



SAMSUNG ELECTRONICS

# 2009-2010 SUSTAINABILITY REPORT



**Global Harmony with  
People,  
Society &  
Environment**

# About This Report

## Samsung Electronics' 2009-2010 Sustainability Report

Samsung Electronics unveiled "Vision 2020" in 2009 which marked the company's 40th anniversary. Under the new vision, Samsung Electronics aspires to maintaining its presence as a world leading company over the next century and strives to fulfill its duties as a globally admired company not only based on economic performance, but also in terms of its social and environmental responsibilities. This Sustainability Report is intended to communicate Samsung Electronics' sustainability efforts and performance in 2009 to stakeholders and to receive their valuable feedback.

### Reporting Principles

This report refers to the G3 guideline of GRI(Global Reporting Initiative) that includes profile disclosure and performance indicators regarding economy, society and environment. In addition, it is prepared with reference to AA1000 APS (2008). It also contains information on stakeholders' main areas of interest and major issues which are included in the evaluation scope of Dow Jones Sustainability Index (DJSI) and the Electronic Industry Citizenship Coalition (EICC) code of conduct.

Financial data in this report were prepared on a consolidated basis, while the coverage scope of environmental and social performance includes the major overseas subsidiaries. Information that pertains only to the performance of the headquarters has been footnoted accordingly.

### Reporting Period

This report covers the period from January 1 to December 31, 2009. It also contains information up to April, 2010, where deemed of use. For quantitative measures of performance, the report includes data for the three years from 2007 to 2009 to help readers identifying trends and year-on-year comparison.

### Reporting Procedure

In preparation of this report, a task force team was organized consisting of staff from all pertinent departments to analyze stakeholder opinions on the company. Based on the analysis results, major sustainability issues were identified for this report. To ensure credibility of the report contents and reporting procedures, this report has received third party assurance. The assurance statement is on pages 90~91.

For further details on this report, please visit the company's website (<http://www.samsung.com/us/>)

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Samsung Electronics creates new value for all stakeholders and contributes to building a prosperous and happier future.

	Customers	Employees	Shareholders	Local Communities	Government	Business Partners	NGO	Media
		•	•		•		•	•
		•	•		•		•	•
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Amidst the brisk endeavors in the business sector to make sure that companies' business activities are aligned with sustainable development, a growing number of stakeholders are demanding that corporations take on greater responsibilities for the social and environmental impacts of their businesses. In answer to that social call, Samsung Electronics is now equipped to log, respond to, and resolve stakeholder queries and concerns in a systematized manner through the development of a global stakeholder communication system.

● Additional Information and Relevant Websites ●

Information	Website
Sustainability report	<a href="http://www.samsung.com/us/about-samsung/sustainability/sustainablemanagement/sustainablemanagement.html">http://www.samsung.com/us/about-samsung/sustainability/sustainablemanagement/sustainablemanagement.html</a>
IR website	<a href="http://www.samsung.com/sec/aboutsamsung/ir/newsMain.do">http://www.samsung.com/sec/aboutsamsung/ir/newsMain.do</a>
Samsung green management	<a href="http://www.samsungmobile.co.uk/greenmanagement/phone.do">http://www.samsungmobile.co.uk/greenmanagement/phone.do</a>
Samsung semiconductor	<a href="http://www.samsung.com/sec/business/semiconductor/">http://www.samsung.com/sec/business/semiconductor/</a>
Samsung mobile phone	<a href="http://kr.samsungmobile.com/index.do">http://kr.samsungmobile.com/index.do</a>
Anycall Dreamers	<a href="http://www1.anycalldreamers.co.kr/">http://www1.anycalldreamers.co.kr/</a>
Samsung printer	<a href="http://www.prinity.com/">http://www.prinity.com/</a>
Star Program	<a href="http://www.samsung.com/printer/star/">http://www.samsung.com/printer/star/</a>

● CSR Liaison Office ●

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 416, Maetan 3-dong, Yeongtong-gu, Suwon, Gyeonggi-do,  
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Under the business philosophy of devoting our human resources and technology to creating superior products and services, thereby contributing to a better global society, Samsung Electronics strives to promote sustainability.

### Dear stakeholders,

We are pleased to present the 2010 Sustainability Report. In this report, we look back on our activities and performances in achieving harmony among people, society and the environment, as well as the implications for Samsung Electronics and its stakeholders.

Under the business philosophy of devoting our human resources and technology to creating superior products and services, thereby contributing to a better global society, Samsung Electronics strives to promote sustainability.

Despite the challenges brought on by the global financial crisis, Samsung Electronics achieved record operating results in 2009 by delivering innovative products and services. In the meantime, our brand value was significantly enhanced.

These outstanding operating results were built upon our ceaseless commitment to sustainability spanning Talent Management, Integrity Management, Green Management, Social Contribution and Partner Collaboration.

Sustainability management at Samsung Electronics was initiated with our declaration of "New Management" in 1993. Going forward, we will step up our efforts to improve the quality of life of people around the world.

Major pursuits in 2009 included fostering a creative and open organizational culture in which our global employees

are motivated to realize their full potential. We also reinforced efforts to ensure compliance with laws and regulations and business ethics.

During the year, we unveiled our green management vision and strategies. We launched eco-products such as LED TVs, power-saving DRAM, and solar-powered cell phones. Our green management activities extended to recovery of waste electronic products and recycling as part of our commitment to protecting the environment.

Under the spirit of pursuing mutual prosperity with society as a responsible corporate citizen, we engaged in a wide range of social contribution activities to reach out to those in need around the world. With respect to our business partners, we implemented diverse programs to foster mutual growth based on trust.

In line with our priority on product quality and customer satisfaction, we introduced the "Quality Charter." In addition, measures were taken to prevent product defects and enhance communication with customers.

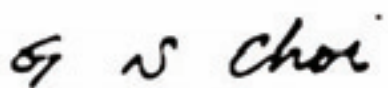
The diverse activities stated above are not merely a means of bolstering our corporate image, but a core commitment that allows us to maintain customers' respect.

As Samsung Electronics celebrated our 40th anniversary in 2009, we unveiled our new vision to “Inspire the World, Create the Future” and to further our achievements as a world leading company into the future.

Samsung Electronics is firmly committed to providing new value for all constituents of the global community and will strive to contribute to building a prosperous and happier future.

Guided by our principle of working together with our stakeholders to reach our vision, we will promote corporate social responsibility and practice eco-friendly and integrity management to shape a harmonious world.

Thank you.



**Gee-Sung Choi**

President & CEO, Samsung Electronics



Nov. 2009

## Declared Vision 2020 upon 40<sup>th</sup> anniversary

Samsung Electronics marked its 40th anniversary with the announcement of its new vision, which is to "Inspire the World, Create the Future." We aim to generate annual revenue of US\$ 400 billion by 2020 to become one of the world's top ten companies. Our goal also includes joining the ranks of the world's top five brands and ten most admired companies, in addition to building a reputation as the undisputed global IT leader.



Sep. 2009

## Included in DJSI



Samsung Electronics was selected as a component of the Dow Jones Sustainability Index (DJSI). The DJSI comprises about 300 companies which are the global leaders in sustainability. Index components are announced annually by the Switzerland-based investment group SAM. The DJSI serves as a reference point for global rating agencies and investors.



## Posted record high results (revenue of US\$119.1 billion, operating profit of US\$9.9 billion)

For the full-year 2009, we generated revenue of US\$ 119,103 million and operating profit of US\$9,920 million. Samsung Electronics became the first Korean company that exceeded KRW100 trillion in sales and KRW10 trillion in net income.

US\$ **119** billion

Feb. 2010

## Included in the Global 100 unveiled at Davos Forum



Samsung Electronics became the first Korean company to be included in the Global 100 at the World Economic Forum in Davos. This is an indication of our prominence on the global stage. We have been widely recognized for our efforts to promote sustainable development, such as development of eco-products, strict pollutant control, and investment in environmental facilities, etc.

## Strengthened market presence with innovative products

Samsung Electronics is leading market trends and cementing its presence by unveiling "world first" products. These include the launch of solar powered mobile phones in India (June '09), commercialization of 4G handsets (Dec. '09), development of 30-nano DDR3 (Feb. '10), mass production of 4Gb DDR3 DRAM (Feb. '10), and the launch of full HD 3D LED TV (Feb. '10).



Mar. 2010

## Ranked 42nd in Fortune's Most Admired Companies

Samsung Electronics ranked 42nd in the list of the World's Most Admired Companies released by Fortune magazine. Fortune reveals a list of the top 50 companies based on a survey conducted on businesspeople around the world. Samsung Electronics received an overall score of 6.74 points to move up eight notches from 50th place in 2009 (5.88 points).



Sep. 2009

### Ranked 10th among global top-500 companies in addressing climate change

Samsung Electronics was included in the Carbon Disclosure Leadership Index (CDLI) based on an annual evaluation of the Financial Times Stock Exchange (FTSE) 500 companies regarding their activities and policy to tackle climate change. The CDLI includes the top 50 firms in disclosure ratings. We were ranked 10th on the list and was the only Asian company represented in the CDLI.



Mar. 2010

### Received ENERGY STAR Award for Excellence

Samsung Electronics received the ENERGY STAR Award for Excellence from the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy in recognition of efforts to promote and educate consumers about energy saving and green products. This was the second year in a row that we received the ENERGY STAR Award for Excellence.



### Ranked among the top 20 in Best Global Brands 2009

Despite the global financial crisis, Samsung Electronics was ranked 19th in Interbrand's Best Global Brands 2009. That represents a jump of two notches from 21st place a year earlier. Samsung first joined the ranks of the world's top 100 brands in 2000.

Rank	Brand	Country of Origin	Market	2009 Brand Value	2008 Brand Value	Change in Brand Value
1	PepsiCo	United States	Soft Drinks	66,700	65,000	2%
2	IBM	United States	Computer Services	62,000	60,000	3%
3	Microsoft	United States	Computer Software	61,000	59,000	3%
4	Google	United States	Search	57,000	55,000	4%
5	Amazon	United States	Computer Electronics	56,000	54,000	4%
6	McDonald's	United States	Restaurants	55,000	53,000	4%
7	Google	United States	Computer Services	54,000	52,000	4%
8	Walmart	United States	Retail	53,000	51,000	4%
9	Intel	United States	Computer Hardware	52,000	50,000	4%
10	Disney	United States	Media	51,000	49,000	4%
19	SAMSUNG	Republic Korea	Consumer Electronics	17,510	16,800	4%
20	Apple	United States	Computer Hardware	16,800	16,000	5%



Jul. 2009

### Announced "Green Management Plan"

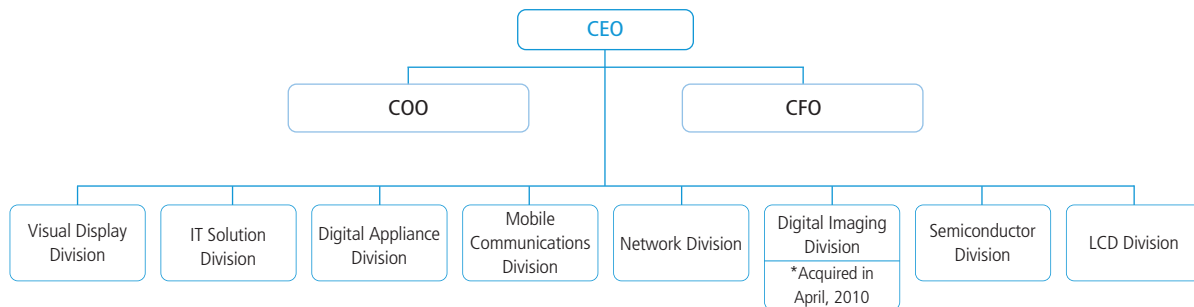
As part of its "Green Management Plan" Samsung will invest KRW5.4 trillion to curb greenhouse gases (GHG) and develop eco-products through 2013. Our core activities will be to reduce GHG generated from our business premises and product usage, expand the lineup of green products, invest in green R&D and fostering a green workplace, and cooperate with business partners for green management.



## I Profile I

Founded in 1969 in Suwon, Gyeonggi-do, Korea, Samsung Electronics Co., Ltd. manufactures and sells a wide variety of electronic products, communication devices, and semiconductors. The company has been realigned into a new organizational structure with eight divisions reporting to headquarters' CEO, from the previous framework of two business units and ten divisions. The overhaul paves the way for enhancing global competitiveness, efficiency and synergy. The restructuring also led to the formation of a Middle East/Africa Regional Headquarters, which took the total number of regional headquarters to ten. In line with global business practices, Samsung Electronics has a Chief Operating Officer (COO) and Chief Financial Officer (CFO) directly reporting to the CEO, which facilitates systematic and efficient management of our vast organization.

### • Organization



※ The Board of Directors approved the acquisition of Samsung Digital Imaging on April 1st, 2010.

#### Visual Display

- TV
- Home AV
- Monitor
- e-Book
- Projector



#### IT Solution

- Netbook, Laptop, All-in-one PC
- Laser printer, multifunctional device



#### Digital Appliance

- Refrigerator
- Washing machine
- Air-conditioner
- Vacuum cleaner



#### Mobile Communications

- Full touch screen phone, Eco-friendly mobile phone, Smart phone
- MP3 player



#### Network

- Mobile WiMAX, LTE solution
- Satellite cable/Hybrid set-top box



#### Digital Imaging

- Hybrid DSLR
- High-end compact camera
- HD camcorder



#### Semiconductor

- DRAM
- Flash
- CMOS image sensor
- SSD
- System LSI
- Foundry
- HDD



#### LCD

- LCD panels for TV, monitor, note PC, and DID

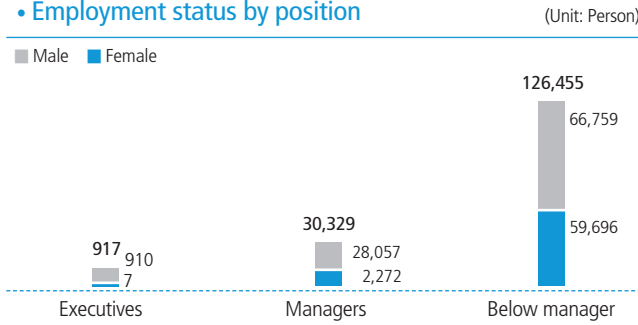


## I Employment Status I

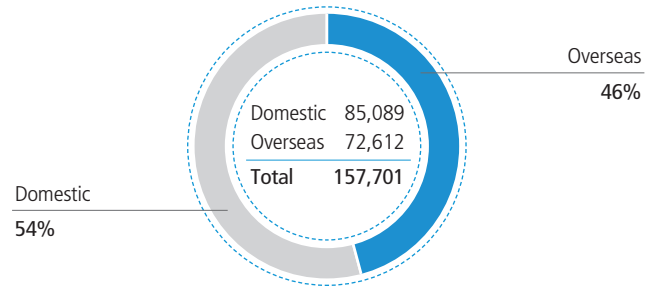
As of the end of 2009, Samsung Electronics' total global employment stands at 157,701, which break down into 85,089 working in Korea (83,949 regular workers and 1,140 contractors) and 72,612 overseas (65,916 regular workers, 3,264 contractors and 3,432 interns). Of the total employees, locally-hired employees in overseas countries accounted for 46%. Outsourced workforce numbers 47,852 persons consisting of 17,128 in Korea.

R&D personnel total 44,098, taking up about 28% of the total staff, of which 35,636 are in Korea. In the meantime, we put more focus on hiring female workers. Accordingly, the number of female managers and executives is expected to increase continuously. Currently, the proportion of female employees reaches 39%. Based on our workforce in Korea, the average age of employees is 34 years for men and 25 years for women.

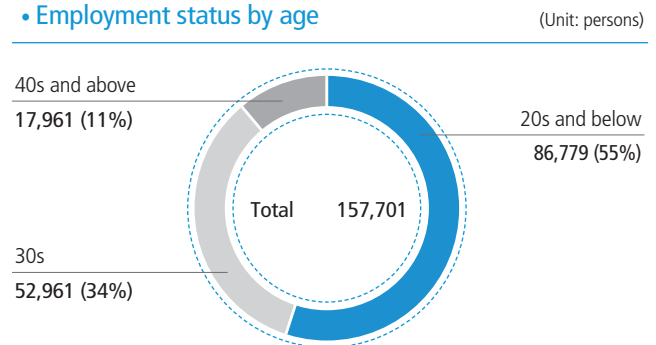
### • Employment status by position



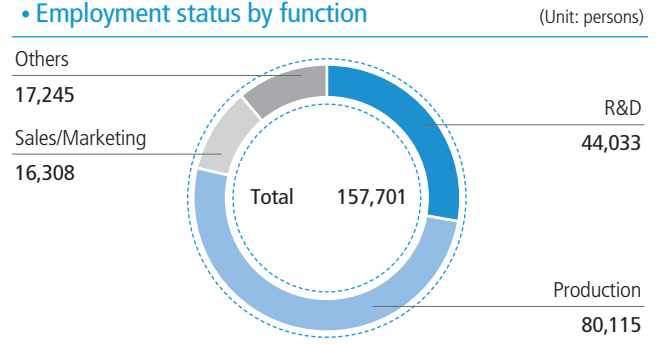
### • Proportion of employees working in overseas countries



### • Employment status by age



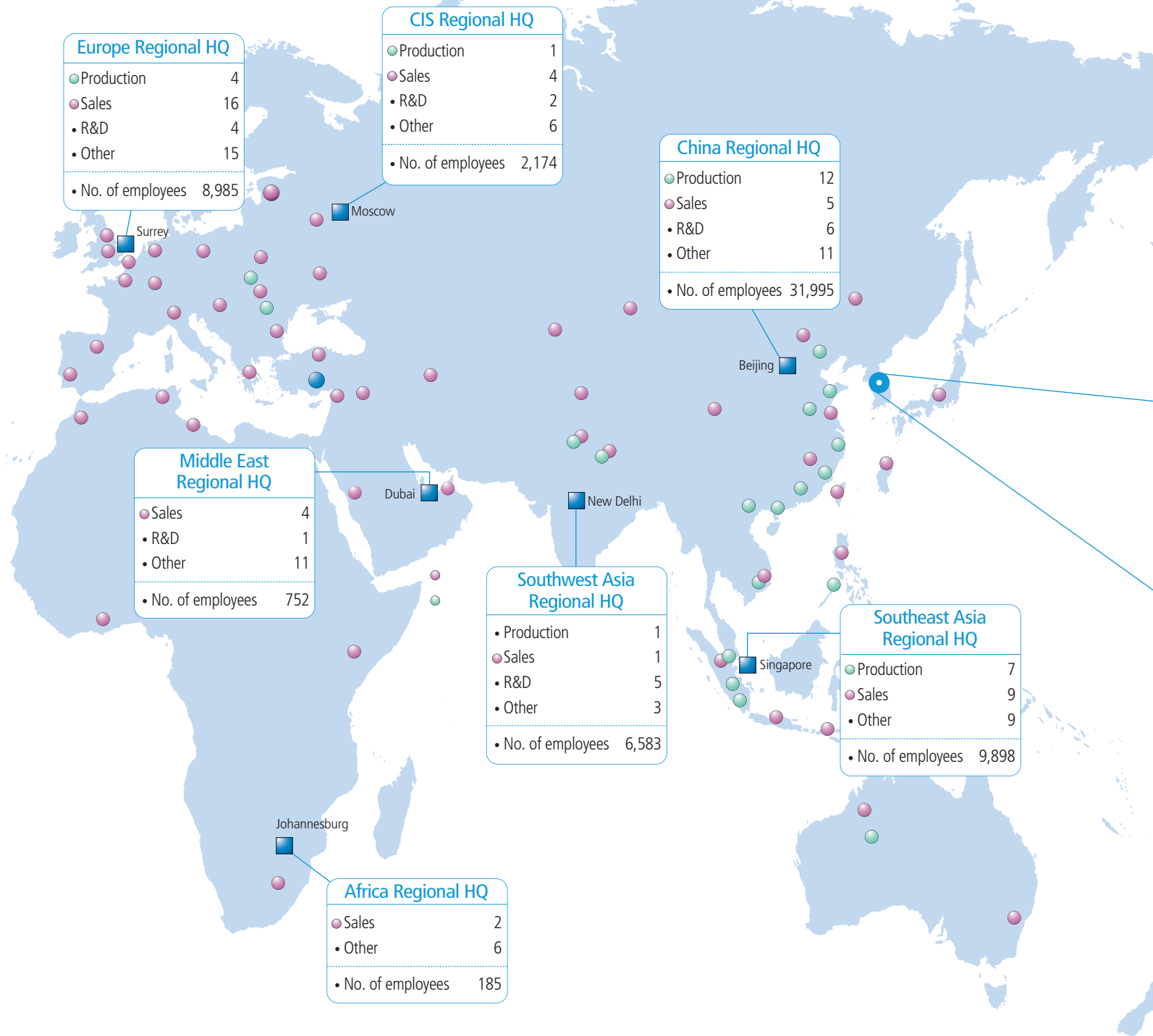
### • Employment status by function

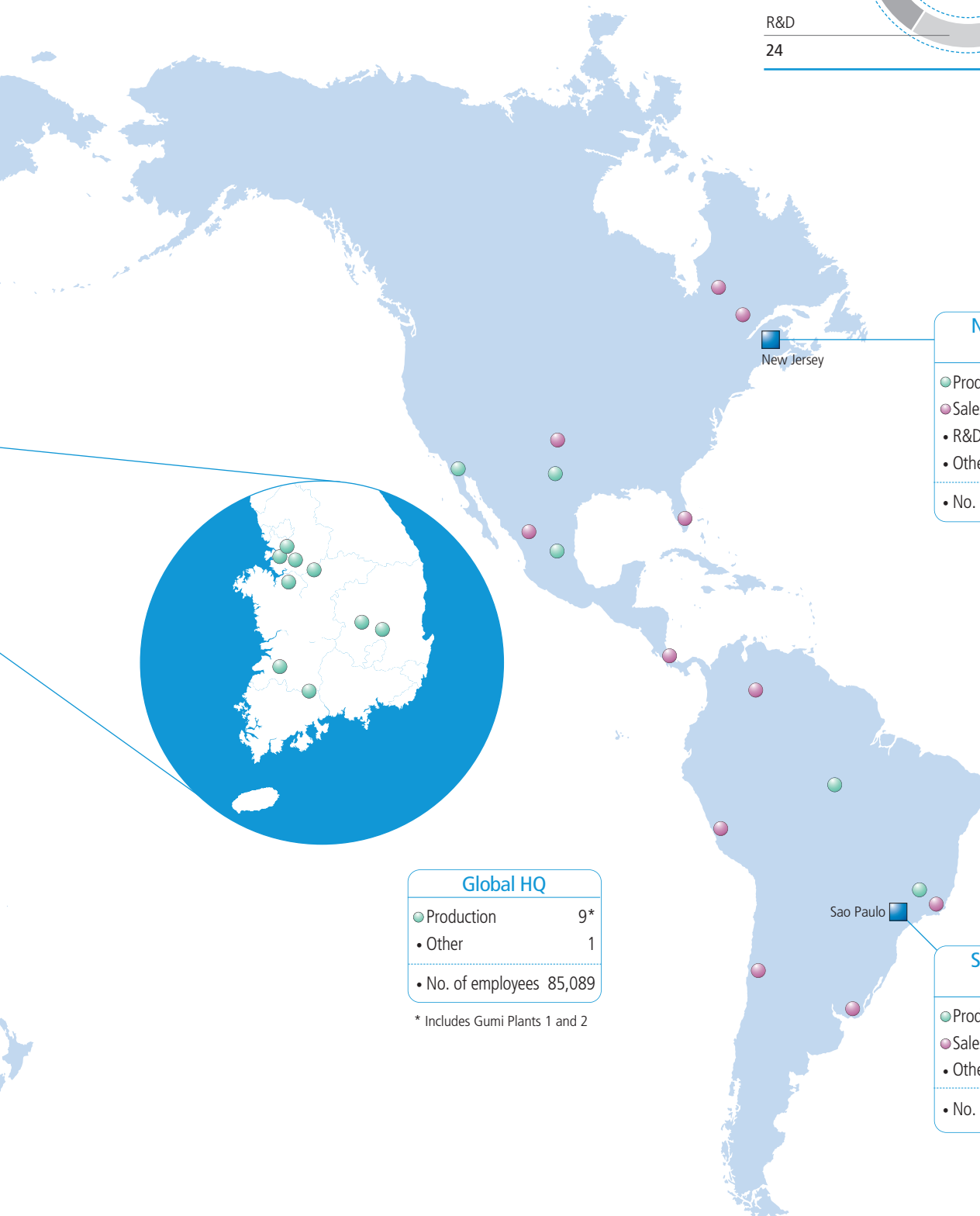
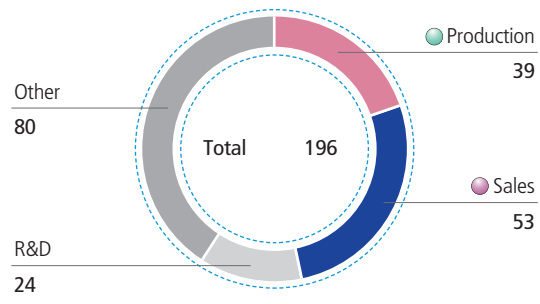


### • Subsidiaries in Korea

Name	Business	Products & Services	Stake	Remark
Samsung Gwangju Electronics	Production, Sales	Refrigerator, AC, WM, vacuum cleaner, etc.	94%	
Samsung Card	Finance	Credit card, cash advance, credit card loan, lease, bill discount	35%	KRX listed, Samsung Life 28%
Secron	Production, Sales	Semiconductor production equipment, parts for precision casting	51%	Towa 49%
Semes	Production, Sales	Semiconductor production equipment, FPD products (LCD equipment)	64%	Dai Nippon Screen MFG 22%
Steco	Production, Sales	Semiconductor package (TCP, COF)	51%	Toray Industries 49%
Samsung Electronics Service	Service,	Home appliance repair service	83%	
Living Plaza	Wholesale, Retail Sales	Wholesale and retail of electric / electronic products	100%	
Samsung Electronics Logitech	Service, Logistics	Central Distribution Center, Product delivery, installation, recollection, storage, and shipment	100%	
S-LCD	Production, Sales	LCD products	50%	Sony 50%
SEHF Korea	Production, Sales	Optical cables	100%	
Blue Wings F/C	Sports Service	Professional soccer team	100%	

As of January 2010, Samsung Electronics has a total of 196 subsidiaries around the world including production subsidiaries, sales subsidiaries, distribution subsidiaries, and research laboratories. Our global network also includes one global headquarters in Korea and nine regional headquarters in North America, Europe, China, Southeast Asia, Southwest Asia, Latin America, CIS, Middle East, and Africa.





**North America Regional HQ**

● Production	3
● Sales	6
● R&D	9
● Other	9
● No. of employees 7,543	

**South America Regional HQ**

● Production	2
● Sales	6
● Other	7
● No. of employees 3,904	

**Global HQ**

● Production	9*
● Other	1
● No. of employees 85,089	

\* Includes Gumi Plants 1 and 2

Empowered by creative foresight and passion to be the best,  
Samsung Electronics has grown into a world class IT company.

## 1980

- 1980 Acquired Korea Electronics Telecommunications
- 1982 Established first overseas production subsidiary in Portugal
- 1983 Developed 64K DRAM
- 1984 Completed semiconductor plant in Giheung
- 1988 Declared 2nd foundation on 50th anniversary
- 1988 Merged Samsung Semiconductor and Telecommunications
- 1988 Developed 700g mobile phone by own technology
- 1989 Established production subsidiary in Hungary, first in East Europe
- 1989 Became the first company to export TDX

## 1970

- 1969 Samsung Electronics established (Jan. 13)
- 1970 Production system arranged
- 1971 First export of black-and-white TVs to Panama
- 1974 Developed own product
- 1975 Enhanced global competitiveness through upgrading quality and diversifying product lineups
- 1975 Developed VCR (1st in Korea, 3rd in the world)
- 1976 Began production of color TVs
- 1977 Started export of color TVs (300 units)
- 1977 Acquired Korea Semiconductor
- 1978 Established SEA(overseas subsidiary) at New York
- 1979 Established research center in Suwon Plant
- 1979 Achieved US\$100 million of export (first in Korea as a single company)

# 1990

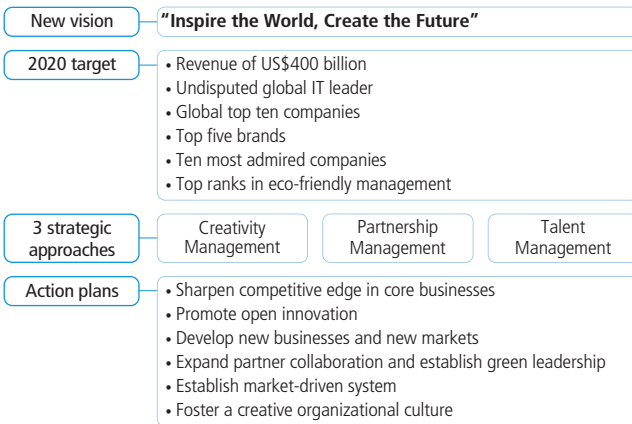
- 1992 Ranked top in the world DRAM market with market share of 13.6%
- 1993 Declared Samsung New Management
- 1993 Developed 100g analog mobile phone (first in Korea)
- 1994 Declared 'New Customer Rights'
- 1995 Achieved US\$10 billion of export up to October
- 1996 Declared 'Green Management'
- 1998 Ranked top in the world's TFT-LCD market
- 1999 Developed 1G NAND Flash Memory semiconductor (first in the world)

# 2000

- 2000 Sold a total of 100 million units of TVs
- 2002 Ranked top in the world's NAND Flash market with 54% of market share
- 2003 Ranked top in the world's flash memory market with 21.4% of market share
- 2004 Set up mass production system for 90-nano DRAM (first in the world)
- 2004 Released 46" LCD TV for the first time in the world
- 2004 Net income exceeded US\$10 billion
- 2005 Unveiled the world's largest 102-inch PDP TV
- 2005 Unveiled 10M pixel camera phone (first in the world)
- 2006 Chairman Kun-Hee Lee declared 'Creative Management'
- 2007 Ranked the second in the world mobile phone market
- 2008 Ranked top in the category of eco-friendliness amongst electronics companies in the world by Greenpeace
- 2008 Recorded KRW100 trillion of sales
- 2009 Developed the world's first 40-nano DRAM
- 2009 Released LED TVs
- 2009 Entered the top 20 list in the world's top 100 global brands (19th, US\$17.5 billion)

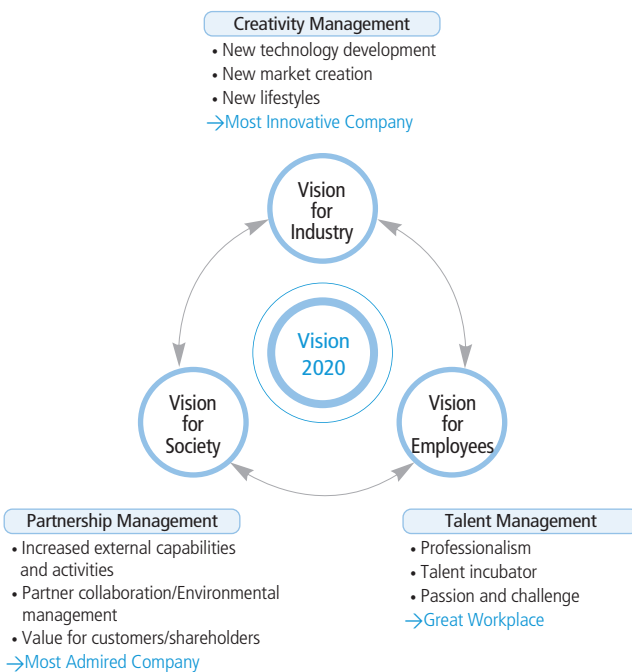
Upon its 40th anniversary, Samsung Electronics adopted a new vision of becoming an innovative leader that creates new markets to keep pace with the fast changing global business environment.

## Samsung Electronics Vision 2020



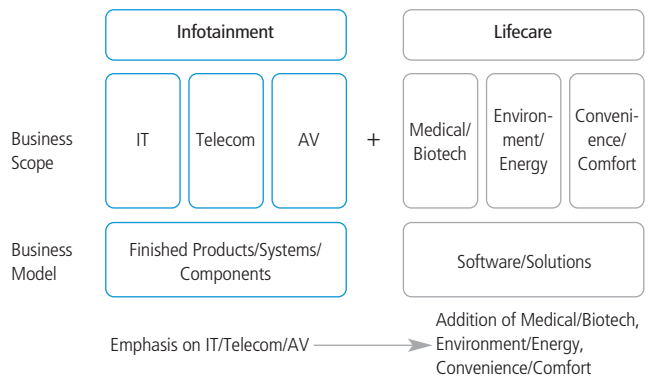
Three strategic approaches have been adopted under our vision for 2020, namely creativity, partnership and talent. Under creativity management, we will explore new technology, create new markets, and propose new lifestyles. Related to partnership management, we will build a network for cooperation and promote partner collaboration and environmental management. Regarding talent management, we will nurture first-rate professionals, inspire passion in employees and motivate them to embrace challenge. Various action plans will be implemented to achieve our new vision.

### • Three Strategic Approaches under Vision 2020



## Change in Business Domain

Our current business structure is centered on IT, telecom and AV (infotainment), with an orientation toward sets and components. We plan to make a transition with the addition of new business areas, namely medical/biotech, environment/energy, convenience/comfort (lifecare) with an emphasis on software and solutions.



### • Targets for 2020





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

## I BOD (Board of Directors) Composition I

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

### • BOD Member Profile

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

\* as of April 2010

### • Corporate Governance and IR Awards

Organization	Date	Awards
Finance Asia	Jun. 2009	Best Managed Company in Korea (No. 1),
		Best Corporate Governance in Korea (No. 1),
		Best IR in Korea (No. 1),
		Best CFO in Korea (NO. 1)
		Most committed to a strong dividend policy in Korea (No. 2)
Korea IR Service	Nov. 2009	2009 IR Grand Prize

## I BOD Roles and Responsibility I

In 2009, a total of eight BOD meetings were held to address 34 agenda items. The three-year average attendance rate (2007-2009) of the BOD stands at 89%.

For swift and efficient decision-making, committees have been established under the BOD in accordance with pertinent laws. The BOD refers certain matters to the committees to be reviewed by committee members with experience and expertise in the related fields.

Currently, there are five committees: Management Committee, Audit Committee, Outside Director Recommendation Committee, Internal Transaction Committee, and Remuneration Committee. The Internal Transaction Committee promotes transparency through the fair trade compliance system and carries out activities to enhance corporate governance.

The Audit Committee, comprised of three outside directors, supervises and supports the management through a process of checks and balances to maximize corporate value.

### • Committee Status

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

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

## • BOD Activities in 2009

Date	Agenda	Results	Attendance Status of Outside Directors
1 Jan. 23, 2009	Three agenda items including approval of the financial statement and operating report of the 40h Fiscal Year	Approved	7/7
2 Feb. 17, 2009	Four agenda items including convening of the 39th general shareholders' meeting	Approved	7/7
3 Mar. 16, 2009	Six agenda items including appointment of the CEO and assignment of director's duties	Approved	5/5
4 Apr. 24, 2009	Two agenda items including approval of the 1 <sup>st</sup> quarter report of the 41 <sup>st</sup> Fiscal Year	Approved	5/5
5 Jul. 24, 2009	Four agenda items including approval of the 1 <sup>st</sup> half of year financial statements, half-year report, and interim dividend for the 41 <sup>st</sup> Fiscal Year	Approved	5/5
6 Oct. 16, 2009	An agenda item on establishment of joint venture company in China	Approved	5/5
7 Oct. 30, 2009	Ten agenda items including approval of the 3Q financial statements for the 41 <sup>st</sup> Fiscal Year	Approved	5/5
8 Dec. 15, 2009	Four agenda items including approval of merger with Samsung Digital Imaging	Approved	4/5

\*Further details are available on our IR website at [http://www.samsung.com/sec/aboutsamsung/ir/governance/directors/directors\\_05\\_1.html](http://www.samsung.com/sec/aboutsamsung/ir/governance/directors/directors_05_1.html)

## Evaluation and Compensation

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

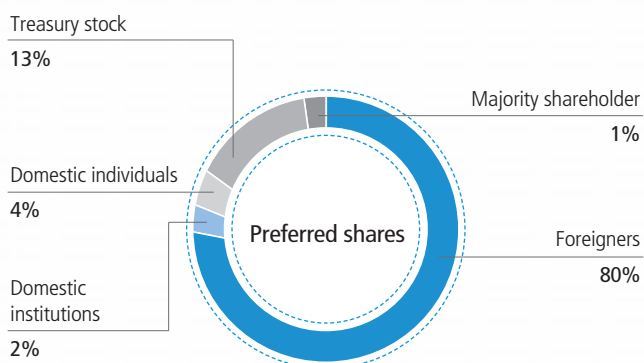
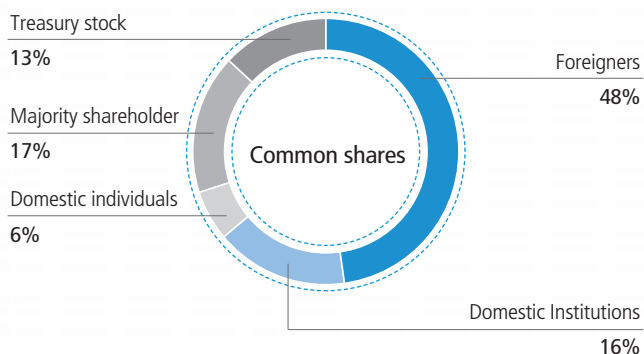


## Shareholder Composition

Samsung Electronics is currently listed on the Korea Exchange (KRX). As of the end of 2009, there were 170,132,764 total shares outstanding, (147,299,337 common stocks and 22,833,427 preferred stocks). For the convenience of foreign investors, we issue Global Depository Receipts (GDR) in overseas markets. Common stock is traded on the London Stock Exchange and preferred stock is traded on the Luxembourg Stock Exchange. As of the end of 2009, the largest shareholder and related parties owned approximately 15% of the total outstanding shares, including preferred stock. Treasury stock accounts for 13% while foreign shareholders own approximately 52% of the shares.

