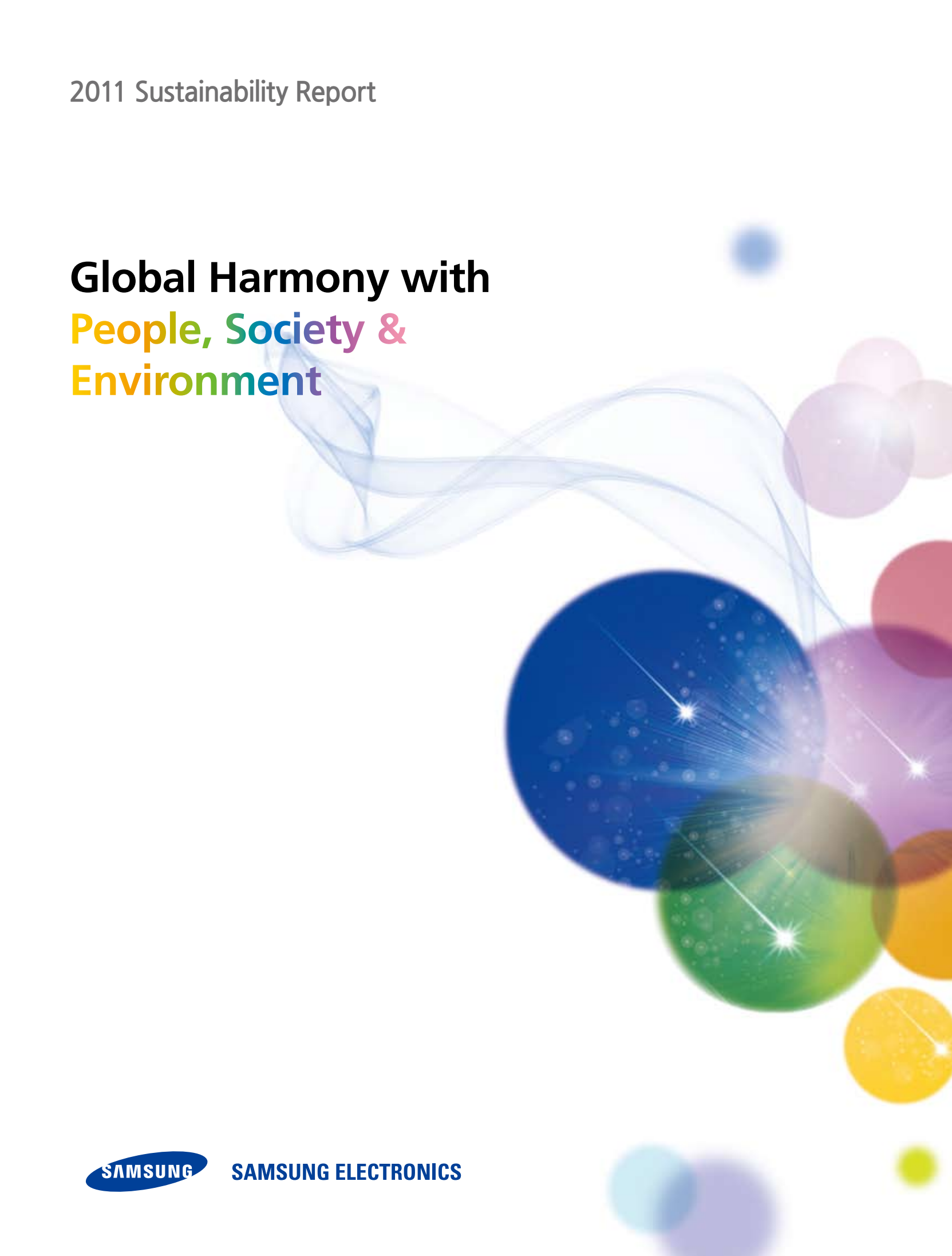
2011 Sustainability Report

Global Harmony with People, Society & Environment



SAMSUNG ELECTRONICS

About This Report

This is the fourth Sustainability Report issued by Samsung Electronics and is intended to communicate our sustainability efforts and performance to stakeholders. At Samsung Electronics, we firmly believe that we can deliver positive value by protecting the environment and improving the social conditions of the communities in which we operate while generating economic performance.

Reporting Period

This report covers the period from January 1 to December 31, 2010. For quantitative measures of performance, the report includes data for the three years from 2008 to 2010 to help readers identifying trends and year-on-year comparison. For material issues, the report covers information up to March 2011.

Reporting Scope

Financial data in this report was prepared on a consolidated basis according to newly introduced K-IFRS (International Financial Reporting Standards), while the coverage scope of environmental and social performance includes the major overseas subsidiaries. Information that pertains only to the performance of the headquarters has been footnoted accordingly.

Assurance

To ensure credibility of the report contents and reporting procedures, this report has received third party assurance from PwC. This report was independently assured in accordance with the ISAE3000 and AA1000 AccountAbility Assurance Standard (AA1000AS Type II Assurance). The assurance statement is on page 86.

Reporting Principles

This report refers to the G3.1 Guidelines of GRI (Global Reporting Initiative) and is prepared with reference to the AA1000 APS (2008) principles (inclusivity, materiality and responsiveness). It also contains information with reference to the ISO26000 Standard published in November 2010.

Explanations are provided for any changes in calculation standards from those applied in past reports. This report complies with the GRI G3.1 Guidelines with an application level of A+.

Amidst the continuing endeavors in the business sector to make sure that companies' business activities are aligned with sustainable development, a growing number of stakeholders are demanding that corporations take on greater responsibilities for the social and environmental impacts of their businesses. In answer to that social call, Samsung Electronics is now equipped to log, respond to, and resolve stakeholder queries and concerns in a systematic manner through the development of a global stakeholder communication system.

Additional Information and Relevant Websites

Information	Website
Sustainability report	http://www.samsung.com/us/aboutsamsung/sustainability/sustainablemanagement/sustainablemanagement.html
IR website	http://www.samsung.com/sec/aboutsamsung/ir/newsMain.do
Samsung green management	http://www.samsung.com/us/aboutsamsung/sustainability/enviroment.html
Samsung semiconductor	http://www.samsung.com/sec/business/semiconductor
Samsung mobile phone	http://kr.samsungmobile.com/index.do
Star program	http://www.samsung.com/printer/star
Samsung blog	http://www.samsungtomorrow.com
Samsung facebook	http://www.facebook.com/samsungtomorrow
Samsung twitter	http://www.twitter.com/@samsungtomorrow

Contact Information

CSR Liaison Office
Samsung Electronics Co., Ltd.
416, Maetan 3-dong, Yeongtong-gu, Suwon, Gyeonggi-do, Korea 443-742
Tel : 82-31-277-0147
Fax : 82-31-277-0425
Email : csr.partner@samsung.com

"Inspire the World
Create the Future"

Contents

02 CEO Message
04 2010 Highlights
06 About Samsung Electronics
10 Global Network
12 Creation of Economic Value
14 R&D and New Businesses for Sustainable Growth
17 Preemptive Risk Management
18 Corporate Social Responsibility (CSR)
19 Stakeholder Engagement
21 Material Issues
22 Sustainability Performance & Plan

75 Appendix
76 Performance Indicators
80 Major Awards
81 GRI Index
84 ISO26000 Index
86 Independent Assurance Report
88 List of Participants



Talent Management

24 Recruitment
26 Diversity Management
28 Labor & Human Rights
30 Work Smart, Think Hard, Build Trust
33 Employee Competencies
35 Employee Health

Integrity Management

36 Compliance Management
37 Compliance Organization
38 Compliance Education and Inspection
39 Compliance System

Green Management

40 Green Management Vision and Action Plan
42 Eco-Products
45 Climate Change Leadership
48 Resource Recycling and Reuse
50 Water Management
52 Global Green Workplace
54 Global Green Communication



Social Contribution

56 Social Contribution Philosophy and Directions
58 Social Contribution Around the World
62 Social Contribution in Korea
63 List of Major Partners

Partner Collaboration

64 Mutual Growth
68 CSR Support for Business Partners

Products & Services

70 Product Quality
71 Customer Delight Service
73 VOC (Voice of Customer) Management
73 Customer Communication
74 Product Safety
74 Appropriate Technology
74 Customer Information Protection

CEO Message

Dear stakeholders,

We are pleased to share the fruits of our efforts to promote sustainable development of people, society and the environment through our 2011 Sustainability Report. In preparing this report, we took the opportunity to look back on our activities over the past year and their implications for Samsung Electronics as well as our diverse stakeholders.

Last year marked the beginning of the journey to realize Samsung Electronics' Vision 2020. During the year, we focused on cultivating new growth engines and prepared the foundation to build up our competencies. Above all, we generated our highest ever sales and profits in 2010 despite a weak euro stemming from the debt crisis in Europe, global exit strategies and deteriorating profits in the electronics industry. These unprecedented results were rooted in sound communication and cooperation with stakeholders along with our commitment to promoting sustainability in the six areas of talent management, integrity management, green management, social contribution, partner collaboration, and products and services. Let's take a closer look into our sustainability activities and performance in 2010.

First of all, we carried out various activities to foster better workplace and a creative organizational culture where the best talent can come up with novel ideas and demonstrate their full potential. As part of efforts to maintain the highest levels of ethics and integrity, we set up a Compliance Team in April 2010. The team plays an important role in mitigating legal risks as Samsung Electronics gains further prominence as a global corporation.

Related to our green management vision of "Creating new value through eco-innovation," we have adopted numerous initiatives to protect our planet such as the reduction of greenhouse gas emissions, water quality control and recycling. All of our business units employ the eco-design process, which takes the environment into account from the product development stage.

To carry out social contribution activities more practically, we have engaged in contribution activities tailored to the needs local communities while enhancing our corporate value. To grow together with our business partners, we have drawn up seven key programs for mutual growth that extend not only to our direct suppliers but also companies further down the supply chain. We have also reshuffled CSR liaison office for partner collaboration to ensure that our intentions result in tangible results.

We have formulated the Quality Code of Conduct to deliver the utmost in quality and service. Moreover, we are reinforcing two-way communication with customers through prosumer activities and social network services. As a result of our wide ranging

efforts, we were the top ranked global IT company in the Carbon Disclosure Leadership Index (CDLI). Moreover, Samsung Electronics has been included in the Dow Jones Sustainability Index (DJSI) for two consecutive years and included in the list of the Global 100 Most Sustainable Corporations in the World.

Samsung Electronics will continue to secure core technologies and new growth drivers to move closer toward our vision "Inspire the World, Create the Future." We will step up efforts to create value through sustainable business practices with an emphasis on mutual growth, compliance, environmental management, customers and social responsibility. We will strive to achieve a more sustainable future as a globally respected corporation by creating economic value and achieving harmony among diverse stakeholders.

Thank you.



G S Choi

Gee-Sung Choi
Vice Chairman & CEO, Samsung Electronics

2010 Highlights

Sales KRW **154.6** trillion

World's leading electronics company by sales

Fueled by strong performance by the Semiconductor Business and the success of the GALAXY S smartphone, Samsung Electronics became the first Korean company to post KRW154.6 trillion in sales and KRW17 trillion in operating profit. On revenue basis, Samsung Electronics took the No.1 spot among global IT companies.

NO.1

Ranked 1st among IT firms in CDLI

Samsung Electronics ranked first among global IT companies in the Carbon Disclosure Leadership Index (CDLI). The CDLI is published by the Carbon Disclosure Project (CDP) based on a survey of global corporate activities and policies to address climate change. Also, Samsung Electronics was included in the "A" band in the Carbon Performance Leadership Index (CPLI) which was released for the first time in 2010.

31% reduction

Greenhouse gas emissions cut by 31%

Greenhouse gas emissions relative to sales were reduced by 31% in 2010 compared to 2008. In July 2010, the LCD Business received approval from the United Nations for a CDM (Clean Development Mechanism) project that reduces SF_6. Under the project, Samsung Electronics will secure up to 5.5 million tons of carbon credits over the next 10 years.

GALAXY S

GALAXY S Leading Android phone in 2010

Samsung Electronics' GALAXY S was noted as one of the biggest tech hits of 2010 by the U.S. business publication Forbes. Based on market share in 2010, the GALAXY S emerged as the leading Android smartphone. Sales of the GALAXY S topped 10 million units just seven months after its launch in June 2010.



37 products

Innovation Award winners at CES 2011

A total of 37 products from Samsung Electronics received Innovation Awards at the Consumer Electronics Show (CES) 2011. The award winners included cutting edge TVs, home appliances and mobile phones, as well as semiconductor and LCD products. Six of the 37 products received the award for eco-design and sustainable technology. The Innovation Awards are given to honor products showcased at CES that feature innovative designs and engineering. The winners are chosen by an expert panel that includes industrial designers and engineers.



2,210

Environmental marks for 2,210 products

Biggest line-up of green products in the electronics sector

As of 2010, Samsung Electronics obtained international environmental marks for 2,210 of its product models. This makes Samsung Electronics the company with the most eco-friendly products among the 219 electronics firms registered with the world's nine major environmental certification agencies. Our offering of eco-products includes the Blue Earth, a solar-powered mobile phone, and a 'Rant 2' featuring cornstarch as one of the raw materials.

Top 10%

Dow Jones Sustainability Indexes
Member 2008/09

Inclusion in DJSI Gold Class

Samsung Electronics has been included in the Dow Jones Sustainability Index (DJSI) for two consecutive years. The DJSI comprises about 300 companies which are the global leaders in sustainability. Index components are announced annually by Switzerland-based investment group SAM. Samsung Electronics showed an improvement of 18 points in the environmental category and 8 points in the social category compared to the previous year to move up from Silver Class to Gold Class status.

Top 100

One of the top 100 in global sustainability

Samsung Electronics was included in the list of the Global 100 Most Sustainable Corporations in the World at the World Economic Forum in Davos in February 2011. The sole Korean company to be named among the global 100, Samsung Electronics was highly rated for excellence in green management and compliance with sustainability reporting guidelines.

Most Sustainable Corporations in the World
GLOBAL100

1st product launch

Expansion into health care business

In 2010, Samsung Electronics unveiled its first medical device, a blood tester (IVD-A10A). Intended for use in small- and mid-sized hospitals, its size and price is just one-tenth of existing blood testers while offering the same level of performance and accuracy. The device can be used to check the levels of 19 substances in the blood including glucose and cholesterol. It only takes 12 minutes to conduct a blood test using the device as opposed to the usual two to three days required with existing equipment. The blood tester should promote good health through prevention and early detection of diseases.

662 partner firms

Support for setting up GHG inventory

To foster green partnership, Samsung Electronics plans to help business partners across the globe set up greenhouse gas inventories by 2013. As part of this endeavor, a training program was introduced for the first group of partner firms in Gwangju, Gumi and Suwon in Korea. We also developed an inventory control system that automatically calculates GHG emission volume when the amount of GHG-emitting substances used is entered into the system.



About Samsung Electronics

Under the business philosophy of "devoting our human resources and technology to creating superior products and services, thereby contributing to a better global society," Samsung Electronics will put more focus on sustainability management to serve our continued growth as well as creation of stakeholder value.

Vision 2020

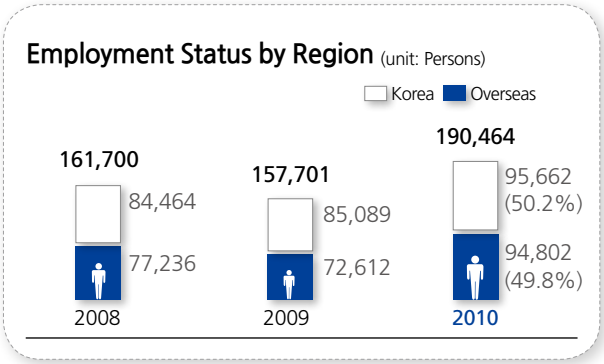
Since its inception in 1969, Samsung Electronics has grown into a world class IT company. Upon its 40th anniversary, the company adopted a new vision of "Inspire the World, Create the Future" in 2009. Going forward, we will inspire the world through new technologies, innovative products, and creative solutions while creating a prosperous future by enhancing stakeholder value.



Employment Status

As of the end of 2010, Samsung Electronics' total global employment stands at 190,464, which break down into 95,662 working in Korea (including 1,370 contractors) and 94,802 outside of Korea (including 5,374 contractors). Outsourced workforce numbers 67,750 persons.

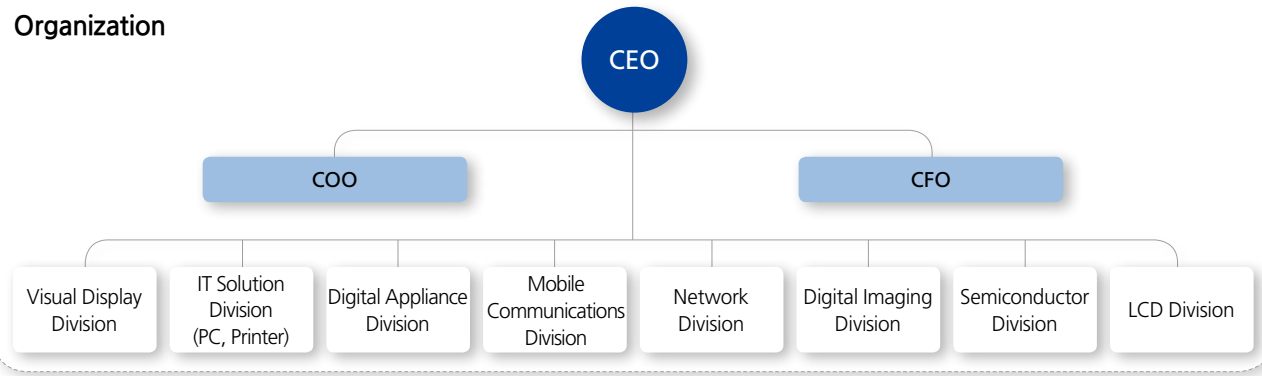
Due to distinct seasonality in the manufacturing sector, maintaining an appropriate level of contract-based workers during the peak season is needed to enhance the operational efficiency. When necessary, these workers are converted to regular employee status.



Business Units & Major Products

In 2010, Samsung Electronics proceeded with organizational restructuring for its end-user products and global operations to enhance business synergies. The Digital Air Solution (DAS) Team, which oversees air conditioners and Samsung Gwangju Electronics were merged into the Digital Appliance Business. The consolidation of raw material procurement, development of key components (motors and compressors), and overseas business units increased operational efficiency. The Telecommunications Systems Business's set-top business was integrated into the Visual Display Business to enable sharing of core competencies in areas such as chipsets and ecosystems. For global operations, we have a regional structure that takes into account market characteristics. For the set businesses, a team dedicated to Central and Eastern Europe was created under the Europe Regional Headquarters to make further headway into the emerging markets of Central and Eastern Europe. Components sales subsidiaries at the country level have been reshuffled into regional headquarters for components (Americas, Europe, Southeast Asia).

Organization



Major Products

Visual Display

TV, Monitor, Set top box



IT Solution

Labtop, PC, Printer, Multifunctional device



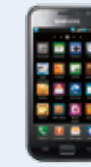
Digital Appliance

Refrigerator, Washing machine, Air-conditioner, Vacuum cleaner



Mobile Communications

Smartphone, Feature phone, MP3 player



Network

Mobile WiMAX, LTE solution, W/CDMA solution



Digital Imaging

Digital camera, Camcorder



Semiconductor

DRAM, Flash memory, SSD, System LSI



LCD

LCD panel



Corporate Governance

Samsung Electronics promotes transparency and accountability with an advanced corporate governance structure. Full support is extended to the board of directors to facilitate creative management with the ultimate goal of maximizing corporate value, while every effort is made to enhance shareholder value and rights. The board of directors addresses issues as stipulated in related laws and the company's Articles of Incorporation, and is responsible for overseeing basic policies and major issues concerning the company's operations.

BOD (Board of Directors) Composition

Currently, the BOD is composed of seven members, with four of them being outside directors. The outside directors hold the majority of the BOD, thus ensuring the independence and transparency of the Board's decision-making process. Under the Articles of Incorporation, the Outside Directors Recommendation Committee first selects candidates from a pool of professionals with expertise or experience in business management, economics, accounting, law, or relevant technologies, and then submits their final candidates for the approval of the shareholders at the general shareholders' meeting. The outside directors gather together at separate meetings to discuss overall management issues and work on recommendations. All directors are prohibited from engaging in business activities within the same industry without the approval of the board. This arrangement is to prevent conflict of interest, as specified in the Korean Commerce Act and the Samsung Electronics Articles of Incorporation.

Corporate Governance and IR Awards

Organization	Date	Awards
Euromoney	Jan. 2010	Governance in Korea (No. 1)
Finance Asia	May 2010	Best Corporate Social Responsibility
MoneyToday	Sep. 2010	2010 Best IR in the Electronics Industry category
Korea IR Service	Oct. 2010	2010 IR Award (Excellence Award in the securities market category)

BOD Member Profile

Title	Name	Gender	Position	Role
Vice Chairman & CEO	Gee-Sung Choi	M	Vice Chairman & CEO, Samsung Electronics	Overall corporate management
Vice Chairman	Yoon-Woo Lee	M	Vice Chairman, Samsung Electronics	External cooperation
President	Ju-Hwa Yun	M	Head of Management Support Office, Samsung Electronics	Management support
Outside Director	Dong-Min Yoon	M	Attorney-at-law, Kim & Chang Law Firm	Overall management
Outside Director	Chae-Woong Lee	M	Professor of Economics, Sung Kyun Kwan University	
Outside Director	In-Ho Lee	M	Former Advisor, Shinhan Bank	
Outside Director	Oh-Soo Park	M	Professor of Business Administration, Seoul National University	

* as of April 2011

BOD Roles and Responsibility

In 2010, a total of nine BOD meetings were held to address 31 agenda items. The three-year average attendance rate (2008-2010) of the BOD stands at 91%. For swift and efficient decision-making, committees have been established under the BOD in accordance with pertinent laws. The BOD refers certain matters to the committees to be reviewed by committee members with experience and expertise in the related fields. Currently, there are five committees: Management Committee, Audit Committee, Outside Director Recommendation Committee, Internal Transaction Committee, and Remuneration Committee. The Internal Transaction Committee promotes transparency through the fair trade compliance system and carries out activities to enhance corporate governance. The Audit Committee, comprised of three outside directors, supervises and supports the management through a process of checks and balances to maximize corporate value.

Committee Status

Committee	Objectives	Members
Management Committee	Deliberates and decides on matters either delegated by the BOD, or specified in the Articles of Incorporation or the Regulation of the BOD with the aim of enhancing professionalism and efficiency in decision-making	Gee-Sung Choi (chair), Ju-Hwa Yun
Audit Committee	Conducts auditing functions under the stipulation of governing regulations, Articles of Incorporation and Audit Committee Regulations	Chae-Woong Lee (chair), In-Ho Lee, Oh-Soo Park
Outside Director Recommendation Committee	Recommends candidates for outside director under the governing regulations, Articles of Incorporation and BOD regulations	Oh-Soo Park (chair), Chae-Woong Lee, Gee-Sung Choi, Yoon-Woo Lee
Internal Transaction Committee	Enhances corporate transparency and promotes fair trade through compliance program	Chae-Woong Lee (chair), In-Ho Lee, Oh-Soo Park
Remuneration Committee	Enhances objectivity and transparency in the process of decision of directors' remuneration	Oh-Soo Park (chair), Dong-Min Yoon, Chae-Woong Lee

Further details are available at http://dart.fss.or.kr

BOD Activities in 2010

Date	Agenda	Results	Attendance Status of Outside Directors
Jan. 19, 2010	An agenda item on patent license contract and equity investment	Approved	3/5
Jan. 29, 2010	Four agenda items including approval of the financial statements and operating report of the 41st Fiscal Year	Approved	5/5
Feb. 23, 2010	Four agenda items including convening of the 41st general shareholders' meeting	Approved	5/5
Mar. 22, 2010	Three agenda items including assignment of director's duties	Approved	4/4
Apr. 01, 2010	An agenda item on resolution of report and announcement of merger with Samsung Digital Imaging	Approved	4/4
Apr. 30, 2010	Four agenda items including approval of the 1st quarter report of the 42nd Fiscal Year	Approved	4/4
Jul. 30, 2010	Eight agenda items including approval of the 1st half of year financial statements, half-year report, and interim dividend for the 42nd Fiiscal year	Approved	3/4
Sep. 17, 2010	An agenda item on approval of merger with Samsung Gwangju Electronics	Approved	4/4
Oct. 29, 2010	Five agenda items including approval of the 3rd quarter report of the 42nd Fiscal Year	Approved	3/4

Further details are available on our IR Website.

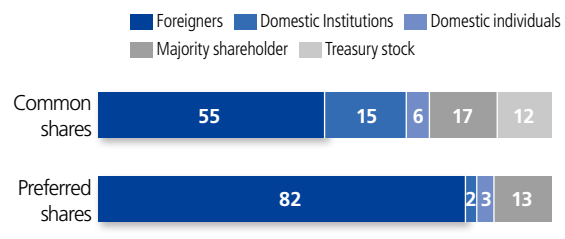
Evaluation and Compensation

The BOD and the committees conduct self-evaluations of their annual activities and participation rates every year. Compensation for the independent directors is not linked to performance. For independence reasons, the compensation includes only basic salary and business travel expenses.

Shareholder Composition

Samsung Electronics is currently listed on the Korea Exchange (KRX). As of the end of 2010, there were 170,132,764 total shares outstanding, (147,299,337 common stocks and 22,833,427 preferred stocks). For the convenience of foreign investors, we issue Global Depository Receipts (GDR) in overseas markets. Common stock is traded on the London Stock Exchange and preferred stock is traded on the Luxembourg Stock Exchange. As of the end of 2010, the largest shareholder and related parties owned approximately 15% of the total outstanding shares, including preferred stock. Treasury stock accounts for 12% while foreign shareholders own approximately 55% of the shares.

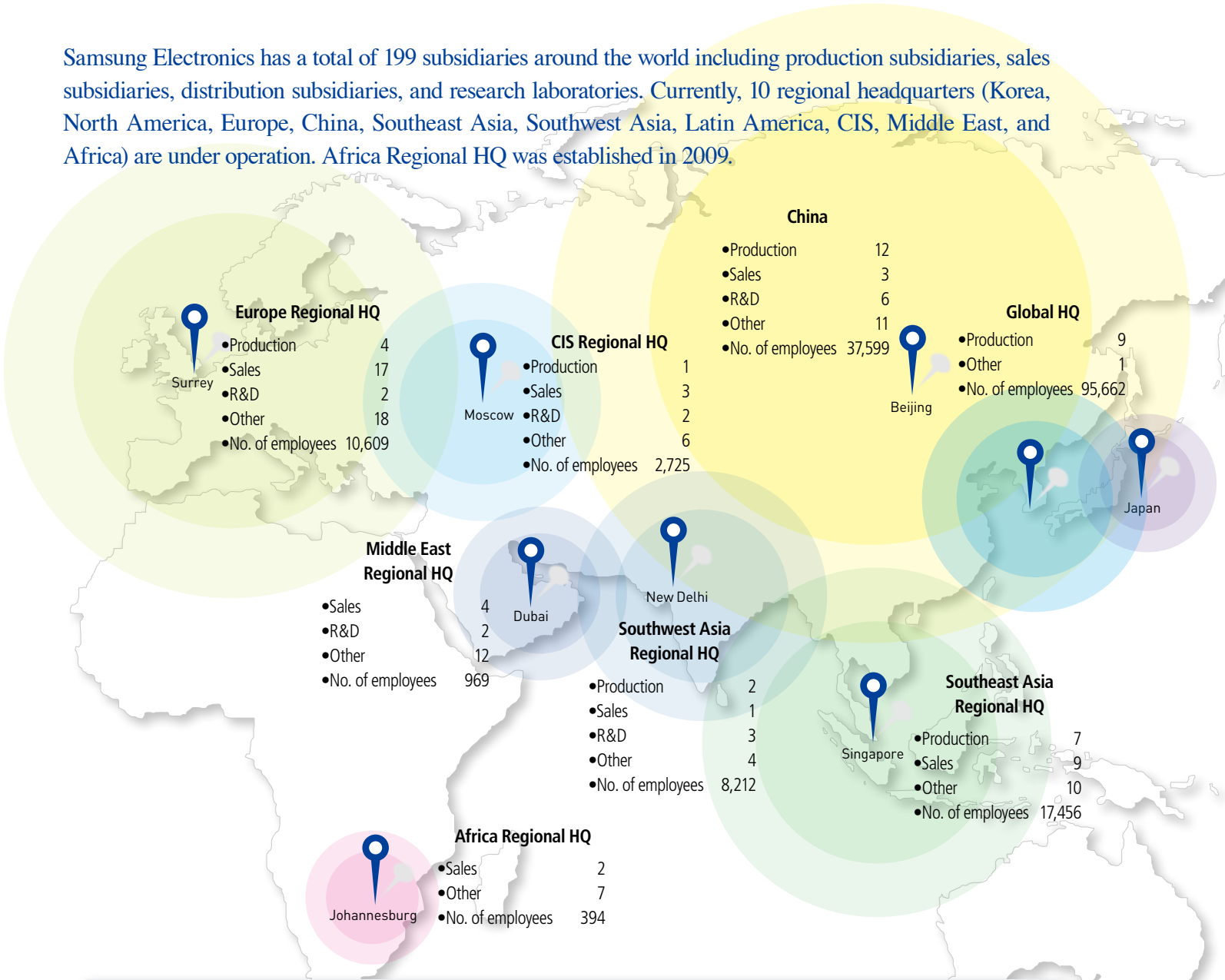
Share Ownership (Unit: %)



Further details are available on our IR Website.

