Sustainability Report 2014

Global Harmony

with people, society & environment

SAMSUNG ELECTRONICS

WORLDWIDE OLYMPIC PARTNER

CONTENTS

Inspire the World

Create the Future!

“We devote our talent and technology to create superior products and services that contribute to a better global society”

About This Report

At Samsung Electronics, we firmly believe that we can deliver the best value by protecting the environment and improving social conditions of the communities in which we operate while generating a positive financial performance. This is the seventh Sustainability Report issued by Samsung Electronics and is intended to communicate our sustainability efforts and performance with our stakeholders.

Reporting Period

This report covers the period from January 1 to December 31, 2013. For quantitative measures of performance, the report includes the data for the three years from 2011 to 2013 to help readers identify trends and year-over-year comparisons. For Material Issues, the report covers information up to March 2014.

Reporting Scope

Financial data in this report was prepared according to newly introduced K-IFRS (International Financial Reporting Standards), while the scope of coverage for environmental and social performance includes the major overseas subsidiaries. Information that pertains only to the performance of the headquarters has been footnoted accordingly.

Assurance

To ensure credibility of the report's contents and reporting procedures, this report has received third party assurance from the Business Institute for Sustainable Development of the Korean Chamber of Commerce and Industry. This report was independently assured in accordance with ISAE3000 and the AA1000 Accountability Assurance Standard (AA1000AS Type II Assurance).

Reporting Principles

This report refers to the G4 Core Guidelines of the GRI (Global Reporting Initiative) and is prepared with reference to the AA1000 APS(2008) principles (inclusivity, materiality and responsiveness). Explanations are provided for any changes in calculation standards from those applied in past reports.

Additional Information and Relevant Websites

Samsung Electronics Website	http://www.samsung.com/sec
Sustainability Report	http://www.samsung.com/us/aboutsamsung/sustainability/sustainabilityreports/
IR Website	http://www.samsung.com/sec/aboutsamsung/ir/newsMain.do
Green Management	http://www.samsung.com/sec/aboutsamsung/Sustainability/environment.html
Semiconductor	http://www.samsung.com/sec/business/semiconductor/
Star Program	http://www.samsung.com/printer/star
Official Blog	http://www.samsungtomorrow.com
Facebook	http://www.facebook.com/samsungtomorrow
Twitter	http://www.twitter.com/samsungtomorrow

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Samsung Electronics is a global leader committed to communicating with the world and shaping the future.

Inspire the World

Create the Future!

A Global Leader in the IT Industry
Committed to Making the World Smarter

Sustainability Overview

Founded in 1969, Samsung Electronics has grown into a global information and technology leader, managing 220 subsidiaries around the world and posting annual sales of more than KRW 200 trillion. The company is making ceaseless efforts to achieve continued growth and shape the future with its transformative ideas and technologies. Samsung Electronics will continue to reinvent itself as a global leader by focusing on technological innovation that create positive change for people everywhere, helping them to live a better life full of possibilities.

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CEO Message

Dear Stakeholders,

As you well know, our industry was confronted with numerous challenges during 2013: There was continued uncertainty over U.S. monetary policy, and a delayed economic recovery in Europe. Coupled with currency volatility and weak consumer sentiment in Korea and many emerging markets, these economic factors created a difficult and complicated business environment. However, as a result of our employees' passion and dedication, Samsung Electronics managed to achieve record revenues and profits— further solidifying our position as a global electronics leader.

Samsung Electronics is focused not only on relentless technological innovation and maximizing shareholder value; we also want to become a leader in corporate citizenship and strengthen our interaction with customers, local communities and stakeholders. We see it as our responsibility to help enhance the quality of life for the people we serve and the local communities in which we operate, and to share our progress in achieving these goals. In our Sustainability Report for 2014, I would like to share with you our most recent achievements as well as our vision for the future.

First and foremost, we have focused our efforts on pursuing sustainable and positive growth. That is the path toward achieving our 'Vision 2020': we want to inspire the world with innovative technologies, products and designs — in order to enrich peoples' lives while contributing to a socially responsible future. We consider creativity to be the seed of innovation and as such invest in a wide range of initiatives and programs that foster the creative spirit and autonomy of our employees across the company. This report will show you the many different forms these initiatives take, from our expanded C-Lab (Creative Lab) — an initiative where the company provides personnel and budget to support projects proposed by employees - to our flexible work schedule and the Idea Open Space. During the past year we also sought to enhance our capabilities to manage and detect risk.

For Samsung Electronics to see continued growth, it is essential that we have the ability to respond promptly to uncertainties and risks in our business environment. Already we hold our manufacturing facilities to the highest labor and environmental regulations worldwide. This year, we also strengthened supplier compliance by reinforcing our Code of Conduct and actively monitoring and managing our dynamic supply chain. Samsung has one top priority: To ensure the health and safety of our employees and the communities where we operate. We are focused not only on improving our processes for promptly dealing with accidents, but we also established precautionary measures; for example, we established a direct management system for hazardous substances - thus improving the safety of our facilities and increasing the number of people dedicated to prevent future accidents. We now have over 2,000 highly-trained Samsung employees who oversee factory operations and conduct regular inspections; among them are experts and engineers who are specialists in ensuring chemical safety and preventing accidents.

As a responsible corporate citizen, Samsung is sharply aware of the growing environmental impact associated with the sourcing, manufacturing, use, and disposal of our products. Our Green Management philosophy, which prioritizes the future health of our people and our planet and mandates environmentally responsible practices throughout our operations, drives our environmental sustainability initiatives. Let me give you one example: As part of our eco-design process, we consider the environmental impact of new products during their whole development cycle. We implemented this philosophy in 2009, and since then Samsung has invested 6.6 trillion KRW (6.3 billion USD) in sustainability efforts - resulting in a 50 percent reduction in greenhouse gas emissions and over 3,300 third-party verified product environmental certifications.

As I mentioned, we see it as our responsibility to help enhance the quality of life for the people we serve and the local communities in which we operate. It is in this spirit that Samsung invests more than 500 billion KRW (384.4 million USD) globally to support our citizenship and community engagement activities. While we are incredibly proud of the support we provide, Samsung Electronics is adopting a rigorous and more consistent long-term approach to our activities, which are focused on education, health/medical care, employment and the economies of local communities.

We delivered many projects during 2013, but I want to highlight just five major social initiatives that were tailored for local needs: the Smart School, the Nanum Villages, Samsung Care Drive, Solve for Tomorrow, and the Samsung Tech Institute. Our support is not only financial; every year nearly 70 percent of our global workforce participates in volunteer activities in local markets.

Finally, Samsung Electronics continues to reinvent itself around one key concept: reinvesting the dividends of our work into the growth of our company and the communities we serve. We will use this Sustainability Report as a compass. It allows us to reflect on past efforts and assists us in achieving maximum impact in the future.

I look forward to your continued trust and support in our endeavors to create a more sustainable society. Thank you.

Oh-Hyun Kwon
Vice Chairman and CEO
Samsung Electronics Co., Ltd.

Company Profile

Since its founding in Suwon, Korea in 1969, Samsung Electronics has grown into a global information technology leader. The company's offerings include home appliances such as TVs, monitors, printers, refrigerators, and washing machines as well as key mobile telecommunications products such as smartphones and tablet PCs. Samsung also continues to be a trusted provider of key electronic components like DRAM and non-memory semiconductors. These products and services provide convenience, create value and foster smarter lifestyles for customers around the world.

Structural Realignment in 2013

In 2013, Samsung Electronics launched a structural realignment of some of its business divisions, while keeping its three-pronged business framework involving IT and Mobile (IM), Consumer Electronics (CE), and Device Solutions (DS) sectors intact, allowing Samsung to further differentiate itself from other companies. Samsung also laid the foundation for nimble, flexible responses to the rapidly changing environment at home and abroad. The business divisions continue to foster engines for new growth through a series of advancements including: elevation of the Global Business-to-Business Center to a quasi-business division to reinforce its B2B operations; establishment of the Big Data Center aimed at strengthening market forecasting and analysis; and creation of a unit to bolster its solution business.

Reorganization of the Imaging Business Division to Boost Manufacturing Competitiveness

In 2013, Samsung Electronics carried out a partial structural realignment of the Mobile Communications Business Division. In order to enhance competitiveness of the camera business, the Digital Imaging Business Division was reorganized into the Imaging Business Team and integrated under the Mobile Communications Business Division. This move was aimed at providing differentiated products by combining capabilities and manufacturing competitiveness of the Mobile Communications Business Division, which ranked No. 1 globally in smartphones, with the added optical technology of the Imaging Business Division. Through the reorganization, the IM sector, which had previously consisted of four business divisions, has been reorganized into three business divisions - the Mobile Communications Business Division, the Network Business Division and the Media Solution Center.

Intensive Development of the B2B Business

Samsung Electronics elevated the Global Business-to-Business (B2B) Center to a quasi-business division to boost its competitiveness in the business-to-business area, one of the core goals for sustainable growth. In an effort to develop its B2B market, the company's R&D division plans to expand products and solutions related to the public sector, education and health-care. The company also plans to increase personnel and investment in its software unit and reinforce external partnerships to build a systematic organization and maximize synergies with other business divisions.

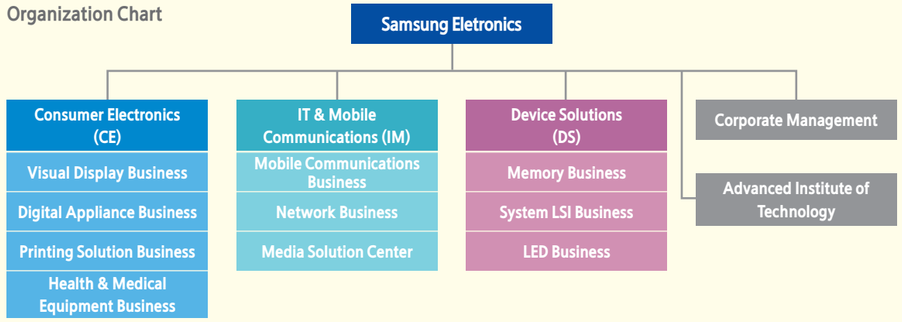
Establishment of the Big Data Center to Track Market and Consumer Trends

Big data refers to a large collection of data sets that include text and image data generated in the digital environment. It is used in various areas ranging from marketing, customer management, and semiconductor design to data analysis. Samsung Electronics established the Big Data Center under the Media Solution Center to reinforce its capabilities for market trend forecasting and systematically integrate them into the product development process. The Big Data Center is expected to improve productivity and help generate business innovation by collecting customer opinions and providing the necessary services to meet customer needs.

Reinforcement of Solution Business

Samsung Electronics created the Solution Development Office under the Memory Business Division to reinforce its specialized solution business. It also established the Modem Development Office under the LSI Business Division to secure a competitive edge in the system-on-a-chip field.

Organization Chart



Business Divisions and Major Products

10 Business Divisions

Consumer Electronics (CE)

Visual Display Business
TV, Monitor, Set-top box, Home theater, Sound bar

Digital Appliance Business
Refrigerator, Washing machine, Air-conditioner, Vacuum cleaner, Smart oven, Air purifier

Printing Solution Business
Printer, Multifunction printer (MFP)

Health & Medical Equipment Business
Digital X-ray, In-vitro diagnostics

IT & Mobile Communications (IM)

Mobile Communications Business
Smartphone, Notebook PC, Tablet PC, Wearable devices

Network Business
Mobile WiMAX, LTE solution, W/CDMA solution, CDMA solution

Media Solution Center
Samsung Apps, ChatON, Group Play, WatchOn

Device Solutions (DS)

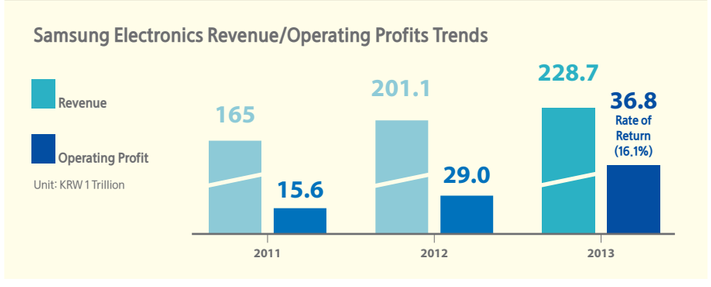
Memory Business
DRAM, NAND Flash, SSD, eMCP

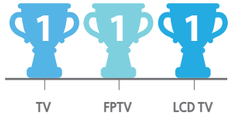
System LSI Business
Mobile AP, CMOS image sensor, Foundry

LED Business
LED packages for TVs & IT products, LED lighting packages, LED packages for automotive lighting

Business Performance

In 2013, Samsung Electronics navigated a challenging business environment due to the continued economic recession in Europe and in emerging markets, coupled with volatile currency exchange rates and competitive pricing in the industry. Despite these circumstances, the continued growth of the Mobile Communications Business and the improvements in the Components Business, such as memory semiconductors, helped the company achieve record revenues and operating profits, up 13.7 percent and 27 percent from the previous year, respectively.





Achieving the "Triple Crown" for Eight Consecutive Years

The Consumer Electronics Division Discovers New Possibilities

Samsung Electronics' consumer electronics segment satisfied market demand by offering a variety of products including LCD, PDP, LED, and UHD TV. The company has maintained its No.1 position in overall TV, FP-TV, and LCD-TV sales for eight consecutive years, securing the "Triple Crown." It released the world's first LED TV as a new product category in 2009, cementing its position as a market leader. In 2010, the company introduced the 3D Total Solution, dominating the 3D TV market. Additionally, the company launched "Samsung Apps," the world's first TV apps store, and introduced Smart Hub with various services, thereby establishing a brand image that associated smart TV with Samsung.

Furthermore, Samsung Electronics enhanced its family-friendly services by developing contents that allow users to exercise or learn while watching TV. The company maintained its leadership in the smart TV market by reinforcing an "All Share" function, which enables easier connections with other digital devices. In 2013, it introduced new UHD TVs with better image quality and higher resolution than existing models. Samsung Electronics aims to maintain its lead in the market in 2014 by focusing on areas with high growth potential such as Curved UHD TV.

KRW **24.9** trillion

2013
2012

29 percent
increase from a year ago

Operating Profit of the IM Segment

The IM Division Solidifies Leadership in the Global Market

In 2013 major companies including Samsung Electronics released their entry models for smartphones and tablets, intensifying market competition. Samsung Electronics diversified its product lines from premium smartphones to mass market models and led new product markets such as LTE and Note. Solid sales in the company's strategic models such as the Galaxy S4 and Galaxy Note Series, helped solidify its influence in the global market. As a result, the IM sector's sales and profitability significantly improved in 2013, posting sales of KRW 138.8172 trillion, a 31.2 percent increase from the previous year, and operating profits of KRW 24.9577 trillion, a 28.5 percent increase from the previous year. In 2014, Samsung Electronics plans to further strengthen its position in the premium market by focusing on smartphones and tablets with new product categories including flexible display, Samsung Gear, and Samsung Fit, while continuing its investment in growth and utilizing the industry's strongest R&D capabilities.

KRW **6.9** trillion

2013
2012

65 percent
increase from a year ago

Operating Profit of the DS-Semiconductor Division

The DS Division Anticipates Resurgent Growth

Samsung Electronics is leading the semiconductor market by maximizing the benefits of cost reduction through leading-edge process development and production. In 2013, the Memory Business improved revenue and operating profits as a result of increased output following the rise in demand for mobile and server products. For DRAM, the company is addressing market demand by increasing its 20nm product mix. With increased offerings of more lucrative products such as mobile/server DRAMs, Samsung Electronics has generated more stable profits than its competitors. For NAND, Samsung Electronics succeeded in developing the world's first vertical NAND. The company is currently working to develop high-performance solutions (SSD, eMMC, etc.) and 3 bit products to further widen the competitive gap. Looking ahead, Samsung Electronics will continue to advance its Memory Business by improving cost competitiveness and offering differentiated product lines.

The World's First Commercialized

Curved

Display

The Display Division Strengthens the Foundation for Future Growth

For its large panel business, Samsung Electronics improved manufacturing by enhancing production across its entire line of TFT-LCD technologies. The company offered a full line of mega-sized TV products, including the development of a curved TV. Additionally, it is continuing its effort to develop highly transparent panels and localize key manufacturing equipment to boost cost efficiencies. Samsung Electronics will strengthen its partnership with customers in technology and product development to maintain the highest utilization rate in the industry and continue to maximize profitability. It plans to improve its responsiveness to the Chinese market, the world's largest TV consumer, by leveraging its China fab where mass production began in 2013. For the mid-to-small sized panel business, the company continues to enhance its competitiveness by successfully commercializing the world's first flexible panels using AMOLED technologies and improving its production capacity through a more efficient production process.

Economic Value Distributed to Stakeholders

Total Economic Value Distributed to Stakeholders of Samsung Electronics

KRW **214.8** trillion

from a 2011 baseline

15% increase

Economic Value Distributed to Stakeholders

KRW **21.4** trillion	**Employees (Salaries)** Combined total of wages, retirement allowances, and benefits.
KRW **9** trillion	**The Government (Taxes & dues)** Combined total of income tax expenditure, corporate tax, and dues.
KRW **0.5** trillion	**Local Communities (Social contribution expenses)** Combined total of social contribution expenses, including donations made for the development of local communities.
KRW **0.5** trillion	**Creditors (Interest expenses)** Combined total of interest expenses for creditors.
KRW **2.2** trillion	**Shareholders (Dividends/ Net buy-back)** Combined total of dividends/ net buy-back.
KRW **28.3** trillion	**The Company (Retained earnings)** Retained earnings for future investment.
KRW **152.9** trillion	**Suppliers** Total operating expenses.

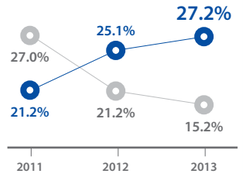
Market Shares

Samsung Electronics further solidified its industry leadership in various product areas, including TVs, monitors, semiconductors, and digital appliances. The company's global market shares in its key products including TVs, mobile phones, and DRAM chips in 2013 surpassed 20 percent for the second consecutive year. Samsung Electronics will continue to provide new value to customers with cutting edge-technology and quality products.

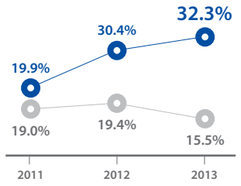
No.1

Samsung
2nd company

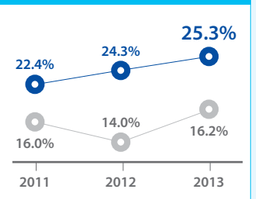
Mobile Phone Total



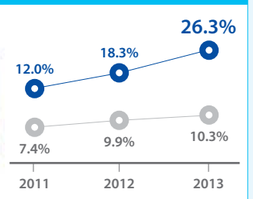
Smartphones



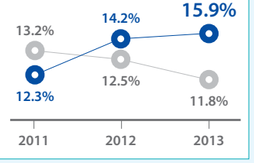
TVs



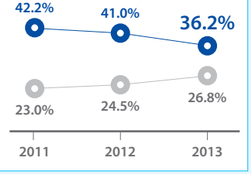
LFD Monitors



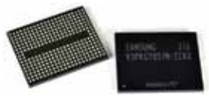
Refrigerators

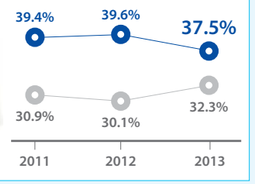


DRAM

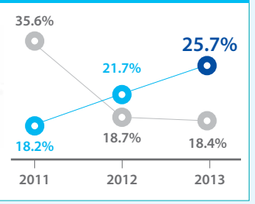


NAND Flash





SSD(Solid State Drive)

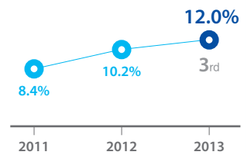


* Refrigerators, Washing machines, DRAM, NAND Flash, and SSD are in value terms and other products are in quantity terms.

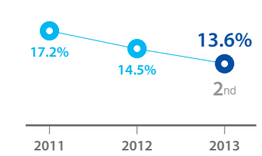
Other Key Offerings

Samsung

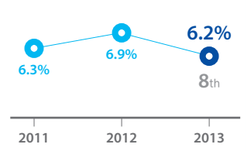
Washing Machines



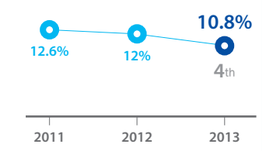
Printers



Notebook PCs



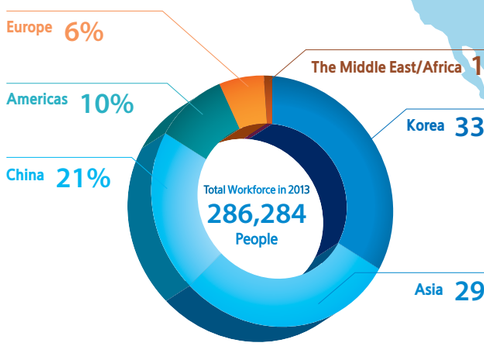
Cameras

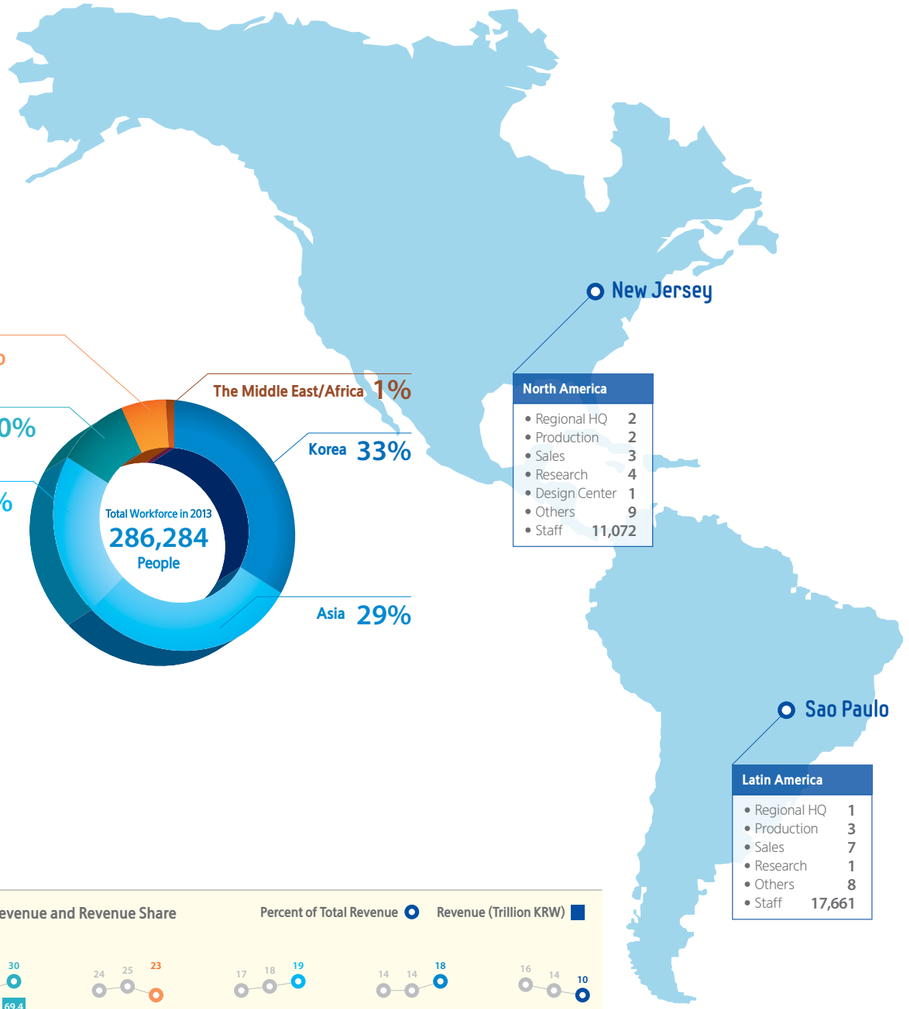


Global Network

Efficient Resource Allocation and Localization Strategies

Samsung Electronics operates in 220 locations around the world. In order to effectively manage its diverse global portfolio, Samsung Electronics employs localization strategies and maintains 15 regional headquarters including its corporate headquarters in Korea. At the end of 2013, Samsung Electronics' total employment stood at 286,284 with the domestic and the overseas workforce making up 33 percent and 67 percent, respectively.



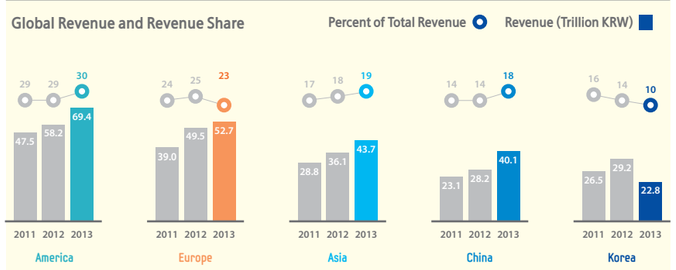


Global Bases of Samsung Electronics

Total **220**

Regional HQ	Research	Production	Sales	Design Center	Others
15	34	38	54	6	73

Global Revenue and Revenue Share



- Revenue and number of employees in Africa is included in Asia.
- Revenue and number of employees in CIS is included in Europe.
- Revenue and number of employees in Latin America is included in Americas.

Corporate Governance

Throughout 2013, Samsung Electronics advanced its commitment to responsible corporate governance. In addition to its compliance with national and international laws and regulations, Samsung employs a set of ethical standards and values that guide its decision making processes and workplace protocols. Through a structure centered on board of director engagement, the company works to ensure transparent, responsible business management across all operations. Each policy and decision enacted by the board of directors seeks to maximize corporate value and enhance shareholder rights and interests. Specifically, the Samsung Board of Directors is responsible for the execution of all matters as mandated by the Korean Commerce Act and the Samsung Electronics Articles of Incorporation, including those delegated by the company's general shareholders' meetings. The Board also makes important decisions on the company's management policies and oversees executive work performance.

Board of Director
(Executive Directors)
4

Vice Chairman & CEO
Oh-Hyun Kwon
Head of Device Solutions (DS)

President & CEO
Bu-Geun Yoon
Head of Consumer Electronics (CE)

President & CEO
Jong-Gyun Shin
Head of IT & Mobile Communications (IM)

President & CFO
Sang-Hoon Lee
Head of Corporate Management Office

Board of Directors (BOD) Composition

The BOD is composed of four executive directors and a five-person independent director majority, an arrangement designed to both guarantee the Board's independence and establish a transparent decision-making process with inputs from a broad spectrum of outside experts. In accordance with the Articles of Incorporation, the Independent Directors Recommendation Committee initially selects candidates from among a pool of experts with in-depth knowledge and experience in a variety of areas including business management, economy, accounting, law and technology. Independent directors are elected from the pool of nominated candidates at a general meeting of shareholders. The independent directors meet separately from the BOD's executive directors in order to promote a free exchange of ideas on all aspects of the company's management. All directors are prohibited from engaging in business activities within the same industry without the approval of the BOD. This arrangement helps prevent conflicts of interest as specified in the Korean Commerce Act and the company's Articles of Incorporation.

The BOD and Committees

In 2013, Samsung Electronics addressed 23 agenda items at a total of eight BOD meetings. The three-year average director attendance rate (2011-2013) for BOD meetings stands at 94 percent. For swift and efficient decision-making throughout the company, Samsung has established committees under the BOD in accordance with pertinent laws. The BOD refers certain matters to the committees to be reviewed by committee members with experience and expertise in the related fields. Presently, six committees are in operation: Management Committee, Audit Committee, Independent Director Recommendation Committee, Related Party Transactions Committee, Compensation Committee, and the newly-formed Corporate Social Responsibility (CSR) Committee. The Related Party Transactions Committee helps boost the transparency of corporate management through the Fair Trade Autonomous Compliance System and carries out activities to enhance corporate governance. The Audit Committee, comprised of three independent directors, supervises and supports management through a process of checks and balances to maximize corporate value.

– For further details about the committees and meeting agenda items, please visit the Data Analysis, Retrieval and Transfer System at http://dart.fss.or.kr

Evaluation and Compensation

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

Corporate Social Responsibility (CSR) Committee

Samsung Electronics has recently formed the CSR Committee within its BOD in order to ensure legal compliance around ethical issues, oversee the company's contribution to promoting public welfare, and guide initiatives that satisfy our ambitious corporate citizenship goals. The CSR Committee is composed entirely of independent directors who supervise and support the company's CSR and Shared Growth management activities. The CSR Committee has set up secondary research committees in which external experts conduct joint research on matters requiring professional review. Currently, the CSR Committee is focused on researching ways to promote the corporate ecosystem and the company's roles in it. The CSR Committee recognizes a growing opportunity to further broaden Samsung's social contribution. The committee also ensures that Samsung Electronics promotes a culture of shared growth among the partners and vendors with whom it does business.

Board of Director
(Independent Directors)
5

Independent Director
In-Ho Lee
Former President & CEO
Shinhan Bank

Independent Director
Han-Joong Kim
Chairman, CHA Strategy Committee,CHA Health Systems

Independent Director
Kwang-Soo Song
Advisor,
Kim & Chang Law Office

Independent Director
Byeong-Gi Lee
Professor of Electrical Engineering, Seoul National University

Independent Director
Eun-Mee Kim
Dean, Graduate School of International Studies, Ewha Womans University

Major BOD Agenda Items in 2013

Date	Agenda Items	Decision	Independent Directors' Attendance
Jan. 25, 2013	Three agenda items including approval of '12 (44th) financial statements and business report	Approved	4/4
Feb. 15, 2013	Two agenda items including convening of the 44th Annual General Meeting of shareholders	Approved	3/3
Feb. 25, 2013	Fund allocation for the new corporate foundation	Approved	3/3
Mar. 15, 2013	Three agenda items including appointment of CEO and Directors	Approved	5/5
Apr. 26, 2013	Four agenda items including approval of 1Q13 (45th) financial statements and business report	Approved	4/5
Jul. 26, 2013	Four agenda items including approval of 2H13 financial statements, business report, and interim dividend	Approved	5/5
Oct. 25, 2013	Three agenda items including approval of the 3Q13 financial statements and business report	Approved	5/5
Nov. 29, 2013	Three agenda items including approval of transactions with affiliate persons	Approved	5/5

Committee Status

Committee	Objectives	Members
Management Committee	The committee deliberates and decides matters either delegated by the Board, specified in the Articles of Incorporation, or in the Regulation of the Board of Directors with the aim of enhancing professionalism and efficiency in decision-making.	Oh-Hyun Kwon (Chair), Boo-Keun Yoon, Jong-Kyun Shin, Sang-Hoon Lee
Audit Committee	The committee conducts auditing functions under the stipulation of governing regulations, the Articles of Incorporation, and the Audit Committee Regulations.	In-Ho Lee (Chair), Han-Joong Kim, Kwang-Soo Song
Independent Director Recommendation Committee	The committee recommends candidates for independent directors under the governing regulations, the Articles of Incorporation, and Regulations of the BOD.	Han-Joong Kim (Chair), Byeong-Gi Lee, Eun-Mee Kim, Oh-Hyun Kwon
Related Party Transactions Committee	The committee enhances corporate transparency and promotes fair trade through compliance program.	In-Ho Lee (Chair), Han-Joong Kim, Kwang-Soo Song
Compensation Committee	The committee enhances objectivity and transparency in the process of decision of directors' remuneration.	Kwang-Soo Song (Chair), Sang-Hoon Lee, Byeong-Gi Lee
CSR Committee	The committee supervises and supports the company's Corporate Social Responsibility (CSR) management activities and other activities aimed at promoting public welfare.	Byeong-Gi Lee (Chair), In-Ho Lee, Han-Joong Kim, Kwang-Soo Song, Eun-Mee Kim

Cultivating Engines for Future Growth

Samsung Electronics is relentless in its pursuit of discovery and innovates to bring people new experiences and new ways to express themselves. Through its technology and products, Samsung Electronics cultivates future growth engines and is committed to continuous problem-solving and creative technological innovations.

Operating profits in 2013

KRW **37** trillion

Revenue in 2013

KRW **229** trillion

VISION 2020

In 2009, Samsung Electronics unveiled "Vision 2020" with a set of specific goals under the slogan "Inspire the World, Create the Future." Under the vision, the company pledged to become one of the top 10 global companies with $400 billion of sales; become an unrivaled industry leader, placing its overall brand value among the global top 5; and become among the world's top 10 most respected companies. Since then, it has continued efforts to achieve these goals, while striving to develop key competitive advantages on an ongoing basis. As a result of such efforts, Samsung Electronics achieved record financial performance, delivering record sales of KRW 229 trillion and an operating profit of KRW 37 trillion, up 15 percent and 52 percent respectively, compared to 2009. The company also received external recognition for nonfinancial excellence in 2013, when Interbrand ranked Samsung's brand 8th Most Valuable worldwide. In addition, Fortune magazine recognized Samsung as the 21st Most Admired Business in the world.

Samsung Enters Interbrand's Top 10 List

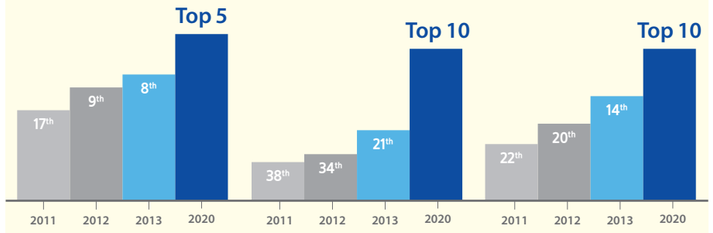
8th

Fortune names Samsung 21st on list of Most Admired Companies in the world

21st FORTUNE

Samsung ranks 14th among top 500 global companies

14th FORTUNE



| Accomplishments |

The Boston Consulting Group

2nd Samsung ranked as its 2nd Most Innovative Company in the world, a 9-place jump from 11st in 2011

Thomson Reuters'

3rd On Thomson Reuters' Top 100 Global Innovator list for the third straight year

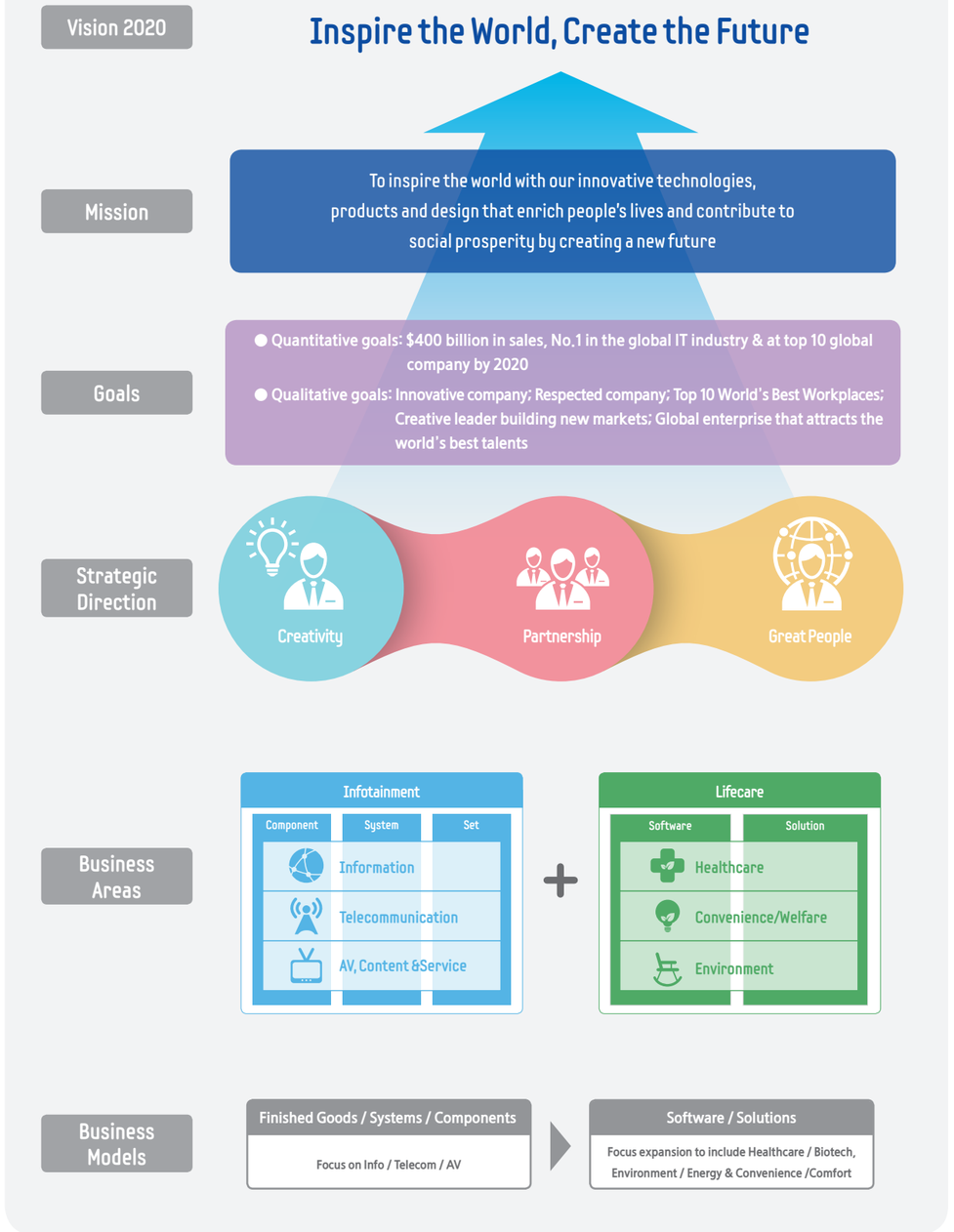
Booz & Co.

2nd Consulting firm Booz & Co. ranked Samsung as 2nd Most Innovative company, a 5-place jump from 2011 list

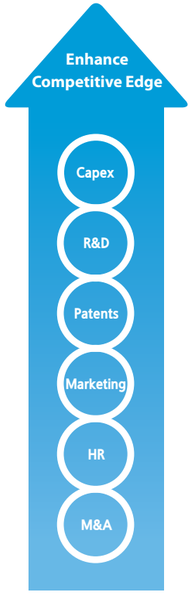
Dow Jones Sustainability Indexes

5years Samsung has been included in the DJSI World Index for five consecutive years

| Other Accomplishments |



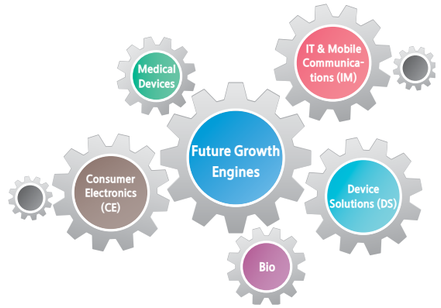
Sustainable Growth & Profitability



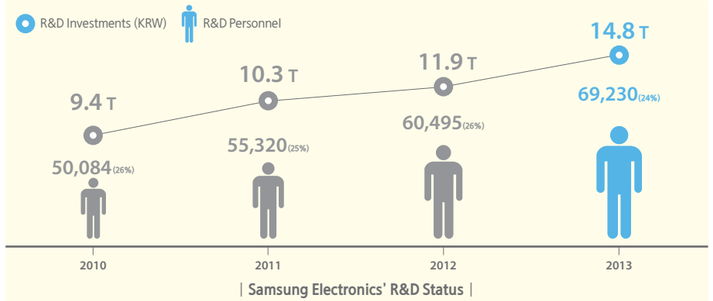
Six Core Areas to Secure New Growth Engines

Enhancement of Six Core Competencies

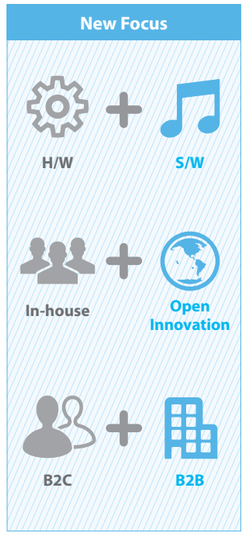
With the rapid arrival of the mobile age over the past decade, much has changed. Although a PC is a convenient device, it has time and space constraints that can limit its convenience. Alternatively, mobile has revolutionized the user environment but the needs of customers are not yet being fully met. To enhance the customer experience, Samsung Electronics plans to expand its business portfolio and services to include education and healthcare by combining customer needs with IT technology. As wellness, safety, security, and convenience continue to be buzzwords over the next few years, Samsung is developing devices and components specifically based on them, while focusing on devices that enable a smarter life. Samsung Electronics is uniquely positioned to provide these integrated services by incorporating the component, device and system levels. The company's ability to influence today's global trends and continued dedication to investing in research and development will ensure this vision becomes a reality.



In order to accomplish the Vision 2020 goals of achieving annual sales of $400 billion, becoming a leading IT company and one of the top 10 global companies, Samsung Electronics has selected six core areas - capital expenditure (Capex), R&D, patents, marketing, human resources, and M&A- to develop new growth engines. During the past four years, the company has continued large-scale investments of KRW 46.4 trillion, while endeavoring to reinforce its competitive edge through differentiated technology and profitability. The Umyeon-dong R&D Center, with a total floor area of 33,000m^2, is currently under construction in Umyeon-dong, Seoul, and is scheduled for completion in 2015. The company aims to employ 10,000 researchers in design and software at the state-of-the-art complex. In addition, Samsung Electronics is also constructing a R&D campus in Silicon Valley, California set for completion in 2015 in order to concentrate on development of core technologies. The company has continued its investments in R&D in order to secure sustainable growth, increasing from KRW 9.4 trillion in 2010 to KRW 14.8 trillion by the end of 2013. The number of global R&D staff increased from 50,000 in 2010 to 69,000 in 2013.



| Samsung Electronics' R&D Status |



Change in the Direction of Future R&D

As global R&D investment strategies undergo a shift from hardware to software, Samsung Electronics established a software center in 2012. Additionally, the company has actively adopted an open-innovation platform along with an in-house R&D system, while reinforcing overseas R&D centers to further advance the development and utilization of customized technologies to address region-specific needs. Samsung Electronics will enhance its competitiveness in software platforms, design, IP, and focus its investments on securing innovative technologies as engines for future growth.

Along with such efforts, Samsung Electronics has increased its efforts surrounding minimizing global dispute risks in patents. In 2010, the company established the IP Center in order to centralize its patent capability efforts, and established country-level IP centers around the world to mitigate risk. Additionally, it has increased the in-house team of patent experts and managers, including lawyers and agents.

Samsung Electronics has achieved global brand power through consistent investments in marketing. Moving forward, its strategy is to actively harvest the benefits of its current brand assets to continuously achieve revenue and profit growth without increasing marketing expenditures. Based on its brand philosophy of "Accelerating discoveries and possibilities," Samsung Electronics will reinforce consumer engagement marketing by utilizing experience-based marketing, interactive marketing through social media, and region-specific marketing based on local consumer needs.

The company has also introduced a new focus on the business-to-business (B2B) market, going beyond the business-to-consumer (B2C) market. To this end, it has reinforced its division responsible for handling B2B business, while intensively nurturing B2B business planning, B2B infrastructure/ process, and system support/ operation.

Based on such efforts, Samsung Electronics has also expanded its supply of B2B products and solutions to include the public sector, the education market, and the healthcare industry. As of the end of 2013, Samsung Electronics continued its active B2B marketing initiatives by supplying its Galaxy Note 2 to iDTGV, a French high-speed train. This initiative, targeting young customers, allowed for confirmation of electronic tickets, and electronic payment of train fares, in collaboration with KoamTac, a barcode solution provider, and Ingenico, an electronic payment solution provider.

Samsung Electronics considers its employees as the company's greatest asset and primary driver of growth. It takes pride in the creativity and diversity of its talented people. The company employs 286,300 people globally, marking an unprecedented 1.5-fold increase since 2008. Further, Samsung's overseas-based employees has doubled since 2010 as the company has expanded its global footprint. With more than 60 percent of its total workforce employed outside of Korea. Samsung Electronics places great importance on recruiting and retaining top talent from around the world. The company is putting emphasis on nurturing the capabilities of its software workforce to secure core talents. It is also building the Open Innovation System to access creative input from outside of the company and promoting the operation of C-Lab (Creative Laboratory), an internal innovation team that lets employees explore creative ideas through research. In order to foster "convergence-type talent," Samsung Electronics strives to focus on cultivating insights based on the humanities and developing creative DNA on the organizational level.

Samsung Electronics continues to invest in R&D and capital expenditures. Moving forward, Samsung will explore new growth strategies such as mergers and acquisitions in adapting to shifts in the global technology market. While the company retains its focus on organic growth, it is more receptive than ever to strategic business alliances. Over the past three years, Samsung Electronics has acquired 14 companies. For its new businesses, the company's efforts have been mainly driven by medical device companies such as Medison and NeuroLogica. Within Samsung's consumer electronics division, the Visual Display business focused on software, services, and content, while its component business focused on companies with next-generation technologies. Going forward, Samsung Electronics will expand its M&A strategy beyond a few target areas and pursue opportunities across a wide range of fields in order to enhance the competitive edge of its current businesses and create new opportunities for future growth. Based on these efforts, Samsung Electronics is reinventing itself as a global top-tier company with a sense of determination to pursue customer satisfaction, and continued globalization to ensure that the company remains competitive on the global stage.

Samsung TV's Market Leadership
UHD- TV

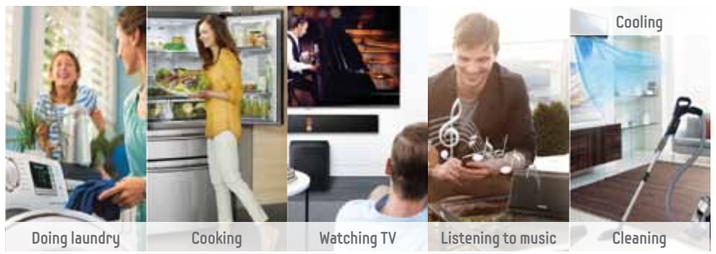
Convenient User Interface
Smart TV

The World's First Design
Curved

Consumer Electronics Division's Pursuit of Continuous Innovation

Consumer electronics products affect nearly every aspect of people's everyday lives. Samsung Electronics' primary consumer electronics products include TVs, refrigerators, washing machines, vacuum cleaners, and air conditioners. The company's TV business has continued to launch innovative models yearly and has established the following strategies to continue its pursuit of innovation.

Samsung Electronics will continue to lead the UHD-TV market by producing the highest picture quality, while offering the largest screen size and multiple form factors, such as Samsung's curved TV, the world's first curved design that delivers the ultimate immersive viewing experience with unparalleled picture quality.



| CE Sector's Product Line-up |

| Samsung TV Products' Core Competencies |

Samsung will also further reinforce its core competencies, going beyond every competitor's reach by providing the best picture quality developed by its own picture engine and utilizing creative design to offer various product lines.

To expand its Smart TV business, Samsung's Smart TV will be equipped with a more convenient User Interface, and various content and services to deliver a new user experience, thereby promoting seamless connection between short-term and mid-to-long term growth engines.

Since local preference for digital appliance products varies greatly and typically requires a more significant investment compared to other digital products, the Digital appliance Business has not undergone a disruptive innovation in more than a century. The time has arrived for the appliance industry to embrace market-changing innovation, and Samsung will be the one to lead the change. Samsung will create a new premium refrigerator category introducing various innovative solutions such as a smarter way to store and preserve foods, providing consumers with energy efficiency and higher satisfaction.

Samsung Washing Machine Manufactured with Green Technology for Future Growth

Samsung Electronics will lead the washing machine market with green technologies, significantly reducing energy and water consumption while simultaneously enhancing performance.

The company is also establishing total air solutions for air conditioners by expanding from residential to commercial areas and shifting focus from cooling to improving indoor air quality.

Samsung Electronics' vacuum cleaner is already redefining consumer's cleaning experience with a Motion Sync™ Canister and Upright Vacuum that significantly improves mobility due to its design that makes it easier for users to navigate a vacuum through their homes.

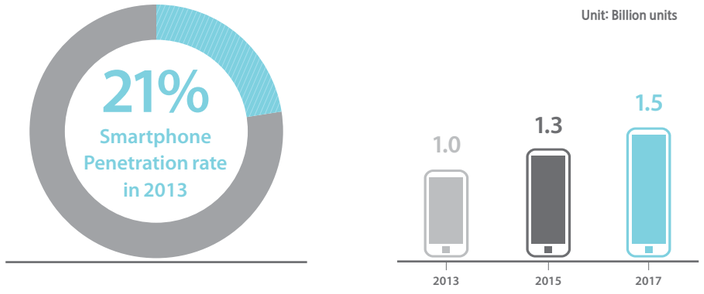
The company has also established five Lifestyle Research Labs to gain insight into different cultures and lifestyles. Based on the research insights, the company determines new areas for product innovation and develops product concepts that meet various consumer needs globally.

| Samsung's Lifestyle Research Labs |

Solidifying Market Leadership in the Mobile Sector through Technological Innovation

In 2013, it is estimated that about 1.5 billion people were using smartphones globally. However, the global smartphone penetration rate still stands at a mere 21 percent and thus has a high potential for growth. Global smartphone shipments in 2013 surpassed 1 billion units and the smartphone market is expected to grow by more than 10 percent per year by 2017. Smartphone growth was initially driven by the developed markets. In the future, it is expected that emerging markets will be driving smartphone volume as evidenced by the fact that China and India are already the 1st and 3rd largest smartphone markets. In this rapidly changing market environment, Samsung Electronics has employed strategies to secure growth engines for future growth to continue its advancements in the mobile business by creating new markets through technology innovation.

The first component concerns product strategy. Samsung Electronics has experienced impressive results with flagship models, their family products, and companion devices connected to the flagship models. The company will continue to reinforce its leadership in the premium market, while adopting a strategy to actively respond to mass smartphone market growth. It will increase customer satisfaction with well-made products at competitive prices, while leveraging Galaxy's premium identity and providing localized features. With these products, the company will enable more customers to enjoy a whole new experience of smartphones. Tablets are also an important part of Samsung's product mix, and their importance will grow even further in the future. The company will continue to reinforce competitiveness of its tablets in the market with slim bezel and body, enhanced S Pen, and rich contents and services.



| Smartphone Market Outlook |

| New Growth Engines of the Mobile Business |

Another aspect is Samsung's technology and design strategy. In 2013, Samsung Electronics released the first LTE-Advanced devices in Korea, which provides a much faster download speed than previous LTE devices. The company will expand the LTE-Advanced device market by releasing them in the United States, Japan and Europe. By doing so, it will prepare for the upcoming 5 G era to once again lead the market. Samsung has already established a firm leadership in hardware, especially in display and AP. Samsung products are slim, light, and simple and have outstanding camera and powerful battery. In order to optimize its software capabilities, Samsung Electronics has established organizations dedicated to specific areas of software development, while hiring world-class engineers and making additional investments in software. With continuous innovation, the company will remain a trendsetter in the design of smart devices.

