unit	2021	2022	2023
Total		No. of persons	6,271	7,218	5,041
By gender	Male	No. of persons	4,864	4,988	3,863
	Female	No. of persons	1,407	2,230	1,178
By region	Domestic	No. of persons	494	914	872
	Overseas	No. of persons	5,777	6,304	4,169

Welfare and Benefits

Category		Unit	2021	2022	2023
Welfare and benefits expenditures		KRW million	421,096	499,220	568,103
Parental leave	Return-to-work ratio[1]	%	95.5	99.5	96.1
	Return-to-work and retention ratio[2]	%	99.5	99	96.1

1) Ratio of employees who returned to work in the concerned year after taking parental leave the previous year
2) Ratio of employees who worked 12 months and longer among those who returned to work after taking parental leave the previous year

Organizational Culture

Category	Unit	2021	2022	2023
Samsung Culture Index(SCI) assessment scores[1]	Point	70	73.5	77.1
Employees who participated in SCI	%	89.5	92.5	90
Change Agent selected	No. of persons	292	298	331

1) Restatements were made for 2021 data as the data were re-calculated in line with the SCI calculation method updated in 2022

Local Community

Employees' Participation in CSR programs

Category	Unit	2021	2022	2023
Participation in CSR programs	%	93.6	96.8	94.6
Volunteer hours per employee in Korea[1]	hours/no. of persons	8.5	8.2	8.3

1) For one day each year, 8 hours are set as the target volunteer hour to encourage volunteering

Major CSR Achievements

Category		Unit	2021	2022	2023
Blue Elephant	Beneficiaries	No. of persons	259,339	308,941	277,887
Samsung SW Academy for Youth	Beneficiaries	No. of persons	1,700	2,300	2,300
Samsung Junior SW Academy[1]	Beneficiaries	No. of persons	0	43,720	54,233
Samsung Stepping Stone of Hope[1]	Beneficiaries	No. of persons	0	6,284	10,305

1) This is jointly-conducted program, and the data reflect program results generated after Samsung SDI joined the program

CSR Expenditures

Category	Unit	2021	2022	2023
Management expense[1]	KRW 100 million	13.2	18.1	19.5
Cash expenses[2]	KRW 100 million	74.2	71.1	86.0
Total	KRW 100 million	87.4	89.2	105.5

1) Directly-operated programs
2) Donations made(Samsung year-end love your neighbor funds, etc.)

Sustainability Performance

Governance

Board of Directors

Composition of the BOD[1)]

Category		Unit	2021	2022	2023
Members of the BOD	Executive Director	No. of persons	3	3	2
	Independent Director	No. of persons	4	4	4
Number of female registered executives		No. of persons	1	1	2

1) As of the end of December

Operation of the BOD

Category		Unit	2021	2022	2023
Average BOD Attendance	Total	%	93.7	100	100
	Executive Director	%	85.2	100	100
	Independent Director	%	100	100	100
Average BOD tenure	Total	years	2.3[1)]	2.9[2)]	2.6[3)]

1) As of Jun. 30, 2022
2) As of Jun. 30, 2023
3) As of Mar. 20, 2024

Ethics·Compliance

Compliance and Ethics Training Provided to Employees in 2023

Category		Unit	Headquarters	Overseas Corporation	Partner
Compliance	Employees subject to training	No. of persons	16,419	243	110
	Employees who completed the training[2)]	No. of persons	16,388	243	110
	Completion rate	%	99	100	100
Anti-corruption/ ethics[1)]	Employees subject to training	No. of persons	11,175	18,865	-
	Employees who completed the training[2)]	No. of persons	12,338	18,835	-
	Completion rate	%	110	100	-

1) Partners are not subject to anti-corruption/ethics training
2) Based on cumulative numbers

Compliance Audit

Category	Unit	2021	2022	2023
Compliance audits performed	cases	26	22	23

Worksite Corruption Risk Assessment

Category		Unit	2021	2022	2023
Total worksites		No. of worksites	27	31	33
Worksites identified as at risk (number)	Total	No. of worksites	-	3	4
	Domestic	No. of worksites	-	1	2
	Overseas	No. of worksites	-	2	2
Worksites identified as at risk (rate)		%	-	10	12

Corruption Audits and Resulting Disciplinary Measures Taken

Category		Unit	2021	2022	2023
Disciplinary measure taken as a result of corruption audits	Total	No. of persons	1	4	25
	Domestic	No. of persons	-	4	8
	Overseas	No. of persons	1	-	17
Business partners whose contract was terminated in relation to corruption		No. of worksites	-	4	11

GRI Standards 2021 Index

General Disclosures(GRI 2)

