PEOPLE
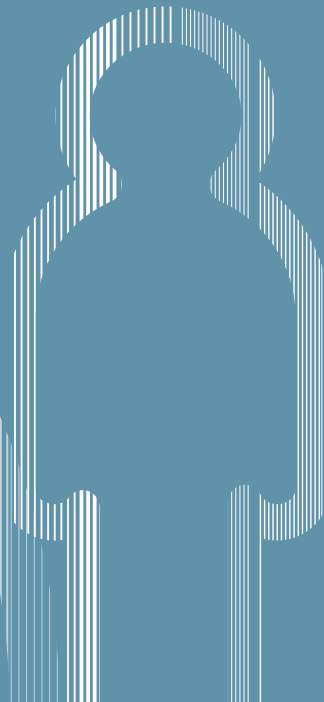
1. OUR PEOPLE
2. COMPLIANCE
3. HUMAN RIGHTS

Based on the idea that the main power of a company lies in its people, Samsung is committed to establishing a creative environment where all employees can work with pride, while providing opportunities for growth. We also aim to fulfill our social roles and responsibilities as a global company by implementing ethical management while observing all laws and principles. In addition, we will continuously work hard to respect and protect human rights, our most important obligation as a member of a global society. ————

PEOPLE

1/

OUR PEOPLE

Material issues

1. Talent management and development
2. Stakeholder engagement and dialogue

OUR VISION

Based on the faith that "a company is nothing but people (people first)," Samsung believes that everyone is a talented person—with unique competencies and potential—and that each one is a driving force moving the world. Therefore, Samsung made human resource management one of its three key management initiatives under its "Vision 2020: Inspiration for a future society, the creation of a new future."

OUR COMMITMENT

We prohibit discrimination due to gender, academic background, race, and age. We also observe all laws and regulations in the countries and local communities where we carry out business and respect the rights of all employees. In addition, we encourage the self-development and creativity of talented people from around the world and aim to strengthen diversity. Furthermore, we support performance-based compensation so that the company can always achieve the very best results.

IN THIS REPORT

Samsung work environments are places where employees can fully display their competencies and bring about the very best results. In this chapter, we describe Samsung's training systems and programs for human resource development, as well as the various activities that ensure a dynamic organizational culture.

TRENDS & CHALLENGES

Economic Recession and Youth Employment   Companies need to secure top human resources in order to maintain a competitive edge in today's slow recovery of the global economy. Also, the current youth unemployment crisis is a serious issue around the world. In fact, Korea had the highest youth unemployment rate (ages 16-29) compared to the unemployment rate of core production population (ages 30-54) among all OECD member countries as of 2013. Human resource management is very meaningful in terms of the company's gaining competitiveness and job creation, but is also one of Samsung's social responsibilities as a global company.

Support for Growth and Revelation of Competencies   Social and stakeholder expectations for individual employees (both current & retired) are increasing. Accordingly, individual career management and career consulting services are required. To collect employees' creative and diverse opinions, a proper work environment and organizational culture need to be established. For global worksites, local employment based on a fair performance-based system needs to be strengthened to accept diverse ways of thinking and to invigorate communication.

WHAT WE ARE DOING

HR Development for the Future

Operating a three-layer training system consisting of Core, Leadership, and Expertise programs to develop employee competencies and to foster core talent; providing various training programs according to self-assessment results; respecting individual opinions and continuously running the Job Posting program and the Career Consulting Center

Creative Performance-based System

Not only for fair evaluations, rewards, and benefits based on performance, but also an award system to promote employee competency development
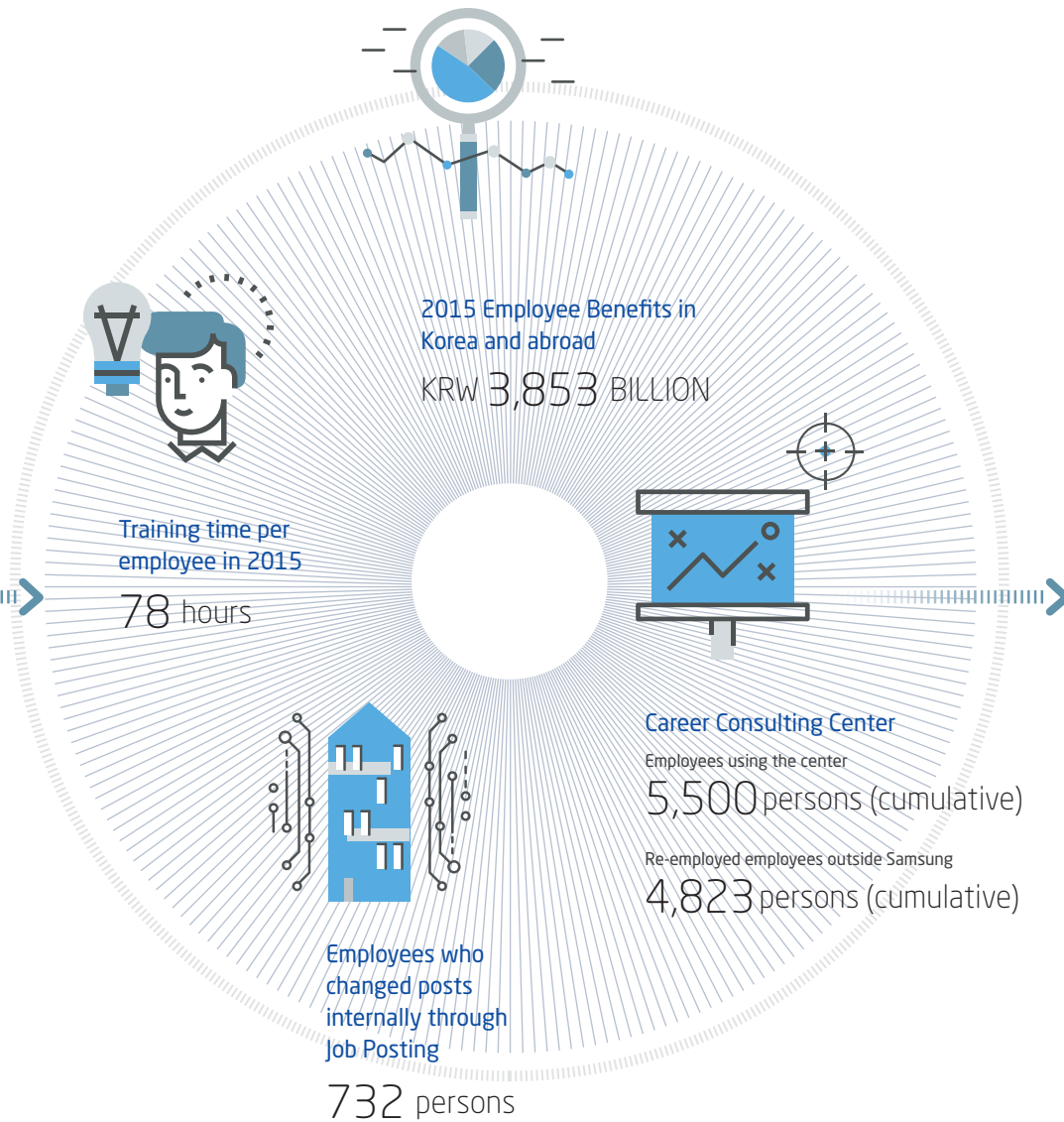
Dynamic Organizational Culture

Establishing an environment where all employees can display their own distinct personalities and talents in a free and creative culture; especially committed to improving organizational vitality through in-house club activities and mental fitness programs

Link to SDGs
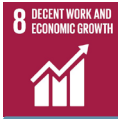
[Goal 8] Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

2015 Employee Benefits in Korea and abroad

KRW 3,853 BILLION

Training time per employee in 2015

78 hours

Career Consulting Center

Employees using the center

5,500 persons (cumulative)

Re-employed employees outside Samsung

4,823 persons (cumulative)

Employees who changed posts internally through Job Posting

732 persons

FUTURE PLANS

1

A Company Where the World's Top Talents Want to Work

One of the qualitative goals of Vision 2020 is to be a company where the world's top talents want to work.

2

Improving Employee Satisfaction

Monitor the results of HR management by continuously collecting feedback from employees, such as through surveys, and establish a clear direction for the future

1

Human Resource Management

Samsung follows a simple business philosophy. We devote our human talent and technology to create superior products and services to help contribute to global society. It is indeed significant that Samsung's business philosophy first mentions "human talent." Based on this belief, we have been focusing on developing and nurturing our employees since the earliest days of our company's foundation, knowing that people lie at the heart of any company. We do encourage our people to reach their full potential by providing the self-regulating and creative environment. Samsung also respects employee diversity and places a priority on protecting the rights of our employees and prohibiting and discrimination by race, age, gender, sexual orientation, ethnicity, disabilities, pregnancy, religion, political inclinations, union membership, nationality or marital status. We are committed to complying with relevant laws and regulations in the countries we carry out our business, while respecting all worker rights. All employees are required to follow 'Employee Code of Conducts and 'Business Conduct Guidelines' at their daily work.

Management System

In order to foster human resources for the future, to support employee growth, to establish a creative culture, and to pursue diversity, Samsung operates a well-organized system through specialized units for each goal. Our human resources team includes specialized groups focused on areas such as training and development, organizational capability, and creative culture. HR professionals embedded within each business unit at Samsung have listened to voices from actual worksites as we efficiently cooperate with one another, from the establishment of HR strategies through to their execution.

Management System

Human Resource First

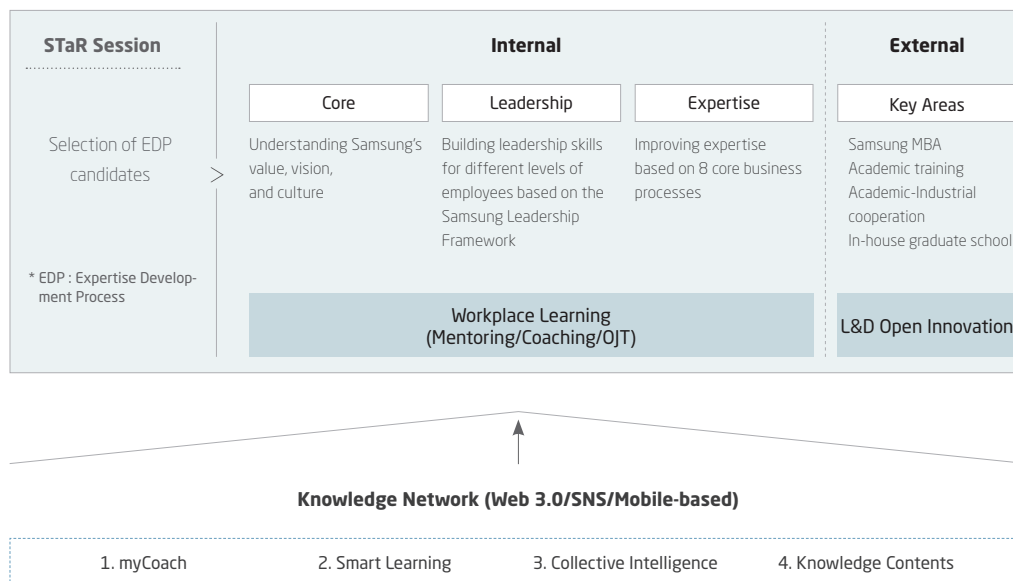| HR DEVELOPMENT FOR THE FUTURE	DYNAMAIC ORGANIZATONAL CULTURE	CREATIVE PERFOMANCE -BASED SYSTEM
Fostering Based on Individual Capabilities	Flexible Work Environment	Fair Evaluation System
· Systematic assessment & selection of candidates (EDP / STaR Session) · Various training programs (Core/Leadership/Expertise)	· Flexible working hours · Mobile office	· Evaluation process · Regular training for evaluators
	Support for Cultural Activities	Performance-based Rewards
Systematic Career Management	· Concerts · Support for in-house clubs	
· Job posting · Career Consulting Center	Mental Health Management	· Award system · Selection & promotion
	· Life Coaching Center · Healing Campus	

HR Development for the Future

Learning and Development Process

Samsung supports all of its employees around the world so that they can grow within the same systematic training system. Every year, the company conducts an EDP (Expertise Development Process) assessment for all employees and focuses on self-directed learning by allowing them to set their own annual training plan according to the results of the assessment on individual expertise and skills.
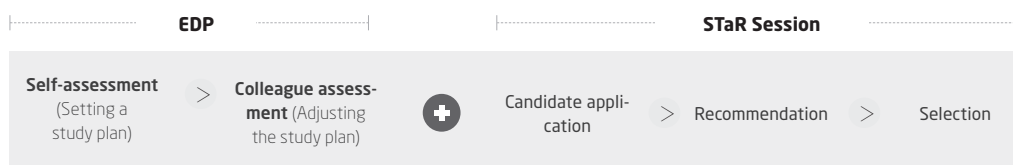
Employee Learning and Development Framework

STaR Session	Internal			External
Selection of EDP candidates	**Core**	**Leadership**	**Expertise**	**Key Areas**
	Understanding Samsung's value, vision, and culture	Building leadership skills for different levels of employees based on the Samsung Leadership Framework	Improving expertise based on 8 core business processes	Samsung MBA Academic training Academic-Industrial cooperation In-house graduate school
* EDP : Expertise Development Process	Workplace Learning (Mentoring/Coaching/OJT)			L&D Open Innovation

Knowledge Network (Web 3.0/SNS/Mobile-based)

1. myCoach   2. Smart Learning   3. Collective Intelligence   4. Knowledge Contents

Assessment and Selection of Candidates

Samsung conducts its STaR (Samsung Talent Review) Sessions in association with its EDP (Expertise Development Process). The STaR Sessions are a comprehensive talent nurturing process that supports employees in designing an individual career path and establishing a clear vision with their supervisor. Through this process employees can apply for various human resource development programs, such as an MBA, academic training, regional expert class, or job expert course. STaR Sessions provide employees with a fair and transparent opportunity in their developmental process through which they can experience a variety of innovation and creative programs, while also allowing the company to build a pool of selected candidates to infuse employee learning and a development system into our strategic and organizational needs. Every year, over 2,000 employees apply for the company's learning and development programs through the STaR Sessions, and Samsung manages the human resource development pool that consists of the most important selected candidates from a mid- and long-term perspective.

