

# **SAMSUNG**

## **Corporate Governance Report FY2021**

**SAMSUNG ELECTRONICS Co., Ltd.**

The Company has prepared this report in accordance with Article 24-2 of the Enforcement Decree of Disclosure Regulations in Securities Markets to provide investors with information regarding the Company's corporate governance. The information in this report is based on the corporate governance status as of December 31, 2021, and changes that occurred as of the reporting date are separately stated. Activities related to corporate governance are from January 1, 2021 to December 31, 2021. If the Korea Stock Exchange guidelines have set a specific period of time for certain information, the information is based on that period. The information for "Core Principle" and "Specific Principle" included in this report is based on the guideline set forth by the Korea Exchange.

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## I

# Outline

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■ Base date: Dec 31, 2021 (last day of the previous fiscal year of disclosure of report)

■ Company outline

The major shareholder and others	Samsung Life Insurance and 15 others (including affiliates and foundations established with SEC contributions)	Portion of shares owned by major shareholders, etc.	21.14%
		Portion of shares owned by minority shareholders	65.71%
Category of business (finance/non-finance)	Non-finance	Main products	Electric and electronic products
Belonging to enterprise group in accordance with the Monopoly Regulation and Fair Trade Act	Yes	Subject to Act on the Management of Public Institutions	No
Name of enterprise group	Samsung		
Financial information highlights			(KRW 100 mil)
	FY2021	FY2020	FY2019
Consolidated revenue	2,796,048	2,368,070	2,304,009
Consolidated operating profit	516,339	359,939	277,685
Consolidated profit from continuing operations	399,075	264,078	217,389
Consolidated net profit	399,075	264,078	217,389
Consolidated total assets	4,266,212	3,782,357	3,525,645
Separate total assets	2,511,122	2,296,644	2,161,809

Portion of shares data as of the reporting date (December 31, 2021)

## 1. Corporate Governance Policy

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### (1) Governance principles and policies

Aiming to be a global leader that grows along with people and local communities, Samsung Electronics Co., Ltd. (the Company) operates with a philosophy that states: “We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society.”

Our corporate governance is structured and managed in a transparent manner in accordance with applicable legal procedures. The members of the Board of Directors (the Board) are elected by resolution at a general meeting of shareholders and consist of five Executive Directors and six Independent Directors as of the reporting date. Executive Directors are elected from candidates recommended by the Board. For Independent Directors, the Independent Director Recommendation Committee, which consists entirely of Independent Directors, recommends candidates through a separate procedure to ensure a more deliberate and objective consideration. Information regarding the candidates is provided in detail to shareholders before a general meeting in the form of reference material, convocation notice, and letter before they are elected on the day of annual general meeting (AGM) through shareholder approval.

The Board is structured in a way that ensures independent decisions and judgements to promote Company growth and shareholder rights and interests. In order to enhance independence, Independent Directors comprise the majority of the Board, and they hold meetings that exclude the Company’s management members to ensure candid and objective discussions. However, on April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and Byung-gook Park passed away on May 17, 2022. Thus, the Company will appoint new Independent Directors at the first general meeting of shareholders convened after the vacation of the positions, pursuant to Article 542-8 Paragraph 3 of the Commercial Act.

We have been working continually to improve our governance: revisions to the Company’s Articles of Incorporation and regulations of the Board of Directors in March 2016 allowed any Director—not just the CEOs—to be appointed as Chairman, and in March 2018, the Board elected a Chairman who was not a CEO. The revisions were designed to enable Executive Directors to better concentrate on management activities and strengthen the Board’s check on management. In March 2020, an Independent Director was elected as the Chairman of the Board, further enhancing the independence and transparency of the Board, and in March 2022, the new Chairman was also appointed from among Independent Directors.

Meanwhile, we have strengthened our institutional system, allowing us to avoid conflicts of interest and prevent self-interests from influencing Board decisions. Article 398 of the Commercial Act limits transactions between a Director and the Company, and, in accordance with Article 9 of the Regulations of the Board of Directors, a Director is prohibited from exercising voting rights in cases where he or she has a special interest in or even a possibility of a conflict of interest with the Company.

In a rapidly changing business environment, Director expertise is essential as the Board is constantly required to make strategic decisions. The Company’s mainstay business Divisions—Device eXperience (DX) and Device Solutions (DS)—are each headed by a leading professional in the relevant field; and each head also participates on the Board and practices responsible management as CEO. In 2022, along with the CEOs, President and Head of Mobile eXperience (MX) Business Tae-moon Roh, President and CFO Hark-kyu Park, and President and Head of Memory Business Jung-bae Lee were appointed as Executive Directors based on their expertise and management and leadership capabilities. The Board needs diverse perspectives in order to make broad decisions. Independent Directors leverage their expertise and skills from various fields, including finance, law, IT, ESG, and investment to contribute to the Board’s informed and objective decision-making process.

Detailed information regarding our corporate governance is available on our website (<https://www.samsung.com/global/ir>) and in our business reports (<https://www.samsung.com/global/ir/reports-disclosures/business-report/>).

## (2) Our corporate governance

### **A. Ensuring responsible management through the participation of business representatives on the Board**

In the rapidly changing IT industry, prompt and strategic decision making is required to remain competitive. Under such an environment, the Company needs Directors who have a high-level of expertise and fully understand our businesses. Accordingly, the Board appoints the heads of the DX Division and the DS Division as Executive Directors to participate in the decision-making process. Having expert, highly-experienced key executives from each business on the Board enables a comprehensive and long-term approach to decision making, and with heads of the business divisions taking CEO positions, we are practicing responsible management. Meanwhile, our Independent Directors provide abundant expertise in various fields—including finance, law, IT, ESG, and investment—and supervise the activities of both management and Executive Directors and offer objective advice.

### **B. Enhancing the Board's efficiency through the delegation of authorities**

The Board makes resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, matters delegated by a general meeting of shareholders, as well as on important matters concerning basic policies and execution of the Company's business. While some matters require the review and resolution of the entire Board, others can be reviewed more efficiently by committees of the Board equipped with expertise in the relevant field. The Board has delegated specific responsibilities to six committees, in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board of Directors, in order to enhance its operational efficiency. Agendas approved by committees of the Board are immediately reported to all Directors, and if deemed necessary, each Director may request the Chairman to call for a board meeting to put the resolutions approved by the committee (excluding the Audit Committee) forward for a vote at a meeting of the Board.

### **C. Improving supervision via committees composed of a majority of Independent Directors**

As the Company's business continues to evolve, the Board constantly faces increasingly complex and varied managerial matters. In response, the Board has expanded its responsibilities and established new committees (such as the Related Party Transactions Committee, Compensation Committee, and Sustainability Committee) to delegate the new roles. These committees consist entirely of Independent Directors, and they make independent and objective decisions and expand their responsibility to supervise management from a diverse perspective. In particular, the CSR Committee (currently the Sustainability Committee) has commissioned research groups (e.g., Corporate Ecosystem Development Research Group, Environmental Safety Research Group) led by Independent Directors to collaborate with outside experts to provide the Company with applicable advice. The Committee in April 2017 was reorganized, expanded to the Governance Committee to further conduct the role of reviewing matters related to enhancing shareholder value. In July 2021, the Committee was reorganized and expanded once again, with the resultant Sustainability Committee tasked with strengthening the Board's role in sustainability management, including ESG. The Board will continue its efforts to find new ways to further enhance the Company.

## 2. Shareholders

### (1) Shareholder rights

(Core Principle 1) Shareholder rights

■ Shareholders should have timely access to all information that is necessary to exercise their rights in a legitimate process.

#### 1) General meeting of shareholders

(Specific Principle 1-①) Corporations should provide timely access to information for shareholders concerning the date, location, agenda, etc., of general meetings prior to the meeting.

#### A. Summary of general meetings

The 53rd Annual General Meeting of Shareholders (AGM) took place at am 9:00 on March 16, 2022 in Suwon (where the Company's headquarters is located) at the Suwon Convention Center. Agenda items at the AGM included the approval of 2021 financial statements, appointment of Directors, and approval of remuneration limit for Directors, all of which were approved as submitted. The following is a summary of recent shareholders meetings.

<General meetings in the last three years>

	The 51st AGM	The 52nd AGM	The 53rd AGM
Date of resolution on convocation	Feb 21, 2020	Feb 16, 2021	Feb 15, 2022
Date of convocation notice	Feb 21, 2020	Feb 16, 2021	Feb 15, 2022
Date of meeting	Mar 18, 2020	Mar 17, 2021	Mar 16, 2022
Days between date of convocation notice and AGM	26 days	29 days	29 days
Location of meeting	Convention Hall, 3F, Suwon Convention Center, Suwon, Gyeonggi Province	Convention Hall (3F)/Exhibition Hall (1F), Suwon Convention Center, Suwon, Gyeonggi Province	Convention Hall (3F)/Exhibition Hall (1F), Suwon Convention Center, Suwon, Gyeonggi Province
Reference material delivery method	Convocation notice on electronic disclosure system, convocation letter (sent out to all shareholders), , etc.	Convocation notice on electronic disclosure system, convocation letter (sent out to all shareholders), newspaper notice, etc.	Convocation notice on electronic disclosure system, convocation letter (sent out to shareholders who hold more than 1% of the shares outstanding)/letter of notice (sent to all shareholders), newspaper notice, etc.
Notice method for non-Korean shareholders	IR English website, English disclosure at respective websites for the London Stock Exchange and Luxembourg Stock Exchange	IR English website, English disclosure at respective websites for the Korea Exchange, London Stock Exchange and Luxembourg Stock Exchange	IR English website, English disclosure at respective websites for the Korea Exchange, London Stock Exchange, and Luxembourg Stock Exchange
Presence of Board members	8 out of 9	11 out of 11	11 out of 11
Presence of Audit Committee Board members	3 out of 3	3 out of 3	3 out of 3
Shareholder remarks	<ul style="list-style-type: none"> <li>- Question on dividend policy</li> <li>- Question on impact of COVID-19 on revenue and response measures</li> <li>- Question on plans for product launch</li> <li>- Question on labor-management culture</li> </ul>	<ul style="list-style-type: none"> <li>- Question on current business issues and business strategies</li> <li>- Question on work environment</li> <li>- Complaint on a product</li> <li>- Question on dividend policy</li> <li>- Question on recruitment plans</li> <li>- Question on operation of the Board and Committees</li> </ul>	<ul style="list-style-type: none"> <li>- Question on current business issues and business strategies</li> <li>- Complaint on quality and marketing issues</li> <li>- Question on dividend policy-</li> <li>- Question on the reasons behind the appointment of Directors</li> </ul>

	<ul style="list-style-type: none"> <li>- Question on current business issues</li> <li>- Support for agendas</li> </ul>	<ul style="list-style-type: none"> <li>- Question on the reasons behind the appointment of Directors</li> <li>- Support for agendas</li> </ul>	<ul style="list-style-type: none"> <li>- Question on plans for product launch</li> <li>- Question on labor-management culture</li> <li>- Question on operation of the Board and Committees</li> <li>- Question on environment-friendly management policies</li> </ul>
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## B. Provision of AGM information

As of the 52nd AGM, the Company discloses general information regarding the AGM, including the date, location, and agenda items, on the electronic disclosure system of the Financial Supervisory Service (FSS) at least four weeks prior to the meeting to allow shareholders to fully review the agenda before exercising their voting rights. Previously, the AGM convocation notice had been sent to all shareholders in written form two weeks prior to the AGM. Starting from the 53rd AGM, the Company, pursuant to Article 542-4 of the Commercial Act and Article 17-3 of the Articles of Incorporation, disclosed the convocation notice on electronic disclosure system for shareholders holding less than 1% of the total issued shares with voting rights; and sent the convocation letter at least two weeks prior to the AGM for shareholders holding more than 1% of the total issued shares. In addition, starting from the 53rd AGM, letters of notice on the AGM are sent via mail separately to all shareholders to protect the rights of minority shareholders who may have difficulty checking the convocation notice. In accordance with the revised Enforcement Decree of the Commercial Act, Business Report and Auditor's Report are updated at least one week prior to the AGM on the DART system and on the IR website.

Thus, we provide our shareholders with detailed information to enhance their understanding of the AGM agenda. For the 53rd AGM, the information was offered via convocation notice four weeks prior to the AGM to allow shareholders to fully review the agenda.

### 2) Shareholder participation

(Specific Principle 1-②) The Company should encourage shareholder participation as much as possible and ensure shareholders can propose their opinions.

## A. Exercising voting rights

For the past three years, the date of our AGM has not coincided with general meeting concentration dates to ensure greater participation of our shareholders.

	The 51st AGM	The 52nd AGM	The 53rd AGM
General meeting concentration dates	March 13/20/26/27, 2020	March 26/30/31, 2021	March 25/30/31, 2022
AGM date	March 18, 2020	March 17, 2021	March 16, 2022
Avoided concentration date	Yes	Yes	Yes
Mail-in voting	No	No	No
Electronic voting	Yes	Yes	Yes
Proxy voting solicitation	Yes	Yes	Yes

The Company does not allow mail-in voting. However, the Board in January 2020 resolved to adopt electronic voting to enable shareholders to more conveniently exercise their voting rights. Electronic voting has been available from the 51st AGM held in March 2020. In addition, the Company recommends the granting of proxies by distributing letter of attorney via various means—e.g., direct distribution, mail or fax, uploading the letter of attorney on the IR website (<https://www.samsung.com/sec/ir>), and sending the letter of attorney through email.

In the 52nd and 53rd AGM, shareholders exercised voting rights directly, by proxy, or by electronic voting. The Company discloses the number of votes for and against each agenda item on the website immediately following the AGM to enhance transparency. The results of the voting are as follows:

<Voting results of agenda items in the 53rd AGM (March 16, 2022)>

Agenda item	Type of resolution	Details	Result	Shares with voting rights	Total votes	Shares for
						Shares against or abstained
1	Ordinary	Approval of FY21 financial statements, including statement of financial position, income statement, and statement for disposal of retained earnings	Approved	5,372,291,434	4,158,978,735	4,128,612,994 (99.27%)
						30,365,741 (0.73%)
2-1	2-1-1	Ordinary	Appointment of Han-jo Kim as an Independent Director	Approved	5,616,725,387	4,403,374,461
						3,061,624,473 (69.53%)
	2-1-2	Ordinary	Appointment of Wha-jin Han as an Independent Director	Approved	5,616,725,387	4,403,365,913
						1,341,749,988 (30.47%)
	2-1-3	Ordinary	Appointment of Jun-sung Kim as an Independent Director	Approved	5,616,725,387	4,403,362,643
						4,390,610,713 (99.71%)
2-2	2-2-1	Ordinary	Appointment of Kye-hyun Kyung as an Executive Director	Approved	5,616,725,387	4,403,304,505
						3,801,822,604 (86.34%)
2-2	2-2-2	Ordinary	Appointment of Tae-moon Roh as an Executive Director	Approved	5,616,725,387	4,403,299,611
						601,481,901 (13.66%)
2-2	2-2-3	Ordinary	Appointment of Hark-kyu Park as an Executive Director	Approved	5,616,725,387	4,403,299,869
						4,313,602,631 (97.96%)
2-2	2-2-4	Ordinary	Appointment of Jung-bae Lee as an Executive Director	Approved	5,616,725,387	4,403,291,665
						89,696,980 (2.04%)
2-3	2-3-1	Ordinary	Appointment of Han-jo Kim as an Audit Committee member	Approved	5,190,052,876	3,976,616,516
						2,968,145,202 (74.64%)
	2-3-2	Ordinary	Appointment of Jeong Kim as a member of Audit Committee	Approved	5,190,052,876	3,976,616,516
						2,960,941,724 (74.46%)
3	Ordinary	Approval of remuneration limit for directors	Approved	5,372,291,434	4,158,855,020	1,008,471,314 (25.36%)
						4,082,721,581 (98.17%)
						76,133,439 (1.83%)



<Voting results of agenda items in the 52nd AGM (March 17, 2021)>

Agenda item	Type of resolution	Details	Result	Shares with voting rights	Total votes	Shares for	
						Shares against or abstained	
1	Ordinary	Approval of FY20 financial statements, including balance sheet, income statement, and statement for disposal of retained earnings	Approved	5,372,194,621	4,513,682,081	4,483,834,047 (99.34%)	
						29,848,034 (0.66%)	
2-1-1	Ordinary	Appointment of Byung-gook Park as an Independent Director	Approved	5,616,647,528	4,758,116,602	3,896,940,233 (81.90%)	
						861,176,369 (18.10%)	
2-1-2	Ordinary	Appointment of Jeong Kim as an Independent Director	Approved	5,616,647,528	4,758,115,593	3,865,872,358 (81.25%)	
						892,243,235 (18.75%)	
2-2-1	Ordinary	Appointment of Ki-nam Kim as an Executive Director	Approved	5,616,647,528	4,758,100,797	4,707,557,966 (98.94%)	
						50,542,831 (1.06%)	
2-2-2	Ordinary	Appointment of Hyun-suk Kim as an Executive Director	Approved	5,616,647,528	4,758,076,522	4,707,517,675 (98.94%)	
						50,558,847 (1.06%)	
2-2-3	Ordinary	Appointment of Dong-jin Koh as an Executive Director	Approved	5,616,647,528	4,758,058,044	4,707,524,863 (98.94%)	
						50,533,181 (1.06%)	
3	Ordinary	Appointment of Sun-uk Kim as a member of Audit Committee	Approved	4,990,591,497	4,131,965,645	3,284,441,300 (79.49%)	
						847,524,345 (20.51%)	
4	Ordinary	Approval of remuneration limit for directors	Approved	5,372,194,621	4,513,566,180	3,838,844,687 (85.05%)	
						674,721,493 (14.95%)	

### B. Measures to encourage shareholder participation in AGM

Starting from the 52nd AGM, the Company discloses a convocation notice (via electronic disclosure system) of the AGM four weeks prior to the event—earlier than what is required by relevant regulations, including the Commercial Act—to ensure shareholders are fully informed about the AGM and its agenda. In addition, from the 53rd AGM, a convocation notice is disclosed via electronic disclosure system for shareholders who hold less than 1% of the shares outstanding; and a convocation letter is sent out by mail to shareholders holding more than 1% of the shares outstanding. Also, we provide more information on the AGM than what is required by relevant regulations such as the Commercial Act, including by separately sending out letters of notice on the AGM by mail to all shareholders in consideration of minority shareholders who may have difficulty checking the convocation notice so that all shareholders can thoroughly review agenda items prior to exercising their voting rights.

Moreover, we avoid shareholder meeting concentration dates, which are published by the Korea Listed Companies Association, to ensure higher shareholder participation at the AGM. From March 2020, we started using electronic voting so that shareholders can exercise their rights remotely.

We will continue to do our utmost to engage with our shareholders, including through increased AGM participation and exercising of voting rights. At the same time, we will continue to respect shareholders' opinions and consider them in our decision-making process.

### 3) Shareholder proposals

(Specific Principle 1-③) The Company should ensure shareholders can propose general meeting agenda items conveniently. Shareholders should be able to freely ask questions and receive explanations regarding shareholder suggested meeting agendas.

#### A. Shareholder right to propose agenda items

In accordance with Article 363-2 and Article 542-6 Paragraph 2 of the Commercial Act, shareholders holding 3% or more of the shares outstanding or shareholders holding 0.5% or more of the shares outstanding (excluding shares not carrying voting rights) over the previous six months have the right to propose agenda items for a general meeting of shareholders via written or electronic form at least six weeks prior to a shareholders' meeting or six weeks prior to the day and month of the previous fiscal year's AGM in the case of an AGM.

Unless the content of a shareholder proposal is against the law or Articles of Incorporation, or it falls under one of the subparagraphs in Article 12 (Rejection of Shareholders' Proposals) of the Enforcement Decree of the Commercial Act, the Board shall include the proposal as part of the AGM agenda to be announced via convocation notice. Upon request by the shareholder, key points of the proposal shall also be included in the convocation notice. At the AGM, the shareholder will be given an opportunity to present the details on the agenda item he or she proposed.

Human Resources is responsible for tasks related to agenda proposals by shareholders. Once a proposal is submitted, the shareholder will be identified, a legal review will be conducted, and then a letter or electronic notice will be sent to the shareholder to verify submission.

Information on shareholder proposals is available on our website (<https://www.samsung.com/global/ir/governance-csr/general-meeting-of-shareholders/>).

In the last three years, there have been no shareholder proposals. Therefore, details on implementations of shareholder proposal-related activities are not included in this document. Also, there have not been any public statements from institutional investors regarding stewardship activities in the recent three years.

#### B. Providing information on shareholder right to propose agenda

The Company strives to protect shareholder rights. As part of Company efforts, the general process for proposing an agenda item is posted on our website to ensure shareholders are well informed of their rights to conveniently express their opinions to management. The right to propose agenda items will continue to be safeguarded: the Company will review all proposals from a legal perspective, follow due process, and if appropriate submit them as an agenda item for the AGM.

### 4) Shareholder return policy

(Specific Principle 1-④) Corporations should establish a mid- to long-term shareholder return policy and relevant plans, which includes those for dividends, and provide the information to shareholders.

#### A. Shareholder return policy and relevant plans

In addition to strengthening our product and business competitiveness, we work to enhance shareholder value via shareholder returns. In October 2017, we announced our shareholder return program for the coming three-year period (i.e., 2018–2020), increasing predictability of the scale of our shareholder return activities. Under this policy, we returned 50% of our total free cash flow for the three-year period, which included regular dividends of KRW 28.9 trillion (KRW 9.6 trillion/year) and a special dividend of KRW 10.7 trillion that was paid out with the end-year dividend for 2020. In January 2021, we announced the shareholder return policy for the three-year term from 2021 to 2023, and we plan to keep the shareholder return pool at 50% of the annual free cash flow in line with the policy. The annual, regular dividend has been increased to KRW 9.8 trillion, so increased dividends (compared to the previous policy) have been paid from 1Q21. Also, if a significant amount of expected return has been generated, we will actively consider executing a portion of it at the close of each year's results.

For reference, the Company started distributing quarterly dividends from 1Q17 to enhance shareholder value by providing a consistent amount of dividends throughout the year.

When establishing return policies, distributing dividends, or repurchasing shares, we immediately disclose the information to our shareholders and also provide details via earnings calls and our website. Additionally, we provide information on shareholder return by uploading the Letter to Shareholders on the IR website, and shareholders can conveniently check their dividends on a dividend-check service, which can be accessed via the Company's mobile app.

## B. Information on shareholder return policy

We are working to ensure that shareholders are well informed on our shareholder return policy, which aligns with our efforts to protect shareholder rights. The Company will continue to do our best to keep shareholders up-to-date.

### 5) Shareholder return status

(Specific Principle 1-⑤) Shareholders' rights to receive dividends in accordance with shareholder return policy and relevant plans should be respected.