The final segment concerns Samsung's content and service strategy. In 2008, the company established the Media Solution Center to build its content and service capabilities. With continuous investment, it has successfully developed its own ecosystem that will serve as the foundation for developing Samsung's future growth engines. Going forward, the company will open its service platform to its partners and develop an ecosystem that will benefit both its partners and customers. The company will also provide a personalized service for its users with its Big Data platform, improving customer satisfaction by offering more intelligent and personalized services.

| Active Intelligent Services |

Green Memory

Leading the semiconductor industry's paradigm shift

As the world continues to embrace mobile devices at the expense of PCs, the memory business of Samsung Electronics is growing rapidly - and innovating to both meet market demand and drive the paradigm shift in the semiconductor business. This is only the latest in a series of dramatic shifts in the semiconductor landscape. Previously, the industry saw intense growth during the expansion of the PC market in the 1990s, with the memory market rising to US$41 billion in 1995. The demand for memory fluctuated with the changing IT market and growth slowed until the sudden and rapid growth of the mobile market in the early 2000s. Samsung was well-positioned to take advantage of this shift, having developed next-generation memory ahead of its competitors such as DRAM products and NAND Flash. These innovations have since been transformed into more energy-efficient, high-performance and large-capacity products and have contributed to the launch of new categories of digital devices.

The 5th Generation Green Memory Solutions

Today, new possibilities abound. The market for smartphones and tablets has grown rapidly since 2010 — allowing mobile devices to finally overtake PCs in the process. Other trends such as big data, cloud computing, and UHD (Ultra High-Definition) video, as well as premium markets such as data centers and enterprise SSDs, are all drivers for future growth. Samsung Electronics will continue to earn its place at the top of the industry not only through ground-breaking innovation, but also through increasingly sustainable solutions and practices. The following three strategies are designed to do just that:

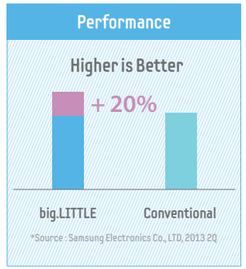
Firstly, we want to stay one step ahead of other companies in developing Green Memory solutions that can build a more sustainable business environment by boosting the energy efficiency of IT companies. Since 2009, Samsung Electronics has focused on developing the most efficient Green Memory solutions by applying advanced processes. This effort was rewarded in 2013, when the company presented next-generation green memory solutions including DDR4 and PCIe SSD. These "5th Generation Green Memory Solutions" for the first time simultaneously satisfied customers' expectations around performance, system installation space and energy consumption — and provided a clear return on investment.

5th Generation Green Memory Solutions
- ▲ The "Green DDR4 Solution" simultaneously delivers high-speed, low power consumption, and high reliability;
- ▲ The "Green PCIe SSD Solution" delivers high performance which is six times faster than SATA SSD;
- ▲ "High-efficiency Green Memory Solution", mounted with both DDR4 and PCIe SSD, has innovatively enhanced system performance and space and investment efficiency.

A server mounted with DDR4 and PCIe SSD can enhance performance by more than 1.6 times compared to an HDD server system. It can also expand system storage capacity four-fold by applying technology that eliminates redundant data, not only cutting power consumption and investment costs, but also minimizing installation space. If all servers in the world were to be replaced with Samsung Electronics' "5th Generation Green Memory Solutions", the overall effect would be equivalent to a power saving of 45 Terawatt (TW) annually, and it's environmental impact would be comparable to planting 800 million ten-year-old trees.

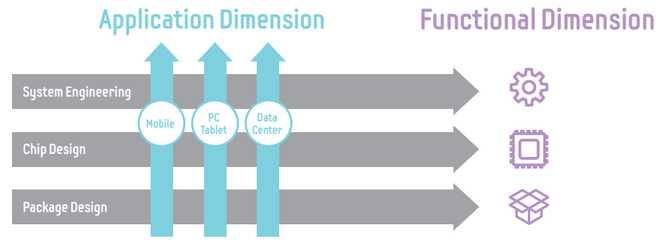
Secondly, we will exploit technology breakthroughs and create the next-generation IT market. Through mass production of 3D vertical NAND memory (V-NAND), which reduces power consumption and can last more than ten times longer compared to existing Planar NAND memory, Samsung Electronics has repeatedly launched V-NAND-based SSD products that overcome the limitations of current nano-level semiconductor technology. The memory solutions of Samsung Electronics have meet the four demands of global IT customers, who want "high-performance, large capacity, low power consumption, and high reliability". In particular, cutting-edge V-NAND memory has significantly improved productivity as its memory densities are double those of other current 20-nanometer memory. Rapid development of large-capacity (256 gigabyte or 1 terabyte) memory products could produce a "digital big bang" moment in the global IT market.

Thirdly, we are applying innovative technologies in our production process. This includes a new concept called Modified double patterning photo lithography technology, as well as Ultrathin dielectric layers, both of which overcome the limitations of the current manufacturing processes and allow for mass-production of next-generation 10-nano DRAM. Samsung successfully created ultrathin dielectric layers of cell capacitors with an unprecedented uniformity, which has resulted in higher cell performance. This has enabled the company to continue supplying the highest-level ultra power-saving green IT solutions to global IT customers. Samsung Electronics is committed to providing even more differentiated Green Memory products to the server, mobile and PC markets in the future. These solutions will further reduce unnecessary costs and energy waste from enterprise down to individuals, while creating shared value for our customers, our shareholders and the global environment.



Improved Performance through big.LITTLE Architecture

Samsung Electronics' System LSI business features a diverse product portfolio including AP products, image sensor, and connectivity products. The System LSI division is continuing its effort to secure leading technologies and launch new businesses. If the evolution of AP products is examined, the company offered the quad-core, an AP with four CPU cores, in 2011 and launched the octa-core with eight CPU cores in 2013.
The big.LITTLE Architecture, one of Samsung's core technologies, consists of four big cores and four little cores, comprising the octa-core, and efficiently allocates cores, depending on the workload at hand. This optimal combination of CPU cores enables efficient handling of tasks, improved performance and reduced power consumption. Development of such cutting-edge technology serves as a catalyst for the company's push for new business as innovative growth engines for the future. Based on such advanced technology, Samsung Electronics will lead the paradigm shifts in the market, while building a stable environment with a focus on innovation.



Cross-functional Organization Aimed to Develop Growth Engines

Reinforcement of Market Leadership

In its 2014 New Year's message, Samsung Electronics emphasized the need for "looking further than others, coming up with new technologies, and entering new markets." Since then, the company has been transforming these goals into reality.

In 2010, Samsung Electronics announced a long-term plan to invest KRW 23 trillion through 2020 in five new businesses including solar cells, LED technologies, rechargeable cells for hybrid electric vehicles, biopharmaceuticals, and medical devices. The company forecasted that the five new growth businesses could generate KRW 50 trillion in annual revenue by 2020. In addition to its existing businesses such as semiconductor and mobile phone businesses, Samsung has been fostering a medical and bio-business as core businesses for the future. The company plans to invest KRW 1.2 trillion in the medical industry by 2020 and expand it as a business with KRW 10 trillion in sales. It is also nurturing a bio-similar (bio medicine) business to expand it to KRW 2 trillion in sales. Samsung has already developed a digital x-ray which uses digital technologies in photo-taking and visual information processing. It has also developed the first sonar device equipped with a 21.5 inch-wide LED panel.

Samsung Electronics acquired a number of medical device companies including Medison, which specializes in the manufacture of ultrasonic image analysis; and Nexus, a U.S. company which manufactures a heart disease analysis device, thereby improving its competitive edge in the healthcare sector. Meanwhile, in an effort to preempt the bio-similar market, Samsung Electronics, its subsidiaries, and Quintiles of the U.S. jointly established Samsung Biologics in April 2011 and Samsung Bioepis in 2012. Samsung Bioepis will conduct international clinical testing and begin global sales of bio-similar products in 2016. The creation of a new joint venture has given Samsung complete bio-similar business capacity including product development, clinical testing, licensing, manufacturing, and sales capacity.

Stakeholder Engagement

In order to meet Samsung Electronics' responsibilities as a global corporate citizen, it is vital that we communicate effectively with our stakeholders. In addition to this Sustainability Report, Samsung Electronics uses a variety of channels to encourage dialogue on sustainable management issues and nurture long-term partnerships with its stakeholders. The company has also established dedicated communications departments and teams for engagement with specific stakeholder groups and the collection and evaluation of their opinions through forums, surveys and on-site facility visits. Through these activities, Samsung Electronics identifies relevant global trends as well as environmental and social opportunities and risks related to the operation of the company.

| **Communication Channels with Stakeholders** |

Shareholders/ Investors

Samsung Analyst Day

Samsung Electronics hosted Samsung Analyst Day in November, which garnered 400 attendees including institutional investors, analysts, and IT experts from Korea and elsewhere. There, Samsung Electronics' vice chairman and CEO, as well as executives from Consumer Electronics, IT & Mobile Communications, the Memory Business, the System LSI Business, Samsung Display, and the Corporate Management Office, presented the future growth potential of Samsung Electronics to investors. They also discussed activities relating to the company's Vision 2020 goal of achieving $400 billion in annual revenue. Additionally, the group reinforced the company's efforts in the R&D sector to identify future growth engines.

Suppliers

The 2013 Shared Growth Day Program

To renew its commitment to shared growth with suppliers, Samsung Electronics hosts a Shared Growth Day event every year. In March, Samsung Electronics hosted its Shared Growth Day along with 250 people including top company executives, the president of the Supplier Council Foundation, and CEOs and executives of 166 suppliers. The chairman of the National Commission for Corporate Partnership and vice chairman of the Korea Foundation of SMEs also participated in the event. During the program, Samsung gave awards to suppliers that had achieved outstanding performance through their innovation, while participants contributed case studies of successfully sharing growth. The grand prize was awarded to Melfas Inc., which developed the Touch Controller IC technology that was used in the touch screens of Galaxy S III and Galaxy Note II smartphones. More than KRW 240 million was distributed among the 25 award winners in the form of gift certificates to help support the local economy.

Communication with Suppliers

Samsung Electronics executives began annual visits to supplier sites in order to gain a better understanding of the challenges they face and discuss priority issues. Topics of discussion during the meetings included updates on the business strategy of Samsung Electronics - especially the company's purchasing policies and product information. More than 370 suppliers, including 250 Tier One suppliers, and 120 Tier Two suppliers, attended 20 meetings in 2013. As a new component of the program, Samsung Electronics held separate business meetings with Tier One and Tier Two suppliers, to give each more individual attention. The information gathered in these meetings was used by our supplier experts to provide suggestions to the CEO of Samsung Electronics ahead of a supplier CEO workshop in October, an event where shared growth opportunities are discussed.

Employees

Samsung LiVE

Samsung Electronics created 'Samsung LiVE' an online communication platform, to provide a forum where employees can share feedback and ideas anonymously. Employee comments in the 'Issue Discussion' section help to foster business improvements and innovation. For example, an employee posted a response regarding concerns about the health of employees after moving into newly constructed buildings. The project manager responsible for the building replied to the concern and shared information on the eco-friendly materials used to construct the building, as well as the various measures the company takes to ensure the health and well-being of its employees.

Management Status Briefings

In order to keep employees informed of new procedures or staffing models, especially as the business continues to grow and expand, senior leadership host regular management status briefings. During these meetings, leadership also presents business performance updates from the previous quarter and shares future management plans.

Non-Governmental Organizations (NGOs)

NGO Survey Result

In 2013, Samsung Electronics conducted a survey in an effort to communicate with global NGOs about sustainable and responsible business activities in the electronics industry. Samsung Electronics held a conference call and conducted an online survey of 23 global NGOs to gather their opinions on: how the company could help make the world sustainable; opportunities for collaboration to address global issues; and ways to enhance transparency through information disclosure.

As the result of a suggestion to establish smoother communication between employees and senior management, Samsung Electronics created 'Samsung LiVE,' an online forum for employees. NGOs also suggested further analyzing the social and environmental impact of their manufacturing process and communicate the company's efforts with major suppliers in a transparent manner - something the company hopes to accomplish through sustainability reporting. Samsung Electronics will continue to conduct surveys among global NGOs in the future to broaden the scope of communication with stakeholders while resolving issues raised in mutual collaboration.

Materiality Matrix

Samsung Electronics strives to reply as quickly as possible to issues raised by stakeholders. In 2013, the company made some improvements on the existing process of selecting Material Issuess, including the addition of a new criterion, "Megatrends." This criterion compares present issues to current global standards, which helps Samsung select priority social issues related to sustainability management. Samsung Electronics is committed to ensuring that all materiality assessment results are reflected in management's decision-making process and departments' business plans to ensure continuity.

Materiality Assessment Process

01 Issue Identification

1.1 Analysis of external shareholders' (NGOs/ media/ industry peers, etc.) concerns
1.2 Analysis of internal stakeholders' (Mid-term strategies, department business plans, etc.) concerns
1.3 Creation of CSR issue pool

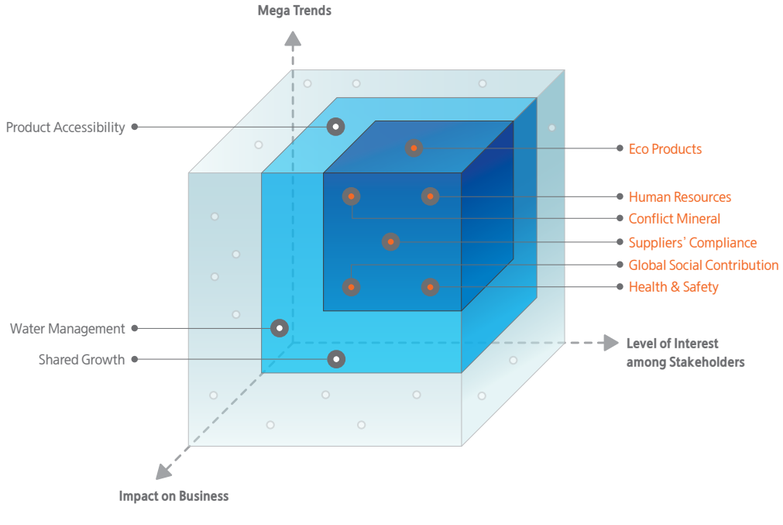
02 Materiality Assessment

2.1 Review and assessment of impact on business
2.2 Review and assessment of social concerns
2.3 Review and assessment of megatrends
2.4 Assessment and identification of major issues

03 Review & Confirmation

3.1 Review of control degrees and scope (interviews and meetings with departments concerned)
3.2 Review by internal management (CSR executive meetings)
3.3 Review by external stakeholders (CSR Committee & independent verification authority)
3.4 Reflecting report contents in business plans for the following year

Materiality Matrix



1. Issue Identification

1.1 Analysis of issues of concern to external shareholders Samsung Electronics analyzed a total of 25,000 Korean and global media reports on the company's sustainability management from January 1, 2013, to March 31, 2014, and identified issues by groups of stakeholders including shareholders/investors, customers, employees, the government, NGOs, local communities, and suppliers.

1.2 Analysis of issues of concern to internal stakeholders In February 2013, Samsung Electronics held a workshop with sustainability management managers to review the composition and details of the sustainability report and discuss prospective Material Issuess by business division.

1.3 Creation of CSR issue pool In order to identify issues with the highest priority, Samsung Electronics made a list of internal and external stakeholder concerns and created a total of 25 issue pools.

2. Materiality Assessment

2.1 Review and assessment of impact on business Samsung Electronics assessed the impact each issue may have on the business with regards to long-term corporate sustainability strategies - all while taking into account business strategy connectivity, financial relevance, brand, and risk-related impacts.

2.2 Review and assessment of social concerns Samsung Electronics assessed issues identified through analysis of reports on industry peers and surveys of various groups of stakeholders. This assessment weighed the urgency of issue resolution, level of interest among stakeholders, and relevance with the company's competencies.

2.3 Review and assessment of megatrends Samsung Electronics reviewed whether or not Material Issuess surrounding the company reflect current global issues. Depending on their alignment with megatrends, the issues could be explained using the broad context of corporate sustainability and analyzed through global standards and trends in academia. To do so, Samsung Electronics reviewed the Global Reporting Index (GRI) G4, the most up-to-date, revised sustainability reporting guidelines: assessment categories of the Dow Jones Sustainability Indices (DJSI); ISO26000, UNGC, OECD Guidelines; and the EICC Code of Conduct.

2.4 Final selection of issues Of the 25 issue pools identified at the issue identification phase, Samsung determined priorities through the three-stage materiality assessment process. Nine issues that ranked in the top 30 percent received final selection. These Material Issuess are covered in this 2014 Sustainability Report and include Eco-Products, Human Resources, Conflict Mineral, Suppliers' Compliance, Global Social Contribution, Health & Safety, Product Accessibility, Water Management, and Shared Growth.

3. Review and Confirmation

3.1 Review of ability to influence and scope Samsung Electronics conducted individual interviews with managers in charge of various areas to identify the reporting scope and boundaries, details, and data on performance and achievements of selected issues in addition to their impact on stakeholders by issue.

3.2 Review by top management In April 2014, Samsung Electronics' CFO held a corporate sustainability meeting with 11 executives from various departments, including human resources, environment, finance, shared growth, social contribution, planning and communication. Attendees discussed the reporting scope of Material Issuess and long-term development directions. Issues decided at the meeting are reflected in the 2014 Sustainability Report and will be implemented in strategic tasks and action plans by business divisions in the future.

3.3 Review by external stakeholders After the internal management review and approval, the sustainability issues went through a rigorous process of ensuring standard reporting procedures and data verification. The 2014 Sustainability Report received third-party assurance from the Business Institute for Sustainable Development of the Korean Chamber of Commerce and Industry. The report was also assured in accordance with ISAE3000 and AA1000AS Type II Assurance.

3.4 Reflecting the report contents in business plans for the following year Samsung Electronics' Sustainability Report not only summarizes and reports the company's activities over the past year, it also helps to define future business strategies, product and service strategies, and processes. The report also serves as a communication channel with various groups of stakeholders.

Material Issues

Issues	Major Contents	Page
Human Resources	Expansion of employment and recruitment of underserved members of society	34
Health & Safety	Promotion of employee health and creation of safe, pleasant workplaces	42
Eco-Products	Utilization of environmentally-friendly materials to help conserve energy, water and resources	50
Water Management	Reductions in water consumption and waste water disposal	54
Shared Growth	Enhanced supplier competitiveness and promotion of fair transactions	58
Supplier Compliance	Establishment of a global supplier support system	62
Conflict Mineral	Ban on the use of minerals in conflict regions and transparency-enhancement activities	72
Product Accessibility	Expanded accessibility for populations requiring special accommodations including people with disabilities and the elderly	75
Global Social Contribution	Development of local communities and social contribution activities from the CSV (Creating Shared Value) perspective	80

Communicating Sustainable Growth

Material Issues

Samsung Electronics is not just about achieving growth and change, but also does its utmost to take on important social responsibilities, such as promoting prosperity and coexistence of the global community. Samsung will spare no effort to create value through corporate sustainability management - making sure it protects the environment, shares growth with suppliers and cultivates its pool of talent , while also strengthening its position as a market innovator for the future.

Contents

Human Resources

Samsung Electronics' devotes its talent and technology to creating superior products and services that contribute to a better global society. This endeavor serves as the guiding philosophy of the company's business and human resources management.

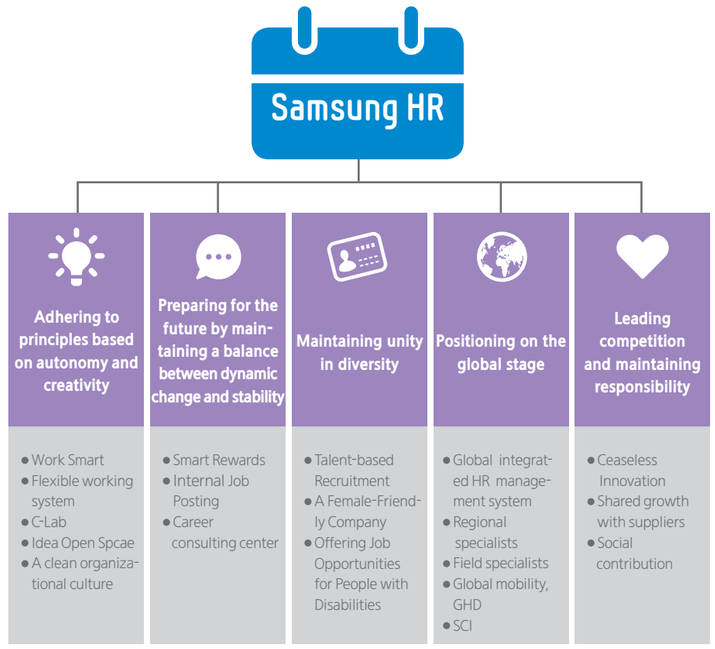
Samsung Electronics strives to recruit the brightest talent from around the world and provide them with the resources they need to succeed. Indeed, this commitment to and focus on our people has been part of the company's core values since the very beginning, and has been at the heart of every decision we make.

Establishment of a Creative Culture

At Samsung, we consider creativity to be the seed of innovation and take pride in the creative spirit and autonomy of our employees. The collaboration and entrepreneurship we encourage across our company has enabled our success to date and will propel us forward. At Samsung, we welcome challenges and see new initiatives as opportunities for growth and learning.

Samsung Electronics encourages employees' independence and creativity through their performance-based compensation policy. In an effort to ensure a smooth organizational operation, the company has established a global integrated personnel management system that is focused on fostering continuous innovation.

Samsung Electronics guarantees the rights of all workers and prohibits discrimination based on gender, education, race, and age. The company fully abides by or exceeds all country and state laws and regulations relating to these matters. Samsung Electronics requires that its employees strictly follow its Code of Conduct and has a zero tolerance policy for non-compliance.



| Adhering to Principles Based on Independence and Creativity |

In order for a company to achieve continued growth, it needs to create new products and services all the time, while it also enhances the capabilities of its existing business. This simple truth informs Samsung Electronics' belief that it is important to have a company culture that fosters creative thinking.

Work Smart | Shifting from a Culture of "Work Hard" towards a Culture of "Work Smart"

Samsung Electronics is improving its organizational culture under the "Work Smart" strategy, a set of principles with the goal of shifting towards a quality and performance management-oriented way of doing business. The objectives of the Work Smart scheme are to identify work processes that could be done more efficiently so that we can boost productivity. With this increased efficiency, the company can in turn generate creativity to achieve better performance.

To aid employees in this shift, Samsung Electronics created a training course, called the "Work Smart Academy," which provides detailed action plans across the overall business - including meeting formats, document preparation, effective instructions and reporting.

Flexible Working System | Maximize Work Efficiency by Allowing Employees to Choose When to Work

In 2009, Samsung Electronics introduced a flexible work schedule in nearly all divisions. Under the system, employees may arrive at work any time before 6 p.m. and work for 8 hours. It allows employees from various walks of life to balance their work and life. . In 2011, the company adopted a "mobile office" system that allows employees to check emails on their smartphones, which enables greater freedom in the office. The flexible working system is an exemplary case study of how Samsung Electronics innovates its work practices, and it is a highly regarded initiative that helps build trust in the company, boosts creativity and promotes well-being in the workplace.

C-Lab | Using Imagination to Solve Customized Challenges

Samsung Electronics' Creative Lab (C-Lab) is an initiative where the company provides personnel and budget to support projects proposed by employees. Employees can undertake the projects for as long as they want, wherever they want. The C-Lab was launched as a pilot in 2012 with four projects. Employees use their projects to explore personal passions while achieving tangible business results. Based on the C-Lab's initial success, the company in 2013 expanded the project across the company by creating the Creative Development Center.

No. of ideas proposed in 2013
14,000 ideas

| Idea Open Space |

Idea Open Space | Tapping Employee Creativity for Enhanced Product Development

In 2013, Samsung employees submitted 14,000 ideas to the Idea Open Space, a system that encourages team members to present creative concepts and ideas for product improvement. Samsung designers and engineers have applied many of the ideas to improve the performance of the company's products.

A Clean Organizational Culture | A Clean Organization: The Pride of Samsung

Samsung Electronics has a zero tolerance policy for unlawful activities. The company makes a concerted effort to maintain a clean organizational culture through various education programs and a strict internal inspection system. Through ongoing education programs, employees go through mock scenarios that allow them to practice which course of action is correct. The company imposes strict disciplinary actions on reported incidents and takes stringent countermeasures to prevent any recurrences.

| Preparing the Future by Maintaining a Balance between Dynamic Change and Stability |

In order to maintain both balance and flexibility in an uncertain business environment, Samsung Electronics has an organized yet flexible staffing model and management system. This system helps to motivate employees by placing individuals in roles where they can best utilize their talents.

Smart Rewards | Recognizing Outstanding Employee Achievement

Samsung Electronics believes that employees should be recognized for great performance, which is why performance-based compensation is an essential component in the company's personnel management policy. Samsung Electronics adopted an accumulated, performance-based annual salary system in 2010, in which employees are eligible to receive bonuses of up to 50 percent of their annual salaries through profit sharing. The company also rewards employees who demonstrate outstanding achievement with a Proud Samsung Employee Award, the highest honor and monetary prize given to employees.

Internal Job Posting | Placing the Right People in the Right Position

Since 2009, Samsung Electronics has operated an internal job listing system in which employees can apply for their desired assignments among the posts available. When additional resources are needed in a specific area, for example because of business expansion or the launch of a new business, internal employees are given preference before recruiting from outside the Samsung Electronics network. As the areas requiring additional resources have recently become more urgent and diversified, the company has expanded the system from quarterly to monthly job postings.

Career Consulting Center | Thinking About Employees' Futures

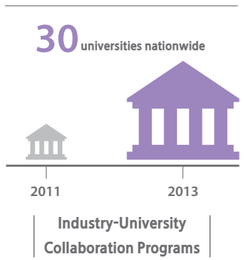
As life expectancy continues to rise, individuals are keenly interested in planning their lives after retirement. At Samsung Electronics' career consulting centers, experts offer education programs including financial planning and health management. The centers also provide consulting services for establishing one's own business, planning career moves and investing. In 2013, approximately 500 employees found new jobs outside Samsung through the career consulting centers.

Extending the Retirement Age | Adopting a Wage Peak System

In 2014, Samsung Electronics adopted a wage peak system that will extend the retirement of employees born between 1959 and 1960 up to five years. The company developed this system in response to the Korean government's 2016 guidelines that exclude this employee group from a mandatory retirement extension to 60 years of age. In addition, through agreement with the employee council, the company will allow employees to accept a reduced salary after 56, allowing workers to stay at Samsung Electronics for longer.

| Maintaining Unity in Diversity |

In order for Samsung Electronics to achieve growth, even during a crisis, it is critical to secure a strong leadership, ensure efficient decision-making, share the vision and goals of the company, and maintain organizational unity. Samsung Electronics is a workplace that recognizes and values the individuality and diversity of its members.



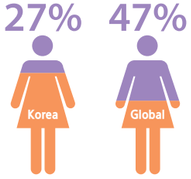
Industry-University Collaboration Programs

Talent-based Recruitment | Diversifying Recruitment Methods to Attract Talented Employees

Samsung Electronics has transformed its recruitment process to become more flexible and diversified, which helps us to attract top talent. One of the major programs to explore creative talents is a membership system that helps foster the next generation of leaders by providing them with a specialized education and a creative environment. The software and design memberships introduced in 1991 and 1993, respectively, have established themselves as undisputed success stories of talent cultivation. Samsung Electronics is also partnering with various universities to develop courses dedicated to educating students who can be tremendous assets for the company and its core technologies. In 2013, Samsung Electronics expanded this program to include the software sector.

A Female-Friendly Company | Helping Balance Family Life and Work Leadership

Of Samsung Electronics' 300,000 employees, female employees comprise 27 percent of the workforce in Korea and 47 percent of the workforce elsewhere, a ratio that continues to trend upward. Samsung Electronics is growing its programs to balance work and family life, including leave for fertility treatment, longer daycare center operation, and an extended parental leave period. As a result of such efforts, Samsung Electronics was certified as a familyfriendly company in 2013.



| Proportion of Women in Workforce |

Samsung Electronics is also making concerted efforts to encourage the next-generation of female leaders and promote their growth in the company. Samsung Electronics continues to focus on promoting its female employees, providing leadership education, and mentoring. Samsung Electronics' goal is to raise the percentage of female executives in the company to more than 10 percent by 2020.

1,529 employees

The Number of Employees with Disabilities

Offering Job Opportunities for People with Disabilities | Taking the Lead in Supporting Workers to Build Their Careers

Samsung Electronics has implemented a wide range of programs to provide job opportunities to workers with disabilities and help them build their careers. In 2011, Samsung Electronics created a "Stepping Stone" internship program for college students with disabilities in 2010 and introduced a special open recruitment program for graduates with disabilities in 2011. Samsung Electronics has emphasized the hiring of managers with experience in integrating disabled workers, and is improving facilities to minimize any inconveniences for employees while on the job. Samsung Electronics' internal facility certification program, "Samsung Barrier Free (SBF)," helps employees with disabilities work in an easier, more comfortable environment.

| Positioning on the Global Stage |

Samsung Electronics, with a business presence in 200 countries around the world, remains keenly focused on globalization and creating thriving workplaces for people in all geographies. The collaboration and entrepreneurship we encourage across our company has enabled our success to date and will propel us forward. In addition, we believe that education fuels innovation. We invest a total of 120 billion KRW (113 million USD) annually in training employees. We customize training for each employee level - from new associates to executives - and operate unique programs that enhance global competencies and strengthen regional expertise.

Global Integrated HR Management System | Standardizing and Systematizing Global HR Management Systems

Samsung believes that without establishing clear standards and work processes, it is impossible to promote long-term globalization and continued growth. The company adopted a global standard HR system in 2003, upgrading and standardizing HR management for all subsidiaries. In 2007, it also implemented "STaR (Samsung Talent Review)" to establish a plan for recruiting top talent and securing a sustainable talent pipeline. In 2010, Samsung Electronics introduced a standardized organizational model to minimize any inconsistencies among global subsidiaries. This reorganization helped achieve standardization and eliminate staffing level confusion that originally resulted from disparate hiring practices at subsidiaries. As Samsung Electronics grows, running the HR system is becoming more and more complex, so integrating our global operations remains a focus for our company.

5,000 employees (accumulated)

The Number of Dispatched Employees

Regional Specialists | Fostering Future Pioneers for Advancing into Global Markets

Originally introduced in 1990, the regional specialist training program is Samsung Electronics' premier human resources program, as it best symbolizes Samsung Electronics' commitment to nurturing global talent. The regional specialist program, most popular with college students aspiring to join Samsung Electronics, is the world's first "freestyle overseas training" program. Once selected as a regional specialist, employees are dispatched around the world for up to two years and have the opportunity to immerse themselves in different cultures, while participating in training programs and networking with local Samsung Electronics employees. During their time abroad, specialists share their experiences with other Samsung Electronics employees on the company intranet. The company has fostered approximately 5,000 global specialists over the past two decades, and the program was one of the key systems mentioned in a paper published in the Harvard Business Review that analyzed the factors in Samsung Electronics' global success. The company invests more than KRW 100 million per regional specialist per year.

600 specialists (accumulated)

Global Field Specialists

Field Specialists | Nurturing Global Talents through Local Languages and Work Experience

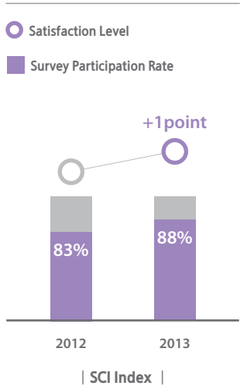
In addition to the global specialist program, Samsung Electronics developed a field specialist program in 2005 that selects qualified personnel to work in global subsidiaries from six months to one year. The field specialist program provides support to address urgent operational issues at overseas subsidiaries in a timely manner. To date, the program has placed 600 field specialists around the world.

Global Mobility & GHD | Providing Opportunities for Employees Abroad to Work in the HQ in Korea

Complementing the regional specialist and field specialist programs, Samsung's global mobility program is a "reverse placement" program that provides the opportunity for employees outside of Korea to work at the company's headquarters or other global subsidiaries. This program is intended to promote globalization of resources and provide employees with the opportunity to become global leaders.

The program was first launched in 2009 as a competitive global employee selection program, and it was expanded in 2010 following initial success. To date, approximately 500 employees worldwide have participated in the global mobility program. In 2013, Samsung Electronics increased the number of selected employees from 300 per year to 500, and we expect that the program will continue to grow and evolve.

To assist program participants in their transition to living in Korea, Samsung Electronics operates a "Global Help Desk," where various support services are available in real-time. Services include everything from relocation assistance to providing support with registrations and certifications. Other services include counseling, Korean language classes, local meals at the company cafeteria and a translation service for any documents across the company.



| SCI Index |

SCI | Introduction of the Samsung Culture Index (SCI)

Samsung Economic Research Institute conducts an annual survey among all the global employees in five categories: Work Smart, Think Hard, Build Trust, Leadership and Policy. The Institute compiles all survey results to create the Samsung Culture Index (SCI) and illustrates the work satisfaction, reliability and fatigue levels of employees companywide. In areas with low scores, the company seeks to make immediate improvements by offering customized programs through various consultative services.

— The response rate for the at overseas subsidiaries increased from 83 percent to 88 percent between 2012 and 2013. Satisfaction levels rose by one point on average compared to the previous year.

| Leading Competition and Maintaining Responsibility |

Ceaseless Innovation | Pursuing Large-scale Advancements in All Business Units

Samsung Electronics seeks to continuously advance all processes as they relate to manufacturing, logistics, development, purchase, marketing, quality, human resources and management. If even one of these processes lacks consistent improvements, innovation is stifled. That's why Samsung Electronics pursues simultaneous innovation in all sectors and large-scale innovation across the company. Samsung Electronics began its focus on 'quality-oriented management' upon its adoption of a "New Management" initiative in 1993. The company also declared 1996 to be the "Year of Design Innovation," and back then started to shift its focus from sheer manufacturing volume to competing through better quality and design.

In 2011, as the IT industry began heavily expanding its focus on software - in addition to hardware - Samsung Electronics developed a software development 10-year plan. It is helping to extend the company's fundamental strengths and strategies across the enterprise, from products to services and solutions. Since then, the company has implemented a wide range of policies in pursuit of its goal of software excellence, including the recruitment of specialized personnel as well as education and training on software specifically. Samsung Electronics announced a plan to hire 50,000 software personnel over the next five years and developed courses for non-software major college students to encourage participation in the software field.

Samsung Electronics also created a SCSA program that offers college students studying humanities the opportunity to obtain a professional software education and become software developers. The company also offers elementary, middle and high schools software classes to encourage and inspire youth to become involved in the industry.

Shared Growth with Suppliers | Laying the Foundation for Shared Growth through Mutual Growth Management

Samsung Electronics carries out a variety of activities to support its suppliers including financial support, education and training, technical support and business management consultations. The company also has created open communication channels to maintain strong relationships with suppliers.

For more details on Samsung Electronics' shared growth initiatives, please refer to pages 58-61.

Social Contribution | Community Programs Funded by Samsung Electronics

Employees at Samsung Electronics have the opportunity to donate a portion of their salary each month to charitable causes. To make an even greater impact, the company created a fund of more than KRW 10 billion to match employee contributions. Since 2012, Samsung Electronics has been making efforts to broaden the meaning and scope of social contribution. It uses a variety of tactics to make the greatest possible difference; whether it's making donations or utilizing employee talents and technologies, Samsung's programs help further improve communities in which the company operates.

For more details on Samsung Electronics' social contribution activities, please refer to pages 80-93.

Health & Safety

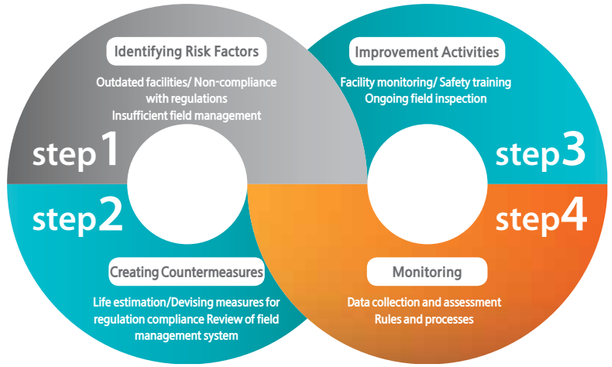
Risk Management

Safety Management

Samsung Electronics promotes safety regulation compliance and establishes a proactive culture of safety at all of its worksites. The company actively works on identifying potential risk factors at worksites and prevents them by improving facilities and work processes. Samsung Electronics also reinforces emergency response capabilities by preparing mock emergency scenarios and conducting regular emergency drills.

Safety Accident Prevention System

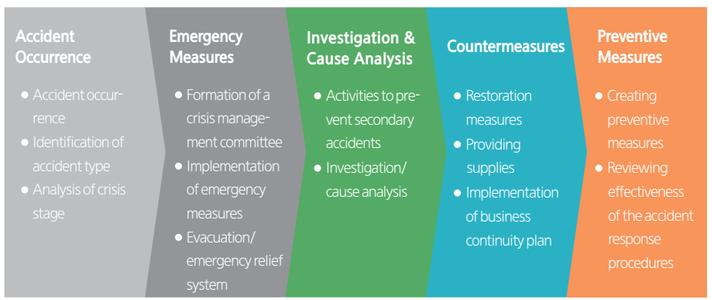
Samsung Electronics maintains projected life cycle estimates for building structures and equipment at all worksites to help eliminate environmental and safety risks of outdated facilities. The company also offers regular safety training to promote compliance with safety regulations and build a culture of safety at worksites.



| Accident Prevention System |

Environmental Accident Response Systems

Samsung Electronics regularly prepares mock emergency scenarios for toxic chemical spills, environmental pollution, fires, explosions, and natural disasters. The company also conducts emergency drills to verify the effectiveness of the response system. In order to ensure that all workers evacuate quickly and safely, drills and emergency medical treatment demonstrations are carried out for all company staff.
Following any accident and its subsequent emergency response, Samsung Electronics analyzes the accident's cause and takes all necessary measures to prevent recurrences.



| Accident Response Procedure |

Samsung's Efforts to Prevent Accidents

In order to prevent accidents that threaten environmental safety, Samsung Electronics has implemented various improvements in workplace safety and strengthened communication with local communities. In the case of an environmental accident that occurred in the Hwaseong plant in January 2013, Samsung Electronics immediately notified the community at a local briefing and presented measures to rectify the issue. Samsung Electronics also complied with official investigations by the Ministry of Labor and the Ministry of Environment. Following the accident, Samsung Electronics conducted safety inspections not only at the site of incident, but also for all of the chemical supply pipelines used in semiconductor manufacturing facilities. The company is increasing the frequency of ad hoc inspections through reputable government institutions.

Rectifying Issues Pinpointed by Ministry of Labor and Ministry of Environment

100%

Safety Management Countermeasures Implementation Progress

Category	Description
Correction of areas pinpointed by MOL/MOE	Corrected a total of 1,934 areas pinpointed by the Ministry of Labor (MOL) (100%) Corrected a total of 9 areas pinpointed by the Ministry of Environment (MOE) (100%)
Establishment of the Giheung-Hwaseong complex headquarters	Establishment of the Giheung-Hwaseong complex headquarters (headed by leadership at the executive level) that maintains authority and responsibility for environmental safety at the complex.
Reinforcement of specialized environmental safety organization	Formation of a specialized leak response unit (emergency measures and inspections/diagnosis in the event of a toxic chemical leak) Appointment of two executive-level experts and supplementation of 386 professional employees
Enhancement of safety inspections	Joint diagnosis and inspection in collaboration with external specialized institutions Environmental impact surveys and assessments in and around plants Benchmarking the world's leading companies with best-practice environmental safety performance Operation of an external advisory board (five members) Measurement of durability period of plumbing/utility facilities Development of optimal semiconductor protective gear
Establishment of a joint response system with suppliers	Implementation of a safety incentive program and support for suppliers' improvement of safety management
Reinforcement of early risk detection and countermeasures	Formation of a specialized leak response unit (IRP) Installation of motion detection surveillance cameras Installation of electronic boards displaying environmental information

Enhancement of Organizational Capacity

Samsung Electronics' Giheung-Hwaseong complex headquarters leads environmental safety and manufacturing management. New organizations at the complex include a memory manufacturing center, a system LSI manufacturing center, an LED manufacturing center, an infrastructure technology team and an environmental safety team.

As part of the organization, the company formed a specialized leak response unit led by two executive-level experts. This unit is in charge of emergency measures, inspections, and diagnoses in the event of a toxic chemical leak. In addition, Samsung Electronics expanded the focus of the Samsung Institute of Safety and Environment, which had previously focused on environmental safety inspections and policies, to include all matters related to environmental safety.

Cultivation of Environmental Safety Experts

Samsung Electronics has established an education system that encourages environmental safety experts is not only to raise employees' awareness of environmental safety, but also to create a safe work environment. The company opened 24 job function training programs for environmental safety personnel in the areas of health and safety, environment management, and disaster prevention to improve their knowledge and expertise.

Phased Certification System

Stage	Basic (Stage 1/ Beginners)	Advanced (Stage 2/ Intermediate)	Expert (Stage 3/ Advanced)	Leader (Stage 4/ Special)	Pro (Stage 5/ Engineer)
Capability	Work execution according to regulations	Establishment of standards based on regulations	Conducting an audit on areas of concern only	Conducting an audit on areas of concern only	Conducting an audit on all areas

Enhanced Safety Inspections

Samsung Electronics continuously enhances its internal safety inspection capabilities in collaboration with external specialized institutions. The company recently conducted an inspection on internal plumbing in partnership with Chung-Ang University and Safetia. Simultaneously, the company carried out a credible joint diagnosis with the Korea Occupational Safety and Health Agency and the Korea Environment Corporation. In addition, Samsung Electronics conducted environmental impact surveys and assessments on air, water and soil in and around the worksites in collaboration with the Korean Society of Environmental Impact Assessment and Kyunghee University. Samsung Electronics benchmarks companies with exemplary environmental safety management practices, and it has organized an advisory group consisting of five external experts in different fields of environmental safety to help the company meet its safety goals.

Establishing a Joint Response System with Suppliers

Samsung Electronics established a 24-hour gas/chemical leak monitoring system in June 2013 and supported its suppliers to improve work environments in their facilities. The company encourages suppliers to actively engage in the implementation of a safety incentive system (35 suppliers) and support improved environmental safety management levels (123 suppliers). Samsung Electronics also works to create safe workplaces by conducting regular safety diagnoses for chemicals suppliers operating within and outside of the company.

Creation of a Communicative Culture through Regular Meetings with Resident Suppliers

Strengthened Communication with Local Communities

In April 2013, Samsung Electronics formed a Samsung Electronics-Hwaseong Communication Council, a channel that promotes discussions on mutual advancements for local communities and the company. In January 2014, the company arranged electronic boards displaying environmental information on hazardous substances at three locations near the Hwaseong worksite following a conversation with local residents concerned about facility emissions. The electronic boards display nine key environmental measures in real-time, including information on air quality (hydrogen chloride, nitrogen oxide and fluoride), water quality (pH, chemical oxygen demand (COD), suspended solids, total nitrogen, total phosporous, and noise. In partnership with local members of the Council, Samsung Electronics monitors the progress of safety countermeasures at worksites, implemented as a result of discussions at Council meetings.

Promoting a Safe Culture

Samsung Electronics offers hands-on environmental safety education programs for all employees. The company created a simulation lab to educate employees on how to respond to different emergency situations including workplace accidents, exposure to chemicals, and fires. Together with the simulation lab, Samsung is continuing its efforts to ensure safe evacuation of employees in the event of an accident.

Participatory Environmental Safety Education

In an effort to effectively respond to environmental accidents, Samsung Electronics has changed the format of environmental safety education from lectures to employee-participatory programs. Samsung will continuously expand various participatory exercises and education as well as develop diverse environmental safety education materials.

Composition of Samsung's Hands-on Experience Lab

Theme	Education Content
Fire Safety	● Simulation of a fire caused by the excessive use of electrical appliances in a single electrical outlet ● Display of fire extinguishers used for different types of fires
Work Safety	● Simulation of being trapped in equipment after failing to observe, or malfunction of, safety sensors ● Stretching to prevent musculoskeletal diseases
Chemical Safety	● Simulation of a mixed chemical leak ● Demonstrations of proper use of protective gear
Safety in Everyday Life	● Walking simulation while wearing drunk goggles ● Following designated footsteps while watching a smartphone to simulate distraction
Emergency Evacuation Drill	● Evacuation drill simulating a fire situation

Environmental Safety Workshop for Managers from Overseas Subsidiaries

Samsung Electronics organized a nine-day workshop attended by 48 environmental safety and utilities managers from 25 production subsidiaries overseas. During the workshop, the environmental safety and utilities managers discussed challenges faced by subsidiaries and case studies showcasing improvements based on environmental safety diagnosis results. Attendees also visited worksites in Korea to learn more about advanced environmental safety and utility management practices.

Overseas Subsidiary Environmental Safety Manager Workshop

| Field Trip to Successful Worksites |

Environmental Safety Innovation Contest

Samsung Electronics held their first environmental safety innovation contest to highlight exemplary case studies. 220 employees attended the contest and each participant had the opportunity to learn from innovative case studies at semiconductor manufacturing plants and discuss areas for improvement. Samsung Electronics plans to expand the contest to overseas subsidiaries and suppliers in order to further explore innovative ideas across the company network.

Environmental Safety Innovation Contest

Theme	Major Content
Display of innovative environmental safety case studies	Under the eight themes of chemicals, work environment, accident prevention, research papers, recycling, systems, and protective gears, a total of 85 pieces are displayed either in person or via video.
Benchmarking of successful worksites	Participants visit worksites that incorporate successful examples such as an environmental safety simulation lab and semiconductor production lines to discuss and benchmark new technology and various safety management methods.
Successful case study presentation contest	Presentations on case studies of successful worksites are disseminated among participants who in turn share the future direction for environmental safety innovation with their peers.

| Environmental Safety Innovation Contest |

| Display of Innovative Case Studies |

| Benchmarking of Successful Worksites |

| Presentations on Successful Case Studies |

Enhancing Suppliers' Environmental Safety Capabilities

Samsung Electronics conducts an environmental analysis for suppliers to prevent safety violations and accidents. Through these diagnoses, the company identifies risk factors and helps suppliers make improvements to them. The company undertakes a stricter environmental safety assessment on new suppliers in order to identify and address any immediate environmental safety problems.

Environmental Safety Workshop for Suppliers

In order to encourage suppliers to increase environmental safety awareness, Samsung Electronics organizes environmental safety workshops that are typically attended by CEOs of suppliers in the IT and Mobiles (IM), Consumer Electronics (CE) and Device Solutions (DS) sectors. At previous workshops, Samsung Electronics encouraged suppliers to view environmental safety not only in terms of cost but also as a core value of business management. The company pledged to support suppliers that emphasize environmental safety as a top priority for their business.

Environmental Safety Workshop for Supplier CEOs from the IM Sector Held in Vietnam

Introducing an Eco-conscious and Safe Manufacturing Process

Environmental Safety Workshop for Supplier CEOs from the CE Sector held in Gwangju Worksite

Sharing Environmental Facility Management Methods

Environmental Safety Evaluation System for Suppliers

To help improve suppliers' environmental safety standards, Samsung Electronics produced an environmental safety self-evaluation sheet to help empower them to identify issues and make the necessary improvements. For some suppliers requiring verification, the company dispatched environmental safety experts to provide guidance on problem identification and improvement activities. If suppliers fail to meet standards or fail to comply with essential categories that may severely affect environmental safety, they are subject to restricted transactions with Samsung Electronics.

Expanded Evaluation System
No. of Categories : 31
Criteria: Compliance and Environmental safety evaluation results

Current Evaluation System
No. of Categories: 13
Criteria: Compliance

Supplier Environmental Safety Evaluation

Environmental Safety Evaluation List

Classification	Evaluation Categories
Safety & Health	Safety devices, protective gear, work environment, medical checkups, etc.
Disaster Prevention	Firefighting facilities, evacuation facilities, building structural materials, etc.
Environment	Approvals/permissions, pollution reduction, hazardous substance management, waste etc.
Electricity/UT	Electric transformer switchgear management, circuit breaker, grounding status, etc.

Reinforcing New Suppliers' Environmental Safety Sector

- Expanding environmental safety evaluation categories to 31
- Evaluating the environmental safety sector separately to identify potential risk factors
- Presenting essential environmental safety regulations to promote full compliance by all suppliers

Creating an Ergonomic Work Environment

In collaboration with ergonomic experts, Samsung Electronics identifies the potential causes of musculoskeletal diseases that may occur during manufacturing processes and develops measures to improve the work environment accordingly. In order to improve worksites in overseas manufacturing plants, the company has produced and distributed ergonomic process design guides to site personnel.

| Ergonomic Improvement Process |

Causes of Musculoskeletal Diseases

Category	Description
Repetition	When joint movements exceed 20 times/min.
Bad work posture	When workers adopt unstable work posture (stooped back, twisting the torso)
Excessive force	When excessive force is imposed on muscles, tendons, and joints (weight: 4.5kg or over)
Contact stress	When joints and digits come in contact with hard surfaces, it puts pressure on nerves, blood vessels, and soft tissues
Vibration	Long-term exposure to vibration range of 1~400cps

Preventive Exercise Center Programs

Basic Checkup
- Basic fitness condition analysis
- Physiological element test
- Range of motion
- Flexibility test

In-depth Diagnosis
- Balancing ability test
- 3D body posture measurement
- Cardiac strength measurement
- Multi-joint measurement

Exercise Treatment Program
- Musculoskeletal remedial massage
- Tailored exercise treatment
- Circuit exercise

Samsung Electronics closely examines relevant ergonomic processes in place, working hours, and worker allocation in advance of conducting a field survey. Through worker surveys, the company looks at satisfaction levels as well as the existence of, or potential risks for, musculoskeletal diseases. As part of the survey, Samsung Electronics measures work environment factors such as temperature, humidity, and ventilation. The company also videotapes workers and assesses their movements by using the Rapid Entire Body Assessment (REBA), an international work environment assessment standard. In addition to REBA, the video footage is used to apply the Occupational Repetitive Action tool (OCRA) to closely analyze the impact of repetitiveness on workers' joints. Based on this process analysis data, Samsung Electronics makes improvements on uncomfortable processes that may impose burden on the body. Such improvements help Samsung achieve its goal of creating a safe and comfortable manufacturing environment.

