

SAMSUNG

Corporate Governance Report FY2019

SAMSUNG ELECTRONICS Co., Ltd.

The Company has prepared this report in accordance with Article 24-2 of the Enforcement Decree of Disclosure Regulations in Securities Markets to provide investors with information regarding the Company's corporate governance. The information in this report is based on the corporate governance status as of December 31, 2019, and changes that occurred as of the reporting date are separately stated. Activities related to corporate governance are from January 1, 2019 to December 31, 2019. If the Korea Stock Exchange guidelines have set a specific period of time for certain information, the information is based on that period. The information for "Core Principle" and "Specific Principle" included in this report is based on the guideline set forth by the Korea Exchange.

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I

Outline

- Company name: Samsung Electronics Co., Ltd. (SEC)
- Report supervisor: Tae-gyu Kang Deputy supervisor: Min-gyu Kim
- Base date: Last day of previous fiscal year (Dec 31, 2019)
- Company outline

Major shareholders, etc.	Kun-hee Lee and 13 others (Including affiliates and foundations established with SEC contributions)	Portion of shares owned by major shareholders, etc.	21.21%*
		Portion of shares owned by minority shareholders	62.03%
Category of business (finance/non-finance)	Non-finance	Main products	Electric and electronic products
Belonging to enterprise group in accordance with the Monopoly Regulation and Fair Trade Act	Yes	Subject to Act on the Management of Public Institutions	No
Name of enterprise group	Samsung		
Financial information highlights			(KRW 100 mil)
	FY2019	FY2018	FY2017
Consolidated revenue	2,304,009	2,437,714	2,395,754
Consolidated operating profit	277,685	588,867	536,450
Consolidated profit from continuing operations	217,389	443,449	421,867
Consolidated net profit	217,389	443,449	421,867
Consolidated total assets	3,525,645	3,393,572	3,017,521
Separate total assets	2,161,809	2,190,214	1,982,414

* For common shares, as of the end of April 2020

1. Corporate Governance Policy

(1) Governance principles and policies

Aiming to be a global leader that grows along with people and local communities, Samsung Electronics Co., Ltd. (the Company) operates with a philosophy that states: “We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society.”

Our corporate governance is structured and managed in a transparent manner in accordance with applicable legal procedures. The members of the Board of Directors (the Board) are elected by resolution at a general meeting of shareholders and are comprised of five Executive Directors and six Independent Directors. Executive Directors are elected from candidates recommended by the Board. For Independent Directors, the Independent Director Recommendation Committee, which consists entirely of Independent Directors, recommends candidates through a separate procedure to ensure a more deliberate and objective consideration. Information regarding the candidates is provided in detail to shareholders before a general meeting in the form of reference material and convocation notice before they are elected into office on the day of annual general meeting (AGM) through shareholder approval.

The Board is structured in a way that ensures independent decisions and judgements. In order to enhance independence, Independent Directors make up the majority of the Board, and they also hold meetings that exclude the Company’s management members to ensure candid and objective discussions.

We have been working continuously to improve our governance: revisions to the Company’s Articles of Incorporation and regulations of the Board of Directors in March 2016 allowed any Director—not just the CEOs—to be appointed as Chairman, and in March 2018, the Board elected a Chairman that is not a CEO. The revisions were designed to enable Executive Directors to better concentrate on management activities and strengthen the Board’s check on management. In March 2020, an Independent Director was elected as the Chairman of the Board, further enhancing the independence and transparency of the Board.

Meanwhile, we have strengthened our institutional system, allowing us to avoid conflicts of interest and prevent self-interests from influencing Board decisions. Article 398 of the Commercial Act limits transactions between a Director and the Company, and, in accordance with Article 9 of the Regulations of the Board of Directors, a Director is prohibited from exercising voting rights in cases where he or she has a special interest in or even a possibility of a conflict of interest with the Company.

In a rapidly changing business environment, Director expertise is essential as the Board is constantly required to make strategic decisions. The Company’s three mainstay businesses—the Device Solutions (DS), Consumer Electronics (CE), and IT & Mobile Communications (IM) divisions—are directed by leading professionals in the relevant field who practice responsible management as chief executive officers and also participate on the Board. Along with the CEOs, President and Head of Visual Display Business Jong-hee Han and President and CFO Yoon-ho Choi were appointed as Executive Directors based on their expertise and management and leadership capabilities. The Board needs diverse perspectives in order to make broad decisions. Independent Directors leverage their expertise and skills from various fields, including finance, law, engineering, IT, public administration, and environment, social and governance (ESG) to contribute to the Board’s informed and objective decision-making process.

Detailed information regarding our corporate governance is available on our website (<https://www.samsung.com/global/ir>) and in our business reports (<https://www.samsung.com/global/ir/reports-disclosures/business-report/>).

(2) Our corporate governance

A. Ensuring responsible management through the participation of business representatives on the Board

In the rapidly changing IT industry, prompt and strategic decision making is required to remain competitive. Under such an environment, the Company needs Directors who have a high-level of expertise and fully understand our businesses. Accordingly, the Board appoints the heads of the DS, CE, and IM divisions as Executive Directors to participate in the decision-making process. Having expert, highly-experienced key executives from each business on the Board enables a comprehensive and long-term approach to decision making. With heads of the business divisions taking CEO positions, we are practicing responsible management. Meanwhile, our Independent Directors provide abundant expertise in various fields—including finance, law, engineering, IT, public administration, and environment, health, and safety (EHS)—and supervise the activities of both management and Executive Directors and offer objective advice.

B. Enhancing the Board's efficiency through the delegation of authorities

The Board makes resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, matters delegated by a general meeting of shareholders, as well as on important matters concerning basic policies and execution of the Company's business. While some matters require the review and resolution of the entire Board, others can be reviewed more efficiently by committees of the Board equipped with expertise in the relevant field. The Board has delegated specific responsibilities to six committees, in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board of Directors, in order to enhance its operational efficiency. Agendas approved by committees of the Board are immediately reported to all Directors, and if deemed necessary, each Director may request the Chairman to call for a Board meeting to put the resolutions approved by the committee forward for a vote at a meeting of the Board.

C. Improving supervision via committees composed of a majority of Independent Directors

As the Company's business continues to evolve, the Board constantly faces increasingly complex and varied managerial matters. In response, the Board has expanded its responsibilities and established new committees (such as the Related Party Transactions Committee, Compensation Committee, and Governance Committee) to delegate the new roles. These committees consist entirely of Independent Directors who can make independent and objective decisions and expand their responsibility to supervise management from a more diverse perspective. Indeed, the Governance Committee (formerly the CSR Committee) was established based on a proposal put forth by an Independent Director. The Committee has commissioned research groups (e.g., Corporate Ecosystem Development Research Group, Environmental Safety Research Group) led by Independent Directors to collaborate with outside experts to provide the Company with applicable advice. The Committee in April 2017 was reorganized and expanded to include matters related to enhancing shareholder value. The Board will continue its efforts to find new ways to further enhance the Company.

2. Shareholders

(1) Shareholder rights

(Core Principle 1) Shareholder rights

■ Shareholders should have timely access to all information that is necessary to exercise their rights in a legitimate process.

1) General meeting of shareholders

(Specific Principle 1-①) Corporations should provide timely access to information for shareholders concerning the date, location, agenda, etc., of general meetings prior to the meeting.

A. Summary of general meetings

The 51st Annual General Meeting of Shareholders (AGM) took place at am 9:00 on March 18, 2020 in Suwon (where the Company's headquarters is located) at the Suwon Convention Center. Agenda items at the AGM included the approval of 2019 financial statements, appointment of Executive Directors, and approval of remuneration limit for Directors, all of which were approved as submitted. The following is a summary of recent shareholders meetings.

<General meetings in the last three years>

	The 49th AGM	The 50th AGM	The 51st AGM
Date of resolution on convocation	Feb 23, 2018	Feb 26, 2019	Feb 21, 2020
Date of convocation notice	Feb 23, 2018	Feb 26, 2019	Feb 21, 2020
Date of meeting	Mar 23, 2018	Mar 20, 2019	Mar 18, 2020
Number of days between date of convocation notice and AGM	28 days	22 days	26 days
Location of meeting	Multifunctional Hall, 5F Samsung Electronics Bldg, Seocho-gu, Seoul	Multifunctional Hall, 5F Samsung Electronics Bldg, Seocho-gu, Seoul	Convention Hall, 3F, Suwon Convention Center, Suwon, Gyeonggi Province
Reference material delivery method	Convocation notice, newspaper notice, electronic disclosure system of FSS and stock exchange, etc.	Convocation notice, newspaper notice, electronic disclosure system of FSS and stock exchange, etc.	Convocation notice, newspaper notice, electronic disclosure system of FSS and stock exchange, etc.
Notice method for non-Korean shareholders	Investor Relations English website, English disclosure at London Stock Exchange	IR English website, English disclosure at London Stock Exchange	IR English website, English disclosure at London Stock Exchange
Presence of Board members	6 out of 9	10 out of 11	8 out of 9
Presence of Audit Committee Board members	3 out of 3	3 out of 3	3 out of 3
Shareholder remarks	<ul style="list-style-type: none"> - Question on business outlook and strategy - Complaint on product, request for after-sales service - Support for agendas - Request for quicker advancement of meeting - Question on the stock split ratio 	<ul style="list-style-type: none"> - Support for agendas - Question on current business issues - Question on sales strategy of new products - Question on dividend policy - Question on the procedure for Independent Director recommendation 	<ul style="list-style-type: none"> - Question on dividend policy - Question on impact of COVID-19 on revenue and response measures - Question on plans for product launch - Question on labor-management culture - Question on current business issues - Support for agendas

B. Provision of AGM information

The Company discloses general information regarding the AGM, including the date, location, and agenda items, on the electronic disclosure system of the FSS three to four weeks prior to the meeting to allow shareholders to fully review the agenda before exercising their voting rights. In addition, convocation notices are sent via mail or email to shareholders at least two weeks before the AGM to ensure the protection of minority shareholders' rights.

2) Shareholder participation

(Specific Principle 1-②) The Company should encourage shareholder participation as much as possible and ensure shareholders can propose their opinions.

A. Exercising voting rights

The 49th AGM was unavoidably held on one of the concentrated general meeting dates for Korean listed companies as we had set major business schedules before the Korea Listed Companies Association announced such dates. The 50th and 51st AGM dates did not coincide with such a date of concentration to ensure greater participation of our shareholders.

	The 49th AGM	The 50th AGM	The 51st AGM
Date of general meeting concentration	March 23, 29, 30, 2018	March 22, 27, 28, 29, 2019	March 13, 20, 26, 27, 2020
AGM date	March 23, 2018	March 20, 2019	March 18, 2020
Avoided concentration date	No	Yes	Yes
Mail-in voting	No	No	No
Electronic voting	No	No	Yes
Proxy voting solicitation	Yes	Yes	Yes

The Company does not allow mail-in voting; however, the Board in January 2020 resolved to adopt electronic voting to enable shareholders to more conveniently exercise their voting rights. Electronic voting was available from the 51st AGM held in March, 2020. In addition, the Company recommends the granting of proxies via direct distribution, mail, fax, or email.

In the 50th AGM, shareholders exercised voting rights directly or by proxy; electronic voting was added in the 51st AGM. The Company discloses the number of votes for and against each agenda item on the website immediately following the AGM to enhance transparency. The results of the voting are as follows:

<Voting results of agenda items in the 50th AGM (March 20, 2019)>

Agenda item	Type of resolution	Details	Result	Shares with voting rights	Total votes	Shares for	
						Shares against or abstained	
1	Ordinary	Approval of FY18 financial statements, including balance sheet, income statement, and statement for disposal of retained earnings (proposed)	Approved	5,371,711,812	4,258,658,799	4,235,910,266 (99.47%)	
						22,748,533 (0.53%)	
2-1-1	Ordinary	Appointment of Jae-wan Bahk as an Independent Director	Approved	5,616,195,994	4,502,802,396	3,215,370,281 (71.41%)	
						1,287,432,115 (28.59%)	
2-1-2	Ordinary	Appointment of Han-jo Kim as an Independent Director	Approved	5,616,195,994	4,502,779,705	4,458,521,149 (99.02%)	
						44,258,556 (0.98%)	
2-1-3	Ordinary	Appointment of Curie Ahn as an Independent Director	Approved	5,616,195,994	4,502,461,090	4,446,756,338 (98.76%)	
						55,704,752 (1.24%)	

Agenda item	Type of resolution	Details	Result	Shares with voting rights	Total votes	Shares for	
						Shares against or abstained	
2-2-1	Ordinary	Appointment of Jae-wan Bahk as a member of the Audit Committee	Approved	5,031,673,197	3,917,882,339	2,820,715,652 (72.00%)	
						1,097,166,687 (28.00%)	
2-2-2	Ordinary	Appointment of Han-jo Kim as a member of the Audit Committee	Approved	5,031,673,197	3,917,833,434	3,872,691,462 (98.85%)	
						45,141,972 (1.15%)	
3	Ordinary	Approval of remuneration limit for directors	Approved	5,371,711,812	4,257,850,822	4,228,572,955 (99.31%)	
						29,277,867 (0.69%)	

<Voting results of agenda items in the 51st AGM (March 18, 2020)>

Agenda item	Type of resolution	Details	Result	Shares with voting rights	Total votes	Shares for	
						Shares against or abstained	
1	Ordinary	Approval of FY19 financial statements, including statement of financial position, income statement, and statement for disposal of retained earnings (proposed)	Approved	5,371,756,291	4,648,843,547	4,621,915,312 (99.42%)	
						26,928,235 (0.58%)	
2-1	Ordinary	Appointment of Jong-hee Han as an Executive Director	Approved	5,616,199,998	4,893,243,250	4,830,075,122 (98.71%)	
						63,168,128 (1.29%)	
2-2	Ordinary	Appointment of Yoon-ho Choi as an Executive Director	Approved	5,616,199,998	4,893,238,818	4,689,269,957 (95.83%)	
						203,968,861 (4.17%)	
3	Ordinary	Approval of remuneration limit for directors	Approved	5,371,756,291	4,648,794,811	4,603,049,292 (99.02%)	
						45,745,519 (0.98%)	

B. Measures to encourage shareholder participation in AGM

The Company sends out a convocation letter to shareholders by mail or email to ensure they are fully informed about the AGM and its agenda. Also, we provide notice earlier than what is required by relevant regulations, including the Commercial Act, so that shareholders can thoroughly review agenda items prior to exercising their voting rights.

Moreover, we make every effort to avoid shareholder meeting concentration dates published by the Korea Listed Companies Association to ensure higher shareholder participation at the AGM. From March 2020, we started using electronic voting so that shareholders can exercise their rights remotely.

We will continue to do our utmost to engage with our shareholders, including through increased AGM participation and exercising of voting rights. At the same time, we will continue to respect shareholders' opinions and consider them in our decision-making process.

3) Shareholder proposals

(Specific Principle 1-③) The Company should ensure shareholders can propose general meeting agenda items conveniently. Shareholders should be able to freely ask questions and receive explanations regarding shareholder suggested meeting agendas.

A. Shareholder right to propose agenda items

In accordance with Article 542-6 of the Commercial Act, shareholders holding 0.5% or more of the shares outstanding (excluding shares not carrying voting rights) over the previous six months have the right to propose agenda items for a general meeting of shareholders—including the nomination of Directors—via written or electronic form at least six weeks prior to a shareholders' meeting (for AGM, six weeks prior to the AGM date in the previous fiscal year).

Human Resources is responsible for tasks related to agenda proposals by shareholders. Once a proposal is submitted, the shareholder will be identified, a legal review will be conducted, and then a letter or electronic notice will be sent to the shareholder to verify submission.

Information on shareholder proposals is available on our website (<https://www.samsung.com/global/ir/governance-csr/general-meeting-of-shareholders/>).

In the last three years, there have been no shareholder proposals. Therefore, details on implementations of shareholder proposal-related activities are not included in this document. Also, there have not been any public statements from institutional investors regarding stewardship activities in the recent three years.

B. Providing information on shareholder right to propose agenda

The Company strives to protect shareholder rights. As part of Company efforts, the general process for proposing an agenda item is posted on our website to ensure shareholders are well informed of their rights to have their opinions reflected in the Company's management. The right to propose agenda items will continue to be safeguarded: the Company will review all proposals from a legal perspective, follow due process, and if appropriate submit them as an agenda item for the AGM.

4) Shareholder return policy

(Specific Principle 1-④) Corporations should establish a mid- to long-term shareholder return policy and relevant plans, which includes those for dividends, and provide the information to shareholders.

A. Shareholder return policy and relevant plans

In October 2017, we announced our shareholder return program for the coming three-year period (i.e., 2018—2020), increasing predictability of the scale of our shareholder return activities. Under this policy, we will return 50% of our total free cash flow for the three-year period, which includes a significant expansion of the annual dividend to approximately KRW 9.6 trillion. In accordance with the policy, we provided an annual dividend of KRW 9.6 trillion in 2018, which is approximately 65% higher than it was in the previous year, and KRW 9.6 trillion in 2019. Also, the Company started distributing quarterly dividends from 1Q17 to enhance shareholder value by providing a consistent amount of dividends throughout the year.

When we establish return policies, distribute dividends, or conduct share repurchases, we provide the information to our shareholders immediately through disclosures and, in addition, details are provided via earnings calls and our website. We also include this information on the notice of dividend and the letter to shareholders in the notice of convocation.

B. Information on shareholder return policy

We are working to ensure that shareholders are well informed on our shareholder return policy, which aligns with our efforts to protect shareholder rights. The Company will continue to do our best to keep shareholders up-to-date.

5) Shareholder return status

(Specific Principle 1-⑤) Shareholders' rights to receive dividends in accordance with shareholder return policy and relevant plans should be respected.

A. Execution of shareholder return policy

(i) Dividend

Under our continued efforts to enhance shareholder value, the Company's dividends significantly increased in 2018 and stayed at the same level in 2019 despite a challenging business environment. The specifics of distributions over the last three years are shown below.

(KRW)

Year	Settlement month	Share type	Stock dividend	Cash dividend					
				Face value per share	Dividend per share	Total dividends	Yield	Payout ratio	
								Consolidated	Separate
2019	December	Common	-	100	1,416	8,453,212,090,800	2.6%	44.7%	62.7%
		Preferred	-	100	1,417	1,166,030,453,900	3.1%		
2018	December	Common	-	100	1,416	8,453,212,090,800	3.7%	21.9%	29.3%

Year	Settlement month	Share type	Stock dividend	Cash dividend					
				Face value per share	Dividend per share	Total dividends	Yield	Payout ratio	
								Consolidated	Separate
		Preferred	-	100	1,417	1,166,030,453,900	4.6%		
2017	December	Common	-	5,000	42,500	5,115,665,570,500	1.7%	14.1%	20.2%
		Preferred	-	5,000	42,550	710,636,554,950	2.1%		

50:1 stock split was conducted in May 2018.

The Company has not distributed unequal dividends in the recent three years. We distributed interim dividends until 2016 and started quarterly dividends from 2017. Details are shown in the following table:

(KRW)

Year	Quarter	Share type	Dividend per share	Total dividend	Date of Board resolution	Face value
2019	1Q	Common	354	2,113,303,022,700	Apr 30, 2019	100
		Preferred	354	291,301,891,800		
	2Q	Common	354	2,113,303,022,700	Jul 31, 2019	
		Preferred	354	291,301,891,800		
	3Q	Common	354	2,113,303,022,700	Oct 31, 2019	
		Preferred	354	291,301,891,800		
	4Q	Common	354	2,113,303,022,700	Jan 30, 2020	
		Preferred	355	292,124,778,500		
2018	1Q	Common	354	2,113,303,022,700	Apr 26, 2018	100
		Preferred	354	291,301,891,800		
	2Q	Common	354	2,113,303,022,700	Jul 31, 2018	
		Preferred	354	291,301,891,800		
	3Q	Common	354	2,113,303,022,700	Oct 31, 2018	
		Preferred	354	291,301,891,800		
	4Q	Common	354	2,113,303,022,700	Jan 31, 2019	
		Preferred	355	292,124,778,500		
2017	1Q	Common	7,000	852,885,957,000	Apr 27, 2017	5,000
		Preferred	7,000	119,486,738,000		
	2Q	Common	7,000	847,266,357,000	Jul 27, 2017	
		Preferred	7,000	118,081,838,000		
	3Q	Common	7,000	842,213,323,000	Oct 31, 2017	
		Preferred	7,000	116,837,665,000		
	4Q	Common	21,500	2,573,299,933,500	Jan 31, 2018	
		Preferred	21,550	356,230,313,950		

(ii) Treasury shares

The Company repurchased KRW 9.2 trillion in shares over four stages in 2017 and retired all shares. In addition, in May 2017, we retired 50% of outstanding treasury shares as part of an effort to enhance shareholder value and retired the remainder in 2018. As a result, outstanding shares decreased by approximately 13% for common stock and 16% for preferred stock.