#### A. Dividend payouts

Despite a challenging business environment domestically and globally, regular dividends of KRW 9.6 trillion were paid annually according to the shareholder return policy for the three-year term from 2018 to 2020. In 2020, the last year of the three-year term, a special dividend of KRW 10.7 trillion (KRW 1,578 per share) was paid with the end-year dividend for 2020 as part of the policy. In 2021, regular, annual dividends increased to KRW 9.8 trillion and have been distributed according to the newly announced policy for the three-year term from 2021 to 2023. The specifics of distributions over the last three years are shown below.

(KRW)

Year	Settlement month	Share type	Stock dividend	Cash dividend				
				Dividend per share	Total dividends	Yield*	Payout ratio	
							Consolidated	Separate
2021	December	Common	-	1,444	8,620,366,002,200	1.8%	25.0%	31.7%
		Preferred	-	1,445	1,189,071,281,500	2.0%		
2020	December	Common	-	2,994	17,873,528,954,700	4.0%	78.0%	130.2%
		Preferred	-	2,995	2,464,545,666,500	4.2%		
2019	December	Common	-	1,416	8,453,212,090,800	2.6%	44.7%	62.7%
		Preferred	-	1,417	1,166,030,453,900	3.1%		

Yield is based on the average closing price of the week prior to 2 days before the date of record.

The Company has not distributed unequal dividends in the recent three years. We distributed interim dividends until 2016 and started distributing quarterly dividends from 2017. Details are shown in the following table:

(KRW)

Year	Quarter	Share type	Dividend per share	Total dividend	Date of Board resolution	Face value
2021	1Q	Common	361	2,155,091,500,550	Apr 29, 2021	100
		Preferred	361	297,062,098,700		
	2Q	Common	361	2,155,091,500,550	Jul 29, 2021	
		Preferred	361	297,062,098,700		
	3Q	Common	361	2,155,091,500,550	Oct 28, 2021	
		Preferred	361	297,062,098,700		
	4Q	Common	361	2,155,091,500,550	Jan 27, 2022	
		Preferred	362	297,884,985,400		
2020	1Q	Common	354	2,113,303,022,700	Apr 29, 2020	100
		Preferred	354	291,301,891,800		
	2Q	Common	354	2,113,303,022,700	Jul 30, 2020	
		Preferred	354	291,301,891,800		
	3Q	Common	354	2,113,303,022,700	Oct 29, 2020	
		Preferred	354	291,301,891,800		
	4Q	Common	1,932	11,533,619,886,600	Jan 28, 2021	

		Preferred	1,933	1,590,639,991,100		
2019	1Q	Common	354	2,113,303,022,700	Apr 30, 2019	100
		Preferred	354	291,301,891,800		
	2Q	Common	354	2,113,303,022,700	Jul 31, 2019	
		Preferred	354	291,301,891,800		
	3Q	Common	354	2,113,303,022,700	Oct 31, 2019	
		Preferred	354	291,301,891,800		
	4Q	Common	354	2,113,303,022,700	Jan 30, 2020	
		Preferred	355	292,124,778,500		

#### B. Determining shareholder return amount

We strive to enhance shareholder value through proactive shareholder returns, which includes dividends. We determine the dividend amount based on overall aspects of our business, including results achieved through our differentiated technology, strategic investments for sustainable growth, and cash flow. The Company will continue to strive to protect shareholder value via sustainable growth and appropriate shareholder return policies.

## (2) Equitable treatment of shareholders

(Core Principle 2) Equitable treatment of shareholders

■ All shareholders should be provided equal voting rights in accordance with the type and number of their shares. Corporations should make efforts to build a system that makes corporate information available to all shareholders equally.

### 1) Equitable provision of information

(Specific Principle 2-①) Shareholders' voting rights should not be violated. Corporations should provide sufficient information in a timely and equal manner to all shareholders.

#### A. Issued shares and categories of shares

The number of authorized shares in accordance with our Articles of Incorporation is 25 billion, including 5 billion preferred shares. The total number of shares outstanding as of the reporting date was 6,792,669,250, including 5,969,782,550 common shares and 822,886,700 preferred shares. The issuance ratios of common shares and preferred shares are 29.85% and 16.46%, respectively.

Preferred shares do not carry voting rights and receive an annual cash dividend that is 1% higher than common shares do based on face value. If dividends are not distributed for common shares, preferred shares may not receive dividends. In the past three years, a general meeting of a specific class of shareholders has not been held as the requirements for convocation have not been met.

Share type	Number of authorized shares	Number of issued shares*	Issuance ratio	Note
Common	20,000,000,000	5,969,782,550	29.85%	-
Preferred	5,000,000,000	822,886,700	16.46%	-

\*As of December 31, 2021

#### B. Voting rights

We continue to work to ensure our shareholders receive fair treatment and the rights of minority shareholders are protected. The Company adheres to the one-share-one-vote rule and strives to secure equitable voting rights in accordance with the Commercial Act and relevant laws.

#### C. Communication with shareholders

##### (i) Investors Relations (IR) events

The Company holds earnings conference calls at the end of January, April, July, and October to report its financial results for the preceding year, first quarter, second quarter and third quarter, respectively. Also, we conduct our Investor Forum at least once a year to help shareholders better understand our business by providing information in areas of high investor interest.

In addition, we continue to engage in and strengthen communication with our shareholders by participating in IR events such as conferences organized by brokerages, investor meetings, etc. Information on IR events from the beginning of FY21 up to the disclosure date is presented below and is also available on our website (<https://www.samsung.com/global/ir/ir-events-presentations/events/>).

From the start of FY21 to the disclosure date, we held no official events with minority shareholders that enabled direct conversations, but we have maintained communication through various means. First, we provide live webcasts of key events, such as earnings conference calls and our Investor Forum, for minority shareholders to listen to. In addition, we actively communicate with minority shareholders, including by assigning an employee exclusively responsible for taking phone calls from minority shareholders, disclosing an email address (on our website) dedicated to answering questions, and opening a method to collect questions on our website before key events.

Date	Participants	Form	Contents	Note
<b>2022</b>				
May 23-27	Foreign institutional investors	NDR	Business performance and outlook	Daiwa Conference
May 17	Foreign institutional investors	Conference call	Business performance and outlook	Korea Investment & Securities Conference

Date	Participants	Form	Contents	Note
May 8–13	Foreign institutional investors	NDR	Business performance and outlook	Overseas roadshow
Apr 28–29	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Apr 28	Domestic/foreign institutional investors	Conference call	1Q22 Business results and Q&A	1Q22 earnings release
Mar 30	Foreign institutional investors	Conference call	Business performance and outlook	CS Conference
Mar 24	Foreign institutional investors	Conference call	Business performance and outlook	BoAML Conference
Mar 8	Foreign institutional investors	Conference call	Business performance and outlook	Daiwa Conference
Mar 3	Foreign institutional investors	Conference call	Business performance and outlook	Citi Conference
Feb 25	Foreign institutional investors	Conference call	Business performance and outlook	JP Conference
Feb 15	Foreign institutional investors	Conference call	Business performance and outlook	GS Conference
Feb 3–10	Foreign institutional investors	Conference call	Business performance and outlook	Overseas roadshow
Jan 27–28	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Jan 27	Domestic/foreign institutional investors	Conference call	4Q21 Business results and Q&A	4Q21 earnings release
<b>2021</b>				
Dec 9	Foreign institutional investors	Conference call	Business performance and outlook	Nomura Conference
Dec 7	Foreign institutional investors	Conference call	Business performance and outlook	UBS Conference
Dec 2	Domestic institutional investors	Conference call	Business performance and outlook	NH Investment & Securities Conference
Nov 22	Domestic institutional investors	Conference call	Business performance and outlook	Kiwoom Securities Conference
Nov 16	Domestic/foreign institutional investors	Conference call	Business performance and outlook	2021 Investors Forum
Nov 12	Domestic institutional investors	Conference call	Business performance and outlook	Shinhan Investment Corporation Conference
Nov 11	Foreign institutional investors	Conference call	Business performance and outlook	JP Conference
Nov 9–10	Foreign institutional investors	Conference call	Business performance and outlook	Korea Investment & Securities Conference
Nov 1–5	Foreign institutional investors	NDR	Business performance and outlook	Overseas roadshow
Oct 28–29	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Oct 28	Domestic/foreign institutional investors	Conference call	3Q21 Business results and Q&A	3Q21 earnings release
Sep 28	Domestic institutional investors	Conference call	Business performance and outlook	Daishin Securities Conference
Sep 27	Domestic institutional investors	Conference call	Business performance and outlook	eBest Investment & Securities Conference
Sep 16	Foreign institutional investors	Conference call	Business performance and outlook	CSLA Conference

Date	Participants	Form	Contents	Note
Sep 8	Foreign institutional investors	Conference call	Business performance and outlook	KB Securities Conference
Sep 7	Foreign institutional investors	Conference call	Business performance and outlook	CS Conference
Sep 1–2	Foreign institutional investors	Conference call	Business performance and outlook	HSBC Conference
Aug 19	Foreign institutional investors	Conference call	Business performance and outlook	BoAML Conference
Aug 17	Foreign institutional investors	Conference call	Business performance and outlook	GS Conference
Aug 2–6	Foreign institutional investors	Conference call	Business performance and outlook	Overseas roadshow
Jul 29–30	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Jul 29	Domestic/foreign institutional investors	Conference call	2Q21 Business results and Q&A	2Q21 earnings release
Jun 29	Domestic institutional investors	Conference call	Business performance and outlook	Hana Financial Investment Conference
Jun 24	Foreign institutional investors	Conference call	Business performance and outlook	UBS Conference
Jun 2	Foreign institutional investors	Conference call	Business performance and outlook	BoAML Conference
Jun 2–4	Foreign institutional investors	Conference call	Business performance and outlook	Citi Conference
May 31–Jun 4	Foreign institutional investors	Conference call	Business performance and outlook	Nomura Conference
May 20–21	Foreign institutional investors	Conference call	Business performance and outlook	Korea Investment & Securities Conference
May 17–21	Foreign institutional investors	Conference call	Business performance and outlook	Daiwa Conference
May 17–18	Foreign institutional investors	Conference call	Business performance and outlook	NH Investment & Securities Conference
Apr 29–30	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Apr 29	Domestic/foreign investors	Conference call	1Q21 Business results and Q&A	1Q21 earnings release
Apr 15–16	Foreign institutional investors	Conference call	Business performance and outlook	Daiwa Conference
Mar 25	Foreign institutional investors	Conference call	Business performance and outlook	CS Conference
Mar 18	Foreign institutional investors	Conference call	Business performance and outlook	BoAML Conference
Mar 12	Foreign institutional investors	Conference call	Business performance and outlook	KB Securities Conference
Mar 8	Foreign institutional investors	Conference call	Business performance and outlook	Daiwa Conference
Mar 5	Foreign institutional investors	Conference call	Business performance and outlook	Citi Conference
Feb 26	Foreign institutional investors	Conference call	Business performance and outlook	GS Conference
Feb 26	Foreign institutional investors	Conference call	Business performance and outlook	JP Conference
Feb 1–5	Foreign institutional investors	Conference call	Business performance and outlook	Overseas roadshow
Jan 28–29	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Jan 28	Domestic/foreign investors	Conference call	4Q20 Business results and Q&A	4Q20 earnings release

## (ii) IR website

To meet increasing shareholder demand for information, we provide a wide range of in-depth IR material to enhance the understanding of and confidence in the Company. We have worked to increase ease of access to necessary and useful information via our user-friendly website, which provides details on public disclosures, IR events, financial information, stock information, corporate governance, etc. Also, our Articles of Incorporation, business reports, financial information, and corporate information materials can be downloaded and major events are broadcast live on the website as part of our ongoing efforts to help investors access Company information. In addition, we provide the contact information (phone number and email address) of the IR team on our website (<https://www.samsung.com/sec/ir/ir-resources/contact/>) to enable convenient communication with shareholders.

## (iii) Provision of English material

All materials are provided on our English website (<https://www.samsung.com/global/ir/>) to provide shareholders with easy access to necessary information. We also provide the contact information (phone number and email address) of the IR team on our global website (<https://www.samsung.com/global/ir/ir-resources/contact/>) to enable convenient communication for non-Korean shareholders.

As we list GDRs on the London Stock Exchange (LSE) and the Luxembourg Stock Exchange (LuxSE), we submit English disclosures via both the LSE and LuxSE system. In addition, we submit a separate English disclosure via the Korea Exchange's (KRX) Korea Investor's Network for Disclosure System (KIND) and provide disclosures on our English website for the convenience of non-Korean shareholders.

- LSE website: <http://www.londonstockexchange.com/>
- LuxSE website: <https://www.bourse.lu/>
- KRX: <https://engkind.krx.co.kr/>
- English IR website: <https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

The following is the list of English disclosures submitted via KIND since the beginning of FY21 as of the disclosure date.

Disclosure date	Title	Content
Apr 28, 2022	Decision on Cash Dividends and Dividends in Kind	1Q22 Dividend payout
Apr 28, 2022	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	1Q22 Earnings release
Apr 7, 2022	Organization of Investor Relations Event	Information on 1Q22 earnings call
Apr 7, 2022	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	1Q22 Pre-Earnings Guidance
Mar 16, 2022	Notice on Change of CEO	Change of CEO
Mar 16, 2022	Outcome of Annual Shareholders' Meeting	Annual Shareholders' Meeting results
Feb 16, 2022	Decision on Calling Shareholders' Meeting	Convocation notice for Annual Shareholders' Meeting
Feb 15, 2022	Notice on Change of CEO	Change of CEO
Jan 27, 2022	Decision on Cash Dividends and Dividends in Kind	4Q21 Dividend payout
Jan 27, 2022	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	4Q21 Earnings release
Jan 7, 2022	Organization of Investor Relations Event	Information on 4Q21 earnings call
Jan 7, 2022	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	4Q21 Pre-Earnings Guidance
Nov 10, 2021	Organization of Investor Relations Event	Information on 2021 Investors Forum
Oct 28, 2021	Decision on Cash Dividends and Dividends in Kind	3Q21 Dividend payout
Oct 28, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	3Q21 Earnings release
Oct 8, 2021	Organization of Investor Relations Event	Information on 3Q21 earnings call
Oct 8, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	3Q21 Pre-Earnings Guidance
Jul 29, 2021	Decision on Cash Dividends and Dividends in Kind	2Q21 Dividend payout



Jul 29, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	2Q21 Earnings release
Jul 7, 2021	Organization of Investor Relations Event	Information on 2Q21 earnings call
Jul 7, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	2Q21 Pre-Earnings Guidance
Apr 29, 2021	Decision on Cash Dividends and Dividends in Kind	1Q21 Dividend payout
Apr 29, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	1Q21 Earnings Release
Apr 7, 2021	Organization of Investor Relations Event	Information on 1Q21 earnings call
Apr 7, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	1Q21 Pre-Earnings Guidance
Mar 17, 2021	Outcome of Annual Shareholders' Meeting	Annual Shareholders' Meeting results
Feb 16, 2021	Decision on Calling Shareholders' Meeting	Convocation notice for Annual Shareholders' Meeting
Jan 28, 2021	Decision on Cash Dividends and Dividends in Kind	4Q20 Dividend payout
Jan 28, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	4Q20 Earnings Release
Jan 8, 2021	Organization of Investor Relations Event	Information on 4Q20 earnings call
Jan 8, 2021	Report on Business Performance according to Consolidated Financial Statements (Fair Disclosure)	4Q20 Pre-Earnings Guidance

#### (iv) Public disclosure of corporate information

We make disclosures in a timely manner to provide detailed corporate information to shareholders. For high-interest information, such as business results, investment plans, and shareholder return policy, we provide disclosures before making an external announcement, and the specifics of public disclosures since the beginning of FY21 as of the disclosure date are shown below.

Since 2Q09, the Company has been providing earnings guidance approximately three weeks prior to the earnings call to improve investor understanding.

<Public disclosure of corporate information>

Disclosure date	Title/content
Apr 28, 2022	2022 1Q Earnings Release
Apr 07, 2022	1Q 2022 Pre-Earnings Guidance
Jan 27, 2022	2021 4Q Earnings Release
Jan 07, 2022	4Q 2021 Pre-Earnings Guidance
Oct 28, 2021	2021 3Q Earnings Release
Oct 08, 2021	3Q 2021 Pre-Earnings Guidance
Jul 29, 2021	2021 2Q Earnings Release
Jul 07, 2021	2Q 2021 Pre-Earnings Guidance
Apr 29, 2021	2021 1Q Earnings Release
Apr 07, 2021	1Q 2021 Pre-Earnings Guidance
Jan 28, 2021	Shareholder return policy for 2021–2023
Jan 28, 2021	2020 4Q Earnings Release
Jan 08, 2021	4Q 2020 Pre-Earnings Guidance

#### (v) Unfaithful disclosure corporation designation

The Company is committed to legal and regulatory compliance. We deliver information promptly and accurately via thorough planning and reviews, awareness of the need for public disclosures in advance, and regular inspections. Thanks to these efforts, the Company has never received an 'unfaithful disclosure corporation designation'.

#### D. Provision of corporate information

We will continue to provide information to shareholders in a timely manner and distribute it fairly, via IR activities, webcasting of major conference calls, timely public disclosures, and our website.

## 2) Related-party transactions and self-dealing transactions

(Specific Principle 2-②) The Company should establish and operate a system to protect shareholders from wrongful related-party and self-dealing transactions of other shareholders, including controlling shareholders.

### (i) Internal control system for related-party and self-dealing transactions

The Company has internal regulations to prevent related-party or self-dealing transactions that are in management's or a controlling shareholder's own interests.

In accordance with Article 40 of the Articles of Incorporation, the Board has the authority over approval of related party transactions; and Article 10 Paragraph 3 of the Regulations of the Board provides that approval of related party transactions and approval of transactions between the Company and director shall be approved by the Board.

The Company has voluntarily established the Related Party Transaction Committee within the Board to review related party transactions, aiming to enhance corporate transparency by building a compliance system that promotes fair transactions. The Committee, consisting entirely of Independent Directors, conducts preliminary reviews and approves related party transactions that are worth KRW 5 billion or above in accordance with the Monopoly Regulation and Fair Trade Act, and other transactions that are deemed significant. Also, the Committee receives reports on related party transactions with affiliates and can request a detailed investigation. For related party transactions that materially violate relevant laws or regulations of the Company, the Committee has the right to propose corrective measures to the Board.

In addition, the Board in February 2017 reinforced procedures related to executing external financial donations. We created an External Sponsorship Council to conduct preliminary reviews of donations of over KRW 10 million, while donations exceeding KRW 1 billion require the approval of the Board and are voluntarily disclosed. Details of the Company's donations are reported quarterly to the Audit Committee, which consists entirely of Independent Directors.

### (ii) Comprehensive resolutions of the Board on related party transactions with subsidiaries, etc. and self-dealing transactions with executives or controlling shareholders, etc.)

Pursuant to Article 542-9 of the Commercial Act and Article 35 of the Enforcement Decree of the same Act, "Transactions with Interested Persons Including Major Shareholders", the Company obtains comprehensive approval of the Board in advance for the estimated total amount of transactions with a subsidiary during the business year that are anticipated to take up 5% or more of the total assets or gross sales of the Company as at the end of the latest business year. In 2021, the Board made eight comprehensive approval of transactions with overseas subsidiaries to be made in 2022.

Pursuant to Article 26 of the Monopoly Regulation And Fair Trade Act and Article 33 of the Enforcement Decree of the same Act, "Resolutions by Board of Directors on Large-Scale Internal Trading and Disclosure", transaction with an affiliate at least 20% of the total number of shares issued by which is held by the same person, either alone or together with his or her relatives or an affiliate that is a subsidiary, as provided for in the Commercial Act, of said affiliate in which the quarterly trading amount of goods and services is KRW 5 billion or more is subject to approval by the board of directors and disclosure. However, in accordance with Article 9-2 of the Regulation on resolution by the board of directors and disclosure on large-scale internal trading, transactions within the designated period of within a year may be approved at once so the Company receives the Board's approval of the estimated transaction amount for next year beforehand and discloses the details.

### (iii) Transactions with stakeholders (controlling shareholders, etc.)

#### ① Credit offerings for affiliates and subsidiaries

As of December 31, 2021, SEC's payment guarantees for affiliates, including Samsung Electronics America, Inc. (SEA) for financing purposes are shown below.

