

2007 SAMSUNG ELECTRONICS
Environmental & Social Report



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Report Overview

Purpose

The 2007 Samsung Electronics Environmental & Social Report shows our economic, environmental, and social activities and performances. Through this report, we aim to communicate our sustainability management activities to our stakeholders and readers in a transparent manner. This report provides an opportunity to reassess our achievements and receive valuable feedback from our stakeholders. That, in turn, will enable us to contribute more effectively to the sustainable development of mankind.

Scope and Period

This Report covers activities from January 1 to December 31, 2006. However, when comparisons with past performances were necessary, data from 2004 and 2005 were used.

The scope of the Report is the domestic operations of Samsung Electronics, including Seoul office and eight local worksites. Also included are the activities of our domestic and overseas subsidiaries when necessary.

Report Guidelines and External Assurance

As the second Environmental & Social Report published by Samsung Electronics, this Report was prepared in accordance with the GRI (Global Reporting Initiative) G2 and G3 guidelines. There are no significant changes from our previous report in terms of reporting. However, this Report has a stakeholder-oriented structure, whereas the previous edition was structured based on the TBL (Triple Bottom Line) approach. All financial data in this Report are based on the consolidated financial statements.

For greater credibility, selected contents of the Report were verified by a third party. Regarding assurance, please refer to pages 84~85.

Additional Information

Additional information is available in the following reports and on our homepage and related websites.

Report

- Samsung Electronics Green Management Report 1999~2005 : Information on the Company's environmental management and social contribution activities
- Samsung Community Relations White Book : Information on the social contribution activities by Samsung Electronics and other Samsung Group companies
- Annual Report

Websites

- www.samsung.com : Samsung Electronics Homepage
- www.samsunglove.co.kr : Samsung Social Service Team Homepage
- dart.fss.or.kr : Financial Supervisory Service's electronic disclosure system

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innovation + happiness

Happiness may be the ultimate aspiration.

Innovation is the path to better quality of life and greater happiness.

Samsung's innovations are leading the way to a happier world.





conservation+eternity

Leaving behind a green and beautiful planet, that is our wish for future generations.

Samsung is creating tomorrow's environment, as we dream of a planet that lasts through time.





responsibility+harmony

A world where six billion people live in harmony, where warmth and compassion abound, guided by love for our neighbors and communities –

That is the world envisioned by Samsung Electronics.





I am pleased to have this opportunity to communicate our corporate activities and performance to our stakeholders. On behalf of everyone at Samsung Electronics, I thank all of you for giving us the encouragement and support to grow into a leader in the global marketplace.

Our business activities are guided by our management philosophy which is to “devote our human resources and technology to creating superior products and services, thereby contributing to a better global society.” As the statement suggests, our objectives are to enrich people’s lives and promote sustainable development.

Everyone at Samsung Electronics is expected to abide by our code of conduct which can be summarized into five key points - business ethics; transparency; environment, safety and health management; stakeholder emphasis; and social contribution. Balanced consideration is given to economic transparency, environmental soundness and responsibility to society.

We have been pursuing various endeavors to lead the digital convergence movement. Strategic investments in promising businesses are starting to show visible results, and we are making continued progress in R&D. We will continue to embrace challenge and come up with creative ideas to develop innovative products that lead the markets. At the same time, we will build a world-class corporate culture that contributes to maximizing profits.

We strongly believe the environment, safety and health are vital components of corporate management. Our commitment to enhancing quality of life and protecting our planet is reflected in our Green Management initiative. In addition to developing eco-friendly products and processes, we carry out a wide range of activities to preserve the environment.

As a responsible corporate citizen, we also implement a policy of giving back to local communities around the globe. Under the guidance of the Social Contribution Secretariat, our eight volunteer centers serve our communities in the areas of social welfare; academics, culture and arts; environmental protection; and international exchanges. We are strengthening our social contribution activities to contribute to improving the lives of people around the world.

Samsung Electronics has grown into a global corporation by pursuing creative innovations and new challenges, underpinned by the dedication of our employees and support from our stakeholders. To communicate our activities and performance to stakeholders, we are now issuing our Environmental & Social Report, which provides more detailed information than our Green Management Report published in past years. Our 2007 Environmental and Social Report is intended to convey our economic, environmental and social performance in a clear and transparent manner.

We will continue to implement sustainability management to enhance value for our stakeholders and to improve quality of life. We welcome your comments and suggestions on this report or our sustainability management activities.

Thank you.



Jong-Yong Yun
Vice Chairman and Chief Executive Officer
Samsung Electronics Co., Ltd.



At a Glance

Company Profile

1. Vision & Mission
2. Profile

Financial Performance

1. Financial Performance
2. Performance by Business
3. Brand Value

Our Sustainability

1. Value System
2. Corporate Governance
3. Stakeholder Communication

SAMSUNG

COMPANY PROFILE

Samsung Electronics is a global leader in digital media, digital appliances, semiconductors, telecommunications and LCDs. Driven by creative innovations, we are leading the digital convergence revolution. We have made significant achievements to date, but our focus is on the future. We will continue to create new markets with innovative products and new technologies.

1. Vision & Mission

1) Vision

The vision of Samsung Electronics is “Leading the Digital Convergence Revolution.” Samsung Electronics aims to be a true leader in the era of digital convergence. We are developing innovative technologies and efficient processes to enrich people’s lives and build Samsung Electronics into a trusted and respected company.

2) Mission

Our mission to carry out the vision is “Digital-ε Company.”

Digital : Market leading products, innovative services

Create new businesses, products and services by shaping new lifestyles through product and technology innovations

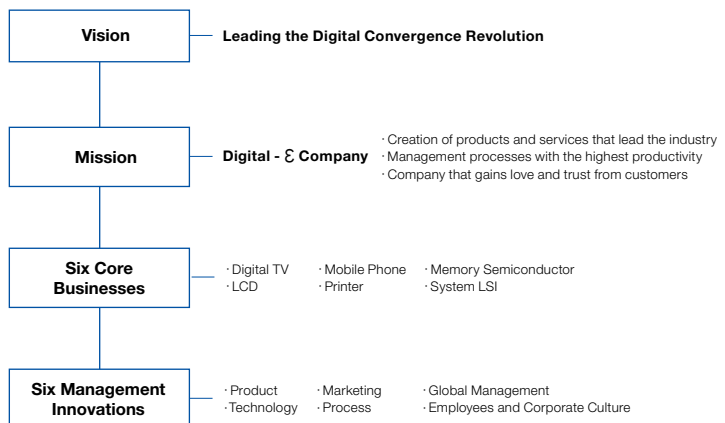
ε : World-class production and management processes

Maximize management efficiency based on cost competitiveness and efficient processes resulting from process and marketing innovations

Company : Preferred and trusted company

Build a preferred and trusted company that has a dynamic culture and attracts customers worldwide through global management and organizational innovation

[Vision System]



2. Profile

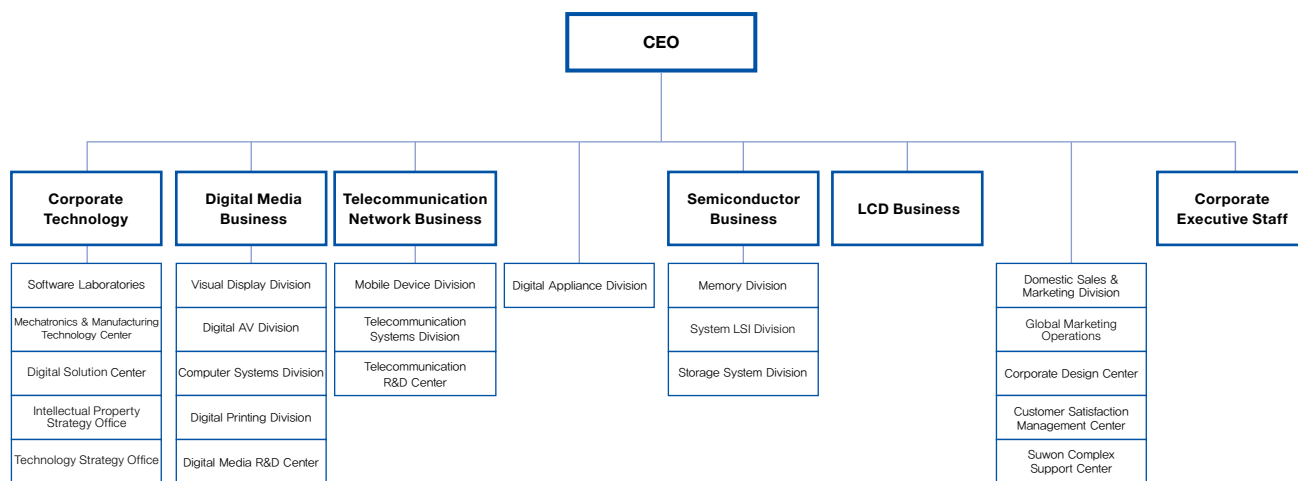
1) Overview

Samsung Electronics has continued to demonstrate rapid growth since its founding in 1969. As of the end of 2006, global operations included 27 production subsidiaries, 40 sales subsidiaries, two distribution centers, and 15 R&D centers. In Korea, the Company operates eight plants. The Suwon Complex produces digital products, while semiconductors are produced at Giheung, Hwaseong, and Onyang Plants. The Giheung, Cheonan, and Tangeong Plants produce LCDs. Digital information systems are manufactured in the Gumi Complex. Samsung Electronics employs 149,000 people worldwide. Of the total, 85,800 work in domestic worksites, 10,900 in our domestic subsidiaries, and 52,300 in overseas subsidiaries.

[Company Profile]

- Company name: Samsung Electronics Co., Ltd.
- Headquarters address: 416, Maetan 3-dong, Yeongtong-gu, Suwon, Gyeonggi-do, Korea
- CEO: Jong-Yong Yun
- Date established: January 13, 1969
- Number of employees: 149,000 (85,800 in worksites in Korea, 10,900 in domestic subsidiaries, and 52,300 in overseas subsidiaries)
- Domestic worksites: Eight plants
- Overseas network: 156 subsidiaries and branches

[Organizational Chart]



[Global Network]



[Overseas Production Sites]

Classification	Nation/City	Subsidiary Name	Major Products
North America(3)	Mexico	SAMEX	CTV/Monitor/HHP
	Mexico	SEM	System Home Appliances
	US	SAS	Memory Chip
Europe(2)	Hungary	SEH	CTV
	Slovakia	SESK	CTV/Monitor/AV
China(13)	Tianjin	TTSEC	CTV
	Tianjin	TSED	CTV/Monitor
	Tianjin	TSEC	AV
	Tianjin	TSTC	HHP
	Shandong	SSDP	Printer
	Shenzhen	SSKMT	HHP
	Huizhou	SEHZ	AV
	Haikou	SEHF	Fiber Optics
	Zhongshan	SEHK	CTV/Mon
	Suzhou	SSEC	System Home Appliances
	Suzhou	SESC	Computer
Suzhou	SESS	Memory, System LSI, Module	
Suzhou	SESL	LCD Panel	
South-East Asia(6)	Indonesia	SEIN	CTV/Monitor/AV/OMS
	Thailand	TSE	CTV/Monitor/System Home Appliances/MWO
	Vietnam	SAVINA	CTV/Monitor/AV/System Home Appliances
	Malaysia	SDMA	CTV/Monitor
	Malaysia	SEMA	MWO
	Philippines	SEPHIL	OMS
South America(1)	Brazil	SEDA	CTV/Monitor/HHP/AV/HDD
South-West Asia(2)	India	SIEL	CTV/Monitor/System Home Appliances
	India	STI	HHP

FINANCIAL PERFORMANCE

Samsung Electronics is organized into five major businesses: Semiconductor (memory chips, system LSI devices), LCD (TFT-LCD products for various applications), Telecommunication Network (mobile phones, telecommunication systems), Digital Appliance (washing machines, refrigerators, air conditioners and system cooking) and Digital Media (TVs, audio/video products, PCs and computer peripherals). Samsung has already established itself as a major global player in these five areas and is determined to further its presence in the world markets. For fiscal 2006, we reported year-on-year sales growth of 6.0% (consolidated basis). We also reinforced the foundation for future growth.

1. Financial Performance

Samsung Electronics showed solid growth in terms of sales as well as profits in 2006. Consolidated revenues increased 6.0% to KRW85.43 trillion, from KRW80.63 trillion in 2005. Operating income rose 18.9% to reach KRW9.01 trillion.

Along with the financial achievements, we strengthened our core competitiveness for future growth. We continued to hire and cultivate top notch engineers. Presently, 26% of our entire workforce is engaged in R&D activities. Our emphasis on research allowed us to register more than 12,000 new patents in Korea and 2,700 new patents in the US in 2006. We climbed to second place in terms of the most US patents, up by three notches from 2005. In addition, we demonstrated our global IT leadership. We developed the world's first 1GB DRAM using 50-nanometer technology and a 32GB NAND flash memory with 40nm processing, and commercialized Mobile WiMAX, a next-generation wireless communication system.

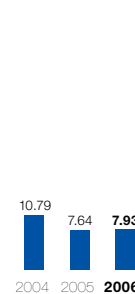
[Sales Trend]

(Unit: KRW trillion)



[Net Income Trend]

(Unit: KRW trillion)

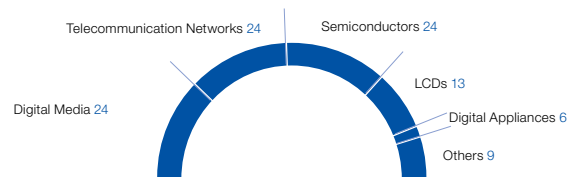


2. Performance by Business

Samsung Electronics produces a wide range of products which are categorized into five businesses: Digital Media, Telecommunication Network, Digital Appliance, Semiconductor, and LCD. The Company has built a well balanced business portfolio which has made earnings less vulnerable to cyclical fluctuations in the IT sector.

[Sales Breakdown]

(Unit: %)



1) Digital Media Business

The Digital Media Business has the largest share of the world digital TV market. The unit also produces color monitors, DVD and Blu-ray disc players, notebook PCs, printers and portable entertainment devices such as digital camcorders and MP3 players.

2) Telecommunication Network Business

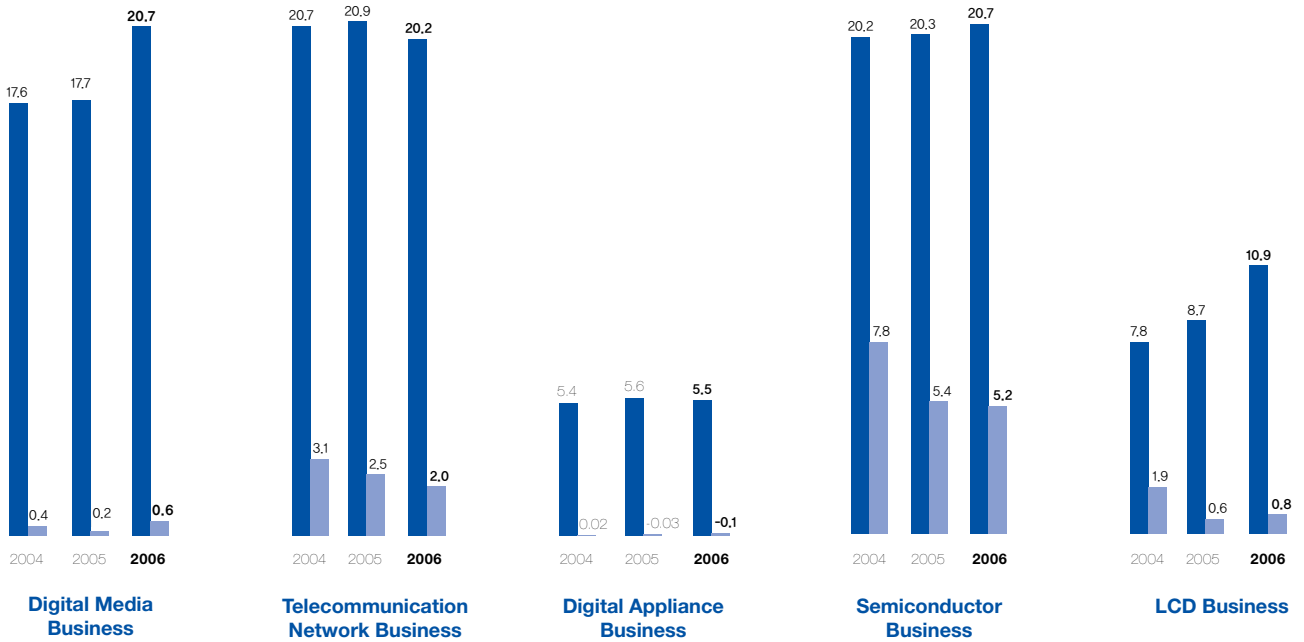
The Telecommunication Network Business includes mobile phones and telecommunication systems. A premium brand image and distinctive designs have elevated Samsung into one of the world market leaders. We have also led the standardization of Mobile WiMAX, next-generation mobile phone technologies and led the HSDPA market.

3) Digital Appliance Business

The Digital Appliance Business makes premium refrigerators, air conditioners, washers, ovens, vacuum cleaners and other appliances that are indispensable for modern homes. Standout designs and innovative technologies are leveraged to create new kinds of added value and offer products that meet customer needs to make Samsung a market leader.

[Sales and Operating Income by Business]

(Unit: KRW trillion) ■ Sales ■ Operating Income



4) Semiconductor Business

The Semiconductor Business consists of three major divisions: Memory, System LSI and Storage. We boast the world's most advanced DRAMs, SRAMs, NAND flash memory chips and display driver ICs. We have been the world's foremost maker of DRAMs for 15 years and continue to be first to introduce the next generation of semiconductor chips.

5) LCD Business

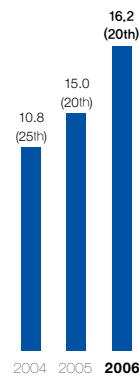
Our LCD portfolio includes panels for TVs and desktop monitors as well as various display panels for mobile products. By investing in next-generation production facilities ahead of competitors, we have remained the world's top LCD producer for the past five years. Our position is particularly dominant in the segment for LCD TVs of 40" or larger.

3. Brand Value

Samsung Electronics has engaged in diverse marketing activities to elevate brand value. A brand value survey jointly conducted by BusinessWeek and Interbrand in 2006 ranked Samsung Electronics in 20th place among all corporations in the world and 7th in the IT sector. According to the survey, the Samsung Electronics brand value continued to increase, rising to US\$16.2 billion in 2006 from US\$15.0 in 2005 and US\$12.6 billion in 2004.

[Brand Value]

(Unit: US\$ billion)



OUR SUSTAINABILITY

Samsung Electronics recognizes that co-prosperity with our communities is vital for corporate survival. We take our role as a global corporate citizen very seriously and stand firmly behind our commitment to enriching people's lives. We are contributing to sustainable development through a variety of activities such as stakeholder-focused management, social contribution and environmental conservation.

1. Value System

1) Structure and Definition

Samsung Electronics' value system is composed of Management Philosophy, Samsung 5 Values, and Global Code of Conduct.

■ Management Philosophy

Our management philosophy is summarized as follows: We will devote our human resources and technology to creating superior products and services, thereby contributing to a better global society.

■ Samsung 5 Values

Samsung 5 Values stipulate the key attributes that embody the DNA of decision-making at Samsung. All employees of Samsung Electronics should keep the following five values in mind when conducting business: people, excellence, change, integrity and co-prosperity.

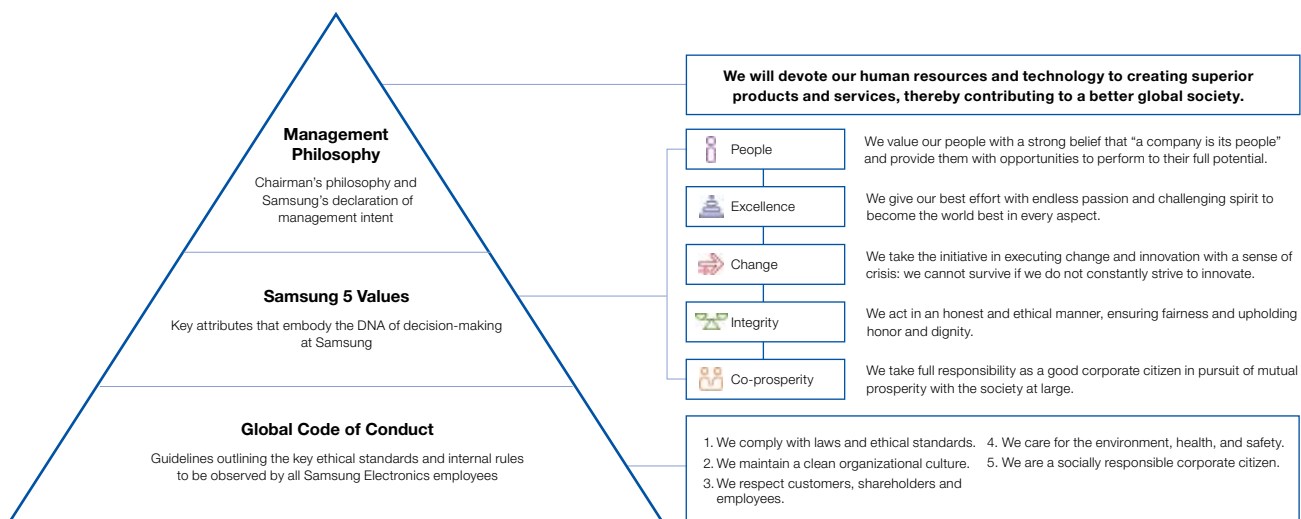
■ Global Code of Conduct

Global Code of Conduct outlines key ethical standards and internal rules to be observed by all Samsung Electronics employees.

2) Value System and Sustainability Management

Our management philosophy summarizes the purpose of the Company and its ultimate objective, while the Global Code of Conduct sets forth ethical standards and internal rules to guide us in putting our principles into practice. The concept of sustainable development is embedded in our value system which coincides with the goals of sustainability management.

[Value System]



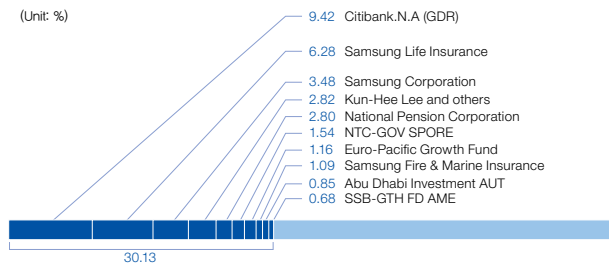
2. Corporate Governance

1) Share Ownership

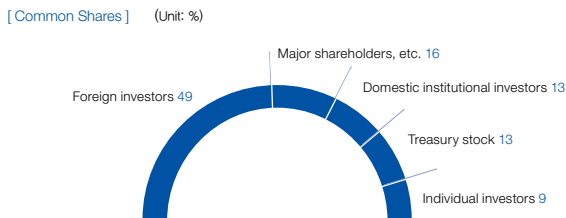
Major decisions are grounded on the Company's management philosophy and business principles and are aimed at promoting mutual prosperity with all stakeholders. Senior management is encouraged to exercise creative and progressive entrepreneurship while adhering to the principles of managerial transparency and accountability.

As of December 31, 2006, there were 170,132,764 shares (147,299,337 common shares and 22,833,427 preferred shares) issued and listed on the Korea Exchange. Samsung global depository receipts are traded on the London Stock Exchange under the "SMSN LI" ticker symbol for common shares and "SMSD" symbol for preferred shares. Preferred GDRs are also traded on the Luxembourg Stock Exchange under the symbol "SAMDR". The ten largest shareholders own 30.13% of total outstanding shares as of the end of 2006.

[Ten Major Shareholders]



[Ownership Structure]



2) External Recognition

Samsung Electronics makes continuing efforts to ensure transparency and good corporate governance to increase value for our shareholders. We also carry out a wide range of investor relations activities to facilitate two-way communication between shareholders and management.

Our broad ranges of efforts were highly recognized by external agencies and the press at home and abroad. Samsung Electronics has received various awards related to improvement of shareholders' value from world-renowned institutions. We will continue to do our best to serve the interests of our shareholders and investors.

[Awards]

Presented by	Date	Awards
Finance Asia	2006. 5	Best Managed Company in Korea Best IR in Korea Best CFO in Korea
Moneytoday	2006. 9	IR Award (Grand Prize)
Korea Economic Daily	2006. 11	Best IR, Conglomerate Sector in 2006
Korea Investor Relations Association	2006. 11	Korea IR Grand Prize

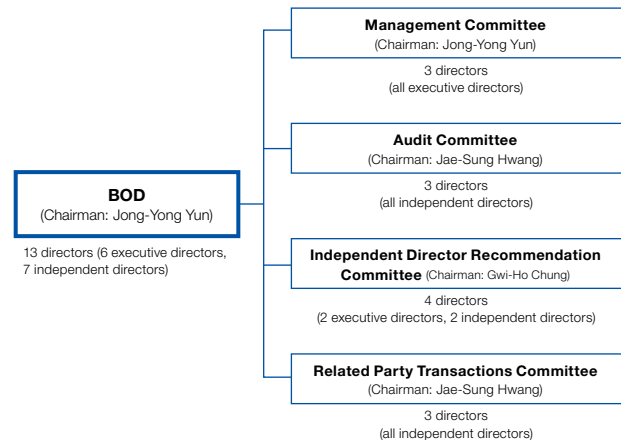
3) Board of Directors

The Board of Directors, the chief decision-making body of the Company, consists of thirteen Directors, including six Executive Directors and seven Independent Directors. Independent Directors account for over 50% of the BOD to secure independent and transparent decision-making processes.

There are two types of Board meetings, regular meetings and extraordinary meetings. The former is generally held once a quarter (Jan., Apr., Jul., Oct.) and approves the quarterly financial statements and business reports, while the latter is held whenever deemed necessary. The Board convened eight times in 2006 and resolved 27 agenda items.