B. Determining shareholder return amount

We strive to enhance shareholder value through proactive shareholder returns, which includes dividends. We determine the dividend amount based on overall aspects of our business, including results achieved through our differentiated technology, strategic investments for sustainable growth, and cash flow. The Company will continue to strive to protect shareholder value via sustainable growth and appropriate shareholder return policies.

(2) Equitable treatment of shareholders

(Core Principle 2) Equitable treatment of shareholders

■ All shareholders should be provided equal voting rights in accordance with the type and number of their shares. Corporations should make efforts to build a system that makes corporate information available to all shareholders equally.

1) Equitable provision of information

(Specific Principle 2-①) Shareholders' voting rights should not be violated. Corporations should provide sufficient information in a timely and equal manner to all shareholders.

A. Issued shares and categories of shares

The number of authorized shares in accordance with our Articles of Incorporation is 25 billion, including 5 billion preferred shares. The total number of shares outstanding as of the reporting date was 6,792,669,250, including 5,969,782,550 common shares and 822,886,700 preferred shares.

Preferred shares do not carry voting rights and receive an annual cash dividend that is 1% higher than common shares do based on face value. If dividends are not distributed for common shares, preferred shares may not receive dividends. In the past three years, a general meeting of a specific class of shareholders has not been held as the requirements for convocation have not been met.

Share type	Number of authorized shares	Number of issued shares*	Note
Common	20,000,000,000	5,969,782,550	-
Preferred	5,000,000,000	822,886,700	-

*As of March 31, 2020

B. Voting rights

We continue to work to ensure our shareholders receive fair treatment and the rights of minority shareholders are protected. The Company adheres to the one-share-one-vote rule and strives to secure equitable voting rights in accordance with the Commercial Act and relevant laws.

C. Communication with shareholders

(i) IR events

The Company holds earnings conference calls at the end of January, April, July, and October to report its financial results for the preceding year, first quarter, second quarter and third quarter, respectively. Also, we conduct our Investor Forum at least once a year to help shareholders better understand our business by providing information in areas of high investor interest. For shareholder convenience, we provide live webcasts of the forum and earnings conference calls.

In addition, we continue to engage in and strengthen communication with our shareholders by participating in IR events such as conferences organized by brokerages, investor meetings, etc. Information on IR events since 2019 (as of the reporting date) is presented below and is also available our website (<https://www.samsung.com/global/ir/ir-events-presentations/events/>).

Date	Participants	Form	Contents	Note
2020				
May 19-20	Foreign institutional investors	Conference call	Business performance and outlook	Citi Conference
Apr 30– May 2	Domestic institutional investors	Conference call	Business performance and outlook	Domestic roadshow
Apr 29	Domestic/foreign institutional investors	Conference call	1Q20 Business results and Q&A	1Q20 earnings release
Mar 20	Foreign institutional investors	Conference call	Business performance and outlook	Citi Conference
Mar 19	Foreign institutional investors	Conference call	Business performance and outlook	BoAML Conference

Date	Participants	Form	Contents	Note
Jan 30–Feb 10	Domestic/foreign institutional investors	NDR	Business performance and outlook	Domestic/overseas roadshow
Jan 30	Domestic/foreign institutional investors	Conference call	4Q19 Business results and Q&A	2019 earnings release
Jan 6–9	Foreign institutional investors	Broker conference	Business performance and outlook	Nomura Conference
2019				
Dec 5–6	Foreign institutional investors	Broker conference	Business performance and outlook	Nomura Conference
Dec 5	Domestic institutional investors	Broker conference	Business performance and outlook	Shinhan Investment Corporation Conference
Nov 27–28	Foreign institutional investors	Broker conference	Business performance and outlook	Nomura Conference
Nov 20–22	Foreign institutional investors	Broker conference	Business performance and outlook	Morgan Stanley Conference
Nov 18–19	Foreign institutional investors	Broker conference	Business performance and outlook	JP Conference
Nov 13–15	Foreign institutional investors	Broker conference	Business performance and outlook	Samsung Securities Conference
Nov 5–8	Foreign institutional investors	Broker conference	Business performance and outlook	HSBC Conference
Nov 5	Domestic institutional investors	Broker conference	Business performance and outlook	Samsung Securities Conference
Oct 31–Nov 1	Domestic institutional investors	NDR	Business performance and outlook	Domestic roadshow
Oct 31	Domestic/foreign institutional investors, etc.	Conference call	3Q19 Business results and Q&A	3Q19 earnings release
Sep 9–11	Foreign institutional investors	Broker conference	Business performance and outlook	CLSA Conference
Sep 5	Domestic institutional investors	Broker conference	Business performance and outlook	KB Securities Conference
Sep 2–3	Foreign institutional investors	Broker conference	Business performance and outlook	CS Conference
Aug 29	Foreign institutional investors	Broker conference	Business performance and outlook	BoAML Conference
Aug 27	Domestic institutional investors	Broker conference	Business performance and outlook	Kiwoom Securities Conference
Aug 26	Foreign institutional investors	Broker conference	Business performance and outlook	JP Conference
Aug 20–22	Foreign institutional investors	Broker conference	Business performance and outlook	Samsung Securities Conference
Jul 31–Aug 9	Domestic/foreign institutional investors	NDR	Business performance and outlook	Domestic/overseas roadshow
Jul 31	Domestic/foreign institutional investors	Conference call	2Q19 Business results and Q&A	2Q19 earnings release
Jun 24–25	Foreign institutional investors	Broker conference	Business performance and outlook	UBS Conference
Jun 17–20	Foreign institutional investors	Broker conference	Business performance and outlook	Macquarie Conference
Jun 11–14	Foreign institutional investors	Broker conference	Business performance and outlook	CIMB Conference
Jun 3	Domestic institutional investors	Broker conference	Business performance and outlook	Shinhan Investment Corporation Conference
May 30	Domestic institutional investors	Broker conference	Business performance and outlook	Hanwha Investment & Securities Conference

Date	Participants	Form	Contents	Note
May 27–29	Foreign institutional investors	Broker conference	Business performance and outlook	Nomura Conference
May 23–24	Foreign institutional investors	Broker conference	Business performance and outlook	Citi Conference
May 21–22	Foreign institutional investors	Broker conference	Business performance and outlook	CLSA Conference
May 20–23	Foreign institutional investors	Broker conference	Business performance and outlook	Korea Investment and Securities Conference
May 16–17	Domestic/foreign institutional investors	Broker conference	Business performance and outlook	Samsung Securities Conference
Apr 30–May 2	Domestic institutional investors	NDR	Business performance and outlook	Domestic roadshow
Apr 30	Domestic/foreign investors	Conference call	1Q19 Business results and Q&A	1Q19 earnings release
Mar 28	Domestic institutional investors	Broker conference	Business performance and outlook	Hana Financial Investment Conference
Mar 25–28	Domestic/foreign institutional investors	Broker conference	Business performance and outlook	CS Conference
Mar 21–22	Foreign institutional investors	Broker conference	Business performance and outlook	BoAML Conference
Mar 7	Foreign institutional investors	Broker conference	Business performance and outlook	Citi Conference
Mar 4–5	Foreign institutional investors	Broker conference	Business performance and outlook	Daiwa Conference
Feb 21	Foreign institutional investors	Broker conference	Business performance and outlook	JP Morgan Conference
Jan 31–Feb 15	Domestic/foreign investors	NDR	Business performance and outlook	Domestic/overseas roadshow
Jan 31	Domestic/foreign investors	Conference call	4Q18 Business results and Q&A	4Q18 earnings release
Jan 7–8	Foreign institutional investors	Broker conference	Business performance and outlook	Nomura Conference

Broker conference and roadshows after March 2020 through the reporting date are substituted with conference calls

(ii) IR website

To meet increasing shareholder demand for information, we provide a wide range of in-depth IR material to enhance the understanding of and confidence in the Company. We have worked to increase ease of access to necessary and useful information via our user-friendly website, which provides details on public disclosures, IR events, financial information, stock information, corporate governance, etc. Also, our Articles of Incorporation, business reports, financial information, and corporate information materials can be downloaded and major events are broadcast live on the website as part of our ongoing efforts to help investors access Company information. In addition, we provide the contact information (phone number and email address) of the IR team on our website (<https://www.samsung.com/sec/ir/ir-resources/contact/>) to enable convenient communication with shareholders.

(iii) Provision of English material

All materials are provided on our English website (<https://www.samsung.com/global/ir/>) to provide shareholders with easy access to necessary information. We also provide the contact information (phone number and email address) of the IR team on our global website (<https://www.samsung.com/global/ir/ir-resources/contact/>) to enable convenient communication for non-Korean shareholders.

As we list GDRs on the London Stock Exchange (LSE) for common shares and on the Luxembourg Stock Exchange for preferred shares, we submit English disclosures via the LSE system. The Company does not submit a separate English disclosure via the Korea Investor's Network for Disclosure System (KIND) but provides disclosures on our English website for the convenience of non-Korean shareholders.

- LSE website: <http://www.londonstockexchange.com/>
- English website: <https://www.samsung.com/global/ir/reports-disclosures/public-disclosure/>

(iv) Public disclosure of corporate information

We make disclosures in a timely manner to provide detailed corporate information to shareholders. For high-interest information, such as business result and investment plans, we provide disclosures before making an external announcement.

Since 2Q09, the Company has been providing earnings guidance approximately three weeks prior to the earnings call to improve investor understanding.

<Public disclosure of corporate information>

Disclosure date	Title/Content
Apr 29, 2020	Quarterly Dividend for First Quarter 2020
Apr 7, 2020	1Q 2020 Pre-Earnings Guidance
Jan 30, 2020	2019 4Q Earnings Release
Jan 8, 2020	4Q 2019 Pre-Earnings Guidance
Oct 31, 2019	Announcement of Capex Plan for FY 2019
Oct 31, 2019	2019 3Q Earnings Release
Oct 8, 2019	3Q 2019 Pre-Earnings Guidance
Jul 31, 2019	2019 2Q Earnings Release
Jul 5, 2019	2Q 2019 Pre-Earnings Guidance
Apr 30, 2019	2019 1Q Earnings Release
Apr 5, 2019	1Q 2019 Pre-Earnings Guidance
Jan 31, 2019	2018 4Q Earnings Release
Jan 8, 2019	4Q 2018 Pre-Earnings Guidance

(v) Unfaithful disclosure corporation designation

The Company is committed to legal and regulatory compliance. We deliver information promptly and accurately via thorough planning and reviews, awareness of the need for public disclosures in advance, and regular inspections. Thanks to these efforts, the Company has never received an 'unfaithful disclosure corporation designation'.

D. Provision of corporate information

We will continue to provide information to shareholders in a timely manner and distribute it fairly, via IR activities, webcasting of major conference calls, timely public disclosures, and our website.

2) Related-party transactions and self-dealing transactions

(Specific Principle 2-②) The Company should establish and operate a system to protect shareholders from wrongful related-party and self-dealing transactions of other shareholders, including controlling shareholders.

A. Internal control system for related-party and self-dealing transactions

The Company has internal regulations to prevent related-party or self-dealing transactions that are in management's or a controlling shareholder's own interests.

In accordance with Article 40 of the Articles of Incorporation, the Board has the authority over approval of related party transactions; and Article 10 Paragraph 3 of the Regulations of the Board provides that approval of related party transactions and approval of transactions between the Company and director shall be approved by the Board.

The Company has voluntarily established the Related Party Transaction Committee within the Board to review related party transactions, aiming to enhance corporate transparency by building a compliance system that promotes fair transactions. The Committee, consisting entirely of Independent Directors, conducts preliminary reviews and approves related party transactions that are worth KRW 5 billion or above in accordance with the Monopoly Regulation and Fair Trade Act, and other transactions that are deemed significant. Also, the Committee receives reports on related party transactions with affiliates and can request a detailed investigation. For related party transactions that materially violate relevant laws or regulations of the Company, the Committee has the right to propose corrective measures to the Board.

In addition, the Board in February 2017 reinforced procedures related to executing external financial donations. We created a review council to conduct preliminary reviews of donations of over KRW 10 million, while donations exceeding KRW 1 billion require the approval of the Board and are voluntarily disclosed. Details of the Company's donations are reported quarterly to the Audit Committee, which consists entirely of Independent Directors.

B. Transactions with stakeholders (affiliates and subsidiaries, etc.)

① Credit offerings for affiliates and subsidiaries

Payment guarantees of overseas affiliates for the purpose of providing operating funds are as below. There has not been a transaction of domestic debt guarantees and securities.

(USD thousand)

Company (debtor)	Relationship	Creditor	Guarantee start date	Guarantee expiry date	Limit of guarantee		Transactions			Interest rate
					Period start	Period end	Period start	Increase/decrease	Period end	
SEA	Subsidiary	BOA etc.	Mar 28, 2019	Dec 16, 2020	1,423,000	1,328,000	0	0	0	
SEM	Subsidiary	BBVA etc.	Jun 14, 2019	Dec 16, 2020	546,000	485,000	0	0	0	
SAMCOL	Subsidiary	Citibank etc.	Oct 24, 2019	Dec 16, 2020	168,000	180,000	85,662	4,056	89,718	5.6%
SEDA	Subsidiary	BRADESCO etc.	Jun 14, 2019	Dec 16, 2020	769,000	639,000	0	0	0	
SECH	Subsidiary	Santander etc.	Jun 01, 2019	Dec 16, 2020	178,000	142,000	0	17,256	17,256	1.8%
SEPR	Subsidiary	BBVA etc.	Jun 14, 2019	Dec 16, 2020	180,000	230,000	58,710	31,877	90,587	1.9%
SSA	Subsidiary	SCB etc.	Nov 09, 2019	Dec 16, 2020	323,000	318,000	0	0	0	
SEMAG	Subsidiary	SocGen etc.	Jun 14, 2019	Dec 16, 2020	110,000	110,000	0	0	0	
SETK	Subsidiary	BNP etc.	Jul 19, 2019	Dec 16, 2020	822,000	787,000	64,519	233	64,752	11.5%
SECE	Subsidiary	Citibank etc.	Jun 14, 2019	Jun 13, 2020	75,612	75,698	0	0	0	
SEEG	Subsidiary	HSBC	Jun 14, 2019	Nov 08, 2020	50,000	85,000	0	0	0	
SEIN	Subsidiary	BNP etc.	Apr 26, 2019	Dec 16, 2020	186,000	145,000	0	0	0	
SJC	Subsidiary	Mizuho etc.	Jun 14, 2019	Dec 16, 2020	892,874	896,633	0	0	0	
SEUC	Subsidiary	Credit Agricole etc.	Jun 14, 2019	Dec 16, 2020	150,000	150,000	0	0	0	
SEDAM	Subsidiary	Citibank etc.	Nov 09, 2019	Nov 08, 2020	371,000	322,000	0	0	0	
SECA	Subsidiary	BoA	Dec 17, 2019	Dec 16, 2020	0	70,000	0	0	0	
SELA	Subsidiary	Citibank	Jun 14, 2019	Dec 16, 2020	50,000	70,000	0	0	0	
SEEH	Subsidiary	HSBC etc.	Jun 14, 2019	Dec 16, 2020	697,288	703,000	0	0	0	
SERK	Subsidiary	SocGen etc.	Dec 17, 2019	Dec 16, 2020	245,000	220,000	0	0	0	
SELV	Subsidiary	Citibank	Jun 14, 2019	Dec 16, 2020	10,000	10,000	0	0	0	
SAPL	Subsidiary	BOA etc.	Nov 09, 2019	Nov 08, 2020	411,000	395,000	0	0	0	

Company (debtor)	Relationship	Creditor	Guarantee start date	Guarantee expiry date	Limit of guarantee		Transactions			Interest rate
					Period start	Period end	Period start	Increase/decrease	Period end	
SEV	Subsidiary	SCB	Jun 14, 2019	Nov 08, 2020	15,000	15,000	0	0	0	
SAVINA	Subsidiary	HSBC etc.	Nov 09, 2019	Nov 08, 2020	71,000	71,000	0	0	0	
SET	Subsidiary	SCB	Jun 14, 2019	Dec 16, 2020	30,000	30,000	0	0	0	
SCIC	Subsidiary	HSBC etc.	Nov 09, 2019	Nov 08, 2020	350,000	350,000	0	0	0	
SME	Subsidiary	SCB	Dec 17, 2019	Dec 16, 2020	110,000	110,000	0	0	0	
SAMEX	Subsidiary	Citibank	Dec 17, 2019	Dec 16, 2020	5,000	5,000	0	0	0	
SEASA	Subsidiary	Citibank	Nov 09, 2019	Nov 08, 2020	1,000	2,000	0	0	0	
SSAP	Subsidiary	SCB	Jun 14, 2019	Jun 13, 2020	30,000	30,000	0	0	0	
SEHK	Subsidiary	HSBC	Jun 14, 2019	Jun 13, 2020	2000	0	0	0	0	
SEPM	Subsidiary	HSBC	Dec 31, 2019	Jun 13, 2020	7,712	35,000	7,712	-7,712	0	
SESTAR	Subsidiary	HSBC	Nov 09, 2019	Nov 08, 2020	0	50,000	0	0	0	
AdGear Technologies Inc.	Subsidiary	BOA	Jun 14, 2019	Jun 13, 2020	2,000	2,000	0	0	0	
Harman International Industries, Inc.	Subsidiary	JP Morgan	Nov 09, 2019	Nov 08, 2020	0	100,000	0	0	0	
Harman International Japan Co., Ltd.	Subsidiary	MUFG	Jun 14, 2019	Jun 13, 2020	0	25,000	0	0	0	
Harman RUS CIS LLC	Subsidiary	SocGen	Nov 09, 2019	Nov 08, 2020	0	15,000	0	0	0	
Harman Holding Limited	Subsidiary	HSBC	Nov 09, 2019	Nov 08, 2020	0	30,000	0	0	0	
Harman do Brasil Industria Eletronica e Participacoes Ltda.	Subsidiary	SocGen	Nov 09, 2019	Nov 08, 2020	0	15,000	0	0	0	
Harman da Amazonia Industria Eletronica e Participacoes Ltda.										
Harman Finance International, SCA	Subsidiary	JP Morgan, etc.	May 27, 2015	May 27, 2022	400,101	392,210	400,101	-7,891	392,210	2.0%
Total					8,681,587	8,638,541	616,703	37,819	654,522	

② Acquisitions and disposals of assets with affiliates and subsidiaries

In 2019, the Company acquired a PLP business from one of its affiliates, Samsung Electro-Mechanics. Also, the Company sold assets to affiliates including SCS (Samsung China Semiconductor LLC.) to increase production capacity of such affiliates while acquiring assets including facility equipment from affiliates to improve efficiency of domestic production.

