

SAMSUNG

2021 Annual General Meeting of Shareholders Reference Material

SAMSUNG ELECTRONICS Co., Ltd.

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Notice of Annual Meeting of Shareholders

Date/Time : March 17, 2021 at 09:00 Korea Standard Time (UTC+9)

Place : Convention Hall(3F)/Exhibition Hall(1F), 140, Gwanggyojungang-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, 16514, Korea

Record date : December 31, 2020 (only common shareholders of record at the close of business on the record date are entitled to vote at the Annual General Meeting of Shareholders)

Agenda item 1. Approval of Audited Financial Statements (FY2020)

Financial highlights

- Audited financial statements with the independent auditor's opinion will be disclosed separately in the IR webpage of Samsung Electronics starting from February 18th, 2021.
<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

Annual dividends

- Based on the three-year shareholder return program for 2018–2020, the regular dividend for FY2020 will be KRW 9.6 trillion, or KRW 1,416 per common share, upon approval at the AGM.
- Also, as a part of the plan to return 50% of FCF for 2018–2020, we will distribute a special dividend of KRW 10.7 trillion, which is the remaining portion of 50% of FCF for the three years after the regular dividend payout of KRW 28.9 trillion, subject to approval at the AGM. The special dividend equates to KRW 1,578 per share.

Agenda item 2. Election of Directors

As of Feb, 2021, the Board consists of six independent directors and five executive directors. Among them, the term will expire for six directors—three independent and three executive—in March 2021, and the Board seeks re-election of them for a second term to the Board at the 2021 AGM based on the positive changes they have brought to the Company and the successful results that have been delivered, despite a very challenging global environment.

Below is the current composition of directors along with nominees for re-election, and this structure will remain subject to approval of all resolutions.

Name		Since	Gender	Experience and Skills
Jae-Wan Bahk*	Independent	2016	M	Government, Governance and Financial Expertise
Byung-Gook Park	Independent	2018	M	Industry and Technology (Semiconductor)
Jeong Kim	Independent	2018	M	Global Tech Industry Leadership
Sun-Uk Kim	Independent	2018	F	Legal, Human Capital Development
Kinam Kim	Executive	2018	M	Vice Chairman & CEO, Head of Device Solutions
Hyun-Suk Kim	Executive	2018	M	President & CEO, Head of Consumer Electronics
Dong-Jin Koh	Executive	2018	M	President & CEO, Head of IT & Mobile Communications
Curie Ahn	Independent	2019	F	Medical, Social values (NGO Founder)
Han-Jo Kim	Independent	2019	M	Financial (Banking), Former CEO
Jong-Hee Han	Executive	2020	M	President & Head of Visual Display Business
Yoon-Ho Choi	Executive	2020	M	President & CFO

Directors in the blue box are up for re-election in March 2021.

* Chairperson

Agenda item 2. 1. Election of Independent Directors

The Board has nominated (2.1.1) Dr. Byung-Gook Park and (2.1.2) Dr. Jeong Kim to serve as Independent Directors. The nominees were first elected at the 2018 AGM and demonstrated their leadership skills during their first terms. The Board recommends voting in favor of their re-election.

- **Dr. Byung-Gook Park** is a professor at the School of Electrical Engineering of Seoul National University. He is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), a Fellow of the Korean Academy of Science and Technology and a Member of the National Academy of Engineering of Korea.

As a renowned scholar, Dr. Park brings to the Board industry and technology expertise related to the semiconductor business and contributes to strengthening open innovation network between industry and academia. During his directorship, Dr. Park helped establish the strategic direction of ‘Semiconductor Vision 2030’, which targets achieving the global number one position in system semiconductors.

- **Dr. Jeong Kim** is a Korea born American businessman and entrepreneur in the IT industry. He was president of Bell Labs and Chief Strategy Officer from 2005 until 2013. He co-founded and became Executive Chairman of Kiswe Mobile in 2013. Previously, he served on the board of numerous international firms, including Arris Group (US) and Schneider Electric SA (France).

Dr. Kim brings insight into the IT industry and global experience to the Board. His leadership and board directorships at other international companies, prior to Samsung Electronics, strengthens the Board’s understanding of its stakeholders’ viewpoints globally.

Agenda item 2.2. Election of Executive Directors

The Board has nominated (2.2.1) Dr. Kinam Kim, Vice Chairman, CEO and head of Device Solutions, (2.2.2) Hyun-Suk Kim, CEO and head of Consumer Electronics, and (2.2.3) Dong-Jin Koh, CEO and head of IT & Mobile Communications for re-election to the Board as Executive Directors. Each nominee, in the capacity of CEO, leads a major business division with a high level expertise and a track record of successful global leadership. Their participation ensures the Board’s accountability for our core businesses and helps coordinate interests among divisions. The Board recommends voting in favor of their re-election.

Agenda item 3. Election of Independent Director for Audit Committee Member

Due to an amendment to the Korean Commercial Code, a separate election is required for a director who is to be appointed as a member of the audit committee. The Board proposes the re-election of Independent Director Dr. Sun-Uk Kim to be appointed as a member of the Audit Committee. The Board recommends voting in favor of her re-election.

- **Dr. Sun-Uk Kim** is a professor emeritus of the School of Law at Ewha Womans University and was President of the university from 2010 until 2014. Dr. Kim served as Minister of Government Legislation from 2005 to 2007, the first female to hold this position, and was appointed as chair of Policy Committee of the Ministry of Justice in 2020. She previously served as Chairperson of Alumninetzwerk Deutschland Korea (ADeKo) from 2011 to 2014 and as a Co-President at the Korea-Germany Forum from 2012 to 2016. She acted as a Co-President for the Advisory Panel of the National Assembly Special Committee on Constitutional Amendment in 2017.

With her legal and regulatory expertise, Dr. Kim has contributed to fulfilling oversight responsibilities of the Audit Committee since 2018. During her term, she contributed to decisions-making on issues such as strengthening the internal control program and compliance function. As an Independent Director, she has also pushed to build human capital development and strengthen female empowerment within the organization.

Agenda item 4. Approval of Director Remuneration limit (FY2021)

(Unit: KRW billion)

	FY2021	FY2020	
	Proposed	Approved	Actual
General compensation	33.0	30.0	18.6
Long-term incentive (LTI)	8.0	25.0	15.0
Total	41.0	55.0	33.7

The Board of Directors recommends a remuneration limit of KRW 41.0 billion for FY2021.

General compensation

- The Board recommends a remuneration limit for general compensation of KRW 33.0 billion for FY2021, a 10% increase year-on-year. The total number of Directors is expected to remain unchanged at 11 (5 Executive Directors and 6 Independent Directors), however, the year-on-year increase in the recommended amount is due to: (i) an increase in base salary as Directors have further developed their careers; and (ii) potential incentive payments for when the business environment improves.
- The Board lowered the remuneration limit for general compensation from KRW 37.5 billion in FY2019 to KRW 30 billion in FY2020 after considering that compensation in recent years was far lower than the approved limit.

Long-term incentive (LTI)

- For FY2021, the Board recommends an LTI limit of KRW 8.0 billion.
- The Company determines LTI by conducting performance evaluations on a three-year interval, and distributes 50%, 25%, and 25% of the incentive in the following three years, respectively.
- As per the LTI payment scheme, FY2020 is Year 1 of a three-year LTI term, based on performance evaluation during the period of FY2017-2019. Under the payment scheme, 50% of the LTI payment for this term was remunerated in FY2020. FY2021 is Year 2 of the same term and the Year 2 portion of total LTI is 25%.
- Therefore, the recommended LTI limit for FY2021 is half of the actual payment made in FY2020.

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Agenda

Agenda Item 1. Approval of Audited Financial Statements (FY2020)

I. Audited Financial Statements

Overview

The Board of Directors is seeking your approval of the following financial statements for FY2020 beginning on January 1, 2020 and ending on December 31, 2020:

- Consolidated Statements of Financial Position
- Consolidated Statements of Profit or Loss
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Separate Statements of Appropriation of Retained Earnings

Audited financial statements with the independent auditor's opinion will be disclosed separately in the IR webpage of Samsung Electronics starting from February 18th, 2021.

<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

Financial performance (K-IFRS, consolidated)

(Unit: KRW trillion)

	FY2020	FY2019	Change
Revenue	236.8	230.4	2.8%
Operating profit	36.0	27.8	29.6%
Net profit	26.4	21.7	21.5%
EPS (KRW)	3,841	3,166	21.3%

Assets	378.2	352.6	7.3%
Liabilities	102.3	89.7	14.1%
Equity	275.9	262.9	5.0%
Liabilities/equity	37.1%	34.1%	3.0%p

ROE	9.8%	8.5%	1.3%p
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* See Section 4. (page 36) for detailed financial statement.

Business Performance

□ Summary of key financial metrics, by business division

(Unit: KRW trillion)

		Category	FY2020	FY2019	FY2018
Semiconductor	Revenue		72.9	64.9	86.3
	Operating profit		18.8	14.0	44.6
	Margin		25.8%	21.6%	51.7%
Display Panel	Revenue		30.6	31.1	32.5
	Operating profit		2.2	1.6	2.6
	Margin		7.3%	5.1%	8.1%
Consumer Electronics	Revenue		48.2	45.3	42.1
	Operating profit		3.6	2.5	2.0
	Margin		7.4%	5.5%	4.8%
IT & Mobile Communications	Revenue		99.6	107.3	100.7
	Operating profit		11.5	9.3	10.2
	Margin		11.5%	8.6%	10.1%
Overall	Revenue		236.8	230.4	243.8
	Operating profit		36.0	27.8	58.9
	Margin		15.2%	12.1%	24.2%

During 2020, global society faced numerous difficulties across politics, economics, and social matters, due to effects of the COVID-19 pandemic. Samsung responded flexibly and promptly to such challenges using our differentiated SCM capabilities, and as a result, revenue increased 3% year-on-year to KRW 237 trillion and operating profit grew 30% to KRW 36 trillion. We also worked to solidify our foundation for growth by enhancing competitiveness of our key businesses and investing strategically in R&D.

The Memory business, amid ongoing external uncertainties such as COVID-19 and declining memory prices, achieved solid earnings by: strengthening cost competitiveness via increasing its advanced process portion of nodes; enhancing market leadership via expanding sales of leading-edge products, including server-use products and mobile-use high-capacity products; fine-tuning our projections of supply and demand; and managing our product mix flexibly.

Foundry strengthened its fundamentals and pursued balanced growth by securing technology leadership via expanding mass production of EUV processes and by diversifying both its customer base and application areas. System LSI solidified its foundation for growth by expanding supply of 5G-modem-integrated APs and high-resolution image sensors, which includes 108MP products.

For Display, the mobile panel business solidified its position atop the OLED market by expanding the adoption of our cutting-edge technologies, which offer power efficiency, high-frequency refresh rates, and foldable designs to address growing demand for 5G smartphones. The large panel business started preparing for next-generation products in earnest by investing in QD-Display.