\*Further details are available on our IR website at <http://www.samsung.com/sec/aboutsamsung/ir/governance/construction/aconstruction.html>

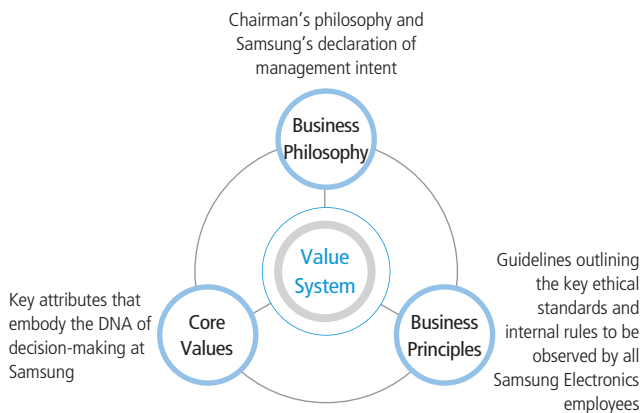
### • Share Ownership



Since its inception in 1969, Samsung Electronics has been guided by its values and business principles in every aspect of its evolution and has contributed to social and economic advancement as a result.

The philosophy, values and business principles which comprise the value chain of Samsung Electronics serve as the underlying guidelines for all employees as they carry out their respective duties to realize the vision of shaping a world leading company.

## • Value System



Business Philosophy	Core Values	Business Principles
We will devote our human resources and technology to creating superior products and services, thereby contributing to a better global society.	PEOPLE EXCELLENCE CHANGE INTEGRITY CO-PROSPERITY	<ol style="list-style-type: none"> <li>1. We comply with laws and ethical standards.</li> <li>2. We maintain a clean organizational culture.</li> <li>3. We respect customers, shareholders and employees.</li> <li>4. We care for the environment, health, and safety.</li> <li>5. We are a socially responsible corporate citizen.</li> </ol>

## I Business Philosophy I

The ultimate goal of our business philosophy is to promote the public interest and contribute to bettering society. We devote our talent and technology to provide superior products and services that satisfy customers' needs. Our business philosophy expresses our mission and reveals our ultimate objective and direction.

<b>Harness talent and technology</b> <ul style="list-style-type: none"> <li>• We will uphold a policy of developing top talent and technological edge.</li> <li>• We will combine talent with technology to increase overall business synergy.</li> </ul>
<b>Create superior products and services</b> <ul style="list-style-type: none"> <li>• We will create products and services that provide the utmost in customer satisfaction.</li> <li>• We will join the world's top tier companies in our business areas.</li> </ul>
<b>Contribute to society</b> <ul style="list-style-type: none"> <li>• We will contribute to promoting the public interest and building a prosperous future.</li> <li>• We will fulfill our obligations as a global corporate citizen.</li> </ul>

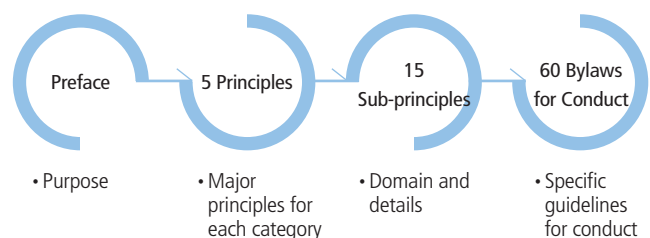
## I Core Values I

Samsung Electronics upholds values unique to the company which are rooted in our business philosophy shaped through our long and rich history. To this day, our core values play a vital role in promoting a sense of unity and serves as the DNA behind our continued growth and success stories.

	<b>PEOPLE</b>	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.
	<b>EXCELLENCE</b>	We give our best effort with endless passion and challenging spirit to become the world best in every aspect.
	<b>CHANGE</b>	We take the initiative in executing change and innovation with a sense of crisis: we cannot survive if we do not constantly strive to innovate.
	<b>INTEGRITY</b>	We act in an honest and ethical manner, ensuring fairness and upholding honor and dignity.
	<b>CO-PROSPERITY</b>	We take full responsibility as a good corporate citizen in pursuit of mutual prosperity with the society at large.

## I Business Principles (Global Code of Conduct) I

The business principles are composed of a preface, five principles, 17 sub-principles and 60 bylaws for conduct. The five principles are normative statements specifying adherence to laws and ethical norms. They set forth basic rules to be observed in carrying out business activities and meeting our duties as a global corporate citizen.

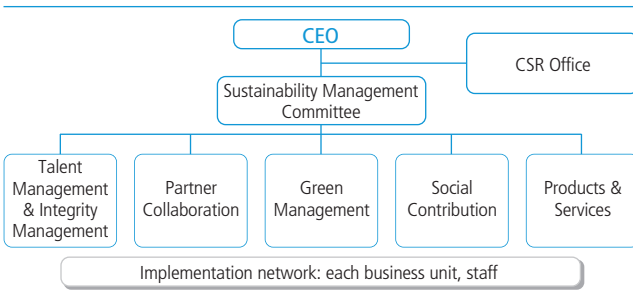


Based on the core values, sets forth specific guidelines for business activities and employee conduct to fulfill our economic role and social responsibility.

## I Sustainability Management System I

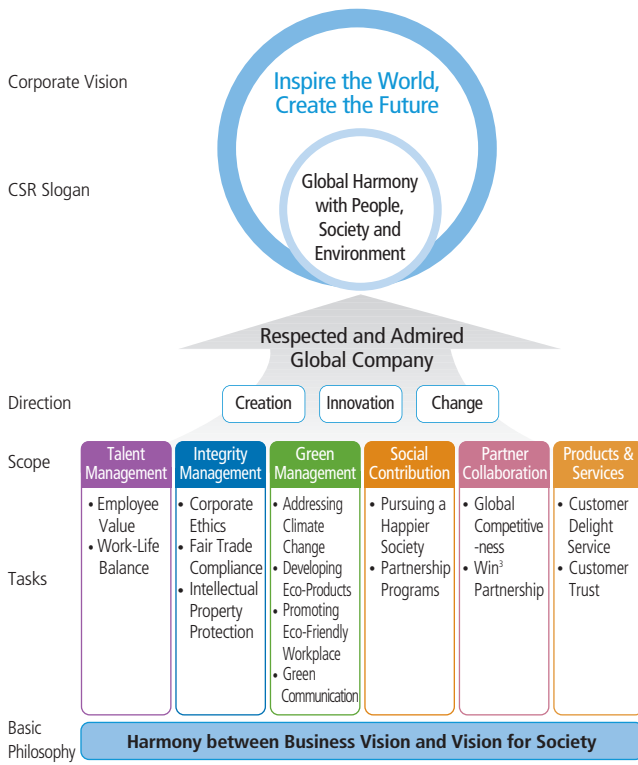
In January 2009, Samsung Electronics set up the CSR Liaison Office that reports directly to the CEO and the Sustainability Management Committee for effective implementation of sustainability management. The committee holds two regular meetings a year during which they draw up related plans, review progress and performance, discuss global CSR trends, and decide on how to address major sustainability issues. The CEO presides over the committee meetings.

### • Organization



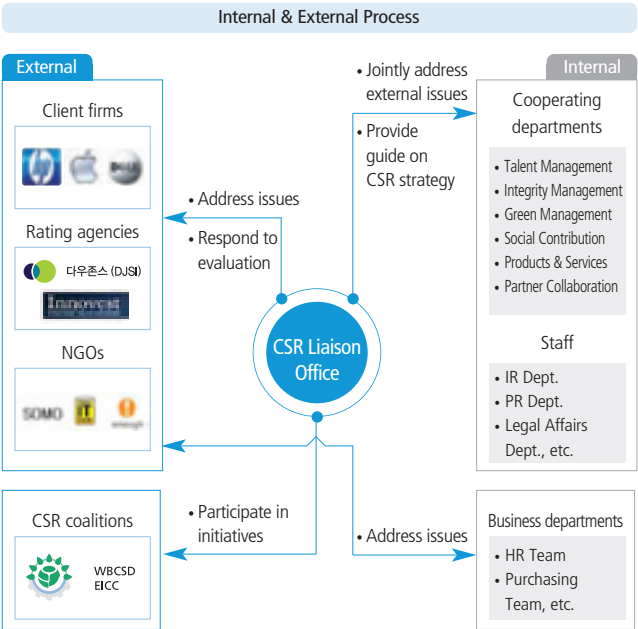
## Sustainability Management Vision System

Under the sustainability management vision of "Global Harmony with People, Society and Environment," Samsung Electronics strives to build a society where people, society and the environment coexist in harmony.



### • CSR Liaison Office: Role and Work Process

Role
<ul style="list-style-type: none"> <li>Decide on strategy and direction of sustainability management, organize related meetings</li> <li>Address internal/external CSR issues, take part in global initiatives on sustainability management</li> <li>Publish sustainability report, carry out public relations</li> </ul>



### • Meetings

Meeting	Agenda
Sustainability management meeting	Discuss direction and strategy of sustainability management
Executive meeting	Discuss sustainability issues and how to address them
Working level meeting	Follow up on sustainability management meeting, discuss key issues
	Conduct final review on sustainability report
	Review action plans per issue and progress in implementation

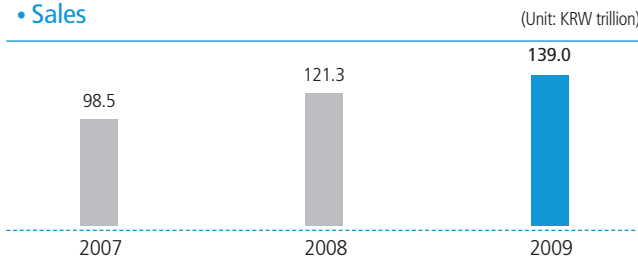
### • Global Coalitions on Sustainability Management

WBCSD	World Business Council for Sustainable Development
KBCSD	지속가능발전기업협의회 Korea Business Council for Sustainable Development
EICC	

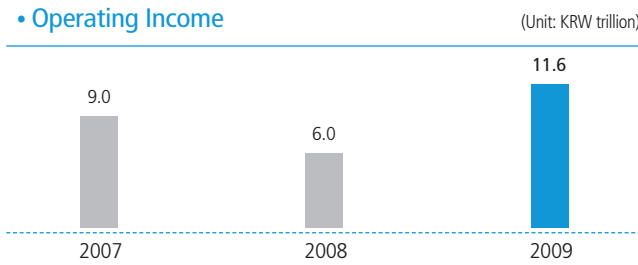
## I Major Financial Performances I

Samsung Electronics posted another record high performance in 2009. Sales rose to KRW139.0 trillion (consolidated basis, hereafter all the financial data are consolidated figures), up 14.6% from KRW121.3 trillion in 2008. The main reasons behind the good results are as follows: recovery of the global economy in the latter half of 2009, demand expansion affected by economic boosting measures by major countries, and strengthening market dominance in our key products such as memory chips, color TVs, HHPs. Operating income and net income for the year reached KRW11.6 trillion and KRW9.7 trillion, respectively. EBITDA hit KRW22.8 trillion in 2009.

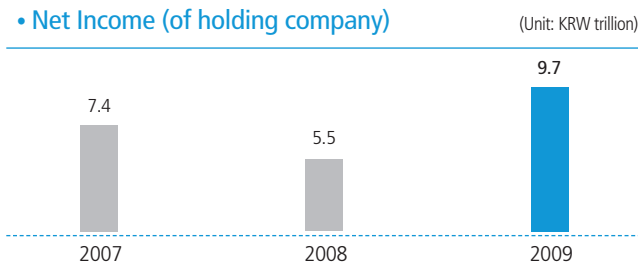
### • Sales



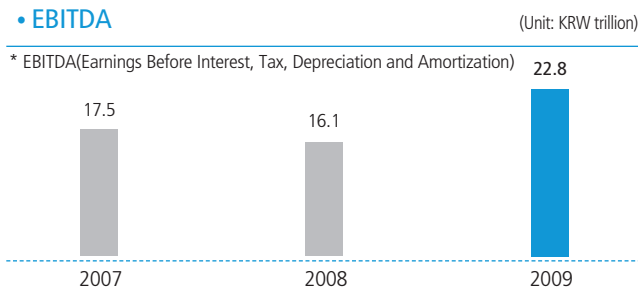
### • Operating Income



### • Net Income (of holding company)



### • EBITDA

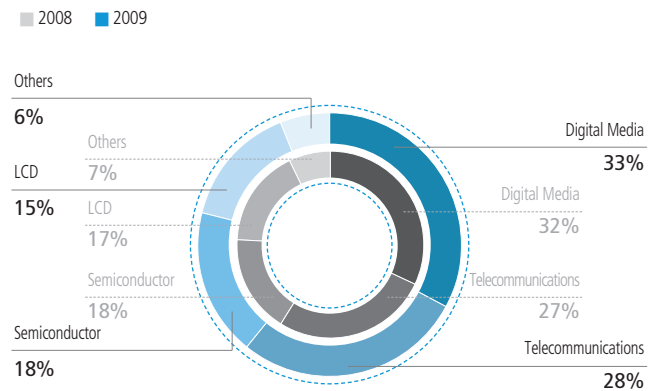


\*Consolidated basis

## Performance by Business

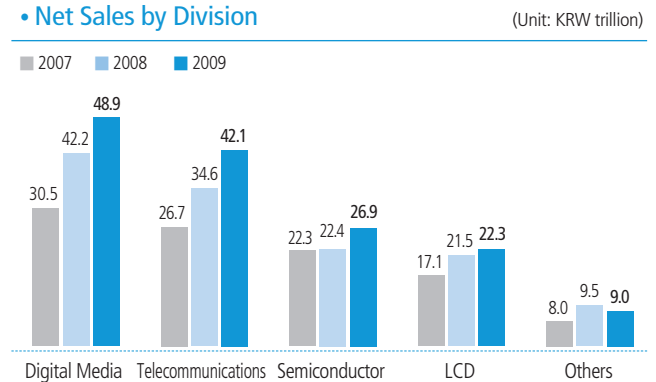
In 2009, Samsung Electronics was largely organized into two businesses, namely DMC (Digital Media & Communication) and DS (Device Solution). DMC is comprised of the Visual Display, IT Solution, Mobile Communications, and Digital Appliance divisions. DS consists of the Semiconductor and LCD divisions.

### • Sales by Business



Sales for Digital Media business division increased by KRW6.7 trillion on the back of robust sales of TVs in the advanced countries as we became the first company that released LED TVs as a new product category. The Telecommunications business division also recorded outstanding performance. Sales rose by KRW7.5 trillion due mainly to strong demand for our premium mobile phones and low to mid-price mobile phones as our product-mix strategy turned out effectual in the market. The Semiconductor business division enjoyed increasing market share and price hike by strong demand in the wake of economic boosting measures by major countries. Sales for the division increased by KRW4.5 trillion in 2009. LCD business division also recorded increase in sales by KRW0.8 trillion backed by price recovery of high value-added large-sized panels for TVs.

### • Net Sales by Division



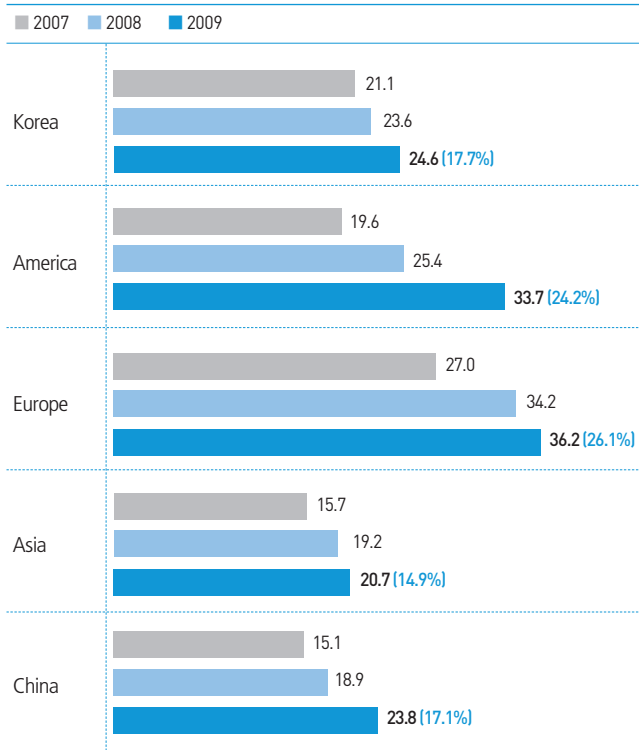
\*Sales of each division are based on non-consolidated results.

## Performance by Region

By region, the increased sales of TVs and mobile phones in the U.S. and Europe led overall sales growth and the increased production of mobile phones resulted in sales growth in China.

### • Sales by Region (Consolidated)

(Unit: KRW trillion)



### • Global and Korean Market Share of Key Products\*

Division	Product	2007	2008	2009	Remark
Semiconductor	DRAM	27.8%	30.1%	34.0%	Global market share (our estimate)
	LCD	TFT-LCD	20.0%	21.9%	24.5%
	Color TV	51.6%	51.4%	54.5%	Domestic market share (GfK)
	Refrigerator	44.1%	44.4%	44.2%	Domestic market share (GfK)
	Washing machine	45.0%	41.9%	43.6%	Domestic market share (GfK)
Digital Media	PC	38.4%	39.8%	42.0%	Domestic market share (Gartner)
	Monitor	42.7%	44.6%	46.0%	Domestic market share (IDC Korea)
	Printer	27.4%	30.7%	27.1%	Domestic market share (IDC Korea)
Telecommunications	Mobile phone	14.4%	16.7%	20.1%	Global market share (Strategy Analytics)

\* For objectivity, we used data from independent research organizations (GfK, Gartner, IDC Korea, Display Search, and Strategy Analytics). For products with limited objective data, we used our internal estimates.

## I Creation of Economic Value I

The economic values created by Samsung Electronics can be summarized below. There was no significant change except increase in purchasing expenses affected by sales increase in 2009.

### • Summarized Economic Value Creation

(Unit: KRW billion)

	2007	2008	2009
Sales	98,508	121,294	138,994
Total purchasing amount <sup>(*1)</sup>	(72,761)	(95,900)	(105,449)
Other income <sup>(*2)</sup>	4,145	10,824	12,183
Other expenses <sup>(*3)</sup>	(2,998)	(9,704)	10,673
Depreciation and amortization <sup>(*4)</sup>	(8,498)	(10,095)	11,159
Economic value created	18,396	16,419	23,896

(\*1) Includes costs of all products and services purchased for business operation

(\*2) Refers to non-operating income including interest and dividend income from financial instruments and gains on equity method valuation, asset disposition, and foreign currency transactions

(\*3) Refers to non-operating expenses excluding interest expenses, donations, taxes and dues

(\*4) Refers to total depreciation and amortization included in the cost of sales, R&D costs, and other administrative expenses

## Contributions to the Korean Economy

Samsung Electronics' headquarters and main worksites are located in Korea. The proportion of value-added and export amount out of Korean GDP and total exports increased from a year earlier in 2009.

(Unit: KRW trillion)

	Value-added <sup>(*1)</sup>	Exports <sup>(*2)</sup>	
2007	Korea	975.0	345.2
	Samsung Electronics	19.1	51.0
	Proportion (%)	2.0	14.8
2008	Korea	1,023.9	456.3
	Samsung Electronics	18.6	59.4
	Proportion (%)	1.8	12.8
2009	Korea	1,063.1	464.0
	Samsung Electronics	20.6	74.8
	Proportion (%)	1.9	16.1

\*Source: Samsung Electronics financial statements (unconsolidated), Economic Statistics System (ECOS) of the Bank of Korea.

(\*1) Value Added refers to the additional value of a commodity over the cost of the commodities used to produce it from the previous stage of production. The herein-stated figures are value added against the business management analysis criteria established by the BOK, by adding bad debt expenses to operating income / loss and then extracting financial expenses, adding labor expense, financial expense, taxes, dues and depreciation costs to operating surplus.

(\*2) Total export is based on US dollar-denominated figure of the Economic Statistics System (ECOS) of the Bank of Korea. The figure of previous year is amended based on average foreign exchange rate of the Korea Exchange Bank.

## R&D and Capital Expenditures

Samsung Electronics invested KRW7.6 trillion or 5.5% of its consolidated sales in 2009, in R&D as part of consistent endeavors to enhance competitiveness in the major business lines and secure future technologies. As a result, Samsung Electronics continues to succeed in developing innovative products every year.

### • R&D Expenses

	(Unit: KRW trillion)		
	2007	2008	2009
Sales	98.5	121.3	139.0
R&D Expenses	6.1	7.1	7.6
Proportion	6.2%	5.9%	5.5%

The main businesses of Samsung Electronics that include semiconductor and LCD are extremely capital-intensive industries. Therefore, without timely and appropriate capital expenditures, it cannot maintain leadership in the market. On the other hand, a simple mistake in demand forecasting can lead to an overinvestment, undermining the company's sustainability. The final approval rights for capital expenditures are with the Management Committee under the commission of the board of directors. The Management Committee deliberates and discusses the agenda in the presence of related management, executives and external experts. In 2009, Samsung Electronics invested KRW8.5 trillion in tangible and intangible assets.

### • Capital Expenditures

	(Unit: KRW trillion)		
	2007	2008	2009
Cash flows from operating activities	14.8	13.4	19.7
CAPEX	12.5	14.4	8.5
Proportion	84.5%	108%	43.1%

## I Distributions of Economic Value I

Samsung Electronics distributed economic value to each stakeholder group as follows.

### • Summarized Economic Value Distribution

(Unit: KRW billion)

Stakeholders	Accounting items	2007	2008	2009
Employees	Labor costs <sup>(*1)</sup>	7,880	8,806	10,267
Government	Taxes and dues <sup>(*2)</sup>	2,072	1,110	2,863
Local communities	Social contribution expenses <sup>(*3)</sup>	227	191	147
Creditors	Interest expenses	294	422	404
Shareholders	Dividends / stock repurchase	2,815	808	1,185
Company	Retained earnings	5,108	5,082	9,045
Economic value distributed <sup>(*4)</sup>		18,396	16,419	23,911

(\*1) Sum of salary, provision for retirement benefits and welfare benefits included in cost of sales, R&D cost, and SG&A expenses

(\*2) Sum of taxes, dues and consolidated income tax (accrual basis)

(\*3) Sum of the book-based donations and other social contribution expenses

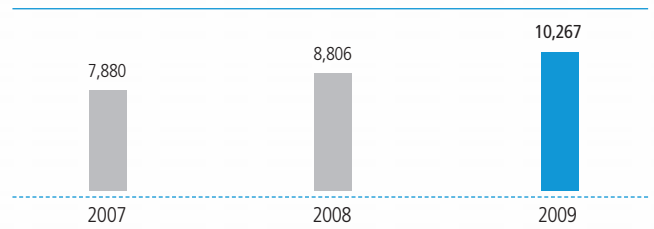
(\*4) Sum of economic value created

### Distributions to Employees

Samsung Electronics and its subsidiaries incurred labor costs in three categories: salaries, retirement payments and welfare benefits. In 2009, the labor cost increased 17% over the previous year.

### • Labor Cost

(Unit: KRW billion)



### Distributions to Government

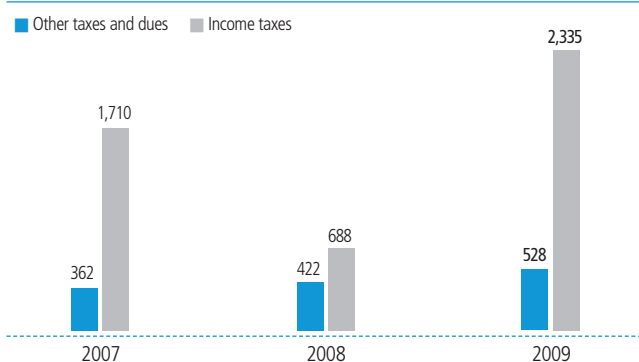
In 2009, taxes and dues paid by Samsung Electronics and its subsidiaries to governments rose from the previous year due to increased income. By region, 55% of overall taxes and dues went to the Korean government, followed by America and Europe (23%), where our main sales subsidiaries are under operation and Asia (22%), where most of our production plants are located.

Meanwhile, Samsung Electronics' headquarters and overseas production plants have received various indirect subsidies from governments in the forms of tax exemptions in return for R&D and facility investments, income tax and regional tax credits for plant constructions, and infrastructure assistance, i.e. building roads around its plants.

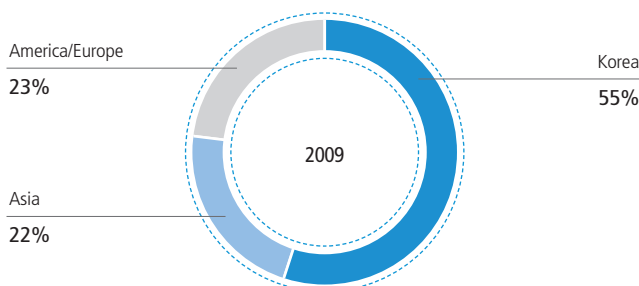


## • Taxes and Dues

(Unit: KRW billion)



## • Taxes and Dues by Region



## Distributions to Local Communities

Samsung Electronics' social contribution expenses, including that of its subsidiaries, amounted to KRW146.6 billion. On the domestic front, we donated KRW9.4 billion, KRW48.8 billion and KRW50.6 billion respectively in culture & art, education and social welfare. It also spent KRW1.0 billion on local community projects such as hearing ear dog programs.

On the global front, we spent KRW36.9 billion in such activities as "Four Seasons of Hope" in the U.S. and "Europe Youth Anti-Obesity" campaign.

## • Social Contributions Expenses

(Unit: KRW billion)

	2007	2008	2009
Domestic			
Cultural & Art	82	72	9
Education	87	53	49
Social Welfare	14	14	51
Other Community Project	13	13	1
Subtotal	196	152	110
Global	31	39	37
Total	227	191	147

## Distributions to Creditors

Samsung Electronics and its subsidiaries' interest expenses in 2009 remained unchanged from the previous year. However, interest income decreased by KRW214.3 billion.

## • Interest Income, Interest Expenses, and Net Interest Expenses

(Unit: KRW billion)

	2007	2008	2009
Interest Income	465	614	400
Interest Expenses	294	422	404
Net Interest Expenses	(171)	(192)	4

## Distributions to Shareholders and Investors

The dividend payments by Samsung Electronics and its subsidiaries increased in 2009 from the previous year due to a rise in net income. Samsung Electronics didn't purchase treasury stock in 2009 and granted 1,235,479 common shares to employees who executed their stock options, valued at KRW505.3 billion based on the acquisition price from the corporation's treasury stock.

## • Dividends, Dividend Payout Ratio and Stock Repurchases

(Unit: KRW billion)

	2007	2008	2009
Dividends	1,171	808	1,185
Dividend Payout Ratio	15.8%	14.6%	12.3%
Net Stock Repurchases	1,825	-	-
Dividend and Stock Repurchases	2,996	808	1,185
Total Payout Ratio*	40.4%	14.6%	12.3%

\* Total payout ratio is the ratio of dividend and stock repurchase to net income.





Samsung Electronics values the opinions of its stakeholders. We collect views and information on stakeholders' main issues of interest through communication channels for each stakeholder group, which are then incorporated into our business activities.

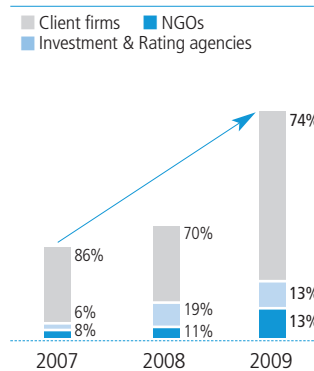


Details on the questions on sustainability and corporate social responsibility received from the eight stakeholder groups in 2009 are shown below.

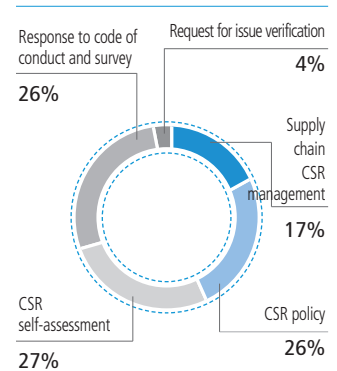
### • FAQ

1. Samsung Electronics' labor union policy and employee welfare, company policy regarding the working environment (p.31)
2. Advisory to refrain from using minerals produced in conflict-ridden regions such as Congo with human rights problems (p.73)
3. CSR support for business partners in Samsung Electronics' supply chain (p.73)
4. Human rights issues and overtime work at Samsung Electronics and its business partners (p.30, 73)
5. Environmental policy including carbon emissions, hazardous substance control, environmental certification, etc. (p.40~47)

### • Trends in Question-Raising Organizations



### • Breakdown of Question Type in 2009



## Identifying Material Issues

Samsung Electronics derives major sustainability issues through a 3-stage process.

- **Stage 1:** Identify all internal and external sustainability issues including media research, electronic industry trends, and corporate strategy
- **Stage 2:** Assess the level of interest from stakeholders and society and the impact on business activities
- **Stage 3:** Decide on material issues after review by sustainability report task force team and top management

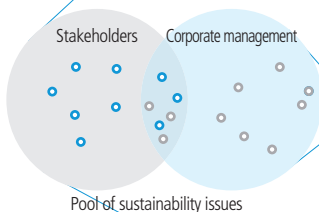
### Stage 1

Identify sustainability issues



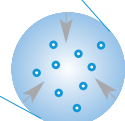
### Stage 2

Review materiality of issues



### Stage 3

Decide on material issues



Issues of material interest to stakeholders

## External Issues

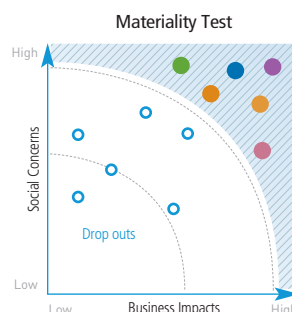
- **Media exposure analysis:** Domestic and international media reports on Samsung Electronics between 2009 and March 2010
- **Electronic industry analysis:** Sustainability reports, major activities and issues of eight electronic/electric companies
- **Global trend analysis:** GRI (Global Reporting Initiative) Guidelines and the EICC Code of Conduct
- **Global rating agency analysis:** Questionnaires by major global sustainability rating agencies such as SAM

## Internal Issues

- Samsung Electronics' mid-term strategy and policy
- Samsung Electronics' CSR vision, approach, objectives, etc.

## I Material Issues I

To derive the material issues, we identified the areas in which stakeholders have the greatest interest and the impact of our business activities. We derived 15 issues in the six areas of talent management, integrity management, green management, social contribution, products & services, and partner collaboration. The related information and performance are detailed in this report.



Material Issues	
<b>Talent Management</b> <ul style="list-style-type: none"> <li>• Employee Value</li> <li>• Work-Life Balance</li> </ul>	<b>Integrity Management</b> <ul style="list-style-type: none"> <li>• Corporate Ethics</li> <li>• Fair Trade Compliance</li> <li>• Intellectual Property Protection</li> </ul>
<b>Green Management</b> <ul style="list-style-type: none"> <li>• Addressing Climate Change</li> <li>• Developing Eco-Products</li> <li>• Promoting Eco-Friendly Workplace</li> <li>• Green Communication</li> </ul>	<b>Social Contribution</b> <ul style="list-style-type: none"> <li>• Pursuing a Happier Society</li> <li>• Partnership Programs</li> </ul>
<b>Partner Collaboration</b> <ul style="list-style-type: none"> <li>• Global Competitiveness</li> <li>• Win<sup>3</sup> Partnership</li> </ul>	<b>Products &amp; Services</b> <ul style="list-style-type: none"> <li>• Customer Delight Service</li> <li>• Customer Trust</li> </ul>

### • 2009 vs. 2010 Material Issues

Category	2009	2010
Talent Management	<ul style="list-style-type: none"> <li>• Building a creative corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Value</li> <li>• Work-life Balance</li> </ul>
Integrity Management	<ul style="list-style-type: none"> <li>• Respecting global diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Ethics</li> <li>• Fair Trade Compliance</li> <li>• Intellectual Property Protection</li> </ul>
Green Management	<ul style="list-style-type: none"> <li>• Addressing climate change</li> <li>• Realizing green convergence</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing Climate Change</li> <li>• Developing Eco-Products</li> <li>• Promoting Eco-Friendly Workplace</li> <li>• Green Communication</li> </ul>
Social Contribution	<ul style="list-style-type: none"> <li>• Pursuing a happier society</li> </ul>	<ul style="list-style-type: none"> <li>• Pursuing a Happier Society</li> <li>• Partnership Programs</li> </ul>
Partner Collaboration	<ul style="list-style-type: none"> <li>• Strengthening Win<sup>3</sup> partnerships of partners</li> <li>• Supporting innovation initiatives of partners</li> </ul>	<ul style="list-style-type: none"> <li>• Global Competitiveness</li> <li>• Win<sup>3</sup> Partnership</li> </ul>
Products & Services	<ul style="list-style-type: none"> <li>• Strengthening product competitiveness</li> <li>• Innovative customer delight service</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Delight Service</li> <li>• Customer Trust</li> </ul>



# Talent Management

Human resources are the most valuable asset in any company. At Samsung Electronics, our faith and commitment to our people are one of the core values governing our business activities and an integral part of the corporate culture.

Guided by the belief that "a company is its people," Samsung Electronics values the diversity and individuality of its workforce as great asset and is committed to retaining and nurturing the best talent.

We uphold a culture of meritocracy and promote an environment where each individual is motivated to take the initiative with a sense of ownership. We encourage our people to reach their full potential with the ultimate goal of advancing themselves, the company and the society.

## Global Harmony with People, Society and Environment

Respected and Admired Global Company

Creation Innovation Change

Talent Management	Integrity Management	Green Management	Social Contribution	Partner Collaboration	Products & Services
<ul style="list-style-type: none"> <li>• Employee Value</li> <li>• Work-Life Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Ethics</li> <li>• Fair Trade Compliance</li> <li>• Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing Climate Change</li> <li>• Developing Eco-Products</li> <li>• Promoting Eco-Friendly Workplace</li> <li>• Green Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Pursuing a Happier Society</li> <li>• Partnership Programs</li> </ul>	<ul style="list-style-type: none"> <li>• Global Competitiveness</li> <li>• Win<sup>2</sup> Partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Delight Service</li> <li>• Customer Trust</li> </ul>

Harmony between Business Vision and Vision for Society

### ● Contents ●

#### • Employee Value

- Recruiting Global Talent
- Promoting Diversity
- Enhancing Employee Value

#### • Work-Life Balance

- Creative Organizational Culture
- Remuneration & Benefits
- Human Rights & Work Environment

### ● Highlights of 2009 ●

- No. of New Recruits : 27,418
- Ratio of Foreign Workers : 46%
- Ratio of Female Workers : 39.3%
- Education Hours per Employee : 90
- Education Expense : KRW83.0 billion
- Welfare Cost : KRW1,808.6 billion

Samsung Electronics recognizes that attracting and retaining top talent is vital to building a competitive organization. We are dedicated to recruiting global talent, promoting diversity, and increasing employee value.