(USD thousand)

Company	Relationship	Creditor	Guarantee start date	Guarantee expiry date	Limit of guarantee		Transactions			Interest Rate (%)
					Beginning of period	End of period	Beginning of period	Increase/decrease	End of period	
SEA	Subsidiary	BOA etc.	Apr 16, 2021	Dec 16, 2022	1,328,000	1,328,000	-	-	-	-
SEM	Subsidiary	BBVA etc.	Mar 28, 2021	Dec 16, 2022	485,000	906,000	-	-	-	-
SAMCOL	Subsidiary	Citibank etc.	Jun 14, 2021	Dec 16, 2022	310,000	310,000	117,109	(117,109)	-	-
SEDA	Subsidiary	BRADESCO etc.	Sep 30, 2021	Dec 16, 2022	559,000	409,000	-	-	-	-

Company	Relationship	Creditor	Guarantee start date	Guarantee expiry date	Limit of guarantee		Transactions			Interest Rate (%)
					Beginning of period	End of period	Beginning of period	Increase/decrease	End of period	
SECH	Subsidiary	Citibank etc.	Jun 14, 2021	Dec 16, 2022	142,000	62,000	-	-	-	
SEPR	Subsidiary	BBVA etc.	Jun 01, 2021	Dec 16, 2022	230,000	150,000	-	-	-	
SSA	Subsidiary	SCB etc.	Jun 14, 2021	Dec 16, 2022	318,000	318,000	-	-	-	
SEMAG	Subsidiary	SocGen etc.	Nov 09, 2021	Dec 16, 2022	110,000	110,000	-	-	-	
SETK	Subsidiary	BNP etc.	Jun 14, 2021	Dec 16, 2022	837,000	807,000	169,280	(67,005)	102,275	19.9%
SETK-P	Subsidiary	BNP etc.	Nov 9, 2021	Dec 16, 2022	-	130,000	-	33,334	33,334	25.6%
SECE	Subsidiary	Citibank etc.	Jul 19, 2021	Dec 16, 2022	74,434	73,722	-	-	-	
SEEG	Subsidiary	HSBC	Jun 14, 2021	Jun 13, 2022	85,000	85,000	-	-	-	
SEIN	Subsidiary	BNP etc.	Jun 14, 2021	Nov 08, 2022	145,000	70,000	-	-	-	
SJC	Subsidiary	Mizuho Bank etc.	Apr 30, 2021	Dec 16, 2022	916,062	877,579	-	-	-	
SEUC	Subsidiary	Credit Agricole etc.	Jun 14, 2021	Dec 16, 2022	150,000	150,000	-	-	-	
SEDAM	Subsidiary	Citibank etc.	Jun 14, 2021	Dec 16, 2022	222,000	141,000	-	-	-	
SECA	Subsidiary	BoA	Nov 09, 2021	Nov 08, 2022	70,000	70,000	-	-	-	
SELA	Subsidiary	Citibank	Dec 17, 2021	Dec 16, 2022	120,000	120,000	-	-	-	
SEEH	Subsidiary	HSBC etc.	Jun 14, 2021	Dec 16, 2022	653,000	712,400	-	-	-	
SERK	Subsidiary	SOCGEN etc.	Jun 14, 2021	Dec 16, 2022	269,800	290,000	-	-	-	
SELV	Subsidiary	Citibank	Dec 17, 2021	Dec 16, 2022	10,000	10,000	-	-	-	
SEIL	Subsidiary	Citibank	Dec 17, 2021	Dec 16, 2022	-	15,600	-	10,947	10,947	1.35%
SAPL	Subsidiary	BOA etc.	Jun 14, 2021	Dec 16, 2022	395,000	345,000	-	-	-	
SEV	Subsidiary	SCB	Nov 09, 2020	Feb 28, 2022	15,000	-	-	-	-	
SAVINA	Subsidiary	HSBC	Jun 14, 2021	Jun 13, 2022	71,000	51,000	-	-	-	
SET	Subsidiary	SCB	Nov 09, 2020	Feb 28, 2022	30,000	-	-	-	-	
SCIC	Subsidiary	HSBC etc.	Jun 14, 2021	Dec 16, 2022	300,000	300,000	-	-	-	
SME	Subsidiary	SCB	Nov 09, 2021	Nov 08, 2022	110,000	110,000	-	-	-	
SAMEX	Subsidiary	Citibank	Dec 17, 2021	Dec 16, 2022	5,000	5,000	-	-	-	
SEASA	Subsidiary	Citibank	Dec 17, 2021	Dec 16, 2022	2,000	2,000	-	-	-	
SSAP	Subsidiary	SCB	Nov 09, 2021	Nov 08, 2022	30,000	35,000	-	-	-	
SEPM	Subsidiary	HSBC	Jun 14, 2021	Jun 13, 2022	35,000	35,000	-	-	-	
SESAR	Subsidiary	HSBC	Jun 14, 2021	Jun 13, 2022	50,000	50,000	-	-	-	
AdGear Technologies Inc.	Subsidiary	BOA	Nov 09, 2021	Nov 08, 2022	2,000	2,000	-	-	-	
Harman International Industries, Inc.	Subsidiary	JP Morgan	Jun 14, 2021	Jun 13, 2022	100,000	100,000	-	-	-	
Harman International Japan Co., Ltd.	Subsidiary	MUFG	Nov 09, 2021	Nov 08, 2022	25,000	25,000	-	-	-	
Harman RUS CIS LLC	Subsidiary	SocGen	Nov 09, 2021	Nov 08, 2022	15,000	15,000	-	-	-	
Harman Holding Limited	Subsidiary	HSBC	Jun 14, 2021	Jun 13, 2022	30,000	30,000	-	-	-	
Harman do Brasil Industria Electronica e Participacoes Ltda.	Subsidiary	SocGen	Nov 09, 2021	Nov 08, 2022	15,000	15,000	-	-	-	

Company	Relationship	Creditor	Guarantee start date	Guarantee expiry date	Limit of guarantee		Transactions			Interest Rate (%)
					Beginning of period	End of period	Beginning of period	Increase/decrease	End of period	
Harman da Amazonia Industria Electronica e Participacoes Ltda.										
Total					8,264,296	8,265,301	286,389	(139,833)	146,556	

On a separate basis.

SEC claims fees on the debt guarantees depending on the maturity date of each debt guarantee, general loan interest rate, etc. In 2021, the Company claimed approximately USD 266,000 as guarantee fee and, as of the reporting date, has not collected the amount.

### ② Acquisitions and disposals of assets with affiliates and subsidiaries

In 2021, the Company sold assets to affiliates, including to Samsung China Semiconductor LLC. (SCS) for its facility equipment expansion, while acquiring assets from affiliates to improve efficiency of domestic production.

(KRW mil)

Company	Relationship	Transaction type	Transaction date <sup>1)</sup>	Asset	Transaction purpose	Amount <sup>2)</sup>	Gain or loss on disposal
SCS	Affiliates	Asset sale/purchase	Dec 28, 2021	Machinery, etc.	Enhance capacity and production efficiency	199,913	119,712
SESS	Affiliates	Asset sale/purchase	Oct 19, 2021	Machinery, etc.	Enhance capacity and production efficiency	14,451	775
SAS	Affiliates	Asset sale/purchase	Oct 22, 2021	Machinery, etc.	Enhance capacity and production efficiency	8,694	730
SEHC	Affiliates	Asset sale/purchase	Dec 9, 2021	Machinery, etc.	Enhance capacity and production efficiency	4,122	81
SIEL	Affiliates	Asset sale	Jun 14, 2021	Machinery, etc.	Enhance capacity and production efficiency	2,609	356
Samsung Bioepis	Affiliates	Asset sale	May 13, 2021	Machinery, etc.	Enhance capacity and production efficiency	2,371	51
SEV	Affiliates	Asset sale/purchase	Dec 1, 2021	Machinery, etc.	Enhance capacity and production efficiency	2,033	625
SEVT	Affiliates	Asset sale/purchase	Dec 24, 2021	Machinery, etc.	Enhance capacity and production efficiency	1,797	208
Samsung SDI	Affiliates	Asset sale	Feb 17, 2021	Machinery, etc.	Enhance capacity and production efficiency	269	181
SEDA	Affiliates	Asset sale	Jul 23, 2021	Machinery, etc.	Enhance capacity and production efficiency	403	170
SEIN	Affiliates	Asset purchase	Jan 11, 2021	Machinery, etc.	Enhance capacity and production efficiency	162	-
TSEC	Affiliates	Asset purchase	Mar 24, 2021	Machinery, etc.	Enhance capacity and production efficiency	102	-

On a separate basis.

1) Most recent transaction.

2) Calculated by an appropriate method based upon market value assessment. Transaction was made under normal conditions (e.g., terms of cash payment within the 15th, 30th of the following month of transaction).

### ③ Business transactions with affiliates and subsidiaries

In 2021, SEC conducted the following business transactions, including purchase and sales with Samsung Electronics America, Inc. (SEA), etc.

(KRW mil)

Subsidiary	Type of transaction	Transaction date	Items/assets	Transaction value
SEA	Sales, purchases, etc.	Jan–Dec 2021	HHPs and home appliances, etc.	33,025,957
SSI	Sales, purchases, etc.	Jan–Dec 2021	Semiconductors, etc.	32,303,859
SEVT	Sales, purchases, etc.	Jan–Dec 2021	HHPs, etc.	30,527,566
SSS	Sales, purchases, etc.	Jan–Dec 2021	Semiconductors, etc.	25,687,821
SEV	Sales, purchases, etc.	Jan–Dec 2021	HHPs, etc.	22,040,207

On a separate basis.

Transactions worth 5% and above of revenue.

④ Transactions with stakeholders other than affiliates and subsidiaries

As of December 31, 2021, the Company's outstanding loan amount is approximately KRW 114.6 billion for obligations related to support for supplier companies for product competitiveness and mutual development as well as home loan and educational expenses for employee welfare.

(KRW mil)

Company	Relation	Loans			
		Account title	Transaction		
			Period start	Change	Period end
Elentec Co., Ltd., etc.	Partner company and employee	Short-term loans	32,818	10,181	42,999
Bumjin I&D, etc.	Partner company and employee	Long-term loans	81,283	(9,679)	71,604
Total			114,101	502	114,603

On a separate basis.

### 3) Measures to protect shareholder rights

(Specific Principle 2-③) Corporations should devise measures to protect shareholders, including collecting opinions of minority shareholders and protecting the rights of dissident shareholders, when there is a change in the corporation's ownership structure or main businesses, such as merger, transfer of business, spin-off, and comprehensive exchange and transfer of stock.

#### A. Policies to protect shareholders on issues that cause significant changes to the company's ownership structure or business

The Company continues its efforts to protect the interests and rights of minority shareholders, including by actively collecting feedback from minority shareholders and improving access to information. First, we operate a hotline through which minority shareholders can conveniently ask questions, and we provide an email address on our website to ensure they can easily submit questions and receive feedback. Moreover, we established a system to allow shareholders to make inquiries online prior to quarterly earnings calls and the AGM; and questions on topics that garner a high level of interest are answered during the corresponding event. Thus, we are endeavoring to actively communicate with shareholders and collect their opinions for consideration in our major policies. In addition, we provide a webcast of our key events to enhance access to information, a livestream of the AGM to ensure shareholders have an option to watch the proceedings without physically participating in the event, as well as various information on our revamped website in which the design, headings, etc. have been adjusted to user convenience.

We have various channels to collect the opinions of shareholders on issues that cause significant changes to the Company's ownership structure or business, but we do not yet have policies related to protecting the rights of dissident shareholders, etc. However, we will remain committed to actively communicating with and reflecting the voices of our shareholders before making important decisions, and we will review establishing concrete policies over the mid- to long-term.

#### B. Outcome of implementing the policies to protect shareholders against the occurrence of significant issues and future plans

No merger, crucial transfer of business, spin-off (including physical spin-off), or comprehensive exchange and transfer of stock that causes a significant change in the Company's ownership structure or main businesses occurred during the reporting period, and we do not have detailed plans on such issues. If such issues arise in the future, Samsung will ensure we collect various opinions from shareholders beforehand and work to produce measures to protect the rights of dissident shareholders to maximize shareholder value.

## 3. Board of Directors

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### (1) Roles and responsibilities

(Core Principle 3) Role and responsibilities of the Board

■ The Board of Directors should establish business goals and strategies for the interests of the corporation and shareholders and supervise management effectively.

#### 1) Effective implementation of Board role

(Specific Principle 3-①) The Board of Directors should perform the decision-making and supervisory functions effectively.

#### A. Board system

The Board is an essential body of a listed company that makes strategic decisions on important business matters from a multi-faceted perspective and through independent oversight of management. The Company operates its Board and supports Board's activities by establishing an institutional framework such as the Articles of Incorporation and Regulations of the Board of Directors.

##### (i) Matters to be resolved

The Board makes resolutions on matters according to the relevant laws, Articles of Incorporation, and Regulations of the Board of Directors on important matters related to the Company's management policies and business operations.

In accordance with the Articles of Incorporation, matters to be submitted to the Board are as follows:

#### **[Matters to be resolved by the Board in accordance with the Articles of Incorporation]**

1. Establishment of factories, branches, representative offices or business offices in and outside the country
2. Preferred dividend yield on preferred shares
3. Retirement of treasury shares
4. Transfer agent, the location of its services and the scope of its operation
5. Matters related to issuance of new shares
  - Disposal of forfeited and fractional shares
  - Allocation of new shares to persons other than shareholders
6. Issuing new shares via public offering related conditions
7. Matters related to stock options
  - Granting stock options to officers and employees (excluding directors)
  - Cancellation of grant of stock options
8. Closing register of shareholders and the record date for occasions such as a convocation of a special meeting of shareholders
9. Matters related to issuance of convertible bonds
  - Disposal of forfeited and fractional shares
  - Issuance of convertible bonds to persons other than shareholders
  - Convertible bonds issued on the condition that rights will be attached to only a portion of convertible bonds
  - Conversion price when issuing convertible bonds to persons other than shareholders
  - Adjustment of conversion period
10. Matters related to issuance of bonds with warrants
  - Disposal of forfeited and fractional shares
  - Issuance of bonds with warrants to persons other than shareholders and the face value
  - Amount of new shares which can be subscribed for by the holders of the bonds
  - Face value when issuing bonds with warrants to persons other than shareholders

- Adjustment of the period during which the warrant holder may exercise his/her right to subscribe for new shares
11. Convocation of a general meeting of shareholders
  12. Chairman of the general meeting of shareholders when a CEO is imprisoned
  13. Appointment of CEOs
  14. Selection of Chairman, Vice-Chairman, President, Executive Vice President, Senior Vice President, Vice President
  15. Responsibilities of President, Executive Vice President, Senior Vice President, Vice President
  16. How proxy works when a CEO is unable to perform the role
  17. Establishing committees within the Board
  18. Matters related to the rights and operations of each committee
  19. Appointment of the Chairman of the Board
  20. Approval of concurrent positions held by Directors
  21. Distribution of profit
  22. Approval of related party transactions, etc.
    - Transactions made with related parties as defined in the Monopoly Regulation and Fair Trade Act or large-scale internal transactions for related parties as designated in Article 26 of the same Act
    - Transactions listed in Article 542-9 Section 3 of the Commercial Act with majority shareholders (including their related parties in accordance with the Commercial Act) or related parties (excluding transactions of which the total value has been approved by the Board, in accordance with Section 5 Clause 2 of the Article)
  23. Establishment and execution of specific rules needed for promotion and management of business

In accordance with Article 10 of the Regulations of the Board of Directors, matters to be submitted to the Board are as follows:

**[Matters to be resolved by the Board in accordance with the regulations of the Board]**

1. Convocation of a general meeting of shareholders and matters to be submitted to the meetings
  - Convocation of a general meeting of shareholders
  - Approval of business reports and financial statements
  - Amendment to the Articles of Incorporation
  - Reduction of capital
  - Dissolution, merger, and continuance of the Company
  - Transfer of the whole or an important part of the Company's business, or acquisition of the whole or an important part of other companies that has a material impact on the Company's business
  - Conclusion, alteration, or rescission of contracts regarding leasing the whole business, giving a mandate to manage such business or sharing with another party the entire profits and losses from the business or any similar contract
  - Ex post facto incorporation
  - Appointment or dismissal of directors
  - Issuance of stock below par value
  - Exemption of director's liabilities
  - Stock dividends
  - Decision to offer stock options
  - Remuneration of directors
  - Election of chairman of the general meeting of shareholders (in the case when the Board is required to appoint the chairman of the meeting)
  - Appointment of a person to convoke the general meeting of shareholders (in the case when the Board is required to appoint the chairman of the meeting)
  - Other matters to submit to the general meeting of shareholders
2. Matters related to management
  - Establishment of basic principles of the Company's management
  - Approval of management plans, quarterly reports, and semi-annual reports

- Appointment or dismissal of compliance officers, and establishment, revision, or abolishment of compliance guidelines
3. Matters related to assets or financial affairs
- Transfer of legal reserve to capital
  - Matters related to issuance of shares
    - Issuance of new shares
    - Issuance of convertible bonds and bonds with rights to subscribe for new shares
  - Acquisition, disposition, or retirement of treasury stocks
  - Approval of related party transactions, etc.
    - Transactions made with related parties as defined in the Monopoly Regulation and Fair Trade Act or large-scale internal transactions for related parties as designated in Article 26 of the same Act
    - Transactions listed in Article 542-9 Section 3 of the Commercial Act with majority shareholders (including their related parties) or related parties (excluding transactions of which the total value has been approved by the Board, in accordance with Section 5 Clause 2 of the Article)
  - Decision to offer stock options (excluding directors)
  - Investment in or disposal of equity in other companies with a value of 2.5% of the total equity
  - Direct overseas investments with a value of over 2.5% of the total equity
  - Asset revaluation
  - Stock split or reverse split
  - Material changes of accounting standards
  - New debt guarantees or collateral issuances with a value of over 2.5% of the total equity
    - Collateral: Only in the case of providing collateral for others
    - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
  - Loan contract with a value of over 5% of the total equity
  - Listing of its securities on overseas stock exchange
  - Important matters when setting up or withdrawing from a fund for stock buyback
  - Shares forfeited in a capital increase
  - Provisional payment or loan with a value of over 0.5% of the total equity
  - Donation, contribution, or sponsorship of over KRW 1 billion per year
4. Matters related to the Board, Board committees, etc.
- Approval of Director holding a position in another company of a competitive and/or similar business field to the Company, and approval of transactions between a Director and the Company
  - Appointment of the Chairman of the Board
  - Appointment of the CEO and decision to appoint of co-CEOs
  - Appointment and removal of directors to positions and responsibilities
  - Establishment of committees and appointment or removal of committee members
5. Others
- Amendment and abolishment of the Regulations of the Board of Directors and the regulations of each committee
  - Other matters provided for by relevant laws and regulations or the Articles of Incorporation, matters delegated by general meeting of shareholders, and matters deemed necessary by the CEO

(ii) Matters to be resolved by the Board other than those mandated by relevant laws

The Company's Articles of Incorporation and regulations of the Board of Directors stipulate that important matters, in addition to matters that are mandated by law, to be reviewed and approved by the Board.

A prime example is the approval process for business management plans for the next year. The plan receives final approval at the Board so that the direction of the business is sufficiently discussed and opinions are collected. It is approved before quarterly and half-year reports are submitted, enabling a review on the implementation of management plans. In addition, all donations and social contributions over KRW 1 billion are to be resolved by the Board, enhancing the transparency of operating donations and social contribution funds and compliance of our management.

Moreover, matters delegated at the general meeting of shareholders or deemed necessary by a CEO can be added to the subject of deliberation at the Board, ensuring that the Board reviews a variety of matters other than what is included in the Articles of Incorporation and regulations of the Board.



Matters to be reviewed and resolved by the Board in accordance with the Company's Articles of Incorporation and regulation of the Board, although not mandated by the laws, are as follows:

1. Matters related to management, etc.
  - Resolution and revision of basic policy for business management
  - Approval of business plans, and quarterly and half-year reports
  - Establishment of factories, branches, representative offices or business offices in and outside the country
2. Matters related to finance, etc.
  - Acquisitions or disposals of equity investments with a value over 2.5% of the total equity
  - Direct overseas investments with a value over 2.5% of the total equity
  - Re-evaluation of asset
  - Significant changes in accounting standard
  - New debt guarantee or collateral issuance with a value over 2.5% of the total equity
    - Collateral: Only in the case of providing collateral for others
    - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
  - New credit agreement contract with a value over 5% of the total equity
  - Listing in overseas stock market
  - Important matters regarding application for or termination of treasury fund at investment and trust company
  - Loans and provisional payments over 0.5% of total equity
  - Annual donation, contribution, sponsorship over KRW 1 billion
3. Agenda items to be submitted to the AGM
4. Other matters delegated at the general meeting of shareholders and matters deemed necessary by a CEO

### (iii) Delegation of authority

The Board can establish committees under the Board and delegate certain responsibilities to the committees in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board of Directors. Also, in accordance with Article 11 of the regulations of the Board, the decision can be delegated to a committee within the Board through a Board resolution, except as stipulated by relevant laws or Articles of Incorporation. Execution of matters resolved at board meetings is led by the Company's CEO.

### **[Management Committee]**

1. General management
  - Annual or mid- to long-term management policy and strategy
  - Key management strategy
  - Business planning and restructuring
  - Establishment, relocation, and withdrawal of overseas branches and corporations
  - Initiating cooperative efforts, such as strategic partnerships with foreign companies
  - Acquisition or disposal of domestic and overseas subsidiaries (provided the value of the transaction exceeds 0.1% of total equity)
  - Other major management matters
  - Establishment, relocation, and withdrawal of branches and operations
  - Appointment or dismissal of supervisors
  - Suspension or shutdown of production over 5% of the total production in the recent year
  - Licensing agreements, technology transfers, and technology partnerships of over 0.5% of the total equity
  - Acquisitions and transfers of patents related to new material and new technology of over 0.5% of the total equity
  - Collection and destruction of products corresponding to over 5% of the total sales in the recent business year
  - Contracting for over 5% of the total sales in the recent business year
  - Contracting or canceling of single sales agencies and suppliers over 5% of the total sales in the recent business year

- Setting basic principles of organization management
  - Decision making on basic principles and any changes related to wages, bonuses, and fringe benefits
  - Appointments, dismissals, and changes of transfer agents
  - Closing of the shareholder register and setting the reference date
  - Establishing corporate guidelines for business and management related activities
2. Matters related to finance
- Acquisitions or disposals of equity investments with a value no less than 0.1% and less than 2.5% of the total equity
  - Direct overseas investments with a value no less than 0.1% and less than 2.5% of the total equity
  - New debt guarantee (excluding extension of period) or collateral issuance with a value no less than 0.1% and less than 2.5% of the total equity
    - Collateral: Only in the case of providing collateral for others
    - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
  - New credit agreement contract (excluding extension of period) with a value no less than 0.1% and less than 5% of the total equity
  - Approval of related party transactions:
 

Related party transactions with affiliates involving cash (loans and provisional payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value no less than KRW 3 billion and less than 5 billion, as defined in the Monopoly Regulation and Fair Trade Act

    - ✕ Excluding cases where existing contracts are renewed without significant changes.
  - Insurance of Corporate Bond
  - Acquisition and disposal of real estate with a value of over 0.1% of the total equity, provided the transaction is with the third party
  - Any matters that the CEO deems necessary and important for the business (e.g., capex)
3. All other matters except for those delegated to the Board and other committees in accordance with regulations of the Board.

**[Audit Committee]**

1. Audit overall business of the Company, including tasks performed by the Board and the CEOs.
2. Request Directors or employees to submit reports on the business operated by the Company or investigate the businesses or assets of the Company.
3. Directors shall report to the committee immediately if they find any risks that can have a material impact on the Company.
4. Any other authority granted to the committee by relevant laws and regulations, the Articles of Incorporation or a Board resolution

**[Independent Director Recommendation Committee]**

1. Recommends Independent Director candidates to the Board to be presented at a general meeting of shareholders.

**[Related Party Transactions Committee]**

1. Receives reports on related party transactions, conducts preliminary reviews on related party transactions exceeding KRW 5 billion before submission to the Board, and resolves transactions deemed significant by the secretary of the Committee
2. Right to order investigation of details on related party transactions
3. Right to propose corrective measures for related party transactions that are subject to serious violations of the law and regulations of the Company

**[Compensation Committee]**

1. Propose a remuneration limit for Directors at the AGM
2. Establish a Director remuneration system
3. Other matters delegated by the Board

**[Sustainability Committee]**

1. Matters related to sustainability management

- Key strategies and policies on sustainability management
  - Report on key activities for sustainability management including environment, society, and governance
  - Plans for publishing the Company's Sustainability Report
2. Matters related to enhancing shareholder value
    - Preliminary review on shareholder return policies
    - Report on key issues related to shareholder rights and interest
  3. Other matters that may significantly impact sustainability management and shareholder value that are deemed necessary for the Committee to discuss
  4. Matters related to the establishment, composition, and operation of organizations under the Committee, including research groups, councils, etc.
  5. Other matters delegated by the Board

## B. Effectiveness of Board performance

As the top decision making body of the Company, the Board supports executives to facilitate proper decision making and effectively oversees the work of the executives; it resolves important matters in addition to what is stipulated by the law and Articles of Incorporation and establishes committees which are delegated to review major issues.

### 2) CEO succession plan

(Specific Principle 3-②) The Board of Directors should establish and implement a policy on the succession of chief executive officers (including an emergency nomination policy) and continue to improve these policies.