The Mobile business achieved solid earnings even amid the pandemic by enhancing its competitiveness with a number of product launches in each segment and by efficiently managing costs and improving cost structure. We solidified our leadership in the premium market by launching flagship models Galaxy S20 and Note20 featuring state-of-the-art technologies such as high-resolution displays and high-performance cameras; and innovative foldable models Z Flip and Z Fold2. For mass market models, we enhanced our lineup by adding

5G capabilities to some A-series models. Also, we increased our business competitiveness with new models of tablets and wearable devices.

The network business landed a large-scale equipment deal with US-carrier Verizon, proving our leadership in 5G technology and further expanding our foundation in the global market.

The TV business achieved the number one position in the global market for a 15th consecutive year, further strengthening leadership of the premium market with its lineup of QLED 8K in a full range of sizes and its innovative Lifestyle lineup, which includes The Frame, The Serif, as well as new models such as The Premier and The Terrace.

For digital appliances, the introduction of innovative products, including Bespoke refrigerators and Grande AI washers and dryers, contributed to enhancing product competitiveness and significantly improving profitability.

Capital Expenditures and Other Investments

□ Capex, R&D, advertising & sales promotion investments

(Unit: KRW trillion)

Category	FY2020	FY2019	FY2018
Capex (as percentage of revenue)	38.5 (16.3%)	26.9 (11.7%)	29.4 (12.1%)
R&D (as percentage of revenue)	21.1 (8.9%)	19.9 (8.6%)	18.4 (7.5%)
Advertising & sales promotion (as percentage of revenue)	10.1 (4.3%)	11.3 (4.9%)	11.1 (4.6%)
Total (as percentage of revenue)	69.7 (29.4%)	58.1 (25.2%)	58.9 (24.1%)

Capex in 2020 increased sharply year-on-year to KRW 38.5 trillion, with KRW 32.9 trillion allocated to semiconductor and KRW 3.9 trillion to display. For semiconductor, investments grew significantly due to capacity expansions and advanced process migrations to address growing demand in memory; while foundry focused on capacity expansions in 5-nano EUV, for which orders are continuously rising. Display investments also increased compared to last year, mainly for QD-display capacity and new technological processes for mobile panels.

R&D investments, which have been increasing, grew KRW 1.2 trillion year-on-year, mainly in semiconductor, and surpassed KRW 20 trillion for the first time. As a percentage of revenue, they were 8.9%. Our relentless focus on R&D allows us to drive cutting edge global technology development and deliver innovative products with emerging technologies.

Advertising and sales promotion expenses in 2020 were KRW 10.1 trillion, down slightly year-on-year, due to our efforts to efficiently manage costs overall.

II. Shareholder Return

FY2018–2020 Shareholder Return Program

In addition to our efforts to strengthen business competitiveness, we are committed to enhancing shareholder value. To fulfill our commitment to our shareholder return policy for 2018–2020, the Board of Directors approved a special one-time cash dividend of KRW 10.7 trillion. This was calculated by deducting the regular dividend of KRW 28.9 trillion from 50% of KRW 79.2 trillion, which is the total free cash flow for the previous three-year policy term.

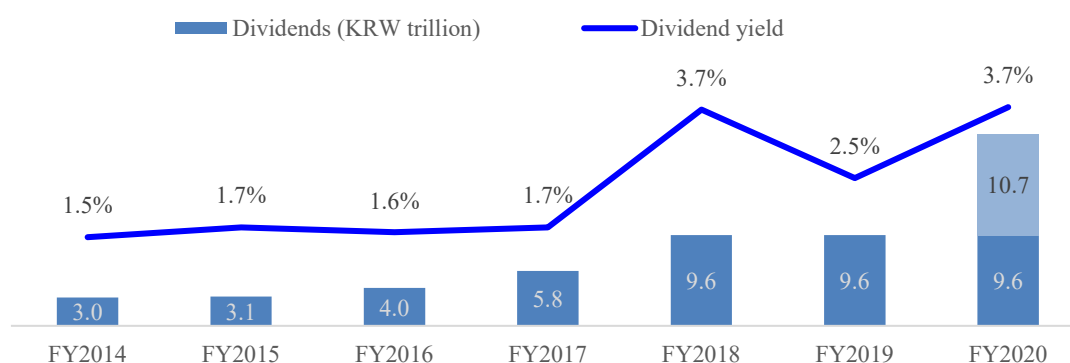
As a result of the joint efforts of our employees and stakeholders, including our partner companies, we were able to deliver results that enabled this special dividend, despite the numerous difficulties caused by COVID-19.

The special cash dividend of KRW 10.7 trillion, or KRW 1,578 per share, will be paid out to shareholders together with the fourth quarter regular dividend of KRW 354 per common share and KRW 355 per preferred share. In April 2021, shareholders on record as of end-2020 will receive KRW 1,932 per common share and KRW 1,933 per preferred share, after approval in March at the annual general meeting of shareholders.

Under our shareholder return policy for 2018–2020, which had been improved significantly from the previous term to enhance shareholder value, the amount of total return is KRW 39.6 trillion. The amount shows an increase of KRW 17.5 trillion or 79% from KRW 22.1 trillion, the total return for the 2015–2017 program.

(Unit: KRW trillion)

	FY2015–FY2017	FY2018–FY2020
Committed return	2015: 30% of annual FCF 2016/2017: 50% of annual FCF	50% of FCF over three-year period
M&A and FCF calculation	M&A deducted from FCF	M&A <u>not</u> deducted from FCF
Shareholder return	22.1	39.6
Dividend	12.9 (3.1/4.0/5.8)	28.9 (9.6 per year)
Remaining portion	9.2 (share buyback/cancellation)	10.7 (special dividend)



(Unit: KRW)

Category	FY2020	FY2019	FY2018
Year-end stock price (common share)	81,000	55,800	38,700
- Stock price change %	45.2%	44.2%	(24.1%)
Dividends per common share	2,994	1,416	1,416
Regular dividends	1,416	1,416	1,416
Special dividends	1,578		
Total shareholder return ¹⁾	50.5%	47.8%	(21.3%)

1) Total shareholder return = {(end-year stock price – start-year stock price) + annual dividend} ÷ start-year stock price

FY2021–2023 Shareholder Return Program

In January 2021, we announced our shareholder return program for FY2021–2023.

When considering the direction for the new policy, the Board of Directors reviewed various factors in depth, including ways to enhance shareholder value, the business environment, and our investment strategies and financial structure.

As you are aware, the global business environment has been and is still mired in unprecedented macro uncertainties caused by global trade conflicts and the spread of COVID-19, significantly decreasing visibility for our outlook.

Even under these circumstances, R&D investments as well as capital expenditures are expected to increase. This is due to intensifying competition and increasing technology challenges. Also considering the dynamic changes in the industry landscape, we need to ensure that we have the resources to execute M&A activities to seize growth opportunities.

For the period covering 2018–2020, we changed our shareholder return policy to focus on dividends, significantly increasing the regular dividend amount to enhance the predictability of total shareholder return.

For the 2021–2023 term, we will continue with this policy direction, and have decided to increase the annual dividend to KRW 9.8 trillion.

For this term of 2021–2023, we kept the shareholder return pool at 50% of the free cash flow generated over the three-year period. That said, we will make a regular announcement each year, sharing the annual free cash flow to enhance clarity on the amount of additional expected return. Also, if a significant amount of expected return has been generated beyond the regular dividend, we will actively consider executing a portion of it at the close of each year's results, which is aimed at reducing uncertainties regarding the amount and timing of returning the remaining portion.

Agenda Item 2. Election of Directors

Overview

Over the past few years, the Samsung Electronics Board has demonstrated its leadership by navigating a myriad of issues—such as Japan’s export curbs, US-China trade disputes, and COVID-19—and improved the Company’s financial performance by responding to opportunities brought forth from newly identified social or technological trends.

Based on the solid financial performance, the Board announced a special cash dividend in January 2021, in line with its commitment of returning 50% of its free cash flow generated for the term of 2018–2020. During the term, the share price increased by 59% and shareholder return, increased by 79% compared with the previous term of 2015-2017. In January 2021, the Board resolved to update its shareholder return policy for the term 2021–2023, enhancing its consistency and transparency.

The Board strives to prioritize sustainability, and it made important decisions in this area. For example, the Board approved the multiple enhancements for a more robust compliance scheme, which was recognized by ISS-ESG via a rating upgrade in November 2020. The Board also resolved to improve ESG disclosures for stakeholders by aligning with TCFD and SASB, and to increase engagement in social contribution activities globally, especially in communities affected by COVID-19. In December 2020, as a means to strengthen governance and management of sustainability, the Corporate Sustainability Management Office, formerly under the Corporate Management Office, was elevated and renamed the Corporate Sustainability Center, which now directly reports to the most senior CEO.

The year 2020 also marked the first time that the Board appointed an independent chair, Mr. Jae-Wan Bahk, to lead the Board. Mr. Bahk demonstrated his leadership in his role of Chair also by encouraging further participation of independent directors, thus improving the overall independence on the Board.

As of February 2020, the Board consists of five executive directors and six independent directors. Among them, six directors’ terms will expire in March 2021. The Board has proposed to nominate each one of them for re-election at the 2021 AGM, aiming to sustain the Board’s current composition with regards to skill, experience, and know-how to continue to strengthen the Company. The nominees up for re-election successfully served in diverse roles on the Board during their previous terms, and we ask for your support to retain these strong leaders, especially with the current environment still mired in macro uncertainties and the effects of the pandemic.

Name		Since	Gender	Experience and Skills
Jae-Wan Bahk*	Independent	2016	M	Government, Governance and Financial Expertise
Byung-Gook Park	Independent	2018	M	Industry and Technology (Semiconductor)
Jeong Kim	Independent	2018	M	Global, Tech Industry Leadership
Sun-Uk Kim	Independent	2018	F	Legal, Human Capital Development
Kinam Kim	Executive	2018	M	Vice Chairman & CEO, Head of Device Solutions
Hyun-Suk Kim	Executive	2018	M	President & CEO, Head of Consumer Electronics
Dong-Jin Koh	Executive	2018	M	President & CEO, Head of IT & Mobile Communications
Curie Ahn	Independent	2019	F	Medical, Social values (NGO Founder)
Han-Jo Kim	Independent	2019	M	Financial (Banking), Former CEO
Jong-Hee Han	Executive	2020	M	President & Head of Visual Display Business
Yoon-Ho Choi	Executive	2020	M	President & CFO

Directors in the blue box are up for re-election in 2021

* Chairperson

Due to an amendment to the Korean Commercial Code that requires a separate election of a director who is to be appointed as a member to the audit committee, the Board has proposed the election of five directors in Agenda 2 and one director in Agenda 3.

In Agenda 2, the Board recommends a vote for the re-election to the Board for all nominees: Independent Directors (2.1.1) Byung-Gook Park and (2.1.2) Jeong Kim; and Executive Directors (2.2.1) Kinam Kim, (2.2.2) Hyun-Suk Kim, and (2.2.3) Dong-Jin Koh.