Global Network

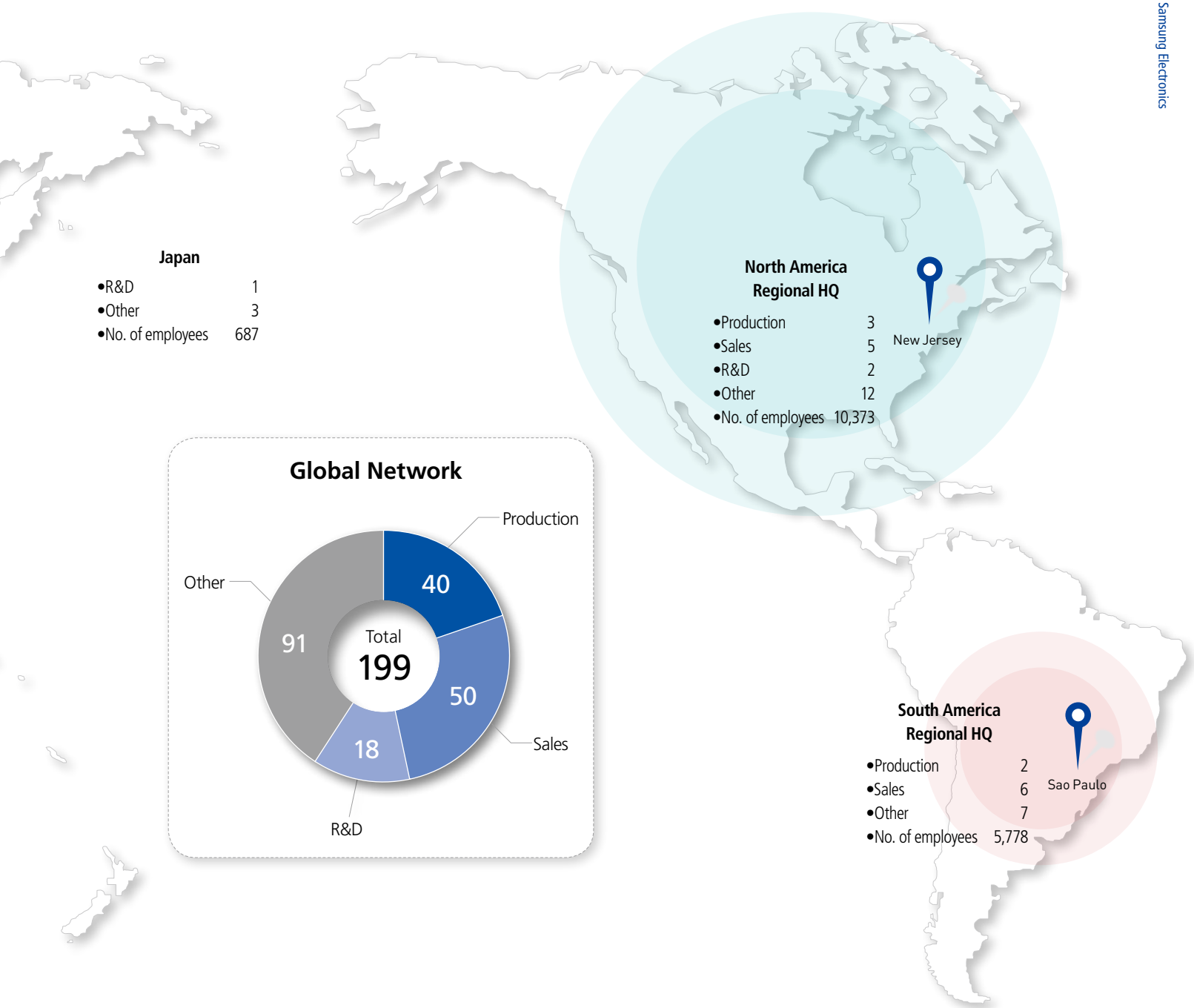
Samsung Electronics has a total of 199 subsidiaries around the world including production subsidiaries, sales subsidiaries, distribution subsidiaries, and research laboratories. Currently, 10 regional headquarters (Korea, North America, Europe, China, Southeast Asia, Southwest Asia, Latin America, CIS, Middle East, and Africa) are under operation. Africa Regional HQ was established in 2009.



African Market



Showing average annual economic growth of over 5%, Africa is emerging as a promising market. To seize the opportunities presented by this continent, Samsung Electronics set up the Africa Regional Headquarters at the end of 2009. Previously, a single regional headquarters was responsible for both Africa and the Middle East. The separation into two units for each region was intended to facilitate more localized operations. In addition, we set up a Nigeria subsidiary. We are hiring more people in Africa which is helping to spur development of the continent and in May 2010, twenty key personnel from the region were invited to the head office in Korea to learn more about Samsung's vision and organizational culture. Our social contribution endeavors in Africa include an initiative to foster 10,000 local engineers and doing away with illiteracy in the community.



Japan

- R&D 1
- Other 3
- No. of employees 687

North America Regional HQ

New Jersey

- Production 3
- Sales 5
- R&D 2
- Other 12
- No. of employees 10,373

Global Network

South America Regional HQ

Sao Paulo

- Production 2
- Sales 6
- Other 7
- No. of employees 5,778

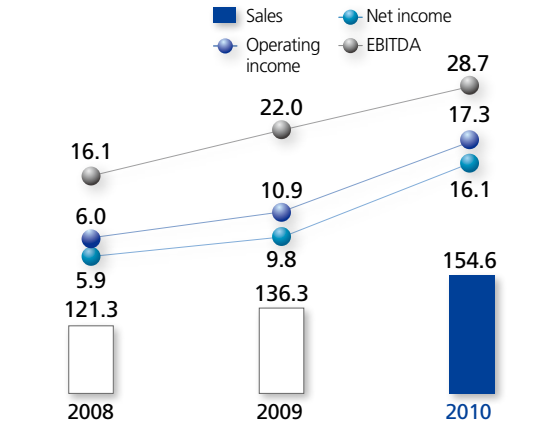
Creation of Economic Value

Job creation, tax payments, purchasing expenditure, and direct/indirect industrial development are some of the ways in which Samsung Electronics creates social and economic value, and they mark the starting point of sustainability within our organization. As the global electronics leader in 2010 (based on sales) generating high profits, we provide financial and non-financial value to shareholders and investors, business partners, employees, local communities and other stakeholders.

Record High Sales and Profits

Despite delayed economic recovery in developed countries, the debt crisis in Europe and heightened currency fluctuation, Samsung Electronics posted record sales and operating profit in 2010. In particular, we strengthened our market influence for memory products, TV and mobile phones. With differentiated products, we generated an outstanding performance even in the face of intense competition. Sales rose to KRW154.6 trillion (consolidated basis, hereafter all the financial data are consolidated figures), up 13.4% from KRW136.3 trillion in 2009. Operating income and net income for the year reached KRW17.3 trillion and KRW16.3 trillion, respectively. EBITDA reached KRW28.7 trillion in 2010.

Financial Results (Unit: KRW trillion)

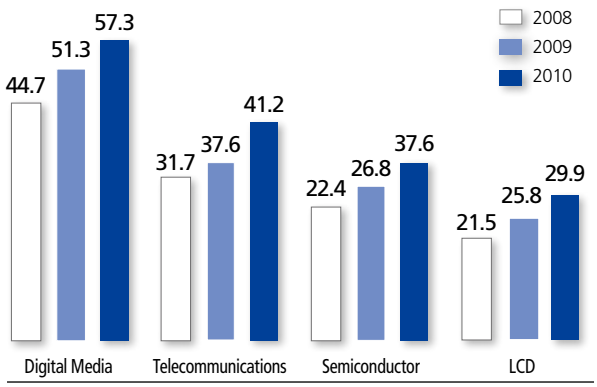


* Figures differ from those in the previous report due to change in accounting standards.

Sales by Business

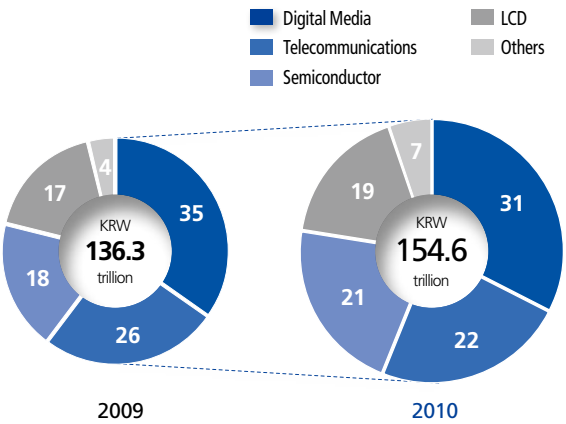
Sales for the Digital Media business units increased significantly on the back of strong demand in the advanced markets such as North America and Europe, posting the largest market share for five consecutive years. The Telecommunications business also enjoyed robust growth. Sales rose by KRW3.6 trillion due to the popularity of our premium smartphones. Sales for the Semiconductor Business jumped by KRW10.8 trillion from a year earlier. The main reasons behind the outstanding performance were stable semiconductor prices and increased sales of high-density chips. The LCD Business also recorded an increase in sales by KRW4.1 trillion backed by a robust demand for premium LED panels and AMOLED panels for smartphones in spite of lackluster demand in the latter half of 2010.

Sales Trends by Business (Unit: KRW trillion)



* Sales include transactions between Samsung Electronics and its consolidated overseas subsidiaries.
* Accounting principle: K-GAAP in 2008, K-IFRS in 2009 and 2010

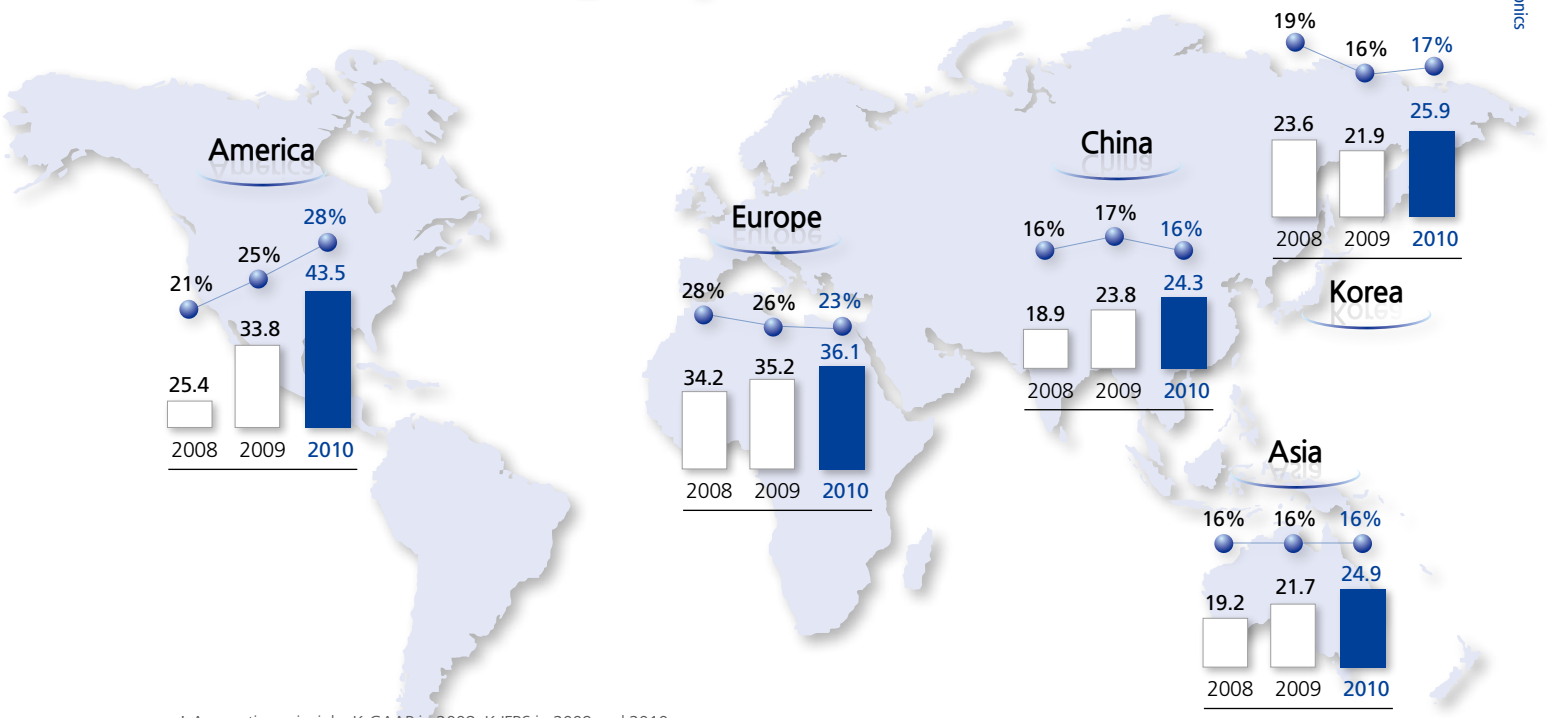
Sales Proportion (Unit: %)



Sales by Region

Robust sales of TVs and mobile phones in the United States and Europe led overall sales growth, and the increased demand for mobile phones resulted in sales growth in China.

Net Sales by Region (Unit: KRW trillion) Sales Ratio

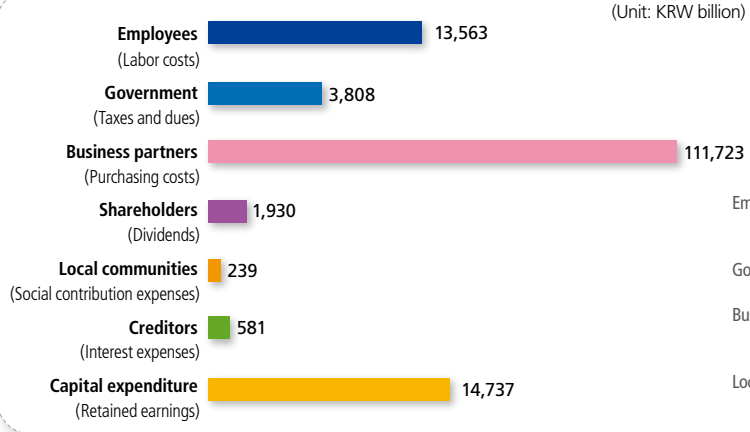


* Accounting principle: K-GAAP in 2008, K-IFRS in 2009 and 2010
* Figures differ from those in the previous report due to change in accounting standards.

Distributions of Direct Economic Value

Samsung Electronics has distributed economic values to its stakeholders including shareholders, employees, government, and local communities, thus fulfilling mutual prosperity. In addition, the company has actively invested in new businesses such as health care and solar cells.

(Unit: KRW billion)



Total KRW 147 trillion

Employee	Sum of salary, provision for retirement benefits and welfare benefits included in cost of sales, R&D cost, and SG&A expenses
Government	Sum of taxes, dues and consolidated income tax (accrual basis)
Business partner	Costs paid to purchase products and services necessary to business operations
Local community	Sum of the book-based donations and other social contribution expenses

R&D and New Businesses for Sustainable Growth

Constant change and superior products and services are vital for sustainable growth which, in turn, ensures the future of a corporation. To strengthen the foundation for sustainable growth, Samsung Electronics aggressively invests in R&D and new enterprises while maintaining strategic patent management.

R&D Expenses & Investment

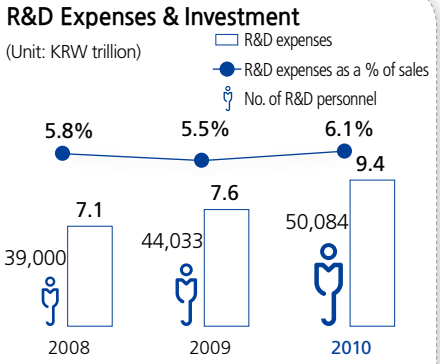
In 2010, Samsung Electronics invested KRW9.4 trillion, or 6.1% of consolidated sales in R&D. Currently, we employ 50,084 R&D personnel which is equivalent to 26% of our total workforce. In recognition of R&D endeavors, Samsung Electronics was included among the top 10 global companies in R&D investment announced by the U.K. Department for Business, Innovation and Skills. We will continue to secure qualified R&D personnel.

R5: Creativity Generator

Samsung Electronics held a ceremony for its new groundbreaking R&D center, R5, at Suwon Digital City in December 2010. Upon completion in 2013, R5 will turn Suwon Digital City into Samsung Electronics' global R&D hub and home to some 23,000 researchers.



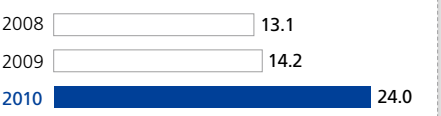
R&D Expenses & Investment



* R&D investment includes R&D costs and costs for development of intangible assets in the income statement.
* Figures differ from those in the previous report due to change in accounting standards.

Continued investment is crucial to upholding a distinctive edge in our core businesses. Samsung Electronics' investments amounted to KRW24 trillion in 2010, representing an increase of 69% over 2009.

Investment (Unit: KRW trillion)



* Figures differ from those in the previous report due to change in accounting standards.

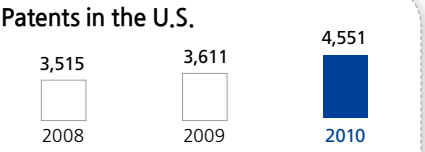
Strategic Patent Management

Samsung Electronics practices strategic patent management for future growth. For the five-year period since 2006, we ranked second based on the number of new patents registered in the United States.

Patent Portfolio Strategy

We are increasing patent cooperation with major companies to resolve the risk of patent disputes related to our core businesses. In 2010, we concluded a cross licensing agreement with IBM, the company holding the most patents in the United States, and signed an agreement for cooperation on licenses and patents with Intellectual Ventures. the world's largest patent management firm. Additionally, we concluded a patent purchase and license agreement with Nanosys and Unidyme in order to acquire new LCD technologies.

Patents in the U.S.



* Source: IFI Patent Intelligence

Lifecare

Our goal is to generate annual sales of US$400 billion by the year 2020 and join the ranks of the world's top 10 companies. To that end, we are seeking to extend our business domain beyond our existing infotainment businesses centered on sets and components (IT, telecom and AV), adding new business areas related to lifecare (medical/biotech, environment/energy, and convenience/comfort).

Changing Society

World population in 2050
9 billion

*Source: World Population Prospects

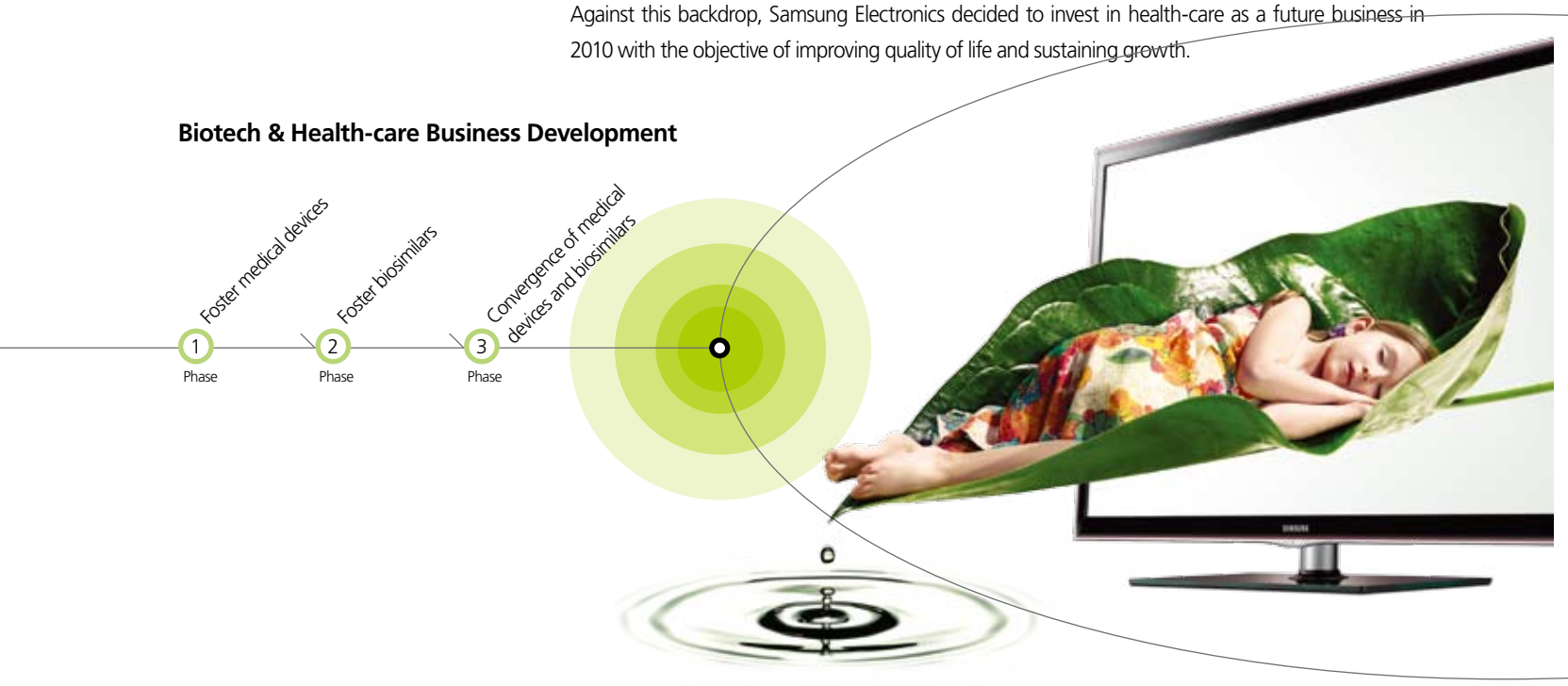
Persons aged over 60 as a % of total population
25 %

Global medical expenditure as a % of GDP in 201
11 %

*Source: WHO

We believe that we have a responsibility to resolve social issues while achieving growth. A fast aging population is a global phenomenon and people are increasingly seeking ways to lead healthy lives. Against this backdrop, Samsung Electronics decided to invest in health-care as a future business in 2010 with the objective of improving quality of life and sustaining growth.

Biotech & Health-care Business Development



Biosimilar



Samsung Electronics set up a biopharmaceuticals joint venture in 2011. Equity investments into the entity will be made until 2012 by Samsung Electronics (40%), Samsung Everland (40%), Samsung C&T (10%), and Quintiles (10%). In March 2011, Samsung Electronics gained approval to conduct a clinical trial for a biosimilar of Roche's MabThera. The approval and formation of the joint venture provide positive momentum to the biosimilar business.

Medical Devices

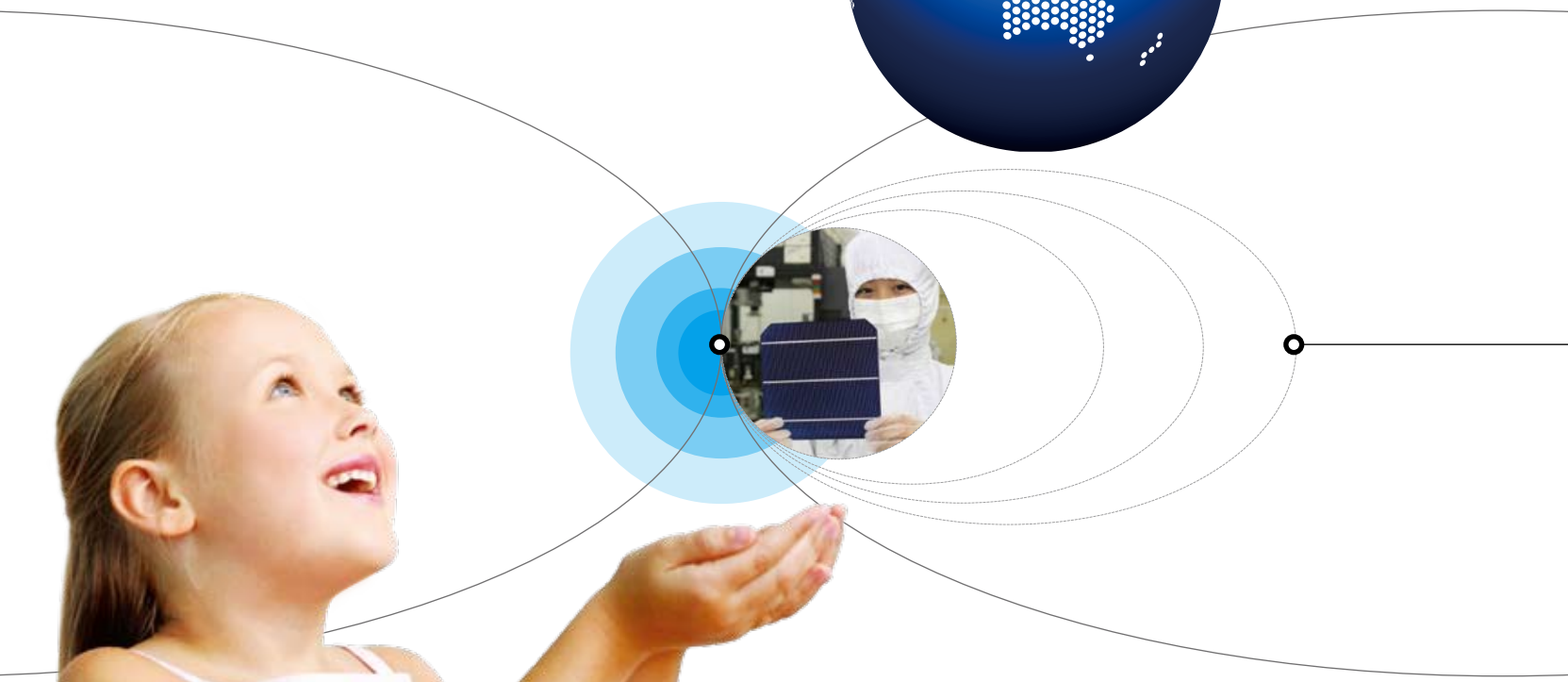
We acquired a stake in Korea's largest medical device maker, Medison, in December 2010 to nurture the health-care business, another future growth engine for Samsung Electronics. The combination of Samsung Electronics' world-leading CE and IT technologies and success on the global stage with Medison's medical equipment knowhow and technology should produce vast synergies. Medison will offer differentiated products, step up development of new technologies, carry out global marketing and expand its sales network to gain a strong footing in the global medical device market.

Solar Cells

Joining global efforts to address climate change and conserve energy, Samsung Electronics expanded into the solar cell and module business. Samsung aims to deliver highly efficiency, industry leading, solar products, and will harness our cutting-edge technologies for LCD and semiconductor manufacturing to build a competitive solar business.

2020 target based on 2008
Korea's GHG reduction target

30%





Our Achievements

Samsung Electronics is developing premium products boasting high efficiency and quality to capitalize on the solar market which is growing at a fast rate at over 20% per annum. In 2010, we unveiled our 260W crystal white module and 250W premium black module, both of which used the screen printing (SP) process. The 260W module was targeted towards the rooftop solar systems market in the United States and Europe. Compared to the 230W products already launched by competing firms in Germany, Japan and China, the output of Samsung's 260W module is about 30W higher. Moreover, the 260W module offers a 15.9% efficiency as opposed to about 14% efficiency of competing products.

Preemptive Risk Management / Quality Assurance

Before setting up a new business site, Samsung Electronics carries out the QA procedure as part of the investment decision-making process. QA gives consideration to issues relevant to local communities and involves assessment of local laws including those on labor, human rights, environment and workplace safety. A project is given final approval following the assessment. QA consists of the preliminary review, business plan, preparation, and formation and follow-up. It is an integral part of investment decision-making at Samsung Electronics.



1 Stage Preliminary review and groundwork
Review of region-specific issues such as local labor laws, human rights and compensation levels

2 Stage Business plan
Draw up plan for operation of local subsidiary (set up internal organization, apply local laws, etc.)

3 Stage Preparation to establish subsidiary
Based on global HR policy, formulate regulations for the subsidiary, determine pay and employee benefits, organize training on human rights and labor issues, comply with environment and safety laws, etc.

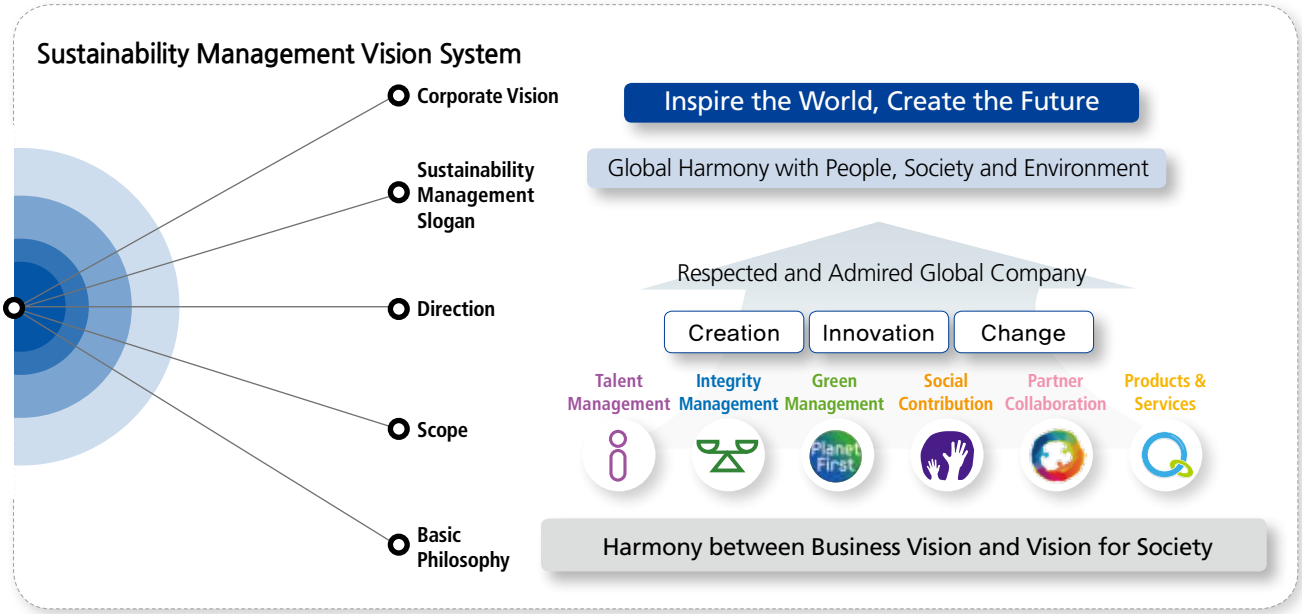
4 Stage Formation and follow-up
Create a grievance handling body, draw up employee communication plan, etc.

