

Supply Chain Due Diligence Policy

2025. 7. 31.

SAMSUNG SDI

1. Introduction

Samsung SDI recognizes that every part of the value chain can impact human rights and the environment. Based on this understanding, Samsung SDI is committed not only to establishing high standards exceeding legal requirements across its business operations but also to promoting responsible business practices among its partners.

This Samsung SDI's **Supply Chain Due Diligence Policy** (or “**this Policy**” for short) aims to build a sustainable supply chain by preventing, mitigating, and remedying adverse social and environmental impacts through the operation of a due diligence process for responsible supply chain management.

This Policy is based on internationally recognized standards, and supports the following:

- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Fundamental Conventions

2. Definition

Unless otherwise defined within this Policy, terms used are based on relevant domestic laws related to supply chain due diligence, international agreements on sustainable management, and global initiatives including the OECD Due Diligence Guidance.

3. Scope of Application

This Policy applies to activities aimed at identifying, assessing, preventing, mitigating, and monitoring actual or potential negative social and environmental impacts arising from the business activities of all upstream and downstream partners within Samsung SDI's value chain.

- For upstream partners, this Policy applies to activities related to extraction, procurement, manufacturing, transportation, storage, supply of raw and subsidiary materials and equipment, and product/service development.
- For downstream partners, this Policy applies to activities related to distribution, transportation, and storage.

4. Management Organization and System

• Management Organization

Samsung SDI's **Board of Directors** is the highest decision-making body for sustainable management, and for deliberating on and approving company-wide supply chain policies.

Under the Board of Directors, the **Sustainability Management Committee** reviews and approves supply chain management policies, and oversees risk and opportunity management.

The **Sustainability Management Council** is chaired by the CEO and reviews and decides on findings of risk assessments and mitigation efforts, as well as escalating key issues to the Sustainability Management Committee and the Board of Directors.

The **Procurement Strategy Group** of the Procurement Team and the **ESG Strategy Group** of the Sustainability Management Office establish policies and procedures based on OECD guidelines, manage risks and improvement actions in the supply chain, and periodically report to executives.

• Management System

Samsung SDI establishes and implements a management system in accordance with the OECD Due Diligence Guidance to manage potential supply chain risks. The system is outlined in Sections 6 to 11 of this Policy.

5. Core Principles

Samsung SDI requires its partners to comply with the **Supplier Code of Conduct** and **Responsible Minerals Sourcing Policy**, established based on international guidelines including the OECD, UN, and ILO, to promote respect for human rights, safe working environments, environmental responsibility, and ethical business practices.

The core principles of Supplier Code of Conduct and Responsible Minerals Sourcing Policy are as follows:

- **Respect for Human Rights and Protection of Labor Rights**

Partners shall not tolerate any form of human trafficking, modern slavery, forced labor, child labor, physical or psychological oppression, torture, discrimination, or other inhumane treatment within their supply chains. Partners are also strictly prohibited from engaging in serious human rights violations such as sexual abuse, war crimes, genocide, and crimes against humanity in violation of international law.

- **Health and Safety**

Partners shall comply with domestic and international health and safety law and regulations, shall identify risk factors in advance, and shall take preventive measures to protect workers from harm.

- **Environmental Protection**

Partners shall minimize adverse impacts on the environment and biodiversity, and comply with all applicable domestic and international environmental regulations. This includes the reduction and management of greenhouse gas emissions, hazardous substances and waste; water resource management; air pollutant control; the use of renewable energy; and the protection of biodiversity.

- **Ethical Business Practices**

Partners shall not solicit, offer, promise, or accept any form of bribery or improper advantage. Partners shall also prohibit money laundering, tax evasion, and the non-payment of fees or royalties in connection with the extraction, trading, processing, transportation, or export of raw materials. In cases where any risks related to the foregoing are identified, partners shall take effective measures to mitigate and prevent them and conduct business in an ethical manner.

- **Responsible Minerals Sourcing**

Partners shall not use minerals that are associated with risks identified in the **Responsible Minerals Sourcing Policy** or that are linked to violations of the **Supplier Code of Conduct**.