Assessment and Selection Process

EDP		STaR Session		
Self-assessment (Setting a study plan)	Colleague assessment (Adjusting the study plan)	Candidate application	Recommendation	Selection

STaR Session Applicants

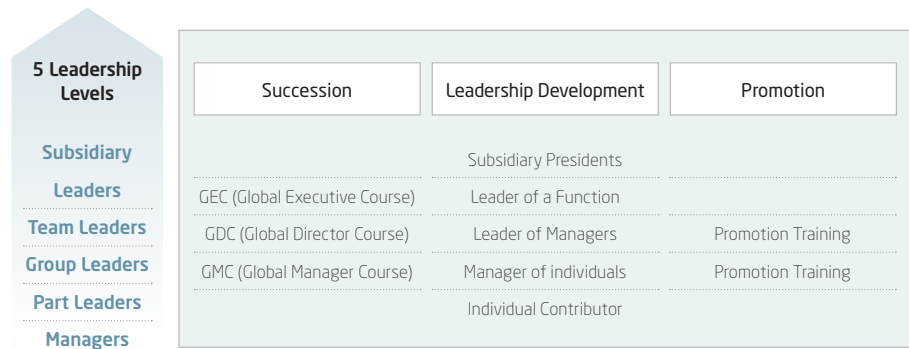Korea (Every year)

2,000 persons

Training Programs

Samsung provides training programs tailored to different job levels and positions for all employees around the world based on three pillars— Core Program, Leadership Program, and Expertise Program—so that they share the same vision for our values and future growth. On an annual basis, four million people participate an average of 8 hours with training programs around the world.

Samsung Core Program The goal of the Core Program is to assist all employees in gaining a sense of belonging to the company at Samsung. All new recruits are encouraged to participate in new hire courses before being assigned to their position. All employees also participate in a change leadership seminar on corporate strategy to help them work more proficiently and focus on the multinational arms of a global company.

Samsung Leadership Program Nurturing Next-generation Core Leaders. Training for different job levels is conducted based on the Samsung Leadership Framework. Not limited to a simple training program, SLP carries out consistent competency-based personnel management that is closely related to the entire HR process, including recruitment, evaluation, and work force management. Samsung Leadership programs are spreading throughout the company. With that in mind, it supports well-designed programs for core talents including Global Manager Course, Global Director Course, Global Executive Course.

Samsung Leadership Program

Pushing for results	Creative Intelligence	Navigating organizations	Building the Best Teams	Inspiring Others

5 Leadership Levels	Succession	Leadership Development	Promotion
Subsidiary Leaders		Subsidiary Presidents	
	GEC (Global Executive Course)	Leader of a Function	
Team Leaders	GDC (Global Director Course)	Leader of Managers	Promotion Training
Group Leaders	GMC (Global Manager Course)	Manager of individuals	Promotion Training
Part Leaders		Individual Contributor	
Managers			

Samsung Expertise Program: Developing Industry-leading Experts Samsung offers learning opportunities for employees to become the industry leading expert in respective areas.. In all eight areas—R&D, marketing, sales, service, logistics, purchasing, manufacturing, and business management—each specialized unit, from the Samsung Advanced Technology Research Institute (R&D) and the Samsung Marketing Academy (sales/marketing) to the Global Technology Center (manufacturing) and Global CS Center (service), takes full charge of on-the-job training.

Samsung Expertise Program
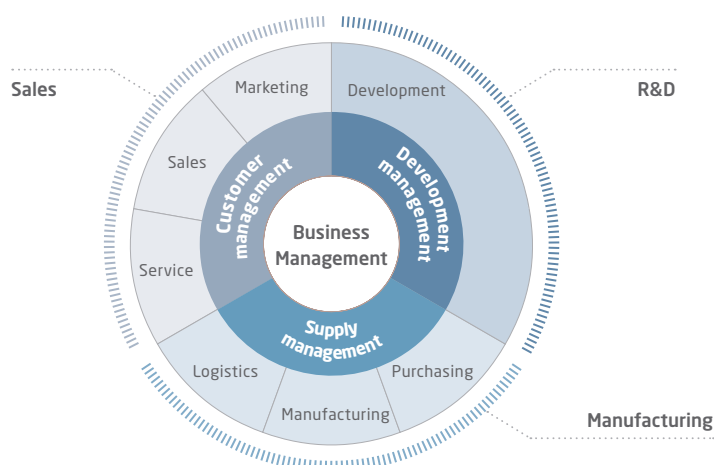
2015 Major Learning and Development KPIs

Category	No. of trainees (in million persons, including duplication)	No. of training courses	Training hours per person (Average)	No. of trainers (in persons)
Korea	107	5,295	80	287
Overseas	312	17,907	77	478
Total	419	23,202	78	765

Learning and Development (L&D) Investments (Korea)

	2013	2014	2015
Ratio of L&D expenses to sales (%)	0.05	0.06	0.06
Ratio of L&D expenses to payroll expenses (%)	1.1	1.1	1.1
Average Hours of L&D per person	107.2	95.2	80.0

Ranked 3rd at the 2015 ATD BEST Awards

Samsung was ranked 3rd at the ATD BEST Awards organized by the world's largest educational association, the Association for Talent Development (ADT).

Key Evaluation Criteria

1. Talent development culture: management's interest in a talent development/systematic development system
2. Support for strategic implementation: operation of training programs connected to the company-wide strategy
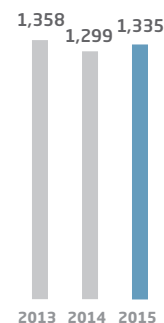3. Contribution to performance: the effectiveness and innovativeness of learning

Total L&D Investments (Korea)

(KRW 100 million)

2013	2014	2015
1,239	1,281	1,294

Average L&D expenses per person (Korea)

(KRW 1,000)

2013	2014	2015
1,358	1,299	1,335

R&D Training Courses in 2015

Offline (courses)

18,234

Online (courses)

10,387

US Patent Registration in 2015

(patents)

5,072

1 Seoul R&D Campus
2 Fitness Center

Samsung Seoul R&D Campus

The Center of Openness and Innovation

Samsung established the R&D Center in 2015 with the aim of creating synergistic effect in design and R&D as well as exploring future growth engines. Samsung Seoul R&D Campus has five ten-story buildings and one eight-story building on the land of 330,000 square meters. Currently, over 4,000 employees are working at different parts of the campus including the Design Management Center, Software Center, and DMC R&D Center.

Creative Work Environment

Samsung Seoul R&D Campus was designed to be office space where employees' creative ideation and collaboration are enc ouraged with the keywords of "innovation" and "openness." It is equipped with abundant space for meetings where they can freely share and discuss their ideas. Especially, the Design Center facilitates collaboration and communication between divisions through its open-type ceiling. Besides, the campus supports the environment for higher work efficiency and relaxation with a fitness center, an attached clinic, a refresh room, and a meditation room.

Creative Performance-based System

Based on a performance-based philosophy that says where there is performance, there is a reward, Samsung's fair evaluation and reward system enables talented people to focus on work and achieve the highest performance. We also support employees with their career management not only while they are with the company, but also after they leave Samsung.

Performance Evaluation

Samsung conducts achievement evaluations on the annual performance of employees according to the goals established by the employees themselves. It then uses the results as basic data in rewarding, promoting, developing, and selecting leaders. To manage their performance, the company conducts achievement evaluations in terms of work process and results as well as competency evaluations with respect to individual competencies and career management, which ultimately reinforces the organization's competencies. On top of this, we work hard to ensure the fairness of all evaluations. Performance management consists of four steps: setting goals → interim/regular interviews → evaluations → interviews based on the results. Furthermore, every evaluation is processed through a computerized system. Also, if an employee is not satisfied with the evaluation, they can be re-evaluated after lodging a formal objection. Today, we are continuously improving the evaluation process by providing manuals and regular training for evaluators to ensure absolute fairness.

Performance-based Rewards

Award System

Through its award system, Samsung selects excellent employees who made superior achievements in various areas of work, thereby continuously improving individual competency and motivating employees. This was the inspiration behind establishing the Samsung Award of Honor, which not only rewards people for outstanding achievements, but also plays a role in spreading a spirit of success throughout the organization. Starting with Joe Stinziano in 2012, Samsung Electronics America (SEA) has since produced three recipients of the award. David Das won the award in 2014 and Shane Higby took home the award in 2015. The fact that all three recipients belong to SEA and once worked as part of the Visual Display Business (which has enjoyed the No. 1 global TV market share for 10 straight years) clearly shows the influence that the Samsung Award of Honor has as an instrument to promote the spirit of success.

Selection & Promotion

Samsung continues to foster next-generation leaders by promoting talented people who have greatly contributed to the company's performance. At Samsung, we are particularly focused on workplaces in the fields of R&D and sales & marketing, which collectively represent the foundation for future growth. In addition, we have a personnel management system in place befitting of a leading global company where world-class human resources are selected regardless of gender or nationality and brought together to achieve the very best performance results.

Career Management

Job Posting

Samsung provides employees with the chance to change jobs through the company's Job Posting program so that they can develop their career while still with the company. Job Posting can be conducted anytime when there are job openings. Additionally, all procedures—from announcements and the receiving of applications to the screening process including interviews—are carried out using a computerized system. For the past three years, a total of 1,700 people have succeeded in changing their job, gaining new opportunities for growth along the way.

Career Consulting Center

Samsung launched the Career Consulting Center (CCC) in 2001 in order to provide retirees with opportunities for a new start and to support current employees preparing for their future. This is the company's future-planning program to provide employees with practical assistance. The CCC's major functions include job changing education & consulting, career consulting for current employees, and external job matching. Job changing education consists of programs for executives and for starting up new businesses, while some individuals are assisted with employment at small- and mid-sized companies outside Samsung. The CCC is Samsung's human resource development program that offers its employees with new opportunities to prepare for the future, while helping them find solutions for their present-day worries. A well-known example is that of an executive who had 25 years of experience in developing monitors and integrated circuits for TVs, as well as five years of experience in quality assurance, and found employment at a middle-standing company as a plant manager in 2013.
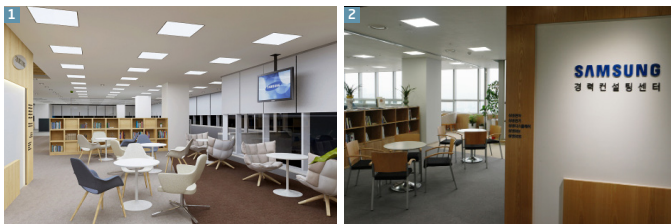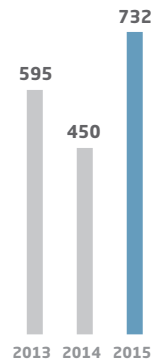

1, 2 Views of the Career Consulting Center

Career Consulting Center

Training programs	External programs	Job placement
· Life Design (for current employees) · Support for changing jobs and startups	· In association with local governments (Moving to farming/fishing/countryside villages) · Acquiring professional licenses	· Government & public organizations · Business partners and other companies

Annual Job Posting Scope

732
595
450

2013 2014 2015

1,777
persons

Reemployment through the Career Consulting Center

5,500
4,823

Applicants   Reemployed workers

Reemployment Rate

87.7%

Dynamic Organizational Culture

Reinforcement of Work Engagement

A Self-regulating Work Environment

Samsung continuously works hard to ensure it supports a quality-oriented work style. Leading examples include flexible working hours, which enable employees to adjust their own working hours depending on individual situations; remote working/working from home; and mobile offices that enable company work on a smartphone. As such, the company continues to improve working hours and working spaces so that people can focus on their particular job regardless of time or space.

Access to Culture

Concerts at the Samsung Electronics Leadership Center

Opened on November 1, 2014, the concert hall at the Samsung Electronics Leadership Center is a 1,200-seat performance hall exclusively for classical music. One to two concerts by famous orchestras or ensembles from Korea or abroad are held every month, with audience members consisting of employees, their families, as well as 200 non-employees, including local residents. These concerts contribute to heightening culture in the local community.
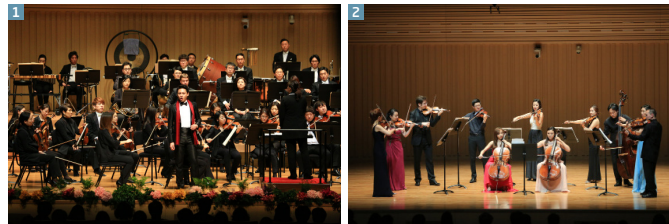
1 Performance by an orchestra
2 Performance by an ensemble

In-house Clubs

Samsung supports in-house club activities so that employees can learn various aspects of culture and maintain vitality through hobbies. Currently, 69,954 employees are engaged in 1,956 clubs in the fields of sports, leisure, arts & culture, and talent sharing. The in-house club activities are not limited to the company itself, but are also connected to social contribution and support for socially challenged people as seen in programs such as Invitation Performances for Local Residents, Sports Exchange Events with Local Clubs, and Performances at Facilities for the people with disabilities.

Employee Benefits

Samsung offers a number of benefits programs that are designed based on the characteristics of the region where each worksite is located in an effort to improve the quality of employees' lives. We provide not only benefits for employees based on each country's social security system and legal standards, including medical services and insurance, but also support medical checkups, medical expenses, family events, educational expenses, recreational facilities, health-care benefits and selective benefits. In addition, we give consolation money for fire victims in certain situations. Total expenditures for employee benefits increase every year, and in 2015 we spent more than KRW 3.48 trillion.

Expenditure for Employee Benefits

(KRW billion)

3,142
3,479
3,853

2013 2014 2015

Mental Fitness Management

Life Coaching Center

For the purpose of reinforcing employees' mental health and relieving their stress, Samsung operates 14 specialized counselling centers and eight mental fitness clinics inside the company. Staff members at the counselling centers are all specialists who have certified licenses, while the mental fitness clinics have full-time psychiatrists that provide one-on one counselling and treatment for employees experiencing difficulties in marriage, raising children office life, and stress management. The company provides healing programs for employees with heavy workloads and those nearing potential burn-out syndrome in an effort to manage mental fitness risks in advance.

In addition, Samsung operates a mediation room at each business site's counselling center and offers easily accessible theme-based programs such as eating meditation, walking meditation, color therapy, and pain relief programs to provide ways to prevent/handle stress effectively. Individual counseling and treatment information remains confidential according to the counsellors' code of ethics and the Medical Service Law.