Topic	No.	Disclosure	Pages	Note
GRI 2: The organization and its reporting practices	2-1	Organizational details	6	
	2-2	Entities included in the organization's sustainability reporting	-	4p of the Annual Report(in PDF format)
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	-	Annotations were made when deemed necessary
	2-5	External assurance	114	
GRI 2: Activities and workers	2-6	Activities, value chain and other business relationships	6, 8-9, 20, 94	
	2-7	Employees	100	
	2-8	Workers who are not employees	100	
GRI 2: Governance	2-9	Governance structure and composition	79-81	
	2-10	Nomination and selection of the highest governance body	80	
	2-11	Chair of the highest governance body	79	
	2-12	Role of the highest governance body in overseeing the management of impacts	17-18, 22, 26, 72	
	2-13	Delegation of responsibility for managing impacts	17-19, 22, 26	
	2-14	Role of the highest governance body in sustainability reporting	17-18, 22, 90	
	2-16	Communication of critical concerns	18	
	2-17	Collective knowledge of the highest governance body	79-80	
	2-18	Evaluation of the performance of the highest governance body	81	
	2-19	Remuneration policies	81	
	2-20	Process to determine remuneration	81	
	2-21	Annual total compensation ratio	-	236p, 238p of the Annual Report(in PDF format)
GRI 2: Strategy, policies and practices	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	41, 43, 46, 63, 86	
	2-24	Embedding policy commitments	41, 43-44, 46, 63-64, 86	
	2-25	Processes to remediate negative impacts	44, 63-64, 84-86	
	2-26	Mechanisms for seeking advice and raising concerns	84-86	
	2-27	Compliance with laws and regulations	96	196p of the Annual Report(in PDF format)[1]
	2-28	Membership associations	24	
GRI 2: Stakeholder engagement	2-29	Approach to stakeholder engagement	87-88	
	2-30	Collective bargaining agreements	65	

1) Orders to pay fines were given by the Fair Trade Commission in relation to the case of alleged violation of the Fair Trade Act with administrative proceedings currently pending. As a result of the administrative lawsuit filed against the Fair Trade Commission's order to pay fines for violations of the Subcontract Act, the Seoul High Court on August 17, 2023 announced a partial win with the case canceling most of the Fair Trade Commission's dispositions. On December 14, 2023, the Supreme Court ruled to dismiss the discontinuance of a trial, confirming the lawsuit.

Material Topics(GRI 3)

Topic	No.	Disclosure	Pages	Note
GRI 3: Material topics	3-1	Process to determine material topics	90	
	3-2	List of material topics	91	
	3-3	Management of material topics	26-37, 43-62, 95-99	

GRI Standards 2021 Index

Economic Performance(GRI 200)

Topic	Disclosure		Pages	Note
GRI 201: Economic Performance	201-2	Financial implications and other risks an opportunities due to climate change	27, 33	
	201-3	Defined benefit plan obligations and other retirement plans	100	
GRI 202: Market Presence	202-2	Proportion of senior management hired from the local community	101	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and service supported	97	
	203-2	Significant indirect economic impacts	50-51	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	97	
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	103	
	205-2	Communication and training about anti-corruption policies and procedures	83-86	
	205-3	Confirmed incidents of corruption and actions taken	103	
GRI 206: Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	103	
GRI 207: Tax	207-1	Approach to tax	23	
	207-4	Country-by-country reporting	94	

Environmental Performance(GRI 300)

Topic	Disclosure		Pages	Note
GRI 301: Materials	301-1	Materials used by weight or volume	97	
	301-2	Recycled input materials used	95	
	301-3	Reclaimed products and their packaging materials		No such case
GRI 302: Energy	302-1	Energy consumption within the organization	95	
	302-2	Energy consumption outside of the organization		No such case
	302-3	Energy intensity	95	
	302-4	Reduction of energy consumption	36-37, 95	
	302-5	Reduction in energy requirements of products and services		No such case
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	38	
	303-2	Management of water discharge-related impacts	39	
	303-4	Water withdrawal	96	
	303-5	Water discharge	96	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	34, 95	
	305-2	Energy indirect (Scope 2) GHG emissions	34, 95	
	305-3	Other indirect (Scope 3) GHG emissions	34, 95	
	305-4	GHG emissions intensity	34, 95	
	305-5	Reduction of GHG emissions	35	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	39, 96	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	38	
	306-2	Management of significant waste-related impacts	38	
	306-3	Waste generated	38, 95	
	306-4	Waste diverted from disposal	38, 95	
	306-5	Waste directed to disposal	38, 95	
GRI 308: Supplier Environmental	308-1	New suppliers that were screened using environmental criteria	44	
	308-2	Negative environmental impacts in the supply chain and actions taken	44-45	

GRI Standards 2021 Index

Social Performance(GRI 400)

Topic	Disclosure		Pages	Note
GRI 401: Employment	401-1	New employee hires and employee turnover	100,102	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65	
	401-3	Parental leave	72, 102	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	52-55	
	403-2	Hazard identification, risk assessment, and incident investigation	52-55	
	403-3	Occupational health services	52-55, 57	
	403-4	Worker participation, consultation, and communication on occupational health and safety	53-54	
	403-5	Worker training on occupational health and safety	53	
	403-6	Promotion of worker health	57	
	403-9	Work-related injuries	57, 98	
	403-10	Work-related ill health	98	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	101	
	404-2	Programs for upgrading employee skills and transition assistance programs	66-67	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	79-80, 100-103	
	405-2	Ratio of basic salary and remuneration of women to men	-	There is no gender based disparity in wage
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	No such case
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No such case
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No such case

Topic	Disclosure		Pages	Note
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	75-77	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	44	
	414-2	Negative social impacts in the supply chain and actions taken	44-45	
GRI 415: Public Policy	415-1	Political contributions	-	No political donations were made in accordance with Article 31 of the Political Fund Act
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	58-60	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No such case
GRI 417: Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No such case
	417-3	Incidents of non-compliance concerning marketing communications	-	No such case
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No such case