Agenda item 2.1 Election of Independent Director

The Board has nominated (2.1.1) Dr. Byung-Gook Park and (2.1.2) Dr. Jeong Kim to serve as Independent Directors through our Independent Director Recommendation Committee meetings held on January 28 and February 10, 2021. (2.1.1) Dr. Byung-Gook Park and (2.1.2) Dr. Jeong Kim currently serve on the Board and were first elected at the 2018 AGM. The Board recommends voting in favor for their re-election.

(2.1.1) Dr. Byung-Gook Park



- Dr. Byung-Gook Park is a professor at the School of Electrical Engineering of Seoul National University. He is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), a Fellow of the Korean Academy of Science and Technology and a Member of the National Academy of Engineering of Korea. In 2015, he served as President of the Institute of Electronics and Information Engineers. He worked at AT&T Bell Labs from 1990 until 1992 and then at Texas Instruments from 1993 until 1994. He took the position of Director at the Inter-University Semiconductor Research Center (ISRC) from 2008 to 2010.
- As a renowned scholar in the field of Electrical Engineering, Dr. Park brings industry and technical expertise directly related to our semiconductor business to the Board. During his directorship, Dr. Park helped establish the strategic direction of ‘Semiconductor Vision 2030’, which targets achieving the global number one position in system semiconductor

Aside from his extensive knowledge and insight in cutting-edge technologies, he also contributes to strengthening open innovation network between industry and academia, which is becoming increasingly important. He also showed personal focus on development of low-power semiconductor and process technology as measure to reduce climate change-related risks.

(2.1.2) Dr. Jeong Kim



- Dr. Jeong Kim is a South-Korea born American businessman and entrepreneur in the IT industry. Dr. Kim served as a nuclear submarine officer in the US Navy from 1982 until 1989. He founded Yurie Systems in 1992 and took the firm public in 1997. In 1998, Dr. Kim sold the company to and then worked at Lucent Technologies as a Senior Executive and Corporate Officer. He joined the University of Maryland from 2001 to 2013, teaching in both the Department of Electrical and Computer Engineering and the Department of Mechanical Engineering. From 2005 until 2013, he worked at what would become Alcatel-Lucent as President of the Bell Labs division and as Chief Strategy Officer in his final two years there. He co-founded and became Executive Chairman of Kiswe Mobile in 2013. Previously, he served on the board of numerous international firms, including Arris Group (US) and Schneider Electric SA (France).

Dr. Kim brings IT industry & global experience to the Board. As a successful entrepreneur and venture capitalist, Dr. Kim has insight into the industry landscape and has an extensive network which can enable global business development. His leadership and board directorship in other international companies prior to Samsung Electronics helps expand the Board's understanding of our global stakeholders' viewpoints.

During his directorship, he actively engaged with major global investors and delivered their inputs to the Board. Also, as chair of nomination committee, he has been working with third-party advisors on the initiative of further globalizing the Board.

Agenda item 2.2 Election of Executive Directors

The Board has nominated (2.2.1) Dr. Kinam Kim, Vice Chairman, CEO and head of Device Solutions, (2.2.2) Hyun Suk Kim, CEO and head of Consumer Electronics, and (2.2.3) Dong-Jin Koh, CEO and head of IT & Mobile Communications for re-election to the Board as Executive Directors. Each nominee, in the capacity of CEO, heads a world-leading business division with a high level of senior leadership and expertise. Their participation ensures the Board's accountability and helps coordinate interests among divisions. The Board recommends voting in favor for their re-election.

2.2.1

Dr. Kinam Kim

**Vice Chairman,
CEO of Device Solutions**



2.2.2

Hyun-Suk Kim

**President,
CEO of Consumer Electronics**



2.2.3

Dong-Jin Koh

**President, CEO of IT & Mobile
Communications**



- Dr. Kinam Kim has been Vice Chairman and CEO of Samsung Electronics since 2018 and has been the Head of Device Solutions overseeing global operations of the Memory, System LSI, and Foundry business units of Samsung Electronics since 2017. Previously, he served as President of the Semiconductor Business (2014–2017) and Memory Business (2013–2014) after moving from the role of CEO at Samsung Display (2012–2013). Dr. Kim started as an engineer with Samsung Electronics in 1981 and led numerous R&D functions. Dr. Kim is a member of the US National Academy of Engineering, an IEEE Fellow, and an executive board member of the National Academy of Engineering of Korea.

Dr. Kim is a globally recognized leader in semiconductors who is best suited to further strengthen our leadership in memory as well as to significantly grow the foundry business.

- Mr. Hyun-Suk Kim has been President and CEO of Samsung Electronics since 2018, and the Head of Consumer Electronics since 2017. Mr. Kim joined the Company as a Senior Researcher in 1992 and developed a number of breakthrough technologies as Senior Vice President of the R&D team, leading to his promotion to the head of the Visual Display Business in December 2011. To prepare for growth, he also manages Samsung's B2B display business. In 2014, Mr. Kim was awarded the Bronze Medal of Industrial Effort, one of the most prestigious awards granted by the Korean government, in recognition of his exemplary leadership in industry. He also served as Chairman of the Korea-based Smart TV Forum from 2012 to 2015.

Mr. Kim is expected to further solidify leadership in the TV business with his insight for differentiation in an extremely competitive field; and bolster competitiveness in the digital appliance business through innovative new products such as shown in our Bespoke lineups. He is also leading new business initiatives such as robots.

- Mr. Dong-Jin Koh has been President and CEO of Samsung Electronics since 2018 and as head of IT & Mobile Communications since 2017. Mr. Koh also served as President of Mobile Communications Business from 2015–2020. Previously, he headed several teams and groups in the mobile business, including Mobile R&D from 2014 to 2015, the Technology Strategy Team from 2011 to 2014, the Development Management

Team from 2007 to 2011, the Global Product Planning Group from 2006 to 2007, and the Samsung Electronics R&D Institute (UK) from 2002 to 2006. Mr. Koh was instrumental in helping Samsung establish a strong foothold in North America in the mid-2000s, and launch key devices and services including flagship models, the Galaxy Gear line, Samsung Pay, and Samsung Knox. Mr. Koh joined Samsung Electronics in 1984 and spent over a decade in Human Resources before joining the mobile business.

Mr. Koh is expected to play a key role in strengthening profitability of the mobile business by expanding markets for innovative products that include new form factors, such as foldable, and will work to expand our solutions around AI, IoT, and Cloud. He is also focused on driving growth in the Network Business for 5G and beyond.

Agenda Item 3. Election of Independent Director for Audit Committee Member

Due to an amendment to the Korean Commercial Code, a separate election is required for a director who is to be appointed as a member to the audit committee. Therefore, the Board proposed the re-election of (3) Dr. Sun-Uk Kim to be appointed as a member of the Audit Committee.

(3) Dr. Sun-Uk Kim



- Dr. Sun-Uk Kim is a professor emeritus of the School of Law at Ewha Womans University. She joined Ewha Womans University as a Professor in 1995, and was a President of the university from 2010 until 2014. Dr. Kim served as Minister of Government Legislation from 2005 to 2007, the first female to hold this position, and was appointed as chair of Policy Committee of Ministry of Justice in 2020. She was Chair of Alumninetzwerk Deutschland Korea (ADeKo) from 2011 to 2014 and a Co-President at the Korea-Germany Forum from 2012 to 2016. She acted as a Co-President for the Advisory Panel of the National Assembly Special Committee on Constitutional Amendment in 2017.
- Dr. Sun-Uk Kim has served on the Audit Committee since she joined the Board in 2018. With her legal and regulatory expertise, she has contributed to fulfilling its oversight responsibilities. She has played a key role in strengthening the internal control program and compliance functions. As an Independent Director, she has also pushed to build human capital development and strengthen female empowerment within the organization. The Board expects critical contributions from Dr. Kim in further strengthening compliance and sustainability of the Company.

Agenda Item 4. Approval of Director Remuneration Limit (FY2021)

Compensation Committee

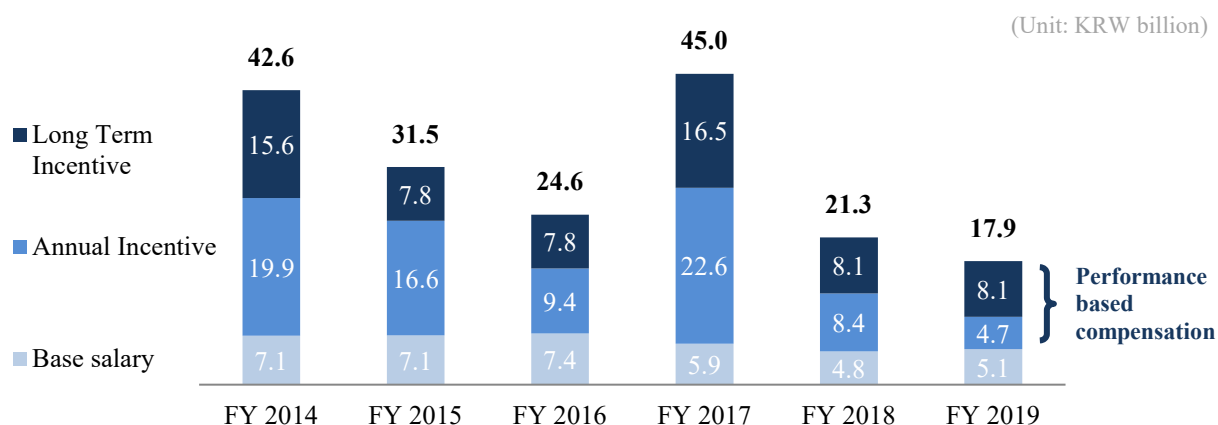
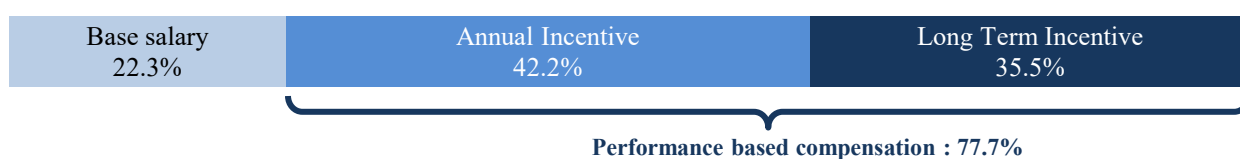
Samsung Electronics established the Compensation Committee in 2009 by a resolution of the Board, without legal mandates. The Committee is comprised entirely of Independent Directors to ensure the objectivity and transparency of decision-making regarding director remuneration. It is responsible for assessing the appropriateness of director compensation and reviewing the limit on director compensation for the next fiscal year, which will be up for approval by the shareholders at the Annual General Meeting of Shareholders.

Remuneration Structure

Our Director Remuneration program is designed to emphasize the link between performance and compensation. The remuneration plan consists of two elements: 1) general compensation; and 2) three-year long-term incentive (LTI).

1) General compensation	1.1) Base salary	Fixed compensation (including Independent Directors)
	1.2) Annual incentive	Performance based compensation
2) Long term incentive (LTI)		

※ Remuneration of Directors by element (FY2014–FY2019, average portion)



Remuneration structure

1) General compensation

General compensation consists of base salary (including that for Independent Directors) and annual incentives.