The meeting of the Board of Directors is convened by the Chairman only in case where the meeting is deemed necessary. The Chairman shall present agendas and reasons for the meeting provided that such notice may be omitted with the consent of all BOD members. The chairman shall give notice to each BOD member of the date, time and place at least twenty-four hours prior thereto. The presence of the majority of the BOD members shall constitute a quorum for a meeting of the Board of Directors, and the resolutions of the Board of Directors shall be adopted by a majority of the votes of the BOD members attending the meeting; provided that Board meetings may take place via electronic means, such as conference calls, within the scope provided by relevant laws.

[BOD Structure]



■ Board Committee

Samsung Electronics set up committees under the Board in accordance with relevant laws and delegated some of the Board authority to the committees, each of which is filled with BOD members who can bring their expertise and experience to the assigned committee. There are four committees under the BOD: Management Committee, Audit Committee, Independent Director Recommendation Committee, and Related Party Transactions Committee.

Each agenda approved by board committees is instantly notified to all BOD members, and each person may call for the convocation of Board meetings within two days from the notice. The Board of Directors may put the resolutions approved by the committees for voting at the Board meeting.

[Committees under the Board of Directors]

Committee	Role and Responsibility	No. of Meetings in 2006	No. of Directors
Management Committee	Deliberates and decides on matters either delegated by the Board of Directors, or specified in the Articles of Incorporation or Regulation of the Board of Directors with the aim of enhancing professionalism and efficiency in decision-making.	24 times	3 (all executive directors)
Audit Committee	Supervises and supports management in a way that may maximize corporate value through checks and balances.	6 times	3 (all independent directors)
Independent Director Recommendation Committee	Assesses the independence and ability of potential candidates for independent directors and recommends relevant candidates to the Board.	4 times	4 directors (2 executive directors, 2 independent directors)
Related Party Transactions Committee	Enhances corporate transparency and promotes fair transactions.	7 times	3 (all independent directors)

■ Other Special Committees (Non-BOD Committees)

The Special Committees are not under the BOD. These committees, comprised of experts in the relevant fields, discuss and decide on issues that receive particular focus at Samsung Electronics.

The Compensation Committee and the Environment and Safety Committee are actively in operation. The Compensation Committee comprises of five members including the CEO as the committee chairman. It evaluates the capabilities and performance of executives and decides on their remuneration. The Committee meets twice a year, one in the first half and the other in the second half. The committee evaluates each executive's attainment of their quantitative and non-quantitative business goals as well as their work capabilities and decides on compensation including profit sharing and incentives. The Environment and Safety Committee supports the development of environment-friendly products as well as activities related to environment, safety and health. To maximize synergy effects and promote company-wide accident prevention measures, the committee is composed of an environment and safety representative from each plant.

3. Stakeholder Communication

1) Stakeholder Engagement

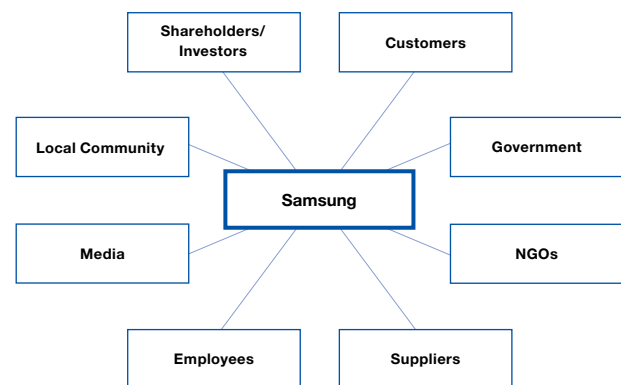
Samsung Electronics seeks co-prosperity with diverse stakeholders and makes an effort to reflect their opinions and interests in our business endeavors through various methods and processes. We also encourage stakeholder participation in our environmental activities and social contribution programs. Additionally, proposals submitted by qualified shareholders to the Board of Directors are referred to the general meeting of shareholders for approval. We actively respond to complaints raised by consumers or employees via the Internet, finding the cause of the problem and notifying the individual(s) who raised the issue. Internal processes have been set up to immediately convey opinions obtained through IR activities to senior executives. All stakeholders visiting the Samsung Electronics website may send an e-mail directly to the CEO to express their views and give their comments.

Major Activities

- Environmental preservation activities in local communities
- Participation in domestic and international environment & safety symposiums
- Technical support (environment & safety) partner companies
- Creation of eco-ponds
- Environmental sisterhood program with schools
- Participation in major national policy projects

Stakeholder Communication

[Our Stakeholders]



[Communication Channel]

Stakeholder	Activities	Details
Customers	Customer Satisfaction Survey	Conducted by outside agencies (at least twice a year)
	Core Suppliers Association	Information exchange and joint technology development for mutual benefits
Business Partners	Exchange Council	Discusses issues common to a sector to find improvement measures
	Presentations	Presentation on successful innovation cases
	Analyst Day	Annual event for domestic and international investors led by the top management
Investors/ Shareholders	IR Conference	IR conference for quarterly earnings results, presentations to domestic and international investors
	Disclosure	Disclosures through related organizations and Company website
	Non Deal Roadshow	Visits to major investors
	One-on-One Meeting	Meetings with domestic and international investors

2) Distribution of Economic Value

The distribution of economic value to stakeholders increased in 2006 in step with the growth of the Company. (The figures for wages, dividends and donations in the following tables are on parent basis. The rest are on consolidated basis).

■ Wages

	(Unit: KRW billion)		
	2004	2005	2006
Wages	4,077	3,792	4,355
Benefits	399	495	519

■ Dividends

	(Unit: KRW billion)		
	2004	2005	2006
Dividends	1,564	834	820
Dividend payout ratio (%)	14.5	10.9	10.4
Acquisition of treasury stock	3,792	2,149	1,813
Dividends and treasury stock	5,356	2,983	2,633
Total dividend payout ratio (%)	49.7	39.0	33.2

■ Interest Expenses

	(Unit: KRW billion)		
	2004	2005	2006
Interest income	362	284	365
Interest expenses	170	218	294
Net interest expenses	-192	-66	-71

■ Income Taxes

	(Unit: KRW billion)		
	2004	2005	2006
Income taxes	2,207	1,218	1,634
Net Income before tax	12,376	8,125	9,828
Effective tax rate (%)	17.8	15.0	16.6

■ Donations

	(Unit: KRW billion)		
	2004	2005	2006
Cultural and welfare	47	77	97
Scholarships and training	98	82	65
Support for the underprivileged	29	15	13
Total	174	174	175

Our Environment

Philosophy & Policy

Green Management Policy

Focus Areas

1. Responding to Climate Change
2. Minimizing Environmental Impacts
3. Developing Environment-Friendly Products

Management System

1. Green Management
2. Green Management System

Activity & Performance

1. Responding to Climate Change
2. Minimizing Environmental Impacts
3. Developing Environment-Friendly Products



PHILOSOPHY & POLICY

Samsung Electronics has adopted the Green Management initiative to do our part in protecting the environment. As a responsible corporate citizen, we carry out a wide range of environmental activities which extend to our worksites both inside and outside of Korea, as well as our suppliers and local communities. Based on an underlying respect for people and nature, our business endeavors are intended to enhance quality of life and preserve our planet. Our objective is to contribute to the sustainable development of mankind.

1. Green Management Policy

Our Green Management program consists of five areas: Greening of Management, Greening of Products, Greening of Processes, Greening of Workplaces, and Greening of Communities. As stated in our Green Management policy, we recognize that the environment, safety and health are an integral part of our operations. That belief serves as the basis of all business activities and is guiding us toward building a better and cleaner world.

[Green Management Policy]

Based on the reverence for life, all of our business activities observe our Green Management Policy, which encourages respect for nature and contributes to the prosperity of human life and conservation of the environment. The Company plays a leading role in creating a sustainable society by recognizing and implementing the environment, safety and health as crucial factors in all our business endeavors.

1. Operation of Green Management system

Under the Green Management system, we continue to make efforts to improve how we manage environment, safety and health impacts occurring in production and service. We have committed to periodically publish the performance results of our Green Management system.

2. Compliance with local and international regulations

We apply rigorous standards in the management of matters pertaining to the environment and safety. In addition, we strive to faithfully observe relevant laws, regulations and international agreements in order to be a good corporate citizen.

3. Fulfillment of life cycle responsibility for products and services

We will fulfill our responsibilities for our products and services, with environment and safety conscious designs, use of environment-friendly materials and the recycling of end-of-life products.

4. Continuous improvement of environmental aspects

We will continue to minimize the use of resources and energy through clean production technologies. The development of new advanced technology is used to reduce the output of substances known to cause negative environmental impacts such as carbon dioxide.

5. Realization of a safe and pleasant workplace

We will do what we can to prevent environmental or safety-related accidents and foster a safe and pleasant workplace to help improve employee health and quality of life.

6. Solid partnership with suppliers and contribution to the community

We will cooperate with suppliers in fulfilling Green Management policy, and will maintain excellent partnerships with them. This includes carrying out joint activities for environmental conservation and development of the local communities.

FOCUS AREAS

We are seeing heightened interest in the environment amid the growing spotlight on global warming. In line with worldwide trends, Samsung Electronics is making various efforts to address climate change. Our environmental stewardship includes the development of eco-friendly products and seeking ways to minimize environmental impacts throughout a product's life cycle.

1. Responding to Climate Change

The 1992 Rio Declaration on Environment and Development highlighted the issue of regulating substances that contribute to global warming. Two years later, in March 1994, the Convention on Climate Change went into force. This agreement is aimed at curbing the emission of greenhouse gases, which have a direct impact on climate change. Under the treaty's Kyoto Protocol, 38 signatory countries are required to reduce their greenhouse gas emissions. Between 2008 and 2012, their combined emissions must be lowered by 5.2% from the 1990 levels. As one of the global leaders of the information era, Samsung Electronics has introduced the "Catch CO₂ Project," a voluntary initiative to reduce our CO₂ emissions. We are also making efforts to make more efficient electronic products and curb the use of materials with high global warming potential (GWP).

Samsung Electronics strives to curtail the discharge of substances that cause global warming, with a particular focus on CO₂ emission, during the manufacturing processes. We have also been a leader in energy conservation efforts through company-wide energy saving initiatives.

2. Minimizing Environmental Impacts

The environmental impacts of a product are generally determined during the development phase. This means environmental factors should be incorporated during the development process. Samsung Electronics takes a whole life approach and promotes diverse techniques and activities so that environmental impacts are minimized throughout the product life cycle.

We have adopted an environmental management program to minimize the generation of environmental pollutants during the manufacturing process. The program includes rigorous control at the source of generation and process enhancement. At the same time, we are expanding in-house treatment and recycling facilities under the principle that waste materials should be handled by the party that generates them. These measures are in line with our basic stance of conserving resources and nature.

3. Developing Environment-Friendly Products

Along with function, price, quality and design, the environment is a key consideration in our product development process. This reflects our commitment to lessen environmental impacts throughout a product's life cycle, from raw material procurement and production to transportation, usage and end-of-life disposal.

We take a whole life approach to minimizing the burden on our ecosystems. Eco-design tools and hazardous substance controls are implemented from the initial development stage. We also take steps for transparent disclosure of environmental information and actively promote the recovery and reuse of waste products.

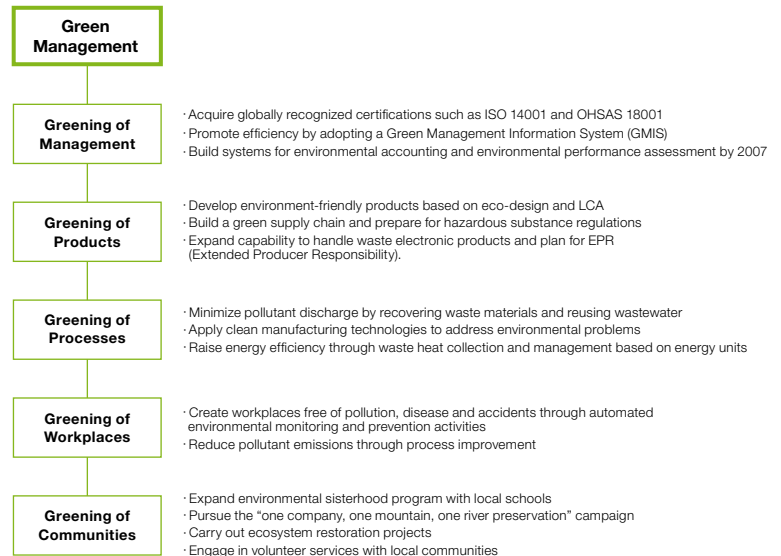
MANAGEMENT SYSTEM

Samsung Electronics declared environmental guidelines in 1992 to protect our planet and promote prosperity. We took our commitment one step further in May 1996 as we announced our Green Management policy, which encompasses the environment, safety, health, and disaster prevention. All of our environmental activities, both inside and outside of Korea, are implemented in a systematic manner under the guidance of the Environment and Safety Committee.

1. Green Management

Green Management consists of five major segments: Greening of Management, Greening of Products, Greening of Processes, Greening of Workplaces, and Greening of Communities.

[Green Management]



Greening of management reflects our position that we recognize the environment, safety and health (ESH) as key factors in management for sustainable development. It involves advanced ESH management systems and detailed strategies for execution of ESH activities. It covers the myriad of activities for the greening of products, processes, workplaces and local communities.

Greening of products is concerned with minimizing environmental impacts throughout a product's life, from development and production to usage and disposal, and making environment-friendly products. Samsung Electronics uses Life Cycle Assessment (LCA) and eco-design tools to develop green products.

Greening of processes refers to process and facility enhancement, development of clean production technologies, and use of alternative raw materials. It also extends to activities to lower the discharge of waste materials,

pollutant control and maximizing energy efficiency.

Greening of workplaces is intended to create work settings free of pollution, disease and accidents. It includes pollution prevention using our environmental monitoring network and inspection of environmental facilities, along with measures for food hygiene and fire prevention. Training is given to employees to promote voluntary engagement in activities to promote the environment and safety.

Greening of communities is the means through which we fulfill our social responsibilities regarding safety and the environment. We are working towards our vision of co-prosperity with local communities based on mutual trust and respect. Our activities include the “one company, one mountain, one river preservation” campaign and joint efforts with local residents to preserve nature and restore ecosystems.

2. Green Management System

1) Organization

[Organizational Chart]



Long-term objectives and action plans for Green Management are set by the Environment and Safety Committee, which comprises top management of each worksite. The committee regularly evaluates environmental performance and recommends improvement measures. It is supported by the Environment and Safety Office. The office is composed of environment and safety experts from each department and runs related subcommittees.

[Roles of Environmental Organizations]

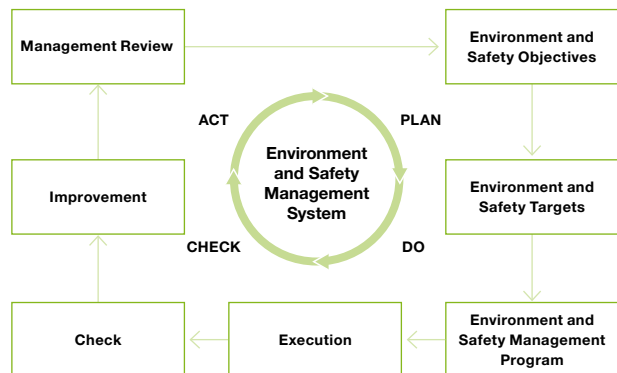
Organization	Major Roles
Environment and Safety Committee	<ul style="list-style-type: none"> Deliberate and decide on environment and safety policy and strategy Support the development of environment-friendly products Evaluate Green Management performance and promote sustainable development Environment and safety checks with the participation of senior executives
Environment and Safety Office	<ul style="list-style-type: none"> Devise company-wide environment and safety policy and strategy Analyze and respond to domestic and international trends on environment and safety Promote development of environment-friendly products Disseminate model cases of green management and pursue company-wide activities
Green Management Committee (Plant)	<ul style="list-style-type: none"> Composed of a plant's highest ranking officer, employee representatives and managers Promote implementation and conduct evaluation of Green Management program Deliberate and decide on major issues concerning environment and safety Disseminate model cases of green management and pursue sustainable development

2) Environment and Safety Management System

Samsung Electronics was the first company in Korea to set up an environment and safety management system. Under this system, environment and safety problems are resolved based on participation of all employees. Based on the system, we monitor environmental impacts by division and take action according to specific improvement targets.

Environment and safety training is offered to all employees, with different programs to meet the needs of various levels of the workforce. We also conduct training to nurture environment and safety experts. Our environment and safety management system is based on a four-step cycle (Plan → Do → Check → Act). Performance is assessed through internal audits and reviewed by top managers for the purpose of continuous improvement.

[Environment and Safety Management System]



[Environment and Safety Certification (in Korea)]

Plant	Environmentally Friendly Company	ISO 14001	OHSAS 18001
Suwon	1996.04	1996.10	2000.11
Giheung	1995.08	1996.09	1999.12
Hwaseong	2002.08	1996.09	1999.12
Onyang	1995.11	1996.09	1999.12
Cheonan	2000.09	1999.06	2000.06
Gumi	1996.01	1996.11	2002.10
Gwangju	1996.01	1996.10	2002.10
Tangjeong	Under progress	2006.12	2006.12



SEDA(MA) OHSAS18001

SEM ISO14001

[Environment and Safety Certification (overseas)]

Region	Name	Product	Date of Acquisition		Certification by
			ISO 14001	OHSAS 18001	
America	SAMEX	CTV, C/M, HHP	2000.12.11	2003.12.19	UL
	SAS	DRAM	2001.01.16	Under progress	BSI-QA
	SEDA(VD)	C/M	2001.02.23	2006.03.07	BVQI
	SEDA(TN)	HHP	Under progress	Under progress	-
	SEM	REF, A/C, W/M	2004.11.24	2006.06.17	UL
Europe	SEH	CTV, C/M	2005.05.26	2005.12.12	BVQI
	SESK	C/M, CTV, DVDP	2003.10.03	2003.10.03	UL
Southeast Asia	SEIN	VCR, ODD, CTV, C/M	2003.04.16	2003.10.09	SUCOFINDO
	TSE	CTV, REF, RAC, W/M, MWO	2001.12.01	2003.11.04	UL
	SEMA	MWO	2005.12.10	2005.12.10	DNV
	SDMA	C/M	1999.08.24	2002.08.20	DNV/RvA
	SIEL	CTV, MWO, C/M	2000.06.01	2003.08.27	KPMG/BQR
	SAVINA	CTV, C/M	2001.12.05	2002.12.10	UL
	SEPHIL	ODD	2002.09.13	2003.10.25	UL
	STI	HHP(GSM)	2006.12.22	2006.12.22	DNV
China	TTSEC	CTV	2005.11.06	2005.11.06	TÜV
	TSED	C/M	2001.01.09	2003.12.09	TÜV
	TSTC	HHP(GSM)	2004.08.02	2005.05.15	UL
	TSEC	VCR, DVDP	2000.02.18	2004.10.04	UL
	SEHZ	AUDIO	2005.05.21	2006.03.21	CQC
	SST	FAX, PRT	2004.09.30	2004.11.07	UL
	SSKMT	HHP(CDMA)	2005.04.18	2005.04.18	SSCC
	SSEC	REF, W/M, RAC, MWO	2003.11.25	2005.06.16	CQC
	SESS	MEMORY,LSI,MODULE	2004.05.28	2004.05.28	BVQI(英)
	SESC	PC	2004.02.22	2004.02.18	CEPREI
	SESL	LCD	2004.11.24	2004.11.24	BVQI
	SEHF	Fiber Optics	2006.01.20	2006.01.20	CQC

[Tangeong Plant acquires ISO14001/OHSAS18001 certification]

The Tangeong Plant received BVQI ISO 14001 certification for its environmental management system (EMS) in November 2006. That has positioned the plant to better respond to domestic and international environmental regulations. Internally, it served as an occasion to step up environmental activities. A taskforce team was created in March 2006 to formulate environment and safety policy, conduct environmental impact assessment, draw up our Green Management plan and revamp internal regulations. Those efforts, along with internal checks and performance evaluations, resulted in an EMS that satisfied international standards. The Tangeong facility also acquired OHSAS 18001 certification for its safety and health management system. The plant will expand the scope of certification to new production lines and continue with efforts to enhance EMS. That, in turn, will facilitate the manufacture of environment-friendly products that customers can trust.



ISO 14001 / OHSAS 18001 Certification (Tangeong Plant)

■ Green Management Information System (GMIS)

Our Green Management Information System, adopted in 1998, supports environmental and safety activities and systemizes relevant information to enhance competitiveness and promote strategic use of data.

GMIS is used to control pollutants at the point of generation, manage costs related to the environment and safety, and provide information for swift decision-making by upper management. It contains data on related policies, targets, environmental impacts and risk analyses to be used in relation to ISO 14001 and OHSAS 18001 certifications. The system helps us keep pace with international regulations through measures such as environmental performance evaluation (EPE) and environmental accounting (EA). GMIS standardizes all environmental and safety activities taking place at Samsung Electronics to ensure maximum efficiency.



GMIS

■ Total Integrated Safety System (TISS)

The Total Integrated Safety System (TISS) refers to the integrated web-based fire prevention and safety monitoring system run by the disaster control center at Cheonan Plant. The one-stop warning system provides real-time information on various events (related to fire, gas, weather), thereby allowing prompt and appropriate countermeasures to minimize damage. We plan to link TISS with a comprehensive disaster control system to come up with simulations of predictable events.

[System Description]

- Integrated monitoring: GMS, MXL, CMS, ASD, MPS, WMS, AOV, liquid waste, AWS
- Approvals: heater, suspension of operation
- Facility checks: fire, safety, automobile, heater
- Reporting: work log, etc.
- Emergency call system: instant SMS



■ Waste Management System (WMS)

After Tangeong Plant started production in 2004, waste materials increased by more than 50% annually, heightening the related workload and the risk of accidents. To address this issue and facilitate smooth communication with subcontracted partner firms, the LCD Business unit set up the Waste Management System (WMS). WMS comprises S-WMS (Samsung-WMS, for use by Samsung) and P-WMS (Partner-WMS, for use by partner firms). It provides real-time information on contracts, payments, inspections, and legal matters pertaining to partner firms. Our partner firms can also access guidelines for facility operation, resources on environmental management, and environmental regulations. All data is managed automatically for maximum efficiency. WMS helps to prevent accidents concerning waste materials. Moreover, all contract-related processes are made into a database, paving the way for more transparent relations between the LCD Business unit and its business partners that handle waste materials.



WMS

ACTIVITY & PERFORMANCE

Samsung Electronics carries out a broad range of activities based on the environmental management system to protect our natural surroundings. In particular, we have made continued progress in terms of addressing climate change, minimizing our environmental footprint, and developing eco-friendly products. As a global enterprise, we stay abreast of international trends, such as the heightened emphasis on climate change, and adhere to more rigorous standards on pollutants than stipulated by law.

1. Responding to Climate Change

Samsung Electronics has taken part in various government-led initiatives to counter global warming. These include mock CO₂ emissions trading supported by the Korea Energy Management Corp. (KEMCO). We are also a participant in the national greenhouse gas reduction registry scheme, a trial project led by KEMCO. All our workplaces in Korea have entered into a voluntary agreement to reduce energy consumption and are carrying out voluntary activities to reduce greenhouse gases under our "Catch CO₂ project."

1) Greenhouse Gas Reduction

■ Catch CO₂ Project

Catch CO₂ is the slogan for activities carried out at SEC business sites in Korea to lower the emission of greenhouse gases (GHG). Between 2002 and 2005, reduction targets were set on per revenue basis. But due to distortion caused by fluctuations in the selling price of products, we switched to a target scheme based on unit production from 2006.

• Reduction targets

- **Previous:** Reduce GHG by 30% from 2001 levels by 2010 (per unit revenue basis)
- **Revised:** Reduce GHG by 45% from 2001 levels by 2010 (per unit production basis)

[CO₂ Emission Trend (Basic Unit)]

Category	2004	2005	2006
Basic Unit	66	62	58

* Samsung Electronics has a diverse product line-up including semiconductors, LCD, mobile handsets and home appliances. For this reason, the basic unit of production was calculated by taking into account the proportion of GHG emissions of each business unit. We set 2001 as the base year (2001=100).

• Improvement activities

We are taking various steps to lower polyfluorocarbon (PFC) emissions from our semiconductor fabrication facilities, including the adoption of treatment systems, use of alternative gases and process optimization. Since 2003, PFC treatment facilities have been built into fabrication lines which decreased PFC emission by 63%. As of 2006, emission was down by more than 90%. For existing lines, we are using alternative gases and expanding PFC treatment capacity.

Under voluntary agreement on energy conservation with the government, we are recovering and reusing waste heat, installing high-efficiency coolers and low-power pumps, and seeking ways to reduce waste factors. A taskforce team has been set up to lower energy consumption (use of low-power pumps, chillers, etc.) in fab lines to be constructed in the future.

[Voluntary Agreement]

A voluntary agreement to save energy and curb greenhouse gas emissions between the government and a business entity that consumes more than 2,000 TOE (Ton Oil Equivalent) of energy annually. The business entity sets energy saving targets for a period of 3~5 years starting from the agreement year. In return, the government provides incentives such as tax benefits and technology support.



We recognize that the energy consumption patterns of our employees affects energy use, both inside and outside the company, and greenhouse gas emissions. We are raising employees' environmental awareness to encourage them to conserve energy.