## I Recruiting Global Talent I

Attracting and retaining high-caliber people is crucial to staying competitive on the global stage and sustaining growth. Each year, Samsung Electronics recruits people across the world based on its annual business plan and mid- to long-term strategy. The number of new hires (domestic: 6,230, overseas: 21,188) decreased in 2009 compared to a year earlier in the aftermath of the global financial crisis.

### • No. of New Recruits

(Unit: persons)

	2007	2008	2009
Global Total	42,147	47,327	27,418
Domestic	7,644	8,654	6,230
Overseas	34,503	38,673	21,188

### • No. of New Recruits (Overseas)

(Unit: persons)

	2007	2008	2009
Total	34,503	38,673	21,188
North America	5,133	3,923	1,384
Europe	4,134	5,229	1,634
China	17,980	19,077	8,075
Southeast Asia	3,428	4,194	4,444
Southwest Asia	2,125	2,279	1,855
Latin America	931	2,094	2,186
Other	772	1,877	1,610

## Recruiting Process

New employees are recruited through a number of channels, one of which is our internship program. University students may choose from the college internship program, under which they work for nine weeks during the school term or vacation. Another option is the 16-week industry-academia program whereby students come to work during the school year. Among the 3,624 new recruits in 2009 who hold a bachelor's degree or higher, 812 were picked through the internship schemes. We also cooperate with academic institutions in offering curriculum in technology pertaining to Samsung Electronics (handset, semiconductor equipment).

### • Recruiting Process



### • Internship Process



\*SSAT: Samsung Aptitude Test

## Overseas Recruiting

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



Job Fair



On-campus recruiting event

## Career Forum

We held our first career forum in 2009. Science and engineering students were invited to the Samsung Electronics premises to get a glimpse into our organizational culture and career vision and to gain information related to recruitment. We plan to hold a global career forum in 2010 for a wider range of potential applicants including foreign students studying in Korean universities and students aspiring to a career in sales and marketing.



Career Forum

### • Career Forum

- First Career Forum: Targeting science/engineering majors in 20 universities in Korea 1,800 people attended over three days
- Second Career Forum: Targeting science/engineering, arts and design majors in 24 universities in Korea 1,021 people attended over two days

## Global Scholarship Program (GSP)

The Global Scholarship Program (GSP) allows Samsung Electronics to select outstanding young people around the world and nurture them into future leaders of our operations. Since 2006, a total of 90 people have taken part in GSP and 51 of the participants have become employees of Samsung Electronics.

\* GSP: A program under which outstanding talent from various countries are chosen to enroll in the MBA program at Seoul National University and Sungkyunkwan University. After receiving their MBA, they move on to work at Samsung Electronics under an exchange scheme.

## I Promoting Diversity I

Samsung Electronics does not discriminate against job applicants based on academic and/or regional background, gender, age, religion and race. We offer equal opportunity to all individuals according to their capabilities.

### Recruiting and Retaining International Employees

Samsung Electronics is a global organization in which locally hired employees comprise 46% of the total workforce. We continue to increase locally hired employees in the production, R&D and sales functions. In line with our global perspective, we also appoint locally recruited senior managers with outstanding performance to executive positions based in Korea. Currently, there are seven overseas executives based in Korea. Local talent will continue to serve as an important pool of future global leaders who transcend national borders.

Another aspect of our global drive is increasing the number of overseas employees stationed in Korea. We operate a global help desk (GHD) to assist these personnel and their families adjust to life in Korea.

#### • Ratio of Overseas Employees (Unit: persons, %)

	2007	2008	2009
Total	144,286	161,700	157,701
Korea	84,727	84,464	85,089
Overseas	59,559	77,236	72,612
Overseas as % of total	41.3	47.8	46.0

### Recruiting Female Employees

In line with our ongoing efforts to promote women in the workplace, the number of female employees at Samsung Electronics in 2009 increased by 40.1% compared to 2007. During the same period, women as a percentage of all managers rose from 5.3% to 7.5%.

#### • Ratio of Female Employees (Unit: persons, %)

	2007	2008	2009
Total	144,286	161,700	157,701
Male	100,061	95,636	95,726
Female	44,225	66,064	61,975
Female as % of Total	30.7	40.9	39.3

### Respecting Minority Employees

Samsung Electronics also does its best to create job opportunities for the disabled and elderly workers. In 2009, the ratio of disabled employees in our workforce rose by 0.1%p year-on-year to 0.7% (576 employees) and the Gumi Plant hired persons over 55 years of age on a contract basis.



What truly made Samsung to continue its growth in the middle of rapid global economic changes and challenging industry trends were our people.

Employees consider Samsung to be a global company, especially in terms of revenue, brand value and market share etc. We are proud to work in a company that has demonstrated such outstanding success in all regions of the world in such a short period of time. What truly made Samsung to continue its growth in the middle of rapid global economic changes and challenging industry trends were our people. I believe our people are certainly the key. It is their creativity and commitment that has made the Company successful to date. Going forward, the Company's ability to generate new growth depends on the ability of our employees to spot new ideas and opportunities, argue for them internally and then maintain a seamless and integrated implementation

process from the stage of R&D right through to commercialization. However, the Company's rapid growth over the past few years has meant that it has been necessary to hire large numbers of new employees at all levels of the organization. In response, we have put a lot of effort into rapidly orienting new employees and preparing existing employees for new management challenges in the future. In particular, we have emphasized the need for leadership training as a means to prepare employees for more senior roles in the organization over time. Going forward, our priority is to ensure that employee development is tightly linked to succession planning within the organization.

European HR Director  
**Richard David Pibworth**



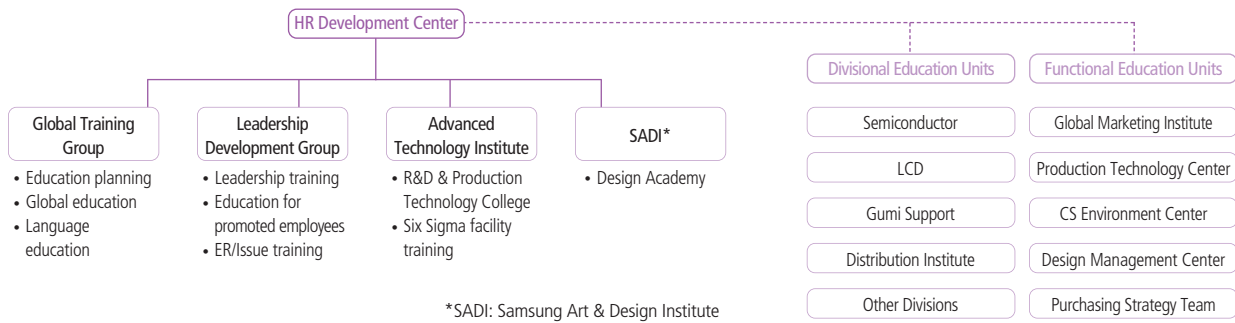
## I Enhancing Employee Value I

Advances made by employees mean advances for the company. With that in mind, Samsung Electronics offers various programs and assistance to help our people develop their skills and abilities.

### Education System

Education programs are overseen by the HR Development Center. The center is assisted by separate organizational units set up according to business division and work function.

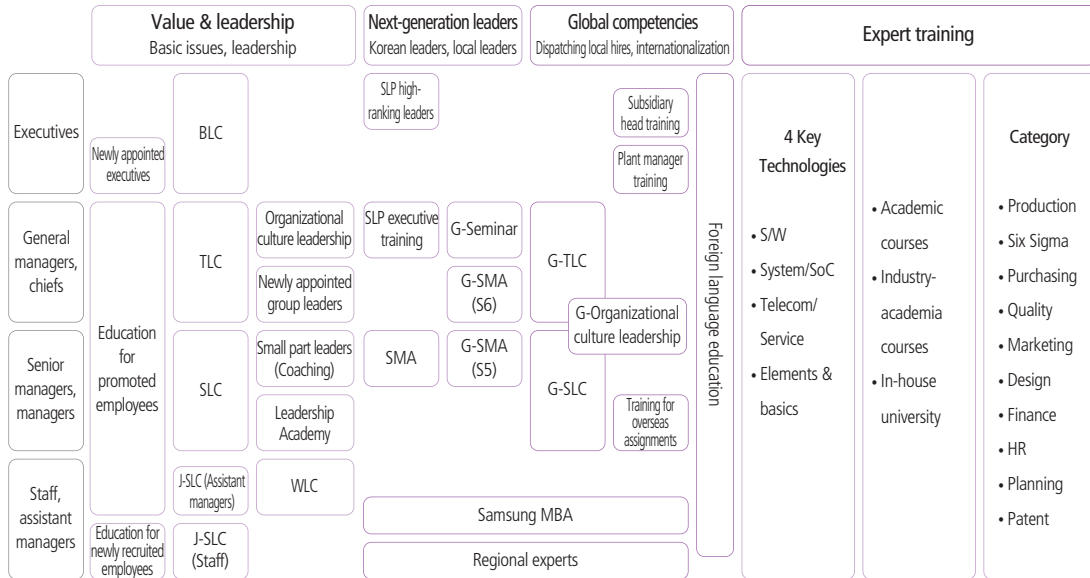
Under the HR Development Center, there are the Global Training Group, Leadership Development Group, and Advanced Technology Institute. The HR Development Center offers programs related to business strategy, leadership, nurturing future leaders and global talent, and R&D. Separate education units have been set up under the Semiconductor Division, LCD Division, Korea Regional Headquarters and Gumi plant. These units oversee division-level programs and support company-wide training. The Global Marketing Institute, CS Environment Center, Purchasing Strategy Team, Production Technology Center, and Design Management Center each have their education units whose function is to train the best experts in each of the work functions.



### Education Program

Samsung Electronics offers about 1,600 education programs in the four categories of value & leadership, next-generation leaders, global competencies, and expert training.

#### • Education System



- Dotted line: HR development process
- G: Education for local employees in overseas worksites
- Only major areas indicated for expert training

- BLC: Business Leader Course
- TLC: Team Leader Course
- SLC: Self Leader Course

- WLC: Women's Leadership Course
- SLP: Samsung Business Leader Program
- SMA: Samsung Manager Academy

### ● Value & Leadership

Courses for new and promoted employees are intended to spread the company's core values. BLC (Business Leader Course), TLC (Team Leader Course), and SLC (Self Leader Course) are designed for sharing of strategy and issues among employees. Leadership programs factoring in work duties and rank are also available to all members of Samsung Electronics.

### ● Next-Generation Leaders

Along with SLP (Samsung Business Leader Program) offered by the HR Development Center of Samsung Group, Samsung Electronics operates SMA (Samsung Manager Academy) to foster a pool of next-generation leaders. SMA is available to employees based in Korea and overseas locations.

### ● Global Competencies

Foreign language training is offered to hone global competencies. Courses are also available to prepare workers for overseas assignments and for leadership roles in overseas subsidiaries and plants. For locally hired personnel, we offer the global leadership program to share the strategies of the head office with them and strengthen leadership.

In addition, we have been offering the regional specialist program since 1990 to train overseas experts who will play a vital role in enhancing Samsung Electronics' profile on the world stage.

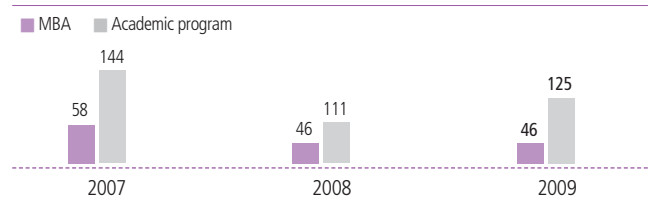
### ● Regional Specialist Training (as of January 2010) (Unit: persons)

	Total	2007	2008	2009
Total	2,093	125	67	73
China, India, Russia	752	69	31	19
Southeast Asia, Latin America, Eastern Europe, Middle East/Africa	535	33	26	50
North America, Europe, Japan	806	23	10	4

### ● Expert Training

We adopted a competency grading system to train employees into experts in their respective fields. Based on this system, we monitor job skills of each individual and organizational unit and develop education programs accordingly. Monthly cross-functional courses help employees gain better understanding of the work carried out by related departments. For the Professional Forum, outsider experts are invited to give lectures in their fields of specialty. Employees who show outstanding potential are given the opportunity to attend courses given by outside institutions such as MBA programs.

### ● No. of Employees Attending Academic & MBA Programs (as of end-Feb. 2010) (Unit: persons)



### ● Samsung Semiconductor Institute of Technology

Samsung Electronics runs in-company campus program in cooperation with top-tier universities in order to promote self-development of employees and enhance their technological capabilities. Since 1989, the program has conferred a total of 6,768 degrees (doctorate: 13, master's: 324, bachelor's: 1,101, and bachelor-level 5,330).

### ● Online Education

Along with offline courses, Samsung Electronics offers online programs that allow employees to hone their abilities regardless of time and spatial constraints. In 2009, we introduced the Harvard ManageMentor program which offers 67 high-quality educational contents in 12 areas.

\* Harvard ManageMentor Program

Leadership/business online educational contents developed under the guidance of Harvard Business School professors. All Samsung Electronics employees worldwide have access to courses on finance, marketing, strategy and performance management. (7,820 program participants during Dec. 2009–Mar. 2010)

### ● Online Education in 2009 (Korea)

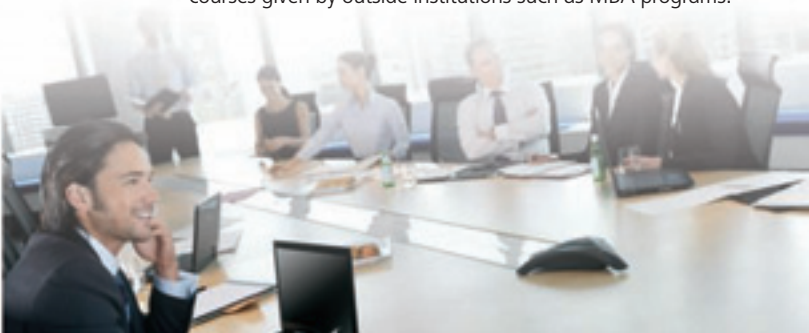
	No. of courses	No. of participants
Total	501	175,955
Credu Program	258	93,911
e-Campus Program	119	22,049
Samsungedu Program	124	59,995

### Education in 2009

Taking advantage of the diverse education opportunities available, Samsung Electronics' employees spend about 90 hours a year, on average, for personal development. We will expand and upgrade our education programs to enhance the competencies of all employees.

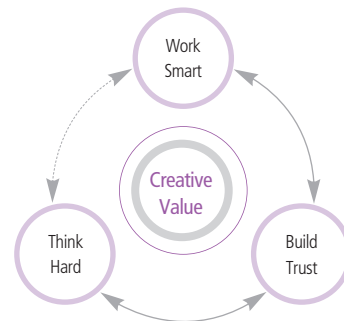
### ● Education Data (Korea)

	2007	2008	2009	Remarks
Total no. of participants (10,000 persons)	29.8 (17.8)	29.3 (17.1)	29.2 (17.6)	No. of persons who completed courses ( ): online education
Cumulative education hours (10,000 hours)	891 (363)	918 (379)	779 (369)	( ): online education
Education hours per person	105	109	90	
Manager	160	140	96	Average education hours a year
Staff	86	97	88	
Education costs (KRW million)	97,800	94,800	82,715	



## I Creative Organizational Culture I

Today's fast-paced business environment calls for an organizational culture that values creativity. In line with our emphasis on growing the software and solutions business, Samsung Electronics is building a flexible culture that motivates each individual to demonstrate their creativity under the mottos of "Work Smart," "Think Hard" and "Build Trust."



### Work Smart

#### ● Personal Time Off (PTO)

Samsung Electronics encourages its workers to use their given holidays. Each person draws up an annual holiday plan which is entered into the company system.

#### ● Flexible Time Program

The flexible time program allows employees to set their own work hours, which in turn helps them strike a balance between life and work. Workers can choose to come into work at any time between 6:00 a.m. and 1:00 p.m. as long as they work eight hours during the day. The program contributes to shaping a creative organizational culture by enhancing employees' productivity and satisfaction levels. It was first adopted for one department in 2008 and expanded to the entire company in 2010.

#### ● Global Mobility Program

Introduced in 2009, the global mobility program gives overseas workers an opportunity to be assigned to job functions and regions of choice based on a competitive selection process. It was created as way of pursuing optimal global deployment of our human resources.

The global mobility program contributes to upgrading our overseas sales and production capabilities while helping employees develop their career vision. We will gradually expand the scope of application of this program.

#### ● Work Smart Campaign

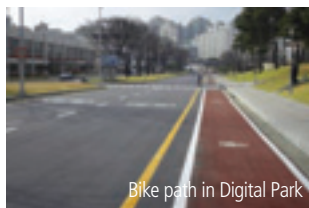
The message of the Work Smart campaign is conveyed through various means including the company intranet and bulletin boards. Along with Work Smart, we promote work-life balance, seek ways to innovate work processes and meetings, and encourage workers to use holidays. Going forward, we will introduce a Work Smart taskforce team and Work Smart Conference to get rid of unnecessary overtime and inefficiencies.

### ● Reinventing Suwon Complex

Samsung Electronics has launched a major project to transform Suwon Complex. Through the initiative, the complex will be redesigned to resemble a campus setting, with the emphasis shifting from production to marketing and R&D. There are three main areas of focus: the working environment, infrastructure and contents. The transition will result in heightened emphasis on the emotional, cultural and communication aspects of the organization.



Fitness center in Digital City



Bike path in Digital Park



Small park in Digital Park

### ● Suwon Digital City

To better reflect Samsung Electronics' global profile and brand value, the Suwon Complex has been renamed Samsung Digital City. A ceremony to officially announce the change was held on October 1, 2009, and it served to emphasize Suwon's status as the global headquarters of Samsung Electronics. During the ceremony, the Samsung Electronics CEO reaffirmed his commitment to innovating the company's system, culture and infrastructure to spur creativity.



Declaration ceremony of Digital City



## Think Hard

### ● Idea Suggestion System

Our knowledge management system features a mechanism for receiving ideas from employees. Innovative suggestions from employees can provide the seeds of a new business or enhance the performance of existing products.

Employees may present their suggestions to Idea Open Space. The suggestions are reviewed and outstanding ideas are incorporated into our business activities. In 2009, employees submitted a total of 1,750 ideas and 16 of them were chosen to be applied to our products. The idea suggestion scheme will be expanded in 2010 with a trial run in selected overseas business sites.

### ● Knowledge Sharing

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

### ● Technology Experts

Technology experts are designated for core technologies in each business division. They provide advice on topics such as developing new businesses and business convergence. They also share their knowhow through forums and lectures.

### ● Samsung Electronics 'Master' Appointments (Round 1: Oct. '09/Round 2: Dec. '09)

#### Round 1 (7 persons)

DRAM design, signal processing algorithm,  
LSI design verification, next-generation package technology,  
next-generation core technology related to memory products,  
semiconductor fabrication process (photo lithography, etching),  
data processing

#### Round 2 (7 persons)

Mass production monitoring, semiconductor circuit design for imaging  
devices and next-generation algorithm, electrostatic discharge solution,  
DRAM capacitor technology, TFT-LCD, nano-materials,  
nano-technology for display products

## Build Trust

### ● Communication

Our worksites operate their respective portal systems that employees can use to report difficulties they face or make suggestions. Every effort is made to address employees' requests through the relevant departments.

### ● Employee Grievance Handling at Suwon Complex

(Unit: No. of cases)

■ Online ■ Offline



### ● Business Presentations

Each business division holds a business presentation for employees on a quarterly basis. Led by the division head, the presentations cover business updates, strategy, and other matters pertaining to company operations. They facilitate communication within the company and contribute to building unity among employees.

### ● Coaching

In 2009, coaching classes were held for leaders who are essentially responsible for overseeing personnel in their respective departments. These sessions were organized to nurture creative leaders who contribute to building mutual trust within the organization and developing the potential of department personnel. We plan to offer coaching classes to a greater number of people as well as introduce online coaching lessons.



## I Remuneration & Benefits I

Samsung Electronics offers fair and reasonable compensation and a wide range of benefits to help our people realize their full potential.

### Assessment System

Annual performance assessments are conducted which compare performance with annual targets set by each employee based on the Management By Objective (MBO) approach. Assessments are also carried out that evaluate the capabilities of each individual. The results of these assessments are used to determine annual salaries and conclude annual contracts. The evaluation process is entirely computerized and all data are stored in a computer system. After assessment, employees have interviews with the evaluators. Persons who disagree with assessment results may present their case through the official objection process.

### Remuneration

Samsung Electronics offers fair compensation based on the principle of rewarding performance without discrimination based on gender, ethnicity, religion, social status or age. Compensation is broadly classified into basic salary and performance incentives. Incentives are subdivided into Productivity Incentive (PI) and Profit Sharing (PS). Everyone with regular employee status are eligible to receive PI and PS.

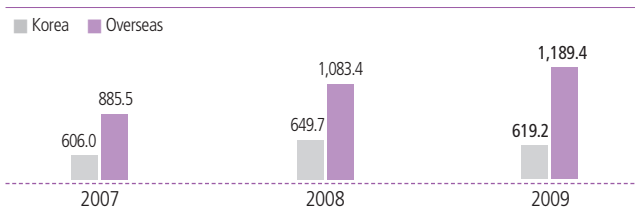
### Benefits

Samsung Electronics offers benefits required by law as well as diverse welfare plans to enhance employees' quality of life. Subsidies for legal welfare programs (national pension, health insurance, employment insurance, industrial accident compensation insurance) are available to all employees with regular worker status and those working on contract basis. Other benefits include group insurance, physical exams, financial aid for medical costs, congratulatory /condolence pay, and use of leisure facilities, among others.

Additionally, employees are entitled to receive retirement benefits as a lump sum payment upon leaving the company or when they reach the age of 55, in which case they may choose to receive a stream of annuities or a lump sum payment. Samsung Electronics adopted a defined benefit plan in 2010 under which the funds are managed by a financial institution.

#### • Expenditure on Employee Benefits

(Unit: KRW billion)



Financial assistance is available for employees' children to cover their educational costs from kindergarten to university. In addition, we operate eight child care centers that can accommodate 1,300 children on our business premises.

Employees based in our overseas worksites are entitled to benefits required by law in the respective countries as well as diverse welfare programs to enhance their wellbeing. Physical exams, discounts on company products, education grants and fitness centers are a few examples of the benefits available.

#### • Wage Level of Newly Hired

Region	Compared with legal minimum wage	Region	Compared with legal minimum wage
Korea	>*113%	China	>116%
North America	>159%	CIS	>102%
Europe	>102%	Latin America	>100%
Southeast Asia	>103%	Southwest Asia	>100%

\* >: Indicating that our wage level in each region is higher than the figures

## I Human Rights & Work Environment I

Samsung Electronics abides by all labor laws in countries that we operate and strives to maintain labor-management relations anchored in mutual trust. Based on our code of conduct and rules of employment, we enforce regulations on human rights and labor issues that are more stringent than legal standards and we strictly prohibit discrimination based on factors such as gender, age, race or religion. No incidence of discrimination was reported in 2009.

### Monitoring Work Hours

Work hours of all production plants under each business division are subject to constant monitoring. When the working hours of an individual approaches the legal standard, an email is sent to the individual and the division head to prevent violation of the limit. Guided by accurate demand forecasts based on our global ERP system and corresponding projections on production volume, we make continued efforts to minimize overtime.

### Mutual Respect Education and Open Counseling Center

Through online and offline channels, 98.5% of Samsung employees completed trainings on topics related to individual rights, sexual harassment, and healthy workplace culture in 2009. We also operate counseling centers on our premises manned by professionals who help employees resolve grievances and relieve stress (11 professionals at 7 worksites).

## Prohibition of Discrimination and Forced Labor/Child Labor

Discrimination, forced labor and child labor are prohibited in accordance with articles 4, 6 and 16 of the company's rules of employment. In addition, we strictly abide by the 24 ILO conventions ratified by the Korean government.

- **Rules of Employment Article 4**  
Article 4 (Equitable Treatment)  
(1) As set forth in these Rules, all employees will receive equitable treatment and will not be discriminated against in terms of working conditions based on nationality, gender, religion or social status.  
(2) Female employees will not be discriminated against in terms of wages, education, promotion, retirement, or dismissal based on gender.
- **Rules of Employment Article 6**  
Article 6 (Prohibition of Forced Labor)  
The company will not coerce an employee to work against his/her free will through violence, threats, involuntary physical confinement or verbal abuse.
- **Rules of Employment Article 16**  
Article 16 (Employment Age)  
An employee must be over the age of 18 years. An individual under the age of 18 years can be employed only with the submission of a family register certificate and a consent form signed by the said individual's parent or legal guardian.
- **ILO Conventions Ratified by Korea (Totally 24 Conventions including those listed below)**  
C182: Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor  
C138: Convention concerning Minimum Age for Admission to Employment  
C100: Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value

## Labor Union Policy

"The workers and the company will cooperate for mutual advancement based on the principles of co-existence and co-prosperity and harmony." This represents the labor-management policy of Samsung Electronics. The company does its utmost to offer a good working environment so that employees can work safely.

All of our business premises across the globe have bodies such as the Labor Council, the GWP committee, and the safety council that serve as a forum of dialogue between labor and management. The organizations address employee grievances and difficulties as well as identify areas that require corrective action. For example, the Labor Council which is similar to the work council in Europe, is composed of representatives selected by employees and holds discussions with management on issues such as work conditions. Adding to that, disclosures are made on major changes in the company, such as the launch of a new business or retrenchment, according to the Securities and Exchange Act. For any changes that involve a reduction of the workforce, a 50 day notice is given to the Labor Council and accordingly negotiations are held as stipulated in the Labor Standards Act of Korea.

### • Labor Council Meetings

	Frequency	Remarks
Regular Consultation	Once a quarter	Equal number of labor and management attendees, management representative:
Regular Meeting	Once a quarter	
Industrial Safety and Health Committee	Once a quarter	vice president/executive vice president
CEO Meeting	Once a year	CEO attendance

## Great Work Place (GWP) Survey

Volunteering, sports and seasonal festivals are some of the ways in which we promote a great work place. Each department has a GWP agent who works closely with the GWP office. Every year, we conduct a GWP survey in all of our global business sites to assess employee satisfaction levels. The survey results are sent to the head of each department to be used as reference for making necessary improvements. Departments that receive high marks in the GWP survey are rewarded while those with low scores are provided with GWP consulting to identify and address problem areas.

## Outplacement Program

Samsung Electronics began setting up Career Development Centers (CDC) at our worksites in 2001 to help employees who have retired or are facing retirement find new jobs or start a business. Up to 2009, a total of 2,016 persons have found new employment through CDC. The centers will continue to provide guidance to ease concerns related to retirement and contribute to promoting lifelong employment.

### • Outplacement Service



- Job seekers: Support for planning a new start
- Prospective employers: Competent employees  
→ Increased competitiveness
- Economy: Addressing unemployment

## Turnover Rate

The turnover rate has a significant influence on the continuity of company operations and competency. As such, it is one of the major items monitored by personnel in key managerial positions.

### • Global Turnover Rate and No. of Resignation (Voluntary Turnover for Overseas Workers)

Region	End-2007		End-2008		End-2009	
	Turnover rate	No. of resignation	Turnover rate	No. of resignation	Turnover rate	No. of resignation
Domestic	9%	7,741	7.7%	6,667	6%	5,097
Overseas	19%	10,406	17%	11,230	11%	8,078

\* 2009 figures: Korea (male: 1,450, female: 3,647), overseas (male: 3,600, female: 4,478)



# Integrity Management

In today's business environment, companies that lose public trust are weeded out of the market and may even face demise.

Samsung Electronics is committed in performing with integrity to become a sustainable company that is respected by the global community.

Everyone at Samsung Electronics is behaving with uncompromising integrity. Employees are committed to upholding a clean organizational culture by avoiding conflicts of interest between work and personal affairs. Based on the spirit of fair play, Samsung Electronics is striving to gain trust of our customers and society by competing in accordance with laws and ethical practices, rooting out illicit and unfair activities and eradicating unethical business conduct.

## Global Harmony with People, Society and Environment

Respected and Admired Global Company

Creation Innovation Change

Talent Management	Integrity Management	Green Management	Social Contribution	Partner Collaboration	Products & Services
<ul style="list-style-type: none"> <li>Employee Value</li> <li>Work-Life Balance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Ethics</li> <li>Fair Trade Compliance</li> <li>Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>Addressing Climate Change</li> <li>Developing Eco-Products</li> <li>Promoting Eco-Friendly Workplace</li> <li>Green Communication</li> </ul>	<ul style="list-style-type: none"> <li>Pursuing a Happier Society</li> <li>Partnership Programs</li> </ul>	<ul style="list-style-type: none"> <li>Global Competitiveness</li> <li>Win<sup>3</sup> Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Customer Delight Service</li> <li>Customer Trust</li> </ul>

Harmony between Business Vision and Vision for Society

### Contents

#### Corporate Ethics

- Employee Code of Conduct
- Corporate Ethics Organization & Program

#### Fair Trade Compliance

- Voluntary Compliance Program
- Supplier Compliance Program

#### Intellectual Property Protection

- Information Security
- Patent Policy

### Highlights of 2009

- No. of employees who received ethics training in 2009 : 8,347 (Classroom Training)
- No. of reports on irregularities in 2009 : 417
- "Excellence (A)" rating for supplier compliance program
- Ranked second in overall patent registration in the U.S. (3,611 patents)

Samsung Electronics' stakeholders expect the company to take a greater role in making a difference in the community, befitting its stature as a world class leading global IT firm. They also demand us to have globally accepted standards of governance and compliance. To comply with these expectations, we established the Employee Code of Conduct in 2005 and set up a corporate ethics related organization and program.

## I Employee Code of Conduct I

Corporate ethics have a major impact on business operations. Making the right decisions and taking the right actions can make or break a company. That is, even the most minor unethical behavior, can undermine a company's growth and even its survival. That is why embracing the spirit of integrity in everyday operation is essential for sustainable growth. Under the belief that upholding ethical commitment is the only way to emerge as a respected world leading company, Samsung Electronics has mapped out the Employee Code of Conduct to guide our everyday actions.

## I Corporate Ethics Organization & Program I

To ensure ethical business practice, we have implemented an extensive system of policies, training and communication (eg. integrity training, cyber audit program) in addition to organizing an Audit Committee under the Board of Directors and an ethics team dedicated to integrity issues.

### Audit Committee

The Audit Committee is an independent committee under the Board of Directors to support and monitor management in its efforts to maximize corporate values. Its duties include auditing internal accounting functions, evaluating the job performance of directors, requesting submission of operating reports and convocation of the General Shareholders' Meeting.

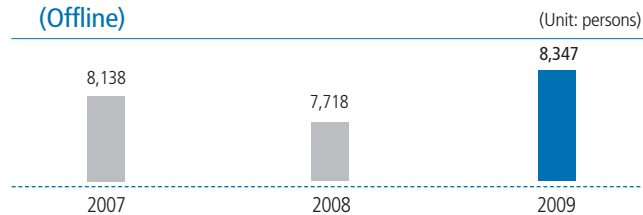
### Audit System

Samsung Electronics operates an independent audit team to monitor and encourage the ethics practice of the company and its employees. Consisting of experts with more than 10 years of experience in a number of fields, the team utilizes various systems and networks for the efficient auditing of the large-scale organization. We contribute to enhancing corporate value and organizational efficiency by eliminating the impediment and irrational processes in our integrity management through reporting the audit results to the CEO of the company.

### Integrity Training

Samsung Electronics offers integrity training on a regular basis to raise ethical awareness of our employees at all levels. To help prevent occurrence of misconduct and corruption, a team of lecturers is comprised within the Audit Team and offers classes for newly appointed executives, new recruits, and those selected for promotion or overseas assignment.

### • Domestic Integrity Classroom Training (Offline)

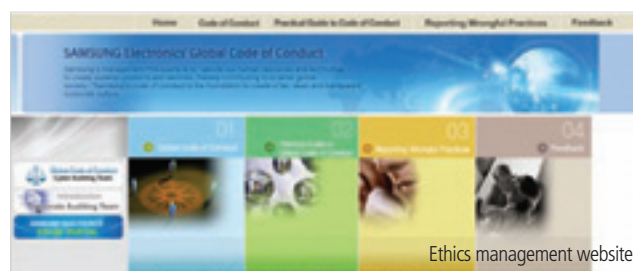


In addition, we produce and distribute educational videos in 22 different languages to help all the locally-hired employees in overseas locations to fully understand Samsung's Global Code of Conduct. The video contents include the rationale for its Code of Conduct and its five management principles, real life infringement cases, how to access the Cyber Audit program and how to report violations.

### Cyber Audit Program

The Cyber Audit program was launched in 2002 to incorporate integrity into the corporate culture of both domestic and overseas businesses of Samsung Electronics. The web-based portal is now available in nine languages including English, Japanese, Chinese and Russian and will be further expanded in the future.

The program not only encourages the employees' compliance with the Code of Conduct but also provides behavioral guidelines and defines corruption. It also serves as an online vehicle (<http://sec-audit.com>) for the direct reporting of corruption and other irregular activities allowing access for all stakeholders. Reporting can also be made via phone or fax.



Reports filed with the Audit Team are sorted by category and handled accordingly. The related information is registered in the pertinent system. In the past three years, the Audit Team received 1,145 reports (please refer to the table below).

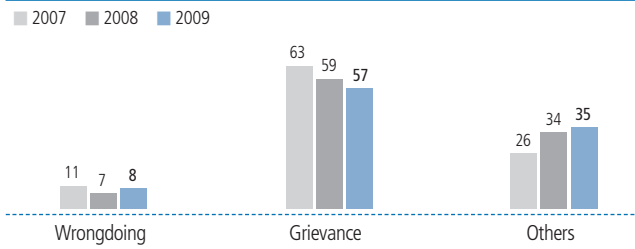
### • Reports Filed in the Past 3 Years

Category	2007	2008	2009
No. of reports	405	323	417

In some instances, it is difficult to verify filed reports due to a lack of details, and some reports are found to be untrue. Aside from these cases, we have completed the handling process for filed reports. Based on data over the past three years, 50~60% of filings had to do with consumer grievances while 9% were related to wrongdoing.

## • Reports by Type

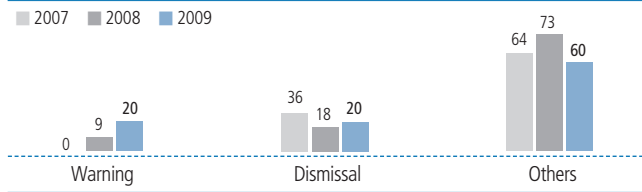
(Unit: %)



※ Others: Information leak, violation of rules, etc.

## • Disciplinary Actions

(Unit: %)



※ Others: Demotion, etc.

## Integrity System

We are fully aware of the importance of ethics management in the global marketplace. To integrity, we are realigning our integrity monitoring system to integrate ethics related works that have been dispersed in such different teams as legal affairs, audit, personnel and administration.

## Samsung Electronics Global Code of Conduct:

### ● Preface ●

Samsung Electronics aims to be a 'world leading company', devoting our human resources and technology to create superior products and services, thereby contributing to a better global society. To achieve this goal, we share and pursue Samsung Values of 「People, Excellence, Change, Integrity, Co-prosperity」, and the 7 Factors of a World Leading Company of 「Dream, Vision & Goal, Creativity & Challenge, Insight & Good Sense, Technology & Information, Trust & Credibility, Speed & Velocity, Change & Innovation」 within the organization. Furthermore, all Samsung Electronics employees should follow this 「Global Code of conduct」 as well as the Samsung Business Principles in order to comply with laws and ethical practices as well as to express our concrete commitment to social responsibility. This 「Global Code of Conduct」 will be the guiding standard for everyone in Samsung Electronics, outlining standards of conduct in all business activities.

### Principle 1. We comply with laws and ethical standards

#### 1-1 We respect dignity and diversity of individuals

- The Company will respect the human rights of all employees and will not discriminate against on the basis of race, color, creed, national origin, gender, age, citizenship, religion, regional background, physical disability, marital status, or any other characteristics protected by law.
- The Company will not employ underage persons, as commonly defined by international standards and relevant national laws.
- The Company will determine conditions of employment and compensation for personnel in a fair and non-discriminatory manner, taking into consideration relevant international standards and national, local or state laws, with the laws of host jurisdiction prevailing.
- The Company will ensure that working hours of personnel will be in accordance with the specific nature of their duties and comply with national, state and local laws.
- The Company will ensure that management will not (i) engage in abusive behavior; (ii) encourage or condone conduct that violates the Company's Code of Conduct, policies or procedures; or (iii) impose non-work-related duties upon employees.