SASB Index

SASB Sustainability Disclosure – Hardware Industry & Fuel cells and Industrial Batteries

Accounting Metrics

Topic	Code	Accounting Metric	Pages (Reference)
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	68
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	100-102
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Samsung SDI complies with global regulations such as EU RoHS and REACH as well as national laws. In addition, all raw materials and components that go into our products are subject to rigorous pre-inspections and follow-up management.
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	N/A * Please refer to 31-32p for Samsung SDI's efforts regarding recycling and reuse
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	44
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	44
Workforce Health & Safety	RR-FC130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	35, 95
Energy Management	RR-FC-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate	98
	RR-FC-320a.2	Description of efforts to assess, monitor, and reduce exposure of workforce to human health hazards	52-57
Product End-of-life Management	RR-FC-410b.3	Description of approach to manage use, reclamation, and disposal of hazardous materials	57
Materials Sourcing	TC-HW-440a.1 RR-FC-440a.1	Description of the management of risks associated with the use of critical materials	46-47

Activity Metric

Code	Activity Metric	Pages (Reference)
TC-HW-000.A	Number of units produced by product category	94p
TC-HW-000.C	Percentage of production from owned facilities	14-15p of the Annual Report(in PDF format)
RR-FC-000.A	Number of units sold[1] (Unit: 1,000 cells)	2,218,267
RR-FC-000.B	Total storage capacity of batteries sold (Unit: MWh)	72,184

1) The sum of small batteries, automotive batteries, and ESS batteries based on the number of cells

TCFD Index

TCFD Index

Topic	TCFD Recommendation	Pages (Reference)
Governance	a) Describe the board's oversight of climate-related risks and opportunities	26
	b) Describe management's role in assessing and managing climate-related risks and opportunities	26
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	27
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	27-33
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	33
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	34
	b) Describe the organization's processes for managing climate-related risks	34
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	34
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	34-35
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	34-35
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	35

UN SDGs

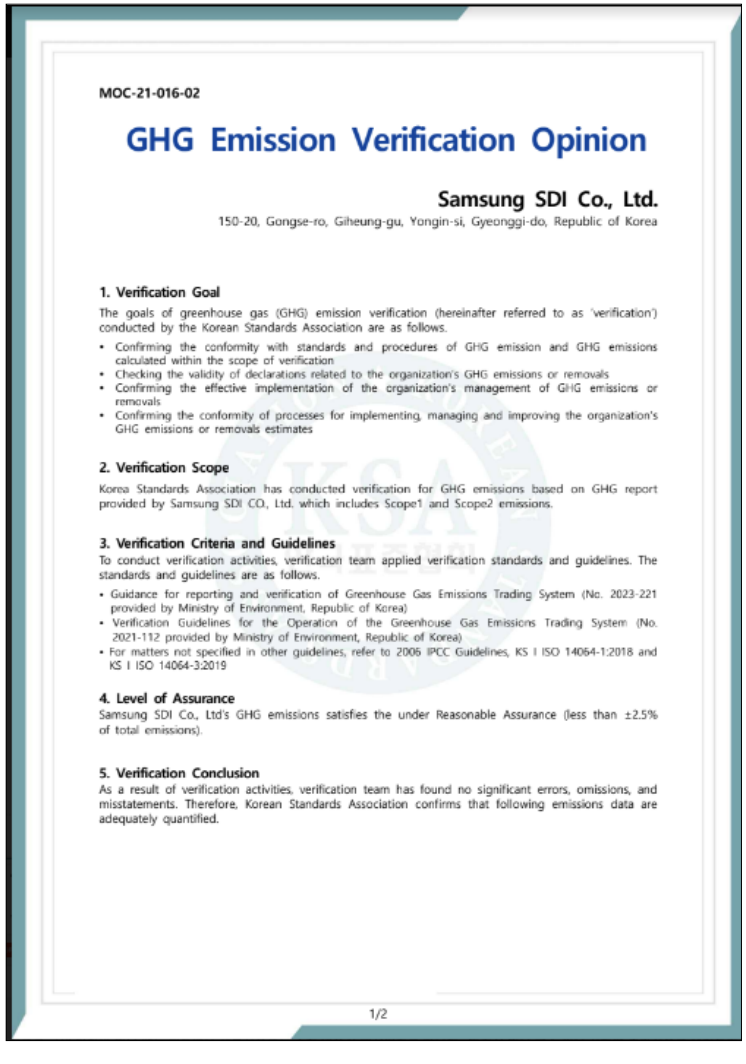
Samsung SDI engages in a wide spectrum of activities centered around its sustainability management strategies and material issues to contribute to the attainment of the UN Sustainable Development goals.