- Appointment of energy monitors,
Meeting of department heads overseeing energy saving facilities
- Designation of every Wednesday as Energy Conservation Day,
Monitoring groups operation

2) Greenhouse Gas Emission

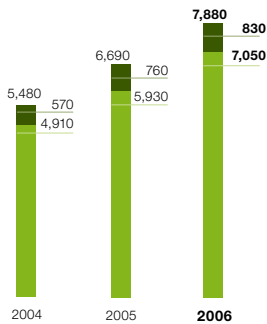
Despite reduction efforts, our greenhouse gas emission levels went up in 2006 relative to 2005 both in Korea and abroad. The increase was caused by expanded production and the addition of new fab lines.

3) Energy Use

Samsung Electronics has been implementing energy saving initiatives to prevent energy from being wasted during manufacturing processes. We are also working to develop energy efficient products that consume less power during usage.

[Greenhouse Gas Emission]

(Unit: 1000 CO₂/Year) Overseas Countries Korea



- Emissions from stationary combustion, purchased electricity, manufacturing processes, leaks, and mobile combustion
- Emission factor: 2005 (0.484kg CO₂/kwh), 2006 (0.424kg CO₂/kwh)

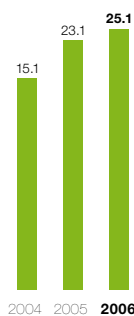
[Electricity Use]

(Unit: mwh/KRW billion)



[LNG Use]

(Unit: Nm³/KRW billion)



2. Minimizing Environmental Impact

1) Process Enhancement

■ Material Savings in Panel Polishing Process

Isopropyl alcohol (IPA) is injected on the panel surface to remove foreign substances during the cullet process at lines #3 and #4 of the Cheonan Plant. The use of consumable chemicals resulted in annual costs of approximately KRW3 billion.

The Cheonan Plant developed a low-cost alternative chemicals which reduced costs and removed an environmental risk factor. Organic waste water generated from IPA Skip is converted to neutral waste water, while organic exhaust is converted to inorganic exhaust for less LNG consumption.

[Cost Savings]

Category	Cost Savings Result
Reduction in IPA	KRW2.17 billion/year
Reduction in organic wastewater	KRW110 million/year
Exhaust improvement	Organic exhaust --> inorganic exhaust, resulting in less LNG usage



■ Process ESH Evaluation

The Semiconductor Business unit introduced the process ESH (Environment, Safety and Health) evaluation system in 2006 to assess new processes before their adoption. Use of new materials is on the rise to develop next generation products having narrower circuit width. That raised the need to address environmental and safety concerns from the process planning stage. Thorough ESH evaluations are conducted for each unit process to be used in production lines within the next two years to determine pollutant emission levels, substance reactivity and exposure amounts, and to assess whether existing environmental treatment facilities are adequate. Going forward, we will set environmental and safety targets for all major processes and incorporate them from the planning and development stages.

■ Curbing Dust Generation from the Scrap Disposal System

Measures were taken to rationalize the facility to pulverize waste glass in lines #5 and #6 at the Cheonan Plant. The goals were to prevent the generation of hazardous dusts and eliminate the risk of respiratory disorders for line workers. The enhanced work environment is expected to boost work efficiency and prevent losses.

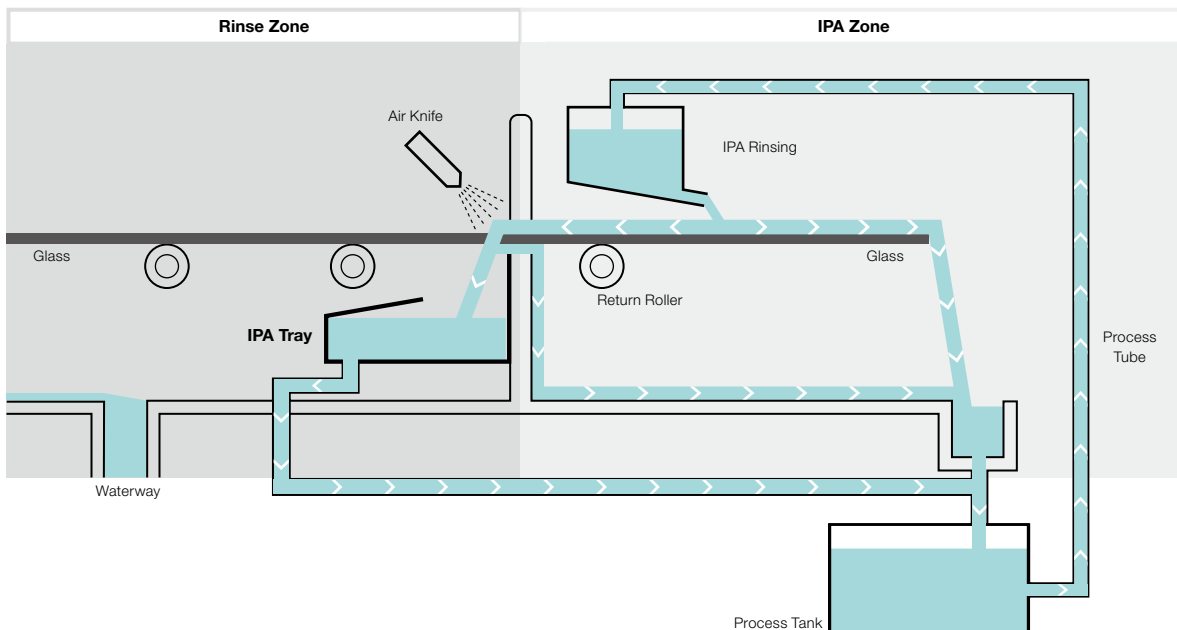
[Effect by Waste Glass Pulverization Facility]

	Improving Manual Ventilator and Compartment Facilities	Facility Monitoring
Photo		
Problem	Generation of large amounts of glass dust which hindered work. Spreading of glass dust in the event of a leak.	Obstacles to extracting information on equipment errors during systems operation and to quick resolution of errors.
Correction	Complete elimination of leaks following overhaul and capacity expansion.	Preventive measures and swift response to problems.

■ Less IPA Use via Process Enhancement

To minimize pollutant discharge during manufacturing, Tangeong Plant has been curtailing the use of chemical substances through various controls along with facility and process enhancements. One such project involved modifying the pre-loading washer which uses IPA (isopropyl alcohol). An air knife unit was installed to control the inflow of chemicals into the rinse zone (the next step after the chemical zone), while a chemicals recovery tray was added to curb the discharge of wastewater and promote reuse. These efforts lowered the amount of IPA per glass from 3ℓ to 1.5ℓ. Additionally, a process tank refill system was adopted which removed the need for replacement of chemicals in the process tank. The enhancement measures resulted in a 3,500m³ reduction of IPA use annually. The BOD level of wastewater fell from 3,500mg/ℓ to 2,100mg/ℓ, while daily discharge decreased from 48,500kg to 33,000kg.

[Process Improvement]



■ Using Ionic Water for Washing Lower Shell of Compressor

At the Suwon Complex, a device (NRE-301CL) to produce ionic water (electrolyzed water) was installed in the washing instrument for the lower shell of the compressor. An electrical device is used to produce alkali water from regular water. The alkali water is used to remove residuals such as proteins and fats, and the used water is recycled. In this way, monthly water usage and wastewater discharge decreased from twelve tons to three tons. No separate cleaning agent is necessary, which led to KRW28 million in annual savings from cleaning agent (PK-5400) costs. By using ionic water, which is colorless and odorless, we have adopted a green washing process that does not require the use of toxic substances (cleaning agent).

■ Noise Reduction through Facility Improvement

Noise levels at the Gwangju Plant dropped from 96dB to 75dB by blocking noise from equipment and using porous sound absorbers. In addition, improvements were made to 168 equipment used in pressurizing and impregnation processes to lower noise levels by 7~10 dB.

■ Reduction of Packaging Waste

The Gumi Complex is proceeding with various activities to stem the amount of packaging waste. For eight processes, previously used packaging materials have been replaced with recovery carts, to reduce waste by 16.25 tons annually. Standardization of recovery boxes slashed the number of boxes used from 26 to 12, having the effect of enhancing logistics efficiency by 20% and preventing unused boxes from turning into waste.

2) Reduction of Pollutant Emission

■ **Expansion of Odor Removal Equipment in Wastewater Treatment Facilities**

The factories in Giheung and Hwaseong have installed more equipment to remove odor emitted from wastewater treatment facilities to create a pleasant environment for plant workers and nearby residents. The plants are also taking preventive measures to avert unwanted odor.

■ **Wastewater Reuse**

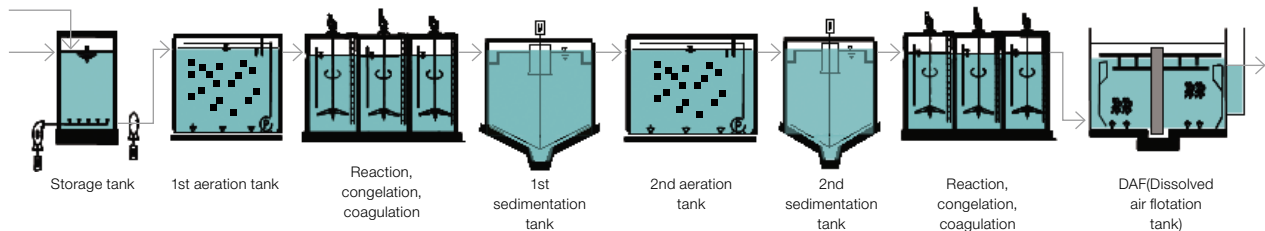
The Cheonan Plant has a high efficiency wastewater treatment system and wastewater recycling system. Due to their implementation, the inflow of industrial water to create de-ionized water (DI water) and wastewater discharge is expected to drop by 8 million tons annually. Annual cost savings from less use of industrial water alone are estimated to top KRW3 billion. The treatment system handles wastewater with high concentrations of BOD. Modifications were made to the aeration tank to optimize the BOD load. The recycling system was set up to ensure the quality of water supply for DI water generation.

■ **Reducing Environmental Load via Less Wastewater Discharge**

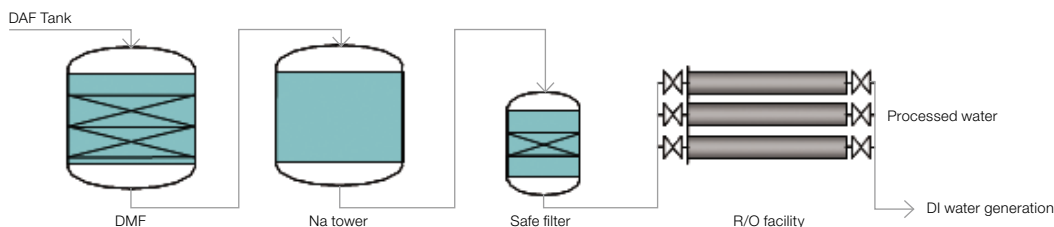
The Tangjeong Plant has come up with various improvement actions to curb the discharge of wastewater. An analysis was conducted to study the quality of water and wastewater in equipment that do not use chemicals. The objective of the study was to recover wastewater that can be reused. To lower the amount of DI water consumption, the pressure of DI water is adjusted, and steps are taken to detect and stop unnecessary use of DI water. Also, recycled water is used instead when possible. DI water use and the impact of its recovery are monitored by floor and by zone. Thanks to these moves, the reuse rate of neutral wastewater rose from 52% to 59%. Moreover, the measures are incorporated into new lines during their planning stage. Wastewater discharge from production has decreased by an average of 5,000 tons a day, thereby reducing the environmental load in the surrounding areas.

■ **Enhanced Efficiency of Wastewater Treatment Facility**

[High Efficiency Wastewater System Flowchart]



[Wastewater Recycling Flowchart]



Improvements to the nitrogen removal process and equipment were made to the wastewater treatment facility at Giheung Complex to maximize treatment efficiency and minimize pollutant discharge. Under the previous treatment method, there were only intermittent increases in water quality after nitrogen removal, increase in T-N concentration, and rising costs. To address those problems, the microbial reaction time was changed to optimize the nitrogen oxidation process. Also, an N-free system (ammonia oxidation using an oxidizing agent) was adopted which stabilized T-N concentration and contributed to lessening the environmental burden. Continuous improvement to the wastewater facility lowered the unit discharge of pollutants. Separately, a new high concentration fluorine (F) removal chemical was introduced, since increase in waste materials caused by lime buildup hindered the reduction of F concentration. Concerning wastewater reuse, large variations in Ca concentration hampered recycling efficiency and pushed up operation costs. In response, a Ca-free system was adopted for the NF treatment process, and a system to supply and dissolve Na₂CO₃ powder was set up to lower Ca concentration in waste water.

■ **Waste Material Transportation Control System**

The Giheung Complex adopted a control system for vehicles transporting waste materials to ensure efficiency and compliance with related laws. All waste materials generated at the site are recycled, sent to outside treatment facilities, or go through in-house treatment facilities. There used to be limits to verifying whether the final treatment (re-commissioned to outside firms) satisfied regulations. The control system was established in 2006 to address that problem. Under the system, GPS terminals are installed in all vehicles transporting waste to track their whereabouts using computers in the office. GPS also allows monitoring of the vehicles' driving speed, which helps to prevent accidents resulting from high speeds, ensure compliance with traffic laws and reduce penalties for violations. In addition, travel logs saved on the control system enables effective evaluation of contractors that handle waste materials.

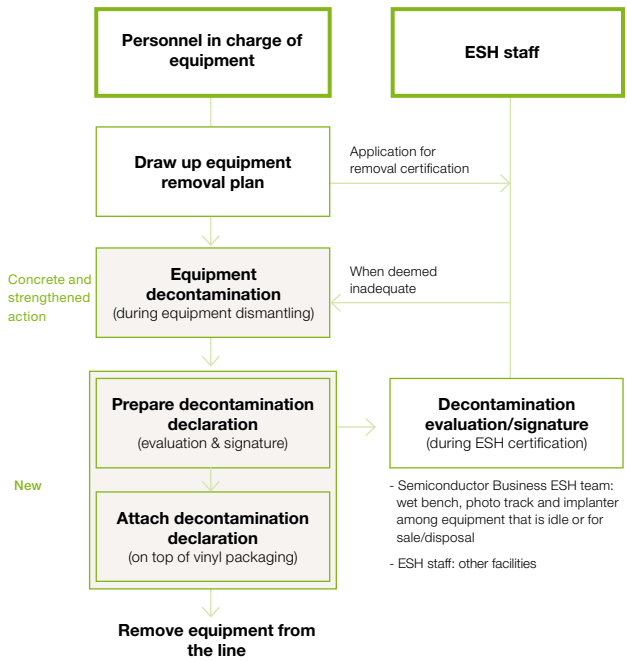
■ **Reusing Waste Synthetic Resins as Fuel**

The Gumi Complex implemented a project to find a fundamental solution to the increase in waste materials that accompanied business expansion. Through the project, waste materials were divided into regular waste and high heat-emitting waste. Waste materials generated during manufacturing were also classified as those for incineration and those for recycling. Recovered waste synthetic resins were turned into fuel, which raised the recycling rate by more than 3%p (73% -> 76%) and led to cost savings exceeding KRW300 million.

■ In-house Certification for Equipment Decontamination

The Semiconductor Business unit has an internal system for certifying decontamination of semiconductor equipment that is sold after use. Proof of decontamination is necessary for air or marine transport of equipment that has been in contact with toxic or hazardous substances. In addition, the seller may be liable for environmental or safety problems caused by contaminated equipment. The Semiconductor Business has established guidelines for decontamination that comply with international requirements (IATA Dangerous Goods Regulations (DGR)) and standards (SEMI-S16: guidelines for semiconductor equipment decontamination). It has also devised standards for decontamination of equipment that is moved to another location or disposed of. The unit plans to devise regulations for each equipment group and for different hazards and review the possibility of introducing third party certification for equipment sales.

[Decontamination Procedure]



※ Equipment that is idle or for sale/disposal must have a decontamination declaration attached before a party can take delivery of the equipment

※ If the decontamination process is omitted, a penalty will be imposed according to company regulations



Waste Material Transportation Control System

Chemical Substances Warning Label

■ Installation of Noise Control Device

At Hwaseong Plant, soundproof and sound-blocking devices have been installed at the new service wing, and soundproof walls have been set up to reduce noise emission from the cooling tower. These installations mark an improvement over existing facilities where noise could only be partially blocked. For wastewater treatment, equipment that generates unwanted noise has been installed underground.



1. Wind pressure-resistant shutter which effectively blocks noise

2. Wind pressure-resistant shutter

3. Fan noise suppressor at cooling tower

4. Rainwater soundproof wall (before installation of sound absorbers)

5. Underground installation of wastewater treatment facility

■ Remote Control of Outdoor Oil/Water Separation Facility

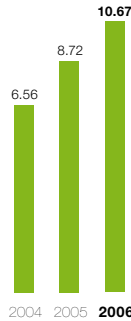
At the Hwaseong Plant, two oil/water separation facilities have been installed at the end of the rainwater channel of the new fabrication lines to prevent the outflow of pollutants into the surrounding environment. Due to limitations in oil absorption with the previously used AOS (Advanced Oily Water Separator) type oil filters, there was a risk of leakage outside the plant premises. Another problem was a possible functional loss due to buildup of sand and floating particles. The newly installed separator more thoroughly filters oil and lets it float to the surface for automatic collection. Moreover, the separation process has been enhanced with the installation of auto screens and grit chamber.



Oil/Water Separation Facility

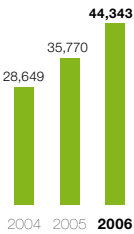
[Water Usage]

(Unit: Ton/KRW billion)



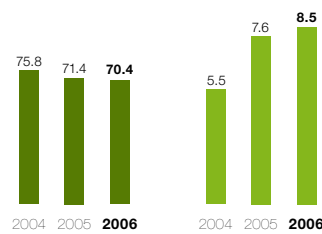
[Water Reuse and Reuse Rate]

[Reuse] (Unit: 1000m³/Year) [Reuse Rate] (Unit: %)



[Wastewater Discharge]

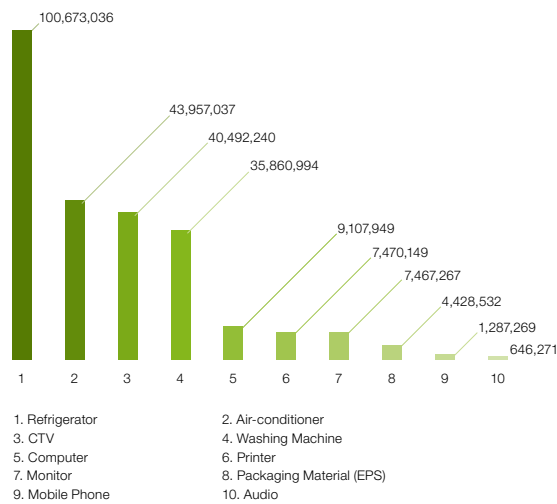
(Unit: m³/KRW billion)



3) Usage of Raw & Supplementary Materials and Water

[Usage of Raw & Supplementary Materials]

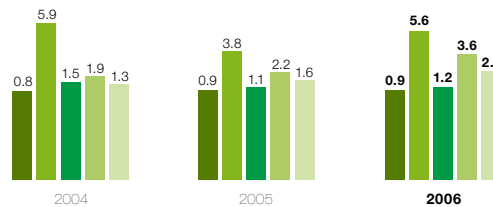
(Unit: kg)



4) Pollutant Discharge

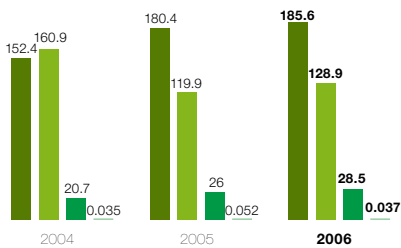
[Air Pollutants]

(Unit: g/KRW billion) ■ SOx ■ NOx ■ Dust ■ NH3 ■ HF



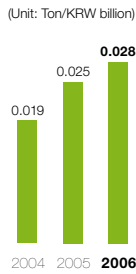
[Water Pollutants]

(Unit: g/KRW billion) ■ COD ■ SS ■ F ■ Heavy Metal

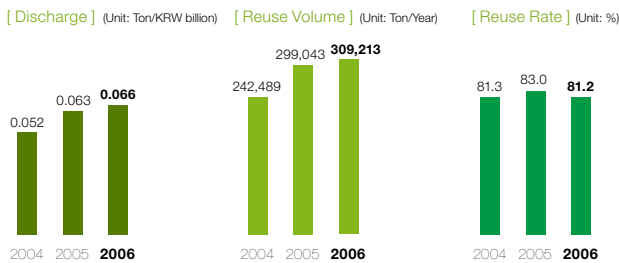


We included Cheonan Plant's discharge of water pollutants (2004-2006) from wastewater that does not flow to the end treatment facility in the 2007 report.

[Toxic Materials Use]



[Waste Discharge and Reuse]



■ Improvements at Overseas Subsidiaries

[SEPHIL: SMT Production Work Environment Improvement]

BEFORE: It was hard to control and maintain the required room temperature at SMT Production because of the heat emitted by the Reflow Oven and High Speed Mounter. Surface temperature of the machines are very hot (range of 57°C~60°C x 11 units) thus creating a very hot working environment, especially in the afternoon (room temp: 30°C~32°C). This condition reduced efficiency of the Air Handling Units and created many problems related to workers' health and productivity, quality of products and machine breakdowns.

AFTER: After installation, heat emitted by the machines decreased to 50%. A marked improvement then was noted in the room temperature at SMT Area (temp down to 22°C~25°C). This solved the issues related to health, quality, productivity and machine efficiency.

[SAS (USA) increases reuse rate of neutral 2 water by 30%]

Prior to this program, Neutral 2 water was collected from the Fab and Fab-X neutral drain and sent directly to the industrial wastewater treatment plant. The plan was to divert an extra 30% to reuse in some of the facilities areas. The program required an additional neutral 2 recovery tank to be purchased so that this neutral 2 water could be diverted from the industrial wastewater

treatment plant and be reused. A sodium hydroxide system was added to neutralize the neutral 2 water prior to being reused in point-of-use scrubbers, as cooling tower water and boiler feed water. This water when reused will reduce industrial wastewater cost by US\$1,160 per day and city water cost by US\$705 per day, bringing total water cost savings to US\$1,865 a day. The goal of 30% reuse was reached with an annual cost savings of US\$680,000.

3. Environment-Friendly Products

At Samsung Electronics, the environment is a key factor, along with function, price, quality and design, when developing a product. We carry out activities to minimize environmental impacts during the life cycle of products, from raw material acquisition and production to distribution, use and disposal. These include eco-friendly supply chain management, eco-design process, acquisition of environmental certificates, environmental information disclosure and recycling of end-of-life products.

1) Environment-Friendly Product Development System

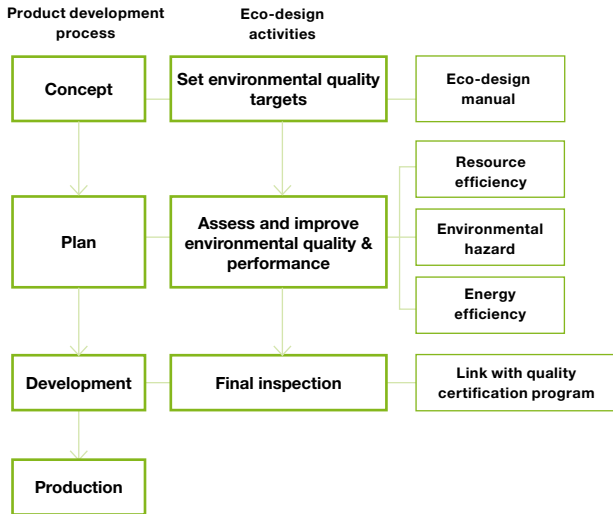
We give consideration to environmental quality in the development and production stages to provide consumers with environment-friendly products. We adopted Life Cycle Assessment (LCA) and DfX (Design for Assembly/Disassembly/Recycle/Service) which assess environmental factors in the life cycle of a product in 1995. Since the early 2000s, we have been implementing the eco-design process, e-HMS (environmental Hazardous Substances Management System), and environment analysis laboratory.

■ Eco-Design Evaluation System

To efficiently evaluate and improve product environmental quality, we built the eco-design evaluation system in 2004.

The eco-design process complemented our environmental activities already in place. Under the system, targets for each category are set from the initial product development stage. They are followed up by evaluations which enable corrections to be made as necessary. While raising the environmental quality of a product, the eco-design system also reveals the environmental features of a product to stakeholders in a declaration format. The system is linked to the quality certification system, meaning that environmental factors are an integral part of product quality activities.

[Eco-Design Process]



Product environmental performance is broadly classified into three categories: resource efficiency, environmental hazard, and energy efficiency. Assessment items and performance targets are set for each category which are incorporated during the product development process. Depending on the evaluation outcome, corrective steps are taken accordingly. The basic direction of our eco-design process is explained in the following table.

[Basic Direction for Environment-Friendly Product Development]

Category	Basic Direction
Resource efficiency	<ul style="list-style-type: none"> Conserve resources used in product development, reduce the number of consumable parts required during product use, maximize recycling of end-of-life products Evaluate recycling potential, indicate the names of plastic component materials, pursue activities to reduce the number and weight of materials used
Environmental hazard	<ul style="list-style-type: none"> Implement controls and seek improvement measures to minimize the use and emission of substances that pose a risk to the environment and human health Ban the use of six hazardous substances (lead, mercury, cadmium, hexavalent chromium, PBB, PBDE) Reduce the use of halogen flame retardant Ban the use of four metals in packaging materials (lead, mercury, cadmium, hexavalent chromium) Curb the generation of VOC and noise during product use
Energy efficiency	<ul style="list-style-type: none"> Minimize energy consumption while product is in use or standby mode
Other	<ul style="list-style-type: none"> Acquire environmental certification (eg, environmental mark, energy mark), provide transparent disclosure of a product's environmental information Develop innovative products using environment-friendly materials and technologies

■ Hazardous Substance Control

The "Standards for Control of Substances with Environmental Impacts within Products" was drawn up to minimize adverse environmental impacts that may arise during the production, use and disposal of a product. It sets forth restrictions and regulations concerning materials used in the manufacture of Samsung Electronics products. The standards apply to all of our plants across the globe as well as to our suppliers.