#### 1-2 We compete in accordance with laws and business ethics

- The Company will compete freely and fairly at all its business sites around the world, abiding by relevant international standards and national, state and local laws, with the laws of the host jurisdiction prevailing.
- The Company will not abuse a dominant market position nor use coercion to cause inclusion of unwanted items in any sales transactions (tying).
- The Company will not enter into price fixing, bid collusion, market collusion or reduced production agreements with competitors, and will not discuss with competitors prices, bids, customers, sales territories and conditions including price confirmation.

- We endeavor, with a sense of urgent awareness that we cannot survive without innovation, to achieve future competitiveness by responding Speedily to the changes in the business environment and customer demand, and to maintain a sustained commitment to Change & Innovation based on our Dream, Vision & Goal.
- We cultivate Creativity & Challenge, acknowledging that future competitiveness depends on the development of Technology & Information ahead of competitors.
- We aspire to become qualified experts in our field with Insight to foresee the future, and the Good Sense to identify and take advantage of opportunities.
- We create an open culture where employees are encouraged to make decisions and act proactively with a sense of ownership, based on the mutual respect of individuality and Trust & Credibility.
- We pursue co-prosperity by maintaining relationships of Trust with shareholders and business partners, and facilitating sound management through mutual cooperation.

- The Company will not permit the acceptance of money, goods, entertainment and/or share offers of stock from customers or external interested parties, nor allow any improper activities that violate laws and fair trade principles.
- The Company shall not illegally obtain or use competitor's trade secrets or confidential information.
- The Company shall not demand, or use coercion to obtain any advantage detrimental to the interest of customer or partner companies.

#### 1-3 We maintain transparency of accounts with accurate recording of transactions

- The Company will accurately record and manage all transactions in compliance with international standards and national accounting regulations, and will be subject to accounting audits by outside parties at regular intervals.
- The Company will make every effort to refrain from entering into a business relationship with customers of uncertain identity, and will not participate nor cooperate with illegal, false, or irregular transactions.

#### 1-4 We do not get involved in politics and maintain neutrality

- Employees shall not attribute their personal political opinions and conduct to the Company, or cause such opinions or conduct to be attributed to the Company.
- The Company's resources, including financial resources, manpower, and facilities shall not be used to further political goals.
- The Company will refrain from illegal donations and improper dealings with governments, and will respect related national, state and local laws of the host jurisdiction.

- 1-5 We protect information on individuals and business partners
- The Company and its employees will abide by the national, state and local laws relating to protection of the privacy of its employees' personal and confidential information.
  - The Company will obtain, through normal business processes, information relating to individuals, corporate customers, or business partners and will use such information for business purpose only. The Company will ensure that the means for obtaining such information and its use comply with national, state and local laws. The Company will not disclose such information to third parties.

## Principle 2. We maintain a clean organizational culture

- 2-1 We make a strict distinction between public and private affairs in our duties
- The Company will not permit any illicit activity for the pursuit of personal gain, such as irregular treatment of expenses, using one's position for private gain, or the embezzlement of corporate assets.
  - The Company will not permit any activity that utilizes proprietary information of the Company for private gain, for example insider trading, irrespective of whether or not this activity was conducted by an employee directly or indirectly via third parties.
  - All business decisions must be made and all business activities must be conducted, in the best interests of the Company. Employees should avoid any action which may involve, or may appear to involve, a conflict of interest with the Company. No employees may have any financial or other business relationships with suppliers, customers or competitors that might impair, or even appear to impair the independence of any judgment they may need to make in the best interests of the Company.
- 2-2 We protect and respect intellectual properties of the Company and others
- The Company will ensure that its employees will not disclose the intellectual property of individuals, corporate customers and business partners to third parties without the owner's prior consent.
  - The Company will ensure that any proprietary information acquired through its business activities shall be recorded and safely kept and managed as intellectual property.
  - The Company will respect the intellectual property rights of third parties, such as patents, copyrights and trademarks, and shall not intentionally infringe or improperly use such intellectual property.
  - The Company will ensure that due attention is paid to the security of its intellectual property during the course of telephone or other communication with external parties, and in the management of various data storage facilities.
- 2-3 We create a sound organizational atmosphere
- The Company has zero tolerance for any type of behavior that may offend or cause unpleasantness to other employees. Such behavior includes, but is not limited to sexual harassment, as well as all other forms of harassment, physical assault, or any personal request or conduct that conflicts with national, state or local law, or the Company's policies and procedures.
  - The Company will endeavor to maintain and develop a mutually cooperative relationship between management and employees, based on law, business ethics and mutual respect.
- 2-4 We maintain the dignity of Samsung Electronics in our external activities.
- During the term of employment at the Company, an employee is not permitted to simultaneously maintain employment with a third party or otherwise be engaged in outside business activities when such employment or activities prevent the employee from fully performing work, including overtime assignments, for which he or she is employed, unless otherwise agreed by prior consent.
  - The Company requires that employees obtain the Company's prior approval before disclosing the Company's confidential proprietary information to third parties.
  - The Company will not allow its officers and employees, while in office, to act as members of boards of companies with conflicts of interest or participate in competitive business activities.

## Principle 3. We respect customers, shareholders and employees

- 3-1 We put priority on customer satisfaction in management activities
- 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.
  - 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".
  - 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.
  - 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.
- 3-2 We pursue management focused on shareholder value
- The Company will actively pursue increases in investment return for shareholders by maximizing profits through transparent and sound management.
  - The Company will honor its responsibility to shareholders and interested parties by announcing major financial and corporate information in good faith and in a timely fashion.
  - The Company, in accordance with applicable law, will accept and sincerely consider legitimate petitions from external shareholders.
- 3-3 We endeavor to improve our employees' quality of life
- The Company will offer equal opportunities to all employees and treat them justly based on their ability and achievement.
  - The Company will support continuous learning and employee development.
  - The Company will provide a working environment in which personal initiative and creativity are encouraged.

## Principle 4. We care for the environment, health, and safety

- 4-1 We pursue environment friendly management
- The Company will make every effort to comply with international environmental standards, national, state and local laws and regulations relating to the environment and internal environmental regulations within all of its global business operations.
  - The Company will actively attempt to minimize the generation of harmful materials, utilize resources efficiently and recycle waste products for the benefit of the environment.
  - The Company will do its best to conduct environmental improvement activities throughout the whole process of product development, production, distribution, sales and disposal.
- 4-2 We value the health and safety of human beings
- The Company will comply with international standards, related laws and regulations, and internal regulations governing the health and safety of its employees by providing safety education and training at regular intervals.
  - The Company will consider to the health and safety of customers in all business activities including product development, production, distribution, sales and disposal.
  - The Company will clearly inform customers regarding the safe usage and operation of its products or services.
  - The Company will endeavor to deal promptly with the discovery of any fault in a product, which could pose a threat to the safety of customers.
  - The Company will make every effort to identify and eliminate any safety hazard found at any of its business sites, and will maintain a clean and safe environment.

## Principle 5. We are a socially responsible corporate citizen

- 5-1 We sincerely execute our basic responsibilities as a corporate citizen
- The Company will endeavor to create stable employment and to faithfully fulfill its tax and other legal obligations.
  - Employees are encouraged to ethically and conscientiously carry out their job duties and responsibilities. By doing so, employees will assist the Company in establishing itself as a responsible and trustworthy corporate citizen.
  - Employees are encouraged to endeavor to build trust within the local community by fulfilling their duties and responsibilities.
- 5-2 We respect the social and cultural values of local communities and practice coexistence
- The Company will respect the laws, culture, values and beliefs of the local communities in which it operates, and shall contribute to the improvement of the quality of life of local residents.
  - The Company, as a global corporate citizen, will contribute to promote and support public-interest activities such as academic advancement, art, culture and sports.
  - The Company will actively participate in social services such as volunteer activities and disaster relief.
- 5-3 We build up relationships of co-existence and co-prosperity with business partners
- The Company will acknowledge its business partners as strategic partners based on mutual trust, and will pursue the shared value of customer satisfaction.
  - The Company will select business partners in accordance with business objectives by applying fair standards without discrimination.
  - The Company will make efforts to support the growth of business partners' competitiveness and development.
  - The Company will actively encourage business partners to fulfill their own social responsibilities with respect to safety within the workplace and the individual rights of their employees.

## ● Appendix ●

### 1. Obligation of Employees

The Company shall apply this Code of Conduct to all of its employees and subsidiaries, and, where relevant and appropriate, shall also recommend specific clause(s) of the Code of Conduct to affiliates and external business partners.

Employees will make every effort to faithfully abide by the Code of Conduct, and in the case of a violation will be subject to appropriate disciplinary action.

Officers and managers will be responsible for cultivating and maintaining a sound organizational culture by acting as role models in the observance and propagation of the Code of Conduct.

### 2. Inquiries and improvement of the Code of Conduct

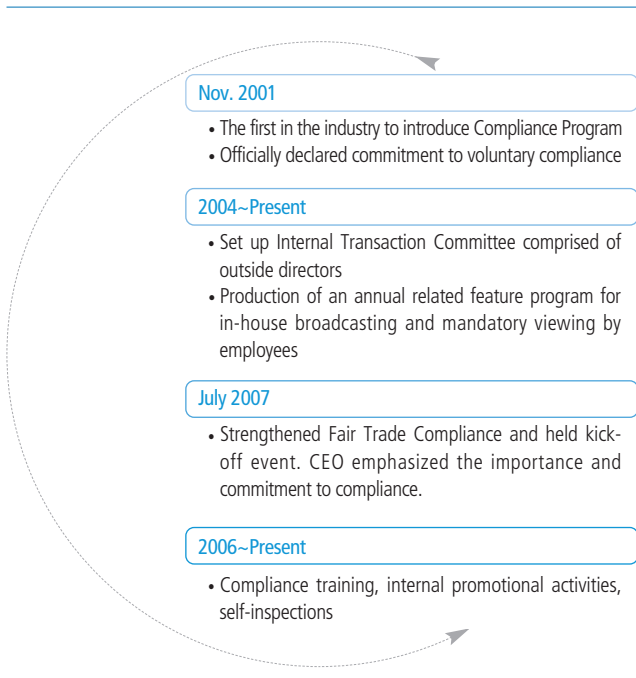
Any breaches of the Global Code of Conduct should be reported to the head of the employee's department, Human Resources Team, or Corporate Audit Team.

Any questions or suggestions for improvement on the Global Code of Conduct should be referred to Human Resources Team after consultation with the head of the employee's department.

Samsung Electronics is working to implement a culture of fair trade through the Compliance Program and Triangle Cooperation Program (related to supplier compliance).

## I Voluntary Compliance Program I

### Program Progress



### Fair Trade Training

Our executives and employees receive training on the facets of our compliance program including fair trade law. In addition, employees of our suppliers (2,363 employees in 2009) who faces relatively high risk of violating the law undergo extensive prevention training. We also introduced a cyber training system so that employees at our overseas operations can receive related training as and when required.



Compliance related training material

### Self Inspection Process

To ensure compliance with fair trade laws and policies, we have prepared a checklist for each core department to carry out self-inspections. Our approach includes targeted monitoring based on identified and prioritized risk areas such as job responsibilities associated with suppliers and resellers as well as sales and purchasing departments. In addition, we select specific themes to assure compliance on a regular basis.

Meanwhile, we have adopted strict disciplinary action for violations of fair trade policies. Upon discovery, the head of personnel is notified of violations and violators are subject to serious punitive measures. In cases where violations of the law have occurred, the Fair Trade Department promptly reports the instance to the CEO and they are handled in accordance with the relevant regulations and procedures.

### Fair Trade Awareness

In addition to voluntary inspections and training to monitor compliance, we have set up a portal site to help improve compliance performance and raise understanding about the compliance program in general. Using the legal affairs system, employees can check in advance with our in-house lawyers to confirm whether their actions constitute a legal violation. We are building a consistent culture of compliance using the intranet to communicate with related departments on compliance affairs.



Legal affairs webpage

### Fair Trade Compliance Monitoring

Samsung Electronics has an extensive fair trade compliance monitoring process that serves as a mechanism for individuals to ask questions and report integrity concerns without fear of retaliation. The process allows employees to voice their concerns anonymously through several channels such as the intranet and cyber auditing system.



## Employees represent the company's image and culture; their attitudes solidify the promise of the company's brand.



VERMULST, VERHAEGHE, GRAAFSMA & BRONCKERS  
Lawyer, **Marco Bronckers**

As is amply demonstrated by the fall out from the recent American economic crisis, in today's business world even small mistakes suggesting unethical conduct can prevent companies from growing, and may jeopardize their very existence. Global companies therefore have a strong interest in adopting and managing effective governance systems to ensure that their business operations are based on ethics and law. With this in mind Samsung Electronics has made substantial efforts to establish a code of good conduct and in setting up a dedicated unit to encourage and verify the code's effective implementation. This effort will be a key factor to guarantee Samsung's lasting development as a successful

company. Yet companies gain society's trust not just by laying down rules and by establishing internal controls. Ultimately what matters is that all employees actively participate in these efforts to comply with the law and uphold ethical values. Employees represent the company's image and culture; their attitudes solidify the promise of the company's brand. As Samsung Electronics is growing to be one of the world's most successful companies, I really look forward to seeing it become recognized as well as a leader in corporate governance: as a transparent and trusted company, within which a law-abiding spirit and a commitment to sound business ethics are firmly established.

## I Supplier Compliance Program I

### Details

In July 2008, Samsung Electronics adopted the Triangle Cooperation Program with our partner firms. The program details the introduction and enforcement of guidelines on three major issues. They include contract signing, supplier selection and internal review committee operation.

**\* Triangle Cooperation Program (TCP)**

TCP is a win-win program involving conglomerates, SMEs and the government. Under the program, a major company and its partner firms pledge their commitment to fair trade. After one year, the Fair Trade Commission checks and evaluates the performance and offers incentives.

### • Three Major Guidelines

#### Contract signing

- Issue written contract upon signing a contract
- Determine payment for suppliers in accordance with reasonable estimation
- Forbid unfair markdown of supplier payment

#### Supplier selection

- Maintain objectivity in selection and cancellation standards
- Disclose in advance the selection and cancellation standards, procedures and results
- Offer equal bidding opportunity to registered suppliers

#### Internal review committee operation

- Include an executive in charge of suppliers as a Committee member
- Preview contract signing and price determining
- Review appropriateness of company registration, cancellation, standards and procedures

## Compliance Activities for Partners

In compliance with the Triangle Cooperation Program, Samsung Electronics always signs a written contract with suppliers and maintains a perfect ratio of cash-equivalent payment. In 2009, we raised the unit cost of 30 suppliers to reflect raw material costs, exchange rate fluctuation and inflation (unit cost increase effect of KRW 41.8 billion). To ensure objectivity and integrity of our supplier related process, we have systematized all steps such as new supplier registration procedures, evaluation, and cancellation of business relations. In 2009, the Internal Review Committee convened a total of 49 times to review new supplier registration, cancellation, unit cost determination and compliance matters at the company, division and business unit levels.



Supplier management system webpage

## 2009 Government Evaluation Results

In October 2009, the Fair Trade Commission selected Samsung Electronics as an exemplary model of best practice in supplier relationship. The FTC awarded us with "A (excellence)" rating in connection with the Triangle Cooperation Program compliance performance for the past year. The rating demonstrated that our efforts to implement a culture of win-win partnership and compliance in dealing with our business partners are bearing fruit.

In this fiercely competitive global landscape, Samsung Electronics recognizes that protecting our intellectual property is critical to our success. Efforts to guard our intellectual assets include protecting proprietary technology of the company and others as well as various business information and knowhow.

## I Information Security I

### Information Protection Regulations

Our intellectual property protection guidelines govern employee conduct while a separate set of regulations define and enforce employee security obligations in everyday operations.

#### • Information Protection Regulations

##### Information Asset Ownership and Employee Obligation

- Samsung Electronics retains all rights to products, services, processes, etc. created and obtained (directly/indirectly) by employees during their employment. They may not reveal, distribute or transmit the intellectual property to outsiders without the company's permission.
- Upon joining the company, employees must sign the information protection pledge which will be updated when changes occur.
- Upon joining the company or awaiting promotion, employees must complete the security course. All employees below the managerial position must complete the cyber security course once a year.

##### Visitor Management and Goods Transport Procedure

- Visitors are permitted to enter the company premises only when the purpose of the visit meets the company's work purpose.
- Employees must obtain approval from the designated person in charge to take out information assets. Approval is given only when the request meets the company's work purpose.
- All approval processes are managed and recorded through a computerized system.

##### Communication Tool, Document Management

- Employees may not use non-sanctioned communication devices without approval from the Information Protection Department. Employees may not send information assets such as e-documents to outsiders without the company's permission.

##### Outside Activity Procedure Compliance

- Employees must gain approval from the department head (executive) when submitting materials to outsiders including seminar, lecture and thesis and comply with the related department's consent process.
- Employees should take care not to involuntarily divulge information when attending outside conferences, seminars, etc.

## I Patent Policy I

Recently, there have been a growing number of patent litigations filed against global companies by patent-holding individuals and patent firms. Samsung Electronics, in principle, fully respects all valid patent rights but at the same time enforces an IP policy under which we take legal action against unused patents. We also have in place

diverse measures to respond effectively to infringement lawsuits filed by patent specialists.

### Patent Strategy

The basic framework of Samsung Electronics' patent strategy is to secure a sufficient level of freedom for business operations and to secure essential patents for future strategic businesses by developing proprietary technology, purchasing patent rights and taking the lead in licensing activities. To this end, we have implemented policies that focus on qualitative patent application, rewards for inventors, and strengthened expert support such as lawyers and patent attorneys. These efforts are ultimately aimed at improving patent profitability.

### Highlights of 2009

In 2009, Samsung Electronics registered a total of 3,611 patents in the U.S., ranking second in overall patent registration in the U.S. On top of strengthening our patent portfolio, we are reevaluating the patents we currently hold to discover viable patents that can be utilized against competitors.

In addition, we have devised a licensing and litigation strategy per lawsuit to minimize risks stemming from patent conflicts and prevent potential problems by taking the lead in licensing major patents possessed by rival companies. Going forward, Samsung Electronics plans to guard our intellectual property through hiring and nurturing of patent experts.





# Green Management

Our planet is facing a number of threats such as climate change which require our undivided attention. Across the globe, governments are tightening environmental and energy regulations while low carbon green growth has emerged as a new paradigm for economic development.

Under the vision of "Creating New Value through Eco-Innovation," Samsung Electronics is pursuing transformation into a global top green enterprise. We practice responsible, green management with eco-innovation activities that span the entire product life cycle, from the supply of raw materials, production and logistics to usage and disposal.

## Global Harmony with People, Society and Environment

Respected and Admired Global Company

Creation Innovation Change

<b>Talent Management</b> <ul style="list-style-type: none"> <li>Employee Value</li> <li>Work-Life Balance</li> </ul>	<b>Integrity Management</b> <ul style="list-style-type: none"> <li>Corporate Ethics</li> <li>Fair Trade Compliance</li> <li>Intellectual Property Protection</li> </ul>	<b>Green Management</b> <ul style="list-style-type: none"> <li>Addressing Climate Change</li> <li>Developing Eco-Products</li> <li>Promoting Eco-Friendly Workplace</li> <li>Green Communication</li> </ul>	<b>Social Contribution</b> <ul style="list-style-type: none"> <li>Pursuing a Happier Society</li> <li>Partnership Programs</li> </ul>	<b>Partner Collaboration</b> <ul style="list-style-type: none"> <li>Global Competitiveness</li> <li>Win<sup>3</sup> Partnership</li> </ul>	<b>Products &amp; Services</b> <ul style="list-style-type: none"> <li>Customer Delight Service</li> <li>Customer Trust</li> </ul>
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Harmony between Business Vision and Vision for Society

### ● Contents ●

- **Addressing Climate Change**
  - Objective and Strategy
  - Greenhouse Gas Inventory
  - GHG Reduction Activities
  - GHG Emissions during Product Use
- **Developing Eco-Products**
  - Eco-Product Development and Objective
  - Enhancing Eco-Product Development Capacity
  - Global Take Back and Recycling
- **Promoting Eco-Friendly Workplace**
  - Global ESH Management System
  - Water Management
  - Pollutant and Hazardous Substance Control
- **Green Communication**
  - Environmental Education for Employees
  - External Awards and Recognitions for Environmental Management
  - Green PR and Marketing
  - Green Campaigns and Partnerships

### ● Highlights of 2009 ●

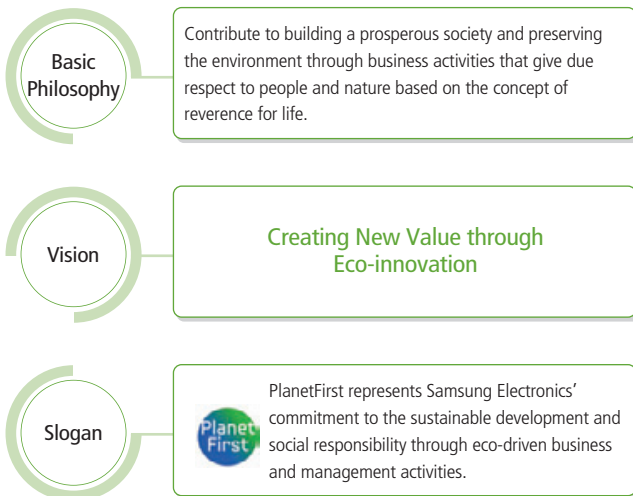
- Greenhouse gas reduction
- Development of eco-products
- Recovery and recycling of waste products
- Expansion of ISO 14001/ OHSAS 18001 certification
- Energy and environmental label certification

## • Green Management Vision • and Mid-Term Objective

### I Green Management Vision and Framework I

The underlying philosophy of green management at Samsung Electronics is to contribute to building a prosperous society and preserving the environment through business activities that give due respect to people and nature. Our vision is "creating new value through eco-innovation" under the slogan of "PlanetFirst." As a responsible corporate citizen, we aim to create new value for customers by pursuing innovation activities across a product's entire life cycle.

#### • Vision and Slogan



### I Green Management Committee I

Presided over by the CEO, the Green Management Committee serves to promote green management and green communication. It is responsible for setting the company's green management policy and assessing related performance. Under the Green Management Committee are the Eco-Product Council and Eco-Operation Council which support activities aimed at developing eco-products and realizing a low carbon workplace.

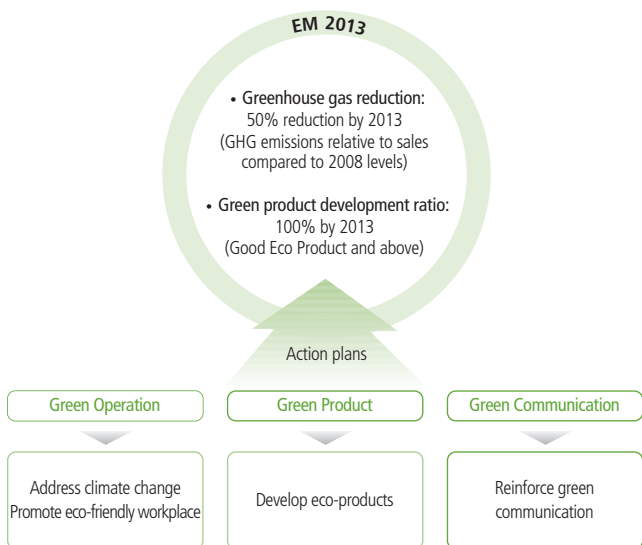
#### • Green Management Organization



### I Eco-Management 2013 I

Eco-Management 2013 is our mid-term objective under which the two focal points are greenhouse gas reduction and development of eco-products. By 2013, we aim to lower greenhouse gas emissions relative to sales by 50% from the 2008 levels. We will also direct efforts towards developing energy efficient products and increase the usage of eco-friendly and recycled materials. To reach the stated goals, we have decided on specific action plans under the three categories of green operation, green product, and green communication.

#### • Eco-Management 2013



### Announcement of Green Management Plan

On July 20, 2009, Samsung Electronics held a ceremony at its premises in Seocho-dong, Seoul, to unveil its green management vision and strategy. During the event, we shared our plans for "Eco-Management 2013 (EM 2013)" and our commitment to green growth.



Announcement of Green Management Plan

## I Objective and Strategy I

A key objective under EM2013 is to curb the emissions of greenhouse gases from our business premises and during product usage. In addition to checking emissions from our global business sites, we are helping business partners set up a greenhouse gas (GHG) inventory to build a low carbon supply chain.

### ● Objective

The following are our GHG reduction targets for 2013.

- Reduce GHG emissions relative to sales from our business premises by 50% from 2008 levels
- Improve energy efficiency by 40% from 2008 levels
- Help all of our business partners set up GHG inventories

### ● Strategy

The following is our strategy to reach the GHG targets.

- Install equipment to reduce GHG emissions during the production process
- Adopt energy management system and install new equipment after obtaining in-house energy certification
- Increase energy efficiency of products
- Help business partners set up GHG inventories

## Management System

### ● Committees for Addressing Climate Change

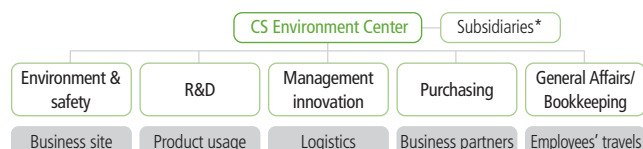
Presided over by the CEO, the Green Management Committee convenes twice a year. Meeting participants include executives whose duties are related to the environment, energy, quality, partner collaboration, purchasing, personnel, legal affairs, PR, marketing and finance. The Eco Operating Committee, comprising environment and energy related executives, meets on a quarterly basis. The Greenhouse/Energy Working Level Council composed of representatives from our business sites meets every other month.

Body	Function	Meeting Frequency	Chaired by
Green Management Committee	Devise climate change strategy and report on performance	Semi-annual	CEO
Eco Operation Council	Set targets and manage performance by worksite	Quarterly	Head of CS Environment Center
Greenhouse/Energy Working Level Council	Share information on cases of target achievement and activities by worksite	Alternating months	Environmental Strategy Team Leader

### ● Managing GHG throughout Product Life Cycle

Samsung Electronics monitors GHG emissions throughout the product life cycle. This includes emissions from our own business sites, suppliers' production process, logistics, product usage, and even our employees' work-related travels.

- **Body in charge:** CS Environment Center, Environmental Strategy Team
- **Participating depts.:** Workplace Environment & Safety, Divisional Development, Management Innovation, Purchasing, General Affairs/Bookkeeping



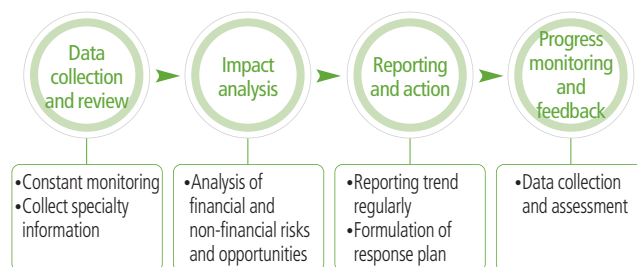
※ Subsidiaries: Domestic and overseas subsidiaries in which Samsung Electronics holds a 50% stake or more and has managerial control.

## Risks and Opportunities

### ● Risk Identification Process

Based on the process and manual to address risks of each business unit, the CEO is provided with immediate briefings on risks arising throughout our global operations. Organizational units that oversee climate change and GHG management regularly analyze risks and opportunities related to global warming and draw up plans accordingly. These plans are communicated to the entire company through regular meetings.

### ● Process for Analyzing Risks and Opportunities



### ● Risk Management

The climate change risks affecting Samsung Electronics and our actions to address these risks are shown in the table below.

	Risk	Our responses
Regulatory risk	• Limit on GHG emissions	• Reduce emissions relative to sales by 50% by 2013
	• Meeting energy reduction targets	• Participate in pilot program to meet Korea's energy reduction targets
	• Mandatory reporting of GHG emissions	• Conduct research into eco-friendly alternative coolant
Physical risk	• Increasing energy efficiency of products	• Enhance power consumption and standby power of products
	• Workplace damage caused by typhoon and flooding	• Conduct regular prevention/simulation training
Other risk	• Disruption in the supply chain (eg, raw material sourcing, logistics/sale)	• Manage supply chain risk
	• More rigorous assessments by NGOs, investors and client firms	• Maintain process to respond to stakeholders

## ● Capitalizing on Opportunities

The table below shows how Samsung Electronics is capitalizing on opportunities arising from climate change.

	Opportunity	Our activities
Regulatory opportunity	<ul style="list-style-type: none"> <li>Stricter requirement on using renewable energy</li> <li>Stricter standards on energy efficiency of products</li> <li>Implementation of GHG emissions trading</li> </ul>	<ul style="list-style-type: none"> <li>Conduct R&amp;D on solar cell and fuel cell</li> <li>Launch energy-efficient products</li> <li>Pursue CDM for LCD/semiconductor plants</li> </ul>
Physical opportunity	<ul style="list-style-type: none"> <li>Unusual weather (eg, heat wave, cold spell)</li> <li>Worsening air and water pollution</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the system air conditioner business</li> <li>Market air purifiers and develop water treatment technology</li> </ul>
Other opportunity	<ul style="list-style-type: none"> <li>Growing consumer demand for low carbon products</li> <li>Rising brand value of low carbon companies and products</li> <li>Cost reduction from energy-efficient facilities</li> </ul>	<ul style="list-style-type: none"> <li>Monitor eco-friendly product launch rate</li> <li>Respond strategically to eco-friendly product exhibitions and evaluations</li> <li>Monitor company-wide energy expense rate target</li> </ul>

## I Greenhouse Gas Inventory I

### Standards

The standards used to manage greenhouse gas (GHG) emissions at Samsung Electronics are based on widely accepted international guidelines.

\*Benchmark: ISO 14064-1, IPCC Guidelines, WBCSD/WRI GHG Protocol

In selecting the business premises for GHG management, we adopted a "control approach" to determine the control boundaries. In 2009, the scope included domestic worksites and 30 overseas production subsidiaries. We plan to expand the scope to non-production subsidiaries in 2010. The operational scope included direct emissions (Scope 1) and emissions related to purchased electricity and steam (Scope 2) from the control targets included in the control boundaries. It also included indirect emissions (Scope 3) associated with product usage, logistics and employees' work-related travels.

### ● Boundaries and Scope of GHG Control

	Samsung Electronics	Coverage
Boundary	<ul style="list-style-type: none"> <li>Control approach (global plants and subsidiaries in which Samsung Electronics holds at least a 50% stake)</li> </ul>	<ul style="list-style-type: none"> <li>8 domestic production plants</li> <li>30 overseas production subsidiaries (non-production subsidiaries from 2010)</li> </ul>
Scope	<ul style="list-style-type: none"> <li>Scope 1: Direct emission</li> <li>Scope 2: Indirect emission</li> <li>Scope 3: Other indirect emission</li> </ul>	<ul style="list-style-type: none"> <li>Stationary combustion, process, mobile combustion, and fugitive emission</li> <li>Purchased electricity and steam</li> <li>Product usage, logistics, employees' work-related travels</li> </ul>
GHG	<ul style="list-style-type: none"> <li>6 GHG covered by the UNFCCC</li> <li>Other gases subject to voluntary control</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub></li> <li>NF<sub>3</sub></li> </ul>

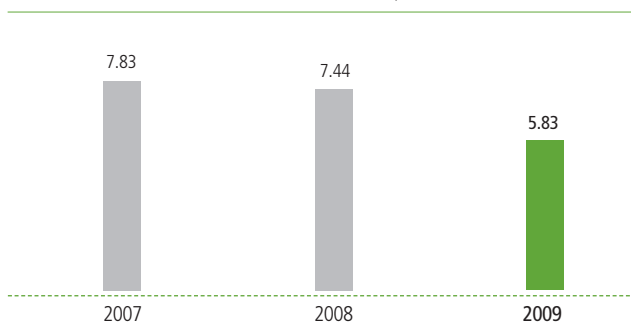
\*UNFCCC: The United Nations Framework Convention on Climate Change

## Greenhouse Gas Emissions

In 2009, the sum of Scope 1 and Scope 2 emissions reached 9,115 thousand tons of CO<sub>2</sub> on global basis and 8,069 thousand tons of CO<sub>2</sub> based on operations in Korea. However, through active efforts to minimize GHG emissions relative to sales totaled 5.83 tons of CO<sub>2</sub>/KRW100 million. This represents a 22% decrease from the prior year.

### ● GHG Emissions Relative to Sales (Domestic)

(Unit: tons of CO<sub>2</sub>/KRW100 million)



\*Calculation method: Total CO<sub>2</sub> emissions<sup>(1)</sup> ÷ (Parent basis sales / price index<sup>(2)</sup>)

(1) Total GHG emissions from production plants in Korea (CO<sub>2</sub> equivalent)

(2) Producer Price Index of applicable year announced by the Bank of Korea (year 2005 = 1)

(Applied three indexes of semiconductor · LCD · electronic components · computer · AV and telecommunications devices)

### ● GHG Emissions

(Unit: 1,000 tons of CO<sub>2</sub>)

	Category	2007*	2008	2009
Domestic	Scope 1	3,325	3,722	3,577
	Scope 2	3,857	4,370	4,491
	Total	7,182	8,092	8,069
Overseas	Scope 1	479	320	200
	Scope 2	747	907	846
	Total	1,226	1,227	1,046
Global	Scope 1	3,804	4,042	3,778
	Scope 2	4,604	5,277	5,337
	Total	8,408	9,319	9,115

※ Figures for 2007 were recalculated to reflect the organizational realignment in 2009 (SMD separated from the LCD Division) and differ from corresponding figures in previous issues of our Sustainability Report.

※ Figures of overseas worksites in 2009 are being verified by the third party.

To ensure credibility, we received third party verification for 2007 and 2008 GHG emissions from our Korean operations from the Korea Energy Management Corp. (KEMCO). Currently, verification on 2009 GHG emissions from our domestic and overseas sites are being conducted by third party (Samil PricewaterhouseCoopers). The results are scheduled to be disclosed on relevant report in June 2010.

For indirect emissions associated with the use of products by end-consumers, we set reduction targets relative to the 2008 level. For other Scope 3 emissions, our calculations are intended to monitor trends related to Samsung Electronics.

### • Scope 3 Emissions

(Unit: 1,000 tons of CO<sub>2</sub>)

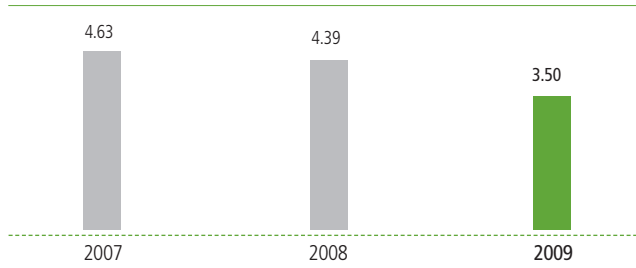
	Product use	Logistics	Employees' work-related travels
Emission	34,924	5,602	61
Scope of control	8 products sold globally	Global air/sea transport Land transport in Korea	Employees in Korea

### Energy Consumption

Energy consumption amounted to 11,998GWh on global basis and 10,577GWh based on operations in Korea, increasing by 3% respectively. However, we managed to contain energy use relative to sales. Based on our domestic premises, we recorded a figure of 3.50 TOE/KRW100 million, which was a reduction of 20% on a year-on-year comparison.

### • Energy Consumption Relative to Sales (Domestic)

(Unit: tons of CO<sub>2</sub>/KRW100 million)



### • Electricity and LNG Consumption

Category		2007	2008	2009
Domestic	Electricity (GWh)	9,537	10,260	10,577
	LNG (mil. Nm <sup>3</sup> )	153	140	141
Overseas	Electricity (GWh)	1,216	1,360	1,421
	LNG (mil. Nm <sup>3</sup> )	13	21	23
Company wide	Electricity (GWh)	10,753	11,620	11,998
	LNG (mil. Nm <sup>3</sup> )	166	161	164

## I GHG Reduction Activities I

### Performance Relative to Reduction Targets

In 2009, we exceeded our GHG reduction targets set under Eco-Management 2013 (EM2013). From our operations, emissions relative to sales declined by 22% compared with 2008. This achievement meant that we exceeded our target by 15%.

### • GHG Reduction from Plants

(Unit: tons of CO<sub>2</sub>/KRW100 million)

	2009		2010
	Target	Actual	Target
GHG emissions (basic unit)	6.85	5.83	5.65

### GHG Reduction Facilities

The semiconductor and LCD plants have the greatest influence on GHG emissions. Accordingly, we have installed equipment to remove PFCs and SF<sub>6</sub> during the semiconductor and LCD manufacturing processes. With regard to semiconductors, we signed a voluntary agreement to reduce PFCs with the World Semiconductor Council (WSC) in 1999. Under the agreement, we will lower the use of PFCs in the semiconductor process by 10% compared with the 1997 level by 2010. We have installed PFC treatment equipment and remote plasma generator (RPG) in new production lines and also proceeded with a trial run of an integrated treatment facility. As a result, we reduced GHG by 195,000 tons.