(KRW mil)

Company	Relationship	Transaction type	Transaction date	Date basis	Asset	Transaction purpose	Amount	Gain or loss on disposal
Samsung Electro-Mechanics	Affiliates	Business acquisition	Jun 1, 2019	Date of acquisition	Machinery, etc.	Secure next-generation packaging technology	785,000	-
SCS	Affiliates	Asset sale/purchase	Dec 31, 2019	Date of sale/purchase	Machinery, etc.	Increase production capacity and production efficiency	399,043	197,700
Samsung SDI	Affiliates	Asset sale	Aug 23, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	16,106	3,278
SAS	Affiliates	Asset sale	Dec 6, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	12,807	3,086
SESS	Affiliates	Asset sale/purchase	Nov 5, 2019	Date of sale/purchase	Machinery, etc.	Increase production capacity and production efficiency	10,404	449

Company	Relationship	Transaction type	Transaction date	Date basis	Asset	Transaction purpose	Amount	Gain or loss on disposal
SSI	Affiliates	Asset purchase	Nov 30, 2019	Date of purchase	Machinery, etc.	Increase production capacity and production efficiency	3,678	-
SEHZ	Affiliates	Asset purchase	Dec 9, 2019	Date of purchase	Machinery, etc.	Increase production capacity and production efficiency	2,688	-
SEV	Affiliates	Asset sale/purchase	Dec 4, 2019	Date of sale/purchase	Machinery, etc.	Increase production capacity and production efficiency	1,188	348
TSTC	Affiliates	Asset purchase	Mar 5, 2019	Date of purchase	Machinery, etc.	Increase production capacity and production efficiency	1,188	-
SEVT	Affiliates	Asset sale/purchase	Dec 1, 2019	Date of sale/purchase	Machinery, etc.	Increase production capacity and production efficiency	1,064	44
TSEC	Affiliates	Asset purchase	Oct 25, 2019	Date of purchase	Machinery, etc.	Increase production capacity and production efficiency	775	-
SEHC	Affiliates	Asset sale	Nov 15, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	650	23
SESK	Affiliates	Asset sale/purchase	Oct 1, 2019	Date of sale/purchase	Machinery, etc.	Increase production capacity and production efficiency	261	7
TSE	Affiliates	Asset sale	Nov 27, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	155	42
SIEL	Affiliates	Asset sale	Aug 22, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	107	7
SEIN	Affiliates	Asset sale	Aug 22, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	107	7
STECO Co., Ltd.	Affiliates	Asset sale	Dec 30, 2019	Date of sale	Machinery, etc.	Increase production capacity and production efficiency	103	103

③ Business transactions with affiliates and subsidiaries

In 2019, SEC conducted purchase and sales transactions with SEA (Samsung Electronics America, Inc.), etc.

(KRW mil)

Subsidiary	Type of transaction	Transaction date	Items/assets	Transaction value
SEA	Sales/purchases	Jan 2019–Dec 2019	HHPs, home appliance, etc.	26,118,096
SEVT	Sales/purchases	Jan 2019–Dec 2019	HHPs, etc.	25,508,681
SSS	Sales/purchases	Jan 2019–Dec 2019	Semiconductors, etc.	18,494,615
SEV	Sales/purchases	Jan 2019–Dec 2019	HHPs, etc.	18,342,471
SSI	Sales/purchases	Jan 2019–Dec 2019	Semiconductors, etc.	13,998,666
SEHZ	Sales/purchases	Jan 2019–Dec 2019	HHPs, TVs, etc.	8,132,819
SIEL	Sales/purchases	Jan 2019–Dec 2019	HHPs, home appliance, etc.	7,833,285

④ Transactions with stakeholders other than affiliates and subsidiaries

As of December 31, 2019, the Company's outstanding loan amount is approximately KRW 120 billion for obligations related to support for supplier companies for product competitiveness and mutual development as well as home loan and educational expenses for employee welfare.

(KRW mil)

Company	Relation	Account title	Loans		
			Transaction		
			Period start	Change	Period end
SEST Co., Ltd., etc.	Partner company	Short-term loans	30,887	2,846	33,733
Bumjin I&D, etc.	Partner company and employee	Long-term loans	91,527	-5,233	86,294
Total			122,414	-2,387	120,027

3. Board of Directors

(1) Roles and responsibilities

(Core Principle 3) Role and responsibilities of the Board

■ The Board of Directors should establish business goals and strategies for the interests of the corporation and shareholders and supervise management effectively.

1) Effective implementation of Board role

(Specific Principle 3-①) The Board of Directors should perform the decision-making and supervisory functions effectively.

A. Board system

The Board is an essential body of a listed company that makes strategic decisions on important business matters from a multi-faceted perspective and through independent oversight of management. The Company operates its Board and supports Board's activities by establishing an institutional framework such as the Articles of Incorporation and Regulations of the Board of Directors.

(i) Matters to be resolved

The Board makes resolutions on matters according to the relevant laws, Articles of Incorporation, and Regulations of the Board of Directors on important matters related to the Company's management policies and business operations.

In accordance with the Articles of Incorporation, matters to be submitted to the Board are as follows:

[Matters to be resolved by the Board in accordance with the Articles of Incorporation]

1. Establishment of factories, branches, representative offices or business offices in and outside the country
2. Preferred dividend yield on preferred shares
3. Retirement of treasury shares
4. Transfer agent, the location of its services and the scope of its operation
5. Matters related to issuance of new shares
 - Disposal of forfeited and fractional shares
 - Allocation of new shares to persons other than shareholders
6. Issuing new shares via public offering related conditions
7. Matters related to stock options
 - Granting stock options to officers and employees (excluding directors)
 - Cancellation of grant of stock options
8. Closing register of shareholders and the record date for occasions such as a convocation of a special meeting of shareholders
9. Matters related to issuance of convertible bonds
 - Disposal of forfeited and fractional shares
 - Issuance of convertible bonds to persons other than shareholders
 - Convertible bonds issued on the condition that rights will be attached to only a portion of convertible bonds
 - Conversion price when issuing convertible bonds to persons other than shareholders
 - Adjustment of conversion period
10. Matters related to issuance of bonds with warrants
 - Disposal of forfeited and fractional shares
 - Issuance of bonds with warrants to persons other than shareholders and the face value
 - Amount of new shares which can be subscribed for by the holders of the bonds
 - Face value when issuing bonds with warrants to persons other than shareholders
 - Adjustment of the period during which the warrant holder may exercise his/her right to subscribe for new shares
11. Convocation of a general meeting of shareholders

12. Chairman of the general meeting of shareholders when a CEO is imprisoned
13. Appointment of CEOs
14. Selection of Chairman, Vice-Chairman, President, Executive Vice President, Senior Vice President, Vice President
15. Responsibilities of President, Executive Vice President, Senior Vice President, Vice President
16. How proxy works when a CEO is unable to perform the role
17. Establishing committees within the Board
18. Matters related to the rights and operations of each committee
19. Appointment of the Chairman of the Board
20. Approval of concurrent positions held by Directors
21. Distribution of profit
22. Approval of related party transactions, etc.
 - Transactions made with related parties as defined in the Monopoly Regulation and Fair Trade Act or large-scale internal transactions for related parties as designated in Article 11-2 of the Act
 - Transactions listed in Article 542-9 Section 3 of the Commercial Act with majority shareholders (including their related parties in accordance with the Commercial Act) or related parties (excluding transactions of which the total value has been approved by the Board, in accordance with Section 5 Clause 2 of the Article)
23. Establishment and execution of specific rules needed for promotion and management of business

In accordance with Article 10 of the Regulations of the Board of Directors, matters to be submitted to the Board are as follows:

[Matters to be resolved by the Board in accordance with the regulations of the Board]

1. Convocation of a general meeting of shareholders and matters to be submitted to the meetings
 - Convocation of a general meeting of shareholders
 - Approval of business reports and financial statements
 - Amendment to the Articles of Incorporation
 - Reduction of capital
 - Dissolution, merger, and continuance of the Company
 - Transfer of the whole or an important part of the Company's business, or acquisition of the whole or an important part of other companies that has a material impact on the Company's business
 - Conclusion, alteration, or rescission of contracts regarding leasing the whole business, giving a mandate to manage such business or sharing with another party the entire profits and losses from the business or any similar contract
 - Ex post facto incorporation
 - Appointment or dismissal of directors
 - Issuance of stock below par value
 - Exemption of director's liabilities
 - Stock dividends
 - Decision to offer stock options
 - Remuneration of directors
 - Election of chairman of the general meeting of shareholders (in the case when the Board is required to appoint the chairman of the meeting)
 - Appointment of a person to convoke the general meeting of shareholders (in the case when the Board is required to appoint the chairman of the meeting)
 - Other matters to submit to the general meeting of shareholders

2. Matters related to management

- Establishment of basic principles of the Company's management
- Approval of management plans, quarterly reports, and semi-annual reports
- Appointment or dismissal of compliance officers, and establishment, revision, or abolishment of compliance guidelines

3. Matters related to assets or financial affairs

- Transfer of legal reserve to capital
- Matters related to issuance of shares
 - Issuance of new shares
 - Issuance of convertible bonds and bonds with rights to subscribe for new shares
- Acquisition, disposition, or retirement of treasury stocks
- Approval of related party transactions, etc.
 - Transactions made with related parties as defined in the Monopoly Regulation and Fair Trade Act or large-scale internal transactions for related parties as designated in Article 11-2 of the Act
 - Transactions listed in Article 542-9 Section 3 of the Commercial Act with majority shareholders (including their related parties) or related parties (excluding transactions of which the total value has been approved by the Board, in accordance with Section 5 Clause 2 of the Article)
- Decision to offer stock options (excluding directors)
- Investment in or disposal of equity in other companies with a value of 2.5% of the total equity
- Direct overseas investments with a value of over 2.5% of the total equity
- Asset revaluation
- Stock split or reverse split
- Material changes of accounting standards
- New debt guarantees or collateral issuances with a value of over 2.5% of the total equity
 - Collateral: Only in the case of providing collateral for others
 - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
- Loan contract with a value of over 5% of the total equity
- Listing of its securities on overseas stock exchange
- Important matters when setting up or withdrawing from a fund for stock buyback
- Shares forfeited in a capital increase
- Provisional payment or loan with a value of over 0.5% of the total equity
- Donation, contribution, or sponsorship of over KRW 1 billion per year

4. Matters related to the Board, Board committees, etc.

- Approval of Director holding a position in another company of a competitive and/or similar business field to the Company, and approval of transactions between a Director and the Company
- Appointment of the Chairman of the Board
- Appointment of the CEO and decision to appoint of co-CEOs
- Appointment and removal of directors to positions and responsibilities
- Establishment of committees and appointment or removal of committee members

5. Others

- Amendment and abolishment of the Regulations of the Board of Directors and the regulations of each committee
- Other matters provided for by relevant laws and regulations or the Articles of Incorporation, matters delegated by general meeting of shareholders, and matters deemed necessary by the CEO.

(ii) Matters to be resolved by the Board other than mandated by relevant laws

The Company's Articles of Incorporation and regulations of the Board of Directors stipulate that important matters, in addition to matters that are mandated by law, to be reviewed by the Board.

One example is the approval process for business management plans for the next year. The plan receives final approval at the Board so that the direction of the business is sufficiently discussed and opinions are collected. It is approved before quarterly and half-year reports are submitted, enabling a review on the implementation of management plans. In addition, all donations and social contributions over KRW 1 billion are to be resolved by the Board, enhancing the transparency of operating donations and social contribution funds and compliance of our management.

Moreover, matters delegated at the general meeting of shareholders or deemed necessary by a CEO can be added to the subject of deliberation at the Board, ensuring that the Board reviews a variety of matters other than what is included in the Articles of Incorporation and regulations of the Board.

Matters to be reviewed and resolved by the Board in accordance with the Company's Articles of Incorporation and regulation of the Board, although not mandated by the laws, are as follows:

1. Matters related to management, etc.
 - Resolution and revision of basic policy for business management
 - Approval of business plans, and quarterly and half-year reports
 - Establishment of factories, branches, representative offices or business offices in and outside the country
2. Matters related to finance, etc.
 - Acquisitions or disposals of equity investments with a value over 2.5% of the total equity
 - Direct overseas investments with a value over 2.5% of the total equity
 - Re-evaluation of asset
 - Significant changes in accounting standard
 - New debt guarantee or collateral issuance with a value over 2.5% of the total equity
 - Collateral: Only in the case of providing collateral for others
 - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
 - New credit agreement contract with a value over 5% of the total equity
 - Listing in overseas stock market
 - Important matters regarding application for or termination of treasury fund at investment and trust company
 - Loans and provisional payments over 0.5% of total equity
 - Annual donation, contribution, sponsorship over KRW 1 billion
3. Agenda items to be submitted to the AGM
4. Other matters delegated at the general meeting of shareholders and matters deemed necessary by a CEO

(iii) Delegation of authority

The Board can establish committees under the Board and delegate certain responsibilities to the committees in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board of Directors. Also, in accordance with Article 11 of the regulations of the Board, the decision can be delegated to a committee within the Board through a Board resolution, except as stipulated by relevant laws or Articles of Incorporation. Execution of matters resolved at Board meetings is led by the Company's CEO.

[Management Committee]

1. General management
 - Annual or mid- to long-term management policy and strategy
 - Key management strategy
 - Business planning and restructuring
 - Establishment, relocation, and withdrawal of overseas branches and corporations
 - Initiating cooperative efforts, such as strategic partnerships with foreign companies

- Acquisition or disposal of domestic and overseas subsidiaries (provided the value of the transaction exceeds 0.1% of total equity)
- Other major management matters
- Establishment, relocation, and withdrawal of branches and operations
- Appointment or dismissal of supervisors
- Suspension or shutdown of production over 5% of the total production in the recent year
- Licensing agreements, technology transfers, and technology partnerships of over 0.5% of the total equity
- Acquisitions and transfers of patents related to new material and new technology of over 0.5% of the total equity
- Collection and destruction of products corresponding to over 5% of the total sales in the recent business year
- Contracting for over 5% of the total sales in the recent business year
- Contracting or canceling of single sales agencies and suppliers over 5% of the total sales in the recent business year
- Setting basic principles of organization management
- Decision making on basic principles and any changes related to wages, bonuses, and fringe benefits
- Appointments, dismissals, and changes of transfer agents
- Closing of the shareholder register and setting the reference date
- Establishing corporate guidelines for business and management related activities

2. Matters related to finance

- Acquisitions or disposals of equity investments with a value no less than 0.1% and less than 2.5% of the total equity
- Direct overseas investments with a value no less than 0.1% and less than 2.5% of the total equity
- New debt guarantee (excluding extension of period) or collateral issuance with a value no less than 0.1% and less than 2.5% of the total equity
 - Collateral: Only in the case of providing collateral for others
 - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
- New credit agreement contract (excluding extension of period) with a value no less than 0.1% and less than 5% of the total equity
- Approval of related party transactions:
Related party transactions with affiliates involving cash (loans and provisional payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value no less than KRW 3 billion and less than 5 billion, as defined in the Monopoly Regulation and Fair Trade Act
 - ※ Excluding cases where existing contracts are renewed without significant changes.
- Insurance of Corporate Bond
- Acquisition and disposal of real estate with a value of over 0.1% of the total equity, provided the transaction is with the third party
- Any matters that the CEO deems necessary and important for the business (e.g., capex)

3. All other matters except for those delegated to the Board and other committees in accordance with regulations of the Board.

[Audit Committee]

1. Audit overall business of the Company, including tasks performed by the Board and the CEOs.
2. Request Directors or employees to submit reports on the business operated by the Company or investigate the businesses or assets of the Company.
3. Directors shall report to the committee immediately if they find any risks that can have a material impact on the Company.
4. Any other authority granted to the committee by relevant laws and regulations, the Articles of Incorporation or a Board resolution

[Independent Director Recommendation Committee]

Recommends Independent Director candidates to the Board to be presented at a general meeting of shareholders.

[Related Party Transactions Committee]

1. Receives reports on related party transactions, conducts preliminary reviews on related party transactions exceeding KRW 5 billion before submission to the Board, and resolves transactions deemed significant by the secretary of the Committee
2. Right to order investigation of details on related party transactions
3. Right to propose corrective measures for related party transactions that are subject to serious violations of the law and regulations of the Company

[Compensation Committee]

1. Propose a remuneration limit for Directors at the AGM
2. Establish a Director remuneration system
3. Other matters delegated by the Board

[Governance Committee]

1. Matters related to corporate social responsibility
2. Matters related to enhancing shareholder value
 - Preliminary review on shareholder return policies
 - Activities to improve shareholder rights and interest
 - Other important management matters that can significantly impact shareholder value.
3. Matters related to the establishment, composition, and operation of organizations under the Committee, including research groups, councils, etc.
4. Other matters delegated by the Board

B. Effectiveness of Board performance

As the top decision making body of the Company, the Board supports executives to facilitate proper decision making and effectively oversees the work of the executives; it resolves important matters in addition to what is stipulated by the law and Articles of Incorporation and establishes committees which are delegated to review major issues.

2) CEO succession plan

(Specific Principle 3-②) The Board of Directors should establish and implement a policy on the succession of chief executive officers (including an emergency nomination policy) and continue to improve these policies.

(i) Establishing CEO succession plan and executor of the plan

The Company's CEOs must possess excellent management skills, have abundant business experience and related knowledge, and set a clear vision for the employees of the Company as well as external stakeholders, including shareholders. Considering these qualities cannot be developed within a short period of time, we operate a system to nurture potential candidates and to systematically expand their roles based on high-level evaluation processes and training strategies. In order to promptly respond to unexpected events or changes in the business environment, we manage a pool of candidates from various backgrounds.

The CEO succession procedure is as follows: From the pool of CEO candidates, who have been receiving training, the person best fitting the position with management and leadership competencies is recommended to the Board of Directors. Then the Board reviews the eligibility and confirms the candidate. Once the candidate is appointed as an Executive Director at the general meeting of shareholders, the Board conducts a final review and elects the person as CEO.

If the CEO is unable to carry on with the position for any reason, including personal affairs, an acting CEO will immediately be designated from the candidate pool. If the candidate is a Director, the Board will appoint the candidate as a CEO, which ends the CEO procedure. If the candidate is not a Director, then the appropriate procedures will be swiftly carried out regarding the holding of a general meeting of shareholders in accordance with the Commercial Act to appoint a new Director at a general meeting of shareholders and elect the CEO by Board resolution, which ends the CEO succession procedure. Former CEOs may work as

a non-registered executive, or sign a contract as an on-site advisor or consultant after retiring, to support succession activities.

(ii) Selection, management, training of candidates

The Company selects individuals to be included in the CEO candidate pool from our executives through an eligibility review every year. The two categories of the pool are: 'Ready now' for candidates able to assume the role of CEO after 1-2 years of training; and 'Ready Later' for candidates who will be ready in 3-5 years. The candidate pool is put together through discussions among key executives, including the CEOs. A candidate considered the best fit for a vacant CEO position, based on the strategic role the person has to play at the time, is recommended to the Board of Directors.

In order to facilitate a smooth succession, the candidate recommendation process will end and the succession procedure will begin three months before a CEO is expected to resign due to personal reasons or three months before the term expires.

The Board reviews the eligibility of the recommended candidate and then confirms the CEO candidate. Once the candidate is appointed as a CEO at a general meeting of shareholders, the Board conducts a final review and elects the CEO, which ends the succession procedure.

Executives who are selected to the CEO candidate pool receive training in the Samsung Leadership Program for a total of four weeks. The program includes basic training to nurture the comprehensive competency necessary for the next-generation CEO, such as management strategies, leadership, and global competencies. On top of the basic training, candidates are provided with customized training, including job rotation to strengthen business experience and knowledge.

(iii) Training Sessions

In 2019, seven executives in the pool of next-generation CEO candidates participated in the Samsung Leadership Program, and gathered together to receive a week-long training in four different sessions from April to October 2019.

3) Internal control policy of the Board of Directors

(Specific Principle 3-③) The Board of Directors should establish and implement internal control systems (risk management, compliance, internal accounting management, disclosure information management, etc.) and continue to improve these policies.

(i) Risk management by the Board of Directors

A company's operation is continuously exposed to a myriad of risks that can occur under a changing business environment, which include uncertainties related to the business, finance, environmental safety, and labor. These risks are managed at a fundamental level, and they are addressed by relevant departments in the Company. However, issues of great importance need to be supervised by the Board.