UN SDGs	Samsung SDI's Contribution	Pages (Reference)
Good Health and Well-being	- Strengthen the accountability of top management and the Board of Directors for health and safety operations, bolster the dedicated EHS organization, and operate an integrated company-wide EHS system - Advance the verification of product safety and establish a hazardous substances management system - Conduct workplace risk assessment and partner safety assessment - Support employees' regular health check-ups, work environment surveys, health training, and illness prevention	52-57
Quality Education	- Conduct departmental-level customized job training, including learning cells and learning seminars to develop experts by job function - Implement education programs with Samsung including Samsung SW Academy for Youth, Samsung Junior SW Academy, Dream Class, and Blue Elephant - Provide educational programs such as the Green Planet Future Science School for children	66-67, 75-77
Gender Equality	- Manage goals for hiring, assessing, promoting, and nurturing female workforce - Implement mentoring programs for the growth and development of exceptional female talent - Provide maternal/paternal and parental leave irrespective gender and expand support beyond statutory obligations - Enforce non-discrimination with equal pay for equal work policies	70, 72
Clean Water and Sanitation	- Manage our mid/long-term water reuse goal and implement water withdrawal reduction projects by 2050 - Manage the discharge of water pollutants on an on-going basis by applying discharge thresholds more stringent than legal standards - Install monitoring sensors at chemical storage facilities and stormwater outlets to prevent the discharge of water pollutants as well as devices to block and recover pollutants along the stormwater passages	38-39
Affordable and Clean Energy	- Join the RE100 and purchase RECs in line with the goal of transitioning to 100% renewable energy by 2050 - Prevent energy losses through self-checks on the utility power grid and roll out best practices to implement energy conservation projects - Strengthen the energy management system at worksites and implement taskforce activities to pursue innovation for our power use structure	27, 35-37
Decent Work and Economic Growth	- Contribute to expanding the eco-friendly industry through our small battery, automotive/ESS battery, and electronics material supply - Assist partners in bolstering their management capabilities and competitiveness through win-win cooperation consulting and win-win smart factory initiative - Contribute to job creation by helping 68 people land a job through partner recruitment and talent development support programs in 2023	8-9, 49-51
Industry, Innovation and Infrastructure	- Contribute to nurturing outstanding industrial workforce through industry-academia cooperation with third-party institutions and domestic/overseas prestigious universities - Provide financing support through win-win cooperation funds and others to help partners improve their operational stability - Reach 5.0% in R&D investments against 2023 sales - Ensure security in the domestic technology area including automotive battery-related national core technology through information security management system development and patent management	11, 13, 50-51, 68

UN SDGs

UN SDGs	Samsung SDI's Contribution	Pages (Reference)
 **Reduced Inequalities**	- Provide equal opportunities by prohibiting any type of discrimination on the grounds of gender, nationality, race, religion, and cultural background in hiring, assessment, promotion and compensation - Ensure zero gender-based disparities in wage - Give precedence to socially-underprivileged groups, including men of national merit and people with disabilities	70-72, 101
 **Sustainable Cities and Communities**	- Contribute to reducing waste discharge by developing a system to recycle end-of-life batteries and scraps generated from the manufacturing process - Operate appropriate pollution prevention devices for each of the emitting facilities installed at worksites to manage air pollutants and mitigate impact on the nearby community - Create School Forests to reduce particulate matter levels at elementary schools located in the vicinity of worksites	31-32, 38-40, 77
 **Responsible Consumption and Production**	- Establish a closed-loop process to reclaim and recycle process scraps and end-of-life batteries - Minimize waste to landfill and reduce water consumption by increasing water reuse - Perform extended Life Cycle Assessments (LCA) from manufacturing to disposal to analyze environmental impact and reduce loads throughout the entire process - Ensure supply chain traceability for all major minerals and use minerals verified through third-party audits or certified by competent bodies	30-32, 38-40, 46-47
 **Climate Action**	- Systematically implement tasks to achieve net zero emissions and transition to 100% renewables by 2050 - Expand products certified under carbon footprint programs and reduce products' environmental impact - Switch to 100% zero-emission vehicles for corporate fleet vehicles by 2030 - Calculate Scope 3 GHG emissions, and identify partners' GHG emissions through our CDP Supply Chain membership and collaborate for reduction projects	26-35
 **Peace, Justice and Strong Institutions**	- Disseminate a culture of compliance at all levels through compliance control standards, compliance system operation, and various compliance activities - Make ethics/anti-corruption assessments across the board and facilitate ethics/compliance whistleblowing - Preemptively manage human rights and compliance risk through compliance reviews and blind surveys at domestic/overseas operations - Identify and improve partners' labor and ethics risks through conforming with RBA(Responsible Business Alliance) standards	44, 63-65, 83-86
 **Partnerships for the Goals**	- Join the UNGC to endorse its 10 principles in the areas of human rights, labor, environment, and anti-corruption - Join global initiatives across diverse areas, including renewable energy, sustainable battery value chain, conflict minerals, and ecosystem protection - Establish and operate a range of communication channels with major stakeholder groups, including customers, shareholder/investors, employees, partners, communities/civic organizations, industry associations/universities/research institutes, governments, and media.	24, 88

GHG Verification Opinion



MOC-21-016-02

GHG Emission Verification Opinion

Samsung SDI Co., Ltd.

150-20, Gongse-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korea Standards Association has conducted verification for GHG emissions based on GHG report provided by Samsung SDI CO., Ltd. which includes Scope1 and Scope2 emissions.