Musculoskeletal Disorder Prevention Exercise Center

Samsung Electronics operates a Musculoskeletal Disorder Prevention Center to help improve employees' workplace posture and to prevent musculoskeletal disorders. The company hired a team of full-time sports science experts who conduct baseline physical fitness analyses, vertebra checks, balancing ability measurements, and other tests to aid in musculoskeletal disorder prevention.

Sustainable

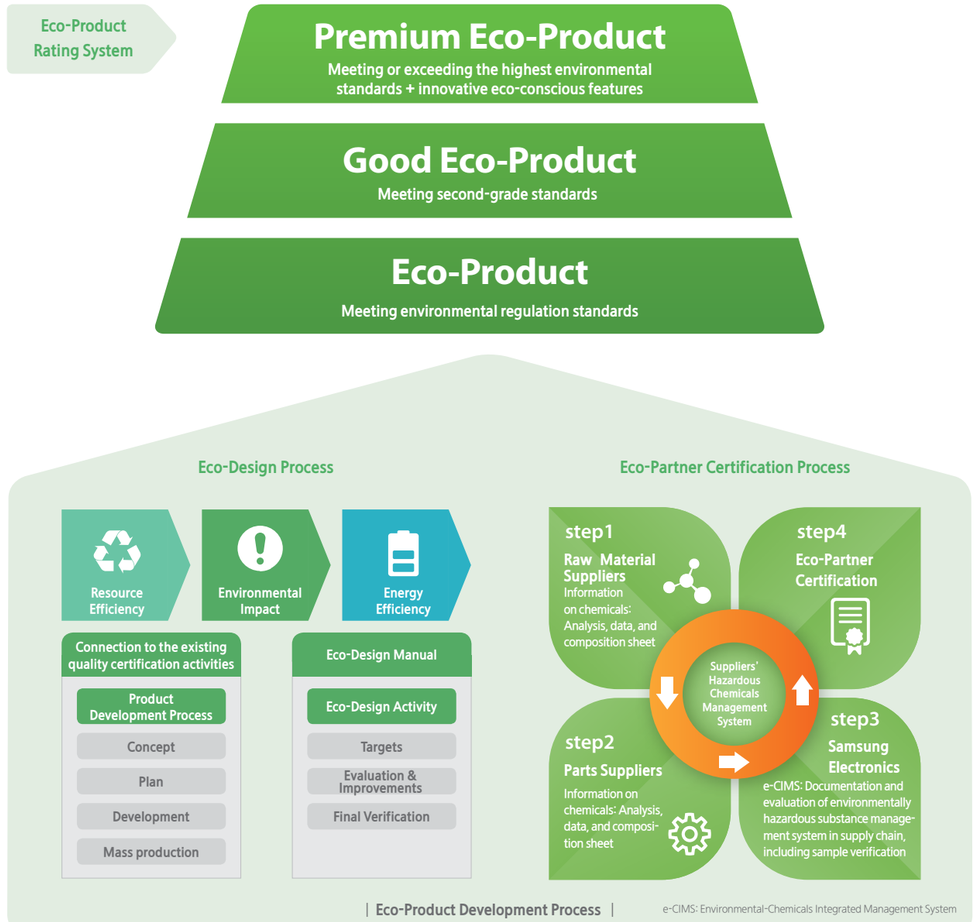
Eco-Product

Eco-Product

Samsung Electronics launched a wide range of innovative eco-conscious products based on its PlanetFirst initiative and to align with its mid-term green management goals. To evaluate a new product on its eco-friendliness, the company implements an 'Eco-Design Process' and an 'Eco-Product Rating Process' from the product planning to design and development stages. The evaluation helps Samsung Electronics continually enhance the energy efficiency of its products by upgrading their recyclability and restricting the use of hazardous substances in production. By bringing diverse eco-conscious products to the marketplace, Samsung Electronics provides new value to its customers.

Eco-Product Development Processes

Samsung Electronics uses an "Eco-Design Process" that makes it mandatory to evaluate the eco-friendliness of a new product in the development stage. It also has an "Eco-Partner Certification Program" that assesses whether hazardous substances exist in suppliers' raw materials and evaluates the suppliers' environmental quality management systems during production. Based on these practices, the company has developed an "Eco-Design System," which involves an "Eco-Product Rating" process to evaluate the eco-friendliness of new products through development models, accelerating the company's efforts to develop eco-conscious products and reduce waste. Samsung Electronics will continue to expand the amount of premium Eco-Products in its product portfolio by developing products based on more stringent standards—such as additional evaluation categories and rating standards—from internationally recognized environmental organizations including EPEAT and UL.

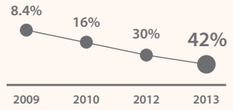


| Eco-Product Development Process | e-CIMS: Environmental-Chemicals Integrated Management System

Eco-conscious Product Development and Launch

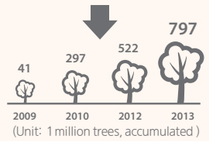
Energy Reduction

Samsung Electronics reduced the annual power consumption of its major consumer electronics products including TVs, refrigerators, and washing machines by 42 percent between 2008 and 2013. As a result of its efforts to develop energy-efficient products, the company reduced greenhouse gas emissions by 88.6 million tons from 2009 to 2013.



(Refrigerator, washing machine, air conditioner, TV, monitor, note PC, printer, mobile phone)

| Average Energy Efficiency Improvement Rate (compared to 2008) |

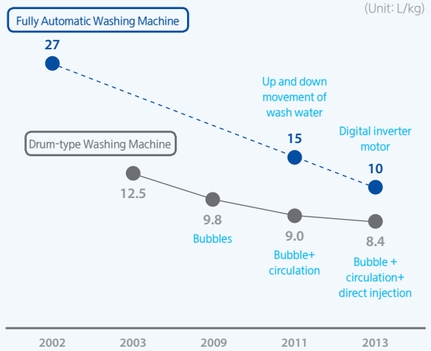


(Unit: 1 million trees, accumulated)

| Equivalence of Improved Energy Efficiency to Tree Planting |

Water Saving

To address the issues around water shortages, Samsung Electronics developed and launched water-saving products including a drum-type washing machine featuring 'no water' drying technology in 2013, available for the first time in Korea.

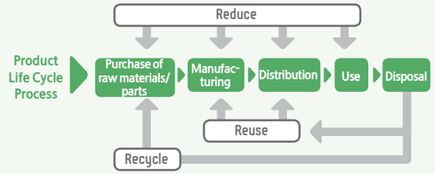


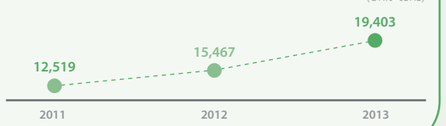
| Reduction in Water Consumption |

Recycling Resources

Samsung Electronics reduces environmentally hazardous elements by reusing and recycling resources, such as recycled plastic, throughout the product life cycle, including manufacturing of parts and products, distribution, use and disposal.

※ 3R : Reduce, Reuse, Recycle

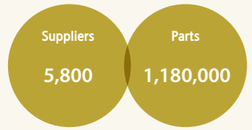




| Use of Recycled Plastic |

Eco-conscious Materials

Through the Eco-Partner Certification System, Samsung Electronics obtains parts that do not contain any hazardous substances from its suppliers. The company has also developed eco-conscious materials such as bioplastic and biodegradable vinyl for its products.



| Eco-Partner Certification Status |

- **BioPlastic** — Bionylon, Corn starch case
- **Packaging Materials** — 100 percent recycled box, biodegradable vinyl
- **Manual** — Non-solvent, soy-based ink, enzyme additives
- **Filter** — Three-layer filter, Super Plasma Ion

| Development of Products Made from Eco-conscious Materials |

Smart Air Conditioner

Model No.:AF18HVFD1WKD

- **Smart sensor** — Automatically manages the cooling speed, temperature, and power by detecting a person's location and movements in the room
- **Smart heat exchanger** — Maximizes cooling efficiency by utilizing a highly energy-efficient microtube-type heat exchanger
- **Smart inverter compressor** — Automatically adjusts its speed in response to the surrounding temperature

Smart TV

Model No.: UN75F8000AF

Reduced number of LED lamps
Use of light sensor

- 42 percent reduction in annual power consumption compared to the previous model

Green Memory

DDR3 Memory, SSD

Eco-conscious DDR4 Memory, PCIe SSD

- Ten-fold improvement in system performance
- If all server systems around the globe adopted the green memory solutions,the anticipated savings of 45 terawatts per hour could be achieved annually

Washing Machine with No Water Drying Technology

Model No.: WD19F8K7ABG1

Application of Air Speed Dry Technology that dries laundry with air instead of water

- 52L water waving, 50 percent reduction in drying time, 18 percent reduction in power consumption

No water usage!
100% saving

Cut drying time in half!
56% saving

Save power!
18% saving

* Based on a 19kg drum-type washer-dryer drying 3kg laundry

Eco-conscious Packaging Materials for Refrigerators

Saving resources by using packaging materials that can be reused more than 40 times

- Applied for all large-sized refrigerator models

7,000 tons
Annual CO_2 emissions reduction

63,000 trees
Equivalent to planting 63,000 trees per year

| Impact of Using Eco-conscious Packaging Materials |

Aluminum Casing Notebook PC

model No.: NT900X3E-A65F

- 100 percent recyclable, ultra-light, ultra-slim design
- Reduced weight and thickness compared to the previous 13.3" model (Weight: 1.31kg→1.16kg, Thickness: 16.3mm→12.9mm)

Mobile Phone Packaging Box Made of 100 percent Recycled Paper (Galaxy S4)

Reducing CO_2 emissions by 1.9 tons per ton, compared to average boxes

Model No.:SSG-3550CR

Bioplastic Goggles for 3D TV

Using bionylon made from castor oil

- Contains 54 percent of castor oil

100 percent Recyclable Cardboard Printer

Adopting the Origami assembly method

- An eco-conscious product that can be recycled at the time of its disposal

Water Management

Water shortage has become a prominent a prominent issue worldwide. In order to fulfill its responsibility as a global IT leader, Samsung Electronics has established company-wide water resource management policies, conservation goals, and strategies and strategies. In addition, the company has joined global efforts to resolve the issue of water depletion while working to minimize serious management risks. In 2012, the company developed comprehensive water conservation plans and has since expanded its efforts to reduce water consumption by analyzing its water-related risks.

Basic Philosophy	**Samsung Electronics recognizes the vital importance of water to society and is committed to being a responsible corporate citizen.**	
Courses of Action	**1. Reduce Samsung Electronics' water consumption and minimize risks associated with potential water shortages.**	Analyze the impacts of Samsung Electronics' products and operations on water resources and implement new technologies to minimize water consumption and water resource risks.
	2. Engage employees on the importance of water reduction and engraining it into the corporate culture.	Educate employees on the impact of the company's water consumption and the risks of water shortages on the business, communities, and environment.
	3. Cooperate with public water policies.	Proactively contribute to the establishment and implementation of water resource management policies by international institutes, the government and local authorities.
	4. Disclose the company's policies and activities on water resource management.	Transparently disclose company policies, water use, and efforts to reduce water consumption to stakeholders, including local communities.

Water Resource Risks

Using the water resource management tools distributed by the FAO (Food and Agriculture Organization) and the WBCSD (World Business Council for Sustainable Development), Samsung Electronics reviewed the water resource risks in the 34 manufacturing plants that it owns. According to the Carbon Disclosure Project's recommendations, Samsung Electronics analyzed each water risk associated with its business sites located in water-stressed countries and developed differentiated emergency countermeasures for each site.

Regional Water Intake Quantity (6 subsidiaries in Korea, 28 global subsidiaries)

Region	Number of Subsidiaries	Withdrawal (unit: 1,000 tons)	Discharge (unit: 1,000 tons)	Water-Stressed Countries (No. of Operation Sites)
Asia	25	61,641	48,605	Korea (6), India(2)
Latin America	5	6,691	5,358	
Europe	4	337	294	Poland (1)

* FAO water resources management tools were used.

Risk Management

Description		Risk Countermeasures
Physical Risks	Water quality degradation	● Assure water quality throughout water pre-treatment process
	Floods	● Create wetlands and establish embankments ● Secure natural-disaster insurance
	Water supply disruptions	● Build dual main water supply lines and sufficient water storage facilities to prevent disruptions of work
	Changes in regulations on water usage & disposal	● Establish internal regulations on waste water concentration beyond legal requirements ● Increase water recycling to reduce waste
Regulatory Risks	Efficiency standards legislation	● Evaluate water efficiency for new facilities; invest in improvements for water efficiency in existing facilities
	Uncertainty over new legislation	● Continuously monitor global environmental legislation trends
Reputational Risks	Lawsuits resulting from disposal of waste water	● Continuously monitor waste water ● Establish an environmental management system (EMS) for new manufacturing facilities
	Waste water leakage, etc	● Establish and activate emergency response protocols ● Enhance internal and external communication about the company's water resources management

Water Resources

Water is supplied to Samsung Electronics on a continuous basis by water providers. However, the company is striving to reduce water consumption and minimize risks associated with potential water shortages by building dual main water supply lines and sufficient water storage facilities. Meanwhile, waste water released from its operation sites is safely treated through internal and external treatment facilities. When waste water is released directly into streams through internal treatment facilities, Samsung Electronics applies stricter internal standards than stipulated by legal requirements, while monitoring the waste water quality in real-time. In an effort to conserve water resources, the company also promotes the recycling of water by retreating waste water and sewage generated at operation sites, thereby improving the efficiency of water reuse.

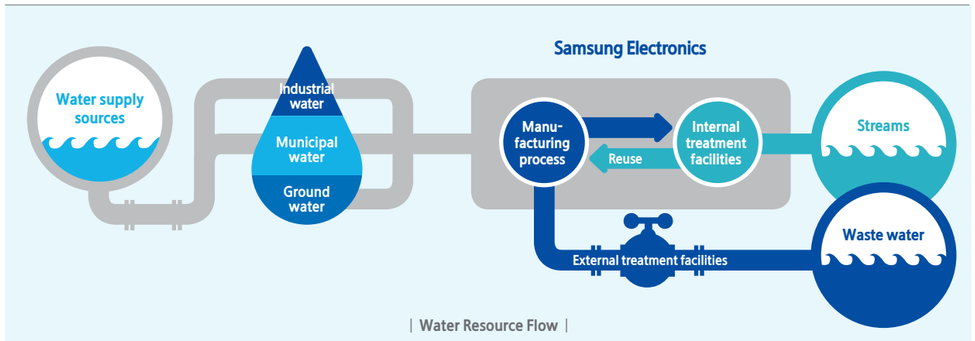
Reuse of Water in 2013

45,262 K tons

Water Resources Status (2013 Global)

Unit: 1,000 tons

Water Inflow			Water Discharge		Recycled water quantity
Industrial water	Municipal water	Ground water	Internal treatment facilities	External treatment facilities	
47,765	19,847	1,069	44,144	10,113	45,262



| Water Resource Flow |

Water Use Reduction Target and Water Resource Conservation Efforts

Samsung Electronics actively implements conservation activities to achieve its goal of reducing the use of water by 50 tons/KRW 100 million by 2015, in terms of water consumption relative to sales. The company's efforts can be broadly divided into two types: (1) minimize water consumption by improving manufacturing processes, and (2) optimize water use by retreating and recycling waste water. As a result of these efforts, Samsung Electronics conserved 45,262,000 tons of water in 2013.

Optimize water management processes for utility systems and semiconductor production

- Optimize water used for ultra-pure water production, web scrubber, cooling tower, and waste water processing facilities.

Install waste water treatment systems for optimum recycling

- Re-process acid/alkaline and organic waste water for the ultra-pure water production system
- Re-treat sewage to be used for fire system and gardening

Recycle waste water in other processes

- Re-use ultra-pure water for other processes
- Re-use condensed water generated by the outdoor air handling unit and concentrated water discharged from the cooling tower for the Wet scrubber

Internal/External Communications Regarding Water Resources

Samsung Electronics discloses water resource-related information of its operation sites to its stakeholders, including employees, and local communities, in a transparent manner. The company provides water conservation guidelines to its employees and encourages them to make the guidelines part of their daily lives. Employees can also check the status of Samsung Electronics' water resource management. In local communities, the company hosts river ecosystem preservation activities in collaboration with NGOs, employees' families, and students.

Environmental Conservation Activities at Giheung Plant

Aquatic Ecosystem Preservation and Water Quality Improvement Activities

In collaboration with local universities, semiconductor plants closely monitor the water quality of waste water streams—as well as their impact on the aquatic ecosystem—and continuously improve activities. For example, since large amounts of steam are generated by discharged water from the company's operation sites during the winter season, the company installed facilities to lower the temperature of the water below 10℃ to prevent disruptions to the river ecosystem. The company also prevented secondary damage caused by generation of steam around waste water outlets.

Waste Water Streams in Korea

Operation Site	Suwon	Hwaseong	Giheung	Gumi	Gwangju	Onyang
Destination	Woncheoli Stream		Osan Stream	-	-	Gokgyo Stream

Impact of Waste Water on Public Waters

Samsung Electronics discharges all of its water generated at its operation sites after undergoing treatment processes that meet legal requirements.
Operation sites with internal treatment facilities comply with internal standards that are even stricter than legal standards and carefully monitor the water. For some of the domestic operation sites located inside industrial complexes and overseas operation sites, waste water generated at the operation sites is first internally processed and then re-processed through external treatment facilities.

Ecological Status of Waste Water Streams

Waste Water Stream	Waste Water Stream Ecological Status Report
Woncheolli Stream in Hwaseong 	● Measurement institution: Kyunghee University ● Key findings [Water temperature] The water temperature of the waste water is similar to that of Woncheolli Stream and thus has little impact on the aquatic ecosystem [Fish species] 2,249 fishes of 17 species were found (Crucian carp: 40.6 percent, minnow: 38.7 percent) [Aquatic ecosystem] More than 22 species of benthic organisms were found [Ecological toxicity] The waste water measurement results show that it has little impact on the stream
Osan Stream in Giheung 	● Measurement institution: Korea Ecology and Environment Institute ● Key findings [Water temperature] The water temperature of the waste water is similar to that of Osan Stream Stream and thus has little impact on the aquatic ecosystem [Fish species] 466 fishes of 14 species were found (Crucian carp: 29.6 percent, minnow: 23.4 percent) [Aquatic ecosystem] More than 18 species of benthic organisms were found [Ecological toxicity] The waste water measurement results show that it has little impact on the stream
Gokgyo Stream in Onyang 	● Measurement institution: Hoseo University ● Key findings [Survey location] Galdong Stream, a tributary of Gokgyo Stream [Stream pollution factors-pH, DO, BOD,COD] There is little impact on the stream [Water eutrophicaitoneutrophication-TN, TP] There is little impact on the stream

Shared Growth

Shared Growth

In recent years, "warm growth" has emerged as one of important keywords in the business ecosystem. This "warm growth" refers to large companies and their suppliers working together to create improved performance and achieve shared successes through various initiatives including large companies' support for and cultivation of their suppliers and enhanced shared collaboration. in order to increase and deepen the relationships with its suppliers, Samsung Electronics works to implement these principles with its suppliers in order to create a mutually beneficial business ecosystem.

Shared Growth Philosophy

Among Samsung Electronics' five core values, its partner collaboration and shared growth activities are based on integrity and co-prosperity. Top management emphasizes the importance of collaboration with suppliers in the New Year's messages every year, which include measures to support suppliers' efforts to enhance their competitiveness.

Laying the Foundations for Shared Growth

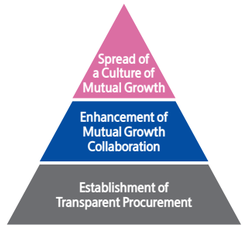
In order to fundamentally boost suppliers' competitiveness and consolidate mutually beneficial partnerships with its suppliers based on trust, Samsung Electronics has implemented collaboration activities in a comprehensive and systematic manner, on the basis of the three axes: establishment of transparent procurement, enhancement of mutual growth collaboration, and spread of a culture of shared growth. In August 2010, the company announced the "Seven Mutual Growth Implementation Plans" and has since faithfully implemented them. In order to take these activities to the next level, the company developed a program designed to address the subject in June 2013. In the program, Samsung Electronics intends to create a healthy ecosystem promoting shared growth and ultimately create shared value with stakeholders by extending the scope of beneficiaries receiving the company's support to include not only primary suppliers that have transactions with Samsung, but also secondary suppliers.

Seven Mutual Growth Implementation Plans (Aug. 2010)

1. Responsive adjustment to raw material price changes & a system of purchasing raw material and supplying them to vendors
2. Creation of the KRW 1 trillion "Mutual Growth Fund" which extends the benefits to include secondary suppliers
3. Comprehensive support measures for secondary and tertiary suppliers
4. Introduction of the 'Global Best Company' system that showcases best practices
5. Drastic expansion of transaction opportunities for SMEs with strong capacity in the areas of technology and infrastructure
6. Support for technology development aimed to enhance suppliers' future competitiveness
7. Support for suppliers' efforts to recruit qualified personnel

Expanded

Mutual Growth Ecosystem Program (June 2013)



Establishment of the Mutual Growth Ecosystem

Supplier Management System

In order to ensure that subject matter experts (SMEs) with innovative ideas and technologies, are given fair opportunities to work with the company, Samsung Electronics runs a wide range of Open Innovation programs including the Innovative Technology Company Council (ITCC), the Open Sourcing System, and the New Technology Contest. Through these programs, SMEs with technological competence, but without business relationships with the company are offered opportunities to become registered as Samsung partners by creating new businesses with the company, while being offered the same mutual benefit programs as existing suppliers.

Suppliers that already have standing relationships with Samsung Electronics can join Hyeopseonghoi, a council of Samsung Electronics' suppliers, where they can secure competitive advantages in technology, quality, and costs through various mutual benefit programs including financing, recruitment and training, and joint development. By doing so, the suppliers can lay the foundation for growing into SMEs with world-class competitiveness in their respective areas of business.

SMEs with a Business Relationship with Samsung Electronics

Suppliers	Hyeopseonghoi	Globally Competitive SMEs
• Financial support • Support for suppliers' recruitment & training • Joint development	• Samsung Electronics Suppliers Council	• Fostering SMEs into a global top 5 company or a top 2 company in Korea in terms of market share through comprehensive support involving financing, technology, and personnel

SMEs without a Prior Business Relationship with Samsung

Open Innovation		
	Innovative Technology Company Council	• Creating new business opportunities through joint technology development with Samsung
	Open Sourcing	• Potential suppliers wishing to start business with Samsung can submit application
	New Technology Contest	• Companies with innovative technologies are granted development funds

| Samsung Electronics' Supplier Management System |

Samsung suppliers or any SMEs with innovative ideas and technologies are eligible for receiving

maximum KRW 1 billion

| New Technology Contest |

New Technology Contest

Since September 2011, Samsung Electronics holds new technology contests in an effort to promote technology development by SMEs. To date, Samsung has contributed KRW 100 billion to the Large & Small Business Cooperation Foundation to provide development funding to SMEs with innovative ideas and financial restraints. Samsung suppliers, as well as any SMEs with innovative ideas on core technologies, are eligible to apply for this fund. SMEs are selected through a screening process and can receive up to KRW 1 billion.

Success Story

Samsung Electronics provided KRW 200 million to Smart Sound for the development of a smart stethoscope using the Android phone microphone. In October 2013, the technology began to be applied for mass production and the two companies are currently planning to file two patent applications.

Mutual Growth Fund

Samsung Electronics created a supplier support fund of KRW 1 trillion, known as the 'Mutual Growth Fund,' in collaboration with Industrial Bank of Korea, Korea Development Bank, and Woori Bank to provide financial support not only for primary suppliers, but also secondary suppliers. Under the Mutual Growth Fund program, suppliers selected through a screening procedure can borrow money from the fund at an additional discounted interest rate of up to 1 percent, in addition to the basic discount rate of 1.4 percent below the commercial rate. In 2013, KRW 853.5 billion was loaned to 804 suppliers and KRW 313.6 billion was loaned to 413 secondary suppliers.

Fostering Globally Competitive SMEs

Samsung Electronics operates the "Globally Competitive SMEs" program that provides comprehensive support in the areas of technology, financing, and human resources for selected suppliers with outstanding technological potential and a strong commitment to innovation to assist them in securing market dominance (a top global 5 SME and a top 2 SME in Korea) and global competitiveness in their respective areas of business. The company held the Globally Competitive SME promotion initiative launching ceremony in August 2011, which provides comprehensive support measures to selected suppliers including financial investment for technology development, support from R&D, manufacturing personnel from Samsung Electronics, and on-site consultation. The company selected a total of 24 suppliers including 14 in 2013 and 10 in 2014 as globally competitive SMEs out of 56 candidates through a screening process. It plans to foster a total of 50 suppliers by 2015.

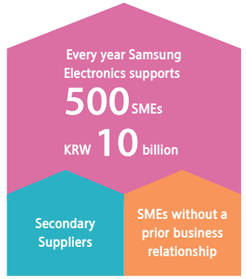
Cultivating Future Leaders

Introduced in 2004, the Future Leadership Program is intended for the children of representatives of Samsung's primary and secondary suppliers to help foster critical management skills. The program is divided into contract-based positions and internships. Contract-based positions receive treatment equivalent to that of Samsung's new employees. They learn about the company's procedures for 10 months through classroom training and on-site learning at operation sites in Korea and abroad. Interns who are college juniors or seniors receive a three-week theory and practice education on overall aspects of business management including Samsung Electronics' business management status and understanding of manufacturing and customers. Since 2004, a total of 231 individuals including 120 contract-based positions and 111 interns have participated in the Future Leadership Program.

Since 2004

| The Future Leadership Program |

Consultations on management innovation, production technology, and on-site improvement



The Industrial Innovation 3.0 Campaign

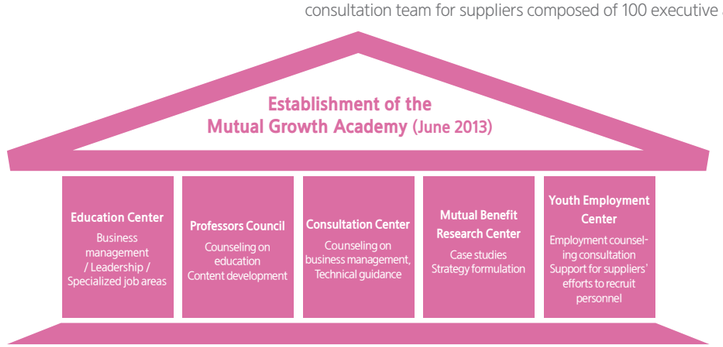
Since June 2013, Samsung Electronics has been actively engaged in the 'Industrial Innovation 3.0 Campaign' in partnership with the Ministry of Trade, Industry and Energy to extend relationships between large companies and primary suppliers to include secondary suppliers. The company will invest a total of KRW 50 billion over the upcoming five years to provide 500 suppliers, including 350 secondary suppliers and 150 SMEs, with yearly consultations on management innovation, improvement of manufacturing sites, support for production technology, and productivity innovation. In 2013, the company dispatched experts in various fields to 500 SMEs to lead on-site improvement activities.

Samsung Electronics Supplier Jobs Fair

In an effort to support its suppliers that experience difficulties in hiring qualified personnel, as well as job seekers hoping to find good jobs, Samsung Electronics holds the Samsung Electronics Suppliers Jobs Fair, offering its suppliers opportunities to recruit qualified employees. A total of 250 primary and secondary suppliers of 11 Samsung affiliates, including 158 primary suppliers in 2012 and both primary and secondary suppliers in 2013, participated in the Fair. While there, Samsung Electronics provides recruits with high-quality employee orientation and job competency training free of charge, similar to the orientation and training it offers to its own recruits. By doing so, the company assists new employees of its suppliers to successfully join and succeed in the workforce.

Future Plans

In order to provide comprehensive and systematic support for its primary and secondary suppliers, Samsung Electronics set up the Mutual Growth Academy in June 2013. The Academy consists of an education and training center, a professors council, a consultation center, a mutual benefit research center, and a youth employment center. The education center and training systematically provides programs matching suppliers' supply-chain tiers and job categories including business management, leadership and specialized job skills programs, as well as the Future Leadership Program. The youth employment center recommends personnel to suppliers by providing career and employment consultations to young job seekers, while supporting suppliers' efforts to recruit qualified personnel through the Samsung Electronics Suppliers' Job Fair. In addition, the consultation center operates a consultation team for suppliers composed of 100 executive and director-level experts from Samsung Electronics in a variety of fields including development, manufacturing, business management, quality, and innovation and plans to expand the number to 200 in consideration of rising demand for consultations.



| The Mutual Growth Academy |

Samsung Electronics is committed to the establishment and expansion of a sound business ecosystem meeting the expectations of society, while strengthening its strategy that promotes mutual growth by providing practical assistance.

Supplier Compliance

As a global company with 38 production bases in 15 countries around the globe, Samsung Electronics manufactures more than 90 percent of its production volume at its world-class operation sites. The company is committed to ensuring that the working conditions of its operating sites exceeds the highest labor and environmental regulations worldwide.

On the supplier network management level, Samsung Electronics urges all of its suppliers to comply with their established code of conduct, while identifying problems and making improvements through regular monitoring.

| Samsung Electronics' Supplier Compliance Management Programs |

Samsung Supplier Code of Conduct

Based on the five Samsung Business Principles announced in 2005, Samsung Electronics established the Samsung Electronics Global Code of Conduct that serves as behavioral guidelines and ethical standards for its employees in all business activities. The company also urges its suppliers to join its effort to comply with the Global Code of Conduct. In efforts to enhance suppliers' compliance capability levels, Samsung Electronics also raises compliance awareness through education and encouraging suppliers to identify problems and make improvements through the establishment of inspection-related processes. A dedicated supplier compliance organization has established a curriculum and education system based on the Electronic Industry Citizenship Coalition (EICC) Code of Conduct.

Compliance with laws and ethical standards	Promoting fair competition in accordance with the law and business ethics; protecting information on business partners, etc.
Maintenance of a clean organizational culture	Making a strict distinction between public and private affairs in employees' duties; creating a sound organizational atmosphere, etc.
Respect for customers, shareholders, and employees	Placing priority on customer satisfaction in management activities; pursuing management focused on shareholder value
Caring about the environment, health and safety	Pursuing environmentally-friendly management; valuing the health and safety of people
Social responsibility as a global corporate citizen	Building relationships of co-existence and co-prosperity with Samsung's business partners

| Behavioral and Judgmental Guidelines and Standards for Samsung Employees |

In 2013, the dedicated supplier compliance support group conducted training for CEOs and personnel/environmental safety managers from supplier companies on compliance-related issues. For suppliers that handle hazardous substances and require management of waste water and air pollutants, the company offered special environmental training courses, including a 24-hour course for new employees and make numbers uniform courses for existing employees.

Compliance Management Status Diagnosis

Suppliers are mandated to strictly comply with standards specified in the Samsung Supplier Code of Conduct while abiding by local laws and meeting international standards on labor and human rights. In order to diagnose suppliers' compliance status, Samsung Electronics continually monitors suppliers through self-assessments, audits by Samsung Electronics expert teams, and audits by third-party independent agencies.

Self-Assessment

Samsung Electronics offers a diagnosis checklist to help its suppliers self-diagnose their compliance status and conduct self-assessments once a year. To ensure that self-assessments are conducted in a transpar-

ent and accurate manner, the company has established a policy to impose penalties if suppliers are found to be untruthfully conducting the evaluations. Upon completion of the self-assessment, high-risk suppliers are included in the group of candidates subject to on-site audits.

Audits by Samsung Electronics Expert Teams

Supplier audits are conducted by expert teams from Samsung Electronics while establishing and implementing compliance management-related systems for suppliers. Experts in the relevant fields are highly trained in inspection regulations and requirements specified in the Code of Conduct. Inspection categories include detailed criteria for labor and human rights, and environmental safety. Suppliers are obligated to submit accurate data, as auditors carefully review their records and conduct on-site surveys. While on-site, auditors are also required to interview workers to help determine the true level of compliance. Selection of interviewees follows standards recommended by the EICC, and one-on-one interviews are conducted confidentially.

Any identified problems are shared with supplier leadership who are required to develop improvement plans and countermeasures to prevent reoccurrences.

Audits by Third-Party Agencies

Audits by third-party agencies are administered by verification agencies registered with the EICC. Third-party audits are independently conducted in accordance with the EICC's Validated Audit Process in five categories: labor and human rights, health and safety, environment, ethics, and business management system. Upon completion of the audits, they review the inspection results with supplier leadership.

Supplier Evaluation

Samsung Electronics conducts comprehensive supplier evaluations to ensure sustainable management of its supply network. The evaluations not only include basic assessment categories such as technological competitiveness, quality, and timely delivery, but also reflect CSR activity evaluation.
The evaluation results give suppliers a grade of A, B, C or D. Suppliers who receive a C two or more times consecutively are subjected to a ban on new transactions with other business divisions. Suppliers who receive a D evaluation two or more times consecutively are also subjected to heavy penalties including a ban on doing future business with Samsung Electronics.

Samsung Electronics prohibits violations of significant employment standards such as those aimed at preventing child labor. In fact, the company strictly enforces a zero-tolerance policy on child labor. Suppliers that violate such criteria are required to immediately respond to the violation and establish countermeasures to prevent recurrences on related matters. In the case of recurrence or neglect of issue management, Samsung Electronics adopts a zero-tolerance policy and suspends transactions with them immediately.

New suppliers are also evaluated on their CSR capability levels in accordance with strict labor, human rights, ethics, and environment standards. If they fail to attain certain standards, they will not be qualified as suppliers for Samsung Electronics.

Corrective Action Management

Suppliers found to have violated the code of conduct during audits are required to take corrective measures on the related issues, and to make fundamental improvements on management methods to prevent the same violation from recurring.

Based on the requirement that "all the problems of suppliers should be always resolved in the shortest possible time," Samsung Electronics closely monitors their progress.

Samsung Electronics' intensive supplier management system stores documented supplier issues in a database that classifies suppliers by grade—green, yellow or red—and offers recommended courses of action depending on the grade. Suppliers that have failed to take corrective measures after receiving warnings—or a red grade—are subject to penalties including order quantity reduction. Suppliers who show little improvement or continue to violate criteria are subject to suspension of transactions.

| Major Activities in 2013 |

Systematic Supplier CSR Support and Improvement Activities

Supplier compliance management has emerged as one of the prominent issues in Samsung Electronics' effort to pursue sustainability in its business management. It is for this reason the company is keenly focused on improving working conditions of its suppliers since making a commitment to do so in 2012. Samsung conducted the following supplier support activities in 2013:

Establish and Operate a Company-wide Dedicated Supplier Compliance Organization

- Recognizing the importance of supplier compliance management, Samsung Electronics set up a dedicated organization to effectively manage supplier CSR-related activities. The organization develops and operates education programs designed to raise suppliers' awareness of compliance, conducts on-site audits of supplier compliance management, and provides support for resolving identified issues.

- Establish Company-wide Collaborative Networks including Councils at Subsidiary/Business Division Levels
  The dedicated supplier compliance department establishes a collaborative system among business divisions and subsidiaries to support supplier CSR activities. To address suppliers' difficulties by region and type of business, and to provide tailored support, Samsung has required each subsidiary to establish respective supplier compliance departments. Supplier compliance departments at this level are managed and operated by respective subsidiaries, while the supplier compliance organization at headquarters oversees, shares, and disseminates guidelines.

Require All Suppliers in China to Purchase and Use ID Scanners to Avoid Child Labor

- To eliminate child labor in China, Samsung Electronics requires all suppliers to purchase and use ID scanners during the hiring process to verify the ages of prospective employees. This way, suppliers can prevent the risk of hiring underage individuals with false identification.

- Mandate In-person Interviews When Suppliers Hire New Employees
  When its suppliers hire new employees, Samsung Electronics enforces a policy of in-person interviews to prevent forgery and illegal use of other people's identification.

- Conduct In-person Inspections of Employees at Supplier Companies
  Samsung Electronics conducts in-person inspections of 94,236 employees working for its 138 suppliers in China. Through the inspections, the company reinforces their strong stance on eliminating child labor.

Expanded Training on Supplier Compliance Support

- In addition to regular compliance training, Samsung Electronics leverages various channels of communication including Partners Day, a day celebrating the company's commitment toward shared growth with partners and contractors, as well as communication forums and meetings to facilitate compliance communications with supplier leadership.

- Enhance Consulting Activities in the Environmental Safety Sector

Samsung Electronics offers a consulting service in the environmental safety sector for suppliers handling hazardous substances. During 2013, environmental safety experts at Samsung Electronics offered diverse consulting services to 227 suppliers in China.

- Train Local Staff at Subsidiaries

At Samsung Electronics, each subsidiary trains local staff at workshops with suppliers. In China, compliance training was conducted on seven occasions for 1,050 management personnel and environmental safety staff.

| Training Sessions for Suppliers' Personnel Management/ Environmental Safety Staff in China |

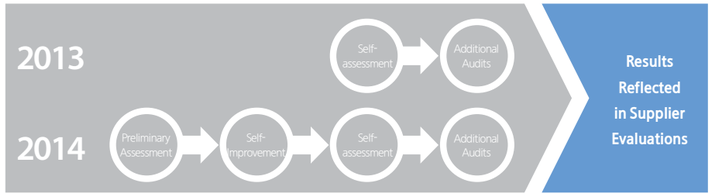
Samsung Electronics enhances the training experience by improving the training facilities or constructing new spaces and environments.

| Newly Constructed Training Site at Samsung Electronics SSDP (Left) and at SEHZ (Right) |

Supplier Self-Assessment

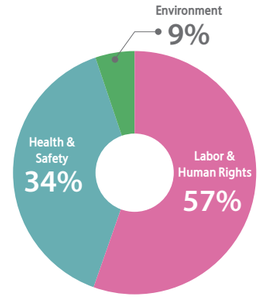
Samsung Electronics supports suppliers' efforts to conduct self-assessments by providing a 'Self-Check Sheet' and rectification guide. These materials can help suppliers better understand their current compliance levels and help identify potential issue areas.

Starting in 2014, Samsung Electronics now implements a process by which suppliers can identify problems through preliminary assessments, rectify any weaknesses, and then conduct self-assessments. For some suppliers that require on-site verification as a result of the self-assessments, Samsung Electronics dispatches experts to conduct audits. If problems are found that are different from those identified through self-assessments, penalties will be imposed. Through this system, Samsung Electronics ensures the objectivity of self-assessments, while encouraging suppliers to recognize where they have challenges and take corrective measures.



Support Activities to Improve Suppliers' Working Environments in 2013

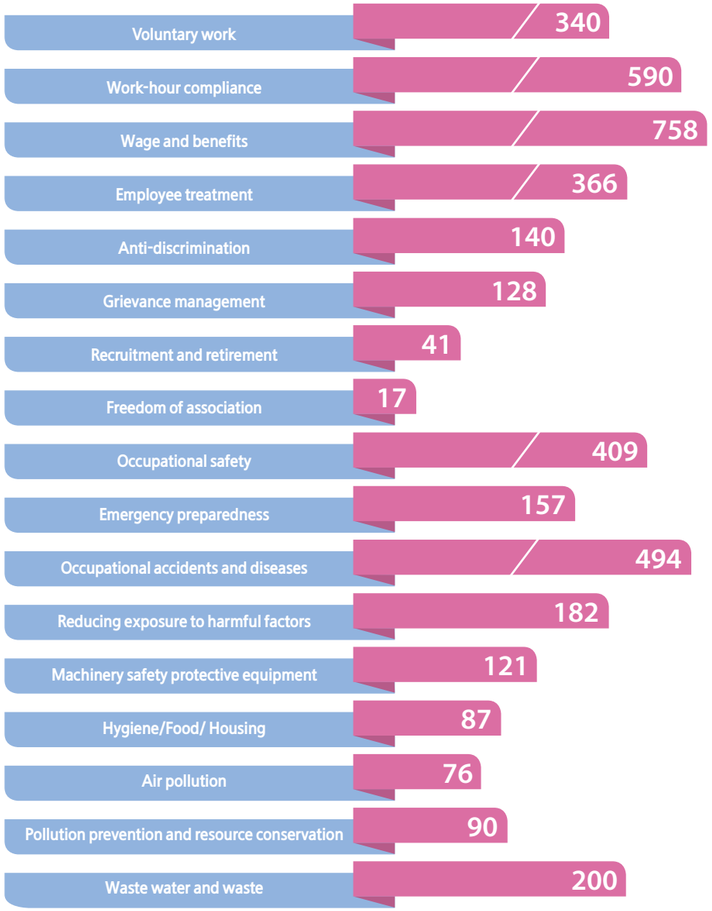
Samsung Electronics requires all suppliers to provide safe and healthy working conditions for all employees. In 2013, Samsung Electronics conducted on-site surveys on working conditions and held interviews with workers from 200 suppliers in China that were of stakeholders' concern.



| Areas of Weakness in Suppliers' Working Conditions in 2013 |

These activities were conducted by personnel from the supplier compliance support organization, personnel from business divisions/subsidiaries, as well as an auditor group from the Samsung China headquarters. According to the results, suppliers' areas for improvement included labor and human rights (57 percent), health and safety (34 percent) and environment (9 percent), in order of severity.

The group conducted more than 700 on-site surveys in 2013 and identified issues by sector. They also identified 4,196 tasks required to resolve the issues, while also supporting suppliers' internal improvement activities.



| Tasks Requiring Improvement Support (Unit: Cases) |

| Third-Party Audits |

In 2013, an external, EICC-certified audit agency was commissioned to ensure compliance by conducting on-site checks for 100 suppliers in China.

Problems identified via third-party verification agencies were shared and reviewed with supplier leadership to implement corrective measures. The suppliers pledged to make improvements and submit improvement plans to prevent the recurrence of such problems.

Labor & Human Rights: Third-Party Verification Key Findings and Corrective Actions

Samsung Electronics Code of Conduct	Key Findings and Corrective Actions
Protection of Minor Workers Samsung Electronics adopts a zero-tolerance policy for child labor and suspends transactions with suppliers in the case of violations. When hiring new workers, suppliers are required to comply with a procedure involving age verification, ID card check, and face-to-face ID checks. When hiring minors*, suppliers are required to abide by local laws and regulations including prohibition of hazardous work.	No instances of child labor were found. However, instances of overtime hours were identified with 16 suppliers, while minors were found working with chemical handling processes at 48 suppliers, indicating that some safety precautions were inadequate. Samsung Electronics mandated that the suppliers concerned take immediate corrective actions and 100 percent improvements were made. The company required the suppliers to comply with local laws related to minor workers moving forward. It also required additional preventive activities including the establishment of protection policies and procedures for minor workers.
Anti-discrimination Samsung Electronics prohibits discrimination based on race, skin color, age, gender, ethnicity, disabilities, pregnancy, religions, political inclinations, union membership, nationality or marital status.	Nine suppliers were found to have discriminatory content, such as references to age, gender, and pregnancy, in recruitment notices or contracts with staffing agencies. The suppliers concerned were asked to remove the discriminatory language immediately. Samsung Electronics also called for the establishment of policies and procedures to prevent recurrences.
Working Hours Samsung Electronics complies with standards recommended by the EICC (applying more stringent standards either up to 60 hours per week or legally permitted working hours in each country) and stipulates at least one day off per week.	A majority of suppliers do not comply with China's legally permitted overtime hours. Cases were found where the amount of working hours per week exceeded the amount designated by the EICC. Samsung Electronics demanded that the suppliers concerned comply with legal overtime hours and collaborated with them to put into place various measures to reduce overtime. In addition, the company monitors overtime hours of suppliers through its internal support system and provides intensive management of suppliers who have made inadequate improvement efforts.
Voluntary Work Samsung Electronics prohibits all types of forced labor including detention and human trafficking. It also prohibits keeping original copies of government-issued ID cards. In addition, working conditions are documented in languages understood by all workers before dissemination.	All suppliers comply with the prohibition of forced labor. However, administrative errors were found at 33 suppliers, including omission of categories such as working conditions in work contracts or not providing work contracts to temporary agency workers. Samsung Electronics immediately called for rectification of the issues and the concerned suppliers made improvements on the issues identified. Samsung Electronics mandated that suppliers must prevent recurrence of these issues and urged them to establish trainings that guarantee workers' rights. The company also asked suppliers to help workers voluntarily participate in completing advance applications (or agreements) in the case of overtime.
Wage and Benefits Suppliers should abide by minimum wage requirements stipulated by local laws, including payment for overtime hours, subscription to social insurance, and provision of rest, leave, etc. Samsung Electronics prohibits pay cuts as a means of disciplinary action. In addition, a certificate of salary should be prepared and disseminated in languages understood by all workers.	Thirty-three suppliers violated local regulations including delayed subscription to social insurance of some workers on the grounds of social practices and workers' intention (e.g. "Workers themselves do not desire"). Thirty-nine suppliers violated regulations by paying fixed wages without providing compensation for overtime hours to part-time workers. Thirty-three suppliers cut pay as a means of disciplinary action or imposed a system of fines. In response, Samsung Electronics mandated that the suppliers concerned subscribe to legal social insurance for all the workers, comply with payment standards, prohibit the imposition of fines, and establish policies and procedures to prevent recurrences.
Humanitarian Treatment Samsung Electronics prohibits inhumane treatment of workers such as sexual harassment, sexual abuse, corporal punishment, mental or physical intimidation, and abusive language. Sick leave or maternity leave should be guaranteed in accordance with local laws.	Seven suppliers did not conduct training on disciplinary actions for managers/team leaders, while 12 suppliers did not document details of disciplinary actions. Samsung Electronics conducted training for suppliers' managers and project managers to ensure that they conduct training every year and document related records including participants, training materials, and training hours. In addition, the company required that suppliers keep detailed records of confirmation/signatures of workers who received disciplinary actions for one year.

*Minor: from legal minimum employment age to 18 years of age.

Health & Safety: Third-Party Verification Key Findings and Corrective Actions

Samsung Electronics Code of Conduct	Key Findings and Corrective Actions
Prevention of Workers' Injuries In order to prevent workers from being exposed to potential risks (electric shock, fire, crash, etc.), suppliers are required to design safe worksites, establish a work procedure, provide personal protective gear, and conduct safety training on an ongoing basis.	Fifty-nine suppliers failed to sufficiently provide safety shoes, safety gloves, earplugs, protective goggles or masks to workers who need personal protective gear, or did not appropriately monitor workers to ensure they were using such equipment. In response, Samsung Electronics required that suppliers provide appropriate personal protective gear and conduct regular training. The company also urged the suppliers to establish procedures to systematically manage risk factors. For example, the company provided suppliers with training content such as local laws and regulations to comply with legal safety training hours (24 hours per year) and related tips through its internal supplier support system.
Emergency Preparedness It is necessary to identify and assess potential emergencies and accidents such as fires, bad weather and chemical leaks to establish appropriate response procedures. It is also imperative to sufficiently equip facilities with fire extinguishers and train workers on how to use the equipment, while also performing evacuation drills on a regular basis.	There were some suppliers that did not have appropriate exits or functional heat/smoke detectors. Forty suppliers did not conduct evacuation drills or excluded some night shift workers from the drills. Fifty suppliers showed inadequate efforts to establish emergency response programs. Samsung Electronics helped to address the issue of securing exits at the inspection sites and secured sufficient fire-extinguishing equipment by worksites, in addition to posting evacuation maps and emergency exit signs. The company also urged suppliers to make sure that all workers participate in emergency response drills and to document related records such as training hours. Samsung Electronics also encouraged suppliers to establish systematic management procedures on emergency prevention and response including annual training programs.
Reducing Exposure to Health Risks Workers' exposure to health risks encountered in the workplace should be identified, assessed and controlled.	Three suppliers exceeded legally permissible environmental limits at worksites, such as dust and noise levels. Suppliers were instructed to investigate, assess and monitor all health risks in accordance with local laws and protect workers by providing personal protective gear and operating control programs.

Environment: Third-Party Verification Key Findings and Corrective Actions

Samsung Electronics Code of Conduct	Key Findings and Corrective Actions
Waste Water and Solid Waste Management Sewage, waste water and solid waste generated from manufacturing processes or hygiene facilities should be monitored, appropriately controlled and treated according to relevant laws and regulations.	Thirty-three suppliers failed to properly monitor sewage and waste. Suppliers were required to establish management policies and procedures to prevent recurrences and comply with local laws and regulations by reinforcing their monitoring system.
Air Pollution Management Volatile organic compounds, aerosol, corrosive agents, fine powder, ozone layer destroying substances and combustion by-products should be monitored, appropriately controlled and treated in accordance with relevant laws and regulations.	Thirty-five suppliers failed to fully control air pollutants generated from manufacturing processes, kitchens or generators. Suppliers were required to establish appropriate air pollution management policies and procedures.

Efforts to Jointly Respond to Key Industry Issues

Samsung Electronics joined the EICC in 2007 and has been vigorously involved in EICC activities, including attending annual general meetings and revising the EICC Code of Conduct.

In February 2012, Samsung Electronics sponsored the first EICC general meeting in Korea at its headquarters. The meeting was attended by 100 people from 65 EICC member companies that discussed various issues surrounding the electronics industry.

Samsung Electronics continuously looks for new ways to sustainably improve the business and makes proactive efforts to achieve growth while staying true to its core values. For example, the company conducts systematic inspections on issues raised by stakeholders and NGOs and makes improvements where necessary. Samsung Electronics identifies the current status of issues raised through in-depth audits and reflects areas requiring improvement in supplier CSR policies.

Executive Managing Director Mr. Pertti Paasovaara Giving a Presentation on Samsung Electronics' CSR Activities

Operation of Local Hotlines (Human Rights Protection and Report Center)

Samsung Electronics' regional headquarters and subsidiaries operate hotlines to help report and prevent human rights violations and expeditiously addresses reported cases within the month. Samsung Electronics prominently displays posters featuring hotline email addresses and telephone numbers at supplier companies.

Hotline Posters Displayed at Supplier Companies

| Future Plans |

Samsung Electronics takes steps to prevent the recurrence of problems identified through supplier site inspections and makes fundamental improvements to maintain superior supplier compliance management. Samsung Electronics developed an integrated inspection checklist to measure suppliers' compliance management levels based on data accumulated through supplier support activities. The checklist will be fully implemented in 2014 and aims to enhance monitoring of compliance management and provide more effective support for addressing supplier issues. Samsung Electronics will continuously refine the inspection checklist to align with varying human rights and labor requirements by country. In addition, it will expand supplier compliance capability building activities—which have mainly taken place in China—into other regions including Southeast Asia, to strengthen a global CSR operation system. Qualitative improvement is equally as important as regional expansion. Samsung Electronics will expand training programs for suppliers that need to improve their working conditions.