#### (i) Establishing CEO succession plan and executor of the plan

The Company's CEOs must possess excellent management skills; have abundant business experience and related knowledge; provide leadership that enables setting a clear vision for Company employees as well as external stakeholders, including shareholders; demonstrate an innovative mindset; and not fall under criteria for disqualification in accordance with the law—e.g., the Commercial Act. Considering these qualities cannot be developed within a short period of time, we operate a system to nurture potential candidates and to systematically expand their roles based on high-level evaluation processes and training strategies. In order to promptly respond to unexpected events or changes in the business environment, we manage a pool of candidates from various backgrounds.

The CEO succession procedure is as follows: From the pool of CEO candidates, who have been receiving training, the person best fitting the position with management and leadership competencies is recommended to the Board of Directors. Then the Board reviews the eligibility and confirms the candidate. Once the candidate is appointed as an Executive Director at the general meeting of shareholders, the Board conducts a final review and elects the person as CEO.

If the CEO is unable to carry on with the position for any reason, including personal affairs, an acting CEO will be designated immediately as per the Articles of Incorporation. If it is necessary to appoint a new CEO based on the management environment, the succession procedure will be promptly implemented. Former CEOs may work as a non-registered executive, or sign a contract as an on-site advisor or consultant after retiring, to support succession activities.

#### (ii) Selection, management, training of candidates

The Company selects individuals to be included in the CEO candidate pool from our executives through an eligibility review every year. The two categories of the pool are: 'Ready now' for candidates able to assume the role of CEO after 1-2 years of training; and 'Ready Later' for candidates who will be ready in 3-5 years. The candidate pool is put together through discussions among key executives, including the CEOs. A candidate considered the best fit for a vacant CEO position, based on the strategic role the person has to play at the time, is recommended to the Board of Directors.

Executives who are selected to the CEO candidate pool receive training in the Samsung business Leader Program (SLP). The program includes basic training to nurture the comprehensive competency necessary for the next-generation CEO, such as management strategies, leadership, and global competencies. On top of the basic training, candidates are provided with customized training, including job rotation to strengthen business experience and knowledge.

### (iii) Training Sessions

In 2021, ten executives in the pool of next-generation CEO candidates participated in the SLP and gathered to receive four, different week-long training sessions from April to October 2021.

## 3) Internal control policy of the Board of Directors

(Specific Principle 3-③) The Board of Directors should establish and implement internal control systems (risk management, compliance, internal accounting management, disclosure information management, etc.) and continue to improve these policies.

### (i) Risk management

A company's operation is continuously exposed to myriad risks that can occur in the business environment such as those related to the business, finance, and environmental safety. Risks related to the Company's management are managed at a fundamental level, and are addressed by relevant departments in the Company. However, issues of great importance are broken down by characteristic of the risk, and the Board and its committees are entrusted to supervise such issues. The roles and responsibilities of the Board and its Committees to manage risks are distinctly divided, with the Board overseeing changes in policies and regulations as well as the Company's overall business conditions; the Management Committee reviewing business operations; the Audit Committee supervising financial matters, including accounting transparency; the Related Party Transactions Committee managing risks in compliance with laws and ethics related to transactions with subsidiaries; and the Sustainability Committee reviewing risks of issues that may significantly impact shareholder value, such as those related to corporate social responsibility and shareholder return policy. In particular, in July 2021, the Governance Committee was reorganized to the Sustainability Committee to strengthen the Board's roles and responsibilities in sustainability management, including management of non-financial risks. The Sustainability Committee performs the responsibilities of the previous Governance Committee, such as implementing corporate social responsibility and enhancing shareholder value, and it expanded its discussions to agendas related to ESG, such as those related to climate change, circular economy, labor rights, diversity, supply chain, and ethical management, thereby reinforcing its role to provide direction for the Company's sustainability management and monitoring its achievements.

To continue to secure market competitiveness as a leading global IT company and manage comprehensive risks across the whole company, including preemptively identifying external risks and performing the role as a control tower when unexpected issues arise, Samsung in 2022 newly established a Business Risk Management Group under the Corporate Management Team of the Corporate Management Office. The Company has established and is operating a system in which, upon discovery of a risk, relevant departments are summoned, a T/F is formed, and, after countermeasures are established, support is provided for executives in their decision making. Moreover, also in 2022, we further reinforced the Sustainability Council, putting it under direct oversight of the CEO; and the executives review various issues related to sustainability management, such as environment, social contribution, labor rights, health and safety, and ethical and compliance management, and subsequently report to the Board and Sustainability Committee depending on issues. Furthermore, we have an Internal Control Management Group that manages and operates regulations on internal accounting management, and we have established and are operating an internal accounting management system to increase the effectiveness and enhance the transparency of accounting information. Through the system, key tasks were broken down into 15 areas, the core control items are regularly evaluated and monitored, and the CEO reports the results to the Audit Committee, Board, and the AGM every year.

### (ii) Compliance, internal accounting, and disclosure

Since 2012, we establish compliance standards and appoint the Head of Compliance Team as a Compliance Officer through a resolution of the Board, enabling compliance activities, in accordance with Article 542-13 of the Commercial Act and Article 10 of the regulation of the Board of Directors.

In 2020 in particular, the Company implemented measures to strengthen legal compliance: we moved the Compliance Team, previously under the Legal Affairs Office, to directly under the leadership of the CEOs, strengthening its independence; and we also revised our compliance standards. As a result, the Compliance Officer reports to the Board at least twice per year on his or her activities, which include compliance oversight results, measures for establishing and maintaining a culture of compliance, and evaluations on the validity of the compliance control system. Also, the Officer attends all Board meetings and Board Committee meetings, such as Management Committee meetings, to support major decision making procedures.

In order to ensure credibility in the Company's financial information and disclosures, we operate an internal accounting management system based on an internal accounting management regulation established in accordance with Article 8 of the Act on External Audit of Stock Companies, resolved by the Board in December 2001. The Company revised its internal accounting management regulations through a board

resolution in January 2019, as the Act on External Audit of Stock Companies was revised completely in October 2017 and went into effect in November 2018. In accordance with internal regulations, we have established a department which oversees the internal accounting management system activities and a department which supports tasks of the Audit Committee such as assessment of the internal accounting management system. Also, CEOs conduct an annual review on the effectiveness of the internal accounting management system and report the results at the general meeting of shareholders.

SEC strictly complies with the relevant laws and is working to ensure that accurate information is disseminated fairly via public disclosures.

The IR team and the Corporate Finance & Accounting Team, being responsible for disclosure activities, designate one supervisor and two deputy supervisors for public disclosure who participate in training sessions to continuously enhance their expertise. In addition, in order to strengthen the internal management structure, SEC established a regulation regarding management of publicly disclosed information, which determines the procedures of public disclosure and details relevant to managing publicly disclosed information. The responsible teams run weekly checks based on an internal disclosure management system to see if disclosures are required and notify the persons responsible for public disclosure activities if necessary.

#### (iii) Other internal control policies

We appointed a Chief Safety Officer (CSO) for each the DX Division and the DS Division in December 2021 and February 2022, respectively, and as of the disclosure date, the CSO oversees matters related to health and safety. The CSO has authority to make independent decisions, supervise, execute budgets, and appoint personnel on matters related to health and safety to create a safe environment for each worksite, prevent defects in products and equipment, and protect the health and safety of workers.

## (2) Board composition

(Core Principle 4) Composition of the Board

■ The Board of Directors should be constituted to enable efficient decision making and oversight of management. Directors should be appointed in a transparent manner to reflect the opinions of shareholders.

### 1) Organization of the Board and Independent Directors

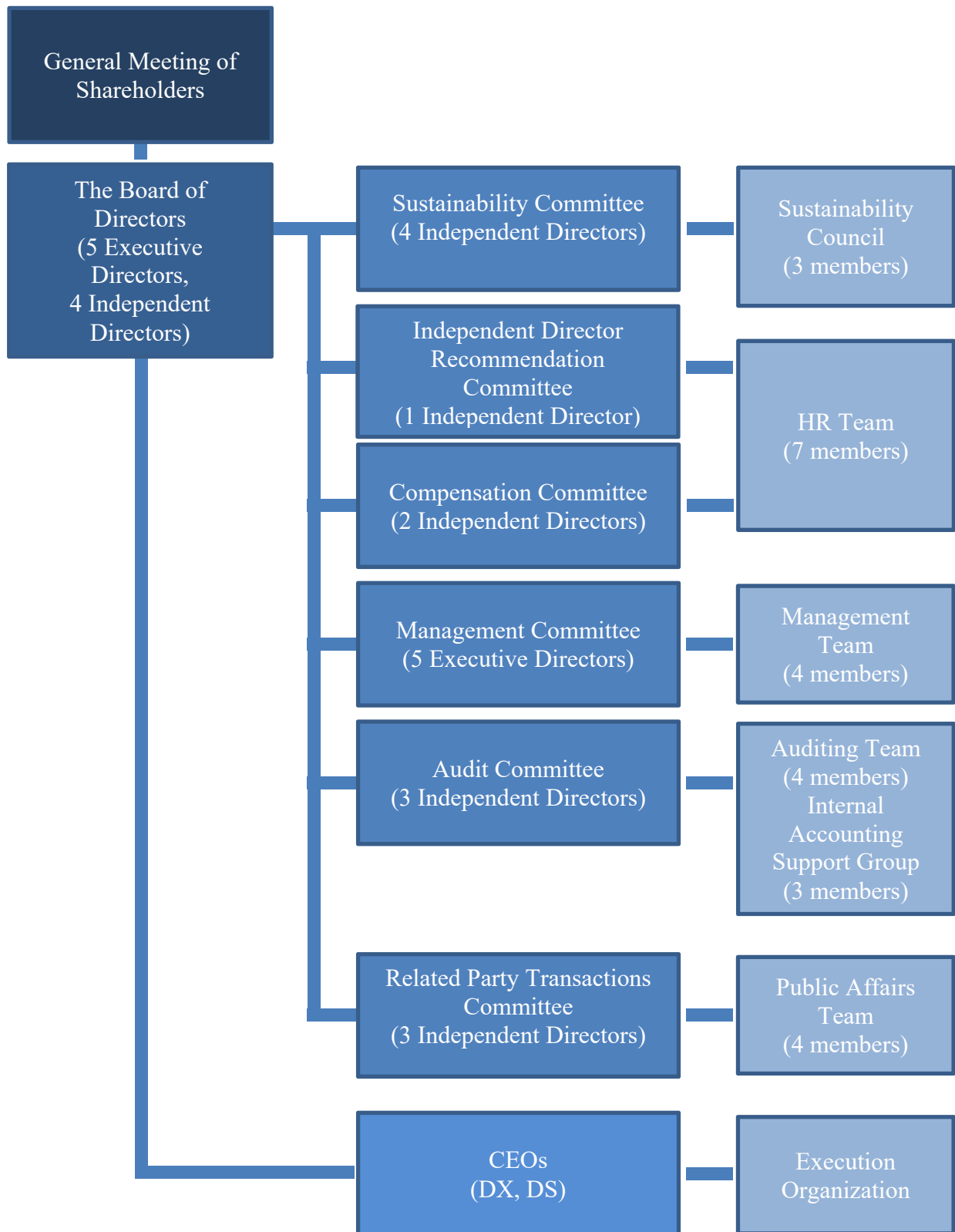
(Specific Principle 4-①) The Board of Directors should be constituted to enable effective and thorough discussions and decision making, and should have a sufficient number of Independent Directors to be able to work independently from executives and controlling shareholders.

#### A. Board composition

##### (i) Board of Directors, Board committees, support team organization

A general meeting of shareholders is one of the Company's highest decision-making body. It decides on and approves important issues concerning the Company's management, including the election of Directors, amendments to the Articles of Incorporation, approval of financial statements, etc. The Board oversees the management's tasks and makes resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, on matters delegated by a general meeting of shareholders, and on important matters concerning basic policies and execution of the Company's business. To further enhance board expertise, the Board delegates authority to six committees, with related departments tasked in a supporting role.

<Organization of the Board and relevant committees and teams as of the disclosure date>



※ On April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and Byung-gook Park passed away on May 17, 2022. Thus, the Company will appoint new Independent Directors at the first general meeting of shareholders convened after the vacating of the positions.

## (ii) Board Composition

The list of Directors as of the disclosure date is as follows.

### < Directors of Samsung Electronics >

Name	Sex (Age)	Position/role	Term	Expertise	Career
Jong-hee Han	M (60)	Executive Director • Head of Management Committee	Mar 18, 2020– Mar 17, 2023	DX Division	• Vice Chairman & CEO • Head of DX(Device eXperience) Division
Kye-hyun Kyung	M (59)	Executive Director • Management Committee	Mar 16, 2022– Mar 15, 2025	DS Division	• President & CEO • Head of DS(Device Solution) Division
Tae-moon Roh	M (53)	Executive Director • Management Committee	Mar 16, 2022– Mar 15, 2025	MX Business	• President & CEO • Head of MX(Mobile eXperience) Business
Hark-kyu Park	M (57)	Executive Director • Management Committee	Mar 16, 2022– Mar 15, 2025	Corporate management	• President & Head of Corporate Management Office
Jung-bae Lee	M (55)	Executive Director • Management Committee	Mar 16, 2022– Mar 15, 2025	Memory Business	• President & Head of Memory Business
Han-jo Kim	M (65)	Chairman of the Board, Independent Director • Head of Audit Committee • Head of Sustainability Committee • Related Party Transactions Committee • Compensation Committee	Mar 20, 2019– Mar 19, 2025 (two consecutive terms)	Finance, social contribution	• Former Chairman of Hana Foundation • Former Vice-Chairman of Hana Financial Group
Sun-uk Kim	F (69)	Independent Director • Head of Related Party Transactions Committee • Audit Committee • Sustainability Committee	Mar 23, 2018– Mar 22, 2024 (two consecutive terms)	Law	• Professor Emeritus of School of Law at Ewha Womans University • Former Minister of Government Legislation
Jeong Kim	M (61)	Independent Director • Head of Independent Director Recommendation Committee • Audit Committee • Related Party Transactions Committee • Sustainability Committee	Mar 23, 2018– Mar 22, 2024 (two consecutive terms)	IT, business management	• President of Kiswe Mobile • Former president of Alcatel-Lucent, Bell Lab
Jun-sung Kim	M (54)	Independent Director • Compensation Committee • Sustainability Committee	Mar 16, 2022–Mar 15, 2025	Finance, investment	• CIO of National University of Singapore Endowment Fund • Former Managing Director of Government of Singapore Investment Corporation (GIC)

On April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and Byung-gook Park passed away on May 17, 2022. Thus, the Company will appoint new Independent Directors at the first general meeting of shareholders convened after the vacating of the positions.



< Composition of Board Committees >

Committee	Composition					Main role of the committee	Note
	Title	Position	Name	Sex	Concurrent		
Management Committee (A)	Head	Executive Director	Jong-hee Han	M	-	Resolve matters related to management in general, finance, and those delegated by the Board of Directors	
	Member	Executive Director	Kye-hyun Kyung	M	-		
	Member	Executive Director	Tae-moon Roh	M	-		
	Member	Executive Director	Hark-kyu Park	M	-		
	Member	Executive Director	Jung-bae Lee	M	-		
Independent Director Recommendation Committee (B)	Head	Independent Director	Jeong Kim	M	C, D, F	Evaluate candidates for Independent Directors on their independence, diversity, and competence and make recommendations	
Audit Committee (C)	Head	Independent Director	Han-jo Kim	M	D, E, F	Auditing on Company-wide activities, including financial state	
	Member	Independent Director	Sun-uk Kim	F	D, F		
	Member	Independent Director	Jeong Kim	M	B, D, F		
Related Party Transactions Committee (D)	Head	Independent Director	Sun-uk Kim	F	C, F	Enhance transparency of management by voluntary compliance to fair transaction	
	Member	Independent Director	Jeong Kim	M	B, C, F		
	Member	Independent Director	Han-jo Kim	M	C, E, F		
Compensation Committee (E)	Member	Independent Director	Han-jo Kim	M	C, D, F	Secure objectivity and transparency of the process determining Director remuneration	
	Member	Independent Director	Jun-sung Kim	M	F		
Sustainability Committee (F)	Head	Independent Director	Han-jo Kim	M	C, D, E	Governance Committee was expanded and reorganized in July 2021 Work to fulfill social responsibility and enhance shareholder value by pursuing sustainability management in the areas of ESG	
	Member	Independent Director	Sun-uk Kim	F	C, D		
	Member	Independent Director	Jeong Kim	M	B, C, D		
	Member	Independent Director	Jun-sung Kim	M	E		

Wha-jin Han was appointed on March 16, 2022 and was a member of Independent Director Recommendation Committee and Sustainability Committee, but she vacated her positions on April 20, 2022, citing personal reasons.

Byung-gook Park was appointed on March 17, 2022 and was a member of Independent Director Recommendation Committee, Compensation Committee, and Sustainability Committee, but he passed away on May 17, 2022.

(iii) Independent Director number, portion, consecutive terms, etc.

The Board shall have at least 3 but no more than 14 Directors, in accordance with Article 24 of the Articles of Incorporation. While having more than 3 Directors is in accordance with Article 383 of the Commercial Act, we believe, considering the size of the company, that the maximum number should not exceed 14 to ensure efficient decision-making at and management of meetings. As of the disclosure date, the Board consisted of 9 Directors, of which 4 (or 44%) are Independent Directors. On March 16, 2022 at the 53rd AGM, the Company appointed 3 Independent Directors to ensure that Independent Directors constitute a majority of the Board out of a total of 11 Directors, but on April 20, 2022, Wha-jin Han vacated her position as an

Independent Director citing personal reasons, and Byung-gook Park passed away on May 17, 2022. Consequently, Independent Directors temporarily do not constitute a majority of the Board as of the disclosure date. Thus, pursuant to Article 542-8 Paragraph 3 of the Commercial Act, new Independent Directors will be appointed at the first general meeting of shareholders convened after the vacating of the positions. Each director serves a 3-year term, although Independent Directors can serve 2 consecutive terms. At the AGM in 2021, Director Sun-uk Kim and Jeong Kim were reappointed and are serving their second term, and at the AGM in 2022, Director Han-jo Kim was reappointed and is serving his second term.

#### (iv) Separation of CEO and Board Chairman positions

Following a board resolution in March 2018, the roles of CEO and Chairman of the Board were separated to secure independence of the Board from executives and controlling shareholders. In February 2020, an Independent Director was appointed as the Chairman of the Board through a board resolution. In March 2022, Independent Director Han-jo Kim was appointed as the Chairman of the Board through a board resolution.

### B. Board independence and diversity

The Board is composed in a way that promotes efficiency in meetings and decision making. However, on April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and Byung-gook Park passed away on May 17, 2022, so the Board is temporarily unable to fulfill the required ratio of Independent Directors prescribed in Article 542-8 Paragraph 1 of the Commercial Act. Pursuant to Article 542-8 Paragraph 3, new Independent Directors will be appointed at the first general meeting of shareholders convened after the vacating of the positions.

The Company formed the Board striving to ensure diversity, considering factors such as expertise, sex, birthplace, nationality, etc. when appointing Directors. Independent Directors are chosen from those eligible in accordance with relevant laws with expertise and experience in finance, law, IT, ESG, investment, etc., who can oversee management from an objective and external perspective.

The Company separated the roles of Board Chairman and CEO to enhance board independence, and an Independent Director was appointed as Chairman of the Board. In addition, Independent Directors hold meetings that exclude Executive Directors to discuss current issues, such as increasing shareholder value, and freely express opinions among themselves.

## 2) Board expertise and sense of responsibility

(Specific Principle 4-②) The Board of Directors should be composed of experts in various fields whose experience and sense of responsibility enable significant contributions to the management of the Company.

### A. Committee status

#### (i) Expertise, sense of responsibility and diversity of the Board

A rapidly changing management environment requires the Board of Directors to make strategic decisions. Therefore, each Director must be equipped with expertise, a sense of responsibility, and the ability to offer diverse opinions. To that end, the head of DX Division and head of DS Division—our mainstay business divisions—participate as Executive Directors to practice responsible management in accordance with our internal policy. Alongside our Executive Directors, Independent Directors, who are experts in a variety of fields, including finance, law, IT, ESG, and investment, oversee business management from a balanced and independent perspective. The Company encourages diversity and does not limit Independent Director positions by nationality, gender, birthplace, religion etc., to ensure the Board makes business decisions from a balanced perspective. Thus, we are doing our utmost to secure expertise, a sense of responsibility, and diversity of the Board.

Executive Director Jong-hee Han is a top expert in the development of display technology, and he played a pivotal role in taking Samsung's TV business to the pinnacle of the global market and keeping it there for sixteen consecutive years. He was appointed as the CEO and Head of the DX Division, which was created by merging the Consumer Electronics (CE) Division and IT & Mobile Communications (IM) Division in 2022.

In 2022, Executive Director Kye-hyun Kyung was also appointed as CEO in recognition of his expertise in technology and leadership capabilities as an expert in semiconductor, having developed core memory technologies, including the world's first Direct Rambus DRAM and the world's first Three-Dimensional Vertical NAND Flash Memory.

Executive Director Tae-moon Roh is an expert in smartphones who developed Galaxy S, and as the Head of MX Business, delivered record results in 2021—the highest since 2014—achieving KRW 104 trillion in revenue by introducing innovative products such as S21 and foldables, and by reinforcing wearables, such as Galaxy Buds and Galaxy Watch.

Executive Director Hark-kyu Park is a leading finance expert, having held numerous key positions in core businesses, including corporate manager in Mexico, Head of the VD Business Support Group, Head of the MX Business Support Team, Head of SDS Business Operation, and Head of Corporate Management Office of the DS Division. As the Head of Corporate Management Office of the DX Division, who oversees the whole company, his core responsibilities include planning, finance, and HR, and he maximizes management achievements by managing resources effectively and by closely supporting businesses.

Executive Director Jung-bae Lee is the Head of the Memory Business, and his capabilities to oversee the overall business were proven through his experiences in numerous key positions, such as Head of DRAM Product & Technology Office, Head of Quality Assurance Office, and Head of Memory Product Planning Team. In 2021, he significantly increased revenue year-on-year, leading us to reclaim our position as top semiconductor company in terms of revenue in the global market.

Independent Director Han-jo Kim, formerly President of Korea Exchange Bank and Vice-Chairman of Hana Financial Group, is a professional in finance and accounting, and he has engaged in various social contribution activities as the Chairman of a public foundation that is affiliated with a corporation.

Independent Director Sun-uk Kim is a pioneer in Feminist Jurisprudence in Korea and a strong female presence, having been the Minister of Government Legislation—the first female to hold that position—, President of Ewha Womans University, and chair of Policy Committee of Ministry of Justice.

Independent Director Jeong Kim is a successful entrepreneur with wide global experience. He was a professor at the University of Maryland, the youngest to become President at Bell Labs, Chief Strategy Officer at Alcatel-Lucent, and Independent Director of Schneider Electric SA in France. He is now the Executive Chairman of Kiswe Mobile.

Jun-sung Kim is a finance expert who has accumulated knowledge in stock-market analysis and investment experience over the long-term during his time working in advanced financial markets such as New York and Singapore.

With their respective expertise, our Directors contribute to the board activities from different points of view and provide objective input in overseeing management.