Corporate Social Responsibility (CSR)

Based on the belief that integration of CSR into business activities is essential for sustainable growth, Samsung Electronics makes every effort to listen to the views of internal and external stakeholders and incorporate them into CSR initiatives.

For systematic implementation of CSR, the CSR Liaison Office, which reports directly to the CEO, was created in January 2009. A consultative body comprising of executives of CSR related departments holds discussions on how to address and resolve major CSR issues and questions posed by external stakeholders.

The recent rise in CSR related inquiries from external stakeholders has increased the need for timely and transparent information disclosure. In response, Samsung Electronics set up a new external request handling system to facilitate communication with stakeholders. In 2010, we received 96 requests from external stakeholders. We effectively responded to these inquiries through cooperation with the HR, environment and IR departments. Presently, we are expanding the scope of issues covered in the Sustainability Report and information disclosure via the Web to communicate CSR issues more effectively.



Internal Process

Executives of the HR, environment, legal, marketing and other CSR related departments took part in a meeting in May 2010. During the meeting, they discussed ways to deal with the ISO26000 standard published in November 2010 and address problems cited by major evaluation agencies. For employees, we continue to offer training to enhance their CSR awareness levels and help them make sound judgments based on CSR standards. In 2010, we included CSR courses in major training programs for employees to highlight the importance of CSR among the workforce.

Plans for 2011

1. Adopt mid- to long-term CSR goals
2. Revise the Code of Conduct
3. Conduct EICC self-assessments at all business sites in Korea
4. Expand CSR support to partner companies
5. Expand the ban on minerals from conflict-ridden regions in Africa to all partner companies

Stakeholder Engagement

Transparency, Integrity and Timeliness

At Samsung Electronics, the basic principles of communication call for paying attention to the opinions and suggestions of stakeholders and conveying information on our activities in a swift and transparent manner.

Samsung Electronics communicates with the eight major stakeholder groups using diverse channels. In 2010, we saw an increase in requests for third party inspection of business sites in addition to requests for surveys and interviews. The requests were handled jointly by the CSR Liaison Office and related departments at the pertinent business sites. We continue to make improvements to resolve overtime work and other problems indicated through onsite inspections.

- Verification of Gumi (Korea) and Haizhou (China) plants of the Mobile Communications Business: three telecom clients from France, Italy and Germany; International Consumer Research and Testing (ICRT)
- Verification of Onyang plant of the Semiconductor Business: IBM



Stakeholder Communication and Major Issues

Stakeholder	Communication activities	Major issues in 2010
Customers	• Customer satisfaction surveys by outside agencies, prosumer initiatives, response to CSR inquiries	• Timely launch of new products, enhanced product safety • Increased CSR support for partner companies, ban on conflict minerals from Africa
Business partners	• Family Satisfaction Index, onsite interview, collaboration meetings, exchange meetings, best practice workshops	• Ensuring stable supply, rational pricing decisions • Mutual growth programs
Shareholders/ investors	• One on One Meeting	• Pursuit of new growth businesses • Risk management
NGOs	• Press conferences, response to CSR related inquiries	• Ban on conflict minerals from Africa • Employee health and safety
Employees	• Employee satisfaction surveys, Labor Council, grievance procedure system	• Work-life balance, creative organizational culture • Worker diversity
Local communities	• Local community conferences, volunteer service centers	• Social contribution activities • Partnership with local communities
Government	• Conferences, councils, workshops	• Addressing climate change • Mutual growth programs
Press	• Forums, news coverage support, press conferences	• Employee health and safety, new growth businesses • Integrity management

Social Network Services (SNS)

We expanded social network services to strengthen internal and external communication. More than a means of delivering simple facts, SNS is being used to convey information on business conditions and products. At present, interested persons can keep up to date through our blog (www.samsungtomorrow.com), Twitter (@samsungtomorrow) and Facebook (/samsungtomorrow). In December 2010, cumulative visitors to our blog surpassed 800,000 while Twitter followers reached 40,000.

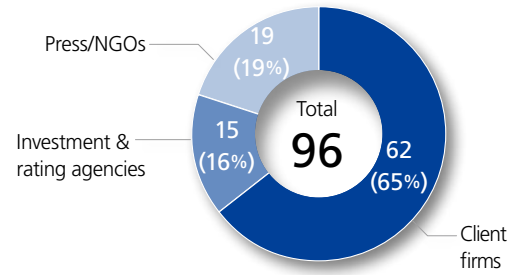
To identify contents in which consumers have a keen interest, we selected 34 university students and 72 employees to serve as bloggers. With the help of their activities, Samsung Electronics received the grand prize in the blog and community category at Web Award Korea sponsored by the Korea Internet Professional Association. We also received the grand prize in communication management at the 3rd Korea Communication Awards organized by the Korea Internet Communication Association.

Questions from External Stakeholders

We saw an increase in the number of CSR inquiries submitted by stakeholders in 2010. In particular, there was an increase in questions from the press and NGOs (2009: 13%→ 2010: 19%).

Details on CSR requests from stakeholders are disclosed through the Sustainability Report. We also plan to provide information disclosures through our corporate Website (www.samsung.com) in 2011.

No. of Questions Submitted in 2010



Major Question Categories in 2010

	Major questions submitted	Page No.
1	Samsung Electronics' CSR policy, organization, action plans	18
2	Samsung Electronics' labor union policy	28
3	Ban on minerals from conflict-ridden regions in Africa	69
4	Policy and action plans on CSR support for partner companies	68
5	Environmental management system and response to climate change	40~55
6	Anticorruption policy and ethics training	36~39
7	Human rights, child labor and non-discrimination policy	26 ~29
8	Social contribution activities and support programs	56~63
9	Position on health issues of semiconductor workers	35
10	Implementation of Samsung Electronics' Code of Conduct	36~39

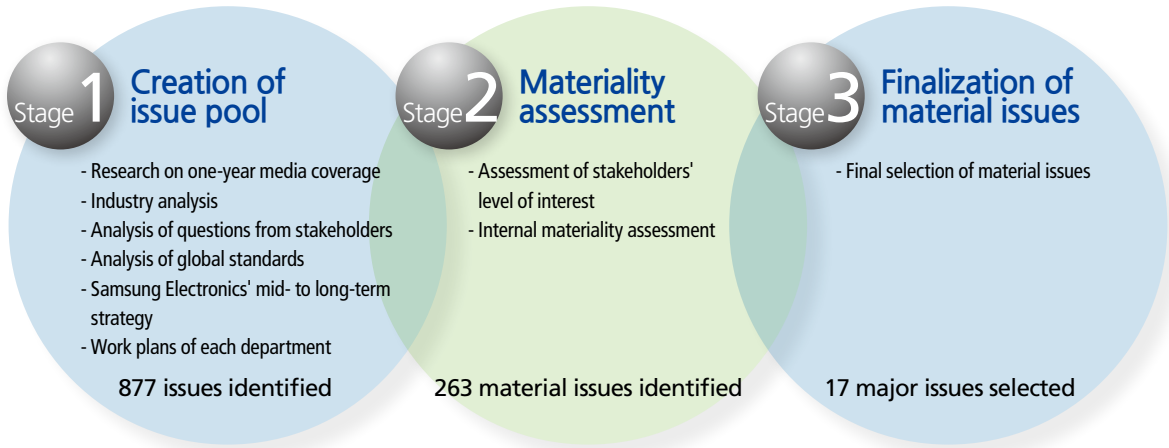
Material Issues

The materiality test process at Samsung Electronics consists of three stages: creation of an issue pool, materiality assessment, and finalization of material issues. We have adopted a preemptive approach to dealing with socio-economic issues that affect the business community to minimize risk and promote sustainable growth.

To create an issue pool(composed of 877 issues) for 2010, we reviewed and analyzed 397 Korean and global media reports, eight company reports on industry peers, 96 questions posed by external stakeholders, Samsung Electronics' Vision 2020 and major KPIs.

The materiality test is conducted based on the level of interest in society and an internal materiality assessment. Material issues were selected after an internal review by the CSR Liaison Office and discussion among working level staff of the departments responsible for HR, compliance, audit, social contribution and green management. The selection of material issues were finalized during a CSR executive meeting and these issues are presented in the 2011 Sustainability Report.

Materiality Test Process



Materiality Test



Sustainability Performance & Plan

Talent Management

2010 Performance
- Set up diversity task force and strategy
- Expanded great workplace project to the entire company
- Global employees reached 50%
- All Korean business sites designated as no-smoking zones

2011 Plan
- Introduce work-at-home/telecommuting scheme for married personnel
- Increase percentage of female executives
- Set up idea proposal system at overseas research centers
- Hire new recruits with disabilities

Integrity Management

2010 Performance
- Set up a compliance team
- Established global compliance operation system
- Operated Compliance Program Management System

2011 Plan
- Strengthen compliance/ethics and promote ethical corporate culture
- Enhance compliance program and related capabilities
- Declare compliance management
- Signing of the compliance agreement by employees

Green Management

2010 Performance
- Eco-product development ratio reached 91%
- Reduction in GHG emission (relative to sales) by 31% from the level in 2008
- Eco-partner certification: 1,899 companies (100%)
- Environmental certification obtained for 2,210 products
- LCD Business SF_6 reduction initiative received UN certification

2011 Plan
- Eco-product development ratio of 96%
- GHG emissions relative to sales: 4.62 tons of CO2/ KRW100 million
- Set mid/long-term targets for water management
- Build global environmental management system
- Support for overseas partners' environment management system

Social Contribution

2010 Performance
- Prepared and distributed global social contribution guidelines
- Strengthened social contribution activities in Africa

2011 Plan
- Introduce new regional social contribution activities based on global social contribution guidelines (Samsung Hope for Children)
- Develop tools to assess impact of social contribution programs

Partner Collaboration

2010 Performance
- Devised seven key initiatives for mutual growth
- Partner firm VOC resolution ratio reached 99%
- Sent out pledge to ban on minerals from conflict-ridden regions

2011 Plan
- Sign agreement for mutual growth
- VOC resolution ratio of 100%
- Conduct monitoring on progress in mutual growth
- Assess partner companies' CSR

Products & Services

2010 Performance
- 97% of Korea-based CS staff acquired CS qualification
- Introduced ceilings on repair fees
- Received Korea and international awards for customers satisfaction

2011 Plan
- Expand overseas service centers and have more subsidiaries adopt CCMS certification
- Receive Korea and international certifications/awards for products and services

Performance Highlights

Talent Management	2008	2009	2010
Ratio of overseas employees(%)	47.8	46.0	**49.8**
Ratio of female employees(%)	40.9	39.3	**39.0**
Education hours per person(Hours)	109	90	**87**
Education costs per person(KRW 1,000)	1,120	950	**1,100**
Samsung Electronics accident rate(%)	0.063	0.040	**0.035**

Integrity Management	2008	2009	2010
Integrity classroom training (persons)	7,718	8,347	**19,981**
No. of reports filed	323	417	**472**
Compliance training (persons)*	-	-	**59,227**

Green Management	2008	2009	2010
GHG emissions relative to sales (tons of CO_2/KRW100 million)	7.44	5.83	**5.11**
GHG emissions [Scope 1, 2] (1,000 tons of CO_2)	9,226	9,121	**9,910**
GHG emissions [Scope 3] (1,000 tons of CO_2)	-	40,587	**45,706**
Energy consumption relative to sales [Korea] (TOE/KRW100 million)	4.39	3.50	**2.78**
Ratio of Eco-Product(%)*	-	69	**91**
Ratio of Eco-Device(%)*	-	-	**72**
No. of external environmental certification marks	-	1,729	**2,210**
Water use(1,000 tons)	78,856	85,964	**96,076**
Wastewater discharge(1,000 tons)	67,107	78,745	**87,639**
Toxic substance use(tons)	253,700	228,959	**251,990**
Waste products recycling(tons)	219,492	250,209	**308,506**
Waste discharge(tons)	452,136	466,941	**520,917**
Waste recycling rate(%)	83	92	**94**

Social Contribution	2008	2009	2010
Social contribution expense(KRW billion)	191	146.6	**239.9**
Total volunteer hours	821,590	656,851	**860,563**
Average man hour	9.7	7.8	**9.2**
No. of volunteer teams	1,532	1,300	**1,181**
No. of people participating in volunteering annually	246,485	187,553	**270,221**

Partner Collaboration	2008	2009	2010
Support for suppliers' HR development (persons)	4,182	5,397	**5,357**
No. of partners that received CSR education	430	211	**378** (including 331 overseas partners)

Products & Services	2008	2009	2010
CS qualification rate (%)	94.1	97.2	**97.4**
No. of subsidiaries that obtained CCMS accreditation	7	14	**45**
Service quality index by the Korean Standards Association	Ranked top in computer, home appliance and mobile phone		

* Reporting is as of the date of data management; therefore performance prior to the said date is not included.

Talent Management

Attracting and retaining top talent in addition to enhancing employees' capabilities is vital in today's world which is constantly changing and the future outlook is not always clear.

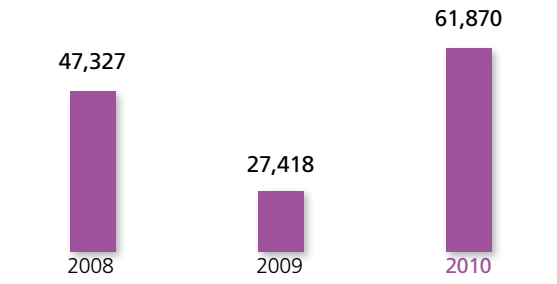
Samsung Electronics is dedicated to promoting worker diversity by recruiting female workers and expanding global workforce, and fostering a creative organizational culture through strengthening employee competencies.

Recruitment

In 2010, the number of newly hired persons increased by 34,452 over the previous year to 61,870. We recruited experienced workers to reinforce the development of solutions and software and significantly increased overseas hiring to keep pace with the growth in overseas production volume.

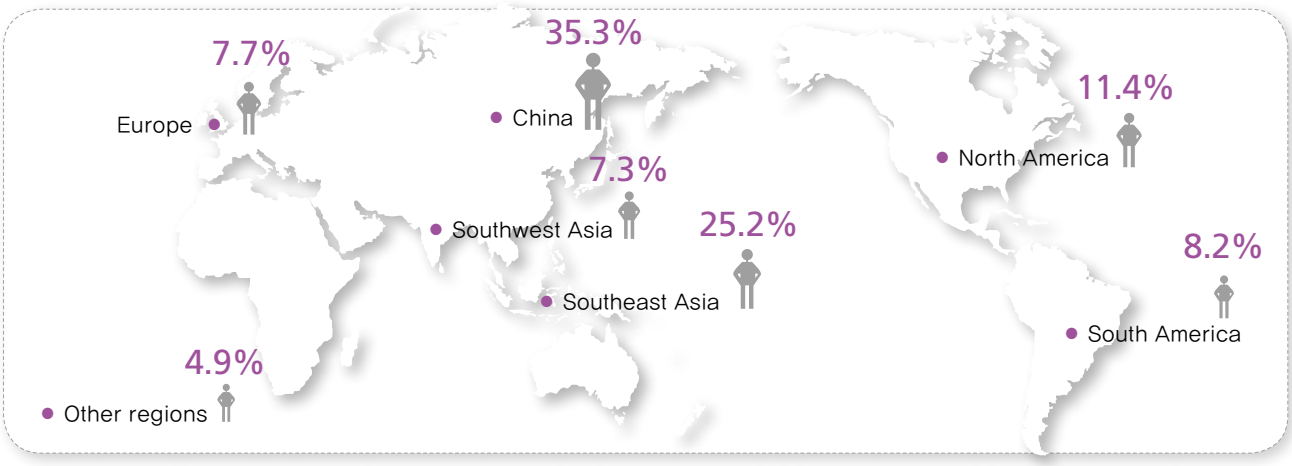
There was a notable boost in the number of production workers due to increased investment in the components business, while new employees were brought in for new businesses such as biotech, health care and solar cells. Hiring also increased in China and Southeast Asia in step with growing production volume.

No. of New Recruits (Unit: Persons)



Overseas Recruiting

Samsung Electronics hired diverse workforce across the world in 2010, thus contributing to local communities through creating jobs.





Contents

1. Recruitment
2. Diversity Management
3. Labor & Human Rights
4. Work Smart, Think Hard, Build Trust
5. Employee Competencies
6. Employee Health

Recruiting Program

Internship Program

Since 2009, we have been offering internship opportunities to give students onsite work experience. Two internship programs are available: The general internship (nine weeks) is offered during the school year and vacations while the industry-academia internship (16 weeks) is offered during the school year. Individuals who complete internship at Samsung Electronics are given the opportunity to apply for a regular position with the company.

Overseas Recruiting

Locally hired employees who have a good understanding of their respective markets and the skills to cater to local needs are an important part of our workforce. The recruiting process differs according to region. Samsung Electronics holds on-campus recruiting events at major universities twice a year in the U.S. and Europe and organizes job fairs in emerging market such as China, India and Russia.

Recruiting Future Employees from Meister Schools

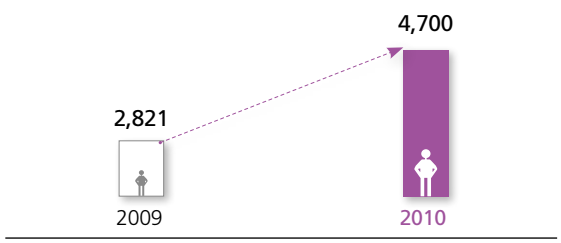
We signed an agreement with the Ministry of Education, Science and Technology to select some 100 students of 1st year students of Meister schools as future employees. The move is in line with our HR policy of emphasizing ability and performance. The chosen students will be hired as regular employees of Samsung Electronics upon their graduation. Each student will receive KRW5 million in scholarships over two years and have the chance to receive onsite training at Samsung Electronics during their vacation.

*Meister School: A high school providing specialized education to meet industry needs in fields such as mobile technology, semiconductors and energy.

Career Forum

Launched in 2009, the career forum invites job applicants to Samsung Electronics' business sites to introduce them to our organizational culture and career vision. It gives participants a chance to meet hiring personnel and learn more about Samsung Electronics. In 2010, we organized four career forums that attracted about 4,700 people. We also held two global career forums for foreign students who are studying at Korean universities.

Career Forum Participants [Korea] (Unit: Persons)

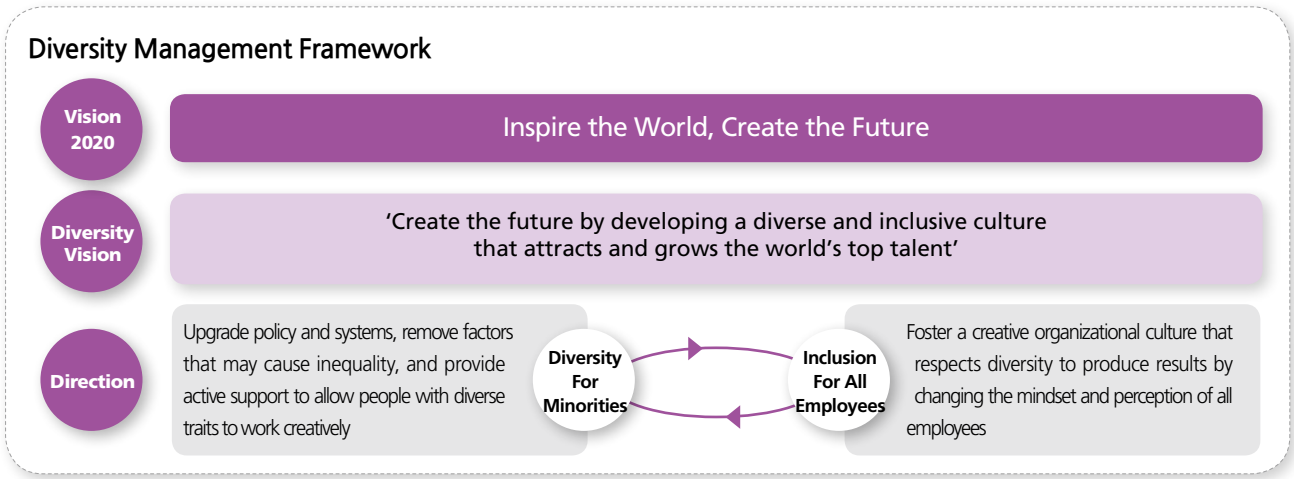


Diversity Management

Rather than assuming a passive stance of adhering to social and legal standards such as prohibition of discrimination and mandatory hiring, we have drawn up plans to boost competitiveness and acquire core competencies through diversity. In 2010, we set up a task force for diversity management as part of a strategic approach to diversity.

Diversity Management Framework

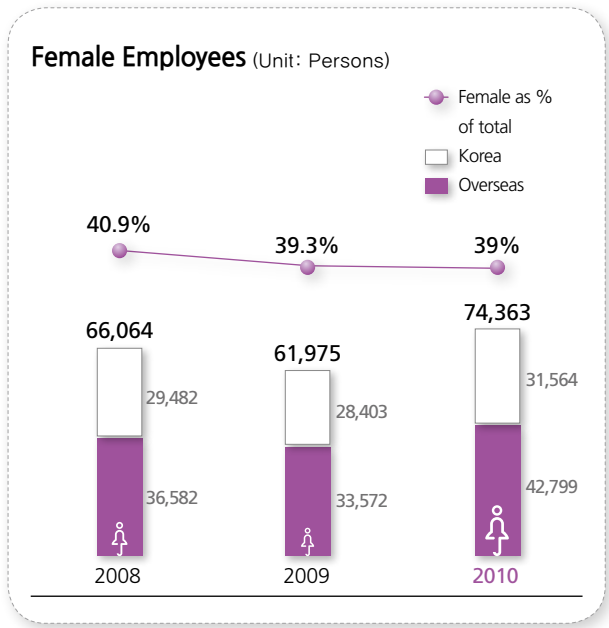
We make every effort to deliver products that meet the needs of our diverse customer base which spans the entire globe. On top of that, our workforce is diversifying at a rapid pace. Accordingly, diversity management is a key element of our business strategy both in terms of product development and HR management. We highly value the potential of foreign nationals, women, the disabled and minority groups and strive to create a work environment where everyone is given equal opportunity without discrimination or other inconveniences. Rather than just expanding the minority representation in our workforce, we aim to foster an organizational culture where diverse values and beliefs are shared to come up with creative ideas and ultimately sharpen the competitive edge of the entire company.



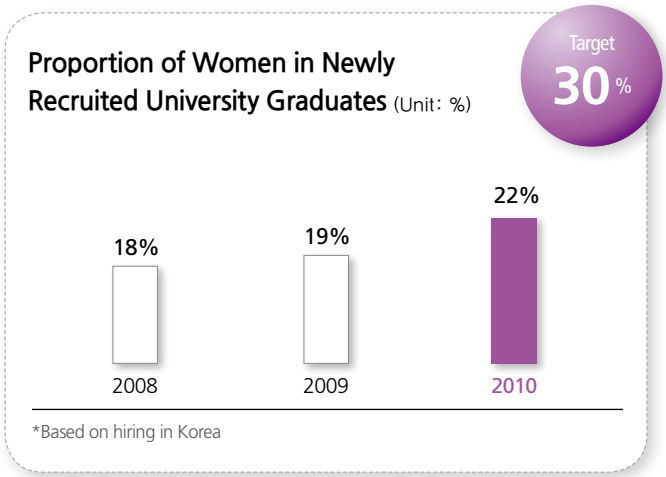
Female Employees

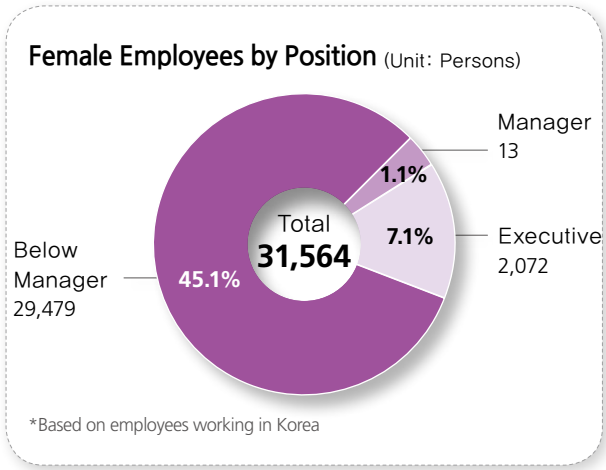
Various efforts are made to create a pleasant work environment and support career development of female workers. To prevent career interruption due to child care obligations, we implemented a trial run of a work-at-home/telecommuting system. We have a standardized process for people returning to work from extended child care leave and career coaching specifically tailored to female employees.





As a means of spurring economic participation of women and promoting diversity, we plan to increase the proportion of women from the current 20% to 30% when hiring new university graduates. In addition, we are refining the process for identifying prospective women leaders to meet our target of raising the percentage of female executives to more than 10% within the next 10 years.



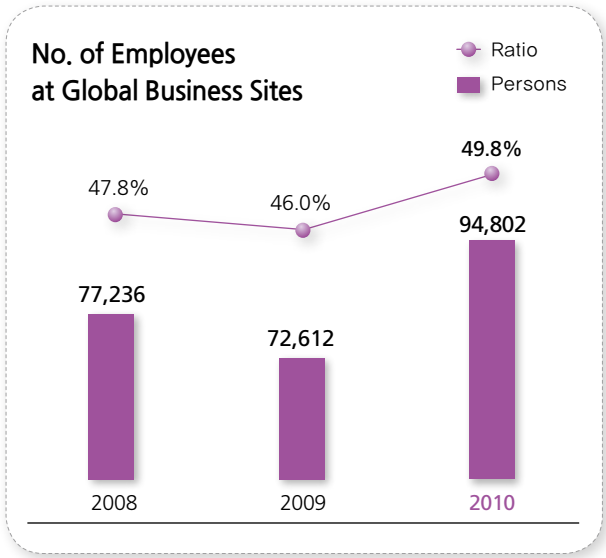


Global Diversity

In view of our expanding global workforce, we introduced a reverse deployment scheme under which personnel of overseas subsidiaries are dispatched to Korea. This scheme was designed to present a growth vision for global workers and promote exchange of work information between the head office and global business sites.

Under the scheme, 84 workers were sent to the head office in 2010. Some 120 workers serving in various functions including purchasing, quality and product technology will be dispatched to Korea in 2011.

Separately, seven locally hired personnel were promoted to executive positions at the head office in December 2010. Currently there are 13 foreign executives at the head office.



Approximately 1,000 foreigners from more than 50 countries work at business sites in Korea. To assist these personnel adjust to their works, we operate a global help desk and offer various programs.

Disabled Employees

Samsung Electronics strives to create jobs for the disabled and other minority groups. We increased the hiring of disabled workers in 2010 with the addition of about 300 persons. In 2011, we plan to expand our "Stepping Stone" internship program for disabled college students and introduce an open recruitment process for new college graduates with disabilities. To help disabled employees work without difficulties, we plan to modify relevant regulations and improve facilities.

Labor & Human Rights

Work & Life Balance

Work hours are continuously monitored at Samsung Electronics to promote work-life balance. In particular, we have introduced a flexible time program for administrative staff so they can set their own work hours to enhance quality of work life. Work hours at the global production subsidiaries are adequately managed according to local employment standards and the Electronic Industry Citizenship Coalition (EICC) guidelines.

Labor Union Policy and Labor Council

Samsung's basic HR policy is summarized in the following statement: "The workers and the company will cooperate for mutual advancement based on the principles of co-existence, co-prosperity and harmony." Samsung Electronics strives to provide superior working conditions relative to its peers so that employees do not feel the need for a labor union. All of our business sites across the globe have a labor council to facilitate dialogue between labor and management. Other major communication channels include the GWP committee and safety council.

Each of our business sites in Korea has a worker council. Each worker council holds at least one regular meeting per quarter. The council also gathers when the need arises to discuss matters such as salary adjustments. It enables grievances and requests to be swiftly conveyed to management so that the necessary corrective measures can be pursued. Due consideration was given to employees' requests to improve the work environment. In 2010, the worker council addressed several issues through expanding the flexible time program, establishing infrastructure for stress relief, and improving office environment.

Major Discussion Items

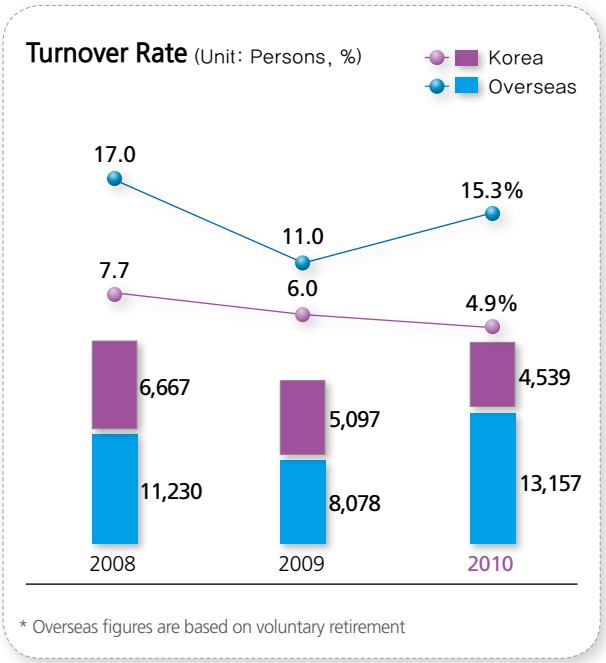
- Expanding the flexible time program
- Encouraging the use of holidays (personal time off)
- Improving overtime supervision
- Building infrastructure to help employees relieve stress
- Revising labor council regulations
- Improving the office environment

Retirement

Outplacement Program



Up through 2010, we provided assistance for 2,216 retiring employees find new jobs or start a business through the career development centers. In 2010, we signed an agreement with the Korea Federation of Small and Medium Business to help seasoned specialists find new jobs at small and mid-size enterprises. In 2011, we plan to offer career planning courses for incumbent employees.