GHG reduction facilities

### Optimizing Production Facilities

#### • GHG Reduction through Process Improvement

At Onyang Plant, electricity consumption accounts for 92% of GHG emissions. To use less energy, the plant improved the manufacturing process for board on chip (BOC) by eliminating unnecessary steps. That led to a GHG reduction of 355 tons, equivalent to 45% of annual emissions from the BOC process. The success of this technology means that it will be expanded in 2010 to realize low carbon, eco-friendly production also at Onyang Plant. Other plants also implemented measures to optimize production facilities, resulting in an annual decrease of 6,440 tons of GHG.

#### • Waste Heat Recovery

Samsung Electronics recovers waste heat generated during production and uses it for heating purposes (air and water). In 2009, waste heat recovery slashed GHG emissions by 6,800 tons.

## ● Temperature and Humidity Control Devices

Tangjeong Plant installed air spray humidifiers to curb energy use and CO<sub>2</sub> emissions related to humidification (for regulating temperature and humidity of the clean room) and to ease the cooling load. This led to cutbacks in LNG use and electricity for cooling. Other reduction initiatives include the supply of low pressure compressed air and use of waste heat from cooling water. In all, GHG reduction amounted to 59,000 tons. These efforts were recognized by the Korean government with the presentation of an industrial service medal.

Samsung Electronics will continue to eliminate unnecessary steps in the production process and promote best practices throughout our global worksites to minimize GHG emissions.

## Clean Development Mechanism (CDM)

The LCD Division is pursuing a CDM project under which carbon credits will be obtained by reducing SF<sub>6</sub> generated during production. Work began in 2008 to develop and verify new treatment technology to decompose SF<sub>6</sub>. A feasibility study was conducted by a designated operational entity under the CDM for our SF<sub>6</sub> reduction project at the 7-2 line from July 2009. In February 2010, the initiative was the first in the LCD industry to receive UN approval as a CDM project. Using knowhow gained from the experience, we plan to have feasibility studies carried out for CDM projects of other production lines. The LCD Division will use obtained carbon credits and the SF<sub>6</sub> treatment technique to comply with international GHG regulations.

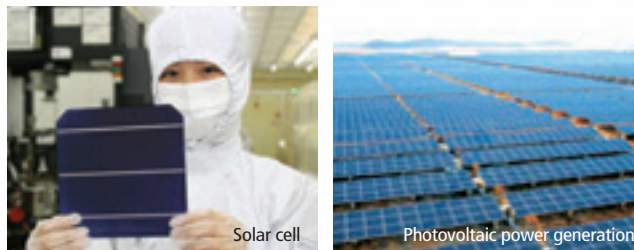
## Participation in Pilot Emissions Trading Scheme

Gumi Plant took part in the pilot GHG emissions trading scheme implemented by the Ministry of Environment and the Environmental Management Corp. Under the scheme, emission limits are set for each workplace or building and the right to emit GHG can be traded. A total of 641 organizations and companies including 14 local governing bodies are participating in the scheme. Carbon credits are set to be traded on the Korea Exchange (KRX) from as early as the second half of 2010.

## Renewable Energy Development

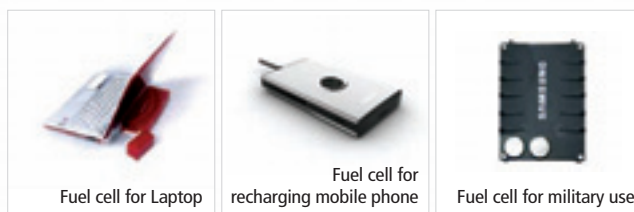
Samsung Electronics is carrying out R&D on renewable energy, such as solar cell and fuel cell, to address climate change and contribute to green growth. We developed a solar cell with industry leading efficiency and are making preparations for mass production. We are also a participant in the project to build a smart grid test-bed complex led by the Korean government. We are currently conducting research into related products and telecommunications network technology.

Additionally, we commercialized a small capacity fuel cell and cooling/heating system that uses geothermal heat. Research is underway on a large capacity fuel cell and high efficiency battery.



Solar cell

Photovoltaic power generation



Fuel cell for Laptop

Fuel cell for recharging mobile phone

Fuel cell for military use

## Reduction Activities for Logistics and Employees' Travels

We assess GHG emissions connected to transporting our products and work-related travel by employees. We are analyzing emission sources and trends, and will devise a concrete reduction plan.

We are working to raise logistics efficiency by optimizing travel routes, enhancing the load factor, and practicing reverse logistics. Moreover, we operate low pollution vehicles and electric forklifts. Based on an MOU signed with the Korea Railroad Corp., we are studying ways to promote goods transport by rail.



Samsung commuter buses

All Samsung Electronics premises in Korea operate commuter buses to reduce fuel consumption from the use of private cars. Bicycle storage facilities have been set up to encourage the use of bicycles.



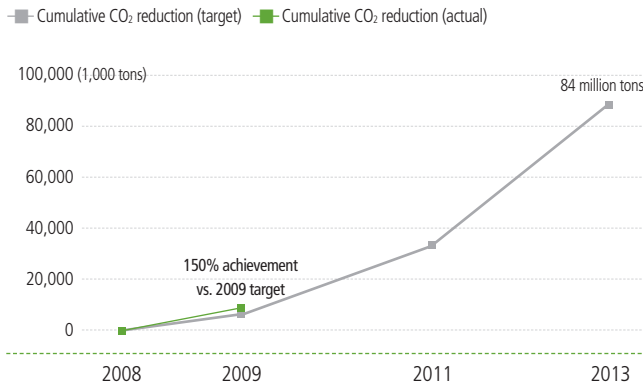


## I GHG Emissions during Product Use I

### Reduction Targets and Performance

Samsung Electronics is developing products with high energy efficiency and reduced standby power consumption to share eco-benefits with consumers. We plan to improve the energy efficiency of our core products by more than 40% from the 2008 levels by 2013. That, in turn, should curb CO<sub>2</sub> from product usage by 84 million tons (aggregate reduction during 2009~2013). In 2009, CO<sub>2</sub> emissions fell by 4,996,000 tons compared with a year earlier, meaning that we exceeded our target by 50%.

#### • CO<sub>2</sub> Reduction Target and Performance for Product Use (relative to projections)

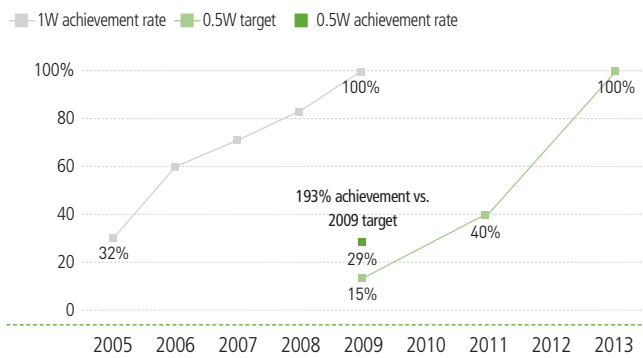


※ CO<sub>2</sub> reduction during product use: CO<sub>2</sub> equivalent of savings in power consumption due to increased energy efficiency of products

### Standby Power

Our work to minimize consumption of standby power (power used while products are not in use) began in 2005. In 2009, major products newly developed during the year had a standby power level of 1W or below. Our goal is to lower standby power to 0.5W or below for all products by 2013. To meet the target, we are using circuit components with high efficiency and optimizing circuit design.

#### • Annual Standby Power Savings



※ Standby power: Power consumed while a product is not in use.

## Product Energy Efficiency

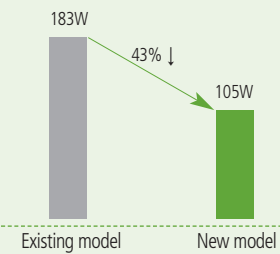
Efforts to raise energy efficiency and lower standby power consumption are being realized in various product groups. In particular, we have made notable achievements with LED TV and 40-nano DDR3.

#### • LED TV

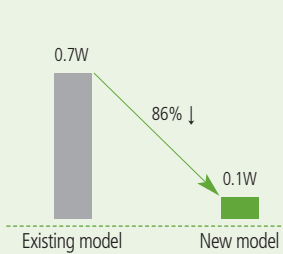
The LED TV UN46B7000WF boasts impressive reductions in power consumption and standby power. In comparison with LCD TV, the product consumes 43% less power while in use and requires 86% less standby power. That translates to a decrease in annual carbon emissions by 38.1 kg, which has the same effect as planting 14 pine trees.



#### • Savings in Power Consumption



#### • Savings in Standby Power



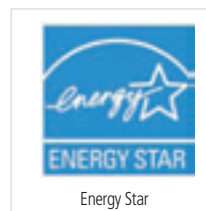
#### • 40-Nano DDR3 Module

The 40-Nano DDR3 (based on 48GB memory) reduces power consumption by 73% compared with DDR2. When applied to a server, total power consumption can be enhanced by up to 38%, implying annual savings of 2,564kWh per server. That translates to a 1,087kg reduction in carbon emissions which has the same effect as planting 391 pine trees.



\*Related site: [www.samsung.com/ddr3](http://www.samsung.com/ddr3)

The high energy efficiency of Samsung Electronics products has garnered worldwide recognition. Our products have obtained Korean and international environmental marks and received the Energy Winner award given by Consumers Korea.



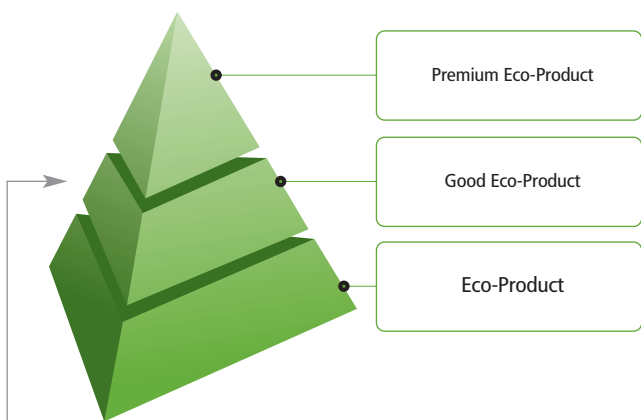
The process of developing eco-products at Samsung Electronics takes into account the whole life cycle of a product, from managing the supply chain of raw materials and parts to product disposal and recycling.

## I Eco-Product Development and Objective I

### Eco Design and Eco Rating System

Environmental friendliness has been a key factor in product development since Samsung Electronics adopted the life cycle assessment (LCA) approach in 1995. Environmental assessment has been a mandatory part of the development procedure since we established the "Eco Design Management Process" in 2004. In 2008, we set up the "Eco Design System (EDS)" and implemented the Eco Rating System. Under the Eco Rating System, grades are determined based on 20 basic items that need to be observed to ensure eco-friendliness and about 20 distinct items that emphasize a product's eco-friendly nature in the marketplace. Our goal is to develop green products that satisfy consumers' expectations and achieve a good eco-product rate of 100% by 2013.

#### • Eco Design Assessment and Eco Grading Scheme



		2009		2010
		Target	Actual	Target
Eco product rate (%)	Good Eco	60	69	70
	Premium Eco	5	5.3	8

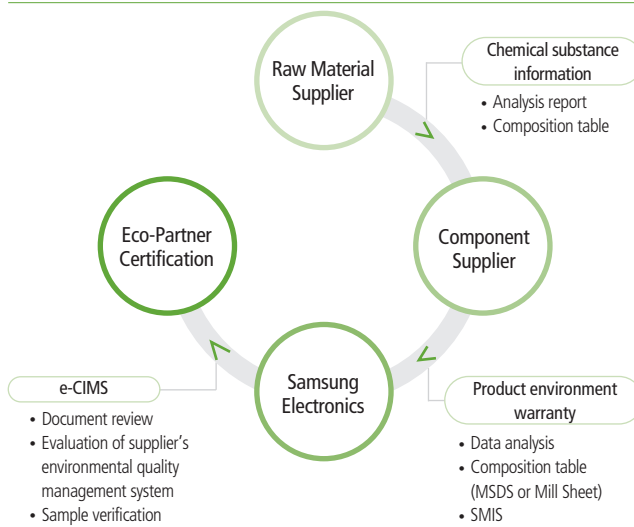
## I Enhancing Eco-Product Development Capacity I

### Eco-Partner Certification System

The Eco-Partner Certification Scheme was adopted in 2004 to reduce the use of harmful parts and raw materials, as well as to help suppliers set up environmental quality systems. Certification is only given to companies that meet the required standards after analysis of the hazards associated with substances that comprise parts and raw materials. We also check whether companies have a system to manage the substances during production. In addition, regular inspections are conducted on components and raw materials to prevent the use of hazardous substances in our products.

The business sector is facing increasingly stringent environmental regulations. These include regulations such as a ban on the use of certain hazardous substances and mandatory reporting of chemical substances contained in products. In response, we upgraded our e-HMS (Environmental Hazardous Substances Management System) to launch e-CIMS (Environment Chemicals Integrated Management System) in September 2009. Through e-CIMS, we manage information on parts and regulated chemicals to inspect the materials that go into finished products and their chemical contents. To facilitate the flow of information throughout our supply chain, we launched the JAVA-based SMIS (Samsung Material Information Sheet) in July 2009, which is a tool that helps suppliers review information on chemical substances.

#### • Eco-Partner Certification Process



\* SMIS: Samsung Material Information Sheet

\* e-CIMS: Environment Chemicals Integrated Management System

## Hazardous Substance Analysis

To strengthen our capacity to analyze harmful substances, we have been operating an environment analysis laboratory equipped with advanced equipment since 2005 to examine volatile organic compounds (VOC) and hazardous substances subject to regulations. The lab has received international accreditation as a testing facility from UL (Sep. 2005), KOLAS (Feb. 2006), and BAM of Germany (Mar. 2007). In 2006, we introduced the Eco Lab certification scheme and certified 28 Korean analysis labs used by our business partners to ensure credibility of data from the labs and to lower related costs. Annual follow-up evaluations are conducted under the scheme to assist our partners in analyzing hazardous substances.

## Eco Labeling

Eco-labels are attached to products to inform consumers of environmental information concerning our goods which can be used in making their purchasing decisions. Environmental marks recognized in various countries are attached to products and packaging. Our eco-products bear Samsung's green management logo, PlanetFirst, to make them easily identifiable to consumers.

※ Samsung Electronics' green management logo



Samsung Electronics' green management logo, PlanetFirst, is provided along with environmental information on products.

## External Environmental Certification Marks

Since 2007, Samsung Electronics has been pursuing environmental certification recognized by major governments worldwide including the U.S., Europe and China. As of December 2009, we have obtained eight international certifications. They are from Korea, China, U.S. (EPEAT), Germany (Blue Angel), Sweden (TCO), EU (Eco Flower), Scandinavia (Nordic Swan), and Canada (Environmental Choice). A total of 1,729 models in seven product groups (printer, PC, monitor, TV, DVD player, refrigerator and washing machine) have received environmental certification. That means Samsung Electronics has the highest number of external certifications among electronics companies worldwide.

### • International Environmental Marks



## Samsung Electronics Eco-Products

Based on the Eco Design Assessment Process and Eco Grading Scheme, we have introduced a wide variety of green products. The eco-friendliness of our products is acknowledged by various environmental marks and awards.

### ● Blue Earth - Solar-Powered Mobile Phone

Blue Earth is solar-powered mobile phone. It can be charged whenever and wherever there is sunlight thanks to the solar panel located on the back of the phone.



In line with its eco-friendly concept, Blue Earth is made from post-consumer material (PCM) extracted from plastic water bottles, which helps to reduce fuel consumption and carbon emissions during the manufacturing process.

In addition, Blue Earth does not contain potentially harmful substances such as brominated flame retardants (BFRs), beryllium and phthalate. The light and compact packaging is made from easy-to-recycle paper and printed in soy ink. The user interface is also designed to raise environmental awareness. With "Eco mode," screen brightness can be set to an energy-efficient mode with just one click, while the "Eco Walk" function allows users to count their steps using the built-in pedometer. Users can then see the reduction in CO<sub>2</sub> emissions realized by walking as opposed to using a motor vehicle.

### ● Eco-Friendly LED TV

Samsung Electronics' LED TV is an innovative product that offers resource savings and energy efficiency. Featuring mercury-free LED backlighting, it consumes 40% less



power than LCD TV to curb carbon emissions. Standby power consumption is at just 0.08W. Moreover, no painting is involved in making the exterior frame while the finger slim design slashes the TV set's weight by 34%. In recognition of its eco-friendly features, Samsung Electronics' LED TV received Scandinavia's Nordic Swan mark and the EU Eco Flower certification. As for awards, it received the CES Eco Design Innovation Award in 2009 and was a winner at the 1st LOHAS Awards Korea. The European Imaging & Sound Association (EISA) named the LED TV a winner of the European Green Television award.

# Developing Eco-Products

## • Washing Machine with Power and Water Saving Features

Samsung Electronics' front-loading washing machine was designated as the best washer by the prominent U.S. magazine "Good Housekeeping" for using the least amount of water amongst tested washers and also for being energy efficient. Additionally, it received positive consumer reviews for low noise and vibration, an achievement made possible through the use of "ball balance" technology. Due to this unique technology and power and water savings, the washer received the 2009 CES Eco-Design Innovation Award. Separately, we received rave reviews for our "Bubble" washing machine which

reduces washing time by half (to 59 minutes) compared to conventional front-loading washers. It also delivers enhanced washing and rinsing power along with fabric protection. Due to the shorter washing cycle, electricity and water usage is cut by 22% and 32%, respectively compared with other front-loading washers available on the market.



## • Eco-Products of 2009

Picture	Model	Green Features
	LED TV LN46B7000WF	<ul style="list-style-type: none"> <li>47% energy savings per year</li> <li>14% material reduction (product)</li> <li>Mercury-free, eco-friendly edge LED</li> <li>Use of no-spray, no-paint technique</li> </ul>
	LCD TV LN46B650T1F	<ul style="list-style-type: none"> <li>8% energy savings per year</li> <li>8% material reduction (product)</li> <li>Use of no-spray, no-paint technique</li> </ul>
	PDP TV PN50B850Y1F	<ul style="list-style-type: none"> <li>38% energy savings per year</li> <li>69% reduction in product thickness</li> <li>Lead-free PDP panel</li> </ul>
	Monitor F2380	<ul style="list-style-type: none"> <li>24% energy savings per year</li> <li>Use of recycled material (PCM)</li> <li>19% material reduction (product)</li> </ul>
	Color Laser Printer CLP-320	<ul style="list-style-type: none"> <li>53% energy savings per year</li> <li>67% material reduction (product)</li> <li>No-Noise™, technology (45dB)</li> </ul>
	Notebook PC N140	<ul style="list-style-type: none"> <li>14% energy savings per year</li> <li>Super high capacity battery (10.5H)</li> <li>Mercury-free LED light source</li> </ul>
	Desktop PC DM-Z200	<ul style="list-style-type: none"> <li>17% energy savings per year</li> <li>1W standby power</li> <li>Slim design</li> </ul>
	HDD (External hard drive)	<ul style="list-style-type: none"> <li>Eco Triangle™, technology</li> <li>Halogen-free (interior and exterior)</li> <li>Recyclable aluminum case</li> </ul>
	Mobile phone GT-S7550	<ul style="list-style-type: none"> <li>Solar panel for charging</li> <li>Free of PVC/BFR/beryllium</li> <li>Use of recycled material (PCM)</li> <li>Recycled packaging with soy ink</li> </ul>

Picture	Model	Green Features
	Mobile phone SPH-M560	<ul style="list-style-type: none"> <li>Use of eco-friendly bio-plastic</li> <li>Free of PVC/BFR/phthalate</li> <li>Recycled packaging with soy ink</li> </ul>
	MP3 YP-R1	<ul style="list-style-type: none"> <li>Halogen-free (product, accessories)</li> <li>Recyclable aluminum case</li> <li>No installation CD and guidebook</li> </ul>
	Washing machine WR-HA139UW	<ul style="list-style-type: none"> <li>World's first "bubble" washing technology</li> <li>7% energy savings per year</li> <li>Use of recyclable material</li> </ul>
	Refrigerator SRT746ZWAMZ	<ul style="list-style-type: none"> <li>10% energy savings per year</li> <li>Packaging made of recycled paper</li> <li>Residual pesticide reduction effect (up to 7%)</li> </ul>
	Kimchi refrigerator ZRM316NWAQ	<ul style="list-style-type: none"> <li>5% energy savings per year</li> <li>Power switch in each compartment</li> <li>Eco-friendly refrigerant (R-600A)</li> </ul>
	Air conditioner AFV23HGAB	<ul style="list-style-type: none"> <li>4% energy savings per year</li> <li>12% improvement in resource efficiency</li> <li>Eco-friendly HEPA filter</li> </ul>
	Plasma ionizer HC-J450SW	<ul style="list-style-type: none"> <li>Low power consumption</li> <li>No need replacement of filter</li> <li>Plasma ion effect</li> </ul>
	Memory DDR3 1.35V 4GB	<ul style="list-style-type: none"> <li>73% energy savings (memory)</li> <li>38% energy savings (server)</li> <li>Halogen-free</li> </ul>
	Memory SSD 1.8 inch SSD 2.5 inch	<ul style="list-style-type: none"> <li>50% energy savings (memory)</li> <li>Halogen-free</li> <li>Noise-free/low-heat emission</li> </ul>

# I Global Take Back and Recycling I

## Take Back and Recycling in Korea

Based on the principle of product stewardship, Samsung Electronics set up Korea's first waste electronic product recovery and recycling system in 1995. The system was introduced to minimize environmental impact during the product disposal stage. It contributes to preventing pollution by reducing the numbers of end-of-life electronic products that are illegally incinerated or go into landfills.

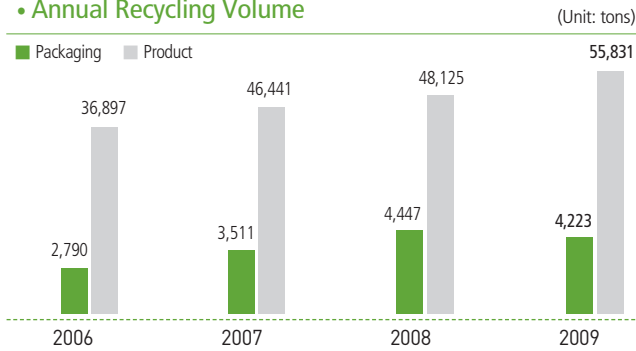
Waste products are retrieved through the Asan Recycling Center, which was opened by Samsung Electronics in 1998. Another route is through a Seoul metropolitan recycling center that was jointly launched by Korean electronics companies in 2003. Our nationwide collection drive is also supported by six recycling centers that have signed recycling agreements with Samsung Electronics.

In 2009, we collected 55,831 tons (up 16% year-on-year) of waste electronic products from customers at no extra charge. Through recycling companies, we recovered scrap metal, nonferrous metals and synthetic resins from the collected goods. The average collection rate (proportion of collected products to new products sold) in 2009 was 14.7%. The resource recycling rate (for use as raw materials) was 88% and the volume of recovered resources totaled 49,390 tons. We believe the recycling activities form a virtuous cycle of environmental preservation and economic advances that promote sustainable development. We will continue to expand efforts to recycle end-of-life electronic products.



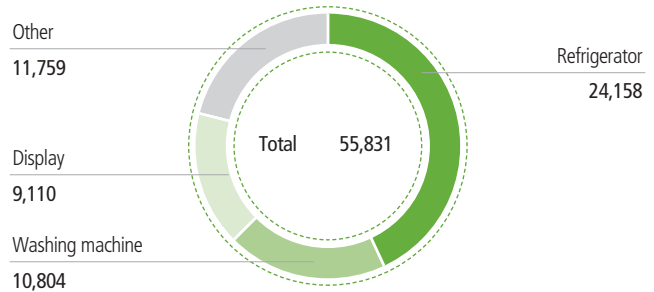
Asan Recycling Center

### Annual Recycling Volume



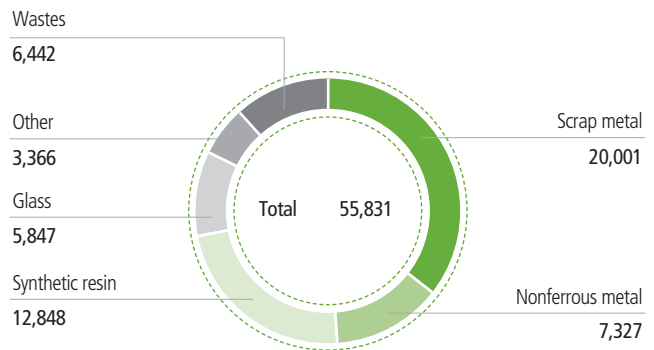
### Waste Product Recycling

(Unit: tons)



### Resource Recovery

(Unit: tons)



## Resource Recycling

As a way of minimizing environmental pollution, Samsung Electronics uses recycled plastics as raw materials. In 2009, we used a total of 1,830 tons in recycled plastics (1,652 tons of PP, 178 tons of ABS).

### Waste Electronic Product Recycling Campaign

Samsung Electronics has been retrieving waste products from remote areas of Korea under recycling agreements signed with local governments since 2002.

In 2009, we concluded agreements with authorities of Taebaek city and Hongcheon county in Gangwon-do.

Additionally, we have jointly launched a nationwide cell phone collection campaign with government agencies and stakeholders. A total of 520,000 cell phones have been recovered through the initiative.



## Global Take Back and Recycling Programs

In compliance with the EU Waste Electrical and Electronic Equipment Directive (WEEE Directive), we attach the recycling mark on all products exported to the EU and provide recycling information to consumers. We also operate a collection/recycling system in 29 nations in Europe.

In North America, we carry out collection/recycling activities in 50 states in the U.S. and seven provinces in Canada. In Japan, we collect and recycle waste products as a member of a recycling consortium. In China, we support the government initiative to draw up recycling regulations by participating in the recycling working group of the Executive Committee of Foreign Investment Companies (ECFIC). We are cooperating with other member companies to operate a recycling system.

In 2009, we retrieved and recycled about 250,000 tons (estimate) of waste products in Korea, Japan, Europe and the U.S.. In the U.S., we collect and recycle products under Samsung Recycling Direct, our recycling program. Our recycling efforts have been recognized in five states including Pennsylvania, Wisconsin and New Hampshire.

## Samsung Recycling Direct (SRD)

Samsung Recycling Direct was launched in October 2008 to retrieve waste home electronics in the U.S. and Canada. Samsung Electronics was recognized for its efforts for voluntary recycling of waste electronic products by the Pennsylvania state government in June 2009. High honors were also presented in 2009 by Senator Miller of Wisconsin and Governor Lynch of New Hampshire.



Wisconsin Voluntary Recycling



New Hampshire Voluntary Recycling

Samsung Electronics received an honorable mention for the TV Recycling Challenge from the U.S. Environmental Protection Agency (EPA) in November. The TV Recycling Challenge was staged ahead of the National Recycling Day in the U.S.



SRD activities

Meanwhile, Samsung Electronics USA is implementing a program in San Francisco, California, under which waste goods are recycled and the resulting proceeds are donated to a local school. The donated funds are used to provide free lunches to students from low-income families.



Samsung Electronics operates an ESH (Environment, Safety, Health) management system to minimize the generation of pollutants during manufacturing and to prevent accidents in the workplace. We maintain rigorous control over pollutant sources and find ways for process improvement to protect the environment and conserve resources. Related efforts include the operation of in-house waste treatment and recycling facilities. Environmental and safety targets are set at the companywide level and for each plant for effective ESH management.

## I Global ESH Management System I

### ESH (Environment, Safety, Health) Management System



Samsung Electronics has established an ESH management system in all of our global production plants that adhere to ISO 14001 and OHSAS 18001 standards. All of our eight plants in Korea and our 30 overseas production subsidiaries have acquired ISO 14001 and OHSAS 18001 certification. SELSK (Samsung Electronics Slovakia LCD s.r.o.) is scheduled to receive certification by July 2010. Regular inspections supervised by the head office in Korea are conducted at all production plants to prevent environmental and safety accidents and fires and to make necessary improvements.

Standards are set for each business site so that all of our global subsidiaries comply with laws and company regulations concerning health and safety. For accident prevention purposes, we introduced a safety observation scheme to conduct analysis and correct problems that are detected. In 2004, the Semiconductor Division launched a group of "firefly inspectors" which conducts monitoring in the five areas of safety, healthy, disaster, gas and environment. Related activities were carried out by 101 firefly inspectors in 2009 and they detected 786 irregularities that were subsequently remedied. Results of firefly activities are presented in monthly meetings led by the head of the Environment Safety Team.

The LCD Division checks the safety of equipment from the ordering and production stages to their installation and operation under its advance safety certification scheme. All equipment must receive third party safety certification to ensure they were made to comply with Samsung Electronics' ESH specifications before being approved for operation. This is intended to eliminate risk factors such as breakdowns to protect the safety of equipment users.

#### • Work-Related Accidents

Category	2007	2008	2009
No. of total accidents (No. of work-related accidents*)	44(20)	50(19)	32(13)
No. of lost working day	2,026	24,526	1,141

※ Among accidents that occurred at the 8 production plants in Korea, 13 were work-related.  
\* No. of work-related accidents out of industrial accidents recognized by the Korea Workers' Compensation & Welfare Service.

#### • Domestic Accident Rate

(Unit: %)

Category	2007	2008	2009
Manufacturing sector accident rate	1.10	1.15	1.04
National accident rate	0.72	0.71	0.70
Samsung Electronics accident rate	0.056	0.063	0.040
Samsung Electronics lost day rate	0.233	0.245	0.152

### Employee Health Program

Samsung Electronics offers diverse programs to promote the health of employees and create a pleasant working environment. At Gumi Plant, employees can take advantage of ergonomic diagnosis, evaluations to assess cerebral and cardiovascular risk factors, and emotional health assessments. Programs are offered to boost work satisfaction and workers' health including an annual survey of all employees, workload analysis and health hazard check. An exercise program to strengthen fine muscles, Oriental relaxation treatment, and massage therapist training courses are also available.



Customized fine muscle exercise program

- Once a year (719 participants)



Oriental relaxation treatment

- Infrared body heat assessment, acupuncture and moxibustion (traditional Chinese medicine therapy)



Massage therapist training program

- 134 persons completed the basic course
- Relieving stress in 5 basic areas

### Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) was drawn up so that we will be well prepared to deal with an emergency situation such as a fire, power cuts or earthquake. It sets forth the roles and responsibilities of each organizational unit to ensure swift response and to minimize damage and restoration period.

Giheung Plant and Hwaseong Plant have documented initial countermeasures and restoration procedures to various crises since 2007. Their response framework comprises risk analysis; plans for emergency response, risk management and restoration; and BCP procedures.



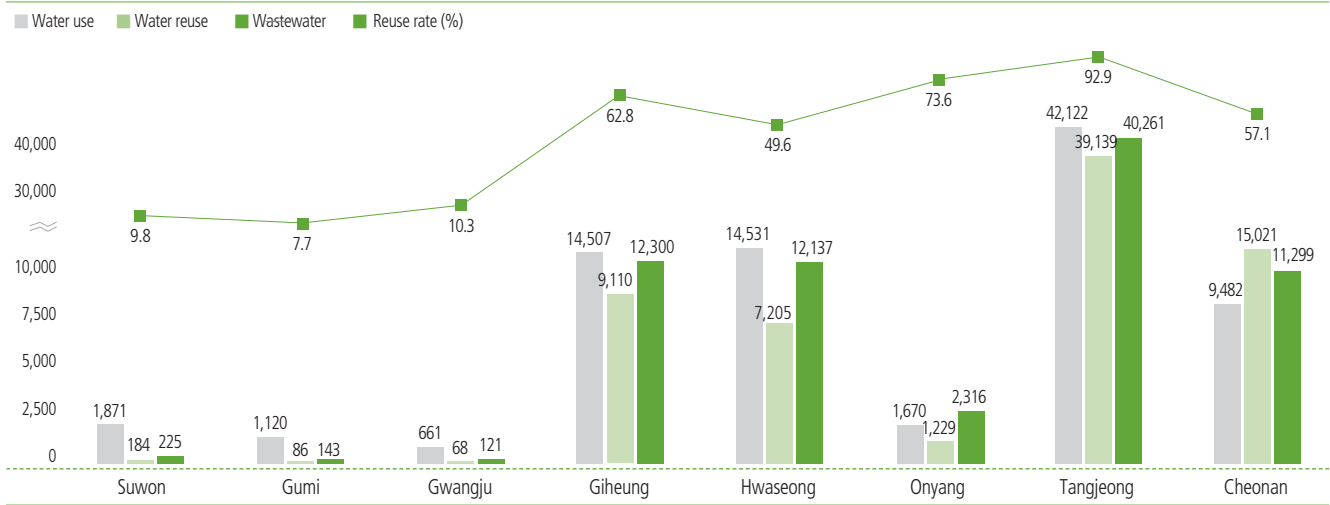
## I Water Management I

Total water use of our eight production sites in Korea amounted to 85,964 thousand m<sup>3</sup> in 2009, increasing by 9% from the previous year due to facility expansion for LCD. Most of the domestic plants use industrial water and some concurrently rely on waterworks depending

on the plant's individual circumstances. Water reuse reached 72,042 thousand m<sup>3</sup>, rising by 17.8% from a year earlier. The volume of wastewater discharged increased by 17.4% to 78,802 thousand m<sup>3</sup> due to facility expansion. At Suwon Plant, wastewater is treated and reused, but some of the treated wastewater is discharged to prevent nearby streams from drying up and promote biological diversity.

### • Domestic Water Use and Reuse

(Unit: 1,000 tons)



### • Wastewater Discharge in Public Waters (Korea)

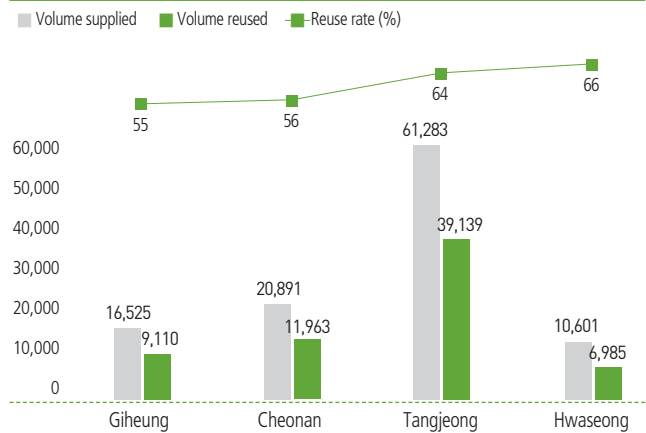
- Suwon Plant**
  - Woncheon stream - Ecosystem recovery project to prevent the stream from drying up
- Gumi Plant**
  - No discharge to public waters
  - Regular clean-up in the vicinity of streams
  - \*Reusing all wastewater by utilizing the Zero Discharge System
- Giheung Plant**
  - Osan stream, Woncheon stream
  - Regular clean-up in the vicinity of streams
- Hwaseong Plant**
  - Woncheon stream - Regular clean-up in the vicinity of the stream
- Onyang Plant**
  - Gokgyo stream - Quarterly water quality evaluation in the vicinity of the plant
  - Clean-up around Gokgyo stream 2~3 times a year
- Tangjeong Plant**
  - Gokgyo stream - Regular stream clean-up
- Cheonan Plant**
  - Poongseo stream - Regular stream clean-up

### Ultra Pure Water Reuse

Samsung Electronics is continuing efforts to raise the ultra pure water reuse rate. The Semiconductor Division and LCD Division purify industrial water obtained from outside sources into ultra pure water for use in production. A part of the ultrapure water that is disposed of after the production process is recovered and reused, resulting in savings in industrial water consumption.

### • Ultra Pure Water Reuse

(Unit: 1,000 tons)



#### ※ Ultra Pure water

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



## I Pollutant and Hazardous Substance Control I

### Air and Water Pollutants

In accordance with internal standards, the pollutant emissions of eight Samsung Electronics production plants in Korea are kept within 50% of the permissible levels under Korean law. Discharged pollutants are subject to regular analysis to identify problems and take necessary corrective action.

#### • Domestic Air Pollutant Discharge

(Unit: tons)

Category	2007	2008	2009
SOx	7	13	0.024 <sup>1)</sup>
NOx	27	104	192 <sup>2)</sup>
Dust	16	22	38
NH <sub>3</sub>	14	11	8
HF	11	11	10

1) Substances that are below the detection limit are excluded.