1.1) Base salary

In accordance with internal regulations for executive treatment (Board resolution), base salary is determined based on position, responsibilities, and performance results.

- Performance-based compensation such as annual incentives and LTI are calculated using base salary as the base.

1.2) Annual incentive

Annual incentives are based on achievements and financial performance in each business segment.

- OPI (Overall Performance Incentive): Provided within a range of 50% of the annual salary, when a company achieves annual target set by CEOs. Paid from 20% of calculated EVA.
- TAI (Target Achievement Incentive): Provided within a range of 200% of monthly salary based on target achievement of each business.
- Special Bonus: Provided as a one-time bonus based on the annual performance and financial results, in accordance with internal regulations approved by the Board—*e.g.*, special bonus to the CEO of the semiconductor business.

2) Long-term incentive (LTI)

The Company determines LTI by conducting performance evaluations on a three-year interval, and distributes 50%, 25%, and 25% of the incentive in the following three years, respectively. Samsung Electronics adopted the LTI system in 2005.

	Term 1	Term2	Term 3	Term 4	Term 5
Evaluation period:	2005–2007	2008–2010	2011–2013	2014–2016	2017–2019
Payment period:	2008	2011–2013	2014–2016	2017–2019	2020–2022

Evaluation criteria

Comparison of 3-year **ROE, EBIT margin, Stock Performance**

- ROE and EBIT margin are measured against figures at global peers.
- Stock performance is measured against that of the KOSPI and of global peers

Clawback policy

The LTI plan features a clawback policy (or recovery plan) that enables the Company to reduce awarded payments if any financial losses, such as contingent liabilities, are found after the LTI was determined. The plan's deferral of and ability to recover payments is designed to enhance management responsibility.

FY2020: Actual compensation

(Unit: KRW billion)

	FY2020		FY2019
	Approved	Actual	Actual
General compensation ¹	30.0	18.6	9.8
Long-term incentive (LTI)	25.0	15.0	8.1
Total	55.0	33.7	17.9

¹ Includes Independent Directors

1) General compensation of FY2020 increased year-on-year.

- Base salary increased compared to FY2019. Jae-Yong Lee, who retired from the Board at the end of his term in October 2019, did not receive any form of compensation in FY2019.
- Annual incentive also increased compared to FY2019, as earnings improved significantly year-on-year.

2) LTI of FY2020 increased year-on-year.

- As per our LTI payment scheme, 50% of the LTI payment for this term was remunerated in FY2020, which was Year 1 of a three-year LTI term based on performance evaluation during the period of FY2017–2019. FY2019 was Year 3 of a three-year LTI term based on performance evaluation during the period of FY2014–2016. The Year 3 portion of total LTI is 25%.

□ Executive Directors

- In accordance with relevant regulations, remuneration of Executive Directors is disclosed half-yearly. Individual remuneration for FY2020 will be disclosed in March 2021 in the annual business report, which is to be posted on the IR website.

(Unit: KRW billion)

	FY2020			FY2019					
	1st half			1st half			Year		
	Base salary	Perform. based	Total	Base salary	Perform. based	Total	Base salary	Perform. based	Total
KN Kim	0.7	0.3	1.0	0.7	0.7	1.4	1.4	2.1	3.5
HS Kim	0.5	0.2	0.7	0.5	0.5	1.0	0.9	1.7	2.6
DJ Koh	0.6	0.1	0.7	0.6	0.5	1.1	1.2	1.6	2.8
JH Han	0.4	0.2	0.6	-	-	-	-	-	-
YH Choi	-	-	-	-	-	-	-	-	-

* Jong-Hee Han and Yoon-Ho Choi were newly appointed as Directors at the AGM in March 2020.

* Yoon-Ho Choi's remuneration in 1H20 was lower than KRW 0.5 billion and thus not subject to disclosure as per the relevant act. Annual individual remuneration in FY2020 will be included in the 2020 business report to be disclosed in March 2021.

* Director remuneration for 1H20 was slightly lower than it was 1H19, as LTI for 2020 was paid in the second half.

※ Global peer comparison

(Unit: USD million)

	SEC	Peer companies						
		Apple	QCOM	Cisco	Micron	Intel	IBM	HP
Total	46.6	119.8	69.5	64.1	45.3	161.6	50.8	43.6
Per person	9.3	24.0	13.9	12.8	9.1	32.3	10.2	8.7
As percentage of net profit	0.2%	0.2%	1.3%	0.6%	1.7%	0.8%	0.5%	1.4%

* Comparison of SEC's FY2020 remuneration limit approved in the 51st AGM (KRW 55.0 billion for 5 Executives and 6 Independent Directors) to the actual remuneration paid to the top five executives at global peer companies.

* Based on the latest disclosure - FY2020 for Apple, QCOM, Cisco, Micron, FY2019 for Intel, IBM, HP)

FY2020: Actual compensation

□ Independent Directors

- Remuneration for Independent Directors is included in general compensation. In FY2020, total remuneration stayed at similar levels to that of FY2019, with the number of Independent Directors staying the same.

(Unit: KRW billion)

	FY2020	FY2019
Number of Independent Directors	6	6
Total remuneration	0.8	0.9
Average remuneration	0.14	0.15

* The average remuneration per person was produced by dividing the total amount of remuneration by the average number of people.

* Amount in FY2020 slightly decreased year-on-year because of unclaimed fringe benefits due to COVID-19.

FY2021: To be approved

The Board of Directors recommends a remuneration limit of KRW 41.0 billion for FY2021.

(Unit: KRW billion)

	FY2021	FY2020
General Compensation ¹	33.0	30.0
Long-term Incentive (LTI)	8.0	25.0
Total	41.0	55.0

¹ Includes Independent Directors

1) General compensation

- The Board recommends a remuneration limit for general compensation of KRW 33.0 billion for FY2021, a 10% increase year-on-year. The total number of Directors is expected to remain unchanged at 11 (5 Executive Directors and 6 Independent Directors), however, the year-on-year increase in the recommended amount is due to: (i) an increase in base salary as Directors have further developed their careers; and (ii) potential incentive payments for when the business environment improves.
- The Board lowered the remuneration limit for general compensation from KRW 37.5 billion in FY2019 to KRW 30 billion in FY2020 after considering that compensation in recent years was lower than the approved limit.

2) Long-term incentive (LTI)

- For FY2021, the Board recommends an LTI limit of KRW 8.0 billion.
- As per our LTI payment scheme, FY2020 is Year 1 of a three-year LTI term, based on performance evaluation during the period of FY2017-2019. Under the payment scheme, 50% of the LTI payment for this term was remunerated in FY2020. FY2021 is Year 2 of the same term and the Year 2 portion of total LTI is 25%.
- Therefore, the recommended LTI limit for FY2021 is half of the actual payment made in FY2020.

(Unit: KRW billion)

	Current term			Previous term		
Evaluation period	FY2017–FY2019			FY2014–FY2016		
Payment period	FY2020–FY2022			FY2017–FY2019		
		Limit	Actual		Limit	Actual
Payment Year 1 (50%)	FY2020	25.0	15.0	FY2017	25.0	16.5
Payment Year 2 (25%)	FY2021	8.0	-	FY2018	9.0	8.1
Payment Year 3 (25%)	FY2022	-	-	FY2019	9.0	8.1

2

Information About the Meeting And Shareholder Rights

Overview

The General meeting of shareholders is the Company's highest decision-making body, where shareholders deliberate and decide on important issues concerning the Company.

□ Convening

General meetings of shareholders shall be either ordinary or extraordinary meetings.

- Ordinary general meetings—held within three months of the close of the fiscal year.
- Extraordinary general meetings—held whenever deemed necessary.

* Extraordinary general meetings may be called by the Board of Directors or by persons as authorized by the Articles of Incorporation and the Commercial Code and convened in accordance with the relevant procedures.

□ Parties with authority to convene meetings

Persons or parties authorized to call ordinary and extraordinary general meetings under the Articles of Incorporation and the Commercial Code:

- Board of Directors
- Audit Committee
- Shareholders

* According to the Commercial Code, shareholders who have owned at least 1.5% of outstanding shares with voting rights of the Company for more than six months may request to convene extraordinary general meetings.

□ Notice of convening

Pursuant to the Article 17-3 of the Articles of Incorporation, a written or electronic notice thereof setting forth the time, date, place, and agenda of the meeting shall be sent to the shareholders at least two weeks prior to the general meeting of shareholders.

* For the purpose of transparency and protecting shareholder voting rights, the Company currently has a policy to notify the shareholders of the AGM three or four weeks prior to the general meeting of shareholders.

Operation

In accordance with our Article of Incorporation, each shareholder is entitled to one vote per share. The Company does not have any system or method (such as a dual class voting structure, etc.) to discriminate shareholders' voting rights.

□ Method of adopting resolutions at AGM

1. Ordinary resolution

- Pursuant to the Commercial Code and the Articles of Incorporation, resolutions shall be passed by more than one half (1/2) of votes of the shareholders present at the general meeting of shareholders and by more than one fourth (1/4) of outstanding votes.
- Items of Ordinary Resolutions: Election of Directors, remuneration for Directors, approval of financial statements, etc.

2. Extraordinary resolution

- Pursuant to the Commercial Code and the Articles of Incorporation, resolutions for matters that are significant to the Company's operation, including but not limited to Articles of Incorporation amendments and M&As subject to a resolution at a General Meeting, shall be passed by two thirds (2/3) of votes of the shareholders present at the general meeting of shareholders and by more than one third (1/3) outstanding votes.
- Items of Extraordinary Resolutions: Amendment to the Articles of Incorporation, dismissal of Directors, approval of split or merger of the Company, etc.
- With regards to shareholder voting rights, the Company does not have a written consent, pursuant to the Articles of Incorporation. However, the Company presents proxy solicitation at the AGM according to the local regulations permitting substitution for written consent.

* In voting, blank votes submitted by shareholders in the form of proxy (power of attorney) are invalid and do not count in tallying AGM votes according to the Korean authority guidelines on proxy solicitation.

□ Protection of minority shareholders concerning AGM

We are committed to protecting the rights of the Company's minority shareholders, whose rights are set forth below:

1. Right to call general meetings of shareholders

- In accordance with the Commercial Code, shareholders who own more than 1.5% of outstanding shares with voting rights of the Company for more than six months may request to convene extraordinary general meetings.

2. Right to present shareholder proposals

- Pursuant to the Commercial Code and the Articles of Incorporation, shareholders with ownership of more than 0.5% of outstanding shares with voting rights for more than six months may present shareholder proposals at an AGM.

Overview – The Board of Directors

As of Feb, 2021, the Board of Samsung Electronics is composed of five Executive Directors and six Independent Directors, with an Independent Directors majority guaranteeing independence and transparency. The Board is chaired by Independent Director Jae-Wan Bahk since 2020.