Samsung Electronics continues to expand the list of substances subject to controls and tighten our standards regarding hazardous materials. The Standards currently in use is the 7th edition, which was revised in September 2006. It contains guidelines on 22 chemicals including substances regulated under the EU RoHS (Restriction of Hazardous Substances) Directive, EU Directive 76/769/EEC and regulations of various countries. We have set voluntary reduction targets for selected substances.

Our regulations on hazardous substances apply not only to products manufactured at our plants, but also to parts and materials provided by our suppliers.

We classify hazardous substances into three classes(I, II, III).

[Class I: Six Hazardous Substances related to Electronics Products under Legal Regulation]

Substance/Material	Regulation and Agreement
Cadmium and Compounds	EU RoHS Directive EU Packaging Directive EU Battery Directive OSPAR Priority Chemicals
Lead and Compounds	EU RoHS Directive California Proposition 65 EU Packaging Directive EU Battery Directive OSPAR Priority Chemicals
Mercury and Compounds	EU RoHS Directive EU Packaging Directive EU Battery Directive OSPAR Priority Chemicals
Hexavalent Chromium and Compounds	EU RoHS Directive EU Packaging Directive OSPAR Priority Chemicals
Polybrominated Biphenyls (PBBs)	EU RoHS Directive OSPAR Priority Chemicals
Polybrominated Diphenylethers (PBDEs)	EU RoHS Directive OSPAR Priority Chemicals

[Class II: Nine Hazardous Substances related to Electronics Products (Applied to Industrial Products)]

Substance/Material	Regulation and Agreement
Polychlorinated Biphenyls (PCBs) Polychlorinated Terphenyls (PCTs) Polychlorinated Naphthalenes (PCNs more than three Chlorine Water)	EU Directive 76/769/EEC OSPAR Priority Chemicals
Ozone Layer Depleting Substances (CFCs, HCFCs, Halons)	Regulation EC 2037/2000 Montreal Protocol
Asbestos	EU Directive 76/769/EEC
Formaldehyde	Germany Chemical Material Directive
Short-chain Chlorinated Paraffins (Alkane 10-13 Carbon Chain)	EU Directive 76/769/EEC OSPAR Priority Chemicals
Azo Colorants	EU Directive 76/769/EEC
Nickel and Compounds	EU Directive 76/769/EEC
Organic Tin Compounds	EU Directive 76/769/EEC OSPAR Priority Chemicals
Arsenic and Compounds	EU Directive 76/769/EEC

[Class III: Seven Hazardous Substances under Samsung Electronics' Voluntary Regulation]

Substance/Material	Application	Phase out
PVC	Packaging Material	May 1, 2004
	All Products	Jan. 1, 2011
DecaBDE	All Products	Jan. 1, 2007
TBBP-A	PWB for Newly Developing Mobile Phones	Jul. 1, 2007
	All Products (PWB excluded)	Jan. 1, 2008
	PWB for All Newly Developing Products	Jan. 1, 2009
All Brominated Flame Retardants (BFRs)	All Newly Developing Products	Jan. 1, 2010
Beryllium and Compounds	-	Not Decided
Phthalate	-	Not Decided
Other Chlorinated Flame Retardants	-	Not Decided

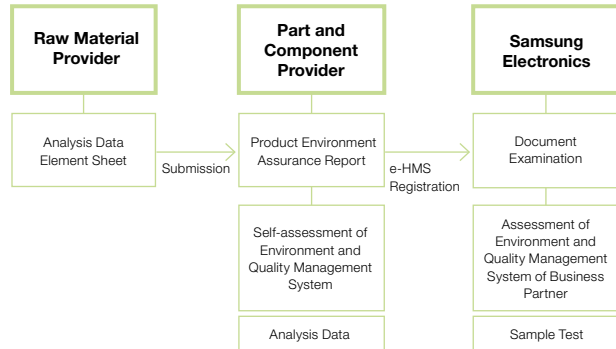
■ Eco-Partner Certification Program

The eco-partner certification program was launched in 2004 to manage hazardous substances in parts and raw materials and to help our business partners set up environmental quality management systems.

We give certificates to our partner firms after thoroughly examining whether or not raw materials and parts are hazardous. To gain certification, partner firms must also demonstrate that they have adequate procedures and systems to control the raw materials and parts.

To help our suppliers qualify as eco-partners, we offer examination services as well as training and guidance. Additionally, we have adopted a secondary supplier certification system to restrict the use of hazardous substances from the raw material procurement stage.

[Eco-Partner Certification Process]



With the purpose of building an environment-friendly supply chain, Samsung Electronics has trained some 660 of our employees in Korea and abroad who assist our suppliers' efforts at implementing hazardous substance controls. As of June 2005, all suppliers doing business with us have been certified as eco-partners. We have provided guidance to our partner firms to prepare for various restrictions that will be introduced under the EU RoHS (Restriction of Hazardous Substances) Directive. We are also helping to assess the environmental risks of components and enhance suppliers' environmental performance through the hazardous substance control system (e-HMS).

Samsung Electronics has offered training and certification for about 200 companies in Korea and other parts of the world that are secondary suppliers for core components that go into our products. The objective is to provide eco-partner certification for about 800 secondary suppliers. In addition, we conduct seminars and personnel training for our main suppliers so that they can cultivate the abilities to assist secondary suppliers in managing their environmental quality systems.



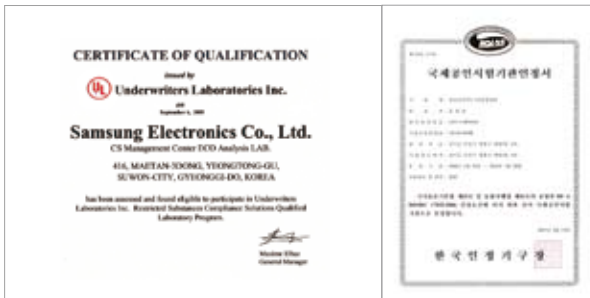
■ **Laboratories for Analyzing Environmental Impact**

In 2005, Samsung Electronics constructed three world-class laboratories featuring 16 different types of analysis equipment (23 in total) to analyze substances which may pose a risk to the environment and the human body. The equipment can analyze inorganic and organic substances and volatile organic compounds (VOCs).



To secure external credibility on our data, we applied for international accreditation of our testing laboratories and was accredited by Underwriter's Laboratories (UL) in September 2005. In February 2006, we also acquired KOLAS certification.

Furthermore, Samsung Electronics assists suppliers in accessing reliable lab results at low costs. We certified 20 domestic institutions, including Korea Testing Laboratory, as Eco-partner Labs following analysis capability verification.



UL Certificate

KOLAS Certificate

1) **Environment Certification and Information Disclosure**

Our efforts to develop green products are recognized both at home and abroad through environmental certifications. The Company is also committed to actively disclosing the environment-friendly qualities of our products to improve product credibility and encourage our customers to use green products. To this end, we disclose the environmental data of our products and operate a related homepage.

■ **Eco-Label**

The Eco-Label is granted to products that create relatively lower levels of pollution in their manufacturing or consumption, or enable saving of resources. With the mark, consumers can recognize green products while corporations are encouraged to develop and manufacture environment-friendly products in answer to consumer preferences.

First introduced in Germany in 1979, the environmental labeling and certification system is currently enforced in some 40 countries around the world, including the EU, northern European countries, Canada, US and Japan. Korea implemented the system in April, 1992.

Samsung Electronics has consistently been awarded the Eco-Label ever since electronic goods were included in the domestic environmental mark system. In 2006, the Company expanded the list of products for eligibility and certification to include office equipment (eg, printers, computers and monitors) in addition to consumer electronics (eg, TVs, air purifiers and air conditioners).

The Company's monitors have steadfastly received TCO certification, Sweden's representative environmental mark. In 2006, Samsung Electronics' 21-inch LCD monitor (215TW) received the world's first TCO 06 certification in recognition of its environment-friendly qualities.



1. Products awarded Korea Eco-Label
3. Sweden TCO: LCD monitor 215TW

2. Korea Eco-Label
4. TCO 06 Mark

■ **Energy Mark**

Samsung Electronics has been actively striving to acquire voluntary energy-saving marks from programs such as the US Energy Star and domestic e-Standby in addition to high ratings in various energy-efficiency rating systems to improve energy efficiency and reduce the effects of product use on the environment, and in particular, combat the problem of global warming.



[**Eco Label in Korea
(e-Standby Program)**]

Electronics manufacturers participate in a voluntary agreement to limit power consumption when the product is turned on but not in use. They adopt power saving modes, and the label certifies that the product satisfies the government standard for power conservation.



[**EPA Energy Star Program**]

The US Environmental Protection Agency sponsors the Energy Star program, which encourages manufacturers to make products as energy efficient as possible. Consumers (both public and private) are also asked to purchase products that bear the Energy Star label to promote environmental protection. Energy Star was the world's first mark of its kind and serves as a model for the energy saving labels of other countries such as European countries, Canada, Japan, Australia, etc.

■ **The Samsung Eco-Mark**

Samsung Electronics' Eco-Mark is a symbol used to effectively communicate Samsung's environment-friendly product activities to interested parties such as consumers, NGOs, and buyers by labeling the product's environmental information on the product or package. The Company introduced the mark in 2004.

The lower case "e" stands for "electronics" and the sprouting leaf suggests the emergence of new life. The Eco-Design processes are applied to develop environmentally sound products from the beginning of development stage, and the Eco-Mark can be used to highlight the special environment-friendly features that are built into these products.

Many products such as semiconductors, HDDs, ODDs, camcorders, computers, televisions, CCTV controllers/cameras use the Eco-Mark. Samsung Electronics will continue to apply the mark to more products and models.

[**The Samsung Eco-Mark**]

The Eco-Mark is used to effectively communicate Samsung Electronics' environment-friendly product characteristics to consumers.



- Electronics + leaf (environment) = sprout
- ECOlogy + ECOnomy



-Reflects Samsung's desire to make green products

■ **Product Information Disclosure**

Samsung Electronics stepped up its activities to disclose environmental data on products with the adoption of the eco-design evaluation system in 2004. The Company developed a unique PED (Product Eco-Declaration) format and has been providing the data to interested parties. Since 2006, the information has been available on the Company homepage. The PED contains information on key environmental issues and data such as product weight, energy consumption levels, recycling activities and non-use of harmful substances. We plan to continually update PED data and expand the list of products for voluntary information disclosure.

■ **Environment Website for Product Group**

The Company proactively communicates its environmental activities to stakeholders through its homepage. In addition, the environment websites for semiconductors and mobile phones contain further data.

The semiconductor site, opened in 2004, has undergone diligent updates. In 2006, the site added "customized environment-friendly semiconductor online data service" to guarantee compliance with RoHS regulations on all Samsung Electronics semiconductor products and materials. This service provides semiconductor customers with a "Self Declaration Letter" and "Material Declaration Sheet" in real time as assurance of environment-friendly products.

(semiconductor site: <http://www.samsung.com/global/business/semiconductor/ecoproducts/EcoProducts.html>)

The mobile phone site offers PED on each phone model and examples of environmental improvements. Customers can also find information on the Company's environmental policy for mobile phones and voluntary collection/recycling program.

(mobile phone site: <http://uk.samsungmobile.com/greenmanagement/main/index.jsp>)



Environment website for mobile phones



Environment website for semiconductors

2) Examples of Environment-Friendly Products

■ World's smallest and lightest color laser printer with NO-NOIS™ technology

Samsung Electronics has been applying its low-noise NO-NOIS™ technology to printer/fax/copier solutions to lower the noise level for color printing to under 48dB. The CLP-300 series not only captured the 2006 red-dot Design Award (Europe's most prestigious design award) for its sleek lines and complimentary looks, but also boasts the world's lightest weight (13.6kg) and size (width 39cm, length 34.4cm, height 26.5cm – about the size of a magazine spread open) among color printers. The compact size translates into energy savings while the N-Up function allows users to print up to 16 pages on one sheet to conserve consumables like printing paper.

■ Stealth vacuum cleans quietly like a lullaby

The Stealth vacuum cleaner incorporates advanced noise control technology to reduce the sound of the motor, cyclone and brush to 59dB, just one-tenth of standard vacuum cleaners. The cleaner is also health conscious with its HEPA13 filter that filters an incredible 99.97% of 0.3 μm dust and silver nano technology. The twin chamber system of separating dust and air chambers prevents dust from building up in the filter, enabling powerful absorption power throughout its life span. The filter and dust bin can be washed with water for semi-permanent use and contributes to saving resources.

■ Environment-friendly LCD monitor with mercury-free LED backlight

The SyncMaster XL20 was Korea's first environment-friendly LCD monitor employing LED backlight. While standard LCD monitors feature mercury in their backlight units, LED backlights are free of mercury. The XL20 can display 114% of color gamut, allowing accurate and vivid rendition of colors on the monitor. Designers, photographers and publishers have shown great interest in the SyncMaster XL20.

■ Bordeaux LCD TV, winner of the Presidential Award at the National Environmental Management Awards

The Bordeaux LCD TV became a global bestseller among flat screen TVs in 2006 and also received the highest environmental honor bestowed by Korea, the Presidential Award at the National Environmental Management Awards. The TV can reduce energy consumption while in use by a maximum 20% (for a 32-inch TV, 125W → 100W) while standby energy consumption is a mere 0.85W, qualifying for domestic energy certification and US Energy Star. Additionally, it became the first product to receive NEMKO RoHS certification for satisfying RoHS standards from Norway's leading organization for electrical equipment safety testing.

Additionally, efforts to make circuit parts and packaging lighter and smaller have resulted in reducing resources while increasing loadage during transportation, bringing dual benefits of protecting the environment and cutting costs (cushioning package material 47%, packaging box 25% reduction → 22% improvement in container loadage).

■ Development of notebook PC fuel cell enabling one month use

Together with Samsung SDI and Samsung Advanced Institute of Technology (SAIT), Samsung Electronics developed the world's first fuel cell for notebook PCs featuring total energy storage of 1200Wh. The fuel cell was fitted onto the laptop Sens Q35. The docking type massive fuel cell cartridge (approximately 1 l) can power a notebook PC for approximately a month (based on eight hours a day, five times a week usage). The Direct Methanol Fuel Cell (DMFC) is capable of maximum power of 20W and in particular, its energy density of 650Wh/l is four times that of peer models. Samsung Electronics also improved the noise problem by reducing the level to that of standard laptops. By securing consistent performance results regardless of tilt, the Company expects to commercialize laptops with the fuel cell around the end of 2007.



1. Laser printer with NO-NOIS™ technology
 2. Low noise vacuum cleaner Stealth
 3. Sens Q35
 4. Bordeaux LCD TV
 5. LCD monitor



■ MP3 player that saves on packaging material

The YP-T9 MP3 player features multiple functions including Bluetooth and multimedia features, while boasting a slim 11mm thickness. The MP3 player is conscious of product weight and saving of packaging materials. By radically improving the design of the existing packaging material and paring down accessories, the packaging box has been reduced by 8% in width and depth as well as 54% in height.

Before improvement	After improvement	
W(144)×D(144)×H(72)	W(132)×D(132)×H(33.5)	W·D 8.3% H 54% improvement

■ **Combo recorder with improved energy consumption and packaging**

The Combo Recorder, which plays DVD and also records high-picture quality DVD, features 22% improved energy consumption and 39% less packaging compared to previous models (based on SV-CR6600). Samsung Electronics realized vast reductions in packaging materials and costs by improving the packaging structure.

Before improvement (CORRU-PAD cushioning material)	After improvement (Paper container-PAD cushioning material)	Notes
		Weight: 39% ↓ Cost: 28% ↓
Weight: 980g CORRU-PAD attachment	Weight: 600g Insert pad inside foldable paper cushion	



1. System air-conditioner
2. Automatic washing machine
3. ZipeL refrigerator

■ **Energy efficient system air conditioner using environment-friendly refrigerant**

The DVM-Plus II (RVXVHT100GA) system air conditioner for mid to large-sized buildings features a high-efficiency cycle technology to automatically control output depending on the cooling/heating load. This resulted in the world's highest energy efficiency rates (cooling efficiency 3.18, heating efficiency 4.32). The product optimizes efficiency by area in the main usage sites (50~70%). Additionally, the air conditioner is friendly for the environment, using non-ozone depleting refrigerant, R-410a.

■ **Automatic washing machine with standby power consumption below 1W**

The New-Wave Series (SEW-QA137AR) automatic washing machine for home use improves upon the existing trans method of power circuit to a switched mode power supply (SMPS). By minimizing standby power consumption to under 1W, the product delivers power savings of 30% over existing models. With the New-Wave Series, energy use per unit over one year would decrease by 4,234Wh, resulting in approximately KRW351 million in electricity cost savings (based on 350,000 units). The product received the highest rating in a domestic energy efficiency rating system.

■ **Ultra-energy efficient ZipeL refrigerator with VIP (Vacuum Insulation Panels)**

The environment friendly refrigerator ZipeL Sapphire (model SRT-686PPGE) employs ultra-energy saving inverter technology and VIP to lower monthly power consumption by 14% compared to previous models to 27.4kWh. Compared to ten years ago when the first ZipeL was launched, energy consumption levels have been halved. Consumers Korea voted the ZipeL Sapphire as the energy winner of 2006. The refrigerator also features a natural, non-ozone destroying refrigerant called R-600a and the environment-friendly cyclo-pentane foam. Furthermore, the VIP used in the product consists of glass fibers placed in an ultra-thin aluminum envelope to which a vacuum is applied. Insulation effects are ten times more superior to standard polyurethane insulation.

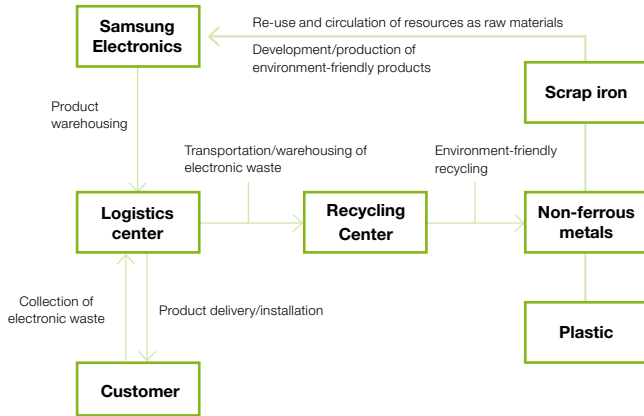
3) Domestic and Global Recycling Activities

To protect the environment and fulfill our social responsibilities, we not only fully comply with regulations regarding the recycling of electronic waste, but also operate a voluntary collection/recycling system for electronic waste. We are also attempting to develop products that are easier to recycle from the design and manufacturing phase. Samsung Electronics is a supporter of the IPR (Individual Producer Responsibility) system which promotes these activities. While many countries around the world are not able to introduce IPR due to operational issues, Samsung Electronics will continue to work to develop environment-friendly products and minimize electronic waste to promote efficient individual producer responsibility.

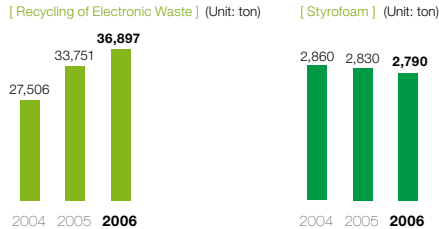
■ **Domestic Recycling Activities**

The Company has been an active participant of the EPR (Extended Producer Responsibility) program since it was introduced in 2003. Samsung Electronics is promoting a society of circulating resources through collection and recycling of electronic waste and a virtuous cycle of resources. In line with these efforts, several programs are in operation to minimize possible negative effects on the environment by electronic waste. They include the Green Logistics System consisting of 540 sales offices and 23 regional logistics centers, the Regional Recycling System, and EPR Information Network. Based on this comprehensive approach to collecting and recycling electronic waste, the Company has established a system to collect electronic waste from consumers, and is operating systematic recycling activities through the Asan Recycling Center and 19 recycling specialists.

[Electronic Waste Collection/Recycling System]



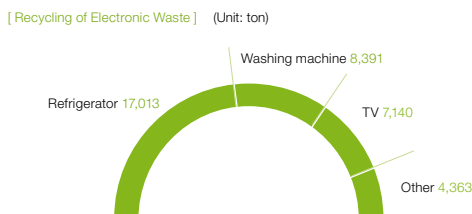
[Annual Trends in Recycling of Electronic Waste/Styrofoam]



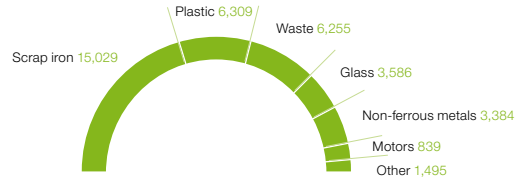
• Electronic Waste Collection/Recycling System

In 2006, Samsung Electronics collected 36,897 tons of electronic waste and recycled approximately 83% of it into 30,642 tons of valued resources including scrap iron, plastic and non-ferrous metals. In doing so, we complied with mandatory recycling of 11 electronic products (TV, refrigerator, washing machine, air conditioner, PC, monitor, audio, mobile phone, printer, copier, fax) and foam synthetic resin (styrofoam). Furthermore, with an active recycling program befitting product characteristics, including the joint recycling project for small PC waste and joint recycling treatment by region, the Company has been increasing the volume of collected and recycled electronic waste by 10% annually since the introduction of the EPR system. The resources gained from such activities are reused as raw materials in product manufacturing, while the recycling data offers important technological information for producing green products. Samsung Electronics will continue improving upon its system and develop environment-friendly recycling technologies to realize a society that circulates resources and manufactures green products.

[Recycling of Electronic Waste in 2006]



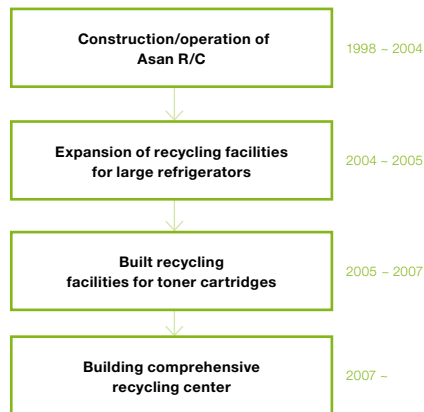
[Re-resourcing of Electronic Waste] (Unit: ton)



• Construction of toner cartridge recycling facilities at Asan Recycling Center

The growing number of waste toner cartridges is posing a serious threat to the environment and is a source of wasted resources as the majority is buried in landfills or incinerated. For the first time in Korea, Samsung Electronics constructed a material recycle type facility for spent toner cartridges at its Asan Recycling Center. Every year, the facility recycles 500,000 units of waste toner cartridges in an environment-friendly manner. The Company also installed facilities to collect and contain dust to prevent pollution of the worksite and external scattering of waste toner powder to improve the work environment and ensure the safety of employees.

[Current Status and Future Plans for Asan Recycling Center]



1. Ceremony for the completion of recycling facility
2. Recycling of waste toner cartridges

• Collection/recycling campaign and training

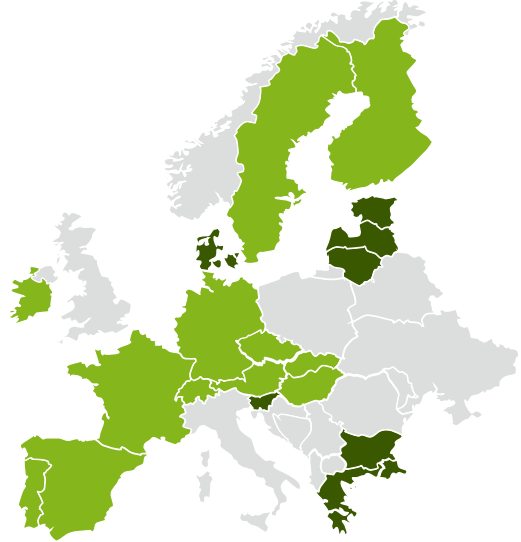
For isolated island and mountainous regions which are experiencing difficulties recycling electronic waste due to their geographical remoteness, Samsung Electronics is taking the lead in preventing pollution and promoting resource utilization by offering free collection of electronic waste and support for recycling. Additionally, the Company provides training on the collection, transportation and storage technology for electronic waste along with EPR system for personnel in charge of collection. In this way, Samsung Electronics is promoting greater understanding on the efficient collection of electronic waste, protecting the environment and recycling resources.



1. Recycling campaign agreement
2. Training for personnel in charge of collection

[Collection/Recycling System Operation in Europe]

■ Operated by Samsung Electronics ■ Operated by distributors



Country	Recycling Institution
Netherlands	NVMP, ICT Milieu
Belgium	Recupel
Sweden	Ei-Kresten
Hungary	Electro-Coord
Slovakia	Envidom, SEWA
Spain	Ecotic, ERP
Portugal	AMB3E
Czech Rep.	Asekol, Electrowin
Finland	SERTY
Denmark	Ei-Retur
Ireland	ERP
Austria	ERP
Germany	ERP
Poland	Elektro-Eko
France	Eco-systemes

In seven countries, namely Greece, Luxembourg, Bulgaria, Slovenia and the three Baltic states, our distributors have contracts with recycling institutions.

■ Global Recycling Activities

• EU

Samsung Electronics has been in full compliance with the EU directive on Waste from Electrical & Electronic Equipment (WEEE) which went into effect in August 2005. According to the directive, the Company has been attaching the Recycle mark on all products exported to the EU to provide consumers with information on recycling and has also designed products to enable easier recycling since May 2005. We also operate collection and recycling centers in each country to adhere to the particular laws of each EU member. As of December 2006, we had collection and recycling systems in 15 EU countries and the following is a list of contracted recycling institutions in each country.