The Company's Governance Committee (formerly the CSR Committee) recognizes risks related to corporate social responsibility as important matters to manage and pursues ways to better address such risks. As a result, the Company in July 2016 created the CSR Risk Management Council to operate under the Governance Committee. The Council supervises the internal management system to address CSR risks and discusses ways to resolve any issues. To ensure the integrity of the process, all Independent Directors and relevant teams, including the Global Public Affairs team, participate in the Council.

Risks related to finance are managed by the Company's financial management team under the supervision of the Audit Committee. We do not operate a separate Risk Management Committee, which is a mandatory requirement for financial companies.

Risks that are unrelated to finance are managed and reported to the Board as major current issues by relevant internal departments (eg, environment, health and safety issues are managed by Global EHS Center), and the Board reviews the items and comprehensively manages risk.

(ii) Compliance, internal accounting, and disclosure

Since 2012, we establish compliance standards and appoint the Head of Compliance Team as a Compliance Officer through a resolution of the Board, enabling compliance activities, in accordance with Article 542-13 of the Commercial Act and Article 10 of the regulation of the Board of Directors.

In 2020, the Company implemented measures to strengthen legal compliance: we moved the Compliance Team, previously under the Legal Affairs Office, to directly under the leadership of the CEOs, strengthening independence; and we also revised our compliance standards.

Under the revision, the Compliance Officer reports to the Board two times or more each year on his or her activities, which include compliance oversight results, measures for establishing and maintaining a culture of compliance, and evaluations on the validity of the compliance control system. Also, the Officer attends all Board meetings and Board Committee meetings, such as Management Committee meetings, to support major decision making procedures.

In order to ensure credibility in the Company's financial information and disclosures, we operate an internal accounting management system based on an internal accounting management regulation established in accordance with Article 8 of the Act on External Audit of Stock Companies, resolved by the Board in December 2001. The Company revised its internal accounting management regulations through a Board resolution in January 2019, as the Act on External Audit of Stock Companies was revised completely in October 2017 and went into effect in November 2018. In accordance with internal regulations, we have established a department which oversees the internal accounting management system activities and a department which supports tasks of the Audit Committee such as assessment of the internal accounting management system. Also, CEOs conduct an annual review on the effectiveness of the internal accounting management system and report the results at the general meeting of shareholders.

The IR team and the Corporate Finance & Accounting Team, being responsible for disclosure activities, run weekly checks based on an internal disclosure management system to see if disclosures are required.

(iii) Other internal control policies

As a leading global IT company, we will continue to secure market competitiveness by strengthening our systematic response to internal and external risks, marked by preemptive identification of risk factors, including sustainability-related risks (eg, human rights, environment). The Company has a systematic risk response policy and procedure for each division, based on our top executives' commitment to risk management.

Capitalizing on the systematic risk response policy and procedures of each division, risks, identified in advance, are reported to top executives. Through the Management Committee (led by the top executives of each division) and the Risk Council (led by the CFO), our three divisions—the core bodies of business operation—and Corporate Management Office break down the categories of risks to monitor and manage: financial risks include market risk, liquidity risk, and credit risk, and non-financial risks include sustainable management risks and more. The CFO also assumes the role of Chief Risk Officer (CRO) for the Company, and leads a weekly meeting of the Risk Council that includes leaders from a variety of departments (Compliance, Communications, Public Affairs, Global Environment, Partner Collaboration Center, and Global Product Quality Innovation, etc.) to manage risks, including sustainable management risk, on a comprehensive level.

(2) Board composition

(Core Principle 4) Composition of the Board

■ The Board of Directors should be constituted to enable efficient decision making and oversight of management. Directors should be appointed in a transparent manner to reflect the opinions of shareholders.

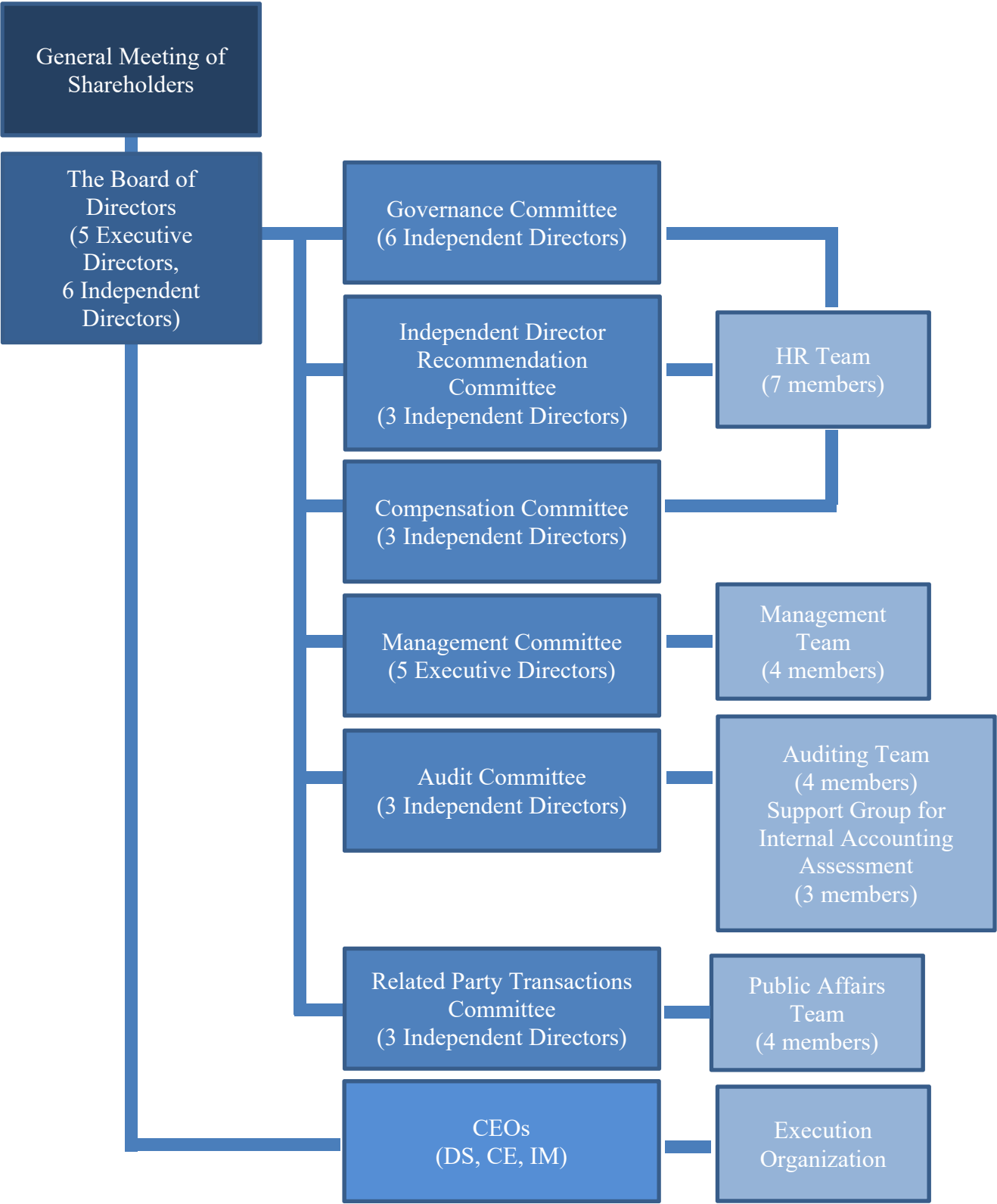
1) Organization of the Board and Independent Directors

(Specific Principle 4-①) The Board of Directors should be constituted to enable effective and thorough discussions and decision making, and should have a sufficient number of Independent Directors to be able to work independently from executives and controlling shareholders.

A. Board composition

(i) Board of Directors, Board committees, support team organization

A general meeting of shareholders is one of the Company's highest decision-making body. It decides on and approves important issues concerning the Company's management, including the election of Directors, amendments to the Articles of Incorporation, approval of financial statements, etc. The Board oversees the management's tasks and makes resolutions on matters provided for by the relevant laws and regulations or the Articles of Incorporation, on matters delegated by a general meeting of shareholders, and on important matters concerning basic policies and execution of the Company's business. To further enhance Board expertise, the Board delegates authority to six committees, with related departments tasked in a supporting role.



(ii) Board Composition

The list of Directors as of the reporting date is as follows.

< Directors of Samsung Electronics >

Name	Position/role	Term	Expertise	Career
Ki-nam Kim	Executive Director & CEO • Head of Management Committee	Mar 23, 2018– Mar 22, 2021	DS Division	• Vice-Chairman & CEO • Head of DS division
Hyun-suk Kim	Executive Director & CEO • Management Committee	Mar 23, 2018– Mar 22, 2021	CE Division	• President & CEO • Head of CE division
Dong-jin Koh	Executive Director & CEO • Management Committee	Mar 23, 2018– Mar 22, 2021	IM Division	• President & CEO • Head of IM division
Jong-hee Han	Executive Director • Management Committee	Mar 18, 2020– Mar 17, 2023	VD Business	• President & Head of Visual Display business
Yoon-ho Choi	Executive Director • Management Committee	Mar 18, 2020– Mar 17, 2023	Corporate management	• President & Head of Corporate Management Office
Jae-wan Bahk	Chairman of the Board, Independent Director • Head of Audit Committee • Head of Governance Committee • Related Party Transactions Committee • Compensation Committee	Mar 11, 2016– Mar 10, 2022 (in second term)	Public sector, finance	• Professor Emeritus of Public Administration at Sungkyunkwan University • Former Minister of Economy and Finance
Sun-uk Kim	Independent Director • Head of Related Party Transactions Committee • Audit Committee • Governance Committee	Mar 23, 2018– Mar 22, 2021	Law	• Professor Emeritus of School of Law at Ewha Womans University • Former Minister of Government Legislation
Byung-gook Park	Independent Director • Head of Compensation Committee • Independent Director Recommendation Committee • Governance Committee	Mar 23, 2018– Mar 22, 2021	Semiconductor	• Professor of electrical engineering at Seoul National University • Former President of Institute of Electronics and Information Engineers
Jeong Kim	Independent Director • Head of Independent Director Recommendation Committee • Compensation Committee • Governance Committee	Mar 23, 2018– Mar 22, 2021	IT, business management	• President of Kiswe Mobile • Former president of Alcatel-Lucent, Bell Lab
Curie Ahn	Independent Director • Independent Director Recommendation Committee • Governance Committee	Mar 20, 2019– Mar 19, 2022	Medicine, social contribution	• Professor of Nephrology at Seoul National University • Director of Raphael International
Han-jo Kim	Independent Director • Audit Committee • Related Party Transactions Committee • Governance Committee	Mar 20, 2019– Mar 19, 2022	Finance, social contribution	• Chairman of Hana Foundation • Former Vice-Chairman of Hana Financial Group

< Composition of Board Committees >

Committee (number of members)	Composition					Main role of the committee	Note
	Title	Position	Name	Sex	Concurrent		
Management Committee (5) (A)	Head	Executive Director	Ki-nam Kim	M	-	• Resolve matters related to management in general, finance, and those delegated by the Board of Directors	
	Member	Executive Director	Hyun-suk Kim	M	-		
	Member	Executive Director	Dong-jin Koh	M	-		
	Member	Executive Director	Jong-hee Han	M	-		
	Member	Executive Director	Yoon-ho Choi	M	-		

Committee (number of members)	Composition					Main role of the committee	Note
	Title	Position	Name	Sex	Concurrent		
Independent Director Recommendation Committee (3) (B)	Head	Independent Director	Jeong Kim	M	E, F	Evaluate candidates for Independent Directors on their independence, diversity, and competence and make recommendations	
	Member	Independent Director	Byung-gook Park	M	E, F		
	Member	Independent Director	Curie Ahn	F	F		
Audit Committee (3) (C)	Head	Independent Director	Jae-wan Bahk	M	D, E, F	Auditing on Company-wide activities, including financial state	
	Member	Independent Director	Sun-uk Kim	F	D, F		
	Member	Independent Director	Han-jo Kim	M	D, F		
Related Party Transactions Committee (3) (D)	Head	Independent Director	Sun-uk Kim	F	C, F	Enhance transparency of management by voluntary compliance to fair transaction	
	Member	Independent Director	Jae-wan Bahk	M	C, E, F		
	Member	Independent Director	Han-jo Kim	M	C, F		
Compensation Committee (3) (E)	Head	Independent Director	Byung-gook Park	M	B, F	Secure objectivity and transparency of the process determining Director remuneration	
	Member	Independent Director	Jae-wan Bahk	M	C, D, F		
	Member	Independent Director	Jeong Kim	M	B, F		
Governance Committee (6) (F)	Head	Independent Director	Jae-wan Bahk	M	C, D, E	<ul style="list-style-type: none"> CSR Committee was expanded and reorganized in April 2017 Work to fulfill social responsibility and enhance shareholder value CSR risk management collaborative body, under Governance Committee, supervises management scheme for CSR risks and discusses response measures 	
	Member	Independent Director	Sun-uk Kim	F	C, D		
	Member	Independent Director	Byung-gook Park	M	B, E		
	Member	Independent Director	Jeong Kim	M	B, E		
	Member	Independent Director	Curie Ahn	F	B		
	Member	Independent Director	Han-jo Kim	M	C, D		

(iii) Independent Director number, portion, consecutive terms, etc.

The Board shall have at least 3 but no more than 14 Directors, in accordance with Article 24 of the Articles of Incorporation. While having more than 3 Directors is in accordance with Article 383 of the Commercial Act, we believe, considering the size of the company, that the maximum number should not exceed 14 to ensure efficient decision-making at and management of meetings. As of 2020, the Board consisted of 11 Directors, of which 6 (or 55%) are Independent Directors. This meets the requirement of Article 542-8 of the Commercial Act, which states that a company shall have at least 3 Independent Directors and that Independent Directors shall constitute a majority of the Board. Each director serves a 3-year term, although Independent Directors can serve 2 consecutive terms. At the AGM in 2019, Independent Director Jae-wan Bahk was re-appointed and is serving his second term.

(iv) Separation of CEO and Board Chairman positions

Following a Board resolution in March 2018, the roles of CEO and Chairman of the Board have been separated to secure independence of the Board from executives and controlling shareholders. In February 2020, an Independent Director was appointed as the Chairman of the Board through a Board resolution.

B. Board independence and diversity

The Board consists of 11 members to promote efficiency in meetings and decision making. Six Independent Directors make up a majority of the Board members, meeting the requirement of Article 542-8 of the Commercial Act, which states that a company shall have at least 3 Independent Directors and that Independent Directors shall constitute a majority of the Board. Directors were appointed in consideration of Board diversity considering factors such as expertise, sex, birthplace, nationality, etc. Independent Directors are chosen from those eligible in accordance with relevant laws with expertise and experience in areas including finance, law, business, engineering, IT, public sector, and EHS, who can oversee management from an objective and external perspective.

The Company separated the roles of Board Chairman and CEO to enhance Board independence, and an Independent Director was appointed as Chairman of the Board. In addition, Independent Directors hold meetings that exclude Executive Directors to discuss current issues, such as increasing shareholder value, and freely express opinions among themselves.

2) Board expertise and sense of responsibility

(Specific Principle 4-②) The Board of Directors should be composed of experts in various fields whose experience and sense of responsibility enable significant contributions to the management of the Company.

A. Committee status

(i) Expertise, sense of responsibility and diversity of the Board

A rapidly changing management environment requires the Board of Directors to make strategic decisions. Therefore, each Director must be equipped with expertise, a sense of responsibility, and the ability to offer diverse opinions. To that end, the heads of each business division participate as Executive Directors to practice responsible management in accordance with our internal policy. Alongside our Executive Directors, Independent Directors, who are experts in a variety of fields, oversee business management from a balanced and independent perspective. The Company encourages diversity and does not limit Independent Director positions by nationality, gender, birthplace, religion etc., to ensure the Board makes business decisions from a balanced perspective. As such, we are doing our utmost to secure expertise, a sense of responsibility, and diversity of the Board.

Executive Director Ki-nam Kim is a leading expert in semiconductor. He was President of Samsung Advanced Institute of Technology, Head of the memory business, and Head of semiconductor business and is a fellow of Institute of Electrical and Electronics Engineers.

Executive Director Hyun-suk Kim is a top expert in consumer electronics. He was the Head of the Visual Display Business and the Head of Digital Appliance business.

Executive Director Dong-jin Koh is a leading expert in the development of the mobile business. He contributed to advancing our mobile business to a world-class level with differentiated products and services in the Galaxy lineup.

Executive Director Jong-hee Han is a top expert in display development. He played a leading role in enabling our TV business to remain at the peak of the global market for fourteen consecutive years.

Executive Director Yoon-ho Choi is an expert in finance, having served as the Head of Corporate Management for European region and Head of support team for IM division. As the Company's CRO, he leads the risk management collaborative body, managing the Company's risks, including those related to ESG.

Independent Director Jae-wan Bahk is an expert in public sector finance and finance administration. He is a former Minister of Strategy and Finance and Minister of Employment and Labor.

Independent Director Sun-uk Kim is a legal expert and a pioneer in Feminist Jurisprudence in Korea. Formerly the President of Ewha Womans University and Minister of Government Legislation, she is a strong female presence who has been working to advance equality for women and the marginalized population.

Independent Director Byung-gook Park, a former President of the Institute of Electronics and Information Engineers, is an expert in semiconductor and is referred to as 'Korea's nano technology pundit'.

Independent Director Jeong Kim is a leading IT expert and a former President at Bell Labs, Alcatel-Lucent and professor of Electrical and Computer Engineering at University of Maryland.

Independent Director Curie Ahn is the first female professor of internal medicine at Seoul National University and a world-class expert in xeno-transplantation research. She is also dedicated to social contribution activities for the marginalized population, such as migrant workers.

Independent Director Han-jo Kim, formerly President of Korea Exchange Bank and Vice-Chairman of Hana Financial Group, is a professional in corporate management and finance.

With their respective expertise, our Directors contribute to the Board activities from different points of view and provide objective input in overseeing management.

(ii) Director appointment and status changes

< Director appointment and status changes since 2018 >

	Name	Date of appointment	Date of term expiration	Date of status change	Reason for status change	Current status in Company
Executive Directors	Oh-hyun Kwon	Mar 16, 2012	Mar 23, 2018	Mar 23, 2018	Term expiry	Non-director*
	Boo-keun Yoon	Mar 15, 2013	Mar 14, 2019	Mar 23, 2018	Resignation	Non-director*
	Jong-kyun Shin	Mar 15, 2013	Mar 14, 2019	Mar 23, 2018	Resignation	Non-director*
	Jae-yong Lee	Oct 27, 2016	Oct 26, 2019	Oct 26, 2019	Term expiry	Non-director*
	Sang-hoon Lee	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Non-director*
				Feb 14, 2020	Resignation	Non-director*
	Ki-nam Kim	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Hyun-suk Kim	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Dong-jin Koh	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Jong-hee Han	Mar 18, 2020	Mar 17, 2023	Mar 18, 2020	Appointment	Incumbent
Yoon-ho Choi	Mar 18, 2020	Mar 17, 2023	Mar 18, 2020	Appointment	Incumbent	
Independent Directors	In-ho Lee	Mar 19, 2010	Mar 20, 2019	Mar 20, 2019	Term expiry	N/A
	Han-joong Kim	Mar 16, 2012	Mar 23, 2018	Mar 23, 2018	Term expiry	N/A
	Byeong-gi Lee	Mar 16, 2012	Mar 23, 2018	Mar 23, 2018	Term expiry	N/A
	Kwang-soo Song	Mar 15, 2013	Mar 20, 2019	Mar 20, 2019	Term expiry	N/A
	Jae-wan Bahk	Mar 11, 2016	Mar 10, 2022	Mar 20, 2019	Reappointment	Incumbent
	Sun-uk Kim	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Byung-gook Park	Mar 23, 2018	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Jeong Kim	Mar 23, 2018.	Mar 22, 2021	Mar 23, 2018	Appointment	Incumbent
	Curie Ahn	Mar 20, 2019	Mar 19, 2022	Mar 20, 2019	Appointment	Incumbent
	Han-jo Kim	Mar 20, 2019	Mar 19, 2022	Mar 20, 2019	Appointment	Incumbent

*Remains with the Company as an executive

B. Securing diversity, expertise, and sense of responsibility in Board composition

As mentioned above, the Board operates at the highest levels of competency by drawing its members from top experts within the company and a diverse range of experts from external sources, such those with expertise in the public sector, IT, medicine, and finance, to make strategic judgements in a rapidly changing management environment.