#### (ii) Director appointment and status changes

< Director appointment and status changes since 2020 >

	Name	Date of appointment	Date of term expiration	Date of status change	Reason for status change	Current status in Company
Executive Directors	Sang-hoon Lee	Mar 23, 2018	Mar 22, 2021	Feb 14, 2020	Resignation	Incumbent*
	Ki-nam Kim	Mar 23, 2018	Mar 22, 2024	Mar 16, 2022	Resignation	Incumbent*
	Hyun-suk Kim	Mar 23, 2018	Mar 22, 2024	Mar 16, 2022	Resignation	Incumbent*
	Dong-jin Koh	Mar 23, 2018	Mar 22, 2024	Mar 16, 2022	Resignation	Incumbent*
	Jong-hee Han	Mar 18, 2020	Mar 17, 2023	-	-	Incumbent
	Yoon-ho Choi	Mar 18, 2020	Mar 17, 2023	Dec 31, 2021	Resignation	N/A
	Kye-hyun Kyung	Mar 16, 2022	Mar 15, 2025	-	-	Incumbent
	Tae-moon Roh	Mar 16, 2022	Mar 15, 2025	-	-	Incumbent
	Hark-kyu Park	Mar 16, 2022	Mar 15, 2025	-	-	Incumbent
	Jung-bae Lee	Mar 16, 2022	Mar 15, 2025	-	-	Incumbent
Independent Directors	Jae-wan Bahk	Mar 11, 2016	Mar 19, 2022	Mar 19, 2022	Term expiry	N/A
	Sun-uk Kim	Mar 23, 2018	Mar 22, 2024	Mar 17, 2021	Reappointment	Incumbent
	Byung-gook Park	Mar 23, 2018	Mar 22, 2024	Mar 17, 2021	Reappointment	N/A
				May 17, 2022	Position vacated**	
	Jeong Kim	Mar 23, 2018.	Mar 22, 2024	Mar 17, 2021	Reappointment	Incumbent
	Curie Ahn	Mar 20, 2019	Mar 19, 2022	Mar 19, 2022	Term expiry	N/A
	Han-jo Kim	Mar 20, 2019	Mar 19, 2025	Mar 16, 2022	Reappointment	Incumbent
	Wha-jin Han	Mar 16, 2022	Mar 15, 2025	Apr 20, 2022	Resignation	N/A
Jun-sung Kim	Mar 16, 2022	Mar 15, 2025	-	-	Incumbent	

\*Remains with the Company as an executive

\*\*Independent Director Byung-gook Park passed away.

## B. Securing diversity, expertise, and sense of responsibility in board composition

As mentioned above, the Board operates at the highest levels of competency by drawing its members from top experts within the company and a diverse range of experts from external sources, such those with expertise in the finance, law, IT, ESG, and investment, to make strategic judgements in a rapidly changing management environment.

### 3) Recommendation and Election of Directors

(Specific Principle 4-③) Corporation should ensure fairness and independence in the process of recommending nominees and selecting Board Directors.

#### A. Director Recommendation Committee

Independent Directors are elected from candidates recommended by the Independent Director Recommendation Committee, which was established in accordance with the Commercial Act, whereas Executive Directors are elected from candidates nominated by the Board. The Committee consists entirely of Independent Directors, fulfilling the requirements of Article 542-8 of the Commercial Act, which states that Independent Directors must constitute a majority. The Committee maintains its independence and transparency and duly recommends candidates.

Independent Directors need to meet the requirements of relevant laws and the Articles of Incorporation, have no material interests with the Company, and be able to fulfill the roles and responsibilities of supervising management from an independent position. The Independent Director Recommendation Committee selects candidates who meet relevant requirements and have abundant knowledge and expertise in areas including business management, economics, accounting, ESG, law, technology, etc. Candidates who can independently add a diverse perspective to the Board, regardless of ethnicity, nationality, gender, region of origin, religion, or area of specialty, will receive primary consideration.

#### B. Provision of information on Director candidates

##### (i) Time provided to fully review the candidates

The day the Board makes the resolution for convocation, the Company discloses the general meeting agenda, including details of the meeting and information on Director candidates. We provide the convocation notice and reference material via the DART system (<http://dart.fss.or.kr>) four weeks prior to the AGM so that shareholders are well aware of the holding of the AGM and fully understand the key contents. Previously, we sent the convocation notice via mail to all shareholders at least two weeks prior to the AGM, but starting from the 53rd AGM, we replaced that process with an online disclosure of the convocation notice for shareholders holding less than 1% of the total issued shares with voting rights, in line with Article 542-4 of the Commercial Act and Article 17-3 of the Articles of Incorporation; and for shareholders holding more than 1% of the total issued shares, send the convocation letter via mail at least two weeks prior to the AGM in accordance with Article 363 of the Commercial Act and Article 17-3 of the Articles of Incorporation. In addition, also starting from the 53rd AGM, letters of notice, which include details of the event and agendas, are sent in written form to all shareholders to protect the rights of shareholders who may have difficulty checking the convocation notice of the AGM disclosed online, in an effort to provide information on the AGM in advance. Provision of information on Director candidates is as follows:

<Provision of information on Director Candidates since 2021 (as of the disclosure date)>

Date of provision	Date of AGM	Director candidate	Details	Note
Feb 16, 2021 (29 days prior to AGM)	Mar 17, 2021	Sun-uk Kim (Independent)	1. Name, date of birth, relationship with the major shareholder, whether an Independent Director candidate 2. Occupation, career, transactions with the Company in the past 3 years 3. Record of default, executive of an insolvent firm, reason for disqualification according to regulation 4. Plans for executing duties (for Independent Director appointed) 5. Grounds for recommendation	-
		Byung-gook Park (Independent)		
		Jeong Kim (Independent)		
		Ki-nam Kim (Executive)		
		Hyun-suk Kim (Executive)		
		Dong-jin Koh (Executive)		

Feb 15, 2022 (29 days prior to AGM)	Mar 16, 2022	Han-jo Kim (Independent)	1. Name, date of birth, relationship with the major shareholder, whether an Independent Director candidate 2. Occupation, career, transactions with the Company in the past 3 years 3. Record of default, executive of an insolvent firm, reason for disqualification according to regulation 4. Plans for executing duties (for Independent Director appointed) 5. Grounds for recommendation	-
		Wha-jin Han (Independent)		
		Jun-sung Kim (Independent)		
		Kye-hyun Kyung (Executive)		
		Tae-moon Roh (Executive)		
		Hark-kyu Park (Executive)		
		Jung-bae Lee (Executive)		

Convocation notice for the 52nd AGM was sent in written form at least 14 days prior to the AGM.

From the 53rd AGM, held on March 16 2022, we started using online disclosure of the convocation notice for shareholders holding less than 1% of the total issued shares with voting rights, in line with Article 542-4 of the Commercial Act and Article 17-3 of the Articles of Incorporation; and for shareholders holding more than 1% of the total issued shares, we started sending the convocation letter in written form at least two weeks prior to the AGM in accordance with Article 363 of the Commercial Act and Article 17-3 of the Articles of Incorporation

The Company discloses the activities of Independent Directors via the convocation notice of the AGM, regardless of whether the Director is up for election.

#### (ii) Past Board activities of Director candidate nominated for a second term

The Company provides information on the Board activities of a Director candidate nominated for a second term, including the attendance rate of board meetings, voting results on each agenda item, etc., via business reports and convocation notice of shareholders' general meeting. The information is also available on our website to allow convenient access for investors.

### C. Cumulative voting and reflection of minority shareholders

Based on Article 24 of our Articles of Incorporation, the Company does not practice cumulative voting stated in Article 382-2 of the Commercial Act.

On our website (<https://www.samsung.com/global/ir/governance-csr/general-meeting-of-shareholders/>), we provide information on how to make agenda proposals, which enables minority shareholders to express their opinions on the selection of Director candidates and the election of Directors. Once a proposal is submitted, the shareholder is identified, the proposal receives a legal review, and the shareholder will be notified on the submission in the form of a letter or electronic document.

In the past three years, there have been no shareholder proposals regarding the selection of Director candidates and election of Directors; we will review all submitted proposals carefully as part of our efforts to respect the opinions of minority shareholders.

We listen closely to the opinions of our shareholders and stakeholders. Aside from the established requirements for shareholder proposals, we are continuing to improve the value of the Company and our shareholders by bringing together diverse views and opinions.

### D. Securing impartiality and independence in Director candidate recommendation

As mentioned above, the Company established an Independent Director Recommendation Committee in accordance with the Commercial Act. The Committee consists solely of Independent Directors to maintain its independence and transparency, and it recommends Independent Director candidates via due process. Candidates are evaluated on their independence and competency befitting a Director of a global company. The verification and recommendation of Executive Director candidates is conducted by the Board, ensuring impartiality and independence in the recommendation and election process of Independent Directors.

## 4) Appointment of Executives

(Specific Principle 4-④) When appointing executive members, the Company should exclude any members who have damaged corporate value or violated shareholder rights.

### A. Policies to exclude persons who have damaged corporate value or violated shareholder rights when appointing executive members

To fulfill its corporate social responsibility, the Company stipulated legal and ethical compliance as a duty in our Management Principle. Through the stipulation and our compliance activities, we emphasize to all our employees the importance of compliance with all laws, respect for market order and competition, and fair competition.

Based on our Management Principle, to enhance corporate value, we conduct a comprehensive process when appointing executives, which includes excluding candidates with a history of disciplinary actions. In our regulations for treatment of executives, we have defined sanctions for legal violations, such as embezzlement and negligence, and any other actions that would damage the corporate reputation.

**B. Whether persons receiving a final guilty verdict on charges of embezzlement, malpractice or unfair transactions in accordance with Capital Markets Act have been appointed as executives**

The Company has not appointed any persons who have received a final guilty verdict on charges of embezzlement, malpractice or unfair transactions in accordance with Capital Markets Act as executives or those convicted of transactions in accordance with Capital Markets Act. Meanwhile, an executive director was indicted on charges including embezzlement; and received a guilty verdict on some charges in January 2021. Since the verdict, the position of the person in question was changed to a part time non-board-member-executive, and he continues to not receive a salary. With an overall consideration of the business environment, his global network, and the need to nurture emerging businesses, he is performing a role to enhance corporate value within the framework of relevant laws.

**C. Adoption of executive officer system**

The Company has not adopted an Executive Officer System for the following reasons: separation of business execution and oversight could undermine consistency of command in the rapidly changing management environment domestically and internationally; the CEO position and Board Chairman are already separated; the Audit Committee consists entirely of Independent Directors; and Independent Directors can keep the management in check. Although decision making, oversight and execution will be carried out by the Board of Directors and CEOs, the Company will continue to review the need for adopting an Executive Officer System.

### (3) Responsibilities of Independent Directors

(Core Principle 5) Responsibilities of Independent Directors

■ Independent Directors should be able to participate in decision making of important business matters and perform supervision of the management with independence.

#### 1) Independent Director requirements

(Specific Principle 5-①) An Independent Director should not have a material relationship with the concerned corporation. When appointing a Director, the corporation must confirm his/her relation with the corporation.

#### A. Interests between Independent Directors and the Company

##### (i) Relations between Independent Directors and the Company/affiliates of the Company

Name	Independent Director's past working experience		Transaction between SEC or affiliates with Independent Director (or the firm that the Director is a majority shareholder)		Transaction between SEC or affiliates with the firm that Independent Director works in	
	SEC	SEC affiliates	SEC	SEC affiliates	SEC	SEC affiliates
Han-jo Kim	N/A	N/A	N/A	-	N/A	-
Sun-wook Kim	N/A	N/A	N/A	-	N/A	-
Jeong Kim	N/A	N/A	N/A	-	N/A	-
Jun-sung Kim	N/A	N/A	N/A	-	N/A	-

On April 20, 2022, Wha-jin Han, who was appointed on March 16, 2022, vacated her position as an Independent Director citing personal reasons.

On May 17, 2022, Byung-gook Park, who was reappointed on March 17, 2021, passed away.

Transactions between Independent Directors or the firm they work for and SEC affiliates are difficult to identify and therefore not included (number of domestic affiliates as per the FY21 business report is 58).

##### (ii) Transactions between SEC with an Independent Director (or the firm in which the Director is a controlling shareholder)

Prior to the appointment of an Independent Director, the Company reviews a candidate for reasons for disqualification in accordance with Article 542-8 of the Commercial Act. According to the Act, an individual with an outstanding transaction worth KRW 100 mil or more (excluding standardized transactions with the listed company based on the "terms and conditions" as defined in the Article 2 subparagraph 1 of the Act on the Regulation of the Terms and Conditions) will be excluded as a candidate.

There were no transactions between SEC and an Independent Director or a firm in which the Director is a majority shareholder in the previous three years.

##### (iii) Transaction between SEC and a firm employing an Independent Director

Prior to the appointment of an Independent Director, the Company reviews the candidate for reason for disqualification in accordance with Article 542-8 of the Commercial Act. In this regard, no employee of a firm with a total transaction amount with SEC in the previous three fiscal years as of the time of the review that exceeds 10% of SEC's total equity or total revenue shall be appointed an Independent Director; no employee of a firm that signed a single transaction agreement worth 10% or more of the firm's revenue with SEC in the recent fiscal year shall be appointed an Independent Director.

There were no transactions between SEC and an Independent Director or a firm that employs a Director.

##### (iv) Process to identify there is no interest between the Company and an Independent Director

Our requirements for Independent Directors are based on Article 382, Article 542-8 of the Commercial Act, and Article 24 of the Articles of Incorporation. On top of legal requirements, we conduct a thorough review using various evaluation criteria to appoint Independent Directors that offer both expertise and independence.

Independent Directors should remain independent. When reviewing Independent Director candidates, the HR Team creates a document of verification on the reasons for disqualification stated in Article 382 and 542-8 of the Commercial Act based on the material made public and record of transaction. The document is used

to review each candidate's eligibility and to exclude those with an independence conflict. Before the candidate is confirmed, the Independent Director Recommendation Committee checks the eligibility of the candidate once again, with the information received from the organization that the candidate is working for or has previously worked for. Even an incumbent Independent Director will lose his or her position if a reason for disqualification is identified, therefore, eligibility is reviewed to check the independence of Independent Directors.

## B. Term of Independent Directors

The term for Independent Directors is three years, which is equivalent to that of Executive Directors. As of the disclosure date, the service period for each Independent Directors is as follows:

<Years of service of Independent Directors and reason for long-term service, as of end-May 2022>

Name	SEC		Including affiliates	
	Period of service	Reason for serving for more than 6 years	Period of service	Reason for serving for more than 9 years
Han-jo Kim	3 years and 3 months	N/A	3 years and 3 months	N/A
Sun-uk Kim	4 years and 3 months	N/A	4 years and 3 months	N/A
Jeong Kim	4 years and 3 months	N/A	4 years and 3 months	N/A
Jun-sung Kim	3 months	N/A	3 months	N/A

On April 20, 2022, Wha-jin Han, who was appointed on March 16, 2022, vacated her position as an Independent Director citing personal reasons.

On May 17, 2022, Byung-gook Park, who was reappointed on March 17, 2021, passed away.

## C. Efforts to appoint Independent Directors that do not have significant interests with the Company

Incumbent Independent Directors of the Company do not have significant interests with the Company and remain independent from the Company. We exclude candidates with independence issues during the review process. We regularly check the Director independence even after being appointed, since they lose their position if they fall under the disqualification criteria in accordance with Article 382 Paragraph 3 and 542-8 of the Commercial Act.

## 2) Independent Directors performing duties faithfully

(Specific Principle 5-②) Independent Directors should allot sufficient time and effort to performing their duties.

### A. Independent Directors performing duties

#### (i) Concurrent positions

Independent Directors are permitted to hold concurrent positions, but their present position should be limited to director, executive officer, or auditor of one company other than SEC, in accordance with Article 34 of the Enforcement Decree of the Commercial Act.

#### (ii) Independent Directors with concurrent positions

Concurrent Position of Independent Directors as of the disclosure date is presented below.

<Concurrent Position of Independent Directors>

Name	Date of appointment	Date of term expiration	Current occupation	Concurrent position			
				Organization	Position*	Time of service**	Listed / unlisted
Sun-uk Kim (Audit Committee)	Mar 23, 2018	Mar 22, 2024	Professor Emeritus of School of Law at Ewha Womans University	Korea Association of Administrative Law Practice Case Study	President	Mar 2020~	N/A
				Posco TJ Park Foundation	Chief Director	Feb 2016~	N/A



Jeong Kim (Audit Committee)	Mar 23, 2018	Mar 22, 2024	Executive Chairman of Kiswe Mobile	N/A	N/A	N/A	N/A
Jun-sung Kim	Mar 16, 2022	Mar 15, 2025	CIO of National University of Singapore Endowment Fund	N/A	N/A	N/A	N/A

Independent Director Jeong Kim's current occupation is Executive Chairman of Kiswe Mobile, and he does not hold any other concurrent positions; Independent Director Jun-sung Kim's current occupation is CIO of National University of Singapore Endowment Fund, and he does not hold any other concurrent positions.

Independent Director Han-jo Kim does not hold any positions outside of SEC.

On April 20, 2022, Wha-jin Han, who was appointed on March 16, 2022, vacated her position as an Independent Director citing personal reasons.

On May 17, 2022, Byung-gook Park, who was reappointed on March 17, 2021, passed away.

\* As of the disclosure date

\*\* The month/year of starting the concurrent position.

## **B. Independent Directors performing duties faithfully**

Independent Directors should not hold excessive concurrent positions so they can remain committed to the Company and faithfully participate in management, including regular activities such as board meetings, ad hoc meetings, and briefing sessions related to the Board. In 2021, all Independent Directors attended every board meeting. Moreover, the Directors should remain dutiful in performing their roles, such as conducting various board activities, participating actively in training, and proposing ideas.

### 3) Supporting Independent Directors in their duties

(Specific Principle 5-③) The Company should provide Independent Directors with sufficient information and required resources to perform their duties.

#### A. Policies and their implementation to support Independent Directors perform duties

##### (i) Process for providing information, human resources, and material resources to Independent Directors

The Company operates a variety of programs to help Independent Directors fulfill their responsibilities.

Independent Directors prepare themselves thoroughly to participate in board activities, which includes reviewing provided information for decision making, discussions, etc. Independent Directors make decisions independently but are expected to have active discussions with other Directors. When they participate as members of the Board or its committees, Independent Directors are able to receive support from outside experts, if required.

Independent Directors must have a comprehensive understanding of the Company to make efficient decisions. The Company operates programs (other than board meetings) that can help enhance understanding of our business operations. We offer orientation programs for newly appointed Independent Directors to facilitate their understanding of the Company and its business operations. Alongside regular visits to domestic and overseas sites and presentations on management plans, we also report major issues as they occur to all Independent Directors. Moreover, the Company supports Independent Directors' meetings with institutional investors to communicate and exchange ideas. Through these programs, we ensure that Independent Directors have all the necessary information to carry out their duties.

##### (ii) Team responsible for dealing with requests from Independent Directors

The HR Team is in charge of overall tasks related to board activities and supports the Board to ensure that the most appropriate agenda is discussed and resolved at the board meeting. Prior to the board meeting, in particular, the team provides all necessary information to ensure there is sufficient time to review the material and resolve the issue at the board meeting. In addition, the HR Team provides overall support for the Independent Directors to perform their duties. That is, they report management information to Independent Directors and provide support regarding meeting agendas in advance.

##### (iii) Independent Director-only meetings

The Company supports different types of meetings to facilitate the work of Independent Directors. When necessary, exclusive sessions for Independent Directors are arranged, allowing details of specific agenda items to be reported directly to the Independent Directors. In addition, Independent Directors are given the opportunity to interact directly with employees without the presence of executives when visiting our operations. The details of Independent Director-exclusive meetings held in 2021 before the reporting date are shown below (excluding the meetings of Board Committees which consist entirely of Independent Directors). However, in 2021, government-imposed restrictions on gatherings due to Covid-19 hampered active meetings.

< Meeting sessions exclusively for Independent Directors in 2021 >

Type	Date	Attendance	Topics/details	Note
Special	Aug 26, 2021	2 of 6	· Discussion on the opinions on Board activities and meetings among Independent Directors	-
Special	Nov 23, 2021	3 of 6	· Discussion on measures to improve the AGM	-
Special	Dec 30, 2021	4 of 6	· Discussion on Independent Directors' roles	-

< Meeting sessions exclusively for Independent Directors in 2022 (as of the disclosure date) >

Type	Date	Attendance	Topics/details	Note
Regular	Apr 28, 2022	4 of 5	· Demonstration of strategic mobile device products · Discussion on directions of the mobile business and technology development	-

**B. Whether sufficient information and resources were provided for Independent Directors to perform duties**

As shown above, the Company provides sufficient information and resources to Independent Directors needed to perform their duties via orientations for new Independent Directors, meetings only for Independent Directors and designation of a support team. We encourage Independent Directors to freely exchange opinions. A department within the HR Team provides support for Independent Directors to actively carry out their duties by holding orientations for new Independent Directors, sending out meeting materials prior to board meeting, etc.

## (4) Evaluation of Independent Directors

(Core Principle 6) Evaluation of Independent Directors

■ Activities of Independent Directors should be evaluated fairly, and the evaluation results should be reflected appropriately in remuneration and reappointment decisions to encourage active participation.

### 1) Evaluation method of Independent Directors and reflecting the results

(Specific Principle 6-①) Independent Directors should be evaluated based on their individual performance and the results should be reflected in a reappointment decision for the next term.

#### (i) Evaluation of Independent Directors

Independent Directors are evaluated regularly against an internal standard based on their individual performances and achievements and the results are used when a Director is considered for reappointment. The Company does not conduct separate external evaluations given the lack of a credible, external organization that could conduct an objective evaluation considering the risk of a potential leak of internal information. However, evaluations on the expertise and independence of Independent Directors, led by the HR Team, are conducted based on an internal accounting control system and the implementation is checked by the Internal Accounting Control Group and the external auditor.

#### (ii) Evaluation method

Evaluations of Independent Directors are conducted regularly in accordance with internal guidelines to measure the performance of each Director in areas such as attendance rate, performance in board committee activities, expertise, contribution, commitment, and leadership. At the end of each year, each department that supports the Board and its Committees compile opinions on Director attendance and activities in Committees, and an evaluation is written based on these opinions. Moreover, the results are reported to the executives and the Chairman of the Board and are used to better support Independent Directors in performing their duties and to review whether the composition of the Board and its committees are appropriate. This is ultimately aimed at enhancing the efficiency of the Board.

Year	Evaluation period	Directors subject to evaluation
2019	December	Jae-wan Bahk, Sun-uk Kim, Byung-gook Park, Jeong Kim, Curie Ahn, Han-jo Kim
2020	December	Jae-wan Bahk, Sun-uk Kim, Byung-gook Park, Jeong Kim, Curie Ahn, Han-jo Kim
2021	December	Jae-wan Bahk, Sun-uk Kim, Byung-gook Park, Jeong Kim, Curie Ahn, Han-jo Kim

### 2) Determining remuneration of Independent Directors

(Specific Principle 6-②) Independent Director remuneration should be determined at an appropriate level, reflecting performance evaluation results, responsibilities of and the risk associated with the role.