Major Programs

Support for work-life balance	Mental health reinforcement	Promoting colleague relationships
Child-rearing coaching, classes for happy couples, and more	Coaching for sleep improvement, anger control, and more	Personality type test workshops, conversation skill coaching, and more

Samsung Electronics Counselling Centers & Psychiatric Clinics

	Counselling centers	Professional counselors	Psychiatric clinics	Psychiatrists
	(places)	(persons)	(places)	(persons)
Suwon	3	14	1	2
Gumi	2	5	1	1
Gwangju	2	3	1	1
Seoul	2	3	1	1
Giheung	1	4	1	1
Hwaseong	3	10	2	3
Onyang	1	2	1	1
Total	**14**	**41**	**8**	**10**

Healing Campus

The Samsung Electronics Leadership Center operates a Healing Campus for employees and their families every weekend. The campus offers a variety of healing programs that make use of specialized SELC facilities, such as a concert hall, a meditation room, a Rest Park, and a gym. The programs at the Healing Campus include Weekend Family Outings (participants regain strength through freestyle meditation and strolling) and a Couple's Healing Stay (couples have time for true communication over a two-day period).

Couple Meditation

Employees Data

Europe/CIS
15,487

**North America/
Latin America**
23,947

Africa
958

Middle East
2,998

Global Employees*
(persons)

- ■ Korea
- ▩ Overseas

325,677
319,208
286,284

190,486 | 219,822 | 228,775
95,798 | 99,386 | 96,902
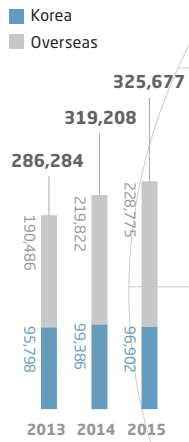
2013 2014 2015

* Employees on permanent
contracts
+ Fixed-term contracts
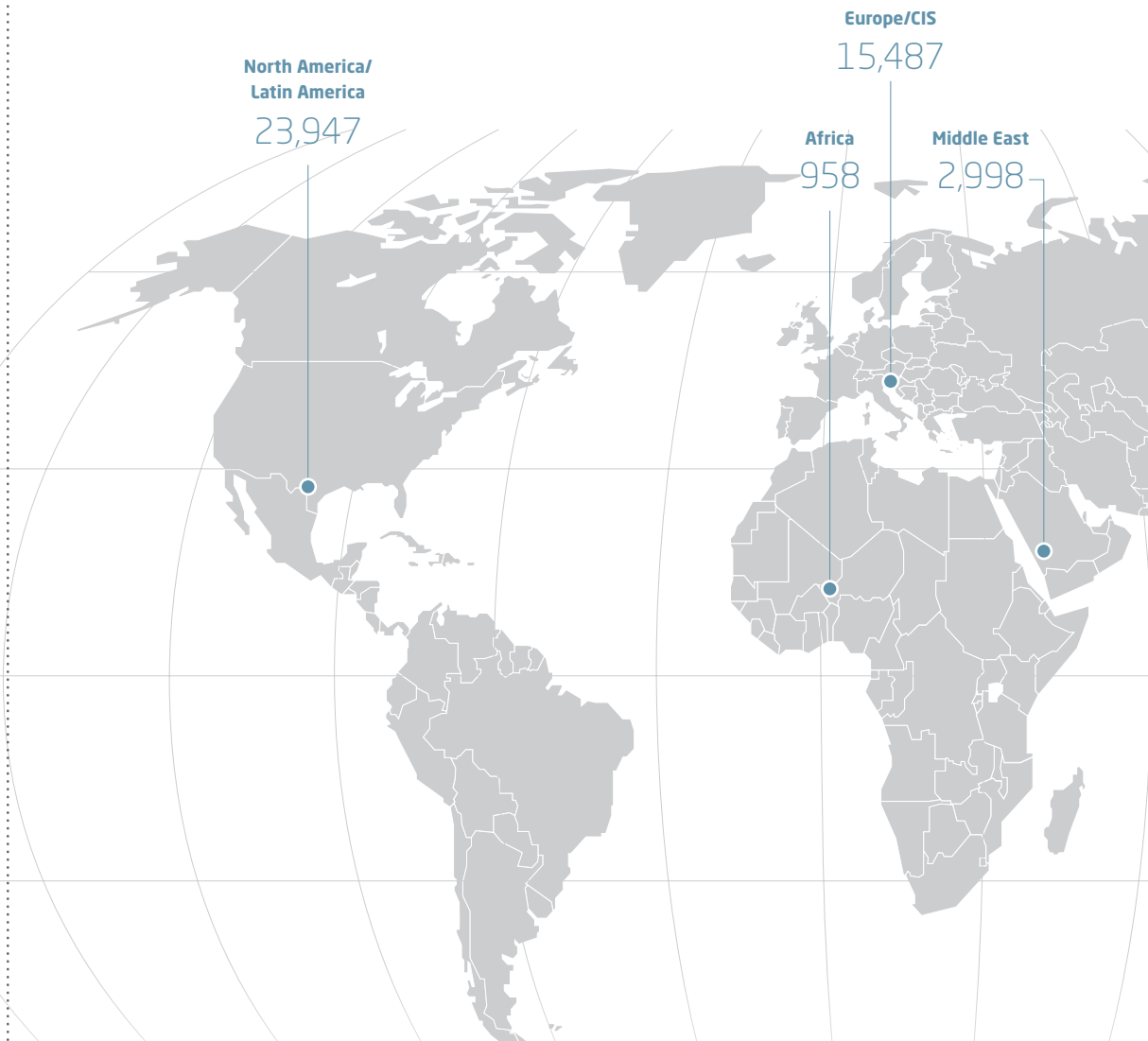
Employees by Contract Type (persons)

Fixed-term employees
2.1%

Permanent
employees
97.9%
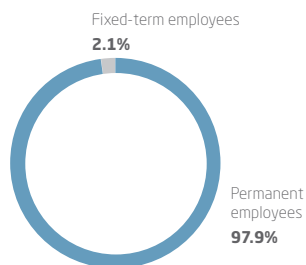
	2013	2014	2015
■ Employees on permanent contracts	275,133	310,036	318,965
▩ Employees on fixed-term contracts	11,151	9,172	6,712

* Korea: non-regular + part-time / Overseas: contractors + apprentices

Employees by Age (persons)

Over 40
12.6%

**2015
by Age**

30s
28.5%
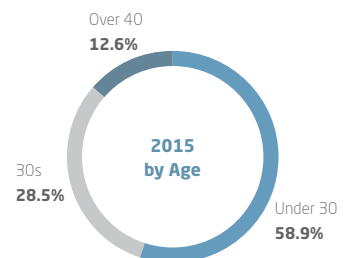
Under 30
58.9%

	2013	2014	2015
■ Under 30	164,173	187,052	191,986
▩ 30s	87,134	92,874	92,701
■ Over 40	34,977	39,282	40,990

China
44,948

Korea
96,902

Southeast Asia/
Southwest Asia/
Japan
140,437

Employees by Region (persons)

	2013	2014	2015
Korea	95,798	99,386	96,902
Southeast Asia/ Southwest Asia/Japan	79,601	112,041	140,437
China	60,316	56,492	44,948
North America/ Latin America	28,733	27,996	23,947
Europe/CIS	18,362	18,602	15,487
Middle East	2,612	3,565	2,998
Africa	862	1,126	958

Employee Recruitment by Region (persons)

	2013	2014	2015
Southeast Asia/ Southwest Asia/Japan	43,776	55,095	66,695
China	35,634	22,780	8,580
North America/ Latin America	10,744	5,220	6,186
Europe/CIS	5,887	4,010	2,007
Middle East	1,495	1,992	293
Africa	401	470	151
Total	97,937	89,567	83,912

Turnover Rate (%)

	2013	2014	2015
Korea	2.9	3.1	5.0
Overseas	16.9	19.1	15.9

Overseas Employee Recruitment by Type

(persons)

■ New employees
■ Experienced employees

97,937
89,567
83,912

48,638
27,019
21,167

49,299
62,548
62,745
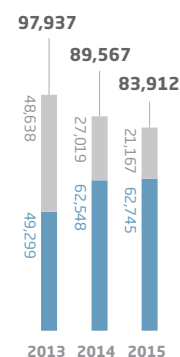
2013 2014 2015

Employees by Job Function (persons)

Other
8.4%

Product Development (R&D)
20.2%

Sales / Marketing
8.5%

2015
by Job Function
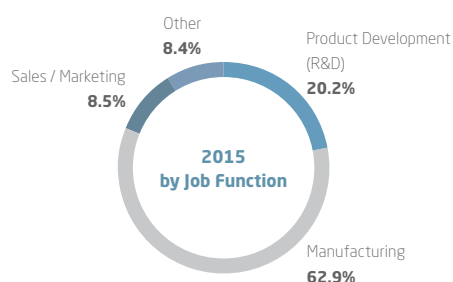
Manufacturing
62.9%

	2013	2014	2015
■ Product Development (R&D)	69,230	70,398	65,602
■ Manufacturing	159,488	188,235	204,943
■ Sales/Marketing	29,794	31,785	27,788
■ Other	27,772	28,790	27,344

Employees by Rank (persons)

Managers
17.8%

Executives
0.5%

2015
By Rank
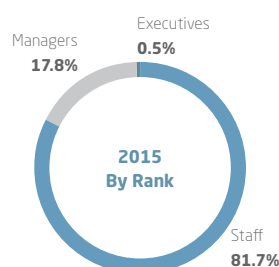
Staff
81.7%

	2013	2014	2015
■ Staff*	236,777	261,751	265,944
■ Managers	48,078	54,447	58,105
■ Executives	1,429	1,518	1,628

* Including other types (e.g. flextime)

2/ PEOPLE
COMPLIANCE

OUR VISION

Samsung Electronics strives to fulfill its roles and responsibilities as a leading global company by practicing compliance-driven management based on relevant laws and principles. Compliance with laws and ethics is Samsung's No. 1 business principle, and to this end, the company is committed to eliminating any unlawful and unethical acts while fostering an organizational culture of integrity.

OUR COMMITMENT

As a company involved in business activities in countries around the world, Samsung is aware of different laws and regulations as well as practices and aims to carry out its business in fair and ethical ways. In the course of our day-to-day businesses, everyone at Samsung creates, stores and disposes of records and information assets, whether in hard or soft copy. We respect everyone's privacy, including our employees and consumers, and we are committed to protecting personal information.

IN THIS REPORT

In order to appropriately respond to the globalization of the business environment and business diversification, along with changes in regulations around the world, Samsung monitors global trends and reinforces compliance through Business Conduct Guidelines and other methods. In this chapter, we introduce our efforts to create shared value through compliance management and data protection.

TRENDS & CHALLENGES

Compliance and Anti-corruption   It is necessary to continuously check whether the company's management system to prevent bribery or corruption corresponds to the latest trends and whether it is widely applicable both inside and outside the company. Furthermore, we should ensure Samsung's employees and internal/external stakeholders are all aware of this matter.

Diversification of the Business Environment   It is necessary to prevent and actively respond to countless changes and related risks, such as intellectual property risks due to new technology development, fierce competition in the global market, and expansion of the supply chain in developing countries.

WHAT WE ARE DOING

Principles of Compliance Management

Systematically manage the elements of compliance by classifying them into areas including compliance, data protection, security, corruption, and intellectual property rights; apply the 'Global Code of Conduct' and the 'Business Conduct Guidelines' so that employees can do business with clear law-abiding consciousness and a sense of responsibility.

Management System

Systematically manage compliance, ethical management, legal affairs on personal information, patents, and taxes; launch the Global Privacy Office and further strengthen related risk management efforts in 2015.

Activities and Programs

Conduct compliance training and anti-corruption activities for all employees as in the previous year; strengthen the program on data protection in 2015

Link to SDGs

[Goal 16] Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels

16.5. Substantially reduces corruption and bribery in all their forms

FUTURE PLANS

Support through
the compliance help desk

3,053 cases

Review of compliance
with personal information
protection laws in the
phase of planning and
developing products
and services

435 cases

Handling reports on corruption
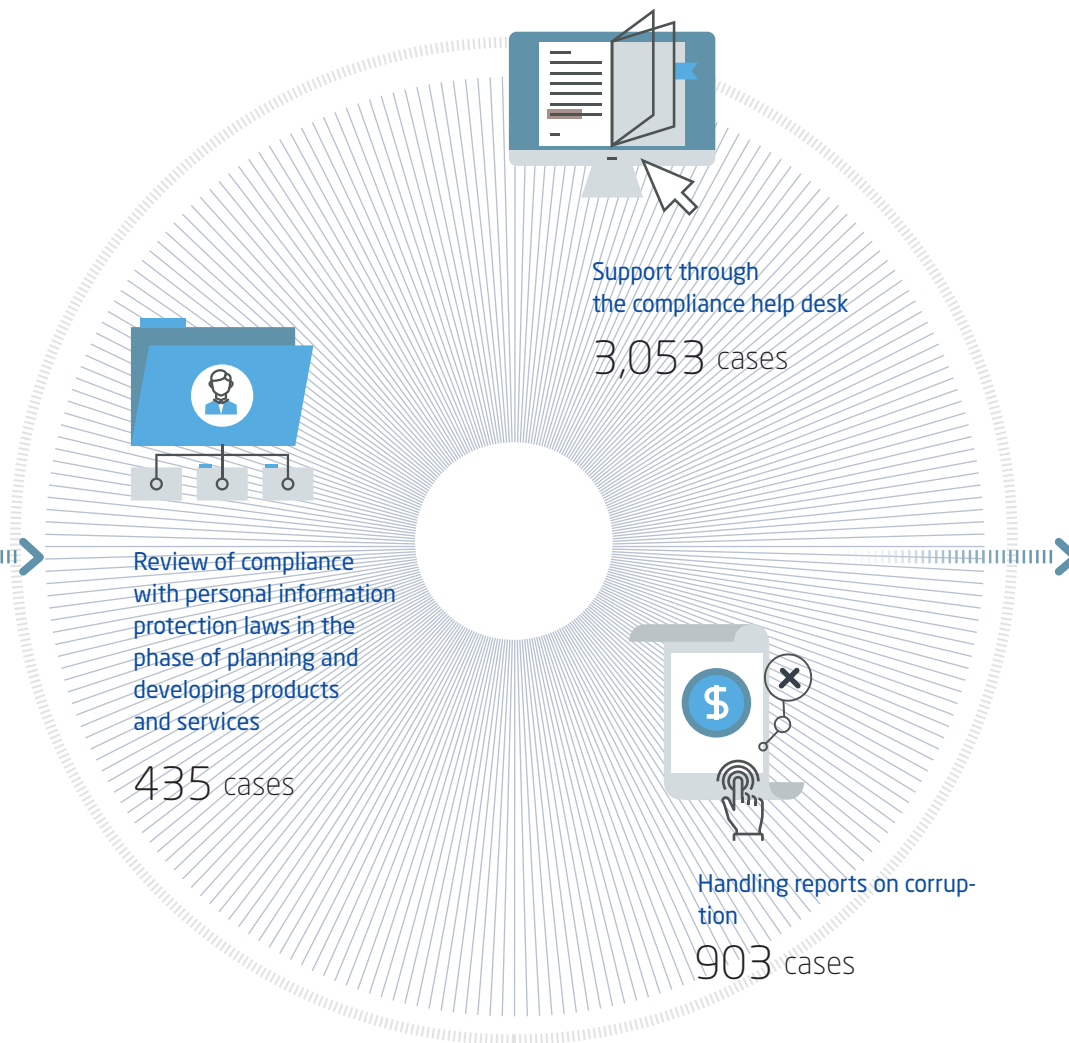
903 cases

1

Raising Employee Awareness of Compliance

Plan to continuously provide/ update related training in order to raise awareness of ethical management and compliance company-wide, including global business bases (production subsidiaries, sales subsidiaries, research centers)

2

Reinforcing Cooperation with Regional offices

Enhance the level of company-wide ethical management and firmly establish global compliance, such as promoting compliance and locally customized activities and programs by systematically reinforcing cooperation between relevant divisions at all regional offices(legal affairs, audits, etc.)