3. Verification Criteria and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of Greenhouse Gas Emissions Trading System (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1:2018 and KS I ISO 14064-3:2019

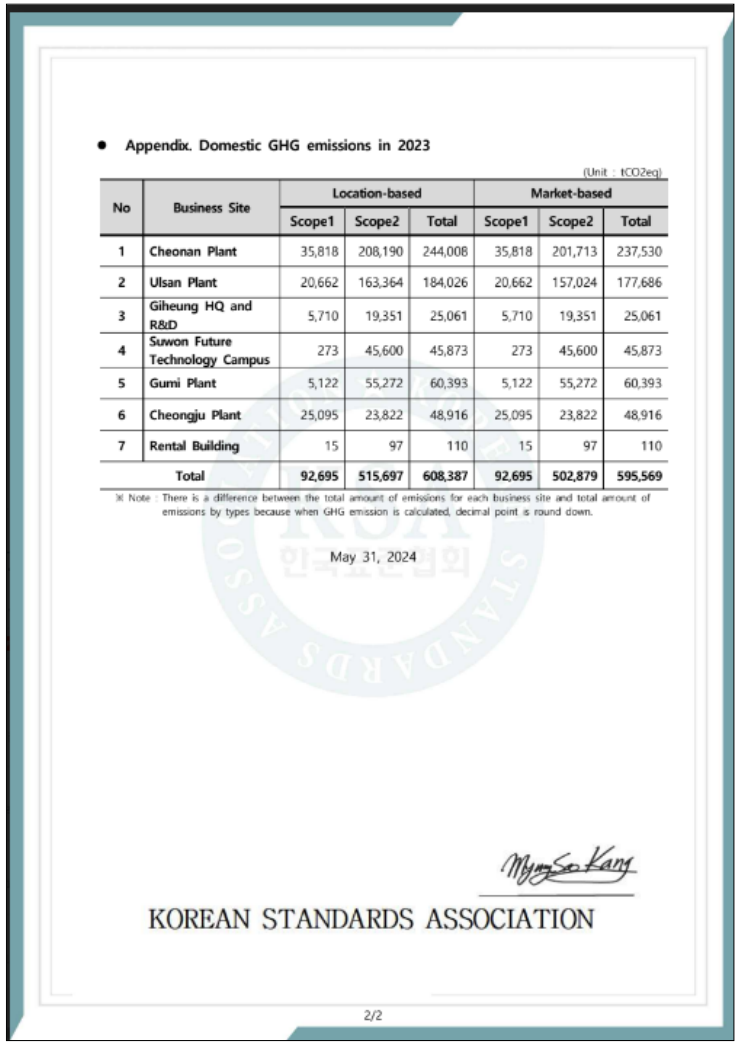
4. Level of Assurance

Samsung SDI Co., Ltd's GHG emissions satisfies the under Reasonable Assurance (less than ±2.5% of total emissions).

5. Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

1/2



- **Appendix. Domestic GHG emissions in 2023**

(Unit : tCO2eq)

No	Business Site	Location-based			Market-based		
		Scope1	Scope2	Total	Scope1	Scope2	Total
1	Cheonan Plant	35,818	208,190	244,008	35,818	201,713	237,530
2	Ulsan Plant	20,662	163,364	184,026	20,662	157,024	177,686
3	Giheung HQ and R&D	5,710	19,351	25,061	5,710	19,351	25,061
4	Suwon Future Technology Campus	273	45,600	45,873	273	45,600	45,873
5	Gumi Plant	5,122	55,272	60,393	5,122	55,272	60,393
6	Cheongju Plant	25,095	23,822	48,916	25,095	23,822	48,916
7	Rental Building	15	97	110	15	97	110
	Total	**92,695**	**515,697**	**608,387**	**92,695**	**502,879**	**595,569**

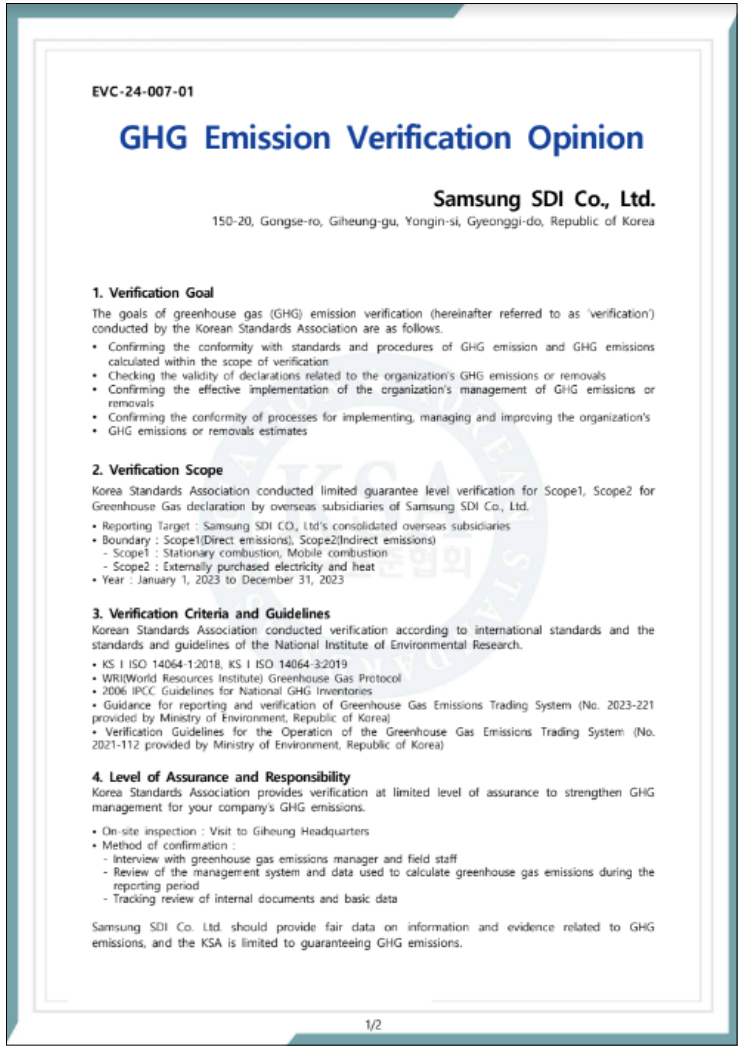
※ Note : There is a difference between the total amount of emissions for each business site and total amount of emissions by types because when GHG emission is calculated, decimal point is round down.