#### A. Remuneration of Independent Directors

##### (i) Policies related to remuneration

In accordance with Article 388 of the Commercial Act, Article 34 of the Articles of Incorporation, and Article 10 of the Regulations of the Board, the ceiling on Director remuneration is determined by a resolution at a general meeting of shareholders. The Compensation Committee deliberates over a reasonable remuneration limit to be submitted at the general meeting of shareholders, and the individual remuneration within the limits set at the meeting determined by the Board, entrusted by the AGM, is later executed accordingly.

Under Company policy, an Independent Director's remuneration is not tied to his or her performance. Rather, it is predetermined in order to avoid any inhibitions that may impede participation if remuneration is based on performance. Remuneration of Independent Directors is limited to base salary for the time invested in performing their duties responsibilities of and the risk associated with the role and does not include stock options.

(ii) Number of stock options and relevant conditions

Remuneration of Independent Directors does not include stock options.

**B. Criteria for determining remuneration of Independent Directors**

The Company conducts comprehensive evaluations based on Independent Directors' attendance rate and results of board activities, and remuneration is determined by the responsibilities of and the risks associated with the role, and by the time invested in performing the duties. An Independent Director's remuneration is not tied to his or her performance to enhance independence of Independent Directors.

## (5) Board operation

(Core Principle 7) Board operation

■ Board meetings should be operated in an efficient and reasonable manner to serve the interests of the corporation and shareholders.

### 1) Convocation and operation of meetings of the Board of Directors

(Specific Principle 7-①) Board meetings should be held regularly. Regulations on the operation of the Board of Directors should be established where the Board's rights and responsibilities along with its operational procedures are specifically stated.

#### A. Board meeting operation

##### (i) Regulations related to regular board meetings (Articles of Incorporation or operation regulations of the Board of Directors)

In accordance with Article 7 of Regulations of the Board of Directors, board meetings are categorized as either regular board meetings or special meetings that are held on an ad hoc basis. The Board plans regular meetings at the beginning of the year and holds seven to eight regular meetings each year for matters such as approving quarterly financial statements and convening the AGM. A special or extraordinary general meeting (EGM) can be called when deemed necessary. In accordance with Article 30 of the Articles of Incorporation and Article 8 of the Regulations of the Board of Directors, a meeting of the Board shall be convened by the Chairman of the Board, and the Chairman shall give notice to each Director of the date, time, place, and meeting agenda at least 24 hours prior to the meeting. Directors may request the Chairman to convene a board meeting when deemed necessary in the performance of duties; and they shall explain the agenda and reasons for such action to the Chairman. If the Chairman rejects a meeting request without a valid reason, the Director who made the request may convene a meeting directly.

In accordance with Article 31 of the Articles of Incorporation and Article 9 of the Regulations of the Board of Directors, the presence of a majority of all Directors shall constitute a quorum for a meeting of the Board and the resolutions of the Board shall be adopted by a majority of the votes of the Directors attending the meeting. In accordance with Article 391 of the Commercial Act, the Board may adopt a resolution without all or some of the Directors being present at the meeting in person if they are present by means of a remote communications system that enables the simultaneous transmission and receipt of the voice of the Directors. In such cases, the relevant Directors shall be deemed as being directly present at the meeting. According to Article 9 of the Regulations of the Board of Directors, voting rights of a Director who has a special interest in the agenda item shall be limited in order to eliminate the possibility of conflict of interest.

##### (ii) Meetings of the Board of Directors

In 2021, the Board held eight meetings in total, seven of which were regular.

<Board meetings in 2021>

Type	Date	Notice	Attend.	Agenda item	Type	Result
Regular	Jan 28	Jan 25	11/11	Approval of FY20 financial statements and annual business report	Resolution	Approved
				Approval of shareholder return policy for 2021 to 2023	Resolution	Approved
				Report on FY20 internal accounting management system activities	Reported item	-
				Report on evaluation of FY20 internal accounting management system activities	Reported item	-

Type	Date	Notice	Attend.	Agenda item	Type	Result
Regular	Feb 16	Feb 10	11/11	Decision to convene the 52nd AGM	Resolution	Approved
				- Decisions on the 52nd AGM agenda items - Reported Items: ① FY20 annual audit report ② FY20 annual business report ③ Report on FY20 internal accounting management system activities	Resolution	Approved
				- Item 1: Approval of FY20 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings, etc.		
				- Item 2: Appointment of Directors Item 2-1: Appointment of Independent Directors Item 2-1-1: Appointment of Byung-gook Park as Independent Director		
				Item 2-1-2: Appointment of Jeong Kim as Independent Director		
				Item 2-2: Appointment of Executive Directors Item 2-2-1: Appointment of Ki-nam Kim as Executive Director Item 2-2-2: Appointment of Hyun-suk Kim as Executive Director Item 2-2-3: Appointment of Dong-jin Koh as Executive Director		
				- Item 3: Appointment of Sun-uk Kim as Independent Director for Audit Committee Member		
				- Item 4: Approval of remuneration limit for Directors		
				Approval of 2021 social contribution matching fund	Resolution	Approved
				Agreement on establishment and operation of Samsung Compliance Committee (SCC) and revision of regulation	Resolution	Approved
				Donation to Chung-nam Samsung Institute	Resolution	Approved
				Contract with Samsung Biologics and Samsung BioEpis for use of Samsung CI	Resolution	Approved
Regular	Mar 17	Mar 15	11/11	Appointment of CEO	Resolution	Approved
				Appointment of Board committee members	Resolution	Approved
				Setting remuneration of Directors	Resolution	Approved
				Appointment of SCC member	Resolution	Approved
				Purchase of product liability insurance	Resolution	Approved
Regular	Apr 29	Apr 26	11/11	Approval of 1Q21 interim business report and quarterly dividend	Resolution	Approved
				Charitable contributions	Resolution	Approved
				Joining New Technology Investment Association	Resolution	Approved
				Donation to incentive fund for DS Division's suppliers	Resolution	Approved
Regular	Jul 29	Jul 28	11/11	Approval of 2021 half-year business report and quarterly dividend	Resolution	Approved
				Revision of Sustainability Committee regulations	Resolution	Approved
				Package insurance policy for Domestic operations	Resolution	Approved
				Establishment of plans on safety and health	Resolution	Approved
Regular	Oct 28	Oct 21	11/11	Approval of 3Q21 interim business report and quarterly dividend	Resolution	Approved
				Participation in Samsung Heavy Industries' rights offering	Resolution	Approved
				Joining of the New Technology Investment Association	Resolution	Approved
				Sponsorship of the WorldSkills Competition	Resolution	Approved
				Contribution to Joint Investment Technology Development Agreement Fund	Resolution	Approved
Regular	Nov 30	Nov 25	11/11	Approval of transaction with affiliate company	Resolution	Approved
				Payment of retirement pension plan	Resolution	Approved
				Approval of business plan for 2022	Resolution	Approved
				Contribution to Community Chest of Korea's annual fundraising campaign for 2022	Resolution	Approved

Type	Date	Notice	Attend.	Agenda item	Type	Result
				Contribution to UNDP sourced from Samsung Global Goals	Resolution	Approved
				Report on results of efficacy evaluation of compliance system	Reported item	-
				Report on results of the compliance review	Reported item	-
				Report on measures to establish compliance culture	Reported item	-
Special	Dec 22	Dec 21	10/11	Appointment of head of the SCC	Resolution	Approved

In 2022 as of the disclosure date, the Board held four meetings in total, all of which were regular.

<Board meetings in 2022 (as of the disclosure date)>

Type	Date	Notice	Attend.	Agenda item	Type	Result		
Regular	Jan 27	Jan 24	10/10	Approval of FY21 financial statements and annual business report	Resolution	Approved		
				Appointment of SCC member	Resolution	Approved		
				Report on FY21 internal accounting management system activities	Reported item	-		
				Report on evaluation of FY21 internal accounting management system activities	Reported item	-		
Regular	Feb 15	Feb 10	10/10	Appointment of CEO	Resolution	Approved		
				Decision to convene the 53rd AGM	Resolution	Approved		
				- Decisions on the 53rd AGM agenda items - Reported Items: ① FY21 annual audit report ② FY21 annual business report ③ Report on FY21 internal accounting management system activities	Resolution	Approved		
				- Item 1: Approval of FY21 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings, etc.				
				- Item 2: Appointment of Directors Item 2-1: Appointment of Independent Directors Item 2-1-1: Appointment of Han-jo Kim as Independent Director Item 2-1-2: Appointment of Wha-jin Han as Independent Director Item 2-1-3: Appointment of Jun-sung Kim as Independent Director Item 2-2: Appointment of Executive Directors Item 2-2-1: Appointment of Kye-hyun Kyung as Executive Director Item 2-2-2: Appointment of Tae-moon Roh as Executive Director Item 2-2-3: Appointment of Hark-kyu Park as Executive Director Item 2-2-4: Appointment of Jung-bae Lee as Executive Director Item 2-3: Appointment of Audit Committee Member Item 2-3-1: Appointment of Han-jo Kim as Audit Committee Member Item 2-3-2: Appointment of Jeong Kim as Audit Committee Member				
				- Item 3: Approval of remuneration limit for Directors				
				Revision of internal accounting management regulations			Resolution	Approved
				Approval of 2022 social contribution matching fund			Resolution	Approved
				Donation to Chung-nam Samsung Institute			Resolution	Approved
				Purchase of product liability insurance			Resolution	Approved
Regular	Mar 16	Mar 14	11/13	Appointment of Chairman of the Board			Resolution	Approved
				Appointment of CEO			Resolution	Approved
				Appointment of Board committee members	Resolution	Approved		
				Setting remuneration of Directors	Resolution	Approved		
				Participation in Samsung Biologics' rights offering	Resolution	Approved		
Regular	Apr 28	Apr 22	10/10	Approval of 1Q22 interim business report and quarterly dividend	Resolution	Approved		
				Real estate lease agreement of company building of SEC in Seocho	Resolution	Approved		
				Purchase of employee insurance policy	Resolution	Approved		



Type	Date	Notice	Attend.	Agenda item	Type	Result
				Charitable contributions	Resolution	Approved
				Lease agreement with Samsung SDI	Resolution	Approved
				Donation to incentive fund for DS Division's suppliers	Resolution	Approved
				Establishment of plans on safety and health	Resolution	Approved

At the 53rd AGM on March 16, 2022, Han-jo Kim, Wha-jin Han, and Jun-sung Kim were appointed as Independent Directors, but Wha-jin Han on April 20, 2022, vacated her position as Independent Director citing personal reasons. The number of members as of the 3rd Board meeting temporarily became 13 because the terms of Independent Directors Jae-wan Bahk and Curie Ahn expired on March 19, 2022, which is after the 53rd AGM.

### (iii) Whether meetings are scheduled and convened sufficiently in advance

The Company sets meeting schedules for the year, including for board meetings and committee meetings, and notifies each director of the specific time and date sufficiently in advance.

## B. Regular Board meetings

As shown above, the Company holds regular and special board meetings in accordance with regulations of the Board of Directors.

Board meetings are convened sufficiently in advance (usually seven days and at least 24 hours notice).

### 2) Board meeting minutes

(Specific Principle 7-②)The Board of Directors should prepare detailed minutes of every board meeting and disclose the attendance and voting records of each Director.

#### A. Keeping detailed minutes and recordings of board meeting

The Board prepares minutes of the proceedings and results of the meeting. Names and signatures of all Directors present are affixed to the minutes and then distributed to all Directors to ensure transparency of the decision-making process. We do not prepare voice recordings besides the minutes.

#### B. Attendance and voting results of individual Directors at board meetings

The presence of a majority of all members and a majority of votes of the members attending the meeting are required for a board resolution to pass. The minutes include opinions of individual Directors, those opposed to the agenda, and the reasons for such opposition, if necessary. The outcomes of the board meetings, attendance rate of each Director, and voting results are disclosed through business reports on a quarterly basis.

#### < Attendance of Directors in 2021 >

Director	Name	Jan 28	Feb 16	Mar 17	Apr 29	Jul 29	Oct 28	Nov 30	Dec 22	Note
Executive	Ki-nam Kim	Present	Present	Present	Present	Present	Present	Present	Present	
	Hyun-suk Kim	Present	Present	Present	Present	Present	Present	Present	Present	
	Dong-jin Koh	Present	Present	Present	Present	Present	Present	Present	Present	
	Jong-hee Han	Present	Present	Present	Present	Present	Present	Present	Present	
	Yoon-ho Choi	Present	Present	Present	Present	Present	Present	Present	Absent	Resigned on Dec 31
Independent	Jae-wan Bahk	Present	Present	Present	Present	Present	Present	Present	Present	
	Sun-uk Kim	Present	Present	Present	Present	Present	Present	Present	Present	
	Byung-gook Park	Present	Present	Present	Present	Present	Present	Present	Present	
	Jeong Kim	Present	Present	Present	Present	Present	Present	Present	Present	
	Curie Ahn	Present	Present	Present	Present	Present	Present	Present	Present	
	Han-jo Kim	Present	Present	Present	Present	Present	Present	Present	Present	

#### <Attendance of Directors in 2022 (as of the disclosure date) >

Director	Name	Jan 27	Feb 15	Mar 16	Apr 28	Note
Executive	Ki-nam Kim	Present	Present	N/A	N/A	Resigned on Mar 16

	Hyun-suk Kim	Present	Present	N/A	N/A	Resigned on Mar 16
	Dong-jin Koh	Present	Present	N/A	N/A	Resigned on Mar 16
	Jong-hee Han	Present	Present	Present	Present	
	Kye-hyun Kyung	N/A	N/A	Present	Present	Appointed on Mar 16
	Tae-moon Roh	N/A	N/A	Present	Present	Appointed on Mar 16
	Hark-kyu Park	N/A	N/A	Present	Present	Appointed on Mar 16
	Jung-bae Lee	N/A	N/A	Present	Present	Appointed on Mar 16
Independent	Jae-wan Bahk	Present	Present	Absent	N/A	Term expired on Mar 19
	Sun-uk Kim	Present	Present	Present	Present	
	Byung-gook Park	Present	Present	Present	Present	Position vacated on May 17
	Jeong Kim	Present	Present	Present	Present	
	Curie Ahn	Present	Present	Absent	N/A	Term expired on Mar 19
	Han-jo Kim	Present	Present	Present	Present	
	Wha-jin Han	N/A	N/A	Present	N/A	Appointed on Mar 16; resigned on Apr 20
	Jun-sung Kim	N/A	N/A	Present	Present	

At the 53rd AGM on March 16, 2022, Han-jo Kim, Wha-jin Han, and Jun-sung Kim were appointed as Independent Directors, but Wha-jin Han on April 20, 2022, vacated her position as Independent Director citing personal reasons. On May 17, 2022, Byung-gook Park, who was reappointed at the 52nd AGM on March 17, 2021, passed away.

< Attendance and voting results of Directors in the recent three years >

Name	Term of service	Attendance (%)				Approval (%)			
		Overall	2021	2020	2019	Overall	2021	2020	2019
Sang-hoon Lee (Executive)	Mar 23, 2018– Feb 14, 2020	92.9	0.0	100.0	100.0	100.0	-	100.0	100.0
Jae-yong Lee (Executive)	Oct 27, 2016– Oct 26, 2019	0.0	-	0.0	0.0	-	-	-	-
Ki-nam Kim (Executive)	Mar 23, 2018– Mar 16, 2022	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Hyun-suk Kim (Executive)	Mar 23, 2018– Mar 16, 2022	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dong-jin Koh (Executive)	Mar 23, 2018– Mar 16, 2022	96.0	100.0	100.0	85.7	100.0	100.0	100.0	100.0
Jong-hee Han (Executive)	Mar 18, 2020~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Yoon-ho Choi (Executive)	Mar 18, 2020– Dec 31, 2021	93.3	87.5	100.0	-	100.0	100.0	100.0	-

In-ho Lee (Independent)	Mar 19, 2010– Mar 20, 2019	100.0	-	-	100.0	100.0	-	100.0
Kwang-soo Song (Independent)	Mar 15, 2013– Mar 20, 2019	100.0	-	-	100.0	100.0	-	100.0
Jae-wan Bahk (Independent)	Mar 11, 2016– Mar 19, 2022	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sun-uk Kim (Independent)	Mar 23, 2018~	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Byung-gook Park (Independent)	Mar 23, 2018– May 17, 2022	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Jeong Kim (Independent)	Mar 23, 2018~	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Curin Ahn (Independent)	Mar 20, 2019– Mar 19, 2022	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Han-jo Kim (Independent)	Mar 20, 2019~	100.0	100.0	100.0	100.0	100.0	100.0	100.0

On March 16, 2022, Kye-hyun Kyung, Tae-moon Roh, Hark-kyu Park, and Jung-bae Lee were newly appointed as Executive Directors; and Jun-sung Kim and Wha-jin Han were newly appointed as Independent Directors. On April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons. On May 17, 2022, Independent Director Byung-gook Park passed away.

## (6) Board committees

(Core Principle 8) Board committees

■ The Board should establish committees dedicated to specific functions and roles for efficient operation of the Board.

### 1) Independent Directors in board committees

(Specific Principle 8-①) Committees should be composed of a majority of Independent Directors. The Audit Committee and Compensation Committee should consist entirely of Independent Directors.

#### A. Board committees, main roles, and composition

The Board has established committees in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board and has delegated certain responsibilities to the committees to ensure efficient operation of the Board. The Company established and has been operating the Audit Committee, the Independent Director Recommendation Committee, the Compensation Committee, and the Related Party Transactions Committee; and the Board and the relevant committees are entrusted with the task of managing risks broken down into characteristic and performing the functions of the Risk Management Committee. Specifically, risk management responsibilities of the Board and its committees are related with the following areas: the Board with policy/regulations changes and the Company's overall business; the Management Committee with business operations; the Audit committee with financial issues, which include accounting transparency; the Related Party Transactions Committee with laws related to transactions with subsidiaries and ethical compliance; and the Sustainability Committee with issues related to CSR and those that may have significant impact on shareholder value, such as the shareholder return policy.

The Board operates six committees in total, and please refer to "3. Board of Directors-(2) Board Composition" for more information about the board committees, main roles, and composition.

#### B. Board committees composed of majority of Independent Directors (all members shall be Independent Directors for Audit Committee and Compensation Committee)

In accordance with Article 415-2 of the Commercial Act, more than 2/3 of Audit Committee members shall be Independent Directors. In accordance with Article 542-8 of the Commercial Act, majority of Independent Director Recommendation Committee shall be Independent Directors. We increased independence across the Board by forming all committees entirely with Independent Directors, excluding the Management Committee, which consists of five Executive Directors to make efficient decisions about business matters.

### 2) Regulations for Board operation

(Specific Principle 8-②) All matters relating to the structure, operation, and authority of each committee must be stipulated as regulation. All resolutions by board committees should be reported to the Board.

#### A. Structure, operation, and authority of a board committee stipulated as regulation

- (i) Whether goals, authorities and responsibilities, evaluation of activities and achievements during reporting period, composition of committees, and Director's eligibility, appointment, and dismissals are stipulated

Each committee stipulates the goal, authorities and responsibilities, composition, operation, appointment and dismissals in accordance with regulations of the Board of Directors. Details of committee activities are disclosed via business reports among others. Although evaluation of activities and achievements is not stipulated in the regulation, it is considered when evaluating Independent Directors.

#### 1. Management Committee

- 1) Composition: 5 Executive Directors (Jong-hee Han, Kye-hyun Kyung, Tae-moon Roh, Hark-kyu Park, Jung-bae Lee)
- 2) Authorities and responsibilities: The Management Committee deliberates and decides on matters delegated by the Board related to general management and finance. The Committee deliberates and decides on the following matters:
  - A. General management
    - Annual or mid- to long-term management policy and strategy

- Key management strategy
- Business planning and restructuring
- Establishment, relocation, and withdrawal of overseas branches and corporations
- Initiation of cooperative efforts, such as strategic partnerships with foreign companies
- Acquisition or disposal of domestic and overseas subsidiaries (provided the value of the transaction exceeds 0.1% of total equity)
- Other major management matters
- Establishment, relocation, and withdrawal of branches and operations
- Appointment or dismissal of supervisors
- Suspension or shutdown of production over 5% of the total production in the recent year
- Licensing agreements, technology transfers, and technology partnerships of over 0.5% of the total equity
- Acquisitions and transfers of patents related to new material and new technology of over 0.5% of the total equity
- Collection and destruction of products corresponding to over 5% of the total sales in the recent business year
- Contracting for over 5% of the total sales in the recent business year
- Contracting or canceling of single sales agencies and suppliers over 5% of the total sales in the recent business year
- Setting basic principles of organization management
- Decision making on basic principles and any changes related to wages, bonuses, and fringe benefits
- Appointments, dismissals, and changes of transfer agents
- Closing of the shareholder register and setting the reference date
- Establishing corporate guidelines for business and management related activities

**B. Matters related to finance**

- Acquisitions or disposals of equity investments with a value no less than 0.1% and less than 2.5% of the total equity
  - Direct overseas investments with a value no less than 0.1% and less than 2.5% of the total equity
  - New debt guarantee (excluding extension of period) or collateral issuance with a value no less than 0.1% and less than 2.5% of the total equity
    - Collateral: Only in the case of providing collateral for others
    - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
  - New credit agreement contract (excluding extension of period) with a value no less than 0.1% and less than 5% of the total equity
  - Approval of related party transactions:
    - Related party transactions with affiliates involving cash (loans and payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value no less than KRW 3 billion and less than 5 billion, as defined in the Monopoly Regulation and Fair Trade Act
  - ※ Excluding cases where existing contracts are renewed without significant changes.
  - Insurance of Corporate Bond
  - Acquisition and disposal of real estate with a value of over 0.1% of the total equity, provided the transaction is with the third party
- Any matters that the CEO deems necessary and important for the business (e.g., capex)

**C. All other matters except for those delegated to the Board and other committees in accordance with regulations of the Board**

**2. Independent Director Recommendation Committee**

- 1) Composition: 3 Independent Directors (Jeong Kim, Byung-gook Park, Wha-jin Han)

2) Authorities and responsibilities: The Independent Director Recommendation Committee was established in accordance with Article 542-8 of the Commercial Act, Article 28-5 of the Articles of Incorporation, and Article 12-3 of the Regulations of the Board. The Committee evaluates potential candidates for Independent Directors to be presented at a general meeting of shareholders and recommends candidates to the Board.

※ On April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and on May 17, 2022, Byung-gook Park passed away, so as of the disclosure date, the Independent Director Recommendation Committee consists of one Independent Director, Jeong Kim. However, we will complement the composition of the Committee through follow-up measures.

### **3. Related Party Transactions Committee**

1) Composition: 3 Independent Directors (Sun-uk Kim, Jeong Kim, Han-jo Kim)

2) Authorities and responsibilities: The Related Party Transactions Committee was established by a resolution of the Board, without legal mandates, to enhance transparency of the Company's management through a voluntary compliance system.