2) Emissions increased due to the addition of newly regulated items (semiconductor) and a boost in LCD production volume.

#### • Domestic Water Pollutant Discharge

(Unit: tons)

Category	2007	2008	2009
COD	980	1,048	806
SS	715	781	476
F	203	227	201
Heavy metals	0.6	0.5	3

### Best Practice in Air Quality Control

Gumi Plant installs low-temperature catalyst reactor to reduce VOC emission



For effective removal of organic solvents used in the manufacturing process, Gumi Plant operates a low-temperature (150°C ~180°C) catalyst reactor. This method offers greater removal efficiency than the previous treatment method.

### Hazardous Substances

In 2009, there was no incidence of hazardous substance leaks at the eight domestic production plants and the use of toxic substances decreased by 9.8% year-on-year to 229,000 tons.

#### • Domestic Toxic Substance Use

(Unit: tons)

	Suwon	Gumi	Gwangju	Giheung	Hwaseong	Onyang	Tangjeong	Cheonan	Total
2007	351	19	59	86,045	85,251	1,796	12,913	-	186,434
2008	351	31	77	88,568	120,586	1,861	20,214	22,012	253,700
2009	360	37	35	82,971	97,864	1,079	28,178	18,435	228,959

### Best Practice in Chemical Substance Control

Giheung Plant signs voluntary agreement to reduce chemical discharge



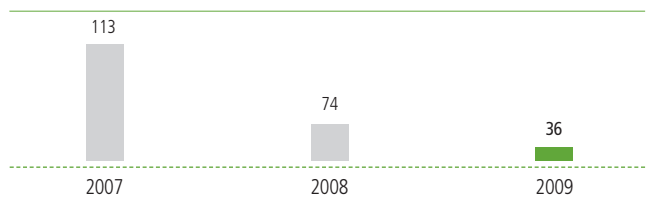
On June 25, 2009, Giheung Plant signed a voluntary agreement with the Han River Basic Environmental Office to reduce the discharge of chemical substances by 30% within three years and by 50% within five years compared to 2007 levels (30/50 Program). To cut the emission of isopropanol (IPA), which accounts for the largest portion of discharged air pollutants, Giheung Plant optimized the IPA treatment system and improved the manufacturing process. Compared to 2007 levels, it plans to lower IPA emission by 30% by 2011 and by 50% by 2013.

### Ozone Depleting Substances

Ozone depleting substances (ODS) used by Samsung Electronics are coolants for cooling systems and substances used in some of our fire extinguishers. To curb the use of ODS, we are in the process of replacing chemicals used in fire extinguishers with eco-friendly alternatives. The use of ODS has been on a downward trend since 2007. In 2009, the figure amounted to 36 tons, falling by 51% relative to the previous year.

#### • Domestic Use of Ozone Depleting Substances

(Unit: tons)



### Waste Management

All of our business premises in Korea carry out activities to curb the generation of waste materials and recycle resources. Our goal is to establish a resource recycling system and shape Samsung Electronics into a company with "Zero Emission\* of Wastes" by 2013.

\* Zero Emission: Achieve a recycling rate of over 99%

#### • Domestic Waste Generation and Recycling

(Unit: tons)

Category	2007	2008	2009
Waste generation	457,125	460,952	433,160
Waste recycled	362,274	367,749	382,096
Recycling rate (%)	79.3	79.8	88.2

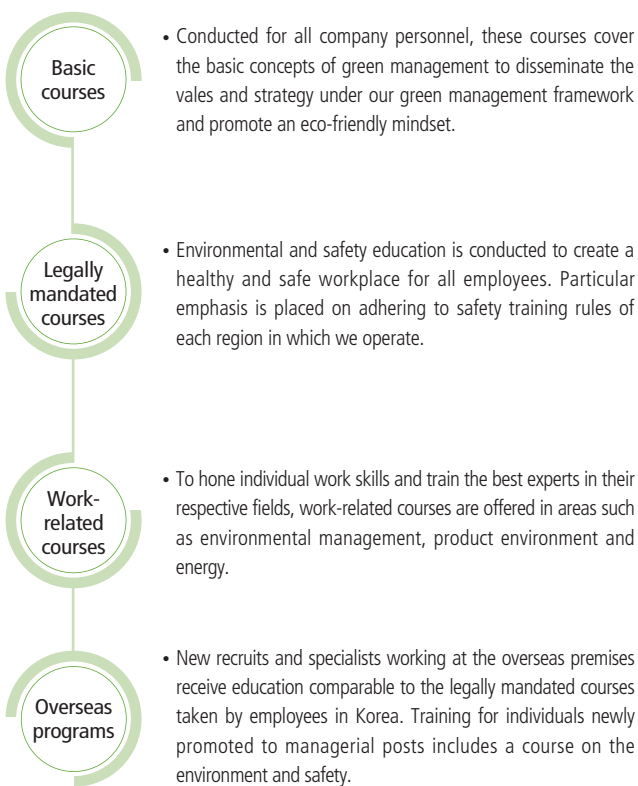
\* Waste recycling rate (%) = [(Reuse, Recycled, Heat Recovery) / Total Waste Generated] X 100

\* In 2009, 88.2% of generated waste was recycled, 8.5% was entrusted to outside companies for incineration or landfills and 3.3% was incinerated in-house.

Samsung Electronics is raising employees' green mindset through education to promote green management. We are also pursuing communication with local communities, customers and other stakeholders to help preserve our planet.

## I Environmental Education for Employees I

A wide range of environmental education programs are provided to employees to raise awareness of green management. They include basic courses, legally mandated courses, work-related courses, and overseas education.



## I External Awards and Recognitions for Environmental Management I

Samsung Electronics offers high-quality, eco-products and pursues diverse activities to promote recycling. In recognition, we have received numerous environmental awards in Korea and around the world. In 2009, we received a total of 14 awards (five in Korea, seven in the Americas, two in Europe).

### Korea

We received five awards in Korea in 2009 for development of energy efficient products and green management. The five distinctions were the LOHAS Award, Korea Green Award, Energy Winner, Green Product Winner, and Korea CDP Award of Excellence.

Award	Given by	Date	Details
Green Product Winner	KMA (Korea Management Association)	Oct. 2009	Washing machine, refrigerator, kimchee refrigerator
Korea CDP Award of Excellence	CDP Korea Committee	Oct. 2009	Recognized for excellence in carbon disclosure
Energy Winner	Consumers Korea	Jul. 2009	Totally 9 products including LED TV, refrigerator and air conditioner
Korea Green Award	Hankook Ilbo	Jun. 2009	Awarded in "Green Management" category
LOHAS Award	Korea LOHAS Association	May 2009	LED TV (Grand Prize), Washing machine (Award of Excellence)

### 2009 Energy Winner Award given by Consumers Korea

Samsung Electronics' eco-products received the Energy Winner award given by Consumers Korea for their energy-saving features and green technology. Consumers Korea introduced the Energy



Winner award in 1997 to promote products with high energy efficiency and to urge companies to consider energy efficiency when manufacturing their goods. Samsung Electronics is striving to meet diverse consumer needs with the continued launch of products with low-power consumption and low standby power.

### 2009 Consumers Korea's Energy Winners

Award category	Product	Model
Special Award	Technology	LED TV
	Efficiency	UN46B7000WF
Energy Winner Award	Zipel refrigerator	SRT746Z
	Home air conditioner	AF-V23H
	Notebook computer	NT-NC10
	Monitor	XL2370
	Multifunctional printer	SCX-6555N
Standby power	Desktop computer	DM-Z150
	Color laser printer	CLP-770NDK
	Blu-ray player	BD-P1600

## North America

Samsung Electronics continues to launch energy efficient products and carry out voluntary initiatives to collect and recycle waste electronic products in the North American markets. We also contribute to raising consumers' environmental awareness through green marketing practices and education on energy conservation. For our proactive approach, we received the ENERGY STAR Award for Excellence for two consecutive years.

Award	Given by	Date awarded	Details
ENERGY STAR Award	U.S. Environmental Protection Agency (EPA) & DOE	Mar. 2010	Excellence in ENERGY STAR Promotion Award,
Mexico Green Comm Award	Expo Comm Mexico	Feb. 2010	Award for eco-friendly product development
Dallas Recycling Award	Dallas	Feb. 2010	Award for voluntary recycling
New Hampshire Voluntary Recycling Award	New Hampshire	Nov. 2009	Award for voluntary recycling
California WRAP Award	California	Nov. 2009	Award for voluntary recycling
CES Eco-Design Innovation Award	U.S. Consumer Electronics Association (CEA)	Oct. 2009	Bio-plastic mobile phone, OLED digital photo frame, induction oven range
Wisconsin Voluntary Recycling Award	Wisconsin	Sep. 2009	Award for voluntary Recycling
Texas Green Award	Texas	Sep. 2009	Award for voluntary recycling
Pennsylvania E-Waste Recycling Award	Pennsylvania	Jun. 2009	Award for voluntary recycling
ENERGY STAR Award	U.S. EPA	Mar. 2009	ENERGY STAR Award for Excellence in Product Labeling

## Europe

Samsung Electronics ranked 1st among Asian companies and 10th among global companies in the Carbon Disclosure Leadership Index (CDLI) in 2009. The CDLI is announced by the Carbon Disclosure Project (CDP) based on a survey of global companies' activities and policies to address climate change. Samsung Electronics was the only Asian company included in the index. We were recognized for our response to climate change based on meticulous analysis of the associated risks and opportunities, third party verification of emission levels, and greenhouse gas management which covers related costs and benefits as well as indirect GHG emissions.

### ※ Carbon Disclosure Project (CDP)

Headquartered in London, the CDP is a non-profit group that assesses the climate change strategies and actions of global corporations on behalf of over 500 institutional investors. Every September, the CDP publishes the annual Global 500 Report which evaluates the constituent companies within the FTSE (Financial Times Stock Exchange) Global 500 Index on their climate change disclosure practices. Companies with the highest disclosure ratings appear in the CDLI.

Samsung Electronics has also been acknowledged by prominent groups in Europe such as the European Imaging and Sound Association (EISA) for its eco-products.



Award	Given by	Date awarded	Details
EISA Green TV Award	European Imaging and Sound Association (EISA)	Aug. 2009	LED TV
iF Material Award (Germany)	International Forum Design Honnover	Apr. 2009	LED TV

## I Green PR and Marketing I

We make multifaceted efforts to introduce diverse eco-products to consumers and to communicate Samsung's green vision and green management philosophy. Our communication activities include participation in international exhibitions and major events. One of our prominent programs is the Olympic Rendezvous @ Samsung (OR@S), a showcase pavilion set up during the Olympic Games.

### Exhibitions

A key way in which we communicate with consumers is by participating in international exhibitions. These events serve as a good opportunity to present our green management activities and innovative, eco-products.

#### • Participation in Exhibitions

- U.S. CES 2010 (Jan. 2010)
- Korea Electronics Show (Oct. 2009)
- Low Carbon Green Growth Expo (Oct. 2009)
- IFA 2009 in Germany (Sep. 2009)
- World IT Show (May 2009)
- Korea Public Procurement Expo (Apr. 2009)



## Sponsor of Environmental Documentary

During the 2010 Vancouver Winter Olympics, Samsung Electronics partnered with National Geographic to air the documentary program "Big Melt" which shows the impact of glacial melting on climate change and biological diversity. The program was aired for eight weeks starting in December 2009 in the U.S., Canada, Europe and 15 Asian countries. Samsung Electronics also sponsored a photo exhibition on climate change by James Balog, renowned photographer and Samsung's Eco-Ambassador, during the Olympic Games.

## Eco Classes for Children at Vancouver Winter Olympics

At the Olympic Rendezvous @ Samsung (OR@S) in Vancouver, Samsung Electronics held environmental classes for children to instill in them the importance of the environment. Photographer James Balog was invited to lead discussions with students from primary schools in Vancouver on ways to protect our planet. There was also a tree-planting event.



James Balog (Environmental Classes for Children)



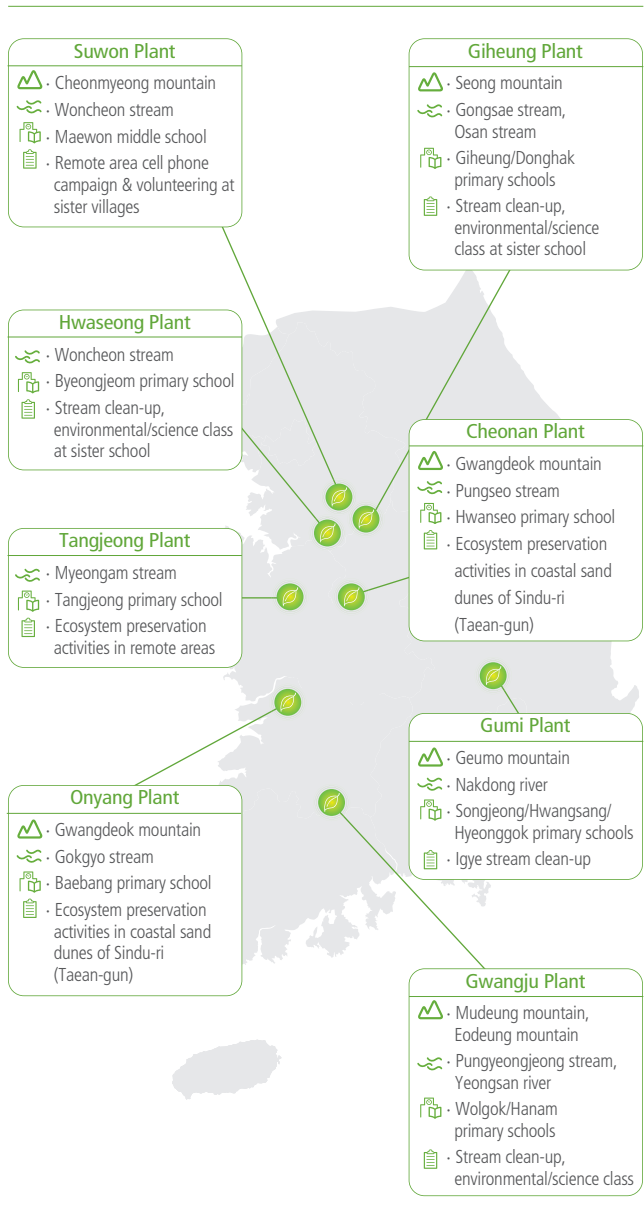
Tree-planting

## I Green Campaigns and Partnerships I

Samsung Electronics is expanding the scope of green communication through diverse environmental programs and partnerships with NGOs and related agencies.

## Greening Programs with Local Communities

Our greening programs are designed to preserve biodiversity and boost environmental awareness in local communities. A representative endeavor is the "one mountain, one stream campaign" under which we carry out clean-up activities under sisterhood ties with schools in the vicinity of our production plants in Korea. The campaign also includes biodiversity preservation classes for sister schools.



## World Water Day

Every year, Samsung Electronics carries out stream clean-up activities in observance of World Water Day. In 2010, we conducted the "Water for Life" campaign around Osan stream in the city of Hwaseong in Gyeonggi-do. Company employees and local residents took part in the clean-up which took place on March 22 and threw EM ball mixed with enzymes that help to remove foul odor and improve water and soil quality.

Similar activities took place at 12 subsidiaries in Tianjin, China. Tianjin Samsung Electronics donated equipment to clean up and protect the ecosystem of a nearby stream, while each subsidiary set up bird nests in designated areas. To raise environmental awareness of Tianjin residents, our local subsidiaries distributed recycled soap and souvenirs to promote Samsung's green management.



Cleaning river



Throwing EM ball



Green campaign



Stream clean-up in Tianjin

## Energy Star Partnership with the U.S. EPA

Samsung Electronics has been a partner of programs led by the U.S. Environmental Protection Agency (EPA) since 1996 to contribute to energy conservation and recycling.

### ● Change the World, Start with ENERGY STAR Campaign

Samsung Electronics is a participant in joint promotion activities under the "Change the World, Start with ENERGY STAR" campaign. We encourage U.S. consumers to use energy efficient products and raise their green mindset to contribute to reducing greenhouse gas emissions and saving energy.

### ● SmartWay Transport Partnership

Samsung Electronics' America Distribution Center (ADC) has been an official partner of SmartWay Transport, a program to curb greenhouse gases during transportation organized by the EPA, since January 2009. ADC will continue with efforts to improve energy efficiency during goods transport and lower the emission of greenhouse gases and air pollutants.



## CarbonFund Partnership

In step with our commitment to carbon neutrality, we forged a partnership with the U.S. NGO, Carbonfund, in 2009. To offset 743 tons of carbon emissions generated by Samsung Electronics during the 2010 CES, we pledged support for a reforestation project in Tallulah in northeastern Louisiana led by the Carbonfund.





## Support for the greenhouse gas reduction activities of business partners and developing countries will strengthen Samsung Electronics' position as a globally respected and socially responsible company.



Resources Recycling Policy Office, Korea National Cleaner Production Center  
Kang Hong-yoon

It has become a prerequisite for global companies to analyze their impact on society and the environment, set specific goals for improvement and conduct quantitative assessments. Through the regular publication of its Sustainability Report, Samsung Electronics makes transparent disclosure of social and environmental information. Recently, the business sector has been facing greater demands regarding the disclosure of greenhouse gas (GHG) reduction targets

and performance. In addition to its current practice of revealing per unit GHG reduction levels, Samsung Electronics should communicate more concrete targets and reduction achievements including measures to slash total GHG emissions. Moreover, support for the greenhouse gas reduction activities of business partners and developing countries will strengthen Samsung Electronics' position as a globally respected and socially responsible company.





# Social Contribution

At Samsung Electronics, we believe businesses need a healthy society to prosper just like the trees require good soil to grow. Under the belief, our citizenship programs pursue happiness for all through far-reaching corporate actions that extend from volunteering to social welfare, arts and culture, academics and education, environmental protection, and international exchanges.

Samsung Electronics' global citizenship programs reflect the needs of diverse communities around the world through partnerships with local organizations while domestic philanthropic endeavors focus on supporting the youth in realizing their dreams, assisting children of low-income families, and pursuing projects that are aligned with our business strategy.

We will grow into a company that instills hope across the globe by taking action and making a real change in communities where we operate. Our ultimate goal is to become a respected and admired global company.



## Global Harmony with People, Society and Environment

Respected and Admired  
Global Company

Creation Innovation Change

<b>Talent Management</b> <ul style="list-style-type: none"> <li>Employee Value</li> <li>Work-Life Balance</li> </ul>	<b>Integrity Management</b> <ul style="list-style-type: none"> <li>Corporate Ethics</li> <li>Fair Trade Compliance</li> <li>Intellectual Property Protection</li> </ul>	<b>Green Management</b> <ul style="list-style-type: none"> <li>Addressing Climate Change</li> <li>Developing Eco-Products</li> <li>Promoting Eco-Friendly Workplace</li> <li>Green Communication</li> </ul>	<b>Social Contribution</b> <ul style="list-style-type: none"> <li>Pursuing a Happier Society</li> <li>Partnership Programs</li> </ul>	<b>Partner Collaboration</b> <ul style="list-style-type: none"> <li>Global Competitiveness</li> <li>Win<sup>3</sup> Partnership</li> </ul>	<b>Products &amp; Services</b> <ul style="list-style-type: none"> <li>Customer Delight Service</li> <li>Customer Trust</li> </ul>
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Harmony between Business Vision and Vision for Society

### ● Contents ●

#### • Pursuing a Happier Society

- (Global) - North America - Europe
- China - Central Asia - Russia
- Southwest Asia - Southeast Asia - Africa

(Korea)

- Supporting the Youth in Realizing Their Dreams and Assisting Children of Low-income Families
- Strategic Social Contribution Aligned to Business Strategy
- Community-based Social Contribution

#### • Partnership Programs

- Partnership Social Contribution

### ● Highlights of 2009 ●

- 1.5% of net income (KRW146.6 billion) invested in social contribution programs
- Annual number of employees participating in volunteering: 187,553 (in Korea)
- Employees' average annual volunteering: 7.8 hours (in Korea)
- Employee volunteering participation rate: 90% (in Korea)

## [Global]

In order to extend a helping hand to our global neighbors in need, our nine regional headquarters carry out various social contribution activities tailored to each region's societal and cultural characteristics. From North American headquarters' Four Seasons of Hope to Samsung Real Dreams (educational program for low-income households in Africa), our employees are working hard to deliver great outcomes for communities in need.

### ● North America ●

Started in 2002, Samsung's Four Seasons of Hope is a philanthropic initiative that raises funds for charitable causes by leveraging sports marketing. Other community programs include Hope for Education Essay Contest designed to support youth education and participation in the Habitat for Humanity project in the southern U.S.



### ● Europe ●

Our goal is to build an image as a responsible European citizen by carrying out community projects across the region. In 2010, we expanded support for our Pink Ribbon campaign: designed to raise awareness and funds for breast cancer and breast cancer charities across Europe. Breast cancer is the most common form of cancer in women and accounts for about 30% of all cancer related deaths in women. We also have a eco partnership with National Geographic to promote green management and eco-products.



### ● Africa ●

With a mission to build a prosperous future for African youth, we launched the Samsung Real Dreams program in partnership with the International Youth Foundation (IYF), which has a global network of NGOs. The program aims to increase economic activity in Africa by promoting job skills and preparing youth for successful, long-term careers.



### ● Latin America ●

Improving lives of underprivileged children is a focal point of our philanthropic endeavors in the region. We are partnering with orphanages and pediatric centers in impoverished neighborhoods to offer various support to orphans and children with cancer.



● Russia ●

In an effort to establish itself as respected company in Russia, Samsung Electronics is actively engaged in various community causes such as building orphanages and schools in underdeveloped regions. We are also an active sponsor of Russian arts and culture such as Bolshoi State Theater and Tolstoy Literary Award.



Orphanage program in Russia

● China ●

To support farming communities across China and address the regional wealth gap, we introduced the "Adopt-a-Village" campaign. Our other community projects include building a school in Sichuan which was devastated by an earthquake in 2008, offering free eye operations to 6,000 cataract patients and constructing a training center for hearing dogs the deaf.



Training center for hearing dogs for deaf people.



Tagore Literature Award

● Southwest Asia ●

In India, Samsung Electronics has launched a comprehensive corporate responsibility initiative called the Samsung Hope Project designed to build new bridges of hope in the community. As part of the project, we instituted the Tagore Literature Award, support India's talented young athletes and carry out various community welfare programs tailored to regional characteristics.

● Central Asia ●

Our programs in the region focus on helping children follow their dreams and reach their full potential. we support underprivileged children and youth in need of heart surgery. In Turkey, we are renovating schools in destitute neighborhoods.

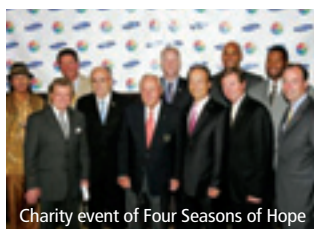


Computer class in Pakistan



## I North America I

### Four Seasons of Hope



Charity event of Four Seasons of Hope

Samsung's Four Seasons of Hope is a North America-based cause marketing program intended to enhance technology in education and foster goodwill for the women and children in our communities. Since its inception in 2002, Samsung's Four Seasons of Hope developed programs and initiatives for these communities in which it serves through strong relationships with elite athletes and entertainers, their charitable foundations, print and online publications, and Samsung's business and retail partners. Through 2010, the initiative has provided more than US\$25 million to several charitable organizations and schools throughout the U.S.

### Hope for Education Essay Contest

Partnering with Microsoft (since 2005) and DIRECTV (since 2008), Hope for Education Essay Contest was launched in 2004 to support K-12 (youth) education in the U.S. The program offers cutting-edge digital products and software to the winning schools of the online essay contest. So far, the program offered US\$10 million to more than 300 schools in 43 states.



Hope for Education Essay Contest

### Participating in the Habitat for Humanity Project

Texas-based Samsung Telecommunications America employees have been donating several months a year of their time to build Habitat for Humanity homes for deserving families in the state since 2006. Habitat for Humanity is a non-profit organization that builds simple, decent and affordable shelter for people in need.



## I Europe I

### Pink Ribbon Campaign

Since 2006, Samsung Europe Headquarters has actively supported the fight breast cancer, today still the most common form of cancer in women in Europe. The campaign provides vital support for the disease through promoting breast cancer awareness and raising money for research, education and prevention activities. Started in 2006 in the Netherlands, it is now active in 25 European countries .



Breast cancer prevention campaign

A portion of the proceeds from the special designed pink ribbon products is donated to European breast cancer charities and breast cancer initiative: a grant program that provides funding opportunities for charities and non-governmental organizations across Europe. To date more than US\$6 million has been raised. As we embrace our social responsibility and continue to take an active role in the fight against breast cancer, we hope to improve the lives of so many women in Europe and their families.



Pink Ribbon campaign

### PlanetFirst in Partnership with National Geographic

PlanetFirst is an expression of Samsung Electronics' vision to create new value through eco-innovation. This customer-facing initiative affirms our shared values to the global community and substantiates the Samsung commitment to relentlessly create cutting-edge products while advancing a greener way of life. As part of our commitment, we teamed up with National Geographic for a long-term partnership to carry out the PlanetFirst campaign across Europe. Our goal is to raise stakeholder awareness on environmental issues and inspire them to take action to create a greener planet.



PlanetFirst website



## I China I

### Adopt-a-Village Campaign

In China, Samsung Electronics launched the "Adopt-a-Village" campaign in 2005 to support farming villages across the country to meet China's policy to build new rural communities. As of the end of 2009, 44 local subsidiaries and their 33,000 employees forged sisterhood ties with 46 villages and coordinated their resources in a total of 1,000 endeavors annually. From 2005 to 2007, the focus was on improving the educational environment by building schools and creating green spaces. From 2007 to 2009, the activities involved building infrastructure such as paved roads, streetlamp installation and public restroom buildings. Since 2009, the work has been centered on making lives better for local residents through financial support. Each subsidiary is creating vegetable gardens, orchards or ranches to meet the respective needs of its sister village.



Helping farming village

### Light of Love Campaign



Free eye surgery

In partnership with China's association for the disabled, Samsung Electronics sponsored free eye surgeries for a total of 6,150 cataract patients and has invested RMB2.75 million (KRW 450 million) for the cause since

2007. The free eye care service reaches people living near Samsung Electronics' business sites as well as underdeveloped communities in Jixi Heilongjiang and Inner Mongolia. In 2010, we plan to extend the surgery to approximately 2,050 people and set up five more cataract surgery centers and training centers for guide dogs for the blind.

### Schools of Hope

When a disaster strikes, Samsung Electronics commits resources and employee support to assist the affected communities. As part of our disaster relief, we teamed up with the Red Cross Society of China to build 10 Schools of Hope in Sichuan Province devastated by a massive earthquake in 2008. Construction work began in September 2009.

### Hearing Dog Training Center for Deaf People

Samsung Electronics is building China's first hearing dog training center for the deaf in Beijing. Slated to open in the first half of 2010, the center will train dogs that provide assistance to people with hearing impairments.



## I Central Asia I

### Iran - Medical Assistance for Children with Heart Disease

Cardiovascular disease is the second leading cause of death in Iran with a growing number of affected by the condition. Since 2007, Samsung Electronics has supported free heart surgery for 122 children (30 in 2009 alone). Also in 2009, children who received the surgery and their families were invited to Eid al-Adha festival and were offered chance to tour Samsung Electronics' local plant.



Free heart surgery

### Pakistan - Samsung SOS Village Computer Facilities

We are converting unused factories into space for free computer training in developing communities. Thousands of local children in Dodhal receive Internet training at two converted factories. Our goal is to promote digital equality by continuing to empower Pakistan's underprivileged youth with information and technology through teaching them how to use the Internet and IT devices.



Computer class in Pakistan



## I Russia I

### Orphanage House Program

Samsung Electronics CIS (Russia) Headquarters focuses its philanthropic efforts on supporting orphanages and primary schools. In the early days of the initiative in 2007 and 2008, orphanages were equipped with Samsung Sports Parks, a playground facility for children, while schools in underdeveloped regions received facilities and resources for computer and music education. Since 2008, the focus has shifted to building libraries and providing books to orphanages and primary schools.



Orphanage house program in Russia



## I Southwest Asia I

### India - Samsung Hope Project



IT Training Center in India

In 2009, Samsung Electronics' Southwest Asia Headquarters launched the Samsung Hope Project, corporate responsibility initiatives with a focus on education, culture, sports and social welfare. As part of the

Hope project, the company has instituted the Tagore Literature Award in conjunction with the Cultural Department of India. The Tagore Literature Award recognizes the best of literary contributions by writers in eight Indian languages. The winners are awarded on May 7, the birthday of the great poet, Rabindranath Tagore. Samsung Electronics plans to develop the award to become the highest literary honor in India.

In collaboration with India's non-profit organizations, we are working to empower the youth through education and providing them with sustainable livelihood options. To this end, we offer job training to high school graduates in Noida and Chennai and are building an IT Training Center in Mumbai. In the area of sports, we have been sponsoring the Indian national team in every Olympics and will continue to support programs to that help talented young athletes who will participate in the Commonwealth Games and Asian Games.



## I Southeast Asia I

### Philippines - Employee Volunteers



Blood donation in Philippines

The Southeast Asia Regional Headquarters is a supporter of the Philippine National Red Cross' blood donation drive. Headquarters staff also volunteer their time for about 100 activities led by the PNRC

including projects to improve living conditions for the poor and donating goods to orphanages. For its service to the local community, the Southeast Asia Regional Headquarters received "The Outstanding Community Project" from the Philippines president last year.

### Vietnam - A Heart to Hearts

Since 2003, Samsung Electronics Vietnam has been providing medical support for children with congenital heart disease from low-income families in cooperation with Samsung Medical Center. To date, 41 children have been successfully treated for their condition. This endeavor has strengthened ties between Samsung Electronics and local citizens.



## I Africa I

### Samsung Real Dreams

The Samsung Real Dreams program is a partnership led by Samsung Electronics and the International Youth Foundation (IYF) to increase economic activity in Africa by promoting job skills and preparing youth for successful, long-term careers. Samsung Electronics in Egypt, Kenya, Nigeria and South Africa are working together to offer African youth a chance to develop a diverse range of job-related competencies. In 2009, the year the program was launched, some 4,700 young people benefited from the initiative. Leveraging Samsung's cutting-edge technology and expertise, we will continue to address the employment needs of African youth.



Graduation ceremony of Real Dreams



Samsung Real Dreams helped me aspire for new dreams, new hope and a new world.

Real Dreams Graduate  
**Isaac Kinyanjui**

Poverty and hunger, uncertain future and massive unemployment and a war on crime- Samsung Real Dreams turned out to be an once-in-a-lifetime opportunity for me who grew up in these harsh environments. My name is Isaac Kinyanjui. I live in Kenya with my mother, brother and sister. I tried hard to always smile, but I was hiding great sadness behind the smile as a social minority who was living in devastating conditions. Samsung Real Dreams changed my life. Of its various initiatives, I benefited most from the Nairo Bits program which offers web design, IT technology, multimedia and entrepreneurship training to young people my age (17-25). More fulfilling than the education was 500 of my classmates and all took part in the community outreach programs. We learned the joy of giving back to people who are less fortunate than ourselves. Also, I discovered that I have passion and talent for web designing. I have created many websites and plan to pursue web design as my career. Samsung Real Dreams gave me an opportunity to unlock and reach my full potential. I've also gained valuable insight on how to live well. I would like to thank everyone for giving me this life-changing chance.

## [Domestic]

Our domestic citizenship activities focus on three areas - supporting the youth in realizing their dreams, assisting children of low-income families, and pursuing projects that are aligned with our business strategy. We are rallying all our philanthropic resources, such as stakeholder partnership, to contribute to our community in unique and powerful ways.

### I Supporting the Youth in Realizing Their Dreams and Assisting Children of Low-income Families I

Designed to develop a better future for our youth and enhance the wellbeing of children from low-income families our representative CSR initiatives include National Students Creativity Olympiad, Student Science Inquiry Olympic, Green Star Children's Song Festival, science and financial literacy classes for youth, and the Stepping Stone (Didimdol) Scholarship Foundation for college students with disabilities. We also offer mentoring program for underprivileged children and teens to help improve their quality of life. We also provide tutoring services and other character-building activities.

#### Supporting the Youth in Realizing Their Dreams - Stepping Stone Scholarship Foundation

Samsung Electronics' employees donate a specific sum from their salaries every month to support the Stepping Stone Scholarship Foundation. Launched in 1997, the scholarship is granted to ten college students who are disabled or who are from families with disabilities to ensure equal opportunities in higher education. So far, 140 students benefited from the scholarship including eighteen students in 2009.



In 2009, Lee Sang-Mook, distinguished scientist and professor of geophysics at Seoul National University who is paralyzed from the neck down, met with students and offered words of inspiration. After the scholarship awarding ceremony, students were invited to an open forum where they shared their stories and received useful tips and help in navigating college life from previous scholarship recipients.

#### Assisting Children from Low Income Families - Local Children's Centers (Study Halls)

Through eighty-eight local children's centers nationwide, Samsung Electronics' employees volunteer their time to tutor children in such subjects as foreign language, science and finance. In particular, the science education volunteer team comprised of R&D staff teaches kids about science in everyday life through fun experiments using items like air rockets and electrostatic motors. The team plans to expand the scale and scope of their volunteer work to reach youth in remote and isolated communities and help them develop a love and appreciation for science.



Local children's center

## I Strategic Social Contribution Aligned to Business Strategy I

Samsung Electronics operates social contribution programs aligned with our representative products. Our business units of mobile phone, LCD, and semiconductor harness the power of their key products to make contributions and create value for society. The programs include ear cochlear implants and placement of hearing dogs for the deaf, computer classes for the blind, and dementia prevention center for elders with degenerative brain disease.

### Ear Cochlear Implants and Hearing Dogs for the Deaf - Mobile Business

Ear cochlear implant involves surgery to implant a medical device that electronically stimulates the hearing nerve of the cochlea. The surgery is conducted on deaf children from low income families. Since 2007, we partnered with Samsung Medical Center in Seoul to offer pre-surgery checkups, hearing aid, ear cochlear implant and speech rehabilitation therapy to thirty children annually. The entire procedure takes about 3~4 years. So far, a total of 106 children received surgery and are currently undergoing speech therapy. We also train hearing dogs that alert people with hearing impairments to various sounds. Since beginning the program in 2002, we have placed a total of 62 dogs people requiring hearing assistance. In 2006, we extended the program to China and we are in the process of building Anycall training center for hearing assistance dogs.

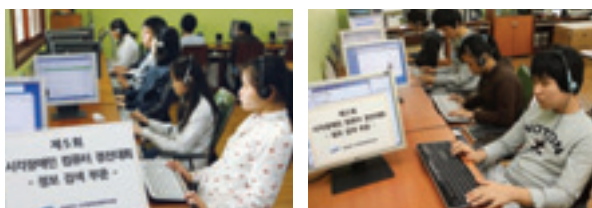


Hearing dogs for the deaf

### Computer Class for the Blind - LCD Business

To promote computer classes for the blind, launched in 1977, the LCD Division expanded the program from offline to online with the opening of the Anycom site (<http://anycom.samsunglove.co.kr>) in 2002. Designed to meet growing demand for IT training for the blind, the online program offers 73 different interactive classes ranging from using Excel to utilizing search engines. All classes are offered free of charge. Users can also receive computer related consultation and training via phone. The site is open to people who reside overseas such as the U.S. and Japan and is also used by social welfare centers.

In addition, the LCD Division holds the annual "Samsung Anycom Festival", a computer competition for the visually impaired. In 2009, seventy-seven students selected from seven schools for the blind took part in the competition. Its plan for the future is to continue to promote and encourage the use of computers and technology among the blind and offer greater accessibility.



Computer competition for the visually impaired

### Dementia Prevention Center - Semiconductor Business

Leveraging its characteristics as a memory chip unit, the Semiconductor Division, in conjunction with Yongin City, established Yongin Dementia Prevention Center in 2007. Under the objective of conquering the disease, the center is working to raise awareness and inform people about Alzheimer's and other forms of dementia. This is through offering training, assessing risk factors, devising and carrying out prevention programs, as well as integrating dementia-related resources in the local community. The aim is to set up an integrated dementia management system to prevent, assess and manage the disease.

A public awareness campaign has also been launched to raise the community's interest in the issue. As of the end of 2009, about 5,000 people attended dementia training held over 102 occasions, 500 people took part in healthy brain workshops and some 7,500 participants received dementia risk evaluation annually.