2

Organization and Operational Structure

Compliance Program

In order to establish compliance management as part of its organizational culture, Samsung Electronics' compliance programs focused on three key areas: a compliance management system, the prevention of unlawful activities, and responding to changes in the legal environment.

Compliance Framework

Compliance Program

| Compliance Management System | Prevention of unlawful activities | Responses to changes in the legal environment |

We put the highest priority on the prevention of compliance risks through identifying changes in the legal environment and employee training. In addition, we conduct regular & irregular monitoring, and analyze the results of responding to identified issues to prevent any recurrence of risks.

Compliance Management System

Prevention

Providing employee training, distributing manuals for each compliance item, conducting systematized self-inspections, operating a help desk, sensing and managing of changes in regulations

Post-management

Making efforts to prevent the recurrence of issues by understanding the root causes of problems through process and result analysis, promoting activities for improvement, and using case studies during training

Monitoring

Conducting regular and irregular monitoring via designated organizations or workforce
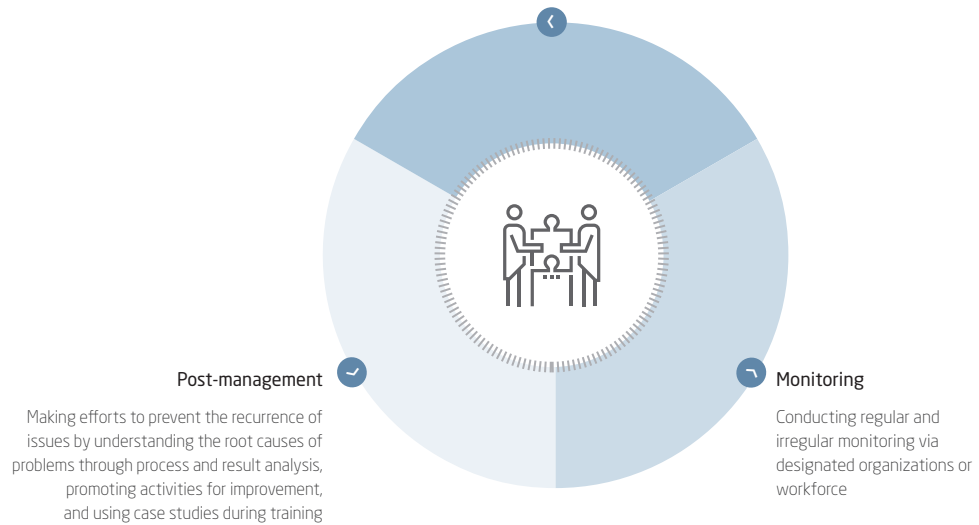
Organizational Structure

To implement compliance management, Samsung operates the Compliance Team and the Global Privacy Office, both of which are centered around the Compliance Committee, a top decision-making body on this matter, as well as the Privacy Steering Committee . Also, we operate individual compliance organizations for each business division and overseas regional offices. The compliance organizations for regional offices are responsible for monitoring the compliance management of subsidiaries or branches within their regions and operating localized compliance programs.

Organizational Structure for Compliance Management

SAMSUNG

Board of Directors — Related Party Transactions Committee / CSR Committee

Functional Units	Corporate Management Office	Corporate Legal Office	Corporate Legal Office	Regional Offices
Global Marketing Center	Compliance Committee, Privacy Steering Committee			Compliance Organization
Global CS Center				
Information Security Center	Corporate Management Team	Compliance Team	Administration Team	
Partner Collaboration Center	Finance& Accounting Team	Global Privacy Office	Compliance Officer	
Environment & Safety Center	HR Team			Subsidiaries
IT Strategy Group	Communications Team			Compliance Officer
	IR Group			

Management System

Samsung has established and operated various compliance management systems in the areas of compliance, ethical management, data protection, HR, and IT.

Compliance Management System by Area

Classification	Management Area	Management System
Compliance	Self-inspection, report of compliance violation	Compliance Program Management System (CPMS)
Code of Ethics	Corruption prevention, report of violation	Ethical Management System
Personal information	Data protection regarding products and services	Privacy Legal Management System (PLMS)
Labor and management	Equal employment, evaluation criteria	Samsung Group Recruitment Website
		HR-Partner
	Compliance with labor standards	Integrated absenteeism and tardiness record system (My Portal)
Intellectual property	Ban on illegal use of S/W	IT4U
Environment	Safety of workplace/product environment	Global Environment, Health and Safety System (G-EHS)
Commerce/Other	Customs/rules of origin	Global Policy & Procedure Manuals (GPPM) management
		Contract management system

Compliance

Approach

In order to establish a compliance culture—the most basic part of corporate social responsibility—Samsung continuously reinforces its compliance management system and makes law-abiding consciousness the foundation for all business activities and decision-making through the refurbishment of all training and systems. In addition, we operate a compliance program to minimize potential management risks caused by problems such as price fixing and infringement of intellectual property rights, while strengthening responsibility in human rights and EHS.

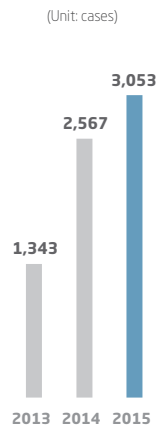| Key Manage-ment Areas	1 Antitrust	2 Intellectual property rights	3 Anti-corruption	4 Consumer protection
	5 Trade	6 Labor	7 Environmental safety	8 Subcontracting

Organization

Under the Compliance Committee, there are over 400 staff members, including a company-wide Compliance Team, responsible for compliance management in functional units, business divisions, and overseas subsidiaries to enhance the execution of compliance at work. Staff members in charge of functional units support the Compliance Team, monitor regulations related to their own jobs, and respond to pending issues based on the Compliance Team's recommendations. Also, we have separate compliance officers for business divisions and overseas subsidiaries to respond to regional compliance issues.

Organizational Roles and Responsibilities

Management	Audit & Risk Sensing
Compliance Committee Establishing compliance-related corporate policy · Supporting decision-making of top management on key issues · Supervising the compliance program	**Business Division's Compliance Officer** Examining the compliance program in each business division and providing training · Providing immediate reports on new issues and post-management
Compliance Team Integrated management of the company-wide compliance program · Establishing and revising operational criteria of compliance programs · Providing employee training and conducting integrated management of information on regulations	**Compliance Organization in Regional Offices** Operating the compliance program in regional offices or subsidiaries · Providing immediate reports on new issues and post-management · Providing consultation (help desk) and training in all regions

Compliance Management System

Compliance System

Samsung provides detailed policies and shares the monitoring results from each region through the Compliance Program Management System (CPMS). Furthermore, the company operates a help desk within the CPMS through which employees can request one-on-one consultation with experts when they have inquiries about their work and the relevant laws and regulations.

Inquiries to Help Desk

(Unit: cases)

Year	Cases
2013	1,343
2014	2,567
2015	3,053

The number of inquiries to the help desk has continuously increased since April 2011, when the company announced its Compliance Declaration, which is seen as contributing to establishing employees' law-abiding consciousness and actual work processes. Moreover, an anonymous reporting system, operating within the CPMS, also helps to prevent instances of non-compliance. Samsung ensures that the personal information of those who contact the help desk and their reports remain thoroughly confidential so that they will not have any disadvantages due to reporting.

Ethical Management System

Samsung has several channels for reporting violations of its ethical standards in each region via telephone, fax, and the ethical management website. The website (http://sec-audit.com) is available in 14 languages, including English, Japanese, Chinese, and Spanish through 67 Samsung Electronics websites. Reported incidents are classified and processed according to their type. Incidents related to unethical business conduct and customer complaints have been received and successfully resolved, excluding cases in which claims could not be verified, and were unrelated to the company or were found to be factually incorrect. Of all reported cases in 2015, customer complaints were 58 percent and cases related to unethical conduct were 13 percent. For reports related to unethical conduct, the company first conducts a fact-checking process, and then takes disciplinary action depending on the seriousness of the case.

Ethical Management website

⌖ http://sec-audit.com

Types of Reports

(Unit: %)

Classification	2013	2014	2015
Unethical Conduct	38	19	13
Customer Complaint	50	56	58
Other	12	25	29

Reports of Ethical Management Violation

(Unit: cases)

573   894   903

2013   2014   2015

Training

Raising Compliance Awareness

Samsung promotes the company's compliance management for all employees at worksites around the world, while also raising compliance awareness of individual employees. We conduct basic compliance training for all employees at least once a year and offer advanced customized training related to specific job functions and ranks.

Compliance Training Programs

Offline Training				Online Training
Fundamental · Change	Theme by Business · Job Function	Global Mobility	Advanced for Executives	e-Learning
Introductory courses for new and experienced employees	Training on subcontracting and anti-corruption	Courses for employees dispatched to headquarters	Courses for the Global Strategy Council	Courses for data protection and bans on the abuse of dominance

Corruption Prevention Training

To establish an ethical, transparent corporate culture, Samsung conducts corruption prevention training for all employees in Korea and abroad at least once a year in a variety of forms, such as in-person, online and audiovisual training programs. Samsung also shares the Guidelines for Staff and Executives to support employees learning the standards of corruption by themselves, while providing Guidelines for Partners to share the company's policy with business partners.

Compliance Training Participants

(Unit: people)

222,224   247,985   190,919

2013   2014   2015
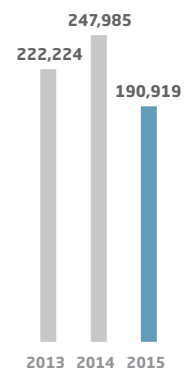
Corruption Prevention Training Participants

(Unit: persons)

336,287

294,835

320,399

2013 2014 2015
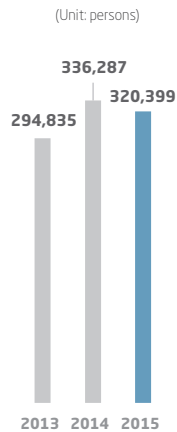
Monitoring

As a global company, Samsung has continuously worked hard to establish an organizational culture that strictly abides by local laws and regulations in every country around the world. Recently, each country's laws and major international organizations' policies towards corporate social responsibility tend to be stricter than before. As a result, it has become even more important to sense changes in legal environments and pre-emptively respond to them. In response to this, Samsung is reinforcing the management of issues such as the environment, human rights, and anti-trust laws, all of which can directly affect business activities. We also respect the spirit and purpose of the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, thereby working tirelessly to manage risks and identify improvement plans regarding major human rights issues such as child labor, migrant workers, conflict minerals, and personal information protection. Furthermore, we continuously communicate with employees about compliance and ethical obligations through various channels as below. In addition, we conduct regular audits on compliance management at each subsidiary every year to identify weaknesses and conduct improvement activities by analyzing root causes. By doing this, we operate a system to mitigate compliance risks and ultimately prevent risks in advance.

Management System for Changes in the Legal Environment

Classification	Cycle	Description
Ansim Report	Triweekly	Analyzing major law enactments and revisions and sending them to executives
Ansim News Scrap	Daily	Clipping news articles on regulations and sharing them with the persons concerned
Ansim Newsletter for Subsidiaries	Monthly	Headquarters delivering sensing information and messages to subsidiaries
GPRS[1]	Frequently	Sharing trends of major policies and law enactment of each country
Human Rights Impact Assessment Report	Biannually	Analyzing trends with human rights policies and law enactment of major countries and international organizations; analyzing the corporate responsibility and influence according to the UNGP[2]

1)GPRS: Global Policy & Relations System / 2)UNGP: United Nations Guiding Principles on Business and Human Rights

Establishing a Compliance System for Subsidiaries after M&As

Samsung is implementing various plans to have technology leadership for future growth engines and carries out M&As and investment in new technology companies and startups. In 2015, we conducted compliance audits for subsidiaries merged through M&As.
We also review non-compliance risks, including issues related to personal information and trade secrets in businesses we plan to carry out through the acquired subsidiaries, offer guidance on areas that do not meet Samsung's global compliance standards, and operate a Post-Merger Integration (PMI) program to reinforce those subsidiaries' compliance system.