- Right to receive reports on related party transactions:

The Committee can request reports on related party transactions with affiliates

※ According to the Monopoly Regulation and Fair Trade Act, the Related Party Transactions committee is permitted to conduct preliminary reviews of and approve related party transactions worth KRW 5 billion and over, and other transactions that are deemed significant

- Right to order ex officio investigation of related party transactions  
- Right to propose corrective measures for related party transactions

### **4. Compensation Committee**

1) Composition: 3 Independent Directors (Byung-gook Park, Han-jo Kim, Jun-sung Kim)

2) Authorities and responsibilities: The Compensation Committee was established by a resolution of the Board, without legal mandates, to reinforce transparency and objectiveness of the decision-making process regarding remuneration of Directors. The Committee has the authorities in the follow areas:

- Propose a remuneration limit of Directors at the AGM  
- Establish a Director remuneration system  
- Other matters delegated by the Board

※ On May 17, 2022, Byung-gook Park passed away, so as of the disclosure date, the Compensation Committee consists of two Independent Directors. However, we will complement the composition of the Committee through follow-up measures.

### **5. Sustainability Committee**

1) Composition: 6 Independent Directors (Han-jo Kim, Sun-uk Kim, Byung-gook Park, Jeong Kim, Wha-jin Han, Jun-sung Kim)

2) Authorities and responsibilities: The Sustainability Committee was established in July 2021 as an expansion of the Governance Committee. The Committee was created by a resolution of the Board to fulfill the Company's corporate social responsibility and to increase shareholder value by pursuing sustainability management in the areas of ESG. The Governance Committee has authorities in the following areas:

- Matters related to sustainability management

- Key strategies and polices in sustainability management
- Report on key activities related to sustainability management, including ESG
- Plans on releasing Sustainability Report

- Matters related to enhancing shareholder value

- Preliminary review on shareholder return policies
- Report on key issues related to shareholder rights and interest

- Other matters that may significantly impact sustainability management and shareholder value that are deemed necessary for the Committee to discuss

- Matters related to the establishment, composition, and operation of organizations under the Committee, including research groups, councils, etc.

- Other matters delegated by the Board

※ On April 20, 2022, Wha-jin Han vacated her position as an Independent Director citing personal reasons, and on May 17, 2022, Byung-gook Park passed away, so as of the disclosure date, the Sustainability Committee consists of four Independent Directors. However, we will complement the composition of the Committee through follow-up measures.

## 6. Audit Committee

※ Please refer to 4. Audit System – (1) Audit Committee for details related to Audit Committee

### B. Reporting to the Board: Committee resolutions

Each Director is notified of resolutions adopted by board committees. A Director may request a convocation of a board meeting to the Chairman and go through the resolution process again if deemed necessary, excluding the resolutions made by the Audit Committee to ensure independence of that committee.

### C. Board committee meetings and attendance of Directors

#### <Management Committee>

<Meetings in 2021>

Date	Attendance	Agenda item	Type	Result
Jan 6	5/5	- Investment in memory business	Resolution	Approved
Feb 5	5/5	- Investment in memory business	Resolution	Approved
		- Investment on research infrastructure	Resolution	Approved
		- Establishment of overseas subsidiary	Resolution	Approved
		- Contract agreement for use of trademark	Resolution	Approved
Mar 2	5/5	- Investment in memory business	Resolution	Approved
		- Investment in foundry business	Resolution	Approved
Apr 9	5/5	- Appointment of Head of Management Committee	Resolution	Approved
		- Investment in memory business	Resolution	Approved
May 7	5/5	- Investment in foundry business	Resolution	Approved
		- Licensing agreement	Resolution	Approved
Jun 18	5/5	- Investment in memory business (Pyeongtaek)	Resolution	Approved
		- Investment in memory business	Resolution	Approved
		- Investment in foundry business (Hwaseong)	Resolution	Approved
		- Investment in foundry business (Pyeongtaek)	Resolution	Approved
		- Investment in foundry business	Resolution	Approved
		- Change of trademark royalty	Resolution	Approved
Jul 29	5/5	- Investment in DS division	Resolution	Approved
Oct 8	5/5	- Investment in memory business	Resolution	Approved
		- Investment in memory business (Pyeongtaek)	Resolution	Approved
Dec 30	5/5	- Licensing agreement	Resolution	Approved

< Meetings in 2022 (as of the disclosure date)>

Date	Attendance	Agenda item	Type	Result
Jan 27	4/4	- Investment in memory business	Resolution	Approved
		- Investment in memory business (Pyeongtaek)	Resolution	Approved
		- Establishment of overseas subsidiary	Resolution	Approved
		- Lease agreement	Resolution	Approved
Feb 25	4/4	- Investment in memory business (Line 3 in Pyeongtaek)	Resolution	Approved

		- Investment in memory business (Line 4 in Pyeongtaek)	Resolution	Approved
		- Investment in memory business	Resolution	Approved
		- Investment in DS division	Resolution	Approved
		- Establishment of overseas subsidiary	Resolution	Approved
Apr 1	5/5	- Appointment of the Head of Management Committee	Resolution	Approved
		- Investment in memory business (2023)	Resolution	Approved
		- Investment in memory business (2025)	Resolution	Approved
		- Investment in memory business	Resolution	Approved
		- Investment in foundry business (Pyeongtaek)	Resolution	Approved
		- Investment in foundry business	Resolution	Approved
		- Investment in Test & System Package (Cheonan)	Resolution	Approved
		- Investment in Test & System Package	Resolution	Approved
		- Lease agreement	Resolution	Approved
		- Investment in semiconductor research center (Giheung)	Resolution	Approved
		- Investment in semiconductor research center	Resolution	Approved
Apr 5	5/5	- Investment in memory business	Resolution	Approved
Apr 28	5/5	- Investment in semiconductor research center	Resolution	Approved
		- Investment in memory business	Resolution	Approved
		- Purchase of liability insurance	Resolution	Approved
May 27	5/5	- Investment in foundry business	Resolution	Approved
		- Investment in foundry business	Resolution	Approved

<Attendance in the recent three years>

Name	Attendance (%)			
	Average	2020	2019	2018
Ki-nam Kim	100.0	100.0	100.0	100.0
Hyun-suk Kim	96.6	100.0	91.7	100.0
Dong-jin Koh	89.7	100.0	91.7	75.0
Jong-hee Han	94.5	100.0	88.9	-
Yoon-ho Choi	100.0	100.0	100.0	-

< Independent Director Recommendation Committee>

<Meetings in 2021>

Date	Attendance	Agenda item	Type	Result
Jan 28	3/3	- Deadline for recommendation of Independent Director candidates	Resolution	Approved
Feb 10	3/3	- Recommendation of Independent Director candidates	Resolution	Approved
		- Recommendation of Independent Director for Audit Committee member	Resolution	Approved

<Meetings in 2022 (as of the disclosure date)>

Date	Attendance	Agenda item	Type	Result
Jan 27	3/3	- Appointment of Head of the Committee	Resolution	Approved
		- Deadline for recommendation of Independent Director candidates	Resolution	Approved
Feb 11	3/3	- Recommendation of Independent Director candidates	Resolution	Approved

<Attendance in the recent three years>



Name	Attendance (%)			
	Average	2021	2020	2019
Jae-wan Bahk	100.0	-	-	100.0
Byung-gook Park	100.0	100.0	-	100.0
Jeong Kim	100.0	100.0	-	100.0
Curie Anh	100.0	100.0	-	-

No meetings were held in 2020 as there were no Independent Director candidates to be elected.

#### < Related Party Transaction Committee >

##### <Meetings in 2021>

Date	Attendance	Agenda item	Type	Result
Jan 26	3/3	- Report on 4Q20 related party transactions	Reported item	-
Feb 10	3/3	- Contract with Samsung Biologics and Samsung BioEpiS for use of Samsung CI	Deliberation	-
Mar 12	3/3	- Purchase of product liability insurance	Deliberation	-
Apr 27	3/3	- Appointment of head of Related Party Transaction Committee	Resolution	Approved
		- Charitable contributions	Deliberation	-
		- Joining of the New Technology Investment Association	Deliberation	-
		- Report on 1Q21 related party transactions	Reported item	-
Jul 27	3/3	- Package insurance policy for Domestic operations	Deliberation	-
		- Report on 2Q21 related party transactions	Reported item	-
Oct 26	3/3	- Participation in Samsung Heavy Industries' rights offering	Deliberation	-
		- Joining of the New Technology Investment Association	Deliberation	-
		- Report on 3Q21 related party transactions	Reported item	-
Nov 26	3/3	- Payment of retirement pension plan	Deliberation	-
		- Approval of large-scale goods and services transactions in 2022	Deliberation	-

##### <Meetings in 2022 (as of disclosure date)>

Date	Attendance	Agenda item	Type	Result
Jan 25	3/3	- Report on 4Q21 related party transactions	Reported item	-
Feb 11	3/3	- Purchase of product liability insurance	Deliberation	-
Mar 11	3/3	- Participation in Samsung Biologics' rights offering	Deliberation	-
Apr 26	3/3	- Real estate lease agreement of company building of SEC in Seocho	Deliberation	-
		- Purchase of employee insurance policy	Deliberation	-
		- Charitable contributions	Deliberation	-
		- Joining of the New Technology Investment Association	Deliberation	-
		- Lease agreement with Samsung SDI	Deliberation	-
		- Report on 1Q22 related party transactions	Reported item	-

##### <Attendance of Directors in the recent three years>

Name	Attendance (%)			
	Average	2021	2020	2019
In-ho Lee	100.0	-	-	100.0
Kwang-soo Song	100.0	-	-	100.0
Sun-uk Kim	100.0	100.0	100.0	100.0
Jae-wan Bahk	100.0	100.0	100.0	100.0
Han-jo Kim	100.0	100.0	100.0	100.0

< Compensation Committee >

<Meetings in 2021>

Date	Attendance	Agenda item	Type	Result
Feb 10	3/3	- Review on 2021 fixed annual salary for each Executive Director	Resolution	Approved
		- Review on 2021 remuneration limit for Directors	Resolution	Approved
Dec 22	3/3	- Appointment of head of the Committee	Resolution	Approved
		- Review on special bonus for Executive Directors in 2021	Resolution	Approved

<Meetings in 2022 (as of the disclosure date)>

Date	Attendance	Agenda item	Type	Result
Feb 11	3/3	- Review on 2022 fixed annual salary for each Executive Director	Resolution	Approved
		- Review on 2022 remuneration limit for Directors	Resolution	Approved

<Attendance in the recent three years>

Name	Attendance (%)			
	Average	2021	2020	2019
In-ho Lee	100.0	-	-	100.0
Kwang-soo Song	100.0	-	-	100.0
Jeong Kim	100.0	100.0	100.0	100.0
Jae-wan Bahk	100.0	100.0	100.0	-
Byung-gook Park	100.0	100.0	100.0	-

< Sustainability Committee >

<Meetings in 2021 >

Date	Attendance	Agenda item	Type	Result
Jan 26	6/6	- Prior review of shareholder return policy for 2021 to 2023	Resolution	Approved
		- Report on updates of IR activities	Reported item	-
Apr 29	6/6	- Report on updates of IR activities	Review	-
		- Report on plans for publishing Sustainability Report	Reported item	-
Jul 29	6/6	- Report on updates of IR activities	Reported item	-
		- Operation of the Sustainability Committee	Reported item	-
Oct 26	6/6	- Report on updates of IR activities	Reported item	-
		- Strengthening external cooperation in sustainability management	Reported item	-

<Meetings in 2022 (as of the disclosure date)>

Date	Attendance	Agenda item	Type	Result
Feb 11	6/6	- Report on social contribution activities	Reported item	-
		- Current status on joining the UN Global Compact	Reported item	-
		- Report on updates of IR activities	Reported item	-
Apr 28	5/5	- Appointment of the head of the Sustainability Committee	Resolution	Approved
		- Report on updates of IR activities	Reported item	-
		- Results of ESG meetings with investors	Reported item	-
		- Report on plans for publishing Sustainability Report	Reported item	-
		- Key tasks in company-wide sustainability management	Reported item	-
		- Results of survey on corporate reputation	Reported item	-

<Attendance of Independent Directors in the recent three years>

Name	Attendance(%)			
	Average	2021	2020	2019
Jae-wan Bahk	100.0	100.0	100.0	100.0
Sun-uk Kim	100.0	100.0	100.0	100.0
Byung-gook Park	100.0	100.0	100.0	100.0
Jeong Kim	100.0	100.0	100.0	100.0
Curie Ahn	100.0	100.0	100.0	100.0
Han-jo Kim	100.0	100.0	100.0	100.0

For information on the Audit Committee, please refer to the 『4. Audit System - (1) Audit Committee』 section.

## 4. Audit System

### (1) Internal audit system

(Core Principle 9) Internal audit system

■ Internal audit system should perform audit tasks independently from the management and controlling shareholders and key activities of the system should be disclosed.

#### 1) Audit Committee

(Specific Principle 9-①) Audit Committee should maintain independence and expertise.

#### A. Composition

##### (i) Audit Committee composition and accounting/finance experts in the committee

The Audit Committee was established in accordance with Article 415-2 and 542-11 of the Commercial Act, Article 28-4 of the Articles of Incorporation, and Article 12-2 of the Regulations of the Board, and is composed entirely of Independent Directors. As a listed company with assets over KRW 2 trillion, we have a Director who is an accounting and/or finance expert, as defined by the Commercial Act and relevant regulations. Independent Director Han-jo Kim worked for more than 5 years serving following positions: Head of a branch office of KEB, Head of Corporate Business Group at KEB, President of KEB Capital, President of KEB and Vice-Chairman of Hana Financial Group. Therefore, he is an 'accounting and/or finance expert' in accordance with Article 37 paragraph 2 subparagraph 4: a person who worked for financial organization, etc. in charge of accounting or finance or in charge of supervision over accounting or finance for an aggregate of at least five years. Han-jo Kim is qualified as an accounting and/or finance expert with the requirements stated in Article 542-11 paragraph 2 subparagraph 1 of the Commercial Act, and Independent Director Sun-uk Kim is a legal expert, who worked as Law School professor and Minister of Government Legislation. In addition, Independent Director Jeong Kim is a global business leader who is anticipated to participate in Audit Committee activities with an independent and objective view based on his experience of managing numerous companies transparently and fairly. The composition of the Audit Committee as of the end of May 2022 is shown below.

#### < Composition of the Audit Committee >

Name	Audit experience	Notes
Han-jo Kim (head)	<ul style="list-style-type: none"> <li>- Chairman of Hana Foundation (2019-Apr 2021)</li> <li>- Vice-Chairman of Hana Financial Group (2015-2016)</li> <li>- President of KEB (2014-2015)</li> <li>- President of KEB Capital (2013-2014)</li> <li>- Head of Corporate Business Group of KEB (2012-2013)</li> <li>- Head of branch office of KEB (1999-2002, 2004-2005)</li> </ul>	
Sun-uk Kim	<ul style="list-style-type: none"> <li>- Professor Emeritus at School of Law of Ewha Womans University (2018-)</li> <li>- Professor at School of Law, Ewha Womans University (1995-2018)</li> <li>- President at Ewha Womans University (2010-2014)</li> <li>- Minister of Government Legislation (2005-2007)</li> </ul>	
Jeong Kim	<ul style="list-style-type: none"> <li>- Co-Founder and Executive Chairman of Kiswe Mobile (2013-present)</li> <li>- Chief Strategy Officer of Alcatel-Lucent (2011-2013)</li> <li>- President of Alcatel-Lucent Bell Labs (2005-2013)</li> <li>- Professor of Electrical and Computer Engineering &amp; Mechanical Engineering at University of Maryland (2002-2013)</li> <li>- Senior Executive and Corporate Officer of Lucent Technologies (1998-2001)</li> <li>- Founder, Chairman &amp; CEO of Yurie Systems (1992-1998)</li> </ul>	Newly Appointed

## (ii) Policies to secure independence and expertise of the Audit Committee

The independence of our Audit Committee is ensured as all three of its positions are filled by Independent Directors. This exceeds the requirement set forth in Article 2 Paragraph 2 of the Audit Committee regulation: the Audit Committee shall consist of three members, including at least two Independent Directors. In addition, when nominating candidates for the Audit Committee, we consider the following to ensure the expertise and independence of the Committee: the member should have sufficient understanding of the electronics industry and abundant experience in the fields of accounting, finance, law, and/or economics; the member should not have any interest with the Company or any major shareholder of the Company so they can oversee the Board and the management from an independent perspective. Moreover, Audit Committee members can receive training conducted by external specialized organizations upon request.

## B. Audit Committee operation

### (i) Regulation on Audit Committee operation

In the Regulations of the Audit Committee, the Company defines the composition, authorities and responsibilities of operation, and more. The authorities and responsibilities are also included in the internal accounting management regulations of Internal Accounting Control System Guidance. The Audit Committee can audit overall activities and processes performed by the Board of Directors, CEOs, etc. It is authorized to receive a report on the work done by Directors and/or employees, or investigate the business and the assets of the Company. Some of the major authorities and responsibilities of the Audit Committee as stated in Regulations of the Audit Committee are shown below.

#### <Key Authorizations>

- ① Authority to audit business operations of the Company: The committee can audit overall business of the Company, including tasks performed by the Board and the CEOs.
- ② Authority to request reports on the business status of the Company and investigate assets of the Company: The committee can request Directors or employees to submit reports on the business operated by the Company or investigate the businesses or assets of the Company.
- ③ Authority to receive reports from Directors: Directors shall report to the committee immediately if they find any risks that can have a material impact on the Company.
- ④ Authority to investigate subsidiaries of the Company: A committee of a parent company can request that a committee of a subsidiary submit reports on the company's business, when deemed necessary to perform its duties. When the subsidiary company does not immediately report the business, or the report needs additional checking, the committee can investigate the business or assets of the subsidiary.
- ⑤ Authority to request a halt of any acts in violation of laws and regulations or the Articles of Incorporation: When a Director's action is in violation of laws or Articles of Incorporation and causes irreversible damages, the Committee can request the Director to stop these acts.
- ⑥ Authority to Institute Various Actions: The Committee can institute an action such as a cancelation of convocation, nullification of issuing new shares, or nullification of a capital reduction, and is exempted from collateral obligations.
- ⑦ Authority to request the convocation of a general meeting of shareholders: The Committee can request the convocation of an EGM by submitting a written proposal in which agenda items and reasons for convocation are stated to the Board.
- ⑧ Authority to seek external advice at the expense of the Company
- ⑨ Designation of external auditor: The Company shall appoint an accounting firm designated by the Audit Committee as external auditor, unless an external auditor is designated by the Securities & Futures Commission.
- ⑩ Approval of request for designating another external auditor: The Company shall receive approval from the Audit Committee to make a request to the Securities & Futures Commission to designate another external auditor.
- ⑪ Any other authority granted to the committee by relevant laws and regulations, the Articles of Incorporation or a board resolution

#### <Major Responsibilities>

- ① Duty of Care and Due Diligence: Committee members shall execute their duties with such care as is required of good managers.
- ② Duty of investigation on the Annual General Meeting and reporting: Auditors shall examine the agenda items and documents to be submitted by Directors to a general shareholders' meeting and at the general

shareholders' meeting shall state their opinions as to whether such agenda items or documents include any matter contrary to any Act, subordinate statute or the Articles of Incorporation or any considerably unfair matter.

- ③ Duty of investigation on the Board and reporting: When any auditor deems that a director acts or is likely to act in contravention of Acts, subordinate statutes or the Articles of Incorporation, the auditor shall report such to the Board of Directors.
- ④ Duty of preparing audit records: Auditors shall prepare records on audit activities, which includes audit procedure and results, and each member's name shall be listed and affix their seal or sign the audit record.
- ⑤ Duty of production and reporting of Audit Report: Auditors shall submit to Directors an audit report at least one week prior to the date set for an AGM on balance sheet, income statement, consolidated financial statement, operation report, and other financial statement under relevant regulations provided to the auditors at least six weeks prior to the Annual General Meeting.
- ⑥ Duty under the External Auditing Act: If the Committee finds any wrongful act or violation of statutes or the Articles of Incorporation concerning the designation of an external auditor, preparation and reporting of an evaluation of the internal accounting scheme, investigation of a violation of accounting standards, or a director's conduct, it shall take actions—eg. inform the external auditor—in accordance with the Act on External Audit of Stock Companies, Etc. Act.

**(ii) Provision of training necessary to perform duties and advice/support from outside expert**

To support Audit Committee members to effectively carry out their duties, the Company provides reports or training on major issues such as the nature of the industry the Company is in, changes in management environment, legal changes, and more. Moreover, Article 15 of the Internal Accounting Control System Guidance stipulated in April 2019 mandates annual training on internal control changes to committee members. The training will be provided in the second half of this year. In accordance with Article 8, paragraph 8 of the Regulations of the Audit Committee, the Committee can seek help from expert with the Company's financial support. 2021 training sessions are shown below.

<Training for Audit Committee in 2021>

Date	Team	Participants	Reason for absence	Contents
July 28, 2021	External experts	Jae-wan Bahk Sun-uk Kim Han-jo Kim	-	Internal accounting management system

**(iii) Investigation on wrongdoing of executives and provision of information and financial support for the Audit Committee**

In accordance with the Regulations of the Audit Committee, the Committee has the authority to audit the overall business of the Company, including tasks performed by the Board and the CEOs, and can seek help from external experts with company's financial support. Expenses for Committee activities are covered by the Company as stipulated in Article 13 of the Regulations of the Audit Committee: Expenses for meetings and other operations of Audit Committee shall be covered by the Company. In accordance with Article 9 of Regulations of the Audit Committee, the Committee shall report any violation or a risk of violation of regulations or Articles of Incorporation by a Director. In addition, when any wrongdoing by a Director or material fact that is against regulation or Articles of Incorporation is identified, the Committee shall immediately report it to an external auditor.

**(iv) Support team for the Audit Committee**

The Company operates an internal audit team and internal accounting assessment support group to support the audit activities of the Audit Committee. The internal audit team, which is within the Corporate Management Office, audits performances of the Company's organizations through regular, ad hoc, and special audits, and reports the results to the Audit Committee twice a year. Changes requiring updates, such as work process alterations, are reported as often as needed to Committee members via phone calls or emails. The Head of the Audit Team is also an Executive Vice President and the persons supporting Audit Committee have experience and knowledge in finance and accounting. The Internal Accounting Assessment Support Group, working under the Audit Committee, provides support for the Audit Committee on activities regarding overall design and operation of the internal accounting management scheme as stipulated in the Act on External Audit of Stock Companies. The Internal Accounting Assessment Support Group is headed by a Vice President and conducts assessments on the operation of the internal accounting management scheme with an external organization (accounting firm) specializing in accounting and internal control.