□ Board of Directors (as of February 2021)

Executive Directors (5):	Kinam Kim Jong-Hee Han	Hyun-Suk Kim Yoon-Ho Choi	Dong-Jin Koh
Independent Directors(6):	Jae-Wan Bahk (Chairman) Sun-Uk Kim Curie Ahn	Byung-Gook Park Han-Jo Kim	Jeong Kim

Board Committees

The Management Committee

The Management Committee deliberates and decides matters either delegated by the Board, or specified in the Articles of Incorporation or Regulations of the Board of Directors, aiming to enhance professionalism and efficiency of decision making.

The Audit Committee

The Audit Committee supervises and supports management to maximize corporate value using a system of checks and balances. The Committee consists of three Directors, and at least two thirds of them, according to relevant laws and regulations, must be Independent Directors.

The Independent Director Recommendation Committee

The Independent Director Recommendation Committee ensures that outside directors are recruited and recommended in a fair and independent matter. The Committee currently consists of three Independent Directors.

The Related Party Transaction Committee

The Related Party Transaction Committee (also known as Internal Transaction Committee) is a compliance body to enhance corporate governance and to promote fair transaction. The Committee reviews pending transactions between the company and its related parties.

The Compensation Committee

The Compensation Committee evaluates the appropriateness of and reviews and approves the limit on Director's compensation to be submitted for resolution at a general meeting of shareholders. The Committee consists of three Independent Directors.

The Governance Committee

The Governance Committee carries out all responsibilities previously handled by the CSR Committee, addresses matters that affect shareholder value, and endeavors to enhance communication with our shareholders.

□ Composition of the Board committees (as of February 2021)

	Members		
	Chair	Executive Directors	Independent Directors
Management Committee	Kinam Kim (Executive)	Hyun-Suk Kim Dong-Jin Koh Jong-Hee Han Yoon-Ho Choi	-
Audit Committee	Jae-Wan Bahk (Independent)	-	Sun-Uk Kim Han-Jo Kim
Independent Director Recommendation Committee	Jeong Kim (Independent)	-	Byung-Gook Park Curie Ahn
Related Party Transactions Committee	Sun-Uk Kim (Independent)	-	Jae-Wan Bahk Han-Jo Kim
Compensation Committee	Byung-Gook Park (Independent)	-	Jae-Wan Bahk Jeong Kim
Governance Committee	Jae-Wan Bahk (Independent)	-	Sun-Uk Kim Byung-Gook Park Jeong Kim, Curie Ahn Han-Jo Kim

Profile of Board Members (Executive)



Kinam Kim, PhD

Birth: April 14, 1958

Director since 2018

Dr. Kinam Kim has been Vice Chairman and CEO of Samsung Electronics since 2018 and has been the Head of Device Solutions overseeing global operations of the Memory, System LSI and Foundry business units of Samsung Electronics since 2017. Previously, he served as President of the Semiconductor Business (2014–2017) and Memory Business (2013–2014) after moving from the role of CEO at Samsung Display (2012–2013). Dr. Kim started with Samsung Electronics in 1981 and spent six years as an engineer at the Semiconductor R&D Group. From 1987, backed by his leadership in the development of numerous breakthroughs in semiconductor technology, his R&D responsibilities steadily increased and he rose to serve as Executive Vice President and General Manager of the Semiconductor R&D Center from 2007 to 2009 and President of Samsung Advanced Institute of Technology from 2010 to 2012. Dr. Kim is a member of the US National Academy of Engineering, an IEEE Fellow, and an executive board member of the National Academy of Engineering of Korea.

He earned his PhD from UCLA in 1994, MS from KAIST in 1983, and BS from Seoul National University in 1981, all in Electrical Engineering.



Hyun-Suk Kim

Birth: January 23, 1961

Director since 2018

Mr. Hyun-Suk Kim became President and CEO of Samsung Electronics in 2018, and has been the Head of Consumer Electronics since 2017. Mr. Kim joined the Company as a Senior Researcher in 1992 and developed a number of breakthrough technologies as Senior Vice President of the R&D team, leading to his promotion to the head of the Visual Display Business in December 2011. To prepare for growth, he also manages Samsung's B2B display business.

In 2014, Mr. Kim was awarded the Bronze Medal of Industrial Effort, one of the most prestigious awards granted by the Korean government, in recognition of his exemplary leadership in industry. He also served as Chairman of the Korea-based Smart TV Forum from 2012 to 2015.

Mr. Kim earned his Bachelor's degree in Electrical Engineering from Hanyang University and Master's degree in Electrical Engineering from Portland State University.



Dong-Jin Koh

Birth: March 26, 1961

Director since 2018

Mr. Dong-Jin Koh has been President and CEO of Samsung Electronics since 2018, and has been Head of IT & Mobile Communications since 2017. Mr. Koh also served as Samsung Electronics' President of Mobile Communications Business from 2015-2020. Previously, he headed several teams and groups in the mobile business, including Mobile R&D from 2014 to 2015, the Technology Strategy Team from 2011 to 2014, the Development Management Team from 2007 to 2011, the Global Product Planning Group from 2006 to 2007, and the Samsung Electronics R&D Institute (UK) from 2002 to 2006. Mr. Koh was instrumental in helping Samsung establish a strong foothold in North America in the mid-2000s, and launch key devices and services including flagship models, the Galaxy Gear line, Samsung Pay, and Samsung Knox. Mr. Koh joined Samsung Electronics in 1984 and spent over a decade in Human Resources before joining the mobile business.

He graduated from Sungkyunkwan University with a Bachelor of Science in Industrial Engineering and earned a Master of Science in Technology Policy from the University of Sussex in 1993.



Jong-Hee Han

Birth: March 15, 1962

Director since 2020

Jong-Hee Han has been President and Head of the Visual Display Division of Samsung Electronics since 2017. Previously, he served as the business's Head of Research and Development from 2013-2017. Mr. Han joined the Company in 1988 and has been influential in the development of a wide range of market leading products. He played a pivotal role in taking Samsung's TV business to the pinnacle of the global market in 2006 and keeping it there since. Mr. Han was a key figure in the unveiling of Samsung's world-class LED TV, and his numerous other innovations enabled the Company to continuously demonstrate its technology leadership. Mr. Han was also instrumental in the development of Samsung's own video processing technologies. He served as the President of Korea Association of Smart Home (KASH; from 2018-2019), and earned his Bachelor's degree in electrical engineering from Inha University in 1988.



Yoon-Ho Choi

Birth: January 11, 1963

Director since 2020

Yoon-Ho Choi is President and CFO of Samsung Electronics since 2020. Since joining Samsung Electronics in 1987, he has held numerous positions involving the financial management of the Company, serving as Vice President and CFO of Samsung Electronics Europe and Head of Financial Management (UK) from 2006–2010; Vice President of Future Strategy Group from 2010–2013, Senior Vice President and CFO of Mobile Communication Business from 2014–2017, and Executive Vice President of the Business Support Task Force from 2017–2019. Mr. Choi earned his Bachelor's degree in business from Sungkyunkwan University in 1988.

Profile of Board Members (Independent)



Jae-Wan Bahk, PhD
Chairman

Birth: January 24, 1955

Director since 2016

Dr. Jae-Wan Bahk was a professor at Sungkyunkwan University's Graduate School of Governance from 1996 to 2019, and he served as Dean from 2015 to 2016. Prior to that, he worked at the Board of Audit and Inspection (1983–1992), the Ministry of Finance (1992–1994) and served as an assistant Chief Secretary to the President for Policy Planning (1994–1996). Dr. Bahk was a member of the 17th National Assembly from 2004 to 2008, and went on to serve as Senior Secretary to the President for National Vision, Agenda & Strategy from 2008 to 2010, Minister of Employment and Labor from 2010 to 2011, and Minister of Strategy and Finance from 2011 to 2013.

Dr. Bahk earned his BA in Economics from Seoul National University in 1977 and PhD in Public Policy from Harvard University in 1988. He has served as President of the Hansun Foundation for Peace & Prosperity of the Korean Peninsula since 2014. He has been an Independent Director since 2016 and was appointed Chairman of the Board, Samsung Electronics in February 2020



Sun-Uk Kim, PhD

Birth: December 21, 1952

Director since 2018

Dr. Sun-Uk Kim is a professor emeritus of the School of Law at Ewha Womans University. She joined Ewha Womans University as a Professor in 1995, and was a President of the university from 2010 until 2014. Dr. Kim served as Minister of Government Legislation from 2005 to 2007, the first female to hold this position, and was appointed as chair of Policy Committee of Ministry of Justice in 2020. She was Chairperson of Alumninetzwerk Deutschland Korea (ADeKo) from 2011 to 2014 and a Co-President at Korea-Germany Forum from 2012 to 2016. She acted as a Co-President for the Advisory Panel of National Assembly Special Committee on Constitutional Amendment in 2017.

She earned both her LL.B. and LL.M in law from Ewha Womans University and her J.D. in administrative law from University of Konstanz in Germany. She has been an Independent Director at Samsung Electronics since 2018.



Byung-Gook Park, PhD

Birth: April 19, 1959

Director since 2018

Dr. Park is a professor at the School of Electrical Engineering, Seoul National University. He is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), a Fellow of the Korean Academy of Science and Technology and a Member of the National Academy of Engineering of Korea. In 2015, he served as President of the Institute of Electronics and Information Engineers. He worked at AT&T Bell Labs from 1990 until 1992 and then at Texas Instruments from 1993 until 1994. He took the position of Director at the Inter-University Semiconductor Research Center (ISRC) from 2008 to 2010.

He earned his BSc and MSc in electronics engineering at Seoul National University and his PhD in electrical engineering from Stanford University. He has been an Independent Director at Samsung Electronics since 2018



Jeong Kim, PhD

Birth: August 13, 1960

Director since 2018

Dr. Jeong Kim served as a nuclear submarine officer in the US Navy from 1982 until 1989. He founded Yurie Systems in 1992 and took the firm public in 1997. In 1998, Dr. Kim sold the company to and then worked at Lucent Technologies as a Senior Executive and Corporate Officer. He joined the University of Maryland from 2001 to 2013, teaching in both the Department of Electrical and Computer Engineering and the Department of Mechanical Engineering. From 2005 until 2013, he worked at what would become Alcatel-Lucent as president of the Bell Labs division and as Chief Strategy Officer in his final two years there. He co-founded and became Executive Chairman of Kiswe Mobile in 2013.

Previously, he served on the board of numerous international firms, including Arris Group (US) and Schneider Electric SA (France)

Dr. Kim earned his BS in electrical engineering and computer science at Johns Hopkins University, his MS in technical management (also from Johns Hopkins), and his PhD in reliability engineering from the University of Maryland. He has been an Independent Director at Samsung Electronics since 2018



Curie Ahn, PhD

Birth: March 17, 1955

Director since 2019

Dr. Curie Ahn is a transplant nephrologist and immunologist with major interest in xeno transplantation. She has been Secretary General of the Asian Society of Transplantation since 2019 and Chairperson of the Board at the Korean Organ Transplantation Registry (KOTRY) since 2016. She has served as the Chair of the Board of the Korean Society for Transplantation from 2015 to 2017, Director of the SNU Hospital Transplantation Center from 2008 to 2015. Dr. Ahn is an active volunteer, offering her medical expertise to social contribution activities. She established the Raphael Clinic in 1997 to provide free medical services to migrant workers and has continued to volunteer for over 20 years. She has been the Chair of the Board of Raphael International since 2018. Dr. Ahn has been serving as the Director of Social Contribution Professor Conference of Seoul National University since 2017.