Samsung Electronics is developing a supplier compliance management code of conduct manual. The manual consists of four sections including the labor and ethics system, human rights and labor, safety and health, and eco-conscious management, as well as 19 detailed action plans. The manual is an easy-to-use guide to help suppliers take action on compliance management. Samsung Electronics will distribute the report in 2014 to all organizations that design, sell, manufacture, and provide parts and services to manufacture the company's products. In some instances, the guidelines are more stringent than suppliers' local or federal laws. This manual aligns with Samsung Electronics' broader goal to bolster communication efforts with all company stakeholders. Samsung Electronics will continue to disclose its efforts, striving to lead the way in compliance management as a global company.

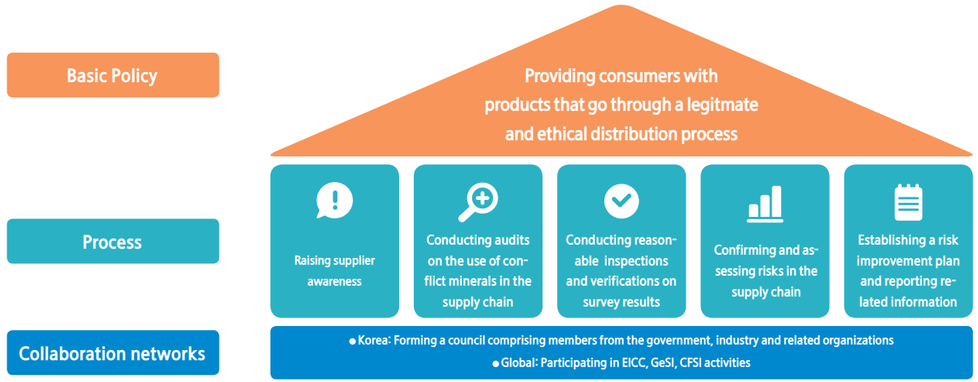
Conflict Minerals

Human rights violations and environmental degradation caused by the mining of minerals in Africa and Indonesia have emerged as key global issues. Samsung Electronics strongly supports the ban on conflict minerals and takes the ethical sourcing of minerals very seriously. The company remains committed to collaborating with suppliers and relevant organizations to build a safe working environment in its supply chain and ensure its customers that all products are produced ethically and sustainably.
Samsung Electronics is working with the Electronic Industry Citizenship Coalition (EICC) and similar organizations to identify industry-wide solutions to the issue of ethical minerals sourcing. The company seeks to increase awareness of conflict minerals and encourages smelters in its supply chain to participate in conflict-free sourcing certification programs. Further, as a member of the EICC, Samsung Electronics collaborates with other member companies to develop countermeasures to this issue.

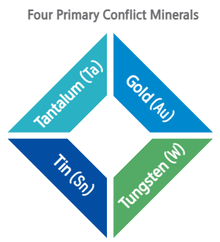
What Are Conflict Minerals?
Child labor, sexual harassment and various human rights violations occur in the mineral extraction process in the Democratic Republic of Congo and neighboring African countries. The profits from illegally extracted minerals are then used to support armed groups. In 2010, the U.S. government passed a law which defined tantalum, tin, tungsten and gold produced in the region as four conflict minerals and mandated companies to disclose their use of the minerals. In accordance with the law, all publicly-traded companies in the U.S. must report the use of these minerals in the products they manufacture or sell to the Securities and Exchange Commission (SEC) by May 2014.

| Conflict Mineral-Related Policies |

Samsung Electronics aims to provide consumers with products that go through a legitimate and ethical distribution process, conducting thorough investigations to ensure conflict minerals are not used. Samsung Electronics conducts training to raise suppliers' awareness of the issue and urges suppliers to shift to certified smelters, while recommending uncertified smelters join certification programs. Samsung Electronics is also forming a council consisting of members from the government, industry and related organizations to identify the impact of the U.S. law on the Korean market and identify potential courses of action. By creating this council, Samsung Electronics is sharing best practices and trends among various stakeholders and establishing common ground to address concerns.



| The approach of Samsung Electronics to Conflict Minerals |



Conducting an audit of suppliers

601 smelters confirmed

Samsung Electronics' Activities

1. Raise Supplier Awareness and Conduct Audits on the Use of Conflict Minerals

To determine whether conflict minerals have been used, it is necessary to investigate smelters and mines by surveying the entire supply chain. Since 2011, Samsung Electronics has organized annual training and briefing sessions for CEOs of supplier companies to stress the importance of the ban on conflict minerals.
Approximately 3,000 suppliers across the globe pledged to adhere to Samsung Electronics' policy on avoiding the use of conflict minerals.

2. Audit the Use of Conflict Minerals

In 2013, Samsung Electronics conducted an audit of suppliers, which revealed that 601 smelters were providing their suppliers with the four primary conflict minerals.

3. Shift from Non-certified Smelters

Samsung Electronics encourages its suppliers that work with non-certified smelters to shift their sourcing to certified smelters. It also recommends that smelters participate in the Conflict-Free Smelter (CFS) program in collaboration with the EICC. For instance, Samsung Electronics found that 95 percent of its suppliers do not use tantalum, so the company recommended that the 5 percent that do use the mineral should shift to the CFS program. As of April 2014, 97 percent of Samsung Electronics' suppliers do not use the mineral.

EICC-GeSI CFS Program

The EICC-GeSI CFS Program is a smelter certification project jointly implemented by the Electronics Industry Citizenship Coalition(EICC) and GeSI, which certifies smelters that do not use minerals illegally mined from conflict zones.

| Controversial Minerals |

Tin Mining in Bangka Island

Tin, mainly produced in China, Indonesia and Malaysia, is widely used across the electronics, automobiles and packing industries. Friends of the Earth (FoE), a global NGO, is focused on raising awareness of the potential impacts of tin mining on Indonesia's Bangka Island. According to FoE, tin mining may cause significant damage to the local environment, including the marine ecosystem such as coral islands, as well as the area's industries, including agriculture and fishing. FoE called on global companies to join forces to address the situation.

Samsung Electronics is working closely with the EICC and a variety of other stakeholders, including the local Indonesian government, smelters, companies and NGOs to find a reasonable solution to FoE's concerns. In 2013, Samsung Electronics joined a working group to address tin mining in Bangka Island along with EICC and IDH. Samsung Electronics and the other member companies urged the major smelter factory on Bangka Island to address the situation.

| Future Plans on Conflict Minerals and Controversial Minerals |

In addition to the recent U.S. law banning the use of conflict minerals, similar laws are undergoing legislative processes in the EU. Samsung Electronics will proactively take part in global initiatives on banning the use of conflict and controversial minerals by conducting annual audits on their use throughout its supply chain and will work to replace them with non-controversial minerals. Samsung Electronics understands the importance of global collaboration to make a significant stride against conflict and controversial minerals. The company will actively participate in various councils inside and outside Korea and expand related activities for early resolution of these global issues. Samsung is committed to upholding its social and environmental responsibilities as a global citizen. Concerning tungsten and gold which are not widely used by the electronics industry, compared to tantalum and tin, Samsung Electronics upholds its policy of avoiding the use of such conflict minerals and has confirmed that its suppliers also join the company's policy.

Creating Shared Value

Accessibility

Product Accessibility

Samsung inspires the world and shapes the future with its transformative ideas and technologies, giving people the power to discover new experiences and express their vision of the world.
Samsung Electronics is committed to product accessibility and convenience. It conducts research on enhancing accessibility to smart devices to help all people, including persons with disabilities and the elderly, benefit from technological advancements.

Dedicated Accessibility Research Organization

In 2012, Samsung Electronics created a dedicated research organization that aims to not only improve IT product user-convenience for general consumers, but also enhance convenience for people with disabilities by taking into consideration the different types of disabilities and special needs. It also explores intuitive interface and interaction methods while surveying and analyzing related laws and regulations around the globe to reflect new innovations in future product development.

Development Stages for Products with Enhanced Accessibility

- Design products in consideration of user convenience for people with disabilities
- Implement core technology to increase convenience, integrated verification, and acquisition of reliability for the launch of commercial products
- Develop User Interface (UI) to increase user convenience
- Develop interaction, multimedia, intelligence technologies that can overcome disabilities including visual, auditory, physical, and cognitive impairments
- Secure function/performance through usability assessments
- Survey/analyze related laws and regulations around the world
- Conduct thorough research on the needs of persons with disabilities and the challenges they face when they use IT products
- Benchmark new products and technologies

Example: Sound Detector

Environmental Analysis

The inability to hear ordinary sounds, such as a baby's cry or a doorbell, can create challenges for an individual. Perhaps more importantly, it is crucial that individuals are able to recognize and react to emergency signals such as alarm bells.

Development of Core Technology

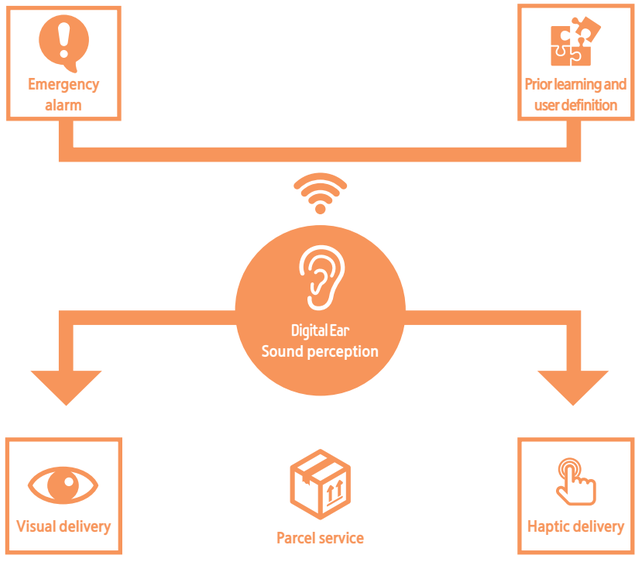
Samsung Electronics developed technology that automatically detects such sounds and enables people with hearing impairments to perceive visual alarms or vibration through a display screen.

Performance in 2013

Samsung Electronics developed functions that detect a baby's cry with a smartphone and informs users via wearable devices such as Samsung Gear.

Product Application

The feature is available on Galaxy S5 smartphones. Samsung Electronics will continue to enhance functions and performance through continuous R&D activities.



Example: Visual Perception Technology for People with Visual Impairment

Environmental Analysis

There is increased demand from people with visual impairments to address difficulties in their daily lives such as getting dressed and taking photos.

Development of Core Technology

For people with visual impairment, Samsung Electronics developed a technology that detects information on colors and patterns of clothes, and delivers the information to users through sound. The technology also helps them take well-composed pictures of an object.

Performance in 2013

Samsung Electronics developed a function in the smartphone camera screen that detects up to 33 colors and five clothing patterns and converts the information into an audio cue for people with visual impairments.
Another technology helps users photograph others by informing them of the location of a person's face in the camera screen via audio cues.

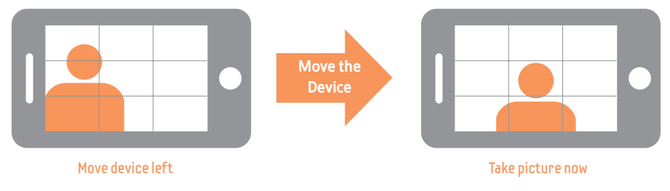
Product Application

The technology is currently available on Galaxy S5 smartphones. Samsung Electronics will continue to enhance functions and performance on future devices.

| Color Information |

"solid"
"horizontal_stripe"
"vertical_stripe"
"diagonal_stripe"
"check"
"other_pattern"

| Pattern Information |



| Introduction to Key Products with Accessibility Functions |

Users with visual or hearing impairments should be able to enjoy the benefits of smartphones that can be used anywhere and at any time. Samsung Electronics strives to enhance user convenience for the disabled and elderly and to narrow the mobile information divide by offering a variety of accessibility options. Accessibility-related functions applied to 2013 products are as follows:

| SHW-M570S Galaxy Core Advance |

Products with Enhanced Accessibility Functions for People with Visual Impairment

Key Features

- **Talkback** - Names of the functions are narrated when the user touches the smartphone screen.
- **Audio Support Camera** - When taking a photograph, the location and the number of people in the shot are narrated. Additional sound recording is available after taking a photo.
- **Light Sensing** - The direction of illuminated light is informed through sound and vibration.
- **Screen Curtain** - To save battery life and protect privacy, users can use the smartphone without turning the screen on.

Featured Accessories

- **Optical Scan Stand** - When a smartphone is placed on the stand, it automatically enters optical scan mode. When a user says "shooting," it automatically scans and vocalizes the text.
- **Ultrasound Cover** - Devices are mounted with an ultrasound sensor and vibrate when they detect an obstacle up to 2m away.
- **Voice Label** - The smartphone detects labels and emits a vocal explanation so that users are able to easily distinguish objects with similar appearances such as medicine bottles and CDs.

| Galaxy Core Advance Development Story |

After an 18-month development phase and launch in February 2014, Galaxy Core Advance increases user accessibility and convenience for the visually impaired and the elderly. Samsung Electronics engaged employees with visual impairments in the product's development stage. User tests were conducted among more than 200 people with visual impairments in seven countries. As a result of their feedback, improvements were made to approximately 700 device functions.

Samsung Electronics presented the Galaxy Core Advance as a gift to students from 14 schools for the blind nationwide, including Jin-seok Choi. Mr. Choi most often uses the Galaxy Core Advance's optical scan function to read printed materials, e-mails and receipts aloud. He also said that thanks to the ultrasound cover that vibrates when it detects an obstacle in his path, he has noticed that he can move about more easily without stumbling or falling.

| SM-G900S Galaxy S5 |

The Galaxy S5 has 30 percent more accessibility functions than the Galaxy S4

Key Features

- **Information protection screen** - The user can use smartphone functions even when the screen is turned off.
- **Detection of a baby's cry** - The smartphone vibrates when it detects the sounds of a baby crying.
- **Automatic haptic** - The smartphone vibrates when music or video plays.
- **Direct execution** - When the home key is pressed three times, frequently used functions are activated.
- **Subtitle setting** - The subtitle function, available for people with hearing impairments, can be adjusted by size, font, and style.
- **Auxiliary menu** - Touch can activate functions that are typically executed by pressing the H/W key or by certain gestures. For those who are unable to press the H/W button or users who find it difficult to perform movements such as the pinch zoom, this function allows them to perform the movements with a simple touch.

| A3 Copier |

A copier with enhanced accessibility and more advanced control panel

Key Features

- **Talkback** - When users touch the control panel, various on-screen functions are narrated.
- **User-customized software keys** - Users can access the most frequently used functions directly on the home screen.
- **Sub-menu** - Users who are unable to press hardware buttons can execute functions with a simple touch.
- **Haptics** - The haptics function allows users to distinguish functions by enhanced haptic feedback.
- **Remote control** - Users can print using mobile phones
- **Preview** - Users can preview the document in full size through the Preview function, which eliminates any possibility of re-printing.
- **Areas for gripping, opening/closing, and control** - can be manipulated with one hand with minimal effort.
- **User maintenance** - Users can identify and control the delivery of Information, instructions, and induce response visually, tactily or auditorily.

Global Social Contribution : Delivering Hope around the World

Samsung Electronics aims to create positive change for people everywhere, helping them to live a better life full of possibilities, while preserving the environment. In an effort to promote sustainable social development and better quality of life, Samsung Electronics has not only provided products that meet the needs of customers, but, proportionate to its global position, has also reached out to underserved individuals around the world, carrying out various social responsibility activities for local communities.

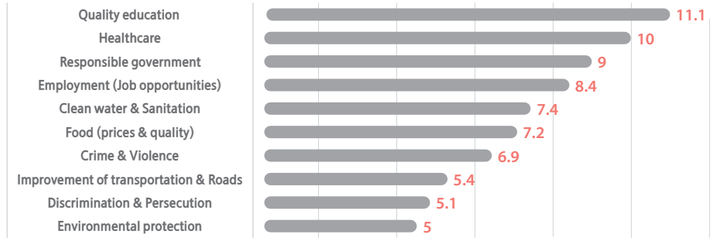
Samsung Electronics' Global Social Contribution Delivered with a Warm Heart

Samsung Electronics uses its talents, skills, and technologies to make a positive impact on the world, helping to shape a smart, sustainable future for all.

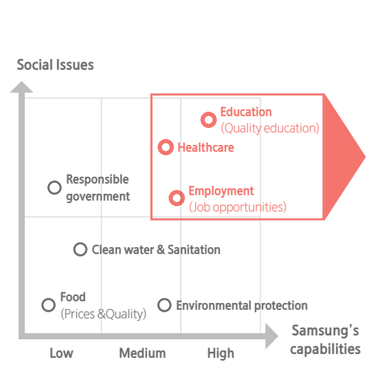
According to a United Nations Development Programme (UNDP) survey in 2013, the top-five global social issues include education, healthcare, roles of a responsible government, employment, and sanitation issues, including clean water. International organizations and governments alike are called upon to address these issues.

Under these circumstances, Samsung Electronics selected issue categories with high urgency and close ties to its business and values by conducting in-depth analyses of global social issues and identifying the degree of the company's competencies. As a result, quality education, job opportunities, and healthcare were identified as the highest priorities. Samsung therefore selected these three issue categories as key areas for global social contribution and aligned its related programs accordingly.

Starting from 2013, Samsung Electronics has operated five key programs tailored to local characteristics in the main social contribution areas of education, employment, and healthcare, while offering locally customized programs designed to address local pending issues. In the employment sector, the company supports young people's efforts to achieve employment competitiveness through IT vocational training programs, while narrowing the regional education gap by providing opportunities for IT education to students from underserved areas in the field of education. In the healthcare sector, it assists citizens to improve their quality of life by utilizing its medical devices.



| UNDP, 2013 |



| Samsung's Five Global Social Contribution Programs |

Samsung Electronics' Five Social Contribution Activities

1. Samsung Smart School

Samsung Electronics contributes to resolving regional education gaps and supports the development of creative global talents by fostering smart education environment through the use of IT technology.

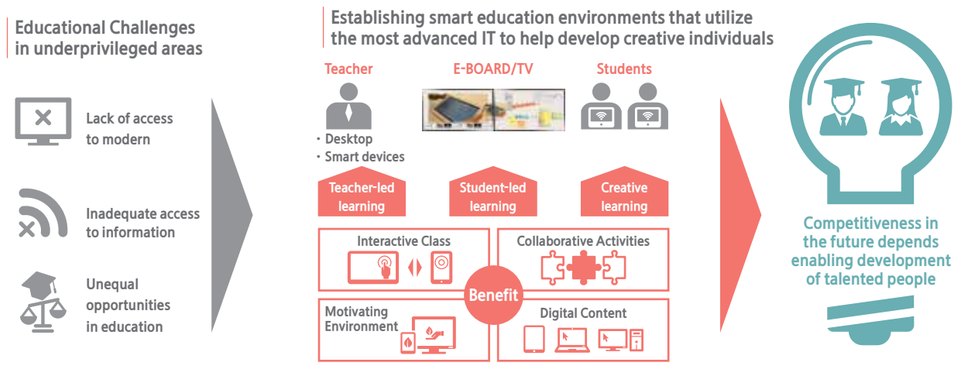
SMART School

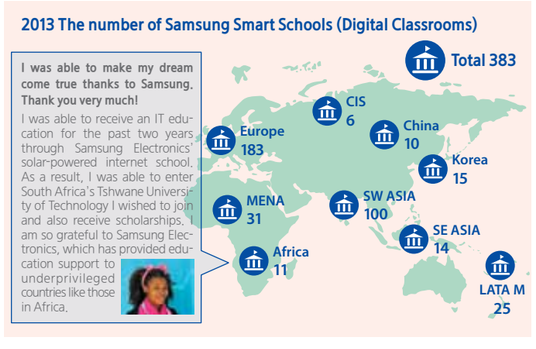
384 Schools under operation

Samsung Electronics sees education as the seed of innovation and works to create programs that support youth education through the use of Samsung's technology, services and expertise, thereby contributing to closing the education gap among different regions and supporting the development of creative global talents. The company believes that fostering talent is critical to the growth of companies in a rapidly changing market environment, as well as for the growth of countries.

Not only is Samsung committed to giving students greater access to education but is expanding the scope of learning. Samsung is working with educators around the world to improve learning experiences through the use of technology, facilitating a classroom environment that is limitless and gives students access to a world of knowledge from their desks or on the go.

Samsung Smart School program provides students living in underserved areas with improved education environments tailored to the levels of different regions, contributing to resolving the regional education divide. In the case of high-income countries equipped with basic networks, the company provides Smart School solutions to underserved students with limited education opportunities to offer advanced education and classes. For mid-to-low income countries, it focuses on providing basic infrastructure, donating buildings, education equipment and books. There are currently 383 Smart Schools under operation, concentrated in Europe and Southwest Asia, through the company's global expansion initiatives.





Solar-powered Mobile Internet Schools

In October 2011, Samsung unveiled its first solar-powered mobile Internet school in South Africa. The Samsung Solar Powered Internet School is a 12-meter long repurposed shipping container designed for up to 21 students, equipped with a 50-inch electronic board, Internet-enabled solar-powered notebooks, multi-function printers, Samsung Galaxy tablet computers and Wi-Fi cameras, and is powered by a solar panel roof generating nine hours of electricity a day. In addition, the central server, which controls all the learning equipment and devices, stores all the education curriculum up to grade 12, assisting teachers and students to engage in a more interactive education. In recognition of its creative idea, the solar-powered mobile internet school was awarded the African Energy Prize in March 2012. As of 2013, the solar-powered internet schools are in operation in 11 countries including Angola, Botswana, Kenya, and Nigeria.

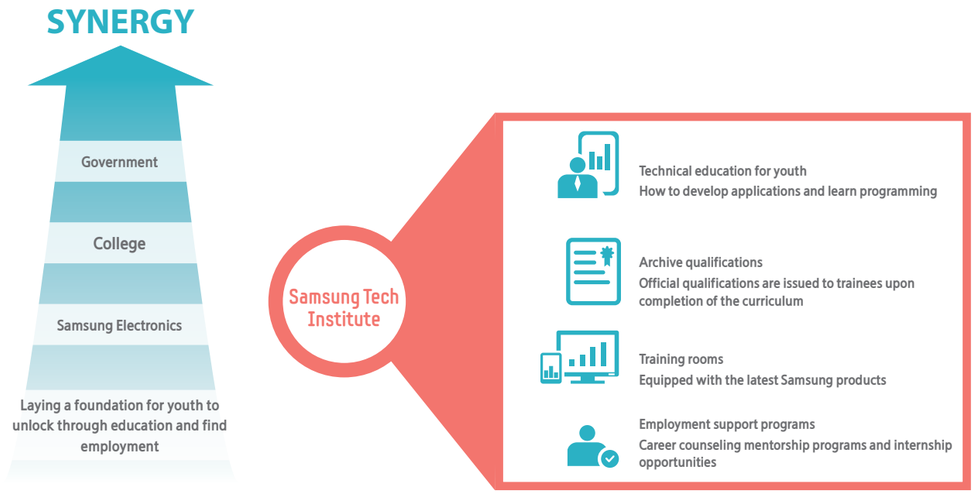
2. Samsung Tech Institute

Samsung Electronics assists the youth of today in designing their future and laying the foundation for financial independence by offering systematic vocational education and local employment.

Samsung Tech Institute

23 Institutes under operation

Most of the world's labor-abundant developing countries are seeking to achieve increased economic performance through the expansion of infrastructure, while manufacturing plants with great job creation effects are striving to create jobs by actively attracting design and R&D centers. Meanwhile, developed countries are faced with unemployment problems due to lack of new growth engines and job creation initiatives for the youth. Fostering startups and venture firms has emerged as one of the major challenges facing such countries. Samsung fosters promising talents by customizing to the needs of different countries, nurturing software personnel in advanced countries and offering customer service education in developing countries. As of 2013, the company operates a total of 23 educational facilities in Europe, Latin America, Southeast Asia, the Middle East, and Africa.



Students receiving education on after-sales services for products at Samsung Electronics Engineering Academy

Africa Tech Institute Story

After launching the first engineering academy in South Africa in March 2011, Samsung Electronics' Africa headquarters also established academies in Kenya and Nigeria in February and July 2012. The academy is operated as a one-year course, not offering education by product, but rather teaching practical skills to help its graduates start their career at IT companies as engineers. The academy produced the first graduates in January 2012 and Samsung Electronics offered jobs to 24 out of the 40 graduates. Additionally, the company launched an engineering academy within the Addis Ababa Institute of Technology in Ethiopia, greatly contributing to easing the unemployment problem facing university students.

3. Samsung Care Drive

Samsung Electronics offers the Smart Healthcare System which is accessible anywhere at any time, helping individuals lead healthier lifestyles.

Samsung Care Drive

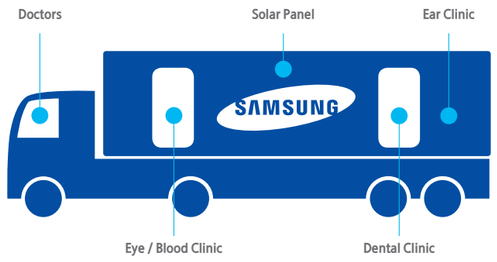
8 Programs under operation

With an aging population, the desire for "living longer and healthier," rather than simply "living longer" is on the rise. Amid forecasts that people age 60 or over will account for 22 percent of the entire population or two billion in 2050, the issue of health and medical aid has emerged as one of the most important social issues.

Under the circumstances, Samsung Electronics is seeking to develop medical devices with outstanding user-friendliness, as well as convergence with the IT industry. In addition, in an effort to promote the health of local citizens and improve their quality of life, the company offers healthcare programs capitalizing on its products and services, while medical staff and operating mobile medical centers to provide basic health check-up services. In 2013, a total of eight Care Drive programs were offered primarily in China, Russia, and Africa and the company plans to expand the Care Drive to 35 by 2014.

Sono School

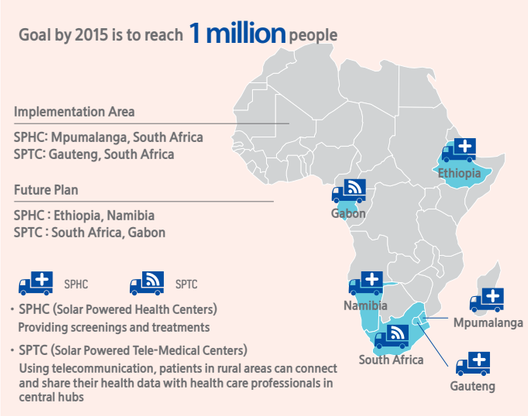
Mobile Healthcare Center



| Care Drive in China |

A Student Testing His Skills with Sonar Equipment

In collaboration with the China Medical Foundation, Samsung Electronics is pushing for constructing a Care Drive healthcare center by each region by selecting 12 regions from 2013 through 2014. In 2013, two centers opened in Guizhou Province and Shanxi Province, in November and December. The China Medical Foundation recruits instructors and students and selects local hospitals where education sessions are offered using equipment and related devices installed by Samsung Electronics. Seven sonar devices and other education equipment are installed per center, and each center offers education on sonar and prenatal sonar testing. In 2013, approximately 630 people completed the education course. The company plans to provide education for up to 3,000 people a year for each center.



4. Samsung Nanum Village

Samsung Electronics provides healthcare and education support to low-income countries, offering local citizens the chance to contribute to the development of local communities. Samsung Electronics believes that people sharing diverse ideas helps to create a better world.

Nanum Village

The Korean word "Nanum (sharing)" means "dividing something into two or more parts." Yet, it also means sharing in triumphs and tribulations. Samsung Electronics is committed to fostering happiness in local communities by thinking about the diverse social problems of people living in underserved areas and coming up with tangible solutions. The Samsung Nanum Village is a program that targets low-income, underprivileged areas and is designed to address the cause of poverty and lay the foundation for economic independence by providing comprehensive infrastructure needed for living. Through the program, the company not only discusses improvement of social infrastructure as far as governments are concerned, but also encourages its employees to actively engage in building Nanum villages.

The Digital Village can be regarded as a breakthrough that not only addresses education and healthcare - the biggest problems of economically disadvantaged, isolated African villages - but also helps to resolve poverty and promote economic independence. Managing director from Samsung Electronics' Africa headquarters, Seong-ryong Hong, commented, "We will work together with governments and international organizations to ensure that activities to provide education and healthcare as well as to promote economic independence will take place quickly in Samsung Digital Villages that will be constructed across Africa." South African government officials and diplomats from 10 countries including Nigeria and Senegal who attended the Digital Village launching ceremony showed keen interest, posing questions to Samsung Electronics staff. Samsung plans to set up Digital Villages in Ethiopia and Gabon during 2014 and will expand them across the country in collaboration with governments and international organizations.

5. Solve for Tomorrow

Samsung Electronics explores innovative ideas and puts them into action to resolve local pending issues in partnership with members of local communities.

Solve for Tomorrow

In 2010, Samsung inaugurated the Solve for Tomorrow competition in the U.S., designed to support Science, Technology, Engineering, Mathematics (STEM) education. The competition invites students to showcase how STEM can be applied to improve their community. Participants solve real-world problems using their STEM skills and creativity. In 2013, approximately 1,600 schools across the U.S. entered the competition, and five winner schools were each awarded a technology grant of more than $110,000.

| Solve for Tomorrow in North America |

The number of applicants increased to more than 2,300 in 2014 with participation from all 50 states. Each of the five winning schools received more than $140,000 in technology and all participating schools received Samsung technology. The Solve for Tomorrow contest is mainly held in the U.S., however a global contest is planned for 2015.

Other Global Social Contribution Activities

Samsung Electronics is committed to improving the quality of life for all by capitalizing on its strengths and competencies.

CIS: Education for Everyone (Russia)

Samsung Electronics organizes the Education for Everyone program, a home-school program designed for Russian children with disabilities who find it difficult to get education in public facilities. The company has provided education equipment and devices including notebook PCs and software to 500 disabled children, while local Samsung employees serve as mentors. In 2013, a total of 1,000 children with disabilities in seven regions and Belarus benefited from the program.

Europe: Trends of Tomorrow (Romania)

Samsung Electronics has offered a career mentoring program for high school students in Romania and Bulgaria since 2011. Since the program began, the company has engaged 15,000 students in 140 schools in 29 cities in Romania and Bulgaria. Additionally, it has benefited 8,000 students in 16 cities in other countries around the world. Samsung organized aptitude tests and career counseling seminars on digital capabilities for new jobs, while experts in a variety of fields including Samsung employees, industry experts, psychologists and celebrities offered online mentoring.

The Middle East: Donation for Underprivileged Children

Samsung Electronics' Middle East headquarters organized the Hope for Children Fun Fair jointly with the Al Noor Center, an education and welfare facility located in Dubai, donating the $180,000 raised during the event to provide education for local children. Samsung Electronics also provided educational IT products including Galaxy tablets and slate PCs to children with disabilities. Additionally, Samsung Electronics set up five digital audio libraries and produced 150 audio books in Iran. The company encouraged consumers to directly engage in the audio book production, raising awareness of the importance of providing educational opportunities for the visually impaired. In 2013, three additional digital audio libraries opened in Arsanjan, Gorgan and Zahedan.

Asia: Samsung Smart Drive (Singapore)

Since October 2013, Samsung Electronics has implemented the Samsung Smart Drive, in collaboration with the Singapore Traffic Police, which aims to discourage the use of mobile phones while driving. In the same year, 83 percent of all motorists reported using their mobile phones while driving. The number of accidents as a result has also increased sharply from 1,100 accidents in the first half of 2012 to 1,700 in 2013. The company's campaign utilizing the Smart Drive app is expected to reinforce the importance of safety and help to curb preventable traffic accidents.

North America: Hope for Children (USA)

Samsung Electronics' North America headquarters has renamed the Four Seasons of Hope initiative to the Hope for Children initiative that has supported the education and health of children and youth since 2010. In 2013, the 12th fundraising event raised $1.5 million. The event was attended by celebrities from various backgrounds including former U.S. President Bill Clinton who sent a video message.

Latin America: Samsung Amazon School (Brazil)

Samsung Electronics established the Samsung Amazon School in collaboration with Amazonas Sustainable Foundation (FAS), one of Brazil's leading nonprofit organizations. The school officially opened on May 2, 2012 after receiving approval as a formal state school from the government. Approximately 350 native students attend the school equipped with a dormitory, meeting rooms, a cafeteria and a health center. The institution has given hope to many including Graciela, an Amazon native who had studied at the school and realized her dream of entering a university in February 2014.

Social Contribution in Korea

To support young students and contribute to the well-being of local communities, Samsung Electronics actively helps those in need. The company actively discusses social problems with local communities; working together we first identify and then resolve them, using Samsung's technologies and expertise.

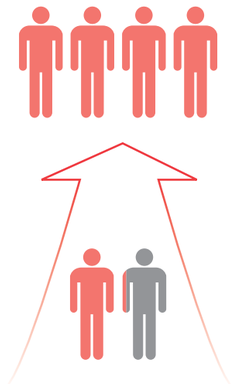
Educational Donation

Samsung Electronics is engaged in various educational donation activities to help youth become creative leaders.

Junior Software Academy

Samsung Electronics has developed and operates an education curriculum in which elementary, middle, and high school students are trained in critical thinking and problem-solving skills by familiarizing themselves with software and coding In the process, they have the opportunity to improve their language and math skills. In 2013, the company operated pilot programs in 46 schools in Seoul, Gyeonggi, and Incheon reaching 1,158 elementary, middle and high school students. Samsung will expand the number of participants to 40,000 by 2017.

The number of participants will increase to **40,000** by 2017



- Pilot operation in 46 schools in Seoul, Gyeonggi, and Incheon area
- 1,158 elementary, middle, and high school students participated in the program.

| Junior Software Academy |

Samsung Electronics software provides fun, engaging, and easy-to-understand educational materials to students.

| Father of Kim Do-yeon, student at Guam Elementary School |

It was amazing to see that my son studied software on his own and had so much fun. I am so happy that he gained more confidence.

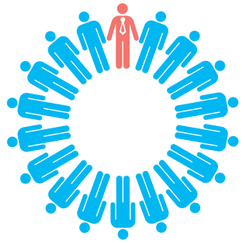
Samsung Smart School

The Samsung Smart School, which launched in 2012, is a program aimed to address the education divide and to support customized learning utilizing IT technology. In 2012, 599 students in 27 classes in Naju, Sinan, Damyang, Mokpo, Jangheung, and Wando participated in the program, followed by 365 students in 21 classes in Cherwon, Hwacheon, Chuncheon, Inje, Gangneung, Yangyang, and Donghae in 2013.

| The Story of Seongmin from Seosang Elementary School |

Seongmin was bored with school. As his friends started to leave for cities, he found it difficult to learn math, which had once been one of his favorite subjects. After Samsung Electronics donated the Smart School solution to his school, a transformation took place. Now on a school blog there are posts detailing what students have learned on the day, while students search the Galaxy Note whenever they face unfamiliar subject areas. Teachers were able to notice areas in which Seongmin was struggling and focus on those topics in greater detail. This year Seongmin couldn't wait to return to school after his spring break.

* Samsung's Smart School solution a digital education package consisting of tablets and software designed to provide better teacher-to-student interaction, more efficient communication and improved classroom management. Before the Smart School solution, there were only fix or six new students at Seosang Elementary School. Following the donation, the number of students expected to enroll in the school tripled.



1,500 mentors (employees)
13,000 mentees (students)

The 2013 Dream Mentoring for Secondary School Students

Mentoring for Secondary School Students

Samsung Electronics offers the "Dream Mentoring" program which introduces various job areas in Samsung Electronics to middle and high school students who are thinking about futures careers. In 2013, 1,500 employee mentors met with 13,000 students.

Nanum Volunteer Membership

Samsung Electronics' college student volunteer service group called the Nanum (sharing) Volunteer Membership is creating a young and healthy culture of giving and sharing. Led by Samsung employees, student members engage in various social service activities including assisting underprivileged people in local communities and proposing creative ideas to resolve social issues. Recently, in collaboration with the Seoul Metropolitan Rapid Transit Corporation, members installed rearview mirrors in 40 elevators designed to prevent safety accidents involving individuals in wheelchairs.

Innovative Technology

In order to create a better world, Samsung Electronics spearheads a wide range of social responsibility programs in an effort to improve the quality of life and create a healthy society through technology and volunteerism.

Tomorrow Solution

The Tomorrow Solution is a creative solution contest in which participants identify societal issues in their local communities, propose innovative ideas to address the problems and implement them. Participants have the unique opportunity to work through the process of putting an idea into action with Samsung employees acting as mentors.

100 people

| The EyeCan Project |

The eyeCan Project: An Eye-controlled Mouse for People with Disabilities

The first innovation stemming from the Samsung Electronics' Creative Development Institute was an eye-controlled mouse called 'eyeCan'. This type of technology, which allows the physically disabled to use a computer through eye movement, can be life changing for patients who are unable to move or speak, but unfortunately the existing model was very expensive - exceeding KRW 10 million. In order to help a greater number of people utilize the technology without such a hefty financial commitment, Samsung Electronics employees developed eyeCan, a product which anyone can assemble using a web camera and eyeglass frame, which cost only KRW 50,000, a 99.5 percent savings. Today, more than 100 patients have benefited from the eyeCan.

| A Warm Change Brought by Samsung- The Tomorrow Solution |

"We want to convert discarded strollers and donate them to senior citizens who have difficulty walking."
The "In&Out" team that participated in the Tomorrow Solution contest created a walking aid for the elderly by converting old, donated strollers. Not only were elderly individuals able to walk more comfortably, the four young team members gained greater confidence and sense of responsibility.

"We want to make customized energy-saving kits by using discarded smartphones"
Although there are many people who support energy conservation, there are few people who actually implement energy-saving activities in their daily lives. In order to translate "what we know" into "what we do," the "NEXT" team developed an application called "Energy Man" designed to measure power consumption by using old smartphones. When people use "Energy Man", they decrease their electricity usage by five percent per month per household.

Support for the Underprivileged

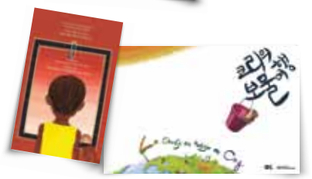
Samsung Electronics is implementing "warm sharing" for people who need assistance, not only in local communities, but in every corner of the world.

Samsung Employee Overseas Volunteer Program

Samsung Electronics' Employee Overseas Volunteer Service groups share their knowledge, skills, and experiences with local residents in Africa and Asia to help combat the countries poverty and achieve sustainable development, thus improving the quality of life for local residents.

Samsung Employee Overseas Volunteer Program
(172 members in eight teams in six countries)

- Vietnam: e-learning centers
- Ethiopia: Computer classes
- Zambia: Improvement of residential environment
- Myanmar: e-libraries
- India: Computer classes, science labs
- Cambodia: Remodeling facilities for children



Volunteers, who went to the Democratic Republic of Congo for volunteer activities in 2012, still remember the children there who did not have enough storybooks to read. The employees took it upon themselves to make storybooks and provide them to the children as gifts. The book donation event was attended by 600 employees and a total of KRW 8.5 million was raised. Storybooks were delivered to Congo, Tanzania, and Senegal.

60,000
participants in five cities across the nation
Support of
KRW 600 million

Nanum Walking Festival

The Nanum (sharing) Walking Festival was held in five locations across the nation including Yongin, Cheonan, Gumi, Asan, and Hwaseong. Approximately 60,000 citizens and employees participated in the festival, walking together. The KRW 600 million raised during the day was donated to needy neighbors in local communities.

The number of attendees in the Samsung Dream Concert
16,300 people

Samsung Dream Concert

Samsung Electronics held the Samsung Dream Concert, an educational festival offering career information and advice to young students, in cities where its operation sites are located including Suwon, Hwaseong, Gumi, Gwangju, and Onyang. The Dream Concert consists of experiential programs, including a "self-understanding hall" where students can test their aptitude; a "job experience hall" where students explored a variety of jobs first-hand; and a "career counseling hall" where experts and Samsung employees serve as mentors to provide career advice. The event held in 2013 was attended by 16,300 students and parents.

The number of people receiving cochlear implant surgery every year
30 people

Support for Cochoear Implant Surgery and Rehabilitation Treatment

Cochlear implant surgery is an operation designed to regain a sense of sound by implanting a device stimulating the auditory nerve in the cochlear. Samsung Electronics supports 30 children with hearing impairments from low-income families to receive cochlear implant surgery every year. Samsung Electronics employee volunteers participate in the children's speech therapy and social adaptation training process.

Social Contribution Special Feature

In 2013, Samsung employees received a special bonus to commemorate the 20th anniversary of the company's New Management Initiative - but they donated 10 percent of this bonus for good causes.

In 2013, Samsung Electronics granted a special incentive amounting to 100 percent of basic salary to all employees. Then, 10 percent of the incentive was donated to society in the name of individual employees. The Samsung Corporate Citizenship Unit sought ideas not only from employees, but also from volunteer service centers located in operation sites, the employee council, and the Community Chest of Korea that the company donated social contribution fund. Approximately 100 ideas proposed by employees were classified into six projects. The six categories included support for programs and facilities designed to help orphaned youth gain financial independence; improve the infant fatality rates in underdeveloped countries utilizing smartphones; improve the lives of children with disabilities by using IT devices; construct public welfare facilities in local communities; support solar-powered facilities at welfare facilities and help alleviate medical expenses for children with terminal diseases. With a total of 23,934 employees voting for the projects, the company was thrilled with the level of commitment to these important causes and ultimately decided to support all the six categories. Managing Director Jo Si-jeong, the head of the Samsung Corporate Citizenship, commented that each process in which employees propose ideas and select projects is very precious, and that the social contribution fund had been raised thanks to employee enthusiasm. Moving forward, the Samsung Corporate Citizenship unit will keep employees updated on detailed implementation plans, thereby creating a new tradition of donation culture in which all employees participate.

Samsung's Global Partnership

Region	Country	Collaborating Organization	Involvement Subject
Europe	Romania	JA-YE	Smart Classroom
	U.K.	Kids Company	Smart Classroom
		Prince's Trust	Smart Classroom
		Apps for Good	Smart Classroom (coding)
		Code Club	Smart Classroom (coding)
		City & Guilds	Tech Institute
	Latvia	SOS Children's Villages	Smart Classroom
		Avantis	Smart Classroom
		Tiger Leap Foundation	Smart Classroom
	France	SOS Childresn's Villages CekeduBonheur	Smart Classroom
	Spain	Unicef	Local programme
	Italy	SOS Children's Villages	Smart Classroom
	Netherlands	Innofun	Smart Classroom
	Portugal	SOS Children's Villages	Smart Classroom
	Greece	SOS Children's Villages	Smart Classroom
	Sweden	SOS Children's Villages	Local programme
	Czech Republic	SOS Children's Villages	Smart Classroom
	Austria	SOS Children's Villages	Smart Classroom
	Swiss	Stiftung Theodora KinderCity Krebsliga	Smart Classroom
North America	USA	National Environmental Education Foundation	Sustainability Education
		National PTA	Solve for Tomorrow
		Southern California Committee for the Olympic Games	Health & Wellness
		Committee Encouraging Corporate Philanthropy (CECP)	CSR Networking
		Clinton Global Initiative	CSR Networking
		Boston College Center for Corporate Philanthropy	CSR Networking
		National 4-H	Summer Science Camp
Latin America	Brazil	Parceiros da Educação	Smart School
		Instituto Vanderelei Cordeiro de Lima	Sport Program
		Fundação Amazonas Sustentável	Amazon School
		Associação de Moradores de Paraisópolis	Smart School
		United Nations International Children's Emergency Fund (UNICEF)	Social inclusion program
		Todos pela Educação	ICT in Education
		Inter-American Development Bank (IDB)	ICT in Education
		SESI- Ação Global	Atividade Socio Educativa
		Instituto Alguem	Agente da Cura
		Secretaria municipal de meio ambiente	Doação de mudas e materiais para reflorestamento da cidade manaus
		SDS- Amazonas Secretaria de desenvolvimento sustentavel	Programa de conscientização ambiental nas escolas do estado do amazonas
		Secretaria municipal de meio ambiente	Evento de conscientização de residuos solidos
		Associação dos pesqueiros de manaus	Dia da água- limpeza do porto ceasa
		JOCUM	Care Drive
	Perú	Entrepreneurs for Education	Smart School Piura
		University Catholic Arequipa	Smart School Moquegua
		Entrepreneurs for Education	Solve for Tomorrow
	Argentina	Fundación Pescar	Tech Institute
		Red Solidaria	Local project
		United Nations International Children's Emergency Fund (UNICEF)	Local project
		Red Comunidades Rurales	NaNoom Village
		Fundación Compromiso	Local project
		Fundación Impulsar	Local project
		Fundación Potenciar Solidario	Local project
		Fundación ELA	Local project
		Fundación ALMA	Health
		Organización Estados Iberoamericanos (OEI)	Solve for Tomorrow
		Fundación Equidad	Local project
	Paraguay	Fundación Paraguaya	Local project
		Paraguay Educa	Local project
		Organización Estados Iberoamericanos (OEI)	Local project
	Colombia	Dividendo por Colombia (part of United Way Network)	Smart School
		Maloka	Solve for Tomorrow
		Colsubsidio	Korean War Veterans
	Mexico	Consejo de la Comunicación	Solve for Tomorrow
		Lazos	Smart School
	Panamá	Movimiento Nueva Generación	Local project
	Chile	Fundacion Chile	Samsung School
		Fundacion Chile	Technical Center
SE Asia	Vietnam	Korea Food Hungry International (KFHI)	Samsung Hope School
		Global Civic Sharing (GCS)	Samsung Hope Library
		Global Civic Sharing (GCS)	Nanum Village
		Korea-Vietnam Culture Communication Center	Korean Culture Experience Course
		Korea International Cooperation Agency (KOICA)	Samsung E- Learning Center
	Australia	The Foundation for Young Australians	Three Solve for Tomorrow inspired initiatives
		Life Education	Local Program
	Malaysia	Teach for Malaysia	Smart School
		Cybercare Youth Organisation	Hope For Children
	Thailand	Makhampom Foundation	Samsung Smart Learning Center
		Thai Korean War Veteran Legacy Club	Scholarship
	Cambodia	National Polytechnic Institute of Cambodia (NPIC)	Tech Institute: Mobile Tech Expert
	Laos	National University of Laos (NUoL)	Tech Institute: Mobile App Academy
	Myanmar	University of Computer Studies, Yangon (UCSY)	Tech Institute: Mobile App Academy
		High school network, including TTC Kamayut and Basic Education High School (B.E.H.S) in Yangon, Mandalay, Taunggyi, Pathein, Myintkyinar, Bago, Naypyitaw and Magway	Samsung Kids Quiz Program
SW Asia	India	IOA (Indian Olympic Association)	Sports Scholarship
		Navodaya Schools	Smart Class
		Tech Institute : Industrial Training Institute	Tech Institute
China	China	Hong Kong Science and Technology Parks	Solve for Tomorrow
		Ecovision Asia	Solve for Tomorrow
		HKEd City	Solve for Tomorrow
		Hong Kong Federation of Business Students (HKFBS)	Solve for Tomorrow
Japan	Japan	Tokyo Philharmonic Orchestra	Sponsorship of the Tokyo Philharmonic Orchestra
		Japan Triathlon Union	Sponsorship of Japan Triathlon Union
		Prince Takamado Memorial Foundation for Japan-Korea Exchange	Sponsorship of Prince Takamado Memorial Foundation for Japan-Korea Exchange
Africa	Kenya	World Vision	Volunteering for medical services in DRC region
		Addis Ababa Institute of Technology	Tech Institute
	Kenya, Nigeria	Ministries of Education of Kenya, Nigeria, Korea, and Korea Education and Research Information Service (KERIS)	Smart School(Solar powered Internet School)
MENA	UAE	Al Noor Training Centre for Children with Special Needs	Smart School
	Kuwait	Al Nibras Ideal School	Smart School
	Egypt	Hope for Children	Smart School
	Iran	Ministry of Education (Amoozesh Parvaresh)	Smart School
		Information & Technology Organisation (Saazman Fanavari va Etelaat)	Smart School
		Organisation of School Maintanence & Equipment (Saazman Nosaazi va Tajhiz Madares)	Smart School
		White Cane Society (Asayeh Sefid)	Audio Libraries
		National Association for the Blind (Anjoman Nabinayan)	Audio Libraries
		Welfare Organisation (Saazman Behzisti)	Audio Libraries
	Turkey	TOG Foundation	Korean Veterans Education Scholarship
		Creative Children Association	Chilren Science Contest
CIS	Russia	DetskieDomiki' Charity Foundation	Education for Everyone social project
	Kazakhstan	Special Olympics	Mini footbal games for intellectually disable people
		State languages development foundation	Kazakh on-line (Kazakhstan)
		Korean Cultural Centre	I-Maestri concert (Kazakhstan)
		Peshraft	Donation to orphanage (Tajikistan)
		Tree plant	Color run and volunteering day (Kazakhstan)
		Veterans Union	Victory Day (Kazakhstan)
		Ayala	Heart to Heart (Kazakhstan)
		Baurzhan	Social advertising contest (Kazakhstan)
		Infants safe	Heart to Heart (Mongolia)
		National Olympic Committee of Georgia	Olympic Day (Georgia)
	Ukraine	Wings of Hope Charity Fund	Touch of HopeProject
		Crab Charity Fund	Samsung. Hope for Children Project
		Heart to Heart Charity Fund	Samsung. Hope for Children Project
		Together to Life Charity Fund	Samsung. Hope for Children Project
		Lifeline Charity Fund	Samsung. Hope for Children Project
		Camomile Charity Fund	Samsung. Hope for Children Project
		Way to life Charity Fund	Samsung. Hope for Children Project
		Sail of Hope Charity Fund	Samsung. Hope for Children Project
		Charitable Organization Klitschko Brothers Foundation	Workshop of success Project

Plans for Advancement as a Global Company

Facts & Figures

Samsung Electronics has identified measurable key performance indicators to ensure that all business activities are aligned with sustainable development and proactively respond to the needs of its stakeholders. These indicators encompass the creation of economic value, talent management, transparent management, green management, social contribution, and shared growth with suppliers. The following section outlines the progress made across these areas in 2013, as well as challenges encountered and Samsung Electronics' plans for the future.