May 31, 2024

KOREAN STANDARDS ASSOCIATION

2/2

GHG Verification Opinion



EVC-24-007-01

GHG Emission Verification Opinion

Samsung SDI Co., Ltd.

150-20, Gongse-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's
- GHG emissions or removals estimates

2. Verification Scope

Korea Standards Association conducted limited guarantee level verification for Scope1, Scope2 for Greenhouse Gas declaration by overseas subsidiaries of Samsung SDI Co., Ltd.

- Reporting Target : Samsung SDI CO., Ltd's consolidated overseas subsidiaries
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
  - Scope1 : Stationary combustion, Mobile combustion
  - Scope2 : Externally purchased electricity and heat
- Year : January 1, 2023 to December 31, 2023

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to international standards and the standards and guidelines of the National Institute of Environmental Research.

- KS I ISO 14064-1:2018, KS I ISO 14064-3:2019
- WRI(World Resources Institute) Greenhouse Gas Protocol
- 2006 IPCC Guidelines for National GHG Inventories
- Guidance for reporting and verification of Greenhouse Gas Emissions Trading System (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)

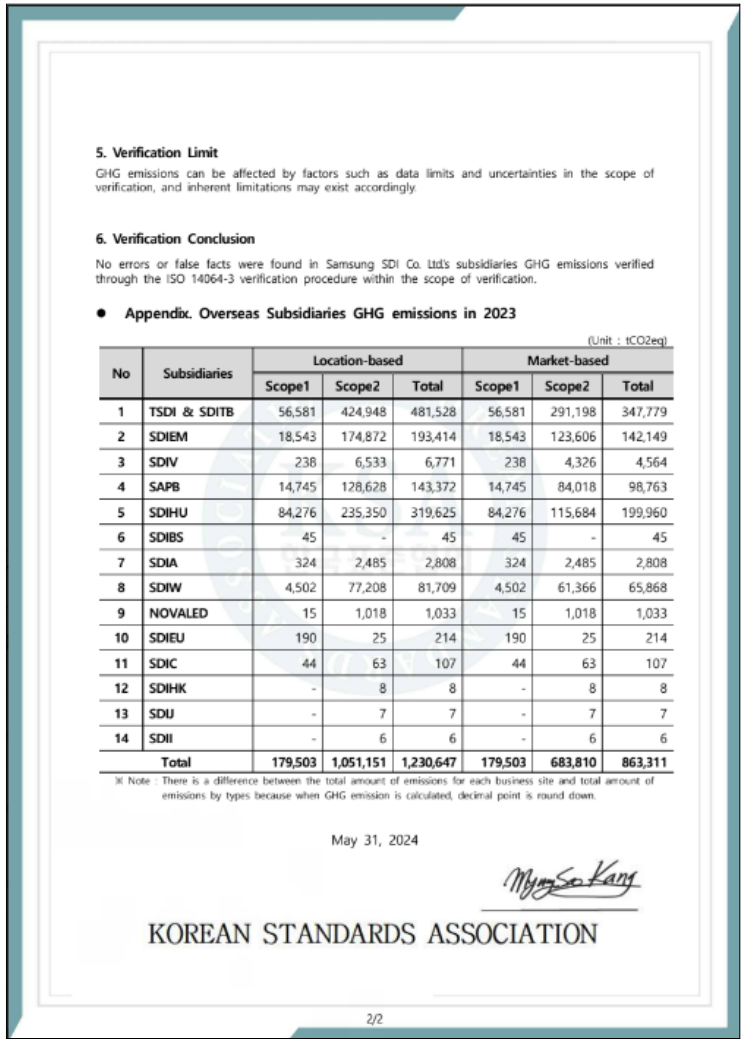
4. Level of Assurance and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to Giheung Headquarters
- Method of confirmation :
  - Interview with greenhouse gas emissions manager and field staff
  - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
  - Tracking review of internal documents and basic data

Samsung SDI Co. Ltd. should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

1/2



5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

No errors or false facts were found in Samsung SDI Co. Ltd.'s subsidiaries GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

- **Appendix. Overseas Subsidiaries GHG emissions in 2023**

(Unit : tCO2eq)