• North America

In January 2005, the state of California became the first US state to enact regulations on recycling waste from electronic products in an environmentally safe way. In 2006, Maine and Maryland also adopted recycling laws. Samsung Electronics America (SEA) has been retrieving and recycling waste from display products and is working actively with state governments, Electronic Industries Alliance (EIA) and Consumer Electronics Association (CEA) to develop a collection and recycling system.

Canada introduced its first recycling law on end-of-life electronic goods in October 2004. In 2007, the provinces of Saskatchewan and British Columbia enforced regulations on

recycling. Samsung Electronics Canada (SECA) is a member of Electronics Product Stewardship Canada (EPSC) and is working with the government to establish a system of collecting and recycling electronic goods in Canada.

• **China**

China is expected to announce a law on managing the recycling and disposal of waste and used household electronic appliances (often referred to as "China WEEE") by the end of 2007. The law is forecast to take effect after the second half of 2008 and apply to five items, namely computers, air conditioners, refrigerators, TVs and washing machines.

As part of the Executive Committee of Foreign Investment Companies (ECFIC) in China, Samsung Electronics participates in activities of recycling working groups and is actively cooperating on enactment of the recycling regulation with other member companies including Sony and Nokia.

• **Japan**

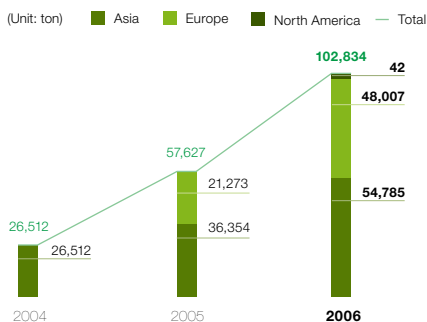
In accordance to the Consumer Electronics Recycle Law which was enacted in Japan in April 2001, Samsung Electronics has been collecting and recycling waste refrigerators, washing machines, TVs and air conditioners. The Company also joined the A Group, a recycling alliance with GE, Toshiba and other manufacturers, to take a more active role in the recycling of consumer electronics. Through these efforts, the Company managed to recover more than 75% of raw materials from 1,412 tons of discarded TVs, refrigerators and washing machines in 2006. Since October 2003, Samsung Electronics jointly launched JEITA 3R, a recycling program to recycle home PCs and monitors. The program managed to retrieve 11 tons of PCs and monitors in 2006, of which 73% were reused as raw materials.

• **Collection/Recycling Performance**

Samsung Electronics has completed developing a system to monitor global recycling activities. Until the system becomes fully normalized, we plan to calculate recycling numbers based on retrieval/recycling rates and fee payments obtained from recycling institutions.

The following recycling results are accumulated figures from 2004 for Korea and Japan, from 2005 for Europe, and from 2006 for the Americas. Asia refers to recycling numbers from mainly Korea and Japan, while North America shows recycling activities from Maine and results of SEA's collection campaign (results from California, Minnesota, New Jersey and Canada are not reflected).

[Annual Recycling Volume]



■ **Voluntary Collection/Recycling System and Campaign**

• **Mobile phone**

Samsung Electronics carries out collection and recycling activities of mobile phones in 32 countries across Asia, Europe and the Americas. Along with other global mobile phone manufacturers, the Company was a founder signatory and an active participant of the United Nations Environment Programme (UNEP) - Mobile Phone Partnership Initiative (MPPI).

To provide consumers with easy access to information related to the collection of discarded mobile phones, the Company opened a Green Management site within its Samsung Fun Club (www.samsungmobile.com) homepage. Information on 235 collection points in 32 countries is provided in seven languages (English, French, Italian, Spanish, German, Portuguese and Chinese).

The voluntary collection system of mobile phones in Korea is conducted through a network of 130 service centers and Anycall Plaza retail outlets. In China, we installed Green Boxes at 76 service centers in 60 cities as part of the Green Box Campaign to retrieve end-of-life mobile phones. The collected phones are shipped to logistics warehouses before being dispatched to recycling facilities where they undergo processing including crushing and smelting to be transformed into raw materials such as steel and copper.



Green Management site of Samsung Fun Club homepage

• **Printer toner cartridges**

The Company launched the Samsung Green Take-back Program in 2004 to retrieve used toner cartridges in Korea. In March 2006, the STAR (Samsung Take-back And Recycling) program was introduced to 16 European countries.

Both the Samsung Green Take-back Program and STAR program are completely voluntary and offered free of charge. The Green Take-back Program is already in operation for B2B and B2C products, while plans are in the works to expand coverage of the STAR program to include bulk collections from businesses, and to launch the program in the Americas and Asia.

[About Samsung Green Take-back Program]

This is a program to recover used toner cartridges from consumers. Bringing happiness and fulfillment to people around the world and protecting our planet are key tasks for the 21st century at Samsung Electronics. In addition to maximizing performance and corporate value, we understand that fulfilling our responsibilities to the environment and society are crucial to gaining respect from diverse stakeholders and ensuring sustainable growth. We have a firm commitment to creating a better global society by providing the best products and services and shaping a world where man lives in harmony with nature.



Printer S.T.A.R program site

• Other products

Through SEA, we have been actively involved in a diverse range of collection and recycling programs led by state governments and local associations. SEA is a participating licensee of the Rechargeable Battery Recycling Corporation (RBRC), which has collected and recycled approximately 22 million pounds of batteries since 1994.

In 2006, an event was held to directly collect 12,000 pounds of monitors from customers while 100,000 pounds of waste products were collected in Maine. SEA also took part in retrieval and recycling events in Seattle (Good Guys) and the states of Minnesota and New Jersey to collect and process 100,000 pounds of CRT glass and 50,000 pounds in parts.

Samsung Electronics is actively taking part in collection and recycling activities in cooperation with the authorities in the US and Canada, to aggressively tackle the problem of dealing with end-of-life electronic goods in North America. The Company is also consistently striving to promote the retrieval and recycling of diverse products in other countries.



Recycling campaign

Our Business Partners

Philosophy & Policy

1. Management for Co-Prosperity
2. Supplier Policy

Focus Areas

Competitiveness of
Business Partners

Management System

1. Secure Outstanding Suppliers
2. Conduct Fair Evaluations
3. Concentrate Volume to Suppliers
with a Competitive Edge
4. Provide Predictable Information

Activity & Performance

1. Manufacturing Competitiveness
2. Technology Enhancement
3. Human Resources Development



PHILOSOPHY & POLICY

Mutual development with our business partners is a key element to elevating Samsung Electronics into a top-notch global corporation. We believe the best strategy to achieve our vision of becoming a true global leader is to strengthen our business partners' competitiveness and pursue co-prosperity through win-win partnerships.

1. Management for Co-Prosperity

Our business partners have been our companion and a key source of our competitive edge. Driven by this perception, we are doing our best to continuously pursue joint development with our business partners. Under the belief that "our business partners' competitiveness is our own competitiveness," we strive to help our partners sharpen their edge through a long-term mutual development strategy. Competitive business partners enable us to secure high quality parts and components at the right time at the right price, paving the way for win-win partnerships.

Samsung Electronics is mapping out a sustainable mutual development strategy that includes providing our innovative management tools to strengthen our business partners' competitiveness, and upgrading our support system.



2006 Suppliers' Day Ceremony

2. Supplier Policy

Our supplier management policy is based on a foundation of mutual trust. We discover and sign on superior companies as our suppliers, conduct fair supplier evaluations, and concentrate business volume on companies with a distinctive edge. We also supply information to help our partners with their business planning.

[Key Points of Supplier Policy]

Classification	Details
Discover and register superior suppliers	<ul style="list-style-type: none"> We discover outstanding companies with hidden potential and specialized technology, register them as our business partner, and conduct business with them. We approve a new business partner after a comprehensive evaluation on their manufacturing process and system, quality and environment factors, then grade the company to see if it meets our basic qualifications.
Conduct fair evaluations	<ul style="list-style-type: none"> We uphold transparency and objectivity when evaluating business partners. We reveal our evaluation standards and categories to our partners, providing them with an opportunity to conduct a self-review, address their weaknesses, and predict their evaluation results. We provide accurate feedback on our evaluations to business partners to foster competition among them. We encourage them to fix their weaknesses to enhance their competitiveness.
Concentrate business volume to suppliers with a competitive edge	<ul style="list-style-type: none"> We enhance overall competitiveness by concentrating business volume to suppliers with a distinct edge. That is, we create a virtuous cycle; by demanding greater supply from these partners, we help them raise their capacity utilization rates and technology levels, which will ultimately lead to higher product quality and greater productivity.
Provide predictable information	<ul style="list-style-type: none"> We provide purchase-related information in advance to our business partners to help them efficiently manage their resources (workers and materials) and pursue stable production. This kind of SCM purchase information is provided based on rule, process, and system, and actively utilizes our two-way communication channels.

FOCUS AREAS

As a manufacturer of electronic products, Samsung Electronics is engaged in an industry where competitiveness is directly linked to that of the business partners. We try to strengthen our strategic partnerships to help our suppliers become more competitive.

1. Competitiveness of Business Partners

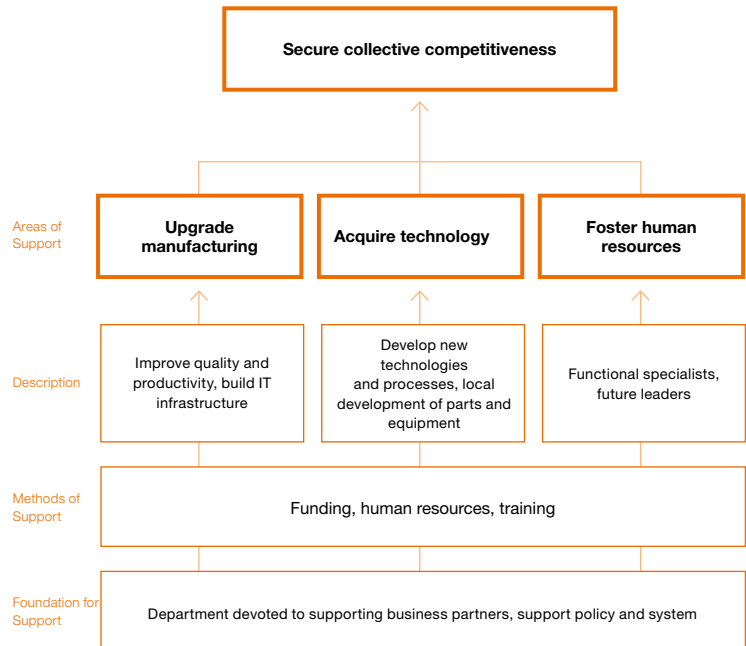
As the competitiveness of our suppliers has a considerable effect on Samsung Electronics' final product, we provide various resources and support to our partner companies, such as assistance with upgrading manufacturing facilities, technology development, and employee training.

We provide support to improve our partners' quality and productivity and help them build IT infrastructure to enhance their internal management capabilities.

Our business partners are coming up with noteworthy new technologies and new processes through collaboration with Samsung Electronics' development team. We also help them with funding, technology, and manpower for the local development of core components and equipment for semiconductor and LCD.

In addition, we operate a training program to help suppliers foster talented workers in fields such as technology, development, manufacturing and quality control. A future leaders' program is available to the children of representatives of our partner firms.

[Development & Support System for Business Partners]



MANAGEMENT SYSTEM

We utilize objective tools to effectively and fairly manage our business partners, from the registration of a new supplier to performance reviews. We maintain ties with outstanding suppliers through long-term contracts and concentrated business volume. We provide information that can be predicted ahead of time to suppliers to help them better manage their operations.

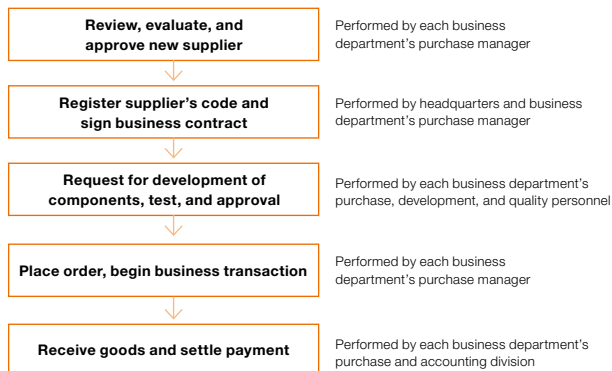
1. Secure Outstanding Suppliers

We try to secure superior business partners to provide us with materials and equipment required to develop and produce our final products. A new partner must meet designated standards and is selected based on our selection protocol and system.

[Basic Qualifications for a Business Partner]

Category	Description
Corporate Ethics	Management philosophy and leadership, etc.
Production	Process technology, machinery & equipment, measuring instrument, etc.
Technology	Skilled professionals, specialized technology, etc.
Quality Guarantee	Quality control system, level of quality, etc.
Management	Business process, ERP system, etc.
Environmental Management	Toxic substance control, disaster prevention, safety, etc.

[New Supplier Registration]



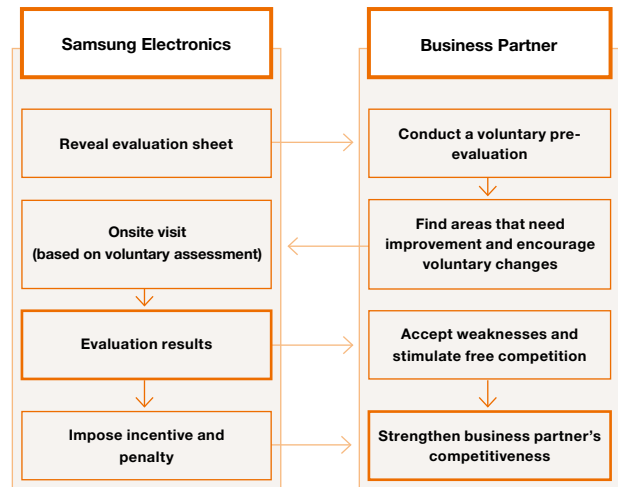
2. Conduct Fair Evaluations

We maintain cooperative relationships with new suppliers approved under the Samsung Electronics' new supplier registration process. Every year, we conduct a comprehensive review to assess whether our suppliers have managed to uphold their guaranteed level of quality since our last assessment. For this purpose, we have established basic operation protocols to evaluate our business partners' standards.

Samsung Electronics' in-house review team conducts a comprehensive onsite evaluation by visiting the supplier. The evaluation focuses on the supplier's current operations and its contribution to Samsung Electronics.

The evaluations are conducted to stimulate competition among our business partners and to encourage change from within by having suppliers address their own shortcomings. We distribute our comprehensive evaluation standards and categories in advance to give our partners an opportunity to pursue change voluntarily. We disclose assessment results which not only encourages suppliers to take the lead in addressing areas that need improvement, but also to offer incentives to good companies and impose penalties to weaker ones.

[Comprehensive Evaluation System]



[Evaluation Categories]

Current Status	Performance
<ul style="list-style-type: none"> Evaluation content : Quality control and assurance, credibility of business partner, environment and safety, etc. 3 types of evaluation sheets : injection molding, press, other 	<ul style="list-style-type: none"> Five areas : T, Q, R, D, C (Technology), Q (Quality), R (Responsiveness), D (Delivery), C (Cost) Evaluation sheet – applicable to all businesses

3. Concentrate Volume to Suppliers with a Competitive Edge

Samsung Electronics sustains partnerships with companies that have a competitive advantage in terms of quality, productivity, technology, environment and safety, and management. We increase our transactions with such firms and maintain long-term contracts.

We use a policy of selection and concentration to make our purchases from competitive suppliers. Adjustments are made in our dealings with less competitive companies.

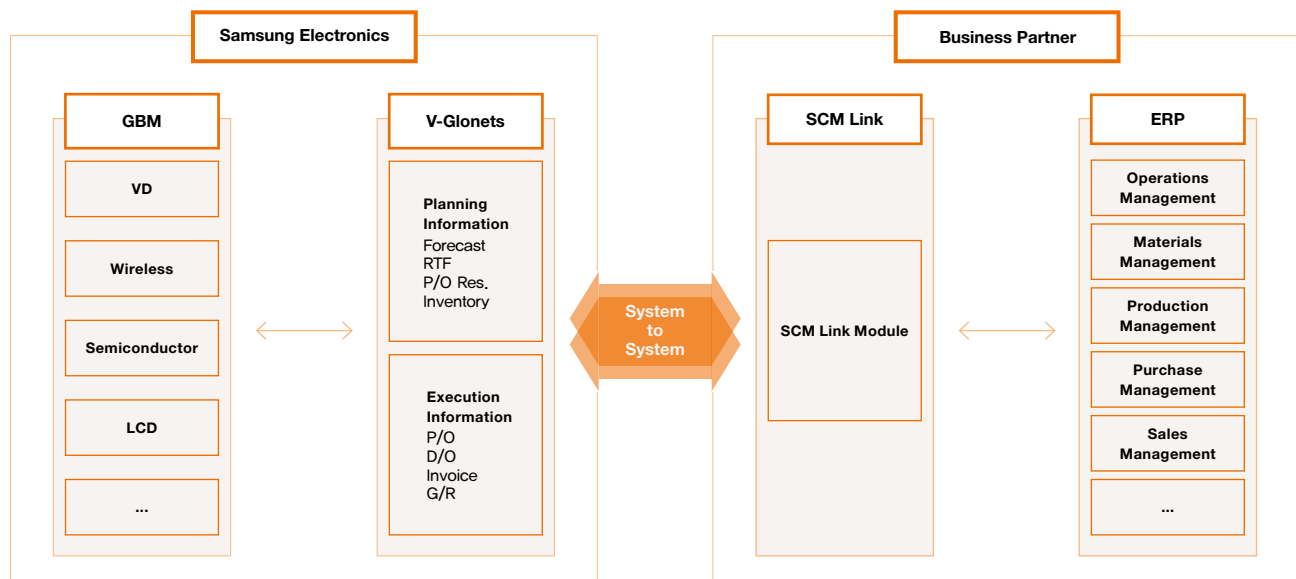
By concentrating our supply from superior business partners, we are helping to achieve economies of scale, cut costs, and secure profits.

4. Provide Predictable Information

Samsung Electronics provides our suppliers with purchase-related information in advance by linking purchasing with supply chain management (SCM). This allows our business partners to maintain stability in their operations.

We have set up processes and systems that give our business partners access to real time information regarding our purchasing plans and execution to prevent unnecessary confusion for our suppliers or unexpected overtime.

[SCM Process with our Business Partner]



ACTIVITY & PERFORMANCE

Samsung Electronics is committed to upgrading our business partners' manufacturing competitiveness. We offer assistance to enhance quality and productivity and improve business processes. We are also helping our partners to gain an upper hand in technology through the development of new technologies and new manufacturing processes, and the local development of equipment and components. In addition, we provide training support to nurture specialists in their respective fields and next generation leaders.

1. Manufacturing Competitiveness

1) Raising Production Competitiveness

Utilizing our own human resources and outside specialists, Samsung Electronics tries to create a solid foundation for our business partners' production facilities through the application of "3 Jung 5S" (3 Jung: Correct Product, Correct Amount, and Correct Position, 5S: Neat, Orderly, Clean, Hygienic, Routine) and elimination of waste. Other plans include providing guidance to innovate production to enhance quality, productivity, and distribution.

2) Upgrading Business Processes

We provide support to install and encourage the use of ERP (Enterprise Resource Planning) so that our business partners can reinforce their management activities and share transaction information with Samsung Electronics in real time.

One such assistance is employing outside consultants to help improve in-house development, purchase, production, and distribution processes. We also provide financial support to help suppliers replace old systems with new ones.



1. Presentation on outstanding innovations by business partners
2. Exhibition of superior innovations

2. Technology Enhancement

1) New Technology and Process

We help our partner companies develop new technology and manufacturing processes. Along with financial and manpower support, we are involved in promoting technology exchange among outstanding companies. Assistance is also extended for development projects related to government policy such as those linked to the Small and Medium Business Association (SMBA).

We provide practical help for the technological advance of our business partners, such as financial support for technology development, professional manpower, and joint tests.

For injection molding, we organize visits to leading companies in Japan and Germany and trips to overseas exhibitions every year. These visits help our partners in the related fields learn about and adopt new technologies.

We also take part in projects where suppliers pursue new developments under the condition of our purchasing the products. The projects are carried out in conjunction with the SMBA.

2) Local Development of Parts & Equipment

Samsung Electronics provides full support through joint development projects with our partner firms for the local development of parts and equipment used in our semiconductor and LCD products.

For equipment, we are focusing on the fab process and testing equipment for semiconductors and on next generation line equipment for TFT-LCD. We are hopeful that our business partners will gain the ability to develop equipment and generate new sales, measures that will all boost their competitive advantage.

In terms of components, the focus is on core parts used in large screen TVs, handsets, and printers. We aim to help our business partners develop core technologies and to secure a stable supply of components.



Technology exchange with leading companies Seminar and presentation of advanced technology

3. Human Resources Development

1) Job Specialists

We contribute to fostering our business partners' human resources through various education and training programs, such as GVE (Group Value Engineering), 6 Sigma, CAD planning, ERP education, and in the fields of manufacturing and quality control.

We also offer technology courses in collaboration with domestic universities such as Aju University. In addition, we help our suppliers with their recruiting and run other education support programs.



1. 6 Sigma expert training 2.GVE (Group Value Engineering) course

2) Future Leaders

Samsung Electronics has established a next generation leader development program targeting children whose parent is a CEO of one of our business partners. These children are given various opportunities to experience Samsung Electronics' corporate culture and purchase and production operations. The program provides the children with exposure to our corporate strategy and business procedures.

3) Leadership Training

We pass on our management know-how to our business partners' top executives regarding human resources, finance, and labor relations. We conduct classes and seminars that provide practical advice, such as future-oriented corporate strategies that examine ways for companies to adjust to the changing market environment.



1. Launch of the 3rd future leader program 2. Onsite training at Samsung Electronics
3. Lecture on corporate management 4. Lecture on global corporate strategy

Our Community

Philosophy & Policy

Our Philosophy on Social Contribution

Focus Areas

1. Defining Goals
2. Selecting Detailed Action Plans

Management System

1. CSR System
2. CSR Organization
3. Support System

Activity & Performance

1. Volunteer Service
2. Social Welfare
3. Academics / Culture & Arts
4. Environmental Protection
5. International Exchanges



PHILOSOPHY & POLICY

Samsung Electronics aspires to be more than a good company. We want to be a respected company by taking actions to make the greatest impacts on the communities around the world. In order to promote mutual prosperity, our social contribution programs focus on the following areas: social welfare, culture and arts, academics and education, environment, international exchanges, and volunteer service.

1. Our Philosophy on Social Contribution

As manifested in our management philosophy, Samsung Electronics is working hard to build a better global society. Our commitment to corporate citizenship is stressed in our global code of conduct which states, “We are a socially responsible corporate citizen.”

Corporate citizenship has far reaching significance and extends to a variety of corporate actions. They include creating stable jobs, paying taxes diligently, building win-win relationships with business partners on the basis of mutual trust, helping partner firms strengthen their competitive edge, and protecting the environment.

As a responsible corporate citizen, Samsung Electronics is rallying all our philanthropic resources to meet these challenges.

At the same time, we are also determined to go beyond traditional notions of corporate social responsibility. Our aim is to impact the global communities through proactive initiatives. On the foundation of Samsung’s win-win spirit based on philanthropic values and moral principles, we are working to create a society in which everyone lives well and to improve quality of life. We are focusing our efforts in the following themes: social welfare, culture and arts, academics and education, environment, international exchange, and volunteer service.

[Our CSR Commitment]

- We pledge to contribute to global communities through corporate citizenship based on philanthropic values and moral principles.
- We pledge to join forces with people who want to make a difference, and together we are working to enrich society and enhance the quality of life for all.
- We pledge to promote greater exchanges with the rest of the world and protect the environment to build a better global society.
- We pledge to offer our time and talents to serve local communities, sharing the pleasure of working together with other members of society for worthy causes.

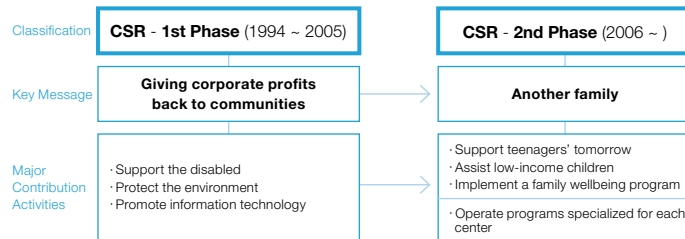
FOCUS AREAS

In line with the growing emphasis placed on corporate social responsibility, selecting and systematically managing philanthropic initiatives that best represent a company is gaining more importance. We are defining our CSR brand identity and setting up detailed action plans to implement best solutions to effectively meet society's needs.

1. Defining Goals

In 2006, Samsung Electronics mapped out a new direction in philanthropic initiatives to establish a CSR brand that best represents the Company's overall identity. The key message during the first phase of CSR (1994~ 2005) was "Giving corporate profits back to communities." In 2006, we chose "Another family" as our new CSR motto. The shift in the message has led to changes in specifics of social contribution programs.

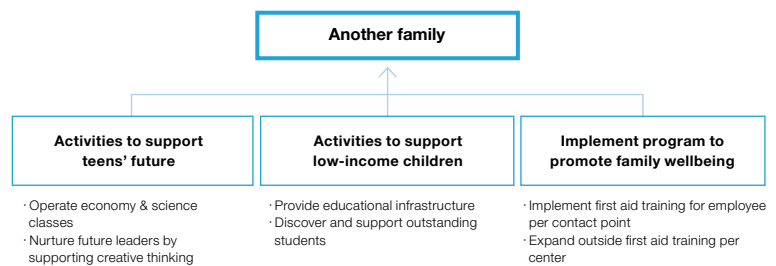
[Direction]



2. Selecting Detailed Action Plans

With the launching of the 2nd phase of CSR, determining the scope of detailed action plans that define Samsung Electronics' new CSR brand identity became a vital issue. We selected the following as our key initiatives: support teenagers' tomorrow, assist low-income children, and implement a family wellbeing program. We are also carrying out programs designed specifically for each of our eight major volunteer centers.