Contents

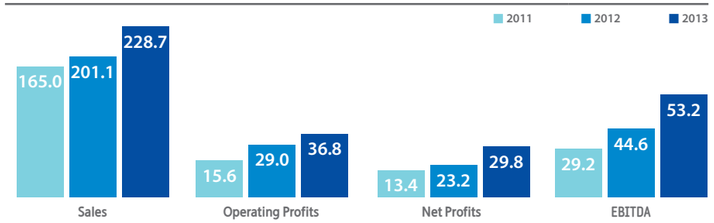
Creation of Economic Value

Key Financial Performance

In 2013, Samsung Electronics delivered record sales of KRW 228.7 trillion, an increase of 13.7 percent from the KRW 201.1 trillion achieved in 2012. The company earned KRW 36.8 trillion in operating profits, KRW 29.8 trillion in net income, and KRW 53.2 trillion in EBITDA.
Despite challenges driven by delayed global economic recovery and intensified price competition of its key products, Samsung Electronics achieved record earnings by affirming market leadership in the Mobile, Memory, and OLED businesses.

Sales
KRW **228.7** trillion

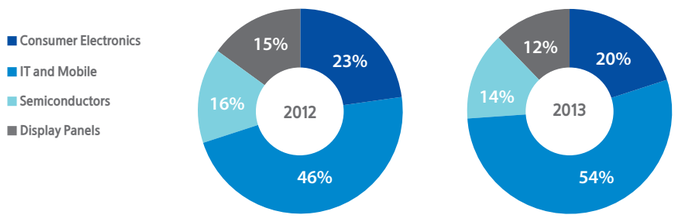
Sales and Financial Performance Unit: KRW 1T



Performance by Business

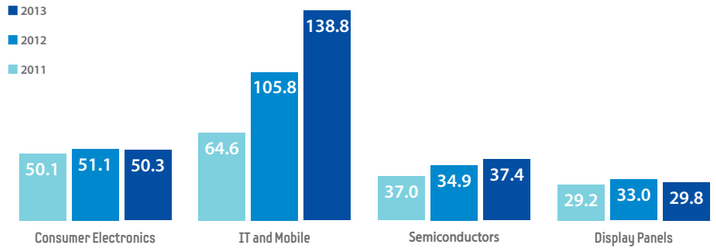
Samsung Electronics has a diverse business portfolio consisting of the Consumer Electronics division, which comprises business units that manufacture and sell TVs, monitors, printers, air conditioners, refrigerators, and medical devices; the IT and Mobile division, which includes businesses that specialize in mobile phones like smartphones and tablets, ICT systems, and digital cameras; the Semiconductor division, which includes the business units that manufacture and sell DRAM, NAND Flash, and Mobile AP; and the Display Panels division, which comprises the business units that produce and sell display panels for a variety of key products such as TVs, monitors, notebook PCs, and smartphones.

Sales Proportion by Business Division



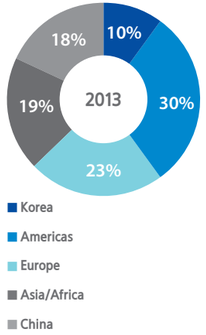
In Consumer Electronics, Samsung Electronics maintains its global leadership in TV, FPTV, and LCD TV for the eighth consecutive year, while the IT and Mobile division continues to diversify product lines from premium smartphones to mass production models. The Semiconductor and Display Panels sectors remain focused on enhancing cost competitiveness through advanced process development, mass production, and increasing shipments of differentiated products. The trends of sales by division are as follows:

Samsung Electronics' Sales by Business Unit: KRW 1T



※ Sales by division reflect the organizational change in 2013.

Sales by Region



Sales by Regions

Increased sales of key products in the Americas, Asia, Africa, and China contributed to the increase in total sales.

Performance by Region Unit: KRW 1T

	2011	2012	2013
Korea	26.5	29.2	22.8
Americas	47.5	58.2	69.4
Europe	39.0	49.5	52.7
Asia/Africa	28.8	36.1	43.7
China	23.1	28.2	40.1

Major Products and Global Market Shares

Major Products and Global Market Shares Unit :%

	Product	2011	2012	2013	Remarks
Consumer Electronics	CTV	19.2	21.1	21.6	Global market shares according to Display Search (based on product numbers)
IT and Mobile	Mobile phones	21.2	25.1	27.2	Global market shares according to Strategy Analytics (based on phone numbers)
Semiconductors	DRAM	42.2	41.0	36.2	Global market shares according to iSuppli (based on sales amount)
Display Panels	Display Panels	26.1	25.4	20.4	Global market shares according to Display Search (based on sales amount of large models)

Creating Economic Value

Samsung Electronics created the following economic value in 2013.

Summary of Economic Value created by Samsung Unit: KRW 1T

	2011	2012	2013
Sales	165.0	201.1	228.7
Other Profit*	11.0	10.4	10.9
Other Cost**	(8.6)	(8.7)	(8.4)
Depreciation Costs***	(13.6)	(15.6)	(16.4)
Economic Value Created****	153.8	187.2	214.8

* 'Other profits' include interest, dividends, and equity profits.
** For 'other expenses,' interest expenses are excluded from financial expenses.
*** 'Depreciation costs' refer to total depreciation expenses and repayment expenses on intangible assets that are included in administrative expenses.
**** 'Economic value created' refers to the sum of operating and non-operating income minus expenses that are not distributed to internal and external stakeholders.
※ Figures for 2011 and 2012 have been adjusted according to new calculation standards.

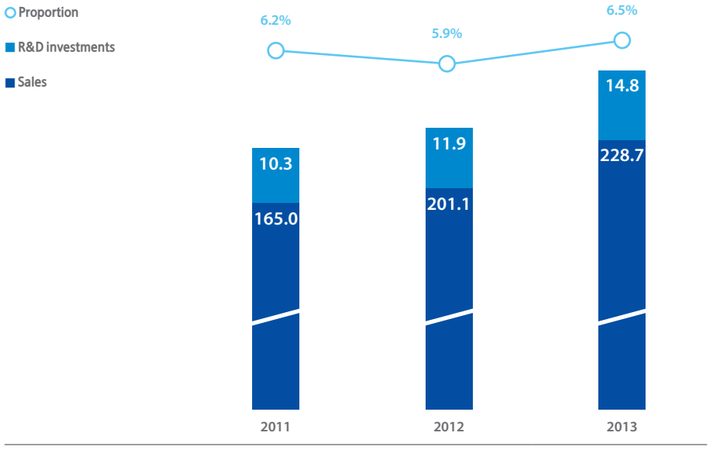
Investments in R&D and Production Facilities

Samsung Electronics invested KRW 14.8 trillion, or 6.5 percent of its sales, in R&D to continuously launch creative and innovative products and develop future technologies in 2013. As a result of such considerable investments, Samsung Electronics has been able to secure original, next-generation technologies.

R&D Investments
KRW **14.8** trillion

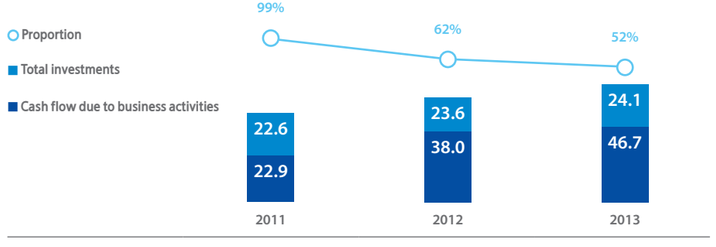
6.5% of sales

R&D Investments Unit: KRW 1T



As semiconductor and display panel production are capital-intensive operations, Samsung Electronics places importance on making timely investments for the future. In 2013, the company invested KRW 24.1 trillion in assets, including the improvement of production line performance.

Facility Investments Unit: KRW 1T



※Investment for intangible assets has been calculated based on cash flow.

Total Economic Value Distributed to Stakeholders
KRW **214.8** trillion

Distribution of Direct Economic Value

In line with the company's belief in shared prosperity, the economic benefits of Samsung Electronics' operations directly filter through to its stakeholders, as evidenced below:

Economic Value Distribution Unit: KRW 1T

	Items	2011	2012	2013
Employees	Labor Costs*	14.5	16.9	21.4
Government	Taxes & Dues**	4.2	7.0	9.0
Suppliers	Purchase cost***	120.5	138.7	152.9
Local Community	CSR****	0.3	0.2	0.5
Creditors	Interest Expenses	0.6	0.6	0.5
Shareholders	Dividends/ Net Buy-back	0.8	1.2	2.2
Retained	Earnings	12.9	22.6	28.3
Distributed Economic Value		153.8	187.2	214.8

* The total sum of salaries, severance payments and fringe benefits included in the cost of sales, R&D costs, and administrative expenses.
** The total sum of consolidated corporate taxes paid, other taxes, and dues calculated on an accrual basis.
*** The total sum of social contribution expenses paid including donations and other expense accounts.
**** The total amount of economic value created.

Personnel Expenses

KRW 21.4 trillion

Employees

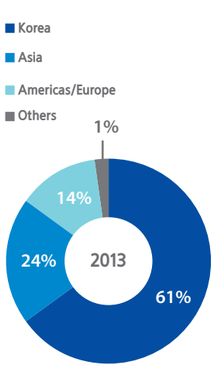
Economic value distributed to Samsung Electronics and subsidiary company employees consists of salaries, retirement settlement packages, and employee benefit expenses. Personnel expenses increased by 26.6 percent from 2012 to 2013.

Samsung Electronics Consolidated Personnel Expenses Unit: KRW 1T

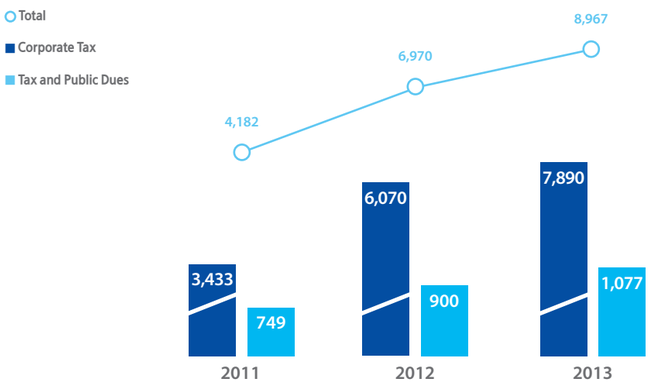
Government

Taxes and dues paid to governments by Samsung Electronics and its subsidiaries in 2013 increased by 28.6 percent from 2012. Samsung Electronics paid 61 percent of its total taxes and dues to the Korean government, home of its corporate headquarters. The outstanding amount was paid to the governments in Asia, which houses many Samsung manufacturing plants, America, and Europe, where Samsung Electronics' sales subsidiaries are located.

2013 Taxes and Dues by Region



Regional Taxes and Dues Paid by Samsung Electronics Unit: KRW 1B



Local Communities

In 2013, Samsung Electronics and its subsidiaries donated KRW 536.3 billion to local communities.

Samsung Electronics Contributions to Local Communities Unit: KRW 1B

	2011	2012	2013
Korea	259	186	422
Overseas	35	59	114
Total	294	245	536

Creditors

Interest paid by Samsung Electronics and its subsidiaries decreased slightly in 2013. Interest returns increased by KRW 506.2 billion in 2013 compared to 2012.

Samsung Electronics Interest Revenues, Interest Expenses and Net Interest Expenses Unit: KRW 1B

	2011	2012	2013
Interest Revenues	706	845	1,352
Interest Expenses	644	599	510
Net Interest Expenses	(62)	(246)	(842)

Shareholders/Investors

Dividends paid by Samsung Electronics and its subsidiaries increased in 2013 due to the increase of dividend yield. There was no buy-back in 2013.

Dividend

KRW 2.2 trillion

Samsung Electronics' Consolidated Dividends, Pay-out Ratio and Buy-back Unit: KRW 1B

	2011	2012	2013
Net Buy-back	-	-	-
Dividend	827	1,207	2,157
Total Pay-out Ratio(*)	6.2%	5.2%	7.2%

* The Total Pay-out Ratio is the rate of cash distributed to shareholders or investors in the form of dividends (or net buy back) from net profit during the given term (dominant firm's equity ownership).

Transparent Management

Strengthening Policy Measures for Compliance Management

Samsung Electronics makes concerted efforts to fulfill its roles and responsibilities as a global citizen. The company's core values and rigorous code of conduct are at the heart of every decision it makes. Decisions are guided by a moral compass combined with ethical and lawful compliance with regulations and standards to ensure fairness and transparency. As part of these efforts, the company has steadily increased the number of staff to manage and support compliance management in business divisions and overseas subsidiaries.

Number of Compliance professionals Unit : Persons

Raising Internal Awareness of Compliance

Every year, Samsung Electronics offers compliance training for all employees - both in Korea and around the world - to help them better understand the company's intent for compliance and law-abiding spirit. In 2013, the company conducted basic compliance training for all of its employees, while offering customized, in-depth training for different business fields and positions.

Expanding the Curriculum and Participants Unit : Persons

	2011	2012	2013
Number of Compliance Training Participants	186,391	220,713	222,224

Number of Trainees
294,835

Corruption Prevention Training

To establish an ethical, transparent corporate culture, Samsung Electronics conducts corruption prevention training tailored to different job levels, positions, and business fields at least once a year. The trainings offer employees virtual experience in addressing different scenarios or situations, and helps to deepen their understanding of the need for corporate integrity and equip them take appropriate countermeasures. The company also offers a wide range of collective, online and audiovisual training programs.

Corruption Prevention Training Unit : Persons

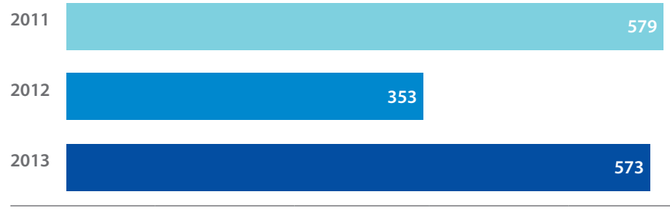
Samsung Electronics posts corruption prevention "Guidelines for Staff and Executives" on the company intranet and "Guidelines for Partners" on its major portal sites, which are frequently visited by partner companies.

Ethical Management Website

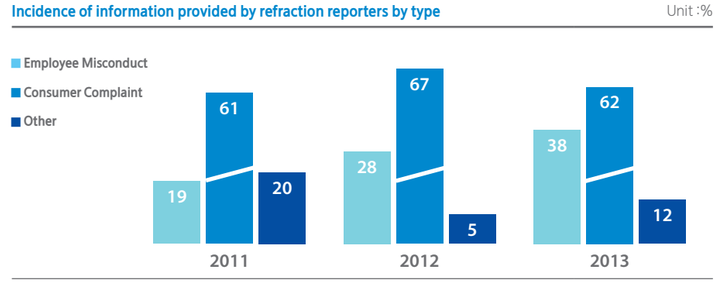
Samsung Electronics manages a website that offers information on ethical business management and provides an external reporting mechanism since 2002. The website operates in 14 languages, including English, Japanese, Chinese, and Spanish, and it is available in 69 locations around the world. The dedicated reporting system (http://sec-audit.com) allows internal and external stakeholders to report anonymously unethical business conducted by Samsung Electronics employees. Information submitted is reviewed and classified into different categories for action. After careful review of each reported case to verify its credibility, Samsung Electronics takes action to resolve verified cases involving employee misconduct or consumer complaint. According to data collected from the website, 62 percent of the 1,505 reports made in the past three years consisted of consumer complaints and 38 percent were related to unethical conduct. For verified cases of unethical conduct, the company takes disciplinary action against the employees involved.

Number of Reports Submitted in the Past Three years
1,505

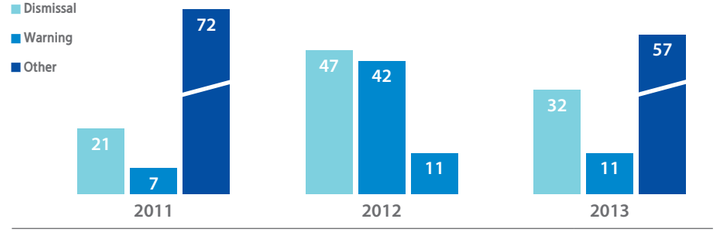
Number of Reports on Unethical Business Conduct Submitted in the Past Three Years Unit : Cases



Incidence of information provided by refraction reporters by type Unit :%



Consequences of Misconduct Unit :%



Talent Management

Human Resources

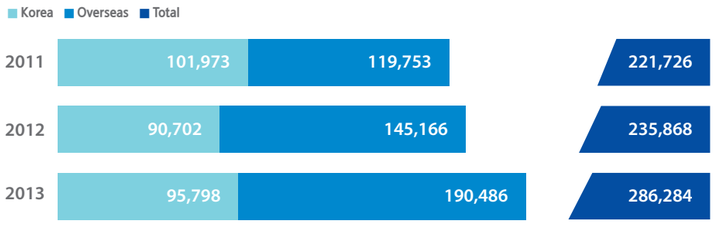
In 2013, Samsung Electronics hired 97,937 new employees outside of its Korean headquarters - largely at its global production subsidiaries in Asia - to meet the increasing global demand for its mobile devices.

Total Number of Employees

286,284

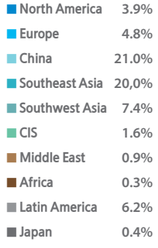
Number of Employees (Korea)

Unit: persons



*Decrease in the number of employees in Korea due to separation of LCD business.

Employees by Region (2013)



Employees by Region

Unit: persons

	2011	2012	2013
Korea	101,973	90,702	95,798
North America	12,255	9,387	11,072
Europe	10,692	11,362	13,627
China	41,203	45,660	60,316
Southeast Asia	29,162	41,358	57,412
Southwest Asia	11,528	15,066	21,187
CIS	3,158	3,956	4,735
Middle East	1,154	1,529	2,612
Africa	534	635	862
Latin America	9,276	15,307	17,661
Japan	791	906	1,002

Employees by Contract Type

Unit: persons

	2011	2012	2013
Regular	210,070	223,408	275,133
Temporary Contract	11,656	12,460	11,151

Employees by Age

Unit: persons

	2011	2012	2013
Under 20	22,009	23,027	22,109
20s	102,632	106,371	142,064
30s	70,531	76,494	87,134
40+	26,554	29,976	34,977

* Figures for 2011 and 2012 have been adjusted according to new calculation standards.

Employees by Rank

Unit: persons

	2011	2012	2013
Associates	181,793	192,188	236,777
Managers	38,786	42,422	48,078
Executives	1,147	1,258	1,429

* Figures for 2011 and 2012 were adjusted due to a change in calculation standards.

Employees by Job Function

Unit: persons

	2011	2012	2013
Product Development	55,320	60,495	69,230
Production	122,576	127,284	159,488
Sales	20,681	24,340	29,794
Others	23,149	23,749	27,772

Number of R&D Personnel with Doctorate Degrees

5,77

Software Personnel

Samsung Electronics is expanding its software engineers and actively enhancing its software business to create a total ecosystem around products that deliver great hardware, content, and applications.

S/W Personnel

Unit: persons

	2011	2012	2013
Korea	18,493	18,574	20,097
Overseas	9,396	14,875	20,409
Total	27,889	33,449	40,506

Newly Recruited Employees outside of Korea (2013)

97,937

Overseas Employment

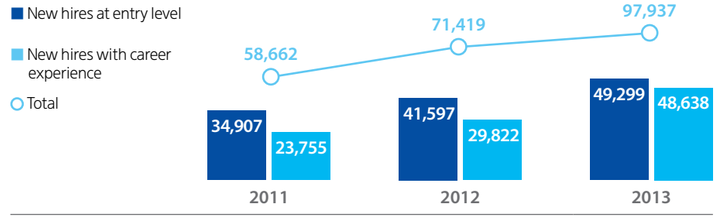
Employment by Region

Unit: persons

	2011	2012	2013
North America	5,177	1,920	3,015
Europe	2,486	3,167	3,946
China	15,948	21,329	35,634
Southeast Asia	21,165	27,328	33,220
Southwest Asia	6,124	7,001	10,375
CIS	1,456	1,811	1,941
Middle East	407	615	1,495
Africa	299	264	401
Latin America	5,454	7,793	7,729
Japan	146	191	181
Total	58,662	71,419	97,937

Employment by Experience Level

Unit: persons



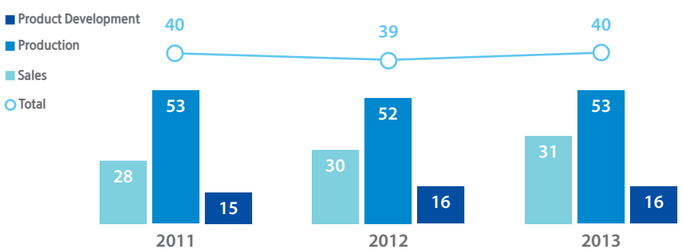
Percentage of Women Employees

40%

Women Employees

Women Employees by Job Function

Unit: %



Women Employees by Region

Unit: %

	2011	2012	2013
Korea	31.2	27.1	26.8
North America	30.3	27.5	27.1
Europe	36.2	32.7	32.2
China	55.0	49.2	48.9
Southeast Asia	36.9	66.2	67.9
Southwest Asia	11.5	14.1	12.5
CIS	35.8	34.2	34.0
Middle East	24.6	24.1	18.6
Africa	34.5	32.0	31.2
Latin America	42.9	43.8	44.0
Japan	15.2	15.3	14.7

Percentage of Women Executives

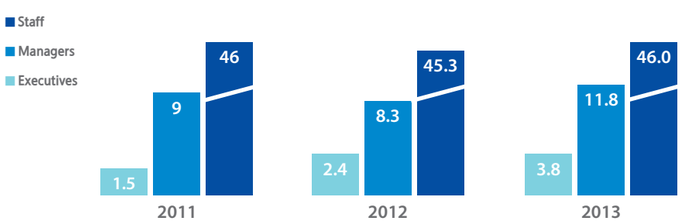
3.8%

Women Employees by Rank

Samsung Electronics upholds policies that ensure responsible hiring and prevent gender discrimination. The company understands that retaining top talent is important to its continued success. In 2011, Samsung Electronics announced that it would increase the number of women executives to 10 percent by 2020 against 1.5 percent in 2013. By the end of 2013, women accounted for 3.8 percent of the total number of executives, a 1.4 percent increase from 2012. Overall, Samsung employs more than 94,000 women - 40 percent of the company's total workforce.

Women Employees by Rank

Unit: %



College-educated Women Recruits (Korea)

30%

Employment of College-educated Women

In 2013, Samsung Electronics' percentage of women in college graduate recruitment rose to 30 percent, and the company is continually working to recruit these prospective employees.

Women Employment by Education

Unit: % & persons

	2011	2012	2013
College-educated Women Recruits (Korea, %)	27	29	30
Number of Total Women Recruits Overseas (persons)	31,864	33,380	46,415

Returning Rate from Maternity Leave

92%

Support for Working Parents

Samsung Electronics allows all employees flexible working hours, and in order to help working moms, it also provides telecommuting and home office options, in addition to on-site daycare for the children of working parents. Samsung Electronics also provides female employees with children mentoring programs to help maximize their performance at both work and home.

Support for Working Parents (Korea)

Unit: % & persons

	2011	2012	2013
Employees on Maternity Leave	2,939	3,323	3,294
Females who quit within a year of maternity leave	82	67	75
% of females coming back to work after maternity leave	85.6	89.3	92
Children in SEC daycare centers (number of centers)	1,239 (7 places)	1,434 (10 places)	2,431 (12 places)

* Figures for 2011 and 2012 have been adjusted according to new calculation standards.

Number of Employees with Disabilities

1,529

Employing People with Disabilities

Samsung Electronics believes in hiring individuals regardless of disability and strives to provide a healthy and safe working environment for all. In 2011, Samsung Electronics was the first company in Korea to engage in open recruitment for people with disabilities, offering work experience opportunities through the company's 'Stepping Stone Internship' program. Samsung Electronics plans to engage in open recruitment for people with disabilities also in 2014.

Employees with Disabilities (Korea)

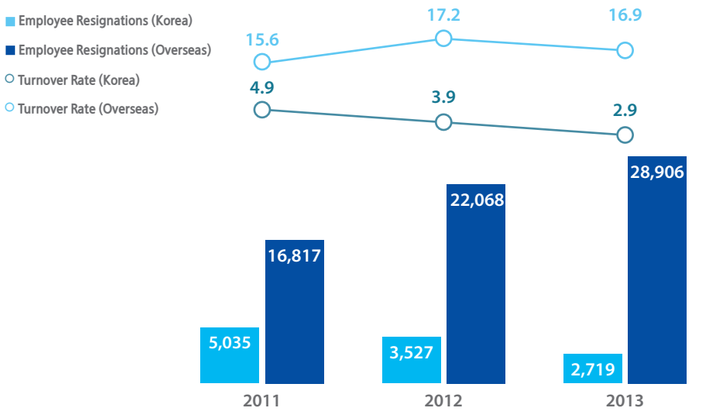
Unit: % & persons

	2011	2012	2013
New recruits of employees with disabilities	1,352	1,350	1,529
Total number of employees with disabilities	1.34	1.49	1.60

* A person with severe disabilities is considered equivalent to two persons with disabilities (according to Employment Promotion and Vocational Rehabilitation of Disabled Persons Act).

Minimizing Associate Turnover

Turnover Unit: % & persons



Professional Development

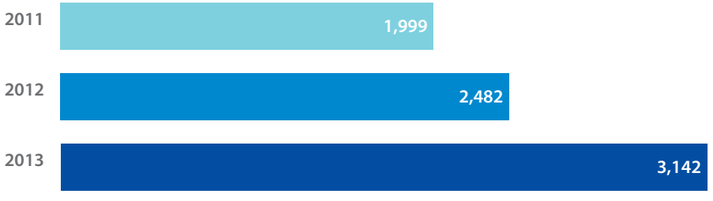
Training Expenditures
KRW 123.9 billion

Training Expenditures (Korea)

	2011	2012	2013
Training Expenditures (KRW Billion)	1,144	1,174	1,239
Training Expenditures per person (KRW 1)	1,123,595	1,294,349	1,357,531
Ratio of Training Expenditures to Sales	0.07%	0.06%	0.05%
Ratio of Training Expenditures to Payroll Costs	0.8%	0.7%	0.8%
Number of Training Days per person	14.1	15.0	13.4

Expenditure for Employee Benefits

Expenditure for Employee Benefits Unit : KRW 1B



* The figures for 2011 has been adjusteed according to new accounting standards.

Social Contributions

CSR Investments
KRW 536.3 Billion

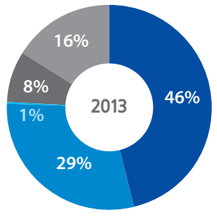
CSR Investments

In 2013, Samsung Electronics expanded and tailored its CSR programs to match local needs. The company invested KRW 114.4 billion in activities outside Korea, a 93 percent increase from 2012.

CSR Expenses Unit: KRW 1 M

	2011	2012	2013
Partnership Fund	100,600	600	6,194
Social Causes	95,775	86,108	215,360
International Exchanges	34,889	59,214	114,456
Culture & Arts	30,139	51,443	44,735
Academic Exchanges	27,812	45,002	153,682
Environment & Health	3,344	653	70
Sports	1,135	2,334	1,841
Total	293,694	245,354	536,338

Global CSR Investment by Issue Category (KRW 1M)



Education	52,951
Employment & Community	33,800
Environment	287
Healthcare	9,196
Others	18,222
Total Global Investment	114,456

Global CSR Program Investment

Samsung Electronics contributed KRW 32.8 billion to operate 383 Smart Schools, one of its leading CSR programs in the education sector. The company contributed KRW 6.5 billion to run 23 Tech Institutes, vocational support programs for youth. The Solve for Tomorrow program was administered in the U.S. and China with an investment of KRW 11.7 billion, while the Care Drive program was supported in China, the CIS, and Africa with an investment of KRW 6.7 billion. The Nanum Village program was offered in Africa and Latin America with an investment of KRW 4.4 billion.

Unit: KRW 1 M, Persons

	2013 Investment	2013 Beneficiary
Smart School	32,799	212,708
Tech Institute	6,517	7,484
Solve for Tomorrow	11,755	29,255
Care Drive	6,733	13,510
Nanum Village	4,414	5,500
Other	52,238	165,547
Total	114,456	434,014

Employee Volunteerism

Samsung Electronics is committed to spreading a culture of sharing and giving back to the community by increasing opportunities for employees to volunteer their time and talents. In 2013, 282,840 employees donated a total of 1,063,835 hours, an increase of 33 percent and 24 percent, respectively, from 2012.

Average Volunteer Hours per Employee
11.1 hours

Employee Volunteerism (Korea)

	2011	2012	2013
Total Volunteer Hours	990,243	857,672	1,063,835
Total Employee Volunteers	288,568	212,209	282,840
Volunteer Hours per Employee	9.7	9.5	11.1
Number of Volunteer Groups	1,248	1,419	956

Shared Growth with Suppliers

Supplier Training

To continue to strengthen partnerships with its suppliers, Samsung Electronics established the Mutual Growth Academy in July 2013, which provides systematic and professional training support for supplier employees. As a part of the Mutual Growth Academy, Samsung Electronics launched leadership and global education programs, in addition to existing manufacturing and production technology programs. In an effort to enhance its suppliers' competitiveness, Samsung Electronics also significantly expanded training programs on specialized technologies.

Total Number of Supplier Trainees

7,980 Persons

Training Services for Supplier Employees Unit: persons

		2011	2012	2013
Korea	Management	3,963	4,380	5,420
	Technology	161	99	2,383
Overseas	Operation Management	597	377	93
	Innovative Techniques	330	196	34
	Professional Techniques	228	209	50
Total Number of Trainees		5,279	5,261	7,980

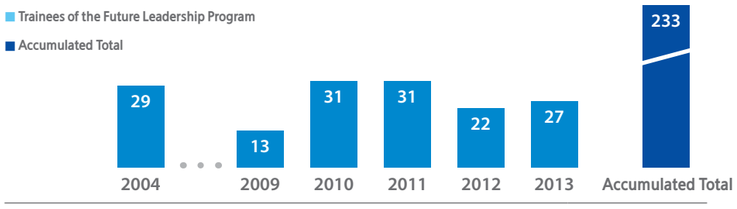
The Future Leadership Program

Launched in 2004 for partnering companies, the Future Leadership Program consists of hands-on training in a number of Samsung Electronics divisions and visits to the company's overseas subsidiaries. The program provides an invaluable opportunity to train future leaders while promoting future operational excellence among its key suppliers.

The Future Leadership Program Trainees

233 people

The Future Leadership Training Program Unit: persons



VOC

Processing Rate of Voice of Customer (VOC) Claims

100 %

VOC Processing Rate Unit: % & cases

		2011	2012	2013
VOC Received (cases)	Korea	596	606	738
	Overseas	117	6	41
VOC Processing Rate (%)		100	100	100

Open Innovation

The Open Innovation program, launched in 2011, offers new small and medium enterprises the opportunity to to become partners of Samsung Electronics by encouraging innovative ideas and technology development among candidate companies. In 2013, the company received nearly 1,000 applications for Open Innovation.

Open Innovation Applications Unit: cases

	2011	2012	2013
Number of Applications	651	955	1,275
Number of Adopted Tasks	23	19	51

Supplier Compliance

Supplier CSR self-assessment

1,598

Self-Audits by Suppliers Unit: No. of Suppliers

	2011	2012	2013
Korea	793	647	315
Overseas	1,154	1,144	1,283
Total	1,947	1,791	1,598

Number of Suppliers Samsung Audited Unit: No. of Suppliers

	2011	2012	2013
Korea	3	-	-
Overseas	166	249	228
Total	169	249	228

Green Management

Investments in Green Management

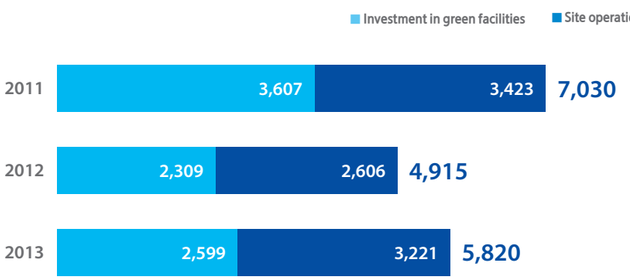
As a responsible corporate citizen, Samsung Electronics is sharply aware of the growing environmental impact associated with the sourcing, manufacturing, use, and disposal of its products. The company's Green Management philosophy, which prioritizes the future health of people and the planet and mandates environmentally responsible practices throughout Samsung's operations, drives the company's environmental sustainability initiatives.

To determine economic profitability and environmental sustainability, Samsung Electronics continuously monitors its green management investments. The company uses the information to help further reduce the environmental impact of its business activities.

Investments in Green Management

Investments in Green Management
KRW 582 billion

Investments in Green Management (Korea) Unit: KRW 100 M



* The 2010 and 2011 figures include those for the LCD division while those for 2012 do not as the division was separated from Samsung Electronics to become Samsung Display Co., Ltd. in 2012.

Greenhouse Gases

Samsung Electronics' greenhouse gas (GHG) emissions in 2013 amounted to 2.23 tons of CO_2 per KRW 100 million in sales in Korea and 2.13 tons of CO_2 per KRW 100 million in sales outside of Korea, a 12 percent decrease in Korea and a 9 percent decrease globally since 2012. Each operation site is committed to taking reduction measures such as enhancing the energy efficiency of current production facilities and constructing new, highly efficient facilities.

Total GHG Emissions

Korea
2.23
ton of CO_2 / KRW 100 M

Global
2.13
ton of CO_2 / KRW 100 M

GHG Emissions Intensity Unit: ton of CO_2 / KRW 100 M

	Description	2011	2012	2013
Korea*	Goal	4.62	2.87	2.38
	Performance	4.46 (3.13***)	2.54	2.23
Global**	Performance	3.70	2.34	2.13

* Korea KRW-based emissions calculation formula: Total CO_2 emissions (1) ÷ (HQ-based sales / price index (2))
(1) Total GHG (converted into CO_2) emissions from manufacturing sites in Korea
(2) The Bank of Korea's PPI for the years (with the 2005 PPI being 1)
** Global KRW-based emissions formula: Total global CO_2 emissions ÷ (annual global sales / price index (2))
*** The figures reflect the structural reorganization, consisting of the separation of the LCD business division and incorporation of the LED division undertaken by the company in April 2012.

GHG Emissions (Scope 1,2) Unit: 1,000 tons of CO_2

	Scope	2011*	2012**	2013
Korea	Scope 1	3,924	1,943	2,031
	Scope 2	6,031	4,061	4,272
	Total	9,955	6,004	6,303
Global	Scope 1	4,045	2,098	2,221
	Scope 2	7,259	5,388	5,797
	Total	11,304	7,486	8,018

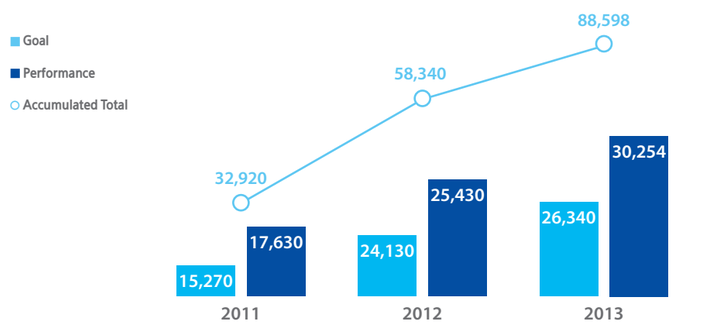
* The GHG emissions for 2009 onward were altered in June 2011 as required by the national guidelines on the GHG reduction goal management system. The changes were verified by a third-party. The recent figures therefore differ from the numbers given in earlier sustainability reports.
** The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division undertaken by the company in April 2012.

Six Major GHG Emissions (Global) Unit: 1,000 tons of CO_2

	2011	2012	2013
CO_2	8,378	5,943	6,394
CH_4	2	2	2
N_2O	220	278	254
HFCs	108	134	149
PFCs	859	1,015	1,079
SF_6	1,738	115	139
Total	11,304	7,486	8,018

Reductions in GHG Emissions during Product Use (Accumulated Total)
30,254 K tons

GHG Reductions at the Phase of Product Use (Global) Unit: 1,000 tons of CO_2



* The calculation of the GHG reduction goal is based on the assumption of an annual increase of 10 percent in the company's sales since 2008.
** The calculation range: all products sold worldwide (parts excluded)

Scope 3 Emissions

GHG Emissions from Logistics by Transportation Mode

Unit: 1,000 tons of CO_2

		2011	2012**	2013**
Global	Air	2,017 (24%)	2,952 (29%)	2,652 (26%)
	Sea	6,320 (75%)	7,086 (70%)	7,455 (73%)
Korea	Rail/Road	104 (1%)	87 (1%)	98 (1%)
Total Emissions		8,441	10,125	10,206

GHG Emissions from Logistics by region (Global)

Unit: 1,000 tons of CO_2

	2011	2012**	2013**
Latin America	1,980	3,942	3,509
Europe	1,646	1,626	1,472
North America	1,345	1,386	2,395
Asia	1,698	1,245	1,211
CIS	717	760	542
Middle East	533	564	539
Africa	406	468	410
Oceania	116	134	128
Total Emissions	8,441	10,125	10,206

* Final destination based statistics.

** The figures for 2012 reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Emissions from Employees' Business Trips (Korea)

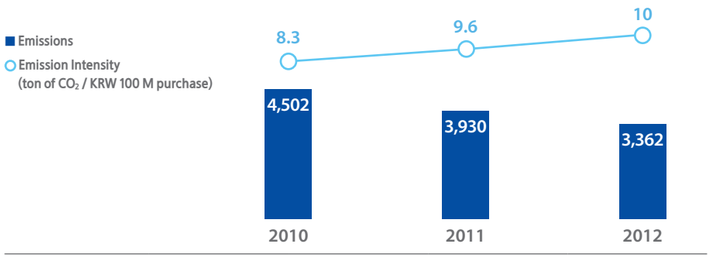
Unit: tons of CO_2

	2011	2012*	2013*
Airplane	105,520	120,621	123,137
Car	5,849	6,219	6,268
Taxi	529	513	530
Train	411	415	456
Bus	288	274	278
Total Emissions	112,597	128,042	130,669

* The figures for 2012 reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Suppliers' Emissions

Unit: 1,000 tons of CO_2



* Suppliers' GHG emissions in 2012 will be made available in the second half of 2013.

* The scope of the supplier survey has been changed as follows: 40% in 2009, 63% in 2010, and 65% in 2011 in terms of global purchase volume.

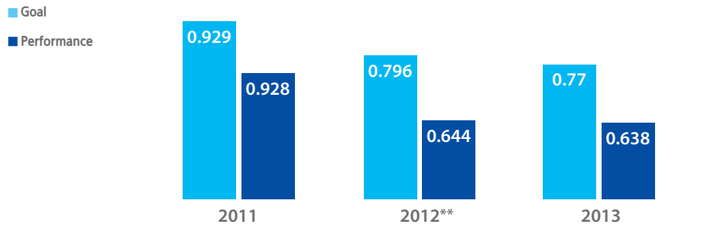
On-site Energy Management

Samsung Electronics has been focused on decreasing the energy cost rate by 2.5 percent each year since 2009 to meet its final target of 0.77 percent by 2013. In 2013, Samsung Electronics exceeded its annual target. The company continues to conserve energy and work toward its long-term goal by optimizing operations, introducing highly efficient facilities, and recovering waste heat.

Energy Cost Rate (Korea)
0.638%

Energy Cost Rate (Korea)*

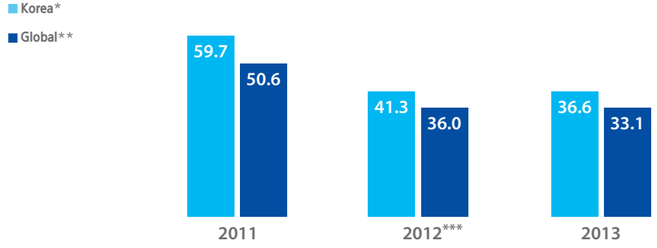
Unit: %



* Energy Cost Ratio(%) = Operation site energy costs in Korea / HQ turnover*100

** The figures for 2012 reflect the structural reorganization, consisting of separation of the LCD business division and in corporation of the LED division, undertaken by the company in April 2012.

Energy Intensity



* KRW-based energy conversion formula: Energy consumption(1) ÷ (HQ-based turnover / price index(2))

(1) Total energy (GJ) consumption

(2) Total energy (GJ) consumption

** KRW-based global energy conversion formula: total global energy consumption ÷ (global integrated sales / price index(2))

*** The figures for 2012 reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Electricity and LNG Consumption

	Description	2011	2012	2013
Korea	Electricity(Gwh)	12,925	8,697	9,149
	LNG(1MNm³)	197	172	186
Global	Electricity(Gwh)	15,047	10,926	11,818
	LNG(1MNm³)	237	217	233

Accomplishments in Eco-Product Development

In 2013, Samsung Electronics raised its Eco-Product development ratio to 100 percent and improved its product efficiency by 42 percent on average, compared to 2008. These accomplishments can be attributed, in part, to the company's 2009 implementation of a comprehensive Eco-Product rating system and continued promotion of the development of low-carbon products.

Samsung Electronics receives a number of major eco-marks and carbon-labels for its outstanding accomplishments to improve electronic product energy efficiency. As a result of its unique eco-management initiatives, Samsung Electronics has an unparalleled competitive edge in various markets.

Good Eco Product Rate

100%

Good Eco Device Rate

100%

Eco-Product Development Rate Unit: %

KPI	Description	2011	2012	2013
Good Eco Product Rate	Goal	96	97	100
	Performance	97	99	100
Good Eco Device Rate	Goal	80	85	100
	Performance	85	88	100

Product Energy Consumption Improvement Rate Unit: %

KPI	Description	2011	2012	2013
Product Energy Consumption Improvement Rate	Goal	24	31	40
	Performance	26	31	42

* Product Energy Consumption Improvement Rate indicates the average energy efficiency compared to its improvement rate, which is applicable to eight major products of 2008.

Green Procurement

Samsung Electronics was one of the first companies to sign the Voluntary Agreement on Green Purchasing with the Korean Ministry of the Environment in 2005. As a company that declares itself a green producer, Samsung Electronics remains committed to green production practices. Samsung Electronics has also established the 'hazardous substance management procedure' to ensure that it always purchases parts and materials that are ecologically certified, assured by its eco-product certification system for suppliers.

Green Procurement in Korea Unit: KRW 1 M

	2011		2012		2013	
	No. of Items	Amount	No. of Items	Amount	No. of Items	Amount
Parts with Reduced Hazardous Substances	Many	75,115,246	Many	77,671,452	Many	77,677,131
Green Products (Environmental certification, GR certification, etc)	445	38,590	362	55,733	877	66,109
Total	Many	75,153,836	Many	77,727,185	Many	77,743,240

Accomplishments in Global Take Back & Recycling

In 2013, Samsung Electronics collected and recycled about 355,000 tons of electronic waste.

Recycling Amount (Global)

354,599 tons

Global Take Back & Recycling Quantity Unit: tons

	2011	2012	2013
Europe	245,838	230,492	241,260
Asia	54,233	53,089	67,100
North America	39,347	41,964	46,239
Total	339,418	325,545	354,599

Recycling Statistics (Korea) Unit: tons

	2011	2012	2013
Products	51,940	49,677	58,447
Packaging	5,045	4,993	4,984

Recycling Statistics by Product (Korea) Unit: tons

	Refrigerators	Washing Machines	Displays	Others	Total
Recycling Quantity	25,510	10,790	16,219	5,928	58,447

Reutillization of Resources (Korea) Unit: tons

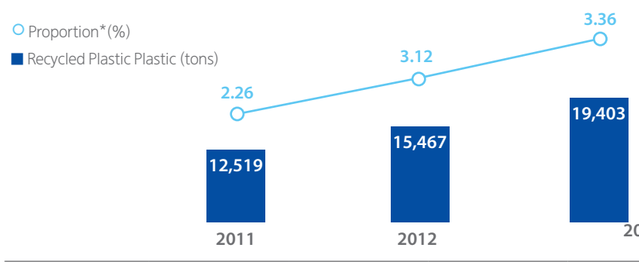
Recycled Resources	Scrap	Non-ferrous	Synthetic resins	Glass	Waste	Others	Total
Quantity	19,005	6,889	12,850	9,677	4,162	5,864	58,447

Recycled Plastic and Carbon Footprint Labeling

Samsung Electronics is planning to increase the proportion of recycled plastic in its total use of resin to 5 percent by 2015 to promote more aggressive reuse of recycled material and resource efficiency.

In addition, the use of recycled plastic has recently been expanded to the company's overseas operation sites. Recycled plastic is typically used for refrigerators, washing machines, air conditioners, and vacuum cleaners, but Samsung Electronics started using it in mobile phones and monitors as well.

Recycled Plastic



* Proportion' means the ratio of recycled plastic in the total quantity of resin used.

Global Eco-Product Certification

Samsung Electronics received certification from the world's top-10 environmental certification organizations for 3,285 of its product models in 2013. This is the highest number for any company in the global electronics industry.

Global Eco-Product Certification
3,285 Cases

Global Environmental Certification Marks Received as of the end of 2013

Region/ Country/ Group	Korea	China	USA	EU	Germany	Total
2013	699	1,056	372	562	116	3,285
	Sweden	Northern Europe	Canada	Taiwan	UL/CSA/Nemko	
	293	101	59	4	13/4/6	

Carbon Footprint Labeling

Certification in Korea

Samsung Electronics proactively participates in KEITI's carbon labeling schemes and receives certification for 40 models in eight product groups including mobile phones, monitors, PCs, and air conditioners, and parts like LED and semiconductor memories. In February 2014, the company's two air purifier models received the Low Carbon Product Certification for the first time in the industry. The air purifiers reduce carbon emissions by up to 32 percent by optimizing the air passage structure to enhance energy efficiency.

Global Certification

In 2012, Samsung Electronics received a Carbon Footprint label from the Carbon Trust of the U.K. for its Galaxy S2 and Galaxy Note 2 for the first time in the mobile industry. To date, the company has received a certification from the Carbon Trust for seven products including the Galaxy Camera and Galaxy S4.

Green Certification in Korea

The Korea Institute for Advancement of Technology and MOTIE award Green Certification to eco-technologies and eco-business that have contributed to energy and resource conservation and GHG emissions reduction. It is one of the Korean government's key initiatives for low carbon, green growth.

Samsung Electronics received 31 green technology certificates for product energy efficiency improvement, resource conservation and protection of the natural environment in 2013.

녹색인증 Green Certification

Environmental Health & Safety (EHS) Certification

All of Samsung Electronics' global operation sites have received certification from international EHS management systems such as ISO 14001 and OHSAS 18001. Samsung Electronics maintains its world-class EHS certification by fulfilling all requirements for post-evaluations and re-certification audits. In 2013, Samsung Electronics received the ISO 50001 certification for its energy management systems at all of its operation sites.

ISO 14001, OHSAS 18001, ISO 50001 Certification
100%

EHS Certification Status

	Description	Site	Rate (%)
Korea	ISO 14001	6	100
	OHSAS 18001	6	100
	ISO 50001	6	100
Global*	ISO 14001	34	100
	OHSAS 18001	34	100
	ISO 50001**	34	100

* Excluding manufacturing facilities currently being constructed.
** ISO50001 for China refers to DoC(Declaration of Conformance)

Operation Site Environmental Management

Samsung Electronics remains focused on activities and investments to preserve water resources, conserve the ecosystem, prevent depletion of natural resources, and expand resource recycling. The company also has pollutant and chemicals management systems to comply with legal standards.

Water Resource Management

Despite the rising demand for water due to the increase in production volumes and the number of employees, Samsung Electronics achieved a 2 percent reduction in water usage compared to 2012. The company achieved this reduction through a wide range of activities, including minimizing the water usage required to produce pure water and to install a waste water re-treatment system.

Although the pure water recycling rate shows downward trends due to increasingly sophisticated semiconductor processes, the company's water recycling rate rose by 4.6 percent since 2012 by reusing waste water and sewage. Samsung Electronics seeks to achieve a water-usage rate of 50 tons per KRW 100 million - in terms of water consumption intensity relative to sales - by 2015.

Water Consumption (Global)

68,681 K tons

Water Withdrawal

Unit: 1,000 tons

	Category	2011*	2012	2013
Korea	Industrial Water	103,562	49,003	47,765
	Municipal Water	5,834	6,014	6,080
	Groundwater	205	235	232
	Total	109,601	55,252	54,077
Global	Industrial Water	103,562	49,003	47,765
	Municipal Water	17,325	18,806	19,847
	Groundwater	780	827	1,069
	Total	121,667	68,636	68,681
Consumption intensity (tons/KRW 100 M)	Korea	91	39	34
	Global	74	41	35

* The figures include those for the LCD Division (The LCD division was separated from Samsung Electronics in 2012)

Waste Water Generation

	Category	2011*	2012**	2013
generation (Unit: 1,000 tons)	Korea	97,370	46,051	44,113
	Global	102,906	55,150	54,257
Wastewater intensity (tons/100 M)	Korea	81	33	28
	Global	62	33	27

* The figures include those for the LCD Division.

** The figures reflect a change for waste water calculation standard change.

Water Recycling

		Recycled Water		Recycled Ultra-Pure Water		
		Recycled Quantity (Unit : 1,000 tons)	Recycling Rate (%)	Supply Quantity (Unit : 1,000 tons)	Recovery Quantity (Unit : 1,000 tons)	Recovery Rate (%)
Korea	2013	34,571	63.9	27,357	12,525	45.8
	2012*	34,225	61.9	29,226	13,917	47.6
	2011	81,863	74.7	117,321	59,289	50.5
Global	2013	45,262	65.9	41,143	20,932	50.9
	2012*	42,104	61.3	40,988	21,510	52.5
	2011	90,068	74.0	128,554	66,676	51.9

* The figures include those for the LCD Division.

Waste Management

Samsung Electronics' goal is to recycle 100 percent of all waste generated by its operation sites by continuously increasing the types of waste recycled. To prevent illegal processing and illegal shipping of waste over national borders, Samsung Electronics regularly visits waste processing companies to monitor their compliance with regulations and the company's standards.

Samsung Electronics replaced internal energy recycling facilities in 2013 to help improve efficiency. During replacements, the waste volume temporarily increased since it was incinerated externally during construction. With the completion of the new facilities, the company achieved a waste recycling rate of 92 percent in its global operation sites, a 1.7 percent drop from the previous year.

As a result of Samsung Electronics' focus on eco-conscious product design and efficient manufacturing processes, the company's landfill waste generation reduced by 2 percent compared to 2012, despite the increase in product output. Samsung Electronics aspires to achieve 0.38 tons per KRW 100 million waste generation relative to sales and a recycling rate of 95 percent by 2015.