- Compliance management activities: Establishing a system to share legal consulting, establishing a contract manage-
  ment process, designating staff in charge of compliance, and providing compliance training
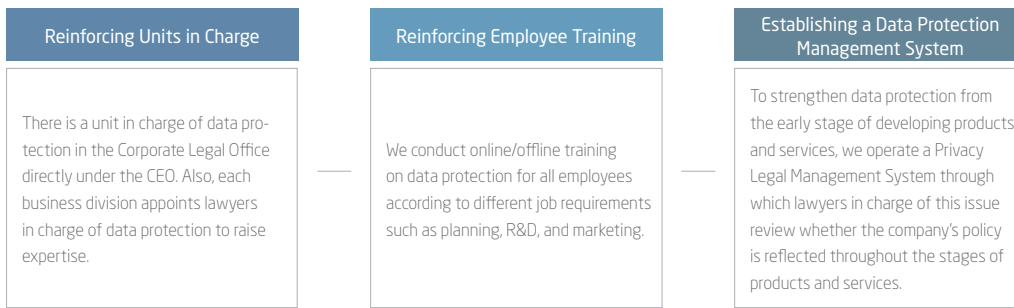
Data Protection

Policy on Personal Information

Samsung announced its Global Policy on Personal Information to reinforce data protection, and has policies in place that reflect regional regulatory environments and local characteristics. We made a checklist to examine personal information risks at each stage of planning, development, operation, and disposal of products and services and then made preventive measures mandatory.

We also provide guides such as Privacy Guidelines and the Data Protection Handbook Employees' Guidelines on Personal Information to support all employees in thoroughly managing personal information they may get while working. For this, we organized a unit exclusively in charge of this issue, and conduct training on personal information protection for all employees.

Three Key Strategies for Data Protection

Reinforcing Units in Charge	Reinforcing Employee Training	Establishing a Data Protection Management System
There is a unit in charge of data protection in the Corporate Legal Office directly under the CEO. Also, each business division appoints lawyers in charge of data protection to raise expertise.	We conduct online/offline training on data protection for all employees according to different job requirements such as planning, R&D, and marketing.	To strengthen data protection from the early stage of developing products and services, we operate a Privacy Legal Management System through which lawyers in charge of this issue review whether the company's policy is reflected throughout the stages of products and services.

For more information on the data protection, see the 'Business Conduct Guidelines'.

Organization

To reinforce personal information protection, Samsung established an organization exclusively in charge of personal information protection in 2015, placing it directly under the head of the Corporate Legal Office. The organization is responsible for establishing strategies of data protection, operating policies, building/reinforcing processes, consulting/supporting privacy legal management, and preventing/auditing security issues regarding products and services. In addition, we designate a Data Protection Officer (DPO) at each business division, regional offices, and major subsidiaries, while reinforcing data protection through a Data Protection Manager (DPM) at each bushiness hub.

Organizational Roles and Responsibilities

Classification	Unit	Description
Management	Privacy Steering Committee	Deciding on key protection measures
		· Deciding on key policies
		· Discussing technological, managerial protection measures
		· Sharing issues and discussing countermeasures for each product/business division
	Global Privacy Office	Operating strategies and policies; establishing processes for data protection
		Consulting/supporting privacy legal ma nagement
		Preventing/auditing security issues regarding products and services
		Employee training and PR
Audit & Risk Sensing	Staff in charge of data protection at business divisions	Auditing data protection programs in business divisions and training
		· Providing immediate reports on new issues and post-management
	Units in charge of data protection at regional offices	Operating a data protection program for each regional office or subsidiary
		· Providing immediate reports on new issues, measures and post-management
		· Providing consulting and training in the region

**Operation of PLMS
for Product
Development Projects**

(Unit: number of projects)

Planning

129

Development

305

Use

1

Reinforcing Data Protection Regarding Products and Services

Samsung is committed to protecting users' personal information throughout the process of planning and development of products and services. The company operates its Privacy Legal Management System (PLMS) based on the Privacy by Design approach to review personal information at each stage from legal and technological points of view. PLMS is connected with Product Life-cycle Management (PLM) system, a global R&D project management system in which Samsung's products and services consider data protection from the stages of planning and development. Such efforts by the company are realized through various products and services.

A Case of Reinforced Data Protection: Samsung Pay

Samsung Pay emerged as the most powerful entity in the mobile payment market after it was released in Korea and the U.S. in 2015. Although we are constantly working hard to increase users' convenience, some people are still hesitant to use it because they worry about security. There are three reasons that Samsung Pay is safe.

Reason 1. Only you can use the fingerprint recognition system
The biggest problem with an ordinary credit card is that anyone can use the card even if one is not its owner or if one did not know its PIN number. Therefore, it causes worry when you lose your credit card or have it stolen. However, Samsung Pay clearly solved this problem. To pay using Samsung Pay, you need to go through a verification process via fingerprint (PIN number is also usable). Payment is possible only with your agreement, so it significantly reduces the danger of theft.

Reason 2. Complete security for all information through 'Digital Token'
Samsung Pay encrypts credit card information and replaces it with a 'Digital Token', a virtual one-time number. Thanks to the tokenization technology, all transactions are done using the one-time token number instead of the credit card number. Even if the number is hacked, it is safe because the actual credit card number cannot be identified through the one-time token number. Also, during the payment process, the card number does not appear on the smartphone screen, so your card number is not exposed to others.

Reason 3. Equipped with KNOX, a top security solution recognized by governments of many countries
Still, some people feel anxious about Samsung Pay even with no need to worry about theft. This is because they worry about hacking. With frequent news on smartphone hacking, such anxiety grows, but Samsung Pay has the most powerful security solution called KNOX. KNOX, installed in Samsung's Galaxy series, monitors malicious software in real time, and thoroughly protects personal information such as payment records from the danger of hacking. The security technology of KNOX is also acknowledged with many mobile security certifications from the U.S. Department of Defense, the U.K. government's CESG, as well as the governments of China, France, Finland, and Russia.

Global Code of Conduct

Samsung established the Global Code of Conduct in 2005 in order to fulfill its responsibility as a global corporate citizen that is expected by its stakeholders, including customers, shareholders and employees, as well as the world. The Global Code of Conduct consists of a preface, five major business principles, 17 specific principles, and 59 action guides. It specifies action guides for a global citizen along with the company's principles in all of its activities based on compliance with laws and ethical standards.

Structure of Global Code of Conduct

Preface	5 Major Principles	17 Specific Principles	59 Action Guides
Goal and Purpose	Principle 1. We comply with laws and ethical standards	1-1. We respect dignity and diversity of individuals	Specific Action Guides
		1-2. We compete in accordance with laws and business ethics	
		1-3. We maintain transparency of accounts with accurate recording of transactions	
		1-4 We do not get involved in politics and maintain neutrality	
		1-5 We protect information on individuals and business partners	
	Principle 2. We maintain a clean organizational culture	2-1. We make a strict distinction between public and private affairs in our duties	
		2-2. We protect and respect intellectual properties of the Company and others	
		2-3. We create a sound organizational atmosphere	
		2-4. We maintain the dignity of Samsung Electronics in our external activities	
	Principle 3. We respect customers, shareholders and employees	3-1. We put priority on customer satisfaction in management activities	
		3-2. We pursue management focused on shareholder value	
		3-3. We endeavor to improve our employees' quality of life	
	Principle 4. We care for the environment, health, and safety	4-1. We pursue environment friendly management	
		4-2. We value the health and safety of human beings	
	Principle 5. We are a socially responsible corporate citizen	5-1. We sincerely execute our basic responsibilities as a corporate citizen	
		5-2. We respect the social and cultural values of local communities and practice coexistence	
		5-3. We build up relationships of co-existence and co-prosperity with business partners	

Business Conduct Guidelines

In order to implement sustainability management more specifically in 2015, Samsung established the Business Conduct Guidelines and disclosed it in its sustainability report. Based on the five core values of the company, the guidelines consist of 41 basic guidelines within 14 high-level categories of items, including the preface. The guidelines suggest the standards for employees to abide by while carrying out various business activities.

Today, the demand from various stakeholders such as customers, shareholders, employees, NGOs, and international organizations is gradually increasing, and international society's level of expectation about corporate social responsibility is getting higher. We will continue to complement the Business Conduct Guidelines according to changing global trends and policies.

Structure of Business Conduct Guidelines

Preface
1. Our Commitments and Policies
2. Managing Risks
3. Scope of the Guidelines
4. Using the Guidelines
5. Reporting Violations

Data Protection and Privacy
21. Proprietary Information
22. Protecting the Information of Others
23. Acquiring Information from Third-party
24. Handling Information
25. Insider Trading

People

Human Rights
6. Work Environment
7. Employment Conditions
8. Listening to Our Employees
9. Privacy of Our Employees
10. Equality and Diversity
11. Prevention of Child Labor
12. Prevention of Forced Labor
13. Responsible Sourcing

Health and Safety
14. Employee Health and Safety

Integrity

Responsible Asset Management
26. Intellectual Property
27. Using Assets and Premises

Fair Competition
28. Anti-trust
29. Fair Contracts
30. Fair Trade
31. Tax Policies

Anti-Corruption
32. Gifts, Hospitality and Lobbying
33. Working with Governments
34. Political Activities

Conflict of Interest
35. Avoiding Conflicts of Interest
36. Public Statements and Social Media Usage

Excellence

Customer and Quality Management
15. Responsible Sales and Marketing
16. Product Quality Management

Green Management
17. Environmental Safety Policy
18. Eco-friendly Products and Technology

Co-prosperity

Supply Chain Management
37. Supplier Management
38. Co-prosperity Activities
39. Chemical Substances in Product

Corporate Citizenship
40. Creating Shared Value
41. Contributing to Local Communities

Change

Accessibility
19. Improving IT Accessibility

Innovative Technology
20. R&D and Innovations

Tax Risk Management

We are committed to conducting all business related activities in compliance under the tax policy of 'Law Observance & Transparent Tax Report and Payment' and 'Contribution to the National Finance and Society through Tax Policy Improvement'. In addition, we thoroughly assess various elements related to taxation and put the highest priority on duly complying with tax-related obligations.

Tax Management Policy

Law Observance & Transparent Tax Report and Payment

1	2	3
Samsung complies with the laws and regulations of countries with its business presence, and fulfills its responsibility for transparent tax report and payment. To this end, we maintain an open and transparent relationship with the tax authorities of each country, and provides relevant factual grounds and supporting documents upon request.	Conducting a variety of business activities in many countries, Samsung recognizes the differences in tax laws of each country, prevents tax risks, and analyzes relevant regulations and practices in doing all kinds of transactions.	The employees in charge of tax management at all subsidiaries must comply with laws and regulations in accordance with Samsung tax policies, and perform their tasks under the principle of maintaining a transparent relationship with the tax authorities.

Tax Risk Assessment

Samsung is committed to preventing all sorts of tax related risks that can occur during the process of transactions of goods and services; mergers and acquisitions; corporate restructuring; international transactions; new business promotions; and transaction structure changes. When business decisions need to be made, the tax division cooperates with external experts to assess presence of any risks, and the relevant division considersthe results together with other factors to make a final decision. When we assess tax risks related to business activities, we focus on the following.

Tax Risk Management

Samsung places top priority on compliance when managing various tax risks. The company maintains a decision-making system based on thorough tax risk assessment and review so that it can effectively comply with regulations and practices in all of its business transactions.
Moreover, Samsung files all income tax returns and meets the payment deadline, and documents the evidence of qualifications and grounds for decision-making related to business transactions. The company also maintains a transparent relationship with tax authorities, and responds to their request for materials in a swift and accurate manner.
In regard to local transactions, Samsung complies with related laws and maintains fair trade prices in transactions with third-parties and persons with special relations. For international transactions as well, we adhere to regulated prices by law and to prevent risk.

Contribution to Local Community Development through Tax Management

Samsung's business and operation contribute to local communities around the world. We are considered as a major taxpayer and investor in many countries and we make a significant contribution to job creation every year. Moreover, we play a critical role in vitalizing the local economy through the purchase of products and services from all around the world. In particular, Samsung contributes to the local economy by fulfilling its responsibility for transparent tax payment. In addition to paying corporate taxes, we also indirectly contribute to the local economy by paying surtax and withholding tax.

Key criteria to asses tax risks related to business activities

1 Thorough analysis of specific factual grounds

2 Review of local and international tax regulations and practices

3 Scenarios of profits and costs depending on as many plans as possible

4 Possibilities and existence of potential risks

5 Countermeasures to risks

3/

PEOPLE

HUMAN RIGHTS

OUR VISION

Samsung is committed to respecting and protecting human rights, the most important and basic obligation as a member of a global society. We respect and align our policies with various international organizations' agreements and recommendations regarding human rights, and we abide by all laws and regulations in countries and local communities where we conduct our business.

OUR COMMITMENT

Samsung does not discriminate against stakeholders, including employees and customers, due to nationality, race, and/or religion, and does not tolerate any form of forced labor, exploitation, or child labor. We will continuously work hard to establish a pleasant work environment and to prevent accidents by complying with international standards, relevant laws, and internal regulations.

IN THIS REPORT

Society's expectations on how businesses and governments should protect, respect, and remedy human rights are constantly increasing. Samsung welcomes this trend and continuously does its utmost to guarantee employees' rights and improve their health and safety as well as their work environment. In this chapter, we introduce our efforts to prevent human rights violations and to mitigate any negative human rights impact in all our business activities. In addition, we explain our efforts to develop a mutually cooperative labor and management relationship for co-prosperity based on trust along with grievance channels to listen to the opinions of employees regularly.

TRENDS & CHALLENGES

Human Rights & Work Environment in a Value Chain   Some suppliers of global companies were reveled to have poor work environments. Certain stakeholders blamed the original contractor's lack of control because the scope of responsibility for a company is expanding from the company itself and its suppliers to the overall value chain. This is one of the issues that today's multinational companies doing business globally face. It requires continuous efforts and must be addressed through cooperation among industry, governments and civil society.

Securing Diversity   Diversity is an important element of business management with the development of a global society. Career discontinuity after childbirth or difficulty in achieving a work-life balance still remains an obstacle for career development. Guaranteeing equal employment opportunities for women and people with disabilities, and for all people regardless of race, age and sexual orientation is another aspect of our corporate social responsibility.

Demand or Safety Management Leadership   Various industrial accidents are caused by a lack of protective measures or unsystematic reports on incidents. The industrial world is required to respect human rights and minimize risks due to accidents by guaranteeing workplace health and safety and at the same time to improve corporate productivity, thereby contributing to the development of a country's economy.

WHAT WE ARE DOING

1 Philosophy and Principles

Samsung respects international human rights and labor standards and as a member of the Electronics Industry Citizenship Coalition (EICC), complies with EICC's Code of Conduct.