3) Recommendation and Election of Directors

(Specific Principle 4-③) Corporation should ensure fairness and independence in the process of recommending nominees and selecting Board Directors.

A. Director Recommendation Committee

Independent Directors are elected from candidates recommended by the Independent Director Recommendation Committee, which was established in accordance with the Commercial Act, whereas Executive Directors are elected from candidates nominated by the Board. The Committee consists entirely of Independent Directors, fulfilling the requirements of Article 542-8 of the Commercial Act, which states that Independent Directors must constitute a majority. The Committee maintains its independence and transparency and duly recommends candidates.

Independent Directors need to meet the requirements of relevant laws and the Articles of Incorporation, have no material interests with the Company, and be able to fulfill the roles and responsibilities of supervising management from an independent position. The Independent Director Recommendation Committee selects candidates who meet relevant requirements and have abundant knowledge and expertise in areas including business management, economics, accounting, law, technology, etc. Candidates who can independently add a diverse perspective to the Board, regardless of ethnicity, nationality, gender, region of origin, religion, or area of specialty, will receive primary consideration.

B. Provision of information on Director candidates

(i) Time provided to fully review the candidates

The day the Board makes the resolution for convocation, the Company discloses general meeting agenda, including details of the meeting and information on Director candidates. We provide the convocation notice and reference material via the DART system (<http://dart.fss.or.kr>) and also send convocation notice and reference material via mail to all shareholders at least two weeks prior to the AGM in accordance with Article 363 of the Commercial Act and Article 17-3 of the Articles of Incorporation. Provision of information on Director candidates is as follows:

<Provision of information on Director Candidates since 2019 (as of the reporting date)>

Date of provision	Date of AGM	Director candidate	Details	Note
Feb 26, 2019 (22 days prior to AGM)	Mar 20, 2019	Jae-wan Bahk (Independent)	1. Date of birth, relationship with the major shareholder, recommender 2. Occupation, career, transactions with the Company in the past 3 years	-
		Han-jo Kim (Independent)		
		Curie Ahn (Independent)		
Feb 21, 2020 (26 days prior to AGM)	Mar 18, 2020	Jong-hee Han (Executive)	1. Date of birth, relationship with the major shareholder, recommender 2. Occupation, career, transactions with the Company in the past 3 years 3. Record of default, executive of an insolvent firm, reason for disqualification according to regulation 4. Grounds for recommendation	-
		Yoon-ho Choi (Executive)		

Convocation notice is sent to all rightful shareholders at least 14 days prior to the AGM; and it includes activities of Independent Directors.

(ii) Past Board activities of Director candidate nominated for a second term

The Company provides information on the Board activities of a Director candidate nominated for a second term, including the attendance rate of Board meetings, voting results on each agenda item, etc., via business reports and convocation notice of shareholders' general meeting. The information is also available on our website to allow convenient access for investors.

C. Cumulative voting and reflection of minority shareholders

Based on Article 24 of our Articles of Incorporation, the Company does not practice cumulative voting stated in Article 382-2 of the Commercial Act.

On our website (<https://www.samsung.com/global/ir/governance-csr/general-meeting-of-shareholders/>), we provide information on how to make agenda proposals, which enables minority shareholders to express their opinions on the selection of Director candidates and the election of Directors. Once a proposal is submitted, the shareholder is identified, the proposal receives a legal review, and the shareholder will be notified on the submission in the form of a letter or electronic document.

In the past three years, there have been no shareholder proposals regarding the selection of Director candidates and election of Directors; we will review all submitted proposals carefully as part of our efforts to respect the opinions of minority shareholders.

We listen closely to the opinions of our shareholders and stakeholders. Aside from the established requirements for shareholder proposals, we are continuing to improve the value of the Company and our shareholders by bringing together diverse views and opinions.

D. Securing impartiality and independence in Director candidate recommendation

As mentioned above, the Company established an Independent Director Recommendation Committee in accordance with the Commercial Act. The Committee consists solely of Independent Directors to maintain its independence and transparency, and it recommends Independent Director candidates via due process. Candidates are evaluated on their independence and competency befitting a Director of a global company. The verification and recommendation of Executive Director candidates is conducted by the Board, which consists of a majority of Independent Directors, ensuring impartiality and independence in the recommendation and election process of Independent Directors.

4) Appointment of Executives

(Specific Principle 4-④) When appointing executive members, the Company should exclude any members who have damaged corporate value or violated shareholder rights.

A. Policies to exclude persons who have damaged corporate value or violated shareholder rights when appointing executive members

To fulfill its corporate social responsibility, the Company stipulated legal and ethical compliance as a duty in our Management Principle. Through the stipulation and our compliance activities, we emphasize to all our employees the importance of compliance with all laws, respect for market order and competition, and fair competition.

Based on our Management Principle, to enhance corporate value, we conduct a comprehensive process when appointing executives, which includes excluding candidates with a history of disciplinary actions. In our regulations for treatment of executives, resolved and operated by the Board, we have defined sanctions for legal violations, such as embezzlement and negligence, and any other actions that would damage the corporate reputation.

B. Whether persons receiving a final guilty verdict on charges of embezzlement, malpractice or unfair transactions in accordance with Capital Markets Act have been appointed as executives

The Company has not appointed any persons who have received a final guilty verdict on charges of embezzlement, malpractice or unfair transactions in accordance with Capital Markets Act as executives. However, an executive member was charged with embezzlement, etc. and was convicted on some charges. The Supreme Court sent the case back to a lower court and a retrial is currently in process.

If an executive is charged with embezzlement, etc. and a criminal trial takes place, the Company will take necessary measures based on the specifics of the case and relevant laws once the court reaches a final conclusion. Significant measures may be implemented even before the case is closed to prevent damages to our corporate value, if necessary.

C. Adoption of executive officer system

The Company has not adopted an Executive Officer System for the following reasons: separation of business execution and oversight could undermine consistency of command in the rapidly changing management environment domestically and internationally; the CEO position and Board Chairman are already separated; the Audit Committee consists entirely of Independent Directors; and Independent Directors can keep the management in check. Although decision making, oversight and execution will be carried out by the Board of Directors and CEOs, the Company will continue to review the need for adopting an Executive Officer System.

(3) Responsibilities of Independent Directors

(Core Principle 5) Responsibilities of Independent Directors

■ Independent Directors should be able to participate in decision making of important business matters and perform supervision of the management with independence.

1) Independent Director requirements

(Specific Principle 5-①) An Independent Director should not have a material relationship with the concerned corporation. When appointing a Director, the corporation must confirm his/her relation with the corporation.

A. Interests between Independent Directors and the Company

(i) Relations between Independent Directors and the Company/affiliates of the Company

Name	Independent Director's past working experience		Transaction between SEC or affiliates with Independent Director (or the firm that the Director is a majority shareholder)		Transaction between SEC or affiliates with the firm that Independent Director works in	
	SEC	SEC affiliates	SEC	SEC affiliates	SEC	SEC affiliates
Jae-wan Bahk	N/A	N/A	N/A	-	The Independent Director is working as an Independent Director of Lotte Shopping, which purchased products worth KRW 1.17 bil from SEC in 2019, and received approximately KRW 400 mil for selling products.	-
Sun-wook Kim	N/A	N/A	N/A	-	N/A	-
Byung-gook Park	N/A	N/A	N/A	-	N/A	-
Jeong Kim	N/A	N/A	N/A	-	N/A	-
Curie Ahn	N/A	N/A	N/A	-	N/A	-
Han-jo Kim	N/A	N/A	N/A	-	N/A	-

Transactions between Independent Directors or the firm they work for and SEC affiliates are difficult to identify and therefore not included (number of domestic affiliates as per the FY19 business report is 59).

(ii) Transactions between SEC with an Independent Director (or the firm in which the Director is a controlling shareholder)

Prior to the appointment of an Independent Director, the Company reviews a candidate for reasons for disqualification in accordance with Article 542-8 of the Commercial Act. According to the Act, an individual with an outstanding transaction worth KRW 100 mil or more (excluding standardized transactions with the listed company based on the "terms and conditions" as defined in the Article 2 subparagraph 1 of the Act on the Regulation of the Terms and Conditions) will be excluded as a candidate.

There were no transactions between SEC and an Independent Director or a firm in which the Director is a majority shareholder in the previous three years.

(iii) Transaction between SEC and a firm employing an Independent Director

Prior to the appointment of an Independent Director, the Company reviews the candidate for reason for disqualification in accordance with Article 542-8 of the Commercial Act. In this regard, no employee of a firm with a total transaction amount with SEC in the previous three fiscal years as of the time of the review that exceeds 10% of SEC's total equity or total revenue shall be appointed an Independent Director; no employee of a firm that signed a single transaction agreement worth 10% or more of the firm's revenue with SEC shall be appointed an Independent Director.

There were no transactions between SEC and an Independent Director or a firm that employs a Director, however, small transactions such as normal product purchases are shown in the table above.

(iv) Process to identify there is no interest between the Company and an Independent Director

Our requirements for Independent Directors are based on Article 382, Article 542-8 of the Commercial Act, and Article 24 of the Articles of Incorporation. On top of legal requirements, we conduct a thorough review using various evaluation criteria to appoint Independent Directors that offer both expertise and independence.

Independent Directors should remain independent. When reviewing Independent Director candidates, the HR Team creates a document of verification on the reasons for disqualification stated in Article 382 and 542-8 of the Commercial Act based on the material made public and record of transaction received from the finance team. The document is used to review each candidate's eligibility and to exclude those with an independence conflict. Before the candidate is confirmed, the Independent Director Recommendation Committee checks the eligibility of the candidate once again, with the information received from the organization that the candidate is working for or has previously worked for. Even an incumbent Independent Director will lose his or her position if a reason for disqualification is identified, therefore, eligibility is reviewed to check the independence of Independent Directors.

B. Term of Independent Directors

The term for Independent Directors is three years, which is equivalent to that of Executive Directors. As of the reporting date, the service period for each Independent Directors is as follows:

<Years of service of Independent Directors and reason for long-term service, as of May 2020>

Name	SEC		Including affiliates	
	Period of service	Reason for serving for more than 6 years	Period of service	Reason for serving for more than 9 years
Jae-wan Bahk	4 years and 3 months	N/A	4 years and 3 months	N/A
Sun-uk Kim	2 years and 3 months	N/A	2 years and 3 months	N/A
Byung-gook Park	2 years and 3 months	N/A	2 years and 3 months	N/A
Jeong Kim	2 years and 3 months	N/A	2 years and 3 months	N/A
Curie Ahn	1 year and 3 months	N/A	1 year and 3 months	N/A
Han-jo Kim	1 year and 3 months	N/A	1 year and 3 months	N/A

C. Efforts to appoint Independent Directors that do not have interests with the Company

Independent Directors are expected to be and remain independent from the Company. We exclude candidates with independence issues during the review process. We regularly check the Director independence even after being appointed, since they lose their position if they fall under the disqualification criteria in accordance with Article 382 Paragraph 3 and 542-8 of the Commercial Act.

2) Independent Directors performing duties faithfully

(Specific Principle 5-②) Independent Directors should allot sufficient time and effort to performing their duties.

A. Independent Directors performing duties

(i) Concurrent positions

Independent Directors are permitted to hold concurrent positions, but their present position should be limited to director, executive officer, or auditor of one company other than SEC, in accordance with Article 34 of the Enforcement Decree of the Commercial Act.

(ii) Independent Directors with concurrent positions

Concurrent Position of Independent Directors as of the reporting date is presented below.

<Concurrent Position of Independent Directors>

Name	Date of appointment	Date of term expiration	Current occupation	Concurrent position			
				Organization	Position	Time of service	Listed / unlisted
Jae-wan Bahk (auditor)	Mar 11, 2016	Mar 10, 2022	Professor Emeritus of Public Administration at Sungkyunkwan University	Lotte Shopping	Independent Director (auditor)	Mar 2016~	Listed
				Hansun Foundation	Chief Director	2014~	N/A
Sun-uk Kim (auditor)	Mar 23, 2018	Mar 22, 2021	Professor Emeritus of School of Law at Ewha Womans University	Posco TJ Park Foundation	Chief Director	Feb 2016~	N/A
				National Assembly Futures Institute	Director	2016~	N/A
Byung-gook Park	Mar 23, 2018	Mar 22, 2021	Professor of electrical engineering at Seoul National University	The Korean Academy of Science and Technology	Fellow	2018~	N/A
				The National Academy of Engineering of Korea	Fellow	2014~	N/A
Jeong Kim	Mar 23, 2018	Mar 22, 2021	President of Kiswe Mobile	Kiswe Mobile	President	2013~	N/A
Curie Ahn	Mar 20, 2019	Mar 19, 2022	Professor of Nephrology at Seoul National University	Asian Society of Transplantation	Secretary General	2019~	N/A
				Raphael International	Chief Director	2005~	N/A
				Vital-Link	Chief Director	2009~	N/A
				Korean Organ Transplantation Registry	Chief Director	2016~	N/A
Han-jo Kim (auditor)	Mar 20, 2019	Mar 19, 2022	Chairman of Hana Foundation	Hana Foundation	Chief Director	Apr 2019~	N/A

B. Independent Directors performing duties faithfully

Independent Directors should not hold excessive concurrent positions so they can remain committed to the Company and faithfully participate in management, including regular activities such as Board meetings, ad hoc meetings, and briefing sessions related to the Board. In 2019, all Independent Directors attended every Board meeting. Moreover, the Directors should remain dutiful in performing their roles, such as conducting various Board activities, participating actively in training, and proposing ideas.

(Specific Principle 5-③) The Company should provide Independent Directors with sufficient information and required resources to perform their duties. **3) Supporting Independent Directors in their duties**

A. Policies and their implementation to support Independent Directors perform duties

(i) Process for providing information, human resources, and material resources to Independent Directors

The Company operates a variety of programs to help Independent Directors fulfill their responsibilities.

Independent Directors prepare themselves thoroughly to participate in Board activities, which includes reviewing provided information for decision making, discussions, etc. Independent Directors make decisions independently but are expected to have active discussions with other Directors. When they participate as members of the Board or its committees, Independent Directors are able to receive support from outside experts, if required.

Independent Directors must have a comprehensive understanding of the Company to make efficient decisions. The Company operates programs (other than Board meetings) that can help enhance understanding of our business operations. We offer orientation programs for newly appointed Independent Directors to facilitate their understanding of the Company and its business operations. Alongside regular visits to domestic and overseas sites and presentations on management plans, we also report major issues as they occur to all Independent Directors. Moreover, the Company supports Independent Directors' meetings with institutional investors to communicate and exchange ideas. Through these programs, we ensure that Independent Directors have all the necessary information to carry out their duties.

(ii) Team responsible for dealing with requests from Independent Directors

The HR Team is in charge of overall tasks related to Board activities and supports the Board to ensure that the most appropriate agenda is discussed and resolved at the Board meeting. Prior to the Board meeting, in particular, the team provides all necessary information to ensure there is sufficient time to review the material and resolve the issue at the Board meeting. In addition, the HR Team provides overall support for the Independent Directors to perform their duties. That is, they report management information to Independent Directors and provide support regarding meeting agendas in advance.

(iii) Independent Director-only meetings

The Company supports different types of meetings to facilitate the work of Independent Directors. When necessary, exclusive sessions for Independent Directors are arranged, allowing details of specific agenda items to be reported directly to the Independent Directors. In addition, Independent Directors are given the opportunity to interact directly with employees without the presence of executives when visiting our operations. The details of Independent Director-exclusive meetings held in 2019 before the reporting date are shown below.

< Meeting sessions exclusively for Independent Directors in 2019 >

Type	Date	Attendance	Topics/details	Note
Special	Jan 30, 2019	6 of 6	· Direction for social contribution	-
Special	Jan 31, 2019	6 of 6	· Prospects of 5G technology	-
Special	Jul 31, 2019	6 of 6	· Plans for visiting overseas operation	-
Regular	Aug 16-23, 2019	6 of 6	· Demonstration of 5G technology and discussion of technology development	Visit to overseas operations
Regular	Nov 26, 2019	6 of 6	· Presentation on management plans	-

< Meeting sessions exclusively for Independent Directors in 2020 prior to reporting date >

Type	Date	Attendance	Topics/details	Note
Special	Feb 20, 2020	6 of 6	· Impact on revenue compared to management plan	-
Special	Feb 21, 2020	6 of 6	· Roadmap for nurturing talent	Visit to Leadership Center

B. Whether sufficient information and resources were provided for Independent Directors to perform duties

As shown above, the Company provides sufficient information and resources to Independent Directors needed to perform their duties via orientations for new Independent Directors, meetings only for Independent Directors and designation of a support team. We encourage Independent Directors to freely exchange opinions. A department within the HR Team provides support for Independent Directors to actively carry out their duties by holding orientations for new Independent Directors, sending out meeting materials prior to Board meeting, etc.

(4) Evaluation of Independent Directors

(Core Principle 6) Evaluation of Independent Directors

■ Activities of Independent Directors should be evaluated fairly, and the evaluation results should be reflected appropriately in remuneration and reappointment decisions to encourage active participation.

1) Evaluation method of Independent Directors and reflecting the results

(Specific Principle 6-①) Independent Directors should be evaluated based on their individual performance and the results should be reflected in a reappointment decision for the next term.

(i) Evaluation of Independent Directors

Independent Directors are evaluated regularly against an internal standard based on their individual performances and achievements and the results are used when a Director is considered for reappointment. The Company does not conduct separate external evaluations given the lack of a credible, external organization that could conduct an objective evaluation considering the risk of a potential leak of internal information. However, evaluations on the expertise and independence of Independent Directors, led by the HR Team, are conducted based on an internal accounting control system and the implementation is checked by the Internal Accounting Control Group and the external auditor.

(ii) Evaluation method

Evaluations of Independent Directors are conducted in accordance with internal guidelines to measure the performance of each Director in areas such as attendance rate, performance in Board committee activities, expertise, level of understanding, and independence. The results are used to better support Independent Directors in performing their duties and to review whether the composition of the Board and its committees are appropriate. This is ultimately aimed at enhancing the efficiency of the Board.

2) Determining remuneration of Independent Directors

(Specific Principle 6-②) Independent Director remuneration should be determined at an appropriate level, reflecting performance evaluation results, responsibilities of and the risk associated with the role.

A. Remuneration of Independent Directors

(i) Policies related to remuneration

In accordance with Article 388 of the Commercial Act, Article 34 of the Articles of Incorporation, and Article 10 of the Regulations of the Board, the ceiling on Director remuneration is determined by a resolution at a general meeting of shareholders. The Compensation Committee deliberates over a reasonable remuneration limit to be submitted at the general meeting of shareholders, and the remuneration is later determined within the limits set at the meeting.

Under Company policy, an Independent Director's remuneration is not tied to his or her performance. Rather, it is predetermined in order to avoid any inhibitions that may impede participation if remuneration is based on performance. Remuneration of Independent Directors is limited to base salary for the time invested in performing their duties responsibilities of and the risk associated with the role and does not include stock options.

(ii) Number of stock options and relevant conditions

Remuneration of Independent Directors does not include stock options.

B. Criteria for determining remuneration of Independent Directors

The Company conducts comprehensive evaluations based on Independent Directors' attendance rate and results of Board activities, and remuneration is determined by the responsibilities of and the risks associated with the role, and by the time invested in performing the duties. An Independent Director's remuneration is not tied to his or her performance to enhance independence of Independent Directors.