* Overseas figures are based on voluntary retirement

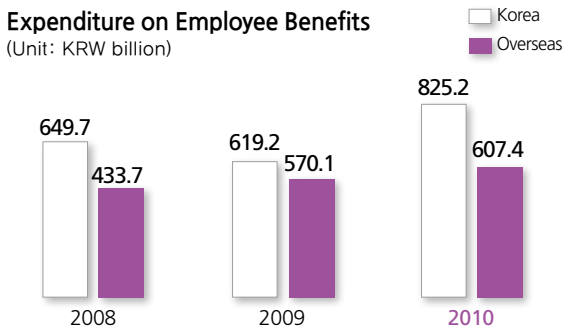
Major Reasons of Retirement

Korea	Overseas
1. Study	1. Change of Occupation
2. Change of Occupation	2. Family Reason
3. Health Problem	3. Study
4. Domestic Affairs	4. Health Problem
5. Contract Expiration	5. Dissatisfied with Type of Work

Performance Evaluation & Benefits

In 2010, Samsung Electronics made upward adjustments in the salaries of all employees and applied a system of accumulated annual salary for individual workers to differentiate compensation according to performance. We offer benefits required by law as well as internal benefit programs to enhance quality of life for employees. Both regular employees and those working on contract basis can take advantage of numerous benefits which include group insurance, physical exams, financial aid for medical costs, congratulatory/condolence pay, and use of leisure facilities. In 2010, we increased the physical exam components to promote the health of employees.

Expenditure on Employee Benefits
(Unit: KRW billion)



* Figures reported in the previous sustainability report were corrected and restated.

Child Labor and Forced Labor

Discrimination, forced labor and child labor are prohibited in accordance with articles 4, 6 and 16 of the company's rules of employment. In addition, we strictly abide by the 24 ILO conventions ratified by the Korean government. In 2010, there were no violations of laws and regulations related to child labor and forced labor.





Work Smart, Think Hard, Build Trust

Throughout 2010, Samsung Electronics continued with efforts to proactively respond to a fast changing business environment and foster a creative organizational culture to facilitate expansion of our software and solutions business as stated in Vision 2020. Labor and management will work together to enhance the organizational culture under the mottos of Work Smart, Think Hard, and Build Trust and build an ideal workplace where all individuals can unleash their creativity.

Work Smart Activities & Performance

Work Smart Conference

In December 2010, the CEO joined some 700 employees in a Work Smart Conference. The event gave the most senior executive an opportunity to listen directly to the views of employees. It served as a venue for open communication and frank discussion on the Work Smart initiative to build a creative organizational culture.

Dialogue with the CEO: Q&A



Q What is "Work Smart"?

A
- It refers to establishing an efficient management system and organizational culture that allows the best people to work creatively so that every individual can concentrate on meaningful work as experts in their respective fields.
- A core value of the Work Smart campaign is to care for one's family members and take a balanced and smart approach to managing work and life to become motivated individuals. I hope everyone will do their best for personal development and lead happy lives with their families.

Creating an Ideal Workplace

Creating a great workplace that resembles a university campus has been our initiative at all of our business sites. It started off at our Suwon Digital City and was subsequently expanded to other plants in Giheung, Tangjeong and Gumi. New names have been given to the three sites (Nano City for Giheung, Display City for Tangjeong, and Smart City for Gumi) that reflect the nature of their operations. Improvements are underway including the creation of walk paths and dormitory renovation.



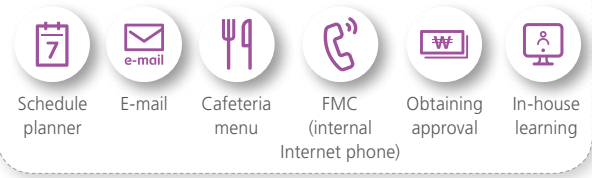
GWP (Great Work Place) Survey

Samsung Electronics assesses the work satisfaction level of employees through the annual Great Work Place survey. Consulting is provided to departments that show a sharp decline in the score from the previous year or low satisfaction levels so they can make improvements. In 2010, intensive consulting was provided to global subsidiaries with low satisfaction levels based on the GWP surveys at global business sites to enable improvements in HR policy, infrastructure and leadership.

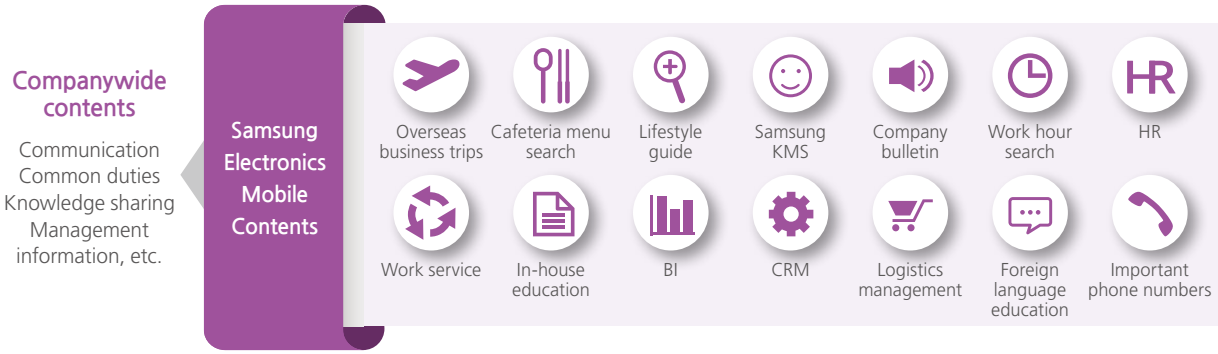
Mobile Office

A mobile office system was adopted at the end of 2010 that allows employees to use a smartphone to search for work-related information and take care of work duties from any location. In 2011, we plan to expand the range of contents to e-learning and SNS to add to the existing scope which includes e-mail, employee information search and obtaining approval. During the year, we will also implement a work-at-home and telecommuting system for married employees.

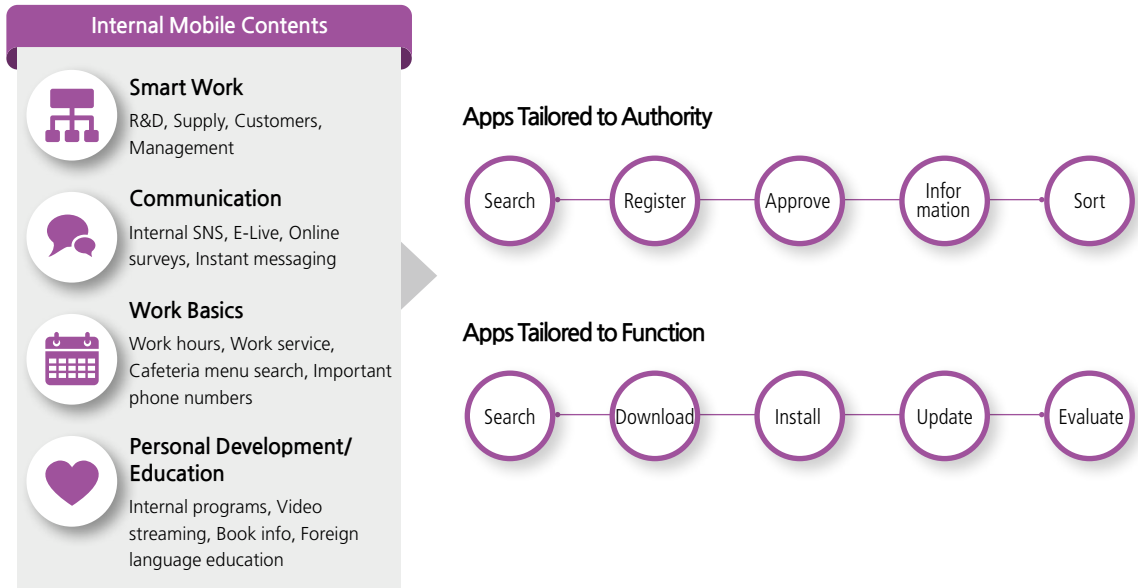
Smart Work! Smart Life! via Mobile Office



Samsung Electronics Mobile Contents



Samsung Electronics Biz App Store



* The above is a sample list of mobile contents. The contents have been partially provided from February 2011.
* Employees' contents suggestions and their app registration/application service were launched after mid-March 2011.

Think Hard Activities & Performance

Idea Suggestions

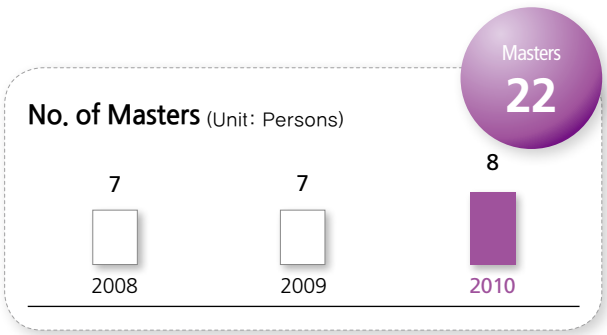
A suggestion system that encourages employees to propose creative ideas was launched in September 2009. To date, some 12,000 ideas have been submitted through the system. About 70 of those ideas were chosen for consideration and 30 have been commercialized or resulted in patent applications. The suggestion system (IDEA Open Space) will be expanded to overseas research centers to seek creative ideas from our global workforce.

Knowledge Sharing

The R&D KMS (Knowledge Management System) is a portal that supports sharing of information related to technology and R&D. It includes communities of R&D professionals, technology glossary, a question-and-answer site, technology blogs, and idea suggestion system.

Master System

Samsung Electronics bestowed the "Master" designation to an additional eight outstanding R&D professionals in 2010. In particular, we selected Masters outside of Korea for the first time to present a growth vision to global researchers. We considered researchers from the Semiconductor and LCD Businesses for the first two rounds of Master appointments, but widened the scope to all business units in 2010.



Build Trust Activities & Performance

Employee Grievance

Employees can report grievances or submit suggestions through the company Intranet and portals run by individual business sites. Grievances are promptly handled by the general affairs, HR and other related departments. The Suwon site received and responded to all 2,379 reports and suggestions submitted in 2010.

2,379 cases addressed

Employee Grievance Handling (Suwon)

No.	Category	No. of cases (as % of total)	No.	내용	No. of cases (as % of total)
1	Security	612(26%)	6	Welfare	182(8%)
2	Vehicle/Communications	338(14%)	7	Environment Safety	121(5%)
3	Calculation	329(14%)	8	HR	102(4%)
4	Restaurant/Facility/Construction	305(13%)	9	Finance/Accounting/Purchase	44(2%)
5	General Affairs	302(12%)	10	Education	44(2%)

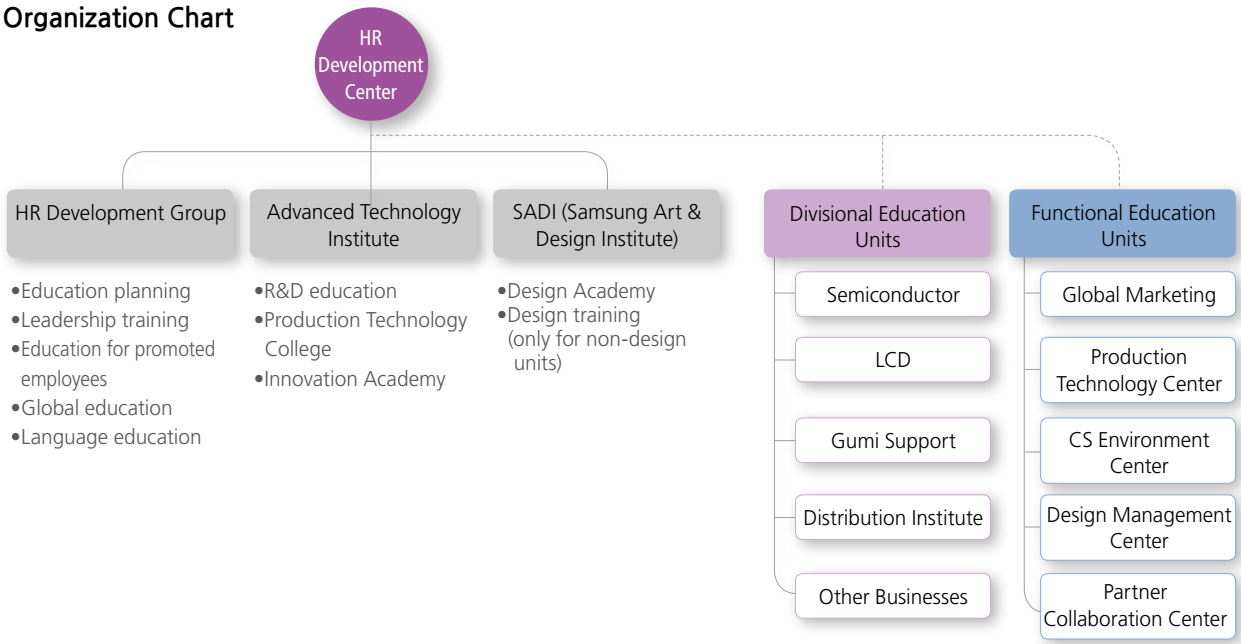
Business Presentations

Each business unit holds quarterly business presentations led by its most senior executive to share business updates and strategy with employees. During the presentations, awards are given to employees who demonstrate outstanding performance during the quarter.

Employee Competencies

Samsung Electronics assesses individual work capabilities according to job function and offers a wide range of training opportunities to nurture all employees into experts in their respective fields. To provide all employees, including those based overseas, with access to comparable levels of training programs regardless of location, we have set up a global education portal and mobile education system. Led by the HR Development Center, diverse programs are offered through training departments according to business division and work function.

Organization Chart



Education in 2010

Samsung Electronics continued to enhance employee competencies by utilizing online and offline education programs. Education became revitalized with the expansion of online and mobile program Going foward, we will heighten effectiveness by offering more online and mobile course.

Education Data (Korea)

	2008	2009	2010
Total no. of participants (10,000 persons)	29.3	29.5	**29.3**
	(17.1)	(17.8)	**(12.1)**
Cumulative education hours (10,000 hours)	918	786	**825**
	(379)	(372)	**(279)**
Education hours per person	109	90	**87**
Education costs (KRW million)	94,800	83,615	**104,475**
Education costs per person (KRW thousand)	1,120	950	**1,100**

* Based on no. of persons who completed courses
* Online education in parenthesis
* Education hours decreased due to expansion of online and mobile programs, however the effectiveness of education programs increased.



Expert Training

We have instituted an expertise development process to help employees become leading experts in their fields. Previously, the process was concentrated on software and marketing personnel but is now being applied to workers in all job functions. Work skill assessments allow employees to identify their own capabilities so that they can draw up personal development plans to improve on their areas of weakness. Employees receive support from the department head and company to implement these plans which in turn helps to fuel personal growth and increase work satisfaction. The work skill assessments are set to be conducted annually in the third week of March, after promotions are announced. This period was selected to give HR an opportunity to craft more effective and efficient development measures.

Expertise Development Process

STEP 1
Work Skill Assessment
Input information related to basic work duties and identify one's level of work skills

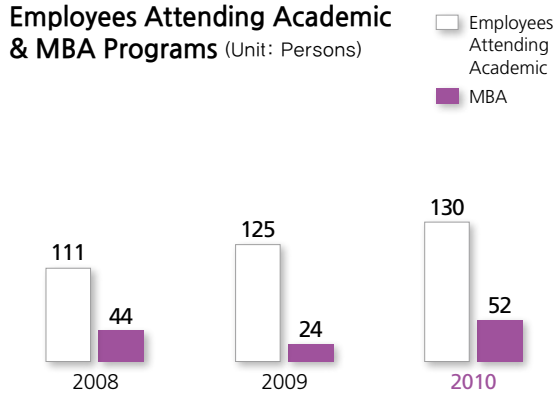
STEP 2
Development Plan
Draw up a skill development plan including training according to one's skill level

STEP 3
Skill Development
Apply for training and carry out development activities based on the skill development plan

In-Company Campus Program (Unit: Persons)

Degree conferred	Participating university	Enrollees	Graduates
Associate's degree	Jangan Univ. and 5 others	1,640	5,767
Bachelors' degree	(Regular) Samsung Semiconductor Institute of Technology (SSIT) and 3 others	426	668
	(Cyber) Kyung Hee Cyber Univ. and 5 others	809	280
Master's degree	Sungkyunkwan Univ., SSIT, Kyungpook National Univ.	160	331
Doctorate degree	SSIT, Kyungpook National Univ.	27	13

Employees Attending Academic & MBA Programs (Unit: Persons)



* Based on No. of dispatched employee during the year

Global Education

In 2010, we expanded the global SMA (Samsung Manager Academy) and GEC (Global Executive Course) programs to advance the capabilities of workers employed by global subsidiaries. For foreign workers and new recruits based in Korea, we offered the global orientation program to introduce them to Samsung Electronics' business philosophy, values and strategy. Improvements were made to more closely link the regional specialist training program to the deployment of employees to posts in global subsidiaries. Regional specialist training is designed to foster global experts who will lead Samsung Electronics' growth into a leading global corporation. Recently, we have been deploying more regional specialists to the fast growing countries to strengthen our global operation.

Regional Specialist Training Participants (Unit: Persons)

Total 3,812

	2008	2009	2010
China, India, Russia	31	19	**65**
Southeast Asia, Latin America, Eastern Europe, Middle East/ Africa	26	50	**20**
North America, Europe, Japan	10	4	**76**
Total	67	73	**161**

Employee Health



Samsung Electronics makes every effort to create a safe and pleasant work environment. All of our production plants have obtained OHSAS18001 certification for occupational health and safety management system. Senior executives of the company have special interest in recent concerns on workers' cancer risk. Starting from July 2010, we have commissioned a leading international environment and health consultancy to conduct an epidemiologic survey to ensure objectivity and transparency in the survey findings. This objective investigation is expected to cover every possible cause and clear up suspicions completely. For transparent information disclosure, we also revealed our semiconductor manufacturing process to the media and related experts for the first time. We will disclose the findings of the epidemiologic survey through a future edition of the Sustainability Report and other channels.

Employee Health and Disease Management

Health Research Center

We opened the health research center in April 2010. The Samsung Electronics Health Research Center was established under the Semiconductor Business to carry out mid- and long-term research projects related to employees' health and wellbeing. The center is manned by researchers in health sciences, medicine, chemical engineering, pharmacology and nursing. It will conduct research into matters such as hazardous chemical substances, work environment and epidemiology, and new substance manufacturing processes.

Mental Health

We plan to expand psychological evaluations in the regular physical exam from 2011 to help employees better cope with emotional strain and stress. The evaluations will check whether employees suffer from any conditions caused by stress related to problems with work or their personal lives. If necessary, employees will be able to receive professional counseling based on online and offline diagnoses. These measures should help employees lead healthy and productive lives.

Employee Health Management

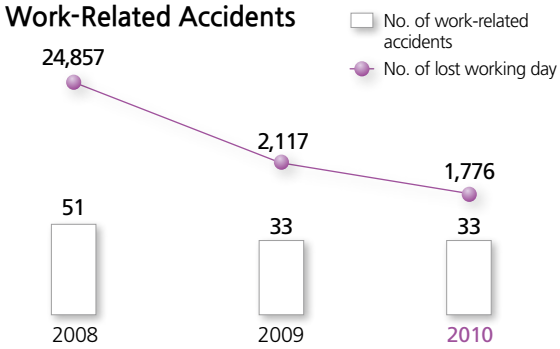
As part of efforts to promote employees' health and maintain a pleasant work environment, we offer customized health management programs including programs for weight loss, smoking cessation and emotional health. We also operate a center for the prevention of musculoskeletal diseases which allows employees to check their spinal health.

Accident Rate [Korea] (Unit: %)

	2008	2009	2010
Manufacturing sector accident rate	1.15	1.04	Expected to be announced at around the end of June 2011
National accident rate	0.71	0.70	
Samsung Electronics accident rate	0.063	0.040	**0.035**

* 64% of accidents that occurred in 2010 were not related to work. They were caused by fractures and other incidents related to the company's sports day event.

Work-Related Accidents



* The number of accidents in 2008 and 2009 reported in 2010 are restated due to applied retroactively apply an accident.

Integrity Management

Regulations on fair trade, environment and corruption are becoming increasingly stringent across the globe. To realize sustained growth and development as a world leading company, Samsung Electronics is firmly committed to complying with laws and regulations and upholding high ethical standards.

Compliance Management

Samsung Electronics has established a new compliance system to prevent and minimize business risks associated with issues such as collusion and violation of intellectual property rights. We have instituted a compliance program that includes preemptive and year-round training, control and supervision in order to ensure adherence to pertinent laws by the company and all employees and mitigate risks related to violation of laws and regulations.

Our compliance activities are broadly classified into prevention, monitoring and follow-up processes. Prevention activities include employee education, distribution of manuals on compliance, system-based self-inspections, and operation of a help desk to respond to questions on compliance matters. We also keep up to date with the introduction and revision of various laws and regulations. There is a separate team dedicated to monitoring activities. After dealing with a compliance issue, we analyze the related process and outcome to find the fundamental cause and pursue improvement measures. Real life examples are used in training programs as a way of preventing recurrence of any compliance problems that arise.

Legal Violations

	Regulatory agency	Fine	Violation
Korea	Fair Trade Commission	KRW16.0 billion	Collusion on system air conditioners
Overseas	European Commission	145.73 million euros	DRAM price collusion

Compliance Program

The compliance program serves as a comprehensive support system that promotes adherence with pertinent laws and regulations. It helps employees comply with the law when carrying out their duties to prevent and minimize legal risks to protect both the company and the employees. The compliance program encompasses related standards, manuals, the pertinent organizational units, processes, systems, the senior management's commitment and organizational culture.

Samsung Electronics is shifting its emphasis from reactive to preemptive activities and strengthening the oversight function to prevent compliance problems from occurring.

Compliance Activities

Prevention Employee education, distribution of manual on compliance items, system-based self-inspection, help desk, staying up-to-date on introduction/ revision of laws and regulations

Monitoring Regular and non-regular monitoring by the pertinent organizational units or persons

Follow-up Identifying the cause of a problem via analysis of process and outcome, improvement activities, preventing recurrence through case studies



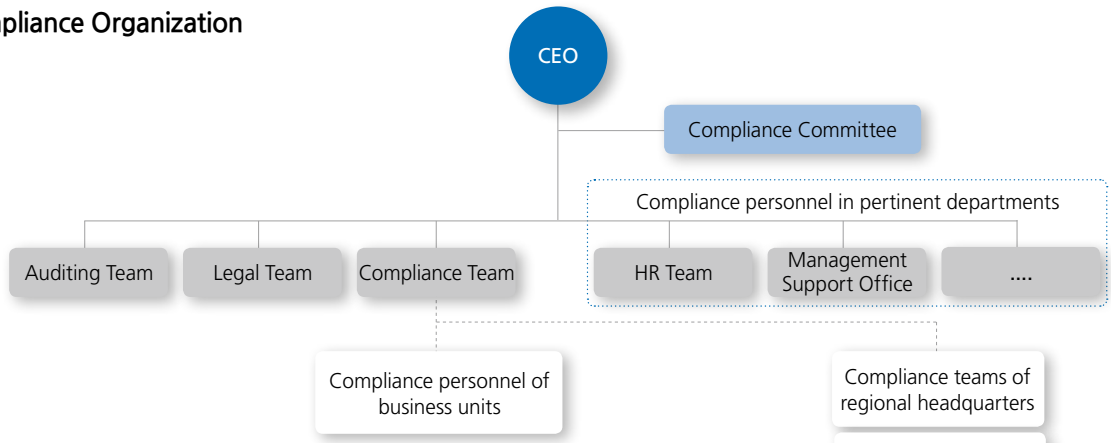
Contents

1. Compliance Management
2. Compliance Organization
3. Compliance Education and Inspection
4. Compliance System

Compliance Organization

The Compliance Committee is the highest decision-making body on compliance matters. We also have a compliance team and compliance personnel in the pertinent functional departments. To support onsite compliance at each business site, we have compliance personnel in each business unit, compliance teams within each regional headquarters, and compliance staff in subsidiaries. Overall, our global compliance organization is composed of about 200 people.

Compliance Organization



- Compliance Committee: Highest decision-making body on compliance that receives periodic briefings on related activities. It sets the direction of compliance activities and is authorized to grant approval for key compliance issues.
- Compliance Team: Oversees compliance activities and proposes compliance policy and direction. It is responsible for consolidating/adjusting compliance matters across the company, operates the help desk and manages reports of irregularities.

Compliance personnel of functional departments and the head office are responsible for compliance matters related to their job functions. They keep track of pertinent laws and provide consulting on related issues. Under the guidance of the Compliance Team, these personnel also prepare manuals for use at business sites and address related issues. Each business unit and overseas regional headquarters has its own compliance unit to deal with related issues, conduct checks, and stay abreast of relevant information and trends. In addition, the compliance units of overseas regional headquarters carry out inspections to check for adherence to internal processes and company regulations.

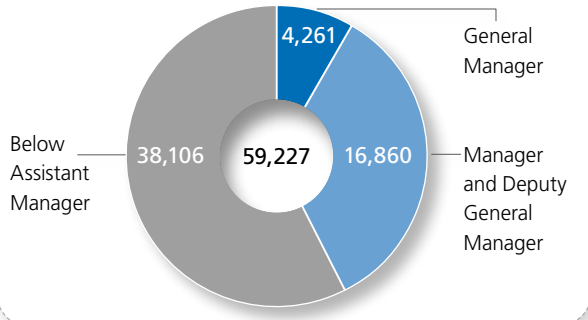
Compliance Education and Inspection

Compliance Education

A message from the CEO was delivered to all employees in July 2010 to reaffirm the company's commitment to compliance. Various activities followed to foster an organizational culture that stresses compliance. Training on compliance is conducted throughout the year in order to minimize the risk of legal violations that may occur in the course of carrying out business activities.

For all employees, the list of mandatory training courses includes one on the compliance program so that they realize violation of the law will have serious consequences. Specialized training is offered to personnel whose work duties are affected by these laws.

No. of Participants in Compliance Education in 2010 (Unit: Persons)



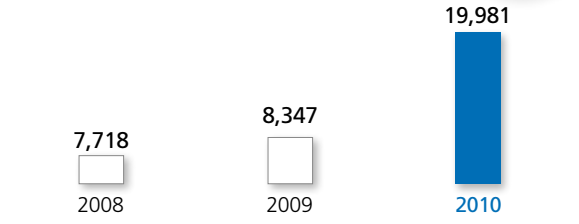
Integrity Training

Samsung Electronics offers integrity training on a regular basis. To help prevent occurrence of misconduct and corruption, a team of lecturers within the Audit Team offers classes for newly appointed executives, new recruits, and those selected for promotion or overseas assignment.

Special integrity training was conducted on the company's Website in 2010, where a total of 66,025 employees participated. In addition, we produced and distributed educational videos in 22 different languages to help all the locally-hired employees in overseas locations to fully understand Samsung's Global Code of Conduct.

No. of Participants in Classroom Compliance Education (Unit: Persons)

Online education **66,025**



*Companywide education for managerial staff by the CEO was main reason behind a big jump in 2010.

Boosting Compliance through Self-Inspection

Training was conducted based on self-inspection of fair trade compliance for sales/marketing staff from the Semiconductor Business stationed in Korea and overseas in September 2010. In addition, all global and marketing staff received training after the scope of self-inspection was expanded to the relevant business (e.g., mobile phones, TVs, and home appliances). Areas of weakness identified through self-inspections were taken into consideration to enhance the compliance system. Self-inspection findings are also used to provide employees with more practical, field-oriented training. We continue to enhance training and focus on real life case studies to raise awareness of compliance among employees.



Compliance System

Compliance Program Management System



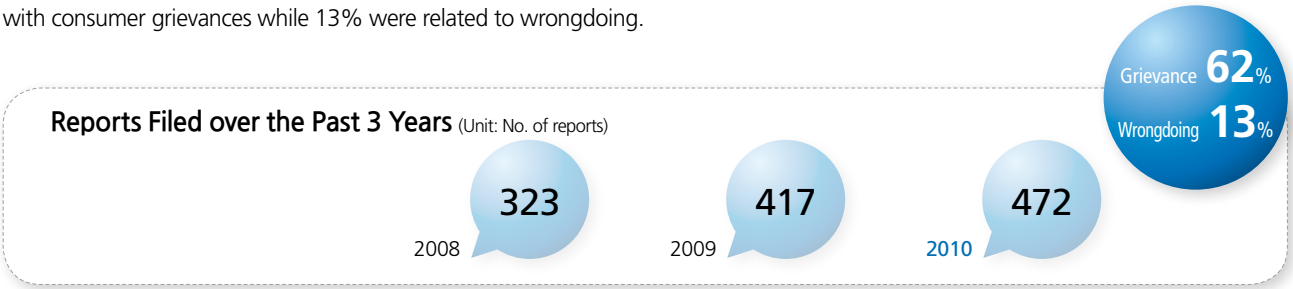
We enhanced the Compliance Program Management System (CPMS) in October 2010 to make it more user-friendly. We also carried out promotional activities to encourage greater usage of the system. Intended for use by all Samsung Electronics employees around the world, CPMS is available in the Korean, English and Chinese languages.