6. Managing Adverse Impacts

Samsung SDI operates a **supply chain risk management process** to identify, prevent, mitigate, and remedy adverse impacts arising from violations of the **Supplier Code of Conduct** by its direct business partners. **Mineral supply chain risk management process** is also implemented for both direct and indirect partners involved in the mineral supply chain, in accordance with the **Responsible Minerals Sourcing Policy**.

The Procurement Team reports the identification and assessment of adverse supply chain impacts, mitigation measures, and implementation outcomes to the Sustainability Management Council, and conducts reviews on the effectiveness of the supply chain risk management system. The Sustainability Management Office supports the overall supply chain risk management process.

- First Half (H1): Reporting on the identification and assessment of adverse impacts, and proposed mitigation measures
- Second Half (H2): Reporting on the outcomes of mitigation measures and evaluation of the effectiveness of the due diligence system

A. Supply Chain Risk Management Process

- Applicable partners: Partners that either have a direct business relationship or are deemed highly important to Samsung SDI’s operations.
- Process

Stage	Description
1. Supply Chain ESG Data Survey	<ul style="list-style-type: none"> - Survey of data to identify partners’ business, social, and environmental risks · Data is collected annually as a default, with adjustments made for new partner registrations or issue occurrences · The data includes transaction items and volumes, partner location, raw material types, and other factors outlined in the Supply Chain Risk Identification Table

Stage	Description								
2. Identification & assessment of adverse impacts	<ul style="list-style-type: none"> - Identifying adverse impacts caused by partners and prioritizing management of such impacts based on their severity and the likelihood of (potential or actual) occurrence, conducted every year. · Assessment is conducted using the Supply Chain Risk Identification Table and Self-Assessment Checklist. 								
	<Assessment Ratings>								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="475 669 644 730">Rating</th> <th data-bbox="644 669 1398 730">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 730 644 1005" style="text-align: center;">Red</td> <td data-bbox="644 730 1398 1005"> <ul style="list-style-type: none"> ·Major violations related to child labor, forced labor, serious human rights abuses, health and safety, environmental, or ethical breaches are identified. </td> </tr> <tr> <td data-bbox="475 1005 644 1384" style="text-align: center;">Yellow</td> <td data-bbox="644 1005 1398 1384"> <ul style="list-style-type: none"> ·Scored below 90 points on the Self-Assessment Checklist, or ·Falls within the top 30% of high-risk partners based on the Supply Chain Risk Identification Table. </td> </tr> <tr> <td data-bbox="475 1384 644 1675" style="text-align: center;">Green</td> <td data-bbox="644 1384 1398 1675"> <ul style="list-style-type: none"> ·Scored 90 points or above on the Self-Assessment Checklist, or ·Falls within the lower 70% of partners based on the Supply Chain Risk Identification Table. </td> </tr> </tbody> </table>	Rating	Description	Red	<ul style="list-style-type: none"> ·Major violations related to child labor, forced labor, serious human rights abuses, health and safety, environmental, or ethical breaches are identified. 	Yellow	<ul style="list-style-type: none"> ·Scored below 90 points on the Self-Assessment Checklist, or ·Falls within the top 30% of high-risk partners based on the Supply Chain Risk Identification Table. 	Green	<ul style="list-style-type: none"> ·Scored 90 points or above on the Self-Assessment Checklist, or ·Falls within the lower 70% of partners based on the Supply Chain Risk Identification Table.
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3. Mitigation Measures	<ul style="list-style-type: none"> - Establishment and implementation of measures based on the risk ratings of adverse impacts · On-site audits are conducted every 1 to 3 years, depending on risk severity, urgency, and audit efficiency. <p><Mitigation Measures by Risk Ratings></p>								
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B. Mineral Supply Chain Risk Management Process

- Applicable minerals: All minerals specified in the Responsible Mineral Sourcing Policy.
- Applicable partners: Both direct and indirect partners within the mineral supply chain.
- Process