(5) Board operation

(Core Principle 7) Board operation

■ Board meetings should be operated in an efficient and reasonable manner to serve the interests of the corporation and shareholders.

1) Convocation and operation of meetings of the Board of Directors

(Specific Principle 7-①) Board meetings should be held regularly. Regulations on the operation of the Board of Directors should be established where the Board's rights and responsibilities along with its operational procedures are specifically stated.

A. Board meeting operation

(i) Regulations related to regular Board meetings (Articles of Incorporation or operation regulations of the Board of Directors)

In accordance with Article 7 of Regulations of the Board of Directors, Board meetings are categorized as either regular board meetings or special meetings that are held on an ad hoc basis. The Board plans regular meetings at the beginning of the year and holds seven to eight regular meetings each year for matters such as approving quarterly financial statements and convening the AGM. A special or extraordinary general meeting (EGM) can be called when deemed necessary. In accordance with Article 30 of the Articles of Incorporation and Article 8 of the Regulations of the Board of Directors, a meeting of the Board shall be convened by the Chairman of the Board, and the Chairman shall give notice to each Director of the date, time, place, and meeting agenda at least 24 hours prior to the meeting. Directors may request the Chairman to convene a Board meeting when deemed necessary in the performance of duties; and they shall explain the agenda and reasons for such action to the Chairman. If the Chairman rejects a meeting request without a valid reason, the Director who made the request may convene a meeting directly.

In accordance with Article 31 of the Articles of Incorporation and Article 9 of the Regulations of the Board of Directors, the presence of a majority of all Directors shall constitute a quorum for a meeting of the Board and the resolutions of the Board shall be adopted by a majority of the votes of the Directors attending the meeting. In accordance with Article 391 of the Commercial Act, the Board may adopt a resolution without all or some of the Directors being present at the meeting in person if they are present by means of a remote communications system that enables the simultaneous transmission and receipt of the voice of the Directors. In such cases, the relevant Directors shall be deemed as being directly present at the meeting. According to Article 9 of the Regulations of the Board of Directors, voting rights of a Director who has a special interest in the agenda item shall be limited in order to eliminate the possibility of conflict of interest.

(ii) Meetings of the Board of Directors

In 2019, the Board held seven meetings in total, all of which were regular.

<2019 Board meetings>

Type	Date	Notice	Attend.	Agenda item	Type	Result
Regular	Jan 31	Jan 28	10/11	Approval of FY18 financial statements and annual business report	Resolution	Approved
				Revision of internal accounting management regulations	Resolution	Approved
				Approval of business plan for 2019	Resolution	Approved
				Lease contract with Samsung Display	Resolution	Approved
				Purchase of research equipment and lease contract with Samsung SDI	Resolution	Approved
				Approval of the 2019 social contribution matching fund	Resolution	Approved
				Charitable contribution to Samsung Dream Scholarship Foundation	Resolution	Approved
				Report on the internal accounting management system	Reported item	-
Assessment of the internal accounting management system	Reported item	-				
Regular	Feb 26	Feb 22	9/11	Decision to convene the 50th AGM	Resolution	Approved

Type	Date	Notice	Attend.	Agenda item	Type	Result
				- Decisions on the 50th AGM agenda items - Reported Items: ① FY18 annual audit report ② FY18 annual business report ③ Report on the internal accounting management system - Item 1: Approval of FY18 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings (draft), etc. - Item 2: Appointment of Directors Item 2-1: Appointment of Independent Directors Item 2-2: Appointment of Audit Committee member - Item 3: Approval of remuneration limit for Directors	Resolution	Approved
				Application for product liability insurance	Resolution	Approved
				Sponsoring the WorldSkills Competition	Resolution	Approved
				Donation to Chungnam Samsung Academy	Resolution	Approved
Regular	Mar 20	Mar 16	10/11	Appointment of Board Committee members	Resolution	Approved
				Approval of remuneration for Directors	Resolution	Approved
Regular	Apr 30	Apr 26	10/11	Approval of 1Q19 business report and quarterly dividend	Resolution	Approved
				Application for Venture Capital Union	Resolution	Approved
				Purchase of PLP business	Resolution	Approved
				Application for employee insurance	Resolution	Approved
				Approval of charitable contribution	Resolution	Approved
				Approval of contribution to the Korea Occupational Safety & Health Agency	Resolution	Approved
				Approval of performance incentives to suppliers of the DS division	Resolution	Approved
Regular	July 31	July 26	10/11	Approval of half-year business report and quarterly dividend	Resolution	Approved
				Revision of Regulations of the Audit Committee	Resolution	Approved
				Application for package insurance for operations	Resolution	Approved
				Financial support for startup program at Daegu, Gyeongbuk Creative Economy Innovation Center	Resolution	Approved
Regular	Oct 31	Oct 25	10/10	Approval of 3Q19 business report and quarterly dividend	Resolution	Approved
				Payment of retirement pension plan	Resolution	Approved
Regular	Nov 29	Nov 27	10/10	Approval of transaction with affiliate company	Resolution	Approved
				Payment of retirement pension plan	Resolution	Approved
				Approval of business plan for 2020	Resolution	Approved
				Contribution to Community Chest of Korea's annual fundraising campaign for 2020	Resolution	Approved
				Report on results of the compliance review	Reported item	-

In 2020, as of the reporting date, the Board held 6 meetings (4 regular meetings and 2 special meetings).

<Board meetings in 2020 (as of the reporting date)>

Type	Date	Notice	Attend.	Agenda item	Type	Result
Regular	Jan 30	Jan 22	9/10	Approval of FY19 financial statements and annual business report	Resolution	Approved
				Charitable contribution to Samsung Dream Scholarship Foundation	Resolution	Approved
				Adoption of electronic voting	Resolution	Approved
				Appointment of Compliance Officer	Resolution	Approved
				Establishment and operation of Samsung Compliance Committee	Resolution	Approved
				Revision of compliance regulation	Resolution	Approved

Type	Date	Notice	Attend.	Agenda item	Type	Result
				Report on the internal accounting management system	Reported item	-
				Assessment of the internal accounting management system	Reported item	-
Regular	Feb 21	Feb 19	9/9	Appointment of Chairman of the Board	Resolution	Approved
				Decision to convene the 51st AGM	Resolution	Approved
				- Decisions on the 51st AGM agenda items - Reported Items: ① FY19 annual audit report ② FY19 annual business report - Item 1: Approval of FY19 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings (draft), etc. - Item 2: Appointment of Executive Directors Item 2-1: Appointment of Jong-hee Han as Executive Director Item 2-2: Appointment Yoon-ho Choi as Executive Director - Item 3: Approval of remuneration limit for Directors	Resolution	Approved
				Approval of the 2020 social contribution matching fund	Resolution	Approved
				Donation to Chungnam Samsung Academy	Resolution	Approved
Special	Feb 26	Feb 25	9/9	Support for emergency relief related to COVID-19	Resolution	Approved
Regular	Mar 18	Mar 13	11/11	Appointment of members of the Board Committee	Resolution	Approved
				Approval of remuneration for Directors	Resolution	Approved
				Application for product liability insurance	Resolution	Approved
Regular	Apr 29	Apr 27	11/11	Approval of 1Q20 business report and quarterly dividend	Resolution	Approved
				Lease contract with of Seocho office building	Resolution	Approved
				Charitable contributions	Resolution	Approved
				Lease contract with Samsung SDI	Resolution	Approved
				Provision of performance incentives to suppliers of the DS division	Resolution	Approved
Special	May 27	May 26	11/11	Application for product liability insurance	Resolution	Approved
				Charitable contributions	Resolution	Approved

B. Regular Board meetings

As shown above, the Company holds regular and special Board meetings in accordance with regulations of the Board of Directors.

2) Board meeting minutes

(Specific Principle 7-②)The Board of Directors should prepare detailed minutes of every Board meeting and disclose the attendance and voting records of each Director.

A. Keeping detailed minutes and recordings of Board meeting

The Board prepares minutes of the proceedings and results of the meeting. Names and signatures of all Directors present are affixed to the minutes and then distributed to all Directors to ensure transparency of the decision-making process. We do not prepare voice recordings besides the minutes.

B. Attendance and voting results of individual Directors at Board meetings

The presence of a majority of all members and a majority of votes of the members attending the meeting are required for a Board resolution to pass. The minutes include opinions of individual Directors, those opposed to the agenda, and the reasons for such opposition, if necessary. The outcomes of the Board meetings, attendance rate of each Director, and voting results are disclosed through business reports on a quarterly basis.

< Attendance of Directors in 2019 >

	Name	Jan 31	Feb 26	Mar 20	Apr 30	Jul 31	Oct 31	Nov 29	Note
Executive	Sang-hoon Lee	Present	Present	Present	Present	Present	Present	Present	
	Jae-yong Lee	Absent	Absent	Absent	Absent	Absent	N/A	N/A	Term expired
	Ki-nam Kim	Present	Present	Present	Present	Present	Present	Present	
	Hyun-suk Kim	Present	Present	Present	Present	Present	Present	Present	
	Dong-jin Koh	Present	Absent	Present	Present	Present	Present	Present	
Independent	In-ho Lee	Present	Present	N/A	N/A	N/A	N/A	N/A	Term expired
	Kwang-soo Song	Present	Present	N/A	N/A	N/A	N/A	N/A	Term expired
	Jae-wan Bahk	Present	Absent	Present	Present	Present	Present	Present	
	Sun-uk Kim	Present	Present	Present	Present	Present	Present	Present	
	Byung-gook Park	Present	Present	Present	Present	Present	Present	Present	
	Jeong Kim	Present	Present	Present	Present	Present	Present	Present	
	Curie Ahn	N/A	N/A	Present	Present	Present	Present	Present	Appointed
	Han-jo Kim	N/A	N/A	Present	Present	Present	Present	Present	Appointed

<Attendance of Directors in 2020 (as of the reporting date) >

Director	Name	Jan 30	Feb 21	Feb 26	Mar 18	Apr 29	May 27	Note
Executive	Sang-hoon Lee	Absent	N/A	N/A	N/A	N/A	N/A	Resigned
	Ki-nam Kim	Present	Present	Present	Present	Present	Present	
	Hyun-suk Kim	Present	Present	Present	Present	Present	Present	
	Dong-jin Koh	Present	Present	Present	Present	Present	Present	
	Jong-hee Han	N/A	N/A	N/A	Present	Present	Present	Appointed
	Yoon-ho Choi	N/A	N/A	N/A	Present	Present	Present	Appointed
Independent	Jae-wan Bahk	Present	Present	Present	Present	Present	Present	
	Sun-uk Kim	Present	Present	Present	Present	Present	Present	
	Byung-gook Park	Present	Present	Present	Present	Present	Present	
	Jeong Kim	Present	Present	Present	Present	Present	Present	
	Curie Ahn	Present	Present	Present	Present	Present	Present	
	Han-jo Kim	Present	Present	Present	Present	Present	Present	

< Attendance and voting results of Directors in the recent three years >

Name	Term of service	Attendance (%)				Approval (%)			
		Overall	2019	2018	2017	Overall	2019	2018	2017
Oh-hyun Kwon (Executive)	Mar 16, 2012~ Mar 23, 2018	100.0	-	100.0	100.0	100.0	-	100.0	100.0
Boo-keun Yoon (Executive)	Mar 15, 2013~ Mar 23, 2018	100.0	-	100.0	100.0	100.0	-	100.0	100.0
Jong-kyun Shin (Executive)	Mar 15, 2013~ Mar 23, 2018	90.0	-	100.0	87.5	100.0	-	100.0	100.0
Sang-hoon Lee (Executive)	Mar 23, 2018~ Feb 14, 2020	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Jae-yong Lee (Executive)	Oct 27, 2016~ Oct 26, 2019	0.0	0.0	0.0	0.0	-	-	-	-
Ki-nam Kim (Executive)	Mar 23, 2018~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Hyun-suk Kim (Executive)	Mar 23, 2018~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Dong-jin Koh (Executive)	Mar 23, 2018~	84.6	85.7	83.3	-	100.0	100.0	100.0	-
In-ho Lee (Independent)	Mar 19, 2010~ Mar 20, 2019	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Han-joong Kim (Independent)	Mar 16, 2012~ Mar 23, 2018	100.0	-	100.0	100.0	100.0	-	100.0	100.0
Kwang-soo Song (Independent)	Mar 15, 2013~ Mar 20, 2019	94.4	100.0	87.5	100.0	98.6	100.0	96.9	100.0
Byeong-gi Lee (Independent)	Mar 16, 2012~ Mar 23, 2018	100.0	-	100.0	100.0	100.0	-	100.0	100.0
Jae-wan Bahk (Independent)	Mar 11, 2016~	95.7	100.0	100.0	87.5	100.0	100.0	100.0	100.0
Sun-uk Kim (Independent)	Mar 23, 2018~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Byung-gook Park (Independent)	Mar 23, 2018~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Jeong Kim (Independent)	Mar 23, 2018~	100.0	100.0	100.0	-	100.0	100.0	100.0	-
Curin Ahn (Independent)	Mar 20, 2019~	100.0	100.0	-	-	100.0	100.0	-	-
Han-jo Kim (Independent)	Mar 20, 2019~	100.0	100.0	-	-	100.0	100.0	-	-

(6) Board committees

(Core Principle 8) Board committees

■ The Board should establish committees dedicated to specific functions and roles for efficient operation of the Board.

1) Independent Directors in Board committees

(Specific Principle 8-①) Committees should be composed of a majority of Independent Directors. The Audit Committee and Compensation Committee should consist entirely of Independent Directors.

A. Board committees, main roles, and composition

The Board has established six committees in accordance with Article 28-2 of the Articles of Incorporation and Article 11-2 of the Regulations of the Board—Management Committee, Independent Director Recommendation Committee, Audit Committee, Related Party Transactions Committee, Compensation Committee, and Governance Committee—and has delegated certain responsibilities to the committees to ensure efficient operation of the Board. Please refer to “3. Board of Directors-(2) Board Composition” for more information about the Board committees, main roles, and composition.

B. Board committees composed of majority of Independent Directors (all members shall be Independent Directors for Audit Committee and Compensation Committee)

In accordance with Article 415-2 of the Commercial Act, more than 2/3 of Audit Committee members shall be Independent Directors. In accordance with Article 542-8 of the Commercial Act, majority of Independent Director Recommendation Committee shall be Independent Directors. We increased independence across the Board by forming all committee entirely with Independent Directors, excluding the Management Committee, which consists of five Executive Directors to make efficient decisions about business matters.

2) Regulations for Board operation

(Specific Principle 8-②) All matters relating to the structure, operation, and authority of each committee must be stipulated as regulation. All resolutions by Board committees should be reported to the Board.

A. Structure, operation, and authority of a Board Committee stipulated as regulation

- (i) Whether goals, authorities and responsibilities, evaluation of activities and achievements during reporting period, composition of committees, and Director’s eligibility, appointment, and dismissals are stipulated

Each committee stipulates the goal, authorities and responsibilities, composition, operation, appointment and dismissals in accordance with regulations of the Board of Directors. Details of committee activities are disclosed via business reports among others. Although evaluation of activities and achievements is not stipulated in the regulation, it is considered when evaluating Independent Directors.

1. Management Committee

- 1) Composition: 5 Executive Directors (Ki-nam Kim, Hyun-suk Kim, Dong-jin Koh, Jong-hee Han, Yoon-ho Choi)
- 2) Authorities and responsibilities: The Management Committee deliberates and decides on matters delegated by the Board related to general management and finance. The Committee deliberates and decides on the following matters:
 - A. General management
 - Annual or mid- to long-term management policy and strategy
 - Key management strategy
 - Business planning and restructuring
 - Establishment, relocation, and withdrawal of overseas branches and corporations
 - Initiating cooperative efforts, such as strategic partnerships with foreign companies
 - Acquisition or disposal of domestic and overseas subsidiaries (provided the value of the transaction exceeds 0.1% of total equity)
 - Other major management matters

- Establishment, relocation, and withdrawal of branches and operations
- Appointment or dismissal of supervisors
- Suspension or shutdown of production over 5% of the total production in the recent year
- Licensing agreements, technology transfers, and technology partnerships of over 0.5% of the total equity
- Acquisitions and transfers of patents related to new material and new technology of over 0.5% of the total equity
- Collection and destruction of products corresponding to over 5% of the total sales in the recent business year
- Contracting for over 5% of the total sales in the recent business year
- Contracting or canceling of single sales agencies and suppliers over 5% of the total sales in the recent business year
- Setting basic principles of organization management
- Decision making on basic principles and any changes related to wages, bonuses, and fringe benefits
- Appointments, dismissals, and changes of transfer agents
- Closing of the shareholder register and setting the reference date
- Establishing corporate guidelines for business and management related activities

B. Matters related to finance

- Acquisitions or disposals of equity investments with a value no less than 0.1% and less than 2.5% of the total equity
- Direct overseas investments with a value no less than 0.1% and less than 2.5% of the total equity
- New debt guarantee (excluding extension of period) or collateral issuance with a value no less than 0.1% and less than 2.5% of the total equity
 - Collateral: Only in the case of providing collateral for others
 - Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
- New credit agreement contract (excluding extension of period) with a value no less than 0.1% and less than 5% of the total equity
- Approval of related party transactions:
Related party transactions with affiliates involving cash (loans and payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value no less than KRW 3 billion and less than 5 billion, as defined in the Monopoly Regulation and Fair Trade Act
 - ※ Excluding cases where existing contracts are renewed without significant changes.
- Insurance of Corporate Bond
- Acquisition and disposal of real estate with a value of over 0.1% of the total equity, provided the transaction is with the third party
- Any matters that the CEO deems necessary and important for the business (e.g., capex)

C. All other matters except for those delegated to the Board and other committees in accordance with regulations of the Board.

2. Independent Director Recommendation Committee

- 1) Composition: 3 Independent Directors (Jeong Kim, Byung-gook Park, Curie Ahn)
- 2) Authorities and responsibilities: The Independent Director Recommendation Committee was established in accordance with Article 542-8 of the Commercial Act, Article 28-5 of the Articles of Incorporation, and Article 12-3 of the Regulations of the Board. The Committee evaluates potential candidates for Independent Directors to be presented at a general meeting of shareholders and recommends candidates to the Board.

3. Related Party Transactions Committee

- 1) Composition: 3 Independent Directors (Sun-uk Kim, Jae-wan Bahk, Han-jo Kim)
- 2) Authorities and responsibilities: The Related Party Transactions Committee was established by a resolution of the Board, without legal mandates, to enhance transparency of the Company's management through a voluntary compliance system.
 - Right to receive reports on related party transactions:
The Committee can request reports on related party transactions with affiliates
 - ※ According to the Monopoly Regulation and Fair Trade Act, the Related Party Transactions committee is permitted to conduct preliminary reviews of and approve related party transactions worth KRW 5 billion and over, and other transactions that are deemed significant
 - Right to order ex officio investigation of related party transactions
 - Right to propose corrective measures for related party transactions

4. Compensation Committee

- 1) Composition: 3 Independent Directors (Byung-gook Park, Jae-wan Bahk, Jeong Kim)
- 2) Authorities and responsibilities: The Compensation Committee was established by a resolution of the Board, without legal mandates, to reinforce transparency and objectiveness of the decision-making process regarding remuneration of Directors. The Committee has the authorities in the follow areas:
 - Propose a remuneration limit of Directors at the AGM
 - Establish a Director remuneration system
 - Other matters delegated by the Board

5. Governance Committee

- 1) Composition: 6 Independent Directors (Jae-wan Bahk, Sun-uk Kim, Byung-gook Park, Jeong Kim, Curie Ahn, Han-jo Kim)
- 2) Authorities and responsibilities: The Governance Committee was established in April 2017 as an expansion of the CSR Committee. The Committee was created by a resolution of the Board, without legal mandates, to fulfill the Company's corporate social responsibility and to increase shareholder value. The Governance Committee has authorities in the following areas:
 - Matters related to corporate social responsibility
 - Matters related to enhancing shareholder value
 - Preliminary review on shareholder return policies
 - Activities to improve shareholder rights and interest
 - Other important management matters that can significantly impact shareholder value.
 - Matters related to the establishment, composition, and operation of organizations under the Committee, including research groups, councils, etc.
 - Other matters delegated by the Board

6. Audit Committee

※ Please refer to 4. Audit System – (1) Audit Committee for details related to Audit Committee

B. Reporting to the Board: Committee resolutions

Each Director is notified of resolutions adopted by Board committees. A Director may request a convocation of a Board meeting to the Chairman and go through the resolution process again if deemed necessary, excluding the resolutions made by the Audit Committee to ensure independence of that committee.