She graduated from the Seoul National University College of Medicine and gained her master's and doctor's degree from the same institution. She has been an Independent Director at Samsung Electronics since 2019.



Han-Jo Kim

Birth: July 12, 1956

Director since 2019

Mr. Han-Jo Kim served as Chairman of Hana Nanum Foundation from 2015 to 2019 and became Chairman of Hana Foundation in 2019. He served as Vice Chairman of Hana Financial Group from 2015 to 2016. Previously, he was President and CEO of Korea Exchange Bank from 2014 to 2015 and President of KEB Capital from 2013 to 2014.

He received his Bachelor's degree in French Language and Literature at Yonsei University. He has been an Independent Director at Samsung Electronics since 2019.

Board Activities

The following table presents meetings and voting results that were held by the Board and the Committees under the Board between January 2020 and December 2020.

□ Board meetings in FY2020

Board meetings and voting results of Independent Directors

Date	Agenda	JW Bahk	SU Kim	BG Park	Jeong Kim	Curie Ahn	HJ Kim
Jan 30 2020	① Approval of FY19 financial statements and annual business report	For	For	For	For	For	For
	② Charitable contribution to Samsung Dream Scholarship Foundation	For	For	For	For	For	For
	③ Adoption of electronic voting	For	For	For	For	For	For
	④ Appointment of Compliance Officer	For	For	For	For	For	For
	⑤ Approval of establishment and operation of Samsung Compliance Committee	For	For	For	For	For	For
	⑥ Revision of compliance standard	For	For	For	For	For	For
Feb 21 2020	① Appointment of Board Chairman	For	For	For	For	For	For
	② Decision to convene the 51st AGM	For	For	For	For	For	For
	③ Decisions on the 51st AGM agenda items	For	For	For	For	For	For
	④ Approval of 2020 social contribution matching fund	For	For	For	For	For	For
	⑤ Donation to Chung-nam Samsung Institute	For	For	For	For	For	For
Feb 26 2020	① COVID-19 related emergency relief support	For	For	For	For	For	For
Mar 18 2020	① Appointment of Board committee members	For	For	For	For	For	For
	② Setting remuneration of Directors	For	For	For	For	For	For
	③ Application for product liability insurance	For	For	For	For	For	For
Apr 29 2020	① Approval of 1Q20 interim business report and quarterly dividend	For	For	For	For	For	For
	② Lease contract of office space in Seocho	For	For	For	For	For	For
	③ Charitable contributions	For	For	For	For	For	For
	④ Lease contract with Samsung SDI	For	For	For	For	For	For
	⑤ Donation to incentive fund for DS Division's suppliers	For	For	For	For	For	For
May 27 2020	① Package insurance policy for domestic operations	For	For	For	For	For	For
	② Charitable contributions	For	For	For	For	For	For
Jun 11 2020	① Appointment of members of the Samsung Compliance Committee	For	For	For	For	For	For
Jul 30 2020	① Approval of half-year business report and 2Q quarterly dividend	For	For	For	For	For	For
	② Lease contract with Samsung Display	For	For	For	For	For	For
Oct 29 2020	① Approval of 3Q20 interim business report and 3Q quarterly dividend	For	For	For	For	For	For
	② Royalty income from Samsung Biologics	For	For	For	For	For	For
Nov 30 2020	① Approval of transaction with affiliate company	For	For	For	For	For	For
	② Payment of retirement pension plan	For	For	For	For	For	For
	③ Approval of business plan for 2021	For	For	For	For	For	For
	④ Contribution to Community Chest of Korea's annual fundraising campaign for 2021	For	For	For	For	For	For
	⑤ Contribution to UNDP sourced from Samsung Global Goals	For	For	For	For	For	For
	⑥ Lease contract with Samsung Display	For	For	For	For	For	For

* JW Bahk: Jae-Wan Bahk, SU Kim: Sun-Uk Kim, BG Park: Byung-Gook Park, HJ Kim: Han-Jo Kim

□ Committee participation of Independent Directors in FY2020

Audit Committee

Date	Agenda
Jan 28 2020	<ul style="list-style-type: none"> ① Report on 2019 internal accounting management system activities ② Report on evaluation of 2019 internal accounting management system activities ③ Report on audit activities by external auditor ④ Report on 2019 financial statement and business report ⑤ Report on 4Q19 non-audit activities ⑥ Report on 4Q19 external contributions ⑦ Report on 2019 audit activities
Feb 20 2020	<ul style="list-style-type: none"> ① Review of the 2019 AGM agenda ② Report on activities of internal compliance system in 2019
Apr 27 2020	<ul style="list-style-type: none"> ① Communication between external auditor and audit Committee ② Report on 1Q20 report ③ Report on 1Q20 non-audit activities ④ Report on plans for reviewing 2020 internal accounting management system activities ⑤ Report on 1Q20 external contributions ⑥ Report on plans for evaluating 2020 internal accounting management system activities
Jul 28 2020	<ul style="list-style-type: none"> ① Communication between external auditor and audit committee ② Report on 1H20 report ③ Report on 2Q20 non-audit activities ④ Report on progress of 2020 internal accounting management system activities ⑤ Report on 2Q20 external contributions ⑥ Report on 1H20 audit activities ⑦ Report on evaluating 2020 internal accounting management system activities
Oct 27 2020	<ul style="list-style-type: none"> ① Communication between external auditor and audit Committee ② Report on 3Q20 report ③ Report on 3Q20 non-audit activities ④ Report on 3Q20 external contributions

Governance Committee

Date	Agenda
Jan 30 2020	<ul style="list-style-type: none"> ① Report on Current status of IR
Feb 20 2020	<ul style="list-style-type: none"> ① Review on Board Chairman appointment
Apr 29 2020	<ul style="list-style-type: none"> ① Report on Current status of IR ② Report on Plans for publishing Sustainability Report
Jul 30 2020	<ul style="list-style-type: none"> ① Report on Current status of IR
Oct 29 2020	<ul style="list-style-type: none"> ① Report on Current status of IR ② Report on Meeting results from IR and sustainability roadshow

Related Party Transactions Committee

Date	Agenda
Jan 30 2020	① Report on 4Q19 related party transactions
Mar 16 2020	① Prior review on large-scale related party transactions 1) Application for product liability insurance
Apr 27 2020	① Prior review on large-scale related party Transactions 1) Lease contract of office space in Seocho 2) Charitable contribution 3) Lease contract with Samsung SDI ② Report on 1Q20 related party transactions
May 25 2020	① Prior review on large-scale related party Transactions 1) Package insurance policy for domestic operations
Jul 28 2020	① Prior review on large-scale related party transactions 1) Lease contract with Samsung Display ② Report on 2Q20 related party transactions
Oct 27 2020	① Prior review on large-scale related party transactions 1) Royalty income from Samsung Biologics ② Report on 3Q20 related party transactions
Nov 30 2020	① Prior review on large-scale related party transactions 1) Lease contract with Samsung Display 2) Payment of retirement pension plan 3) Approval of 2021 large-scale product and service transactions

Compensation Committee

Date	Agenda
Feb 20 2020	① Appointment of head of the Committee ② Review of fixed annual income for each Independent Directors in 2020 ③ Review on 2020 remuneration limit for Directors

Independent Director Recommendation Committee

Date	Agenda
Jan 28 2021	① Determination of deadline for recommendation of independent director candidates
Feb 10 2021	① Recommendation of independent director candidates ② Recommendation of independent director candidates for Audit Committee Member

Board Meeting Attendance

	Name	2018	2019	2020	Total	
		Mar 2018 - Dec 2018	Jan 2019 - Dec 2019	Jan 2020 - Dec 2020	Meetings	Overall attendance
Independent Directors	Jae-Wan Bahk	6/6	7/7	10/10	23	23
	Sun-Uk Kim	6/6	7/7	10/10	23	23
	Byung-Gook Park	6/6	7/7	10/10	23	23
	Jeong Kim	6/6	7/7	10/10	23	23
	Curie Ahn	-	5/5	10/10	15	15
	Han-Jo Kim	-	5/5	10/10	15	15
	In-Ho Lee	6/6	2/2	-	8	8
	Kwang-Soo Song	6/6	2/2	-	8	8
Executive Directors	Kinam Kim	6/6	7/7	10/10	23	23
	Hyun-Suk Kim	6/6	7/7	10/10	23	23
	Dong-Jin Koh	5/6	6/7	10/10	23	21
	Jong-Hee Han	-	-	7/7	7	7
	Yoon-Ho Choi	-	-	7/7	7	7
	Sang-Hoon Lee ¹⁾	6/6	7/7	0/1	14	13
	Jae-Yong Lee ²⁾	0/6	0/5	-	11	0

1) Resigned in February 2020

2) Recused himself from all board activities from 2017 through end of term in October 2019

Share Ownership Structure

□ Overview

As of the end of 2020, the total number of shares outstanding was 6,792,669,250. The number of common and preferred shares outstanding were 5,969,782,550 (87.9%) and 822,886,700 (12.1%), respectively.

The Company held no treasury shares as of the end of 2020 as it previously cancelled all treasury holdings in two phases, which occurred in May 2017 and December 2018.

Ownership structure as of end-FY2020

	Foreign	Domestic institutional	Domestic individual	Controlling Shareholders	Treasury Shares
Common	55%	18%	6%	21%	-
Preferred	79%	4%	17%	0.2%	-

Major shareholders common stock as of end-FY2020

Ranking	Owner	Number	Portion of total
1	National Pension Service of Korea	638,687,780	10.7%
2	Samsung Life Insurance Co., Ltd. ¹	524,442,025	8.8%
3	Samsung C&T Corp.	298,818,100	5.0%
4	CITIBANK.N.A ²	251,025,975	4.2%
5	Kun-Hee Lee	249,273,200	4.2%
Total Number of Outstanding Common Stock		5,969,782,550	100.0%

1) The number of shares owned and share ratio includes special accounts.

2) Reported as an independent shareholder in the shareholder registry but is a GDR depository institution of Samsung Electronics representing our GDR shareowners

□ Voting shares

Samsung Electronics issued 5,969,782,550 common shares and 822,886,700 preferred shares.

As of the end of 2020, the Company does not hold any treasury shares. Preferred shares do not carry a voting right. The 597,587,929 shares owned by affiliated companies have limited voting rights under relevant laws. Thus, the number of shares with voting rights is 5,372,194,621.