[Three Key Programs]



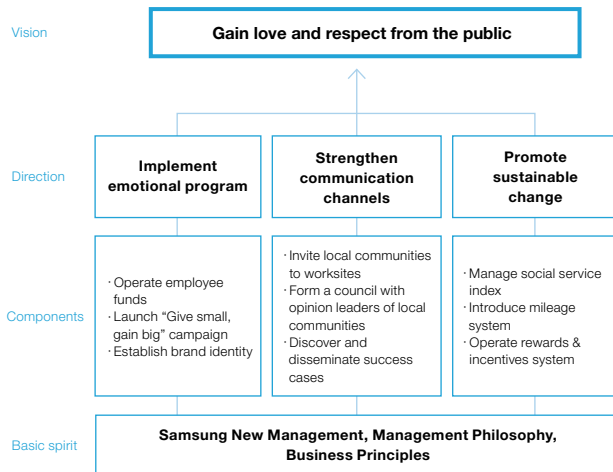
MANAGEMENT SYSTEM

To gain love and respect, Samsung Electronics is pursuing social contribution programs based on our management philosophy, and business principles. For greater efficiency in our work, we have been operating the Social Contribution Corps and local community initiatives specifically designed for each volunteer center.

1. CSR System

Acting as a responsible corporate citizen is embedded into our company culture, our management philosophy and business principles. By embracing our social responsibility, we aim to better the lives of our neighbors and in the process gain love and respect of the public. To achieve our goal, we have decided on three key directions: implementing an emotional program, strengthening communication channels, and promoting sustainable change.

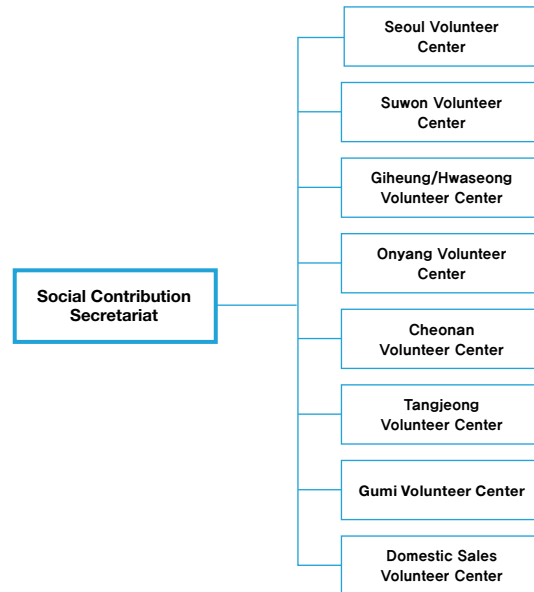
[CSR System]



2. CSR Organization

In 1995, Samsung Electronics launched the Social Contribution Corps to encourage employees to get involved in community service. In 2006, the organization expanded with the creation of a Social Contribution Secretariat at the Head Office. The secretariat has a total of eight volunteer centers under its wing. The centers are manned by social welfare experts who support development of employee volunteer programs.

[CSR Organizational Chart]



Our employees use their expertise and skills to give back to local communities. They are the force behind Samsung Electronics' 1,500 volunteer groups that address various needs of our neighbors in need. Our employees volunteered over 909,981 hours of community service in 2006, with over 94% of the entire staff taking part in volunteer works. Each individual donated an average of 10 hours of their time in community-based projects.

3. Support System

We have insured all our employees to protect against potential injuries during volunteer works. The volunteer accreditation management system is also in place to provide information on an individual's volunteer records and on charities we serve. In addition, Samsung Electronics holds an annual volunteer festival to raise awareness of the employee volunteer program and honor outstanding service teams and individual leaders.

ACTIVITY & PERFORMANCE

In 2006, we directed our resources in the following central areas: volunteer service, social welfare, culture and arts, academics and education, environmental protection, and international exchanges. They were designed to advance local communities, improve quality of life and make a difference in the world.

1. Volunteer Service

■ Marathon of Love

To raise money to donate to worthy causes, Samsung Electronics' worksites in Seoul, Suwon, Giheung, Cheonan and Tangeong hold the "Marathon of Love" every spring and autumn. Over 80,000 employees join in the event which offers opportunities to give back to local communities. The company matches every won raised by employees. The fund is used to feed hungry children and to support community study halls.



■ Leisure buddy activities for the blind

The program aims to break the traditional notion of the physically challenged always on the receiving end and the non-physically challenged always giving help. By having both groups participate in leisure activities together, they gain deeper understanding of each other and build friendships. It also offers the blind a chance to step out onto the world and enjoy cultural pleasures such as movies and art galleries. Volunteers assist by explaining what is happening on screen or about art work. Moreover, the leisure buddy program benefits volunteers by providing them with first-hand experience to such social problems as cultural access for people with disabilities.



■ Computer training for the mentally disabled

Samsung Electronics' Digital Research Center is offering computer literacy training to the mentally challenged. Employees work with them on a one-on-one basis every week. The program has been a success as three mentally challenged obtained government-issued certifications for Internet search. In late 2006, employees joined hands with mentally challenged students who completed the IT training and published Braille books for the blind.



■ 1meter -1 won Charity Walk

Since 2004, the Semiconductor Business has been an active supporter of the "1meter 1 won charity walk" organized to help the less fortunate in Gyeonggi-do. It has grown into a major philanthropic event, attracting more than 10,000 participants every year. The event is applauded by many as a great opportunity for first-time givers to experience the joy of giving. In particular, NGO groups (the Korean Red Cross Gyeonggi Branch), media (Kyeongin Daily, Suwon Broadcasting System) and government (Gyeonggi-do) come together to make the walk one of the region's biggest charity festivals. Growing numbers of Samsung Electronics employees and their families are showing up every year in support of this worthy cause.



■ Happy Train of Love and Hope

The “Happy Train of Love and Hope” is a customized, one-stop volunteer program that started in 2003. Under the program, Samsung Electronics volunteer groups team up with local charitable organizations to provide one-stop services that best suit the needs of different beneficiaries such as senior citizens living below the poverty line or child-headed households. The partnership creates synergies that maximize impact. It has earned praises of having set a new milestone in corporate volunteerism. A volunteer recalls, “We were helping fix up the home of an 81-year old elderly woman who lives alone. She earns KRW30,000 a day picking cabbages. And she spent one-third of that hard earned money to buy us snacks. It touched me so much. I wish there were more we could have done for her.” In 2006, volunteers donated container houses to low-income farming houses in the sisterhood villages and refurbished homes of the needy.

■ Happy Home School - after school program

The Semiconductor Business is supporting “Happy Home School,” an after school program for children from low-income and single parent households. The program provides children with a safe environment where they can learn skills and values, build character and nurture friendship. The Happy Home School is operated in conjunction with NGOs such as the KFHI(Korea Food for the Hungry International) and local churches. On top of employee volunteering, Samsung Electronics funds center openings and annual operating costs while NGOs take care of daily operation and education. The first and second Happy Home Schools opened in February and December of 2006. Currently, 78 children are attending the after school program.

■ Home renovation project

Employees at the Onyang worksite use money they raise through Marathon of Love to help refurbish the home of a low-income family every year. The company’s volunteer group partners with the local community’s self-reliance training centers to provide a better living environment and make life a little easier for the family. To date, 18 families have benefited through the home makeover project since October 2005.

■ Bakery of Love - Tree of Hope

To provide secure jobs to the mentally challenged in the Asan region, our Onyang worksite has joined forces with Asan City and Korea Parents Association and opened “Bakery of Love - Tree of Hope.” Employees at the Onyang Plant donated generously to build the bakery which will serve as a job training center for the disabled as well as a cultural center for local residents. The baked goods will be delivered to impoverished elders living alone and local charity organizations.



■ Building study hall of hope

The Onyang Plant is carrying out regular volunteer work at six study halls around the Onyang region as a part of Samsung Group’s representative CSR project “Building study hall of hope.” Working with Dogo Western Social Welfare Center, the Onyang Plant offers grants to outstanding middle school students from low-income families. Also, volunteers donate two hours of their time three nights a week to tutor students on subjects including mathematics, science, English, social studies, history and Korean.

■ Vision campus

Employees at the Gumi Complex have teamed with local communities and colleges to provide more strategically-focused volunteer services. Under the “Vision campus” program, employees use their academic skills to offer tutoring and mentoring services for local study hall participants. The goal is not only to help improve underprivileged students’ academic performance, but also to contribute to their overall wellbeing. In particular, the program gives points for community service to 1,200 employees enrolled in the in-house colleges to motivate their participation.

■ Culture classes for developmentally challenged children

In cooperation with the region’s Family Welfare Association of Korea, the Gumi Complex is running a program designed to help improve social adaptability of developmentally challenged children. The program, in its third year, exposes children to a variety of enriching cultural experiences so that they can learn to form relationships and acquire social skills. The classes held once or twice a month include a ski camp, ocean exploration, field trips, concerts, and community-building programs.

■ Crystal Study Hall

The Tangjeong LCD Business has partnered with Tangjeong Welfare Center and Sun Moon University to create "Crystal Study Hall," an after-school program for local low-income children. Employees give their time every week to tutor and mentor the less fortunate children to support their academic, emotional, and physical development through a variety of activities. As a safe learning and playing environment for children, the Crystal Study Hall has fast grown into one of the most reliable local childcare facilities.

■ Fun Fun Volunteering

The Cheonan Plant is promoting fun in giving. Each of the worksite's volunteer group chooses a theme that will add fun in volunteering and then team up with local welfare facilities to carry out the program. The projects have included mural painting, food making, giving baths, cleanup efforts, face painting - all designed to delight both givers and recipients.



■ Birthday parties for the elderly

Every October, the Cheonan Plant holds a birthday party for low-income single elders who turn 80 or 90. To celebrate the milestone birthdays, employees become sons and daughters for a day and spend the whole day with the seniors to celebrate the occasion.



2. Social Welfare

■ Computer class & computer competition for the blind

Samsung Electronics has been offering computer classes to support vocational training and job placements for the visually impaired. The "computer class for the blind" (held at Samsung seeing-eye dog training center in Yongin City, Gyeonggi-do) was launched in 1997. It expanded from offline to online classes in 2002 to meet growing demand for IT training for the blind. The Anycom (<http://anycom.samsunglove.co.kr>) program offers 75 different online classes to a total of 3,866 members, which includes those who reside overseas. The program reaches half of the visibly impaired people who use computers in Korea. Every November, the Company holds the "Samsung Anycom Festival" computer competition for the visually impaired. In 2006, the competition included information search and writing contests for students from schools for the blind.



■ Scholarship for disabled university students

Samsung Electronics set up the Stepping Stone Scholarship Foundation in 1998 in partnership with Korea National Council on Social Welfare. The scholarship is granted to disabled college students to help them continue with higher education. Started in 1998 with scholarships to 13 students in middle and high schools as well as colleges, the scholarship is now offered exclusively to college students to ensure equal opportunities in higher education. Samsung Electronics employees raise grants every month. Including 18 new scholarship recipients, a total of KRW200 million has been awarded to 100 students so far.



■ **Mugunghwa Electronics**

Samsung Electronics is running a social welfare corporation MugunghwaLand (facility name: Mugunghwa Electronics) to offer quality jobs to the disabled to help them get back on their feet and lead independent lives. The company, whose 72% of the entire 180-member workforce (130 persons) has disabilities, has grown into a mid-standing company producing and selling wireless handy vacuums and steam vacuums around the globe. It has formed sisterhood ties with Honda Taiyo, a Japanese company for the disabled, and engages in various job and other exchange programs. Also, employees hold annual exhibition showcasing their talents in art, calligraphy, craft, and flower-arrangement as part of the company-sponsored “one person, one hobby campaign.” In particular, its wheelchair basketball team is the country’s top team that has become a successful rehabilitation role model for the disabled. (Refer to page 77 for information on Mugunghwa Electronics)



■ **New social worker award ceremony**

In January 2004, Samsung Electronics joined hands with Korea National Council on Social Welfare and Kookmin Ilbo to create an award to encourage and honor new social workers laboring under extremely difficult conditions. Every month, one social worker with less than five years of work experience is selected and given a notebook computer as prize. As of end of 2006, a total of 36 people have been recognized for their excellence in social work. Award winners and related persons come together for an evening of recognition and celebration at the end of each year. Samsung Electronics also provides overseas training opportunities for award recipients.



■ **“Give small, gain big” fund**

Launched in 1995, Samsung Electronics’ “Give small, gain big” program offers grants to the disabled and underprivileged teens. It also promotes outstanding charitable programs of social welfare centers and other related institutions. Every year, a panel of experts reviews and selects some 40 worthy programs that will receive assistance. The contributions for the “Give small, gain big” program of 2006 were delivered at a ceremony held at the Press Center on March 14, 2006. The ceremony was attended by Han Yong-oe, President of Samsung Welfare Foundation, Kim Duk-lin, President of Korea National Council on Social Welfare, and Lee In-yong, head of Samsung Electronics PR team.



■ **One company, one village sisterhood ties**

Samsung Electronics’ worksites at Suwon, Giheung, Onyang, Cheonan, Gumi and Tangjeong have formed sisterhood ties with 60 farming villages across the country to offer their hands in various local community initiatives. Employees are actively involved in a wide range of projects that promote win-win cooperation. They include helping out with farm work, caring for the elderly, assisting in disaster relief efforts, supporting sales of agricultural products, and taking part in farming experience opportunities offered to employees’ families.



3. Academics / Culture and Arts

- Samsung Electronics is leading the way in protecting Suwon Hwaseong Fortress, which is designated as a UNESCO World Cultural Heritage.**

Employees at the Suwon Complex have played a central role in organizing the movement. The goal is to preserve the 18th century fortress which UNESCO described as an outstanding example of early modern military architecture, incorporating the most highly developed features of that science from both east and west.

To ensure greater protection for the fortress, which is visited by more than 1.2 million tourists every year, Samsung Electronics has partnered with Suwon Municipal government to carry out various activities including clean-up efforts, tour guide service and safety patrol. Huh Young-ho, managing director of Samsung Electronics said, "It is our job to protect the world cultural heritage located in Suwon, the home of Samsung Electronics' parent. Along with volunteer works, we plan to invite local children with disabilities to Hwaseong to continue with our efforts to educate and inspire."



- Tangjeong and Giheung volunteer centers are carrying out "Explore cultural heritage of our town" initiative for local elementary schools.**

The program is designed to promote pride and understanding among students by offering a guided tour of the town's rich historical and cultural legacy. Working with the regional education department, an elementary school with difficulty in mobilizing buses is selected every month. Samsung Electronics provides the transportation while the Ministry of Culture and Tourism dispatches the guide.



- Sponsor of Korea Youth Science Olympiad**

Launched in 1933, the Korea Youth Science Olympiad is Korea's most prestigious science competition for elementary, middle and high schools. For financial stability of the Olympiad, Samsung Electronics signed an agreement with the Ministry of Education in 1995 to raise science education grants. Under the agreement, the Company raised a total of KRW3 billion for three years from 1996. Since then, additional donations from the National Agricultural Cooperative Federation and other financial institutions have further expanded the fund to a total KRW6.4 billion. The Olympiad is now running successfully on the interest income of the science education fund and the grant from the Ministry of Education & Human Resources Development under the supervision of Korea Federation of Science Education Societies.



- Promoting children's songs**

Since 1984, Samsung Electronics has been actively promoting children's songs. The purpose is to enhance emotional health and wellbeing in children. The "Green Star Children's Song Festival," co-sponsored with Seoul YMCA, is our key family-oriented event. The 21st festival was held under the theme of "Beautiful songs, Happy family." After six regional competitions, twelve teams of finalists made up of family members competed on the national stage on July 29, 2006. It was an opportunity for children to showcase their singing talent as well as for families to connect through music. Samsung Electronics also sponsors other related programs including children's song camp and Yanbian Children's Song Concours.



■ **National Students Creativity Olympiad**

Every year, Samsung Electronics partners with the Korean Intellectual Property Office (KIPO) to hold the National Students Creativity Olympiad aimed at encouraging inventiveness among students from elementary to high school levels.

The 2006 Olympiad was held at Seoul COEX during August 25-26. From the preliminary round ninety-five teams (about 700 people) moved on to the final stage to vie for the top honor. Each seven-member team is assigned a long-term challenge prior to the competition and an on-site challenge at the competition that put their creativity and talent to the test. The National Students Creativity Olympiad is a nationwide competition that combined similar competitions held separately by government agencies, private organizations and businesses. During the 2006 competition, the general public was invited to take part in an array of events and activities designed to promote creative thinking.



■ **Taking action to protect birds**

As a part of our campaign to protect wildlife and endangered species, Samsung Electronics has been an active supporter of the Korean Association for Bird Protection since 1991. Our work with the agency involves protecting birds and their environment, feeding migratory birds and bird watching. Also since 2002, we have been working with our sister schools, environmental agencies, Gumi city and environmental NGOs to protect the tidal waters of the Nakdong River, where migratory birds stop to rest and forage. The program includes cleaning up the area and setting out feed for the birds. Elementary schoolchildren taking part in the program receive classes on the environment and migratory bird resting areas given by experts in the field.



4. Environmental Protection

■ **Green school for young people**

Since 2001, Samsung Electronics has teamed up with the Green Family Movement Association in running the "green school for young people." The school is designed to promote environmental awareness in children and enable them to take practical steps to protect our ecosystems. The school engages children in recycling education, marsh and wetland exploration and other activities that provide firsthand experience on the importance of making the earth a cleaner place to live.

■ **Environment and safety sisterhood with schools**

Samsung Electronics' worksites are bringing new solutions to environmental issues in their local communities. Most notable is the sisterhood ties each workplace establishes with local schools. Under the initiative, the worksites coordinate a variety of activities to impact students. These include essay/slogan and poster competitions, quiz contest, recycling exhibition, scholarships for outstanding students and ecosystem field trips. Local residents are also welcome to take part in activities that promote awareness of fire prevention, traffic safety and environmental protection.

5. International Exchanges

■ Sharing with global communities

Samsung Electronics' social contribution work extends beyond borders. For more than a decade, the Semiconductor Business unit has been reaching out to communities in Mongolia and other Southeast Asian countries like Vietnam, Cambodia, Myanmar and Bangladesh. On October 13, 2006, the unit raised US\$200,000 to fund the building of a dormitory for school for children with disabilities in Ulaanbaatar, Mongolia. In July 2006, a team of volunteers was dispatched to work on ground leveling and to provide other services. With donations to these countries totaling over KRW1.17 billion, the Semiconductor Business is striving to create a better world for all.



■ Samsung's Four Seasons of Hope

Samsung Electronics America has organized an innovative goodwill program called "Samsung's Four Seasons of Hope." The program enlists the services of sports legends, top music stars, politicians and other prominent figures to raise money to improve the quality of life for children and their families who face major challenges. In the past five years, the Four Seasons of Hope has raised approximately US\$7 million. The 2006 event was held on June 22 at New York City's Tavern on the Green. The star-studded event included video messages and speeches by VIPs and performances by top singers. Global celebrities and leading US retailers pledged their continued support for Samsung's philanthropy program to impact communities they serve. Samsung Electronics delivered US\$800,000 dollars it raised from retail partners and people from all walks of life to the affiliated charities.



■ Adopt-a-Village campaign in China

Samsung Electronics China launched the "Adopt-a-Village" campaign in September 2005 to support farming communities across the country. Since then, 34 regional offices and branches in China and their 4,600 employees coordinated their resources in a total of 151 endeavors. Their work ranges from big to small. For the past one year, they provided new teaching aids and/or replaced old facilities in preschools and elementary schools. They built Internet cafes in sister villages to offer computer training for youth. They also bought fruits and other products from the farming communities. These activities were highly recognized and the Guangming Daily, the country's second largest state newspaper, awarded the company with the Public Benefit Prize in September 2006 for the second straight year.

To mark the first anniversary of the program, Samsung Electronics China carried out a week-long volunteering work in sister villages that included clean-ups, restoration efforts as well as visiting families in need. Also during the week, residents from sister villages in Beijing, Tianjin, Suzhou, and Guangzhou were invited to tour the cities and the Samsung worksites. Since Mr. Park Keun-Hee took the helm of Samsung Electronics China in January 2006, the company has been promoting goodwill in China under the slogan, "the company that is admired by the public and the company that gives back to society." The initiative engages the company in a wide range of programs that support education, social welfare, rural communities, and the environment.



■ Official partner of Paralympics

Samsung Electronics was the official partner of the 2006 Torino Paralympic Games held from March 10 to 19. The agreement for the partnership was signed with the International Paralympic Committee (IPC) at the Winter Olympic Game's press center in Torino, Italy, on February 9. This was the first time Samsung represented Paralympic Games and IPC as a worldwide partner. (Samsung Electronics has been the official telecommunications partner since the 1998 Nagano Winter Olympics.)



■ **Sharing at the Olympics**

On February 25, Samsung Electronics donated 30,000 euros it raised from an online charity auction to the humanitarian NGO, Right to Play (RTP). The donation ceremony was held at Samsung Electronics' Olympic pavilion (Olympic Rendezvous@Samsung) set up in Torino. During the 2006 Torino Winter Olympics, Samsung Electronics partnered with RTP to operate the online auction site. All proceeds from the site were delivered to the RTP. First held during the 2000 Sydney Summer Games, the RTP auction has raised 200,000 euros so far. The money is used to help children in disadvantaged areas of the world to participate in sports activities.



Samsung Electronics South Africa head Koo Bon-Joong said, "South Africa has a huge gap between the rich and poor. However in running, everyone is equal. There's no distinction between rich and poor. Through a sporting event that breaks down the economic barrier, we will endeavor to give back more to the local community."



■ **Running with Taiwan**

On October 15, the second annual Samsung Running Festival was held at the Taipei city hall plaza. The event was co-sponsored by Chinese Taipei Road Running Association and Taipei City. Some 30,000 citizens turned out for the event held under the slogan "walk with hope and run with vision." Samsung Electronics also gave back to communities by donating 100 pieces of the latest electronic goods to a children's welfare association fund.



■ **Helping Russian children with heart disease**

Samsung Electronics turned our fourth annual Samsung Customers' Day into a very special evening of honoring our customers and partner firms in Russia while inspiring the spirit of giving. For the event held at the world famous Bolshoi Theater in Moscow on November 30, 2006, Samsung Electronics partnered with the Bakoulev Scientific Center for Cardiovascular Surgery to help children suffering from congenital heart defects. The fundraiser touched many participants with the performance of "Swan Lake" and showing of a video that chronicled the hardship of children with heart conditions. A total of US\$20,000 (Samsung donation of US\$16,000, funds raised on the day: US\$4,000) was donated to Bakoulev Scientific Center to assist in purchasing medical equipment to treat the children. Samsung Electronics is also an active sponsor of Bolshoi State Theater, Tolstoy Literary Award, Moscow Digital Gallery and Saint Petersburg White Nights Running Festival.



■ **Samsung Steam Challenge**

The Samsung Steam Challenge is a unique sporting event in South Africa that combines a 42.195km marathon, 38km relay race and 25km walkers relay. Participants battle it out against the famous Magalies Express over the picturesque route from Krugersdorp station to Magaliesburg station. In its 11th year, over 1,600 athletes took part in the 2006 race held on October 29. Samsung Electronics contributed a portion of September and October sales as well as proceeds from the event to help children and young people from ages of 3 to 18 suffering from terminal illnesses.

Our Customers

Philosophy & Policy

Customer Satisfaction Management

Focus Areas

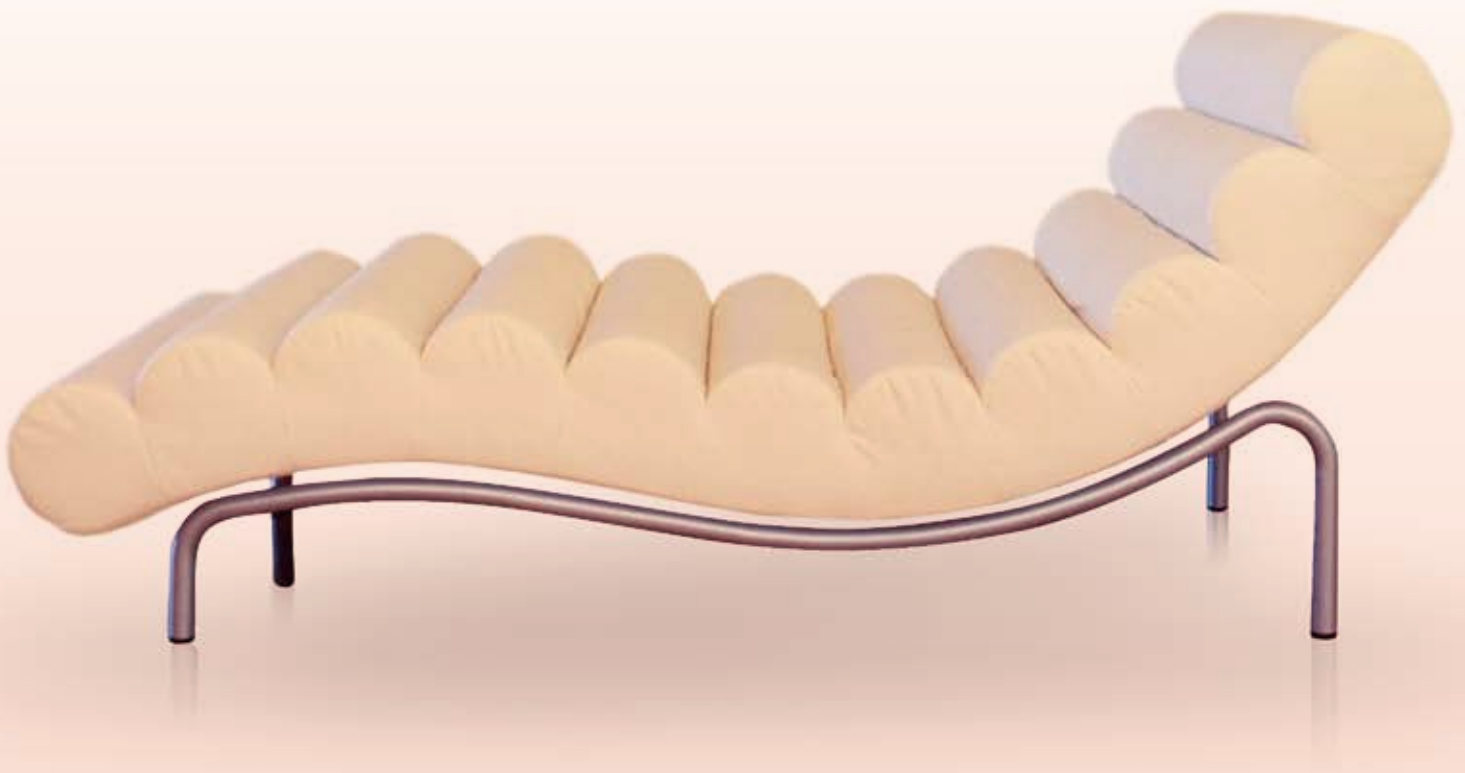
1. Product Safety
2. Customer Communication

Management System

1. Customer Management System
2. Product Quality

Activity & Performance

1. Product Safety
2. Customer Communication



PHILOSOPHY & POLICY

In today's fiercely competitive global market, customer satisfaction is pivotal in gearing for the future. Samsung Electronics is committed to delivering outstanding customer satisfaction with the best products and services, thereby contributing to a better global society.