Dementia Prevention Center

## I Community-based Social Contribution I

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



### ● Teaming up with Korea Red Cross Seoul Branch for Sharing Meal Box of Love ●

The Meal Box of Love program mobilizes employees living in Seoul to deliver nutritious meals to children and seniors who are at risk of going hungry. Employees also collect donations to support the program through various fundraising activities. On major holidays like New Year and Chuseok (Korean Thanksgiving), employees make special holiday meals packed with such treats as rice cake and dumplings. In 2009, employees raised KRW30 million for the program.



### ● Creating Wall Murals and Christmas Trees ●

Samsung Electronics' product designers working in Seoul are using their artistic talent to give back to local communities. They paint wall murals for social welfare centers and decorate Christmas trees at orphanages and other community facilities. In December 2009, employees got into the Christmas spirit by visiting Gangnam Children's Home to decorate Christmas trees and share the holiday cheer.



### ● Kimchi Project ●

Every winter, we volunteer to make kimchi to help the underprivileged in society get through the cold wintertime. We designated Nov. 16 to Dec. 3, 2009, as the kimchi sharing week to make and deliver the Korean staple food to our neighbors in need. Employees in each business site made 58,000 heads (117 tons) of kimchi and distributed them to 8,687 poor families and 280 social welfare centers.



### ● Self-Help Activities for Low-Income Households ●

Social contribution at Samsung Electronics goes beyond simple giving or one-time pursuits. Our various initiatives are designed to help our less fortunate neighbors become self-sufficient by providing truly needed services. The key projects include Tangeong Volunteer Center's Laundromat of Love and Onyang Volunteer Center's Tree of Hope.

The Laundromat of Love program offers jobs to low-income senior citizens in Tangeong. Around ten elders are commissioned to collect and clean sweatsuits used in the company's health club. By guaranteeing stable income, the program helps senior citizens be productive and achieve self-sufficiency.

To provide secure jobs to the mentally challenged in the Onyang and Asan regions, our Onyang worksite opened "Bakery of Love - Tree of Hope." Currently, eighteen disabled people are receiving baking and patisserie training while employees at Onyang Plant donate their time and resources to offer help. Baked goods from the Tree of Hope bakery are delivered to children at local study halls. During Christmas time employees bought over 400 cakes to support the cause.


















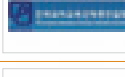




### ● Delivering Love and Laughter ●

Launched in 2009, Gumi Volunteer Center is offering a fun-filled social contribution program designed to bring smiles to our less fortunate neighbors. Volunteers operate a free meal bus called Showbap 119 once every week which combines shows (performance) and bap (meal) when offering free meals to the poor. Under the program, employees perform magic shows, music concerts and other forms of entertainment while serving meals to the poor to make the experience more enjoyable.

## I Partnership Social Contribution I

In partnership with local NGOs and other major stakeholders, we are working to be part of the solution in solving challenges facing society by identifying the needs of communities.

### • List of Major Partners

Youth Obesity Prevention Program		European Olympic Committee	Scholarship for College Students from Families with Disability, Saeneji Social Welfare Award		Korea National Council on Social Welfare
Breast Cancer Prevention Campaign		Pink Ribbon related groups	Meal Box of Love Delivery, Blood Drive, Support for Local Communities		Korean National Red Cross
Four Seasons of Hope		Magic Johnson Foundation	Community Support Activities		Gyeonggi-do Council of Volunteers
		Arnold Palmer Hospital for Children	Green School for Young People		Green Family Movement Association
		The Boomer Esiason Foundation	Bird Conservation		Korea Association for Bird Protection
		Joe Torre Safe At Home Foundation	Promoting Children's Songs		Seoul YMCA
Education & Training for Least Developed Countries		St. Vincent Catholic Medical Center	National Students Creativity Olympiad		Korea Association for School Invention
		Korean National Commission for UNESCO	Korea Youth Science Olympiad		Korea Federation of Science Education Societies
Support Vietnam Academia		Korea Foundation	Supporting Children with Rare Diseases		Korea Make a Wish Foundation
Samsung Real Dreams		IYF(International Youth Foundation)	Supporting Education in Least Developed Countries		World Vision







# Partner Collaboration

A culture emphasizing unity and cooperation is vital for survival in an increasingly competitive business environment. Teamwork is a crucial factor not only in relationships between employees but in our dealings with business partners. The objective of partner collaboration at Samsung Electronics is to achieve sustainable development with our partners.

Samsung Electronics provides financial assistance, education and technical support, and management consulting to sharpen the competitive edge of business partners. We also aid our partners in building CSR systems to raise their awareness of social and environmental responsibilities.

We will develop and implement a wide range of partner collaboration systems and activities giving consideration to the true meaning of mutual growth.

## Global Harmony with People, Society and Environment

Respected and Admired  
Global Company

Creation Innovation Change

<b>Talent Management</b> <ul style="list-style-type: none"> <li>Employee Value</li> <li>Work-Life Balance</li> </ul>	<b>Integrity Management</b> <ul style="list-style-type: none"> <li>Corporate Ethics</li> <li>Fair Trade Compliance</li> <li>Intellectual Property Protection</li> </ul>	<b>Green Management</b> <ul style="list-style-type: none"> <li>Addressing Climate Change</li> <li>Developing Eco-Products</li> <li>Promoting Eco-Friendly Workplace</li> <li>Green Communication</li> </ul>	<b>Social Contribution</b> <ul style="list-style-type: none"> <li>Pursuing a Happier Society</li> <li>Partnership Programs</li> </ul>	<b>Partner Collaboration</b> <ul style="list-style-type: none"> <li>Global Competitiveness</li> <li>Win<sup>3</sup> Partnership</li> </ul>	<b>Products &amp; Services</b> <ul style="list-style-type: none"> <li>Customer Delight Service</li> <li>Customer Trust</li> </ul>
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Harmony between Business Vision and Vision for Society

### ● Contents ●

#### ● Global Competitiveness

- Support for Partners' HR Development
- Support for Partners' Innovation Initiatives
- Support for Partners' Infrastructure
- Financial Support for Partners

#### ● Win<sup>3</sup> Partnership

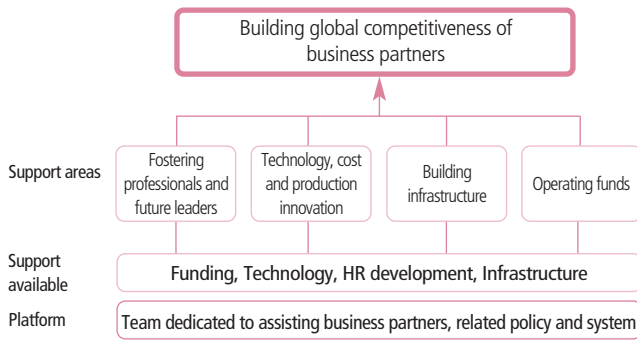
- CSR Support for Partners
- Culture of Mutual Trust
- Fair and Transparent Purchasing Policy

### ● Highlights of 2009 ●

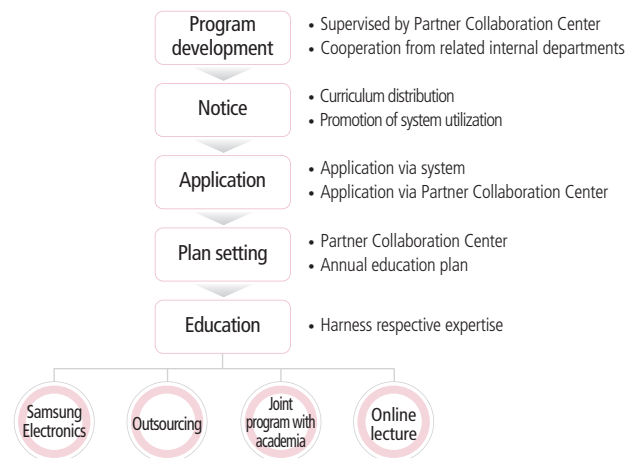
- Support for HR development provided to 5,800 employees of business partners
- Support for 476 innovation initiatives of business partners
- Registration of agreement to comply with CSR code of conduct by 542 business partners
- CSR self-assessment by 356 business partners

The competitiveness of our business partners has a significant influence on our competitiveness. To raise the competitive edge of partner companies, Samsung Electronics offers comprehensive support across the areas of funding, technology, HR development and infrastructure.

## • Business Partner Support System



## • Training Support Process



## I Support for Partners' HR Development I

### Work Skill Training for Business Partners' Employees

Samsung Electronics offers a wide range of education programs led by our in-house experts and outside agencies to enhance the work capabilities of employees of our business partners. Moreover, we abolished redundant programs and launched 12 new ones (personnel, purchasing, financial affairs, sales) based on voices of business partners. During the year, 5,800 persons employed by partner companies benefited from the 45 programs we offered. In particular, we held CEO seminars for CEOs of partner firms which provided insightful information on the global business environment and recent trends.

In 2009, we upgraded the "Future Leader" program for fostering next-generation CEOs to make it accessible to a greater number of business partners. In addition, 13 selected interns were given an opportunity to get a close look at Samsung Electronics' management philosophy, innovation activities and management practices over a period of three weeks. In China, we opened partner collaboration innovation schools in Suzhou and Huizhou. The first school was set up in Tianjin towards the end of 2008. The purpose of the partner collaboration innovation school is to reinforce the skills of production staff of overseas partner companies.

### • Education Programs

(Unit: case)

	2008	2009	Increase
Management	1	13	+12
Specialized technology	10	16	+6
Onsite management	10	8	-2
Innovation techniques	12	8	-4
Total	33	45	+12

\* 33 → 45 (7 consolidated, 4 incorporated, 15 new)

## Samsung Electronics Executive Advisory Group

As part of our multifaceted support for business partners, we established a management advisory group comprised of ten Samsung Electronics executives in 2009. The advisory group offers guidance on matters concerning production, technology, management and innovation.

In 2009, monthly exchanges and seminars in the four areas of HR management, planning, finance and global operation were held for the senior management of business partners. Our advisory service also included 480 visits to our partners' premises to offer guidance on innovation initiatives. In 2010, we launched a program called "dedicated advisory." Under the program, a member of the Executive Advisory Group gave advice on innovation activities to one or two designated companies upon their request to share management knowhow and expertise.

### • Support System under Executive Advisory Group



## I Support for Partners' Innovation Initiatives I

Assistance is offered in the three areas of technology, cost and production innovation to facilitate development of new products and new technologies of our business partners.

### Technology Innovation

We introduced the Open Innovation scheme in 2009 to help create new opportunities for business partners holding original and cutting-edge technologies. Twenty-five companies with core technologies were selected to form the Innovative Technology Company Council. The council carried out 38 projects in the five categories of software, equipment, components, materials and chip design. The outcomes of completed projects were applied in Samsung Electronics' new products. We plan to identify key mid/long-term technology initiatives and extend the scope of projects to next-generation businesses such as health care and solar cell.



Five seminars were held on 27 technologies related to circuitry and devices of European and Japanese companies in order to identify global trends and bolster the technological competitiveness of business partners. We also organized six technology exchange meetings (including one benchmarking meeting) regarding device exterior which involved visits to four companies in Europe. These activities led to the installation of three equipments (eg, vacuum molding equipment) and adoption of five technologies (eg, precision injection).

#### • Technology Exchange

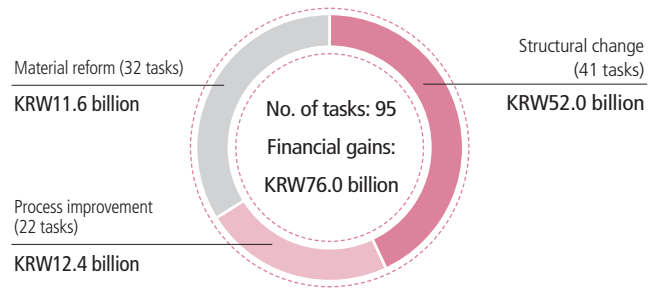
Circuitry	Device
<ul style="list-style-type: none"> <li>New concept chip mounter and 3D mounting technology</li> <li>Component-embedded module substrate, etc.</li> <li>Eco-friendly material for ultra thin substrate</li> </ul>	<ul style="list-style-type: none"> <li>Special film, vacuum molding</li> <li>Special coating with wood texture</li> <li>Discharge-free molding process, precision injection, etc.</li> </ul>

### Cost Innovation

Twenty-three consultants (development department personnel, GVE, Six Sigma outside experts) from Samsung Electronics supported cost

innovation projects of business partners. In 2009, our partners carried out a total of 135 projects (material reform, structural change, process improvement, localization, etc.) that generated aggregate financial gains of KRW123.7 billion. We intend to support 110 projects in 2010.

#### • GVE (Group Value Engineering) Tasks



#### • Six Sigma Tasks



### Production Innovation

We designated 27 production innovation personnel and outside consultants to assist in production innovation projects of business partners. In 2009, support was extended to 303 projects concerning TPM (facility management), technology, production, quality, delivery and cost. Assistance will be offered for 315 projects in 2010.

#### • Production Innovation Initiatives in 2009

(Unit: case)

	Theme-based improvement	TPM	Overall production competitiveness
Overseas	30	15	8
Domestic	240	-	10
Total	270	15	18

## I Support for Partners' Infrastructure I

A framework for cooperation between Samsung Electronics and global suppliers was strengthened with the aid of SCM (Supply Chain Management). Our support in building ERP\* systems and improving work processes is helping to raise management capabilities of business partners. For partners in Korea, assistance on building ERP systems began in 2004. For companies with systems that are up and running, we offer support in utilizing ERP and finding and correcting weaknesses.

\* ERP : Enterprise Resource Planning

In addition, we have set up a SCM network that links business partners to each other and conducts system upgrades, as well as training related personnel. For overseas business partners, we provide standard process templates for each stage of operations, from placing orders to making shipments, in addition to onsite guidance. To ensure optimized processes, we provide solutions and activities for stable operation of ERP systems.

## • Domestic Activities

Details		2008 2009		
Purpose	ERP upgrade of 190 companies			
System stability	Monitoring all companies for weaknesses	10.5	9.1	
Enhancing system operating skills	Support personnel training and strategy formulation → Pursue government-linked projects	7.9	7.8	9.7
		Settlement lead time (days)	Shipment lead time (days)	Inventory days

※ Based on business partners receiving guidance

## • Overseas Activities

Details		2008 2009		
Process innovation	Provide process improvement standard template → 30 companies in China Transactions of Samsung	8.1	4.5	
System building	Samsung Electronics' overseas subsidiaries Support for companies that don't have ERP → 13 in China, 11 in Mexico	54	85	63
		Inventory days	Inventory accuracy (%)	Units produced per person

※ Based on business partners receiving guidance

## Environmental and Safety Support

In 2009, we provided guidance related to the environment and safety to 120 overseas business partners. During the process, 4,428 potential risk factors were identified. Corrective steps were taken for 2,039 factors and work is continuing to improve on the remaining risk factors. In 2010, we plan to conduct environmental and safety inspections on 40 Korean companies and 136 overseas companies as a way of preventing safety accidents.

## I Financial Support for Partners I

To help business partners achieve production, technology and process improvements, Samsung Electronics extends funds to help them invest in facilities, develop technologies, and set up ERP systems. In the aftermath of the global financial crisis in 2009, we made early settlement of payments in cash to companies that needed urgent operating funds. We also contribute to enhancing partners' cash flows in times when demand for funds increases, such as ahead of Chuseok (Korean Thanksgiving) and Lunar New Year holidays.

In addition, we offer financial support in conjunction with government and financial institutions through initiatives such as the partner guarantee program and network loans. In 2009, we made contributions to a government-led fund for mutual cooperation and R&D collaboration in order to spur technology development of partner firms. Samsung Electronics will continue to offer financial aid to help our business partners become more competitive and maintain stability.

## • Financial Support for Partners

(Unit: KRW billion)

	2007	2008	2009	Remarks
Loans	50.4	80.7	80.3	Facility investment, system implementation, R&D, etc.
Support to cover expenses	91.4	58.6	28.4	Onsite guidance, training, technology exchange, etc.
Total	141.8	139.3	108.7	3-year total of KRW389.8 billion

\* Support in conjunction with government and financial institutions: Total exceeding KRW300 billion during 2007 ~ 2009 in technical support for business partners.

Interview

I ask Samsung to listen to our voices and provide us with the opportunities to grow together.



Hualun Plastics  
Deputy Manager, **Liu Ning**

We have grown together with Samsung over the past 10 years ever since we began supplying components to Samsung Electronics Tianjin in May 2000. We have received much assistance from Samsung including partner collaboration innovation education and the introduction of advanced production techniques. That prompted us to launch innovation activities. We decided to carry out innovation activities in view of difficulties in securing funds for facility investment, shortage of technical personnel, and the need to raise employees' awareness levels.

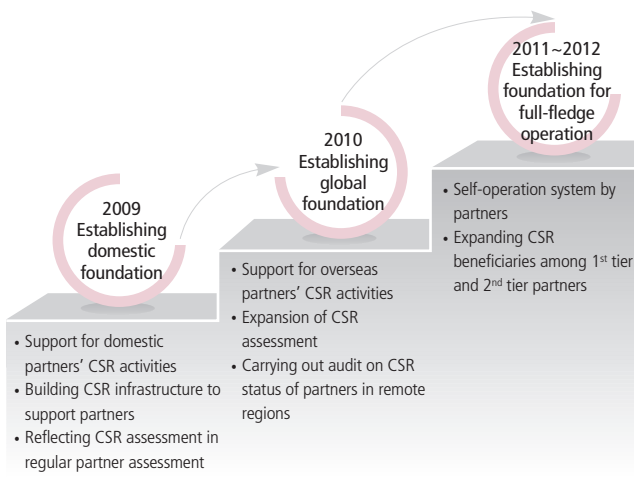
With Samsung Electronics' support, we upgraded our production facilities through the use of software without requiring any investment in equipment. This contributed greatly to boosting sales. We are a local company operating in an era of rapid change and we received much help from Samsung. In particular, we are grateful for learning about how to innovate continuously.

\* Win<sup>3</sup> refers to collaboration between Samsung Electronics and its business partners to enhance mutual competitiveness and contribute to advancing local communities.

## I CSR Support for Partners I

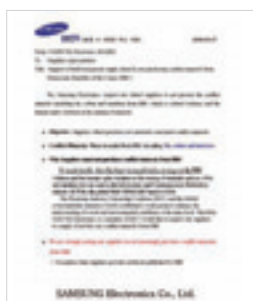
Samsung Electronics provides assistance to nurture globally competitive business partners. We also assist our partners in establishing the framework for sustainability management to promote continued growth amid competition in the global markets.

### • CSR Support Roadmap



## EICC-Based CSR Capability for Business Partners

Samsung Electronics became a full member of the Electronic Industry Citizenship Coalition (EICC) in 2007. EICC was created in 2004 by global electronics companies to improve working and environmental conditions. In addition to its activities as a full member, Samsung Electronics is helping its partner firms set up CSR systems based on EICC guidelines.



A particular focus of interest is child labor and human rights abuse related to mineral mining in Congo. Samsung Electronics is working with an EICC work group to find the best solution to this issue. Earlier on, our policy of banning the use of coltan from Congo by Samsung Electronics and all suppliers was disclosed on the company website.

We are also recommending that our semiconductor related suppliers refrain from using tin and tantalum from Congo.

\* [http://www.samsung.com/us/aboutsamsung/corpcitizenship/environmentalsocialreport/environmentalsocialreport\\_PolicyOnColtan.html](http://www.samsung.com/us/aboutsamsung/corpcitizenship/environmentalsocialreport/environmentalsocialreport_PolicyOnColtan.html)

Samsung Electronics and its business partners will continue to work closely with EICC to ensure socially responsible practices throughout the supply chain.

## Raising CSR Awareness through Education & Training

In 2009, we held two seminars on the theme of "corporate social responsibility and role" for CEOs and employees of partner companies to enhance CSR awareness levels. For working-level staff, we organized training sessions to explain the background and need for CSR. The sessions also covered self-assessment procedures to check for compliance with the EICC code of conduct. A total of 506 Korean partners took part in the training.

### • CSR Support System for Business Partners



## CSR Infrastructure Support

Samsung Electronics asks business partners to sign an agreement for voluntary compliance with the EICC code of conduct, which lays out principles related to human rights, labor, occupational health and safety. To help our partners check their CSR levels and improve on weaknesses, we developed a self-assessment system and provide it in three languages (Korean, English, Chinese) to suppliers worldwide.

## CSR Assessment and Monitoring

In 2009, the CSR agreement was submitted by 542 business partners. We received the results of the annual EICC self-assessment from 356 partners through the business partner CSR support system in our partner collaboration portal. To monitor CSR activities by our partners, CSR is included in the regular assessment of business partners which is conducted every year. We also carried out onsite inspections on CSR implementation by visiting 367 partner companies for the assessment. Companies that receive a high score on the assessment are given incentives as a way of promoting CSR.

## Plans for 2010

In 2010, our CSR support activities in Korea will concentrate on new business partners. As for overseas partners, we will mainly focus on companies in China and other Asian countries.

## I Culture of Mutual Trust I

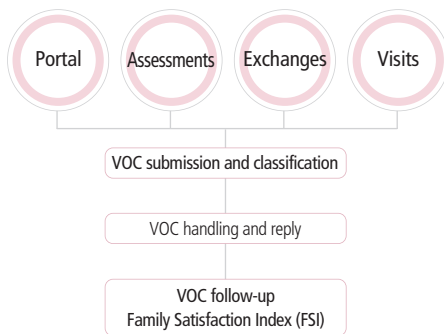
To build trust and promote mutual advances, Samsung Electronics gathers business partners' opinions and incorporates them in management practices. In June 2008, we set up a unit dedicated to partners' VOC (Voice of Customer) under our Partner Collaboration Team. In addition, we use the Family Satisfaction Index (FSI) to assess partners' satisfaction levels on a yearly basis.

### Monitoring of Partners' VOC

We developed a VOC handling system to address business partners' grievances, requests, suggestions and questions. The system is accessible not only to partner firms but also to the general public and can be used to register issues and weaknesses related to transactions between Samsung Electronics and its partner companies. Our partners may also voice their opinions through the VOC hotline and (080-200-3300) and email (ssvoc@samsung.com).

Separately, feedback gained during Samsung Electronics employees' visits to partner firms (for management consulting, technical guidance, cooperation, etc.) are relayed to the relevant departments so they can be reflected when devising policy. The visits allow us to detect early on any problems that may hinder our business partners.

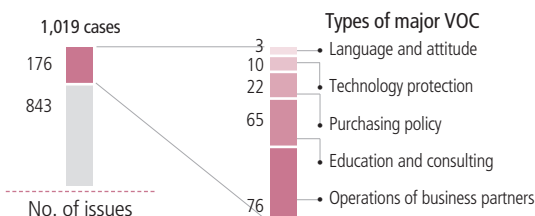
#### • VOC Handling Process



#### • Issues Resolved through VOC

• 2009: 1,019 (cumulative) cases handled  
(two-fold increase over 503 cases in 2008)

■ Regular queries ■ Major VOC



\* Rate of cases handled within 10 days: 95% in 2008 → 98% as of Dec. 2009

## Family Satisfaction Index (FSI)

Resolving grievances facing our business partners is vital for mutual prosperity. With that in mind, we conduct the FSI survey every year through an outside agency. The 2009 FSI survey which was conducted on 301 Korean business partners showed marked improvements over 2008 concerning advance notice of production schedule changes, technical guidance and consulting. It also highlighted that improvements were needed in terms of consistent delivery. Samsung Electronics is working to come up with improvement measures based on analysis of processes and conditions by relevant departments. For greater accuracy, we will introduce differentiated survey categories depending on the business partner and expand the FSI survey scope to 350 companies in 2010.

#### • FSI Survey Results

(Unit: %)

Improvement over 2008	Category	Further improvement needed
11	Development stage	36
20	Contract stage	32
31	Order, delivery	44
25	Support system	15
25	Transaction culture	36

## I Fair and Transparent Purchasing Policy I

Our doors are always open to high-caliber business partners who seek to join the ranks of the world best.

### Open Sourcing

Samsung Electronics operates production plants in 14 countries overseas. We maintain a purchasing policy of giving priority to competitive local suppliers, thereby contributing to the development of local communities.

### Fair Trading

We evaluate a company's capabilities and their potential through objective assessments based on fair and effective selection criteria, and various efforts are made to prevent excessive competition among suppliers and violation of trade ethics. We strive for objective and rational purchasing based on adherence to local laws.

### Win-Win Purchasing

We pursue mutual advances with suppliers based on long-term partnerships. We work together with partners for component quality improvement and cost savings. We promote an open and friendly environment in which our partners can freely express their views.



# Products & Services

In today's competitive and dynamic global marketplace, customer satisfaction is crucial in securing a leading edge. Samsung Electronics is committed to innovation to deliver outstanding customer satisfaction with the best products and services, thereby improving people's quality of life and contributing to a better global society.

Product safety and quality improvement is our primary way of enhancing customer value. Moreover, we work as a customer-centric organization, identifying and addressing problems from the customer perspective through ongoing customer communication.

Protecting customer information and accurately conveying product and service information are essential in the business landscape that stresses consumer protection and responsible marketing. Samsung Electronics has implemented processes and systems to best serve our customers' interests.

## Global Harmony with People, Society and Environment

Respected and Admired  
Global Company

Creation Innovation Change

Talent Management	Integrity Management	Green Management	Social Contribution	Partner Collaboration	Products & Services
<ul style="list-style-type: none"> <li>Employee Value</li> <li>Work-Life Balance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Ethics</li> <li>Fair Trade Compliance</li> <li>Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>Addressing Climate Change</li> <li>Developing Eco-Products</li> <li>Promoting Eco-Friendly Workplace</li> <li>Green Communication</li> </ul>	<ul style="list-style-type: none"> <li>Pursuing a Happier Society</li> <li>Partnership Programs</li> </ul>	<ul style="list-style-type: none"> <li>Global Competitiveness</li> <li>Win<sup>3</sup> Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Customer Delight Service</li> <li>Customer Trust</li> </ul>

Harmony between Business Vision and Vision for Society

### ● Contents ●

#### • Customer Delight Service

- Improving Product Quality
- Customer Service & Communication
- Improving Product Safety

#### • Customer Trust

- Customer Information Protection
- Responsible Marketing

### ● Highlights of 2009 ●

- No customer information related violations
- No marketing communication related violations
- Ranked No. 1 in the Korean Standards Association's service quality index

## I Improving Product Quality I

### Quality Priority Management

Securing product quality is a priority task at Samsung Electronics. To promote quality awareness and instill this culture throughout our organization, we newly declared our Quality Vision and Quality Pledge in 2009. Under the slogan "Perfection in Quality beyond your Imagination," the vision states that the company is "providing quality products which customers around the world can have faith in and take pride in, leading to ultimate satisfaction by fulfilling their immediate and potential needs."

To this end, the company implemented the five-point Code of Conduct. They are "Customer centric", "True to basics", "Professionalism", "Quality workmanship" and "Creating customers for life." Through quality accountability and prompt handling of customer demands, we will cultivate lifelong customer loyalty.

In July 2009, we opened the "Quality Experience Center" at Suwon Plant where employees can take a firsthand look at product defects and understand customer grievances. The center is being utilized as a forum to reinforce employee mindset about the importance of quality and to reaffirm their commitment to making quality products.

#### • Quality Charter

#### Pledge

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

#### 1. Customer Centric

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


#### 2. True to Basics

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

#### 3. Professionalism

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

#### 4. Quality Workmanship

With the mind set that  symbolizes perfection in quality we make premium products.

#### 5. Creating Customers for Life

We create lifetime customers based on respect achieved through quick, caring and accurate resolution of VOC.

#### Vision

Perfection in Quality beyond your Imagination

Providing quality products which customers around the world can have faith in and take pride in leading to ultimate satisfaction through fulfilling their immediate and potential needs.

### Leading Quality Technology Management

In an effort to detect and eliminate potential quality defects, we operate a reliability lab. Equipped with cutting-edge analysis equipment, the lab allows us to develop safe products from the initial development phase.

We also focus on activities aimed at minimizing inconvenience when using our products and incorporating customer insight. To this end, we operate an evaluation lab that recreates a residential environment to identify real-life situations and difficulties facing product users. We also recruit homemakers and students to be part of an expert consumer panel to review and rate a product's ease of use and emotions it invokes.



Expert consumer panel

Also in operation is a global standards compatibility lab to address expanding product compatibility and prevent related problems.



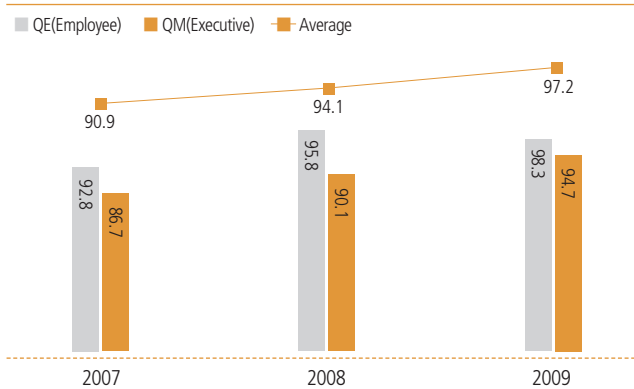
Compatibility lab



## Customer Satisfaction (CS) Talent Management

A vital component of quality improvement activities is fostering quality professionals. Samsung Electronics offers systemized training programs to reinforce our quality competitiveness in the global marketplace. In order to ensure function-based/grade-based job expertise, all CS related staff are required to complete a mandatory course on quality management. As of 2009, about 97% of our staff in quality functions were qualified under the in-house certification program.

### • Domestic CS Qualification Rate (QE: Quality Engineer, QM: Quality Manager) (Unit: %)



※ For details on Quality Certification System, please refer to last year's Report.

Samsung Electronics is committed to improving competency of our overseas CS staff. Each overseas headquarters offers a Global Quality Leader Training Course to give employees the opportunity to develop their leadership capabilities in the area of customer satisfaction. To ensure quality control staff at our overseas production sites receives effective and ongoing education, we offer focused training called the career path system. The training courses are classified by work year and function so that employees can continuously raise their individual competence to further drive CS innovation.

## Excellent Process

At Samsung Electronics, all our new products under development must pass the demanding CS certificate program in order to go into production. The program is designed to identify and address potential problems when applying new functions and designs at the development stage to ensure highest quality. Items for mandatory certification are identified at the development stage. The product can proceed to the next stage only after completing the quality assessment at each phase. The executive council conducts the final quality check.

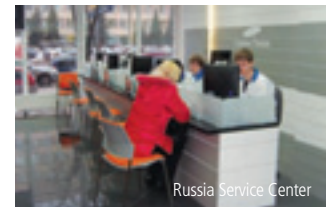
## I Customer Service & Communication I

### Overseas Service Activities

Samsung Electronics is focusing ongoing innovation activities in the overseas markets to strengthen our edge in service.

#### ● Expansion of Service Base

Excellence in after sales service is an important goal in the overseas markets. To offer swift and convenient service, 14,000 service centers are available overseas as of 2009. In regions where there are relatively frequent service requests, we have 400 directly-run service centers. We are also expanding our service network in Central Asia and Africa.



#### • Number of Overseas Service Centers

	Total		Total
Global	13,997	China	1,861
North America	3,879	Southeast Asia	1,296
Latin America	1,214	Southwest Asia	1,125
Europe	3,102	Central Asia	437
CIS	1,083		

#### ● Customer Satisfaction Survey

Samsung Electronics is devising service schemes tailored to each product and regional characteristics to offer greater customer satisfaction. To this end, we conduct global customer satisfaction surveys every year. The outcome of the survey is used in drawing up improvement actions to raise customer satisfaction levels.

The recent survey showed that customers place highest value on swift and accurate after service. This led to expansion of the service network to improve customer accessibility and introduction of the service management system to track repair service in real time. The system allows us to inform our customers accurately about every stage of the repair process from the time of service request to delivery.

Optimal supply of parts is essential in providing speedy after service. For this purpose, we have developed the demand forecast method for specific parts to improve supply capability and inventory status. Under the program, we are able to carry out diverse improvement actions for prompt after service including maintaining sufficient inventory of materials that are expected to have most usage in repair work.

# Customer Delight Service

## ● Engineer Training

Field repair engineers need to be equipped with greater competency to offer high quality repair service. We provide multifaceted training to help our engineers enhance their techniques and skills. The programs include web-based real-time interactive training and overseas group training sessions on new products. Also to prevent possible repair errors, we have prepared and distributed guidelines on preventing recurrent repairs to overseas service centers and encourage our engineers to obtain in-house certification. For accurate explanation on our products and their usage, we assigned 3,000 consultants at 36 contact centers around the world. Customers can also check and refer to the FAQ on Samsung Electronics' website and "How to Guide" pages for product support.

## ● Overseas Service Awards

Samsung Electronics is providing diverse service activities to support our customers. In 2009, many parts of Southeast Asia were devastated by a series of natural disasters. To help the affected communities and ease the pain of local residents, Samsung Electronics repaired damaged and broken electronic goods free of charge and offered free laundry and telephone services in disaster-stricken Indonesia, Philippines and Taiwan. These innovative services earned us international awards and recognitions. We ranked number one in TV, mobile phone and refrigerator categories in U.S. Consumer Report's customer satisfaction index. In China, we won the Ministry of Information and Industry's Customer Satisfaction Award, the CCG Call Center Review Excellence Award in Russia, and MEEA Service Outstanding Company Award in the Middle East.



MEEA Service Outstanding Company Award in the Middle East



CCG Call Center Review Excellence Award in Russia

## Domestic Service Activities

Our goal is to offer not only the best in class but the world best service in Korea. To reach that goal, we have implemented innovations and changes in the areas of sales, delivery, installation and after service.

## ● Sales Service

Samsung Electronics' sales outlets serve as an informed product manager that offers best possible product solutions for customers. For greater customer satisfaction, we have also implemented an innovative customer management platform that provides services like membership card, bonus point accumulation, and three-year warranty on major products. We have also upgraded Samsung Electronics website to improve ease of use.

## ● Delivery & Installation

We are making every effort to be the global best in logistics service by providing value that goes beyond delivery and installation. Our pioneering services include routine product inspection, highlighting key features on product manuals, and Happy Care 3.3.3. Service, a follow-up service aimed at enhancing customer experience. Under the program, Happycall is made to customers three days after product delivery and installation, a text message is sent 30 days later and a thank you letter three months later.

During the peak season for air conditioner installation, we strive to prevent defective work by requiring a repair engineer in charge to prepare his/her own checklist for self-inspection and make follow-up phone calls. To minimize customer complaints, we frequently hold VOC (Voice of Customer) Zero training and introduced the VOC Zero Center Award to raise employee interest in the activity.

## ● After Sales Service

Samsung Electronics took various steps to improve its ability to respond to customer inquiries and requests in 2009. Our differentiated after sales service is geared towards extending swift and perfect service from the customer's point of view. They include Anycall 30-minute service and one-day express service.

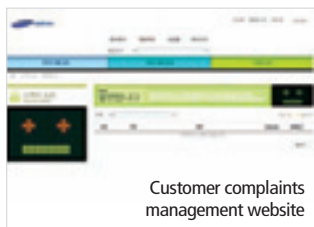
We also implemented the VOC quality response service system in which we address the issue within two working days of receiving the customer complaint.

For improved service capabilities, we offer customized training to engineers according to their skill and expertise levels. We also operate two service academies in Suwon and Gumi to groom top after service talent. In addition, we have standardized the repair method for key products with standard repair manuals and improved CS infrastructure through introduction of companywide G-ERP, engineer-manned call center, opening of service centers at strategic location and direct operation of Anycall centers. These efforts were made to improve customer satisfaction and maximize synergies with the sales operation.

## ● Domestic Service Awards

Samsung Electronics' service innovation actions are recognized by Korea's leading consumer agencies. In 2009, the company was named the leader in the three categories of computer, home appliance and mobile phone in the service quality index service sponsored by the Korean Standards Association for the eighth year in a row. In addition, we were awarded the President Prize at National Quality Circles Contest for four consecutive years, the most for any company, and the President Prize in the service innovation category at the National Quality Award.

## Customer Complaints Management

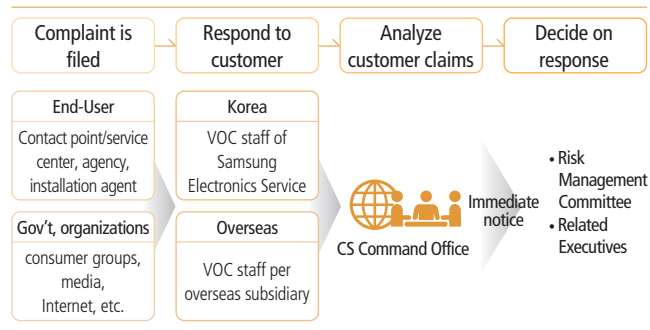


In 2009, we received a total of 49 million customer inquiries and grievances (Korea: 19 million, overseas: 30 million) on product purchase, repair, usage and other issues. That's about a 10% increase from 2008 when we received 44 million inquiries. Samsung Electronics takes swift action to handle inquiries through the regional contact center or website.