Waste Recycling Rate (Global)

92%

Generation

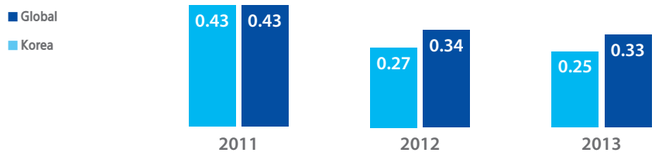
Unit: tons

	Category	2011*	2012	2013
Korea	Recycling	490,123	364,588	374,694
	Incineration	12,255	9,277	15,626
	Landfill	22,009	5,899	3,722
	Total	524,387	379,764	394,042
Global	Recycling	645,942	543,233	601,827
	Incineration	16,786	16,627	32,340
	Landfill	49,143	19,614	19,158
	Total	711,871	579,474	653,325

* Performance of LCD division in 2012 is exempted from the calculation.

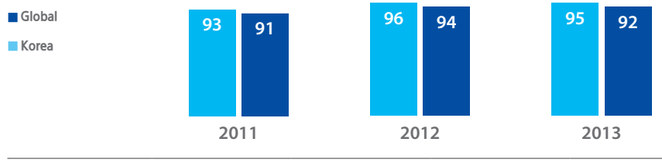
Waste Intensity (Generation/Sales)

Unit: ton/KRW 100 M



Recycling Rate

Unit: ton/KRW 100 M



Pollutant Management

Management of Air Pollutants

As the production lines expand and product volume increases, the amount of air pollutant also increases . Nevertherless, Samsung Electronics has reduced the quantity of pollutant discharge by replacing its boilers with low NOx burner boilers, installing optimal prevention facilities for new and expanded production lines, and continuously performing efficiency enhancement activities at its prevention facilities. In addition, the company has developed a system to monitor air pollutant concentrations around-the-clock, applying internal standards that are more rigorous than legal standards.

Generation of Air Pollutants (Korea)

Unit: tons

	Category	2011	2012*	2013
Korea	NOx	409	284	342
	SOx	0.006	0.008	Minimum amount
	Dust	44	21	21
	NH3	6	1	2
	HF	14	8	5

* The figures for 2012 have been adjusted according to new calculation standard.

Ozone Depleting Substances Management

Samsung Electronics does not use chlorofluorocarbons (CFCs) that have high Ozone Depletion Potential (ODP) among the ozone depleting substances defined by the Montreal Protocol. Instead, it uses hydrochlorofluorocarbons (HCFCs) with relatively low ODP in refrigerators, cooling equipment refrigerants and cleaners in its operation sites. Samsung Electronics plans to reduce the use of HCFCs by introducing new technologies, while cutting back the use of substances with ODP and replacing them with HFCs that do not destroy the ozone layer.

Water Pollutant Management

Samsung Electronics established a two-stage waste water processing system by installing new waste water processing facilities in 2012. The facilities help to reduce the increasing discharge of waste water and pollutants due to the increasing number of production lines. As a result, the company reduced the concentration and quantity of discharged pollutants.

Generation of Water Contaminants

Unit: tons

		Generation of Water Contaminants				
		COD	BOD	SS	F	Heavy metals
Korea	2013	149	55	61	142	9.7
	2012*	143	85	91	175	20.2
	2011	755	210	91	345	21.6
Global	2013	376	61	110	188	10.1
	2012	300	85	154	241	20.6
	2011	876	210	184	430	25.3

* The figures for 2012 have been adjusted according to new calculation standard.

Management of Soil Pollutants

Samsung Electronics helps prevent soil pollution by separately storing chemicals used in production processes at impermeable storage facilities. In addition, the company processes landfill waste with legally-designated waste processing companies and regularly visits the waste sites to monitor their compliance with regulations and Samsung Electronics' standards.

Management of Hazardous Materials

Samsung Electronics performs pre-assessments of hazardous materials based on the Material Safety Data Sheet, chemical warranty letters, and Letters of Confirmation at the procurement stage. Permitted chemicals are strictly monitored and countermeasures are in place for possible incidents. Samsung Electronics conducts regular training for workers handling these chemicals and inspects storage and handling facilities on an ongoing basis. In addition, it ensures that chemicals are used only at places equipped with safety equipment and proper protection gear, and where they are stored properly.

Although the volume of hazardous materials used increased by 13.1 percent from 2012, Samsung Electronics remains committed to preventing issues through strict control of all the processes including transportation to storage, use, and disposal. Samsung Electronics will continue to alleviate the environmental burden of these materials by replacing highly hazardous chemicals with low-hazard chemicals.

Hazardous Materials Quantity (Korea)

	Total Quantity (1,000 tons)	Intensity (ton/KRW 100 M)
2013	344	0.24
2012	304	0.22
2011*	333	0.28

* The figures include those for the LCD Division.

Legal Violations

- Samsung Electronics settled all penalties incurred due to environmental accidents in violation of the Occupational Safety and Health Act, totaling KRW 267 million. Additionally, an order was issued to Samsung Electronics with a penalty of KRW 2.2 million for its violation of the Toxic Chemicals Control Act. Samsung Electronics reported on its status regarding corrective measures taken and submitted the penalties.
- Samsung Electronics also settled KRW 176 million in penalties for non-submission of Letters of Confirmation on imported chemicals.
- Samsung Electronics paid a penalty of $550 to the Russian Ministry of Environment for exceeding water quality standards of sewage and waste water and has since fundamentally improved practices by constructing its own sewage and waste water processing plant.
- To comply with environmental safety and health-related laws and regulations, Samsung Electronics adopted more rigorous internal management standards, while conducting relevant training of its employees.

Employees Health and Safety Management System

Samsung Electronics' highest priority is to ensure the health and safety of its employees and communities. The company considers its employees as its most important asset, and strives to create a safe and pleasant work environment for all employees. Therefore, all manufacturing plants of Samsung Electronics conduct risk assessments based on OHSAS 18001, an international occupational health and safety management system specification. Samsung Electronics conducts preliminary environmental safety assessments to minimize potential risks when introducing new facilities and conducts regular internal inspections of existing operation sites to explore risks and make relevant improvements.

Samsung Electronics also conducts regular employee training to raise awareness of health and safety standards, while offering first-aid training and an internal emergency medical service system to minimize harm in the event of an accident.

The number of occupational accidents in 2013 decreased compared to the previous year. Accidents that occurred outside working hours, such as during sports activities, accounted for 89 percent* of all incidents. As a result, Samsung Electronics conducts safety training prior to such events and is actively engaged in safety accident prevention campaigns.

Management of Occupational Accidents

		Occupational Accident Rate			
		Frequency Rate of Accident**	Rate of Accident***	Rate of National Accident	Rate of Manufacturing Accident
Korea	2013	0.528	0.086	-	-
	2012	0.452	0.072	0.59	0.84
	2011	0.336	0.067	0.65	0.97
Global	2013	0.328	0.064	-	-
	2012	0.347	0.063		
	2011	0.262	0.052		

* 70 out of 79 accidents occured in Korea in 2013 are non-work related.
**Frequency rate of accident = (number of accident/annual work hours)*1,000,000
*** Accident rate = (number of the injured workers/number of workers)*100

Appendices

Contents

Independent Assurance Statement

To the management of Samsung Electronics

The Business Institute for Sustainable Development (BISD), led by the Korean Chamber of Commerce & Industry (KCCI), was commissioned as an independent assurance provider to perform the assurance engagement of the Samsung Electronics' 2014 Sustainability Report ('the report') and present its conclusion as follows.

Purpose

This assurance statement aims to verify whether this report contains any significant errors or prejudices and to present conclusions through an independent assurance engagement of the issues and performance regarding the sustainability management conducted at Samsung Electronics.

Responsibility and Independence

This report outlines the endeavors, achievements, and future plans concerning the sustainable management of Samsung Electronics in 2013 and the responsibility related to the preparation of this report lies with Samsung Electronics.

In conducting the assurance engagement of this report and presenting assurance conclusions to the board of directors, BISD has no interest in any of the business operations of Samsung Electronics that aim to generate profits other than serving as a third-party assurance provider in a bid to maintain its independence and autonomy.

Assurance Standards and Limitations

BISD performed the assurance engagement in consideration of the three accountability principles of AA1000AS (2008) (inclusivity, materiality, and responsiveness), principles for defining reporting quality by the Global Reporting Initiative (GRI) G4 guidelines and 7 core issues of ISO26000.
The scope of the assurance was restricted to the performances included in this report only, therefore data from previous years were excluded.

Physical inspections were made of the Headquarters, Seoul office, business sites in Suwon, Gwangju out of Samsung Electronics' business sites in Korea and online data was not included in the assurance scope. Furthermore, GHG data that has already been verified from another third-party organization were excluded from the assurance engagement.

Major Assurance Procedures

BISD did not participate in stakeholder activities and assured this report through the review of the interviews conducted of Samsung Electronics employees, as well as relevant documents provided by Samsung Electronics. Major assurance procedures undertaken are as follows:.

- Review the application of Samsung Electronics' internal sustainability reporting standards
- Review the data contained in the report as well as the process of gathering such data
- Review the report content, policies, and systems related to the materiality test and Material Issuess
- Conduct physical inspection and interview employees

Opinions

BISD performed the assurance engagement in accordance with the procedures described above and the report was modified when and if deemed necessary. BISD is not aware of any significant errors in this Report as a result of its assurance engagement.

The opinions of BISD produced as a result of its assurance engagement and in consideration of the AA1000APS accountability standards are explained below.

- Inclusivity: Does Samsung Electronics adhere to the principle of stakeholder engagement in order to ensure a responsible and strategic response in advancing sustainability management?
  - Samsung Electronics is gathering major concerns and opinions from core stakeholders like customers, employees, partners, local communities, shareholders, and investors through stakeholder communication channels.
  - BISD is not aware of any significant stakeholder groups that were omitted from the process of gathering sustainability management issues through Samsung Electronics' stakeholder communication channels.
- Materiality: Does Samsung Electronics include Material Issuess that affect stakeholders in the entire spectrum of sustainability management in this report?
  - Samsung Electronics used the materiality test process to finalize major sustainability management issues and identified major issues through a separate process of gathering opinions on expectations by stakeholder group as part of the materiality test process.
  - BISD is not aware of any significant issues that were omitted from the materiality test process.
- Responsiveness: Does Samsung Electronics appropriately respond to stakeholder issues?
  - Samsung Electronics properly responded to the issues that interest stakeholders disclosing assessment and plans for the Material Issuess selected and presented in the report.
  - BISD is not aware of any violations of the principle of responsiveness in Samsung Electronics' response to major sustainability management issues or performance that is described in this report from the perspective of materiality.

Recommendations

BISD presents the following recommendations within the scope that they do not affect the verification results:

- With respect to sustainability management, it is recommended to establish strategy and implement activities in order to support the comprehensive decision making of top management.
- For each criterion of sustainability aspects, it is recommended to establish the objective and the performance management criteria for the sustainability key performance indicators for continuous improvement. Communication with internal and external stakeholders is required through disclosing these activities and the results need to be reflected upon when managing objectives.
- In the report, economic performance is reviewed at a corporate level, including all domestic and overseas offices/sites and subsidiaries. However, sustainability performance review is limited to the domestic operation of Samsung Electronics and overseas manufacturing subsidiaries only. In order to ensure that the sustainability management review is comparable to the economic performance review, we recommend Samsung Electronics broaden the scope of the sustainability management subject to reporting to cover all the domestic and overseas subsidiaries.

June, 2014
President **Tae-Jin Park**

KCCI BISD

GRI G4 Core General Standard Disclosure

No.	Description	ISO26000	Status	Status & Reasons for omission	Assurance	Page
Strategy and Analysis						
G4-1	Statement from the most senior decisionmaker of the organization (incl. strategy relates to sustainability, impacts of the activities in relation to the stakeholders)	6.2	●	CEO Message	●	6~7
Organizational Profile						
G4-3	Name of the organization	-	●	Company Profile	●	8~9
G4-4	Primary brands, products, and/or services	-	●	Company Profile	●	8~9
G4-5	Location of organization's headquarters	-	●	Global Network	●	14~15
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	-	●	Global Network	●	14~15
G4-7	Nature of ownership and legal form	-	●	Company Profile	●	8~9
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	-	●	Global Network	●	14~15
G4-9	Scale of the reporting organization	-	●	Global Network	●	14~15
G4-10	The total workforce by employment type, gender, employment contract, and region	-	●	Talent Management	●	104~107
G4-11	The percentage of total employees covered by collective bargaining agreements	6.4/6.4.3/6.4.4/6.4.5 /6.3.10	○	-	●	-
G4-12	Describe the organization's supply chain	6.6.6	●	Shared Growth	●	110~111
G4-13	Significant changes during the reporting period relating to size, structure, or ownership or its supply chain	-	●	Company Profile	●	8~9
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	6.2	●	Environment Report_Green Management Framework	●	ENV3~6
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	6.2	●	Human Resources, Conflict Minerals, Global Social Contribution: Delivering Hope Around the World	●	34~35, 74, 92~93
G4-16	List memberships of associations (such as industry associations)	6.2	●	WBCSD, KBCSD, EICC	●	WBCSD, KBCSD, EICC
Identified Material Aspects and Boundaries						
G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures (List all entities in the consolidated financial statements)	6.2	●	Consolidated Financial Statements	●	http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/financial_highlights.html
G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	-	●	About this report, Materiality Matrix	●	1, 30~31
G4-19	List all the material Aspects identified in the process for defining report content	-	●	About this report, Materiality Matrix	●	1, 30~31
G4-20	The Aspect Boundary within the organization: Whether the Aspect is material within the organization; The list of entities included in G4-17 for which the Aspect is or is not material; Specific limitation regarding the Aspect Boundary within the organization	-	●	About this report, Materiality Matrix	●	1, 30~31
G4-21	The Aspect Boundary outside the organization: Whether the Aspect is material outside the organization; The list of entities for which the Aspect is material, relate to geographical location; Specific limitation regarding the Aspect Boundary outside the organization	-	●	About this report, Materiality Matrix	●	1, 30~31
G4-22	Explanation the effect of any restatements of information provided in previous reports, and the reasons for such restatements	-	●	Facts & Figures	●	96~124
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	-	●	Facts & Figures	●	96~124
Stakeholder Engagement						
G4-24	The list of stakeholder groups engaged by the organization.	6.2	●	Stakeholder Engagement	●	28~29
G4-25	The basis for identification and selection of stakeholders with whom to engage	6.2	●	Stakeholder Engagement	●	28~29
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	6.2	●	Stakeholder Engagement	●	28~29
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns	6.2	●	Stakeholder Engagement	●	28~29
Report Profile						
G4-28	Reporting period (such as fiscal or calendar year) for information provided	-	●	About this report	●	1
G4-29	Date of most recent previous report	-	●	About this report	●	1
G4-30	Reporting cycle	-	●	About this report	●	1
G4-31	Provide the contact point for questions regarding the report or its contents	-	●	About this report, Independent Assurance Report, GRI index	●	1, 126~127, 128~133
G4-32	Table identifying the location of the Standard Disclosures in the report	-	●	About this report	●	1
G4-33	Policy and current practice with regard to seeking external assurance for the report	-	●	About this report, Materiality Matrix, Independent Assurance Report	●	1, 30~31, 126~127
Governance						
G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	6.2/7.4.3/7.7.5	●	Corporate Governance	●	16~17
Ethics and Integrity						
G4-56	Describe the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics.	4.4	●	Transparent Management, Samsung Electoronics Global Code of Conduct	●	102~103, http://sec-audit.com/eng/main.asp

GRI G4 Core Specific Standard Disclosure

No.	Description	ISO26000	Status	Status & Reasons for omission	Assurance	Page
Economic						
Economic Performance						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Business Performance	●	10~11
G4-EC1	Direct economic value generated and distributed	6.8.1/6.8.2/6.8.3/ 6.8.7/6.8.9	●	Business Performance, Creation and Distribution of Economic Value	●	10~11, 96~101
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.5.5	●	Eco Products, Water Management, Green Management	●	50~57, 112~124
G4-EC3	Coverage of the organization's definedbenefit plan obligations	6.8.7	●	Business Performance, Creation and Distribution of Economic Value	●	10~11, 96~101
G4-EC4	financial assistance received from government	-	○	-	●	-
Market Presence						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	35
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	6.3.7/6.3.10/6.4.3/6.4.4 /6.8.1/6.8.2	○	Samsung Electronics complies with the local laws and regualations and pays above the local minimum wages	●	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	6.4.3/6.8.1/6.8.2/ 6.8.5/6.8.7	◐	Global Network, Talent Management	●	14~15, 104~108
Indirect Economic Impacts						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Global Social Contribution: Delivering Hope Around the World	●	80
G4-EC7	Development and impact of infrastructure investments and services supported	6.3.9/6.8.1/6.8.2 /6.8.7/6.8.9	●	Global Social Contribution: Delivering Hope Around the World	●	80~93, 109
G4-EC8	Significant indirect economic impacts, including the extent of impacts	6.3.9/6.6.6/6.6.7/6.7.8/6.8.1 /6.8.2/6.8.5/6.8.7/6.8.9	●	Global Social Contribution: Delivering Hope Around the World	●	80~93, 109
Procurement Practices						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Business Performance	●	10~11
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	6.4.3/6.6.6/6.8.1/6.8.2/ 6.8.7	◐	Business Performance, Creation and Distribution of Economic Value	●	10~11, 96~101
Environmental						
Materials						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Eco Products	●	50~51
G4-EN1	Materials used by weight or volume	6.5.4	●	Environment Report_Eco Products, Green Management	●	ENV28~32, 118~123
G4-EN2	Percentage of materials used that are recycled input materials	6.5.4	●	Environment Report_Eco Products, Green Management	●	ENV28~32, 118~123
Energy						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Climate Change	●	ENV14~15
G4-EN3	Energy consumption within the organization	6.5.4	●	Environment Report_Climate Change, Green Management	●	ENV14~23, 112~115
G4-EN4	Energy consumption outside of the organization	6.5.4	●	Environment Report_Climate Change, Green Management	●	ENV14~23, 112~115
G4-EN5	Energy intensity	6.5.4	●	Environment Report_Climate Change, Green Management	●	ENV14~23, 112~115
G4-EN6	Reduction of energy consumption	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV14~23, 112~115
G4-EN7	Reductions in energy requirements of products and services	6.5.4/6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV14~23, 112~115

Water						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Climate Change	●	ENV41~42
G4-EN8	Total water withdrawal by source	6.5.4	●	Environment Report_Climate Change, Green Management, Water Management	●	ENV41~44, 120, 54~57
G4-EN9	Water sources significantly affected by withdrawal of water	6.5.4	●	Environment Report_Climate Change, Green Management, Water Management	●	ENV41~44, 120, 54~57
G4-EN10	Percentage and total volume of water recycled and reused	6.5.4	●	Environment Report_Climate Change, Green Management, Water Management	●	ENV41~44, 120, 54~57
Biodiversity						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environement Report_Green Communication	●	ENV44
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas, and areas of high biodiversity value outside protected areas	6.5.6	●	Environement Report_Green Communication	●	ENV44, 48
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas, and areas of high biodiversity value outside protected areas	6.5.6	●	Environement Report_Green Communication	●	ENV44, 48
G4-EN13	Habitats protected or restored	6.5.6	●	Environement Report_Green Communication	●	ENV44, 48
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	6.5.6	●	Not identified	●	-
Emissions						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Climate Change	●	ENV14~15
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV17~21, 112~114
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV17~21, 112~114
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV17~21, 112~114
G4-EN18	Greenhouse gas (GHG) emissions intensity	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV17~21, 112~114
G4-EN19	Reduction of greenhouse gas (GHG) emissions	6.5.5	●	Environment Report_Climate Change, Green Management	●	ENV17~21, 112~114
G4-EN20	Emissions of ozone-depleting substances (ODS)	6.5.3/6.5.5	●	Environment Report_Green Operation Sites, Green Management	●	ENV46, 122
G4-EN21	NOx, SOx, and other significant air emissions	6.5.3	●	Environment Report_Green Operation Sites, Green Management	●	ENV46, 122
Effluents and Waste						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Operation Sites	●	ENV41~42
G4-EN22	Total water discharge by quality and destination	6.5.3/6.5.4	●	Environment Report_Green Operation Sites, Green Management, Water Management	●	ENV41~44, 120, 54~57
G4-EN23	Total weight of waste by type and disposal method	6.5.3	●	Environment Report_Green Operation Sites, Green Management	●	ENV45, 121
G4-EN24	Total number and volume of significant spills	6.5.3	●	Environment Report_Green Operation Sites, Green Management	●	ENV46~47, 123
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	6.5.3	○	No waste shipped internationally	●	-
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	6.5.3/6.5.4/6.5.6	●	Environment_Water Management, Green Management, Water Management	●	ENV41~44, 120, 54~57
Products and Services						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environement Report-Eco Products	●	ENV24
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	6.5.3/6.5.4/6.5.5/6.7.5	●	Environement Report-Eco Products, Green Management, Eco Products	●	ENV24~36, 116, 50~53
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	6.5.3/6.5.4/6.7.5	●	Environement Report-Eco Products, Green Management, Eco Products	●	ENV27~30, 116, 50~53
Compliance						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Operation Sites	●	ENV37~38
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	4.6	●	Environment Report_Green Operation Sites, Green Management	●	ENV47, 123
Transport						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Climate Change	●	ENV14~15
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	6.5.4/6.6.6	●	Environment Report_Climate Change, Green Management	●	ENV20~21, 114
Overall						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Management Framework	●	ENV7~8
G4-EN31	Total environmental protection expenditures and investments by type	6.5.1/6.5.2	●	Environment Report_Green Management Framework, Green Management	●	ENV7, 112
Supplier environmental assessment						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Management Framework	●	ENV10
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	6.3.5/6.6.6/7.3.1	●	Environement Report_Eco Products, Green Management, Eco Products	●	ENV25, 62~71
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	6.3.5/6.6.6/7.3.1	●	Environement Report_Eco Products, Green Management, Eco Products	●	ENV25, 62~71
Environmental grievance mechanisms						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Management Framework	●	ENV7~10
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	6.3.6	●	Environment Report_Green Communication	●	ENV49~55
Social						
Labor Practices and Decent Work						
Employment						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	6.4.3	●	Global Network, Talent Management	●	14~15, 106~110
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	6.4.4/6.8.7	●	Human Resources	●	34~43
G4-LA3	Return to work and retention rates after parental leave, by gender	6.4.4	●	Human Resources, Talent Management	●	34~43, 106~110
Labor/Management Relations						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electronics 2012 Sustainability Report	●	62
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	6.4.3/6.4.5	○	-	●	-
Occupational Health and Safety						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Green Operation Sites	●	ENV39~40
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	6.4.6	●	Environment Report_Green Operation Sites, Health & Safety - Managing Mental Health & Safety at Operation Sites	●	ENV39~40, 44~51
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region, and by gender	6.4.6/6.8.8	●	Green Management	●	126
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	6.4.6/6.8.8	●	Health & Safety - Managing Mental Health & Safety at Operation Sites	●	44~51
G4-LA8	Health and safety topics covered in formal agreements with trade unions	6.4.6	●	Environment Report_Green Operation Sites, Health & Safety - Managing Mental Health & Safety at Operation Sites	●	ENV39~40, 44~51
Training and Education						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-LA9	Average hours of training per year per employee by gender, and by employee category	6.4.7	●	Human Resources, Talent Management	●	34~43, 104~108
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	6.4.7/6.8.5	●	Human Resources, Talent Management	●	34~43, 104~108
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender, and by employee category	6.4.7	●	Human Resources, Talent Management	●	34~43, 104~108
Diversity and Equal Opportunity						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6.2.3/6.3.7/6.3.10/6.4.3	●	Human Resources, Talent Management	●	34~43, 104~108
Equal Remuneration for Women and Men						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6.3.7/6.3.10/6.4.3/6.4.4	○	Samsung Electronics offers fair compensation irrespective of gender, ethnicity, religion, social status or age	●	-
Supplier Assessment for Labor Practices						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Supplier Compliance	●	62~63
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	6.3.5/6.4.3/6.6.6/7.3.1	●	Supplier Compliance	●	62~71, 72~74

G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	6.3.5/6.4.3/6.6.6/7.3.1	●	Supplier Compliance, Conflict Minerals	●	62~71, 72~74
Labor Practices Grievance Mechanisms						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources, Supplier Compliance	●	41, 71
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	6.3.6	●	Supplier Compliance, Transparent Management	●	62~71, 102~103
Human Rights						
Investment						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources, Supplier Compliance	●	41, 71
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	6.3.3/6.3.5/6.6.6	◐	Supplier Compliance	●	62~71
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	6.3.5	●	Supplier Compliance	●	62~71
Non-discrimination						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-HR3	Total number of incidents of discrimination and corrective actions taken	6.3.6/6.3.7/6.3.10/6.4.3	○	No violation	●	-
Freedom of Association and Collective Bargaining						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electronics 2012 Sustainability Report	●	62
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	6.3.3/6.3.4/6.3.5/6.3.8 /6.3.10/6.4.5/6.6.6	●	Stakeholder Engagement	●	28~29
Child Labor						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electronics 2012 Sustainability Report, Samsung Electronics 2013 Sustainability Report	●	62, 55
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	6.3.3/6.3.4/6.3.5/6.3.7 /6.3.10/6.6.6/6.8.4	●	Supplier Compliance	●	70~71
Forced or Compulsory Labor						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electronics 2012, 2013 Sustainability Report	●	62, 55
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	6.3.3/6.3.4/6.3.5 /6.3.10/6.6.6	●	Supplier Compliance	●	70~71
Security Practices						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources	●	34~35
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	6.3.4/6.3.5/6.6.6	○	-	●	-
Indigenous Rights						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Global Social Contribution: Delivering Hope Around the World	●	80~81
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	6.3.4/6.3.6/6.3.7/6.3.8/6 .6.7/6.8.3	○	No violation	●	-
Assessment						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Supplier Compliance	●	62~63
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	6.3.3/6.3.4/6.3.5	●	Supplier Compliance	●	62~71
Supplier Human Rights Assessment						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Supplier Compliance	●	62~63
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	6.3.3/6.3.4/6.3.5/6.3.6	●	Supplier Compliance	●	62~71
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	6.3.3/6.3.4/6.3.5/6.3.6	●	Supplier Compliance	●	62~71
Human Rights Grievance Mechanisms						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources, Supplier Compliance	●	41, 71
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	6.3.6	●	Supplier Compliance	●	62~71, 102~103
Society						
Local Communities						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Global Social Contribution: Delivering Hope Around the World	●	80~81
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	6.3.9/6.5.1/6.5.2 /6.5.3/6.8	●	Global Social Contribution: Delivering Hope Around the World	●	80~93
G4-SO2	Operations with significant actual or potential negative impacts on local communities	6.3.9/6.5.3/6.8	○	No operation site with significant potential or actual negative impacts on local communities	●	-
Anti-corruption						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources, Supplier Compliance	●	36~37, 62~63
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	6.6.1/6.6.2/6.6.3	●	Supplier Compliance	●	62~71, 102~103
G4-SO4	Communication and training on anti-corruption policies and procedures	6.6.1/6.6.2/6.6.3/6.6.6	●	Supplier Compliance	●	62~71, 102~103
G4-SO5	Confirmed incidents of corruption and actions taken	6.6.1/6.6.2/6.6.3	●	Supplier Compliance	●	62~71, 102~103
Public Policy						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electoronics Global Code of Conduct	●	http://sec-audit.com/eng/main.asp
G4-SO6	Total value of political contributions by country and recipient/beneficiary	6.6.1/6.6.2/6.6.4	○	Our code of conduct prohibits contribution to political parties	●	http://sec-audit.com/eng/main.asp
Anti-competitive Behavior						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electoronics Global Code of Conduct	●	http://sec-audit.com/eng/main.asp
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	6.6.1/6.6.2/6.6.5/6.6.7	●	Transparent Management	●	102~103
Compliance						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electoronics Global Code of Conduct	●	http://sec-audit.com/eng/main.asp
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.6	●	Environment Report_Green Operation Sites	●	ENV47
Supplier Assessment for Impacts on Society						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Supplier Compliance	●	62~63
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	6.3.5/6.6.1/6.6.2/6.6.6/6. 8.1/6.8.2/7.3.1	●	Supplier Compliance	●	62~71
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	6.3.5/6.6.1/6.6.2/6.6.6/6. 8.1/6.8.2/7.3.1	●	Supplier Compliance	●	62~71
Grievance Mechanisms for Impacts on Society						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Human Resources, Supplier Compliance	●	41, 71
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	6.3.6/6.6.1/6.6.2 /6.8.1/6.8.2	●	Supplier Compliance, Transparent Management	●	62~71, 102~103
Product Responsibility						
Customer Health and Safety						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environement Report_Eco Products	●	ENV27~28
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.7.1/6.7.2/6.7.4 /6.7.5/6.8.8	●	Eco Product	●	52~53
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	4.6/6.7.1/6.7.2/6.7.4/6. 7.5/6.8.8	○	No violation	●	-
Product and Service Labeling						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Environment Report_Eco Products	●	ENV24
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	6.7.1/6.7.2/6.7.3/6.7.4/6 .7.5/6.7.9	●	Environment Report_Eco Products	●	ENV33~36
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	4.6/6.7.1/6.7.2/6.7.3/6.7. 4/6.7.5/6.7.9	○	No violation	●	-
G4-PR5	Results of surveys measuring customer satisfaction	6.7.1/6.7.2/6.7.6	◐	Stakeholder Engagement	●	28~29
Marketing Communications						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Eco Products, Conflict Minerals	●	50~51, 72~74
G4-PR6	Sale of banned or disputed products	-	●	Environment Report_Green Management Framework	●	ENV11
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	4.6/6.7.1/6.7.2/6.7.3	◐	Stakeholder Engagement	●	28~29
Customer Privacy						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electoronics Global Code of Conduct	●	http://sec-audit.com/eng/main.asp
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7.1/6.7.2/6.7.7	◐	Stakeholder Engagement	●	28~29
Compliance						
G4-DMA	Disclosure on Management Approach	6/7.3.1/7.4.3/7.7.3/7.7.5	●	Samsung Electoronics Global Code of Conduct	●	http://sec-audit.com/eng/main.asp
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	4.6/6.7.1/6.7.2/6.7.6	◐	Environment Report_ Green Operation Sites	●	ENV47

● Fully Reported ◐ Partially Reported ○ Not Repoerted

Samsung Electronics

Environmental Report

Contents

Green Management Framework

Basic Philosophy of Green Management

Vision and Slogan

Samsung Electronics' green management strategy enables us to grow sustainably and invest in the future of both humanity and nature. We established our green management vision based on the underlying philosophy that we have a duty to help build a prosperous society and preserve the environment through business activities that respect people and nature. Our green management activities are reinforced under our slogan of 'PlanetFirst.'

Basic Philosophy, Vision and Slogan of Green Management

Basic Philosophy	Contribute to building a prosperous society and preserving the environment, through business activities that respect people and nature.
Vision	Providing Green Experience, Creating Sustainable Future.
Slogan	"PlanetFirst" represents Samsung Electronics' commitment to sustainable development and social responsibility through eco-driven business and management activities.

Green Management Policies

Samsung Electronics is committed to leading way to a sustainable society. Through our green management activities, we are contributing to the prosperity of humanity and the conservation of the natural environment.

1. **Global Green Management System**
We have established a global green management system, ensure full compliance with all environment safety and health regulations at all our operation sites with factories, and enforce strict EHS internal standards.

2. **Life Cycle Responsibility for Products and Services**
We take full responsibility for ensuring minimal environmental impact and maximum safety at all stages of the product life cycle, including parts and raw materials acquisition, product development and manufacturing, distribution and use, repair and maintenance, and end-of-life disposal, reuse, or recycling.

3. **Green Manufacturing Process**
In order to minimize the release of greenhouse gas emissions and pollutants, we have established manufacturing processes that employ the best available clean manufacturing technologies and improve resource and energy efficiency.

4. **Protection the Environment**
We take action against climate change to preserve the environment and protect local communities. We disclose our green management policies and achievements to both our internal and external stakeholders.

Green Management Materiality Test

Materiality Test Process

Samsung Electronics has conducted materiality tests in order to identify major environmental issues affecting its management activities and systematically managing them. Through materiality tests, we collect opinions of our internal and external stakeholders, and analyze our business management status, as well as risk factors and opportunities. Through such analysis, we have developed and implemented green management strategies focusing on key issues.

Materiality Test Process

Step 1 — Analysis of the external environment
Identify trends of sustainable management-related issues and requirements for Samsung Electronics viewed by external stakeholders.

Step 2 — Analysis of the internal environment
Analyze the current status of sustainable management, as well as risk factors and opportunities viewed by employees at Samsung Electronics. Analyze the business impact of major green management issues.

Step 3 — Materiality Test
Conduct materiality test by gathering opinions of internal and external stakeholders and applying the degree of business impact and stakeholders' degree of interest.

Step 4 — Issue prioritization
Prioritize identified key issues and other issues from the perspective of comprehensive green management strategy.

Step 5 — Strategy development
Develop strategies focusing on priority issues and set goals.

Stakeholder Engagement

Stakeholder engagement has a significant impact on Samsung Electronics' strategic directions and their implementation, as well as its sustainable development achievements. We abide by the Stakeholder Engagement Standard AA1000SES to build a credible and efficient way to deal with opinions gathered from a diverse spectrums of stakeholders, related achievements and responses. In managing stakeholder engagement, we have followed principles of materiality, completeness and responsiveness based on inclusivity.

- Materiality : The Materiality Principle requires an understanding of stakeholders' and organization's major interests.
- Completeness : The Completeness Principle requires an understanding of stakeholders' interests such as perspectives, requirements and achievements.
- Responsiveness : The Responsiveness Principle refers to consistently responding to material interests of stakeholders and an organization.

| Stakeholder Engagement |

Internal Risk Management

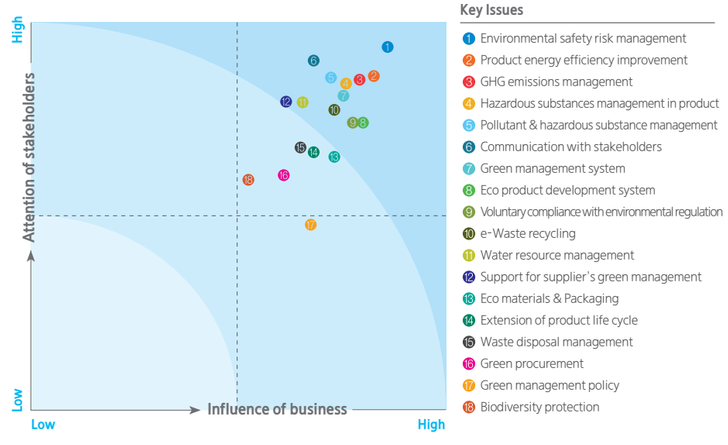
Samsung Electronics conducts an internal analysis of its sustainable management status and risks, and assesses their impact on our business. We take into consideration strategic alignment of risks, their financial and reputational impact to the company in an integrated manner.

Key Risks and Management Activities

Type	Key Issues	Risk Management Activities
Physical risks	Rise in price of raw materials and energy	• Improving energy-efficiency of existing facilities and building new high performance facilities
		• Development of energy use reduction policies
	Intensified water shortage	• Implementation of water resource management strategies and water-related risk management structure
Regulatory risks	Implementation of energy & greenhouse gas reduction policies	• Energy and GHG reduction activities at operation sites
		• Energy efficient product development
	Strengthened product-related environmental regulations	• Regular monitoring and compliance activities of regulations on energy, hazardous materials and recycling
Indirect risks	Changes in market and industry	• Development of eco-products and strengthening of green Marketing activities
	Increased competition for eco-technologies	• Development and utilization of eco-friendly materials
		• Release of innovative eco-friendly products
Social/ cultural risks	Changes in consumer preferences	• Expansion of consumer green marketing
		• Environmental communication with local community residents
	Increased stakeholder demands	• Increased stakeholder communication and response to demands
		• Responsive information disclosure

Materiality Test Matrix

Samsung Electronics' top priority issues identified through materiality tests include environmental safety risk management, improvements in product energy efficiency, GHG emissions management, and product chemicals management. Communication with stakeholders, green management system, and Eco product development system is also pinpointed as crucial areas. Samsung Electronics will reflect all of these findings from annual materiality tests in its establishment of goals and strategies and the identification of improvement tasks across all aspects of the environment.



| Green Management Materiality Matrix |

Strategies and Goals

Development of Strategies

Samsung Electronics has developed the Eco-Management 2020, its mid-to-long term strategy to be achieved within 2020, by reflecting major issues identified through materiality tests and analyzing achievements of the EM 2013 (Eco-Management 2013), its mid-term green management plan for the period between 2009 and 2013. Samsung Electronics will enhance its internal competence and further improve its green management standards by gathering opinions of internal and external stakeholders and analyzing various risk factors.

Achievements of the Mid-term Plan (Eco-Management 2013)

In 2009, Samsung Electronics announced EM 2013 (Eco-Management 2013) at its green management declaration ceremony in an effort to minimize environmental impact and ensure substantiality of green management. As of 2013, the deadline for the mid-term plan, Samsung Electronics successfully fulfilled its key objectives of a 50% reduction in GHG emissions intensity (tons per revenue in KRW) and a 100% launch of eco-friendly products that are eligible for global eco marks.

EM2013 Core KPIs and Achievements

Area	Indicator	Base (Base Year)	2013		Achievement rate (%)
			Goal	Performance	
GHG reduction (Korea)	GHG emissions relative to sales (tons CO_2/KRW 100 million)	7.44 (2008)	2.38*	2.23*	107
Eco-Product development rate	Proportion of Good Eco-Products (%)	54 (2009)	100	100	100
	Proportion of Good Eco-Devices (%)	72 (2010)	100	100	100

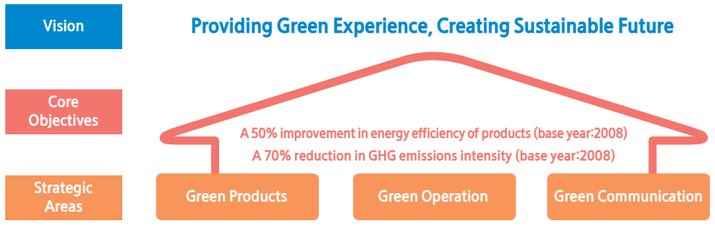
* This is an adjusted figure resulting from the corporate reorganization (which involved the separation of the LCD division from the company and the integration of the LED business into the company) undertaken in April 2012.

Investment in Green Management and Support for Suppliers

Area	Description
Investment in green management	Cumulative investment worth 5.95 trillion USD (product R&D: 2.97 trillion USD, environmental facilities at operation sites: 2.98 trillion USD), Exceeding the initial goal (5.25 trillion USD) by 22%
Support for suppliers	Providing support for global suppliers including the Environmental Management System (ISO 14001) and greenhouse gas management education

Establishment Consecutive Mid-to-long term Plan (Eco-Management 2020)

After achieving its mid-term green management goals, Samsung Electronics established the Eco-Management 2020 (EM 2020), its mid-to-long term green management plan in 2014 to proactively respond to environmental change and evolve into a green management leader in the future. Under the vision of "Providing Green Experience, Creating Sustainable Future" it plans to improve energy efficiency in products by 50% and reduce GHG intensity by 70% by 2020, compared to the 2008 baseline. In addition, Samsung Electronics will continue to implement green management initiatives by identifying strategic tasks in three areas of Green Products, Green Operation, and Green Communication.



| EM 2020 Strategies |

Implementation Structure

Consultation Organizations

Samsung Electronics has set up various green management organizations and clarified their responsibilities and authority, thereby striving to ensure systematic green management practice. The Customer Satisfaction & Environment Center, under the direct control of the CEO, sets up global green management strategies, while controlling the company's overall green management activities, including Eco-design, hazardous substance management, compliance with energy regulations, and global e-Waste recycling. The Environment and Safety Center, another staff organization reporting directly to the CEO, takes a leading role in the implementation of green operations at the company's business sites across the world. It takes charge of environmental management, including management of GHG emissions generated over the entire product life cycle from product manufacturing to distribution and use of products, as well as water resource management. In 2013, Samsung Electronics set up the CSR Committee under the Board of Directors that supervises the company's Corporate Social Responsibility activities and other activities aimed to protect public interest. It ensures substantiality of Samsung Electronics' Green Management through consultations on various topics, ranging from social contribution, shared growth, and fair trade to environmental conservation.

Corporate Green Management Consultation Group

Name	Tasks	Head	Frequency
Environmental Safety Council	Deliberations on corporate environmental strategies and discussions on pending issues of operation sites	CFO	Biannual
Eco-Product Council	Establishment of plans and strategies for the development of high-efficiency eco-products	Head of CS & Environment Center	Biannual
EHS Department Head Meeting	Discussions on corporate EHS strategies, including chemicals and health and safety	Head of Environmental Safety Center	Six times a year
Climate Change Working Group	Decisions on practical tasks for Climate change mitigation and progress monitoring		

Enhancement of Employees' Green Capabilities

Employee Training

Through the training courses, Samsung ensures that its employees fully understand the green management. The health and safety training course offered online on a quarterly basis deals with topics such as hazardous substances, working environment and health care. Its educational impact is boosted by featuring diverse interactive content, including quizzes and discussions. The new-hire training course is designed for new employees and new recruits and is held 12 times per year. The company also runs a supervisor training course designed for heads of departments in business divisions, as well as a special training course for employees who are involved in EHS tasks.

Type	Course	No. of trained employees	Frequency
Regular training	Regular safety and health training	29,000	Quarterly
New-hire training	Training designed for new employees and new recruits	6,200	12 times a year
Supervisor training	Training designed for heads of departments in all business divisions	280	Biannual
Special training	Special training for employees involved in EHS	430	As often as needed

| Regular training (online) |

| New-hire training |

| Supervisor training |

Performance Management

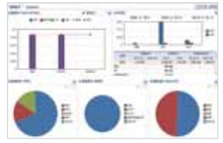
Employee Compensation

In order to encourage employees' proactive participation, Samsung Electronics provides diverse compensation packages to organizations and individuals in recognition of their outstanding contributions to green management. Each year, Samsung Electronics presents the 'SAMSUNG GROUP Green Management Awards' to those of its operation sites and suppliers who have made outstanding achievements in the area of green management. Also, the 'Samsung Electronics Annual Awards' recognizes the contributions made by the company's organizations and individuals in the area of green management with prizes and additional points on their performance appraisals.

Operation of the Global EHS System (G-EHS)

Samsung Electronics operates IT system, called the G-EHS (Global Environment, Health & Safety System) to manage environmental information including the company's goals and achievements related to the reduction of GHG emissions, compliance with product environment regulations, and environmental safety accident prevention.

G-EHS System



| GHG management |

| Product environment management |

| Environmental safety management |

Environmental Cost Management

Samsung Electronics systematically manages its environmental costs including environmental investments and consumption through G-EHS. The environment department at each operation site manages the budget required for environmental facilities and their operations. The CS & Environment Center tallies the environmental costs and expenses of each operation site annually and presents the entire company's total yearly environmental costs and expenses. The environmental costs of each operation site based in Korea are tallied according to the guidelines of the Korean Ministry of Environment. The information is revealed to stakeholders upon request. The environmental budget of every operation site is planned and implemented in accordance with the rules of the company's management planning process.

Green Investment in Operation Sites (Unit : Million USD)

Category	Investment Description	2011	2012	2013
Investment in green facilities	Investments in facilities to prevent air and water pollution and reduce waste	326	209	235
Site operation expenses	Expenses paid to operate pollution prevention and treatment facilities	310	235	291
Total	-	636	444	526

* The 2011 figures include investments in the LCD division, while 2012 and 2013 figures do not as the division was separated from Samsung Electronics to become Samsung Display Co., Ltd. in 2012.

Internal and External Environmental Audits

Samsung Electronics carries out internal and external environmental audits on an ongoing basis in order to determine the current status of its environmental management and fix any potential problems. The company conducts internal audits to examine the status of hazardous substance and energy management at each operation site across the world annually. It also operates the eco-partner certification system to assess its supply chains' environmental management status. When building or expanding its overseas production facilities, it requests independent agencies to examine the entire facility infrastructure to ensure that the facilities qualify for the extension of their ISO 14001 and OHSAS 18001 certificates.

Environmental Information Disclosure

Through the publication of its annual sustainability report, Samsung Electronics discloses its accomplishments in green management in areas such as green management systems, eco-products, eco-friendly operation sites and green communication. The sustainability report, alongside further information is publically available on the Samsung website; ensuring stakeholders can readily access any required information. Samsung Electronics also participates in the Carbon Disclosure Project (CDP), disclosing climate change activities and accomplishments.

| Samsung Electronics' official website |

| Sustainability Report 2013 |

Support of Suppliers' Green Management

Environmental Management System (EMS)

Samsung Electronics supports its suppliers' Environmental Management Systems (EMS). Founded in 1981, the Samsung Supplier Council meets quarterly at its directors' meetings and subcommittee meetings to exchange information on the industry and encourage suppliers to carry out innovative management activities, including green management. Through the Environmental-Chemicals Integrated Management System (e-CIMS), Samsung Electronics assesses whether a supplier in question is EMS-certified and whether it uses hazardous substances in its production process or not. Through this systematic approach to the issue, the company eventually ensures that the supplier's products never contain any hazardous substances.

Suppliers' Acquisition of the EMS (ISO 14001) Certification (Based on April 2013)

Region	Korea	China	Asia	Others	Total
No. of certified companies	207	174	141	65	587

Support for Reductions in GHG Emissions

Samsung Electronics supports its suppliers' efforts to reduce their GHG emissions in a variety of ways. As of 2013, Samsung Electronics carried out energy diagnoses of five of its representative suppliers and invited them to fulfill more than 24 energy consumption reduction tasks. The company will continue to support its suppliers' efforts to reduce their energy consumption.
For further details of suppliers' GHG emissions, please refer to 'Suppliers' Emissions' on page ENV21.

Management of Hazardous Substances (Eco-Partner Certification)

Samsung Electronics implements an internal Eco-Partner Certification system to help all of its suppliers to continue to qualify as its eco-partners through diagnosis programs and education. In 2013, the company tested all the raw materials of its more than 800 suppliers to minimize negative impacts in its suppliers' parts and materials. For details of Samsung Electronics' eco-partners, please see 'Supply Chain Chemical Management' on page ENV25.

Green Procurement

In an effort to expand green procurement, in 2007 Samsung Electronics established the internal green purchasing guidelines and regulations that give preference to eco-products. In addition to the green purchasing program, Samsung Electronics urges its operation sites to purchase eco-friendly office supplies, while recommending its employees to buy eco-products for their personal use through green management education. For the full details of green procurement, please refer to 'Green Procurement' on page ENV25.

Ban on the Use of Conflict Minerals

As a member company of the Electronic Industry Citizenship Coalition (EICC), Samsung Electronics participates in the ban on the use of conflict minerals that can cause various social problems, including child labor exploitation, environmental pollution and prolonged wars in conflict zones. The company takes part in the EICC's major programs, including the development of methods for investigating the use of conflict minerals and the certification program for smelting factories.

Ban on the Use of Illegal Timber

In order to fulfill its corporate social responsibility, Samsung Electronics strives to conserve biodiversity by using sustainable timber. The company is expanding the use of paper with recycled content and FSC (Forest Stewardship Council)-certified paper for its product packaging and manuals. It used a 100% recycled paper for the manual of the Samsung Galaxy S4, the company's flagship mobile phone in 2013.

External Recognition and Awards

Samsung Electronics' continuous efforts to reduce GHG emissions and green management at its operation sites, as well as its launch of a wide range of Eco-Products, have earned it the recognition for excellence in global green rankings.

2013 Recognition of Excellence in Environmental Management

Samsung was first included in the Dow Jones Sustainability Index (DJSI) in 2009, and has since been included for five consecutive years, ranked against industry leaders for its sustainable management. It has also been ranked among the top-50 global companies by Carbon Disclosure Project (CDP) for five consecutive years from 2009; Samsung is the first Korean company to achieve this. Samsung Electronics is committed to continuing its efforts to manage and reduce GHG emissions in the future.

Name	Released	Contents
Dow Jones Sustainability Index (DJSI)	Sept.	Ranked No. 1 for environmental preservation in the semiconductor sector among 3,000 Dow Jones companies
Carbon Disclosure Project (CDP)	Sept.	Incorporated into the CDLI(Carbon Disclosure Leadership Index) for five years in a row, first time for a Korean company incorporated into the CPLI(Climate Performance Leadership Index) "A" grade, the only company in Korea
Best Global Green Brands ranking (Interbrand)	June	Ranked as the 16th eco-friendly brand among the world's top 50 eco-friendly brands
ESG Evaluation by the KCGS (Korea Corporate Governance Service)	Oct.	Awarded 'class A' among Korea's listed companies in the area of environmental protection

2013 Environmental Awards

Governments and organizations around the world host environmental awards in various forms to introduce eco-friendly features of products to consumers and promote companies' green management activities. Samsung Electronics received numerous awards for its eco-products such as energy-efficient refrigerators, TVs and water-saving washing machines, as well as for its green management activities including its voluntary recycling programs implemented in different countries.