C. Board committee meetings and attendance of Directors

<Management Committee>

<Meetings in 2019>

Date	Attendance	Agenda item	Type	Result
Feb 15	3/3	- Licensing agreement	Resolution	Approved
		- Acquisition of overseas subsidiary	Resolution	Approved
Mar 8	3/3	- Disposal of overseas subsidiary	Resolution	Approved

Date	Attendance	Agenda item	Type	Result
		- Closing of shareholder register for quarterly dividends	Resolution	Approved
Apr 5	3/3	- Memory investment	Resolution	Approved
		- Investment in Pyeongtaek complex	Resolution	Approved
		- Foundry investment	Resolution	Approved
		- Disposal of overseas subsidiary	Resolution	Approved
June 7	2/3	- Closing of shareholder register for quarterly dividends	Resolution	Approved
July 5	2/3	- Foundry investment	Resolution	Approved
Aug 30	3/3	- Disposal of overseas subsidiary	Resolution	Approved
		- Foundry investment	Resolution	Approved
Oct 8	3/3	- Establishment of overseas subsidiary	Resolution	Approved
Dec 6	3/3	- Memory investment	Resolution	Approved
		- Investment in overseas subsidiary	Resolution	Approved
		- Foundry investment	Resolution	Approved

< Meetings in 2020 (as of the reporting date)>

Date	Attendance	Agenda item	Type	Result
Jan 13	3/3	- Licensing agreement	Resolution	Approved
Jan 30	3/3	- Memory investment	Resolution	Approved
Mar 6	3/3	- Foundry investment (5-nano)	Resolution	Approved
		- Foundry investment (CIS)	Resolution	Approved
Apr 3	5/5	- Memory investment	Resolution	Approved
		- Disposal of overseas subsidiary	Resolution	Approved
May 8	5/5	- Foundry investment	Resolution	Approved
May 27	5/5	- Memory investment	Resolution	Approved

<Attendance in the recent three years>

Name	Attendance (%)			
	Average	2019	2018	2017
Oh-hyun Kwon	100.0	-	100.0	100.0
Boo-keun Yoon	100.0	-	100.0	100.0
Jong-kyun Shin	90.0	-	100.0	80.0
Sang-hoon Lee	-	-	-	-
Ki-nam Kim	100.0	100.0	100.0	-
Hyun-suk Kim	100.0	100.0	100.0	-
Dong-jin Koh	82.0	75.0	88.9	-
Jong-hee Han	-	-	-	-
Yoon-ho Choi	-	-	-	-

< Independent Director Recommendation Committee >

<Meetings since 2019 (as of the reporting date)>

Date	Attendance	Agenda item	Type	Result
Jan 31	3/3	- Appointment of the Head of the Committee	Resolution	Approved
		- Deadline for recommendation of Independent Director candidates	Resolution	Approved
Feb 25	3/3	- Recommendation of Independent Director candidates	Resolution	Approved

No meeting has been held in 2020 as there were no Independent Director candidates to be elected.

<Attendance in the recent three years>

Name	Attendance (%)			
	Average	2019	2018	2017
Oh-hyun Kwon	100.0	-	100.0	-
Han-joong Kim	100.0	-	100.0	-
Byeong-gi Lee	100.0	-	100.0	-
Jae-wan Bahk	100.0	100.0	100.0	-
Byung-gook Park	100.0	100.0	-	-
Jeong Kim	100.0	100.0	-	-

No meetings were held in 2017 as there were no Independent Director candidates to be elected.

< Related Party Transaction Committee >

<Meetings in 2019>

Date	Attendance	Agenda item	Type	Result
Jan 30	3/3	- Lease contract with Samsung Display	Deliberation	-
		- Purchase of research equipment and lease contract with Samsung SDI	Deliberation	-
		- Report on 4Q18 related party transactions	Reported item	-
Feb 26	3/3	- Application for product liability insurance	Deliberation	-
Apr 29	3/3	- Appointment of the Head of the Related Party Transactions Committee	Resolution	Approved
		- Application for Venture Capital Union	Deliberation	-
		- Purchase of the PLP Business	Deliberation	-
		- Application for employee insurance	Deliberation	-
		- Charitable contributions	Deliberation	-
		- Report on 1Q19 related party transactions	Reported item	-
July 30	3/3	Application for package insurance for operations	Deliberation	-
		Report on 2Q19 related party transactions	Reported item	-
Oct 28	3/3	Payment of retirement pension plan	Deliberation	-
		Report on 3Q19 related party transactions	Reported item	-
Nov 29	3/3	Payment of retirement pension plan	Deliberation	-
		- Approval of large-scale goods and services transactions in 2020	Deliberation	-

<Meetings in 2020 (as of reporting date)>

Date	Attendance	Agenda item	Type	Result
Jan 30	3/3	- Report on 4Q19 related party transactions	Reported item	-
Mar 16	3/3	- Application for product liability insurance	Deliberation	-
Apr 27	3/3	- Lease contract for Seocho office building	Deliberation	-
		- Charitable contributions	Deliberation	
		- Lease contract with Samsung SDI	Deliberation	
		- Report on 1Q20 related party transactions	Reported item	
May 25	3/3	- Application for package insurance for domestic operations	Deliberation	-

<Attendance of Directors in the recent three years>

Name	Attendance (%)			
	Average	2019	2018	2017
In-ho Lee	100.0	100.0	100.0	100.0
Han-joong Kim	100.0	-	100.0	100.0
Kwang-soo Song	100.0	100.0	100.0	100.0
Sun-uk Kim	100.0	100.0	100.0	-
Jae-wan Bahk	100.0	100.0	-	-
Han-jo Kim	100.0	100.0	-	-

< Compensation Committee >

<Meetings in 2019>

Date	Attendance	Agenda item	Type	Result
Feb 25	3/3	- Review on 2019 remuneration limit for Directors	Resolution	Approved

<Meetings in 2020 (as of the reporting date)>

Date	Attendance	Agenda item	Type	Result
Feb 20	3/3	- Appointment of Head of Compensation Committee	Resolution	Approved
		- Review on 2020 fixed annual salary for each Executive Director	Resolution	Approved
		- Review on 2020 remuneration limit for Directors	Resolution	Approved

<Attendance in the recent three years>

Name	Attendance (%)			
	Average	2019	2018	2017
In-ho Lee	100.0	100.0	100.0	100.0
Byeong-gi Lee	100.0	-	100.0	100.0
Kwang-soo Song	100.0	100.0	100.0	100.0
Jeong Kim	100.0	100.0	-	-
Jae-wan Bahk	-	-	-	-
Byung-gook Park	-	-	-	-

< Governance Committee >

<Meetings in 2019 >

Date	Attendance	Agenda item	Type	Result
Apr 30	6/6	- Appointment of the Head of Governance Committee	Resolution	Approved
July 31	6/6	- Report on updates of IR activities	Reported item	-
Oct 31	6/6	- Report on updates of IR activities	Reported item	-
		- Report on IR-Sustainability Roadshow investor meeting	Reported item	-
Nov 29	6/6	- Report on sustainable management scheme	Reported item	-

<Meetings in 2020 (as of the reporting date)>

Date	Attendance	Agenda item	Type	Result
Jan 30	6/6	- Report on updates of IR activities	Reported item	-
Feb 20	6/6	- Review of the Head of Governance Committee appointment	Review	-
Apr 29	6/6	- Report on updates of IR activities	Reported item	-
		- Report on plans for publishing Sustainability Report	Reported item	-

<Attendance of Directors in the recent three years>

Name	Attendance(%)			
	Average	2019	2018	2017
In-ho Lee	100.0	-	100.0	100.0
Han-joong Kim	100.0	-	100.0	100.0
Kwang-soo Song	88.9	-	75.0	100.0
Byeong-gi Lee	100.0	-	100.0	100.0
Jae-wan Bahk	100.0	100.0	100.0	100.0
Sun-uk Kim	100.0	100.0	100.0	-
Byung-gook Park	100.0	100.0	100.0	-
Jeong Kim	100.0	100.0	100.0	-
Curie Ahn	100.0	100.0	-	-
Han-jo Kim	100.0	100.0	-	-

For information on the Audit Committee, please refer to the 『4. Audit System - (1) Audit Committee』 section.

4. Audit System

(1) Internal audit system

(Core Principle 9) Internal audit system

■ Internal audit system should perform audit tasks independently from the management and controlling shareholders and key activities of the system should be disclosed.

1) Audit Committee

(Specific Principle 9-①) Audit Committee should maintain independence and expertise.

A. Composition

(i) Audit Committee composition and accounting/finance experts in the committee

The Audit Committee was established in accordance with Article 415-2 and 542-11 of the Commercial Act, Article 28-4 of the Articles of Incorporation, and Article 12-2 of the Regulations of the Board, and is composed entirely of Independent Directors. As a listed company with assets over KRW 2 trillion, we have 2 Directors who are accounting and/or finance experts, as defined by the Commercial Act and relevant regulations. Independent Director Jae-wan Bahk has a Doctorate in Finance Administration and was a professor of Public Administration at Sungkyunkwan University for over 20 years. Therefore, he is an expert in accordance with Article 37 paragraph 2 subparagraph 2 of the Enforcement Decree of the Commercial Act: a person who holds at least a master's degree in accounting or finance and who has worked for a research institute or university at least as a researcher or an assistant professor in accounting or finance for an aggregate of at least five years. Independent Director Han-jo Kim worked for more than 5 years serving following positions: Head of a branch office of KEB, Head of Corporate Business Group at KEB, President of KEB Capital, President of KEB and Vice-Chairman of Hana Financial Group. Therefore, he is an 'accounting and/or finance expert' in accordance with Article 37 paragraph 2 subparagraph 4: a person who worked for financial organization, etc. in charge of accounting or finance or in charge of supervision over accounting or finance for an aggregate of at least five years. Han-jo Kim is qualified as an accounting and/or finance expert with the requirements stated in Article 542-11 paragraph 2 subparagraph 1 of the Commercial Act. In addition, Independent Director Sun-uk Kim is a legal expert, who worked as Law School professor and Minister of Government Legislation. The composition of the Audit Committee as of December 2019 is shown below.

< Composition of the Audit Committee >

Name	Audit experience	Notes
Jae-wan Bahk (head)	<ul style="list-style-type: none"> - Professor Emeritus at the Department of Public Administration Graduate School of Governance of Sungkyunkwan University (2020~) - Professor at the Department of Public Administration Graduate School of Governance of Sungkyunkwan University (1996-2020) - Minister of Strategy and Finance (2011-2013) - Ph.D. in Finance Administration (1992) 	
Sun-uk Kim	<ul style="list-style-type: none"> - Professor Emeritus at School of Law of Ewha Womans University (2018-) - Professor at School of Law, Ewha Womans University (1995-2018) - President at Ewha Womans University (2010-2014) - Minister of Government Legislation (2005-2007) 	
Han-jo Kim	<ul style="list-style-type: none"> - Chairman of Hana Foundation (2019-) - Vice-Chairman of Hana Financial Group (2015-2016) - President of KEB (2014-2015) - President of KEB Capital (2013-2014) - Head of Corporate Business Group of KEB (2012-2013) - Head of branch office of KEB (1999-2002, 2004-2005) 	

(ii) Policies to secure independence and expertise of the Audit Committee

The independence of our Audit Committee is ensured as all three of its positions are filled by Independent Directors. This exceeds the requirement set forth in Article 2 Paragraph 2 of the Audit Committee regulation: the Audit Committee shall consist of three members, including at least two Independent Directors. In addition, when nominating candidates for the Audit Committee, we consider the following to ensure the expertise and independence of the Committee: the member should have sufficient understanding of the electronics industry and abundant experience in the fields of accounting, finance, law, and/or economics; the member should not have any interest with the Company or any major shareholder of the Company so they can oversee the Board and the management from an independent perspective. Moreover, Audit Committee members can receive training conducted by external professionals and organizations upon request.

B. Audit Committee operation

(i) Regulation on Audit Committee operation

In the Regulations of the Audit Committee, the Company defines the composition, authorities and responsibilities of operation, and more. The authorities and responsibilities are also included in the internal accounting management regulations of Internal Accounting Control System Guidance. The Audit Committee can audit overall activities and processes performed by the Board of Directors, CEOs, etc. It is authorized to receive a report on the work done by Directors and/or employees, or investigate the business and the assets of the Company. Some of the major authorities and responsibilities of the Audit Committee as stated in Regulations of the Audit Committee are shown below.

<Key Authorizations>

- ① Authority to audit business operations of the Company: The committee can audit overall business of the Company, including tasks performed by the Board and the CEOs.
- ② Authority to request reports on the business status of the Company and investigate assets of the Company: The committee can request Directors or employees to submit reports on the business operated by the Company or investigate the businesses or assets of the Company.
- ③ Authority to receive reports from Directors: Directors shall report to the committee immediately if they find any risks that can have a material impact on the Company.
- ④ Authority to investigate subsidiaries of the Company: A committee of a parent company can request that a committee of a subsidiary submit reports on the company's business, when deemed necessary to perform its duties. When the subsidiary company does not immediately report the business, or the report needs additional checking, the committee can investigate the business or assets of the subsidiary.
- ⑤ Authority to request a halt of any acts in violation of laws and regulations or the Articles of Incorporation: When a Director's action is in violation of laws or Articles of Incorporation and causes irreversible damages, the Committee can request the Director to stop these acts.
- ⑥ Authority to Institute Various Actions: The Committee can institute an action such as a cancelation of convocation, nullification of issuing new shares, or nullification of a capital reduction, and is exempted from collateral obligations.
- ⑦ Authority to request the convocation of a general meeting of shareholders: The Committee can request the convocation of an EGM by submitting a written proposal in which agenda items and reasons for convocation are stated to the Board.
- ⑧ Authority to seek external advice at the expense of the Company
- ⑨ Authority to recommend candidates for external auditors
- ⑩ Any other authority granted to the committee by relevant laws and regulations, the Articles of Incorporation or a Board resolution

<Major Responsibilities>

- ① Duty of Care and Due Diligence: Committee members shall execute their duties with such care as is required of good managers.
- ② Duty of investigation on the Annual General Meeting and reporting: Auditors shall examine the agenda items and documents to be submitted by Directors to a general shareholders' meeting and at the general shareholders' meeting shall state their opinions as to whether such agenda items or documents include any matter contrary to any Act, subordinate statute or the Articles of Incorporation or any considerably unfair matter.
- ③ Duty of investigation on the Board and reporting: When any auditor deems that a director acts or is likely to act in contravention of Acts, subordinate statutes or the Articles of Incorporation, the auditor shall report such to the Board of Directors.

- ④ Duty of preparing audit records: Auditors shall prepare records on audit activities, which includes audit procedure and results, and each member's name shall be listed and affix their seal or sign the audit record.
- ⑤ Duty of production and reporting of Audit Report: Auditors shall submit to Directors an audit report at least one week prior to the date set for an AGM on balance sheet, income statement, consolidated financial statement, operation report, and other financial statement under relevant regulations provided to the auditors at least six weeks prior to the Annual General Meeting.
- ⑥ Duty under the External Auditing Act: If an auditor finds any wrongful act or any grave fact in violation of statutes or the Articles of Incorporation concerning a director's performance of duties, the auditor shall follow the Act on External Audit of Stock Companies, Etc. Act and inform the external auditor or the Audit Committee.

(ii) Provision of training necessary to perform duties and advice/support from outside expert

To support Audit Committee members to effectively carry out their duties, the Company provides reports or training on major issues such as the nature of the industry the Company is in, changes in management environment, legal changes, and more. Moreover, Article 15 of the Internal Accounting Control System Guidance stipulated in April 2019 mandates annual training on internal control changes to committee members. The training will be provided in the second half of this year. In accordance with Article 8, paragraph 8 of the Regulations of the Audit Committee, the Committee can seek help from expert with the Company's financial support. 2019 training sessions are shown below.

<Training for Audit Committee in 2019>

Date	Team	Participants	Reason for absence	Contents
Apr 29, 2019	External experts, Finance & Accounting Team, Audit Team	Jae-wan Bahk Sun-uk Kim Han-jo Kim	-	Introductory education for the Audit Committee
July 30, 2019	External experts	Jae-wan Bahk Sun-uk Kim Han-jo Kim	-	Internal accounting management system

(iii) Investigation on wrongdoing of executives and provision of information and financial support for the Audit Committee

In accordance with the Regulations of the Audit Committee, the Committee has the authority to audit the overall business of the Company, including tasks performed by the Board and the CEOs, and can seek help from external experts with company's financial support. Expenses for Committee activities are covered by the Company as stipulated in Article 13 of the Regulations of the Audit Committee: Expenses for meetings and other operations of Audit Committee shall be covered by the Company. In accordance with Article 9 of Regulations of the Audit Committee, the Committee shall report any violation or a risk of violation of regulations or Articles of Incorporation by a Director. In addition, when any wrongdoing by a Director or material fact that is against regulation or Articles of Incorporation is identified, the Committee shall immediately report it to an external auditor.

(iv) Support team for the Audit Committee

The Company operates an internal audit team and internal accounting assessment support group to support the audit activities of the Audit Committee. The internal audit team, which is within the Corporate Management Office, audits performances of the Company's organizations through regular, ad hoc, and special audits, and reports the results to the Audit Committee twice a year. Changes requiring updates, such as work process alterations, are reported as often as needed to Committee members via phone calls or emails. The Head of the Audit Team is also a Senior Vice President and the persons supporting Audit Committee have experience and knowledge in finance and accounting. The internal accounting assessment support provides support for assessment on the establishment and operation of the internal accounting management system of the Audit Committee. The Head of the Internal Accounting Assessment Support Group holds a Vice President position and persons with knowledge and experience in finance and internal control play supporting roles.

Team	Composition	Service years on team	Major tasks
Audit team	1 Senior Vice President, 3 Senior Professionals	Senior Vice President: 5 months Senior Professionals: 1 year 10 months (average)	Support the Audit Committee
Internal accounting assessment support group	1 Vice President, 1 Lawyer, 1 Professional	Vice President: 1 year 5 months Lawyer: 1 year 5 months Professional: 1 year 5 months	Support assessment of the internal accounting management system

As of the reporting date (new Head of Audit team was appointed in January 2020)

(v) Accessibility of information for Audit Committee members

Article 8 of the Regulations of the Audit Committee stipulates that the Committee has the authority to request reports on business or investigate assets of the Company. As such, the Committee can request Directors or employees to submit reports on the business or investigate the businesses or assets of the Company, and receive external expert's advice with Company's budget. Also, we are working to ensure that Committee members are provided with sufficient information: agenda items are sent two days prior to an Audit Committee meeting via email so that members have adequate time to review them in advance.

C. Compensation scheme appropriate for performing duties

The Audit Committee is composed entirely of Independent Directors, therefore, the members are remunerated based on Independent Director remuneration criteria. The remuneration includes a base salary which considers time invested as well as responsibilities and risks in performing their duties. Remuneration criteria for Audit Committee members follow that of Independent Director's.

(KRW mil)

Type	Number of members	Total remuneration*	Average remuneration**	Note
Independent Director (Excluding Audit Committee members)	3	528	176	-
Audit Committee members	3	378	126	-

As of reporting date. No expense incurred from stock option in 2019.