No	Subsidiaries	Location-based			Market-based		
		Scope1	Scope2	Total	Scope1	Scope2	Total
1	TSDI & SDITB	56,581	424,948	481,528	56,581	291,198	347,779
2	SDIEM	18,543	174,872	193,414	18,543	123,606	142,149
3	SDIV	238	6,533	6,771	238	4,326	4,564
4	SAPB	14,745	128,628	143,372	14,745	84,018	98,763
5	SDIHU	84,276	235,350	319,625	84,276	115,684	199,960
6	SDIBS	45	-	45	45	-	45
7	SDIA	324	2,485	2,808	324	2,485	2,808
8	SDIW	4,502	77,208	81,709	4,502	61,366	65,868
9	NOVALED	15	1,018	1,033	15	1,018	1,033
10	SDIEU	190	25	214	190	25	214
11	SDIC	44	63	107	44	63	107
12	SDIHK	-	8	8	-	8	8
13	SDU	-	7	7	-	7	7
14	SDII	-	6	6	-	6	6
	Total	179,503	1,051,151	1,230,647	179,503	683,810	863,311

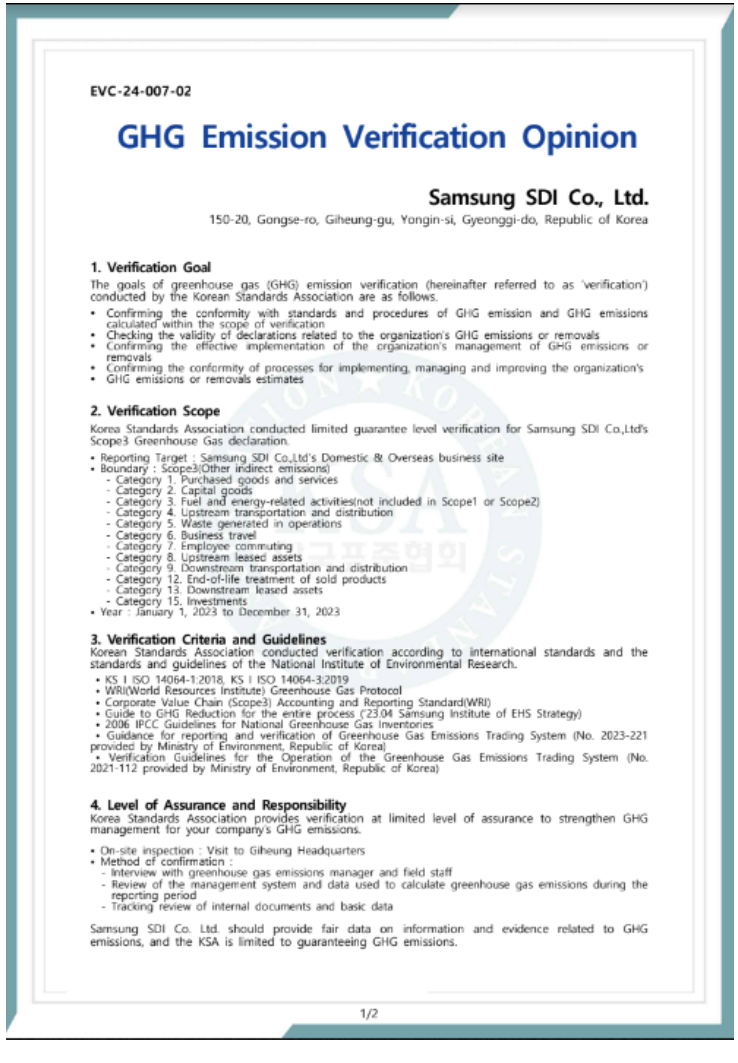
※ Note : There is a difference between the total amount of emissions for each business site and total amount of emissions by types because when GHG emission is calculated, decimal point is round down.

May 31, 2024

KOREAN STANDARDS ASSOCIATION

2/2

GHG Verification Opinion



EVC-24-007-02

GHG Emission Verification Opinion

Samsung SDI Co., Ltd.

150-20, Gongse-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's
- GHG emissions or removals estimates

2. Verification Scope

Korea Standards Association conducted limited guarantee level verification for Samsung SDI Co.,Ltd's Scope3 Greenhouse Gas declaration.

- Reporting Target : Samsung SDI Co.,Ltd's Domestic & Overseas business site
- Boundary : Scope3(Other indirect emissions)
  - Category 1. Purchased goods and services
  - Category 2. Capital goods
  - Category 3. Fuel and energy-related activities(not included in Scope1 or Scope2)
  - Category 4. Upstream transportation and distribution
  - Category 5. Waste generated in operations
  - Category 6. Business travel
  - Category 7. Employee commuting
  - Category 8. Upstream leased assets
  - Category 9. Downstream transportation and distribution
  - Category 12. End-of-life treatment of sold products
  - Category 13. Downstream leased assets
  - Category 15. Investments
- Year : January 1, 2023 to December 31, 2023

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to international standards and the standards and guidelines of the National Institute of Environmental Research.