2 Human Rights and Key Management Areas of the Work Environment

Key management areas selected based on surrounding conditions include the guarantee of voluntary labor, observance of working hours, respect for diversity, and workplace health and safety

3 Inspection on Human Rights Violations at Worksites

Assessing worksites' human rights impact to identify and implement improvement tasks; continuously make efforts for increased human rights by operating grievance channels and programs and holding Work Council meetings

4 Workplace Safety and Health

Along with systematic accident management based on OHSAS18001, analyzing physical burden factors that could occur during production processes and making a database in order to establish an ergonomic work environment

5 Pursuit of Diversity

Pursuing non-discriminatory policies for diversity; adopting an in-house certification program called Samsung Barrier Free (SBF) to promote the well-being of employees with disabilities

Link to SDGs

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

[Goal 3] Ensure healthy lives and promote well-being for all at all ages
3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

[Goal 5] Achieve gender equality and empower all women and girls
5.1 End all forms of discrimination against all women and girls everywhere
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
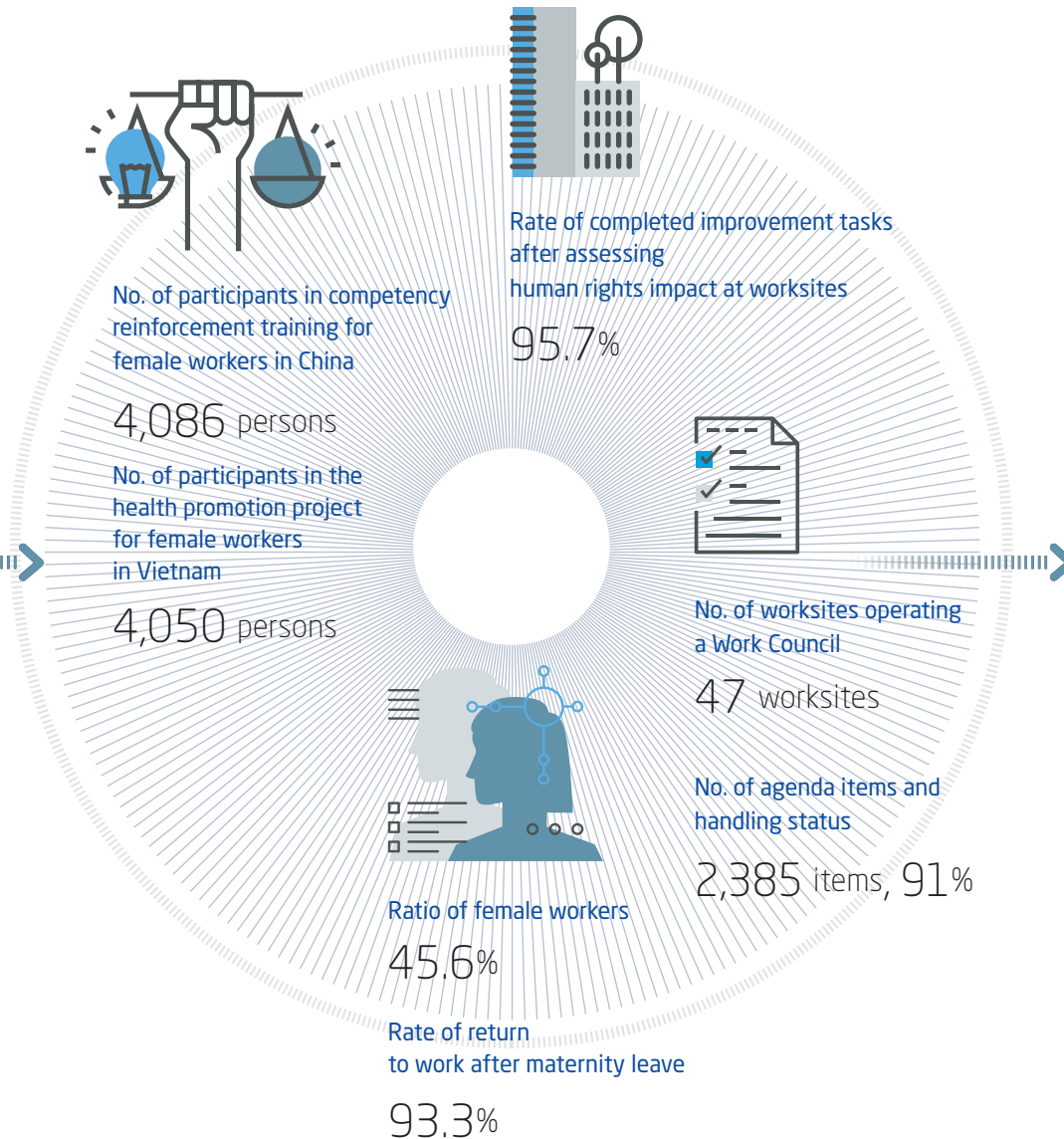
[Goal 8] Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

[Goal 10] Reduce inequality within and among countries
10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

FUTURE PLANS

No. of participants in competency reinforcement training for female workers in China
4,086 persons

No. of participants in the health promotion project for female workers in Vietnam
4,050 persons

Rate of completed improvement tasks after assessing human rights impact at worksites
95.7%

No. of worksites operating a Work Council
47 worksites

No. of agenda items and handling status
2,385 items, **91%**

Ratio of female workers
45.6%

Rate of return to work after maternity leave
93.3%

1 Raising Employee Awareness about Human Rights
Conduct in-depth training on human rights and focus on case studies for all employees

2 Human Rights Impact Assessment
Analyze human rights risks and their impact to improve the work environment

3 Expansion of Cooperation Efforts/ Partnerships
Conduct business activities that meet the high expectations of external stakeholders

3

1

Guarantee of
Voluntary Labor

2

Observance of
Working Hours

3

Respect for
Diversity

4

Worksite EHS

Philosophy and Principles

As a global company, Samsung respects the fundamental human rights of every citizen including the rights of its workers pursuant to international human rights principles and standards. Samsung is committed to abiding by all laws and regulations in the countries and local communities where it operates. We also respect the UN Universal Declaration of Human Rights (UDHR) and the UN Guiding Principles on Business and Human Rights (UNGPs). At the same time, as a dedicated member of the Electronics Industry Citizenship Coalition (EICC), Samsung fully complies with EICC's Code of Conduct, a core requirement that takes into account various international standards.
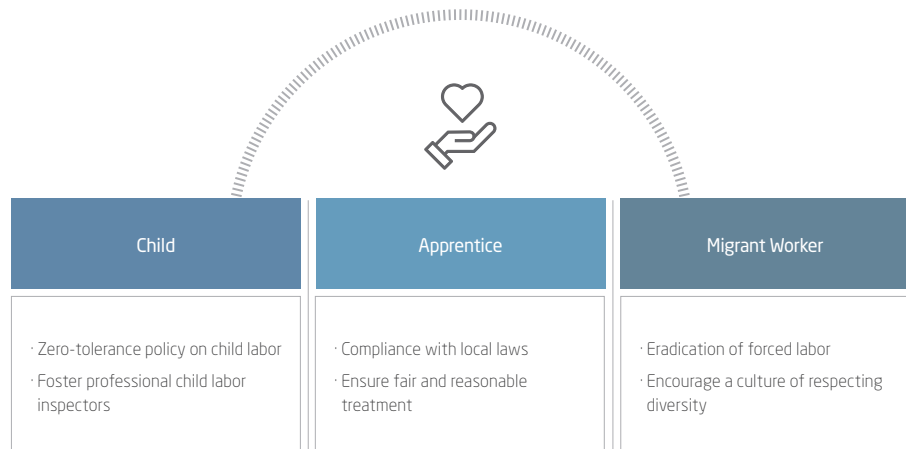
In order to properly implement all of these principles, we abide by the Samsung Code of Conduct, which is based on five major business principles that we announced in 2005, an ethical standard of business conduct in all activities. We consistently work hard to fulfill the social and ethical responsibilities expected from us by stakeholders and cultures around the world based on a high level of in-house regulations. One example of this is our effort for integrating human rights into business management as part of the Business Conduct Guidelines we established in 2015.

Key Areas of Human Rights Protection

At Samsung we are aware of our role and responsibilities with regard to human rights, which is why we do our utmost to mitigate any negative human rights impact. To this end, we have continuously reinforced key management areas including: a guarantee of voluntary labor, observance of working hours, respect for diversity, and workplace health and safety. In addition, we promote our understanding of human rights in cooperation with external stakeholders such as CSR & human rights experts and NGOs, while also developing policies customized for each country and region. In fact, Samsung has selected three specific groups who may be at risk to have their rights violated children , apprentices, and migrant workers. We are constantly improving and updating our policies to better protect their labor rights, including mandatory respect for workers' fundamental rights, such as the prohibition of inhumane or discriminatory treatment, as well as a zero-tolerance policy with respect to child labor.

In 2014, we developed and announced a child labor prohibition policy in China. In 2016, we will take a step further to develop guidelines for apprenticeship training in India and guidelines for migrant workers in Malaysia. We expect all facilities at Samsung to follow these guidelines and our expectations with individuals and suppliers in our supply chain will remain the same. To make sure our policies are implemented, we conduct regular on-site inspections and compliance training.

Also, Samsung is aware of its corporate responsibility to eradicate modern slavery and forced labor. As part of this initiative, we welcome changes in the legal environment, such as with the California Transparency in Supply Chains Act and the UK Modern Slavery Act. As such, we are reexamining the company's policies and activities related to modern slavery and forced labor to discern which complementary measures we need to enact as we continue to pursue transparent communication with stakeholders and announce our intentions and detailed plans on how we will help eradicate slave labor.

Protecting Vulnerable Groups

Child	Apprentice	Migrant Worker
· Zero-tolerance policy on child labor · Foster professional child labor inspectors	· Compliance with local laws · Ensure fair and reasonable treatment	· Eradication of forced labor · Encourage a culture of respecting diversity

China

Child Labor Prohibition Policy

In 2014, Samsung developed and announced its child labor prohibition policy in association with the Center for Child Rights and Corporate Social Responsibility (CCR CSR), a social enterprise established by Save the Children Sweden, stressing the company's firm intentions to eradicate and prevent child labor. As part of this policy's implementation in 2015, we additionally developed an on-site supplier inspection manual to verify the full compliance with child labor policies and conducted training to educate the content of child labor policies and the proper way to conduct on-site audits for designated managers for supplier management. The designated managers conducted inspections during the two major vacation periods for students to ensure the prevention of labor child labor. By fulfilling sweeping inspections an average of three times or more at 235 suppliers in 2015, we reconfirmed that those companies were thoroughly adhering to our child labor prohibition policy.

Malaysia

Guidelines for Migrant Workers

At Samsung Malaysia Electronics, people of different nationalities work together in harmony, regardless if they are from Indonesia, Nepal, or Pakistan, for example. Therefore, respect for cultural diversity and smooth communication between employees are of paramount importance. For this, Samsung encourages its employees to take part in programs and organizational events that allow them to experience firsthand different aspects of these diverse cultures. The Migrant Workers Return Home event is part of this program, in which we select some of our top foreign workers to visit their home country and cover all their expenses. At the same time, Samsung provides various grievance mechanisms such as off-line suggestion box, meetings with migrant workers, to communicate with employees directly and address their concerns. Along with many other activities, we are developing Guidelines for Migrant Workers in cooperation with Business for Social Responsibility (BSR) to help eradicate forced labor, excessive commissions for employment, and any discriminatory treatment which may occur while migrant workers are working in foreign countries.

India

Guidelines for Apprenticeship Training

Samsung developed its Guidelines for Apprenticeship Training in association with Business for Social Responsibility (BSR) and the Indian NGO Partners in Change (PIC) as a way to ensure transparency and compliance related to the process of engagement of apprentices. The Guidelines include the age, minimum wage and the period of apprenticeship as stipulated in the Indian Apprentice Act 1961 and its amended version. It also includes information on how to handle apprentice grievances, job training, and the need to employ apprentices first when there is an employment plan in place for a job position related to the work of an apprentice. Upon releasing our Apprentice Guidelines to the public in 2016, we asked all of Samsung's manufacturing worksites, as well as suppliers and research institutes in India, to comply with the guidelines, which specify the company's obligation to comply with legal standards. Additionally we will begin conducting on-site inspections at Samsung production sites, suppliers' worksites, and Samsung research institutes.

Supplier Inspection
for Child Labor Prevention

(suppliers)

235

(an average of three times
of more inspections)

Samsung Electronics Global Production Bases

Number of hub countries

17

Production bases

38

In-house production (%)

90

Overseas Worksite Monitoring System

Assessment Criteria

Areas

7

Criteria

56

Info on criteria

Languages
(English, Chinese, Vietnamese, Spanish)

12

Human Rights Impact at Worksites Risk

Assessment System

Samsung Electronics is a global company that operates 38 production bases in 17 countries around the world. We directly create 90 percent of our own production volume at the world's most advanced worksites. Furthermore, each worksite abides by all in-house our internal policies and standards constantly innovate and often go beyond obligatory standards in order to maintain a safe and healthy work environment.

With the rapid growth in the scope of our international worksites, we started operating a dedicated unit to manage the work environment of overseas worksites in 2013. The dedicated unit at global corporate level assesses compliance management practices and assists in improving the work environment in collaboration with each business division and global worksite.

For example, we have prepared clear standards regarding labor, human rights, EHS, and corporate ethics, while also establishing a global management system so that we can fully implement the various standards required in countries and regions where Samsung worksites are located. In short, the company does its best to solve problems which may be caused by regional differences as quickly as possible and to provide optimized support for each worksite.

As part of such efforts, Samsung adopted an overseas worksite monitoring system to conduct monthly and quarterly assessments on each worksite's compliance level and improvement activities. Thus, worksites are now able to comprehensively check a variety of data accumulated through the in-house system and assess their own weaknesses using self-assessment tools regarding the status of compliance management.

The assessment criteria of the monitoring system is annually updated by reflecting each worksite's employee thoughts and major revisions of regulations related to labor and human rights. Information is systematically classified under 56 criteria in seven areas, and is subsequently provided in the 11 most common languages (including Korean, English, Chinese, and Malaysian) used at our global worksites.

Risk Sensing

1	2	3	4
Worksite Monitoring System communication channels, activities of a representative body for employees, compliance, education on labor & human rights	**Worksite Risk Analysis System** In-house indicators such as work environment and work conditions; external indicators such as politics, economy, and society	**Regular communication with internal employees**	**Networking with external stakeholders**

Risk Management

1	2	3
Regular audits for high-risk worksites	**Focused consulting for high-risk worksites**	**Correction measures based on inspections & consulting results**

In order to substantiate risk factors that can influence human rights management, Samsung developed a worksite risk analysis system, and has conducted monthly and quarterly risk assessments for all worksites since late 2014. For the most part, we analyze 57 main indicators, 32 internal management indicators concerning the work environment, work conditions, workforce management, and related programs, as well as 25 indicators related to the internal/external environment of the countries where our worksites are located.