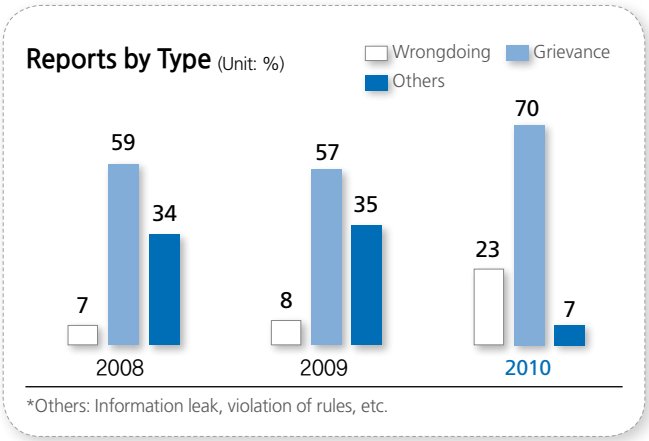
Cyber Audit Program

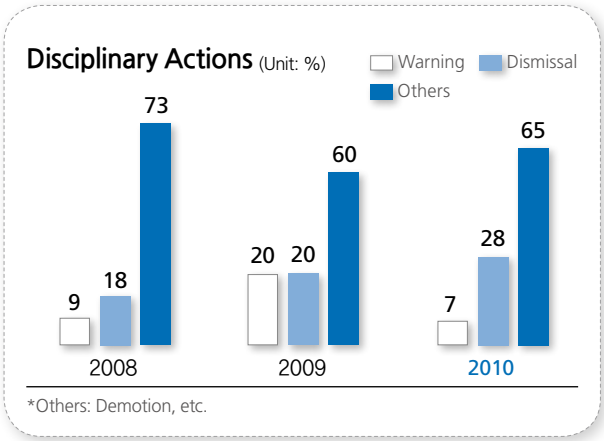


The Cyber Audit program was launched in 2002 to incorporate integrity into the corporate culture of both Korea and overseas businesses of Samsung Electronics. The Web-based portal is now available in eleven languages including English, Japanese, Chinese and Russian and will be further expanded in the future. Reports filed with the Audit Team are sorted by category and handled accordingly. The related information is registered in the relevant system. In the past three years, the Audit Team received 1,212 reports (please refer to the table below).

In some instances, it is difficult to verify filed reports due to a lack of details, and some reports are found to be false or untrue. Aside from these cases, we have completed all submitted reports. Based on data over the past three years, 62% of submissions had to do with consumer grievances while 13% were related to wrongdoing.







Green Management

Green management at Samsung Electronics includes a wide range of activities such as development of environment-friendly products and reduction in greenhouse gases. We constantly strive to incorporate sustainable values in our product development
Under its green management vision of "creating new value through eco-innovation," Samsung Electronics established mid-term green growth targets to be implemented by 2013.

Green Management Vision and Action Plan

Green Management Vision

In January 2011, Samsung Group announced the "Samsung Eco-Management Vision 2020", its commitment to green management. The Vision 2020 includes our investment plan of KRW23 trillion in the green businesses including solar cells, rechargeable batteries for vehicles and LEDs by the year 2020. Samsung Electronics is dedicated to pursuing its Eco-Management 2013 program (EM-2013) that was initiated in 2009 and has strengthened green management efforts at group level.

Green Management Philosophy

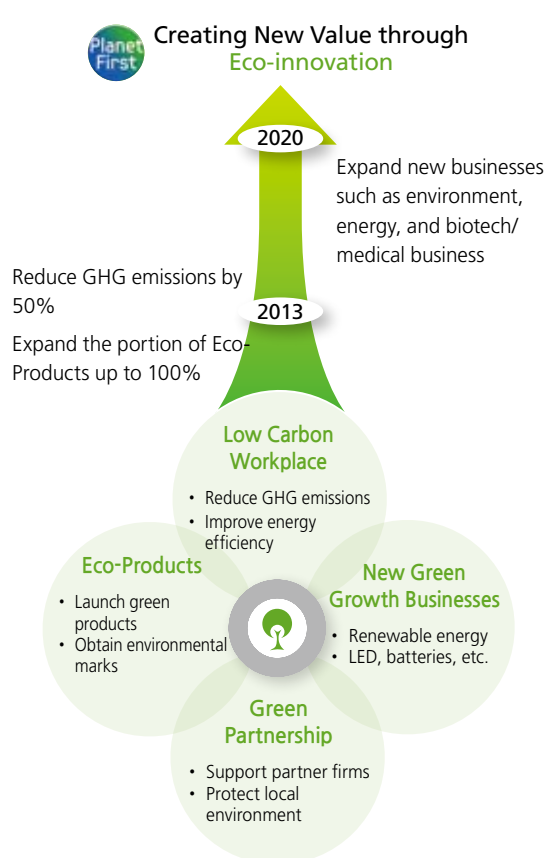
Plosophy
Contribute to building a prosperous society and preserving the environment through business activities that give due consideration to citizens and nature based on the concept of revering all life.

Vision
Creating New Value through Eco-innovation

Slogan
PlanetFirst represents Samsung Electronics' commitment to the sustainable development and social responsibility through eco-driven business and management activities.



Green Management Vision





Contents

1. Green Management Vision and Action Plan
2. Eco-Products
3. Climate Change Leadership
4. Resource Recycling and Reuse
5. Water Management
6. Global Green Workplace
7. Global Green Communication

Major Environmental KPIs

Classification	Item		2010 Performance	2013 Target
Climate change	GHG emissions relative to sales [Korea]	(tons of CO_2/ KRW100 million)	**5.11**	3.72
	GHG reduction rate in the use phase	(%)	**23**	40
Eco-products	Eco-product ↑ ratio	(%)	**91**	100
	Eco-device ↑ ratio	(%)	**72**	100
Green workplace	International environment, health/ safety certification rate (ISO14001/OHSAS 18001)	(%)	**100**	100

Green Management System

Samsung Electronics operates the Green Management Committee presided over by the CEO. It is responsible for the company's green management as a whole by setting the green management vision and mid-term objectives. Under the Green Management Committee there are the Eco-Product Council and the Eco-Operation Council that support activities aimed at developing eco-products and reducing the carbon footprint of our sites.

Green Management Organization



Eco-friendly Award

Samsung Electronics is launching world class eco-products and carrying out worldwide green management activities and campaigns. We achieved a total of 19 green awards in 2010, nine from Korea, four from the Americas, six from other countries. (See page 80)

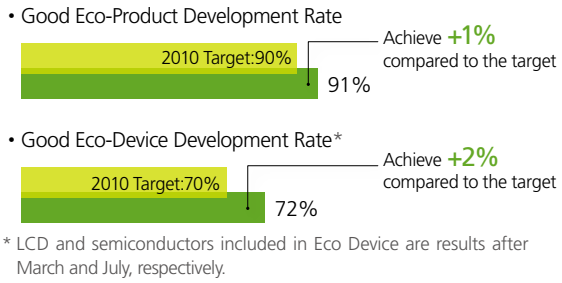
Eco-Products

Eco Design

Samsung Electronics established the "Eco Design Management Process" in 2004 in a bid to consider environmental impacts from the product development stage. In 2009, the company started to implement the "Eco Rating System" to promote eco-designed products. Moreover, it expanded the rating scope from the previous set products to semiconductors and LCD components in 2010.

Eco Rating System: Under the Eco Rating System, Samsung Electronics classifies its products and parts into three grades – Premium Eco, Good Eco and Eco grades – based on their environmental impact. The Good Eco grade is given to products that obtained global environmental certification while the Premium Eco grade is granted to green innovative products. The Eco grade is given to products that comply with global environmental regulations but has not obtained global environmental certification.

2010 Eco-Friendly Product Development Rate



* LCD and semiconductors included in Eco Device are results after March and July, respectively.

Eco-Friendly Shrink Packaging



In 2010, Samsung Electronics developed eco-friendly shrink packaging technology for its drum washing machines. It achieved the International Asia Packaging Association's 2010 AsiaStar Award in the Eco Category in Japan.



Eco-Design Innovation Awards at 2011 CES

We undertook 23 development steps to launch our eco-friendly strategic products. Our commitment to technology and design innovation was recognized with six prestigious Eco-Design Innovation Awards at 2011 CES, the world's largest consumer

- Washing machine(WF520ABP)
- Microwave Oven(FE710DRS)
- LED monitor(SA550)
- DDR3(DDR3 RDIMM)
- LED Panel(LTA550HQ)
- HDD(HD204UI)

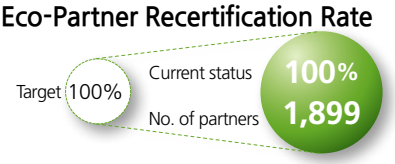


Chemical Material Management

Samsung Electronics' green procurement policy is aimed at purchasing parts and materials that do not contain hazardous chemical substances and have minimal impact on our environment. To this end, we adopted the Eco Partner Certification Scheme in 2004 to manage restricted substances in parts and raw materials with all our suppliers.

Eco-Partner Certification Scheme: The Eco-Partner certification system evaluates the environmental impact of Samsung Electronics' partner firms by assessing the hazards associated with substances in the parts and raw materials they supply and the environmental management systems incorporated into their manufacturing operations. All suppliers are subject to evaluation, and recertification is granted via onsite or self-assessment questionnaires according to the degree of risk associated with the parts or materials supplied.

2010 Eco-Partner Recertification Rate



Region	Europe	Southeast Asia	America	Southwest Asia	Africa
No. of partners	69	419	133	76	1
Region	**Japan**	**China**	**Middle East**	**Korea**	**Total**
No. of partners	37	825	2	337	1,899

An integrated system to manage chemical materials has been implemented to address the global restrictions on hazardous substances and chemical materials. In addition, the existing parts information system has been reassessed with the upgraded e-CIM (Environment Chemicals Integrated Management) standards. These systems allow us to comply with international regulations on the use of hazardous substances such as the EU RoHS Directives and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) substances on the candidate list and Substances of Very High Concern (SVHC). Our environmental analysis laboratory, that has international accreditation as a testing facility from UL, KOLAS and BAM of Germany, monitors and examines volatile organic compounds (VOC) and hazardous substances subject to regulations on a periodic basis. In 2010, we standardized the process for analyzing 10 substances projected to be newly regulated, increasing the number of analysis methods from 50 to 60.

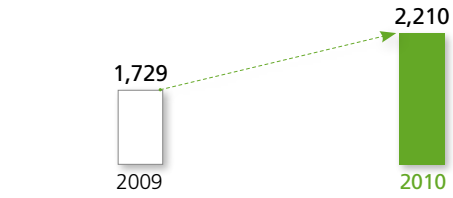
Samsung Electronics initiated a voluntary phase-out program for polyvinyl chloride (PVC) and brominated flame retardants (BFRs) in electronic products. In April 2010, we eliminated PVC and BFRs from our entire range of mobile phones and MP3 players. Following the launch of PVC/BFR-free trial laptop model (P580) in 2010, all Samsung laptop models will be PVC/BFR-free by 2011. .

Global Environmental Certification Marks

In an effort to promote green consumption, Samsung Electronics has been increasing green products which received environmental certification by major governments worldwide.

Up to 2010, a total of 2,210 models had received environmental certification, meaning Samsung Electronics has the highest number of external certifications among 219 companies in the electronics industry which are registered by nine certification authorities.

Certification Status (Unit: No. of models)



International Environmental Marks

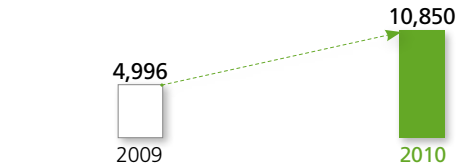
No. of Products **2,210**

Korea	China	U.S.	EU	Germany	Sweden	Scandinavia	Canada	Taiwan
723	527	227	115	50	475	63	26	4

Product Energy Efficiency

Samsung Electronics is driving development of low power technology to improve the energy efficiency of our products. In Europe, we are going beyond the EU-wide regulations for improving the environmental performance of energy related products. In the United States, we are taking actions to meet strict Energy Star guidelines set by the Environmental Protection Agency for our entire product lineup. Samsung also became the first company in Korea to achieve carbon labeling certificates with our LED TV (Jan. 2010) and ceiling-mounted air conditioner (May 2010).

CO_2 Reduction during Product Use (Unit: 1,000 tons)



* Compared to2008 BAU (Business As Usual) emissions
* CO_2 reduction during product use: CO_2 equivalent of savings in power consumption due to increased energy efficiency of products



Samsung Electronics Named Energy Star Partner of the Year

Samsung Electronics became the first Korean company to be named Energy Star Partner of the Year. Launched in 1993, the U.S. Environmental Protection Agency and the Department of Energy evaluate Energy Star participating companies. The Partner of the Year is given to companies that received at least two Excellence Awards.

Eco-Products of 2010*

Picture	Model	Green Features
	LED TV UN46C7000WF	• 23% energy savings per year • 6% material reduction(product) • 46% logistic efficiency • Mercury-free, eco-friendly edge LED
	PDP TV PN50C7000WF	• 45% energy savings per yearr • 12% material reduction (product) • Lead-free PDP panel
	Monitor FX2490HD	• 19% energy savings per yearr • Mercury-free, eco-friendly LEDt) • 12% material reduction (product)
	Home Theater HT-C5500	• 37% energy savings per year • Bio-kelp material • 30% material reduction (product)
	Blu-ray player BD-C5500	• 50% energy savings per yearr • 27% material reduction(product)) • Packaging made ofrecycled paper
	Color Laser Printer CLP-325	• 52% energy savings per year • 69% material reduction(product) • No-Noise(tm)? technology (45dB)
	Notebook PC NT-Q330	• 28% energy savings per year • 11% material reduction (product) • Mercury-free, eco-friendly LED light source
	Desktop PC DM-U200	• 8% energy savings per year • Standby power below 1W • 36% material reduction(product)

Picture	Model	Green Features
	HDD (External hard drive)	• Eco Triangle(tm)? technology • 24% energy savings • Recyclable aluminum case
	Mobile phone SPH-M570	• Use of recycled material (PCM) • Free of PVC/BFR/beryllium/phthalate • Recycled packaging with soy ink
	Washing machine WR-HD139UW	• 61% energy savings per year • 29% water savings per year • Low noise ball balance technology(66dB)
	Refrigerator SRT82HBCDP	• 5% energy savings per year • Eco-friendly refrigerant (R-600a) • Recyclable plastic
	Air conditioner AF-HD231PCB	• 17% energy savings per month • Eco-friendly refrigerant (R-410a) • Eco-friendly HEPA filter
	Robot Vacuum Cleaner VC-RAB4V	• 88% energy savings per year • 33% material reduction (product) • Eco-friendly HEPA filter
	Virusdoctor SA-T501BA	• 23% energy savings per year • 6% material reduction(product) • 46% logistic efficiency
	Memory DDR3 2GB	• 73% energy savings (memory) • 38% energy savings (server) • Halogen-free

* Indicates increase in efficiency relative to product launched in 2009

Climate Change Leadership

Climate Change Strategy

Goals (Achieve by 2013)

- Reduce GHG emissions relative to sales from our plants by 50% from 2008 levels
- Reduce 84 million tons of accumulated indirect emissions from the product use phase from 2009 to 2013
- Help all partner firms set up GHG inventories

Strategy

- Implement process-related GHG emission reduction facility
- Introduce energy management system and apply new facility certification system
- Improve product energy efficiency

Management system

- Organizations for addressing climate change Green Management Committee, Eco Operation Council, GHG/Energy Working Group
- Entire GHG emissions through the life-cycle of product Environment safety (plants), Development (product use), Management innovation (logistics), Purchasing (partner firms), General affairs (employee work-related travels)

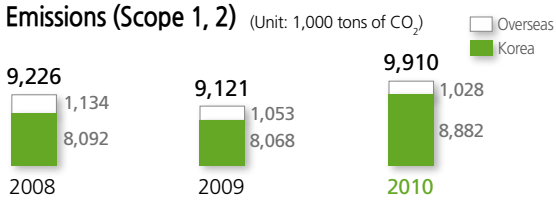
Management scope

- Organizational boundary: Entire global manufacturing/non-manufacturing worksite (control approach)
- Operational boundary: Direct emissions and electricity/steam (Scope 1&2) within workplace, Logistics/product use/employee travel/suppliers (Scope 3)

Greenhouse Gas Emission

In 2010, our greenhouse gas emission relative to sales reached 5.11 tons of CO_2, down 12% from 5.83 tons of CO_2 in 2009. Going forward, we will continue to carry out various activities to reduce greenhouse gas emissions.

GHG Emissions (Scope 1, 2) (Unit: 1,000 tons of CO_2)



* Figures for 2008, 2009 were recalculated according to third party assurance conducted in July 2010 and differ from corresponding figures in previous issues of our Sustainability Report.
** Figures of 2010 are being verified by the third party.
*** For more detailed information, refer to Appendix in this Report.

GHG Emissions Relative to Sales

2013 target **3.72**

(Unit: tons of CO_2/KRW100 million)

		2008	2009	2010
Korea	Target	7.44	6.85	**5.65**
	Result	7.44	5.83	**5.11**
Overseas		7.68	6.56	**6.41**

Calculation method (Domestic): Total CO2 emissions *÷ (Parent basis sales / price index **)
* Total GHG emissions from production plants in Korea (CO2 equivalent)
**Producer Price Index of applicable year announced by the Bank of Korea (year 2005 = 1)
(Applied indexes of semiconductor·LCD·electronic components·computer·AV and three telecommunications devices)
Calculation method (Global): Global total CO2 emissions ÷ Global Sales

Scope 3 Emissions

(Unit: 1,000 tons of CO_2)

Item	Product use	Logistics	Employees' work-related travels	Partners
Emission	37,340	7,433	121	812*
Scope of control	8 products sold globally (based on models developed in 2010)	Global air-freight and shipping/ Rail and road transport in Korea (Samsung Electronics and buyers)	Employees working in Korea and overseas	662 companies in Korea (98%)

* Result in 2009. 2010 data is being investigated.

Energy Consumption

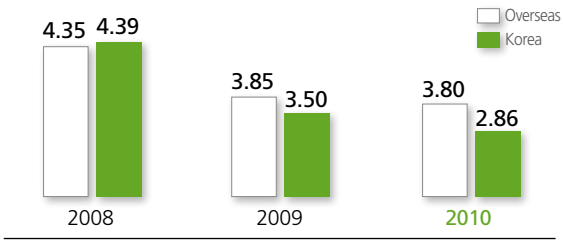
Samsung Electronics has continuously reduced energy use relative to sales through energy savings at each plant.

Electricity and LNG Consumption

Category		2008	2009	2010
Korea	Electricity (GWh)	10,260	10,577	**11,708**
	LNG (mil. Nm^3)	140	141	**160**
Overseas	Electricity (GWh)	1,360	1,421	**1,540**
	LNG (mil. Nm^3)	21	23	**27**
Company wide	Electricity (GWh)	11,620	11,998	**13,249**
	LNG (mil. Nm^3)	161	164	**187**

Energy Consumption Relative to Sales

(Unit: tons of CO_2/100 million)



GHG Reduction Activities

Samsung Electronics set up GHG inventories at 9 Korean and 31 overseas production sites in 2010. We also received third-party verification to ensure accuracy of our GHG emissions data.

In an effort to expand the scope of our GHG reduction activities, we helped 662 suppliers in Korea to build inventories to manage their greenhouse gas emissions with plans to expand the support to global suppliers in 2011.

GHG Emissions Relative to Sales(Korea)

(Unit: tons of CO_2/100 million)



Result 5.11

Over achievement 9.6%

Optimizing Production Process Energy Efficiency

In 2010, Samsung Electronics saved a total of KRW51.9 billion in energy costs by cutting energy consumption by 135,000 TOE (Ton of Oil Equivalent) which led to a 270,000 ton reduction in greenhouse gas emissions.

Savings of KRW **11.1** billion

Reduction activity	Details	Savings	GHG reduction (Ton/CO_2)
Waste heat recovery reuse	Reuse cooling water discarded after manufacturing proces	2.8 billion	10,500
Facility efficiency operation	Improve pneumatic system such as introduction of non-purge drye	4.9 billion	29,000
High efficiency facility replacement	Implement high efficiency energy boiler facility	3.4 billion	15,000

Energy Management System Trial Project Certification (KSA4000)

The LCD Business became the first in the Korean electronics industry to obtain this Korea Energy Management System certification. The objective of the certification is to implement quantified and systematized energy management processes based on energy targets and reduction activities through analysis of energy use. Implementation of the system is designed to shift the focus of energy management from a limited number of departments to companywide actions. The move is expected to lead to cost savings of KRW12 billion.

Renewable Energy Development

Samsung Electronics is expanding R&D on renewable energy and introducing products such as solar cells, smart grids, geothermal heating/cooling units, and fuel cells to drive future growth.


Solar cell module in Italy

LCD Division's Solar Cell Development

The LCD Business increased its production capacity of the solar cell module, a basic building block of photovoltaic power generation, to 130 megawatt. Single crystal silicon is currently in production but this will be improved with high efficiency thin film silicon.


Photovoltaic systems at North America QA-Lab

Operation of Photovoltaic Systems at North America QA Lab

Samsung Electronics North American QA-Lab has installed a photovoltaic power generation system in Rancho Dominguez City, California, as a part of the greenhouse gas mitigation program conducted by the U.S. Environmental Protection Agency. The system started trials in February 2011. Some 1,800 solar panels have been installed on the building roof, replacing over 75% of annual power consumption.

Geothermal Cooling/Heating System Development

The Digital Appliance Business launched cooling and heating systems and system air conditioners using geothermal energy. It also took part in a range of international cooling, heating, refrigeration exhibitions and showcased the Green Home Solutions leveraging geo, air, solar, thermal and other various renewable energy sources.


System air-conditioner solution

Clean Development Mechanism (CDM)

The LCD Business received UN approval for its CDM (Clean Development Mechanism) project in July 2010. Work for the project began in 2008 to reduce SF_6 generated during production. Samsung Electronics is expected to secure 5.5 million tons of carbon credits with the project and is currently pursuing GHG reduction monitoring verification to obtain carbon credits. The business is also seeking UN approval for the second phase SF_6 reduction and preparing CDM projects for other products such as high-efficiency refrigerators.

Semiconductor Carbon Labeling Certification

The Semiconductor Business obtained carbon labeling certificates for two of its products (2Gb DDR3 SDRAM, 16Gb NAND Flash MLC) by participating in the carbon labeling certification system sponsored by Korea's Ministry of Environment. Under the carbon labeling procedure, greenhouse gases emitted during the entire product lifecycle from production and transport to usage and disposal are calculated as CO_2 emissions. A label containing that information is placed on the product.

We will pursue low carbon product certification in 2012, introducing technologies such as power/LNG reduction, greenhouse gas (PFC) emission reduction during the manufacturing process, and circuit line width reduction. The plan is to meet customer needs by lowering our products' carbon footprints and add to our ongoing global green management work.



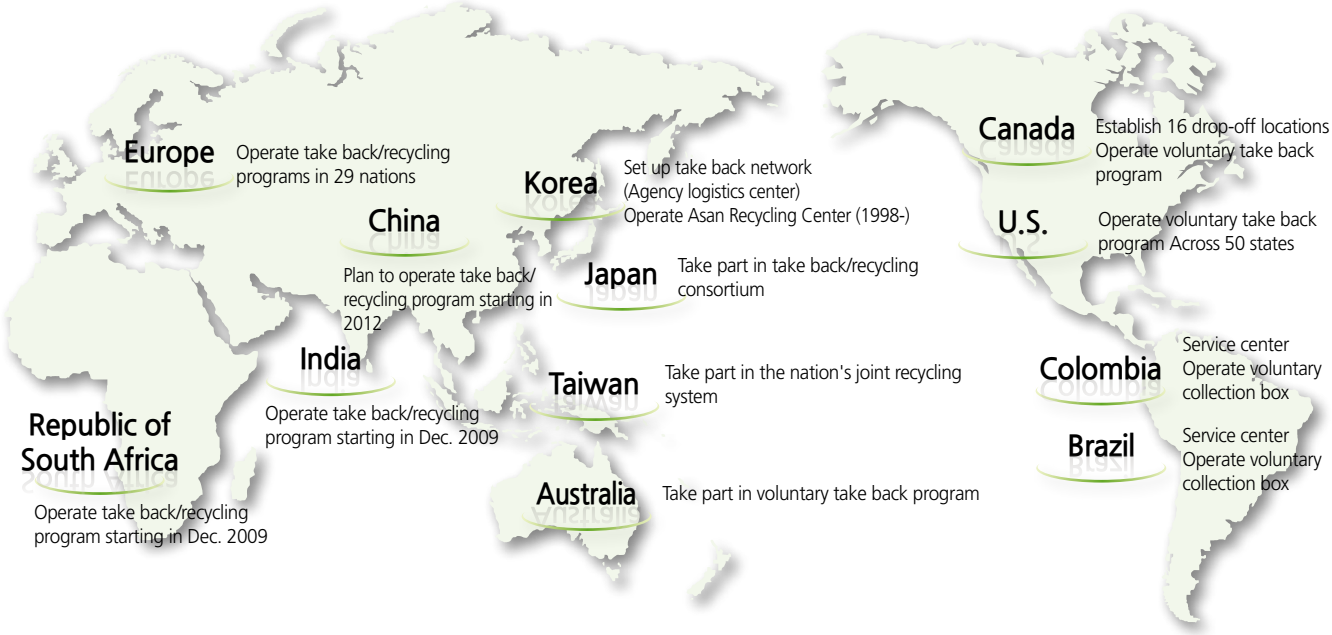
Resource Recycling and Reuse

Global Waste Electronic Product Recovery and Recycling

Currently, Samsung Electronics is operating diverse take back programs in 60 countries such as the United States, Canada, European countries and India. For the last 6 years, we have provided discarded electronics to social enterprises to protect the environment while serving our most vulnerable neighbors.

In North America, we expanded the SRD (Samsung Recycling Direct) drop-off locations to 1,151 in 2010. We have also set up a voluntary recycling program in India with 235 fixed drop-off locations for small mobile devices and 291 locations for consumer electronic products as well as a Website offering recycling information to consumers. In Korea, we have partnered with the Recycling Foundation of Social Solidarity Enterprise.

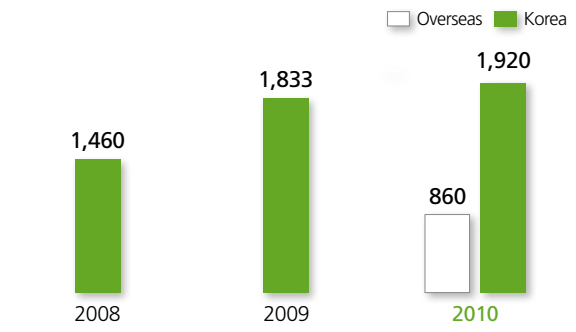
Global Take Back and Recycling Programs



Product Resource Efficiency

In an effort to prevent environmental pollution and ensure accountability across the product lifecycle, Samsung Electronics is using recycled plastics as raw materials. In 2010, we expanded products that use recycled plastics to include vacuum cleaners, washing machines and refrigerators. We have also set up a recycled plastic supply system in overseas production subsidiaries (China, Thailand, Mexico).

Recycled Plastic Usage (Unit: tons)



* Overseas production subsidiaries started to use recycled resin in 2010.

S.T.A.R Program

The S.T.A.R (Samsung Takeback and Recycling) program was launched to recover used toner cartridges, and is currently in operation in 21 countries.

Voluntary Collection of Mobile Products



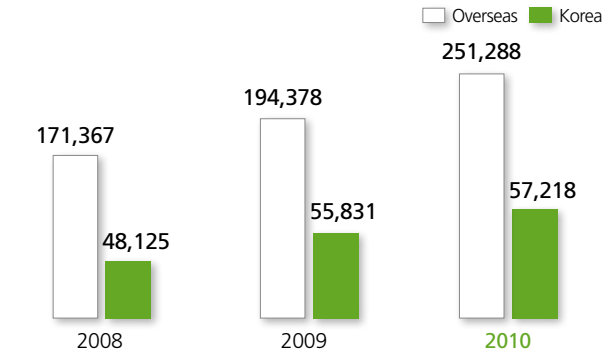
Samsung Electronics has voluntarily participated in producer-driven collection of discarded mobile products, operating more than 2,000 collection points in 61 countries worldwide.

Waste Electronic Product Recycling Campaign



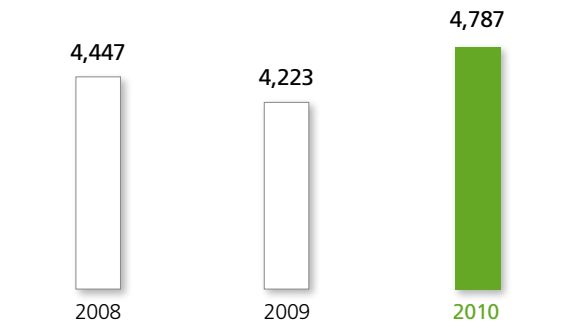
Samsung Electronics has been retrieving electronic waste from remote areas of Korea under recycling agreements signed with local governments. Additionally, we have jointly launched a nationwide cell phone collection campaign with stakeholders. A total of 1.06 million cell phones have been recovered through the initiative.