*Income in accordance with the Income Tax Act, given to registered directors, Independent Directors, and Audit Committee members who worked or retired in 2019, in accordance with the Article 159 of the Financial Investment Services and Capital Markets Act and Article 168 of the Enforcement Decree of the same Act.

**Average remuneration is total remuneration/number of members as of reporting date.

D. Securing independence and expertise

Our Audit Committee consists of experts with knowledge and experience in accounting, finance, and law. All three members are Independent Directors, performing auditing activities independently on Director's work and the Company's operation, as stipulated in the Regulations of the Audit Committee.

2) Activities of the Audit Committee

(Specific Principle 9-②) Internal auditing bodies, including Audit Committee and auditors, should dutifully perform audit activities such as holding regular meetings and transparently disclosing their activities.

A. Audit Committee Activities

(i) Conduct auditing and appoint external auditor

The Audit Committee met 6 times in 2019 and 3 times in the first half of 2020; and a total of 43 agenda items were discussed with 4 items submitted and resolved, and 39 items were reported and reviewed. All three members were present at every meeting. Reported items include financial statements, business reports, reviews of external auditors, and evaluations of the internal accounting control system operation. Resolved items include deciding audit contract conditions with designated external auditors, approval of regulations on appointment of external auditors, and approval of revising internal accounting management regulations. Resolutions are notified to each Director within 2 days and the results of review per agenda and updates are recorded in the meeting minutes.

Article 9 of the Regulations of the Audit Committee stipulates that the Committee holds in-person meetings to evaluate the operation of the internal accounting control system and report the result of the evaluation to the Board in person one week prior to the AGM. Also, any suggestions on changing the management and operation of the internal accounting control system shall be included in the report. The Audit Committee received a report on the operation of the internal accounting management system (in January, April, and July in 2019 and in January and April in 2020) and reported the results of evaluations on the operation of the internal accounting management system in person in January 2019 and January 2020. To ensure independence and expertise on evaluating the operation of the internal accounting management system, an internal accounting evaluation support team cooperates with an external accounting firm to conduct the evaluation and report to the Committee. A report on the operation of our internal accounting control system was disclosed alongside our 2019 annual business report.

At the fourth Audit Committee meeting, held in July 2019, the Company established a regulation regarding the appointment of an external auditor, a guideline to ensure the independence and expertise of a newly appointed auditor. In accordance with Article 11-2 of the Act on External Audit of Stock Companies, the Company was requested to use a designated external auditor in 2020, after using a voluntarily appointed external auditor for six consecutive years. In October 2019, the Securities & Futures Commission designated Deloitte Anjin LLC as an external auditor. At the sixth Committee meeting, held in November 2019, the terms and conditions regarding audit activities by the designated external auditor were determined, and in the same month, an external auditing contract was signed with Deloitte Anjin based on those conditions. Deloitte Anjin LLC has been conducting auditing activities for the Company since its appointment for 2020.

(ii) Audit Activities

Activities of the Audit Committee in 2019 and 2020 as of reporting date are shown below.

① Audit Committee meetings

<Meetings in 2019>

Date	Attendance	Agenda item	Type	Result
Jan 30	3/3	Report on 2018 internal accounting management system activities	Reported item	-
		Revision of internal accounting management regulations	Resolution	Approved
		Report on 2018 financial statement and business report	Reported item	-
		Report on 4Q18 non-audit activities	Reported item	-
		Report on 4Q18 external contributions	Reported item	-
		Report on 2018 audit activities	Reported item	-
Feb 26	3/3	Review of the 50th AGM agenda	Deliberation	-
		Assessment of 2018 activities of internal compliance system	Reported item	-
Apr 29	3/3	Report on the 1Q19 business report	Reported item	-
		Report on 1Q19 non-audit activities	Reported item	-
		Plans for review of internal accounting management system activities in 2019	Reported item	-
		Report on 1Q19 external contributions	Reported item	-
		Plans for assessment of 2019 activities of internal compliance system activities	Reported item	-
		2019 audit plans for external auditor and 1Q19 report	Reported item	-
		Appointment of the Head of the Audit Committee	Resolution	Approved
July 30	3/3	Report on half-year business report	Reported item	-
		Report on 2Q19 non-audit activities	Reported item	-
		Report on 2Q19 review of internal accounting management system activities	Reported item	-
		Report on 2Q19 external contributions	Reported item	-
		Report on Audit Committee regulation revision (proposal)	Reported item	-
		Approval of regulation for external auditor appointment	Resolution	Approved
		Report on 1H19 audit activities	Reported item	-
		Report on 2Q19 activities by external auditor	Reported item	-
Oct 28	3/3	Report on 3Q19 business report	Reported item	-

Date	Attendance	Agenda item	Type	Result
		Report on 3Q19 non-audit activities	Reported item	-
		Report on 3Q19 external contributions	Reported item	-
		Report on 3Q19 activities by external auditor	Reported item	-
Nov 14	3/3	Contract conditions with the designated external auditor	Resolution	Approved

< Activities of the Audit Committee in 2020 (as of reporting date)>

Date	Attendance	Agenda item	Type	Result
Jan 28	3/3	Report on 2019 internal accounting management system activities	Reported item	-
		Report on 2019 evaluation of internal accounting management system activities	Reported item	-
		Report on 2019 audit activities by external auditor	Reported item	-
		Report on 2019 financial statements and annual business report	Reported item	-
		Report on 4Q19 non-audit activities	Reported item	-
		Report on 4Q19 external contributions	Reported item	-
		Report on 2019 audit activities	Reported item	-
Feb 20	3/3	Review of the 51st AGM agenda	Deliberation	-
		Report on 2019 internal oversight scheme	Reported item	-
Apr 27	3/3	Report on communication with the Audit Committee of external auditor	Reported item	-
		Report on the 1Q20 business report	Reported item	-
		Report on 1Q20 non-audit activities	Reported item	-
		Plans for review of internal accounting management system activities in 2020	Reported item	-
		Report on 1Q20 external contributions	Reported item	-
		Plans for assessment of internal accounting management system activities in 2020	Reported item	-

② Attendance of Directors at Audit Committee meetings

< Attendance of Directors in 2019 >

	Name	Jan 30	Feb 26	Apr 29	July 30	Oct 28	Nov 14	Note
Independent Directors	In-ho Lee	Present	Present	N/A	N/A	N/A	N/A	Term expired Mar 20, 2019
	Kwang-soo Song	Present	Absent	N/A	N/A	N/A	N/A	Term expired Mar 20, 2019
	Jae-wan Bahk	N/A	N/A	Present	Present	Present	Present	Appointed Mar 20, 2019
	Sun-uk Kim	Present	Present	Present	Present	Present	Present	-
	Han-jo Kim	N/A	N/A	Present	Present	Present	Present	Appointed Mar 20, 2019

< Attendance of Directors in 2020 (as of reporting date) >

	Name	Jan 28	Feb 20	Apr 27	Note
Independent Directors	Jae-wan Bahk	Present	Present	Present	-
	Sun-uk Kim	Present	Present	Present	-
	Han-jo Kim	Present	Present	Present	-

<Attendance of Directors in the recent three years>

	Name	Years of service	Attendance (%)			
			Average	2019	2018	2017
Independent Directors	In-ho Lee	Mar 19, 2010–Mar 20, 2019	100.0	100.0	100.0	100.0
	Han-joong Kim	Mar 16, 2012–Mar 23, 2018	100.0	-	100.0	100.0
	Kwang-soo Song	Mar 15, 2013–Mar 20, 2019	92.3	100.0	80.0	100.0
	Jae-wan Bahk	Mar 11, 2016~	100.0	100.0	-	-
	Sun-uk Kim	Mar 23, 2018~	100.0	100.0	100.0	-
	Han-jo Kim	Mar 20, 2019~	100.0	100.0	-	-

(iii) Internal regulations related to Audit Committee

The Audit Committee stipulates relevant procedures, the reporting process for general meeting of shareholders, etc. in the Regulations of the Audit Committee. The Audit Committee shall meet at least once every quarter, and the head of the Committee shall convene a meeting. The head notifies the members of the meeting time and place at least 24 hours in advance via mail, electronic mail, fax, or other means of receiving delivery confirmation. However, the meeting notification may be skipped with the consent of all Committee members.

The presence of a majority of all members shall constitute a quorum for a meeting of the Committee and the resolutions of the Committee shall be adopted by a majority of the votes of the members attending the meeting. Committee meetings may take place via electronic means, such as conference call, within the scope provided by relevant laws. If face-to-face meetings are required by the relevant regulations, the Committee can hold a meeting using telecommunication tools that allow simultaneous communications with video and sound.

The Audit Committee shall submit an audit report on documents required by relevant regulations—including financial status and management results—the consolidated financial statement, and the business report to Directors one week prior to general meeting of shareholders.

In accordance with Article 10 of the regulations of the Committee, the Committee shall keep meeting minutes which include the agenda, progress, votes against agenda items and reason for the opposition, and each member's name and affixed seals or signature.

B. Faithful execution of Audit Committee duties

The Audit Committee held a total of 9 meetings in 2019 and in 2020 as of the reporting date (6 in 2019 and 3 in the first half of 2020); a total of 43 agenda items were discussed and all three members were present at every meeting. Regarding auditing activity, the Committee reviews accounting related documents including financial statements, the process and audit results of the accounting firm, and requests for the firm to conduct additional reviews on accounting books and relevant documents if necessary. An internal accounting management team reports to the Committee on the internal accounting control system, established to record and disclose reliable accounting information, followed by the Committee reviewing the report. The Committee is performing its duties faithfully through all possible means: by participating in the Board meeting and other major meetings as part of auditing activity, receiving reports on the Management Committee's deliberations and business activities from Directors, and requesting additional reviews and information regarding key tasks of the Company.

(2) External auditor

(Core Principle 10) External auditor

■ External auditors should perform audits independently from the corporation subject to audit, including the corporation's management and controlling shareholders, to gain trust from stakeholders, including shareholders, about the financial information

1) Appointment of an external auditor and operation

(Specific Principle 10-①) The Audit Committee should establish and operate a policy for appointment of an external auditor to secure independence and expertise

A. Appointment of an external auditor and operation policy

(i) Procedure for appointing an external auditor

As a listed company, the Audit Committee received a report on plans to appoint an external auditor on January 23, 2017, and on February 22 approved the agenda item to appoint Samil PwC as an external auditor for the three business years from 2017 to 2019.

For the appointment of an external auditor, the Audit Committee reviews proposals of firms and assesses candidates based on objective indicators, such as an audit firm's size, audit capacity, audit feedback, etc.

As an external auditor, Samil PwC followed the agreed auditing time, human resources, remuneration, plan, etc. in 2019.

The Audit Committee at its fourth meeting in 2019, held in July, established a regulation regarding the appointment of an external auditor and a corresponding guideline ensuring the auditor's independence and expertise.

In accordance with Article 11-2 of the Act on External Audit of Stock Companies, the Company was requested to use a designated external auditor in 2020, after voluntarily appointing an external auditor for six consecutive years. In October 2019, the Securities & Futures Commission designated Deloitte Anjin LLC as an external auditor, which has been conducting auditing activities for the Company since its appointment for 2020. At its sixth meeting in 2019, held in November, the Audit Committee evaluated the independence and expertise of the designated auditor (Deloitte Anjin), the proposed time for auditing, and whether auditing fee was appropriate.

(ii) Number of meetings held and items discussed regarding external auditor appointment

In October 2019, Deloitte Anjin was designated as the Company's external auditor by Securities and Futures Commission. At the sixth Audit Committee meeting in 2019 (November), independence, expertise, the proposed time for auditing, and whether auditing fee was appropriate were evaluated, and then terms and conditions were agreed upon with the designated external auditor. Based on this, an external auditing contract was signed with Deloitte Anjin LLC in November 2019.

(iii) Post-external audit evaluation and the details

The Audit Committee did not conduct an official evaluation on auditing activities of Samil PwC, a designated external auditor for fiscal year 2019 who was appointed prior to revision of Act on External Audit of Stock Companies. However, the Audit Committee and the external auditor met regularly to review whether sufficient time and manpower were allocated and plans were properly executed.

For fiscal year 2020, the Committee will conduct an evaluation on Deloitte Anjin's implementation of auditing plans after an audit report is submitted, in accordance with the revised Act on External Audit of Stock Companies.

(iv) Provision of non-audit services by an external auditor and its subsidiaries

External auditors are to report to the Committee in advance when using non-audit services, and employing another accounting firm for the prohibited tasks defined in Article 21 of the Certified Public Accountant Act. Also, the Company conducts preliminary reviews on the non-audit services of all accounting firms, including external auditor, and the results are reported to the Audit Committee every quarter.

Below is detailed information regarding the contract for non-audit services with Samil PwC in 2019, and with Deloitte Anjin LLC in 2020.

< Non-audit service contract description >

(KRW million)

Business year	Contract date	Audit service description	Period of service	Compensation
2019	Feb 2019	SOC2 certification advisory, etc.	Feb 2019—Sep2019	258
	Oct 2019	Custom tax advisory, etc.	Oct 2019—Dec 2019	127
1Q20	July 2017	E-Discovery advisory, etc.	Jan 2020—Mar 2020	-

In 2020, the Company's auditor Deloitte Anjin LLC provided the non-audit activities listed above in addition to its auditing service, and no payment was made for the services in 1Q20.

Considering the expertise, suitability and diversity of training material, the Company received training on finance from Samil Academy and Samil Infomine, affiliates of Samil PwC, and purchased books and an account for use on Samili.com.

(KRW mil)

Year	Affiliates of external expert	Services provided	Fee
2019	Samil Academy	Training on finance	9
	Samil Infomine	Samili.com account, books	25
	Total		34

As of 1Q20, there is no history of non-audit services from affiliates of the external auditor (Deloitte Anjin LLC).

B. Policies to ensure independence and expertise when appointing external auditor

At the fourth meeting in 2019 (July), the Audit Committee established a regulation regarding the appointment of an external auditor and a corresponding guideline ensuring the independence and expertise of an auditor.

In fiscal year 2020, the Company voluntarily appointed an external auditor for a sixth consecutive year in accordance with Article 11-2 of Act on External Audit of Stock Companies. In October 2019, the Securities & Futures Commission designated Deloitte Anjin LLC as an external auditor. At the sixth meeting in 2019 (November), the Audit Committee resolved the terms and conditions for auditing after evaluating the independence of the designated auditor, the proposed timeline for auditing, and whether the auditing fee was appropriate in accordance with the Company's regulation on external auditor appointment. We will continue our efforts to ensure independence and expertise when appointing external auditors in the future.

2) Communication between the external auditor and Audit Committee

(Specific Principle 10-②) The Audit Committee should constantly communicate with the external auditor in every stage of external audit and reporting of results.

A. Discussion on major issues related to external auditing more than once per quarter without executive presence

(i) Discussion on major issues related to external auditing more than once per quarter without executive presence

In 2019, the Audit Committee held a meeting that excluded executives more than once per quarter, and the Committee discussed major issues related to external auditing with the external auditor without executive presence.

(ii) Major details of discussions and reflection on internal auditing

The Audit Committee receives direct reports from an external auditor regarding review on annual audit plans, matters to pay attention to on financial statements and management in general, quarterly balance sheets and audit on annual balance sheets, and has a question-and-answer session on important matters. If necessary, the Committee requests an additional review on accounting books and related documents and receives the results of the review. The results are reflected onto our internal auditing, following discussions among relevant departments.

(iii) Process for external auditor to notify material facts identified during auditing activities to the Audit Committee and the role of the Audit Committee

When an external auditor informs the Committee of a violation of accounting standards, the Committee shall investigate the case and request correction to the leader of the Company depending on the result of the investigation in accordance with the Regulations of the Audit Committee. When any wrongdoing by a Director or any material fact that is against regulation or Articles of Incorporation is identified, the Committee shall immediately report it to an external auditor.

(iv) Submitting pre-audit financial statement 6 weeks (4 weeks for consolidated) prior to AGM to the external auditor

2019 financial statements on a separate and consolidated basis were submitted to the external auditor (Samil PwC) on January 30, 2020, earlier than the 6 week (February 5, 2020) deadline prior to the to the AGM held on March 18, 2020.

III

Other Matters Related to Corporate Governance

(1) Fulfilling corporate social responsibility

The Company commits to its corporate social responsibility by addressing demands from both internal and external stakeholders, including shareholders, customers, and the local community.

Samsung Electronics, for compliance with legal and ethical obligations and to fulfill our corporate social responsibility, established the Code of Conduct—applicable to all employees—based on the Samsung Management Principle. In addition, to support our employees in making proper value judgements, the Company in 2015 established its Business Conduct Guideline based on Code of Conduct, and with revisions in 2016.

The Company has also established and improved a set of human-rights-related policies such as the Child Labor Prohibition Policy (June 2014), Guidelines for Grievance Settlement (July 2015), Guidelines for Apprenticeship Training (April 2016), Migrant Worker Guidelines (December 2016), and Anti-harassment Policy (August 2018).

Our efforts to address climate change include practicing a product accountability principle that minimizes environmental impacts from our products, expanding renewable energy use, and reducing greenhouse gas emissions. Since 2019, we have been disclosing climate change-related information following the recommendation from the Task Force on Climate-related Financial Disclosures.

Also, The Company in April 2017 converted and expanded the CSR Committee into the Governance Committee, adding the duty of enhancing shareholder value to its role of fulfilling corporate social responsibilities. In addition, the Company publishes a Sustainability Report every year to provide stakeholders with the results of economic, social, and environmental value creation in a more transparent manner. Our Sustainability Report is available on the Samsung Electronics website (<https://www.samsung.com/global/ir/reports-disclosures/sustainability-reports/>).

(2) Compensation system of employees

The Company first introduced the annual salary system in 1998 and started compensating employees based on the level of responsibility within a position. In 2010, we adopted a cumulative salary system and workers were paid based on individual performances. Also, we employ an incentive system (Target Achievement Incentive and Performance Incentive), under which compensation differs depending on the annual achievement of a business division (target achievement, profit generated, etc.)

In addition, in accordance with compensation regulations, the Company has simplified compensation types to ensure that the system is reasonable. Our basic salary system is, in accordance with compensation regulations, designed to pay workers according to their level, with compensation based on the value of the position, responsibilities, and capacity.

< Total compensation of employees >

(KRW 100 mil)

Year	Total compensation	Income before taxes	Ratio	No. of employees	Average compensation per employee
2018	117,599	443,989	26.5%	98,753	1.19
2019	109,224	190,325	57.4%	101,546	1.08

Income before taxes, the number of employees and total compensation are on a parent basis, excluding five Executive Directors. The number of employees was calculated based on the average number of employees throughout the year.

Attached Compliance of Corporate Governance Key Indices

Category	Key Indices	Compliance
Shareholder	① Convocation notice 4 weeks prior to the AGM*	X
	② Electronic Voting*	O
	③ Avoiding the date of general meeting concentration *	O
	④ Notice of dividend policy and plans to shareholders once or more a year**	O
Board	⑤ Establishment and operation of succession plan of the CEO (emergency appointment policy included)	O
	⑥ Establishment and operation of internal control policy	O
	⑦ Separation of the Board Chairman and CEO	O
	⑧ Adoption of cumulative voting system	X
	⑨ Establishment of a policy to prevent appointment of a Director who is accountable for damage to corporate value or infringement upon shareholder rights	O
	⑩ Non-existence of an Independent Director who served more than six years	O
Auditor	⑪ Education program for the Audit Committee once or more a year **	O
	⑫ Establishment of an internal audit team (support team for internal audit tasks)	X
	⑬ Existence of an accounting expert in the Audit Committee	O
	⑭ Meeting of the Audit Committee and the external auditor without the presence of the management once or more a quarter **	O
	⑮ Procedure that allows access of the Audit Committee to important business matters	O

As of the Reporting Date (May 29, 2020)

*As of the most recent AGM (convocation notice was sent out 26 days prior to AGM).

**As of the disclosure period

***The internal audit team is organized under the Corporate Management Office and is in charge of internal audit tasks and support for the Audit Committee.