At the same time, we do our utmost to recognize in advance a wide range of risk factors and problems that can occur at global worksites and improve them through regular communication between top management and employees (also between managers and working-level employees), while also engaging with the government, NGOs, and academia.

Samsung strives to minimize any disparities between human rights management standards and the compliance level among the company's worksites by operating standardized systems that are applicable for all global worksites and by expanding communication among stakeholders. As a result, we have strengthened the ability of each worksite to more effectively manage when it comes to labor and human rights. What is more is that employee satisfaction is also increasing due to the fact that we are continuously addressing risk factors such as personnel management systems, workforce operations, and the overall work environment as we make every effort to carry out improvements when necessary.

Assessment Activities and Identifying Improvement Tasks

Assessment Activities and Procedures

Samsung conducts its Samsung Expert Diagnosis on the work environment on an annual basis in a bid to assess the compliance management level at every global worksite. To carry out regular audits, we select six auditors for each worksite every quarter from a human resource pool that includes global talents that are regional experts and understand the local culture and language very well. We also single out global labor rights experts such as EICC judges to increase the reliability and objectivity of worksite audits. After the four-week audit procedure is completed, a task force consisting of staff members from the audited business division and EHS experts continuously support improvement activities at each worksite until each and every identified problem is solved.

The worksites to be audited are chosen based on data from worksite monitoring and our risk analysis system. Every quarter, we classify the worksite management level and degree of risk into one of four ratings to then select low-performance or high-risk worksites. The quarterly selection enables a rapid response to workers' rights issues around the world as well as immediate corrective measures to each worksite's risk factors.
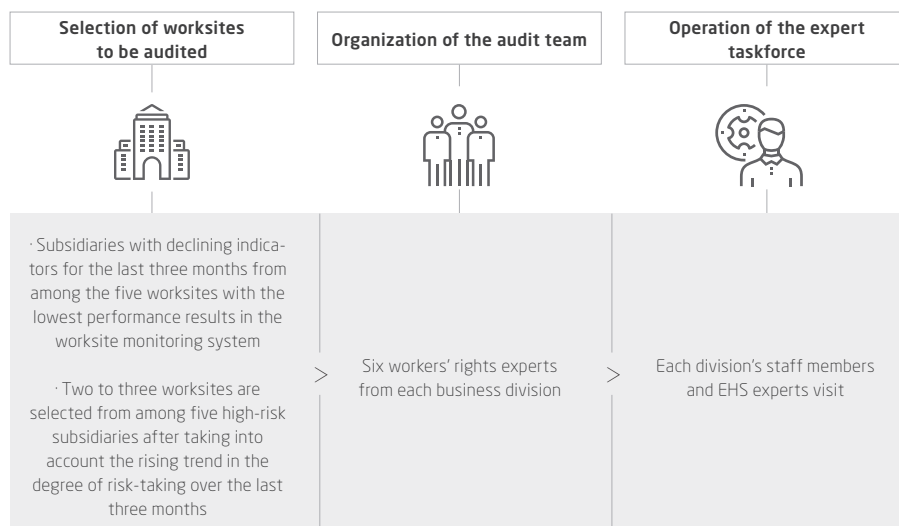
When targets for an audit are decided upon based on such a risk assessment, the targeted worksites receive advance notice about the audit. Over the next two weeks, the audit team gathers data for each worksite in advance, including the current status of the worksite and required legal standards, while targeted worksites go through a self-assessment regarding compliance based on a pre-determined audit checklist. The audit team then thoroughly examines the reliability of the self-assessment results in selecting evaluation items and strategies for on-site inspections.

We carry out on-site inspections over the course of one week based on major risks and self-assessment results from the preliminary review. At this time, auditors review various documents to verify the self-assessment results, carrying out one-on-one interviews with employees to assess the management level of each worksite more precisely. More interviewees than EICC's recommended number are selected through random sampling after taking into consideration the characteristics of each job function and the rank of interviewees. In addition, we conduct on-site inspections to look at worksite infrastructure and conduct sampling inspections at major suppliers.

The audit criteria consist of 120 items in a total of 11 areas (53 in-house items, 51 EICC items, 11 items for supplier management, and 5 items classified as "others"). On-site audit results are shared with each worksite's management staff, with each task that needs to be completed classified by type within one week after the audit in order to establish improvement plans and recurrence prevention measures.

In April 2016, we began adding the audit results, improvement plans, and follow-up measures from the worksite to the monitoring system database on a monthly basis so that we can check on the implementation of worksite improvement plans in real-time. Moreover, we have made the business division-driven expert task force's support for local subsidiaries compulsory so as to improve identified tasks more rapidly and with greater efficiency. Therefore, we can now manage improvement results every month for all identified tasks, with the aim of completing improvement measures within six months.

Selection of Audit Targets and Follow-up Measures

Selection of worksites to be audited	Organization of the audit team	Operation of the expert taskforce
· Subsidiaries with declining indicators for the last three months from among the five worksites with the lowest performance results in the worksite monitoring system · Two to three worksites are selected from among five high-risk subsidiaries after taking into account the rising trend in the degree of risk-taking over the last three months	Six workers' rights experts from each business division	Each division's staff members and EHS experts visit

Audit Process

1

Risk Assessment
- Quarterly classification of worksites' management levels and degrees of risk (4 ratings)

2

Selection of Target Worksites
- High-risk worksites

3

Self-assessment
- Self-assessment based on the audit checklist

4

On-site Inspection
- Audit team's on-site inspection (one week)
- Review of documents and one-on one interviews with employees

5

Audit Results sharing with the Management
- Establishment of improvement plans and recurrence prevention measures

Audit Criteria

1

Communication, management of the organization, employee board, emergency response system, workers' rights-related education

2

Labor and human rights, EHS, corporate ethics

3

Suppliers' compliance management

Worksite Audit Results

Average number of
improvement tasks per
worksite

16.5

Improvement tasks
completed
at all worksites

95.5%
(126)

Assessment Results

In 2015, we strengthened the audit process, while also improving the procedure to select worksites for auditing and reinforcing follow-up measures to timely resolve detected problems and not just focus on the detection of problems. We conducted internal expert diagnoses of eight worksites two in America, six in East, West, South Asia, that were selected from among the highest risk worksites through the company's in-house evaluation system. As a result, we found a total of 132 improvement tasks.

In principle, the tasks identified through the audit were classified into short-term, mid-term, and long-term tasks, with short-term tasks immediately improved upon during the audit period. For the mid- and long-term tasks, we established improvement plans with the aim of completing them within six months. As a result, five out of the eight worksites completed 100 percent of all improvement tasks, and a total of 126 improvement tasks were carried out at all the worksites, marking a completion rate of 95.5 percent.

Samsung also conducts special diagnoses with each business division's experts every quarter. A special diagnosis is conducted for the purpose of improving overseas worksites' management competency, identifying risk factors in certain areas (including the management of working hours), protecting underprivileged employees, honing the necessary skills for using the monitoring system, and strengthening the organizational culture. Afterwards, we conduct focused consulting on the improvement plans. In 2015, special diagnoses were carried out at a total of 10 worksites in China, the U.S., and East/West/South Asia.

In addition to our internal audits, Samsung production sites are audited by our worldwide customers, such as a large telecommunications service provider. In 2015, our customers conducted seven audits on five Samsung production sites. Third-party audits are carried out by independent auditors and an EICC validated audit process to ensure subjective risk analysis and efficient improvement implementation.

Efforts for the Improvement of Human Rights Impact

Worker Safety Management

Samsung's ultimate goal is to establish a zero-accident work environment. In order to realize this aim, we conduct risk evaluations based on our EHS management system (OHSAS 18001-certified) at all manufacturing sites, pursuing continuous improvement initiatives based on evaluation results. If an accident occurs during the work process, we conduct a precise safety inspection for the related department to prevent the recurrence of the same accident or a similar accident, while also searching for the fundamental cause of the accident and then making the necessary improvements.

Additionally, we recommend that all departments consider our company-wide safety guidelines for in-house events, including sporting activities, and continuously carry out a traffic safety campaign to promote the non-use of cellphones while walking in order to prevent non-work related accidents such as tripping at a worksite or suffering from an injury at an in-house sporting event.

Although the number of workers in 2015 increased 8.5 percent over 2014 due to the expansion of production subsidiaries, the accident rate actually decreased 15.9 percent as a result of the continuous identification of potential risk factors and improvement activities.

Worker Safety Management

○ Number of employees
○ Accident rate

10%↑

16%↓

2014   2015
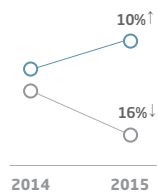
Accident Management

Classification		Employees		Remarks	
		Frequency rate[1]	Accident rate[2]	National accident rate	Accident rate within the manufacturing industry
Korea	2013	0.528	0.086	0.59	0.78
	2014	0.358	0.052	0.53	0.72
	2015	0.332	0.051	-	-
Global	2013	0.328	0.064		
	2014	0.289	0.054		
	2015	0.240	0.045		

1) Frequency rate =(Number of accidents/Annual working hours)*1,000,000
2) Accident rate =(Number of injured workers/Number of workers)*100

Establishment of an Ergonomic Work Environment   With the aim of maintaining a highly ergonomic work environment where employees can work in safety and in health, Samsung analyzes the musculoskeletal risk in all its manufacturing processes, identifies tasks to be improved upon, and strengthens the manufacturing process. In fact, our "Ergonomic Work Design Guide" consists of 93 articles in 10 categories that help us reduce the physical burden on workers by taking into account their body size and work characteristics. This then allows us to establish a pleasant work environment when designing and installing manufacturing lines.
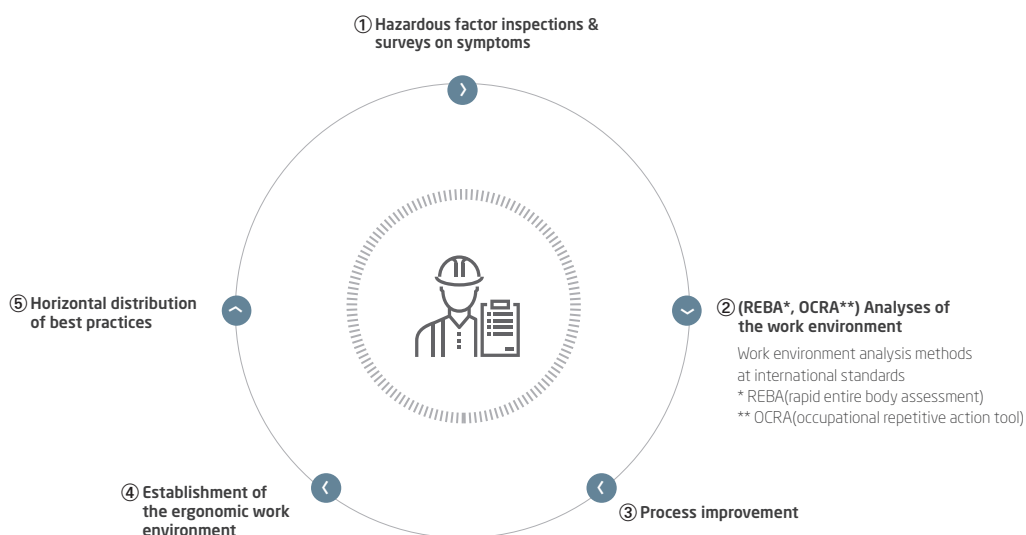
Ergonomic Work Design Guide

Ergonomic Work Design Guide	Category	Number of items	Category	Number of items
	Common guide for stand-up/seated work	4	Arrangement design of parts to be assembled	4
	Seated work design	10	Motion minimizing design	10
	Stand-up work design	4	Use of body measurement database and guidelines	22
	Weight handling work design	7		
	Hand tool design and applied standards	16	Standards for establishing health promotion centers and staff lounges	2
	Design of work posture standards	14		

In 2015, we established a comprehensive ergonomics management system that includes domestic legal requirements such as hazardous factor inspections and surveys on workers' health-related problems. We distribute the descriptions of best practices in ergonomic improvement and standard operating procedure (SOP) to production subsidiaries in Korea and around the world through this system as we concurrently set up the most appropriate ergonomic work environment and increase employee satisfaction at work through continuous improvement initiatives.

In order to effectively support workers' recovery from fatigue and injury prevention activities, we developed a customized gymnastics video and musculoskeletal disease prevention program that makes use of simple tools and then provided them both to worksites in Korea and overseas.

Samsung goes beyond setting up work environments that do not put a musculoskeletal strain on employees by removing physically burdensome work processes from the design stage through to the systematic management process, helping create a "Happy Work" environment where employees can work with a high level of satisfaction and improve the quality of their lives.

COMPREHENSIVE ERGONOMICS MANAGEMENT SYSTEM

① **Hazardous factor inspections & surveys on symptoms**

⑤ **Horizontal distribution of best practices**

② **(REBA*, OCRA**) Analyses of the work environment**
Work environment analysis methods at international standards
* REBA(rapid entire body assessment)
** OCRA(occupational repetitive action tool)

④ **Establishment of the ergonomic work environment**

③ **Process improvement**

Prevention of Infectious Diseases   Every year, infectious diseases such as Ebola, MERS, and the Zika virus break out worldwide. As there is no definitive cure for such diseases, the best way to deal with them is to prevent infection. Samsung continues to monitor regions where these diseases frequently occur and classifies the degree of risk in detail so that it can take the necessary countermeasures, such as banning business trips to high-risk regions.

In 2015, MERS cases started being reported around Korea. Samsung was quick to install thermographic cameras at the gates of its worksites to check employees' temperature and, when necessary, isolate those who had recently visited a hospital where there were MERS-infected patients. As a result of its timely, preemptive actions, the disease did not spread at the six Samsung Electronics worksites in Korea.