Total shares with voting rights as of end-FY2020

Category	Type	Number of shares	Note
Number of outstanding shares (A)	Common	5,969,782,550	-
	Preferred	822,886,700	-
Treasury shares (no voting rights; B)	Common	-	Article 369-2 of the Commercial Act "Treasury Shares"
Shares with voting rights eliminated by Articles of Incorporation (C)	Preferred	822,886,700	
Shares with limited voting rights under relevant laws (D)	Common	596,959,200	Restricted by the Monopoly Regulation and Fair Trade Act: 508,157,148 shares held by Samsung Life Insurance; 88,802,052 shares held by Samsung Fire & Marine Insurance
	Common	628,729	Restricted by the Insurance Business Act: Some part of shares held by special account of Samsung Life Insurance
Shares with revived voting rights (E)	-	-	-
Total Shares with voting rights (F)	Common	5,372,194,621	(F = A - B - C - D + E)

* Among shares with limited voting rights under relevant laws, part of 596,959,200 shares that are restricted by the Monopoly Regulation and Fair Trade Act can exercise voting right for appointment/dismissal of executives and modification of the articles of incorporation.

□ Share ownership of Board Members

The following table presents shares and stock options held by BOD members as of December 31, 2020

(Unit: Share)

Name	Status	Since	Common Shares
Kinam Kim	Executive Director	March 2018	200,000
Hyun-Suk Kim	Executive Director	March 2018	99,750
Dong-Jin Koh	Executive Director	March 2018	75,000
Jong-Hee Han	Executive Director	March 2020	5,000
Yoon-Ho Choi	Executive Director	March 2020	0
Jae-Wan Bahk	Independent Director	March 2016	0
Sun-Uk Kim	Independent Director	March 2018	0
Byung-Gook Park	Independent Director	March 2018	0
Jeong Kim	Independent Director	March 2018	0
Curie Ahn	Independent Director	March 2019	2,600
Han-Jo Kim	Independent Director	March 2019	2,175

Independent Auditor Fees

The following table presents fees for professional audit services rendered by Samil PricewaterhouseCoopers (Samil PwC) for the audit of Samsung Electronics' annual financial statements for the past three years (FY2017–2019), and fees billed for other services rendered by Samil PwC during those periods.

(Unit: KRW Million)

Year of operation	Auditor	Audit Services	Non-Audit Services	Audit Opinion
51st (Jan 1, 2019-Dec 31, 2019)	Samil PwC	6,481	385	Fair
50th (Jan 1, 2018-Dec 31, 2018)	Samil PwC	4,400	596	Fair
49th (Jan 1, 2017-Dec 31, 2017)	Samil PwC	4,030	1,006	Fair

* Non-Audit Services include advisory services on tax, establishment of regional HQ, and process improvement, etc.

Corporate governance website

You can read more information about Samsung's corporate governance practices from our website at:

- Articles of Incorporation
<https://www.samsung.com/global/ir/governance-csr/articles-of-incorporation/>
- Global Code of Conduct
<https://www.samsung.com/global/ir/governance-csr/global-code-of-conduct/>
- Our Approach to Sustainability
<https://www.samsung.com/us/aboutsamsung/sustainability/strategy/>
- Board of Directors
<https://www.samsung.com/global/ir/governance-csr/board-of-directors/>
- Board Committees
<https://www.samsung.com/global/ir/governance-csr/board-committee/>

Financial Statements

(FY2020)

CONSOLIDATED FINANCIAL STATEMENTS OF SAMSUNG ELECTRONICS CO., LTD. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

※ Audited financial statements with the independent auditor's opinion are not available as of today but will be disclosed separately at the IR webpage of Samsung Electronics on February 18th.
<https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

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Convenience Translation into United States Dollar Amounts

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The US dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in U.S. dollars at the rate of ₩ 1,180.46 to US \$1, the average exchange rate for the year ended December 31, 2020. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or at any other rate.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars)

	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	KRW	KRW	USD	USD
Assets				
Current assets				
Cash and cash equivalents	29,382,578	26,885,999	24,890,848	22,775,922
Short-term financial instruments	92,441,703	76,252,052	78,310,091	64,595,361
Short-term financial assets at amortized cost	2,757,111	3,914,216	2,335,630	3,315,848
Short-term financial assets at fair value through profit or loss	71,451	1,727,436	60,528	1,463,362
Trade receivables	30,965,058	35,131,343	26,231,413	29,760,796
Non-trade receivables	3,604,539	4,179,120	3,053,511	3,540,256
Prepaid expenses	2,266,100	2,406,220	1,919,680	2,038,380
Inventories	32,043,145	26,766,464	27,144,693	22,674,661
Other current assets	3,754,462	4,122,410	3,180,515	3,492,215
Assets held-for-sale	929,432	-	787,350	-
	198,215,579	181,385,260	167,914,259	153,656,801
Non-current assets				
Financial assets at fair value through other comprehensive income	12,575,216	8,920,712	10,652,836	7,556,998
Financial assets at fair value through profit or loss	1,202,969	1,049,004	1,019,070	888,642
Investment in associates and joint ventures	8,076,779	7,591,612	6,842,078	6,431,078
Property, plant and equipment	128,952,892	119,825,474	109,239,795	101,507,691
Intangible assets	18,468,502	20,703,504	15,645,212	17,538,548
Net defined benefit assets	1,355,502	589,832	1,148,286	499,664
Deferred income tax assets	4,275,000	4,505,049	3,621,478	3,816,360
Other non-current assets	5,113,279	7,994,050	4,331,610	6,771,995
	180,020,139	171,179,237	152,500,365	145,010,976
Total assets	378,235,718	352,564,497	320,414,624	298,667,777

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars)

	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	KRW	KRW	USD	USD
Liabilities and Equity				
Current liabilities				
Trade payables	9,739,222	8,718,222	8,250,382	7,385,463
Short-term borrowings	16,553,429	14,393,468	14,022,898	12,193,131
Other payables	11,899,022	12,002,513	10,080,012	10,167,683
Advances received	1,145,423	1,072,062	970,322	908,175
Withholdings	974,521	897,355	825,545	760,176
Accrued expenses	24,330,339	19,359,624	20,610,947	16,400,108
Current income tax liabilities	4,430,272	1,387,773	3,753,014	1,175,623
Current portion of long-term liabilities	716,099	846,090	606,629	716,748
Provisions	4,349,563	4,068,627	3,684,643	3,446,654
Other current liabilities	1,127,719	1,037,030	955,324	878,499
Liabilities held-for-sale	338,742	-	286,958	-
	75,604,351	63,782,764	64,046,674	54,032,260
Non-current liabilities				
Debentures	948,137	975,298	803,195	826,204
Long-term borrowings	1,999,716	2,197,181	1,694,018	1,861,297
Long-term other payables	1,682,910	2,184,249	1,425,643	1,850,342
Net defined benefit liabilities	464,458	470,780	393,456	398,812
Deferred income tax liabilities	18,810,845	17,053,808	15,935,221	14,446,783
Long-term provisions	1,051,428	611,100	890,696	517,681
Other non-current liabilities	1,725,857	2,408,896	1,462,023	2,040,645
	26,683,351	25,901,312	22,604,252	21,941,764
Total liabilities	102,287,702	89,684,076	86,650,926	75,974,024

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars)

	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	KRW	KRW	USD	USD
Equity attributable to owners of the Company				
Preference shares	119,467	119,467	101,204	101,204
Ordinary shares	778,047	778,047	659,107	659,107
Share premium	4,403,893	4,403,893	3,730,668	3,730,668
Retained earnings	271,068,211	254,582,894	229,629,870	215,664,672
Other components of equity	(8,687,155)	(4,968,829)	(7,359,145)	(4,209,241)
Accumulated other comprehensive income attributable to assets held -for-sale	(12,132)	-	(10,277)	-
	267,670,331	254,915,472	226,751,427	215,946,410
Non-controlling interests	8,277,685	7,964,949	7,012,271	6,747,343
Total equity	275,948,016	262,880,421	233,763,698	222,693,753
Total liabilities and equity	378,235,718	352,564,497	320,414,624	298,667,777

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(In millions of Korean won, in thousands of US dollars)

	For the years ended December 31,			
	2020	2019	2020	2019
	KRW	KRW	USD	USD
Revenue	236,806,988	230,400,881	200,606,179	195,179,376
Cost of sales	144,488,296	147,239,549	122,400,294	124,730,961
Gross profit	92,318,692	83,161,332	78,205,885	70,448,415
Selling and administrative expenses	56,324,816	55,392,823	47,714,412	46,924,893
Operating profit	35,993,876	27,768,509	30,491,473	23,523,522
Other non-operating income	1,384,068	1,778,666	1,172,485	1,506,760
Other non-operating expense	2,488,902	1,414,707	2,108,422	1,198,440
Share of net profit of associates and joint ventures	506,530	412,960	429,096	349,831
Financial income	12,267,600	10,161,632	10,392,246	8,608,218
Financial expense	11,318,055	8,274,871	9,587,858	7,009,887
Profit before income tax	36,345,117	30,432,189	30,789,020	25,780,004
Income tax expense	9,937,285	8,693,324	8,418,167	7,364,371
Profit for the year	26,407,832	21,738,865	22,370,853	18,415,633
Profit attributable to				
Owners of the Company	26,090,846	21,505,054	22,102,325	18,217,565
Non-controlling interests	316,986	233,811	268,528	198,068
Earnings per share (in Korean won, in US dollars)				
- Basic	3,841	3,166	3.25	2.68
- Diluted	3,841	3,166	3.25	2.68

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars)

	For the years ended December 31,			
	2020	2019	2020	2019
	KRW	KRW	USD	USD
Profit for the year	26,407,832	21,738,865	22,370,853	18,415,633
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	2,502,733	1,146,599	2,120,139	971,318
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	5,591	(16,896)	4,736	(14,313)
Remeasurement of net defined benefit assets, net of tax	(719,560)	(1,180,468)	(609,560)	(1,000,009)
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	(48,888)	48,649	(41,414)	41,212
Gain (loss) on overseas business translation, net of tax	(5,380,375)	3,016,499	(4,557,874)	2,555,365
Gain (loss) on valuation of cash flow hedge Derivatives	(33,406)	1,811	(28,300)	1,534
Other comprehensive income (loss) for the year, net of tax	(3,673,905)	3,016,194	(3,112,273)	2,555,107
Total comprehensive income for the year	22,733,927	24,755,059	19,258,580	20,970,740
Comprehensive income attributable to:				
Owners of the Company	22,374,398	24,466,985	18,954,012	20,726,704
Non-controlling interests	359,529	288,074	304,568	244,036

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2019 KRW	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2019	119,467	778,047	4,403,893	242,698,956	(7,931,370)	240,068,993	7,684,184	247,753,177
Profit for the year	-	-	-	21,505,054	-	21,505,054	233,811	21,738,865
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(1,265)	1,111,264	1,109,999	36,600	1,146,599
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	(608)	31,477	30,869	884	31,753
Gain on overseas business translation, net of tax	-	-	-	-	2,966,973	2,966,973	49,526	3,016,499
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(1,147,721)	(1,147,721)	(32,747)	(1,180,468)
Gain on valuation of cash flow hedge derivatives	-	-	-	-	1,811	1,811	-	1,811
Total comprehensive income for the year	-	-	-	21,503,181	2,963,804	24,466,985	288,074	24,755,059
Dividends	-	-	-	(9,619,243)	-	(9,619,243)	(21,359)	(9,640,602)
Capital transactions under common control	-	-	-	-	(85)	(85)	7,356	7,271
Changes in consolidated entities	-	-	-	-	-	-	5,730	5,730
Others	-	-	-	-	(1,178)	(1,178)	964	(214)
Total transactions with owners	-	-	-	(9,619,243)	(1,263)	(9,620,506)	(7,309)	(9,627,815)
Balance as of December 31, 2019	119,467	778,047	4,403,893	254,582,894	(4,968,829)	254,915,472	7,964,949	262,880,421