Region	Name	Host	Released	Contents
Global	SEAD Global Efficiency Medal competition	SEAD	Sept.	6 monitors win global SEAD awards (Europe-2, North America-1, Global-2, Austrailia-1)
Korea	Green Star Certification Award	Korea Management Association	Apr.	Washing machine, Refrigerator, Kimchi Refrigerator, Air conditioner
	Green Product of the Year	Green Purchasing Network	June	LED TV, Monitor
	Energy Winner Award	Consumers Korea	July	Totally 9 energy-efficient products (TV, Refrigerator, Air conditioner, Washing machine, Monitor, etc.)
	Korea Consumer Well-being Index Certification Award	Korean Standards Association	Aug.	Galaxy S4, Smart TV
	CDP Korea Excellence Award	Korea CDP Committee	Nov.	Accepted to the Carbon Management Global Leaders Club
USA	CES Eco-design Award	Consumer Electronics Association (CEA)	Jan.	Notebook, Printer, Semiconductor, LED
	Electronic Recycling Industry Award	Illinois Environmental Protection Agency (EPA)	Jan.	Recognized for exceeding the 2012 recycling goals in Illinois State
	ENERGY STAR Partner of the Year - Sustained Excellence Award	Environmental Protection Agency (EPA)	Mar.	Recognized with EPA's highest honor The ENERGY STAR Partner of the Year Sustained Excellence Award
	Energy Star Top Pledge Driver recognition	Environmental Protection Agency (EPA)	Apr.	Recognition for active involvement in ENERGY STAR environmental campaigns
	Salt Lake City Recycling Recognition	Salt Lake City	Apr.	Recognized for supporting recycling activities
	IDEA Award	IDSA	May	Printers with the concept of using recycled paper
	ENERGY STAR Emerging Technology Award	Environmental Protection Agency (EPA)	June	Recognition of the most energy-efficient clothes dryers on the market in the United States(6 models)
	BLI Outstanding Achievement Award	Buyers Laboratory Inc (BLI)	July	Recognition of energy efficient color laser and multi-function printer devices
	BGCA Blue Circle Award	Boys and Girls Club of America (BGCA)	Aug.	Recognition of outstanding efforts in educating youth about saving energy and protecting the climate
	eCycling Leadership Awards	Consumer Electronics Association (CEA)	Oct.	Recognized for leading recycling efforts in the electronics industry
	State Electronics Challenge Award	Northeast Recycling Council (NERC)	Oct.	Recognition of supporting recycling activities
UK	Green IT Award	BTC	May	Recognition for carbon reduction of Galaxy Note
	Independent Business Award	Retailer Association	June	Washing machine in the energy-saving category
	Sustainability Leaders Awards	Edie	Nov.	Washing machine in the "Sustainability Product Innovation" category
Germany	EISA Green Award	European Imaging and Sound Association (EISA)	Sept.	Galaxy S4 in the Green Smartphone category
Italy	Eco-hi tech Award	Assodel	Oct.	Recognition for carbon reduction of Galaxy S4
Hungary	E.ON Energy Conservation Award	E.ON	Oct.	Energy efficient vacuum cleaners
Russia	Trusted Brands Award	Readers Digest	Oct.	Selected as an eco-friendly brand in the categories of large and small home appliances
India	Golden Peacock Award	IOD	June	Recognition for eco-friendliness of the LED TV
	Energy Conservation Award	Ministry of Power	Dec.	Energy efficient refrigerator
China	Top Green Company Award	Daonong	Apr.	Recognition for green management in China
	Energy Conservation Award	Energy Conservation Association	May	Awarded for energy reduction products four consecutive years
	Sustainable development Award	The Economic Observer	Nov.	Recognition for green management in China

CES Eco-Design Innovations Awards

Since 2009 Samsung Electronics has been continuously recognized with Innovations Awards in the "Eco-Design & Sustainable Technologies" category at CES, the world's biggest consumer electronics show. In January 2014, the company's four products - TV, washing machine and two dryers - received the Eco-Design Innovations Awards.

Product	Model	Eco-friendly characteristics
	TV (UN55H7100)	• Uses 30% less power than previous models • Use of Biodegradable plastic & recycled plastic • Life extendable evolution kit
	Washing machine (WF56H99)	• Uses 15% less power than previous models • Wash time reduction technology • Qualified for the ENERGY STAR Most Efficient
	Dryer (DV457)	• Uses less power than previous models • Automatic stain detection and timer functions • Awarded the ENERGY STAR Emerging Technology Award

| 2014 ENERGY STAR Award |

ENERGY STAR Partner of the Year - Sustained Excellence Award

Samsung Electronics has won the 2014 ENERGY STAR 'Partner of the Year - Sustained Excellence Award' from the U.S. Environmental Protection Agency (EPA). This is the second year in a row that Samsung has earned this prestigious ENERGY STAR award for its continued leadership in protecting the environment through activities focused on providing products with superior energy efficiency. In addition, Samsung has also won the 2014 'Climate Communications Award' for its efforts in further educating consumers about the positive impact of energy efficiency and energy-efficient behaviors on climate change.

2013-2014 EISA Green Award winner Galaxy S4

EISA Green Award

In August 2013, Samsung Electronics won the 'EISA Green Award,' the most prestigious award in Europe, hosted by the European Imaging and Sound Association (EISA). Samsung's Galaxy S4 has been selected as an eco-product in the mobile phone category that reduces energy consumption by using a high-efficiency charger and energy-saving mode function. Eco-friendly materials such as 100% recycled paper and soy-based ink were also used for its packaging and manuals.

Climate Change Strategies

Climate Change Response

Risks and Opportunities

• Response Processes

In order to identify risks and opportunities associated with climate change, Samsung Electronics has set up a six-stage response which starts with identification of major issues and ends with adjusted corporate strategies.

| Response Processes |

• Analysis of Risks and Opportunities

Samsung Electronics has established five criteria for evaluating for the risks and opportunities associated with climate change. The company conducts evaluations to determine the significance of the issues and priorities under the following five criteria:

Criteria for Risk and Opportunity Analysis

Criteria	Details
Stakeholder Impact	Concerns of stakeholders such as customers, evaluators, and NGOs
Industry benchmarking	Peers and competitors' reactions to the issues
Degree of impact on the company	Impact on company policies, strategies, and goals, as well as direct financial impacts (include financial impacts)
The company's internal competence	Having reasonable control over the issue, and degree of readiness in capital (HR & asset) to deal with related issues
Risk probability	Probability of events and amount of time left before potential enforcement of a regulation

• Risk Management

Risk Management Activities

Category	Types of Risk	Risk Management Activities
Regulatory risks	• Carbon tax • GHG emissions trading scheme • Regulations on product energy efficiency	• Development of refrigerants with low impact on global warming • Establishment of a plan for GHG emissions trading schemes • Development of energy-efficient products and increased accumulation of 3rd party verified energy labels and certifications
Physical risks	• Typhoons and flooding • Yellow dust and Droughts	• Increased investment in natural disaster prevention and restoration equipment and facilities to mitigate and adapt to climate change impacts • Formulation of scenarios on damage prevention and restoration & investment in HVAC facilities
Other risks	• Reputational risks • Consumer behavior	• Enhancement of internal eco-friendly activities and external communication • Consumer profile research & development of eco-products

• Capitalizing on Opportunities

Samsung Electronics has identified the following opportunities associated with climate change through its opportunity analysis process, and carried out the following opportunity creation activities:

Opportunity Creation Activities

Category	Opportunities	Opportunity Creation Activities
Regulatory Opportunities	• International conventions for learning • Product labeling-related regulations and standards	• Promotion of CDM (Clean Development Mechanism) • Increased acquisition of eco and energy labels
Physical Opportunities	• Rise in average temperatures • Worsening air pollution due to yellow dust and fine particles	• Reinforcement of energy efficient air-conditioner business and building energy solution business
Other Opportunities	• Company reputation • Changes in consumer behavior	• Continuing to rank highly in various external green ratings and improving corporate image • Preemptive response to eco-friendly products required by consumers

Management System

Samsung Electronics has organized its climate change response system as follows.

Climate Change Response System

Organization	Tasks	Host	Meeting Frequency
Environmental Safety Council	Establishment of strategies to tackle climate change and making of decisions concerned	CFO	Bi-annual
Eco-Product Council	Establishment of development targets and implementation strategies for new highly efficient low-power products	Head of the CS & Environmental Center	Bi-annual
Environmental Safety Department Head Meeting	Addressing major issues and strategies involved in climate change responses	Head of the Environment and Safety Center	Bi-monthly
Climate Change Working Group	Decisions on practical tasks for coping with climate change, and monitoring of their progress	Head of EHS Planning Group	Five times a year

Goals and Strategies

In accordance with Samsung's Green Management Plan mid-term goal (EM 2013), Samsung Electronics has set the GHG emissions reduction targets for its operation sites relative to KRW-based sales and those for the product use phase as its key goals and has formulated implementation strategies. The company also manages the GHG inventory of indirect emissions (Scope 3) including employees' business trips, logistics, and suppliers' business activities. It fully supports suppliers' efforts to reduce energy consumption.

Climate Change Response Strategies

Category	Strategies
GHG reduction in facilities operation	• F-gas reductions and efficient use of energy in semiconductor production lines and facility operations
Energy management at operation sites	• Introduction of the Energy Management System (ISO 50001) to all global operation sites in 2013 • A 37% reduction in the energy cost ratio in 2013 (1.01% → 0.64%) • Expected that all manufacturing facilities will be ISO 50001 certified by 2015
GHG reduction at the product usage phase	• A 40% reduction in average product power consumption in 2013 compared to a 2008 baseline • Met the goal of keeping standby power less than 0.5W for all products by 2013
Managing the GHG Scope 3 inventory	• Managing the GHG inventory from logistics, employees' business trips, etc. (since 2009)
Support for suppliers	• Training for GHG emissions calculation and inventory management for suppliers (since 2012)

• GHG Reduction KPIs

As Samsung Electronics continues its annual business expansion, one of the key challenges becomes reducing the absolute quantity of GHG emissions. To be realistic about this challenge the company has made the reduction of GHG emissions over revenue the primary key performance indicator (KPI) against which Samsung measures year-over-year success. The second KPI Samsung examines is the reduction of indirect GHG emissions during the product use phase. The company selected this KPI because the indirect GHG emissions at the product use phase are greater than those generated during the manufacturing phase.

• GHG Reduction Accomplishments

In 2013, Samsung Electronics' GHG emissions relative to KRW-based sales were 2.23 tons of CO_2 per KRW 100 million, or 6% less than the 2.38 ton target. Until 2013, accumulated reductions in GHG emissions at the phase of product use were 88.59 million tons or 5% more than the targeted quantity of 84.69 million tons. The target for 2013 (EM2013), originally set in 2009, was accomplished in 2013.

GHG KPIs and Accomplishments

KPI	Description	2008	2009	2010	2011	2012**	2013**
Korea GHG emissions reductions relative to sales* (ton CO_2/KRW 100 million)	Goal	-	6.85	5.65	4.62	2.87	2.38
	Performance	7.44	5.83	5.11	4.46	2.54	2.23
	Reduction (%, compared to 2008)	-	22	31	40	47	53
Global accumulated reductions during product-use phase (unit: 10,000 tons)	Goal	-	-	1,169	2,695	5,108	8,469
	Performance	-	-	1,529	3,292	5,834	8,859

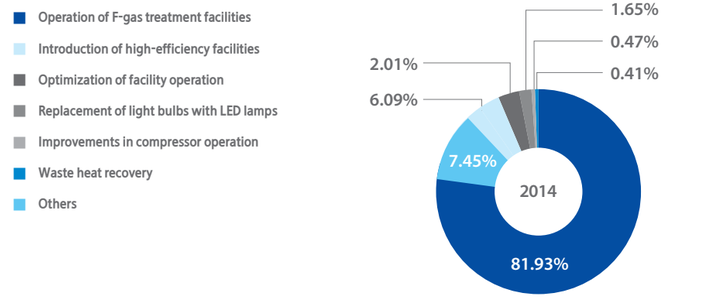
* Korea KRW-based emissions formula: Total CO_2 emissions(1) ÷ (HQ-based sales / price index(2))
(1) Total GHG emissions (converted into CO_2) from Korean manufacturing sites
(2) Producer price indices (PPI) released by the BOK for the years (basis value: 1 in 2005)

** The figures reflect the structural reorganization, including separation of the LCD business division and incorporation of the LED division undertaken in April 2012.

2014 GHG Reduction Plans

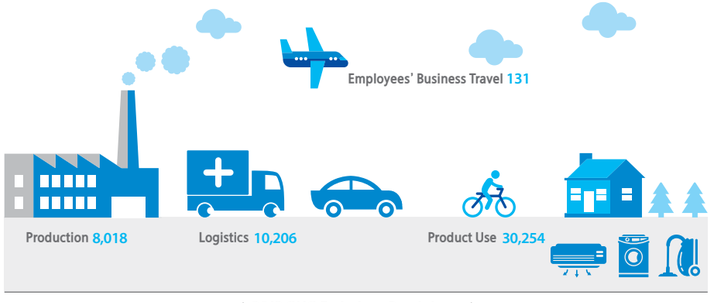
In order to meet its 2014 GHG reduction goals, Samsung Electronics operates the F-gas treatment facilities in an appropriate manner and plans to introduce additional GHG reduction measures to the manufacturing facilities. In addition, the company will continue to carry out activities to optimize its facility operations including the introduction of highly efficient facilities, and the replacement of lighting fixtures with LED lamps.

2014 GHG Reduction Plan



Breakdown of Corporate GHG Emissions

2013 GHG Emissions Breakdown (unit : 1,000 tons of CO_2)



| 2013 GHG Emissions Breakdown |

Scope 1 & 2 Management

Scope 1 & 2 Management Processes

• Emissions Management System

Samsung Electronics has identified facilities across the globe where there is the opportunity for high impact to reduce scope 1 & 2 emissions. The targeted sites include six manufacturing facilities and fifty-four Research and Development (R&D) facilities in Korea and twenty-nine production facilities across the globe. The GHG emissions goals for all of these sites are tracked through the company's environmental management system, G-EHS, and communicated to facilities management at each of those sites, relevant personnel in headquarters, and the company's top executives.
The Environmental Health and Safety department tracks the performance of each operating site and sets performance goals. In the event that a reduction goal is not met, this group works with the site in question to set up a plan for remediation.

• Emissions Calculation Standards

GHG emissions in different countries are calculated according to the provisions of the GHG management guidelines for each country. In the event that no national guideline exists, Samsung looks to international standards such as the IPCC Guidelines and ISO 14604.

Scope 1 & 2 Emissions

In 2013, Samsung Electronics' Korea and global GHG emissions amounted to 2.23 tons and 2.13 tons of CO_2 per KRW 100 million in sales, respectively. This was a 12% decrease in Korea and a 9% decrease globally over the course of one year.

GHG Emissions Intensity (Unit : ton of CO_2 /KRW 100 million)

Location	Description	2011	2012***	2013***
Korea*	Goal	4.62	2.87	2.38
	Performance	4.46 (3.13***)	2.54	2.23
Global**	Performance	3.70	2.34	2.13

* Korea KRW-based emissions calculation formula: Total CO_2 emissions (1) ÷ (HQ-based sales / price index(2))
(1) Total GHG (converted into CO_2) emissions from manufacturing sites in Korea
(2) The Bank Of Korea's PPI for the years (with the 2005 PPI being 1)
** Global KRW-based emissions formula: Total global CO_2 emissions ÷ (annual global sales / price index(2))
*** The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

GHG Emissions (Scope 1,2) (Unit: 1,000 tons of CO_2)

Area	Scope	2011	2012**	2013**
Korea	Scope 1	3,924	1,943	2,031
	Scope 2	6,031	4,061	4,272
	Total	9,955	6,004	6,303
Global	Scope 1	4,045	2,098	2,221
	Scope 2	7,259	5,388	5,797
	Total	11,304	7,486	8,018

* The GHG emissions for 2009 on were altered in June 2011 as required by the national guidelines on the GHG reduction goal management system. The changes were verified by the external third party Korean Foundation for Quality. The recent figures differ from the numbers given in earlier sustainability reports accordingly.
** The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Six Major GHG Emissions (Global) (Unit : 1,000 tons of CO_2)

Type of GHG	2011	2012	2013
CO_2	8,378	5,943	6,394
CH_4	2	2	2
N_2O	220	278	254
HFCs	108	134	149
PFCs	859	1,015	1,079
SF_6	1,738	115	139
Total	11,304	7,486	8,018

The Third Party Verification Certificate for 2013 GHG Emissions

Third Party Verification of GHG Data

The third party verification agency for Samsung Electronics is the Korean Foundation for Quality (KFQ).
The objects of verification include Korea and global GHG emissions for 2013.

GHG Reduction Activities

In 2013, Samsung Electronics undertook almost 800 projects to reduce GHG emissions and cut back its GHG emissions by a total of 1.1 million tons. Seventy-four percent of the reductions came from the operation of semiconductor F-Gas treatment facilities, while twenty-six percent came from reduced consumption of electricity and liquefied natural gas (LNG) due to the introduction of highly efficient facilities, improved systems that reuse and recycle waste heat, and the improved of operation methods.

• GHG Reductions through the Introduction of F-Gas Treatment Facilities

In order to treat F-Gas used in semiconductor etching and vacuum evaporation processes, Samsung Electronics has installed and operated F-Gas treatment facilities at each of its production lines since 2007. In the past, treatment devices were directly attached to production facilities to treat F-Gas. Recently, however, the company installed integrated facility upgrades to eliminate F-Gas. As a result, it GHG emissions were reduced by 810,000 tons in 2013.

• GHG Reductions through Improved Efficiency of Utility Facilities

Samsung Electronics' Onyang Plant reduced GHG emissions by 4,500 tons by rationalizing compressed air lines and shortening facility regeneration time, thereby increasing plant efficiency.

• GHG Reductions through Replacement with LED Lamps

In 2013, Samsung Electronics replaced the lighting fixtures at its operation sites and major office buildings in Korea with high-efficiency LED lamps. The replacement initiative also covered lamps outside facilities and buildings. Overall, it saved about 43,191 MWh of electricity and reduced GHG emissions by about 20,138 tons per year.

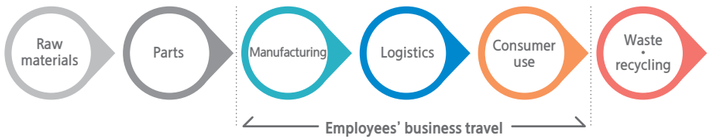
Scope 3 Management

Scope 3 Management Processes

• Emissions Management System

Samsung Electronics aims to identify the potential impact of climate change on its value chain, manage the associated risks and explore potential opportunities from such circumstances.
For its Scope 3 management range, the company has selected the emissions generated by its global suppliers' operation sites, product use phase, product and part logistics, and employees' business travel in Korea and overseas.
Suppliers' GHG emissions are measured through the activity data which they supply to the company. Emissions generated by logistics and business trips are supplied by internal systems for automatic calculation by the G-EHS. GHG emissions during product use are calculated with the information on product energy consumption and product usage scenarios. The company adjusts its GHG reduction goals according to the improvements in energy efficiency every year.

Scope 3 Management Range

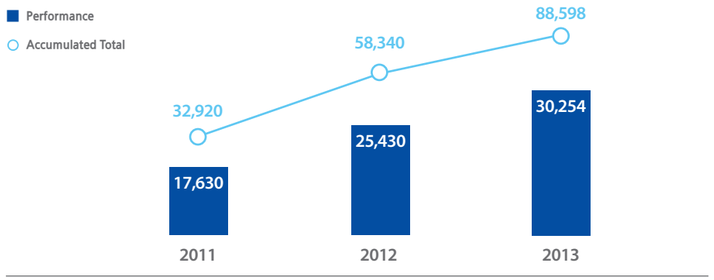


GHG Emissions from Product Use

Samsung Electronics defines indirect GHG emissions from electricity consumed during product use as 'GHG emissions from product-use phase.' The company converts the annual improvement results of each product in terms of energy efficiency through GHG emissions reductions.
Although product sales increase every year, GHG emissions during product-use phase have decreased because of continual improvements in the energy efficiency of Samsung Electronics' products. In 2013, Samsung improved average product energy efficiency by 59% compared to a 2008 baseline and reduced GHG emissions by a total of 30,254 thousand tons. Since 2009, it has indirectly reduced GHG emissions by an accumulated total of 88.59 million tons.

• Emissions Calculation Standards :
Corporate Value Chain (Scope 3) Accounting and Reporting Standard of World Resources Institute (WRI)

GHG Reductions at the Phase of Product Use (Unit: 1,000 tons of CO_2)



* The calculation of the carbon reduction goal is based on the assumption of an annual increase of 10% in the company's sales since 2008.
** The calculation range: all products sold worldwide (parts excluded)

GHG Emissions from Logistics

Samsung Electronics monitors GHG emissions produced by products, materials and parts logistics. The company's logistics emissions are rising every year owing to the marked expansion of its global business. This includes burgeoning subsidiaries and increased production and sales around the world. In 2013, while the emissions from logistics increased by 0.8% from the previous year (to 10.21 million tons), the emissions relative to KRW-based sales decreased by 12.5% over the same period. To reduce emissions from logistics and improve efficiency, the company continues to launch ever lighter and slimmer products, the company continuously looks to find lower-carbon forms of transportation and optimize transportation routes.

• Emissions Calculation Standards :
Samsung uses the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of World Resources Institute (WRI)

GHG Emissions from Logistics by Transportation Mode (Global) (Unit : 1,000 tons of CO_2)

Description		2011	2012*	2013*
Total Emissions		8,441	10,125	10,206
Global	Air	2,017 (24%)	2,952 (29%)	2,652 (26%)
	Sea	6,320 (75%)	7,086 (70%)	7,455 (73%)
Korea	Rail/Road	104 (1%)	87 (1%)	98 (1%)

GHG Emissions from Logistics by Region (Global) (Unit: 1,000 tons of CO_2)

Description	2011	2012*	2013*
Total Emissions	8,441	10,125	10,206
Latin America	1,980	3,942	3,509
Europe	1,646	1,626	1,472
North America	1,345	1,386	2,395
Asia	1,698	1,245	1,211
CIS	717	760	542
The Middle East	533	564	539
Africa	406	468	410
Oceania	116	134	128

* The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

GHG Emissions from Employees' Business Travel

GHG emissions generated by employees' business travel are on the rise because of the company's business expansion and efforts to develop new markets. However, Samsung Electronics has introduced initiatives designed to minimize such emissions. It has set up a companywide teleconference management system (WyzManager) in order to minimize the need for employees to travel overseas and also encourages employees to use mass transportation for their business travel so as to minimize their contributions to GHG emissions. In 2013, the company's employees in Korea contributed to generating 130,669tons of GHG emissions during their business travel.

- **Standards for Emissions Calculation :**
  (1) Corporate Value Chain (Scope 3) Accounting and Reporting Standard, World Resources Institute (WRI)
  (2) Carbon Footprint Guideline, Ministry of Environment, Korea
  (3) Calculation Tools for Employees' Business Travel

Emissions from Employees' Business Trips (Korea) (Unit : tons of CO_2)

Description	2011	2012*	2013*
Total Emissions	112,597	128,042	130,669
Air	105,520	120,621	123,137
Car	5,849	6,219	6,268
Taxi	529	513	530
Train	411	415	456
Bus	288	274	278

* The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

GHG Emissions from Suppliers

When calculating a particular supplier's GHG emissions, Samsung Electronics considers the proportion of the supplier's transactions with Samsung Electronics in its total sales volume. Samsung Electronics manages the emissions of more than 2,000 global suppliers. At the company's request they enter their activity data into the company's GHG Management System, which calculates their emissions instantaneously. Fifty-four percent of Samsung's suppliers responded to the 2012 emissions survey (calculated by transaction volume with Samsung Electronics).
Meanwhile, Samsung Electronics supports the efforts of its suppliers to reduce their GHG emissions in a variety of ways. Since 2012, the company has participated in the Energy Reduction Coalition between large and small companies under the support of the Ministry of Trade, Industry and Energy, Korea, identifying potential energy-saving areas for its suppliers.

Suppliers' Emissions (Unit : 1,000 tons of CO_2)

Description	2010	2011	2012
Emissions	4,502	3,930	3,362
Emissions Intensity (tons of CO_2/ KRW 100 M purchase)	8.3	9.6	10

* The suppliers' GHG emissions survey for 2013 will be made available in the second half of 2014.
* The scope of the supplier survey has been changed as follows: 63% in 2010, and 65% in 2011, 54% in 2012 in terms of global purchase volume.

Operation Site Energy Management

Operation Site Energy Management System

At the company headquarters, the Environment and Safety Center issues data on the quarterly performances of each site by gathering information on energy use companywide and analyzing the causes of increases and decreases in energy use on a monthly basis. The company also promotes energy savings at operation sites through the GHG & Energy Working Group Council Meetings, during which their performances are reviewed and exemplary cases are discussed comprehensively.

Energy KPI and Accomplishments

Samsung Electronics manages energy cost ratio and energy consumption in its KPIs. As the company introduces new production facilities every year and its production output continues to grow, so does its energy consumption. The energy cost ratio is used to compare energy costs to sales volume, thus helping to identify changes in energy efficiency. Samsung Electronics has been trying to bring the ratio down by 2.5% every year since 2009 in order to meet the target of 0.77% by the end of 2013. Samsung Electronics is pleased to report that that target was exceeded in 2013.

Energy Cost Ratio (Korea) (Unit: %)

Energy Cost Ratio	2011	2012**	2013**
Goal	0.929	0.796	0.770
Performance	0.928	0.644	0.638

* Energy Cost Ratio (%) = Operation site energy costs in Korea / HQ turnover*100
** The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Energy Consumption (Unit: GJ/KRW 100 M)

Energy Cost Ratio	2011	2012***	2013***
Korea	59.7	41.3	36.6
Global	50.6	36.0	33.1

* KRW-based energy conversion formula: Energy consumption(1) ÷ (HQ-based turnover / price index(2))
(1) Total energy (GJ) consumption (2) The Bank Of Korea's PPI for the years (with the 2005 PPI being 1)
** KRW-based global energy conversion formula: total global energy consumption ÷ (global integrated sales / price index(2))
*** The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Electricity and LNG Consumption

	Description	2011	2012*	2013**
Korea	Electricity(Gwh)	12,925	8,697	9,149
	LNG(1MNm³)	197	172	186
Global	Electricity(Gwh)	15,047	10,926	11,818
	LNG(1MNm³)	237	217	233

* The figures reflect the structural reorganization, consisting of separation of the LCD business division and incorporation of the LED division, undertaken by the company in April 2012.

Acquisition of the ISO 50001 Certification

Energy Savings Activities and Accomplishments

Samsung Electronics conserved 136 thousand TOE of energy in 2013 by optimizing its manufacturing and utility facility operations, installing highly efficient facilities, and adopting waste heat recovery. As a result, the company was able to save 59 million USD on energy bills and further reduce GHG emissions by a total of 290 thousand tons. Originally Samsung had a goal of getting all manufacturing sites ISO 50001 certified (an international platform for energy management) by 2015, that goal was accomplished 2 years in advance and completed in 2013.

Renewable Energy

Renewable Energy Expansion Plans

Samsung Electronics promotes the introduction of renewable energy at its operation sites and new buildings in Korea and abroad. The company also plans to increase the purchase of green electricity and renewable energy certificates. In particular, it will mandate the introduction of renewable energy including photovoltaic and geothermal power generation for its buildings newly constructed in Korea.

Renewable Energy Status

Samsung Electronics America replaced 31.6GWh of its power consumption in the United States with renewable energy through the operation of photovoltaic power generation facilities and the purchase of green electricity and renewable energy certificates.
Meanwhile, Samsung Electronics introduced photovoltaic, geothermal and wind power generation facilities, as well as natural lighting facilities on a pilot basis for the newly constructed R5, Digital Media R&D Building, at the Suwon operation site and the DSR Building at the Hwaseong operation site. The newly introduced geothermal system is used to provide alternative energy for lobbies and meeting rooms. Samsung will continue to expand the use of renewable energy for new buildings and operation sites in the future.

Green Building

ENERGY STAR Green Building Certification

In January 2014, Samsung Electronics' North American headquarters office in New Jersey earned the ENERGY STAR green building certification. All the lighting fixtures in the building are installed with motion sensors that automatically turn lights off when spaces are unoccupied, thereby saving energy. In addition, the rooftop of the building is coated with special cover to block U rays, infrared rays and UV rays, saving air-conditioning cost in the summer and preserving heat in the winter. The lobby windows are also attached with special film to save energy and air-conditioning/heating bills.

LEED Gold Certification

| LEED Certified SRA building |

This year, construction is under way on two major Samsung facilities. Samsung Research America (SRA) is building a new R&D center in Mountain View, California. Expected occupancy is December 2014 in the buildings being designed in accordance with LEED Gold and LEED Platinum certification standards. LEED, Leadership in Energy & Environmental Design, is a green building certification program. "Our new state-of-the-art R&D center will provide an outstanding environment to support our plans for strategic growth and attracting the very best employees." said Daniel Eum, president of SRA. "This expansion, in addition to Samsung Semiconductor Inc.'s new San Jose campus, builds upon Samsung's 35-year history in the Bay Area and reinforces our commitment to the valley." Samsung Semiconductor, Inc. is also building a state-of-the art energy-efficient campus in San Jose, California.

Eco-Products

Eco-Products Goals and Accomplishments

Goals and Accomplishments

In 2008, Samsung Electronics developed a Green Management Plan 2013 with goals that ended this year. The Green Management Plan relies on an internal rating system for eco-product development (details in Eco-Design and Eco-Product Rating Process section). The company understands the life cycle impacts of its products, and to reduce those impacts, Samsung looked to drive results in two area Which are increase the number of "Eco-Products" developed and reduce the power consumed by all of the products in Samsung's portfolio. As a result of these priorities, Samsung Electronics increased the number of Eco-Products produced by 100% and improved the overall energy efficiency of Samsung products by 42% by the end of 2013. This year, Samsung Electronics established a Green Management Plan 2020 to with goals to further develop Eco-Products and enhances product energy efficiency an additional 8% getting overall energy efficiency improvements to 50% over a 2008 baseline.

Eco-Product Ratio (Unit : %)

KPI	Description	2009	2010	2011	2012	2013
Good Eco-Product Ratio	Goal*	60	90	96	97	100
	Performance*	69	91	97	99	100
Good Eco-Device Ratio	Goal*	-	70	80	85	100
	Performance*	-	72	85	88	100

* Eco-Product Ratio refers to the number of products classified as "Eco-Products" developed in eight key products categories (TVs, mobile phones, refrigerators, washing machines, air conditioners, monitors, notebook PCs, and printers) over a 2008 baseline.

Energy Efficiency Ratio (Unit : % Increase)

KPI	Description	2009	2010	2011	2012	2013
Energy Efficiency Improvement Ratio*	Goal	8	16	24	32	40
	Performance	8	16	26	31	42

* Energy Efficiency Improvement Ratio indicates the improvement rate of the annual average power consumption of eight key product categories (TVs, mobile phones, refrigerators, washing machines, air conditioners, monitors, notebook PCs, and printers) over a 2008 baseline.

Environmental Responsibility throughout the Product Life Cycle

Samsung Electronics has adopted the principle of 'Environmental Responsibility throughout the Product Life Cycle' to minimize environmental impact including the purchase of raw materials, research & development, production, distribution, product-use and end-of-life disposal.
The company analyzes environmental impacts (such as energy consumption and hazardous substances) at each stage of the product life cycle in order to ensure that products are complying with environmental regulations in Korea and abroad. It has also acquired diverse eco-friendly product certifications such as carbon labeling and eco-labeling.

Environmental Responsibility throughout the Product Life Cycle

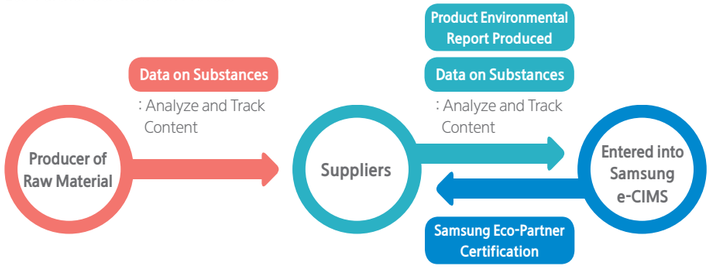
- Procurement: Eco-Partner certification system (management of hazardous materials in the supply chain)
- Development · Production: Eco-Design process; Eco-rating system; Clean production processes
- Distribution: Green logistics; Weight reduction in packaging materials
- Use: Improved product energy-efficiency; Green marketing
- Disposal: Waste collection and recycling

Procurement

Supply Chain Chemical Management

In Samsung Electronics has implemented an Eco-Partner Certification System in order to systematically verify suppliers' ability to control of hazardous substances in parts and materials. This certification system also allows Samsung to evaluate suppliers' for environmental quality management systems throughout their production processes. Samsung requires that suppliers earn this proprietary supplier certification to ensure that they responsibly manage the use of hazardous substances and have effective environmental quality management systems in place. Certified suppliers can renew their certification through Samsung's on-site evaluations or their own in-house evaluation procedure depending on the degree of risk involved in the parts and materials to be supplied to Samsung Electronics. In 2009, to ensure the Eco-Partner certification program ran effectively, Samsung Electronics established the Environmental-Chemicals Integrated Management System (e-CIMS) to track and controls hazardous substances in parts and materials in its upstream supply chain. The company also has a Hazardous Substance Management Procedure to ensure that Samsung carefully handles and tracks the use of hazardous substances in parts sourced to Samsung.

Eco-Partner Certification Process

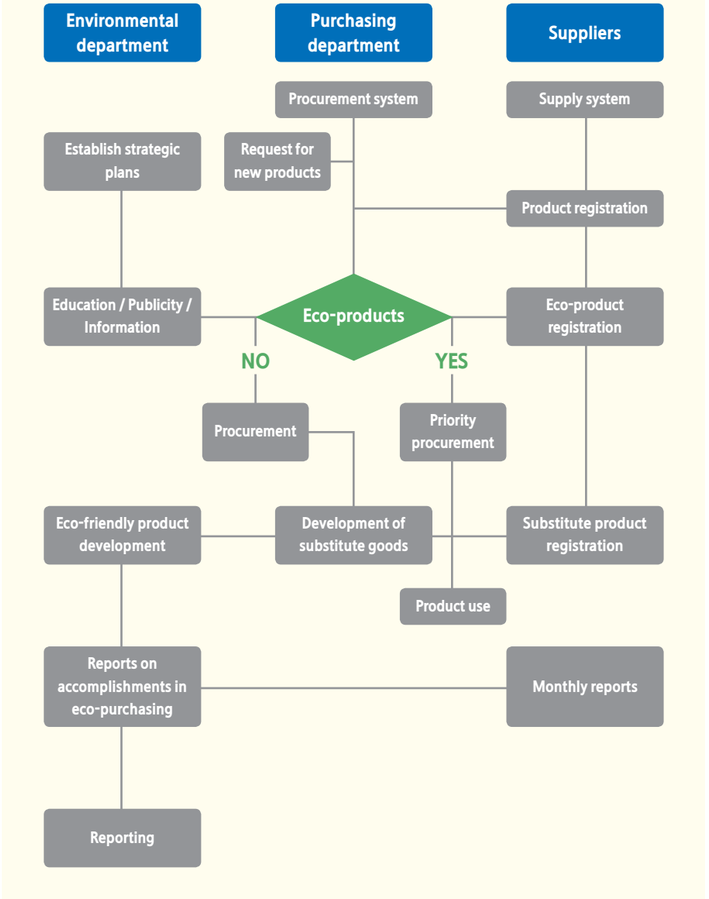


Green Procurement

Samsung strives to be a sustainability leader in electronics and understands the impacts a multinational business can have on societies and the environment around the globe. Samsung makes commitments to environmentally-friendly production through product stewardship and by incentivizing consumers to purchase sustainably. Samsung was one of the first companies to sign a Voluntary Agreement on Green Purchasing with the Korean Ministry of the Environment (MOE) in 2005 to demonstrate this commitment. In an effort to promote sustainable purchasing, in 2007, Samsung Electronics established guidelines designed to give preference to products that have been designed with sustainable parts and materials. That same year, the company prepared an Environmental Management Manual and Green Purchasing Guidelines. These policies encourage the purchase of environmentally-friendly office supplies and consumables and employee education on the availability of environmentally friendly options when purchasing products at home.

| Green Procurement Vision |

Green Procurement Process



Green Procurement in Korea (Unit: million USD)

Description	2011		2012		2013	
	No. of Items	Amount	No. of Items	Amount	No. of Items	Amount
Parts with Reduced Hazardous Substances	Many	67,916	Many	70,227	Many	70,232
Green Products (Satisfying Environmental certification, GR Mark, etc)	445	35	362	50	877	60
Total	Many	67,951	Many	70,277	Many	70,292

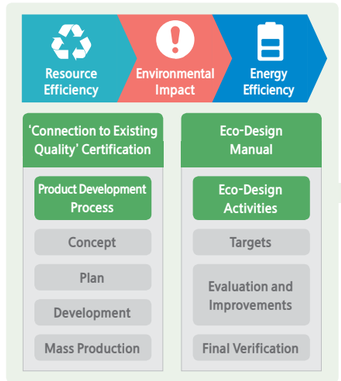
* GR Mark(Good Recycle Mark) : Eco mark run by Korean Agency for Technology and Standard

Development and Production

Eco-Design Process and Eco-Product Rating System

In 2004, Samsung Electronics adopted the 'Eco-Design Evaluation Process' and mandated the environmental impact assessment (EIA) for new products under development. In 2008, it established the Eco-Design System (EDS), and has since implemented a 'Eco-Product Rating' system to rank the environmental impact of individual products and give preference to 'Premium Eco-Product' models. Under this system, the company evaluates the environmentally-friendliness of all products under development and classifies them into three groups: Premium Eco, Good Eco, and Eco. In 2014, Samsung Electronics will continue to expand the proportion of Premium Eco-Products, in its product portfolio by developing Eco-Products based on more stringent standards through the introduction of additional evaluation categories and rating standards. One of the ways that Samsung measures the number of Eco-Products is with the internationally recognized environmental standards and labels such as EPEAT and UL.

Eco-Design and Eco-Product Rating Process



| Eco-Design Process |

| Eco-Product Rating System |

1) Premium Eco products which satisfy the highest global Eco Mark standards such as UL, EPEAT, AHAM and moreover improved with superior environmental features such as US EPA Energy Star Most Efficient or EU energy label A+++.
2) Good Eco products which satisfy the highest global eco mark standards such as UL, EPEAT, AHAM.
3) Eco products which satisfy environmental regulations.

Chemicals Management in Products

Samsung Electronics strictly controls the use of chemicals in its products. The company manages both legally restricted substances and voluntarily restricted substances through the Standards for Control of Substances concerning Product Environment (OQA-2049). In order to prevent 'controlled substances' from entering products, the company strictly tests and controls all the materials and parts delivered to its operation sites. In addition to mandatory restrictions based on RoHS and REACH, the company voluntarily controls chemicals that are not yet regulated, but which may cause harm the environment or consumers. These substances include polyvinyl chloride (PVC), brominated flame retardants (BFRs), and phthalates. Samsung Electronics phased-out PVC and BFRs in all mobile phones and MP3 players, beginning in April 2010. The company also eliminated PVC and BFRs in its notebook PCs by January 2011. That same year, Samsung also began to include PVC-free materials in TVs, monitors, and home theater products.

Eco-Friendly Materials

Samsung Electronics employees work diligently to find innovative design solutions to the world's most pressing sustainability problems. One great example of this is in the invention and production of various eco-friendly materials in packaging. In order to minimize the environmental impact during the product development phase, Samsung Electronics employees the use of eco-friendly materials. Samsung invented a bio-plastic, uses soy-based ink, and eco-friendly enzyme additives. The use of these eco-friendly materials contribute to reducing pollutants including total volatile organic compounds (TVOCs) and environmental hormones, as well as conserving resources.

Bio-plastics

Samsung Electronics uses bio-plastics in its mobile phones, refrigerators, and TV accessories. The company launched an eco-friendly mobile phone 'Reclaim' in the United States in 2009. The bio-plastic material extracted from corn made up 40% of the phone's casing. It was developed to withstand freezing conditions and was used in refrigerator interiors. Samsung Electronics began to use bio-plastics for its refrigerators released in November 2013. Starting in February 2014, the company began to integrate bio-plastics, which contains raw sugar cane materials, into packaging materials for its TV accessories including 3D glasses, remote controls and manuals. In recognition of its efforts to develop bio-based materials, Samsung Electronics was awarded the "Bio-based" certification by the Korean Bio Material Packaging Association in December 2013. It also received the "OK Bio-based" certification, an internationally-recognized eco-certification, by Vincotte, a Belgian accredited inspection and certification organization, in January 2014.

| Reclaim |

TV Accessories Made from Bioplastics

The Packaging Box of Galaxy S4 Printed with Soy-based Ink

Solvent-Free Soy-Based Ink

Samsung Electronics' product manuals and packaging boxes are printed with soy-based ink that does not contain any organic solvent. Soy-based ink is a solvent-free eco-friendly ink that does not emit hazardous substances such as TVOCs, thus contributing to reducing air pollution. Samsung Electronics began to employ soy-based ink for manuals of its mobile phones, refrigerators and air conditioners in May 2013 and plans to expand the scope of its application.

The Galaxy Note 2 Manual Made from Paper Using Enzyme Additives

Eco-Friendly Enzyme Additives

In 2013, Samsung Electronics discovered a way to reduce use of paper in packaging materials. To reduce paper content, Samsung developed additives to maintain the paper quality, while reducing the amount of paper pulp required. These additives use special enzymes to reinforce the chemical bonding within the pulp.

| Replenish and Merilyn |

| Galaxy Note 3 Charger |

Recycled Plastic

Over the course of the last few years, Samsung has made reducing the use of virgin plastics a priority. The company understands the impact that plastic can have on the environment at the end-of-life and wants to insure that waste is minimized and that plastic is reused wherever possible. There have been a few notable designs where Samsung has learned a lot about what it takes to increase the use of recycled plastic in its mobile phones and accessories. In 2013, Samsung Electronics increased the amount of total recycled plastic in its product portfolio to 3.4% and plans to increase this to 5% by 2015. Recycled plastic is used primarily for interior parts of home appliances including refrigerators, washing machines, and air conditioners. It is also used in mobile phones, monitors, and some exterior parts.

Recycled Plastic in Samsung's Global Product Portfolio

Description	2011	2012	2013
Recycled plastic (tons)	12,519	15,467	19,403
Proportion*(%)	2.26	3.12	3.36

* 'Proportion' is the ratio of recycled plastic over the total quantity of plastic used.

Distribution

Eco-Friendly Packaging Materials

Samsung Electronics is committed not only to the development of environmentally-friendly products, but also eco-friendly packaging. For all of these packaging innovations, Samsung Electronics has won the World Star Award from the World Packaging Organization and earned a Green Packaging (GP) Mark from the Korean Ministry of Environment.

Recycled Packaging Materials

Since June 2012, Samsung Electronics has replaced disposable refrigerator packaging materials with packaging materials made of non-toxic expanded polypropylene (EPP) which is harder than paper packaging. So it can be used more than 40 times by collecting and washing. Currently this solution is being trialed in Korea with the intent of implementing it in additional markets.
It is estimated that the reuse of refrigerator packaging will reduce CO_2 emissions by 7,000 tons/year and will cut back on the use of pulp, so much so that would be equivalent to planting 130,000 trees. As the packaging materials can be used more than 40 times, it can also contribute to resource conservation. In addition, the company has reduced its TVOC use by 99.7% by saving tape and Styrofoam.

| Recycled Packaging Materials for Refrigerators |

Shrinking Package

The company significantly reduced energy-used and GHG emissions from transportation through one small change in the way products are packaged. Samsung uses shrink-wrap packaging and recycled packaging materials, both of which improve recyclability and reduce weight during shipment.
Samsung Electronics uses shrink packaging for its refrigerators, washing machines, microwave ovens, and dishwashers. Shrink packaging is a technique that compresses products and packaging materials with heat. This technique reduces the weight of packages by an average of 44% compared to paperboard packaging, thereby reducing transportation costs and cutting down GHG emissions from transportation, too. Most notably, shrink packaging for drum washing machines is an eco-friendly packaging method because it reduces the use of pulp by more than 70% compared to paperboard packaging and the shrink-wrap can be recycled. Furthermore, air pollutants like formaldehyde and TVOCs can be reduced an estimated 77% and 21%, respectively.
In recognition of its excellence in promoting eco-friendliness, Samsung Electronics' shrink packaging system was certified for Green Technology by the Korean Ministry of Environment. The company was also awarded the 2010 Asia Star Award in "Eco-Packaging" category for its shrink packaging technology applied for drum washing machines.

| Shrink Packaging for Drum Washing Machines |

Use

Product Energy Efficiency Goals

Samsung Electronics closely monitors global trends in energy regulations on product power consumption, and consistently exceeds energy efficiency required by regulations. The company has outlined a 2020 goal of improving energy efficiency by 50% (over a 2008 baseline) across the company's entire product portfolio. To do this, the Samsung will need to continuously improve product energy efficiency and has prioritized developing high efficiency compressor and motor technologies, low-power consumption technologies, and energy efficiency innovations for chargers.

Accomplishments in Product Energy Efficiency Improvement

Samsung Electronics reduced the annual power consumption of its eight major products by 42% between 2008 and 2013. This had the impact of reducing GHG emissions by 88.6 million tons over that 5 year period. In 2013, the company launched a wide range of highly energy-efficient products, including smart TVs with lower power consumption by 61% compared to the existing TVs, green memory solutions such as DDR3 and SSD, the Exynos 5 Octa mobile application processor, smart air conditioners, and LED lamps.

| Smart TV, F558000 |

Smart TVs

Samsung Electronics' smart TVs save energy consumption by 61% by reducing the number of LED lamps and adopting light sensors. In addition, the company applies the Evolution Kit that can upgrade the TV's multimedia contents, picture quality and smart functions upon its installation on the existing TVs, thereby extending product life cycle.

| DDR4 & PCIe SSD |

Green Memory

Samsung Electronics has developed its fifth generation green memory solutions mounted with DDR4 and PCIe SSD, thereby contributing to improving energy efficiency of related IT products. If all server systems around the globe adopted the green memory solutions, the total system performance would be improved by two to ten folds and an anticipated power savings of 45 terawatts per hour could be achieved, compared to the existing servers mounted with DDR3 and HDD. This is equivalent to planting 800 million 10-year-old trees.

| Exynos 5 Octa |

Exynos 5 Octa

Samsung Electronics' Exynos 5 Octa, a high-performance mobile application processor with enhanced graphic processing capabilities, can save energy generated when using Galaxy S4. The Exynos 5 Octa offers up to 70% energy saving through core role division in which high-performance tasks can be carried out with high-performance cores, while simple tasks can be handled with low-performance cores.

| Smart Air Conditioner AF18FVWD1WK |

Smart Air Conditioners

Samsung smart air conditioners maximize cooling efficiency by employing smart sensors that automatically manage the power through the detection of people's location and activity volumes, as well as heat exchangers applied with micro tube technology. In particular, the smart inverter, which automatically adjusts cooling intensity depending on inside and outside temperatures, can save energy by 58% compared to general compressors.

| LED Lamps |

LED Lamps

LED lamps with low power consumption can save energy and electricity bills by up to 80% compared to incandescent lamps. They last 25 times longer than incandescent lamps, eliminating inconveniences of frequent replacements. In addition, LED lamps offer healthy lighting without emitting harmful UV or IR radiation.

Disposal

Take Back and Recycling

Inspired by the principle of 'Individual Producer Responsibility', Samsung Electronics does its utmost to maximize collection and recycling of waste products. Globally, the company is running e-waste take back programs in more than 60 countries including the United States, Canada, Europe, India and Australia.

Major Activities

Korea

Samsung Electronics has set up an 'e-Waste recycling system' for the first time in the electronics industry in Korea. Starting with the Asan Recycling Center established in 1998, the company now runs a total of eight recycling centers across the nation. 1,500 sales centers and 20 regional logistics centers in Korea serve as collection agencies to transport end-of-life electronics to recycling centers.

North America

Launched in 2008, SRD (Samsung Recycling Direct), a voluntary recycling program in the United States, is running about 941 take back centers in all 50 US states. Over the border in Canada, Samsung Electronics is operating a total of 1,476 collection centers. In April 2010, Samsung Electronics joined BAN (Basel Action Network), a non-profit toxic watchdog organization of the United States, as an E-Steward Enterprise for the first time in the Korean industry. BAN promotes the E-Stewards Certification program to ensure that exports of hazardous electronics waste to developing countries are eliminated. Samsung Electronics fully supports a ban on exporting hazardous waste to the developing world, and sending e-Waste to landfill. Since August 2012, Samsung Electronics has been participating in the Environmental Protection Agency' s SMM (Sustainable Materials Management) Electronics Challenge at the Gold Level, the highest in the tiered structure, calling for more effective use of resources and the safe disposal of electronic waste.

Europe

In the European Union, Samsung Electronics has taken over responsibility for the financing of recycling activities since the entry in force of the Waste Electrical and Electronic Equipment (WEEE) Directive in 2005, giving every citizen the opportunity to discard their old equipment conveniently and free of charge at a designated collection point. Samsung is a member of a leading recycling organization in every member state where it has an established legal presence. Recycling service providers are being selected and assessed on an annual basis with regards to their compliance with applicable legislation, Samsung's internal recycling guidelines and operational performance. Furthermore, Samsung has been a key stakeholder in the development of the first pan-European recycling standards (WEEELABEX) laying down normative rules for all steps of the recycling value chain, including: collection, sorting, storage, transportation, preparation for re-use and treatment of all WEEE categories. The project has been managed by WEEE FORUM and co-financed by LIFE funds of the European Union. Samsung is actively cooperating and encouraging its recycling service providers to implement the requirements of these important standards.

India

In India, the company began a voluntary recycling program in 2010, and now runs 235 collection centers. For large household appliances, consumers can request take back simply by calling a Samsung call center. Recycling information is continuously supplied to the public on the company website to help consumers easily dispose of electronic waste.

Australia

In Australia, Samsung launched recycling program for TV, PC and printer in 2012 and running about 140 take back centers in 8 states. The detailed information on take back and recycling is provided by various channel likes website and manual.

Global Take back & Recycling System

EUROPE

EUROPE
29 countries take-back & recycle

AFRICA

SOUTH AFRICA
service centers offer collection boxes

ASIA

Korea
take-back network among distribution centers and agents, Asan Recycling Center open since 1998

India
collection programs available since December 2009

China
collection available from 2012, recycling to be introduced in the near future

Japan
collection services, participation in recycling consortium

Taiwan
offers national recycling system

OCEANIA

Australia
collects televisions, computers, and printers for recycling, offers cell phone collection programs

AMERICA

Canada
16 points of collection, operates voluntary take back program

U.S.
operate voluntary take back program across 50 states

Colombia
collection boxes at service centers

Brazil
collection boxes at service centers

Accomplishments in Global Take Back & Recycling

In 2013, Samsung Electronics collected and recycled about 355,000 tons of electronic waste.