1 MERS prevention activity
(using a thermographic camera at a gate)

Employee Training

Employee Training through Partnerships with Specialized Institutions   Samsung ultimately aims at improving the quality of employees' lives by providing various training opportunities for competency reinforcement. We are especially vigilant about offering a variety of training programs in partnership with specialized CSR institutions. At the same time, we single-handedly develop locally customized training programs that reflect overseas worksites' cultural characteristics, running them as required courses for all staff members in order to raise employee awareness about workers' rights.

WiF: A Competency Reinforcement Program for Chinese Female Workers   Samsung participates in the Women in Factories (WiF) China project, which was launched by Business for Social Responsibility (BSR) in 2011. WiF's mandate is to provide mid-level manager training and life skills training for female workers, with the goal of developing female workers' abilities and potential at production sites.

Female production workers who are part of the WiF program receive leadership reinforcement training and also learn about stress management and health promotion knowhow. After completing these courses, they conduct their own training to share the valuable lessons from this program with other employees. In 2015, we conducted training for 4,086 female workers in China over a total of 36,000 hours.

Promotion of Female Workers' Health (HERhealth)   In order to uphold the rights of female workers, Samsung operates a project called Health Enables Returns (HERhealth), which provides health information for female workers and pursues awareness improvement. The specialized CSR institution, referred to as Business Social Responsibility (BSR), has conducted this project for 250,000 women in 10 countries since 2007 with the aim of not only providing basic health-related knowledge for female production workers, such as information about healthy diets and the prevention of diseases like HIV/AIDS, hepatitis, and tuberculosis, but also raising awareness regarding the importance of women's health.

To improve the quality of life for low-income people and local communities in Vietnam, Samsung carries out training for female workers across the country through a partnership with Life Centre, a local NGO established in 2005 that specializes in health education. Personnel management staff members and female production employees who complete the courses then share the lessons with their colleagues. As a result of such efforts, 4,050 people have completed the training program over a total of 3,700 hours.

WiF Results (China)

Trained female workers

4,086
persons

Training results

36,000
hours

In the latter half of 2016, we will conduct training for dissemination through in-house lecturers not only for newly hired employees, but also for workers at supplier companies. Samsung continues to work tirelessly for the improvement of women's rights and interests by supporting female production workers' competency reinforcement. In addition, it supports their psychological/physical healthcare activities through partnerships with NGOs.

Financial Competency Reinforcement Project (HERfinance) Samsung jointly launched a workers' financial competency reinforcement project with BSR in 2015. Starting with India that same year, we are now conducting training alongside local NGOs in Brazil and Mexico.
The project not only aims at providing basic information related to savings, interest rates, loans, and banking, but also at teaching financial planning techniques to the family members of our employees according to their income so that they can have confidence in realizing financial independence.
Since 2015, we fostered 50 in-house educators, some of whom were production employees, jointly with the Indian NGO Sanchayan. Through dissemination and implementation training, we then carried out education sessions for 2,000 production workers. From the second half of 2016 we plan on establishing/implementing an education plan through a partnership with the Mexican NGO Yo quiero Yo puedo and the Brazilian NGO Positive Planet.

1 Manufacturing employee training at Samsung's production subsidiary in Noida, India

HERhealth Results (Vietnam)

Training results
4,050
persons

Total training time
3,700
hours

HER h Results (India)

Fostering in-house trainers
50
persons

Training results
2,000
persons

Training Programs and Partners by Region

China

East/West/
South Asia

Latin
America

Competency reinforcement training for female production workers
BSR ⟨Since January 2015⟩

Financial competency reinforcement training for production workers
Sanchayan (India)
⟨Since October 2015⟩

Financial competency reinforcement training for production workers
Yo quiero Yo puedo (Mexico), Positive Planet (Brazil) ⟨Since April 2016⟩

Health & hygiene training for female production workers
Life Centre (Vietnam)
⟨Since May 2015⟩

Localization Training Programs at Global Worksites   Samsung believes it is critical for employees with different cultural backgrounds and values to fully understand the company's business philosophy and core values, and to share the organization's vision and goals, thereby maintaining a sense of unity among all workers.

Accordingly, Samsung operates competency reinforcement training programs through partnerships with external stake-holders. Furthermore, we have developed an in-house training program so that all employees at global production subsid-iaries can internalize the importance of the company's human rights management as well as share the same vision and corporate culture. Since 2014, we have run the required program for all employees at least once a year.

The program includes a total of 15 courses in six areas, ranging from voluntary competency reinforcement content to relationship management content, such as respect for diversity and prohibition of discrimination and bullying. Also, we operate special localized training for every worksite in which we reflect the country's cultural background and the charac-teristics of each individual employee's rank and job function.

1-3 Manufacturing employee training at Samsung's Polish production subsidiary
4 Manufacturing employee training at the company's Russian production subsidiary

As of March 2016, 670 in-house trainers had conducted dissemination training with the same program for their col-leagues. In 2015, roughly 245,000 employees received training for more than three hours on average.

In 2016, we launched a brand-new mental fitness program that includes segments on emotional control and stress management at work in an effort to improve each employee's work-life balance. We also plan on carrying out awareness improvement training to help prohibit any form of discrimination due to gender, race, nationality, religion, academic back-ground, and/or disability, as well as embracing differences such as age and personal values among the various members of the company based on an open-minded approach.
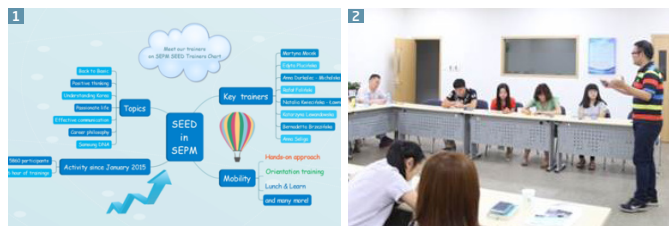
1 In-house trainers chart of the Polish production subsidiary
2 The in-house trainers' course at the Tianjin production subsidiary

Grievance Channels

In order to protect the human rights of employees and build a positive work environment, Samsung has established communication channels for listening to the thoughts and opinions of employees. We guarantee direct communication between top management and workers through regular management status presentations and same-level employee meetings. Furthermore, we operate online and offline grievance channels at each worksite to take the voice of the employee (VoE) into account and to resolve any lingering issues promptly.

In 2015, we prepared a Grievance Resolution Guidelines, which (opened a grievance channel, allowed for the submitting of grievances, provided a channel to settle grievances, and provided feedback) to address the grievances of employees in a fairer, more immediate way. For global production subsidiaries, we also established four grievance channels (a telephone/Internet hotline, online & offline channels, and employee committees) based on global guidelines. As of March 2016, we are operating a total of 247 grievance settlement programs at 27 worksites.

Grievance Resolution Guidelines

Available Channels

1 Hot Line

Call or email 24/7

2 On Line

Company intranet

3 Off Line

Opinion boxes placed in areas with no CCTV cameras

4 Various employee committees

Including Worker's Council, autonomous weekly meetings

Grievance Procedure

> STEP 1

Grievance submission
Individuals can submit grievances through four channels.

> STEP 2

Grievance settlement
The issue is transferred to the department in charge via an agreement with the personnel department after checking facts and classifying the grievance between 24 hours and one week after receiving it, depending on the concern.

> STEP 3

Feedback
A settlement result is delivered through the grievance submission channel between 3 and 7 days after receiving the grievance, depending on the concern.

> STEP 4

Raising an objection
When individuals are not satisfied with the settlement result, they can file an objection within 5 days after receiving a notice of the result.

Settlement Period

1
Hotline/Online
- Within 3 days

2
Offline/Employee representative body
- Within 7 days

3
Degree of satisfaction
- Follow-up survey on the submitter's satisfaction (5-point basis)

4
Employee awareness
- Completion rate of employee training

Grievances are classified into 10 types that include working conditions, work environment, personal relations, work matters, and personal problems. When institutional issues, illegal actions, or practices that are in breach of our policies are reported, they are more promptly settled according to in-house standards than are grievances regarding general benefits. Moreover, we have diversified our grievance channels to increase employee accessibility to them, while also striving to minimize the burden of communication by guaranteeing anonymity through the prohibition of disadvantages caused by grievance submissions and the prohibition of attempting to trace the submitter.

In 2016, we began training on the status of grievance channel operations at each worksite for all employees to raise awareness about these channels. Additionally, we started to track key results—the types of grievance submissions, settlement process, settlement results, settlement period compliance for each grievance type/channel, settlement to submission rate, submitters' satisfaction, and employee awareness about the grievance channels—as key performance indicators for all worksites.

Meetings Led by Employee Representatives

Meetings held

1,921

times

Total number of participants

24,997

persons

Work Council

Samsung firmly believes in promoting the rights of employees and does its utmost to observe all laws and regulations in the countries and local communities where it operates. We pursue mutually beneficial initiatives based on a culture of mutual respect and consideration between management and employees. Furthermore, we have continuously done our best to maintain a constructive corporate culture based on trust.

Samsung has a Work Council at 47 worksites in Korea and overseas for the purpose of promoting mutually cooperative and successful labor-management relations. At council meetings, management and employees discuss working conditions and the overall work environment together, identifying a wide range of solutions for enhancing employee benefits and rights.

Each Work Council is operated depending on the legislation of the country in question and the characteristics of the specific worksite. As of the end of 2015, a total of 973 employee council members were working for one of these councils. Employee representatives, who are elected by employees independently of management under the principle of direct and secret voting, hold meetings or interviews with on-site workers at least once a week to listen to employee grievances and later discuss related agenda at official council meetings that include management representatives.

In addition to the adjustment of wages and benefits, each worksite's Work Council handles numerous agenda items, such as in-house systems or process improvement, working hour adjustments, worksite safety and medical checkups, to expand the rights and interests of employees. The results are then announced to all employees through the council's online/offline bulletin boards. In Korea, the Work Council held three rounds of negotiations for wage adjustments over a three-month period starting in December 2015, and announced the results of the changes to wages and benefits in early 2016. In 2015, a total of 2,385 agenda items were submitted, with 2,182 items (91 percent) of them resolved.

1 SEHZ, a meeting organized
by a representative body for employees
2 TSTC, a meeting organized
by a representative body for employees

Agenda Items Handled by Work Council in 2015

Items on the agenda

2,385

cases

Status of Regional Work Councils (as of December 2015)

Classification	No. of Councils	No. of Members (Workers)	Participating Employees
Korea	6	180	96,902 *
China	16	322	41,591
East, West, South Asia/Japan	15	241	125,170
America/Europe/Other	10	230	17,003
Total	47	973	280,666 (87.9% of all employees)

* Except temporary workers

Status of Agenda Items Handled by Work Councils in Korea and Overseas (2015 total)

Classification	Agenda	Ratio	Remarks
Wages/Benefits	286	12%	Wage increase rate/Benefits adjustments
Programs/Systems	288	12%	Personnel management systems/Process management
Organizational Culture	262	11%	Organization activation, awareness change, campaigns
Working Hours	285	12%	Adjustment of overtime hours, taking over the duties of a colleague, compensatory time
Infrastructure	596	25%	Cafeteria, buses, dormitories, fitness centers, parking lots
EHS	193	8%	Worksite safety, medical checkups, musculoskeletal disease prevention
Others	475	20%	-
Total	2,385	100%	-

Pursuit of Diversity

Samsung strives to ensure a corporate atmosphere and environment where people from various backgrounds can maximize their abilities. We believe that creative ideas and excellent performance results can be achieved based on a culture where diversity is highly valued. As such, Samsung runs a variety of programs to support female workers and hires people with disabilities in order to establish a culture in which the acceptance of diversity is second nature to everybody.

Consideration for Female Workers

Samsung is constantly reinforcing systems and programs to support females who work at the company. Also, we work diligently to minimize the career discontinuity of female employees after childbirth, which has resulted in a higher rate of returning to work after maternity leave for our employees. In fact, we run many programs for a healthy work-family balance, such as leaves for fertility treatment, extended parental leaves, and the expansion and establishment of daycare centers.

Ratio of Female Employees

Ratio of Female Employees by Job Function (%)

	2013	2014	2015
Sales/Marketing	31	30	29
Manufacturing	53	54	58
Development	16	17	17
Others	37	38	39
Total	40	42	46

Female Employees by Region (%)

	2013	2014	2015
Korea	26.8	26.9	26.2
Southeast Asia/Southwest Asia/Japan	52.5	57.2	63.5
China	48.9	45.2	43.2
North America/Latin America	37.5	36.6	35.0
Europe/CIS	32.7	33.6	34.3
Middle East	18.6	15.1	13.4
Africa	31.2	34.1	32.8

Support for Female Employees (persons, %)

	2013	2014	2015
Number of employees on maternity leave	1,985	3,376	3,816
Rate of return to work after maternity leave	86.9	91	93.3
Daycare center capacity	2,431 (12 daycares)	2,551 (12 daycares)	2,551 (12 daycares)

Female Employees
by Rank

(%)

○ Staff
○ Managers
○ Executives

46.0   48.3   53.1

11.8   12.4   12.4

3.8   4.2   4.5

2013 2014 2015
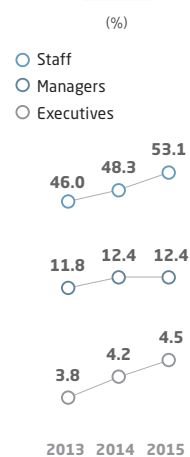
**Employees with Disabilities
(2015, Korea)**

1,649
persons

Support for People with Disabilities

Support for Employment and Work

On top of recruiting people with disabilities to be actively included in society and the business world, Samsung is proud to provide an excellent work environment at the company where all employees can live up to their full potential. In 2005, we adopted a provision for applicants with disabilities during open recruitment. A year later, we started to provide job training tailored for employees with disabilities. By 2011, we had adopted a separate open recruitment program for graduates with disabilities. In addition, we tailor specific job functions to each individual with a disability based on the individual accessibility requirements and needs.

Samsung Barrier Free

To minimize any inconveniences that employees with disabilities feel while working at the company, Samsung continues to complement its facilities in any way it can. For example, we have adopted an in-house certification program called Samsung Barrier Free (SBF) which is even more stringent than legal standards when it comes to providing superb accessibility for the people with disabilities. Since 2011, we have evaluated our major buildings and facilities in Korea based on a convenience test for the people with disabilities, and have improved/installed elevators, restrooms, and low-floor buses at each worksite specifically for individuals with disabilities.

Employees with Disabilities (Korea)

	2013	2014	2015
Number of employees with a disability	1,532	1,668	1,649
Disabled employment rate	1.60	1.68	1.7