Product Recycling Status (Unit: tons)



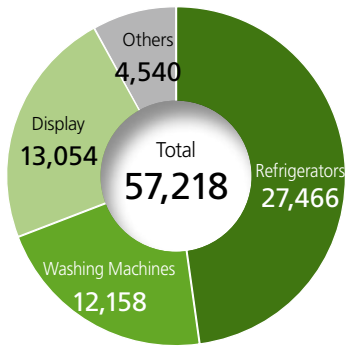
Packaging Materials Recycling Status [Korea]

(Unit: tons)

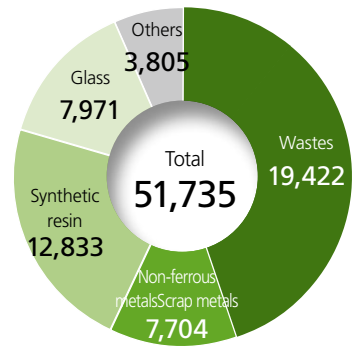


Waste Product Recycling Status [Korea]

(Unit: tons)



Resource Recovery Status [Korea] (Unit: tons)



* Waste (5,483 tons) is not included in the total resource recovery volume

Water Management

Water Management Strategy

In accordance with ISO14001 and regional headquarters work manual management system, we measure and report water resource-related data, manage risks and draw up and execute water resources management plans. Our global plants monitor quality and quantity of water flowing in and discharged from their respective sites and strive to secure stable water supply. Our target is to reduce total water consumption relative to revenue of all plants in Korea by 5% from the 2008 levels by 2012. When major issues related to the supply of water arise, countermeasures are executed after issues are discussed by the Eco Operation Council under the Green Management Committee which is headed by the CEO.

Water Related External Communication

We are working closely with the central government, local governments and water suppliers to secure and maintain sufficient water supplies. Based on ISO14001, we regularly analyze potential water-related risks stemming from establishment and operation of Samsung plants.

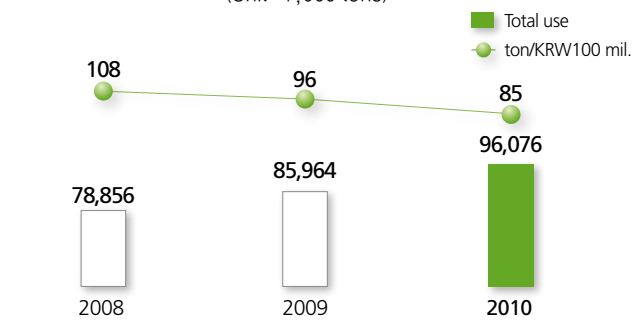
Our plants carry out clean-up efforts in nearby mountains and streams under our "one mountain, one stream campaign." We are actively engaged in communicating our green programs and work with local communities to prevent water pollution-related conflicts. This involves town hall meetings where we share water resource related information in a transparent manner. Meanwhile, our overseas workplaces carry out activities tailored to each region.



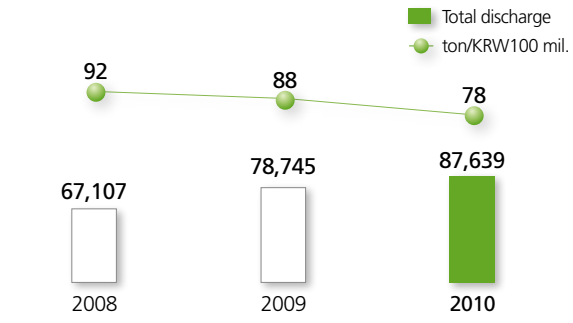
Aquatic Ecosystem Preservation and Water Quality Improvement

Plant	Activities	Stream
Suwon	- Ecosystem recovery project to prevent the stream from drying up - Water quality improvement through EM ball mixed with enzymes	Woncheon stream
Giheung Hwaseong Cheonan Onyang Tangjeong Gwangju	- Voluntary clean-up in the vicinity of the stream 2~3 times a year - Water quality evaluation in the vicinity of the plant	Osan stream Gokgyo stream Poongseo stream Poongyoungjeong stream
Gumi	- Voluntary clean-up in the vicinity of the stream 2~3 times a year - No discharge of treated wastewater into stream * Reusing all wastewater by utilizing the Zero Discharge System	Nakdong River Igye stream

Water Use Trends (Unit: 1,000 tons)



Wastewater Discharge (Unit: 1,000 tons)

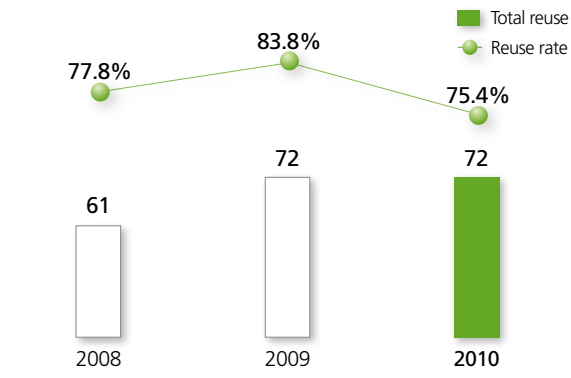


Water Reuse

To realize a green workplace, we have been operating an organic wastewater recycling facility since November 2010 after developing and testing technology to recycle wastewater. The facility uses the MBR (Membrane Bioreactor) method to treat wastewater for reuse. We plan to steadily expand such facilities to increase water reuse on our premises.



Water Reuse [Korea] (Unit: million tons)



Toxicity Monitoring System

The Semiconductor Business has set up a real-time system to monitor toxicity levels in treated discharge water and rainwater. The system was built in response to the Ministry of Environment's toxicity monitoring scheme for plants that fall under the type 1 and 2 water quality categories that will be implemented in January 2011. The system, introduced for the first time in Korea, involves a four-level water tank in the sample collection unit which receives final discharge water and rainwater. Toxicity level in the water is determined from swimming movements of water fleas and fish. This helps Samsung Electronics meet strict government requirements on water discharge so that no harmful impacts occur due to our processes.

Ultra Pure Water Reuse [Korea]

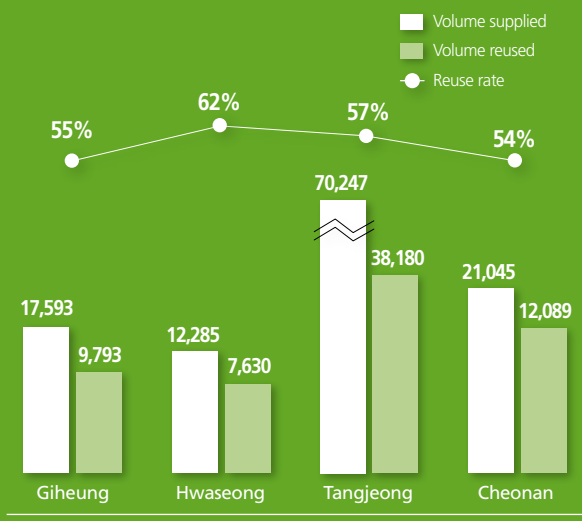
Samsung Electronics reduces water for industrial use through recovering and reusing a part of the ultrapure water that is disposed of after the production process. Among others, the Semiconductor Business and LCD Business, which use more water than other business unit, spare no effort to raise the ultrapure water reuse rate.

Volume reused
67,692
thousand tons

Reuse rate
56%

Ultrapure water: Impurities such as salt and microorganisms are removed to create ultrapure water, which is used in the production of LCD panels and semiconductors.

Ultra Pure Water Reuse (Unit: 1,000 tons)



Global Green Workplace

Global ESH Management System

Samsung Electronics has established an ESH management system in all of our global production plants that adhere to ISO 14001 and OHSAS 18001 standards. All of our nine operating sites in Korea, one R&D center and our 31 overseas production subsidiaries have acquired ISO 14001 and OHSAS 18001 certification. We apply the same global standards to both production facilities and R&D centers to secure a safe work environment.

2010 Performance

ISO 14001, OHSAS 18001 Certification Rate (%)



Pollutant and Hazardous Substance Control

Air and Water Pollutants

In accordance with internal standards stricter than the relevant laws, the pollutant emissions of all the Samsung Electronics production plants in Korea are kept within 50% of the permissible levels under Korean law. Discharged pollutants are subject to regular analysis to identify problems and take necessary corrective action. In 2010, there were no incidents related to air or water pollution in Korea.

Air Pollutant Discharge [Korea] (Unit: tons)

Category	2008	2009	2010
SOx*	13	0.024	**0.059**
NOx*	104	192	**261**
Dust	22	38	**40**
NH_3	11	8	**10**
HF	11	10	**12**

* Discharge volume went up due to increased production volume, but the figures are still far below the legal requirements

Water Pollutant Discharge [Korea] (Unit: tons)

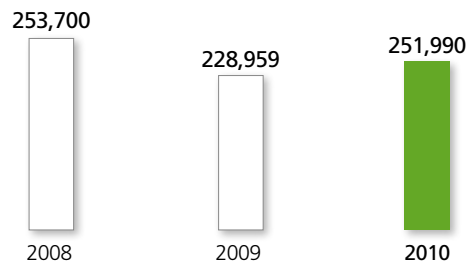
Category	2008	2009	2010
COD	1,048	808	**1,123**
BOD	974	834	**1,013**
SS	781	477	**768**
F	227	201	**240**
Heavy metals*	0.5	3	**4**

* Discharge volume went up due to increased production volume, but the figures are still far below the legal requirements

Hazardous Substances

Samsung Electronics employs an advance evaluation system to prevent hazardous chemical substances from leaking. In 2010, there was no incidence of hazardous substance leaks at all the Korean plants. The LCD Business carries out various activities to curb the use of chemicals. These include concentration controller upgrades, periodic adjustment of cleaning equipment solution drains and switching to chemicals with low concentration of harmful substances. Scrubber improvements are reducing concentration levels in emitted gases. These efforts are intended to improve the work environment and minimize handling of toxic substances and have resulted in an annual reduction of 1,926 tons in chemical use.

Toxic Substance Use [Korea] (Unit: tons)



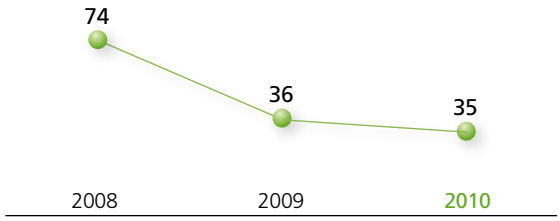
* Harmful substances: Toxic substances regulated under laws on hazardous chemicals

Ozone Depleting Substances

Samsung Electronics continues to reduce the use of ozone depleting substances (ODS) that are defined by the Montreal Protocol. The use of ODS has been on a downward trend since 2007. In 2010, the figure amounted to 35 tons, falling by 3% relative to the previous year.

Use of Ozone Depleting Substances [Korea]

(Unit: tons)



Waste Management

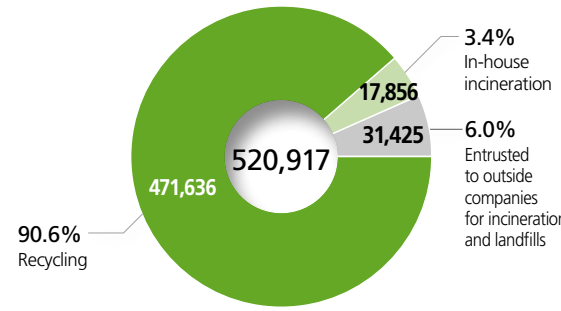
All of our business operations in Korea enforce rigorous standards in treatment of waste to curb the generation of waste materials and recycle resources. We visit waste treatment companies on a regular basis to monitor their activities and encourage our workforce as well as suppliers to recycle. Our goal is to establish a resource recycling system and shape Samsung Electronics into a company with "zero emission of waste" by 2013.

Waste Generation and Recycling [Korea] (Unit: tons)

Category	2008	2009	2010
Waste generation	460,952	466,941	**520,917**
Waste recycled	377,111	427,412	**489,492**
Recycling rate (%)	83	92	**94**

* The scope of data collection has been changed. Thus, the figures in 2008 and 2009 are restated.
** Waste recycling rate (%) = [(Reuse, Recycled, Heat Recovery) / Total waste generated] X 100

Waste Treatment (Unit: tons)



Parts Reuse Center's Delivery System

Samsung Electronics' Giheung/Hwaseong Campus Parts Reuse Center dismantles electronic products that are deemed at the end of life by R&D and manufacturing departments. Afterward, reusable parts are taken apart and stored for reuse.

It also reduces new parts purchases and increases the use of recycled parts, thereby delivering substantial cost savings. During the nine-month period (until Feb. 2011), we delivered a total of 3,000 parts. The value generated by reusing parts is projected to reach KRW14 billion in 2011.



Global Green Communication



China

- Preservation of wetlands in Qilihe, Tianjin
- The World Water Day event, stream clean-up efforts
- Promotional activities to protect the ecosystem and prevent pollution at Lakes Keumkye, Taihu, etc.

Korea

- One mountain, one stream campaign with neighboring girls school, stream clean-up efforts
- Biodiversity preservation classes for sisterhood schools
- Gumi plant climate change campaign



Europe

Entire Europe

- PlanetFirst Campaign
- Introducing ways to practice eco-friendly habits in daily life, providing information about green products and eco-home solutions and encouraging consumer involvement

Italy

- Clean-up efforts at Lambro River in Monza, Milan

Central Asia

Southwest Asia

India

- Protecting birds nesting within the workplace
- Biodiversity training for employees



Southeast Asia

Indonesia

- Planting trees at flood-prone areas in Cikarang

Thailand

- Promoting importance of taking part in tree-planting event sponsored by Thai royalty and ecological preservation

Philippines

- Campaign to restore Laguna River and Pasig River

Vietnam

- One company, one village campaign and regular stream clean-up efforts at Bac Ninh







North America

U.S.A

- "Solve for Tomorrow" program for junior and high school students across the United States: Receive ideas on how science or mathematics can improve the environment and award winners. Winning ideas are posted online.
- Feed birds and protect their habitats in Austin, Texas



Central and South America

Brazil

- Signed an agreement to support the Amazon Environmental Preservation Foundation to preserve the ecosystem ofAmazon rainforests and protect the natives of Manaus City, Amazonas in Nov. 2010
- Established education infrastructure by granting scholarships to the natives & building schools in Amazon rainforests

Social Contribution

At Samsung Electronics, we have been pursuing sustainable social development under the belief that businesses need a healthy society to prosper just like the trees require good soil to grow. We expanded our global CSR initiatives and strategies in 2010 to allow for more systematic and far-reaching corporate actions.

Social Contribution Philosophy and Directions

Samsung Electronics' CSR philosophy is to "leverage Samsung legacy of technology innovation to change our communities and human life and offer new opportunities to more people by preserving the environment for future generations.

Based on this philosophy, we established three strategic directions for pursuing corporate citizenship in 2010.

Direction for Pursuing Corporate Citizenship

- Technology innovation to drive positive change
- Planet First
- Link with products

Social Contribution Process

Samsung Electronics has set up a process to identify and develop CSR programs tailored to each local community. Our goal is to pursue activities designed to deliver real change in local communities where we operate.

CSR Program Development Process

	Strategy	Program Operation	Monitoring
GMO*	Develop global CSR strategy and direction	Develop global model programs	Monitor and assess programs
Local	Develop CSR strategy tailored to each local community	Implement local programs that correspond with global programs	Improve CSR programs by region

* GMO: Global Marketing Office



Contents

1. Social Contribution Philosophy and Directions
2. Social Contribution Around the World
3. Social Contribution in Korea
4. List of Major Partners

Program newly designed in 2011

Samsung Hope for Children

Samsung Hope for Children

Samsung Hope for Children is Samsung Electronics' 2011 program designed to offer better health and educational opportunities to children in need around the world.

Program Operation Plan

Making use of Samsung strengths - our people, resources and technology - we are devising programs that can facilitate active consumer involvement. Our goal is to help make a positive change in local communities by planning and implementing long-term and consistent programs.

Employee Involvement

Each Hope for Children Program is designed to promote active involvement of all Samsung Electronics employees by creating diverse volunteering opportunities. Employees experience the joy of giving back by helping children in need.

Programs Integrated with Products

The "Hope for Children" initiative leverages Samsung's innovation and technology, which enabled the company to become a leader in the electronics industry, to build a better life for children. We are planning programs that will allow Samsung products to contribute to improving the education and health of children.

Consumer Involvement

We are devising programs aimed at facilitating active consumer involvement. Joining forces with consumers in projects that affect social issues and lead to positive change will help us to make a difference in people's lives.

Social Contribution Around the World

Samsung Electronics is extending a helping hand to our global neighbors in need. As over 80% of our total revenues are generated outside of Korea, we are taking corporate actions on a global scale. Our social contribution helps Samsung Electronics to work in harmony with our community.

North America

Four Seasons of Hope

Samsung Electronics America has organized an innovative goodwill program called "Samsung's Four Seasons of Hope." The program raises funds by leveraging sports marketing in cooperation with the legends of four major sports such as American football, baseball, basketball and golf. For the past nine years up to 2010, the Four Seasons of Hope has raised a total of US$25 million. A portion of the proceeds from selling Samsung's electronic goods in US retailers such as Best Buy, Sears and Lowe's has been donated to several charitable organizations supported by sports stars or global celebrities.

The goodwill program enlists help of celebrities and retailers to support community-based foundations such as the Arnold Palmer Hospital for Children Foundation, the Rudy Giuliani Foundation and the Jimmy Johnson Foundation. Due to commence in 2011, the program will change its name to Samsung Hope for Children and will be implemented globally.





Solve for Tomorrow

Solve for Tomorrow is a video competition for elementary, middle and high school students that kicked off in September 2010. The theme of the competition is how to advance the natural environment through science and mathematics. About 1,100 schools took part in 2010. Participants submitted suggestions on ways to resolve issues related to transportation, architecture, energy and water. Ten schools were selected as the final contenders. Based on online voting and reviews by experts, the winner of the competition was West Salem High School in the state of Oregon. The winner was presented with digital home appliances and software worth US$155,000. Solve for Tomorrow is a localized social contribution initiative that is line with the U.S. government's policy of strengthening science and mathematics learning.



Europe

Pink Ribbon Campaign

Started in 2006, our Pink Ribbon campaign is a representative social contribution program in Europe. Designed to fight breast cancer, the most common form of cancer in women in Europe, the campaign was carried out actively in 25 European countries including the United Kingdom and Italy in 2010. The goal of the campaign, which works hand in hand with Europe's various NGOs and charities, is to raise awareness about breast cancer through education and events for the public. In 2010, we organized the campaign under the theme of "Everyone's Art" and collected over US$1.7 million through such events as Race for the Cure. We also marketed Pink Ribbon-brand electronics which sold a total of 850,000 units in 2010 alone. We are able to reach wider audiences for campaign promotions and fundraising efforts through the use of social networks such as Twitter and Facebook.

Mecenat Activities

Samsung Electronics provides support for diverse artistic and cultural activities around Europe including France, Hungary and Italy. Samsung donates products to world famous art museums such as the Louvre, Orsay, Pompidou and Rodin to support their activities. In Hungary, we have been a sponsor of the Weiner-Szasz Orchestra (Budapest Chamber Symphony) since 1992. In order to promote traditional music of Hungary and Korea, we produced and distributed the "Korea- Hungary Music" CD.



China

One Heart One Village

Since 2005, Samsung Electronics has been carrying out the "One Heart One Village" campaign in China. In 2010, 24 local subsidiaries and their 25,970 employees participated in a total of 759 endeavors. The campaign aims at supporting farming villages through the three-phase activities. In the first phase, the focus is on improving education environment and modifying people's mindset. The second phase focuses on renovating infrastructure in the farming villages while the third and final phase of the campaign is dedicated to increasing village income. In 2010, our activities centered on assistance to build pig farms and fish farms and cultivate barren land to grow vegetables and fruits as part of a project to increase income levels of sister villages. We also invited agricultural experts to share their farming technology and knowhow with sister villages.

100th Anycall Hope Primary School

Anycall Hope Primary School is Samsung's representative CSR project in China. Started in 2005, the initiative's goal is renovating education environment of underdeveloped regions in China. Six years after launching the project, we celebrated a major milestone; the 100th school renovation in Rinjyang City of Sichuan Province.

In addition, we invited primary school students to a science-themed trip, Shanghai Expo 2010 and the 2010 Guangzhou Asian Games. Samsung Electronics plans to build another 100 schools for the coming five years.

Africa

Grassroots Education Development Project 'Bridge'

Samsung Electronics has partnered with the Korean National Commission for UNESCO and Korea International Cooperation Agency (KOICA) to support Bridge, an annual KRW1 billion grassroots education development project for Africa. It targets 15 regions in the five African nations of South Africa, Lesotho, Rwanda, Malawi and Zimbabwe. Fifteen Korean youths visit the region to implement a campaign to improve literacy and support local development endeavors.

The project is a part of KOICA's Public Private Partnership initiative launched in 2010 to find solutions to poverty in Africa. It combines the strengths of three organizations – Samsung Electronics' technology and local infrastructure, UNESCO's expertise and KOICA's finances and administrative support. Samsung Electronics employees in Korea donated KRW250 million to this cause and the company matched this, raising a total of KRW500 million.





CIS

Ukraine
'Touch of Hope'

In partnership with Ukraine's retailer Foxtrot, Samsung Electronics carried out the Touch of Hope project from November 22, 2010, to January 22, 2011. The project was designed to support prevention and treatment of pediatric cancer by donating a portion of the proceeds from Samsung products sold through Foxtrot. During the campaign period, Samsung employees visited the Ukraine National Cancer Center and drew pictures with young cancer patients. We also maximized promotional activity by using social network services such as Facebook and YouTube. During the two month project, we raised a total of 1.2 million Hryvna (KRW160 million) and used the money to purchase cancer diagnosis machines for the Cancer Center and help childhood cancer patients.





Southwest Asia

Tagore Literature Awards

As part of the Samsung India HOPE program, Samsung Electronics India introduced the Tagore Literature Awards to pay tribute to the celebrated writer, Rabindranath Tagore. The first Tagore Literature Awards ceremony was held in January 2010. The awards recognize the best in literary contribution in eight Indian languages in conjunction with Sahitya Akademi. Future winners will be given a chance to visit Korea as a way of promoting bilateral cultural exchange. Rabindranath Tagore was the first Asian to win the Nobel Prize in Literature in 1913 and he wrote the national anthem of India "Jana Gana Mana." The Tagore Literature Awards is helping to advance local arts and culture while enhancing the recognition of Samsung Electronics in India. In addition to the award, our social contribution initiatives in the country include the e-leaning center and support for national athletic teams. For our endeavors, we received the Golden Peacock Award, the sole CSR award in India, in 2010.

Southeast Asia

Samsung Hope

Samsung Electronics' Southeast Asia Headquarters lends support to people and their communities through the integrated CSR initiative called Samsung Hope. In Thailand, Samsung Community Center of Hope offers a range of welfare services such as health care, education and recreational activities to local residents. In the Philippines, the company supports the World Vision International, a child-focused non-government organization.

In 2010, we helped 55 students continue their education without financial worries and donated LED TVs, mobile phones and electronic goods to be auctioned in "12 Hour Famine," a fundraising event to fight poverty and child starvation.



Vietnam - Employee Volunteering

From August 21 to 29, 2010, employees of the Semiconductor Business visited Samsung Electronics Vietnam and volunteered to renovate and repair aging buildings and paint murals with local residents. Their volunteer work helped employees to give something back to the community by improving the local environment.



Middle East

Samsung Dream

Since 2010, Samsung Electronics Middle East has been working to provide electronic goods and volunteer services on a regular basis to villages in need of emergency relief in Jordan, Syria and Lebanon. Every month, employees visit villages and teach various skills to disadvantaged orphans. The company also donates electronic goods such as refrigerators and dish washers and school supplies.

Social Contribution in Korea

Stepping Stone Scholarship Foundation

Samsung Electronics' employees donate a monthly sum from their salaries to support the Stepping Stone Scholarship Foundation. Launched in 1998, the scholarship has been granted to a total of 158 college students who are disabled or who are from families with disabilities. In 2010, ten students with cerebral palsy benefited from the scholarship.

Local Children's Centers

Through 88 local children's centers nationwide, Samsung Electronics' employees volunteer their time to tutor children in subjects such as foreign language, science and finance. In particular, the "Fun Science Class" volunteer team, comprised of R&D staff, shares its knowledge in science and technology with children from disadvantaged homes. The purpose of the program is to teach kids about basic principles of science used in everyday life through fun experiments. More than 900 employees in 23 volunteer teams are reaching youths in remote and isolated communities through 44 primary schools and children's centers.



Computer Class for the Blind

Samsung Electronics launched computer class for the blind in 1977. In order to meet a growing demand for IT training for the blind, the company has updated the program from offline to online. To date, a total of 6,528 members have participated in 76 different classes.

Community-based Social Contribution

The wellbeing of our communities is very important to Samsung Electronics. Our commitment to tackling the society's big and small challenges has led to partnerships with major stakeholders such as non-profit organizations. Samsung Electronics' employees are also doing their part to support various causes in neighborhoods where they live and work.





Dementia Prevention Center



Opened in 2007, Yongin City Dementia Prevention Center has been achieving significant results by offering a dementia prevention and early detection program. In an aging society, the increasing number of patients suffering from dementia is emerging as a huge social problem. Since the opening, the center offered prevention training to 15,000 senior residents in Yongin City and medical examination and home-care services to 5,500 dementia patients.

Ear Cochlear Implants

Samsung Electronics offers cochlear implant surgery and speech therapy to the children with hearing impairments. From 2007 to 2010, a total of KRW1.4 billion was donated to help 120 needy children. The program has added significance as the company matches donations made by employees to fund surgery for cochlear implants.



Support for Multi-Culture Families

Samsung Electronics opened Ansan WeStart Global Children Center in 2010 in conjunction with Ansan City and WeStart Movement to provide a systematic approach to helping children of multi-culture families grow into important global human assets. The center focuses on offering kid-centered professional education, health and welfare services from newborns up to children aged 12.

We are also supporting the Multi Culture Global School project which mobilizes the language skills of immigrant wives. Under the project, immigrant wives are offered to work as a language lecturer of their native tongues at the Gumi Children Center. The school started in February 2011 creates jobs for these women and provides an opportunity for children from low income families and single parent households to learn languages directly from native speakers. All hired lecturers receive training at Gumi City multi-culture family support center.

Also, wives of Samsung Electronics employees in Tangjeong and Gumi hold cooking classes for foreign women who married Korean men in the region. Through cooking, the class fosters cross-cultural understanding and help immigrant wives adapt to living in Korea and communicate better with Koreans.

"One Company, One Village" Campaign



All Samsung Electronics business sites are actively involved in the "One Company, One Village" campaign to help assist farming villages that face growing difficulties. We have established sisterhood ties with 34 villages with employees helping out in the busy farming season, holding markets to support sales of agricultural products and experiencing farming life.



List of Major Partners

North America	Four seasons of hope	- Magic Johnson - Arnold Palmer Hospital for Children - The Boomer Esalson Foundation - Joe Torre Safe At Home Foundation - St. Vincent Catholic Medical Center
Europe	Breast Cancer Prevention Campaign	Pink Ribbon related groups
Africa	Bridge Project	The Korean National Commission for UNESCO
China	Anycall Hope Primary School. China Youth Fund Support for the hearing disabled	China Disabled Persons Federation
South West Asia	Samsung Twin e-Learning Center	Smile Foundation

Korea	Children sponsorship	World Vision Save the Children Good Neighbors Food for the Hungry PLAN KOREA ChildFund Korea
	Employee volunteering	Asan Welfare Center for the Disabled Tangjeong Welfare Center Gumi Comprehensive Social Welfare Center
	Stepping Stone Scholarship Foundation	Korea National Council on Social Welfare
	Global Children Center	WeStart

Partner Collaboration

Samsung Electronics carries out diverse activities to help partner companies become stronger and more competitive. In 2011, we will pursue mutual growth and progress to bring about a paradigm shift in our partner collaboration initiatives. We will also continue to support our partners in their pursuit of CSR activities.

Mutual Growth

Mutual development with partner companies is essential to gain a sustainable edge in the global markets. Integration and convergence of industries coupled with increasingly sophisticated technologies are making it difficult for a company to survive on its own. This has sparked competition between corporate networks instead of just competition between individual companies. In other words, the capabilities of partner firms, including SME partners, have a vital role in determining a company's competitive advantage. In particular, superior components are critical to producing superior products in the electronics industry. We believe that boosting the capabilities of partner SMEs and enhancing mutual trust is important to building a strong supplier network. Accordingly, we adopted seven key programs for mutual growth in August 2010.

Mutual Growth - Programs

In 2010, we introduced seven key programs for mutual growth to foster strong partner companies and enhance mutual competitiveness. Whereas earlier programs focused on direct suppliers, the new programs also encompass firms further down the supply chain. A wide range of activities are planned for 2011 under the seven key programs. In December 2010, the Partner Collaboration Center was placed directly under the CEO for effective implementation of collaboration programs and a vice president was appointed to head the center to reinforce the status and role. Information on progress in the seven key programs for mutual growth will be disclosed in next year's edition of the Sustainability Report.

Mutual Growth - Performance

Samsung Electronics extended various forms of support to partner companies, mainly in the areas of HR development, innovation capabilities and communication in 2010.

Seven Key Programs for Mutual Growth

- Win-win fund for partner companies
- Timely reflection of raw material price changes in parts purchasing prices
- Temporary registration scheme to promote e-transactions
- Support for indirect suppliers
- Joint technology development center
- Fostering "global best companies"
- Support for recruiting activities of SMEs



Contents

1. Mutual Growth
2. CSR Support for Business Partners

HR Development

Job Training

We offer a broad range of training courses to enhance the job skills of workers at partner companies. The courses cover job skills and technology as well as innovation and management training to boost overall business capabilities. Based on partner company VOCs, we provide 46 customized training programs catering to workers in different job functions and ranks. All of the programs are offered free of charge.