Global Take Back & Recycling Quantity (Unit : tons)

Region	2011	2012	2013
Asia	54,233	53,089	67,100
Europe	245,838	230,492	241,260
North America	39,347	41,964	46,239
Total	339,418	325,545	354,599

Product & Packaging Recycling Statistics (Korea) (Unit : tons)

Category	2011	2012	2013
Products	51,940	49,677	58,447
Packaging	5,045	4,993	4,984

Recycling Statistics by Product (Korea) (Unit : tons)

Description	Refrigerators	Washing Machines	Displays	Others	Total
Recycling Quantity	25,510	10,790	16,219	5,928	58,447

Reutillization of Resources* (Korea) (Unit : tons)

Recycled Resources	Scrap	Non-ferrous	Synthetic resins	Glass	Others	Waste	Total
Quantity	19,005	6,889	12,850	9,677	4,162	5,864	58,447

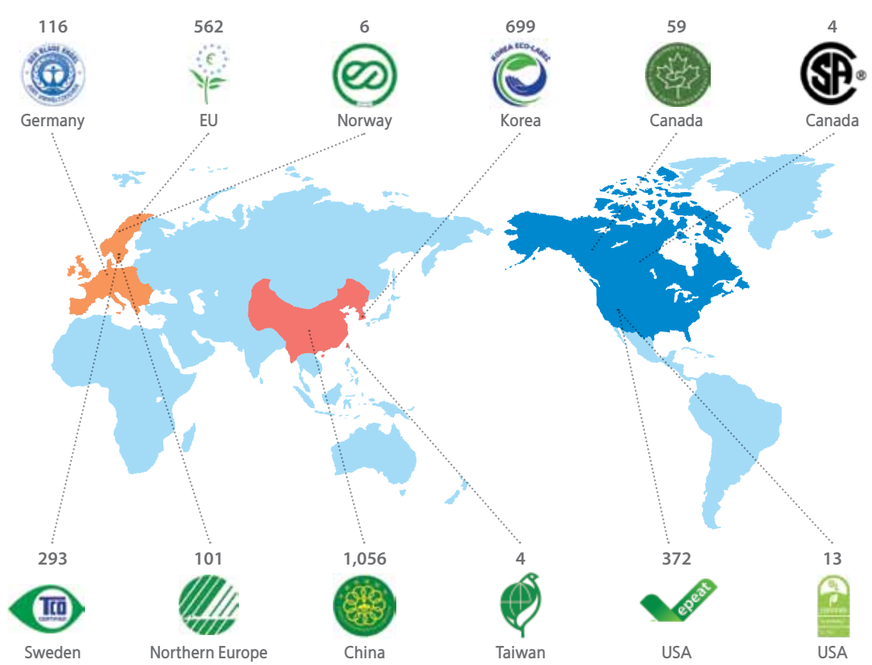
* Recycled Resources figures are estimates and accurate figures will be confirmed in the third quarter of 2014.

Environmental Certification

Global Environmental Certification

In recognition of its products' eco-friendliness, Samsung Electronics has received environmental certification marks not only from nine countries including Korea, the United States and countries in Europe, but also from three certification organizations including UL of the United States. By the end of 2013, the company had received environmental certification marks for a total of 3,285 models, the highest number for any company in the global electronics industry.

Global Environmental Certification Marks Received (as of the end of 2013)



Environmental certification marks for a total of 3,285 models

Global Carbon Footprint Labeling

Samsung Electronics tracks down on the carbon footprint embodied in a product by each phase of its life cycle by converting GHG emissions generated during a product's entire life cycle involving procurement, development, production, distribution, use and disposal into the amount of CO_2. The company has found out that carbon emissions from product use take up a bigger proportion than any other in the entire life cycle of an electronic product and thus is striving to reduce power consumption of its products. In addition, Samsung Electronics is acquiring carbon labeling certifications from Korea, Japan and the United Kingdom to provide eco-friendly information of its products to consumers through the carbon footprint and encourage them to purchase Eco-Products.

Global Environmental Certification Marks Received

Carbon Trust
(7 models)

Carbon Labeling
(Carbon Emissions Certification + Low Carbon Product Certification)
(239 models)

Carbon Footprint
(2 models)

Samsung Air Purifiers to Win Low Carbon Product Certification

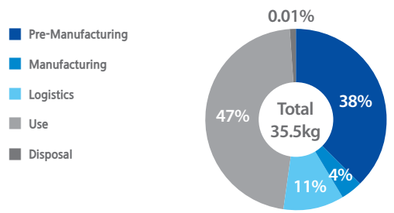
Korea's Low Carbon Product Certification

The Low Carbon Product Certification granted by the Korea Environmental Industry and Technology Institute under the Ministry of Environment is issued to products that have reduced their carbon emissions compared to the previous product versions among carbon emission certified products. Samsung Electronics has acquired the Low Carbon Product Certification for 40 models of its eight products including TVs, note PCs and air conditioners. In February 2014, the company's two air purifier models received the Low Carbon Product Certification for the first time in the industry. The air purifiers reduced carbon emissions by up to 32%, compared to low carbon product certification standards by enhancing energy efficiency through the optimization of the air passage structure.

The U.K.'s Carbon Trust

The Carbon Trust is a non-profit organization established by the U.K. government as part of its efforts to respond to climate change. It is one of the world's most authoritative and credible institutions in the fields of carbon reduction programs and certifications.
In 2012, Samsung Electronics received carbon footprint certification for its Galaxy S2 and Galaxy Note 2 from the Carbon Trust for the first time in the mobile industry. As of now, the company's seven products including the Galaxy Camera and Galaxy S4 have been certified by the Carbon Trust.

Galaxy Camera Carbon Emissions certified by The Carbon Trust (on the basis of British Standards)

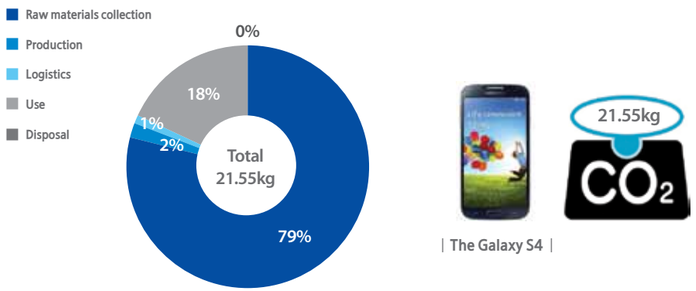


| The Galaxy Camera |

Japan's Carbon Footprint Label

The Carbon Footprint Label organized by the Japan Environmental Management Association for Industry is a system aimed to promote the industry's carbon reduction efforts by estimating carbon emissions on products and services. In 2012, Samsung Electronics' Galaxy Note 2 was registered as the industry's first eco-friendly mobile device certified by Japan.
The company's Galaxy S4 released in 2013 also received Japan's Carbon Footprint label in recognition of its optimized use of resources and its charger with markedly reduced standby power.

Galaxy S4 Carbon Emissions certified by
JEMAI(Japan Environmental Management Association for Industry)



| The Galaxy S4 |

Green Certification

Green Certification is awarded by KIAT (Korea Institute for Advancement of Technology) under the auspices of the MOTIE to eco-technologies that have contributed to GHG emissions reduction, enhanced energy efficiency and resource conservation. By the end of 2013, Samsung Electronics had received 31 green technology certificates for improvements in product energy efficiency, resource conservation and environmental protection.

| Smart TV, 55F8000 |

Samsung's Energy Efficient TVs to Win Green Technology Certification

In August 2013, Samsung Electronics won 'Green Technology Certification' with its five power-saving technologies. The technologies range from standby power 0.00W, Low Power Digital TV SOC (System On Chip) design, LED Motion Lighting, PDP Motion Lighting to New Formation Technology of PDP.
The standby power 0.00W technology reduces wasted energy by 1/100 under the European Commission standard of 0.5W when TVs are not in use. In addition, the Low Power Digital TV SOC technology with the improvement of chips embedded in TVs, as well as the Motion Lighting technologies, is recognized for excellence in saving electricity consumption.

2013 Eco-Product Highlights

As well as releasing a great variety of eco-friendly products that reduce resource and energy consumption, Samsung Electronics minimizes the use of hazardous substances and features specialized eco-friendly technologies.
In 2013, the company launched the following eco-friendly products:

Product	Model	Eco-friendly Characteristics	Product	Model	Eco-friendly Characteristics
	LED TV (55F8000)	• 61% reduction in annual power consumption (※Previous model: 55C8000) • US ENERGY STAR certification • US UL environmental product certification • The Evolution Kit		Smartphone (Galaxy Note 3)	• 16% reduction in annual power consumption (※Previous model: Galaxy Note 2) • Low power charger • Manuals and packaging materials made from 100% recycled paper • 20% of the charger composed of PCM * PCM: Post Consumer Material
	Monitor (S27C450B)	• 49% reduction in annual power consumption (※Previous model: S27A650D) • US EPEAT Gold certification • US ENERGY STAR 6.0 certification • SEAD Global Efficiency Award		Note PC (NP940X3G)	• 20% reduction in annual power consumption (※Previous model: NP900X3C) • Eco-friendly aluminum material • Ultra-light & ultra-thin • TCO 3.0 certification
	Refrigerator (RS843GFPG7H)	• 14% reduction in annual power consumption (※Previous model: RS84PGRPC1*) • Adoption of an eco-friendly refrigerant R600a • Recycled packaging materials • Eco-Friendly Packaging Material Mark certification		Printer (SL-M2875FW)	• 61% reduction in annual power consumption (※Previous model: 55C8000) • One-touch Eco Button • Vegetable-based ink used for packaging materials • Germany's Blue Angel certification
	Washing Machine (WD19F8K7ABG1)	• 7% reduction in annual power consumption (※Previous model: WW- PC197CW) • Annual reduction in water consumption by 10,920ℓ • 'No Water' Drying Technology • Green Technology certification by the Ministry of Environment		Tablet PC (XE300TZC)	• Low power memory • Packaging materials made from 100% recycled paper • TCO 3.0 certification • Korea's Eco-Label certification
	Air Conditioner (AF18FVWD1WK)	• 62% reduction in annual power consumption (※Previous model: AF-CC183B) • The highest energy efficiency (Korea's 'Energy Frontier' certification) • Adoption of an eco-friendly refrigerant R410a		Vacuum Cleaner (VC33F70LHAR)	• Improved resin recyclability • No use of air spray paint (No CO_2 emissions)

Green Operation Sites

Operation-Site Environmental Management System

Policies and Strategies

Samsung Electronics operates its environmental management system to preserve the global environment, and is involved in related activities such as reducing GHG emissions, water resource consumption, and the amount of waste generated, as well as increasing resource recycling.
The company is establishing response measures for various environmental risks while continuing such efforts to secure sustainability. Based on these activities, harmful effects are minimized and environmental incidents are prevented at the source.

Targets and Assessment of Achievements

The EHS Strategy Council is convened on a regular basis to devise policies aimed at preventing EHS accidents and to assess environment and safety risks. The council reviews and analyzes global environmental guidelines and national policies, and makes decisions on the relevant corporate policies. It also analyzes the green management environmental indices of the company's global operation sites and shares the implementation results and success stories to improve the environmental safety level continuously. Samsung Electronics has selected the following four key green management environmental indices and focuses on the achievements.

First, the rate of management system certification acquisition indicates whether the detailed setting of targets and activity, and the review process of the company's operation sites are systematically performed. New operation sites aim to acquire the certificate within one year of their establishment by developing the environmental safety management system.

Second, the greenhouse gas index* is a representative index of response to global climate change. Samsung Electronics manages the scopes 1-3.

Third, the water resource use index indicates the results of efforts to save water resources at operation sites. The index is designed to achieve water source stability.

Fourth, the waste generation quantity index shows the circulation efficiency of the resources used in a given operation site, with the ultimate aim of recycling all waste materials generated by the business place.

Target and Performance

Category	Rate of management system certification acquisition**			Water resource	Waste	
	ISO 14001	OHSAS 18001	ISO 50001	Water intensity (Water withdrawal / Sales)	Rate of recycling	Waste intensity (Waste quantity/ Sales)
Level of achievement in 2013	100%	100%	100%	35 tons /KRW 100 million	92%	0.33 ton /KRW 100 million
2015 target	100%	100%	100%	50 tons /KRW 100 million	95%	0.38 ton /KRW 100 million 2009 level
Implementation strategies	• Standardizing management system operation • Certificate acquisition for a new entity within one year			• Securing stable water resources • Increasing water reuse	• Developing the resource cycling type system • Increasing the number of recycling items • Suppressing waste generation	

* For GHG emissions targets, refer to the Climate Change Mitigation section.
** Based on 34 manufacturing sites (6 in Korea, 28 in foreign countries).

Internal & External Communication

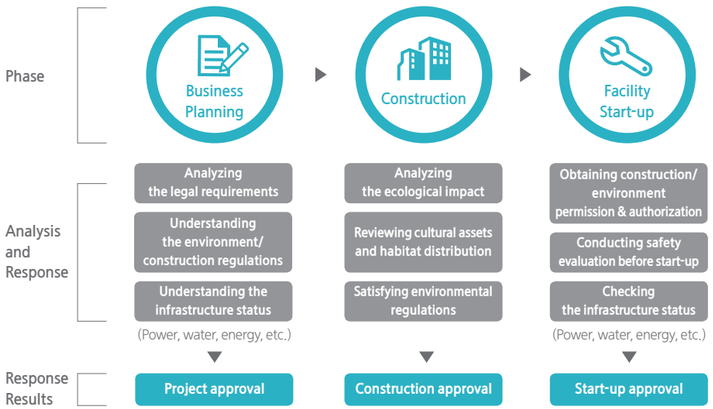
Samsung Electronics publishes an annual sustainability report and discloses its environmental safety management information to its major stakeholders, including employees and local communities. In addition, the company operates an environmental safety committee to resolve employee issues and handle local community requirements. Company representatives and environmental safety expert are members of the committee. Committee decisions and implementation results are disclosed transparently, using various communication channels including local community briefing sessions and websites.

Environment and Safety Risk Analysis

In order to ensure environmental conservation, Samsung Electronics continuously strives to reduce pollutant emissions and assesses their environmental impact in advance. The company also complies with the guidelines and global environmental regulations presented by international organizations such as the United Nation and private organizations. In addition, Samsung Electronics continuously follows and preemptively responds to the environmental, safety, and health regulations, which are becoming more stringent year by year. It also abides by rules and processes, thereby eliminating environment and safety risks at their source.

Risk Analysis and Response Process

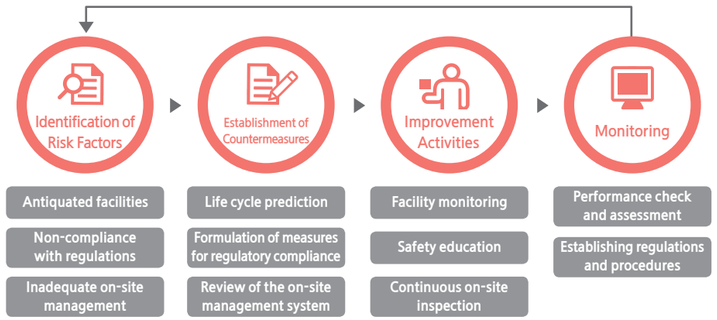
Environmental Safety Risk analysis and Response for Plant Construction and Expansion



Environmental Safety Accident Prevention System

Samsung Electronics promotes legal and regulatory compliance to prevent accidents. Based on the belief that compliance with safety regulations protects the lives of its employees, the company strives to enhance employees' compliance with safety regulations and develop a culture of safety. Samsung Electronic runs a life-cycle prediction system to eliminate potential risk factors that may be generated by antiquated facilities. It continues to eliminate environmental safety risks in advance by identifying potential risks, formulating improvement measures and conducting continuous monitoring.

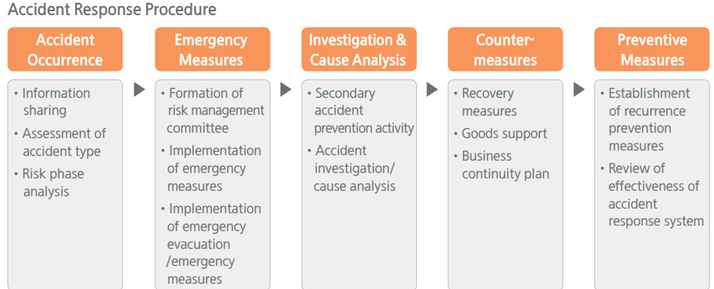
Accident Prevention System



Environmental Safety Accident Response System

Samsung Electronics has drawn up a number of emergency scenarios to cope with potential safety accidents such as harmful chemical leaks or spills, environmental pollution, fire explosion, and natural disaster. It also verifies the effectiveness of the emergency response system by conducting regular emergency response exercises. Based on these emergency scenarios, an emergency response team is formed and additional damage is prevented by taking emergency measures. In addition, emergency evacuation drills and emergency exercises are performed regularly to ensure that employees are able to evacuate the site quickly and safely. Upon completion of the response to an incident, its cause is analyzed to prevent the recurrence of similar incidents in the future.

Accident Response Procedure



Types of Accidents

Category	Type of Accidents
Environmental	Chemical and pollutant leaks and spills
Safety	Fires, explosions, natural disasters (heavy snow, torrential rain), terrorism
Infrastructure	Power outage, water supply disruptions, suspension of fuel supply
Health	Infectious diseases, food poisoning

ISO 140001 & OHSAS 18001 Certification

All of Samsung Electronics' manufacturing sites have acquired ISO 140001 and OHSAS 18001 certifications, international environmental safety management system standards, and maintain environmental management through follow-up and re-certification reviews. In addition, all of the company's production subsidiaries (6 sites in Korea and 28 sites across the globe) acquired the international energy management system standard ISO 50001 in 2013, thereby systematically establishing energy and GHG management systems.

Certification Status

Region	Acquisition Rate (No. of Sites Certified)		
	ISO 14001	OHSAS 18001	ISO 50001*
Korea	100% (6)	100% (6)	100% (6)
Global	100% (34)	100% (34)	100% (34)

Certification acquisition status

Area	Operation Site (Subsidiary)	ISO 14001		OSHAS 18001		ISO 50001	
		Certification Acquisition Date	Certification Agency	OSHAS 18001	Certification Agency	Certification Acquisition Date	Certification Agency
Korea (6)	Suwon	1996-10	DQS UL	2000-11	DQS UL	2012-06	DQS UL
	Gumi	1996-11	DQS UL	2001-10	DQS UL	2011-07	DQS UL
	Gwangju	1996-10	DQS UL	2002-10	DQS UL	2012-05	DQS UL
	Giheung	1996-09	BV	1999-12	BV	2011-11	BV
	Hwaseong	2001-11	BV	2001-11	BV	2011-11	BV
	Onyang	1996-09	BV	1999-12	BV	2011-11	BV
Global (28)	SAMEX	2000-12	DQS UL	2003-12	DQS UL	2013-07	DQS UL
	SAS	2001-01	PRJ	2007-10	PRJ	2013-08	DQS UL
	SEM-P	2004-11	DQS UL	2006-06	DQS UL	2013-08	DQS UL
	SEDA-P(C)	2009-11	DQS UL	2009-11	DQS UL	2013-08	DQS UL
	SEDA-P(M)	2001-02	BV	2006-03	BV	2013-08	DQS UL
	SERK	2009-04	DQS UL	2009-04	DQS UL	2013-08	DQS UL
	SEH-P	2005-05	BV	2005-11	BV	2013-08	DQS UL
	SESK	2003-09	DQS UL	2003-09	DQS UL	2013-08	DQS UL
	SEPM	2010-12	DQS UL	2010-12	DQS UL	2012-11	DQS UL
	SEIN-P	2003-04	SUCOFINDO	2003-10	SUCOFINDO	2012-10	DQS UL
	SAVINA	2001-12	DQS UL	2002-12	DQS UL	2013-08	DQS UL
	SDMA	1999-08	DNV	2002-08	DNV	2013-08	DQS UL
	SEV	2009-09	BSI	2009-09	BSI	2013-10	BSI
	TSE	2001-12	DQS UL	2003-11	DQS UL	2012-11	DQS UL
	SEMA	2005-12	DNV	2005-12	DNV	2013-08	DQS UL
	SIEL-P(C)	2008-09	BV	2008-09	BV	2013-08	DQS UL
	SIEL-P(N)	2000-06	AFNOR	2003-08	AFNOR	2013-08	DQS UL
	TSEC	2000-02	BV	2004-10	BV	2013-08	DQS UL
	TSOE	2008-02	CQC	2010-02	CQC	2013-08	DQS UL
	TSLED	2010-04	BSI	2010-04	BSI	2013-08	DQS UL
	SEHZ	2005-05	CQC	2006-03	CQC	2013-07	DQS UL
	TSTC	2005-05	DQS UL	2005-05	DQS UL	2013-07	DQS UL
	SSET	2005-04	SSCC	2005-04	SSCC	2013-08	DQS UL
	SSDP	2004-09	DQS UL	2004-11	DQS UL	2013-08	DQS UL
	SESC	2004-02	CQC	2004-02	CQC	2013-08	DQS UL
	SESS	2004-05	SGS	2004-05	SGS	2013-08	DQS UL
	SSEC	2003-11	CQC	2005-06	CQC	2013-08	DQS UL
	SEHF	2012-01	SSCC	2012-01	SSCC	2013-08	DQS UL

* Samsung Electronics China's ISO50001 certification refers to the Declaration of Conformity (DoC).

Operation-Site Environmental Management Status

Samsung Electronics continuously carries out activities and makes investments to secure water resources, conserve the ecosystem, prevent depletion of natural resources and expand resource recycling. The company has also established pollutant and chemicals management systems to meet and exceed legal standards.

Water Resource Management

Water shortages have emerged as a prominent global issue across the world. Clearly recognizing its responsibility as one of the world's leading IT companies, Samsung Electronics sets company-wide water resource management policies and reduction targets, and prepares and implements response strategies to resolve the issue of water resource depletion and minimize serious management risks.

Water Resource Policies

Recognizing the growing importance of global water resource issues, Samsung Electronics has established water resource management policies with a focus on minimization of management risks and enhanced stakeholder communication.

Water Resource Policies

Basic Philosophy

"Samsung Electronics recognizes the importance of water resources for the sustainability of society and business management, and contributes to its protection as a responsible corporate citizen of global community."

Code of Conduct

1. **Strive to minimize water risk impact by our business activities.**
   Analyze the impacts of our products, production activities and services on water resources and minimize risks by identifying and implementing new technologies.
2. **Instill awareness of the importance of water resources as a part of our corporate culture.**
   Integrate the importance of water resource protection and sustainability management into the corporate culture and ensure responsible water resource management by employees with the highest consideration for the impact on local communities and the environment.
3. **Proactively follow public water policies.**
   Proactively contribute to the establishment and implementation of water resource management policies by international institutes, the government and local authorities in line with relevant guidelines.
4. **Disclose company policies and activities on water resource management.**
   Disclose the company's policies and activities related to water resource use to stakeholders including local communities in a transparent manner.

Water Resource Risks

Using the water resource management tools distributed by the Food and Agriculture Organization (FAO) and the World Business Council for Sustainable Development (WBCSD), Samsung Electronics has identified water resource risks in its 34 manufacturing plants. Based on the CDP (Carbon Disclosure Project) Water Disclosure guidelines, the company has analyzed water resource risks associated with its business sites located in water-stressed countries and has developed differentiated emergency countermeasures by risks.

Water Withdrawals by Region (Six operation sites in Korea, 28 operation sites globally)

Region	No. of Subsidiaries	Withdrawal (1,000 tons)	Discharge (1,000 tons)	Water-stressed Countries (No. of Operation Sites)
Asia	25	61,641	48,605	Korea(6), India(2)
Latin America	5	6,691	5,358	-
Europe	4	337	294	Poland(1)

※ FAO's water resource management tools have been employed.

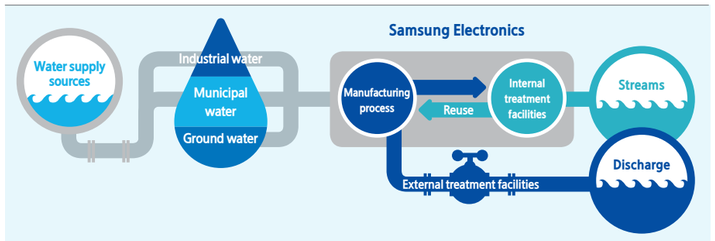
Risk Management

	Description	Risk Countermeasures
Physical Risks	Water quality degradation	• Assurance of water quality throughout water pre-treatment process
	Floods	• Creation of wetlands and establishment of embankments • Subscription to natural-disaster insurance
	Water supply disruptions	• Building dual main water supply lines and sufficient water storage facilities to prevent disruptions of work
Regulatory Risks	Changes in regulations on water usage & disposal	• Establishment of internal regulations on discharge concentration that are stricter than legally required • Increased water recycling to reduce discharge quantity
	Efficiency standards legislation	• Evaluation of water efficiency for new facilities; investments in existing facilities for water efficiency improvements
	Uncertainty over new legislation	• Continuous monitoring of global environmental legislation trends
Reputational Risks	Lawsuits resulting from disposal of wastewater	• Continuous monitoring of discharge water • Early establishment of environmental management system (EMS) for new manufacturing facilities
	Wastewater leakage, etc.	• Operation of emergency response organizations • Enhanced internal and external communication about the company's water resources management

Water Resource Status

Water resources are supplied to Samsung Electronics on a stable basis by water providers. However, the company is striving to minimize risks associated with water resources by building dual main water supply lines and sufficient water storage facilities. Meanwhile, discharge water released from its operation sites is safely treated through internal and external treatment facilities.

Water Resource Flow (as of 2013)



(Unit : 1,000 tons)

Water Inflow			Water Discharge		Recycled water quantity
Industrial water	Municipal water	Underground water	Internal treatment facilities	External treatment facilities	
47,765	19,847	1,069	44,144	10,113	45,262

Despite steadily rising demand for water usage due to the increase in production volumes and the number of employees, Samsung Electronics achieved a two-percent reduction in water usage compared to the previous year through its water resource conservation activities. Although the ultra pure water recycling rate shows downward trends due to increasingly sophisticated semiconductor processes, the company's water recycling rate rose by 4.6% over the previous year through increase in the reuse of wastewater and sewage. Samsung Electronics will actively carry out water resource conservation activities to achieve the water-usage target of 50 tons/ KRW 100 million in terms of water consumption intensity relative to sales by 2015.

Water Withdrawals

Description		Water Withdrawal by Sources (1,000 tons)				Water Use Per Unit Production (ton/KRW 100 M)
		Industrial water	Municipal water	Ground water	Total	
Korea	2013	47,765	6,080	232	54,077	34
	2012	49,003	6,014	235	55,252	39
	2011*	103,562	5,834	205	109,601	91
Global	2013	47,765	19,847	1,069	68,681	35
	2012	49,003	18,806	827	68,636	41
	2011	103,562	17,325	780	121,667	74

* The proportion of water used by the LCD Business Division is included (the LCD Business Division became an independent company in 2012).

Waste Water Discharge

Description		Discharge (1,000 tons)	Discharge Per Unit Production (ton/KRW 100 M)
Korea	2013	44,113	28
	2012*	46,051	33
	2011**	97,370	81
Global	2013	54,257	27
	2012*	55,150	33
	2011**	102,906	62

* Discharge figures were modified due to change in waste water calculation standards in 2012
** The proportion of water used by the LCD Business Division is included (the LCD Business Division became an independent company in 2012).

Water Reuse

Samsung Electronics' water resource conservation efforts can be broadly divided into two types: minimization of water consumption through manufacturing process improvement and optimization of water use through retreatment and recycling facilities. In 2013, the company conserved a total of 45,262,000 tons of water through the following water resource conservation efforts.

Water Resource Conservation Efforts

- **Optimization of water management processes for utility systems and semiconductor production**
  Optimization of the water used for ultra pure water production, web scrubber, cooling tower, and wastewater processing facilities
- **Installation of discharge water treatment systems for optimum recycling**
  Re-processing of acid/alkaline and organic wastewater for the ultra pure water production system
  Re-treatment of sewage to be used for fire system and gardening
- **Use of discharged water in other processes**
  Re-use of ultra pure water for other processes
  Re-use of condensed water generated by the outdoor air handling unit, and concentrated water discharged from the cooling tower for the web scrubber

Water Reuse

Description		Water Reuse		Ultra Pure Water Recycling		
		Reused Amount (1,000 tons)	Reuse Rate (%)	Supply (1,000 tons)	Recovered Amount (1,000 tons)	Recovery Rate (%)
Korea	2013	34,571	63.9	27,357	12,525	45.8
	2012	34,225	61.9	29,226	13,917	47.6
	2011*	81,863	74.7	117,321	59,289	50.5
Global	2013	45,262	65.9	41,143	20,932	50.9
	2012	42,104	61.3	40,988	21,510	52.5
	2011*	90,068	74.0	128,554	66,676	51.9

* The proportion of water used by the LCD Business Division is included (the LCD division became an independent company in 2012).

Environmental Conservation Activities at Giheung Plant (Making EM Clay Balls)

• Internal/External Communication Regarding Water Resources

Samsung Electronics discloses water resource-related information of its operation sites to its stakeholders including employees and local communities in a transparent manner.
Employees can check the status of the company's water resource management, while the company provides water- saving guidelines and encourages its employees to apply them in their daily lives. In addition, it carries out river ecosystem preservation activities in conjunction with NGOs and students in local communities.

Impact of Wastewater Discharge on Public Waters

Samsung Electronics discharges all of its wastewater generated at its operation sites after undergoing treatment processes that meet legal requirements. Operation sites with internal treatment facilities comply with internal standards that are even stricter than legal requirements and carefully monitor the discharged water. For some of the domestic operation sites located inside industrial complexes and overseas operation sites, wastewater generated at the operation sites is first processed internally, and then re-processed through external wastewater treatment facilities before discharge.

Destination of Discharges in Korea

Operation Site	Suwon	Hwaseong	Giheung	Gumi	Gwangju	Onyang
Destination	Woncheon Stream		Osan Stream	-	-	Gokgyo Stream

Aquatic Ecosystem Preservation and Water Quality Improvement Activities

Semiconductor plants monitor the water-quality of rivers into which wastewater is discharged and its impact on the aquatic ecosystem in collaboration with local universities and continuously carry out improvement activities. Large amounts of steam are generated by the discharged water from the company's operation sites during the winter season due to temperature differences with the surrounding area. Thus, the company installed facilities to lower the temperature of discharged water below 10℃ during the winter to conserve the aquatic ecosystem and prevent disruptions of the river ecosystem. Also, the company prevented secondary damages caused by generation of streams around discharge outlets, proactively improving the river environment. Samsung Electronics will continue to monitor the water-quality of the final destinations of the discharge, as well as their aquatic ecosystems, while continuing to study ecosystem conservation and invest therein.

Waste Management

Samsung Electronics is endeavoring to prevent resource depletion and improve the resource recycling rate by minimizing resource consumption. The company's ultimate goal is to achieve 100% recycling of all waste generated by its operation sites. It is working towards achieving the target by expanding the types of waste recycled on an ongoing basis. Meanwhile, Samsung Electronics regularly visits waste processing companies to monitor their compliance with regulations and the company's standards to prevent illegal processing and illegal shipping of waste over national borders.

In order to improve the efficiency of internal energy recycling facilities, Samsung Electronics conducted facility replacement in 2013. The incinerated waste volume increased as the waste generated during the construction period was incinerated externally. As a result, the company achieved a waste recycling rate of 92% in its global operation sites, a 1.7% drop from the previous year. Meanwhile, Samsung Electronics is striving to realize eco-friendly product design and manufacturing processes to minimize landfill waste generation. Thanks to such efforts, the company's landfill waste generation reduced by 2% over the previous year despite the increase in product output. Samsung Electronics will aggressively carry out activities to enhance the efficiency of resource recycling systems in order to achieve the goal of 0.38 tons/KRW 100 million waste generation relative to sales and a recycling rate of 95% by 2015.

Waste Generation

Description		Waste Generation (tons)		
		General Waste	Hazardous Waste*	Total
Korea	2013	318,104	75,938	394,042
Global	2013	544,472	108,853	653,325

Waste Treatment & Recycling Rate

Description		Processed Waste (tons)				Waste Intensity (ton/KRW 100 M)	Recycling Rate (%)
		Recycling	Incineration (External)	Landfill (External)	Total		
Korea	2013	374,694	15,626	3,722	394,042	0.25	95
	2012	364,588	9,277	5,899	379,764	0.27	96
	2011**	490,123	12,255	22,009	524,387	0.43	93
Global	2013	601,827	32,340	19,158	653,325	0.33	92
	2012	543,233	16,627	19,614	579,474	0.34	94
	2011**	645,942	16,786	49,143	711,871	0.43	91

* Calculation is based on operation-site standards due to differences in calculation criteria in some countries.

** The proportion of waste generated by the LCD Business Division is included (the LCD division became an independent company in 2012).

Pollutant Management

Samsung Electronics conducts research and makes facility investments on environmental pollutant reduction to ensure healthy lives, not only of humanity but also of all animals and plants. Concerning pollutant discharge, the company complies with the relevant regulations and also is enforcing internal standards that are stricter than required by regulations to manage pollutants. The company installed a tele-monitoring system (TMS) in its production plants for 24-hour monitoring of emission concentration, with emergency response systems in place for handling abnormal conditions. In order to reduce pollutant emissions, it has set reduction targets by operation sites, while employing the latest technologies to eliminate pollutants for new production facilities.

Management of Air Pollutants

Release of the total amount of pollutants is increasing due to an expansion of production lines and subsequent increase in production volume. Nevertheless, Samsung Electronics has reduced the quantity of pollutant discharge by replacing its boilers with low NOx burner boilers, installing optimal prevention facilities for new and expanded production lines, and continuously performing efficiency enhancement activities at its prevention facilities.

Air Pollutant Discharge

(Unit : tons)

Description		Air Pollutant Discharge				
		NOx*	SO_x	Dust	NH_3	HF
Korea	2013	342	Minimum level	21	2	5
	2012*	284	0.008	21	1	8
	2011**	409	0.006	44	6	14

* The NOx discharge has been recalculated.

**The figures of LCD Business Division are included (the LCD division became an independent company in 2012).

Ozone Depleting Substances Management

Samsung Electronics does not use CFCs that have high Ozone Depletion Potential (ODP), among the ozone depleting substances defined by the Montreal Protocol. Instead, it uses HCFCs with relatively low ODP in refrigerators, and cooling equipment refrigerants and cleaners in its operation sites. The company plans to reduce the use of HCFCs by introducing new technologies, while cutting back the use of substances with ODP by replacing them with HFCs that do not destroy the ozone layer.

Water Pollutant Management

Samsung Electronics established a two-stage wastewater processing system by installing new wastewater processing facilities in 2012 to reduce the increasing discharge of waste water and pollutants due to expansion of its production lines. By doing so, the company achieved a reduction of the concentration and quantity of discharged pollutants. Semiconductor production facilities have been making ongoing efforts to reduce pollutants. They have applied the inorganic wastewater reuse system since 2008, while developing an acid/alkaline wastewater recycling technology in 2011 and establishing the reuse system in 2012, followed by expansion of organic treatment facilities in 2013.

Water Pollutant Discharge

(Unit : tons)

Description		Water Pollutant Discharge				
		COD	BOD	SS	F	Heavy Metals
Korea	2013	149	55	61	142	9.7
	2012*	143	85	91	175	20.2
	2011**	755	210	91	345	21.6
Global	2013	376	61	110	188	10.1
	2012	300	85	154	241	20.6
	2011**	876	210	184	430	25.3

* The water pollutant discharge has been recalculated

** The figures of LCD Business Division are included (the LCD division became an independent company in 2012).

Soil Pollutants Management

Samsung Electronics prevents soil pollution by chemicals at the source by separately storing chemicals used in the production processes at impervious storage facilities. In addition, the company analyzes the components of landfill-waste generated at its operation sites and processes it through authorized waste processing companies.

Management of Hazardous Materials

Samsung Electronics performs pre-assessment based on the MSDS (Material Safety Data Sheet), chemical warranty letters, and LoCs (Letters of Confirmation) at the procurement stage. Permitted chemicals are strictly monitored in terms of their methods of use and place of use, while countermeasures are in place for possible incidents. The company conducts regular training for workers handling chemicals and inspects storage and handling facilities on an ongoing basis. In addition, it ensures that chemicals are used only at places equipped with safety equipment and proper protection gear. The volume of hazardous chemicals used is steadily on the rise owing to expanded production lines, increased product quantities, and increased use of less hazardous chemicals. The volume of hazardous materials used increased by 13.1% over the previous year and Samsung Electronics strives to prevent their leakage internally or externally through strict control of all the processes ranging from their transportation to storage, use and disposal.

Hazardous Materials Used (Korea)

Description	Total Volume (1,000 tons)	Per Production Unit (ton/KRW 100M)
2013	344	0.24
2012	304	0.22
2011*	333	0.28

* The proportion of materials used by the LCD Business Division is included (the LCD division became an independent company in 2012).

Biodiversity Conservation: Basic Philosophy and Action Plan

Demand for the protection of biodiversity is increasing since an international agreement on biodiversity protection was signed in 1992. Samsung Electronics is responding to changing demands by raising awareness on the importance of biodiversity. We have created a basic philosophy and action plan on biodiversity protection to promote it in our business activities.

Basic Philosophy of Biodiversity Conservation

"Samsung Electronics recognizes the benefits of healthy ecosystems and rich biodiversity, and we shall minimize negative impacts on biodiversity and actively promote ecosystem protection activities."

Action Plan on Biodiversity Protection

1. **Value Recognition**
   All employees shall regard biodiversity conservation activities as an important part of green management.
2. **Assessment and Reduction of impact on Environment**
   Analyze lifecycle impact of our products on biodiversity and the ecosystem while making an effort to minimize all negative impacts identified.
3. **Biodiversity Conservation Activities**
   Place a higher priority on environmental management of operation sites with higher biodiversity and implement biodiversity protection activities tailored for each site.
4. **Communication**
   Maintain good communication with stakeholders including employees, local communities and NGOs, and collaborate with them to make contributions in local biodiversity protection initiatives.

Green Communication

Stakeholder Communication

Samsung Electronics is carefully listening to feedback from its stakeholders through diverse channels. The four axis of green communication pursued by the company are global eco-partnerships, employee environmental communication, consumer-tailored campaigns and green community programs.

| Green Communication |

Global Eco-Partnerships

Samsung Electronics is implementing global eco-partnership projects with various organizations. The company has been implementing a project in Cambodia aimed to create jobs and prevent environmental pollution caused by the illicit burial of electronic waste (e-waste) in the country in partnership with KOICA (Korea International Cooperation Agency) and UNIDO (United Nations Industrial Development Organization) since July 2012. Through the project which will be continued until 2015, it will train Cambodian engineers who will repair electronics and process E-waste.
Meanwhile, Samsung Electronics is endeavoring to protect endangered natural monuments in Korea and conserve the ecosystem through the "White-naped Crane Restoration Project" in partnership with Kyungpook National University and the Daegu Regional Environment Office.

Green Job Creation in Cambodia through Partnership with UNIDO

The company is educating instructors specializing in electronics repair services and e-waste management in partnership with Cambodia's Ministry of Labor, Ministry of Environment, and National Technology Training Institute by dispatching its internal experts to the country. The instructors who have completed specialized education are currently training electronics repair engineers in five cities in Cambodia to prevent environmental pollution caused by the unlawful burial of e-waste and provide jobs for Cambodian youth. As of December 2013, Samsung Electronics trained a total of 110 engineers in Cambodia, most of whom successfully obtained jobs. More and more electronic appliances are being used in Cambodia every year, but a significant amount of malfunctioning products are needlessly discarded due to a lack of product repair technologies and personnel. Samsung Electronics plans to select and nurture electronic equipment processing companies in five regions including the nation's capital, Phnom Penh, and support the employment of the trainees and encourage them to start their own business, while proposing e-waste handling options to the Cambodian government.

As part of the project, Cambodian vice minister of environment and government officials visited Samsung Electronics headquarters in Korea, Samsung service centers, recycling centers and the Ministry of Environment, which provided an opportunity for them to learn first-hand about Korea's electronics service and advanced recycling-related technologies.

| Training engineers to repair e-waste and electronic equipment |

| Awarding certificates of completion to repairing trainees |

| Cambodian government officials' visit to Samsung Electronics headquarters |

White-naped Crane Restoration Partnership

Since 2002, Samsung Electronics' Gumi operation site has been involved in bird feeding at Haepyeong migratory bird habitat near its site to conserve biodiversity. After the implementation of the Nakdong River restoration project in 2010, however, the habitat environment for migratory birds such as white-naped cranes and hooded cranes underwent change and their numbers declined. In response, Samsung Electronics signed a regional partnership in May 2013 with Kyungpook National University, the Daegu Regional Environment Office, and Gumi City as an industry-academia-government coalition. Starting with the introduction of two pairs of white-naped cranes in 2013, the partnership will continue to introduce two pairs of white-naped cranes every year until 2017 and ultimately release them back into nature after their adjustment to wildlife.

| Signing of Biodiversity Partnership |

| White-naped Crane Introduction Ceremony |

| White-naped Crane, an Endangered Natural Monument |

| Migratory Bird Feeding |

Membership and Activities in Associations

WSC (World Semiconductor Council)

Samsung Electronics is taking the lead in the industry's efforts to reduce semiconductor processing gas (perfluorocarbons or PFC) emissions and energy consumption at semiconductor facilities through its participation in WSC activities. In 1999, the company agreed, along with WSC member companies, to apply 'PFC Best Practice Guidance' to new production facilities by 2020. Currently, WSC members share the development of the industry's common guideline methodologies, trends in regulations on chemicals, and successful practical cases at the EHS Conference twice a year.

KBCSD (Korea Business Council for Sustainable Development)

Samsung Electronics is participating in GHG reduction projects such as the GHG reduction collaboration project as a member company of the KBCSD, a Korean network of the WBCSD (World Business Council for Sustainable Development), thereby contributing to the sustainable development of Korean society.

EICC (Electronic Industry Citizenship Coalition)

The EICC was established in 2004 by leading global electronics companies to discuss CSR issues and potential response initiatives. Samsung Electronics is endeavoring to spread green management among Korean companies through its activities at EICC.

KAEE (Korea Association of Electronics Environment)

Samsung Electronics, a founding member of KAEE, was actively involved in KAEE's projects designed to establish an e-waste collection system in Korea, including free-of-charge collection of large e-waste by visiting the sites and arranging free-of-charge collection of small e-waste at shops and service centers, working hard to build a resource-recycling society.

Employee Communication

Samsung Electronics organizes various eco-friendly events, training programs, voluntary services, and campaigns in order to encourage its employees to take an interest and participate in environmental protection activities and actively engage in communication with its employees.
In 2013, the company provided expanded education programs for its employees' children with a focus on environmental education, while offering diverse environmental information to instill eco-friendly insight into its employees.

Gwangreung Forest Ecological Preservation Volunteer Activities

Gwangreung Forest Ecosystem Protection Campaign

Since 2011, Samsung Electronics has been striving to preserve the biodiversity of Gwangreung Forest designated as a biosphere reserve by UNESCO. Every year 200 employees carry out cleaning-up activities at Gwangreung Forest to eliminate invasive plants that disrupt the ecosystem and clean the streams around the forest. The company also provides diverse ecological information to its employees who participate in the Gwangreung Forest cleanup activities to help them appreciate the beauty of indigenous plants and the value of forests through a forest-explanation program.

Riding Electric Bicycles

Spring Festival

The "Spring Festival" was held in May 2013 in Suwon, Korea with the participation of 30,000 employees and their families where eco-friendly campaigns on the theme of "PlanetFirst" Samsung Electronics' eco-friendly initiative were featured. The employees and their families participated in first-hand eco-friendly experience activities such as riding electric bicycles and making natural detergents, understanding the meaning of the "PlanetFirst" initiative and learning about eco-friendly lifestyles.

Discarded Mobile Phone Collection Campaign

Discarded Mobile Phone Collection Campaign

Samsung Electronics held a campaign to collect discarded mobile phones to join the "2013 National Discarded Mobile Phone Collection Campaign" organized by the Korean Ministry of Environment. The company's CS Environment Center collected discarded mobile phones, batteries, and chargers for two weeks in November 2013. Samsung Electronics will plan to expand the scope of the campaign in the future to facilitate discarded mobile phone collection and recycling and raise environmental awareness of its employees.

Green Insight

Green Insight

Since 2013, Samsung Electronics has featured "Green Insight" an environmental column, through "Samsung Electronics Live" an internal communication channel, providing insights on environmental themes. "Green Insight" provides accurate information on global environmental issues and the latest environmental trends including conflict minerals, eco-marketing and passive houses to Samsung employees. The company will continuously expand the channels featuring the Green Insight.

Samsung Electronics Live Communication

Samsung Electronics Live Communication

"Samsung Electronics Live" an internal online communication channel, allows employee to share the company's eco-Products and eco-friendly activities through articles. In 2013, it introduced the company's diverse environmental activities including winning international environmental awards, eco-friendly packaging materials and ecological preservation volunteer activities, sharing information with employees and providing a channel for exchanges of opinions.

Customer-Tailored Campaigns

Samsung Electronics organizes campaigns tailored to different consumer groups including customers, local communities and children to spread their purchase of eco-products and disseminate the concept of "PlanetFirst" a campaign that puts the environment first. In 2013, Samsung Electronics received the "Green Store" certification from the Korean Ministry of Environment as the first home appliance distributor to receive the certification, introducing the company's eco-friendly features products to consumers. And Samsung Electronics America teams up with ENERGY STAR and Boys & Girls Clubs of America, one of the largest youth organizations in the United States, to teach children and young people about saving energy and protecting the climate.

The Green Store Certification

Digital Plaza Green Stores

The Digital Plaza, Samsung Electronics product store, won the "Green Store" certification for the first time as a home appliance distributor in August 2013. The Green Store certification is issued to stores that have made environmental contributions such as eco-friendly product sales and energy saving. A total of five Digital Plaza branches received the certification. At the company's Green Store branches, specialized staffs are on standby to provide consumers with information on eco-friendly products and ways to save energy of home appliances.

Team ENERGY STAR

Team ENERGY STAR in United States

In October 2013, Samsung and ENERGY STAR celebrated ENERGY STAR Day with festivities at the Boys & Girls Club of Atlantic City. In light of the severe damage that the Club suffered from Super storm Sandy, partners BGCA, ENERGY STAR and Samsung gathered to unveil the refurbished Pennsylvania unit of the Boys & Girls Club of Atlantic City and celebrate the accomplishments in teaching Club members and their families about the importance of saving energy and protecting the environment from climate change. The fun-filled ENERGY STAR Day included "Go Green" activities, a photo contest and prizes.

PlanetFirst Eco School

PlanetFirst Summer School

The second PlanetFirst Summer School, an environmental education program, was held for two days in July 2013, inviting 40 elementary school students to participate in outdoor first-hand experience learning and field trips. Participating children learned about endangered animals affected by climate change. They also visited the "Green Growth Museum" and "Electric Energy Museum" where they had first-hand experiences in renewable energy sources. They also had a chance to use eco-products at the "Dilight Eco-Zone" at the Seocho Samsung Building.

Global Action

Global Action Event in Brazil

Forty employees of the Manaus subsidiary in Brazil participated in the Global Action environmental event in May 2013 together with 3,000 local children. The children had the opportunity to raise awareness of environmental conservation and eco-friendly lifestyles through water-saving education in the form of games and writing on forest degradation.

Green Community Programs

Samsung Electronics runs a wide range of green programs for local communities to build sustainable local communities and promote healthy communication with local residents nearby its operation sites by returning corporate profits to society. The company has established the "Digital Village" to help low-income countries achieve self-reliance and provide necessary services for living such as medical, education and other convenience services. It has also formed communication councils with local residents nearby its operation sites and held meetings on such topics as the environment and safety at operation sites on a regular basis. It also runs a wide variety of global environmental conservation programs to improve the environment in local communities.

A Panoramic View of the Samsung Digital Village

| The Medical Center |

Samsung Digital Village

Samsung Electronics launched the 'Samsung Digital Village' in Johannesburg, South Africa, in October 2013. As the company's first Digital Villages initiative that assists low-income countries' self-reliance, the Digital Village in Johannesburg is a project that concentrates facilities using solar power in a single village to promote medical, education and living conveniences.

The Digital Village consist of solar-powered tele-medical center and solar-powered Internet School which offers interactive multimedia education by operating large displays and notebook PCs using solar power. Starting from South Africa, Samsung Electronics will expand the project to include Ethiopia and Gabon to address poverty and diseases in Africa and assist their economic independence.

The Samsung Electronics- Hwaseong Citizens Communication Council

| The 'Samsung Semiconductor Story' Blog |

The Communication Council & Blog at Semiconductor Sites

In April 2013 Samsung Electronics formed the Samsung Electronics-Hwaseong City Communication Council in partnership with citizens of Hwaseong City. The council consisting of Samsung employees and residents near the Hwaseong Campus discusses the environment, workplace safety, and social contribution activities at its regular meetings. In addition, the company has installed three LED displays to offer nine types of environmental information in real time including three on air quality, five on water quality and one on noise, thereby cementing a trusting relationship. Meanwhile, Samsung Electronics has been operating a blog titled "Samsung Semiconductor Story" since 2012 to enhance online communication. The "Health" section in the blog features a column offered by the Samsung Electronics Health Research Institute, the first private research institute on industrial health, while its "Misunderstandings and Truth" section serves as a channel to promote ongoing communication on working environments at semiconductor plants with stakeholders.
(http://www.samsungsemiconstory.com/)

| The Waste-Free Day in Germany |

'Waste-Free Day 'in Germany

Since 2011, the German subsidiary of Samsung Electronics has held a "Waste-Free Day" to participate in environmental protection campaigns and raise environmental awareness among its employees. On this day, employees are engaged in activities to clean the environment such as picking up garbage in the vicinity of the operation site for one hour during working hours. In October 2013, 100 employees participated in the program and picked up garbage.

| The 'World Water Day' Commemoration Events |

| Tree Planting with Local Community Members |

'World Water Day' Commemoration Activities

On March 22, which is the 'World Water Day', Samsung Electronics conducts activities to commemorate the day in operation sites in Korea (Suwon, Gumi, Giheung, Hwaseong, Onyang, and Gwangju) and abroad (China, Brazil, Malaysia) in an effort to publicize the importance of water resources and protect them. Each operation site across the globe takes care of a river under the "One Company, One River" management scheme to protect water resources on an ongoing basis. On this day, the Indonesian subsidiary also planted trees along with local community members in addition to employee campaigns and stream cleanup activities.

Environmental Cleanup Activities by New Employees

"One company, One River" and "One Company, One Village" Campaigns

The Chinese subsidiaries are engaged in "One Company, One River" and "One Company, One Village" campaigns. New employees of the Tianjin subsidiary carried out clean-up activities in the Micro-Electronic Industrial Park near the company to raise their awareness of environmental protection. It also held an environmental campaign for children at an elementary school in Jinghai County, Tianjin.

| The Forest Conservation Event |

Forest Conservation Event in Brazil

The Brazilian subsidiary participated in a forest conservation event jointly organized by the government and enterprises to protect the degraded forest. About 200 employees planted trees in the deforested areas near the Amazon, while gaining awareness of the importance of forest.

| The Tree-Planting Event in India |

The Tree-Planting Event in India

The Indian subsidiary plants trees every year to protect the forest devastated by industrialization. In September 2013, thirty employees and four government officials from the Forestry Service planted 1,500 trees, thereby contributing to environmental protection in areas near the operation site.

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