[Customer-related Principles]

■ Management Philosophy

We will devote our human resources and technology to creating superior products and services, thereby contributing to a better global society.

■ Global Code of Conduct

Principle 3. We respect customers, shareholders and employees.

· Principle 3-1 We put priority on customer satisfaction in management activities

1. The Company will endeavor to reflect and give priority to the requirements and recommendations of customers for the improvement of product design, distribution, and service.
2. The Company will make every effort to engage with its customers in a polite and equitable manner based on its belief that "Samsung Electronics exists because of its customers".
3. The Company will respect the customer's right to choose by refraining from exaggerated advertisements or coercive sales techniques, which could mislead customers with regard to the quality, function and specifications of product or service.
4. The Company will endeavor to reach just resolutions of customer-related disputes and will respond to the complaints of customers in a transparent, timely and effective manner.

1. Customer Satisfaction Management

Samsung Electronics is working diligently to provide customers with the highest level of satisfaction by offering quality products and services. Our commitment to customer satisfaction is ingrained in our global code of conduct which states "we put priority on customer satisfaction in management activities."

We were the pioneer in Korea's customer-centered management. In 1991 we conducted the country's first customer satisfaction survey and in 1994 declared the "New Customer Rights." In January 2007, we reaffirmed our dedication to customer service by pledging to further drive customer satisfaction (CS) innovation.

FOCUS AREAS

Product safety and communication with customers are Samsung Electronics' top concerns. Oftentimes, our customers drive solutions and inspire ideas for new products. We employ a wide range of communication channels that directly address customer needs.

1. Product Safety

Accidents from product use not only impact consumer safety but also hurt product and company reliability. At Samsung Electronics, we are striving to protect the health and property of consumers from possible product accidents. We not only enforce strict safety standards but rigorously comply with safety regulations. We also reflect the user environment of each country in our products.

2. Customer Communication

Various communication channels are available to consumers for greater accuracy and swiftness in meeting their needs in the fast changing marketplace. Customers can obtain information and how-to guides on products, and send in complaints/praises and proposals via our Internet website. They can also log on to online user communities to exchange information and contact the customer support center (1588-3366) for any inquiries or to request services. In addition, Samsung has set up a window reserved for customer suggestions and feedback on our products.

Samsung Electronics has taken customer communication to the next level through our two key communication channels - Anycall Dreamers and ZIAGENIA.

Anycall Dreamers is a small community of prosumers (producer + consumer) which serves as an idea bank for the company's No. 1 cell phone brand, Anycall. The group's work ranges from product reviews to presenting ideas on designs and marketing. It is made up of actual consumers from all walks of life such as early adopters of mobile phones to those who have never used the Samsung brand. Samsung Electronics recently incorporated ideas presented by Anycall Dreamers in reorganizing the Anycall website (www.anycall.com)

ZIAGENIA is Samsung computers' chief prosumer program. Launched in 2004, Samsung Electronics is mobilizing community members under its slogan to "involve customers in marketing activities." ZIAGENIA members are invited to get a first look at new products, propose new ideas, take part in marketing projects, attend major domestic IT fairs as supporters, and visit Samsung Electronics worksites. They also serve as a communication channel between general consumers and the Company. We encourage their ideas and opinions through a variety of online

and offline programs and reflect them in our product design and marketing activities.



MANAGEMENT SYSTEM

Our efforts in sales, delivery, installation, and after service span the globe. To provide the best possible products and services, our three subsidiaries in Korea are pursuing a unified CS program. In the global market, we operate customer support centers at all sales subsidiaries to deliver better value to customers.

1. Customer Management System

1) Domestic Market

In 2005, our three subsidiaries, Living Plaza (Sales), Logitech (Delivery/Installation), and Samsung Electronics Service (A/S) and their 26,500 employees implemented sweeping changes to make their systems customer-driven. This enabled Samsung Electronics to pursue a unified CS in every customer-contact points from sales, delivery, to after service. At Samsung Electronics, we are working to place customer satisfaction front and center by offering good products, and the highest level of satisfaction and value that extend far beyond the bottom line.

■ Sales

From the initial greeting to follow-up services (customer relations management), we are making sure customers take pride in choosing the Samsung brand. Our efforts include keeping basic store etiquette (always smile, be courteous, clean the store), displaying products with customer convenience in mind, and using easy-to-understand PVI (Product Value Information).

■ Delivery/Installation

Our goal is to provide the “perfect finish” by offering prompt door-to-door delivery to the customer’s desired location. From wearing uniforms to keeping delivery promises, from delivering and installing multiple products at the same time to improving installation skills and cleaning up after installation, we are making every effort to enhance customer experience.

■ After Service (A/S)

Responding swiftly and accurately is the underpinning value of our after service. To minimize customer inconvenience from defective products or troubles during usage, we are constantly upgrading our entire after service process. We also operate the Happy Call System (follow-up customer satisfaction phone survey) to ensure customer satisfaction. Our pioneering CS activities are often benchmarked by other companies. They include the delivery appointment service which ensures us to keep our promises, and mobile phone appointment service designed to cut repair waiting time. In addition, we encourage our service engineers to acquire repair skills for all products to offer one-stop, multiple repair service.

2) Overseas Market

Excellence in after service is our goal in the overseas market. To meet growing customer needs and demands, Samsung Electronics is in the process of building an optimal A/S network. As of 2006, we have in operation 1,000 Exclusive After-Sales Service Centers that take care of 80% of Samsung products. The centers provide outstanding services with minimal repair time as they are equipped with necessary parts and accessories around the clock. By displaying Samsung Electronics' standard corporate identity in and outside the facility, the centers help enhance brand recognition and visibility. Meanwhile, each center devises service schemes tailored to the regional characteristics. They include new product display and face-to-face repair services of mobile phones. Some centers also offer free Internet service to customers to make their waiting time more enjoyable.

In addition, all our 36 overseas sales subsidiaries are now equipped with a contact center. The center tracks and monitors services in real time to facilitate quick repair and prompt delivery. It also provides service status to customers to minimize inconvenience.

In Thailand, Singapore and Indonesia, we introduced the PDA service system in 2006 which offers detailed and accurate customer and product information to service engineers for greater efficiency. We plan to expand the service to other regions including Europe.



2. Product Quality

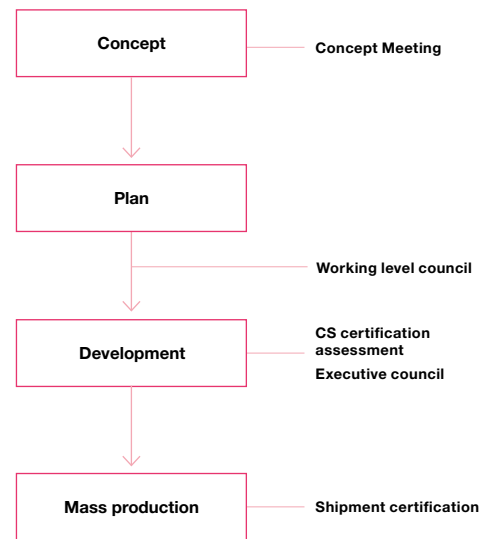
Securing product quality is a priority task at Samsung Electronics. Throughout the entire production process from the initial design stage, we always think from the standpoint of the customer. Rigorous defect prevention activities such as reliability and marketability tests ensure reduction in potential losses.

At the heart of Samsung product quality is the SQA (Samsung Electronics Quality Award) system. It reviews quality management achievements and the quality guarantee system

of all Samsung Electronics worksites and awards outstanding worksites. The system has been instrumental in innovating company-wide quality assurance and improving employee awareness on the importance of quality.

At Samsung Electronics, all our new products under development must pass the demanding CS certificate program in order to go into production. The purpose is to ensure product quality from the development level. The system checks a product's quality level at the initial planning phase and tests for 25 key items including reliability, compatibility, S/W and hazardous materials.

[CS Certification Process]



Noise assessment

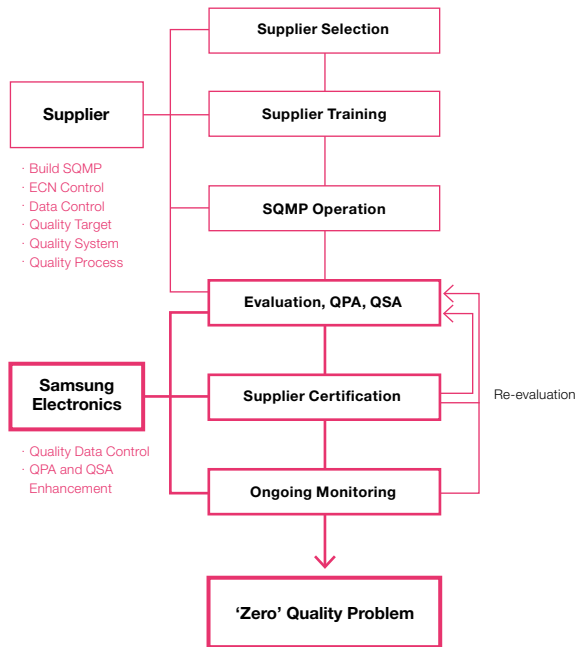


Accelerated life-cycle test

The objective of the Supplier Quality Control Innovation (SQCI) program is ensuring zero-defect parts and components. Through SQCI, we offer guidance and training and conduct evaluations to help our business partners maintain high quality levels. All companies doing business with Samsung Electronics are required to obtain SQCI certification. Through the program, we seek joint resolutions to technical problems with our partner firms so that no defective parts find their way into the final products.

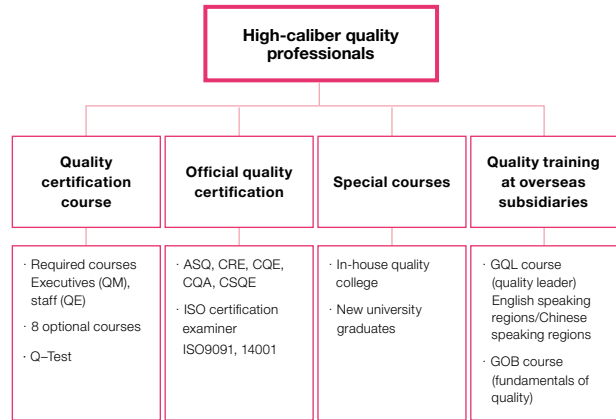
The MLP-100 program (target defect rate of 100 ppm for main-line PBA) was set up to enhance PBA (Printed Board Assembly) quality. To secure sufficient quality for mass production, we use standardized processes and operate a worker certification system.

[SQCI Process]



A vital component of quality improvement activities is fostering quality professionals. Samsung Electronics runs some 20 quality training programs including preparatory courses for international certifications (CRE, CQE, etc.) with the aim of reinforcing our quality competitiveness in the global marketplace. These programs nurture specialists who can lead quality innovation activities in a scientific and organized manner. About 95% of our staff in quality functions have obtained certification. In particular, Samsung Electronics has 567 quality specialists who have acquired certificates given by international certification agencies, which is more than any other Korean company.

[Quality Professional Training]



ACTIVITY & PERFORMANCE

All of our plants in Korea and abroad employ various evaluation tools to ensure product safety so that consumers may use our products with peace of mind. We conduct surveys and respond to customer inquiries to continuously seek ways to enhance satisfaction levels and take steps to protect consumer privacy.

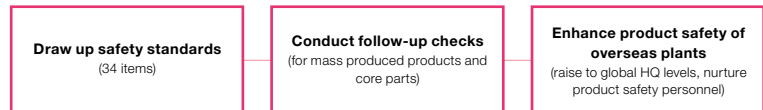
1. Product Safety

Samsung Electronics approaches product safety from the consumers' point of view, taking into consideration the user environment. To provide customers with safe products, we have selected 34 items for evaluation from the development to production stages. We conduct tests to assess safety risks, even when appliances are used in unfavorable settings. In the case of washing machines, we check for maximum pressure for water supply and conduct rain tests to check for water penetration when washers are installed outdoors. To benefit consumers in countries with voltage fluctuation (eg, China, India, Vietnam), products include over-voltage protection. Additionally, we are continuously upgrading evaluation techniques to assure product safety.

Evaluations are conducted by safety experts at our domestic and overseas factories. This is intended to ensure consistency when it comes to product safety across our global operations.

Samsung Electronics maintains an accredited certification and testing lab which carries out evaluations and tests satisfying safety requirements around the world. Conducting evaluations against the safety standards of 37 nations, the lab paves the way for the distribution of safe products to consumers worldwide.

[Product Safety Activities]



Safety inspection of mass produced products

[International Safety Certifications Acquired by Samsung Electronics]

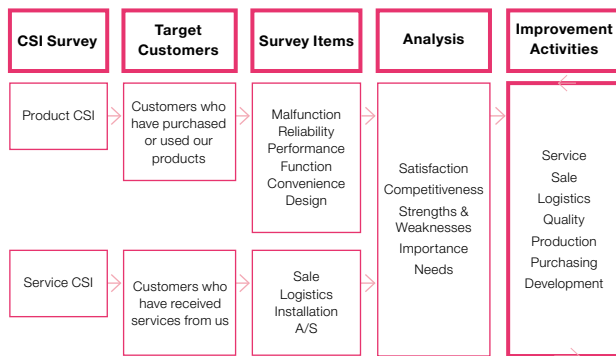
1. Norway: NEMKO	5. EU: GCF	9. China: CCC
2. Sweden: SEMKO	6. Russia: ROSTEST	10. Canada: CSA, IC
3. UK: UKAS	7. Korea: KOLAS, MIC, EK	11. US: FCC, UL, NVLAP
4. Germany: VDE, TÜV	8. Japan: VCCI	

2. Customer Communication

1) Customer Satisfaction

Customer satisfaction surveys have been taken at regular intervals since 1991 to receive valuable feedback from product and service users. Two surveys are conducted; one on products and the other on service. The annual product survey covers items such as product reliability, performance, user convenience and design. The one on service, taken twice a year, looks at areas like after service, delivery and installation and sales.

[Customer Satisfaction Survey & Improvement Activities]



The surveys ask for customers' opinions on the products and services offered by Samsung Electronics and our competitors. We collect responses via one-on-one interviews or over the phone. The survey feedback is quantified and analyzed to identify strengths and weaknesses and devise ways to make up for shortcomings. The survey results are revealed to the related departments, including the development, quality, design and marketing functions, through presentations. Based on the findings, each department comes up with improvement actions to raise customer satisfaction levels.

Our ongoing efforts are bearing fruit, with the levels of customer satisfaction rising every year. We are also seeing a continued rise in the number of loyal customers who intend to make a repeat purchase or recommend our products to others. Moreover, Samsung Electronics is showing stronger results than our peers in satisfaction surveys conducted by external agencies such as the KMAC, Korea Productivity Center and Korean Standards Association.

2) Customer Inquiries

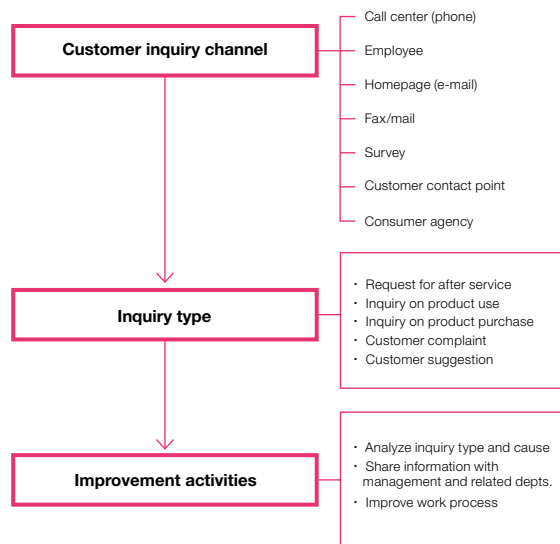
Customers who have inquiries on our products, services and other corporate activities may visit one of our 143 services centers located in the major cities in Korea. They may also make inquiries over the phone (tel. no. 1588-3366) or our website.

In 2006, we handled 50 million inquiries from domestic and overseas customers on a wide range of issues including after service, product purchase and complaints. Prompt and efficient customer response is an important part of our efforts to

meet customers' demands.

Customer information gathered during our selling and service activities are managed under rigorous internal processes. To date, there has been no incidence of customer information leaks at Samsung Electronics. We will continue to take measures to protect customer privacy.

[Customer Inquiry Process]



Our Employees

Philosophy & Policy

People

Focus Areas

1. Diversity
2. Health and Safety
3. Employee Development

Management System

1. Human Resources Management Strategy
2. Human Resources Management System

Activity & Performance

1. Employment Status
2. Employment
3. Employee Development
4. Benefits
5. Employee Communication
6. Safety and Health



PHILOSOPHY & POLICY

At Samsung Electronics, we place priority on our people and believe in nurturing their development. As a member of global society, we believe each individual should perform to one's full potential, driven by a clear mission. We nurture creative and open-minded people who can help open doors to new opportunities and contribute to the prosperity of global communities. Our employees play a key role in developing innovative technologies that can bring happiness and fulfillment to everyone around the world.

1. People

People are one of the components of Samsung 5 Values. We value our people with a strong belief that "a company is its people" and provide them with opportunities to perform to their full potential.

All companies value their employees. At Samsung, the founder and top executives always had a special commitment to nurturing the best people. Samsung places priority on its people and has established a culture in which everyone is motivated to work with a sense of ownership.

Based on our belief that "a company is its people," employees are the greatest asset at Samsung. We do our best to attract and foster the best people and respect their talents and abilities. We promote autonomy to help our employees realize their full potential, as they play a vital role in driving growth of the company and society.

[Philosophy]



FOCUS AREAS

We believe our people are our greatest asset. From this standpoint, every single issue related to our workers is of utmost importance. Presently, we are putting particular emphasis on diversity, the safety and welfare of our employees, and reinforcing our employees' capabilities.

1. Diversity

Samsung Electronics is fostering an environment in which people from various cultures and backgrounds can work together creatively to achieve results. Our human resources policy is designed to ensure fair and objective decisions related to hiring, education, evaluation and compensation. We also have various regulations in place to prevent discrimination based on nationality, gender or disability.

2. Health and Safety

A safe work environment is a basic element for corporate success and for improving employees' quality of life. Under this belief, Samsung Electronics is doing its best to create a safe and pleasant workplace. Each of our plants carries out activities to address safety and health issues. We are making bold investments, launching new programs to improve our workers' health, and adopting advanced techniques for safety and health management. Samsung Electronics holds the longest disaster-free record and is recognized as one of the safest places to work.

3. Employee Development

We are well aware that creative and competent workers are vital for sustainable growth. We operate a training center to nurture future-oriented individuals across all functions, from R&D to marketing, and provide systematic training programs. Along with internal programs, our workers are given the opportunity to go to prominent universities abroad and take part in regional specialist programs to cultivate a global perspective.

MANAGEMENT SYSTEM

Samsung Electronics strives to recruit and nurture talented individuals who can thrive under the new paradigm of the rapidly changing business environment. Our sights are on fostering people with creativity, a progressive outlook, and basic set of skills. Investing in human capital is our most important strategy under our management philosophy, which is to devote our human resources and technology to create superior products and services, thereby contributing to a better global society.

1. Human Resources Management Strategy

Our human resources management strategy is based on our corporate vision to be a true leader in the era of digital conversion. We are working toward our vision by nurturing the best people in their respective fields to enhance competitiveness at the individual and organizational levels.

At Samsung Electronics, the ideal employee is someone who is creative, embraces challenge, has a global mindset, and is a true professional. A creative person is a goal-oriented individual who acts with a sense of urgency and defies traditional molds and shatters pre-existing concepts and beliefs. Someone who embraces challenge is willing to venture into new fields shunned by others, and thus pioneers change and innovation. This person has a sense of adventure and competitive mindset, coupled with a strong drive, and is not afraid of failure. A global mindset is a key asset in a global corporation. A globally minded person has basic and leadership skills, is fluent in a foreign language, and understands various cultures. Last but not least, a true professional is a market-oriented individual who understands customers' needs through the application of one's own professional knowledge and understanding of the relevant industry.

[HR Philosophy]



[Human Resources Management Strategy]

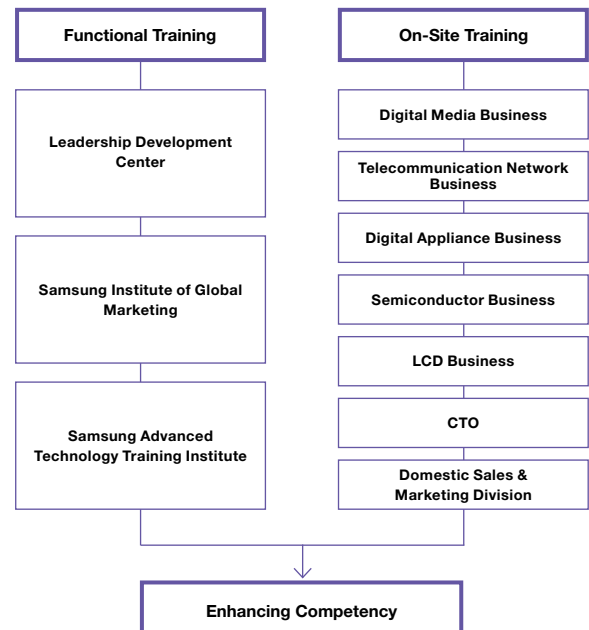


2. Human Resources Management System

Samsung Electronics has revamped its training program across the entire organization, from R&D to marketing and management support, to focus on expanding employees' work competencies. In doing so, we have created a roadmap for systematic and future-oriented human resources development.

Samsung Electronics' core competency enhancement mainly takes place through training programs for each organizational function and intensive on-site training per business unit. The three main centers for functional training are the Leadership Development Center (for spearheading innovation), Samsung Institute of Global Marketing (nurtures marketing professionals), and Samsung Advanced Technology Training Institute (develops skilled technicians). In addition, each business unit and the Domestic Sales & Marketing Division operates their own programs with the emphasis on on-site training.

[HR Management System]



ACTIVITY & PERFORMANCE

Samsung Electronics met successful results through various activities pursued in 2006 in relation to hiring, training, evaluation and compensation, welfare, employee communication, and safety. Along with strict compliance with laws and regulations, we revised our promotion system and devoted efforts to provide our staff with fair evaluations and compensation under the goal of creating a satisfactory workplace for our employees.

1. Employment Status

As of the end of 2006, Samsung Electronics' total employees (including our subsidiaries in Korea and overseas) numbered 149,000. Our workforce composition reflects our shift in focus from production to R&D. At our headquarters, employees who work in R&D comprise 35% of the total staff, or 49% if technicians are included. Fostering high-caliber R&D staff is an important part of our efforts to create new markets and develop new technologies.

[No. of Employees by Region]

(including subsidiaries in Korea and overseas)

Region	2004	2005	2006
Total	123,100	137,800	149,000
America	8,000	9,100	10,900
Europe	5,800	6,000	7,300
Asia & Pacific	109,100	122,400	130,500
Middle East & Others	200	300	300

2. Employment

1) Equal Opportunity

Samsung Electronics introduced "open recruitment" in 1995, thereby eliminating discrimination based on education and gender and evaluating potential new recruits based solely on their individual ability. In addition, we abolished the requirement to submit one's photo, family background, and physical description in job application forms. That has lowered the

possibility of evaluating applicants based on criteria other than bona fide occupational qualification (BFOQ) to guarantee equal employment opportunity.

Company regulations mandate that "all employees will be treated fairly and will not be discriminated against based on nationality, gender, religion, or social status." Our rules also state that "female employees will not be discriminated against in terms of wage, training, promotion, retirement, or layoff." These provisions were established to ensure that all employees receive equal opportunity to perform their job to the best of their capability.

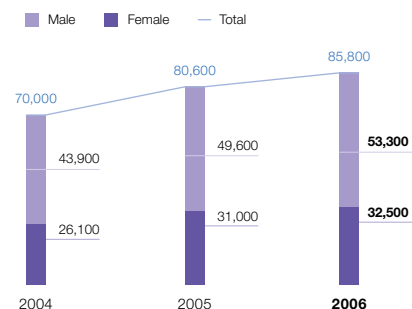
2) Increase in Female Employees

As of the end of 2006, female employees comprised 38% of the entire workforce at Samsung Electronics. (The average proportion of female employees in Korea was 32.3% according to the Ministry of Labor.)