In Korea, we obtained CCMS (Customer Complaints Management System) accreditation from the Fair Trade Commission in 2008. This has allowed us to secure a solid foundation to handle customer complaints in a prompt manner. On the global front, Samsung Electronics revamped the customer response system based on Korea's CCMS and created a standard response system for 14 major subsidiaries.

For systematic management of customer complaints and inquiries, we established an integrated VOC management system for global customers in 2009. The system will help us gain valuable insight into customer needs and offer information on product planning, development, sales and service. In addition, each subsidiary is operating a response network to address possible product safety accidents swiftly and effectively. Accidents are immediately reported to relevant departments and top executives to deliver appropriate solutions.

## • Responding to Customer Complaints



## I Improving Product Safety I

Samsung Electronics is committed to delivering safe and quality products to our customers. We test all elements that can compromise product safety by considering a specific product's use in real life settings. All Samsung Electronics' products sold are subjected to a battery of tests in normal and abnormal conditions.

To conduct the tests, Samsung Electronics operates an internationally accredited laboratory certified by 27 accreditation bodies in Korea and 12 other countries. This indicates that Samsung Electronics' product safety test satisfies internationally-accepted quality assurance standards in the areas of testing environment, facility, workforce and quality system, and that each accreditation body recognizes the company's testing ability. It is also a testament to Samsung Electronics' proven capabilities in inspecting product safety to the satisfaction of customers. In 2009, we were certified as a CTIA Authorized Test Lab (CATL) by the Cellular Telecommunication & Internet Association, the international wireless association based in the U.S.

Interview

As a global company, I believe Samsung Electronics is offering exceptional customer support through its friendly staff and effective after sale service system.

overseas customer (service center visitor)

Wang Liang



In terms of design, I think Samsung Electronics' cell phones, TVs and refrigerators are very refined and beautiful. They are also very high in quality with wide ranging innovative features. However, they are not very easy to use and cell phones, while they look great, are not very durable. I am happy with Samsung Electronics' overall customer service. As a global company, I believe Samsung Electronics is offering exceptional

customer support through its friendly staff and effective after sale service system. From a customer's perspective, I think more prompt response will make the service perfect. I hope Samsung Electronics contributes to protecting the environment and making peoples' lives more convenient by developing eco-friendly and quality innovative products.

## I Customer Information Protection I

At Samsung Electronics, we believe safeguarding customers' information is essential to earning their trust. Under the belief, we classify customer information as our core asset and manage it in accordance with related laws and regulations.

Our efforts to protect customer information involve the following actions. One is complying with the personal information protection law such as the "Act on Promotion of Information and Communications Network Utilization and Information Protection" and appointing a person in charge to oversee work related to collection, management, utilization and destruction of personal information. Two is installing a system to limit access to personal information and preventing non-authorized persons from entering the site where the system is installed. Three is operating a customer center to facilitate communication with providers of personal information. As a result of our rigorous internal processes, there was no violation of customer information protection law in 2009.

When deemed necessary for effective resolution of personal information related accidents, the company organizes a task force to respond to the accident in accordance with security accident response procedures. The task force, comprised of heads of the Information Protection Department, IT Management Department, Personal Information Management Department and Legal Affairs Team, handles the matter by employing a systematic process in accordance with accident type such as information theft, infringement and leak.

### Response to Personal Information Accident

#### ● Personal Information Theft

Upon receiving report of personal information theft, the incident is reported to the person in charge and the stolen information is deleted from the system. For this purpose, we interview the victim via phone or email to find out how the theft occurred and enforce necessary measures to prevent recurrence. We also consult the Legal Affairs Team to identify related legal issues.

#### ● Personal Information Infringement

When personal information has been infringed upon due to hacking or computer virus, the incident is reported to the person in charge and work is conducted to identify the cause and damages. In addition, the person who may be the victim of the infringement is informed of the fact and is offered appropriate compensation.

#### ● Personal Information Leak

In case of personal information leak due to error or willful negligence of company employee or employees at the firm

commissioned to manage personal information, the incident is reported to the person in charge and necessary measures are taken such as identifying the exact scale of the incident. Our response action to personal information leak is taken in compliance with the personal information infringement regulations.

## I Responsible Marketing I

### Marketing Policy

Samsung Electronics' challenging spirit and passion for tomorrow is conveyed to our customers through a variety of marketing communication programs like brand/product advertisements, promotions and sponsorships. We are committed to responsible marketing by rigorously adhering to related laws including the Labeling and Advertising Law that prohibits slandering competitors, misleading and exaggerated advertisements. As such, there was no related violation during the reporting period.



### Sports Marketing

Starting as a sponsor of the Seoul Summer Olympics in 1988, Samsung Electronics has been an official partner of all summer and winter Olympic Games from the 1998 Nagano Winter Olympics to the 2010 Vancouver Winter Olympics. The company supports other major international sporting events as well such as the IAAF World Championships in Athletics and Asian Games. Football is another area of interest for Samsung Electronics as a sponsor of Premier League's Chelsea Football Club and international football competitions like the African Cup and Asian Cup.

In particular, our marketing activities during the 2009 Berlin IAAF World Championships and 2010 Vancouver Winter Olympics as well as our partnership with Chelsea are hailed as successful examples of sports marketing.



# Appendix

Key Environmental/  
Social Performance Indicators

Major Awards

GRI Index

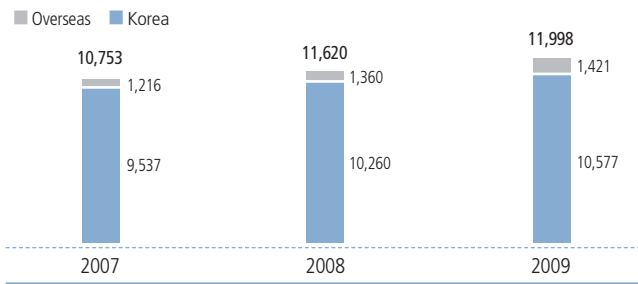
Independent Assurance Report

## I Environment I

### Climate Change

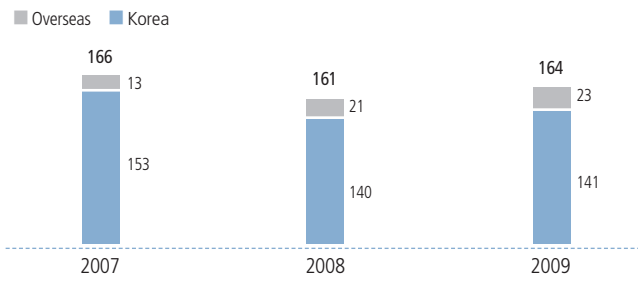
- Energy Consumption
- Electricity

(Unit: GWh)



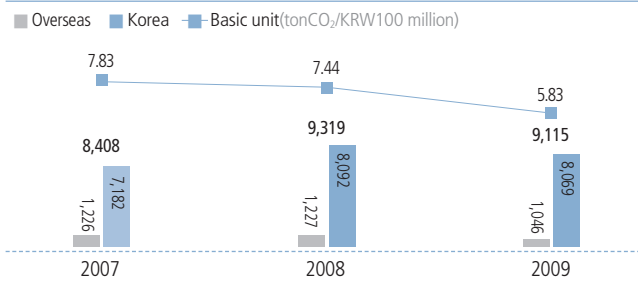
- LNG

(Unit: Million Nm<sup>3</sup>)



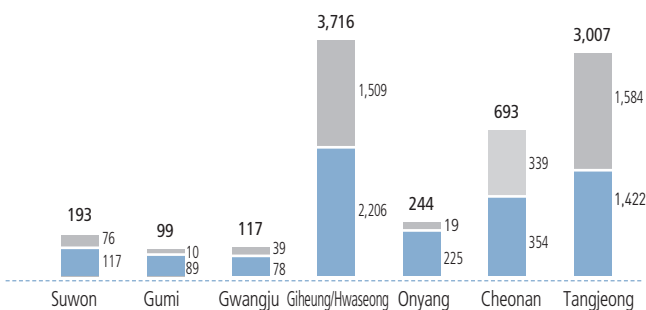
- Greenhouse Gas Emission

(Unit: 1,000 tonCO<sub>2</sub>)



- Greenhouse Gas Emission by Worksite (2009) (Unit: 1,000 tonCO<sub>2</sub>)

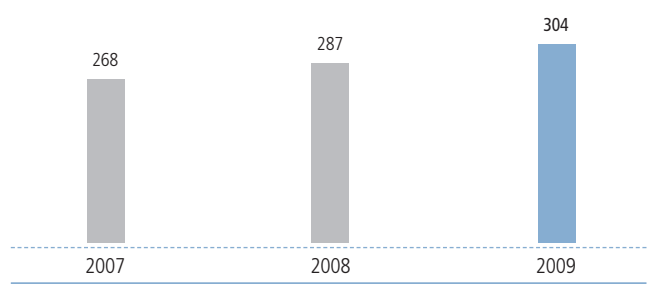
Direct emission Indirect emission Total 8,069



### Raw Material Usage

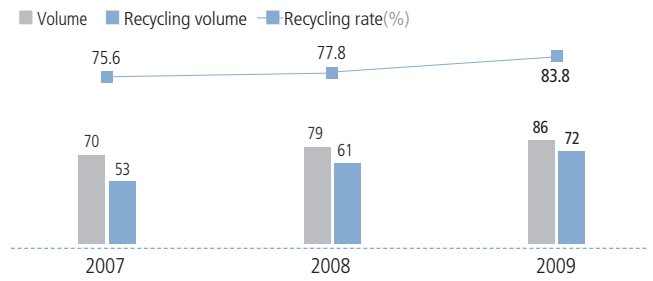
- Raw Material Usage

(Unit: 1,000 ton)



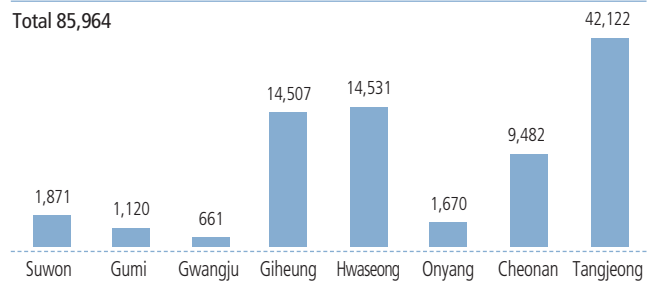
- Water Use

(Unit: Million ton)



- Water Use (2009) - Usage Volume

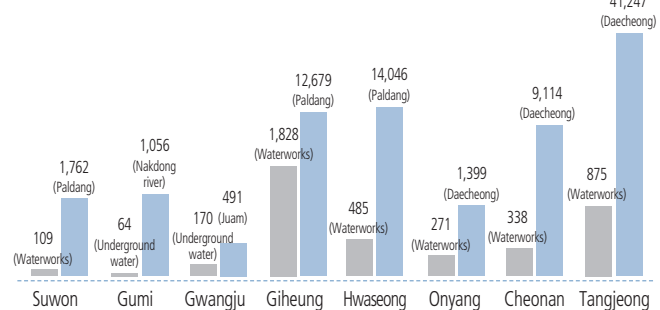
(Unit: 1,000 ton)



- Water Use (2009) - Industrial Water

(Unit: 1,000 ton)

Other Industrial water Total 4,140 81,824



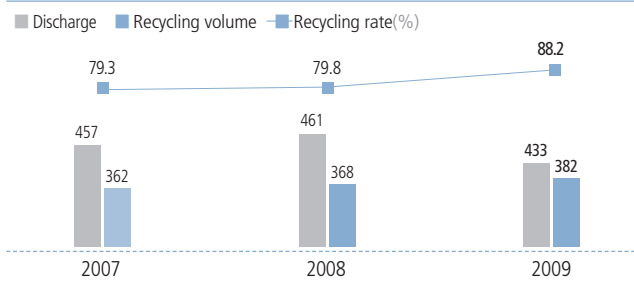
## Hazardous Material and Environmental Law Related Status

Category	Standard	Unit	2007	2008	2009
Ozone depleting material usage	Korea	Ton	113	74	36
Total number and volume of hazardous material spill	Korea	Number of cases/Ton	None	None	None
Total value of fines and number of non-financial sanctions for noncompliance with environmental laws and regulations	Korea	Number of cases/KRW	None	None	None
Total volume of international waste transport and transfer	Korea	Ton	None	None	None

## Waste

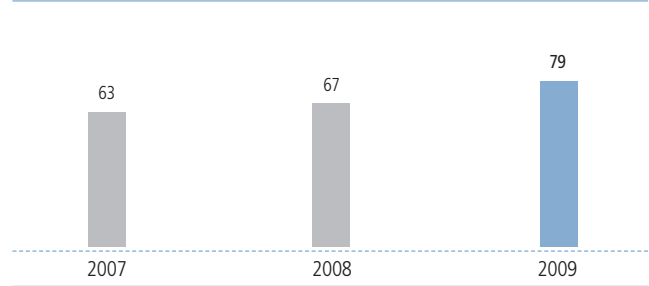
### • Waste

(Unit: 1,000 ton)



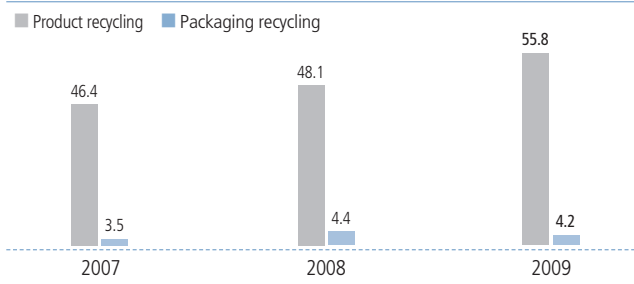
### • Wastewater Discharge

(Unit: Million ton)



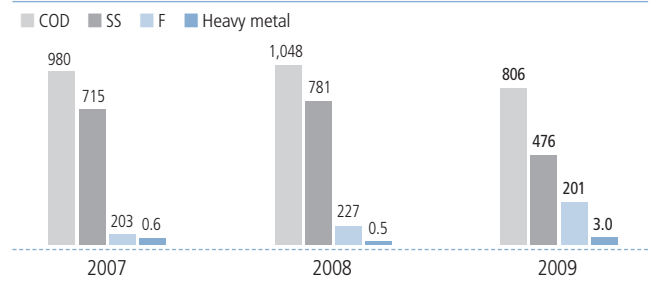
### • Waste Products

(Unit: 1,000 ton)



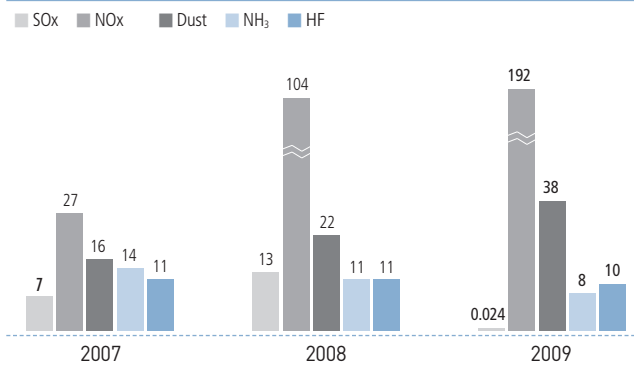
### • Water Pollutants Discharge (Korea)

(Unit: Ton)



### • Air Pollutants Discharge (Korea)

(Unit: Ton)



## ESH Certification

### • Korea

	Suwon	Gumi	Gwangju	Giheung	Hwaseong	Onyang	Cheonan	Tangeong
ISO14001	1996.10 UL	1996.11 UL	1996.10 UL	1996.9 BV	2001.11 BV	1996.9 BVQI	2006.12 BVQI	1996.9 BVQI
OHSAS18001	2000.11 UL	2001.10 UL	2002.10 UL	1999.12 BV	2001.11 BV	1999.12 BVQI	2006.11 BVQI	2000.5 BVQ

### • Overseas

NO	Region	Subsidiary	Division	Date of certification		Certification institution
				ISO 14001	OHSAS 18001	
1		SAMEX	VD	2000. 12	2003. 12	UL
2	North America	SAS	Semiconductor	2001. 1	2007. 10	BSI-QA
3		SEM-P	Digital Appliance	2004. 11	2006. 6	UL
4		SEDA-P(C)	Wireless	2009. 11	2009. 11	UL
5	Latin America	SEDA-P(M)	VD	2001. 2	2006. 3	BVQI
6		CIS	SERK	VD	2009. 4	2009. 4
7		SEH-P	VD	2005. 5	2005. 11	BVQI
8	Europe	SESK	VD	2003. 9	2003. 9	UL
9		SELSK	LCD	-	-	Due in July 2010
10		SEIN-P	VD	2003. 4	2003. 10	SUCOFINDO
11		SAVINA	VD	2001. 12	2002. 12	UL
12		SDMA	VD	1999. 8	2002. 8	DNV/RvA
13	Southeast Asia	SEV	Wireless	2009. 9	2009. 9	BSI
14		TSE	Digital Appliance	2001. 12	2003. 11	UL
15		SEMA	Digital Appliance	2005. 12	2005. 12	DNV
16		SEPHIL	Semiconductor	2002. 9	2003. 10	UL
17	Southwest Asia	SIEL-P(C)	VD	2008. 9	2008. 9	BVQI
18		SIEL-P(N)	VD	2000. 6	2003. 8	AFAQ-EAQA
19		TSED	VD	2001. 1	2003. 12	TUV
20		TTSEC	VD	2005. 11	2005. 11	TUV
21		TSEC	VD	2000. 2	2004. 10	UL
22		TSOE	VD	2008. 2	2010. 2	CQC
23		SEHZ	VD	2005. 5	2006. 3	CQC
24	China	TSTC	Wireless	2005. 5	2005. 5	UL
25		SSKMT	Wireless	2005. 4	2005. 4	SSCC
26		SSDP	IT	2004. 9	2004. 11	UL
27		SESC	IT	2004. 2	2004. 2	CQC
28		SESL	LCD	2008. 1	2008. 12	BVQI
29		SESS	Semiconductor	2004. 5	2004. 5	BVQI
30		SSEC	Digital Appliance	2003. 11	2005. 6	CQC
31		SEHF	Optical Telecommunication	2006. 1	2006. 1	CQC

## Accident rate

Category	Standard	Unit	2007	2008	2009
Accident rate	Korea	%	0.056	0.063	0.040

## Environmental Accounting (2009)

(Unit: KRW billion)

Category	Details	Total
Facility investment	GHGs/Energy, utility, environment & safety, etc.	132.0
Operational expenses	Facility operation, pollution prevention, response to stakeholders, etc.	309.0
Total		441.0



# I Society I

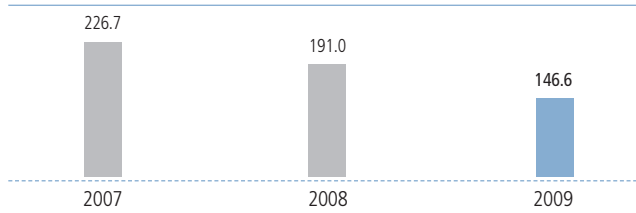
## Social Performance Indicator

Category	Item	Standard	Unit	2007	2008	2009	
Products & services	No. of customer information protection related violations	Korea	No. of Cases	None	None	None	
	No. of marketing communication related violations	Korea	No. of Cases	None	None	None	
	Service quality index (Korean Standards Association)	Computer	Korea	Ranking	1	1	1
		Home appliance			1	1	1
		Mobile phone			1	1	1
Talent management	Annual new hires	Companywide	Person	42,127	47,327	27,418	
	Ratio of foreign workers	Companywide	%	41	48	46	
	Ratio of female workers	Companywide	%	31	41	39	
	Training hour per employee	Korea	Hour/year	105	109	90	
	Education expense	Korea	KRW mil	97,800	94,800	82,627	
	Welfare expense	Companywide	KRW bil	1,491.5	1,733.1	1,808.6	
Partner collaboration	Supplier CSR Code of Conduct Compliance Agreement registration	Global	No. of companies	-	-	542	
	Supplier CSR self-assessment	Global	No. of companies	-	-	356	
	Support for suppliers' HR development	Global	Person	5,542	3,628	5,800	
	Support for suppliers' innovation initiatives	Global	Cases	227	260	135	

## Annual Regional Social Contribution

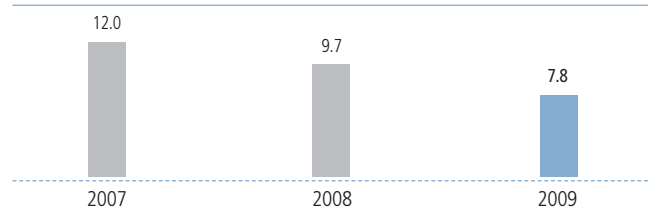
### • Social Contribution Expense (Global)

(Unit: KRW billion)



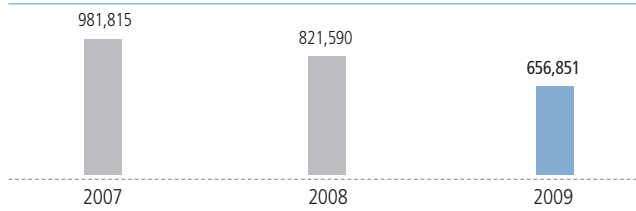
### • Average man hour (Korea)

(Unit: Hour)



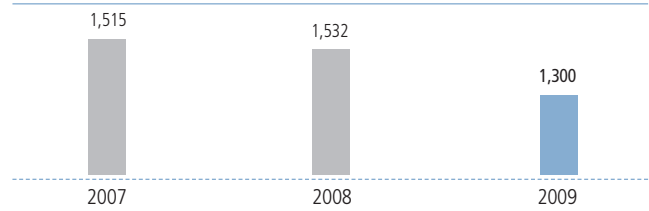
### • Total Volunteer Hours (Korea)

(Unit: Hour)



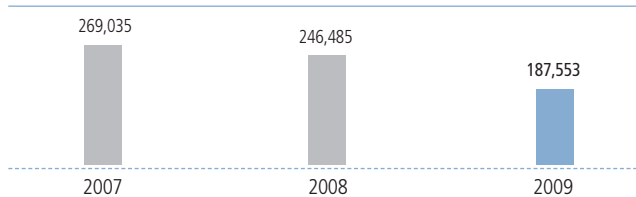
### • No. of Volunteer Teams (Korea)

(Unit: Team)



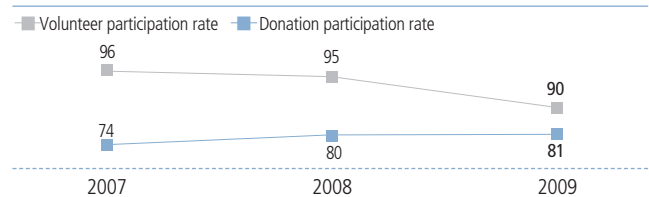
### • Number of People Participating in Volunteering Annually (Korea)

(Unit: Person)



### • Volunteer Participation Rate/ Donation Participation Rate (Korea)

(Unit: %)



## I Green Management I

### Korea

Award	Given by	Date	Details
Green Product Winner	KMA (Korea Management Association)	Oct. 2009	Washing machine, refrigerator, kimchee refrigerator
Korea CDP Award of Excellence	CDP Korea Committee	Oct. 2009	Recognized for excellence in carbon disclosure
Energy Winner	Consumers Korea	Jul. 2009	Totally 9 products including LED TV, refrigerator and air conditioner
Korea Green Award	Hankook Ilbo	Jun. 2009	Awarded in "Green Management" category
LOHAS Award	Korea LOHAS Association	May 2009	LED TV (Grand Prize), Washing machine (Award of Excellence)

### North America

Award	Given by	Date awarded	Details
ENERGY STAR Award	U.S. Environmental Protection Agency (EPA) & DOE	Mar. 2010	Excellence in ENERGY STAR Promotion Award,
Mexico Green Comm Award	Expo Comm Mexico	Feb. 2010	Award for eco-friendly product development
Dallas Recycling Award	Dallas	Feb. 2010	Award for voluntary recycling
New Hampshire Voluntary Recycling Award	New Hampshire	Nov. 2009	Award for voluntary recycling
California WRAP Award	California	Nov. 2009	Award for voluntary recycling
CES Eco-Design Innovation Award	U.S. Consumer Electronics Association (CEA)	Oct. 2009	Bio-plastic mobile phone, OLED digital photo frame, induction oven range
Wisconsin Voluntary Recycling Award	Wisconsin	Sep. 2009	Award for voluntary Recycling
Texas Green Award	Texas	Sep. 2009	Award for voluntary recycling
Pennsylvania E-Waste Recycling Award	Pennsylvania	Jun. 2009	Award for voluntary recycling
ENERGY STAR Award	U.S. EPA	Mar. 2009	ENERGY STAR Award for Excellence in Product Labeling

### Europe

Award	Given by	Date awarded	Details
Green TV Award (Europe)	European Imaging and Sound Association (EISA)	Aug. 2009	LED TV
iF Material Award (Germany)	International Forum Design Hannover	Apr. 2009	LED TV

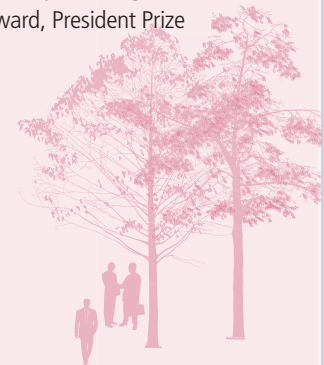
## I Social Contribution I

- Asan city hall appreciation plaque for contributing to regional welfare development
- Gyeonggi-do Office of Education's Appreciation Plaque for supporting science classes in local elementary schools (2009)



## I Partner Collaboration I

- 2009 Beautiful Partnership Award, SMBA Administrator Commendation in group category  
-Samsung Electronics and DS LCD joint recognition
- 2010 Beautiful Partnership Award, President Prize



## I Products & Services I

- Ranked No. 1 in U.S. Consumer Report's Customer Satisfaction Index (TV, mobile phone and refrigerator)
- Chinese Ministry of Information and Industry's Customer Satisfaction Award
- Russia CCG Call Center Review Excellence Award
- Middle East MEEA Service Outstanding Company Award
- Ranked No. 1 in the Korean Standards Association sponsored 2009 Quality Index (computer, home appliance, mobile phone)
- Korea's National Quality Circles Contest, President Prize (four consecutive years, the most in the industry)
- Korea's National Quality Award, President Prize in the service innovation category

G3	Disclosure Items	Responses of Samsung Electronics	Page
<b>Profile</b>			
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	CEO Message
	1.2	Description of key impacts, risks, and opportunities	CEO Message / Vision 2020 / Materiality Test
Organizational Profile	2.1	Name of the organization	Samsung Electronics Co., Ltd.
	2.2	Primary brands, products, and / or services	Company Overview / Economic Performance
	2.3	Operational structure of the organization	Company Overview / Global Network
	2.4	Location of organization's headquarters	Company Overview
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability reporting	Company Overview / Global Network
	2.6	Nature of ownership and legal form	Corporate Governance
	2.7	Markets served	Economic Performance
	2.8	Scale of the reporting organization	Employment Status / Economic Performance
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	Company Overview / Economic Performance
	2.10	Awards received in the reporting period	Major Awards
Report Parameters	3.1	Reporting period	About This Report
	3.2	Date of previous report	July 2009
	3.3	Reporting cycle	About This Report
	3.4	Contact point for questions regarding the report or its contents	About This Report
	3.5	Process for defining report content	Materiality Test
	3.6	Boundary of the report	About This Report
	3.7	State any specific limitations on the scope or boundary of the report	About This Report
	3.8	Basis for reporting that can significantly affect comparability from period to period and / or between organizations	About This Report
	3.9	Data measurement techniques and the bases of calculations	Addressing Climate Change / Economic Performance / Environmental / Social Performance Indicators
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	No restate
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods	About This Report / Intergy Management	
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Index Table	
3.13	Policy and current practice with regard to seeking external assurance for the report	About This Report / Assurance Statement	
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	Corporate Governance
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Corporate Governance
	4.3	The number of members of the highest governance body that are independent and / or nonexecutive members	Corporate Governance
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance	Corporate Governance
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Corporate Governance
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Corporate Governance
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	Value System / Sustainability Management
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Corporate Governance
	4.10	Processes for evaluating the highest governance body's own performance	Corporate Governance
	4.11	Explanation of whether and how the precautionary approach or principle is addressed	Addressing Climate Change
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Win <sup>3</sup> Partnership
	4.13	Memberships in associations (such as industry associations) and / or national / international advocacy organizations	Addressing Climate Change / Win <sup>3</sup> Partnership
	4.14	List of stakeholder groups engaged by the organization	Stakeholder Communication
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Communication	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder	Stakeholder Communication	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded	Materiality Test	

G3		Disclosure Items	Application Level	Page
Health and Safety	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	▲	51
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	51
	LA9	Health and safety topics covered in formal agreements with trade unions	▲	51
Training and Education	LA10	Average hours of training per year per employee by employee category	●	27
	LA11	Programs for skills management and lifelong learning and assist them Prior Report in managing career endings	●	27, 31
	LA12	Percentage of employees receiving regular performance and career development reviews	●	30
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	7, 13
	LA14	Ratio of basic salary of men to women by employee category	●	30
<b>Human Rights Disclosure on Management Approach</b>				
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	X	
	HR2	Percentage of significant suppliers and contractors that have X insufficient data undergone screening on human rights and actions taken	●	73
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights	▲	27
Nondiscrimination	HR4	Total number of incidents of discrimination and actions taken	●	30
Freedom of Association and Collective Bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	●	30-31
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor	●	31
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or 31 compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	31
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights	●	30
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	N/A	
<b>Society Disclosure on Management Approach</b>				
Community Corruption	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	●	56-57, 59-68
	SO2	Percentage and total number of business units analyzed for risks related to corruption	N/A	
	SO3	Percentage of employees trained in organization's anticorruption policies and procedures	●	33
	SO4	Actions taken in response to incidents of corruption	●	34
Public Policy	SO5	Public policy positions and participation in public policy development and lobbying	▲	21
Behavior	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	▲	34
Anti-Competitive	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	▲	2009 Annual Report
Compliance	SO8	Monetary value of significant fines and total number of non monetary sanctions for noncompliance with laws and regulations	▲	80, 83, 2009 Annual Report
<b>Product Responsibility Disclosure on Management Approach</b>				
Customer Health and Safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	●	46-50, 76-79
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	X	
Product and Service Labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	●	45-47, 54-55
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	X	
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	77-79
Marketing Communication	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	▲	80
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	●	80
Customer Privacy Compliance	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	80
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	X	



In compiling the 2009-2010 Sustainability Report (the Report), Samsung Electronics used the Global Reporting Initiatives (GRI) G3 Sustainability Reporting Guidelines. Accordingly, Samsung Electronics makes a self-declaration that the Report meets the requirements for GRI's Application Level A+. Samil PricewaterhouseCoopers confirmed that the Report meets the requirements for GRI's Application Level A+ (+ refers to 3rd Party assurance).

We have been engaged by Samsung Electronics to perform an independent assurance engagement in regard to the following aspects of Samsung Electronics' 2009-2010 Sustainability Report (the "Report").

## Scope and subject matter

The information for the year ended December 31, 2009 (hereinafter, collectively referred to as the "Sustainability Information") on which we provide limited assurance consists of:

- Samsung Electronics' conclusion on meeting the principles of Inclusivity, Materiality and Responsiveness in the AA1000 Accountability Principles Standard 2008 ("AA1000APS");
- The following selected information in the Report (the "Sustainability Data") which is prepared, based on the reporting principles set out on "About This Report" (the "Reporting Principles").
  - Employment Status data on page 7
  - Overseas Employees and Female Employees data on page 25
  - Education data on page 27
  - Compensation without discrimination on page 30
  - Global Turnover rate & No. of Resignation data on page 31
  - Domestic Greenhouse Gas Emissions data on page 42
  - Domestic Electricity and LNG Consumption data on page 43
  - Work-Related Accidents and Samsung Electronics Accident Rate data on page 51
  - Domestic Water Use and Reuse data on page 52
  - Domestic Air Pollutant Discharge and Domestic Waste Generation and Recycling data on page 53
  - Financial Support for Partners data on page 72
  - Annual Regional Social Contribution data on page 85

With regard to the financial data included in the key figures on pages 17~20, our procedures were limited to verifying that they were correctly derived from Samsung Electronics' audited consolidated financial statements. We used the Global Reporting Initiative (GRI) Quality of Information Principles as criteria for evaluating performance information. Where GRI protocols were used to compile performance indicators, these were adopted as additional criteria.

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

## Assurance work performed

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

- (1) International Standard on Assurance Engagement 3000 (Revised) - 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by International Auditing and Assurance Standards Board  
(2) AA1000 Assurance Standard(2008), issued by AccountAbility

Our work involved the following activities:

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

## Respective responsibilities of the management of Samsung Electronics and Samil PricewaterhouseCoopers

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

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

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

## Inherent limitations

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

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

- We did not attend any stakeholder engagement activities. Therefore our conclusions are based on our discussions with management and staff of Samsung Electronics and our review of selected documents provided to us by Samsung Electronics.
- The scope of our work was restricted to 2009 performance only, as set out in the scope and subject matter section above. Information relating to the year ended December 31, 2008 and earlier periods have not been subject to assurance by us.

## Conclusion

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

- On the AA1000APS principles;
  - Inclusivity: - Samsung Electronics has collected concerns and opinion through stakeholder communication channels that include customers, business partners, stockholders/investors, the government, local communities, employees, and NGOs
  - Nothing has come to our attention to suggest that material stakeholder groups were excluded in these channels.
  - Materiality: - Samsung Electronics has identified most relevant and significant sustainability issues through process for identifying material issues.
  - Nothing has come to our attention to suggest that material issues were omitted in this process.
  - Responsiveness:- Samsung Electronics has included in the Report its response to the material sustainability issues which are defined through process for identifying material issues.
  - Nothing has come to our attention to suggest that there is material deficiency in issue management system.
- Nothing has come to our attention that causes us to believe that Sustainability Data for the year ended December 2009 are not fairly stated, in all material respects, in accordance with the Reporting Principles.

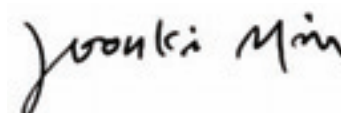
## Recommendations

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

- Samsung Electronics' internal reporting guideline needs to be revised to ensure consistency, accuracy and completeness of the sustainability data and information.
- In order to reflect various opinions of stakeholders in the sustainability report, continuous improvement is needed in the area of the stakeholder engagement such as more direct communication with key stakeholders and in the process of addressing and reporting their concerns.
- Some of the key performance indicators are managed based on domestic data only. The management of key performance indicator needs to be expanded to cover overseas operations.

Samil PricewaterhouseCoopers  
May 31, 2010

Joonki Min  
Partner, Assurance



2009-2010  
SUSTAINABILITY REPORT

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- Publisher: Gee-Sung Choi
- Published by: Samsung Electronics
- Design by: Samwoo Communications

- Report prepared by: Partner Collaboration & Enhancement Team  
Soung-Soo Song, Eui-Heon Jeong

About Samsung Electronics

- Corporate Human Resources Team
- Corporate Finance & Accounting Team
- Investor Relations Team
- Corporate Communications Team
- Information Security Center

Bokki Moon  
Hyungil Kim  
Jerry Lee  
Kyu Boak Lee  
Gyeongheon Seo

Talent Management

- Corporate Human Resources Team
- Partner Collaboration & Enhancement Team

Bokki Moon  
Youngseok Kim

Integrity Management

- Corporate Auditing Team
- International Legal Team
- Corporate Legal Team
- Partner Collaboration & Enhancement Team

Jaewon Kim  
Ilhwan Kim  
Yunsik Choi  
Youngseok Kim

Green Management

- Customer Satisfaction & Environment Center
- Partner Collaboration & Enhancement Team

Yoonsung Cho  
Inhee Yang  
Jongmyeong Kwak

Social Contribution

- Community Relations Office
- Partner Collaboration & Enhancement Team

Sukyung Lee  
Jonathan Shin

Partner Collaboration

- Partner Collaboration & Enhancement Team
- Corporate Procurement Strategy Team
- Partner Collaboration & Enhancement Team

Yoonho Jang  
Taehoon Ahn  
Sungbo Choi

Products & Services

- Customer Satisfaction & Environment Center
- Global Marketing
- Information Security Center
- Partner Collaboration & Enhancement Team

Daeman Shim  
Teddy Yoo  
Insun song  
Gyeongheon Seo  
Euiheon Jeong

**We welcome your valuable feedback.**

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