Team	Composition	Service years on team	Major tasks
Audit team	1 Executive Vice President, 1 Principal Professional, 2 Senior Professionals	Executive Vice President: 2 years 5 months Principal Professional: 4 years 5 months Senior Professionals: 1 year 10 months (average)	Support the Audit Committee
Internal accounting assessment support group	1 Vice President, 1 Lawyer, 1 Professional	Vice President: 3 years 5 months Lawyer: 1 year 2 months Senior Professional: 1 year 4 months	Support assessment of the internal accounting management system

Service years as of the disclosure date

#### (v) Accessibility of information for Audit Committee members

Article 8 of the Regulations of the Audit Committee stipulates that the Committee has the authority to request reports on business or investigate assets of the Company. As such, the Committee can request Directors or employees to submit reports on the business or investigate the businesses or assets of the Company, and receive external expert's advice with Company's budget. Also, we are working to ensure that Committee members are provided with sufficient information: agenda items are sent two days prior to an Audit Committee meeting via email so that members have adequate time to review them in advance.

#### C. Compensation scheme appropriate for performing duties

The Audit Committee is composed entirely of Independent Directors, therefore, the members are remunerated based on Independent Director remuneration criteria. The remuneration includes a base salary which considers time invested as well as responsibilities and risks in performing their duties. Remuneration criteria for Audit Committee members follow that of Independent Director's.

(KRW mil)

Type	Number of members	Total remuneration*	Average remuneration	Note
Independent Director (Excluding Audit Committee members)	3	547	182	-
Audit Committee members	3	338	113	-

As of the December 31, 2021; As of the disclosure date, there was a change in the number of members due to the voluntary resignation of Independent Director Wha-jin Han on April 20, 2022, and passing of Independent Director Byung-gook Park on May 17, 2022, but it will be supplemented through follow-up measures.

Disclosure in accordance with Article 159 of the Financial Investment Services and Capital Markets Act and Article 168 of the Enforcement Decree of the same Act for registered directors, Independent Directors, and Audit Committee members who worked or retired in 2021.

No expenses incurred from stock options in 2021.

\*Earned income as per Income Tax Act (Article 20: Wage and Salary Income, Article 21: Other Income, Article 22: Retirement income). Includes remuneration that directors newly appointed or resigned during the reporting period received as non-registered executives.

#### D. Securing independence and expertise

Our Audit Committee consists of experts with knowledge and experience in accounting, finance, and law. All three members are Independent Directors, performing auditing activities independently on Director's work and the Company's operation, as stipulated in the Regulations of the Audit Committee.

## 2) Activities of the Audit Committee

(Specific Principle 9-②) Internal auditing bodies, including Audit Committee and auditors, should dutifully perform audit activities such as holding regular meetings and transparently disclosing their activities.

#### A. Audit Committee Activities

##### (i) Conduct auditing and appoint external auditor

The Audit Committee met 5 times in 2021 and 3 times in the first half of 2022; and a total of 47 agenda items were discussed with 3 items submitted and resolved, and 44 items were reported and reviewed. All three members were present at every meeting. Reported items include financial statements, business reports,

evaluations of the internal accounting control system operation, and auditing activities. Reviewed items include AGM agenda items. Resolved items included deciding audit contract conditions with a designated external auditor. Resolutions are notified to each Director within 2 days and the results of review per agenda and updates are recorded in the meeting minutes.

Article 9 of the Regulations of the Audit Committee stipulates that the Committee holds in-person meetings to evaluate the operation of the internal accounting control system and report the result of the evaluation to the Board in person one week prior to the AGM. Also, any suggestions on changing the management and operation of the internal accounting control system shall be included in the report. The Audit Committee received a report on the operation of the internal accounting management system (in January, April, and July in 2021 and in January and April in 2022) and reported the results of evaluations on the operation of the internal accounting management system in person in January 2021 and January 2022. To ensure independence and expertise on evaluating the operation of the internal accounting management system, an internal accounting evaluation support team cooperates with an external accounting firm to conduct the evaluation and report to the Committee. A report on the operation of our internal accounting control system was disclosed alongside our 2021 annual business report.

In accordance with Article 11-2 of the Act on External Audit of Stock Companies, the Company was requested to use a designated external auditor from 2020 to 2022. At the fourth Audit Committee meeting, held in July 2019, the Company established a regulation regarding the appointment of an external auditor, and established a guideline on selecting an external auditor. In October 2019, the Securities & Futures Commission designated Deloitte Anjin LLC as an external auditor. At the sixth Committee meeting, held in November 2019, the terms and conditions regarding audit activities by the designated external auditor were determined, and in the same month, an external auditing contract was signed with Deloitte Anjin based on those conditions. Deloitte Anjin LLC has been conducting auditing activities for the Company since its appointment for 2020. As for the reporting period, in April 2021, the Audit Committee determined the terms and conditions, including compensation, and external auditing activities have been conducted after the agreement with Anjin LLC in accordance with the terms and conditions.

## (ii) Audit Activities

Activities of the Audit Committee since 2021 as of reporting date are shown below.

### ① Audit Committee meetings

#### <Meetings in 2021>

Date	Attendance	Agenda item	Type	Result
Jan 26	3/3	Report on communication between Audit Committee and external auditor	Reported item	-
		Report on 2020 internal accounting management system activities	Reported item	-
		Report on 2020 evaluation of internal accounting management system activities	Reported item	-
		Report on 2020 financial statement and business report	Reported item	-
		Report on 4Q20 non-audit activities	Reported item	-
		Report on 4Q20 external contributions	Reported item	-
		Report on 2020 audit activities	Reported item	-
Feb 10	3/3	Review of the 52nd AGM agenda	Deliberation	-
		Report on 2020 activities of internal compliance system	Reported item	-
Apr 27	3/3	Report on communication between Audit Committee and external auditor	Reported item	
		Decision on audit contract conditions with a designated external auditor	Resolution	Approved
		Report on the 1Q21 interim business report	Reported item	-
		Report on 1Q21 non-audit activities	Reported item	-
		Plans for review of internal accounting management system activities in 1Q21	Reported item	-
		Report on 1Q21 external contributions	Reported item	-
		Plans for assessment of 2021 activities of internal compliance system activities	Reported item	-
Jul 27	3/3	Report on communication between Audit Committee and external auditor	Reported item	-



		Report on the 2021 half-year business report	Reported item	-
		Report on 2Q21 non-audit activities	Reported item	-
		Progress report on 2021 internal accounting management system activities	Reported item	-
		Report on 2Q21 external contributions	Reported item	-
		Report on 1H21 audit activities	Reported item	-
		Progress report on 2021 evaluation of internal accounting management system activities	Reported item	-
		Report on 2020 audit activities	Reported item	-
Oct 26	3/3	Report on communication between Audit Committee and external auditor	Reported item	-
		Report on the 3Q21 interim business report	Reported item	-
		Report on 3Q21 non-audit activities	Reported item	-
		Report on 3Q21 external contributions	Reported item	-

< Activities of the Audit Committee in 2022 (as of disclosure date)>

Date	Attendance	Agenda item	Type	Result
Jan 24	3/3	Report on 2021 internal accounting management system activities	Reported item	-
		Report on 2021 evaluation of internal accounting management system activities	Reported item	-
		Report on communication between Audit Committee and external auditor	Reported item	-
		Report on 2021 financial statement and business report	Reported item	-
		Report on 4Q21 non-audit activities	Reported item	-
		Report on 4Q21 external contributions	Reported item	-
		Report on 2021 audit activities	Reported item	-
Feb 11	3/3	Review of the 53rd AGM agenda	Deliberation	-
		Revision of internal accounting management regulations	Reported item	-
		Report on 2021 activities of internal compliance system activities	Reported item	-
Apr 26	3/3	Report on communication between Audit Committee and external auditor	Reported item	
		Appointment of the head of the Audit Committee	Resolution	Approved
		Report on 2021 audit activities	Reported item	-
		Decision on audit contract conditions with a designated external auditor	Resolution	Approved
		Report on the 1Q22 interim business report	Reported item	-
		Report on 1Q22 non-audit activities	Reported item	-
		Plans for review of internal accounting management system activities in 2022	Reported item	-
		Report on 1Q22 external contributions	Reported item	-
		Plans for assessment of internal accounting management system activities in 2022	Reported item	-

② Attendance of Directors at Audit Committee meetings

< Attendance of Directors in 2021 >

	Name	Jan 26	Feb 10	Apr 27	July 27	Oct 26	Note
Independent Directors	Jae-wan Bahk	Present	Present	Present	Present	Present	-
	Sun-uk Kim	Present	Present	Present	Present	Present	-
	Han-jo Kim	Present	Present	Present	Present	Present	-

< Attendance of Directors in 2022 (as of disclosure date) >

	Name	Jan 24	Feb 11	Apr 26	Note
Independent Directors	Han-jo Kim	Present	Present	Present	-
	Sun-uk Kim	Present	Present	Present	-
	Jeong Kim	N/A	N/A	Present	Newly appointed on March 16, 2022
	Jae-wan Bahk	Present	Present	N/A	Term expired on March 19, 2022

③ Attendance of Directors at Audit Committee meetings in the recent three years

<Attendance of Directors in the recent three years>

	Name	Attendance (%)			
		Average	2021	2020	2019
Independent Directors	In-ho Lee	100.0	-	-	100.0
	Kwang-soo Song	100.0	-	-	100.0
	Jae-wan Bahk	100.0	100.0	100.0	100.0
	Sun-uk Kim	100.0	100.0	100.0	100.0
	Han-jo Kim	100.0	100.0	100.0	100.0

(iii) Internal regulations related to Audit Committee

The Audit Committee stipulates relevant procedures, the reporting process for general meeting of shareholders, etc. in the Regulations of the Audit Committee. The Audit Committee shall meet at least once every quarter, and the head of the Committee shall convene a meeting. The head notifies the members of the meeting time and place at least 24 hours in advance via mail, electronic mail, fax, or other means of receiving delivery confirmation. However, the meeting notification may be skipped with the consent of all Committee members.

The presence of a majority of all members shall constitute a quorum for a meeting of the Committee and the resolutions of the Committee shall be adopted by a majority of the votes of the members attending the meeting. Committee meetings may take place via electronic means, such as conference call, within the scope provided by relevant laws. If face-to-face meetings are required by the relevant regulations, the Committee can hold a meeting using telecommunication tools that allow simultaneous communications with video and sound.

The Audit Committee shall submit an audit report on documents required by relevant regulations—including financial status and management results—the consolidated financial statement, and the business report to Directors one week prior to general meeting of shareholders.

In accordance with Article 10 of the regulations of the Committee, the Committee shall keep meeting minutes which include the agenda, progress, votes against agenda items and reason for the opposition, and each member's name and affixed seals or signature.

**B. Faithful execution of Audit Committee duties**

The Audit Committee held a total of 8 meetings since 2021 as of the disclosure date (5 in 2021 and 3 in the first half of 2022); a total of 47 agenda items were discussed and all three members were present at every meeting. Regarding auditing activity, the Committee reviews accounting related documents including financial statements, the process and audit results of the accounting firm, and requests for the firm to conduct additional reviews on accounting books and relevant documents if necessary. An internal accounting management team reports to the Committee on the internal accounting control system, established to record and disclose reliable accounting information, followed by the Committee reviewing the report. The Committee is performing its duties faithfully through all possible means: by participating in the board meeting and other major meetings as part of auditing activity, receiving reports on the Management Committee's deliberations and business activities from Directors, and requesting additional reviews and information regarding key tasks of the Company.

## (2) External auditor

(Core Principle 10) External auditor

■ External auditors should perform audits independently from the corporation subject to audit, including the corporation's management and controlling shareholders, to gain trust from stakeholders, including shareholders, about the financial information

### 1) Appointment of an external auditor and operation

(Specific Principle 10-①) The Audit Committee should establish and operate a policy for appointment of an external auditor to secure independence and expertise

#### A. Appointment of an external auditor and operation policy

##### (i) Procedure for appointing an external auditor

In July 2019, the Audit Committee established a set of regulations for appointing an external auditor to provide a guideline to secure independence and expertise of an external auditor.

In accordance with Article 11-2 of the Act on External Audit of Stock Companies, the Securities & Futures Commission in October 2019 designated Deloitte Anjin LLC as an external auditor of the Company, as the Company had appointed an external auditor of its choice for six consecutive years.

In November 2019, the Audit Committee appointed Deloitte Anjin LLC as an external auditor, as designated by Securities & Futures Commission, for three consecutive years from FY20 through FY22. Before approving the appointment of external auditor, the Company analyzed and evaluated proposals submitted by accounting firms as well as quantitative indicators for assessing capabilities such as size of the accounting firm, global auditing capability, results of FSS evaluations, etc based on internal regulation.

##### (ii) Number of meetings held and items discussed regarding external auditor appointment

Since 2019 as of the disclosure date, appointment of external auditor and decision on terms and conditions were discussed at three Audit Committee meetings.

The Audit Committee in November 2019 appointed Deloitte Anjin LLC as an external auditor, as designated by Securities & Futures Commission in October 2019. The 2020 terms and conditions were resolved by the Audit Committee based on the evaluation of the independence, expertise, the proposed time for auditing, and whether auditing fee was appropriate.

At the Audit Committee meeting held in April 2021 and in April 2022, the terms and conditions for 2021 and 2022, respectively, were agreed upon with Deloitte Anjin LLC based on the evaluation of the independence, expertise, the proposed time for auditing, and whether auditing fee was appropriate, and then resolved by the Committee.

##### (iii) Post-external audit evaluation and the details

In accordance with the revised Act on External Audit of Stock Companies, the Audit Committee in April 2022 confirmed the implementation of the key contents of the audit contract, including audit hours and audit personnel, on 2021 plans for audit activities on Deloitte Anjin LLC, the Company's external auditor for 2021.

##### (iv) Provision of non-audit services by an external auditor and its subsidiaries

The Company is to report to the Committee in advance when using non-audit services, and employing another accounting firm for the prohibited tasks defined in Article 21 of the Certified Public Accountant Act. Also, the Company conducts preliminary reviews on the services of all accounting firms, including the external auditor, to determine if there are non-audit activities before any transactions take place and the results are reported to the Audit Committee every quarter.

Below is detailed information regarding the contract for non-audit services with Deloitte Anjin LLC in 2021.

< Non-audit service contract description >

(KRW million)				
Business year	Contract date	Audit service description	Period of service	Compensation
2021	June 2017	E-Discovery advisory	Jan 2021—Dec 2021	394

There is no history of non-audit services from affiliates of the external auditor (Deloitte Anjin LLC) provided to SEC over the reporting period.

## **B. Policies to ensure independence and expertise when appointing external auditor**

At a meeting in July 2019, the Audit Committee established a regulation regarding the appointment of an external auditor and a corresponding guideline ensuring the independence and expertise of an auditor.

At a meeting in November 2019, the Audit Committee resolved the terms and conditions for auditing after evaluating the independence of the designated auditor, the proposed timeline for auditing, and whether the auditing fee was appropriate in accordance with the Company's regulation on external auditor appointment.

We will continue our efforts to ensure independence and expertise when appointing external auditors in the future.

## **2) Communication between the external auditor and Audit Committee**

(Specific Principle 10-②) The Audit Committee should regularly communicate with the external auditor in every stage of external audit and reporting of results.

### **A. Discussion on major issues related to external auditing more than once per quarter without management presence**

#### **(i) Discussion on major issues related to external auditing more than once per quarter without management presence**

The Company's Audit Committee and the external auditor meets more than once per quarter without management presence to discuss major issues regarding the key internal accounting scheme, the quarterly audit and review of financial statements, and important facts on any wrongful act or violation of statutes or the Articles of Incorporation concerning director's conduct.

#### **(ii) Major details of discussions and reflection on internal auditing**

At quarterly Audit Committee meetings, the Audit Committee receives reports directly from an external auditor regarding annual audit plans, audit activities, and matters to pay attention to on financial statements and management in general.

As such, results of the review of the financial statements are reported every quarter, results of the audit on financial statements are reported at the end of the year, and there is a question-and-answer session on important matters. If necessary, the Committee requests an additional review on accounting books and related documents and receives the results of the review.

The results of discussion with our external auditor are reflected onto our internal auditing, following discussions among relevant departments.

#### **(iii) Process for external auditor to notify material facts identified during auditing activities to the Audit Committee and the role of the Audit Committee**

The external auditor reports important details found during auditing activities to the Audit Committee at every quarterly meeting. When an external auditor informs the Committee of a violation of accounting standards, the Committee shall investigate the case and request correction to the leader of the Company depending on the result of the investigation in accordance with the Regulations of the Audit Committee. When any wrongdoing by a Director or any material fact that is against regulation or Articles of Incorporation is identified, the Committee shall immediately report it to an external auditor.

#### **(iv) Submitting pre-audit financial statement 6 weeks (4 weeks for consolidated) prior to AGM to the external auditor**

2021 financial statements on a separate and consolidated basis were submitted to the external auditor (Deloitte Anjin LLC) on January 27, 2022, earlier than the 6 week (February 2, 2022) deadline prior to the to the AGM held on March 16, 2022.

### **B. Regular Communication between Audit Committee and external auditor**

As stated above, the Company's Audit Committee and the external auditor are communicating sufficiently and regularly to enhance efficiency.

### III

## Other Matters Related to Corporate Governance

### (1) Fulfilling corporate social responsibility

The Company commits to its corporate social responsibility by addressing demands from both internal and external stakeholders, including shareholders, customers, and the local community.

At Samsung Electronics, a majority of board members are Independent Directors, which enhances the Board's independence and transparency. Moreover, the positions of Board Chairman and CEO were separated in 2018 to strengthen independence and transparency. We took a step further to improve corporate governance by appointing an Independent Director as the Board Chairman in 2020, a first for the Company, strengthening the focus on board-centered responsible management. Furthermore, in 2021, we added sustainability management as a metric for performance evaluation of teams and executives, thus linking sustainability management with our performance evaluation/compensation system. In addition, we made education on sustainability management mandatory for employees, and to reinforce the Board's roles and responsibilities, we reorganized the Governance Committee to the Sustainability Committee. Furthermore, we upgraded the Sustainability Council, which had been led by the head of Corporate Management Office, to be led by the CEO, and executives discuss the issues related to sustainability management with those in charge of each area. The discussed agendas are reported to the Board and the Sustainability Committee depending on issues.

As legal and ethical compliance is our top priority, we established the Code of Conduct—applicable to all employees—based on the Samsung Management Principle to fulfill our corporate social responsibility. In addition, to support our employees in making proper value judgements, the Company in 2015 established its Business Conduct Guideline based on Code of Conduct, and with revisions in 2016.

Moreover, the Compliance Team has been overseen directly by the CEO since 2020 to strengthen its independence, and the Head of the Compliance Team attends every board meeting to support major decision making by the Board. In 2020, our Global Anti-corruption, Anti-bribery Policy was generally revised and concrete, detailed guidelines such as guidelines on external contributions were established for employees to use as a reference.

The Company has also established a set of human-rights-related policies such as the Child Labor Prohibition Policy (June 2014), Guidelines for Apprenticeship Training (April 2016), Migrant Worker Guidelines (December 2016), Anti-harassment Policy (August 2018), and improved policies on migrant workers and prohibition of child labor in 2020.

As part of our efforts to address climate change, in addition to practicing a product accountability principle that minimizes environmental impacts from our products by expanding renewable energy use, starting from 2019, we have been disclosing climate change-related information following the recommendations from the Task Force on Climate-related Financial Disclosures. In addition, to strengthen disclosure on sustainability management, in 2020, we adopted the Sustainability Accounting Standards Board (SASB)—accounting standards related to sustainability management—in our Sustainability Report and have been sharing our efforts and achievements by each category of sustainability management.

Samsung Electronics publishes a Sustainability Report every year to provide stakeholders with the results of economic, social, and environmental value creation in a more transparent manner. Our Sustainability Report is available on the website (<https://www.samsung.com/sec/aboutsamsung/sustainability/report-and-policy/>).

### (2) Compensation system of employees

The Company first introduced the annual salary system in 1998 and started compensating employees based on the level of responsibility within a position. In 2010, we adopted a cumulative salary system and workers were paid based on individual performances. Also, we employ an incentive system (Target Achievement Incentive and Performance Incentive), under which compensation differs depending on the annual achievement of a business division (target achievement, profit generated, etc.)

In addition, in accordance with compensation regulations, the Company has simplified compensation types to ensure that the system is reasonable. Our basic salary system is, in accordance with compensation regulations, designed to pay workers according to their level, with compensation based on the value of the position, responsibilities, and capacity.

< Total compensation of employees >

(KRW 100 mil)

Year	Total compensation	Income before taxes	Ratio	No. of employees	Average compensation per employee
2019	109,224	190,325	57.4%	101,546	1.08
2020	131,677	204,519	64.4%	104,043	1.27
2021	158,450	387,045	40.9%	109,541	1.44

Income before taxes, the number of employees and total compensation are on a parent basis, excluding five Executive Directors. The number of employees was calculated based on the average number of employees throughout the year.

# Attached Compliance of Corporate Governance Key Indices

Category	Key Indices	Compliance	Specific grounds and detailed information on compliance	Compliance in last year	Note
Shareholder	① Convocation notice 4 weeks prior to the AGM*	O	Started sending notices 29 days prior to the AGM	O	
	② Electronic Voting*	O	First adopted at the 51st AGM	O	
	③ Avoiding the date of general meeting concentration *	O	Avoided the date of general meeting concentration	O	
	④ Notice of dividend policy and plans to shareholders once or more a year**	O	Provides details on shareholder return policy and future plans via IR meetings and public disclosures	O	
Board	⑤ Establishment and operation of succession plan of the CEO (emergency appointment policy included)	O	Established and continue to improve a documented succession policy	O	
	⑥ Establishment and operation of internal control policy	O	Established and operating an internal control policy on risk management, compliance, internal accounting management, management of public disclosure information, etc.	O	
	⑦ Separation of the Board Chairman and CEO	O	Separated since March 2018	O	
	⑧ Adoption of cumulative voting system	X		X	
	⑨ Establishment of a policy to prevent appointment of a Director who is accountable for damage to corporate value or infringement upon shareholder rights	O	Based on a documented management principle, review process for the eligibility of an appointed executive operating	O	
	⑩ Non-existence of an Independent Director who served more than six years	O	N/A	O	
Auditor	⑪ Education program for the Audit Committee once or more a year **	O	Conducted in July 2021	O	
	⑫ Establishment of an internal audit team (support team for internal audit tasks)	X	Audit Team is overseen by the Corporate Management Office, conducting and supporting internal auditing activities and Audit Committee activities	X	

	⑬ Existence of an accounting expert in the Audit Committee	O	Director Han-jo Kim is an accounting expert in the Audit Committee	O	
	⑭ Meeting of the Audit Committee and the external auditor without the presence of the management once or more a quarter **	O	Held more than once a quarter	O	
	⑮ Procedure that allows access of the Audit Committee to important business matters	O	Audit Committee regulation states the Authority to request reports on the business status of the Company and investigate assets of the Company	O	

As of the disclosure date (May 31, 2022)

\*As of the most recent AGM.

\*\*In 2021.