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars)

2019 USD	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2019	101,204	659,107	3,730,668	205,597,438	(6,718,897)	203,369,520	6,509,499	209,879,019
Profit for the year	-	-	-	18,217,565	-	18,217,565	198,068	18,415,633
Gain (loss) on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(1,072)	941,385	940,313	31,005	971,318
Share of other comprehensive income of associates and joint ventures, net of tax	-	-	-	(515)	26,665	26,150	749	26,899
Gain on overseas business translation, net of tax	-	-	-	-	2,513,410	2,513,410	41,955	2,555,365
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(972,268)	(972,268)	(27,741)	(1,000,009)
Gain on valuation of cash flow hedge derivatives	-	-	-	-	1,534	1,534	-	1,534
Total comprehensive income for the year	-	-	-	18,215,978	2,510,726	20,726,704	244,036	20,970,740
Dividends	-	-	-	(8,148,744)	-	(8,148,744)	(18,094)	(8,166,838)
Capital transactions under common control	-	-	-	-	(72)	(72)	6,231	6,159
Changes in consolidated entities	-	-	-	-	-	-	4,854	4,854
Others	-	-	-	-	(998)	(998)	817	(181)
Total transactions with owners	-	-	-	(8,148,744)	(1,070)	(8,149,814)	(6,192)	(8,156,006)
Balance as of December 31, 2019	101,204	659,107	3,730,668	215,664,672	(4,209,241)	215,946,410	6,747,343	222,693,753

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2020 KRW	Preference shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent company	Non-controlling interests	Total
Balance as of January 1, 2020	119,467	778,047	4,403,893	254,582,894	(4,968,829)	-	254,915,472	7,964,949	262,880,421
Profit for the year	-	-	-	26,090,846	-	-	26,090,846	316,986	26,407,832
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	13,713	2,402,226	-	2,415,939	86,794	2,502,733
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	-	(45,894)	-	(45,894)	2,597	(43,297)
Loss on overseas business translation, net of tax	-	-	-	-	(5,343,946)	-	(5,343,946)	(36,429)	(5,380,375)
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(709,141)	-	(709,141)	(10,419)	(719,560)
Loss on valuation of cash flow hedge derivatives	-	-	-	-	(33,406)	-	(33,406)	-	(33,406)
Reclassification to assets held-for-sale	-	-	-	-	12,132	(12,132)	-	-	-
Total comprehensive income for the year	-	-	-	26,104,559	(3,718,029)	(12,132)	22,374,398	359,529	22,733,927
Dividends	-	-	-	(9,619,242)	-	-	(9,619,242)	(59,028)	(9,678,270)
Capital transactions under common control	-	-	-	-	(830)	-	(830)	(701)	(1,531)
Changes in consolidated entities	-	-	-	-	-	-	-	17,838	17,838
Others	-	-	-	-	533	-	533	(4,902)	(4,369)
Total transactions with owners	-	-	-	(9,619,242)	(297)	-	(9,619,539)	(46,793)	(9,666,332)
Balance as of December 31, 2020	119,467	778,047	4,403,893	271,068,211	(8,687,155)	(12,132)	267,670,331	8,277,685	275,948,016

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars)

2020 USD	Preferenc e shares	Ordinary shares	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for- sale	Equity attributable to owners of the parent company	Non- controlling interests	Total
Balance as of January 1, 2020	101,204	659,107	3,730,668	215,664,672	(4,209,241)	-	215,946,410	6,747,343	222,693,753
Profit for the year	-	-	-	22,102,325	-	-	22,102,325	268,528	22,370,853
Gain on valuation of financial assets at fair value through other comprehensive income, net of tax	-	-	-	11,617	2,034,996	-	2,046,613	73,526	2,120,139
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	-	(38,878)	-	(38,878)	2,200	(36,678)
Loss on overseas business translation, net of tax	-	-	-	-	(4,527,014)	-	(4,527,014)	(30,860)	(4,557,874)
Remeasurement of net defined benefit assets, net of tax	-	-	-	-	(600,734)	-	(600,734)	(8,826)	(609,560)
Loss on valuation of cash flow hedge derivatives	-	-	-	-	(28,300)	-	(28,300)	-	(28,300)
Reclassification to assets held-for-sale	-	-	-	-	10,277	(10,277)	-	-	-
Total comprehensive income for the year	-	-	-	22,113,942	(3,149,653)	(10,277)	18,954,012	304,568	19,258,580
Dividends	-	-	-	(8,148,744)	-	-	(8,148,744)	(50,004)	(8,198,748)
Capital transactions under common control	-	-	-	-	(703)	-	(703)	(594)	(1,297)
Changes in consolidated entities	-	-	-	-	-	-	-	15,111	15,111
Others	-	-	-	-	452	-	452	(4,153)	(3,701)
Total transactions with owners	-	-	-	(8,148,744)	(251)	-	(8,148,995)	(39,640)	(8,188,635)
Balance as of December 31, 2020	101,204	659,107	3,730,668	229,629,870	(7,359,145)	(10,277)	226,751,427	7,012,271	233,763,698

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars)

	For the years ended December 31,			
	2020	2019	2020	2019
	KRW	KRW	USD	USD
Operating activities				
Profit for the year	26,407,832	21,738,865	22,370,853	18,415,633
Adjustments	41,618,554	37,442,682	35,256,304	31,718,800
Changes in assets and liabilities arising from operating activities	122,424	(2,545,756)	103,708	(2,156,585)
Cash generated from operations	68,148,810	56,635,791	57,730,865	47,977,848
Interest received	2,220,209	2,306,401	1,880,804	1,953,820
Interest paid	(555,321)	(579,979)	(470,429)	(491,317)
Dividends received	243,666	241,801	206,417	204,837
Income tax paid	(4,770,355)	(13,221,099)	(4,041,108)	(11,199,983)
Net cash from operating activities	65,287,009	45,382,915	55,306,549	38,445,205
Investing activities				
Net increase in short-term financial instruments	(20,369,616)	(2,030,913)	(17,255,702)	(1,720,446)
Net decrease (increase) in short-term financial assets at amortized cost	184,104	(818,089)	155,960	(693,027)
Net decrease in short-term financial assets at fair value through profit or loss	1,704,512	374,982	1,443,942	317,658
Disposal of long-term financial instruments	12,184,301	4,586,610	10,321,680	3,885,453
Acquisition of long-term financial instruments	(8,019,263)	(12,725,465)	(6,793,354)	(10,780,116)
Disposal of financial assets at amortized cost	1,023,117	694,584	866,713	588,403
Acquisition of financial assets at amortized cost	-	(825,027)	-	(698,905)
Disposal of financial assets at fair value through other comprehensive income	32,128	1,575	27,217	1,334
Acquisition of financial assets at fair value through other comprehensive income	(245,497)	(63,773)	(207,968)	(54,024)
Disposal of financial assets at fair value through profit or loss	39,746	64,321	33,670	54,488
Acquisition of financial assets at fair value through profit or loss	(84,184)	(135,826)	(71,315)	(115,062)
Disposal of investment in associates and joint ventures	-	12,149	-	10,292
Acquisition of investment in associates and joint ventures	(83,280)	(12,778)	(70,549)	(10,825)
Disposal of property, plant and equipment	376,744	513,265	319,151	434,802
Acquisition of property, plant and equipment	(37,592,034)	(25,367,756)	(31,845,320)	(21,489,774)
Disposal of intangible assets	7,027	7,241	5,953	6,134
Acquisition of intangible assets	(2,679,779)	(3,249,914)	(2,270,120)	(2,753,098)
Cash outflow from business combinations	(49,420)	(1,019,405)	(41,865)	(863,568)
Cash inflow (outflow) from other investing activities	(57,197)	46,048	(48,453)	39,008
Net cash used in investing activities	(53,628,591)	(39,948,171)	(45,430,360)	(33,841,273)

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars)

	For the years ended December 31,			
	2020	2019	2020	2019
	KRW	KRW	USD	USD
Financing activities				
Net increase in short-term borrowings	2,191,186	865,792	1,856,218	733,438
Increase in long-term borrowings	14,495	-	12,279	-
Repayment of debentures and long-term borrowings	(864,947)	(709,400)	(732,722)	(600,954)
Dividends paid	(9,676,760)	(9,639,202)	(8,197,469)	(8,165,652)
Net decrease (increase) in non-controlling interests	8,187	(1,700)	6,935	(1,440)
Net cash used in financing activities	(8,327,839)	(9,484,510)	(7,054,759)	(8,034,608)
Reclassification to assets held-for-sale	(139)	-	(118)	-
Effect of foreign exchange rate changes	(833,861)	595,260	(706,386)	504,262
Net decrease in cash and cash equivalents	2,496,579	(3,454,506)	2,114,926	(2,926,414)
Cash and cash equivalents				
Beginning of the year	26,885,999	30,340,505	22,775,922	25,702,336
End of the year	29,382,578	26,885,999	24,890,848	22,775,922

Samsung Electronics Co., Ltd.

SEPARATE STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS

For the years ended December 31, 2020 and 2019

<i>(In millions of Korean won, in thousands of US dollars)</i>	2020	2019	2020	2019
	KRW	KRW	USD	USD
Retained earnings before appropriations				
Unappropriated retained earnings carried over from prior year	30	30	25	25
Interim dividends:				
In 2020 - ₩ 1,062 (dividend rate: 1062%)	(7,213,815)	(7,213,815)	(6,111,020)	(6,111,020)
In 2019 - ₩ 1,062 (dividend rate: 1062%)				
Profit for the year	15,615,018	15,353,323	13,227,909	13,006,220
Disposal of financial assets measured at fair value through other comprehensive income	-	(1,286)	-	(1,089)
Retained earnings available for appropriation	8,401,233	8,138,252	7,116,915	6,894,136
Transfers from other reserves				
Reserve for business rationalization	4,723,057	-	4,001,031	-
Appropriations of retained earnings				
Reserve for business rationalization	-	2,500,000	-	2,117,818
Cash dividends:	13,124,260	2,405,428	11,117,920	2,037,704
In 2020:				
Ordinary shares - ₩ 1,932 (dividend rate: 1932%)				
Preference shares - ₩ 1,933 (dividend rate: 1933%)				
In 2019:				
Ordinary shares - ₩ 354 (dividend rate: 354%)				
Preference shares - ₩ 355 (dividend rate: 355%)				
Reserve for research and human resources development	-	3,000,000	-	2,541,382
Reserve for capital expenditure	-	232,794	-	197,206
Total appropriations of retained earnings	13,124,260	8,138,222	11,117,920	6,894,111
Unappropriated retained earnings to be carried forward	30	30	25	25