Training Programs & Participants

(Unit: Persons)

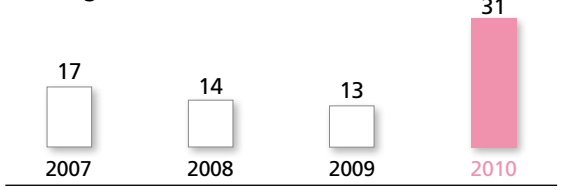
	Category	Programs	No. of training participants		
			2008	2009	**2010**
Korea training	Basic management	CEO Seminar, finance/HR/sales/purchasing, promotion to manager, etc.	319	1,542	2,922
	Technology	Molding master, injection molding/injection molding specialist, tools, circuitry	175	230	285
	Onsite management	Production specialist, quality specialist, production innovation, etc.	154	306	368
	Innovation techniques	GVE expert, Six Sigma, ERP, TRIZ, etc.	3,285	1,466	847
Overseas training		Partner collaboration innovation schools in China (Tianjin, Suzhou, Haizhou), SAMEX, TSE	249	1,853	935

Future Leaders

Introduced in 2004, the future leader program is intended for the children of representatives of major partner companies. The program includes onsite learning in the purchasing, production and marketing and visits to global subsidiaries. It provides exposure to Samsung Electronics' corporate culture, management system and innovation activities to help nurture next-generation business leaders. A total of 31 children participated in this program in 2010.

Total 153 persons

Recipients of Future Leader Training (Unit: Persons)



Support for IT Infrastructure

In 2010, Samsung Electronics provided support for innovation in the areas of technology, cost and production to improve the capabilities of partner companies. We also provided assistance related to system infrastructure such as Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) to help partners create a stable operating environment.

Projects (Unit: Companies)

		2009	2010
Boosting ERP capability	Manage ERP operating standards	199	190
	MPS/MRP upgrade	13	14
IT infrastructure enhancement	Build SCM between partner firms	4	6
	System infrastructure improvement	7	11
Building SCM foundation for overseas partner firms	Process innovation guidance	24	25
	Build simple ERP	24	22

Technology Innovation

Innovative Technology Company Council

SMEs that hold core technologies and ideas are given the opportunity to pursue joint development projects, regardless of whether or not they have business transactions with Samsung Electronics. Twenty-four firms were chosen as first round members of the Innovative Technology Company Council in 2010. Six of the 14 members that did not have earlier dealings with us saw their new technologies being applied to Samsung Electronics products. They were registered as our suppliers and their 2010 revenues grew by more than 60% over the previous year. An exhibition was held in August to look back on the council's activities over the past 12 months, during which 65 newly proposed technologies were presented to our development and purchasing personnel. The second group of council members (totally 31 companies) was selected in February 2011. They include venture firms with core technologies such as smartphone application software and nano silver coating.

Technology Exchange Meeting

Samsung Electronics organizes technology exchange meetings to help partner companies boost their technological competitiveness through exchange with prominent overseas firms. Since 2004, partner firms have been introduced to 219 advanced technologies through 33 exchange meetings, and 26 of those technologies were adopted by partner companies.

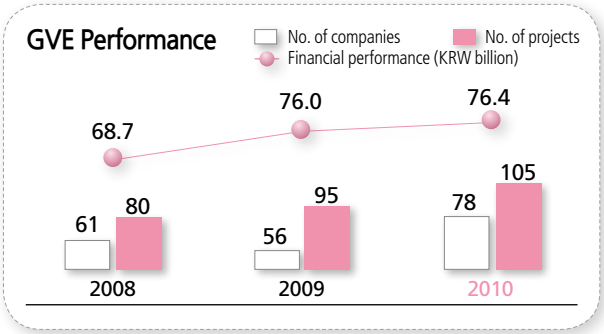
Introduction of Outstanding Technologies

In conjunction with KIITECH, Samsung Electronics runs a program that introduces partner companies to advanced technologies held by government research centers and universities and promotes their commercialization. The program was launched in 2009 and its seven participants include KAIST, Sungkyunkwan University and research institutes related to materials, machinery, electronic components, photonics, and electronics and telecommunications. In 2010, the program presented advanced technologies for electric/electronics, materials and machinery. Joint efforts by the development and purchasing personnel of Samsung Electronics and engineers of partner companies led to the introduction of 21 technologies (e.g., tactile display) related to electric/electronics and 10 related to materials (e.g., high strength aluminum).

Cost Innovation

Partner Company GVE

Samsung Electronics supports cost reduction efforts of key partner firms and collaboration meeting participants. Pertinent departments of Samsung Electronics and partner companies can make suggestions on cost saving projects. Based on evaluations by experts, viable suggestions are chosen for implementation and review by professional consultants. In 2010, a total of 105 projects were implemented and their collective financial impact amounted to KRW76.4 billion.

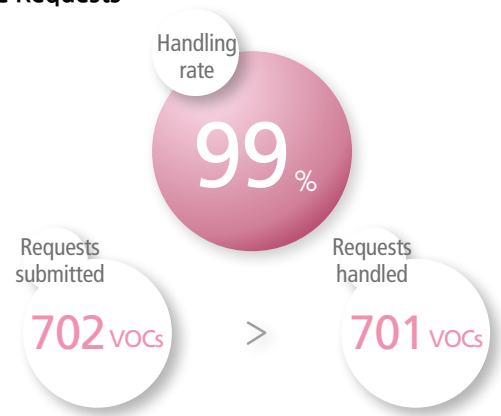


Two-Way Communication

VOC

Samsung Electronics maintains a VOC (Voice of Customer) system to collect partner companies' views and opinions. Diverse channels are used for VOC including e-mail, telephone and anonymous reports. In 2010, we received 702 VOC submissions (1,019 in 2009) and handled 701 of the requests. Topics covered in VOC included operation and system, support for partner companies, pricing, supply and compensation.

VOC Requests



Requests Submitted & Handled

	No. of requests submitted	No. of requests handled
Language and attitude	3	3
Operation and system	84	84
Price, volume, compensation	46	46
Support for partner companies	53	53
Information disclosure	7	7
Indirect suppliers	29	28
IT-VOC & simple inquiries	480	480
Total	702	701

Familly Satisfaction Index

The Family Satisfaction Index (FSI) survey is conducted every year by an outside agency as part of efforts to address the feedback from partner companies. In 2010, the survey was conducted on 364 companies and the survey results showed a decline of 4.9 points compared to 2009. The survey indicated high satisfaction levels for payment settlement and transaction culture, but lower satisfaction related to supplier selection, orders and delivery, and partner company support. We will step up activities related to the seven key programs for mutual growth with business partners in 2011 to increase satisfaction levels.

FSI Key Issues

1. Pricing that that takes business environment into account
2. Support for partners' financing
3. Information on the industry and technology trends
4. Technology guidance and consulting tailored to partners
5. Information for technology development
6. Delivery

Cyber Ombudsman Service

We launched the cyber ombudsman service in November 2010 to receive and handle VOC requests submitted by business partners as well as indirect suppliers. Companies that have direct and indirect transactions with Samsung Electronics may submit VOC requests via the cyber ombudsman service. We promptly deal with submitted requests (Telephone: 080-200-3300, email: ssvoc@samsung.com)

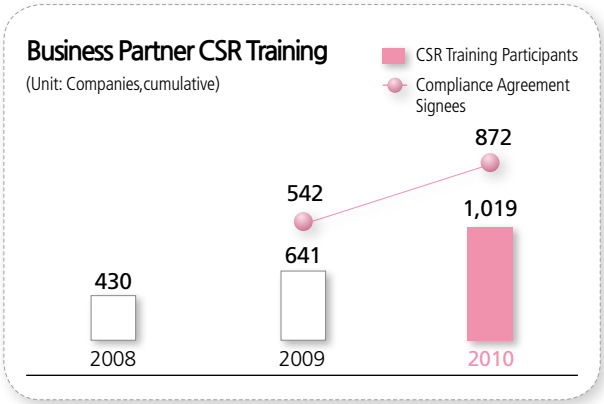


CSR Support for Business Partners

We help business partners recognize the importance of CSR and incorporate CSR in their business activities. According to our mid/long-term policy for partner company CSR support, we promoted the importance of CSR to all direct suppliers in Korea. This policy was adopted in 2009. In 2010, we extended the scope of support to partners in China and Southeast and Southwest Asia. Related activities spanned from CSR training based on the EICC Code of Conduct, to self-assessment and signing of the compliance agreement. In 2011, we will move beyond our emphasis on raising awareness and come up with more refined CSR support measures. We plan to focus our energy on selected partners taking into account the size of a company and its transaction volume with Samsung Electronics. For these firms, we will expand self-assessments as well as onsite inspection and guidance. In addition, CSR self-assessment results will be incorporated in partner assessments that are conducted by the purchasing department.

CSR Culture

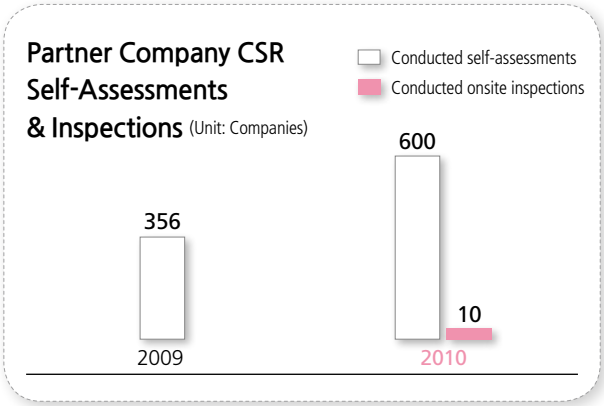
We conducted training to disseminate our CSR principles for 567 companies in Korea and 345 companies in China and Southeast/Southwest Asia. For systematic implementation of CSR, we appointed CSR personnel in each of the major business divisions who are responsible for training and other related activities. We have distributed Korean, English and Chinese versions of CSR training materials to partner companies.



CSR Evaluation & Improvement

Self-Assessment

Samsung Electronics has a CSR support system that partner companies can directly access to sign compliance agreements and check self-assessment results. Companies that conduct self-assessments using this system are drawing up plans to improve on shortcomings. Onsite guidance is offered to business partners for their improvement activities. In 2010, ten partner firms were chosen for each of the eight business units in Korea to receive onsite guidance on CSR. This initiative will be expanded in 2011. Furthermore, we will ensure credibility through the EICC's Validated Audit Program (VAP).



Incorporating CSR in Partner Assessments

Samsung Electronics is in the process of enhancing partner assessments with greater incorporation of CSR performance to encourage partner firms to take part in CSR activities.

CSR Items Included in Partner Assessments

- Labor: Work hours, prohibition of child labor, legal wage and welfare standards
- Health & safety: Industrial safety and worker protection, preparing for and responding to emergency situations
- Ethics: Upholding ethics in business transactions
- Environment: Environmental approval, hazardous substances

Ban on Conflict Minerals

The Democratic Republic of Congo and other regions of conflict in Africa have vast reserves of natural resources. However, armed groups are reportedly exploiting the continent's underground resources and using profits from illegal mineral trade to fund violence. Brutal conflicts have resulted in the loss of an estimated 5.4 million lives through 2007.

Exploitation, massacres and other human rights violations are rampant in the regions of conflict which are home to large mineral deposits. The minerals found in these areas include tantalum, tungsten, tin and gold, all of which are essential for the electronics industry. Accordingly, diverse stakeholders are calling for more stringent scrutiny over parts suppliers by global electronics companies.

As a full member of the extractives working group of the EICC, Samsung Electronics has been addressing the issue of minerals from conflict areas.

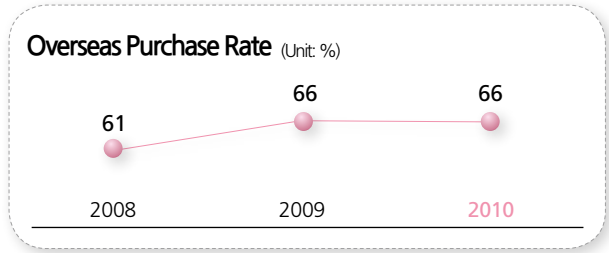
The EICC is highly aware of the problems related to mining of minerals in high-risk regions such as Congo and developing countries. A special task force comprising member companies is examining the mineral supply chain and formulating guidelines on conduct that should be observed by companies in the supply chain. Separately, Samsung Electronics prohibits the use of coltan from Congo in all of its business units and has distributed a letter recommending suppliers for the semiconductor business to refrain from using coltan, tin and tantalum from regions of conflict.

Samsung Electronics will continue to work together with the EICC to restrict the use of conflict minerals and to address the social issues throughout the supply chain.

Fair and Transparent Purchasing Policy

Open Sourcing

Samsung Electronics operates production plants in 14 countries outside of Korea. In operating those plants, we take a localized and community-friendly stance while maintaining a purchasing policy of giving priority to competitive local suppliers, thereby contributing to the development of local communities.



Fair Trading

We make every effort to prevent excessive competition among suppliers and violation of trade ethics by adhering to local laws while striving for fair and rational purchasing. In addition, we evaluate partners' capabilities through objective assessments, helping them find and correct their deficiencies by themselves. Furthermore, we deliver know-how and lease our facilities on demand.

Win-Win Purchasing

We pursue mutual advances with suppliers based on mid- to long-term partnerships. To this end, we work together with partners in order that they may provide high quality products and strengthen competitiveness. We promote an open and interactive environment in which our partners can freely express their views.

Products & Services

Samsung Electronics aims to be a creative leader that is respected and admired by customers. We are striving to inspire customers while contributing to advancing society.

In 2010, we strengthened communication with customers through various prosumer activities and social network services.

Product Quality

Under the product vision "Perfection in Quality beyond Your Imagination," Samsung Electronics implemented the five-point Code of Conduct, "Customer centric," "True to basics," "Professionalism," "Quality workmanship" and "Creating customers for life."

Quality Code of Conduct

We carry out our vision with an innovative spirit and by challenging ourselves.

1. Customer Centric
- We will value our customers' needs and incorporate them into our products thereby increasing customer satisfaction.

2. True to Basics
- We will abide by all rules and regulations recognizing that quality is our conscience and never a target for negotiation.

3. Professionalism
- We will take full ownership of product quality with zero-defect-spirit.

4. Quality Workmanship
- With the mindset that SAMSUNG symbolizes perfection in quality we make premium products.

5. Creating Customers for Life
- We create lifetime customers based on respect achieved through quick, caring and accurate resolution of VOC.

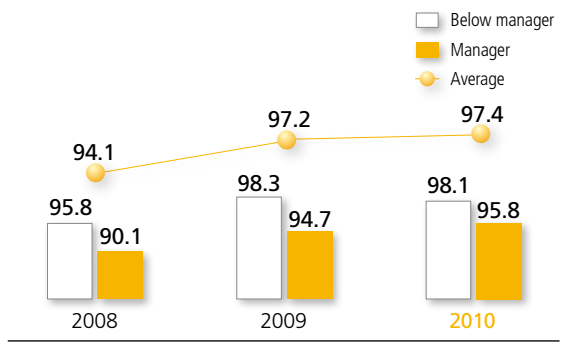
CS Professionals

To cultivate job expertise across all functions and ranks, all CS related staff are required to complete a mandatory course on quality management. As of 2010, 97.4% of the quality personnel based in Korea were qualified under the in-house certification program.

Excellent Process

The CS certificate program is designed to identify and address potential problems when applying new functions and designs at the development stage. Items for mandatory certification are identified at the development stage. The product can proceed to the next stage only after completing the quality assessment at each phase. The executive council conducts the final quality check for mass production.

CS Qualification Rate [Korea] (Unit: %)





Contents

1. Product Quality
2. Customer Delight Service
3. VOC (Voice of Customer) Management
4. Customer Communication
5. Product Safety
6. Appropriate Technology
7. Customer Information Protection

Customer Delight Service

Through ongoing service innovation activities and services tailored to regional needs, we won numerous awards for customer satisfaction management in 2010.

Global Service Awards

China

2010 Customer Satisfaction Awards sponsored by China Electronic Chamber of Commerce

- Top 10 Consumer and Home Appliance Award
- TV Customer Service Satisfaction Award
- Home Appliance Customer Service Satisfaction Award

Russia

- Best Russian Company 2010
- Contact Center of the Year 2010

Netherlands

- Grand Prize at the 2010 NCCA Awards

Japan

- Ranked 1st in GCSI (16 products)

Korea

Korean Standard Association's 2010 Service Quality Index Survey

- Ranked 1st in computer and home appliance service category for nine consecutive years
- Ranked 1st in mobile phone service category for seven consecutive years

KMAC

- 2010 KSQI (Korean Service Quality Index): Ranked 1st
- 2010 KCSI (Korean Customer Satisfaction Index): Ranked 1st (seven products)

KPC

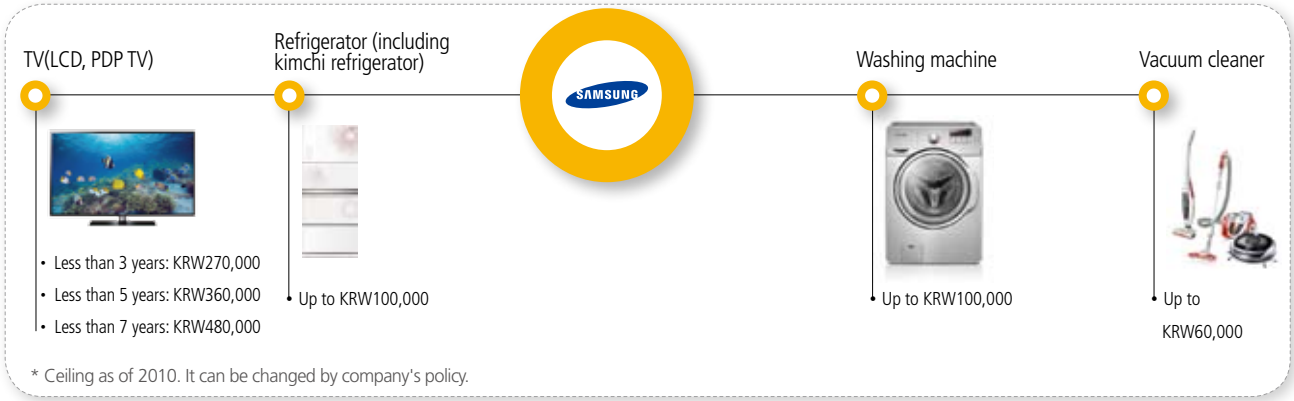
- 2010 NCSI (National Customer Satisfaction Index): Ranked 1st (six products)

Government of Thailand

- Award for excellence in quality

Ceiling on Repair Fees

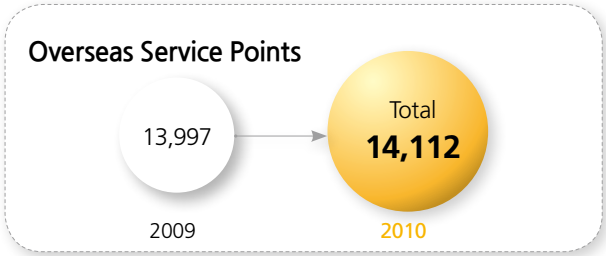
We introduced a ceiling on repair fees to alleviate the burden on customers and improve customer satisfaction. This scheme applies to TVs, refrigerators, washing machines and vacuum cleaners and the ceiling is set depending on the years a product has been in use. The customer pays for repairs up to the ceiling and the rest is covered by the company. The ceiling program, which is the first of its kind in the world, reflects our confidence in product quality. It was launched to ease the repair fee burden which has increased along with the trend for premium home appliances.



* Ceiling as of 2010. It can be changed by company's policy.

Expansion of Service Base

Excellence in after-sales service is an important goal in global market. To offer swift and convenient service, 14,112 service centers are available outside of Korea as of 2010. In populous regions, we have 1,490 directly-run service centers. We are also expanding our service network in Central Asia and Africa.



Smart Delivery

The recent proliferation of smart products has led to the emergence of smart delivery and installation service. We offer unique services such as preliminary checks before product use and marking key points in user manuals. In the case of smart TVs, customers can see videos related to user instructions through the QR code in business cards.



Engineer Training

Field repair engineers need to be equipped with greater competency to offer high quality repair service. We provide multifaceted training to help our engineers enhance their techniques and skills. The programs include Web-based real-time interactive training and overseas group training sessions on new products.

Moreover, we have prepared and distributed guidelines on preventing recurrent repairs to overseas service centers and encourage our engineers to obtain in-house certification.

In April 2010, we launched the Samsung Digital Academy based on a strategic alliance with Birmingham Metropolitan University to nurture high caliber service engineers. We are also stepping up industry-academia collaboration activities.

VOC (Voice of Customer) Management

In 2010, we received a total of 57 million customer inquiries and grievances (Korea: 34 million, overseas: 23 million) on product purchase, repair, usage and other issues. That's about a 16% increase from 2009 when we received 49 million inquires. Samsung Electronics takes swift action to handle inquiries through the regional contact center or Website.

No. of Customer Complaints

	2008	2009	2010
Korea	35 mil.	30 mil.	34 mil.
Overseas	20 mil.	19 mil.	23 mil.

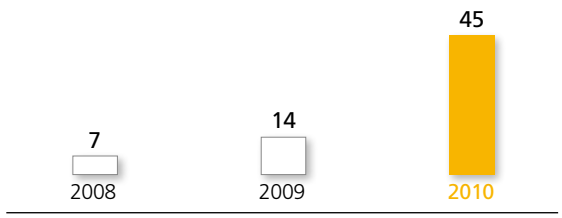
Customer Satisfaction Survey and Target

We employ the services of an outside agency to conduct a global customer satisfaction (CSI) survey targeting Samsung Electronics product users and after-sales service customers. The survey results are communicated throughout the company and serve as reference for setting improvement targets.

Introduction of CCMS

In Korea, we obtained CCMS (Customer Complaints Management System) accreditation from the Fair Trade Commission in 2008. This has allowed us to secure a solid foundation to handle customer complaints in a prompt manner. On the global front, Samsung Electronics revamped the customer response system based on Korea's CCMS and created a standard response system for all 45 global subsidiaries.

No. of Subsidiaries Obtaining CCMS (cumulative)



Customer Communication

Anycall Dreamers

Anycall Dreamers are university students with a keen interest in mobile phones. Samsung Electronics first introduced Anycall Dreamers in 2006. Anycall Dreamers take part in product planning, design, marketing and brand promotion activities.

Anycall Dreamers (Unit: Persons)

Total **218** persons

Round 1	Round 2	Round 3	Round 4	Round 5	Round 6	Round 7	Round 8
20	20	20	20	25	35	30	48

IT Sprinter

IT Sprinter is a group of prosumers who are university students. The purpose of IT Sprinter is to closely follow IT trends. Based on review of activities of IT Sprinter members, we recognize outstanding teams and individuals. The honored teams receive prize money and a chance to travel overseas while individuals are given the opportunity to attend overseas exhibitions.

Ethical Communication

Samsung Electronics has adopted a legal compliance protocol to ensure that ethical standards are observed during corporate and product promotions. Before any advertisements are released externally, they must satisfy all items on the compliance checklist for TV and print ads. As a result, there were no incidents of violation of marketing regulations in 2010.

Checklist

- Consistency in corporate image (CI),
- Logo and branding guideline
- Product claim (product features)
- Accuracy and credibility of information
- Creative ideas
- Standards and credibility of contents
- Remarks on and comparison with competitors

Product Safety

Samsung Electronics tests all elements that can compromise product safety such as electric shock, fire and injury by considering a specific product's use in real life settings. To conduct the tests, Samsung Electronics operates a laboratory certified by 29 accreditation bodies in Korea and 12 other countries.

2010 Performance

[TMC, China]
- 3G mobile phone certification

[VCCI, Japan]
- Acquired EMI certification for gigarange products

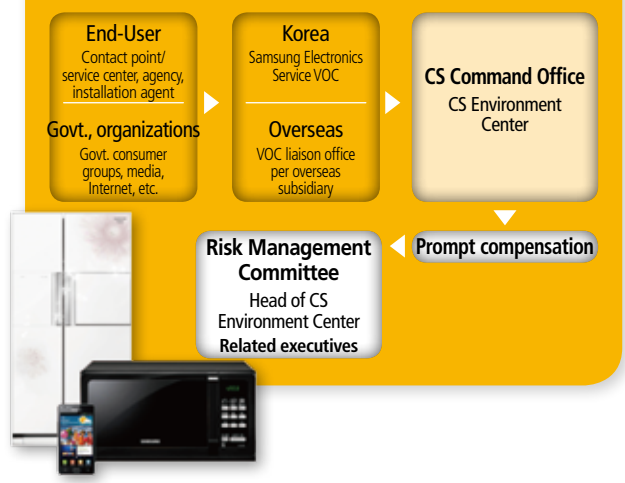
[DNLA Testing Lab]
- IHCL (In-house Certification Lab) First manufacturer in the world to be certified

[Tianjin, China]
- Operation of international quality certification research center

[2011 Plan]
- U.S. Energy Star certification
- CTIA certification for notebook PC battery

Recall

Samsung Electronics spares no effort to ensure that consumers can use our products safely. In 2009, we conducted a voluntary recall for microwave ovens and mobile phones distributed in the U.S. and introduced a recall for two-door refrigerators in Korea. In 2010, there were no recalls by Samsung Electronics owing to reinforced product quality control to ensure safe product use by consumers.



Appropriate Technology

Samsung Electronics and Korea Intellectual Property Office (KIPO) agreed to cooperate to develop and distribute "Appropriate Technology" which refers to highly useful technology that increases the utility value of a small amount of resources or recyclable resources. We plan to deploy R&D personnel to focus on Appropriate Technology and mobilize our overseas subsidiaries to provide such technology to developing nations. KIPO will give Samsung Electronics access to its database of about 150 million patents to develop Appropriate Technology and pursue cooperation with governments of pertinent countries.

Customer Information Protection

Under the belief that protecting customers' information is essential to earning their trust, Samsung Electronics carries out a variety of activities. First of all, the company is complying with the personal information protection law such as the "Act on Promotion of Information and Communications Network Utilization and Information Protection." Secondly, it is installing a system to limit access to personal information and preventing non-authorized persons from entering the site where the system is installed. Thirdly, Samsung Electronics is operating a customer center. As a result of our rigorous internal processes, there was no violation of customer information protection law in 2010.



Appendix

Performance Indicators
Major Awards
GRI Index
ISO26000 Index
Independent Assurance Report
List of Participants

Performance Indicators

Talent Management

(Unit: persons)

Indicator	2008	2009	2010
Total	161,700	157,701	190,464
Korea	84,464	85,089	95,662
North America	9,481	7,543	10,373
Europe	10,334	8,985	10,609
China	36,369	31,995	37,599
Southeast Asia	8,740	9,898	17,456
Southwest Asia	5,569	6,583	8,212
CIS	1,958	2,174	2,725
Middle East	724	937	969
Africa	-	-	394
Latin America	3,495	3,904	5,778
Japan	566	593	687
By contract type			
Full-time	149,310	149,865	178,732
Contract-base	12,390	7,836	11,732
By age			
20~29	96,333	86,779	106,162
30~39	48,932	52,961	61,989
40~	16,435	17,961	22,313
By position			
Executive	938	884	974
Manager	26,766	30,380	33,996
Staff	133,996	126,437	155,319
No. of new recruits	47,327	27,418	61,870
Ratio of female employees(Unit: %)	40.9	39.3	39.0
Korea	44.6	45.8	42.4
Overseas	55.4	54.2	57.6
Ratio of female employees by position(Unit: persons)			
Executive	7	7	14
Manager	1,742	2,285	2,829
Staff	64,315	59,683	71,520
Ratio of overseas employees(Unit: %)	47.8	46.0	49.8
Ratio of disabled employees(Unit: %)			
Turnover rate(Unit: %)	7.7	6	4.9
Korea	17	11	15.3
Overseas	-	11,893	14,326
Expenditure on employee benefits (KRW 100 million)	29.3	29.2	29.3
No. of education participants (10,000 persons)	918	779	944
Education hours per person(hours)	109	90	87
Education costs per person (KRW thousand)	1,120	950	1,100
No. of accidents	51	33	33
Accident rate	0.063	0.040	0.035
No. of lost working day	24,857	2,117	1,776

* Due to the separation into Africa Regional Headquarters and Middle East Headquarters, figures for employees in Africa are newly included from 2010

Integrity Management

Indicator	2008	2009	2010
Compliance education	-	-	59,227
Integrity classroom training	7,718	8,347	19,981
No. of reports	323	417	472

* Compliance education was implemented in 2010

Green Management

Indicator	2008	2009	2010
Ratio of Good Eco-Product(%)	-	69	91
Ratio of Good Eco-Device(%)	-	-	72
No. of models that received environmental certification	-	1,729	2,210
CO_2 reduction during product use(1,000 tons)	-	4,996	10,850
Support for setting up GHG inventory (No. of suppliers)	-	-	662
Water use relative to sales [Korea] (ton/KRW100 mil.)	108	96	85
Water use [Korea](1,000 tons)	78,856	85,964	96,076
Wastewater discharge [Korea] (1,000 tons)	67,107	78,745	87,639
Waste product recycling			
Product	48,125	55,831	57,218
Packaging material	4,447	4,223	4,787
No. of operations that received ISO14000 certification	35	38	40
Air pollutant discharge [Korea] (tons)			
SOx	13	0.024	0.059
NOx	104	192	261
Dust	22	38	40
NH3	11	8	10
HF	11	10	12
Water pollutant discharge[Korea] (tons)			
COD	1,048	808	1,123
BOD	974	834	1,013
SS	781	477	768
F	227	201	240
Heavy metals	0.5	3	4
Toxic substance use [Korea] (tons)	253,700	228,959	251,990
Use of ozone depleting substances [Korea] (tons)	74	36	35
Waste generation (tons)	452,136	466,941	520,917
Designated waste	166,317	169,843	199,523
General waste	285,819	297,098	321,393
Waste recycled(tons)	377,111	427,412	489,492
Recycling rate(%)	83	92	94
Raw material use (1,000 tons)	287	304	296
Recyclable plastic use (tons)	1,460	1,833	2,780
Environmental investment (KRW100 million)	-	1,320	1,740

Social Contribution

Indicator	2008	2009	2010
Social contribution expenses (KRW100 million)	1,910	1,466	**2,399**
Total volunteer hours(hours)	821,590	656,851	**860,503**
Average man hour(hours)	9.7	7.8	**9.2**
No. of people participating in volunteering annually	246,485	187,553	**270,221**
No. of volunteer teams	1,532	1,300	**1,181**

Partner Collaboration

Indicator	2008	2009	2010
No. of partners that participated in CSR trainings	430	641	**1,019**
Korea	430	211	**47**
Overseas	-	-	**331**
No. of partners that signed observation agreement	-	542	**872**
Korea	-	542	**35**
Overseas	-	-	**295**
No. of partners that carried out self-assessment	-	356	**600**
Korea	-	356	**28**
Overseas	-	-	**216**
No. of partners that carried out onsite inspections	-	-	**10**

Products & Services

Indicator	2008	2009	2010
CS qualification rate(%)	94.1	97.2	**97.4**
Staff	95.8	98.3	**98.1**
Executive	90.1	94.7	**95.8**
No. of service centers	-	13,997	**14,112**
Customer complaints			
Overseas	35mil.	30mil.	**34mil.**
Korea	20mil.	19mil.	**23mil.**
No. of Subsidiaries Obtaining CCMS (cumulative)	7	14	**45**
No. of marketing communication related violations	0	0	**0**
No. of customer information protection related violations	0	0	**0**

Economy

Indicator	2008	2009	2010
Sales(KRW trillion)	121.3	136.3	**154.6**
Korea	23.6	21.9	**25.9**
America	25.4	33.8	**43.5**
Europe	34.2	35.2	**36.1**
Asia	19.2	21.7	**24.9**
China	18.9	23.8	**24.3**
Operating income(KRW trillion)	6.0	10.9	**17.3**
Net income(KRW trillion)	5.9	9.8	**16.1**
EBITDA(KRW trillion)	16.1	22.0	**28.7**
Distributions of economic value (KRW billion)	112,319	127,099	**146,135**
Lavor cost	8,806	10,270	**13,563**
Taxes and dues	1,110	2,942	**3,808**
Social contriution expenses	191	132	**239**
Dividends	808	1,185	**1,930**
Interest expenses	422	535	**581**
Purchasing amount	95,900	103,458	**111,723**
Retained earnings	5,082	8,577	**14,737**
R&D expenses(KRW trillion)	7.1	7.6	**9.4**
Capital expenditures(KRW trillion)	13.1	14.2	**24.0**

* Figures differ from those in the previous report due to change in accounting standards.