- KS I ISO 14064-1:2018, KS I ISO 14064-3:2019
- WRI(World Resources Institute) Greenhouse Gas Protocol
- Corporate Value Chain (Scope3) Accounting and Reporting Standard(WRI)
- Guide to GHG Reduction for the entire process ('23.04 Samsung Institute of EHS Strategy)
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- Guidance for reporting and verification of Greenhouse Gas Emissions Trading System (No. 2023-221 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (No. 2021-112 provided by Ministry of Environment, Republic of Korea)

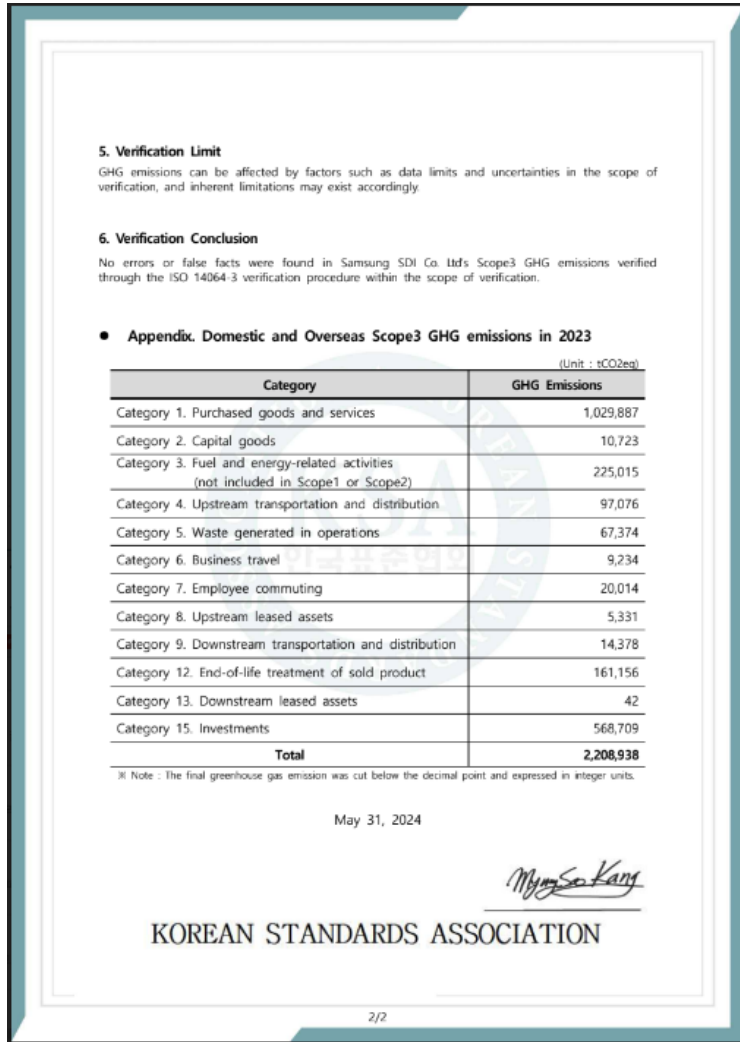
4. Level of Assurance and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to Giheung Headquarters
- Method of confirmation :
  - Interview with greenhouse gas emissions manager and field staff
  - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
  - Tracking review of internal documents and basic data

Samsung SDI Co. Ltd. should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

1/2



5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

No errors or false facts were found in Samsung SDI Co. Ltd's Scope3 GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

- **Appendix. Domestic and Overseas Scope3 GHG emissions in 2023**

(Unit : tCO2eq)

Category	GHG Emissions
Category 1. Purchased goods and services	1,029,887
Category 2. Capital goods	10,723
Category 3. Fuel and energy-related activities (not included in Scope1 or Scope2)	225,015
Category 4. Upstream transportation and distribution	97,076
Category 5. Waste generated in operations	67,374
Category 6. Business travel	9,234
Category 7. Employee commuting	20,014
Category 8. Upstream leased assets	5,331
Category 9. Downstream transportation and distribution	14,378
Category 12. End-of-life treatment of sold product	161,156
Category 13. Downstream leased assets	42
Category 15. Investments	568,709
Total	**2,208,938**

※ Note : The final greenhouse gas emission was cut below the decimal point and expressed in integer units.

May 31, 2024

KOREAN STANDARDS ASSOCIATION

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Independent Assurance Statement

To readers of SAMSUNG SDI Sustainability Report 2024

Introduction
Korea Management Registrar (KMR) was commissioned by SAMSUNG SDI to conduct an independent assurance of its Sustainability Report 2024 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of SAMSUNG SDI. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with SAMSUNG SDI and issue an assurance statement.

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

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.
- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
  - GRI 301: Materials
  - GRI 302: Energy
  - GRI 305: Emissions
  - GRI 308: Supplier Environmental Assessment
  - GRI 403: Occupational Health and Safety
  - GRI 414: Supplier Social Assessment
  - GRI 416: Customer Health and Safety

As for the reporting boundary, the engagement excludes the data and information of SAMSUNG SDI's partners, suppliers and any third parties.

KMR's Approach
To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:
reviewed the overall Report;
reviewed materiality assessment methodology and the assessment report;
evaluated sustainability strategies, performance data management system, and processes;
interviewed people in charge of preparing the Report;
reviewed the reliability of the Report's performance data and conducted data sampling;
assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations
KMR's assurance engagement is based on the assumption that the data and information provided by SAMSUNG SDI to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

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

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

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

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

Impact
SAMSUNG SDI identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

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

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

June 2024 Seoul, Korea

KMR SRV1000 Sustainability Committee Assurance AA1000 Licensed Report 000-129/V3-3YHRX

CEO E. J Hwang

SAMSUNG SDI

For more detailed information regarding this report, please contact:
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sustainability@samsung.com