Gender discrimination in terms of compensation has been completely eliminated under the improved wage system. And in the past three years, 450 female employees have been promoted to manager or above.

We operate a daycare center for the benefit of working mothers. Moreover, we were the first among private companies in Korea to open nine counseling centers at our eight plants. Professional counselors provide a gamut of services in areas that are of importance to female employees, including ombudsman services, sexual harassment prevention and professional development.

[Proportion of Female Employees]



3) Hiring the Disabled

In 2004, Samsung Electronics entered into an agreement with the Korea Employment Promotion Agency for the Disabled (KEPAD) to increase the hiring of disabled workers. Customized training programs were set up for people with disabilities in fields such as circuit planning and machinery CAD/CAM OA. As a result, we hired 120 disabled workers in 2006 and 130 in 2007 through our special recruitment program. Samsung Electronics will continue to provide training and expand employment opportunities for the disabled.



[Mugunghwa Electronics]

Mugunghwa Electronics is a company set up for the purpose of employing people with disabilities, the first such company in Korea. It was established by Samsung Electronics in 1994 with an investment of KRW23.4 billion. Covering an area of 13,744m², the company started out with one production line for wired phones. Its production lines have continued to expand, and today, it produces small-sized vacuum cleaners, cell-phone battery chargers, printed circuit boards, and other electronic parts. The production lines and operational processes are all designed so the disabled can work in comfortable conditions. Its dormitory offers rooms to over 150 disabled people, and doors, corridors, ramps, and other convenience facilities were designed to ensure easy movement.

* Address: 337-6 Wonchun-dong, Yeongtong-gu, Suwon City, Gyeonggi-do, Korea

4) Human Rights

Internal regulations stipulate that “the Company may not force employees to work against their will by unlawful means, including violence, threat, confinement, or mental and physical restraints.” They also prohibit the use of violence in the event of employee mistakes, careless accidents, or under any other circumstances. Negotiations between labor and management must be held in advance on matters pertaining to overtime work and work during weekends. Samsung Electronics prohibits child labor and hires people only if they are over 18 years old.

3. Employee Development

1) Training Hours and Participants

Samsung Electronics has reorganized training programs for greater focus on strengthening employee capabilities to nurture a creative workforce. In 2006, totally 290,000 employees participated in training programs and training hours per person stood at 116 hours.

[Training Hours per Employee and No. of Training Participants]

Classification	2004	2005	2006
Total Training Hours (Per Employee)	0.97 million (118 hours)	1 million (119 hours)	1.2 million (116 hours)
Number of Participants	190,000	270,000	290,000

2) Training Programs

The Company’s training programs to strengthen capabilities are divided into two categories: functional training programs and on-site training programs.

For functional training, Samsung Electronics operates three training centers. The Leadership Development Center leads and promotes change, while Samsung Institute of Global Marketing cultivates marketing professionals. The Samsung Advanced Technology Training Institute nurtures engineers and technicians.

The Leadership Development Center offers leadership training courses catering to various levels in the organizational hierarchy to foster a corporate culture required of a world leading enterprise. Samsung Institute of Global Marketing provides courses on marketing to promote market driven change, while Samsung Advanced Technology Training Institute has courses covering advanced, core and basic technologies. In addition, training programs on HR, planning, finance, procurement, marketing, quality, design, and patents are offered to enhance the skills of personnel serving in these functions.

On-site training is composed of programs for self-development and are designed to meet the needs of each business unit. Courses cover such areas as on-the-job skills, foreign language and information technology. On-site training programs are operated by the Digital Media, Digital Appliance, Telecommunication Network, Semiconductor, LCD business units and the Domestic Sales & Marketing Division. In addition, employees can take advantage of courses organized in conjunction with universities and research organizations in and outside Korea.

To expand our global mindset and capabilities, we send our employees overseas to take part in regional specialist programs and MBA programs offered by prominent schools abroad. Employees who will be dispatched overseas receive training prior to their deployment to help them adjust to their new environment and perform their jobs efficiently.

With a policy of selection and concentration, we foster our core talent pool with a clear and focused approach. In particular, we are devoting greater effort to strengthen our overseas workers’ abilities through various programs and by sending training specialists for overseas training purposes. We are also strategically utilizing e-learning to maximize education and training efficiency in various fields.

4. Benefits

1) Benefit Programs

In addition to the four social security insurances stipulated by law (National Pension, National Health Insurance, Industrial Accident Insurance, and Unemployment Insurance), Samsung Electronics provides diversified employee welfare benefits and allowances concerning health, education, housing, and retirement. Our benefits extend not only to our employees but also to their families.

First, the Company makes a contribution equivalent to 1.5% of an employee's monthly wages to a pension plan to help them prepare for unforeseen accidents and other adversities and for their post-retirement years.

To support the good health of employees and their families, a comprehensive health checkup is provided annually to employees with all expenses paid by the Company. We fully reimburse expenses for medical examinations and treatment for employees. For employees' spouses, we provide assistance for medical bills exceeding a certain amount.

For our workers' children, we support tuition from kindergarten to college. Additionally, the Company operates resort facilities for employee use to help them recharge and promote their wellbeing. We provide support for employees wishing to sign up for health clubs and for leisure pursuits. Congratulatory and condolence allowances are given to employees to share in their moments of happiness and grief. All of these and other welfare programs are provided to our employees so they can live and work in a secure and supportive environment.

2) Career Transition Center

Samsung Electronics established a career transition center in 2001 to help workers facing retirement to find new jobs or set up their own business. Career change assistance is provided at our workplaces in Seoul, Suwon, Giheung and Gumi. Employees gain support to plan their second careers. At the same time, we are helping potential employers bring in seasoned professionals and contributing to resolving unemployment in Korea.

3) Childcare Support

We have set up childcare facilities at six of our worksites so that female employees can work without having to worry about childcare. The facilities are open to employees' children under the age of five. They provide childcare services based on the child development program developed by Welfare Foundation's Children's Development Center. For pregnant workers, we have about 40 "mothers only rooms" and rest areas in all of our workplaces to provide them with a place to rest while they are at work.

5. Employee Communication

1) Labor-Management Council

The council promotes mutual understanding and cooperation between labor and management for productivity improvement, ultimately aiming at a win-win situation for both the Company and employees. It is composed of labor representatives elected by employees and management representatives including the CEO and those appointed by the CEO. Requiring the attendance of at least half of the labor and management representatives, the council holds regular quarterly meetings as well as extraordinary meetings whenever necessary. The labor representatives serve two years and do not receive any additional compensation for their council service.

The labor and management representatives find solutions for productivity improvement and deal with various issues on wages and performance incentives, training, ombudsman services, working conditions, employee health, benefits and other matters requiring labor-management cooperation. Matters related to the Company's business plans and performance, production plans and financial status are reported periodically to the council. Information on council meetings is released promptly to employees.

2) Ombudsman Committee

The Ombudsman Committee provides solutions for employees dealing with work related problems to allow them to concentrate on their work. When grievances are filed by an employee, the Committee looks into the matter and notifies the employee of its findings.

3) Open Counseling Center

We operate nine Open Counseling Centers at eight worksites to address difficulties facing employees. They help our staff achieve a healthy balance between work and life. Manned by professional counselors, the centers receive diverse opinions and handle grievances reported by employees. In addition, they offer services for female employees such as skills development and maternity issues. Their counseling also covers sexual harassment prevention, matters on family and children's education, and childcare.

4) GWP Campaign to Create a Global Corporate Culture

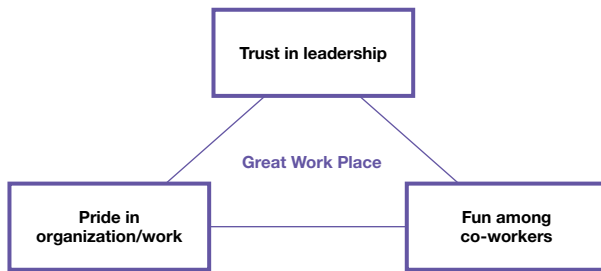
To create a "Great Work Place (GWP)," we have been evaluating our organization using the Great Place to Work Trust Index, a tool used to select Fortune's "100 Best Companies to Work For," since 1998. In 2007, we signed a contract with US-based GPTW (Great Place to Work Institute; GPTW developed the trust index) to expand our evaluation to 150 overseas branches, under the goal of building an appropriate corporate culture for a global corporation.

Every year, we conduct an evaluation based on the GWP evaluation system targeting our 149,000 employees worldwide to assess three main issues: trust in leadership, pride in

organization/work, and fun among co-workers. The evaluations results are provided to senior management and division leaders and are used as guidelines for organizational management.

A study conducted on Fortune's 100 Best Companies confirmed that such evaluations have helped to improve a company's stock performance, reduce employee turnover, increase customer satisfaction, and enhance productivity. In other words, employee satisfaction translates into customer satisfaction, proving that content employees can directly contribute to a corporation's success.

[GWP Activities]



[GWP Assessment Results]



Samsung Electronics uses GWP assessments not only to drive growth of the Company, but also to improve our employees' satisfaction levels through sound management. Our employees' satisfaction levels have risen more than 50% compared to 1998 when we conducted the first evaluation. We will continue to use GWP assessments to improve our business operations and create an even better workplace.



6. Safety and Health

1) Safety and Health Vision

Based on our corporate philosophy of respect for people, Samsung Electronics has raised our safety and health regulations to the level of global standards. To this extent, we are leading the industry in terms of safety and health related management.

[Safety and Health Vision]



2) Industrial Health and Safety Committee

All of our worksites have set up an Industrial Health and Safety Committee, which is a sub-committee of the company-wide Environment and Safety Committee. Each committee is comprised of the same number of representatives from labor and management. The committee meets once a quarter to discuss health and safety issues.

3) Safety & Health Regulation and Campaign to Increase Awareness

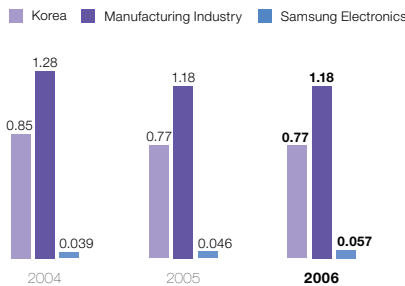
In addition to Korean laws, we strictly adhere to internal regulations on health and safety. We have standardized regulations that apply to all our workplaces at home and abroad. These rules cover various safety and health issues such as risk assessment, safety and health targets, dangerous machinery and equipment, response to accidents, disaster control and compensation, and work environment.

We enhance the health and safety consciousness of employees through 30 courses in four areas: legal education, capability building education, in-house health and safety

education, and outside education programs. We develop a wide range of educational material to offer specialized and field-oriented training to our staff. The courses are organized into those pertaining to company-wide issues and those that meet the needs of business units and divisions. Our training addresses various risk factors and all employees are required to receive practical training on safety and the environment. Practical training takes place at the Safety & Environment Experience Center. Covering a floor space of 330m², the center is sectioned into 22 corners for four programs (health and safety, accident prevention, environment, all-inclusive). The center is open not only to Samsung Electronics employees but also to those of our outsourcing partners, educational institutes, universities, and organizations related to health and safety.

Safety and health related activities combined with heightened awareness have allowed Samsung Electronics to maintain a lower injury rate compared to the national and manufacturing industry's average levels in Korea.

[Injury Rate]



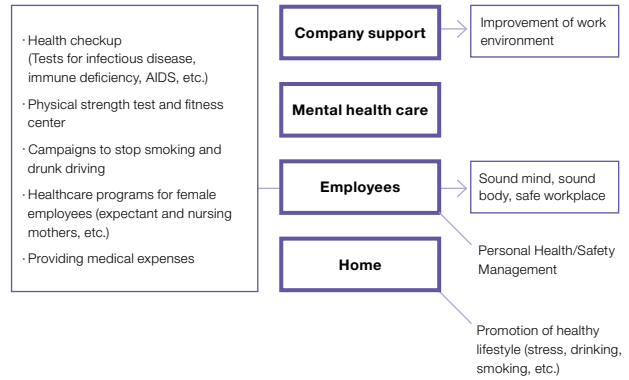
※ Reason for change in injury rate in 2004 and 2005: Previous data excluded injuries not directly related to work (sports events, etc.), but they were included in this report.

4) Health Management

Samsung Electronics strictly follows the employee health management guidelines prescribed by the International Labor Organization. With the goal of taking care of employees' health from the time they join us until they retire, our "Healthcare 21" project has been promoted on a company-wide basis.

Healthcare 21 aims to improve the health of employees and their families. It involves the concerted efforts of the Company, employees and their families. At work, the Company has personnel and equipment to regularly check health and working conditions. Recently, the Company renovated facilities and fixtures to provide an ergonomic working environment to prevent musculoskeletal diseases.

[Health Management Policy]



5) Safety and Health Activities

■ Firefly Inspection

The Semiconductor Business unit selected the firefly as the character to represent its safety and health campaign. The firefly is intended to project a friendly and approachable image of the unit's safety and health promotion drive. The unit's safety and health activities consist of surveys by a team comprising environment, safety and health specialists from the Giheung and Hwaseong regions. Every month, the team checks on high risk factors at work locations and takes necessary corrective actions to create a safe and healthy work environment for our workers and to prevent accidents.



Firefly logo

Firefly inspection meeting

■ Installation of Hand Dryer at Production Lines

The semiconductor manufacturing process exposes workers to the risk of eczema as it requires them to wear heavy protection gear while working on the production lines. To address this problem, we have installed hand dryers at the lines so workers can dry their hands whenever they need to. In the future, we plan to install hand dryers at all production lines.



Hand dryer

Hand dryer guide

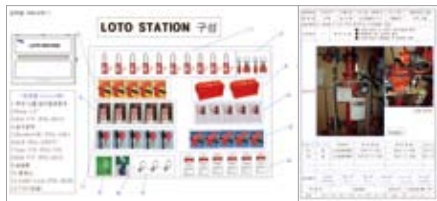
■ **Safety Standard for Knife Use**

To prevent accidents that may arise from production sites that require the use of a knife, we have assessed the status of knife use and related problems. Successful improvement measures have been revealed to employees and standards have been devised for the safe use of knives at worksites.



■ **LOTO ESH Campaign**

At our Cheonan Plant, we are drawing up process manuals (at 81 points), and purchasing and installing devices as part of our LOTO ESH (lockout/tagout environment, safety and health) campaign for sprinkler valves of the disaster control center. As the success of LOTO ESH ultimately depends on how well workers have been educated, we have produced an education panel and conduct classes accordingly.



LOTO process manual Device

■ **Wellness Clinic for Workers' Health**

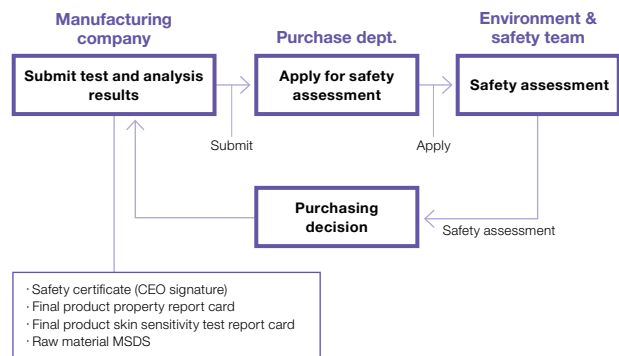
To help improve workers' health, we have built a wellness clinic and hired professional trainers to provide one-on-one customized workout programs. As of the end of 2006, the clinic had about 650 members. As more people take a greater interest in their wellbeing, we expect more employees to join the clinic. We have contracted Hotel Shilla to run the clinic to provide specialized wellbeing services which has earned positive reviews from our staff.



■ **Ensuring Safety of Products Used in LCD Lines**

The LCD production line may provoke skin problems due to exposure to chemical materials. At the Tangeong facility, we designated chemicals with high-risk of causing skin problems as chemicals subject to special management. We then analyzed the chemicals and conducted safety assessments to help prevent skin diseases. For chemicals currently in use, we conduct analyses of their composition and receive a Material Safety Data Sheet (MSDS) to assess their safety. New chemicals are carefully reviewed for potential dangers by the manufacturing company, the purchase department, and the environment safety team prior to use.

[Process to Ensure Safety in LCD Lines]



■ **Development of Protection Mask against Organic Solvents**

At the LCD production line, a variety of organic solvents are used in coating and cleaning equipment. Workers may come into direct contact with these materials during facility maintenance and repairs, thus exposing themselves to the risk of developing related health problems. The Tangeong Plant developed a new protection mask that absorbs organic solvents and only weighs 12g, making it easier for the workers to wear the mask. Previously used masks weighed 271g (including mask and purification container). The new mask not only protects workers' health but has also helped to increase productivity.



■ **Environment & Safety Support Center within Fab**

The disaster control center at the Tangeong Plant focuses on improving capacity utilization through prevention and early detection of emergency situations such as fires and toxic gas leaks that may arise during the production process. To strengthen disaster prevention efforts, we operate the fab environment & safety support center which dispatches safety officers throughout the fabrication lines. Lines 7 and 8 are each stationed with three safety officers who work in shifts to provide 24-hour surveillance. The center is always on the watch for possible emergencies and immediately responds if such a situation arises. It has also established an emergency contact line for crisis situations.



A campaign to discourage smoking has been continuously implemented at the Gumi Complex. When hiring new workers, priority is given to non-smokers. The workers' dormitory is designated as a non-smoking zone, effectively banning smokers from lighting up in their rooms. We plan to completely eliminate designated smoking areas by December's end in 2008. Thanks to our anti-smoking campaign and education program, professional counseling, and mandatory anti-smoking classes for new recruits, the smoking rate (among male workers) has declined to 19% as of the end of 2006.



1. Anti-smoking performance
2. Anti-smoking proclamation at the dormitory
3. Awarding plaque of thanks (for anti-smoking activity)

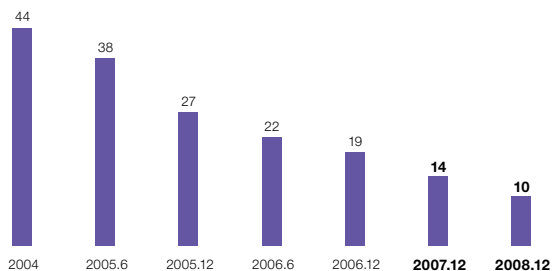
■ **“The WELL” Portal**

The Gumi Complex has designated “wellbeing” as the theme for its health management initiative to help workers lead healthy and happy lives, and has created “The WELL,” a health management portal site. The portal offers a variety of information on health and disease prevention. For instance, it has materials on how to prevent and treat musculoskeletal disorders that can be caused by simple, repetitive work. The portal features a health management program that is based on each individual’s health checkup. In addition, it provides e-mail services to support portal users better manage their health.

■ **Anti-Smoking Campaign**

[Smoking Rate and Future Target <Gumi Complex>]

(based on male employees, %)



■ **Customized Improvement Programs for Each Workplace**

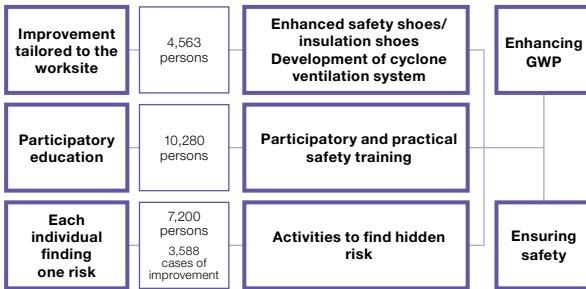
We have started to provide customized improvement programs for each business site in response to the increasingly diverse environmental and safety needs, and to better meet each worksite’s needs to reach the ultimate goal of creating an accident-free workplace. In particular, to address problems regarding safety shoes/insulation shoes widely used by workers and the development center’s ventilation system, we had all users participate in drawing up modification plans and in product evaluations. That gave everyone an opportunity to take part in the safety drive and raise their safety awareness.



Safety shoes incorporating modification feedback

User evaluation event

[Implementation Plan]



[On-site Improvement Process]



are aimed at improving their environmental facilities to prevent accidents, raise their top executives' environmental awareness, and maintain their environmental management systems.



■ Safety Theater

Theatrical acting club members of the Gumi Complex directed and acted in "If You Stand on the Edge of the Earth," a play about preventing industrial accidents, at the Gumi Cultural Center's small auditorium. The play featured industrial accidents that may arise at production sites due to carelessness. The theater group staged its third performance in 2006. The performance was viewed by some 1,000 Gumi factory workers, the mayor of Gumi, and safety related officials.



Performance

■ Environment and Safety Management with Our Business Partners

The Gumi Complex offers assistance to business partners to reinforce their environment and safety management capabilities. For partners firms residing on our premises, we hold monthly meetings to provide information and conduct environment and safety education. In addition, we offer green management activity evaluations and internal assessments. For partner firms located off our premises, we have established an assessment team. The team has assisted 42 companies. A presentation was held to reveal improvements made under the team's guidance. In cooperation with regional environmental protection agencies, we also provide consulting services for our business partners. These services

ASSURANCE REPORT

To the readers of the 2007 Samsung Electronics Environmental & Social Report

INTRODUCTION

We have been engaged by Samsung Electronics Co. to review specified information in the 2007 Samsung Electronics Environmental & Social Report (further referred to as The Report). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an 'Assurance Report' in relation to the scope described below.

CONTEXT AND SCOPE

In The Report Samsung Electronics Co. describes its efforts and progress in relation to sustainability and reporting. Our engagement was designed to provide the readers of The Report with:

- reasonable assurance on whether the data on financial performance, as specified in the section 'Work undertaken and conclusions' are properly derived from the 2006 Consolidated financial statements of Samsung Electronics Co. and its subsidiary companies as well as 2006 Non-Consolidated Financial Statements of Samsung Electronics Co..
- limited assurance on whether the information in the following sections of The Report is fairly stated:
 - Our Environment (pages 21 to 43);
 - Our Business Partners (pages 45 to 51);
 - Our Community (pages 53 to 63).

'Fairly stated' means that the report properly reflects the information contained in the underlying sources such that it is consistent with the source information.

Reasonable assurance is a higher level of assurance than limited assurance, which is reflected in the nature and depth of the work performed.

To obtain a thorough understanding of the financial results and financial position of Samsung Electronics Co., the reader should consult the consolidated financial statements of Samsung Electronics Co. and its subsidiary companies as well as Non-Consolidated Financial Statements of Samsung Electronics Co. for the year ended 31 December 2006.

STANDARDS AND CRITERIA

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board. Amongst others this standard requires that:

- the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence;
- when providing limited assurance, which is a lower level than reasonable assurance, a negative form of conclusion is used.

There are no generally accepted standards for reporting sustainability performance. Samsung Electronics Co. applies its own internal sustainability performance reporting criteria, in addition to using the Sustainability Reporting Guidelines of the GRI (Global Reporting Initiative).

CONSIDERATIONS AND LIMITATIONS

Environmental, health, safety and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

WORK UNDERTAKEN AND CONCLUSIONS

■ Financial Data

We have reconciled the data on financial performance for the year 2006 listed below, with the audited 2006 Consolidated financial statements of Samsung Electronics Co. and its subsidiary companies as well as Non-Consolidated Financial Statements of Samsung Electronics Co..

Sales and Net Income, Operating Income on page 14, 15;
Wages, Dividends, Interest Expenses, Income Taxes, Donations on page 19

Based on the above, the data on financial performance specified above are properly derived from the 2006 Consolidated financial statements of Samsung Electronics Co. and its subsidiaries as well as 2006 Non-Consolidated Financial Statements of Samsung Electronics Co. for which the independent auditors issued an unqualified audit opinion dated March 5, 2007 and January 30, 2007 respectively.

■ Specific Sections

For the information in the sections of The Report, as specified above under 'Context and scope' we conducted:

- a media and internet search in relation to Samsung Electronics Co. to obtain insight into the relevant sustainability aspects in the reporting period;
- a review of the systems and processes used to generate this information;
- a review of internal documentation and intranet sources;
- interviews with staff in order to assess the information included in the specific sections

Following our review we discussed changes to the specific sections with Samsung Electronics Co., and reviewed the final version of The Report to ensure that it reflected our findings.

Based on the above, the information in the sections, Our Environment (pages 21 to 43), Our Business Partners (pages 45 to 51), Our Community (pages 53 to 63), does not appear to be unfairly stated.

COMMENTARY

Without affecting the conclusions presented above, in our opinion, we believe that following information could be useful to the readers' decision-making process.

In our understanding, a thorough attention is required for standardization of data generation, aggregation and reporting scheme for two major areas: environmental management at various manufacturing units and community contribution activity management. On top of that, we recommend that Samsung Electronics Co. should establish corporate sustainability management system including detailed tasks in order to systematically manage its sustainability issues. Furthermore, we recommend that Samsung Electronics Co. should disclose information not only the positive issues but also the negative issues on the report.

In our opinion, an independent investigation against Samsung Group came after a former employee's allegations could influence The Report as well as the assurance report. However, the influence could not be reasonably estimated. Regardless of the truth or falsehood of the inquiry, this situation leads significant uncertainty that is certainly not in accord with the reputation of Samsung Electronics Co. as a representative company of South Korea. Henceforce, Samsung Electronics Co. should conduct corporate sustainability management applicable to the renowned reputation as one of the top global companies.



Suh Boo-Tek

Managing Partner & President
Samjong KPMG Advisory Inc.
December, 2007

Global Network

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Samsung Electronics Suzhou
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Samsung Electronics Suzhou LCD
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Tianjin Samsung Electronics Display
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Tianjin Samsung Telecom
Communication (TSTC), Tianjin
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Tianjin Tongguang Samsung
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Shandong Samsung
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