Greenhouse Gas Management

GHG Emissions and Energy Consumption

Indicator	2006	2007	2008	2009	2010
GHG emissions relative to sales [Korea] (Tons of CO_2/KRW100 million)	8.86	7.83	7.44	5.83	**5.11**
Global GHG emissions(Tons of CO_2/KRW100 million)	-	-	7.68	6.56	**6.41**
GHG emissions(1,000 tons of CO_2)	8,068	8,041	9,226	9,121	**9,910**
Scope 1	4,056	3,496	3,921	3,763	**4,034**
Korea	3,625	3,325	3,330	3,577	**3,910**
Overseas	431	166	199	186	**124**
Scope 2	4,012	4,545	5,305	5,358	**5,876**
Korea	3,472	3,873	4,370	4,491	**4,972**
Overseas	541	672	935	867	**904**
Energy consumption relative to sales [Korea] (Tons of CO_2/KRW100 million)	6.04	4.63	4.39	3.50	**2.86**
Global energy consumption relative to sales (Tons of CO_2/KRW100 million)	-	-	4.35	3.85	**3.80**
Electricity consumption(GWh)	7,991	10,753	11,620	11,998	**13,248**
Korea	7,991	9,537	10,260	10,577	**11,708**
Overseas	-	1,216	1,360	1,421	**1,540**
LNG consumption(mil. Nm^3)	144	166	161	164	**187**
Korea	144	153	140	141	**160**
Overseas	-	13	21	23	**27**

GHG Emissions by Region (Unit: 1,000 tons of CO_2)

Region	Korea	China	Southeast Asia	Southwest Asia	Europe	America	Sub-total
Scope1	3,910	35	21	11	18	39	4,034
Scope2	4,972	454	99	41	38	271	5,876
Total	8,882	489	119	52	56	311	9,910

Six Major GHG Emissions (Unit: 1,000 tons of CO_2)

GHG	Emissions
CO_2	504
CH_4	1.0
H_2O	3
HFC	225
PFCs	1,040
SF_6	2,261
Total	4,034

GHG Emissions by Source (Unit: 1,000 tons of CO_2)

Emission source	Emissions
Stationary combustion	482
Production emission	3,494
Mobile combustion	25
Fugitive emission	33
Total	4,034

ESH Certification

Korea

	Suwon	Gumi	Gwangju	Giheung	Hwaseong	Onyang	Tangjeong	Cheonan	GiheungLCD
ISO14001 (Certification institution)	1996.10 UL	1996.11 UL	1996.10 UL	1996.9 BV	2001.11 BV	1996.9 BVQI	2006.12 BVQI	1996.9 BVQI	1994.11 BVQI
OHSAS18001 (Certification institution)	2000.11 UL	2001.10 UL	2002.10 UL	1999.12 BV	2001.11 BV	1999.12 BVQI	2006.11 BVQI	2000.5 BVQI	1999.12 BVQI
Green Company Certification (Ministry of Environment)	1996.4	1996.1	1996.1	1995.8	2002.8	1995.11	2008.1	2000.9	1995.8

Overseas

Region	Subsidiary	Division	Date of certification		Certification institution
			ISO14001	OHSAS18001	
North America	SAMEX	VD	2000-12-11	2003-12-19	UL
	SAS	Semiconductor	2001-01-16	2007-10-24	BSI-QA
	SEM-P	Digital Appliance	2004-11-24	2006-06-17	UL
Latin America	SEDA-P(C)	Wireless	2009-11-01	2009-11-01	UL
	SEDA-P(M)	Production Technology	2001-02-23	2006-03-07	BVQI
CIS	SERK	VD	2009-04-29	2009-04-29	UL
Europe	SEH-P	VD	2005-05-25	2005-11-09	BVQI
	SEPM	Digital Appliance	2010-12-12	2010-12-12	IQNet
	SESK	VD	2003-09-23	2003-09-23	UL
	SELSK	LCD	2010-10-28	2010-10-28	BVC
Southeast Asia	SEIN-P	VD	2003-04-16	2003-10-09	SUCOFINDO
	SAVINA	VD	2001-12-05	2002-12-10	UL
	SDMA	VD	1999-08-24	2002-08-20	DNV/RvA
	SEV	Wireless	2009-09-17	2009-09-17	BSI
	TSE	Digital Appliance	2001-12-01	2003-11-04	UL
	SEMA	Digital Appliance	2005-12-10	2005-12-10	DNV
	SEPHIL	Semiconductor	2002-09-13	2003-10-25	UL
Southwest Asia	SIEL-P(C)	Digital Appliance	2008-09-29	2008-09-29	BVQI
	SIEL-P(N)	VD	2000-06-01	2003-08-27	AFAQ-EAQA
China	TSED	VD	2001-01-09	2003-12-09	TUV
	TTSEC	VD	2005-11-06	2005-11-06	TUV
	TSEC	VD	2000-02-18	2004-10-04	UL
	TSOE	Digital Imaging	2008-02-21	2010-02-23	CQC
	SEHZ	Wireless	2005-05-21	2006-03-21	CQC
	TSTC	Wireless	2005-05-15	2005-05-15	UL
	SSKMT	Wireless	2005-04-18	2005-04-18	SSCC
	SSDP	IT	2004-09-30	2004-11-07	UL
	SESC	IT	2004-02-23	2004-02-18	CQC
	SESL	LCD	2004-11-24	2004-11-24	BVQI
	SESS	Semiconductor	2004-05-28	2004-05-28	BVQI
	SSEC	Digital Appliance	2003-11-25	2005-06-27	CQC

Major Awards

Green Management

Region	Award	Given by	Date	Details
Korea	Contribution to the Indoor Environment Industry Development	Ministry of Environment	Apr. 2010	R&D on eco-friendly air-conditioner
	Korea Multimedia Technology Award-Grand Prize	Korea Communications Commission	May 2010	Awarded in Green IT category (Smart phone-Galaxy S)
	President Award in commemoration of World Environment Day	Ministry of Environment	Jun. 2010	Gumi Plant
	Korea Green Management Award	Ministry of Knowledge Economy / Ministry of Environment	Jun. 2010	Prime Minister Award (Netbook)
	Energy Winner Award	Consumers Korea	Jul. 2010	Grand prize (LED TV) and Energy Winner Award (7 products)
	Global Green Management Award	Korea Management Association	Oct. 2010	Washing machine, Refrigerator, Kimchi refrigerator
	Green Product of the Year	GPN (Green Purchasing Network)	Oct. 2010	Solar-powered mobile phone, Netbook
	2010 Green Energy Award	Ministry of Knowledge Economy	Oct. 2010	High-efficiency heat pump, System solution energy technology
	National Green Tech Award	Ministry of Knowledge Economy / Ministry of Environment / Ministry of Education, Science and Technology	Dec. 2010	Prime Minister Award (3D LED TV)
USA	Dallas Recycling Award	Dallas	Feb. 2010	Award for voluntary recycling
	ENERGY STAR Award	U.S. Environmental Protection Agency (EPA) & DOE	Mar. 2010	Excellence in ENERGY STAR Promotion Award
	TreeHugger's Best of Green Award	TreeHugger	Apr. 2010	Eco-friendliness of reclaim mobile phone
	CES Eco-Design Award	U.S. Consumer Electronics Association (CEA)	Jan. 2011	Micro wave oven, "Bubble" washing machine, Monitor, DDR3 memory, Hard disk
Mexico	Green Comm Award	Expo Comm Mexico	Feb. 2010	Award for eco-friendly product development
Germany	iF Material Award	International Forum Design Hannover	Apr. 2010	Exterior design of external HDD
China	Energy Saving Contribution Award	China Energy Saving Association	May 2010	Samsung China
India	Golden Peacock Award	IOD (Institute of Directors)	May 2010	Awarded in Eco Innovation category (LED TV), First electronics company
Japan	2010 Asia Star Award	International Asia Packaging Association	Oct. 2010	Shrink packaging for washing machine
UK	Green Apple Award	The Green Organization	Nov. 2010	Awarded in eco-friendliness improvement category (LED TV)

Products & Services

Organization	Details
Korean Standards Association (Service Quality Index)	Ranked 1st in computer and home appliance service category for 9 consecutive years Ranked 1st in mobile phone service category for 7 consecutive years
Korea Management Association Consulting	Ranked 1st in call center satisfaction
Thailand	Award for excellence in quality
Russia	Best Russian Company 2010 Contact Center of the Year 2010
Netherlands	Grand Prize at the 2010 NCCA Awards
China	Top 10 Consumer and Home Appliance Award TV Customer Service Satisfaction Award Home Appliance Customer Service Satisfaction Award
Middle East	Best Customer Service Award

Corporate Governance & IR

Organization	Date	Awards
Euromoney	Jan. 2010	Governance in Korea (No. 1)
Finance Asia	May 2010	Best Corporate Social Responsibility
MoneyToday	Sep. 2010	2010 Best IR in the Electronics Industry category
Korea IR Service	Oct. 2010	2010 IR Award (Excellence Award in the securities market category)

Other Awards

- Web Award Korea, Grand Prize (Blog and Community category) sponsored by the KIPFA
- 3rd Korea Communication Award, Grand Prize (Communication Management) sponsored by the KICOM

GRI Index

G3.1		Disclosure Items	Report of Samsung Electronics	Page
Profile				
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	CEO Message	2, 3
	1.2	Description of key impacts, risks, and opportunities	R&D and New Businesses for Sustainable Growth / Material Issues/Green Management	14~16 , 21
Organizational Profile	2.1	Name of the organization	Samsung Electronics Co., Ltd.	
	2.2	Primary brands, products, and / or services	About Samsung Electronics	7
	2.3	Operational structure of the organization	About Samsung Electronics	7, 2010 Sustainability Report (p9)
	2.4	Location of organization's headquarters	About Samsung Electronics	10, 11
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability reporting	About Samsung Electronics	10, 11
	2.6	Nature of ownership and legal form	Corporate Governance	8, 9
	2.7	Markets served(Economic Performance)	Creation of Economic Value	10~13
	2.8	Scale of the reporting organization	About Samsung Electronics, Creation of Economic Value, Key Performance Indicators	7,12, 13, 77
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	About Samsung Electronics	7
	2.10	Awards received in the reporting period	Major Awards	78
Report Parameters	3.1	Reporting period	About This Report	Front cover
	3.2	Date of previous report	May 2010	
	3.3	Reporting cycle	About This Report	Front cover
	3.4	Contact point for questions regarding the report or its contents	About This Report	Front cover
	3.5	Process for defining report content	Material Issues	21
	3.6	Boundary of the report	About This Report	Front cover
	3.7	State any specific limitations on the scope or boundary of the report	About This Report	Front cover
	3.8	Basis for reporting that can significantly affect comparability from period to period and / or between organizations	About This Report	Front cover
	3.9	Data measurement techniques and the bases of calculations	Creation of Economic Value, Key Performance Indicators	12, 13, 24~35, 40~55, 76, 77
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Creation of Economic Value, Green Management	12, 45
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	About Samsung Electronics	7
	3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index Table	81-83
	3.13	Policy and current practice with regard to seeking external assurance for the report	Assurance Statement	86, 87
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	Corporate Governance	8, 9
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance	8, 9
	4.3	The number of members of the highest governance body that are independent and / or nonexecutive members	Corporate Governance	8, 9
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Governance	8, 9
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Corporate Governance	8, 9
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance	8, 9
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees	Corporate Governance	8, 9
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Sustainability Management	18
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Corporate Governance	8, 9
	4.10	Processes for evaluating the highest governance body's own performance	Corporate Governance	8, 9
	4.11	Explanation of whether and how the precautionary approach or principle is addressed	R&D and New Businesses for Sustainable Growth / Green Management	14~17, 40~55
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	HR Management	29
	4.13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations	WBCSD, KBCSD, EICC	
	4.14	List of stakeholder groups engaged by the organization	Stakeholder Engagement	19, 20
	4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement	19, 20
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder	Stakeholder Communication	19, 20
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Material Issues	21

GRI Index

G3.1		Disclosure Items	Appication Level	Page
Economic Disclosure on Management Approach				6, 14~16
Economic Performance	EC1	Direct economic value generated and distributed	●	12, 13
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	●	45~47
	EC3	Coverage of the organization's defined benefit plan obligations	●	28
	EC4	Significant financial assistance received from government	●	No financial assistance received
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	×	
	EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	●	69
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	●	24, 27
Indirect Economic Impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	●	56~63
	EC9	Understanding and describing significant indirect economic impacts	●	14~16, 56~63
Environmental Disclosure on Management Approach				40, 41
Materials	EN1	Materials used by weight or volume	●	46, 50, 76
	EN2	Percentage of materials used that are recycled input materials	●	48
Energy	EN3	Direct energy consumption by primary energy source	●	46
	EN4	Indirect energy consumption by primary source	●	46
	EN5	Energy saved due to conservation and efficiency improvements	●	46~47
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	43~44
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	46
Water	EN8	Total water withdrawal by source	●	50, 51
	EN9	Water sources significantly affected by withdrawal of water	●	50, 51
	EN10	Percentage and total volume of water recycled and reused	●	50, 51
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	▲	10, 11
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	▲	50, 54, 55
	EN13	Habitats protected or restored	×	Not measurable
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	▲	50, 54, 55
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	×	Not measurable
Emissions, Effluents, and Waste	EN16	Total direct and indirect greenhouse gas emissions by weight	●	45, 78
	EN17	Other relevant indirect greenhouse gas emissions by weight	●	45, 78
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	46~47
	EN19	Emissions of ozone-depleting substances by weight	●	53
	EN20	NO, SO, and other significant air emissions by type and weight	●	52
	EN21	Total water discharge by quality and destination	●	50, 52
	EN22	Total weight of waste by type and disposal method	●	49
	EN23	Total number and volume of significant spills	●	52
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	●	No waste shipped internationally
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	▲	50
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	42~44
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	●	49
Compliance	EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations	●	No violation
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	●	45
Overall	EN30	Total environmental protection expenditures and investments by type	▲	40, 76
Labor Practices and Decent Work Disclosure on Management Approach				26, 33
Employment	LA1	Total workforce by employment type, employment contract, and region	●	6, 10, 11
	LA2	Total number and rate of employee turnover by age group, gender, and region	●	28, 29
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	29
Labor / Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	▲	28
	LA5	Minimum notice period(s) regarding operational changes	▲	28
Occupational Health and Safety	LA6	Percentage of total workforce represented in formal joint management worker health and safety committees	▲	Health & Safety Comittee at each workplace
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	●	35
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	35
	LA9	Health and safety topics covered in formal agreements with trade unions	●	28

G3.1		Disclosure Items	Appication Level	Page
Training and Education	LA10	Average hours of training per year per employee by employee category	●	33
	LA11	Programs for skills management and lifelong learning and assist them Prior Report in managing career endings	●	28
	LA12	Percentage of employees receiving regular performance and career development reviews	●	29
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	8
	LA14	Ratio of basic salary of men to women by employee category	●	No discrimination by gender
Employment	LA15	Return to work and retention rates after parental leave, by gender	●	26
Human Rights Disclosure on Management Approach				28, 29
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	▲	17
	HR2	Percentage of significant suppliers and contractors that have X Insufficient data undergone screening on human rights and actions taken	●	68, 69
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	▲	Human rights related contents are included in our education courses
Nondiscrimination	HR4	Total number of incidents of discrimination and actions taken	●	No violation
Freedom of Association	HR5	Operations identified in which the right to exercise freedom of association and Collective and collective bargaining may be at significant risk, and actions taken to support these rights	●	17, 28
Bargaining Child Labor	HR6	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor	●	17, 29
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	17, 29
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights	×	
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	●	No violation
Assessment	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	▲	17
Remediation	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	▲	32
Society Disclosure on Management Approach				56, 64
Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	17, 56
Corruption	SO2	Percentage and total number of business units analyzed for risks related to corruption	▲	17
	SO3	Percentage of employees trained in organization's anticorruption policies and procedures	●	38
	SO4	Actions taken in response to incidents of corruption	●	39
Public Policy Behavior	SO5	Public policy positions and participation in public policy development and lobbying	●	19
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	Our Code of Conduct prohibits contribution to political parties
Anti-Competitive	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	●	36
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	●	36
Community	SO9	Operations with significant potential or actual negative impacts on local communities	●	No operation site with significant potential or actual negative impacts on local communities
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	●	56~63
Product Responsibility Disclosure on Management Approach				70
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	●	42, 74
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	●	No violation
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	42, 43
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	●	No violation
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	73
Marketing Communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	●	73
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	73
Customer Privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	74
Compliance	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	●	73, 74

In compiling the 2011 Sustainability Report (the Report), Samsung Electronics used the Global Reporting Initiatives (GRI) G3.1 Sustainability Reporting Guidelines. Accordingly, Samsung Electronics makes a self-declaration that the Report meets the requirements for GRI's Application Level A+. Samil PricewaterhouseCoopers confirmed that the Report meets the requirements for GRI's Application Level A+ (+ refers to 3rd Party assurance).

ISO26000 Index

Core subjects and issues		Responses of Samsung Electronics	Page
Organizational governance	Decision-making processes and structures	CEO Message Corporate Governance Corporate Social Responsibility Stakeholder Engagement Material Issues Sustainability Performance	3 8, 9 18 19, 20 21 22, 23
Human rights	Due diligence	Preemptive Risk Management	17
	Human rights risk situations	Preemptive Risk Management Ban on Conflict Minerals	17 69
	Avoidance of complicity	Build Trust Activities & Performance CSR Support for Business Partners Ban on Conflict Minerals	32 68 69
	Resolving grievances	Build Trust Activities & Performance Labor Union Policy and Labor Council	32 28
	Discrimination and vulnerable groups	Diversity Management Child Labor and Forced Labor Performance Evaluation & Benefits	26, 27 29 29
	Civil and political rights	Not Reported	
	Economic, social and cultural rights	Social Contribution	56~63
	Fundamental principles and rights at work	Diversity Management Child Labor and Forced Labor	26, 27 29
Labor practices	Employment and employment relationships	Employment Status Recruitment Labor Union Policy and Labor Council Retirement Performance Evaluation & Benefits	6, 10, 11 24, 25 28 28, 29 29
	Conditions of work and social protection	Preemptive Risk Management Child Labor and Forced Labor Diversity Management Labor & Human Rights Work Smart Employee Health	17 29 26, 29 28, 29 30, 31 35
	Social dialogue	Labor Union Policy and Labor Council	28
	Health and safety at work	Employee Health Global ESH Management System	35 52
	Human development and training in the workplace	Retirement Employee Competencies	28 33
The environment	Prevention of pollution	Green Management Vision and Action Plan Eco-Products Water Management Global Green Workplace	40, 41 42 50, 51 52, 53
	Sustainable resource use	Eco-Products Energy Consumption Renewable Energy Development Optimizing Production Process Energy Efficiency Resource Recycling and Reuse Water Management	42, 43 46 47 46 48, 49 50, 51
	Climate change mitigation and adaptation	Green Management Vision and Action Plan Product Energy Efficiency Climate Change Leadership	40, 41 43 45~47
	Protection of the environment, biodiversity and restoration of natural habitats	Resource Recycling and Reuse Water Management Global Green Communication	48, 49 50, 51 54, 55

Core subjects and issues		Responses of Samsung Electronics	Page
Fair operating practices	Anti-corruption	Integrity Management	36~39
	Responsible political involvement	Not Reported	2010 Sustainability Report 34, 35
	Fair competition	Integrity Management Mutual Growth	34~37 36~39
	Promoting social responsibility in the value chain	CSR Support for Business Partners	68, 69
	Respect for property rights	Strategic Patent Management	16
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	VOC (Voice of Customer) Management Ethical Communication Product Safety	73 73 74
	Protecting consumers' Health and safety	Eco-Products Ethical Communication Product Safety	42~44 73 74
	Sustainable consumption	Eco-Products Appropriate Technology Provision CSR Support for Business Partners	42~44 74 68, 69
	Consumer service, support, and complaint and dispute resolution	Ceiling on Repair Fees Expansion of Service Base Engineer Training VOC (Voice of Customer) Management	72 72 72 73
	Consumer data protection and privacy	Customer Information Protection	74
	Access to essential services	Appropriate Technology Provision	74
	Education and awareness	Eco-Products Appropriate Technology Provision	42~44 74
Community involvement and development	Community involvement	Overseas Recruiting Global Green Communication Social Contribution Process List of Major Partners	24 54~55 56 63
	Education and culture	Social Contribution Around the World Social Contribution in Korea Appropriate Technology Provision	58~61 62, 63 74
	Employment creation and skills development	Overseas Recruiting Social Contribution Around the World Social Contribution in Korea	24 58~61 62, 63
	Technology development and access	Eco-Products Appropriate Technology Provision	42~44 74
	Wealth and income creation	Creation of Economic Value Overseas Recruiting Retirement Social Contribution Around the World Social Contribution in Korea Fair and Transparent Purchasing Policy	12, 13 24 28 58~61 62, 63 69
	Health	Employee Health Social Contribution Around the World Social Contribution in Korea	35 58~61 62, 63
	Social investment	Social Contribution Around the World Social Contribution in Korea Appropriate Technology Provision	58~61 62, 63 74

Independent Assurance Report

We have been engaged by Samsung Electronics to perform an independent assurance engagement in regard to the following aspects of Samsung Electronics' 2011 Sustainability Report (the "Report").

Scope and subject matter

The information for the year ended December 31, 2010 (hereinafter, collectively referred to as the "Sustainability Information") on which we provide limited assurance consists of:

- Samsung Electronics' conclusion on meeting the principles of Inclusivity, Materiality and Responsiveness in the AA1000 Accountability Principles Standard 2008 ("AA1000APS");
- The "Performance Highlights" information on page 23 in the Report (except for the GHG emissions scope 1, scope 2 data and Energy consumption data, the "Sustainability Data") which is based on the reporting principles set out on "About This Report" (the "Reporting Principles").

With regard to the financial data included in the key figures on pages 12~13, our procedures were limited to verifying that they were correctly derived from Samsung Electronics' audited consolidated financial statements.

We read the other information included in the Report and consider whether it is consistent with the Sustainability Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Sustainability Information. Our responsibilities do not extend to any other information.

Assurance work performed

We conducted our engagement in accordance with ISAE 3000(1) and AA1000AS(2). The term 'moderate assurance' used in AA1000AS is designed to be consistent with 'limited assurance' as articulated in ISAE 3000. Our assurance is a Type II assurance engagement as defined in the Guidance for AA1000AS.

(1) International Standard on Assurance Engagements 3000 (Revised) - 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by International Auditing and Assurance Standards Board

(2) AA1000 Assurance Standard(2008), issued by AccountAbility

Our work involved the following activities:

1. Interviews with the personnel responsible for internal reporting and data collection to discuss their approach to stakeholder inclusivity, materiality and responsiveness.
2. Visits to three of Samsung Electronics' sites: to review the systems and processes in place for managing and reporting on the Sustainability Data.
3. Review of a sample of internal documents relevant to output from the risk assessment process, sustainability-related policies and standards, the sustainability Materiality Assessment Matrix and other documents from stakeholder engagement activities.
4. Evaluating the design and implementation of the key processes and controls for managing and reporting the Sustainability Data.
5. Limited testing, through inquiry and analytical review procedures, of the preparation and collation of the Sustainability Data.

Respective responsibilities of the management of Samsung Electronics and Samil PricewaterhouseCoopers

The management of Samsung Electronics is responsible for establishing assessment criteria that meets the principles of Inclusivity, Materiality and Responsiveness in the AA1000APS, measuring performance based on the "Assessment Criteria", and reporting this performance in the Report.

Our responsibility is to provide a conclusion based on our assurance procedures in accordance with ISAE 3000 and AA1000AS.

This report, including the conclusion, has been prepared for the management of Samsung Electronics as a body, to assist the management in reporting on Samsung Electronics' sustainability performance and activities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of Samsung Electronics as a body and Samsung Electronics for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

A limited assurance engagement is less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient, appropriate evidence are deliberately limited relative to a reasonable assurance engagement. In particular:

- We did not attend any stakeholder engagement activities. Therefore our conclusions are based on our discussions with management and staff of Samsung Electronics and our review of selected documents provided to us by Samsung Electronics.
- The scope of our work was restricted to 2010 performance only, as set out in the scope and subject matter section above. Information relating to the year ended December 31, 2009 and earlier periods have not been subject to assurance by us.

Conclusion

Based on the results of the assurance work performed and the Assessment Criteria, our conclusion is as follows:

- **On the AA1000APS principles;**
  - Inclusivity: - Samsung Electronics has collected concerns and opinion through stakeholder communication channels that include customers, business partners, stockholders/investors, the government, local communities, employees, and NGOs
    - Nothing has come to our attention to suggest that material stakeholder groups were excluded in these channels.
  - Materiality: - Samsung Electronics has identified most relevant and significant sustainability issues through process for identifying material issues.
    - Nothing has come to our attention to suggest that material issues were omitted in this process.
  - Responsiveness: - Samsung Electronics has included in the Report its response to the material sustainability issues which are defined through process for identifying material issues.
    - Nothing has come to our attention to suggest that there is material deficiency in issue management system.
- **Nothing has come to our attention that causes us to believe that Sustainability Data for the year ended December 31, 2010 are not fairly stated, in all material respects, in accordance with the Reporting Principles.**

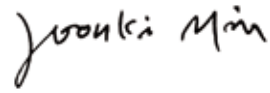
Responsiveness:

From our work, we have provided the following recommendations to the management.

- **Reporting guideline, definition of key performance indicators ("KPI"), and data management control procedures should be improved to enhance consistency, accuracy and completeness of the sustainability data and information.**
- **Disclosure about the specific goals set up with reference to Samsung Electronics' sustainability strategy should be made together with related KPI to communicate with stakeholders more proactively by reporting progress toward achieving the goals.**
- **The methodology of determining reporting boundary should be developed and the reporting boundary should be expanded to all organizational level to communicate with all stakeholders on more accurate and complete sustainability performance data and to help management make more informed business decision.**

Samil PricewaterhouseCoopers
May 31, 2011

Joonki Min
Partner, Assurance



2011 SUSTAINABILITY REPORT

List of Participants

- **Date of publication:** May 31, 2011
- **Publisher:** Gee-Sung Choi
- **Published by:** Samsung Electronics
- **Design by:** Samwoo Communications

- **Report prepared by:** Partner Collaboration center
  Soung-Soo Song, Eui-Heon Jeong,
  Dae-Soon Park, Yun-joo Sung

About Samsung Electronics

- **Investor Relations Team** Jerry Lee
- **General Affairs Group** Wu-Il Cho
- **IP Planning Group** Hyun-Gwon Chung
- **Accounting Group** Hyung-Il Kim
- **Public Relations Group** Seung-Jun Lee

Talent Management

- **Human Resources Planning Group** Bok-Ki Mun

Integrity Management

- **Compliance Team** Sung-Soo Yoon
- **Legal Group** Yun-Sik Choi
- **Auditing Team** Jae-Kyun Oh

Green Management

- **Environmental Planning Group** In-Hee Yang
- **Environment Safety & Health Planning Group** Byeung-Il Moon

Social Contribution

- **Public Relations Group** Su-Kyeong Lee
- **GMO** So-Ryeong Jung

Partner Collaboration

- **Procurement Planning Group** Tea-Hun An

Products & Services

- **CS Environment Center Administration Group** Dea-Man Shim

We welcome your valuable feedback

Samsung Electronics CSR e-mail: csr.partner@samsung.com



ELEMENTAL CHLORINE FREE GUARANTEED
PRINTED WITH SOY INK
This report was printed with soy-based ink on eco-friendly paper.