Stage	Description	
1. Supply Chain ESG Data Survey	- Annual investigation into mineral supply chains	
	Category	Description
	Survey Methods	·Using RMI (Responsible Minerals Initiative) survey templates and internally developed formats
Collected Data	·Supply chain mapping, raw material origins, mine/smelter/refiner locations, transportation routes, partners' policies, etc.	
2. Identification and assessment of adverse impacts	<p>- Annual risk assessment to identify and evaluate potential adverse impacts, including the following:</p> <ul style="list-style-type: none"> ·Association with Conflict-Affected and High-Risk Areas (CAHRAs). ·Verification of RMI-certified smelters and refiners. ·Review of issues raised by customers, media, NGOs, and government agencies. <p><Assessment Ratings></p>	
	Rating	Description
	Red	·Major violations related to child labor, forced labor, serious human rights abuses, health and safety, environmental, or ethical breaches are identified
	Yellow	<ul style="list-style-type: none"> ·Minerals sourced from CAHRAs. ·RMI non-certified smelters and refiners. ·Partners' failure to provide supply chain investigation information.
Green	<ul style="list-style-type: none"> ·No association with CAHRAs. ·RMI-certified smelters and refiners. 	

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3. Mitigation Measures	- Establishment and implementation of measures based on the risk ratings of adverse impacts					
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7. Grievance Mechanism

Samsung SDI operates the following channels to collect and address a wide range of stakeholder concerns.

All reported grievances undergo a thorough review and investigation process, and the complainant will be informed of the outcomes.

The detailed procedures for grievance intake, investigation, and resolution are conducted in accordance with the separately defined Grievance Mechanism documentation.

- Anonymity and Confidentiality Assurance

Whistleblowers are ensured total anonymity and confidentiality when raising concerns or complaint, without fear of retaliation, and any acts that disadvantage whistleblowers are strictly prohibited.

- Process

Grievance intake → Review and investigation → Corrective action Planning
 → Notification of results

- Grievance Reporting Channel

Channel	Address
E-mail	sdiprocurement.esg@samsung.com sustainability@samsung.com
Samsung SDI Website	< Report Violations > https://audit.samsungsdi.com:40195/audit/index.do?svc=201

8. Documentation and Record Retention

Samsung SDI retains documents and records related to its supply chain in accordance with the following principles, in order to ensure compliance with relevant laws and ethical standards by transparently and verifiably tracking and recording the movement and handling history of raw materials and intermediate goods.

- **Archival Documents and Records**

- ① Chain of Custody Records.

- Information that tracks and records the origin, supply routes, and handling history of raw materials or products throughout the entire supply chain, from the point of origin to the final consumer or manufacturer (e.g., source → processing → transportation → storage → use)

- ② Partner Due Diligence Reports and Evaluation Result.

- ③ Relevant Contracts, Certificates, and Correspondence.

- ④ Internal Review and Audit Materials.

- Retention Period

- Records shall be retained for at least 10 years or longer, if otherwise required by law or regulation.

- Retention Method

- Data shall be securely stored in both digital and physical formats, with controlled access and audit logs maintained to prevent unauthorized access or tampering.

- Partner Responsibilities

- Partners are required to retain relevant information and documents according to the same standards as above and provide them to Samsung SDI or relevant authorities upon request.

9. Monitoring and Updates

Samsung SDI regularly monitors and evaluates the effectiveness of preventive, mitigation, and remedial measures using both qualitative and quantitative indicators. Additionally, this Policy is periodically reviewed and updated to reflect changes in laws and international standards.

The monitoring and assessment cycle is conducted on an annual basis, but may be adjusted in consideration of internal and external business conditions.

10. Training and Capacity Building

Samsung SDI provides regular training for employees and partners on the requirements of the Samsung SDI's Supplier Code of Conduct, the Responsible Minerals Sourcing Policy, and this Supply Chain Due Diligence Policy. In addition, programs are offered to enhance partners' capabilities in preventing, mitigating, and remediating adverse impacts.

11. Communication

Samsung SDI regularly prepares a due diligence report covering its supply chain due diligence activities and outcomes, in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This report is disclosed to stakeholders in the form of a supply chain due diligence report or a sustainability report, and is made publicly available on Samsung SDI's website for accessibility.

< Revision History >

Ver.	Date	Description
1.0	July 31 st , 2025	Establishment of a new supply chain due diligence policy