Business Model of Sustainability Management

We introduced the integrated reporting framework to more effectively communicate the tangible and intangible values created by our business operations to our stakeholders. This framework classifies all injected capital as financial capital, manufacturing capital, social and relationship capital, human capital, intellectual capital, or natural capital and defines how these six forms of capital work to raise stakeholder value through our organization consisting of two divisions and our five ESG pillars.

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<th>Input</th>
<th>Business Activities</th>
<th>Output</th>
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**Financial Capital**
- Equity: 304.9 KRW trillion
- Liabilities: 121.7 KRW trillion
- Tangible asset: 149.9 KRW trillion

**Manufacturing Capital**
- Production capacity: Image Devices 54,235 thousand units, HHP 319,550 thousand units, DS(Memory)
- 1,765,909,941 thousand units
- Production Sites: 32

**Social and Relationship Capital**
- CSR costs: 0.4 KRW trillion
- Purchasing costs for suppliers: 195 KRW trillion
- Employees of suppliers who received training: 18,725
- Rate of suppliers rated outstanding in the comprehensive evaluation: 68%
- Number of beneficiaries of CSR activities: 536,770
- Number of beneficiaries of smart factory support: 286

**Human Capital**
- Number of employees: 266,673
- Costs of employee training: 54,9 KRW million
- Hours of employee training: 824,329

**Intellectual Capital**
- R&D workforce: 75,229 persons
- Costs of R&D: 22.4 KRW trillion

**Natural Capital**
- Energy consumption: 33,755 GWh
- Total water intake: 163,660 thousand tonnes
- Investments in EHS management: 1.4 KRW trillion

**DS**
- DRAM, NAND flash, mobile AP, etc.

**DX**
- TVs, monitors, refrigerators, washers, air conditioners, HHPs, PCs, Network Systems, etc.

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<th>ESG Pillars</th>
<th>Stakeholders</th>
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<td>Corporate Citizenship, support for SMEs</td>
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<td>Empowering Communities</td>
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<td>Sustainable Supply Chain Supply Chain Driving Mutual Growth</td>
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**ESG Pillars**

**People**
- Customer: Customers
- Shareholders and investors: Shareholders and investors
- Employees: Employees
- Suppliers: Suppliers
- Local communities: Local communities
- NGOs, Associations and Expert organizations: NGOs, Associations and Expert organizations
- Government Government
- Media: Media

**Excellence**

**Change**
- Climate Action, Circular Economy
- Corporate Citizenship, support for SMEs
- Privacy Protection, Cyber Security
- Diversity and Inclusion
- Supply Chain Driving Mutual Growth

**Integrity**

**Co-prosperity**

**Output**
- Financial Capital
- Manufacturing Capital
- Social and Relationship Capital
- Human Capital
- Intellectual Capital
- Natural Capital

**Input**

**Financial Capital**
- Sales: 279.6 KRW trillion
- Operating profit: 51.6 KRW trillion
- Net income: 39.9 KRW trillion
- Credit rating: Moody’s: Aa3, S&P: AA-

**Manufacturing Capital**
- Actual output: Image Devices 44,553 thousand units, HHP 260,501 thousand units, DS(Memory) 1.7 trillion units
- Operating rate: Image Devices 81.4%, HHP 81.5%, DS(Memory) 100%

**Social and Relationship Capital**
- Employees of suppliers who received training: 18,725
- Rate of suppliers rated outstanding in the comprehensive evaluation: 68%
- Number of beneficiaries of CSR activities: 536,770
- Number of beneficiaries of smart factory support: 286

**Human Capital**
- Employee satisfaction: 90 point
- Ratio of female employees: 36.3%
- Number of employees with disabilities: 1,574 persons
- Number of employees’ training: 8,18 million cases

**Intellectual Capital**
- Number of domestic patents (cumulative sum): 47,000
- Number of overseas patents (cumulative sum): 216,404

**Natural Capital**
- GHG emissions reduction: 17,400 thousand tonnes CO2e
- Rate of product energy consumption reduction: 33%
- Rate of conversion of waste to resources: 96%
- Amount of recycled plastic used: 33,319 tonnes
- Amount of recycled packaging: 13,888 tonnes
- Number of leakage of substantial harmful chemicals: 0